2018
REGISTRATION DOCUMENT

ALTAREA
COGEDIM

Leading property developer in France

REGISTRATION DOCUMENT

Including the 2018 Annual financial report and the Integrated strategic report

2018

This Registration Document was filed with the Autorité des Marchés Financiers on 2 April 2019, in accordance with Article 212-13 of the AMF General Regulation. This document may be used in support of a financial transaction only if it is supplemented by an offering circular (note d'opération) approved by the Autorité des Marchés Financiers. This document has been drawn up by the issuer and is the responsibility of its signatories.

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INTEGRATED STRATEGIC REPORT

Altarea Cogedim has used its integrated report as the introduction to its 2018 Registration Document. Three years ago, the Group embarked on an integrated reporting approach inspired by its "Tous engagés !" CSR roadmap built on three pillars – City, Customers, Talents – and the International Integrated Reporting Council (IIRC) framework.

Prepared in a collaborative manner, thanks to the mobilisation of our various departments, it highlights the Group's vision, business model, performance and strategy, in the service of value creation for stakeholders and regions.

This third report covers the 2018 financial year and draws on the data of the 2018 Registration Document, of which it is part.

A detailed summary is presented at each chapter entry.

INTEGRATED STRATEGIC REPORT

Our integrated model

▸ Operating from end to end along the value chain, Altarea Cogedim responds effectively and comprehensively to the challenges of regional transition by providing high value-added bespoke urban solutions, always putting people first. Driven by its integrated model, unique in France, the Group continues to enjoy strong growth.

1st property developer in France

€18.1 Billion project pipeline by potential market value

#1 voted "Customer Service of the Year" in 2018 and 2019, in the Property Development category

#1 in the GRESB 2018 ranking among listed companies in France (all sectors) and #2 in Retail worldwide

Nearly 1,900 employees

30 jobs supported in the regions for every direct job

Urban entrepreneur

Ecological, regional, demographic and economic transitions are prompting major upheavals in our society. To keep up, we must get back to the basics.
What is property?
Property is a human adventure springing from a long-term vision. It requires agility, mobility and a lot of hard work. Property has never been more complex than today. And it has never relied more on human capital, our biggest asset. We are urban entrepreneurs. Cities are our market and their needs are immense. With our integrated model – retail, offices, housing, hotels, logistics – we enable urban transformation and facilitate new ways of consuming, working and living.
Altarea Cogedim's purpose is more than ever to be a partner of general interest for cities, bringing urban and human solutions to our customers across the board. We are entrepreneurs for cities that are more sustainable, more inclusive, more cohesive. Ones that put people first.

2018 results driven by development

A look back at 2018 and the outlook for the Altarea Cogedim group by Alain Taravella, Chairman and Founder

Our 2018 results confirm our position as leading property developer in France, with our revenue up 24%. Our performance enjoyed considerable traction from development and major successes in each of our business lines.

Among the top 3 French residential developers

Residential development, with 11,782 units (+5%), brought in €2,917 million including tax (+11%), representing revenue of €1,848 million (+30%), making it the first contributor to the Group's results (37% of FFO). Our growth among the top three property developers is continuing. As greater cities become increasingly polarised, Altarea Cogedim continues to gain market share, thanks in no small part to strong growth in sales to first-time home buyers.
This growth is the result of a development model geared towards customers and matching their needs. Cogedim was this year once again voted "Customer Service of the Year" in the Property Development category. It also moved up the Les Echos/HCG customer service rankings, in which it already featured in 2017, coming in as the leading property developer and taking sixth place nationwide, all sectors combined.
This performance also owes a lot to the Residential division's multi-brand organisation, with its major nationwide brand Cogedim backed up in France's biggest cities by Pitch Promotion and rounded out in terms of products by Histoire & Patrimoine (heritage buildings and tax exemption schemes). We also increased our presence in the regions, with the acquisition of Severini in Nouvelle-Aquitaine.

Strong operating performance in Business Property

Business Property is emerging as the Group's new growth driver, accounting for 32% of FFO. With €4 billion in investments and 60 projects in the pipeline, we did a great deal of business and worked on some very prestigious developments, including iconic head offices for Parfums Christian Dior, Orange and Danone. We were also behind two of the largest sales of office developments in Greater Paris this year, selling the Kosmo building in Neuilly-sur-Seine to Sogecap and the Richelieu building in Paris (the Altarea Cogedim group's future headquarters) to CNP Assurances.
All this goes to show that we have developed a unique model, one that combines investment on assets to be redeveloped for sale and development on behalf of third parties or for our own projects. And one that allows us to expand our operations in the Business Property market without compromising on risk management.

A new generation of Retail assets on the horizon

The retail model (31% of FFO) is shifting towards a "new generation" combining leisure, diversity, new uses and new services to meet the expectations of consumers.
Bricks and mortar retail, although under assault from e-commerce, remains highly attractive, and obviously plays a significant social role. It provides essential services to customers and has a key role in the workings of cities

and regions. But it must continue to be reinvent itself, continuing the successive shifts seen in recent decades.
We have focused our Retail business on the most resilient and most promising formats: regional shopping centres in exceptional locations like Cap3000 and Ferney-Voltaire, railway stations, retail parks with moderate rents and convenience outlets in urban settings. This year, we stepped up our development in travel retail with the opening of the first phase of shops in the Paris-Montparnasse railway station, the launch of Oxygen, a flexible event and restaurant space on the forecourt of La Défense, and the gain of the Ferrovie dello Stato Italiane and Rete Ferroviaria Italiana tender for the management and renovation-extension of shops in five Italian railway stations.
We are focusing on these formats because we believe that a growing number of traditional retail spaces, including shopping arcades, are losing their appeal. When the time comes, some will lend themselves to urban redevelopment combining all parts of the property development world.
We are gradually moving our business property model towards a higher value-added one characterised by more partnerships, more projects and a more diversified revenue mix blending rents, fees, margins and capital gains to get as much value as possible from our extensive skills.
Our good results were reflected in another year of growth in our FFO, while the group is progressively transforming its retail portfolio to match new generation format. Our NAV is stable. And we confirm our FFO target of around €300 million by 2020, taking into account the increase in tax on the non-SIIC activity and changes in accounting standards (IFRS 15,16). 2019 FFo is expected to be consistent with this path.

Cities are our market

Our integrated model combining complementary activities, unique in France, allows us to keep one step ahead. With our skills and development platform covering all real-estate asset classes, we can respond effectively and comprehensively to the challenges of urban transformation. There is a huge market at our fingertips, and one where really have what it takes to make a difference. Cities affected by metropolisation are facing ever-growing real-estate needs. Despite being France’s biggest, with potential value of €18 billion, our project portfolio represents only a small proportion of a market that we are almost alone in being able to address systematically in its full breadth. We have secured 10 large mixed-use projects, but these are still early days in the transformation of regions and uses. We have all the building blocks needed to create cites, to take part in the urban transformation of metropolises and to put them back on a human scale. It is in cities that we can deliver sustainable, intense, connected, varied, inclusive and cohesive solutions. Far from being the problem, the city is the solution for new ways of life.
Altarea Cogedim is committed to accompany and partner with local authorities, and in doing so, caring for public interest in the real estate field. Our long-term growth is built on the transformation of gateway cities.

Cities, Customers, Talents

Our biggest source of pride is being able to satisfy the needs of Cities, the expectations of Customers and the aspirations of our Talents. To make cities more sustainable, we work tirelessly to reduce the carbon footprint and CO_2 emissions of our projects, and make sure that each of them are certified. Our exemplary approach to corporate social responsibility has been rewarded by non-financial rating bodies. The Group regularly tops the global rankings for its environmental performance, starting with GRESB, which has once again confirmed
Altarea Cogedim’s position as the world’s leading listed company all sectors combined, and global number 2 in the retail segment.
We contribute to local economic development in the regions by supporting 56,600 jobs both directly and indirectly through our activity.
Customer satisfaction is a constant obsession, day in day out. We have established a customer-centric organisation for buyers, users and investors. Lastly, joining Altarea Cogedim means choosing a place where the value created is shared.
A total of 576,000 free shares (3.6% of the capital) have been awarded to employees over the past four years.

1,900 urban entrepreneurs

2019 will be a year of big challenges for each of our businesses and brands. We’ve built up a lead, now the challenge will be to keep it. Making cities has never been such a complex undertaking. It requires such a wide range of skills to keep projects going over time, and to create value in use as much as financial value. So more than ever, human capital will make the difference.
I created an urban entrepreneurship that dovetails with deep-seated and structural needs. Metropolisation is a secular trend, offering us the chance to play a part in regional renewal in a sustainable and inclusive manner. Bricks and mortar retail will make a difference by bringing life and connections in new formats. Access to housing for all, adapted to each stage in life, remains a basic need. And Business Property is more than ever synonymous with new uses blending new services, greater flexibility, increased connectivity and more attention to the well-being of employees.

“Cities are our market and their needs are immense.”

Alain Taravella, Chairman and Founder

01 Our model

Regional transition

With its integrated model, unique in France, Altarea Cogedim develops high value-added property solutions for the transformation of cities and regions, always putting people first.

Regional transition
Harmonious and dynamic city

Capital employed

FINANCIAL AND ECONOMIC CAPITAL

- Capital contributed by shareholders and banks
- Profits generated by the company
- 45.7% of the capital held by the Chairman and Founder as of 31 December 2018
- €2.7 billion as part of market capitalisation as of 31 December 2018

HUMAN CAPITAL

- Quality, diversity and complementarity of skills
- Employees commitment
- Nearly 1,900 employees as of 31 December 2018
- 365 new hires on permanent contracts in 2018
- 326 internal mobilities in 2018
- 4,600 days of training *via* L'Académie

CUSTOMER RELATIONSHIP CAPITAL

- Customer trust and satisfaction
- Long-term partnerships, as with Habitat & Humanisme
- Dialogue and quality of life
- Contribution to local regional development

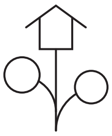
INTELLECTUAL CAPITAL

- An innovation team working closely with start-up incubators
- Partnerships with Grandes Écoles including EDHEC and Sciences Politiques…
- *Youth Comity*, an internal think tank bringing together young Group executives to bring out new ideas
- Creation of *AltaWiki*, internal tool for sharing knowledge and experiences

ENVIRONMENTAL CAPITAL

- An increasingly low-carbon portfolio
- An ambitious, innovative and specific certification process for each business line
- Measures to protect biodiversity on the Group's projects and assets

Ecological transition
Resilient and sustainable city



Societal transition
Inclusive and cohesive city

Technological transition
Smart and augmented city

A unparalleled platform of real estate skills

Altarea Cogedim offers tailor-made solutions, putting its unmatched skills in property development to work for the success of urban projects. As a multi-business player, its integrated model gives it all the requisite skills for all asset classes. The Group responds effectively and comprehensively to regional transition challenges, helping create cities that are pleasant to live in and which point to the future.

- **Large mixed-use urban projects**
- **Residential**
- **Business Property**
- **Retail**

Urban value created

FINANCIAL AND ECONOMIC CAPITAL

- Robust results, profitability and growth potential
- Resilience heightened by deep liquidity and shallow debt
- Regional development and support for local economies
- Consolidation of green value through certification

HUMAN CAPITAL

- Team excellence and agility
- Skills development
- Career development prospects

CUSTOMER RELATIONSHIP CAPITAL

- Deep local roots for the Group's programmes
- An attentive ear and dialogue with customers
- Buildings fostering social harmony and quality of life in cities
- Constant adjustment to keep up with new lifestyles

INTELLECTUAL CAPITAL

- Functional and flexible programmes promoting mixed use
- Products and services offering high quality of life
- Promotion of harmonious and contemporary architecture
- Integration of digital and other new technologies

ENVIRONMENTAL CAPITAL

- Contribution to the ecological transition through sustainable building
- Nature and ecology made central to urban renewal
- Development of a low-carbon city prizing proximity and energy efficiency
- Comfortable and secure projects adapted to climate change

02

Our market

Cities in motion

Expectations are changing among residents and users. Altarea Cogedim has a keen grasp of today's key challenges, like regional attractiveness, respect for the environment, social inclusion and new technologies, but it also keeps a keen eye out for new ones as they emerge.

What will the city of tomorrow look like? What charges are on the cards in the property market? How can we adapt to new needs? Always keen to keep a finger on the pulse of today's world, Altarea Cogedim recently took some time out with futurologist Élisabeth Grosdhomme-Lulin.
Here are some of the highlights of our conversation

How can we make cities more accessible?

Today's contradictions can be resolved through three fields of action and innovation. **First, we can increase population density in cities,** not necessarily by building more but by optimising the use of surfaces to help better balance supply and demand. We can do this by designing reconfigurable micro-housing units or making spaces more modular.

The second way forward is to **use technology to reduce construction costs and lower the financial barrier that keeps low-income households out of cities.** In recent decades, technological progress has resulted in massive productivity gains in just about every industry… except construction. But this is starting to change with digitisation and the use of robots in building processes.

And we can **make more land available.** Construction techniques give us access to areas that aren't currently habitable – by building in flood zones without putting inhabitants or infrastructure at risk. We could also imagine granting additional building rights based on the green value of buildings and their contribution to regional resilience.

What are the key environmental challenges facing cities?

Putting aside the diversity of geographical, demographic and economic contexts, cities share two challenges: reducing their impact on the environment and anticipating future climate change. The first means building more energy-efficient, low-carbon buildings, recycling, fighting urban sprawl and even bringing nature back into urban wastelands. The second means dealing with the sorts of natural disasters we know by adapting not only our infrastructure but also our behaviour.

What other trends are set to change the face of our cities? What are the challenges for property companies?

There are so many challenges, from climate change and widening inequality to the weakening of public services, not to mention the prospect of a serious crisis of confidence potentially fueled by fake news or digital piracy. Companies able to offer solutions that are both technically efficient and humane will ultimately come out as the winners. Nobody wants to live in a world so optimised by data that we lose our freedom of choice. We really need to put people first.

Élisabeth Grosdhomme-Lulin,
Futurologist and CEO of Paradigmes et cætera


Regional transition
Ecological transition
Harmonious and dynamic city
Resilient and sustainable city
OUR RESPONSE
Make the city the solution: a place for everyone, promoting proximity and the general interest
Inclusive and cohesive city
Smart and augmented city
Societal transition
Technological transition

Regional transition

Already tightly woven and acting as magnets, urban areas are becoming metropolises. Cities are changing, social and economic life is expanding as districts are revived, downtown areas revitalised, and business centres, shops and services created. Everything becomes denser and more intense.

Challenges

46%
of jobs in France are located in urban areas with more than 500,000 inhabitants, 22% in Paris and 24% in the regions
Source: France Stratégie, report dated 2017

+7
new metropolises joined the ranks in France in 2018, bringing the total to 22
Source: Office of the Commissioner for Equality of the Regions, 2018

89%
of people surveyed believe that politicians give little or no heed to their opinion
Source: Empreintes citoyennes, 2017

80
French cities had a participatory budget in 2018, three times as many as in 2016
Source: "Budgets participatifs, la nouvelle promesse démocratique ?" Fondation Jean-Jaurès, 2018

Our response: harmonious and dynamic city

- Rebuild connections between the core of large cities and their outskirts by increasing accessibility to public transport
- Encourage the development of new urban centralities
- Enhance regional cohesion by making sure that growth is shared more equitably
- Encourage local value creation in the very heart of the regions
- Design projects with multiple dimensions combining mixed functions and uses, and modular spaces
- Contribute to giving people a voice and a part to play in the governance of urban projects

Ecological transition

With energy-efficient buildings, renewable energies, sustainable mobility, waste recovery, protection of biodiversity, cities are really on the frontlines, with property developers there to make their transformation a reality.

Challenges

67%
of greenhouse gas emissions in France come from cities
Source: *The Climate Challenge in Cities*, WWF, 2018

+2°C
by 2050. That's the contribution expected from urban heat islands to rising temperatures
Source: A global economic assessment of city policies to reduce climate change impacts, Nature Climate Change, 2017

45%
of French energy consumption and 25% of CO_2 emissions (over the entire building life cycle) come from buildings
Source: *Bilan énergétique pour la France* (France's energy balance sheet), 2016

53%
target greenhouse gas reduction target for buildings by 2029-2033
Source: National Low Carbon Strategy (NLCS) of the Ministry of Ecological and Solidarity Transition, 2018

Our response: resilient and sustainable city

- Balance quality of the living environment, well-being of residents and users and respect for the environment
- Reduce primary energy consumption and greenhouse gas emissions, and recover waste
- Preserve nature and biodiversity as assets for human and urban life and promote best practice
- Develop environmentally friendly projects, rethink design to increase the lifespan and intensity of building use
- Control travel and support green mobility
- Favour redevelopment to reduce resource consumption

Societal transition

New life paths emerge when cities are open to everyone. This makes it vital to take individual differences into account, with customised responses for each need: students, families be they traditional, blended or single-parent, professional people or retirees. Lifestyles are changing, but urban projects are keeping pace!

Challenges

4m
people are poorly housed or homeless in France
Source: *L'État du mal-logement en France*, (The state of poor housing in France), Fondation Abbé-Pierre, 2018

65+
That's the age of more than one French person in five. The population is ageing inexorably, and at an increasingly fast rate
Source: Regional Cohesion Barometer, Office of the Commissioner for Equality of the Regions, 2018

200,000
companies active in the social and solidarity economy in France account for 10% of GDP
Source: Ministry of Economy and Finance, 2016

375,000
rooms for students available in the French public housing portfolio, while there are 1.6 million students living away from the family home
Source: CBRE France, 2016

Our response: inclusive and cohesive city

- Meet individual expectations in terms of urban quality of life
- Offer solutions for all types of residential and professional pathways
- Encourage inhabitants and users to appropriate cities
- Support local initiatives in the collaborative and solidarity economy
- Promote retail and local services, creators of social bonds
- Strengthen the social and intergenerational mix, housing for all

Technological transition

Digital and other new technologies together with artificial intelligence are shaping a new era for cities. With ever more interaction and connection, property developments are helping create smart cities that serve the needs of people.

Challenges

18.6m
French people use digital technology in buildings every month (apps and websites)
Source: Médiamétrie, 2017

€216 billion
That's the projected economic impact of the Internet of Things in buildings by 2022
Source: Sogeti Consulting, 2016

50%
of French local authorities have started looking for ways *to become* smart cities
Source: *La Gazette* et m2oCity, 2017

+14%
projected annual growth of the smart city market between 2014 and 2020
Source: Grand View Research, 2016

Our response: smart and augmented city

- Enable the spirit of innovation in all dimensions of our property projects
- Design innovative projects equipped with adapted and scalable digital equipment to prevent obsolescence
- Offer technological solutions with high benefits for users like simplicity, time savings, proximity, comfort, economy and customisation
- Control cyber risks, strengthen customer data protection and ensure complete transparency

03 Our convictions

Conciliation in urban life

Committed to responsible and sustainable property, Altarea Cogedim sees itself as a partner in the general interest of cities and regions, harnessing its talents and improving the experience of all customers.

Cities

Develop and preserve regions

OUR COMMITMENTS

Increase
green value by mainstreaming demanding certifications

Contribute
to economic development in the regions

Develop
low-carbon and resilient cities

Protect
biodiversity

MAIN OUTCOMES IN 2018

56,600
jobs supported

Launch of social REIT
SoCo

99%
of Residential projects and 100% of Business Property projects within 500 metres of public transport

37.4%
reduction in CO_2 emissions across the portfolio

>30%
outperformance of the thermal regulation in Business Property

CAP3000,
first shopping centre certified BiodiverCity® worldwide

TOUS ENGAGÉS!

Altarea Cogedim's CSR approach

Customers

Customer satisfaction dictates all our actions

OUR COMMITMENTS

Listen
to our customers and satisfy them all

Develop
desirable and comfortable cities

Be exemplary
in our business conduct

MAIN OUTCOMES IN 2018

Voted Customer Services of the Year
for the second consecutive year

87%
of Business Property projects in Greater Paris working towards WELL certification

100%
of Residential projects certified NF Habitat

100%
of Retail developments certified BREEAM® (construction) or BREEAM® In-Use (operation)

100%
of Business Property projects in Greater Paris certified both BREEAM® & HQE™

Talents

Excellence for growth

OUR COMMITMENTS

Support
skills development

Build
a framework where people feel good while integrating environmental and societal considerations

MAIN OUTCOMES IN 2018

1,874
employees as of 31 December 2018 (+8%)

Receipt of the
HappyIndex®/Trainees label

238
people on combined work-study contracts (+50%)

4,600
days of training *via* L'Académie

Launch of AltaWellness
the well-being at work offer

03

General interest partner of cities

Meeting the challenges of major transitions and supporting the transformation of urban regions is what gives our business meaning. Altarea Cogedim is committed to the general interest by providing high-quality property solutions for sustainable, denser, diversified, user-friendly and connected cities opened to all, creating jobs and forging opportunities.

Our priorities

Local economic and social development

Altarea Cogedim works closely with the regions and the public to give its projects meaning, both social and societal. It plays a role in revitalising local economic fabrics, modernising cities and neighbourhoods, and enhancing the attractiveness of regions.

▸ **Diversity and accessibility.** The Group rebuilds the links between the core of large cities and their outskirts. It strives to create new urban centres generating economic and social energy thanks to a mixed, local and balanced offer blending housing, offices, shops and services. In 2018, Altarea Cogedim worked on 10 large mixed-use urban projects. And 81% of the Group's Business Property projects are multipurpose. In the belief that the location and centrality of its programmes are a source of leverage for quality of life, the Group also ensures their accessibility. In 2018, 100% of new surfaces were accordingly located less than 500 metres from public transport.

10
large mixed-use urban projects, representing more than 860,000 sq.m of new city

▸ **Contribution to local development.** The projects led by Altarea Cogedim generate a significant volume of activity in many sectors. In 2018, the Group directly and indirectly supported more than 56,600 jobs in France. And as a player in the economic development of the regions, it promotes the use of local suppliers: 77% of Residential purchases are made locally.

56,600
jobs supported in France, including **11,350** construction and public works jobs and **7,400** consulting or expert positions

▸ **Solidarity and social utility.** The Group has established a dedicated system to promote partnerships with the social and solidarity economy (ESS). In 2018, together with Crédit Coopératif and Baluchon, a group of social enterprises, it launched "SoCo", France's first solidarity REIT. This new generation property company will provide ESS players with the funds they need to set up in the Group's developments.

SoCo
France's first solidarity REIT

▸ **Housing for all and inclusion.** With a 10-year partnership with Habitat & Humanisme under its belt, Altarea Cogedim is committed to ensuring that everyone has access to housing, regardless of their age, family situation or income. Keen to take this commitment further, the Group drafted a philanthropy policy in 2018.

>300
sustainable housing units created through the partnership with Habitat & Humanisme

Low-carbon property for sustainable and resilient cities

The high concentration of activities and people in urban areas gives them a major role in sustainability. The Group's own commitment stems from its belief that cities can offer solutions to ecological challenges.

▸ **Against climate change.** Altarea Cogedim is working to reduce its direct carbon footprint. The Group has made a commitment to the reduce greenhouse gas emissions of its portfolio by 70% and its primary energy consumption by 40% between 2010 and 2020. To reduce its indirect footprint, the Group is working to develop reversible, sustainable, high-energy performance projects that promote green mobility and energy efficiency. In 2018, the Group also adopted a climate change roadmap

aimed at ensuring the comfort and safety of occupants and ensuring the long-term value of its portfolio.

37.4%
reduction in CO_2 emissions on Retail developments between 2010 and 2010

>30%
outperformance of the thermal regulation in Business Property

99%
of Residential and

100%
of Business Property projects located less than 500 metres from public transport

▸ **For a circular economy.** To tackle the problems represented by waste management and access to natural resources in the sector, the Group uses circular economy principles. It systematically looks into the possibility of redeveloping sites rather than carrying out full demolition-reconstruction. Almost all the projects in the portfolio of its Histoire & Patrimoine subsidiary cover redevelopment projects, and a large part of its Business Property projects are property reconversions.

In Business Property, Altarea Cogedim also opts for redevelopments wherever possible (two-thirds of projects in Greater Paris), with energy and comfort performances comparable with new builds.

98%
of waste across the portfolio reused

▸ **Labels and certifications, creators of green value.** Altarea Cogedim has embarked on an ambitious and systematic approach to environmental and quality certification specific to each of its activities. It is a source of innovation that guarantees the value of its programmes, their long-term sustainability and long-term customer satisfaction. To put even greater demands on its projects, the Group applies the most recent labels, forcing its practices to keep up. Altarea Cogedim regularly tops global rankings for its performance.

100%
of Residential projects certified NF Habitat in the last three years, excluding codevelopments, redevelopments and managed residences

Protection of biodiversity and soils

In areas that have already been built up, the challenge for Altarea Cogedim in the urban renewal process is to reintroduce nature, an essential ingredient for the common welfare. The Group takes countless initiatives, from urban redevelopment to the creation of green spaces and the revegetation of property projects, to protect soils, biodiversity and integrate life into its urban projects. To cement its commitment, Altarea Cogedim signed the BiodiverCity® charter with the International Council on Biodiversity and Property (CIBI) in 2018. CAP3000 has become the world's first shopping centre with BiodiverCity® certification. It also received the 2018 Corporate and Environmental Award from the Ministry of Ecological and Solidarity Transition and Ademe, in the Biodiversity and Business category. Its partnership with the Bird Protection League (LPO) has also earned it recognition. Internally, the Group has started an awareness-raising initiative with the creation of operational guides on biodiversity issues.

CAP3000,
1st
shopping centre to earn BiodiverCity® certification worldwide

03

Act to ensure our customers' satisfaction

New lifestyles, uses and aspirations emerge as cities transform, mirroring change in society as a whole. To respond to societal change, Altarea Cogedim aims to reinforce the trust established with its customers (users, visitors, tenants, partners, etc.) and offer an increasingly personalised and more appropriate customer relationship. Satisfying people is key if you want to be able to imagine the future with them.

Anticipate and meet the expectations of all our customers

- Large mixed-use urban projects
- Residential
- Business Property
- Retail

Our priorities

Personalised customer support

Customer satisfaction is Altarea Cogedim's priority in all its activities. The Group puts the customer firmly at the centre of its corporate culture through qualitative and quantitative surveys, interviews and exchanges, both face-to-face and digital.

▸ **Listening and dialogue.** Altarea Cogedim ensures the continuous improvement of its support processes by conducting regular satisfaction surveys, backed up by action plans. The Customer division of the Residential activity conducts a wide range of surveys throughout France every year to improve each key step of the relationship (the signature with the notary, the handing over of the keys…). In 2018, nearly 600 employees were given awareness raising training on customer satisfaction. We plan to make this approach more widespread. The process is already in place for seniors' residences, where tenants are regularly invited to complete surveys. In Business Property, Altarea Cogedim listens to major users, and specifically consulted them in 2018 on their vision of the office of tomorrow. In the Retail segment, visitors and brands are consulted on the quality of shopping centres. To measure visitors' overall satisfaction and better gauge their expectations, the Group conducts quantitative and qualitative customer surveys. Annual surveys are carried out on new programmes during their first three years. In 2018, Altarea Cogedim launched "Pacte Enseignes", a dialogue initiative aimed at better integrating brands into shopping centres and offering them assistance for local marketing. For the last two years, they have also been asked about their expectations in terms of sustainable development.

#1
"Customer Service of the Year" in 2018 and 2019, in the Property Development category

1st
French property developer in the Top 10 Customer Service ranking established by Les Echos and HCG

7.7/10
visitor satisfaction index

Source: on-site customer survey conducted in nine shopping centres in 2018

▸ **Individualised pathways.** In addition to the nationwide after-sales service and the shared Altarea Cogedim Partenaires platform reserved for wealth management advisers and their customers, each potential buyer or investor receives personalised service. A single customer relationship manager and access to an online customer area are the guarantee of dedicated quality support. Lastly, to get even closer to its customers, the Group continues to extend the number of Cogedim Stores, with new outlets opening in Lyon, Marseille and Bordeaux in 2018.

More than property offers, life experiences

Property tomorrow is a story being written today: personal services and neighbourhood applications for large mixed-use urban projects and housing; new ways of working collaboratively, nomadism and well-being in business; plus a palette of fun, cultural and connected experiences in retail spaces. Altarea Cogedim abounds with new and innovative ideas.

▸ **Quality of life and well-being.** The quality of the location, the intrinsic quality of the building and its layout, and the services provided on top of what was already on

Employees
▶ **Offer** spaces adapted to new ways of working

Key Accounts
▶ **Express** the company's culture, equip it to win the battle for talents, support its performance and business

Retail Banners
▶ **Support** the transformation of the Retail segment by offering innovative and qualitative spaces to capture traffic and win the battle for consumer preference

Communities
▶ **Participate** in the revitalisation of the regions, become long-term partners through public and private investments, support communities in regional development projects

Partner Investors
▶ **Offer** products with lasting value that meet expectations and needs

Shoppers
▶ **Offer** lively, fresh and hybrid experiences (experiential, digital, fun, pleasant, etc.) that provide users with a service

Buyers
▶ **Satisfy** their expectations and advise them throughout the homebuying journey

Citizens
▶ **Create** the conditions for living harmoniously together

offer locally are the three key components of the success of the programmes designed by the Group. In the Residential segment, Altarea Cogedim creates living spaces designed for everyone, without forgetting new profiles like blended or single-parent families, active seniors and self-employed people. To meet their expectations, anticipate their future needs and offer them the best quality of life, the Group draws on its experience and studies, but also on the NF Habitat and HQE™ certifications. All new homes meet the highest standards in terms of aesthetics (architecture, finishes, vegetation), comfort (sound and thermal insulation, practicality), health (light, air quality), modularity and adaptability of spaces, and social links. The Cogedim Club® seniors' residences stand out against competing offers by virtue of their exceptional location close to the city centre, where the abundance of activities holds out of the prospect of social connections. Comfort of use, quality of equipment and modularity of spaces guarantee the sustainability of the asset value of the property for buyers and investors. This high level of well-being, which has become key in attracting and retaining talent, is evidenced in office spaces designed to be pleasant and offer the utmost flexibility to users in Business Property. 87% of the Group's Business Property projects in Greater Paris were WELL certified in 2018, and the target is to bring this to 100%. The same goes for the Retail segment, where recognised certifications are rounded out by internal standards that on require an offer of services like restaurants, concierges, personal shoppers and deliveries, together with cultural, commercial and charity events, which are key in attracting and retaining increasingly fickle visitors. Proven sources of well-being, outdoor green spaces are ubiquitous in Altarea Cogedim's projects. And to make them even more so, the Group is now starting to integrate biophilic design into certain projects – in other words bringing plants into developments to encourage interaction between users and nature.

87%
of Greater Paris Business Property projects are certified or in the process of obtaining WELL certification

1st
pilot WELL Community Standard district with Issy Cœur de Ville

▶ **Digital, a reality in property.**
Dating back to 2016, the Group's open innovation strategy and initiatives revolve around four areas: start-up incubation, calls for projects, partnerships and research. With partners including Paris & Co, Real Estech, Docapost and French IoT, Altarea Cogedim aims to strengthen the Group's culture of innovation and to improve internal processes and offers, using them to develop new products and services for customers. In the Cogedim Stores, potential buyers can make a model of the property of their dreams, furnish it and even do a virtual inspection in a few simple clicks. In the Retail segment, where customers are looking for more than just a two-dimensional sales area, we have added a third in the form of connectivity. Digital signage, dynamic information displays and augmented reality animations are some of the digital technologies encapsulated in Altarea Cogedim retail spaces.

87%
Of Business Property projects in Greater Paris aim to obtain a digital connectivity label

03

A company where talent can flourish

Its sustained growth has seen Altarea Cogedim's workforce grow by 50% in just two years. The Group's transformation is paying off: hiring continues for all types of jobs, and new positions are being created. As the company's primary asset, employees benefit from personalised human resources support, in an environment where everyone receives recognition. Skills, proximity, diversity and value sharing are embodied in a recognised employer brand that positions Altarea Cogedim as a benchmark

Our priorities

Integrate, train and promote employees mobility

Particular attention is given to the integration process. Altarea Cogedim's unique model is at once human and collective. We develop, train and mentor our people to help shape the entrepreneurial spirit together.

▸ **Integration of newcomers.**
Altarea Cogedim's integration programme is based on the organisation of integration seminars such as "Crescendo", which presents the Group, its activities, its strategy and its vision to newly hired employees. In the same way, an "Inté des AS" day is organised for interns and people on combined work-study contracts. Workshops and meetings with members of the Executive Committee are also arranged to help employees better understand the spirit of creativity and cross-cutting skills inherent to the company. Lastly, to facilitate the integration of all people and all profiles, the human resources department offers manager, tutor, work-study and intern kits, co-designed to factor expectations and sharing of best practices in.

▸ **Upgrade skills.**
The Group has a global learning and development system: L'Académie d'Altarea Cogedim. It was designed to facilitate the integration of newcomers, to inform, raise awareness and train employees on our priorities, and to promote the transmission of knowledge and internal employability. To better attract the internal public, it diversifies its offer and training formats: face-to-face or blended (correspondence and digital), lectures, internal workshops led by business experts, "Lunch & Learn" events and "Urban Expeditions" to discover the Group's sites, projects and businesses, plus a host of other methods to develop general knowledge and professional skills.

▸ **Recruitment and internal mobility.** The recruitment process is digitised, with applications that facilitate professional development. Examples include the career space, accessible via the intranet known as *Smart Portail*, and the Group's website, which promotes job opportunities for internal and external candidates. Digital technology is making the recruitment process more intuitive. It helps make the employer brand more attractive, contributing to the Group's reputation and giving it the means to meet ambitious recruitment targets. A mobility charter has also been circulated within the company.

▸ **Digital technology across the board.**
To spread digital culture broadly within the company, Altarea Cogedim carries out

1,874
employees as of 31 December 2018, representing an increase of 8% in the headcount

238
people on combined work-study contracts, 50% more than in 2017

4,600
days of training, i.e. 85% of employees trained via L'Académie

HappyIndex®/Trainees
Label obtained for the quality of the welcome, support and management of interns

Our values

- Entrepreneurial spirit
- Creativity
- Innovation
- Diversity
- Customer-centric culture

prospective studies and keeps a close eye on new developments. It also trains its employees, with the invaluable help of 20 ambassadors who travel into regional centres to meet employees on Digital Days. The Group additionally provides operations teams with applications designed to make them more autonomous and efficient in their work. 2018 was marked by the launch of "AltaWiki", a platform for identifying and pooling the Group's innovative solutions, allowing everyone to harness them as needed. These examples illustrate the Group's determination to support employees on an ongoing basis to strengthen their digital learning.

Shared culture to spur initiative

Altarea Cogedim has based its development on a global vision, shared across all its businesses, brands and subsidiaries. Its business project aims to offer teams balance while giving them a stake in our results.

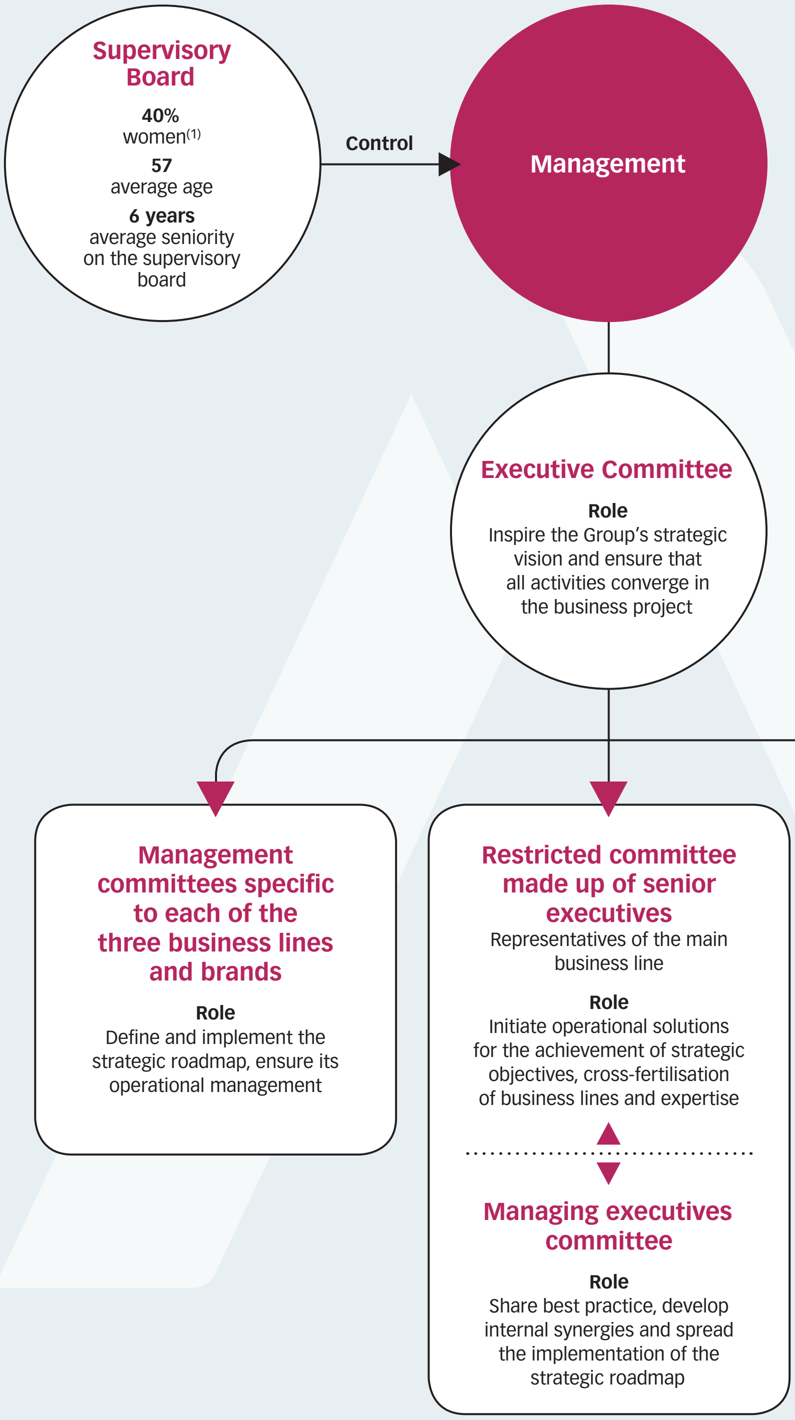
▸ **Quality of life at work.** The Group adopts new ways of working and takes into account expectations for a more harmonious balance between professional and personal life. This is reflected in internal initiatives designed to make everyday life easier: "Yoopies at work" is a set of services combining childcare, cleaning, gardening and small jobs; "Yuco" is a programme of collective sport, art and culture classes aimed at improving well-being at work.

▸ **Equal opportunities.** Promoting diversity internally is critical. Altarea Cogedim partners with non-profits such as *Nos Quartiers Ont des Talents* (NQT) to attract new profiles and inform people about the Group's businesses. The company also participates in the European Disability Employment Week through awareness campaigns for staff, including conferences and poster campaigns. These initiatives illustrate the Group's commitment, which was formalised with the signing of the Corporate Diversity Charter in 2013.

▸ **Emergence of new ideas.** To facilitate the expression of new ideas, the Group has formed a Youth Comity made up of young employees. Its role is to foster collective thinking about the Group's new challenges and to submit proposals to the executive committee. In the same vein, Altarea Cogedim organised "Ambitions 2025" in 2018, a day of meetings between employees from all walks of life that sought to give people a clearer picture of different jobs and to foster cross-functional exchanges between business lines.

▸ **Sharing growth.** For the fourth year in a row, Altarea Cogedim opened the "Tous en Actions!" employee shareholding scheme up to all employees in 2018. Subscription procedures were simplified in a bid to associate employees even more closely with the Group's performances and results.

Governance serving the Group's vision



An efficient organisation

The Altarea Cogedim group's legal form of *société en commandite par actions* (a French partnership limited by shares) is the most appropriate structure for its development. Reactive and effective, it naturally promotes rapid decision-making without neglecting the medium- and long-term strategy. The Group's unique organisation also meets requirements in respect of corporate governance, an essential factor in the property sector. Specifically, the Management and Supervision functions are independent of each other. The first is assumed by the Management – embodied by Alain Taravella, the Chairman and Founder. The second is vested in the supervisory board.

(1) Excluding directors representing employees, in accordance with the Afep-Medef Code.

The supervisory board, a central body

The supervisory board provides collective supervision over the management of the company and its accounts, as well as control of risk management. It has an advisory role on investment commitment decisions.

As of 31 December 2018, the Altarea Cogedim Supervisory Board had 17 members, including two employee representatives. One-third of its members were independent within the meaning of the Afep-Medef Code. Its representation is diverse to reflect the diversity of the Group's expertise, business lines and activities.

Flexibility and agility of executive decisions

The Group's governance bodies are the executive committee and its three business line executive committees. As the embodiment of corporate values and strategic vision, their role is to ensure the smooth flow of information between businesses. The executive committees in each business line work alongside cross-cutting managerial committees, in a process aimed at encouraging initiative.

The skills of the supervisory board

The members of the supervisory board provide the Group with a wealth of expertise. They closely monitor developments needed to ensure Altarea Cogedim's continued growth.

COMPANY MANAGEMENT 12

PROPERTY, URBANISM, ARCHITECTURE 13

FINANCE 11

STRATEGY AND PROJECT DEVELOPMENT 13

LAW AND TAX 9

PUBLIC RELATIONS 9

AUDIT AND RISKS 11

CUSTOMER SOLUTIONS/NEW EXPECTATIONS 6

ENVIRONMENT 5

In number of directors.

Risk control as close as possible to the various business lines

Ambitious property development requires a culture of flawless risk management. Striking a balance between rigorous compliance and agility for operational decision-making, risk management spans the entire Group at all levels. Risk management is seen as "everyone's business"; in that, it mirrors Altarea Cogedim's entrepreneurial nature. This is the condition for seizing market opportunities without jeopardising the Group's exemplary compliance.

In 2018, the Group paid particular attention to this issue in preparing its non-financial performance statement. Its response and actions are described in Chapter 5 of its Registration Document. Altarea Cogedim is continually reviewing its risk mapping.

Find out more:

▸ 2018 Registration Document
4. Non-financial performance statement
5. Risk management
6. Corporate governance

04

Our value(s) creation

An unparalleled platform of real estate skills and a unique growth model

Leading property developer in France, our Group is a step ahead in the urban transformation market, the foundation of its strong and sustainable future growth.

In 2018, Altarea Cogedim once again delivered an excellent performance, attesting to the pertinence of its integrated model and its ability to respond effectively and comprehensively to the challenges of regional transformation.

▸ Altarea Cogedim's financial model is grounded on optimal allocation of capital employed, high cash flow and a sound financial position designed to drive a strategy of growth. Most capital invested is allocated to the investor activity. The Group acts as a REIT for specific retail formats and as a medium-term developer investor for some significant office sites. In property development, it generates significant profits on a relatively moderate balance sheet allocation. Its "REIT-Investor" model offers both a high level of recurrent revenue in the form of rents and significant capital gains on sales.

Altarea Cogedim is accordingly both financially powerful developer thanks to its REIT activity and the property investor with the greatest capacity for asset creation.

▸ Regions affected by metropolisation are facing ever-going real estate needs. Our pipeline, France's largest with €18 billion potential value, represents only a fraction of this huge market where we are organized and positioned, almost exclusively, to systematically address all of its components. By bringing urban solutions to areas undergoing transformation, Altarea Cogedim contributes to creating proximity, diversity and the social bond that people want from their elected representatives.

▸ Altarea Cogedim's approach is exemplary in terms of environmental transition, with the systematic consideration of sustainability challenges in its projects (energy efficiency, urban sprawl, reversibility of buildings, biodiversity, etc.). The Group regularly tops the global rankings for its environmental performance, but also leads them in the field of customer satisfaction, reflecting the tireless work of its employees to ensure well-being in its buildings. At Altarea Cogedim, value creation comes in a host of forms, financial, economic, architectural, environmental and human.

Éric Dumas,
Chief Financial Officer

Financial and economic capital

ECONOMIC DATA BY BUSINESS LINE

RESIDENTIAL

€2.9 billion
New orders
(+11%)

11782
Units
(+5%)

BUSINESS PROPERTY

€765 million
New orders

€862 million
Backlog

€4.4 billion
Pipeline

RETAIL

€4.6 billion
Portfolio value

€3.1 billion in Group share

€167.1 million in net rental
(+1.7% like-for-like)

1.1% in bad debts

CONSOLIDATED FINANCIAL DATA

€2,406 million
Revenue
+24%

€276 million
FFO Group share
+8%

Results driven by development

CONSOLIDATED BALANCE SHEET DATA

€2,800 million
Net asset value (NAV)
+0.2%

34.9%
LTV
– 120 basis points

BBB
1st credit rating by S&P Global

PER-SHARE DATA

€17.27
FFO per share
+5%

€174.3
NAV/share
+0.2%

€12.75
dividend per share
+2%

€18.1 billion
project pipeline
in potential value

1,874
employees as of
31 December 2018

56,600
jobs supported
in the regions

100%
of projects certified
or labelled

#1
in the GRESB 2018 ranking
among listed companies
in France (all sectors) and
#2 in Retail worldwide

Human capital

100%
employee shareholders
via the "Tous en Actions!" plan, renewed for the fourth year

1,874
employees as of 31 December 2018 (+8%)

326
internal transfers

238
people on combined work-study contracts (+50%)

4,600
days of training, i.e. 85% of employees trained *via* L'Académie

HappyIndex®/Trainees
label obtained for the quality of the welcome, support and management of interns

Launch of ***AltaWellness,***
the well-being at work offer

Customer relationship capital

#1
Voted "Customer Service of the Year" in 2018 and 2019, in the Property Development category

1st
French property developer in the "Top 10 Customer Service" ranking established by Les Echos and HCG

100%
of residential projects certified NF Habitat, a guarantee of quality, environmental performance and comfort

Issy Cœur de Ville
1st pilot project for the Well Community Standard certification in France

87%
of Greater Paris business property projects certified or in the process of obtaining WELL certification

7.7/10
satisfaction index of visitors in our shopping centres

Pacte Enseignes
a dialogue initiative launched in 2018 to better support and integrate retail stores in shopping centres

300
sustainable housing units offering permanent accommodation to nearly 450 people created through the partnership with Habitat & Humanisme

1st
property developer to partner with Sourdline to make property more accessible to people who are deaf, hearing impaired or mute

Intellectual capital

15
innovation projects
(products, services, processes, etc.)

Easy Village
1st
offer of digitised urban services at neighbourhood level

886
partners identified in our innovation ecosystem

1
internal knowledge-sharing platform with AltaWiki

6
major partnerships complementing our activities: Smart Building Alliance, Real Estech, Le Lab OuiShare x Chronos, Paris&Co, French IoT, Docaposte

7,400
jobs supported in the intellectual services sector

Environmental capital

100%
of the Group's projects
have a quality and/or environmental label or certification

#1
in the GRESB 2018 ranking among listed companies in France (all sectors) and #2 in Retail worldwide

66%
of the Group's business property projects in France are redevelopments

CAP3000
1st
shopping centre to earn BiodiverCity® certification worldwide

–34,6%
reduction in energy consumption across the Retail portfolio since 2010

–37,4%
reduction in CO_2 emissions across the Retail portfolio since 2010

98%
of waste reused across the portfolio

05

Our growth drivers

Intense and positive projects

Creator of property infrastructure, Altarea Cogedim's projects all look to the future, from Large mixed-use urban projects to Residential developments, Business Property and Retail space.

Adrien Blanc
Chairman of Altarea Cogedim Entreprise

Philippe Jossé
Chairman of the Management Board of Cogedim

How does the Altarea Cogedim group help bring about transformation in cities?

—— **Philippe Jossé:** Our customers have changed, and we have too. Society is undergoing profound upheavals, with major shifts including the increase in the number of single-parent or blended families, and the decline in the birth rate. We support these transformations by providing answers to residents adapted to each stage of their lives. Our offers include modular apartments with enhanced features and equipment customised to meet current needs without forgetting those of tomorrow. Our projects help reinvent cities while offering solutions to the needs of densification and diversity to create spaces that are the real beating heart of life, like our building restructuring projects.

—— **Adrien Blanc:** Business property has undergone two changes recently, in which we were a driving force, with the rise of green and sustainable buildings on the one hand, and attention paid to the comfort and convivial nature of spaces on the other. In the longer term, emerging phenomena like the fragmentation of working methods and the rise of coworking will throw down fresh challenges in business property. We are already integrating these developments into our projects, by making sure that the offices we are building today can be converted to other uses tomorrow.

Ludovic Castillo

Chairman of the Management Board of Altarea Commerce

—— **Ludovic Castillo:** Retail spaces are inherently a reflection of society and consumption patterns. We are there as they are constantly revisited, making room for new uses — in travel areas like railway stations, or in local retail. Our primary concern is to provide desirable, connected locations promising a bespoke customer experience. Our services and innovations shape flexible spaces that will also be suitable for future uses. We also keep a close eye on the competitiveness of our assets, above all by making sure that our rents are properly adjusted. Our portfolio’s stellar occupancy rate shows that our strategic choices are well founded. Recognised for our know-how in the retail segment, we develop formats turned to the future for our investors, through exemplary projects or through the integration of projects into our mixed programmes.

What are the secrets of the Group’s customer approach?

—— **Philippe Jossé:** Buying a home is a very important act, and a long-term commitment. In this process, our customers expect availability, an attentive ear, dialogue and attention. And that’s what we give them. Cogedim’s difference is embodied in our state of mind, the way we design our homes and the demanding quality standards we guarantee our customers. That’s why we’re so proud to have been voted “Customer Service of the Year” for the second year running. It’s a great recognition of our leadership in customer relationships, not forgetting that we confirmed our position as France’s second-largest property developer in 2018.

—— **Adrien Blanc:** We are perceived as a provider with the same level of involvement as an owner, topped off by great professionalism, to quote our customers. This recognition is why our assets are pre-marketed a very long time before the programme is actually completed, at rents above the market average. We currently manage 60 business property projects, including some of the most iconic in Greater Paris.

—— **Ludovic Castillo:** In the retail segment, we work together with retailers to get the best understanding possible of customer expectations, with the aim of ensuring a truly smooth and seamless experience. Our systematic flexibility is one of the reasons why Altarea Cogedim’s assets have a low vacancy rate. 2018 was a remarkable year for the Group, which today ranks as France’s leading retail developer. Large mixed-use urban projects are the key to tomorrow. They are synonymous with ever closer, integrated, revisited retail areas for customers.

05

Large mixed-use urban projects

Altarea Cogedim creates urban cores where housing, serviced residences, business property, shops, hotels and public facilities exist side by side. These large-scale projects combine the Group's know-how and services in a comprehensive approach. Their design puts people back in the core to create sustainable, liveable, dynamic and connected city neighbourhoods, where diversity and social connections go hand in hand.

#1
developer in France

MARKET ANALYSIS

- **Concentration of people and jobs** in metropolises
- **Change and increasing complexity in lifestyles,** with barriers between the personal and professional spheres gradually breaking down
- **New balance between personal, professional and family life**
- **People want ease and proximity,** with access to public transport
- Local authorities increasingly rethinking **the local urban fabric**
- **Expectation of integrated urban solutions** proposed by service providers with mixed-use expertise

STRATEGY

- **Maintain leadership:** Altarea Cogedim is the only French actor operating in all segments of the property market
- **Identify and strengthen synergies** in the property sector, as a multi-business and multi-activity group
- **Support the mixed use of programmes** – housing, business property, retail – by aggregating the offer so as better to reflect uses, the living environment and the social context
- **Favour proximity** with purpose-built applications, new services and neighbourhood retail stores

COMPETITIVE ADVANTAGES

- **Single partner** for local authorities across all dimensions of the project
- **Multi-skills** residential, business property, retail
- **Financial strength** of a stable, sustainable and recognised group
- Capacity to deliver **large-scale projects** in a single phase
- Anticipation and grasp of **new uses**
- **Local anchorage** close to the needs expressed by cities and regions

OUR ACHIEVEMENTS

Large projects (100%)	Total surface area (sq.m)	Residential (units)	Serviced residences	Offices	Retail	Cinemas	Leisure/ Hotels	Public facilities	Estimated delivery date
Aerospace (Toulouse)	64,000	790	-	x	x	x	x	-	2019-2021
Gif sur Yvette	68,000	960	-	-	x	-	-	x	2019-2021
Joia Meridia (Nice)	48,000	630	x	-	x	-	x	-	2020-2023
Cœur de Ville (Bezons)	67,000	730	-	-	x	x	-	-	2021
Belvédère (Bordeaux)	140,000	1,230	x	x	x	-	x	x	2021-2024
Fischer (Strasbourg)	37,000	490	x	-	x	x	-	x	2021-2024
La Place (Bobigny)	104,000	1,270	x	x	x	x	-	x	2021-2024
Cœur de Ville (Issy-les-Moulineaux)	105,000	630	x	x	x	x	x	x	2022
Quartier Guillaumet (Toulouse)	101,000	1,200	x	x	x	-	-	-	2022-2023
Quartier des Gassets (Val d'Europe)	131,000	860	x	x	x	-	x	-	2024
Total (10 projects)	**865,000**	**8,790**							

PERFORMANCE

- **Win of two new large projects:**
  – Quartier Joia Méridia, in Nice, a 73,500 sq.m project, of which 48,000 sq.m for the Group, which is to create 630 residential units and 4,700 sq.m of shops and local services;
  – A 130,000 sq.m predominantly retail project in the Gassets district of Marne-la-Vallée (Val d'Europe) in the immediate vicinity of Disneyland® Paris
- **Major progress on the four other major projects under development:**
  – Issy Cœur de Ville, in Issy-les-Moulineaux: marketing of residential units started in late 2018;
  – Aérospace-Place Centrale in Toulouse: start of the development of the mythical Aéropostale site;
  – Cœur de Ville in Bezons: start of building;
  – Bobigny La Place: CDAC permission obtained on the shops and sale of the cinemas
- **Confirmation of its leading position** with Issy Cœur de Ville, first pilot district in France WELL Community Standard

More than 860,000 sq.m
and 8,790 housing units planned

€3,3 billion
in potential value

10
projects under development

105,000 sq.m
of which 17,300 sq.m in shops

2022
Delivery expected
in the second quarter

More than 600
diversified housing units

2,500 sq.m
in photovoltaic roofs

3
positive energy office buildings

3,000
employees expected

Certification and labels
1st pilot project in France built to the WELL Community Standard.
District: BiodiverCity®, WELL Community, EcoDistrict/Housing: NF Habitat HQE™/ Offices: BEPOS Effinergie, NF HQE™ Tertiary Buildings approach, BREEAM®, WELL, BiodiverCity®/Retail: BREEAM®

A dynamic urban ensemble
Land once housing the Orange Telecommunications National Research Centre is to be the site for a new town centre of over 100,000 sq.m built around an urban park of some 13,000 sq.m. It will hold:

- About 40,000 sq.m of housing
- About 40,000 sq.m of offices
- Public facilities including a multipurpose space, a school and a crèche with 60 places
- 240 parking spaces
- Approximately 17,300 sq.m of shops, restaurants and services, including a UGC cinema complex with 7 screens and a creation and digital economy workshop
- A seniors' residence

A digital eco-district
Designed around an advanced environmental and social approach, the programme has its finger firmly on the pulse of digital technology, with connection thanks to the Easy Village app, a veritable digital town square.

"The Issy Cœur de Ville project represents the strength of our city: blending yesterday and tomorrow to give our population a better life today. That is the source of its singularity, its vibrancy and its appeal. This innovative and sustainable eco-district, adapted to current needs, able to reconcile all uses, fruit of a tremendous drive for participatory democracy, is a symbol of which we can all be proud."

André Santini, Mayor of Issy-les-Moulineaux

05

Residential

The face of our cities is changing, in the image of city dwellers. To meet the diversity of expectations of buyers and investors, Altarea Cogedim imagines and creates innovative programmes that are customisable, scalable and seamlessly integrated into their environment. Renowned architects, landscapers and designers are helping the Group reinvent quality residential in step with an era where life paths can take us in many different directions. From students, first- and second-time buyers, families in all their forms and seniors, everyone finds the “home” that matches his needs.

Top 3
French developers

MARKET ANALYSIS

- **Improving general economic conditions,** rising prices per square metre, keeping mortgage rates low
- **Stable regulatory framework,** favourable tax terms (Pinel law extended, zero-interest loans)
- **Strong demand from property buyers,** high volumes of developer sales, institutional investors coming back to the market (*via* social housing for rent)
- **Healthy new residential segment,** with continuing market growth
- **Change in customer** expectations, faster production and innovation cycles
- **Demographic changes** requiring the creation of scalable housing

STRATEGY

- **Consistently increase the level of customer satisfaction:** quality of the commercial relationship, customisation of the offer
- **Integrate the customer into a tailor-made residential journey with a comprehensive offer:** from entry level to premium, first- and second-time buyers, serviced apartments, block-sale investments, etc.
- **Continue to diversify products** to suit all types of buyers, all needs, all moments of life
- **Pursue the geographical development strategy** aimed at building up strong positions in the most dynamic regional metropolises
- **Guarantee greater accessibility** by offering new and more affordable housing to meet the needs of lower-income households, which today represent 40% of the market

COMPETITIVE ADVANTAGES

- **Group’s signature** associated with quality, innovation and environmental performance
- **Multifunctional, modular, adaptable** housing surfaces
- **A high-quality,** acknowledged and rewarded **customer support approach**
- **Digital tools** (mobile app, digital platform, augmented reality tours) in the service of an enriched customer experience

OUR PRODUCT LINES AND SERVICES

An expanded and diversified residential offer. The Group operates through its nationwide brand **Cogedim** backed up in France's biggest cities by **Pitch Promotion** and rounded out in terms of products by **Cogedim Club** and **Histoire & Patrimoine**

- **Entry and mid-range:** quality programmes designed to meet the housing needs of first-time buyers, individual investors and the challenges facing subsidised housing operators
- **High-end:** a selection of properties defined by demanding requirements in terms of location, architecture and quality
- **Cogedim Investissement:** programmes developed under a French government policy known as social rental usufruct. This additional offering, while meeting the need for low-cost housing in high-demand areas and thereby helping out local communities, provides an alternative investment product for private investors
- **Serviced residences:** products designed for specific types of customers (students, business tourism, seniors, etc.). For instance, the Cogedim Club® brand offers active seniors "à la carte" residences in city centres
- **Renovation of historical sites:** under the Histoire & Patrimoine brand, the Group has a range of products for heritage buildings, Malraux Law properties and the land deficit tax write-off scheme

PERFORMANCE

- **Programs for all residential pathways throughout the country:** opening of two new Cogedim Club® developments bringing to 12 the number of residences in operation, with two new projects launched
- **Strengthening of strategic positions:**
  – finalisation of the acquisition of Histoire & Patrimoine
  – in early 2019, the Group also finalised the acquisition of 85% of Severini, a developer, strengthening its presence in Nouvelle-Aquitaine
- **Improved service and customer experience:**
  – opening of Cogedim Stores in Lyon, Marseille and Bordeaux
  – accessibility programmes rolled out like the partnership with Sourdline
  – 3D visualisation for the presentation of residences being marketed
- **Recognition of know-how:**
  – voted Best Customer Service for the second year in a row in 2018, in the Property Development category – BVA Group survey
  – three prizes won at the Federation of Property Developers' Pyramides d'Or Awards
- **Redevelopment of historic downtown areas:** the Caserne Scharmm, transformed into the "Les Jardins d'Artois" apartment complex by Histoire & Patrimoine, obtained the Simi 2018 Grand Prix in the Service Property category

7.6%
market share in France, compared with 4.2% in 2014

€11.3 billion
in potential revenue in the pipeline (+23%), nearly 4 years of activity (44,800 units)

Nearly 100%
of the pipeline located in areas eligible under the Pinel law

100%
of housing certified NF Habitat or in the process of certification

About **19,800 sq.m**
in floor area

2023
Delivery expected
in the second quarter

135
family and flexible residential units for first-time buyers

23
programmatic, architectural and technical innovations developed

Certification and labels
NF Habitat HQE™ "Excellent" , E+C-, BiodiverCity®, Biosourcé level 3, City of Paris Climate Plan

Low-carbon innovations
The timber superstructure, bridge-mounted over 10 levels, helps reduce CO_2 emissions by 80% compared with a conventional project.
The complex aims to obtain the best environmental labels and is fully in line with the objectives of the Paris Climate Plan.

Modular residential units
Altarea Cogedim already has a foot in the future, and offers housing that can keep up with its occupants regardless of the path they take in life.
Modular, service-based and customizable, they offer a new way of thinking about homebuying.

Shared cities
On top of housing, the programme includes services, shops and facilities: concierge service, food market for seasonal products, a training school in coding, a general medicine innovation hub and a virtual reality leisure offer.
An unexpected meeting between health and digital technology!

"True to the spirit of Réinventer Paris, the call for innovative urban projects launched by the City of Paris, the U-Care development brings together multiple skills to address technical and innovative challenges. In all, 23 programmatic, architectural and technical innovations will allow the project to contribute to a city open to its surrounding area, its ecosystems and its inhabitants."

Jean-Louis Missika, Deputy Mayor of Paris, responsible for urban planning, architecture, the Greater Paris project, economic development and attractiveness

05

Business Property

To settle in city centres, to provide employees a professional work environment conducive to well-being and personal fulfilment, with services and amenities nearby… These are the new requirements of companies. Altarea Cogedim anticipates changes in work patterns and is creating the future of a multipurpose office. Flexible, scalable, connected and open to the city, business property mirrors transformations in the world of business.

#1
French developer

MARKET ANALYSIS

- **Background of economic recovery,** driven by strong demand and low interest rates
- Job creation, business transformation: **large groups are moving their headquarters**
- **Competition from investors** faced with a shortage of prime and new-build supply
- **Strong rental demand** in new or redeveloped office buildings

STRATEGY

- **Focus on central locations,** hyperconnected (to public transport) and open to cities or regions undergoing urban revitalisation
- **Design and develop tertiary programmes** that match new uses and employees' expectations in terms of quality of life at work, including the office component of mixed-use programmes
- **Promote corporate performance** through the personal development of employees in a human-friendly workspace
- **Break away from single-use buildings,** embrace modularity and multipurpose spaces
- **Raise quality per square metre of office space** through digital facilities
- Blend **long projects with shorter ones**

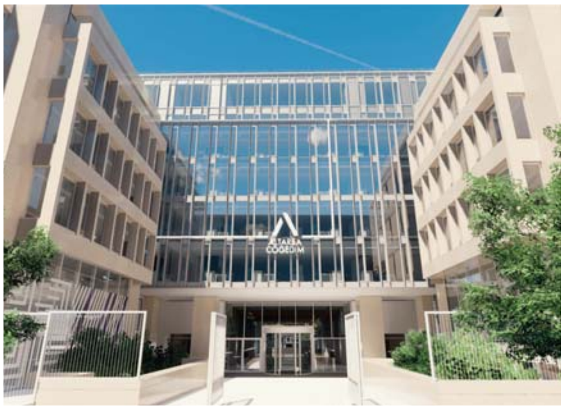
COMPETITIVE ADVANTAGES

- **Major player in redevelopment,** recognised for its creative projects
- **Comprehensive and integrated operator:** medium-term investor directly or *via* AltaFund, developer and provider (DPM)
- **Modern and user-centric offer:** collaborative and flexible spaces
- **Architectural, environmental and social quality** of new or renovated programmes
- **Prestigious locations** for all developments

OUR PRODUCT LINES AND SERVICES

Altarea Cogedim has developed a unique model that enables it to operate very significantly in this market as:

- **developer** in the form of VEFA (off-plan sales), BEFA (off-plan leases) and CPI (real estate development contracts) contracts, with a particularly strong position in the turnkey market, and through MODs (delegated project management)
- **investor** directly or through AltaFund as part of an investment strategy in assets with high potential (prime location) in view of their medium-term sale once redeveloped. The Group is systematically the developer of projects in which it acts as co-investor and manager
- With the creation of a logistics investment fund at the end of 2017, operated by Pitch Promotion, the Group has replicated its "property developer-investor" model in a new product line: **logistics platforms**



PERFORMANCE

- **The symbol of the Group's ambitions:** Altarea Cogedim created its new Paris headquarters by renovating and restructuring an iconic building on Rue Richelieu. The 32,000 sq.m programme aims to obtain the highest environmental labels and will showcase the Group's know-how. The building was sold off plan to CNP Assurances
- **Iconic building sites in the heart of the French capital:** Landscape and its 10 facades offering 360° vision, and Eria with its three-petal structure for unique modularity
- **Tender win** for the Convergence building in Rueil-Malmaison by Pitch Promotion. Convergence is slated to be the future headquarters of Danone, becoming its largest global headquarters (25,300 sq.m) in 2020
- **Completion of the creative restructuring** of Kosmo, head office of Parfums Christian Dior, at the Pont de Neuilly, facing La Défense
- **Legitimate green value:** Altarea Cogedim received an award in the "Best Certified Performance New Office" category at the HQE™ Sustainable Building Awards for the construction of the Boehringer Ingelheim building in Lyon

60
projects under development

€4.4 billion
potential value

100%
of business property projects in Greater Paris are doubly certified at least HQE™ "Excellent" and BREEAM® "Very Good"

57,000 sq.m
including a shopping area of roughly 2,500 sq.m

2020
Delivery expected in the second quarter

3,000
employees

Over 7,000 sq.m
of balconies, terraces and gardens

Certification et labels
NF HQE™ Tertiary Buildings "Exceptional", BREEAM® "Excellent", BBC-Effinergie, WELL, WiredScore

Ultraconnected and ultraconvivial

Designed specifically for the Orange group, the Bridge project will boast the best in digital technology. This ultra-connected building will put innovation at the service of employees' well-being and social bonds in the company, to inspire cooperation and new ways of organising work.

Work environment reinvented

A glass-roofed hall reminiscent of Gustave Eiffel, a place for exchanges and meetings with shops and services, open spaces and multiple levels, a landscaped environment and breath-taking natural light… There is a change of dimension for employees at Orange's head office.

"Bridge is part of a co-construction process. It will be a wonderful place to work, with lots of collaborative spaces, vegetation and a remarkable design."

Stéphane Richard, Chairman and CEO of Orange

05
Retail

For Altarea Cogedim retail activity is the beating heart of the city. A place of exchanges, it offers a venue for experiences and encounters in touch with the times. Par excellence, it is a place that creates connections.
In a digitising world, Altarea Cogedim gives back intensity to the market relationship by awakening its profoundly human aspect. The Group's pipeline is dominated by projects for new shopping centres or expansions of existing ones (including a growing proportion of retail outlets in railway stations), plus retail projects developed as part of large mixed-use projects.

#1
developer in France

MARKET ANALYSIS

- **Profound change in the merchant model in cities:** with the large retail outlets decline in favour of convenience formats, circularity and the revolution in travel retail, the retail segment has becomes protean
- **New needs for retail areas and the conversion of infrastructure** in major cities stem from growing population density
- **Changing customer uses,** fragmentation of consumption patterns: experiential shopping, individualisation of offers, leisure
- **Consolidation of retail banners** and polarisation on certain concepts, extension of large networks
- **Unflagging growth in e-commerce,** with mobile shopping now breaking through, and new synergies between digital and in-store retail

STRATEGY

- **Develop the pipeline** while remaining open to disposals as opportunities arise
- **Step up the pace of growth in travel retail**
- **Develop a mixed and complementary retail offer,** taking a specific approach with convenience retailers or local traders like bakers and restaurants, and encouraging the arrival of exclusive names
- **Promote the design of flexible and modular retail spaces**
- **Integrate new leisure,** recreational and service concepts and new entertainment experiences (pop-up stores, corners, sports or creative workshops, cultural exhibitions, restaurants and day-care centres)
- **Privilege the service-based approach and introduce digital technology** to redefine retail as a means of promoting human relations

COMPETITIVE ADVANTAGES

- **Complementary developer-investor model**
- **Substantial pipeline** of projects under development
- **Presence of the Group** in major shopping centres
- **Expertise in the offers of different retail banners,** with an international, national and local multi-sector mix
- Recognised **expertise on redevelopment or reconversion** projects
- Ability to generate large **volumes of flows** transformable into qualified customers
- Architectural, construction and environmental **quality** of projects built
- **Dominant position** in Paris for travel retail in railway stations

OUR PRODUCT LINES AND SERVICES

Creations/extensions of businesses in complementary formats:

- **Large shopping centres:** development and management of major regional centres (Qwartz, Cap3000, etc.) with extended offers covering restaurants, leisure, services and cultural spaces. Intensity, connectivity, digital technology, comfort and architectural excellence come together for an unparalleled customer experience
- **Large retail parks:** meticulous design, demanding environmental requirements, revisited commercial spaces for attractive commercial offers
- **Travel retail:** completion of projects to transform high-flow locations like railway stations into places of life, bustling with activity topped off by shops
- **Retail component of large mixed-use projects:** qualitative convenience offering for shops and everyday services, particularly through partnerships with local retailers or by supporting local facilities (bakers, restaurants and health professionals…) in addition to existing services

PERFORMANCE

- **Creation of France's first retail solidarity REIT:** dubbed "SoCo", the project brings together Altarea Cogedim and two key players in the social and solidarity economy (SSE), Baluchon, a grouping of social enterprises, and Crédit Coopératif
- **Support for local employment:** employment pact for the Gare Montparnasse project, employment forum at the Qwartz centre, employment partnership with Nice Côte d'Azur
- **Environment and biodiversity:** Biodiversity & Business Award for the Cap3000 centre at the Pollutech trade fair. The first shopping centre in the world bearing the BiodiverCity® label, with its expansion now entering the final phase, Cap3000 is working in partnership with LPO, a local environmental protection agency
- **Leisure and services in shopping centres:** such as the immersive experiences of the Digitale Wave at Cap3000, the cultural activities of Bercy Village and L'Avenue 83
- **Step up the pace of growth in travel retail:** successful marketing of the first phase in the Paris-Montparnasse railway station (Hema, Nespresso, Sephora, etc.); original new foodservice area in the Paris-Est station; opening of the innovative "Oxygen" concept at La Défense; win of five railway station projects in Italy (Milan, Rome, Turin, Padua and Naples) with a total of 170 shops
- **Disposal of the 33.34% stake in Semmaris,** operator of the Paris-Rungis national interest market, to Crédit Agricole Assurances for a Group share of €250 million

37
assets

€4.6 billion
in value
(€3.1 billion in Group share)

€167.1 million
in net rental income
(+1.7% like-for-like)

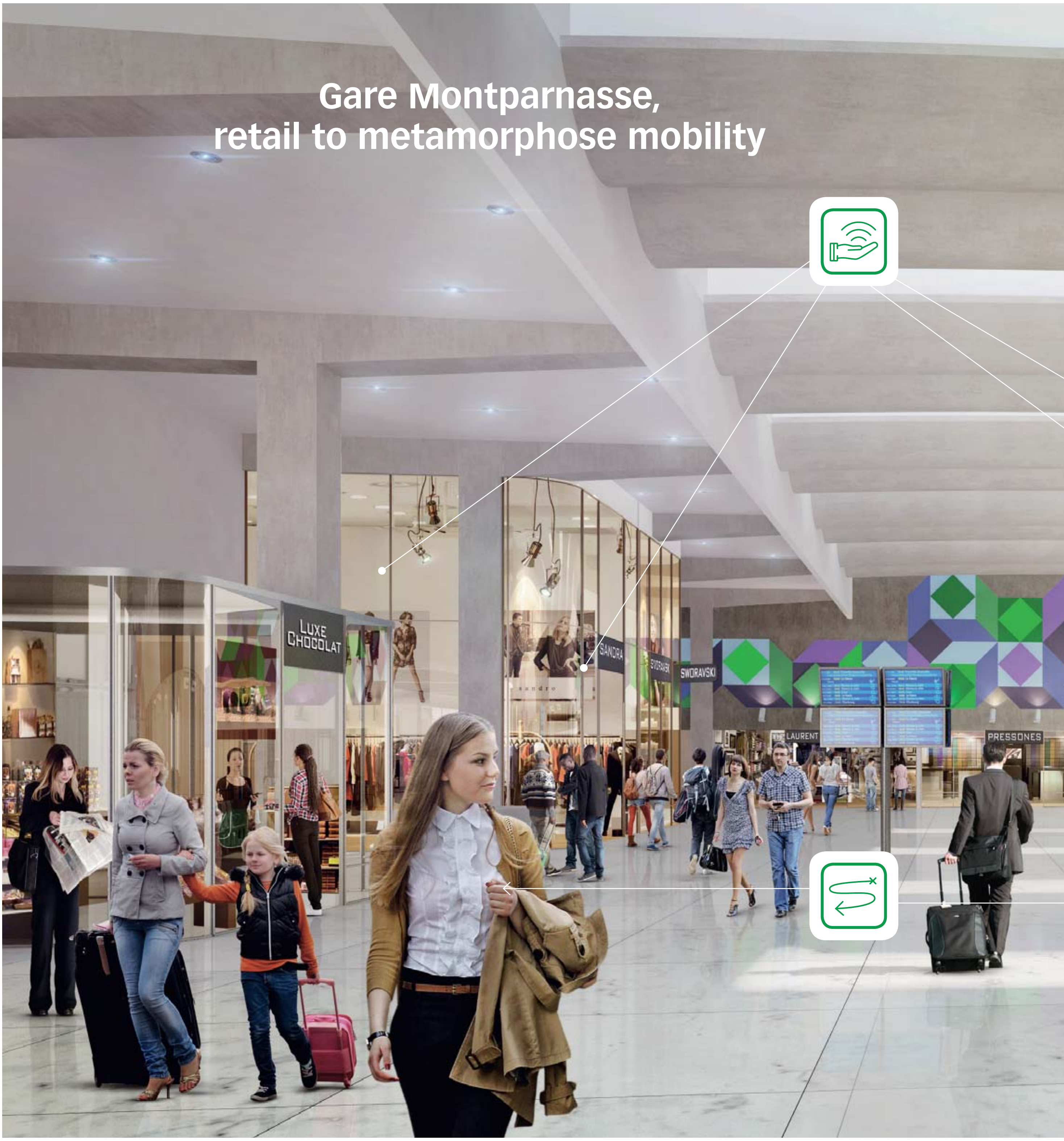
7.7/10
overall satisfaction of visitors in our shopping centres

22
projects under development, including 12 all-retail projects and 10 retail projects as part of large mixed-used projects

100%
of retail projects certified BREEAM® In-Use

€2.4 billion
in potential value

Gare Montparnasse, retail to metamorphose mobility



19,000 sq.m

2018-2020
First phase of transformation completed in 2018

130
shops, services and restaurants

350
jobs created by retail development

90m
visitors expected in 2020

Modernised and appealing spaces

They used to be places you just passed through, but they're becoming places where you can time out. The transformation of the Paris-Montparnasse passenger areas continues after the handover of the first phase. Users and local residents alike are already enjoying new services like free Wi-Fi, charging stations, automated parcel pick-up points and spaces for nomad workers. The complex is home to restructured retail spaces, and renowned retailers are setting up shops.

A seamless environment for shopping and more

The station's new design takes a sustainable, solid, luminous approach. It is more pleasant and functional for users, and has the capacity to absorb strong traffic growth. Pathways and the organisation of passenger flows have been modified to make things smoother. And retail spaces play a big role in the project's overall dynamics.

"Stations are in the throes of a revolution, and it's palpable for people in France. The Gare Montparnasse project is positioning the station as a dynamic hub on a human scale. It will accompany the increase in passenger traffic along the entire Atlantic seaboard brought about by the opening of two high-speed lines in 2017."

Patrick Ropert, Managing Director, SNCF Gares & Connexions

About the Report

Methodology

Inspired by the principles of "integrated thinking" and the terms of reference proposed by the IIRC (International Integrated Reporting Council), Altarea Cogedim's Integrated Strategic Report highlights the Group's vision, business model, strategy and performance in creating shared value with stakeholders and regions.

Rounding out the Group's reporting on its non-financial performance and its contribution to the United Nations Sustainable Development Goals (in the Registration Document), it also contains elements highlighting its contribution to the "Sustainable Cities and Communities" pillar of the UN Sustainable Development Goals. Altarea Cogedim believes that urban development, if done in a lean and inclusive way, can be part of the solution to environmental, development, employment and other issues facing our cities.

The report covers the 2018 fiscal year, from 1 January to December 31 2018. Group entities are consolidated in the financial scope.

Publication: March 2019.

Project organisation

This report was a combined effort, calling on contributions from the Group's various departments. It was prepared consistently with other corporate and financial publications, in particular the presentation of the annual results.

The Integrated Strategic Report was reviewed and validated by Altarea Cogedim's management and the executive committee before its publication.

New features in the Integrated Strategic Report

The third edition aims to provide the reader with an overview and a forward-looking view of Altarea Cogedim's creation of urban value. The presentation of the business model has been recast to give a better picture of the Group's strengths, and above all the complementarity of its activities, which make Altarea Cogedim a long-term partner of public interest.

The sections entitled "Our value(s) creation" and "Our growth drivers" have been reorganised to present a more concise vision of the values created by the Group.

Thanks

The Institutional Relations, Communication and CSR Department would like to thank all of the Group's teams who contributed to the preparation of this Report, in particular the Finance Department for work done jointly. Altarea Cogedim would like to give particular thanks to Élisabeth Grosdhomme, futurologist and CEO of Paradigmes et caetera, for her contribution.

Advice and co-author: Capitalcom.

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Illustration: Stéphane Jungers.

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Publications ecosystem

INTEGRATED STRATEGIC REPORT

PORTFOLIO

REGISTRATION DOCUMENT

ANNUAL RESULTS

1

BUSINESS REVIEW 31 DECEMBER 2018

1.1 A unparalleled platform of real estate skills to support urban transformation

1.1.1 A unique model

Leading property developer in France, Altarea Cogedim offers a skills platform covering all asset classes (residential, retail, offices, logistics, hotels, serviced residences, etc.) in order to respond effectively and comprehensively to the challenges of urban transformation[1].

Leading property developer in France

The Group has secured the largest portfolio of projects in France, all product categories combined, with 4.2 million m^2 under development and potential value of €18.1 billion at the end of 2018.

Secured pipeline (by product)	Surface area (m^2)[a]	Potential value (€m)[b]
Retail	387,300	2,415
Residential	2,510,800	11,295
Business Property	1,284,000	4,400
TOTAL	**4,182,100**	**18,110**
Change 31/12/2017	*+15%*	*+6%*

(a) Retail: new GLA. Residential: SHAB: (property for sale + future offering) Business property: surface area (floor area or usable area).
(b) Market value at delivery date. Retail: potential market value incl. transfer duties for projects on delivery (net rental income capitalised at market rates) at 100% and revenue excl. tax for development programmes. Residential: property for sale and portfolio (incl. tax). Business property: potential market value excl. transfer duties on the date of disposal for investment projects (at 100%), amount excl. tax of off-plan sales/PDAs for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised delegated project management fees.

Most of these projects are carried in a "developer" business model (development for sale). In terms of commitments, the Group applies a rigorous policy:

- the project portfolio is overwhelmingly secured in the form of options or sale agreements activated on the basis of commercial and financial criteria;
- the largest projects are often set up as partnerships in order to share the risk.

At 31 December 2018, commitments[2] across the pipeline amounted to €1.6 billion in Group share, of which €1.0 billion already paid out and €0.6 billion yet to be paid out.

Most capital invested is allocated to the Investor activity. The Group acts as a REIT for specific retail formats (with assets of €4.6 billion including transfer duties at end-2018, or €3.1 billion in Group share) and as a medium-term developer-investor for some significant office sites.

This "REIT-Investor" model offers a high level of recurrence in revenue (rents received), as well as significant capital gains (disposals).

Altarea Cogedim is accordingly both the most financially powerful property developer thanks to its REIT background, and the property investor with the greatest capacity for asset creation.

Public interest partner for cities

Metropolisation is the main underlying trend in real estate markets.

The gathering of populations, businesses and wealth within large metropolitan areas is a complex phenomenon that is recasting regional geography.

It is also generating considerable tensions in the areas undergoing metropolisation. Communities formerly located on the outskirts of a main city are facing multiple challenges: social inequalities, affordable housing, transport, pollution, etc. Their property infrastructure is becoming outdated and needs to be reshaped to meet the challenges of growing population density.

By providing urban solutions to help these areas in their transformation, Altarea Cogedim contributes to recreating the urban bond between the periphery and the heart of greater cities. Most of the projects in the portfolio relate to rehabilitations or redevelopments: industrial sites, retail spaces, commercial complexes, residential buildings, low-density housing, etc. The Group's developments thereby contribute to creating proximity, diversity and the social bond that citizens demand from their elected representatives.

Altarea Cogedim's approach is exemplary in terms of environmental transition, with the systematic consideration of sustainability issues in its projects (energy efficiency, limited urban sprawl, reversibility of buildings, biodiversity, etc.). The Group regularly tops global rankings for its environmental performance.

Leader in property development in France, Altarea Cogedim directly or indirectly supports 56,600 jobs in many sectors of the French economy. Benefits are particularly significant at the local level, with the creation of long term jobs.

(1) The Group focuses its development on 12 major French regions: Greater Paris, Métropole Nice Côte d'Azur, Marseille-Aix-Toulon, Toulouse Métropole, Bordeaux Métropole, Greater Lyon, Grenoble-Annecy, Eurométropole de Strasbourg, Nantes Métropole, Métropole Européenne de Lille, Montpellier Méditerranée Métropole, Métropole de Rennes.

(2) Commitments relate only to the project portfolio. These correspond to costs already spent or yet to be spent under the contract and not covered by sales. At 31 December 2017, commitments amounted to €1.4 billion in Group share.

Leader in large mixed-use projects

Altarea Cogedim has become the leader in large mixed-use projects covering all asset classes (residential, retail, public facilities, hotels, serviced residences, offices, etc.). This market segment is experiencing very strong momentum driven by the phenomenon of metropolisation.

At 31 December 2018, Altarea Cogedim managed 10 major mixed-use projects representing potential value of approximately €3.3 billion.

Large projects at 100%	Total surface area (m²)[(a)]	Residential (units)	Serviced Residences	Office	Retail	Cinemas	Leisure/ Hotels	Public infrastructure	Estimated delivery
Aerospace (Toulouse)	64,000	790	-	x	x	x	x	-	2019-2021
Gif-sur-Yvette	68,000	960	-	-	x	-	-	x	2019-2021
Joia Meridia (Nice)	48,000	630	x	-	x	-	x	-	2020-2023
Coeur de Ville (Bezons)	67,000	730	-	-	x	x	-	-	2021
Belvédère (Bordeaux)	140,000	1,230	x	x	x	-	x	x	2021-2024
Fischer (Strasbourg)	37,000	490	x	-	x	x	-	x	2021-2024
La Place (Bobigny)	104,000	1,270	x	x	x	x	-	x	2021-2024
Cœur de Ville (Issy les M.)	105,000	630	x	x	x	x	x	x	2022
Quartier Guillaumet (Toulouse)	101,000	1,200	x	x	x	-	-	-	2022-2023
Quartier des Gassets (Val d'Europe)[(b)]	131,000	860	x	x	x	-	x	-	2024
TOTAL (10 PROJECTS)	**865,000**	**8,790**							

(a) Floor area.
(b) Detailed planning being finalised.

1.1.2 2018 Highlights

Major mixed-use projects

In 2018, Altarea Cogedim confirmed its position as French leader winning two new major projects:

- Joia Méridia, in Nice, a new district of 74,000 m² (total surface area), of which 48,000 m² for the Group, which will supply 630 residential units and 4,700 m² of retail space and local services;
- a predominantly retail project of 130,000 m² in the Les Gassets district of Marne-la-Vallée (Val d'Europe) close to Disneyland® Paris, for which planning is currently in the final stages.

In early 2019, the Group was also awarded the tender for a mixed-use 56,000 m² project in the Les Simonettes district in Champigny-sur-Marne, comprising 28,000 m² of residential units, 900 m² of retail space and services, 12,000 m² of commercial space on the future Grand Paris Express metro line 15, and 15,000 m² of activities including 9,000 m² dedicated to the "Cité Artisanale des Compagnons du Tour de France" (amenities dedicated to promote and teach French craft).

Four other major projects under development also cleared milestones in 2018:

- launch of the marketing of Issy Cœur de Ville residential units. The construction work for this EcoQuartier certified project will be launched in a single phase in early 2019, for delivery in 2022;
- start of work in the Toulouse Aerospace – Place Central district, located on the iconic former Aéropostale site. Delivery for this project will be staggered between 2019 and 2021;
- start of the construction of Bezons Cœur de Ville, scheduled for delivery in 2021;
- gain of the retail authorization for Bobigny La Place and sale of cinemas.

Residential: among the Top 3 French residential developers

The Group entrenched its position among the Top 3 French residential developer, with market share of 7.6% in 2018[(1)]. The value of new housing orders increased by 11% year on year to €2.9 billion on a 5% increase in volume to 11,782 units ordered.

The Group continued its strategy of regional and product diversification this year, with:

- the acquisition in July of the remaining capital of Histoire & Patrimoine, a specialist in urban building renovation and rehabilitation[(2)];
- the acquisition, finalised in early 2019, of 85% of Severini[(3)], developer of new housing complexes representing 300 units each year, active mainly in Nouvelle Aquitaine.

In terms of development, the Residential pipeline (offering and land portfolio) amounted to €11.3 billion (an increase of 23% compared with end-2017). The renewal of the Pinel Act for a four-year period

(1) Based on 155,000 units reserved in France (-6.1% vs 2017) – Source: Ministry of Territorial Cohesion and Relations with Local Authorities for retail sales and FPI (Fédération des Promoteurs Immobiliers), for block sales (estimated for block sales 2018).

(2) The Group acquired 55% of Histoire & Patrimoine in June 2014. Since 1 July 2018, this business has been fully consolidated (previously accounted for by the equity method) and its sales performance will be incorporated into the residential Property Development division.

(3) The Group announced the start of exclusive negotiations for this transaction on 13 November 2018 and its effective completion on 4 January 2019 (see the Residential chapter of this report).

(from 2018 to end-2021) and its greater focus to high-demand areas[1] backs up the Group's territorial strategy, with more than 99.9% of the pipeline located in eligible areas. The adoption of the ELAN law[2] also promises to create more favourable conditions for new residential developments in the coming years.

Business property: major sales and strong operating performance

As both a developer and a medium-term investor in Business property, the Group manages a portfolio of 60 projects representing potential value of €4.4 billion at the end of 2018.

Altarea Cogedim sold two of the largest office developments in the Grand Paris project this year, namely the Kosmo building in Neuilly-sur-Seine, the future global headquarters of Parfums Christian Dior (sold to Sogecap), and the Richelieu building in Paris, Altarea Cogedim's future headquarters (sold to CNP Assurances).

The Group has also confirmed the rollout of its Logistics business, launched in 2017, with the 11 projects currently under development representing potential value of €403 million.

Retail: implement of the pipeline and sound operating indicators

At 31 December 2018, the Group's Retail pipeline includes into 12 shopping centre creation/extension projects (including a growing proportion of travel retail in railway stations) and 10 retail projects developed as part of large mixed-use projects, with a little more than 387,300 m^2 in total surface area.

This year, the Group notably accelerated its development in travel retail, with:

- the opening of the first phase of retail at the Paris-Montparnasse railway station;
- the opening of Oxygen in La Défense, an innovative travel retail concept at the exit of the RER A train line and line 1 of the Paris metro;
- the award of the Ferrovie Dello Stato Italiane and Rete Ferroviaria tender in Italy for the management and renovation-extension of retail in five Italian railway stations.

Altarea Cogedim has also entered the last phase of the Cap 3000 extension (major regional shopping centre in Nice), which will be completed at the end of 2019.

At the end of 2018, the Group's retail portfolio amounted to €4.6 billion including transfer duties (€3.1 billion in Group share) for 37 assets.

The portfolio's operating indicators (financial vacancy rate and bad debt ratio) remain excellent, with growth of 1.7% in net rental income on a like-for-like basis.

Lastly, in July, the Group sold its stake in Semmaris, the operator of the Rungis national food market[3], to Crédit Agricole Assurances.

First S&P Global credit rating: BBB

In June 2018, rating agency S&P Global awarded the Group an investment grade, BBB rating, with stable outlook.

S&P Global also gave a BBB rating to Altareit, the subsidiary of the Group, regrouping Property development businesses. After receiving this rating, Altareit raised €350 million in 7-year bond, becoming the first property developer to complete a public bond issue in continental Europe.

Extra-financial performance

Number 1 in the GRESB ranking[4]

On its 5th year of participating in the GRESB, Altarea Cogedim has reasserted its leader status and been ranked N°1 listed company in France (all sectors combined) and N°2 of all listed Retail companies worldwide.

Social and environmental impact

Altarea Cogedim is committed to contributing to regional economic development: each direct job of the Group serves to support 30 jobs, i.e. a total of 56,600 jobs[5] in 2018.

The Group also seeks to limit its carbon footprint by working on the items making the biggest contributions. It has undertaken to reduce emissions from its portfolio by 70% between 2010 and 2020.

The Group is also working to create more inclusive cities:

- as a ten-year partner of *Habitat et Humanisme*, the Group helps provide housing for the most disadvantaged;
- in 2018, it also launched SoCo, France's first solidarity REIT, alongside two key players in the social and solidarity economy (SSE), Baluchon, a grouping of social enterprises, and Crédit Coopératif.

Customers

Cogedim won the Customar care award "Élu service client de l'année[6]" for the second consecutive year, illustrating "la différence Cogedim": a state of mind, a unique way of designing homes and uncompromising quality in the service and relationships offered to customers.

The Group is also the top-ranked property developer among the Top 10 French companies in the Les Échos/HCG ranking on customer service, climbing two notches to 6th place nationwide.

In addition, the satisfaction index for shopping centre visitors remains high, with a score of 7.7/10 endorsing the efforts made to enhance the sites appealing and welcoming, particularly through leisure offerings.

(1) The "high-demand areas" correspond to areas A bis, A and B1.

(2) The ELAN Act (for Évolution du logement, de l'aménagement et du numérique) aims to facilitate the construction of new housing and to protect socially disadvantaged groups. It was definitively adopted in the Senate on 16 October 2018.

(3) Stake held by Altareit, a subsidiary listed on Euronext Paris (AREIT), 99.85% owned by Altarea Cogedim, which combines the Group's Residential and Business Property development activities. (See chapter Consolidated results of this report, and see the press release dated 27 July 2018 available on the Group's website).

(4) GRESB (Global Real Estate Sustainability Benchmark), a leading international ranking, annually assesses the CSR performance of real estate companies around the world. In 2018 it assessed 874 companies and funds, 37 of which were listed retail companies.

(5) Based on the findings of the Utopies study, using the Local Footprint® method, to model the functioning of the economy based on national accounting (Eurostat Input-Output tables).

(6) The "Élu 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 second year.

Environmental certification

100% of Residential units projects are NF Habitat certified, and 50% also have an environmental label.

100% of Business property developments are certified to the NF HQETM "Excellent" and BREEAM® "Very good" levels or higher.

100% of the Retail portfolio has BREEAM In-Use certification.

At the Pollutec trade show, the Group received the "Business and Environment[1]" award in the "Biodiversity & Business" category for Cap 3000, where the extension-renovation project factored in demanding environmental criteria from the design stage dating back to 2014.

Talents

1,874 employees participate in the Group's development, up from 1,742 at the end of 2017.

More than 4,600 training days were dispensed (+80% year on year), and 85% of employees took at least one of the courses offered in 2018.

The Group also received this year the "Happy Index®/Trainee" label for its interns and work-study students.

Working 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 576,000 free shares (i.e. approximately 3.6% of the share capital) have been awarded over the last four years as part of a programme of free share grants through various plans accompanied by agreements bearing on increased working time and individual and collective performance criteria.

1.1.3 Outlook

Dividend for the 2018 financial year

A dividend of €12.75 per share (up +2%) will be proposed at the General Meeting of Shareholders on 23 May 2019, for the 2018 financial year.

Shareholders will also be offered the option to partially convert the dividend into shares. They will be free to choose between:

- full payment in cash;
- 50% in shares, and 50% in cash.

2020 guidance

The Group confirms its FFO target of around €300 million by 2020 (Group share), taking into account the increase in tax on the non-SIIC activity and changes in accounting standards (IFRS 15, 16). 2019 FFO is expected to be consistent with this path.

(1) This prize, awarded by the Ministry for the Environment and Ademe, rewards exemplary actions and projects carried by companies in the field of the environment.

1.2 Business

1.2.1 Retail

1.2.1.1 The market

In-depth transformation of the market

Consumer motivations and purchasing patterns have been profoundly disrupted over the past decade with the rise of multichannel commerce, the circular economy and the return of proximity. The retail landscape is undergoing unprecedented change.

In an environment of sluggish consumption, we have seen a surge in consolidation among retail banners, with considerable polarisation on certain concepts (especially fashion). Meanwhile, hypermarkets, which were long the driving force behind most French shopping centres, are increasingly tending to downsize their formats, especially in their non-food offer.

While France's total offer of retail space is below the average of the major Western countries, the best catchment areas are generally well provided for, and the opening of new space undermines the performance of existing stores.

Growing needs for retail space

Paradoxically, there is a great need for new retail areas, and players in the sector (retailers, lessors, developers, public authorities) are only just beginning to measure its scale. These needs are centred in the greater cities, and stem from their growing population density.

Communities formerly located on the outskirts of greater cities are experiencing an influx of people. Their real estate infrastructure (industrial, retail, low-density housing) is now inadequate, and must be reshaped in order to meet the challenges brought by a growing population. Redevelopment of this nature most often involves the launch of major projects covering all asset classes (residential, retail, public infrastructure, hotels, serviced residences, offices, etc.).

The retail offer is often key to the success of these large mixed-use developments. The concept underlying retail developments of this type needs to combine in a pedestrian and landscaped environment:

- integrated design of the commercial offering (coordinated merchandising);
- an offer of local services: health, food and gastronomy, family services, leisure (cinema, restaurants);
- around equipment and services traditionally present in shopping centres: events, digital tools, safety.

These retail areas offer much cheaper rents than shopping centres for the same banner.

1.2.1.2 Group strategy

Shopping centres: a market of experts

Historically the Group's model has been to develop through the acquisition, creation or extension of assets, with a focus on certain formats: large shopping centres, large retail parks and travel retail.

Today, the Group's pipeline is focused on a small number of projects, with a significant share in travel retail (railway stations). At the end of 2018, the Group was working on a pipeline of 12 projects with potential value of €1.7 billion.

Retail component of large mixed-use projects: a booming activity

Its unique combination of real estate expertise allows the Group to provide an unmatched solution to communities facing the challenges of metropolisation. Altarea Cogedim is the undisputed leader in large mixed-use projects in France.

At the end of 2018, the Retail component of such projects represents a pipeline with potential value of approximately €685 million, in which the Group acts either as investor (alone or in partnership) or pure developer. The Group has developed a specific approach for such assets with convenience stores and even local traders (bakers, restaurants, etc.).

This market segment is set to enjoy particularly strong growth in the coming years, particularly on traditional retail sites that are well suited for urban redevelopment. A systematic study of all French commercial areas by the Group's teams identified 120 sites potentially suitable for a transformation of this nature.

The Group is already working on several existing sites for which it has secured the property (Bobigny, Orgeval, Massy, etc.). Exploratory discussions are also under way with several owners of retail sites with a view to assessing their potential for redevelopment.

1.2.1.3 Pipeline at 31 December 2018

The Group's Retail pipeline breaks down into:

- creations/extensions of retail areas ("Retail – Creations/extensions");
- the retail component of large mixed-use urban projects ("Retail component – Large mixed-use projects").

Pipeline Retail	GLA (in m^2)	Potential value (€m)[(a)]
Retail – Creations/extensions	231,200	1,730
Retail component – Large mixed-use projects	156,100	685
TOTAL	**387,300**	**2,415**

(a) Retail – Creations/extensions: potential market value incl. transfer duties of projects on delivery, at 100%. Retail component – Large mixed-use projects: revenue excl. tax or potential value including transfer duties.

Projects removed

The Group has removed from the "Retail – Creations/extensions" pipeline two projects for which administrative issues now preclude a satisfactory financial outcome: L'Illiade in Chartres and a large retail park in the PACA (South-East) region.

Projects recasted as large mixed-use developments

Three developments initially envisaged in the form of "Retail – Creations/extensions" are currently the subject of assessments with a view to their reclassification as large mixed-use projects. These are Orgeval, Massy (redevelopment of the centre – X%) and Villeneuve-la-Garenne (site adjacent to the Qwartz shopping centre). These sites, which to date have solely offered retail space, have been identified as candidates for mixed-use urban redevelopments.

They will join the "Retail component – Large mixed-use projects" pipeline as soon as the planning details have been finalised.

"Retail – creations/extensions" pipeline

Bid won: Italian railway stations

Leader in travel retail in railway stations in France, the Group was selected by Ferrovie Dello Stato Italiane and Rete Ferroviaria Italiana for the management and renovation-extension, through a concession, of the retail units of five railway stations located in Italy's main cities(1).

The Group's plan is to double the retail space of these stations, ultimately bringing their surface area to 25,000 m^2, with 170 shops and restaurants serving 70 million users annually.

Paris-Montparnasse railway station

The Group will eventually develop 130 shops, restaurants and amenities on this exceptional site, offering a hub for users and residents, with an extremely diverse range of fashion, beauty, decoration and services. For food, the project provides for the implementation of a unique offer bringing together renowned chefs (Pierre Hermé, Christophe Gontran, Christophe Adam, Yann Couvreur) and original concepts (YO! Sushi, Bubbleology, Papa Boun, Pegast, Mardi Crêpes, Clasico Argentino and Noglu).

The site will ultimately benefit from captive footfall of 90 million passengers each year (70 million currently).

The work is being carried out in three successive phases to limit the impact for station users. The project's first phase opened at the end of 2018. The second phase is scheduled to open at the end of 2019 and the third at the end of 2020.

Paris-Austerlitz railway station

The transformation the Paris-Austerlitz railway station aims to create a new hub around vast public spaces, with shops, residential units (including a student residence), offices (40,000 m^2), a hotel and public parking.

Altarea Cogedim is developing the 26,000 m^2 of retail space in the station's historic core, including the large passenger hall.

In September 2018, the project cleared a milestone with a presentation of the final design studies the City of Paris steering committee, earning plaudits in the process. The project's declaration of intent, jointly signed by the various building owners, was filed in October 2018. The next step will be the filing of a single building permit application in the first half of 2019.

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

The extension of this exceptional centre continues with the inauguration in April 2018 of the ground floor of the western hub, which includes the centre's iconic new entrance, plus 20 new shops including Victoria's Secret, Søstrene Grene, Levi's, Mount White and other internationally renowned brands.

The centre's transformation will be completed at the end of 2019, the year of its 50th anniversary, with the delivery of the southern hub. The new Cap 3000 will be double in size, with 300 stores covering 135,000 m^2. It will offer:

- a premium area (western hub) on the city side for high-end international "fashion and trend" brands that are new or not widely present in France;
- new restaurant options in the central areas and seaside terraces (southern hub), through the participation of master chefs and the presence of international restaurants with original concepts;
- services dedicated to improving the customer experience (concierge, personal shopper, geoguidance, etc.).

At the end of 2018, the site received the "Entreprise et Environnement 2018" award from the Ministry for the Ecological and Inclusive Transition and ADEME, acknowledging efforts made in terms of environmental aspects and biodiversity.

Commitments

Given the Group's cautious criteria, the decision to start work is only made once a sufficient level of pre-letting has been reached. Considering the progress achieved from both an administrative and commercial point of view, most pipeline projects should be delivered between 2019 and 2024.

In €m	At 100%	%	Group share
Committed	568	46%	329
o/w paid out	*403*	*71%*	*242*
o/w to be paid out	*165*	*29%*	*87*
Secured not committed	659	54%	609
TOTAL	**1,227**	**100%**	**938**

(1) *Management of the Milano Porta Garibaldi, Padova Centrale, Torino Porta Susa, Roma Ostiense and Napoli Fragola railway stations under concessions running for more than 20 years.*

"Retail – Creations/extensions" pipeline		Group share	GLA (in m²)[a]	Gross rent (€M)	Net investment (€M)[b]	Yield	Potential value (€M)[c]	Progress
Cap 3000 (Nice)	Expansion	33%	34,400					Under construction
Sant Cugat (Barcelone)	Redev./Exp.	100%	8,000					Under construction
Ferney-Voltaire (Geneva area)	Creation	100%	46,400					Secured
Ponte Parodi (Genoa)	Creation	100%	36,700					Secured
Subtotal: Large shopping centres (4 projects)			**125,500**					
Gare Paris-Montparnasse (Ph. 2 & 3)	Creation	100%	9,700					Under construction
Gare de Paris-Austerlitz	Creation	100%	25,000					Secured
Gare de Paris-Est	Expansion	51%	5,000					Secured
Italian railway stations	Redev./Exp.	100%	25,000					Secured
Travel retail subtotal (4 projects)			**64,700**					
La Vigie (Strasbourg) – RP	Expansion	100%	10,000					Secured
Aubergenville 2 – RP	Expansion	100%	9,400					Secured
Ollioules (Toulon) – TM	Expansion	50%	13,600					Secured
Le Due Torri (Lombardy) – TM	Redev./Exp.	100%	8,000					Secured
Subtotal: Other (4 projects)			**41,000**					
TOTAL AT 31 DECEMBER 2018 (12 PROJECTS)			**231,200**	**99.5**	**1,227**	**8.1%**	**1,730**	
o/w Group share			*-*	*78.8*	*938*	*8.4%*	*1,282*	

(a) Total GLA created (m²) For renovation/extension projects, figures represent additional GLA created.
(b) Total budget including interest expenses and internal costs.
(c) Potential market value incl. transfer duties for projects on delivery (net rental income capitalised at market rates).
(RP): Retail park – (TM): Traditional malls.

"Retail component – Large mixed-use projects" pipeline

Bid won: Quartier des Gassets (Marne-la-Vallée)

In June 2018, Altarea Cogedim won the tender launched by Euro Disney for an open-air development in Les Gassets, at the entrance to Val d'Europe and near the RER A train line. Ideally located and benefiting from the best infrastructure, Marne-la-Vallée is at once Europe's leading tourist destination thanks to Disneyland® Paris, home for residents and an emerging economic hub.

Altarea Cogedim has put forward an innovative project of 130,000 m² with a predominantly retail focus. It is currently in the final planning stages.

"Retail component – Large mixed-use projects" pipeline	Total surface area of projects (in m²)	Surface area created[a]	Potential value (€M)[b]	Progress
Cœur de Ville (Bezons)	67,000	18,300		Under construction
Aerospace (Toulouse)	64,000	11,800		Under construction
Gif sur Yvette	68,000	5,100		Under construction
Fischer (Strasbourg)	37,000	3,900		Under construction
Belvédère (Bordeaux)	140,000	9,300		Secured
La Place (Bobigny)	104,000	13,800		Secured
Cœur de Ville (Issy-les-Moulineaux)	105,000	17,300		Secured
Quartier Guillaumet (Toulouse)	101,000	5,800		Secured
Quartier des Gassets (Val d'Europe)	131,000	62,000		Secured
Joia Meridia (Nice)	48,000	8,800		Secured
TOTAL AT 31 DECEMBER 2018 (10 PROJECTS)	**865,000**	**156,100**	**685**	

(a) In GLA (in m²).
(b) Revenue excl. tax or potential value including transfer duties from projects on delivery.

1.2.1.4 Portfolio

At 100 %	No.	GLA (in m²)	Current gross rent (€m)[d]	Appraisal value (€m)[e]
Controlled assets[a]	31	690,500	195.1	4,212
Equity assets[b]	6	102,500	28.4	411
TOTAL PORTFOLIO ASSETS	**37**	**793,000**	**223.5**	**4,623**
o/w Group share	*n/a*	*n/a*	*156.1*	*3,089*
Management for third parties[c]	7	150,700	30.2	
TOTAL ASSETS UNDER MANAGEMENT	**44**	**943,700**	**253.7**	

(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 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 values on signed leases at 1 January 2019.
(e) Appraisal value including transfer duties.

Change in the portfolio

At 100 % *(€millions)*	Number of assets	Value[a]	Change
Total at 31 December 2017	**40**	**4,686**	
Centres opened	2	176	
Disposals	(5)	(77)	
Like-for-like change		**(163)**	**-3.5%**
o/w France		*(135)*	
o/w International		*(28)*	
TOTAL AT 31 DECEMBER 2018	**37**	**4,623**	**-1.3%**
o/w Group share		*3,089*	*0.1%*

(a) Assets controlled (fully consolidated) and assets consolidated by the equity method

Deliveries

Two deliveries increased the value of the portfolio in 2018:

- Paris-Montparnasse railway station: opening of the first phase, with new and innovative fashion and beauty brands (Levi's, The Kooples, Sweet Pants, Sephora, Lush, etc.), an innovative Marks & Spencer Food/Fnac bi-concept, a unique Nespresso concept store dedicated to travel retail and the largest Hema store in France;
- Oxygen (Paris-La Défense): opening of a flexible event space of 2,900 m² consisting of a restaurant bar in collaboration with Michelin-starred chef Michel Rostang (Octopus scheduled to open in spring 2019) and two fast-food brands (BioBurger and Prairie).

Disposals

The Group reduced the number of its assets, with the disposal of retail units in Toulon, and a portfolio of four small assets[1].

Breakdown of the portfolio by asset type

Breakdown by asset type *(€m, at 100%)*	2018		2017	
Large shopping centres	2,637	*57%*	2,719	*58%*
Travel retail	292	*6%*	120	*3%*
Retail parks	834	*18%*	842	*18%*
Traditional malls	860	*18%*	1,005	*21%*
TOTAL	**4,623**	**100%**	**4,686**	**100%**

The Group now holds 37 assets, with an average unit value of €125 million.

(1) Les Tanneurs in Lille, Porte Jeune in Mulhouse, Espace Saint Christophe in Tourcoing and Espace Grand'Rue in Roubaix.

In Group share *(€m)*	2018		2017	
Large shopping centres	1,427	*46%*	1,497	*49%*
Travel retail	233	*8%*	59	*2%*
Retail parks	782	*25%*	761	*25%*
Traditional malls	646	*21%*	769	*25%*
TOTAL	**3,089**	**100%**	**3,086**	**100%**

Change in the property exit rate[1]

Average capitalisation rate at 100%	31/12/2018	31/12/2017
Regional shopping centres	4.35%	4.22%
Retail parks	5.16%	5.11%
Traditional malls	5.99%	5.85%
WEIGHTED AVERAGE	**4.84%**	**4.74%**

NB: as travel retail assets are operated under a concession, there is no capitalisation rate (equivalent rates for fully owned sites are roughly 3%).

Average capitalisation rate (Group share)	31/12/2018	31/12/2017
Large shopping centres	4.58%	4.34%
Retail parks	5.18%	5.13%
Traditional malls	6.22%	6.20%
WEIGHTED AVERAGE	**5.11%**	**5.01%**

Operational performance

Economic environment

In 2018, the main economic indicators in the retail segment were impacted by weather (very hot summer and autumn) and protest movements (transport strike in spring and "yellow vests" movement during the Christmas and New Year holidays). French GDP growth was weaker than expected at 1.5% in 2018. At the same time, the unemployment rate improved in the 4th quarter of 2018[2], with a rate below 9% (8.8%), the first since 2009.

In January, household sentiment bounced back to its November level, while still remaining below its long-term average. The business climate, which deteriorated in 2018, is stable and slightly above its long-term average[3]. In this context, the government's end-of-year announcement of measures to boost purchasing power can be expected to buoy household consumption in the 1st quarter, despite the impact of the transition to pay-as-you-earn tax in January 2019.

Tenants' revenue[4] and footfall[5]

	Sales (incl. tax)	Footfall
France	+2.3%	+1.5%
Benchmark France (CNCC)	*-1.5%*	*-1.7%*

Although some sites (notably retail parks) were impacted by end-of-year protest movements, Altarea Cogedim assets posted very good operating performances in 2018.

(1) The exit rate (or "capitalisation rate") is 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.

(2) Source: INSEE ("Informations rapides" dated 14 February 2019).

(3) Source: INSEE ("Informations rapides" dated 23 and 29 January 2019).

(4) Change in merchant sales on a same-site basis in 2018.

(5) Change in footfall, measured by Quantaflow on equipped shopping centres, and by counting cars for retail parks (excluding travel retail outlets) and CNCC data (over 12 months in 2018).

Occupancy cost ratio, bad[1] debt ratio and[2] financial vacancy rates[3]

	31/12/2018	31/12/2017	31/12/2016
Occupancy cost ratio	11.2%	10.8%	10.3%
Bad debt ratio	1.1%	1.2%	2.3%
Financial vacancy	1.3%	2.4%	2.7%

The improvement in the Group's collection strategy and solid retail performance has resulted in a very low bad debt ratio.

The financial vacancy rate stands at 1.3%, reflecting the quality of assets in the portfolio and the success of the letting and re-letting campaigns.

Net consolidated rental income[4]

	In €m	Change
NET RENTAL INCOME AT 31 DECEMBER 2017	**172.4**	
Redevelopment	(8.7)	
Deliveries	3.9	
Disposals	(3.1)	
Like-for-like change	**2.6**	**+1.7%**
NET RENTAL INCOME AT 31 DECEMBER 2018	**167.1**	

2017 net rental income included an indemnity related to the departure of Marks & Spencer from Qwartz. At the end of 2018, all surface areas had been re-let.

In addition, the delivery of the first phase of retail at the Paris-Montparnasse railway station amply offset asset disposals in 2017 and 2018.

On a like-for-like basis, net rental income increased by 1.7%.

Leasing (leases signed)

At 100%	Number of leases	New rent
France	241	€23.1m
International	74	€4.9m
Total portfolio	**315**	**€28.0m**
Pipeline	84	€20.0m
TOTAL	**399**	**€48.0M**

Over the past three years, retail activity has increased sharply. In 2018, the teams worked on a total volume of 399 leases representing total rental income of €48 million, an increase of more than 8% by volume compared with 2017 (368 leases signed in 2017 and 310 in 2016).

- 315 leases were signed on portfolio assets, including Søstrene Grene in Bercy Village and Vapiano on L'Avenue 83, many renewals on retail parks, and the remarketing of the space left vacant by Marks & Spencer at Qwartz with the signing of Kiabi, France's leading ready-to-wear brand and NewYorker, which will open in 2019;
- 84 leases were also signed on assets in the pipeline, including Søstrene Grene, Vapiano, Sweet Pants, The Kooples, Victoria Magdalena, Moleskine, as well as prestigious international brands opening for the first time in France.

(1) Ratio of billed rents and expenses to tenants (including reductions) to sales revenue. Calcul (incl. tax) and at 100%. France and International.

(2) 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.

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

(4) The Group now reports net rental income including the contribution to the marketing fund, the rebilling of work and investments as lessor, that are not included in the EPRA definition of net rental income. This computation has also been applied to 2017. By comparison, net rental income based on the EPRA definition amounted to €174.7 million, an increase of 1.8% on a like-for-like basis compared with 2017.

Lease expiry schedule

Lease expiry, at 100%	€ millions at 100%	% of total	3-year termination option	% of total
Past	19.0	8.5%	19.0	8.5%
2019	9.9	4.4%	33.7	15.1%
2020	16.2	7.3%	46.4	20.8%
2021	15.0	6.7%	48.5	21.7%
2022	16.6	7.4%	20.5	9.2%
2023	20.4	9.1%	17.6	7.9%
2024	25.7	11.5%	8.5	3.8%
2025	30.9	13.8%	9.3	4.2%
2026	23.7	10.6%	4.5	2.0%
2027	21.3	9.5%	4.5	2.0%
2028	17.6	7.9%	6.1	2.7%
2029	3.9	1.7%	2.5	1.1%
> 2029	3.2	1.4%	2.3	1.0%
TOTAL	**223.4**	**100%**	**223.4**	**100%**

Excluding assets managed for third parties, the Group manages a total of approximately 1,750 leases in France and internationally.

Detail of assets managed at 31 December 2018

Asset and type	GLA (in m²)	Gross rent (€m)(d)	Value (€m)	Group share	Group share (€m)
Cap 3000 (Nice)	71,200			33%	
Espace Gramont (Toulouse)	56,700			51%	
Avenue 83 (Toulon-La Valette)	53,500			51%	
Qwartz (Villeneuve-la-Garenne)	43,300			100%	
Sant Cugat (Barcelona, Spain)	33,000			100%	
Bercy Village (Paris)	23,500			51%	
Large shopping centres (6 assets)	**281,200**	**102.3**	**2,637**		**1,427**
Paris-Montparnasse railway station – Phase 1	8,500			100%	
Gare de l'Est (Paris)	6,800			51%	
Oxygen (Belvédère 92)	2,900			100%	
Travel retail (3 assets)	**18,200**	**21.9**	**273**		**226**
Family Village (Le Mans-Ruaudin)	30,500			100%	
Family Village (Limoges)	29,000			100%	
Family Village (Nîmes)	28,800			100%	
Les Portes de Brest Guipavas	28,600			100%	
Family Village (Aubergenville)	27,800			100%	
Espace Chanteraines (Gennevilliers)	23,700			51%	
Thiais Village	22,800			100%	
Les Portes d'Ambresis (Villeparisis)	20,300			100%	
La Vigie (Strasbourg)	18,200			100%	
XIV Avenue (Herblay)	14,300			100%	
Marques Avenue A13 (Aubergenville)	12,900			100%	
Pierrelaye	10,000			100%	
Retail parks (12 assets)	**266,900**	**40.1**	**834**		**782**
Le Due Torri (Bergamo – Stezzano, Italy)	30,900			100%	
Corte Lombarda (Bellinzago, Italy)	21,200			100%	
Massy -X%	18,400			100%	
Okabé (Le Kremlin-Bicêtre)	15,000			65%	
C. C. de Flins (Flins)	9,800			100%	
Grand Place (Lille)	8,300			100%	
Jas de Bouffan (Aix-en-Provence)	4,500			100%	
Others (3 assets)	16,100			100%	
Traditional malls (10 assets)	**124,200**	**30.7**	**468**		**430**
Controlled assets(a) (31 assets)	**690,500**	**195.1**	**4,212**		**2,864**
Les Boutiques Gare du Nord (Paris)	4,600			40%	
Carré de Soie (Lyon)	51,000			50%	
Le Parks (Paris)	33,300			50%	
Jas de Bouffan extension (Aix-en-Provence)	5,300			50%	
Hôtel de Ville (Châlons)	5,300			40%	
Others (2 assets)	3,000			49%	
Equity assets(b) (6 assets)	**102,500**	**28.4**	**411**		**224**
TOTAL PORTFOLIO ASSETS (37 ASSETS)	**793,000**	**223.5**	**4,623**		**3,089**
Assets managed for third parties(c) (7 assets)	**150,700**	**30.2**			
TOTAL ASSETS UNDER MANAGEMENT (44 ASSETS)	**943,700**	**253.7**			

(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 for 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 2019.

1.2.2 Residential

The market in 2018 and outlook

In 2018, the residential market in France amounted to 155,000[(1)]; it registered a slight dip compared with the record 165,000 units placed in 2017.

Metropolisation, the end of urban sprawl and the refocusing of the Pinel mechanism on high-demand areas particularly affected the units located in zones B2 and C, in which the Group is almost absent.

The Home Buyers market is still buoyant with structural housing needs in France. Demand fundamentals are still good and the historically low interest rates, whose rise seems to be a receding prospect, continues to stimulate sales to private individuals.

From a legislative point of view, the adoption of the ELAN law on the development of the housing, development and digital sectors in November 2018 should help increase and improve the residential offer. Several measures in particular are very encouraging: the creation of new development tools ("grande opération d'urbanisme (GOU)": great urban planning operations, "projet partenarial d'aménagement (PPA)": planning partnership project), the simplification of construction rules with "ready-to-finish" (evolving housing, off-plan, transformation of offices into residential) or the facilitation of procedures (fighting abusive appeals and framework for decision times). The law also includes measures relating to the organisation of the social housing sector, the treatment of deteriorated co-owned properties and letting (particularly the mobility lease, the framework for tourism lets, the observatory and framework for rents).

A winning strategy

With a market share of 7.6% at the end of 2018 (11,782 units reserved for €2.9 billion value) and growth which continues compared with 2017 (+5% in volume and +11% in value), the Group confirmed its position amongst the top 3 residential developers in France.

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 is uniquely attuned to its customers' expectations. 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"), in addition to a catalogue of 200 technical and decorative options. Customers can personally select their own options at Cogedim Stores, where they can wander through show apartments, browse the choice of materials and enjoy an immersive digital experience. After an initial store opened in Bercy Village in 2016, then in Toulouse in 2017, the Group opened 3 stores in Bordeaux, Lyon and Marseille in 2018;
- the launch in 2017 of "mon-cogedim.com", a platform allowing buyers to receive personalised support throughout their home-buying experience, with a single customer relationship Manager and dedicated follow-up to ensure that they receive a first-class service;
- assistance in financing and rental management assistance for individual 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 the "Customer Service of the Year" award for the level of service and quality of its customer relations in 2018, a distinction repeated in 2019. The Group is still the number 1 French developer in the "Top 10 for customer hospitality" produced by Les Échos/HCG and has risen 2 places (to 6th place) amongst national companies.

A commitment to quality

For 3 years, 100% of Group operations have been NF Habitat certified, a veritable mark of quality and performance, guaranteeing users improved comfort and energy savings. The Group is looking to combine this quality certification with an architectural and landscape requirement, with 50% of NF Habitat certified projects also having an environmental certification.

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.

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. 99% of surface areas under development are located less than 500 metres from public transport.

An efficient geographical strategy

The residential market in France is extremely fragmented, both in terms of actors and local situations. For example, while areas classified as B2 and C are experiencing a slowdown accentuated by the geographical reorientation of the Pinel tax scheme, greater cities are continuing to benefit from metropolisation and a growing demand for residential.

Against this backdrop, the Group is implementing a geographical development strategy with a view to holding strong positions in the most dynamic gateway cities[(2)], targeting high-demand areas where the need for residential units is the highest. The renewal of the Pinel law for 4 years (2018 to the end of 2021) and its focus on these high-demand areas has provided a boost for the regional strategy of the Group, whose pipeline (offer and land portfolio) is exclusively located in the eligible zones[(3)].

(1) Based on 155,000 units reserved in France (-6.1% vs 2017) – Source: Ministry of Territorial Cohesion and Relations with Local Authorities for retail sales and FPI (Fédération des Promoteurs Immobiliers), for block sales (estimated for block sales 2018).

(2) Grand Paris, Métropole Nice Côte d'Azur, Marseille-Aix-Toulon, Grand Lyon Toulouse Métropole, Grenoble-Annecy, Nantes Métropole, Bordeaux Métropole, Métropole européenne de Lille, Eurométropole de Strasbourg, Montpellier Méditerranée Métropole, Rennes Métropole.

(3) The "high-demand areas" correspond to areas A bis, A and B1. At 31 December 2018, only 60 units (i.e. 0.1% of the Residential pipeline) are located in zone B2.

A multi-brand and multi-product strategy

The Group operates all over France, offering products meeting all residential pathways, as well as expectations of local authorities (secured prices, social housing etc.).

It operates through its national brand Cogedim, aided in the main French gateway cities by Pitch Promotion and complemented in terms of products by Cogedim Club (residences for senior citizens) and Histoire & Patrimoine[1] (Historical Monuments).

At the start of January 2019, the Group also finalised the acquisition of 85% of the developer Severini[2], strengthening its presence in Nouvelle Aquitaine.

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

- high-end[3]: products defined by demanding requirements in terms of location, architecture and quality. In 2018, these represented 19% of the Group's new orders (in units);
- entry level/mid-range[4]: these programmes, which accounted for 72% of the Group's new orders, are specifically designed to address:
  - the need for affordable housing both for first-time buyers (controlled prices) and private investment (Pinel tax scheme), and
  - 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 (6%): the Group develops a wide range of student residences, business tourism residences and exclusive residences. Under the Cogedim Club® brand, it also designs serviced residences for active senior citizens, combining locations in the heart of the city with a broad range of bespoke services. In 2018, the Group opened a Cogedim Club® residence in Arras (62) and Enghien (95), bringing the number of residences in operation to 12, and began work on two construction projects in Salon de Provence (13) and Marseille (13);

  At the end of the year, Cogedim Club® "Terre de Seine", located in Greater Paris, became one of the first residences for senior citizens with the VISEHA[5] label in France. The Benodet programme "Le Domaine du Phare" for its part received the trophy for best "value for money" amongst Serviced Residences, in the MDRS (retirement homes selection) rankings for 2018-2019.
- renovation of historical sites (3%): under the Histoire & Patrimoine brand, the Group has a range of products for Historical Monuments, Malraux Law properties and Real Estate Tax schemes. The residence "Les Jardins d'Artois à Arras" (62) received the Grand Prix SIMI 2018 in the category "Serviced Properties" a project managed by Cogedim Club® and Histoire & Patrimoine;
- 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 out local communities, provides an alternative investment product for private investors.

New orders[6]: 11,782 units (+5%) for €2.9 billion (+11%)

New orders	2018	2017	Change
Individuals – Residential buyers	€897 M	€764 M	+17%
Individuals – Investment	€1,032 M	€1,016 M	+2%
Block sales	€988 M	€857 M	+15%
TOTAL IN VALUE (INCL. TAX)	**€2,917 M**	**€2,636 M**	**+11%**
o/w equity-method (Group share)	*€259 M*	*€277 M*	*-6%*
Individuals – Residential buyers	2,755 units	2,338 units	+18%
Individuals – Investment	4,227 units	4,354 units	-3%
Block sales	4,800 units	4,497 units	+7%
TOTAL IN UNITS	**11,782 UNITS**	**11,189 UNITS**	**+5%**

The Group's strategy is clearly orientated towards the development of products designed for first-time buyers. This takes the form of a very strong progression of new orders from first-time buyers in terms of number of units and value, of +18% and +17% respectively.

Block sales to institutional investors (+7%), notably social landlords, also registered a strong increase.

(1) On 17 July 2018, the Group acquired the remaining capital of Histoire & Patrimoine, having already acquired 55% of its capital in June 2014.

(2) Created in 1984, Severini has 35 employees and generated revenue of €55 million in its financial year ended 31 March 2018.

(3) Programmes at over €5,000 per m^2 in the Paris Region and over €3,600 per m^2 in other regions.

(4) Programmes under €5,000 per m^2 in the Paris Region and under €3,600 per m^2 in other regions.

(5) At the initiative of two professional organisations (SNRA and SYNERPA) and with the participation of Afnor Certification, "VISEHA, Vie Seniors & Habitat" is the first quality label for serviced residences for senior citizens. It is based on 13 criteria, relating to both the property and the services, plus a set of pre-requisites relating to the financial health and reliability of the operator in order to ensure the long-term future of the home.

(6) 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 up to the share of the Group's holding (55%) in the 1st half and at 100% au 2nd half of 2018.

Reservations by product range

Number of units	2018	%	2017	%	Change
Entry-level/mid-range	8,497	72%	8,703	78%	-2%
High-end	2,181	19%	1,680	15%	+30%
Serviced Residences	723	6%	537	5%	+35%
Renovation/Rehabilitation	381	3%	269	2%	+42%
TOTAL	**11,782**		**11,189**		**+5%**

Notarised sales

€ millions incl. tax	2018	%	2017	%	Change
Entry-level/mid-range	1,718	71%	1,613	61%	+7%
High-end	526	22%	855	32%	-38%
Serviced Residences	96	4%	104	4%	-8%
Renovation/Rehabilitation	84	3%	90	3%	-6%
TOTAL	**2,425**		**2,663**		**-9%**

Revenue by percentage of completion: +30%

(€ millions) excl. tax	2018[a]	%	2017[b]	%	Change
Entry-level/mid-range	1,277	69%	900	63%	
High-end	455	25%	441	31%	
Serviced Residences	78	4%	81	6%	
Renovation/Rehabilitation	33	2%	–	0%	
TOTAL	**1,844**		**1,422**		**+30%**

(a) Recognised according to the percentage of completion method in accordance with IFRS 15 (including land in the measurement of technical progress).
(b) Recognised according to the percentage of completion method in accordance with IAS 18 (excluding land).

Outlook

Supply[1]

Supply	2018	2017	Change
€ millions (incl. tax)	5,094	4,016	+27%
Number of units	20,237	17,889	+13%

Commercial launches

Launches	2018	2017	Change
Number of units	12,255	12,841	-5%
Number of transactions	202	177	+14%
REVENUE INCL. TAX (€M)	**3,179**	**2,901**	**+10%**

(1) Sale agreements for land signed and valued as potential residential orders (incl. taxes).

Residential backlog[1]

(€ millions) excl. tax	2018	2017	Change
Notarised revenues not recognised on a % of completion basis	1,388	1,956	
Revenues reserved but not notarised	1,781	1,317	
BACKLOG	**3,169**	**3,273**	**-3%**
o/w equity-method (Group share)	**270**	**281**	**-4%**
Number of months	*25*	*28*	

The adoption of IFRS 15 has led to a reduction in the residential backlog of about €630 million, the margin on which was taken to equity at the opening of the financial year for +€51.0 million (of which €45.7 million Group share).

Despite the negative impact of IFRS 15, the Residential backlog remains at a very high level giving very strong visibility over the next few financial years.

Project under construction

254 projects were under construction at 31 December 2018, compared with 210 at the end of 2017.

Properties for sale[2] and future offering[3]: 47 months of pipeline

In €m incl. tax of potential revenue	2018	No. of months	2017	Change
Properties for sale	2,103	9	1,581	+33%
Future offering	9,192	38	7,624	+21%
PIPELINE	**11,295**	**47**	**9,205**	**+23%**
In no. of units	*44,835*		*38,985*	*+15%*
In m²	*2,510,800*		*2,183,100*	*+15%*

The Residential pipeline represents almost 4 years of business with over 44,800 units, almost exclusively located in high-demand areas eligible for the Pinel scheme.

Risk management

At 31 December 2018 the Group's properties for sale amounted to €2.1 billion incl. tax (or 9 months of activity), with the following breakdown according to the stage of completion of the programmes:

In €m	Project not yet started	Project under construction	In stock	Total
Amounts committed excl. tax	**196**	**632**	**22**	**851**
Of which already paid out[a]	*196*	*256*	*22*	*474*
Properties for sale incl. tax[b]	**990**	**1,014**	**37**	**2,041**
In %	*48%*	*50%*	*2%*	*100%*
o/w to be delivered	*in 2019*	*131*		
	in 2020	*573*		
	≥ 2021	*310*		
Histoire & Patrimoine				**57**
Measurement products				**5**
GROUP PROPERTIES FOR SALE[B]				**2,103**

(a) Total amount already spent on operations in question, excl. tax.
(b) As revenue, including tax.

(1) The Residential backlog consists of revenues (excluding tax) from notarised sales, to be recognised on a percentage-of-completion basis, and individual and block new orders to be notarised (retail and institutional investors). It also includes projects on which the Group exercises joint control (consolidated by the equity method). The corresponding revenue is therefore not included in the consolidated revenue of the Group's Residential business line.

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

(3) 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).

Management of real estate commitments

48% of properties for sale (i.e. €990 million) relates to programmes whose construction has not yet been launched and for which the amounts committed correspond essentially to studies, advertising, and loss of use indemnities (or guarantees) paid within the framework of promises on land, and cost of land where applicable.

50% of the offering is currently under construction, including a limited share (€131 million or 6% of total properties for sale) representing units to be delivered by the end of 2019.

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

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

- the choice to prioritise unilateral preliminary sale agreements 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 launch of construction;
- strong pre-commercialisation required when acquiring land;
- abandonment or renegotiation of projects having generated inadequate take-up rates.

1.2.3 Business Property

A rapidly changing segment

Business Property must adapt to new uses and employees' expectations in the area of quality of life in the work place (collaborative work, attractive areas inspired by residential codes).

In order to guarantee the value of its project over time, the Group has decided to prioritise central locations which are hyperconnected and open towards the city. Its projects also include the office component of mixed-use programmes (which also include retail and residential units), thus meeting the expectations of local authorities.

An investor developer model

Altarea Cogedim has developed a unique model that enables it to operate with limited risk on the Business property market in a highly significant manner:

- as a developer[1] in 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; and
- as a medium-term investor directly or through AltaFund[2], as part of an investment strategy in assets with high potential (prime location) in view of their medium-term sale once redeveloped[3].

The Group is systematically the developer of projects in which it acts as co-investor and Manager[4].

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

With the creation of the logistics investment fund at the end of 2017, Altarea Cogedim (through Pitch Promotion) replicated its investor-developer model to a new line of Business property products: logistics platforms.

An attractive market

Whilst there are tensions on supply and demand of offices in the Greater Paris (about 75% of the national market), the French office property market remains very attractive for investors.

In the Greater Paris[5], investments in 2018 amounted to €23.1 billion (+19%), €10.1 billion of which in the fourth quarter, and the average price rose by +1% to 6,510 €/m^2.

Demand placed was 2.5 million m^2, a level still well above the decade average of 2.3 million m^2, despite a fall of 5% over a year. Immediate supply fell below 3 million m^2, the 4th consecutive year it has fallen (-10% in 2018). In this context of scarcity of quality supply in the most sought-after business districts (Paris CBD and Western Crescent), headline rents continue to progress (+3% over a year for new or redeveloped buildings and +8% for old buildings).

In the other gateway cities, demand for buildings with a prime location and higher quality (comfort, environmental standards, connectivity) is also growing rapidly. It is expected to generate redevelopment projects in greater cities.

Solid new orders

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

- PDA contracts and VEFA/BEFA off-plan contracts signed in the Property development activity, at contract price including tax[6];
- sale of assets in the Investment business, at sale price including tax[7].

(1) This development activity does not present any commercial risk: Altarea Cogedim carries only a measured amount of technical risk.

(2) AltaFund is a discretionary investment fund, created in 2011, of which Altarea Cogedim is one of the contributors alongside leading institutional investors.

(3) Resold rented or not.

(4) Through marketing, sale, asset and fund management contracts.

(5) Source: Immostat (economic interest group [GIE] made up of BNP Paribas Real Estate, CBRE, JLL and Cushman & Wakefield) – January 2019.

(6) New orders at 100%, with the exception of projects under joint control (equity-accounted) for which new orders are shown in Group share.

(7) New orders in Group share, net of the amount of the PDA when the assets sold were covered by a PDA signed with the Group, so that the same amount is not counted twice for the same asset.

€ millions incl. tax	2018	2017
Signing of property development or off-plan sales contracts	418	1,073
Asset sales (Group share)	347	-
TOTAL	**765**	**1,073**
o/w equity-method (Group share)	*468*	*75*

In 2018, the Group recorded a solid level of new orders, €765 million including taxes:

- €418 million relating to the signing of property development contracts (off-plan and PDA), including the Bassins à Flot project in Bordeaux or the future Danone head office in Rueil-Malmaison. Remember, the record level of new orders in 2017 was mainly linked to the PDAs signed for four large projects (Bridge – the future Orange global head office, Richelieu in Paris CBD, and the Eria and Landscape towers in La Défense);
- in 2018, the Group sold two iconic office building projects for a 100% net selling price of €975 million (i.e. €347 million group share, after taking into account property development agreements previously signed with the Group on these assets). These operations involved Kosmo, the future head office of Parfums Christian Dior located in Neuilly-sur-Seine acquired by Sogecap (Société Générale Insurance) in June and delivered in early 2019 and Richelieu, the future head office of Altarea Cogedim located in Paris, rue Richelieu, sold off-plan to CNP Assurances.

Pipeline: 60 projects under way

At 31 December 2018, the project portfolio included 60 operations, six of which are part of the medium term investment strategy. The potential value at 100% of these projects under construction or secured is €4.4 billion.

At 31/12/2018	No.	Surface area *(m²)* at 100%	Potential value at 100% *(€m)*
Investments[(a)]	6	209,400	2,276
Property developer (property development or off-plan sales contracts)[(b)]	52	1,060,650	2,068
Offices – Paris Region	*7*	*131,700*	*698*
Offices – Regions	*34*	*348,100*	*967*
Logistic Share	*11*	*580,850*	*403*
Delegated project management[(c)]	2	13,950	56
TOTAL	**60**	**1,284,000**	**4,400**

(a) Potential value: market value excluding transfer duties 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.

Commitments at 31 December 2018

In €m, Group share	Investment	Property development	Total
Already paid out	72	24	96
To be paid out	86	–	86
TOTAL COMMITMENTS	**158**	**24**	**182**

On investment transactions, the Group's commitments correspond to the obligations of equity contributions in operations. At 31 December 2018, the Group was committed for a total of €158 million Group share, of which €64 million relating to projects already let (notably the Bridge building let to Orange).

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). At December 31, total commitments amounted to €24 million, in 19 projects.

1.2.3.1 Investment

Six investment projects under way

The Group is developing six medium-term investment projects, held jointly with leading institutional investors. These projects cover the development or restructuring of office buildings in exceptional locations, offering high potential once delivered.

The cost price of these transactions is €1.6 billion at 100% (€413 million in Group share) for a potential value of close to €2.3 billion (estimated sales price), i.e. an expected gain in excess of €160 million in Group share.

Delivery of these transactions will be staggered from 2020 to 2022.

Group investment projects at 31 December 2018

Project	Group share	Surface area (m^2)	Estimated rental income (€m)[a]	Cost price (€m)[b]	Potential value at 100% (€m excl. tax)[c]	Progress[d]
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 Cœur de Ville – Hugo (Issy-les-Moulineaux)	26%	25,750				Secured
Issy Cœur de Ville – Leclerc & Vernet (Issy-les-M.)	50%	15,150				Secured
Cocktail (La Défense)	30%	19,300				Secured
TOTAL AT 100%	**25%[e]**	**209,400**	**103**	**1,639**	**2,276**	
o/w Group share			*25*	*413*	*574*	

(b) 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) Weighted average of group share on cost price.

1.2.3.2 Property development

Property Development portfolio

In Business property development, the Group operates under off-plan and property development contracts (PDC), for 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).

PDC/off-plan sales/DPM	No.	Surface area (m^2)	Revenue excl. tax (€m)[a]
Group investments	6	209,400	779
"100% external" projects	52	1,060,650	2,068
o/w offices – Paris Region	*7*	*131,700*	*698*
o/w offices – Regions	*34*	*348,100*	*967*
o/w logistics	*11*	*580,850*	*403*
Delegated project management	2	13,950	56
PORTFOLIO 31/12/2018	**60**	**1,284,000**	**2,903**
o/w under construction	*30*	*426,200*	*1,743*
o/w secured projects	*30*	*857,800*	*1,160*

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

Supply

Altarea Cogedim has incorporated 13 new Office operations (130,000 m^2) and 2 new logistics operations (380,000 m^2), including a 260,000 m^2 project located in Bollène.

Deliveries

Altarea Cogedim has delivered 8 projects (115,000 m^2), including:

- the "42 boulevard de Vaugirard" building (29,000 m^2), entirely refurbished for Crédit Agricole Assurances;
- The 4* Hôtel Courtyard Paris-Gare de Lyon, redevelopment under delegated project management of an old 12,400 m^2 office building for AXA and Marriott;
- the iconic mixed-use building at 52 Champs-Élysées (delegated project management) which will house Galeries Lafayette in the Spring of 2019.

The Kosmo building was delivered in early January 2019.

Projects started

Altarea Cogedim has launched 8 projects (96,000 m^2), including:

- the Convergence building in Rueil-Malmaison (25,300 m^2), for which an off-plan lease was signed with Danone for its largest global head office and for which the construction work was launched at the end of the year; and
- the "4 Caps" in the Bassins à Flot project in Bordeaux: almost 40,000 m^2 of offices, retail and hotel accommodation.

Backlog[1] (off-plan, property development contracts and delegated project management)

In €m	2018	2017	Change
Off-plan, PDC	855	906	
o/w equity-method (Group share)	*84*	*8*	
Fees (DPM)	7	3	
TOTAL	**862**	**908**	**-5%**

Despite the negative impact of IFRS 15, the business property backlog remains at a very high level giving very strong visibility over the next few financial years.

Development portfolio at 31 December 2018

	Type	Surface area *(m²)*	Revenue excl. tax *(€m)*[(a)]	Progress[(b)]
Group investment projects (6 developments)		**209,400**	**779**	
Bassins à Flot (Bordeaux)	Off-plan sales	37,800		Under construction
Richelieu (Paris)	Off-plan sales	31,800		Under construction
Convergence (Rueil Malmaison)	Off-plan sales	25,300		Under construction
Orange (Lyon)	PDA	25,900		Under construction
Other Office projects (13 transactions)	PDA/Off-plan sales	103,900		Under construction
Belvédère (Bordeaux)	Off-plan sales	50,000		Secured
Other Office projects (23 transactions)	PDA/Off-plan sales	205,100		Secured
Logistics projects in progress (5 transactions)	PDA/Off-plan sales	27,000		Under construction
Logistics projects secured (6 transactions)	PDA/Off-plan sales	553,850		Secured
"100% external" projects (52 transactions)		**1,060,650**	**2,068**	
TOTAL OFF-PLAN, PROPERTY DEVELOPMENT CONTRACTS PORTFOLIO (58 PROJECTS)		**1,270,050**	**2,847**	
Delegated project management portfolio (2 projects)		**13,950**	**56**	
TOTAL DEVELOPMENT PORTFOLIO (60 PROJECTS)		**1,284,000**	**2,903**	

(a) Property development agreements/off-plan sales: amount excl. tax of signed or estimated contracts, at 100%. Delegated project management contracts: 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.

(1) 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 and Net Asset Value

1.3.1 Consolidated results

Altarea Cogedim revenue at 31 December 2018 amounted to €2.4 billion, up by 24%.

Funds from operations (FFO), Group share increased by 7.8% to €276.2 million. Per share FFO rose by 5.2% to €17.27 including the effect of the increase in the average number of shares[1].

In € millions	Retail	Residential	Business Property	Other Corporate	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	**211.9**	**1,848.2**	**345.2**	**0.2**	**2,405.6**	**–**	**2,405.6**
Change vs. 31/12/2017	*+1.8%*	*+29.8%*	*+12.6%*	*N/A*	*+24.0%*		*+24.0%*
Net rental income	167.1	–	–	–	167.1	–	167.1
Net property income	0.8	176.0	18.2	–	195.1	–	195.1
External services	19.9	4.1	27.5	0.2	51.8	–	51.8
Net revenue	**187.8**	**180.1**	**45.8**	**0.2**	**414.0**	**–**	**414.0**
Change vs. 31/12/2017 adjusted	*-1.4%*	*+36.5%*	*-18.0%*	*N/A*	*+9.3%*		*+10.9%*
Own work capitalised and production held in inventory	5.3	135.3	20.0	–	160.6	–	160.6
Operating expenses	(48.5)	(200.6)	(47.1)	(3.2)	(299.5)	–	(299.5)
Net overhead expenses	**(43.2)**	**(65.2)**	**(27.1)**	**(3.2)**	**(138.8)**	**–**	**(138.8)**
Share of equity-method affiliates	11.7	12.8	78.2	–	102.7	(3.0)	99.7
Income/loss on sale of assets Retail						180.3	180.3
Changes in value Retail – Investment properties						(99.4)	(99.4)
Calculated expenses and transaction costs						(32.6)	(32.6)
Other provisions Corporate						(10.0)	(10.0)
Operating income	**156.3**	**127.7**	**96.9**	**(3.0)**	**377.9**	**35.3**	**413.2**
Change vs. 31/12/2017	*-19.6%*	*+9.0%*	*+123.5%*	*N/A*	*+6.2%*		*-22.2%*
Net borrowing costs	(30.6)	(6.1)	(4.3)	–	(41.0)	(9.6)	(50.5)
Other financial results	–	–	–	–	–	2.1	2.1
Gains/losses in the value of financial instruments	–	–	–	–	–	(38.2)	(38.2)
Others	(0.0)	0.1	–	–	0.0	(2.4)	(2.4)
Corporate Income Tax	(2.4)	(4.0)	(2.0)	–	(8.4)	(28.0)	(36.4)
Net income	**123.2**	**117.7**	**90.7**	**(3.0)**	**328.6**	**(40.7)**	**287.8**
Non-controlling interests	(38.1)	(14.3)	0.0	–	(52.4)	19.8	(32.6)
NET INCOME, GROUP SHARE	**85.1**	**103.4**	**90.7**	**(3.0)**	**276.2**	**(20.9)**	**255.3**
Change vs. 31/12/2017	-30.5%	6.2%	+156.2%	N/A	+7.8%		
Diluted average number of shares					15,992,352		
NET INCOME, GROUP SHARE PER SHARE					**17.27**		
Change vs. 31/12/2017					*+5.2%*		

(1) The average number of shares at 31 December 2018 was 15,992,352 vs. 15,608,950 at end 2017 (a difference of an additional 383,402 shares mainly due to the effect of the full year impact of the payment of the scrip dividend for the 2016 financial year in 2017).

1.3.1.1 FFO[1] Group Share: €276.2 million (+7.8%)

FFO Group share (or funds from operations) represents operating income after net borrowing costs, corporate income tax and non-controlling interests, for all Group activities.

This is the Group's main indicator of income. In financial terms, it corresponds to IFRS net income after deduction of changes in value, calculated expenses and transaction costs.

FFO Retail

In € millions	2018	2017	Change
Rental income	184.8	180.2	+2.6%
Rental costs and other expenses	(21.6)	(15.8)	
Net rental income	**163.2**	**164.4**	**-0.7%**
% of rental income	*88.3%*	*91.2%*	*-2.9 pt*
Contribution of EM associates	6.7	8.5	
Net borrowing costs	(30.6)	(29.1)	
Corporate income tax	(0.3)	(0.5)	
Non-controlling interests	(37.9)	(40.5)	
FFO Retail REIT	**101.0**	**102.8**	**-1.7%**
External services	19.9	17.8	
Net property income	0.8	0.4	
Own work capitalised and production	5.3	6.4	
Operating expenses	(48.5)	(52.0)	
FFO Retail Services	**(22.5)**	**(27.5)**	**+18.0%**
RECURRING FFO	**78.5**	**75.4**	**+4.2%**
Net income Promenade de Flandre – Roncq	–	26.3	
Disposals 2017-2018 (including Semmaris)	6.6	16.7	
Other financial results	–	4.0	
FFO RETAIL	**85.1**	**122.4**	**-30.5%**

Net rental income[2]

Net rental income includes all the expenses relative to the assets (lessor's contributions to marketing costs and the cost of non-capitalised works not reinvoiced to tenants). On a like-for-like basis, net rental income grew by 1.7% (see Chapter "Retail" in this report).

Base effect

In 2017, FFO Retail included the following items:

- gains from hedging instruments against the resolution of a dispute (other financial income) of €4 million;
- net property income from the Promenade de Flandre project of €26.3 million after tax.

Disposals

Over the past two years, the Group has sold six assets (L'Aubette in 2017, and five small shopping centres in 2018).

The Group also sold in July 2018, its stake in Semmaris, operator of the Rungis national food market (MIN) for a amount of €250 million (for its share).

Recurring FFO

Excluding base effects and arbitrage, recurring FFO Retail grew by 4.2% in 2018.

(1) *Funds From Operations or operating cash flow from operations.*

(2) *The Group now reports net rental income including the contribution to the marketing fund, the rebilling of work and investments as lessor, that are not included in the EPRA definition of net rental income. This computation has also been applied to 2017. By comparison, net rental income based on the EPRA definition amounted to €174.7 million, an increase of 1.8% on a like-for-like basis.*

FFO Residential

In € millions	2018	2017	Change
Revenue by % of completion	1,810.8	1,422.4	+27.3%
Cost of sales and other expenses	(1,645.1)	(1,292.5)	
Net property income (excl. H&P)	**165.7**	**129.9**	**+27.5%**
% of revenue	*9.1%*	*9.1%*	
External services	0.7	2.0	
Production held in inventory	132.1	138.0	-4.3%
Operating expenses	(190.3)	(174.2)	+9.2%
Contribution of EM associates	15.4	15.9	
Operating income Residential	**123.5**	**111.6**	**10.7%**
% of revenue	6.8%	7.8%	(1.0) pt
Net borrowing costs	(6.1)	(6.0)	
Others	0.1	0.2	
Corporate income tax	(1.9)	(5.2)	
Non-controlling interests	(14.3)	(8.8)	
FFO Residential (excl. H&P)	**101.4**	**91.8**	**10.4%**
FFO Histoire & Patrimoine	**2.0**	**5.6**	
FFO RESIDENTIAL	**103.4**	**97.4**	**6.2%**

Histoire & Patrimoine

In July 2018, the Group acquired the balance of the share capital of Histoire & Patrimoine (of which it previously held 55%), which has been fully consolidated since (previously accounted for using the equity-method).

Histoire & Patrimoine is a specialist in renovation and redevelopment, with a niche offering in tax-relief products (Historical Monuments, Malraux Law Properties and Real Estate Tax Losses).

2018 is not representative of its normal performance due to the "blank tax year" effect related to the change to withholding tax.

FFO Business Property

The revenue model of the Business Property division is particularly diversified:

- net property income: CPI and off-plan;
- external services: delegated project management fees, asset management, leasing and performance (promote);
- contribution from equity-method associates: profits made on partnership projects (including AltaFund).

The volume of embedded value creation from the major projects sourced over the past few years is considerable (see Chapter "Business Property" in this report).

2018 is the first year to see a significant accounting impact from these major projects.

In € millions	2018	2017	Change
Revenue by % of completion	317.7	291.6	+9.0%
Cost of sales and other expenses	(299.4)	(263.1)	
Other income	–	12.4	
Net property income	**18.2**	**40.8**	**-55.3%**
% of revenue	5.7%	14.0%	
External services	27.5	15.0	
Production held in inventory	20.0	22.0	
Operating expenses	(47.1)	(38.9)	
Contribution of EM associates	78.2	4.4	
Operating income	**96.9**	**43.4**	**x2.2**
% of (revenue + ext. serv. prov.)	28.1%	14.1%	13.9 pt
Net borrowing costs	(4.3)	(3.3)	
Corporate income tax	(2.0)	(4.7)	
Non-controlling interests	0.0	0.1	
FFO BUSINESS PROPERTY	**90.7**	**35.4**	**x2.6**

In 2018, the strong growth of FFO Business Property (× 2.6) mainly resulted from the Kosmo project in Neuilly-sur-Seine and the Richelieu project in Paris (2nd Arrondissement), as well as the ramping up of property development programmes in other regions.

2018 income also saw the first part of performance fees related to AltaFund projects, in the amount of €17.2 million.

FFO per share: €17.27 (+5.2%)

The average number of shares at 31 December 2018 was 15,992,352, compared to 15,608,950 at 31 December 2017 (an increase of 383,402 shares). The increase stems mainly from the full year impact of the payment of the 2017 scrip dividend related to the 2016 financial year.

As a consequence, FFO per share was €17.27, up by 5.2%.

1.3.2 Impacts of the application of IFRS 15

Since 1st January 2018, Altarea Cogedim records its revenue according to IFRS 15 (Revenue from Contracts with Customers). The application of this standard affects the percentage of technical completion used to recognise the revenue from property development programmes, the calculation of which now includes the cost of land, whereas it did not in the past. In effect, this means recognising revenue at a faster pace.

At 31 December 2018, the impact of this change was a positive €26.0 million on revenue and a positive €17.1 million on FFO Group share, which almost exclusively derived from Business property revenue.

As a reminder, the impact on opening equity was an increase of €51.0 million (of which €45.7 million in Group share). From a business viewpoint, this impact corresponds to €630 million in revenue, which is now deemed to have been recognised prior to 1 January 2018.

In terms of presentation of the financial statements, the Group has opted to apply the cumulative catch-up method: publication of the 2018 financial year according to the new method and 2017 accounts not restated (former method). A version of the 2018 statements under the former method is provided for the purposes of illustration, to enable the comparison with the 2017 accounts as published.

	31/12/2018		
In € millions	Funds from operations (FFO)	Changes in value, calculated expenses and transaction costs	TOTAL
NET RETAIL INCOME	**156.3**	**61.1**	**217.4**
Revenue	1,844.1	–	1,844.1
Cost of sales and other expenses	(1,668.1)	–	(1,668.1)
Net property income	176.0	–	176.0
Net overhead expenses	(61.1)	(11.8)	(72.9)
Share of equity-method affiliates	12.8	19.1	31.9
Net allowances for depreciation and impairment	–	(4.1)	(4.1)
Transaction costs	–	(1.7)	(1.7)
NET RESIDENTIAL INCOME	**127.7**	**1.5**	**129.2**
Revenue	317.7	–	317.7
Cost of sales and other expenses	(299.4)	–	(299.4)
Other income	–	–	–
Net property income	18.2	–	18.2
Net overhead expenses	0.4	(2.4)	(2.0)
Share of equity-method affiliates	78.2	(13.5)	64.7
Net allowances for depreciation and impairment	–	(1.4)	(1.4)
Transaction costs	–	–	–
BUSINESS PROPERTY INCOME	**96.9**	**(17.3)**	**79.6**
Other (Corporate)	(3.0)	(10.0)	(13.0)
OPERATING INCOME	**377.9**	**35.3**	**413.2**
Net borrowing costs	(41.0)	(9.6)	(50.5)
Other financial results	–	2.1	2.1
Discounting of debt and receivables	–	(0.2)	(0.2)
Change in value and income from disposal of financial instruments	–	(38.2)	(38.2)
Net gain/(loss) on disposal of investments	–	(2.2)	(2.2)
Dividend	0.0	–	0.0
PROFIT BEFORE TAX	**336.9**	**(12.7)**	**324.2**
Corporate income tax	(8.4)	(28.0)	(36.4)
NET INCOME	**328.6**	**(40.7)**	**287.8**
Non-controlling interests	(52.4)	19.8	(32.6)
NET INCOME, GROUP SHARE	**276.2**	**(20.9)**	**255.3**
Diluted average number of shares			*15,992,352*
NET INCOME PER SHARE (€/SHARE), GROUP SHARE	**17.27**	**(1.31)**	**15.96**

Impact of IFRS 15			31/12/2018 – former method			31/12/2017		
Funds from operations (FFO)	Changes in value, calculated expenses and transaction costs	TOTAL	Funds from operations (FFO)	Changes in value, calculated expenses and transaction costs	TOTAL	Funds from operations (FFO)	Changes in value, calculated expenses and transaction costs	TOTAL
–	**–**	**–**	**156.3**	**61.1**	**217.4**	**194.3**	**202.1**	**396.4**
(2.6)		(2.6)	1,846.7	–	1,846.7	1,422.4	–	1,422.4
2.9		2.9	(1,671.0)	–	(1,671.0)	(1,292.5)	(2.9)	(1,295.3)
0.3		0.3	175.7	–	175.7	129.9	(2.9)	127.1
–		–	(61.1)	(11.8)	(72.9)	(34.2)	(9.9)	(44.1)
1.4	(0.5)	0.9	11.4	19.6	31.0	21.5	(0.3)	21.2
–		–	–	(4.1)	(4.1)	–	(1.8)	(1.8)
–		–	–	(1.7)	(1.7)	–	(0.6)	(0.6)
1.7	**(0.5)**	**1.3**	**126.0**	**2.0**	**128.0**	**117.2**	**(15.5)**	**101.7**
28.6		28.6	289.0	–	289.0	291.6	–	291.6
(28.0)		(28.0)	(271.4)	–	(271.4)	(263.1)	(2.7)	(265.8)
–		–	–	–	–	12.4	–	12.4
0.6		0.6	17.6	–	17.6	40.8	(2.7)	38.2
–		–	0.4	(2.4)	(2.0)	(1.9)	(1.8)	(3.7)
16.5	(3.5)	13.0	61.7	(10.0)	51.7	4.4	2.0	6.4
–		–	–	(1.4)	(1.4)	–	(0.4)	(0.4)
–		–	–	–	–	–	–	–
17.1	**(3.5)**	**13.6**	**79.8**	**(13.8)**	**66.0**	**43.4**	**(2.9)**	**40.5**
–	–	–	(3.0)	(10.0)	(13.0)	1.1	(8.5)	(7.5)
18.9	**(4.0)**	**14.9**	**359.0**	**39.3**	**398.3**	**355.9**	**175.2**	**531.1**
–	–	–	(41.0)	(9.6)	(50.5)	(38.4)	(5.9)	(44.3)
–	–	–	–	2.1	2.1	4.0	4.7	8.8
–	–	–	–	(0.2)	(0.2)	–	(0.3)	(0.3)
–	–	–	–	(38.2)	(38.2)	–	2.9	2.9
–	–	–	–	(2.2)	(2.2)	–	0.1	0.1
–	–	–	0.0	–	0.0	0.2	–	0.2
18.9	**(4.0)**	**14.9**	**318.1**	**(8.7)**	**309.4**	**321.8**	**176.7**	**498.5**
–	1.6	1.6	(8.4)	(29.6)	(38.0)	(15.4)	(7.0)	(22.5)
18.9	**(2.4)**	**16.5**	**309.7**	**(38.3)**	**271.4**	**306.4**	**169.7**	**476.1**
(1.8)	0.0	(1.8)	(50.6)	19.8	(30.8)	(50.1)	(102.9)	(153.1)
17.1	**(2.4)**	**14.7**	**259.1**	**(18.5)**	**240.6**	**256.3**	**66.7**	**323.0**
		15,992,352			*15,992,352*			*15,608,950*
1.07	**(0.15)**	**0.92**	**16.20**	**(1.16)**	**15.04**	**16.42**	**4.28**	**20.69**

1.3.3 Net asset value (NAV)

1.3.3.1 Diluted Going Concern NAV: €174.3/share (+0.2%)

	31/12/2018				31/12/2017	
GROUP NAV	In € millions	Change	€/share	Change/share	In € millions	€/share
Consolidated equity, Group share	**2,007.9**		**125.0**		**1,904.8**	**118.7**
Other unrealised capital gains	641.1				722.1	
of which Semmaris	–				*122.5*	
of which Property development	*548.4*				*548.4*	
of which Other assets[(a)]	*92.8*				*51.2*	
Restatement of financial instruments	64.4				26.2	
Deferred tax on the balance sheet for non-SIIC assets[(b)]	25.2				30.2	
EPRA NAV	**2,738.6**	**+2.1%**	**170.5**	**+2.0%**	**2,683.3**	**167.2**
Market value of financial instruments	(64.4)				(26.2)	
Fixed-rate market value of debt	(7.8)				9.1	
Effective tax for unrealised capital gains on non-SIIC assets[(c)]	(24.5)				(29.5)	
Optimisation of transfer duties[(c)]	87.7				84.6	
Partners' share [(d)]	(20.2)				(20.2)	
EPRA NNNAV (NAV liquidation)	**2,709.4**	**+0.3%**	**168.7**	**+0.2%**	**2,701.2**	**168.3**
Estimated transfer duties and selling fees	91.5				92.8	
Partners' share [(d)]	(0.7)				(0.7)	
DILUTED GOING CONCERN NAV	**2,800.2**	**+0.2%**	**174.3**	**+0.2%**	**2,793.3**	**174.0**
Number of diluted shares:	*16,061,329*				*16,051,842*	

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

1.3.3.2 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 Residential and Business Property Development division (Cogedim, Histoire & Patrimoine and Pitch Promotion);
- the Business Property Investment division (AltaFund, Richelieu and Bridge);
- a hotel going concern (Hotel Wagram).

These assets are appraised once per year by external appraisers on annual closing.

Altarea France is valued by Accuracy.

The Property Development division (Residential and Business Property) and the Business Property Investment division are valued by appraisers Accuracy and 8 Advisory.

Retail assets and goodwill for the going concern hotel are valued by 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 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).

1.3.3.3 Change in going concern NAV[1]

At the end of 2018, Diluted Going Concern NAV remained stable at €174.3 per share.

Diluted Going Concern NAV	In € millions	€/share
AT 31/12/2017	**2,793.3**	**174.0**
2017 Dividend	**(200.8)**	**(12.5)**
2018 FFO	**276.2**	**17.3**
Change in real estate values	**27.2**	**1.7**
Business Property	57.5	3.6
Retail	(30.3)	(1.9)
Development	*95.5*	*5.9*
Disposals	*34.5*	*2.1*
Change in value standing assets	*(160.4)*	*(10.0)*
Change in value – Fin. instrument[a]	**(63.0)**	**(3.9)**
Deferred tax	**(38.2)**	**(2.4)**
Other	**5.5**	**0.2**
Share buyback	(12.9)	(0.8)
IFRS 15 impact and other[b]	18.4	1.0
AT 31/12/2018	**2,800.2**	**174.3**
	+0.2%	**+0.2%**

(a) o/w market value of fixed-rate debt.
(b) o/w free grants of shares (FGS), amortization, transactions and partners' share.

(1) Equity market value assuming a continuation in business, taking into account the potential dilution related to the SCA status.

Change in real estate values

Business property

The €57.5 million value creation in Business property reflects the remainder of the expected value added on 2 major development-investment operations (Bridge and Richelieu) currently under works.

Retail

Retail recorded a loss of €30.3 million, breaking down as follows:

- a value creation on development of "new generation" retail, with the 1st phase of Paris-Montparnasse railway station retail delivery at the end of 2018;
- capital gains on disposals (including Semmaris), on average above appraisal values;
- a change in value of standing asset coming from an average 10 bps raise of capitalisation rate, and the downward revision of the rent assumptions used in the appraisals (traditional malls especially).

Property Development division

In 2018, the range of valuations of the Property Development division improved (with an average level far superior to that of 2017) and tightened (reduction of the gap between the upper and lower estimates).

In the 2018 NAV, the Group decided to keep unchanged the unrealised gains in the Property Development division, the value of which now lies in the bottom part of the range.

1.4 Financial resources

1.4.1 Financial position

First BBB credit rating

In June, the S&P Global rating agency assigned to Altarea Cogedim a BBB rating with stable outlook.

S&P Global underlined the Group's business model, both as a developer and investor in retail and the third largest real estate developer in France. It also underlined its low cost of debt and a moderate leverage. The stable outlook of the rating reflects the solid revenue generation expected over the coming 24 months, thanks to the excellent quality of its assets and a growing backlog of new development projects in a well-oriented French residential market.

S&P Global also assigned to Altareit[1], the listed subsidiary 99.85% held and controlled by the Altarea Cogedim Group, a BBB rating, with stable outlook.

The agency underscored the strength of Altareit's positions, which combine the Group's residential and commercial development activities in a market in which the fundamentals and trends reinforce the Company's credit quality. The rating agency also underlines the Company's prudent financial discipline in terms of commitments.

Consolidated net debt: €2,449 million

As at 31 December 2018, the Group's net financial debt stood at €2,449 million, down €77 million compared to 31 December 2017.

Average duration was five years and one month (excluding European Commercial Paper and debt on property development programmes).

In € millions	31/12/2018	31/12/2017
Corporate and bank debt	186	541
Credit markets[a]	1,663	1,769
Mortgage debt	1,020	1,071
Debt on property development programmes	258	316
TOTAL GROSS DEBT	**3,128**	**3,696**
Cash and cash equivalents	(679)	(1,169)
TOTAL NET DEBT	**2,449**	**2,526**

(a) This amount includes bond debt and €381 million in European Commercial Paper.

(1) Altareit is a subsidiary 99.85% held by Altarea Cogedim and listed on Euronext Paris (AREIT). It mainly looks after the Group's Residential and Business Property Development activities.

In € millions	REIT division	Property Development division	Total
Corporate and bank debt	78	108	186
Credit markets[(a)]	1,101	562	1,663
Mortgage debt	1,020	–	1,020
Debt on property development programmes	–	258	258
TOTAL GROSS DEBT	**2,200**	**928**	**3,128**
Cash and cash equivalents	(157)	(522)	(679)
TOTAL NET DEBT	**2,043**	**406**	**2,449**

(a) This amount includes bond debt and €381 million in European Commercial Paper.

Long term financing

Over the twelve past months, the Group put in place corporate financing for an amount of €945 million:

- €595 million of bank financing, mainly in the form of revolving credits of an average term of 5 years;
- and €350 million in 7-year bonds with a fixed coupon of 2.875%, issued by the subsidiary Altareit (which thus becomes the first European developer to conduct a public bond issue).

At the same time, the Group redeemed its medium term loan and cancelled revolving credits for a total amount of €605 million and an average maturity of about 2.2 years.

European Commercial Paper

Altarea Cogedim has two European Commercial Paper programmes (maturities from one month to one year) for which the maximum amounts are €750 million for Altarea and €600 million for Altareit. At 31 December 2018, the outstanding amounts were €169 million and €212 million for Altarea and Altareit, respectively.

Available liquidity

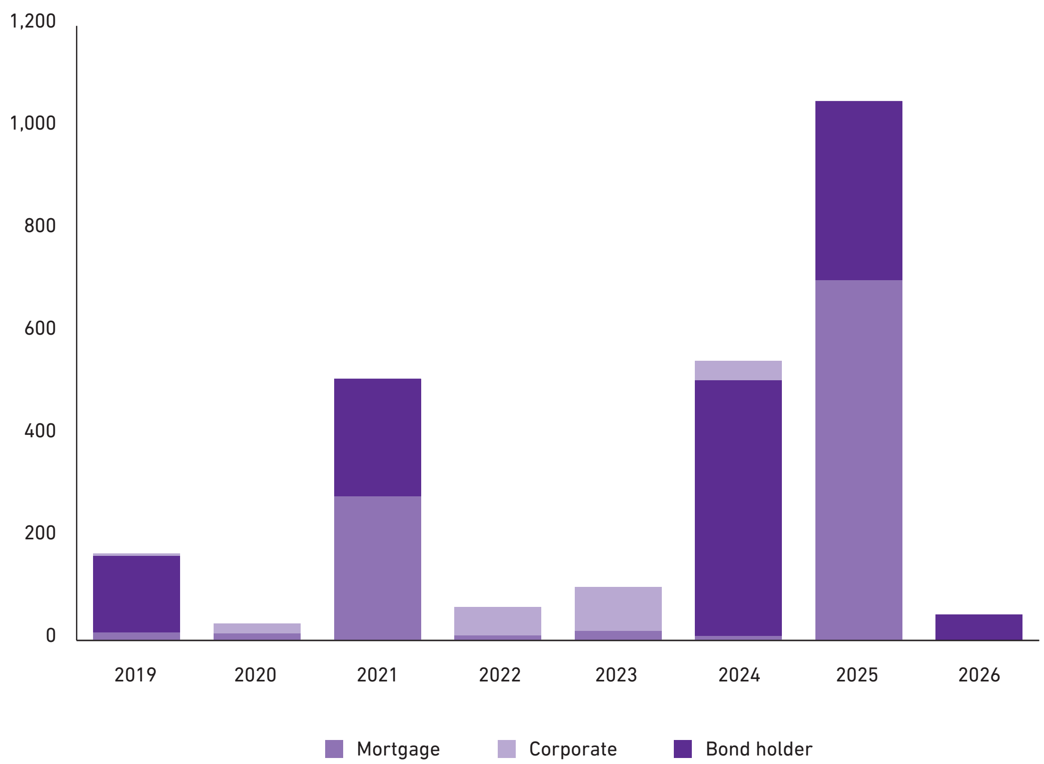
As at 31 December 2018, available liquidity, to be drawn at any time and immediately, was composed of:

- €347 million in cash;
- €882 million in undrawn committed revolving credit facilities

This available liquidity includes €381 million in European Commercial Paper with an average duration of 105 days.

Maturity schedule for Group debt by maturity[(1)]

The chart below (in € millions) presents the Group's debt by maturity at 31 December 2018.



The settlement of 2021 mortgage debt corresponds to the debt on Cap 3000. Debt due in 2024 corresponds to the term of the bond issued in 2017 by Altarea. The 2025 maturity corresponds to the mortgage financing put in place for a portfolio of shopping centres in 2015 and the bond issued in 2018 by Altareit.

All corporate debt settled between 2019 and 2023 is largely covered by the existing authorisations not yet drawn.

(1) Credit drawn at 31 December 2018 excluding debt on development projects and European Commercial Paper.

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[1] 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. They are accounted at fair value in the consolidated financial statements.

The average hedge rate now stands between 0.57% and 0.96% up to 2026. With this strategy, the Group has a strong visibility over its medium-term hedged cost of debt.

Maturity	Swap (€ millions)[a]	Fixed-rate debt (€ millions)[a]	Total (€ millions)[a]	Average swap rate[b]
2019	1,693	883	2,576	0.57%
2020	2,034	743	2,776	0.87%
2021	2,072	740	2,812	0.93%
2022	1,964	737	2,702	0.94%
2023	1,963	734	2,698	0.94%
2024	1,853	682	2,535	0.92%
2025	959	340	1,299	0.96%
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 debt: 1.94%[2]

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. The slight increase in the average cost of debt (1.94% end 2018 vs. 1.75% at 31 December 2017) is due to the bond issues by Altarea and Altareit.

Altarea Cogedim anticipates to keep 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 Financial ratios and ratings

Net Debt to EBITDA ratio

At 31 December 2018, the Net Debt to EBITDA[3] ratio was 6.48x compared with 7.10x in 2017 and 8.83x in 2016.

This improvement is linked to the high profitability of capital employed by the Group.

Loan to Value (LTV)

The LTV ratio compares consolidated net bond and bank debt to the consolidated market value of Group assets. At 31 December 2018, its was 34.9% (compared to 36.1% at 31 December 2017) in line with the overall long-term objective of the Group, which is about 40%.

(1) Including fixed-rate bonds.
(2) Including related fees (commitment fees, non-use fees, etc.).
(3) FFO Operating income over net bond and bank debt.

At 31/12/2018	In € millions
Gross debt	3,128
Cash and cash equivalents	(679)
Consolidated net debt	**2,449**
Shopping centres at value (FC)[a]	4,212
Shopping centres at value (EM affiliates' securities)[b]	184
Investment properties valued at cost[c]	595
Business Property investments[d]	208
Enterprise value of Property Development	1,814
Market value of assets	**7,014**
LTV RATIO	**34.9%**

(a) Market value (including transfer taxes) of shopping centres in operation recognised 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) Value of Business Property assets.

Covenants

	Covenant	31/12/2018	31/12/2017	Delta
LTV[a]	≤ 60%	34.9%	36.1%	-1.2 pt
ICR[b]	≥ 2.0 x	9.2x	9.3x	-0.1x

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

At 31 December 2018, the financial position of the Group fully satisfied all of the covenants of its various credit contracts.

Consolidated Income statement by segment at 31 December 2018

In € millions	31/12/2018 Funds from operations (FFO)	31/12/2018 Changes in value, estimated expenses and transaction costs	31/12/2018 Total	31/12/2017 adjusted Funds from operations (FFO)	31/12/2017 adjusted Changes in value, estimated expenses and transaction costs	31/12/2017 adjusted Total
Rental income	188.9	–	188.9	188.4	–	188.4
Other expenses	(21.8)	–	(21.8)	(16.0)	–	(16.0)
Net rental income	167.1	–	167.1	172.4	–	172.4
External services	19.9	–	19.9	17.8	–	17.8
Own work capitalised and production held in inventory	5.3	–	5.3	6.4	–	6.4
Operating expenses	(48.5)	(3.7)	(52.2)	(52.0)	(3.1)	(55.1)
Net overhead expenses	(23.4)	(3.7)	(27.1)	(27.9)	(3.1)	(31.0)
Share of equity-method affiliates	11.7	(8.6)	3.1	49.4	(0.4)	49.0
Net allowances for depreciation and impairment	–	(2.5)	(2.5)	–	(1.4)	(1.4)
Income/loss on sale of assets	0.8	180.3	181.1	0.4	9.7	10.1
Income/loss in the value of investment property	–	(99.4)	(99.4)	–	197.3	197.3
Transaction costs	–	(5.1)	(5.1)	–	(0.0)	(0.0)
NET RETAIL INCOME	**156.3**	**61.1**	**217.4**	**194.3**	**202.1**	**396.4**
Revenue	1,844.1	–	1,844.1	1,422.4	–	1,422.4
Cost of sales and other expenses	(1,668.1)	–	(1,668.1)	(1,292.5)	(2.9)	(1,295.3)
Net property income	176.0	–	176.0	129.9	(2.9)	127.1
External services	4.1	–	4.1	2.0	–	2.0
Production held in inventory	135.3	–	135.3	138.0	–	138.0
Operating expenses	(200.6)	(11.8)	(212.4)	(174.2)	(9.9)	(184.1)
Net overhead expenses	(61.1)	(11.8)	(72.9)	(34.2)	(9.9)	(44.1)
Share of equity-method affiliates	12.8	19.1	31.9	21.5	(0.3)	21.2
Net allowances for depreciation and impairment	–	(4.1)	(4.1)	–	(1.8)	(1.8)
Transaction costs	–	(1.7)	(1.7)	–	(0.6)	(0.6)
NET RESIDENTIAL INCOME	**127.7**	**1.5**	**129.2**	**117.2**	**(15.5)**	**101.7**
Revenue	317.7	–	317.7	291.6	–	291.6
Cost of sales and other expenses	(299.4)	–	(299.4)	(263.1)	(2.7)	(265.8)
Other income	–	–	–	12.4	–	12.4
Net property income	18.2	–	18.2	40.8	(2.7)	38.2
External services	27.5	–	27.5	15.0	–	15.0
Production held in inventory	20.0	–	20.0	22.0	–	22.0
Operating expenses	(47.1)	(2.4)	(49.6)	(38.9)	(1.8)	(40.8)
Net overhead expenses	0.4	(2.4)	(2.0)	(1.9)	(1.8)	(3.7)
Share of equity-method affiliates	78.2	(13.5)	64.7	4.4	2.0	6.4
Net allowances for depreciation and impairment	–	(1.4)	(1.4)	–	(0.4)	(0.4)
Transaction costs	–	–	–	–	–	–
NET BUSINESS PROPERTY INCOME	**96.9**	**(17.3)**	**79.6**	**43.4**	**(2.9)**	**40.5**
Other (Corporate)	(3.0)	(10.0)	(13.0)	1.1	(8.5)	(7.5)
OPERATING INCOME	**377.9**	**35.3**	**413.2**	**355.9**	**175.2**	**531.1**

	31/12/2018			31/12/2017 adjusted		
In € 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
Net borrowing costs	(41.0)	(9.6)	(50.5)	(38.4)	(5.9)	(44.3)
Other financial results	–	2.1	2.1	4.0	4.7	8.8
Discounting of debt and receivables	–	(0.2)	(0.2)	–	(0.3)	(0.3)
Change in value and income from disposal of financial instruments	–	(38.2)	(38.2)	–	2.9	2.9
Net gain/(loss) on disposal of investments	–	(2.2)	(2.2)	–	0.1	0.1
Dividend	0.0	–	0.0	0.2	–	0.2
PROFIT BEFORE TAX	**336.9**	**(12.7)**	**324.2**	**321.8**	**176.7**	**498.5**
Corporate income tax	(8.4)	(28.0)	(36.4)	(15.4)	(7.0)	(22.5)
NET INCOME	**328.6**	**(40.7)**	**287.8**	**306.4**	**169.7**	**476.1**
Non-controlling interests	(52.4)	19.8	(32.6)	(50.1)	(102.9)	(153.1)
NET INCOME, GROUP SHARE	**276.2**	**(20.9)**	**255.3**	**256.3**	**66.7**	**323.0**
Diluted average number of shares	15,992,352	15,992,352	15,992,352	15,608,950	15,608,950	15,608,950
NET INCOME PER SHARE (€/SHARE), GROUP SHARE	**17.27**	**(1.31)**	**15.96**	**16.42**	**4.28**	**20.69**

Balance sheet at 31 December 2018

In € millions	31/12/2018	31/12/2017
Non-current assets	**5,296.9**	**5,437.9**
Intangible assets	313.7	258.5
o/w Goodwill	*194.3*	*155.3*
o/w Brands	*100.7*	*89.9*
o/w Client relations	–	–
o/w Other intangible assets	*18.8*	*13.3*
Property, plant and equipment	20.6	18.5
Investment properties	4,526.2	4,508.7
o/w Investment properties in operation at fair value	*3,931.3*	*3,983.8*
o/w Investment properties under development and under construction at cost	*594.9*	*525.0*
Securities and investments in equity affiliates and unconsolidated interests	395.3	564.0
Loans and receivables (non-current)	10.6	9.3
Deferred tax assets	30.5	79.0
Current assets	**2,730.2**	**3,154.8**
Net inventories and work in progress	986.4	1,288.8
Trade and other receivables	1,011.0	630.8
Income tax credit	14.6	8.6
Loans and receivables (current)	37.4	49.3
Derivative financial instruments	2.2	8.2
Cash and cash equivalents	678.5	1,169.1
TOTAL ASSETS	**8,027.1**	**8,592.8**

Total equity	**3,237.3**	**3,164.7**
Equity attributable to Altarea SCA shareholders	**2,007.9**	**1,904.8**
Capital	245.4	245.3
Other paid-in capital	407.9	563.2
Reserves	1,099.3	773.2
Income associated with Altarea SCA shareholders	255.3	323.0
Equity attributable to minority shareholders of subsidiaries	**1,229.4**	**1,259.9**
Reserves associated with minority shareholders of subsidiaries	1,001.8	911.8
Other equity components, Subordinated Perpetual Notes	195.1	195.1
Income associated with minority shareholders of subsidiaries	32.6	153.1
Non-current liabilities	**2,629.2**	**2,886.9**
Non-current borrowings and financial liabilities	2,560.6	2,826.1
o/w Participating loans and advances from associates	*76.3*	*82.6*
o/w Bond issues	*1,117.4*	*920.7*
o/w Borrowings from lending establishments	*1,367.0*	*1,822.9*
Long-term provisions	21.6	20.1
Deposits and security interests received	32.6	32.2
Deferred tax liability	14.4	8.6
Current liabilities	**2,160.6**	**2,541.1**
Current borrowings and financial liabilities	741.9	1,032.2
o/w Bond issues	*164.9*	*9.9*
o/w Borrowings from lending establishments	*94.1*	*103.3*
o/w Negotiable European Commercial Paper	*381.0*	*838.0*
o/w Bank overdrafts	*3.5*	*0.8*
o/w Advances from Group and shareholders	*98.4*	*80.2*
Derivative financial instruments	67.2	34.9
Accounts payable and other operating liabilities	1,345.5	1,460.3
Tax due	6.0	13.8
TOTAL LIABILITIES	**8,027.1**	**8,592.8**

2

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2.1 Financial statements

Consolidated income statement

(€ millions)	Note	31/12/2018	31/12/2017 adjusted
Rental income		188.9	188.4
Property expenses		(5.4)	(4.6)
Unrecoverable rental expenses		(11.1)	(8.1)
Other expenses		(2.5)	(0.6)
Net charge to provisions for current assets		(2.8)	(2.8)
Net rental income	5.1.	**167.1**	**172.4**
Revenue		2,164.9	1,715.9
Cost of sales		(1,848.8)	(1,464.8)
Other income		–	12.4
Selling expenses		(111.7)	(81.6)
Net charge to provisions for current assets		(9.4)	(14.5)
Amortisation of customer relationships		–	(5.5)
Net property income	5.1.	**195.0**	**161.9**
External services		51.8	35.2
Own work capitalised and production held in inventory		160.6	166.4
Personnel costs		(213.8)	(200.9)
Other overhead expenses		(96.7)	(80.1)
Depreciation expenses on operating assets		(9.6)	(5.6)
Net overhead expenses		**(107.6)**	**(85.0)**
Other income and expenses		(10.7)	(1.5)
Depreciation expenses		(1.7)	(0.8)
Transaction costs		(8.9)	(1.4)
Others		**(21.2)**	**(3.7)**
Proceeds from disposal of investment assets		46.5	80.0
Carrying amount of assets sold		(42.1)	(68.6)
Net charge to provisions for risks and contingencies		–	(1.5)
Net gain/(loss) on disposal of investment assets		**4.4**	**9.9**
Change in value of investment properties	7.1.	(89.7)	198.7
Net impairment losses on investment properties measured at cost		(9.7)	(1.4)
Net impairment losses on other non-current assets		(0.6)	0.4
Net charge to provisions for risks and contingencies		(0.2)	1.4
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**137.5**	**454.5**
Share in earnings of equity-method affiliates	4.5	59.0	44.0
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**196.5**	**498.6**
Net borrowing costs	5.2.	(50.5)	(44.3)
Financial expenses		(66.8)	(60.0)
Financial income		16.2	15.7
Other financial results		2.1	8.8
Change in value and income from disposal of financial instruments	5.2.	(38.2)	2.9
Discounting of debt and receivables		(0.2)	(0.3)
Proceeds from the disposal of investments		214.5	32.6
Dividend		0.0	0.2
Profit before tax		**324.2**	**498.5**
Income tax	5.3	(36.4)	(22.5)
NET INCOME		**287.8**	**476.1**
of which Attributable to shareholders of Altarea SCA		**255.3**	**323.0**
of which Attributable to minority interests in subsidiaries		32.6	153.1
Average number of non-diluted shares		15,791,325	15,436,934
Net income per share attributable to shareholders of Altarea SCA *(€)*	**5.4**	**16.17**	**20.92**
Diluted average number of shares		15,992,352	15,608,950
Diluted net income per share attributable to shareholders of Altarea SCA *(€)*	**5.4**	**15.96**	**20.69**

Statement of consolidated comprehensive income

(€ millions)	31/12/2018	31/12/2017
NET INCOME	**287.8**	**476.1**
Actuarial differences on defined-benefit pension plans	0.5	(0.3)
o/w Taxes	*(0.1)*	*0.1*
Subtotal of comprehensive income items that may not be reclassified to profit or loss	**0.5**	**(0.3)**
OTHER ITEMS OF COMPREHENSIVE INCOME	**0.5**	**(0.3)**
CONSOLIDATED COMPREHENSIVE INCOME	**288.4**	**475.8**
o/w Net comprehensive income attributable to Altarea SCA shareholders	255.8	322.7
o/w Net comprehensive income attributable to minority interests in subsidiaries	32.6	153.1

Consolidated balance sheet

(€ millions)	Note	31/12/2018	31/12/2017
Non-current assets		**5,296.9**	**5,437.9**
Intangible assets	7.2.	313.7	258.5
o/w Goodwill		*194.3*	*155.3*
o/w Brands		*100.7*	*89.9*
o/w Client relations		–	–
o/w Other intangible assets		*18.8*	*13.3*
Property, plant and equipment		20.6	18.5
Investment properties	7.1.	4,526.2	4,508.7
o/w Investment properties in operation at fair value		3,931.3	3,983.8
o/w Investment properties under development and under construction at cost		594.9	525.0
Securities and investments in equity affiliates and unconsolidated interests	4.5	395.3	564.0
Loans and receivables (non-current)		10.6	9.3
Deferred tax assets	5.3	30.5	79.0
Current assets		**2,730.2**	**3,154.8**
Net inventories and work in progress	7.3	986.4	1,288.8
Trade and other receivables	7.3	1,011.0	630.8
Income tax credit		14.6	8.6
Loans and receivables (current)		37.4	49.3
Derivative financial instruments	8	2.2	8.2
Cash and cash equivalents	6.2.	678.5	1,169.1
TOTAL ASSETS		**8,027.1**	**8,592.8**

Equity		**3,237.3**	**3,164.7**
Equity attributable to Altarea SCA shareholders		**2,007.9**	**1,904.8**
Capital	6.1.	245.4	245.3
Other paid-in capital		407.9	563.2
Reserves		1,099.3	773.2
Income associated with Altarea SCA shareholders		255.3	323.0
Equity attributable to minority shareholders of subsidiaries		**1,229.4**	**1,259.9**
Reserves associated with minority shareholders of subsidiaries		1,001.8	911.8
Other equity components, Subordinated Perpetual Notes		195.1	195.1
Income associated with minority shareholders of subsidiaries		32.6	153.1
Non-current liabilities		**2,629.2**	**2,886.9**
Non-current borrowings and financial liabilities	6.2.	2,560.6	2,826.1
o/w Participating loans and advances from associates		*76.3*	*82.6*
o/w Bond issues		*1,117.4*	*920.7*
o/w Borrowings from lending establishments		*1,367.0*	*1,822.9*
Long-term provisions	6.3	21.6	20.1
Deposits and security interests received		32.6	32.2
Deferred tax liability	5.3	14.4	8.6
Current liabilities		**2,160.6**	**2,541.1**
Current borrowings and financial liabilities	6.2.	741.9	1,032.2
o/w Bond issues		*164.9*	*9.9*
o/w Borrowings from lending establishments		*94.1*	*103.3*
o/w Negociable European Commercial Paper		*381.0*	*838.0*
o/w Bank overdrafts		*3.5*	*0.8*
o/w Advances from Group shareholders and partners		*98.4*	*80.2*
Derivative financial instruments	8	67.2	34.9
Accounts payable and other operating liabilities	7.3	1,345.5	1,460.3
Tax due		6.0	13.8
TOTAL LIABILITIES		**8,027.1**	**8,592.8**

Consolidated cash flows statement

(€ millions)	Note	31/12/2018	31/12/2017
Cash flow from operating activities			
Net income		**287.8**	**476.1**
Elimination of income tax expense (income)	5.3	36.4	22.5
Elimination of net interest expense (income)		48.1	39.4
Net income before tax and before net interest expense (income)		**372.4**	**537.9**
Elimination of share in earnings of equity-method subsidiaries	4.5	(59.0)	(44.0)
Elimination of depreciation and impairment		12.4	10.8
Elimination of value adjustments	7.1/5.2	138.5	(200.6)
Elimination of net gains/(losses on disposals)[a]		(221.1)	(42.3)
Elimination of dividend income		(0.0)	(0.2)
Estimated income and expenses associated with share-based payments	6.1.	19.6	17.1
Net cash flow		**262.8**	**278.6**
Tax paid		(19.4)	(1.3)
Impact of change in operational working capital requirement (WCR)	7.3	(38.5)	(70.6)
CASH FLOW FROM OPERATIONS		**204.9**	**206.8**
Cash flow from investment activities			
Net acquisitions of assets and capitalised expenditures	7.1.	(214.3)	(142.5)
Gross investments in equity-method subsidiaries and non-consolidated investments		(47.2)	(189.7)
Acquisitions of consolidated companies, net of cash acquired	4.3	(45.6)	(0.5)
Other changes in Group structure		2.4	0.7
Increase in loans and advances		(11.8)	(5.1)
Sale of non-current assets and reimbursement of advances and down payments[a]	7.1.	45.8	83.2
Disposals of holdings in equity-method subsidiaries and non-consolidated investments		170.8	46.0
Disposals of consolidated companies, net of cash transferred	4.3	202.3	48.8
Reduction in loans and other financial investments		13.9	3.3
Net change in investments and derivative financial instruments		(0.0)	(39.0)
Dividends received		29.1	11.3
Interest income		17.4	27.0
CASH FLOW FROM INVESTMENT ACTIVITIES		**162.8**	**(156.3)**
Cash flow from financing activities			
Capital increase		1.8	–
Minority interests share in capital increases in subsidiaries		1.2	0.8
Dividends paid to Altarea SCA shareholders	6.1.	(200.8)	(16.7)
Dividends paid to minority shareholders of subsidiaries		(35.7)	(33.0)
Issuance of debt and other financial liabilities	6.2.	1,190.4	2,789.9
Repayment of borrowings and other financial liabilities	6.2.	(1,747.8)	(2,006.3)
Net sales (purchases) of treasury shares	6.1.	(18.6)	(38.3)
Net change in security deposits and guarantees received		0.4	0.5
Interest paid		(51.9)	(55.0)
CASH FLOW FROM FINANCING ACTIVITIES		**(860.9)**	**641.9**
CHANGE IN CASH BALANCE		**(493.3)**	**692.4**
Cash balance at the beginning of the year	**6.2.**	**1,168.3**	**475.9**
Cash and cash equivalents		1,169.1	478.4
Bank overdrafts		(0.8)	(2.5)
Cash balance at period-end	**6.2.**	**675.0**	**1,168.3**
Cash and cash equivalents		678.5	1,169.1
Bank overdrafts		(3.5)	(0.8)

(a) Proceeds on disposals included in the calculation of net cash flow are presented net of transaction costs. Likewise, disposals of property assets are presented net of transaction costs in the cash flow from investment activities.

Changes in consolidated equity

(€ millions)	Capital	Other paid-in capital	Elimination of treasury shares	Reserves and retained earnings	Equity attributable to Altarea SCA shareholders	Equity attributable to minority shareholders of subsidiaries	Total equity
At 1st January 2017	**229.7**	**588.3**	**(29.9)**	**832.8**	**1,620.9**	**1,137.4**	**2,758.3**
Net Income	–	–	–	323.0	323.0	153.1	476.1
Actuarial difference relating to pension obligations	–	–	–	(0.3)	(0.3)	(0.0)	(0.3)
Comprehensive income	**–**	**–**	**–**	**322.7**	**322.7**	**153.1**	**475.8**
Dividend distribution	–	(166.6)	–	(7.3)	(173.9)	(31.8)	(205.7)
Capital increase	15.6	141.5	–	0.0	157.1[a]	0.8	158.0
Measurement of share-based payments	–	–	–	11.3	11.3	0.0	11.3
Elimination of treasury shares	–	–	(24.1)	(9.3)	(33.4)	–	(33.4)
Transactions with shareholders	**15.6**	**(25.0)**	**(24.1)**	**(5.3)**	**(38.8)**	**(31.0)**	**(69.9)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	(0.0)	(0.0)	(0.0)	(0.0)
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	–	0.5	0.5
Others	(0.0)	–	–	(0.0)	(0.0)	(0.0)	(0.0)
At 31 December 2017	**245.3**	**563.2**	**(54.0)**	**1,150.2**	**1,904.8**	**1,259.9**	**3,164.7**
Impact of first-time application of IFRS 15 on the opening balances				**45.7**	**45.7**	**5.3**	**51.0**
Net Income	–	–	–	255.3	255.3	32.6	287.8
Actuarial difference relating to pension obligations	–	–	–	0.5	0.5	0.0	0.5
Comprehensive income	**–**	**–**	**–**	**255.8**	**255.8**	**32.6**	**288.4**
Dividend distribution	–	(157.1)	–	(43.7)	(200.8)	(53.2)	(254.0)
Capital increase	0.1	1.7	–	–	1.8[b]	1.2	3.1
Measurement of share-based payments	–	–	–	13.4	13.4	0.0	13.4
Elimination of treasury shares	–	–	(0.6)	(12.2)	(12.9)	–	(12.9)
Transactions with shareholders	**0.1**	**(155.4)**	**(0.6)**	**(42.5)**	**(198.4)**	**(52.0)**	**(250.4)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	(0.0)	(0.0)	(16.3)	(16.3)
Changes in ownership interests associated with taking or losing control of subsidiaries	0.0	–	–	–	0.0	(0.0)	(0.0)
Others	–	–	–	0.0	0.0	(0.0)	(0.0)
At 31 December 2018	**245.4**	**407.9**	**(54.6)**	**1,409.2**	**2,007.9**	**1,229.4**	**3,237.3**

(a) Capital increase at Altarea SCA by conversion of the dividend into shares in May 2017.
(b) Capital increase at Altarea SCA reserved on acquisition of the company SND in October 2018.

Consolidated income statement by segment

	31/12/2018			31/12/2017 adjusted		
(€ 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	188.9	–	188.9	188.4	–	188.4
Other expenses	(21.8)	–	(21.8)	(16.0)	–	(16.0)
Net rental income	**167.1**	**–**	**167.1**	**172.4**	**–**	**172.4**
External services	19.9	–	19.9	17.8	–	17.8
Own work capitalised and production held in inventory	5.3	–	5.3	6.4	–	6.4
Operating expenses	(48.5)	(3.7)	(52.2)	(52.0)	(3.1)	(55.1)
Net overhead expenses	**(23.4)**	**(3.7)**	**(27.1)**	**(27.9)**	**(3.1)**	**(31.0)**
Share of equity-method affiliates	**11.7**	**(8.6)**	**3.1**	**49.4**	**(0.4)**	**49.0**
Net allowances for depreciation and impairment	**–**	**(2.5)**	**(2.5)**	**–**	**(1.4)**	**(1.4)**
Income/loss on sale of assets	**0.8**	**180.3**	**181.1**	**0.4**	**9.7**	**10.1**
Income/loss in the value of investment property	**–**	**(99.4)**	**(99.4)**	**–**	**197.3**	**197.3**
Transaction costs	**–**	**(5.1)**	**(5.1)**	**–**	**(0.0)**	**(0.0)**
Net retail income	**156.3**	**61.1**	**217.4**	**194.3**	**202.1**	**396.4**
Revenue	1844.1	–	1844.1	1422.4	–	1422.4
Cost of sales and other expenses	(1668.1)	–	(1668.1)	(1292.5)	(2.9)	(1295.3)
Net property income	**176.0**	**–**	**176.0**	**129.9**	**(2.9)**	**127.1**
External services	4.1	–	4.1	2.0	–	2.0
Production held in inventory	135.3	–	135.3	138.0	–	138.0
Operating expenses	(200.6)	(11.8)	(212.4)	(174.2)	(9.9)	(184.1)
Net overhead expenses	**(61.1)**	**(11.8)**	**(72.9)**	**(34.2)**	**(9.9)**	**(44.1)**
Share of equity-method affiliates	**12.8**	**19.1**	**31.9**	**21.5**	**(0.3)**	**21.2**
Net allowances for depreciation and impairment	**–**	**(4.1)**	**(4.1)**	**–**	**(1.8)**	**(1.8)**
Transaction costs	**–**	**(1.7)**	**(1.7)**	**–**	**(0.6)**	**(0.6)**
Net residential income	**127.7**	**1.5**	**129.2**	**117.2**	**(15.5)**	**101.7**
Revenue	317.7	–	317.7	291.6	–	291.6
Cost of sales and other expenses	(299.4)	–	(299.4)	(263.1)	(2.7)	(265.8)
Other income	–	–	–	12.4	–	12.4
Net property income	**18.2**	**–**	**18.2**	**40.8**	**(2.7)**	**38.2**
External services	27.5	–	27.5	15.0	–	15.0
Production held in inventory	20.0	–	20.0	22.02	–	22.02
Operating expenses	(47.1)	(2.4)	(49.6)	(38.9)	(1.8)	40.8
Net overhead expenses	**0.4**	**(2.4)**	**(2.0)**	**(1.9)**	**(1.8)**	**(3.7)**
Share of equity-method affiliates	**78.2**	**(13.5)**	**64.7**	**4.4**	**2.0**	**6.4**
Net allowances for depreciation and impairment	**–**	**(1.4)**	**(1.4)**	**–**	**(0.4)**	**(0.4)**
Transaction costs	**–**	**–**	**–**	**–**	**–**	**–**
Net business property income	**96.9**	**(17.3)**	**79.6**	**43.4**	**(2.9)**	**40.5**
Others (Corporate)	(3.0)	(10.0)	(13.0)	1.1	(8.5)	(7.5)
OPERATING INCOME	**377.9**	**35.3**	**413.2**	**355.9**	**175.2**	**531.1**
Net borrowing costs	**(41.0)**	**(9.6)**	**(50.5)**	**(38.4)**	**(5.9)**	**(44.3)**
Other financial results	**–**	**2.1**	**2.1**	**4.0**	**4.7**	**8.8**
Discounting of debt and receivables	**–**	**(0.2)**	**(0.2)**	**–**	**(0.3)**	**(0.3)**
Change in value and income from disposal of financial instruments	**–**	**(38.2)**	**(38.2)**	**–**	**2.9**	**2.9**
Net gain/(loss) on disposal of investments	**–**	**(2.2)**	**(2.2)**	**–**	**0.1**	**0.1**
Dividend	**0.0**	**–**	**0.0**	**0.2**	**–**	**0.2**
PROFIT BEFORE TAX	**336.9**	**(12.7)**	**324.2**	**321.8**	**176.7**	**498.5**
Corporate income tax	(8.4)	(28.0)	(36.4)	(15.4)	(7.0)	(22.5)
NET INCOME	**328.6**	**(40.7)**	**287.8**	**306.4**	**169.7**	**476.1**
Non-controlling interests	(52.4)	19.8	32.6	(50.1)	(102.9)	(153.1)
NET INCOME, GROUP SHARE	**276.2**	**(20.9)**	**255.3**	**256.3**	**66.7**	**323.0**
Diluted average number of shares	15,992,352	15,992,352	15,992,352	15,608,950	15,608,950	15,608,950
NET INCOME PER SHARE *(€/SHARE)*, GROUP SHARE	**17.27**	**(1.31)**	**15.96**	**16.42**	**4.28**	**20.69**

The notes constitute an integral part of the consolidated financial statements.

2.2 Notes to the consolidated financial statements

CONTENTS

NOTE 1 INFORMATION CONCERNING THE COMPANY

Altarea is a *société en commandite par actions* (a French partnership limited by shares), the shares of which are traded on the Euronext Paris regulated market, (Compartment A). Its registered office is located at 8 avenue Delcassé in Paris.

Altarea chose the SIIC corporate form *(Société d'Investissement Immobilier Cotée)* as of 1 January 2005.

Altarea and its subsidiaries, ("Altarea" or "the Company" or "the Group") together make up one of the leading players in the real estate sector. As both a REIT and a developer, Altarea is present in all three major property segments: retail, residential and business.

Altarea's main activity is as a REIT investing in shopping centres. This activity includes the asset and property management functions performed on a proprietary basis and for third parties.

Altarea is also a global operator in the property market, both as a REIT and a developer in the shopping centre segment, and a significant player in the Residential and Business property segments.

The Group has thus created a unique integrated model allowing it to assert itself as a true urban property Manager providing a high quality of life.

Altarea controls the company Altareit, whose shares are admitted to trading on the regulated market Euronext Paris, Compartment B.

Altarea's financial statements and notes to the financial statements are expressed in millions of euros.

The consolidated financial statements for the year ended 31 December 2018 were approved by the Management on 26 February 2019 having been examined by the Audit Committee and the Supervisory Board.

NOTE 2 ACCOUNTING PRINCIPLES AND METHODS

2.1 Accounting standards applied by the Company

The accounting principles adopted for preparation of the annual consolidated financial statements are in line with IFRS standards and interpretations from the IASB, as adopted by the European Union at 31 December 2018 and available at: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

The accounting principles adopted on 31 December 2018 are the same as those used for the consolidated financial statements at 31 December 2017, with the exception of changes to the standards and interpretations adopted by the European Union applicable at 1 January 2018.

The information relating to the year ended 31 December 2017, presented in the reference document filed with the AMF (French Financial Markets Authority) on 15 March 2018 under number D18-0136, are incorporated by reference.

Standards, interpretations and amendments applicable from the financial year starting 1 January 2018 (subject to their approval by the European Union):

- IFRS 15 – Revenue from Contracts with Customers and Clarification of IFRS 15;
- IFRS 9 – Financial instruments;
- Amendments to IFRS 2 – Classification and measurement of share-based payment transactions;
- Amendment to IFRS 4 – Insurance policies – Applying IFRS 9 Financial Instruments with IFRS 4;
- Amendments to IAS 40 – Transfers of Investment Property;
- Interpretation of IFRIC 22 – Foreign Currency Transactions and Advance Consideration;
- Annual improvements to IFRS (2014-2016 cycle).

Standards and interpretations adopted as early as at 31 December 2018, whose application is mandatory for financial years starting on 1 January 2019 or later.

None.

Accounting standards and interpretations in effect at 1 January 2018 and mandatory after 31 December 2018:

- Amendments to IFRS 9 – Prepayment Features with Negative Compensation;
- IFRIC 23 – Uncertainty over Income Tax Treatments;
- **IFRS 16** – Leases.

On 31 October 2017 the European Union adopted IFRS 16, whose application is mandatory for financial years starting on of after 1 January 2019 (early adoption being possible). This standard abandons the existing distinction between finance and operating leases. The effect will be that for all leases previously considered as operating leases the right to use the leased asset will be recognised in the tenants balance sheet against a lease obligation.

A census of the leases was carried out. Leases entered into by the Group lying within the field of application of the standard mainly concern:

- property leases: the Group leases its offices in the majority of cities where it operates;
- operation of public areas as part of its Retail business;
- and vehicle leases.

The impact assessment of this new standard is in the process of being finalised.

The Group has not yet decided which mode of application to use (full or simplified retrospective).

Other essential standards and interpretations released by the IASB but not yet approved by the European Union:

- Amendments to IAS 19 – Plan reduction or liquidation amendment;
- Annual improvements to IFRS (2015-2017 cycle);
- IFRS 17 – Insurance Contracts;
- Amendments to IAS 1 and IAS 8 –Relative importance;

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its affiliate or joint venture;
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures;
- Amendments to references within the standards' conceptual framework;
- IFRS 14 – Regulatory deferral accounts;
- Amendments to IFRS 3 – Definition of a business.

2.2 Main estimations and judgements

Management reviews its estimates and assumptions on a regular basis using its past experience and various other factors deemed reasonable in the circumstances. These estimates represent the basis for its assessment of the carrying amount of income or the classification of expense items and assets and liabilities. They have an impact on the amount of income and expense items and on the carrying amount of assets and liabilities. It is conceivable that the actual amounts may subsequently differ from the estimates adopted.

The main items that require estimates at the closing date based on assumptions about the future, and for which there is significant risk of a material change in value from that recorded on the balance sheet, concern the following:

Measurement of intangible assets not subject to amortisation

- Measurement of goodwill and brands – related to Cogedim, acquired in 2007, Pitch Promotion, acquired in 2016 and Histoire & Patrimoine acquired in 2018 (see Notes 2.4.7, "Re-measurement of non-current assets (other than financial assets and investment properties) and impairment losses", and 7.2, "Intangible assets and goodwill").

Measurements of other assets and liabilities

- Measurement of investment properties (see Notes 2.4.5 "Investment properties" and 7.1 "Investment properties");
- Measurement of inventories (see Note 2.4.8 "Inventories");
- Measurement of deferred tax assets (see Notes 2.4.16 "Taxes" and 5.3 "Tax on Income"); note that the Group has applied the cut in tax rates programmed by the Finance Act currently in force since 31 December 2016;
- Measurement of share-based payments (see Notes 2.4.12 "Share-based payments" and 6.1 "Equity");
- Measurement of financial instruments (see Note 8 "Financial risk management").

Operating income estimates

- Measurement of net property income and services using the percentage-of-completion method (see Note 2.4.17 "Revenue and revenue-related expenses").

Non-current assets held for sale and discontinued operations

In accordance with the provisions of IFRS 5, the Group determines whether the criteria used to determine whether an asset or a group of assets should be classified as held for sale or if an operation is to be discontinued are met (see Note 2.4.6 "Non-current assets held for sale and discontinued operations" and 7.1 "Investment properties").

2.3 Other principles for presenting the financial statements

Transactions eliminated in the consolidated financial statements

Balance sheet balances and income and expenses rising from intragroup transactions are eliminated when the consolidated financial statements are prepared.

Balance sheet classification

In accordance with IAS 1, the Company presents its assets and liabilities by distinguishing between current and non-current items.

Assets which must be realised, consumed or disposed of within the scope of the normal operating cycle or within 12 months following closure, are classed as "current assets", as well as the assets held with a view to disposal and cash or cash equivalents. All other assets are classified as "non-current assets".

Liabilities which have to be paid within the scope of the normal operating cycle or within 12 months following closure are classified as "current liabilities", as well as the share of provisions arising from the normal operating cycle of the activity concerned due in less than one year.

Deferred taxes are always shown as non-current assets or liabilities.

2.4 Accounting principles and methods of the Company

2.4.1 Equity investments of the Company and consolidation methods

For consolidation, the following standards apply:

- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of interests in other entities;
- IAS 28 – Investments in associates and joint ventures.

IFRS 10 defines control as follows: "An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". The Company has power over an investee when it has existing substantive rights that give it the current ability to direct the relevant activities, defined as activities that significantly affect the investee's returns.

The assessment of control as per IFRS 10 has led the Company to develop a framework for analysing the governance of the entities related to the Company, particularly when there are partnership situations governed by broad contractual arrangements such as Articles of Association, shareholder pacts, etc. It also takes account of events and circumstances.

In this regard, within the limit of the protective rights granted to the JV partners,

- Altablue and Aldeta, jointly held along with two other institutional partners, are considered to be controlled by the Group. These companies hold the Cap 3000 shopping centre located near Nice;
- Alta Crp Gennevilliers, Alta Crp La Valette, Alta Gramont, Toulouse Gramont, Bercy Village and Société d'aménagement de la Gare de l'Est, jointly held with another institutional partner, are considered to be controlled by the Group.

In accordance with IFRS 10, *ad hoc* entities are consolidated when, in substance, the relation between the Company and the entity is such that the Company is considered to exercise control over the latter.

Exclusively controlled entities

Exclusively controlled subsidiaries are fully consolidated. All intra-group balances and transactions as well as income and expense from internal transactions and dividends are eliminated.

Any modification in the Company's interest in a subsidiary not resulting in a loss of control is recognised in equity. If the Company loses the control over a subsidiary, the assets and liabilities and equity of this former subsidiary are derecognised. Any gain or loss resulting from this loss of control is recognised in profit or loss. Any interest retained in the former subsidiary is recognised at fair value on the date of loss of control according to the recognition method required under IFRS 11, IAS 28 or IFRS 9.

Entities subject to joint control

According to IFRS 11, companies are subject to joint control when important decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint control may be exercised through joint operation or a joint venture. According to IFRS 11, the joint operation is distinguished by the existence of directly held rights to certain assets and direct obligations for certain liabilities of the entity, whereas the joint venture confers a right to the entity's net assets. For joint operations, the Company records, in its accounts, the assets, liabilities, income and expenses relating to its interests in the joint operation. For joint ventures, the Company's interest in the entity's net assets is recognised according to the equity method described in IAS 28.

Investments in joint operations or joint ventures are presented in accordance with IFRS 12.

Entities subject to significant influence

In accordance with IAS 28, the equity method also applies to all associates in which the Company exercises a significant influence without possessing control, which is considered to exist when the percentage of voting rights held is greater than or equal to 20%. Each investment is analysed, regardless of the percentage of interest held, taking into account the facts and circumstances in order to determine if the Company exercises a significant influence.

According to the equity method, the Company's interest in the associate is initially recognised at the acquisition cost of its proportionate share of the investee's net assets, which is then increased or decreased to reflect changes subsequent to the acquisition. Goodwill arising on an associate, if unimpaired, is included in the carrying amount of the investment. The Group's proportionate share of the entity's profit or loss for the period is shown under the "Share in earnings of equity-method affiliates" line item in the income statement. These investments are presented in the balance sheet under "Securities and receivables on equity-method affiliates and non-consolidated interests" with the corresponding investment-related receivables.

The financial statements of associates are prepared for the same accounting period as those for the parent company. If necessary, corrections are made to achieve consistency with the Group's accounting policies.

Investments in associates are presented in accordance with IFRS 12.

2.4.2 Business combinations and goodwill

In accordance with the provisions of IFRS 1, the Group has chosen not to restate business combinations that occurred prior to 1 January 2004.

Business combinations are accounted for in accordance with the acquisition method of IFRS 3 as amended: upon initial consolidation of an entity of which the Group has acquired control, the assets and liabilities as well as identifiable contingent liabilities are recognised at their fair value at the acquisition date. Intangible assets are specifically identified whenever they are separable from the acquired entity or result from legal or contractual rights. Under IFRS 3R, when control of an entity is acquired, the difference between the acquisition cost and the acquirer's proportionate interest in the fair value of the entity's identifiable assets, liabilities and contingent liabilities at the acquisition date is classified as goodwill representing future economic benefits resulting from assets that are not individually identified and separately recognised. The acquisition cost is the amount of the consideration transferred including, where applicable, any price supplements at their fair value. In accordance with IFRS 3R, the acquisition cost of the shares is expensed.

Goodwill:

- if positive, goodwill is recognised on the balance sheet and must be tested for impairment at least once a year;
- if negative, goodwill is taken directly to income.

In accordance with IFRS 3R, minority interests are measured either at fair value or at the proportionate share of the acquirer's assets; the choice is made on an acquisition-by-acquisition basis.

The standard allows a period of 12 months from the acquisition date for final measurement of the acquisition; any adjustments and measurements made must reflect facts and circumstances that existed as of the acquisition date. As such, after the measurement period, any contingent consideration is recognised in net income for the year unless it is in the form of an equity instrument.

In accordance with IFRS 3R as amended, acquisitions or disposals of shares in an entity that remains controlled before and after these transactions are now considered as transactions between shareholders recognised directly in equity: they have no effect on either goodwill or income. In the event of loss of control, the residual interest is measured at fair value and the gain or loss on disposal is recognised in the income statement.

The Company conducts impairment testing of goodwill at the end of each financial year and each interim period (i.e. at least once a year) and more frequently where evidence of impairment exists.

The main goodwill items arose from the acquisition of controlling interests in Cogedim in 2007, in developer Pitch Promotion in 2016, and in Histoire & Patrimoine in 2018.

These goodwill items gave been allocated to the CGUs (cash generating units – programmes) corresponding to the Residential and Business property sectors. The main indications of impairment as regards these sectors, Residential and Business property (Development) are a fall in the pace of sales of these programmes or in margins combined with a decline in the volume of activity (reservations, backlog, portfolio, etc.).

On an exceptional basis, acquisitions of isolated assets carried out through the purchase of shares in a company, the sole purpose of which is to hold investment assets and, in the absence of any productive activities implying the existence of contracts related to the assets or employees, are recognised in accordance with IAS 40 – "Investment Property" or IAS 2 – "Inventories."

2.4.3 Intangible assets

The Group's intangible assets consist essentially of software, brands and customer relationships.

In accordance with IAS 38:

- acquired or created software is recognised at cost and amortised over its useful life, which is generally between one year and five years;
- brands are amortised over their estimated useful lives when resulting from the identification of a finite life asset derived from an acquisition. They are tested for impairment where, as applicable, evidence of such impairment exists.

  The Cogedim, Pitch Promotion and Histoire & Patrimoine brands, which have an indefinite useful life are thus not amortised. They are allocated to the CGUs corresponding to the Residential and Business property segments;
- customer relationship assets, which result from the identification of intangible assets acquired from property developers, are subject to amortisation at the rate at which the acquired order backlog is filled or, for the portion relating to acquired purchase options or those that can be amortised on a straight-line basis, at the rate at which development programmes are launched. They are tested for impairment where, as applicable, evidence of such impairment exists.

2.4.4 Property, plant and equipment

Property, plant and equipment correspond primarily to general plant, transport equipment, office equipment and IT equipment. In accordance with IAS 16, these items are recognised at cost and depreciated over their useful life, estimated to be between 5 and 10 years. No other significant component of these assets has been identified.

2.4.5 Investment properties

According to IAS 40, investment properties are held to earn rentals or for capital appreciation or both.

The investment properties held by the Group are primarily shopping centres and, to a lesser extent, offices and hotels.

The Group's investment properties portfolio consists of properties in operation and properties under development or construction on a proprietary basis.

In accordance with IAS 40, the Group has opted for the fair value model. On that basis, investment properties are measured at fair value in accordance with IFRS 13 – "Fair value measurement" whenever this can be reliably determined. Otherwise, they are recorded at cost and are tested for impairment at least once per year and where evidence of impairment exists.

The fair value of investment properties used by Management is based on the facts and circumstances taking into account their purpose. With this objective, Management uses mainly external appraisals giving values inclusive of duties less the amount of duties corresponding to transfer taxes and expenses. These duties have been estimated at 6.9% in France (except in the Paris region (Île-de-France) where they are set at 7.5%), at 4% in Italy and 2.5% in Spain.

Since 30 June 2015, external measurement of Altarea Group assets is assigned to Cushman & Wakefield (in France, Italy and Spain) and Jones Lang Lasalle (in France).

The appraisers use two methods:

- a method based on discounting projected cash flows over ten years, taking into account the resale value at the end of the period determined by capitalising net rental income. The appraisers have often preferred results obtained using this method;
- a method based on capitalising net rental income: the appraiser applies a yield rate reflecting the characteristics of the site (area, competition, rental potential, etc.) to the rental income (comprising the guaranteed minimum rental, the variable rental and the market rental of the vacant units) restated for all the charges borne by the owner. The second method is used to validate the results obtained from the first method.

Rental income takes into account:

- the changes in rentals that should be applied on renewals (maturities of leases, change of tenants, etc.);
- the normative vacancy rate;
- the impact of future rental gains resulting from the letting of vacant units;
- the increase in rental income from stepped rents; and
- a delinquency rate.

Measurement of investment properties at fair value is in accordance with the recommendations of the "Barthès de Ruyter report" (issued in 2000) on the valuation of property assets of companies launching a public issue. In addition, experts refer to the RICS Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors Red Book.

Investment properties at fair value

Investment properties in operation are systematically measured at fair value.

At 31 December 2018, an external appraisal was performed on all assets in operation.

Each time an exchange value exists for one of the Group's buildings, set in connection with a potential transaction between knowledgeable and willing parties in an arm's length transaction, the Company will use its own judgement to choose between this value and that of the appraiser.

Investment properties under construction (IPUC) have been included within the scope of IAS 40. They are measured at fair value in accordance with the IFRS 13 guide when the criteria predefined by the Company are met.

The Company believes that a property under construction can be reliably measured at fair value if most of the uncertainties affecting the determination of fair value have been lifted or if the project completion date is in the near future.

All three of the following conditions must be met to ensure a reliable estimate of the fair value of a property under construction:

- all administrative authorisations needed to carry out the development project have been obtained;
- construction contracts have been signed and work has begun; and
- the letting rate is high and allows for a reasonable assessment of the value creation attached to the property under construction.

Accordingly, investment properties under development and construction are measured either at cost or at fair value.

- properties under development before land is purchased are measured at cost;
- land not yet built is measured at cost;
- properties under construction are measured at cost or at fair value in accordance with the above criteria; if the delivery date for a property is close to the closing date, the property is systematically measured at fair value.

The fair value of properties under construction measured at fair value is determined mainly on the basis of independent appraisals. The appraiser values the asset as if it were fully complete, taking account of market conditions at the date of valuation and the specific characteristics of the property. Expenses not yet incurred at the account closing date are deducted from this value.

The difference between the fair value of investment properties measured at fair value from one period to the next is recognised in the income statement under the heading "Change in value of investment properties".

Investment properties valued at cost

In addition to the acquisition price of the land, the costs incurred for the development and construction of properties are capitalised from the start of the programme, as of the development phase (prospecting, preparation: replying to tenders and pre-sales, prior to the signing of preliminary property sales agreements; administrative phase: obtaining authorisations, if necessary with the signing of preliminary property purchase agreements), once there is reasonable assurance that administrative authorisations will be obtained.

These investments primarily concern the following expenses:

- study and legal fees;
- land order fees or guarantees;
- demolition costs (if applicable);
- construction costs;
- pre-sale fees;
- external management fees;
- fees within the Group;
- early termination fees;
- financial vacancy rate;
- ancillary costs directly attributable to the project; and
- interest expenses in accordance with revised IAS 23.

Internal fees are primarily programme management fees (management of projects) and project management fees, which from an economic standpoint are components of the cost price of the asset and are thus included in the carrying amount in non-current assets or inventory, as the case may be. The amount of fees included is calculated after elimination of inter-company profit margins.

Investment properties under development and construction measured at cost are properties that do not meet the criteria set by the Group allowing for an assessment of whether the fair value of a property can be reliably determined.

For these properties and assuming that there is a delay in the start of construction or when the construction period is unusually long, management assesses on a case-by-case basis the validity of temporarily stopping the capitalisation of interest expenses or internal fees incurred.

These properties, which are recognised in the financial statements at cost, are tested for impairment at least once a year, and whenever there is evidence of impairment (increase in cost price, reduction in expected rental values, a material delay in project execution, delay in marketing, increase in expected capitalisation rate, etc).

The recoverable amount of these assets, which are still recognised at cost, is assessed by comparison with the cost price on completion and with the calculate value of expected future cash flows for the Company. If the recoverable amount is lower than the cost price on completion, an impairment loss in the form of a provision for impairment is recognised in the income statement under "Impairment losses on investment properties measured at cost".

2.4.6 Non-current assets held for sale and discontinued operations

In accordance with IFRS 5, a non-current asset is classified as "held for sale" if its carrying amount is to be recovered primarily through a sale transaction rather than through ongoing use.

This is the case if the asset is available for immediate sale in its current state, subject only to the usual and customary conditions for the sale of such an asset, and if its sale is highly probable.

Indications of a high probability of sale include the existence of a plan by Group management to sell the asset and an active programme to find a buyer and close a sale within the following 12 months. The management assesses the situations. When at the closing date there is a preliminary sales agreement or a firm commitment, the property is systematically included in assets held for sale.

The asset is measured at fair value, which is generally the amount agreed to between the parties minus selling costs.

For an operation to be considered discontinued, the Company determines, according to the facts and circumstances, whether or not there exists a single and coordinated plan to dispose of a major line of business or geographical area of operations.

2.4.7 Re-measurement of non-current assets (other than financial assets and investment properties) and impairment losses

In accordance with IAS 36, property plant and equipment and intangible assets subject to amortisation are tested for impairment whenever any internal or external evidence of impairment is observed.

Goodwill and other intangible assets with an indeterminate life, such as the Cogedim, Pitch Promotion and Histoire & Patrimoine brands, are systematically tested for impairment annually or more frequently if internal or external events or circumstances indicate that their value may have declined.

The value of assets (and certain associated liabilities) on the balance sheet, when they are directly related or attributable to cash generating units (CGUs) or groups of CGUs including intangible assets and goodwill, if applicable, is compared to the recoverable amount of the CGU or group of CGUs, defined as the higher of the sale price net of any costs that may be incurred for the sale, and value in use. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Value in use of the CGU or the combination of several CGUs is determined using a multi-criteria approach that relies primarily on the discounted cash flow (DCF) method, supplemented by market comparables and transaction multiples.

The basic principles of the DCF method are:

- estimated cash flows (before tax) are derived from business plans generally covering five-year periods drawn up by Group management;
- the discount rate determined on the basis of a weighted average cost of capital; and
- terminal value is calculated as the sum to infinity of the discounted cash flows, which are determined on the basis of a normalised cash flow and a growth rate for the business line concerned. This assumed growth rate must be consistent with the growth potential of the markets in which the activity is conducted, as well as with the entity's competitive position in those markets.

The multiples approach via market comparables is based on determining a sample of comparable listed companies, for which a multiple is calculated and reapplied to those aggregates considered relevant.

The multiples approach via comparable transactions is based on selecting a panel of transactions in comparable companies and reapplying these to the aggregates considered relevant.

Sensitivity tables are created for all impairment tests carried out.

An impairment loss is recognised, if applicable, if the value of the assets (and certain associated liabilities) on the balance sheet is higher than the recoverable amount of the CGU or group of CGUs, and is written off in priority against goodwill (irreversible loss), then against other intangible assets and property, plant and equipment on a prorata basis for their carrying amount (reversible loss).

2.4.8 Inventories

Inventories relate to:

- programmes for Property Development for Third Parties and the portion of shopping centre developments not intended to be held in Altarea's portfolio (hypermarket building shells, parking facilities, etc.);
- programmes where their nature or specific administrative situation prompts a decision to classify them as inventory (dealer's stock) or where a final decision to hold them in the portfolio has not been made.

Interest expenses attributable to programmes are included in inventories in accordance with Revised IAS 23.

"Inventories" are carried at cost price less the portion of cost price retired on a percentage-of-completion basis for off-plan sale (VEFA) or Property Development Contract transactions. The cost price includes:

- the acquisition cost of land;
- construction costs (including roads and utilities works);
- all technical and programme management fees, whether internal or external to the Group; and
- related expenses associated directly with the construction programme.

Any profit on internal fees for services performed within the Group is eliminated.

Generally speaking, whenever the net realisable value of inventories and work in progress is less than the cost price, impairment losses are recognised.

2.4.9 Trade and other receivables

Trade and other receivables are measured at face value less any allowances for impairment. In accordance with IFRS 9, with regard to impairment, the Group applies a model based on expected losses, (expected credit losses based on the useful life of the receivables, itself based on the experience of the Group's historic credit losses) to its trade receivables (mainly Retail business).

For long-term contracts accounted for using the percentage-of-completion method, trade receivables correspond to receivables calculated on percentage of completion (inclusive of tax) after deduction of collected calls for funds. They therefore include:

- receivables due;
- receivables not yet due, corresponding to any advances between collected calls for funds and the actual percentage of completion at the closing date.

These receivables are classified in the balance sheet into:

- "Trade and other receivables", if the receivables calculated on percentage of completion are greater than collected calls for funds;
- "Trade and other payables", if the receivables calculated on percentage of completion are less than the collected calls for funds.

2.4.10 Financial Assets and Liabilities (excluding trade and other receivables)

The Group has elected not to apply the hedge accounting proposed in IFRS 9.

Application principles for IAS 32, IFRS 9 and IFRS 7 are as follows:

Measurement and recognition of financial assets and liabilities

- Receivables relating to participating interests in equity-method affiliates are classified in the balance sheet under "Securities and receivables on equity-method affiliates or non-consolidated interests". Other receivables from participating interests and shareholders' accounts classified in the balance sheet under "Financial receivables and loan" relate mainly to advances made to minority partners of consolidated or deconsolidated companies.
- Deposits and securities paid concern deposits paid on projects, They are the offsetting amount of security deposits paid into escrow accounts by shopping centre tenants (deposits and securities not discounted) and/or, guarantee deposits paid for buildings occupied by the Group.
- Equity instruments mainly comprise equity securities of non-consolidated companies. They are recognised as at fair value through profit or loss if they are held for trading; otherwise, they are recognised at fair value by non-recyclable OCI (changes in fair value are registered in a separate equity line item under "other comprehensive income"). For unlisted securities, if the fair value cannot be reliably determined at each closing, they remain in the balance sheet at their initial fair value, i.e. at purchase price increased by transaction costs, adjusted by any gains or losses of value determined by an analysis of the proportionate share of the equity held.

  At each acquisition of equity securities, a similar analysis will be carried out to determine the Group's management intention. For the shares of listed companies, this fair value is determined on the basis of the market indicators on the closing date.
- Derivative financial instruments (assets and liabilities) are considered as being held for trading. They are measured at fair value. The change in fair value of derivatives is recognised in the income statement.
- Cash as defined in IAS 7 includes liquid assets in bank current accounts and holdings in deposit accounts that are redeemable or tradeable in the very short term (i.e. initial maturity of less than three months) and carry no significant risk of loss of value through fluctuations in interest rates. These assets are carried on the balance sheet at fair value. Changes in the fair value of these instruments are recognised in income, with a corresponding adjustment to cash. Cash must be available immediately for the needs of the Group or its subsidiaries.
- All borrowings and interest-bearing liabilities are initially recognised at fair value, less directly attributable transaction costs. Thereafter, they are carried at amortised cost using the effective interest rate method. Initial effective interest rates are determined by an actuary. In the event of renegotiation of financial

liabilities contracts recognised at amortised cost, if quantitative and qualitative tests lead to the conclusion that there is no substantial change to the contractual cash flows, the Group will maintain the original initial effective interest rate and adjust the amortised cost of the liability in question, against the result.

Determination of the fair value of financial instruments (other than interest-bearing debt)

Financial assets and liabilities are initially recognised at the fair value of the price paid, including acquisition-related costs. After initial recognition, such assets and liabilities are recognised at fair value.

For other financial assets and liabilities such as OTC derivatives, swaps, caps, etc. that are traded on active markets (market composed of numerous transactions, continuously displayed and traded prices), fair value is estimated by an actuary using commonly accepted models and in compliance with guidance from IFRS 13 "Fair value measurement". A mathematical model is used to bring together calculation methods based on recognised financial theories. This takes into account the measurement of credit risk (or risk of default) of Altarea vis-à-vis its bank counterparties and the risk of its counterparties vis-à-vis Altarea (Credit Value Adjustment/ Debit Value Adjustment). The Group applies the default probability calculation method used by the secondary market (according to estimated bond spreads of its counterparties).

The realisable value of financial instruments may differ from the fair value calculated at the closing date of each financial year.

2.4.11 Equity

Equity represents the residual value of assets, after liabilities have been deducted.

Issuance costs for equity securities including merger-related costs are deducted from the proceeds of the issue.

An instrument is an equity instrument if the instrument includes no contractual obligation to deliver cash or another financial asset, or to exchange assets or liabilities with another entity under conditions unfavourable to the issuer. On that basis, the Subordinated Perpetual Notes (TSDI) issued by Altarea SCA are equity instruments.

Own equity instruments that have been bought back (treasury shares) are deducted from equity. No gain or loss is recognised in income when own equity instruments of the Company are purchased, sold, issued or cancelled.

2.4.12 Share based payments

Share-based payments are transactions based on the value of shares of the issuing company: stock options, rights to free share grants and employee investment plans (PEEs).

These rights may be settled in equity instruments or cash: in the Group, all plans concerning Altarea shares must be settled in equity instruments.

In accordance with the provisions of IFRS 2, share-based payments to corporate officers or employees of Altarea or Group companies are accounted for in the financial statements as follows: the fair value of the equity instrument awarded is recognised in the income statement as a personnel cost, with a corresponding increase in equity if the plan is to be settled in equity instruments, or in a liability if the plan is to be settled in cash.

This personnel cost representing the benefit granted (corresponding to the fair value of the services rendered by the employees) is valued by an actuary at the award date using the binomial Cox-Ross-Rubinstein mathematical model and the Monte Carlo method calculated on the basis of a turnover determined over the last three years. This model is adapted to suit plans that provide for a vesting period and a lock-up period.

The expense is spread over the vesting period. Share grant plans (and employee investment plans) are measured on the basis of market value.

2.4.13 Earnings per share

Basic earnings per share (in €)

Basic earnings per share is calculated by dividing net income (Group share) by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share (in €)

Diluted earnings per share is calculated by dividing net income (Group share) by the weighted average number of ordinary shares in issue adjusted for the dilutive effects of the options during the period.

The dilutive effect is calculated according to the "share buyback" method. Under this method, the funds received from the exercise of options are assumed to be applied first to repurchasing own shares at the market price. The market price is taken to be the volume-weighted average of average monthly prices of Altarea shares. The theoretical number of shares that would be repurchased at this market price is subtracted from the total number of shares produced by the exercise of warrants and options. The number calculated using this method is then added to the average number of shares in issue to produce the denominator.

Potential ordinary shares shall be treated as dilutive if the conversion in ordinary shares implies a reduction in the result per share.

2.4.14 Employee benefits

In accordance with IAS 19 and amendments adopted by the European Union in June 2012, employee benefits are recognised under "personnel costs" in the income statement, with the exception of liability (or asset) revaluations recognised directly in equity and recorded in "Other comprehensive income."

Post-employment benefits

Benefits payable at retirement are paid to employees at the time of retirement based on length of service and final salary. These benefits are part of the defined benefits plan, a plan to which the employer is formally or implicitly committed in an amount or a level of benefits and therefore bears the risk in the medium or long term.

A provision is recorded in the liabilities to cover all these pension commitments. It is regularly valued by independent actuaries according to the projected credit unit method and represents the probable present value of the vested rights taking into account salary increases until retirement, the probability of retirement and the probability of survival.

The formula for the past service obligation can be broken down as follows:

Past service cost = (benefit rights acquired by the employee) × (probability that the entity will pay the benefits) × (discounting to present value) × (payroll tax coefficient) × (length of service to date/ length of service at retirement)

The main assumptions used for estimating the pension obligation are as follows:

- Discount rate: Rate of return on AA-rated corporate bonds (euro zone) with maturities of more than 10 years. The Group uses the Iboxx rate which stands at 1.60%;

- Mortality table: Women's Table (TF) and Men's Table (TH) 2000-2002;
- Reason for departure: depending on local laws and for France, voluntary retirement on the date of eligibility for full pension benefits;
- Turnover: annual average turnover observed over the last 3 years, standing at between 5% and 9% depending on branch and age Group;
- long-term salary adjustment rate (including inflation): 2.2%.

Actuarial gains and losses and valuation adjustments are recorded directly in equity under other comprehensive income.

The amount of the obligation determined using this method is then reduced by the value of any assets held to cover it (not applicable in this case).

Other post-employment benefits

These benefits are offered under defined-contribution pension plans. As such, the Group has no obligation except to pay its share of contributions. The expense corresponding to contributions paid is recognised in the income statement as incurred.

Other long-term benefits

There are no other long-term benefits granted by the Group.

Severance pay

Where applicable, payments for termination of an employment contract are provisioned on the basis of the collective agreement.

Short-term benefits

Short-term benefits include in particular an incentive agreement for employees to share in the profit recorded by their economic and social unit, signed by the service companies of the Group that are members of the economic and social unit, and the works council. Benefits also include an employee profit-sharing plan applicable to the profit of the economic and social unit as required under French common law.

Short-term employee benefits including those arising from these profit-sharing plans are expensed as incurred.

2.4.15 Provisions and contingent liabilities

In accordance with IAS 37, a provision is recognised when an obligation to a third party will certainly or probably result in an outflow of resources without any equivalent benefits being received in consideration, and when the amount required to settle the obligation can be reliably estimated. The provision is maintained as long as the timing and amount of the outflow of resources are not known with precision.

In general, these provisions are not linked to the Group's normal operating cycle. Provisions are discounted when appropriate using a pre-tax rate of return that reflects the risks specific to the liability.

Non-current provisions consist mainly of provisions arising from litigation between the Group and third parties or from rent guarantees granted to shopping centre buyers.

Contingent liabilities correspond to a potential obligation for which the probability of occurrence or a reliable estimate of the amount cannot be determined. They are not recognised on the balance sheet. A disclosure is made in the notes unless the amounts at stake can reasonably be expected to be small.

2.4.16 Corporate income tax

Following its decision to adopt the SIIC tax status, the Group is subject to a specific tax regime:

- a SIIC sector comprising the Group companies that have elected to adopt SIIC tax status and are therefore exempt from income tax on their ordinary profits and gains on disposal;
- a taxable sector comprising those companies that cannot elect to adopt SIIC status.

Income taxes are recognised in accordance with IAS 12.

From the time that SIIC tax status was adopted, deferred taxes are calculated for companies without such status and on the taxable profits of companies in the SIIC sector. Deferred taxes are recognised on all timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and their values for tax purposes, and on tax loss carry forwards, using the liability method.

The carrying amount of deferred tax assets is reviewed at each closing date and reduced if it is no longer probable that sufficient future taxable profits will be available to permit utilisation of all or part of the deferred tax assets. Deferred tax assets are reassessed at each closing date and are recognised where it is likely that future taxable profits will allow their recovery based on a business plan for tax purposes prepared by management and derived from the Group's business plan drawn up for a reasonable period.

Deferred tax assets and liabilities are measured using the liability method at the tax rates expected to apply when the asset will be realised or the liability settled, on the basis of known tax rates at the closing date.

Taxes on items recognised directly in equity are also recognised in equity, not in the income statement.

Deferred tax assets and liabilities are offset when they relate to the same tax entity.

2.4.17 Revenue and revenue-related expenses

Income from ordinary activities is recognised when it is probable that future economic benefits will flow to the Group and the amounts of income can be reliably measured.

Net rental income includes: rental income and other net rental income less land expenses, non-recovered service charges, other charges and net allowances for impairment for bad debts.

Rental income includes gross rental income, including the effects of spreading stepped rents over the non-cancellable lease term, rent holidays and other benefits granted by contract to the lessee by the lessor, and notably reductions granted during the lease term. Other net rental income includes revenues and expenses recognised on initial lease payments received, termination fees received and early termination fees paid to tenants (for which there is no proof that the building's improved rental profitability is due to them).

Land expenses correspond to amounts paid in fees for temporary occupation permits, very long-term land (emphyteutic) leases and construction leases, both of which are treated as operating leases.

Non-recovered rental expenses are given net of re-invoicing to tenants (in accordance with IFRS 15) and correspond to expenses normally passed on to tenants (rental expenses, local taxes, etc.), but for which the owner is still liable due to their ceiling or the vacancy of rental floor areas.

Other expenses include the lessor's contributions to the centres' marketing, non-capitalised construction work not passed on to the tenants, rental management fees on certain leases.

Net property income is the difference between revenues and cost of sales, selling expenses and net allowances for impairment on bad debt and inventories.

It corresponds primarily to the profit margin on the Residential and Business property sectors, plus the profit margin on sales of projects related to the development business in the Retail sector.

For property development activities, the net property income is recognised in the Group's financial statements using the percentage-of-completion method.

This method is used for all off-plan (VEFA) and Property Development Contract (CPI) transactions.

For these programmes, revenue from notarised sales is recognised, in accordance with IFRS 15 "Revenue from contracts with customers", in proportion to the percentage of completion of the programmes, measured by the total percentage of costs directly related to construction (including the cost of land) incurred in comparison to the total forecast budget (updated at each closing date) and to the percentage of sales realised determined relative to budget total sales. The event giving rise to recognition of percentage-of-completion revenue is thus the purchase of the land combined with the signature of deeds of sale (notarised sales).

Net property income on property development projects is measured according to the percentage-of-completion method based on the following criteria:

- project accepted by the other party to the contract;
- existence of documented projections reliable enough to provide a sound estimate of the overall economics of the transaction (selling price, stage of completion of construction work, no risk of non-completion).

Losses on "new projects" are included in net property income.

Purchase/resale of property complexes are recorded as and when sales are closed. For these transactions, the net property income firstly highlights sales (net VAT amount on margin where applicable) and secondly the cost of sales in respect of cost price items.

Net overhead expenses correspond to income and expense items inherent in the business of the Group's service companies.

For each operating segment, income includes payments for services provided to third parties, such as delegated project management fees related to property development activities, rental management fees (syndicate agent, co-ownership management), and fees for marketing and other services, internal management fees (after elimination of inter-company profit margins) – see note on investment properties or inventories.

Expenses includes personnel costs, overhead costs (miscellaneous fees, operating expenses, rent, etc.), as well as depreciation of operating assets. Capitalised production and production held in inventory is deducted from this amount.

Other income and expenses relate to Group companies that are not service providers. They mainly correspond to overhead costs and miscellaneous management fee income. Amortisation of intangible assets and depreciation of property, plant and equipment other than assets in operation are included in this line item.

2.4.18 Leases

According to IAS 17, a lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. IAS 17 distinguishes between finance leases, which transfer substantially all the risks and rewards incidental to ownership of the leased asset, and operating leases, which do not.

Leases in the financial statements with the Company as lessor

The Company's rental income derives primarily from operating leases and is accounted for on a straight-line basis over the entire term of the lease. The Company therefore retains substantially all the risks and rewards incidental to ownership of its investment properties.

In accordance with IAS 17, contingent rent amounts (stepped rents, rent holidays and other benefits granted to lessees) are recognised on a straight-line basis over the firm lease term, which is understood as the period during which the lessee has no right to cancel. These amounts therefore increase or reduce rental income for the period.

Initial lease payments received as a lump sum by the lessor are analysed as additional rent. As such, IAS 17 requires initial lease payments to be spread linearly over the firm lease term.

Termination fees are charged to tenants when they terminate the lease before the end of the contract term. These fees are accounted for as part of the lease agreement that was terminated and are taken to income in the year they are recognised.

When the lessor terminates a lease before its term, the lessor pays a termination fee to the tenant in place.

If payment of an early termination fee enables performance of the asset to be enhanced (as by replacing a tenant, increasing the rent and thereby the value of the asset), this expenditure may be capitalised. If not, this expenditure is expensed as incurred.

If an early termination fee is paid as part of major renovation or reconstruction work on a building that requires tenants to leave, this expenditure is capitalised and included in the cost price of the asset under development or redevelopment.

Leases in the financial statements with the Company as lessee

Leases of land or buildings and construction leases are classified either as finance leases or as operating leases on the same basis as leases of other assets.

These contracts are considered finance leases if they transfer virtually all risks and rewards incidental to ownership to the lessee; otherwise, they are considered operating leases.

An upfront payment on such a lease represents prepaid rent that is recognised in prepaid expenses and then spread over the term of the lease.

A specific analysis is carried out on each contract.

2.4.19 Gain (loss) on the disposal of investment assets

The gain or loss on disposal of Investment Properties is the difference between:

- the net selling price received and estimated provisions for rent guarantees granted;
- and the fair value of property sold on the closing date of the previous reporting period.

2.4.20 Adjustment to value of investment properties

Adjustments to the value of each property measured at fair value are recognised in the income statement under "Adjustment in value of investment properties" and are determined as follows:

Market value excluding transfer duties at the end of the period (taking into account the impact of stepped rents and rent holidays as measured by the appraiser) minus [Market value at the end of the previous period if the property was measured at fair value, or cost if the property is marked to market for the first time + amount of construction work and expenses eligible for capitalisation during the year + effect of deferral period for stepped rents and rent holidays net of the deferral of initial lease payments].

Impairment losses on each property measured at cost are recognised in the income statement under "Net impairment of investment properties measured at cost".

2.4.21 Borrowing costs or costs of interest-bearing liabilities

In accordance with revised IAS 23, borrowing costs directly attributable to the construction of qualifying assets are included in the cost of these assets.

Interest expenses attributable to programmes are capitalised as part of the cost of inventories or property assets under development and construction, during the construction phase of the asset, except in certain cases.

The cost of net financial debt includes interest incurred on borrowings including the amortisation of issuance expenses, and other financial liabilities, income from loans and advances to participating interests, gains on sale of marketable securities and the impact of interest-rate swaps used as interest-rate hedges.

Where there is a significant delay in the construction project, Management may decide, if the delay is unusually long, not to capitalise interest expenses attributable to the programme any longer. Management estimates the date at which the capitalisation of interest expenses may resume.

2.4.22 Discounting of payables and receivables

This line item shows the combined effect of discounting payables and receivables due in more than one year to present value.

2.4.23 Cash flow statement

The cash flow statement is presented using the indirect method permitted under IAS 7. Tax expense is shown as a single item in cash flows from operating activities. Interest paid is shown in cash flows from financing activities, and interest received is shown in cash flows from investing activities. Dividends paid are classified as cash flows from financing activities.

2.4.24 Operating segments

IFRS 8 – "Operating segments" requires the presentation of operating segments to reflect the Company's organisation and internal reporting system, which is presented in compliance with IFRS recognition and measurement principles. An operating segment represents an activity of the Company that incurs income and expenses, and whose operating income is regularly reviewed by the Company's Management and executive bodies. Each segment has isolated financial information.

The Company's internal reporting is based on an analysis of the period's results in accordance with:

- funds from operations (FFO[1]);
- changes in value (unrealised or realised), estimated expenses, and transaction costs.

According to these analytical criteria, operating income, including earnings from equity affiliates, is monitored on an operating segment basis.

In addition to operating income, asset book values (and certain related liabilities) are monitored by operating segment when they are directly related or can be allocated to a sector. They are considered economic assets of the sector in question.

The Company has the following operating segments:

- Retail: shopping centres completed or under development;
- Residential: residential property development;
- Business property: the property development, services and investment business.

Items under "Other" allow reconciliation of various reporting indicators with accounting indicators.

Borrowing costs, changes in the value of financial instruments and gains and losses from their disposal, taxes, and earnings from minority interests are not allocated by sector. Balance-sheet items such as financial assets and liabilities cannot be allocated, nor can deferred-tax assets corresponding to the recognition of tax losses.

As part of the Group's current operations:

1. Funds from operations (FFO)

This item measures the creation of wealth available for distribution from net income (Group share of FFO). Funds from operations are defined as net income, Group share (i.e. attributable to equity holders of the parent company), exclusive of changes in value, calculated expenses, and transaction costs.

The main aggregates of the **funds from operations** monitored by the Group in internal reports are:

- net income of the segment, including impairment of current assets:
  - Retail: net rental income,
  - Residential and Business property: net property income;
- net overhead expenses including the provision of services that offset a portion of overhead and operating expenses are defined as being personnel costs, other operating expenses, other income and other expenses for the sector and the expenses covered by reversals of provisions used;
- share of funds from joint ventures or associates' operations.

Net borrowing costs are the net borrowing costs excluding calculated expenses which correspond in particular to the spreading of bond issue costs and (shown in changes in value, calculated expenses and transaction fees).

Tax (FFO) is the tax due for the period excluding deferred tax and excluding tax due relating to changes in value (exit tax, etc.).

(1) *Fund From Operations.*

2. Changes in value, calculated expenses, and transaction costs

These changes in value measure the value created or realised by the Company during the period.

The relevant indicator for monitoring value is the change in going concern net asset value, to which funds from operations contribute. This management indicator is presented in detail in the business review.

The change in NAV is reconciled with the income statement as follows:

Prior year NAV

+ Funds from operations (FFO)

+ Changes in value, calculated expenses and transaction costs

- Dividend distribution

+ Capital increase

+/- Other reconciliation items

= Current-year NAV

The main aggregates of the **funds from operations** monitored by the Group in internal reports are:

- **Changes in value** which concern gains and losses from the Retail sector:
  - from asset disposals, and where applicable, extraordinary payments received and equivalent in economic terms to the value of the asset sold,
  - from the value of investment properties, including value adjustments for properties measured at fair value or held for sale as well as impairment losses of properties measured at cost;
- **Calculated expenses** include:
  - expenses or net allowances for the period related to share-based payments or other benefits granted to employees,
  - allowances for depreciation and amortisation net of reversals for non-current assets other than investment properties, including allowances relating to intangible assets or goodwill identified during business combinations,
  - allowances for non-current provisions net of used or unused reversals;
- **Transaction costs** include fees and other non-recurring expenses incurred from Corporate development projects that are ineligible for capitalisation (*e.g.*, expenses incurred from business combinations or equity investments, whether completed or not) or that are ineligible for inclusion under issuance costs (*e.g.* certain commissions incurred from capital management). Income and expenses outside the Company's going concerns are also included.

Also presented are **changes in value and income from disposal of financial instruments** representing adjustments in the value of financial instruments measured at fair value as well as the effect of discounting debt and receivables. Results from the disposal of financial instruments represent the balance for amounts incurred in the period from restructuring or cancelling financial instruments.

3. Minority interests line

The line relating to minority interests corresponds to the share of net income attributable to minority shareholders of subsidiaries divided between the share of the funds from operations (FFO) and the share attributable to minority shareholders of subsidiaries of changes in value, calculated expenses, transaction costs and deferred tax.

In exceptional transactions, leases are analysed in a highly specific way and the indicators presented above may have to be adjusted, i.e. reclassified to match the presentations in internal reports for greater clarity.

2.5 Changes in methods in 2018

2.5.1 IFRS 15 – Revenue from contracts with customers

On 22 September 2016, the European Union adopted IFRS 15, and on 31 October 2017 it adopted the corresponding clarifications. The Group did not apply this standard early as at 1 January 2017. It is mandatory from 1 January 2018.

The Group chose to implement the modified-retrospective transition approach starting on 1 January 2018. The cumulative effects of the transition are therefore included in equity at the opening of this financial year, i.e. on 1 January 2018. Therefore, the Group's financial statements presented in comparison with those of the period were not restated. However, the main aggregates of the annual consolidated financial statements are presented below as they would have been presented under IAS 18/IAS 11 (income statement by operating segment and operational working capital requirement).

The implementation of IFRS 15 was the result of a dedicated project within the Group, since all type of contracts concluded with customers were reviewed.

The main impacts on the Group's financial statements relate to revenue from property development sold off-plan under VEFA or CPI arrangements.

Application of the standard preserves the recognition of percentage-of-completion revenues for projects where control of the promised asset is transferred gradually over the lifetime of the project.

In fact, under an off-plan contract, the client obtains control of the asset in the course of its development. Under a CPI contract, the developer cannot make any other use of the property and has the right to be paid for construction work already carried out.

However, the methods for measuring the transfer of control (percentage of completion) change. Other elements of the cost price are now included in the calculation, including land-related costs.

The event giving rise to recognition of percentage-of-completion revenue thus becomes the purchase of the land combined with the signature of deeds of sale (notarised sales).

The method applied results in assessing the revenue and the net property income more rapidly than previously.

With regard to its presentation by operating segments, the Group shows the income from these ordinary activities by business segment: Retail, Residential or Business property. This breakdown is not affected by the application of IFRS 15, and is shown in the consolidated income statement by segment.

With regard to the principal-agent analysis, companies in the Retail business are responsible for organising the cleaning, maintenance, air-conditioning and security of the common areas and engage suppliers on behalf of their tenants. Suppliers are responsible for providing the services, establishing prices, and delivering the products. As Lessor, REITs define in the lease the terms and conditions for the services provided to the tenants and act as agent (they do not manage the services). The Group has not observed any impacts relating to the application of IFRS 15 on its Retail business.

2.5.2 IFRS 9 – Financial instruments

On 22 November 2016 the European Union adopted IFRS 9, whose application is mandatory, retrospectively, for financial years starting on or after 1 January 2018. This Standard defines new principles for the classification and measurement of financial instruments, impairments of financial assets for credit risks and hedge accounting.

The Group decided to implement this on profit or loss of hedge accounting but not to implement the hedge accounting proposed by IFRS 9, as was already the case for IAS 39.

The principles of application of IFRS 9 did not have any impact on the classification of financial assets and liabilities within the Group.

With respect to valuation, under IFRS 9, all borrowings and interest-bearing liabilities are initially recognised at the fair value, less directly attributable transaction costs. Thereafter, they are carried at amortised cost using the effective interest rate method.

Initial effective interest rates are determined by an actuary. In the event of renegotiation of financial liabilities contracts recognised at amortised cost, if quantitative and qualitative tests lead to the conclusion that there is no substantial change to the contractual cash flows, the Group will maintain the original initial effective interest rate and adjust the amortised cost of the liability in question, against the result. These applicable principles have no material impact on the retrospective treatment of change in past debt.

In addition, given the nature of its activities, the methods used to determine the impairment of the Group's receivables fall under the scope of IFRS 9, which introduces a model based on expected losses (versus the model of proven losses). Given its practices, the Group has not been required to revise its receivables impairment methodology and has no impact to recognise.

2.5.3 Impact of the application of IFRS 15 on the opening balance sheet at 1 January 2018

	31/12/2017	Impacts	01/01/2018
(€ millions)	Published	IFRS 15	Opening
NON-CURRENT ASSETS	**5,437.9**	**(19.2)**	**5,418.8**
Securities and investments in equity affiliates and unconsolidated interests	564.0	3.7	567.7
Deferred tax assets	79.0	(22.9)	56.1
Other non-current assets	4,795.0	–	4,795.0
CURRENT ASSETS	**3,154.8**	**(238.6)**	**2,916.2**
Net inventories and work in progress	1,288.8	(503.2)	785.6
Trade and other receivables	630.8	264.6	895.4
Other current assets	1,235.2	0.0	1,235.2
TOTAL ASSETS	**8,592.8**	**(257.8)**	**8,335.0**
EQUITY	**3,164.7**	**51.0**	**3,215.7**
Equity attributable to Altarea SCA shareholders	**1,904.8**	**45.7**	**1,950.4**
Capital	245.3	–	245.3
Other paid-in capital	563.2	–	563.2
Reserves	773.2	35.2	808.5
Income associated with Altarea SCA shareholders	323.0	10.4	333.4
Equity attributable to minority shareholders of subsidiaries	**1,259.9**	**5.3**	**1,265.2**
Reserves associated with minority shareholders of subsidiaries	911.8	2.0	913.8
Other equity components, Subordinated Perpetual Notes	195.1	–	195.1
Income associated with minority shareholders of subsidiaries	153.1	3.3	156.3
NON-CURRENT LIABILITIES	2,886.9	(0.2)	2,886.7
Non-current borrowings and financial liabilities	2,826.1	(0.0)	2,826.1
Long-term provisions	20.1	–	20.1
Deposits and security interests received	32.2	–	32.2
Deferred tax liability	8.6	(0.2)	8.3
CURRENT LIABILITIES	**2,541.1**	**(308.5)**	**2,232.6**
Current borrowings and financial liabilities	1,032.2	–	1,032.2
Derivative financial instruments	34.9	–	34.9
Accounts payable and other operating liabilities	1,460.3	(308.5)	1,151.8
Tax due	13.8	–	13.8
TOTAL LIABILITIES	**8,592.8**	**(257.8)**	**8,335.0**

2.5.4 Presentation of the income statement by segment and of operational working capital requirement at 31 December 2018: IFRS 15 versus the old standards (IAS 11 and IAS 18)

Consolidated income statement by segment

	31/12/2018			Impact of IFRS 15			31/12/2018 – Former method		
(€ 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	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Net retail income	**156.3**	**61.1**	**217.4**	**–**	**–**	**–**	**156.3**	**61.1**	**217.4**
Revenue	1844.1	–	1844.1	(2.6)	–	(2.6)	1846.7	–	1846.7
Cost of sales and other expenses	(1668.1)	–	(1668.1)	2.9	–	2.9	(1671.0)	–	(1671.0)
Net property income	176.0	–	176.0	0.3	–	0.3	175.7	–	175.7
Net overhead expenses	(61.1)	(11.8)	(72.9)	–	–	–	(61.1)	(11.8)	(72.9)
Share of equity-method affiliates	12.8	19.1	31.9	1.4	(0.5)	0.9	11.4	19.6	(31.0)
Net allowances for depreciation and impairment	–	(4.1)	(4.1)	–	–	–	–	(4.1)	(4.1)
Transaction costs	–	(1.7)	(1.7)	–	–	–	–	(1.7)	(1.7)
Net residential income	**127.7**	**1.5**	**129.2**	**1.7**	**(0.5)**	**1.3**	**126.0**	**2.0**	**128.0**
Revenue	317.7	–	317.7	28.6	–	28.6	289.0	–	289.0
Cost of sales and other expenses	(299.4)	–	(299.4)	(28.0)	–	(28.0)	(271.4)	–	(271.4)
Other income	–	–	–	–	–	–	–	–	–
Net property income	18.2	–	18.2	0.6	–	0.6	17.6	–	17.6
Net overhead expenses	0.4	(2.4)	(2.0)	–	–	–	0.4	(2.4)	(2.0)
Share of equity-method affiliates	78.2	(13.5)	64.7	16.5	(3.5)	13.0	61.7	(10.0)	51.7
Net allowances for depreciation and impairment	–	(1.4)	(1.4)	–	–	–	–	(1.4)	(1.4)
Transaction costs	–	–	–	–	–	–	–	–	–
Net business property income	**96.9**	**(17.3)**	**79.6**	**17.1**	**(3.5)**	**13.6**	**79.8**	**13.8**	**66.0**
Others (Corporate)	(3.0)	(10.0)	(13.0)	–	–	–	(3.0)	(10.0)	(13.0)
OPERATING INCOME	**377.9**	**35.3**	**413.2**	**18.9**	**(4.0)**	**14.9**	**359.0**	**39.3**	**398.3**
Net borrowing costs	(41.0)	(9.6)	(50.5)	–	–	–	(41.0)	(9.6)	(50.5)
Other financial results	–	2.1	2.1	–	–	–	–	2.1	2.1
Discounting of debt and receivables	–	(0.2)	(0.2)	–	–	–	–	(0.2)	(0.2)
Change in value and income from disposal of financial instruments	–	(38.2)	(38.2)	–	–	–	–	(38.2)	(38.2)
Net gain/(loss) on disposal of investments	–	(2.2)	(2.2)	–	–	–	–	(2.2)	(2.2)
Dividend	0.0	–	0.0	–	–	–	0.0	–	0.0
PROFIT BEFORE TAX	**336.9**	**(12.7)**	**324.2**	**18.9**	**(4.0)**	**14.9**	**318.1**	**(8.7)**	**309.4**
Corporate income tax	(8.4)	(28.0)	(36.4)	–	1.6	1.6	(8.4)	(29.6)	(38.0)
NET INCOME	**328.6**	**(40.7)**	**287.8**	**18.9**	**(2.4)**	**16.5**	**309.7**	**(38.3)**	**(271.4)**
Minority shares in continued operations	(52.4)	19.8	32.6	(1.8)	0.0	(1.8)	(50.6)	19.8	(30.8)
NET INCOME, GROUP SHARE	**276.2**	**(20.9)**	**255.3**	**17.1**	**(2.4)**	**14.7**	**259.1**	**18.5**	**240.6**
Diluted average number of shares	15,992,352	15,992,352	15,992,352	15,992,352	15,992,352	15,992,352	15,992,352	15,992,352	15,992,352
NET INCOME PER SHARE, GROUP SHARE	**17.27**	**(1.31)**	**15.96**	**1.07**	**(0.15)**	**0.92**	**16.20**	**(1.16)**	**15.04**

Operational working capital requirement

(€ millions)	31/12/2018	Impacts IFRS 15	31/12/2018 Former method
Net inventories and work in progress	**986.4**	**(546.6)**	**1,533.1**
Net trade receivables	573.2	278.6	294.6
Other operating receivables net	433.0	(22.6)	455.6
Trade and other operating receivables net	**1,006.2**	**256.0**	**750.2**
Trade payables	(730.8)	(2.0)	(728.8)
Other operating payables	(511.0)	363.4	(874.4)
Trade payables and other operating liabilities	**(1,241.8)**	**361.4**	**(1,603.1)**
OPERATIONAL WCR	**750.9**	**70.8**	**680.1**

2.6 Change in presentation

Up to 31 December 2017, the Group showed in “Other income and expenses” the lessor’s contributions to the centres’ marketing funds, as well as non-capitalised construction work not passed on to the tenants. These amounts are now reclassified as “Other expenses” in “Net rental income”.

This changed presentation was applied retrospectively.

The impacts at 31 December 2017, within the comprehensive income statement, are given below.

(€ millions)	31/12/2017 Published	Impacts	31/12/2017 Adjusted
Rental income	188.4	–	188.4
Property expenses	(4.6)	–	(4.6)
Unrecoverable rental expenses	(8.1)	–	(8.1)
Other expenses	1.7	(2.3)	(0.6)
Net charge to provisions for current assets	(2.8)	–	(2.8)
Net rental income	**174.7**	**(2.3)**	**172.4**
Net property income	**161.9**	**–**	**161.9**
Net overhead expenses	**(85.0)**	**–**	**(85.0)**
Other income and expenses	(3.8)	2.3	1.5
Depreciation expenses	(0.8)	–	(0.8)
Transaction costs	(1.4)	–	(1.4)
Others	**(6.0)**	**2.3**	**(3.7)**
Net gain/(loss) on disposal of investment assets	**9.9**	**–**	**9.9**
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**454.5**	**–**	**454.5**
Share in earnings of equity-method affiliates	44.0	–	44.0
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**498.6**	**–**	**498.6**
Profit before tax	**498.5**	**–**	**498.5**
Income tax	(22.5)	–	(22.5)
NET INCOME	**476.1**	**–**	**476.1**
of which attributable to shareholders of Altarea SCA	**323.0**	**–**	**323.0**
of which Attributable to minority interests in subsidiaries	153.1	–	153.1
Average number of non-diluted shares	15,436,934	–	15,436,934
Net income per share attributable to shareholders of Altarea SCA *(€)*	**20.92**	**–**	**20.92**
Diluted average number of shares	15,608,950	–	15,608,950
Diluted net income per share attributable to shareholders of Altarea SCA *(€)*	**20.69**		**20.69**

NOTE 3 INFORMATION ON OPERATING SEGMENTS

3.1 Balance sheet items by operating segment

At 31 December 2018

(€ millions)	Retail	Residential	Business property	Others	Total
Operating assets and liabilities					
Intangible assets	17.3	262.7	21.5	12.3	313.7
Property, plant and equipment	1.7	12.6	4.7	1.7	20.6
Investment properties	4,488.6	–	37.6	–	4,526.2
Securities and receivables in equity affiliates and unconsolidated interests	86.3	172.1	136.9	–	395.3
Operational working capital requirement	23.7	724.1	14.7	(11.6)	750.9
TOTAL OPERATING ASSETS AND LIABILITIES	**4,617.6**	**1,171.5**	**215.4**	**2.3**	**6,006.8**

At 31 December 2017

(€ millions)	Retail	Residential	Business property	Others	Total
Operating assets and liabilities					
Intangible assets	17.0	212.2	21.5	7.8	258.5
Property, plant and equipment	2.1	9.5	5.0	1.9	18.5
Investment properties	4,470.5	–	(38.3)	–	4,508.7
Securities and receivables in equity affiliates and unconsolidated interests	177.5	160.5	226.0	–	564.0
Operational working capital requirement	38.7	560.3	(2.1)	(0.1)	596.8
TOTAL OPERATING ASSETS AND LIABILITIES	**4,705.6**	**942.6**	**288.7**	**9.5**	**5,946.4**

3.2 Consolidated income statement by operating segment

See consolidated income statement by segment in the financial statements.

3.3 Reconciliation of the consolidated income statement and of the consolidated income statement by operating segment

	31/12/2018			31/12/2017 adjusted		
(€ 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	188.9	–	188.9	188.4	–	188.4
Property expenses	(5.4)	–	(5.4)	(4.6)	–	(4.6)
Unrecoverable rental expenses	(11.1)	–	(11.1)	(8.1)	–	(8.1)
Other expenses	(2.5)	–	(2.5)	(0.6)	–	(0.6)
Net charge to provisions for current assets	(2.8)	–	(2.8)	(2.8)	–	(2.8)
Net rental income	**167.1**	**–**	**167.1**	**172.4**	**–**	**172.4**
Revenue	2,164.9	–	2,164.9	1,715.9	–	1,715.9
Cost of sales	(1,848.8)	0.0	(1,848.8)	(1,464.8)	0.0	(1,464.8)
Other income	–	–	–	12.4	–	12.4
Selling expenses	(111.7)	–	(111.7)	(81.6)	–	(81.6)
Net charge to provisions for current assets	(9.3)	(0.1)	(9.4)	(10.7)	(3.8)	(14.5)
Amortisation of customer relationships	–	–	–	–	(5.5)	(5.5)
Net property income	**195.1**	**(0.0)**	**195.0**	**171.2**	**(9.3)**	**161.9**
External services	51.8	–	51.8	35.2	–	35.2
Own work capitalised and production held in inventory	160.6	–	160.6	166.4	–	166.4
Personnel costs	(192.7)	(21.0)	(213.8)	(183.0)	(17.9)	(200.9)
Other overhead expenses	(96.1)	(0.6)	(96.7)	(79.9)	(0.2)	(80.1)
Depreciation expenses on operating assets	–	(9.6)	(9.6)	–	(5.6)	(5.6)
Net overhead expenses	**(76.4)**	**(31.2)**	**(107.6)**	**(61.4)**	**(23.6)**	**(85.0)**
Other income and expenses	(10.7)	–	(10.7)	1.5	–	1.5
Depreciation expenses	–	(1.7)	(1.7)	–	(0.8)	(0.8)
Transaction costs	–	(8.9)	(8.9)	–	(1.4)	(1.4)
Others	**(10.7)**	**10.6**	**(21.2)**	**1.5**	**(2.2)**	**(3.7)**
Proceeds from disposal of investment assets	–	46.5	46.5	–	80.0	80.0
Carrying amount of assets sold	–	(42.1)	(42.1)	–	(68.6)	(68.6)
Net charge to provisions for risks and contingencies	–	–	–	–	1.5	1.5
Net gain/(loss) on disposal of investment assets	**–**	**4.4**	**4.4**	**–**	**9.9**	**9.9**
Change in value of investment properties	–	(89.7)	(89.7)	–	198.7	198.7
Net impairment losses on investment properties measured at cost	–	(9.7)	(9.7)	–	(1.4)	(1.4)
Net impairment losses on other non-current assets	–	(0.6)	(0.6)	–	0.4	0.4
Net charge to provisions for risks and contingencies	–	(0.2)	(0.2)	–	1.4	1.4
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**275.1**	**(137.6)**	**137.5**	**280.6**	**173.9**	**454.5**
Share in earnings of equity-method affiliates	82.6	(23.6)	59.0	42.7	1.3	44.0
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**357.7**	**(161.3)**	**196.5**	**323.4**	**175.2**	**498.6**
Net borrowing costs	(41.0)	(9.6)	(50.5)	(38.4)	(5.9)	(44.3)
Financial expenses	(57.2)	(9.6)	(66.8)	(54.1)	(5.9)	(60.0)
Financial income	16.2	0.0	16.2	15.7	0.0	15.7
Other financial results	–	2.1	2.1	4.0	4.7	8.8
Change in value and income from disposal of financial instruments	–	(38.2)	(38.2)	–	2.9	2.9
Discounting of debt and receivables	–	(0.2)	(0.2)	–	(0.3)	(0.3)
Net gain/(loss) on disposal of investments[(a)]	20.1	194.4	214.5	32.6	0.1	32.6
Dividend	0.0	–	0.0	0.2	–	0.2
Profit before tax	**336.9**	**(12.7)**	**324.2**	**321.8**	**176.7**	**498.5**
Income tax	(8.4)	(28.0)	(36.4)	(15.4)	(7.0)	(22.5)
NET INCOME	**328.6**	**(40.7)**	**287.8**	**306.4**	**169.7**	**476.1**
o/w Net income attributable to Altarea SCA shareholders	276.2	(20.9)	255.3	256.3	66.7	323.0
o/w Net income attributable to minority interests in subsidiaries	52.4	19.8	32.6	(50.1)	(102.9)	153.1
Average number of non-diluted shares	15,791,325	15,791,325	15,791,325	15,436,934	15,436,934	15,436,934
NET INCOME PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF ALTAREA SCA *(€)*	**17.49**	**1.33**	**16.17**	**16.60**	**4.32**	**20.92**
Diluted average number of shares	15,992,352	15,992,352	15,992,352	15,608,950	15,608,950	15,608,950
DILUTED NET INCOME PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF ALTAREA SCA *(€)*	**17.27**	**(1.31)**	**15.96**	**16.42**	**4.28**	**20.69**

(a) Gains or losses on disposals of equity interests are reallocated to each of the activities concerned by the gains or losses when it relates to an investment previously consolidated or a share of the equity-method affiliates when the equity disposed of was previously in an equity-method company.

3.4 Revenue by geographical region and operating segment

By geographical region

	31/12/2018					31/12/2017				
(€ millions)	France	Italy	Spain	Others	Total	France	Italy	Spain	Others	Total
Rental income	164.1	14.9	9.9	–	188.9	163.9	14.7	9.8	–	188.4
External services	19.3	0.3	0.3	–	19.9	17.2	0.3	0.3	–	17.8
Revenues from net property income	3.1	–	–	–	3.1	2.0	–	–	–	2.0
Retail	**186.4**	**15.3**	**10.2**	**–**	**211.9**	**183.1**	**15.0**	**10.1**	**–**	**208.1**
Revenue	1,844.1	–	–	–	1,844.1	1,422.4	–	–	–	1,422.4
External services	4.1	–	–	–	4.1	2.0	–	–	–	2.0
Residential	**1,848.2**	**–**	**–**	**–**	**1,848.2**	**1,424.4**	**–**	**–**	**–**	**1,424.4**
Revenue	317.7	–	–	–	317.7	291.6	–	–	–	291.6
External services	26.9	–	–	0.6	27.5	14.4	–	–	0.6	15.0
Business property	**344.6**	**–**	**–**	**0.6**	**345.2**	**306.0**	**–**	**–**	**0.6**	**306.6**
Other (Corporate)	0.2	–	–	–	0.2	0.4	–	–	–	0.4
TOTAL	**2,379.5**	**15.3**	**10.2**	**0.6**	**2,405.6**	**1,913.8**	**15.0**	**10.1**	**0.6**	**1,939.5**

In 2018, no single client accounted for more than 10% of the Group's revenues.

The application of IFRS 15 on January, 1st 2018, has no impact on the revenue by geogaphical region.

NOTE 4 MAJOR EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 Major events

First S&P Global credit rating: BBB

In June 2018, the S&P Global rating agency assigned to the Altarea Cogedim Group a BBB rating with a stable outlook.

S&P Global also assigned a BBB credit rating to Altareit, the Group's subsidiary combining all its property development businesses. Following this rating, Altareit raised €350 million with a maturity of 7 years, thus becoming the first property developer to issue a public bond in continental Europe.

Scope projects

In July, the Group continued its diversification strategy by acquiring the remaining capital of Histoire & Patrimoine, a specialist in urban building renovation and redevelopment[(1)].

Furthermore, at the end of July, the Group sold to Crédit Agricole Assurances its 33.34% stake in Semmaris, the operator of the Rungis market[(2)].

Deployment on large mixed-use projects

In 2018, Altarea Cogedim confirmed its position as the French leader in urban renewal projects, being awarded two new major projects:

- Joia Méridia in Nice, a quarter of 74,000 m^2 (total surface area), 48,000 m^2 of which for the Group which will offer 630 residential units, 4,700 m^2 of shops and local services;
- a project of more than 130,000 m^2 with a main retail component in the district of Les Gassets in Marne-la-Vallée (Val d'Europe) close to Disneyland Paris®, and for which planning is currently in the final stages.

Four other major projects under development already made significant progress in 2018:

- leasing of the Issy Cœur la Ville residential units has started with delivery in 2022;
- start of work in the Toulouse Aerospace – Place Central district, located on the iconic former Aéropostale site. Delivery of this project will be staggered between 2019 and 2021;
- start of the construction of Bezons Cœur de Ville, with delivery planned in 2021;
- gain of the retail authorization for Bobigny La Place and sale of the cinemas.

Residential: Among the Top 3 French residential developers

The Group entrenched its position among the Top 3 French residential developer with a market share of 7.6% in 2018[(3)]. With 11,782 units sold, new housing orders increased by 11% year-on-year, the total value was €2.9 billion, an increase of 5% in volume.

Business property: major sales and strong performance

As both a property developer and medium-term investor in Business property, the Group manages a portfolio of 60 projects representing a potential value of €4.4 billion as at 31 December 2018.

During the year, the Group sold two of the largest Grand Paris Office projects with the sale to Sogecap of the Kosmo building, in Neuilly-sur-Seine, the future world headquarters of Parfums Christian Dior and the sale to CNP Assurances of the Richelieu building in Paris, the future head office of Altarea Cogedim.

The Group also confirmed the deployment of its Logistics activity launched in 2017. The 11 projects being developed represent a potential value of €403 million.

Retail: progress on the pipeline and very good readings on operating indicators

This year, the Group accelerated its development in travel retail with:

- the opening of the first tranche of retail outlets in Paris-Montparnasse railway station;
- the opening of Oxygen in La Defense, an innovative travel retail concept at the exit of the RER A train line and line 1 of the Paris metro;
- the award of the bid launched by Ferrovie Dello Stato Italiane and Rete Ferroviaria Italia, for the management and renovation-extension of the retail areas in five Italian railway stations.

The Group also entered the last phase of the project to extend Cap 3000 which will be completed at the end of 2019.

At the end of 2018, the Group's portfolio stood at €4.6 billion including transfer duties (€3.1 billion Group share) for 37 assets.

The portfolio's operating indicators (financial vacancy rate and bad debt ratio) remain excellent, with growth of 1.7% in fully expensed net rental income on a like-for-like basis.

(1) The Group acquired 55% of the capital of Histoire & Patrimoine in June 2014. Since 1 July 2018, this business is fully consolidated (previously accounted for by the equity-method) and its sales performance integrated into the residential property division.

(2) Shareholding held by Altareit, a subsidiary 99.85% held by Altarea Cogedim and listed on Euronext Paris (AREIT) combining the Group's Residential and Business property Development businesses. (See chapter on Consolidated results in this report, and see press release of 27 July 2018 available on the Group's website)

(3) 155,000 units ordered in France (-6.1% vs 2017) - Ministry of Territorial Cohesion and Local Government Relations for retail sales and Federation of Property Developers for block sales (estimated block sales in 2018).

4.2 Consolidation scope

The main companies within the scope of consolidation, selected by revenue and total assets criteria, are as follows:

			31/12/2018			31/12/2017		
COMPANIES	SIREN		Method	Interest	Consolidation	Method	Interest	Consolidation
ALTAREA SCA	335480877	parent company	FC	100.0%	100.0%	FC	100.0%	100.0%
Retail France								
ALTAREA FRANCE	324814219		FC	100.0%	100.0%	FC	100.0%	100.0%
ALDETA SAS	311765762		FC	33.3%	100.0%	FC	33.3%	100.0%
ALTA BLUE SAS	522193796		FC	33.3%	100.0%	FC	33.3%	100.0%
ALTAREA PROMOTION COMMERCE SNC	420490948		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA CRP AUBERGENVILLE SNC	451226328		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA AUSTERLITZ SNC	812196616		FC	100.0%	100.0%	FC	100.0%	100.0%
BERCY VILLAGE SCI	384987517		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CARRÉ DE SOIE SCI	449231463	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
FONCIÈRE ALTAREA SAS	353900699		FC	100.0%	100.0%	FC	100.0%	100.0%
Société d'Aménagement de la GARE de L'EST SNC	481104420		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CRP GENNEVILLIERS SNC	488541228		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA GRAMONT SAS	795254952		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CRP GUIPAVAS SNC	451282628		FC	100.0%	100.0%	FC	100.0%	100.0%
CENTRE COMMERCIAL DU KB SNC	485045876		FC	65.0%	100.0%	FC	65.0%	100.0%
LIMOGES INVEST SCI	488237546		FC	100.0%	100.0%	FC	75.0%	100.0%
SCI MACDONALD COMMERCES	524049244	affiliate	EM	50.0%	50.0%	EM	50.0%	50.0%
ALTAREA MANAGEMENT	509105375		FC	100.0%	100.0%	FC	100.0%	100.0%
SOCIÉTÉ DU CENTRE COMMERCIAL MASSY SNC	950063040		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA-MONTPARNASSE SNC	524049244		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC RETAIL PARK LES VIGNOLES	512086117		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA ORGEVAL SNC	795338441		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC AVENUE PAUL LANGEVIN	428272751		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA Qwartz	433806726		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA CRP RUAUDIN SNC	451248892		FC	100.0%	100.0%	FC	100.0%	100.0%
CENTRE COMMERCIAL DE THIAIS SNC	479873234		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA CRP LA VALETTE SNC	494539687		FC	51.0%	100.0%	FC	51.0%	100.0%
Retail Italy								
ALTABASILIO SRL	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTACERRO SRL	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA ITALIA SRL	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
Retail Spain								
ALTAREA ESPANA S.L	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA PATRIMAE S.L	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
Diversification								
SEMMARIS	662012491	affiliate	NI	0.0%	0.0%	EM	33.3%	33.3%
Residential								
ALTAREIT SCA	552091050		FC	99.9%	100.0%	FC	99.9%	100.0%
Altarea Cogedim IDF Grande Métropole	810928135		FC	99.9%	100.0%	FC	99.9%	100.0%
Altarea Cogedim Grands Projets	810926519		FC	99.9%	100.0%	FC	99.9%	100.0%
Altarea Cogedim Régions	810847905		FC	99.9%	100.0%	FC	99.9%	100.0%
MARSEILLE MICHELET SNC	792774382		FC	99.9%	100.0%	FC	99.9%	100.0%
MASSY GRAND OUEST SNC	793338146		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTA FAUBOURG SAS	444560874		FC	99.9%	100.0%	FC	99.9%	100.0%

			31/12/2018			31/12/2017		
COMPANIES	SIREN		Method	Interest	Consolidation	Method	Interest	Consolidation
HP SAS FC	480309731		FC	99.9%	100.0%	EM	55.6%	55.6%
HP ALBATROS FC	803307354		FC	99.9%	100.0%	EM	46.1%	46.2%
SNC HORIZONS FC	825208093		FC	99.9%	100.0%	EM	55.6%	55.6%
Altarea Cogedim ZAC VLS (SNC)	811910447		FC	99.9%	100.0%	FC	99.9%	100.0%
PPP/DOMAINE VICTORIA	530593748		FC	71.9%	100.0%	NI	0.0%	0.0%
SNC VITROLLES LION1	811038454		FC	99.9%	100.0%	FC	99.9%	100.0%
PITCH PROMOTION SAS (ex Alta Favart SAS)	450042338		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV SEVRAN FREINVILLE	801560079		FC	59.9%	100.0%	FC	59.9%	100.0%
SCCV SAINT CYR COEUR DE PLAINE	813335148		FC	79.9%	100.0%	FC	79.9%	100.0%
SCCV MONTMAGNY COEUR DE VILLE	813523875		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV ANDRESY CHÂTEAUBRIANT	838432094		FC	74.9%	100.0%	NI	0.0%	0.0%
SCCV BEZONS COEUR DE VILLE A1 & A2-LOGEMENTS	819929845		FC	92.4%	100.0%	FC	92.4%	100.0%
SCCV GIF MOULON A4	830886115		FC	25.0%	100.0%	FC	25.0%	100.0%
SCCV GIF MOULON B4/B5	831101100	affiliate	EM	25.0%	25.0%	EM	25.0%	25.0%
SNC TOULOUSE TMA PLACE CENTRALE	821922564		FC	99.9%	100.0%	FC	99.9%	100.0%
PITCH PROMOTION SNC	422989715		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC VALOR 2015	811425222		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV LE BELVEDERE DES CAILLOLS 2007	499458305	affiliate	EM	49.9%	50.0%	EM	49.9%	50.0%
SCCV ROMAINVILLE NEO PARC	798508263	affiliate	EM	50.9%	51.0%	EM	50.9%	51.0%
SCCV LIEUSAINT LOTS 3 ET 4	808319206	affiliate	EM	50.9%	51.0%	EM	50.9%	51.0%
SCCV DOMAINE PARISIS T1	798065959	affiliate	EM	49.9%	50.0%	EM	49.9%	50.0%
SCCV LACASSAGNE BRICKS	817783749	affiliate	EM	50.9%	51.0%	EM	50.9%	51.0%
SCCV ISTRES TRIGANCE ILOT A2	812621324		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV CAP AU SUD 2015	812481224		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV BAGNOLET ALLENDE	821889151	affiliate	EM	48.9%	49.0%	EM	48.9%	49.0%
SAS MB TRANSACTIONS	425039138		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM GESTION	380375097		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COVALENS	309021277		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM PARIS METROPOLE	319293916		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC CORESI	380373035		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM GRAND LYON	300795358		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM MÉDITERRANÉE	312347784		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM PROVENCE	442739413		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM MIDI-PYRÉNÉES	447553207		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM GRENOBLE	418868584		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM SAVOIES-LEMAN	348145541		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM AQUITAINE	388620015		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM ATLANTIQUE	501734669		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM LANGUEDOC-ROUSSILLON	532818085		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM EST	419461546		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM SAS	54500814		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC SURESNES MALON	832708663	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
SCCV ANNEMASSE FOSSARD	803779438		FC	79.9%	100.0%	FC	79.9%	100.0%
SCCV RADOIRE ORDET	808870323		FC	79.9%	100.0%	FC	79.9%	100.0%

			31/12/2018			31/12/2017		
COMPANIES	SIREN		Method	Interest	Consolidation	Method	Interest	Consolidation
SCCV 62 CORNICHE FLEURIE	818641383		FC	54.9%	100.0%	FC	54.9%	100.0%
SNC PROVENCE L'ÉTOILE	501552947		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV PARIS CAMPAGNE PREMIÈRE	530706936		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV PANTIN MEHUL	807671656		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV PORTE DE DESMONT	811049626	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
SCCV BOBIGNY PARIS	812846525		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV ALFORTVILLE MANDELA	814412391		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV JOINVILLE PARIS LIBERTE	814629655		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV RUEIL BONAPARTE MANET	817961196		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV CHAMPIGNY LA BOULONNERIE	819546185		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV BAGNEUX BOURG LA REINE	820201341		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV MALAKOFF PAUL BERT	821555992		FC	50.0%	100.0%	FC	50.0%	100.0%
SCCV HORLOGE VAILLANT A1	822204038	joint venture	EM	50.9%	51.0%	EM	50.9%	51.0%
SCCV CHAMPIGNY ALEXANDRE FOURNY	829377894		FC	50.0%	100.0%	EM	50.0%	50.1%
SCCV QUAI DE SEINE A ALFORTVILLE	803321942	joint venture	EM	48.9%	49.0%	EM	48.9%	49.0%
SCCV STRASBOURG RUE DE COLMAR	822392262		FC	84.9%	100.0%	FC	84.9%	100.0%
Business property								
ALTAREA COGEDIM ENTREPRISE PROMOTION SNC	535056378		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA COGEDIM ENTREPRISE ASSET MANAGEMENT SNC	534207386		FC	99.9%	100.0%	FC	99.9%	100.0%
ACEP INVEST 2 CDG NEUILLY/EX ACEP INVEST 4	794194274	affiliate	NI	0.0%	0.0%	EM	16.6%	16.7%
AF INVESTCO ARAGO (SNC)	494382351	affiliate	EM	30.1%	30.1%	EM	30.1%	30.1%
AF INVESTCO 4 (SNC)	798601936	affiliate	EM	58.3%	58.4%	EM	58.3%	58.4%
ALTA VAI HOLDCO A (ex Salle Wagram, ex Théâtre de l'Empire)	424007425		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAFUND General Partner sarl	NA		FC	99.9%	100.0%	FC	99.9%	100.0%
ISSY PONT SCI	80486596	joint venture	EM	25.0%	25.0%	EM	25.0%	25.0%
PASCALPROPCO (SAS)	437929813	affiliate	EM	15.0%	15.1%	EM	15.0%	15.1%
SNC 118 RUE DE TOCQUEVILLE	804088219	affiliate	EM	49.9%	50.0%	EM	49.9%	50.0%

4.3 Changes in consolidation scope

(in number of companies)	31/12/2017	Acquisition	Creation	Sale	Absorption, dissolution, deconsolidation	Change in consolidation method	31/12/2018
Fully consolidated subsidiaries	370	2	24.	(1)	(70)	26	351
Joint ventures*	96		18	(4)	(9)	(2)	99
Affiliates*	107	1	8	(6)	(1)	(24)	85
TOTAL	**573**	**3**	**50**	**(11)**	**(80)**	**–**	**535**

* *Companies accounted for using the equity method.*

4.3.1 Detail of net acquisitions of consolidated companies, net of cash

(€ millions)	31/12/2018	31/12/2017
Investments in consolidated securities	(54.5)	(0.5)
Liabilities on acquisition of consolidated participating interests	1.4	–
Cash of acquired companies	7.6	0.0
TOTAL	**(45.6)**	**(0.5)**

The Group notably acquired:

- on 17 July 2018, the remaining balance of the capital of Histoire & Patrimoine, having already held 55.6%. Histoire & Patrimoine is a specialist in renovation and redevelopment, with a niche offering in tax-relief products (Historical Monuments, Malraux Law Properties and Real Estate Tax Losses). Histoire & Patrimoine is therefore fully consolidated as from this date (previously using the equity method);
- the company SND, holding 25% of the securities of the Company carrying the Family Village centre in Limoges. The latter is now 100% held by the Group.

4.3.2 Detail of disposals of consolidated companies, net of cash disposed of

During the financial year, the Group disposed of:

- the Kosmo office building in Neuilly-sur-Seine, sold to Sogecap (Société Générale Insurance); project held 16.7% through its AltaFund funds;
- its 33.34% shareholding in Semmaris, the operator of the Rungis market which it holds through its subsidiary Alta Rungis. At the end of July, the Group sold 85% of the securities it held in Alta Rungis (now Predi Rungis), at a price valuing 100% of Semmaris at €750 million (€250 million Group share).

4.4 Business combinations

On 17 July 2018, through its subsidiary Alta Faubourg, the Group acquired the remaining capital of Histoire & Patrimoine, a specialist in urban building renovation and redevelopment.

Histoire & Patrimoine thus becomes a wholly-owned subsidiary of the Group.

From the second half of 2018, Histoire & Patrimoine is fully consolidated (previously accounted for by the equity method) and its sales performance is incorporated into the residential Property Development division.

The acquisition price of the minority interest in this company is €33.0 million.

In accordance with IFRS 3 "Business combinations", this acquisition has given rise to the recognition at fair value of the share previously held by the Group, and the recognition of 100% of the assets and liabilities of Histoire & Patrimoine. No contingent liabilities were identified.

The revaluation of the share previously held technically generated a sale gain of €20.6 million.

The goodwill recorded is definitive and was allocated to the Group's Residential business.

4.5 Securities and investments in equity affiliates and unconsolidated interests

In application of IFRS 10, 11 and 12, the following are recognised under securities and receivables on equity affiliates, investments in joint ventures and associated companies, including receivables from these holdings.

4.5.1 Equity-accounting value of joint ventures and affiliates and related receivables

(€ millions)	31/12/2018	31/12/2017
Equity-accounting value of joint ventures	62.9	86.7
Equity-accounting value of affiliated companies	101.3	141.7
Value of stake in equity-method affiliates	**164.2**	**228.5**
Non-consolidated securities	**33.3**	**1.2**
Receivables from joint ventures	79.5	103.4
Receivables from affiliated companies	118.4	230.9
Receivables from equity-method subsidiaries and non-consolidated interests	**197.9**	**334.3**
TOTAL SECURITIES AND RECEIVABLES IN EQUITY AFFILIATES AND UNCONSOLIDATED INTERESTS	**395.3**	**564.0**

4.5.2 Main balance sheet and income statement items of joint ventures and affiliates

(€ millions)	Joint venture	Affiliate	31/12/2018	Joint venture	Affiliate	31/12/2017
Balance sheet items, Group share:						
Non-current assets	112.3	207.0	319.3	143.2	436.6	579.8
Current assets	231.1	259.1	490.2	223.7	286.6	510.4
Total Assets	**343.4**	**466.1**	**809.5**	**367.0**	**723.2**	**1,090.2**
Non-current liabilities	98.8	180.2	279.0	99.8	311.7	411.6
Current liabilities	181.7	184.6	366.3	180.5	269.7	450.2
Total Liabilities	**280.5**	**364.8**	**645.3**	**280.3**	**581.5**	**861.8**
Net assets (equity-accounting basis)	**62.9**	**101.3**	**164.2**	**86.7**	**141.7**	**228.5**
Share of income statement items, Group share:						
Operating income	**1.5**	**88.5**	**90.0**	**19.1**	**33.6**	**52.7**
Net borrowing costs	1.5	(2.3)	(3.7)	(1.9)	(1.4)	(3.4)
Change in value of hedging instruments	(0.3)	(1.0)	(1.3)	0.5	(0.1)	0.3
Proceeds from the disposal of investments	–	–	–	–	0.0	0.0
Dividend	–	–	–	(0.0)	0.2	0.2
Net income before tax	**(0.3)**	**85.2**	**(85.0)**	**17.6**	**32.3**	**49.9**
Corporate income tax	(2.4)	(23.6)	(26.0)	1.9	(7.8)	(5.9)
Net income after tax, Group share	**(2.7)**	**61.6**	**59.0**	**19.6**	**24.5**	**44.0**
Non-Group net income	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net income, Group share	(2.7)	61.6	59.0	(19.4)	24.4	44.0

Group revenues from joint ventures amounted to €7.8 million for the year to 31 December 2018, compared with €12.6 million for 2017.

Group revenues from associates amounted to €34.0 million for the year to 31 December 2018, compared with €16.3 million for 2017.

4.5.3 Commitments given or received in connection with joint ventures (in Group share)

Commitments given

Cogedim Résidences Services undertook to pay rent in connection with the leasing of the Résidences Services Cogedim Club®. In exchange, Cogedim Résidences Services receives the lease payments of the sub-lessees.

Construction work completion guarantees and guarantees on forward payments for assets were given in connection with the property development business, for Group shares of €27.0 and €18.0 million respectively.

Commitments received

As of 31 December 2018, the main commitments received by the joint ventures relate to guarantees received from tenants in the amount €0.2 million.

NOTE 5 RESULT

5.1 Operating income

5.1.1 Net rental income

Net rental income includes all the expenses relative to the assets (lessor's contributions to marketing costs and the cost of non-capitalised works not reinvoiced to tenants).

Net rental income was €167.1 million in 2018 as against €172.4 million in 2017, i.e. a drop of 3.1% (pro forma 2017 is given in paragraph 2.6 "Change in presentation").

5.1.2 Net property income

The Altarea Group's net property income came to €195.0 million at 31 December 2018 as against €161.9 million in 2017, i.e. an increase of €33.1 million (+ 20.4%).

5.2 Cost of net financial debt and other financial items

5.2.1 Cost of net financial debt

(€ millions)	31/12/2018	31/12/2017
Bond and bank interest expenses	(55.1)	(56.2)
Interest on partners' advances	(0.8)	(1.1)
Interest rate on hedging instruments	(9.8)	(4.4)
Non-use fees	(3.4)	(3.3)
Other financial expenses	(0.4)	(0.6)
Capitalised interest expenses	12.4	11.4
FFO financial expenses	**(57.2)**	**(54.1)**
Interest on partners' advances	(12.2)	7.3
Other interest income	0.8	0.8
Interest income on bank current accounts	0.0	0.0
Interest rate on hedging instruments	3.2	7.7
FFO financial income	**16.2**	**15.7**
FFO NET BORROWING COSTS	**(41.0)**	**(38.4)**
Spreading of bond issue costs and other estimated charges[(a)]	(9.6)	(5.9)
ESTIMATED FINANCIAL EXPENSES	**(9.6)**	**(5.9)**
NET BORROWING COSTS	**(50.5)**	**(44.3)**

(a) Relates mainly to the deferral in accordance with the amortised cost method of the issue costs of borrowings and bond issue premiums in accordance with IFRS 9 for €-7.5 million.

Capitalised interest expenses relate only to companies carrying an asset under development or construction (shopping centres and Residential and Business property segments) and are deducted from interest paid to credit institutions.

The capitalisation rate used to determine the amounts of borrowing costs that may be included in the carrying amount of assets is the interest rate on financing assigned specifically to asset development or, if there is no specific financing, to the average cost of debt borne by the Company and not assigned specifically to another purpose.

The Group's average cost of financing was 1.94% in 2018, including margin, compared with 1.75% in 2017.

5.2.2 Other financial results

Other financial results relate to the favourable resolution of a dispute regarding financial instruments in 2017 and 2018.

5.2.3 Impact of result of financial instruments

Changes in value of financial instruments and gains and losses on their disposal resulted in a net expense of €38.2 million in 2018 compared with net income of €2.9 million for 2017. This corresponds to the changes in value of interest rate hedging instruments.

5.3 Income tax

Analysis of tax expense

Tax expense is analysed as follows:

(€ millions)	31/12/2018	31/12/2017
Tax due	**(8.4)**	**(15.4)**
Tax loss carry forwards and/or use of deferred losses	19.6	2.1
Valuation differences	0.0	4.7
Fair value of investment properties	5.0	(5.7)
Fair value of hedging instruments	(0.0)	0.8
Net property income on a percentage-of-completion basis	(4.7)	(7.1)
Other timing differences	(8.7)	(1.9)
Deferred tax	**(28.0)**	**(7.0)**
TOTAL TAX INCOME (EXPENSE)	**(36.4)**	**(22.5)**

Effective tax rate

(€ millions)	31/12/2018	31/12/2017
Pre-tax profit of consolidated companies	**265.2**	**454.5**
Group tax savings (expense)	**(36.4)**	**(22.5)**
EFFECTIVE TAX RATE	**-13.71%**	**-4.94%**
Tax rate in France	34.43%	34.43%
Theoretical tax charge	**(91.3)**	**(156.5)**
Difference between theoretical and effective tax charge	**55.0**	**134.0**
Differences related to entities' SIIC status	(9.7)	95.7
Differences related to treatment of losses	(3.9)	37.2
Other permanent differences and rate differences	68.6	1.0

Deferred tax assets and liabilities

(€ millions)	31/12/2018	31/12/2017
Tax loss carry forwards	135.7	155.2
Valuation differences	(26.0)	(23.2)
Fair value of investment properties	(27.2)	(32.2)
Fair value of financial instruments	(0.0)	(0.0)
Net property income on a percentage-of-completion basis	(54.0)	(25.7)
Other timing differences	(12.4)	(3.7)
NET DEFERRED TAX ON THE BALANCE SHEET	**16.1**	**70.4**

As at 31 December 2018 the Group had unrecognised tax loss carry-forwards of €480.7 million (basis).

Deferred taxes relating to valuation differences correspond primarily to the brands held by the Group.

Deferred taxes relating to the recognition of tax losses are primarily for losses recognised in the Altareit tax group, and secondly for losses part-recognised in the taxable sector of Altarea SCA and Foncière Altarea.

Deferred taxes are calculated (for French companies which are part of the Group's main consolidation scope) at the rate of 32.02%, the rate set by the Finance Act for 2019, and not at the rate of 34.43% applicable in 2018.

In fact, the 2018 Finance Act provides for a gradual decrease in the rate of corporate income tax, which would be set at 32.02% in 2019, 28.92% in 2020, 27.37% in 2021 and 25.83% as of 1 January 2022.

To anticipate the effect of these future reductions after 2019, a discount was applied to the tax calculated based on the items the Group does not expect to be cleared before this date.

Proposed corrections:

Alta Développement Italie, a subsidiary of Altarea SCA, underwent an inspection covering the years ended 31 December 2014 and 2015. The Company received an adjustment notice. This assessment notice calls into question the tax loss carry-forwards established upon recognising impairment of receivables held on foreign subsidiary companies. These losses have not been used or recognised. The maximum risk amounts to €7.4 million in duties. With its advisers' agreement the Company is challenging the entire assessment and does not envisage an outflow of financial resources.

During financial year 2017, Altarea received an adjustment notice relating to financial years 2014 to 2016. Following its advice, Altarea SCA disputed the adjustment but paid the €2.7 million claimed, and recorded a deferred tax asset in exchange.

5.4 Earnings per share

Net income per share (basic earnings per share) is the net income (Group share) compared to the weighted average number of shares in issue during the period, less the weighted average number of treasury shares.

To calculate the diluted net income per share, the weighted average number of shares in issue is adjusted to take into account the potentially dilutive effect of all equity instruments issued by the Company.

In 2018 as in 2017, the dilution arose only from the granting of rights to free shares in Altarea SCA to Group employees or corporate officers.

(€ millions)	31/12/2018	31/12/2017
Numerator		
Net income, Group share	255.3	323.0
Denominator		
Weighted average number of shares before dilution	15,791,325	15,436,934
Effect of potentially dilutive shares		
Stock options	*0*	*0*
Rights to free share grants	*201,027*	*172,016*
Total potential dilutive effect	201,027	172,016
Weighted diluted average number of shares	15,992,352	15,608,950
BASIC NET INCOME PER SHARE ATTRIBUTABLE TO GROUP SHAREHOLDERS *(IN €)*	**16.17**	**20.92**
DILUTED NET INCOME PER SHARE ATTRIBUTABLE TO GROUP SHAREHOLDERS *(IN €)*	**15.96**	**20.69**

NOTE 6 LIABILITIES

6.1 Equity

6.1.1 Capital, share-based payments and treasury shares

Capital

Altarea SCA share capital (in €)

In number of shares and in €	Number of shares	Nominal	Share capital
Number of shares outstanding at 31 December 2016	**15,030,287**	**15.28**	**229,670,964**
Conversion of dividends into shares	1,021,555	15.28	15,609,360
Number of shares outstanding at 31 December 2017	**16,051,842**	**15.28**	**245,280,324**
Capital increase reserved on acquisition of the company SND	9,487	15.28	144,961
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2018	**16,061,329**	**15.28**	**245,425,285**

Capital management

The aim of the Group's capital management is to ensure liquidity and optimise its capital structure.

The Company's policy is to maintain its LTV ratio below 45%, excluding temporarily exceeding that level or exceptional transactions. The corporate loan agreement clauses specifically stipulate that the Group must maintain an LTV ratio below 60%.

Share-based payments

The gross expense recorded on the income statement for share-based payments was €20.0 million in 2018 compared to €17.1 million in 2017.

Stock option plan

No stock option plan was under way at 31 December 2018.

Free share grants

On existing plans as of 31/12/2017, in 2018:

- 188,773 free shares were awarded;
- 101,162 shares were delivered;
- 11,811 rights were cancelled or altered.

Award date	Number of rights awarded	Vesting date	Rights in circulation as at 31/12/2017	Awarded	Delivery	Amendments to rights[(a)]	Rights in circulation as at 31/12/2018
Stock grant plans on Altarea shares							
31 March 2016	33,210	31 March 2018	31,064		(29,810)	(1,254)	
19 October 2016	5,500	30 March 2018	3,500		(3,500)		
10 November 2016	7,927	30 March 2018	7,927		(7,927)		
10 November 2016	12,450 [(b)]	11 April 2019	10,450			(2,000)	8,450
14 December 2016	33,365 [(b)]	10 April 2019	31,887			(2,480)	29,407
15 December 2016	26,490	1 February 2018	25,019		(24,259)	(760)	
16 December 2016	33,216	1 February 2018	32,211		(31,274)	(937)	
22 March 2017	1,500 [(b)]	10 April 2019	1,000				1,000
23 March 2017	537	23 March 2018	537		(537)		
6 April 2017	11,500 [(b)]	30 April 2019	11,500				11,500
13 July 2017	4,345	13 July 2018	4,070		(3,855)	(215)	
15 February 2018	28,820	15 February 2019		28,820		(1,510)	27,310
19 February 2018	32,480	19 February 2019		32,480		(905)	31,575
21 February 2018	12,424	21 February 2020		12,424		(285)	12,139
2 March 2018	33,129 [(b)]	2 March 2020		33,129		(1,375)	31,754
6 March 2018	3,430	6 March 2019		3,430		(90)	3,340
28 March 2018	1,410	28 March 2019		1,410			1,410
29 March 2018	8,453	29 March 2019		8,453			8,453
30 March 2018	4,327	30 March 2020		4,327			4,327
1 June 2018	2,000	1 June 2019		2,000			2,000
20 July 2018	41,500[(b)]	31 March 2021		41,500			41,500
7 September 2018	14,800[(b)]	31 March 2021		14,800			14,800
25 September 2018	1,000	31 March 2020		1,000			1,000
3 December 2018	5,000[(b)]	31 March 2021		5,000			5,000
TOTAL	**358,813**		**159,164**	**188,773**	**(101,162)**	**(11,811)**	**234,964**

(a) Rights cancelled for reasons of departure, transfer lack of certainty that performance criteria have been met or changes in plan terms.
(b) Plans subject to performance criteria.

Valuation parameters for new free share grants

	31/12/2018
Expected dividend rate	6.00%
Expected volatility*	17.87% for Altarea share price and 9.13% for IEIF Immobilier France index
Risk-free interest rate	0.00%
Model used	Binomial Cox-Ross-Rubinstein model/Monte Carlo method*

* *Only for plans subject to performance criteria.*

Treasury shares

The acquisition cost of treasury shares was €54.6 million at 31 December 2018 for 278,602 shares (including 275,562 shares intended for allotment to employees under free share grant or stock option plans and 3,040 shares allocated to a liquidity contract), compared with €54.0 million at 31 December 2017 for 287,055 shares (including 286,142 shares intended for allotment to employees under free share grant or stock option plans and 913 shares allocated to a liquidity contract). Treasury shares are eliminated and offset directly in equity.

In addition, a net loss on disposal and/or free share grants of treasury shares to Company employees was recognised directly in equity in the amount of €18.0 million before tax at 31 December 2018 (€12.2 million after tax) compared with €14.2 million at 31 December 2017 (€9.3 million before tax).

The negative impact on cash flow from purchases and disposals over the period came to €18.6 million at 31 December 2018 compared to €38.3 million at 31 December 2017.

6.1.2 Dividends proposed and paid

Dividends paid

(€ millions)	31/12/2018	31/12/2017
Paid in current year in respect of previous year:		
Dividend per share (in euros)	*12.5*	*11.5*
Payment to shareholders of the Altarea Group	197.8	171.3
Proportional payment to the general partner (1.5%)	3.0	2.6
TOTAL	**200.8**	**173.9**
Offer to convert dividends into shares:		
Subscription price *(in euros)*	-	153.8
Total amount of conversion into shares	**-**	**157.1**
Rate of conversion of dividends into shares		*91.69%*
No conversion offer was made on the dividend distributed in 2018		

Proposed payment in respect of 2018

The forthcoming General Shareholders' Meeting will be asked to approve the payment of a dividend of €12.75 per share, with the option to convert 50% of the dividend into shares.

6.2 Net financial debt and guarantees

Current and non-current borrowings and financial liabilities, and net cash

			"Non cash" change				
(€ millions)	31/12/2017	Cash flow	Spreading of issue costs	Change in scope of consolidation	Present value adjustment	Other impacts	31/12/2018
Bonds (excluding accrued interest)	920.7	345.7	0.8	–	–	–	1,267.2
Negotiable European Commercial Paper	838.0	(457.0)	–	–	–	–	381.0
Bank borrowings, excluding accrued interest and overdrafts	1,922.1	(500.6)	6.6	29.5	–	–	1,457.6
Net bond and bank debt, excluding accrued interest and overdrafts	**3,680.8**	**(611.9)**	**7.5**	**29.5**	**–**	**–**	**3,105.9**
Accrued interest on bond and bank borrowings	14.0	4.5	–	0.0	–	–	18.5
BOND AND BANK DEBT, EXCLUDING OVERDRAFTS	**3,694.7**	**(607.4)**	**7.5**	**29.5**	**–**	**–**	**3,124.3**
Cash and cash equivalents	(1,169.1)	499.4	–	(8.9)	–	0.0	(678.5)
Bank overdrafts	0.8	2.5	–	0.2	–	–	3.5
Net cash	**(1,168.3)**	**502.0**	**–**	**(8.7)**	**–**	**0.0**	**(675.0)**
NET BOND AND BANK DEBT	**2,526.4**	**(105.4)**	**7.5**	**20.8**	**–**	**0.0**	**2,449.3**
Equity loans and Group and partners' advances*	155.0	53.0	–	(29.5)	–	(9.4)	169.1
Accrued interest on shareholders' advances	7.8	0.8	–	–	–	(3.0)	5.6
NET FINANCIAL DEBT	**2,689.2**	**(51.7)**	**7.5**	**(8.6)**	**–**	**(12.4)**	**2,624.0**

* *Of which appropriation of income to shareholder current accounts for €1.4 million.*

At 31 December 2018, bank borrowings excluding accrued interest and bank overdrafts include a finance lease debt of €33.7 million, compared to €37.0 million at 31 December 2017. The debt is financing investment properties valued at €88.9 million at 31 December 2018.

During the financial year, the Group notably:

- successfully placed its first rated bond issue, for €350 million with a 7-year maturity and a fixed coupon of 2.875% with European investors via subsidiary Altareit;
- repaid term loans and cancelled revolving credit facilities totalling €486 million,
- arranged €368 million of revolving credit;
- repaid €41 million of finance on certain assets (following their sale or early);
- reduced its issues of Negotiable European Commercial Paper (less €457 million during the financial year).

All financing was not fully drawn at 31 December 2018.

The changes in the consolidation scope are mainly related to the acquisition of Histoire & Patrimoine, the sale of Alta Rungis (Semmaris) and to movements in the Property Development business.

Borrowing costs are analysed in the note on earnings.

Net cash

Marketable securities classified as cash equivalents are recognised at fair value at each reporting date (see § 2.4.10. of Accounting principles and methods).

Breakdown of bank and bond debt by maturity

(€ millions)	31/12/2018	31/12/2017
< 3 months	323.0	299.5
3 to 6 months	50.2	225.5
6 to 9 months	87.2	233.9
9 to 12 months	183.5	193.4
Less than 1 year	**643.8**	**952.3**
2 years	145.8	361.1
3 years	586.4	326.6
4 years	67.9	614.4
5 years	98.2	95.4
1 to 5 years	**898.3**	**1,397.5**
More than 5 years	**1,609.1**	**1,371.1**
Issuance cost to be amortised	(23.4)	(25.4)
TOTAL GROSS BOND AND BANK DEBT	**3,127.8**	**3,695.5**

The decrease in the portion of bond and bank debt due in less than one year is attributable to the increase in Negotiable European Commercial Paper and their maturity schedule, offset by the shortening in maturity of bond and corporate bank loans to less than one year. The increase in the portion over five years is due mainly to the €350 million bond issue.

Breakdown of bank and bond debt by guarantee

(€ millions)	31/12/2018	31/12/2017
Mortgages	1,031.8	1,085.3
Mortgage commitments	213.6	278.1
Moneylender lien	24.6	25.6
Pledging of receivables	5.6	6.0
Pledging of securities	–	355.0
Altarea SCA security deposit	109.0	109.0
Not Guaranteed	1,766.7	1,861.9
TOTAL	**3,151.2**	**3,720.9**
Issuance cost to be amortised	(23.4)	(25.4)
TOTAL GROSS BOND AND BANK DEBT	**3,127.8**	**3,695.5**

Mortgages are given as guarantees for financing or refinancing of shopping centres. Mortgage commitments and the lender's lien mainly concern Property Development activities.

Breakdown of bank and bond debt by interest rate

	Gross bond and bank debt		
(€ millions)	Variable rate	Fixed rate	Total
At 31 December 2018	1,600.6	1,527.2	3,127.8
At 31 December 2017	2,514.9	1,180.6	3,695.5

The market value of fixed rate debt stood at €1,552.9 million at 31 December 2018 compared to €1,191.0 million at 31 December 2017.

Schedule of future interest expenses

(€ millions)	31/12/2018	31/12/2017
< 3 months	2.4	5.3
3 to 6 months	8.0	12.1
6 to 9 months	16.1	15.0
9 to 12 months	(6.1)	10.7
LESS THAN 1 YEAR	**20.4**	**43.0**
2 years	55.6	55.8
3 years	61.8	58.7
4 years	37.7	51.4
5 years	40.4	36.8
1 TO 5 YEARS	**195.4**	**202.7**

These future interest expenses concern borrowings and financial instruments.

6.3 Provisions

(€ millions)	31/12/2018	31/12/2017
Provision for benefits payable at retirement	11.8	10.4
Other provisions	9.8	9.6
TOTAL PROVISIONS	**21.6**	**20.1**

Provision for benefits payable at retirement was measured, as in previous financial years, by an external actuary. Valuation and accounting principles are detailed in the accounting principles and methods of the Company, § 2.4.14 “Employee benefits”. The main assumptions used when evaluating this commitment are turnover, the discount rate and the rate of salary increase: a change of +/- 0.25% in the last two criteria would not have any significant impact.

Other provisions primarily cover:

- the risk of payment of rent guarantees granted upon the sale of shopping centres, along with disputes with tenants;
- the risk of disputes arising from construction operations;
- the risk of the failure of certain partners;
- as well as estimates of residual risks involving completed programmes (litigation, ten-year guarantee, definitive general statement, etc.).

NOTE 7 ASSETS AND IMPAIRMENT TESTS

7.1 Investment properties

(€ millions)	Investment properties measured at fair value	Investment properties measured at cost	Total investment properties
At 31 December 2017	**3,983.8**	**525.0**	**4,508.7**
Subsequent investments and expenditures capitalised	12.0	144.8	156.8
Change in spread of incentives to buyers	3.8	–	3.8
Disposals/repayment of down payments made	(42.1)	–	(42.1)
Net impairment/project discontinuation	–	(10.4)	(10.4)
Transfers to assets held for sale or to or from other categories	63.6	(64.5)	(0.9)
Change in fair value	(89.7)	–	(89.7)
Change in scope of consolidation	–	–	–
AT 31 DECEMBER 2018	**3,931.3**	**594.9**	**4,526.2**

At 31 December 2018, interest expenses amounting to €5.1 million were capitalised in respect of projects under development and construction (whether recognised at value or at cost).

Investment properties at fair value

The primary movements concern:

- the switch to fair value of the first phase of the Paris-Montparnasse train station project;
- the disposal of the retail galleries at Porte Jeune in Mulhouse, Les Tanneurs in Lille, Espace Saint-Christophe in Tourcoing, and Toulon Grand' Change;
- changes in fair value of shopping centres in operation.

Investment properties valued at cost

Assets in development or under construction carried at cost mainly concern projects for the extension of the Cap 3000 centre in Saint-Laurent-du-Var, the development projects for the Paris railway stations and the redevelopment of shopping centres in France.

Value Measurement – IFRS 13

In accordance with IFRS 13 – "Fair Value Measurement" and the EPRA's recommendation on IFRS 13, "EPRA Position Paper on IFRS 13 – Fair Value Measurement and Illustrative Disclosures, February 2013", the Group chose to present additional parameters used to determine the fair value of its property portfolio.

The Altarea Cogedim Group considered that classifying its assets in level 3 was most appropriate. This treatment reflects the primarily unobservable nature of the data used in the assessments, such as rents from rental statements, capitalisation rates and average annual growth rate of rents. The tables below thus present a number of quantitative parameters used to determine the fair value of the Group's property portfolio. These parameters apply only to shopping centres controlled exclusively by the Group (and therefore do not include assets accounted for under the equity method) and which are measured at fair value by the expert appraisers.

		Rental in € per m² (a)	Discount rate (b)	Capitalisation rate at exit (c)	Average annual growth rate of net rental income (d)
France	Maximum	1,059	7.3%	6.5%	10.0%
	Minimum	69	5.0%	3.3%	1.2%
	Weighted average	**396**	**5.7%**	**4.5%**	**3.0%**
International	Maximum	232	7.8%	6.6%	3.9%
	Minimum	191	7.3%	5.0%	2.1%
	Weighted average	**217**	**7.5%**	**6.1%**	**3.2%**

(a) Annual average rent (minimum guaranteed rent plus variable rent) per asset and m².
(b) Rate used to discount the future cash flows.
(c) Rate used to capitalise the revenue in the exit year in order to calculate the asset's exit value.
(d) Average Annual Growth Rate of net rental income.

Based on a Group weighted average capitalisation rate, a 0.25% increase in capitalisation rates would lead to a reduction of €189.7 million in the value of investment properties (-5.3%), while a 0.25% decrease in capitalisation rates would increase the value of investment properties by €225.3 million (6.3%)

Depreciation – Investment assets under development and construction valued at cost

The principal uncertainties surrounding the development and construction of these assets are linked to the award of administrative authorisations and to delays in the start-up or marketing of projects when economic conditions become less favourable.

Investment assets under development and construction are monitored by the Company depending on whether the project is at the study stage, "secured" (a project is completely secured when the property is under contract), has obtained administrative authorisation (mainly CDAC commercial authorisations, building permits) or, lastly, is being leased or under construction. The projected value is determined on the basis of internal five-year business plans that are reviewed by management at regular intervals. The methods used are rental income capitalisation or discounted cash flow.

Net impairment losses on investment properties at cost correspond to the impairment of shopping centre or office projects that were discontinued, abandoned or delayed because of local market conditions that were more difficult than expected.

Investment working capital requirement

(€ millions)	Receivables on fixed assets	Amounts due on non-current assets	Investment WCR
At 31 December 2017	**0.9**	**(138.3)**	**(137.4)**
Change	3.9	34.0	37.9
Present value adjustment	0.0	(0.2)	(0.2)
Transfers	–	0.9	0.9
Change in scope of consolidation	–	(0.1)	(0.1)
At 31 December 2018	**4.8**	**(103.7)**	**(98.9)**
Change in WCR at 31 December 2018	**24.6**	**34.0**	**58.6**

Net acquisitions of assets and capitalised expenditures

(€ millions)	31/12/2018	31/12/2017
Type of non-current assets acquired:		
Intangible assets	(11.2)	(8.6)
Property, plant and equipment	(7.2)	(8.2)
Investment properties	(195.9)	(125.7)
TOTAL	**(214.3)**	**(142.5)**

7.2 Goodwill and other intangible assets

(€ millions)	Gross values	Amortisation and/or impairment	31/12/2018	31/12/2017
Goodwill	**433.9**	**(239.6)**	**194.3**	**155.3**
Brands	**100.7**	**–**	**100.7**	**89.9**
Customer relationships	**191.7**	**(191.7)**	**–**	**–**
Software applications, patents and similar rights	45.4	27.0	18.4	(12.9)
Leasehold Right	2.5	(2.2)	0.3	0.3
Others	0.0	(0.0)	0.0	0.0
Other intangible assets	**47.9**	**(29.1)**	**18.8**	**13.3**
TOTAL	**774.2**	**(460.4)**	**313.7**	**258.5**

(€ millions)	31/12/2018	31/12/2017
Net values at beginning of the period	**258.5**	**257.9**
Acquisitions of intangible assets	11.2	8.6
Disposals and write-offs	(0.1)	(0.1)
Changes in scope of consolidation and other	49.8	(0.0)
Net allowances for depreciation	(5.7)	(8.0)
NET VALUES AT THE END OF THE PERIOD	**313.7**	**258.5**

The brands relate to the Cogedim brand, the Pitch Promotion brand and the Histoire & Patrimoine brand acquired with the controlling interest taken by the property developer on 17 July 2018. These brands are an indefinite life intangible asset, and therefore not subject to amortisation.

Goodwill consists of the historical goodwill of Cogedim and goodwill on acquisition of Pitch Promotion and Histoire & Patrimoine.

Goodwill from the acquisition of Cogedim, Pitch Promotion and Histoire & Patrimoine

The monitoring of business indicators for the Residential and Business property segments did not reveal any evidence of impairment for these activities.

As per the accounting principles and methods applied by the Group (§ 2.4.2 and 2.4.7), goodwill was tested for impairment as of 31 December 2018. On the basis of these assumptions, the fair value determined of the economic assets in the Residential and Business property segments as calculated do not require recognition of impairment.

Goodwill of €15 million was allocated to the Retail business to reflect synergies from the Cogedim acquisition. For the segment's going-concern net asset value, this goodwill was tested separately for impairment.

Goodwill recognised on the acquisitions of Cogedim, Pitch Promotion and Histoire & Patrimoine totalled €193.6 million at 31 December 2018.

Brands

The brands Cogedim, Pitch Promotion and Histoire & Patrimoine were individually and jointly assessed as part of the Residential and Business property cash generating units. No impairment was to be recognised at 31 December 2018.

7.3 Operational working capital requirement

Summary of components of operational working capital requirement

			Flows		
(€ millions)	31/12/2018	31/12/2017	Created by the business	Changes in consolidation scope and transfer	Change in consolidation method
Net inventories and work in progress	**986.4**	**1,288.8**	**153.1**	**47.7**	**(503.2)**
Net trade receivables	573.2	237.1	18.2	13.4	304.5
Other operating receivables net	433.0	392.8	67.0	(12.9)	(39.8)
Trade and other operating receivables net	**1,006.2**	**629.9**	**85.2**	**26.4**	**264.6**
Trade payables	(730.8)	(511.4)	(184.8)	(4.5)	(30.0)
Other operating payables	(511.0)	(810.6)	(15.0)	(23.9)	338.5
Trade payables and other operating liabilities	**(1,241.8)**	**(1,322.0)**	**(199.8)**	**(28.3)**	**308.5**
OPERATIONAL WCR	**750.9**	**596.8**	**38.5**	**45.7**	**69.9**

The Group's operational working capital requirement (excluding receivables and payables on the sale or acquisition of fixed assets) is essentially linked to the Property Development sector.

The changes in the consolidation scope are mainly related to the movements within the Property Development business and the acquisition of Histoire & Patrimoine.

The change in the accounting method is linked to the application of IFRS 15 as of 1 January 2018. The amounts correspond to the impact at opening.

7.3.1 Inventories and work in progress

(€ millions)	Gross inventories	Impairment	Net inventories
At 1st January 2017	**982.0**	**(3.8)**	**978.1**
Change	322.8	0.0	322.8
Increases	–	(5.2)	(5.2)
Reversals	–	1.6	1.6
Transfers to or from other categories	1.3	(0.3)	1.0
Change in scope of consolidation	(9.6)	–	(9.6)
At 31 December 2017	**1,296.5**	**(7.7)**	**1,288.8**
Change in method	(503.2)	–	(503.2)
Change	153.4	(0.0)	153.4
Increases	–	(2.3)	(2.3)
Reversals	–	2.1	2.1
Transfers to or from other categories	0.1	0.0	0.1
Change in scope of consolidation	48.5	(0.9)	47.6
AT 31 DECEMBER 2018	**995.3**	**(8.9)**	**986.4**

The change in inventories is mainly due to changes in the Group's Property Development business.

The changes in the consolidation scope are mainly related to the movements within the Property Development business and the acquisition of Histoire & Patrimoine.

The change in method is related to the implementation of IFRS 15 at 1 January 2018.

7.3.2 Trade and other receivables

(€ millions)	31/12/2018	31/12/2017
Gross trade receivables	**593.7**	**257.5**
Opening impairment	**(20.4)**	**(19.8)**
Increases	(6.6)	(6.4)
Reversals	6.3	5.8
Other changes	0.0	0.0
Closing impairment	**(20.6)**	**(20.4)**
NET TRADE RECEIVABLES	**573.2**	**237.1**
Advances and down payments paid	41.4	29.8
VAT receivables	291.2	237.3
Sundry debtors	26.7	52.1
Prepaid expenses	43.1	50.0
Principal accounts in debit	31.0	26.1
Total other operating receivables gross	**433.3**	**395.3**
Opening impairment	**(2.5)**	**(9.9)**
Increases	(0.2)	(1.2)
Reclassification	–	(0.1)
Reversals	2.4	8.7
Closing impairment	**(0.3)**	**(2.5)**
NET OPERATING RECEIVABLES	**433.0**	**392.8**
TRADE RECEIVABLES AND OTHER OPERATING RECEIVABLES	**1,006.2**	**629.9**
Receivables on sale of assets	4.8	0.9
TRADE RECEIVABLES AND OTHER OPERATING RECEIVABLES	**1,011.0**	**630.8**

Trade receivables

Receivables on off-plan sales (VEFA) are recorded inclusive of all taxes and represent revenues on a percentage-of-completion basis less receipts received from customers.

Detail of trade receivables due:

(€ millions)	31/12/2018
Total gross trade receivables	**593.7**
Impairment of trade receivables	(20.6)
TOTAL NET TRADE RECEIVABLES	**573.2**
Trade accounts to be invoiced	38.8
Receivables lagging completion	(337.9)
TRADE ACCOUNTS RECEIVABLE DUE	**196.5**

Receivables lagging completion according to the percentage-of-completion method are affected by the application of IFRS 15: revenue and therefore trade receivables according to the percentage-of-completion method are taken more rapidly.

(€ millions)	Total	On time	30 days	60 days	90 days	More than 90 days
Trade accounts receivable due	196.5	120.2	2.5	28.7	4.2	40.8

Advances and down payments paid

Advances and down payments correspond primarily to compensation for loss of use paid by Cogedim to the sellers of land when preliminary sales agreements are signed (for those not covered by guarantees) as part of its property development business. They are offset against the price to be paid on completion of the purchase.

Principal accounts in debit

As part of its property management business and real estate transactions, the Group presents the cash balance it manages for third parties on its balance sheet.

7.3.3 Accounts payable and other operating liabilities

(€ millions)	31/12/2018	31/12/2017
TRADE PAYABLES AND RELATED ACCOUNTS	**730.8**	**511.4**
Advances and down payments received from clients	114.4	557.8
VAT collected	229.3	95.8
Other tax and social security payables	53.8	58.0
Prepaid income	4.3	2.1
Other payables	78.2	70.8
Principal accounts in credit	31.0	26.1
OTHER OPERATING PAYABLES	**511.0**	**810.6**
Amounts due on non-current assets	103.7	138.3
ACCOUNTS PAYABLE AND OTHER OPERATING LIABILITIES	**1,345.5**	**1,460.3**

Advances and down payments received from clients

Part payments received on property programmes, before the corresponding work has been carried out, are accounted for on the liabilities side under advances and payments on account received (using the percentage of completion method). The significant variation over the period is mainly due to IFRS 15 implementation effective on 1 January 2018 and its impact on opening balance sheet.

Payables on acquisition of assets

Payables on acquisition of assets correspond mainly to debts to suppliers for shopping centres just completed or under development.

NOTE 8 FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks as part of its operational and financing activities: interest rate risk, liquidity risk, counterparty risk and currency risk.

8.1 Carrying amount of financial instruments by category

At 31 December 2018

			Financial assets and liabilities carried at amortised cost		Financial assets and liabilities carried at fair value				
(€ millions)	Total carrying amount	Non-financial assets	Loans Receivables	Liabilities at amortised cost	Equity instruments	Assets and liabilities at fair value through	Level 1[(a)]	Level 2[(b)]	Level 3[(c)]
NON-CURRENT ASSETS	**405.9**	**164.2**	**208.4**	**–**	**33.3**	**–**	**–**	**–**	**33.3**
Securities and investments in equity affiliates and unconsolidated interests	395.3	164.2	197.9	–	33.3	–	–	–	33.3
Loans and receivables (non-current)	10.6	–	10.6	–	–	–	–	–	–
CURRENT ASSETS	**1,729.1**	**–**	**1,719.7**	**–**	**–**	**9.5**	**7.3**	**2.2**	**–**
Trade and other receivables	1,011.0	–	1,011.0	–	–	–	–	–	–
Loans and receivables (current)	37.4	–	37.4	–	–	–	–	–	–
Derivative financial instruments	2.2	–	–	–	–	2.2	–	2.2	–
Cash and cash equivalents	678.5	–	671.2	–	–	7.3	7.3	–	–
NON-CURRENT LIABILITIES	**2,593.2**	**–**	**–**	**2,593.2**	**–**	**–**	**–**	**–**	**–**
Borrowings and financial liabilities	2,560.6	–	–	2,560.6	–	–	–	–	–
Deposits and security interests received	32.6	–	–	32.6	–	–	–	–	–
CURRENT LIABILITIES	**2,154.6**	**–**	**–**	**2,087.4**	**–**	**67.2**	**–**	**67.2**	**–**
Borrowings and financial liabilities	741.9	–	–	741.9	–	–	–	–	–
Derivative financial instruments	67.2	–	–	–	–	67.2	–	67.2	–
Accounts payable and other operating liabilities	1,345.5	–	–	1,345.5	–	–	–	–	–

(a) Financial instruments listed on an active market.
(b) Financial instruments whose fair value is determined using valuation techniques based on observable market inputs.
(c) Financial instruments whose fair value (in whole or in part) is based on non-observable inputs.
Equity instruments mainly comprise equity securities of non-consolidated companies. At each acquisition an analysis is carried out to determine the Group's management intention, and therefore its accounting method (by result or by OCI).
Cash and cash equivalents breakdown between cash presented under receivables and marketable securities presented as financial assets within Level 1 of the fair value hierarchy.

At 31 December 2017

			Financial assets and liabilities carried at amortised cost		Financial assets and liabilities carried at fair value				
(€ millions)	Total carrying amount	Non-financial assets	Loans Receivables	Liabilities at amortised cost	Equity instruments	Assets and liabilities at fair value through	Level 1[(a)]	Level 2[(b)]	Level 3[(c)]
NON-CURRENT ASSETS	**573.3**	**228.5**	**343.6**	**–**	**1.2**	**–**	**–**	**–**	**1.2**
Securities and investments in equity affiliates and unconsolidated interests	564.0	228.5	334.3	–	1.2	–	–	–	1.2
Loans and receivables (non-current)	9.3	–	9.3	–	–	–	–	–	–
CURRENT ASSETS	**1,857.4**	**–**	**1,605.5**	**–**	**–**	**251.9**	**243.7**	**8.2**	**–**
Trade and other receivables	630.8	–	630.8	–	–	–	–	–	–
Loans and receivables (current)	49.3	–	49.3	–	–	–	–	–	–
Derivative financial instruments	8.2	–	–	–	–	8.2	–	8.2	–
Cash and cash equivalents	1,169.1	–	925.4	–	–	243.7	243.7	–	–
NON-CURRENT LIABILITIES	**2,858.3**	**–**	**–**	**2,858.3**	**–**	**–**	**–**	**–**	**–**
Borrowings and financial liabilities	2,826.1	–	–	2,826.1	–	–	–	–	–
Deposits and security interests received	32.2	–	–	32.2	–	–	–	–	–
CURRENT LIABILITIES	**2,527.4**	**–**	**–**	**2,492.5**	**–**	**34.9**	**–**	**34.9**	**–**
Borrowings and financial liabilities	1,032.2	–	–	1,032.2	–	–	–	–	–
Derivative financial instruments	34.9	–	–	–	–	34.9	–	34.9	–
Accounts payable and other operating liabilities	1,460.3	–	–	1,460.3	–	–	–	–	–

(a) Financial instruments listed on an active market.
(b) Financial instruments whose fair value is determined using valuation techniques based on observable market inputs.
(c) Financial instruments whose fair value (in whole or in part) is based on non-observable inputs.
Equity instruments (formerly assets available for sale) mainly comprise equity securities of non-consolidated companies.
Cash and cash equivalents breakdown between cash presented under receivables and marketable securities presented as financial assets within Level 1 of the fair value hierarchy.

8.2 Interest rate risk

Altarea holds a portfolio of swaps and caps designed to hedge against interest rate risk on its variable rate financial debts.

The Group has not opted for the hedge accounting available under IFRS 9. Derivatives are carried at fair value.

In compliance with IFRS 13, these instruments are measured by considering the credit valuation adjustment (CVA) when positive, and the debit valuation adjustment (DVA) when negative. This adjustment measures, by application on each cash flow date of the valuation of a probability of default, the counterparty risk defined as an obligation to replace a hedging operation at the market rate in force following the default by one of the counterparties. CVA, calculated for a given counterparty, considers the probability of default for this counterparty. DVA, based on the Company's credit risk, corresponds to the counterparty's exposure to loss in the event of the Company's default.

The resulting impact is a positive change in the fair value of derivative financial instruments of €2.6 million on net income for the period.

Position in derivative financial instruments

(€ millions)	31/12/2018	31/12/2017
Interest-rate swaps	(64.4)	(26.3)
Interest-rate caps	0.0	0.1
Accrued interest not yet due	(0.6)	(0.5)
TOTAL	**(65.0)**	**(26.7)**

Derivatives were valued by discounting future cash flows estimated according to interest rate curves at 31 December 2018.

Maturity schedule of derivative financial instruments (notional amounts)

At 31 December 2018

(€ millions)	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
ALTAREA – pay fixed – swap	1,694.1	1,692.8	2,216.5	1,990.2	1,963.9	1,962.6
ALTAREA – pay floating rate – swap	630.0	630.0	630.0	400.0	400.0	400.0
ALTAREA – pay fixed – collar	–	–	–	–	–	–
ALTAREA – pay fixed – cap	181.5	75.0	75.0	–	–	–
TOTAL	**2,505.6**	**2,397.8**	**2,921.5**	**2,390.2**	**2,363.9**	**2,362.6**
Average hedge ratio	0.47%	0.57%	0.93%	0.94%	0.94%	0.94%

At 31 December 2017

(€ millions)	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
ALTAREA – pay fixed – swap	1,248.6	1,697.2	1,695.7	2,216.5	1,990.2	1,963.9
ALTAREA – pay floating rate – swap	230.0	230.0	230.0	230.0	–	–
ALTAREA – pay fixed – collar	–	–	–	–	–	–
ALTAREA – pay fixed – cap	181.5	181.5	75.0	75.0	–	–
TOTAL	**1,660.1**	**2,108.7**	**2,000.7**	**2,521.5**	**1,990.2**	**1,963.9**
Average hedge ratio	0.51%	0.43%	0.52%	0.89%	0.89%	0.89%

Management position

At 31 December 2018

(€ millions)	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
Fixed-rate bond and bank loans	(1,527.2)	(1,358.5)	(1,355.8)	(1,123.0)	(1,120.2)	(1,117.4)
Floating-rate bank loans	(1,600.6)	(1,125.5)	(982.4)	(628.9)	(563.7)	(468.3)
Cash and cash equivalents (assets)	678.5	–	–	–	–	–
Net position before hedging	**(2,449.3)**	**(2,484.0)**	**(2,338.2)**	**(1,751.8)**	**(1,683.9)**	**(1,585.7)**
Swap	2,324.1	2,322.8	2,846.5	2,390.2	2,363.9	2,362.6
Collar	–	–	–	–	–	–
Cap	181.5	75.0	75.0	–	–	–
Total derivative financial instruments	**2,505.6**	**2,397.8**	**2,921.5**	**2,390.2**	**2,363.9**	**2,362.6**
NET POSITION AFTER HEDGING	**56.3**	**(86.2)**	**583.3**	**638.3**	**680.0**	**776.9**

At 31 December 2017

(€ millions)	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
Fixed-rate bond and bank loans	(1,180.6)	(1,167.0)	(1,014.1)	(1,011.3)	(778.5)	(775.7)
Floating-rate bank loans	(2,514.9)	(1,576.2)	(1,368.0)	(1,044.2)	(662.6)	(570.0)
Cash and cash equivalents (assets)	1,169.1	–	–	–	–	–
Net position before hedging	**(2,526.4)**	**(2,743.2)**	**(2,382.1)**	**(2,055.5)**	**(1,441.1)**	**(1,345.7)**
Swap	1,478.6	1,927.2	1,925.7	2,446.5	1,990.2	1,963.9
Collar	–	–	–	–	–	–
Cap	181.5	181.5	75.0	75.0	–	–
Total derivative financial instruments	**1,660.1**	**2,108.7**	**2,000.7**	**2,521.5**	**1,990.2**	**1,963.9**
NET POSITION AFTER HEDGING	**(866.3)**	**(634.5)**	**(381.4)**	**466.0**	**549.1**	**618.2**

Analysis of interest-rate sensitivity:

The following table shows the interest-rate sensitivity (including the effect of hedging instruments) of the entire portfolio of floating-rate borrowings from credit institutions and derivative instruments.

	Increase/decrease in interest rates	Impact of the gain or loss on pre-tax profit	Impact on the value of the portfolio of the financial instruments
31/12/2018	+50 bps -50 bps	€+2.3 million €-2.2 million	€+48.6 million €-50.2 million
31/12/2017	+50 bps -50 bps	€-2.6 million €+1.0 million	€+58.9 million €-66.0 million

8.3 Liquidity risk

Cash

The Group had a positive cash position of €678.5 million at 31 December 2018, compared to €1,169.1 million at 31 December 2017. This represents its main tool for management of liquidity risk.

Part of this cash is classified as non-available to the Group, but is available to the subsidiaries that carry it: at 31 December 2018, the amount of this restricted cash was €331.3 million.

On this date, in addition to the available cash of €347.3 million, the Group also had €732.2 million of additional available cash and cash equivalents (in confirmed corporate credit lines that had not been used and were not assigned to projects) and €149.5 million of available cash and cash equivalents for projects.

Covenants

The covenants with which the Group must comply concern the listed corporate bond and banking loans, for €1,035.1 million.

Foncière Altarea (the holding Company for the Retail business with the exception of the shopping centres directly held by Altarea SCA or via its Altablue subsidiary for Cap 3000) must comply with covenants on the corporate banking loans subscribed by Altarea SCA (€66.2 million) and the private bond credit subscribed by Foncière Altarea (€150 million).

The bank credit subscribed by Cogedim SAS is also subject to leverage covenants as well as bonds subscribed by Altareit SCA.

	Altarea Group covenants	31/12/2018	Consolidated Foncière Altarea covenants	31/12/2018	Consolidated Altareit covenants	31/12/2018	Consolidated Cogedim covenants	31/12/2018
Loan To Value (LTV)								
Net bond and bank financial debt/re-assessed value of the Company's assets	60%	34.9%	< 50%	22.9%				
Interest Cover Ratio (ICR)								
Operating income (FFO column or cash flow from operations)/Company's net borrowing cost (FFO column)	> 2	9.2	> 1.8	8.1				
Leverage								
Leverage: Net financial Debt/EBITDA							≤ 5	1.4
Gearing: Net financial debt/Equity					≤ 3.25	0.5	≤ 3	0.1
ICR: EBITDA/Net interest expenses					≥ 2	16.9	≥ 2	7.1

The covenants specific to mortgage loans to finance shopping centres in operation:

- DSCR = net rental income of the Company/cost of net financial debt plus principal repayment; normally 1.50 (or a lower ratio);
- LTV ratio in operation phase = Loan To Value = Company net debt/Company net asset value is normally < 70%;
- the covenants specific to mortgage loans for shopping centres under development or redevelopment may be more restrictive than to loans for centres in operation, within the limit of the following values: DSCR > 2.0 and LTV < 60%.

At 31 December 2018, the Company met all its covenants. In the highly likely event that certain mortgage debt may be required to be partially repaid at a subsequent date, the amount of these repayments is recognised under current liabilities until the maturity date.

Counterparty risk

The use of derivatives to limit interest-rate risk exposes the Group to a possible default by a counterparty. The Group mitigates this risk by selecting only major financial institutions as counterparties in hedging transactions.

Currency risk

Because the Company operates exclusively in the euro zone, it has not entered into any currency hedges.

NOTE 9 RELATED PARTY TRANSACTIONS

Ownership structure of Altarea SCA

Ownership of the Company's shares and voting rights is as follows:

In percentage	31/12/2018 % capital	31/12/2018 % voting rights	31/12/2017 % capital	31/12/2017 % voting rights
Founding shareholders and the expanded concert party[a]	45.76	46.57	46.12	46.96
Crédit Agricole Assurances	24.67	25.11	24.71	25.16
ABP	8.24	8.39	8.25	8.40
Opus Investment BV[b]	1.32	1.35	1.33	1.35
Treasury shares	1.73	–	1.79	–
Public + employee investment mutual fund	18.27	18.59	17.81	18.13
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**

(a) The founding shareholders, Alain Taravella and his family and Jacques Nicolet, acting in concert.
(b) And related parties.

Related party transactions

The main related parties are the companies of one of the founding shareholders that own a stake in Altarea:

- AltaGroupe, AltaPatrimoine and Altager, controlled by Alain Taravella.

The Company is managed by Alain Taravella personally and by two companies, Altafi 2 and Atlas, which he controls. Alain Taravella is also the Chairman of Altafi 2 and Atlas.

Transactions with these related parties mainly relate to services rendered by the aforementioned Managers and to a lesser extent services and rebillings by the Company to AltaGroupe and its subsidiaries.

Compensation of the founding shareholder-managers

Since 2016 Altarea and its subsidiaries have remunerated the Management in accordance with the fifth resolution of the General Shareholders' Meeting of 15 April 2016; before that they were remunerated in accordance with the sixth resolution of the General Shareholders' Meeting of 27 June 2013. In this respect, the following expense was recognised:

€ millions	Altafi 2 SAS 31/12/2018	Altafi 2 SAS 31/12/2017
Fixed Management compensation	2.7	2.6
■ o/w amount recognised in other company overhead costs	2.7	2.6
Variable Management compensation[a]	3.4	2.4
TOTAL	**6.1**	**5.0**

(a) The variable Management compensation is calculated in proportion to net income (FFO), Group share.

Compensation is allocated globally to management, which is free to distribute it among Managers as it sees fit.

Coordinating services provided to the Company

In order to formalise the services habitually provided to Altarea by Altagroupe, the coordinating holding Company, and to spell out the services provided by the latter, a coordination agreement was signed in 2017. The previous conditions remain unchanged.

Assistance services and rebilling by the Company and its subsidiaries

Assistance services and rebilling of rents and other items are recognised as a deduction from other company overhead costs in the amount of €0.3 million. Services invoiced to related parties by the Altarea Group are invoiced on an arm's length basis.

Assets and liabilities toward related parties

(€ millions)	Altafi 2 SAS 31/12/2018	Altafi 2 SAS 31/12/2017
Trade and other receivables	0.0	–
TOTAL ASSETS	**0.0**	**–**
Trade and other payables[a]	3.8	2.9
TOTAL LIABILITIES	**3.8**	**2.9**

(a) Corresponds mainly to Management's variable compensation.

Compensations of the Management Committee and the Chairman of the Supervisory Board

Alain Taravella does not personally receive any compensation from Altarea or its subsidiaries for his co-management position. In fact, it is entirely paid to the company Altafi 2. Alain Taravella receives compensation from a holding company which has a stake in Altarea.

No share-based compensation or other short-term or long-term or other forms of compensation were paid by Altarea or its subsidiaries to the Management.

Christian de Gournay, in his capacity as Chairman of Altarea SCA's Supervisory Board, as from 2 June 2014, receives gross compensation directly from Altarea SCA, which is included in the compensation paid to the Group's main Managers stated hereafter.

Compensation of the Group's senior executives

(€ millions)	31/12/2018	31/12/2017
Gross salaries[a]	4.0	4.7
Social security contributions	1.7	1.9
Share-based payments[b]	3.1	3.7
Number of shares delivered during the period	*19,155*	*17,351*
Post-employment benefits[c]	0.0	0.0
Other short- or long-term benefits and compensation[d]	0.0	0.0
Termination indemnities[e]	0.1	–
20% employer contribution for free share grants	0.7	0.7
Loans	–	–
Post-employment benefit commitment	0.4	0.3

(a) Fixed and variable compensation; variable compensation corresponds to the variable parts.
(b) Charge calculated in accordance with IFRS 2.
(c) Pension service cost according to IAS 19, life insurance and medical care.
(d) Benefits in kind, directors' fees and other compensation vested but payable in the future (short- or long-term).
(e) Post-employment benefits, including social security costs.

In number of rights on equity in circulation	31/12/2018	31/12/2017
Rights to Altarea SCA's free share grants	54,846	40,127
Altarea share subscription warrants	–	–
Stock options on Altarea shares	–	–

The information above refers to compensation and benefits granted to (i) corporate officers in respect of offices held in subsidiaries, (ii) the Chairman of the Supervisory Board and (iii) the main salaried executives in the Group.

NOTE 10 GROUP COMMITMENTS AND CONTINGENT LIABILITIES

10.1 Off-balance sheet commitments

The main commitments given by the Group are mortgages and mortgage commitments made to secure loans or lines of credit from credit institutions.

Pledges of securities, assignments of receivables (intra-group loans, interest rate hedges, VAT, insurance policies, etc.) and undertakings not to sell or assign ownership units are also made by the Company to secure certain loans.

These commitments appear in Note 6.2 "Net financial debt and guarantees".

In addition, the Company has received commitments from banks for unused credit lines, which are described in Note 8.3 "Liquidity risk".

All other material commitments are set out below:

(€ millions)	31/12/2017	31/12/2018	Less than 1 year	1-5 years	More than 5 years
Commitments received					
Commitments received relating to financing (excl. borrowings)	**–**	**–**	**–**	**–**	**–**
Commitments received relating to Company acquisitions	**20.8**	**18.6**	**12.1**	**1.0**	**5.5**
Commitments received relating to operating activities	**130.0**	**128.9**	**60.3**	**56.5**	**12.1**
Security deposits received from FNAIM (Hoguet Act)	55.0	59.1	59.1	–	–
Security deposits received from tenants	19.9	19.5	1.0	7.9	10.6
Payment guarantees received from customers	49.6	44.2	–	42.7	1.5
Unilateral land sale undertakings received and other commitments	0.3	0.3	–	0.3	–
Other commitments received relating to operating activities	5.2	5.8	0.2	5.6	–
TOTAL	**150.8**	**147.5**	**72.4**	**57.5**	**17.6**
Commitments given					
Commitments given relating to financing (excl. borrowings)	**11.0**	**11.0**	**5.0**	**–**	**6.0**
Commitments given relating to Company acquisitions	**130.1**	**173.9**	**80.5**	**58.4**	**35.0**
Commitments given relating to operating activities	**1,141.9**	**1,565.0**	**620.5**	**900.8**	**43.6**
Construction work completion guarantees (given)	995.6	1,431.2	557.8	869.5	3.9
Guarantees given on forward payments for assets	49.3	18.3	6.4	10.1	1.8
Guarantees for loss of use	42.0	52.4	38.2	13.9	0.3
Other sureties and guarantees granted	55.0	63.1	18.1	7.4	37.6
TOTAL	**1,283.0**	**1,749.9**	**706.0**	**959.3**	**84.6**

Commitments received

Commitments received relating to acquisitions/disposals

As part of its acquisition of the developer Pitch Promotion, the Group also received a commitment from the sellers that it shall be entitled for compensation in the amount of up to €12 million until 31 December 2018 inclusive, for any damage or loss originating from the business activities incurred by the Group with a cause or origin predating 31 March 2015.

Commitments received relating to operating activities

Security deposits
Under France's "Hoguet Act", Altarea holds a security deposit received from FNAIM in an amount of €59.1 million as a guarantee covering its activities.

Altarea also receives security deposits from its tenants to guarantee that they will pay their rent.

Payment guarantees received from customers
The Group receives customer payment guarantees issued by financial institutions to guarantee sums payable by the customer. They mainly relate to Retail and Office property development projects.

Unilateral land sale undertakings received and other commitments
Other guarantees received consist mainly of commitments received from property sellers.

Other commitments received
In its Property Development business, the Group receives deposits on construction contracts from contractors to cover holdbacks (up to 5% of the amount of the contract – non-costed commitment).

Commitments given

Commitments given relating to financing activities

Altarea provided guarantees of €11 million to cover overdraft facilities granted to its subsidiaries.

Commitments given relating to acquisitions

The Group makes representations and warranties or contingent consideration when disposing of shares in subsidiaries and affiliates. When the Group considers that it is probable that there will be a cash outlay under the terms of these guarantees, it sets aside allowances to provisions and their amount is re-assessed at each closing date.

The main commitments concern:

- undertaking to subscribe for the capital of companies comprising the AltaFund investment fund in the amount of €54.2 million (firm commitment for identified projects);
- representations and warranties after the partner Allianz acquired a stake in certain shopping centres were given at year-end 2013. These representations and warranties amount to €35 million as of 3 December 2015, and until their maturity;
- liability guarantees of €35 million given following the disposal of miscellaneous assets.

The shares of Altablue, Aldeta, Alta Crp Gennevilliers, Alta Crp La Valette, Alta Gramont, Toulouse Gramont, Bercy Village and Société d'Aménagement de la Gare de l'Est as well as assets held by these companies, are for a limited period subject to conditions for sale contingent on the agreement of each of the partners of these companies.

Commitments given relating to operating activities

Construction work completion guarantees
Completion guarantees are given to customers as part of off-plan sales and are provided on behalf of Group companies by financial institutions, mutual guarantee organisations or insurance companies. They are reported in the amount of risk borne by the financial institution that issued the guarantee.

In return, Group companies give financial institutions a promise of mortgage security and an undertaking not to sell ownership units.

Guarantees on forward payments for assets
These guarantees mainly cover purchases of land or buildings for the Property Development business.

Guarantees for loss of use
As part of its Property Development activities, the Group signs preliminary sales agreements with landowners, the execution of which is subject to conditions precedent, including conditions relating to obtaining administrative authorisations. In return for their undertakings, landowners receive compensation for loss of use, which takes the form of an advance (carried on the asset side of the balance sheet) or a surety (an off-balance sheet liability). The Group undertakes to pay the compensation for loss of use if it decides not to buy the land when the conditions precedent are met.

Other sureties and guarantees granted
The other sureties and guarantees granted relate primarily to the Group's involvement in AltaFund, the office property investment fund, the sureties granted in connection with its property development activity, as well as the REIT business in Italy for guarantees granted by companies to the Italian government regarding their VAT position.

Reciprocal commitments

Notably in the ordinary course of its Property Development activities, the Group enters into reciprocal commitments to ensure the REIT control of future projects. The Group signs bilateral sales agreements with landowners: owners undertake to sell their land and the Group commits to buy it if the (administrative and/or marketing) conditions precedent are met.

Other commitments

In the conduct of its proprietary shopping centre development business, Altarea has made commitments to invest in projects initiated and controlled by the Company.

Moreover, in the conduct of its Residential property development, the Group signs reservation contracts (or preliminary sales agreements) with its customers, the execution of which depends on whether the customers meet the conditions precedent, particularly with respect to their ability to secure financing.

As part of its Property Development business, the Group has a future offering consisting of unilateral preliminary sales agreements.

The amount of these commitments is shown in the business review.

Minimum future rents to be paid or received

Minimum future rents to be received

The total of minimum future rents to be received under non-cancellable rental agreements over the period amounted to:

(€ millions)	31/12/2018	31/12/2017
Less than 1 year	163.7	159.1
Between 1 and 5 years	304.0	280.5
More than 5 years	150.5	105.5
GUARANTEED MINIMUM RENT	**618.2**	**545.1**

Rents receivable relate only to shopping centres owned by the Group.

Minimum future rents to be paid

The total of minimum future rents payable under non-cancellable operating leases over the period amounted to:

(€ millions)	31/12/2018	31/12/2017
Less than 1 year	15.1	16.6
Between 1 and 5 years	6.0	14.6
More than 5 years	0.3	0.1
MINIMUM RENTS TO BE PAID	**21.4**	**31.3**

Rents to be paid concern: offices leased by the Group for its own operations.

The Group has announced its future headquarters at the Richelieu building, Paris 2 with the move planned for early 2020.

10.2 Contingent liabilities

No new litigation or governmental, legal, or arbitration proceedings that are likely to have significant effects on the Company's financial position or profitability arose in the period, other than those for which a provision has been recognised (see Note 6.3 "Provisions") or that have been effectively challenged or are being challenged by the Company (see Note 5.3 "Income tax" or 6.3 "Provisions").

NOTE 11 **POST-CLOSING EVENTS**

Since Friday, 4 January 2019, 85% of the residential property developer Severini has come under the control of Altarea Cogedim which increases its presence in the New Aquitaine region.

NOTE 12 **AUDITORS' FEES**

	E&Y				Grant Thornton				Others				Total			
	Amount		%		Amount		%		Amount		%		Amount		%	
(€ millions)	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Statutory audit, certification, examination of individual and consolidated financial statements																
▪ Altarea SCA	0.3	0.3	17%	22%	0.3	0.3	37%	39%	–	–	0%	0%	0.6	0.6	21%	26%
▪ Fully consolidated subsidiaries	1.2	0.9	76%	70%	0.4	0.4	59%	59%	0.3	0.2	100%	100%	2.0	1.5	74%	68%
Services other than the certification of the financial statements																
▪ Altarea SCA	–	0.0	0%	1%	–	0.0	0%	2%	–	–	0%	0%	–	0.0	0%	1%
▪ Fully consolidated subsidiaries	0.1	0.1	7%	7%	0.0	0.0	3%	1%	0.0	–	0%	0%	0.1	0.1	5%	4%
TOTAL	**1.6**	**1.3**	**100%**	**100%**	**0.8**	**0.8**	**100%**	**100%**	**0.3**	**0.2**	**100%**	**100%**	**2.7**	**2.2**	**100%**	**100%**

2.3 Statutory Auditors' report on the consolidated financial statements

To the General Shareholders' Meeting of Altarea,

Opinion

In accordance with the engagement entrusted to us by your Shareholders' Meeting, we have audited Altarea's consolidated financial statements for the year ended 31 December 2018, as attached to this report.

In our opinion, the consolidated financial statements give a true and fair view of the result of operations in the elapsed year, and of the financial position and assets, at the end of the financial year of the companies and entities included in the consolidated group in accordance with IFRS standards as adopted by the European Union.

The opinion set out below is consistent with the content of our report to the Audit Committee.

Basis of the Opinion

Audit guidelines

We conducted our audit in accordance with professional standards applicable in France. We believe that the information we obtained provides a reasonable basis for our opinion given below.

Our responsibilities under these standards are set out in the section entitled "Responsibilities of the Statutory Auditors in auditing the financial statements" of this report.

Independence

We performed our audit respecting the applicable rules on independence, over the period from 1st January 2018 to the date on which our report was published, and, in particular, we have not provided any services prohibited under Article 5, paragraph 1 of EU regulation No. 537/2014 or under the Code of Conduct governing the profession of statutory auditor.

Emphasis of Matter

Without calling into question the opinion expressed above, we draw your attention to:

- Note 2.5.1 to the consolidated financial statements, which sets out the change in accounting method resulting from the application of IFRS 15 on revenue from contracts with customers;
- Note 2.5.2 to the consolidated financial statements, which sets out the change in accounting method resulting from the application of IFRS 9 on financial instruments.

Basis for our assessments – Key points of the audit

In accordance with the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code in terms of the basis for our assessment, we draw your attention to the key points of the audit on the risks of significant anomalies which, in our professional judgement, were of the greatest importance in auditing the consolidated financial statements for the year, as well as our response to these risks.

Our assessments in this respect were made within the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion as to the items contained in these consolidated financial statements taken in isolation.

Measurement of goodwill and brands

Risk identified	Our response
As of 31 December 2018, goodwill and brands were recorded in the balance sheet in a net carrying amount of €295 million, of which €194 million in goodwill relating to the acquisitions of Cogedim, Pitch Promotion and Histoire & Patrimoine, and €101 million in goodwill relating to the Cogedim, Pitch Promotion and Histoire & Patrimoine brands. Goodwill and brands are systematically tested for impairment annually, or more frequently if internal or external events or circumstances indicate a loss of value. As described in note 2.4.7 to the consolidated financial statements, an impairment loss is recognised if the carrying amount of the assets (and certain associated liabilities) in the balance sheet is greater than the recoverable amount of the CGU or the group of CGUs. The recoverable amount is defined as the greater of the selling price less costs to sell and the value in use of the CGU or group of CGUs. The determination of the recoverable amounts of each group of assets is tested using the discounted cash flow method, which requires the use of assumptions, estimates and assessments by the Group's management, backed up by peer comparisons and transaction multiples. In view of the amounts and sensitivity of these assets to changes in the data and the assumptions upon which the estimates are based, in particular the cash flow projections and discount rates used, we considered the measurement of goodwill and brands to be a key audit matter.	We reviewed the process established by the Group for determining the recoverable amount of goodwill and brands, grouped into cash-generating units (CGU).. The work also involved: ▸ assessing the principles and the methods for determining the recoverable amounts of the CGUs to which the goodwill and the brands are allocated, as well as the corresponding net asset values; ▸ reconciling the net carrying amounts of the net assets attached to the CGUs tested with the Group's accounting data; ▸ assessing, with the help of our valuation experts, the pertinence of the valuation models used, and the long-term growth rates and discount rates applied in the said models; ▸ assessing, in consultation with management, the main assumptions on which the budget estimates underlying the cash flows used in the valuation models are based. As such, we also compared estimated cash flow projections from previous periods with actual results in order to assess the suitability and reliability of the forecasting process, and to corroborate the results of sensitivity analyses conducted by management by comparing them with our own; ▸ testing, on a sample basis, the arithmetical accuracy of the assessments used by the Group.

Valuation of investment properties in operation and investment properties under development and construction

Risk identified	Our response
The Group's investment property portfolio consists of properties in operation and buildings under construction. As of 31 December 2018, investment properties were recorded in the balance sheet at a carrying amount of €4.526 million, or 56% of total assets, including €3.931 million in investment properties measured at fair value and €595 million in investment properties measured at cost. In accordance with IAS 40, the Group has opted for the fair value model, and accordingly values its investment properties at fair value whenever it can be determined reliably. Otherwise, they are recorded at cost and are tested for impairment at least once per year and whenever there is evidence of impairment. As indicated in note 2.4.5 to the consolidated financial statements, investment properties in operation are systematically measured at fair value. Investment properties under development and construction are measured either at cost or at fair value. For investment properties measured at fair value, the Group relies mainly external appraisals giving valuations inclusive of duties less the amount of duties corresponding to transfer fees and duties. Appraisers use two valuation methods: ▸ a value at the end of the period deter method based on discounting projected cash flows over ten years, taking into account the resalemined by capitalising net rental income; and ▸ a method based on the capitalization of net rental income; the appraisers apply a yield on cost based on the characteristics of the site and the rental income adjusted for all expenses borne by the owner. As the valuation of investment properties in operation and investment properties under development and construction is complex and the amounts involved are significant, we considered this to be a key audit matter.	We reviewed the valuation process of the investment properties in operation and investment properties under development and construction used by the Group. The work also involved: ▸ assessing the independence of the property appraisers by examining the implementation of the rules on rotation and compensation methods defined by the Group, and by assessing their competence; ▸ examining the instructions given to the appraisers by the Group in writing, describing the nature of their procedures, and the scope and limits of their work, in particular with respect to the verification of the information provided by the Group; ▸ examining, on a test basis, the relevance of the information provided to the property appraisers by the Corporate Finance Department to determine the fair value of the investment properties, such as the information on rental statements, accounting data and the capital expenditure budget; ▸ analysing the valuation assumptions used by the property appraisers, in particular the discount rates, rates of return, rental data and market rental values, by comparing them with available market data; ▸ interviewing some of the property appraisers in the presence of representatives of the Finance Department, and assessing, with the help of our valuation experts, the consistency and relevance of the valuation method used, as well as the significant judgements made; ▸ comparing the property appraisal values with the values recognised in the consolidated financial statements. Moreover, for investment properties under development and construction recognised at fair value, we assessed compliance with the fair value transition criteria (percentage marketed and reliability of cost price). For investment properties under development and construction recorded at cost, we assessed, on the basis of interviews with the development managers and project managers, the assumptions used by the management in impairment tests, in particular the costs incurred during the period, the percentage of completion of the project, the costs yet to be incurred, and any operating risks that may exist.

Valuation of deferred tax assets relating to tax losses

Risk identified	Our response
As of 31 December 2018, deferred tax assets relating to tax loss carryforwards amounted to €136 million. As stated in note 2.4.16 to the consolidated financial statements, deferred tax assets are recognised insofar as is likely that future taxable profits will allow their recovery based on a business plan for tax purposes prepared by management and derived from the Group's business plan drawn up for a reasonable period. We considered the measurement of the recoverable amount of deferred tax assets resulting from tax loss carryforwards as a key audit matter due to the material nature of management's judgements in recognising these assets and the materiality of the amount in question.	We analysed the consistency of the methodology applied for the recognition of deferred taxes with the tax rules in force at the end of the reporting period, in particular with the tax rates adopted and the rules for limiting tax loss carryforwards, specific to each jurisdiction. Our approach involved examining the business plans prepared for tax purposes, focusing primarily on the earnings forecasts for the property development activity in the Altareit tax group in order to assess the Group's ability to generate future taxable profits allowing the use of tax loss carryforwards. We compared the business plans prepared for tax purposes with the cash flow projections used, where appropriate, for annual impairment testing of goodwill and brands, and reviewed the key data and assumptions underlying these forecasts of taxable profits.

Valuation of inventories, revenue and net property income

Risk identified	Our response
At 31 December 2018, the property inventories are recognised in the balance sheet for an amount of €986 million and net property income stands at €195 million for the financial year 2018. As indicated in note 2.4.17 to the consolidated financial statements, revenue and costs (net property income) are recognised in the Group financial statements in accordance with the percentage-of-completion method. This method is used for all off-plan and property development agreement (PDA) transactions. For these programmes, revenue from notarised sales is recognised, in accordance with IFRS 15 "Revenue from contracts with customers", in proportion to the percentage of completion of the programme, as measured by the total costs directly related to construction, including land, in view of the total budget and progress on marketing, determined relative to total sales budgeted. As indicated in note 2.4.8 to the consolidated financial statements, inventories are carried at cost less the portion of the cost price removed on a percentage-of-completion basis for off-plan sale or PDA transactions. Impairment losses are recognised when the net realisable value of inventories and work in progress is less than the cost price. In view of the material nature of inventories, revenue and net property income in the Group's consolidated financial statements, we considered the measurement of these items to be a key audit matter.	Our approach consisted in examining the assumptions made by management in estimating the profit on property developments, and notably assumptions regarding selling prices, land purchase costs, construction costs, service fees and internal expenses. We reconciled the technical percentage of completion of programmes representing significant revenue and expenses (net property income) with external confirmations by the main contractors for construction costs and acquisition deeds for the cost of land. We also reconciled the commercial percentage of completion with notarised deeds by conducting specific tests of sales of the year. We also called on team members with particular expertise in information systems to perform reliability tests of software controls related to the marketing process. We also examined the costs incurred and yet to be incurred on the most significant projects in order to identify loss-making contracts, and, where applicable, reconciled these costs with the loss on completion of the contracts in question. Lastly, we tested, on a sample basis, the arithmetical accuracy of revenue and net property income generated during the year and recorded in the consolidated financial statements using income at completion and percentage of commercial and technical completion. The measurement of inventories for (i) projects not yet available for sale and (ii) projects delivered was the subject of particular attention. For developments not yet available for sale, we examined the existence of prospective profits, based on interviews with management and analysis of operating budgets. For projects delivered, we analysed the estimated selling prices of the units in inventory with the selling prices of the units recorded.

Specific verifications

As required by law, we also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the Management Report.

We have no comments to report with respect to the fairness of their presentation and consistency with the consolidated financial statements.

We certify that the consolidated non-financial performance statement provided for by Article L. 225-102-1 of the French Commercial Code is included in the information pertaining to the Group presented in the Management Report, it being specified that, in accordance with the provisions of Article L. 823-10 of the said Code, the information contained in this statement was not the subject of verifications on our part as to its fairness or consistency with the consolidated financial statements. These points must be addressed by the report of an independent third-party body.

Information arising under other legal and regulatory obligations

Appointment of statutory auditors

We were appointed statutory auditors for the company Altarea at your General Shareholders' Meeting of 15 April 2016 on behalf of the firm GRANT THORTON and on 28 May 2010 on behalf of the firm ERNST & YOUNG et Autres.

As of 31 December 2018, Grant Thornton was in the third year of its uninterrupted engagement and Ernst & Young et Autres in its ninth year.

Furthermore, the firms AACE Ile-de-France, a member of the Grant Thornton network, and Ernst & Young Audit, were the previous Statutory Auditors, from 2004.

Responsibilities of management and corporate governance officers in respect of the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that present a true and fair view in accordance with IFRS as adopted in the European Union, as well as to implement the internal controls it deems necessary for the preparation of consolidated financial statements containing no material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating the ability of the company to continue as a going concern, to present in these financial statements, as appropriate, the necessary information relating to the continuity of operations and to apply the going concern principle unless it is intended to wind up the company or cease trading.

It is the responsibility of the Audit Committee to monitor the process of producing financial information and the effectiveness of systems of internal control and risk management, as well as any internal audits, in respect of procedures for producing and processing accounting and financial information.

These consolidated financial statements have been approved by Management.

Responsibilities of the statutory auditors as regards the audit of the consolidated financial statements

Auditing objective and procedure

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain any material misstatements. Reasonable assurance means a high level of assurance, without forasmuch providing the guarantee that an audit conducted in compliance with industry standards systematically affords the detection of any significant anomaly. Anomalies may be the result of fraud or errors and are considered to be significant where it can be reasonably expected that, taken individually or together, they may influence the economic decisions of the users of the statements on the basis thereof.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment as auditors is not to guarantee the viability or quality of the management of your company.

In conducting an audit in compliance with industry standards in France, statutory auditors exercise their professional judgement throughout the said audit. Moreover:

- it identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether due to fraud or error, establishes and implements audit procedures to address these risks, and gathers evidence that it considers sufficient and appropriate on which to base its opinion. The risk of failing to detect a material misstatement attributable to fraud is greater than that of a material misstatement resulting from error, since fraud may involve collusion, forgery, deliberate omissions, misrepresentation or circumventing internal control;
- takes note of the relevant internal control for the audit in order to establish appropriate audit procedures in the circumstances, and not to express an opinion on the effectiveness of internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's application of the going concern principle, and, depending on the evidence gathered, the existence or otherwise of significant uncertainty related to events or circumstances liable to undermine the company's ability to continue as a going concern. This assessment is based on the evidence gathered up until the date of their report, not overlooking the fact, however, that subsequent circumstances or events may jeopardise capacity as a going concern. If it finds that there is significant uncertainty, it draws the attention of readers of its report to the information provided in the consolidated financial statements in respect of this uncertainty or, if this information is not provided or is not relevant, it issues a qualified certification or a refusal to certify;

- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- as regards the financial information of the persons or entities included in the consolidation, it gathers the evidence it deems sufficient and appropriate to express an opinion on the consolidated financial statements. It is responsible for the management, supervision and execution of the audit of the consolidated financial statements, as well as the opinion expressed on these financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee that includes a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also bring to their attention any significant weaknesses in internal controls that we have identified in terms of procedures for producing and processing accounting and financial information.

The items disclosed in the report to the Audit Committee include the risks of material misstatement that we considered to be the most significant in our audit of the consolidated financial statements for the year, and which therefore constitute the key points of the audit, which it is our responsibility to describe in this report.

We also supply the Audit Committee with the statement required under Article 6 of EU regulation No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as they are set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Industry Code of Conduct for Statutory Auditors. Where appropriate, we discuss with the Audit Committee any risks affecting our independence and any safeguard measures thus applied.

Neuilly-sur-Seine and Paris-La Défense, 22 March 2019

The Statutory Auditors

GRANT THORNTON	**ERNST & YOUNG et Autres**
French member of Grant Thornton International	
Laurent Bouby	**Anne Herbein**

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3.1 Financial statements

Income statement (listed)

Title *(€ thousands)*	2018	2017
Sale of goods	-	-
Sold production (goods and services)	19,910.7	20,706.3
Net revenue	**19,910.7**	**20,706.3**
Production held in inventory	-	-
Production held in inventory	606.6	1,471.4
Operating grants	-	-
Reversals of provisions (and depreciation/amortisation), expense reclassifications	1,110.6	237.0
Other income	399.1	300.6
Operating income	**22,027.0**	**22,715.3**
Purchase of goods	-	-
Change in inventory (goods)	-	-
Purchase of raw materials and other supplies	-	-
Change in inventory (raw materials and other supplies)	-	-
Other purchases and external costs	25,012.0	18,595.8
Taxes, duties and analogous payments	649.2	533.3
Salaries and wages	1,553.6	919.4
Social security contributions	502.2	635.8
Operating allowances	-	-
On non-current assets: depreciation and amortisation charges	5,516.9	5,604.3
Non-current assets: impairment provisions	-	-
Current assets: impairment provisions	445.4	569.0
For risks and charges: alowances to provisions	626.9	561.1
Other expenses	777.0	602.6
Operating expenses	**35,083.1**	**28,021.3**
OPERATING INCOME/(LOSS)	**(13,056.1)**	**(5,306.0)**
Financial income from investments	58,293.8	44,582.3
Income from other marketable securities and receivables on non-current assets	9,554.9	4,579.4
Other interest and similar income	6,939.9	8,659.2
Reversals of provisions, impairment and expense reclassifications	-	4,998.6
Foreign exchange gains	-	-
Net gains on the disposal of marketable securities	-	-
Financial income	**74,788.7**	**62,819.5**
Allowances for amortisation, impairment and provisions	880.4	434.2
Interest and similar expenses	51,768.4	37,809.1
Foreign exchange losses	-	-
Net losses from the disposal of marketable securities	-	-
Financial expenses	**52,648.8**	**38,243.3**
NET FINANCIAL INCOME/(EXPENSE)	**22,139.9**	**24,576.2**
PROFIT BEFORE TAX	**9,083.8**	**19,270.3**
Exceptional income from non-capital transactions	134.1	-
Exceptional income from capital transactions	38,190.6	24,021.1
Reversals of provisions, impairment and expense reclassifications	-	-
Exceptional income	**38,324.7**	**24,021.1**

Exceptional expenses on non-capital transactions	65.7	29.6
Exceptional expenses on capital transactions	26,822.5	14,091.2
Allowances for amortisation, impairment and provisions	-	-
Exceptional expenses	**26,888.1**	**14,120.8**
NET EXCEPTIONAL INCOME/(EXPENSE)	**11,436.6**	**9,900.3**
Employee profit-sharing	-	-
Income tax	(325.2)	877.0
Total income	**135,140.4**	**109,555.9**
Total expenses	**114,294.8**	**81,262.4**
PROFIT/(LOSS)	**20,845.7**	**28,293.5**

Assets

Title *(€ thousands)*	Gross	Amortisations Provisions	31/12/2018	31/12/2017
Uncalled subscribed capital	-	-	-	-
Intangible assets				
Start-up costs	-	-	-	-
Research and development expenditures	-	-	-	-
Concessions, patents, licences, trademarks, procedures, software, rights and similar items	1,420.0	1.279.6	140.4	413.7
Goodwill	-	-	-	
Intangible assets in progress	-	-	-	26.3
Advances and down payments	-	-	-	-
Property. Plant and equipment				
Land	21,881.6	117.2	21,764.4	24,575.9
Buildings	101,065.1	43,482.3	57,582.8	69,044.5
Technical installations, plant and industrial equipment	-	-	-	-
Others	49.9	48.7	1.2	1.2
Property, plant and equipment in progress	765.1	-	765.1	458.0
Advances and down payments	-	-	-	-
Non-current financial assets				
Investments	1,365,331.9	14,745.8	1,350,586.1	1,337,676.2
Investment-related receivables	220,402.9	-	220,402.9	343,257.5
Other long-term investments	-	-	-	-
Loans	293,015.8	100,306.4	192,709.4	296,275.5
Other non-current financial assets	2,388.1	-	2,388.1	5,478.9
NON-CURRENT ASSETS	**2,006,320.3**	**159,980.0**	**1,846,340.3**	**2,077,207.6**
Inventories and pipeline products				
Raw materials and other supplies	-	-	-	-
Production work in progress (goods and services)	-	-	-	-
Intermediate and finished products	-	-	-	-
Goods and merchandise	-	-	-	-
Advances and down payments made on orders	-	-	-	-
Receivables				
Trade receivables and related accounts	3,462.6	1,919.5	1,543.1	6,981.3
Others	71,387.4	-	71,387.4	43,209.2
Called, unpaid subscribed capital	-	-	-	-
Transferable securities for investment				
Marketable securities (of which Treasury shares: €54,597,223,58)	54,597.2	-	54,597.2	203,977.2
Treasury instruments				
Treasury instruments	33,711.0	-	33,711.0	41,309.6
Cash and cash equivalents				
Cash and cash equivalents	43,343.4	-	43,343.4	174,508.3
Prepaid expenses	27.5	-	27.5	390.9
CURRENT ASSETS	**206,529.1**	**1,919.5**	**204,609.6**	**470,376.4**
Deferred expenses	-	-	-	-
Redemption premiums	5,735.8	880.4	4,855.4	5,735.8
Translation differences – assets	-	-	-	-
TOTAL	**2,212,849.4**	**162,779.9**	**2,055,805.4**	**2,553,319.8**

Liabilities

Title *(€ thousands)*	2018	2017
Capital (o/w paid in 245,425.285)	245,425.3	245,280.3
Discounts, merger premiums, contribution premiums	407,865.6	563,245.3
Revaluation differences	-	-
Legal reserve	20,003.0	18,588.3
Statutory and contractual reserves	-	-
Regulated reserves	-	-
Others	-	-
Retained earnings	-	16,799.2
Net income (loss) for the year	**20,845.7**	**28,293.5**
Investment grants	-	-
Regulated provisions	-	-
EQUITY	**694,139.5**	**872,206.8**
Provisions for contingencies	778.1	674.7
Provisions for expenses	-	-
PROVISIONS	**778.1**	**674.7**
Proceeds from issue of equity securities	195,078.3	195,078.3
Conditional advances	-	-
OTHER EQUITY	**195,078.3**	**195,078.3**
Financial liabilities		
Convertible bond issues	-	-
Other bond issues	789,906.6	789,906.6
Borrowings from credit institutions	146,409.6	278,134.1
Other borrowings and financial liabilities	222,233.0	409,426.8
Advances and down payments made for orders in progress	-	2.7
Operating payables		
Trade payables and related accounts	4,543.1	4,584.5
Tax and social security payables	1,092.6	2,040.8
Other payables		
Amounts due on non-current assets and related accounts	180.3	323.8
Other payables	1,444.3	940.7
Accruals		
Prepaid income	-	-
PAYABLES	**1,165,809.4**	**1,485,360.0**
Translation differences – liabilities		
TOTAL	**2,055,805.4**	**2,553,319.8**

3.2 Notes to the annual financial statements

Articles L. 123-13 to L. 123-21 and R. 123-195 to R. 123-198 of the French Commercial Code, Decree 83-1020 of 29 November 1983, ANC Regulation 2015-05 of 2 July 2015 approved by the order of 28 December 2015 and ANC Regulation 2016-07 of 4 November 2016 approved by the order of 29 December 2016.

Altarea is a *société en commandite par actions* (a French partnership limited by shares), the shares of which have been traded since 2004 on the Euronext Paris S.A. regulated market (Compartment A). Its registered office is located at 8 avenue Delcassé in Paris 8th arrondissement.

Altarea chose the SIIC corporate form *(Société d'Investissement Immobilier Cotée)* as of 1 January 2005. Altarea prepares consolidated financial statements.

These notes are presented in thousands of euros. These annual financial statements were approved by Management at its meeting on 26 February 2019 following review by the Supervisory Board.

3.2.1 Major events during the financial year

No significant event occurred during the financial year.

3.2.2 Accounting principles, rules and methods

3.2.2.1 Compliance statement and comparability of information

The annual financial statements have been prepared and presented in accordance with the provisions of applicable French laws and regulations.

Accounting principles, rules and methods are identical to those applied in drawing up the financial statements for the year ended 31 December 2017.

3.2.2.2 Accounting principles and methods

Intangible assets

Intangible assets are measured on initial recognition at acquisition cost.

Intangible assets consist mainly of software acquired, which is usually amortised on a straight-line basis over three years.

Intangible assets may be written down when their carrying amount differs significantly from their value in use, as defined under French GAAP.

Property plant and equipment

Property, plant and equipment mainly consist of property assets, and more specifically shopping centres or business premises.

Gross value of buildings

Buildings are initially recognised at acquisition cost. For contributed property, this is the contribution value excluding purchase costs and for new property, it is the construction or refurbishment cost. As a general rule, purchase costs (transfer duties, expert fees, commissions, and stamp duties) are recognised as expenses.

Buildings are broken down into major components with specific uses and replacement rates. In accordance with the recommendations of the FSIF (Fédération des Sociétés Immobilières et Foncières), four property components are used: structural work, facades and weatherproofing, technical equipment and fixtures and fittings.

Building depreciation

Building components are depreciated on a straight-line basis over the following useful lives:

Components	Useful life Shopping centres	Useful life (business premises)
Structural work (structures, road and utilities works)	50 years	30 years
Facades, Weatherproofing	25 years	30 years
Technical equipment	20 years	20 years
Fixtures and fittings	15 years	10 years

Building impairment

Property assets are appraised twice a year at market value by external appraisers (Cushman & Wakefield and Jones Lang LaSalle).

The Company considers that the present value of property is value in use equivalent to the appraisal value including transfer duties. If there is any near-term development potential not included in the appraisal, the appraisal value is increased by estimated unrealised capital gains. Where there is a preliminary sales agreement or a firm sale commitment for the property, its present value is the value stated in the agreement or commitment excluding transfer duties.

The Company recognises an impairment loss for the difference whenever the present value of a property asset (the higher of market value and value in use) falls significantly below its carrying amount.

Other property, plant and equipment

Other property, plant and equipment are initially recognised at acquisition cost.

Vehicles, along with office and computer equipment are depreciated over five years.

Participating interests

Participating interests are recognised at cost or transfer value.

Participating interests may be impaired where their carrying amount falls substantially below their value in use for the Company. This value in use is determined according to multiple criteria such as net asset value, profitability, profitability forecasts, long-term growth prospects and the economic environment. The market value of assets held by subsidiaries and sub-subsidiaries is taken into account.

Investment and loan-related receivables

Investment related receivables or loans related to indirect equity holdings of the Company are carried at their contribution or nominal value.

When there is evidence that the Company will not be able to collect all amounts due, an impairment loss is recorded taking into account in particular the nature of the advance, the subsidiary's capacity to repay and its development potential.

Receivables

The Company's receivables are carried at nominal value. They consist of Group receivables and trade receivables from shopping centres.

When there is evidence that the Company will not be able to collect all amounts due, receivables are recorded in doubtful accounts. Impairment losses are calculated separately for each customer after subtracting the security deposit and accounting for the length of time that the receivable has remained outstanding, any progress made on collection efforts, and any guarantees that have been received.

Treasury shares

Treasury shares are recognised as either:

- financial assets, when they are held for purposes of a capital reduction;
- marketable securities:
  - when they are held under the "liquidity contract" with a service provider for the purpose of ensuring the liquidity and orderly trading of its shares or,
  - when they are held for purposes of grants to employees of the Company or its subsidiaries.

They are shown in the balance sheet at acquisition cost. The FIFO method is used to determine the gross value of treasury shares sold.

An impairment loss is recognised if the value of shares held under the liquidity contract is less than their acquisition cost.

Treasury shares held for grant to the Company's employees are covered by a provision calculated over the past vesting period on a pro rata basis. Treasury shares held for grants to employees of the Company's subsidiaries are not subject to impairment insofar as the cost of such shares, which is equal to the cost of the shares plus any management fees, if applicable, will be passed on to these subsidiaries when granted. These rules comply with the provisions of ANC Regulation 2014-03 of 5 June 2014.

Other marketable securities

Marketable securities are stated in the balance sheet at acquisition cost. The FIFO method is used to determine the gross value of Sicav mutual fund holdings sold.

A provision is recognised on marketable securities when their realisable value falls below the net carrying amount.

Term deposits are recognised in the balance sheet at their nominal value for the duration of the placings.

Provisions

In accordance with CRC Regulation 2000-06 on liabilities, a provision is a liability considered probable or certain representing an obligation that will cause an outflow of resources to a third party without equivalent consideration being received in exchange and of uncertain timing and amount.

Post-employment benefits

No provisions are recorded for severance benefits payable on retirement. These items are presented in the notes to the financial statements under off-balance sheet commitments.

Loan arrangement costs

Loan arrangement costs are expensed. Bond redemption premiums are spread over the life of the bonds.

Rental income and expenses

Rental income comprises income from the rental of property assets. Invoice amounts are recognised over the relevant rental period.

Income is not recognised for any rent holidays granted to tenants over the period during which the rent holiday is in effect.

Initial lease payments paid by tenants or stepped rents and rent holidays granted to tenants are not spread over the lease term.

Marketing costs

Marketing fees for letting, lease renewals and re-letting are recognised as expenses.

Financial instruments

The Company uses interest swap contracts (swaps) or interest purchase options (caps) to hedge credit lines and borrowings.

In accordance with ANC Regulation No. 2015-05 of 2 July 2015 relating to term financial instruments and hedging transactions, income and expenditure on term financial instruments entered into in the context of hedging the Company's interest rate risk (swaps/caps) are recognised in profit and loss.

Premiums and balancing cash payments are spread over the life of the instruments.

Unrealised gains and losses equal to the estimated market value of the contracts on their closing date are not recognised. Nominal value, maturity schedule and estimated unrealised gains or losses are presented under off-balance sheet commitments.

Corporate Income Tax

Altarea adopted SIIC status as from 1 January 2005. Under this status, there are two separate categories with respect to tax treatment:

- an SIIC category exempt from French corporate income tax, capital gains tax on property sales and tax on dividends received under the SIIC category;
- a taxable category comprising all the Company's other operations not eligible for SIIC treatment.

To qualify for the exemptions from French income tax Altarea must undertake to distribute:

- 95% of earnings from property rentals during the financial year following the year in which the earnings were generated;
- 70% of any gains on the sale of property, participating interests in tax transparent companies with the same corporate purpose as an SIIC, or interests in subsidiaries subject to French corporate income tax which have chosen SIIC status, before the end of the second financial year after the year in which the gains were generated;
- all dividends from subsidiaries having chosen SIIC status during the financial year following the year in which the dividends were received.

Under the provisions applicable to SIIC status, the Company must adhere to a ratio of activities eligible for the plan and no single shareholder or Group of shareholders acting in concert can own more than 60% of the Company's shares or voting rights.

3.2.3 Comments, figures and tables

3.2.3.1 Notes on balance sheet items – assets

Intangible assets

Intangible assets *(€ thousands)*	**31/12/2017**	**Increase**	**Decrease**	**31/12/2018**
Software	1,418.4	1.6	-	1,420.0
TOTAL	**1,418.4**	**1.6**	**-**	**1,420.0**

Amortisation of other intangible assets

Amortisation *(€ thousands)*	**31/12/2017**	**Allowance**	**Reversals**	**31/12/2018**
Software	1,004.7	274.9	-	1,279.6
TOTAL	**1,004.7**	**274.9**	**-**	**1,279.6**

Other intangible assets

Other intangible assets *(€ thousands)*	31/12/2017	Increase	Decrease	31/12/2018
Intangible assets in progress	26.3	-	26.3	-
TOTAL	**26.3**	**-**	**26.3**	**-**

Property, plant and equipment

Gross property, plant and equipment

Property, plant and equipment *(€ thousands)*	31/12/2017	Acquisition/ Contribution	Exit/Disposal	31/12/2018
Land	**24,679.8**	**-**	**2,798.2**	**21,881.6**
Buildings	**114,183.6**	**285.8**	**13,404.3**	**101,065.1**
Structural work (structures, road and utilities works)	44,700.6	-	5,293.3	39,407.2
Facades, Weatherproofing	11,175.1	-	1,323.3	9,851.8
Technical equipment	33,525.4	-	3,970.0	29,555.4
Fixtures and fittings	24,782.5	285.8	2,817.6	22,250.6
Other property, plant and equipment	**131.9**	**-**	**82.0**	**49.9**
Technical installations, plant and industrial equipment	-	-	-	-
General installations, various fittings	-	-	-	-
Vehicles	105.9	-	82.0	23.9
Office and computer equipment, furniture	26.0	-	-	26.0
Recoverable packaging and related items	-	-	-	-
Property, plant and equipment in progress	**458.0**	**373.3**	**(66.2)**	**765.1**
Land	154.5	22.1	-	176.6
Buildings	32.7	253.3	(58.8)	227.2
Others	270.8	97.9	(7.5)	361.2
TOTAL	**139,453.3**	**659.0**	**16,218.2**	**123,761.7**

Amortisation of property, plant and equipment

Amortisation *(€ thousands)*	31/12/2017	Increases	Reversals	31/12/2018
Land	**103.9**	**13.3**	-	**117.2**
Buildings	**45,139.1**	**5,228.6**	**6,885.4**	**43,482.3**
Structural work (structures, road and utilities works)	8,743.2	881.8	1,420.5	8,204.4
Facades	4,370.7	460.0	671.5	4,159.1
Technical equipment	16,489.4	1,783.7	2,518.2	15,754.9
Fixtures and fittings	15,535.9	2,103.3	2,275.2	15,364.0
Other property, plant and equipment	**130.7**	**-**	**82.0**	**48.7**
Technical installations, plant and industrial equipment	-	-	-	-
General installations, various fittings	-	-	-	-
Vehicles	105.9	-	82.0	23.9
Office and computer equipment, furniture	24.8	-	-	24.8
Recoverable packaging and related items	-	-	-	-
TOTAL	**45,373.7**	**5,242.0**	**6,967.5**	**43,648.2**

No impairment was recognised on property, plant and equipment.

Non-current financial assets

Gross non-current financial assets

Non-current financial assets (€ thousands)	31/12/2017	Increase	Decrease	31/12/2018
Participating interests	**1,352,422.0**	**12,911.7**	**1.8**	**1,365,331.9**
Financial receivables	**745,318.3**	**251,438.4**	**480,949.9**	**515,806.8**
Investment-related receivables	343,257.5	234,614.7	357,469.4	220,402.9
Loans and other fixed assets	402,060.8	16,823.7	123,480.6	295,403.9
TOTAL	**2,097,740.3**	**264,350.1**	**480,951.7**	**1,881,138.7**

The list of subsidiaries and participating interests appearing on the last page of this document shows the ownership interest in each subsidiary.

The change in participating interests is explained mainly by the acquisition of SA SND securities in an amount of €12.8 million.

The change in financial receivables is mainly due to the decrease in loans and advances granted to direct and indirect subsidiaries of Altarea SCA.

Provisions for non-current financial assets

Provisions pour Impairment (€ thousands)	31/12/2017	Increases during the year: Allowance	Decreases during the year: Reversal of unused provisions	Decreases during the year: Provisions used in the period	31/12/2018
Impairment of equity securities	14,745.8	-	-	-	14,745.8
Impairment of other non-current financial assets	100,306.4	-	-	-	100,306.4
TOTAL	**115,052.2**	-	-	-	**115,052.2**

Receivables

These items consist of Group receivables, trade receivables from shopping centres and tax receivables.

Impairment losses are recognised through provisions when there is evidence that the Company will not be able to collect all amounts due.

Receivables

Receivables (€ thousands)	Gross amount 2018	Provisions	Net amount 2018	Net amount 2017
Trade receivables and related accounts	**3,462.6**	**1,919.5**	**1,543.1**	**6,981.3**
Other receivables	**71,387.4**	**-**	**71,387.4**	**43,209.3**
Personnel and related accounts	97.6	-	97.6	154.8
Advances and down payments	-	-	-	-
Government, other authorities: income tax	2,312.7	-	2,312.7	-
Government, other authorities: value added tax	2,074.7	-	2,074.7	1,705.1
Government, other authorities: sundry receivables	-	-	-	111.3
Group and partners	66,762.9	-	66,762.9	40,148.2
Sundry debtors	139.5	-	139.5	1,089.9
TOTAL	**74,849.9**	**1,919.5**	**72,930.4**	**50,190.5**

Breakdown of receivables by maturity date

Receivables *(€ thousands)*	Gross amount 2018	up to 1 year	1 to 5 years	More than 5 years
Trade receivables and related accounts	3,462.6	3,462.6	-	-
Personnel and related accounts	97.6	97.6	-	-
Advances and down payments	-	-	-	-
Government, other authorities: income tax	2,312.7	2,312.7	-	-
Government, other authorities: value added tax	2,074.7	2,074.7	-	-
Government, other authorities: sundry receivables	-	-	-	-
Group and partners	66,762.9	66,762.9	-	-
Sundry debtors	139.5	139.5	-	-
TOTAL	**74,849.9**	**74,849.9**	**-**	**-**

Accrued income

Accrued income included in the balance sheet line items *(€ thousands)*	31/12/2018	31/12/2017
Loans	2,295.4	5,383.7
Government – accrued income	2,312.7	111.3
Trade receivables	323.1	1,877.0
Other sundry debtors	-	22.3
TOTAL	**4,931.2**	**7,394.2**

Marketable securities

Marketable securities consist of treasure shares in an amount of €54.6 million.

Marketable securities *(In € thousands)*	31/12/2017	Increase	Decrease	Provisions	31/12/2018
Term deposit	150,000.0	-	150,000.0	-	-
Treasury shares	53,977.2	21,161.2	20,541.2	-	54,597.2
TOTAL	**203,977.2**	**21,161.2**	**170,541.2**	**-**	**54,597.2**
No. of Shares	287,055	105,221	113,674	-	278,602

At 31 December 2018, treasury shares consisted in part of shares intended to provide liquidity for trading in the shares and in part of shares intended for grant to employees of the Company's subsidiaries.

Treasury instruments

Treasury instruments

Treasury instruments *(€ thousands)*	31/12/2017	Increase	Decrease	Provisions	31/12/2018
Treasury instruments	41,309.6		7,598.5		33,711.0
TOTAL	**41,309.6**		**7,598.5**		**33,711.0**

Impairment

Impairment

Provisions for Impairment (€ thousands)	31/12/2017	Increases during the year	Decreases during the year		31/12/2018
		Allowance	Reversal of unused provisions	Provisions used in the period	
Impairment of equity securities	14,745.8	-	-	-	14,745.8
Impairment of other non-current financial assets	100,306.4	-	-	-	100,306.4
Impairment of inventory and pipeline products	-	-	-	-	
Impairment of trade receivables	2,057.1	445.4	583.0	-	1,919.5
Other impairment					
TOTAL	**117,109.3**	**445.4**	**583.0**	**-**	**116,971.7**

3.2.3.2 Notes on balance sheet items – liabilities & equity

Shareholder's equity and equity equivalents

Changes in equity

Equity (€ thousands)	31/12/2017	Appropriation	Dividend	Capital incr.& contributions	Change in 2018	31/12/2018
Share capital	245,280.3	-	-	145.0	-	245,425.3
Share premium/additional paid-in capital/ Revaluation differences	563,245.3	-	(157,084.8)	1,705.0	-	407,865.6
Legal reserve	18,588.3	1,414.7	-	-	-	20,003.0
General reserve	-	-	-	-	-	-
Retained earnings	16,799.2	-	(16,799.2)	-	-	-
Net income for the year	28,293.5	(1,414.7)	(26,878.8)	-	20,845.7	20,845.7
Investment grants	-	-	-	-	-	-
Regulated provisions	-	-	-	-	-	-
TOTAL	**872,206.8**	**-**	**(200,762.9)**	**1,850.0**	**20,845.7**	**694,139.5**

After appropriating 5% of net income for the year (€1,414.68 thousand) to the legal reserve, the Combined Ordinary and Extraordinary General Meeting of 22 May 2018 decided to pay a dividend of €12.50 per share for the financial year ended 31 December 2017, or a total of €200.76 million to the limited partners, and a priority dividend of €2.97 million to the general partner. At the time of the capital increase made to the benefit of the selling shareholders of the company SA SND, 9,487 new shares were created.

At 31 December 2018, the share capital stood at €245.4 million divided into 16,061,329 shares with a par value of €15.28 each and 10 General Partner shares with a par value of €100 each.

At 31 December 2018, the amount of Subordinated Perpetual Notes was €195 million.

Provisions

Changes in provisions

Provisions for contingencies and expenses (*€ thousands*)	31/12/2017	Increases during the year	Decreases during the year		31/12/2018
		Allowance	Reversal of unused provisions	Provisions used in the period	
Provisions for litigation	-	-	-	-	-
Other provisions for contingencies and expenses	674.7	626.9	-	523.5	778.1
TOTAL	**674.7**	**626.9**	**-**	**523.5**	**778.1**

Provisions for contingencies and expenses mainly concern employees' rights to bonus share grants.

Borrowings and other financial liabilities

Breakdown of payables by maturity date

Borrowings and other financial liabilities (*€ thousands*)	31/12/2018	up to 1 year	1 to 5 years	More than 5 years	31/12/2017
Financial liabilities	**1,158,549.1**	**230,088.7**	**314,244.6**	**614,215.8**	**1477,470.2**
Other bond issues	789,906.6	9,906.6	230,000.0	550,000.0	789,906.6
Bank borrowings	316,261.2	169,924.7	84,244.6	62,091.9	647,902.1
Deposits and security interests received	2,123.9	-	-	2,123.9	2,231.1
Group and partners	50,257.5	50,257.5	-	-	37,427.7
Other payables	-	-	-	-	2.7
Accounts payable and other liabilities	**7,260.3**	**7,260.3**	-	**-**	**7,889.8**
Suppliers and related accounts	4,543.1	4,543.1	-	-	4,584.5
Employee-related and social security payables	370.2	370.2	-	-	461.4
Tax payables	722.4	722.4	-	-	1,579.4
Amounts due on non-current assets and related accounts	180.3	180.3	-	-	323.8
Other payables	1,444.3	1,444.3	-	-	940.7
Prepaid income	-	-	-	-	-
TOTAL	**1,165,809.4**	**237,349.0**	**314,244.6**	**614,215.8**	**1485,360.0**

Breakdown of redemption premiums on borrowings

Redemption premiums on borrowings (*€ thousands*)	31/12/2017	+	-	31/12/2018
Redemption premiums on bond borrowings	5,735.8	-	880.4	4,855.4
TOTAL	**5,735.8**	-	**880.4**	**4,855.4**

The bonds were issued at a premium, which is amortised over the life of the borrowing (€880,000 in 2018).

At 31 December 2018, bank borrowings excluding accrued interest amounted to €146 million.

Accrued expenses

Expenses included in the balance sheet line items *(€ thousands)*	**31/12/2018**	**31/12/2017**
Borrowings and financial liabilities	10,038.3	10,233.0
Suppliers and related accounts	484.2	979.1
Amounts due on non-current assets and related accounts	64.3	209.5
Taxes, duties and analogous payments	204.9	199.5
Group and partners	3,792.2	3,015.4
Miscellaneous	143.0	940.7
TOTAL	**14,726.8**	**15,577.2**

3.2.3.3 Notes to the income statement

Revenue

The Company's revenue consists of rental income, service charges and costs of works billed to tenants of portfolio shopping centres and revenue from services rendered by Altarea to its subsidiaries under the terms of agreements related to ordinary operating activities.

Revenue *(€ thousands)*	**31/12/2018**	**31/12/2017**
Rent and re-invoiced leasing costs	11,856.3	12,837.6
Initial lease payments		
Services	8,024.0	7,839.8
Others	30.4	28.9
TOTAL	**19,910.7**	**20,706.3**

Other operating income

Operating income *(€ thousands)*	**31/12/2018**	**31/12/2017**
Production held in inventory	606.6	1,471.4
Reversals of provisions and depreciation	1,106.5	345.2
Intra-Group chargebacks and expense reclassifications	4.2	(108.2)
Others	399.1	300.6
TOTAL	**2,116.3**	**2,009.0**

Reversals of provisions mainly concern deliveries of shares under bonus share plans and reversals of provisions for impairment of customer receivables.

Operating expenses

Operating expenses reflect expenses incurred by Altarea in respect to its REIT business (rental costs, property taxes, allowances for depreciation and amortisation) and to its services provided to subsidiaries.

Operating expenses *(€ thousands)*		**31/12/2018**	**31/12/2017**
Rental and co-ownership costs	(1)	859.7	1,909.7
Maintenance and repairs		545.6	514.1
Insurance Premiums		74.9	71.8
Commissions and fees	(2)	20,576.3	11,528.1
Advertising and public relations		102.5	(296.7)
Banking services and similar accounts	(3)	1,924.3	2,923.6
Taxes and duties		649.2	533.3
Personnel costs		2,055.8	1,555.2
Allowances for depreciation, amortisation and impairment		6,589.1	6,734.5
Capitalised purchases	(4)	606.6	1,351.7
Lessee termination and early termination fees		95.0	-
Other expenses		1,004.1	1,196.1
TOTAL		**35,083.1**	**28,021.3**

(1) Nearly all of these rental costs are passed on to tenants.
(2) Fees include shopping centre management and marketing fees, Statutory Auditors' fees, expenses relating to certain projects and service fees, as well as compensation paid to Management.
(3) Bank service fees correspond essentially to loan fees, which are reinvoiced to refinanced companies on a case-by-case basis, as provided for in the framework agreement.
(4) In 2018, capitalised purchases related to work carried out on portfolio assets were recognised under assets with an offsetting entry in other operating income.

Financial income

Net financial income *(€ thousands)*	**31/12/2018**	**31/12/2017**
Financial income		
▪ Dividends	55,626.8	40,886.4
▪ Interest on loans	9,554.9	4,579.4
▪ Income from current accounts	2,532.0	2,472.4
▪ Other financial income/swaps	3,184.4	4,142.9
▪ Commissions on Guarantees	3,527.2	4,325.6
▪ Paid by subsidiaries	135.1	1,223.5
▪ Reversals from provisions for impairment of non-current financial assets	-	4,998.6
▪ Reversals from provisions for impairment of marketable securities	-	-
▪ Other financial income	228.3	190.7
▪ Net gains on the disposal of marketable securities	-	-
TOTAL	**74,788.7**	**62,819.5**
Financial expenses		
▪ Allowances for amortisation, impairment and provisions	880.4	434.2
▪ Allowances for impairment of marketable securities	-	-
▪ Interest on external borrowings	25,365.7	24,542.9
▪ Expenses on current account balances	347.7	341.1
▪ Expenses on financial instruments (Swaps, Caps)	5,722.2	5,014.9
▪ Bank interest	7,677.0	6,909.3
▪ Paid by subsidiaries	5,057.1	990.4
▪ Other financial expenses	7,598.6	10.5
TOTAL	**52,648.8**	**38,243.3**
FINANCIAL INCOME	**22,139.9**	**24,274.2**

Dividends essentially comprise distributions by Alta Blue and Foncière Altarea.

Financial charges on financial instruments include interest paid by Altarea during the year and the amortisation of treasury instruments in an amount of €7.6 million in respect of 2018.

Exceptional Income

Exceptional Income *(€ thousands)*	**31/12/2018**	**31/12/2017**
Exceptional income		
▪ Exceptional income from non-capital transactions	134.1	-
▪ Exceptional income from capital transactions	38,190.6	24,021.1
* Including proceeds from disposal of assets	20,707.8	9,944.3
* Including re-invoicing of delivery of free shares to employees	17,482.8	14,076.8
▪ Reversals of provisions and expense reclassifications	-	-
* Including reversal of provisions for rental guarantees	-	-
TOTAL	**38,324.7**	**24,021.1**
Exceptional expenses		
▪ Exceptional expenses on non-capital transactions	65.7	29.6
* of which tenant construction	-	-
* of which provision for rental guarantees	-	-
▪ Exceptional expenses on capital transactions	26,822.5	14,091.2
▪ Exceptional allowances for depreciation, amortisation and impairment	-	-
* of which provisions for rental guarantees	-	-
TOTAL	**26,888.1**	**14,120.8**
EXCEPTIONAL INCOME	**11,436.6**	**9,900.3**

Exceptional income mainly comprises the disposal of Toulon Grand Var.

Corporate income tax

In 2005, Altarea Group opted to adopt the special tax-exempt status established for publicly traded real estate investment companies (*Sociétés d'Investissement Immobilier Cotées* or SIIC under Article 208 C of the French General Tax Code).

Breakdown of tax expenses

	Profit before tax			Tax	Net income		
	Tax-exempt sector	**Taxable sector**	**Total**	**Taxable sector**	**Tax-exempt sector**	**Taxable sector**	**Total**
Operating income/(loss)	(4,139.9)	(8,706.0)	**(12,845.9)**		(4,139.9)	(8,706.0)	**(12,845.9)**
Financial income	14,217.5	(2,971.4)	**11,246.2**		14,217.5	(2,971.4)	**11,246.2**
Exceptional Income	11,357.2	10.9	**11,368.1**		11,357.2	10.9	**11,368.1**
TOTAL	**21,434.8**	**(11,666.5)**	**9,768.4**		**21,434.8**	**(11,666.5)**	**9,768.4**

Changes in deferred tax liabilities

	31/12/2017		**Variations**	**31/12/2018**
Reductions		+	-	
Tax loss	(379,874.2)		11,638.4	(391,512.6)
Total base	**(379,874.2)**		**11,638.4**	**(391,512.6)**
TAX OR TAX SAVINGS (33.33%)	**(126,624.7)**		**3,879.5**	**(130,504.2)**

Tax audit

The Company received an adjustment notice regarding FY 2014 to 2016. Following its legal advice, Altarea SCA disputed the adjustment but paid the €2.7 claimed. A deferred tax asset was booked in exchange.

3.2.3.4 Other information

Related Company transactions

Transactions made by the Company with related parties not concluded on an arm's-length basis

No material transactions have been concluded by the Company with related parties that were not on an arm's-length basis.

Off-balance sheet commitments

Financial instruments

Altarea holds a portfolio of swaps and caps to hedge interest rate risk for a portion of its current and future floating and fixed rate debt and that of its subsidiaries.

Financial instruments *(€ thousands)*	**2018**	**2017**
Swaps/Total (Nominal)	1810,000.0	960,000.0
Caps/Total (Nominal)	106,500.0	106,500.0
TOTAL	**1916,500.0**	**1066,500.0**

The fair value of the hedging instruments was a negative €59 thousand in respect of swaps as at 31 December 2018.

Impact on the income statement

Effect on the income statement *(€ thousands)*	**2018**	**2017**
Interest income	3,184.4	4,142.9
Interest expense	5,722.2	242.5
Other impacts related to financial instruments	7,598.5	4,772.4
TOTAL	**(10,136.3)**	**(872.0)**

Table of notional amounts hedged by swaps and caps at 31 December

SWAP and Cap maturities at end of December *(€ thousands)*	**2018**	**2019**	**2020**	**2021**	**2022**
Swap	1,810,000.0	1,960,000.0	2,485,000.0	2,280,000.0	2,255,000.0
Cap	106,500.0				
Altarea pays fixed rate (Total)	**1,916,500.0**	**1,960,000.0**	**2,485,000.0**	**2,280,000.0**	**2,255,000.0**

The benchmark rate used is three month EURIBOR.

Use of derivatives as hedging instruments could expose the Group to the risk of counterparty default. The Group mitigates this risk by selecting only major financial institutions as counterparties in hedging transactions.

Employee benefit obligations

Commitments to employees relating to retirement benefits are estimated at €54.6 thousand as of 31 December 2018.

Commitments given

Certain loans from Altarea SCA are guaranteed by unregistered mortgages on assets, as well as the assignment of some business receivables on present or future leases. In addition, the guarantees are subject to covenants, of which the two principal criteria are an LTV ratio of below 60% and a ratio of net interest expense cover by recurring EBITDA above 2.0.

Altarea SCA has guaranteed loans to other Group companies for an amount of €907.6 million. These commitments mainly comprise joint and several guarantees and demand guarantees granted by Altarea SCA on behalf of its subsidiaries.

The specific covenants on corporate loans held by Altarea SCA of up to a maximum authorised amount of €1,451 million (including €519 million in undrawn funds on the corporate debt) are as follows:

- counterparty: NATIXIS/BECM/CL/Société Générale/AMUNDI (fixed-rate debt)/HSBC/BNP/Bank of China/La Banque Postale/CACIB;
- principal covenants covering Altarea Group:
  - ratio of Company net financial debt to net asset value (Consolidated Altarea LTV ratio) < 60% (34.9% at 31 December 2018),
  - operating income (FFO column)/Net borrowing costs (FFO column) of the Company ≥ 2 (Interest Cover Ratio or Altarea Consolidated ICR) (9.2 at 31 December 2018).

The Group made commitments as part of its successful tenders for Italian stations.

Bonus share plans

Award date		Number of rights awarded	Vesting date	Rights in circulation as at 31/12/2017	Awarded	Delivery	Amendments to rights[a]	Rights in circulation as at 31/12/2018
Stock grant plans on Altarea shares								
31 March 2016	33,210	33,210	31 March 2018	31,064		(29,810)	(1,254)	
19 October 2016	5,500	5,500	30 March 2018	3,500		(3,500)		
10 November 2016	7,927	7,927	30 March 2018	7,927		(7,927)		
10 November 2016	12,450	12,450[b]	11 April 2019	10,450			(2,000)	8,450
14 December 2016	33,365	33,365[b]	10 April 2019	31,887			(2,480)	29,407
15 December 2016	26,490	26,490	1 February 2018	25,019		(24,259)	(760)	
16 December 2016	33,216	33,216	1 February 2018	32,211		(31,274)	(937)	
22 March 2017	1,500	1,500[b]	10 April 2019	1,000				1,000
23 March 2017	537	537	23 March 2018	537		(537)		
6 April 2017	11,500	11,500[b]	30 April 2019	11,500				11,500
13 July 2017	4,345	4,345	13 July 2018	4,070		(3,855)	(215)	
15 February 2018	28,820	28,820	15 February 2019		28,820		(1,510)	27,310
19 February 2018	32,480	32,480	19 February 2019		32,480		(905)	31,575
21 February 2018	12,424	12,424	21 February 2020		12,424		(285)	12,139
2 March 2018	33,129	33,129 [b]	2 March 2020		33,129		(1,375)	31,754
6 March 2018	3,430	3,430	6 March 2019		3,430		(90)	3,340
28 March 2018	1,410	1,410	28 March 2019		1,410			1,410
29 March 2018	8,453	8,453	29 March 2019		8,453			8,453
30 March 2018	4,327	4,327	30 March 2020		4,327			4,327
1 June 2018	2,000	2,000	1 June 2019		2,000			2,000
20 July 2018	41,500	41,500[b]	31 March 2021		41,500			41,500
7 September 2018	14,800	14,800[b]	31 March 2021		14,800			14,800
25 September 2018	1,000	1,000	31 March 2020		1,000			1,000
3 December 2018	5,000	5,000[b]	31 March 2021		5,000			5,000
TOTAL	**358,813**	**358,813**		**159,165**	**188,773**	**(101,163)**	**(11,811)**	**234,964**

(a) Rights cancelled for reasons of departure, transfer lack of certainty that performance criteria have been met or changes in plan terms.
(b) Texte de la note.

Headcount

The Company's average headcount was two employees at 31 December 2018.

Post-closing events

No major events occurred subsequent to the closing date and prior to the preparation of the financial statements.

Disclosures on business combinations

On 27 December 2018, the assets of Ilôt Claude Bernard, were the subject of a universal transmission in favour of Altarea SCA.

3.2.3.5 Subsidiaries and associates

Subsidiaries and associates

Companies	Capital	Equity other than share capital	Group share	Securities, gross	Securities, net	Loans and advances granted	Loans and advances, net	Sureties and guarantees	Earnings in the financial year	Dividends received by the Company	Revenues excl. tax
SUBSIDIARIES (+50%)											
SAS FONCIÈRE ALTAREA – 353 900 699	7,783.7	516,861.0	100.00%	779,241.9	779,241.9	131,709.1	131,709.1	2,600.0	(4,777.6)	38,949.8	-
SCA ALTAREIT – 553 091 050	2,626.7	280,062.0	99.63%	91,635.0	91,635.0	97.3	97.3	247,333.3	34,737.1	-	589.7
SNC ALTAREA MANAGEMENT – 509 105 537	10.0	(3,392.4)	99.99%	10.0	10.0	639.5	639.5	-	(3,392.4)	-	44,185.3
SAS ALTA DÉVELOPPEMENT ITALIE – 444 561 476	12,638.2	(68,441.5)	100.00%	14,745.8	-	56,666.4	56,666.4	-	(859.6)	-	-
SAS ALTA BLUE – 522 193 796	306,102.0	244,823.8	61.77%	437,688.9	437,688.9	-	-	-	(689.6)	16,677.0	-
SARL SOCOBAC – 352 781 389	8.0	149.7	100.00%	-	-	-	-	-	(0.4)	-	-
SARL ALTALUX SPAIN	1,100.0	(119.0)	100.00%	10,517.0	10,517.0	156.4	156.4	-	(30.6)	-	-
SNC BEZONS CŒUR DE VILLE COMMERCES – 819 866 500	10.0	10.5	99.99%	10.0	10.0	6.0	6.0	-	10.5	-	-
ALTA MIR – 833 669 666	1.0	99.0	100.00%	100.0	100.0	-	-	-	(4.5)	-	-
SND – 389 603 184	38.1	798.1	100.00%	12,811.7	12,811.7	483.2	483.2		404.3		
AFFILIATES (10% TO 50%)											
BERCY VILLAGE 2	1,633.6	830.4	15.00%	18,560.0	18,560.0	2,292.5	2,292.5	-	830.4	-	-
SCI ISSY PONT	40.0	(6,650.6)	25.00%	10.0	10.0	28,903.1	28,903.1	-	(6,650.6)	-	-
SCI AF INVESTCO 4	1.0	(8,157.2)	50.00%	-	-	-	-	-	(2,426.9)	-	-
SCI ISSY CŒUR DE VILLE BUREAUX 2	1.0	8.1	50.00%	0.5	0.5	88.3	88.3	-	(5.0)	-	-
TOTAL AFFILIATES > 10%				**1,365,331**	**1,350,585**	**221,042**	**221,042**				

Registered offices of subsidiaries and equity investments: 8 avenue Delcassé Paris 8th.

3.3 Additional information on the annual financial statements

3.3.1 Summary of the Company's payment terms

Unsettled invoices issued and received at the closing date of the previous period (Articles D. 441-4 and A. 441-2 of the French Commercial Code)

	Unsettled invoices received and due at 31/12/2018						Unsettled invoices issued and due at 31/12/2018					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	Total 1 day and over	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	Over 91 days	Total 1 day and over
(A) Overdue categories												
Number of invoices included	0	20			101	121	116	69	57	2	520	648
Total amount of the invoices included (incl. VAT)	0	13,440	0	0	355,111	368,551	136,883	353,775	291,028	52,385	2,305,386	3,139,457
% of total amount of purchases (incl. VAT) for the period	0	0.06%	0%	0%	1.61%	1.67%						
% of total amount of revenue (incl.VAT) for the period							0.57%	1.48%	1.22 %	0.22%	9.65 %	13.14%
(B) Invoices excluded from (A) relating to overdue or unrecorded receivables and payables												
Number of invoices excluded			0						0			
Total amount of the invoices excluded (inclusive of VAT)			0						0			
(C) Benchmark payment terms used for to calculate overdue payments (contractual or legal terms)												
Legal benchmark payment			legal						legal			

3.3.2 Results of the last five financial years

Type of indications	2018	2017	2016	2015	2014
Duration of the period (months)	12	12	12	12	12
Capital at end of the year					
Share capital	245,425,285	245,280,324	229,670,964	191,244,972	191,244,972
Number of shares	16,061,329	16,051,842	15,030,287	12,515,497	12,515,497
▪ ordinary shares	16,061,329	16,051,842	15,030,287	12,515,497	12,515,497
▪ referred shares					
Maximum number of shares to be created					
▪ by bond conversions					
▪ by subscription rights					
Operations and results					
Revenue excl. tax	19,910,706	20,706,301	19,371,278	29,426,248	25,462,290
Income before tax, interest, depreciation and impairment	26,883,494	30,985,723	3,342,963	11,329,786	44,229,409
Income tax	(325,229)	867,342	(34,523)	(346,124)	338,305
Employee participation					
Allowances Depreciation and impairment	6,363,033	1,824,861	(4,561,389)	5,624,685	40,157,535
Net income	20,845,690	28,293,520	7,689,445	6,051,225	3,733,569
Distributed income	19,803,405 [1]	43,678,086	7,304,972	5,748,664	3,546,890
Earnings per share					
Income after tax, interest, before depreciation and impairment	1.7	1.9	0.3	0.9	3.5
Income after tax, interest, depreciation and impairment	1.7	1.8	0.6	0.5	0.3
Dividend per share (in €)	12.75 [1]	12.5	11.5	11	10
Employees					
Average employee workforce	2	2	2	3	5
Payroll	1,030,126	919,396	917,005	1,029,263	1,883,756
Amounts paid in benefits (social security, social welfare, etc.)	18,530,370	14,712,536	7,990,164	3,168,514	1,384,810

(1) The dividend will be proposed to the General Shareholders' Meeting to be held on 23 May 2019.

3.4 Statutory auditors' report on the annual financial statements

To the Altarea General Shareholders' Meeting,

Opinion

In accordance with the mission assigned to us by your General Shareholders' Meeting, we have carried out the audit of the annual financial statements of Altarea relating to the year ended 31 December 2018, as attached to this report.

In our opinion, the financial statements give a true and fair view of the company's operations during the financial year, as well as its assets, liabilities, and financial position at the end of the financial year, in accordance with accounting principles generally accepted in France.

The opinion set out above is consistent with the content of our report to the Audit Committee.

Basis of the Opinion

Audit guidelines

We conducted our audit in accordance with professional standards applicable in France. We believe that the information we obtained provides a reasonable basis for our opinion given below.

Our responsibilities pursuant to these standards are set out under the section of this report entitled, "Responsibilities of the Statutory Auditors in auditing the annual financial statements".

Independence

We performed our audit respecting the applicable rules on independence, over the period from 1 January 2018 to the date on which our report was published, and, in particular, we have not provided any services prohibited under Article 5, paragraph 1 of (EU) regulation No. 537/2014 or under the Code of Conduct governing the profession of statutory auditor.

Basis for our assessments – Key points of the audit

In accordance with the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code in terms of the basis for our assessment, we draw your attention to the key points of the audit on the risks of significant anomalies which, in our professional judgement, were of the greatest importance in auditing the annual financial statements for the year, as well as our response to these risks.

The assessments thus made are based on the auditing of the Annual financial statements, taken as a whole, and the opinion formed by ourselves as expressed above. We do not express an opinion on any aspects of these annual financial statements taken in isolation.

Evaluation of participating interests, investment-related receivables and loans

Risk identified	Our response
The participating interests, investment-related receivables and loans included on the balance sheet at 31 December 2018, a net total of €1,764 million, represent one of the biggest balance sheet items (86% of assets). Participating interests are carried on the balance sheet at their acquisition cost or at their transfer value and impaired on the basis of their value of use. Investment-related receivables and loans related to indirect equity holdings are carried at their contribution or nominal value. As stated in the note 3.2.2.2 "Accounting principles and methods", under the paragraphs "Participating interests" and "Investment and loan-related receivables" of the appendix, the value in use of the participating interests is appraised by management according to multiple criteria such as net asset value, profitability, profitability forecasts, long-term growth prospects, and economic conditions. The market value of assets held by subsidiaries and sub-subsidiaries is taken into account. When there is evidence that the Company will not be able to collect all amounts due, an impairment loss is recorded taking into account in particular the nature of the advance, the subsidiary's capacity to repay and its development potential. Estimating the value of these assets requires Management to exercise its judgement in choosing the information to include depending on the investments in question, information which may be historic in nature (restated net assets), or forecasts (long-term profitability or development outlook and economic conditions in the countries in question), as the case may be. Given the weight of participating interests on the balance sheet, the complexity of the models used and their sensitivity to data variations as well as assumptions on which estimates are based, we have considered the valuation of the participating interests, related receivables, and loans as a key point of the audit.	We have observed and noted the process used to determine the value in use of participating interests. Our work specifically involved: ▪ observing and noting the valuation methods used and underlying assumptions in appraising the value in use of participating interests; ▪ comparing the net assets included by the management in its valuations with the source data from the accounts of audited subsidiaries or those that have been subject to analytical procedures where relevant, and examining any adjustments made; ▪ using sampling to test the mathematical accuracy of the formulas used to calculate values in use; ▪ using sampling to recalculate the impairments recorded by the company. Over and above ascertaining the value of use of participating interests, where relevant our work also consisted in: ▪ assessing the recoverability of investment-related receivables and loans given the analysis performed on participating interests; ▪ reviewing the need to account for a provision for risk in the event that the company is committed to bearing the losses of a subsidiary in negative equity.

Specific verifications

We also carried out the specific verifications required by law and regulations, in accordance with professional standards applicable in France.

Information provided in the management report and in the other documents concerning the company's financial position and the annual financial statements sent to the shareholders

We have no matters to report as to the true and fair nature and the consistency with the annual financial statements of the information provided in the management report and other documents concerning the company's financial position and the annual financial statements sent to the shareholders.

We certify that the information given on payment terms in accordance with Article D. 441-4 of the French Commercial Code is true and fair and consistent with the annual financial statements.

Report on Corporate Governance

We attest to the existence, in the Supervisory Board Report on Corporate Governance, of the information required under articles L. 225-37-3 and L.225-37-4 of the French Commercial Code.

As regards the information provided pursuant to Article L. 225-37-3 of the French Commercial Code concerning remuneration and benefits paid to corporate officers, as well as commitments made in their favour, we have verified their consistency with the financial statements or with the information used to prepare the financial statements and, if applicable, with the information collected by the company from the companies controlling it or controlled by it. On the basis of this work, we confirm the accuracy and sincerity of this information.

As regards the information relating to items that your company deemed likely to have an impact in the event of a take-over bid or public exchange offer, provided pursuant to the provisions of Article L. 225-37-5 of the French Commercial Code, we have verified their compliance with the source documents that were forwarded to us. In light of this work, we have no comments on the said information.

Other information

Pursuant to applicable law, we have confirmed that the required information on acquisitions of the company's shares and voting rights, along with the identities of the company's shareholders and voting rights holders, are disclosed in the management report.

Information arising under other legal and regulatory obligations

Appointment of statutory auditors

We were appointed statutory auditors for the company Altarea at your General Shareholders' Meeting of 15 April 2016 in the case of GRANT THORNTON and 28 May 2010 in the case of ERNST & YOUNG et Autres.

As of 31 December 2018, GRANT THORNTON was in the third consecutive year of its assignment and ERNST & YOUNG et Autres in the ninth consecutive year.

The firms AACE Ile-de-France, a member of the GRANT THORNTON network, and ERNST & YOUNG Audit, were the previous Statutory Auditors, from 2004.

Responsibilities of the management and individuals responsible for corporate governance in respect of the annual financial statements

It is the responsibility of the management to produce annual financial statements that present a true and fair view in compliance with French accounting principles as well as to implement the internal controls it deems necessary to produce annual financial statements that contain no significant anomalies, whether these are the result of fraud or error.

When producing annual financial statements, it is the management's responsibility to assess the capacity of the company to continue as a going concern, to present in these statements any information relevant to its viability as a going concern and to apply going concern accounting standards, unless there are plans to liquidate the company or cease its trading.

It is the responsibility of the Audit Committee to monitor the process of producing financial information and the effectiveness of systems of internal control and risk management, as well as any internal audits, in respect of procedures for producing and processing accounting and financial information.

These annual financial statements have been approved by the management.

Responsibilities of the statutory auditors in auditing the annual financial statements

Auditing objective and procedure

It is our responsibility to produce a report on the annual financial statements. Our aim is to obtain reasonable assurances that the annual financial statements, taken as a whole, contain no significant anomalies. Reasonable assurance means a high level of assurance, without providing the guarantee that an audit conducted in compliance with industry standards systematically affords the detection of any significant anomaly. Anomalies may be the result of fraud or errors and are considered to be significant where it can be reasonably expected that, taken individually or together, they may influence the economic decisions of the users of the financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment as auditors is not to guarantee the viability or quality of the management of your company.

In conducting an audit in compliance with industry standards in France, statutory auditors exercise their professional judgement throughout the said audit. Moreover:

- they identify and assess risks that the annual financial statements may contain significant anomalies, whether these are the result of fraud or errors, establish and implement auditing procedures in the face of such risks, and gather any evidence they deem sufficient and appropriate on which to base their opinion. The risk of failing to detect a material misstatement attributable to fraud is greater than that of a material misstatement resulting from error, since fraud may involve collusion, forgery, deliberate omissions, misrepresentation or circumventing internal control;
- takes note of the relevant internal control for the audit in order to establish appropriate audit procedures in the circumstances, and not to express an opinion on the effectiveness of internal control;
- assesses the appropriateness of accounting methods used and the reasonableness of the management's accounting estimates and the information relating to them provided in the annual financial statements;
- assesses the appropriateness of management's application of the going concern principle, and, depending on the evidence gathered, the existence or otherwise of significant uncertainty related to events or circumstances liable to undermine the company's ability to continue as a going concern. This assessment is based on the evidence gathered up until the date of their report, not overlooking the fact, however, that subsequent circumstances or events may jeopardise capacity as a going concern. Should they conclude that there is significant uncertainty, they draw the attention of readers of their report to the information contained within the annual financial statements in relation to this uncertainty or, if such information is not supplied or is not relevant, certification will either be withheld or given with reservations;
- they assess the overall presentation of the annual financial statements and whether the latter reflect the operations and underlying events in such a way as to give a true and fair view of them.

Report to the Audit Committee

We hereby submit our report to the Audit Committee in which we outline the scope of the audit and the work programme implemented, as well as the findings arising from our work. We also bring to their attention any significant weaknesses in internal controls that we have identified in terms of procedures for producing and processing accounting and financial information.

The information presented in the Report to the Audit Committee includes the risks of significant anomalies that we consider to have been the most important for the auditing of the annual financial statements for the financial year in question and which, as such, are the key point of the audits which it is our responsibility to describe in this report.

We also provide the Audit Committee with the statement required under Article 6 of EU regulation No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as they are set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the Industry Code of Conduct for Statutory Auditors. Where appropriate, we discuss with the Audit Committee any risks affecting our independence and any safeguard measures thus applied.

Neuilly-sur-Seine and Paris-La Défense, 22 March 2019

The Statutory Auditors

Grant THORNTON	**ERNST & YOUNG et Autres**
French member of Grant Thornton International	
Laurent Bouby	**Anne Herbein**

3.5 Statutory auditors' special report on related-party agreements and commitments

To the General Shareholders' Meeting of Altarea,

As the Statutory Auditors of your Company, we hereby present you with our report on related-party agreements and commitments.

Our responsibility is to report to you, based on the information provided to us, the characteristics, the main terms and conditions, as well as the reasons justifying the interest for the Company, of the agreements and commitments brought to our attention or of which we may have become aware in the performance of our work, without expressing an opinion on their usefulness and appropriateness or determining the existence of any other agreements. It is your responsibility, pursuant to Article R. 226-2 of the French Commercial Code, to assess the company's interest in entering into these agreements before deciding on whether to approve them.

It is also our responsibility to report to you, as provided by Article R. 226-2 of the French Commercial Code, information pertaining to the performance of agreements approved by the General Meeting in prior years and that remained in effect during the past year.

We have taken the measures we deemed necessary in accordance with CNC professional guidelines relating to our audit. These measures consisted of verifying that the information provided to us is consistent with the documents from which it was taken.

Agreements and commitments submitted to the general meeting for approval

We would like to inform you that no notice was given of any agreement or commitment authorised over the last financial year to be submitted to the General Meeting under Article L. 226-10 of the French Commercial Code.

Agreements and commitments previously approved by the general meeting

In accordance with Article R. 226-2 of the French Commercial Code, we have been informed that the performance of the following agreements and commitments, which were approved by General Meetings in prior years, remained in effect during the past financial year.

With APG Strategic Real Estate Pool

Person concerned

APG Strategic Real Estate Pool, represented by Alain Dassas, Supervisory Board member.

Type and purpose

By the subscription contract on 11 December 2012, Subordinated Perpetual Notes (*Titres Subordonnés à Durée Indéterminée* – TSDI) were issued for a nominal value of €109 million, entirely subscribed by APG Strategic Real Estate Pool (transaction authorised by the Supervisory Board on 11 December 2012).

By addendum to the subscription contract on 29 December 2014, the face value of the Subordinated Perpetual Notes (TSDI) was increased to €130 per TSDI, representing a total amount of €195.1 million entirely subscribed by APG Strategic Real Estate Pool (transaction authorised by the Supervisory Board on 29 December 2014).

Conditions

In compensation for the securities, the Company assumed a financial expense during the financial period ended 31 December 2018 in the amount of €7,677,000.

Neuilly-sur-Seine and Paris-La Défense, 22 March 2019

The Statutory Auditors

Grant THORNTON	ERNST & YOUNG et Autres
French member of Grant Thornton International	
Laurent Bouby	**Anne Herbein**

4

DECLARATION ON EXTRA-FINANCIAL PERFORMANCE (DPEF)

2018 Highlights

Creating sustainable cities

The urgency of climate change, structural increase in inequalities, changing lifestyles, integration of digital technology in daily and professional life… in a changing environment, the city is becoming a stage for complex territorial, ecological, societal and technological transitions.

The high concentration of activities and population in cities means they are major players in sustainability on a global scale. Currently, some 80% of the French population is concentrated in urban areas and, although they are impressive drivers of progress, this figure also conceals a range of situations, in terms of access to high quality housing, shops, amenities and transport. Cities are also highly vulnerable to changing climate conditions (heat islands in particular) and many of them of them are raising the issue of their resilience as a matter of urgency.

Moreover, residents and stakeholders have become better informed, more careful and more demanding. They have high expectations in terms of quality, but also in terms of ethics and commitment to tackling social and environmental issues.

Against this backdrop, the Group is convinced that cities offer solutions and that the proximity of various uses and mixed functions are tremendous levers for revitalising the economic and social fabric. Cities need to be re-conceptualised as desirable, pleasant, inclusive, resilient, smart and environmentally-friendly places to live.

Altarea Cogedim seeks fast, effective and sustainable solutions in terms of environmental impact, comfort in use, mixed functions, generational and social issues, whilst integrating the advances offered by new technologies. Altarea Cogedim is taking action for the city, participating in the reinvention of its territorial, ecological, economic and societal dynamics, in order to ensure a high quality of city life.

The Group's CSR approach, "Tous engagés !" (We are all involved), incorporates this ambition and is based on three convictions:

- working in the public interest of **cities**, to develop and preserve the regions;
- placing **customers** at the heart of what we do, working on customer satisfaction across all our business lines;
- capitalising on the excellence of **talent**, the business's biggest asset, as a driver for its growth.

Cities

Altarea Cogedim wants to be a public interest partner for cities. The Group is developing high-quality property solutions for a denser, smarter, more diversified and friendlier city which creates jobs and drives economic development.

2018 Highlights

- Altarea Cogedim launched **SoCo, the first social REIT**, in collaboration with the Crédit Coopératif and Baluchon. Its aim is to offer long-term support to social enterprises;
- **Biodiversity:** in March 2018 **the Group signed the charter to develop biodiversity in cities**. Cap 3000 is also becoming the **first shopping centre to receive BiodiverCity® certification**;
- **Adaptation to climate change:** having set targets to reduce its carbon footprint, the Group adopted an **adaptation to climate change road map**. It is aimed at guaranteeing the comfort and safety of occupants and ensuring assets maintain their value over time;
- **Low-Carbon Cities:** the Group is continuing to develop its projects with a focus on proximity and sobriety. As such, the Group **favours soft mobility** (over 99% of Residential and Business Property projects are less than 500 m from transport links); and **rehabilitations**, *via* a dedicated subsidiary, Histoire & Patrimoine, and a significant proportion of its Business property operations;
- **Inclusive Cities:** for 10 years, the Group has been supporting housing for the most disadvantaged in partnership with *Habitat et Humanisme*. In 2018, the Group adopted a structured philanthropy policy.

In 2018, Altarea Cogedim was ranked second in the world and the highest-scoring French retail company in the GRESB index, the global ESG benchmark for real assets.

Customers

Lifestyles, customs, aspirations… customers' expectations are changing and the Group has initiated a dialogue and listening exercise across all of its activities: through surveys and studies, face-to-face or digital interactions etc.… Customer satisfaction is the Group's top priority and it is also achieved through quality of life and well-being in its projects which, in addition boost their long-term economic value.

2018 Highlights

- **Customer satisfaction:** the Group won the "Customer Service of the Year" prize, in the property development category for the second year running;
- **Quality of life and well-being of occupants:** Altarea Cogedim is continuing to roll out its actions based on the NF Habitat certification for Residential Property (100% of residential units) and **WELL** for Business Property: 87% of projects in the Paris Region are working towards WELL certification. The Group is developing the first **WELL Community Standard** neighbourhood pilot, in Issy Cœur de ville;
- green value: Altarea Cogedim is maintaining **its ambitious certification strategy** as a guarantee of the value of the Group's projects: with 100% of Residential, Business Property and Retail projects certified. In order to further raise standards in its projects, the Group is rolling out the most recent labels where appropriate. As such 87% of projects in the Paris region are working towards a digital connectivity label.

Talents

In order to support its growth and meet new urban challenges, in 2018 the Group reaffirmed its commitment to job creation and talent and skills management.

2018 Highlights

- Headcount: the headcount grew by 8% in 2018; The Group had some 1,874 employees at 31 December 2018;
- The Group's is continuing to strengthen its policy on the use of **work-study contracts**, and in 2018 Altarea Cogedim was awarded **the Happy Trainees label**. 238 work-study students worked in the Group during 2018;
- **Skills development:** the Academy's is expanding its range of courses with the number of training hours up by over 80%.

TOUS ENGAGÉS!

Altarea Cogedim's CSR approach

OUR BELIEFS

CITIES	CUSTOMERS	TALENTS
Developing and preserving our regions	Customer satisfaction at the heart of our actions	Excellence as a driver for growth

OUR COMMITMENTS

Cities	Customers	Talents
To contribute to regional economic development **To develop a resilient, low-carbon city** **To protect biodiversity**	**To listen to our customers and deliver customer satisfaction** **To develop a desirable and comfortable city** **To enhance green value by rolling out ambitious certifications** **To be a beacon of best practice in our business lines**	**To support skills development** **To foster well-being in the working environment**

KEY RESULTS 2018

Cities	Customers	Talents
56,600 jobs supported Launch of the social REIT SoCo 99% of Residential projects and 100% of Business property projects are less than 500 m from transport links -37.4% in CO_2 emissions across the portfolio Energy outperformed Business property RT by over 30% Cap 3000, 1st Centre to be certified BiodiverCity®	"Customer Service of the Year" Award for Cogedim for the 2nd year in a row 87% of Business property projects in Ile-de-France are working towards WELL certification 100% of Residential projects NF Habitat 100% of Retail projects BREEAM (construction) or BREEAM in-Use 100% of Business property projects in Ile-de-France dual certified BREEAM & NF HQE	1,874 employees at 31 December 2018 (+8%) "Happy Trainees" label awarded 238 work-study students (+50%) More than 4,600 days training Launch of Alta wellness well-being at work scheme

4.1 A CSR approach embedded in the Group's strategy

This chapter complies with the new requirements on Declarations of ESG performance (hereafter the DPEF, *Déclaration de performance extra-financière*).

France transposed the European Directive of 22 October 2014 on the disclosure of non-financial information in Order no. 2017-1180 of 19 July 2017 and Decree no. 2017-1265 of 9 August 2017. These texts amend articles L. 225-102-1 and R. 225-104 to R. 225-105-2 of the French Commercial Code initially included in article 225 of the Grenelle 2 law of 2010 and its implementing decree in 2012.

4.1.1 DPEF summary

In order to produce the DPEF, the Group conducted analysis of non-financial risks that may arise from its activities (see methodological details under Section 4.6.1). A summary of these risks, the main actions and policies implemented by the Group and a reference to a more detailed description are set out in the table below.

Risks and policies

Risk	Actions and policies	Details
Risk that our projects lose appeal and value for customers and investors In a context of major transitions (digital, ecological etc.), the property expectations of customers and investors can quickly evolve. ***DPEF1***	In order to anticipate the expectations of customers and stakeholders, in all its business lines the Group has introduced: ▪ improved dialogue with customers; ▪ well-being and comfort initiatives in each business line; ▪ continuous efforts on green value and environmental standards (quality, label and certifications); ▪ a culture of innovation instilled in the Group.	Customers 4.3.1. 4.3.2 4.3.3 4.3.4
Risks associated with the acceptability of the projects for elected officials, neighbours, customers (licence to operate) The development of Altarea Cogedim's activities depends on their acceptability for the regions in which they are to be located, citizens, buyers and the environment. ***DPEF2***	The Group is developing its local presence and rolling out environmental, economic and societal regional development measures: ▪ the Group is developing harmonious, sustainable, mixed urban projects connected to transport networks; ▪ it is contributing to regional development and establishes strong links with the social economy; ▪ preserving local biodiversity is a priority.	Cities 4.2.1. 4.2.3.
Risks associated with climate change: transition to a low-carbon world As the construction sector is responsible for around a quarter of emissions in France, they are directly concerned by the requirement to reduce greenhouse gas emissions and by future regulations (including taxation and more stringent standards, such as the future environmental regulation). ***DPEF3***	The Group has taken climate change into account in all of its activities and is committed to: ▪ reducing its direct footprint (target 70% reduction in emissions); ▪ contributing to a low-carbon city by promoting sobriety and proximity, with initiatives on the main categories of indirect emissions (scope 3): · 6.1 transport: developing projects with good transport links, · 7.1 materials: developing rehabilitation, · 8.1 energy: high standard of energy efficiency in its projects, and awareness raising.	Cities 4.2.2.
Risks associated with the impact of climate change Climate change is exacerbating climate phenomena (heat waves, flooding etc.) that affect cities and their inhabitants. Property is affected by these risks but is also a source of solutions. ***DPEF4***	In its property projects the Group implements adaptation measures aimed at ensuring the comfort and value of properties for their buyers.	Cities 4. 2.2
Risk associated with the increasing scarcity of resources Limited access to natural resources requires long-term thinking on how we can better manage resources and waste (the circular economy), the use of alternative methods, extending the life of buildings, intensifying their use etc. ***DPEF5***	The Group addresses this issue from the project design stage (reversibility, renovation etc.) right through to the operational phase (waste management etc.).	Cities 4.2.4
Societal risks down the sub-contracting chain Altarea Cogedim is a major buyer, with almost €2,000 million in purchases and has an impact on the social and environmental practices of its suppliers and sub-contractors. ***DPEF6***	The Group has implemented tools for managing social risks associated with its construction site suppliers, and CSR criteria as part of its purchasing policy which is currently being standardised across the Group.	Customers 4.3.5

Risk associated with skills management The excellence of human capital is the foundation on which the Group's development is based. The world of work demands agility and new skills (digital in particular), Altarea Cogedim needs to develop and improve the skills of its employees. DPEF7	Each year, the Group enhances its recruitment, integration and training policies to maintain and develop the skills of its workforce.	Talents 4.4.2
Risks associated with the Company's loss of appeal Altarea Cogedim needs talent to successfully fulfil its mission to be an "Entrepreneur for the city". If Altarea Cogedim is unable to recruit and retain employees, this could have a negative impact on its performance. DPEF8	The Group is developing staff retention mechanisms (pay, well-being at work etc.) and is pursuing a strong policy to improve its employer brand.	Talents 4.4.2 4.4.4 4.4.5
Risks associated with business ethics The Group may be exposed to attempted fraud, the impact of which could have a negative impact on its activities, performance and image. DPEF9	The Ethical Charter is a framework for the practices of the Group which is also seeking to reinforce its compliance programme.	Customers 4.3.6
Risk to security and safety Risks to security and safety can affect shopping centres, head office and information systems in particular DPEF10	The Security Department was set up in 2017 to manage these issues across all business lines.	Customers 4.3.7
Risk of pollution and damage to the environment The Group's property activities may expose it to the risk of polluting its environment DPEF11	The Group is committed to leading the way on environmental practices, *particularly* through certifications and processes to prevent pollution both by its assets and on construction sites.	Cities 4.2.5

4.1.2 The Group's CSR approach

"Tous engagés !"

Altarea Cogedim believes there is no growth without environmental and social responsibility and in 2009 committed to a CSR approach. This was updated in 2017 with the materiality matrix, in the form of the "Tous engagés !" *(We are all involved!)* programme . It is based on three main strands:

- working in the public interest of cities, to develop and preserve the local territories;
- placing customers at the heart of what we do, working on customer satisfaction across all our business lines;
- capitalising on the excellence of talent, the business's biggest asset, as a driver for its growth.

ALTAREA COGEDIM'S CSR APPROACH

Altarea Cogedim's CSR approach

Main indicators

Cities: working in the public interest

Scope	Commitments	Results 2018	Trend
Developing desirable urban projects and contributing to the local economy			
Group	Focus on mixed-use projects incorporating business property, residential and retail space	10 mixed-use projects in large mixed districts 81% of Business Property projects are multi-use	↗
Group	Improve the employment footprint for all of the Group's activities	Over 56,600 jobs supported in France Over 13,000 jobs in shopping centres	↗
Residential	Manage share of local purchases	77% of purchases for construction sites are from local sources	↘
Residential	Select new land near public transport	99% of surface areas under development are located less than 500 m from public transport	↗
Business Property	Select new land near public transport	100% of surface areas under development are located less than 500 m from public transport	=
Retail	Increase access to public transport and soft mobility	75% of Portfolio sites are less than 500 m from a transport network with services running at least every 20 minutes	=
Energy and climate: developing a resilient, low-carbon city			
Group	Reduce portfolio GhG emissions by 70% between 2010 and 2020[(a)]	-37.4% CO_2 compared to 2010	↘
Business Property	Maintain a high level of energy performance	100% of surface areas have a performance that is at least 30% better than the regulation	=
Retail	40% reduction in primary energy consumption between 2010 and 2020[(a)]	-34.6% in energy consumption compared to 2010	↘
Protect biodiversity and soil			
Neighbourhoods	Roll out BiodiverCity® certification	The Group is working towards certification for 6 neighbourhood projects	NA
Retail	Implement biodiversity initiatives across the portfolio	100% of sites have a biodiversity action plan	=
Retail	Disseminate biodiversity best practice.	Cap 3000 is the world's 1st BiodiverCity® shopping centre	NA
Promote the circular economy			
Business Property	Favour rehabilitations to reduce resource consumption	The proportion of rehabilitation is 66% in Paris region	=
Retail	Recover over 80% of waste at standing assets	98% of waste recovered	=

(a) Per m², on a like-for-like basis and under constant conditions.

Customers: placing the customer at the heart of our actions

Scope	Commitments	Results 2018	Trend
Dialogue to support relations with customers and users			
Group	Working to satisfy customers across all our business lines	6th place in HCG's ranking of customer hospitality	↗
Residential	Commitment to customer satisfaction	"Customer Service of the Year" Award for Cogedim for the 2nd year running.	=
Residential	Guarantee quality through NF Habitat certification	100% of projects certified NF Habitat over the last 3 years[(b)]	=
Retail	Continually improve the customer visit experience	Visitor satisfaction index: 7.7/10	=
Retail	Improve dialogue with tenants	80% of stakeholders consider that the centre management is doing its utmost to reduce its environmental impact	=
Quality of life and well-being in its projects			
Neighbourhoods	Develop pleasant living spaces	1st neighbourhood pilot of WELL Community Standard (Issy Cœur de Ville)	NA
Business Property	WELL certification for 100% of projects in Paris region	87% of projects in Paris region on course for WELL certification	↗
Retail	Roll out a comfort, health and well-being strategy	Creation of internal guidelines and assessment of 100% of the scope	↗
Labels and certifications, creating green value			
Residential	100% of new projects certified NF Habitat[(b)]	100% of surface areas certified	=
Business Property	100% of new projects in the Paris region certified NF HQE "Excellent" and BREEAM "Very Good" minimum	100% of surface areas certified	=
Retail	100% of new projects certified BREEAM® "Excellent" minimum	100% of surface areas certified	=
Retail	100% of portfolio certified BREEAM® In-Use, "Very Good" minimum	100% of surface areas certified	=
Business Property	Roll out digital connectivity labels	87% of projects in the Paris region are working towards a digital connectivity label	↗

(a) Property Development category – BVA Group research and consulting firm – Viséo CI – May to July 2017 – More information at escda.fr
(b) Excluding co-development, rehabilitations and managed residences.

Talent: helping our talent to achieve operational excellence

Scope	Commitments	Results 2018	Trend
Talent and skills management			
Group	Support Group growth	Headcount of 1,874 employees with 365 new hires on permanent contracts	↗
Group	Roll out the strategic training plan	More than 4,600 days of training (excluding Pitch Promotion)	↗
Diversity and equal opportunities			
Group	Increase the proportion of women on Management Committees	19% women on the extended Executive Committee	↘
Group	Promote youth employment	238 young people on work-study contracts	↗

CSR Materiality matrix

The Group's CSR approach is based on analysis of its CSR materiality matrix updated in 2016 on the basis of:

- a detailed analysis of the regulatory environment and trends;
- interviews with 13 external stakeholders: investors, customers, retailers, communities etc.;
- an internal consultation with the CSR Committee (see 4.1.3);
- and approved by management end 2016.

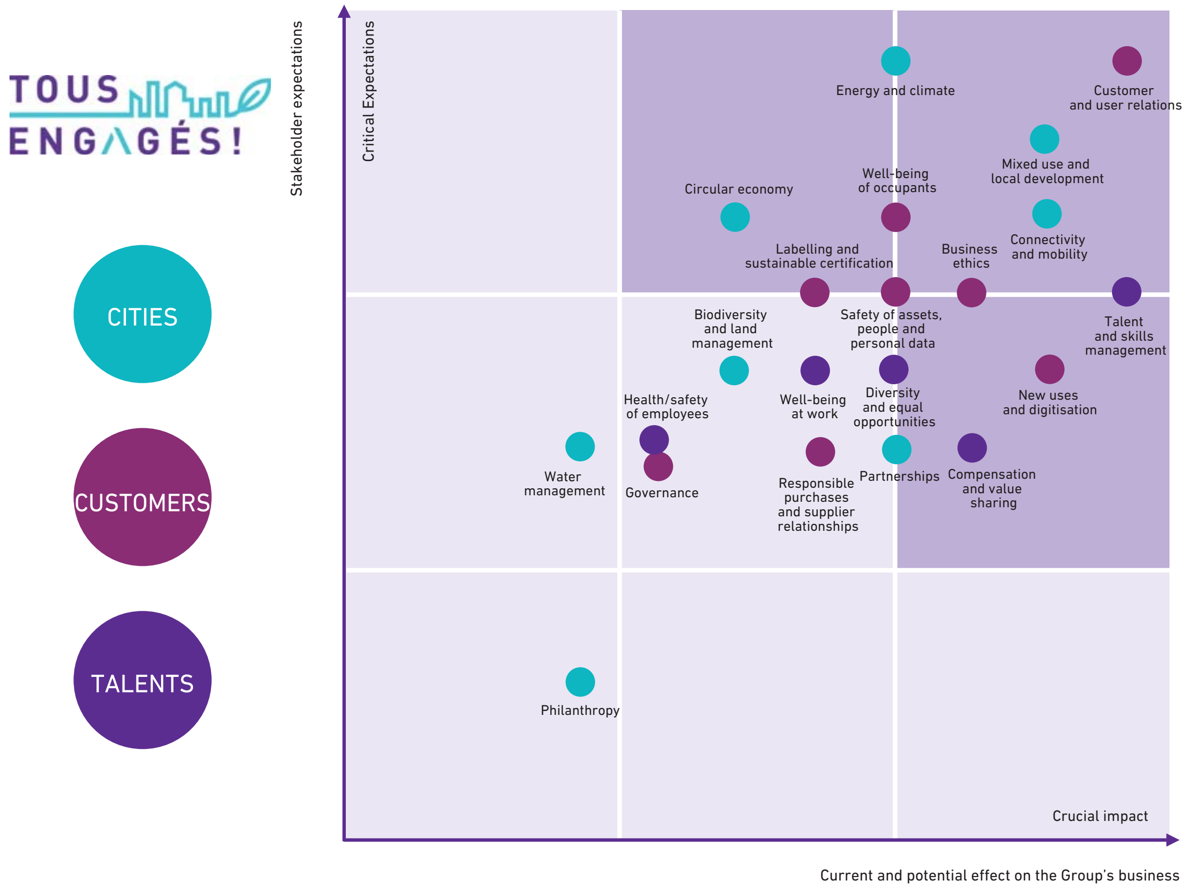
This matrix positions the 21 CSR issues identified across two key areas:

- actual or potential impact on the Company's business model;
- level of expectation of internal and external stakeholders.

Of these 21 challenges, 14 material issues have been identified and are prioritised for action by the Group.

This matrix was also used to identify risks when establishing the DPEF in 2018. The two approaches of materiality and risks complement each other and offer an overview of the Group's ESG risks.

MATERIALITY MATRIX



Relations with stakeholders

Due to the diversity of its activities and business lines, Altarea Cogedim has connections with a wide range of stakeholders. The diagram below presents the main ones. Follow paragraph references to find out more about the type of dialogue we have with each.

MAPPING OF ALTAREA COGEDIM'S PRIMARY STAKEHOLDERS

Clients	Buyers of residential units	Office users key accounts	Retail brands	Shoppers
CHALLENGES	Satisfy their expectations and advise them throughout the homebuying journey	Supporting performance and corporate culture	Capturing traffic and offering pleasant, innovative spaces	Offering an experience and services
Find out more about Altarea Cogedim's solutions	4.3.1	4.3.1	4.3.1	4.3.1

Partners	Government and communities	Investors and analysts	Employees and applicants	Suppliers, service providers, subcontractors
CHALLENGES	Long-term partnerships for regional revitalisation and development	Sustaining the financial and non-financial performance of the Group and its offering	Offering excellent career opportunities in an attractive setting	Make the Group's CSR challenges an integral part of its business relationships
Find out more about Altarea Cogedim's solutions	4.2.1	4.5.1	4.4	4.3.5 and 4.3.6

4.1.3 CSR governance and implementation

Organisation

Altarea Cogedim's CSR Department is part of the Institutional Relations, Communication and CSR Department. It is made up of five employees and reports to an Executive Committee member. The following steering process has been put in place to advance and spread the approach:

- the CSR Department advises Management and the Executive Committee on defining the CSR approach and the initiatives to be implemented;
- the CSR Department is supported by the CSR Committee which meets every quarter to roll out these initiatives. This network of 16 coordinators represents each of the Group's business lines: Residential, Business Property, Retail and cross-functional departments (Human Resources, Innovation, Finance, Internal Control);
- *Ad hoc* working groups are also formed to focus on targeted and operational topics with particular coordinators and other participants. In 2018, working groups were set up on the subjects of adaptation to climate change and relations between the Company and stakeholders in the social economy.

CSR team contact: developpementdurable@altareacogedim.com

Participation in sector organisations

Altarea Cogedim actively participates in external bodies, particularly to plan for changes in regulations on sustainability and discuss good practice. The Group is a member of the following organisations:

- CNCC: Conseil National des Centres Commerciaux, the French federation of shopping centres. In 2018, with other members of the CNCC Altarea Cogedim helped to draft the "Sector CSR reporting guidelines", a guide for implementing the DPEF aimed at retail REITS;
- FSIF (Fédération des Sociétés Immobilières et Foncières), the French Property Company Association;
- FPI (Fédération des Promoteurs Immobiliers), the French federation of real estate developers;
- C3D (Collège des Directeurs du Développement Durable), the French Sustainability Leaders Group;
- Alliance HQE® – GBC France;
- *Charte tertiaire du Plan Bâtiment Durable* (sustainable building plan charter for office buildings);
- Association BBCA *(Bâtiment Bas Carbone* – or Association for Low-Carbon Construction);
- IBPC (International Biodiversity & Property Council);
- OID (Observatoire de l'Immobilier Durable) Sustainable Real Estate Observatory, an independent association aimed at promoting sustainability in the property sector and of which the Group is a founding member.

Finally, the Group signed the *Charte de la Diversité* in December 2013.

Partnerships, working groups and think tanks

Altarea Cogedim takes part in working groups to discuss good practices.

Altarea Cogedim is a founding member of the Fondation Palladio. The Palladio Foundation was established in 2008 at the initiative of companies in the property industry to meet the challenge of building the city of tomorrow and its living spaces. The working method used is that of contrasting perspectives and challenges between Managers, experts, students etc.

Altarea Cogedim is committed to supporting cities and regions and is also carrying out an in-depth, quantified study of the local impact and its added value. Since 2016 the Group has been taking part in a think tank dedicated to cross-pollinating companies, with Utopies and ten partners. In 2017 this working group resulted in the publication of a report and a conference on the local presence of businesses and in 2018 to more in-depth work including practical case studies in the chosen areas. Altarea Cogedim is continuing to think about and research solutions to support local entrepreneurship (see 4.2.1).

Relations with start-up incubators;

Altarea Cogedim is implementing a process of open innovation and has partnered with incubators (see 4.3.4):

- Paris & Co, a real estate innovation specialist;
- Real Estate Disruptive Lab, a specialist of disruption in real estate;
- the French postal service's digital hub (Hub Numérique) which focusses on French start-ups in the internet of things sector.

External commitments

The Group is committed to working with the City of Paris on its Climate Energy Plan *(Plan Climat Énergie)*: it has been signatory to the Climate Action Charter *(Charte Paris Action Climat)* since 2015. Thus, within this framework, Altarea Cogedim has committed to measurable targets for the reduction of greenhouse gas emissions and energy consumption by 2020:

- between 2010 and 2020, in the portfolio of shopping centres managed in France: 50% reduction in greenhouse gas emissions and 40% reduction in energy consumption;
- for new projects in Paris, energy performance exceeding relevant thermal regulations by 10% in the case of new residential buildings and 40% in the case of new and renovated projects.

In 2018, the Group continued to take part in the City of Paris's climate working groups. It will renew its commitment in 2019 with updates to the Paris Climate Action Charter *(Charte Paris Action Climat)*.

Contribution to sustainable development goals

Altarea Cogedim's action is based on the United Nation's Sustainable Development Goals (SDGs).

In particular, the Group is committed to Goal 11, "Sustainable cities and communities: make cities inclusive, safe, resilient and sustainable". Altarea Cogedim believes that urban development, if done in a lean and inclusive way, can be part of the solution to environmental, development, employment and other issues facing our cities.

A few examples of the Group's contributions:

- ensuring access to housing for all and adequate, secure basic services at an affordable cost: the Group is one of the founding partners of *Habitat et Humanisme*, which works to promote housing and social integration and to re-establish social bonds (see 4.2.6); the social REIT launched by the Group helps to develop affordable social retail enterprises that create long-term employment (see 4.2.1);

- reducing the negative environmental impact of cities *per capita*, with particular attention on air quality and waste management: the Group is developing projects that are leading the way from an environmental point of view (see 4.2.2, 4.2.3 and 4.2.4);
- ensuring access for all to green spaces and safe public spaces, particularly women and children, older people and people with disabilities: the design of pleasant, comfortable, safe and green spaces is one of the Group's priorities (see 4.3.2).

4.2 Working in the public interest of cities

4.2.1 Developing desirable urban projects and contributing to the local economy DPEF2

Scope	Objective/commitment	Results 2018	Comment
Group	Focus on mixed-use projects incorporating business property, residential and retail space	**10 mixed-use projects in large mixed districts** **81% of Business Property projects are multi-use**	The Group offers mixed-use options across all of its major projects to promote proximity and bring cities to life.
Group	Measure and improve the employment footprint for all of the Group's activities	**56,600 jobs supported in France**	The Group supports an increasingly extensive ecosystem of suppliers, service providers and services and makes a significant contribution to employment nationwide
Residential	Measure share of local purchases	**77% of purchases for construction sites are from local sources**	Altarea Cogedim monitors this indicator to strengthen its contribution to the local economy
Residential	Select new land near public transport	**99% of surface areas under development are located less than 500 m from public transport**	Proximity to transport has remained stable since 2016 in the case of Residential and Retail portfolio and has improved in the case of Business Property. This demonstrates the Group's commitment to projects with good transport links, which offer convenience and low carbon mobility.
Business Property	Select new land near public transport	**100% of surface areas under development are located less than 500m from public transport**	
Retail	Increase access to public transport and soft mobility	**75% of portfolio sites are less than 500m from a transport network with services running at least every 20 minutes**	

Altarea Cogedim is a major player in regional development. Today, as an urban developer, the Group is shaping the living environment of millions of users. This mission implicates it strongly in the future of the regions where it is located. In a region that is readying itself for the decades to come but which is also undergoing rapid, profound changes, the role of Altarea Cogedim is both complex and crucial. The Group is facing new challenges and opportunities:

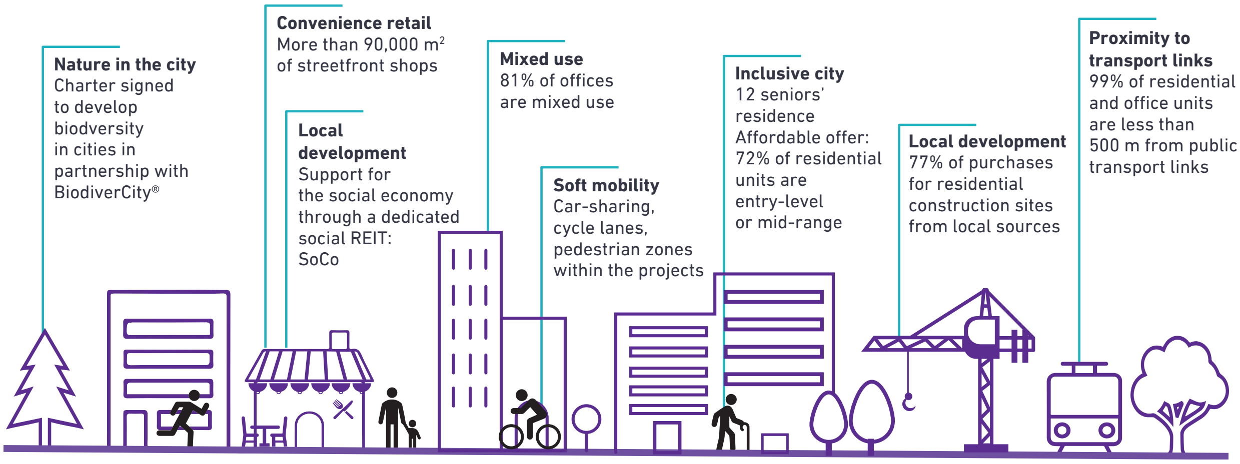
- local communities wish to foster and anchor wealth creation. City centres are redesigned to make them more dynamic, retail hubs and services are created. Local representatives expect their town to generate employment and business. Altarea Cogedim's urban projects must guarantee this economic development;
- with the boom in new technologies, the development of networks and the aspirations of the new generation, there has been a transformation in the way towns are used. Today's citizens want to be involved in decision-making about where they live. The Group must listen to citizens to make cities that work better for all; and
- after a number of years of being cut off from the means of production and of increasing inequality, local communities want to develop diversity, collaboration and solidarity. It is an key issue in terms of guaranteeing their resilience and coherence. Faced with an increasingly uncertain world, the social economy and the development of a local economy are effective means of creating a rich social fabric as well as a functional, convivial and peaceful town.

Understanding and responding to these changes is a key challenge for Altarea Cogedim. Today, communities expect proposals that reflect these transformations and make a positive contribution to regions. Finding the right response to these new regional challenges is essential to the Group's commercial success.

Altarea Cogedim has set itself the mission of placing the interests of the city at the heart of its projects. Developing desirable urban projects is first and foremost about listening to users (see 4.3.1). The Group's approach is based on three key strands:

- the development of mixed-use neighbourhoods: Altarea Cogedim believes that sustainable cities take the form of diverse neighbourhoods offering a mix of residential properties, commercial activities (retail, offices, services, etc.) and areas for leisure and relaxation. This proximity creates conviviality and sustainability, reduces commutes and gives the city a more people-centred focus;
- contributing to regional economic development: Altarea Cogedim wants to contribute to local economic development through its projects: support for entrepreneurs, local social enterprise and local start-ups, support for reducing food miles, buying locally, etc.;
- being a major player in the labour market in France: Altarea Cogedim's activities have a significant impact on employment and wealth creation in France, in particular due to the large volumes of purchases made.

DEVELOPING DESIRABLE URBAN PROJECTS



4.2.1.1 Our convictions for the city

A dense and diverse city

Diversity is at the heart of what the Group does. Altarea Cogedim draws on all its skills to devise and implement large, innovative mixed-use projects, blending retail, residential property, offices, hotels, etc. These projects are delivered in collaboration with local authorities, developers, private stakeholders, investors and individuals. They enable the Group to engage on issues around complex urban redevelopment and regional development.

The Group is involved with ten mixed projects across France. These are large-scale, bold projects, the forerunners of the urban living environments of tomorrow.

THE GUILLAUMET DISTRICT

Located in Toulouse at the former site of the *Centre d'Essais Aéronautiques de Toulouse* (CEAT) undergoing conversion the key figures for this project are as follows:

- 13 hectares of total surface area, half of which will be dedicated to green spaces with a range of uses (play areas for children, urban agriculture, orchard, etc.);
- 78,000 m² of residential units, including an *Habitat et Humanisme* intergenerational residence
- 13,300 m² of retail space, services, offices, 10,000 m² of equipment (third places, cultural leisure equipment, sporting equipment), 17,200 m² of outdoor sports areas (stadium, tennis courts);
- 1 place (La Halle aux cheminées) made up of an urban farm, a community cafe, a vegetable box service, collective compost, a repair workshop, a tool library, with the aim of reducing waste and establishing strong intergenerational links;
- 20,000 m² in roads made with material from recycled concrete gravel;
- Working towards 5 certifications: HQE Aménagement, BiodiverCity®, Ecojardin for the project as a whole, HQE Bâtiment Durable and BEPOS label for the offices.

The other large mixed-use projects currently under development by Altarea Cogedim are presented in the business review (see Chapter 1 of the Registration Document – 2018 Business Review).

In addition to these large-scale neighbourhood projects, Altarea Cogedim is introducing a mixed-use element into its projects as early as possible:

- 81% of Business Property projects are multi-use;
- With Altaproximité, the Group has developed a specific business dedicated to convenience stores, which currently has some fifteen projects covering 90,000 m². The aim is to breathe new life into residential projects, including street-front stores to create a real urban fabric. Altarea Cogedim's integrated marketing guarantees a mix of complementary retailers to suit neighbourhood life and which are also sustainable as a result of an economic model developed upstream;
- Finally, Altarea Cogedim is introducing mixed use solutions by creating shopping centres in stations in France (Gares Paris-Est, Paris-Montparnasse, Paris-Austerlitz). The Group is devising and creating a new offering of retail, experiences and leisure in transport hubs that suits new consumer habits and mobile lifestyles.

Altarea Cogedim is designing places for every moments of life, in private, collective and work spaces. In order to facilitate social and intergenerational diversity, the Group is offering solutions for a wide range of circumstances: housing to suit all budgets and all family situations, halls of residence for students, Cogedim Club® for seniors, living spaces that meet the needs of their users.

Faced with the challenges of regional development, particularly urban regeneration through housing, Altarea Cogedim created an urban development department in 2018. Its remit is to strengthen property synergies within the Group and offer communities redevelopment projects that create urban value and well-being for the regions.

Proximity to transport links

In terms of property, location and good transport connections are all the more crucial with the mass growth of sustainable mobility and questions around the city planning of the future and the place of personal vehicles

For Altarea Cogedim, the main areas of mobility research focus on the movements of occupants of the buildings it sells and of visitors to the shopping centres it manages. Indeed, the transport modes used to reach Altarea Cogedim's buildings are the Group's principal source of indirect greenhouse gas emissions.

For its new projects, in all business lines (Residential, Business Property, Retail), Altarea Cogedim has been committed for several years to ensuring the proximity of local public transport networks and to providing sustainable, practical and economical mobility solutions. The Group believes that current buildings must provide alternative solutions to increase the use of public transport and parking spaces: car sharing, shared parking, etc. Altarea Cogedim is therefore committed to giving its new projects good connectivity in order to connect different living spaces.

Residential and Business Property

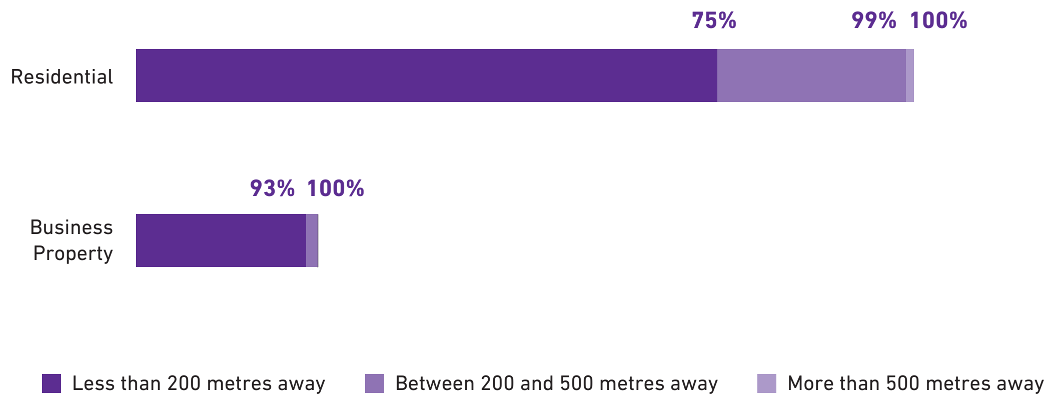
Since 2014, the Group has set itself the goal of developing its new projects less than 500 metres from a public transport network.

The Group has chosen to be transparent regarding the proximity of transport networks for all of its projects under development. In 2018, 99% of surface area developed by the Group is less than 500 metres on foot from a public transport stop.

To report this commitment, the Group analyses the distance by foot to the closest public transport stop and the type of transport available for each project under development.

These numbers are stable compared to 2017.

PROXIMITY OF PROJECTS TO PUBLIC TRANSPORT



Retail

In managing its portfolio, Altarea Cogedim strives to prioritise the acquisition or construction of shopping centres close to town centres with good public transport links. The aim is two-fold: to close the gap with consumers by offering them a local shopping experience and to propose alternatives to the car.

Since 2012, Altarea Cogedim's reporting on the connectivity of the shopping centres in its portfolio to public transport and customers' modes of transportation have made it possible to calculate three indicators:

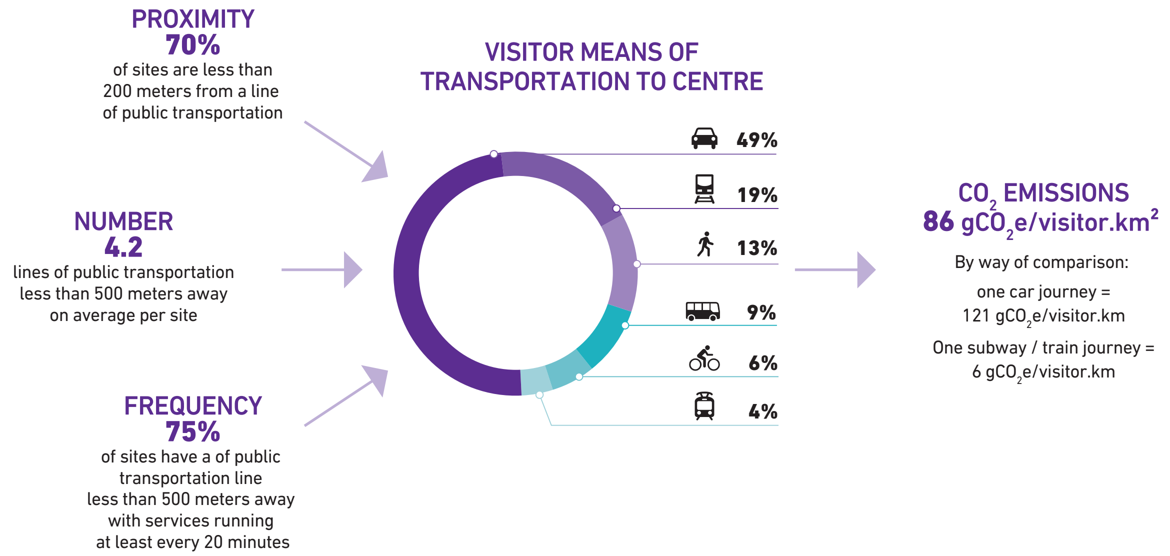
- proximity to public transport: percentage of sites with at least one line less than 200 metres away;
- availability of public transport: several lines of public transportation available less than 500 meters away on average per site;
- frequency of public transport: percentage of sites with at least one line less than 500 metres away with services running at least every 20 minutes.

The proximity, number of routes and frequency are calculated for 100% of shopping centres in the current reporting scope.

The Group also conducts on-site surveys to analyse how visitors are getting to the main shopping centres in the portfolio, which represent 75% (in value terms) of the current scope of reporting.

Data on the transport links of shopping centres remain stable since the number and frequency of public transport services have themselves remained stable. However, there is a gradual shift in the visitor means of transportation to shopping centres away from the car and towards low-carbon transport such as the underground and train. Consequently, greenhouse gas emissions went from 94 gCO_2e/visitor.km in 2017 to 86 gCO_2e/visitor.km in 2018. This shift is evidence of the efforts made by the Group to promote low-carbon transport.

CONNECTIVITY AND CARBON FOOTPRINT OF CUSTOMER TRAVEL TO SHOPPING CENTRES IN THE PORTFOLIO



Moreover, the Group is committed to promoting soft mobility at the projects within its portfolio, whether by developing car-sharing, cycling, or through the provision of electric vehicle charging stations (see 4.2.2).

4.2.1.2 Contributing to regional economic development

Contributing to local economic development

Altarea Cogedim plays a role in the economic development of the areas where it is established. Altarea Cogedim is convinced that the most effective way of intervening appropriately in an area is to create interaction with local resources.

The cataloguing of initiatives for local economic development carried out in 2017, showed that most subsidiaries were establishing partnerships with regional stakeholders by, for example, contributing to local employment, showcasing local skills, collaborating with innovative regional stakeholders and developing convenience stores. Altarea Cogedim has since structured its approach to establishing a local presence and continued this work in 2018.

PROMOTING CRAFTS AND LOCAL RETAIL

This year the Family Village® of Nîmes Costières Sud organised a Christmas market of local craftsmen and women in partnership with the Gard association for the promotion of local handicrafts. Ten local artisans were able to extend their reach, offer high-quality local products (leather items, drinks, knives, pastries) direct from the producers and create jobs a few days before Christmas.

In terms of convenience stores, Altaproximité is developing its programming with local communities. With a view to creating new urban centres, there is high demand on the part of elected officials for the long-term positioning of local retailers. As such, Altaproximité is working on a programme that places an emphasis on local greengrocers, freelancers, butchers and craftspeople.

In parallel, the Group is calculating the share of purchases by its Residential business line that are from local sources. In 2018, 77% of purchases were from businesses based in the same area *(département)* as the construction site[1]. This figure, down 12 points compared with 2017, can be explained by the strong building activity in the Paris, Lyon and Bordeaux areas which put pressure on the ability to source local contractors. The Group will now conduct more in-depth analysis, region by region, and make any appropriate improvements to give its projects a strong local anchorage. Shopping centres are important providers for local employement in the regions where they are located. Initiatives are taken to further promote the recruitment of local residents (see 4.2.1.3).

To take its approach further, since late 2016 Altarea Cogedim has been taking part in a working group on cross-pollinating companies made up of businesses and stakeholders with an innovative approach to the subject. The aim is to develop the local economy and co-construction with the regions. The first session explored ways of pollinating the region and the benefits of such an approach for businesses. The second is focussed on local experimentation.

Contribution to the social economy

The social economy (*l'Économie Sociale et Solidaire* – ESS) refers to all businesses, associations and charities seeking to combine an economic activity with a strong social or environmental mission. The organisations of the social economy are increasingly strategic players that contribute to the resilience and management of local life since they create jobs, close the gap between producers and consumers, stimulate the environmental transition and re-establish social ties.

The players of the social economy are naturally partners of retail projects: bringing life to streetfronts, new shopping centres and the creation of new neighbourhoods. As a regional developer, Altarea Cogedim is giving increasing importance to the social economy as they make an active contribution to the creation of pleasant, resilient, independent regions.

(1) *For projects in the Paris region, businesses included in the same region are also counted*

In order to establish this link between the Group's activities and the social economy, Altarea Cogedim:

- organised an internal event combining learning and inspiration, presenting a number of entities from the social economy. These events helped to build relationships and give tangible information about partnerships already established within the Group;
- designed and circulated guides to the social economy to make it easier for employees to start using them. These guides gave general information on the social economy and lists of potential partners. Since social economy has a strong local presence and credibility, the guide was adapted for all fifteen regions where the Group is located.

SOCO: A SOCIAL REIT IN THE PUBLIC INTEREST

In collaboration with Crédit Coopératif and Baluchon, Altarea Cogedim launched the first social retail REIT aimed at offering social enterprises long-term support both in the start-up and operational phases. Currently, rental pressure inhibits their development in the start-up phase and threatens their long-term viability. The scheme is based on the purchase of commercial space by the REIT, for setting up projects with a social impact requirement only over a period of at least 15 years. Thus, in exchange for a commitment to remaining a social enterprise, the REIT benefits from more favourable trading conditions than those usually seen in high-demand areas.

The first, called "Bouillon Club" will open in 2021 in 230 m² on the ground floor of the "Nudge" project in the 13th district of Paris. Under the terms of the tender won by Altarea Cogedim and Ogic, this space will play host to a platform showcasing food, social and community innovations. This sustainable food workshop in the Paris Region (teaching kitchen, interactive workshops, Rock canteen, cultural events etc.) was designed with Baluchon, the regional economic cooperation cluster (*pôle territorial de coopération économique* – PTCE) Resto-passerelle, the social enterprise Petit Bain and the local community group Tela 13.

4.2.1.3 Supporting employment in France

For a number of years Altarea Cogedim has been quantifying its indirect economic contribution in terms of employment and local development. Figures are now available for each metropolitan district where the Group is established and include the activities of Pitch Promotion and Histoire & Patrimoine.

The Group's activities give rise to a large volume of purchases and significant sub-contracting, in particular in terms of property development (jobs in the construction sector, surveys and maintenance) which has a strong multiplier effect. Accordingly, each direct job at Altarea Cogedim can support 30 additional jobs in the French economy.

For 1 job at Altarea Cogedim,

30 additional jobs are supported in the French economy.

In total, over 56,600 jobs are directly supported by the Group's activities (purchases, wages, taxation etc.).

56,600 jobs supported in France

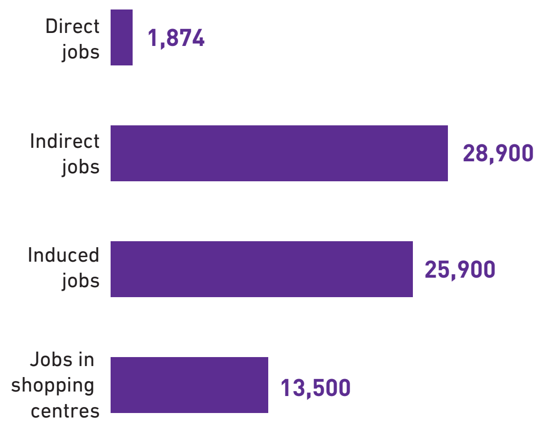
In addition to these jobs, over 13,000 jobs are hosted by the Group's shopping centres.

These data were obtained using Utopies' Local Footprint® methodology. This robust methodology is based on the macro-economic concept of input-output tables which can be used to perform economic modelling based on national accounts. Based on actual purchasing (by location and sector) and payroll data gathered by the teams at Altarea Cogedim, the methodology can be used to simulate the socio-economic impact of the business's activities in France and in gateway cities where the Group is established.

The indicators monitored as part of the study are as follows:

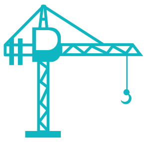
- indirect jobs: jobs directly related to purchases of goods and services by the different Group entities;
- induced jobs: jobs created by the consumption of direct and indirect employees in France;
- hosted jobs: in the shopping centres owned and managed by Altarea Cogedim.

JOBS SUPPORTED BY THE GROUP'S ACTIVITIES



The study identifies the three main sectors supported: buildings and public works (20% of jobs), health, education and social care (15% of jobs), and intellectual services (consulting, experts: 13% of jobs).

MAIN SECTORS SUPPORTED BY ALTAREA COGEDIM



Buildings and public works
11,350 jobs

Health, education, social
8,500 jobs

Consulting, experts
7,400 jobs

Retail, trade
4,800 jobs

For its activities that create many indirect jobs, the Group is studying the possibility of applying, in the medium term, clauses that encourage economic development and job creation by forming partnerships with local authorities and the multiple employment and social integration players.

The Group also encourages job creation through partnerships and events organised in its shopping centres. In 2018, as part of the modernisation of the Paris-Montparnasse station, Altarea Cogedim signed a Paris Employment and Business Agreement (*Pacte Paris pour l'Emploi et les Entreprises* – PPEE) with l'Ensemble Paris Emploi Compétences (EPEC) and Pôle Emploi Paris employment services intended to create 500 to 700 jobs in Paris. With the support of regional stakeholders in the employment sector, this agreement contains provision for, in particular, attendance at recruitment forums, presenting jobs to jobseekers, young people and seniors accessing careers advice services and the introduction of pre-recruitment training. This agreement was signed a few days after a job-dating event in Paris-Montparnasse station, organised by the City of Paris, the town halls of the 14th and 15th districts, Pôle Emploi, Altarea Cogedim and the EPEC. 1,200 candidates were shortlisted and 172 candidates came to explain their experience to the retailers at the event.

Similarly, in May 2018, the Qwartz shopping centre organised an Employment Forum in partnership with the city of Villeneuve-La-Garenne (92). On the first day, visitors were able to learn about jobs and training and chat to recruitment coaches to learn how to prepare for an interview. The second day was spent on speed dating between candidates and employers. In total, sixty businesses took part, including ten retailers from the shopping centre, and 2,000 applications were submitted over the two days.

4.2.2 Energy and climate: developing a resilient low-carbon city *DPEF3* *DPEF4*

Scope	Objective/commitment	Indicator	Results 2018	Change	Comment
Group	Reduce greenhouse gas emissions of portfolio by 70% between 2010 and 2020[(a)]	GhG emissions (scope 1+2)	**4.9 kgCO_2e/m^2**	**-37.4%** compared with 2010	Reduction in emissions due to lower energy consumption and the purchase of green electricity
Business Property	100% of projects have a high level of energy performance	Share of surface areas with better performance than the applicable thermal regulation requirements	**100%**	**Stable** since 2016	For a number of years, 100% of Business Property surface area has been outperforming thermal regulation requirements by at least 30%
Retail	40% reduction in primary energy consumption by portfolio between 2010 and 2020[(a)]	Primary energy consumption of commercial assets	**164 kWhPE/m^2**	**-34.6%** compared with 2010	The reduction in consumption is in line with the target thanks to the implementation of the energy master plan and the EMS.

(a) On a like-for-like basis and under constant conditions.

The urgency of climate change means profound changes in how cities operate, shifting towards less intensive urban models that adapt to new climate issues.

Building and construction are among the most energy-intensive sectors and those with the highest greenhouse gas emissions in France, which imposes a particular responsibility. Moreover, the consequences of climate change are becoming increasingly noticeable in France, with an intensification of climate phenomena such as storms and heat waves heightened in cities by the heat island phenomenon. These climate events have an impact on buildings and user comfort. They can affect buildings, networks, construction sites and quality of life in cities.

Altarea Cogedim has understood these changes, is joining the challenge of adapting these cities to a new low carbon world and has made specific commitments. Following structuring work co-developed in-house, it set targets in 2017 that integrated scopes 1 and 2 and scope 3 (see 4.2.2.1).

With its reflection on its indirect impacts, Altarea Cogedim is offering responses that are proportionate to the emissions from each source and are adapted to each activity.

In 2018, there was a particular focus on adaptation. The Group conducted an assessment of the vulnerability of its activities to climate change. This produced an action plan for the Residential and Retail business lines which will be rolled out in 2019.

4.2.2.1 Altarea Cogedim's approach to combating climate change

The Group's carbon footprint

Altarea Cogedim calculates its carbon footprint using the Greenhouse Gas Protocol (GhG Protocol) methodology, compatible with the *Bilan Carbone*® and ISO 14064.

The Group has a direct carbon footprint of 5,319 tCO_2e in scope 1 and 2 (Scope 1: 3 $ktCO_2e$, Scope 2: 2 $ktCO_2e$). Included in this scope is energy consumed by the Group at its head offices, regional offices and shopping centres, as well as business travel in corporate vehicles.

By way of comparison, this represents 13 Paris-New York[(1)] return flights or 22 million km in a mid-sized car[(2)].

This relatively low footprint can be explained by the Group's activities (mostly office work) and the low-carbon electricity mix in France, with Altarea Cogedim mainly using electricity in its offices and its portfolio of shopping centres. As such, the Group's emissions derive heavily from employee travel (sales staff, people travelling to construction sites) and from natural gas and electricity used in shopping centres.

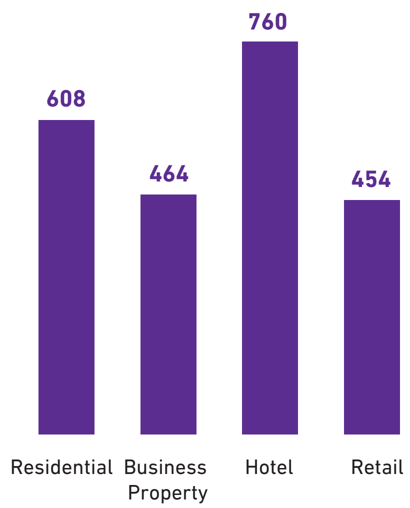
Altarea Cogedim has conducted in-depth analysis of its extended footprint and has been calculated its scope 3 emissions for a number of years.

In 2018, scope 3 emissions stood at 5.034 $MtCO_2e$ – some 99% of total emissions.

In order to produce appropriate and effective action plans, the Group opted for a broader vision of indirect emissions: incorporating emissions related to the energy consumption and travel of occupants of residential and office sold by the Group. Indeed, the Group may be a source of "avoided emissions" through its choice of site for its programmes (close to transport links) or through high energy efficiency designs.

With regards the design stage, since 2011, systematic carbon reporting for Business Property and Retail projects under development with a surface area of over 10,000 m^2 has meant improvements could be made in terms of managing the carbon challenges within the building.

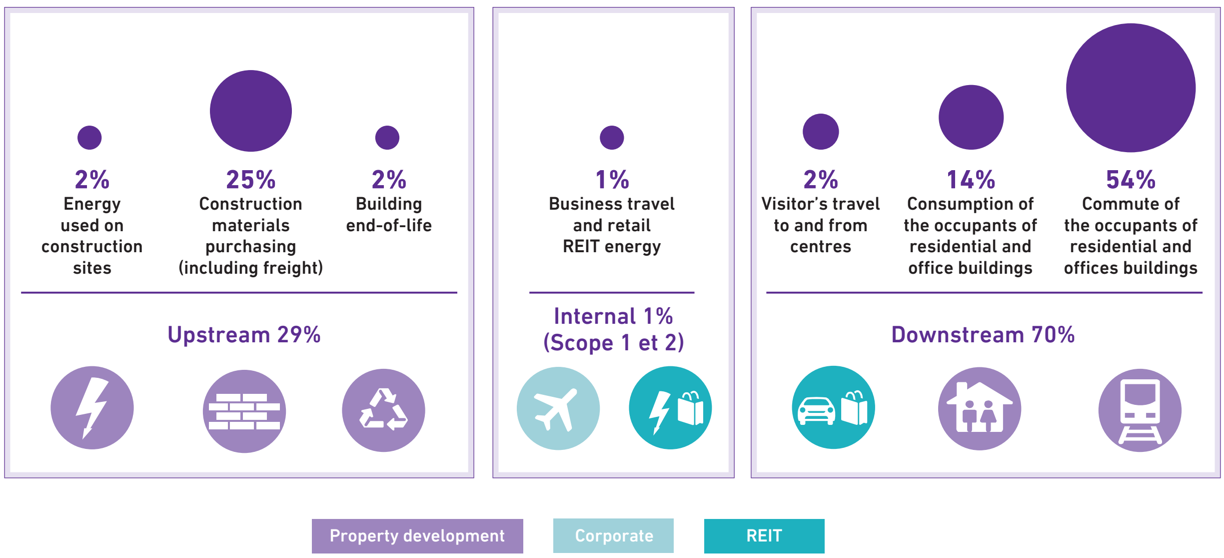
GHG EMISSIONS IN THE CONSTRUCTION PHASE BY ASSET TYPE (IN $kgCO_2e/m^2$)



This strategy for a global reduction in greenhouse gas emissions reflects the Group's vision of a low-carbon city, to be achieved by promoting local links and thinking through sustainability and energy efficiency issues early in the design process. In this way, the Group is reducing its indirect impact on climate change. Its actions also involve close collaboration with customers and users.

The Group's total emissions consist of the following, depending on the activity and the different sources of emissions.

MAJOR SOURCES OF GREENHOUSE GAS EMISSIONS IN THE GROUP



(1) *Source: greenhouse gas emissions from aviation calculator: https://eco-calculateur.dta.aviation-civile.gouv.fr/Consulted in January 2019.*

(2) *Source: Quelques facteurs d'émissions – Commissariat général au développement durable: https://www.statistiques.developpement-durable.gouv.fr/sites/default/files/2018-10/chiffrescle_d_clima2013-pratique.pdf*

More than 99% of emissions consist of "upstream" and "downstream" items which the Group emits indirectly *via* its value chain. For example, they include emissions related to the purchase of construction materials for buildings made by service provider companies and, for the REIT business, of emissions generated by people travelling to and from buildings.

Consolidated at Group level, the three sources of the most emissions are travel by the occupants of residential and office buildings sold by the Group, their energy consumption and purchases of materials used on the construction sites.

Focus on the portfolio's carbon footprint

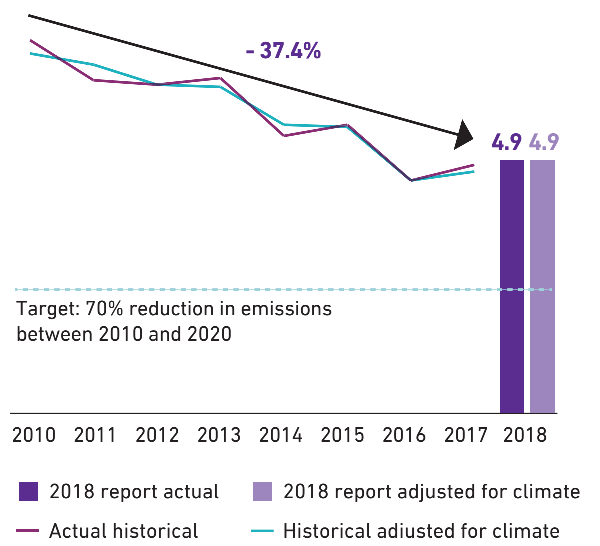
THE GROUP'S COMMITMENT TO ITS ASSETS

Within its scope of direct responsibility (shopping centres in operation): the Group is committed to reducing scopes 1 and 2 emissions by 70% between 2010 and 2020.

Since 2010, the approach implemented for energy efficiency has had led to a 45.6% reduction in greenhouse gas emissions per m^2 on a like-for-like basis compared to 2010. At constant climate, the reduction amounts to 47.8%.

The reduction in emissions is associated with the Group's efforts to promote energy efficiency and the purchase of 50% green electricity by the Group since 1 January 2016, which saved 385 tonnes of CO_2e in 2018, compared to a standard electricity purchase on the French market (location based method in accordance with the CDP and the GhG Protocol)

PORTFOLIO GREENHOUSE GAS EMISSIONS (LIKE-FOR-LIKE SCOPE OF REPORTING IN KGCO$_2$E/M^2)



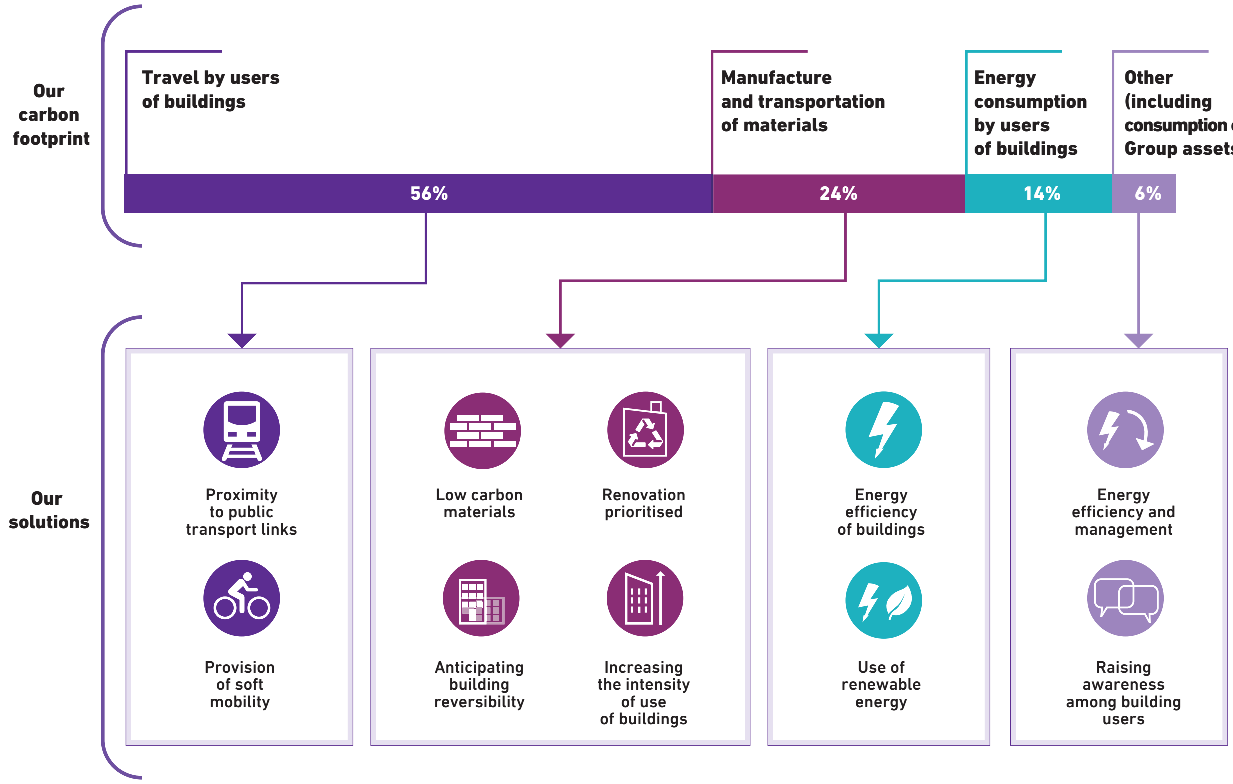
Despite a downwards trend, there was an increase in emissions over the last year due to increased natural gas consumption at two major sites within the scope, and particularly owing an early and late winter. This is reflected in the CO_2 mix for the year: natural gas represents 51% of emissions but just 14% of the energy mix. Electricity is the second highest source (25% of emissions), followed by steam (23%) and fuel oil (1%).

Finally, aside from direct emissions, the emissions from shopping centres are mainly related to visitor travel and tenants' consumption. Altarea Cogedim is working with these two groups of stakeholders to reduce their emissions (see. 4.2.2.3).

Calculating and reducing scope 3 emissions

For scope 3, the scope of "shared responsibility", Altarea Cogedim is committed to helping create low-carbon cities and being the source of avoided emissions by designing projects that reduce emissions for stakeholders. The solutions proposed by the Group are set out in the diagram below and the rest of this chapter.

GROUP GREENHOUSE GAS EMISSIONS AND SOLUTIONS IMPLEMENTED



Reducing the 1st emissions category: facilitating low-carbon mobility

Altarea Cogedim is developing projects that help to reduce reliance on high-carbon mobility:

- the choice of land is the primary action lever: in accordance with its development strategy the Group selects sites with good public transport links (see indicators under 4.2.1), meaning a reduction in the carbon footprint of users;
- in addition, Altarea Cogedim offers alternative sustainable transport solutions. In Business Property, for example, around one hundred parking spaces with electric vehicle charging stations are in the pipeline in the Paris region and forward-looking measures are systematically taken to enable them to be installed during the operational phase. Similarly, across France, the Group's projects offer mobility solutions that best suit the area. A few examples: the Lyon-based project "Pur' 7ème" includes a 300 m^2 cycle park with shared cycle repair tools; the project Vitrolles Nouvelle Rive includes a system of car-sharing in partnership with the city; at Bobigny Cœur de ville, the neighbourhood will be pedestrianised and will have a transport hub. In Retail, Altarea Cogedim is aware that many of its customers still travel by car and is introducing spaces for hybrid and electric vehicles. At its shopping centres under development, the Group is planning to display public transport times and traffic conditions in real time as well as alternative modes of transportation (carpooling, pedestrian and cyclist infrastructure, charging stations for electric vehicles, etc.).

Internally, travel accounts for over half of the emissions by the Group's head offices. The main focus of action is the reduction in emissions from company vehicles and the implementation of a company travel plan.

Reducing the 2nd emissions category: greenhouse gas emissions associated with materials

25% of the Group's emissions are due to the purchase of materials during the construction stage. Reducing this source of emissions may take the form of:

- replacing CO_2 emitting materials (concrete in particular) with lower-carbon alternatives (wood, bio-sourced materials, low-carbon concrete etc.);
- reusing existing materials: rehabilitation (enabling a reduction in the amount of materials used), circular economy (reusing and recovering materials) etc.;
- and above all thinking about a new approach to building design, increasing building life (reversibility, anticipating future uses) and intensity of use.

Replacing materials

The Group is developing pilot projects where wood is used as the main material. The programmes "5 Impasse Marie-Blanche" (Paris 18th district) and "U-Care" (Paris 13th district) incorporate timber structures. Altarea Cogedim also built the Marques Avenue A13 shopping centre in Aubergenville entirely out of wood, a first in France. In the regions, the Group is using modular timber for houses such as on the Domaine de Guillemont project (Canéjan). This process allows timber panels to be prefabricated in a workshop before being assembled on-site in a very short time-frame, reducing the disturbances caused by the site.

"SERIE FLEX": AN INNOVATIVE, LOW-CARBON CONSTRUCTION METHOD

Pitch Promotion, in partnership with the Hoche industrial group, has developed "Serie Flex", an innovative, environmentally-friendly construction method: prefabricated wood units with metal frames which can be assembled and joined to form property complexes. Buildings constructed off-site using the "Serie Flex" concept have a lower carbon impact and have the same architectural, thermal and acoustic performance as a traditional solution. The impact of materials at end of life is also reduced since the buildings can be reconfigured and moved.

This process received a major prize for industrial innovation at the Pyramides d'Or awards organised each year by the FPI (Fédération des Promoteurs Immobiliers), the French federation of real estate developers.

Rethinking the design of buildings and the city

The Group is exploring a number of options for optimising the use of buildings and extending their life:

- thinking is being put into how to increase the intensity of use of buildings, in particular office projects to use shared spaces more effectively (restaurants, auditoriums, etc.) throughout the day. Building design incorporates flexibilities allowing changes of use, closing or opening to the exterior of certain premises within certain periods for example. Serviced residences for seniors also open their doors to business travellers which optimises the use of the surface area;
- the Group is working on the reversibility of spaces to anticipate potential changes in how the building is used in the future. It is about planning for potential changes in the building's use – an office that can be changed into housing, housing into hotels etc. – by planning the walls, ceiling height and positioning of windows and doors. This work is beginning with scalable housing which can be transformed into one- or two-bedroom apartments and apartments that can be divided into several units to adapt to the uses of future buyers. For example, Altarea Cogedim offers 5-bedroom homes that can be divided into two apartments with separate doors, two electrical panels and a supporting wall in the centre of the apartment to ensure the acoustic comfort of users should the apartment be divided;
- finally, the Group is working on future-proofing its buildings by investigating future technologies to which the buildings will have to adapt. In Business Property, the Group is researching labels such as Ready2services, to guarantee the adaptability of the building to future digital use.

CAP 3000 IS LOOKING AHEAD TO NEW USES FOR ITS MULTI-STOREY CAR PARK

In anticipation of changes to mobility (reduced role of the personal car in particular), the Cap 3000 multi-storey car park was designed to be reversible: the car park frame can be transformed to accommodate retail space. As such, if cars are used significantly less in the future, it will be possible to change the use of the car park by turning it into shops without demolishing the building. By planning ahead in this way, the building's life can be extended.

Reducing the 3rd emissions category: managing energy to reduce greenhouse gas emissions

In the extended scope 3, emissions associated with the consumption of future occupants of residential units and offices sold by Altarea Cogedim account for 14% of total emissions. This category benefits from the low-carbon electricity available in France but represents a significant action lever and a substantial source of impacts avoided by the Group:

- the design of buildings is the primary leverage for guaranteeing good energy efficiency throughout the building's life and as such reduced costs for occupants. The Group uses all available leverage (bioclimatic design, work on the envelope and insulation, efficient equipment and tools for monitoring consumption etc.): a high standard of energy efficiency is a prerequisite for projects developed by Altarea Cogedim. All of the energy measures implemented are detailed by business line under 4.2.2.3;
- finally, Altarea Cogedim is working on raising awareness among building occupants since the way in which buildings are occupied and used has a significant impact on their energy efficiency and climate performance. Altarea Cogedim is also working with buyers of residential units, users of Business Property and its tenants to involve them in efforts to reduce energy consumption. As such Residential teams are rolling out the *Gestes Verts* (Green Habits) booklet to buyers as part of NF Habitat certification. The Group is also developing soft incentives (nudges) and fun tools they consider to be major action levers. In the Retail business line, work is being undertaken with tenants to encourage them to reduce their energy consumption (see 4.2.2.3 and 4.3.1).

THE "NUDGE" PROJECT ENCOURAGES INHABITANTS TO ADOPT GREEN HABITS

The "Nudge" project in the 13th district of the Paris region is based on an ethnographic study into the real barriers to doing the right thing on a daily basis and offering simple adaptations in buildings to facilitate green habits. The nudge approach is aimed at encouraging the adoption of behaviours that are beneficial for the individual, the community and the planet by making small but decisive lifestyle changes.

In buildings it takes the form of small, discreet measures that are graphic, informational or architectural and which have extremely significant effects on human behaviour. As "little things that change everything", nudges encourage individuals to act in a certain way rather than in another: sort their waste, get to know their neighbours, reduce their energy consumption.

4.2.2.2 Adapting projects to the impacts of climate change

In 2018, Altarea Cogedim carried out in-depth analysis into risks linked to the effects of climate change associated with its activities, with a particular focus on the intensification of climate phenomena (heat waves, flooding, drought, strong winds etc.) and their repercussions for lifestyles and buildings. Action plans for each business line are in the pipeline and will be rolled out from the 1st half of 2019.

Residential and Business Property

In 2018, for each of the regions where it is established, Altarea Cogedim conducted a study of how the local climate is set to change and the physical impact of changing climate conditions on buildings, construction sites, lifestyles and occupant comfort.

This analysis led to the emergence of the outline of an adaptation action plan for increasing the comfort and value of Altarea Cogedim's developments. The major strands are comfort in summer, reducing bills, health and safety and portfolio value. Rolling out this action plan is a strategic priority for the promotion teams in 2019.

Retail

Altarea Cogedim wanted to measure the impact of climate change on its portfolio and, therefore, conducted analysis into the potential exposure of shopping centres to risks associated with climate change. A range of technical and governance solutions were identified and will be gradually rolled out across the portfolio and new developments. A design specification for adaptation will enable technical solutions to be incorporated in advance, thus limiting vulnerability to changing climate conditions. This action plan was approved and will be rolled out to teams from 2019.

The Group's economic vulnerability

For a number of years, Altarea Cogedim has been calculating its economic vulnerability to carbon issues. Two factors may affect the Group:

- the introduction of a carbon tax;
- the increase in the price of fossil fuels.

Altarea Cogedim has calculated additional costs in both of these cases In terms of the carbon tax, assuming it is applied to direct consumption of fossil fuels (gas or heating oil), with a scenario of taxation at €17/tCO_2e, additional costs for the Group would be €86 thousand per year. In terms of the increase in the price of fossil fuels, given that the price of oil will be directly passed on to the price of gas (80%) and coal (90%), with a scenario of the price of one barrel of oil increasing from $52 to $150, the increase in the price of oil would result in a maximum exposure of €1,007 million per year for the Group. This additional cost would be a "direct" 1%, i.e. caused by operations managed directly by the Group, with the rest being caused by businesses on which the Group depends.

4.2.2.3 Managing energy across the Group's business lines

In order to reduce greenhouse gas emissions, it is essential to design and operate buildings in an energy-efficient way. The Group is developing energy-saving solutions also for economic reasons, both for its buyers and users but also for an optimised management of its portfolio.

A high energy performance level is considered a prerequisite for the projects developed by Altarea Cogedim. Since 1 January 2013, the Group's production is subject to the 2012 Thermal Regulations (RT 2012). The regulations, among the most ambitious in Europe, are intended to make Low Energy Buildings (*Bâtiment Basse Consommation* – BBC) more common. Environmental Regulation 2020 (ER 2020) will ultimately replace the RT 2012, moving from a thermal approach to a more comprehensive environmental approach.

The Group is preparing for and looking ahead to these future restrictions, particularly by organising training and awareness-raising for staff. In 2018, a number of projects were involved in the "E+C-" pilot launched by the government to establish the future energy and carbon thresholds for the regulation. Feedback will be used to continue to develop the skills of technical staff.

Finally, in addition to its overall national goals, Altarea Cogedim also takes into account those of each region. As a result, the Group is working with the City of Paris to help it achieve the goals of its Energy Climate Plan.

Residential

For its projects under development, the Group is seeking to obtain energy labels alone or in addition to general certifications (NF Habitat, HQE™, Habitat & Environnement, etc.), such as, for example, the various Effinergie labels and levels "RT 2012 -10%" and "RT 2012 -20%" awarded as part of the NF Habitat certification.

In 2018, 22% of Residential projects under development (in number of residential units) have an energy label, compared with 24% in 2017. This mostly stable figure confirms the Group's energy performance ambitions. Some projects go beyond the Group's overall ambitions (in Grenoble a number of projects outperform the requirements of RT 2012 by over 30%).

Business Property

Across all of its projects under development, the Group is seeking to achieve a level of energy consumption that outperforms the thermal regulations applicable to the project. In 2018, 100% of Business Property projects achieved this objective.

For the projects under the Cogedim brand, the Group has set the target of outperforming requirements in terms of energy consumption by at least 30%. In 2018, this target was exceeded with an average gain of 44% (in surface area).

100% of Business Property projects exceed thermal regulation requirements by more than 30%

In 2018, all of the hotel projects exceeded the relevant thermal regulations with an average gain of 23% (in surface area, for Cogedim and Pitch Promotion).

These numbers are stable compared to 2017.

The Group launches test operations for new labels to anticipate future regulations. At the Issy Cœur de Ville project in Issy-les-Moulineaux, the Group is taking part in the "E+C-" trial. In the form of a label awarded by the State, this trial is aimed at anticipating the regulations that will replace the RT 2012. The three Business Property buildings are also working towards the BEPOS Effinergie 2013 label for buildings that produce as much energy as they consume for heating, cooling, ventilation and lighting.

In addition, to ensure proper functioning of technical equipment, notably systems responsible for heating and cooling production and output, a commissioning process has been made standard for 100% of Business Property projects under development.

Retail

The portfolio's energy performance

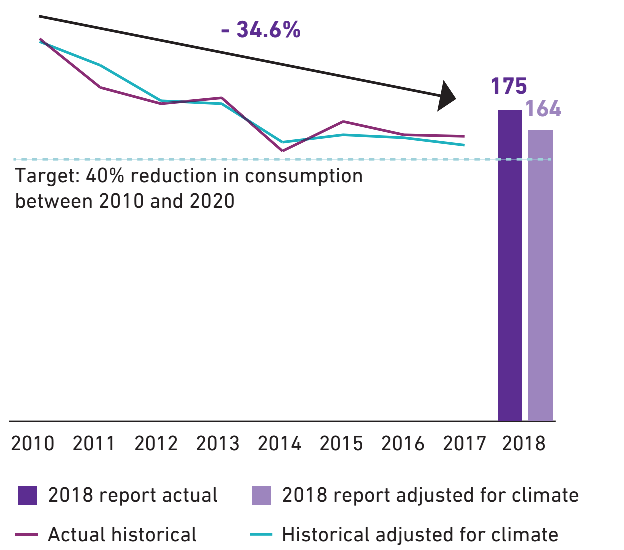
In 2018 the portfolio's total consumption for the current scope was 55.1 GWh of primary energy, the equivalent to the annual consumption of 1,440 French households[(1)].

This year Altarea Cogedim pursued two initiatives to reduce its energy consumption:

- the portfolio energy master plan: the first energy audits were conducted across the whole portfolio in 2013. The master plan was drawn up in 2017 and allowed the Group to take stock of the progress of reduction efforts. Two recent sites (L'Avenue 83 and Le Parks) were incorporated to this master plan in 2018. In practical terms, for each centre an action plan was drawn up with a view to being updated in 2020, incorporating structure, technical facilities and operational management in particular;
- the Environmental Management System (EMS) across the full portfolio: 100% of technical and operational teams have received training since 2014. The EMS allows for gradual improvement of the environmental performance (and thus the energy efficiency) of shopping centres by thorough implementation of best practices for operations and reporting.

For a number of years Altarea Cogedim has also been testing an innovative solution for a real-time breakdown of the energy consumption for a shopping centre by source, working with the start-up Smart Impulse.

PORTFOLIO ENERGY CONSUMPTION (LIKE FOR LIKE SCOPE IN kWhPE/M²)



The aim of combining these two actions is to continually improve the environmental performance of the assets and meet the objectives revised upwards by the Group in 2016, on a like-for-like basis and under constant conditions.

- 40% reduction in primary energy consumption per m^2 from 2010 to 2020;
- 70% reduction in greenhouse gas emissions per m^2 from 2010 to 2020, on a like-for-like basis.

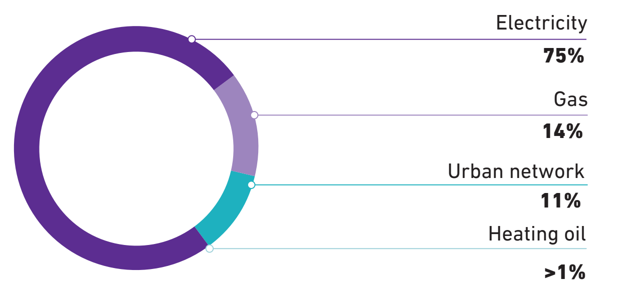
By the end of 2018, this approach to energy management had led to a 35.6% per m^2 drop in energy consumption on a like-for-like basis and at constant climate compared to 2010.

In the current scope including assets under management, acquisitions and new assets entering into operation, we noted a 20.7% decline in primary energy consumption per m^2 over 2010-2018. The consumption levels adjusted to reflect a constant climate show that portfolio assets in operation again successfully reduced their consumption this year: within the current scope, the reduction of primary energy at constant climate was 32.4% between 2010 and 2018.

Finally, the Group has extended its environmental approach to include sites overseas (Italy and Spain). The Le Due Torri shopping centre in Stezzano reduced its primary energy consumption by 11% between 2015 and 2018 and the Sant Cugat shopping centre near Barcelona reduced its by 4%, notably thanks to the use of LED lighting.

Electricity made up 75% of the Portfolio' energy supply in 2018. Since 2017, gas consumption has increased by 4 points in the energy mix. This energy mix includes the energy consumption of common and private-use areas managed directly by Altarea Cogedim. In addition, the Group has chosen, since 1st January 2016, to purchase 50% of its green electricity with its national contract through the European mechanism for certificates of guarantee of origin, for each kWh purchased by the Group, EDF agrees to inject one kWh of renewable electricity into the grid.

ENERGY MIX OF PORTFOLIO (CURRENT SCOPE)



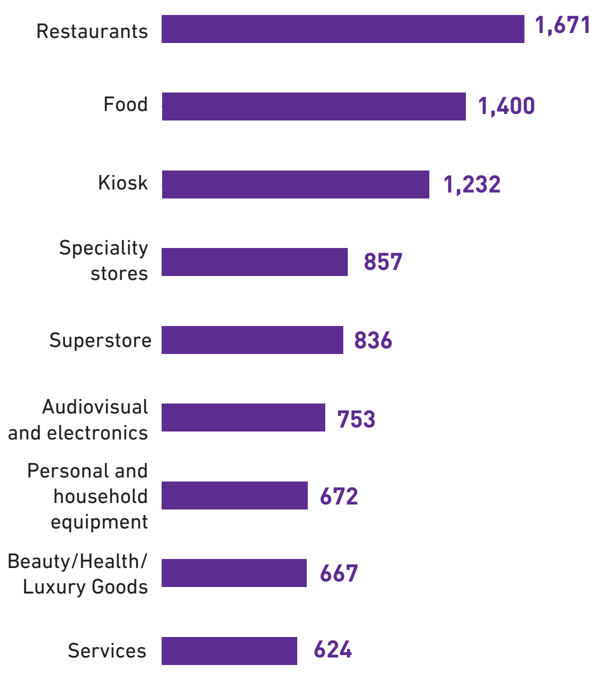
Energy metering systems for tenants and occupant awareness

The energy consumption of buildings depends on their design but also on their use and management. As such, for Retail projects under development that undergo environmental certification, in order to enable its occupants to access detailed energy monitoring, Altarea Cogedim goes beyond regulatory requirements for metering and makes dedicated equipment available to occupants. These systems empower occupants, giving them the tools necessary to understand their consumption in detail by use or zone and to rapidly identify sources of overconsumption.

At the level of its portfolio, in order to gain a better overall picture of the energy used in its shopping centres, including by equipment that does not belong to it, Altarea Cogedim has been collecting annual energy data from its tenants since 2014 in the highest-impact shopping centres in the portfolio from the standpoint of energy consumption. They accounted for 414,446 m^2 GLA in 2018. This makes it possible to establish a consumption profile according to the various types of retail business.

(1) Source: household energy consumption in 2012 – General Commissariat for Sustainable Development. Published in June 2015. Energy consumption represents an average of 1,505 TOE per year in French households.

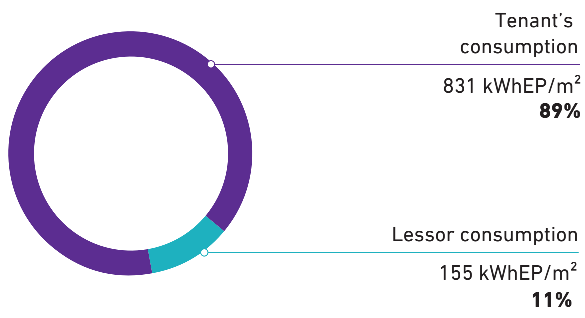
AVERAGE ANNUAL ENERGY CONSUMPTION PER M² AND PER TYPE OF RETAIL UNIT (kWhPE/M² ADJUSTED FOR CLIMATE)



The most energy-intensive asset categories are food services, restaurants and kiosks (over 1,000 kWhPE/m²). This can be explained by the very energy-intensive food service processes employed (preparation, refrigeration, ventilation, cooking). The least energy-intensive asset categories are shops selling personal and household equipment, as well as services. The consumption of these types is under 700 kWhPE/m². This can be explained by the fact that energy is used only for heating/air-conditioning, lighting of sale spaces, and computers and cash registers.

This collection of tenant data also provides for an overall view of energy consumption of the portfolio shopping centres as a whole, once added to the energy managed by the Group.

BREAKDOWN OF PORTFOLIO'S ENERGY CONSUMPTION (CURRENT SCOPE, CLIMATE ADJUSTED)



Development of renewable energies

In order to strengthen its contribution to the fight against climate change, the Group uses renewable energies whenever possible.

In the design phase, the Group examines the possibilities of connecting to existing heat networks and carrying out feasibility studies for the supply of energy to major commercial projects. These studies make it possible to compare various possible energy solutions to cover a building's needs and thus identify the possibility of supplying renewable energy. This is particularly the case with the Kosmo, Bridge and Boréal Business Property projects. Boréal is labelled BEPOS Effinergie 2013; similarly, at the Issy Cœur de Ville development in Issy-les-Moulineaux, the three office buildings are working towards the BEPOS Effinergie 2013 label for buildings that produce as much energy as they consume for heating, cooling, ventilation and lighting. Such solutions are also used in the Residential sector. For example, the heating needs of the Nouvel Horizon project in Annecy are 100% covered by renewable energies thanks to the installation of a wood pellet boiler.

During the exploitation phase, renewable energy supply possibilities are studied during major construction work. For its shopping centre portfolio, the Group decided to purchase 50% green electricity on its national contract. In addition, the Le Due Torri shopping centre in Stezzano uses geothermal energy from groundwater to maintain its water system at a constant temperature.

Table: Summary of the Group's climate solutions

Leverage	Description of solutions and main results
Low-carbon mobility	In the design phase: select sites connected to transport networks to reduce the carbon footprint of occupants ▪ *99% of residential units and 100% of office units are less than 500 m from public transport links* ▪ *75% of centres are less than 500 m from a transport route with a frequency of under 20 min* Offering alternative sustainable mobility solutions in the regions ▪ *E.g.: the Vitrolles Nouvelle Rive (13) project incorporates a car-sharing system in collaboration with the city*
Reducing emissions from materials	Opting for the rehabilitation of existing buildings rather than new builds, where the context allows ▪ *66% of Business Property projects in the Paris region are rehabilitations* ▪ *E.g.: Cogedim Club® opened a seniors residence in Arras (62) in the former army barracks of Schramm, a historic site restored by Histoire & Patrimoine (Group subsidiary specialising in rehabilitation)* Rethinking design to increase lifespan (modularity, reversibility) and the intensity of use of buildings ▪ *E.g.: at Cap 3000 (06), car parks are designed to be reversible and potentially transformed into retail space* ▪ *81% of Business Property projects are multi-use* Opting for low carbon materials for projects ▪ *Pitch Promotion is developing "Serie Flex": an environmentally-friendly construction method using prefabricated wood units that can be assembled to form property complexes* ▪ *E.g.: At Domaine Harmony (92), materials from demolition were reused to make ballast*
Energy-saving measures	Design buildings with high energy performance levels ▪ *100% of business property projects exceed the RT by more than 30%* Raise awareness among building occupants about reducing in-use emissions ▪ *In 2018, 76% of tenants paid attention to their electricity consumption* ▪ *E.g. in the "Nudge" building (Paris 13th district), the Group encourages green habits* Reducing the building's energy consumption through bespoke management ▪ *Reduction of 34.6% kWhPE/m²/year since 2010 across Altarea Cogedim's retail portfolio* ▪ *Reduction of 37.4% kgCO$_2$e/m² since 2010 across Altarea Cogedim's retail porfolio*

4.2.3 Protecting biodiversity and soil DPEF2

Scope	Objective/Commitment	Results 2018	Comment
Neighbourhoods	Roll out BiodiverCity® certification	**The Group is already working towards certification for 6 neighbourhood projects**	The Group made this commitment in 2018 in signing the charter under which it is required to protect biodiversity in cities and incorporate the natural world in any urban projects
Retail	Implement biodiversity initiatives across the portfolio	**100% of sites have a biodiversity action plan**	The target is met and maintained each year
Retail	Disseminate biodiversity best practice.	**Cap 3000 is the world's 1st BiodiverCity® shopping centre**	This certification reflects the Group's strong commitment to preserving ecosystems.

Combating urban sprawl and artificialisation of natural land, protecting biodiversity including in urban areas are major issues for local communities. In the context of the extinction of species and destruction of natural habitats, local and national regulatory pressure is growing as are the expectations of civil society.

Altarea Cogedim is of the belief that living near local services and businesses, and mixed use provision offer city-dwellers a better quality of life. As such, most of its projects are on brownfield sites or in places where urban regeneration is ongoing.

The issue is therefore reintroducing nature for the well-being and comfort of its customers.

The Group is outperforming regulations through its excellent knowledge of the issues and options for action in terms of biodiversity, through surveys, in-house training and pilot projects. In terms of in-house training, awareness-raising was carried out in 2017, with the creation of operational guides for all staff (development, promotion, operations etc.) setting out technical solutions and good practice on biodiversity.

Finally, in March 2018 Altarea Cogedim signed the International Biodiversity & Property Council (IBPC)'s BiodiverCity® charter under which it is required to protect biodiversity in cities and incorporate the natural world in any urban project.

Large mixed-use projects, Residential and Business Property

Land management

The Group which is mainly present in metropolitan areas, prioritises the densification of cities and urban regeneration rather than urban sprawl and artificialisation of land, as shown by the number of rehabilitation or regeneration projects in regeneration areas across all property development business lines. For over 15 years its subsidiary, Histoire & Patrimoine has specialised in the renovation of old buildings across France. In 2018, 66% of Business Property projects in France were renovations. Urban redevelopment is also a means of reintroducing nature into cities by reintegrating green spaces or improving their integration in the local ecological context. For example, in its "En vert gure" project to convert a former exam centre into residential buildings in Lognes, Pitch Promotion planted a third of the project footprint.

Tools used to protect biodiversity

The Group pays particular attention to maintaining or enhancing the fauna and flora present. The subject of biodiversity is systematically incorporated in the Group's ambitious certification strategy across all of its businesses.

In the case of major projects, where regulatory requirements are already significant, the Group systematically goes further, carrying out more in-depth studies and initiatives. Independent ecologists are now hired as standard for all projects applying for BREEAM® certification. For each project their services are used to make the most appropriate choices in terms of layout and species with a view to improving biodiversity or even to reintroduce a habitat on the plot. Their recommendations are included in the specifications given to the project Manager in order to preserve the ecological corridor.

The BiodiverCity® label may be sought in addition to environmental certifications such as HQE and BREEAM®. Its framework contains more in-depth requirements for taking into account biodiversity on a property project. The label is being sought for a number of Business Property projects in the Paris region and is being rolled out to neighbourhood projects. The Group is also trialling the pilot version BiodiverCity® eco-district at the Issy Cœur de Ville project.

Nature in the city and well-being

In addition to the importance of limiting impermeable surfaces and creating spaces for biodiversity, the presence of nature in the city is an important factor in the well-being of residents and users. The Group is working on the concept of biophilic design in its projects (see. 4.3.2).

Balancing construction and green spaces is a means of introducing natural light and offering pleasant views, thus enhancing user comfort. The materials chosen and the relaxation spaces (play areas, picnic areas etc.) also contribute to this. Encouraging the presence of small animals, birds in the trees or amphibians in the ponds is a means of enhancing the pedagogical and recreational aspects of a neighbourhood.

Moreover, planting at ground-level or in the façade or roof, is a means of combating urban heat islands (see 4.2.2) by reducing the temperature during heat waves.

PROTECTING BIODIVERSITY IN TOULOUSE

Nature plays a key role in the project on the site of the former *Centre d'Essais Aéronautiques de Toulouse* (CEAT) in Toulouse. There will be a 17% reduction in the impermeable surface and half of the neighbourhood's surface area will be made up of outdoor green space. Habitats and corridors for small animals will be introduced to protect local wildlife.

Such requirements were also taken into account during construction work: the schedule of works was adapted and substitute shelters installed.

Retail

Land management

Compliance with regulatory standards is essential when opening a shopping centre in a region. Land-use plans (*plans d'occupation des sols* – POS) and local development plans (*les plans locaux d'urbanisme* – PLU) establish the conditions of land-use by setting a land-use ratio to be applied.

Beyond these standards, the Group also limits the artificialisation of greenfield land by favouring already urbanised land for its new developments, such as zones undergoing urban renewal or stations. For example, Cap 3000 and Montparnasse station have not led to any artificialisation of land as they are located in urban or developed areas. The Cap 3000 has even managed to reduce artificialised and sealed land with 2.5 times more planted spaces after works than before.

Tools used to protect biodiversity

Altarea Cogedim holds the belief that shopping centres must integrate into their environment in order to protect and reintroduce biodiversity and contribute to visitor well-being.

During the development phase, an ecologist is hired as standard, as was the case for the recent projects L'Avenue 83 and Cap 3000. The Group uses certifications as tools for continuous progress. Aside from BREEAM®, which is applied to all new developments, Altarea Cogedim is trialling new certifications: Cap 3000 was the first shopping centre in the world to receive BiodiverCity® certification which assesses the performance of property projects in taking into account and recovering biodiversity.

Cap 3000 also received the *"Entreprises et Environnement 2018"* prize organised by the French Environment Ministry and Ademe under the "Biodiversity and Enterprise" category. This prize rewards exemplary initiatives and projects implemented by businesses in the area of the environment.

CAP 3000 THE FIRST SHOPPING CENTRE TO RECEIVE BIODIVERCITY® CERTIFICATION;

Inaugurated in 1969 in Saint-Laurent-du-Var, one of the first shopping centres in France, Cap 3000 is now undergoing a major renovation and extension which is subject to very high environmental standards in terms of biodiversity in particular.

The project incorporated biodiversity in its governance from the design stage through its partnership with the French League for the Protection of Birds, (*Ligue de Protection des Oiseaux* – LPO).

Biodiversity measures are included at all stages of the project:

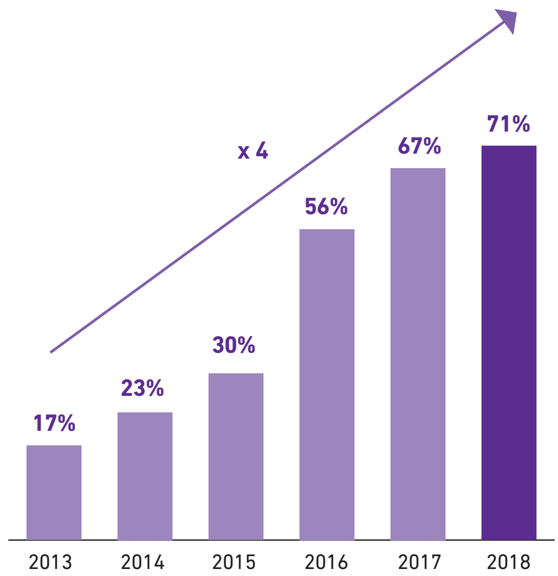
- architecture that respects and imitates nature: plant screen the length of the Var wetland, buildings that incorporate nesting sites, printed glass to prevent bird strikes, acoustic treatment of delivery bay, etc.;
- a flagship construction site planned to take into account bird nesting seasons;
- responsible management and raising public awareness, with an observatory on site.

In the operational phase, the Group took steps to involve all shopping centres in better taking into account biodiversity. Through BREEAM® In-Use certification – now applying to 100% of the Group's sites – respect for and conservation of biodiversity are assessed and improved on a continuous basis. In this context, the Group asks its green space service providers to cease the use of phytosanitary products on all portfolio sites.

The Group's target was for 100% of its sites to have a biodiversity action plan by 2018 and it is meeting this target: in 2018, 100% of the sites included in the reporting scope had a biodiversity audit and an improvement plan.

The average score under the Land Use & Ecology category of the BREEAM® In-Use guidelines is continuing to improve across the portfolio. This year it stands at 71% compared to 17% in 2013. This is evidence of the efforts by shopping centre teams in taking measures that are tailored to their local environment.

CHANGE IN THE AVERAGE BREEAM® IN-USE "LAND USE & ECOLOGY" SCORE



Nature in the city and well-being

Because contact with nature promotes the well-being of visitors, Altarea Cogedim is also taking care to involve them in the biodiversity initiatives of its shopping centres, particularly through awareness-raising. For example, the centre –X% (Massy) set up wildlife sanctuaries along with an information board. In July the Thiais Village centre held an educational workshop for children on bee-keeping and collecting honey. In October Qwartz (Villeneuve-la-Garenne) organised a two-day sport and sustainability event, Ecolympiades, during which a community garden was organised. At this workshop, children learned to plant flowers which they could take home with them.

4.2.4 Promote the circular economy DPEF5

Scope	Objective/commitment	Indicator	Results 2018	Change	Comment
Business Property	Favour rehabilitations to reduce resource consumption and greenhouse gas emissions	Renovations as a percentage of surface area in Paris region	66%	**+29%** since 2016	The Group always considers the possibility of rehabilitation, with equal performance and comfort, rather than a complete demolition-reconstruction
Retail	Recover over 80% of waste at Standing Assets	Share of recovered waste	98%	**+ 21%** compared with 2013	Waste recovery is promoted, notably with the implementation of composting for restaurants

The construction sector (buildings and public works) is responsible for 70% of the waste produced in France[1]. Taking this as a starting point, long-term thinking is under way on how to best manage and use natural resources, on reusing or limiting waste, as well as on incorporating eco-design (use of alternative supply chain, extending the life of buildings, intensifying their use etc.).

The circular economy, as opposed to the linear economy (produce, consume, destroy) is a sustainable approach to recovering resources and reducing the environmental impact of property, throughout a building's lifecycle:

- design: this is the most important stage as the objective is to find a solution that balances the environmental impact of resources used (rehabilitation, recycled materials, reuse etc.) and the building's capacity to avoid premature obsolescence (energy performance, scalable and reversible architecture, ease with which it can be de-assembled etc.);

(1) *"Déchets, chiffres-clés" published in April 2018 – Agence de l'environnement et de la maîtrise de l'énergie (ADEME). 324.5 million tonnes of waste produced in France in 2015.*

- construction: this involves reducing the production of waste, sorting and recovering, opting for recycled or local materials;
- in operation: it is also about reducing consumption and the production of waste, sorting and recovering residual waste, but also extending the building's life by intensifying and diversifying its use to extend its economic value;
- end of life: the challenge is to increase the building's life by changing its use. Where change of use is not possible, a diagnostic is carried out to assess the most appropriate solution, rehabilitation or demolition.

Altarea Cogedim is committed to building efficient buildings and adopting the principles and best practices of the circular economy at each stage of its projects.

As it is active in urban areas, Altarea Cogedim is faced with the issues of density and age of the urban fabric. First, the Group routinely considers whether it is possible to rehabilitate the building, which uses fewer materials and produces less waste than a full demolition and rebuild. Then, from the building design phase, the Group incorporates a certification process which is used to roll out good practice such as clean construction charters for example, which limit the disturbances caused by construction sites (noise, vibrations etc.) and set the conditions for sorting and recovering waste.

Moreover, the Group's multi-business model means it is able to offer mixed projects at neighbourhood level but also at the level of each building, making them flexible and scalable over time and thus reducing the risk of obsolescence.

Initiatives specific to each business line (Residential, Retail, Business Property) to each project stage and throughout the building's life are also implemented.

Residential

Rehabilitation

Of the Group's brands Histoire & Patrimoine has specialised in the rehabilitation and renovation of residential properties all over France for 15 years.

Recycled or local materials

Where a building cannot be rehabilitated, the Group demolishes and rebuilds it, taking care to recover any waste from the demolition. Waste is reused, insofar as possible, on-site or made available to materials exchange schemes. For example, for the Domaine Harmony project in Anthony, Pitch Promotion used almost 14,000m3 of substructure from the demolition of an existing building to make ballast (foundations).

The use of recycled and/or local materials can also reduce the environmental impact of a project. In 2018, 77% of construction site purchases were from local sources (see 4.2.1).

Low-waste construction sites

The Group is gradually rolling out clean construction site charters across all of its Residential projects. They impose, in particular, measures intended to limit the production of waste at the source, identify waste on-site, ensure tracking until final destination and conduct effective and efficient recovery of waste. In 2018, 83% of Residential projects (in numbers of units) have signed up to a clean construction site charter. On certain sites, suppliers are also asked to limit product packaging so as to reduce construction waste.

Intensification of use and reversibility

In the operational phase, the Group seeks to intensify use to limit the under-use of spaces. As such, the Cogedim Club® residences aimed at seniors, regularly play host to business travellers in vacant apartments.

Business Property

Rehabilitation

The Group has developed a unique expertise enabling its rehabilitated buildings to meet the same standards of energy and comfort as new projects. Rehabilitation accounts for 66% of Business Property projects in the Paris region (in surface area), a 29% increase compared to 2016.

66% of Business Property projects in the Paris Region are rehabilitations

Low-waste construction sites

In the construction phase, the Group strives to meet its target of recycling 70% of waste from construction and public works by 2020, in accordance with the energy transition law. In 2018, Business Property projects have an average construction waste recovery rate of over 70%.

Intensification of use and reversibility

Owing to the Group's expertise across a range of business lines, 81% of the surface area of Business Property projects are multi-use. For example, some of the spaces on the ground floor of the Kosmo project in Neuilly-sur-Seine can be transformed into retail space. By developing adaptable, scalable spaces, the Group reduces building obsolescence.

81% of Business Property projects are multi-use

Retail

Construction waste management on new Retail developments

In 2017, 95% of construction site waste was recovered for the Retail property development business line. This performance was achieved by rolling out the Group's construction charter which requires contractors to sort and manage construction site waste.

Waste produced by the portfolio(1)

For the current scope, Altarea Cogedim reports that waste production remained stable between 2010 and 2018, despite changes in scope of consolidation over that period.

The overwhelming majority of waste is generated by tenants and there is very little that Altarea Cogedim can do to control the production level. As such, the Group focuses its actions instead on increasing sorting rates and the rate of energy recovery and managed waste.

(1) Reviewing the 2017 data in 2018 made it possible to detect errors related to the total quantity of waste and percentage of waste sorted. As such, 2017 was revised in graphic form.

Improving sorting in shopping centres

The Group has implemented actions to increase this share of sorting: closer monitoring of sorting by merchants and more sorting via the inclusion of new types of sorted waste (glass, fermentables, etc.) in particular.

The breakdown of waste in the portfolio is 60% for mixed non-hazardous industrial waste, and 40% for cardboard and other sorted waste. Thanks to the actions implemented, the proportion of sorted waste in the current scope jumped from 30% in 2010 to 40% in 2018, an increase of one third.

Over the last four years, the Group has been close to its target of 50% of waste sorted and will continue in its efforts to meet it.

Increasing recovery

The Group also looks for the best service providers to recycle, recover and ensure the traceability of waste. In 2018, 31% of the waste produced in shopping centres managed by the Group was recycled, 60% was incinerated with energy recovery and 7% was recovered in another way (reuse or composting, for example). In all, 98% of waste is recovered, the remaining 2% is dumped or incinerated without energy recovery. The Group's goal of over 80% recovery has been maintained since 2013.

Moreover, the Group began to extend its environmental approach to sites overseas in 2016. The Le Due Torri shopping centre in Stezzano sorted 50% of its waste in 2018 (+21% from 2016) and had a recovery rate of 97% thanks to the many types of sorting implemented. In 2018, the San Cugat shopping centre near Barcelona had a sorting rate of 29% (up 4% compared with 2016) and a recovery rate of 100%.

Raising awareness among stakeholders

Since waste volumes are directly linked to the commercial activity of tenants, the Group focusses its efforts on steadily increasing the proportion of waste sorted and raising tenant awareness of improved waste management.

Tenant surveys conducted in 2017 and 2018 showed that sorting waste and recycling were the most-cited issues among tenants: 30% of respondents wanted to raise the issue at committee meetings (see 4.3.1.). In light of these surveys, Altarea Cogedim offered to organise meetings with retailers in its shopping centres, proposing options for improving waste management.

INVOLVING VISITORS IN REDUCING WASTE

In 2018, for the fifth year running, the Kremlin Bicêtre shopping centre organised the clothing donation event *"Troc & Chic, le vide-dressing d'Okabé"*. The aim of the event was to encourage visitors to donate clothes to the charity Le Relais which collects, sorts and recovers the various textiles and home textiles whilst promoting the integration of people at risk of social exclusion. This year the shopping centre collected 325 kilos of clothing.

As part of the European Week for Waste Reduction, a one-day event was held at the Thiais Village centre on 18 November in partnership with the town hall of Thiais, the charity Rejoué and RIVED. There were two target groups: children, with stands for the collection of unused or broken games and toys and the sale of restored toys, and adults, with the small appliance repair workshops.

Table: circular economy issues in the property sector

Stage	Description of key issues and outcomes
Design	The most important stage: reducing the environmental impact of resources used (rehabilitation, recycled materials, reuse etc.) and designing a building that will prevent premature obsolescence (energy performance, flexibility, reversibility, ease of de-assembly etc.) ▪ *Kosmo is a rehabilitated office with the same performance as a new build*
Buildings	On the construction site: reducing the production of waste, sorting and recovering, opting for recycled or local materials ▪ *Target of recovering 80% of construction waste at Bridge* In the case of a *demolition: recovering* materials, *promoting* their re-use on-site or through materials exchange schemes ▪ *On Domaine Harmony (92), materials from demolition were reused to make ballast*
In operation	Reducing consumption and waste production, sorting and recovering residual waste ▪ *98% of waste recovered across the portfolio* Intensifying the use of the building (diversification of uses, scope for changing use etc.) ▪ *81% of Business Property projects are multi-use*
End of life	Extending the life of the building or changing its use Where this is not possible, assessing the most appropriate solution, rehabilitation or demolition. ▪ *At Cap 3000, car parks are designed to be reversible and might be transformed into retail space*

4.2.5 Other environmental and health issues DPEF11

Information can be found in the Risk Management chapter (Chapter 6 of the Registration Document), paragraphs Risk Factors and Risk Control Systems.

4.2.6 Philanthropy and partnerships DPEF2

Implementation of a Group-wide philanthropy policy

In 2018, Altarea Cogedim set out its philanthropy and partnership goals by organising its initiatives at Group level. To do so, it extensively logged the initiatives across the region and held meetings with Group Directors and their regional representatives.

Altarea Cogedim's philanthropy policy, aligned with its "Entrepreneur for the city" vision, is based on three main themes which, in particular, strengthen the Group's ties with each region:

- contributing to regional economic development, by strengthening ties between the Group and local fabric (charities and associations, players in the social economy etc.) in order to increase the positive impact of its activities on the local economy, particularly in terms of jobs;
- social initiatives: sharing the Group's skills to help the most in need by, for example, promoting access to housing and supporting charities that create social cohesion locally; and
- support for culture and artistic creation, widening access to art, embedding the Group's property projects in their cultural environment.

A guide aimed at operational staff and subsidiaries presents the priorities of the approach and examples of inspirational local initiatives, and sets out in detail the processes, conditions and stages of approval required to organise a partnership or philanthropy activity.

Contributing to regional economic development

In 2018, with Baluchon (a social enterprise consortium) and le Crédit Coopératif, two key players in the social economy, the Group launched SoCo, France's first social REIT.

The aim of this REIT was to offer long-term support to social enterprises from the start-up phase, through the operational phase to help their projects grow. The first project will be set up on the ground floor of the "Nudge" building in the 13th district of Paris. Over 230 m², the "Bouillon Club", an innovative platform dedicated to ethical, sustainable food, will offer interactive workshops, a teaching kitchen and cultural content. As such, SoCo will help "turn square metres into social impacts" and will now be rolled out across new regions and urban development projects led by the Group.

Social initiatives

Since 2007 Altarea Cogedim has partnered with *Habitat et Humanisme* to work together over the long term to find housing solutions for people on low incomes. The Group's contribution is wide-ranging:

- part-funded 14 social housing units (boarding houses and intergenerational homes), of which 11 were in operation by end-2018;
- over the last 7 years funded 3 management positions at *Habitat et Humanisme* in the Paris region and donated skills to increase their impact;
- Altarea Cogedim employees involved with the partnership with, in 2018:
  - the first *"L'Heure Solidaire"* event: sporting activities at the head office and in the regions sponsored by the Group, based on the number of kilometres completed for example;
  - all day presentation of the charity to Group employees by volunteers held at the head office in Paris on 29 October 2018;
  - helped to select a project to support on the charity's crowdfunding platform. Ultimately, the Group matched each donation to "Escales Solidaires", *Habitat et Humanisme* satellites in the Lyon metropolitan district which offer local residents activities to combat loneliness and social isolation by using meals as a means of social integration.

In total, over the last eight-plus years, Altarea Cogedim has contributed directly to the creation of 300 housing units with capacity for nearly 450 people.

Support for culture and access to culture for all

Altarea Cogedim is always keen to promote young talent in all art forms (sculpture, painting, music etc.) through a number of initiatives, for example:

- long-term financial support for the Matheus ensemble which has become one of the best-known musical groups in the world thanks to its daring artistic approach open to all;
- since 2015, an official partnership with Festival d'Aix, an unmissable event for lovers of opera and classical music. The Festival d'Aix is not only an internationally recognised venue for excellence in opera but also encourages the introduction of new artists as well as access to opera by an increasingly wide audience. These values are also Altarea Cogedim's: a responsible and committed company which wants to share its passion for art with as many people as possible. In 2018, Altarea Cogedim increased its commitment in this area as a partner of the *Rencontres Économiques d'Aix-en-Provence* organised by the *Cercle des Économistes*.

The Group is also seeking to establish links between its projects, their region and local cultural life, at Group level and at local level, as illustrated by the following:

- sponsoring the Children's Gallery and Studio 12/16 at the Georges Pompidou Museum (Paris) as well as spin-offs outside the centre. The commitment to the contemporary art centre dedicated to modern and contemporary creation, where fine arts rub shoulders with books, design, music and film, is emblematic for the Group as it reflects its values of innovation and making culture accessible to all. In 2018 this partnership resulted in a one-day event "1 day/1 painting" at the Qwartz shopping centre in Villeneuve-la-Garenne (92), when painter Gérard Fromanger presented one of his works to the public. The event is designed to be accessible for those who are not familiar with art and offers a hands-on art workshop for children and their parents. In order to take things further, the retail and leisure centre Ferney Voltaire will incorporate a new satellite of the Georges Pompidou Museum, the third of the institution's spin-offs in France. It will offer a cultural agenda through a new concept promoting access and introductions to modern and contemporary art for all;
- funding the project to restore the murals of the Vasarely hall led by the Fondation Vasarely as part of the renovation of retail space at Montparnasse station. Its aim is to keep artwork on site and showcase its 20th century heritage; and
- philanthropy by Cogedim Atlantique, on the outskirts of Nantes, of the pop-up urban regeneration project "Transfer" led by Pick Up Production, winner of the *Émergence Arts et Urbanisme* competition. Through this project, an art and cultural space and forum for discussing and thinking about the city of tomorrow was created in the old abattoirs of Rezé which are currently undergoing redevelopment. It involves the gradual and partial transformation of the site, with a focus on eco-construction, using raw materials, planting, recovery and setting up interactive workshops.

4.3 Customers are at the core of the process

4.3.1 Dialogue in support of customer and user relations DPEF1

Scope	Objective/commitment	Results 2018	Comment
Group	Working to satisfy customers across all our business lines	**6th place in HCG's ranking of customer hospitality**	In 2018, the Group is continuing to make customer satisfaction a priority: speed and quality of responses given to customers and gradual roll-out of new Cogedim stores at national level
Residential	Commitment to customer satisfaction	**Awarded Customer Service of the Year[a]**	In 2018 and in 2019 the Group received this award which recognises its efforts in favour of customers over several years
Residential	A quality guarantee: 100% of projects certified NF Habitat[b]	**100% of projects certified NF Habitat**	The Group has been 100% NF Habitat certified for two years, reflecting its continuous efforts to strive for quality
Serviced residences	Establish a formal dialogue with residents to improve services	**At least one monthly meeting with residents in each of the ten residences**	More regular meetings took place in 2018, up to once a month
Retail	Continually improve and enrich the customer's visit experience	**Satisfaction index: 7.7/10**	The satisfaction index of visitors to shopping centres is stable and testifies to the efforts made to keep the sites attractive and pleasant and to increase leisure offerings
Retail	Strengthen dialogue with tenants	**80% of tenants consider that the management of the shopping centre makes every effort to reduce its environmental impact**	The Group has been measuring tenants' satisfaction on CSR issues since 2017

(a) Property Development category – BVA Group research – Viséo CI – May to July 2017 – More information at escda.fr
(b) Excluding co-development, rehabilitations and managed residences.

The changing structure of households, new forms of work and mobility, the growth of the collaborative economy… social and technological changes are transforming customers' ways of life and habits. They seek tailored solutions and a privileged relationship with their contact throughout their purchasing journey.

Altarea Cogedim is committed to developing its offerings so that they continue to meet their needs and expectations. To do so, the Group is strengthening its relations with its customers. In each of the activities, arrangements for dialogue and customer satisfaction reviews have been established: surveys and studies, face-to-face or digital interactions, etc. Customer satisfaction is the top priority for Altarea Cogedim, which places its excellence and its creativity at its customers' service.

2018: ALL COMMITTED FOR BETTER CUSTOMER RELATIONSHIPS

Customer satisfaction guides the Group's actions. In 2018, the Group rolled out a broad training programme for the employees of the Residential business line. The objective was to raise awareness and stress everyone's role in customer satisfaction.

From development to after-sales, nearly 700 people took part in training modules with action cards at each stage of the customer journey. Following this success, the programme will be deployed in the Group's other business lines: Business Property, Retail, in-house resources, etc.

Residential

The Customers division monitors customer satisfaction at each stage of the buying journey. Internal processes are dedicated to dialogue and monitoring satisfaction at each stage.

Dialogue with customers

The customer journey is based on a human and personalised relationship at every stage of the project. The customer is supported by a single contact, the customer relationship officer, from signing at the notary's to delivery. When the keys are handed over, a single after-sales service executive takes over and provides continuity of customer support.

This support is also digital. A personalised online space is made available to the buyer as soon as the residential property is reserved. It allows buyers to obtain information on the various steps involved in the buying process and to get answers to their questions *via* forums or FAQs (for example: alteration work, construction progress, visits, etc.)

To complement their journey, Altarea Cogedim also offers its customers life-size immersion and support in the personalisation of their apartment in a dedicated unique space: the Cogedim Store.

THE NETWORK OF COGEDIM STORES

The Cogedim Store is an innovative space that goes beyond a classic sales space. Buyers and visitors can browse apartments reproduced in actual size, a room for choosing materials and fittings, personalisation packs and immersive digital experiences, etc. It helps customers imagine their future home.

Since 2016, several Cogedim Stores have opened in Paris, Bordeaux, Toulouse, Marseille, Lyon and Nantes. Other openings are envisaged in the near future.

In 2018, the Group joined Sourdline, the first call centre dedicated to the deaf and hard of hearing. With Sourdline the client can converse with each of the actors involved in the customer journey thanks to an interpreter *via* webcam, chat or face-to-face.

Measuring and monitoring customer satisfaction

The Group conducts an annual measurement of customer satisfaction at two key stages of the buying journey: on signing the deed of sale, and four months after delivery of the home. The aim is to better understand customer expectations and any problems encountered during the buying process. The questions cover a wide range of topics, from the level of customer trust at the time of purchase through to recommendation rates at the end of the journey.

The recommendation rate is considered the indicator that best conveys customers' experience, since it makes it possible to measure their attachment to the brand by establishing how likely they are to recommend Cogedim. The Group has set itself the target of attaining a 70% recommendation rate for each of the regional divisions. In 2018, the approach payed off with the recommendation rate up twelve points on 2015.

Additionally, mystery shopper surveys are conducted nationwide, with tests carried out both on visits in person to sales offices and through exchanges by mail or *via* social networks.

EFFORTS REWARDED

For the second year running, the Group obtained the "Customer Service of the Year[(1)]" award for 2019 for its Cogedim brand, in the Property Development category. This award assesses the quality of customer relations by means of mystery shopper surveys (telephone, email or form, websites, social media and chat).

In January 2019, the Group moved up 2 places ranking 6th in HCG's customer hospitality rankings for 2019. This ranking pits the customer services of the 200 biggest companies in France against each other by testing all of their channels: telephone, letter, email, website and social media.

Cogedim Club® residences

Altarea Cogedim develops and manages Cogedim Club® senior residences, designed to meet the specific needs of seniors. In order to adapt as well as possible to their expectations, the Group has put in place several arrangements combining marketing studies, satisfaction surveys and on-the-ground analyses.

Every year the Group publishes a barometer dedicated to observing how seniors' way of life evolves. This study is conducted by interviewing a nationwide sample of nearly 1,000 people representative of the senior population. It analyses seniors' ways of life with reference to an annual theme. In 2018 the study specifically concerned seniors' well-being: fulfilment, morale, activities, leisure pursuits, etc.

Each of the residences also has a dedicated team to attend to residents on a daily basis. Once a month, a plenary tenants' meeting is held in each of the residences to take account as well as possible of their expectations and needs. The following subjects are addressed: life in the apartments and communal areas, catering, services and overall satisfaction.

Short-term residents' viewed are also canvassed *via* satisfaction surveys.

These on-site arrangements enable us to understand residents' level of satisfaction and their use of the facilities as well as identifying the changes they would like to be made. A half-yearly meeting is held with the management team of Cogedim Club®, allowing discussion of areas for improvement or changes needed in agreement with residents. The information collected also helps us enhance the specifications of future Cogedim Club® residences.

Business Property

In a context of rapidly changing work patterns and employee expectations in terms of their work environment, the Group is listening to its partners and users.

Altarea Cogedim designs offices that promote team productivity and the comfort and well-being of employees.

In 2017, Altarea Cogedim conducted 18 interviews with the property departments of major companies in order to assess their needs and expectations. Subjects addressed covered in particular major accounts' expectations and their perception of lessor-user relations. This allowed us to characterise a model property that incorporates their needs as well as possible. The results of this survey will enable the Group to make improvements to its products.

Retail

In its shopping centres, Altarea Cogedim interacts with two customer groups with very distinct requirements and modes of dialogue: visitors and brands.

Measuring visitor satisfaction

The flow of visitors to the shopping centres is testimony to their success and attractiveness and the quality of their image and that of the brands present in them. The Group pays particular attention to measuring visitor satisfaction and reinforcing the attractiveness of the shopping centres. This is done notably by organising leisure activities and holding events and sales demonstrations.

To measure the overall visitor satisfaction rate and gain a better understanding of what they are looking for in the shopping centres, the Group conducts quantitative and qualitative customer studies: annual in the first three years of operation of new sites, and every three years in general for mature sites. These surveys are prepared by means of a tailored questionnaire for each shopping centre. Based on the result of the survey, the teams draw up an operational action plan designed to improve the customer satisfaction index.

In 2018 the satisfaction index reached
7.7 out of 10

This index was calculated using on-site customer surveys conducted at nine shopping centres, representing 75% of the scope of current reporting by value. The satisfaction index for the shopping centres has held steady since 2015 – a sign of the teams' commitment to keeping the sites attractive and pleasant.

Attracting visitors and winning their loyalty

To maintain and reinforce the attractiveness of the shopping centres, Altarea Cogedim takes care to mix retail outlets, food and drink, leisure activities, culture and services. Whether they involve sales drives, encounters with celebrities, solidarity actions, shows or activities for children, events are essential elements in the life of the shopping centres. They enable us both to attract visitors and reinforce the role of the centres in the region, as well as creating a different, enriching visitor experience.

(1) Property Development category – BVA Group research and consulting firm – Viséo CI – May to July 2017 – More information at escda.fr

EVENTS AT BERCY VILLAGE, PARIS (75)

Bercy Village prides itself on creating regular activities, sometimes with brands' collaboration. This past year, Bercy Village organised theatre, dance and music shows, meetings with authors, YouTubers, DIY workshops, yoga workshops, creative workshops for children and many other things. In particular, Bercy Village hosted the world debut screening of the 2018 instalment of the Harry Potter saga, Fantastic Beasts 2: The Crimes of Grindelwald.

These events were announced and commented on in the social media, and this attracted visitors, the merely curious and fans of the celebrity guests. Often in the form of signings, workshops or shows, these events provided an opportunity to intensify store traffic and to reinforce the cultural positioning of Bercy Village in the east of Paris.

For shopping centres under development, Altarea Cogedim integrates leisure and cultural activities into its programming far upstream. For example, the planned shopping and leisure centre located at the heart of the Ferney-Genève mixed development zone (ZAC) in Pays de Gex-Ain features a cultural and leisure offering with Universcience and the creation of a new branch of the Georges Pompidou Museum, the third establishment of this cultural institution outside its original premises.

Strengthening relations with the brands

The Brands Pact

In 2018, Altarea Cogedim strengthened the dialogue with the tenant brands with the Brands Pact. Its objective is to improve relations with tenants, to reinforce their feeling of belonging to the shopping centres in which they are established and to offer them assistance with proactive local marketing.

A broad-ranging survey of tenants was launched in 2018 to lay the basis for a future action plan.

The green lease: a tool for environmental dialogue with tenants

Since 2010, Altarea Cogedim has been applying green leases across the board in order to promote the regular exchange of environmental and energy-related information with its tenants. Green leases have been mandatory since 2013 for areas over 2,000 m^2 (under the "Grenelle II" law on the environment). The Group has extended this practice to all its new retail leases, irrespective of area, and applies it to old leases when they come up for renewal.

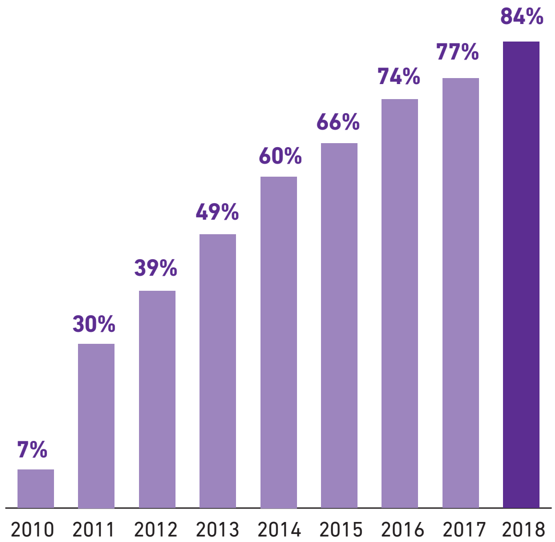
Specifically, the green lease gives Altarea Cogedim a margin of environmental manoeuvre in two respects:

- the contractual exchange of environmental information allows Altarea Cogedim to become familiar with tenants' fittings and installations, and also to have regular access to their energy and water consumption and waste production;
- the green lease requires the setting up of an environmental committee bringing together owners, tenants and all other stakeholders at each site. The meetings of this committee provide an opportunity for us to propose to tenants a number of actions aimed at reducing waste and water and power consumption.

Under a green lease on assets subject to such environmental certification, tenants undertake to comply with a set of technical, architectural and environmental guidelines that provide maximum power thresholds for any equipment they may install and recommendations regarding interior materials. To ensure compliance with these guidelines, tenants must submit their planning documents to the Environment Works Management assistant before undertaking any interior finishing work.

At 6 December 2018, the Group had signed 1,178 green leases out of 1,410 leases of its French assets (84%).

GREEN LEASE COVERAGE RATE



CSR surveys for tenants: a tool for better understanding their expectations

For the second year, Altarea Cogedim carried out surveys of shopping centre tenants on sustainability issues. In all, nearly two thirds of tenants were asked about their actions and expectations regarding CSR. The objective is to initiate a dialogue on these subjects in the interests of improved cooperation. This year, the survey covered 287 tenants, or 21% of the leases in operation in this period.

The results for 2018 confirm the initial observations of 2017. There is strong interest on the part of tenants in CSR issues, with 71% of them seeking new ways to reduce their environmental impact and nearly half agreeing that sustainable development policy may have a very strong impact on visitor traffic at the shopping centres. Of the tenants questioned, 72% say they are satisfied or very satisfied and 80% consider that the management of their shopping centre makes every effort to reduce its environmental impact.

To respond to this expectation, Altarea Cogedim has made some tools available in its shopping centres:

- a feedback report from the survey specific to each shopping centre, for the operational teams of the centres and for the tenants;
- a document designed to provide a framework for organising meetings between tenants and the shopping centre on CSR matters. The document provides for an agenda for discussions on the centre's performance and the sharing of best CSR practices.

This survey has two advantages: the creation of a dialogue with the tenants on their perception of their centre's CSR commitments and their satisfaction and the identification of specific actions to reduce environmental impacts and improve the environmental performance of the shopping centres.

4.3.2 Quality of life and well-being in operations DPEF1

Scope	Objective/commitment	Results 2018	Comment
Neighbourhoods	Develop pleasant living spaces	**First neighbourhood pilot of WELL Community Standard developed at Issy Coeur de Ville**	As a result of this neighbourhood pilot, the Group plans to build up its expertise in quality of life in the neighbourhoods
Residential	100% of projects to be NF Habitat certified[a]	**100% of projects certified or in the process of certification**	The Group has been committed since 2016 to NF Habitat, a token of quality, environmental performance and comfort
Business Property	WELL certification for 100% of projects in Paris Region	**87% of projects in the Paris region WELL certified or in the process of WELL certification**	The Group created this indicator in 2017 and set itself this new target to realise its well-being ambition
Retail	Draw up and roll out a comfort, health and well-being strategy for shopping centres	**Creation of internal guidelines on comfort, health and well-being Evaluation of 100% of the consolidation scope**	In 2017 the Group produced its own internal well-being guidelines and carried out an initial assessment of its portfolio, in order to identify priorities for action. This new approach will be continued and improved on the basis of regular on-site assessments

(a) Excluding co-development, rehabilitations and managed residences.

The quality of life and well-being in operations are at the same time social tie factors for users and attractive features for authorities committed to sustainable urban planning. Sustainable urban planning is based on seeking a balance in the mix of projects (at neighbourhood or building level) in terms of dwellings, places of work, shops, services, cultural and leisure activities, respecting the environment in which they are established.

The interior decoration of the buildings is also crucial, with the increasing awareness of notions of comfort, safety, health and well-being as regards temperature, acoustics, air quality, light, user-friendliness, aesthetics, etc.

Indeed, each activity has its own demands and challenges:

- in Residential, ease of use and the quality of the fittings play a part in ensuring that the value of the asset holds up over time for the investor;
- in Business Property, employee comfort and well-being is a strong source of appeal for any business;
- in Retail, proposing a pleasant, practical customer experience and keeping it fresh, combining shops and leisure activities is now indispensable.

In all its property transactions, Altarea Cogedim pays special attention to the quality of city life, going well beyond the applicable regulations to offer the user added value. For example it implements arrangements to enhance the customer experience as regards well-being, based on external certifications such as WELL and on internal requirements.

The Group concentrates on three components of comfort and well-being in each activity and for each project:

- quality of location: the Group opts for density and proximity. Its projects are located less than 500 metres from public transport, to favour user access and mobility;
- intrinsic quality of the building: air quality, acoustics, light, aesthetics, etc., but also usability and flexibility with a view to its being adaptable to current and future requirements;
- complementary services provided by the project to round out the offering already present locally. Altarea Cogedim brings its skills and its multi-product know-how to bear in developing, for example, a day nursery, quality food shops, a range of leisure activities, etc. The Group also pays particular attention to the place of nature in the city, which is recognises as a source of well-being by users, in particular by developing relaxation areas with plants.

Large mixed-use projects

Thanks to its unique multi-activity positioning, Altarea Cogedim brings together all the skills and services to design large mixed urban projects combining homes, shops, offices, etc. By working with local authorities, interior designers and other private sector actors, the Group develops balanced neighbourhoods adapted to residents' and users' needs. The Group strives to offer a range of services that is at once diversified in line with the scale of the project and complementary to what is already available nearby.

Working at the scale of a neighbourhood also allows the Group to propose quality public spaces mixing green and recreational areas. The Group pays particular attention to the place of nature in the city (see 4.2.3).

ISSY CŒUR DE VILLE: WELL PILOT NEIGHBOURHOOD

The Issy Cœur de Ville project will convert three hectares in the Issy-les-Moulineaux city centre into a new mixed-use neighbourhood.

Entirely pedestrianised around a large green public space, this neighbourhood aims high in terms of quality of life for the city and its users. The neighbourhood will have a total of 1.3 hectares of landscaped spaces, with patios and hanging gardens, enclosed and natural, shared or private.

It is the first pilot project in France of the WELL Community label, the benchmark standard for health and comfort on a neighbourhood scale.

Residential

The Group develops healthy and comfortable residential properties favouring social ties and conviviality. It relies on the NF Habitat HQE™ certification process and its team of interior designers. The Group also pays particular attention to the quality of air indoors.

NF Habitat and user comfort

The NF Habitat standards allow us to exceed the standard regulatory requirements on matters of health and safety, and are aimed in particular at making places agreeable to live in, practical and comfortable, with requirements regarding acoustic quality, visual comfort, proximity of services and public transport, etc. (see 4.3.3). In 2018, 100% of Residential projects were certified or in the process of certification by NF Habitat.

Apartment plans are verified by the Group's team of interior architects to ensure that they are practical: ease of circulation, practical layouts thanks to appropriate placing of electric sockets, adequate space for furniture, etc.

Indoor air quality

Air quality is a major issue for residential properties. Altarea Cogedim addresses it comprehensively, imposing health criteria for the choice of materials used and equipment commissioned, as well as by supporting buyers in a healthy and responsible approach to building use. 100% of products and materials are labelled at least A.

By way of example, Altarea Cogedim uses the "IntAIRieur" label for the Cours des Arts project in Mougins. This new system obliges all businesses working on the site to follow the instructions for preserving the indoor air quality of the residential units under construction. Once the project is completed, two guides will be given to users: one for occupants and one for the Manager. These documents will guide them in the day-to-day use of the building and in maintenance operations.

Social ties and Cogedim Club® residences

The Group has adapted the offering of its Cogedim Club® residences to seniors' specific needs, with particular attention to the quality of social ties, one of the main selection criteria for future residents.

The range of residences combines customised residential units, a varied programme of events and city centre locations close to public transport, shops, healthcare services and cultural amenities.

As regards quality, the fixtures and fittings are carefully selected with suppliers to conform to the constraints of advancing age (floor surfaces, height of seating and beds, bathroom layout). They conform to the recommendations of an ergonomics specialist.

CHALLENGES IN PROMOTING RESIDENTS' PHYSICAL ACTIVITY

In 2018, the Group developed a partnership with *Prévention Retraite en Ile-De-France* (PRIF) and Kiplin, a start-up specialising in connected experience solutions designed to combat sedentary lifestyles. Workshops were held in several residences: introduction to new technologies, challenges in promoting residents' physical activity.

Lastly, the Group is gradually rolling out the VISEHA label in its residences. This label attests to the quality of the services offered in the senior residences (see 4.3.3).

Business Property

The quality of life in offices being a major attraction factor for employees and major tenants/investors, Altarea Cogedim develops very high quality working spaces. The theme of well-being has been integrated for many years, notably through BREEAM® and HQE certification.

New ways of working

To respond to the new customs in Business Property, the Group is developing interior spaces that are less partitioned, more flexible, leaving plenty of room for natural light and plants. For example each floor of the Bridge project, the future headquarters of Orange in Issy-les-Moulineaux, features plant-covered balconies and roof terrace gardens accessible for meetings or rest breaks.

In support of the digitisation of activities and communications, the Group offers first-class digital connectivity based on the most demanding standards such as those of WiredScore and Ready2Services (see 4.3.4).

WELL certification

This standard places the user and health at the heart of real estate projects by encouraging the use of comfortable, quality layouts around seven themes that contribute to well-being (air, water, light, comfort, fitness, food and state of mind).

The Group has the objective of obtaining WELL Core&Shell Level Silver certification as a minimum for all of its Business Property projects in the Paris region. In 2018, over 87% of projects achieved this objective.

87% of Business Property projects in the Paris region are WELL certified

Biophilic design

"Biophilic" design consists in integrating elements from nature into buildings. Recent studies have demonstrated that design which imitates nature has a positive impact on health, creativity and stress reduction.

The Group is exploring this approach in the context of the Richelieu and Bridge projects, carrying out audits on the integration of biophilic design in the buildings (notably visual and auditory connections with nature, lighting in line with circadian rhythms, water, shapes and motifs inspired by nature, "cocoon" spaces for solitude, etc.)

Retail

The theme of well-being is already an integral part of BREEAM® and BREEAM® In-Use certification on which the Group bases its CSR approach for its Retail business. Altarea Cogedim is going further in taking into account well-being in the design of its projects and the operation of its buildings, drawing on the most recent standards such as WELL and the concept of biophilia. In order to have a tool aggregating the various issues associated with comfort, health and well-being, the Group defined its own dedicated in-house guidelines in 2017.

Property development

In the context of its systematic sustainable certification approach, Altarea Cogedim surpasses the regulatory requirements as regards:

- indoor air quality and olfactory comfort: for 100% of projects under development with environmental certification, the Group identifies sources of pollution, both internal (VOCs and formaldehyde) and external (major roads, construction products, business conducted on premises, soil, etc.) It sees to it that there is effective ventilation and control of sources of unpleasant odours and appropriate air flows for the businesses on the premises to ensure healthy circulation of fresh air;
- hygrothermal (heat and moisture) comfort: during the design phase, dynamic thermal simulations are carried out to decide on the technical and architectural options that strike the best balance between comfort of use and energy consumption. Altarea Cogedim chooses systems that provide the most comfortable temperature and humidity levels in all seasons: in winter, a suitable overriding control makes it possible to maintain a stable temperature in the building; in summer, protection from the sun and dissipation of excess heat are essential for comfortable temperature and humidity levels;
- acoustic comfort: to offer good acoustic performance, Altarea Cogedim optimises the position of spaces in relation to each other based on internal noise pollution and conducts acoustic studies to assess the level of ambient noise and sound insulation between spaces. In Retail, where the level of ambient noise in different spaces (retailers, food outlets, central area, and offices) can be even more difficult to assess, the objectives are specific to each project. Acoustic measurements are taken during the construction phase to check that these objectives are met.

Portfolio

In its Retail REIT business, Altarea Cogedim has been implementing comfort, health and well-being actions for its visitors for several years now, notably via its management system based on BREEAM® In-Use.

As such, for the health and well-being part of the certification, the shopping centres achieved an average score of 60% in 2018.

Action is taken at the shopping centres to continuously increase their comfort. For example, the L'Avenue 83 centre in La Valette-du-Var provides a wheelchair service, package collection kiosks and a motorcycle helmet check room. Bercy Village, in Paris, holds many events themed on well-being, notably artistic workshops and weekly yoga courses from March to October. It also makes deckchairs, table football and table tennis tables freely available.

CULTURE AT HOME IN ALTAREA COGEDIM'S SHOPPING CENTRES

This year, many of the Group's sites offered their visitors art exhibitions, notably the Galerie de l'Hôtel de Ville in Châlons-en-Champagne, le Parks and Bercy Village in Paris and Qwartz in Villeneuve-la-Garenne. In June, Qwartz invited painter Gérard Fromanger to its gallery to present one of his works to visitors. This encounter was made possible thanks to the Group's partnership with the Georges Pompidou Museum, which agreed to lend the work for a day. These artistic initiatives contribute to positioning the shopping centres as spaces offering visitors' high-quality, inspirational activities.

Internal guidelines on comfort, health and well-being

In 2017 Altarea Cogedim tested the WELL standards on the Qwartz shopping centre, and discovered some new best practices to implement throughout its portfolio.

This study, combined with the Group's experience of the BREEAM® In-Use well-being criteria, enabled it to set its own guidelines in 2017, drawing on these recognised external criteria. This made it possible to evaluate Standing Assets in more detail and roll out a large-scale process of continuous improvement on the issue of comfort, health and well-being.

An inventory was carried out of the entire portfolio in 2017, and since 2018 progress has been measured by the portfolio environmental management system.

The 33 criteria evaluated by the standards concern various themes such as air quality (for example verification that CO and NOx checks are correctly carried out and that an alarm is triggered if limits are exceeded) and visitor comfort (for example verification that a rest area is made available to visitors).

The priority themes on which Altarea Cogedim concentrates its efforts are: indoor air quality, comfort and food. Improvement measures were put in place as long ago as 2017, such as strengthened monitoring of air quality in standard maintenance contracts and partnerships with start-ups to recover unsold food in an innovative way that promotes the circular economy.

4.3.3 Labels and certifications, creators of green value DPEF1

Scope	Objective/commitment	Indicator	Results 2018	Comment
Residential	100% of new projects certified NF Habitat[(a)]	Portion of new projects certified	100%	The objectives are achieved. The ambitious certification strategy is rounded out by the most recent or innovative certifications in order to guarantee the green value of a building
Business Property	100% of new projects in the Paris region certified at least HQE "Excellent" and BREEAM® "Very Good"	Portion of new projects certified	100%	
Retail	100% of new projects certified at least BREEAM® "Excellent"	Portion of new projects certified	100%	The Group raised its minimum certification level required in 2016 and continues to grow. It develops the use of new labels such as BiodiverCity®
	100% of portfolio sites at least BREEAM® In-Use "Very Good" for re-evaluations	Portion of sites certified	100%	The figure has been steady since 2015. Altarea Cogedim is 100% BREEAM® In-Use certified for the French managed assets

(a) Excluding co-development, rehabilitations and managed residences.

Customers' growing demands for comfort and ease of use as well as tougher environmental regulations have led to the emergence of the notion of green value in the property sector. This is the capacity of a building to avoid obsolescence resulting from regulations or use and is thus a token of durability over time. To maintain or increase the green value of a building, certifications and labelling have gradually become market standards.

Altarea Cogedim has committed to an ambitious and innovative strategy of sustainable certification specific to each of its activities. Labels or certifications are thus chosen based on:

- the relevance of the applicable standards and assessment method. In Retail for example, BREEAM® is the tool most used by the market;
- stakeholder expectations for each project type, while seeking to outperform market standards;
- the determination to obtain the latest ambitious and innovative labels and certifications on themes that are broader than environmental performance (WELL, BiodiverCity®, WiredScore, etc.) to stay one step ahead in all business lines.

Residential

NF Habitat certification and its HQE approach

Since 2016, the Group has been committed to NF Habitat certification and its HQE approach.

All the Group's new housing properties (Cogedim and Pitch Promotion brands) are NF Habitat certified. NF Habitat certification is a benchmark for the essential qualities of residential units and the communal parts of a building. It translates into tangible benefits on a daily basis: a healthy, safe, pleasant interior and reduced spending, as well as respect for the environment.

In environmental and energy performance, the Group goes further still, aiming to obtain for nearly half its production an additional certification: NF Habitat HQE™ (which goes beyond NF Habitat in environmental terms), Qualitel, Habitat & Environnement, or a complementary energy label such as Effinergie+. In 2018, 49% of the Group's Residential projects (in number of units) carried an additional environmental certification or an energy label.

100% of Residential projects NF Habitat, token of quality, environmental performance and comfort

49% go further, with an additional certification or an energy label

Some projects may benefit from complementary certification approaches. The Cœur de Ville project in Bobigny city centre, already engaged in the Écoquartier labelling initiated by the local authority, is a pilot for the new HQE Performance standard. The Group is thus participating in defining new benchmark standards for sustainable urban planning.

The VISEHA label and the Cogedim Club® residences

To improve transparency as regards the quality of services offered in serviced residences for seniors, the professionals of the sector, among them Altarea Cogedim, have created a label called VISEHA (*Vie Seniors & Habitat*). It is based on 13 criteria concerning property aspects and the services offered by the residences, as well as on requirements relating to the operator's financial health and reliability so as to provide assurance as to the continued operation of the residences over time.

At the end of 2018, the Group obtained one of the first labels awarded by the SNRA and SYNERPA national associations, with the support of AFNOR Certification for its Cogedim Club® Terre de Seine residence located in Suresnes. The label will be rolled out gradually to the Group's other senior residences that meet the criteria.

Business Property

All Cogedim Business Property projects follow a systematic HQE and/or BREEAM® certification approach (respectively the French and European standards for environmental performance of buildings). In 2018, 100% of Cogedim Business Property projects were certified HQE and/or BREEAM®.

In the Paris region, which represents more than 90% of national production, the ambition is higher, with systematic dual certification at a high level of performance. In 2018:

- 100% of Cogedim Business Property projects in the Paris region had dual certification, HQE and BREEAM®;
- 100% of Cogedim Business Property projects under development in the Paris region are HQE certified "Excellent" or higher, 76% of them "Exceptional";
- 100% of Cogedim Business Property projects under development in the Paris region are BREEAM® certified "Very Good" or higher, 66% of them "Excellent".

100% of Cogedim Business Property projects in the Paris region have dual certification at least HQE "Excellent" and BREEAM® "Very Good"

In 2018, 92% of Pitch Promotion's Business Property projects and 80% of hotel projects (by area) were HQE and/or BREEAM® certified. The NF HQE™ "Excellent" certification is expected for the Hilton hotel at Place du Grand Ouest in Massy. Lastly, 100% of Logistics projects under development in 2018 were working towards BREEAM® certification.

These numbers are stable compared to 2017.

Certain projects also have thematic certifications and labels, such as BiodiverCity® (biodiversity) for the Issy Cœur de Ville project and the WELL label (well-being) for the Bridge project (see 4.2.3 and 4.3.2).

Retail

In 2018, the process of certification continued for the assets managed in France.

100% of the assets managed in France are certified BREEAM® In-Use

Additionally, 32% of the shopping centres also have HQE and/or a BREEAM® construction certification.

Construction certification

Altarea Cogedim chooses the certifications best suited to its customers' needs and the context of projects. Accordingly the BREEAM® certification, adopted en masse by European retail operators, has been used for 100% of Retail projects under development managed by the Group since 2016.

The Group systematically seeks the highest levels of certification for its projects (taking account of technical and economic constraints). Accordingly, 100% of shopping centre projects in development that have a BREEAM® certification obtain an "Excellent" level or higher. Cap 3000 obtained a total score of 76% on its BREEAM® certification for the design of its building.

The Group also seeks to have the neighbourhood shops of these large mixed-use projects certified, as in the case of the fifty or so street level shops at the Bezons Cœur de Ville project.

As a complement to BREEAM®, certain Retail projects seek other certifications or labels. For example Cap 3000 has obtained the BiodiverCity® label.

Existing portfolio assets with an environmental construction certification represent 202,750 m² NFA. The Qwartz site in Villeneuve-la-Garenne and the L'Avenue 83 site in La Valette-du-Var have two certifications: NF HQE™ Tertiary Buildings and BREEAM®.

Operational certification

In 2012, Altarea Cogedim embarked upon a process of gradual environmental certification of its operating assets, choosing BREEAM® In-Use certification.

At the end of 2015 an initial objective was reached with the certification of 100% of the assets in its reporting scope thanks to the roll-out from 2014 of the operational environmental management system, which makes non-financial reporting more organised and reliable and applies best practices and requirements of environmental certification across the board. Each centre management team received a series of trainings in using this tool.

The Group's new objectives are:

- to maintain the certification rate of the managed assets at 100%;
- to improve its BREEAM® In-Use scores every year. A score of "Very Good" or higher is targeted for score reassessments.

In 2018, the 20 sites in the scope of reporting, representing 542,014 GLA (in m²) or 100% by value of managed assets, were certified BREEAM® In-Use. These certifications apply to the Asset (intrinsic performance of the building) and Management (operation of the building) categories of the benchmark.

Performance levels break down as follows (in value terms):

- "Asset" section: 49% "Excellent", 51% "Very Good";
- "Management" section: 30% "Excellent", 70% "Very Good".

For the "Asset" part: the average performance of the standing assets in operation has gone from 48% in 2013 to 67% in 2018 (+19 pp). In the "Management" section: from 43% in 2013 to 68% in 2018 (+25 pp)

The improvement in the average performance of Altarea Cogedim's standing assets in operation bears testimony to the commitment and efforts made by each shopping centre in respect of health and well-being (see 4.3.2), the soil conservation and biodiversity (see 4.2.3), waste management (see 4.2.4), etc. Certain themes such as energy and biodiversity improved notably thanks to actions carried out at Group level.

The Group has also extended its approach to environmental certification internationally. For example Le Due Torri, in Stezzano, Italy, has been certified BREEAM® In-Use, "Excellent" since 2017 and San Cugat, in Spain is working towards its first certification for 2019.

4.3.4 New uses and innovation DPEF1

Scope	Objective/commitment	Results 2018	Comment
Business Property	Strengthen the digital connectivity of the projects	**87% of projects in the Paris region are working towards a digital connectivity label**	The Group continues to offer a long-term performance to its customers in the area of technology

The real estate industry develops assets that have lasting effects on cities. The practices and expectations of inhabitants and users of cities have undergone profound changes and continue to evolve rapidly. Altarea Cogedim must therefore adapt its offering to the way households are changing, to the new ways of working, to digital players, new modes of consumption and so forth. The challenge is to provide investors and users with the necessary assurances that the properties and complexes we construct will be capable of adaptation to new ways of doing things and will retain their value in the long term.

Altarea Cogedim has aninnovation division whose objective is to support the transformation of its offering (in methods and products) and promote the teams' creativity and innovative spirit, which are key winning attributes for the Group.

The development of new offers, the construction of an open innovation logic and the promotion of standards in terms of digitisation, enabling Altarea Cogedim to start shaping tomorrow's city today.

Strengthening the Group's culture of innovation

The Innovation team, comprising seven persons, has both a watching brief to identify promising innovations and a support role in their deployment throughout the Group. It organises events to present innovations specific to real estate, makes available digital tools and introduces employees to innovative external structures.

Its roadmap is based on four main paths:

- strengthening the Group's culture of innovation;
- identifying and breaking down the new economic models influencing the property industry;
- developing and coordinating open innovation at Altarea Cogedim;
- implementing innovative solutions and tools for the projects and/or internal processes to boost business.

In 2018 it held five themed events: the Consumer Electronics Show (CES) at which innovations were presented, modular construction, a special event to meet start-ups and two workshops on AI (artificial intelligence).

Altarea Cogedim also put in place a Youth Committee, bringing together some fifteen talented young people from the Group with the aim of reflecting on the changing issues facing the Group to challenge the orientation of the Executive Committee.

Developing new offerings of real estate products and services

Altarea Cogedim is constantly innovating for the benefit of its customers and users. In Residential for example the teams have developed a digital tool enabling buyers to project themselves into their future apartment by means of a 3D visit in which among other things they can test the various materials proposed. This configuration system is available in Cogedim Stores, one-stop shops for future buyers.

In order to respond to the new ways of living and working, the Group has worked on new offerings: co-living homes and flexible, attractive business centres designed for occasional business use (reserving meeting rooms, special events, etc.).

With a view to providing assurance as to the long-term technological performance of its buildings, Altarea Cogedim was one of the first groups to obtain WiredScore and Ready2Services (R2S) labelling. WiredScore evaluates the building's quality of Internet connectivity, infrastructure and connectivity potential. R2S has a complementary approach which aims to make the building compatible with future technologies and practices.

READY2SERVICES (R2S) LABEL

The R2S label aims to accompany the digital revolution in real estate to make buildings adaptable, pleasant to live in, service-oriented and interoperable. It proposes innovative reflection based on flexible open systems to combat obsolescence, optimise operations and make services accessible to tenants. Its guidelines say that buildings must be connectible to any external network and accept future new features by using appropriate communication protocols.

Altarea Cogedim is running a pilot R2S project at Richelieu Office (Paris 2nd district).

The Group's future headquarter "Richelieu" aims to carry the WiredScore label and is one of the 11 R2S pilot operations. In 2018, 87% by area of Business Property projects under development in the Paris region were working towards a label for digital connectivity such as WiredScore or R2S.

87% **of Business Property projects in the Paris Region working towards a label for digital connectivity**

The Group has also signed, the Ministry for Territorial Cohesion's charter to promote "smart, people-centred, community-focussed buildings" and to share good practice and trials with other stakeholders in the local sector.

Lastly, in order to guarantee the value of its properties over time, the Group is working to increase the intensity of use of its buildings and the design of adaptable spaces (see 4.2.2).

Proposing innovative projects thanks to an open innovation approach

Altarea Cogedim integrates its approach to innovation into its business lines and enhances it through collaboration with external parties. The Innovation team identifies and selects potential partners to involve in the Group's activities.

In 2018 several fruitful partnerships with start-ups were initiated, both on projects and for employees:

- for example Kiplin, a start-up, and the Cogedim Club® senior residences worked together to promote senior's physical activity (see 4.3.2);
- the marketing teams of Cogedim Vente worked with Citizya, another start-up, which offers a platform designed to help future home buyers identify their ideal city and neighbourhood;
- other examples are the partnerships with the French Post Office's Digital Hub, Kelfoncier and MyColisBox.

MYCOLISBOX: AN INNOVATION TO MAKE CUSTOMERS' LIVES EASIER

Altarea Cogedim collaborated with MyColisBox to install smart electronic parcel delivery boxes in the lobbies of Cogedim residential properties. Codes sent by SMS allow the boxes to be opened and closed at will for both external deliveries and loans between residents. The first boxes were installed in 2018.

The Group has also partnered with incubators offering to keep track of new trends and add innovative value to its projects:

- Paris & Co, a real estate innovation specialist;
- Real Estate Disruptive Lab, a specialist of disruption in real estate;
- the French postal service's digital hub (Hub Numérique) which focusses on French start-ups in the connected objects sector.

Altarea Cogedim is also a member of the Smart Building Alliance, which promotes the development of smart buildings, through multi-disciplinary discussion between its members in the property sector.

EASY VILLAGE, COORDINATING CITY SERVICES

To facilitate the integration and adaptation of the residents of its large-scale mixed projects, the Group has developed a digital local neighbourhood application incorporating smart urban services for greater practicality, comfort and interactions among and for the benefit of residents. Developed in partnership with the French postal service's Digital Hub, the "Easy Village" application was launched at the opening of the Massy Place du Grand Ouest (91) neighbourhood (Massy, southern suburbs of Paris). It incorporates access to the residential concierge service, a local social network, retailers' product ranges and the ability to manage each resident's connected objects.

Implementing innovative solutions and tools to accelerate business

The Innovation unit puts together business opportunity cases to asses the technical, financial and legal consequences of the innovative projects and products identified. The objective is to select the innovations that are most suitable and simplest to implement, to set them in train and facilitate their deployment.

To facilitate the operational development teams' contact with innovative projects external to the Group, the Innovation unit has launched Altawiki, a platform cataloguing several hundred start-ups and structures of the social economy which contribute to shaping the city of tomorrow. This platform enables users to mobilise them easily in order to respond to calls for tender or to involve them in projects under development.

A PARTNERSHIP WITH KELFONCIER TO OPTIMISE INTERNAL PROCESSES

In 2018 Altarea Cogedim property development teams worked with Kelfoncier, a start-up, whose mapping tool allows available properties to be identified and configured by reference to precise criteria (applicable local zoning plan, property register, VAT regime, improvement tax, public transport networks, etc.). This enabled the development teams to reduce the selection time for properties significantly.

Lastly, 100% of Business Property projects are developed using the Building information modelling or BIM method. This method involves a virtual modelling of the physical and functional characteristics of a building. The digital template allows improved control of construction costs and easier operation of the building.

4.3.5 Responsible supply chain and supplier relations DPEF6

The Group is a substantial buyer, placing nearly €2 billion worth of orders a year. These purchases have a strong social impact by reason of their volume and the variety of business sectors concerned.

Nearly 90% of the Group's purchases are linked to construction, of which more than one third is for shell structures, the remainder being spread over all the other items such as electricity, heating/ventilation/air conditioning, plumbing, etc.).

The other 10% consists mainly of Group's general expenses and the operating costs of the shopping centres.

Since 2014, Altarea Cogedim has been conducting responsible purchasing actions for all its business lines, including in particular clauses in contracts and an evaluation of initial selection of suppliers by Ecovadis in 2017.

A Group approach

In 2018, Altarea Cogedim launched a process aimed at structuring and optimising purchasing, conducted by the performance division and the CSR division. This process involves all the Group's companies and covers all purchases (direct purchases linked to construction and the Group's general expenses). It aims to simplify and optimise purchases, while at the same time systematically guaranteeing a CSR approach adapted to each type of products or services.

The project started with a detailed mapping of the Group's purchases and an initial macro analysis of the CSR risks.

A detailed action plan has been established for 2019, determining the first purchasing headings concerned. The approach provides for generalised actions (CSR clauses in calls for tender and in contracts, creation of a Group charter), and specific requirements for types of purchases identified as most at risk (specific clauses, supplier evaluations, audits, etc.)

A certain number of actions are already in place and will be reinforced at Group level (anti-corruption clause to be included in all contracts) or in each activity (notably in the context of NF Habitat, HQE, BREEAM® and BREEAM® In-Use certifications). These actions relate in particular to the combating of illegal and undeclared employment and respect for employees' health and safety and for the environment.

Residential and Business Property

At the signing stage, the Residential and Business Property activities have standard contracts (architect, multi-discipline design office and project management) which include the sustainable development objectives of projects in their terms and conditions.

Since 2015, for all new Residential projects, Altarea Cogedim has made use of an external service provider to collect, archive and manage all regulatory certifications from companies necessary for the signing of the contracts and authorisation of the various subcontractors.

At the same time, a low nuisance construction site charter is appended to all works contracts. Under this charter, all service providers, working on the project are required to meet commitments relating to:

- the reduction of nuisances (noise and dust) caused to neighbours;
- reducing risks of water and soil pollution from the construction site;
- sorting and reducing construction site waste that goes to landfill;
- protecting nature and biodiversity;
- managing water and energy resources.
- the social and organisational aspects of the worksite.

In order to ensure the requirements are applied during the construction phase, various actors, such as the "clean construction site" contact person, and the Health and Safety protection (H&S) coordinator, are called upon. In particular, six national framework agreements have been signed with technical monitoring companies specialising in H&S and Environment Works Management to harmonise monitoring tasks in all residential operations and to ensure safety and proper application of the low nuisance construction site charter. At the end of the operation, contractors are evaluated according to qualitative and/or environmental criteria to assess whether labour and environmental clauses have been fully applied.

EVALUATION AND CONTINUOUS IMPROVEMENT OF SUPPLIERS

En 2017, Altarea Cogedim launched a supplier assessment process using the Ecovadis platform, to measure their progress on CSR issues.

The first phase of the evaluation relates to suppliers of fixtures and fittings for Cogedim residential properties. Following the initial evaluation, the Group asked certain suppliers to make more progress on their social and environmental commitments in order to reduce the risk areas.

Development (Retail)

A low-nuisance construction site charter is appended to each contract. It applies to all contractors working on the construction site and contains mandatory commitments on the following themes:

- staff information and working environment;

- limiting consumption (water and energy);
- limiting nuisances (dust, mud, noise, deliveries and parking, changes to local traffic plan, approach to construction site etc.);
- limiting local pollution (soil, water, air etc.);
- management and selective collection of waste;
- secure access to the site.

The "clean construction site" contact person ensures commitments are met throughout the project.

Retail portfolio

In order to engage the providers involved in the operation of shopping centres in a CSR approach, Altarea Cogedim has introduced the following documents applicable to all concerned in the past few years:

- an environmental charter for providers carrying out one-off assignments, covering the following points:
  - construction site impact: limiting noise, accidental pollution;
  - waste treatment: reporting on waste produced, by type and disposal channel;
  - choice of materials: EC branding, preference for labelled and low VOC emission materials.
- an environmental note appended to maintenance and cleaning contracts addressing the following points:
  - management: service provider training plan, provider sustainable development plan;
  - energy: consumption monitoring, continuous maintenance plan for equipment;
  - environment: incorporation of a biodiversity action plan;
  - pollution: management of hazardous waste, monitoring of emissions;
  - materials: limiting nuisances and risks for workers;
  - waste: maximisation of sorting and recovery;
  - water: monitoring of consumption, installation of hydro-efficient equipment;
  - comfort and health: management of bacteriological risks, low VOC or labelled paints.
- an environmental appendix for green-space contracts making for operations that are more respectful of biodiversity. Accordingly. the Group prohibits the use of phytosanitary products on its sites, with the exception of those used for organic farming.

Standardising the use of these contractual documents on sites included in the scope of reporting and sites managed on behalf of third parties (unless otherwise specified by the third-party principals) satisfies the requirements of BREEAM® In-Use certification, integrated in the Group's Environmental Management System.

Moreover, standard contract frameworks for service providers working on portfolio assets were updated in 2017 and will be circulated across all sites in 2018. These new versions incorporate enhanced requirements on CSR aspects such as monitoring indoor air quality, impacting directly on visitor health and comfort.

4.3.6 Professional ethics *DPEF9*

Scope	Objective/commitment	Results 2018
Group	Strengthen the programme for combating corruption	**Mapping of corruption risk**
Group	Train and raise awareness of employees identified as most at risk of corruption and fraud	**Eight days of induction for new employees, featuring a quiz on "rights and duties"** **Fraud awareness-raising exercise twice a year at Group level**

Values and ethics

All Altarea Cogedim Group employees and corporate officers must comply with the principles established in the Ethical Charter, which is also incorporated into the in-house regulations. Any breach of its provisions may thus constitute a disciplinary offence subject to sanction. This Ethical Charter, which is available on the Group's intranet site and systematically appended to the employment contracts of new hires, covers all aspects of the relations between Altarea Cogedim and its stakeholders, employees, customers/tenants, service providers/suppliers, and best practices for internal functioning:

- protection of privacy;
- rules a publicly listed company must respect concerning the use of inside information;
- duty of loyalty and conflicts of interest;
- respect for the law and applicable regulations;
- respect for the environment and for the principle of integrity;
- prohibition of forbidden practices and corruption.

Since 2017, in order to ensure new employees adhere to the Group's rules, values and principles and that they have a thorough understanding of how they must be applied, systematic training in the form of a quiz is implemented on induction days. It addresses topics related to Rules of Procedure, the I.T. Charter, the Ethical Charter and aspects of health and safety.

Any employee who has trouble discerning how to behave in a particular situation can refer their situation to their Manager or, if need be, to the Compliance Director appointed by Management. The consultation with the Compliance Director and their advice are confidential under the Ethical Charter.

The provisions relating to IT security and data protection are set forth in chapter 5.2.2. of the Registration Document.

Fight against money laundering, fraud and corruption

The Group's anti-corruption policy is restated in its Ethical Charter. The policy aims primarily to set forth the values and rules of conduct to be observed, and to guide employees in their daily activities regarding any ethical question or conflict of interest they may be confronted with. For example, the Group prohibits individuals from commissioning work for their own benefit from companies or service providers who maintain a business relationship with the Group, unless such work is authorised by the Compliance Director. It also prohibits payment in cash, even within the limits authorised by applicable regulations.

These principles must also be mutually enforced in relations with the authorities and customers: Any act that is likely to be construed as an attempt to corrupt is prohibited and reportable. Any payment or acceptance of illicit funds is strictly forbidden in the conduct of Group operations. Where there is doubt as to the legality of a payment, the Compliance Director must be consulted immediately for their opinion.

As part of its activities, Altarea Cogedim uses the services of many external companies. They are selected according to formalised systems and generally framed by calls for tender (no supplier monopolies, one-year contracts for service providers in shopping centres, etc.). At the Group's most recent update to its risk map in 2016 the risk of fraud, though limited given the Group's activities and structure, was assessed as being slightly greater. This was due to increased media coverage of fraud cases and by the increase in "fake president" scams which the Group was a target of. To ensure that these attempts at fraud do not succeed, awareness-raising messages are now circulated to the most at-risk groups at least twice a year prior to periods of leave when such incidents are most likely to occur.

In order to support the successful implementation of the Group's overall professional ethics approach, an awareness raising campaign on misconduct was carried out at the end of 2017 with employees identified as being the most at risk, and the intention is to update and repeat this campaign in 2019. Also, with the help of a specialist law firm, courses were held on different ideas of corruption, conflicts of interest, trafficking influence, favouritism and the criminal repercussions associated therewith, particularly in relations with the public sector. This awareness raising is continued regularly through messages delivered to employees by senior executives at events such as seminars, in committee meetings and in induction sessions for new arrivals.

Moreover, the Property Legal Department ensures that clauses specific to anti-corruption legislation are included in business introducer contracts or contracts with third parties. These clauses were updated in 2018 in order to take account of the anti-corruption law.

In the context of the Sapin 2 law, a corruption risk mapping is in the process of being finalised. In accordance with the provisions of the law, and in order to demonstrate greater transparency in relations and interests between businesses and public authorities, the Group registered with the digital register of the High Authority for Transparency in Public Life (HATVP) on 30 April 2018. Altarea thus has until 31 March 2019 to file its annual statement of lobbying activities.

The Group constantly seeks to strengthen its compliance programme to respond to the demands of anti-corruption and anti-money laundering legislation.

4.3.7 Safety of assets, people and personal data DPEF10

Information on safety of assets, people and personal data is available in the chapter on risk management (chapter 5 of the Registration Document) in the paragraphs headed Risk factors and Control.

4.4 Talent as a driver for the Group's growth

The Altarea Cogedim Group had 1,874 employees in late 2018, 132 more than one year ago. This significant increase in headcount (+7.6%) goes hand-in-hand with the Company's strong growth.

The change in the Group's size over recent years, coupled with sustained operational momentum, reinforces the strategic nature of the management of its Talents, in terms of recruitment, integration, dissemination of the corporate culture and career management.

Reporting to the Group's Human Resources Director, the Human Resources Department is organised around operational human resources Managers for each business line and 3 specialist areas (human capital, employment law & innovation and workforce administration).

4.4.1 Headcount and organisation

4.4.1.1 Changes in workforce

To support business development, recruitment levels remain high. In late 2018 the headcount had increased significantly: 7.6% compared with the previous year. This growth is completely organic whereas the 15% increase in the two previous years was boosted by external growth (acquisition of Pitch Promotion and Histoire & Patrimoine).

	2017			2018			Evolution 17 - 18		
	Permanent contract	Fixed-term contract	Total	Permanent contract	Fixed-term contract	Total	Permanent contract	Fixed-term contract	Total
Women	936	42	978	1,010	42	1,052	7.9%	0.0%	7.6%
Men	749	15	764	801	21	822	6.9%	40.0%	7.6%
TOTAL	**1,685**	**57**	**1,742**	**1,811**	**63**	**1,874**	**7.5%**	**10.5%**	**7.6%**

Breakdown by age and seniority

With an average age of 40 (no change compared to 2017), 55% of employees below this average and almost 40% of employees in their thirties, our age range is both dynamic and well-balanced. This will enable us to rise to future challenges.

Over 700 employees are aged between 30 and 39. The Group's future Managers are to be found in this pool. Offering them appropriate career paths, innovative learning experiences and an attractive pay package are the key challenges in terms of human resources.

Employees in their thirties are also involved in the Group's strategic thinking in the Youth Committee which has been in place for two years.

The average seniority is just under 6 years as in 2017. Nevertheless; almost 60% of employees have less than 3 years' seniority.

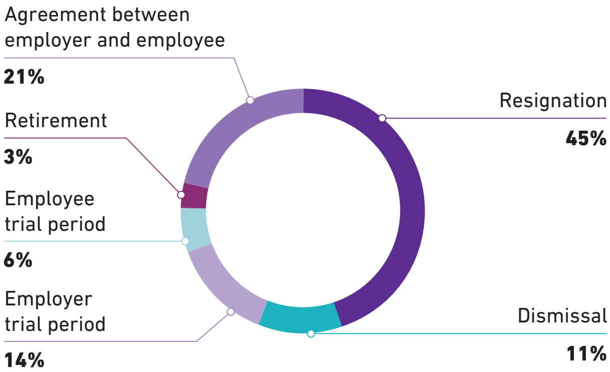
The high recruitment levels and acquisitions over the last 3 years have brought methods and skills from a range of backgrounds to the Group. The aim is to keep the Group's DNA: entrepreneurship, creativity, innovation and diversity. With this in mind, initiatives in the areas of integration (Crescendo seminar), brand-building as an employer (obtaining the Happy Trainees label) and learning (introduction of new learning methods such as urban excursions) are crucial in uniting all of these new Talents around shared challenges.

Intergenerational diversity is a key issue for Executive Management and the Human Resources Department in a Group with employees ranging from 18 to 70 and older, some, but not all, of whom having been the Company for more than 20 years. This means enabling everyone to see where they fit in, to access all levels of responsibility according to their abilities and talents. The experienced among them share their knowledge by becoming in-house trainers for the Training Academy or by becoming facilitators at integration seminars for new recruits or tutors for work-study students. The Group is actively involved in training future employees by offering placements to an increasing number of work-study students. The number of work-study contracts is increasing year-on-year and we gave placements to 238 work-study students in 2018.

Headcount changes

The Group recruited 365 employees on permanent contracts, confirming its strong appeal and assets in a highly competitive market. At the end of 2018, 96.6% of Group employees were on permanent contracts. As such, the challenge of attracting and retaining Talent relates mainly to permanent contracts.

In 2018, despite low unemployment in the property sector, the departure rate for employees on permanent contracts remained stable compared with 2017 (13.6%), validating a HR policy which is resolutely focussed on retaining Talent.



The main cause of departure for employees on permanent contracts was resignation.

Headcount by geographical area

In 2018, the Group had offices in three countries. Almost 99% of the headcount are located in France. The Retail business line retains 17 employees in Italy and 6 in Spain.

4.4.1.2 Organisational change

Change in Group structures

The full acquisition of Histoire & Patrimoine was finalised in 2018. These employees will be gradually integrated into the various Group systems.

Modernisation of central back-office functions

The Group is continuing to structure and pool its back-office functions so that they support all operational business lines with optimal efficiency.

In this context, many initiatives were taken in 2018. Accounting information systems were standardised, a Group Information Systems Director was appointed, the Group's IT teams were merged, new information systems were developed, including modern Group HR-IT system which came on-stream.

All of these modernisation initiatives provide operational staff with ever more effective support on a daily basis. To achieve this, the Group relies on digitisation and a global performance management programme which is being implemented to improve organisational efficiency, methods and processes.

4.4.1.3 Structuring of Group's social fabric

Towards a shared social framework

The women and men of Altarea Cogedim are the Group's No. 1 asset. They are diverse, enthusiastic and complement each other. The Group is structured around shared policies where appropriate, whilst retaining the strong identity of its brands, its agility and its entrepreneurship.

In 2018, a shared social framework which specifies and defines a set of shared social rules was approved by social partners. It brings people together offering a sense of social allegiance to the Group and has made tangible improvements in terms of the efficiency of mobility between the various subsidiaries.

This framework will be gradually rolled out across all subsidiaries and adapted to the specificities of each one.

Towards a new shared head office in 2019

The big project in 2019 will be the move to Richelieu: the new Paris head office. The future head office will have a prestigious address between la Bourse and l'Opéra Garnier.

All of the Group's subsidiaries will be brought together in one place whilst retaining the identity of each brand. Back-office functions centralised, information systems standardised. The layout of the building will enable the emergence of new working methods in line with the changing expectations of employees and quality of life at work.

4.4.2 Recruiting talent, diversity and equal opportunities DPEF8

The Group promotes integration and diversity in its recruitment policy and the management of its employees' careers through attentiveness to all potential factors of discrimination (gender, age, disability). Quality social dialogue and respect for the fundamental conventions of the International Labour Organisation supplement this policy of diversity and equal opportunities.

Recruitment policy

The "human capital" expert unit of the Group's HR Department pursues a recruitment policy that is inspired by the Group's values of creativity, functional diversity and entrepreneurship and emphasises non-discrimination, integrity, ethics, objectivity, diversity and intergenerational cooperation.

In December 2013, the Group signed the Diversity Charter and all new employees are made aware of this commitment through a welcome booklet and integration seminar. A Diversity Officer was appointed in September 2018 to manage and coordinate the Group's policy across its different strands: gender equality, initiatives aimed at young people and seniors, disability adjustments, socio-professional diversity.

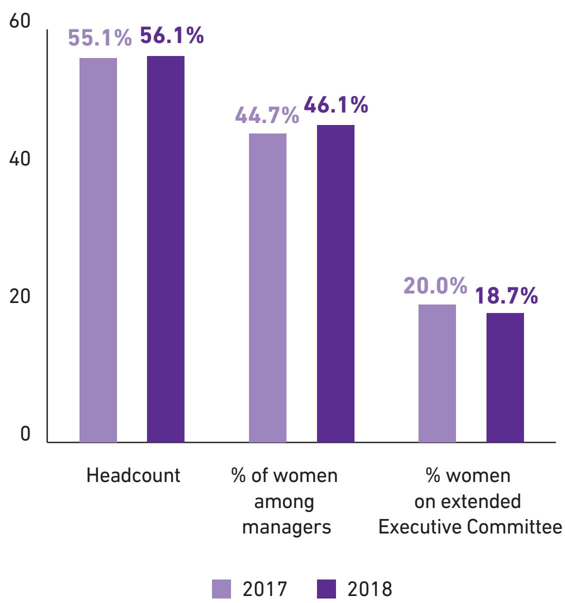
The recruitment process is strictly based on the skills and qualifications of the candidates. Compensation for new employees is determined according to objective criteria based on qualifications, professional experience and market practices. The Human Resources Department ensures that the principle of non-discrimination is strictly complied with in every way in all external recruiting and for all mobility within the Group. In order to combat stereotyping, it ensures that the wording of job offers, including those from temporary employment agencies, recruitment agencies and the "careers" website, is objective and non-discriminatory, reflects the characteristics of the position in terms of the skills and experience required and makes sure every job offer includes the term (F/M). Candidates are all received by Human Resources Department employees who have been specially trained in issues related to discrimination.

The Recruitment, School Relations and Internal Mobility Department develops relations with schools by partnering with existing employment partners in the *Grandes Écoles* and universities. The Group makes these institutions aware of its non-discrimination principles in order to instil best practice. The "schools" policy also involves communication about the Group's business lines through articles in the student press or through its presence on numerous forums. In 2018, the Group was present at the HEC recruitment Forum with operational staff from each entity and the Group's human resources teams. As every year, the Group took part in the key annual event for the French property sector, the *Forum des Métiers de l'Immobilier*. It also attended the jobs fair, *forum de l'emploi*, which was held last May in one of our flagship shopping centres: the Qwartz. Finally, groups of students from EDHEC and Sciences Po were involved in the Group's strategic projects.

Promotion of gender equality

Gender equality is one of the Group's core values. As such, each Group entity has implemented professional equality action plans (action plans of 21 and 23 March 2017), the scope of which have been broadened and formalised based on concrete themes: compensation, access to training, professional development, working conditions, and work-life balance.

REPRESENTATION OF WOMEN IN THE GROUP



Although the percentage of women on the extended Executive Committee is down slightly, the percentage of women among management-level employees is balancing out, up 1.3 points.

Access to employment by young people and older people

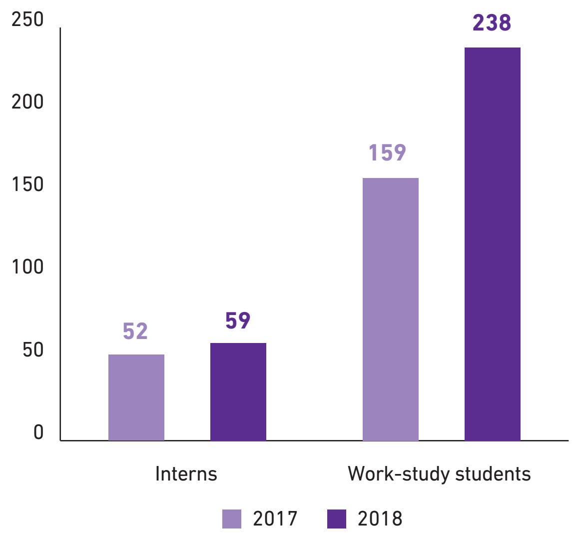
As a responsible company, the Group sees access to employment for young people and older people as a priority. Its objectives are to facilitate the long-term employment of young people under the age of 27 via permanent contracts, to promote the hiring and long-term employment of employees at least 55 years old and to ensure the transmission of know-how and skills.

As of 31 December 2018, Group employees over 50 and under 30 represented the same proportion: 17% of the overall workforce each. 23 employees over the age of 50 were hired on permanent contracts in 2018.

The Group's work-study policy is being strengthened further this year. In 2018, the Group hosted 238 work-study students compared with 159 in 2017 (+50%). In addition to information kits, the Group held an integration seminar for interns and work-study students. The aim was to give them all of the keys to succeeding in their role. 29 work-study students and interns were offered a fixed-term contract following their training and 11 a permanent contract. The Group hopes to play a societal role by training these young employees in both know-how and behaviour in a corporate setting to facilitate their transition into professional life. For this reason work-study students are not included in the operating budgets.

The Group is a partner of *Engagement Jeunes*, a platform used by large groups and SMEs to share the profiles of young people with each other.

CHANGE IN THE NUMBER OF INTERNS AND WORK-STUDY STUDENTS



In 2018, the Group signed a partnership agreement with "Nos quartiers ont des talents", an equal opportunities charity that supports young graduates from disadvantaged areas in accessing employment and work-study contracts.

All of these initiatives contributed to the Group being awarded the Happy Trainees label in its first year of taking part. As such, the Group is one of the best businesses in which to take up a traineeship or work-study contract.

Disability policy

As of 31 December 2018, 19 employees are declared disabled workers.

In addition, ESATs (*Établissement et Service d'Aide par le Travail*, organisation working for insertion of the disabled into the workforce) are used to provide a range of services (purchase of supplies).

An internal communication campaign was held for the European Disability Employment Week (posters, quizzes on the Smartportal, etc.). In order to see disability in a different light and (re)discover the Group's commitment, a talk by an art historian on "art and disability" was organised for all employees.

Dialogue with employee representatives

The quality of employee dialogue is a key focus of the Group's employee relations policy. In addition to regular dialogue with employee representatives, particularly at the monthly meetings of work councils (CE) and quarterly meetings of the Health, Safety and Working Conditions Committee (CHSCT) (over 30 meetings in 2018) in 2018 Management launched a major consultation with employee representatives on the standardisation of employment regimes across Altarea-Cogedim's economic and social units (ESUs).

As such, employee representatives (CE and CHSCT) were fully involved in discussions on the implementation of a shared employment framework for the Group. More than 10 meetings have been held on the issue and a large number of comments from elected officers were taken on board by the Management when drafting this framework.

These discussions resulted in the draft framework being approved by elected officers of both ESUs, with those of Cogedim voting unanimously in favour and a majority of Altarea elected officers (with one abstention) voting in favour. This framework shared by the Altarea and Cogedim ESUs was introduced in 19 June 2018.

Moreover, employee representatives were regularly informed and consulted on plans to establish new organisational structures and new projects.

Gender equality action plans were also introduced in May 2018 following a consultation with works councils (CEs). Both CEs approved the plans.

Because of the size of the entities in Italy and Spain, formal mechanisms of employee representation are not required under local regulations. Direct dialogue is promoted between employees, the deputy director and the Human Resources Department.

4.4.3 Compensation and value sharing DPEF8

The compensation policy remains proactive and targeted with an allocated budget for increases of €3 million for basic salary. It also rewards individual and collective performance by maintaining the 2017 performance bonuses and strengthening the "Tous en Actions" scheme, an original and attractive employee share ownership plan.

In order to improve work-life balance and continue to reward commitment with pay incentives, the monetisation of RTTs was extended and its processes streamlined for employees.

Salary policy

2019 salary planning was marked by a continuation of the proactive salary policy to reward employees after an intense 2018 and to retain talent. A total payroll increase of 3% was allocated, above average for French companies (+2%) in the same period. The policy targeted a number of different groups. A budget was allocated to salaries under a certain figure to offset increases in the cost of living. Particular attention has also been paid to employees in their thirties with less than 5 years of seniority. As with previous years, a gender equality budget is managed centrally so as to rectify any discrepancies as they arise. Finally, the bulk of the pay increase budget is allocated to high-performing employees and promotions.

In late 2018 the Group announced the introduction of an exceptional bonus which is capped and untaxed as part of the purchasing power measures announced by the French President in December 2018.

A bonus policy acknowledging success

The awarding of bonuses is a managerial act that acknowledges actual performance and reflects the achievement of individual objectives. Taking into account contractual commitments and changes in the workforce, the average volume of performance-based bonuses to be allocated in 2019 (for 2018) remains the same as in the previous year.

An original and ambitious employee shareholding policy

In early 2016, the management council introduced a three-year bonus share plan which distributes more than €20 million in shares each year.

The "Tous en Actions!" scheme enabled each employee on a permanent contract to have a stake in the Group's development and profits.

This scheme was renewed at the end of 2018 and adapted to meet the challenges of the next few years. The decision to renew represents a recognition of the contributions of each employee to the Group's success.

Any employee of the Altarea and Cogedim ESUs with RTT days, may monetise all of their RTT days in 2019 with an associated increment of 25% or bank them in the PERCOGs (Group retirement savings plan). To rise to the challenges of 2019 everyone must step up to the plate. Monetisation is encouraged. In order to offer employees greater flexibility, its implementation will be streamlined in 2019. In 2018, 91% of employees monetised their RTTs. This figure will be monitored in 2019 so as to assess the effects of the new procedure.

In 2019, other announcements will be made to enable employees to continue to build a long-term portfolio as shareholders.

4.4.4 Talent and skills management DPEF7

Strategic training plan for 2017-2018

At the end of 2016, the Group identified training as one of the major focuses of its HR policy to support its rapid growth, and it established a new two-year training plan.

Its mission is to support employees in developing their collective and individual skills and to ensure their employability in line with the Company's strategy.

Its goal is to promote the real estate business lines of tomorrow thanks to a strategic training plan initiated upstream with the Group's Managers and based on the business challenges of each line.

The plan is structured around three types of training:

- "core business", a basic foundation of skills for employees;
- "professional development", with a focus on management with a concentration, in addition to technique, on the cross-functional challenges and synergies of the Group;
- "new uses" centred on the digitisation of working methods, collaborative tools, etc.

Learning opportunities are varied and although classroom-based training is set to continue, content and practice will evolve along with integration of digital activities via LMS platforms (e-learning) and co-construction and co-development workshops.

All training activities are now catalogued in "Academy Training Provision", available in the HR IT, offering 100% digital management of demand.

An impactful second year

More than 4,600 training days were delivered in 2018, an increase of over 80% on the previous year. On average, some 16 courses are held each day. Almost 85% of Group employees have benefited from at least one of the 4,121 training activities organised in 2018. This rate increases year-on-year. It stood at 83% in 2017. We will continue to monitor this indicator to reach 100%.

The training given to employees and Managers covered the technical, managerial and digital growth of their business lines.

Building on 2017, internal business training programmes were strengthened (with employees being trained as trainers where appropriate), and managerial programmes revamped to address our transformation challenges. A major awareness-raising campaign, "All together for customer satisfaction" was held in January and July with over 500 employees in the Residential business line. This approach will continue in 2019 across all of the Group's business lines.

As every year, a majority of employees (60%) took advantage of "core business" training courses. That said, the "professional development" and the "new uses" training courses took on more importance this year.

In 2018 investment in training accounted for 3.41% (excluding Pitch Promotion and Histoire & Patrimoine) of payroll (compared with 2.87% in 2017). The budget increase is mainly due to funding broader, more in-depth training programmes: management courses, accredited training, or supporting young people on work-study contracts.

The Academy, talent developer

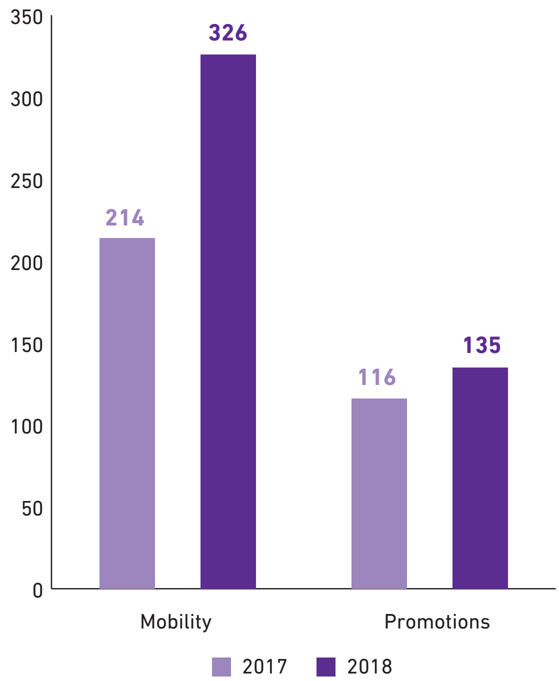
The training plan is an integral part of "The Academy", a unique "learning & development" programme to accelerate and develop individual and collective performance, build up the skills capital of business lines, strengthen the employer brand and thus attract the right candidates and create a space for sharing experiences. Upon arrival, the employee is immersed in the knowledge of a Group with multiple business lines at a seminar entitled Crescendo. This involves many leaders from inside the Group and the members of co-management and the Executive Committee, who all come to explain and share their vision of the business. In order to "re-engage" more senior employees in the Group, a seminar was held especially for them in October 2018. The first seminar was a success and will be repeated in 2019.

In 2018, the Academy expanded its provision: talks, city excursions, business line-specific courses, etc. Over 100 topics are listed in a catalogue available since last May in the HRIT training module.

Mobility and Promotions

Mirroring the training initiatives, internal mobility and promotion was significant. The inherent diversity of jobs in the real estate industry naturally fosters employee mobility.

MOBILITY AND PROMOTIONS



In 2018, building on the previous year, the growth of internal mobility (professional or geographic) was supported by the smooth running of business, the consolidation of newly created functions or organisations, and the establishment of a career and communication site and an internal mobility charter. A national committee for mobility between business lines was set up to enable Executive Committee members to discuss this strategic issue.

At 31 December 2018, 326 Group employees benefited from mobility (i.e. a mobility rate of 17.6%) and 135 from promotion (i.e. a promotion rate of 7.4%).

The aspirations of the Company's employees were gathered during professional interviews to serve as a basis for reflection on a formal talent review, which is now in digital format as part of the HR IT.

As such, in 2018, the digitisation of appraisals and professional interviews resulted in a 98% submission rate. In addition to the benefits of digitisation (no more paper, a secure personal space etc.), this first campaign met three objectives: quickly recording training and mobility requests, faster roll-out of the training plan and easier access to enable Managers to monitor their employees' requests in real time.

4.4.5 Well-being at work DPEF8

Quality of life and well-being at work are major priorities for the Group. These represent challenges both in terms of retaining the best Talent and in terms of the Group's ability to attract new employees.

Work-life balance

Bringing initiatives under one brand

The Altawellness offering brings the main well-being at work initiatives under one umbrella. Two initiatives were launched in 2018.

In September 2018, the Yoopies platform offering personal services – childcare, personal tutors, cleaning etc. – was launched. A few weeks later, some 269 employees were registered on the platform and 194 had already booked services.

In October 2018 Yuco (a platform offering sporting, cultural and well-being activities on-site) was added to the Altawellness offering. A month after the launch, 386 employees were registered and over 200 employees had taken part in the activities across more than 15 of the Group's sites.

The Group contributes over €55,000 to these partnerships (Yuco and Yoopies) with the purpose of improving employee well-being. We will continue to monitor these services in 2019 and to develop them in order to consistently meet the needs of employees.

Remote working charter

At the intersection between efficiency, work-life balance and CSR, a remote working charter was signed in 2018 as part of the shared social framework. It permits one day of remote working per week under certain conditions. This first stage is a means of trialling this approach in our Group. A review will be held in 2019 to understand the habits and determine whether we should develop our approach. Through this charter, but also moving the Paris teams to a new head office, we know that our working habits will continue to evolve to reflect the requirements of employees and Managers for ever increasing efficiency.

A new paris head office: the Richelieu project

By the end of 2019, Richelieu will be the Group's new head office. It is a major project that is about more than just a move. This will be the realisation of the profound changes begun over the last three years. The standardisation of HR regulations as well as the pooling of back-office functions will be supported by bringing all of the Group's entities together. The transformation of management methods initiated by the teams at the Academy will be facilitated by spatial organisation and open-plan offices. Innovative layouts will promote quality of life at work.

Throughout the year, initiatives aimed at employees and management will be carried out to support change. 210 Managers have already been invited to discussions on the history of working spaces up to the present day. Pragmatic support based on sociology and ethnology will be implemented to enable all employees to look to the future in a new working environment.

Other initiatives

Workshops led by the head office's nurse are regularly held on a range of topics. These include first aid, nutrition, exercises to improve posture, sophrology, anti-smoking campaigns. Over 140 employees took part. These initiatives will be extended in 2019, in part thanks to our new premises.

The policy of exceptional personal leave was reviewed as part of the shared social framework. Regulations on significant life events were put in place which are more favourable than the collective agreements.

Parenthood is also an important theme for the Group. Improvements have been agreed. Indeed, in addition to the many initiatives already in place within the Group (voluntary part-time, maternity, paternity or adoption leave, compassionate leave, parental leave, leave to care for a sick child etc.), the conditions for maternity and paternity leave have been improved. From now on, employees continue to be paid their gross salary with no condition of seniority for maternity leave and after one year with the Company for paternity leave.

Finally, measures aimed at the coordinated management of the ITC tools made available to employees are reaffirmed. Particularly in terms of respect for personal life. In this respect, employees are entitled to log out outside of the opening hours of their usual workplace. Respecting minimum daily and weekly rest times (under law), except in exceptional circumstances, is non-negotiable. As such, employees have no obligation to respond to emails or telephone calls outside of normal working hours. Once again, these measures will more vigorously publicised and monitored as part of the Richelieu project under which employees are to be provided with more modern communication devices.

4.4.6 Employee health and safety

Safety, health and well-being of employees

As the Group's business does not present a significant risk for employee Health and Safety, no collective agreement was concluded in this area in 2018. There were no occupational illnesses reported within the Group.

Ongoing initiatives to promote a safe working environment and ensure the health and well-being of employees include updating the single document on occupational risk assessment and raising awareness of precautionary measures and personal protective equipment for employees working on construction sites.

The HRD is also putting place recommendations on posture and work spaces at Group level, in collaboration with the occupational doctor and relevant Health, Safety and Working Conditions Committees (CHSCT).

Head office employees also have access to an infirmary, with a nurse on-site to treat minor ailments. Group employees may also be referred by the occupational doctor to other expert services (psychologists, ergonomists, risk prevention engineers etc.) offered by inter-company health services.

Employees and their beneficiaries enjoy complete and quality supplementary healthcare and disability coverage.

In late 2018, a campaign to vaccinate head office employees was run. Over 50 employees were vaccinated by the Company free of charge.

Absenteeism

Absenteeism is the subject of an exhaustive and detailed review each year, with an analysis of each reason by entity.

The rate of absenteeism remains less than 3% and is stable compared with previous years.

The frequency rate of workplace accidents is stable at 3.2. We recorded 8 workplace accidents in 2018 with 129 days signed off compared with 204 days in 2017 and 6 accidents.

4.5 CSR performance: ratings and indicators

4.5.1 CSR ratings

Altarea Cogedim's CSR performance is regularly assessed by non-financial rating agencies. Analysis of the results obtained allows it to improve its performance on a continuous basis.

Global Real Estate Sustainability Benchmark (GRESB)

Since 2011 the Group has been voluntarily participating in the GRESB (Global Real Estate Sustainability Benchmark), the reference in the real estate sector for sustainable development with 903 companies and funds evaluated around the world in 2018.

In 2018, Altarea Cogedim confirmed its "Green Star" status, maintaining its position as the leading listed company in France and ranking second worldwide among listed retail companies. The Group was awarded an overall score of 92/100, paying tribute to its CSR strategy. This ranking attests to its performance over time. Moreover, Altarea Cogedim has obtained an A rating for transparency, a token of the quality of its institutional publications and the reliability and exhaustive scope of its CSR reporting.

ISS-Oekom

ISS-Oekom is one of the world's leading non-financial rating agencies. In 2018, it once again awarded the Group "Prime" status.

Gaïa – Ethifinance index

The Gaia Index comprises 70 companies providing outstanding guarantees on their ESG risk management. The Group has been part of this index since 2017.

4.5.2 Environmental indicators

Group Indicators

GROUP GHG EMISSIONS AND RATIOS

GHG emissions related to the group's activities, in accordance with Article 75 and the GHG Protocol.

	tCO_2e	scope 1	scope 2	scope 3
SIREN Altarea	125,927	0.8%	1.3%	97.9%
SIREN Cogedim	4,913,124	0.1%	0.0%	99.9%
ALTAREA COGEDIM	**5,039,051**	**0.1%**	**0.0%**	**99.9%**

Note: Scope 1 does not include emissions from electricity line losses (combustion); in accordance with Article 75 of the Grenelle II Law, they are included here under Scope 2. This difference with the GHG Protocol amounts to less than a 1% difference between the two scopes.

Indicators for portfolio

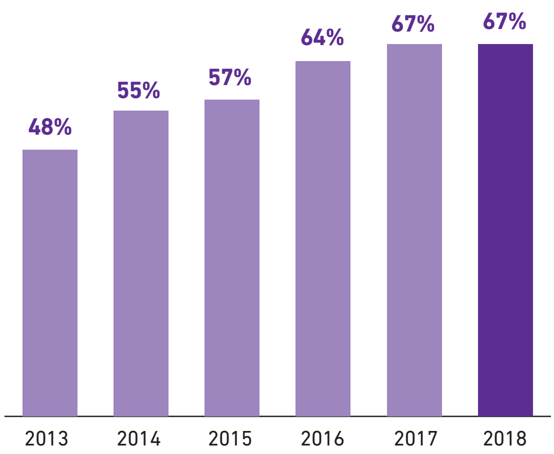
Definition of the scopes (detail in 4.6.3)		GLA (in m^2)	Share of 2018 reporting scope
CURRENT SCOPE 2018	**TOTAL**	**542,014**	**88%**
	Shopping centres	159,901	29%
	Life style centers	177,854	37%
	Family villages & retail parks	204,259	22%
LIKE-FOR-LIKE SCOPE 2015-2018	**TOTAL**	**381,491**	**64%**

ENVIRONMENTAL LABELS AND CERTIFICATIONS

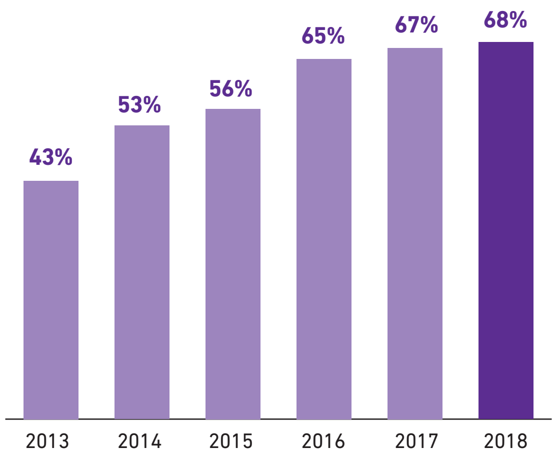
Includes new developments subject to a building permit (provisional or permanent), under construction or delivered during the reference year, and portfolio sites included in the 2018 reporting scope (including sites under construction).

				BREEAM® In-Use certification			
				Category 1 - Asset		Category 2 - Management	
	City	Centre	Construction certification	Level	Score	Level	Score
NEW DEVELOPMENTS	Saint-Laurent-du-Var	Cap 3000 – Expansion	BREEAM Excellent	-	-	-	-
PORTFOLIO	Aubergenville	Aubergenville Family Village	-	Excellent	70%	Excellent	75%
	Brest Guipavas	Les Portes de Brest Guipavas	-	Excellent	72%	Excellent	77%
	Châlons en Champagne	Galerie de l'Hôtel de Ville	-	Very Good	58%	Very Good	62%
	Flins	Centre commercial de Flins	-	Very Good	59%	Excellent	79%
	Gennevilliers	Parc des Chanteraines	-	Very Good	59%	Very Good	58%
	Herblay	14ème Avenue	-	Very Good	56%	Very Good	58%
	Kremlin Bicêtre (Le)	Okabé	HQE Excellent	Very Good	62%	Excellent	70%
	Limoges	Family Village in Limoges	-	Excellent	71%	Very Good	68%
	Lille	Grand'Place	-	Very Good	57%	Very Good	61%
	Massy	Ccial -X%		Very Good	57%	Very Good	58%
	Nîmes	Costières Sud	HQE Very Good	Excellent	78%	Excellent	70%
	Paris	Bercy Village	-	Very Good	63%	Very Good	63%
	Paris	Le Parks		Excellent	74%	Very Good	58%
	Ruaudin	Family Village Les Hunaudières	-	Excellent	70%	Excellent	70%
	Saint-Laurent-du-Var	Cap 3000	-	Very Good	62%	Very Good	56%
	Thiais	Thiais Village	-	Very Good	60%	Very Good	64%
	Toulouse	Espace Gramont	-	Very Good	58%	Very Good	68%
	Valette du Var (La)	L'Avenue 83	HQE Very Good BREEAM Excellent	Excellent	73%	Very Good	69%
	Vaulx en Velin	Carré de Soie	-	Very Good	65%	Very Good	60%
	Villeneuve La Garenne	Qwartz	HQE Excellent BREEAM Very Good	Excellent	79%	Excellent	82%
	Villeparisis	Parc de l'Ambrésis		Very Good	56%	Very Good	58%

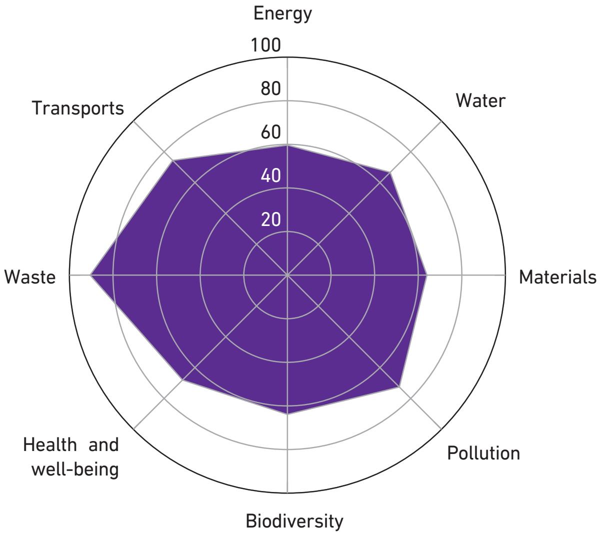
CHANGE IN AVERAGE BREEAM® IN-USE SCORE "ASSET" CATEGORY



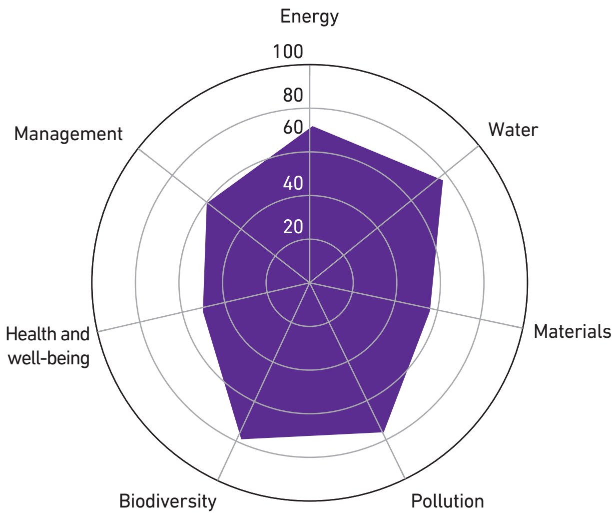
CHANGE IN AVERAGE BREEAM® IN-USE SCORE "MANAGEMENT" CATEGORY



PROFILE OF CERTIFIED PROJECTS BREEAM® IN-USE - "ASSET" CATEGORY



PROFILE OF CERTIFIED PROJECTS BREEAM IN-USE - "MANAGEMENT" CATEGORY



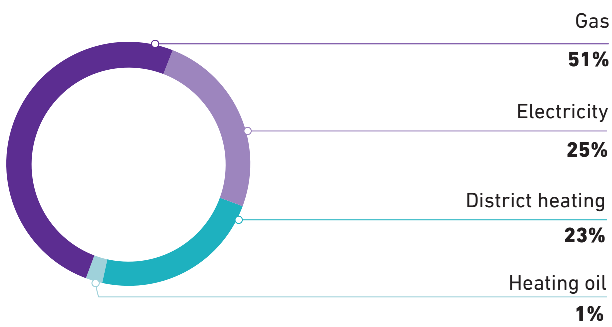
GREENHOUSE GAS EMISSIONS

		tCO_2e	$kgCO_2e/m^2$
LIKE-FOR-LIKE SCOPE OF REPORTING	2018 greenhouse gas emissions	1,136	4.9
	2017 greenhouse gas emissions	1,026	4.4
	Change 2010-2018 constant climate	-33.8%	**-37.4%**
	2020 TARGET: 2010-2018 REDUCTION AT CONSTANT CLIMATE		**-70%**
CURRENT SCOPE	2018 GHG emissions	**1,548**	**4.4**
	2017 GHG emissions	1,648	3.8

Note: The overall trend has been down since 2010, but emissions increased by 11.1% on a like-for-like basis between 2017 and 2018 due to a one-off increase in gas consumption.

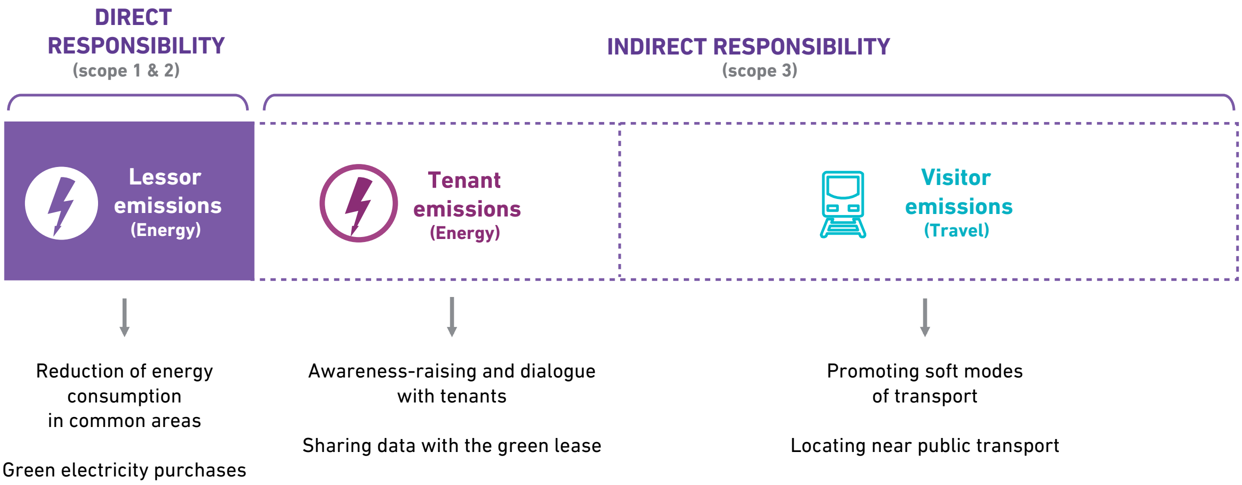
		tCO_2e	$kgCO_2e/m^2$
DETAIL OF CURRENT SCOPE	Shopping centres	1,061	6.8
	Life style centres	466	2.9
	Family villages & retail parks	21.3	0.6

BREAKDOWN OF EMISSIONS BY SOURCE (CURRENT SCOPE 2018)



BREAKDOWN BY SCOPE (CURRENT SCOPE 2018)

TAKING ACTION ON THE PORTFOLIO'S GREENHOUSE GAS EMISSIONS



ENERGY

		GWh PE	GWh FE	kWhPE/m²
LIKE-FOR-LIKE SCOPE OF REPORTING	2018 consumption	40.8	18.1	175
	2017 consumption	39.7	17.2	170
	Change 2010-2018 constant climate	-31.1%	-25.3%	**-34.6%**
	TARGET: 2010-2020 REDUCTION AT CONSTANT CLIMATE			**-40%**
CURRENT SCOPE	2018 consumption	55.1	25.2	155
	2017 consumption	66.9	29.4	152

Note: The overall trend has been down since 2010, but primary energy consumption increased by 3.5% (6% in final energy) between 2017 and 2018 due to a one-off increase in gas consumption.

		GWh PE	GWh FE	kWhPE/m²
DETAIL OF CURRENT SCOPE	Shopping centres	33.3	15.1	214
	Life style centres	19.2	9.06	118
	Family villages & retail parks	2.7	1.04	71.2

ENERGY MIX (CURRENT SCOPE 2018)

WATER

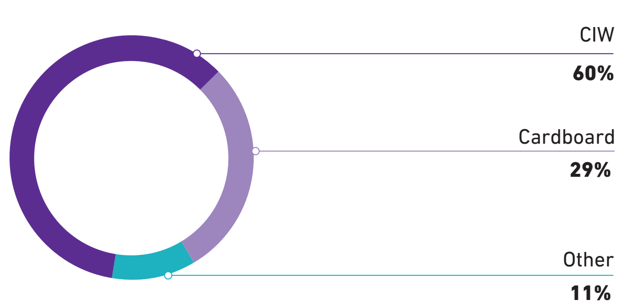
		m^3 (PA+CA)	Lit /visitor (CA)
LIKE-FOR-LIKE SCOPE OF REPORTING	Total water consumption 2018	222,473	0.62
	Total water consumption 2017	214,145	0.59
CURRENT SCOPE	Total water consumption 2018	309,971	**0.63**
	2020 OBJECTIVE: MAINTENANCE OF A RATIO PER VISITOR		**1.25**
	Total water consumption 2017	303,719	0.78
	Change 2010-2018	+9.4%	+37.1%

The consumption of private areas (PA) represents 81% of consumption in the current scope, and that of the common areas CA 19%.

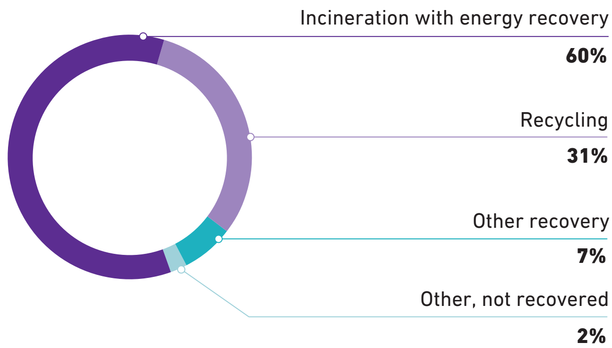
WASTE

		Tonnes	kg/visitor	Percentage of waste sorted	Percentage of waste recovered
LIKE-FOR-LIKE SCOPE OF REPORTING	Waste generated 2018	3,161	0.05	42%	97%
	Waste generated 2017	2,992	0.04	43%	96%
CURRENT SCOPE	Waste generated 2018	4,844	0.05	**40%**	**98%**
	2020 OBJECTIVE ON SORTING AND RECOVERY			**50%**	**>80%**
	Waste generated 2017	4,981	0.05	40%	98%
	Change 2017 - 2018	-2.7%	+12.8%	-2.4%	-1.0%
	Change 2010 - 2018	+1.5%	+46.4%	+31.3%	+227%

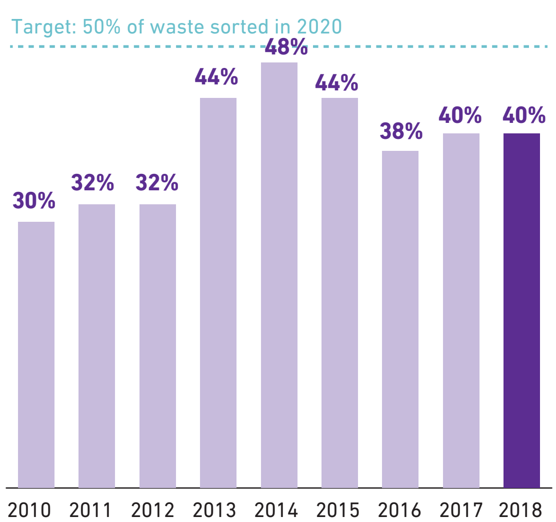
BREAKDOWN BY TYPE OF SORTING (CURRENT SCOPE 2018)



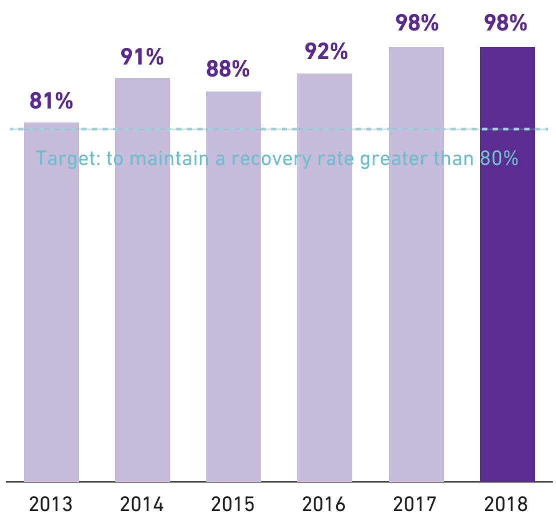
BREAKDOWN BY END-OF-LIFE CATEGORY (CURRENT SCOPE 2018)



CHANGE IN THE SHARE OF WASTE SORTED (CURRENT SCOPE)



CHANGE IN THE SHARE OF WASTE SORTED (CURRENT SCOPE)



Corporate indicators

The calculations were made on the basis of 9,631 m^2 and 757 FTEs.

	tCO_2e	$kgCO_2e/m^2$	$kgCO_2e/FTE$
2018 greenhouse gas emissions	190	20	250
2017 greenhouse gas emissions	194	20	295
Change 2017 - 2018	-2%	-2%	-15%

	GWh PE	$kWhPE/m^2$	kWhPE/FTE
2018 energy consumption	4.68	486	6,189
2017 energy consumption	4.63	481	7,044
Change 2017 - 2018	1%	1%	-12%

78% of 2018 consumption was derived from the electricity network and 22% from the urban network. In final energy, it amounts to 1.6 GWh

	m^3	L/m^2	L/FTE
2018 water consumption	7,719	801	10,197
2017 water consumption	9,576	994	14,568
Change 2017 - 2018	-19%	-19%	-30%

4.5.3 Social indicators

Relevant scope: Group employees on permanent contracts and Fixed-term contracts (France, Italy, Spain) at 31/12/18

REPRESENTATION, DIVERSITY, SOCIAL DIALOGUE

RECRUIT AND MANAGE

THEME	Indicator	Unit	2017	2018	Change
Total headcount	Number of employees	Nb.	1,742	1,874	7.6%
Breakdown by contract	Number of employees on permanent contracts	Nb.	1,685	1,811	7.5%
	Number of employees on fixed-term contracts	Nb.	57	63	10.5%
Breakdown by gender	Percentage of female employees	%	56.1%	56.1%	-0.1%
	Percentage of male employees	%	43.8%	43.8%	0.1%
Breakdown by age group	Percentage of employees younger than 30	%	17.2%	16.7%	-3.2%
	Percentage of employees between 30 and 50	%	65.7%	65.5%	-0.2%
	Percentage of employees older than 50	%	17.0%	17.7%	4.2%
Breakdown by country	Percentage of employees in France	%	98.5%	98.7%	0.2%
	Percentage of employees in Italy	%	1.1%	0.9%	-14.4%
	Percentage of employees in Spain	%	0.3%	0.3%	-14.7%
Breakdown by status	Percentage of employees in management positions	%	73.4%	73.4%	0.1%
	Percentage of employees in non-management positions	%	26.6%	26.6%	-0.2%
Recruitment	New hires (permanent contract) during the period	Nb.	406	365	-10.1%
	New hires (fixed-term contract) during the period	Nb.	102	111	8.8%
	Percentage of new hires in management positions	%	64.1%	61.7%	-3.8%
	Percentage of new hires in non-management positions	%	35.8%	38.2%	6.7%
Departures	Number of dismissals	Nb.	17	27	58.8%
	Departure rate: Number of departures during the period/average headcount	%	19.8%	20.9%	5.5%
	Manager departure rate	%	15.1%	13.7%	-9.2%
	Non-manager departure rate	%	32.3%	26.2%	-18.9%
Reasons for departure	Departure during trial period	%	10.3%	14.9%	45.0%
	Expiry of fixed-term contract	%	31.6%	20.5%	-35.1%
	End of contract (miscellaneous)	%	0.67%	0.0%	-100%
	Early termination of fixed-term contract (employee and company decisions)	%	1.0%	0.0%	-100%
	Resignation	%	30.6%	34.8%	13.6%
	Dismissal	%	5.6%	8.8%	55.3%
	Retirement or pre-retirement	%	4.9%	2.6%	-47.6%
	Termination of fixed-term contract by mutual agreement	%	1.0%	1.6%	63.0%
	Agreement between employer and employee	%	14.0%	16.6%	18.6%
Organisation of working hours	FTE (Full-Time Equivalent) headcount (permanent + fixed-term contract)	Nb.	1,501.80	1,815.17	20.9%
	Number of hours theoretically worked	Hour	1,946,689	2,535,024	+30.2%
	Number of hours worked by temporary employees	Hour	31,474	18,172	-42.3%
	Number of hours overtime and on-call worked	Hour	1,303	93,359	+7,065%

RESPECTING DIVERSITY

THEME	Indicator	Unit	2017	2018	Change
Gender equality	Percentage of women in the total headcount	%	56.1%	56.1%	-0.1%
	Percentage of women among management-level employees	%	44.7%	46.1%	3.0%
	Percentage of women among management-level employees	%	58.4%	60.3%	3.1%
	Percentage of women not among management-level employees	%	41.5%	39.7%	-4.4%
	Percentage of female members of the Expanded Executive Management committee	%	20%	18.7%	-6.6%
	Percentage of women departed	%	61.3%	60.0%	-2.2%
Disabilities	Number of employees having reported a disability	Nb.	15	19	26.6%
Anti-discrimination measures	Number of interns during the period	Nb.	52	59	13.5%
	Number of work-study contracts during the period	Nb.	159	238	49.7%

DIALOGUE WITH EMPLOYEE REPRESENTATIVES

THEME	Indicator	Unit	2017	2018	Change
Organisation of employee-management dialogue	Number of employee representatives (steering committee + works council)	Nb.	37	37	-
Collective bargaining agreements	Percentage of employees covered by a collective agreement (%)	%	97.3%	98.0%	0.6%

COMPENSATION AND SKILLS DEVELOPMENT

GIVING EMPLOYEES A STAKE IN THE RESULTS

THEME	Indicator	Unit	2017	2018	Change
Fixed compensation	Average gross annual employee compensation – excluding variable compensation and employer contributions	€	NA	55,346	-
	Average gross annual non-management compensation - excluding variable compensation and employer contributions	€	NA	31,437	-
	Average gross annual management compensation – excluding variable compensation and employer contributions	€	NA	63,882	-

DEVELOPING SKILLS

THEME	Indicator	Unit	2017	2018	Change
Budget	Total training expenditure	€ thousand	2,318	3,211	38.5%
	Average training expenditure per employee trained	€ thousand	2.12	2.1	-1.9%
	Investment rate for training	%	2.9%	3.4%	+18.5%
Hours of training	Average number of hours per employee participating in at least one training course	Nb.	16.1	20.9	29.6%
	Average number of hours for Managers	Nb.	18.0	23.1	27.8%
	Average number of hours for non-Managers	Nb.	11.2	15.8	40.5%
Type of training	Percentage of hours spent in office automation and computers training	%	0.0%	0.0%	-
	Percentage of hours spent in management and support training	%	0.0%	0.0%	-
	Percentage of hours spent in language courses	%	0.0%	0.0%	-
	Percentage of hours spent in health & safety training	%	1.0%	0.0%	-
	Percentage of hours spent in core business training	%	68.6%	62.0%	-9.6%
	Percentage of hours spent in support courses	%	0.0%	0.0%	-
	Percentage of hours spent in professional development training	%	18.1%	19.7%	9.2%
	Percentage of hours spent in new uses courses	%	12.2%	3.6%	-70.0%
Promotions	Number of employees who were promoted during the period	Nb.	116	135	16.4%
	Percentage of employees who were promoted during the period	%	7.7%	7.4%	-3%
Mobility	Number of employees who benefited from one or more types of mobility during the period (geographic and/or professional and/or inter-departmental/inter-group)	Nb.	214	326	+52.3%
	Percentage of employees who benefited from one or more types of mobility during the period	%	14.1%	17.6%	+24.4%

HEALTH/SAFETY OF EMPLOYEES

ENSURING EMPLOYEE HEALTH AND SAFETY

THEME	Indicator	Unit	2017	2018	Change
Absenteeism*	Total absentee rate	%	5.1%	5.1%	0.2%
	Management absentee rate	%	4.2%	4.4%	4.4%
	Non-management absentee rate	%	7.9%	7.4%	-6.8%
	Total absentee rate excluding maternity/paternity leave/other causes	%	2.6%	2.9%	9.7%
Reasons	Absence due to workplace accident	%	1.4%	0.7%	-51%
	Absence due to occupational illness	%	0.0%	0.0%	-
Health, Safety and Working Conditions Committee (CHSCT)	Number of CHSCT meetings (employee representatives + works council)	Nb.	16	16	-
	Workplace health and safety agreements signed	Nb.	NA	NA	-
Workplace accidents	Frequency rate of workplace accidents	%	3.25%	3.2%	-1.5%
	Severity rate of workplace accidents	%	0.11%	0.05%	-54.5%
	Number of occupational illnesses declared (and recognised) during the year	Nb.	NA	NA	
	Frequency rate of workplace accidents of subcontractors	%	NA	NA	
	Severity rate of workplace accidents of subcontractors	%	NA	NA	

**Any absence excluding annual vacation and "RTT" days*

4.6 Methodology and concordance tables

4.6.1 Establishment of the DPEF (Declaration on Extra-Financial Performance)

Order No. 2017-1180 of 19 July 2017 and Decree No. 2017-1265 of 9 August 2017 transposed the European Directive of 22 October 2014 on disclosure of non-financial information into French law. In order to comply, Altarea Cogedim publishes its DPEF for the first year. On this occasion, the Group carried out a two-stage analysis of the non-financial risks affecting its activities.

Identification and rating of Altarea Cogedim's non-financial risks

To identify its non-financial risks, the Group called on existing resources: the materiality analysis, Group risk mapping, the broad trends covered in the integrated strategic report, and the universe of risks identified in the CSR reporting guide for the sector, produced in 2018 by the CNCC (National Council of Shopping Centres). The risks analysed are gross risks, before the mitigation measures taken by Altarea Cogedim in accordance with the expectations of the Directive.

Following an exhaustive cataloguing of the Group's risks and challenges, we carried out a process of classification and ranking in order to create broad families of risks, removing insignificant or irrelevant risks and retaining the most important ones for the business. This work was performed jointly with the CSR division, the HR division, the risks division and internal control.

The risks deriving from this selection were than rated on the basis of the evaluation scale used by the risk and internal control division for Altarea Cogedim's risk mapping (rating of probability of occurrence and of severity).

Appropriate policies and indicators have been associated with each of these risks.

Consultation with in-house stakeholders

The risks and their rating were presented by the CSR Department:

- to the Finance Department, allowing joint work on the business model to be extended;
- and to the Group CSR Committee, which brings together a representative of each business line.

These exchanges led to the list of risks and policies identified being added to and amended.

Lastly the summary document of risks and their ratings was presented to management in the context of an exchange on the Group's non-financial risks, to validate this analysis at the highest level and confirm its strong link to the Group's strategy.

During the process, the list of risks was also presented to EY, who are verifying the Group's DPEF.

4.6.2 The CSR management system

Deployment of the CSR approach: General Management System (GMS)

In order to disseminate the best practices across all of its activities, Altarea Cogedim has implemented management systems suited to each of the Group's business lines which together constitute the Group's general management system. Its implementation facilitates access to the requirements of qualitative and environmental certification guidelines while developing employee skills.

GROUP GENERAL MANAGEMENT SYSTEM

Property Development (Residential)	Property Development (Business property)	Development (Retail)	Retail REIT
Guide to best practices Residential **NF Habitat** **NF Habitat HQE™**	SME office projects **BREEAM®** **HQE**		EMS Standing Assets **BREEAM® In-Use**
Additional tools: training on regulatory changes and certifications, biodiversity guide, guidelines, etc.			

Environmental management system (EMS) for certifications

Property Development (Residential)

In its "Guide to Best Practices, Residential", the Group has incorporated its certification approach into its transaction development and completion process. Accordingly, all Residential production has been NF Habitat[1] certified since 2016. The Group exceeds NF Habitat requirements for some of its buildings, and has committed to the higher-level HQE environmental approach providing additional benefits to residents such as more comfort in use, more light and better thermal performance.

Property development (office and commercial)

In 2010, the Group implemented "SME Projets Tertiaires" (Office and Retail Development Projects EMS). It provides each developer or operator with a working tool that catalogues all requirements for HQE, BREEAM® (Building Research Establishment Environmental Assessment Method) and LEED® (Leadership in Energy and Environmental Design) at each stage of the project and accompanies them in the development and realisation of the Group's office and retail operations (Retail and Business Property).

(1) Excluding co-development, rehabilitations and managed residences.

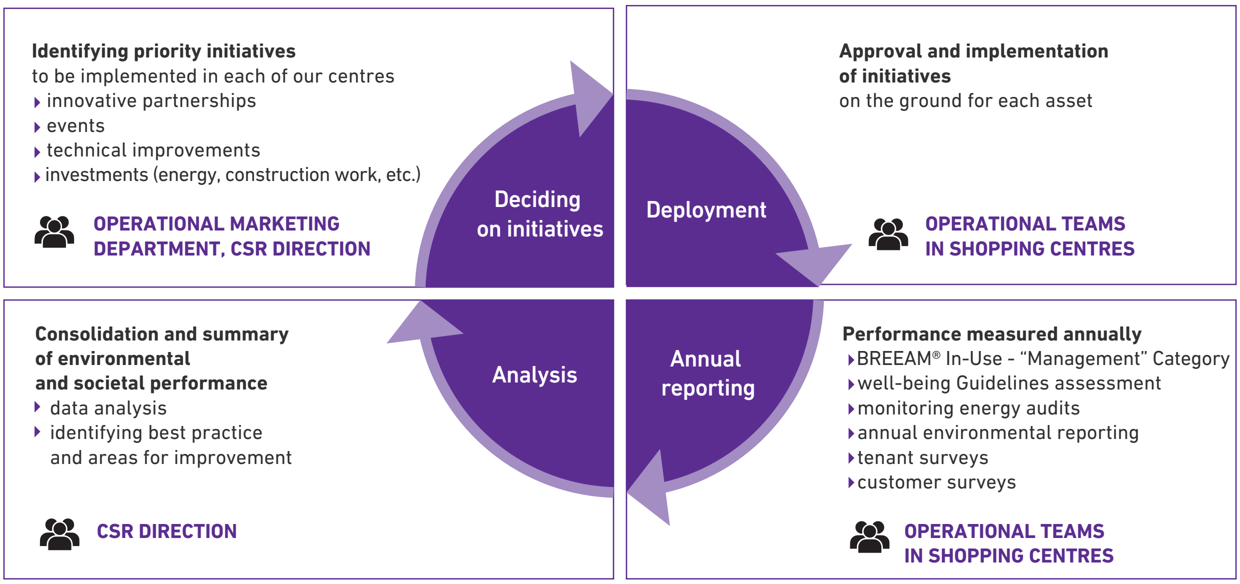
Portfolio (Retail)

In 2018, the Group continued to use the "Guide to best operational environmental practice" developed in 2014. Altarea Cogedim was therefore able to maintain and improve the BREEAM® In-Use certification for all of its shopping centres managed in France.

This structuring approach makes it possible to continually improve operations while also making the reported environmental data more reliable.

In Retail, the environmental management approach has since been extended to all CSR subjects.

THE CONTINUOUS ENVIRONMENTAL AND SOCIAL IMPROVEMENT PROCESS (RETAIL PORTFOLIO)



Tools to complement EMS

Training and awareness-raising actions

The teams undergo regular training, in particular with each significant change to regulations or the main certification frameworks.

At the end of 2016, the Government announced that the 2012 Thermal Regulation would come to an end by 2020. It will be replaced by the Environmental Regulation 2020, which will reinforce the level of energy performance and impose a carbon limit. In 2017, the Group's technical teams underwent training in the issues raised by the future regulations. The training system continued in 2018, with an increase in skills of 100% of the technical teams, through:

- distribution of practical guides to certifications and labels, the better to adapt the teams' choices to market expectations and to the ambitions of the "We are all involved!" approach;
- invitation to employees to take part in a MOOC on E+C- (positive energy and carbon reduction) experiment on the dedicated experimental platform.

Awareness-raising sessions were also held in in-house committee meetings and seminars.

On the occasion of sustainable development week, the CSR Department holds conferences and workshops around a particular theme each year. In 2018, a morning information session dedicated to the social economy was held to present the Group's projects in this area as well as several social economy organisations whose solutions could be implemented in the Group's operations. Lastly, via the Group's intranet, all employees attended awareness-raising sessions during this week on such varied themes as climate change, the circular economy, the main certifications, comfort and well-being in buildings, biodiversity and the social footprint in order to deepen their knowledge and discover ideas for actions they can implement in their business lines on a daily basis. Fun workshops based on the theme of plants were also held at the head office and in each of the regional division headquarters.

Thematic guides

Since 2016, the CSR Department has produced and distributed a number of guides for operational units. Two of them aim to provide information about ways of developing and deriving value from biodiversity in the Group's projects. One is specific to Retail (development and operation) and the other is specific to neighbourhood projects (housing development, business property, hotels and mixed projects).

In 2018, two new guides were produced, on:

- the social economy: information on the world of the social economy, mapping and contact details of actors mobilisable for the Group's projects. To adapt to the various regions in which the Group is established, the guide is broken down by region (see 4.2.1); and
- an aid to decision as regards certification, to guide operational units through the multiple offering of labels and certifications available in the market. It presents the essentials of certification by subject and provides a list of technical and financial constraints.

These guides aim to raise employees' awareness of sustainable development issues and to facilitate their acceptance of new subjects such as working with new partners and the introduction of new labels this year.

Internal guidelines

In order to roll out initiatives to improve comfort, health and well-being at its assets, the Group has produced dedicated internal guidelines in 2017. Drawing on established third-party systems (particularly BREEAM® In-Use and WELL certifications), the Group has set its own requirements for assets in operation, which are sent to each centre in the form of a check list. It comprises 33 criteria, from the design phase (accessibility of the building, quality of air renewal, implementation of recommendations from an acoustic study for example) to the operational phase of an asset (raising awareness about healthy eating, provision of baby changing facilities in the mixed areas, etc.)

These guidelines form part of a continuous improvement approach which aims to annually review each site's performance in terms of comfort, health and well-being and to put actions plans in place. Portfolio reviews started in 2017 and continued in 2018. In all, 27 shopping centres were reviewed.

4.6.3 Methodology and verification

Verification

Altarea contracted Ernst & Young, one of its Statutory Auditors, to carry out the following:

- verification of the Declaration's compliance with the provisions of Article R. 225-105 of the French Commercial Code;
- verification of the truthfulness of the information: key performance indicators and actions.

Methodological changes

Integration of Pitch Promotion's Residential operations

Altarea Cogedim acquired Pitch Promotion in February 2015 and has gradually integrated its operations into its Group annual reporting. In 2018, Pitch Promotion was fully consolidated into the reporting scope and the figures for 2017 have been restated to ensure comparability of indicators.

Comprehensiveness of reporting scopes and guidelines used

Reporting covers nearly all of Altarea Cogedim's REIT and Property Development activities, as well as the operations of its registered office. CSR reporting coverage rates provide an appreciation of its comprehensiveness compared to financial reporting.

COMPREHENSIVENESS OF ALTAREA COGEDIM'S NON-FINANCIAL REPORTING

	ENVIRONMENTAL							SOCIAL
ENTITY	ALTAREA COGEDIM	COGEDIM		PITCH PROMOTION		ALTAREA		ALTAREA COGEDIM
BUSINESS	CORPORATE	PROPERTY DEVELOPMENT (RESIDENTIAL)	PROPERTY DEVELOPMENT (BUSINESS PROPERTY)	PROPERTY DEVELOPMENT (RESIDENTIAL)	PROPERTY DEVELOPMENT (OFFICE AND COMMERCIAL)	PROPERTY DEVELOPMENT (RETAIL)	RETAIL REIT	CORPORATE
GUIDELINES	GRI CRESS	Internal definition ("Methodology and verification" chapter)					GRI CRESS EPRA Recommendations	GRI CRESS
PERIOD	1 September year N-1 to 31 August year N	at 30 September year N	1st October year N-1 to 30 September year N			1 January year N to 31 December year N		1 January year N to 31 December, year N
SCOPE	Head office 9,631 m² useful	254 projects 26,825 residential units	19 projects 339,909 m² net surface area or floor area	62 projects 6,176 residential units	23 projects 224,062 m² net surface area or floor area	1 project 51,434 m² net surface area or floor area	542,014 m² GLA	1,874 employees
REPORTING COVERAGE	100%	100%	100%	100%	100%	100%	92.5% (in surface area) 88.3% (in value terms)	100 %

Compliance of reporting with national and international guidelines

Altarea Cogedim drew on recognised national and international guidelines to produce its internal reporting guidelines and its non-financial communication.

The Group's non-financial reporting is compatible with the "Sustainability Best Practices Recommendations" of the European Public Real Estate Association (EPRA) published in September 2011, as well as with the sector-specific GRI G4 CRESS (Construction & Real Estate Sector Supplement).

In Retail, Altarea Cogedim also follows the recommendations of the CNCC (National Council of Shopping Centres) 2018 sector reporting guide on the DPEF. This guide, to which Altarea Cogedim contributed, sets out the reporting recommendations for the shopping centres sector, following the publication of the transposition into French law of the EU Directive on disclosure of non-financial information.

Reporting period

The Group has opted whenever possible to base its non-financial reporting on the same period as its financial reporting.

For the Retail REIT activity, the key portfolio data (value and area) are those at 31 December of the reference year. However, since 2016, for reasons related to the availability of data, the reporting for footfall, revenue and all environmental data has been provided over a rolling year running from 1 November of the year preceding the reporting year to 31 October of the reporting year.

However, for environmental and societal data related to Group procurement of goods and services (particularly indirect jobs), the length of the calculation processes require that the Group use a staggered reporting period. The methodology is set out in detail below.

Information about the Group reporting scope

The activities of Histoire & Patrimoine, 100% of whose capital was acquired by Altarea Cogedim in 2018, are not yet included in the environmental and societal reporting. They are included in the social reporting except as otherwise indicated in chapter 4.4.

Information about the scope of social reporting

The scope of social reporting includes all of the Group's legal entities with full financial consolidation and a payroll that is non zero.

Description of environmental reporting scopes

Corporate

The scope of Corporate reporting includes the environmental data for Altarea Cogedim's registered office, which is located at 8, avenue Delcassé in Paris.

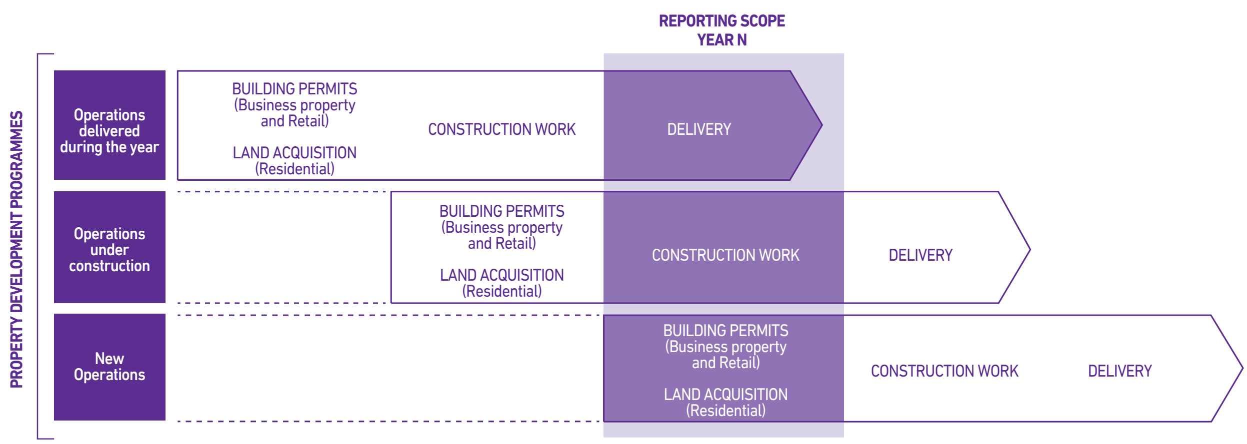
Property development

The reporting scope for the property development activity includes operations which, during the reporting period:

- were embarked upon (acquisition of land for Residential projects and obtaining of building permits for Business Property and Retail projects);
- were in progress;
- were delivered.

The following diagram summarises the way in which projects are entered and booked out for each of the activities (Residential, Business Property and Retail).

SUMMARY OF THE METHODS OF ACCOUNTING FOR NEW PROJECTS IN THE REPORTING SCOPE



In order to facilitate understanding of the indicators relating to the Property Development activity, the Group has opted to use the same accounting method for each category, certification and label, although the key dates of obtaining certification vary depending on the category of asset and certification.

Retail portfolio

Scope of ownership

The scope of ownership includes all assets in which Altarea Cogedim ownership is non zero.

Scope of reporting

The assets included in this scope are the French assets of the scope that have been held for at least 12 months in the reference year. As a result, any acquisitions or disposals made during the reference year are excluded from the scope of reporting.

Sites undergoing construction during the reference year are included in this scope unless they are completely closed for at least one month in the reference year or if creation of GLA (gross leasable area) exceeds 20%. If the creation of GLA (gross leasable area) exceeds 20%, it is nonetheless included if overconsumption related to construction can be isolated.

Scope of current reporting

The assets included in the current scope of reporting are those included in the scope of reporting with the exception of:

- sites not managed by Altarea Cogedim and therefore over which the Group has no operational control;
- sites on which no Altarea Cogedim representative carries out on-site management.

Scope of overall reporting

The like-for-like basis consists of two phases:

- between 2010 and 2015, it includes all assets in the scope of reporting held throughout the period. Given its share in the total portfolio, the Cap 3000 centre, which was acquired in 2010, was reintegrated in the 2010-2010 scope on a like-for-like basis. The data previous to the acquisition of the centre are generally known, limiting the data which needs to be estimated;
- due to disposals and acquisitions of sites since 2010, a new like-for-like basis was established for the 2015-2020 period to reflect the Group's Portfolio as accurately as possible. It includes all of the assets in the scope of reporting held throughout the 2015-2020 period.

Changes in Group indicators between 2010 and 2020 are calculated by adding the changes seen between 2010 and 2015 on the 2010-2015 like-for-like basis and those seen between 2015 and 2020 on the 2015-2020 like-for-like basis.

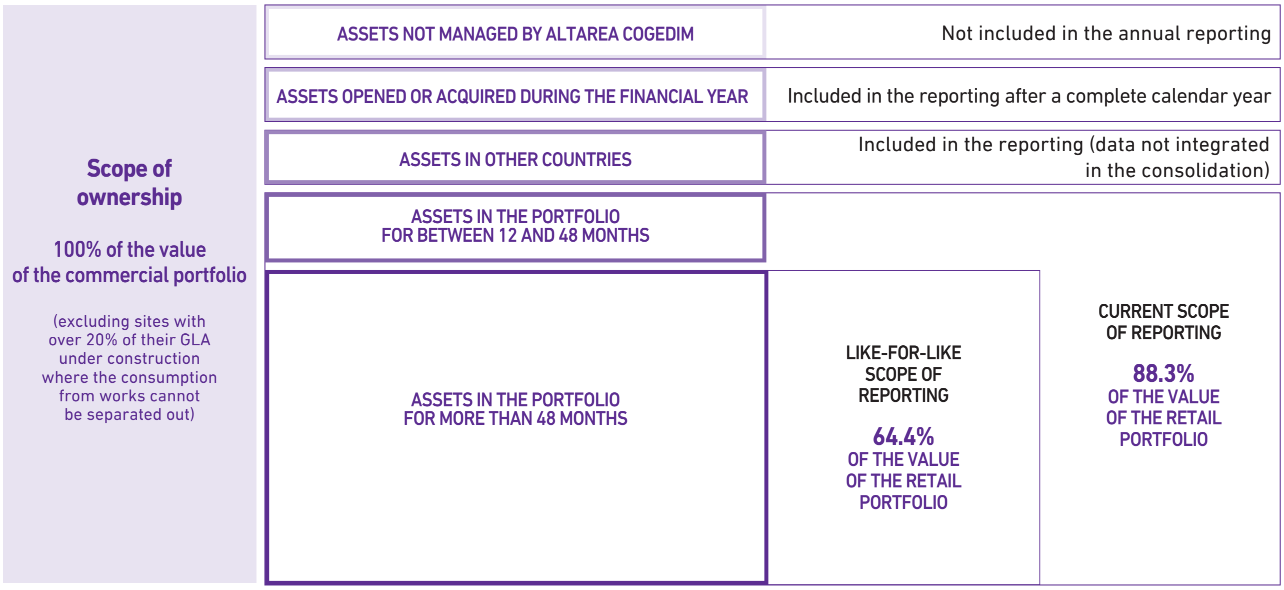
All assets included in the scope of current reporting and the overall scope – including partially owned assets – are recognised in full if Altarea Cogedim manages them directly. Assets directly managed but not owned by the Altarea Cogedim Group are excluded from the scope of current and overall reporting.

For indicators covering all assets we specify the portion of the current reporting scope or like-for-like basis covered by the indicator, compared with the Group's scope of reporting for the reference year.

The indicator for this scope is expressed as a percentage of the value of the assets within Altarea Cogedim's scope of reporting.

We include only consumption managed or paid for directly by Altarea Cogedim within the current and overall scopes. As a result, environmental data that are directly managed by tenants are excluded, except for shopping centres for which a specific process for collecting tenant consumption data has been implemented (see 4.2.2).

REPORTING SCOPE FOR THE REIT DIVISION



Reporting methodologies

The data used to prepare the Residential and Business Property indicators are collected from Group subsidiaries. These data are compiled and then verified by management on the basis of auditable evidence. The methodological aspects are set out in the following table.

Detailed explanations may be required directly of the persons responsible for the programme, particularly in the case of construction of a real estate project in a zone that has no address as yet.

For its Retail portfolio, the Group has had a specialised, non-financial reporting tool since 2016 to consolidate the environmental information on its shopping centre assets. It enables refining of the reporting process, notably by integrating automatic consistency controls and stricter data validation.

Methodology of the indicators

Theme	Indicator	Activity concerned	Consolidation scope	Calculation formula	Data sources
Desirable urban projects and local economy	Proportion of projects within 500 metres of a public transport stop	Residential	Cogedim and Pitch Promotion projects	Number of units within 500 metres of a public transport stop/Total number of units	▪ Number of units and address: database extracted from the in-house real estate operations management application ▪ Closest public transport stop: a study by Géolocaux or maps indicating the distance between the project's location and the closest public transport stop
		Business Property	Cogedim and Pitch Promotion projects	Surface areas of Business Property projects within 500 metres of a public transport stop/Total area of Business Property projects	▪ Surface area and address: issue of building permit or site plan ▪ Closest public transport stop: a study by Géolocaux or maps indicating the distance between the project's location and the closest public transport stop
	Proportion of sites with public transport at less than 200 metres	Retail	Scope of *REIT's* reporting	Number of sites at less than 200 metres from a public transport route/Number of sites included in the reporting *scope*	Plans indicating the distance between the entrance to the site and the closest public transportation stop
	Employment footprint	All	Group	Local *footprint methodology*, reviewed in 2017, specifically to include elements of local establishment (jobs supported by metropolis of establishment)	In 2018, the study was extrapolated on the basis of the growth in the Group's workforce
	Proportion of local purchases	Residential	Cogedim projects delivered during the reporting *period*	Payment made to local works companies/Total payments made to works companies[(a)]	Database extracted from the in-house real estate operation management application
Energy and climate	GhG emissions and ratios for the head office	Corporate	Head office	Conversion of energy consumption with emission factors	Energy consumption data provided by the owner of the building
	Proportion of projects with better energy performance than required by applicable thermal regulations	Residential	Cogedim and Pitch Promotion projects [(b)]	Number of units with an energy label/Total number of units	▪ Number of units: database extracted from the in-house real estate operations management application ▪ Energy performance: data base of the certifying body Cerqual
		Business Property	Cogedim projects managed	Surface areas of Business Property projects by given level of energy performance/Total area of Business Property projects	▪ Surface area: building permits issued ▪ Energy performance: result of the regulatory calculation or of the dynamic thermal simulation
	Energy consumption and ratios for the existing portfolio, GhG emissions and ratios for the existing portfolio	Retail	Scope of *REIT's* reporting	Sum of electricity, gas, heating and fuel oil consumption Conversion of energy consumption with emission factors	▪ Surface areas: surveyors' reports ▪ Consumption invoices sent by suppliers

Theme	Indicator	Activity concerned	Consolidation scope	Calculation formula	Data sources
The circular economy	Proportion of projects renovated	Business Property	Cogedim and Pitch Promotion projects	Surface areas of Business Property projects renovated/Total areas of Business Property projects	Building permits issued
	Waste produced by the existing portfolio	Retail	Scope of *REIT's* reporting	Sum of waste generated on portfolio sites (in metric tons)	▪ Surface areas: surveyors' reports ▪ Waste invoices sent by service providers
Customer relationship	Recommendation rate	Residential	Cogedim projects	Number of customers surveyed who would recommend Cogedim to friends or colleagues/Number of customers surveyed	Annual study conducted with KANTAR TNS
	Visitor satisfaction index	Retail	Scope of REIT's reporting	Average score out of ten on overall level of visitor satisfaction for portfolio sites conducting customer surveys between years N and N-2	Visitor satisfaction ratings: customer surveys conducted on portfolio sites between years N and N-2. If there were several surveys available for a single site, the most recent one is used.
	Green lease coverage rate	Retail	Scope of REIT's reporting	Number of green leases/Total number of leases	Leases and environmental riders signed
Quality of life and well-being	Proportion of projects certified WELL (or in process of certification)	Business Property	Cogedim projects managed in the Paris Region(c)	Surface areas of Business Property projects certified WELL or in the process of WELL certification/Total areas of Business Property projects	▪ Surface area: building permits issued ▪ WELL: contract, assignment letter or audit report
Labelling and sustainable certification	Proportion of projects certified or labelled (or in process)	Residential	Cogedim and Pitch Promotion projects(b)	Number of units certified or labelled/Total number of units	▪ Number of units: database extracted from the in-house real estate operations management application ▪ Certification/label: data base of the certifying body Cerqual
	Proportion of projects certified (or in process)	Business Property	Cogedim projects managed	Surface areas of Business Property projects certified or labelled/Total surface areas of Business Property projects	▪ Surface area: building permits issued ▪ Certification/label: Certificates of certification bodies, results of audits or letter of assignment
	Proportion of shopping centres certified BREEAM® In-Use	Retail	Scope of *REIT's* reporting	Number of sites certified BREEAM® In-Use/Number of sites included in the reporting *scope*	Certificates issued by the certifying body (Certivea, BRE)
New uses and innovation	Proportion of projects for which the quality of digital connectivity is based on a dedicated label	Business Property	Cogedim projects managed in the Paris region	Surface area of Business Property projects for which the quality of digital connectivity is based on a dedicated label (WiredScore, Ready2Services, etc.)/Total surface areas of Business Property projects	▪ Surface area: building permits issued ▪ Digital connectivity label: contract, letter of assignment or audit report

(a) For projects in the Paris region, enterprises located in the same region are also counted.
(b) Excluding co-development, rehabilitations and managed residences.
(c) Projects in the Paris region represent more than 90% of projects managed (by surface area).

Explanations relating to scopes

Co-development and rehabilitation projects are excluded, as are managed residences for the Residential activity

The environmental performance strategy of the Group's Residential projects is based on NF Habitat certification and its HQE™ approach. For now, this certification concerns only new housing projects and does not apply to managed residence operations. In the case of co-development projects, the Group cannot decide alone on environmental performance aims.

Therefore co-development, rehabilitation and managed residence operations are excluded from the scope of the indicators relating to "Energy and Climate" and "Sustainable labelling and certification".

For the Business Property activity, non-managed Cogedim operations and Pitch Promotion operations are excluded

The Group has ambitious commitments as regards "managed" operations, meaning operations in which it plays a decisive role either through a real estate development subsidiary or through a fund.

The ambitions are different for Pitch Promotion operations, more than 60% of which have a floor area of less than 7,000 m^2, and for which market expectations in terms of green value are different. They are therefore not subject to systematic commitments but to a case-by-case approach adapted to the context.

In order to present a fair view of the Group's commitments, Pitch Promotion operations and non-managed Cogedim operations have been excluded from the scope of certain indicators relating to "Energy and Climate", "Quality of life and well-being", "Sustainable labelling and certification" and "New uses and innovation" (see foregoing table).

Methodology for calculating greenhouse gas emissions

GhG emissions of the Group represent total emissions from the various business lines: Corporate, Property Development and Retail REIT.

The carbon balance sheet includes direct but also indirect emissions brought about by its activity, and covers scopes 1, 2 and 3 of the Greenhouse Gas Protocol (GhG Protocol). The methodology used to calculate these emissions is compatible with the Bilan Carbone®, the GhG Protocol and ISO 14064.

For each activity, scopes 1 to 3 of the Bilan Carbone® and the GhG Protocol are taken into account:

- Scope 1: gas, fuel oil and refrigerants used by Altarea Cogedim, business trips in company cars;
- Scope 2: electricity and steam used by Altarea Cogedim;
- Scope 3: energy used on construction sites, by the tenants of shopping centres and by the users of the residential units and offices sold by the Group; travel by service providers, tenants, visitors and Altarea Cogedim employees, excluding company cars and the users of residential units and offices sold by the Group; fixed assets; purchases (particularly of construction materials); freight; waste and end-of-life of buildings; refrigerants used by tenants.

In 2018, the Group updated its carbon balance sheet based on the main activity data for the year: m^2 of projects included in the reporting scope for Standing Assets and workforce for Corporate.

Corporate

Emissions of the Corporate scope were calculated in accordance with the Bilan Carbone® method. This calculation takes into account the activities of Group employees over a one-year period at the registered office and French regional, Spanish and Italian subsidiaries.

The items taken into account were the following: energy, employee commutes, employees' professional travel, travel by visitors coming to the head office and subsidiaries' offices, fixed assets, commercial purchases and shipping related to such purchases, waste produced and refrigerants.

Property development

GhG emissions from the Property Development scope are calculated according to Bilan Carbone® assessments for the different classes of buildings (retail, offices, hotels, residential) developed by the Group. These include the full cycle from design and construction to the building's future end-of-life phase.

Sources of emissions taken into account are the following: design, energy used on the work sites and by the users of Residential and Offices buildings sold by the Group, travel by Altarea Cogedim employees, travel by people external to the Company, travel by the users of Residential and Offices buildings, fixed assets, purchasing and shipping of materials, construction site waste, refrigerants and end-of-life of buildings.

These Bilan Carbone® assessments are based on a representative sample of the Group's Property Development activity and then extrapolated on a prorated basis for the total constructed area according to each building category and the specific characteristics of projects to reach a figure for gas emissions corresponding to 100% of the Property Development activity.

The emissions related to the energy consumed during the use of Residential and Office buildings are calculated by taking into account the thermal performance assessed using the RT method.

The emissions produced by travel by the users of Residential and Office buildings are calculated based on national travel data provided by Insee.

Retail portfolio

GhG emissions from the REIT scope were calculated on the basis of Bilan Carbone® assessments performed on 25% of the Group's Retail Portfolio. These take into account the activity of the shopping centre in question over one year. This activity is generated by the Group, lessor and store tenants of the shopping centre, and by visitors who also produce GhG emissions by their trips to the site.

Sources of emissions taken into account are the following: energy used by the lessor (Altarea Cogedim), energy used by tenants, commutes for the lessor (Altarea Cogedim employees working on-site), travel by the lessor's professionals, commutes for tenants, travel by visitors (customers) to the shopping centre, lessor's fixed assets, lessor's waste, tenants' waste, lessor's refrigerants, tenants' refrigerants.

The impact of products sold in shopping centres, as well as that of product shipping is not taken into account as information is not available and the Group is unable to take action to reduce such impact.

These Bilan Carbone® assessments constitute a representative sample of the Group's REIT division and are extrapolated on a prorated basis for total data of the portfolio (GLA [gross leasable area], *hors œuvre nette* (net surface area) or number of visitors according to the item) to reach a figure for gas emissions corresponding to 100% of the REIT division over one year.

Emission factors

Generally, the Group reports its energy consumption data for both final energy and primary energy but emphasises primary energy, which better represents the total environmental impact.

The emissions factors used to calculate greenhouse gas emissions related to energy are from the ADEME's *Bilan Carbone*®:

- electricity: the emission factor of electricity for 2018 is 0.0407 kgCO_2e/kWh;
- starting in 2016, the Group purchased 50% green electricity. The emissions factor taken into account on this is 0. Any effects of double counting of green electricity could be safely ignored given the low share of electricity from a guaranteed source nationally. The emissions factor for the electricity purchased by the Group is therefore divided by two and equal to 0.02035 kgCO_2e/kWh as of 2018;
- gas: 0.234 kgCO_2e/kWh;
- urban network: depends on site;
- heating oil: 0.329 kgCO_2e/kWh.

These factors take into account both production and combustion for each energy source.

Specificity of different types of assets

Environmental reporting covers the two types of assets managed by the Group: premium regional assets and retail parks. For its reporting of energy consumption and associated GhG emissions, the Group distinguishes several categories of shopping centres in its portfolio based on technical characteristics which impact consumption and emissions:

- shopping centres with a central area that is heated and air-conditioned with lessee water loops consume the most energy;
- Lifestyle centers, with a central area that is not heated and air-conditioned but does have a lessee water loop, consume an average amount of energy;
- retail parks/Family Village® sites with open central spaces and no water loops are the least energy-hungry retail assets, which generally only consume electricity.

Details on calculations for the following ratios:

- energy consumption of lifestyle centres (in kWh/m^2/yr);

- energy consumption of Family Village® sites and retail parks (in kWh/m²/yr);
- greenhouse gas emissions of the Lifestyle Centers (in $kgCO_2e/m^2$/year);
- GhG emissions of the Family Village® sites and retail parks (in $kgCO_2e/m^2$/yr).

To take account of the lack of heated, covered air-conditioned central concourse in the Lifestyle Centres, Family Villages® and retail parks, and to be compatible with the recommendations of the EPRA. Altarea Cogedim uses as denominator of the ratio the outdoor pedestrian surface area plus the GLA (gross leasable area) powered by the energy in the numerator. This is done to make these sites directly comparable with shopping centres. The outdoor pedestrian surface area is considered an "undeveloped" area, and therefore no precise surveys have been taken. As all of these retail development projects are recent and relatively similar, Altarea Cogedim calculates outdoor pedestrian surface area as follows:

Outdoor pedestrian surface area = Total surface area (net surface area)* 15%[(1)]

For Lifestyle Centers, the ratio is calculated using the outdoor pedestrian surface area plus the GLA (gross leasable area) used as a basis for energy measured in the numerator. This method presents no risk of overlap as the outdoor pedestrian surface area and the central surface area are never included in the GLA.

For Family Village® sites and retail parks, the ratio is calculated using only the outdoor pedestrian surface area, because for this type of retail asset the lessor does not supply any energy for the GLA.

Comparison of energy consumption on a constant climate basis

To calculate comparable energy and carbon indicators from one year to the next, the data are restated to neutralise the climate impact.

For each property in the scope of reporting, the share of consumption related to heating, air-conditioning and other uses is identified. This analysis is based on the energy audit approach used on the properties in 2012 and 2013.

The climate severity is assessed for each weather station based on degree days:

- UDD (unified degree days) to assess the winter severity;
- CDD (cooling degree days) to assess the summer severity.

An average of annual UDD and CDD was calculated over ten years, from 2000 to 2009, for the closest weather station to each site (AveUDD and AveCDD). The weather conditions for each station can then be compared to an average year by comparing the UDD and CDD values with the AveUDD and AveCDD values. The annual consumption that would have been recorded in the case of average and constant weather conditions are then modelled for each centre in the scope of reporting. Changes in consumptions and greenhouse gas emissions can then be analysed for the scope based on identical weather conditions.

4.6.4 Concordance table materiality matrix

The table hereunder will enable you to find the issues identified in the materiality matrix in the relevant chapter of the DPEF.

Level of importance	Matrix issue	Where to find it
Capital	Customer and user relations	Customers: 4.3.1, 4.3.2
Capital	Mixed use and local development	Cities: 4.2.1
Capital	Energy and climate	Cities: 4.2.2
Capital	Connectivity and mobility	Cities: 4.2.1 and 4.2.2
Capital	Well-being of occupants	Customers: 4.3.2
Capital	Business ethics	Customers: 4.3.6
Capital	New uses and digitisation	Customers: 4.3.4
Capital	Talent and skills management	Talent: 4.4.4
Capital	Compensation and value sharing	Talent: 4.4.3
Capital	Diversity and equal opportunities	Talent: 4.4.2
Capital	Safety of assets, people and personal data	Customers: 4.3.7
Capital	Labelling and sustainable certification	Customers: 4.3.3
Capital	The circular economy	Cities: 4.2.4
Capital	Partnerships	4.1.3 and Cities: 4.2.6
Significant	Well-being at work	Talent: 4.4.5
Significant	Responsible purchases and supplier relationships	Customers: 4.3.5
Significant	Biodiversity and land management	Cities: 4.2.3
Significant	Health/safety of employees	Talent: 4.4.6
Significant	Governance	Chapter 6 of the 2018 Registration Document
Moderate	Water management	4.5.2
Moderate	Philanthropy	Cities: 4.2.6

(1) The 15% value used represents the average external surface area as a percentage of the total net surface area (SHON) of Altarea Cogedim's Family Village® and Lifestyle Center projects.

4.6.5 DPEF concordance table

Concordance table of the elements required by the DPEF (Declaration of non-financial performance)

Elements of the DPEF	Where to find them
Description of *the business model*	Integrated Strategic Report and Report on Activity (Introduction and Chapter 1 of the 2018 Registration Document)
Description of the main risks associated with the Group's activity	4.1.1
Respect for human rights	4.3.5 and 4.4.2
Fight against corruption	4.3.6
Climate change	4.2.2
The circular economy	4.2.4
Food waste	In view of the nature of our activities, we do not consider that this issue constitutes a major CSR risk or that it warrants being dealt with in this management report
Collective bargaining agreements	4.4.2
Combating of discrimination and promotion of diversity	4.4.2
Social commitments	4.2.1, 4.2.6 and 4.3
Combating of tax evasion	In view of the tardy publication of the regulatory texts (23 and 30 October 2018), we have not been able to include these subjects. If they should prove to constitute major risks for the Group, they will be addressed in the reports on the coming financial year
Combating food insecurity, respect for animal welfare, responsible, fair and sustainable food system	

Concordance table of elements required by the DPEF: details of risks, policies and indicators

Main risks		Description of the policies applied to prevent, identify and mitigate the occurrence of these risks and results and indicators
Risk of our operations losing attractiveness and value for customers and investors	DPEF1	Customers: 4.3.1, 4.3.2, 4.3.3, 4.3.4
Risks associated with the acceptability of projects to local councillors, neighbours, customers (*licence to operate*)	DPEF2	Cities: 4.2.1, 4.2.3
Risks associated with climate change (transition to a decarbonised world)	DPEF3	Cities: 4.2.2
Risks associated with the impact of climate change (adaptation)	DPEF4	Cities: 4.2.2
Risk associated with increasing scarcity of resources	DPEF5	Cities: 4.2.4
Social risks on the subcontracting chain	DPEF6	Customers: 4.3.5
Risks associated with skills management	DPEF7	Talent: 4.4.4
Risks associated with loss of attractiveness of the business	DPEF8	Talent: 4.4.2, 4.4.3, 4.4.5
Risks associated with business ethics	DPEF9	Customers: 4.3.6
Safety and security risk	DPEF10	Customers: 4.3.7
Risks of pollution and damage to the environment	DPEF11	Cities: 4.2.5

4.7 Report by an independent third-party body

Year ended the 31.12.2018

Independent verifier's report on consolidated non-financial statement presented in the management report

To the shareholders,

In our quality as an independent verifier, accredited by the COFRAC under the number n° 3-1050 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity, we present our report on the consolidated non-financial statement established for the year ended on the 31.12.2018 (hereafter referred to as the "Statement"), presented in the management report pursuant to the provisions of the article L. 225 102-1, R. 225-105 et R. 225-105-1 of the French Commercial code *(Code de commerce)*.

Responsibility of the entity

It is the responsibility of the management to establish the statement in compliance with the legal and regulatory provisions including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied regarding these risks as well as the results of these policies, including key performance indicators.

The Statement has been established by applying the procedures of the entity (hereinafter referred to as the "Criteria"), the significant elements of which are presented in the Statement and which are available on request at the company's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements pursuant to the provisions of the article L. 822-11-3 of the French Commercial code *(Code de commerce)* and the Code of Ethics of our profession. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work, to express a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- he fairness of the information provided pursuant to paragraph 3 of I and II of Article R. 225 105 of the French Commercial Code, namely the results of the policies, including key performance indicators, and the actions related to the main risks, hereinafter the "Information".

Nonetheless, it is not our responsibility to express any form of conclusion on:

- compliance by the entity with other applicable legal and regulatory provisions, particularly regarding the vigilance plan and the fight against corruption and tax evasion;
- compliance of products and services with applicable regulations.

Nature and scope of the work

Our work described below has been carried out in accordance with the provisions of articles A. 225 1 et seq. of the French Commercial Code determining the procedures in which the independent third party conducts its mission and according to professional standards as well as to the international ISAE standard 3000 - *Assurance engagements other than audits or reviews of historical financial information*.

The work that we conducted enables us to assess the compliance of the Statement with the regulatory provisions and the fairness of the Information:

- We took note of the activity of all the sites included in the scope of consolidation, the statement of the main social and environmental risks related to this activity, and, if applicable, its effects regarding compliance with human rights, the fight against corruption, tax evasion as well as the resulting policies and their results;
- We assessed the suitability of the Criteria in terms of its relevance, comprehensiveness, reliability, neutrality and understandability by taking into consideration, if relevant, the best practices of the industry;
- We verified that the Statement covers each category of information provided in III of article L. 225-102-1 of the French Commercial Code regarding social and environmental matters, as well as respect of human rights and the fight against corruption and tax evasion;
- We verified that the Statement includes an explanation justifying the absence of the information required by the 2nd paragraph of III of Article L. 225-102-1 of the French Commercial Code;
- We verified that the Statement presents the business model and the main risks related to the activity of all the entities included in the scope of consolidation; including if relevant and proportionate, the risks created through its business relationships, products or services, policies, actions and results, including key performance indicators;

- We verified, when relevant to the main risks or the policies presented, that the Statement presents the information provided for II in Article R. 225-105 II of the French Commercial Code;
- We assessed the process of selecting and validating the main risks;
- We inquired about the existence of internal control and risk management procedures put in place by the entity;
- We assessed the consistency of the results and the key performance indicators selected regarding the main risks and policies presented;
- We verified that the Statement includes a clear and reasonable explanation for the absence of a policy regarding one or more of these risks;
- We verified that covers the consolidated scope, i.e. all the sites included in the scope of consolidation in accordance with Article L. 233-16 of the French Commercial Code, with the limits specified in the Statement;
- We assessed the collection process put in place by the entity for the completeness and fairness of the Information;
- We implemented the key performance indicators and other quantitative results that we considered the most important presented in Appendix 1:
  - analytical procedures to verify the correct consolidation of the collected data as well as the consistency of their evolutions;
  - detailed tests on the basis of samples, consisting of checking the correct application of the definitions and procedures and reconciling the data with the supporting documents. This work was carried out with a selection of contributing entities listed below: Carré de Soie, Avenue 83 and Pont d'Issy, which cover between 15% and 18% of the consolidated data selected for these tests (15% of the private areas and 18% of the energy consumption of the assets included in the reporting scope);
- We consulted documentary sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered the most important presented in Appendix 1;
- We assessed the overall consistency of the Statement with our knowledge of the entity.

We consider that the work we have done by exercising our professional judgment allows us to express a limited assurance conclusion ; an assurance of a higher level would have required more extensive verification work.

Means and resources

Our verification work mobilized the skills of five people and took place between September 2018 and March 2019 on a total duration of intervention of about ten weeks.

We conducted seven interviews with the persons responsible for preparing the Declaration, representing in particular the general management, administration and finance, risk management, compliance, human resources, health and safety, environment and purchasing.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us not to believe that the non-financial statement complies with the applicable regulatory provisions and that the Information, taken together, is fairly presented, in compliance with the Criteria.

Paris-La Défense, the 20 March 2019

Independent Verifier

ERNST & YOUNG et Associés

Eric Duvaud	**Jean-François Bélorgey**
Sustainable Development Associate	Associate

Appendix 1 : The most important information

Social Information	
Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
▪ Total headcount ▪ The turnover rate ▪ The absenteeism rate ▪ The frequency rate of workplace accidents ▪ The average number of training hours per trained employee ▪ The proportion of employees exposed to the risks of corruption or fraud who have received dedicated training during the year ▪ Representativeness of women in management	▪ The development of recruiting, integrating and training systems for employees ▪ Strengthening well-being and quality of life at work ▪ Employees' awareness and training in business ethics
Environmental Information	
Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
▪ The share of certified areas or in the process of environmental certification (the Environmental Management System) ▪ Primary energy consumption and CO_2 emissions per m^2 of commercial assets ▪ Energy performance and the share of areas exceeding the requirements of thermal regulations ▪ Group CO_2 emissions (scopes 1 and 2 as well as the evaluation made of scope 3) ▪ The proportion of managed and sorted waste and the rate of recovered waste managed in commercial assets ▪ Water consumption ▪ Share of areas studied by ecologists ▪ Levels sought or obtained in BREEAM	▪ A reduction in the direct carbon footprint ▪ Use of energies that emit less greenhouse gases ▪ Development of connected operations and rehabilitation ▪ Improving the energy efficiency of projects ▪ Limiting exposure to climate change ▪ Site waste recovery and reduction of raw materials' consumption ▪ Preservation of existing biodiversity ▪ Use of innovation to improve the energy performance of buildings
Societal Information	
Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
▪ The share of signed green leases ▪ The share of sites within 500 meters of a transport network (urban integration) ▪ The share of operations engaged in a comfort, health and well-being approach ▪ The satisfaction rating of visitors and customers ▪ The employment footprint (direct, indirect, induced and hosted jobs)	▪ The development of activities related to the social and solidarity economy ▪ Dialogue with customers and visitors ▪ The implementation of wellness and comfort approaches in each business line ▪ Strengthening green value and environmental quality (quality, labels and certifications) ▪ The development of connected operations

5

RISK MANAGEMENT

5.1 Organisation of internal control and risk management

5.1.1 Objectives set for internal control and risk management

In accordance with AMF guidelines, Altarea Group's internal control system complies with the general principles of risk management and internal control set forth in the reference framework developed by the AMF in July 2010. Internal control aims to ensure:

- compliance with laws and regulations;
- proper observance of instructions issued by Management;
- effective functioning of the Company's internal procedures, particularly those intended to protect its assets;
- the provision of accurate and reliable accounting and financial information that gives a true and fair view of the assets, financial position and results.

The scope for the application of the Company's internal controls is that of the Altarea Group, that is, the Altarea parent company and all companies that it controls as defined by Article L. 233-3-I of the French Commercial Code, except for property development joint ventures that are managed by a commercial partner.

The system implemented within the Group is based on a risk management system that aims to identify the main risks to be controlled in order to: safeguard the Company's value, assets and reputation; shore up its decision-making and other processes to ensure that targets are reached; encourage consistency between actions taken and corporate values; and unite employees around a shared understanding of the major risks.

Lastly, readers are reminded that internal control and risk management systems, like any system of control, are subject to inherent limits, and cannot fully guarantee that objectives will be achieved.

Moreover, the information provided on identified risks is not necessarily exhaustive and does not cover all of the risks to which the Group could be exposed in the course of its activities. Only the biggest key risks considered sensitive are identified here.

5.1.2 Governance of internal control and risk management

5.1.2.1 Internal control and risk management system

The risk management and internal control system is run by the Internal Control Department, reporting to the Risk Management and Property legal Director.

Internal control system

The Altarea Group internal control system relies on:

- a structure by activity based on three business lines and support functions, with a system for the delegation of powers and responsibilities;
- a definition of the missions and attributions of the governance bodies; (see Section 6.2.3 "Supervisory Board");
- information systems (see Section 5.2.3 "Risks relating to the preparation of accounting and financial information"), procedures and modus operandi specific to the business and objectives of the Group's different business lines;
- a human resources and skills-management policy, based on a strategic training plan and a shared approach revolving around annual appraisals.

The Group also has tools for disseminating information internally, including an intranet, procedural notes, instructions and reporting timetables.

Risk management system

The Group's main risks are regularly presented in detail to the Audit Committee. They are identified through a risk-mapping process organised by business line processes and support functions. The risk-mapping is periodically updated and will be again during the first half 2019. It will then be presented to the Audit Committee at the closing of the interim accounts.

The Internal Control Department uses risk mapping to prepare its action plan. Other sources, such as summaries of internal-control review work and comments and recommendations formulated by the Statutory Auditors are analysed and taken into consideration in defining actions to be taken. The control systems put in place to manage the main risks to which the Altarea Group is exposed are described in Section 5.2 "Risk factors and control systems" of this document.

5.1.2.2 Control environment

Internal control is based on codes of conduct and integrity established by the Company's governing bodies and communicated to all employees. The key elements of the internal control procedures are as follows:

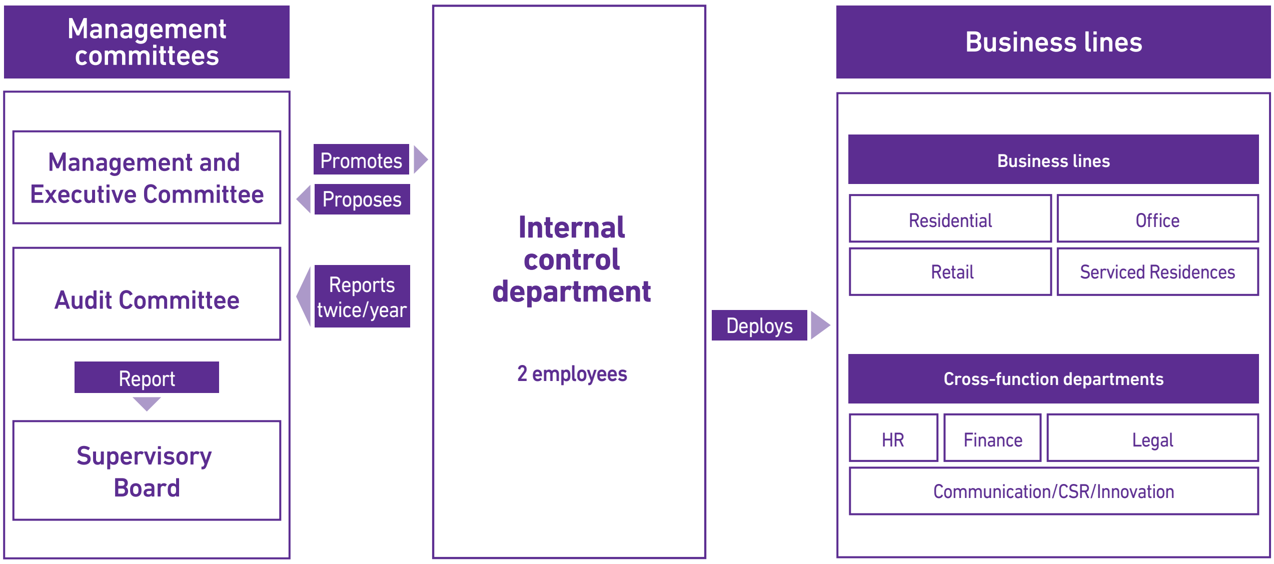
- the ethics charter sets out Altarea Group's values and rules of conduct that all Group employees and corporate officers must respect in their working relationships. The clear and precise principles outlined in the charter should inspire and guide everyone in their daily tasks, enabling them to resolve issues of conduct, professionalism and conflicts of interest in a clear ethics, and consistent way. The charter is available on the Group intranet site and a copy is systematically distributed to every employee when recruited;
- all procedures and internal rules of the Group govern its various activities: operational procedures on how to behave in conducting the normal business of the Company and rules that expand upon the principles in the ethics charter on conflicts of interest, the fight against corruption and money laundering, and insider trading;

The Group seeks to reinforce its control environment on a daily basis through the development of its compliance programme, in accordance with the various regulatory requirements.

5.1.2.3 Management of the internal control and risk management system

Internal control and risk management is everybody's business, including all employees right up to the governance bodies.

Management is responsible for the overall organisation of the internal control system and, for the exercise of its responsibilities, has an Executive Committee which meets regularly. It establishes internal control procedures and defines focuses in order to control the risks associated with the Company's business. The Supervisory Board, assisted by the Audit Committee, plays an important role in terms of control as part of its permanent duty to oversee the management of the Company (See Section 6.2.3 "Supervisory Board" in this report).



5.1.2.4 Priorities of the Internal Control Department

The Internal Control Department is in charge of coordinating and supporting internal control activities, which are performed by the different subsidiaries. Its priority missions are:

- to ensure everyone knows and follows rules of procedure and the ethics charter and the correct functioning of the Supervisory Board's specialist committees;
- to conduct monitoring of the regulatory obligations regarding internal control;
- to identify and assist divisions in mapping risks related
- to set up or help the divisions set up operational procedures;
- to review the rules applying to the Company's operating commitments, and compile existing procedures and standardise them if needed;
- to carry out all checks for compliance with internal control procedures.

To fulfil its duties, the Internal Control Department also draws upon:

- specialised advisory and consulting firms;
- a number of contacts within the Group to monitor and control operational risks and commitments.

In addition, every Altarea Group employee is encouraged to make proposals to keep the internal control system effective and up to date. Operational Managers see to it that the processes are suited to the goals assigned them.

5.2 Risk factors and risk control systems

The Company has conducted a review of the risks that could have an unfavourable impact on business, financial position and results and considers that, at the date of publication of this Registration Document, there are no other major risks apart from those presented in the following section.

Investors should nevertheless be aware that other wholly or partially unknown risks considered unlikely to occur at the date of filing this Registration Document, may exist and could have an adverse impact on the Group's business.

The Company has put in place specific measures and procedures to limit the likelihood of identified risks occurring.

5.2.1 Risks inherent to the operations

5.2.1.1 Risks related to trends in the property market and the business climate

Risk factors

Altarea operates in several property sectors, notably retail property, residential and office property and serviced residences. The Company is exposed to systemic risks and uncertainties specific to the property market, most notably the cyclical nature of each sub-sector, as well as the risks inherent to each property asset. The Company's risk management strategy and measures adopted aim to limit the negative consequences should one of these risks materialize. However, a prolonged deterioration of economic conditions or abrupt changes in the economic, financial, monetary, regulatory, political, geopolitical, social, health, or environmental climate could have a negative impact on the Altarea Group's businesses, asset values, earnings, development projects, and investments.

In view of the political situation, changes to the tax laws could occur and would have more or less favourable consequences for the property development business. The current economic and fiscal regulations concerning the residential property sector are as follows:

- the Pinel Law aims to provide housing at affordable rents to lower income households in urban areas where there are housing shortages. The tax reduction for the investor can reach 21% of the purchase price up to a ceiling of €300,000 and €5,500 per m^2 and is spread over a maximum period of 12 years, depending on the length of lease committed to (6, 9 or 12 years). The tenants, who are means tested, are offered rents that are approximately 20% below market prices. The stated objective of this scheme is to substantially increase the creation of new housing by offering tax incentives in exchange for social requirements. The scheme has been maintained in the 2018 finance law until 2021 while restricting it to high-demand areas (A; A bis; B1). It should be noted that 99% of the Altarea Promotion residential pipeline consists of operations in A and B1 areas.
- the zero interest loan scheme (PTZ+) intended to encourage means-tested first-time buyers of new housing by allowing them to borrow up to 40% of the purchase price up to a ceiling of €60,000 for a single person and €138,000 for a family of five, in areas classified as A. The scheme, adapted according to different geographic zones, has been maintained for all areas in 2018 and 2019 while being restricted to high-demand areas (A; A bis; B1) in 2020 and 2021.

Risk control systems

Altarea Group's positioning in multiple segments of the real estate market (shopping centres, residential, offices and serviced residences) enable it to optimise its risk-return profile. Moreover, Management and the Executive Committee closely monitor trends in these markets, the economy and the competitive environment; the strategy and policies that they implement are designed to anticipate and mitigate those risks.

5.2.1.2 Risks related to acquisitions

Risk factors

As part of its external growth strategy, the Group makes acquisitions of companies or acquires significant stakes allowing it to increase its market share in its various business segments.

The Altarea Group could face difficulties integrating companies or the assets that it acquires. It cannot, for instance, guarantee the maintenance of key competencies identified during the acquisition process. It could also encounter difficulties generated by overly large cultural or status differences between the entities. Additionally, it could have to incur expenses or liabilities not identified by audits and due diligences, covered in part by representations and warranties.

All these risks might have a significant adverse impact on the Group's business, financial position or reputation.

Risk control systems

Risks generated by acquisitions are limited by due diligence of technical, legal, social and financial points. The Group also uses, whenever necessary, reputable external consultants for advice prior to the acquisition process. Development or acquisition plans concerning assets are systematically presented to Management and the Investment Committee.

5.2.1.3 Property development risks

Risk factors

There are multiple types of risk associated with property development operartions. They include in particular:

- administrative risk related to obtaining permits for commercial operations or building permits and to administrative proceedings that could delay property development projects;
- risk of inability to meet construction schedules owing to delays due to archaeological excavation, soil typology, decontamination, etc., the risk of construction cost overruns, contractor business failures, the inability of contractors and service providers to adapt to new standards and the risk of ensuing potential litigation with construction companies;

- commercial risk, linked to the inadequacy of the products developed, long lead times for setting up some deals or the failure of some chains of retailers;
- when the Group acts as a developer by signing off-plan or property development agreements in which it undertakes to build a building with a fixed price and deadline, it bears the completion risk with regard to its customers. The risk would be one of non-compliance of the product delivered or of a delay in delivering;
- in the office market, market risk when the Group acts as an investor, if it fails to sell or let the property. It may thus be exposed to the risk of prolonged carry;
- competition risk, which may affect the acquisition of land/shopping centres, product sale prices, or the availability of subcontractors.

Risk control systems

Shopping centre development

(i) France

These risks are controlled by the Investment Committee, a Special Committee of the Supervisory Board (see 6.2.3.2 "Working methods, preparation and organisation of the Board's work" in the Section "Special Committees", below) with support from several other committees:

- the Development, Operational and Planning Committee: attended by the Executive Management of the subsidiary, the committee meets weekly to decide on and set operational targets for each project, monitors the commitments to works, approves the initial budgets and, where appropriate, any adjustments. Once a month, it is chaired by Group Management to examine the most strategic issues;
- the Coordination and Marketing Committee: this committee helps the Executive Management to define and set sales targets for each project. Pre-marketing mitigates marketing risk;
- the extended Management Committee: this committee includes the members of the Altarea Commerce Management Committee and the main Operational Directors. It addresses all subjects relating to the subsidiary (development, operations, marketing, valuation, and legal questions).

The Research Department coordinates economic and competitive analyses of the portfolio and provides operational guidance to the teams on retail and business line trends in order to adapt the products developed to meet market needs.

The risks related to development projects are also monitored through several processes and reports:

- monitoring investments: any authorised investments are subject to individual monthly monitoring and a control system by operational and financial management;
- a quarterly report is drawn up for each project under development or in progress, showing actual expenditure and commitments to date and the balance to be invested;
- half-yearly validation of operation budgets: settlement of construction invoices with the Accounting Department and revision of interest expenses based on market conditions, review of planning schedules. This procedure provides for the budgets of developments under construction to be signed off by the subsidiary's Executive Management.

Administrative authorisation requests (building permits, regional retail development commissions, etc.) are subject to prior review by a specialised law firm.

(ii) Italy and Spain

New investments in these countries are reviewed by the Group Investment Committee.

- In Italy, the Management Committee meets monthly. Specific Meetings with Group Management may also be organised according to topics on the agenda. Since 2011, the organisational, management and control model in Italy has been implemented in accordance with legislative decree no. 231/2001. This model calls for the setting up of a monitoring body responsible for overseeing the application and the relevance of the model, comprising: a lawyer and a tax accountant.
- In Spain, new developments have been discontinued.

Altarea Managers hold monthly meetings with the subsidiaries' Executive Management teams.

Development of Residential and Office

The main risks related to development operations pertain to the Property Development division. The established procedures are described below.

(i) Residential and Office property

In the residential property segment, an Operations Management Guide (GMO) sets out best practice for each key stage of residential schemes. The purpose of the guide is to define the role of each actor within Property Development, to improve and harmonise practices and to facilitate interactions with partner services. It is available on the Group's intranet and training sessions are given to all employees involved.

The following systems are also designed to cover risks related to property development:

- Commitments Committees meet every week to examine all property projects having reached key stages that entail a commitment for the Company: signature of an undertaking to acquire the land, marketing launch, acquisition of the land, start of works. As well as analysing the timing and benefits of the project, at each stage progress is measured against objective benchmarks: margins, percentage of project pre-let on land acquisition and when work gets under way, validation of the cost of works, WCR, etc.

  In addition to the Commitments Committees processes, the Commitment Director works with the Finance Directors in the regional offices on all issues that commit the Company but are outside the remit of the Commitments Committees, and may request any draft protocols, sales undertakings, specific contracts, etc. He is also informed about the progress of the Company's major development projects regarding the risks that they may present in terms of the amounts involved or legal arrangements, for example. The Commitment Director works with the Group's Internal Control Department with regard to risk management and internal control issues;
- the National Technical Department is mainly composed of the Contracts Department and the national Construction Department:
  - the Contracts Department and, for offices, the Technical Department, are in charge of setting up and monitoring national procedures regarding the economic relevance and the quality of the estimates for the projects. It estimates the construction costs used in operations' budgets as soon as the preliminary land sale agreements are signed. Costs are updated as the product is defined. The Contracts Department is also responsible for the tender process for companies prior to the

signature of work contracts. Companies are chosen via calls for tender according to established specifications,

- the national Construction Department is in charge of putting in place and monitoring national procedures for monitoring the execution of construction work and quality;

- for residential property, the Group has its own marketing arm of dedicated subsidiaries. These structures include: a marketing division in charge of keeping contacts and national campaigns, a division in charge of defining and updating product specifications whilst providing research and advice to property development Managers to evaluate local markets, and a division dedicated to customer relations and after-sales service. In addition, the digital budget monitoring tool used for each project is updated in real time with commercial data (reservations and sales) and allows each Manager to track the progress made in the programmes for which they are responsible. Finally, every week a business report is produced presenting sales figures for the week and a monthly total.

  These two departments use their expertise to assist the Regional Departments, preparing and distributing national working procedures and supervising the Marketing Departments, after-sales services Managers, Technical Department and regional Construction Departments. Outside firms are used for marketing office property;

- reporting and periodic reviews of operations' budgets: in residential property, reports (including bookings and consolidated authenticated deeds, portfolio of projects subject to undertakings, monitoring of commitments to development projects) are sent on a monthly basis to the members of the Cogedim Executive Committee, the Corporate Finance Department, the Chairman of the Supervisory Board and the Management of Altarea. Concerning Office Property, reviews are carried out and sent on a quarterly basis to Executive Management.

  In addition, as part of the budgetary process, all operating budgets are updated at least twice per year and at each milestone triggering Commitments Committee scrutiny (see above);

- Building permit applications: for large projects or projects presenting specific difficulties, building permit applications are submitted to a specialised law firm, which participates in drafting the application or reviews the completed application.

(ii) Serviced Residences

Under the Cogedim Club® brand, Altarea Group is developing a serviced residences concept for seniors with a variety of *à la carte* services and attractive city centre locations. As of the end of 2018, 12 Cogedim Club® residences are in operation. The Group has chosen to manage the design and the development of these residences, as well as rentals during the buildings' operation. In addition to residences for seniors, the Group is also developing an extended range of Serviced Residences: student halls of residence, business tourism residences, exclusive residences, etc.

5.2.1.4 Risks related to REIT assets and activities

Risk factors

Risks related to assets in operation and to the retail and office REIT business include:

- risks related to letting and re-letting of space in shopping centres and letting of offices, in particular in a challenging and rapidly changing economic climate;
- risks related to property portfolio management and to decisions to buy and sell assets (estimated return on new acquisitions, delays in carrying out disposals, etc.);
- risks related to the operation of shopping centres (maintenance of facilities and achieving compliance with standards, natural and technological risks, accidents, risk of administrative closure of a centre, terrorism, etc.).

Risk control systems

(i) France

The risks related to REIT assets and activities are covered by the following arrangements:

- the Property Portfolio Committee which reports to Executive Management and meets to define and set asset management objectives for each asset. This committee draws primarily on the work of the Asset Management Department. The asset Managers along with the Portfolio teams, represent owners at General Shareholders' Meetings of co-owners, participate in various internal committees, carry out arbitrage transactions, participate in the property-acquisition process, coordinate any operating and financial reporting for third parties, and measure the financial performance of assets, and implement the Group's strategy for the properties;
- due diligence before any acquisition of properties in operation in order to limit the risks linked to the valuation and the integration of these centres into the portfolio;
- on a weekly basis, the marketing coordination committee monitors all re-marketing events in order to set the lease-renewal terms for properties in the portfolio. A system that includes progress sheets signed by the heads of the relevant business lines is also in place. In order to check that leases are being properly enforced, an independent external firm annually audits the correct invoicing of rents and charges on three or four different sites;
- the Executive Marketing Committee and the Sales Management Committee meet every two weeks to take an inventory of the strategic challenges related to the operating shopping centres and to projects in development;
- property portfolio reports: property portfolio Managers regularly provide the Group Finance Department with financial statements and reports, including forecasts of rental income and non-collectable expenses, data on property vacancies, and changes in headline rents, billed rents and gross rents. Half-yearly property portfolio reports are also submitted to provide an overview of business at the Company's shopping centres;
- systematic reporting of recovery rates and unpaid rents provides forward-looking guidance to insolvency risk on tenants in the REIT business. The Rental Management Department produces this report and organises monthly recovery meetings. Once a month, a brand support committee reviews solutions for tenants experiencing financial difficulty;
- an insurance programme for assets in operation (see Section 5.2.4.4 "Risks related to the cost and availability of suitable insurance coverage" in the Section "Summary of insurance coverage");
- safety of shopping centres in operation: technical and safety checks and visits carried out by inspection agencies and safety commissions are scheduled, and reports are reviewed by the Operating Department as part of the monitoring procedure for safety commission recommendations;

- electronic data management (EDM): all original paper documents including letting contract files and administrative permits, but also the different protocols, are digitised and then stored by a specialist service provider. All of the original documents generated by the Company are therefore secure.

(ii) Italy and Spain

- In Italy: the operations of all shopping centres in operation are reviewed by the Management and Re-marketing Committees. Monthly management reports on these centres are drawn up and sent to the Group's Executive Management.
- In Spain: Altarea España owns a shopping centre that it manages for the portfolio. Monthly management and re-leasing reports are sent to the Group's Executive Management.

5.2.1.5 Risk of tenant and buyer insolvency

Risk factors

Altarea's ability to collect rental income from shopping centre tenants depends on the tenants' solvency. Payment default by certain tenants could adversely affect Altarea's operating income. This could be the case if the current economic situation were to worsen into a full-blown recession as this would have a significant impact on consumer behaviour and create difficulties for tenant stores and chain of retailers. Rents are usually relatively unaffected as tenants fear eviction and the loss of their business.

In residential and office property, an increase in interest rates and a deterioration in consumer solvency would mainly impact demand for housing in the marketing stage.

Finally, the serviced residences managed by the Group could also be impacted by a deterioration in the solvency of households with the risk on the occupancy rate. This risk could have a negative impact on the operation of serviced residences to the extent that the Group ensures guaranteed profitability for investors' long-term investments.

Risk control systems

In retail, the Group exercises due caution over the quality of the tenants' signatures and the attractiveness of the retail brands before entering into any leases with the objective of maximising the duration of the leases, the liquidity of the securities pledged by the retail brands and obtaining automatic payment by direct debit. Procedures are in place, including systematic reporting of recovery rates and unpaid rents which provides forward-looking guidance to the risk of tenant insolvency. The Rental Management Department produces this report and organises monthly recovery meetings. Once a month, a brands support committee reviews solutions for tenants experiencing financial difficulty.

Concerning Residential Property, keys to the accommodation are not handed over unless the buyer has paid off the balance of the sale price. The Company also holds a seller's lien on residential properties already marketed. However, in order to avoid longer payment times, before signing the final contract of sale, buyers' loan applications are reviewed to verify that approval of their financing has been obtained or that it is under way. Monthly reports on overdue payments are also sent to Operational Management to be followed up on.

In Office Property, tenants' creditworthiness is analysed and buyers are required to provide robust payment guarantees such as an escrow deposit for all or part of the price or a bank guarantee for the full payment.

Finally, the teams responsible for Serviced Residences carry out a monthly reconciliation between the invoices raised and the payments made, which helps to rapidly identify any late payments. In these cases, the teams inform the management of the residences in question.

5.2.1.6 Risk related to the appraisal of property assets

Risk factors

The valuation of Altarea's portfolio of office property is linked to many exogenous factors (economic conditions, retail property market, interest rates, etc.) as well as endogenous factors (shopping centres' rate of return and performance) that may vary appreciably.

Risk control systems

In accordance with IAS 40 and IFRS 13, Altarea has opted for the fair value model and measures its investment properties at fair value whenever this can be determined reliably.

- Investment properties in operation are systematically measured at fair value, on the basis of independent appraisals. At 31 December 2018, an external appraisal was performed of all assets in operation[1]
- Investment properties under development and construction are measured either at cost or at fair value in accordance with the following rules:
- properties under development before land is purchased and land not yet built is measured at cost;
- properties under construction are measured at fair value if most of the uncertainties affecting the determination of fair value have been removed or if the project completion date is in the near future.

Altarea Group assets are assessed twice a year by an independent appraiser. External valuation of Group assets has been entrusted to Cushman & Wakefield – (in France, Italy and Spain), and to Jones Lang Lasalle (in France).

The fees paid to appraisers are lump-sum amounts determined in advance of the valuations. These amounted to €231,170 (excl. VAT) for 2018, including fees related to the preparation of reliance letters required by banks. They are not proportionate to the value of appraised assets and make up less than 10% of the revenues of each appraisal firm consulted.

A detailed report that is signed and dated is provided for each property valued by the appraisers according to the methods presented in Section 2.2 "Notes to the consolidated financial statements".

Condensed versions of the Company's appraisal reports are included below:

(1) See Note 2 to the consolidated financial statements (Chapter 2.2 of the Registration Document) for more information on asset valuation methods; see Note 7 to the consolidated financial statements (Chapter 2.2 of the Registration Document) for an analysis of investment properties on the balance sheet at 31.12.2018.

Short Report – ALTAREA – 31st December 2018

1.1 Context of instruction

Outline

- ALTAREA-COGEDIM's property assets are given a market value periodically so that every semester (on the 30th June and 31st December) the group can provide the financial markets with a value of its total holdings as certified by independent experts.
- According to an agreement signed between the parties for the years 2015 – 2018, Cushman & Wakefield Valuation France, Cushman & Wakefield Italy and Cushman & Wakefield Spain have been commissioned to carry out the valuation of a number of the assets located in France, Italy and Spain.
- Cushman & Wakefield Valuation France, Cushman & Wakefield Italy and Cushman & Wakefield Spain, subsidiaries of Cushman & Wakefield (formerly DTZ), confirm to have carried out the valuation acting as an External Valuer qualified for the purpose of the valuation with all capital and financial independence. We also confirm that we have the appropriate knowledge, skills and understanding to undertake the valuation competently.
- Cushman & Wakefield Valuation France, Cushman & Wakefield Italy and Cushman & Wakefield Spain confirm that they have no conflict of interest for this Valuation.
- The valuation has been prepared in accordance with the AMF recommendations for the presentation of valuation and risk assessment data for listed companies' property assets, published 8th February 2010.

Appointment

Cushman & Wakefield Valuation France, Cushman & Wakefield Italy and Cushman & Wakefield Spain, subsidiaries of Cushman & Wakefield's December 2018 valuation consisted of expert assessment with partial internal and external property visits, and the determination of market values taking into account occupancy conditions as at 31st December 2018.

The assets valued, according to ALTAREA, consist of 18 sites used as follows:

- 12 shopping centres,
- 3 retail-parks,
- 1 outlet factory,
- 1 high street shop,
- 1 train station.

Short Report | Altarea-Cogedim – Retail Portfolio

The 18 sites are divided between France, Italy and Spain as follows:

France:
- 9 shopping centres,
- 3 retail-parks,
- 1 outlet factory,
- 1 high street shop,
- 1 train station.

Italy:
- 2 shopping centres

Spain:
- 1 shopping centre

Please note that as long as the property is subject to the terms of a financial lease ("crédit bail"), the valuation expert evaluates exclusively the underlying assets and not the financial lease. Similarly, as long as the property asset is held by an ad hoc company the value of the latter is estimated according to the hypothetical selling of the underlying property asset and not according to that of the company.

1.2 Terms of instruction

Valuation elements

The valuation has been carried out on the basis of documents and information provided to us which we assume to be true and which we assume correspond to the entirety of information and documents held by the company which could have an effect on the price of the property.

Reference documents

The valuation has been carried out in accordance with:

- On a national level :
  - The recommendations of the Barthès de Ruyter report on the valuation of property holdings of listed companies carrying out a public offering, published in February 2000,
  - The French property appraisal charter ("Charte de l'Expertise en Evaluation Immobilière" – 5th Edition),
  - Principles set out by the SIIC (Sociétés d'Investissements Immobilières Cotées) [listed real estate investment companies] code of conduct.
- On an international level:
  - The European Group of Valuers' Association European valuation standards published in its blue book "European valuation standards".
  - The Royal Institution of Chartered Surveyors' (RICS) Red Book published within its "Appraisal and valuation manual" (10th Edition).

Short Report | Altarea-Cogedim – Retail Portfolio

CUSHMAN & WAKEFIELD

Valuation method

The valuations techniques used are based upon methods regularly used for these types of assets, notably methods based on income:

- Income capitalisation method,
- Discounted cash flow (DCF) method.

The comparison method of valuation has been used only for crosschecking purposes for certain assets.

1.3 Cumulative market value as at 31st December 2018

The overall market value corresponds to the sum of the individual value of each asset.

Total Market Value (100 %):
€ 2,921,244,592 including fees and transfer costs

Market value of share:
€ 2,292,174,240 including fees and transfer costs

This value is to be understood assuming a stable market and an absence of notable changes to the properties between the date of the expert assessment and the date of the value.

This short report should be taken as an inseparable element of the total works produced during the expert valuation.

Completed in Paris La Défense, the 24th of January 2019.

Jean-Philippe Carmarans, MRICS

Head of Valuation & Advisory France
International Partner
RICS Registered Valuer

For and on behalf of
Cushman & Wakefield Valuation France

Valuation date : 31st December 2018
Report date : 24th January 2019
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1 The Basis of Our Instructions

1.1 Purpose of the Valuation

This report is provided in accordance with the valuation proposal by Jones Lang LaSalle Expertises SAS dated 20th April 2015 confirmed by Altarea Cogedim Group, under which Jones Lang LaSalle is to provide you with our opinion of the Fair Value of the assets that constitute this portfolio for IFRS financial reporting purposes as at 31st December 2018.

We have assessed the Fair Value of these properties in accordance with IFRS 13, "Measurement of Fair value".

As per your instructions, this is a shortened report format. For full details in respect of this instruction, please refer to our extended report which has been provided in French

1.2 Client identity and professional liability

The client of Jones Lang LaSalle Expertises SAS for this instruction is **ALTAREA COGEDIM**. The report is provided solely for the purpose stated above. Jones Lang LaSalle Expertises SAS accepts no liability to its clients for any non-authorised use and accepts no liability to any third party in relation to any use of this valuation report and its contents.

All valuation instructions undertaken by Jones Lang LaSalle Expertises in France are covered by the insurance of the Jones Lang LaSalle group.

Please note that the liability of Jones Lang LaSalle in contract in respect of this instruction is in any event limited to € 5 million (five million Euros) in the aggregate, covered by Professional Civil Liability insurance (policy no. 7.600.664), provided by AIG insurance.

1.3 Valuation basis

Our valuation has been carried out in accordance with the Royal Institution of Chartered Surveyors Valuation - Professional Standards, January 2014 ("the Red Book"), the *Charte de l'expertise immobilière*, and with the European Valuation Standards of TEGoVA (the European Group of Valuers' Associations). They are also consistent with the recommendations provided in the Barthès de Ruyter report resulting from the working group on property valuation for publically quoted companies drawn up in February 2000 by the COB, now AMF. This valuation report is also compliant with the International Valuation Standards 2012.

The assets have also been valued in accordance with our **General Principle of Valuation**, a copy of which is attached in the report's appendices.

In view of the purpose of the valuation, as set out above, we have valued the asset(s) on the basis of their Fair Value.

Fair Value is defined in IFRS 13 as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

The various standards referred to above agree that in most cases the definition of Fair Value leads to the same value conclusion as the definition of Market Value.

We have considered the properties as if free and clear of all mortgages, *crédit-bail* or other charges that may be secured thereon.

We would point out that we have not carry out a building survey and that, whilst we have taken account of any readily visible defects, we have not been able to confirm that the properties are free from defect.

We are neither lawyers nor accountants. Any comments made on legal or accounting matters in this report are provided in good faith, but should be checked with legal or accounting specialists.

1.4 Conflict of interest check and experience

Following enquiries no conflict of interest has been found in respect of the properties or the parties concerned by this instruction.

We confirm that Jones Lang LaSalle Expertises SAS has the experience and market knowledge required to value of the subject assets.

Portfolio 22 assets ALTAREA COGEDIM

2 Valuation Report

2.1 Summary of the portfolio

We summarise the main details of the properties as follows:

- 7 Shopping centre
- 6 Retail Park
- 5 Commercial asset

2.2 Inspections

All assets have been visited in 2018.

The date of the visit is given in each individual properties report.

2.3 Sources of information

We were provided with full information at the time of our initial valuation which was carried out in June 2015. In terms of our update, we were provided with the following information for each property:

- Tenancy schedules at 21/09/2018
- Speciality leasing income
- Turnover € including VAT
- Amounts of annual recoverable service charges per asset and per tenant

2.4 Floor areas

Under French Law, only architects or *géomètre-experts* are authorised to certify floor areas of buildings. Thus, we have not taken measurements of the properties and have relied on the information with which we have been supplied in the floor area tables certified by a *géomètre-expert*.

2.5 Valuation approach

We have valued this property using two main methods and compared the results obtained. This is consistent with valuation practice in France were valuers generally use at least two methods:

- The traditional French capitalisation method
- Discounted cash-flow method

2.6 Valuation Conclusions

In accordance with the comments in our report, we estimate the Fair Value of the various properties is therefore as shown below:

€ 1,679,670,000 Gross
(One Billion Six Hundred Seventy-Nine Million, Six Hundred and Seventy Thousand Euros)

€ 1,586,910,000 Net
(One Billion Five Hundred Eighty-Six Million, Nine Hundred and Ten Thousand Euros)

In accordance with normal French market practice we have not made any deductions for purchaser's or vendor's legal or agents' fees associated with a purchase or sale, nor have we take account of any capital gains or other taxes that either party might have to pay as a result of such a transaction.

Note: The Net value (hors droits) above represents the price that a vendor would receive. A Gross price would represent the total that a purchaser would have to pay, including property transfer taxes and notaire's fees. **It is therefore the Net value that equates to the RICS or TEGoVA definition of Market Value**.

We have therefore assumed that a sale at our valuation date would fall within the VAT regime. This applies to properties sold for the first time within 5 years of their completion or of a major works programme that involved the breaking of floor slabs.

In such cases, the tax authorities will accept the sale as under the VAT regime and the sale would then be subject to VAT on the net price. A company who bought would probably be able to recover the VAT, leaving other non-recoverable *notaire's* costs at around 1.8%. A private individual would have to bear both the VAT and these costs.

On any subsequent sale, or on a sale after the end of the 5 year period, transfer taxes and *notaire's* fees can be expected to be 6,90% or 7,50% of the net value.

Paris, 24th January 2019

Elodie DUMOULIN
For and on behalf of Jones Lang LaSalle Expertises
Associate Director

Christophe ADAM, MRICS
For and on behalf of Jones Lang LaSalle Expertises
French Director

5.2.2 Security, information system and personal data risks

5.2.2.1 Security risks

Risk factors

The safety of assets and people is one of the factors affecting the attendances of shopping centres. Similarly, the tranquillity of the workplace is an influencing factor for the performance of Group employees.

Malicious acts targeting the Group's personnel, sites and assets, whether tangible or financial, or even its customers, constitute major risks for the Company's long term business. Malicious acts can come in various forms, ranging from simple incivility to an act of terrorism, and including acts of delinquency. They could also include a simple incident that creates a considerable feeling of insecurity out of all proportion with the act itself.

Such events are likely to adversely affect the Group's financial capacity, damage its image, result in lost business or engage the Compan's liability towards its employees and customers.

Risk control systems

The Group Security Director manages security risks. The latter is in charge of deploying a global security policy based on an architecture (the structure and the scope of action), systems and procedures, and with the risks to be addressed in order of priority. The priority is in effect to address the security of the shopping centres (taking into account the risk of terrorist activity and criminal acts) through physical protection measures, improved video surveillance, training and raising the awareness of preventive measures and the right reflexes among our own staff, service providers and the retail brands in case of attack, and addressing vulnerabilities related to commercial activities (deliveries etc.). Another priority is the control of risks related to Group infrastructure and premises by increasing access controls and videosurveillance and deploying *ad hoc* procedures, or by strengthening the Group's crisis management capabilities (creating a crisis room and alert and crisis management procedures).

The Security Department is in full time contact with the public authorities in order to monitor the constantly changing level of threat in real-time. Tests and exercises have been conducted in the shopping centres in order to update the systems and adapt the Group's response to any changes in the nature of the threats. Similarly, the Group is also planning to carry out tests this year on the current systems and procedures in correlation with the optimisation of the crisis management procedure and the strengthening of the Business Continuity Plan. Lastly, in the context of the future change of head office, the Security Department is fully involved in reviewing the technical aspects of the building.

5.2.2.2 Risks related to the Group's information systems

Risk factors

As the Group is currently undergoing a major phase of digitisation, the performance and reliability of its information systems have become major factors in the way it conducts its business. As a result, Altarea could be affected by events (accidents, service failures) outside of its control which could lead to interruptions in its data flows or issues affecting its activities.

Furthermore, as the data processed on a daily basis are very often confidential and might even be strategic, the Group could also be confronted by criminal cyber-attacks targeting the integrity, availability and/or confidentiality of this data. Altarea could be exposed to a risk of involving liability and damage to its image.

Risk control systems

The management of IT system risks in the Altarea Group is the responsibility of the Information System Security Manager (ISSM), a post created within the Security Department in 2017. The role of the ISSM is:

- to develop a security policy that meets the Group's needs and is based on current standards;
- to develop a security culture within the Company through raising the awareness of employees, including at the highest levels;
- to ensure that IT security is taken into account early on in projects by accompanying the business application Managers from the design phase onwards;
- to redefine best practice and management procedures for users and business applications.

Within the systems, data is backed up on a daily, weekly and monthly basis, so that they can be recovered if necessary. The Group's ability to recover from a computing disaster will be overhauled during the course of 2019 as part of an overall strengthening of the Business Continuity Plan.

This recovery strategy will be developed as a function of the decisions taken in the context of two connected projects planned for 2019:

- strategy for overhauling the system hosting platform;
- review of back-up tools.

At the same time, the Group Information Security Department brought the function of Operational Security Manager back in-house in 2018 and they work closely with the ISSM. His role is to implement the ISSP and monitor and supervise the various aspects of IS security, while contributing to raising the awareness of and training employees on security issues affecting information systems.

Moreover, determined to enhance system security, the Group Information Security Department regularly commissions security audits including internal and external intrusion tests for the whole scope. The results of these audits give rise, depending on the criticality of the vulnerabilities they reveal, to obligations to take corrective action based on the creation of remedial plans and security recommendations. These remedial plans are monitored on a monthly basis. Lastly, since 2017 the Group has had insurance covering cyber risks.

5.2.2.3 Risks related to the protection of personal data

Risk factors

For business purposes, the Group, in its various entities, processes personal data collected from third parties such as current and prospective customers, partners and/or its employees in order to be able to provide them with better services. Despite the setting up of secure information systems, it is still possible (i) for data to be corrupted or sent to a third party by mistake or malice or even (ii) that the processing of personal data could give rise to a complaint to the French data privacy agency (CNIL). This could have a significant negative impact on the Group's image and an unfavourable effect on its results.

Risk control systems

The Group noted the coming into effect of the European General Data Protection Regulation (GDPR) on 25 May 2018. It therefore appointed a Data Protection Officer who undertook a mapping of the personal data processed within the Group. He is also in charge of advising the teams and raising their awareness of the regulations and ensuring that their personal data processing activities are compliant.

5.2.3 Risks related to the preparation of accounting and financial information

Risk factors

The preparation of accounting and financial information can be a source of financial risk, especially concerning financial statements, the budget process and consolidation.

Risk control systems

Finance Committee Meetings

In order to control the financial and accounting risks that may arise, Operational Finance Committee Meetings are held every two weeks and are attended by Executive Management, the Group CFO, Deputy CFO and the Managers involved in the issues on the agenda. The Corporate Finance Department uses these meetings to raise current financial issues.

In addition, a cross-functional finance committee meeting is held on a quarterly basis and is attended by the operational and corporate finance departments in order to ensure a common approach to managing the business and improve communications. This committee includes all the Managers in the finance function and is used to share objectives and issues as well as to improve the flow of information across functions.

Accounting and financial organisation and main internal control procedures

(i) Accounting and financial structure

In order to enable controls at every level, the accounting and finance teams are structured by divisions (Group holding company, Retail France, Italy and Spain and Property Development).

Within the operating divisions, the main accounting and financial departments are organised with:

- corporate accounts physically maintained by Group employees within each operating subsidiary;
- management controllers in charge of reviewing the income of each operating subsidiary;

Each division prepares consolidated financial statements at its own level with dedicated teams.

Within the Corporate Finance Department, a deputy Chief Financial Officer is responsible for the quality and reliability of all the published or regulatory accounting information: consolidated financial statements (IFRS), parent company financial statements (French Standards) and the Company's forward-looking information (law of 1984). This department is in charge of coordinating the relationship with the Statutory Auditors for the whole Group and at every half-yearly or annual reporting date it prepares a business review consistent with the accounting information.

(ii) Principal control procedures

The principal control procedures used for the purposes of preparing the accounting and financial information are as follows:

- formally documented budget tracking and planning process on a twice-yearly basis (in April/May and October/November) with a comparison of budgets against actuals approved by operational and Group management. This process facilitates preparation and inspection of half-year and full-year Group financial statements. The budget is presented and provided to the Statutory Auditors before each period-end;
- a vertical procedure for data reporting from various operating departments (period-end timetables and instructions, quarterly meetings, dashboards for information sharing), with audits carried out by the operating management controllers (by business line for the Retail division and by region for the Property Development division) before the information is sent to the Corporate Finance Department; cross-functional control procedures (consistency checks and reconciliation of operating management/accounting and budgeted/actual figures, intercompany reconciliations, etc.);
- analysis of significant events; the principal events that may have a material effect on the financial statements (acquisitions, disposals, restructuring, etc.) are subject to simulations and explanatory notes prepared by the Corporate Finance Department or the divisions. The accountancy applied to complex transactions (major structural transactions, Corporate financing transactions, tax impact) is systematically presented to the Statutory Auditors before the financial statements are prepared. These items are then used to document the Notes to the consolidated or individual company financial statements;
- reporting, key indicator monitoring and quarterly reporting:
  - unaudited interim financial statements (31 March and 30 September) providing analyses of key indicators (revenue and net financial debt);
  - periodic reports by the operating subsidiaries to Management and department heads in the Retail division (half-year Property Portfolio Report, monthly report on shopping centre operations, etc.), and in the Property Development for Third Parties division (monthly division report, monthly tracking tables of key business indicators for the subsidiaries);

- documentation of the period-end closing process:
  - Retail division: a matrix formally documenting the overall internal control procedures applying to the period-end closing process; summary files for each company, divided by function (purchases, sales, cash flow, capital, etc.) and designed to document economic, legal and financial processing of transactions; formal documentation of claims and legal disputes;
  - property development for third-parties division: consolidation and accounting procedures guide, documentation of tracking of claims and disputes;
  - holding division: Group accounting chart with glossary and table for transition between local and Group accounting; accounting templates for the most common transactions (operating leases, percentage-of-completion payments, etc.); electronic file documenting the consolidated financial statements classified by line items; notes to the financial statements, including taxes and off-balance sheet commitments;
- audit of the accounts of the French and foreign subsidiaries via contractual audits.

Information systems

Accounting and financial information is prepared with the use of business line and financial information systems. Manual and automatic controls exist in order to secure the flow and processing of data that comes from these systems.

(i) Retail division software packages

The Retail division uses the Altaix rental and property management software in France, Italy and Spain. This business tool is interfaced with Sage corporate accounting software. Its unique database (chart of accounts, personal account, analysis, etc.) enables multi-company cross-cutting analyses.

(ii) Property transaction software

The Property Development division uses management software for Primpromo real estate programmes that optimises monitoring and control of these projects throughout the different phases. This business tool is interfaced with the Sage accounting software and the data presented in the two systems are regularly reconciled.

Software updates and developments are tracked by a special committee composed of the financial controllers and business line Managers (marketing, accounting, etc.) and the division's head of information systems.

The Sage accounting software has been in place since April 2018.

(iii) Account consolidation software

The structure of the SAP BFC (Business Financial Consolidation) software used within the Group constitutes a platform for the robust integration of accounting systems. It therefore helps to reduce the risk of material mistakes.

The Sage data are integrated into the SAP BFC consolidation software by means of a procedure that is common to the whole Group. Because of the integration of this data, controls are performed on a quarterly basis by means of reconciliation of the Primpromo data from the Property Development division (project budgets, cumulative sales) and/or budget data (net income), and corporate and/or budget data from the Retail division (comprehensiveness of incorporated data, cut-off, gross rental income, net rental income, overhead expenses, HR, net debt, etc.).

In addition, the SAP DM – Disclosure Management – software package has been installed, providing secure disclosure management via SAP BFC of quantitative data and notes to the consolidated financial statements. This software package is also used to coordinate the different contributors to the Registration Document, and help prepare it, and thus allows for systematic cross-referencing of the different sections.

(iv) Software for financial planning and budget reporting

SAP BPC – Business Planning Consolidation – software for financial planning and budget reporting has been implemented for the entire Group. This software uses operating data from business line systems to generate consolidated budget data. Estimated consolidated information is compared with actual figures imported from the system used to prepare the consolidated financial statements (SAP BFC). Any material differences are justified.

(v) Cash flow software

The Group uses Sage 1000 software to manage cash flow: it is automatically interfaced with the corporate accounting software packages thus enabling the automatic transfer of short term forecasts from the accounts to the cash management function and the automatic entry of certain types of cash management data in the accounts.

In May 2018, the Group changed its banking communication system and switched all its flows to electronic signature using the secure EBICS TS protocol. This module is interfaced with all the Group's ERP applications thus making bank statements and other types of information available to the ERPs and enabling the secure transfer of payment and debit files in the ERPs to the banking communication system.

To prevent risks affecting cash management, the cash management teams reconcile bank balances and analyse changes in the cash balance for all divisions on a daily basis: reconciliation of banking data with short-term forecasts, checking of balances, analysis of daily changes in banking positions.

5.2.4 Legal, regulatory, tax and insurance risks

5.2.4.1 Legal and regulatory risks

Risk factors

The Altarea Group must comply with French law and international law through European regulations, in a wide range of fields. These include law and regulations on urban planning, construction, operating permits, health & safety, the environment, leasing law, intellectual property, consumer regulations, company law and taxation, particularly as they relate to its SIIC status.

Changes to any of these regulations could require the Group to adjust its operations, assets, or business strategy accordingly, which may have negative consequences on its earnings, asset values, and expenses, and may slow or halt progress on some of the Company's property development or marketing activities.

In the normal course of its business, Altarea Group may also be involved in legal proceedings and be subjected to tax and administrative audits (see Section 2.2 "Notes to the consolidated financial statements – Note 10"). Each of these risks brings with it not only a financial risk, but also a risk for the Group's image.

Risk control systems

Due to the nature of their activities, the entities of the Altarea Group are subject to the risks of regulatory changes. They are therefore monitored closely by the Group's Legal Departments.

Property Legal Department

The Group Property Legal Department provides support for 1st stage development of projects and the acquisition of land for property projects (whether buying land directly or buying a land-owning company) and asset management. It also monitors compliance with current regulations as well as obtaining the permits necessary for the Group to conduct its business. These services mainly concern urban planning law (commercial operating permits, building permits), construction law and commercial lease law, as well as, in general, all aspects of property, intellectual property, consumer and insurance law.

The Group Property Legal Department also acts for Executive Management and the operational teams on request, where appropriate in conjunction with outside consultants, including for projects conducted through partnerships and for disposals. Operational Managers also, in consultation with the Property Legal Department, regularly use the services of specialised law firms.

Corporate Legal Department

The Corporate Legal Department ensures that Altarea and its main subsidiaries comply with workplace legislation. It also ensures that Altarea and its subsidiary Altareit comply with the requirements associated with their status as listed companies. It provides assistance to the Group's operating personnel to define, create, and operate corporate structures or arrangements for operations, and negotiate corporate agreements with outside partners.

All the investments and mandates of Altarea Group are also managed using a software package for the holding companies and subsidiaries. This centralised system makes it possible to automatically establish the legal and tax scopes and to monitor compliance with the related regulations. It has been deployed in France, Italy and Spain.

Finally, the Corporate Legal Department is in charge of setting up and monitoring delegations of authority throughout the Group.

5.2.4.2 Tax risks related to SIIC status

Risk factors

Altarea has elected to adopt tax treatment as an SIIC under Article 208-C of the French General Tax Code, which exempts it from French corporate income tax providing that it meets certain conditions and obligations, particularly pertaining to dividend distributions. If Altarea fails to meet these criteria, it will be required to pay corporate income tax under the French general tax regime for the financial years in which it does not meet these criteria, which would have a negative impact on its earnings.

In addition, if one or more shareholders acting in concert reach the threshold of 60% of the share capital or voting rights, this would also lead to the loss of SIIC status which would have a negative impact on its earnings.

Moreover, Altarea could face an additional tax charge if exempt dividends are paid to a shareholder other than a natural person not subject to corporate income tax or an equivalent tax and who holds, directly or indirectly, at least 10% of the share capital of Altarea. Altarea's Articles of Association state explicitly that the shareholders must pay this charge.

Finally, the Company remains dependent on changes in existing tax laws.

Risk control systems

The requirements for SIIC status in terms of control, voting rights and dividend distribution are set out in Altarea's Articles of Association.

Tax regimes and obligations are controlled by the Altarea Corporate Finance Department.

5.2.4.3 Other tax risks

Risk factors

In connection with its activities that do not fall under the SIIC regime (which covers the taxable activities of companies with SIIC status and the general regime applicable to subsidiaries not eligible for SIIC status), the Altarea Group is subject to the general corporate income tax law and, where appropriate, to the rules governing tax consolidation. This is because Altareit, a subsidiary of Altarea SCA, is the head of a tax consolidation Group that includes most of the Altarea subsidiaries that are engaged in the business of development for third parties. Non-compliance with the general tax regime discussed above could have a negative impact on the Company's earnings.

Risk control systems

Tax related issues are closely monitored by the financial management of Altarea Group, in collaboration with the various departments involved and specialised outside consultants.

5.2.4.4 Risks related to the cost and availability of insurance coverage

Risk factors

Altarea believes that the type and amount of insurance coverage it and its subsidiaries have is consistent with practices in its industries.

Nevertheless, the Company could experience losses that are not fully covered by its insurance policies, or the cost of its insurance policies could go up. The Company could also be faced with insufficient insurance or an inability to cover some or all of its risks, potentially resulting from capacity limitations in the insurance market.

The cost or unavailability of appropriate coverage in the case of damages could have a negative impact on the Company's asset values, earnings, operations, financial position or the image of the Group.

Risk control systems

General policy for insurance coverage

The Group's insurance coverage policy aims to protect corporate and employee assets. The Property Legal and Risk Management department, supported by Internal Control, has the following key missions:

- the coordination of insurance programmes for the French Group structure of consolidated operations, in collaboration with local teams and insurance brokers;
- the identification and measurement of insurable risks;
- the monitoring and implementation of insurance coverage;
- the coordination of actions with Group insurance brokers, although claims management remains the responsibility of each business segment.

The Group relies on the assistance of brokers specialised in risk management specific to each activity. It works only with reputable insurance companies.

Concerning foreign subsidiaries under Group control and management, when a subsidiary cannot be included in Group policies, it is insured locally and is responsible for monitoring its insurance coverage.

Summary of insurance coverage

The following guarantees have been updated and correspond to the principal insurance policies taken out by the Group for the financial year 2018. These policies were valid at the time this report was published. However, these policies should not be considered as permanent, because of evolving risks and activities to be covered, loss history, and Group decisions to adjust its coverage. The Group considers that these guarantees take into account the nature of the risks incurred by Altarea and its subsidiaries, and that they are proportionate to the capacity of current offers on the insurance market for corporate structures of similar size and activities.

For the financial year 2018, the overall budget for the Altarea Group's main insurance policies (excluding social coverage, Spain and Italy but including construction insurance) was estimated at approximately €16 million (compared to €14.6 million in 2017).

- **Properties in operation:** for all the assets in operation, the Group has been insured by CHUBB under policies taken out for "all risks with exceptions" property damage and by ALLIANZ France for general third-party liability. The damages portion covers the reinstatement value of buildings and operating losses over a period of three years. With regards to the Cap 3000 shopping centre, market-value partial complementary insurance is also taken into account. The damages portion includes non-occupant owners' insurance. These insurance policies, which were renewed on 1st January 2019, are for the most part invoiced to tenants under contracts and regulatory provisions in force.
- **Properties under construction:** Altarea has "Construction Damages" *(dommage ouvrage)* and "All Worksite Risks" *(tous risques chantier)* insurance policies with AXA and MMA for property under construction. The Group has framework agreements for "construction damages" and all "worksite risks" for all construction sites that do not exceed a certain size.
- **Professional liability** insurance: Altarea and its subsidiaries hold professional liability insurance policies with various insurance firms, including GENERALI and ALLIANZ.
- **Miscellaneous** insurance policies: other insurance covers various rented offices, automobile fleets, computer equipment and 10 year builder liability. Finally, AXA provides a "senior executive and corporate officer civil liability" insurance policy, and CHUBB provides a "cyber policy".

5.2.5 Fraud and corruption risks

Risk factors

The Group may be exposed to attempted fraud (embezzlement, money laundering, identity theft, etc.) or the risk of corruption, the impact of which could have a negative effect on the business and the Company's results. The Company's reputation and image could also be seriously affected by any occurrence of this type of risk.

Risk control systems

To mitigate risks of fraud or embezzlement, procedures have been set up for cash management and cash flows to ensure that they are secure and to decrease the risk of fraud (bank powers; rules for opening, modifying and closing bank accounts; daily reconciliation of bank transactions with accounting entries; separation of functions between the Accounting Department and the Cash Management Department). In addition, the number of authorised signatories for payments is limited.

Every external attempted fraud observed by the teams (for example, fraud by impersonation, bank fraud, recruitment) is reported to the Internal Control Department which sends out a reminder at least twice per year about the methods used by scammers and the right things to do to avoid them. The Internal Control Department works closely with the Group Security Department.

In the area of the fight against money laundering, as a preventive measure, the Retail division has implemented a procedure to identify suppliers and clients. The national Contracts Department of the Property Development division is systematically involved in all calls for tender and consultations; it plays a decision-making role in choosing companies and favours working with companies that offer a full range of guarantees. Except in special cases, a systematic competitive bidding procedure is organised for all operations. Moreover, a money laundering and terrorist financing prevention manual has been established in Spain and is the subject of an annual report by an external firm.

As part of its risk management Policy and in accordance with the provisions of the Sapin 2 law and the strengthening of European regulations on the fight against money laundering and the financing of terrorism, several months ago the Group embarked on an overall approach intended to reinforce the measures used to prevent these risks. The Internal Control Department continues to work on strengthening the compliance systems. The policy concerning the fight against fraud, corruption and money laundering is also described in detail in Section 4.3.6 "Professional ethics, DEFP 9".

5.2.6 Social and environmental risks

5.2.6.1 Social risks

Risk factors

The Group's ambitious goals rely in part on human capital. If Altarea could no longer attract the best profiles and ensure that the competencies of Group employees are up to date with best practice and able to face new challenges, it could have a negative impact on its business and results.

The strong growth in headcount exposes the Group to issues related to the integration and training of new employees. The profiles of new arrivals are varied. It is therefore necessary to assist each individual to rapidly assimilate not only the specific requirements, regulations and constraints applicable to the real estate business, but also to share what makes our Company original, and its strategic priorities, objectives and corporate culture.

Risk control systems

The Altarea Group, through different action plans, is implementing a human resources policy to address the following employment risks:

- in terms of recruitment: diversification of hiring sources and recruiting techniques, the involvement and coordination in the recruiting process of both Managers and HR teams, combined with the promotion of internal mobility (326 employees moved within the Company and 135 were promoted in 2018) allowing the Group to satisfy its personnel needs. 476 recruits were hired, including 365 on permanent contracts, to meet the needs of each business line. This shows the importance the Group puts on career development;
- in terms of induction: induction is one of the most important aspects of HR policy. A formal induction interview and a group seminar held within two months of the new employee's arrival are now essential steps to ensure the successful induction of new employees into jobs within the Group. This seminar involves numerous in-house speakers and members of the Executive Committee who are keen to explain and share their vision of the business. A version specifically for work-study interns and a seminar designed for employees with more than 2 years service have also been implemented Since this challenge is shared by everyone, a "manager's kit" was also created and made available to all Managers. Other supports of this type were developed internally for tutor communities, trainers, work-study students and interns;
- in terms of training: the Group is developing a proactive training Policy through a Talent Development Academy and business based activities (mostly development and "new usages") delivered by carefully selected bodies and a community of in-house trainers. The training budget was bigger than in 2017 in order to fund some major initiatives such as our management courses and programmes devoted to customer satisfaction, but also to assist young people with a constantly growing number of vocational training contracts.
- In terms of retention, the Group's salary policy put in place 3 years ago with the "Tous en Actions!" ("shares for all") plan has shown the effectiveness of the rewards for performance system, enabling each individual to build up significant assets. In addition, an "Altawellness" programme is available to Group employees. It provides access for all to wellbeing at work platforms: a platform for personal services and another one on-site devoted to sporting, cultural and wellbeing activities;
- in terms of employee dialogue: the quality of social dialogue is maintained and formally documented by employee representative bodies, which play a vital role in transmitting and exchanging information. The unions are also kept informed and consulted on a regular basis about the Group's major projects that affect the working conditions of employees;
- information is also available on a daily basis: magazines, intranet, internal conferences, and committees involving the leading Managers in the Group, are the principal channels of communication.

5.2.6.2 Risks linked to Non-financial performance risks

In response to the transposition into French law of the European Directive of 22 October 2014 concerning the publication of non-financial information, the Group has prepared a Statement on Non-financial Performance that includes an analysis of the non-financial risks affecting its activities.

The Statement is covered under Chapter 4 of this Registration Document. Only the risks related to climate change are presented in this chapter, in compliance with Article 173 of the energy transition law for green growth, which specifies publication by companies of information related to the risks linked to climate change and measures taken to reduce them.

5.2.6.3 Risks related to climate change

Risk factors

The Group has examined the risks linked to climate change for its business, which fall into two main categories:

- the need to mitigate climate change: as the property sector is responsible for around 25% of emissions in France, it is directly concerned by the requirement to reduce greenhouse gas emissions and by future regulations (including taxation and more stringent standards, such as the future environmental regulation). There is, therefore, a risk related to the transition from the Group's current practices in its business lines to increasingly "carbon-free" practices, whether in the field of building design or that of operation, usage, etc.;
- the need to adapt to climate change: climate change exacerbates climatic phenomena (heatwaves, flooding, etc.), which affect cities and buildings and can have an impact on the safety of users or the comfort provided by buildings.

Risk control systems

Mitigation of climate change

The Group is fully aware of the need to contribute to mitigating climate change and has anticipated more stringent regulations on emission reductions, a possible carbon tax or new building standards.

The Group measures its carbon footprint across its full scope (scopes 1, 2 and 3 as defined by the Greenhouse Gas Protocol) and has also implemented a global programme to reduce its direct and indirect carbon footprint, and this applies to all of its activities, targeting the stages that contribute the most to greenhouse gas emissions.

For its Property Development business, these actions primarily concern the energy efficiency of its buildings, the connectivity with transport infrastructure to reduce travel related emissions and low-carbon design (renovation, reversibility, new materials). Over its portfolio, these actions are closely linked to actions for the reduction of energy consumption.

Finally, concerning potential future carbon pricing, for several years the Group has been calculating its exposure and conducts an annual risk analysis.

Adaptation to climate change

In 2018, Altarea Cogedim carried out an in-depth diagnosis of its exposure to climate risks, whether for its assets or in its pipeline development projects, with a detailed, site-by-site approach across France.

On this basis, the Group has embarked on the adaptation of its service and residential activities intended to protect the assets while guaranteeing that buyers can enjoy both the comfort and value of their assets.

The Group's full approach to improvement in this respect is set out in Chapter 4, "Statement on Non-financial performance" in this Registration Document.

5.2.6.4 Health and public safety risks

Risk factors

Assets could be exposed to human health and safety risks such as those related to asbestos, legionella, termites, and lead. As the owner/Manager of its buildings, facilities, and land, the Group could be formally accused of failure to adequately monitor and maintain its properties against these risks. Any proceedings invoking the Company's liability could have a negative impact on its operations, outlook, and reputation.

Risk control systems

To mitigate these risks, the Altarea Group closely follows all applicable public-health and safety regulations and takes a preventative approach involving diagnostics, and, where necessary, building work to bring buildings into compliance.

It has put in place tools to monitor the recommendations made by the Safety Committees and observations made by approved bodies across all the shopping centres it manages.

Asbestos

In accordance with the French Health Code, the Altarea Group performs asbestos tests on all its assets whose building permits were issued prior to 1 July 1997. In addition, in accordance with the regulations, an asbestos technical report is completed for each of these assets and kept up to date.

Legionella bacteria (cooling towers)

The primary source of legionella bacteria is at the level of the cooling towers used in certain shopping centres. These cooling towers undergo methodological risk analyses every other year and a compliance check every 5 years.

Consequently, Altarea commissions rigorous monthly inspections during the periods when cooling towers are in use, with the support of carefully selected service providers. Furthermore, recently built properties are equipped with adiabatic dry coolers or dry coolers that do not fall under the ICPE 2921 category (Balticare or Jacir equipment lines, whose technology avoids the spreading of Legionella bacteria).

Termites

Prefectoral orders on termites have been issued in municipalities at risk of wood-boring insects. In those municipalities, a termite diagnosis must be conducted in the event of any transaction. Upon selling or purchasing an asset subject to termite diagnosis, the Group carries out such studies.

ICPE (installations for the protection of the environment) classification

Altarea ensures it has all the certifications or authorisations required for the relevant activities at all sites covered by the ICPE classification. Furthermore, the Group commisions maintenance work and periodic general inspections of these ICPEs. Management of ICPE compliance limits the environmental impacts and nuisances to users and local residents of assets.

Access (disabilities)

In accordance with the French Construction and Housing Code, the Altarea Group has conducted accessibility diagnoses on the common areas of all establishments whose building permits were issued prior to 1 January 2007. The work required to achieve compliance has since been done or is underway as part of a Programmed Accessibility Agenda (Ad'AP) pursuant to the law of 11 February 2005.

Shopping centres built since 2007 are compliant from the outset.

100% of the sites are equipped with an accessibility log.

Fire safety

To protect people and property against the risk of fire, Altarea has put in place regulatory fire safety systems, which are maintained by appropriately qualified companies and checked by recognised and officially certified bodies.

Air quality

The Group makes sure that there is effective ventilation and air flows that are suitable for the activities conducted on the premises. In the case of new projects, Altarea complies with the regulations and ensures a minimum supply of 20% new air.

In shopping centres, air renewal is ensured through rooftops or air-handling units. The units can be adjusted manually or managed by CO_2 sensors.

Altarea is also aware of the importance of parking lot ventilation systems. To ensure regulatory indoor air renewal, its covered parking lots are equipped with carbon monoxide (CO) sensors that control ventilation fans.

The Group also ensures the safety of ventilation systems through regulatory checks and maintenance. The systems are replaced when needed to guarantee constant safety and efficiency.

Water sanitation

To ensure the sanitary quality of the water provided to its tenants, the Group only distributes water from municipal supply systems, which are subject to rigorous, regular checks and analysis.

Refrigerants

The main refrigerants used by the Group in its portfolio are HFC 407C and R410A. The Group does not use virgin HCFC fluids or recycled HCFC recharges, whose use is banned.

Risk of pollution

The French Environmental Code has instituted an obligation of information for tenants and buyers about major environmental risks. At first, this obligation concerned natural disasters and technological and seismic risks, before being extended to include mining, radon and soil pollution. This legislation was last amended on 3 August 2018. The Group took the opportunity of this change to inform its tenants and buyers about the totality of the environmental risks.

48% of the shopping centres are affected by plans for the prevention of natural disasters, including the risk of flooding, subsidence and drought. No Group shopping centre is affected by mining or technological risks or soil pollution.

The vast majority of the shopping centres (90%) are located in areas of low or very low seismic activity and none are located in areas of high seismic activity.

5.2.7 Risks related to Altarea's financing policy and financial capacity

5.2.7.1 Liquidity risk – Borrowing capacity – Compliance with bank covenants

Risk factors

Altarea finances some of its investments through fixed- or floating-rate loans and through the capital markets. Altarea might not always have the desired access to capital markets or banking market. This situation could result from a crisis in the bond or equity markets, a serious deterioration in the property market, or any change in Altarea's businesses, financial position, or shareholder structure which affects investors' perception of the Group's credit quality or attractiveness as an investment. This type of event could also mean to obtain under favourable conditions.

Some of credit facilities agreed between Altarea and its banks are subject to early repayment clauses primarily linked to compliance with financial ratios or the occurrence of clearly identified events. Failure to meet these commitments or obligations could result either in default or potential default that would mainly early repayment of all or part of the outstanding amounts. This situation could produce an unfavourable impact on the Company's business and financial position, particularly its growth.

Risk control systems

As it funds its investments through debt or recourse to capital markets, the Company must continuously monitor the duration of its financing, the ongoing availability of credit lines and the diversification of resources. The budget process for cash management and projected cash flow analysis also provides a way to anticipate and hedge these risks.

Furthermore, compliance with the commitments and obligations granted to financial institutions under the terms of credit agreements is closely monitored by the Group, including bank covenants[1]

Given its sound financial position, Altarea does not feel it has a significant exposure to liquidity risk as of the date of this Registration Document.

5.2.7.2 Interest rate and counterparty risk

Risk factors

Altarea has borrowings from and liabilities to credit institutions at variable rates and is therefore exposed to the risk of interest rate fluctuations. An increase or a decrease in interest rates could have a negative impact on the Group's earnings.

Furthermore, the use of financial derivatives to limit interest rate risk may also expose the Group to unfavourable consequences for its earnings should its counterparty default.

Risk control systems

Altarea Group has adopted a prudent approach to managing interest-rate risk. The Company uses hedging instruments to cover the interest rates on mortgages and/or corporate loans backing its property and therefore to preserve the cash flow generated by its operating assets. The instruments used are mostly fixed/variable-rate swaps[2]

In order to limit counterparty risk that may arise following the setting up of financial derivatives, the Group thoroughly checks the quality of the counterparties and only pursues projects with the largest financial institutions.

(1) See Note 8, "Financial risk management", to the consolidated financial statements (Section 2.2 of this Registration Document).

(2) The financial instruments used are described in Note 8, "Financial risk management", to the consolidated financial statements (Section 2.2 of this Registration Document).

5.2.7.3 Equity risk

Altarea does not feel it has any material exposure to equity risk as of 31 December 2018.

5.2.7.4 Currency risk

At the date of filing this Registration Document, Altarea operates almost exclusively in the euro zone. The Company is therefore only marginally exposed to currency risk.

5.2.8 Conflicts of interest risks

Risk factors

Altarea has entered into partnerships or protocol agreements with other organisations, mostly for the purposes of carrying out joint property development projects. These situations may under certain circumstances lead to conflicts of interest with its partners or associates.

Risk control systems

The Group Ethics Charter sets out the principles and rules that apply to employees in terms of conflicts of interest. This imposes on every employee a duty of loyalty to the Group and they must report, either to their line Manager or a Compliance Officer, any potential conflicts of interest they might come across.

At each meeting to examine the financial statements, the Supervisory Board also reviews the situation of its members and those of the Audit Committee with regard to the independence criteria in the AFEP-MEDEF Code. It is also compulsory for management to consult it before taking any important decisions that commit the Company to amounts greater than €15 million (see Article 17.6 of the Articles of Association).

For projects such as acquisitions or disposals of assets that could give rise to conflicts of interest, the Supervisory Board ensures that the Company's rules of procedure are strictly adhered to. Any Directors that may find themselves in a position of conflict of interest do not receive the information concerning the transaction in question.

6

CORPORATE GOVERNANCE

6.1 Framework of the report and reference code

This report on Corporate Governance has been prepared by the Supervisory Board with the assistance of the Corporate Secretariat and Group Finance Department who contributed to writing it. This report has been examined by the Audit Committee at its meeting on 25 February 2019 and approved by the Supervisory Board at its meeting on 26 February 2019.

The Company has adopted the Corporate Governance reference code for Listed Companies (the "AFEP-MEDEF Code") published by the Association Française des Entreprises Privées (AFEP) and the Mouvement des Entreprises de France (MEDEF) as amended in June 2018. The Company refers to the principles set forth in this Code, which it applies where compatible with the legal form of an SCA (*société en commandite par actions*, a French partnership limited by shares).

Because the Company is a partnership limited by shares, it is overseen by Management and not by a collegiate body, Management Board or Board of Directors. Therefore, changes relating to the collegiate nature of the Board of Directors, and the separation of functions of the Chairman of the Board of Directors and the Chief Executive Officer, the lead director, cannot be applied to partnerships limited by shares.

The Supervisory Board is responsible for overseeing the Company's management on a continual basis, but is not involved in its management. Article 17.1 of the Company's Articles of Association states that the Supervisory Board has the right to be provided with the same documents by the Managers as those made available to the Statutory Auditors. The Articles of Association also give the Supervisory Board significantly greater powers than required by law, for example in reviewing investments.

Lastly, the Company affords shareholders greater powers than provided for in applicable legislation or in the AFEP-MEDEF Code, in particular with respect to establishment of Management compensation.

The Company complies with the recommendations of the AFEP-MEDEF Code, with the exception of the recommendation made in the summary table, below, which have not been applied due to the Company's legal form as a partnership limited by shares. Explanations and, where appropriate, any corrective measures are presented in accordance with the principle "comply or explain".

Recommendation	Code heading	Explanations or remedial measures
Board of Directors, collegiate body	1	In a *société en commandite par actions* (a French partnership limited by shares), each Manager has the powers to bind the Company.
The separation of duties of the Chairman of the Board of Directors and the Chief Executive Officer	2	In a *société en commandite par actions* (a French partnership limited by shares), each Manager has the management power, so this separation is not possible.
The Board of Directors and business strategy	3	In a *société en commandite par actions* (a French partnership limited by shares), Management has exclusive competence to review and decide on operations of strategic importance. However, the Supervisory Board of the Company is consulted on investments and divestments or loan transactions of more than €15 million.
Representation of employees	7 – 12.3	*Sociétés en commandite par actions* (French partnerships limited by shares) are not subject to Article L. 225-23 of the French Commercial Code, which prescribes the appointment of employee-shareholders representatives because Article L. 226-1 of the French Commercial Code excludes from the scope of Articles L. 225-17 to L. 225-93 of said Code partnerships limited by shares. However, employee representatives were appointed to the Supervisory Board during the 2018 financial year, in accordance with the provisions of Article L. 226-5-1 of the French Commercial Code.
Evaluation of the Board of Directors	9	There is no formal system for evaluating the work of the Supervisory Board. However, the Board freely reviews its operations and ways to improve those operations every year.
Board Meeting without the presence of the corporate officers	10.3	In compliance with the stipulations of Article 16.3 of the Company's Articles of Association, Management is invited to Board meetings in an advisory capacity to answer questions from the Supervisory Board, so that the Board can exercise continuous oversight of the Company's management.
The term of office of Directors	13	In a French *société en commandite par actions* (partnership limited by shares), management powers are exercised by Management, not by a Board of Directors.
The Committee in charge of selection or nomination – Succession plan for Executive Corporate Officers	8.4 – 16	In a French *société en commandite par actions* (partnership limited by shares), Managers are appointed by the General Partners and the Supervisory Board examines itself questions relating to its composition. In a French *société en commandite par actions* (partnership limited by shares), the management succession plan is drafted by the general partner and not the Board of Directors or one of its committees.
"Say on pay"	26	The Company's practice with respect to the establishment of Management compensation goes beyond the AFEP-MEDEF recommendation. Management compensation is determined directly by the Ordinary General Meeting of the shareholders, which has real decision-making power, which it exercises before the event. The General Meeting is not simply consulted after the fact to approve or disapprove of compensation awarded to Management by another company body. Management compensation is set directly and in advance by the General Meeting. The General Meeting therefore has no need to issue an opinion on its own decisions. It was not deemed necessary to ask the shareholders to vote on the compensation of the Chairman of the Supervisory Board because it consists solely of a fixed salary paid from the total granted by the General Shareholders' Meeting.

6.2 Composition and practices of the administrative, management and supervisory bodies

Altarea is a French partnership limited by shares. It has two categories of partners:

- a general partner, indefinitely liable for the Company's debt to third parties;
- limited partners, whose position is identical to that of the shareholders of a limited company: their shares are tradable under the same conditions and their liability is limited to the amount of their shareholding.

It is run by Management and the Supervisory Board is responsible for ongoing control over the Company's management.

6.2.1 Management

Composition

At 31 December 2018, the Company was managed by Alain Taravella, Altafi 2 and Atlas; it should be noted that Alain Taravella is Chairman of Altafi 2 and Atlas and that his sons, Gautier and Matthieu Taravella have been Co-Chief Executive Officers of Altafi 2 since 21 February 2019.

Alain Taravella

Co-Manager

He is a French citizen, born in Falaise (Calvados) in 1948. He is a graduate of HEC (École des Hautes Études Commerciales). From 1975 to 1994, Alain Taravella held various positions within the Pierre & Vacances Group, of which he was appointed Chief Executive Officer in 1985. In 1994, he founded the Altarea Group, which he has managed since. Appointed Co-Manager of the Company on 26 June 2007 when the Company converted into a partnership limited by shares, his term of office was renewed in 2017 for a further 10 years. Alain Taravella is a *Chevalier de la Légion d'Honneur*.

Other corporate offices held at 31 December 2018

Corporate offices in the Group:

- Chairman of the Supervisory Board: Cogedim SAS♦; Altarea France SNC♦;
- Director: Pitch Promotion (SAS)♦;
- Chairman: Foncière Altarea (SAS)♦;
- Representative of Altarea, Chairman: Alta Blue♦; Alta Développement Italie♦; Alta Mir♦;
- Representative of Altarea, Co-Manager of foreign companies: Alta Spain Archibald BV♦•; Alta Spain Castellana BV♦•; Altalux Spain♦•; Altalux Italy♦•;
- Representative of Altafi 2, Manager: Altarea♦▪; Altareit♦▪(Altareit is a member of the Cogedim Supervisory Board♦ and chair of Alta Faubourg♦, Alta Penthièvre♦, Alta Percier♦ and Alta Concorde♦);
- Representative of Alta Blue, Chair: Aldeta♦;
- Representative of Atlas, Manager: Altarea♦▪

Corporate offices outside the Group:

- Chairman: Altafi 2; Altafi 3; Atlas; Altafi 5; Altager; Altagroupe (Chair of Alta Patrimoine);
- Permanent Representative of Altarea, Director: Semmaris;
- Representative of Altagroupe, Manager: SCI Sainte-Anne;
- Representative of Alta Patrimoine, Manager: SNC ATI; SCI Matignon Toulon Grand Ciel; SNC Altarea Commerce

Corporate offices expired within the past five years

- Chairman of the Board of Directors & Chief Executive Officer: Aldeta♦;
- Chairman: Alta Patrimoine;
- Manager: Altarea Cogedim Entreprise Holding♦;
- Director: Alta Blue♦; Boursorama▪; Pitch Promotion SA♦; Altarea España♦•;
- Representative of Altarea, Chairman: Alta Delcassé♦; Alta Rungis♦

As of 31 December 2018, to the Company's knowledge, Alain Taravella owned 7,340,432 shares in Altarea, directly or indirectly through Altagroupe, Alta Patrimoine and Altager, which he controls, and through members of his family.

Atlas

Co-Manager

Atlas is a simplified public limited company *(société par actions simplifiée)* with share capital of €61,000, whose registered office is 8, Avenue Delcassé – 75008 Paris, registered with the Paris Trade and Companies Registry under the number 518 994 678, and is wholly owned by Altagroupe, itself controlled by Alain Taravella. Alain Taravella serves as Chairman of Atlas. Atlas was appointed as Co-Manager of the Company on 11 December 2014 for a term of ten years. Atlas held no other corporate offices at 31 December 2018 and has held no corporate offices expired within the past five years.

As of 31 December 2018, to the Company's knowledge, Atlas did not own any shares in Altarea.

Altafi 2

Co-Manager

Altafi 2 is the General Partner of the Company and is presented in Section 6.2.2. below.

Appointment and termination of office (article 13 of the Articles of Association)

The Company is managed and administered by one or more Managers, who may or may not be General Partners *(associé-commandité)*.

The Manager can be a natural person or legal entity.

The age limit for Managers who are natural persons is 75. If one of the Managers is a legal entity, the number of its Directors that

♦ *Altarea group company* ▪ *Listed company* • *Foreign company* are natural persons aged above 75 may not exceed a third of all Directors.

The term of office of Managers is ten years, and may be renewed.

Any Manager wishing to resign must advise the other Managers, the General Partners and the Supervisory Board by registered letter with proof of receipt, at least three months before the date on which the resignation is to take effect, unless otherwise agreed by the General Partners.

Upon expiry of a Manager's term of office, the other Manager or Managers shall remain in office without prejudice to the General Partners' right to appoint a replacement Manager or to renew the term of office of the outgoing Manager.

Upon expiry of the sole Manager's term of office, one or more new Managers shall be appointed or the term of office of the outgoing sole Manager shall be renewed under the conditions set out in Section 13.2 of the Articles of Association. Pending such appointment or appointments, the Company shall be managed by the General Partners who may then delegate any powers necessary for the management of the Company's affairs until the new Manager or Managers are appointed.

Managers may be removed from office without reason by unanimous decision of the General Partners. If the Manager is also a General Partner, such a decision may be taken by unanimous decision of the other General Partners. Insofar as the Company now has a sole General Partner who also serves as Manager, this removal is currently not an option.

Managers may also be removed from office under the conditions provided for by law, following a legal action, and pursuant to a final judicial decision not open to appeal that establishes a legitimate reason for removal.

If the Manager is also a General Partner, the loss of General Partner status will automatically result in removal from office as Manager, as of right.

Managers who lose their status as Managers shall be entitled, in full and final settlement of any claims, to payment by the Company of the fixed compensation set out in Article 14 of the Articles of Association, on a pro rata basis until the date of loss of such status, together with reimbursement of expenses of any kind to which they are entitled.

During the lifetime of the Company, any new Manager shall be appointed unanimously by the General Partners, without requiring the approval or recommendation of the Supervisory Board or of the collective body of shareholders.

Powers (article 13 of the Articles of Association)

Each Manager has the broadest powers to act in any circumstances on behalf of the Company, within the limits of the corporate purpose and subject to any powers expressly conferred on the collective body of shareholders or on the Supervisory Board, whether by law or by the Articles of Association.

In accordance with the law, each Manager may authorise and grant any guarantees and other sureties that they consider reasonable, on behalf of the Company.

Each Manager may delegate some of their powers to one or more persons whether or not employed by the Company and whether or not they have a contractual relationship with the Company. Such delegated powers shall not in any way affect the Managers' duties and responsibilities as regards the exercise of such powers.

The Managers shall have a duty of care in running the Company's affairs.

6.2.2 General partner

Identity

Altafi 2 is a single shareholder public limited company *(société par actions simplifiée unipersonnelle)* with share capital of €38,000 divided into 38,000 shares held by Altagroupe, itself controlled by Alain Taravella. It is registered with the Paris Trade and Companies Registry under registration number 501 290 506.

Alain Taravella is the Chairman of Altafi 2. His term is for an unlimited period. His sons, Gautier and Matthieu Taravella have been Co-Chief Executive Officers of Altafi 2 since 21 February 2019.

Altafi 2 has been Co-Manager of Altarea since 21 December 2011. It has also been Manager of the company Altareit since 2 January 2012, the date on which its membership of the Supervisory Board of that company ended. Since then it has represented Altareit, chairing Alta Penthièvre, Alta Faubourg, Alta Concorde and Alta Percier.

At 31 December 2018, to the Company's knowledge, Altafi 2 owned ten shares in Altarea.

Appointment and termination of office (Article 21 of the Articles of Association)

General Partners are appointed by Extraordinary General Meetings upon the unanimous proposal of the General Partner or Partners.

In the event of the death or incapacity of a General Partner who is a natural person, or in the event of loss of General Partner status for any other reason, the Company shall not be dissolved but shall continue with the remaining General Partners. This shall also be the case in the event of the liquidation of a corporate General Partner.

Any merger transaction resulting in the absorption of the Manager or General Partner by a company controlled by Alain Taravella within the meaning of Article L. 233-3-I of the French Commercial Code will give rise to the transfer to the absorbing company of the rights of the General Partner or Manager, as the case may be, provided that the absorbing company remains controlled by Alain Taravella.

6.2.3 Supervisory Board

6.2.3.1 Composition

Summary table at 31 December 2018

The Supervisory Board consisted of the following 17 members at 31 December 2018:

								Participation in a committee			
Name	Permanent Representative	Age	Gender	First appointed	Latest reappointment	Expiration of term(a)	Independent	Audit Committee	Compensation Committee	Investment Committee	Regular attendance(b)
Christian de Gournay *Chairman of the board*	–	66	H	05/03/2014	-	2019 GM				√	100%
ABP (APG) *Independent member*	Alain Dassas	72	H	20/11/2015	-	2019 GM	√	√	√	√	100%
Altafi 5 *Member*	Florence Lemaire	53	F	15/04/2016	-	2022 GM					100%
Alta Patrimoine *Member*	–	-	-	15/05/2018	-	2024 GM					100%
ATI *Member*	Léonore Reviron	33	F	20/05/2009	05/06/2015	2021 GM		√			100%
Marie Anne Barbat-Layani *Independent member*	–	51	F	15/04/2016	-	2022 GM	√				100%
Marie-Catherine Chazeaux *Member representing employees*	–	49	F	20/09/2018	-	20/09/2021					N/A
Françoise Debrus *Member*	–	58	F	20/05/2009	27/06/2013	2019 GM		√			100%
Éliane Frémeaux *Independent member*	–	77	F	27/06/2013	-	2019 GM	√	√			100%
Bertrand Landas *Member representing employees*	–	61	H	16/10/2018	-	16/10/2021					N/A
Jacques Nicolet *Member*	–	62	H	26/06/2007	27/06/2013	2019 GM				√(c)	60%
Predica *Member*	Émeric Servin	69	H	26/06/2007	27/06/2013	2019 GM				√	100%
Michaela Robert *Independent member*	–	49	F	15/04/2016	-	2022 GM	√	√			100%
Dominique Rongier *Independent member*	–	73	H	20/05/2009	05/06/2015	2021 GM	√	√(c)	√(c)		100%
Gautier Taravella *Member*	–	38	H	15/04/2016	-	2022 GM					0%
Matthieu Taravella *Member*	–	40	H	26/06/2007	27/06/2013	2019 GM					100%
Christian Terrassoux *Member*	–	59	H	09/03/2016	-	2019 GM					100%

(a) Year of the Ordinary General Shareholders' Meeting.
(b) Attendance rate at the meetings of the Supervisory Board and its committees in the 2018 financial year.
(c) Committee Chairman.

Changes since 1 January 2018

Date	Name	Event
15/05/2018	Alta Patrimoine	Appointment by the CGM
20/09/2018	Marie-Catherine Chazeaux	Appointment by the WC of the Cogedim ESU
16/10/2018	Bertrand Landas	Appointment by the WC of the Altarea ESU
21/02/2019	Gautier Taravella	Resignation
21/02/2019	Matthieu Taravella	Resignation
22/02/2019	Christian Terrassoux	Resignation
26/02/2019	Altafi 5	Resignation
26/02/2019	Alta Patrimoine	Resignation
26/02/2019	Léonore Reviron	Cooptation by the Supervisory Board to replace Altafi 5
26/02/2019	Philippe Mauro	Cooptation by the Supervisory Board to replace Alta Patrimoine

The cooptions of Léonore Reviron and Philippe Mauro as new members of the Supervisory Board are subject to ratification by the next General Shareholders' Meeting of 23 May 2019.

Synoptic table at the date of this document

At the date of this document, the Supervisory Board is composed of the following 14 members:

								Participation in a committee		
Name	Permanent Represen-tative	Age	Gen-der	First appointed	Latest reap-pointment	Expiry of terma[a]	Inde-pendent	Audit Com-mittee	Compensation Committee	Investment Committee
Christian de Gournay *Chairman of the Board*	–	66	M	05/03/2014	-	2019 GM				√
ABP (APG) *Independent member*	Alain Dassas	72	M	20/11/2015	-	2019 GM	√	√	√	√
ATI *Member*	-	-	-	20/05/2009	05/06/2015	2021 GM				
Marie Anne Barbat-Layani *Independent member*	–	51	W	15/04/2016	-	2022 GM	√			
Marie-Catherine Chazeaux *Member representing employees*	–	49	W	20/09/2018	-	20/09/2021				
Françoise Debrus *Member*	–	58	W	20/05/2009	27/06/2013	2019 GM		√		
Éliane Frémeaux *Independent member*	–	77	W	27/06/2013	-	2019 GM	√	√		
Bertrand Landas *Member representing employees*	–	61	M	16/10/2018	-	16/10/2021				
Philippe Mauro *Member*	-	62	M	26/02/2019	-	2024 GM			√	√
Jacques Nicolet *Member*	–	62	M	26/06/2007	27/06/2013	2019 GM				√[b]
Predica *Member*	Émeric Servin	69	M	26/06/2007	27/06/2013	2019 GM				√
Léonore Reviron *Member*	-	33	W	26/02/2019	-	2022 GM		√		
Michaela Robert *Independent member*	–	49	W	15/04/2016	-	2022 GM	√	√		
Dominique Rongier *Independent member*	–	73	M	20/05/2009	05/06/2015	2021 GM	√	√[b]	√[b]	

(a) Year of the Ordinary General Shareholders' Meeting.
(b) Committee Chairman.

Proposals to the General Shareholders' Meeting of 23 May 2019

The terms of office of the following members of the Supervisory Board will expire at the end of the General Shareholders' Meeting called to approve the 2018 financial statements:

- Christian de Gournay
- ABP (APG)
- Françoise Debrus
- Éliane Frémeaux
- Jacques Nicolet
- Predica

The General Shareholders' Meeting of 23 May 2019 will be asked to renew these terms of office for further periods of six years expiring at the end of the General Shareholders' Meeting called to approve the financial statements for 2024 fiscal year. It will also be proposed to ratify the cooptions of Léonore Reviron and Philippe Mauro as new members of the Supervisory Board.

Diversity policy

The Supervisory Board regularly conducts a review of its composition and the profile of its members in order to ensure its diversity in terms of skills and the balanced representation of men and women, in accordance with the applicable regulations. In particular, it ensures that the diversity of the profiles and expertise of its members allows for a rapid and thorough understanding of the Group's activities and challenges so as to optimise the proper discharge of its responsibilities and duties.

The Supervisory Board considers that its current composition is balanced and satisfactory insofar as it comprises:

- 6 women and 7 men;
- 2 employee representatives;
- 5 independent members, i.e. 42% of its members[(1)];
- members representing the concert of the founders and the major limited partners;
- members with a perfect knowledge of the Group, its activities and its environment;
- members, active and diligent, who together possess a rich diversity of skills, experience and expertise related to the Group's activities[(2)] and business lines.

In accordance with Article 15.2 of the Articles of Association, the members of the Supervisory Board are appointed or removed by Ordinary General Meetings. Shareholders with the status of General Partner (Altafi 2 on the date of this document assuming that this company is a shareholder) may not take part in the vote on the relevant resolutions.

With the exception of the employee representatives, each member must hold at least one company share as stipulated in Article 15.4 of the Articles of Association.

Representation of men and women

At 31 December 2018, the Supervisory Board comprised six women and eight men, representing 43% and 57% of its members respectively[(3)].

At the date of this document, it comprises five women and six men, representing 45% and 55% of its members respectively[(4)].

In accordance with the Afep-Medef Code, employee representatives are not taken into account to determine these percentages.

Representation of employees

Two employee representative members have been appointed to sit on the committee, one by the Altarea ESU works council and the other by the Cogedim ESU works council, per the terms set out in the new Article 15.6 of the Articles of Association adopted by the General Shareholders' Meeting of 15 May 2018.

Average age of members

At 31 December 2018, the average age of the 17 Supervisory Board members was 57. At the date of this document, the average age of the 14 members in office was 60.

(1) Excluding employee representative members in line with the AFEP-MEDEF Code recommendations.

(2) The expertise of the Board members is summarised in the Integrated Strategic Report and described in the bibliographies below.

(3) Excluding Alta Patrimoine, which does not have a permanent representative.

(4) Excluding ATI, which does not have a permanent representative.

Independent members

Since 2009 the Supervisory Board has opted for the definition of independence proposed by the AFEP-MEDEF Code. Under the terms of Article 8.5 of the Code, in its revised version of June 2018, the criteria guiding the Board to classify a member as independent are the following:

Criteria 1	Not to be and not have been in the previous five years: ▪ an employee or executive corporate officer of the Company; ▪ an employee, executive corporate officer or Director of a Company consolidated by the Company, of the Company's parent company or of any company consolidated by this parent company.
Criteria 2	To not be an executive corporate officer of a company in which the Company holds, directly or indirectly, a directorship or in which a designated employee or an executive corporate officer of the Company (currently serving or having served in the previous five years) holds a directorship;
Criteria 3	to not be a customer, supplier, a significant corporate banker or investment banker: ▪ of the Company or Group; ▪ for which the Company or the Group represents a significant portion of business.
Criteria 4	To not have a close family link with a corporate officer
Criteria 5	To not have been a statutory auditor of the Company in the previous five years
Criteria 6	To not have been a Company Director during the previous 12 years
Criteria 7	To not receive variable compensation in cash or securities or any compensation linked to the performance of the Company or Group
Criteria 8	Not to be involved in control of the Company or to hold a significant percentage (above 10%) of the capital or voting rights

The Board examines the situation of its members with regard to the independence criteria each year. The latest review of the independent status of Supervisory Board members was carried out by the Supervisory Board at its meeting of 5 February 2019.

Based on the aforementioned independence criteria, the Board has concluded that five of its members – Marie Anne Barbat Layani, Alain Dassas, Éliane Frémeaux, Michaela Robert and Dominique Rongier – can be considered to be independent. This equates to one third of the Board members (excluding employee representatives) which is in line with the Afep-Medef Code recommendations.

In accordance with AMF recommendation n°2012-02, the table below sets out the position of the Board members vis-à-vis the Afep-Medef Code independence criteria (excluding employee representatives and Board members who belong to, or represent, the Concert of Founders or the Crédit Agricole Assurances group).

Criteria	1	2	3	4	5	6	7	8	Independent
Christian de Gournay	-	√	√	√	√	√	√	√	-
Marie Anne Barbat-Layani	√	√	√	√	√	√	√	√	√
Alain Dassas – ABP (APG)	√	√	√	√	√	√	√	√	√
Éliane Frémeaux	√	√	√	√	√	√	√	√	√
Michaela Robert	√	√	√	√	√	√	√	√	√
Dominique Rongier	-*	√	√	√	√	√	√	√	√*
Christian Terrassoux	-	-	√	√	√	√	√	√	-

* *Dominique Rongier is also a Supervisory Board member of Altareit, a 99.85%-owned subsidiary of the Company. The Supervisory Board does not believe that Dominique Rongier's mandate with a controlling body of a Company subsidiary will lead to conflicts of interest or undermine his independence. Besides, he has never had a business relationship with the Company or held an executive office or employee position in the Group. He does not represent any shareholders.*

Presentation of Board members[1]

Christian de Gournay

Chairman of the Supervisory Board

Christian de Gournay is a French citizen, born in Boulogne-Billancourt (92) in 1952. A graduate of the French École des Hautes Études Commerciales and École Nationale d'Administration, Christian de Gournay began his career at the French Council of State in 1978, and later worked for Indosuez Bank as Director of Treasury and Bond Markets. In 1994, he became Senior Executive Vice-President of AGF, where he was in charge of managing Group financial and real estate assets, as well as banking and financial activities. He joined Cogedim in 2002 as Vice-Chairman of the Management Board. Christian de Gournay served as Chairman of the Management Board of Cogedim from 2003 to 2014, until his appointment as Chairman of the Supervisory Board became effective.

Number of Altarea shares held at 31/12/18: 212,739[2]

Other corporate offices held at 31 December 2018

- Chairman of the Supervisory Board: Altareit♦ ▪
- Manager: SCI Schaeffer-Erard
- Director: Opus Investment BV•

Corporate offices expired within the past five years

- Chairman and Member of the Management Board: Cogedim♦
- Manager: Cogedim Valorisation♦

Stichting Depositary APG Strategic Real Estate Pool (ABP Funds)

Supervisory Board member

Algemene Pensioen Groep NV (APG) was appointed as a member of the Supervisory Board on 28 May 2010. It was replaced by Dutch company Stichting Depositary APG Strategic Real Estate Pool by cooption on 20 November 2015. It is part of the APG group, which manages the pension funds of civil servants and employees in the education sector in the Netherlands.

Alain Dassas

Permanent representative of APG

Of French nationality, Alain Dassas was born in 1946. He is a graduate of the ESCP (École Supérieure de Commerce de Paris) Europe business school and holds a Master's degree in Econometrics and a Master's degree in Management Science from Stanford University. Alain Dassas began his career with Chase Manhattan Bank in 1973. In 1983, he joined the Renault Group and held the following positions: head of the representative office in New York, Director of Banking Relations and Financial Markets, Chief Financial Officer of Renault Crédit International, Director of Financial Operations and finally Director of Financial Services. In 2003, Alain Dassas was appointed a member of the Renault Group Executive Committee, then Chairman of Renault F1 Team. In 2007, Alain Dassas was named a member of the Executive Committee of Nissan Motor Company in Tokyo. Since 2010, Alain Dassas has acted as a consultant for the Renault Group and as Chief Financial Officer of Segula Technologies.

Number of Altarea shares held at 31/12/18: APG group held 1,323,562 Altarea shares and Alain Dassas personally held no shares in Altarea.

Other corporate offices held at 31 December 2018

- Director: Dassas Consulting SAS
- Director: RCI Finance Maroc

Corporate offices expired within the past five years: None

ATI

Supervisory Board member

ATI is a general partnership with share capital of €10,000, whose registered office is at 8, Avenue Delcassé, (75008) Paris, and which is registered with the Paris Commercial and Companies Registry under the number 498 496 520. Its Manager is SAS Alta Patrimoine, itself controlled by Alain Taravella.

ATI does not hold any other offices.

At 31 December 2018, to the Company's knowledge, ATI owned one share of Altarea.

Marie-Anne Barbat-Layani

Supervisory Board member

Marie-Anne Barbat-Layani, a French citizen, born in 1967 in Ussel (19), is a general inspector of finance. A graduate of the Institut d'Études Politiques de Paris and an alumna of the École Nationale d'Administration (ENA), she is Chief Executive Officer of the French Banking Federation since January 2014. From 2010 to 2012, she was Deputy Chief of Staff for the French Prime Minister. She served as Deputy General Director of the Fédération nationale of Crédit Agricole from 2007 to 2010. From 2002-2007, she served as assistant Director of Banking and Financing of General Interest Activities at the Treasury and Economic Policy Directorate General. From 2000 to 2002, she was Head of the office of credit institutions and investment firms, after having served as a technical advisor to the French Minister of the Economy, Finance, and Industry and holding several positions in the Directorate General of the Treasury and the Permanent Representation of France to the European Union in Brussels. Marie-Anne Barbat-Layani is a *Chevalier de la Légion d'Honneur* and of the Order of Merit.

Number of Altarea shares held at 31/12/18: 1

Other corporate offices held at 31 December 2018

- Chief Executive Officer: Fédération Bancaire Française (FBF); Association Française des Banques (AFB); Association Française des Établissements de Crédit et des Entreprises d'Investissement (AFECEI)
- Director: Association d'Economie Financière; Centre des Professions Financières; CFPB (Centre de Formation de la Profession Bancaire); Europlace; European Banking Federation; Finance Innovation (competitiveness division); MEDEF International; ETHIC Labex Refi, ICC France (French national committee of international chambers of commerce).
- Executive Committee member: Groupement des Professions de Services (GPS); MEDEF

Corporate offices expired within the past five years: None

(1) Valid as of the date of this document.

(2) Directly or indirectly, via Opus Investment.

♦ Altarea group company ▪ Listed company • Foreign company

Marie-Catherine Chazeaux

Member representing employees

Marie Catherine Chazeaux, a French citizen born in 1969, obtained a DPLG architect degree in 1994 from the École d'architecture de Paris Belleville. In 1996 she obtained DESS (Université Paris Jussieu) and CEAA (EAPB) qualifications in architectural and urban acoustics. Having working for a number of different architecture firms during her studies (Atelier 2M, Kalopissis, to name but two), she worked as an architect for WKZ Architecture et Acoustique from 1996 to 2002 before joining the Altarea Cogedim Group where she is currently Director of its National Product, Architecture and Interior Design unit.

Other corporate offices held at 31 December 2018

- Employee representative, Secretary of the Works Committee and the Health, Safety and Working Conditions Committee of the COGEDIM ESU

Corporate offices expired within the past five years: None

Françoise Debrus

Supervisory Board member

Françoise Debrus, a French citizen born in 1960 in Paris (12), has degrees from the national school for rural engineering, water and forestry (École Nationale du Génie Rural des Eaux et des Forêts) and a prestigious agriculture school (Institut National Agronomique Paris-Grignon). 1984-1987: Head of the Economic and Agriculture Production Department at the French Ministry for Agriculture and Forestry. Since 1987 with the Groupe Crédit Agricole: first as an auditor and then as audit team Manager of the Internal Audit Department of Caisse Nationale de Crédit Agricole (CNCA), prior to becoming Head of management control and then of financial management of Unicredit. In 1997, she was appointed Head of the debt collection/lending department of the Finance division of Crédit Agricole SA. In 2001, she became Head of finance and tax at the Fédération Nationale du Crédit Agricole (FNCA). In 2005, she was appointed Chief Financial Officer of the Caisse Régionale d'Île-de-France. Since 27 March 2009, she has been with Crédit Agricole Assurances as Head of Investments.

Number of Altarea shares held at 31/12/18: 6

Other corporate offices held at 31 December 2018

- Director: Semmaris
- Supervisory Board member: Covivio Hotels▪
- Permanent representative of Predica, Director: Korianmedica▪; Aéroport de Paris▪
- Observer (censeur): Frey▪;

Corporate offices expired within the past five years

- Director: Beni Stabili▪•; Foncière Développement Logement▪; Ramsay Santé
- Permanent representative of CAA/Predica, Director: Eurosic▪; Medica; Générale de Santé▪

Éliane Frémeaux

Supervisory Board member

Éliane Frémeaux, a French citizen, born in the 15th Arrondissement of Paris in 1941, was a partner in the Notary firm of SCP Thibierge Associés until 18 October 2012. A Chevalier of the French Legion of Honour, Éliane Frémeaux is a member of the Legal Studies Institute of the Conseil Supérieur du Notariat, of the Joint Ownership Commission representing the Conseil Supérieur du Notariat at the Chancellery, of the Commission on Polluted Sites and Soils within the Conseil Supérieur des Installations Classées of the French Ministry of Sustainable Development. She is a member of honour of the Circle of Women Real Estate Professionals (Cercle des Femmes de l'Immobilier) and a member of the association René Capitant des Amis de la Culture Juridique Française (René Capitant Association of Friends of French Legal Culture). Éliane Frémeaux is a regular participant in many seminars and conferences in France and abroad, primarily on topics related to corporate law, credit issues, finance leases, joint ownership, public domain, taxation and business and estate transfer, as well as the environment.

Number of Altarea shares held at 31/12/18: 418

Other corporate offices held at 31 December 2018

- Co-Manager: SCI Palatin

Corporate offices expired within the past five years: None

Bertrand Landas

Member representing employees

A French citizen, born in 1957, Bertrand Landas is a graduate of ICAM – Institut Catholique d'arts et Métiers. After serving as project Manager and trainer, then branch Manager at AIF and APAVE, he worked for 11 years in the Unibail group as technical and security Manager, shopping centre Manager and finally Director of the risk management and technical support department. In 2005, he joined the Altarea group, where he now holds the position of deputy director of shopping centres.

Other corporate offices held at 31 December 2018

Corporate offices in the Group: employee representative and member of the Works Committee and the Health, Safety and Working Conditions Committee of the Altarea ESU

Corporate offices outside the Group: None

Corporate offices expired within the past five years: None

Philippe Mauro

Supervisory Board member

A French citizen, born in 1956, Philippe Mauro is a law graduate of the University of Paris II Assas and the University of Saarland (Saarbrücken, Germany). He was Legal Director of SCIC Gestion (CDC Group), Espace Expansion and Arc 108 (Unibail Group), then Legal Director of Unibail before joining the Altarea group in 1998, where he served a Corporate Secretary until 2018.

Number of Altarea shares held at 31/12/18: 6,052

Other corporate offices held at 31 December 2018

- Director: Pitch Promotion SAS♦

Corporate offices expired within the past five years:

- Manager: Altarea Management♦; Altarea Cogedim Enterprise Asset Management♦
- Director of foreign companies: Altarea Espana Sl♦•; Galeria Ibleo Srl♦•

♦ *Altarea group company* ▪ *Listed company* • *Foreign company*

Jacques Nicolet

Supervisory Board member

Jacques Nicolet, a French citizen, was born in Monaco in 1956. From 1984 to 1994, Jacques Nicolet served successively as Program Director, Development Director and Senior Executive Vice-President of the Pierre & Vacances Group. In 1994, he co-founded the Altarea Group, of which he has successively been Senior Executive Vice-President and, since its transformation into a partnership limited by shares, Chairman of the Supervisory Board until 2014.

Number of Altarea shares held at 31/12/18: 9,039[1]

Other corporate offices held at 31 December 2018

Corporate offices in the Group:

- Supervisory Board member of SCA: Altareit♦■

Corporate offices outside the Group:

- Chairman of SAS: Everspeed; Ligier Automotive (formerly Everspeed Motorsport); Proj 2018; Damejane Investissements
- Chief Executive Officer: SAS Circuit du Maine
- Manager: SCI 14 rue des Saussaies; SCI Damejane; SNC JN Participations
- Representative of Everspeed, Chairman: SAS Immobilière Damejane; SAS Everspeed Learning; SAS Everspeed Asset (Manager of SCI Innovatech and SCI Les Fleurs); SAS Oak Invest; SAS Everspeed Composites; SAS Everspeed Media; SAS HP Composites France; SAS Everspeed Technology; SAS Shootshareshow; SAS Ecodime; SAS Ecodime Academy; SAS DPPI Media; SAS DPPI Production; SAS Onroak Collection; SAS Onroak Automotive Classic; SAS Proj 2017; SAS Proj 2018
- Representative of Everspeed, Chief Executive Officer: SAS AOT Tech and SAS Les 2 Arbres;
- Representative of Everspeed, Manager: SCI Immotech
- Chairman and/or Director of foreign companies: Everspeed Connection•; HP Composites Srl•; Carbon Mind Srl•
- Representative of Everspeed, Chair of foreign companies: Ecodime Italia•

Corporate offices expired within the past five years

- Chairman of the Supervisory Board of SCA: Altareit♦■ Altareit♦■
- Supervisory Board member: Altarea France SNC♦; Cogedim SAS♦
- Permanent Representative of Alta Rungis♦ Director: Semmaris;
- Chair and/or Director of foreign companies: HPC Holding•;SSF III zhivago holding Ltd♦•; Altarea Italia♦■; Galleria Ibleo S.R.L.♦■; Altarea Espana♦■
- Representative of Everspeed Motorsport, Chair: SAS OAK Racing;
- Representative of Everspeed, Chair: SAS Onroak Automotive and SAS SODEMO
- Permanent Representative of Ecodime, Chairman: Mind Values (formerly Proj 56)

Predica

Supervisory Board member

Predica is an insurance company, a subsidiary of Crédit Agricole Assurances and the holding company for Crédit Agricole Group's insurance subsidiaries. It was appointed a Supervisory Board member on 26 June 2007.

Émeric Servin

Permanent representative of Predica

Émeric Servin, a French citizen, was born in 1949 in Versailles (Yvelines). A holder of a DESS in public law and a CESA from HEC in Finance, he began his career as a Programme Manager at the property development company of the Compagnie La Hénin Group, before becoming Executive Assistant in the Finance Department of Cogefimo/Banque La Hénin. He then occupied various functions as a Property Manager at La Mondiale, then at CDC. Until 2015, he was a Property Investment Manager in the Investment Department at Crédit Agricole Assurances, the holding company for Crédit Agricole Group's insurance subsidiaries. As such, he has been Chairman and Manager of numerous property subsidiaries, as well as Director of several listed and unlisted REITs. He is now Senior Advisor Real Estate in the Investment Department of Crédit Agricole Assurances.

Number of Altarea shares held at 31/12/18: Predica held 3,962,875[1] shares and Émeric Servin himself held no shares

Other corporate offices held at 31 December 2018:

None

Corporate offices expired within the past five years

- Board chairmanships: OPCI Predica Commerces; OPCI Iris Invest 2010; OPCI Camp Invest; OPCI Messidor;
- Chairman & Chief Executive Officer: SA Foncière Hypersud;
- Chairman of the Supervisory Board: SCPI Unipierre Assurance
- Chairman of SAS: Holding Euromarseille; IMEFA 142; IMEFA 143; IMEFA 144; IMEFA 145; CAA Résidences Seniors
- Director: OPCI Lapillus I
- Director of SAS: SAS Carmila; Alta Blue♦
- Manager: property investment companies IMEFA (82) and Feder (9), subsidiaries of the CA group; SCI Le Village Victor Hugo; SCI Euromarseille 1; SCI Euromarseille 2; SCI Carpe Diem; SCI Dahlia; SCI New Vélizy; SCI DS Campus; SCI 1 Place Valhubert; SCI Parc des Vergers; SCI 3/5 Bis, Boulevard Diderot; SCI 17, Avenue de l'Europe; SCI Grenier Vellefaux; SCI Longchamp Montevideo; SCI Medibureaux; SCI Medic Habitation; SCI Vicq d'Azir Vellefaux; SCI Vicq-Neuilly;
- Permanent representative of Predica, Board of Directors/ Supervisory Board: OPCI Predica Bureaux; OPCI CAA Commerces 2; OPCI B2 Hôtels Invest; SAS Louvresses Developpement I; SAS Ofelia; SCA Foncière des Murs■; SARL Imméo Wohen GmbH•; SA Foncière Développement Logements■

Léonore Reviron

Supervisory Board member

Léonore Reviron, a French citizen born in 1985, is a graduate of the EDHEC Business School (École des Hautes Études du Commerce). From 2008 to 2011, she was a financial audit Manager at Ernst & Young. In 2011, she joined a listed REIT Group, where she served as a corporate financial analyst until 2013, when she became a financial risk Manager.

(1) To the Company's knowledge – Held directly or indirectly through the Crédit Agricole Assurances group, Predica's parent company.

♦ Altarea group company ■ Listed company • Foreign company

Number of Altarea shares held at 31/12/18: 3,000

Other corporate offices held at 31 December 2018

- Permanent representative (until 26 February 2019) of Alta Patrimoine, member of the Supervisory Board of Altareit♦■
- Permanent representative (until 26 February 2019) of ATI, member of the Supervisory Board ofAltarea♦■

Corporate offices expired within the past five years: None

Michaela Robert

Supervisory Board member

A French citizen, born in Saint-Jean-de-Luz (64) in 1969, Michaela Robert is a graduate of the University of Paris IX Dauphine and Paris X Nanterre. She worked for ten years as a property and structured finance lawyer at international firms. In 2005, she joined Morgan Stanley as Chief Financial Officer for property investment funds under its management. Her roles as finance officer for all the investments made by different funds in France, Spain and Benelux have enabled her to build a solid banking network and acquire diverse expertise in legal issues and legal constraints. In 2010, she founded Finae Advisors, a property financing firm specialised in particular in origination, structuring and debt raising, of which she is Deputy Director.

Number of Altarea shares held at 31/12/18: 1

Other corporate offices held at 31 December 2018

- Chief Executive Officer of Finae Advisors SAS
- Director of PAREF■

Corporate offices expired within the past five years: None

Dominique Rongier

Supervisory Board member

Dominique Rongier, a French national born in 1945 in Paris (16), graduated from H.E.C. in 1967, and successively held the positions of auditor at Arthur Andersen (1969-1976); Chief Financial Officer of Brémond – Pierre & Vacances Group (1976-1983); Chief Financial Officer of the Group Brossette SA (1983-1987); In 1987, he designed and put in place a holding company structure for the Carrefour Group; Corporate Secretary of Bélier, member of the Havas-Eurocom network (1988-1990); Chief Financial Officer of the holding company Oros Communication, which controls majority stakes in the communications industry(1991-1993). Since September 1993, Dominique Rongier has been an independent consultant with DBLP & associés SARL, of which he is Manager and majority shareholder. His main activity is strategic and financial management consultancy. In the interim, he was acting Chief Executive Officer of the DMB & B France Group (French subsidiaries of the US advertising group D'Arcy) for more than two years. Until 31 March 2009, Dominique Rongier was Chairman of a software publishing company specialising in sports and health.

Number of Altarea shares held at 31/12/18: 14

Other corporate offices held at 31 December 2018

- Supervisory Board member: Altareit♦■;
- Director: SA Search Partners

Corporate offices expired within the past five years

- Manager: DBLP & Associés

♦ *Altarea group company* ■ *Listed company* • *Foreign company*

6.2.3.2 Working methods, preparation and organisation of the Board's work

Roles and responsibilities (Article 17 of the Articles of Association)

The Supervisory Board is responsible for overseeing the Company's management on a continual basis. It sets out the appropriation of earnings, dividend distributions, and dividend payment procedure to be proposed to the General Meeting. It appoints an Acting Manager if none of the existing Managers and General Partners are able to serve. It submits a list of nominees to the General Meeting for the appointment of new Statutory Auditors. It appoints an appraiser for the Company's property portfolio, renews or terminates the appraiser's term of office. In the latter case, it provides for the appraiser's replacement.

In accordance with the law, the Supervisory Board prepares a report for the Ordinary General Shareholders' Meeting convened to approve the Company's financial statements: the report is made available to the shareholders at the same time as the management report and the financial statements for the period. The Supervisory Board draws up a report describing any proposed capital increase or reduction and submits it to the shareholders. The Supervisory Board can call an Ordinary or Extraordinary General Meeting according to the procedures set forth by French law, if the Board deems necessary and after informing the Managers in writing.

The Supervisory Board also plays an important role in terms of the Company's investments and commitments, above and beyond the usual role played by this body in SCAs. Its opinion must be sought by Management prior to taking any of the following important decisions: (i) any investment of an amount greater than €15 million, (ii) any disposal of an amount greater than €15 million, (iii) any commitments made by the Company for an amount greater than €15 million, (iv) any loan agreement for an amount greater than €15 million. Finally, each year the board drafts a governance report and reviews the Management's social and environment report.

Notice of meeting

The Company's Articles of Association provide that Board members be invited to meetings via simple letter or by any means of electronic communication. The Supervisory Board can meet by any means as soon as all members are present or represented. Supervisory Board meetings can be called by the Board Chairman, at least half of the Board members, or any Manager or General Partner. The Board members must be notified at least one week before the Meeting date, except under emergency circumstances.

Information

In accordance with French law, the Supervisory Board has the right to be provided with the same documents by the Managers as those made available to the Statutory Auditors.

Meeting location – Management attendance

Meetings take place at the registered office located at 8, avenue Delcassé in Paris (75008).

Management is invited to Board meetings to answer questions from the Supervisory Board, so that the Board can exercise continuous oversight of the Company's management. At Board meetings, Management presents the Company's financial statements, discusses business developments and presents any investment or divestment plans. Management answers any questions that the members deem appropriate to ask. These questions may or may not be included on the agenda. Management does not participate in deliberations and cannot vote on decisions taken by the Board or on opinions it issues.

The attendance of at least half of the Supervisory Board's members is required for it to be quorate. Decisions are made by a majority of the members present or represented and able to take part in the vote. A member present may only represent one absent member and may do so only upon presenting a valid proxy. In the event of a tie, the Chairman has the deciding vote.

Minutes of the meetings

The minutes of Board meetings are recorded in a special register and signed by the Meeting Chairman and Secretary, or by a majority of Board members present.

Rules of Procedure

The Supervisory Board adopted Rules of Procedure at its meeting of 26 February 2018. They complement in particular Articles 16 and 17 of the Company's Articles of Association as regards the operating rules of the Board and the conduct of its meetings, in accordance with the provisions of the Afep-Medef Code. They also reiterate the ethical rules imposed on Board members, particularly in respect of share trading, in accordance with European regulation No. 596/2014 on market abuse.

The Articles of Association and the Board's Rules of Procedure are available on the Company's website.

There are also detailed Rules of Procedure for the Audit Committee and the Investment Committee, which are specialised committees of the Board.

The Supervisory Board has sole authority to modify its Rules of Procedure and those of its committees.

Supervisory Board meetings and work in 2018

In 2018, the Board met three times. The effective attendance rate was 89% and the attendance rate in person or by proxy was 100%. The following key topics were discussed at these meetings:

- Meeting of 5 March 2018: Examination of the annual consolidated financial statements and the management report for the year ended 31 December 2017. Proposed appropriation of earnings at Annual Ordinary General Meeting. Authorisations granted to Management to effect capital increases or decreases. Preparation of the Supervisory Board's report to the Annual General Meeting and the Report on Corporate Governance. Review of the social and environment report. Proposed amendment to the Articles of Association. Review of the agenda and draft resolutions submitted to the Combined General Shareholders' Meeting. Financial strategy. Review and recommendation to be given on investment and divestment projects. Recommendation to Management for guarantees, pledges and endorsements given to the Company's subsidiaries. Review of forecast management documents. Review of corporate governance matters: annual discussion on the Company's policy on gender equality and equal pay, annual review of the working methods and preparation of the Supervisory Board's work, review of the criteria for the independence of the members of the Supervisory Board and specialist committees. Review of related party transactions already authorised by the Board;
- Meeting of 17 July 2018: Finance and strategy – Rating and success of the Altareit bond issue. Recommendation to be given on investment and divestment projects.
- Meeting of 26 July 2018: Review of the half-yearly financial statements at 30 June 2018 and the half-yearly business review. Business update. Finance and strategy. Recommendation to be given on finance projects. Forecast documents. Overview of the Group's future headquarters. Recommendation to be given on investment projects.

Specialist committees

Article 18 of the Articles of Association allows the Supervisory Board to delegate tasks to Special Committees, apart from any powers that French law explicitly assigns to the Supervisory Boards of SCAs *(sociétés en commandite par actions)*.

The Supervisory Board has three specialist committees: an accounts committee known as the Audit Committee, an Investment Committee and a Management Compensation Committee.

The specialist committees present their work at Supervisory Board meetings. The work is presented by committee chairs, all of whom are members of the Board.

Investment Committee

Members

Investment Committee members are appointed by the Supervisory Board. The Investment Committee currently consists of the following members:

- Jacques Nicolet, Chairman of the Investment Committee;
- Alain Dassas, Representative of ABP (APG) Fund;
- Émeric Servin, representing Predica;
- Christian de Gournay;
- Philippe Mauro;
- Eric Dumas.

Operational Managers involved in the investment project(s) also participate in the Meeting.

Proceedings – Minutes

Investment Committee recommendations are adopted by a majority of members present. The Chairman has a double vote in the event of a tie. Minutes are drawn up and signed during the Meeting indicating the decision made. The Company's annual report contains a summary of the resolutions issued by the Investment Committee.

Frequency of meetings

The Investment Committee meets when convened by its Chairman. It can be called at any time in the event of an emergency. Notices of meeting may be sent by any means (post, fax, email, etc.).

Missions

The Investment Committee is delegated by the Supervisory Board to advise on investment and divestment decisions for amounts between €15 million and €100 million, under the following conditions:

a) investment and divestment opportunities of between €15 million and €50 million may be presented to:

- either the Investment Committee directly, or
- the Chairman of the Investment Committee for an initial recommendation, especially in urgent situations, which is ratified at the next Investment Committee Meeting.

b) investment and divestment opportunities of between €50 million and €100 million are presented to the Investment Committee before any final decision is made.

c) for transactions initiated by its property development subsidiaries, the above ceilings are understood to be:

- before entering into any bilateral sales agreements for real estate over these ceilings;

- before signing any deeds for real estate over these ceilings, including following a unilateral sales agreement.

d) investments and divestments of:

- less than €15 million do not require a Supervisory Board recommendation;
- over €100 million must be submitted to the Supervisory Board for a recommendation.

These limits are adjusted annually on the basis of the Syntec index.

e) finally, the disposal of investment properties and equity interests in companies owning investment properties, within the aforementioned limits.

f) the limits given above apply as a percentage of the Group's equity interests, and exclude tax.

Work of the Committee:

The Investment Committee did not meet in 2018 because all investment and divestment opportunities were reviewed by the full Supervisory Board pursuant to Article 17.6 of the Articles of Association (see 6.2.3.2 above, Roles and responsibilities), or by its Chairman, considering the amounts involved.

Audit Committee

Members

Audit Committee members are appointed by the Supervisory Board. They are chosen for their experience in the industry and their knowledge of the Company. The Audit Committee currently consists of the following members:

- Dominique Rongier, Chairman of the Audit Committee;
- Alain Dassas, Representative of ABP (APG) Fund;
- Françoise Debrus;
- Éliane Frémeaux;
- Léonore Reviron;
- Michaela Robert.

Skills and experience of the Audit Committee members relevant to the Committee's responsibilities:

- Dominique Rongier, committee Chairman, independent member, has been an auditor at Arthur Andersen, Chief Financial Officer of the Pierre & Vacances Group, Chief Financial Officer of the Brossette SA Group, and Chief Financial Officer of the holding company Oros Communication.
- Alain Dassas, independent member, was Director of Banking Relations and Financial Markets at Renault, CFO at Renault Crédit International and Director of Financial Operations and Financial Services at Renault.
- Françoise Debrus has worked as internal audit leader and Head of financial management and management audit at Unicredit; head of deposits and loans in the Finance Department of Crédit Agricole SA; head of finance and taxation at the Fédération Nationale du Crédit Agricole; Chief Financial Officer at the Caisse Régionale d'Île-de-France; and chief investment officer at Crédit Agricole Assurances.
- Éliane Frémeaux, independent member, was a partner in the Notary firm of SCP Thibierge & Associés until 18 October 2012. She is a member of the Legal Studies Institute of the Conseil Supérieur du Notariat, of the Joint Ownership Commission representing the Conseil Supérieur du Notariat at the Chancellery, of the Commission on Polluted Sites and Soils within the French Ministry of Sustainable Development's High Council for Installations Classified as Potentially Polluting.
- Léonore Reviron is a graduate of the EDHEC Business School. From 2008 to 2011, she was a financial audit Manager at Ernst & Young. In 2011, she joined a listed REIT Group, where she served as a corporate financial analyst until 2013, when she became a financial risk Manager.
- Michaela Robert, independent member, is a graduate of the University of Paris IX Dauphine and Paris X Nanterre. She worked for ten years as a property and structured finance lawyer at international firms. In 2005, she joined Morgan Stanley as Chief Financial Officer for property investment funds under its management. In 2010 she founded a property financial advising firm, of which she is Manager.

Independent members

The Audit Committee is currently composed of four independent members. Consequently, the Company meets (i) the legal requirement that the Audit Committee must have at least one independent member, and (ii) recommendation 15.1 of the AFEP-MEDEF Code that two-thirds of members should be independent. The Committee does not include any executive corporate officers, again complying with Article 15.1 of the Code.

Proceedings – Minutes

The Committee is quorate when at least half of the members are present. Recommendations are adopted by a majority of members present. The Chairman has a double vote in the event of a tie. If it deems it necessary to do so, the Audit Committee prepares minutes of its meetings; these minutes are drafted by the Chairman. The Chairman presents its report on the half-year and full-year financial statements to the Supervisory Board.

Frequency of meetings – Work of the Committee

The Audit Committee meets when convened by the Chairman, on dates set according to the Company's schedule for approving the half-year and full-year financial statements. A meeting can be called at any time if necessary. Notices of meeting may be sent by any means (post, fax, email, etc.). The Group's Finance Department sends any necessary documentation prior to the Meeting.

During the 2018 financial year, the Committee met twice to examine the following points:

- meeting of 2 March 2018: review of the financial statements at 31 December 2017; presentation of the main activities in terms of internal control and risk management undertaken during the second half of 2017; proposed amendments to the Articles of Association; review of the report from the Statutory Auditors; review and approval of the Statutory Auditors' half-year report on services other than the audit of the financial statements.
- meeting of 25 July 2018: review of the main activities in terms of internal control and risk management undertaken during the first half of 2018; review of the half-yearly accounts at 30 June 2018, update on IFRS 15 as it affects real estate appraisals; review and approval of the Statutory Auditors' half-yearly report on services provided other than the audit of the financial statements.

Missions

The Audit Committee helps the Supervisory Board in its role of oversight and control of the Company. The Audit Committee is responsible for the following missions:

- monitoring the process for preparing financial information and, where appropriate, making recommendations to ensure its integrity. The Committee reviews this information by analysing the accounting impact of significant events or operations that had an effect on the Company's financial statements. In the event of failures in the process, the Committee makes sure corrective measures have been applied. The Committee reviews significant risks and off-balance sheet commitments, assesses the seriousness of malfunctions or deficiencies of which it is made aware, and informs the Supervisory Board, if necessary. The Audit Committee also reviews the scope of consolidation and, where applicable, the reasons for which companies are not included;

- monitoring of the effectiveness of the systems of internal control and risk management of the Company as well as of internal audit, as necessary, concerning the procedures related to the preparation and processing of accounting and financial information without harming its independence. In the event shortcomings are identified, the Committee ensures that (i) appropriate action plans have been set up and that (ii) the situation has been addressed. To this end, it is informed of the main findings of the Statutory Auditors and internal audit. It meets with the heads of internal audit and risk control and advises on the organisation of their departments. It is informed of the internal audit programme and receives internal audit reports and/or periodic summaries;
- monitoring of the Statutory Auditors' work. The Committee reviews the main risks and uncertainties identified by the Statutory Auditors in the parent company and consolidated financial statements, including the half-year financial statements. The Committee also reviews their audit approach and any difficulties they encountered in their work;
- examination and monitoring of compliance by the Statutory Auditors with the criteria for independence. It ensures compliance with the rules for the rotation of Statutory Auditors and their signing partners. The Committee monitors the budget for the Statutory Auditors' fees to ensure that it is appropriate to their work. The Committee makes sure that the Co-statutory Auditor is effective;
- approval of the provision by the Statutory Auditors or their respective network of services other than the certification of the financial statements to the Company or its subsidiaries. At its meeting of 20 February 2017, the Audit Committee decided unanimously to authorise the Statutory Auditors to provide certain services other than audit of the financial statements corresponding to (i) the missions required by law or regulations and (ii) the usual missions provided by Statutory Auditors which posed no risk to their independence given their purpose and the terms and conditions under which they would be carried out. The Statutory Auditors must provide the Audit Committee with a half-year report on these services. All other services must be authorised in advance by the Audit Committee;
- verification of the arrangements made by the Company in order to guarantee business continuity, with particular reference to documentation, files, systems and the protection of the Company against fraud and malicious acts;
- ensuring that the Company's operations comply with all applicable laws and regulations.

The Audit Committee must be consulted about:

- the appointment of the Statutory Auditors. Under Article 17.4 of the Articles of Association, the Supervisory Board is required to provide to the General Shareholders' Meeting a list of candidates for the renewal of the Statutory Auditors. For this purpose, the Audit Committee recommends Statutory Auditors which the Supervisory Board then proposes to the General Shareholders' Meeting for appointment on the basis of a call for tenders. It also issues a recommendation to the Meeting when the appointment of the auditor or auditors comes up for renewal;
- any significant changes in accounting methods and principles that may seem likely or necessary;
- half-year and full-year financial statements.

The Audit Committee reports on its work regularly to the Supervisory Board. It also reports on the results of the mission of the certification of the financial statements, on the manner in which this mission contributed to the integrity of the financial information and on the role that it played in this process. It immediately reports any problem encountered.

The Audit Committee maintains working relationships with the Company's Executive Management, internal controllers, internal auditors and Statutory Auditors. It may ask the Statutory Auditors to attend Committee Meetings to answer questions about subjects within their competence. The Audit Committee may also ask a Company employee to attend a meeting, in order to clarify a specific issue. The Audit Committee recommends to the Supervisory Board all measures it deems useful. If it deems necessary, the Committee may call on external experts, ensuring their competence and independence.

Management Compensation Committee

History

On 23 May 2009, the Extraordinary General Meeting voted to create a Management Compensation Committee, and for this purpose added a second paragraph to Article 18 of the Articles of Association concerning the Board's specialist committees.

The same Meeting modified the provisions of Article 14 of the Articles of Association regarding Management compensation: from 1 January 2013, Management compensation should be set for successive three year periods by the Ordinary General Shareholders' Meeting in response to a proposal by the General Partners and after consultation with the Supervisory Board.

The Supervisory Board, at its meeting of 26 July 2012, voted to create this Management Compensation Committee, in accordance with Article 18 of the Articles of Association. On the recommendation of its Chairman, the Supervisory Board voted to grant the Committee powers wider than those provided for by the Articles of Association. The Committee will participate in determining the compensation not only of Management but also of members of the Supervisory Board and of the Group's senior executives.

Members

The Management Compensation Committee is composed exclusively of members of the Supervisory Board independent of Company Management.

The Compensation Committee currently consists of the following members:

- Dominique Rongier, Chairman of the Committee;
- Philippe Mauro, Secretary of the Committee;
- Alain Dassas.

Responsibilities (Article 18 of the Articles of Association)

The Management Compensation Committee submits proposals for Management compensation to the Supervisory Board.

Work of the Committee

The Committee used a study conducted by consultants Towers Watson and submitted to the Supervisory Board at its 27 February 2013 meeting proposals related to Management compensation. These proposals allowed the Supervisory Board to make an informed recommendation on the General Partner's proposal, in accordance with Article 14 of the Articles of Association, to the Ordinary General Meeting responsible for setting Management compensation.

The Management Compensation Committee also made proposals on the annual compensation of the Supervisory Board Chairman, which it recommended setting at €300 thousand, and on the amount of directors' fees. The Committee advised that the latter be increased to €2.5 thousand to encourage members to actively participate in the work of the Supervisory Board.

At its 27 February 2013 meeting, the Supervisory Board decided to approve all the recommendations of the Management Compensation Committee.

The Management Compensation Committee met on 8 April 2014 to review the compensation paid to the Chairman of the Supervisory Board and Group Operational Managers, and to make recommendations to the Supervisory Board and management.

The Committee then met on 23 February 2016 to review Management compensation and develop proposals for the Supervisory Board, which then put recommendations to the Combined General Shareholders' Meeting of 15 April 2016 responsible for setting management compensation for the 2016, 2017 and 2018 financial years.

In 2018, the Committee did not meet, as no issues falling under its remit arose.

Assessment of the work of the Board and specialist committees

At its meeting of 26 February 2019, the Supervisory Board assessed the way in which its work is prepared and conducted. It unanimously concluded that the operating practices of the Board are appropriate and that no formal assessment procedures are necessary.

6.2.4 Management

6.2.4.1 Executive Management

As an SCA (société en commandite par actions, a French partnership limited by shares), the Company is run by Management. One of the latter's key roles is to decide the Group's strategic direction.

The Company is managed by Alain Taravella personally and by the companies Altafi 2 and Atlas of which he is Chairman.

6.2.4.2 Operational Management

Ludovic Castillo is in charge of the Retail REIT. He is Chairman of Altarea Commerce and also Manager of Foncière Altarea and Chief Executive Officer of Altarea France.

Philippe Jossé took over operational responsibility for the residential Property Development division. He is Chairman of the Cogedim Management Board.

Adrien Blanc is responsible for the office Property Development division and the Manager of Altarea Cogedim Entreprise Asset Management.

6.2.4.3 The Committees

Bearing in mind that the main subsidiaries of Altarea[1] feature operational committees, several committees hold regular meetings to examine going concerns and assist Executive Management in decision-making.

These are mainly the Group Executive Committee and Management Committees for each business line (Residential Management Committee, Office Property Management Committee and Retail Management Committee).

6.2.4.4 Absence of firm commitments made by Management and not communicated by the Company

As of the date of this Registration Document, the management bodies have made no firm commitment on significant investments about which the Company has not provided information.

6.2.5 Additional information

6.2.5.1 Absence of conflicts of interest

No conflicts of interest have been detected at the level of the Company's administrative, management and supervisory bodies, or at the level of its Executive Management, between the duties of those bodies and any other potential duties they might have.

6.2.5.2 Convictions, bankruptcies, prosecutions

To the Company's knowledge and in view of the information at its disposal, none of the co-Managers or the Company's Supervisory Board members has, in the past five years:

- been convicted of any fraud;
- been the subject of a bankruptcy, receivership or liquidation order;
- been the subject of any prosecution or of any official public sanction imposed by statutory or regulatory authorities (including designated professional bodies).

6.2.5.3 Agreements entered into between an executive officer or significant shareholder and subsidiaries

On the date of this Registration Document, with the exception of agreements concerning routine operations concluded in normal conditions, no agreement has been concluded between an executive officer or a significant shareholder and subsidiaries of the Company.

(1) *See Section 6.2.3.2, above, for a presentation of the Supervisory Board's specialist committees.*

6.3 Compensation of administrative, supervisory and management bodies

6.3.1 Principles and rules

6.3.1.1 Management

Management compensation is set for successive periods of three years by the Ordinary General Shareholders' Meeting (limited partners) in accordance with the provisions of Article L. 226-8 of the French Commercial Code, on a proposal from the general partners and after consultation with the Supervisory Board. The Supervisory Board also consults with the Management Compensation Committee, a specialised committee composed solely of Members independent of Management.

This method for determining Management compensation is provided for in Article 14 of the Articles of Association as follows:

"As of 1 January 2013, Management compensation shall be set for successive periods of three years by the Ordinary General Shareholders' Meeting (limited partners) in accordance with the provisions of Article L. 226-8 of the French Commercial Code, on a proposal from the general partners and after consultation with the Supervisory Board.

If there is more than one Manager, they will decide how to distribute the said compensation amongst themselves.

No other compensation may be paid to the Managers in respect of their office unless previously approved by the Ordinary General Shareholders' Meeting with the prior unanimous agreement of the General Partners.

The Managers are also entitled to reimbursement of all business, travel and other expenses of any nature incurred in the interests of the Company.

The compensation to which the Managers are entitled shall be invoiced directly to Altarea or its subsidiaries. In the latter case, the portion of compensation received by the Manager which is attributable economically to Altarea, shall be deducted from the compensation to be paid by Altarea."

Article 24.3 of the AFEP-MEDEF Code, to which the Company refers, recommends consultation with the shareholders on the compensation of individual corporate officers. The Company's practice with respect to establishment of Management compensation goes beyond that recommendation. As such, Management compensation is determined directly by the Ordinary General Meeting of the Shareholders, which has a real decision-making power, a power that is exercised ex-ante. The General Meeting is not simply consulted after the fact to approve or disapprove of compensation awarded to Management by another company body. Management compensation is set directly and in advance by the General Meeting. The General Meeting therefore has no need to issue an opinion on its own decisions.

Current compensation

In accordance with Article 18 of the Articles of Association, the Management Compensation Committee, comprised entirely of independent members of the Management, submitted its management compensation proposal to the Supervisory Board at its meeting on 23 February 2016. The General Partner decided to present a compensation proposal identical to that of the Management Compensation Committee at the Ordinary General Meeting of 15 April 2016. On 9 March 2016, the Supervisory Board voted unanimously in favour of the compensation proposal made for the general partner which was inserted into the draft fifth resolution submitted to the Ordinary General Shareholders' Meeting. The General Shareholders' Meeting approved the resolution that was proposed to it and consequently set Managers' compensation for 2016, 2017 and 2018 as follows:

Extract from the fifth resolution (Determination of Management Compensation):

"The General Shareholders' Meeting (...) decides that the Management shall be awarded, in accordance with Article 14 of the Articles of Association of the Company, annual compensation in the form of fees as follows:

- *fixed annual compensation of €2,000,000 before tax, one quarter of which is due at each quarter, the amount being established in January 2016 and revisable each year according to changes in the Syntec index;*
- *variable compensation determined according to the Group share of consolidated FFO and the average number of shares in circulation each year, i.e.:*
  - *1.5% of FFO reached each year above €120 million and up to €150 million,*
  - *3% of FFO reached each year if the latter is above €150 million.*

In FY 2015, Altarea's average number of shares in circulation was 12,367,215 shares; should the number of shares comprising Altarea's share capital increase due to the creation of new shares during a financial year, the €120 million and €150 million thresholds applicable to this financial year and future ones shall be revised as follows:

$$\frac{\text{€120 million or €150 million x the average number of shares for the current financial year}}{\text{Average number of shares in circulation during FY 2015 (12,367,215 shares)}}$$

The average number of shares for a given financial year is published in the Altarea annual report.

This variable compensation shall be due no later than 31 March following the end of the financial year, i.e., on 31 March 2017 for FY 2016.

The annual compensation of the Management shall be determined according to the conditions set out above for the three-year period corresponding to the financial years ending 31 December 2016, 31 December 2017, and 31 December 2018."

Compensation review

The Combined General Shareholders' Meeting to be held on 23 May 2019 will be responsible for deciding the Management compensation for the new three-year period, i.e. financial years 2019, 2020 and 2021.

In accordance with the provisions of Article 18 of the Articles of Association, the Compensation Committee, composed entirely of independent members of management, submitted its Management compensation proposal for the next three-year period to the Supervisory Board following its meeting on 14 February 2019. This proposal received the unanimous approval of the Supervisory Board at its meeting held on 26 February 2019. The general partner has decided to present this proposal, unamended, to the General Shareholders' Meeting to be held on 23 May 2019, the details of which are as follows:

- fixed annual compensation in the amount of €1,000,000, excluding taxes, payable in four equal amounts on a quarterly basis and non-revisable,
- variable annual compensation consisting of two items:
- variable annual compensation equal to a progressive percentage of a portion of the amount of FFO per share, multiplied by the diluted average number of shares during the financial year, namely:
  - 3% of the amount of FFO per share pertaining to the portion of FFO per share in excess of €15.76 per share and up to €19 per share, the amount obtained being multiplied by the diluted average number of shares during the financial year in question;
  - 5% of the amount of FFO per share pertaining to the portion of FFO per share in excess of €19 per share, the amount obtained being multiplied by the diluted average number of shares during the financial year in question;

  it being specified that the diluted average number of shares during the financial year is published in the company's annual report and that this variable compensation shall be payable at the latest on 31 March following the end of the financial year, namely for the first time on 31 March 2020 for the 2019 financial year.
- variable annual compensation dependent upon the company's GRESB GREEN STAR rating, namely:
  - upon achieving or maintaining 5 stars in the GRESB GREEN STAR rating, the variable compensation shall be equal to €500,000 excluding taxes;
  - upon achieving or maintaining 4 stars in the GRESB GREEN STAR rating, the variable compensation shall be equal to €250,000 excluding taxes;
  - there shall be no variable compensation in this respect under the level of 4 stars;

  it being specified that this variable compensation shall be payable every year in the month following the achievement of the GRESB GREEN STAR rating, generally in the fourth quarter of each financial year.

The entry into force of these new compensation arrangements is expected to result in a substantial reduction of Management's compensation.

6.3.1.2 General partners

Article 29 paragraph 6 of the Company's Articles of Association stipulates that "the General Partner is entitled to a bonus dividend equal to 1.5% of the annual dividend paid."

Altafi 2, the sole general partner, receives a bonus dividend of 1.5% of the annual dividend. This amounted to €2,076,228 for FY 2015, €2,569,489 for FY 2016 and €2,966,939 for FY 2017. It is proposed at the annual Ordinary General Shareholders' Meeting, which is responsible for approving the financial statements for FY 2018 and appropriating its results, to pay the shareholders a dividend that should result in payment of €3,071,729.17 to the General Partner Altafi 2 (amount to be adjusted depending on the number of treasury shares held).

6.3.1.3 Supervisory Board

The compensation and benefits paid to Supervisory Board members is set in Article 19 of the Articles of Association.

The General Meeting can allocate annual compensation to Supervisory Board members solely for their duties as members of the Supervisory Board. The amount of compensation paid, included in general operating expenses, is determined by the Ordinary General Meeting and maintained until decided otherwise. The Supervisory Board divides this amount among its members as it deems appropriate. Supervisory Board members are also entitled to the reimbursement of all expenses, travel costs and costs of any kind incurred in the Company's interests.

The General Meeting held to approve the 2008 financial statements, which took place on 20 May 2009, decided to allocate total compensation of €600,000 to the members of the Supervisory Board in respect of 2009 and for every subsequent year until the Ordinary General Meeting adopts a new decision.

This compensation has been unchanged since 2009 and should remain unchanged in respect of 2019 unless the Meeting decides otherwise.

Chairman of the Supervisory Board

At its meeting of 19 February 2013, the Management Compensation Committee, comprised entirely of independent members of the Management, proposed to the Supervisory Board to establish gross annual compensation of €300,000 for the Chairman of the Supervisory Board. This proposal was unanimously adopted by the Supervisory Board on 27 February 2013.

At its 5 March 2014 meeting, upon the appointment of Christian de Gournay as incoming Chairman of the Supervisory Board to replace Jacques Nicolet, the Supervisory Board confirmed that the amount of compensation paid to its Chairman would remain unchanged. This compensation encompasses all work done for the Supervisory Board and is exclusive of any other compensation.

On the proposal of the Compensation Committee at its meeting of 14 February 2019, the Supervisory Board decided at its meeting of 26 February 2019 to change, as from 1 July 2019, the amount of the annual compensation of the Chairman of the Board of Directors to an aggregate amount of €250,000, charged against the directors' fees allocated by the General Meeting.

Supervisory Board members

To encourage members of the Supervisory Board to effectively participate in the Board's work, and taking into account the directors' fees awarded by comparable companies, the Supervisory Board decided at its 27 February 2013 meeting to set the amount of directors' fees at €2,500 for each attendance at a meeting of the Board or its specialist committees.

At its meeting of 26 February 2019, the Supervisory Board, having reviewed the amount of directors' fees allocated by comparable companies, decided to increase, from 1 January 2019, the amount of directors' fees allocated to the members of the Supervisory Board to €3,000 per meeting of the Board and its specialist committees.

6.3.2 Information on compensation

The information provided below complies with the AMF recommendation on disclosure of compensation of corporate officers (the "Recommendations"), in paragraph 3.5 of the AMF Guide to the Preparation of Registration Documents (AMF Position-Recommendation No. 2009-16).

Note that the Company's executive management comprises three Co-Managers: Alain Taravella, the company Altafi 2 and the company Atlas which are both chaired by Alain Taravella and are also controlled by him as understood under the terms of Article L. 233-3-I of the French Commercial Code. The Chief Executive of Atlas was Stéphane Theuriau until 6 March 2018. Since 21 February 2019, Gautier Taravella and Matthieu Taravella have been Co-Chief Executive Officers of Altafi 2.

The non-executive corporate officers are the Supervisory Board members.

Table 1 – Summary of compensation, stock options and shares allocated to each executive corporate officer, as well as the CEO of Atlas, Co-Manager

(€ thousands)	FY 2017	FY 2018
1. Alain Taravella – Co-Manager		
Compensation due in respect of the financial year (itemised in Table 2)	0	0
Value of options allocated during the financial year	0	0
Value of performance shares allocated during the financial year	0	0
Total Alain Taravella	**0**	**0**
2. Altafi 2 – Co-Manager		
Compensation due in respect of the financial year (itemised in Table 2)*	5,271(1)	5,869(2)
Value of options allocated during the financial year	0	0
Value of performance shares allocated during the financial year	0	0
Total Altafi 2	**5,271**	**5,869**
3. Atlas – Co-Manager		
Compensation due in respect of the financial year (itemised in Table 2)	0	0
Value of options allocated during the financial year	0	0
Value of performance shares allocated during the financial year	0	0
Total Atlas	**0**	**0**
3 *bis*. Stéphane Theuriau – Chief Executive Officer Atlas until 6 March 2018		
Compensation due in respect of the financial(3) year (itemised in Table 2)	800	418
Value of options allocated during the financial year	0	0
Value of performance shares allocated during the financial year	0	0
Total Stéphane Theuriau	**800**	**418**

* ***Fees paid to the legal person.***

(1) Final amount of €4,662 thousand for management of Altarea and €609 thousand for management of Altareit, a subsidiary of Altarea.

(2) Provisional amount of €5,241thousand for management of Altarea and €628 thousand for management of Altareit, a subsidiary of Altarea.

(3) Stéphane Theuriau did not receive any compensation from Altarea or Atlas. He did not receive any compensation as executive corporate officer of the Company. This amount is in recognition of his operational responsibilities as Manager of Cogedim Gestion, a subsidiary of Altarea, until 6 March 2018, the date on which his term of office ended.

Regarding application of Articles L. 225-102-1 and L. 233-16 of the French Commercial Code, note that outside of Altarea, its subsidiaries and Altafi 2, no other company paying compensation to a corporate officer falls within the scope of these provisions.

The amounts provided in the compensation table, above, and the following tables include all compensation due or paid by Altarea and the companies it controls. The figures below include amounts invoiced to Altarea and amounts invoiced directly to its subsidiaries. Variable compensation of Management is calculated by applying the rules for Management compensation set out by the Ordinary General Shareholders' Meeting of the shareholders, which are presented in Article 6.3.1.1 above.

Table 2 – Summary of compensation of each executive corporate officer, as well as the CEO of Atlas, Co-Manager

Name and position of executive officer *(€ thousands)*	FY 2017 Amount due	FY 2017 Amount paid	FY 2018 Amount due	FY 2018 Amount paid
1. Alain Taravella – Co-Manager				
Fixed compensation	0	0	0	0
Variable annual compensation	0	0	0	0
Variable multi-year compensation	0	0	0	0
Exceptional compensation	0	0	0	0
Other compensation	0	0	0	0
Directors' fees	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**
2. Altafi 2 – Co-Manager*				
Fixed compensation	2,029	2,029	2,093	2,093
Variable annual compensation (paid in financial years N+1)	2,633[a]	1,179[b]	3,148[c]	2,633[a]
Variable multi-year compensation	0	0	0	0
Exceptional compensation	0	0	0	0
Other compensation[d]	609	609	628	628
Directors' fees	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**5,271**	**3,817****	**5,869**	**5,354****
3. Atlas – Co-Manager				
Fixed compensation	0	0	0	0
Variable annual compensation	0	0	0	0
Variable multi-year compensation	0	0	0	0
Exceptional compensation	0	0	0	0
Other compensation	0	0	0	0
Directors' fees	0	0	0	0
Benefits in kind	N/A	N/A	N/A	N/A
TOTAL	**0**	**0**	**0**	**0**
3 *bis*. Stéphane Theuriau – Chief Executive Officer Atlas (until 6 March 2018)				
Fixed compensation	0	0	0	0
Variable annual compensation	0	0	0	0
Variable multi-year compensation	0	0	0	0
Exceptional compensation	0	0	0	0
Other compensation[e]	800	800	418	418
Directors' fees	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**800**	**800**	**418**	**418**

* ***Fees paid to the legal person.***
** ***Amounts paid correspond to variable compensation in respect of the prior year after any adjustments.***
(a) Corresponding to the amount of variable compensation for the 2017 financial year recognised in 2017 and paid in 2018.
(b) Corresponding to the amount of variable compensation for the 2016 financial year recognised in 2016 and paid in 2017.
(c) Corresponding to a provisional amount of variable compensation for 2018, recognised in 2018 and that should be paid in 2019.
(d) Compensation paid solely for managing Altareit, a subsidiary of Altarea.
(e) Compensation paid solely for duties as corporate executive of Altarea subsidiaries; see above.

Table 3 – Table of directors' fees and other compensation received by the non-executive corporate officers and, where applicable, by their permanent representatives.

The Company paid a total of €100,000 in directors' fees to the members of the Supervisory Board in respect of 2018. This amount does not take into account the overall compensation of the Chairman of the Supervisory Board or any consideration for assignments entrusted by the Board (see section 6.3.1.3 above). The amounts shown in the table below include not only directors' fees and other compensation paid by Altarea, but also that paid by its subsidiaries.

	FY 2017		FY 2018	
Non-executive corporate officers *(€ thousands)*	**Directors' fees**	**Other compensation**	**Directors' fees**	**Other compensation**
Christian de Gournay, Chairman of the Supervisory Board	0	300(1)	0	300(1)
Altafi 5, Supervisory Board member	0	0	0	0
Alta Patrimoine, member of Altareit's Supervisory Board	N/A	0		
Florence Lemaire, permanent representative of Altafi 5	0	–(2)	0	–(2)
APG, Supervisory Board member	0	0	0	0
Alain Dassas, Permanent Representative of APG	15	0	12.5	0
ATI, Supervisory Board member	0	0	0	0
Léonore Reviron, Permanent Representative of ATI	10	1.5(3)	12.5	3(3)
Marie Anne Barbat-Layani, Supervisory Board member	10	0	7.5	0
Françoise Debrus, Supervisory Board member	15	0	12.5	0
Éliane Frémeaux, Supervisory Board member	12.5	0	12.5	0
Jacques Nicolet, Supervisory Board member	10	3(3)	5	1.5(3)
Predica, Supervisory Board member	0	0	0	0
Émeric Servin, Permanent Representative of Predica	10	20(4)	7.5	0
Michaela Robert, Supervisory Board member	12.5	0	12.5	0
Dominique Rongier, Supervisory Board member	15	3(3)	12.5	3(3)
Matthieu Taravella, Supervisory Board member	10	0	5	0
Gautier Taravella, Supervisory Board member	0	0	0	0
Christian Terrassoux, Supervisory Board member	0	1,598(5)	0	1,640(6)

(1) Compensation paid by Altarea for the office of Chairman of the Supervisory Board.
(2) Florence Lemaire has a permanent employment contract with the Group for the salaried duties of Assistant Corporate Legal Director for which she receives compensation which has no connection with the exercise of her mandate. As such, this compensation is not published.
(3) Compensation paid in the form of Directors' fees for attendance at meetings of Altareit's Supervisory Board.
(4) Compensation paid for an assignment given by the Supervisory Board charged against the total ceiling for Diretors' fees allotted by the Shareholders' Meeting.
(5) €108,072 for compensation as Chairman of Pitch Promotion SAS, and €1,490,000 excluding taxes in service fees paid by Pitch Promotion SNC to Terra Nova, managed and controlled by Christian Terrassoux.
(6) Service fees paid by Pitch Promotion SNC to Terra Nova, managed and controlled by Christian Terrassoux.

The two employee representative members of the Board have employment contracts with the Group for which they receive compensation which is not related to the exercise of their mandate. As such, this compensation is not published.

Table 4 – Stock options granted during the financial year to each executive corporate officer by the Company and by any Group company

No stock options were allocated during the financial year to the executive corporate officers, namely Alain Taravella, Altafi 2 or Atlas, Co-Managers, by the Company or by any other Group company.

Table 5 – Stock options exercised during the year by the executive corporate officers

No stock options were exercised during the financial year by the executive corporate officers, Alain Taravella, Altafi 2 or Atlas, Co-Managers.

Table 6 – Free shares allocated to the executive corporate officers, members of the Supervisory Board and their permanent representatives in 2018

No free shares were granted during the past financial year to the executive corporate officers of the Company, namely Alain Taravella, Altafi 2 and Atlas, Co-Managers, either by the Company itself or by another Group company.

No free shares were granted during the past financial year to members of the Supervisory Board, either natural persons or legal entities, by the Company itself or by another Group company[1].

(1) Florence Lemaire, Permanent Representative of Altafi 5 on the Company's Supervisory Board, benefited from a bonus share plan in the same way as all Group employees with permanent contracts as part of the "Tous en actions!" (see Note 6.1 to the consolidated financial statements).

Table 7 – Free shares allocated to each corporate officer that became available in 2018

No free shares allocated during the financial year to the corporate officers, namely Alain Taravella, Altafi 2 or Atlas, Co-Managers, and the members of the Supervisory Board, by the Company or by any other Group company, became available during the past year. It should be noted that a total of 5,459 shares awarded in 2016 to Stéphane Theuriau (CEO of Atlas until 6 March 2018) vested in 2018[1].

Table 8 – History of stock option grants and share purchases

There is currently no stock option plan for which the corporate officers, namely Alain Taravella, Altafi 2, or Atlas, Co-Managers, are eligible, including other financial instruments convertible to capital (share subscription warrants, redeemable share subscription warrants, founders' warrants, etc.).

Table 9 – Stock options granted to and exercised by the top 10 employees excluding corporate officers and options exercised by them

There is currently no stock option plan for which the top 10 employees excluding corporate officers are eligible, including other financial instruments convertible to capital (share subscription warrants, redeemable share subscription warrants, founders' warrants, etc.).

Table 10 – History of free share allocations

No free shares are currently vesting or in a lock-up period in favour of executive corporate officers of the Company, namely Alain Taravella, Altafi 2, or Atlas, Co-Managers.

No free shares are currently vesting or in a lock-up period in favour of corporate officers of the Company, namely the natural persons and/ or legal entities on the Supervisory Board[1].

Table 11 – Employment contracts, supplemental pension plans, severance or other termination payments or benefits and non-competition compensation payable to the executive corporate officers

None.

It is hereby specified that the Company made no commitment for its corporate officers, namely Alain Taravella, Altafi 2, or Atlas, Co-Managers, for any compensation, payments or benefits due or liable to be due upon assumption, termination or any change in their office or subsequent thereto.

(1) Florence Lemaire, Permanent Representative of Altafi 5 on the Company's Supervisory Board, benefited from a bonus share plan in the same way as all Group employees with permanent contracts as part of the "Tous en actions!" (see Note 6.1 to the consolidated financial statements).

6.4 Delegations granted by the General Shareholders' Meeting for capital increases

6.4.1 Delegations valid during the past financial year

Delegations valid during 2018	Date of authorisation (GM)	Expiry date	Maximum nominal amount	Use in 2018
Share buyback program				
Authorisation to proceed with share buybacks at a maximum price per share of €300 and for a maximum total amount of €100 million	15/05/2018[v]	15/11/2019	Up to a maximum of 10% of the share capital	See § 7.3.2 below
Authorisations to reduce the share capital by cancelling shares purchased under the share buyback program	15/05/2018[v]	15/07/2020	Up to a maximum of 10% of the share capital per 24 month period	None
Authorisations with preservation of preferential subscription rights				
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company[i][ii]	15/05/2018[v]	15/07/2020	€95 million for capital increases €500 million of debt securities	None
Authorisations to increase the share capital by capitalising reserves	15/05/2018[v]	15/07/2020	€95 million	None
Authorisations without preferential subscription rights				
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, as part of a public offer [i][ii][iii]	15/05/2018[v]	15/07/2020	€95 million for capital increases €500 million of debt securities	None
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, as part of a private placement[i][ii][iii]	15/05/2018[v]	15/07/2020	€95 million and 20% of the share capital per annum for capital increases €500 million of debt securities	None
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, for the benefit of particular categories of persons[i]	15/05/2018[v]	15/11/2019	€20 million	See § 7.3.4 below
Issue of ordinary shares that may be combined with securities giving access to the Company's share capital as remuneration for contributions in the form of securities[i][iii]	15/05/2018[v]	15/07/2020	10% of the capital	None
Issue of ordinary shares and/or equity securities giving access to other securities to be used to remunerate the securities contributed as part of a public exchange offer initiated by the Company[i][iii]	15/05/2018[v]	15/07/2020	€95 million	None
Authorisations for the benefit of employees and senior management				
Increase in the capital reserved for members of an employee savings scheme	15/05/2018[v]	15/07/2020	€10 million	None
Bonus share plans	15/05/2018[vi]	15/07/2021	350,000 shares[vii]	See § 7.3.1 below
Stock option plans (share purchase)[iv]	15/05/2018[v]	15/07/2021	350,000 shares[vii]	None
Stock option plans (share subscription)[iv]	15/05/2018[v]	15/07/2021	350,000 shares[vii]	None
Share subscription warrants (BSA, BSAANE and BSAAR)[iv]	15/05/2018[v]	15/11/2019	350,000 shares[vii]	None

(i) Authorisation subject to a nominal global ceiling of €95 million for a capital increase by the issue of new shares and €500 million for the issue of debt securities
(ii) Authorisation subject to an authorisation to increase the issue amount by an additional 15% in case of over-subscription
(iii) Delegation subject to an authorisations granted to Management to set the issue price up to a maximum of 10% of the share capital per annum
(iv) Authorisation subject to a global ceiling of 350,000 shares, of which a maximum of 100,000 shares for the executive corporate officers
(v) Authorisation rescinding any authorisation of the same kind granted by the Combined General Shareholders' Meeting of 11 May 2017
(vi) Authorisation rescinding any authorisation of the same kind granted by the Combined General Shareholders' Meeting of 15 April 2016
(vii) Representing approximately 2.18% of the share capital at 31 December 2018

6.4.2 Delegations sought from the next General Shareholders' Meeting to be held on 23 May 2019

Delegations sought from the Combined General Shareholders' Meeting of 23 May 2019	Resolution number	Maximum nominal amount	Duration/ Expiry date
Share buyback program			
Authorisation to proceed with share buybacks at a maximum price per share of €300 and for a maximum total amount of €100 million[(a)]	15	Up to a maximum of 10% of the share capital	18 months 23/11/2020
Authorisations to reduce the share capital by cancelling shares purchased under the share buyback programme	16	Up to a maximum of 10% of the share capital per 24 month period	26 months 23/07/2021
Authorisations with preservation of preferential subscription rights			
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company[(b)(c)]	17	€95 million for capital increases €750 million of debt securities	26 months 23/07/2021
Authorisations to increase the share capital by capitalising reserves	26	€95 million	26 months 23/07/2021
Authorisations without preferential subscription rights			
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, as part of a public offer[(b)(c)]	18	€95 million for capital increases €750 million of debt securities	26 months 23/07/2021
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, as part of a private placement[(b)(c)]	19	€95 million and 20% of the share capital per annum for capital increases €750 million of debt securities	26 months 23/07/2021
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, for the benefit of particular categories of persons[(b)]	23	€20 million for capital increases €150 million of debt securities	18 months 23/11/2020
Authorisations granted to Management to set the issue price for capital increases without preferential subscription rights subject to a maximum of 10% of the share capital per year	20	10% of the share capital per annum	26 months 23/07/2021
Issue of ordinary shares that may be combined with securities giving access to the Company's share capital as remuneration for contributions in the form of securities[(b)]	22	10% of the share capital for capital increases €750 million of debt securities	26 months 23/07/2021
Issue of ordinary shares and/or equity securities giving access to other securities to be used to remunerate the securities contributed as part of a public exchange offer initiated by the Company[(b)]	24	€95 million for capital increases €750 million of debt securities	26 months 23/07/2021
Global ceiling and other authorisations			
Setting aggregate nominal ceiling of authorisations to the Management at €95 million for increasing capital by share issues and at €750 million for marketable securities representing debt in the Company	25	€95 million for capital increases €750 million of debt securities	26 months 23/07/2021
Option to increase the amount issued by 15% in the event of oversubscription[(b)]	21	-	26 months 23/07/2021
Authorisations for the benefit of employees and senior management			
Increase in the capital reserved for members of an employee savings scheme (global ceiling of €10 million)[(b)]	27	€10 million	26 months 23/07/2021
Bonus share plans[(b)(d)]	28	350,000 shares	38 months 23/07/2022
Stock option plans[(b)(d)]	29	350,000 shares	38 months 23/07/2022
Share subscription warrants (BSA, BSAANE and BSAAR)[(b)]	30	€10 million	18 months 23/11/2020

(a) See section 7.3.2 below.
(b) Authorisation subject to an aggregate ceiling of €95 million in par value for capital increases through the issue of new shares and €750m through the issue of debt securities.
(c) Delegation covered by the requested authorisation to increase the issue amount by an additional 15% in the event of oversubscription.
(d) Authorisation subject to a global ceiling of 350,000 shares, of which a maximum of 100,000 shares for the corporate officers.

It should be noted that the delegations presented in the above table would rescind, if adopted by the General Shareholders' Meeting of 23 May 2018, to the delegations of the same nature previously granted by the General Shareholders' Meeting and presented in Section 6.4.1 above.

6.5 Conditions of participation in the General Shareholders' Meeting

Except for the requirements set by applicable laws and regulations, there are no particular procedures relating to shareholder participation in General Meetings. Article 25 of the Company's Articles of Association state the following points:

Calling of meetings

General Meetings are called and take place in accordance with the provisions of the law.

Notice of Meetings may be given electronically, provided that the shareholders have given their prior written consent.

Meetings take place at the registered office or any other place indicated in the notice of Meeting.

Proxies

Any shareholder may participate in person or by proxy in the General Shareholders' Meeting, whatever the number of shares they hold, upon proof of identity and the ownership of their shares in the form of an accounting entry at least two working days before the date of the General Shareholders' Meeting. However, Management may shorten or even do away with this period if it is to the benefit of all shareholders.

Legal entities may take part in General Meetings through their legal representatives or any other person duly appointed for this purpose by their legal representatives.

Double voting rights

The Company's shares do not carry double voting rights. In accordance with the option provided for by Article L. 225-123 of the French Commercial Code the Combined General Meeting of Shareholders of 5 June 2015 voted to exclude the double voting rights allowed to shareholders whose shares had been registered for at least two years. Each share therefore gives the right to a single vote.

Ceiling on voting rights

The number of voting rights that may be exercised by each limited partner in General Shareholders' Meetings is equal to the number of voting rights attached to the shares they own up to a maximum of 60% of the voting rights attached to all shares comprising the share capital.

Voting by mail and videoconferencing

Voting by mail takes place in accordance with the provisions of the law and regulations.

Shareholders may attend and vote at all meetings by videoconferencing or any other electronic means that permits their identification in accordance with the law and regulations.

Chairman – Office

General Meetings are chaired by the Manager or one of the Managers if there is more than one. If the Meeting is called by the Supervisory Board, it is chaired by the Chairman of the Supervisory Board or one of its members designated to that effect. Failing that, the Meeting elects its own Chairman.

Minutes of General Meetings are drawn up and copies certified and issued in accordance with the law.

6.6 Items that may have an impact in case of a take-over bid or public exchange offer

The information referred to under Article L. 225-100-3 of the French Commercial Code is provided in Chapters 6 and 7 of this document, in Sections 7.2, 7.3 and 6.2 to 6.5

7

GENERAL INFORMATION

7.1 History and development of the Company

1994

Altarea was founded by Alain Taravella and Jacques Nicolet.

1995

Control of Gerec, a company specialising in shopping centre development and created in 1973.

1996

Control of Espace Aménagement, the retail property management arm of Foncière Rallye.

2000

Delivery of Bercy Village, a redevelopment project started in 1997.

2001

Start of operations in Italy with the creation of Altarea Italia.

2002

Start of Retail Parks business with the creation of Compagnie Retail Park.

2004

Stock exchange listing of Altarea on Euronext Paris. Start of operations in Spain with the creation of Altarea España.

2005

SIIC regime opted for.

2006

Acquisition of property assets of Bail Investissement Foncière.

2007

Acquisition of Cogedim. Adaptation to SIIC 4 regime through the conversion of Altarea into a French partnership limited by shares. The Group becomes the largest shareholder alongside the French government, with a 34% stake in Semmaris (Société d'Économie Mixte d'Aménagement et de Gestion du Marché d'Intérêt National de la Région Parisienne), which manages the Rungis National Interest Market (French MIN).

2008

€375 million capital increase; ABP Pension Fund acquires a stake in Altarea. Reorganisation by business line, with the spin-off of property development and diversification companies to Altareit, also listed on Euronext Paris.

2009

Acceleration of the sustainable development approach: the Group receives one of the first three French HQE® Retail (high environmental quality) certifications for Okabe (Kremlin Bicêtre) and rolls out the NF Logement certification for residential property.

2010

Acquisition, by the consortium Altarea-ABP-Predica, of Aldeta, a company that owned the regional Cap 3000 shopping centre in Nice, through the company Alta Blue, currently 62% owned by Altarea.

2011

Creation in partnership with the ABP Pension Fund and Predica of AltaFund, an office property investment fund with equity of €650 million.

2013

Long-term partnership with Allianz Real Estate for a portfolio of five shopping centres over which Altarea retains control and management. Delivery of the first Cogedim Club®, the Serviced Residences business line for active seniors. The Group also develops halls of residence for students, business tourism, etc.

2014

Delivery of the regional shopping centre Qwartz in Villeneuve-la-Garenne, which receives a MAPIC Award for its digital innovations. Redevelopment of the ex-Laennec Hospital creating a new "urban district" in the seventh Arrondissement of Paris. The SNCF chooses Altarea Cogedim for the modernisation of Paris-Montparnasse Station. Launch of the Cap 3000 extension-renovation, which will double the surface area of the site by 2019 (135,000 m^2). Acquisition of 55% of Histoire & Patrimoine, a specialist in the renovation of standing assets and tax efficient products (Malraux, Déficit Land). Partnership with Crédit Agricole Assurances in the Cogedim Club® operating company.

2015

Reprofiling of the balance sheet on very favourable terms, with almost €2.2 billion raised for financing/refinancing.

2016

Acquisition of 100% of the share capital of Pitch Promotion. The Group exceeds its objective of 10,000 units sold. Delivery of the shopping centres L'Avenue 83 in Toulon, Le Parks in Paris and the first tranche of the redevelopment of Cap 3000. New successes with large mixed-use projects (Bobigny, Belvédère district in Bordeaux and Cœur de City in Issy-les-Moulineaux).

2017

Success with a first unrated listed bond issue (€500 million). Delivery of the large mixed-use project Place du Grand Ouest in Massy. The Group wins the tender to create a shopping and leisure centre in Ferney Voltaire on the outskirts of Geneva.

2018

Acquisition of the remaining share capital of Histoire & Patrimoine. Sale to Crédit Agricole Assurances of the 33.4% stake in Semmaris. Sale of two of the biggest Office developments in Grand Paris this year: the Kosmo building in Neuilly-sur-Seine, the future global head office of Parfums Christian Dior and the Richelieu building in Paris, the future head office of Altarea Cogedim. Opening of the first tranche of retail outlets in Paris-Montparnasse train station. First S&P Global credit rating: BBB. "Customer Service of the Year" Award for Cogedim for the 2nd year in a row. Altarea Cogedim leading French listed company as assessed by GRESB (across all sectors) and world Number 2 of listed retail companies.

7.2 General information about the issuer

7.2.1 Company name (Article 3 of the Articles of Association)

The Company's name is Altarea.

7.2.2 Legal form – applicable legislation (Article 1 of the Articles of Association)

Altarea was originally incorporated as a *société anonyme* (a French public limited company).

It was transformed into a *société en commandite par actions* (a French partnership limited by shares) by resolution of the shareholders at the Combined General Meeting held on 26 June 2007.

Article 24.2 of the Articles of Association sets out that any limited partner (i.e. any shareholder) holding individually or in concert 5% or more of the share capital and voting rights of the Company may propose to the General Meeting to transform the Company into a société anonyme. As such, limited partners may decide, by a majority required for the Extraordinary General Meeting, to terminate the status of the *société en commandite par actions*. The General Partner may not oppose such a transformation. Nevertheless, as long as Alain Taravella, Co-Manager and General Partner, directly or indirectly holds more than a third of actual voting rights, such a decision would be contingent upon his voting in the affirmative.

Altarea is a company incorporated under the laws of France and governed principally by the provisions of Book II of the French Commercial Code.

Altarea is therefore subject to French law.

7.2.3 Special legislation applicable

Following the decision made in March 2005 by the Company and its eligible subsidiaries to opt for the tax regime available to *Sociétés d'Investissements Immobiliers Cotées* (SIIC) in accordance with Article 208-C of the French General Tax Code – decree no. 2003-645 of 11 July 2003, Altarea is subject to the specific provisions of this regime (see below).

7.2.4 Head office (Article 4 of the Articles of Association)

The Company's registered office is at 8, avenue Delcassé – 75008 Paris.

Its telephone numbers are: +33(0)1 44 95 88 10 and +33 (0)1 56 26 24 00.

Altarea is housed by its sub-subsidiary Cogedim Gestion, which has a commercial lease over the premises on avenue Delcassé.

7.2.5 Date of incorporation and term (Article 5 of the Articles of Association)

The Company was incorporated on 29 September 1954 and, in accordance with Article 5 of its Articles of Association, has a term of 99 years as of that date, unless it is extended or wound up early.

7.2.6 Corporate purpose (Article 2 of the Articles of Association)

The Company's corporate purpose, both in France and abroad, on its own behalf and in participation with third parties, is as follows:

- principal purpose, either directly or indirectly through the companies it controls and manages, in the meaning of Article 8 and Paragraphs 1, 2 and 3 of Article 206 of the French General Tax Code:
  - the acquisition of land, property rights and building rights, as well as any assets and rights that may be subsidiary or ancillary to said property assets,
  - the construction of offices and all transactions directly or indirectly related with building these offices,
  - all for the purpose of: operating and creating value through letting these properties, leasing any type of property assets and investing in any companies with the same purpose;
- subsidiary purpose:
  - the management of buildings, property appraisals, property development, and the acquisition for resale, renovation, maintenance and cleaning of property assets,
  - the development, management and operation of shopping centres,
  - the centralisation of cash management,
  - making available to subsidiaries its intellectual and industrial property rights,
  - the provision of services for the benefit of the subsidiaries,
  - investments or shareholdings, directly or indirectly, in any company or enterprise running a business of whatever nature in the field of real estate,
  - the exchange or disposal by sale, contribution or otherwise of the property assets acquired or built for leasing in accordance with the principal purpose of the Company,

and, in general, any civil, financial, commercial, industrial, real estate and other transactions deemed useful for the furtherance of one of the Company's above-mentioned purposes.

7.2.7 Identifying information

The Company is registered at the Paris Trade and Companies Registry under registration number 335 480 877.

The Company's SIRET number is 335 480 877 00422 and its business code is 6820 B (Administration of other property assets).

The Company's legal entity identification Code (LEI) is 969500ICGCY1PD6OT783.

The Company's intra-European VAT number is FR 34 335 480 877.

It is listed in Compartiment A of Euronext Paris (ISIN Code: FR0000033219 – Ticker symbol: ALTA).

7.2.8 Financial year

(Article 28 of the Articles of Association)

The financial year begins on 1 January and ends on 31 December.

7.2.9 Appropriation of earnings

(Article 29 of the Articles of Association)

The Company's distributable profit as defined by law is available for distribution by the Ordinary General Meeting. The General Meeting has sole discretion over its appropriation. It may be appropriated in full or in part to any general or special reserves or to retained earnings, or may be distributed to the shareholders.

For as long as the Company is subject to the regime set out in Article 208-C of the French General Tax Code, the amount of any distributions shall be determined in accordance with the provisions of the second, third and fourth paragraphs of Article 208-C II of the same Code such that the Company may benefit from the provisions set out in the first paragraph thereof.

The Ordinary General Meeting, voting to approve the financial statements for the year, may decide to give each shareholder the option of receiving all or part of the final or interim dividend in cash or in ordinary shares issued by the Company, in accordance with applicable law and regulations.

Said Meeting may also decide to distribute all or part of the dividend in kind through the allocation of listed financial securities of the subsidiaries (including all listed rights and warrants that may confer entitlement to shares in the Company's subsidiaries) on the terms and conditions set out by current regulations and providing that equal treatment of all shareholders is respected.

Interim dividends may also be distributed in cash, in Company shares or in kind through the allocation of listed financial securities of the subsidiaries (including all listed rights and warrants that may confer entitlement to shares in the Company's subsidiaries) on the terms and conditions set out by current regulations and providing that equal treatment of all shareholders is respected.

The Ordinary General Meeting may decide at any time, on the terms and conditions set out by current regulations, to distribute sums taken from the reserves and/or premiums at its disposal, including by allocating listed financial securities of the subsidiaries (including all listed rights and warrants that may confer entitlement to shares in the Company's subsidiaries) providing that equal treatment of all shareholders is respected

The General Partner is entitled to a priority dividend equal to 1.5% of the annual dividend paid.

Save in the event of a capital reduction, no distribution may be made to the shareholders if the Company's net equity is or would as a result of the distribution become lower than the amount of share capital plus any reserves which are not distributable by law.

All of the foregoing is without prejudice to any future issuance of non-voting preferred shares.

A Relevant Shareholder (as defined in Article 10 of the Articles of Association – see 7.3.1 below) whose own position or position of its shareholders causes the Company to become liable for the Withholding (the "Withholding") referred to in Article 208-C II *ter* of the French General Tax Code (a "Liable Shareholder") shall compensate the Company for the Withholding arising upon any distribution of dividends, reserves, share premiums or "income deemed to be distributed" within the meaning of the French General Tax Code.

All Relevant Shareholders are deemed to be Liable Shareholders. A shareholder claiming not to be a Liable Shareholder must provide evidence thereof to the Company no later than five (5) business days before the distribution payment date in the form of a satisfactory unqualified legal opinion from a law firm of international repute and with recognised expertise in French tax law, certifying that the shareholder is not a Liable Shareholder and that the distributions made to it will not cause the Company to become liable for the Withholding.

Should the Company directly or indirectly hold a percentage of the dividend rights at least equal to that referred to in Article 208-C II ter of the French General Tax Code, or in one or more of the *Sociétés d'Investissements Immobiliers Cotées* referred to in Article 208-C of said Code (a "SIIC Subsidiary") and should a SIIC Subsidiary have paid the Withholding as a result of a Liable Shareholder, that Liable Shareholder shall, as the case may be, compensate the Company either for the sum paid by way of compensation by the Company to the SIIC Subsidiary in respect of the SIIC Subsidiary's payment of the Withholding or, if the Company has not paid any compensation to the SIIC Subsidiary, for a sum equal to the Withholding paid by the SIIC Subsidiary multiplied by the percentage of dividend rights held by the Company in the SIIC Subsidiary, such that the Company's other shareholders do not bear any portion of the Withholding paid by any of the SIICs in the chain of holding as a result of the Liable Shareholder (the "Additional Compensation"). The amount of Additional Compensation shall be borne by each of the Liable Shareholders in proportion to their respective dividend rights divided by the aggregate dividend rights held by all Liable Shareholders.

The Company is entitled to offset the compensation due from any Liable Shareholder against the sums due to be paid by the Company to that Liable Shareholder. Therefore, the sums taken from the Company's profits that are exempt from corporate income tax under the terms of Article 208 C II of the French General Tax Code should, for each share held by said Liable Shareholder, be paid to them pursuant to the abovementioned decision to distribute or to carry out a share buyback, and shall be reduced by the amount of the Withholding due by the Company for the distribution of these sums and/or the Additional Compensation.

In the case of a scrip dividend, each Liable Shareholder will receive a portion of the sums distributed in shares inasmuch as no fractional shares will be created, and the balance in cash. The shares will be booked on an individual current account so that the set-off mechanism described above can be applied to that portion of the distribution.

The amount of any compensation due by a Liable Shareholder will be calculated in such a way that the Company shall be in the exact same position after payment of the compensation and taking account of any related tax effects, as it would have been had the Withholding not been payable.

Should it transpire that (i) after a distribution of dividends, reserves or share premiums, or "income deemed to be distributed" within the meaning of the French General Tax Code made from the tax-exempt earnings of the Company or an SIIC Subsidiary under Article 208-C II of the French General Tax Code, a shareholder was in fact a Liable

Shareholder on the distribution date, and that (ii) the Company or SIIC Subsidiary should have paid the Withholding in respect of the sums paid to the Liable Shareholder and said sums were paid without application of the reduction mechanism described above, the Liable Shareholder will be required to pay the Company compensation for its loss in a sum equal to the Withholding that the Company would then have to pay in respect of each share held by that Liable Shareholder on the distribution date, plus where applicable the amount of the Additional Compensation (together the "Indemnity").

The Company has the right to set off the Indemnity due against all sums that might subsequently be paid to the Liable Shareholder without prejudice, where applicable, to the prior application to said sums of the reduction described above. Should, after such set-off, the Liable Shareholder still owe the Company any sums in respect of the Indemnity, the Company may once again set off the outstanding balance against any sums that might subsequently be paid to the Liable Shareholder until the debt has been fully extinguished.

7.3 General information about the share capital

7.3.1 Share capital – form and negotiability of the shares

Amount of the share capital (Article 6 of the Articles of Association)

As of the date of this Registration Document, the share capital was €245,424,285.42. It was divided into 16,061,329 shares, all fully paid and of the same class. The rounded par value is €15.28 a share.

It should be recalled that the 10 General Partners shares with a par value of €100 are held by Altafi 2 (see Section 6.2.2, above).

Changes to the share capital and the respective rights of the various categories of shares

The share capital may be modified as provided for by the law. The provisions of the Articles of Association regarding alterations to the share capital are no more restrictive than the provisions of the law, and they do not provide for any special classes of shares.

Form of shares (Article 10 of the Articles of Association)

Fully paid up shares may be in either registered or bearer form, at the shareholder's option.

However, any shareholder other than a natural person who comes to own, directly or through its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code, a percentage of the Company's dividend rights at least equal to the percentage referred to in Article 208-C II *ter* of the French General Tax Code (a "Relevant Shareholder") must hold all its shares in registered form and ensure that its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code do likewise. Should a Relevant Shareholder fail to comply with this requirement no later than the second business day preceding the date of a General Meeting, its voting rights held directly or indirectly through its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code will be limited at the General Meeting to one tenth of the number of shares held respectively by them. The Relevant Shareholder will recover all the voting rights attached to the shares it owns directly or through its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code at the next General Meeting, provided that the position has been remedied by the conversion of all shares owned directly or through its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code, to registered form no later than the second business day before the date of the General Meeting.

Shares may be converted from registered to bearer form and vice-versa in accordance with the provisions of the law. Notwithstanding the foregoing, shares must be in registered form where required by law.

Partially paid shares may not be converted to bearer form until they have been fully paid up.

Ownership of the shares is evidenced by their registration in accordance with the provisions of the law either in a share registry held by the issuer or its appointed registrar in the case of registered shares or in an account held with an authorised financial intermediary in the case of bearer shares. If requested by a shareholder, the Company or authorised financial intermediary shall issue a certificate of registration.

Shareholders or intermediaries who fail to provide the information referred to below may, in accordance with the provisions of the law, have their voting rights and dividend rights suspended or disqualified.

The Company is entitled to ask, at any time and at its own expense, the central depository acting as the custodian of the issuing account to disclose the name or, if a legal entity, the company name, nationality and address, of the holders of Company securities that confer either current or future voting rights at its Shareholders' Meetings, as well as the number of securities held by each of them and, where appropriate, any restrictions to which the securities might be subject.

The shares are indivisible for the purposes of the Company. Joint owners of shares shall accordingly be represented for the Company's purposes by one of the owners or by a person appointed by the owners as their sole representative. In the event of disagreement, the representative will be appointed by order of the presiding judge of the commercial court in summary proceedings at the request of the most diligent joint owner.

Trading in the shares (Article 11 of the Articles of Association)

The shares may be traded without restriction save for any provisions to the contrary set out in law, regulations or the Articles of Association.

Authorisations involving the share capital

The information concerning delegations valid during 2018, granted by General Shareholders' Meetings, and their use during the course of the previous year is provided in the Supervisory Board report on corporate governance included under Chapter 6 of this Registration Document.

Free share allocations

The information concerning free share allocations is presented in Sections 2.6 (Note 6.1. to the consolidated financial statements), and 4.4.3.3 of this Registration Document. In accordance with Article L. 225-197-4 of the French Commercial Code it is reported that the ten Group employees (not corporate officers) who were allocated the highest number of free shares in the 2018 financial year, received a total of 44,098 free shares allocated in 2018, with a total value of €7,226 thousand (according to the method used in the consolidated financial statements).

Stock options

At 31 December 2018, as at 31 December 2017, there were no outstanding stock options.

7.3.2 Share buyback programme

At the Combined General Shareholders' Meeting of 11 May 2017 and that of 15 May 2018, the shareholders authorised the Company to purchase its own shares up to a maximum of 10% of the shares comprising the share capital and up to a total of €100 million, at a maximum price per share set at €300.

Pursuant to these authorisations, Management decided to implement a share buyback programme on 11 May 2017 and 15 May 2018 for the following purposes, in order of precedence:

(1) to support the market or the liquidity of the share through an investment services provider under a liquidity contract;

(2) to allocate shares to employees and/or corporate officers as part of a stock option plan, bonus share plan or company savings plan;

(3) to allocate shares to the holders of securities that give access to Company share capital when they exercise the attached rights;

(4) possible cancellation of shares purchased;

(5) implementation of any market practice that may be recognised by the AMF.

A description of these share buyback programs was published in accordance with Articles 241-1 et seq. of the AMF's General Regulation.

Pursuant to these authorisations, the Company bought and sold the following shares in 2018:

Month	Number of shares purchased	Number of shares sold	Number of shares transferred(1)	Balance of treasury shares	Price at end of month
January	25,685	1,006		311,734	€205.50
February	2,492	1,070	55,533	257,623	€201.00
March	11,495	2,104	41,774	225,240	€205.50
April	2,526	854		226,912	€211.00
May	7,362	961		233,313	€203.50
June	11,980	1,004		244,289	€203.50
July	2,649	152	3,855	242,931	€187.80
August	19,353	2,670		259,614	€199.60
September	13,964	832		272,746	€199.60
October	6,128	768		278,106	€194.20
November	1,433	1,075		278,464	€182.40
December	154	16		278,602	€165.80

(1) In the context of bonus share plans for employees.

At 31 December 2018, in the accounting records of Altarea, the item "Treasury shares liquidity contract", which corresponds to objective (1), showed 3,040 treasury shares and the item "Shares held for allocation", which corresponds to objective (2), showed 275,562 treasury shares.

The Annual Ordinary General Shareholders' Meeting convened to approve the accounts for 2018 will be asked to renew, under the same terms, the authorisation conferred by the Meeting of 15 May 2018 to proceed with share buybacks up to a maximum of 10% of the shares comprising the share capital and within the same maximum amount of €100 million, with a maximum price of €300 per share. In compliance with the provisions of Regulation (EU) 596/2014 of 16 April 2014 and delegate Regulation (EU) 2016/1052 of 8 March 2016, this authorisation is intended for buybacks with the following purposes:

- cancellation of all or part of the shares acquired;
- delivery of shares upon the exercise of rights attached to debt or equity securities entitling holders to shares of the Company;
- allocation or transfer of shares to employees and corporate officers in accordance with the conditions set by law, in particular under a stock option plan, a free share plan or a company share ownership or savings plan;
- making of a secondary market for the security and/or provision of liquidity by an investment services provider acting independently under a liquidity contract consistent with a Code of ethics recognised by the AMF;
- holding and subsequent delivery of shares as payment, exchange or otherwise in connection with transactions pursuant to paragraph 6 of Article L. 225-209 of the French Commercial Code, and in particular external growth transactions initiated by the Company. The number of shares purchased by the Company for this purpose may not exceed 5% of its share capital;
- allocation of all or part of the shares acquired to the completion of any transaction permitted by the regulations in force.

As in previous years, the shareholders will be asked to authorise that the purchase, sale or transfer transactions described above may be carried out by any means compatible with the laws and regulations in force, including the use of derivative financial instruments and the purchase or sale of blocks of shares. It will be expressly requested to authorise buybacks of shares from corporate officers in compliance with Article 3 of the Delegated Regulation (EU) 2016/1052 of 8 March 2016.

7.3.3 Shares giving access to share capital

At the date of filing this Registration Document, no securities giving access to the share capital had been issued by the Company.

7.3.4 Changes to share capital

Table of changes to share capital over the past 3 financial years

Date	Transaction	Number of shares issued	Nominal amount of the transaction	Share premium	Total number of shares	Par value per share	Amount of total share capital
26/02/2016	Reserved capital increase	190,000	€2,903,200.00	€28,762,200.00	12,705,497	At rounded par value	€194,147,172.46
06/05/2016	Payment of scrip dividend	821,762	€12,556,523.36	€114,413,923.26	13,527,259	At rounded par value	€206,703,695.82
15/06/2016	Capital increase with preemptive subscription rights	1,503,028	€22,966,267.84	€187,457,652.16	15,030,287	At rounded par value	€229,669,963.66
06/06/2017	Payment of scrip dividend	1,021,555	€15,609,360.40	€14,546,660.80	16,051,842	At rounded par value	€245,279,324.06
24/10/2018	Reserved capital increase	9,487	€144,961.36	€1,705,003.64	16,061,329	At rounded par value	€245,424,285.42

Changes occurring in 2018

In October 2018, the Company acquired SOCIÉTÉ NIVERNAISE DE DISTRIBUTION which holds 25% of LIMOGES INVEST SCI, owner of Family Village in Limoges, the remaining 75% being held by a subsidiary of the Company.

Following this transaction, the Company carried out, pursuant to the authorisation given by the Combined General Meeting held on 15 May 2018 in its 14th resolution, a capital increase by issuing 9,487 new ordinary shares at the subscription price per share of €195, without preferential subscription rights for shareholders, to the main seller of SOCIETE NIVERNAISE DE DISTRIBUTION, thereby enabling them to use part of the income from the sale to purchase new Altarea shares.

Taking into account a rounded par value of €15.28 per share, the nominal amount of the capital increase resulting from the subscription of the 9,487 new shares totalled €144,961.36.

The Company's capital consequently rose from €245,279,324.06 to €245,424,285.42, divided into 16,061,329 shares.

The 9,487 shares were created, delivered and admitted to trading on 26 October 2018.

7.3.5 Capital breakdown

The Company does not know the exact composition of its ownership at all times, as some of its shares are held in bearer form.

Ownership at 31 December 2018

Shareholder	Share capital Theoretical shares and voting rights		Actual voting rights at General Shareholders' Meetings	
	Number	%	Number	%
Founders' concert[(a)]	7,349,471	45.76	7,349,471	46.57
Crédit Agricole Assurances[(b)]	3,962,875	24.67	3,962,875	25.11
ABP (APG)	1,323,562	8.24	1,323,562	8.39
Opus Investment	212,739	1.32	212,739	1.35
Treasury shares	278,602	1.73	-	-
Public float	2,934,080	18.27	2,934,080	18.59
TOTAL	**16,061,329**	**100**	**15,782,727**	**100**

(a) Alain Taravella and Jacques Nicolet, Founders of the Group, acting in concert, as well as the members of their family and the companies they control. See Section 7.3.6 below.
(b) Information from the disclosure that a holding had dropped below the statutory threshold of 24% of the Company's share capital and voting rights on 14 November 2018.

To the Company's knowledge, no significant change has occurred in the capital breakdown since 31 December 2018 and no shareholders currently hold, directly or indirectly, alone or in concert, more than 5% of the share capital and voting rights.

It should be recalled that the 10 General Partners shares with a par value of €100 are held by Altafi 2 (see Section 6.2.2, above).

Employee shareholders

In accordance with Article L. 225-102 of the French Commercial Code, it is specified that as of 31 December 2018 the shares held by the employees of the Company and of affiliates within the meaning of Article L. 225-180 of the French Commercial Code represent 1.06% of the Company's share capital.

It must be emphasised that this percentage does not express the proactive nature of the employee shareholder policy implemented by Company Management since the Group's listing on the stock exchange in 2004, because it is calculated based solely on the number of shares held by the employee investment mutual funds (FCPE) and shares definitively acquired under bonus share plans authorised by the General Shareholders' Meeting since the Macron Law, of 6 August 2015, took effect. It does not, therefore, take into account (i) the bonus shares allocated under a plan authorised before 6 August 2015 and (ii) the current setting up of new bonus share plans intended to make each employee a full-blown shareholder in the Group, thus enabling them to benefit from the dividend paid to the shareholders and the gains accrued by an increase in the Altarea share price.

Pledges of Company shares

At 31 December 2018, the number of pledged fully registered shares was 3,427,993[1], 21% of the number of shares comprising the share capital.

Change in ownership structure over the past three financial years

	31/12/2018		31/12/2017		31/12/2016	
Shareholder	Number of shares	% share capital and voting rights	Number of shares	% share capital and voting rights	Number of shares	% share capital and voting rights
Founders' concert	7,349,471	45.76	7,353,472	45.81	6,895,084	45.87
Extended concert*	NA	NA	7,402,944	46.12	6,981,096	46.45
Crédit Agricole Assurances	3,962,875	24.67	3,966,708	24.71	3,993,953	26.57
ABP (APG)	1,323,562	8.24	1,323,562	8.25	1,231,504	8.19
Opus Investment	212,739	1.32	212,739	1.33	197,940	1.32
Treasury shares	278,602	1.73	287,055	1.79	188,555	1.25
Public float	2,934,080	18.27	2,858,834	17.81	2,437,239	16.22
TOTAL	**16,061,329**	**100.00**	**16,051,842**	**100.00**	**15,030,287**	**100.00**

* *See Section 7.3.6 below.*

Threshold crossings

Legal threshold crossings during 2018

In 2018, the following threshold crossings were disclosed to the AMF:

Date of crossing	Discloser	Share capital and voting rights thresholds crossed	Number of shares after crossing	% share capital and voting rights after crossing	AMF Information No.
06/03/2018	Stéphane Theuriau[a]	1/3, 30%, 25%, 20%, 15%, 10% and 5% crossing below	49,472	0.31%	218C0547

(a) Crossing resulting from him leaving the concert that he formed with Alain Taravella and Jacques Nicolet and the companies they control (see Section 7.3.6 below).

Disclosure of statutory threshold crossings (Article 12 of the Articles of Association)

In addition to the legal obligation to disclose threshold crossings, the Articles of Association also require any natural person or legal entity, acting alone or in concert, who acquires or ceases to hold, directly or indirectly, a fraction of the share capital, voting rights or securities giving future access to the Company's share capital greater than or equal to on percent (1%) or a multiple of this fraction, to notify the Company, by recorded delivery and within four days of the threshold crossing, either upward or downward, of the total number of shares, voting rights or securities giving future access to the share capital that they hold either alone or in concert, directly or indirectly.

Any shares or securities in excess of the fraction that should have been disclosed in accordance with these requirements will be disqualified for voting purposes at all General Meetings held for a period of two years after the date on which the requisite disclosure is finally made, if the failure to disclose has been duly noted and if requested by one or more shareholders separately or together holding at least one percent (1%) of the Company's share capital in accordance with the terms of the law. Similarly, the voting rights attached to any shares that have not been disclosed in accordance with these requirements may not be exercised by the holder either in person or by proxy.

(1) Notably Société Générale with 3,224,259 shares and BNP Paribas with 184,153 shares.

7.3.6 Control of the Company and shareholders' agreements

Control of the Company

Description of the control over the Company

There is a disclosed concert between:

- Alain Taravella, the companies Altagroupe, Alta Patrimoine and Altager, which he controls, and members of his family;
- Jacques Nicolet and the company Everspeed, which he controls.

The disclosed concert between Alain Taravella and Jacques Nicolet has existed since taking over control of the Company in 2004. The traditional group of shareholders acting in concert, composed of Alain Taravella and Jacques Nicolet, is referred to in this document as the "concert of founders."

At 31 December 2018, the members of the Founders' concert together held 45.76% of the share capital and theoretical voting rights of the Company.

You will recall that a letter received from the AMF on 2 July 2014 stated that Gilles Boissonnet and Stéphane Theuriau had declared that they were acting together with the concert of founders (AMF Decision & Notice No. 214C1286 of 3 July 2014). Gilles Boissonnet and Stéphane Theuriau respectively declared to the AMF that they had left the above mentioned extended concert on 28 March 2017 (AMF Decision & Notice No. 217C0764 of 5 April 2017) and 6 March 2018 (AMF Decision & Notice No. 218C0547 of 7 March 2018).

Measures preventing improper control

Regarding governance, the Supervisory Board's corporate governance report (Chapter 6) specifies: the Supervisory Board examines investments and divestments starting from a very low threshold (€15 million); the Supervisory Board's Special Committees, namely the Audit Committee, Investment Committee and Management Compensation Committee, include independent members. More than one third of the members of the Supervisory Board are independent members.

Absence of improper control

Measures have been adopted to prevent any improper control. The Company believes that there is no risk of control being improperly exercised.

Shareholders' Agreement

As of the date of this document, the Company was not aware of any shareholders' agreements in force.

7.3.7 Company officers and related party transactions in Company shares

During 2018, Company officers and related parties declared the following share transactions to the Company:

Name	Title on transaction date	Transaction	Financial instrument	Total gross amount of transactions
Alta Patrimoine	Legal person related to Alain Taravella, Co-Manager	Acquisitions	Shares	€15,423,380
Everspeed	Legal person related to Jacques Nicolet, Supervisory Board member	Sales	Shares	€15,423,380
Predica	Supervisory Board member	Sale[(a)]	Shares	€14,293,387

(a) As part of the sale of the UAF Life Patrimoine (UAF LP) portfolio by Predica to Spirica (D&I AMF No. 2018DD584890)

7.3.8 Bonds not giving access to the share capital

Issue date	Issue amount	Subscription rate	Date of maturity	Interest	Market	ISIN
23/05/2014[(1)]	€100,000,000	Entirely subscribed	23/05/2021	3.00%	Euronext Paris	FR0011921691
02/06/2014[(1)]	€50,000,000	Entirely subscribed				
12/06/2014[(1)]	€80,000,000	Entirely subscribed				
14/12/2016	€50,000,000	Entirely subscribed	14/12/2026	2.45%	Euronext Paris	FR0013222247
05/07/2017	€500,000,000	Entirely subscribed	05/07/2024	2.25%	Euronext Paris	FR0013266525

(1) Bonds issued on 02/06/2014 and 12/06/2014 were assimilated upon issue and comprised a single issue with the existing bonds issued on 23/05/2014.

The bond issue contracts shown in the table above contain a control maintenance clause.

7.4 Stock market information

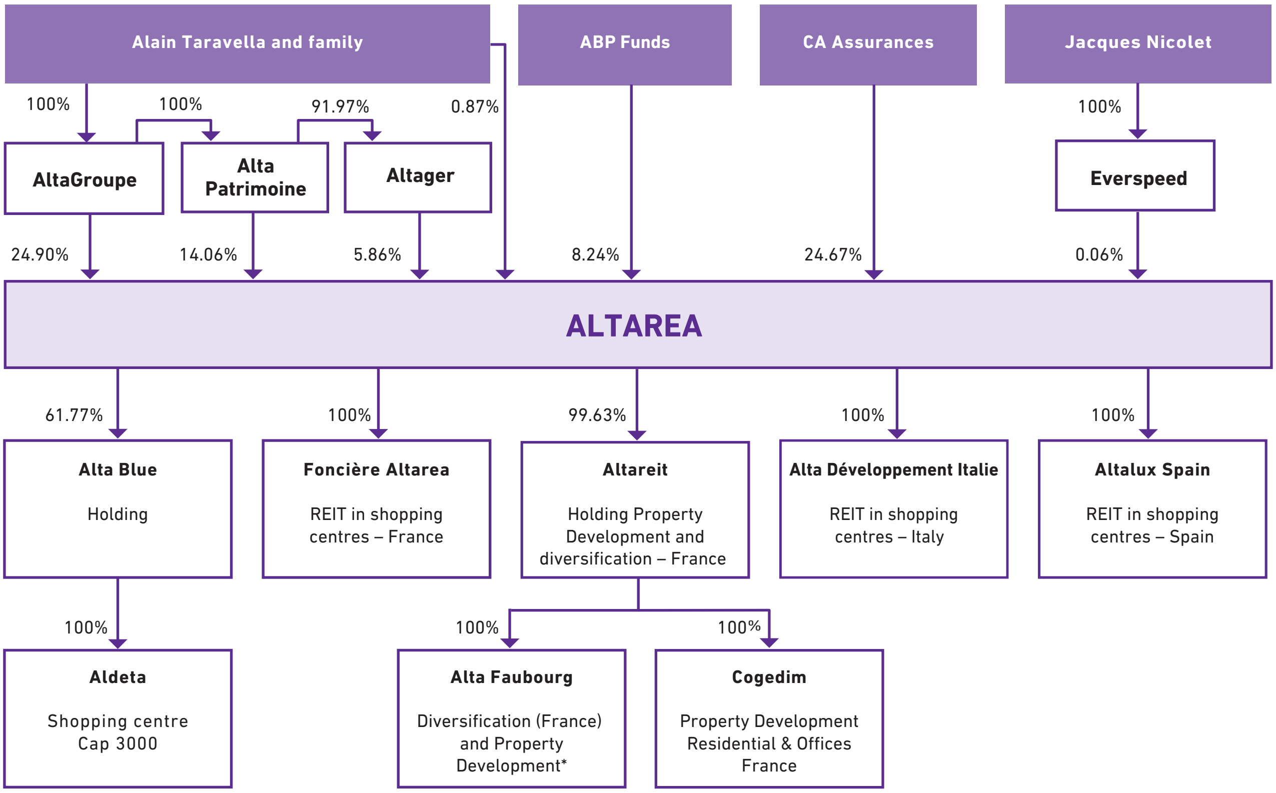
Altarea	
Listing market	Euronext Paris – Compartment A (Large Cap)
Codes	Ticker symbol: ALTA. – ISIN: FR0000033219 Bloomberg: ALTAFP-Reuters: IMAF.PA
Legal entity identification code (LEI)	969500ICGCY1PD6OT783
Listings	CAC All Shares – CAC All-Tradable – CAC Mid & Small – CAC Small – IEIF Europe – IEIF SIIC France – IEIF REIT – CAC Sociétés Financières
Deferred Settlement Service (French SRD)	Eligible
PEA/PEA SME	Non-eligible
ICB Sector classification	Retail REITs, 8672

	2013	2014	2015	2016	2017	2018
Market capitalisation (at 31/12)	€1,483,879,040	€1,647,039,500	€2,000,057,000	€2,494,700,000	€3,340,338,320	€2,662,968,348
Number of shares traded	587,100	373,158	572,766	589,268	1,368,495	1,077,486
Average price	€126.76	€133.27	€158.00	€172.55	€189.48	€198.24
Capital	€74,419,856	€49,448,737	€90,400,975	€101,678,183	€257,579,489	€213,144,495
Highest	€154.00	€140.90	€188.00	186.61	€211.00	€218.50
Lowest	€105.40	€123.05	€131.00	€151.75	€171.00	€159.60
Latest	€128.00	€131.60	€184.00	€185.20	€208.10	€165.80

	High	Low	Latest	Number of shares traded	Amount of capital traded
January 2018	€216.50	€202.50	€205.50	104,733	€21,969,141
February 2018	€206.00	€184.20	€201.00	87,770	€17,408,756
March 2018	€211.00	€195.20	€205.50	74,871	€15,359,721
April 2018	€216.50	€206.50	€211.00	66,942	€14,184,644
May 2018	€218.50	€203.50	€203.50	90,259	€19,105,301
June 2018	€207.00	€199.20	€203.50	78,450	€15,895,411
July 2018	€203.50	€187.80	€187.80	58,132	€11,312,103
August 2018	€204.00	€178.20	€199.60	90,220	€17,057,436
September 2018	€202.00	€191.80	€199.60	159,622	€31,782,346
October 2018	€201.00	€186.60	€194.20	86,513	€16,749,560
November 2018	€198.20	€182.20	€182.40	63,757	€12,176,270
December 2018	€186.20	€159.60	€165.80	116,217	€20,143,804

Source: Euronext

7.5 Simplified corporate structure at 31 December 2018



* Histoire & Patrimoine, Pitch Promotion, Serviced Residences business and the shareholding in AltaFund are held by Alta Faubourg.

Altarea centralises the Group's cash surpluses. Note 8 to the consolidated financial statements shown in Chapter 2 of this Registration Document on financial instruments and market risks provides information on the main banking covenants. The main assets and borrowings are carried by the subsidiaries that conduct the corresponding business operations.

During the 2018 financial year, the Company acquired 100% of the share capital of *Société Nivernaise de Developpement* (SND).

7.6 Dividend policy

7.6.1 Dividends paid over the past financial years

Dividends paid to the general partners in respect of the last three years are as follows:

FY[a]	No. of shares	Dividends per share	Amount eligible for the allowance provided for in art. 158–3-2 of the French General Tax Code[b]
2015	12,583,200	€11.00	€2,470,434
2016	14,895,589	€11.50	€5,844,798
2017	15,823,675	€12.50	€27,592,865

(a) Paid in the subsequent year.
(b) 40% tax allowance provided for in article 158–3-2 of the French General Tax Code and applicable to natural persons whose tax residence is in France.

The treasury shares held by the Company do not bear dividends.

In accordance with the law, dividends not claimed after a period of five years from the date of payment are cancelled and paid to the State.

7.6.2 Dividend distribution policy

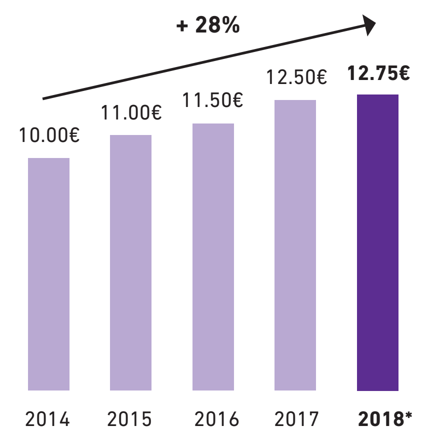
Under the terms of the Company's Articles of Association, it is the Supervisory Board that decides each year on the appropriation of earnings, distribution of the reserves and the dividend payment procedure to be proposed to the General Meeting (see Section 7.2.9).

A dividend payment of €12.75 per share will be proposed at the General Shareholders' Meeting held to approve the financial statements for the year ended 31 December 2018. This dividend will be €0.25 more per share (+2%) than the dividend paid in respect of the previous year. The shareholders will also be able to opt for payment of part of the dividend in new Altarea shares.

The Company's dividend policy is based on an analysis that takes into consideration regulatory constraints, related in particular to the SIIC regime, dividends paid historically and the Group's financial position and results.

Accordingly, the dividend policy will be maintained unchanged from recent years.

DIVIDENDS PER ACTION



* To be voted on by the General Shareholders' Meeting of 23 May 2019.

7.6.3 Expenditures and fees under Article 39-4 of the French General Tax Code

No expense or fee that is non-deductible for tax purposes within the meaning of Article 39-4 of the French General Tax Code was incurred in 2018.

7.7 Other information

7.7.1 Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings, including any proceedings that are pending or threatened of which the Company is aware of and which may have or have had a material impact on the Company's and/or the Group's financial position or profitability over the past 12 months.

7.7.2 Commercial information

7.7.2.1 Competitive situation

Quantitative information on Altarea's businesses and services, current trends, competitive environment and earnings is given in the integrated strategic report and the business review (first and second parts of the Registration Document). The business review also discusses the macroeconomic factors and business cycles affecting the shopping centre and residential property markets.

The Company's main competitors are as follows:

- in the shopping centres sector, the nine other REITs that together have more than €1 billion in market capitalisation, excluding the Altarea Cogedim Group. These are[1] Unibail-Rodamco-Westfield, Gecina, Klépierre, Covivio, Icade, Covivio Hotels, Société Foncière Lyonnaise, Carmila and Mercialys;
- in the property development sector, the main competitors are as follows[2]:
  - Residential[3]: the ten leading real estate players, including Altarea Cogedim Group, are Nexity, Bouygues Immobilier, Vinci Immobilier, Kaufman & Broad, Icade Promotion, Pichet Groupe, Les Nouveaux Constructeurs, Sogeprom and BDP Marignan,
  - Office property: the ten leading real estate players, including Altarea Cogedim Group, are Vinci Immobilier, Nexity, Bouygues Immobilier, Sixième Sens Immobilier, Adim, Duval Développement, Linkcity, Eiffage Immobilier and GA Promotion.

7.7.2.2 Absence of material changes in the financial or business position

Over the last 12 months, with the exception of what may appear in Note 11 to the consolidated financial statements (Section 2.2 of this Registration Document), the Company has not experienced any material changes in its financial position or business situation.

The Group composed of the Company and its subsidiaries enjoys both the recurring revenue characteristic of a retail REIT and the added value of a developer active on the three main real estate markets (Retail, Residential and Business property).

7.7.2.3 Information that can affect Altarea's businesses or profitability

Overall, the Company is not dependent on its customers.

In the Retail division, the ten largest tenants of shopping centres managed by Altarea Group accounted for 22% of total rental income (excl. VAT) as at 31 December 2018. Out of these, none accounted for more than 10% of rental income.

Furthermore, in the Property Development (Residential and Office Property) division, no single customer generates 10% or more of revenue at 31 December 2018. The ten largest customers accounted for 19% of total revenue.

7.7.3 R&D and innovation

The Department of Studies and Forecasting in the Retail REIT division has five employees. The Department provides concrete assistance by offering information needed on essential changes to be made to the property portfolio through operational guidance on retail trends. It is responsible for studies on project potential and procedures for obtaining business permits and for interfacing with the relevant staff in charge of development, valuations, sales and legal affairs, as well as operational personnel. The Department of Studies and Forecasting also coordinates the economic and competition analysis of the property portfolio.

Being fully aware of the social, environmental and technological transformations currently affecting the Company, and cities and society in general, in 2015 the Group created a multi-discipline team specifically dedicated to innovation, in order to encompass in its corporate mission: the improvement of the urban quality of life by more closely meeting the expectations of its customers.

This structure, comprising seven employees, is in charge of identifying, analysing and mastering the new economic models of the city. As a cross-functional unit, it also identifies innovations for processes, products & services to provide a better customer

(1) Source: Institut de l'Épargne Immobilière & Foncière: Euronext IEIF SIIC France, nomenclature of the index at 31/12/2018 (http://www.ieif-indices.com/histo/index_compo.php?compo=SIIC).

(2) Total sales volume in millions of euros – Palmarès 2017 – Classement des Promoteurs 2018 – Innovapresse – pages 14 and 16.

(3) Including the Serviced Residences business.

experience and improve customer satisfaction across all business lines.

Internally, it offers new collaborative digital tools for better information sharing.

It also drives an Open Innovation approach by developing partnerships with incubators, small and large companies and resource hubs in order to provide a continuous feed into the Group's innovation dynamic.

To strengthen the Group's innovation culture, it regularly organises events with external specialists to give teams a perspective on the weak signals set to impact the Group's business lines.

It jointly lays down broad guidelines in terms of business innovation with the operating departments. Each business line also has a specific structure to ensure that the solutions that emerge are put into practice.

8

APPENDICES

8.1 Persons responsible for the Registration Document and the audit of the financial statements

8.1.1 Person responsible for the Registration Document

Altafi 2, Co-Manager, represented by its Chairman, Alain Taravella.

8.1.2 Statement by the person responsible for the Registration Document

"I declare, after taking all reasonable care to ensure that such is the case, that the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I declare that to the best of my knowledge, the financial statements were prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position, and earnings of the Company and all entities included within the Company's scope of consolidation. I also declare that to the best of my knowledge, the management report in paragraph 1 gives a true and fair view of the businesses, earnings, financial position, and primary risks and uncertainties of the Company and all entities included in the Company's scope of consolidation.

I have obtained a statement from the Statutory Auditors at the end of their engagement confirming that they have read this Registration Document in its entirety and reviewed the information it contains regarding the Company's financial position and financial statements".

ALTAFI 2

Co-Manager

Represented by its Chairman

Alain Taravella

8.1.3 Persons responsible for the audit of the financial statements

Statutory Auditors(1)	Date of first appointment	Start date and duration of current term	Expiration of term
Full members			
Grant Thornton French member of Grant Thornton International 29, rue du Pont – 92200 Neuilly-sur-Seine Represented by Laurent Bouby	15 April 2016	15 April 2016 6 financial years	GSM on the accounts for the financial year 2021
ERNST & YOUNG ET AUTRES Tour First – 1, place des Saisons – 92400 Courbevoie Represented by Anne Herbein	28 May 2010	15 April 2016 6 financial years	GSM on the accounts for the financial year 2021
Alternates			
IGEC – Institut de Gestion et d'Expertise Comptable 22, rue Garnier – 92200 Neuilly-sur-Seine	15 April 2016	15 April 2016 6 financial years	GSM on the accounts for the financial year 2021
Auditex Tour First – 1, place des Saisons – 92400 Courbevoie	28 May 2010	15 April 2016 6 financial years	GSM on the accounts for the financial year 2021

(1) The Company's Statutory Auditors are members of Compagnie Nationale des Commissaires aux Comptes.

8.2 Documents on display

The following documents are available to the public in electronic or printed form, and can be obtained from the Company's registered office at 8, Avenue Delcassé – 75008 Paris, on working days and during office hours:

- the Company's most recent Articles of Association;
- all reports, letters and other documents, past financial data, and expert opinions or statements requested by the Company that are included or mentioned in this Registration Document;
- financial data for the Company and its subsidiaries for the two financial years prior to the year in which this Registration Document is published.

Furthermore, regulated information about the Company, including Registration Documents and the annual and half-yearly financial statements filed with the French financial markets authority (AMF) for the past ten financial years, is available and may be consulted on the Company's internet site http://www.altareacogedim.com (heading Financial information/Regulatory information and Publications).

8.3 Documents incorporated by reference

In compliance with Article 28 of Commission Regulation 809/2004/EC, the following information is incorporated into this Registration Document by reference:

- the consolidated financial statements and corresponding audit report provided on pages 87 and 137, the annual financial statements and corresponding audit report provided on pages 141 and 157, as well as the management report provided on page 59 of the 2017 Registration Document filed with the Autorité des Marchés Financiers on 15 March 2018 under number D. 18-0136.
- the consolidated financial statements and corresponding audit report provided on pages 79 and 132, the annual financial statements and corresponding audit report provided on pages 135 and 154, as well as the management report provided on page 49 of the 2016 Registration Document filed with the Autorité des Marchés Financiers on 10 March 2017 under number D. 17-0144.

8.4 Cross-reference tables

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20.	**Financial information concerning the issuer's assets, liabilities, financial position, profits and losses**		
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8.4.3 Management report to the General Shareholders' Meeting
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Glossary

Acronyms and abbreviations

GLA: Gross leasing area

EXCL. TR. TAX: Excluding transfer taxes/**INCL. TR. TAX:** Including transfer taxes

EXCL. TAX: Excluding tax/**INCL. TAX:** including tax

LFL: On a like-for-like basis

GS: Group share

CBD: Central Business District

SCA: Partnership limited by shares

SA: Surface area or total surface area of the rooms (internal measurements)

TNFA: Total net floor area

CHG.: Change

A

APPRAISAL VALUE – RETAIL: Value of assets including transfer duties (at 100% or Group Share).

AVERAGE COST OF DEBT: The average cost of debt is the ratio of the total financial costs of short and long-term financial instruments including related fees (commitment fees, non-use fees, etc.) to the average debt for the period.

B

BAD DEBT RATIO: Net amount of allocations to and reversals of provisions for bad debts plus any write-offs during the period as a percentage of total rent and expenses charged to tenants, at 100%.

BLOCK SALE: When several housing units, an entire building or a complete property portfolio is sold to one institutional investor.

BREEAM: Building Research Establishment (BRE) Environmental Assessment Method. Method of assessing the environmental performance of buildings developed by the BRE, a private British building research establishment. It is now applicable throughout the world through the BREEAM in-Use international pilot standard.

BUSINESS PROPERTY BACKLOG: Revenue (excl. tax) from notarised sales not yet recognised according to percentage of completion, new orders pending notarised deeds (signed PDAs) and fees pending receipt from third parties under signed agreements.

BUSINESS PROPERTY DEVELOPER: The Group is active in off-plan sales and leases and PDAs with a particularly strong position in the turnkey market, and as a service provider in the case of DPMs.

C

CAPITALISATION RATE: ratio of the potential net rental income from rented premises + the rental value of vacant premises + income from the pop-up trade) to the appraisal value excluding portfolio duties. It reflects the fundamental medium- to long-term quality of assets.

CNCC: Conseil National des Centres Commerciaux, the French federation of shopping centres. French professional organisation of all shopping centre industry professionals, which publishes an index of revenue earned in the shopping centres of the member companies.

COMMERCIAL LAUNCH (RESIDENTIAL): A commercial launch is the release for sale of a residential property programme. This is when the price list is drawn up (a selling price is set for each unit) and the promotional material (sales plans and sales leaflets) is made available. It equates to revenue incl. tax when expressed in value.

COST PRICE: Total development budget including interest expenses for the transaction and capitalised internal costs (including land price) in the case of off-plan sale or lease investment and development projects.

CSR: Corporate Social Responsibility (CSR) is a "concept whereby companies voluntarily incorporate social, environmental and economic concerns into their business activities and their interaction with their stakeholders". By adopting operating practices which are more ethical and more sustainable, they should be able to play their part in creating a better society and protecting the environment. Put simply, it is "the contribution of companies to sustainability". (Source: Ministry for solidarity and ecological transition).

"CUSTOMER SERVICE OF THE YEAR" AWARD: The 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. The Group received the "Customer Service of the Year" award in 2018 and 2019. Property developers were included in the candidate list for the first time in 2018.

D

DELEGATED PROJECT MANAGEMENT: In a delegated project management arrangement, the project Manager has appointed a representative to handle all or some of the project management duties on his behalf. It is essential to differentiate between project management and prime contractor in the project process to separate the responsibilities of the two entities involved. The project Manager is solely responsible for setting the objectives. The prime contractor is in charge of building the structure according to deadlines, quality standards and costs set by the project Manager, and on a more general level, the terms of a contract.

E

ELAN (LAW): The ELAN law (Expansion of housing, development and digital) aims to facilitate the construction of new residential property and protect the most disadvantaged members of society. It was definitively adopted by the French Senate on 16 October 2018. Further information on the Ministry for Territorial Cohesion and Relations with Territorial Communities website (www.cohesion-territoires.gouv.fr).

F

FFO GROUP SHARE: FFO (Funds from Operations) Group share represents operating income after net borrowing costs, corporate income tax and non-controlling interests, for all Group activities.

FINANCIAL VACANCY: Estimated rental value (ERV) of vacant units as a percentage of total estimated rental value. Given net of property being redeveloped.

FOOTFALL: Change in the number of visitors, measured by Quantaflow at shopping centres equipped with this technology, or by counting cars at retail parks (excluding travel retail).

G

GATEWAY CITY (MÉTROPOLE): The Group operates in 12 regional gateway cities: Grand Paris, Métropole Nice Côte d'Azur, Marseille-Aix-Toulon, Toulouse Métropole, Grand Lyon, Grenoble-Annecy, Nantes Métropole, Bordeaux Métropole, Eurométropole de Strasbourg, Métropole européenne de Lille, Montpellier, Méditerranée Métropole, Rennes Métropole.

GOING CONCERN NAV: The going concern NAV is the equity market value assuming a continuation in business, taking into account the potential dilution related to the SCA status.

GRESB: Global Real Estate Sustainability Benchmark. Not-for-profit organisation whose primary task is to assess the social and environmental performances of property companies. Created in 2009, it brings together around 15 of the largest pension fund Managers and major property sector organisations including EPRA (European Public Real Estate Association). Each year, the GRESB compiles an international classification to assess the ESG performance of property companies around the world.

H

HIGH-DEMAND AREAS: A high-demand area is an urban district, city or municipality where the demand for housing rental is much higher than the supply of residential property. Under the Pinel law (introduced by minister Sylvia Pinel in September 2014), "high-demand areas" correspond to areas A bis, A and B1.

I

ICR: ICR (Interest Coverage Ratio) is Operating income/Net borrowing costs (Funds from operations column) on the consolidated income statement.

IFRS 15: Starting 1st January 2018, the Group has applied IFRS 15 (Revenue from contracts with customers) which impacts revenues from property development projects.

L

LAND PORTFOLIO – RESIDENTIAL: The land portfolio consists of projects under management (through an option on the land, almost exclusively in unilateral form) which have not yet been launched (in euros incl. tax when expressed as a value).

LARGE MIXED-USE PROJECTS: Complex real estate programmes of at least 40,000 m^2 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, etc.).

LTV: the Loan-to-Value ratio (LTV) is the ratio of net debt to the restated value of assets including duties.

M

MARKET CAPITALISATION: Share price on the specified date multiplied by the number of shares at this date.

N

NET RENTAL INCOME AT CONSTANT SCOPE: net rental income (including payments made into marketing funds, reinvoicing of works and lessor investments, which are not included in the definition of EPRA net rental income) excluding, for the periods under review, any acquisitions, disposals and assets undergoing renovation that result in changes to the surface area.

NEW ORDERS – BUSINESS PROPERTY: New Orders incl. tax at 100%, with the exception of jointly controlled operations (New Orders, Group share) (in euros incl. tax when expressed as a value).

NEW ORDERS – PROPERTY DEVELOPMENT (RESIDENTIAL AND BUSINESS PROPERTY): Value (incl. tax) of residential reservations and office orders (in euros incl. taxes when expressed in value).

NEW ORDERS (RESERVATIONS) – RESIDENTIAL: New orders net of withdrawals at 100%, with the exception of jointly controlled operations (New Orders, Group share) (in euros incl. tax when expressed as a value).

O

OFF-PLAN: Off-plan is when the developer sells a building before it has even been built.

OPERATING INCOME: Recurring operating cash flow (FFO column in the consolidated income statement by segment).

OPL: OFF-PLAN LEASE: An OPL (off-plan lease) also called a turnkey rental is when the developer leases out a building before it has even been built.

P

PINEL (SCHEME): The rental investment assistance scheme known as "Pinel" targets transactions between 1 September 2014 and 31 December 2021 in high-demand areas (zones A, A bis and B1) and in municipalities covered by an active defence site regeneration contract. The scheme offers a tax reduction to anyone buying a newly-constructed or off-plan property in a qualifying area.

PIPELINE (SURFACE): Total surface area in m^2 of all the projects under development in all of the Group's activities (Retail: retail surface area created. Business property: floor area. Residential: surface area – properties for sale and portfolio).

PIPELINE (IN POTENTIAL VALUE): estimated market value on the date of delivery of all projects under development in all areas of the Group's business (Retail - creations/extensions: potential market value including duties of the projects upon 100% delivery (rental income capitalised at market rate). Retail - major mixed-use projects component: revenue excluding VAT or potential value of projects upon delivery including duties. Residential: marketed properties + portfolio including tax. Business property: potential market value excluding duties at date of sale for investment projects (at 100%), excluding VAT on off-plan/PDA signed or estimated for other development projects (at 100% or pro rata for co-developments) and capitalised delegated management contracts.

PROPERTY DEVELOPMENT AGREEMENT (PDA): A "Public Interest Mandate" whereby a project Manager commissions a developer to construct their real estate programme. Responsible for the full project, the administrative procedures and contracts, the developer guarantees the project will be completed successfully at the agreed price. The PDA is frequently used for turnkey office projects for investors or users.

PROPERTY FOR SALE: Units available for sale on projects under construction not yet sold or rented (in euros incl. tax when stated by value, or number of units when expressed by volume).

R

RENTAL INCOME: Rental income includes gross rental income, including the effects of spreading stepped rents over the non-cancellable lease term, rent holidays and other benefits granted by contract to the lessee by the lessor, and notably reductions granted during the lease term.

RENT TO TURNOVER RATIO: ratio of rent and charges billed to tenants (including reductions), to gross sales revenue.

RESIDENTIAL BACKLOG: Revenue (excl. tax) from notarised sales to be recognised on a percentage-of-completion basis and individual and block reservations to be notarised.

RESIDENTIAL SUPPLY: Sale agreements for land signed and valued as potential residential orders (incl. tax).

RETAIL PIPELINE RENTAL INCOME: Gross rent estimated based on 100% of the projects under development.

RETAILER SALES: Tenants' revenue (incl. tax) from like-for-like sites (excluding assets under redevelopment) for the period in question.

REVENUE – RESIDENTIAL: Revenue in euros (excl. tax) recognised according to the percentage-of-completion method in accordance with IFRS 15 (Revenue from contracts with customers). The percentage of completion is calculated according to the stage of construction including land.

S

SCA: The SCA *(société en commandite par actions)* is a unique form of company in that it has two categories of partner: general partners and limited partners. The limited partners can only be held liable up to the value of their shareholding. As such they are like shareholders. The general partners, on the other hand, are jointly and severally responsible for all of the company's debt. The SCA is managed by one or more general partners. Management is overseen by a Supervisory Board.

SIIC: The SIIC (Listed Property Investment Company) tax regime was introduced by the Finance Act 2002-1575 of 30 December 2002 and came into force on 1 January 2003. This tax regime covers REITS investing in property assets with a view to leasing them. In return for distributing a significant portion of their income (95% of recurrent income based on parent company net income and 60% of capital gains from the sale of assets), SIICs do not pay corporate income tax. Altarea Cogedim opted for SIIC status in 2005.

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