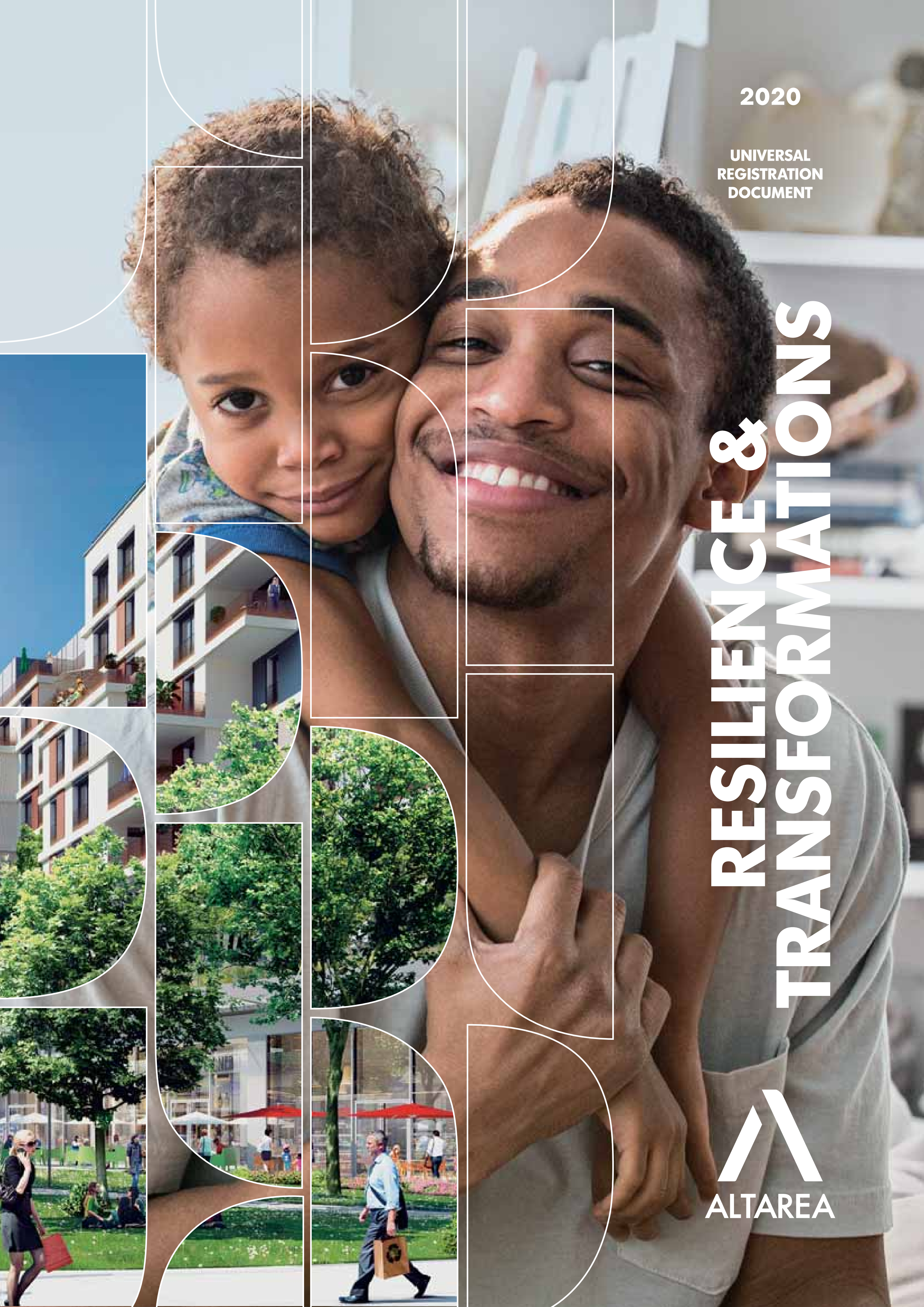


2020

UNIVERSAL REGISTRATION DOCUMENT

RESILIENCE & TRANSFORMATIONS

ALTAREA

CONTENTS

INTEGRATED STRATEGIC REPORT

Altarea has used its integrated report as the introduction to its 2020 Universal Registration Document. For five years, the Group has been committed to an integrated reporting approach inspired by its CSR roadmap "Tous engagés", developed around the three concepts of City, Customers, Talents, and the reference framework of the International Integrated Reporting Council (IIRC).

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

This fifth report covers the 2020 financial year and draws on the data of the 2020 Universal Registration Document, of which it is part.

A detailed summary is presented at each chapter entry.

UNIVERSAL REGISTRATION DOCUMENT

Including the annual financial report

2020

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

The Universal Registration Document was filed on 19 March 2021 with the French Financial Markets Authority (AMF), as the competent authority according to EU Regulation 2017/1129, without prior approval per Article 9 of the same regulation.

The Universal Registration Document may be used for the purposes of a public offering of financial securities or the admission of financial securities to trading on a regulated market if it is approved by the AMF as well as any amendments thereto, and a securities note and summary approved in accordance with EU Regulation 2017/1129.

This document is a translation into English of the Universal Registration Document issued in French, available on the Company's website.

INTEGRATED STRATEGIC REPORT

ALTAREA
IN BRIEF

Today, Altarea is the leading property developer in France. Our performance is based on a solid integrated multi-brand model and a unique platform of property skills for building the city.

ALTAREA

ALTAREA COMMERCE

RESIDENTIAL

ALTAREA ENTREPRISE

ALTAREA SOLUTIONS & SERVICES

COGEDIM

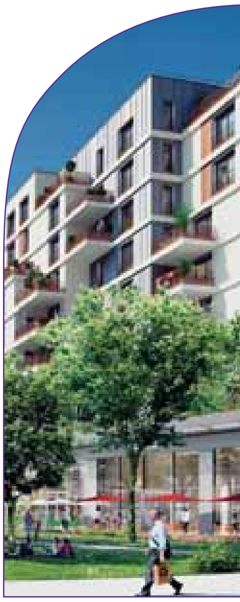
COGEDIMclub RÉSIDENCES SENIORS

HISTOIRE & PATRIMOINE

PITCH PROMOTION

SEVERINI PIERRES & LOISIRS PATRIMOINE D'EXCEPTION

Woodeum



€3.1 bn
revenue

No. 2
Residential developer
€3.4 bn
new orders

€5.0 bn
Retail assets under management, of which €2.8 bn Group share

No. 1
Business property developer (head offices, offices, campuses, hotels, logistics)

No. 1
large project developer
13 urban
mixed-use projects in development

CITY

47,000
direct, indirect and induced jobs supported in France

Confirmation of Green Star 5* status*
GRESB (environmental rating) for 5th consecutive year

-87.5%
CO_2 emissions from Retail portfolio Retail since 2010 (versus −59.5% in 2019)

CUSTOMERS

No. 2
in the HCG – Les Echos customer relations rankings

Cogedim wins "Customer service of the year" award
for 4th consecutive year

TALENTS

Top Employer
2021

INTERVIEW

A RESILIENT GROUP FACING CURRENT AND FUTURE CHALLENGES

ALAIN TARAVELLA
CHAIRMAN AND FOUNDER OF THE ALTAREA GROUP

JACQUES EHRMANN
GROUP GENERAL MANAGER, ALTAREA

Photo taken before the pandemic

How has Altarea Group coped with the Covid crisis and the two lockdowns that marked the year 2020?

ALAIN TARAVELLA — Altarea has stayed the course and has shown remarkable resilience. Of course, like everyone else, we suffered the consequences of the health crisis, particularly during the first lockdown. Building sites mothballed or slowed down, sales delayed, shopping centres hit by administrative closures, etc. There was no shortage of operational challenges. But we were able to react very quickly, with three priorities: protecting the health and safety of our teams, customers and partners, devising effective solutions to stand alongside our customers and preserving the Group's solidity. This ability to adapt has enabled us to achieve solid performance in an unprecedented context, with revenue close to that of 2019. Altarea maintains its position as the leading property developer in France and, I am convinced, will come out of this crisis stronger, thanks to two assets: its employees, who have surpassed themselves during this difficult period and whom I sincerely thank; as well as its operational and financial model, which has passed the test of fire without a hitch.

OUR MULTI-BRAND, MULTI-BUSINESS MODEL HAS PROVEN TO BE AN EXCELLENT SHOCK ABSORBER: IN TIMES OF CRISIS EVEN MORE SO THAN USUAL. IT ENABLES US TO FIND GROWTH DRIVERS TO COPE WITH DIFFICULTIES IN CERTAIN ACTIVITIES."

JACQUES EHRMANN — You mentioned the adaptability shown by Altarea and I agree. I think we are once again showing some real entrepreneurial reflexes. While retaining the striking power of a large group, we have been able to show more agility than ever before, which is part of our DNA. I am thinking, for example, of the decision we made very quickly to sell homes "en bloc" to institutional customers, in order to preserve the Group's financial strength. In terms of organisation, we have given managers more responsibilities, in particular by asking them to organise the work of their teams with the best possible balance between distance and on-site working. The key is rapid decisions, made close to the action. I would also come back to the exceptional commitment by employees, which resulted in a rapid recovery of activity after the first lockdown and many homes delivered to our customers in 2020. Despite the difficult context, we delivered Danone's new headquarters in Rueil-Malmaison, the Orange campus in Lyon, and our new headquarters on rue de Richelieu in Paris. Cogedim was named as having the best "Customer Service of the Year" for the fourth consecutive year. Histoire & Patrimoine launched the fantastic Pontchartrain and Douai projects. We continued to open senior residences despite the crisis. And Altarea Commerce continued to innovate, for example with the launch of the My e-shop marketplace at CAP3000.

— CONTINUED P. 08

INTERVIEW
— CONTINUED

Would you say that this extraordinary year confirmed the rightness of your model and your vision?

A. T. — Our multi-brand, multi-business model has proven to be an excellent shock absorber: in times of crisis even more so than usual. it enables us to find growth drivers to cope with difficulties in certain activities. It is very precious! More generally, our vision of the city has also been strengthened. First of all, Altarea naturally caters to the fundamental needs of citizens – housing, work and consumption – and these continue in times of crisis. Second point, these needs are constantly changing and Covid-19 has also further changed the picture. We believe our mission is to support these transformations. Finally, as you know, Altarea has a vision of a more sustainable and inclusive city. If you look at how cities rediscovered their need to connect with nature during the first lockdown and how many people were left stranded and alone, it is obvious that this agenda is more relevant than ever.

J. E. — I come back to the strength of our model and the agility I mentioned before. The crisis has forced us to tap into our identity as entrepreneurs and this has helped us to improve. We want to continue this momentum. This requires even greater cross-functionality, agility and solidarity between teams, beyond their business lines. We will also continue to streamline our processes to go even faster. Above all, we need to make sure the entire company is fully customer-focused. This may not be new, but it has become instinctive and is something we must preserve and cultivate even more.

FACED WITH THE CRISIS, WE HAVE DISCOVERED REAL ENTREPRENEURIAL REFLEXES. WHILE RETAINING THE STRIKING POWER OF A LARGE GROUP, WE HAVE BEEN ABLE TO SHOW MORE AGILITY THAN EVER BEFORE, WHICH IS PART OF OUR DNA."

How has this crisis accelerated the urban transformations that you are committed to supporting?

A. T. — The crisis has undoubtedly accelerated the emerging trends of recent years. And even if it is still far too early to say whether these changes will be sustainable, they will at least leave their mark. For example, teleworking, which has become a habit for millions of people in just a few months: even if it becomes more common in years to come, I am convinced that offices will still be needed. However, we will certainly expect something different from these offices. They will increasingly be places for meeting, collaboration and informal exchanges. Attractive places where people feel as comfortable working as at home, or better. In terms of housing, we have seen that more customers have been asking for a balcony, terrace or garden since the crisis. This did not take us unawares since 93% of our homes already had outdoor space before 2020. Regional metropolises, like medium-sized cities, seem to be experiencing a resurgence in their appeal and, once again, Altarea is ready to meet this demand since the Group has been growing in the regions for several years. Another effect of the first lockdown was that e-commerce increased in three months by as much as it would have done in three years under normal circumstances! On the other hand, we also saw a significant influx into our shopping centres since then they have reopened, a sign that physical retail remains essential.

ALTAREA CAN COUNT ON A RARE ASSET: IT CAN PLAY THE "INTEGRATOR" WHEN IT COMES TO REINVENTING THE CITY. WE ARE ABLE TO POSITION OURSELVES IN MASSIVE MIXED-USE NEIGHBOURHOOD PROJECTS THAT REQUIRE SIGNIFICANT FINANCIAL RESOURCES AND EXPERTISE."

TELEWORKING, E-COMMERCE, THE DESIRE FOR OUTDOOR SPACES IN HOMES, ETC. THE CRISIS HAS UNDOUBTEDLY ACCELERATED THE TRENDS THAT HAVE BEEN EMERGING IN RECENT YEARS. AND EVEN IF IT IS STILL FAR TOO EARLY TO SAY WHETHER THESE CHANGES WILL BE SUSTAINABLE, THEY WILL AT LEAST LEAVE THEIR MARK"

In 2020, we have accelerated the development of "phygital" retail, combining digital and physical, and we will continue this strategy. We are also developing more and more local shops, in stations or in city centres, which proved their importance during the health crisis.

How do you see the future?

J.E. — Even if the economy is likely to remain difficult in the months to come, Altarea can count on one essential asset, besides those already mentioned: it can play the "integrator" when it comes to reinventing the city. Few companies have this capacity. This allows us to position ourselves on large mixed-use neighbourhood projects that require significant financial resources and expertise. We also plan to continue to diversify into businesses close to ours: urban logistics, for example, which will be a real challenge for cities in the future, or the distribution of property products, an additional link of the property value chain.

A. T. — We can also count on a solid pipeline to continue our progress, on a unique skills platform, on our pioneering spirit and on an extremely healthy financial position. We are among the companies best placed to seize a merger or acquisition opportunity if it arises. Our strategic choices have been proved right and we have every reason to remain confident we can support the urban transformations of tomorrow. ■

AN ECOSYSTEM THAT CONFIRMS WE HAVE THE RIGHT MODEL

TRENDS

REGIONAL TRANSFORMATION	PRESSURE ON HOUSING AND INEQUALITIES	CHANGING URBAN LIFESTYLES	CLIMATE CHANGE AND ENVIRONMENTAL ISSUES
22 French metropolises house 29% of the population over 2% of the territory	**4 M** people are poorly housed or homeless in France	**84%** of employees want to continue teleworking after health restrictions are lifted	**67%** of greenhouse gas emissions in France come from cities

CHALLENGES & OPPORTUNITIES

CHALLENGES:

Risk that urban units, offices or shopping centres will lose their appeal	Need for property projects to be acceptable by elected officials and local residents	Tightening of environmental regulations	Worsening climate events (heat waves, flooding, etc.)

RESPONSES:

– Customer dialogue – Quality, comfort and green value – Innovation	– Mixed-use harmonious projects with a positive impact on the regions	– Reduction of direct and indirect carbon footprint	– Resilience of new or restructured buildings – Summer comfort

OUR CONVICTIONS

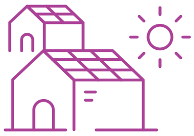
CONVICTION 1:
ACTING FOR A MORE HUMAN CITY

— SEE PAGE 20

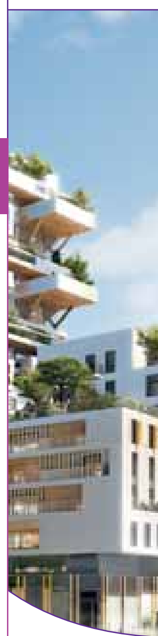
CONVICTION 2:
MAKING THE LOW-CARBON CITY A REALITY

— SEE PAGE 24

CONVICTION 3:
ACCELERATING THE TRANSFORMATION OF OUR BUSINESS LINES



— SEE PAGE 28



OUR STRENGTHS

A MULTI-SKILLS PLATFORM

A FINANCIAL AND COMMERCIAL POWER

AN ENTREPRENEUR'S DNA

"TOUS ENGAGÉS": OUR CSR APPROACH FOR CITIES, CUSTOMERS AND TALENTS

ASSETS AND A STRATEGY TO SUPPORT URBAN TRANSFORMATIONS

OUR MISSION

TO ANTICIPATE AND SUPPORT URBAN TRANSFORMATIONS, TO MAKE CITIES AND REGIONS MORE PLEASANT, MORE INCLUSIVE AND MORE SUSTAINABLE.

OUR STRENGTHS

A UNIQUE PLATFORM OF SKILLS

- Presence in the whole real estate chain: both as a REIT and developer in the residential, offices and retail segments
- Integrating multiple skills to develop a mixed-used and complementary offering
- Global vision of BtoB issues and needs as well as BtoC, source of trust and customer satisfaction

A FINANCIAL AND COMMERCIAL POWER

- Financial capacity enabling the Group to manage large-scale projects
- A land bank and complementary retail, residential and business property cycles
- Legal and financial structure favouring a short and agile decision-making circuit
- Quality of customer relationships, products appropriate to all moments in life and personalisation of the offer

AN ENTREPRENEUR'S DNA

- A truly meaningful ambition to make the city differently, which requires commitment, audacity and creativity
- Strong sense of belonging among employees, associated with the fruits of growth
- Active innovation policy, both internal and external

A CSR approach for cities, our customers, our talents, accelerating transformation

TOUS ENGAGÉS !

CITIES: DEVELOPING AND PRESERVING OUR REGIONS

- Develop desirable urban projects with a positive impact
- Develop a resilient, low-carbon city
- Protect biodiversity
- Promote the circular economy

CUSTOMERS: CUSTOMER SATISFACTION AT THE HEART OF OUR ACTIONS

- Listen to our customers and deliver customer satisfaction
- Develop a desirable and comfortable city
- Be a beacon of best practice in our business lines
- Enhance green value by rolling out ambitious certifications

TALENTS: EXCELLENCE TO SUPPORT GROWTH

- Support skills development
- Foster well-being in the working environment
- Encourage internal mobility and continue training

OUR STRATEGY

The transformation of the city is a huge market on which Altarea, the leading property developer in France, wants to continue its growth based on an integrated model, multi-brand expertise and a unique skills platform. Societal, social and economic challenges are combined with environmental challenges to address climate and urban transition. Altarea's expertise lies in developing mixed-use property products that integrate these issues into an economic equation linking growth and responsibility with a long-term vision.

RETAIL

- Continued activity in four high-potential segments: large regional shopping centres, travel retail, large retail parks and convenience stores
- Development of new innovative products and services for tenants and customers
- Repositioning of assets to better support the retail transformation
- Development of new activities (urban logistics, mixed-use projects)
- Development of new partnerships (asset management)

BUSINESS PROPERTY

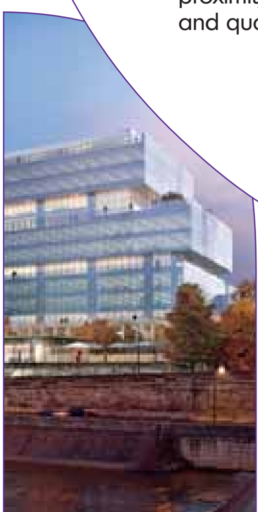
- Significant share of redevelopment or transformation
- Role of investor, developer and service provider
- "User" oriented, flexible and scalable offices
- Development of new activities (logistics)
- Development of activity in the regions

RESIDENTIAL

- Products suitable for all moments of life for all customers, first-time buyers, investors and seniors
- Emphasis on customer relations and a personalised offer
- Partnership approach with communities, social landlords, etc.
- Development of innovative products, catering to new uses
- Development of activity in medium-sized cities
- Transforming offices into units

LARGE MIXED-USE URBAN PROJECTS

- Mutual enrichment of activities and brands, seeking synergies to meet societal expectations of proximity and to create social ties and quality of life
- Hybrid approach to projects that mix residential, retail and office codes
- Unique and tailor-made projects that respond to the urban context and the needs of communities and their residents
- Transform commercial spaces in new neighbourhoods
- Designing reversible and adaptable buildings, less subject to obsolescence
- Comprehensive approach at the neighbourhood level that allows energy, services, and shared spaces optimisation



HUMAN CAPITAL
OUR BIGGEST STRENGTH

OUR UNIQUE SKILLS PLATFORM IS ONE OF OUR MAIN ASSETS. IT COVERS THE WHOLE RANGE OF THE PROPERTY PROFESSIONS AND ENABLES US TO RESPOND TO THE INHERENTLY MULTIFARIOUS CHALLENGES OF OUR CUSTOMERS AS WE BUILD THE CITY OF TOMORROW. CONSTANTLY EVOLVING, IT RELIES ABOVE ALL ON THE COMMITMENT AND AGILITY OF THE GROUP'S MEN AND WOMEN.

PROTECTING AND SUPPORTING

In 2020, Altarea gave **absolute priority to the health and safety of its employees.** Since the beginning of the health crisis, we organised ourselves to strictly apply the measures recommended by the Government, with the provision of masks, hand sanitiser and the reorganisation of spaces and flows to respect social distancing. We have encouraged teleworking, on the responsibility of managers. We also went further than the recommendations, for example by mobilising a full-time nurse at our head office. We are one of the few companies in France to have offered PCR tests to employees.

90%
employee shareholders

Another priority in 2020: **preserving the well-being and commitment of our employees,** faced with unprecedented working conditions. To support our employees, through the Digital Academy, we have developed specific online training modules adapted to the context of the crisis, on remote working, management and well-being, as well as awareness and training kits and live sessions to share with colleagues. During the first lockdown period, we created a weekly internal newsletter called "Tous Mobilés", in order to maintain links between teams and promote initiatives to maintain and adapt activity. We also set up regular digital meetings between managers and all employees and developed operational webinar programs in the various Group activities.

over 90%
of Altarea employees took part in training and awareness-raising programmes in 2020

The move into our new headquarters in rue de Richelieu meant we could offer new working conditions, tailored to the health situation. **The launch of the Richelieu Hub,** an annual programme of internal and external events, mixing face-to-face and remote formats, also helped sustain links between the teams and the company. The objective of this new programme: to make our new head office a real media hub, so employees could get to know each other better, and also learn more about the company and our industry.

ALTAWELLNESS PROGRAM

The AltaWellness program has also been strengthened: a local crisis line, psychological and medical services on-site, webinars led by experts in health, social and parental support, online sports, culture and well-being sessions through our platforms.

PREPARING FOR THE FUTURE

While dealing with the unprecedented context of 2020, **Altarea continued to actively prepare its employees' futures.** The first challenge is to make sure that we have the right expertise in the right place tomorrow to accelerate the transformation of our businesses. With this in mind,

— CONTINUED P. 16

HUMAN CAPITAL
— CONTINUED

our Academy has readjusted its formats training to roll out the skills development plan: virtual classes, webinars led by our in-house experts, creation of numerous training modules in the Digital Academy on business know-how and soft skills, weekly learning sessions on "Academy Thursdays", etc.

In the second half of the year, **much emphasis was placed on internal mobility,** now considered the priority recruitment channel for all vacancies. We have therefore put in place various initiatives to encourage more mobility and retraining within the Group: for instance, testimonials about posts by those actually doing the job are regularly showcased on our intranet to boost the appeal of different functions. As a result of the systematic publication of vacancies on our internal career website, a dedicated newsletter has been created to ensure that these advertisements are seen as widely as possible. **The mobility and promotion drive was thus strengthened, with more than 50% of positions filled internally.**

For the 3rd consecutive year, Altarea received the HappyTrainees label, an award based on feedback from its work-study students and interns

Another way to prepare for the future and act as a responsible and committed employer: **continued hiring of work-study students and interns.** Having understood last June that integration into employment would be complex for young people in 2020-2021 – and even before the Government announced hiring subsidies – we decided to continue giving young talents a chance: nearly 170 young people joined our teams for a work-study programme. The Group also announced that around a hundred young people could join us for an internship. For the third consecutive year, Altarea received the HappyTrainees label, an award based on feedback from its work-study students and interns.

Close to 170 work-study students and interns recruited in 2020

In 2020, our ambition was to **continue the modernisation of the Group's management,** managers have a decisive role to play in the Company's transformation. An ambitious programme was therefore rolled out, giving managers greater responsibility for financial budgetary, managerial, environmental and organisational matters within their fields.

ALTAREA CERTIFIED TOP EMPLOYER 2020

The Top Employer certification recognises companies that meet the best international standards in terms of HR practices. The Group obtained this certification after its first annual audit. It complements the certificates of excellence awarded in 2019 for the quality of our HR actions. We were audited on more than 400 practices related to six HR themes: Steer, Shape, Attract, Develop, Engage, Unite.

In terms of diversity and inclusion, we renewed our partnership with the association "Nos Quartiers ont des Talents" and "Elles Bougent", to improve diversity in the real estate sector. We also provided financial support to La Cravate Solidaire and C'possible, which try to stop youngsters dropping out of school. And we now support "Tous en stage", helping secondary school students in educationally disadvantaged areas discover careers in our industry. ■

Our new headquarters, like a manifesto

1 July 2020: all of the Group's employees and brands in the Paris Region came together in our new head office at 87 Richelieu in the heart of Paris. The building is a flagship for our know-how, embodying our corporate project and our vision of the city that puts people at its centre. **Over 33,000 m^2 of surface area it rises to the challenges of the modern office by offering 1,300 employees a renewed, more collaborative, more digital and more enjoyable work experience.** They have access to a vast range of innovative services and facilities, designed to improve comfort and quality of life: numerous collaborative and informal spaces, a training space, a space dedicated to well-being, a health space, a food court, the first corporate catering concept to provide waiter service, and the largest private business centre in Paris. A dedicated app makes life easier by grouping together useful day-to-day services: real-time room reservations, access to catering services, location of a colleague's office, lighting and air conditioning settings. The building has been completely refurbished, generating significantly less emissions of CO_2 compared to a new building. With 2,000 m^2 of green terraces, the 87 Richelieu is the largest green space in the 2nd arrondissement of Paris and has the highest environmental certifications.

In December 2020 the building received the SIMI Grand Prix in the category "Renovated office building with an innovative dimension".

OUR BUSINESS MODEL

AN INTEGRATED MODEL THAT COMBINES ALL THE REAL ESTATE KNOW-HOW TO RESPOND EFFECTIVELY AND COMPREHENSIVELY TO THE CHALLENGES OF URBAN TRANSFORMATION.

OUR STRENGTHS

FINANCIAL AND COMMERCIAL STRENGTH

A solid balance sheet:

- Equity: €2.7 bn
- Liquidity: €3.4 bn

Diversified and complementary sources of income:

- Operating income in 2020: €372 M, of which 46% Residential, 40% Retail, 14% Business property
- Leading property developer in France
- 550 projects under development

SKILLS PLATFORM

- 1,983 employees
- 200 new hires in 2020
- 98% of employees trained in 2020

ENTREPRENEURIAL DNA

- Alain Taravella holds 45.59% of Group shares
- "Tous en actions" plan: aiming for 8% employee shareholding
- A managers' committee and a Youth Comity for continuous innovation

« TOUS ENGAGÉS » (ALL COMMITTED)

- CSR structured around three pillars: Talents/Customers/City
- An ambitious certification programme: 100% of projects with quality and/or environmental certifications

OUR VALUE CREATION

ROBUSTNESS OF RESULTS

- Revenue: €3.1 bn
- FFO: €230 M

CONTRIBUTION TO THE NATIONAL ECONOMY

- Salaries and expenses: €175 M
- Purchases: €2.1 bn
- Value of project pipeline: €19 bn
- 47,000 direct, indirect and induced jobs supported in France
- Youth employment: 287 work-study students and interns welcomed in 2020
- 1,500 businesses creating jobs in shopping centres

ACCELERATING SECTOR TRANSFORMATIONS

- Digitisation: development of e-reservation in Residential, launch of My e-shop, a customised digital training platform
- Participation in the definition of labels/certifications
- Second-largest user of wood for Residential in France

OFFER QUALITY AND CUSTOMER SATISFACTION

- Residential: 1.1 reserve per unit delivered, six programmes given Pyramides awards, Cogedim awarded best "Customer Service of the Year" for the 4th consecutive year
- Company: SIMI Grand Prix for Richelieu
- Retail: introduction of mystery shoppers

CONTROL OF THE ENVIRONMENTAL FOOTPRINT

- Green Star 5* rating by GRESB for the 5th consecutive year
- 100% of new Retail, Business property and Residential units have environmental certification
- 99% of surface areas under development are located less than 500 metres from public transport

TRANSFORMATION OF REGIONS

PRESSURE ON HOUSING AND INEQUALITY

ALTAREA COMMERCE

ENTREPRENEUR FOR THE RETAIL OF TOMORROW

ALTAREA ENTREPRISE

BUILDING THE OFFICE OF TOMORROW

COGEDIMclub RÉSIDENCES SENIORS

OFFERING ADAPTED UNITS IN CITY CENTRES TO SENIORS

Altarea Cogedim Développement Urbain

DEVELOPING MIXED-USE NEIGHBORHOODS

ACCOMMODATION

WORK

TRANSFORMING THE CITY

DIVERSITY

INCLUSION

DECARBONISATION

NATURE

LEISURE

CONSUME

CULTIVATE

HISTOIRE & PATRIMOINE

GIVING NEW LIFE TO HERITAGE

Woodeum

CONTRIBUTING TO THE LOW-CARBON CITY

ALTAREA SOLUTIONS & SERVICES

A FULL RANGE OF SERVICES FOR RESIDENTIAL CUSTOMERS

COGEDIM

PITCH PROMOTION

SEVERINI PIERRES & LOISIRS PATRIMOINE D'EXCEPTION

DESIGNING HOUSING FOR EVERYONE

CLIMATE CHANGE AND ENVIRONMENTAL CHALLENGES

CHANGE IN URBAN LIFESTYLES

CONVICTION 1

ACTING FOR A MORE HUMAN CITY

BUILDING A CITY WHERE EVERYONE HAS THEIR PLACE AND WHERE EVERYONE FEELS GOOD: THIS LONG-STANDING ISSUE IS BECOMING EVEN MORE ACUTE WITH NEW LIFESTYLES AND THE HEALTH CRISIS. TO MEET THIS CHALLENGE, WE ARE DEPLOYING A RANGE OF COMMITMENTS AND INNOVATIVE SOLUTIONS TO PROMOTE A MORE HUMAN AND INCLUSIVE CITY.

WELL-BEING, HEALTH AND SAFETY AT THE HEART OF OUR PROJECTS

93%
of our Cogedim apartments have an outdoor space

With the health crisis, everyone has become more aware than ever of the importance of their home in their daily lives. In this context, **the quality in use and comfort of our homes are even more valuable.** Cogedim apartments, for example, are designed according to optimised plans – so every square meter can be used – but also scalable – to adapt to new lifestyles (teleworking, changes in family structures, etc.). Our homes also benefit from landscaping and greening. 93% of them have an outdoor space, which is a real additional living space.

In Business property, we are convinced that offices must be ever more pleasant, healthy and easy to live with to make employees want to work there. With the expansion of teleworking, they must become a workplace "better than at home" in terms of comfort, space, services and conviviality.

In line with this trend, **Altarea has chosen to include a wider range of services in all its projects.** Excellent digital services, of course, as in Bridge, Orange's future global headquarters (see p. 29). But also varied and collaborative spaces, in which teams can work together, talk or simply relax. In addition, we are making a difference in the market with high-performance air treatment systems, which mean 86% of our projects now have WELL® certification. And 100% of our buildings are equipped with opening windows, a criterion that has become essential for our customers. We are also integrating multiple innovative services to promote well-being: a variety of catering offers, including waiter service offerings as at 87 Richelieu, our new head office, full-service concierge services, wellness areas and community libraries or vegetable gardens.

Also in shopping centres, nwe do everything we can to **enhance our customers' experience and streamline their journey.** In the unprecedented context of 2020, we have focused our priority on protecting the health and safety of our customers, as well as that of our employees and our tenants. An "operational opening plan" of health and safety measures was compiled with input from all managers of our shopping centres to prepare for the end of the first lockdown and adapted during the second lockdown. In addition, we launched more initiatives to help customers organise their visits: customers are informed in real time of the number of visitors

— CONTINUED P. 22

Grand Prix national des Pyramides d'Or for SO OH

SO OH, a mixed-use Residential programme created by our Cogedim brand in Asnières-sur-Seine (France), was awarded a Pyramide d'Or by the Federation of Property Developers. Each year, the Pyramides competition showcases the best-looking property projects by Federation members throughout France. SO OH stands out for its many strengths: generously sized apartments with contemporary aesthetics, a park in the heart of the block with footpaths, planters built into the storeys and urban farming spaces on the terraces.

1,230 m²
green terraces designed for urban farming

A new 100% well-being and co-working head office for Danone

After two years of work, Altarea delivered to Danone its new headquarters, the largest in the world. Called "Convergence" and located in Rueil-Malmaison, it has flexible and scalable spaces that serve new uses for co-working. Its interior architecture and fittings have been designed to promote the comfort and well-being of users, in a spirit of conviviality. The building offers many services – restaurant, café, auditorium, gym – as well as 1,468 m² of terraces.

25,090 m²
of offices spread over seven floors and 257 m2 of retail space

With Habitat et Humanisme, a new intergenerational residence in Toulouse

Altarea has been a partner of Habitat et Humanisme since 2007 and is supporting a new project of the association: the transformation of 12 dilapidated units into a new intergenerational residence. From 2022, the site will welcome isolated retirees, single-parent families and young people. Common spaces will promote collective activities and a team of employees and volunteers will bring the place to life, while providing individualised support. Objective: to promote social inclusion, end isolation and keep older people independent for longer.

13 years
of partnership with Habitat et Humanisme

CONVICTION 1
— CONTINUED

to their centre via its website. They can see which stores are open and which offer click and collect. During the visit, one-way systems have been set up to ensure smooth flow of visitors and safety. A new app makes it possible to make appointments in certain centres to avoid queues. Altarea also supported retailers and restaurateurs in their communications.

To respond to the healthcare context, we continued to **innovate to ensure that our customers' experience is pleasurable and enhances their well-being.** We have developed exclusive activities and services, such as booking time slots at Qwartz and Bercy Village. We continued to develop new formats that offer more convenience and proximity to our customers, such as shops in building streetfronts or in stations, such as Paris-Montparnasse (see p. 31).

Another way to promote well-being in the city: the creation of mixed-use neighbourhoods integrating units, offices and shops. Built to function as new city centres, these neighbourhoods create links between different populations. They also contribute to the development of the "quarter-hour city", where people can shop, work and learn just 15 minutes from home.

PROMOTE EVERYTHING THAT HELPS INCLUSION

A more human city is also a place where everyone finds their place with others and Altarea has numerous initiatives to promote this sort of inclusion. We are present in all types of housing, from the most inclusive to the premium, and including social, entry-level and mid-range homes. We also provide solutions for every time of life.

Through our Cogedim Club residences, we offer autonomous and independent seniors a housing solution where they can benefit from services that make their daily lives easier.

Throughout France, **we are also continuing to develop student residences,** which have remained very attractive despite the health crisis. In the heart of the university district of La Rochelle, for example, we began work on the Stud'Marine project, a new residence equipped with a co-working space, a multi-activity room, a fitness area, lounge and terraces with sea views.

To develop links in the city, for several years we have been committed alongside Habitat & Humanisme to intergenerational housing, which brings together students, seniors and families in the same building. With spaces common areas facilitating daily exchanges, intergenerational housing helps prevent seniors from becoming dependent and reduces isolation, while responding to the housing crisis among young people and fostering social ties. Altarea is currently working on a residence of this type in Toulouse.

We are also innovating by developing co-living projects, notably in Montreuil and Tours. Halfway between hotel and traditional shared accommodation, these apartments include private and shared spaces, as well as a wide range of shared services (Wi-Fi, etc. housework, guarded parking, sports lessons, etc.). ■

SOLIDARITY

From the start of the health crisis, Altarea contributed to the national solidarity effort. For example, the Group supported the solidarity fund initiated by the Fédération des Promoteurs Immobiliers, with a donation of €100,000 for the #ProtegeTonSoyant collective. In association with our partner Habitat et Humanisme, it has also helped accommodate vulnerable people in hotel rooms during the lockdown.

Mixed-use
project Bobigny

Mixed-use neighbourhoods: “The quarter-hour city”

Mobilising all its expertise – residential, retail, public facilities, hotels, serviced residences, offices, etc., Altarea remains very active in the development of new city districts. In 2020, we launched work on a large mixed-use project at Euronantes combining offices, units and a sports centre operated by UCPA, helping to create multiple interrelating links. We also continued work on the new and wholly pedestrianised mixed-use district called Issy Cœur de Ville, in Issy-les-Moulineaux, the future Guillaumet district on the site of the former Toulouse Aeronautical Test Center and the Cœur de Ville, Bobigny.

CAP3000, full of helpful ideas, small and large

Located in an exceptional site facing the sea, the CAP3000 shopping centre continues to evolve. Completely renovated and extended, it continues to be enriched with personalised services that make life easier for customers: activities offered by La Grande Récré or in the Capsule@Cap3000 store experience, a daycare centre, and play areas facing the sea. Pets are accepted and have a dedicated concept store where their owners can buy upcycled accessories. Foreign customers can get shuttles to partner hotels and make use of the centralised duty-free system. The employees of the brands are also paid special attention, with a concierge service and induction programmes.

250
shops and restaurants

4,000
employees at brands

70,000 m²
extension inaugurated in 2019

Working alongside senior residents during the health crisis

The residents of our senior residences were particularly exposed to Covid-19 and therefore given maximum attention. Of course, we moved quickly to set up the most stringent health measures. In addition, we have also done everything to facilitate and embellish the daily lives of our residents, especially during periods of confinement. Meals delivered to the home, shopping, distribution of tablets, videoconferencing activities, daily newsletters, correspondence kits, setting up of psychological outlets, etc. Cogedim Club teams were 100% mobilised, sometimes supported by colleagues from head office who came to give their time.

2
senior residences opened in Salon-de-Provence and Puteaux in 2020

5
new residences will be delivered in Mantes-la-Jolie, Asnières-sur-Seine, Marseille, Thonon-les-Bains and Le Touquet in 2021

MAKE THE CARBON-FREE CITY A REALITY

AS WE KNOW, CONSTRUCTION IS ONE OF THE SECTORS THAT GENERATES THE MOST GREENHOUSE GAS EMISSIONS. AS THE LEADING PROPERTY DEVELOPER IN FRANCE, ALTAREA TOOK ACTION VERY EARLY ON TO REDUCE THE IMPACT OF ITS ACTIVITIES AND MITIGATE THE EFFECTS OF CLIMATE CHANGE THROUGH ITS PROJECTS. EXPECTATIONS FOR CONTROL OF GHG EMISSIONS ARE RISING EVERYWHERE AND THE GROUP IS STEPPING UP ITS RESPONSE.

REDUCE THE IMPACT OF OUR ACTIVITIES ON THE CLIMATE

79%
of Altarea's Business property projects use renewable energy in 2020 (and 27% plan to produce renewable energy on-site)

-87.5%
CO_2 emissions in our shopping centres (versus 59.2% in 2019)

Although Altarea has already significantly reduced the greenhouse gas emissions linked to its activities, the Group has launched an ambitious initiative to go even further. First objective: to limit our direct footprint, mainly from the energy consumed in our shopping centres. To achieve this, we are investing heavily to **improve the energy efficiency of buildings** and using more renewable electricity.
Altarea is also working to reduce the indirect consequences of its activities on climate change. In terms of energy, this concerns, for example, CO_2 emissions generated by the future occupants of the offices and homes we sell: a key issue, since they represent 38% of total emissions from the Group. In this area, we use three levers of action. Building design: **to guarantee a high level of energy performance,** we use bioclimatic design, we work on the envelope and insulation and build in consumption monitoring tools. Second lever: **use of renewable energies.** Our Issy Cœur de Ville project in Issy-les-Moulineaux will use geothermal energy, for example. We also run awareness-raising programmes for future occupants and users of our buildings, for example, through "Gestures Verts" booklets.

REHABILITATIONS, LESS CARBON-INTENSIVE MATERIALS AND PROXIMITY

Construction materials are another strategic focus for managing our indirect footprint. Whenever possible, **we favour the renovation of existing buildings rather than new build.** Our Histoire & Patrimoine subsidiary revives high-quality old buildings in the heart of the city. The Business property division also has recognised expertise in creative restructuring, illustrated by our new headquarters. As for Residential, in 2020 Cogedim completed the conversion of former La Poste office buildings into units and public facilities in the 14th arrondissement of Paris.
For several years now, we have increasingly turned to less carbon-intensive construction materials, such as: wood, biosourced materials or low-carbon concrete. Altarea has struck up a **strategic and financial partnership with the Woodeum wood developer.**

— CONTINUED P. 26

In Marquette-lez-Lille, the transformation of a historic industrial site

Built in 1921, Les Grands Moulins de Paris has undergone a vast renovation carried out by Histoire & Patrimoine, with a total of 246 units and a shop. The construction site is organised to minimize demolitions and favour reuse: a large part of the concrete floors and frame have been preserved. The cobblestones will be reused to create exterior landscaping. Two demolished and crushed concrete silos will also be integrated into the roadways.

246
units and a shop

Boosting the reuse of construction materials

Why not use more materials from old demolished buildings on new construction sites? This practice, which is not widespread today, has a very positive impact on the environmental impact of buildings. With more than thirty project managers and the IFPEB, Altarea took part in the launch of the Reuse Booster: this innovative digital platform centralises demand for reusable materials according to need and connects the various players involved. Objective: to structure demand to get the service off the ground and roll out this circular economy initiative more widely. Groupama's future headquarters in Mérignac will be a pilot site for this initiative.

Future headquarters of Groupama, in Mérignac

In Thiais, an innovative hot water system

In Thiais, in Val-de-Marne, Altarea inaugurated the Domaine des Sens residence, a large mixed-use program in the region. It has an innovative domestic hot water production system that combines heat recovery from grey water (low-polluting domestic wastewater) and a high-efficiency heat pump to create a more ecological, economical, reliable and autonomous system.

351
affordable, social and intermediary units to help buyers on all steps of the housing ladder

CONVICTION 2
— CONTINUED

48%
of Altarea Residential projects under development had an energy label in 2020

We are also developing an innovative form of building design, with three priorities: improving their compactness, increase their intensity of use and extending their lifespan.
The movements of future users of our buildings in the city are also indirect sources of greenhouse gas emissions: in order to limit them as much as possible, we favour central locations for our office and residential buildings, which are all less than 500 m from public transport.

COMBATING THE EFFECTS OF CLIMATE CHANGE

75%
of electricity consumed in our shopping centres is from renewable sources

The Group is taking action to limit climate change in years to come and also to provide a good standard of living in the city despite the consequences of this change: heat waves, heat spikes, etc. To this end, we have designed and deployed an adaptation plan, which, for example, requires summer comfort solutions for all our new projects. **Orientation of buildings, shading systems, vegetation, natural ventilation, etc.** All solutions are used to cool the apartments naturally. In Grenoble, the "Up" project has sliding walls to optimise heat gain in the winter and moderate it in the summer.
In all our business lines, we are also committed to strengthening the place of nature in the city. This not only preserves natural spaces and biodiversity, but also mitigates the effects of climate change, flooding and rising temperatures. In particular, we focus on green spaces, which limit rainwater discharges into networks and urban heat islands.

RESOURCES TO MEET THE CHALLENGES

Aware of our responsibility as a leading property group, we early on **made sure we had the means to actively promote a low-carbon city.** We set up a dedicated organisation with a CSR Department, a CSR Committee made up of 19 representatives of all the activities and subsidiaries, as well as thematic working groups, notably with Property Development.
Our CSR strategy is also based on effective management tools: for example, the Group has deployed an environmental management system covering its entire Retail portfolio. We have made significant progress over the last ten years as part of a continuous improvement approach: for example, we have renewed and expanded our commitment in the Paris Climate Action Charter, aiming for a carbon-neutral city and 100% renewable energy by 2050.

SOLIDARITY

Altarea supports players in the social and solidarity economy. At the heart of the Montparnasse station, the Group will, for example, in 2021, host Au bout du champ, a company selling directly sourced, short supply-chain fresh fruit and vegetables harvested the same day.

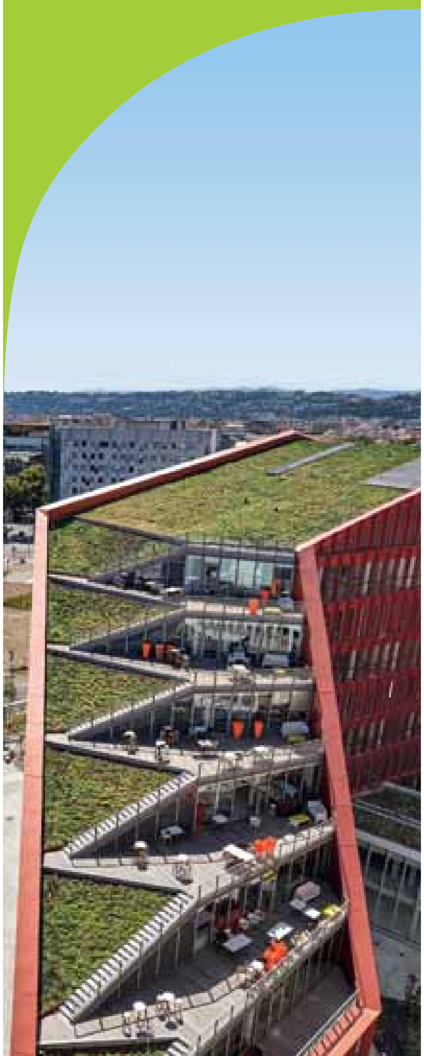
In Clichy, an ecological low-carbon solid wood residence

Excellent indoor air quality and perfect thermal insulation, for controlled energy expenditure: these are two of the major advantages of CLT solid wood used for the construction of Cydonia, a new residence in Clichy. This is Woodeum, a timber developer 50% owned by Altarea since 2019, which has developed these 83 apartments with rooftops, terraces and balconies.

Large green roofs for Orange's new Lyon campus

In 2020, Orange inaugurated its new Lyon campus built by Pitch Promotion, an Altarea brand, in the heart of the Part-Dieu business district. The project is part of the transformation of a former industrial brownfield site and respects both the urban and the natural surroundings. The “hilly” architecture has made it possible to create large green roofs on each building. From the second floor, these green spaces are extended by accessible terraces, equipped and connected by external staircases, thus extending each office storey.

3,000 m²
green roofs



A new low-carbon city centre in Issy-les-Moulineaux

Issy Cœur de ville: this is the name of the new district developed by Altarea in the historic centre of Issy-les-Moulineaux. Entirely pedestrianised, it will meet the need for proximity while contributing to the dynamism of the local economy, with a wide range of facilities: units, senior citizens' residences, offices, schools, nurseries, shops, cinema, restaurants. Distinctive features include: exemplary energy efficiency, with the creation of a private energy network powered by geothermal energy, and more than 70% of total supply from renewable energies. The natural world will also be featured, through an urban forest, shared gardens and green roof terraces.

An urban park of
7,000 m²

more than 11,000 m²
of green areas, including 3,300 m² of open ground

CONVICTION 2

ACCELERATE TRANSFORMATION OF OUR BUSINESS LINES

DIGITISATION, INNOVATIVE SERVICES, RESPONSIBLE SOLUTIONS ETC. ALTAREA IS CONSTANTLY ADAPTING ITS BUSINESS LINES AND OFFERS TO MEET CUSTOMER EXPECTATIONS AND CHANGING USES. THE HEALTH CRISIS HAS SIGNIFICANTLY ACCELERATED THESE CHANGES BY ANCHORING THEM AT THE CORE OF ITS OFFERS.

DIGITAL, A DRIVER FOR ALL BUSINESS LINES

Cogedim

"Customer Service of the Year" Award for Cogedim for the 4th consecutive year

With the Covid-19 crisis, the relationship with our customers has evolved. In a new context of social distancing, Altarea has strengthened its digital capabilities in all business lines.

In Residential, we have gone much further in **digitising the customer journey.** We have rolled out e-reservation, an innovative service that completely dematerialises the ordering process.

We have also developed virtual sales offices, a real-time site monitoring tool for our customers, and an e-proxy system. This drive to **maintain the quality of the customer relationship** earned Cogedim a "Customer Service of the Year" award for the fourth consecutive year in the "Property Development" category.

Another area where we have our foot on the digital accelerator: Retail. More than ever, everyone wants to be able to buy products in a practical, efficient, omnichannel way, by browsing before they visit or when the shopping centre is closed. We are convinced that the **shopping centre must become phygital, linking physical points of sale and e-commerce.** In its shopping centres, Altarea Commerce has created Capsule@CAP3000, a concept store that welcomes new digital brands, DNVB.

In Business property, too, digital solutions now play a crucial role in all of our projects. Leverage of performance for companies, **the quality of connections and digital tools also plays a key role in making offices attractive to employees**. In 2020, Orange's future global headquarters, which we are building in Issy-les-Moulineaux, obtained the WiredScore platinum label, attesting to its digital excellence (see next page). Our new Richelieu head office was the pilot site for the Ready2Services label, guaranteeing the quality of the building's connectivity, network architecture and equipment and interfaces. We have also developed an application that makes day-to-day life easier for site users, with settings for the comfort of meeting rooms and flex office spaces, as well as a geolocation function, the Group directory and catering services.

OFFERS ADAPTED TO NEW USES

Beyond digital, there are also new consumer expectations: there is now a growing demand for more local, more responsible products,

— CONTINUED P. 30

Digital excellence for Bridge, Orange's future headquarters

Built by Altarea Entreprise in Issy-les-Moulineaux, Orange's future global headquarters has been awarded the WiredScore platinum label. This label guarantees that the building incorporates the best possible digital comfort, with workspaces perfectly connected to the site's users. An example? Fibre optics will be run to each workstation and 5G will be accessible everywhere. From the start, digital technology was at the heart of the project design.

56,000 m²
surface area

2,900
employees will work in Bridge in 2021

My e-shop: click, shop, collect

To support the new expectations of brands and their customers, Altarea Commerce launched its My e-shop marketplace at CAP3000. With a simple principle: customers shop on the digital platform whenever they want and can pick up their purchases in their shopping centre four hours later, at a dedicated point, drive-in or through home delivery. As a partner of the brands, Altarea helps them develop their reputation, increase their visibility, accelerate the sale of their inventories and increase their revenue. First launched at CAP3000 in the Alpes-Maritimes, this e-retail solution is intended to be rolled out in other Group shopping centres.

more than 25,000
products from around thirty brands already available on My e-shop

Altarea Solutions and Services, all-in-one support for individual investors

It is not always easy to find a real estate investment, financing or tenant when you are an individual.
To support its customers and simplify their procedures, Altarea now offers them a single gateway: Altarea Solutions and Services. Created in early 2020, this new entity brings together a comprehensive range of services for all the Group's residential brands. Commercial support, financing brokerage, rental management, trustee, transaction or land consolidation brokerage: it brings together all the expertise needed to invest with peace of mind.

CONVICTION 3
— CONTINUED

in line with the circular economy. And this development coexists – sometimes among the same people – with more traditional ways of consuming. The Group is constantly innovating by devising offers and services adapted to these new trends. For example, our CAP3000 shopping centre welcomed vintage brands to the store Capsule@Cap3000 experience as well as the Rock'n'Old concept, promoting employment of seniors through the sale of recycled goods for pets.

Another growing trend among consumers: the desire to be surprised and regularly offered new products. Altarea listens and responds to the needs of tenants, **in an agile way** by creating short-term leases for a faster turnover of shops, while deploying numerous pop-up shops and concept stores in its shopping centres. At Gare Montparnasse or Avenue 83, there are a number of stores dedicated to pop-up shopping, helping keep the offer fresh and giving retailers different ways to test our centres or their products.

SECURE, SIMPLIFY, ANTICIPATE

With the health crisis, the credit conditions for individuals wishing to buy a home have become stricter, as banks demand a maximum LTV or a significant deposit. In December 2020, through our Altarea Solution Financement division – our internal financing brokerage – we offered to provide the deposit for our customers wishing to buy new homes from our Cogedim and Pitch Promotion brands.

We are also paying close attention to the attractiveness of certain regional urban centres, which could be further strengthened by the health crisis. **Anticipating these changes and pursuing a committed strategy in recent years,** we are developing housing programmes in cities such as Orléans, Rouen and Nantes, where the Group has been present for a long time. The same trend applies in Business property in major regional cities such as Lyon, Lille and Aix-en-Provence. In this area, we have set up an agile organisation with field teams in major cities and a Key Accounts Sales Department with complementary expertise in Paris. Objective: to combine proximity and coherence to seize all opportunities. **Another developing sector: logistics.** With its subsidiary Pitch Promotion, the Group offers platforms with the latest security standards, based on digital technologies and demanding environmental standards.

SOLIDARITY

In Villeneuve-la-Garenne, the teams of our Qwartz shopping centre offered a gift box to the 160 residents and medical staff of the two retirement homes in the city. In the summer of 2020, Bercy Village was covered with a sky of flowers, an original and poetic installation. The 2,600 flowers used were then offered to Cogedimstore and the Cogedim Club senior residences in Puteaux, Massy and Villejuif, as well as the Villemoisson-sur-Orge nursing home.

In Montparnasse, a metamorphosis is under way…

SNCF Gares & Connections and Altarea Commerce are continuing the complete restructuring of the Paris-Montparnasse station. The range of shops and services has been completely redesigned to meet new expectations and make the visitor experience as pleasant as possible.
They will access to many renowned brands and concept stores in the fields of fashion, beauty and lifestyle. Pop-up stores will offer new brands throughout the year. Thanks to Au bout du champ, passengers and local residents will be able to buy directly fruit and vegetables harvested the same day. In terms of services, co-working spaces, a test lab and medical centre with 30 practices are also available on-site.

19,000 m²
shops

130
shops and restaurants

End of work planned for
2021

In Nantes, an environmentally friendly logistics platform

On the outskirts of Nantes, in 2020 Altarea completed the construction of Hexahub Atlantique, a logistics platform of 47,000 m² for the Lidl food chain. The building has BREEAM® certification, attesting to its high environmental performance. This is the first building developed by the FLF One logistics fund, in which Pitch Promotion is an investor.

47,000 m²
total surface area

GOVERNANCE TO SUPPORT THE GROUP'S VISION

AN EFFICIENT ORGANISATION

The Company's legal form of "société en commandite par actions" (a French partnership limited by shares) provides Altarea with an agile and efficient structure at the service of its strategy. It facilitates rapid decision-making while fostering a medium- and long-term strategy. This ability to adapt, linked to its entrepreneurial DNA, was well illustrated in 2020 during the Covid-19 pandemic, as it mobilised teams and found effective solutions to continue the Group's development.

SUPERVISORY BOARD

CONTROL

MANAGEMENT

DEFINING AND LEADING THE STRATEGY

EXECUTIVE COMMITTEE

IMPLEMENTING AND DISSEMINATING THE STRATEGY/MOBILISATION OF EMPLOYEES

- Initiates operational solutions to achieve strategic objectives
- Enhances strategy through business vision and expertise

CROSS-FUNCTIONAL COMMITTEES

- Bring new knowledge into the business lines
- Feed the strategy by sharing experiences (finance, HR, CIO, CSR, innovation)

MANAGERS COMMITTEE

- Shares best practice
- Ensures internal synergies

CODIR

- Ensures operational management by brand

In practical terms, the management and control functions are independent:

- Overall responsibility lies with the Management – embodied by Alain Taravella, Chairman and Founder. Alongside him, Jacques Ehrmann is the Group's Chief Executive Officer and a member of the Executive Committee.
- The Supervisory Board, chaired by Christian de Gournay, oversees the Company's commitments and management.

FLEXIBILITY AND AGILITY OF EXECUTIVE DECISIONS

The Executive Committee is supported by three types of committee, all of which guarantee the values and strategic vision defined by management. Their role is to ensure the smooth flow of information between the business lines. The executive committees in each brand work alongside cross-functional and management committees, which encourages initiative.

THE SUPERVISORY BOARD

The Supervisory Board, chaired by Christian de Gournay, exercises control over the management of the company and its financial statements, as well as risk management control. It has an advisory role with regard to investment commitment and management compensation decisions. Three specialist committees have also been set up: the Audit Committee, the Investment Committee and the Management Compensation Committee.

14 members

33% independence rate

60 years average age

7 years average seniority

50% women

2 employee representatives

93% attendance rate

SKILLS

The members bring to the Supervisory Board skills that reflect the variety of the Group's expertise, business lines and activities and are necessary for its task of exercising permanent control over the management of the company. They closely monitor developments needed to ensure Altarea's continued growth.

MAIN SKILLS

Strategy and project development: 12

Audit and risks: 11

Property, urbanism, architecture: 10

Law and tax: 10

Customer solutions/new expectations: 6

The environment: 5

Company management: 9

Finance: 9

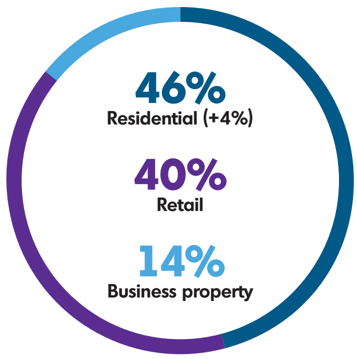
Public relations: 6

FINANCIAL PERFORMANCE IN 2020

The Covid-19 pandemic and its consequences on the Group's business impacted the year's results.
In Residential, Altarea continued to gain market share, with new orders, revenue and earnings up, despite delays due to the spring shutdowns.
In Business Property, the year was busy in Paris and in the regions, but delay in building sites led to some deliveries being put back to 2021. In Retail, administrative closures and successive curfews led to a significant drop in net rental income and asset values. However, the Group's agility to cope with the situation and the quality of its pre-crisis financial structure (debt, liquidity), strengthened during 2020, allowed it to maintain its leadership in the huge and growing urban transformation market, whose fundamentals remain intact.

POWER OF THE PROPERTY PLATFORM MODEL IN AN UNPRECEDENTED CRISIS

€372 M
operating income
(−10%)



€3.1 bn
revenue
(−2%)

€230 M
FFO Group share
(−21%)

A SOLID FINANCIAL MODEL TO SUPPORT FUTURE GROWTH

€3.4 bn
liquidity

€2.2 bn
net debt
sharp decrease in debt
(−€280 M)

33.0%
loan to value
(− 0.2 point)

TRANSFORMING CITIES: A VAST AND GROWING MARKET WITH STRENGTHENED FUNDAMENTALS

€19 bn
project pipeline value

49,500
Residential units

550
projects

13
Retail projects

13
large mixed-use projects

55
Business property projects

7
logistics projects

EXTRA-FINANCIAL PERFORMANCE IN 2020

47,000
direct, indirect and induced jobs supported in France

Green Star 5* status
confirmed at GRESB for the 5th consecutive year

13
large mixed-use projects

100%
of mixed-use projects have an ecological diagnosis

100%
of Retail sites have a biodiversity action plan

-87.5%
CO_2 emissions in the Retail portfolio (versus −59.5% in 2019)

78%
of Business property projects are multi-use

99%
of housing areas under development are less than 500 m from public transport

83%
of purchases by Residential projects are local

No. 2
in the ranking of the HCG customer relationship – Les Echos

Winner of
"Customer Service of the Year" award: Cogedim honoured for the 4th consecutive year

20.9%
of positions filled by mobility

10.1%
work-study students out of the total workforce

98%
took at least one training programme in 2020

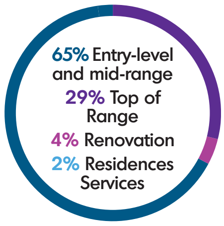
PROFILE AND OUTLOOK
BY ACTIVITY

Residential

Thanks to its multi-brand and multi-product offering, Altarea is present in all the fast-growth regions of France, delivering a relevant offer to all market segments and all types of customers (primarily first-time buyers, individual investors, institutional investors, social landlords, managed residences, services, etc.).

No. 2
Developer in France
(nearly 12,000 units)

€3.4 bn
In new orders
(+2%)



A strategy of conquest

€12.8 bn
pipeline by value

475
projects
49,515 units

Business Property

Thanks to its diversified model and limited risk (developer and/or investor), Altarea has become a major player in France, in new projects or complex restructurings. Historically active in the Grand Paris area, the Group is accelerating its development in major regional cities, both in Business property and Logistics.

No. 1
Developer in France

€5.0 bn
pipeline by value

62
projects

18
projects in Paris Region

44
projects in other Regions

€5.0 bn
42 assets
under management

€2.8 bn
Group share
36 assets

€159 M
Net rental income

€1.1 bn
pipeline by value

4
extension/creation projects

9
retail in mixed-use projects

Retail

Altarea is a Retail asset manager that has focused its investments on four types of assets with high potential (large regional shopping centres, major retail parks, travel retail and "Proximité"), which meet the aspirations of consumers (wide choice, efficient product mix, leisure and catering offer, customer services, customer journey, etc.).

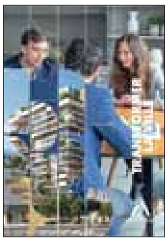
ABOUT THE INTEGRATED STRATEGIC REPORT

Methodology

Inspired by the principles of "integrated thinking" and the terms of reference proposed by the IIRC (International Integrated Reporting Council), Altarea's Integrated Strategic Report highlights the Group's vision, business model, strategy and performance in creating shared value with stakeholders and regions.
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's management and the Executive Committee before its publication. The report covers the 2020 fiscal year, from 1 January to 31 December 2020. Group entities are consolidated in the financial scope.

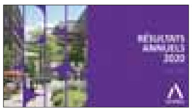
Publications ecosystem

Integrated strategic report



Presentation brochure

Key



Annual results slideshow

Portfolio

Thanks

The Strategic Marketing, CSR and Innovation Department would like to thank all of the Group's teams who contributed to the development of this report, in particular the Finance Department for the work carried out jointly.
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1

BUSINESS REVIEW 2020

1.1 Altarea: a property expertise platform to support urban transformation

1.1.1 Urban transformation: a vast and growing market

2020 highlighted the need for an in-depth rethink of the urban planning of large gateway cities. The health crisis has accelerated the obsolescence of a numerous real estate infrastructures, which must be transformed to become more resilient (energy performance, reversibility, mixed use, new consumption, etc.). Urban transformation is more than ever a vast and growing market.

Altarea's expertise lies in developing real estate products that integrate all these challenges into a complex economic equation. The complementary nature of the Group's operating brands[(1)] offer all the real estate portfolio solutions that enable cities to play a key role in their transformation, either at the level of a building or on the scale of entire neighbourhoods.

Altarea, the leading property developer in France

With more than 550 projects at the end of 2020, Altarea manages the largest portfolio of property projects in France, representing a potential value[(2)] of nearly €19 bn[(3)] in all categories of product.

Secured pipeline *(by product)*	**Surface area** *(m^2)*[(a)]	**Potential value** *(€m)*[(b)]
Residential	2,772,800	12.8
Business Property	1,385,900	5.1
Retail	181,300	1.1
TOTAL	**4,340,000**	**19.0**

(a) Retail: GLA m^2 created. Residential: SHAB property for sale and portfolio Business property: surface area (floor area or usable area).

(b) Market value as of date of delivery. Retail: potential market value, inclusive of duties, of projects on delivery at 100% (net rental income capitalised at market rates) and revenue excluding VAT for promotional activities. Residential: property for sale and portfolio including VAT. 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.

These projects are carried mostly in a "developer" business model (development for sale). At the end of 2020, commitments[(4)] across this pipeline amounted to €1.257 m (Group share), of which €846 m already paid out and €411 m yet to be paid.

Altarea, leader in large mixed-use projects in France

These new urban centres, which are veritable condensed version of the city in all its components, avoid the artificialisation of the soil by densification and reconversion of brownfield sites. In 2020, Altarea won two projects, "L'Echo du Bois" in Tours and "Écoquartier du Canal" in Nancy, and launched the "EuroNantes" project. These three projects together represent 150,000 m^2, all asset classes combined. In total, Altarea manages 13 large mixed-use projects representing a value of around €3.7 bn for nearly 910,000 m^2.

A financial model combining property development and asset management

In combination with its Property development activity, Altarea acts as an asset manager for targeted Retail formats with a portfolio under management of €5.0 bn, for an economic holding of €2.8 billion in Group share. Altarea also acts as a developer-investor on certain outstanding office and logistics sites.

Altarea is accordingly both the most financially powerful property developer thanks to its balance sheet, and the property investor with the greatest capacity for asset creation. This unique model proved its relevance in 2020 with a financial structure that remained solid (LTV down to 33.0%) despite the health crisis.

(1) Cogedim, Pitch Promotion, Histoire & Patrimoine, Severini, Woodeum, Altarea Commerce, Altarea Entreprise, Cogedim Club, Altarea Solutions et Services.

(2) Potential value = market value on delivery date. Retail: potential market value including transfer duties of projects on delivery (net rents capitalised at a market rate) at 100%, and revenue excluding VAT for development projects. Residential: offer for sale + portfolio incl. VAT. Business property: potential market value excl. transfer duties on the date of disposal for investment projects (at 100%), amount excl. VAT of off-plan sales/PDCs for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised DPM fees, near stable year-on-year.

(3) Pipeline excluding the Group's backlog exceeding €4.4 bn.

(4) Commitments relate only to the secured pipeline. These correspond to costs already paid out or yet to be paid under the contract and not covered by sales.

1.1.2 Altarea: a more committed company than ever

Part of its business model and sustainable and responsible growth strategy[1], the ESG approach "Tous Engagés!" ("All committed together!"), proved particularly relevant during the pandemic.

Employee engagement

Throughout the year, all Altarea's employees have shown exemplary motivation to sustain the activity and performance of the Group.

Altarea has striven to ensure the safety of its employees and provide healthy working conditions. Its new head office in rue de Richelieu, Paris, remained open throughout, including its catering services. The Group also intensified its training programme: 98% of employees received at least one training session in 2020 (4,300 hours of training given). Also, Altarea strongly supported employment, for young people by strengthening its work-study programme (287 work-study students hosted) and for its partners across France (each Altarea employee generates 22 direct and indirect jobs in the community). In recognition of its long-standing human resources policy, particularly in 2020, Altarea was named a "Top Employer France"[2] at the start of 2021.

Over many years, Altarea has successfully cultivated a strong image as an employer and conveyed to its 1,983 employees, its working values, commitment and pride in belonging. Joining Altarea means choosing a Group with strong values, delivering innovative projects where achievements are recognised and the value created is shared.

Customer engagement

In the midst of a health crisis where maintaining contact with customers proved essential, Altarea is not content merely to maintain links but has intensified its efforts to build ever closer relations. The Group rolled out a whole series of digital tools to support its Customers, without letting online tools replace human contact. As a sign of the teams' commitment, the Group was voted "Customer Service of the Year" for the fourth consecutive year in the developer category and ranked second in the "Customer Service Top 10" (all sectors included) created by HCG for Les Échos[3], moving up one place.

Environmental commitment

Altarea is at the front line of the environmental struggle and has policies in place to combat climate change every day: a reduction of -87.5% in CO_2 emissions across its Retail assets (compared to 2010), prioritising renovations for Office projects in the Paris Region (42% of projects) and the circular economy (short supply chains and reuse of materials), carbon-free building practices, countering the artificialisation of land and urban sprawl, reintroducing nature to the city, energy efficiency and use of renewable energies[4].

As a symbol of this renewed commitment, the Group confirmed its "Green Star 5*" status at GRESB this year, attesting to its long-term performance. Altarea has also obtained an A rating for transparency, a token of the quality of its institutional publications and the reliability and exhaustive scope of its ESG reporting.

(1) Altarea is committed to respecting as a priority eight of the UN Sustainable Development Goals: good health and well-being; Decent work and economic growth; Sustainable cities and communities; Measures relating to the fight against climate change; Clean and affordable energy; Industry, Innovation and Infrastructure; Responsible consumption and production; Life on land; Gender equality; Reduced inequalities.

(2) The HR Best Practices survey is run by the Top Employers Institute, which for more than 25 years has been rating companies' HR and management practice. The survey covered 6 major areas of HR broken down into 20 themes, such as talent management strategy, working environment, Talent Acquisition, training and skills development, well-being at work and diversity and inclusion.

(3) Produced by the consulting firm The Human Consulting Group for Les Échos, this ranking distinguishes the 200 best-performing French companies in terms of customer relations.

(4) 79% of Altarea's Business property projects used renewable energy in 2020 and 27% plan to generate renewable energy on site.

1.1.3 2020 annual results

In 2020, Altarea was able to absorb the shock of the health crisis, as shown by the strength of its financial position which is better-prepared than ever for the long term.

Faced with a crisis of unprecedented magnitude, Altarea's teams found the right solution for each situation:

- in Residential, their commitment made it possible to redirect our offer towards institutional investors and to maintain the growth path;
- in Retail, our asset management teams supported our tenants in a partnership approach to preserve and reinforce the future;
- in Business property, activity remained buoyant, although there was no way to avoid the postponement of several major deliveries to 2021.

FFO remains in line with the guidance given in July 2020, but nonetheless fell for the first time in more than ten years due in particular to delays in Business property projects and the increase in taxes.

At the same time, Altarea succeeded in strengthening its financial structure. The Group's liquidity, already high before the crisis, reached €3.4 billion.

Altarea's financial leverage is preserved with a Loan to Value ratio of 33.0%, as the sharp drop in debt, particularly in Property Development, offsets a significant correction in the value of Retail assets without deteriorating this ratio.

1.1.4 Outlooks

Altarea is confident in its short- and long-term prospects

2021 guidance

In the short term, FFO is expected to resume its growth path in 2021, if the health situation does not significantly worsen.

The first half of the year will still be heavily affected by the COVID restrictions, but the second half should benefit from on the deferred deliveries of Business Property projects.

2020 dividend policy

A dividend of €9.50/share will be proposed to the General Shareholders' Meeting of 30 June 2021, for the financial year 2020, up 5.6% compared to 2019. Shareholders will also be offered the option to take part-payment in shares. They will be free to choose between:

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

The main shareholders of the Group as well as the senior executives of Altarea, together representing nearly 80% of the share capital, have already announced their intention to subscribe to this option.

Long-term outlook

Beyond 2021, Altarea intends to resume its forward movement.

As a leader in the urban transformation market, Altarea's long-term prospects are stronger than ever. The health crisis has accelerated the obsolescence of urban real estate infrastructure and accentuated the urgency of their reconversion.

All the Group's projects offer exemplary solutions in terms of sustainability and the fight against climate change.

In Residential, Altarea intends to continue building market share and is targeting annual sales of 18,000 units across its brand portfolio. Sales to individuals should increase while maintaining a high level of sales to institutional customers.

In Retail and Business property, Altarea will continue to make targeted investments that create value, such as the Paris Austerlitz station.

Lastly, Altarea has the financial and managerial capacity to consider all kinds of opportunities which will enable it to further expand its range of skills.

1.2 Business

1.2.1 Retail

Intense activity in asset management

In 2020, Altarea had to deal with the difficulties that affected all retail players faced with the pandemic:

- decrease in footfall and revenue following major operational disruptions;
- difficulties in collecting rent invoicing;
- decline in values.

However, the professionalism and commitment of Altarea's asset management teams have made it possible to reduce the impact of the health crisis, notably thanks to:

- maintaining the operation of the centres in a secure environment whenever possible;
- the introduction of additional services for customers and tenants[(1)];
- keeping vacancies down;
- ongoing discussions with local and national authorities;
- and finally, the renegotiation of leases with retailers in a long-term partnership approach.

Rigorous management has also made it possible to lower rental expenses and thus reduce the costs weighing on retailers.

A strategy that helped to absorb the financial impacts of the health crisis

Altarea's strategy, which consists in fully exploiting the operational know-how of its teams whilst reducing its capital exposure to a small number of formats (€5.0 billion in assets under management, of which €2.8 billion in assets in Group share at the end of 2020) proved its value during the health crisis. The economic cost of unrecovered receivables (€48.8 million[(2)] at 100%) was brought down to €29.3 million in Group share. Similarly, the impairment loss on assets under management (€689 million at 100%) was €351 million in Group share.

1.2.1.1 Portfolio

Impact of the pandemic on the centres' businesses

The activity of shopping centre brands was badly disrupted in 2020:

- total lockdown from mid-March to mid-May: the centres remained open to allow "essential" retail to continue to trade. The public reception facilities have been resized to limit operating costs, whilst maintaining the safety and the comfort of the customer's experience;
- gradual relaxation of restrictions with the reopening of "non-essential" retail (mid-May), then cafes and restaurants (June) and finally cinemas (end of June);
- near "normal" trading from 22 June to the end of October;
- new lockdowns in November and the introduction of curfews (8:00 p.m. and 6:00 p.m. depending on the region) repressed activity in the last quarter.

Since the beginning of January 2021, all sites have been subject to a curfew at 6:00 p.m. and since January 31, "non-essential" stores in French centres of more than 20,000 m^2 (, 32% of the Group share rental base) had to stop trading for a still unknown period.

Government support measures

As part of the support measures put in place by the Government, the Group offered all its eligible tenants support consisting of the waiver of all or part of the rent for November, in exchange for a tax credit related to the size of the brand in question, which for Altarea represented of €3.7 million at 100% (€2.7 million in Group share).

For the most severely affected retailers[(3)] due to their prolonged closure, public support schemes have been strengthened to help traders pay their main charges:

- extension of the Government's exceptional provisions for partial unemployment;
- postponement of the first repayments of EMPs to 2022 and possibility of obtaining additional moratoria on current loans;
- payment of part of the fixed costs by the Government[(4)] (including rent and rental expenses) and compensation for a portion of lost revenue[(5)].

(1) In compliance with strict health protocols, the Group has made available to retailers a dedicated Click & Collect service, monitoring at the entrance to shopping centres and publishing information on the visitor numbers of each site online.

(2) Including €29.2 million taken into account in 2020 and €19.6 million spread over subsequent years.

(3) Restaurants in particular and entertainment.

(4) Cap of 70% for retailers with a monthly turnover of more than €1 million up to a limit of €3 million for the first half of 2021.

(5) Support from the solidarity fund: €10,000 per month or, in the event of a fall in revenue of more than 70%, compensation of 20% of monthly revenue for N-1 up to a limit of €200,000.

Impacts of the pandemic on the performance indicators of the centres

Tenants' revenue[1] and footfall[2]

	Tenant's revenue (incl. VAT)	Footfall
French portfolio	-18%	-26%
Benchmark France (CNCC)	*-26%*	*-28%*

Footfall in the French portfolio was down by 26%, whilst revenue fell by 18%, the drop in footfall being partially offset by an increase in the average shopping basket and conversion rates.

Revenue from retailers that remained open for all of the Group's sites increased by +4.3% at the end of December 2020.

The retail parks, thanks to their open-air configuration and their offer focused on household equipment, recorded growth in performance.

Conversely, station retail was the most heavily impacted due to the decline in passenger traffic, even though this format was the most successful before the health crisis.

Vacancy rate

At 100%	31/12/2020	31/12/2019	31/12/2018
Financial vacancy	4.1%	1.6%	1.3%

The COVID-19 pandemic has led to an overall slowdown in marketing, directly impacting financial vacancies.

Rent collection

Collection rate

The health crisis had a direct impact on the collection of rent invoicing, particularly for the second quarter. In total, the collection rate for 2020 in France was 77% (€214 million in rent and charges collected compared to €278 million invoiced)[3].

Recognition of unrecovered receivables (€64 m excl. tax credit)

The table below breaks down the total economic cost of uncollected receivables according to their category and accounting treatment:

Impacts of the health crisis on rents *(€m)*	**At 100%**	**Group share**
Bad debt provisions	(18.7)	(10.0)
Reductions recognised directly as expenses	(11.0)	(8.1)
Reductions streamlined over time[a] (recorded in 2020)	(3.2)	(1.9)
Tax credit recognised in 2020	3.7	2.7
Impact recognised in 2020	**(29.2)**	**(17.3)**
Reductions streamlined over time[a] (recorded after 2020)	(19.6)	(12.1)
TOTAL ECONOMIC COST	**(48.8)**	**(29.3)**

(a) On average over four years.

Uncollected receivables are classified into four categories:

- bad debts provisioned as irrecoverable, generally corresponding to defaults for which the cost amounted to €18.7 million at 100% (€10.0 million in Group share);
- reductions granted without consideration (mainly for VSEs and retail in railway stations[4]) which were fully recognised as an expense for the period for an amount of €11.0 million at 100% (€8.1 million in Group share);
- reductions granted in exchange for contractual modifications to the lease[5]. The changes negotiated represent on average:
  - an extension of the lease term by 2.6 years,
  - an increase in rental value of +2.0%,
  - in return for support equivalent to 2.1 months of rent (taken mainly from unrecovered second-quarter invoicing).

  These reductions represent a total amount of €22.8 million at 100% (€14.0 million in Group share) and in accordance with IFRS, they will be spread over the residual term of the lease. In 2020, €3.2 million in reductions have already been recorded (€1.9 million in Group share);
- uncollected receivables concerning creditworthy brands whose leases have not been modified and for which the corresponding amounts are legally due, will be subject to recovery measures. They represent an amount of €11.9 million at 100% (€10.0 million in Group share).

(1) *Change in tenants' revenue incl. VAT for constant surface area basis, 12-month rolling figure on the indicated date in France.*
(2) *Change in footfall, measured by Quantaflow in equipped shopping centres, and by counting cars for the retail parks (excluding travel retail outlets) and CNCC data (12-month rolling on the indicated date).*
(3) *Total amount excluding tax. The recovery rate is identical (Group share).*
(4) *Waiver of one and a half months' rent and charges in accordance with the system set up by the concession-granting authority (Gare et Connexions).*
(5) *To date, the renegotiation rate is 91% of the concerned brands (80% completed and 10% in advanced state of negotiations). These are mainly medium-sized brands.*

Consolidated net rental income[1]

In 2020, net rental income was down by 12.4% on a like-for-like basis.

France and International	*€m*	Change
NET RENTAL INCOME AT 31 DECEMBER 2019	**190.7**	
Disposals/partnerships	(18.5)	
Deliveries	9.7	
NET RENTAL INCOME ON A LIKE-FOR-LIKE BASIS	**181.9**	
Indexing, *asset management*, relocations	6.0	+3.3%
COVID-19 impact[a]	(28.6)	-15.7%
NET RENTAL INCOME AT 31 DECEMBER 2020	**159.3**	**-12.4%**

(a) Consolidated figure excluding tax credit (€28.0m at 100% after tax credit, €16.4 m in Group share).

Deliveries (expansion of Cap 3000, Paris-Montparnasse) had an impact of €+9.7 million in 2020 which partially offset the disposals and partnerships finalised in 2019 (full year effect) and in 2020.

Lease expiry schedule

Lease end date	€m, at 100%	% of total	3-year termination option	% of total
Expired	15.2	6.0%	21.5	8.4%
2021	15.0	5.9%	15.0	5.9%
2022	12.9	5.9%	12.9	5.1%
2023	10.8	5.1%	10.8	4.2%
2024	21.6	4.2%	21.6	8.5%
2025	26.2	8.5%	26.2	10.3%
2026	28.4	10.3%	28.4	11.1%
2027	23.7	11.1%	30.2	11.8%
2028	28.2	9.3%	34.8	13.6%
2029	29.1	11.0%	29.1	11.4%
2030	7.5	11.4%	7.5	2.9%
> 2030	36.8	14.4%	17.4	6.8%
TOTAL	**255.4**	**100%**	**255.4**	**100%**

(1) The Group reports net rental income including the contribution to the marketing fund, the re-billing of work and investments as lessor, that are not included in the EPRA definition of net rental income.

Portfolio valuation

Figures at 100%	No.	GLA *(m²)*	Current gross rental income *(€m)*[(d)]	Appraisal value *(€m)*[(e)]
Controlled assets[(a)]	30	665,500	217.0	3,982
Equity assets[(b)]	6	161,600	38.5	635
TOTAL PORTFOLIO ASSETS	**36**	**827,100**	**255.5**	**4,617**
o/w Group share			**137.3**	**2,804**
Management for third parties[(c)]	6	118,900	23.0	363
TOTAL ASSETS UNDER MANAGEMENT	**42**	**946,000**	**278.5**	**4,980**

(a) Assets in which Altarea 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 Altarea exercises joint operational control or a significant influence. Consolidated using the equity method in the consolidated financial statements.
(c) Assets held entirely by third parties who entrusted Altarea with a management mandate for an initial period of three to five years, renewable.
(d) Rental values on signed leases at 1 January 2021.
(e) Appraisal value including transfer duties.

Breakdown of the portfolio by asset type

At the end of 2020, Altarea managed assets of €5.0 billion (at 100%) with a Group share value of €2.8 billion, concentrated in four formats:

Regional shopping centres

In addition to their traditional benefits (wide product range, frequent changes in brands, events at all times) and their extensive offer of leisure activities, large shopping centres have become particularly efficient at meeting clients' service quality expectations notably through their mastery of the digital tools which allow customers to prepare for their visits and customise their experience in the long-term. As genuine destinations in their own right, their scale allows them to offer the most complete customer experience of the entire retail universe.

Major retail parks

Large retail parks are based on promising fundamentals: rigorous control of costs at all stages (construction, rent and charges, maintenance) allowing brands to offer a particularly effective price/product mix.

The growth in legislation preventing urban sprawl is imposing drastic limits on the creation of new retail parks, which is making rentals in this format increasing hard to come by, even though sought after by international brands looking for larger flagship stores at competitive prices.

Travel retail

Retail spaces in railway stations have to deal with intensive footfall and a wide range of customer profiles (international, national or local travellers, and users from the area surrounding the railway station).

The challenge associated with this type of retail is to calibrate the offer in terms of products and services with the various customer pathways. Thanks to the exceptional volume of natural footfall, those railway stations which have managed to optimise this offer are seeing the highest returns recorded across all retail formats.

Convenience stores

Customer loyalty to convenience stores is very strong as this format provides simple solutions for the new way of life and of consuming in towns and cities:

- cars being abandoned in favour of other forms of mobility;
- increased density of housing and reduction in storage space;
- high demand for food outlets and local sourcing;
- development of restaurant offers and services.

At 100% *(€m)*	31/12/2020		31/12/2019	
Regional shopping centres	2,880	62%	3,033	63%
Travel retail	471	10%	478	10%
Retail parks	869	19%	950	20%
Convenience stores	397	9%	341	7%
TOTAL	**4,617**	**100%**	**4,801**	**100%**

Group share *(€m)*	31/12/2020		31/12/2019	
Regional shopping centres	1,439	52%	1,531	53%
Travel retail	424	15%	429	15%
Retail parks	747	26%	817	28%
Convenience stores	194	7%	116	4%
TOTAL	**2,804**	**100%**	**2,893**	**100%**

Portfolio valuation

As of 31 December 2020, Altarea manages a portfolio of shopping centres valued at €5.0 billion at 100%, of which the Group holds a share of €2.8 billion (*i.e.* 56%).

(€ millions)	At 100%		Group share	
As of 31 December 2019[a]	**4,898**		**3,173**	
Alta Commerces Europe Partnership			(184)	
Deliveries/Capex	408		166	
Sub-total/scope effects	**5,306**		**3,155**	
Loss in the value of assets	**(689)**	**- 13,0%**	**(351)**	**- 11,1%**
TOTAL PORTFOLIO ASSETS	**4,617**		**2,804**	
Third-party management	363			
TOTAL ASSETS UNDER MANAGEMENT	**4,980**			

(a) Including assets held for sale at the end of 2019 and Italian assets intended for the partnership.

In early 2020, Altarea sold to the Alta Commerces Europe fund[1] its last two Italian shopping centres, which it continues to manage (Alta Commerces Europe is a fund in which Altarea holds a 25% stake and Crédit Agricole Assurances 75%).

During the year, Altarea delivered the last phase of the Paris-Montparnasse station, and completed the expansion-renovation of Cap 3000 with the delivery of the "Corso" mall. These deliveries (as well as various smaller investments) represented a value including duties of €408 million at 100% (€166 million in Group share).

Overall, the impairment loss on Retail assets represented a decrease of 13.0%[2]. This loss is related to the decline in appraised values and, on a targeted basis, to an additional decrease in the view of liquidity for certain assets over the medium term.

The decrease in appraisal values breaks down into:

- a rate effect of 66%:
  - increase in property exit rates[3] used by appraisers (+28 bps),
  - increase in discount rates (+34 bps);
- a market rental value effect[4] (ERV) of 34%.

The two tables below show property exit rates by asset type.

At 100%	31/12/2020	31/12/2019
Regional shopping centres	4.93%	4.65%
Retail parks	5.70%	5.39%
Convenience stores	6.10%	5.72%
WEIGHTED AVERAGE	**5.18%**	**4.90%**

Group share	31/12/2020	31/12/2019
Regional shopping centres	5.07%	4.79%
Retail parks	5.73%	5.41%
Convenience stores	7.06%	6.78%
WEIGHTED AVERAGE	**5.38%**	**5.09%**

NB: since the retail outlets are operated under concession, there is no capitalisation rate. (full ownership rate equivalents are slightly below 5%).

(1) This transaction, recognized in the consolidated financial statements in accordance with IFRS 5, had already been taken into account in the portfolio value published in the business review for 2019 (proforma value of €4,801 million at 100% and €2,893 million in Group share).

(2) Figure on the portfolio at 100%. In proportionate share, the decrease was 11.1%.

(3) 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.

(4) Relocation assumptions taken into account in the business plans used for appraisals.

Portfolio and assets under management at 31 December 2020

Asset and type	GLA (m^2)	Gross rents (€m)	Value (€m)	Group share	Value GS (€m)
Cap 3000 (Nice)	105,600			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)	43,000			100%	
Bercy Village (Paris)	23,500			51%	
Large shopping centres (6 assets)	**325,600**	**124**	**2,657**		**1,383**
Montparnasse station – Phases 1, 2 & 3 (Paris)	18,200			100%	
Gare de l'Est (Paris)	6,800			51%	
Italian railway stations (5 assets)	8,600			100%	
Oxygen (Belvédère 92)	2,900			100%	
Travel retail (8 assets)	**36,500**	**47**	**471**		**424**
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 (Brest)	28,600			100%	
Family Village (Aubergenville)	27,800			100%	
Espace Chanteraines (Gennevilliers)	23,700			51%	
Thiais Village (Thiais)	22,800			100%	
Les Portes d'Ambresis (Villeparisis)	20,300			100%	
La Vigie (Strasbourg)	18,200			100%	
Marques Avenue A13 (Aubergenville)	12,900			100%	
Pierrelaye	10,000			100%	
Retail parks (11 assets)	**252,600**	**37**	**722**		**673**
-X% Massy	18,400			100%	
Grand Place (Lille)	8,300			100%	
Les Essarts-Le-Roi	11,000			100%	
Miscellaneous (2 assets)	13,100			100%	
Convenience stores (5 assets)	50,800	9	131		131
Controlled assets[(a)] (30 assets)	**665,500**	**217**	**3,982**		**2,612**
Le Due Torri (Bergamo – Stezzano, Italy)	30,900			25%	
Corte Lombarda (Bellinzago, Italy)	21,200			25%	
Carré de Soie (Lyon)	51,000			50%	
Le Parks (Paris)	33,300			25%	
Reflets Compans (Toulouse)	14,000			25%	
Jas de Bouffan (Aix-en-Provence)	9,800			18%	
Miscellaneous	1,400			49%	
Equity-method assets[(b)] (6 assets)	**161,600**	**39**	**635**		**192**
TOTAL PORTFOLIO ASSETS (36 ASSETS)	**827,100**	**256**	**4,617**		**2,804**
Third-party asset management[(c)] (6 assets)	**118,900**	**23**	**363**		
TOTAL ASSETS UNDER MANAGEMENT (42 ASSETS)	**946,000**	**279**	**4,980**		

(a) Assets in which Altarea 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 Altarea exercises joint operational control or a significant influence. Consolidated using the equity method in the consolidated financial statements.
(c) Assets held entirely by third parties who entrusted Altarea with a management mandate for an initial period of three to five years, renewable.

1.2.1.3 Pipeline at 31 December 2020

As of 31 December 2020, the Retail pipeline includes thirteen projects, with a potential value of €1.1 billion.

Pipeline Retail	GLA *(m²)*	Potential value *(€m)*[(a)]
Creations/expansions (4 projects)	85,100	771
Large mixed-use projects (9 projects)[(b)]	96,200	356
TOTAL	**181,300**	**1,127**

(a) Retail – Creations/expansions: potential market value including duties on projects on – delivery, at 100%. Retail component – Large Mixed-use projects: revenue excl. VAT or – potential value including transfer duties.
(b) Of which six projects have already been sold, for a total amount of €275 m.

In 2020, the Group:

- delivered the last phase of the expansion of Cap 3000 (Corso), already sold at more than 70% and whose full opening is planned in 2021, as well as the last phase of the renovation of the retail spaces of the Paris-Montparnasse railway station;
- delivered the expansion of Sant Cugat to accommodate Decathlon and Primark over a surface area of 5,000 m²;
- sold the convenience stores of the large mixed-use Bobigny-La Place project to an institutional investor for €42 million including VAT.

The Group's pipeline is broken down into two types of projects:

- the development or expansion of assets under a fully-owned "investor" model or in partnership;
- the development of Retail assets in the context of large mixed-use projects intended to be sold under a "developer" model. In 2020, Altarea made decisive progress in its two main investment projects, with the granting of the building permits for Ferney-Voltaire[(1)] (near the Swiss border) and for the future retail spaces of the Paris-Austerlitz railway station.

In light of the health crisis, Altarea only plans to launch the Paris-Austerlitz station operation in the short term and will be cautious before committing the other projects in its pipeline.

On 8 February, Carrefour and Altarea announced a partnership on the transformation and redevelopment of property assets.

Sharing the same desire to be a player in the city of tomorrow, Carrefour and Altarea have decided to partner on the implementation of three urban development projects in Nantes, Sartrouville and Flins/Aubergenville. In total, around 25 hectares will become living spaces, in addition to their initial commercial purpose, thanks to a complete overhaul.

These projects will be linked by common ambitions:

- designing the neighbourhoods of tomorrow in collaboration with local authorities and elected representatives;
- developing and equipping neighbourhoods adapted to their environment, offering their inhabitants new green living spaces and a mix of uses;
- promote the development of eco-responsible mobility through nearby services.

"Retail – Creation/Expansion" pipeline		Group share	GLA *(m²)*[(a)]	Rents gross *(€m)*	Invest. net *(€m)*[(b)]	Yield	Potential value *(€m)*[(c)]	Progress
La Vigie (Strasbourg)	Expansion	100%	10,300					Secured
Aubergenville 2	Expansion	100%	1,500					Secured
Expansion (2 projects)			11,800					
Paris-Austerlitz railway station	Creation	100%	25,200					Secured
Ferney-Voltaire (Geneva area)	Creation	100%	48,100					Secured
Creations (2 projects)			73,300					
TOTAL AT 31 DECEMBER 2020 (4 PROJECTS)			**85,100**	**50**	**589**	**8.4%**	**771**	

(a) Total GLA created (in m²). For renovation/expansion projects, figures represent additional GLA created.
(b) Total budget including financing expenses and internal costs.
(c) Potential market value inclusive of duties of the projects on delivery (net rental income capitalised at market rates).

(1) Not fully approved yet.

1.2.2 Residential

1.2.2.1 Strategy

The Group's development strategy aims to establish strong positions in and around France's most dynamic gateway cities and in mid-sized towns, where the need for residential units is the highest.

The entire offer for sale and the land portfolio are therefore located in "high-demand" areas, consist of multi-family buildings and have high quality and/or environmental certifications.

Altarea is now the second-biggest Residential developer in France[1]. The Group is structured to be able to reach a potential of 18,000 units sold per year depending on market conditions.

A multi-brand and multi-product strategy

The various Group brands (Cogedim, Pitch Promotion, Histoire & Patrimoine, Woodeum, Severini and Cogedim Club) enjoy operational autonomy whilst benefiting from the power of the Group embodied by the Altarea umbrella brand (strategy, finance, support, etc.).

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

- high-end: products defined by demanding requirements in terms of location, architecture and quality;
- entry-level and mid-range: programmes specifically designed to address: the need for affordable housing both for first-time buyers (secured prices), private investment and institution; the challenges facing social landlords;
- serviced residences: Altarea is currently developing this type of offering, particularly under the Cogedim Club brand for active senior citizens, combining city-centre locations with a range of a la carte services;
- renovation of historical sites: under the Histoire & Patrimoine brand, the Group has a range of products for Historical Monuments, Malraux Law properties and Real Estate Tax schemes;
- sales in dismemberment of ownership: the Group is developing programmes under a French Government policy known as social rental usufruct. This additional offering, whilst 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;
- timber housing development under the brand Woodeum, leader in carbon-free development in France and a 50%-owned subsidiary of the Group.

The Group has also developed Altarea Solutions & Services, an in-house value-added service platform to support its customers and partners throughout their project: dismembered ownership, financing brokerage, rental management in particular.

1.2.2.2 Activity of the year

Impact of the pandemic on business

Altarea was very responsive to the first lockdown (17 March to 11 May 2020), which severely disrupted the entire Residential development cycle:

- during the closure of the sales offices, which limited sales contacts with Individuals, the commitment of the teams made it possible to maintain sales at around 30% of normal activity through full use of digital tools, notably e-booking, which enables online sales to be contracted under secure conditions;
- the Group scheduled a campaign of notarised completions and collections before the end of the lockdown. It took place at a time when clients and notary offices were barely out of lockdown, as the latter still had a reduced capacity to record transactions;
- at the beginning of May, the 300 projects under way restarted and returned to cruising speed by June, quickly making up the impact of the stoppage on technical completion rates.

This offensive was maintained throughout the year, making it possible to maintain a high rate of activity during the second lockdown (30 October to 15 December 2020) during which construction sites were not suspended and notarised sales were much more fluid.

(1) Source: Ranking of Developers carried out by Innovapresse which analyses and compares the volumes of activity, the number of housing units or square meters produced, or the equity and debt of the main property developers. It provides detailed figures, developer by developer, and outlines their projects and strategies. The 32nd edition presents the results of the financial year 2019 and covers 55 of the main players in the sector.

New orders[1]: €3.4 bn (+2%)

New orders	2020	2019	Change
Individuals – Residential buyers	609 €m	1,011 €m	-40%
Individuals – nvestment	724 €m	1,174 €m	-38%
Bloc sales	2,019 €m	1,093 €m	85%
TOTAL IN VALUE (INCL. VAT)	**3,353 €M**	**3,278 €M**	**+2%**
o/w equity-method (Group share)	*179 €m*	*181 €m*	*-1%*
Individuals – Residential buyers	1,622 units	2,865 units	-43%
Individuals – Investment	2,605 units	4,671 units	-44%
Bloc sales	7,702 units	4,592 units	68%
TOTAL IN UNITS	**11,929 UNITS**	**12,128 UNITS**	**-2%**

In 2020, bloc sales to institutional investors replaced sales to Individuals in a market still characterised by a structural shortage of supply, made worse this year by delayed municipal elections.

Notarised sales: €3.7 bn (+14%)

A client's definitive commitment is legally materialised upon the notarial signature, which regularises a reservation contract.

(€ millions incl. VAT)	2020	%	2019	%	Change
Individuals	1,965	53%	1,858	50%	+6%
Bloc sales	1,768	47%	1,421	38%	+24%
TOTAL	**3,733**		**3,279**		**+14%**
Entry-level/mid-range	2,194	59%	1,972	53%	+11%
High-end	1,339	36%	958	26%	+40%
Serviced Residences	11	ns	182	5%	Na
Renovation/Rehabilitation	189	5%	167	4%	+13%
TOTAL	**3,733**		**3,279**		**+14%**

In 2020, the Group conducted an active sales campaign throughout the year. Sale completions increased by +14% in value compared to 2019 and by +8% in volume (13,100 units sold, with a good balance between types of investor).

Deliveries

In 2020, the Group delivered nearly 7,800 units and more than 300 projects (27,000 units) are underway at the start of 2021.

Commercial launches

In 2020, Altarea focused on accelerating the sale of programmes already launched.

Given the context, business recovered more strongly in the second part of the year, thanks in large part to digitisation of the launch of marketing programmes. A total of 110 new projects (5,300 units) were launched this year, compared to 166 transactions in 2019 for 11,500 units.

Revenue by% of completion: €2.4 bn (+5%)

Revenue by percentage-of-completion is calculated based on both percentage of sales realised (notarised sales) and the completion of the programmes (progress of construction sites).

(€ millions excl. VAT)	2020	%	2019	%	Change
Entry-level/mid-range	1,578	66%	1,550	68%	+2%
High-end	694	29%	566	25%	+23%
Serviced Residences	42	2%	92	4%	-54%
Renovation/Rehabilitation	92	4%	74	3%	+24%
TOTAL	**2,406**		**2,283**		**+5%**

In 2020, the mobilisation of teams on notarised sales largely compensated for the delay in technical progress due to the shutdown of construction sites in the spring.

(1) *New orders net of withdrawals, in euros, including VAT when expressed in value. Data at 100%, with the exception of operations under joint control which are reported in Group share (including Woodeum).*

Backlog: €4.0 bn (+5%)

Backlog is a leading indicator of potential revenue, which includes:

- notarised sales, not yet recognised: units that have been regularised at the notary's office, to be recognised as revenue according to technical progress;
- new orders (units sold) that are not yet regularised.

(€ millions excl. VAT)	31/12/2020	31/12/2019	Change
Notarised revenue not recognised	2,252	1,722	+31%
Revenues reserved but not notarised	1,709	2,057	-17%
BACKLOG	**3,962**	**3,778**	**+5%**
o/w equity-method (Group share)	*324*	*258*	*Ns*
Number of months	**20**	**20**	

Properties for sale and future offering:

The pipeline of projects under development is composed of:

- properties for sale (units available for sale); and
- the land portfolio, which includes projects secured under a sale agreement (most of which are unilateral) and whose launch has not yet taken place. These become properties for sale when they are launched on the market.

(€ millions incl. tax of potential revenue)	31/12/2020	No. of months	31/12/2019	Change
Properties for sale	1,563	6	2,104	-26%
Future offering	11,235	40	10,659	+5%
PIPELINE	**12,798**	**46**	**12,764**	**+0%**
In no. of units	*49,515*		*48,885*	*+1%*
In m^2	*2,772,800*		*2,737,600*	*+1%*

The decline in properties for sale at the end of 2020 is linked to the acceleration of bloc sales during the year. This decline is temporary as the Group has simultaneously reinforced its land portfolio to 45,000 units, nearly half of which are due to be launched within the next twelve months.

Risk management

At end-2020, the Group's properties for sale amounted to almost €1.6 billion incl. VAT (equi. six months of activity), with the following breakdown according to the stage of completion of the programmes:

(€ millions)	Project not yet started	Project under construction	In stock	Total
Amounts committed excl. VAT	**245**	**549**	**13**	**806**
Of which already paid out[(a)]	*245*	*303*	*13*	*561*
Properties for sale incl. VAT[(b)]	**895**	**639**	**29**	**1,563**
In%	*57%*	*41%*	*2%*	*100%*
o/w to be delivered	*in 2021*	*86*		
	in 2022	*328*		
	≥ 2023	*226*		

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

Management of real estate commitments

57% of sales related to programmes whose construction has not yet been launched and for which the amounts committed correspond essentially to studies, advertising, and reservation fees (or guarantees) paid within the purchase agreement on land, and most recently the cost of land.

41% of the offer is currently under construction, including a limited share (€86 million or less than 6% of total properties for sale) representing units to be delivered by the end of 2021. The stock amount of finished products is not significant (2% of total offer).

This breakdown of operations 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;
- agreement required from the Commitments Committee at each stage of the project: signature of the purchase agreement, marketing, land acquisition and launch of construction;
- strong pre-letting required for land acquisition;
- abandonment or renegotiation of projects having generated inadequate pre-letting rates.

1.2.3 Business property

1.2.3.1 Strategy

An investor developer model

Altarea has significant operations in the Business property market with limited capital risk:

- principally as a developer[1] in off-plan sales, off-plan leases and property development contracts (PDC), with a particularly strong position on the turnkey user market, or as a service provider under DPM contracts; or
- as a co-investor, either directly or through AltaFund[2], for high-potential assets (prime location) in view of their sale once redevelopment has been completed[3].

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

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

A dual diversification strategy

Geographic strategy

In terms of organisation, the Group is structured to address two complementary markets:

- in Grand Paris: in a context of high prices and scarcity of land, Altarea works on capital-intensive projects (generally in partnership), or alternatively as a service provider to support large investors and users;
- in gateway cities: Altarea acts in development programmes (off-plan sales or PDCs) generally sourced thanks to the local Residential network.

In just a few years, Altarea has also become the leading Business property developer in the regions. Altarea has been able to capitalise on its know-how to meet the expectations of this fall-back market for companies located in the Paris region which share the same demand for products focused on working comfort and high-quality facilities (connectivity, collaborative spaces, etc.).

Product strategy

The Group is developing a wide range of products: multiple occupancy office space, head offices, logistics hubs, hotels, universities, etc.

The Logistics investment vehicle, created at the end of 2017 by Pitch Promotion, has enabled Altarea to become a commited player in logistics in France with seven projects totalling nearly 600,000 m^2 under development at the end of December 2020.

Whether for new office projects or complex redevelopment operations, all of the Group's operations combine high environmental quality with modularity and multiple uses.

1.2.3.2 Activity of the year

Impact of the pandemic on the centres' businesses

The first lockdown (March 17 to May 11, 2020) disrupted activity with the shutdown of the majority of ongoing construction sites, except for the one at Richelieu, Altarea's head office, which was delivered in the second quarter, and that of Bridge in Issy-les-Moulineaux (future Orange head office), the delivery of which had to be postponed until the beginning of 2021.

New orders

Over the full year 2020, the Group placed eight transactions for a total of €161 million, including:

- 9,700 m^2 of offices in the large mixed-use off-plan sales project, Bobigny-La Place, and a DPM project in the centre of Paris; and
- six off-plan sales in the Regions, including:
  - "Amazing Amazones" in Nantes, as part of the EuroNantes mixed-use project, 16,200 m^2 of offices acquired by SCPI Accimmo Pierre (BNP REIM),
  - "Gravity" in Lyon, and "La Pomone" in Aix-en-Provence, both sold to a SCPI, a subsidiary of Banque Populaire Grand Ouest.

    Gravity, to be delivered at the end of 2021, is aiming for HQE Tertiary Buildings Excellent and BREEAM® Very Good certifications. La Pomone, consisting of three buildings (over 4,900 m^2), is leased to the Esaip training centre and to the Nahema agency, a NATO subsidiary specialising in the development of military helicopter programs, and constitutes the first phase of the "Vert Pomone" programme.
  - "Campus Adriana" in Marseille, a 9,600 m^2 building near the Gare St-Charles. This public interest project for co-working, training, catering and sports halls, will be delivered in 2022. Partially leased to EPITECH on a surface area of 2,500 m^2 (with Auditorium), a member of the Ionis Group, the leading private higher education group in France, this building was sold to Newton Offices.

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

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

(3) Resold rented or not.

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

Pipeline

62 projects in development

At the end of 2020, the Group's pipeline consisted of 62 projects with an estimated potential value of €5.0 billion.

It includes six co-investment transactions, shared with leading institutional investors. The cost price of these projects is €2.0 billion at 100% (€638 million excl. VAT, Group share) with a potential value of over €2.6 billion (€846 million, Group share).

At 31/12/2020	No.	Surface area *(m²)* at 100%	Revenue excl. VAT *(€m)*	Potential value at 100% *(€m excl. VAT)*
Investments[a]	6	231,000	924	2,642
Property developer (property development of off-plan sales contracts)[b]	53	1,118,500	2,281	2,281
Delegated project management[c]	3	36,400	122	122
TOTAL	**62**	**1,385,900**	**3,327**	**5,045**
o/w Offices	55	794,000	2,803	4,521
o/w Logistics	7	591,900	524	524
o/w Paris Region	18	466,700	1,571	3,289
o/w Regions	44	916,200	1,756	1,756

(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. VAT) from signed or estimated property development or off-plan sale contracts, at 100%.
(c) Revenue excl. VAT = Potential value: capitalised fees for delegated projects.

Deliveries

Despite the constraints linked to the pandemic, this year Altarea delivered several emblematic projects illustrating its product and geographic strategy, in particular:

- "Convergence", Danone's new global head office in Rueil-Malmaison, NF HQE Bâtiment Tertiaire certified;
- a 46,000 m² logistics platform for Lidl near Nantes; and
- "Orange Lumière" in Lyon Part-Dieu, the new Orange campus bringing together its Lyon teams, previously spread over eighteen sites (linked with a project of 160 vacant, intermediate and social housing units built by the Group).

In the first half of the year, Altarea also delivered its head office at 87 rue de Richelieu in Paris, a project that has won numerous awards for its exemplary restructuring (Grand Prix SIMI 2020 in particular).

In early 2021, the Group will deliver "Bridge", Orange's future headquarters in Issy-les-Moulineaux, which has just been awarded the Wired Score "Platinum" label, the highest level of distinction in terms of digital connectivity, Eria in La Défense, which will house the future Cybersecurity agency ordered by the French President, as well as Landscape in La Defense.

Supply

In 2020, the Group signed several projects in the regions, including a building for Unedic in Marseille and a restructuring project at the Haute-Borne division in Villeneuve d'Ascq. In Paris, the Group signed two DPM contracts, for the district of La Madeleine and the Landscape project in La Défense[1].

Numerous transactions were under negotiation at the end of 2020. Several of them materialised at the beginning of the year and will feed the pipeline, including:

- the acquisition with JP Morgan Global Alternatives of a complex of seven office buildings totalling 14,000 m² in the central business district of Paris, which will be the subject of a restructuring program;
- a DPM project in the Champs-Elysées district in Paris.

Backlog

Backlog (Business Property) is composed of notarised sales, excl. VAT, not yet recorded per the percentage-of-completion method, new orders excl. VAT, not yet notarised (signed property development contracts), and fees to be received from third parties on signed contracts.

(€ millions)	31/12/2020	31/12/2019	Change
Off-plan, PDC	468	668	-30%
o/w equity-method (Group share)	*31*	*73*	-
Fees (DPM)	11	9	-
TOTAL	**479**	**677**	**-29%**

(1) Recognized in the DPM pipeline for its contribution in euros, but not in terms of surface area and number of projects, as it is already included in co-investment operations.

Pipeline under development as of 31 December 2020

	Surface area (m²)	Property Development Type	Property Development Revenue excl. VAT (€m)[a]	Potential value at 100% (€m) excl. VAT[b]	Progress[c]
Bridge (Issy-les-Moulineaux)	57,900	Invest.			Under construction/ leased
Landscape (La Défense)	70,100	Invest.			Under construction
Tour Eria (La Défense)	26,600	Invest.			Under construction/ leased
Cocktail (La Défense)	18,100	Invest.			Secured
PRD-Montparnasse (Paris)	56,200	Invest.			Secured
Saussure (Paris)	2,100	Invest.			Secured
Investments (6 projects)	**231,000**		**924**	**2,642**	
Belvédère (Bordeaux)	50,000	Off-plan sale			Under construction
Bassins à Flot (Bordeaux)	49,500	Off-plan sale			Under construction
Coeur de Ville – Hugo Building (Issy-les-Mx)	25,700	PDC			Under construction
Balma Campus – Orange (Toulouse)	19,100	PDC			Under construction
Amazing Amazones – EuroNantes (Nantes)	19,100	Off-plan sale			Under construction
Aerospace – Phase A (Toulouse)	13,500	Off-plan sale			Under construction
Coeur de Ville – Leclerc & Vernet (Issy-les-Mx)	15,200	PDC			Under construction
Bobigny-La Place	9,800	Off-plan sale			Under construction
Gravity (Lyon)	4,800	Off-plan sale			Under construction
Cœur d'Orly (Orly)	30,700	PDC			Secured
EM Lyon Business School (Lyon)	29,400	PDC			Secured
Vert Pomone – Phase A (Aix-en-Provence)	4,900	Off-plan sale			Secured
Other Office projects (34 projects)	*254,900*	*PDC/Off-plan*			*Secured*
TCAM T2 (Seine et Marne)	5,300	PDC			Under construction
Technoparc (Collegien – Greater Paris)	11,800	Off-plan sale			Under construction
Hexahub Paris Region(Seine et Marne)	68,200	PDC			Secured
Hexahub Aquitaine (Bordeaux)	170,000	PDC			Secured
Other Logistics projects (3 projects)	*336,600*	*PDC/Off-plan*			*Secured*
"100% external" property development (53 projects)	**1,118,500**		**2,281**	**2,281**	
DPM (3 projects)	**36,400**	**DPM**	**122**	**122**	
TOTAL PROPERTY DEVELOPMENT PORTFOLIO (62 PROJECTS)	**1,385,900**		**3,327**	**5,045**	

(a) PDA/Off-plan sales: amount excl. VAT of signed or estimated contracts, at 100%. Delegated project management (DPM) contracts fees capitalised.
(b) Potential value: market value excluding project rights. Investments: potential value at disposal date for investment projects (at 100%). Projects intended for "100% external" customers (Off-plan/PDC): amount excluding VAT of contracts signed or estimated (at 100%, or in proportion for projects under joint control). DPM: contracts: fees capitalised.
(c) 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.

Commitments

Group share (€ millions)	Investment	Property Development	Total
Already paid out	177	108	285
To be paid out	166	-	166
TOTAL COMMITMENTS	**343**	**108**	**451**

For investment projects, the Group's commitments correspond to the obligations of equity contributions in operations.

As for new developments, commitments are limited to the amount of studies for projects being arranged. Regarding projects under construction, financial commitments are covered by calls for funds (except "blank" transactions). At 31 December 2020, total commitments amounted to €108 million.

At 31 December 2020, the Group's level of commitment in Business property, on projects that are not yet rented or sold is less than €60 million, Group share.

1.3 Financial results

1.3.1 2020 Consolidated results

In 2020, Altarea's revenue amounted to nearly €3.1 billion, a very slight decrease year-on-year (down 1.7%), driven by growth in Residential (+5.3%), which offset the drop in net rental income from Retail and a decline in Business property revenue (delays on construction sites and delays in delivery to 2021). Funds from operations (FFO) Group share amounted to €230.3 million in 2020 (-21%). The change in FFO breaks down as follows:

- decrease in Retail operating income of €31.6 million (including -28.6 COVID-19 impact on IFRS net rental income);
- increase in Residential operating income[(1)] (€+7.3 million);
- decrease in Business property operating income (€-22.3 million) mainly due to delivery delays in the first half of 2021 (including Bridge, the future Orange headquarters);
- increase in tax expense (€26.8 million compared to €7.3 million in 2019);
- other income and expenses (interest expenses, minority interests, etc.) for €+3.3 million.

FFO in Group share amounted to €13.48 per share (-24.6%), after taking into account the capital increase resulting from the FCPE and the payment of the 2019 dividend in securities.

(€ millions)	Retail	Residential	Business Property	Other Corporate	*Funds from* operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	**216.4**	**2,416.9**	**422.7**	**0.1**	**3,056.2**	**-**	**3,056.2**
Change vs. 31/12/2019	*-4.8%*	*+5.3%*	*-28.1%*	*n.a.*	*-1.7%*		
Net rental income	159.3	-	-	-	159.3	-	159.3
Net property income	0.1	202.3	22.0	(0.1)	224.3	(0.6)	223.8
External services	17.9	10.1	6.2	0.1	34.3	-	34.3
Net revenue	**177.3**	**212.4**	**28.2**	**0.0**	**417.9**	**(0.6)**	**417.4**
Change vs. 31/12/2019	*-15.5%*	*-3.2%*	*23.6%*	*n.a.*	*-7.4%*		
Own work capitalised and production held in inventory	5.6	163.0	13.9	-	182.5	-	182.5
Operating expenses	(38.0)	(209.1)	(29.4)	(4.1)	(280.6)	(15.8)	(296.5)
Net overhead expenses	**(32.5)**	**(46.2)**	**(15.4)**	**(4.1)**	**(98.2)**	**(15.8)**	**(114.0)**
Share of equity-method affiliates	3.4	10.8	37.6	n.a.	51.8	(1.3)	50.5
Income/loss on sale of assets Retail						(4.6)	(4.6)
Change in value, estimated expenses and transaction costs – Retail						(649.6)	(649.6)
Calculated expenses and transaction costs – Residential						(19.0)	(19.0)
Calculated expenses and transaction costs – Business Property						2.0	2.0
Other provisions Corporate						(9.0)	(9.0)
Operating income	**148.2**	**177.0**	**50.3**	**(4.0)**	**371.6**	**(698.0)**	**(326.4)**
Change vs. 31/12/2019	*-17.6%*	*4.3%*	*-30.7%*	*n.a.*	*-10.0%*		
Net borrowing costs	(30.0)	(11.6)	(9.0)	-	(50.6)	(18.2)	(68.8)
Other financial results	(2.4)	(3.8)	(1.5)	-	(7.7)	(9.5)	(17.1)
Gains/losses in the value of financial instruments	-	-	-	-	-	(56.5)	(56.5)
Proceeds from the disposal of investments	-	-	-	-	-	(0.0)	(0.0)
Corporate income tax	(6.0)	(12.5)	(8.1)	-	(26.6)	(28.4)	(54.9)
Net income	**109.8**	**149.2**	**31.8**	**(4.0)**	**286.8**	**(810.5)**	**(523.8)**
Non-controlling interests	(35.3)	(21.3)	0.2	-	(56.5)	272.5	216.0
NET INCOME, GROUP SHARE	**74.5**	**127.8**	**32.0**	**(4.0)**	**230.3**	**(538.1)**	**(307.7)**
Change vs. 31/12/2019	-25.1%	-7.1%	-51.1%	n.a.	-21.4%		
Diluted average number of shares					17,081,054		
NET INCOME, GROUP SHARE PER SHARE					**13.48**		
Change vs. 31/12/2019					*-24.6%*		

(1) In order to best reflect the economic contribution of its managed residences business, Altarea decided to restate the positive impact of IFRS 16 on its contribution to the FFO, for an amount of €-7.5 million (vs. €-5.7 million in 2019) in exchange for the increase in Changes in value, estimated expenses and transaction costs, thus reducing FFO operating income accordingly.

1.3.1.1 FFO[1]

FFO Retail

(€ millions)	2020	2019	Variation
Rental income	184.9	208.4	
Expenses (including bad debt)	(25.6)	(17.6)	
Net rental income	**159.3**	**190.8**	**-16,5%**
% of rental income	*86.2%*	91.5%	
External services	17.9	19.0	
Own work capitalised & production	5.6	6.5	
Operating expenses	(38.0)	(42.6)	
Contribution of EM associates	3.4	6.0	
Net property income	0.1	-	
Operating income – Retail	**148.2**	**179.8**	**-17,6%**
Net borrowing costs	(30.0)	(28.4)	
Other financial results	(2.4)	(8.2)	
Corporate income taxes	(6.0)	(2.4)	
Non-controlling interests	(35.3)	(41.2)	
FFO RETAIL	**74.5**	**99.5**	**-25,1%**

The decrease in FFO Retail was partly due to changes in the scope of consolidation (€-8.8 million) but above all to the impact of the health crisis on rent collection (€-28.6 million), which was only partially offset by the tax credit (€+2.7 million in Group share) and a tight grip on overheads (€+4.6 million).

The corporate income tax increase is the consequence of the transfer of Italian assets completed in the first half of 2020.

FFO Residential

(€ millions)	2020	2019	Variation
Revenue by% of completion	2,407	2,283	+5,4%
Cost of sales excluding mktg costs	(2,176)	(2,035)	
Residential margin	**230.4**	**248.6**	**-7,3%**
% of revenue	*9.6%*	10.9%	
Marketing costs	(28.0)	(40.4)	
Net property income	**202.3**	**208.1**	**-2,8%**
% of revenue	*8.4%*	9.1%	
External services	10.1	11.2	
Production held in inventory	163.0	157.8	
Operating expenses	(209.1)	(220.0)	
Contribution of EM associates	10.8	12.6	
Operating income – Residential	**177.0**	**169.7**	**+4,3%**
% of revenue	*7.4%*	7.4%	
Net borrowing costs	(11.6)	(7.9)	
Other financial results	(3.8)	(1.2)	
Corporate income taxes	(12.5)	(3.4)	
Non-controlling interests	(21.3)	(19.5)	
FFO RESIDENTIAL	**127.8**	**137.6**	**-7,1%**

(1) Funds from operations (FFO): net profit excluding changes in value, calculated expenses, transaction fees and changes in differed tax. Group share.

Percentage-of-completion revenue in Residential reached a new all-time high (+5.4%) despite the context, as the commercial completion rate (sales) offset delays in technical progress due to the spring lockdown.

Excluding marketing expenses, the margin decreased by 130 bps reflecting the increased proportion of bloc sales recognised on a percentage-of-completion revenue basis. This decrease in the margin was, however, partially offset by a sharp decrease in marketing expenses, mainly for Retail sales. In total, the decrease in margin after marketing expenses was restricted to -70 bps.

Helped by rigorous management of overheads (€-10.9 million), Residential operating income rose +4.3%. Compared to percentage-of-completion revenue, Residential operating margin was stable at 7.4%.

The decrease in FFO Residential is entirely attributable to the increase in tax (€12.5 million) and the increase in the cost of carrying the significant liquidity from which the Property Development division benefits (particularly the bond issues carried out in 2020).

FFO Business property

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

- net property income generated by development projects (PDC and Off-plan sales);
- external services: DPM, asset management, leasing and performance (promote) fees; and
- contribution from equity-method associates: profits made on partnership investment projects.

(€ millions)	2020	2019	Variation
Revenue by% of completion	416.5	577.0	-27,8%
Cost of sales and other expenses	(394.5)	(565.1)	
Net property income	**22.0**	**11.9**	**+84,7%**
% of revenue	*5.3%*	2.1%	
External services	6.2	10.9	
Production held in inventory	13.9	24.7	
Operating expenses	(29.4)	(35.1)	
Contribution of EM associates	37.6	60.2	
Operating income – Business property	**50.3**	**72.6**	**-30,7%**
% of revenue + ext. serv.	*11.9%*	12.4%	
Net borrowing costs	(9.0)	(10.6)	
Other financial results	(1.5)	(0.3)	
Corporate income taxes	(8.1)	(1.3)	
Non-controlling interests	0.2	4.8	
FFO BUSINESS PROPERTY	**32.0**	**65.4**	**-51,1%**

Net property income was up sharply to €22.0 million despite a decrease in revenue, thanks to a project mix with a higher average margin (particularly in the Regions).

The contribution of equity-method affiliates was down sharply due in part to the strong level of activity in 2019 (notably at 87 rue de Richelieu) but above all to delays in several projects, which will be delivered during the first half of 2021 (Bridge, the future Orange headquarters).

In addition, the rigorous management of overheads (saving €5.7 million) failed to offset a reduction in fees and increase in taxes.

In total, FFO Business Property amounted to €32.0 million, down by €33.4 million.

FFO per share: €13.48

FFO Group share amounted to €13.48 per share, a 24.6% fall year-on-year (vs €17.88 per share on 31 December 2019).

This change takes into account the dilutive effect linked to the payment of the 2019 dividend in shares ex-dividend in July 2020) which led to the creation of 599,267 new shares, and the 40,166 shares created by the capital increase reserved for the Group employees' fund (FCPE). As of 31 December 2020, the average number of diluted shares (pro rata temporis) was 17,078,854, compared with 16,393,262 at the end of 2019.

1.3.2 Net asset value (NAV)

1.3.2.1 Going concern NAV (fully diluted)[1] at €156.4/share

	31/12/2020				31/12/2019	
NAV – Group	*(€m)*	Change	*€/share*	Change	*(€m)*	*€/share*
Consolidated equity, Group share	**1,758.5**		**101.8**		**2,144.4**	**128.4**
Other unrealised capital gains	867.0				701.6	
Restatement of financial instruments	35.7				97.5	
Deferred tax on the balance sheet for non-SIIC assets[a]	20.9				40.3	
Market value of financial instruments	(35.7)				(97.5)	
Fixed-rate market value of debt	(58.6)				(63.4)	
Effective tax for unrealised capital gains on non-SIIC assets[b]	(24.8)				(21.9)	
Optimisation of transfer duties[b]	86.6				92.0	
Partners' share[c]	(18.3)				(20.6)	
NNNAV (NAV LIQUIDATION)	**2,631.3**	**-8.4%**	**152.3**	**-11.4%**	**2,872.4**	**172.0**
Estimated transfer duties and selling fees	72.0				80.8	
Partners' share[c]	(0.5)				(0.6)	
GOING CONCERN NAV (FULLY DILUTED)	**2,702.7**	**-8.5%**	**156.4**	**-11.5%**	**2,952.6**	**176.8**
Number of diluted shares:	*17,275,839*				*16,700,762*	

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

1.3.2.2 Change in going concern nav (fully diluted)

At the end of 2020, NAV was down to €2,702.7 million (-8.5%), or €156.4/share (-11.5%). This decrease is mainly due to the impairment loss on Retail assets (€351 million in Group share).

The appraisal value of the Property Development division was up sharply at 31 December 2020. Out of prudence, Altarea decided to keep the enterprise value of this division stable[2] in order to preserve its ability to maintain positive momentum in its NAV over the long-term.

Going concern NAV (fully diluted)	*(€m)*	*€/share*
NAV 31 December 2019	**2,952.6**	**176.8**
Dividend	(151.4)	(9.0)
Capital increases	68.9	4.1
Dilutive effect of new shares	-	(5.4)
NAV 31 DECEMBER 2019 AFTER CAPITAL TRANSACTIONS	**2,870.1**	**166.5**
2020 FFO	230.3	13.8
Retail	(355.3)	(21.3)
of which portfolio	*(351.4)*	*(21.0)*
of which others	*(3.8)*	*(0.2)*
Property Development	108.6	6.5
Financial instruments and fixed-rate debt	(53.4)	(3.2)
Deferred tax	(49.4)	(3.0)
IFRS 16[a]	(29.3)	(1.8)
Others[b]	(19.0)	(1.1)
NAV 31 DECEMBER 2020	**2,702.7**	**156.4**
vs. 31 December 2019 after capital transactions	*-5.8%*	*-6.0%*
vs. 31 December 2019	*-8.5%*	*-11.5%*

(a) Depreciation of right-of-use assets.
(b) Of which D&A, contribution to free share grants, transaction fees, debt issuance expenses and share of the General Partners.

(1) Market value of equity view of maintaining the Group's activity and considering the potential dilutive effect resulting from the partnership limited by shares (SCA) status.
(2) This is well above the average of the low scenario appraisal values. Keeping the enterprise value stable leads to a slight gain in NAV due to the decrease in the debt allocated to this activity.

1.3.2.3 Calculation basis

Asset valuation

Investment properties

Property assets appear at their appraisal value in the Group's IFRS statements (Investment properties).

Retail assets are assessed by Cushman & Wakefield and Jones Lang LaSalle. The value of the portfolio breaks down by appraiser as follows:

Appraiser	Portfolio	% of value, incl. transfer duties
Jones Lang LaSalle	France & International	42%
Cushman & Wakefield	France & International	57%
CBRE	France	1%

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 "Barthès de Ruyter working group" and comply fully with the instructions of the Appraisal Charter of Real Estate Valuation (Charte de l'Expertise en Évaluation Immobilière) updated in 2017. 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.

Other assets

The unrealised capital gains on other assets consist of:

- the Residential and Business Property Development divisions (Cogedim, Pitch Promotion, Histoire & Patrimoine and Severini);
- the Business Property Investment division (AltaFund, Bridge and the Issy Cœur de Ville offices); and
- the Rental Management and Retail Property Development division (Altarea France).

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 8Advisory.

The method used by Accuracy uses the discounted cash flow method (DCF) in conjunction with a terminal value based on normalised cash flow. 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.

8Advisory uses a multi-criteria DCF-based approach, an approach using multiples from listed peer Group and multiples from comparable transactions when these can be based on relevant 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 taxes on disposals are 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 taxes value of the property assets.

Altarea 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 securities 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'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).

1.4 Financial resources

1.4.1 2020 Highlights

New financing of €1,120 m

During 2020, the Group arranged €1,120 million in new long-term financing for an average of five years and five months.

(€ millions)	RCF	Term loan	Total banks	Bond	Total
New money	270	70	340	450	790
Expansion	280	50	330	-	330
TOTAL	**550**	**120**	**670**	**450**	**1,120**

In July and October, Altareit placed respectively €80 million and €70 million in bonds assimilated to the Altareit 2.875% 07/2025 issue, bringing the total nominal outstanding of this line to €500 million.

In December 2020, Altarea issued a bond of €300 million maturing in nine years (16 January 2030), with an annual coupon of 1.75% and a zero new issue premium. The order book totalled more than €2.5 billion, *i.e.* an over-subscription rate of around 8.5 times.

The success of this transaction, which enabled Altarea to extend the duration and lower the average cost of its debt, reflects the market's confidence in Altarea's strategy and its long-term credit profile.

The net proceeds of this bond issue made it possible to finance the buyback, through a public offer launched on 7 December 2020, of €114.5 million of Altarea bonds maturing in July 2024 with an annual coupon of 2.25%.

At the end of December, Altarea also repaid early the full amount of the Alta Qwartz mortgage loan due in July 2025 for an amount of €208 million.

Equity strengthened by €69 million

With a subscription rate of 82.28%, the success of the option for the partial payment of the scrip dividend (at €9.00/share) enabled the Group to strengthen its equity by €61.4 million through the creation of 508,199 new shares.

In addition, the Group's employee investment fund (FCPE) subscribed for a reserved capital increase of €7.6 million[1], thereby demonstrating the commitment of Altarea's employees.

1.4.2 Available cash

At 31 December 2020, Altarea had available liquidity of €3,378 million (€2,659 million at 31 December 2019), broken down as follows:

Available *(€ millions)*	Cash	Unused credit facilities	Total
At Corporate level	774	1,202	1,976
At project level	691	711	1,402
TOTAL	**1,465**	**1,913**	**3,378**

Unused credit facilities amount to €1,165 million RCF[2] the average maturity of which is 3.8 years, with no maturities within the coming 18 months.

Given the Group's liquidity and the continued access to the market in the short-term, as of 31 December 2020 no RCF was drawn. The Group has no plans to draw on them in the coming months.

Cash currently available covers the Group's repayment schedule until 2025.

(1) Average subscription of €5,110 per employee subscribing.

(2) Revolving credit facilities (confirmed credit authorisations).

1.4.3 Short and medium-term financing

The Group has two NEU CP[1] programmes (issues up to one year) and two NEU MTN[2] programmes (issues in excess of one year) for the companies Altarea and Altareit.

As of 31 December 2020, the total outstanding was €653 million with an average maturity of 4.3 months, with the following breakdown:

- €504 million of NEU CP;
- €149 million of NEU MTN.

These short- and medium-term resources are fully covered by back-up lines.

1.4.4 Net debt[3]

The year 2020 saw a significant decrease in the Group's net financial debt (€-282 million).

Change in net debt in 2020

(€ millions)	
Net debt at 31 December 2019	**2,475**
Net dividend	93
FFO	(231)
Sub-total	**2,338**
Retail capex	115
Disposals & partnerships	(174)
Residential WCR	(139)
Financial Instruments	73
Others	(21)
NET DEBT AT 31 DECEMBER 2020	**2,193**

Duration

Following transactions carried out in 2020, the average duration increases to five years and one month[4], compared to four years and nine months at 31 December 2019.

Net debt structure

(€ millions)	31/12/2020	31/12/2019
Corporate and bank debt	274	226
Credit markets[a]	2,628	2,370
Mortgage debt	401	505
Debt on property development programmes	167	205
TOTAL GROSS DEBT	**3,470**	**3,306**
Cash and cash equivalents	(1,277)	(830)
TOTAL NET DEBT	**2,193**	**2,475**

(a) This amount includes bond debt and €653 million of NEU CP and NEU MTN.

With the exception of the €400 million debt backed by the Cap 3000 centre, Altarea has almost no mortgage debt (which still represented 54% of net debt at the end of 2015), which strengthens the Group's corporate creditworthiness.

(1) NEU CP (Negotiable European Commercial Paper).
(2) NEU MTN (Negotiable European Medium Term Note).
(3) Net bank and bond debt.
(4) Excluding NEU CP, NEU MTN, property development debt and the Cap 3000 payment for which the Group has already received refinancing offers.

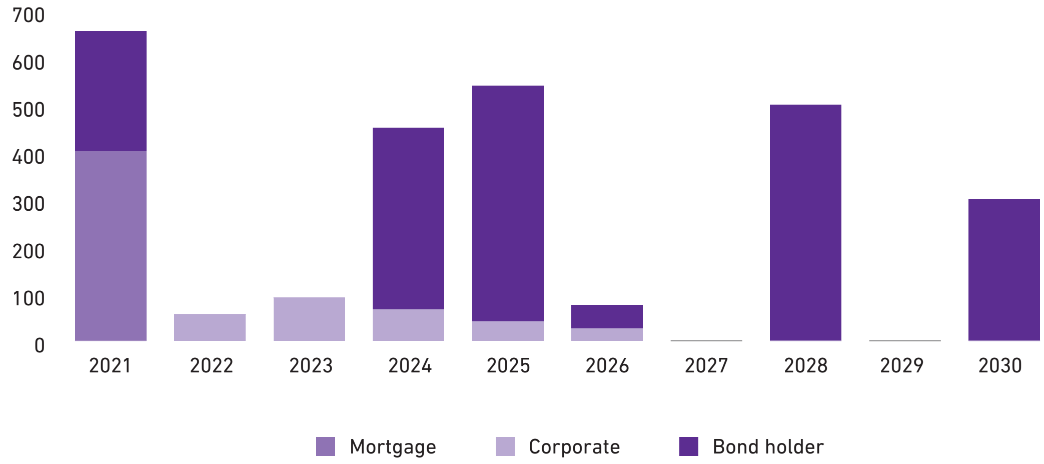
(€ millions)	Investor division	Developer division	Total
Corporate and bank debt	77	197	274
Credit markets[a]	1,786	842	2,628
Mortgage debt	401	-	401
Debt on Prop. dev. projects	-	167	167
TOTAL GROSS DEBT	**2,265**	**1,206**	**3,470**
Cash and cash equivalents	(92)	(1,185)	(1,277)
TOTAL NET DEBT	**2,172**	**20**	**2,193**

(a) This amount includes bond debt and €653 million of NEU CP and NEU MTN.

Thanks to strong cash flow, the net debt of the Property Development division is now close to zero.

Maturity schedule for long-term debt by maturity[1]

The chart below (in €m) presents Group's debt by maturity.



Amounts due in 2021 concern:

- a €400 million mortgage on Cap 3000, the refinancing of which is very advanced; and
- a bond maturity (Euro PP) of €230 million, already covered by the Group's cash.

Hedging: nominal amount and average rate

The following table sets out the hedging profile of interest rate swaps:

In progress at end	Fixed-rate payer swaps[a]	Floating rate payer swaps[a]	Fixed-rate debt *(€m)*[a]	Average swap rate[b]
2021	500	400	1,736	0.35%
2022	500	400	1,736	0.35%
2023	500	400	1,736	0.35%
2024	500	-	1,236	0.31%
2025	-	-	736	-0.17%
2026	-	-	736	-0.17%

(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 interest rate options (caps), with shorter duration, out of the money.

Average cost of debt[2]: 1.94% (-27 bps)

The reduction in the average cost of debt (2.21% as of 31 December 2019) is a result of the restructuring of the swap[3] portfolio and the rotation of short-term debt.

(1) Excluding NEU CP, NEU MTN, property development debt.

(2) Including related fees (commitment fees, non-use fees, etc.).

(3) In early 2020, the Group cancelled a portion of its interest rate swaps portfolio, failing which the Group would have been excessively hedged.

1.4.5 Financial ratings or ratios

BBB credit rating

In May 2020, after a sector review, the S&P Global rating agency assigned a financial rating of "BBB, with a negative outlook" to Altarea and Altareit, its listed subsidiary for the Group's development activities.

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 2020, it stood at 33.0% (33.2% at 31 December 2019), with the decrease in net debt (€-282 million) having fully offset the impact of Retail impairment losses.

Concerning the appraisal of the value of the Property Development division, this was up sharply at 31 December 2020. Out of prudence, Altarea decided to keep the enterprise value of this division stable.

(€ millions)	31/12/2020	31/12/2019
Gross debt	3,470	3,305
Cash and cash equivalents	(1,277)	(830)
Consolidated net debt	**2,193**	**2,475**
Retail at value (FC)[a]	3,982	4,445
Retail at value (EM securities), other[b]	212	182
Investment properties valued at cost[c]	213	510
Business Property investments[d]	276	352
Enterprise value of Property Development	1,969	1,969
Market value of assets	**6,651**	**7,457**
LTV RATIO	**33.0%**	**33.2%**

(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) Market value (including transfer taxes) of shares in equity method affiliates holding investments and other Office Property assets.

Net Debt to EBITDA ratio[1]

At 31 December 2020, the Net Debt to EBITDA ratio stood at 5.9x, compared with 5.9x at 31 December 2019.

Covenants

	Covenant	31/12/2020	31/12/2019	Delta
LTV[a]	≤ 60%	33.0%	33.2%	-0.2pt
ICR[b]	≥ 2.0 x	7.3x	7.3x	-0.0x

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

At 31 December 2020, the financial position of the Group fully satisfied all of the covenants of its various credit contracts.

(1) Trailing FFO over twelve months compared to net bond and bank debt.

Consolidated income statement by segment

(€ millions)	31/12/2020 Financial resources funds from operations (FFO)	31/12/2020 Changes in value, estimated expenses and transaction costs	31/12/2020 Total	31/12/2019 restated* Financial resources funds from operations (FFO)	31/12/2019 restated* Changes in value, estimated expenses and transaction costs	31/12/2019 restated* Total
Rental income	184.9	-	184.9	208.4	-	208.4
Other expenses	(25.6)	-	(25.6)	(17.6)	-	(17.6)
Net rental income	**159.3**	**-**	**159.3**	**190.8**	**-**	**190.8**
External services	17.9	-	17.9	19.0	-	19.0
Own work capitalised and production held in inventory	5.6	-	5.6	6.5	-	6.5
Operating expenses	(38.0)	(5.1)	(43.1)	(42.6)	(3.2)	(45.8)
Net overhead expenses	**(14.5)**	**(5.1)**	**(19.6)**	**(17.1)**	**(3.2)**	**(20.3)**
Share of equity-method affiliates	**3.4**	**(15.8)**	**(12.4)**	**6.0**	**(6.4)**	**(0.3)**
Net allowances for depreciation and impairment	**-**	**(4.0)**	**(4.0)**	**-**	**(7.7)**	**(7.7)**
Income/loss on sale of assets	**0.1**	**(4.6)**	**(4.6)**	**-**	**0.7**	**0.7**
Income/loss in the value of investment property	**-**	**(642.1)**	**(642.1)**	**-**	**71.1**	**71.1**
Transaction costs	**-**	**(1.6)**	**(1.6)**	**-**	**(1.2)**	**(1.2)**
OPERATING INCOME – RETAIL	**148.2**	**(673.3)**	**(525.1)**	**179.8**	**53.4**	**233.2**
Revenue	2,406.9	-	2,406.9	2,283.1	-	2,283.1
Cost of sales and other expenses	(2.204.5)	(0.6)	(2.205.1)	(2075.0)	(0.6)	(2075.6)
Net property income	**202.3**	**(0.6)**	**201.7**	**208.1**	**(0.6)**	**207.5**
External services	10.1	-	10.1	11.2	-	11.2
Production held in inventory	163.0	-	163.0	157.8	-	157.8
Operating expenses	(209.1)	(12.6)	(221.7)	(220.0)	(16.3)	(236.4)
Net overhead expenses	**(36.1)**	**(12.6)**	**(48.6)**	**(51.0)**	**(16.3)**	**(67.4)**
Share of equity-method affiliates(1)	**10.8**	**(2.5)**	**8.3**	**12.6**	**0.1**	**12.7**
Net allowances for depreciation and impairment	**-**	**(19.0)**	**(19.0)**	**-**	**(15.1)**	**(15.1)**
Transaction costs	**-**	**(0.0)**	**(0.0)**	**-**	**(1.5)**	**(1.5)**
OPERATING INCOME – RESIDENTIAL	**177.0**	**(34.7)**	**142.3**	**169.7**	**(33.4)**	**136.3**
Revenue	416.5	-	416.5	577.0	-	577.0
Cost of sales and other expenses	(394.5)	-	(394.5)	(565.1)	-	(565.1)
Net property income	**22.0**	**-**	**22.0**	**11.9**	**-**	**11.9**
External services	6.2	-	6.2	10.9	-	10.9
Production held in inventory	13.9	-	13.9	24.7	-	24.7
Operating expenses	(29.4)	(3.0)	(32.4)	(35.1)	(3.7)	(38.8)
Net overhead expenses	**(9.3)**	**(3.0)**	**(12.3)**	**0.6**	**(3.7)**	**(3.1)**
Share of equity-method affiliates	**37.6**	**17.0**	**54.6**	**60.2**	**(10.6)**	**49.6**
Net allowances for depreciation and impairment	**-**	**(1.4)**	**(1.4)**	**-**	**(3.0)**	**(3.0)**
Income/loss in the value of investment property	**-**	**1.7**	**1.7**	**-**	**1.3**	**1.3**
Transaction costs	-	-	-	-	-	-
OPERATING INCOME – BUSINESS PROPERTY	**50.3**	**14.3**	**64.6**	**72.6**	**(15.9)**	**56.7**
Others (Corporate)	(4.0)	(4.3)	(8.3)	(9.4)	(1.3)	(10.7)
OPERATING INCOME	**371.6**	**(698.0)**	**(326.4)**	**412.7**	**2.7**	**415.5**

* *Restated on 31 December 2019 to take into account changes to the presentation of borrowing costs.*
(1) Concerning the share of equity-method affiliates, IFRS 16 restatement's impact is fully presented in changes in value, particularly for the Cogedim Résidences Services activity.

(€ millions)	31/12/2020 Financial resources funds from operations (FFO)	31/12/2020 Changes in value, estimated expenses and transaction costs	31/12/2020 Total	31/12/2019 restated* Financial resources funds from operations (FFO)	31/12/2019 restated* Changes in value, estimated expenses and transaction costs	31/12/2019 restated* Total
Net borrowing costs	(50.6)	(18.2)	(68.8)	(46.9)	(14.8)	(61.7)
Other financial results	(7.7)	(9.5)	(17.1)	(9.7)	(6.5)	(16.2)
Discounting of debt and receivables	-	-	-	-	2.1	2.1
Change in value and income from disposal of financial	-	(56.5)	(56.5)	-	(65.2)	(65.2)
Net gain/(loss) on disposal of investments	-	(0.0)	(0.0)	-	(1.9)	(1.9)
PROFIT BEFORE TAX	**313.3**	**(782.2)**	**(468.8)**	**356.1**	**(83.7)**	**272.4**
Corporate income tax	(26.6)	(28.4)	(54.9)	(7.1)	(29.8)	(36.9)
NET INCOME	**286.8**	**(810.5)**	**(523.8)**	**349.0**	**(113.5)**	**235.5**
Non-controlling interests	(56.5)	272.5	216.0	(55.9)	54.1	(1.8)
NET INCOME, GROUP SHARE	**230.3**	**(538.1)**	**(307.7)**	**293.1**	**(59.4)**	**233.7**
Diluted average number of shares	*17,081,054*	*17,081,054*	*17,081,054*	*16,393,265*	*16,393,265*	*16,393,265*
NET INCOME PER SHARE (€/SHARE) GROUP SHARE	**13.48**			**17.88**		

* *Restated on 31 December 2019 to take into account changes to the presentation of borrowing costs.*

Consolidated balance sheet - Assets

(€ millions)	31/12/2020	31/12/2019 restated*
Non-current assets	**5,132.2**	**5,455.4**
Intangible assets	330.4	331.4
o/w Goodwill	*209.4*	*209.4*
o/w Brands	*105.4*	*105.4*
o/w Client relations	*-*	*0.6*
o/w Other intangible assets	*15.7*	*16.1*
Property plant and equipment	26.1	20.9
Right-of-use on tangible and intangible fixed assets	140.3	23.4
Investment properties	4,024.6	4,472.1
o/w Investment properties in operation at fair value	*3,649.0*	*3,826.2*
o/w Investment properties under development and under construction at cost	*211.1*	*509.3*
o/w Right-of use on Investment properties	*164.6*	*136.7*
Securities and investments in equity affiliates	579.6	532.1
Non-current financial assets	12.6	44.3
Deferred taxes assets	18.5	31.2
Current assets	**3,817.8**	**3,632.4**
Net inventories and work in progress	859.3	1,064.5
Contract assets	741.2	564.9
Trade and other receivables	828.0	799.9
Income credit	11.4	9.4
Current assets	22.0	27.3
Derivative financial instruments	1.1	1.2
Cash and cash equivalents	1,277.5	830.2
Assets held for sale	77.4	335.0
TOTAL ASSETS	**8,950.0**	**9,087.9**

* *Restated, at 31 December 2019 for the change in presentation of Current and non-current financial assets.*

Consolidated balance sheet - Equity and liabilities

(€ millions)	31/12/2020	31/12/2019 restated*
Equity	**2,716.7**	**3,335.5**
Equity attributable to Altarea SCA shareholders	**1,758.5**	**2,144.4**
Capital	264.0	255.2
Other paid-in capital	233.8	311.8
Reserves	1,568.5	1,343.8
Income associated with Altarea SCA shareholders	(307.7)	233.7
Equity attributable to minority shareholders of subsidiaries	**958.2**	**1,191.1**
Reserves associated with minority shareholders of subsidiaries	979.1	994.2
Other equity components, Subordinated Perpetual Notes	195.1	195.1
Income associated with minority shareholders of subsidiaries	(216.0)	1.8
Non-current liabilities	**2,630.5**	**2,823.7**
Non-current borrowings and financial liabilities	2,500.2	2,708.5
o/w Participating loans and advances from associates	*71.3*	*77.9*
o/w Bond issues	*1,720.4*	*1,613.5*
o/w Borrowings from lending establishments	*379.4*	*837.5*
o/w Negotiable European Medium-Term Note	*25.0*	*30.0*
o/w Lease liabilities	*149.4*	*11.1*
o/w Contractual fees on investment properties	*154.8*	*138.5*
Long-term provisions	24.0	25.1
Deposits and security interests received	36.6	36.7
Deferred tax liability	69.7	53.4
Current liabilities	**3,602.8**	**2,928.6**
Current borrowings and financial liabilities	1,569.8	1,016.0
o/w Bond issues	*254.6*	*16.9*
o/w Borrowings from lending establishments	*458.9*	*95.4*
o/w Negotiable European Commercial Paper	*628.0*	*709.5*
o/w Bank overdrafts	*3.9*	*2.7*
o/w Advances from Group shareholders and partners	*199.4*	*174.4*
o/w Lease liabilities	*1.1*	*12.1*
o/w Contractual fees on investment properties	*24.0*	*4.9*
Derivative financial instruments	36.3	98.2
Contract liabilities	177.3	168.8
Trade and other payables	1,798.4	1,639.6
Tax due	21.0	6.1
TOTAL LIABILITIES	**8,950.0**	**9,087.9**

* *Restated, at 31 December 2019 for the change in presentation of Current and non-current financial assets.*

2

CONSOLIDATED FINANCIAL STATEMENTS 2020

2.1 Financial statements

Consolidated balance sheet

(€ millions)	Note	31/12/2020	31/12/2019 restated
Non-current assets		**5,132.2**	**5,455.4**
Intangible assets	7.2	330.4	331.4
o/w Goodwill		*209.4*	*209.4*
o/w Brands		*105.4*	*105.4*
o/w Client relations		*–*	*0.6*
o/w Other intangible assets		*15.7*	*16.1*
Property plant and equipment		26.1	20.9
Right-of-use on tangible and intangible fixed assets	7.3	140.3	23.4
Investment properties	7.1	4,024.6	4,472.1
o/w Investment properties in operation at fair value		*3,649.0*	*3,826.2*
o/w Investment properties under development and under construction at cost		*211.1*	*509.3*
o/w Right-of use on Investment properties		*164.6*	*136.7*
Securities and investments in equity affiliates	4.5	579.6	532.1
Non-current financial assets	4.6	12.6	44.3
Deferred taxes assets	5.3	18.5	31.2
Current assets		**3,817.8**	**3,632.4**
Net inventories and work in progress	7.4	859.3	1,064.5
Contract assets	7.4	741.2	564.9
Trade and other receivables	7.4	828.0	799.9
Income credit		11.4	9.4
Current assets	4.6	22.0	27.3
Derivative financial instruments	8	1.1	1.2
Cash and cash equivalents	6.2	1,277.5	830.2
Assets held for sale	7.1	77.4	335.0
TOTAL ASSETS		**8,950.0**	**9,087.9**

(€ millions)	Note	31/12/2020	31/12/2019 restated
Equity		**2,716.7**	**3,335.5**
Equity attributable to Altarea SCA shareholders		**1,758.5**	**2,144.4**
Capital	6.1	264.0	255.2
Other paid-in capital		233.8	311.8
Reserves		1,568.5	1,343.8
Income associated with Altarea SCA shareholders		(307.7)	233.7
Equity attributable to minority shareholders of subsidiaries		**958.2**	**1,191.1**
Reserves associated with minority shareholders of subsidiaries		979.1	994.2
Other equity components, Subordinated Perpetual Notes		195.1	195.1
Income associated with minority shareholders of subsidiaries		(216.0)	1.8
Non-current liabilities		**2,630.5**	**2,823.7**
Non-current borrowings and financial liabilities	6.2	2,500.2	2,708.5
o/w Participating loans and advances from associates		*71.3*	*77.9*
o/w Bond issues		*1,720.4*	*1,613.5*
o/w Borrowings from lending establishments		*379.4*	*837.5*
o/w Negotiable European Medium Term Note		*25.0*	*30.0*
o/w Lease liabilities		*149.4*	*11.1*
o/w Contractual fees on investment properties		*154.8*	*138.5*
Long-term provisions	6.3	24.0	25.1
Deposits and security interests received		36.6	36.7
Deferred tax liability	5.3	69.7	53.4
Current liabilities		**3,602.8**	**2,928.6**
Current borrowings and financial liabilities	6.2	1,569.8	1,016.0
o/w Bond issues		*254.6*	*16.9*
o/w Borrowings from lending establishments		*458.9*	*95.4*
o/w Negotiable European Commercial Paper		*628.0*	*709.5*
o/w Bank overdrafts		*3.9*	*2.7*
o/w Advances from Group shareholders and partners		*199.4*	*174.4*
o/w Lease liabilities		*1.1*	*12.1*
o/w Contractual fees on investment properties		*24.0*	*4.9*
Derivative financial instruments	8	36.3	98.2
Contract liabilities	7.4	177.3	168.8
Trade and other payables	7.4	1,798.4	1,639.6
Tax due		21.0	6.1
TOTAL LIABILITIES		**8,950.0**	**9,087.9**

Restatements explained in note 2.5 to the consolidated financial statements.

Statement of consolidated comprehensive income

(€ millions)	Note	31/12/2020	31/12/2019 restated
Rental income		184.9	208.4
Property expenses		(1.9)	(2.5)
Unrecoverable rental expenses		(8.7)	(10.1)
Expenses re-invoiced to tenants		*53.4*	*60.3*
Rental expenses		*(62.2)*	*(70.4)*
Other expenses		1.2	(0.1)
Net charge to provisions for current assets		(16.1)	(5.0)
Net rental income	5.1	**159.3**	**190.8**
Revenue		2,837.0	2,860.2
Cost of sales		(2,496.4)	(2,479.0)
Other income		(107.0)	(132.1)
Net charge to provisions for current assets		(9.2)	(29.7)
Amortisation of customer relationships		(0.6)	(0.6)
Net property income	5.1	**223.8**	**218.8**
External services		34.3	41.2
Own work capitalised and production held in inventory		182.5	189.0
Personnel costs		(225.3)	(237.4)
Other overhead expenses		(71.5)	(87.2)
Depreciation expenses on operating assets		(31.8)	(23.9)
Net overhead expenses		**(111.9)**	**(118.2)**
Other income and expenses		0.4	(0.4)
Depreciation expenses		(1.9)	(5.4)
Transaction costs		(2.3)	(2.9)
Others		**(3.8)**	**(8.6)**
Proceeds from disposal of investment assets		380.3	172.7
Carrying amount of assets sold		(385.0)	(173.1)
Net charge to provisions for risks and contingencies		–	0.8
Net gain/(loss) on disposal of investment assets		**(4.7)**	**0.3**
Change in value of investment properties	7.1	(580.7)	86.1
Net impairment losses on investment properties measured at cost		(59.8)	(13.6)
Net impairment losses on other non-current assets		(0.1)	(0.5)
Net charge to provisions for risks and contingencies		1.6	(1.9)
Goodwill impairment		(1.0)	–
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**(377.4)**	**353.2**
Share in earnings of equity-method affiliates	4.5	50.2	59.2
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**(327.2)**	**412.4**
Net borrowing costs	5.2	(68.8)	(61.7)
Financial expenses		*(75.8)*	*(71.9)*
Financial income		*7.0*	*10.2*
Other financial results	5.2	(17.1)	(16.2)
Change in value and income from disposal of financial	5.2	(56.5)	(65.2)
Discounting of debt and receivables		–	2.1
Net gain/(loss) on disposal of investments		0.8	1.1
Profit before tax		**(468.8)**	**272.4**
Income tax	5.3	(54.9)	(36.9)
NET INCOME		**(523.8)**	**235.5**
o/w attributable to shareholders of Altarea SCA		**(307.7)**	**233.7**
o/w attributable to minority interests in subsidiaries		(216.0)	1.8
Average number of non-diluted shares		16,850,855	16,203,050
Basic net income per share of Altarea SCA shareholders *(€)*	**5.4**	**(18.26)**	**14.42**
Diluted average number of shares		17,081,054	16,393,265
Diluted net income per share of Altarea SCA shareholders *(€)*	**5.4**	**(18.02)**	**14.26**

Restatements explained in note 2.5 to the consolidated financial statements.

Other comprehensive income

(€ millions)	31/12/2020	31/12/2019
NET INCOME	**(523.8)**	**235.5**
Actuarial differences on defined-benefit pension plans	0.3	(0.7)
o/w Taxes	*(0.2)*	*0.2*
Subtotal of comprehensive income items that may not be reclassified to profit or loss	**0.3**	**(0.7)**
OTHER COMPREHENSIVE INCOME	**0.3**	**(0.7)**
CONSOLIDATED COMPREHENSIVE INCOME	**(523.5)**	**234.8**
o/w Net comprehensive income attributable to Altarea SCA shareholders	*(307.4)*	*233.0*
o/w Net comprehensive income attributable to minority interests in subsidiaries	*(216.0)*	*1.8*

Consolidated cash flows statement

(€ millions)	Note	31/12/2020	31/12/2019 restated
Cash flow from operating activities			
Net income		**(523.8)**	**235.5**
Elimination of income tax expense (income)	5.3	54.9	36.9
Elimination of net interest expense (income) and dividends	5.2	85.5	77.5
Net income before tax and before net interest expense (income)		**(383.3)**	**350.0**
Elimination of share in earnings of equity-method subsidiaries	4.5	(50.2)	(59.2)
Elimination of depreciation and impairment		34.9	32.6
Elimination of value adjustments	7.1/5.2	697.0	(7.9)
Elimination of net gains/(losses) on disposals[a]		3.7	(0.9)
Estimated income and expenses associated with share-based payments	6.1	12.5	14.7
Net cash flow		**314.6**	**329.3**
Tax paid		(13.7)	(1.3)
Impact of change in operational working capital requirement (WCR)	7.4	144.0	10.3
CASH FLOW FROM OPERATIONS		**444.9**	**338.3**
Cash flow from investment activities			
Net acquisitions of assets and capitalised expenditures	7.1	(125.7)	(192.0)
Gross investments in equity affiliates	4.5	(79.9)	(212.1)
Acquisitions of consolidated companies, net of cash acquired		(6.0)	(62.9)
Other changes in Group structure		2.0	7.1
Increase in loans and advances		(146.8)	(12.2)
Sale of non-current assets and reimbursement of advances and down payments[a]		340.1	217.3
Disposals of equity affiliates	4.5	47.3	26.5
Disposals of consolidated companies, net of cash transferred		4.8	8.3
Reduction in loans and other financial investments		28.4	34.4
Net change in investments and derivative financial instruments	5.2	(72.8)	(35.8)
Dividends received		34.2	44.5
Interest income		7.5	22.0
CASH FLOW FROM INVESTMENT ACTIVITIES		**33.2**	**(154.8)**
Cash flow from financing activities			
Capital increase		7.6	5.7
Dividends paid to Altarea SCA shareholders	6.1	(90.0)	(111.8)
Dividends paid to minority shareholders of subsidiaries		(10.9)	(48.0)
Issuance of debt and other financial liabilities	6.2	1,827.0	1,891.3
Repayment of borrowings and other financial liabilities	6.2	(1,667.5)	(1,662.0)
Repayment of lease liabilities	6.2	(6.3)	(22.7)
Net sales (purchases) of treasury shares	6.1	(5.9)	0.4
Net change in security deposits and guarantees received		(0.2)	3.8
Interest paid		(86.0)	(87.8)
CASH FLOW FROM FINANCING ACTIVITIES		**(32.0)**	**(31.0)**
CHANGE IN CASH BALANCE		**446.1**	**152.4**
Cash balance at the beginning of the year	6.2	**827.5**	**675.0**
Cash and cash equivalents		830.2	678.5
Bank overdrafts		(2.7)	(3.5)
Cash balance at period-end	6.2	**1,273.6**	**827.5**
Cash and cash equivalents		1,277.5	830.2
Bank overdrafts		(3.9)	(2.7)

(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	Equity
AT 1 JANUARY	**245.4**	**407.9**	**(54.6)**	**1,401.4**	**2,000.1**	**1,229.3**	**3,229.4**
Impact of first-time application of IFRS 16 on the opening balances				**0.3**	**0.3**	**(0.0)**	**0.3**
Net Income	–	–	–	*233.7*	*233.7*	*1.8*	*235.5*
Actuarial difference relating to pension obligations	–	–	–	*(0.7)*	*(0.7)*	*(0.0)*	*(0.7)*
Comprehensive income	**–**	**–**	**–**	**233.0**	**233.0**	**1.8**	**234.8**
Dividend distribution	–	*(185.8)*	–	*(19.8)*	*(205.6)*	*(40.0)*	*(245.7)*
Capital increase	*9.8*	*89.8*	–	*(0.0)*	*99.5*	*0.0*	*99.5*
Measurement of share-based payments	–	–	–	*10.5*	*10.5*	*0.0*	*10.5*
Elimination of treasury shares	–	–	*21.5*	*(14.9)*	*6.5*	–	*6.5*
Transactions with shareholders	**9.8**	**(96.1)**	**21.5**	**(24.3)**	**(89.1)**	**(40.0)**	**(129.1)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	(0.0)	(0.0)	0.1	0.1
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	–	(0.0)	(0.0)
Others	–	–	–	0.1	0.1	(0.1)	(0.0)
AS OF 31 DECEMBER 2019	**255.2**	**311.8**	**(33.1)**	**1,610.6**	**2,144.4**	**1,191.1**	**3,335.5**
Net Income	–	–	–	*(307.7)*	*(307.7)*	*(216.0)*	*(523.8)*
Actuarial difference relating to pension obligations	–	–	–	*0.3*	*0.3*	*(0.0)*	*0.3*
Comprehensive income	**–**	**–**	**–**	**(307.4)**	**(307.4)**	**(216.0)**	**(523.5)**
Dividend distribution	–	*(138.1)*	–	*(13.2)*	*(151.4)*	*(19.5)*	*(170.9)*
Capital increase	*8.8*	*60.2*	–	(0.0)	*68.9*[(a)]	*0.0*	*69.0*
Measurement of share-based payments	–	–	–	*9.1*	*9.1*	*0.0*	*9.1*
Elimination of treasury shares	–	–	*9.2*	*(10.9)*	*(1.8)*	–	*(1.8)*
Transactions with shareholders	**8.8**	**(78.0)**	**9.2**	**(15.1)**	**(75.1)**	**(19.5)**	**(94.6)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	(3.6)	(3.6)	2.6	(0.9)
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	–	–	–
Others	–	–	–	0.2	0.2	(0.0)	0.2
AS OF 31 DECEMBER 2020	**264.0**	**233.8**	**(23.9)**	**1,284.7**	**1,758.5**	**958.2**	**2,716.7**

(a) Capital increase at Altarea SCA by partial conversion into shares of the dividend distributed in 2019 (option on 50% of the maximum dividend).

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

2.2 Notes – Consolidated income statement by segment

(€ millions)	31/12/2020 Financial resources funds from operations (FFO)	31/12/2020 Changes in value, estimated expenses and transaction costs (chg. val.)	31/12/2020 Total	31/12/2019 restated Financial resources funds from operations (FFO)	31/12/2019 restated Changes in value, estimated expenses and transaction costs (chg. val.)	31/12/2019 restated Total
Rental income	184.9	–	184.9	208.4	–	208.4
Other expenses	(25.6)	–	(25.6)	(17.6)	–	(17.6)
Net rental income	**159.3**	**–**	**159.3**	**190.8**	**–**	**190.8**
External services	17.9	–	17.9	19.0	–	19.0
Own work capitalised and production held in inventory	5.6	–	5.6	6.5	–	6.5
Operating expenses	(38.0)	(5.1)	(43.1)	(42.6)	(3.2)	(45.8)
Net overhead expenses	**(14.5)**	**(5.1)**	**(19.6)**	**(17.1)**	**(3.2)**	**(20.3)**
Share of equity-method affiliates	**3.4**	**(15.8)**	**(12.4)**	**6**	**(6.4)**	**(0.3)**
Net allowances for depreciation and impairment	**–**	**(4.0)**	**(4.0)**	**–**	**(7.7)**	**(7.7)**
Income/loss on sale of assets	**0.1**	**(4.6)**	**(4.6)**	**–**	**0.7**	**0.7**
Income/loss in the value of investment property	**–**	**(642.1)**	**(642.1)**	**–**	**71.1**	**71.1**
Transaction costs	**–**	**(1.6)**	**(1.6)**	**–**	**(1.2)**	**(1.2)**
OPERATING INCOME – RETAIL	**148.2**	**(673.3)**	**(525.1)**	**179.8**	**53.4**	**233.2**
Revenue	2,406.9	–	2,406.9	2,283.1	–	2,283.1
Cost of sales and other expenses	(2,204.5)	(0.6)	(2,205.1)	(2075.0)	(0.6)	(2,075.6)
Net property income	**202.3**	**(0.6)**	**201.7**	**208.1**	**(0.6)**	**207.5**
External services	10.1	–	10.1	11.2	–	11.2
Production held in inventory	163.0	–	163.0	157.8	–	157.8
Operating expenses	(209.1)	(12.6)	(221.7)	(220.0)	(16.3)	(236.4)
Net overhead expenses	**(36.1)**	**(12.6)**	**(48.6)**	**(51.0)**	**(16.3)**	**(67.4)**
Share of equity-method affiliates	**10.8**	**(2.5)**	**8.3**	**12.6**	**0.1**	**12.7**
Net allowances for depreciation and impairment	**–**	**(19.0)**	**(19.0)**	**–**	**(15.1)**	**(15.1)**
Transaction costs	**–**	**(0.0)**	**(0.0)**	**–**	**(1.5)**	**(1.5)**
OPERATING INCOME – RESIDENTIAL	**177.0**	**(34.7)**	**142.3**	**169.7**	**(33.4)**	**136.3**
Revenue	416.5	–	416.5	577.0	–	577.0
Cost of sales and other expenses	(394.5)	–	(394.5)	(565.1)	–	(565.1)
Net property income	**22.0**	**–**	**22.0**	**11.9**	**–**	**11.9**
External services	6.2	–	6.2	10.9	–	10.9
Production held in inventory	13.9	–	13.9	24.7	–	24.7
Operating expenses	(29.4)	(3.0)	(32.4)	(35.1)	(3.7)	(38.8)
Net overhead expenses	**(9.3)**	**(3.0)**	**(12.3)**	**0.6**	**(3.7)**	**(3.1)**
Share of equity-method affiliates	**37.6**	**17.0**	**54.6**	**60.2**	**(10.6)**	**49.6**
Net allowances for depreciation and impairment	**–**	**(1.4)**	**(1.4)**	**–**	**(3.0)**	**(3.0)**
Income/loss in the value of investment property	**–**	**1.7**	**1.7**	**–**	**1.3**	**1.3**
Transaction costs	**–**	**–**	**–**	**–**	**–**	**–**
OPERATING INCOME – BUSINESS PROPERTY	**50.3**	**14.3**	**64.6**	**72.6**	**(15.9)**	**56.7**
Others (Corporate)	(4.0)	(4.3)	(8.3)	(9.4)	(1.3)	(10.7)
OPERATING INCOME	**371.6**	**(698.0)**	**(326.4)**	**412.7**	**2.7**	**415.5**
Net borrowing costs	**(50.6)**	**(18.2)**	**(68.8)**	**(46.9)**	**(14.8)**	**(61.7)**
Other financial results	**(7.7)**	**(9.5)**	**(17.1)**	**(9.7)**	**(6.5)**	**(16.2)**
Discounting of debt and receivables	**–**	**–**	**–**	**–**	**2.1**	**2.1**
Change in value and income from disposal of financial instruments	**–**	**(56.5)**	**(56.5)**	**–**	**(65.2)**	**(65.2)**
Net gain/(loss) on disposal of investments	**–**	**(0.0)**	**(0.0)**	**–**	**(1.9)**	**(1.9)**
PROFIT BEFORE TAX	**313.3**	**(782.2)**	**(468.8)**	**356.1**	**(83.7)**	**272.4**
Corporate income tax	(26.6)	(28.4)	(54.9)	(7.1)	(29.8)	(36.9)
NET INCOME	**286.8**	**(810.5)**	**(523.8)**	**349.0**	**(113.5)**	**235.5**
Non-controlling interests	(56.5)	272.5	216.0	(55.9)	54.1	(1.8)
NET INCOME, GROUP SHARE	**230.3**	**(538.1)**	**(307.7)**	**293.1**	**(59.4)**	**233.7**
Diluted average number of shares	17,081,054	17,081,054	17,081,054	16,393,265	16,393,265	16,393,265
NET INCOME PER SHARE (€/SHARE) GROUP SHARE	**13.48**	**(31.50)**	**(18.02)**	**17.88**	**(3.63)**	**14.26**

Restatements explained in note 2.5 to the consolidated financial statements.
And concerning the share of the equity method affiliates, the impact of the IFRS 16 restatement is presented in full as a change in value, notably for the Cogedim Résidences Services business.

2.3 Other information attached to the consolidated financial statements

DETAILED SUMMARY OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 COMPANY INFORMATION

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). The registered office is located at 87 rue de Richelieu in Paris (France).

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

As both a developer and an investor, the Group operates in the three main property markets (Retail, Residential and Business property), leading major mixed-use urban renewal projects in France. The Group has the required expertise in each sector to design, develop, market, manage and exploit made-to-measure property products.

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

Altarea presents its financial statements and accompanying notes in millions of euros, to one decimal point.

The consolidated financial statements for the year ended 31 December 2020 were approved by the Management on 25 February 2021 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 used for the preparation of the annual consolidated financial statements comply with the IFRS standards and interpretations of the IASB as adopted by the European Union on 31 December 2020 and available on the website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission

The accounting principles adopted on 31 December 2020 are the same as those used for the consolidated financial statements at 31 December 2019, with the exception of changes to the standards and interpretations adopted by the European Union applicable at 1 January 2020.

The information relating to the financial year ended 31 December 2019, presented in the Universal Registration Document filed with the AMF on 23 March 2020 under number D.20-0158 is incorporated by reference.

Accounting standards, interpretations and amendments applicable as from the financial year beginning on 1 January 2020:

- Temporary amendment to IFRS 16 – Rent offsetting related to COVID;
- Amendment to IFRS 3 – New definition of an activity;
- Amendments to IAS 1 and IAS 8 – Definition of materiality in financial statements;
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Reform of reference interest rates (IBOR) – Phase 1;
- Amendments to references within the IFRS conceptual framework;
- Decision of the IFRIC on IFRS 16 – Leases, on the lease term and the useful life of leasehold improvements.

Accounting standards and interpretations adopted as early as at 31 December 2020, whose application is mandatory for financial years starting on 1 January 2020 or later:

None.

Accounting standards and interpretations in effect at 1 January 2020 and mandatory after 31 December 2020:

None.

Other essential standards and interpretations released by the IASB approved in 2020 or not yet approved by the European Union:

- IFRS 17 – Insurance Contracts;
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Reform of reference interest rates (IBOR) – Phase 2;
- Amendment to IAS 1 – Classification of current/non-current liabilities;
- Annual Improvements to IFRSs – Cycle 2018-2020 (IFRS 1, IFRS 9, IAS 41, IFRS 16);
- Amendment to IFRS 3 – Updated references to the conceptual framework;
- Amendment to IAS 16 – Recognition of revenue generated before commissioning;
- Amendment to IAS 37 – Costs to be taken into account to recognise a provision for onerous contracts.

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 accounting estimates for the financial statements at 31 December 2020 were made in the context of the COVID-19 economic and health crisis. The Group has taken into account reliable information available to it at the date of preparation of the consolidated financial statements regarding the impact of this crisis.

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 (please see note 2.4.7 "Monitoring the value of non-current assets (excluding financial assets and investment property) and losses of value" 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").

The methodologies used by appraisers are identical to those used for the financial year 2019 with the inclusion of the following clauses on the current context:

Jones Lang LaSalle:

"The coronavirus (COVID-19) epidemic, declared a "Global pandemic" by the World Health Organization on 11 March 2020, has inevitably affected various aspects of daily life as well as the global economy. Property markets are experiencing significantly low levels of trading and liquidity. However, in France, at the valuation date, we consider that there is a sufficient amount of relevant market information on which to base value assessments for the assets in your portfolio.

Given the uncertain future impact that COVID-19 could have on the property market with many business practices and behaviours needing to change temporarily or permanently, we recommend that you keep the assessments contained in this report under frequent review."

Cushman & Wakefield (C&W):

"The coronavirus (COVID-19) epidemic, declared a "global pandemic" by the World Health Organization on 11 March 2020, has had and continues to have an impact on many aspects of daily life and the global economy, and some property markets experienced a decline in their levels of trading and liquidity. Travel restrictions have been put in place by many countries and lockdowns have been applied to varying degrees of strictness. Although restrictions have been lifted in some cases, local lockdown measures may remain in force if necessary and further major outbreaks or a "third wave" are possible.

The pandemic and the measures taken to combat COVID-19 continue to affect economies and property markets around the world. However, at the valuation date, some property markets have reopened and transaction volumes and other relevant activities are returning to levels where there is a sufficiently market activity on which to base valuations. As a result, and for the avoidance of doubt, our valuation is not signalled as subject to a "material valuation uncertainty" as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

- Measurement of trade receivables (see notes 2.4.10 "Financial assets and liabilities" and 7.4.2 "Trade and other operating receivables";
- Measurement of inventories (see Note 2.4.8 "Inventories");
- Measurement of deferred tax assets (see Notes 2.4.16 "Taxes" and 5.3 "Corporate Income Tax");
- Measurement of share-based payments (see Notes 2.4.12 "Share-based payments" and 6.1 "Equity");
- Measurement of rights of use, lease liabilities and contractual fees on investment property (see notes 2.4.18 "Leases", 7.3 "Right-of-use on tangible and intangible fixed assets" and 7.1 "Investment properties");
- 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 arising 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. Therefore, 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. Costs directly related to the acquisition are recorded as an expense for the period they were incurred.

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.

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.

Acquisitions or disposals of securities 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.

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 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 that meet the definition of intangible assets and were acquired separately or as a result of business combination are

valued and their useful life estimated. Once they reach the end of this life they are amortised over its duration. If the useful life cannot be determined, they are tested for impairment where evidence of such impairment exists.

The Cogedim, Pitch Promotion, Histoire & Patrimoine and Severini brands, which have an indefinite useful life, are thus not amortised;

- 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.

  Other customer relationships (customer relationships on regular contracts, contractual relationships) can also be identified during business combinations and their value and estimated life are analysed on a case-by-case basis.

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.

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 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 5.5% in Italy and 3.0% in Spain.

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

All sites are visited by the appraisers first when assets enter the portfolio and subsequently every few years in rotation or when a specific event affecting an asset requires it.

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.

The valuation of investment properties at fair value is in line with the COB/AMF "Barthès de Ruyter working group" and complies fully with the instructions of the Appraisal Charter of Real Estate Valuation (Charte de l'Expertise en Évaluation Immobilière) updated in 2017. In addition, appraisers 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 2020, 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; and
- 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 measured at fair value, unless otherwise estimated.

The fair value of properties under construction measured at fair value is determined 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-letting 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-letting fees;
- external management fees;
- fees within the Group;
- early termination fees;
- financial vacancy rate;
- ancillary costs directly attributable to the project; and
- interest expenses (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.

For the investment properties recorded at cost, an impairment test is carried out at least once a year or as soon as there are signs of impairment.

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 or "secured" (a project is completely secured when the property is under contract), or 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.

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" and in the consolidated income statement by segment under "Income/loss on the value of investment property".

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, depreciable property, plant and equipment and amortisable intangible assets are tested for impairment whenever an internal or external indication of impairment is detected.

Goodwill and other intangible assets with an indeterminate life (such as brands) are tested for impairment at least once a year or more frequently if internal or external events or circumstances indicate that their value may have declined.

Goodwill is tested for impairment at the level of cash generating units (CGUs) or groups of CGUs. 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.

Tests are carried out by comparing the book value of assets directly related or attributable to CGUs or groups of CGUs, including intangible assets and goodwill, 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.

The value in use of the CGU or of the grouping of several CGUs is determined using a multi-criteria method based mainly on the discounted cash flow (DCF) method supported by stock-market comparison and transaction multiple methods.

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.

An impairment loss is recognised, if applicable, if the net value of the assets directly related tor attributable to the CGUs or groups of CGUs 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).

Brands are tested individually. Their recoverable amount is determined using the relief-from-royalty method. An impairment loss is recognised, if applicable, if the net book value of the brand is greater than its recoverable amount (reversible).

Sensitivity tables are created for all impairment tests carried out.

2.4.8 Inventories

Inventories relate to:

- programmes for third-party property development and the portion of shopping centre developments not intended to be held in Altarea's portfolio (hypermarket building shells, parking facilities, etc.); and
- 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.

In accordance with the clarification of IAS 23 (in 2019) for the financial year, the interest expenses which can be allocated to programmes are no longer incorporated into inventories connected with off-plan sales transactions or with Property Development Contract transactions. These inventories are in a position to be sold quickly and therefore no time is necessary for its development; the stored asset is therefore in saleable condition. Allocated interest expenses are recognized directly as expenses.

Inventories are carried at cost price, less the portion of the cost price recognised on a percentage-of-completion basis for off-plan sales or property development contract transactions. The cost price includes:

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

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 Contractual Assets or Liabilities

Further to the application of IFRS 15, the Group records a contract asset or liability in the statement of financial position in the context of the recording of contracts in the accounts on the percentage-of-completion method. The asset or liability corresponds to the amount generated by the ordinary activities based on off-plan sales or property development contracts, aggregated to date, for which the obligation to provide a service is fulfilled on a progressive basis, net of any client payments received to date. These are to a certain extent receivables not yet due, corresponding to any advances between collected calls for funds and the actual percentage of completion at the closing date. Within the statement of the financial position, the service is as follows:

- "Contract assets", if the receivables calculated on percentage of completion are greater than collected calls for funds;
- "Contract liabilities", if the receivables calculated on percentage of completion are less than collected calls for funds.

2.4.10 Financial assets and liabilities

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

- 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).
- Receivables relating to participating interests in equity- method affiliates are classified in the balance sheet under "Securities and receivables on equity-method affiliates". For the Property Development transactions, receivables from companies accounted for by the equity method have a short collection period (in relation to the operating cycle of the Development). For Retail transactions, these receivables have a longer maturity in relation to the holding period of the underlying asset.
- Financial assets (current or non-current) mainly concern non-consolidated securities, current account advances to minority shareholders of consolidated companies or deconsolidated companies.
- 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 estimation including, where necessary, the market indicators on the closing date.

- 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.
- 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 the securities of the issuing company: stock options, free share allocation rights and company savings plans (PEE).

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

Net income 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 net income 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 share 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) x (probability that the entity will pay the benefits) x (discounting to present value) x (payroll tax coefficient) x (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 0.40%;
- 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 4% and 11% 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.

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.

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.

Since 31 December 2016, the Group has applied the gradual and programmed reduction in the rate in its consolidated financial statements in accordance with the Finance Act in force.

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 for a reasonable period.

Deferred taxes in the balance sheet are presented in a net position at the level of each tax consolidation group, as either an asset or a liability in the consolidated balance sheet.

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

2.4.17 Revenue and revenue-related expenses

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 the variable total fees charged fees for temporary occupation permits and construction leases, these not being within the scope of application of IFRS 16.

Non-recovered rental expenses are 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.

All property development/off-plan sales and property development contract transactions are concerned by this method.

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 recorded 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, etc. excluding fixed rent paid which has now been re-stated in accordance with IFRS 16), 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

On 31 October 2017, the European Union adopted IFRS 16 – Leases, whose application is mandatory for financial years starting on or after 1 January 2019. This standard, for the tenant, puts an end to the distinction between finance and operating leases, however this distinction is maintained for landlords.

Leases in the financial statements with the Company as lessor

For landlords, IFRS 16 maintains the existing distinction between finance and operating leases. Accordingly, in the consolidated financial statements where the Group acts as lessor:

- rental income generated by operating leases concerns rent paid on properties/centres in operation, and
- going forward, all expenses re-invoiced to tenants, excluded from the revenue, are presented as a specific item in the income statement.

This rental income is recognised on a straight-line basis for the entire term of the lease. The Group therefore retains substantially all the risks and rewards incidental to ownership of its investment properties.

In accordance with the standard, 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, the standard 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

Under IFRS 16, lessees will no longer distinguish between finance lease contracts and operating lease contracts.

For all leases defined as "lease agreements", this standard requires to recognise a right-of-use asset in the balance sheet statement of the tenants (as non-current assets) and a corresponding lease liability (as financial liabilities).

Leases entered into by the Group lying within the field of application of the standard mainly concern two types of leases which are financially fundamentally different:

- property leases (the Group leases its offices in the majority of cities where it operates) and vehicle leases;
- Temporary Occupation Authorisations for stations and Construction Leases for some of its Retail assets.

Temporary Occupation Authorisations are covered by IFRS 16. The Group is the occupying party and, therefore, the agreement grants the Group certain rights regarding the work, constructions and real estate facilities. Under IFRS 16, fixed fees are restated over the term of the contracts.

The key assumptions used to calculate the debt and therefore the right of use are the term of the contracts and the rate:

- terms correspond to the fixed period of the commitment, taking into account any optional periods for which there is a reasonable expectation of these being exercised;
- discount rates applied when a contract comes into effect are based on the incremental debt ratio of each company carrying a contract. These rates are determined on the effective date of a new contract.

The presentation in the Group's financial statements is as follows:

- on the balance sheet, an asset is recorded in the form of a right-of-use asset in exchange for a liability corresponding to the rent. The Group therefore acknowledges a right-of-use on tangible and intangible fixed assets (connected to its property and vehicle lease agreements) as consideration for its lease liabilities; and a right-of-use for investment property (in relation in particular to Temporary Occupation Authorisations) in exchange on the contractual fees on investment properties;
- in the income statement, rents from office and vehicle leases (previously recorded under operating expenses) are replaced by charges for depreciation of the right-of-use assets and by interest charges; land charges (AOT, BAC royalties), are replaced by changes in the value of investment properties and interest charges. Leases and rental fees entered at 31 December correspond mainly to variable rent due under certain lease agreements and to rental expenses (which, in accordance with the application of IFRS 31, are not restated);
- on the cash flow statement, cash flows related to financing activities are impacted by the repayment of lease obligations and contractual fees on investment properties (within a single item "Repayment of lease liabilities") and interest expenses.

The change in amounts reflects new contracts or the end of contracts during the period. Moreover, during the lifetime of the agreement, lease liability and right-of-use asset may vary based on changes in the rent index defined in the leases. The main indexes are: the French national construction costs index, the French office rent index, the French commercial rent index and the French benchmark rent index.

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 previous closing date.

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 "Change 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].

Moreover, 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 IAS 23, borrowing costs directly attributable to the construction of qualifying assets are included in the cost of these assets. Interest expenses continue to be allocated to buildings under development and construction over the construction period of the asset if they meet the definition of a "qualifying assets".

Where there is a significant delay in the construction project, Management may decide, if the delay is unusually long, not to capitalise the interest expenses attributable any longer. Management estimates the date at which the capitalisation of interest expenses may resume.

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.

Other financial results include expenses related to rental obligations and contractual fees on investment properties.

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 on the one hand and its operational managers on the other. 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 "Others (Corporate)" 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 directly 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, estimated 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, which bring together all services that absorb part of the overheads and operating costs, including personnel costs, other operating expenses, other income and other expenses of the sector and expenses covered by reversals of provisions used (including the restatement of fixed rents following application of IFRS 16 – Leases).
- 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 (shown in changes in value, estimated expenses and transaction fees).

Other financial results mainly correspond to expenses related to rental obligations and contractual fees on investment properties.

Tax (FFO) is the tax due for the period excluding deferred tax and excluding tax due relating to changes in value (exit tax, etc.).

2. Changes in value, estimated 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, estimated 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,

(1) *Funds from operations.*

- from the value of investment properties, including value adjustments for properties measured at fair value (including right-of-use assets) or held for sale as well as impairment losses of properties measured at cost;

- **estimated 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, and right-of-use relating to tangible and intangible assets,
  - 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, estimated 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 of presentation in 2020

2.5.1 Borrowing costs

In order to present its borrowing costs with greater clarity, the Group has decided to report "Other financial results" on a separate line, including expenses related to rental obligations and contractual fees on investment properties.

(€ millions)	31/12/2019 published	Impact	31/12/2019 restated
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**412.4**	**–**	**412.4**
Net borrowing costs	(78.5)	16.8	(61.7)
Financial expenses	*(89.5)*	*17.6*	*(71.9)*
Financial income	*11.0*	*(0.9)*	*10.2*
Other financial results	–	(16.2)	(16.2)
Change in value and income from disposal of financial	(65.2)	–	(65.2)
Discounting of debt and receivables	2.1	–	2.1
Net gain/(loss) on disposal of investments	1.1	–	1.1
Dividends	0.6	(0.6)	–
Profit before tax	**272.4**	**–**	**272.4**
Income tax	(36.9)	–	(36.9)
NET INCOME	**235.5**	**–**	**235.5**
o/w attributable to shareholders of Altarea SCA	**233.7**	**–**	**233.7**
o/w attributable to minority interests in subsidiaries	1.8		1.8

2.5.2 Non-current and current financial assets

The Group has chosen to present its securities and receivables from equity-method affiliates on a separate line as from 1 January 2020. The financial statements on 31 December 2019 have been restated accordingly.

As such, at 31 December 2019, non-consolidated securities were reclassified to "Non-current financial assets" for an amount of €33.6 million.

The lines renamed "Non-current financial assets" and "Current financial assets" include the historical lines "Loans and receivables (non-current)" and "Loans and receivables (current)".

NOTE 3 INFORMATION ON OPERATING SEGMENTS

3.1 Balance sheet items by operating segment

As of 31 December 2020

(€ millions)	Retail	Residential	Business Property	Others	TOTAL
Operating assets and liabilities					
Intangible assets	18.2	281.8	21.5	8.9	330.4
Property plant and equipment	1.5	23.3	–	1.3	26.1
Right-of-use on tangible and intangible fixed assets	0.4	139.3	0.0	0.6	140.3
Investment properties	3,991.8	–	32.8	–	4,024.6
Securities and investments in equity affiliates	117.2	157.8	304.7	–	579.6
Operational working capital requirement	46.8	534.3	61.8	(12.5)	630.4
TOTAL OPERATING ASSETS AND LIABILITIES	**4,176.0**	**1,136.5**	**420.7**	**(1.6)**	**5,731.5**

As of 31 December 2019 – restated

(€ millions)	Retail	Residential	Business Property	Others	TOTAL
Operating assets and liabilities					
Intangible assets	18.0	281.6	21.5	10.3	331.4
Property plant and equipment	1.7	13.5	4.4	1.3	20.9
Right-of-use on tangible and intangible fixed assets	5.9	16.4	–	1.1	23.4
Investment properties	4,441.1	–	31.1	–	4,472.1
Securities and investments in equity affiliates	85.0	170.7	276.4	–	532.1
Operational working capital requirement	23.6	787.6	(40.8)	(9.9)	760.5
TOTAL OPERATING ASSETS AND LIABILITIES	**4,575.3**	**1,269.7**	**292.6**	**2.8**	**6,140.4**

3.2 Consolidated income statement by operating segment

See consolidated income statement by segment in the notes to the financial statements.

3.3 Reconciliation of the statement of consolidated comprehensive income and of the consolidated income statement by segment

3.3.1 Statement of comprehensive income with the same breakdown as the income statement by segment

(€ millions)	31/12/2020 Funds from operations (FFO)	31/12/2020 Changes in value, estimated expenses and transaction costs (chg. val.)	31/12/2020 Total	31/12/2019 restated Funds from operations (FFO)	31/12/2019 restated Changes in value, estimated expenses and transaction costs (chg. val.)	31/12/2019 restated Total
Rental income	184.9	–	184.9	208.4	–	208.4
Property expenses	(1.9)	–	(1.9)	(2.5)	–	(2.5)
Unrecoverable rental expenses	(8.7)	–	(8.7)	(10.1)	–	(10.1)
Expenses re-invoiced to tenants	*53.4*	–	*53.4*	*60.3*	–	*60.3*
Rental expenses	*(62.2)*	–	*(62.2)*	*(70.4)*	–	*(70.4)*
Other expenses	1.2	–	1.2	(0.1)	–	(0.1)
Net charge to provisions for current assets	(16.1)	–	(16.1)	(5.0)	–	(5.0)
Net rental income	**159.3**	**–**	**159.3**	**190.8**	**–**	**190.8**
Revenue	2,837.0	–	2,837.0	2,860.2	–	2,860.2
Cost of sales	(2,496.4)	0.0	(2,496.4)	(2,479.0)	0.0	(2,479.0)
Other income	(107.0)	–	(107.0)	(132.1)	(0.0)	(132.1)
Net charge to provisions for current assets	(9.3)	0.0	(9.2)	(29.7)	0.0	(29.7)
Amortisation of customer relationships	–	(0.6)	(0.6)	–	(0.6)	(0.6)
Net property income	**224.3**	**(0.6)**	**223.8**	**219.4**	**(0.6)**	**218.8**
External services	34.3	–	34.3	41.2	–	41.2
Own work capitalised and production held in inventory	182.5	–	182.5	189.0	–	189.0
Personnel costs	(210.9)	(14.5)	(225.3)	(218.0)	(19.3)	(237.4)
Other overhead expenses	(71.7)	0.2	(71.5)	(87.7)	0.4	(87.2)
Depreciation expenses on operating assets	–	(31.8)	(31.8)	–	(23.9)	(23.9)
Net overhead expenses	**(65.8)**	**(46.2)**	**(111.9)**	**(75.5)**	**(42.8)**	**(118.2)**
Other income and expenses	1.9	(1.5)	0.4	(0.8)	0.5	(0.4)
Depreciation expenses	–	(1.9)	(1.9)	–	(5.4)	(5.4)
Transaction costs	–	(2.3)	(2.3)	–	(2.9)	(2.9)
Others	**1.9**	**(5.8)**	**(3.8)**	**(0.8)**	**(7.8)**	**(8.6)**
Proceeds from disposal of investment assets	–	380.3	380.3	–	172.7	172.7
Carrying amount of assets sold	–	(385.0)	(385.0)	–	(173.1)	(173.1)
Net charge to provisions for risks and contingencies	–	–	–	–	0.8	0.8
Net gain/(loss) on disposal of investment assets	**–**	**(4.7)**	**(4.7)**	**–**	**0.3**	**0.3**
Change in value of investment properties	–	(580.7)	(580.7)	–	86.1	86.1
Net impairment losses on investment properties measured at cost	–	(59.8)	(59.8)	–	(13.6)	(13.6)
Net impairment losses on other non-current assets	–	(0.1)	(0.1)	–	(0.5)	(0.5)
Net charge to provisions for risks and contingencies	–	1.6	1.6	–	(1.9)	(1.9)
Goodwill impairment	–	(1.0)	(1.0)	–	–	–
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**319.8**	**(697.2)**	**(377.4)**	**334.0**	**19.2**	**353.2**
Share in earnings of equity-method affiliates	51.6	(1.3)	50.2	76.0	(16.9)	59.2
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**371.4**	**(698.6)**	**(327.2)**	**410.0**	**2.4**	**412.4**
Net borrowing costs	(50.6)	(18.2)	(68.8)	(46.9)	(14.8)	(61.7)
Financial expenses	*(57.6)*	*(18.2)*	*(75.8)*	*(57.0)*	*(14.8)*	*(71.9)*
Financial income	*7.0*	–	*7.0*	*10.2*	–	*10.2*
Other financial results	(7.7)	(9.5)	(17.1)	(9.7)	(6.5)	(16.2)
Discounting of debt and receivables	–	–	–	–	2.1	2.1
Change in value and income from disposal of financial instruments	–	(56.5)	(56.5)	–	(65.2)	(65.2)
Proceeds from the disposal of investments[(a)]	0.2	0.6	0.8	2.7	(1.6)	1.1
Profit before tax	**313.3**	**(782.2)**	**(468.8)**	**356.1**	**(83.7)**	**272.4**
Income tax	(26.6)	(28.4)	(54.9)	(7.1)	(29.8)	(36.9)
NET INCOME	**286.8**	**(810.5)**	**(523.8)**	**349.0**	**(113.5)**	**235.5**
o/w Net income attributable to Altarea SCA shareholders	230.3	(538.1)	(307.7)	293.1	(59.4)	233.7
o/w Net income attributable to minority interests in subsidiaries	(56.5)	272.5	216.0	(55.9)	54.1	(1.8)
Average number of non-diluted shares	16,850,855	16,850,855	16,850,855	16,203,050	16,203,050	16,203,050
BASIC NET INCOME PER SHARE OF ALTAREA SCA SHAREHOLDERS *(€)*	**13.67**	**(31.93)**	**(18.26)**	**18.09**	**(3.67)**	**14.42**
Diluted average number of shares	17,081,054	17,081,054	17,081,054	16,393,265	16,393,265	16,393,265
DILUTED NET INCOME PER SHARE OF ALTAREA SCA SHAREHOLDERS *(€)*	**13.48**	**(31.50)**	**(18.02)**	**17.88**	**(3.63)**	**14.26**

Restatements explained in note 2.5 to the consolidated financial statements.

And concerning the share of the equity method, the impact of the IFRS 16 restatement is presented in full as a change in value, notably for the Cogedim Résidences Services business.

(a) Gains or losses on disposals of equity interests have been reallocated to each of the activities concerned by the gains or losses when it relates to an investment previously fully consolidated or a share of the equity-method affiliates when the equity disposed of was previously in an equity-method company.

3.3.2 Reconciliation of operating income between the two income statements

(€ millions)	31/12/2020 Retail	Residential	Business Property	Others (Corporate)	TOTAL	31/12/2019 restated Retail	Residential	Business Property	Others (Corporate)	TOTAL
Net rental income	159.3	–	–	–	159.3	190.8	–	–	–	190.8
Net property income	0.1	201.7	22.0	(0.1)	223.8	0.0	207.5	11.9	(0.6)	218.8
Net overhead expenses	(21.6)	(63.8)	(18.6)	(7.9)	(111.9)	(23.4)	(80.9)	(4.9)	(8.9)	(118.1)
Others	(3.8)	(4.2)	4.7	(0.6)	(3.8)	(5.2)	(2.2)	(1.1)	(0.2)	(8.7)
Net gain/(loss) on disposal of investment assets	(4.7)	–	–	–	(4.7)	0.3	–	–	–	0.3
Value adjustments	(642.1)	(0.2)	1.7	–	(640.7)	71.1	(0.5)	1.3	–	72.0
Net charge to provisions for risks and contingencies	0.5	0.6	0.2	0.3	1.6	(0.5)	(0.4)	(0.1)	(0.9)	(1.9)
Share in earnings of equity-method affiliates	(12.4)	8.3	54.3	–	50.2	(0.3)	12.7	46.9	–	59.2
OPERATING INCOME (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)	**(525.7)**	**142.3**	**64.4**	**(8.3)**	**(327.2)**	**232.8**	**136.3**	**54.0**	**(10.7)**	**412.4**
Reclassification of net gain/(loss) on disposal of investments	0.6		0.2		0.8	0.3		2.7		3.1
OPERATING INCOME (CONSOLIDATED INCOME STATEMENT BY SEGMENT)	**(525.1)**	**142.3**	**64.6**	**(8.3)**	**(326.4)**	**233.2**	**136.3**	**56.7**	**(10.7)**	**415.5**

3.4 Revenue by geographical region and operating segment

By geographical region

(€ millions)	31/12/2020 France	Italy	Spain	Others	Total	31/12/2019 France	Italy	Spain	Others	Total
Rental income	166.7	7.9	10.3	–	184.9	178.1	19.9	10.4	–	208.4
External services	16.7	1.0	0.3	–	17.9	18.5	0.3	0.3	–	19.0
Revenue	–	13.6	–	–	13.6	–	–	–	–	–
Retail	**183.5**	**22.5**	**10.5**	**–**	**216.4**	**196.6**	**20.2**	**10.6**	**–**	**227.5**
Revenue	2,406.9	–	–	–	2,406.9	2,283.1	–	–	–	2,283.1
External services	10.1	–	–	–	10.1	11.2	–	–	–	11.2
Residential	**2,416.9**	**–**	**–**	**–**	**2,416.9**	**2,294.4**	**–**	**–**	**–**	**2,294.4**
Revenue	416.5	–	–	–	416.5	577.0	–	–	–	577.0
External services	5.7	–	–	0.5	6.2	10.4	–	–	0.5	10.9
Business Property	**422.2**	**–**	**–**	**0.5**	**422.7**	**587.4**	**–**	**–**	**0.5**	**587.9**
Others (Corporate)	0.1	–	–	–	0.1	0.1	–	–	–	0.1
TOTAL	**3,022.7**	**22.5**	**10.5**	**0.5**	**3,056.2**	**3,078.5**	**20.2**	**10.6**	**0.5**	**3,109.8**

The Altarea Group operates mainly in France, Italy and Spain in 2020, as in 2019.

In 2020, one client accounted for more than 10% of the Group's revenue, *i.e.*, €548 million in the Residential sector.

NOTE 4 SIGNIFICANT EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 Major events

Capital increase

The General Shareholders' Meeting of 30 June 2020, held behind closed doors, approved the payment of a dividend of €9.00/share and offered shareholders the choice between payment fully in cash, or half in shares and half in cash.

With a subscription rate of 82.28%, the success of the option for the partial payment of the script dividend has enabled the Group to increase its equity by €61.4 million.

In addition, in July, the Group's FCPE (employee investment mutual fund) subscribed to a reserved capital increase of €7.6 million[(1)], testifying to the commitment of Altarea employees (69.09% of employees have subscribed).

€300 million Bond issue maturing in 2030

In December 2020, Altarea placed a €300 million issue of 9-year bonds (maturing 16 January 2030), with an annual coupon of 1.75% and a zero new issue premium.

Retail

Timing of the pandemic's impact on the centres' businesses

The activity of shopping centre brands was badly disrupted in 2020:

- total lockdown from mid-March to mid-May: the centres remained open to allow "essential" shops to continue to trade. The public reception facilities have been resized to limit operating costs, while maintaining the safety and the comfort of the customer's experience;
- gradual relaxation of restrictions with the reopening of "non-essential" shops (mid-May), then cafes and restaurants (June) and finally cinemas (end of June);
- near "normal" trading from 22 June to the end of October;
- new lockdowns in November and the introduction of curfews (8 p.m. and 6 p.m. depending on the region) repressed activity in the last quarter.

Since the beginning of January 2021, all sites have been subject to a 6 p.m curfew, and since 31 January "non-essential" shops in centres of more than 20,000 m^2 have had to shut for an indefinite period.

Government support measures

As part of the support measures put in place by the government, the Group offered all its eligible tenants support consisting of the waiver of all or part of the rent for November, in exchange for a tax credit proportional to the size of the brand concerned.

For the retailers hit hardest[(2)] by prolonged closures, public assistance schemes have been strengthened to help traders pay their main expenses.

Impact of the pandemic on centres' performance indicators

Footfall in the French portfolio was down by 26%, while revenue fell by 18%, the drop in footfall being partially offset by an increase in the average shopping basket and conversion rates.

The pandemic led to an overall slowdown in marketing, directly impacting financial vacancy.

The health crisis had a direct impact on the collection of rent invoicing, particularly for the second quarter.

Uncollected receivables are classified into four categories:

- bad debts provisioned as irrecoverable, generally corresponding to defaults;
- reductions granted without consideration (mainly for VSEs and shops in railway stations).) which were fully recognised as an expense for the period for an amount of €10.1 million;
- reductions granted in exchange for contractual modifications to the lease. These reductions, in accordance with IFRS, are spread over the residual term of the lease. In 2020, €2.9 million have already been expensed;
- uncollected receivables concerning creditworthy brands whose leases have not been modified and for which the corresponding amounts are legally due, will be subject to recovery measures.

Asset disposal

At the beginning of March 2020, Altarea completed the deal signed at the end of 2019 for the Alta Commerces Europe fund (sale of Due Torri to Stezzano and La Corte Lombarda to Bellinzago in Italy). This transaction led to the deconsolidation of the assets acquired by the fund.

Activity – projects

In 2020, the Group:

- delivered the final phase of the Cap3000 extension, already 70% let and due to open in 2021, and the last phase of the retail space renovation to Paris-Montparnasse station, and
- delivered the 5,000 m^2 San Cugat extension for Decathlon and Primark.

(1) Average subscription of €5,110 per employee subscribing.

(2) Notably restaurants and entertainment.

Residential

Impact of the pandemic on the centres' businesses

Altarea was very responsive to the first lockdown (17 March to 11 May 2020), which severely disrupted the entire Residential development cycle:

- while the sales offices were closed, limiting commercial contacts with individuals, the team's commitment maintained commercial activity at around 30% of normal by making full use of digital tools, particularly e-booking which allows teams to contract sales securely online;
- the Group scheduled a campaign of notarised completions and collections before the end of the lockdown. It took place at a time when clients and notary offices were barely out of lockdown, as the latter still had a reduced capacity to record transactions;
- at the beginning of May, the 300 projects under way restarted and returned to cruising speed by June, quickly making up the impact of the stoppage on technical completion rates.

The attack was kept up throughout the year, maintaining a high rate of sales during the 2nd lockdown (30 October to 15 December 2020) during which construction sites were not suspended and notarised sales were much more fluid.

Performance indicators

New orders[(1)]: €3.4 billion (+2%)

The Group conducted an active sales campaign throughout the year. Sale completions increased by +14%in value compared to 2019 and by +8% in volume (13,100 lots sold, with a good balance between types of investor).

In 2020, the Group delivered nearly 7,800 lots and more than 300 projects (27,000 lots) are under way at the start of 2021.

The Group focused on accelerating the sale of programmes already launched. Given the context, business recovered more strongly in the second part of the year, thanks in large part to digitisation of the launch of marketing programmes. A total of 110 new projects (5,300 lots) were launched this year, compared to 166 transactions in 2019 for 11,500 lots.

Business property

Impact of the pandemic on the centres' businesses

The first lockdown (17 March to 11 May 2020) disrupted activity with the shutdown of the majority of ongoing construction sites, except Richelieu, Altarea's head office, which was delivered in the 2nd quarter, and the Bridge in Issy-les-Moulineaux (future Orange head office), whose delivery had to be postponed until the beginning of 2021.

New orders

Over the full year 2020, the Group placed eight transactions for a total of €161 million, including:

- an off-plan project in the centre of Paris and the 9,700 m^2 of offices in the large mixed-use project Bobigny-La Place; and
- six off-plan sales in the regions, including Amazing Amazones in Nantes, Gravity in Lyon, le Pomone in Aix-en-Provence and Campus Adriana in Marseille.

Deliveries

Despite the constraints related to the pandemic, this year Altarea delivered several emblematic projects illustrating its product and geographic strategy:

- "Convergence", Danone's new global head office in Rueil-Malmaison;
- a 46,000 m^2 logistics platform for Lidl near Nantes;
- "Orange Lumière" in Lyon Part-Dieu, the new Orange campus bringing together its Lyon teams.

In the first half of the year, Altarea also delivered its head office at 87 rue de Richelieu in Paris, a project that has won numerous awards for its exemplary rehabilitation work (notably the SIMI Grand Prix 2020).

In early 2021, the Group will deliver "Bridge", Orange's future headquarters in Issy-les-Moulineaux, which has just been awarded the Wired Score "Platinum" label, the highest level of distinction in terms of digital connectivity, Eria La Défense, which will house the future Cybersecurity agency ordered by the French President, and Landscape, also in La Défense.

(1) New orders net of withdrawals, in euros, including VAT when expressed in value. New orders at 100%, with the exception of projects under joint control which are reported proportionately (including Woodeum).

4.2 Consolidation scope

The main companies within the scope of consolidation, selected by revenue and total assets criteria, are as follows:

Companies	Legal form	Siren		31/12/2020			31/12/2019		
				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	SCA	324814219		FC	100.0%	100.0%	FC	100.0%	100.0%
FONDS PROXIMITE	SNC	348024050	affiliate	EM	25.0%	25.0%	EM	25.0%	25.0%
ALDETA	SASU	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 CARRE DE SOIE	SCI	449231463	Joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
FONCIERE CEZANNE MATIGNON	SNC	348024050		FC	100.0%	100.0%	FC	100.0%	100.0%
FONCIERE ALTAREA	SASU	353900699		FC	100.0%	100.0%	FC	100.0%	100.0%
SOCIETE D'AMENAGEMENT 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%
LIMOGES INVEST	SCI	488237546		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC MACDONALD COMMERCES	SNC	524049244	affiliate	EM	25.0%	25.0%	EM	25.0%	25.0%
ALTAREA MANAGEMENT	SNC	509105375		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA-MONTPARNASSE	SNC	524049244		FC	100.0%	100.0%	FC	100.0%	100.0%
LES VIGNOLES RETAIL PAR	SNC	512086117		FC	100.0%	100.0%	FC	100.0%	100.0%
OPCI ALTA COMMERCE EUROPE	SPPICAV	NA	Joint venture	EM	29.9%	29.9%	NI	0.0%	0.0%
ALTA ORGEVAL	SNC	795338441		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA QWARTZ	SNC	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%
THIAIS SHOPPING CENTER	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%
NR21	SCA	335480877		FC	84.4%	100.0%	FC	84.4%	100.0%
Retail Italy									
ALTAGARES	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	SRL	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA PATRIMAE	SRL	NA		FC	100.0%	100.0%	FC	100.0%	100.0%

Companies	Legal form	Siren		31/12/2020			31/12/2019		
				Method	Interest	Consolidation	Method	Interest	Consolidation
Residential									
ALTAREIT	SCA	552091050		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM RESIDENCES SERVICES	SNC	394648455	Joint venture	EM	64.9%	65.0%	EM	64.9%	65.0%
ALTAREA COGEDIM IDF GRANDE METROPOLE	SNC	810928135		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA COGEDIM GRANDS PROJETS	SNC	810926519		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA COGEDIM REGIONS	SNC	810847905		FC	99.9%	100.0%	FC	99.9%	100.0%
SEVERINI	SNC	848899977		FC	84.9%	100.0%	FC	84.9%	100.0%
MARSEILLE MICHELET	SNC	792774382		FC	99.9%	100.0%	FC	99.9%	100.0%
COEUR MOUGINS	SNC	453830663		FC	99.9%	100.0%	FC	99.9%	100.0%
ISSY COEUR DE VILLE	SNC	830181079		FC	99.9%	100.0%	FC	99.9%	100.0%
ISSY COEUR DE VILLE COMMERCES	SNC	828184028		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTA FAUBOURG	SASU	444560874		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA SOLUTION FINANCEMENT	SNC	504638784		FC	99.9%	100.0%	NI	0.0%	0.0%
HP	SAS	480309731		FC	99.9%	100.0%	FC	99.9%	100.0%
HORIZONS	SNC	825208093		FC	99.9%	100.0%	FC	99.9%	100.0%
MERIMEE	SNC	849367016		FC	99.9%	100.0%	FC	99.9%	100.0%
HISTOIRE & PATRIMOINE PARTENARIATS	SASU	452727985		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA COGEDIM ZAC VLS	SNC	811910447		FC	99.9%	100.0%	FC	99.9%	100.0%
VITROLLES LION 3	SNC	811038363		FC	99.9%	100.0%	FC	99.9%	100.0%
PITCH PROMOTION	SAS	450042338		FC	99.9%	100.0%	FC	99.9%	100.0%
SEVRAN FREINVILLE	SCCV	801560079		FC	59.9%	100.0%	FC	59.9%	100.0%
ARGENTEUIL SARRAZIN	SCCV	822894432		FC	50.9%	100.0%	FC	50.9%	100.0%
SAINT-CYR LA FAVORITE	SCCV	824331060		FC	79.9%	100.0%	FC	79.9%	100.0%
ANDRESY CHÂTEAUBRIANT	SCCV	838432094		FC	74.9%	100.0%	FC	74.9%	100.0%
SCCV BEZONS CŒUR DE VILLE A1 & A2- LOGEMENTS	SCCV	819929845		FC	99.9%	100.0%	FC	99.9%	100.0%
GIF MOULON A4	SCCV	830886115		FC	25.0%	100.0%	FC	25.0%	100.0%
BOBIGNY COEUR DE VILLE	SNC	838941011		FC	99.9%	100.0%	FC	99.9%	100.0%
TOULOUSE TMA PLACE CENTRALE	SNC	821922564		FC	99.9%	100.0%	FC	99.9%	100.0%
PITCH PROMOTION	SASU	422989715		FC	99.9%	100.0%	FC	99.9%	100.0%
QUARRIES-SOUS -POISSY P7	SCCV	824114607	affiliate	EM	74.9%	75.0%	EM	74.9%	75.0%
ARTCHIPEL	SCCV	841150071		FC	99.9%	100.0%	FC	99.9%	100.0%
RUEIL COLMAR	SCCV	851750968		FC	69.9%	100.0%	FC	69.9%	100.0%
CLICHY ROGUET	SCCV	880090212		FC	50.9%	100.0%	NI	0.0%	0.0%
BAGNOLET ALLENDE	SCCV	821889151	affiliate	EM	48.9%	49.0%	EM	48.9%	49.0%
CLAMART LA LISIERE	SCCV	831010566	affiliate	EM	48.9%	49.0%	EM	48.9%	49.0%
MB TRANSACTIONS	SASU	425039138		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM GESTION	SNC	380375097		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM PARIS METROPOLE	SNC	319293916		FC	99.9%	100.0%	FC	99.9%	100.0%
ASNIERES AULAGNIER	SARL	487631996	Joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
COGEDIM GRAND LYON	SNC	300795358		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM MEDITERRANEAN	SNC	312347784		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM PROVENCE	SNC	442739413		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM MIDI-PYRENEES	SNC	447553207		FC	99.9%	100.0%	FC	99.9%	100.0%

Companies	Legal form	Siren		31/12/2020			31/12/2019		
				Method	Interest	Consolidation	Method	Interest	Consolidation
COGEDIM GRENOBLE	SNC	418868584		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM SAVOIES-LEMAN	SNC	348145541		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM AQUITAINE	SNC	388620015		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM ATLANTIC	SNC	501734669		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM LANGUEDOC ROUSSILLON	SNC	532818085		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM	SASU	54500814		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC SURESNES MALON	SNC	832708663	Joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
SAS BAGNEUX 116	SAS	839324175		FC	50.9%	100.0%	FC	50.9%	100.0%
RESPIRE	SCCV	807582267		FC	89.9%	100.0%	FC	89.9%	100.0%
LYON LES MOTEURS	SNC	824866388		FC	99.9%	100.0%	FC	99.9%	100.0%
COGIMO	SAS	962502068		FC	99.9%	100.0%	NI	0.0%	0.0%
SNC PROVENCE L'ÉTOILE	SNC	501552947		FC	99.9%	100.0%	FC	99.9%	100.0%
HYRES L'AUFRENE	SCCV	834122335		FC	99.9%	100.0%	FC	79.9%	100.0%
PARIS CAMPAGNE PREMIERE	SCCV	530706936		FC	50.9%	100.0%	FC	50.9%	100.0%
BOBIGNY PARIS	SCCV	812846525		FC	50.9%	100.0%	FC	50.9%	100.0%
RUEIL BONAPARTE MANET	SCCV	817961196		FC	99.9%	100.0%	FC	99.9%	100.0%
JOINVILLE H. PINSON	SCCV	821764107		FC	50.0%	100.0%	FC	50.0%	100.0%
CRETEIL BOBILLOT	SCCV	823592944		FC	79.9%	100.0%	FC	79.9%	100.0%
PIERRE BEREGOVOY	SCCV	829581651		FC	54.9%	100.0%	FC	54.9%	100.0%
CHAMPIGNY ALEXANDRE FOURNY	SCCV	829377894		FC	50.0%	100.0%	FC	50.0%	100.0%
COLOMBES BARBUSSE	SCCV	831268008		FC	50.9%	100.0%	FC	50.9%	100.0%
HORLOGE GASTON ROUSSEL	SCCV	832294664		FC	50.9%	100.0%	FC	50.9%	100.0%
SURESNES BMV	SCCV	834261497		FC	50.0%	100.0%	FC	50.0%	100.0%
LA GARENNE COLOMBES FOCH	SCCV	835014135		FC	50.0%	100.0%	FC	50.0%	100.0%
MONTREUIL D 'ALEMBERT	SCCV	841085210		FC	99.9%	100.0%	FC	89.9%	100.0%
WOODEUM RESIDENTIAL	SAS	807674775		EM	50.0%	50.0%	EM	50.0%	50.0%
ASNIERES 94 GRESILLONS	SCCV	849115258		FC	50.9%	100.0%	FC	50.9%	100.0%
CROIX DE DAURADE	SCCV	829774173		FC	50.9%	100.0%	FC	50.9%	100.0%
Business property									
ALTAREA COGEDIM ENTREPRISE PROMOTION	SNC	535056378		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA ENTREPRISE MANAGEMENT	SNC	534207386		FC	99.9%	100.0%	FC	99.9%	100.0%
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%
B1	SCCV	in progress	joint venture	EM	33.3%	33.3%	EM	33.3%	33.3%
B2 B3	SCCV	in progress	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
ALTA VAI HOLDCO A	SAS	424007425		FC	99.9%	100.0%	FC	99.9%	100.0%
FONCIERE ALTAREA MONTPARNASSE	SNC	847726650		FC	100.0%	100.0%	FC	100.0%	100.0%
ISSY PONT	SCI	804865996	joint venture	EM	25.0%	25.0%	EM	25.0%	25.0%
PASCALPROPCO	SASU	437929813	affiliate	EM	15.0%	15.1%	EM	15.0%	15.1%
PRD MONTPARNASSE	SCI	844634758	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
BALMA CAMPUS WALLIS	SCCV	840457881	joint venture	EM	50.0%	50.1%	EM	50.0%	50.1%
RUEIL LE LUMIERE	SCCV	822728473	affiliate	EM	20.0%	20.0%	EM	20.0%	20.0%
ISSY COEUR DE VILLE PROMOTION BUREAUX	SNC	829845536		FC	99.9%	100.0%	FC	50.9%	100.0%

4.3 Changes in consolidation scope

(in number of companies)	31/12/2019	Acquisition	Creation	Sale	Absorption, dissolution, deconsolidation	Change in consolidation method	31/12/2020
Fully consolidated subsidiaries	424	2	31	(2)	(20)	1	436
Joint ventures[(a)]	134	-	10	-	(5)	(1)	138
Affiliates[(a)]	82	1	3	(1)	(7)		78
TOTAL	**640**	**3**	**44**	**(3)**	**(32)**	**-**	**652**

(a) Companies accounted for using the equity method.

4.3.1 Detail of net acquisitions of consolidated companies, net of cash

(€ millions)	31/12/2020	31/12/2019
Investments in consolidated securities	(12.6)	(56.9)
Liabilities on acquisition of consolidated participating interests	3.6	(12.4)
Cash of acquired companies	2.9	6.4
TOTAL	**(6.0)**	**(62.9)**

In 2019, the Group acquired an 85% stake in residential property developer Severini, the operation of five Italian railway stations, and NR 21, a company listed on Euronext Paris (compartment C).

4.3.2 Detail of disposals of consolidated companies, net of cash disposed of

The Group did not complete any material company sales during the course of the financial year.

4.4 Business combinations

The Group did not carry out any business combinations during the year.

4.5 Securities and investments in equity affiliates

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)	31/12/2020	31/12/2019
Equity-accounting value of joint ventures	102.7	90.3
Equity-accounting value of affiliated companies	152.7	120.5
Value of stake in equity-method affiliates	**255.4**	**210.8**
Receivables from joint ventures	209.7	200.2
Receivables from affiliated companies	114.5	121.1
Receivables from equity-method subsidiaries	**324.2**	**321.3**
SECURITIES AND INVESTMENTS IN EQUITY AFFILIATES	**579.6**	**532.1**

As of 31 December 2020:

- the increase in value of equity-accounted affiliates mainly reflects the completion of works and delivery of the Group's new head office;
- the increase in the equity-accounted value of joint ventures mainly reflects the Group's subscription to the Alta Commerce Europe fund.

Receivables from joint ventures and receivables from associated companies relating to Property operations come to €290.0 million.

4.5.2 Main balance sheet and income statement items of joint ventures and affiliates

(€ millions)	Joint venture	Affiliates	31/12/2020	Joint venture	Affiliates	31/12/2019
BALANCE SHEET ITEMS, GROUP SHARE:						
Non-current assets	379.4	204.5	583.9	340.8	199.3	540.2
Current assets	500.7	310.7	811.4	453.7	375.5	829.2
Total Assets	**880.1**	**515.2**	**1,395.3**	**794.5**	**574.9**	**1.369.4**
Non-current liabilities	199.1	177.6	376.7	205.2	203.3	408.5
Current liabilities	578.3	184.9	763.2	499.1	251.1	750.2
Total Liabilities	**777.4**	**362.5**	**1,139.9**	**704.3**	**454.4**	**1,158.6**
Net assets (equity-accounting basis)	**102.7**	**152.7**	**255.4**	**90.3**	**120.5**	**210.8**
SHARE OF INCOME STATEMENT ITEMS, GROUP SHARE:						
Operating income	**17.5**	**36.2**	**53.8**	**42.5**	**43.8**	**86.3**
Net borrowing costs	(3.9)	(3.2)	(7.0)	(2.9)	(6.0)	(8.8)
Other financial results	(2.7)	(2.5)	(5.2)	(2.4)	(0.2)	(2.6)
Change in value of hedging instruments	(0.1)	(0.2)	(0.3)	(0.6)	(1.2)	(1.8)
Proceeds from the disposal of investments	0.0	(18.4)	(18.4)	1.6	–	1.6
Net income before tax	**10.9**	**11.9**	**22.8**	**38.2**	**36.5**	**74.7**
Corporate income tax	(3.7)	31.1	27.4	(9.7)	(5.8)	(15.5)
Net income by equity method (after tax)	**7.2**	**43.0**	**50.2**	**28.5**	**30.7**	**59.2**
Non-Group net income	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net income, Group share	7.2	43.0	50.2	28.5	30.7	59.2

Group revenues from joint ventures amounted to €16.3 million for the year to 31 December 2020, compared with €60.0 million for 2019.

Group revenues from associates amounted to €6.8 million for the year to 31 December 2020, compared with €12.2 million for 2019.

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 the context of the application of IFRS 16, these contracts have been restated in the financial statements of the companies.

In exchange, Cogedim Résidences Services receives the lease payments of the sub-lessees, these continuing to be commitments.

Construction work completion guarantees and guarantees on forward payments for assets were given in connection with the property development business, for Group shares of €223.7 and €2.0 million at 31 December 2020, compared to €63.4 and €1.9 million, respectively, in 2019.

Commitments received

As of 31 December 2020, the main commitments received by the joint ventures relate to security deposits received from tenants in the amount €0.2 million.

4.6 Current and non-current financial assets

At 31 December 2020, current and non-current financial assets amounted to €34.6 million and consist mainly of:

- deposits and guarantees paid on projects: €8.4 million;
- loans and receivables, recognised at amortised cost: €22.8 million.

NOTE 5 NET INCOME

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 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. COVID-related write-offs and write-downs of receivables affect this item.

Net rental income amounted to €159.3 million in 2020, compared to €190.8 million in 2019, *i.e.* a decrease of 16.5%.

5.1.2 Net property income

The Group's net property income stood at €223.8 million in 2020 compared to €218.8 million in 2019, *i.e.* an increase of 2.3%.

The Residential Backlog of the fully-consolidated companies was €3 638 million at 31 December 2020.

The Property Development Backlog of the fully-consolidated companies was €437 million at 31 December 2020.

5.2 Cost of net financial debt and other financial items

5.2.1 Cost of net financial debt

(€ millions)	31/12/2020	31/12/2019 restated
Bond and bank interest expenses	(55.0)	(53.9)
Interest on partners' advances	3.6	4.1
Interest rate on hedging instruments	(0.5)	(2.8)
Capitalised interest expenses	1.5	5.8
Other financial income and expenses	(0.1)	(0.1)
FFO financial income and expenses	**(50.6)**	**(46.9)**
Spreading of bond issue costs and other estimated expenses(a)	(18.2)	(14.8)
COST OF NET DEBT	**(68.8)**	**(61.7)**

(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 €-10.6 million.

Capitalised interest expenses relate only to companies carrying an asset under development or construction (traditional malls) 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 (excluding the impact of IFRS 16) was 1.94% as at 31 December 2020, including margin, compared with 2.21% as at 31 December 2019.

5.2.2 Other financial results

Other financial results correspond in particular to interest expenses on rental obligations or royalties on investment properties (see 2.5 Change in presentation).

5.2.3 Impact of result of financial instruments

This item consists of a net charge of €-56.5 million, mainly related to the payment of balances on financial instruments for €-78.2 million (compared to €-35.9 million at 31 December 2019) and €67.3 million of changes in the value of interest rate hedging instruments (compared to €-29.3 million at 31 December 2019).

5.3 Income tax

Analysis of tax expense

Tax expense is analysed as follows:

(€ millions)	31/12/2020	31/12/2019
Tax due	**(26.6)**	**(7.1)**
Tax loss carry forwards and/or use of deferred losses	(50.6)	(6.9)
Valuation differences	0.2	0.2
Fair value of investment properties	22.9	(15.1)
Fair value of hedging instruments	(0.2)	0.0
Net property income on a percentage-of-completion basis	(5.2)	(7.1)
Other timing differences	4.6	(0.9)
Deferred tax	**(28.4)**	**(29.8)**
TOTAL TAX INCOME (EXPENSE)	**(54.9)**	**(36.9)**

Effective tax rate

(€ millions)	31/12/2020	31/12/2019
Pre-tax profit of consolidated companies	**(519.1)**	**213.2**
Group tax savings (expense)	**(54.9)**	**(36.9)**
EFFECTIVE TAX RATE	**10.58%**	**(17.32)%**
Tax rate in France	28.92%	32.02%
Theoretical tax charge	**150.1**	**(68.3)**
Difference between theoretical and effective tax charge	**(205.0)**	**31.4**
Differences related to entities' SIIC status	(192.0)	13.1
Differences related to treatment of losses	(5.8)	11.2
Other permanent differences and rate differences	(7.3)	7.1

Deferred tax assets and liabilities

(€ millions)	31/12/2020	31/12/2019
Tax loss carry forwards	78.9	129.5
Valuation differences	(35.3)	(35.5)
Fair value of investment properties	(19.9)	(43.0)
Fair value of financial instruments	(0.2)	(0.0)
Net property income on a percentage-of-completion basis	(74.0)	(68.1)
Other timing differences	(0.8)	(5.2)
NET DEFERRED TAX ON THE BALANCE SHEET	**(51.2)**	**(22.2)**

As at 31 December 2020, the Group had unrecognised tax loss carry-forwards of €415.6 million (basis), as compared with €425.5 million for the year ending 31 December 2019.

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 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 27.37%, the rate set by the Finance Act for 2021, and not at the rate of 28.92% applicable in 2020.

The Finance Act provides for a gradual decrease in the rate of corporate income tax, which will be set at 25.83% from 1 January 2022.

To anticipate the impact of this forthcoming decrease, a discount was applied to the tax calculated on items the Group does not expect to be cleared before this date..

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.

As in 2019, the dilution arose only from the granting of rights to free shares in Altarea SCA to Group employees.

(€ millions)	31/12/2020	31/12/2019
Numerator		
Net income, Group share	(307.7)	233.7
Denominator		
Weighted average number of shares before dilution	16,850,855	16,203,050
Effect of potentially dilutive shares		
Stock options	*0*	*0*
Rights to free share grants	*230,199*	*190,215*
Total potential dilutive effect	230,199	190,215
Weighted diluted average number of shares	17,081,054	16,393,265
NET INCOME, GROUP SHARE, UNDILUTED PER SHARE *(€)*	**(18.26)**	**14.42**
NET INCOME, GROUP SHARE, DILUTED PER SHARE *(€)*	**(18.02)**	**14.26**

NOTE 6 LIABILITIES

6.1 Equity

6.1.1 Capital, share-based payments and treasury shares

Capital

Altarea SCA share capital (in euros)

In number of shares and in €	Number of shares	Nominal	Share Capital
Number of shares outstanding at 31 December 2018	**16,061,329**	**15.28**	**245,425,285**
Share capital increase via the conversion of dividends into shares	599,267	15.28	9,156,800
Share capital increase reserved for Mutual Funds	40,166	15.28	613,736
Number of shares outstanding at 31 December 2019	**16,700,762**	**15.28**	**255,195,822**
Share capital increase via the conversion of dividends into shares	508,199	15.28	7,765,281
Share capital increase reserved for Mutual Funds	66,878	15.28	1,021,896
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2020	**17,275,839**	**15.28**	**263,982,998**

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 (Loan to Value) ratio at around 40%, 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 €12.5 million in 2020 compared to €14.9 million in 2019.

No stock option plan was under way at 31 December 2020.

Free share grants

Award date	Number of rights awarded	Vesting date	Rights in circulation as at 31/12/2019	Awarded	Deliveries	Amendments to rights[(a)]	Rights in circulation as at 31/12/2020
Share grant plans on Altarea shares							
21 February 2018	12,424	21 February 2020	11,704		(11,512)	(192)	–
2 March 2018	33,129[(b)]	2 March 2020	29,595		(28,574)	(1,021)	–
30 March 2018	4,327	30 March 2020	4,177		(4,177)	–	–
20 July 2018	41,500[(b)]	31 March 2021	41,500			(10,700)	30,800
7 September 2018	14.800[(b)]	31 March 2021	14,800			(7,400)	7,400
25 September 2018	1,000	31 March 2020	1,000		(1,000)	–	–
3 December 2018	5,000[(b)]	31 March 2021	5,000			(3,000)	2,000
19 December 2018	1,850[(b)]	31 March 2020	1,850		(1,850)	–	–
19 December 2018	2,000[(b)]	31 March 2021	2,000			–	2,000
15 March 2019	28,804	15 March 2020	28,557		(28,263)	(294)	–
18 March 2019	9,461	12 March 2021	9,337			(258)	9,079
19 March 2019	41,531	19 March 2022	40,219			(2,872)	37,347
6 June 2019	1,355	20 March 2022	1,355		(135)	–	1,220
18 October 2019	2,000	30 March 2021	2,000			–	2,000
21 October 2019	20,000[(b)]	30 March 2022	20,000			–	20,000
18 December 2019	3,000[(b)]	31 March 2021	3,000			(600)	2,400
10 January 2020	1,300	10 January 2021		1,300		–	1,300
20 April 2020	58,809	20 April 2021		58,809		(332)	58,477
21 April 2020	18,479	21 April 2022		18,479		(68)	18,411
22 April 2020	45,325	22 April 2023		45,325		(1,373)	43,952
23 April 2020	1,000	23 April 2021		1,000		–	1,000
24 April 2020	2,000	24 April 2022		2,000		–	2,000
30 April 2020	4,900	30 April 2021		4,900		(300)	4,600
1 October 2020	89	1 October 2021		89		–	89
TOTAL	**354,083**		**216,094**	**131,902**	**(75,511)**	**(28,410)**	**244,075**

(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

	31/12/2020
Dividend rate	6.0%
Risk-free interest rate	0.0%

Treasury shares

The acquisition cost of treasury shares was €23.9 million at 31 December 2020 for 139,322 shares (including 139,095 shares intended for allotment to employees under free share grant or stock option plans and 227 shares allocated to a liquidity contract), compared with €33.1 million at 31 December 2019 for 166,408 shares (including 165,675 shares intended for allotment to employees under free share grant or stock option plans and 733 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 €-15.0 million before tax at 31 December 2020 (€-10.9 million after tax) compared with €-21.0 million at 31 December 2019 (€-15.0 million before tax).

The negative impact on cash flow from purchases and disposals over the period came to €-5.9 million at 31 December 2020 compared to +€0.4 million at 31 December 2019.

6.1.2 Dividends proposed and paid

Dividends paid

(€ millions)	31/12/2020	31/12/2019
Paid in current year in respect of previous year:		
Dividend per share (€)	*9.00*	*12.75*
Payment to shareholders of the Altarea Group	149.1	202.6
Proportional payment to the general partner (1.5%)	2.3	3.0
TOTAL	**151.4**	**205.6**
Offer to convert dividends into shares:		
Subscription price *(€)*	120.79	156.55
Total amount of conversion into shares	**61.4**	**93.8**
Rate of conversion of dividends into shares on the 50% option	*82.28%*	*92.63%*

Proposed payment in respect of 2020

A dividend of €9.50/share will be proposed to the General Shareholders' Meeting of 30 June 2021, for the financial year 2020.

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.

6.2 Net financial debt and guarantees

Current and non-current borrowings and financial liabilities, and net cash

			"Non-cash" change					
(€ millions)	31/12/2019	Cash flow	Spreading of issue costs	Change in scope of consolidation	Update	Change in method	Reclassification	31/12/2020
Bonds (excluding accrued interest)	1,613.5	337.7	(0.8)	–	–	–	(0.0)	1,950.4
Short and medium term negotiable securities	739.5	(86.5)	–	–	–	–	–	653.0
Bank borrowings, excluding accrued interest and overdrafts	931.0	(102.7)	11.4	(3.3)	–	–	–	836.4
Net bond and bank debt, excluding accrued interest and overdrafts	**3,284.0**	**148.5**	**10.6**	**(3.3)**	**–**	**–**	**(0.0)**	**3,439.7**
Accrued interest on bond and bank borrowings	18.8	7.6	–	–	–	–	–	26.5
BOND AND BANK DEBT, EXCLUDING OVERDRAFT	**3,302.8**	**156.2**	**10.6**	**(3.3)**	**–**	**–**	**(0.0)**	**3,466.2**
Cash and cash equivalents	(830.2)	(447.3)	–	–	–	–	0.0	(1,277.5)
Bank overdrafts	2.7	1.2	–	–	–	–	–	3.9
Net cash	**(827.5)**	**(446.1)**	**–**	**–**	**–**	**–**	**0.0**	**(1,273.6)**
NET BOND AND BANK DEBT	**2,475.3**	**(290.0)**	**10.6**	**(3.3)**	**–**	**–**	**0.0**	**2,192.6**
Equity loans and Group and partners' advances*	246.6	19.7	–	3.7	–	–	(0.0)	270.0
Accrued interest on shareholders' advances	5.7	(5.1)	–	–	–	–	–	0.7
Lease liabilities	23.2	(10.3)	–	–	–	–	137.5	150.4
Contractual fees on investment properties	143.4	4.1	–	–	–	–	31.4	178.8
NET FINANCIAL DEBT	**2,894.3**	**(281.6)**	**10.6**	**0.4**	**–**	**–**	**168.9**	**2,792.5**

** O/w allocation of earnings to shareholder current accounts for €8.7 million.*

6.2.1 Net financial bond and bank debt

Group net financial bond and bank debt amounted to €2,192.6 million at 31 December 2020 compared to €2,475.3 million at 31 December 2019.

During the financial year, the Group notably:

- placed a €300 million Altarea bond in December, maturing in nine years (16 January 2030), with a fixed annual coupon of 1.75%;
- bought back through a public offer launched on 7 December 2020, €114.5 million of Altarea bonds maturing in July 2024 and with an annual coupon of 2.25%;
- placed €80 million and €70 million (in July and October, respectively) in bonds assimilated to the Altareit 2.875% 07/2025 issue, bringing the total nominal amount of this issue to €500 million;
- redeemed early €211 million of mortgage loans;
- arranged or extended €120 million of term loans;
- arranged or extended up to €550 million of drawable revolving loans;
- reduced issues of medium- and short-term securities by €87 million. The Group continued to make use of short- and medium-term resources *via* NEU-CP (issues up to one year) and NEU-MTN (issues in excess of one year) programmes.

All financing was not fully drawn at 31 December 2020.

The changes in scope are mainly related to movements within the Property Development business.

Borrowing costs are analysed in the note on earnings.

Net cash

Marketable securities classified as cash equivalents (of a non-material amount on a Group level) are recognised at fair value at each reporting date (see section 2.4.10 of Accounting principles and methods).

Breakdown of bank and bond debt by maturity

(€ millions)	31/12/2020	31/12/2019
< 3 months	271.9	429.5
3 to 6 months	894.2	192.1
6 to 9 months	91.7	127.7
9 to 12 months	88.0	75.2
Less than 1 year	**1,345.8**	**824.5**
2 years	153.0	653.7
3 years	124.2	79.2
4 years	451.6	98.2
5 years	540.0	570.3
1 to 5 years	**1,268.7**	**1,401.4**
More than 5 years	**869.8**	**1,094.6**
Issuance cost to be amortised	(14.2)	(15.1)
TOTAL GROSS BOND AND BANK DEBT	**3,470.1**	**3,305.5**

The increase in the portion of bond and bank debt due in less than one year is mainly explained by the increase in marketable securities and their maturity schedule, by the reduction in mortgage debt on Cap 3000 and by the maturing of bonds issued by Altarea in 2014.

Breakdown of bank and bond debt by guarantee

(€ millions)	31/12/2020	31/12/2019
Mortgages	400.0	506.0
Mortgage commitments	150.6	184.3
Moneylender lien	11.6	13.7
Pledging of receivables	–	–
Altarea SCA security deposit	200.0	150.0
Not Guaranteed	2,722.1	2,466.6
TOTAL	**3,484.3**	**3,320.6**
Issuance cost to be amortised	(14.2)	(15.1)
TOTAL GROSS BOND AND BANK DEBT	**3,470.1**	**3,305.5**

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
As of 31 December 2020	1,495.2	1,974.9	3,470.1
As of 31 December 2019	1,606.3	1,699.2	3,305.5

The market value of fixed rate debt stood at €2,050.9 million at 31 December 2020 compared to €1,783.5 million at 31 December 2019.

Schedule of future interest expenses

(€ millions)	31/12/2020	31/12/2019
< 3 months	3.7	4.2
3 to 6 months	9.0	10.5
6 to 9 months	14.1	17.3
9 to 12 months	4.9	8.8
LESS THAN 1 YEAR	**31.7**	**40.8**
2 years	49.4	68.5
3 years	47.0	57.6
4 years	45.4	54.7
5 years	37.0	49.5
1 TO 5 YEARS	**178.7**	**230.4**

These future interest expenses concern borrowings and financial instruments, and are presented exclusive of accrued interest not payable.

6.2.2 Lease liabilities

Lease liabilities are debts mainly relating to real estate leases and vehicle leases (respectively for the premises occupied and the vehicles used by Group employees).

These liabilities amounted to €150.4 million at 31 December 2020 compared to €23.2 million at 31 December 2019. The increase is mainly due to the effective date of the lease of the Group's new head office, rue de Richelieu in Paris. They seen in light of the right-of-use assets on tangible and intangible assets.

6.2.3 Contractual fees on Investment properties

Contractual fees on investment properties, which are economically different in nature from rental obligations, concern debts relating to temporary occupancy authorisations and construction leases on retail assets (mainly stations).

They amounted to €178.8 million at 31 December 2020 compared to €143.4 million at 31 December 2019 and are to be seen in light of the right-of-use assets on investment properties (assets that generate income).

6.2.4 Breakdown by due date for lease liabilities and contractual fees on investment properties

(€ millions)	31/12/2020	31/12/2019
< 3 months	2.5	4.6
3 to 6 months	1.7	4.3
6 to 9 months	19.9	3.9
9 to 12 months	0.9	4.2
Less than 1 year	**25.1**	**17.1**
2 years	17.7	30.0
3 years	16.1	4.9
4 years	15.8	3.4
5 years	16.2	3.1
1 to 5 years	**65.9**	**41.4**
More than 5 years	**238.4**	**108.1**
TOTAL LEASE LIABILITIES AND CONTRACTUAL FEES ON INVESTMENT PROPERTIES	**329.3**	**166.6**

6.2.5 Elements of net debt set out in the cash flow table

(€ millions)	**Cash flow**
Issuance of debt and other financial liabilities	1,827.0
Repayment of borrowings and other financial liabilities	(1,667.5)
Change in borrowing and other financial liabilities	**159.5**
Repayment of lease liabilities	(6.3)
Change in cash balance	446.1
TOTAL CHANGE IN NET FINANCIAL DEBT (TFT)	**599.4**
Net bond and bank debt, excluding accrued interest and overdrafts	148.5
Net cash	446.1
Equity loans and Group and partners' advances	19.7
Lease liabilities	(10.3)
Contractual fees on investment properties	4.1
Allocation of income to shareholder current accounts	(8.7)
TOTAL CHANGE IN NET FINANCIAL DEBT	**599.4**

6.3 Provisions

(€ millions)	**31/12/2020**	**31/12/2019**
Provision for benefits payable at retirement	14.9	14.5
Other provisions	9.1	10.6
TOTAL PROVISIONS	**24.0**	**25.1**

Provision for benefits payable at retirement was measured, as in previous financial years, by an external actuary. The valuation and accounting principles are detailed in the Company's accounting principles and methods. The main assumptions used to assess the commitment are the staff turnover rate, the discount rate and the salary increase rate: a variation of +/-0.25% of these last two criteria would not result in no significant impact.

Other provisions primarily cover:

- 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

	Investment properties				
(€ millions)	Measured at fair value	Measured at cost	Right-of-use asset		Total Investment properties
As of 31 December 2019	**3,826.2**	**509.3**	**136.7**	**335.0**	**4,807.2**
Subsequent investments and expenditures capitalised	10.9	117.4	–	–	128.3
Change in spread of incentives to buyers	20.3	–	–	0.7	20.9
Disposals/repayment of down payments made	–	–	–	(226.9)	(226.9)
Net impairment/project discontinuation	–	(59.8)	–	–	(59.8)
Transfers to assets held for sale or to or from other categories	362.2	(355.8)	–	(24.3)	(18.0)
New right-of-use assets	–	–	31.4	–	31.4
Change in fair value	(570.5)	–	(3.5)	(7.2)	(581.1)
AS OF 31 DECEMBER 2020	**3,649.0**	**211.1**	**164.6**	**77.4**	**4,102.0**

At 31 December 2020, interest expenses amounting to €1.5 million were capitalised in respect of projects under development and construction.

Investment properties at fair value

The primary movements concern:

- the sale of the Italian shopping centers Le Due Torri and Le Corte Lombarda;
- the transition to fair value of the extension of the Cap 3000 shopping center in Saint-Laurent-du-Var and the third phase of the Paris-Montparnasse station;
- changes in fair value of shopping centres in operation.

Investment properties valued at cost

The assets under development and under construction recognised at cost mainly concern the development and redevelopment projects of shopping centres in France.

All Cap 3000 assets are now classified as Investment properties measured at fair value.

The Group reviewed all of its ongoing projects and recorded impairment charges where it deemed necessary in view of the current health crisis.

Rights of use on Investment properties

The right-of-use asset relating to the Investment properties correspond to the valuation in accordance with IFRS 16:

- temporary occupation authorisation contracts for Investment properties; and
- previous leasing agreements recorded in the accounts under IAS 17 as investment property at fair value and at cost.

The New right-of-use asset line comprises the third phase of Montparnasse and the indexation of existing contracts.

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 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.

		Initial capitalisation rate[a]	Rent in € per m²[b]	Discount rate[c]	Capitalisation rate at exit[d]	AAGR of net rental income[e]
France	Maximum	7.9%	1,041	7.9%	6.9%	7.1%
	Minimum	3.8%	41	5.3%	3.7%	1.3%
	Weighted average	**5.0%**	**420**	**6.3%**	**5.0%**	**3.3%**

(a) The initial capitalisation rate is the net rental income relative to the appraisal value excluding transfer duties.
(b) Annual average rent (minimum guaranteed rent plus variable rent) per asset and m².
(c) Rate used to discount the future cash flows.
(d) Rate used to capitalise the revenue in the exit year in order to calculate the asset's exit value.
(e) 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 €-160.0 million in the value of investment properties (-4.8%), while a 0.25% decrease in capitalisation rates would increase the value of investment properties by €185.4 million (+5.62%).

Breakdown of the portfolio measured at fair value by asset type

(€ millions)	31/12/2020	31/12/2019
Regional shopping centres	2,489.0	2,611.4
Travel retail	442.6	449.3
Retail parks	625.0	673.4
Others	92.4	92.0
TOTAL	**3,649.0**	**3,826.2**

Investment working capital requirement

(€ millions)	Receivables on fixed assets	Amounts due on non-current assets	Investment WCR
As of 31 December 2019	**5.6**	**(145.1)**	**(139.6)**
Variations	(3.3)	(50.8)	(54.1)
Present value adjustment	–	–	–
Transfers	–	16.0	16.0
Change in scope of consolidation	–	–	–
As of 31 December 2020	**2.2**	**(179.9)**	**(177.6)**
Change in WCR at 31 December 2020	**(3.3)**	**(50.8)**	**(54.1)**

Net acquisitions of assets and capitalised expenditures

(€ millions)	31/12/2020	31/12/2019
Type of non-current assets acquired		
Intangible assets	(7.2)	(1.1)
Property plant and equipment	(17.0)	(4.9)
Investment properties	(101.5)	(185.9)
TOTAL	**(125.7)**	**(192.0)**

7.2 Goodwill and other intangible assets

(€ millions)	Gross values	Amortisation and/or impairment	31/12/2020	31/12/2019
Goodwill	**449.9**	**(240.6)**	**209.4**	**209.4**
Brands	**105.4**	**–**	**105.4**	**105.4**
Customer relationships	**192.9**	**(192.9)**	**–**	**0.6**
Software applications, patents and similar rights	54.1	(38.8)	15.3	15.7
Leasehold Right	0.3	(0.0)	0.3	0.3
Others	0.1	(0.0)	0.1	0.0
Other intangible assets	**54.5**	**(38.8)**	**15.7**	**16.1**
TOTAL	**802.7**	**(472.3)**	**330.4**	**331.4**

(€ millions)	31/12/2020	31/12/2019
Net values at beginning of the period	**331.4**	**313.7**
Acquisitions of intangible assets	7.2	1.1
Disposals and write-offs	(2.2)	(0.0)
Changes in scope of consolidation and other	1.0	21.1
Net allowances for depreciation	(6.9)	(4.5)
NET VALUES AT THE END OF THE PERIOD	**330.4**	**331.4**

Goodwill generated by the Property development business

Goodwill is mainly acquisitions of Cogedim, Pitch Promotion and Histoire & Patrimoine.

Impairment tests were carried out on the basis of business assumptions in light of economic forecasts; these assumptions are based on the historical data on Property Development.

The main assumptions used to calculate the enterprise value are as follows:

- the discounting rate is 9.0%;
- the unrestricted cash flow within the horizon of the business plan is based on hypotheses relating to the volume of business and operating margin which includes the financial and market assumptions known as of the date of compilation;
- the discounting rate to infinity is 1.5%.

At 31 December 2020, on the basis of these assumptions, the fair value of the economic assets in the Residential and Business property segments are greater than their net book value. No impairment needs to be recorded in the financial statements.

Sensitivity of +/-1% on the discounting rate and of +/-0.5% on the discounting rate to infinity, would lead to valuations of the economic assets for the Residential segment on the one hand and the Business property segment on the other hand which remain greater than their book value as at 31 December 2020.

Brands

The Group owns the following brands: Cogedim, Pitch Promotion, Histoire & Patrimoine and Severini. These brands, of a total value of €105.4 million, have an indefinite useful life and are thus not amortised.

The brands were tested and no impairment was recognised as of 31 December 2020.

7.3 Right-of-use on tangible and intangible fixed assets

(€ millions)	Land and Constructions	Vehicles	Others	Gross right-of-use	Depr./Amort. Land and Constructions	Depr./Amort. Vehicles	Depr./Amort. Others	Depr./Amort.	Net right-of-use
As of 31 December 2019	**43.4**	**3.7**	**3.9**	**51.1**	**(24.0)**	**(1.7)**	**(2.0)**	**(27.8)**	**23.4**
New contracts/Increases	139.8	1.7	0.0	141.5	(17.0)	(1.4)	(1.1)	(19.5)	122.0
Contract terminations/Reversals	(31.1)	(0.7)	(0.8)	(32.7)	26.2	0.6	0.8	27.6	(5.0)
AS OF 31 DECEMBER 2020	**152.1**	**4.7**	**3.1**	**159.9**	**(14.8)**	**(2.5)**	**(2.3)**	**(19.6)**	**140.3**

Those Group companies having signed rental contracts within the scope of IFRS 16 – Leases, record as assets on the balance sheet, in the form of the right-of-use asset, all leases (mainly leases for premises used by Group employees, vehicle leasing) in exchange for a lease liabilities.

The term used corresponds to the fixed period of the commitment as well as to any optional periods for which there is a reasonable expectation of these being exercised.

The increase over the year is mainly due to the entry into force of the lease of the Group's new head office, rue de Richelieu in Paris.

7.4 Operational working capital requirement

Summary of components of operational working capital requirement

			Flows		
(€ millions)	31/12/2020	31/12/2019	Created by the business	Changes in consolidation scope and transfer	Change in consolidation method
Net inventories and work in progress	**859.3**	**1,064.5**	**(234.3)**	**29.1**	**–**
Contract assets	**741.2**	**564.9**	**176.4**	**(0.1)**	**–**
Net trade receivables	334.7	296.8	38.1	(0.2)	–
Other operating receivables net	491.1	497.5	(6.0)	(0.4)	–
Trade and other operating receivables net	**825.8**	**794.3**	**32.1**	**(0.6)**	**–**
Contract liabilities	**(177.3)**	**(168.8)**	**(8.6)**	**–**	**–**
Trade payables	(1,094.4)	(1,019.6)	(58.5)	(16.3)	(0.0)
Other operating payables	(524.1)	(474.8)	(51.1)	1.8	–
Trade payables and other operating liabilities	**(1,618.5)**	**(1,494.5)**	**(109.6)**	**(14.4)**	**(0.0)**
OPERATIONAL WCR	**630.4**	**760.5**	**(144.0)**	**13.9**	**(0.0)**

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 business.

The changes in scope are mainly related to scope movements within the Property Development business.

7.4.1 Inventories and pipeline products

(€ millions)	Gross inventories	Impairment	Net inventories
At 1 January 2019	**995.4**	**(8.9)**	**986.6**
Change	74.9	(0.0)	74.9
Increases	–	(17.2)	(17.2)
Reversals	–	3.8	3.8
Transfers to or from other categories	1.1	0.2	1.3
Change in scope of consolidation	17.9	(2.6)	15.3
As of 31 December 2019	**1,089.2**	**(24.7)**	**1,064.5**
Change	(237.3)	0.0	(237.3)
Increases	–	(6.7)	(6.7)
Reversals	–	9.7	9.7
Transfers to or from other categories	20.0	(0.1)	19.9
Change in scope of consolidation	9.1	0.1	9.2
AS OF 31 DECEMBER 2020	**881.0**	**(21.7)**	**859.3**

The change in inventories is mainly due to changes in the Group's Property Development business.

The changes in scope are mainly related to scope movements within the Property Development business.

7.4.2 Trade and other receivables

(€ millions)	31/12/2020	31/12/2019
Gross trade receivables	**371.5**	**320.3**
Opening impairment	**(23.5)**	**(20.6)**
Increases	(17.0)	(7.2)
Change in scope of consolidation	(0.2)	(0.1)
Reversals	3.7	4.3
Other changes	**0.1**	**0.0**
Closing impairment	**(36.8)**	**(23.5)**
NET TRADE RECEIVABLES	**334.7**	**296.8**
Advances and down payments paid	41.4	50.8
VAT receivables	318.8	339.2
Sundry debtors	34.2	30.5
Prepaid expenses	65.1	53.8
Principal accounts in debit	32.8	26.1
Total other operating receivables gross	**492.2**	**500.4**
Opening impairment	**(2.9)**	**(0.3)**
Increases	(0.3)	(2.6)
Change in scope of consolidation	–	(0.1)
Reclassification	(0.0)	(0.0)
Reversals	2.0	0.2
Closing impairment	**(1.1)**	**(2.9)**
NET OPERATING RECEIVABLES	**491.1**	**497.5**
TRADE RECEIVABLES AND OTHER OPERATING RECEIVABLES	**825.8**	**794.3**
Receivables on sale of assets	2.2	5.6
TRADE AND OTHER RECEIVABLES	**828.0**	**799.9**

Detail of trade receivables due:

(€ millions)	31/12/2020
Total gross trade receivables	**371.5**
Impairment of trade receivables	(36.8)
TOTAL NET TRADE RECEIVABLES	**334.7**
Trade accounts to be invoiced	(31.0)
Receivables lagging completion	(28.9)
TRADE ACCOUNTS RECEIVABLE DUE	**274.8**

(€ millions)	Total	On time	At 30 days	At 60 days	At 90 days	More than 90 days
Trade accounts receivable due	274.8	99.5	2.9	74.3	9.7	88.4

Trade receivables

The Group carries out a case-by-case analysis to assess the credit risk of its tenants in centres in operation, and to write down, if necessary, the receivables of tenants where there is evidence that the Company will not be able to collect all amounts due.

In the context of the COVID-19 crisis, the Group has created a special monitoring process for trade receivables in the Retail business.

At 31 December 2020, impairment of trade receivables included a €17.0 million provision for COVID-19 impacts.

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.

Advances and down payments paid

Advances and down payments correspond primarily to compensation for loss of use paid by the Group 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.

7.4.3 Trade and other payables

(€ millions)	31/12/2020	31/12/2019
TRADE PAYABLES AND RELATED ACCOUNTS	**1,094.4**	**1,019.6**
Advances and down payments received from clients	36.8	7.1
VAT collected	300.7	275.3
Other tax and social security payables	43.7	57.1
Prepaid income	7.2	8.1
Other payables	102.9	101.1
Principal accounts in credit	32.9	26.1
OTHER OPERATING PAYABLES	**524.1**	**474.8**
Amounts due on non-current assets	179.9	145.1
TRADE AND OTHER PAYABLES	**1,798.4**	**1,639.6**

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

As of 31 December 2020

			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 profit and loss	Level 1[(a)]	Level 2[(b)]	Level 3[(c)]
NON-CURRENT ASSETS	**592.2**	**255.4**	**333.4**	**–**	**3.4**	**–**	**–**	**–**	**3.4**
Securities and investments in equity affiliates	579.6	255.4	324.2	–	–	–	–	–	–
Non-current financial assets	12.6	–	9.2	–	3.4				3.4
CURRENT ASSETS	**2,128.6**	**–**	**2,067.1**	**–**	**–**	**61.5**	**60.4**	**1.1**	**–**
Trade and other receivables	828.0	–	828.0	–	–	–	–	–	–
Current assets	22.0	–	22.0	–	–		–	–	–
Derivative financial instruments	1.1	–	–	–	–	1.1	–	1.1	–
Cash and cash equivalents	1,277.5	–	1,217.1	–	–	60.4	60.4	–	–
NON-CURRENT LIABILITIES	**2,536.8**	**–**	**–**	**2,536.8**	**–**	**–**	**–**	**–**	**–**
Borrowings and financial liabilities	2,500.2	–	–	2,500.2	–	–	–	–	–
Deposits and security interests received	36.6	–	–	36.6	–	–	–	–	–
CURRENT LIABILITIES	**3,404.5**	**–**	**–**	**3,368.2**	**–**	**36.3**	**–**	**36.3**	**–**
Borrowings and financial liabilities	1,569.8	–	–	1,569.8	–	–	–	–	–
Derivative financial instruments	36.3	–	–	–	–	36.3	–	36.3	–
Trade and other payables	1,798.4	–	–	1,798.4	–	–	–	–	–

(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.

As of 31 December 2019 – restated

			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 profit and loss	Level 1[(a)]	Level 2[(b)]	Level 3[(c)]
NON-CURRENT ASSETS	**576.4**	**210.8**	**332.0**	**–**	**33.6**	**–**	**–**	**–**	**33.6**
Securities and investments in equity affiliates	532.1	210.8	321.3	–	–	–	–	–	–
Non-current financial assets	44.3	–	10.6	–	33.6	–	–	–	33.6
CURRENT ASSETS	**1,658.5**	**–**	**1,655.4**	**–**	**–**	**3.1**	**1.9**	**1.2**	**–**
Trade and other receivables	799.9	–	799.9	–	–	–	–	–	–
Current assets	27.3	–	27.3	–	–	–	–	–	–
Derivative financial instruments	1.2	–	–	–	–	1.2	–	1.2	–
Cash and cash equivalents	830.2	–	828.2	–	–	1.9	1.9	–	–
NON-CURRENT LIABILITIES	**2,745.2**	**–**	**–**	**2,745.2**	**–**	**–**	**–**	**–**	**–**
Borrowings and financial liabilities	2,708.5	–	–	2,708.5	–	–	–	–	–
Deposits and security interests received	36.7	–	–	36.7	–	–	–	–	–
CURRENT LIABILITIES	**2,753.8**	**–**	**–**	**2,655.6**	**–**	**98.2**	**–**	**98.2**	**–**
Borrowings and financial liabilities	1,016.0	–	–	1,016.0	–	–	–	–	–
Derivative financial instruments	98.2	–	–	–	–	98.2	–	98.2	–
Trade and other payables	1,639.6	–	–	1,639.6	–	–	–	–	–

(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.

8.2 Interest rate risk

The Group holds a portfolio of swaps and caps designed to hedge against interest rate risk on its financial debts.

The Group has been financed either through the mortgage markets or the bank lending markets (revolving loans or term loans). The financings were concluded at variable rates and then hedged in the form of swaps or caps.

For a few years now, the Group has completely modified this financing structure, with recourse now being mainly to the lending markets. This modification to the financial methods used and the increasing recourse to fixed-rate bonds have changed the previous hedging strategy.

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 €1.0 million on net income for the period.

Position in derivative financial instruments

(€ millions)	31/12/2020	31/12/2019
Interest-rate swaps	(30.2)	(97.5)
Interest-rate caps	–	0.0
Accrued interest not yet due	0.5	0.4
Premiums and balances outstanding	(5.5)	–
TOTAL	**(35.2)**	**(97.0)**

Derivatives were valued by discounting future cash flows estimated according to interest rate curves at 31 December 2020.

Maturity schedule of derivative financial instruments (notional amounts)

As of 31 December 2020

(€ millions)	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Altarea – pay fixed – swap	750.0	500.0	500.0	500.0	500.0	–
Altarea – pay floating rate – swap	400.0	400.0	400.0	400.0	–	–
Altarea – pay fixed – collar	–	–	–	–	–	–
Altarea – pay fixed – cap	75.0	–	–	–	–	–
TOTAL	**1,225.0**	**900.0**	**900.0**	**900.0**	**500.0**	**–**
Average hedge ratio	0.35%	0.35%	0.35%	0.35%	0.31%	-

As of 31 December 2019

(€ millions)	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024
Altarea – pay fixed – swap	1,009.3	833.4	582.5	581.6	580.7	579.9
Altarea – pay floating rate – swap	630.0	450.0	400.0	400.0	400.0	–
Altarea – pay fixed – collar	–	–	–	–	–	–
Altarea – pay fixed – cap	75.0	75.0	–	–	–	–
TOTAL	**1,714.3**	**1,358.4**	**982.5**	**981.6**	**980.7**	**579.9**
Average hedge ratio	0.34%	0.67%	0.60%	0.60%	0.60%	0.56%

Management position

As of 31 December 2020

(€ millions)	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Fixed-rate bond and bank loans	(1,974.9)	(1,720.3)	(1,720.2)	(1,720.1)	(1,334.5)	(834.4)
Floating-rate bank loans	(1,495.2)	(404.1)	(251.2)	(127.1)	(61.1)	(21.3)
Cash and cash equivalents (assets)	1,277.5	–	–	–	–	–
Net position before hedging	**(2,192.6)**	**(2,124.4)**	**(1,971.4)**	**(1,847.2)**	**(1,395.6)**	**(855.6)**
Swap	1,150.0	900.0	900.0	900.0	500.0	–
Collar	–	–	–	–	–	–
Cap	75.0	–	–	–	–	–
Total derivative financial instruments	**1,225.0**	**900.0**	**900.0**	**900.0**	**500.0**	**–**
NET POSITION AFTER HEDGING	**(967.6)**	**(1,224.4)**	**(1,071.4)**	**(947.2)**	**(895.6)**	**(855.6)**

As of 31 December 2019

(€ millions)	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024
Fixed-rate bond and bank loans	(1,699.2)	(1,681.2)	(1,450.4)	(1,449.6)	(1,448.7)	(947.9)
Floating-rate bank loans	(1,606.3)	(799.8)	(376.8)	(298.5)	(201.1)	(131.6)
Cash and cash equivalents (assets)	830.2	–	–	–	–	–
Net position before hedging	**(2,475.3)**	**(2,481.0)**	**(1,827.2)**	**(1,748.1)**	**(1,649.9)**	**(1,079.5)**
Swap	1,639.3	1,283.4	982.5	981.6	980.7	579.9
Collar	–	–	–	–	–	–
Cap	75.0	75.0	–	–	–	–
Total derivative financial instruments	**1,714.3**	**1,358.4**	**982.5**	**981.6**	**980.7**	**579.9**
NET POSITION AFTER HEDGING	**(761.1)**	**(1,122.6)**	**(844.7)**	**(766.4)**	**(669.1)**	**(499.7)**

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
31/12/2020	+50 bps -50 bps	+€1.3 million €-1.6 million	+€6.3 million €-6.5 million
31/12/2019	+50 bps -50 bps	+€2.2 million €-2.1 million	+€32.8 million €-34.0 million

8.3 Liquidity risk

Cash

The Group had a positive cash position of €1,277.5 million at 31 December 2020, compared to €830.2 million at 31 December 2019. This represents its main tool for management of liquidity risk.

Part of this cash is available for the subsidiaries that carry it: as of 31 December 2020, this cash amounted to €521.2 million.

At that date, €756.3 million in cash is available at Group level The Group also has an additional €1,165 million of available cash and cash equivalents (in the form of confirmed corporate credit lines unused and unallocated to projects).

Covenants

The covenants with which the Group must comply concern the listed corporate bond and banking loans, for €1,745 million.

The bond issue subscribed for by Altareit SCA (€500 million) is subject to leverage covenants.

	Altarea Group covenants	31/12/2020	Altarea Group covenants	31/12/2020
Loan To Value (LTV)				
Net bond and bank financial debt/re-assessed value of the Company's assets	<60%	33.0%		
Interest Cover Ratio (ICR)				
Operating income (FFO column or *cash* flow from operations)/ Company's net borrowing cost (FFO column)	> 2	7.3		
Leverage				
Gearing: Net financial debt/Equity			≤ 3.25	0.0
ICR: EBITDA/Net interest expenses			≥ 2	10.1

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 < 60%;
- 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 2020, 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:

	31/12/2020		31/12/2019	
In percentage	% share capital	% voting rights	% share capital	% voting rights
Founding shareholders and the expanded concert party[(a)]	45.85	46.22	45.76	46.22
Crédit Agricole Assurances	24.74	24.94	24.68	24.93
ABP	8.27	8.34	8.25	8.33
Opus Investment BV[(b)]	1.49	1.50	1.33	1.34
Treasury shares	0.81	–	1.00	–
Public + employee investment mutual fund	18.84	19.00	18.98	19.17
TOTAL	**100.00**	**100.00**	**100.00**	**100.00**

(a) The founding shareholders, Alain Taravella and his family, and Jacques Nicolet, and the Chief Executive Officer of Altafi 2, Jacques Ehrmann, 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 the companies Altafi 2 and Atlas which he controls. Alain Taravella is also Chairman of Altafi 2 and Atlas. Jacques Ehrmann is Chief Executive Officer of Altafi 2.

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.

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 €0.2 million. Services invoiced to related parties by the Altarea Group are invoiced on an arm's length basis.

Assets and liabilities toward related parties

	Altafi 2 SAS	
(€ millions)	31/12/2020	31/12/2019
Trade and other receivables	0.0	0.0
TOTAL ASSETS	**0.0**	**0.0**
Trade and other payables[(a)]	0.0	1.2
TOTAL LIABILITIES	**0.0**	**1.2**

(a) Corresponds to the Management's variable compensation.

Compensations of the Management Committee

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.

The fixed remuneration of Management in respect of Altarea and Altareit is €2 million for the year.

The variable Management compensation is calculated in proportion to net income (FFO), Group share, and with the Company's GRESB rating.

It stood at €0. 5 million at 31 December 2020.

The Management decided, given the exceptional circumstances related to the COVID-19 pandemic, to waive part of his compensation in 2020 and 2021: 30% of variable compensation paid in 2020 in respect of 2019 FFO, and all variable compensation paid in 2021 in respect of 2020 FFO. These resolutions were approved by the Shareholders' Meeting of 30 June 2020.

Compensations of the Chairman of the Supervisory Board

Christian de Gournay, in his capacity as Chairman of Altarea's Supervisory Board, received gross compensation in 2019 which is included in the compensation paid to the Group's main Managers stated hereafter.

Compensation of the Group's senior executives

(€ millions)	31/12/2020	31/12/2019
Gross wages[(a)]	4.2	3.8
Social security contributions	1.6	1.5
Share-based payments[(b)]	4.1	4.1
Number of shares delivered during the period	*6,963*	*20,009*
Post-employment benefits[(c)]	0.0	0.0
Other short- or long-term benefits and compensation[(d)]	0.0	0.0
Termination indemnities[(e)]	0.0	–
Employer contribution on bonus shares delivered	0.2	1.1
Post-employment benefit commitment	0.3	0.4

(a) Fixed and variable compensation.
(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	31/12/2020	31/12/2019
Rights to Altarea SCA's bonus share grants	67,603	72,489

The information set out refers to compensation and benefits granted to (i) corporate officers in respect of offices held in subsidiaries, (ii) the Chairman of the Supervisory Board in 2019 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)	31/12/2019	31/12/2020	Less than one year	From one to five years	More than five years
Commitments received					
Commitments received relating to financing (excl. borrowings)	**–**	**–**	**–**	**–**	**–**
Commitments received relating to Company acquisitions	**8.5**	**9.6**	**–**	**4.1**	**5.5**
Commitments received relating to operating activities	**170.5**	**165.3**	**134.2**	**17.2**	**13.9**
Security deposits received in the context of the Hoguet Act (France)	89.4	87,9	87,9	–	–
Security deposits received from tenants	25.6	20.4	2.0	6	12.4
Payment guarantees received from customers	44.6	44.6	42.7	0.4	1.5
Unilateral land sale undertakings received and other commitments	0.3	0.3	–	0.3	–
Other commitments received relating to operating activities	10.7	12.2	1.7	10.5	0.0
TOTAL	**179.0**	**174.8**	**134.2**	**21.2**	**19.4**
Commitments given					
Commitments given relating to financing (excl. borrowings)	**11.0**	**11.0**	**5.0**	**–**	**6**
Commitments given relating to Company acquisitions	**80.7**	**73.4**	**1.5**	**72.0**	**–**
Commitments given relating to operating activities	**2,206.2**	**2,306.7**	**1,160.4**	**1,107.9**	**38.4**
Construction work completion guarantees (given)	1,932.3	1,965.7	1,046.8	913.8	5.0
Guarantees given on forward payments for assets	193.7	235.8	75.1	160.6	0.1
Guarantees for loss of use	40.3	51.0	31.4	17.4	2,1
Other sureties and guarantees granted	39.9	54,3	7,0	16,1	31,2
TOTAL	**2,297.9**	**2,391.2**	**1,166.8**	**1,179.9**	**44.4**

Commitments received

Commitments received relating to acquisitions/disposals

As part of its acquisition of the developer Severini, the Group received a commitment from the sellers to guarantee it until 31 January 2025 against any damage or loss up to €2 million, incurred by the Group as a result of the business activities, with a cause or origin predating 31 March 2018.

The Group and Woodeum Holding arranged a potential liquidity of their securities and secured the Group's ability to buy the balance of the shares not held, should it so wish. The Group has moreover received representations and warranties in the context of this investment.

Commitments received relating to operating activities

Security deposits

As required by France's "Hoguet Act", the Group is covers from specialist bodies in an amount of €87.9 million as a guarantee covering its property management and trading business.

The Group 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 €35.2 million (firm commitment for identified projects);
- 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.

As part of the Crédit Agricole Assurances agreements, the Group has signed a certain number of legal undertakings that restrict the liquidity of its shareholding under certain conditions.

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 joint sales agreements with landowners: the owner undertakes to sell its land and the Group undertakes to purchase it if the conditions precedent (administrative and/or marketing conditions) are lifted.

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 received

The total of minimum future rents to be received under non-cancellable rental agreements over the period amounted to:

(€ millions)	31/12/2020	31/12/2019
Less than one year	124.0	187.3
Between 1 and 5 years	214.3	416.9
More than 5 years	169.1	185.0
GUARANTEED MINIMUM RENT	**507.4**	**789.2**

Rents receivable relate mainly to shopping centres owned by the Group.

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 EVENTS AFTER THE BALANCE SHEET DATE

On 8 February, Carrefour and Altarea announced the signing of a partnership on the transformation and redevelopment of property assets.

Sharing the same desire to be a player in the city of tomorrow, Carrefour and Altarea have decided to partner on the implementation of three urban development projects in Nantes, Sartrouville and Flins/Aubergenville. In total, around 25 hectares of spaces will become living spaces in addition to their initial commercial purpose, thanks to a complete overhaul.

As part of the measures to confront the COVID-19 pandemic, the Ministry of the Economy, Finance and Recovery decided on Friday, 29 January to close all shopping centres with a Gross Leasing Area above 20,000 m^2 and to tighten access restrictions to one person per 10 m^2 for shops over 400 m^2.

After strict application of the decree of 30 January 2021, Altarea announced on 4 February that it would be able to keep open 21 of its 27 Retail sites in France, mainly open-air retail parks, shops in stations and commercial spaces on the ground floor of buildings. This means 68% of the Group share rental base on its French scope can continue to trade.

In any event, this situation does not call into question the going concern principle on which the Group's consolidated financial statements are prepared, given the liquidity at its disposal at 31 December 2020.

NOTE 12 STATUTORY AUDITORS 'FEES

	E&Y				Grant Thornton				Others				Total			
	Amount		%		Amount		%		Amount		%		Amount		%	
(€ millions)	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Statutory audit, certification, examination of individual and consolidated financial statements																
▪ Altarea SCA	0.3	0.3	19%	20%	0.3	0.3	37%	34%	–	–	0%	0%	0.6	0.6	22%	24%
▪ Fully consolidated subsidiaries	1.1	1.1	74%	74%	0.5	0.5	59%	60%	0.3	0.1	100%	100%	1.9	1.7	73%	71%
Services other than the certification of the financial statements																
▪ Altarea SCA	0.0	0.0	0%	1%	0.0	0.0	0%	3%	–	–	0%	0%	0.0	0.0	0%	2%
▪ Fully consolidated subsidiaries	0.1	0.1	6%	5%	0.0	0.0	3%	2%	0.0	–	0%	0%	0.1	0.1	5%	4%
TOTAL	**1.5**	**1.5**	**100%**	**100%**	**0.8**	**0.9**	**100%**	**100%**	**0.3**	**0.1**	**100%**	**100%**	**2.6**	**2.5**	**100%**	**100%**

2.4 Report by the Statutory Auditors on the consolidated financial statements

At the General Shareholders' Meeting of the Altarea company,

Opinion

In accordance with the mission assigned to us by your General Shareholders' Meeting, we have carried out the audit of the consolidated financial statements of Altarea relating to the year ended 31 December 2020, 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 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 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 carried out our audit mission in compliance with the independence rules provided for by the French Commercial Code and the Code of Ethics of the Statutory Auditors on the period from 1 January 2020 at the date of issue of our report, and in particular we have not provided services prohibited by Article 5 (1) of Regulation (EU) no. 537/2014.

Basis for our assessments – Key points of the audit

The global crisis triggered by the COVID-19 pandemic meant that the financial statements for this year had to be prepared and audited under special conditions. The crisis and exceptional measures taken in response had many consequences for companies, particularly their business and finances, and created doubts about their future prospects. Some of these measures, such as travel restrictions and remote working, also impacted companies' internal organisation and the conduct of audits.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most important for the audit of the consolidated financial statements for the year, as well as the responses we have provided to address 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.

Valuation of goodwill and brands

Risk identified	Our response
As of 31 December 2020, goodwill and brands were recorded in the balance sheet in a net carrying amount of €315 million, of which €209 million in goodwill mainly relating to the acquisitions of Cogedim, Pitch Promotion and Histoire & Patrimoine, and €105 million in goodwill mainly 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. For goodwill, as indicated in Note 2.4.7 to the consolidated financial statements, an impairment loss is recognized if the carrying amount of the assets (and certain associated liabilities) in the balance sheet is greater than the recoverable value of the cash-generating unit (CGU) or group of CGUs. The recoverable amount is defined as the highest amount between the sale price net of the costs which might be incurred in order to conduct the sale 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. Brands are tested individually. Their recoverable amount is determined using the royalty method. 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, it being specified that, as indicated in Note 2.2 of the appendix, the accounting estimates for the financial statements at 31 December 2020 were made in a context of economic and health crisis related to COVID-19 and the Group has taken into account the reliable information available to it at the date of preparation of the consolidated financial statements regarding the impacts of this crisis.	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: ▪ obtaining an understanding of the principles and methods used to determine the recoverable amounts of the CGUs to which the goodwill is attached, as well as the corresponding net assets; ▪ reconciling the net carrying amounts of the net assets attached to the CGUs tested with the Group's accounting data; ▪ analyzing, with the help of the valuation experts in our audit teams, the valuation models used as well as the long-term growth rates, discount rates and royalty rates applied in these models; ▪ examining, through discussions with management, the main assumptions on which the budget estimates underlying the cash flows on which the valuation models are based. To this end, we compared the estimates of cash flow projections from previous periods to the actual results achieved. We examined management's allowance for the COVID-19 crisis and compared the results of the sensitivity analyses conducted by management against 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 or construction

Risk identified	Our response
The Group's investment properties portfolio consists of properties in operation and properties under development or construction on a proprietary basis. As of 31 December 2020, investment properties were recorded in the balance sheet at a carrying amount of €4,025 million, or 45% of total assets, including €3,649 million in investment properties measured at fair value, €211 million in investment properties measured at cost and €165 million of rights of use on investment properties. 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 on external appraisals giving valuations inclusive of duties less the amount of duties corresponding to transfer fees and duties. Appraisers use two valuation 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; ▪ and a method based on the capitalisation 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. The valuation of an investment property is a complex estimation exercise that requires significant judgments on the part of management, based on the reports of independent appraisers. These estimates incorporate assumptions about discount rates, yields and rental data which depend on market trends and may prove different in the future. In the case of the 31 December 2020 financial statements, they also had to be conducted in the context of the COVID crisis. We considered the valuation of investment properties to be a key audit matter due to the amounts involved and the significant degree of judgment involved in the main assumptions used in the valuation of investment properties.	We reviewed the valuation process of the investment properties in operation and investment properties under development or construction used by the Group. The work also involved: ▪ assessing the independence of property appraisers by examining the application of the Group's rules on rotation and remuneration and their competence as attested by professional qualifications and experience; ▪ taking note of the written instructions given by the Group's management to the appraisers, detailing the nature of their work and the scope and limits of their work, ▪ examining, on a sample basis, the consistency of the information provided by the finance department to the appraisers for the fair-value appraisal of properties, with data such as rental statements, accounting data and the investment expenditure budget; ▪ analysing the valuation assumptions used by the appraisers, in particular discount rates, yields, rental data and market rental values, by comparing them with available market data; ▪ studying the way in which the independent appraisers took into account the impact of COVID-19 in their valuation of assets, in particular assumptions on rents, vacancy and resale. ▪ interviewing some of the property appraisers in the presence of representatives of the Finance Department, and with the help of the valuation experts in our team, assessing the consistency and relevance of the valuation method applied and significant judgements made; ▪ comparing the property appraisal values with the values recognised in the consolidated financial statements. Moreover, for investment properties under development or 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 or construction recorded at cost, we analyzed, 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.

Valuing deferred tax assets relating to tax losses

Risk identified	Our response
As of 31 December 2020, deferred tax assets relating to tax loss carryforwards amounted to €79 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 drawn up for a reasonable period. Deferred taxes relating to the recognition of tax losses are primarily for losses recognised in the Altareit tax group, and for losses part-recognised in the taxable sector of Altarea SCA and Foncière Altarea SAS. We considered the measurement of the recoverable amount of deferred tax assets resulting from tax loss carryforwards as a key point in the audit 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, in the context of COVID-19, 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 2020, the property inventories are recognized in the balance sheet for an amount of €860 million and net property income stands at €224 million for the financial year 2020. 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. All property development/off-plan sales and property development contract transactions are concerned by this method. For these programmes, revenue from notarized 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 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 property development contract 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 and the necessary judgments made by management for the recognition of these items, particularly in the context of the COVID-19 economic and health crisis, we considered the assessment of these items to be a key audit matter.	Our approach involved examining the assumptions made by management in estimating the profit on property developments, and notably assumptions regarding selling prices, land acquisition costs, construction costs, service fees and internal expenses. We compared the technical completion rates of developments representing significant revenue and costs (net property income) with external confirmations conducted by the main contractors for construction costs and notarised deeds for land costs. 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 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 the associated net property income generated during the year and recorded in the consolidated financial statements using income at completion and rates of commercial and technical completion. The measurement of inventories for projects not yet available for sale, and projects delivered, on the other hand, was the subject of special attention in the context of COVID-19. 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.

Special verifications

We also carried out specific verification, as required by law, of information relating to the Group provided in the Management Board's management report, in accordance with professional standards applicable in France.

We have no comments to report with respect to the fairness of their presentation and consistency with the consolidated financial statements.

We confirm that the Consolidated Declaration on Extra-Financial Performance specified in Article L. 225-102-1 of the French Commercial Code appears in the information related to the Group set out in the management report it being specified that in accordance with the provisions of Article L. 823-10 of the Code, we have not verified the sincerity or consistency of the information contained in this Declaration with the consolidated financial statements and must be the subject of a report conducted by an independent third-party organisation.

Other verifications or information required by laws and regulations

Presentation format of the consolidated financial statements included in the annual financial report

We have also verified, in accordance with the professional standards of the Statutory Auditors relating to the annual and consolidated financial statements presented according to the single European electronic information format, that this format defined by the European regulation is complied with Delegate no. 2019/815 of 17 December 2018 in the presentation of the consolidated financial statements included in the annual financial report mentioned in I of Article L. 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of management. With regard to consolidated financial statements, our procedures include verifying that these financial statements comply with the format defined by the aforementioned regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the single European electronic information format.

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 2020, Grant Thornton was in the fifth consecutive year of its assignment and Ernst & Young et Autres in the eleventh year.

In addition, AACE Ile-de-France, a member of the Grant Thornton network, and Ernst & Young Audit, were previously Statutory Auditors since 2004.

Responsibilities of management and corporate governance officers on 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.

The consolidated financial statements were 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:

- they identify and assess risks that the consolidated 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;
- they take 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;
- they assess the appropriateness of accounting methods used and the reasonableness of the management's accounting estimates and the information relating to them provided in the consolidated financial statements;
- they assess 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;
- they assess the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements reflect the underlying operations and events so as to give a true and fair view of them;
- as regards the financial information of the persons or entities included in the consolidation, they gather 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 which sets out the scope of the audit work and the programme of work implemented, as well as the conclusions 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 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, 19 March 2021

The Statutory Auditors

GRANT THORNTON	**ERNST & YOUNG et Autres**
French member of Grant Thornton International	
Laurent Bouby	**Anne Herbein**

3

ANNUAL FINANCIAL STATEMENTS 2020

3.1 Financial statements

Income statement (listed)

Title *(€ thousands)*	**2020**	**2019**
Sale of goods		
Sold production (goods and services)	11,095.6	16,903.8
Net revenue	**11,095.6**	**16,903.8**
Production held in inventory		
Production held in inventory	5,056.8	6,092.0
Operating grants		
Reversals of provisions (and depreciation/amortisation), expense reclassifications	1,038.9	928.8
Other income	252.8	128.1
Operating income	**17,444.2**	**24,052.8**
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	19,571.4	25,410.8
Taxes, duties and analogous payments	863.2	2,948.4
Salaries and wages	1,046.4	1,088.4
Social security contributions	177.7	306.1
Operating allowances		
On non-current assets: depreciation and amortisation charges	3,655.8	4,818.6
Non-current assets: impairment provisions		
Current assets: impairment provisions	708.1	396.3
For risks and charges: allowances to provisions	346.8	1,228.9
Other expenses	605.8	519.6
Operating expenses	**26,975.3**	**36,717.1**
OPERATING INCOME/(LOSS)	**(9,531.1)**	**(12,664.3)**
Financial income		
Financial income from investments	165,129.6	129,061.1
Income from other marketable securities and receivables on non-current assets	3,721.3	3,134.0
Other interest and similar income	5,544.4	7,290.9
Reversals of provisions, impairment and expense reclassifications	62,943.0	28,555.5
Foreign exchange gains		
Net gains on the disposal of marketable securities	3,339.8	
Financial income	**240,678.1**	**168,041.5**
Allowances for amortisation, impairment and provisions	2,052.6	63,919.0
Interest and similar expenses	110,802.9	99,429.3
Foreign exchange losses		
Net expenses on disposals of marketable securities	49,951.8	
Financial expenses	**162,807.3**	**163,348.3**
NET FINANCIAL INCOME/(EXPENSE)	**77,870.8**	**4,693.1**
PROFIT BEFORE TAX AND NON-RECURRING ITEMS	**68,339.7**	**(7,971.2)**

Title *(€ thousands)*	**2020**	**2019**
Exceptional income from non-capital transactions	160.0	50.8
Exceptional income from capital transactions	50,528.0	64,138.5
Reversals of provisions, impairment and expense reclassifications	86,496.7	
Exceptional income	**137,184.7**	**64,189.2**
Exceptional expenses on non-capital transactions	0.3	0.5
Exceptional expenses on capital transactions	137,217.2	40,983.1
Allowances for amortisation, impairment and provisions		
Exceptional expenses	**137,217.5**	**40,983.6**
NET EXCEPTIONAL INCOME/(EXPENSE)	**(32.8)**	**23,205.7**
Employee profit-sharing		
Income tax	5,826.7	1,329.3
Total income	**395,307.0**	**256,283.5**
Total expenses	**332,826.8**	**242,378.3**
PROFIT/(LOSS)	**62,480.2**	**13,905.2**

Assets

Title *(€ thousands)*	Gross Amount	Depreciation, Amortisation, Provisions	31/12/2020	31/12/2019
Uncalled subscribed capital				
Intangible assets				
Start-up costs				
Research and development expenditures				
Concessions, patents, licenses, trademarks, processes, software, rights and similar assets	1,420.0	1,308.4	111.5	116.8
Goodwill				
Intangible assets in progress				
Advances and down payments				
Property, plant and equipment				
Land	18,261.8	143.9	18,117.9	18,131.2
Buildings	83,218.4	41,654.2	41,564.2	36,518.7
Technical installations, plant and industrial equipment				
Others	49.9	48.7	1.2	1.2
Property, plant and equipment in progress	3,061.8		3,061.8	6,639.4
Advances and down payments				
Non-current financial assets				
Investments	1,372,881.1		1,372,881.1	1,350,432.7
Investment-related receivables	977,569.0		977,569.0	714,602.2
Other long-term investments				
Loans	246,591.3		246,591.3	455,269.7
Other non-current financial assets	2,367.1		2,367.1	2,539.8
NON-CURRENT ASSETS	**2,705,420.3**	**43,155.2**	**2,662,265.1**	**2,584,251.7**
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	5,814.9	2,515.3	3,299.6	1,856.3
Others	107,196.3		107,196.3	76,618.4
Called, unpaid subscribed capital				
Marketable securities				
Marketable securities (including treasury shares: 23,949,178.22)	23,949.2		23,949.2	33,118.2
Treasury instruments				
Treasury instruments	3,381.2		3,381.2	
Cash and cash equivalents				
Cash and cash equivalents	16,418.7		16,418.7	85,424.3
Prepaid expenses	174.2		174.2	219.8
CURRENT ASSETS	**156,934.5**	**2,515.3**	**154,419.2**	**197,237.0**
Deferred expenses				
Redemption premiums	8,403.4	2,052.6	6,350.8	7,674.4
Translation differences – assets				
TOTAL	**2,870,758.2**	**47,723.1**	**2,823,035.1**	**2,789,163.0**

Liabilities

Title *(€ thousands)*	2020	2019
Capital (of which paid 263,982,998)	263,983.0	255,195.8
Discounts, merger premiums, contribution premiums	233,781.1	311,769.6
Valuation differences		
Legal reserve	21,740.6	21,045.3
Statutory and contractual reserves		
Regulated reserves		
Others		
Retained earnings		
Net income (loss) for the year	**62,480.2**	**13,905.2**
Investment grants		
Regulated provisions		
EQUITY	**581,984.8**	**601,915.9**
Provisions for contingencies	329.5	63,523.7
Provisions for expenses	609.7	918.5
PROVISIONS	**939.1**	**64,442.2**
Proceeds from issue of equity securities	195,078.3	195,078.3
Conditional advances		
OTHER EQUITY	**195,078.3**	**195,078.3**
Financial payables		
Convertible bond issues		
Other bond issues	1,483,308.5	1,291,852.9
Borrowings from credit institutions	80,102.0	80,125.0
Other borrowings and financial liabilities	470,983.7	544,951.0
Advances and down payments made for orders in progress	113.6	218.1
Operating payables		
Trade payables and related accounts	1,000.0	2,186.3
Tax and social security payables	4,853.0	752.9
Other payables		
Amounts due on non-current assets and related accounts	1,029.9	4,859.8
Other payables	3,642.2	2,780.5
Accruals		
Prepaid income		
PAYABLES	**2,045,032.8**	**1,927,726.6**
Translation differences – liabilities		
TOTAL	**2,823,035.1**	**2,789,163.0**

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. Eurolist regulated market (Compartment A). The registered office is located at 87 rue de Richelieu in Paris's second arrondissement.

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

These notes are presented in thousands of euros. These annual financial statements were approved by Management at its meeting on 25 February 2021 following review by the Supervisory Board.

3.2.1 Major events during the financial year

On 16 December 2020, Altarea completed the issue of its €300 million bond with European investors (*i.e.* €299 million net).

Altarea also redeemed part of its 2024 bond issue for a nominal amount of €114.5 million.

The year 2020 was marked by uncertainties related to the COVID-19 epidemic. The Company has implemented preventive and organisational measures to limit the impacts while allowing its activities to continue.

During the first lockdown, the company applied the measures implemented from mid-March 2020 in France.

- Until 11 May: activity limited to essential businesses
- From 11 May: all businesses open except restaurants and cinemas
- From 2 June: all businesses including cafes and restaurants

During the second lockdown, the shopping centres closed their doors on 30 October 2020 and reopened from 28 November until 31 December.

The 2020 financial statements were impacted by the health crisis with the implementation of a support system for tenants which led the Company to grant unconditional rent reductions to VSEs, and reductions in exchange for changes to the lease (extension of term or increase in rental value) for other tenants. Bad debt provisions were also adjusted to take into account the risk of non-recovery of receivables.

These negative impacts need to be adjusted by the tax credit granted following the waiver of rents in November 2020. This tax credit was booked in Altarea's financial statements.

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.

The accounting principles and methods are identical to those applied when preparing the annual financial statements for the year ended 31 December 2019.

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.

Equity 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.

Receivables attached to investments and loans

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 allocated to the "liquidity contract" under which a service provider makes a market in the shares to ensure liquidity and quote regular prices, or
  - when they are held for delivery 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 *prorata* 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 No. 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.

Expenses and income on forward financial instruments entered into as part of the hedging of the Company's interest rate risk (swaps/caps) are recognised in accordance with the principles set out in NCA Regulation 2015-05 of 2 July 2015 on term financial instruments and hedging operations.

If the financial instruments are collaterised hedges, the impacts are recognised symmetrically on the impacts on the hedged underlying elements. 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 as income. Nominal value, maturity schedule and estimated unrealised gains or losses are presented under off-balance sheet commitments.

If these instruments are not collaterised hedges, the premiums and balancing cash payments are recognised as income for the financial year. Provision is made for unrealised losses equal to the estimated negative market value of the contracts on their closing date and do not appear in the 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

3.2.3.1.1 Intangible assets

Table non-current intangible assets

Intangible assets *(€ thousands)*	31/12/2019	Increase	Decrease	31/12/2020
Software	1,420.0			1,420.0
TOTAL	**1,420.0**			**1,420.0**

Amortisation of non-current intangible assets

Depreciation *(€ thousands)*	31/12/2019	Increases	Reversals	31/12/2020
Software	1,303.2	5.3		1,308.4
TOTAL	**1,303.2**	**5.3**		**1,308.4**

3.2.3.1.2 Property plant and equipment

Gross non-current property, plant and equipment

Property plant and equipment *(€ thousands)*	31/12/2019	Acquisition/ Contribution	Exit/Sale	31/12/2020
Land	**18,261.8**			**18,261.8**
Buildings	**74,535.6**	**8,682.8**		**83,218.4**
Structural work (structures, road and utilities works)	28,898.8	3,445.8		32,344.7
Facades, Weatherproofing	7,224.7	861.5		8,086.2
Technical equipment	21,674.1	2,584.4		24,258.5
Fixtures and fittings	16,737.9	1,791.2		18,529.1
Other property, plant and equipment	**49.9**			**49.9**
Technical installations, plant and industrial equipment				
General installations, various fittings				
Vehicles	23.9			23.9
Office and computer equipment, furniture	26.0			26.0
Recoverable packaging and related items				
Property, plant and equipment in progress	**6,639.4**	**1,072.2**	**4,649.9**	**3,061.8**
Land	220.2	756.8		977.0
Buildings	4,977.3		4,649.9	327.4
Others	1,442.0	315.4		1,757.4
TOTAL	**99,486.7**	**9,754.9**	**4,649.9**	**104,591.8**

Renovation work on the La Vigie shopping centre were delivered in 2020.

Amortisation

Amortisation *(€ thousands)*	31/12/2019	Increases	Disposals	31/12/2020
Land	**130.6**	**13.3**		**143.9**
Buildings	**38,016.9**	**3,637.2**		**41,654.2**
Structural work (structures, road and utilities works)	7,055.4	602.2		7,657.7
Facades	3,604.5	320.9		3,925.4
Technical equipment	13,734.1	1,262.1		14,996.2
Fixtures and fittings	13,622.9	1,452.0		15,074.9
Other property, plant and equipment	**48.7**			**48.7**
Technical installations, plant and industrial equipment				
General installations, various fittings				
Vehicles	23.9			23.9
Office and computer equipment, furniture	24.8			24.8
Recoverable packaging and related items				
TOTAL	**38,196.2**	**3,650.6**		**41,846.7**

No impairment was recognised on property, plant and equipment.

3.2.3.1.3 Non-current financial assets

Gross non-current financial assets

Non-current financial assets (€ thousands)	31/12/2019	Increase	Decrease	31/12/2020
Participating interests	**1,365,178.5**	**22,448.4**	**14,745.8**	**1,372,881.1**
Financial receivables	**1,244,162.6**	**816,100.6**	**833,735.6**	**1,226,527.5**
Investment-related receivables	714,602.2	814,455.2	551,488.3	977,569.0
Loans and other fixed assets	529,560.4	1,645.4	282,247.3	248,958.5
TOTAL	**2,609,341.1**	**838,548.9**	**848,481.5**	**2,599,408.5**

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 the equity interests item is mainly due to:

- the sale of the shares in Alta Développement Italie to Foncière Altarea,
- the creation of the Alta Commerces Europe OPCI.

The change in financial receivables is mainly due to the increase in loans and advances granted to direct and indirect subsidiaries of Altarea SCA, particularly in relation to Business property assets.

Provisions for non-current financial assets

Provisions for impairment (€ thousands)	31/12/2019	Increases during the year	Decreases in the financial year		31/12/2020
		Increases	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	71,750.9		71,750.9		
TOTAL	**86,496.7**		**86,496.7**		

Provisions were reversed following the sale of Italian participating interests in Alta Développement Italie and the loan to Altalux Italy to Foncière Altarea.

3.2.3.1.4 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 2020	Provisions	Net amount 2020	Net amount 2019
Trade receivables and related accounts	**5,814.9**	**2,515.3**	**3,299.6**	**1,856.3**
Others receivables	**107,196.3**		**107,196.3**	**76,618.4**
Personnel and related accounts	8.3		8.3	117.1
Suppliers	3,654.3		3,654.3	
Government, other authorities: corporate income tax				1,324.2
Government, other authorities: value added tax	2,052.5		2,052.5	3,072.9
Government, other authorities: sundry receivables	1.9		1.9	
Group and partners	101,168.7		101,168.7	71,862.1
Sundry debtors	310.7		310.7	242.0
TOTAL	**113,011.3**	**2,515.3**	**110,495.9**	**78,474.7**

Breakdown of receivables by maturity date

Receivables *(€ thousands)*	Gross amount 2020	Less than 1 year	1 to 5 years	More than 5 years
Trade receivables and related accounts	5,814.9	5,814.9		
Personnel and related accounts	8.3	8.3		
Suppliers	3,654.3	3,654.3		
Government, other authorities: corporate income tax				
Government, other authorities: value added tax	2,052.5	2,052.5		
Government, other authorities: sundry receivables	1.9	1.9		
Group and partners	101,168.7	101,168.7		
Sundry debtors	310.7	310.7		
TOTAL	**113,011.3**	**113,011.3**		

Accrued income

Accrued income included in the balance sheet line items *(€ thousands)*	31/12/2020	31/12/2019
Loans	2,274.5	2,447.1
Government – accrued income		1,324.2
Trade receivables	348.0	464.2
Suppliers	3,654.3	
TOTAL	**6,276.8**	**4,235.5**

3.2.3.1.5 Marketable securities

Marketable securities consist of treasure shares in an amount of €24 million.

Marketable *(€ thousands)*	31/12/2019	Increase	Decrease	Provisions	31/12/2020
Treasury shares	33,118.2	9,627.6	18,796.6		23,949.2
TOTAL	**33,118.2**	**9,627.6**	**18,796.6**		**23,949.2**
No. of Shares	166,408	77,152	104,238		139,322

At 31 December 2020, 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.

3.2.3.1.6 Treasury instruments

Cash instruments statement

Treasury instruments *(€ thousands)*	31/12/2019	Increase	Decrease	Provisions	31/12/2020
Treasury instruments		3,381.2			3,381.2
TOTAL		**3,381.2**			**3,381.2**

In accordance with ANC regulation 2015-05 of 2 July 2015 on forward financial instruments and hedging transactions, premiums and balances are spread over the life of the instruments. The impact for 2020 amounts to €3.4 million on the assets side of the balance sheet.

3.2.3.1.7 Impairment

Impairment of current assets

Provisions for impairment *(€ thousands)*	31/12/2019	Increases during the year Increases	Decreases in the financial year Reversal of unused provisions	 Provisions used in the period	31/12/2020
Impairment of inventory and pipeline products					
Impairment of trade receivables	1,901.3	708.1	39.8	54.3	2,515.3
Other impairment					
Total	**1,901.3**	**708.1**	**39.8**	**54.3**	**2,515.3**

3.2.3.2 Notes on balance sheet items – liabilities

3.2.3.2.1 Shareholder's equity and equity equivalents

Statement of changes in equity

Equity *(€ thousands)*	31/12/2019	Appropriation Capital	Dividends	Capital incr. & contributions	Change in 2020	31/12/2020
Share Capital	255,195.8			8,787.2		263,983.0
Share premium/additional paid-in capital/ revaluation differences	311,769.6		(138,143.9)	60,155.4		233,781.1
Legal reserve	21,045.3	695.3				21,740.6
General reserve						
Retained earnings						
Net income for the year	13,905.2	(695.3)	(13,209.9)		62,480.2	62,480.2
Investment grants						
Regulated provisions						
TOTAL	**601,915.9**		**(151,353.8)**	**68,942.6**	**62,480.2**	**581,984.8**

After appropriating 5% of net income for the year (€695.29 thousand) to the legal reserve, the Combined Ordinary and Extraordinary General Shareholders' Meeting of 30 June 2020 decided to pay a dividend of €9 per share for the financial year ended 31 December 2019, or a total of €149.1 million to the limited partners, and a priority dividend of €2.24 million to the general partner.

At 31 December 2020, the share capital stood at €264 million divided into 17,275,839 shares with a par value of €15.28 each and 10 General Partner shares with a par value of €100 each.

At 31 December 2020, the amount of Subordinated Perpetual Notes was €195 million.

3.2.3.2.2 Provisions

Changes in provisions

Provisions for Contingencies and Expenses *(€ thousands)*	31/12/2019	Increases during the year Increases	Decreases in the financial year Reversal of unused provisions	 Provisions used in the period	31/12/2020
Provisions for tax	914.5			304.8	609.7
Other provisions for contingencies and expenses	63,527.8	346.8	62,947.0	598.0	329.5
TOTAL	**64,442.2**	**346.8**	**62,947.0**	**902.9**	**939.1**

Provisions for contingencies and expenses relate to employee bonus share rights. The €62.9 million Mark-to-Market provision, taken at 31 December 2019 was reversed in full.

3.2.3.2.3 Borrowings and other financial liabilities

Breakdown of payables by maturity date

Borrowings and other financial liabilities (€ thousands)	31/12/2020	Less than 1 year	1 to 5 years	More than 5 years	31/12/2019
Financial payables	**2,034,507.7**	**717,282.8**	**467,225.0**	**850,000.0**	**1,917,147.1**
Other bond issues	1,483,308.5	247,808.5	385,500.0	850,000.0	1,291,852.9
Bank borrowings	393,899.4	313,899.4	80,000.0		504,408.8
Deposits and security interests received	1,725.0		1,725.0		1,642.9
Group and partners	155,461.3	155,461.3			119,024.3
Other payables	113.6	113.6			218.1
Accounts payable and other payables	**10,525.1**	**10,525.1**			**10,579.5**
Suppliers and related accounts	1,000.0	1,000.0			2,186.3
Employee-related and social security payables	152.7	152.7			195.5
Tax payables	4,700.4	4,700.4			557.4
Amounts due on non-current assets and related accounts	1,029.9	1,029.9			4,859.8
Other payables	3,642.2	3,642.2			2,780.5
Prepaid income					
TOTAL	**2,045,032.8**	**727,807.9**	**467,225.0**	**850,000.0**	**1,927,726.6**

Redemption premiums on borrowings

Change in amortisation of the premium (€ thousands)	31/12/2019	+	-	31/12/2020
Redemption premiums on bonds	7,674.4	729.0	2,052.6	6,350.8
TOTAL	**7,674.4**	729.0	**2,052.6**	**6,350.8**

The bonds were issued at a premium, which is amortised over the life of the borrowing (€2,052.6 thousand in 2020).

The bond issue premium of €0.7 million was paid as part of the new bond issued on 16 December 2020.

The bond issue premium was repaid in the amount of €2 million during the part redemption of the 2024 bond.

At 31 December 2020, bank borrowings excluding accrued interest and treasury notes amounted to €80 million.

Accrued expenses

Expenses included in the balance sheet line items (€ thousands)	31/12/2020	31/12/2019
Borrowings and financial liabilities	16,854.5	10,795.7
Suppliers and related accounts	548.4	341.2
Amounts due on non-current assets and related accounts	1,011.1	4,186.8
Taxes, duties and analogous payments		4.5
Personnel costs		
Group and partners	53.5	1,237.9
Miscellaneous	3,176.6	2,694.1
TOTAL	**21,644.2**	**19,260.3**

3.2.3.3 Notes to the income statement

3.2.3.3.1 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)*	**31/12/2020**	**31/12/2019**
Rent and re-invoiced leasing costs	7,621.4	11,622.3
Transfer taxes		
Services	3,474.2	5,254.8
Others	0.0	26.7
TOTAL	**11,095.6**	**16,903.8**

3.2.3.3.2 Other operating income

Operating income *(€ thousands)*	**31/12/2020**	**31/12/2019**
Production held in inventory	5,056.8	6,092.0
Reversals of provisions and depreciation	1,001.0	922.1
Intra-Group chargebacks and expense reclassifications	37.8	6.7
Others	252.8	128.1
TOTAL	**6,348.5**	**7,149.0**

Reversals of provisions mainly concern deliveries of shares under bonus share plans and reversals of provisions for impairment of customer receivables.

3.2.3.3.3 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)*	**31/12/2020**	**31/12/2019**
Rental and co-ownership costs[(a)]	1,247.2	1,391.1
Maintenance and repairs	123.2	93.2
Insurance premiums	90.1	82.5
Commissions and fees[(b)]	9,457.3	13,620.4
Advertising and public relations	3.4	81.6
Banking services and similar accounts[(c)]	3,294.8	3,840.6
Taxes and duties	863.2	2,948.4
Personnel costs	1,224.1	1,394.5
Allowances for depreciation, amortisation and impairment	4,710.7	6,443.8
Capitalised purchases[(d)]	5,056.8	6,092.0
Lessee termination and early termination fees		
Other expenses	904.4	729.0
TOTAL	**26,975.3**	**36,717.1**

(a) Nearly all of these rental costs are passed on to tenants.
(b) 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.
(c) 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.
(d) In 2020, capitalised purchases related to work carried out on portfolio assets were recognised under assets with an offsetting entry in other operating income.

3.2.3.3.4 Financial income

(€ thousands)	31/12/2020	31/12/2019
Financial income		
▪ Dividends	61,344.6	108,823.1
▪ Interest on loans	3,721.3	3,134.0
▪ Income from current accounts	3,430.1	2,748.4
▪ Other financial income/swaps	3,069.1	5,442.7
▪ Commissions on Guarantees	1,801.5	1,216.2
▪ Paid by subsidiaries	101,000.5	18,090.0
▪ Reversals from provisions for impairment of non-current financial assets	62,943.0	28,555.5
▪ Reversals from provisions for impairment of marketable securities		
▪ Other financial income	28.3	31.7
▪ Net gains on the disposal of marketable securities	3,339.8	
TOTAL	**240,678.1**	**168,041.5**
Financial expenses		
▪ Allowances for amortisation, impairment and provisions	2,052.6	63,919.0
▪ Net expenses on disposals of marketable securities	49,951.8	
▪ Interest on external borrowings	39,081.3	25,284.0
▪ Expenses on current account balances	410.4	375.1
▪ Expenses on financial instruments (Swaps, Caps)	528.1	4,284.2
▪ Bank interest		6,425.9
▪ Paid by subsidiaries	2,636.8	689.2
▪ Other financial expenses	68,146.2	62,370.9
TOTAL	**162,807.3**	**163,348.3**
NET FINANCIAL INCOME/(EXPENSE)	**77,870.8**	**4,693.1**

Dividends essentially comprise the distribution by Foncière Altarea.

The €62.9 million Mark-to-Market provision taken at 31 December 2019 was reversed in full in 2020. Remaining unmatched instruments that had been provisioned were cancelled in January 2020.

Other financial expenses of €68.1 million correspond to €67.1 million on cancelled unmatched hedging instruments and €1 million on cancelled matched hedging instruments.

3.2.3.3.5 Exceptional income

(€ thousands)	31/12/2020	31/12/2019
Exceptional income		
■ Exceptional income from non-capital transactions	160.0	50.8
■ Exceptional income from capital transactions	50,528.0	64,138.5
* Including proceeds from asset disposals	36,283.5	43,601.1
* Including re-invoicing of delivery of free shares to employees	14,244.5	20,537.4
■ Reversals of provisions and expense reclassifications	86,496.7	
* Including reversal of provisions for rental guarantees		
TOTAL	**137,184.7**	**64,189.2**
Exceptional expenses		
■ Exceptional expenses on non-capital transactions	0.3	0.5
* Of which tenant construction		
* Of which provision for rental guarantees		
■ Exceptional expenses on capital transactions	137,217.2	40,983.1
■ Exceptional allowances for depreciation, amortisation and impairment		
* Of which provisions for rental guarantees		
TOTAL	**137,217.5**	**40,983.6**
NET EXCEPTIONAL INCOME/(EXPENSE)	**(32.8)**	**23,205.7**

Exceptional income mainly consists of the sale of Alta Développement Italie shares and the Altalux Italy loan to Foncière Altarea.

3.2.3.3.6 Corporate income taxes

In 2005, Altarea 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		
Accounting results	**Tax-exempt sector**	**Taxable sector**	**Total**	**Taxable sector**	**Tax-exempt sector**	**Taxable sector**	**Total**
Operating income/(loss)	(2,807.6)	(6,723.5)	**(9,531.1)**		(2,807.6)	(6,723.5)	**(9,531.1)**
Financial income	31,475.7	46,395.1	**77,870.8**	5,826.7	31,475.7	40,568.4	**72,044.1**
Exceptional income	(8.1)	(24.6)	**(32.7)**		(8.1)	(24.6)	**(32.7)**
TOTAL	**28,660.1**	**39,646.9**	**68,307.0**	**5,826.7**	**28,660.1**	**33,820.2**	**62,480.3**

Changes in deferred tax liabilities

	31/12/2019	Variations	31/12/2020
Reductions		-	
Tax loss	(380,302.3)	(25,259.0)	(355,043.2)
Total base	**(380,302.3)**	**(25,259.0)**	**(355,043.2)**
TAX OR TAX SAVINGS	**(106,484.6)**	**(7,072.5)**	**(99,412.1)**

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 million claimed. At 31 December 2019, a deferred tax asset was booked in exchange. This receivable was settled by the tax authorities in September 2020.

3.2.3.4 Other Information

3.2.3.4.1 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.

3.2.3.4.2 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)*	2020	2019
Swap/Total (Notional)	600,000.0	575,000.0
TOTAL	**600,000.0**	**575,000.0**

The fair value of the hedging instruments was a negative €29.8 million in respect of swaps as at 31 December 2020.

Effect on the income statement

Effect on the income statement *(€ thousands)*	2020	2019
Interest income	2,982.3	2,896.1
Interest expense	5,003.8	347.6
TOTAL	**(2,021.5)**	**2,548.5**

Table of notional amounts hedged by swaps and caps at 31 December

Swap and cap maturities at end-December (€ thousands)	2020	2021	2022	2023	2024
Swap	600,000.0	625,000.0	625,000.0	625,000.0	225,000.0
Altarea Pays Fixed Rate (Total)	**600,000.0**	**625,000.0**	**625,000.0**	**625,000.0**	**225,000.0**

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 €90 thousand as of 31 December 2020.

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 expenses cover by recurring EBITDA above 2.0.

Altarea SCA has guaranteed loans to other Group companies for an amount of €1,216 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 €725 million (including €645 million in undrawn funds on the corporate debt) are as follows:

- counterparty: NATIXIS/BECM/LCL/Société Générale/HSBC/BNP Paribas/Bank of China/La Banque Postale/CACIB;
- main covenants applying to Altarea Group:
  - ratio of Company net financial debt to net asset value (Consolidated Altarea LTV ratio) < 60% (33.0% at 31 December 2020),
  - operating income (FFO column)/Net borrowing costs (FFO column) of the Company ≥ 2 (Interest Cover Ratio or Altarea Consolidated ICR) (7.3 at 31 December 2020).

The Group made commitments as part of its successful tenders for Italian stations.

Bonus share plans (for the Company and its subsidiaries)

Award date		Number of rights awarded	Vesting date	Rights in circulation at 31/12/2019	Awarded	Deliveries	Amendments to rights[a]	Rights in circulation at 31/12/2020
Share grant plans on Altarea securities								
21 February 2018	12,424	12,424	21 February 2020	11,704		(11,512)	(192)	
2 March 2018	33,129	33,129[b]	2 March 2020	29,595		(28,574)	(1,021)	
30 March 2018	4,327	4,327	30 March 2020	4,177		(4,177)		
20 July 2018	41,500	41,500[b]	31 March 2021	41,500			(10,700)	30,800
7 September 2018	14,800	14,800[b]	31 March 2021	14,800			(7,400)	7,400
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			(3,000)	2,000
19 December 2018	1,850	1,850[b]	31 March 2020	1,850		(1,850)		
19 December 2018	2,000	2,000[b]	31 March 2021	2,000				2,000
15 March 2019	28,804	28,804	15 March 2020	28,557		(28,263)	(294)	
18 March 2019	9,461	9,461	18 March 2021	9,337			(258)	9,079
19 March 2019	41,531	41,531	19 March 2022	40,219			(2,872)	37,347
6 June 2019	1,355	1,355	20 March 2022	1,355		(135)		1,220
18 October 2019	2,000	2,000	30 March 2021	2,000				2,000
21 October 2019	20,000	20,000[b]	30 March 2022	20,000				20,000
18 December 2019	3,000	3,000[b]	31 March 2021	3,000			(600)	2,400
10 January 2020	1,300	1,300	10 January 2021		1,300			1,300
20 April 2020	56,809	56,809	20 April 2021		58,809		(332)	58,477
21 April 2020	18,479	18,479	21 April 2022		18,479		(68)	18,411
22 April 2020	45,325	45,325	22 April 2023		45,325		(1,373)	43,952
23 April 2020	1,000	1,000	23 April 2021		1,000			1,000
24 April 2020	2,000	2,000	24 April 2022		2,000			2,000
30 April 2020	4,900	4,900	30 April 2021		4,900		(300)	4,600
1 October 2020	89	89	1 October 2021		89			89
TOTAL	**352,083**	**352,083**		**216,094**	**131,902**	**(75,511)**	**(28,410)**	**244,075**

(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.

3.2.3.4.3 Headcount

The Company's average headcount was one employee at 31 December 2020.

3.2.3.4.4 Post-closing events

The epidemic is still ongoing in 2021 and it is difficult to assess its prolonged impact on the Company's activities and its results for 2021. It will, however, have no impact on its continuation as a going concern at twelve months, given the liquidity available to the Group as of 31 December 2020.

As part of the measures to confront the COVID-19 pandemic, the Ministry of the Economy, Finance and Recovery decided on Friday 29 January to close all shopping centres with a gross leasing area above 20,000 m2 and to tighten access restrictions to one person per 10 m2 for shops over 400 m2.

After strict application of the decree of 30 January 2021, Altarea announced on 4 February that it would be able to keep open 21 of its 27 Retail sites in France, mainly open-air retail parks, shops in stations and commercial spaces on the ground floor of buildings. This means 68% of the Group share rental base on its French scope can continue to trade.

The directly owned shopping centres in Flins and Ollioules have been closed since 31 January 2021.

On 8 February, Carrefour and Altarea announced the signing of a partnership on the transformation and redevelopment of property assets.

Sharing the same desire to be a player in the city of tomorrow, Carrefour and Altarea have decided to partner on the implementation of three urban development projects in Nantes, Sartrouville and Flins/Aubergenville. In total, around 25 hectares will become living spaces, in addition to their initial commercial purpose, thanks to a complete overhaul.

3.2.3.4.5 Disclosures on business combinations

No transaction took place during the year.

3.2.3.5 Subsidiaries and associates

Subsidiaries and affiliates

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	Dividend received by the Company	Revenues excl. tax
SUBSIDIARIES (+50%)											
SAS Foncière Altarea – 353 900 699	7,783.7	460,202.0	100.0%	779,241.9	779,241.9	844,259.2	844,259.2		(26,828.1)	54,996.7	(52.5)
SCA Altareit – 553 091 050	2,627.7	317,020.6	99.6%	91,635.0	91,635.0			750.0	18,661.0		1,111.7
SNC Altarea Management – 509 105 375	10.0	(1,571.0)	100.0%	10.0	10.0				(1,571.0)		58,231.8
SAS Alta Blue – 522 193 796	306,102.0	(290,636.0)	61.8%	437,688.9	437,688.9				(284.1)		
SARL Socobac – 352 781 389	8.0	147.7	100.0%	0.0	0.0				(1.2)		
SARL Altalux Spain	1,100.0	(232.7)	100.0%	10,517.0	10,517.0	242.7	242.7		(34.2)		
SNC Bezons Cœur de ville commerces -819 866 500	10.0	(0.5)	100.0%	10.0	10.0				(0.5)		
Alta Mir – 833 669 666	1.0	90.0	100.0%	100.0	100.0				(2.5)		
Foncière Altarea Montparnasse -847 726 650	10.0	4,590.9	100.0%	10.0	10.0	52,479.1	52,479.1		4,590.9		
SCA NR 21 -389 065 152	268.3	(536.3)	84.4%	1,215.7	1,215.7	246.1	246.1		(194.6)		
AFFILIATES (10% TO 50%)											
Bercy Village 2	1,633.6	(0.0)	15.0%	18,560.0	18,560.0	3,845.6	3,845.6		(0.0)		
SCI issy Pont	40.0	(2,880.9)	25.0%	10.0	10.0	38,816.2	38,816.2		(2,880.9)		
Snc AF investco 4	1.0	180,045.8	50.0%	0.0	0.0				188,740.9		
SCCV B2-B3	1.0	9,531.0	50.0%	0.5	0.5	14,639.1	14,639.1		9,531.0		9,529.8
Limoges Invest SCI	1.0	2,282.0	25.0%	11,432.1	11,432.1	2,044.2	2,044.2		2,282.0		4,268.1
SCI issy Cœur de ville bureaux 2	1.0	(18.2)	50.0%	0.5	0.5	91.7	91.7		(4.9)		
OPCI Alta Commerces Europe	57,896.9	56,674.1	29.9%	22,448.4	22,448.4	20,904.1	20,904.1		(1,222.9)		

Head office of subsidiaries and equity investments: 87, rue de Richelieu Paris 2nd arrondissement.

3.3 Additional information on the annual financial statements

3.3.1 Summary of the Company's payment terms

	Article D.441 I.-1°: Invoices received but not paid at the closing date of the financial year ended						Article D.441 I.-2°: Invoices issued but not paid at the closing date of the financial year ended					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Overdue categories												
Number of invoices included	17					105	10					1110
Total amount of the invoices included (incl. VAT)	94,275	74,468	29,658	3,430	187,932	295,488	11,324	0	0	748,086	4,660,059	5,408,145
% of total amount of purchases (incl. VAT) for the period	0.33%	0.26%	0.10%	0.01%	0.66%	1.04%						
% of total amount of revenue (incl. VAT) for the period							0.09%	0.00%	0.00%	5.62%	35.00%	40.71%
(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 (contractual or legal terms)												
Benchmark payment terms used for to calculate overdue payments	Statutory payment terms						Statutory payment terms					

3.3.2 Results of the last five financial years

Type of indications	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
Duration of the period (months)	12	12	12	12	12
CAPITAL AT END OF THE YEAR					
Share Capital	263,982,998	255,195,822	245,425,285	245,280,324	229,670,964
Number of shares	17,277,839	16,700,762	16,061,329	16,051,842	15,030,287
▪ ordinary	17,277,839	16,700,762	16,061,329	16,051,842	15,030,287
▪ priority dividend					
Maximum number of shares to be created					
▪ by bond conversions					
▪ by subscription rights					
OPERATIONS AND RESULTS					
Revenue excl. tax	11,095,628	16,903,831	19,910,706	20,706,301	19,371,278
Income before tax, interest, depreciation and impairment	(75,370,504)	56,119,656	26,883,494	30,995,390	3,093,532
Income tax	5,826,692	1,329,307	(325,229)	877,009	(34,523)
Employee participation					
Allowances Depreciation and impairment	(143,677,411)	40,885,187	6,363,033	1,824,861	(4,561,389)
Net income	62,480,215	13,905,162	20,845,690	28,293,520	7,689,445
Distributed income	59,356,204	13,209,904	19,803,405	43,678,086	7,304,972
EARNINGS PER SHARE					
Income after tax, interest, before depreciation and impairment	(4.4)	3.4	1.7	1.9	0.3
Income after tax, interest, depreciation and impairment	(4.7)	3.3	1.7	1.8	0.6
Dividend allocated	9.50*	9.00	12.75	12.50	11.50
EMPLOYEES					
Average employee workforce	2	1	2	2	2
Payroll	436,944	615,110	1,030,126	919,396	917,005
Amounts paid in benefits (social security, social welfare, etc.)	15,223,919	21,309,803	18,530,370	14,712,536	7,990,164

* *The dividend will be put to a vote at the Shareholders' Meeting of 2021 called to approve the 2020 financial statements.*
Payroll = total of the 641 "employee compensation" accounts.
Amounts paid in benefits = total of the 645 "social security contribution and welfare", 647 "other social security contribution", 648 "Provisions for personnel costs" and 6,783 "unfavourable variance on the company buyback of treasury shares" accounts.

3.4 Report by the Statutory Auditors on the annual financial statements

Year ended the 31 December 2020

At the General Shareholders' Meeting of the Altarea company,

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 2020, 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 of the company's assets, liabilities, and financial position at the end of the financial year, in accordance with the 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 2020 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 French Commercial Code or the Industry Code of Conduct for Statutory Auditors.

Basis for our assessments – Key points of the audit

The global crisis triggered by the COVID-19 pandemic meant that the financial statements for this year had to be prepared and audited under special conditions. The crisis and exceptional measures taken in response had many consequences for companies, particularly their business and finances, and created doubts about their future prospects. Some of these measures, such as travel restrictions and remote working, also impacted companies' internal organisation and the conduct of audits.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most important for the audit of the annual financial statements for the year, as well as the responses we have provided to address 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 2020, a net total of €2,597 million, represent one of the biggest balance sheet items (92% 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 securities 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 (net reassessed position), or forward-looking (long-term profitability). 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, investment-related receivables, and loans as a key point of the audit, which was also impacted by the COVID crisis.	We have observed and noted the process used to determine the value in use of participating interests. Our work also involved: ▪ obtaining an understanding of the valuation methods used and the assumptions underlying the estimation of the value in use of the participating interests in the context of COVID-19; ▪ 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 book values; ▪ 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.

Special verifications

We also carried out the specific verifications required by law and regulations, in accordance with professional standards applicable in France.

Information given in the management report and other documents addressed to shareholders, on the financial position and annual financial statements

We have no matters to report as to the true and fair nature and the consistency with the financial statements of the information provided in the management report and documents sent to shareholders concerning the company's financial position and the full year financial statements.

We confirm the sincerity and consistency with the annual financial statements of the information related to the terms of payment referred to in Article D. 441-4 of the French Commercial Code.

Report on Corporate Governance

We attest to the existence, in the Supervisory Board Report on Corporate Governance, of the information required under Articles L. 225-37-4 and L. 22-10-10 And L. 22-10-9 of the French Commercial Code.

As regards the information provided pursuant to Article L. 22-10-9 of the French Commercial Code concerning compensation and benefits paid or awarded 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 controlled by it or in the consolidation scope. 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. 22-10-11 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 right holders, are disclosed in the management report.

Other verifications or information resulting from other laws and regulations

Format of the annual financial statements included in the annual financial report

We have also verified, in accordance with the professional standards of the Statutory Auditors relating to the annual and consolidated financial statements presented according to the single European electronic information format, that this format defined by the European regulation is complied with. Delegate no. 2019/815 of 17 December 2018 in the presentation of the annual financial statements included in the annual financial report mentioned in I of Article L. 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of management.

On the basis of our work, we conclude that the presentation of the annual financial statements included in the annual financial report complies, in all material respects, with the single European electronic information format.

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 2020, Grant Thornton was in the fifth consecutive year of its assignment and Ernst & Young et Autres in the eleventh 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 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 company as a going concern, to present in these statements, where appropriate, the information required for operational continuity and to apply the accounting standard of operational continuity, unless there are plans to liquidate the company or cease its operation.

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 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 assurance that the annual financial statements, taken as a whole, contain no significant anomalies. 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:

- 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;
- they take 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;
- they assess 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;
- they assess 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 submit a report to the Audit Committee which sets out the scope of the audit and the programme of work implemented, as well as the conclusions 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 audit 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, 19 March 2021

The Statutory Auditors

GRANT THORNTON	ERNST & YOUNG et Autres
French member of Grant Thornton International	
Laurent Bouby	**Anne Herbein**
Associate	Associate

3.5 Special report by the Statutory Auditors on related-party agreements

General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020

At the General Shareholders' Meeting of the Altarea company,

As the Statutory Auditors of your Company, we hereby present you with our report on related-party agreements.

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 brought to our attention or of which we may have become aware or discovered 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 previously approved by the General Shareholders' Meeting 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 submitted to the General Shareholders' Meeting for approval

We would like to inform you that no notice was given of any agreement authorised over the last financial year to be submitted to the General Shareholders' Meeting under Article L. 226-10 of the French Commercial Code.

Agreements previously approved by the General Shareholders' Meeting

In accordance with Article R. 226-2 of the French Commercial Code, we have been informed that the performance of the following agreements, which were approved by General Shareholders' Meeting in prior years, remained in effect during the past financial year.

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

As compensation for these securities, your company did not incur any financial expenses during the financial year ended on 31 December 2020.

Neuilly-sur-Seine and Paris-La-Défense, 19 March 2021

The Statutory Auditors

GRANT THORNTON	ERNST & YOUNG et Autres
French member of Grant Thornton International	
Laurent Bouby	**Anne Herbein**
Associate	Associate

4

DECLARATION ON EXTRA FINANCIAL PERFORMANCE (DPEF)

2020 highlights

Creating sustainable cities

Mounting evidence of climate change, rising inequalities, changing lifestyles, integration of digital technology into daily and working life, etc. Cities are at the heart of a world of multiple transitions: territorial, ecological, social and technological. Concentrating activities and populations—urban areas are now home to 80% of the French population—cities are places of social progress and development.

However, cities are also faced with many challenges: combating climate change, adapting to the vagaries of the climate (heat islands in particular), access for all to quality housing and services (shops, transport, etc.). Citizens and stakeholders are also increasingly well informed, vigilant and demanding. They have high expectations in terms of quality, but also in terms of ethics and commitment to tackling social and environmental issues.

In this context, the Group believes cities will be able to deliver solutions: the layering of different uses and functional diversity are strong drivers for dynamism in the economic and social fabric. There is an urgent need to rethink cities to build attractive spaces that are pleasant to live in, inclusive, resilient, connected and environmentally virtuous.

The Group's ESG approach, "We are all involved!" ("*Tous engagés !*"), embodies this ambition and is built around three convictions:

- working as a public interest partner for **cities**, to preserve and develop local regions;
- placing **customers** at the heart of actions, working for customer satisfaction across all business lines;
- capitalising on the excellence of **talents**, the Company's biggest asset, to support growth.

In 2020, the COVID-19 pandemic plunged the world into a crisis of unprecedented magnitude—a full-scale experience of what the climate crises of the future could be. Altarea has demonstrated its ability to ensure the continuity of its business and that of its partners, and its ESG strategy has emerged stronger from this crisis. The Group has strengths to help it cope with these shocks: diversified businesses, a unique skills platform, and a pronounced entrepreneurial and resilient spirit. The contribution of the Group's employees has also been exemplary.

The results of this approach were once again praised in 2020: Altarea confirmed its GRESB "Green Star 5*" status and has maintained a score equal to or higher than 90/100 since 2016.

Cities

Altarea wants to be a public interest partner for cities. The Group develops high-quality real estate solutions to develop desirable urban projects with a positive impact and a reduced environmental footprint.

2020 Highlights

- **low-carbon city**: Altarea continued its work on reducing greenhouse gas emissions from its activities. 2020 was devoted to in-depth analysis of ways to reduce the carbon footprint and quantifying the financial impacts of possible actions. This made it possible to establish a methodology and a trajectory that is intended to be compatible with the Paris Agreement (Science-Based Targets (SBT) approach);
- **nature in the city**: the presence of nature in the city is also a factor of well-being for residents. The COVID-19 pandemic highlighted the vital role of the natural environment to citizens' physical and mental well-being. In 2020, Altarea continued the internal approach based on "useful nature" by raising employee awareness of the added value brought to projects and territories by introducing nature into the city;
- **positive impact on the regions**: in the exceptional context of the COVID-19 pandemic, employment and continuing economic activity were priorities for the Group. Altarea continued its activities as much as possible and maintained its strong support for employment in the region, by contributing to the continuity of its partners' activities.

Customers

Lifestyles, uses, aspirations, customer expectations are changing. Thus, in all its activities, the Group is committed to a process of dialogue and listening. Customer satisfaction is a priority objective, achieved through the quality of life and well-being of occupants, as well as exemplary conduct of its operations.

2020 Highlights

- **customer satisfaction**: the Group has risen to second in the HCG/Les Échos rankings of customer relationships. This rewards the speed and quality of responses to customers, as well as support for the latter in the context of the COVID-19 pandemic. In addition, for the fourth consecutive year, Cogedim won "Customer Service of the Year" in the Property Development category;
- **quality of life and well-being of occupants**: the lockdown imposed by the COVID-19 pandemic reiterated the importance of the quality of buildings for the well-being of their occupants: Altarea has made this a major commitment and continues to have NF Habitat certification for 100% of its housing;
- **exemplary conduct of operations**: in 2020, the Group ran a major review of responsible purchasing, leading to an ambitious action plan to improve the Group's practices. This committed structural approach helps strengthen the Group's image as a responsible partner with its partners and customers.

Talents

Altarea has diverse and unique know-how on the market, major assets that give it significant agility in its various business lines. As a responsible company, the Group encourages access to employment for young people. In addition, in order to remain a leader in its field, Altarea embraces the vision of a learning company, focusing on the diversity of learning methods.

2020 Highlights

- **workforce**: the Group had 1,983 employees at 31 December 2020, down 3% over the year. In the context of the health crisis, Altarea has adopted a cautious attitude to workforce growth;
- the Group's policy on **use of work-study programs** has continued to expand. In 2020, Altarea welcomed 317 work-study students, compared with 287 in 2019;
- **87 Richelieu**: in June 2020, the Group moved into its new head office, at 87 Richelieu, a showcase for its know-how, with numerous collaborative spaces, others dedicated to training,

health, social space and the best connectivity and digitisation tools. 93% of employees say they are very satisfied or satisfied with the new head office;

- **skills development**: 98% of employees took at least one training session and more than 3,800 days of training were provided in 2020. In March, the Academy accelerated the deployment of its digital platform, to provide online training during this atypical year dominated by the COVID-19 pandemic. Also in 2020, Altarea carried out structuring work to formalise an ambitious training plan to support the deployment of the Group's CSR strategy. One of the first actions was to hold an online conference session for all employees, with the aim of reminding everyone of the Group's "*Tous engagés !*" programme;
- **Top Employer**: the Group launched a benchmarking process in 2020 and was certified Top Employer in the first year.

TOUS ENGAGÉS !

Altarea's CSR approach

ALTAREA'S CONVICTIONS

CITIES	CUSTOMERS	TALENTS
Developing and preserving regions	Customer satisfaction at heart of Altarea's actions	Excellence as a driver for growth

ALTAREA'S COMMITMENTS

Cities	Customers	Talents
Develop desirable urban projects with a positive impact **Develop a resilient, low-carbon city** **Preserve natural spaces and promote nature in the city** **Promote the circular economy**	**Listen customers and deliver customer satisfaction** **Develop a desirable and comfortable city** **Enhance green value by rolling out ambitious certifications** **Be a beacon of best practice in business lines**	**Support skills development** **Foster well-being in the working environment**

KEY RESULTS 2020

Cities	Customers	Talents
99% of surface areas under development are less than 500m from transport links -85.7% in CO_2 emissions across the portfolio, since 2010 Energy outperformed Business property RT by over 30% 91% of portfolio waste recovered Cap 3000, 1st centre in the world to be BiodiverCity certified®	"Customer Service of the Year" Award for Cogedim for the 4th year running 100% of Residential projects certified NF Habitat 100% of portfolio sites certified at least BREEAM® In-Use 100% of new Business property projects in the Paris region certified at least HQE Excellent and BREEAM® "Very Good"	1,983 employees at 31 December 2020 Top Employer certification obtained in the first year 317 work-study students 98% of employees took at least one training session in the year Strengthening of Altawellnes the offer in terms of well-being at work, in a context of crisis

4.1 A ESG approach integrated with Group strategy

4.1.1 DPEF summary

In order to produce the DPEF, the Group conducted an analysis of extra-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 together with the results are set out in the table below.

2020 was an unusual year and the table below also sheds light on the management of these risks in the context of a health crisis.

Risks and policies

Risks	Actions and policies	Details	United Nations SDGs	Focus 2020
Risk of operations losing attractiveness 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 4.3.5	3 Good health and well-being 9 Industry, innovation and infrastructure 11 Sustainable cities and communities	*This reinforced dialogue with customers and the entire Group ecosystem, particularly tenants, buyers, visitors, etc., has been intensified to manage the health crisis, with particular attention to the health, safety and financial health of all.*
Risks associated with the acceptability of projects to local councillors, neighbours, customers *(licence to operate)* The development of Altarea'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	8 Decent work and economic growth 10 Reduced inequalities 11 Sustainable cities and communities 15 Life on land	*Thanks to its locations throughout the country, the Group has been able to stay close to the population and conduct solidarity actions.* *In addition, the actions taken to continue economic activity, resume it quickly after the lockdown, support retailers and continue activity in the head offices have continued to support many jobs.*
Risks associated with climate change: transition to a low-carbon world As the property and construction 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 environmental regulation RE2020). **DPEF3**	The Group has taken climate change into account in all of its activities and is committed to: ▪ reduce its direct footprint (target 70% emissions and neutrality over time); ▪ contributing to a low-carbon city by promoting sobriety and proximity, with initiatives on the main categories of indirect emissions: • materials: resource efficiency, use of low-carbon materials, development of refurbishment, • energy: high standard of energy efficiency in its projects, and awareness raising.	**Cities** 4.2.2	7 Affordable and clean energy 11 Sustainable cities and communities 13 Climate action	*Although the partially reduced activity has allowed a temporary reduction in emissions, the Group is continuing its fundamental transformation on the subject of climate change.* *It has launched a cross-functional process to reduce scope 3 emissions, in line with customer expectations and the transformation of sectors* and business models.
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 for customers. **DPEF4**	In its property projects the Group implements adaptation measures aimed at ensuring the comfort and value of properties for their buyers. The Group pays particular attention to summer comfort, notably by adapting designs and by using nature in the city as a cooling element.	**Cities** 4.2.2	11 Sustainable cities and communities 13 Climate action	*In an unusual health context, comfort in buildings, already a long-term challenge, has become an increasingly important issue. The Group has therefore continued its commitment in this area and is implementing a number of actions, particularly in terms of summer comfort.*

Risks	Actions and policies	Details	United Nations SDGs	Focus 2020
Risk associated with 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	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	*No real impact of the crisis on this long-term issue; the Group is continuing its actions aimed at reducing the impact of its activities on natural resources.*
Societal risks in the subcontracting chain Altarea is a major buyer, making more than €3,000 million of purchases each year, and has an impact on the social and environmental practices of its suppliers and subcontractors. **DPEF6**	Altarea has launched an ambitious Group project including: ▪ generalised actions (creation of a Group responsible purchasing charter); ▪ actions targeted by type of purchase (ESG clauses in calls for tenders and contracts, training actions, supplier assessments, audits, etc.); ▪ working to build a responsible and sustainable relationship with suppliers.	**Customers** 4.3.4	6 CLEAN WATER AND SANITATION 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 15 LIFE ON LAND	*The relationship with suppliers and partners, their health, and maintaining their financial health were a concern of the Group in 2020, whilst implementing a cross-functional and structured responsible purchasing process.*
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 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** 4.4.4	10 REDUCED INEQUALITIES	*The Group has demonstrated its agility by rapidly providing tools for remote working and training. The Digital Academy (internal e-learning platform) was a great success this year.*
Risks associated with the Company's loss of appeal Altarea needs talent to successfully fulfil its mission to be an "Entrepreneur for the city". If Altarea 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 4.4.3 4.4.5	5 GENDER EQUALITY 10 REDUCED INEQUALITIES	*From the first lockdown to the end of its year, Altarea looked after the health of its employees and the management of psychosocial risks related to teleworking.*
Risks associated with business ethics The Group may be exposed to attempted fraud or corruption risks, 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	N/A	*Greater use of IT tools and remote working created risks (in particular of fraud) which were quickly managed by the departments concerned.*
Safety and security risk 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	N/A	*The health of all has been the priority and the Group has always taken the lead in anticipating issues directly or indirectly related to the health crisis, whether in its premises, its assets and on construction sites.*
Risks 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	6 CLEAN WATER AND SANITATION 15 LIFE ON LAND	*No real impact of the crisis on this long-term issue, the Group is continuing its actions.*

Main commitments and indicators

Group

Commitments	Indicator	2020 Results	2019 Results	Trend	Comments
Environment					
Measure and manage the footprint	**CO_2 emissions (scopes 1, 2 and 3)**	**524,979 tCO_2e**	**704,585 tCO_2e**	↘	The sharp decrease is linked in particular to the reduction in activity due to the COVID-19 pandemic and the shut-down of shopping centres for parts of the year
Reduce greenhouse gas emissions by 70% from 2010 to 2020[(a)], then aim for zero emissions by 2030	**Reduction of greenhouse gas emissions from the portfolio since 2010**	**-85.7%**	**-59.5%**	↘	The sharp drop in emissions is linked to reductions in energy consumption, the purchase of green electricity and the reduction in activity due to the COVID-19 pandemic
Raise climate awareness to 100% of employees in two years	**Percentage of employees reached by climate training**	**N/A, new commitment**		N/A	The training and awareness plan will be launched at the start of 2021
Implement a strategy to adapt to physical risks	**Deployment of concrete action plans**	**Deployment of tools to 100% of Residential teams**	**Creation of business tools**	↗	Residential teams are trained and equipped. The process will be followed up and measured in 2021
Societal					
Develop mixed operations	**Number of large mixed-use neighbourhoods under development**	**13**	**11**	↗	The Group offers mixed use on all its major operations
Support employment	**Number of jobs supported in France**	**More than 48,500 in 2019**		N/A	The Group supports a large ecosystem of suppliers and service providers and contributes significantly to employment throughout the territory. The calculation could not be updated in 2020 due to the COVID-19 pandemic, but the Group continued to support employment through local actions, maintenance of construction sites, the opening of its sites, etc.
Select land near public transport	**Percentage of surface areas under development less than 500 metres from public transport**	**99%**	**99%**	=	Proximity to transport links has remained stable since 2016. This shows the Group's determination to deliver well-connected projects
Act for customer satisfaction	**Place in HCG/Les Échos customer relations ranking**	**2nd**	**3rd**	↗	In 2020, the Group was once again recognised as a benchmark in customer relations, with continued support during the COVID-19 pandemic
Social					
Support Group growth	**Total Group headcount**	**1,983**	**2,045**	↘	In the context of the COVID-19 pandemic, the Group has adopted a cautious approach to workforce growth, while prioritising job retention and the recruitment of work-study students
Promote youth employment	**Number of work-study students accepted**	**317**	**287**	↗	In a context of stable headcount, the Group has strengthened its commitment to young people
Promote gender equality	**Percentage of women on the Management Committee**	**34%**	**28%**	↗	Each entity has renewed and intensified their action plans on gender equality, confirming the Group's desire and commitment to develop actions to promote diversity
Extend the sharing of added value	**Percentage of employees subscribing to the "*Tous en actions !*" programme.**	**69%**	**63%**	↗	The "*Tous en actions !*" programme allows everyone to become a shareholder and be associated with the Group's success over time
Continue skills development according to the needs of the business line and developing the employability of employees	**Percentage of employees having completed at least one training course**	**98%**	**78%**	↗	In the context of the COVID-19 pandemic, formats have been adjusted to ensure safety, skills maintenance and social bonding between employees, with courses alternating between face-to-face and e-learning
Promote/Contribute to employee mobility	**Percentage of positions filled internally**	**49%**	**N/A**	N/A	In 2020, the Group continued its policy of mobility and internal promotion. A new indicator has been monitored this year

(a) On a like-for-like basis and under constant conditions.

Retail

Commitments	Indicator	2020 Results	2019 Results	Trend	Comments
Environment					
Reduce energy consumption by 40% between 2010 and 2020[(a)], and then by 50% between 2010 and 2030	**Reduction in portfolio energy consumption since 2010**	**-65.7%**	**-46.9%**	↘	The sharp drop in emissions is linked to the implementation of the energy master plan, the environmental management system (EMS) and the reduction in activity due to the COVID-19 pandemic
Develop renewable energies	**Percentage of renewable electricity purchased**	**75% (100% at Paris sites)**	**75%**	↗	Since 1 January 2020, the share of renewable electricity consumed by the Paris sites (Bercy Village and Le Parks) is 100%
Implement actions for biodiversity on 100% of sites	**Percentage of sites with a biodiversity action plan**	**100%**	**100%**	=	The target is met and maintained each year
Recover more than 80% of portfolio waste	**Share of recovered waste**	**91%**	**90%**	↗	Waste recovery is promoted, notably with the implementation of composting for restaurants
100% of portfolio sites certified at least BREEAM® In-Use, “Very Good”	**Portion of sites certified**	**100%**	**100%**	=	Stable since 2015. Altarea is 100% BREEAM® In-Use certified for the French managed assets
Societal					
Continually improve the customer’s visit experience	**Visitor satisfaction index**	**7.7/10**	**7.7/10**	=	The satisfaction index is stable and shows the efforts made to maintain attractive sites and increase leisure activities

Property Development

Scope	Commitments	Indicator	2020 Results	2019 Results	Trend	Comments
Environment						
Business property	100% of projects have a high level of energy performance	**Percentage of surface areas with performance at least 30% better than thermal regulation**	**100%**	**100%**	=	Since 2016, 100% of Business property surface area has been outperforming thermal regulation requirements by at least 30%
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%**	**100%**	=	The ambitious strategy of certification is complemented by the most recent or innovative certifications in order to guarantee the building’s green value
Business property	Promote refurbishment, to promote resource efficiency	**Share of refurbishment in the Paris region by surface area**	**42%**	**55%**	↘	The Group always considers the possibility of refurbishment, with equal performance and comfort. The figure is over 40% since 2015
Neighbour-hoods	Hold BiodiverCity® certification for all projects	**Percentage of projects seeking certification**	**100%**	**7 projects[(b)]**	N/A	The Group made this commitment when it signed the charter to preserve cities’ biodiversity and incorporate the living environment into all urban projects
Societal						
Residential	Measure share of local purchases	**Percentage of locally sourced purchases**	**83%**	**73%**	↗	Altarea monitors this indicator to strengthen its contribution to the local economy It now includes subsidiary Pitch Promotion
Residential	Commitment to customer satisfaction	**Customer Service of the Year Award**	**Awarded Customer Service of the Year[(c)]**	**Awarded Customer Service of the Year[(c)]**	=	The Group won this award for the fourth consecutive year
Residential	Guarantee quality through NF Habitat certification	**Percentage of projects certified NF Habitat**	**100%[(d)]**	**100%[(d)]**	=	The Group has been 100% NF Habitat certified for four years, reflecting its continuous efforts to strive for quality
Business property	Favour mixed-use operations	**Share of multi-use areas**	**78%**	**83%**	↘	The Group’s policy is to offer mixed uses for all its major operations
Neighbour-hoods	Develop pleasant living spaces	**Number of WELL Community Standard neighbourhoods**	**Development of two WELL Community Standard neighbourhoods, including Issy Cœur de Ville, the first pilot project in France**		=	The Group reinforces its expertise in terms of quality of life in neighbourhoods

(a) On a like-for-like basis and under constant conditions.
(b) The definition of the indicator was updated between 2019 and 2020.
(c) Property Development category – BVA Group survey – Viseo CI – More information on escda.fr.
(d) Excluding co-development, refurbishments and managed residences.

4.1.2 The Group's ESG approach

The Group's ESG approach is based on several analyses carried out over the past five years:

- a materiality matrix dating from 2016 (see 4.6.1);
- the risk analysis conducted as part of the preparation of the DPEF dating from 2018; and
- in 2020, an update of the priority issues, based on work done with the Group's senior executives. As such, twelve people were interviewed internally about their perception of macro-trends, stakeholder expectations and the Group's positioning.

For the period 2020-2025, the priority ESG challenges identified are as follows:

TACKLING THE CLIMATE CHALLENGE, with a focus on the following themes:

- reducing emissions across all business lines, and in particular in scope 3;
- use the circular economy as a lever for reducing emissions and creating value;
- enable cities to adapt and be more resilient.

STRENGTHEN THE GROUP'S POSITIVE IMPACT in the region:

- be a responsible partner and create economic value for all;
- work with the social economy and short supply chains;
- show solidarity and citizenship.

DEPLOY THE RESPONSIBLE PURCHASING PROCESS to ensure a better relationship with suppliers and subcontractors, *via* focus on safety, social and environmental issues in line with the Group's decarbonisation approach.

TO ACHIEVE REAL TRANSFORMATION: TRAIN, RAISE AWARENESS, REACH ALL EMPLOYEES, in order to obtain tangible and widely disseminated results.

Also, the Group continues its process to progress all the themes in the matrix and the DPEF.

We are all involved! / *Tous engagés !*

Altarea is convinced there is no growth without Corporate Social Responsibility and launched its ESG approach in 2009. It was subsequently updated in 2017 with the materiality matrix and formalisation of the "*Tous engagés !*" ("We are all involved!") programme. The latter is based on three main areas:

- working as a public interest partner for cities, to preserve and develop local regions;
- placing customers at the heart of actions, working for customer satisfaction across all business lines;
- capitalising on the excellence of talents, the Company's biggest asset, to support growth.

ALTAREA'S ESG APPROACH

TOUS ENGAGÉS !

Altarea's CSR approach

Relations with stakeholders

Due to the diversity of its activities and business lines, Altarea 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'S PRIMARY STAKEHOLDERS

Clients	Buyers of residential units	Office users key accounts	Retail brands	Shoppers
CHALLENGES	Satisfy their expectations and advise them throughout the journey	Support performance and corporate culture	Attract visitors and offer pleasant, innovative spaces	Offer an experience and services
For further information, see chapter	**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	Create long-term partnerships for regional revitalisation and development	Sustain financial and extra-financial performance of the Group and its products	Offer excellent career opportunities in an attractive compagny	Make the Group's CSR challenges a major part of its business relationships
For further information, see chapter	**4.2.1**	**4.5.1**	**4.4**	**4.3.4 and 4.3.6**

4.1.3 Analysis of the impact of the COVID-19 pandemic on ESG issues

Group actions

Altarea showed great agility in 2020 to guarantee the continuity of its business in the face of the lockdowns and other imposed restrictions. Actions focused on two priorities:

- the maintenance and resumption of economic activities as soon as possible; and
- a major focus on the health and safety of the Group's employees and partners.

With regard to maintaining economic activity, actions have been taken in all of the Group's business lines. In Property Development, the construction sites remained closed for a very short time. They were able to reopen quickly thanks to the commitment of the Group's teams and a strong safety culture that has been in place for several years. The instructions of the health protocol were implemented quickly and in conjunction with an internal process to verify its proper application. All the specific health and safety plans (PPSPS) — which usually govern the management of risks on each site — have been updated. At the same time, dialogue with the construction companies enabled effective coordination to be put in place to safeguard the health of the workers, whilst maintaining work during the successive waves of lockdowns.

The teams showed exemplary innovation and agility to keep activities with customers going: sales, customer relations, prospecting, etc. All dialogues were conducted remotely in all businesses to the same demanding standards as face-to-face meetings. Innovative systems have been systematised or created: electronic signature, online service choice configurator, etc. This agility was rewarded by the HCG/Les Échos multi-sector ranking of customer relations, where the Group rose to second place.

On the operation of the shopping centres, exceptional work was done by the management, operations, marketing and management teams to keep them open (when essential businesses were present in the centres) and facilitate reopening. As such, operational opening plans (PODO) have been drawn up for each centre, setting out the health security arrangements against COVID-19 and the associated communication actions to be implemented within the centre, both before and after reopening. Taken together, these measures ensured the health and safety of the shopping centre's customers and staff. The plans included controlling the number of visitors, obligatory masks, queue management, management of technical equipment (ventilation), staff training, etc. The quality of these PODOs was noted by the local authorities and allowed the centres to be reopened quickly and safely.

In particular, the Group obtained early access to masks, which it distributed to employees, customers, service providers, employees of retailers, etc.

With regard to the relations with tenants, the Retail teams have made the daily life of retailers as easy as possible, by implementing measures to reduce costs, whilst maintaining a high-quality welcome for visitors and employees working in the centres. In addition, efforts have been made to support retailers from a financial standpoint, notably with rent waivers for VSEs and support mechanisms for the largest groups. Several hundred agreements have been signed between Altarea teams and retailers to manage this complex period.

In addition, the Group took action to protect its employees, with measures that evolved during the year:

- strict health protocols in the offices;
- remote working support through the provision of effective IT tools, online training, teleworking tools, etc.
- facilitated return to on-site working (under optimal protection conditions, made easier by the new head office) to limit the psychosocial risks associated with working remotely.

To safeguard everyone's health, the infirmary gave employees the opportunity to be tested in the office.

Lastly, the Group showed solidarity, particularly during the first lockdown, by releasing funds for the #Protect your caregiver collective and by encouraging the personal initiatives taken by its employees.

Impact on the ESG approach

Altarea's commitment and ESG strategy have emerged stronger from the COVID-19 pandemic. Faced with this unprecedented crisis, the Group reaffirms its commitment to major strategic issues:

- designing comfortable and resilient cities;
- combating climate change;
- take care of the health and safety of its employees and stakeholders.

This crisis is a full-scale trial of what the climate crises of the future could look like, and Altarea has learnt the lessons. The Group has assets to cope with these shocks: diversified businesses, a unique skills platform and a pronounced entrepreneurial and resilient spirit. The contribution of the Group's employees has also been exemplary.

4.1.4 Governance and implementation of ESG

Organisation

The ESG Department is part of the Strategic marketing, ESG and innovation Department. It is made up of five employees and reports to an Executive Committee member. The management process in place to progress and disseminate the approach is as follows:

- the ESG Department advises Management and the Executive Committee on defining the ESG approach and actions to take;
- the ESG Department relies on the ESG Committee, which meets regularly to implement these actions. This network of twenty coordinators represents each of the Group's business lines: Residential, Business property, Retail, and cross-functional departments (Human Resources, Innovation, Finance, Internal Control, etc.);
- *ad hoc* working groups are formed to focus on targeted and operational topics with special coordinators and other participants. In 2020, working groups were set up to address topics such as reducing the carbon impact of activities, adapting to climate change and responsible purchasing;
- lastly, to be as close as possible to the field, the Group is in the process of setting up a network of operational ESG ambassadors.

ESG team contact: developpementdurable@altareacogedim.com

Participation in sector organisations

Altarea plays an active role in external bodies, notably to anticipate changes in regulations on sustainability and to discuss best practice. The Group belongs to the following organisations:

- CNCC (Conseil National des Centres Commerciaux, the French Council of Shopping Centres). With members of the CNCC, Altarea recently helped to draft the "Sector ESG 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 Sustainable Development Officers' group);
- HQE®-GBC Alliance France, the professional alliance for a sustainable built environment;
- Charte tertiaire du Plan Bâtiment Durable (sustainable building charter for office buildings);
- Association BBCA (Bâtiment Bas Carbone, or Association for Low-Carbon Construction);
- CIBI, the International Biodiversity & Property Council; and
- OID (Observatoire de l'Immobilier Durable), the sustainable property observatory, an independent general interest association which seeks to promote sustainability in construction. The Group is a founding member.

Altarea is committed

United Nations Global Compact

Altarea is committed to the United Nations Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anticorruption.

Sustainable development goals

Altarea decides its actions in light of the United Nations' Sustainable Development Goals (SDGs).

Details of contributions are set out in paragraph 4.1.1.

Paris Climate Action

The Group works with the City of Paris on its Energy Climate Plan. It has been signed up to the Paris Climate Action Charter since 2015. In 2019, the Group renewed its commitment in the Charter to Gold level. Through this renewal, Altarea undertakes to support Paris's vision of a carbon-neutral city and 100% renewable energy by 2050.

Examples of the Group's commitments in this respect:

- propose solutions to reduce greenhouse gas (GHG) emissions: Altarea is committed to using biosourced materials, particularly wood, for 100% of its housing projects in Paris in the medium-term. Its recent partnership with Woodeum reflects this commitment. The Group is also committed to limiting the supply of new materials by promoting building restructuring and the circular economy;
- be a player in the local energy transition, for example by reducing consumption in its shopping centres by 50% by 2030 and by using 100% renewable electricity. Altarea is also committed to using at least one renewable energy source in all office and retail projects;
- support the region's ecological transition by promoting non-carbon mobility For example, in Paris, Altarea aims to have no parking for anything on all new housing projects and bicycle parking on all office projects.

Biodivercity Charter®

By signing this charter in 2018, Altarea has committed to preserving the biodiversity of cities and integrating living things into all urban projects.

Environmental labels and certifications

Altarea is committed to guaranteeing the green value of its property projects to its customers and obtaining quality and/or environmental certification for 100% of its projects.

Customer Service of the Year

The Group is committed to customer satisfaction and, for the fourth consecutive year, Cogedim won the "Customer Service of the Year Award" in the Property Development category.

Diversity Charter

The Group is committed to the fight against discrimination and has been a signatory of the Diversity Charter since December 2013.

Paris employment agreement

Since 2018, as part of the modernisation of the Paris-Montparnasse station, Altarea has 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.

4.2 Working as a public interest partner for cities

4.2.1 Developing desirable urban projects and contributing to the local economy DPEF2

Scope	Objectives/Commitments	2020 Results	2019-2020 Change	Comments
Group	Focus on mixed-use projects incorporating Business property, Residential and Retail space	**13 mixed-use projects in large mixed districts**	↗	The Group offers mixed-use options across all of its major projects to promote proximity and bring cities to life
Business property		**78% of Business property projects are multi-use**	↘	
Group	Support jobs	**48,500 jobs supported in France in 2019**	Not applicable	The Group supports a large ecosystem of suppliers and service providers and contributes significantly to employment throughout the territory. The calculation could not be updated in 2020 due to the COVID-19 pandemic, but the Group continued to support employment through local actions, maintenance of construction sites, the opening of its sites, etc.
Residential	Measure share of local purchases	**83% of construction site purchases are locally sourced**	↗	Altarea monitors this indicator to strengthen its contribution to the local economy. It now includes subsidiary Pitch Promotion
Residential	Select new land near public transport	**99% of surface areas under development are located less than 500 metres from public transport**	=	Proximity to transport links has remained fairly stable since 2016 in Residential and Retail and has improved in Business property. This demonstrates the Group's commitment to projects with good transport links, which offer convenience and low-carbon mobility
Business property		**100% of surface areas under development are located less than 500 metres from public transport**	=	
Retail	Increase access to public transport and soft mobility	**79% of portfolio sites are less than 500 metres from a transport network with services running at least every 20 minutes**	↗	
Retail	Contribute to local employment by systematising employment charters on new projects and organising events to promote employment	**Paris employment agreement for Paris-Montparnasse station**	=	Altarea contributes to local employment by forming partnerships with stakeholders from the region, retailers and job seekers

As an urban developer, Altarea shapes the living environment of millions of users. This mission gives it a great responsibility for the future of the regions where it operates and creates the following challenges and opportunities:

- on the one hand, environmental issues (climate change, biodiversity, natural resources, etc.) are now taken for granted and a major concern for society;
- on the other, the phenomena of metropolisation and the transformation of family units are contributing to land pressure on certain territories: cities must become denser and more accessible to all to meet the needs of each; and
- lastly, after years of growing inequalities, diversity (social, intergenerational, etc.) and solidarity are essential to the cohesion of the regions.

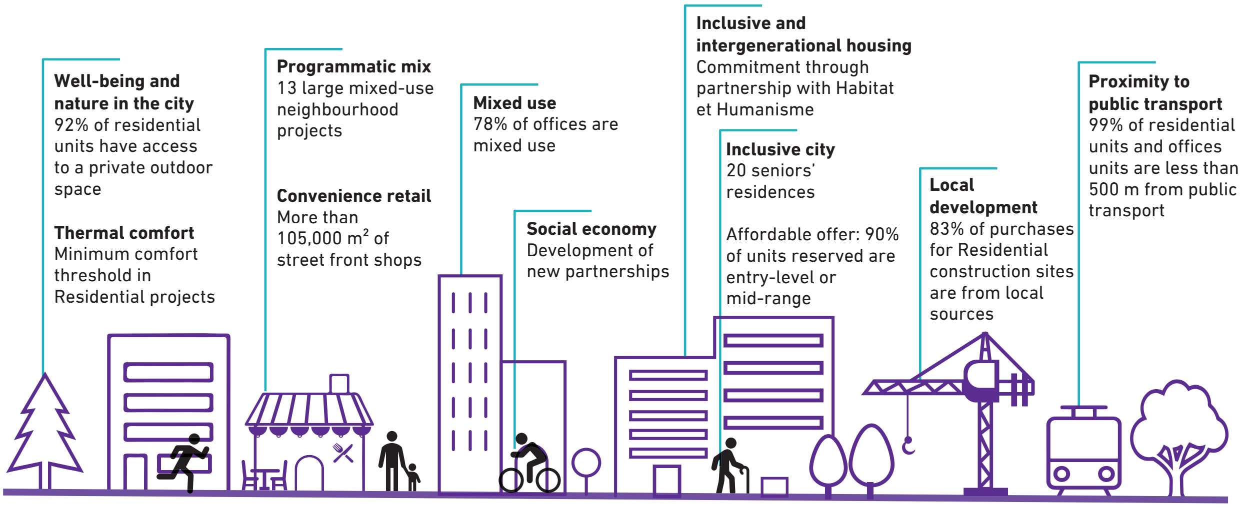
These underlying trends have been exacerbated by the COVID-19 crisis. Responding to this is a key issue for Altarea; today, local authorities are looking for proposals that take account of these transformations and make a positive contribution to the regions. How the Group responds to these new challenges will determine its success.

Altarea is determined to be a public interest partner for cities. The Group's operations provide answers to two key challenges:

- the development of desirable urban projects: Altarea believes in a dense and diversified city, offering a mix of housing, tertiary activities (shops, offices, services, etc.), public services and leisure spaces. The resulting proximity creates conviviality and sustainability. It helps cut travel — the concept of the "quarter-hour city" — gives a more human dimension to cities; and
- support for and positive impact on the regions: Altarea's activities have a significant impact on employment and the Group supports both the local economy and social economy organisations.

The current profound social, societal and environmental changes are bringing in their wake changes to cities and buildings. Altarea is convinced that the response to these changes requires a positive transformation of cities and regions.

DEVELOP DESIRABLE URBAN PROJECTS WITH A POSITIVE IMPACT



4.2.1.1 Desirable urban projects

The density and diversity of the city

The Group puts mixed-use at the heart of its offers. Altarea combines all of its skills to devise and implement large, innovative mixed-use projects, residential property, offices, retail, leisure facilities, hotels, etc. These projects are carried out in collaboration with local authorities, developers, private sector operators, investors and local people. They enable the Group to engage on issues around complex urban redevelopment and regional development.

The Group is involved with thirteen mixed projects across France. All are large-scale, bold projects, the forerunners of the urban living environments of tomorrow.

THE GUILLAUMET DISTRICT

The plan is to revamp the former Toulouse test-flight centre (Centre d'Éssais Aéronautiques de Toulouse, CEAT). Its key figures are as follows:

- 13 hectares in surface area, half to be used for mixed-use green space (children's' playground, urban farming, orchards, etc.);
- 78,000 m² of housing, including an inclusive intergenerational residence with Habitat et Humanisme, a social landlord and an association for people with disabilities, as well as a collaborative housing programme;
- 14,300 m² of shops, services, offices, 9,000 m² of facilities (one nursery, two third-party premises, sports facilities (gymnasium, dojo, gym, fitness area), 17,200 m² of outdoor sports spaces (sports area, tennis courts) and a one-hectare public garden located in the heart of the project;
- Two third-party locations: the Halle aux Cheminées, dedicated to eco-responsibility, consisting of an urban farm, a charity bistro, a repair workshop, rooms available for local associations, shared gardens and the Soufflerie venue, with a metropolitan dimension, which will host cultural leisure activities;
- 20,000 m² of road built using materials derived from recycled concrete;
- Working towards five certifications: HQE Aménagement, BiodiverCity®, Ecojardin for the whole project, HQE Bâtiment Durable and the BEPOS label for offices.

The other large, mixed-use projects currently under development by Altarea are presented in the business review (see Chapter 1 of the Universal Registration Document – Business Review 2020).

Aside from these large-scale district projects, Altarea introduces mixed-use as early as possible in its projects. For example:

- to respond to the environmental, demographic and societal changes in local authorities and society in general, Altarea has created Altaproximité, a specialist in the development of ground-floor retail units, which today has over 105,000 m^2. These retail outlets help liven up the region and boost housing projects. Altarea's integrated marketing guarantees a mix of complementary retailers to suit neighbourhood life and which are sustainable as a result of an economic model developed upstream;
- 78% of Business property projects are multi-use;
- Altarea is introducing mixed-use solutions by creating shopping centres in stations (Paris-Est station, Paris-Montparnasse station, Paris-Austerlitz station). 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.

In addition to this diversity of uses, the Group strives to promote social and intergenerational diversity through a wide range of solutions: by offering housing for all budgets, student residences and senior residences *via* its Cogedim Club® brand or by participating in the development of intergenerational housing, in partnership with Habitat et Humanisme.

Altarea designs places for all times of life, in private, collective and professional spaces. Faced with the challenges of regional development, particularly urban revival through housing, Altarea created an urban development department in 2018. Its mission is to bolster property synergies within the Group and offer local authorities redevelopment projects which create urban value and well-being for local regions.

Proximity to transport links

In Property Development, location and good connections to the transport network are crucial issues with the mass growth of sustainable mobility and questions around the town planning of the future and the place of personal vehicles.

For Altarea, the main areas of mobility research focus on the movements of occupants of the buildings it sells and of visitors to the shopping centres.

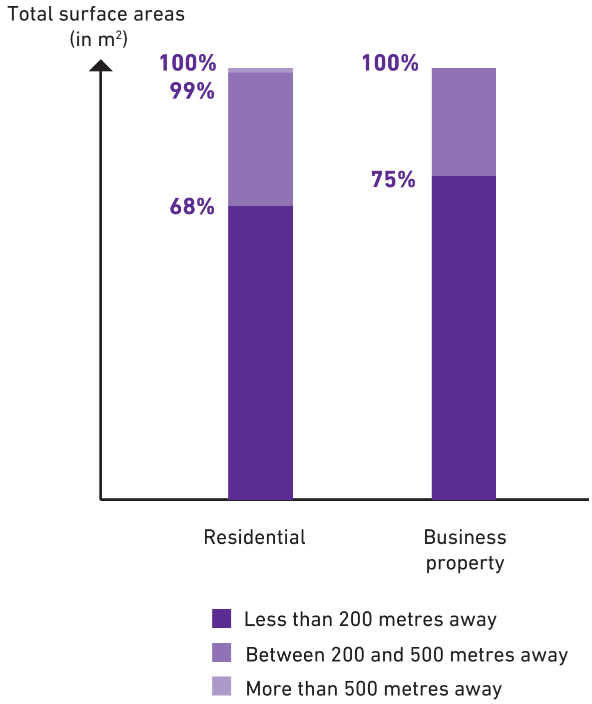
Therefore, for its new projects, in all its business lines, Altarea has been committed for several years to ensuring proximity to public transport networks, and to providing sustainable, practical and cost-effective mobility solutions (car-sharing, shared parking, etc.). The Group is also committed to fostering soft mobility throughout its portfolio, by developing car-sharing, cycling, or through the provision of electric vehicle charging stations.

Residential and Business property

Since 2014, the Group has set itself the goal of always developing its new projects less than 500 metres from a public transport network. Altarea was one of leading players in transparency in this respect, by publishing indicators on each of its activities. In 2020, 99% of surface areas under development are located less than 500 metres on foot from public transport.

These figures have been stable since 2017.

PROXIMITY OF PROJECTS TO PUBLIC TRANSPORT



Retail

In managing its portfolio, Altarea strives to prioritise the acquisition or development 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'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 metres 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.

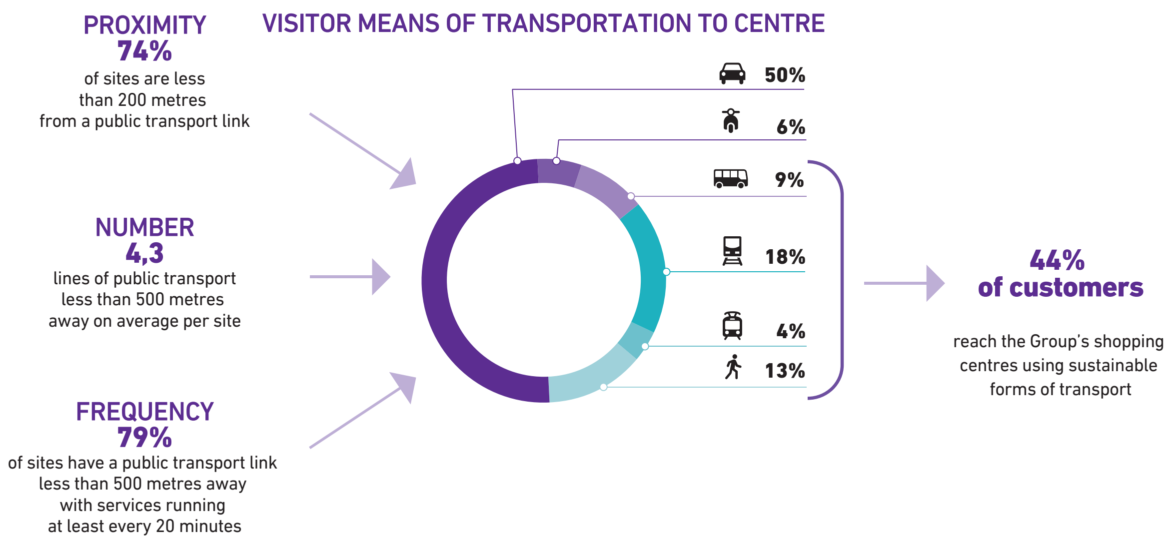
The Group also conducts on-site surveys to analyse how visitors are getting to the main shopping centres in the portfolio, which represent 50% in value terms of the current scope of reporting. Note that Cap 3000, whose extension opened at the end of 2019, has yet to conduct a survey on how its visitors get there and will run one in 2021.

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: 44% of customers travelled to shopping centres in the portfolio *via* soft transport in 2019, compared with 40% in 2017. This change is evidence of the efforts made by the Group to promote low-carbon transport. The unique context due to the COVID-19 pandemic made it difficult to conduct a survey on how visitors got there this year.

To go one step further, in 2019 Altarea committed to achieving 75% of visitors using a soft mode of transport to travel to the shopping centres by 2030.

In line with this objective, the Group is developing considerably its travel retail business in stations (Paris-Est, Paris-Austerlitz and Paris-Montparnasse stations and a number of railway stations in Italy), which are by nature high-throughput locations connected to soft mobility.

CONNECTIVITY AND MEANS OF TRANSPORT OF VISITORS TO PORTFOLIO SHOPPING CENTRES



4.2.1.2 Urban projects with a positive impact

Altarea, supporting employment in France

As of 31 December 2020, the Group employed 1,983 people. It is a major customer for other firms with more than 3 billion euros in annual purchases (see 4.3.4) and as such has a strong impact on the employment in France. This is why Altarea has for several years been quantifying its indirect economic contribution in terms of employment and local development.

The Group's activities generate a significant volume of purchases, particularly in property development (construction, design and maintenance). Each direct job with Altarea in France supports 22 additional jobs in the French economy.

For **1** job at Altarea,

22 additional jobs are supported in the French economy

In total, in 2019, more than 48,500 jobs were directly supported by the Group's activity (purchasing, salaries, taxation, etc.)[1].

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, the methodology can be used to simulate the socioeconomic impact of the business' 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; and
- induced jobs: jobs created by the consumption of direct and indirect employees in France.

In addition to these jobs, over 12,000 jobs are hosted by the Group's shopping centres.

As the year 2020 was marked by the COVID-19 pandemic, the usual methodology used to calculate the employment footprint is not relevant for updating the figures. Also, the latest data available is for 2019 and will be updated in 2021.

(1) Given the 2020 headcount, an estimated 47,000 jobs are therefore supported.

However, in this exceptional context, employment and maintaining economic activity were priorities for the Group. More generally, Altarea has continued its activities as much as possible and maintained its strong support for employment in the regions, by contributing to the continuity of its partners' activities (see 4.1.1):

- in Property development, construction sites only closed for a few days during the first lockdown, and activity resumed as soon as possible with the required health measures in place;
- in Retail, the Group supported the retailers' business, in particular by promoting click & collect (see 4.3.1);
- lastly, as the Group's sites remain open, this has made it possible to maintain the activities of service providers working on-site (catering, cleaning, security, etc.).

Support for employment in shopping centres

Shopping centres are important providers for local employment in the regions where they are located. Actions are taken to further encourage the hiring of local residents *via* partnerships and events in its shopping centres.

PROMOTION OF EMPLOYMENT IN THE GROUP'S SHOPPING CENTRES

Since 2018, as part of the modernisation of the Paris-Montparnasse station, Altarea has 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. As part of the second phase of the modernisation of the Paris-Montparnasse station, a job dating event took place in January with 100 jobs waiting to be filled.

The COVID-19 pandemic disrupted the organisation of certain employment promotion events in the Group's shopping centres. For example, the Qwartz shopping centre had to cancel the Employment Forum, usually held in May, in partnership with the city of Villeneuve-la-Garenne and Pôle emploi.

However, despite this exceptional context, a number of noteworthy pro-jobs initiatives took place in 2020. These included welcoming and providing a free parking space every six weeks for the Job Truck of the South Employment Basin Committee 94 in Thiais Village. The Job Truck is a local mobile initiative aimed at promoting job vacancies and support services in the region, by reaching out to local residents. Accessible to all, the Job Truck targets jobseekers with the least access to information.

Altarea is committed to continuing to contribute to local employment by drawing up employment charters for new shopping centre projects, and organising job fairs at portfolio sites.

Contribution to local economic development

Altarea intends to play a role in the economic development of the areas where it is established. A survey of local economic development activities in 2017 showed that most subsidiaries were developing partnerships with local institutions, for instance by mobilising local know-how, working with local innovators and developing convenience stores. Altarea structured its approach to promote local roots and continued this work in 2020.

In 2020, **83%** of purchases for construction sites in the department were from local sources[(1)].

The Group also promotes professional integration on construction sites. In 2020, 36% of Business property projects launched in the past two years, had a professional integration clause. This figure is 100% in the Paris region. For the Issy Cœur de Ville project in Issy-les-Moulineaux, 100,000 hours of professional integration were planned.

Partnerships with positive impact players and contribution to the social economy

In 2020, Altarea continued to analyse its assets and identify bodies having a positive impact, in order to create synergies with them.

Among these positive impact players, the Group pays particular attention to organisations in the social economy. Social economy organisations contribute to the resilience and the management of local life since they create jobs, close the gap between producers and consumers, stimulate the environmental transition and re-establish social tie.

The players of the social economy are natural retail project partners: bringing life to street fronts, new shopping centres and the creation of new neighbourhoods. As a regional developer, Altarea is giving increasing importance to the social economy as they make an active contribution to the creation of pleasant, resilient, independent regions. Two examples of projects involving social economy players:

- in collaboration with Crédit Coopératif and Baluchon, Altarea launched the first solidarity-based commercial property company whose first project, called Bouillon Club in Paris, will open in 2021, as part of the New G project;
- the Façade Denfert project in Paris will host a hybrid site focused on culture and the social economy. The building will be supported by an ESUS -approved solidarity real estate company.

In addition, the Group has:

- conducted a major awareness-raising campaign for all employees on short supply chains and intergenerational housing. These two major themes were highlighted during social economy month, with a presentation of solutions that the social economy structures can provide and examples of collaborations within the Group;
- rolled out tools to work better with the social economy, in particular a comprehensive guide to facilitate action by employees. It brings together strategic contacts on the themes of urban agriculture, nature in the city, services for residents, transitional urban planning, soft mobility and the circular economy and educational tools about the social economy.

(1) For Residential projects. For projects in the Paris Region, companies located in the same region are also counted.

4.2.2 Energy and climate: developing a resilient low-carbon city DPEF3 DPEF4

Scope	Objectives/Commitments	Indicator	2020 Results	2019-2020 Change[a]	Comments
Group	Reduce portfolio greenhouse gas emissions by 70% between 2010 and 2020[b], and aim for zero emissions by 2030	GHG emissions (scopes 1+2)	**2.1 $kgCO_2e/m2$** **-85.7% since 2010[b]** **Estimated result corrected for the effect of the COVID-19 pandemic: -80.1% since 2010[b]**	-35%	Continuous reduction in emissions since 2010 thanks to reductions in consumption and the purchase of green electricity. The 2020 decline is also linked to the reduction in activity due to the COVID-19 pandemic
Group	Measure the footprint and have a tool to manage the reduction of the footprint	CO_2 emissions (scopes 1, 2 and 3)	**524,979 tCO_2e**	-25%	The sharp decrease is linked in particular to the reduction in activity due to the COVID-19 pandemic
Group	Raise climate awareness to 100% of employees in two years	Percentage of employees reached by climate training/ awareness actions	**NA**	**New objective**	The training and awareness plan will be launched at the start of 2021
Group	Implement a strategy to adapt to physical climate risks	Deployment of operational action plans by business lines	**Deployment of summer comfort tools to 100% of Residential teams**	**Completed for Residential**	Residential teams are trained and equipped. The process will be followed up and measured in 2021
Business property	Achieve high energy performance for 100% of projects	Share of surface areas with better performance than the applicable thermal regulation requirements	**100%**	=	Since 2016, 100% of Business property surface area has been outperforming thermal regulation requirements by at least 30%
Retail	Reduce portfolio energy consumption by 40% between 2010 and 2020[b], and then by 50% between 2010 and 2030	Primary energy consumption of commercial assets	**113 $kWhpe/m^2$** **-65.7% since 2010[b]** **Estimated result adjusted for the impact of the COVID-19 pandemic: -57.3% since 2010[b]**	-18%	Continued decrease in consumption since 2010(b) thanks to the implementation of the energy master plan and the EMS. The 2020 decline is also linked to the reduction in activity due to the COVID-19 pandemic
Retail	Increase self-supply on new developments, and purchase 100% of electricity from renewable sources	Percentage of renewable electricity purchased	**100% at Paris sites and 75% at all other sites**	**+33% at Paris sites**	Switching to 100% "green" electricity for Paris sites in 2020

(a) Like-for-like scope.
(b) On a like-for-like basis and under constant conditions.

Climate evidence requires profound transformations in the way cities operate, to move towards more resource-efficient and resilient urban models. A specific responsibility weighs on buildings and construction, which are among the most energy-intensive and greenhouse gas-emitting sectors in France.

In addition, the consequences of climate change are already noticeable, with an intensification of climate phenomena: storms, heat peaks, heat waves made worse in cities by the phenomenon of heat islands. These weather events affect buildings and user comfort. They can impact the built environment, networks, construction sites and the quality of city life.

Today, Altarea has taken stock of these transformations and is enhancing its low-carbon approach every year.

The Group has launched a major project to reduce its emissions and adapt its operations. This long-term progressive project involves all business lines and aims to set targets for its carbon trajectory that are precise and realistic: ambitious but economically and operationally sustainable.

2020 was devoted to in-depth analysis of ways to reduce the carbon footprint and quantifying the financial impacts of possible actions. This made it possible to establish a methodology and a trajectory that is intended to be compatible with the Paris Agreement (Science-Based Targets (SBT) approach).

The year 2021 will be devoted to their deployment in the business lines, taking into account economic constraints and market challenges (availability of technologies and materials in particular).

Since 2017, the Group has been working to set emission reduction targets including Scopes 1, 2 and 3, with responses proportionate to the contribution of each item and adapted to each business line. In 2019, Altarea also renewed and expanded its commitment to the Paris Climate Action Charter, at the Gold level. The Group therefore undertakes to support the vision of a carbon-neutral city and 100% renewable energy in Paris by 2050.

In addition, adaptation to the effects of climate change is at the heart of policy-making, with the implementation of concrete climate resilience action plans, particularly in Residential.

THE GROUP HAS SET THE BASIS OF A CARBON ROADMAP COMPATIBLE WITH THE PARIS AGREEMENT

Altarea is committed to the Science-Based Target (SBT) initiative to establish a climate roadmap compatible with the Paris Agreement, and help keep global warming below 1.5° C.

This is a long-term project, in particular because it concerns the property development sector for which the methodology is still being defined.

To date, trajectories have been studied for the energy consumption of the shopping centres, purchases of materials, and energy consumption in the Property Development business.

4.2.2.1 Altarea's approach to combating climate change

The Group's carbon footprint

tCO_2e	2020	2019	Comments
Scope 1	1,364	1,703	The decrease in emissions is mainly due to the impact of the COVID-19 pandemic, which slowed the number of deliveries over the year, and to the partial shut-down of shopping centres during the year
Scope 2	378	455	
Scope 3	523,238	702,427	

Altarea measures its carbon footprint according to the Greenhouse Gas Protocol (GHG Protocol) methodology, which is compatible with the Bilan Carbone® assessment and ISO 14064.

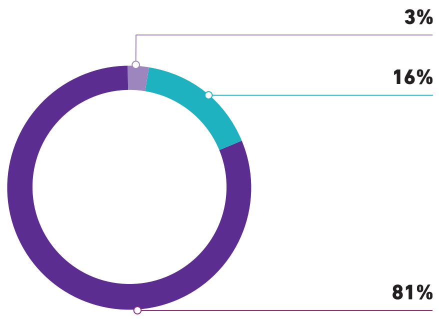
Scopes 1 and 2 (scope 1: 1.4 $ktCO_2e$, scope 2: 0.4 $ktCO_2e$) include the energy consumed by the Group in its shopping centres, as well as business travel by company car. This relatively low footprint can be explained by the Group's activities (mostly office work) and the low-carbon electricity mix in France, with Altarea mainly using electricity in its portfolio of shopping centres.

Scope 3 (523 $ktCO_2e$) mainly includes the purchase of construction materials and the energy consumption of the occupants of the homes and offices sold by the Group, estimated over 50 years.

The Group's total emissions consist of the following, depending on the activity and the different sources of emissions.

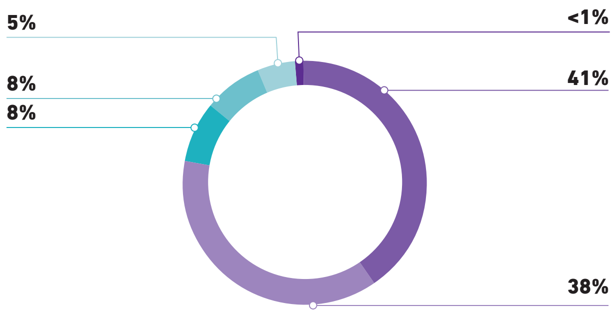
SUMMARY OF THE GROUP'S CO_2 EMISSIONS, BY ACTIVITY AND BY SCOPE AND EMISSION CATEGORY

CO_2 EMISSIONS BY ACTIVITY. SCOPES 1, 2 AND 3



- Corporate
- REIT
- Property Development

CO_2 EMISSIONS BY SCOPE. ALL ACTIVITIES



In decreasing order of control:

- Scopes 1 and 2 (~1%)
- Scope 3: Materials (purchases and construction choices)
- Scope 3: Energy used by Residential & Business property occupants
- Scope 3: Energy used by Retail tenants
- Scope 3: Center visitor travel
- Scope 3: Other (incl. work sites and corporate)

Concerning the design, the Group regularly carries out the Bilan Carbone® assessments and life cycle analyses (LCA) in refurbishment or large-scale projects to better understand the carbon footprint of projects.

This strategy for the global reduction of greenhouse gas emissions is consistent with a vision of the low-carbon city: through a design designed from the start to be low in materials and energy efficient, the Group reduces its responsibility for climate change. Altarea's actions also involve close collaboration with customers, users and suppliers to disseminate best practices.

Finally, the development of a city that promotes proximity also contributes to the reduction of CO_2 emissions. The Group's operations, mainly located near public transport and services, contribute to the reduction of transport and therefore also to the reduction of the carbon footprint of its customers and users. This item was previously included in the calculation of the Group footprint. It was removed this year, to bring the Group closer into line with sector methodologies, in connection with RE2020.

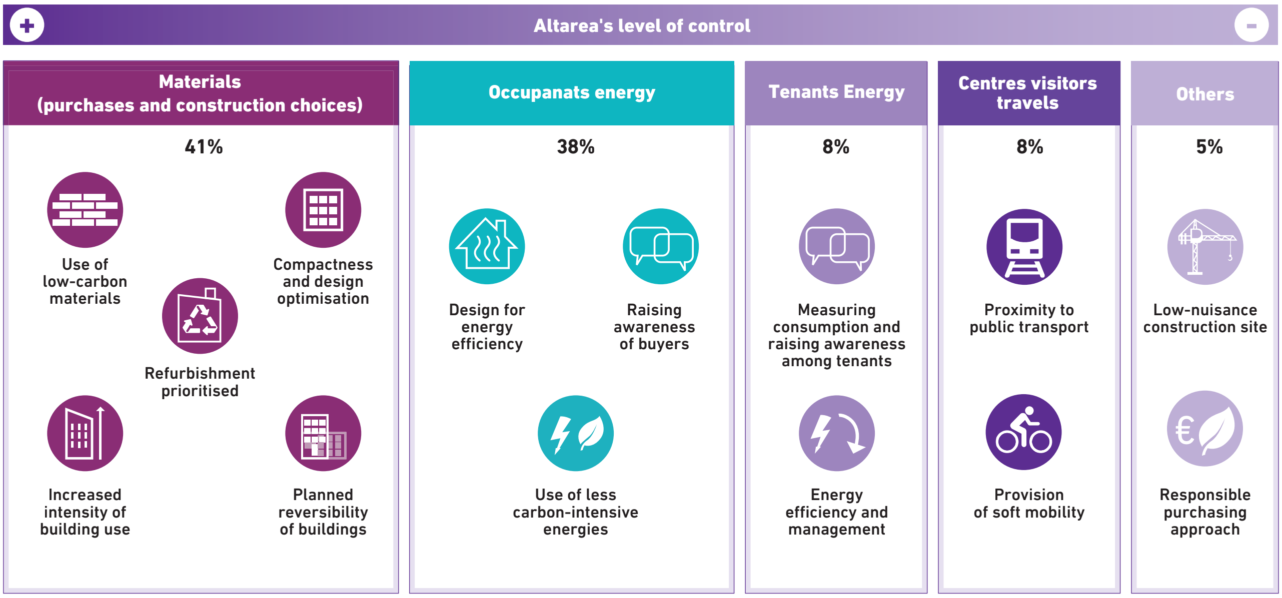
Reducing emissions

Altarea combines major actions in its scopes 1 and 2, and commitments in scope 3:

- favour resource-efficient construction;
- designing operations that promote "avoided emissions", that is to say, the reduction of emissions for its customers.

The solutions proposed by the Group are detailed below.

MAJOR SOURCES OF GREENHOUSE GAS EMISSIONS IN THE GROUP



Note: in accordance with calculation practices, occupant energy emissions are estimated over a period of 50 years.

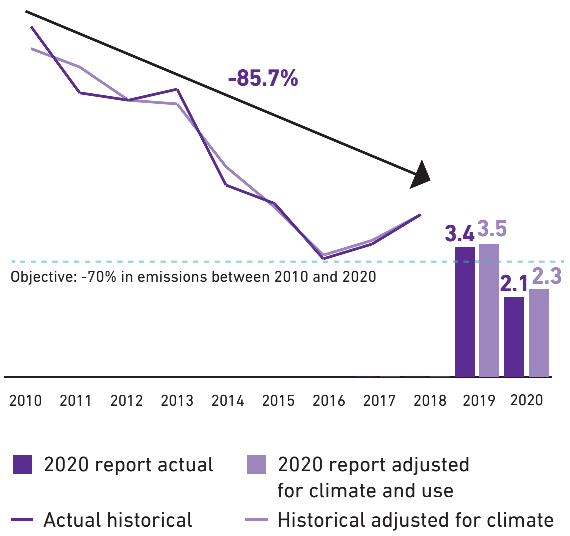
Scopes 1 and 2: Focus on the portfolio's carbon footprint

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, and then to aim for zero emissions by 2030.

Since 2010, the approach implemented for energy efficiency has led to a 95.8% reduction in greenhouse gas emissions per m² on a like-for-like basis compared to 2010. On a constant climate and use basis, this reduction is 85.7%. The change from 2010 to 2019 shows a reduction of greenhouse gas emissions by 59.5% and reflects the efforts made by the Group over this period.

PORTFOLIO GREENHOUSE GAS EMISSIONS
(ON A LIKE-FOR-LIKE BASIS IN $kgCO_2e/m^2$)



Emissions have been reduced thanks to the Group's considerable efforts to promote energy efficiency and the fact that between 2016 and 2018, 50% of the energy purchased was green electricity, with this figure rising to 75% since 1 January 2019. The target is to switch to 100% renewable electricity in the medium-term. The Parisian sites are already purchasing electricity that is 100% renewable in 2020.

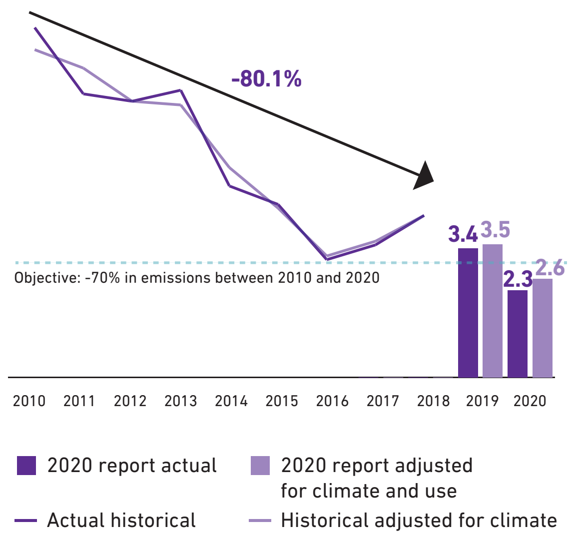
In particular, the decrease in emissions was very significant this year, with a decrease of 35% in carbon intensity per unit area compared to 2018, on a like-for-like basis. This decrease is due in particular to the decline in activity related to the COVID-19 pandemic, but also to the significant efforts made by the sites to reduce their consumption. The Qwartz and Flins sites have drastically reduced their consumption of gas, which is more carbon-intensive than electricity. This is due in particular to a milder winter than in previous years as well as to the integration of new parameters in the BMS/GTC, which enabled significant savings to be made.

The reduction of greenhouse gas emissions in a context of health crisis linked to the COVID-19 pandemic

In addition to calculating the carbon footprint of the portfolio in a like-for-like basis and under constant conditions and use since 2010, the Group has also assessed the carbon impact of its portfolio by incorporating a "COVID-19 correction". This estimates the greenhouse gas emissions of the portfolio in a context where there is no health crisis in order to quantify the reduction in emissions since 2010.

On this basis, greenhouse gas emissions "corrected for the effects of the pandemic" have fallen by 80% since 2010, reflecting the centres' long-term commitment to the energy efficiency approach put in place.

PORTFOLIO GREENHOUSE GAS EMISSIONS ADJUSTED FOR THE IMPACT OF COVID-19 (ON A LIKE-FOR-LIKE BASIS IN $kgCO_2e/m^2$)



Scope 3: Designing a low-carbon city

Reducing the largest item: emissions from construction materials

41% of the Group's emissions are due to the purchase of materials during the construction stage.

This item is strategic and directly affects the Group's core design business. Reducing the footprint requires multiple solutions and involves a real transformation of design. Among them:

- **refurbishment:** the Histoire & Patrimoine subsidiary is dedicated to renovations, and the Business property activity has developed major expertise in creative restructuring, as evidenced by the 87 Richelieu building, the Group's new head office. Reusing the superstructure and foundations halves emissions;
- **the substitution of CO_2-emitting materials using less carbon-intensive materials** (wood, biosourced, low-carbon concrete, etc.): Altarea has a strategic and financial partnership with Woodeum, with the aim of developing low-carbon residential development on a large scale. It also develops projects using wood or biosourced materials. For example, the URB'IN project in Bordeaux has the E2C2 label, with timber frame walls, wooden exterior joinery, and a collective wood-fired boiler. Similarly, Cogedim's Façade Denfert project in Paris 14th arrondissement has chosen wood for the structure and façade, and wood-fibre and hemp-lime insulation;
- **innovative building design**:
  - **improve compactness** to consume less materials, reduce infrastructure parking, etc.

- **increase usage intensity** to build less and make better use of buildings. Business property teams incorporate flexibilities to allow for changes in use, the privatisation or the opening of certain areas to open air at certain times of year, for example (catering, auditorium, etc.). Residences for seniors are also open to business travellers, maximising the use of surface area,
- **increase service life** by anticipating future uses and reversibility. For example, Altarea offers five-room apartments designed to be split into two apartments. From the design stage, the apartment incorporates the future possibility of having two independent doors, with two electrical panels and a load-bearing wall in the middle for sound insulation.

PARTNERSHIP WITH WOODEUM: ACCELERATING THE PRODUCTION OF LOW-CARBON HOUSING

In July 2019, Altarea acquired a 50% stake in Woodeum Résidentiel, a subsidiary of the Woodeum Group, whose shared ambition is large-scale low-carbon residential development. The aim is to build 2,500 to 3,000 housing units in Cross Laminated Timber (CLT) per year by 2023. This bio-sourced material has excellent properties (technical and environmental), making it possible to store carbon over the life of the building.

Reducing the second largest source of emissions: managing energy to reduce greenhouse gas emissions

Emissions related to the consumption of future occupants of offices and housing units sold by Altarea represent 38% of emissions. This item represents a significant source of avoided emissions:

- **building design is** the first area of action, enabling good energy efficiency throughout the lifetime of the building and so lowering energy bills for occupants. The Group uses all available levers (bioclimatic design, envelope and insulation, high-performance equipment, consumption monitoring tools, etc.). A high energy efficiency level is a prerequisite for the projects developed by Altarea. All of the energy optimisation measures implemented are detailed under 4.2.1.3;
- **the use of renewable energies** when possible: during the design phase, Altarea examines the possibilities of connecting to existing heating networks and carries out feasibility studies on energy supply for major projects. These studies make it possible to compare different possible energy solutions to meet the needs of a building and thus identify the possibility of renewable energy supply. In 2020, 79% of Business property projects used renewable energies and 27% generated them on-site. The energy produced is self-consumed or fed back into the grid.

  Thus, the Issy Cœur de Ville project in Issy-les-Moulineaux will use geothermal energy. Similarly, the Vallon Regny project in Marseille is connected to the wastewater network as a source of renewable energy for the production of domestic hot water, which is heated and cooled with self-supply photovoltaic panels. The La Ferme de Chessy project is supplied with renewable energy by 30% thanks to a wood-fired boiler;
- **raising the awareness of occupants and users**: in the final stage in the process, the Residential teams systematically distribute the "Green Gestures" booklet to buyers, as part of the NF Habitat certification. The latter was updated in 2019 with new tips and practical ideas for making better use of housing (energy saving, summer comfort, etc.). Innovative initiatives are also carried out, such as the High Garden project in Rueil-Malmaison, where energy consumption figures will be displayed in the halls;
- in the Retail business line, work is being undertaken with tenants to encourage them to reduce their energy consumption (see 4.1.2.3).

ISSY CŒUR DE VILLE PILOTS E+C- AT NEIGHBOURHOOD SCALE

Environmental performance is a key focus of the project, with:

- the creation of a district energy system: the entire district is supplied with heating, cooling and domestic hot water for housing by a private geothermal energy network;
- more than 70% of energy supplied by renewable energies: this high level is achieved thanks to the diversity of programmes. Centralised production makes it possible to pool needs between homes and offices and to recover waste energy;
- complementary innovative systems: cold storage as ice and use of domestic hot water production systems *via* digital boilers, recovering waste heat from remote servers.

The Issy Cœur de Ville experiment is one of eight pilots in a research project selected in ADEME's "Towards responsible buildings by 2020" call for projects. Its task is to develop and test a method for extending the E+C- approach to district level. The results of this experiment are expected in 2021.

Beyond: being a player in the low-carbon city

A simulation carried out in 2018 indicates that the movements of occupants of the homes and offices sold by the Group could emit 4.5 $MtCO_2e$ over 50 years (not included in the Group's carbon footprint).

To contribute to reducing these emissions within its scope of responsibility, Altarea designs operations to reduce the use of 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);
- in addition, Altarea offers alternative sustainable mobility solutions. In Business property, for instance, Altarea has developed around a hundred parking spaces fitted with charging stations for electric vehicles in the Paris region and always takes forward-looking measures so they can be installed later, during the building's operational phase. Similarly, throughout France, the Group's projects offer the best mobility solutions for local regions. In Retail, Altarea is aware that many of its customers still travel by car and is creating spaces specifically 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, the main focus is on action to reduce emissions from the Company car fleet and roll out the mobility plan at the Group's new head office: a limited number of parking spaces and a mobility pack.

4.2.2.2 Adapting projects to the impacts of climate change

Over the past three years, Altarea has ran in-depth analyses of the risks of the effects of climate change on its activities, with a special focus on the intensification of weather events (heatwaves, floods, drought, violent winds, etc.) and their repercussions for lifestyles and the built environment. These analyses considered two climate change scenarios from the IPCC: one which is optimistic (RCP4.5) and the other pessimistic (RCP8.5).

The Group is currently rolling out its adaptation strategy, starting with Residential.

Residential and Business property

For each of the regions where it operates, Altarea conducted a forward-looking study of local climate changes and the physical impacts of weather events on buildings, construction sites, lifestyles and the comfort of occupants.

Based on this, the Group has designed and deployed an action plan for adaptation, involving the technical, product, ESG and customer teams. In 2020, in Residential, a detailed guide to summer comfort solutions was introduced. the summer comfort approach is mandatory for all new operations.

Programmes are already incorporating these challenges, such as the Crescendo project in Villeurbanne, whose bioclimatic design offers better comfort to its occupants, particularly in summer. In Grenoble, the "Up" project has sliding walls to optimise heat gain in the winter and moderate it in the summer. The Group is also working to combat the urban heat island phenomenon, for example by incorporating permeable coverings or vegetation, a source of cooling.

Retail

Altarea conducted an analysis of the centres' potential exposure to physical risks related to climate change. A range of technical and governance solutions were identified and are gradually being rolled out across the existing portfolio and new developments. The project includes specifications for the design of climate resilience.

4.2.2.3 Awareness and training

The transformation of the Company on climate issues will only be achieved with the contribution of all employees.

Thus, in 2020 Altarea worked on an in-depth training programme on the subject of climate, which will be rolled out from January 2021. This programme includes general awareness-raising modules, more technical focus on specific topics, sharing of experience, meetings with industry players and learning expeditions (if the health situation allows). The Group has a target of reaching 100% of employees on the subject of climate change by one of these formats in 2021-2022.

4.2.2.4 TCFD compliance

Climate risk is a subject of particular attention within the Group. The table below shows the report according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

1. Governance

Supervision of climate issues by Management

Climate-related topics are supervised and managed by a member of the Executive Committee. Management discusses climate issues with this member of the Executive Committee and the ESG team several times during the year. Five ad *hoc meetings* were held in 2020.

At these meetings, management is:

- informed of key issues, new issues and new risks;
- called upon to make decisions about the transformation of the Company on climate issues;
- informed at least once a year on performance trends and the achievement of objectives.

Organisation of the assessment and management of climate-related risks

Mitigation and adaptation issues are integrated to the Group's risk mapping and the resulting strategic decision-making. For example, adaptation issues are being added to the brief of the Commitment Committees in Residential Property Development.

The ESG team, which reports to a member of the Executive Committee, is in charge of climate issues, including risk analysis:

- in 2019, an in-depth assessment of physical risks was carried out on the portfolio and the areas where development projects are located;
- also in 2019, the ESG risk analysis carried out for the DPEF included an analysis of climate risks. It is updated every year;
- the Group's risk mapping includes climate risk. This mapping is managed by the Risk Department, presented to Management and the Executive Committee, and used to decide corrective and preventative action plans;
- lastly, in 2020, a special project was carried out on the risks related to mitigation issues: the identification of tools for reducing emissions was refined, with initial financial calculations. The analysis will be deepened in 2021, with detailed costings and an analysis of the channels.

2. Strategy

Short-, medium- and long-term risks and opportunities, and impact of these risks on strategy and operations

Altarea's business, city building, is a long -term business. Every day, the Group's teams reconcile short-term issues, such as obtaining building permits, managing real estate projects or operating shopping centres, with longer-term perspectives, such as questions of the city of tomorrow, the construction methods of the future or the uses of future residents.

The Group therefore systematically considers the long-term consequences of its choices, since the "products" that it puts on the market—buildings and neighbourhoods—are intended to last at least 50 years (and possibly be modified at the end of 10 years, as it is usually within this period that the first renovation takes place). This long-term approach also applies to the consideration of climate issues.

With this in mind, Altarea has identified the climate-related risks that could have a material impact on its activities, at different times. The potential impacts can be financial, but also physical or strategic (with financial consequences as well).

Risk analysis

Climate-related risks (from the DPEF)	Potential impacts for the Group	Actions taken
Transition risks ***DPEF3*** As the property and construction 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 environmental regulation RE2020) In particular, identification of risks: ■ regulatory: RE2020, carbon taxation, increasing reporting obligations; ■ market: increasing demands from customers or elected officials; ■ reputation, linked to the significant impact of the sector.	**Short- and medium-term** ■ increased design and construction costs (new materials and new techniques); ■ increased investment in operations; ■ access to markets and land more difficult due to increased environmental requirements. **Medium- and long-term** ■ decreased attractiveness of operations.	■ systematic testing of new low-carbon solutions and feedback with costings (strengthened in 2021); ■ systematic certification and testing of new labels arriving on the market; ■ regulatory watch; ■ monitoring the expectations of stakeholders: local authorities, elected officials, individual customers, investors; ■ culture of agility; ■ partnership policy with key low-carbon players (Woodeum); ■ diversification of the offer and skills ("skills platform"), with subsidiaries specialising in low-carbon constructions (such as refurbishment).
Risks associated with the impact of climate change ***DPEF4*** Climate change is causing an increase in climate phenomena (extreme weather, heat waves and peaks, etc.) that affect cities and their inhabitants. Property is affected by these risks but is also a source of solutions.	**Short- and medium-term** ■ damage to Group assets; ■ loss of comfort for occupants, with a particular risk for senior residences; ■ construction delays; ■ additional costs related to different construction methods. **Medium- and long-term** ■ impairment of Property Development activities and portfolio.	■ risk mapping the portfolio and the areas where it operates, and targeted action plans: in-depth analyses of the risks of the effects of climate change on its activities, with a special focus on the intensification of weather events (heatwaves, floods, drought, violent winds, etc.) and their repercussions for lifestyles and the built environment (according to two IPCC scenarios: one optimistic (RCP4.5), and one pessimistic (RCP8.5); ■ summer comfort approach in housing design; ■ anticipation of costs in *business plans*; ■ permanent monitoring of the product teams to adapt the offer.

Focus on products and services

In the short-term, the RE2020 will require a change in the design of buildings, with a low-carbon approach, and even greater energy efficiency. Elements of comfort should also be integrated. Another short-term risk is the uncertainty surrounding RE2020 and the methods for calculating future requirements. Like the rest of the industry, Altarea will have to adapt quickly when the regulatory thresholds are set.

In the long-term, the entire property sector will have to undergo an in-depth transformation by designing:

- low-carbon or even carbon-neutral neighbourhoods and buildings that produce energy, etc.;
- neighbourhoods and buildings resilient to the physical impacts of climate change.

As for the existing portfolio, in the short-term the Tertiary Decree will also impose better energy performance.

Altarea's responses:

Altarea is anticipating future developments by multiplying low-carbon experiments and building up expertise in ways to reduce its footprint: low-carbon materials (wood, biosourced), renewable energies, district heating systems, design optimisation, innovative heating methods, etc. Thanks to these experiments, the Group will be able to adapt quickly to new constraints.

Concerning the Tertiary Decree, since 2010 the Group has implemented a policy to reduce consumption and emissions across its portfolio, which has significantly reduced its impact.

Longer term, the Group has many strengths that allow it to carry out an in-depth transformation:

- a strong culture of experimentation and entrepreneurship that enables local teams to develop their skills;
- strong agility and adaptability, as demonstrated by its response to the pandemic in 2020;
- developing internal R&D, in conjunction with the technical, innovation and ESG teams.

Focus on the supply chain

In the short-term, in order to adapt to RE2020 in particular, Altarea will have to use new materials and new service providers capable of delivering the low-carbon buildings expected.

In the longer term, Altarea depends on the evolution and decarbonisation of the building materials sector and on technological progress in energy to be able to design and develop zero-emission buildings.

Altarea's responses:

Altarea works with its suppliers on low-carbon design. The Group has also systematically monitored the low-carbon solutions available in its supply chain, in order to monitor the rapid changes made by manufacturers.

Integration into financial planning

In the short-term, the changes related to emission reduction requirements will have a financial impact on the balance sheet of the Group's property projects. The requirements to reduce the portfolio's consumption also require investment.

In the longer term, the aim is to review the economic model, by inventing new value creation formats.

Altarea's responses:

For the short-term, the potential impacts of RE2020 are already included in the business plans *of the* Property Development business. Significant costing work based on a range of assumptions was carried out in 2019 to integrate low-carbon construction requirements into financial planning.

Regarding the existing portfolio, climate issues are part of the environmental management system and have been included in financial planning for the past ten years. The energy master plan proposes capex and opex, and the details are decided by the Operating Committee each year.

In the longer term, the innovation team is working on establishing new *business models*, compatible with climate issues, particularly with regard to the intensity of use and flexibility of buildings.

Link between climate and value creation

Altarea has taken stock of climate issues and the expectations of stakeholders (investors, citizens, elected officials). The Group's *license to operate* will depend heavily in years to come on its ability to produce resilient low-carbon projects. Likewise, access to capital could be easier for low-carbon operations. In fact, the value creation of the Company is already closely linked to the climate.

The Group's numerous experiments in the regions aims to prepare it to meet the new climate requirements of the market, whether in terms of reducing its footprint or designing buildings adapted to new climate conditions.

Finally, the Group is constantly on the lookout for green financing. It is already taking climate issues into account in its acquisition and divestment policies: for example, in 2019 the Group created a strategic partnership with Woodeum, a major player in timber construction, to anticipate demand for low-carbon construction.

A strategy resilient to climate scenarios

Altarea is well aware of the challenges related to the climate transition and the transformations this will entail. However, the Group has the necessary strengths to face future developments: continuous acquisition of skills on the subject of low carbon, awareness-raising among teams, excellent agility, anticipation of financial requirements. The Group's strategy therefore seems compatible with the various climate scenarios, even if this will involve business transformations in the medium-term. In any case, the Group's market is huge, whatever the climate challenges (need for housing, work, consumption, etc.). This market is not threatened by climate issues. However, the Group is doing everything it can to guarantee its access to this market by its agility and its ability to anticipate the climate shocks of tomorrow. This underpins the resilience of its corporate strategy.

3. Risk management

Process for identifying and managing climate-related risks and integration into the Group's risk processes

Climate risks are included in the Group's risk mapping, which is revised every three years. This mapping covers all of the Group's business lines as well as corporate functions. As such, climate risks are subject to a detailed classification, and are assessed by incidence and impact (financial, legal, image, etc.). The Group's managers are asked to assess these risks, and results are fed back to the Executive Committee and Management. Decisions to manage these risks are thus taken by the Executive Committee, which determines the policies and actions to be implemented. Details of this mapping are not public.

This mapping focuses on current risks (regulatory, physical, market, etc.). In addition, the ESG team monitors emerging risks (emission limits, related risks related to access to materials or to biodiversity, etc.). These topics are included in the DPEF, but not in the Group risk mapping as long as they are emerging.

4. Indicators and targets

The indicators monitored are detailed in this chapter and in Chapter 4.5 Performance. They include a carbon assessment for scopes 1, 2 and 3 for all business lines, and specific indicators related to the energy or climate performance of projects, consumption and emissions of the portfolio, etc. The presentation includes a track record (back to 2010 for the portfolio and Property Development). The methodologies used are presented in Chapter 4.6.

The objectives associated with these indicators are presented next to each indicator and in the summary table at the beginning of this chapter.

The Group is committed to setting science-based targets *in order* to comply with the objective of maintaining global warming below 1.5° C.

Lastly, Altarea wants to include these indicators in the Group profit-sharing agreement, and has informed the social partners that the process is under way. Since 2019, Altarea's GRESB rating, which includes a significant component related to climate indicators (in particular energy consumption and CO_2 emissions by the portfolio) has had a significant impact on management's variable compensation.

4.2.2.5 Managing energy in the Group's activities

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 efficiency level is a prerequisite for the projects developed by Altarea. Since 1 January 2013, the Group's production is subject to the 2012 Thermal Regulations (RT 2012). The regulations are among the most ambitious in Europe and are intended to make Low Energy Building (Bâtiment Basse Consommation – BBC) more common. The Environmental Regulation 2020 (RE2020) will eventually replace thermal regulation RT 2012, moving from a thermal approach to a more comprehensive environmental approach.

The Group prepares for and anticipates future regulatory changes, notably by holding training and awareness-raising sessions for technical and construction teams. Several projects were enlisted in the "E+C-" Government-run trials aiming to define future regulatory thresholds for energy and carbon. Feedback from these trials will help further enhance the skills of technical teams.

Residential

The Group aims to have all its projects under development certified for energy efficiency alone or as an addition to general NF Habitat and HQE™ certifications, such as E+C-, Effinergie or "RT 2012 -10%" and "RT 2012 -20%" levels as part of the NF Habitat certification.

In 2020, Residential projects under development with an energy label represented 46% of projects under development. Some projects even exceed the Group's overall ambitions. For example, the Positiv project in Valleiry is committed to a positive energy building approach with the BEPOS Effinergie label 2017, equivalent to the E3C1 level of the future environmental regulations.

46% of Residential projects have an energy label

The energy efficiency has been systematically improved for refurbishment projects. Since energy labels do not apply in large to refurbishment with several heritage constraints, the Group is aiming for greater energy efficiency wherever possible. In 2020, the energy performance requirements of 18% of Residential projects undergoing refurbishment exceeded those of regulations.

Business property

For all projects under development, the Group seeks to achieve a level of energy consumption that outperforms the applicable thermal regulations. In 2020, 100% of Business property projects achieved this objective.

For projects under its Altarea Enterprise brand, the Group set the target of beating regulatory requirements on energy use by at least 30%. In 2020, this target was exceeded by an average of 50% (by surface area).

100% of Business property projects exceed thermal regulation requirements by more than 30%

In 2020, all of the Group's hotel projects exceeded the requirements of the applicable thermal regulations by an average of 15% (by surface area).

These figures are stable compared to 2019, reflecting the Group's ongoing commitment.

The Group launches test operations for new labels to anticipate future regulations. In the Issy Cœur de Ville project at Issy-les-Moulineaux the Group is taking part in the "E+C-" trial. This is an experimental Government label that aims to prefigure the thresholds of RE2020. The three Business property buildings are also applying for the BEPOS Effinergie 2013 label, designed to promote buildings that produce as much energy as they consume for heating, cooling, ventilation and lighting.

In addition, a commissioning process was made standard for 100% of Business property projects under development as of 2014, to ensure the proper functioning of technical equipment, notably systems responsible for heating/cooling production and output, and the achievement of planned performance.

Retail

The portfolio's energy performance

In 2020 the portfolio's total consumption for the current scope was 58.2 GWh of primary energy. This increase is partly due to the inclusion of two additional sites in the current reporting scope in 2020, in particular the Cap 3000 centre, whose construction work was completed in 2019, and which represents nearly 16% of the portfolio of the Group's current surface area.

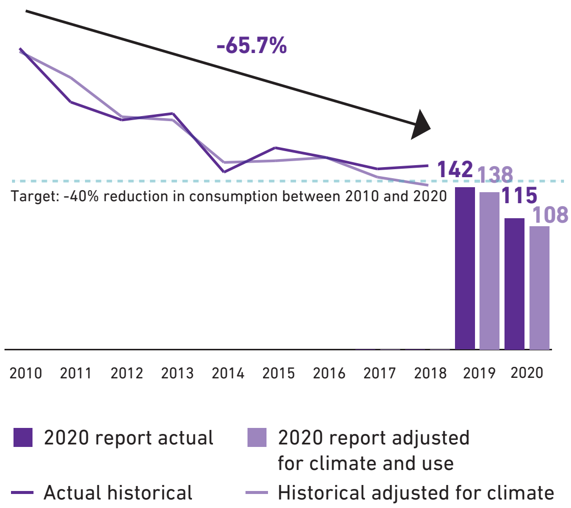
This year Altarea pursued two initiatives to reduce its energy consumption:

- 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. In practical terms, for each centre an action plan was drawn up with a planned milestone 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.

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 2019, on a like-for-like basis and under constant conditions and use:

- 40% reduction in primary energy consumption per m² from 2010 to 2020, and 50% reduction in final energy per m² between 2010 and 2030;
- 70% reduction in greenhouse gas emissions per m² from 2010 to 2020, and zero emissions by 2030.

PORTFOLIO ENERGY CONSUMPTION
(ON A LIKE-FOR-LIKE BASIS IN kWhpe/m²)



By the end of 2020, this approach to energy management had led to a 65.7% per m² drop in energy consumption on a like-for-like basis, constant use and climate compared to 2010. The change from 2010 to 2019 shows a reduction of 46.9% in energy consumption, reflecting the efforts made by the Group over time.

In particular, consumption fell by 18% between 2019 and 2020. This decrease is partly linked with the decline in activity due to the COVID-19 pandemic. But it also confirms the remarkable focus on energy issues by portfolio sites, and the stepping up of efforts to achieve the Group's ambitious targets. For example, many sites have replaced their old lights with LED lights, or have even adjusted the operating hours of their technical equipment.

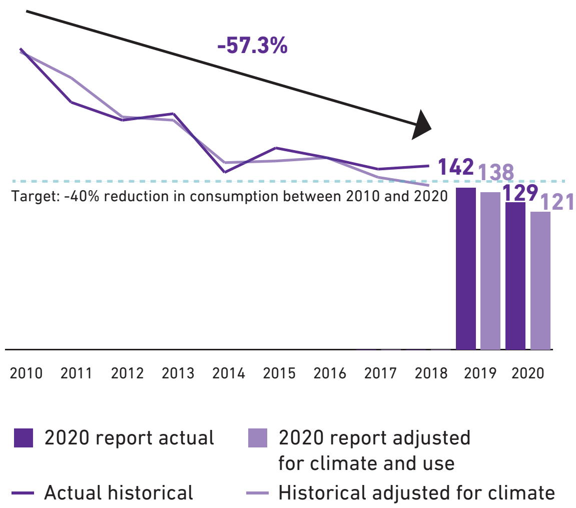
Electricity made up 85% of the portfolio's energy supply in 2020. In comparison with 2019, gas consumption has decreased by four points in the energy mix. This energy mix includes the energy consumption of common and private-use areas managed directly by Altarea. In addition, the Group has chosen, since 1 January 2016, to purchase green electricity with its national contract: 50% between 2016 and 2018, and 75% from 2019. Through the European mechanism for certificates of guarantee of origin, for each kWh purchased by the Group, EDF has agreed to inject one kWh of renewable electricity into the grid. The Group's ambition is to supply its entire portfolio with green electricity.

Reducing energy consumption in the context of the health crisis linked to the COVID-19 pandemic

The Group has estimated changes in the portfolio's energy consumption at constant scope, conditions and use since 2010, incorporating the "COVID-19 correction". The method consisted in estimating consumption data for the months of closure on the basis of data for 2019.

Thus, according to this analysis, the efforts made by the sites would make it possible to reduce the energy consumption of the portfolio by 57.3% since 2010 in a context free of measures to close shops. This shows the achievement of Group objectives.

PORTFOLIO ENERGY CONSUMPTION ADJUSTED FOR THE IMPACT OF COVID-19
(ON A LIKE-FOR-LIKE BASIS IN kWhpe/m²)



Energy metering systems for tenants and occupants 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 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, Altarea is working with its stakeholders 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. The Group has been collecting annual energy data from its tenants since 2014 in the shopping centres in the portfolio with the highest consumption.

4.2.3 Preserving natural spaces and promoting nature in the city DPEF2

Scope	Objective/Commitment	2020 Results	2019-2020 Change	Comments
Neighbourhoods	Systematise ecological diagnostics on new projects	**100% of projects have an ecological diagnosis**	New objective	The Group systematically calls on an ecologist to promote useful, high-quality urban biodiversity
Neighbourhoods	Have BiodiverCity® certification for all projects	**100% of projects are seeking BiodiverCity®**	NA	The Group made this commitment when it signed the charter to preserve cities' biodiversity and incorporate the living environment into all urban projects
Retail	Ensure 100% of sites have a biodiversity action plan and implement initiatives across the portfolio	**100% of sites have a biodiversity action plan**	=	The target is met and maintained each year
Retail	Have BiodiverCity® certification for all new shopping centre projects	**Cap 3000 is the first BiodiverCity® shopping centre in the world**	=	This certification reflects the Group's strong commitment to preserving ecosystems

Combating urban sprawl and the artificialisation of the soil and protecting biodiversity, including in the urban environment, are big issues for local communities. Against a background of extinctions of species and deteriorating natural environments, local and national regulatory pressure is rising, as are public expectations.

The presence of nature in the city is also a factor of well-being for residents. The COVID-19 pandemic highlighted the vital role of the natural environment to citizens' physical and mental well-being.

Altarea structures its approach around the notion of "useful nature", which means the nature dimension of a real estate project cannot be solely aesthetic but must offer additional positive externalities: lasting biodiversity, sense of well-being, refreshing power, etc.

The Group's action is organised around the following principles:

- preserving natural spaces and avoiding artificialisation and waterproofing thanks to land use and open land;
- protect existing biodiversity and develop high-quality, interconnected green spaces through widespread use of ecologists;
- use vegetation to prevent the effects of climate change, in particular local flooding and the effects of urban heat islands;
- promoting nature in the city for the well-being and comfort of customers and users.

In addition, the Group's activities do not release directly toxic discharge or pollution into the environment or water. On construction sites, the Group has its service providers sign a low-nuisance construction site charter to ensure that they manage their waste.

Finally, in March 2018 Altarea 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.

THE GROUP'S USEFUL NATURE APPROACH

In 2020, the Group gave new impetus to its "useful nature" approach. Altarea's teams, in partnership with students from the Urban Planning Master's Course at Sciences Po's Urban School, developed the method and organised educational sessions for all employees.

It was a question of discussing the introduction of nature in the city and the value brought to the project and the territory. On this occasion, 100% of employees were able to learn about the challenges of nature in the city and the methodology developed internally.

Large mixed-use projects, Residential and Business property

Fight against artificialisation

Altarea's activity is mainly located in areas that are already urbanised. The Group favours urban densification and urban redevelopment rather than urban sprawl and the artificialisation of soils, as evidenced by the number of projects to refurbish or redevelop neighbourhoods and development areas.

Its subsidiary Histoire & Patrimoine has specialised for more than 15 years in restoring old buildings throughout France. In addition, in 2020, 42% of the Group's Business property projects were refurbishments.

Urban redevelopment allows efficient land use and represents an opportunity to reintroduce nature in the city. The Group ensures this by paying particular attention to the quality of the green spaces created, in particular open ground, and to limiting waterproofing.

Protection of biodiversity

The Group pays particular attention to maintaining or enhancing the fauna and flora present. Biodiversity is systematically taken into account in all projects thanks to the Group's ambitious certification strategy.

For large projects, already closely regulated, the Group always exceeds requirements with in-depth studies and action plans. The use of an independent ecologist is systematic in neighbourhood projects and has also been generalised for projects subject to BREEAM® certification. For each of these projects, the ecologist carries out an ecological diagnosis to identify ecologically important areas of the site or those to be reconstructed. This work makes it possible to organise the project around these areas, whilst preserving or creating links to surrounding ecological spaces. The creation of ecological corridors supports qualitative and sustainable urban biodiversity. Ecologist recommendations are subsequently included in the project management specifications for preserving the ecology of the site.

All projects with more than 500 housing units have an ecological diagnostic. As a next step, the Group signed a framework agreement with an independent service provider at the end of 2019 to speed up the implementation of ecological diagnostics in smaller projects. In 2020, 72 ecological diagnostics were carried out.

Finally, the BiodiverCity® requirements can be used in addition to environmental certifications such as HQE and BREEAM®. They impose more demanding requirements for biodiversity in a property development. In 2020, this label is sought for several Business property projects in the Paris region and 100% of neighbourhood projects. The Group is also trialling the pilot version of BiodiverCity® district in its Issy Cœur de Ville project.

Combating the effects of climate change

As part of its actions to protect natural spaces and biodiversity, the Group is focusing its choices on solutions that also contribute to the fight against the effects of climate change.

With an effective rainwater management plan, planted areas, in particular open ground, make it possible to limit discharges into networks. In addition, vegetation limits urban heat islands thanks to its cooling power.

For example, the Issy Cœur de Ville project in Issy-les-Moulineaux has more than 11,000 m^2 of planted surfaces, including 3,300 m^2 of land. With an improved waterproofing coefficient of more than 75%, the risk of rising water levels in the event of heavy rain is controlled. Also, the significant vegetation of the project helps cool the air when it is hot.

Nature in the city and well-being

Altarea is convinced that the presence of nature in the city is an important factor in the well-being of its inhabitants and users. The Group is working on the concept of biophilic design in its projects (see 4.3.2).

The balance between buildings and green spaces allows natural light to come through and offers nice views, enhancing the comfort felt by users. The COVID-19 pandemic, with its successive lockdowns, has reinforced the importance of this balance in the city. For several years, the Group has paid particular attention to its projects' links to the outside world as part of its quality approach. In 2020, 92% of housing units have access to a private outdoor space (see 4.3.2).

Finally, setting up relaxation areas and encouraging the presence of small animals makes it possible to reinforce the convivial and educational dimensions of a neighbourhood.

PROTECTING BIODIVERSITY IN TOULOUSE

Special importance is given to nature in the project at the former Centre d'Essais Aéronautiques de Toulouse (CEAT).

The collaborative work carried out with the ecologist will reduce the waterproofing of the site by 17% and means that half of the area is open ground. Small animal habitats and corridors will be installed to protect local fauna. They will also be preserved during the works thanks to an adapted construction schedule and the installation of alternative habitats.

Lastly, the neighbourhood greening plan will make it possible to combat heat islands in order to provide a pleasant living environment for residents and users

Retail

Combating artificialisation

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 Paris-Montparnasse station have not led to any artificialisation of land as they are located in urban or developed areas. The Cap 3000 project has even made it possible to reduce artificialised and waterproofed surfaces, and includes 2.5 times more planted areas after the works.

Protecting biodiversity and combating the effects of climate change

Altarea 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 is testing new certifications: Cap 3000 was the first shopping centre in the world to receive BiodiverCity® certification, which assesses the performance of property projects in terms of the consideration and promotion of biodiversity. In 2019, the Group undertook to roll out this certification for all of its new Retail projects.

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 completed a major refurbishment and extension at end-2019, which is subject to very high environmental standards in terms of biodiversity.

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, reversible architecture, etc.;
- a flagship construction site planned to take into account bird nesting seasons;
- responsible management and raising public awareness, with an observatory on-site.

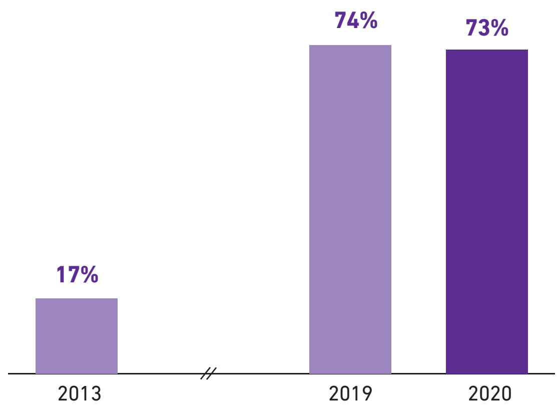
Thanks to all these efforts, Cap 3000 was also rewarded with a score of 80% for its Land Use & Ecology under part II Building Management of BREEAM® In-Use in 2020.

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 managed sites – respect for and conservation of biodiversity are assessed and improved on a continuous basis. In this context, for example, Altarea has a contractual obligation to ensure that its service providers who manage green spaces do not use phytosanitary products on any portfolio sites.

The Group has prepared specific biodiversity action plans for all of its shopping centres within the reporting scope. The current objective is to maintain this coverage rate, and to continue implementing these improvement plans by developing biodiversity activities across the sites.

The score for Land Use & Ecology in the BREEAM® In-Use standards—on average for the portfolio—is maintained. This year it stands at 73% compared to 17% in 2013. This testifies to the efforts of the shopping centre teams to implement actions adapted to their local environment and to contribute to reducing the effects of climate change. For example, the vegetation and fountains of L'Avenue 83 shopping centre help combat heat islands.

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 is also taking care to involve them in the biodiversity initiatives of its shopping centres, particularly through awareness-raising.

This is, for example, the goal of the OCEANS project, which is the result of the partnership between Altarea, through its Cap 3000 shopping centre (at Saint-Laurent-du-Var), MK2+ and the Oceanographic Institute Albert I Foundation. This 360-degree virtual aquarium enables visitors to explore the seabed and provides a realistic and immersive virtual odyssey through these rich and fragile ecosystems. The Group's shopping centres have also worked proactively to protect nature, by implementing various initiatives. For example, the Flins shopping centre and Ambrésis business park (at Villeparisis) have set up wildlife sanctuaries with an explanatory poster. Aubergenville Family Village and Les Hunaudières Family Village in Ruaudin mowed and carefully cut the grass in order to preserve the biodiversity of the sites. Various centres, such as Espace Gramont in Toulouse, L'Avenue 83 in La Valette-du-Var and Qwartz in Villeneuve-la-Garenne are also equipped with beehives and produce their own honey every year.

4.2.4 Promoting the circular economy DPEF5

Scope	Objectives/Commitments	Indicator	2020 Results	2019-2020 Change	Comments
Business property	Favour refurbishments to reduce resource consumption and greenhouse gas emissions	Share of refurbishment in the Paris region by office surface area	42%	↘	The Group always considers the possibility of refurbishing a building, with requirements of equal performance and comfort, rather than completely demolishing and re-building. The figure has been over 40% since 2015
Retail	Recover over 80% of waste at Standing Assets	Share of recovered waste	91%	↗	Waste recovery is promoted, notably with the implementation of composting for restaurants

The construction industry (buildings and civil engineering projects) generates 70% of all waste in France[1]. In light of this, the Group launched a long-term reflection on how best to manage and use natural resources, reuse or reduce waste, and how to put eco-design principles into practice (use of alternative sources, extending building life, intensifying usage, etc.).

The circular economy, which is the opposite of the linear economy (produce, consume, destroy), is a virtuous way to make the most of resources and reduce the environmental impacts of property throughout the life cycle of a building:

- design: the most important phase as the aim is to find a solution that balances the environmental impact of resources used (refurbishment, recycling, reuse, etc.) and a building's capacity to avoid early obsolescence (energy performance, evolving and reversible architecture, ease of deconstruction, etc.);
- construction: reducing waste generated at construction sites, sorting, reusing and promoting recycled or local materials;
- operation: reducing consumption and waste generation in the operational phase, sorting and reusing residual waste, extending the building's useful life whilst intensifying and diversifying its uses to sustain its economic value;
- end-of-life: increase the life of the building by allowing for changes of use. Where conversion to new use is impossible, a diagnostic is conducted to decide whether the best solution is refurbishment or demolition.

Altarea is committed to building high-performance buildings and adopting the principles and best practice of the circular economy at every stage of its projects.

Due to its presence in urban areas, Altarea confronts the issues of density and age of the urban fabric. The Group systematically favours refurbishment, which consumes less materials and produces less waste than complete demolition-reconstruction. If the Group carries out a demolition, it ensures that the materials are reused *in situ*, wherever possible, or that they are made available to other stakeholders on material exchange platforms. The Group also designs into its projects a certification approach, which makes it possible to generalise best practices such as clean construction site charters, which limit the nuisances related to the construction site (noise, vibration, etc.) and set the conditions for sorting and recycling 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.

Hazardous waste is not produced directly by the Group's activities. On construction sites, the Group's service providers may have to deal with hazardous waste, particularly in the case of demolitions/refurbishments. For example, by signing a clean site charter, this waste must be treated correctly.

Initiatives specific to each business line (Residential, Retail, Business property) to each project stage and throughout the building's life are also implemented.

RE-EMPLOYMENT BOOSTER

Launched in 2019, it is a grouping of customers (project managers, project managers, contractors, etc.) brought together to organise, structure and consolidate the supply and demand of reuse materials in the property industry.

Altarea joined this initiative in 2020 with the Business property project #Community in Mérignac, where part of the raised floor installed will be second-hand.

Other Group projects are being identified to join this initiative.

(1) *"Waste, key figures" published April 2018 – Agence de l'Environnement et de la Maîtrise de l'Énergie (ADEME). France generated 324.5 million tonnes of waste in 2015.*

Residential

Refurbishment

One of the Group's brands, Histoire & Patrimoine has specialised for more than 15 years in the refurbishment and restoration of old buildings throughout France. The façades and supporting framework of buildings are always preserved, unless there is a proven structural problem. In 2020, this activity represented nearly 160,000 m^2 of refurbishments in progress or completed during the year.

Recycled or local materials

Whenever a building cannot be refurbished, the Group carries out a demolition and reconstruction looking to reuse the waste from demolition. Waste is reused on the same site wherever possible or made available on materials exchange platforms.

Use of recycled and/or local materials also helps reduce a project's environmental impact. In 2020, 83% of construction site purchases were from local sources (see 4.2.1).

THE DEMOLITION OF THE BOBIGNY2 CENTRE

Bobigny Cœur de Ville is a neighbourhood project located in Bobigny that will be built on the site of the former Bobigny2 shopping centre, dating from the 70s.

The preliminary studies ruled out renovation because the shape of the commercial buildings was not very flexible and not adapted to a reconversion.

Altarea carried out both a waste assessment and a resource assessment in order to define an efficient policy for recycling demolition materials.

These assessments have identified a potential for reuse or recycling of demolition waste of 92%. The Group has adopted this approach and will also reuse 10,000 tonnes of concrete on-site for the construction of the future district.

Low-waste construction sites

The Group is steadily extending clean site charters to cover all its Residential projects. These charters notably impose measures to limit the production of waste at source, identify waste on-site, ensure tracking until final destination and conduct effective and efficient recovery of waste. In 2020, 95% of Residential projects (by number of housing units) were covered by a clean site charter. Some sites also ask suppliers to limit product packaging to reduce site waste.

Intensification of use and reversibility

During the design and operational phase, the Group seeks to intensify its use to avoid underuse of spaces. As a result, parking spaces at some residences, such as those planned for the "Les 5 jardins" project in Villemonble, may be available to the public when they are not used by residents.

Business property

Refurbishment and recycled materials

The Group has developed unique expertise which means its refurbished buildings achieve energy and comfort performance levels equal to those of its new buildings. Renovations account for 42% of Business property projects in the Paris region (by surface area) and have accounted for over 40% since 2015.

42% of Business property projects
in the Paris region are refurbishments

The environmental impact is also reduced by using reused, recycled and/or local building materials. As an example, the insulation of 87 Richelieu, Altarea's head office, delivered in 2020, was made from recycled cotton fibres.

Low-waste construction sites

In the construction phase, the Group is aiming to hit the target set by the energy transition law of recycling 70% of construction waste by 2020. In 2020, Business property projects set a site waste recovery objective of at least 70%. They surpassed this objective as the real recovery rate for secured projects, delivered in 2020, was 97%, 94% of which materials (in tonnes).

97% of waste from Business property
construction sites is recovered,
of which 94% is material

Intensification of use and reversibility

Owing to the Group's expertise across a range of businesses, 78% of Business property projects is multi-use: offices, retail, facilities, services, etc. For example, some of the spaces on the ground floor of 87 Richelieu, Altarea's head office, delivered in 2020, can be used as workspaces, shops, showrooms, etc. By developing adaptable and convertible spaces, the Group reduces building obsolescence.

78% of Business property projects are multi-use

Retail

Construction waste management on newdevelopments

By rolling out the Group's construction charter, which requires contractors to sort and manage construction site waste, excellent performances were posted once again this year in terms of recovery. The Cap 3000 refurbishment/extension project therefore recovered 87% of its construction site waste.

Waste produced by the portfolio

At the Group's shopping centres, the overwhelming majority of waste is generated by tenants and there is very little that Altarea can do to control the production level. The Group focuses its actions instead on increasing sorting rates and the rate of energy recovery and managed waste.

Details of the quantities produced, and the monitoring of the share of sorted and recovered waste, are available in the tables of indicators, in Chapter 4.5.2.

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, lighting, etc.) in particular.

The breakdown of waste in the portfolio is 61% for mixed non-hazardous industrial waste, and 39% for cardboard and other sorted waste. Thanks to the initiatives implemented, the proportion of sorted waste in the current scope has increased since 2010.

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 2020, 27% of the waste produced in shopping centres managed by the Group was recycled, 43% was incinerated with energy recovery and 21% was recovered in another way (reuse or composting, for example). In all, 90% of waste is recovered, the remaining 10% is dumped or incinerated without energy recovery. The Group's goal of over 80% recovery has been overtaken since 2013.

Raising awareness among stakeholders

Since waste volumes are directly linked to the commercial activity of tenants, the Group focuses its efforts on steadily increasing the proportion of waste sorted and raising tenant awareness of improved waste management.

Tenant surveys conducted in recent years showed that sorting waste and recycling were the most-cited issues among tenants. As a result, Altarea organises meetings with retailers in its shopping centres, and in particular suggests ways to improve waste management, for example, a welcome guide for new recruits, or regular briefing notes.

RAISE STAKEHOLDER AWARENESS OF WASTE MANAGEMENT

As the production of waste is mainly linked to the activity of tenants, communication and awareness-raising among retailers is essential to maintain a high rate of sorting and recovery throughout the portfolio.

As part of this approach, some sites are developing their own awareness tools for tenants. In 2020, the Limoges site distributed a sorting guide explaining, using diagrams, the best sorting practices to be applied on the site. When a malfunction in the sorting practices of tenants is noted, the site automatically informs the tenant, in person, by telephone or by email.

4.2.5 Other environmental and health issues DPEF11

Details can be found in the chapter on Risk Management (Chapter 5 of the Universal Registration Document), under "Health and public safety risks". In addition to these, the following control mechanisms should be highlighted.

Asbestos

In accordance with the French Health Code, Altarea 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 two years and a compliance check every five 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 commissions maintenance work and periodic general inspections of these ICPEs. Management of ICPE compliance limits the environmental impacts and nuisances on users and local residents of assets.

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.

Sanitary water quality

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 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.

Half 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 are located in areas of low or very low seismic activity and none are located in areas of high seismic activity.

4.2.6 Philanthropy and partnership

Group sponsorship policy continues

In 2020, Altarea continued to publicise and apply its philanthropy and sponsorship policy, in line with its desire to make a positive impact in its regions, around three main themes which, in particular, strengthen the Group's local ties:

- contributing to economic development of the regions by strengthening links to the local social fabric (associations, social enterprises, social economy, etc.) to enhance the positive impacts of its activities on the local economy, particularly jobs (see 4.2.1);
- social initiatives: use the Group's skills to help the most disadvantaged, by, for example, promoting access to housing and supporting charities that create social cohesion locally;
- support for culture and artistic creativity, bringing art to a wider public, anchoring the Group's property projects in their cultural context.

The Group's philanthropy and sponsorship strategy is governed by an internal procedure, involving the Internal Control Department and distributed to employees.

Contribution to local economic development

The Group continued its sponsorship of the Fondation Palladio, of which it is a founding member. The Fondation Palladio is a forum for thinking about building the city of tomorrow and its living spaces. An interview with its founder was conducted during the Sustainable Development Week on the subject of the resilient city.

Altarea also sponsors Les Rencontres Économiques, a forum to reflect on the world economy.

Social actions – Long-standing partnership with Habitat et Humanisme

Altarea has continued its historic partnership with Habitat et Humanisme since 2007. It is now focused on inclusive and intergenerational housing. Through this initiative, the Group has affirmed its commitment to a more inclusive city and its contribution to the most disadvantaged sector.

This partnership also strengthens local ties between the Habitat et Humanisme associations and the Group's various subsidiaries.

Altarea is the leading partner of Habitat et Humanisme, working together over the long-term to find housing solutions for people on low incomes. The Group contributes in a number of ways:

- participation in the funding of seventeen social residences (family boarding houses and intergenerational houses), representing over 376 housing units;
- for the last nine years, funding three management posts in Habitat et Humanisme in the Paris region, combined with sponsorship of skills to help extend their field of action;
- involvement of Altarea employees in the partnership by, in 2020, helping to select a project to support on the association's crowdfunding platform. The project to fit out the common room of an intergenerational residence in Strasbourg won the most internal votes. This project has been posted on the Habitat et Humanisme crowdfunding platform. Donations will be matched by the Group.

Supporting culture and culture for all

Altarea is committed to constantly promoting talents in all forms of artistic expression (sculpture, painting, music, etc.). In 2019, the Group made a donation to the Fondation du Patrimoine for the reconstruction of the Notre-Dame de Paris Cathedral, following the fire that destroyed the roof, the thirteenth century frame, the spire of Viollet-le-Duc and several vaults. The Group has also matched donations from its employees.

Local solidarity initiatives

Committed locally, Altarea's teams carry out numerous community initiatives in the regions. This year, several centres organised blood donation drives, food collections and meetings between local producers and tradespeople, for example in the L'Avenue 83 shopping centre. Days were dedicated to solidarity with associations such as la Lutte contre le Cancer, la Croix Rouge and le Téléthon.

In 2020, some of these actions were related to the health crisis. Altarea wanted to contribute to the national solidarity effort, by taking action to serve the most vulnerable people, caregivers and its customers. These initiatives have taken place thanks to the mobilisation and commitment of local employees. The Group encouraged and commended these solidarity initiatives.

In some shopping centres, slots have been set aside for the elderly, caregivers, firefighters and law enforcement officials to ensure safe access. At Cap 3000, a drive was organised to allow the population to carry out COVID-19 screening tests, a partnership with the centre pharmacy was also set up to manufacture hand sanitiser gels for the police. The Thiais Village shopping centre and the Thiais Ikea store have provided the town hall with masks and sanitiser gel for the Thiais hospital. The teams in the Qwartz shopping centre, in partnership with the city of Villeneuve-la-Garenne, offered the residents of two retirement homes in the city sweets from the shopping centre. In Italy, employees of the Due Torri shopping centre organised a fundraising campaign for the hospital in Bergamo, which enabled them to deliver hot meals to healthcare staff.

The commitment of the Group and its employees also extends to support for seniors. In its nineteen Cogedim Club residences, the staff, along with the Group's volunteer employees, mobilised to provide moral and logistical support during the pandemic. The "un sourire pour nos aînés" campaign, which consists of sending a drawing or a text to the elderly in lockdown, was taken up by employees and provided human warmth and moral support to the confined residents.

These solidarity and local initiatives led to a campaign of posting employees portraits on social networks to pay tribute to the teams that mobilised during the pandemic and lockdown.

In addition, at the Group's head office in Paris, a collection was organised at the end of the year for the Restos du Cœur.

Sponsorship actions in response to the pandemic

The Group has adapted its historical support to Habitat et Humanisme by helping the most vulnerable people affected by this health crisis. The Group has thus financed the emergency housing, during lockdown, of 54 people in vulnerable situations, in a hotel in the 20th arrondissement of Paris.

In addition, Altarea supported the solidarity fund initiated by the Fédération des Promoteurs Immobiliers (FPI), by making a donation to the #Protège ton soignant. This donation went to provide medical equipment to hospitals in France, deliver food to healthcare staff and help people working in difficult conditions due to the health crisis.

4.3 Placing the customer at the heart of actions

4.3.1 Dialogue in the service of customer and user relationships DPEF1

Scope	Objectives/Commitments	2020 Results	2019-2020 Change	Comments
Group	Working to satisfy customers across all our business lines	**Second place in the HCG/Les Échos customer relations rankings**	↗	In 2020, the Group is once again recognised as a benchmark in customer relations: speed and quality of responses to customers and continuity of support during the COVID-19 pandemic
Residential	Commitment to customer satisfaction	**Awarded Customer Service of the Year for the fourth consecutive year**[a]	=	This award recognises the efforts made for several years to support customers
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 four 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 residences**[c]	=	In 2020, the ongoing dialogue mechanisms were adapted and strengthened in view of the COVID-19 pandemic
Retail	Continually improving and enriching 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	**Deployment of the Brands Pact**	=	In 2020, actions focused on supporting retailers on aspects of their business during *the* various periods of lockdown and relaxation during the year

(a) Property Development category – BVA Group survey – Viseo CI – More information on escda.fr.
(b) Excluding co-development, refurbishments and managed residences.
(c) As the year 2020 was marked by the COVID-19 crisis, the arrangements for communication with residents and their families have all moved to remote methods. A major system for monitoring residents on a daily basis has been set up.

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 are looking for custom solutions and desire a special relationship with their contact throughout the buying experience.

Altarea is committed to changing its offers so that they continue to meet customer needs and expectations. To do so, the Group is strengthening its relationships with its customers. In each of the activities, measures to promote dialogue and assess satisfaction have been rolled out: surveys and studies, face-to-face or digital interactions, etc. Customer satisfaction is Altarea's top priority and the Group values excellence and creativity in serving its customers.

WE ARE ALL INVOLVED IN PROVIDING CUSTOMER SATISFACTION

Customer satisfaction guides the Group's action. In 2018, the Group created and deployed a wide-ranging training programme for its employees. Initially created for the Residential business, the system has been rolled out to other Group activities. The aim is to raise awareness and regularly emphasise the role of each individual in customer satisfaction.

From development to after-sales service, including cross-functional roles, more than 1,000 people were trained and provided with action sheets for each stage of the customer journey.

The year 2020 was marked by the COVID-19 pandemic. Despite successive lockdowns, customer dialogue arrangements were conducted online in each of the activities to the same demanding standards as face-to-face. For example, an online configurator of choice has been set up for home buyers to monitor their choice of services (flooring, bathroom equipment, etc.).

Residential

Customer Service takes care of customer satisfaction at each step of the buying experience. In-house procedures are dedicated to dialogue and monitoring satisfaction at each step.

Dialogue with customers

The customer journey is based on a human and personalised relationship at each stage of the project with several systems:

- a dedicated contact for more than ten years: the customer relationship manager accompanies the customer from the signature at the notary to delivery. When the keys are handed over, an after-sales service manager, also specifically designated, takes over for nearly ten years and ensures continuity of support for the customer in managing guarantees. Each customer is supported for approximately 13 years;

- a personalised online space: as soon as the home is reserved, buyers can log onto their online space to monitor the progress of their project, consult information on the various stages of the purchase process and find answers to their questions *via* guidance sheets or FAQs (for example customisation, progress of the project, visits, etc.);
- the national network of Cogedim stores: the Cogedim store is a place dedicated to supporting customers in the personalisation of their homes. Customers can view show apartments, browse the choice of materials and equipment as well as customisation packs and enjoy an immersive digital experience. It helps customers to imagine themselves in their future home. Since 2016, several Cogedim stores have opened in Paris, Bordeaux, Toulouse, Marseille, Lyon and Nantes;
- customer committees: thanks to this complementary system, the Group closely monitors the expectations of its customers by inviting them to suggest change to the customer experience (see box below).

CUSTOMER COMMITTEES

In early 2020, Altarea implemented a new system: customer committees. Several customers who are signatories to the same project are invited to attend monitoring committees for their project. Several times during their journey, these customers are met by the project managers of their operation (customer relations manager, programme manager, etc.) who explain the classic customer journey: stages, deadlines, products, services, etc. They are invited to express their expectations in terms of processes, but also products and services. This system, which is complementary to the customer experience, enables the Group to adapt its offer to the new expectations of its customers.

Moreover, the Group has partnered up with Sourdline, the leading call centre for the deaf and hard-of-hearing. The customer may thus interact with each contact along the customer path thanks to the presence of an interpreter, *via* webcam, chat or in-person.

Finally, future residents are given a guide on green habits just before they move in to give them tips on improving their comfort (air quality, noise, comfort in summer, planting, etc.) and reducing their environmental impact (energy and water consumption, sorting waste, etc.).

Measuring and monitoring customer satisfaction

Each year, the Group conducts a study to measure customer satisfaction at two key moments in the buying experience: six months after the deed of purchase is signed and six months after delivery of housing. The goal is to better understand the expectations of customers and any possible shortcomings encountered during the buying experience. Questions range across a large spectrum of subjects from customer trust at the time of purchase to the endorsement rate at the end of the experience.

The endorsement rate is considered as the indicator that best sums up the customer experience since it measures his or her attachment to the brand by rating the likelihood of recommending Cogedim or making another purchase. The Group has set as a goal to reach a 70% recommendation rate for each of its regional offices. In 2020, the approach bore fruit as the endorsement rate rose thirteen points compared to 2015.

In addition, the Customer Services Department monitors spontaneous comments by customers on its Immodvisor platform. This independent platform records and checks the comments submitted by customers. In 2020, over 1,500 comments were checked. They have a satisfaction rate of 89%. This result is stable.

Lastly, mystery shopping is also carried out across the territory, with tests at both physical sites and in sales offices, but also in exchanges by email or *via* social media.

EFFORTS REWARDED

For the fourth consecutive year, the Group was awarded "Customer Service of the Year 2021"(1) for the Cogedim brand, in the category of Property Development. This award assesses the quality of customer relations with mystery shoppers (telephone, email or questionnaire, internet sites and social media).

In January 2021, the Group rose one place to second in the Les Échos 2021 customer relations rankings, measured by consultants HCG. This multi-sector ranking sets 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 develops and manages Cogedim Club® senior residences, designed to meet the specific needs of seniors. To best adapt to their expectations, the Group used several means that combine market research, satisfaction surveys and field analysis.

In addition to the sector's marketing studies, the Group conducts independent studies on the needs of customers in senior residences: the "The senior residences of tomorrow" surveys. Launched in 2020, these studies are aimed at Cogedim Club® residents, their families and anyone interested in this service. Around six themes are observed during the year. For example, the last study in 2020 focused on the theme of ergonomics for well-being and health. Other surveys will follow on: connection with the city, Sustainable development, nutrition, services and events, etc.

Furthermore, each of the residences has a team dedicated to listening to the needs of residents in their daily routine. Once a month, a plenary meeting(2) is organised between resident tenants in each of the residences in order to listen to their needs and expectations. The following subjects are addressed: life in the apartments and common areas, services and overall satisfaction.

Short-term residents are also questioned through satisfaction surveys.

These *in situ* measures make it possible to understand the level of residents' satisfaction and their level of facility use and identify desired changes. A half-yearly meeting is organised with the management of Cogedim Club® and allows for a discussion about areas for improvement or necessary changes with the agreement of occupants of the residences. The information gathered also serves to modify specifications for future Cogedim Club® projects.

(1) Category Property development – BVA Group survey – Viseo CI – More information on escda.fr.

(2) Remotely adapted system given the COVID-19 pandemic.

CRISIS MANAGEMENT IN SENIOR RESIDENCES

All dialogue mechanisms have been adapted and strengthened since the start of the COVID-19 pandemic. The residence teams have set up a major health facility and have been fully mobilised, sometimes supported by employees from head office who have come to donate their time. The overall functioning of the residences has been reviewed in order to preserve the health of residents, whilst ensuring regular contact with their loved ones and maintaining a good quality of day-to-day service: meals delivered to the homes, shopping, video-conference activities, daily leisure letters, correspondence kits or setting up psychological alert channels.

Networking, coordinated from the head office, enabled the rapid feedback and sharing of local best practice.

Each resident is supported on a daily basis in order to monitor their physical and mental health and their satisfaction with the many necessary adjustments to services, catering, activities, etc. (see 4.3.2).

Business property

In a context of rapidly changing work patterns and employee expectations in terms of their working environment, the Group listens to its partners and users.

Altarea has a customised offering, designing offices that promote team productivity and the comfort and well-being of staff. In 2017 Altarea has interviewed eighteen real estate divisions of major companies to assess their needs and expectations. The subjects addressed included the expectations of corporate accounts and their perception of landlord-tenant relations. It made it possible to categorise a building by best integrating their needs.

In 2019, the Group structured its offering by creating the entity Altarea Entreprise Studio with the aim of providing a coherent and efficient response to changing uses and new ways of working so as to offer users innovative products and meet their requirements. Its remit is to design buildings that are able to evolve through time due to their architecture, technical design but also their services.

Altarea Entreprise Studio operates upstream of operations, determining requirements and uses and anticipating new ways of working and designing the office of the future with multiple uses. In particular, in its thinking it incorporates phenomena such as the fragmentation of working methods and coworking and the office building as a means of boosting the appeal of the employer's brand.

Retail

In its shopping centres, Altarea 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.

In order to measure the overall satisfaction rate of visitors and better understand what they are looking for in the shopping centres, the Group conducts quantitative and qualitative customer surveys. Based on the results, the teams draw up an operational action plan designed to improve the customer satisfaction index.

In 2020, the satisfaction index reached **7.7/10**

This index was calculated using on-site customer surveys conducted at eight shopping centres, representing 82% 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.

Agility in the face of the COVID-19 pandemic

In 2020, the centres faced an unprecedented health situation and implemented significant measures to protect their tenants and visitors. Following the first lockdown, the Group conducted a survey to understand the changes in the habits of its visitors, as well as their perception of the health measures put in place. The overall score obtained is 3.9/5. It was calculated on the basis of responses to newsletters and surveys on social networks, carried out in seven shopping centres, *i.e.* 77% by value of the current reporting scope.

Attracting visitors and winning their loyalty

To maintain and reinforce the attractiveness of the shopping centres, Altarea 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.

ACTIVITIES AT THE CENTRES, A FEW EXAMPLES

Despite the particular context of the year, the centres were careful to maintain activities. Bercy Village is committed to creating regular activities. It has also organised two exhibitions installed in the four passages linking Cour Saint Emilion to neighbouring streets, and has set up a summer floral display to compensate for the inability to organise the usual events due to the health context.

An event entitled "Security Meetings" was also organised in October by the Brest Guipavas centre. It promoted jobs in the Gendarmerie and explained the recruitment process.

L'Avenue 83 showcased regional products through its first local partnership with Esti'var. Customers could meet local producers and taste products from short supply chains.

Lastly, a number of solidarity initiatives have been implemented, details of which can be found in Section 4.2.6 Philanthropy and partnerships.

For shopping centres under development, Altarea 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 has been working on a new scheme called the Brands Pact, a programme of initiatives to support the move towards a collaborative relationship with brands. Its objective is to better support them throughout their career at Altarea thanks to better services and more attention, more meetings and exchanges, and more local marketing exercises.

In 2020, actions refocused on supporting retailers with aspects of their business, during the various periods of lockdown and relaxation during the year: support for digitisation, physical modifications of the centres to make click and collect easier, and even assistance on topics such as increasing online visibility.

The green lease: a tool for environmental dialogue with tenants

Since 2010, Altarea has rolled out the green lease to promote the regular sharing of environmental information with its tenants: the Group applies it to all its new commercial leases as well as to its existing leases when these are renewed.

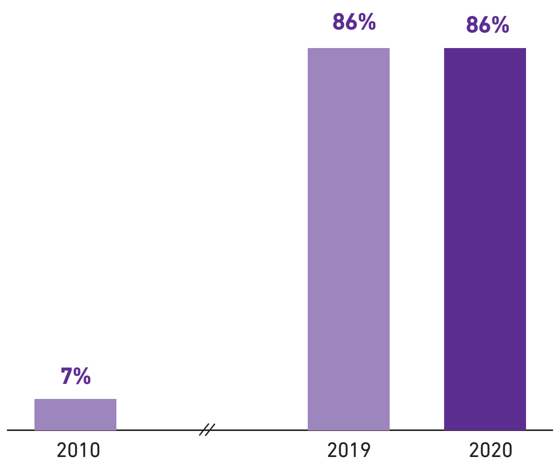
Specifically, the green lease gives Altarea a margin of environmental manoeuvre in two respects:

- the contractual exchange of environmental information allows Altarea 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. This committee is an opportunity to discuss the most effective ways of reducing the centre's environmental footprint.

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 ceilings for any equipment they may install and recommendations regarding interior materials.

As of the end of 2020, the Group had signed 1,101 green leases out of 1,273 active leases in its French portfolio, *i.e.* 86%. This has been steadily increasing since 2010.

GREEN LEASE COVERAGE RATE
(EXCLUDING CENTERS UNDER DEVELOPMENT)



ESG surveys for tenants: a tool for better understanding their expectations

In 2017 and 2018, Altarea conducted surveys of tenants at its shopping centres on issues around sustainability. In all, nearly two thirds of tenants were asked about their actions and expectations regarding ESG.

Since 2019, this initiative has been incorporated in the Brands Pact described above, which includes questions on ESG in annual surveys. The objective is to continue the dialogue on these subjects in the interests of improved cooperation. In 2020, discussions with retailers focused on managing their activity during this period of crisis, but surveys will resume in 2021.

4.3.2 Quality of life and well-being in operations DPEF1

Scope	Objectives/ Commitments	2020 Results	2019-2020 Change	Comments
Neighbourhoods	Develop pleasant living spaces	**Development of two WELL Community Standard neighbourhoods, including Issy Cœur de Ville, the first pilot project in France**	=	As a result of these projects, the Group plans to build up its expertise when it comes to quality of life in neighbourhoods
Residential	Certify 100% of projects NF Habitat[a]	**100% of projects certified or in the process of certification**	=	The Group has been committed since 2016 to NF Habitat certification, a guarantee of quality and environmental performance and comfort
Business property	Integrate well-being approaches into projects	**89% of large Business property projects aim for a well-being label**	↗	The Group systematically addresses the subject of well-being in its projects with a tailor-made approach.
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 in 2019** **Evaluation of 100% of the consolidation scope**	=	Since 2017 the Group has produced its own internal guidelines on well-being and evaluates its portfolio each year so as to identify priorities for action

(a) Excluding co-development, refurbishments and managed residences.

A project's quality of life and well-being are factors that create both social bonds for users and appeal for communities that have roots in sustainable urban development. The latter issue hinges on the search for balance in the diversity of projects (at the level of the neighbourhood and the building) in terms of housing, places of work, retail, services, culture and leisure with respect for the environment in which it is located.

The interior design of buildings is also key, with increasing demands from customers in terms of comfort, health and safety, which include temperature, acoustics, air quality, lighting, uses, aesthetics etc.

Finally, each activity has its own challenges:

- in Residential, the ease of use and quality of equipment helps ensure the heritage value of the property over the long-term for investors;
- in Business property, comfort and well-being are key factors in attracting employees, investors and users;
- in Retail, proposing a pleasant, practical customer experience and keeping it fresh, combining shops and leisure activities is now indispensable.

In all its real estate transactions, Altarea pays special attention to the quality of city life, going well beyond the applicable regulations to offer the user added value. It therefore deploys means to improve the customer experience with regard to well-being by drawing on external certifications (for example, WELL) and internal requirements.

The Group focuses on three components of comfort and well-being in each activity and for each project:

- quality of the location: the Group opts for proximity and density. Its projects are located at less than 500 metres from public transportation to promote user access and mobility;
- intrinsic quality of the building: air quality, acoustics, lighting, aesthetics, but also quality of use of the building and flexibility, so that it is adaptable to current as well as future uses;
- additional services provided by the project to complement those already offered locally. Altarea uses its skills and multi-product know-how to develop, for example, child care, quality food stores, leisure activities, etc. The Group also pays particular attention to the place of nature in the city, recognised as a source of well-being by users by developing buildings open to the outside world and green relaxation areas.

Large Mixed-use projects

Thanks to its unique multi-activity positioning, Altarea brings together all the skills and services to design large mixed urban projects combining homes, shops, offices, etc. By working with communities, planners and other private stakeholders, the Group develops balanced neighbourhoods adapted to the needs of residents and users. The Group makes sure it offers a range of services, both diversified in the scale of the project and complementary to the offerings already present nearby.

Working on the scale of a neighbourhood also allows the Group to offer quality public spaces, mixing green spaces and recreation 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 consists of the redevelopment of a site of about 3 hectares in the heart of downtown Issy-les-Moulineaux as a new mixed-use neighbourhood.

Fully pedestrian and developed around an urban forest, this neighbourhood has big ambitions in terms of quality of life for the city and its users. The neighbourhood will be endowed with a total of 1.3 hectare of landscaped spaces in patios and suspended gardens, in flower boxes and nature areas, shared and private.

It is the first pilot project in France with the WELL Community label, the benchmark standard in health and comfort on the scale of a neighbourhood.

Residential

The Group is developing healthy and comfortable residential buildings that favour social bonding and conviviality. It relies on the NF Habitat and HQE™ certification process and its team of interior designers. The Group also pays particular attention to the connection with the outdoor space, the quality of the indoor air as well as natural ventilation, lighting and cooling solutions.

NF Habitat and user comfort

The NF Habitat standard exceeds the regulatory requirements in matters of health and safety, and focuses particularly on making pleasant, practical and comfortable places to live, with requirements regarding acoustic quality, visual comfort, proximity to services and public transportation, etc. (see 4.3.3). In 2020, 100% of Residential projects were NF Habitat certified or in the process of being certified.

Moreover, plans for apartments are checked by the Group's team of interior designers to guarantee their practicality: easy circulation, "practical" amenities thanks to the appropriate position of electrical outlets and sufficient space for furniture.

Lastly, special attention is paid to links to the outside world. In 2020, 92% of housing units have access to a private outdoor space (balconies, terraces and gardens) with an average size of 18 m². More specifically, the balconies are of an average size of 5 m².

92% of the units have access to a private outdoor space

Natural comfort solutions

The natural or passive solutions for ventilation, lighting and cooling depend primarily on the quality of the ground plan, the orientations and the depth of the buildings. A list of architectural guidelines frames the work of architects during the design phase. For example, the Akoya project in Le Grau du King favours natural ventilation with 100% of the residential units bi-facing and 90% having natural through-flows of air.

In a context of climate change, the Group has initiated additional work to maintain summer comfort in the homes. This work resulted in 2020 with the implementation of a minimum comfort threshold to be met by combining 15 passive solutions listed in an internal guide (see 4.2.2.2).

Indoor air quality

The issue of air quality is key in residential property. Altarea approaches the problem in a global manner: by imposing health criteria in the choice of materials and the installation of equipment and by supporting buyers in a healthy and responsible occupying process. 100% of products and materials are at least labelled A at the least.

As an example, Altarea is using the "IntAIRieur" label on multiple projects including the Cours des Arts project in Mougins. This new measure commits all businesses working on the site to respect the guidelines in order to preserve the indoor air quality of residential units under construction. Once the project is finalised, two manuals are provided to users: one to the occupants and one to the manager. These documents will guide them in the building's daily use and during maintenance operations.

Cogedim Club® Residences

In the context of its Cogedim Club® residences for seniors, the Group adapted its offer to their specific needs by especially favouring the quality of social bonding, one of the principal selection criteria for future residents.

The range of residences combines adapted residential units, a programme of varied entertainment and a location in the city centre close to transportation, shops, health services and cultural programmes. Activities are organised with local bodies such as schools to promote intergenerational ties.

In view of the COVID-19 pandemic, the activity programme has been completely revised in order to maintain a diversified programme adapted to the senior audience, for whom social ties are essential, whilst respecting strict health instructions. For example, despite the cancellation of the festival of lights in Lyon, the local Cogedim Club® lit up the residence with paper lanterns brought by schoolchildren from the nearby school.

As for quality, the fixtures and furniture in residential units are carefully selected with suppliers to adapt to the constraints of ageing (floorings, level of foundations and bedding, sanitary facilities). They comply with ergonomic recommendations.

THE "GRANDPARENTS & RESIDENTS" PROGRAMME

This programme allows residents and their families to come together during workshops on literature and transmission. A monthly newsletter also gives news of residents to family and friends.

This programme was adapted in 2020 in view of the COVID-19 pandemic. Every day, during the lockdown period, residents received letters with ideas for activities adapted to lockdowns, such as Chinese calligraphy, general culture riddles and quizzes, as well as sports micro-lessons. The letters can be viewed on the Cogedim Club® website so that these activities can be shared with residents' loved ones.

Finally, the Group gradually rolled 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

In a world of work increasingly marked by teleworking and nomadism, the workplace must be welcoming, comfortable and conducive to conviviality. Altarea develops very high-quality workspaces by placing well-being at the heart of its projects. The Group supports each of its customers in this area with a particular focus on flexibility and biophilic design.

Systematic approach to well-being

The theme of well-being has been integrated for many years through BREEAM® or HQE certifications.

For larger buildings[1], the Group systematically proposes to go further with a well-being label such as WELL or Osmoz. These standards, respectively American and French, place the user and health at the heart of real estate projects. The topics covered range from the quality of the physical environment (air, light, etc.) to conviviality and social interactions. In 2020, 89% of major Business property projects aim for a well-being label.

(1) From 15,000 m² of floor area.

89% of major Business property projects aim for a well-being label

New ways of working

To respond to the new uses of Business property, the Group is developing interior spaces that are less isolated, more flexible, leaving more room for natural light and vegetation. 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 4.3.5).

Biophilic design

The biophilic concept consists of integrating elements from nature into the building. Recent studies prove that a design imitating nature has a positive impact on health, creativity and in reducing stress.

The Group is exploring this approach in the context of its projects by reviewing the integration of biophilic design into the building (especially the visual and auditory connection with nature, lighting that respects the circadian rhythm, the presence of water, designs and motifs inspired by nature, the presence of "cocoon" spaces for quiet time alone, etc.).

This initiative was carried out at 87 Richelieu, the Group's new head office, which opened in mid-2020. Altarea employees benefit from an outdoor planted area of 2,000 m² in the midst of Paris's 2nd arrondissement, the largest private green space in the district. Inside, each floor has its own range of greenery, including several hundred plants, some of which have depolluting properties.

Retail

The theme of well-being is already an integral part of BREEAM® and BREEAM® In-Use certification, on which the Group bases its ESG approach for its Retail business. Altarea 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 has defined its own dedicated in-house guidelines since 2017.

Property Development

In the context of its systematic sustainable certification approach, Altarea 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 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 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 REIT business, Altarea 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 63% in 2020.

In 2020, special attention was paid to the health and safety of visitors and employees working in the centres. The operational plans for the opening of the centres have included the necessary measures of distancing, signage, distribution of hand sanitiser, distribution of masks, support for brands, etc.

During normal operation, shopping centres work to promote ever greater 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 events themed on well-being, notably artistic workshops and weekly yoga courses from March to October. It makes deckchairs, table football and table tennis tables freely available.

This year was marked by strict social distancing measures, so few actions and events were held. The centres are keen to restart actions that promote health and well-being when circumstances allow.

EVENTS TO PROMOTE HEALTH AND WELL-BEING

In a context of a health crisis linked to the COVID-19 pandemic, Altarea centres were able to organise fewer events for visitors this year. Among the events held, some of them raised awareness of health and well-being issues. A first aid awareness stand was installed. at the Family Village of Nîmes Costières Sud, as part of the French Red Cross Days.

Bercy Village hosted an exhibition to pay tribute to caregivers.

In a solidarity effort, the centres of Thiais Village and L'Avenue 83 respectively donated masks to the Thiais town hall, and disinfecting wipes for the police.

Internal guidelines on comfort, health and well-being

In 2017 Altarea 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 issues 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 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.

In 80% of the centres for which their BREEAM® In-Use scores about areas for children and adults were reassessed are available. In addition, special attention is paid to the employees of the centres, with an emphasis on thermal comfort and lighting of workstations.

4.3.3 Labels and certifications, creators of green value DPEF1

Scope	Objectives/Commitments	Indicator	2020 Results	2019-2020 Change	Comments
Residential	100% of new projects certified NF Habitat[(a)]	Portion of new projects certified	100%	=	The objectives are met. The ambitious strategy of certification is complemented by the most recent or innovative certifications in order to guarantee the building's green value
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 BREEAM® In-Use sites	Portion of sites certified	100%	=	The figure has been steady since 2015. Altarea is 100% BREEAM® In-Use certified for French assets under management, and targets at least the "Very Good" level.

(a) Excluding co-development, refurbishments and managed residences.

The increasing importance of customer demands with regard to comfort and use as well as the tightening of environmental regulations have pushed the notion of green values to the forefront in the real estate sector. It represents the ability of a building to avoid regulatory obsolescence, or of use, and is thus a guarantee of its sustainability over time. To maintain or advance a building's green value, certifications and labels have gradually become the market norms.

Altarea is committed to a strategy of ambitious, innovative and sustainable certification, specific to each of its activities. Labels and certifications are thus chosen depending 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, whilst seeking to outperform market standards;
- the strong willingness to offer the most recent, ambitious and innovative labels and certifications on broader matters than environmental performance (WELL, BiodiverCity®, WiredScore, etc.) in order to stay ahead in all of its activities.

Residential

NF Habitat Certification and its HQE approach

Since 2016, the Group has been committed to NF Habitat certification and its HQE approach.

All of the Group's housing is NF Habitat certified. This certification is a benchmark for the essential qualities of the housing units and common areas of the building. It is reflected in concrete daily benefits: a healthy interior, safe and pleasant for living, controlled expenses, but also a respect for the environment.

Regarding environmental or energy performance, the Group is going even further by seeking for over half of its production, the NF Habitat HQE™ certification (which goes beyond NF Habitat in environmental terms) for quality, habitat & environment, and even an additional energy label, such as E+C- or biosourced. In 2020, 49% of the Group's Residential projects had NF Habitat HQE™ certification, or an environmental label.

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

49% go even further with an additional environmental certification or label

Some projects may benefit from supplemental certification efforts. The Cœur de Ville project in Bobigny, already committed to Écoquartier labelling, at the community's initiative, is a pilot project of the new HQE Performance standard. The Group is thus participating in defining new standards of reference in terms of sustainable urban development.

VISEHA label and 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, have created a label called VISEHA (Vie Seniors & Habitat). It is based on thirteen criteria concerning property features and services offered by the residences, as well as prerequisites relating to the financial health and feasibility of the operator in order to ensure the sustainability of the residences.

In 2020, two residences were certified. These are Terre de Seine in Suresnes and Villa d'Helios in Montpellier. This label will continue to be rolled out gradually to other senior residences within the Group that meet the criteria.

Business property

All Business property projects benefit from a systematic certification process, HQE and/or BREEAM®, respectively the French standard and the European standard with regard to the environmental performance of buildings. In 2020, 100% of Business property projects were certified HQE and/or BREEAM®.

In the Paris region, which represents almost 60% of national production, the ambition is higher, with systematic dual certification at a high level of performance. In 2020:

- 100% of Business property projects in the Paris region have dual certification, HQE and BREEAM®;
- 100% of Business property projects in the Paris region are HQE certified "Excellent" or higher, 85% of them "Exceptional";
- 100% of Cogedim Business property projects in the Paris region are BREEAM® certified "Very Good" or higher, 65% of them "Excellent".

100% of Business property projects in the Paris region have dual certification at least HQE "Excellent" and BREEAM® "Very Good"

In addition, in 2020, 100% of hotel and Logistics operations have HQE and/or BREEAM® certification. The Hilton hotel, on Place du Grand Ouest in Massy, delivered in October 2019, was awarded HQE certification with an "Excellent" rating.

These numbers were stable compared to 2019.

Some 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 2020, the process of certification continued for the assets managed in France.

100% of the assets managed in France are BREEAM® In-Use certified

Construction certification

55% of shopping centres also have construction, HQE and/or BREEAM® certification.

Altarea chooses the certifications best suited to its customers' needs and the context of projects. Accordingly the BREEAM® certification, massively adopted 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.

As a complement to BREEAM®, certain Retail projects seek other certifications or labels. For example, Cap 3000 has obtained the BiodiverCity® label. The Qwartz site in Villeneuve-la-Garenne and the L'Avenue 83 site in La Valette-du-Var have two certifications: HQE and BREEAM®.

Operational certification

Since 2012, Altarea has embarked upon a process of gradual environmental certification of its operating assets, opting for 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 nonfinancial 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. All centres except one (at the "Good" level) achieved it.

In 2020, all sites present in the reporting scope had BREEAM® In-Use certification.

These certifications apply to the Asset (intrinsic performance of the building) and Management (operation of the building) categories of the benchmark. Detailed scores are available in Chapter 4.5.3.

In 2020, the average performance of the portfolio was 67% for the "Asset" part (+19 points on 2013) and 68% on the "Management" part (+25 points on 2013).

The improvement in the average performance of Altarea'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.

In addition, the Group has extended its environmental certification approach to sites that are not directly managed. Thus, Jas-de-Bouffan in Aix-en-Provence has been BREEAM® In-Use certified "Excellent" level since 2019.

4.3.4 Responsible supply chain and supplier relationships DPEF6

The Group is a major customer for other firms, placing more than €3 billion worth of orders a year. 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.

The societal impact of these purchases is strong, due to their volume and the variety of economic sectors concerned. As a result, Altarea conducts responsible purchasing actions across all of its business lines. In addition, in order to enrich its thinking on this subject and share best practice in the industry, the Group participates in the sustainable property observatory's (OID) responsible purchasing working group.

A Group approach

In 2018, Altarea launched a process for structuring and optimising purchases, led by the Performance Department and the ESG Department. This approach encompasses all of the Group's companies and purchases. It aims to ensure the integration of a ESG approach adapted to each type of product or service.

The approach, developed in conjunction with the various business divisions and subsidiaries of the Group, provides for:

- generalised actions (deployment of a Group responsible purchasing charter);
- actions targeted by type of purchase (ESG clauses in calls for tenders and contracts, training actions, supplier assessments, audits, etc.); and
- working to build a responsible and sustainable relationship with suppliers.

The responsible purchasing charter

A responsible purchasing charter covering social requirements, health and safety, the fight against corruption, respect for personal data and consideration of environmental issues was drafted in 2019 and updated this year. Since 2020, it has been gradually applied to all Group purchases, in particular to Property Development activities. A clause to this effect was added when the general clauses, systematically included in works contracts, were updated.

The ESG team held awareness-raising sessions on responsible purchasing and training on the objectives and use of the charter for all the Group's subsidiaries, in order to support its deployment. The charter comes with a note, explaining it to suppliers and subcontractors. It helps clarify the content and objectives of the charter, and to talk about it to the various stakeholders.

Finally, the charter is accessible to all on the Altarea website.

Targeted actions, by type of purchase

The implementation of targeted actions by type of purchase began with a detailed mapping of the Group's purchases in order to better understand them. This work continued by identifying the major risks (social, environmental, etc.) associated with purchasing.

In 2020, in close collaboration with the departments concerned, the ESG Department refined its work on analysing risk points. For each risk and each business line, the ESG team analysed purchasing practices, identified existing risk management systems and best practices, and set a three-year action plan.

Property Development

Safety on construction sites

The safety of all workers on construction sites is a major priority for Altarea. In the context of the COVID-19 pandemic, the Group has been able to show agility to continue its activities whilst ensuring the safety of employees and workers on construction sites (strict process to resume work, checks of health compliance on construction sites, adaptation of the protocol for lifting reservations at the purchaser's premises during a pandemic, etc.).

Aside from the health situation in 2020, safety issues are addressed at different levels: contractually, through actions on the ground, awareness-raising and internal and external audits.

From a contractual point of view, the issue of safety is the subject of numerous clauses in contracts. They relate in particular to the obligations and responsibilities of the various stakeholders to guarantee the safety of all on the construction sites.

At an operational level, in order to manage safety on construction sites, the Group relies on the project manager and health and safety protection (H&S) coordinator who is responsible for managing joint working on safety on-site. Particular attention is paid by the Group to ensure that the resources allocated to the H&S coordinator are systematically in line with the high level of urgency required. Prevention specialists also work on large-scale projects.

In terms of shared responsibility, the Group carries out actions to support companies in adopting best practice (awareness-raising campaigns, reminder of good safety practices through posters, etc.).

In addition, since 2019, an in-depth audit has been carried out to sustainably improve safety management on construction sites. This process makes identifies actions to be implemented. For example, the project management and safety and health protection contracts have been updated to incorporate the recommendations of the Caisse Régionale d'Assurance Maladie d'Île-de-France (CRAMIF) and CARSAT (Caisse d'Assurance Retraite et de la Santé au Travail). The Group helped set up a club at CRAMIF on the subject of safety for project managers.

Finally, in terms of reporting, data is collected across the Group's scope of direct responsibility which makes it possible to monitor site practices in a process of continuous improvement. Substantial reporting of Residential activities is used to report data on construction site accidents to the national level. In Business property, data is tracked locally. In 2020, for this activity, the frequency rate of construction site accidents was 10.8 (compared with an industry average of 28.1) and the severity rate was 0.3 (compared to 2.4 for the sector).

The fight against illegal work

The fight against illegal work is another major issue in the construction sector, identified as a priority for the Group. Altarea has implemented numerous processes and actions at different levels to combat these practices.

First of all, like safety requirements, the issue of combating illegal work is the subject of many strict clauses in contracts. These clauses relate in particular to contractual, social and tax requirements relating to the employment of personnel. They also relate to the use of subcontractors and requirements to post information informing all on-site workers of the applicable regulations and their rights. These documents are translated if necessary to make them accessible to as many people as possible.

In addition, the Group uses the recognised external service provider "Attestation Légale" to collect, archive and manage all the regulatory certificates required by companies to sign contracts and approve the various subcontractors. These checks make it possible to identify at-risk service providers and so only use partners with practices that meet Altarea's requirements.

In the field, personal access control systems on construction sites help to combat illegal work. Lastly, random audits, carried out by an independent organisation, aim to ensure that the personnel working on the site are indeed those previously declared and authorised.

Site nuisance

A low-nuisance construction site charter attached to the works contracts requires, within a contractual framework, compliance with commitments relating to all nuisances that may occur on a construction site, whether for Residential, Business property or Retail projects:

- reduction of nuisances caused to local residents (dust, sludge, noise, delivery and parking of vehicles, change to the local traffic plan, site surroundings, etc.);
- reducing the risk of soil and air pollution during construction;
- sorting and reduction of site waste going to landfill;
- protection of nature and biodiversity; and
- management of water and energy resources.

In addition, the site charter also imposes requirements relating to the social and organisational aspects of the site (secure access to the site, etc.).

In Retail, the "clean construction site" contact ensures commitments are met throughout the project.

The requirements monitoring system

National framework contracts have been signed with technical inspection service providers, CSPS and AMO Environnement, in order to ensure, in particular, compliance with safety and the proper application of the low-nuisance construction site charter, notably through audits conducted during the construction phase.

Certifications

The ambitious, systematic strategy to certify all projects is a means of incorporating ESG criteria throughout the building life cycle: sustainable design, environmental and health standards for materials, responsible practices during the construction phase, commissioning, etc. In the tender phase, standard contracts (architect, multidisciplinary design office and project management) set out these sustainability objectives for a project.

Evaluation and continuous improvement of suppliers of Cogedim housing teams

In 2017, Altarea launched an evaluation process of its suppliers *via* the Ecovadis platform, to measure the level of progress with regard to ESG. Through this approach, the Group seeks to support its suppliers in their progress on environmental and social issues, in order to reduce the areas of risk in its supply chain.

To date, the assessments relate to the suppliers of Cogedim housing equipment (sanitary products, electrical equipment, heating, etc.). They have been mandatory for new suppliers since 2019 and a global reassessment campaign was launched in 2020.

Retail portfolio

In order to engage the providers involved in the operation of shopping centres in a ESG approach, Altarea 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 have been circulated across all sites since 2018. These new versions incorporate enhanced requirements on ESG aspects such as monitoring indoor air quality, impacting directly on visitor health and comfort.

Corporate

87 Richelieu

For the construction and fitting-out of its new head office, 87 Richelieu, Altarea has selected materials according to demanding requirements in terms of environmental and health performance. For example:

- the insulation of the walls is made of recycled jeans and is of local origin;
- the Group has been vigilant in minimizing the air pollution caused by the new furniture;
- the origin of the plants has been studied and the soil used is organic.

In addition, for the operation of the building, the Group has incorporated ambitious ESG criteria and requirements when selecting the majority of its partners, facility management and catering in particular. Some concrete applications:

- the use of chemical products for maintenance of the premises is reduced to a minimum;
- disability-friendly contractors (with at least 80% disabled people) maintain the outdoor spaces and take care of waste recovery;
- the clothing of the cleaning staff is made of Oeko-Tex® cotton and the material is recycled at the end of its life.

The goodies

As the previous contract ended, in 2020 Altarea negotiated a new framework contract for the purchase of goodies at Group level. Distributed to various stakeholders (institutional investors, end customers, employees, etc.), the goodies must reflect the Group's commitment to Sustainable development. This is why special attention was paid to the ESG performance of the various candidates throughout the selection process: ESG requirements in the specifications, expanding on the answers given to these requirements in the application file during the oral examination, integration of ESG criteria in the final score, etc. The service provider selected at the end of this process shows a strong commitment in terms of ESG (origin, manufacturing conditions and product design, carbon impact, use of disability-friendly contractors, etc.). As the contract is now effective, monitoring committees are now planned to monitor the ESG performance of these purchases.

A responsible and sustainable relationship with suppliers

In a context of increased competition in the construction market, a major challenge for Altarea is to establish a lasting relationship with its suppliers. To do this, in addition to the ongoing dialogue within the framework of operations, various actions have been put in place to nurture this trusting partnership relationship.

Supplier regulations

In 2020, the Group launched a reverse factoring solution, in partnership with a bank. The purpose of this programme is to support suppliers in their financing and cash flow issues, particularly in the context of the COVID-19 pandemic. Rolled out in 2020 to Cogedim suppliers, this solution will be extended in 2021 to new Group entities.

In addition, the lockdown in the spring has accelerated the process of digitising invoices, helping to streamline the payment process.

Economic dependency

Altarea makes more than half of its construction purchases with several major players in the sector, which limits the potential for economic dependence. In addition, the Group has put in place a process to control economic dependence in other types of purchases.

4.3.5 New uses and innovation DPEF1

Scope	Objectives/Commitments	2020 Results	2019-2020 change	Comments
Business property	Strengthening the digital connectivity of projects	**99% of projects in the Paris region are working towards a digital connectivity label**	↗	The Group continues to offer long-term performance to its customers with regard to technology

The real estate industry develops assets that have lasting effects on cities. Yet, practices and expectations of city inhabitants and users have greatly changed and continue to evolve rapidly. Altarea must, therefore, adapt its offerings to the new residential pathway of French people, new ways of working, digital players, new forms of consumption, etc. The challenge is to guarantee investors and users that the buildings or neighbourhoods built are practical, connected. and planted to adapt to new uses and maintain their attractiveness over the long-term.

A development team dedicated to innovative projects

Altarea has an innovation department that facilitates the emergence of new products and services to improve the daily lives of citizens and the Group's performance. This department has the following objectives:

- develop new property services and offers to better satisfy customers;
- implement new internal tools to increase the Group's productivity;
- stimulate the innovation culture of the teams to support the transformation of Altarea's business lines.

The Innovation team, comprising five persons, has both a watching brief to identify promising innovations and a support role in their deployment throughout the Group. It organises events that introduce specific innovations for property, makes digital tools available and connects employees with innovative external structures.

It is supported by a network of officers across all regions where the Group has a presence.

Developing new offers of property products and services

PLAN A CO-LIVING OFFER

Creation of a new affordable rental housing offer

After an initial experiment with co-living in Montreuil, the Group decided to draw on this experience to develop a co-living offer called Plan A. This offer makes it possible to build furnished housing at affordable rents in major French cities. To manage these shared living spaces, the Group works with the start-up FlatnYou, which specialises in this type of management and is trusted by Caisse des Dépôts Habitat. Altarea also won a project in Tours that will include fifteen Plan A housing units to be rented by international students. Other tenders also include the Plan A offering.

To guarantee long-term technological performance in its buildings, Altarea was one of the first groups to take an interest in the WiredScore and Ready2Services (R2S) labels. WiredScore assesses the quality of internet connectivity, infrastructure and the building's potential connectivity. R2S has a complementary approach which aims to make buildings compatible with future technologies and uses.

READY2SERVICES (R2S) LABEL

The R2S label has as its goal to support the digital revolution in buildings, to make them more adaptive, pleasant for living, serviceable and interoperable. It offers innovative thinking based on upgradability and the openness of systems to combat obsolescence, optimise operation and make services accessible to the occupants. Its standard requires that the building must be able to connect to any exterior network and accommodate future innovations by using communication protocols that communicate with each other.

The Group's "87 Richelieu" head office in Paris is certified WiredScore and R2S. In 2020, 99% of Business property projects in the Paris region (by surface area) sought a digital connectivity label such as WiredScore or R2S.

99% of Business property projects in the Paris region sought a digital connectivity label

87 RICHELIEU SERVICES APP

The Group is developing a property app which enables employees at its new head office access to a range of services available within the building. The aim of this app is to support employees as much as possible in their new working environment, to improve their efficiency and promote their well-being day-to-day. It has more than 50% active users every day since its launch.

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).

Suggesting innovative projects thanks to an open innovation approach

Altarea is integrating its approach to innovation into the business and enriching it with external partnerships. The innovation team identifies and selects potential partners to integrate into the Group's activities.

Issy Open Design

At the Issy Cœur de Ville eco-district, Altarea wants to create a 1,500 m^2 site offering experiences and innovation which aims to create a new destination for businesses and individuals. The Group has launched a new Open Design process which aims to invent a new way of designing innovative, multifunctional, co-constructed spaces that bring people together.

This Open Design process offers a consultation of stakeholders from all backgrounds to whom it can provide resources for developing their proposal and getting established in the future space.

Ultimately, the aim of this process is to:

- identify and compare ideas to create a place for discovery, interaction and learning;
- co-design the future space with participants: students, innovative businesses and public interest stakeholders;
- reinforce the attractiveness of the site and raise the profile of private and public partners.

In the initial conceptual phase, "Issy Open Design" brought together some 1,035 participants who proposed some 452 projects. Following the second phase of in-depth study with around fifty projects, the cross-functional jury representing all the Group's activities selected ten winners who will join the site's programming and feed into its concept: social economy, associations and local bodies. A team of students from Centrale-Supélec was also rewarded for the quality of their project.

Both a place of life for young and old alike, and an XXL workshop dedicated to the innovation ecosystem, this anchoring point in the heart of the city will offer a showroom exhibition space, an immersive experience, event spaces and creative spaces open to all.

Kelfoncier

The Group has strengthened the use by property developers of the Kelfoncier tool, which allows them to aggregate on a single map all the information from the region that could be relevant to their projects (local development plans (PLUs), building permits, new sale price, INSEE statistics, points of interest, etc.). Thus, in the fourth quarter more than 2,800 connections per month were recorded, compared to 1,850 per month in the first quarter of 2020 quarter of 2020.

Digitisation of rental management

Altarea Gestion Immobilière (AGI) signed a partnership with the start-up Flatbay, which is developing a rental management tool. Thanks to this tool, AGI has digitised the letting of apartments for which it has a management mandate. This makes it possible to distribute advertisements, collect tenant information and have leases signed, all digitally. This tool was first tested in March at the Nantes branch, which enabled it to continue service during the first lockdown, then rolled out to all AGI agencies between July and November 2020.

Implementing innovations and tools to accelerate business growth

The Innovation unit is creating opportunity files that evaluate the technical, financial and legal consequences of identified innovative projects and products. The goal is to both select the most adaptable innovations and the simplest to implement, to clear potential roadblocks and facilitate their deployment.

In order to help connect operational development teams with innovative projects outside the Company, the innovation team has launched Altawiki, a collaborative tool that now lists some 120 projects (including both successful and unsuccessful bids) and over 1,400 of the Group's innovative partners and suppliers. The platform lists several hundred start-ups and SSE organisations that help shape the city of tomorrow. This platform makes it possible to easily motivate them to respond to tenders or involve them in projects under development.

Finally, 100% of Altarea's Business property projects in the Paris region have been developed using the building information modelling or BIM method. This method involves virtual modelling of the physical and functional characteristics of a building. The digital model makes it possible to better control construction costs and to facilitate operation of the building.

4.3.6 Professional ethics DPEF9

Scope	Objectives/Commitments	2020 Results	2019-2020 Change	Comments
Group	Continue to strengthen the programme for combating corruption	**Communication from General Management**	**Continuing the process**	Strengthening work will continue in 2021
Group	Train and raise awareness among the most exposed employees on the fight against corruption, money laundering (AML/CFT) and fraud	***Anticorruption* e-learning programme: 748 employees trained** **LCB-FT e-learning programme: 98 employees trained** ***Fraud:* three awareness sessions for accounting departments**	**Continuing the process**	In addition, communication campaigns were run throughout 2020 on cybersecurity, fraud and compliance (postings, articles in the intranet, emails).

Values and ethics

All Altarea Group employees and corporate officers must comply with the principles established in the Ethical Charter, appended to the internal rules of procedure. Any breach of these provisions may thus constitute a disciplinary offence subject to sanction. This Ethics 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 and its stakeholders, employees, customers/tenants, service providers/suppliers, as well as best practices for internal ways of working:

- 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 the principal of integrity;
- ban on forbidden practices and corruption.

In order to ensure that new employees adhere to the rules, values and principles laid down by the Group and ensure that they are fully aware of how they should be applied, systematic training was carried out during induction days. It addresses topics related to Rules of Procedure, the IT Charter, the Ethics 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 Ethics Director appointed by Management. The consultation with the Ethics Director and their advice are confidential under the Ethics Charter.

Fight against fraud, money laundering, the financing of terrorism and corruption

Altarea's General Management reaffirmed its commitment to the Group's compliance approach and to the implementation of a policy of zero tolerance towards bad practices and total rejection of corruption and trafficking of influence in all its forms.

This approach is reflected in the implementation of:

- the mapping of corruption risks;
- dedicated training in the form of e-learning;
- a Third-Party Integrity Assessment ("KYC") process;
- antimoney laundering and anticorruption clauses included in all contracts;
- the appointment of an Ethics Director and a TRACFIN reporter and officer (Ministry of the Economy and Finance body responsible for combating fraud, money laundering and the financing of terrorism) for the whole Group.

The Group's anticorruption policy is restated in its Ethics Charter. The policy aims primarily to set out the values and rules of conduct to be observed, and to guide employees in their daily activities regarding any ethical questions or conflicts of interest they may be confronted with. For example, hiring contractors or service providers with a relationship with the Group for personal use is prohibited without the approval of the Ethics Director. The following principles must also be mutually enforced in relations with authorities and customers: any act that is likely to be construed as an attempt to corrupt is prohibited and is to be reported. 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 Ethics Director must be consulted immediately for their opinion.

In order to support the proper and full deployment of the Group's approach to business ethics, an awareness campaign on violations that concern neglecting the duty of probity was conducted for those employees identified as being the most exposed and should be repeated in 2021. Also, with the help of a specialist law firm, courses were held on different sorts of corruption, conflicts of interest, the peddling of influence, favouritism and the criminal repercussions associated therewith, particularly in relations with the public sector. This awareness campaign continues on a regular basis by means of messages issued to employees by senior executives at events such as seminars, committee meetings as well as at induction days for new arrivals.

Moreover, the Legal Department ensures that clauses specific to anticorruption legislation are included in contracts with third parties.

In accordance with the law and in order to display greater transparency in the relations and interests between companies and public officials, the Group has registered on the digital directory of the High Authority for the Transparency of Public Life (HATVP) since 2018. A declaration of activities of representatives of interests is filed each year.

As part of its activities, Altarea uses the services of many external companies. Their selection is governed by formal provisions and generally established in tenders (no monopoly of a service provider, limited use of multi-year contracts, etc.). At the Group's most recent update to its risk mapping in 2019 the risk of fraud, though limited, was assessed as being slightly greater in terms of impact. This was due to increased media coverage of fraud cases and the increase in "fake president" and "changed bank details" scams which the Group was a target of. To ensure that these fraudulent attempts are unsuccessful, awareness-raising messages are regularly distributed to the most exposed populations, and training is provided to the accounting and financial departments.

On the date on which this document was filed, no cases of noncompliance with internal policies had been identified and no fine linked to corruption had been paid.

Finally, through its management activities on behalf of third parties and transactions, Altarea is subject to the Fifth Directive (combating money laundering and the financing of terrorism). As such, the Legal Department ensures that clauses specific to anticorruption legislation are included in the relevant contracts. The procedures relating to customer knowledge were strengthened in 2020. Any payment or transfer for which the origin of the funds is undocumented is subject to an in-depth analysis and information to the TRACFIN reporter who is responsible for reporting the suspicion to TRACFIN.

4.3.7 Safety of assets, people and personal data DPEF10

Information on safety of assets, people and personal data is described in the chapter on Risk Management (Chapter 5 of the Universal Registration Document) in the paragraphs headed risk factors and Control.

Access (disabilities)

In accordance with the French Construction and Housing Code, the 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.

4.4 Talent at the service of the Group's growth

Altarea has a source of diverse and unique know-how in the market. Its "skills platform" is one of its major assets and gives it significant agility in its various business lines.

For years, the Group has looked after the development and well-being of its employees, and offers them a quality working environment. In 2020, this led to the move into the Group's new head office, the 87 Richelieu building, a showcase for its know-how in Business property and a real place for employees to meet, share and exchange ideas across functions. This head office responds to the challenges of working life today, and tomorrow, with numerous collaborative spaces, spaces dedicated to training, health, convivial spaces, and the best tools in terms of connectivity and digitisation. 93% of employees say they are very satisfied or satisfied with the new head office at 87 Richelieu.

In a Group that places people at the centre of its past, current and future success, the HR Department is positioned as a structuring multi-brand element of the Company's general policy. Through an organisation combining proximity and pooled expertise in the service of the different brands, the HR Department applies a modern and innovative policy for an ever more engaging employee experience. It is guided by organisational, managerial, social and societal issues, but also by the need to attract and retain employees, to be a leader in its practices and remain a benchmark employer in its market.

To remain a leader in its field, for several years Altarea has run a training academy that allows the exchange of best practice and the enriching and sharing of knowledge through innovative learning processes. The academy keeps employees up to date with their business expertise and the skills they need in their profession.

2020 was marked by the COVID-19 pandemic, which required very strong adaptability on the part of all employees, who showed great commitment through all the waves of lockdown and relaxation. The Group organised itself very quickly to maintain safe and efficient working conditions for all:

- On the one hand, teleworking tools were rolled out (*via* the Digital Academy, teleworking and learner kits, dedicated newsletter, regular video presentations by managers, HR proximity and managers, etc.).
- On the other hand, in order to maintain the social bond and limit the psychosocial risks associated with isolation, face-to-face return to the office was authorised, in accordance with the Government's recommendations: distribution of sanitiser gel and masks, mandatory training in preventative measures, information for social and economic committees (CSE), etc.

It is the unwavering commitment of the teams, as well as the empowerment of managers, that have enabled Altarea to confront this unprecedented crisis. For instance, the construction sites stopped for only a short time during the first lockdown, and the shopping centres efficiently managed the successive opening/closing periods. HR activities continued, working closely with the teams and maintaining skills with the deployment of an online training platform, the Digital Academy, for all Group employees.

Finally, in the face of a major economic crisis affecting young people in particular, Altarea has continued to hire more work-study students and interns than ever. The Group is also developing internal mobility with significant initiatives (newsletters, business presentation conferences, etc.), in order to place the best skills in the best position, offer motivating career opportunities and be ready to manage the transformations of its market and the city.

4.4.1 An organisation at the service of business

Change in Group structures

At the end of 2020, Altarea had a total of 1,983 employees, spread across all the Group's areas of expertise, from the development of housing and offices to the management of shopping centres and serviced residences.

In 2020, the Group's ambition was to pursue managerial modernisation through an ambitious programme in which managers have a decisive role to play in supporting the Company's transformation by taking full control of financial, budgetary, environmental, organisational and managerial matters within their scope of responsibility.

Modernising central support functions

The Group is working to structure and pool its support systems in order to support all operational business lines with optimal efficiency, making employee satisfaction a priority.

In this context, in 2020, numerous initiatives were taken. The Group's accounting and consolidation teams have been grouped together, and the Human Resources Information System (HRIS) continues to extend its functionalities to the subsidiaries (leave portal, advance payment request, etc.).

2021 will see improvements in the employee experience with the introduction of paperless administration. A HR portal will be offered to all Group employees covering a range of subjects: electronic safe, request for documents, etc.

To this end, the Group plans to rethink the setting and monitoring of objectives over time with the implementation of "continuous conversation" between employees and their managers. The year 2020 was rich in lessons on the need for dialogue, one of them being the need to remain agile in setting and reviewing projects/objectives, and for continuous feedback between employees and managers.

All these efforts to modernise provide more effective support on a daily basis to operational staff. 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.

Change in the Group's headcount

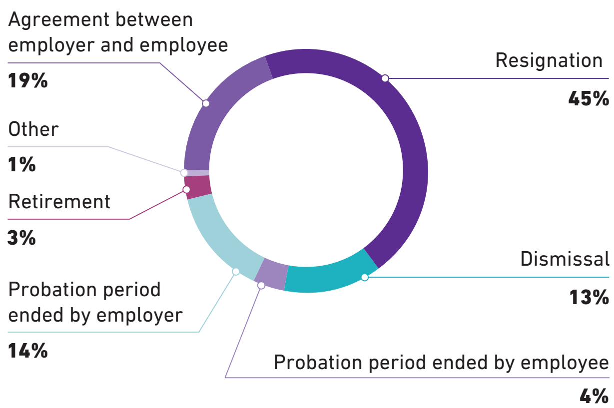
Scope	Objectives/ Commitments	2020 Results	2019-2020 Change	Trend comments
Group	Ensuring the retention of our talents	**Departure rate of 11.5%**	↘	**This decrease reflects both the various retention measures and the impact of the health crisis on the dynamism of the job market.**
Group	Systematise exit interviews	**An "Exit Form" was produced and handed out at exit interviews**	↗	**The generalisation of these interviews means management now has access to a qualitative summary of the different areas of expertise.**

In the context of a health crisis with strong economic impacts, the focus was on managing our skills internally. The Group has adopted a degree of caution with regard to external recruitment, resulting in a halving of our new hires.

However, the Group recruited 200 external employees on open-ended contracts, confirming its attractiveness and its strengths in a very competitive market. As of the end of 2020, 97% of employees were on open-ended contracts. The Group is maintaining its commitment to long-term jobs. Thus, the challenges of attracting and retaining talents mostly concerns employees on open-ended contracts.

Marked by the impact of Covid, the year 2020 was affected in terms of recruitment but also in terms of departures. In 2020, the departure rate within the Group reached 11.5%, thus reinforcing the stability of skills.

REASONS FOR EMPLOYEE DEPARTURES



The main cause for departure of employees on open-ended contracts is resignation. As a response, the Group has renewed and strengthened its induction programme and rolled out exit interviews. The idea is to adapt the induction programme to changes and the Group's new requirements. The various initiatives are part of a set of staff retention measures such as skills development, cross-functional jobs and sharing value creation.

4.4.2 Recruiting Talent, diversity and equal opportunities DPEF8

Scope	Objectives/ Commitments	2020 Results	2019-2020 Change	Trend comments
Group	Promote youth employment	**Work-study students make up 10.1% of the workforce**	↗	**In a context of stable headcount, the Group has strengthened its commitment to young people**
Group	Promoting gender equality	**Women represent 33.5% of the members of the Managers' Committee**	↗	**Increase in the proportion of women in this management body by more than five points**

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 Human Resources Department pursues a recruitment policy that is inspired by the Group's values of creativity, cross-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 adviser manages and coordinates the Group's policy in its various areas: gender parity, initiatives aimed at young people and seniors, consideration of disability, and socio-professional diversity.

A BROADER DIVERSITY COMMITMENT

The Group has renewed its partnerships with:

- "Our neighbourhoods have talents" strengthening its action to reduce regional isolation;
- "Elles bougent" to contribute to future diversity in the property professions by encouraging high school girls to take up technical careers.

In addition, there is aid paid to associations such as the Cravate Solidaire, *via* the apprenticeship tax.

The Talents & Careers Department develops close ties with students by partnering with employment partners at business schools and universities. 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.

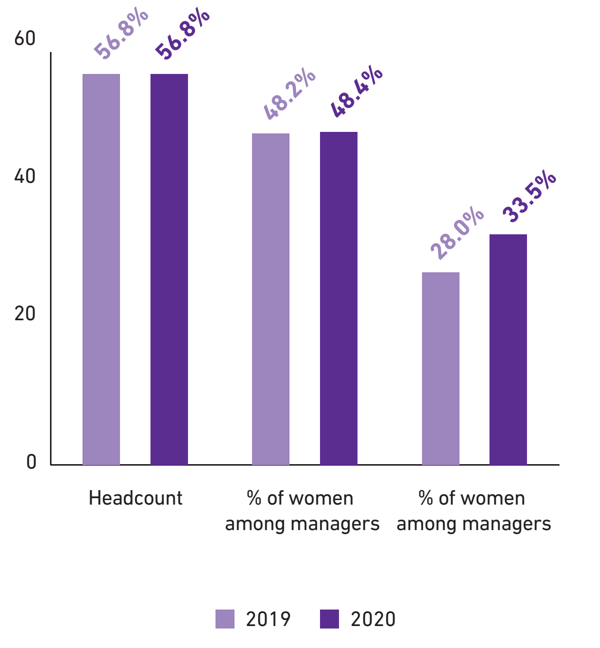
In 2020, the Group took part in several face-to-face student forums during the first few months. The Group then took part in the virtual forum of our partner Sciences Po, helping support student projects for the Urban City Master's course for the third consecutive year. These exchanges between professionals and students facilitate the realisation of ideas and the contribution of new solutions. The project of the students in the class of 2019-2020 focused on reconciling the need for housing with the need for nature. A report on their work was organised to pass on the practical conclusions of this investigation to all interested employees. This virtual conference was a great success. A new promotion has been initiated to extend research on this topic.

Promoting gender equality

The Group has always wanted to offer the same opportunities to women and men in all aspects of their professional life.

It sees gender equality as a factor of collective enrichment and social cohesion. Each entity has therefore renewed and intensified its action plans on gender equality, confirming the Group's desire and commitment to maintain and build on measures to promote gender equality in all actions. It is about both performance and wealth creation.

REPRESENTATION OF WOMEN IN THE GROUP



The percentage of women managers is stable, with the proportion of women on the managers' committee rising by 5.5 points.

In 2020, the Group took part in the forum of the association "Elles Bougent" by taking a stand and leading a workshop on the place of women and positions of responsibility.

Access to employment by young people and older people

THE ALTAREA GROUP COMMITTED TO ITS "DEVELOPER SEEDS"

Through new partnerships such as:

- "Tous en Stage", an internship initiative to allow secondary school students from disadvantaged areas to discover a range of professions and the Group to promote careers in property to a young audience.
- Financial support is also provided to the associations "Viens Voir Mon Taf" and
- "C 'possible" to fight against dropping out of school.

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* open-ended 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.

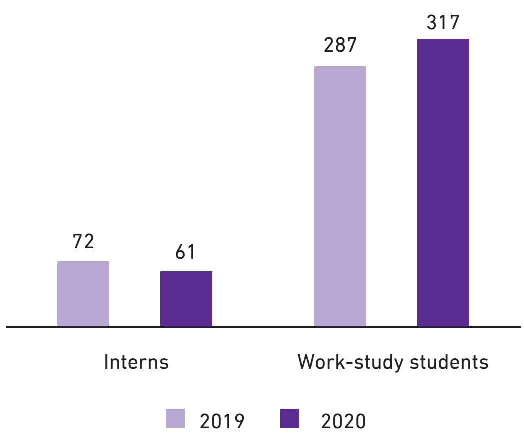
As of 31 December 2020, Group employees aged over 50 and under 30 accounted for a third of the Group headcount: 16.4% and 15.4% of the total headcount respectively. 14 employees over the age of 50 were hired on open-ended employment contracts in 2020 (36 in 2019).

The Group's policy on work-study contracts is being strengthened further this year. In 2020 the Group welcomed 317 work-study students, compared with 287 in 2019. In addition to providing information packs, the Group held an integration seminar exclusively for interns and work-study students. The goal is to pass on to them all the keys for success on the job. There was also a mentoring system, known as "buddies", and a time for discussion with Karine Marchand, the Group's HR Director.

11 interns or work-study students were offered fixed-term contracts following their training, and 12 an open-ended 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.

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



All of these initiatives contributed to the Group being awarded the Happy Trainees and Engagement Jeunes labels the first year of taking part. This bonus was renewed for the third consecutive year in 2020. As such, the Group is one of the best businesses in which to take up a traineeship or work-study contract.

Lastly, a Graduate Programme was set up with a first cohort of six young talents recruited on open-ended contracts. The intake was balanced between women and men from top universities, who will do six-month rotations over 18 months in the various business lines of the Group.

Disability policy

In 2020, 21 employees were declared as workers with disabilities.

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 and awareness-raising workshops on non-visible disabilities were renewed on the occasion of the European Disability Employment Week (posters, dedicated modules and a quiz on the Digital Academy, etc.).

Dialogue with employee representatives

The quality of employee dialogue is always a key focus of the Group's employee relations policy. With the COVID-19 epidemic, the various lockdowns and relaxations required regular discussions with elected officials and occupational health services to better adapt employees' working conditions and structures. Each decision involves consultation with the CSEs and the CSSCTs, where they exist, and is managed at Group level. Each CSE was regularly informed and consulted on plans to set up new organisations and new projects.

In collaboration with the members of the CSEs, the nurse and the occupational physician, the HR Department updated its policy for the prevention of physical and psychosocial risks by updating its handouts and strengthening its policy on well-being and quality of life at work. Harassment officers have been set up within each CSE and within the Group HR Department.

In addition, harmonisation work has continued with the ESU at Pitch Promotion, which now comes under the Group's employment framework. The first work to harmonise employment rules in force within the Group was carried out in 2020. The HR Department now wants to update its common employment framework in 2021 to make sure the Group's employees always enjoy the best social benefits and to make intra-group mobility easier.

The HR Department continues its desire for harmonisation going beyond a labour relations policy and the conclusion of similar collective agreements/action plans at Group level (profit-sharing, employee savings plans, gender equality). Thus, the Management wants to set up an Inter-Company Social and Cultural Activities Committee (CASCI) so that all employees benefit from common social initiatives. The CSEs were informed of this project and the Secretaries were all invited to an initial meeting to determine and work together with management on the conditions for its implementation and future operation.

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.

Compliance with the eight ILO conventions

The Group has committed to complying with the eight fundamental conventions of the International Labour Organisation and ensures they are applied in its operations, particularly in relation to:

- respect for freedom of association and the right to collective bargaining;
- elimination of discrimination in respect of employment and occupation (ILO);
- the elimination of forced labour and slavery;
- the effective abolition of child labour.

The Group also complies with corporate principles in the area of children's rights. In the case of the Retail division (Altarea Commerce), the Group is only present in the countries (France, Spain and Italy) that have ratified these fundamental conventions and transposed them into their domestic labour law. Lastly the Group's Ethics Charter reiterates the reciprocal rights and duties of employees and the Company and stresses the principle of regulatory and legal compliance. It is available on the intranet and part of the new employee welcome package.

4.4.3 Compensation and value sharing *DPEF8*

The compensation policy remains aggressive and targeted with an increased budget allocating €3 million for base salaries. It also rewards individual and collective performance by renewing the performance bonus levels of 2019 and reinforces the "Tous en Actions!" initiative for an original and attractive employee shareholding plan.

Salary policy

Scope	Objectives/ Commitments	2020 Results	2019-2020 Change	Trend comments
Group	Extending the sharing of added value	**978 employees hold Group shares**	**NA**	**The capital increase reserved for employees was more popular this year (rising from 63% to 69%).**

The 2020 salary campaign was marked by the pursuit of an aggressive wage policy to reward employees after an intense 2019, and to retain talent. A total budget increase of over 3% of payroll has also been distributed.

The Group is strengthening its social and societal commitments through its campaign which targets a number of groups. One budget was dedicated to basic salaries below a certain amount to compensate for cost-of-living increases. Thirty-year-olds with less than five years of service received special attention. As with previous years, a gender equality budget is managed centrally so as to rectify any discrepancies as they arise. Finally, the largest part of the budget increase was devoted to deserving, dynamic employees, and to promotions.

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 allocated in 2020 (for 2019) remains the same as in the previous year.

AN ORIGINAL AND AMBITIOUS EMPLOYEE SHAREHOLDING POLICY

In order to involve employees in the Group's success, the general three-year bonus share allocation plan was renewed. It translates into a system of more than 20 million euros of shares distributed annually.

The "Tous en Actions!" initiative means all employees on open-ended contracts can have a stake in the Group's profit growth, enabling those who wish to become shareholders in the Group.

At 31 December 2020, 50% of the workforce was a shareholder of the Group. These shareholdings represent 1.98% of the capital.

The year 2020 was marked by the renewal of the capital increase reserved for employees. This employee shareholding scheme has enabled Group employees to benefit from a discounted share price; matching by the Company; any dividends from Altarea shares reinvested in the FCPE (employee investment mutual fund), thus increasing the value of their shares. This scheme was overwhelmingly supported by employees of all subsidiaries.

Fair pay

In addition to promoting gender equality, Altarea is committed to respecting fair pay between men and women.

As such, in accordance with the law on the professional future and its implementing decree, the entities that make up the Group have measured the indicators defined by the "gender equality" index.

The scores obtained for the results at 31 December 2020 are as follows:

- Altarea Economic and Social Unit: 94/100;
- Cogedim Economic and Social Unit: 82/100;
- History & Patrimoine Economic and Social Unit: 82/100;
- Pitch Promotion Economic and Social Unit: 89/100;
- Cogedim Services Operations: 94/100.

Group entities published these scores on 1 March 2021.

It should be noted that the multitude of businesses that make up the Group means there is a dispersion of compensation levels according to the activities. These scores are therefore merely indicative. In addition, the compensation of managers may be supplemented by a variable portion of pay, depending on the nature of the function performed and the level of responsibility.

During its salary process, Altarea sets aside a budget dedicated to closing the pay gap between women and men in equivalent positions.

4.4.4 Talent and skills management DPEF7

Scope	Objectives/ Commitments	2020 Results	2019-2020 Change	Trend comments
Group	Continuing skills development according to the needs of the business line and developing the employability of employees	**98% of employees received at least one training course**	↗	**The accelerated and massive deployment of the Digital Academy and its numerous training modules greatly contributed to this goal.**
Group	Promoting/ Contributing to employee mobility	**49% of positions filled through internal mobility and promotion**	↗	**The resizing of teams as part of the managerial responsibility project has accelerated mobility.**

The "Talent Developer" Academy: early and accelerated digitisation

The "learning & development" model supported by the Academy created in 2017 relies on a diversity of learning methods: face-to-face, distance learning, experiential. This hybrid approach, supported by a learning business vision, had been anticipated well before the health crisis to meet the challenges of developing skills and so attracting and retaining our talents.

With the pandemic, face-to-face formats have been adapted to meet the challenges of maintaining safety, skills and social links between employees: the annual Tours de France led by our in-house experts have been transformed into regular interactive conference calls on topical business issues, and training in soft skills by virtual classes is now conducted sequentially for effective teaching.

In March 2020, the Academy rolled out its digital platform to all Group employees, with a wide choice of à la carte modules for distance learning. Employees can find all the strategic areas of the Group's skills development plan: Group culture & strategy, core business, soft skills & management, digital skills. A fifth area has been created, that of health, safety and well-being, in cooperation with Altawellness, the Group's scheme bringing together all its actions to support quality of life at work. Mandatory modules on preventative measures, wearing and using a mask, and conducting post-lockdown interviews provided a common foundation of best practices. It acts as a collaborative platform for discussion between learners in discussion forums and participation in communities (managers, professions, in-house trainers, etc.).

The Digital Academy supported all employees during this atypical year marked by COVID-19, through specific kits and modules dedicated to collaboration, management and distance learning.

Pre- and post-lockdowns, the Academy room at the new headquarters allowed us to welcome our trainees in absolute compliance with preventative measures.

ACADEMY THURSDAYS

To cultivate the pleasure of learning, the Group offered a weekly learning event, open to all employees, on "Jeudis de l'Académie". This "learning break" brought together more than 500 employees to explore topical, sociological or philosophical themes! Instead of our urban walks, a virtual urban expedition was even tested, to the satisfaction of participants.

A learning dynamic sustained

THE ACADEMY AT THE SERVICE OF ESG CHALLENGES

In 2020, the Training Academy rolled out a module on the Group's ESG approach. This module combined with a live format that brought together many employees.

In 2021, a major programme will be rolled out, focusing in particular on climate change.

This agility has made it possible to maintain the level of training with more than 3,800 training days recorded in 2020 and an increase of +20% in the proportion of employees having completed at least one training action compared to 2019. The provision of a digital platform accessible to all employees has made it possible to democratise learning content to promote cross-functionality, encourage a learning culture and support internal mobility initiatives.

The training investment for the Group has taken up 3% of the payroll and has covered the entire learning policy since 2020. A significant investment continues to be made to finance large-scale initiatives: "core business" themes, which make up the majority of the offer, managerial careers, training leading to certification, and support for young people on work-study contracts.

The integration process is not left out as 100% of new employees had access to the onboarding module at the Digital Academy, 70 employees benefited from a face-to-face seminar prior to the first lockdown and 150 employees were invited to a digital induction seminar.

Mobility and Promotions

The Group continued our committed policy in terms of mobility and internal promotion in 2020.

Mobility and promotion in figures:

In 2020, 49% of positions were filled internally. The Group had 177 employees involved in 189 transfers and promotions.

In 2020, the Group filled 21% of its vacancies through mobility between regions, departments and companies. There were 53 internal transfers and 200 new hires through external recruitment. In addition, 136 employees were promoted.

To drive this internal mobility policy, we carry out individual and collective actions.

Employees express their plans and desire for mobility to their manager during their annual review. The information is collected and studied. HR Mobility Committees meet monthly and include the subsidiary HR departments. Their objective is to monitor movements and oversee connections between the employees' projects and the positions to be filled.

To promote jobs to employees, the Group wanted to re-issue the jobs and internal mobility forum that took place in June 2019. A remote version was developed to continue the programme despite COVID measures.

Employees receive an Altajobs newsletter once or twice a month, providing information about the Group's business and mobility news. A dozen testimonials have been offered to employees since September 2020. Experience-sharing sessions with employees who have experienced a change of profession and/or geographical mobility were created.

This was a great success with more than 250 registered for these sessions. Short, animated formats on Teams that are intimate, pleasant and spontaneous. There are two main motivations for registering: getting to know the Group better or getting to know a job better, through the description by a manager in the process of being recruited for a position that you are interested in.

To remind everyone of best practice in terms of mobility, a training programme accessible via the Group's Digital Academy was developed. This 20-minute module gives the right advice to employees who are interested in accelerating their career within the Group.

4.4.5 Safety, health and well-being of employees DPEF8

Scope	Objectives/ Commitments	2020 Results	2019-2020 Change	Trend comments
Group	Extending the Altawellness offering	**A strengthened offer in the context of the health crisis**	↗	**A new, more agile approach has been implemented, including a face-to-face/remote mix**
Group	Managing absenteeism	**The absenteeism rate for 2020 is 2.95%**	↗	**The absenteeism rate remains below 3%**

The health and safety of employees was the top priority for 2020.

Since the beginning of the health crisis, the Group has organised itself to strictly apply the measures recommended by the Government, with the provision of masks, hand sanitiser and the reorganisation of spaces and flows to respect social distancing. Teleworking has been encouraged, under the responsibility of managers.

The Group even went beyond the recommendations, by mobilising a full-time nurse at our head office and by performing PCR tests on employees on a voluntary basis and with absolute respect for confidentiality.

Another priority in 2020 is to preserve the mental well-being and commitment of our employees, who are faced with unprecedented working conditions. To this end, the Human Resources Department regularly communicated to all employees through several notes explaining the application of measures decided by the Group to ensure the health and safety of the workforce. Guides and tutorials have also been introduced on topics such as teleworking or the risks related to isolation, etc.

After the lockdown, a "practical guide to health measures" was formalised and distributed to all employees, specifying the protocol in force at the sites to ensure a highly secure working environment and a gradual return to the office in exemplary health and safety conditions.

Finally, the HR Department has rolled out for all its managers a mandatory "resumption" interview to discuss lockdown conditions, organise the return to on-site working and define short-term priorities and priority actions.

The Altawellness brand

In September 2018, the Group created the Altawellness brand, an approach designed to take a holistic view of employees and offer them handy solutions to take care of their physical and mental health. It is reflected in the provision of service platforms and online modules accessible to all on the Digital Academy, face-to-face events promoting the sharing of experiences and remote "Live" formats, and events such as "QVT week" which was held again in 2020.

The AltaWellness programme has been significantly strengthened to address the health crisis:

- weekly webinars led by health experts (fight against sedentary lifestyle, nutrition, stress management, etc.);
- daily online sessions of sport, culture and well-being to continue to share good moments with colleagues,
- the possibility to access personal services on preferential terms to facilitate the daily life of parents thanks to a network of volunteers providing distance learning support.

GREATER ATTENTION TO ITS EMPLOYEES

In this unprecedented context, the Group has invested in a new social and parental support service to provide support on personal issues: close dependent relatives, divorce, over-indebtedness, illness, etc. This anonymous service has been very popular with employees since its inception in June 2020.

Occupational health

The Group's activities do not pose a high risk to the health and safety of employees.

Ongoing initiatives to promote a safe working environment and ensure the health and well-being of employees include regular 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 HR Department has also put in place, at Group level, recommendations concerning posture and work spaces in consultation with the occupational doctor and the safety and hygiene of commissions of the Social and Economic Committees (CSEs).

Employees and their beneficiaries enjoy complete and quality supplementary healthcare and disability coverage.

With the relocation of all Altarea Group's head offices, the Group wanted to reinforce its commitment by creating a health centre. Currently, a nurse and an occupational physician are present at the head office to provide employees with access to essential care, carry out preventative actions, listen and inform. They also carry out medical visits.

In 2020, this unit played a decisive role during the health crisis. As a privileged space to receive and reassure employees about the measures taken by the Group in terms of risk prevention (including for employees in the regions), it has also been responsible for conducting PCR tests since September. Individual support sessions and well-being workshops, particularly to combat anxiety and isolation linked to the various lockdowns, were regularly offered. A psychological helpline was made available to all from the first lockdown.

Relocation to the new joint headquarters

The big project in 2020 was the move of all Paris region employees to Richelieu: the Group's new Paris head office. It benefits from an address in the heart of Paris, between la Bourse and l'Opéra Garnier.

In addition to showcasing the Group's Business property expertise, Richelieu is a smart building that promotes collaborative interaction. It provides the opportunity to work in a number of different places (workspaces, meeting rooms, collaborative spaces, restaurants, tea rooms, patios, etc.) as close to colleagues as possible.

All Group subsidiaries have been brought together whilst their individual identities are retained. The support functions play a central role and the information systems are harmonised.

The layout of the building is designed to support collaborative and cross-functional working and, over time, through its flexibility, offers a response to new working methods in line with the changing expectations of employees and quality of life at work.

Group employees were involved in designing the building through many workshops aimed at co-designing the future working spaces and services as well as by voting on furnishings. This was done under optimal safety conditions for all: appointment of a COVID contact, employees brought back in a gradual way department by department, application of social distancing measures and rules for moving around, more thorough cleaning of the premises, etc.

Teleworking Charter

Since 2018, the Group has had in place a teleworking charter that strikes a balance between efficiency, work-life balance and ESG. Teleworking forms part of a QWL approach, alongside ESG and Sustainable development concerns.

The year 2020 was marked by the widespread use of teleworking due to the crisis. The Company has been able to adapt by demonstrating agility in facilitating remote working. In-depth discussions were conducted in working groups (HR, Youth Committee) in conjunction with managers (interviews conducted, etc.). A number of tools have been made available to managers and employees, including the teleworker kit and training modules on how to manage remotely.

Other initiatives

The policy of exceptional leave time for life events will form part of the common social platform. Rules more favourable than those of the collective agreement are thus accorded to employees during important life events.

Parenting is also an important theme for Altarea. Beyond numerous existing actions (voluntary part-time working, birth or adoption-related leave, family-related leave, parental leave for childcare, leave to care for a sick child, etc.), the conditions for maternity and paternity leave were improved. Since 2018, employees continue to be paid their gross salary with no condition of length of service for maternity leave and after one year with the Company for paternity leave. Additional support measures were put in place in the context of the health crisis through a new social and parental support service providing advice on personal issues.

Finally, measures for the controlled management of information technologies and communication tools at the disposal of employees have been reaffirmed, especially with respect to personal life. Each employee has the right to disconnect outside the business hours of the establishment in which they normally do their work in compliance with a minimum daily and weekly rest period provided for by law, except in exceptional circumstances. The Group has reaffirmed its commitment to the right to disconnect through the adoption of a Charter on the right to disconnect for all its entities.

Absenteeism

Absenteeism is the subject of an exhaustive and detailed review each year, with an analysis of each reason by entity. It was monitored even more closely in 2020 due to the health crisis.

The absenteeism rate remains below 3% and is stable compared with previous years.

4.4.6 An HR & managerial policy popular internally and recognised external

Top employer 2021

In 2020, the Group launched a process to benchmark its HR and managerial practices. In the first year, the Group obtained the Top Employer 2021 label.

For more than 25 years, the Top Employers Institute has been evaluating companies' human resources and management practices. As a unique and independent observer, the Institute has certified more than 1,500 organisations in 120 countries since its creation. Top Employers certified organisations are committed to providing the best possible working environment for their employees through innovative human resources practices that prioritise human capital.

The Top Employers Institute has assessed and rated all the programmes that Altarea offers to its employees. Its survey covered six major HR areas, divided into twenty themes such as the talent management strategy, the working environment, Talent Acquisition, training and skills development, well-being at work, and diversity and inclusion.

PILOTER (STEER)

1 - Business strategy
2 - Statégie RH
3 - Leadership

ORGANISER (SHAPE)

1 - Organisation & Transformation
2 - Digital HR
3 - Working environment

ATTIRER (ATTRACT)

1 - Employer brand
2 - Talent Acquisition
3 - Integration

DÉVELOPPER (DEVELOP)

1 - Performance management
2 - Careers
3 - Training & Dev. skills

ENGAGER (ENGAGE)

1 - Well-being
2 - Commitment
3 - Recognition and salary policy
4 - Management of departures

RASSEMBLER (UNITE)

1 - Values
2 - Ethics and integrity
3 - Diversity & Inclusion
4 - Corporate responsibility

Happy Trainees 2021

In parallel with this new label, the Group continued to interview young talents (work-study students, interns) about their experiences within the Group. This confidential survey is conducted by our service provider Choose my Company. For the third consecutive year, the Group obtained the HAPPY TRAINEES label, awarded based on the opinions of work-study students and interns.

87.2% of young people think they progress and learn at Altarea

91.9% would recommend Altarea for a work/study course or internship

86% think work is organised in a way that respects work/life balance

4.5 ESG performance: ratings and indicators

4.5.1 ESG ratings

Altarea's ESG performance is regularly assessed by nonfinancial 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 Global Real Estate Sustainability Benchmark (GRESB), the reference in the real estate sector for Sustainable development, with 1,229 companies and funds assessed around the world in 2020.

In 2020, Altarea confirmed its "Green Star 5*" status and has maintained a score of over 90/100 since 2016. This ranking attests to its long-term performance. Moreover, Altarea has obtained an A rating for transparency, a token of the quality of its institutional publications and the reliability and exhaustive scope of its ESG reporting.

ISS-ESG

ISS-ESG is one of the world's leading nonfinancial rating agencies. In 2019, it awarded the Group its Prime status again.

Gaïa – Ethifinance index

The Gaïa index is made up of 70 companies offering outstanding guarantees in terms of their management of ESG risks. The Group has been part of this index since 2017.

4.5.2 Group Indicators

Key environmental indicators

Group carbon footprint

tCO_2e	2020	2019	Comments
Scope 1	1,364	1,703	The decrease in emissions is mainly due to the effects of the COVID-19 pandemic, which slowed the number of deliveries over the year
Scope 2	378	455	
Scope 3	523,238	702,427	

Key social indicators

		Unit	2019	2020
TOTAL HEADCOUNT	**TOTAL HEADCOUNT END OF MONTH**	No.	**2,045**	**1,983**
Breakdown by type of contract	Number of employees on open-ended contracts	No.	1,962	1,931
	Number of employees on fixed-term contracts	No.	83	52
	Percentage of women in the total headcount	%	57%	57%
Breakdown by country	Percentage of employees in France	%	98.9%	98.9%
	Percentage of employees in Italy	%	0.8%	0.8%
	Percentage of employees in Spain	%	0.3%	0.3%
Breakdown by age group	Under 30	%	17%	15.4%
	30 to 50	%	65%	68.2%
	Over 50	%	18%	16.4%
Breakdown by status	Percentage of employees in management positions	%	74%	76%
	Percentage of employees in nonmanagement positions	%	26%	24%

		Unit	2019	2020
Recruitment	Number of new hires on open-ended contracts	No.	416	200
	Percentage of women hired on open-ended contracts	%	57%	53%
	Percentage of Managers hired on open-ended contracts	%	71%	73%
	Number of fixed -term contract hires	No.	83	115
	Number of work-study contracts	No.	104	168
Departures	Number of departures of employees on open-ended contracts excluding mobility and administrative transfers	No.	297	231
	Total departure rate	%	15.6%	11.5%
	Non-Manager departure rate	%	18.0%	12.8%
	Manager departure rate	%	14.7%	11.5%
Reasons for departures	Percentage of resignations	%	51%	45%
	Percentage of dismissals	%	12%	13%
	Percentage of agreements between employer and employee	%	16%	19%
	Percentage of retirements or early retirements	%	3%	3%
	Percentage of probation periods ended by employer	%	10%	4%
	Percentage of probation periods ended by employee	%	6%	14%
Organisation of working time	FTE on open-ended contracts/FTE on fixed-term contracts	No.	1,963.1	1,966.61
	Average headcount end of month open-ended contracts	No.	1,911	1,961
	Number of theoretical hours worked excluding overtime	No.	3,140,960	3,146,575
	Turnover rate	%	18.7%	11.0%
Gender equality	Percentage of women among management-level employees	%	48.2%	48.4%
	Percentage of women on the managing executives committee	%	28.0%	33.5%
Disabilities	Number of employees having reported a disability	No.	12	21
Antidiscrimination measures	Number of interns during the period	No.	72	61
	Number of work-study contracts during the period	No.	287	317
Organisation of employee-management dialogue	Number of employee representatives	No.	52	70
	Percentage of employees covered by a collective agreement (%)	%	99%	99%
Fixed compensation	Average gross annual employee compensation – excluding variable compensation and employer contributions	€	€56,452	€61,956
	Average gross annual nonmanagement compensation – excluding variable compensation and employer contributions	€	€32,235	€34,119
	Average gross annual management compensation – excluding variable compensation and employer contributions	€	€63,984	€69,670
Training	Total training expenditure (€)	€	€3,686,336	€4,316,038
	Average training expenditure per employee trained	€	€2,287	€2,253
Promotions	Number of employees promoted in the year	No.	113	136
	Percentage of employees promoted in the year	%	5.8%	7.1%
Mobility	Number of employees having benefited from one or more forms of mobility	No.	125	53
	Percentage of employees having benefited from one or more forms of mobility	%	6.1%	2.7%
	Percentage of vacancies filled as a result of mobility	%	23.1%	20.9%
Absenteeism/ Accidentology	Rate of absenteeism excluding maternity leave/paternity leave/other causes	%	2.6%	2.95%
	Number of occupational illnesses	No.	0	1
	Number of workplace accidents (with work stoppages excluding accidents on the journey to and from work)	No.	7	8
	Frequency rate of workplace accidents		2.23	2.54
	Severity rate of workplace accidents		0.04	0.11

4.5.3 Retail indicators

Key environmental indicators

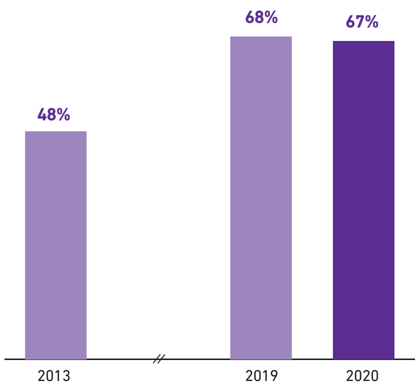
Definition of the scopes (detail in 4.6.3)		GLA private *(in m²)*	Share of 2020 reporting scope
CURRENT SCOPE 2020	**TOTAL**	**620,049**	**93%**
	Shopping centres	252,378	53%
	Lifestyle centres	177,854	26%
	Family villages & retail parks	189,817	13%
LIKE-FOR-LIKE 2019-2020	**TOTAL**	**507,745**	**58%**
LIKE-FOR-LIKE 2015-2020	**TOTAL**	**407,096**	**45%**

Environmental labels and certifications

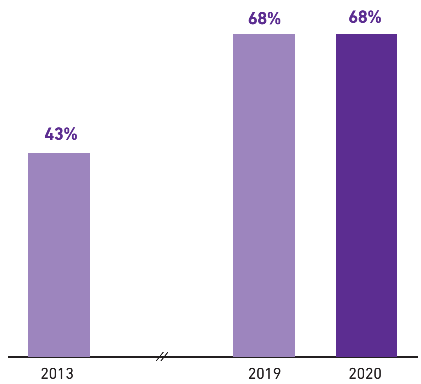
Includes new developments subject to a building permit (provisional or permanent), under construction or delivered during the reference year, and portfolio sites included in the 2020 reporting scope (including sites under construction).

	City	Centre	Construction certification	BREEAM® In-Use certification			
				Category 1 – Asset		Category 2 – Management	
				Level	Score	Level	Score
Portfolio	Aubergenville	Aubergenville Family Village	-	Very Good	63%	Very Good	67%
	Brest Guipavas	Les Portes de Brest Guipavas	-	Excellent	77%	Outstanding	87%
	Flins	Flins shopping centre	-	Very Good	57%	Very Good	66%
	Gennevilliers	Parc des Chanteraines	-	Very Good	60%	Very Good	56%
	Limoges	Limoges Family Village	-	Excellent	71%	Excellent	72%
	Lille	Grand'Place	-	Very Good	57%	Very Good	62%
	Massy	Ccial -X%	-	Very Good	57%	Very Good	58%
	Nîmes	Costières Sud	HQE Very Good	Excellent	74%	Very Good	66%
	Paris	Bercy Village	-	Very Good	56%	Very Good	58%
	Paris	Le Parks	-	Excellent	71%	Very Good	57%
	Ruaudin	Les Hunaudières Family Village	-	Very Good	68%	Very Good	64%
	Saint-Laurent-du-Var	Cap 3000	BREEAM® Excellent Biodivercity	Very Good	64%	Excellent	71%
	Thiais	Thiais Village	-	Very Good	66%	Very Good	69%
	Toulouse	Espace Gramont	-	Very Good	64%	Very Good	67%
	Toulouse	Reflets Compans	-	Good	52%	Good	50%
	Valette-du-Var (La)	L'Avenue 83	HQE Very Good BREEAM® Excellent	Excellent	75%	Very Good	66%
	Vaulx en Velin	Carré de Soie	-	Very Good	70%	Very Good	65%
	Villeneuve-La-Garenne	Qwartz	HQE Excellent BREEAM® Very Good	Excellent	79%	Excellent	82%
	Villeparisis	Parc de l'Ambrésis	-	Very Good	59%	Very Good	63%

CHANGE OF AVERAGE BREEAM® IN-USE SCORE "ASSET" PART



CHANGE OF AVERAGE BREEAM® IN-USE SCORE "MANAGEMENT" PART

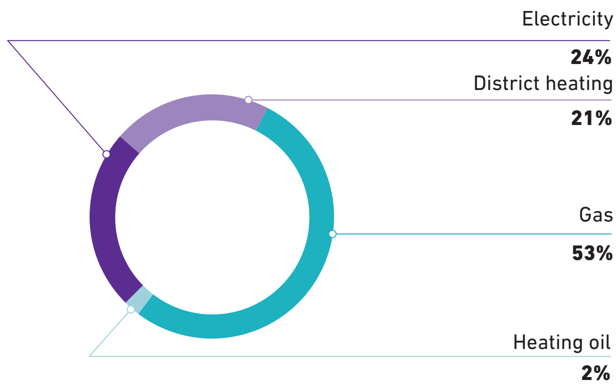


Greenhouse gas emissions

		tCO_2e	$kgCO_2e/m^2$
LIKE-FOR-LIKE SCOPE OF REPORTING	2020 GHG emissions	666	2.1
	2019 GHG emissions	1,024	3.2
	Change 2010-2020 constant climate	**-79.4%**	**-85.7%**
	2020 TARGET: 2010-2020 REDUCTION UNDER CONSTANT CONDITIONS **2030 TARGET: ZERO EMISSION**		**-70%** **-100%**
CURRENT SCOPE	2020 GHG emissions	**859**	**1.9**
	2019 GHG emissions	1,024	3.2

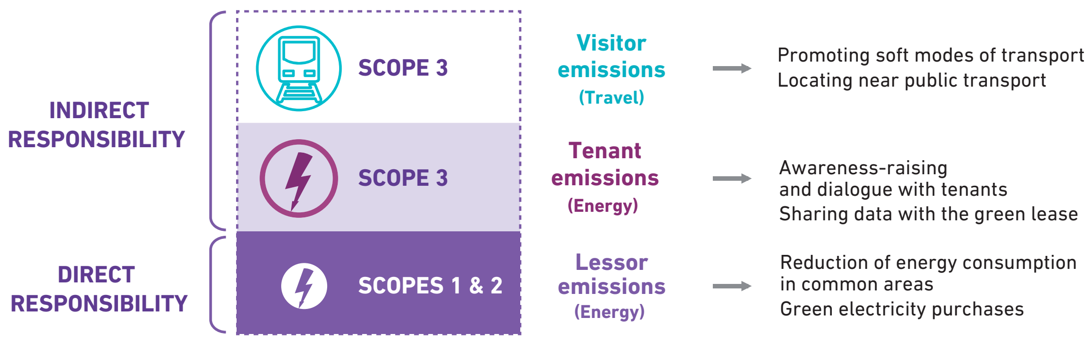
		tCO_2e	$kgCO_2e/m^2$
DETAIL OF CURRENT SCOPE	Shopping centres	574	2.2
	Lifestyle centres	277	1.7
	Family villages & retail parks	8.2	0.2

BREAKDOWN OF EMISSIONS BY SOURCE
(CURRENT SCOPE 2020)



BREAKDOWN BY SCOPE
(CURRENT SCOPE 2020)

TAKING ACTION ON THE PORTFOLIO'S GREENHOUSE GAS EMISSIONS



Energy

		GWhpe	GWhfe	kWhpe/m²
LIKE-FOR-LIKE SCOPE OF REPORTING	2020 consumption	36.3	16.0	113
	2019 consumption	44.4	20.2	138
	Change 2010-2020 constant climate	-58.6%	-56.3%	**-65.7%**
	2020 TARGET: 2010-2020 REDUCTION			**-40%**
	2030 TARGET: 2010-2030 REDUCTION (1)			**-50%**
CURRENT SCOPE	2020 consumption	58.2	24.8	128
	2019 consumption	44.4	20.2	138

(1) An objective that goes beyond the regulatory requirements.

		GWhpe	GWhfe	kWhpe/m²
DETAIL OF CURRENT SCOPE	Shopping centres	41.5	17.2	162
	Lifestyle centres	14.6	6.8	90
	Family villages & retail parks	2.1	0.8	60.8

ENERGY MIX (CURRENT SCOPE 2020)

In addition, the Group collects energy data from tenants annually. In 2020, the sites whose tenants were the subject of data collection represented 423,929 GLA (in m²) and recorded an average consumption of 362 kWhpe/m². These statements make it possible to establish a consumption profile according to the different types of businesses.

Water

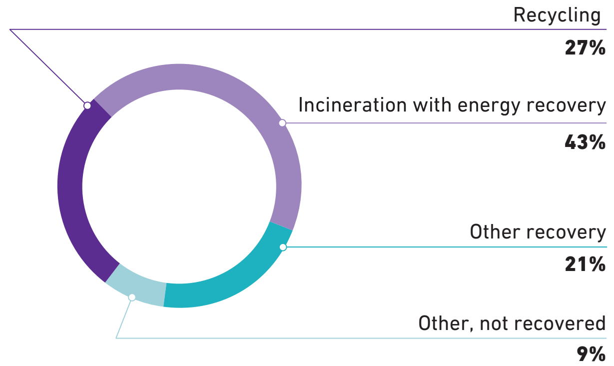
		m³ (common and private areas)	L/visitor (common areas)
LIKE-FOR-LIKE SCOPE OF REPORTING	2020 water consumption	210,925	0.71
	2019 water consumption	265,464	0.68
CURRENT SCOPE	2020 water consumption	262,329	**0.93**
	2019 water consumption	265,464	0.68
	Change 2010-2020	-5.5%	+67.0%
2020 TARGET: KEEP A RATIO PER VISITOR			**1.25**
2030 TARGET: KEEP A RATIO PER VISITOR AND REDUCE CONSUMPTION (ON A LIKE-FOR-LIKE SCOPE)			**1**

Waste

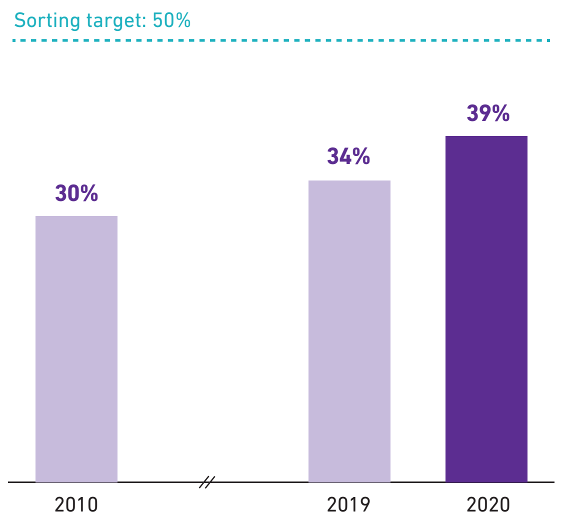
		Tonnes	kg/visitor	Percentage of waste sorted	Percentage of waste recovered
LIKE-FOR-LIKE SCOPE OF REPORTING	2020 waste generated	3,975	0.06	38%	88%
	2019 waste generated	4,855	0.06	34%	90%
CURRENT SCOPE	2020 waste generated	5,396	0.07	**39%**	**91%**
	2020 TARGET ON SORTING AND RECOVERY			**50%**	**>80%**
	2019 waste generated	4,855	0.06	34%	90%
	Change 2019-2020	+11.1%	+21.6%	+13.3%	+0.7%
	Change 2010-2020	-9.9%	+55.4%	+51.3%	+203.0%

BREAKDOWN BY TYPE OF SORTING (CURRENT SCOPE 2020)

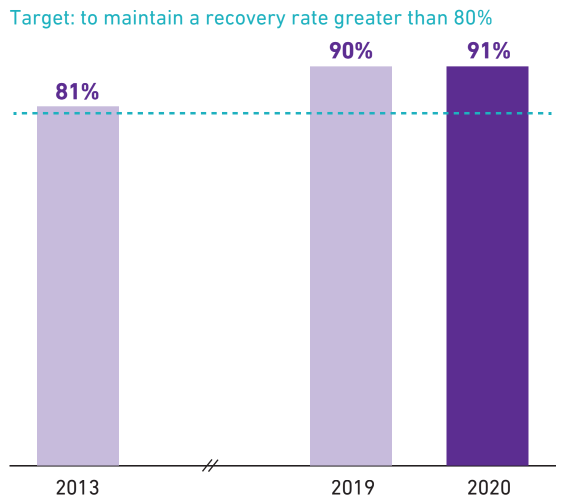
BREAKDOWN BY TYPE OF END OF LIFE (CURRENT SCOPE 2020)



CHANGE IN THE SHARE OF WASTE SORTED
(CURRENT SCOPE)



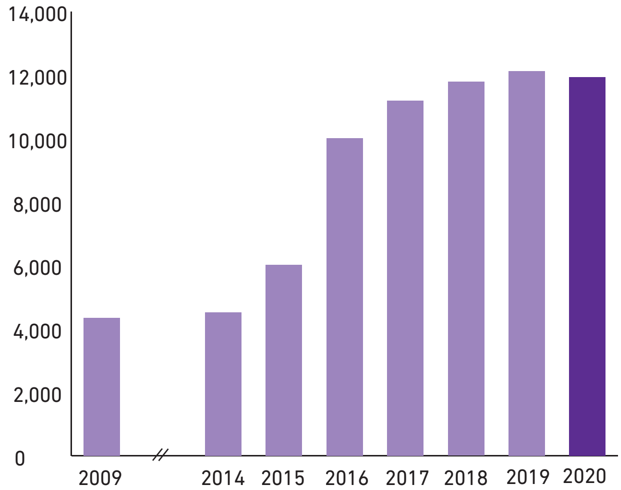
CHANGE IN THE SHARE OF WASTE RECOVERED
(CURRENT SCOPE)



4.5.4 Residential indicators

Change in scope

NUMBER OF UNITS RESERVED DURING THE YEAR



Key environmental indicators

Percentage of projects with environmental certification or label(1)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	target	2020
20%	41%	59%	68%	68%	53%	45%	46%	50%	49%	55%	**>25%**	**49%**

The share of projetcs with environmental certification or label is stable despite the strong increase in activity and the integration of new subsidiaries.

Percentage of projects with an energy performance higher than the regulation(1)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
42%	71%	86%	89%	61%	43%	29%	41%	35%	54%	**46%**

Since the entry into force of RT2012 on the 1 January 2013, the proportion of residential projects with a energy performance higher than the regulation has been stable, despite the strong increase in activity and the integration of new subsidiaries.

(1) Excluding co-development, refurbishment and managed residences.

Key societal indicators

Percentage of quality certified projects (NF Habitat)(1)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	target	2020
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	**100%**	**100%**

The Group has long been committed to the development of quality housing. Since 2009, it has been involved in NF Habitat certification, the benchmark certification for housing quality in France.

Percentage of projects within 500 metres of a public transport stop

2014	2015	2016	2017	2018	2019	target	2020
99%	96%	97%	98%	99%	99%	**>95%**	**99%**

Proximity to public transport is a prerequisite. The Group's projects have been very close to public transport networks since 2015.

Percentage of locally sourced projects purchases(2)

2017	2018	2019	target	2020
66%	77%	73%	**>70%**	**83%**

The Group is attentive to its contribution to the local economy and quantifies the share of purchases made from companies close to construction sites.

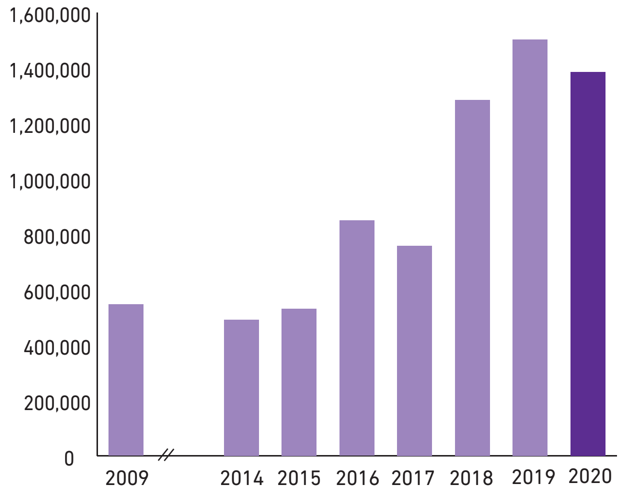
(1) Excluding co-development, refurbishment and managed residences.

(2) Excluding Histoire & Patrimoine.

4.5.5 Business property indicators

Change in scope

BUSINESS PROPERTY PORTFOLIO AT 31 DECEMBER *(in m²)*



Key environmental indicators

Percentage of projects with environmental certification

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	target	2020
At least one environmental certification	42%	76%	90%	97%	97%	97%	98%	97%	100%	100%	100%	-	**100%**
Double BREEAM®/HQE certification	-	-	-	-	23%	29%	52%	57%	100%	100%	100%	-	**100%**
HQE at least Excellent and BREEAM® at least Very Good	-	-	-	-	-	-	-	-	100%	100%	100%	**100%**	**100%**

The Group has been very committed to the main environmental certifications since their creation. As of 2010, a significant proportion of projects were already certified. Since 2017, 100% of projects have been doubly HQE and BREEAM® certified at high levels.

Percentage of projects with an energy performance more ambitious than the applicable regulation

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	target	2020
Level THPE, BBC, Climate Plan or RT 2012 equivalent	77%	90%	94%	91%	-	-	-	-	-	-	-	-
Level ≥ RT-30%	-	-	-	-	86%	89%	99%	100%	100%	100%	**100%**	**100%**

A high level of energy performance is a prerequisite for the Group. All projects outperformed the thermal regulation (RT) by at least 30%. This makes it possible to anticipate future regulations, notably the RE2020.

Percentage of projects with renewable energy

	2019	2020
Percentage of projects using renewable energy	86%	**79%**
Percentage of projects producing renewable energies (self-supply or fed back to the grid)	38%	**27%**

The Group strives to reduce the carbon footprint of its projects by using renewable energy whenever possible.

Proportion of refurbishment projects in the Paris region

2014	2015	2016	2017	2018	2019	2020
20%	40%	47%	66%	66%	55%	**42%**

The Group has developed know-how in creative restructuring. The share of refurbished projects in the Paris region has been over 40% since 2015.

Key societal indicators

Percentage of projects less than 500 metres from a public transport stop

2014	2015	2016	2017	2018	2019	target	2020
94%	95%	92%	100%	100%	100%	**100%**	**100%**

Proximity to public transport is a prerequisite of all Group projects. Since 2017, 100% of projects have been located less than 500 metres from a public transport stop.

Share of multi-use projects

2017	2018	2019	target	2020
78%	81%	83%	**>75%**	**78%**

The Group offers mixed use for the majority of its projects.

Percentage of projects in the Paris region targeting a digital connectivity label

2017	2018	2019	target	2020
71%	87%	90%	**100%**	**99%**

The Group is committed to guaranteeing long-term technological performance in its buildings in order to meet needs related to the digitisation of the world of work.

Percentage of projects in the Paris region that are WELL certified

2017	2018	2019	2020
82%	87%	86%	**89%**

The Group monitors this indicator but no longer makes it an objective; it seeks *ad hoc* approaches to meet the needs of its customers in terms of well-being.

4.5.6 Corporate indicators

In June 2020, the Group moved into its new head office, 87 Richelieu. The operating contracts include ambitious ESG clauses on building management and monitoring of consumption and waste, including a zero-plastic policy. This building only counts toward part of the year for data purposes, and the COVID-19 pandemic reduced the presence of teams at head office. The figures below present the 2020 consumption figures of the 87 Richelieu building, but are not very representative. The ratio per FTE monitored each year is therefore not presented here. More detailed monitoring will be established in the future.

	2020	Comments
Electricity consumption at 87 Richelieu	1,306 MWh	Consumption relates to June-November 2020, as the Group moved into its new head office in June

4.6 Methodology and concordance tables

France transposed the European Directive of 22 October 2014 on the disclosure of nonfinancial 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 established by Article 225 of the Grenelle 2 law of 2010 and its implementing decree in 2012. To comply with this requirement, Altarea has published a Declaration on Extra-Financial Performance (DPEF) since the financial year ended 31 December 2018.

This document contains the main methodological information necessary for transparency, for the reader, of the information contained in the DPEF. Additional details on methodology is available in the Group's environmental and societal reporting guidelines on request by writing to: developpementdurable@altareacogedim.com.

4.6.1 Establishment of the DPEF (Declaration on Extra-Financial Performance)

Identification and rating of Altarea's extra-financial risks

To identify its extra-financial risks, as required in the DPEF, the Group mobilised existing resources: the materiality analysis (see below), the Group risk mapping (updated in 2019—see Chapter 5 of the Universal Registration Document—and in line with the risks identified in the DPEF), and the main trends developed in the integrated strategic report. The risks analysed are gross risks, before the mitigation measures taken by Altarea, in accordance with the requirements 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 various internal stakeholders (ESG Department, the HR Department, the Risks and Internal Control Department).

The risks deriving from this selection were than rated on the basis of the evaluation scale used by the Risk and Internal Control Department for Altarea's risk mapping (rating of probability of occurrence and of severity).

Appropriate policies and indicators have been associated with each of these risks.

The risks and their rating were presented by the ESG Department:

- to the Finance Department, allowing joint work on the business model to be extended; and
- to the Group ESG 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 nonfinancial risks, to validate this analysis with the Executive Committee and confirm its strong link to the Group's strategy.

During the process, the list of risks was also presented to the independent third-party organisation who are verifying the Group's DPEF.

ESG materiality matrix

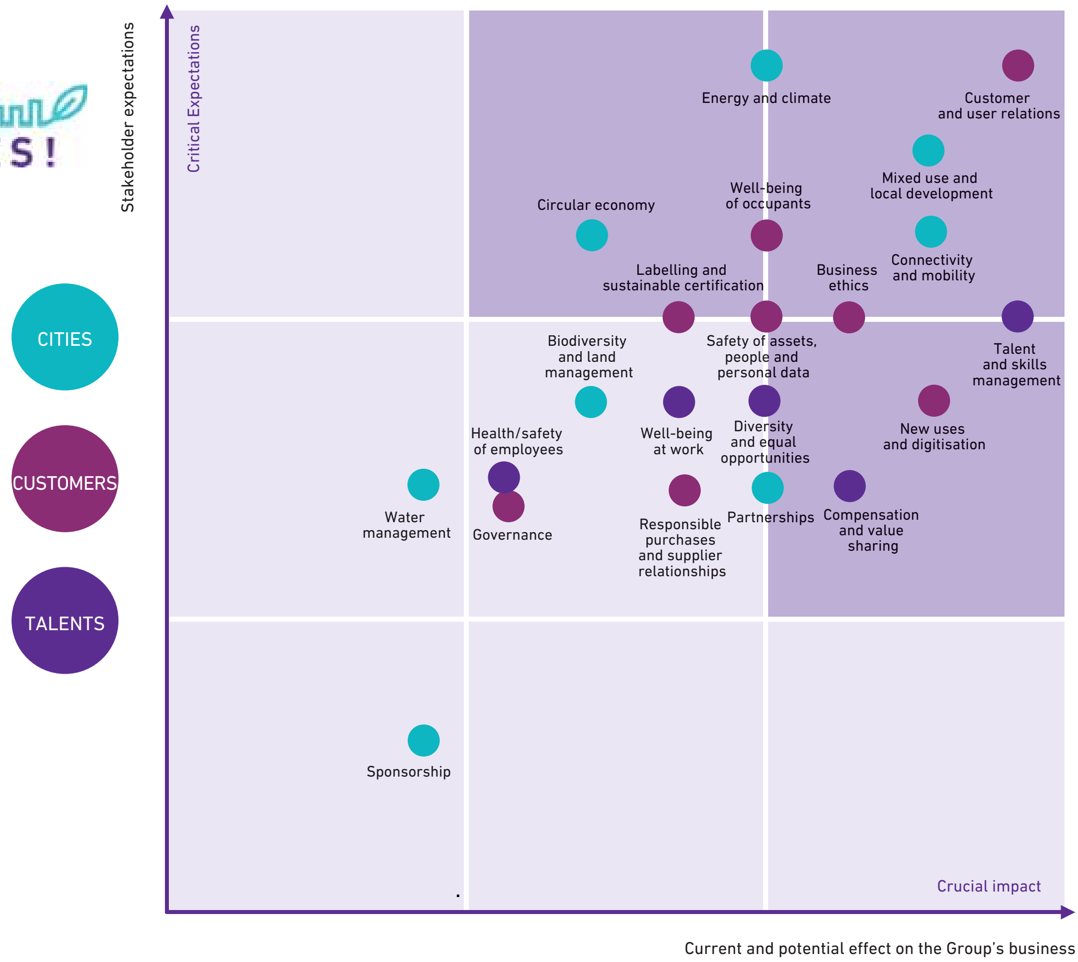
The Group's materiality matrix, dating from 2016, was used to help deploy the Group's ESG approach and to identify risks during the preparation of the DPEF in 2018 (see previous paragraph). It is based on a detailed analysis of the regulatory environment and trends, interviews with thirteen external stakeholders (investors, customers, retailers, local authorities, etc.) and an internal consultation held by the ESG Committee (see Section 4.1.3).

The matrix identifies 21 ESG issues, grouped into two areas:

- current and potential effect on the Group's business model; and
- level of expectation of internal and external stakeholders.

Of these 21 issues, 14 were identified as material. The two approaches of materiality and risks complement each other and offer an overview of the Group's ESG risks. In addition, these issues were supplemented and updated in 2020 as they had changed significantly (see 4.1).

MATERIALITY MATRIX



4.6.2 The ESG management system

Deployment of the ESG approach: General Management System (GMS)

In order to disseminate best practices across all of its activities, Altarea has implemented management systems suited to each business line which, overall, constitute the Group's General Management System (GMS). The implementation of this GMS facilitates access to the requirements of qualitative and environmental certification guidelines whilst developing employee skills.

GROUP GENERAL MANAGEMENT SYSTEM

Residential	Business Property	Property Development Retail	REIT Retail
Guide of best practices for Residential properties **NF Habitat** **NF Habitat HQE™**	Dedicated EMS **BREEAM®** **HQE**		Standing Assets EMS **BREEAM® In-Use**
Additional tools: training on regulatory changes and certifications, biodiversity guide, SSE guide, well-being guide, summer comfort guide, etc.			

Environmental Management System (EMS) for certifications

Property Development (Residential)

The Group has integrated a certification approach, "the Guide to Best Practices for Residential property", into its development and construction process. As of 2016, all residential property developed is NF Habitat certified[1]. Some of the Group's buildings even exceed the NF Habitat requirements and it has committed to the higher-level HQE environmental approach, providing additional benefits to residents such as greater comfort, brighter spaces and even better thermal performance.

Business property Development and Retail Development

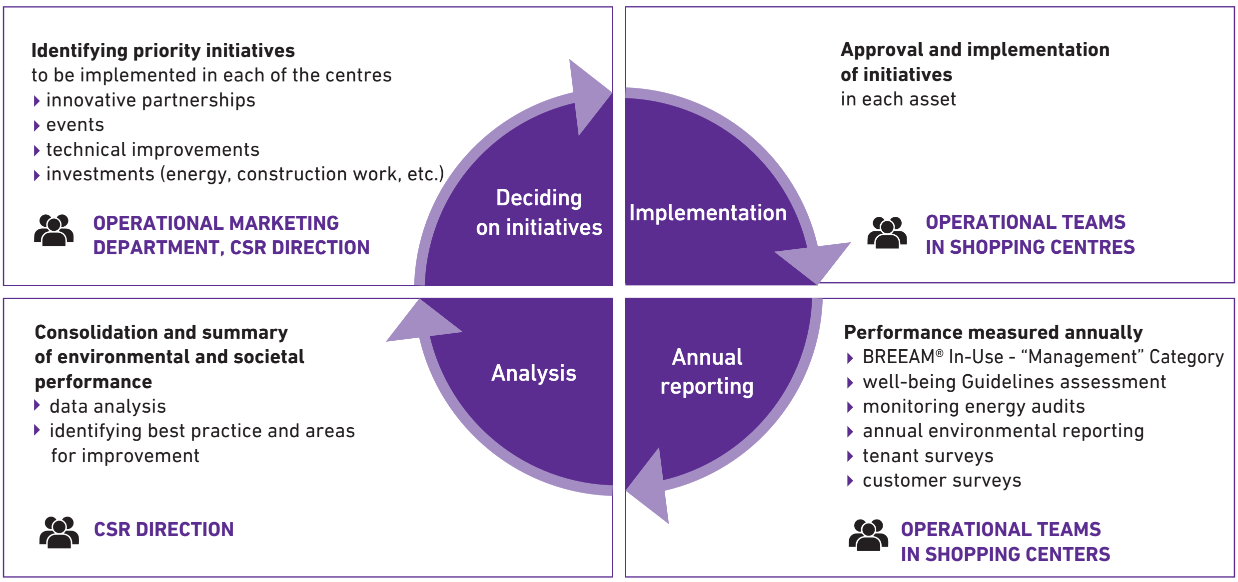
In 2010, the Group implemented SME *Projets Tertiaires* (Office and Retail Development Projects EMS). It provides each developer or operator with a working tool that catalogues all requirements for HQE, Building Research Establishment Environmental Assessment Method (BREEAM®) and Leadership in Energy and Environmental Design (LEED®) at each stage of the project and accompanies them in the development and realisation of the Group's office and retail projects (Retail and Business property).

Retail portfolio

In 2020, the Group continued to use the "Guide to best operational environmental practice" developed in 2014. Altarea 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 whilst also making the reported environmental data more reliable.

In Retail, the environmental management approach has since been extended to all ESG subjects.

THE AUDITED ENVIRONMENTAL MANAGEMENT SYSTEM FOR THE RETAIL PORTFOLIO



(1) *Excluding co-development, refurbishments and managed residences.*

Tools to complement EMS

Training

In general, employees regularly attend training sessions, at the initiative of the various Group departments, in particular when the regulations change. In 2020, the Group carried out structuring work to formalise an ambitious training plan to support the deployment of the Group's ESG strategy.

Its content was developed based on the Group's ESG priorities and the needs expressed by employees. It covers the Group's major ESG challenges: climate change, the circular economy and the positive socioeconomic impact on the regions.

The plan provides for diversified formats to best address the selected topics with attractive and innovative teaching methods, suitable for everyone from generalist to expert. For example, to meet the time constraints of employees, the plan includes very short e-learning modules. A number of learning expeditions will also be organised to inspire employees.

In 2020, one of the first actions was the holding, during the first lockdown, of an online conference for all employees, with the aim of reminding everyone of the Group's "*Tous engagés !*" (We are all involved!) programme.

Awareness actions

The Group is also stepping up ESG awareness-raising actions. The relocation of the head office to 87 Richelieu has made it possible to set up user-friendly and collaborative formats, despite the context of the COVID-19 pandemic. The spaces have been designed to develop cross-functionality between all teams.

The ESG Department took advantage of Sustainable Development Week to challenge employees on the topical issue of resilience. It organised a conference on the theme of "the city in the coming world", accessible at the head office and by video, in partnership with the Economic Meetings of the Cercle des Économistes. Key players in the field took part, such as the architect Winy Maas and Professor Carlos Moreno.

In addition, in 2020, the Group conducted an awareness-raising campaign for all employees, as it does every year for SSE month. For two major themes for the Group—short supply chains and intergenerational housing—the campaign highlighted solutions that can be provided by the social economy and examples of collaborations within the Group.

Thematic guides

Each year, the ESG Department produces and circulates tools and guides to raise awareness of employees of the various themes around sustainability and how to facilitate their inclusion. For example:

- a grid presenting potential levers to support the circular economy in a property project;
- in-depth tools on summer comfort solutions to be implemented on projects;
- finally, a guide on the multiple certifications and labels available on the market which provides employees with information by theme on the basics and technical and financial restrictions;
- two guides aimed at providing information on how to develop and promote 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);
- finally, there is a guide dedicated to the social and solidarity economy (SSE) updated in 2019, which provides information on the world of the ESS and includes mapping and contact details of the stakeholders that can be mobilised for Group projects (see 4.2.1).

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 checklist. 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 until 2020. In all, 26 shopping centres were reviewed.

4.6.3 Methodology and verification

Verification

Altarea contracts an independent third-party organisation 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.

Comprehensiveness of reporting scopes and guidelines used

Reporting covers nearly all of Altarea's Property Development and portfolio activities, as well as its head office. ESG reporting coverage rates provide an appreciation of its comprehensiveness compared to financial reporting.

COMPLETENESS OF ALTAREA EXTRA-FINANCIAL REPORTING

	THE ENVIRONMENT					SOCIAL
BUSINESS	CORPORATE	RESIDENTIAL	BUSINESS PROPERTY	PROPERTY DEVELOPMENT RETAIL	REIT RETAIL	CORPORATE
STANDARD	GRI CRESS	Internal definition (Methodology and verification chapter)			GRI CRESS Recommandations EPRA	GRI CRESS
PERIOD	June (date of move) to November 2020	1 October N-1 to 30 September N and as of 30 September N for new housing		1 January 2020 31 December 2020		1 January 31 December N
SCOPE	Head office Total 30,851 m²	317 projects 25,096 Residential	50 projects 632,615 m² Net surface area or floor area	1 project 4,400 m² Net surface area or floor area	620,050 m² GLA	1,983 employees
REPORTING COVERAGE	100%	100%	100%	100%	94.4 % (surface area) 92.6% (in value)	100%

Compliance of reporting with national and international guidelines

Altarea drew on recognised national and international guidelines to produce its internal reporting guidelines and extra-financial communication.

The Group's extra-financial reporting is compatible with the European Public Real Estate Association (EPRA) "Best Practices Recommendation on Sustainability Reporting", published in 2011 and the GRI G4 Construction & Real Estate Sector Supplement (CRESS) sector supplement.

In Retail, Altarea also follows the recommendations of the CNCC (National Council of Shopping Centres) 2018 sector reporting guide on the DPEF. This guide, to which Altarea 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 nonfinancial information.

Reporting period

The Group has opted whenever possible to base its nonfinancial 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.

On collection, for the reporting period, of more precise data for prior periods, the indicators are recalculated with this new data.

Information about the scope of social reporting

The scope of social reporting includes all of the Group's fully integrated legal entities with a payroll that is not nil.

Description of environmental reporting scopes

Corporate

The corporate scope of reporting includes environmental data for Altarea's head office at 87 rue de Richelieu, in Paris, where the Parisian teams moved to in June 2020.

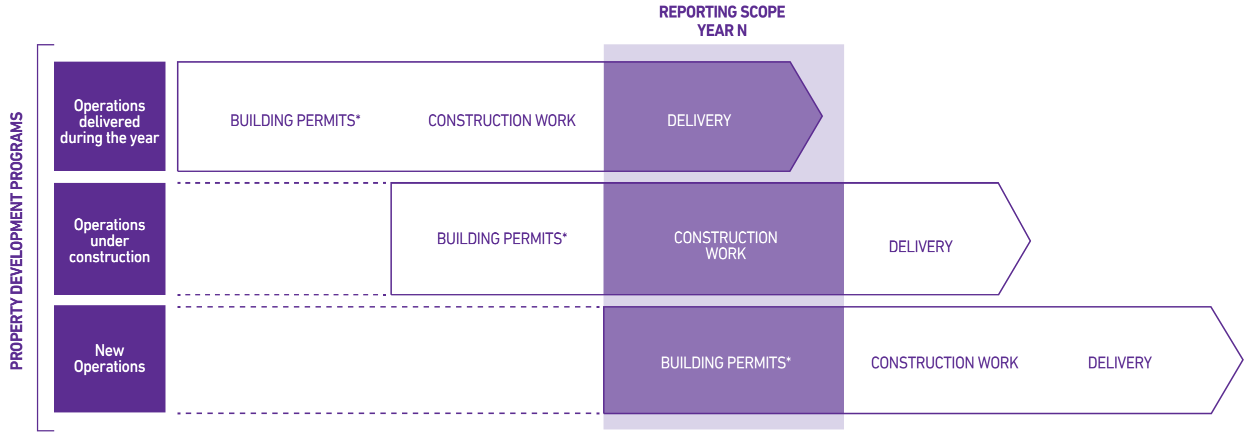
Property Development

The scope of reporting for Property Development includes operations which, during the reporting period:

- have obtained a building permit (except for new housing projects, which involve the acquisition of land);
- 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 METHODS FOR INCLUDING PROJECTS IN THE SCOPE OF REPORTING



* The acquisition of land for new housing projects.

When an external structure is acquired, its activity is gradually integrated into the reporting. Severini, recently consolidated into the Group, will be gradually integrated into the reporting in the future. Its operations represent less than 2% of the Group total.

In order to facilitate understanding of the indicators related to the Property Development activities, the Group opted to retain the same accounting method for each category, each certification and each label, although the key dates in the certification process vary according to the category of asset and certification.

Retail portfolio

Scope of ownership

The scope of ownership includes all assets in which Altarea ownership is not 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 gross leasable area (GLA) exceeds 20%. If the creation of GLA exceeds 20%, it is nonetheless included if overconsumption related to construction can be isolated.

Due to the health situation imposed by the COVID-19 pandemic, some sites had to close for several months in 2020. These sites are maintained within the scope of reporting, and consumption is commented on in light of the events of the year.

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 and therefore over which the Group has no operational control;
- sites on which no Altarea 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 2010-2015 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. Given its significant share of the scope, the Carré de Soie centre was reintroduced on a like-for-like basis in 2019.

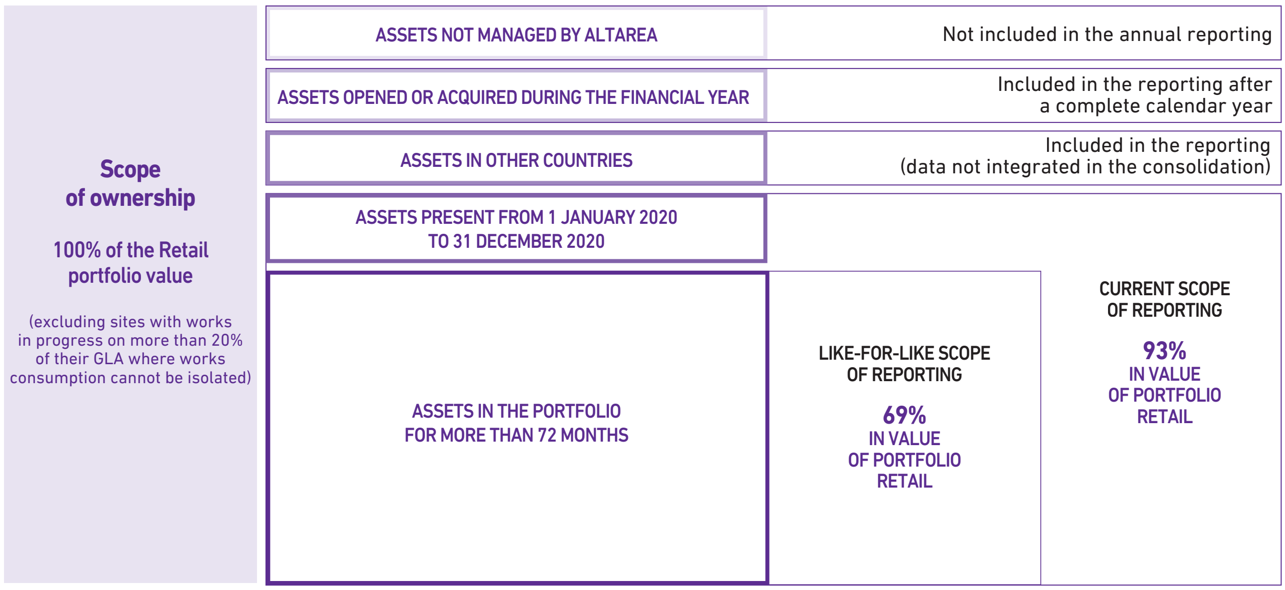
Changes in Group indicators between 2010 and 2020 are calculated by adding the changes seen between 2010 and 2015 on the 2010-2015 like-for-like basis and those seen between 2015 and 2020 on the 2015-2020 like-for-like basis.

All assets included in the scope of current reporting and the overall scope – including partially owned assets – are recognised in full if Altarea manages them directly. Assets directly managed but not owned by the Altarea 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's scope of reporting.

We include only consumption managed or paid for directly by Altarea within the current and like-for-like 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



4.6.4 Materiality matrix concordance table

The table below can be used to determine the issues identified in the materiality matrix in the DPEF chapter:

Level of importance	Matrix issue	Location
Capital	Customer and user relations	Customers Theme: 4.3.1 and 4.3.2
Capital	Mixed use and local development	Cities Theme: 4.2.1
Capital	Energy and climate	Cities Theme: 4.2.2
Capital	Connectivity and mobility	Cities Theme: 4.2.1 and 4.2.2
Capital	Well-being of occupants	Customers Theme: 4.3.2
Capital	Business ethics	Customers Theme: 4.3.6
Capital	New uses and digitisation	Customers Theme: 4.3.5
Capital	Talent and skills management	Talents Theme: 4.4.4
Capital	Compensation and value sharing	Talents Theme: 4.4.3
Capital	Diversity and equal opportunities	Talents Theme: 4.4.2
Capital	Safety of assets, people and personal data	Customers Theme: 4.3.7
Capital	Labelling and sustainable certification	Customers Theme: 4.3.3
Capital	Circular economy	Cities Theme: 4.2.4
Capital	Partnerships	4.1.3 and Cities Theme: 4.2.6
Significant	Well-being at work	Talents Theme: 4.4.5
Significant	Responsible supply chain and supplier relationships	Customers Theme: 4.3.4
Significant	Biodiversity and land management	Cities Theme: 4.2.3
Significant	Health/safety of employees	Talents Theme: 4.4.6
Significant	Governance	Chapter 6 of the 2020 Universal Registration Document
Moderate	Water management	4.5.2
Moderate	Sponsorship	Cities Theme: 4.2.6

4.6.5 DPEF concordance table

The table below refers to the aspects of the DPEF to be found in the DPEF Chapter that are required by Article L. 225-102-1 of the French Commercial Code.

Elements of the DPEF	Location
Description of *the business model*	Strategic report incorporated and Business Review (introduction and Chapter 1 of the 2020 Universal Registration Document)
Description of the main risks associated with the Group's activities	4.1.1
Respect for human rights	4.3.4 and 4.4.2
Fight against corruption	4.3.6
Climate change	4.2.2.
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 ESG 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	The Group is committed to complying with applicable tax legislation in all countries where it is established. Each year it files a "country-by-country" (CBCR) tax report with the French administration in accordance with the standard set by the OECD and European Union aimed at combating tax fraud and optimisation. Moreover, the Group has no direct financial interest in, nor makes any investment in or has any transactions with countries featured on the black and grey lists of tax havens produced by the EU or on the list of uncooperative countries or territories produced by the Financial Action Task Force (FATF). As a reminder, Altarea has opted for the SIIC status and as such is subject to a particular tax regime, particularly in terms of distributive obligations (see 8.1.2.9), the compliance with which is monitored by an internal and external team of tax experts and discussed with the Group's auditors. Finally, for some complex questions or transactions, the Group refers to top tax advisers and communicates with the tax authorities. Altarea monitors tax investigations and disputes closely.
Combating food insecurity, respect for animal welfare, responsible, fair and sustainable food system	In view of the nature of our activities, we do not consider that this issue constitutes a major ESG risk or that it warrants being dealt with in this management report.

4.7 Independent third party's report on consolidated non-financial statement

Year ended the 31 December 2020

Independent third party's report on consolidated nonfinancial statement

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier, accredited by the COFRAC under the number n° 3-1681 (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 nonfinancial statement established for the year ended on the 31 December 2020 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

The management is responsible for preparing the Statement, including a presentation of the business model, a description of the principal nonfinancial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main 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 the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, *i.e.*, the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anticorruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of the work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[(1)].

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III of the French Commercial Code as well as information set out in the second paragraph of article L. 22-10-36 regarding compliance with human rights and anti corruption and tax avoidance legislation;

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (responsible supply chain, talent management, company's loss of appeal and ethics), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: Le Parks, Gravity and the entity Pitch Promotion;
- we verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out at the consolidating entity level and on a selection of contributing entities listed above;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our verification work mobilized the skills of four people and took place between September 2020 and March 2021 on a total duration of intervention of about nine weeks.

We conducted four interviews with the persons responsible for the preparation of the Statement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated nonfinancial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, the 15 March 2021

French original signed by:

Independent third party

EY & Associés

Jean-François Bélorgey
Partner

Éric Duvaud
Partner, Sustainable development

Appendix 1: The most important information

Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
Social Information	
▪ The total headcount ▪ The absenteeism rate ▪ The departure rate ▪ The proportion of employees who participated in at least one training course during the year ▪ The number of training days ▪ The number of employees who participated in an Ethics training ▪ The Representativeness of women in management ▪ The number of work-study students recruited during the year	▪ The development of recruiting, integrating and training systems for employees ▪ Promotion of diversity and equality of chances ▪ Strengthening well-being and quality of life at work ▪ Employees' awareness and training in business ethics
Environmental Information	
▪ 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 shopping centers ▪ 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 footprint ▪ Use of energies that emit less greenhouse gases ▪ Development of connected operations and refurbishment ▪ Improving the energy efficiency of projects ▪ Limiting exposure to climate change ▪ Site waste recovery and reduction of raw materials' consumption ▪ Development of activities linked to wood construction ▪ Preservation of existing biodiversity ▪ Use of innovation to improve the energy performance of buildings
Societal Information	
▪ The proportion of local purchases for development projects ▪ The satisfaction rating of visitors and customers ▪ The proportion of sites promoting well-being and comfort of users (NF Habitat and WELL certifications for Residential and Business property activities) ▪ The share of signed green leases ▪ The share of sites within 500 meters of a transport network (urban integration)	▪ The employment footprint (direct, indirect, induced and hosted jobs) ▪ The elaboration of the responsible purchasing charter ▪ Safety on construction sites ▪ The development of activities related to social economy ▪ The contribution to the economic development of the territories and to local employment ▪ 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, the 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 regularity and reliability of accounting and financial information, in order to present a true and fair view of the assets, financial position and results.

The scope for the application of the Company's internal control 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 control in order to: safeguard the Company's value, assets and reputation; secure 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.

We remind you 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 major 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 internal control and risk management system is run by the Internal Control Department, reporting to the Group Chief Executive Officer.

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 of delegation of powers and responsibilities;
- a definition of the missions and responsibilities of the governance bodies (see section 6.2.3 "Supervisory Board");
- 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 internal information dissemination tools, including an intranet, procedural notes, instructions and closing schedules.

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 processes and support functions. The risk-mapping is periodically updated.

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 risk control systems" of this document.

5.1.2.2 Control environment

Internal control is based on rules 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:

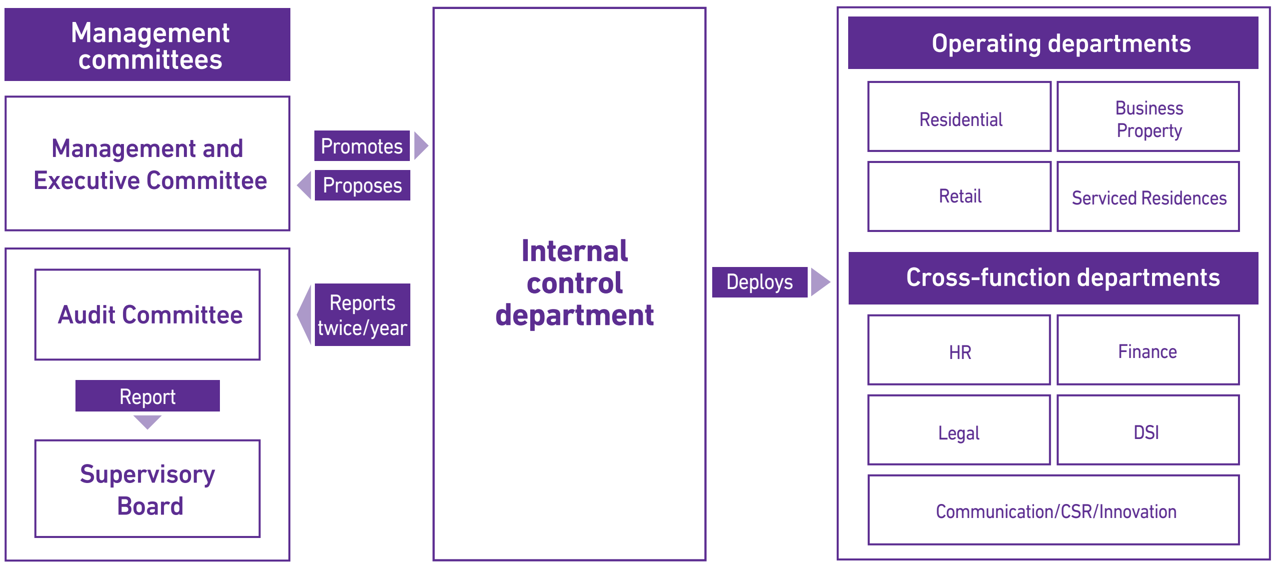
- the ethics charter sets out the Altarea Group's values and rules of conduct that all Group employees and corporate officers must respect in their working relationships. The clear and precise principles outlined in the charter should inspire and guide everyone in their daily tasks, enabling them to resolve issues of conduct, professional ethics and conflicts of interest in a clear and consistent way. The charter is available on the Group's 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 or 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, from employees right up to the governance bodies.

Management is responsible for the overall organisation of the internal control system and, for the implementation of its strategic vision, has an Executive Committee which meets regularly. It is under its leadership that internal control procedures are established and that orientations are taken 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 Universal Registration Document).



5.1.2.4 Priorities of the Internal Control Department

The Internal Control Department is responsible for coordinating and supporting internal control actions which are conducted in the different subsidiaries. Its priority missions are:

- to ensure knowledge and compliance with the rules of procedure and its appendices and the correct functioning of the Supervisory Board's specialised committees;
- to monitor regulatory obligations relating to internal control;
- to identify and assist divisions in mapping risks;
- to define or help divisions in defining operational procedures;
- to review the rules applying to the Company's operating commitments, and compile existing procedures and standardise them if needed;
- to perform all compliance checks to ensure procedures are respected.

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 ensure that the processes are in line with the objectives assigned to them.

5.1.3 Procedures relating to the preparation and processing of the Group's accounting and financial information

The Group is particularly sensitive to the reliability of the budget processes, the correct consolidation of accounting data and the quality of the financial data published. The Statutory Auditors, the Audit Committee and Supervisory Board closely monitor the clarity of the financial information and compliance of the accounting methods used. The Altarea Group therefore considers the risks associated with the preparation of financial information to be moderate, given all the processes in place.

Finance Committee

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 CFO, Deputy CFO and the managers concerned, depending on the agenda. During these committees, the Corporate Finance Department discusses current financial issues.

In addition, a Cross-Functional Finance Committee is held on a quarterly basis by the operational and corporate finance departments in order to ensure a common approach to managing the business and improving 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 structure and main internal control procedures

(i) Accounting and financial organization

In order to enable controls at every level, the accounting and finance teams are structured by divisions (Group holding companies, Retail division and Property Development division).

The Corporate Finance Department ensures:

- the keeping of individual company accounts by Group employees for each operating subsidiary;
- the preparation of the Group's consolidated financial statements with dedicated teams.

The Corporate Finance Department 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 an activity report consistent with the accounting information.

Within the operating divisions, accounting and financial monitoring is carried out by management controllers in charge of reviewing the results of each operating subsidiary.

Each division prepares consolidated financial statements at its own level with dedicated teams.

(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 main components are discussed with the Statutory Auditors prior to each period-end;
- a vertical procedure for data reporting from various operating departments (period-end timetables and instructions, quarterly meetings and dashboards for information sharing), with audits carried out by the operating management controllers (by business line for the Retail division, by region and/or brand for the Property Development division) before the information is sent to the Corporate Finance Department and 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 accounting treatment of complex transactions (major structural transactions, Corporate financing transactions or operations' 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 reports (31 March and 30 September) used to prepare financial statements and analyse 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 and 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 and 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.

Furthermore a review of operations and the forecast financial results is carried out twice a year with the Chairman of the Audit Committee, a specialised committee of the Supervisory Board, in preparation of the half-year and annual period ends.

Information systems

Accounting and financial information is prepared based on efficient business and financial information systems. Manual and automatic controls exist in order to secure the flow and processing of data that come from these systems.

(i) Retail division software

The Retail division uses the rental and property management software Altaix in France, Italy and Spain. This "business" tool is interfaced with the corporate accounting software Sage. 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 Primpromo real estate operations management software which optimizes the monitoring and control of projects throughout the different phases. This "business" tool is interfaced with the accounting software Sage and the data presented in the two systems are regularly reconciled.

(iii) Account consolidation software

Due to its structure, the consolidation software SAP BFC (Business Financial Consolidation) used within the Group, constitutes a platform enabling a strong integration of accounting systems. It therefore helps to reduce the risk of material mistakes.

Sage data is integrated into the SAP BFC consolidation software *via* a procedure common to the whole Group. The integration of this data leads to controls performed every quarter by reconciliation with Primpromo data from the Property Development division (project budgets and cumulative sales) and/or budget data (net income), and corporate and/or budget data from the Retail division (completeness of integrated data, cut-off, gross rental income, net rental income, overhead expenses, HR, net debt, etc.).

In addition, the SAP software DM – Disclosure Management – enables 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 Universal Registration Document, and help prepare it, and thus allows a systematic and cross review of the different parts. This software was updated in 2020 to include the tools required to comply with the obligations of listed companies to prepare annual financial reports and/or URDs in a single electronic format.

(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 the Sage 1000 cash flow software to manage cash flow. It is automatically interfaced with the corporate accounting software, thus enabling the automated transfer of short-term accounting forecasts to cash management or automatic recognition of certain data transmitted to accounting.

All of the Group's flows are secured with the EBICS TS protocol. This module is interfaced with all of the Group's ERPs, thus enabling the provision of account statements and other information statements to the ERPs or the secure transfer of payment and direct debit files from 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 and analysis of daily changes in banking positions.

5.1.4 Managing interest rate and counterparty risk

The Altarea Group's debt mainly consists of fixed-rate bonds, short-term commercial paper (Neu CP) and medium-term notes (Neu MTN) at fixed or variable rates and bank loans (mortgage and corporate) at fixed or variable interest rates.

The Altarea Group is thus exposed to the risk of changes in interest rates on its existing floating-rate debt and on future fixed-rate refinancing transactions. An increase in interest rates could lead to an increase in interest expenses. Sensitivities to a rise in interest rates are described in Note 8.2 of Chapter 2.3 "Other information attached to the consolidated financial statements".

Moreover, the use of derivatives as part of its interest rate risk management may also expose the Group to adverse effects on its results in the event of default by its counterparty.

The Altarea Group adopts a prudent interest rate risk management policy, designed to preserve the funds from operations generated by the property development activity and operating assets, by hedging debts (whether or not they are backed by these assets). The instruments used are mainly interest rate swaps and interest rate options[(1)].

In order to limit counterparty risk that may arise following the setting up of financial derivatives, Altarea Group thoroughly checks the quality of the counterparties and only pursues projects with the largest financial institutions.

(1) The financial instruments used are detailed in Note 8 "Financial risk management" to the consolidated financial statements in chapter 2.3 Other information attached to the consolidated financial statements of this Universal Registration Document.

5.1.5 Managing business ethics risk

Combating fraud

To mitigate risks of fraud or embezzlement, procedures have been set up for cash and cash flows to ensure that they are secure (bank powers; rules for opening, modifying and closing bank accounts; daily reconciliation of bank transactions with accounting entries; and 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 or recruitment) is reported to the Internal Control Department which sends out regular reminders 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 on these matters.

Combating money laundering and the financing of terrorism

Our prevention mechanism is primarily centred around:

- a systematic inclusion of antimoney-laundering clauses in contracts with third parties;
- a process for assessing the level of risks of customers and business partners, strengthened in 2020, particularly in Residential property;
- a TRACFIN reporter/correspondent for the entire Group;
- training and raising the awareness of employees most exposed to risk, *via* the deployment of an e-learning program.

In addition, in Spain the procedures to combat money laundering and the financing of terrorism are the subject of an annual report prepared by an external firm. Training is also given to employees every two years.

Fight against corruption

The Group is currently tightening its anticorruption system to prevent this risk and meet the requirements of Sapin 2. Corruption risks are mapped to enable us to identify the areas requiring priority action. The procedure for assessing third parties, currently being defined, will be gradually rolled out in 2021 and will take into account the specificities of the activities and subsidiaries.

All Group executives, managers and employees are mobilized to effectively meet legal obligations and must follow the e-learning modules introduced in 2020.

Periodic awareness campaigns target the employees identified as the most vulnerable. For example, with the help of specialist law firms we held courses on the different types of corruption, conflicts of interest, the peddling of influence, favouritism and the potential criminal repercussions, particularly in relations with the public sector.

Transparency in public life

In accordance with the law and in order to display greater transparency in the relations and interests between companies and public officials, the Group has been registered with the digital directory of the High Authority for Transparency in Public Life (HATVP) since 2018. A declaration of activities of interest representatives at the national level is thus filed every year.

Protection of Personal Data

For business purposes, the Group, through its different entities, processes personal data collected from third parties such as its customers, partners, prospects and/or its employees so that it can provide them with better services.

A Data Protection Officer (DPO) was appointed on 25 May 2018 to ensure that the processing of personal data within the Group complies with the General Data Protection Regulation (GDPR). A mapping of data processing has been developed and the following actions are carried out on a daily basis:

- keeping records of processing, personal rights and data breaches;
- awareness-raising actions for employees (online and face-to-face) and support for operational teams in the implementation of projects with a "privacy by design" approach;
- procedures, in coordination with the Head of information systems security, to guarantee the security and confidentiality of data within the Group and with partners.

In general, the DPO ensures the dissemination of a culture respectful of personal data protection.

5.1.6 Legal and arbitration proceedings

The Company is not aware of any government, legal or arbitration procedure, pending or threatened, that over the last 12 months could have, or has had, a material impact on the Company and/or Group's financial position or profitability other than those for which a provision has been booked (see note 6.3 "Provisions" in Chapter 2.3 "Other information attached to the consolidated financial statements" of this document) or which the Company has contested or is preparing to contest (see note 5.3 "Income Tax" or 6.3 "Provisions" in Chapter 2.3 "Other information attached to the consolidated financial statements" of this document).

5.2 Risk factors and risk control systems

The Company has identified the main categories and the most significant risks, presented in what the Group considers to be the order of decreasing importance within each category. The five categories identified are as follows:

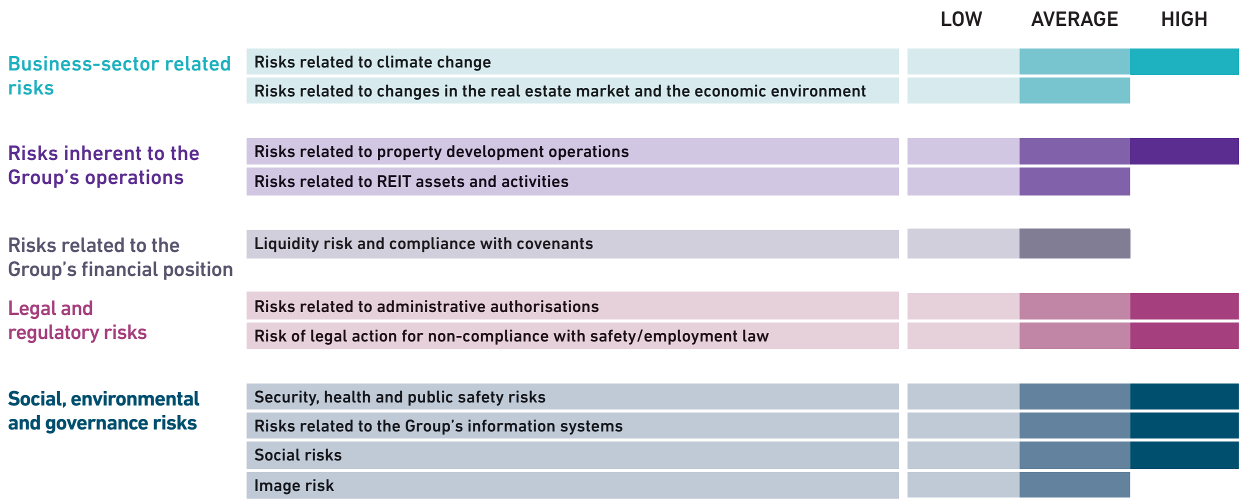
- business-sector related risks;
- risks inherent to the Group's operations;
- risks related to the Group's financial position: liquidity and compliance with covenants;
- legal and regulatory risks;
- social, environmental and governance risks.

This presentation corresponds, after taking into account the control measures implemented by the Company, to the Group's current perception of the importance of these risk factors, based on the current perceived likelihood of the risks materialising and the estimated extent of their negative impact.

Based on this assessment, the Group carried out a risk categorisation exercise as presented in the summary table below.

Investors should nevertheless be aware that other wholly or partially unknown risks considered unlikely to occur at the date of filing this Universal Registration Document, may exist and could have an adverse impact on the Group's business.

Summary of significant risks and that are specific to the Group



5.2.1 Impacts of the COVID-19 pandemic on Altarea's main risk factors

Some risks have materialised in one form or another (public safety, restrictive regulations on the opening of businesses, work stoppages) or have required increased vigilance (cyberattacks) in the context of the health crisis triggered by the COVID-19 pandemic. The main impact of the health crisis is the decline in activity linked to periods of lockdown and curfews. In the short-term, this led to the introduction of measures to protect the health and safety of the Group's employees, customers and partners while ensuring the continuity of its business as much as possible (health protocols on sites and at head office, deployment of digital solutions, adaptation of processes and training) and securing the Group's finances (€1,120 million of new long-term financing arranged).

During lockdown, a crisis unit bringing together the Executive Committee met several times a week to take stock of the situation, assess its impact and find alternatives. The principles that have guided our actions during this unprecedented period are those that have prevailed since the Group's very beginnings: risk management, swift decision-making and quick execution.

5.2.2 Business-sector related risks

5.2.2.1 Risks related to climate change

Risk factors	Risk control systems
Transition risks As the property and construction 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 environmental regulation RE2020). It is facing increasing requirements in terms of low-carbon design from regulations, customers and stakeholders.	The Group is fully aware of the need to contribute to climate change mitigation and has anticipated the regulatory constraints linked to climate change, whether for the reduction of emissions, a possible carbon tax or new building standards. It measures its carbon footprint across its entire scope (scopes 1, 2 and 3 as defined by the *Greenhouse Gas Protocol*) and implements a global approach to reducing its carbon footprint: ▪ systematic testing of new low-carbon solutions and feedback with costing (strengthened in 2021); ▪ systematic certification and testing of new labels arriving on the market; ▪ regulatory watch; ▪ monitoring the expectations of stakeholders: local authorities, elected officials, individual customers, investors, etc. ▪ culture of agility; ▪ policy of partnership with key low-carbon players (Woodeum); ▪ diversification of the offer and skills ("skills platform"), with subsidiaries specializing in low-carbon construction (such as rehabilitation).
Physical risks associated with the impact of climate change Climate change is causing an increase in climate phenomena (extreme weather, heat waves and peaks, etc.) that affect cities and their inhabitants. Property is affected by these risks but is also a source of solutions.	In 2018, Altarea conducted an in-depth analysis concerning its exposure to climate risks concerning its assets and its development operations, with a detailed approach studying each location in France: ▪ risk mapping of the portfolio and the areas where it operates, and targeted action plans; ▪ summer comfort approach in housing design; ▪ anticipation of costs in business plans; ▪ permanent monitoring by product teams to adapt the offer.

The Group's overall progress approach is detailed in the nonfinancial performance statement in chapter 4 of this Universal Registration Document, in particular in the chapter on the TCFD.

5.2.2.2 Risks related to changes in the real estate market and the economic environment

Risk factors	Risk control systems
Disruption of the business model As part of its risk management strategy, the Group must take account of the many different sectors in which it operates (Retail property, Residential and office property and serviced residences). Each of these sectors has its own cycle and own exposure to endogenous and exogenous variables. As a result, the Group must develop sector-specific sensitivity and combine it using vertical analyses and cross-functional approaches. In addition, changes in consumption habits and consequently in user and consumer requirements, and the emergence of new players arriving on the market each year, are pushing the Group to maintain a permanent dynamic of innovation. These changes which are out of the Group's control could have an adverse impact on its business.	The Altarea Group's positioning in several segments of the real estate market enables it to optimize its risk/return profile by diversifying its risks, something that its single-sector competitors cannot afford. Management and the Executive Committee closely monitor trends in markets, the economy and the competitive environment; the strategy and policies that they implement are designed to anticipate and mitigate those risks. In order to protect itself against this risk, the Group has for several years run *its own* "Youth Comity" of young employees. Its objectives include to: ▪ identify new opportunities to offer goods and services; ▪ capture trends, infuse audacity and creativity into projects; ▪ make recommendations on internal transformation issues. In addition, in residential real estate, Altarea, through Altarea Solutions & Services, has developed a comprehensive range of services for all of the Group's Residential brands in order to meet the needs of its customers: commercial support, financing brokerage, rental management, trustee and transaction services as well as an option to invest in bare title or usufruct separately. The Group is also developing a wide range of serviced residences: senior residences, student residences, business tourism residences, executive residences, etc.
Unstable tax regulations Adverse changes to the various tax incentives (Pinel, PTZ+, Malraux, etc.) and tax regimes applicable to real estate cannot be ruled out. Such a change could have a significant impact on the property development business and therefore on Altarea's results. Altarea has also opted for the SIIC (Retail REIT) tax regime, which allows it to benefit from an exemption from corporate income tax, subject to compliance with certain obligations, in particular payout obligations. If it fails to meet these obligations or 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 the SIIC status which would have a negative impact on its earnings. Similarly, 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.	The potential impacts of changes in tax rules are taken into account by management in its strategy. The following actions were implemented: the development of block sales to institutional investors and social landlords, lobbying of public decision-makers and within the professional organizations to which the Group belongs. The requirements for the SIIC status in terms of control, voting rights and dividend distribution are set out in Altarea's Articles of Association. Under Article 25.3 of the Articles of Association, no shareholder can hold more than 60% of the total voting rights attached to all the shares comprising the share capital. Tax regimes and obligations are controlled by the Altarea Corporate Finance Department.

5.2.3 Risks inherent to the Group's operations

5.2.3.1 Risks related to property development operations

Risk factors	Risk control systems
There are many development risks. They include in particular: ▪ an administrative risk related to obtaining permits for commercial operations, office authorisations, building permits or environmental approvals and to administrative proceedings that could delay property development projects; ▪ a construction risk linked to potential delays the work going over budget, a shortage of construction companies due to the large number and increasing size of the building projects on national soil, companies defaulting, the ability of companies and contractors to adapt, to new standards in particular, and potential disputes with the construction companies; ▪ a 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; ▪ a competition risk, which may affect the acquisition of land/shopping centres, product sale prices or the availability of subcontractors; ▪ a completion risk with regard to its customers, when the Group acts as a developer by signing off-plan sales or property development agreements in which it undertakes to build a building with a fixed price and deadline. The risk would be one of noncompliance of the product delivered or of a delay in delivering; ▪ in the office market, a market risk when the Group acts as an investor, if it fails to sell or let the property. It may thus have to bear a risk of prolonged carry.	These risks are monitored and their impact is managed through the Investment Committee, a specialist committee of the Supervisory Board (see paragraph 6.2.3.2 of this Universal Registration Document), and also through several more operational committees: ▪ in commercial real estate, the Development, Operational and Planning Committee defines and sets the operational objectives for each project, monitors work commitments and approves budgets; the "Coordination and Marketing Committee" defines and sets the marketing objectives - pre-letting also makes it possible to limit the commercial risk; the extended Management Committee deals with all issues relating to the subsidiary (development, operation, marketing, valuation, legal). ▪ in residential and business real estate, the Commitments Committees examine all real estate projects at the main stages constituting a commitment for the Group: signature of an undertaking to acquire the land, marketing launch, acquisition of the land and 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. The risks related to development operations are also monitored through various reports (review of operating budgets, commitments, expenses, marketing rates, etc.). Finally, administrative authorization applications (building permits, departmental commission for commercial development) are submitted to a specialized law firm.

COVID-19 impacts

In Residential property, Altarea was very responsive to the first lockdown (17 March to 11 May 2020) which severely disrupted the entire development cycle:

- during the closure of the sales offices, which limited sales contacts with Individuals, the commitment of the teams made it possible to maintain sales at around 30% of normal activity through full use of digital tools, notably e-booking, which enables online sales to be contracted under secure conditions;
- the Group scheduled a campaign of notarised completions and collections before the end of the lockdown. It took place at a time when clients and notary offices were barely out of lockdown, as the latter still had a reduced capacity to record transactions.
- at the beginning of May, the 300 projects under way restarted and returned to cruising speed by June, quickly making up the impact of the stoppage on technical completion rates;

This offensive was maintained throughout the year, making it possible to maintain a high rate of activity during the second lockdown (30 October to 15 December 2020) during which construction sites were not suspended and notarised sales were much more fluid.

In Business property, the first lockdown also disrupted business with the shutdown of most of the ongoing projects, except for the Altarea head office delivered in the second quarter of 2020, and Orange's future head office, whose delivery had nevertheless to be postponed to the beginning of 2021.

5.2.3.2 Risks related to REIT assets and activities

Risk factors	Risk control systems
Risks related to assets in operation and to the Retail and Office REIT business include: ■ risks related to letting and reletting 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, pandemic, etc.). ■ risks related to the appraisal of commercial real estate assets; appraisals depend on many external factors (economic conditions, commercial property market, interest rates, etc.) and internal factors (yield on cost and performance of the centres) that may vary significantly.	The risks related to REIT assets and activities are mainly covered by the following arrangements: ■ 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; ■ the following committees: the Retail Executive Committee, which deals with strategic issues related to shopping centres in operation and under development; the Asset Management Committee, which defines and sets the Asset Management objectives; the Commercial Coordination Committee, which sets the conditions for renewing leases for the portfolio; ■ regular *reports* on revenue forecasts, expenses not passed on to tenants, vacancy rates, rental rates and debt collection and arrears, which make it possible to better anticipate the risk of tenant insolvency. A Brand Support Committee reviews solutions for tenants experiencing financial difficulty; ■ an insurance programme for assets in operation (See Paragraph 5.3 "Insurance"); ■ security management of the centres in operation: a schedule of audits and visits by auditing bodies and safety commissions. The Altarea Group assets are assessed twice a year (see section 8.4.4) by an independent appraiser. External valuation of Group assets has been entrusted to Cushman & Wakefield (in France and Italy), Jones Lang Lasalle (in France and Spain) and CBRE (in France). The fees paid to appraisers are lump-sum amounts determined in advance of the valuations. These amounted to €190,700 (excl. VAT) for 2020, 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 revenue of each appraisal firm consulted.

COVID-19 impact

In 2020, Altarea had to deal with the difficulties that affected all retail players faced with the pandemic:

- decrease in footfall and revenue following major operational disruptions;
- difficulties in collecting rent invoicing;
- decrease in values.

Footfall in the French portfolio was therefore down by 26%, while revenue fell by 18%, the drop in footfall being partially offset by an increase in the average shopping basket and conversion rates. The COVID-19 pandemic has led to an overall slowdown in marketing, directly impacting financial vacancy (4.1% in 2020 compared with 1.6% in 2019), and has also had a direct impact on the collection of rent invoices, particularly in the second quarter. In total, the recovery rate for 2020 in France was 77%.

The impacts of the health crisis are reflected in an economic cost of unrecovered receivables of €29.3 million (Group share) and an impairment loss on assets under management of €351 million (Group share).

5.2.4 Risks related to the Group's financial position: liquidity and compliance with covenants

Risk factors	Risk control systems
Altarea finances part of its investments and growth through bank financing and through capital markets. Altarea might not always have the desired access to capital markets or the banking market. This situation could result from a financial crisis affecting the banking sector, 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. Some of the 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 result in 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.	The operational management of liquidity and financing is carried out by the finance and treasury department. The Group has on its balance sheet cash assets of €1.47 billion and undrawn bank credit facilities of €1.91 billion as of 31 December 2020, which constitute the first tools for managing liquidity risk. The budget process for cash management and projected cash flow analysis also provides *a* way to anticipate and hedge these risks. The Altarea Group thus ensures credit lines are always available, financing sources diversified and the maturities of the main debts staggered. 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].

(1) See Note 8 "Financial risk management" to the consolidated financial statements (chapter 2.3 of this Universal Registration Document).

5.2.5 Legal and regulatory risks

5.2.5.1 Risks related to administrative authorisations

Risk factors	Risk control systems
The Group Altarea's activities are governed by a large number of specific French and European requirements. The Company must comply with legal and regulatory provisions in terms of urban planning, construction, operating permits, health and safety, the environment, lease law, intellectual property, consumer law, corporate law and tax matters. 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, and in view of the growing number of development projects, the Group could find itself facing unfavourable contractual clauses or clauses which offer insufficient protection. It could also be involved in legal proceedings and be subject to tax and administrative audits (see chapter 2.3 "Other information attached to the consolidated financial statements - Note 10" of this Universal Registration Document). Each of these risks is associated with a financial risk but also an image risk for the Group. In addition, since Altarea and two of its subsidiaries, Altareit and NR 21, are listed on Euronext Paris, they are subject to the constraints of stock market law, in particular in terms of transparency and the processing of information, particularly in the context of financial transactions, under the supervision of the Autorité des Marchés Financiers. Failure to comply with these requirements would expose these companies to penalties and could damage their image.	**Property Legal Department** The Property Legal Department provides support for first-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 and building permits), construction law and commercial lease law, as well as, in general, all aspects of property, intellectual property, consumer and insurance law. The Property Legal Department 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. Finally, training sessions are regularly delivered to employees to raise their awareness of legal risks. **Corporate Legal Department** The Corporate Legal Department ensures compliance with the social life of the Altarea Group. It provides support to the Group's operational staff to define, create and operate the corporate structures or arrangements for transactions, and to negotiate corporate agreements with external partners in conjunction with the PLD, with the help of specialized law firms if necessary. All of the Group's shareholdings and corporate offices are managed using *a* management software suite for 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. Finally, the Corporate Legal Department is in charge of setting up and monitoring delegations of authority.

5.2.5.2 Risk of legal action for noncompliance with safety/employment law

Risk factors	Risk control systems
Based on the large number of property projects underway, the Altarea Group is a major builder. In a situation where it is increasingly difficult to find approved construction companies able to handle complex projects, as the project manager the Group's liability could be incurred should an accident occur. Indeed, site employees carrying out construction work are potentially exposed to this type of risk.	To prevent the risk of accidents, especially on site, or at the very least to limit the occurrence and severity of any accidents, action has been taken which includes the systematic use of specialist safety operators (health and safety officers and security coordinators), audits and ad hoc site checks. In addition, the Group ensures it complies with its legal obligations as a project manager: monitoring the construction companies to ensure they are meeting their contractual obligations, checking the subcontractors' approval applications are complete and all administrative documents are properly updated.

5.2.6 Social, environmental and governance risks

5.2.6.1 Security, health and public safety risks

Risk factors	Risk control systems
Security Malicious acts against the Group's employees, sites and assets, or even customers, constitute major risks to the Sustainability of the Company's activities. Malicious acts can come in various forms, ranging from simple incivility to an act of terrorism, and include 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. Thus, a breach in the safety of property and people can have an impact on footfall in shopping centres through a loss of confidence but also on the Group's image, particularly with regard to urban real estate projects and the operation of serviced residences. These events are therefore likely to harm the Group's financial capacities or to engage the Company's liability vis-à-vis its stakeholders.	The Group Security Department defines, deploys, controls and adapts the overall security policy based on five points: ▪ a policy adapted to the Group's assets based in particular on physical measures and processes for reporting information or access management, controls of sensitive areas, video surveillance, etc. ▪ constant interaction with national and local police services in order to monitor the existence and evolution of threats in real time, both for shopping centres and for the Group's building sites or employees; ▪ training employees and raising safety awareness, as well as upgrading centre management skills; ▪ crisis management: a defined policy, alert tools and procedures; ▪ recurring audits on the Group's various assets to diagnose and make necessary changes to reflect changing circumstances. In addition, tests and exercises are carried out in the shopping centres to upgrade systems and adapt the Group's response to potential changes in the threat.
Health and public safety As Altarea owns and manages establishments open to the public, Altarea assets are exposed to public health, safety and security issues, which could have a negative impact on its business, prospects and reputation, or create a liability towards its employees or customers. 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.	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 (asbestos, legionaires' disease, termites). 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: ▪ for sites covered by the ICPE nomenclature, the Group arranges regular maintenance and periodic checks, which limits the impact of the assets on the environment and the nuisance to users and local residents. ▪ diagnostics on the accessibility of common areas and work to bring them into compliance, if necessary, were carried out on 100% of assets whose building permit was issued before 1 January 2007. Shopping centres built since 2007 are compliant from the outset. ▪ 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. ▪ with regard to air quality, Altarea complies with regulations and ensures the safety of ventilation systems by checking and maintaining them. ▪ 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. ▪ half 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. Lastly, most centres are located in areas of low or very low seismic activity.

5.2.6.2 Risks related to the Group's information systems

Risk factors	Risk control systems
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, the Altarea Group could be affected by events (accidents or service failures) outside of its control which could lead to interruptions in its data flows, loss of data 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 cyberattacks 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.	The management of IT risks within the Altarea Group is carried out by the Security Department to which the Head of Information Systems Security (RSSI) reports and results in: ▪ monitoring compliance with the security policy meeting the needs of the Group (ISSP); ▪ the development of a cybersecurity culture within the Company, through communications, awareness-raising and training for employees; ▪ ensuring IT security is taken into account early on in projects by accompanying the business application managers from the design phase onwards; ▪ the implementation of best practice and procedures for managing users and business applications, and the periodic review of rights, in coordination with the IT Department. Within the IT Department, the Head of Operational Security (RSO) works in close collaboration with the RSSI. His role is to implement the ISSP and monitor and supervise the various aspects of IS security, while contributing in raising awareness and training employees on the challenges of information systems security. In addition, a procedure for managing cyber incident alerts also allows real-time processing of events according to their severity. Moreover, determined to enhance system security, the Group Information Systems 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 through the creation of remedial plans or security recommendations. These remediation plans are monitored on a monthly basis. Lastly, the Group takes out insurance to cover cyber risks.

5.2.6.3 Social risks

Risk factors	Risk control systems
The Group's ambitious goals are partly dependent on its 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 new recruits are from very varied backgrounds. 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. Some key positions are held by directors whose departure could affect the Group. It cannot be guaranteed that the Group will be able to retain these directors, and some of them could also take advantage of their retirement rights, which would have a negative effect on business.	The Altarea Group, through different action plans, is implementing a human resources policy to address the following employment risks: ▪ in terms of recruitment: the diversification of recruitment sources and techniques, the involvement and complementarity of action in the recruitment processes of both operational managers and HR teams, combined with the strong emphasis on internal mobility, make it possible to satisfy the Group's recruitment needs; ▪ in terms of induction: induction is one of the most important aspects of HR policy. A formal induction interview and a collective seminar are essential steps to the success of many new hirings within the Group. On this occasion, the members of the Executive Committee explain and share their vision of the business; ▪ in terms of training: the Group's "learning company" vision seeks to make everyone an actor in and author of their professional career through a "Talent Developer Academy", based on a strategic skills development plan defined around the issues affecting each business line. The Group finances large-scale initiatives such as our business lines training, our managerial paths and a collaborative digital academy with numerous learning modules. Supporting young people through ever greater numbers of work-study contracts is also a major challenge for the Group; ▪ in terms of loyalty, the Group's salary policy through the "Tous en Actions!" scheme showcases the performance recognition system and enables everyone to build up significant assets. Furthermore, an "Altawellness" offer designed for the Group's workforce has been launched. The offer enables each employee to access platforms concerning well-being in the workplace; ▪ in terms of succession: an annual talent review updates the Group's talent pool and succession plan. Appraisals, coaching and certification courses are used to support strategic positions.

5.2.6.4 Image risk

Risk factors	Risk control systems
The growing use of social media increases the risk of exposure to criticism or negative messages and accelerates their dissemination. The Group could therefore be confronted with situations/events (construction site accidents, delivery delays, customer and employee dissatisfaction) whose impacts could damage its reputation and its image vis-à-vis its stakeholders.	To prevent this, a guide to the good use of social media at work has been developed and distributed to the Group's employees. In addition, the Group has monitoring, detection and reaction mechanisms, mainly involving tools distributed to employees, to anticipate and manage its image and reputation risks: ▪ social media monitoring by community managers; ▪ daily monitoring of disputes and complaints, including assessment of reputational impact; ▪ a crisis communication plan and corresponding training for directors; ▪ conducting customer satisfaction surveys, particularly in the Residential division, at two key points in the purchasing process, and monitoring the recommendation rate (Altarea was voted Customer Service of the Year for the fourth consecutive year); ▪ monthly meetings organized with tenants of serviced residences; ▪ quantitative and qualitative customer surveys conducted in shopping centres to improve the customer satisfaction index; ▪ satisfaction surveys carried out among shopping centre brands to better identify their expectations (Retailers' Pact).

5.3 Insurance

5.3.1 General policy for insurance coverage

The Group's insurance coverage policy aims to protect Company and employee assets. The Internal Control Department, supervised by Executive Management, 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 quantification 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.

5.3.2 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 2020. These policies were valid as of the release date of this Document. 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 2020, the overall budget for the Altarea Group's main insurance policies (excluding social coverage, Spain and Italy but including construction insurance) was estimated at more than €20 million.

- **Properties in operation**: the Group is insured by CHUBB 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 1 January 2021, 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. 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 MMA.
- **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".

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 Group Finance Department who contributed to writing it. This report was examined by the Audit Committee at its meeting on 24 February 2021 and approved by the Supervisory Board at its meeting on 25 February 2021.

The Company has adopted the Corporate Governance Code of 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 January 2020. 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.

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 significant commitments and investments/divestments.
Dialogue with shareholders	4	Shareholder relations, particularly on governance-related matters, falls within the remit of management assisted by the operational teams, primarily the Financial Communications Department. The Supervisory Board considers the current procedure to be satisfactory in view of the mode of operation of the partnership limited by shares.
Evaluation of the Board of Directors	10	Each year, the Supervisory Board conducts a wide-ranging review of its workings and how these might be improved. A formal evaluation system involving an external consulting firm was decided on by the Board at its meeting of 25 February 2021 and will be implemented in the course of 2021.
Board meeting without the presence of the corporate officers	11.3	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	14	In a société en commandite par actions (a French 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	17	In a société en commandite par actions (a French partnership limited by shares), Managers are appointed by the General Partners and the Supervisory Board examines itself questions relating to its composition. In a société en commandite par actions (a French 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.

6.2 Composition and practices of the administrative, management and supervisory bodies

As Altarea is a partnership limited by shares, it is overseen and managed by its Management and its ongoing management control is carried out by the Supervisory Board.

It comprises two categories of partners:

- a General Partner, indefinitely responsible for social debts to third parties;
- Limited Partners, who are in the same position as the shareholders of a public limited company: their shares may be traded under the same conditions and their liability is limited to the amount of their contribution.

6.2.1 Management

Composition

The Company is jointly directed and managed by Alain Taravella and the companies Atlas and Altafi 2, of which he is Chairman, the latter being the Company's only General Partner. Altafi 2 is also directed by Jacques Ehrmann, who is Manager of Altarea Management, a wholly-owned subsidiary of Altarea.

Alain Taravella

Co-Manager – Chairman of Altafi 2 and Atlas

Alain Taravalla 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 where he was appointed Chief Executive Officer in 1985. In 1994, he founded the Altarea Group, which he has been managing 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.

Altafi 2

Co-Manager

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. Jacques Ehrmann was appointed General Manager of Altafi 2 from 1 July 2019. Alain Taravella's sons, Gautier and Matthieu Taravella are also General Managers of Altafi 2 since 21 February 2019.

Jacques Ehrmann

Manager Altarea Management – General Manager of Altafi 2

Jacques Ehrmann, a French citizen, was born in 1960. A graduate of HEC (École des Hautes Études Commerciales), he began his career as General Secretary of Hôtels Méridien in 1989. He then joined the Executive Management of Euro Disney (1995-1997) and Club Méditerranée (1997-2002). In 2003 he joined the Casino Group as CEO for property and development, where he led the creation of Mercialys and Green Yellow, where he held the position of Chairman and Chief Executive Officer for seven years. In 2013, Jacques Ehrmann joined Carrefour Group's executive management as executive director for Portfolio, Development and Innnovation. In April 2014, he was also appointed Chairman and Chief Executive Officer of Carmila, a REIT specialised in shopping centres. In July 2019, Jacques Ehrmann joined the Altarea Group as CEO of Altarea, and more specifically, as Manager of Altarea Management, a wholly-owned subsidiary. He is also Chairman of the French federation of shopping centres (Conseil National des Centres Commerciaux – CNCC).

Atlas

Co-Manager

Atlas is a simplified public limited company (*société par actions simplifiée*) with share capital of €61,000, whose registered office is 87 rue de Richelieu, 75002 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. As of 31 December 2020, Atlas did not own any shares in Altarea.

List of corporate offices held at 31 December 2020

	Corporate offices held at 31 December 2020		
Executive officers	**Within the Group**	**Outside the Group**	**Corporate offices expired over the last 5 years**
Alain Taravella Co-Manager – Chairman of Altafi 2 and Atlas	■ Chairman of the Supervisory Board: Altarea France SNC♦; ■ Chairman: Foncière Altarea SAS♦; ■ Director: Pitch Promotion SAS♦; ■ Observer on the Supervisory Board: Woodeum SAS♦; ■ Representative of Altafi 2, Chair: Altarea♦■[a]; NR21♦■; Altareit♦■[b]	■ Chairman: Altafi 2; Altafi 3; Atlas; Altafi 5; Altafi 6; Altager; AltaGroupe (Chair of Alta Patrimoine and Manager of SCI Sainte Anne); ■ Permanent Representative of Altarea, Director: Semmaris; ■ Representative of Alta Patrimoine, Manager: SNC ATI; SCI Matignon Toulon Grand Ciel; SNC Altarea Commerce	■ Chairman: Alta Patrimoine; ■ Manager: Altarea Cogedim Entreprise Holding♦; ■ Chairman of the Supervisory Board: Cogedim SAS; ■ Director: Alta Blue♦; Pitch Promotion SA♦; ■ Representative of Altarea, Chair: Alta Delcassé♦; Alta Rungis♦
Jacques Ehrmann Manager of Altarea Management – General Manager of Altafi 2	■ Manager: Altarea Management SNC♦; Cogedim Gestion SNC♦; Cogedim Developpement♦; Cogedim Citalis♦; Cogedim Entreprise♦; ■ Representative of Altafi 2, Chair: Altarea♦■[a]; NR21♦■; Altareit♦■[b] ■ Supervisory Board member: Woodeum SAS♦; Financière SPL♦; ■ Director: Pitch Promotion SAS♦;	■ General Manager: Altafi 2 ■ Member of the Management Board: Frojal (SA) ■ Chairman: Tamlet (SAS); CNCC (Conseil National des Centres Commerciaux). ■ Supervisory Board member: Edmond de Rothschild (France) ■ Co-Manager: Jakerevo (SCI) and Testa (SC)	■ Chief Executive Officer and Strategic and Investment Committee member: Carmila■ ■ Chief Executive Officer: Carmila SAS ■ Chairman: Cogedim SAS♦; ■ Director: Edmond de Rothschild S.A; Atacadao SA• (Brazil); Carrefour Property España• (Spain); Carrefour SA• (Turkey) ■ Chairman of the Board of Directors: Carrefour Property Italia• (Italy) ■ Member of the Management Committee and the Appointments Committee: Adialéa (SAS) ■ Member of the Strategy Committee and the HR Committee, Chairman of the Audit Committee: Atacadao SA•■ (Brazil) ■ Supervisory Board member: Frojal (SA)
Altafi 2 Co-Manager	■ Manager of SCA: Altareit♦■[b] ■ Managing General Partner of SCA: NR21♦■	None	None
Atlas Co-Manager	None	None	None

(a) Altarea is notably Manager of Foncière Altarea Montparnasse♦, Chair of Alta Blue♦ (Chair of Aldeta♦), Alta Développement Italie♦ and Alta Mir♦, and Co-Manager of foreign companies: Alta Spain Archibald BV♦•, Alta Spain Castellana BV♦•, Altalux Spain♦• and Altalux Italy♦•
(b) Altareit is Chair of Cogedim♦, Alta Faubourg♦, Alta Penthièvre♦, Alta Percier♦ and Alta Concorde♦

The Company share capital and voting rights held by Alain Taravella and Jacques Ehrmann as at 31 December 2020 are listed in Section 7.1.6 below.

♦ Altarea Group company ■ Listed company • Foreign company.

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 corporate officers that 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

The only General Partner is Altafi 2, which is also Co-Manager. Full details below in Section 6.2.1.

Appointment and termination of office

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

3 specialized committees of the Supervisory Board

Christian de Gournay
Chairman of the Supervisory Board
End of term of office - AGM 2025

Najat Aasqui
Permanent representative of Predica
Member related to CAA Group
End of term of office - AGM 2025

Marie-Catherine Chazeaux
Member representing employees
Term expires - 20/09/2021

Alain Dassas
Permanent Representative of ABP (APG)
Independent member
End of term of office - AGM 2025

Françoise Debrus
Member related to CAA Group
End of term of office - AGM 2025

Eliane Frémeaux
Independent member
End of term of office - AGM 2025

Alta Patrimoine
Member related to Founders' concert
End of term of office - AGM 2022

ATI
Member related to Founders' concert
End of term of office - AGM 2021

Bertrand Landas
Member representing employees
Term expires - 16/10/2021

Philippe Mauro
Supervisory Board member
End of term of office - AGM 2024

Jacques Nicolet
Member related to Founders' concert
End of term of office - AGM 2025
C

Léonore Reviron
Member related to Founders' concert
End of term of office - AGM 2022

Michaela Robert
Independent member
End of term of office - AGM 2022

Dominique Rongier
Independent member
End of term of office - AGM 2021
C C

ALTAREA

Audit Committee
6 Members
2/3 independent

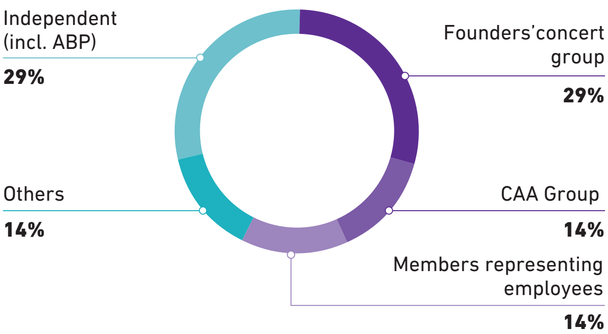
Compensation Committee
3 Members
2/3 independent

Investment Committee
5 Members
25% independent

Audit Committee · Compensation Committee · Investment Committee · C = Committee Chairman

Number of members	Board independence	Attendance rate	Average age	Average seniority
14	+33%	96%	60 years	7 years

A balanced composition



6.2.3.1 Composition

Summary table at 31 December 2020

Name	Permanent Representative	Age	Gender	First appointed	Latest reappoint-ment	Expiration of term[a]	Inde-pendent	Participation in a committee: Audit Com-mittee	Participation in a committee: Compen-sation Committee	Participation in a committee: Investment Committee	Atten-dance[b]
Christian de Gournay *Chairman of the Board*	-	68	H	05/03/2014	23/05/2019	AGM 2025				√	100%
ABP (APG) *Independent member*	Alain Dassas	74	H	20/11/2015	23/05/2019	AGM 2025	√	√	√	√	100%
Alta Patrimoine *Member*	-	-	-	02/03/2020	-	AGM 2022					-
ATI *Member*	-	-	-	20/05/2009	05/06/2015	AGM 2021					100%
Marie-Catherine Chazeaux *Member representing employees*	-	51	F	20/09/2018	-	20/09/2021					100%
Françoise Debrus *Member*	-	60	F	20/05/2009	23/05/2019	AGM 2025		√			100%
Eliane Frémeaux *Independent member*	-	79	F	27/06/2013	23/05/2019	AGM 2025	√	√			100%
Bertrand Landas *Member representing employees*	-	63	H	16/10/2018	-	16/10/2021					67%
Philippe Mauro *Member*	-	64	H	26/02/2019	-	AGM 2024			√	√	100%
Jacques Nicolet *Member*	-	64	H	26/06/2007	23/05/2019	AGM 2025				√[c]	100%
Predica *Member*	Najat Aasqui	38	F	26/06/2007	23/05/2019	AGM 2025				√	100%
Léonore Reviron *Member*	-	35	F	26/02/2019	-	AGM 2022		√			100%
Michaela Robert *Independent member*	-	51	F	15/04/2016	-	AGM 2022	√	√			100%
Dominique Rongier *Independent member*	-	75	H	20/05/2009	05/06/2015	AGM 2021	√	√[c]	√[c]		100%

(a) Year of the Ordinary General Shareholder' Meeting.
(b) Attendance rate at The Meetings of the Supervisory Board and its committees in the 2020 financial year.
(c) Committee Chairman

Changes since 1 January 2020

Date	Name	Event
02/03/2020	Alta Patrimoine	Co-optation by the Supervisory Board to replace Marie-Anne Barbat Layani, ratified by the General Meeting of 30 June 2020
25/02/2021	Philippe Jossé	Appointed by ATI as permanent representative on 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 believes that it is satisfactory insofar as it comprises:

- six women and six men
- two members representing employees
- four independent members, *i.e.* a third 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 and business lines[2]

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 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 2020, the Supervisory Board was comprised of 50% women and 50% men[3] 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 Board, one by the Altarea ESU Works Committee and the other by the Cogedim ESU Works Committee, in accordance with the terms set out in Article 15.6 of the Articles of Association.

Average age of the members

At 31 December 2020, the average age of the Supervisory Board members was 60.

(1) Excluding members representing employees 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 ATI (until 25 February 2021, when Philippe Jossé was appointed as permanent representative) and Alta Patrimoine, which do 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 9.5 of the code, in its revised version of January 2020, 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	Not to 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	Not to 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	Not to have a close family link with a corporate officer.
Criteria 5	Not to have been a Statutory Auditor of the Company in the previous five years.
Criteria 6	Not to have been a Company director during the previous 12 years.
Criteria 7	Not to 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 25 February 2021.

Based on the aforementioned independence criteria, the Board has concluded that five of its members – Alain Dassas, Eliane Frémeaux, Michaela Robert, Dominique Rongier and Christian de Gournay – can be considered to be independent. This equates to more than one third of the Board members (excluding employee representatives) which is in line with the Afep-Medef Code recommendations.

In accordance with AMF recommendation no. 2012-02, the table below sets out the position of the Board members vis-à-vis the Afep-Medef Code independence criteria (excluding members representing employees 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	–(1)	√	√	√	√	√	√	√	√(1)
Alain Dassas – ABP (APG)	√	√	√	√	√	√	√	√	√
Eliane Frémeaux	–(2)	√	√	√	√	√	√	√	√(2)
Philippe Mauro	-	-	√	√	√	√	√	√	-
Michaela Robert	√	√	√	√	√	√	√	√	√
Dominique Rongier	–(2)	√	√	√	√	√	√	√	√(2)

(1) Christian de Gournay is also Chairman of the Supervisory Boards of subsidiaries Altareit, 99.63%-owned by the Company, and of NR21, 96.52%-owned. The Board believes that these mandates within a supervisory body of the Company's subsidiaries are unlikely to give rise to conflicts of interest or impair his independence. The Board also noted that as of 1 January 2021, his last term of office as an executive officer in a subsidiary of the Company had expired more than five years ago.

(2) Eliane Frémeaux and Dominique Rongier are also members of the Supervisory Board of Altareit, a 99.63%-owned subsidiary of the Company, and the Supervisory Board of NR21, an 96.52%-owned subsidiary of the Company. The Supervisory Board does not believe that this mandate with a controlling body of a Company subsidiary will lead to conflicts of interest or undermine the independence of these directors. Besides, they have never had a significant business relationship with the Company or held an executive office or employee position in the Group. They do not represent any shareholders.

Presentation of Board members

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 (HEC) and of the École Nationale d'Administration (ENA), 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 property 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 31/12/2020: 256,815[(1)]

Other corporate offices held at 31/12/2020

Corporate offices within the Group:

- Chairman of the Supervisory Board of SCA: Altareit♦■; NR21♦■

Corporate offices outside the Group:

- Manager: SCI Schaeffer-Erard;
- Director: Opus Investment BV•

Corporate offices expired over the last five years: None

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 worked 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 31/12/2020

Corporate offices within the Group:

- Deputy Secretary of the Cogedim Economic & Social Unit (ESU) Social & Economic Committee (SEC)

Corporate offices outside the Group: None

Corporate offices expired over the last five years: None

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 the Dutch company Stichting Depositary APG Strategic Real Estate Pool by co-option 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 ESCP, with Master's degrees in Econometrics and Management Science from Stanford. He began his professional career in 1973 at Chase Manhattan in Paris and then in New York. He joined Renault in 1983 where he held several management positions, including Head of Renault Capital Development in the United States, Head of Mergers and Acquisitions, Head of Financial Services and a member of the Renault Management Committee in France. He was one of the key players in the initiation and implementation of the Renault/Nissan Alliance and was in charge of the financial aspects of the group's main acquisitions (Moskvitch, etc. Dacia, Paccar, Volvo Trucks, Samsung Motors, Benetton Formula One, Lada, Chrysler). In 2006 and 2007, in addition to his finance duties, he was Chairman of Renault F1 Team. In 2007, he was appointed Chief Financial Officer and member of the Executive Committee of Nissan Motor Company in Tokyo. Since June 2010, he has been Director of Dassas Consulting, a strategic and financial consulting firm in Paris. He is also a member of the International Coaching Federation and advises several start-ups.

Number of Altarea shares held at 31/12/2020: the APG Group held 1,428,777 Altarea shares and Alain Dassas personally held no shares in Altarea.

Other corporate offices held at 31/12/2020

- Director: Dassas Consulting SAS
- Director: RCI Finance Maroc

Corporate offices expired over the last five years: None

Alta Patrimoine

Supervisory Board member

Alta Patrimoine is a simplified public limited company (*société par actions simplifiée*) whose registered office is at 87 rue de Richelieu, 75002 Paris, and which is registered with the Paris Trade and Companies Registry under the number 501 029 706. It is chaired and wholly owned by AltaGroupe, itself controlled by Alain Taravella.

Number of Altarea shares held at 31/12/2020: 1

Other corporate offices held at 31/12/2020: None

Corporate offices expired over the last five years:

- SCA Supervisory Board member : Altarea♦■; Altareit♦■

(1) Directly and indirectly, via Opus Investment BV.

♦ Altarea Group company ■ Listed company • Foreign company.

ATI

Supervisory Board member

ATI is a general partnership with share capital of €10,000, whose registered office is at 87 rue de Richelieu, 75002 Paris, and which is registered with the Paris Commercial and Companies Registry under the number 498 496 520. Its Manager is Alta Patrimoine, itself controlled by Alain Taravella. ATI held no other corporate office at 31 December 2020 and had no corporate office expired in the last 5 years.

Philippe Jossé

Permanent representative of ATI since 25 February 2021

A French national born in 1955, Philippe Jossé is a graduate of the Institut Politique (IEP) de Paris and the Institut des Hautes Etudes de Droit Rural et d'Economie Agricole de Paris. He began his career in 1979 within the Bouygues Group rising to manage Residential Property France at Bouygues Immobilier, after having been Regional Director of South West, then Director of Europe and managed several european subsidiaries of the Group. In 2013, he joined Sogeprom as Deputy Head of the Retail division, where he notably managed the subsidiaries Urbanisme et Commerce and Urbi & Orbi. With more than 35 years' experience in property development, he joined the Altarea Group in 2015 where he was successively Chief Executive Officer and Chairman of Cogedim, before becoming Chairman of the Altarea Promotion division, which he created and ran until 2020.

Number of Altarea shares held on 12/31/2020: ATI held one share and Philippe Jossé personally held 15,823 shares in Altarea.

Other corporate offices held at 31/12/2020

- Supervisory Board member: Woodeum♦
- Manager: GFA Domaine des Chalonges

Corporate offices expired over the last five years

Corporate offices within the Group:

- Chairman of the Board and Management Board: Cogedim SAS
- Manager: Cogedim Gestion SNC♦; Cogedim Développement SNC♦; Cogedim Citalis SNC♦; Cogedim Entreprise SNC♦; Altarea Cogedim Régions SNC♦; Altarea Cogedim Grands Projets SNC♦; Altarea Partenaire SNC♦; Cogedim Régions SNC♦; Cogedim Grand Paris SNC♦
- Supervisory Board member: Financière SPL SAS♦; Histoire & Patrimoine SAS♦
- Member of the Board of Directors: Pitch Promotion SAS♦

Corporate offices outside the Group:

- Co-Manager: SCEA Domaine de l'Aurée

Françoise Debrus

Supervisory Board member

French national, born in Paris's 12th arrondissement, Françoise Debrus is a graduate of the École Nationale du Génie Rural des Eaux et des Forets and the Institut National Agronomique Paris-Grignon. 1984-1987: Head of the economy and agricultural production department at the French Ministry of 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 31/12/2020: 8

Other corporate offices held at 31/12/2020

- Director: Cassini; Comexposium
- Permanent representative of CAA/Predica, Director: Korian▪; Aéroport de Paris▪; Semmaris; La Française des Jeux▪

Corporate offices expired over the last five years

- Director: Beni Stabili▪•; Foncière Développement Logement▪; Ramsay Santé
- Supervisory Board member: Covivio Hotels▪
- Censor: Frey▪
- Permanent representative of CAA/Predica, Director: Eurosic▪; Ramsay Santé; Générale de Santé▪

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 for 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 31/12/2020: None

Corporate offices expired over the last five years

- Employee representative and member of the Works Committee and the Health, Safety and Working Conditions Committee of the Altarea ESU

♦ Altarea Group company ▪ Listed company • Foreign company.

Eliane Frémeaux

Supervisory Board member

Eliane 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, Eliane Frémeaux is a member of the Legal Studies Institute of the Conseil Supérieur du Notariat. She was a member of the Joint Ownership Commission representing the Conseil Supérieur du Notariat at the Chancellery and of the Commission on Polluted Sites and Soils within the Conseil Supérieur des Installations Classées. 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). Eliane 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 31/12/2020: 430

Other corporate offices held at 31/12/2020

- Co-Manager: SCI Palatin
- Member of the Supervisory Board of SCA: Altareit♦■; NR21♦■

Corporate offices expired over the last 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 as Corporate Secretary until 2018.

Number of Altarea shares held at 31/12/2020: 9,102

Other corporate offices held at 31/12/2020

- Director of SAS: Pitch Promotion SAS♦

Corporate offices expired over the past five years:

- Manager: Altarea Management♦; Altarea Enterprise Management♦
- Director of foreign companies: Altarea España Sl♦•;

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 Programme 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. He created and headed the Everspeed group, active in the automotive sector in France and abroad.

Number of Altarea shares held at 31/12/2020: 9,039[(1)]

Other corporate offices held at 31/12/2020

Corporate offices in the Group:

- Member of the Supervisory Board of SCA: Altareit♦■; NR21♦■

Corporate offices outside the Group:

- Chairman of SAS: Everspeed; Ligier Automotive; Damejane Investissements; Ecodime
- Chief Executive Officer: SAS Circuit du Maine;
- Manager: SCI Damejane; SNC JN Participations
- Representative of Everspeed, Chairman: SAS Immobilière Damejane; SAS Everspeed Asset (Manager SCI Les Fleurs); SAS Everspeed Media; SAS Shootshareshow; SAS DPPI Media; SAS DPPI Production; SAS Onroak Automotive Classic and SAS Proj 2018
- Representative of Everspeed, Chairman and Director of SAS Everspeed Composites;
- Representative of Everspeed, Chief Executive Officer of SAS AOT Tech and SAS Les 2 Arbres;
- Representative of Everspeed, Manager of SCI Immotech;
- Chairman and/or Director of foreign companies: Everspeed Connection•; HP Composites Spa•; Carbon Mind Srl•
- Representative of Everspeed, Chairman of the foreign company Ecodime Italia Srl•

Corporate offices expired over the last five years

- Supervisory Board member: Altarea France SNC♦; Cogedim SAS♦
- Permanent Representative of Alta Rungis♦, Director: Semmaris
- Manager: SCI 14 rue des Saussaies
- Director of foreign companies: HPC Holding•
- Representative of Everspeed Motorsport, Chairman: SAS Oak Racing
- Representative of Everspeed, Chairman of: SAS Onroak Automotive; SAS Sodemo; SAS Ecodime; SAS Everspeed Learning; SAS Ecodime Academy; SAS Oak Invest; SAS HP Composites France; SAS Everspeed Technology; SAS Onroak Collection and SAS Proj 2017.
- Permanent representative of Ecodime, Chairman: Mind Values
- Representative of Everspeed, Chairman of SAS Everspeed Asset: Manager of SCI Innovatech

♦ Altarea Group company ■ Listed company • Foreign company.

(1) Directly and indirectly, through the company Everspeed which he controls.

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.

Najat Aasqui

Permanent representative of Predica

Najat Aasqui, a French national born in 1982, has a post-graduate degree (DESS) in Banking, Finance and Insurance (Paris X Nanterre) and a Master's in Economy (Lille 1). She joined the Crédit Agricole Assurances (CAA) Group in 2017 as investments officer (Private Equity and listed equity) for several sectors including listed real estate. Since March 2019 Najat Aasqui has been Head of the Listed Equity and Real Estate Investment Portfolios of the CAA Group. She had previously held various corporate banking positions, most significantly in acquisition funding at the Crédit Agricole Group.

Number of Altarea shares held at 31/12/2020: Predica held 4,274,297(1) shares and Najat Aasqui herself held no shares.

Other corporate offices held at 31/12/2020

- Member of the Supervisory Board of SCA: Covivio Hotels▪
- Permanent representative of Predica, member of the Supervisory Board, Audit Committee and Compensation and Nomination Committe: Argan▪
- Director: Société Foncière Lyonnaise

Corporate offices expired over the last five years: None

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.

Number of Altarea shares held at 31/12/2020: 3,108

Other corporate offices held at 31/12/2020

- Member of the Supervisory Board of SCA: Altareit♦▪; NR21♦▪

Corporate offices expired over the last five years

- Permanent representative of Alta Patrimoine, Supervisory Board member of Altareit ▪
- Permanent representative of ATI, Supervisory Board member of Altarea♦▪

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 31/12/2020: 1

Other corporate offices held at 31/12/2020

- Chief Executive Officer: Finae Advisors SAS
- Director: Paref▪

Corporate offices expired over the last five years: None

Dominique Rongier

Supervisory Board member

A French national, born in Paris's 16th arrondissement in 1945, Dominique Rongier graduated from HEC in 1967 and was successively: auditor at Arthur Andersen (1969-1976), Chief Financial Officer at Brémond -Pierre & Vacances Group (1976-1983); Chief Financial Officer of Groupe de Brossette SA (1983-1987); In 1987, he designed and set up a holding company for the Carrefour group; General 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 sector (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 U.S. 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 31/12/2020: 14

Other corporate offices held at 31/12/2020

- Member of the Supervisory Board of SCA: Altareit♦▪; NR21♦▪

Corporate offices expired over the last five years

- Manager: DBLP & Associés
- Director: SA Search Partners

♦ *Altarea Group company* ▪ *Listed company* • *Foreign company.*

(1) *To the best of the Company's knowledge - Direct and indirect ownership of the Crédit Agricole Assurances Group, of which Predica is a part.*

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 and 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 in question. It also draws up an annual corporate governance report.

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. The Board is consulted:

- prior to any significant investment or divestment by Altarea likely to change the structure of the Company's balance sheet, and any transaction involving more than 50 million euros in the SIIC sector, and
- on Altarea's financing policy, in particular the total amount of bank or bond debt.

With the entry into force of the Order of 27 November 2019 on compensation of the corporate officers of listed companies, implementing the Pacte Act of 22 May 2019, the Supervisory Board has been granted additional powers: over compensation policy for Managers and Board members and determining the components of the compensation of these corporate officers, taking over from the General Shareholders' Meeting which until then had direct responsibility for fixing the components of management's compensation for a three-year period pursuant to the Company's Articles of Association (see Section 6.3.1.1 below).

Notice of Meeting

The Company's Articles of Association provide that Board members are 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, 87 rue de Richelieu in Paris (75002). In accordance with Article 16.3 of the Articles of Association, members may be invited to take part in meetings by videoconference or by any other means of telecommunication enabling the members to be identified, guaranteeing their effective participation in the Board meeting and allowing live streaming of the discussions and deliberations.

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 2019. 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.

In particular, it reminds members of their legal obligations with regard to declarations of transactions carried out on the Company's securities by themselves or by persons close to them.

In accordance with the rules of procedure, transactions in the Company's securities are not authorised during:

- the 30 calendar days preceding the publication of Altarea's annual and half-year results and up to and including the trading day of the publication;
- the 15 calendar days preceding the public release of financial information on the first and third quarters of each financial year and up to and including the trading day of the publication; and
- in any circumstances, where inside information is held until the publication of this information.

Each blackout period is notified a few days beforehand by e-mail to the persons concerned.

Compliance with the rules of confidentiality and conflicts of interest is one of the essential rules of procedure.

The rules of procedure are given to each member of the Board when they take office and after each change.

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 2020

In 2020, the Board met three times. The attendance rate was 93%. The following key topics were discussed at these meetings:

- Meeting of 2 March 2020:

Examination of the annual Company and consolidated financial statements and the business review for the year ended 31 December 2019. Proposed appropriation of earnings at the Annual Ordinary General Meeting. Information on free share plans. Say on Pay: opinion on the compensation policy for the Management, approval of the compensation policy for the Supervisory Board and setting of the compensation components of these bodies for 2020 subject to the approval of the above-mentioned policies by the 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. Examination of the Declaration on Extra-Financial Performance (DPEF). Review of the agenda and the text of the draft resolutions submitted to the Combined General Meeting of Shareholders called to approve the 2020 financial statements. 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: changes in the composition of the Board, annual deliberation 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 independence criteria for members of the Supervisory Board and specialist committees, adoption of a procedure for evaluating agreements relating to current transactions carried out under normal terms and conditions. Review of related-party transactions already authorised by the Board.

- Meeting of 19 May 2020:

Update on the business and financial resources of the Company and the Group. Review and recommendation to be given on investment projects. Amendment of the proposed appropriation of income for the financial year 2020 to be submitted to the Ordinary General Meeting to take into account the new circumstances created by the Covid-19 pandemic in light of the financial information for the first quarter 2020 and details on the impact of the lockdown and the Group's business outlook. Acknowledgement of the waiver by the Executive Management of part of their remuneration in view of the health crisis. Waiver of compensation due to members for their attendance at this meeting, demonstrating the Board's solidarity with the Company.

- Meeting of 6 August 2020:

Review of the half-yearly financial statements at 30 June 2020 and the half-year financial statements. Update on business performance, financial performance and outlook, particularly with regard to the health crisis. Review of forecast management documents.

Specialist committees

Article 18 of the Articles of Association allows the Supervisory Board to delegate tasks to specialist 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 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,
- Najat Aasqui, representing Predica,
- Christian de Gournay,
- Philippe Mauro,
- Éric 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.).

Tasks

Pursuant to the new text of Article 17.8 of the Articles of Association adopted by the Extraordinary General Meeting of Shareholders on 30 June 2020, the Executive Management must seek an opinion from the Supervisory Board prior to the Company making any significant investment or divestment of an amount that would change the Company's balance sheet structure, and any investment or divestment over €50 million in the SIIC sector.

In this context, the Supervisory Board has entrusted the Investment Committee and its Chairman with the following tasks:

- prior instruction by the Chairman of the Investment or Divestment Committee regarding the consultative opinion required by Article 17.8;
- issuance by the Investment Committee of a consultative opinion, under powers delegated by the Supervisory Board, on investments or divestments involving less than €150 million, provided that the Supervisory Board retains the possibility of issuing these opinions directly without going through the Investment Committee.

Work of the Committee

The Investment Committee did not meet in 2020 because all investment and divestment opportunities were reviewed by the full Supervisory Board.

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 members together with their skills and experience relevant to the Committee's responsibilities are as follows:

- 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, representative of ABP (APG) Fund, 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 Head of management control and then Head of financial management 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.
- Eliane 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. She was also a member of the Joint Ownership Commission representing the Conseil Supérieur du Notariat at the Chancellery and of the Commission on Polluted Sites and Soils within the Conseil Supérieur des Installations Classées.
- Léonore Reviron is a graduate of 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.

Independance

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 16.1 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 16.1 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 2020 financial year, the Committee met twice to examine the following points:

- Meeting of 28 February 2020: examination of the financial statements at 31 December 2019, review of the main activities in terms of internal control and risk management undertaken during the second half of 2019, real estate appraisals, delivery of the work of the Statutory Auditors; review and approval of the Statutory Auditors' half-yearly report on services provided other than the audit of the financial statements;
- Meeting of 4 August 2020: review of the half-year financial statements at 30 June 2020; presentation of the 2021 audit plan; real estate appraisals; review and approval of the Statutory Auditors' half-yearly report on their services other than the certification of the financial statements.

Tasks and responsibilities

The Audit Committee helps the Supervisory Board in its role of oversight and control of the Company. It is responsible for the following tasks:

- monitoring the process for preparing financial information and, where appropriate, making recommendations to ensure its integrity. 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 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. In the event shortcomings are identified, the Committee ensures that appropriate action plans have been put in place and 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. It 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 its work to certify the financial statements, how this mission contributed to the integrity of the financial information and on the role 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.

Compensation Committee

Members

The 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 Compensation Committee was formed by the Supervisory Board on 26 July 2012, 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 makes proposals concerning the compensation not only of Management but also of the members of the Supervisory Board and, where applicable, the Group's senior executives.

Work of the Committee

In 2020, the Committee met once to examine the proposal of the General Partner relating to the management compensation policy for the financial year 2020, on which it issued a favourable opinion and to propose to the Board the compensation policy for members of the Supervisory Board, as well as the components of compensation for Management and the Supervisory Board for the financial year 2020, subject to the approval of the aforementioned policies by the General Meeting of Shareholders.

Assessment of the work of the Board and specialist committees

At its meeting of 25 February 2021, the Supervisory Board assessed the way in which its work is prepared and conducted. It unanimously found that the Board's mode of working is satisfactory and decided to conduct a formal assessment with the help of an external consulting firm, to be launched in 2021.

6.2.4 Management

6.2.4.1 Executive Management

As a 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.

For the record, the Company is managed by Alain Taravella, in a personal capacity, and Altafi 2 and Atlas for whom he is Chairman. Jacques Ehrmann, General Manager of Altafi 2, is notably Manager of Altarea Management, a wholly-owned subsidiary of Altarea (see Section 6.2.1 below).

6.2.4.2 Operational Management

Ludovic Castillo is in charge of the Retail REIT business. He is Chairman of Altarea Commerce and also Manager of Foncière Altarea and Chief Executive Officer of Altarea France.

Within the Residential Property Development division, the main Managers are Vincent Ego, Chief Executive Officer of Cogedim, Stéphane Dalliet, Chairman of Pitch Promotion, Rodolphe Albert, Chairman of Histoire & Patrimoine, and Alexis Moreau, Deputy Chief Executive Officer of the Residential division.

Adrien Blanc is responsible for the Office Property Development division and the Manager of Altarea Entreprise 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 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 a significant shareholder and subsidiaries

Except for agreements relating to current transactions and conducted on arm's length terms, no agreement has been concluded between an executive officer or a major shareholder and Company subsidiaries.

6.2.5.4 Procedure for assessing current agreements

At its meeting on 2 March 2020, the Supervisory Board put in place a procedure for the regular assessment of the terms and conditions of entering into current agreements, whereby any person directly or indirectly involved in one of the agreements does not take part in its assessment.

(1) See Section 6.2.3.2 above, for a presentation of the Supervisory Board's specialist committees.

6.3 Compensation of administrative, management and supervisory bodies

6.3.1 Principles and rules

6.3.1.1 Management

The Order of 27 November 2019 on compensation for corporate officers of listed companies, implementing the Pacte Act of 22 May 2019, brings in new rules applicable to partnerships limited by shares listed on a regulated market, as of the General Shareholders' Meeting called to approve the 2019 financial statements. They are codified in articles L. 22-10-76 (formerly L. 226-8-1) et seq. of the French Commercial Code and require a system for consulting shareholders *ex ante* and *ex post*, whereas Altarea management compensation was previously decided and agreed at the General Shareholders' Meeting itself in accordance with the Company's Articles of Association.

Article 25.3 of the Afep-Medef Code, to which the Company refers, recommended consultation with the shareholders on the compensation of each executive corporate officer. The Company's practice with respect to establishment of Management compensation went beyond that recommendation. As such, Management compensation, paid in fees, was determined directly by the Ordinary General Meeting of the Shareholders, which had a real decision-making power, a power that was exercised ex-ante. The General Meeting was not simply consulted *ex post* to approve or disapprove of compensation awarded to Management by another Company body. Management compensation was set directly and in advance by the General Meeting. The General Meeting therefore had no need to issue an opinion on its own decisions.

Pursuant to the new rules resulting from the aforementioned Order of 27 November 2019, management compensation is no longer set at the General Shareholders' Meeting itself but determined according to a compensation policy which sets out all its fixed and variable components and explains the decision-making process followed in its determination, revision and implementation.

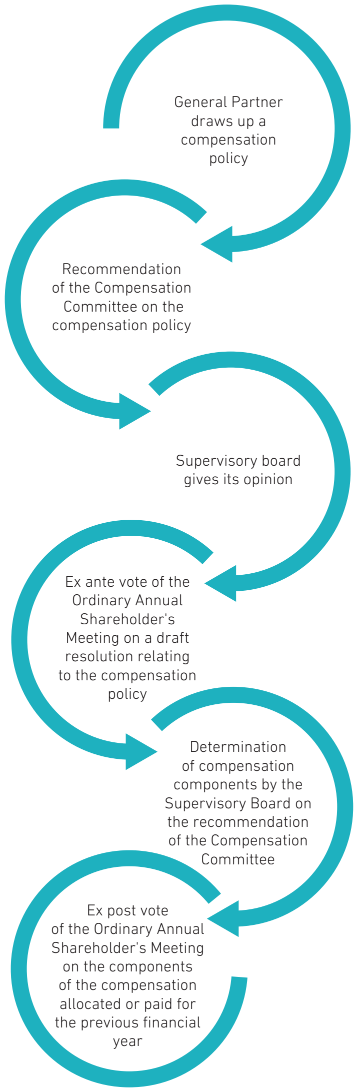
This compensation policy must be established each year by the General Partner after consulting the Supervisory Board acting on the recommendation of the Compensation Committee.

A draft resolution is then submitted for the approval of the General Shareholders' Meeting each year and each time the ordinary compensation policy is changed significantly (*ex ante* vote).

The compensation components themselves will then be determined, allocated or decided by the Supervisory Board in application of the compensation policy approved by the General Shareholders' Meeting.

The shareholders will be consulted at a General Shareholders' Meeting on the compensation components actually paid or allocated to the Managers (ex-post vote).

Simplified description of the process used to set the compensation of the Management



6.3.1.2 Supervisory Board

In accordance with 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 is included in general operating expenses. 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.

Also, in application of the new rules above, brought in by the Order of 27 November 2019, the Supervisory Board now draws up, on an annual basis, a compensation policy for its members which is put to vote at the General Shareholders' Meeting.

The individual components of the compensation for the members of the Supervisory Board are then determined, allocated or decided by the Supervisory Board in application of the compensation policy approved by the General Shareholders' Meeting.

Chairman of the Supervisory Board

Since 2013, the compensation of the Chairman of the Supervisory Board has been set at a fixed annual amount, in total and exclusive of any other compensation. Initially set at €300,000 gross annually, 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 Supervisory Board to an aggregate amount of €250,000, charged against the annual' fees allocated by the General Meeting to Supervisory Board members.

This compensation method for the Chairman of the Supervisory Board, renewed for the financial year 2020, is in line with the compensation policy approved by the General Meeting of Shareholders of 30 June 2020.

Supervisory Board members

In order to encourage members to take an active part in the work of the Supervisory Board and after having reviewed the compensation allocated for attendance by comparable companies, the Supervisory Board at its 26 February 2019 meeting decided to set, as from 1 January 2019 the compensation for attending each meeting of the Board and its specialist committees at €3,000.

Following Management's decision to waive part of his compensation for the financial years 2019 and 2020, given the health crisis linked to the Covid-19 epidemic, the Supervisory Board unanimously decided to waive the compensation allocated to members for their attendance at The Meeting of 19 May 2020, demonstrating the Board's solidarity with the Company.

6.3.1.3 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, indefinitely responsible for social debt due to third parties, receives a bonus dividend of 1.5% of the annual dividend. This amounted to €2,967 thousand in respect of financial year 2017, €3,039 thousand in respect of financial year 2018 and €2,237 thousand in respect of financial year 2019. It is proposed that the Ordinary General Meeting of Shareholders, responsible for approving the financial statements for the financial year 2020 and allocating its results, pay the shareholders a dividend which should result in the payment of approximately €2,462 thousand to the General Partner Altafi 2.

6.3.2 Compensation policy for the financial year 2021 submitted to the Annual General Shareholders' Meeting 2021

In line with the new provisions applicable to partnerships limited by shares listed on a regulated market, brought in by the aforementioned order of 27 November 2019 and codified in Articles L. 22-10-76 (formerly L. 226-8) et seq. of the French Commercial Code, the 2021 Ordinary General Shareholders Meeting will be asked to vote on the compensation policy for management and Supervisory Board members for financial year 2021.

On 25 February 2021 the components of this policy, described below, were drawn up by the Supervisory Board, for compensation of its members, and by the general partner, after consulting the Supervisory Board, for compensation of Management, the Supervisory Board having acted after consultation of the Compensation Committee.

The compensation of corporate officers must be in the Company's interests, competitive and in line with Company strategy, helping to ensure its long-term viability and support its financial and non-financial performance.

6.3.2.1 Management compensation policy

It should be noted that:

- in 2019, as part of a process involving all corporate bodies and with a central role devolved to the Ordinary Shareholders' Meeting (see Section 6.3.1.1 above), management compensation, paid as fees, was reduced considerably from the amount paid in previous financial years, even as the Managers' efforts had led to a significant, consistent growth in the Group's financial and non-financial performance in the past few years.
- given the health crisis linked to the Covid-19 epidemic, the management waived a significant portion of its compensation in order to contribute to the reduction of the Group's expenses and to the solidarity measures implemented, notably the actions carried out with Habitat et Humanisme, by reducing their variable compensation based on FFO by 30% and by waiving in full any future entitlement to variable compensation in respect of FFO 2020.

The management compensation policy for 2021 described below was drawn up by the General Partner and approved unanimously at the Supervisory Board meeting of 25 February 2021, after review of the Compensation Committee's proposals. It renews in full the management compensation policy for the financial year 2020 approved by the General Meeting of 30 June 2020:

- the Supervisory Board is responsible for determining the components of management compensation, paid as fees, based on proposals from the Compensation Committee and taking account of the latest Afep-Medef Code regulations (updated January 2020): exhaustiveness, a balanced compensation package, benchmark, coherence, clear rules and measurements;
- the Supervisory Board and Compensation Committee will take into consideration all market practice studies (benchmarks) and exceptional events in the financial year;
- management compensation, paid as fees, comprises a fixed annual component and a variable annual component determined according to the recommendations of the Afep-Medef Code;
- the fixed annual compensation must enable management to provide a continuous, high quality service to the Company and its Group. Generally, it should be reviewed at relatively long intervals and take into account the other compensation components, primarily fixed components, paid by other Group companies for their duties and responsibilities at these companies.

  For financial year 2021 it must be between €1 million and €2 million, taking account of the above. For the record, the fixed annual component of management compensation was reduced from €2 million to €1 million from 1 January 2019, by the General Shareholders' Meeting of 23 May 2019, on the proposal of the general partner;
- it is intended that the variable component should link a significant portion of management compensation to Group performance. It is decided annually and can also have a long-term component intended to best align management's interests with those of the shareholders to create long-term value.

  The Supervisory Board must set the precise quantifiable and qualitative criteria used to determine the management's variable compensation.

  The quantifiable criteria must be simple, relevant and in line with corporate strategy. They must take precedence. They must be linked to the main financial indicators generally used to assess the Group's financial performance, notably those usually communicated to the market such as the FFO (funds from operations). If the FFO is selected as a criteria, the corresponding annual variable compensation would be a progressive percentage of a portion of the FFO per share multiplied by the average number of diluted shares in the financial year.

  The qualitative criteria must be specific and primarily tied to the Group's priority sustainability and Corporate Social Responsibility targets, GRESB rating or status for example[(1)] When quality criteria are used, the qualitative component of the variable annual compensation must be capped. The variable compensation tied to the quality criteria must be between 50% and 100% of the annual fixed compensation.

  The variable or exceptional components allocated for the financial year cannot be definitively paid to management before they have received the approval of the General Shareholders' Meeting (*ex post* vote) and the consent of the general partner;
- if there is more than one Manager, they decide how to distribute the compensation amongst themselves. The principle of awarding a global management compensation is set out in article 14 of the Company's Articles of Association;
- if applicable, any natural persons, legal representatives of the legal persons in the Company's management, who are called upon to perform duties not related to management of the Company, can be paid under the terms of a corporate mandate by the subsidiary in question. The fixed components, and any variable components (including bonus shares), of this compensation must be decided on the basis of the duties and responsibilities involved;
- the components of management compensation must be sufficiently competitive to attract and retain the best people and talent and best align the interests of the beneficiaries with those of the shareholders to further long-term value creation. Where applicable, the experience of the beneficiaries and the market practices of comparable companies are also taken into account;
- they are examined each year to check that they are still in line with the Company's strategy and current situation and the Compensation Committee will take care to ensure the performance conditions are appraised on the same basis over several years and the quantitative criteria of the variable composition take precedence over the qualitative criteria.

6.3.2.2 Compensation policy for the Supervisory Board members

It should first be noted that following the decision of the Management to waive part of the compensation for the financial years 2019 and 2020, in view of the health crisis linked to the Covid-19 epidemic, the Supervisory Board unanimously decided to waive the compensation allocated to the members for their attendance at The Meeting of May 19, 2020, demonstrating the Board's solidarity with the Company.

Following the recommendation of the Compensation Committee, the Supervisory Board has decided to renew in full, for the financial year 2021, the compensation policy for its members for the financial year 2020 voted by the General Meeting of Shareholders of 30 June 2020, as follows:

- Supervisory Board members receive compensation for attending meetings of the Board and its specialist committees, the maximum amount of which is approved by vote of the General Shareholders' Meeting and its distribution decided by the Supervisory Board itself. In line with the Afep-Medef Code recommendations, the variable component of this compensation is therefore the most important. It must encourage members to take an active part in the Supervisory Committee's work;

(1) *The Global Real Estate Sustainability Benchmark (GRESB), a leading international ranking, annually assesses the ESG performance of real estate companies around the world.*

- A global fixed compensation may be granted to the Chairman of the Supervisory Board, the amount of which must be taken from the total amount allocated by the General Shareholders' Meeting and may be exclusive of all other compensation. In accordance with the Afep-Medef Code, the Chairman of the Supervisory Board receives no variable annual compensation, variable multi-year compensation or long-term profit-sharing incentives such as stock options or performance shares. At the 2022 General Shareholders' Meeting, shareholders will again be asked to vote on the compensation components payable or allocated to the Chairman of the Supervisory Board for financial year 2021, it being specified that payment of the Chairman's fixed compensation for that financial year is not subject to the approval of the said General Shareholders' Meeting. For the record, the Supervisory Board, on the recommendation of the Compensation Committee, reduced its Chairman's compensation from the figure of €300,000 gross per annum, set in 2013, to €250,000 gross per annum from 1 July 2019 (see Section 6.3.1.2 above);
- In addition to the compensation they receive for attending meetings, other members of the Supervisory Board may be granted compensation for *ad hoc* assignments they are asked by the Supervisory Board to undertake in accordance with current regulations;
- The General Shareholders' Meeting of 20 May 2019 agreed a total annual compensation for the Supervisory Board members of €600,000, a maximum amount which, unless otherwise decided by The Meeting, will remain unchanged for the 2021 financial year;
- Supervisory Board members may also be reimbursed for all reasonable costs and expenses incurred while undertaking their duties if they provide all the necessary supporting documents.

6.3.3 Information on compensation for FY 2020

6.3.3.1 Compensation components due or paid for financial year 2020

Pursuant to new article L. 22-10-77 (formerly L. 226-8-2) of the French Commercial Code, arising from the Order of 27 November 2019, the Annual General Shareholders' Meeting 2021 will be asked to approve the compensation components paid or allocated for the 2020 financial year by means of (i) a global resolution relating to all compensation paid to the corporate officers and (ii) separate resolutions for the management and for the Chairman of the Supervisory Board. The compensation paid or allocated to Jacques Ehrmann, General Manager of Altafi 2, as Manager of Altarea Management, a wholly-owned subsidiary of the Company, is also set out below even if does not strictly speaking fall within the scope of the Management compensation policy.

Breakdown of the compensation paid or allocated to management

In accordance with the management compensation policy adopted by the General Shareholders 'Meeting of 30 June 2020, the management compensation in the form of fees, due for the financial year 2020, was unanimously set by the Supervisory Board, on the recommendation of the Compensation Committee, as follows, including a fixed portion and a variable portion linked to the Group's economic and ESG performance:

- 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 average number of diluted shares for the financial year is published in the Company's annual report and that this variable compensation will be payable no later than 31 March following the end of the financial year.
  - variable annual compensation dependent upon the company's GRESB GREEN STAR rating, namely:
    - upon achieving or maintaining five stars in the GRESB GREEN STAR rating, the variable compensation shall be equal to €500,000 excluding taxes;
    - upon achieving or maintaining four 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 four stars.

    it being specified that this variable compensation will be payable each year in the month following the achievement of the GRESB GREEN STAR classification.

These terms and conditions for management compensation for the financial year 2020 are identical to the system approved in 2019 by the annual Ordinary Shareholders' Meeting. On this occasion, the management's compensation had been significantly reduced compared to previous financial years on the proposal of the General Partner, even as the Managers' efforts had led to a significant, consistent growth in the Group's financial and non-financial performance in the past few years.

The details of the compensation due to the management in 2020 are presented in the table below, it being specified that Altafi 2 was the sole beneficiary of the compensation of the management, neither Alain Taravella nor Atlas receiving any compensation for his role as Manager:

Compensation components *(€ thousands)*	**2019**	**2020**	**Comments**
Fixed compensation (paid as fees)	1,000	1,000	All fees paid to Altafi 2
Variable annual compensation (paid as fees)	1,349[a] **taking into account the waiver by the management (see box below)**	500 **see box below concerning the waiver by the management of part of his variable compensation**	The variable fees for financial year 2020 comprise two components: ▪ one based on a quantitative criterion linked to the Group's financial performance: the FFO per share[b] → no remuneration due, as the FFO per share in 2020 was less than €15.76 and the Management declared in may 2020 it would be waived in full (see box below). ▪ one based on a qualitative criterion linked to the Group's ESG performance: GRESB GREEN STAR classification[c]: → €500 thousand due and paid in 2020. These fees were paid in full to Altafi 2.
Variable multi-year compensation	0	0	Management receives no variable multi-year compensation
Exceptional compensation	0	0	Management receives no exceptional compensation
Stock option allocation	0	0	There are no stock option plans (share subscription or purchase) in place for Management
Performance share allocation	0	0	There are no free share allocation plans in place for Management
Compensation for attendance at the Supervisory Board	0	0	Management is not member of the Supervisory Board. It does not receive any compensation in this respect.
Benefits in kind	0	0	Management receives no benefits in kind
Severance payments	0	0	Management does not receive severance payments
Non-competition payments	0	0	Management does not receive non-competition payments
Supplemental pension plans	0	0	There is no retirement scheme in place for Management
Other compensation	1,000	1,000	Fees paid to Altafi 2 as Manager of Altareit, an Altarea subsidiary

(a) Variable fees due for financial year 2019 including:
- *a portion of €849 thousand, in respect of a quantitative criterion reflecting the Altarea Group's economic performance: the FFO per share[b], it being specified that* ***this amount, correspond to 70% of the sums that were due to management if the latter had not waived, given the exceptional circumstances of the Covid-19 pandemic, 30% of his variable compensation in respect of 2019 FFO to which he was entitled in 2020 (i.e. €364 thousand)****.*
- *a portion of €500 thousand, linked to a qualitative criterion dependent on the Altarea Group's CSR performance: GRESB GREEN STAR ranking.*

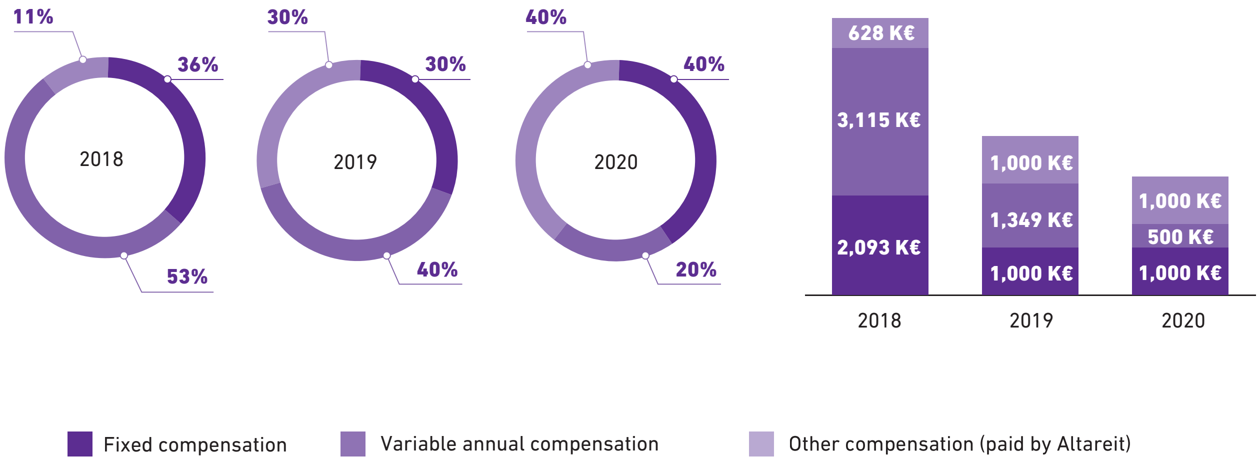
(b) Before tax amount equal to a progressive percentage of a portion of the FFO per share, multiplied by the diluted average number of shares during the financial year (3% on the portion of the FFO per share between €15.76 and €19 and 5% on the portion of the FFO per share above €19). No variable compensation payable for an FFO per share below €15.76.

(c) an amount of €250 thousand if the company achieved a level four GRESB GREEN STAR rating and €500 thousand if it achieved a five-star rating. No variable compensation paid for a rating lower than 4 stars.

Given the health crisis linked to the Covid-19 epidemic, the management waived a significant portion of its compensation in order to contribute to the reduction of the Group's expenses and to the solidarity measures implemented, notably the actions carried out with Habitat et Humanisme, by reducing their variable compensation based on FFO by 30% and by waiving in full any future entitlement to variable compensation in respect of FFO 2020.

The values in the above table are the fees paid exclusively to the legal person Altafi 2 whose executive officers receive no compensation. Thus they do not reflect the personal compensation of Alain Taravella, Chairman of Altafi 2 which is wholly owned by AltaGroupe. Each year AltaGroupe faces current operating expenditures and fees of around €1.5 million. AltaGroupe pays four people in total.

The breakdown of each of these compensation components was as follows for the last three financial years:



The Management fees were reduced between 2018 and 2019 by an amendment of the compensation conditions decided by the 2019 General Shareholders' Meeting on a proposal of the general partner, after consultation of the Supervisory Board and Compensation Committee (see 6.3.1.1 above), even although Managers' efforts had led to a significant, consistent growth in the Group's financial and extra-financial performance in the past few years. This proposal was specifically intended to take account on the financial impact for the Group of the appointment of Jacques Erhmann as Manager of Altarea Management, a wholly-owned subsidiary of the Company. He was hired primarily to drive forward and implement management's strategy. Added to this is the fact that Management waived part of its variable compensation due under the FFO 2019 (see box above). In 2020, the Management's compensation decreased compared to the financial year 2019, due to the absence of variable compensation in respect of the FFO per share for 2020, which the Management had also waived in full in May 2020 (see box below).

Components of compensation paid or awarded to Jacques Ehrmann, Manager of Altarea Management

The compensation paid or allocated to Jacques Ehrmann, General Manager of Altafi 2, solely for his duties as Manager of Altarea Management, a wholly-owned subsidiary of the Company, which he has owned since July 2019, is also set out below, even if does not strictly speaking fall within the scope of the management compensation policy. He has no employment contract with the Group.

<table>
<tr><th>Compensation components
(€ thousands)</th><th>2019</th><th>2020</th><th>Comment</th></tr>
<tr><td>Fixed compensation</td><td>0</td><td>0</td><td>Jacques Ehrmann receives no fixed compensation from Altarea</td></tr>
<tr><td>Variable annual compensation</td><td>0</td><td>0</td><td>Jacques Ehrmann receives no variable compensation from Altarea</td></tr>
<tr><td>Variable multi-year compensation</td><td>0</td><td>0</td><td>Jacques Ehrmann receives no variable compensation from Altarea</td></tr>
<tr><td>Exceptional compensation</td><td>0</td><td>0</td><td>Jacques Ehrmann does not receive exceptional compensation from Altarea</td></tr>
<tr><td>Stock option allocation</td><td>0</td><td>0</td><td>Jacques Ehrmann receives no stock options</td></tr>
<tr><td>Performance share allocation</td><td>1,020[(a)]</td><td>568</td><td>As Manager of Altarea Management, Jacques Ehrmann benefits from three bonus share plans:
<table>
<tr><th>Plan number</th><th>Award date</th><th>Vesting date</th><th>Date of availability</th><th>Vesting conditions</th><th>Number of shares</th><th>Value[(b)]</th></tr>
<tr><td>Plan 73</td><td>04/20/2020</td><td>20/04/2021</td><td>20/04/2022</td><td>Presence</td><td>2,667</td><td>€280k</td></tr>
<tr><td>Plan 76</td><td>23/04/2020</td><td>23/04/2021</td><td>23/04/2022</td><td>Presence</td><td>1,000</td><td>€100k</td></tr>
<tr><td>Plan 77</td><td>24/04/2020</td><td>24/04/2022</td><td>24/04/2020</td><td>Presence</td><td>2,000</td><td>€188k</td></tr>
</table></td></tr>
<tr><td>Compensation in respect of attendance at Supervisory Board meetings</td><td>0</td><td>0</td><td>Jacques Ehrmann is not a member of the Supervisory Board. So he receives no compensation on this account</td></tr>
<tr><td>Benefits in kind</td><td>-</td><td>-</td><td>Company car – Mandatory supplementary mutual/sickness and retirement policy</td></tr>
<tr><td>Severance payments</td><td>0</td><td>0</td><td>Jacques Ehrmann does not receive any severance payments</td></tr>
<tr><td>Non-competition payments</td><td>0</td><td>0</td><td>Jacques Ehrmann does not receive any non-competition payments</td></tr>
<tr><td>Supplemental pension plans</td><td>0</td><td>0</td><td>Jacques Ehrmann has no supplemental pension plans</td></tr>
<tr><td>Other compensation</td><td>575</td><td>750</td><td>Compensation owed by Altarea Management to Jacques Ehrmann in respect of his office as Manager of this company:
• €375 thousand in fixed compensation and €200 thousand in annual variable compensation for the financial year 2019
• €750 thousand of fixed compensation and no annual variable compensation for the financial year 2020</td></tr>
</table>

(a) As Manager of Altarea Management, Jacques Ehrmann benefied in 2019 from two bonus share plans.The definitive acquisition of 91% of these actions is subject to stringent performance conditions over several years, in line with the Group's objectives and strategy:

Plan number	Award date	Vesting date	Date of availability	Vesting conditions	Number of shares	Value[(b)]
Plan 69	18/10/2019	30/03/2021	30/03/2021	Condition of presence	2,000	€351k
Plan 70	21/10/2019	30/03/2022	30/03/2022	Performance[(c)] and presence conditions	20.000	€669k

(b) Per the valuation method used for the consolidated financial statements
(c) Vesting of 100% of the shares is subject to meeting a performance objective based on the percentage annual growth of the Total Shareholder Return (TSR) of Altarea shares

Compensation components paid or allocated to Christian de Gournay, Chairman of the Supervisory Board

Compensation components (€ thousands)	2019	2020	Comment
Fixed compensation	275	250	Total amount exclusive of any other compensation - It is taken from the total compensation allocated to the Supervisory Board by the General Shareholders' Meeting[(a)]
Variable annual compensation	0	0	The Chairman of the Supervisory Board receives no variable compensation
Variable multi-year compensation	0	0	The Chairman of the Supervisory Board receives no variable compensation
Exceptional compensation	0	0	The Chairman of the Supervisory Board receives no exceptional compensation
Stock option allocation	0	0	There are no stock option plans (share subscription or purchase) in place for the Chairman of the Supervisory Board
Performance share allocation	0	0	There are no free share allocation plans in place for the Chairman of the Supervisory Board
Compensation in respect of attendance at Supervisory Board meetings	0	0	The Chairman of the Supervisory Board receives no compensation other than the above fixed compensation taken from the total compensation allocated to the Supervisory Board by vote of the General Shareholders' Meeting
Benefits in kind	0	-	Company car
Severance payments	0	0	The Chairman of the Supervisory Board receives no severance payments
Non-competition payments	0	0	The Chairman of the Supervisory Board receives no non-competition payments
Supplemental pension plans	0	0	There is no retirement scheme in place for the Chairman of the Supervisory Board
Other compensation	0	0	None

(a) See section 6.3.1.2 above.

Compensation of the Supervisory Board members

The compensation of the Supervisory Board members, non-executive corporate officers, is set out in table 3 of section 6.3.3.2 below.

Other information

Pursuant to the new provisions of article L. 22-10-9 (formerly L. 225-37-3), 6° of the French Commercial Code, introduced by the Order of 27 November 2019 on compensation of the corporate officers of listed companies, implementing the Pacte Act of 22 May 2019, the table below shows for Management and the Chairman of the Supervisory Board, the ratios between their fixed annual compensation paid by the Company, in the form of fees for Management, and the average and median annual fixed compensations, including all social security contributions, of the employees of Altarea Group, other than the corporate officers, on a full time equivalent basis.

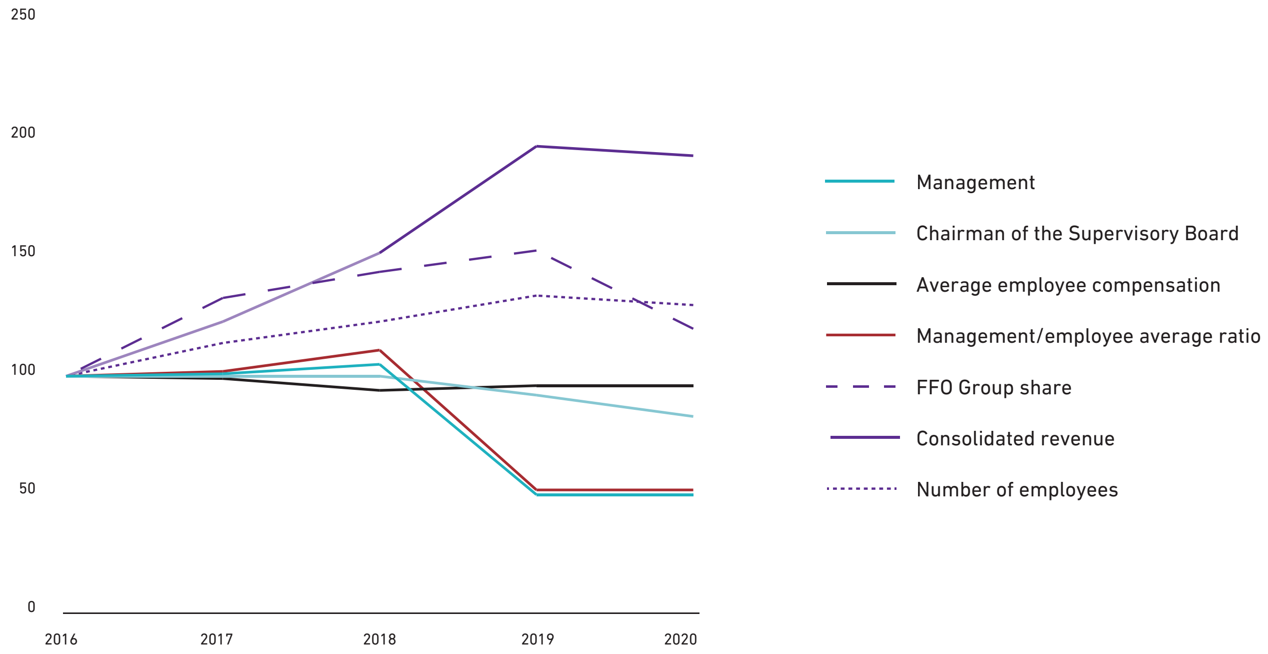
Ratios	2016	2017	2018	2019	2020
Management (fees)					
to average employee compensation	23.1	23.6	25.7	12.1	12.1
to median employee compensation	28.4	28.4	30.0	14.1	14.5
Chairman of the Supervisory Board					
to average employee compensation	3.5	3.5	3.7	3.3	3.0
to median employee compensation	4.3	4.2	4.3	3.9	3.6

For Management, note that a comparison should be drawn between (i) the annual fixed fees paid by Altarea to Altafi 2, a legal person that pays no compensation to its executive officers and is part of a group that pays its own operating costs and (ii) expenses and the salaries of natural persons. As such these ratios are not a true reflection of the discrepancies between compensation paid to natural persons (see above).

Remember that in 2019 the management fees were reduced considerably from the amount paid in previous financial years, even although Managers' efforts had led to a significant, consistent growth in the Group's financial and non-financial performance in the past few years. This reduction is particularly evident in the above table and the graph below.

Information relating to the Group's salary policy is provided in section 4.4.3 above, which was marked in particular in 2020 by an aggressive salary campaign with an overall increase of more than 3% of the payroll and the continuation of ambitious employee shareholding schemes such as "*Tous en Actions !*" and the capital increase operation reserved for employees.

Pursuant to the new provisions of the aforementioned article L. 22-10-9 (formerly L. 225-37-3), 7° of the French Commercial Code, the graph below summarises the annual change in the fixed fees paid to Management and the Chairman of the Supervisory Board in the five most recent financial years, based on Group performance, and in the average fixed compensation paid to Group employees, other than executive officers (on a full time equivalent basis) and the ratios mentioned above:



6.3.3.2 Standardised presentation of the corporate officers' 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 management comprises three Co-Managers: Alain Taravella and the companies Altafi 2 and Atlas which are both chaired by Alain Taravella and are also controlled by him as understood under the terms of Article L. 233-3 of the French Commercial Code. Since 1 July 2019, Jacques Ehrmann has been General Manager of Altafi 2 and Manager of Altarea Management, a wholly-owned subsidiary of Altarea. He receives no compensation from Altarea or Altafi 2. All compensation components paid or allocated to him are in return for his duties as Manager of Altarea Management.

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 Jacques Ehrmann, Manager of Altarea Management

(€ thousands)	FY 2019	FY 2020
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**
Altafi 2 – Co-Manager (compensation in fees)		
Compensation due in respect of the financial year (itemised in Table 2)	3,349[(a)]	2,500[(b)]
Value of options allocated during the financial year	0	0
Value of performance shares allocated during the financial year	0	0
Total Altafi 2	**3,349**	**2,500**
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**
Jacques Ehrmann, Manager of Altarea Management - General Manager of Altafi 2 since 1 July 2019		
Compensation due in respect of the financial year[(c)] (itemised in Table 2)	575[(d)]	750
Value of options allocated during the financial year	0	0
Value of performance shares allocated during the financial year	1,020	568
Total Jacques Ehrmann	**1,595**	**1,318**

*(a) Final amount corresponding to €2.349 thousand for the management of Altarea, **taking into account the waiver by the Manager of part of his variable compensation (see box below)**, and €1,000 thousand euros in respect of the management of Altareit, a subsidiary of Altarea.*
*(b) Final amount corresponding to €1,500 thousand in respect of Altarea's management, **taking account the waiver by the Manager of part of his variable compensation (see box below)**, and €1,000 thousand for the management of Altareit, a subsidiary of Altarea.*
(c) Jacques Ehrmann did not receive any compensation from Altarea or Altafi 2. 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 Altarea Management, a wholly-owned subsidiary of the Company, since [1] July 2019, the start of his term of office.
(d) Term of office from 1 July 2019 to 31 December 2019.

Regarding application of Articles L. 22-10-9 (formerly L. 225-37-3) 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, which are presented in Article 6.3.1.1 above.

Given the health crisis linked to the Covid-19 epidemic, the management waived a significant portion of its compensation in order to contribute to the reduction of the Group's expenses and to the solidarity measures implemented, notably the actions carried out with Habitat et Humanisme, by reducing their variable compensation based on FFO by 30% and by waiving in full any future entitlement to variable compensation in respect of FFO 2020.

Table 2 – Summary of compensation of each executive corporate officer, as well as Jacques Ehrmann, Manager of Altarea Management, a wholly-owned subsidiary of the Company

Name and position of executive officer *(€ thousands)*	FY 2019		FY 2020	
	Amount due	Amount paid	Amount due	Amount paid
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
Compensation in respect of attendance at Supervisory Board meetings	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**
Altafi 2 – Co-Manager (compensation in fees)				
Fixed compensation (fees)	1,000	1,000	1,000	1,000
Variable annual compensation (fees)	1,349[(a)]	3,615[(b)]	500[(c)]	1,349[(d)]
Variable multi-year compensation	0	0	0	0
Exceptional compensation	0	0	0	0
Other remuneratione	1,000	1,000	1,000	1,000
Compensation in respect of attendance at Supervisory Board meetings	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**3,349**	**5,615***	**2,500**	**3,349***
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
Compensation in respect of attendance at Supervisory Board meetings	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**
Jacques Ehrmann – Manager of Altarea Management – General Manager of Atlafi 2 (since 01/07/19)				
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[(f)]	575[(g)]	375[(g)]	750	950
Compensation in respect of attendance at Supervisory Board meetings	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**575**	**375**	**750**	**950**

Amounts paid include the variable component of compensation in respect of the prior year after any adjustments.

(a) Corresponding to the amount of the variable remuneration for the financial year 2019, paid (i) partly in 2019 in an amount of €500 thousand, corresponding to the variable remuneration linked to the ESG performance criterion and (ii) partly in 2020 up in an amount of €849 thousand (after taking into account the waiver by the management - see box above) corresponding to the variable compensation linked to the economic performance criterion of the FFO per share in 2019.

(b) Corresponding to (i) the portion of the variable compensation for the financial year 2019 related to the ESG performance criterion of €500 thousand, paid in 2019 and (ii) the portion of variable compensation for the financial year 2018 related to the economic performance criterion of FFO per share in 2018 of €3,115 thousand, paid in 2019.

(c) Amount due in respect of the variable portion of the compensation for the financial year 2020 linked to the ESG performance criterion. The portion of the variable remuneration linked to the economic performance criterion of the FFO per share 2020 was not due, the Management having waived it in full in May 2019 (see box above) and the criteria not having been met.

(d) Including €500 thousand (note c above) paid in respect of the variable remuneration for the financial year 2020 linked to the ESG performance criterion and €849 thousand paid in respect of the variable portion of compensation for the financial year 2019 linked to the economic performance criterion of FFO per share in 2019 (after taking into account the waiver by the management - see box above) (note a above).

(e) Compensation paid solely for managing Altareit, a subsidiary of Altarea, in fees.

(f) Compensation paid solely for duties as corporate executive of Altarea subsidiaries; see above. Jacques Ehrmann did not receive any compensation from Altarea or Altafi 2. 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 Altarea Management, a wholly-owned subsidiary of the Company, since 1 July 2019, the start of his term of office. The variable component of this compensation, due for financial year 2019, was paid in 2020.

(g) Term of office from 1 July 2019 to 31 December 2019.

Table 3 - Table of compensation received by the non-executive corporate officers and, where applicable, by their permanent representatives

The Company paid a total of €90,000 in variable compensation to the members of the Supervisory Board in respect of attendance for 2020. 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 compensation paid by Altarea, but also that paid by its subsidiaries.

	FY 2019		FY 2020	
Non-executive corporate officers *(€ thousands)*	**Compensation in respect of attendance**	**Other compensation**	**Compensation in respect of attendance**	**Other compensation**
Christian de Gournay, Chairman of the Supervisory Board	0	275[a]	0	250[a]
APG, Supervisory Board member	0	0	0	0
Alain Dassas, Permanent Representative of APG	15	0	15	0
ATI, Supervisory Board member	0	0	0	0
Léonore Reviron, Supervisory Board member	12	3[b]	12	3[b]
Alta Patrimoine, Supervisory Board member[c]	N/A	N/A	0	0
Marie-Anne Barbat-Layani, Supervisory Board member[c]	3	0	N/A	N/A
Françoise Debrus, Supervisory Board member	0	0	0	0
Eliane Frémeaux, Supervisory Board member	12	3[b]	12	3[b]
Jacques Nicolet, Supervisory Board member	6	4.5[b]	6	4.5[b]
Predica, Supervisory Board member	0	0	0	0
Najat Aasqui, Permanent representative of Predica	0	0	0	0
Michaela Robert, Supervisory Board member	12	0	12	0
Dominique Rongier, Supervisory Board member	15	4.5[b]	15	4.5[b]
Philippe Mauro, Supervisory Board member	6	100[d]	9	120[d]
Marie Catherine Chazeaux, member representing employees	3	-[5]	6	-[5]
Bertrand Landas, member representing employees	6	-[5]	3	-[5]

(a) Compensation paid by Altarea for the office of Chairman of the Supervisory Board.
(b) Compensation paid in respect of attendance at meetings of Altareit's Supervisory Board.
(c) Alta Patrimoine was co-opted as a member of the Supervisory Board at the Board meeting of 2 March 2020 to replace Marie Anne Barbat Layani, who announced her resignation on 22 October 2019.
(d) Compensation paid for an assignment given by the Supervisory Board charged against the total ceiling for compensation allotted by the Shareholders' Meeting.
(e) The two members representing employees have employment contracts with the Group for which they receive compensation which is not related to the exercise of their office. Consequently, this compensation is not subject to publication.

It should be noted that following the decision of the Management to waive part of the compensation for the financial years 2019 and 2020, in view of the health crisis linked to the Covid-19 epidemic, the Supervisory Board unanimously decided to waive the compensation allocated to the members for their attendance at the Meeting of May 19, 2020, demonstrating the Board's solidarity with the Company.

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 and members of the Supervisory Board in 2020

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, or to members of the Supervisory Board either by the Company itself or by another Group company[(1)].

Table 7 – Free shares vesting in 2020 for each corporate officer

No free shares allocated to the Company's 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, vested during the past year, other than those granted to Philippe Mauro for his salaried duties at the Group until 2018 and before he took up his position as a member of the Supervisory Board in 2019[(2)].

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, or members of the Supervisory Board 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 bonus shares granted to the Company's corporate officers[(3)], namely Alain Taravella, Altafi 2 or Atlas, Co-Managers, or the members of the Supervisory Board, are currently vesting or subject to a retention period, other than those granted to Philippe Mauro for his salaried duties at the Group until 2018 and before he took up his position as a member of the Supervisory Board in 2019.

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) In 2019 and 2020 Jacques Ehrmann, General Manager of Altafi 2, received bonus share plans in return for his duties as Manager of Altarea Management, a wholly-owned subsidiary of the Company (see Section 6.3.3.1 above).

(2) Philippe Mauro, a Group employee until 2018, benefited from free share plans as part of plans dedicated to the Group's Managers and the general free share plan "Tous en actions !" As well as all Group employees with permanent employment contracts (see Note 6.1 to the consolidated financial statements).

(3) In 2019 and 2020 Jacques Ehrmann, General Manager of Altafi 2, received bonus share plans in return for his duties as Manager of Altarea Management, a wholly-owned subsidiary of the Company (see Section 6.3.3.1 above).

6.3.4 Terms of compensation for financial year 2021

In application of the new provisions of article L.22-10-76 (formerly L. 226-8-1) of the French Commercial Code arising from the Order of 27 November 2019, the Supervisory Board will now decide and allocate the components of corporate officers' compensation according to the voting policy approved by the General Shareholders's Meeting (*ex ante* vote).

At its meeting of 25 February 2021, it decided to renew for the current financial year the compensation policy for the members of the Supervisory Board established for the previous financial year and approved the rolling over on identical terms of the management compensation policy established by the General Partner in 2020, based on proposals from the Compensation Committee. These compensation policies, set out in section 6.3.2 above, will be put to the *ex ante* vote of the annual Ordinary Shareholders' Meeting of 2021.

On this occasion, subject to the adoption of these compensation policies for the financial year 2021 by the General Meeting of Shareholders, the Supervisory Board, on the proposal of the Compensation Committee, set the fee components of management compensation and the compensation due to the members of the Supervisory Board for the financial year, as identical to the systems put in place during the previous financial year, as follows.

The Ordinary General Shareholders' Meeting called to approve the 2021 financial statements, which will take place in 2022, will be asked to vote (i) on a draft resolution containing the information about the compensation components allocated or paid for this financial year and (ii) on separate draft resolutions relating to the compensation components allocated or paid to the Chairman of the Supervisory Board and Management for the said financial year. Any variable or exceptional components allocated for the financial year just passed cannot be paid to a beneficiary until the components of the beneficiary's compensation have been approved by the General Shareholders' Meeting and received the consent of the general partner.

Components of Management compensation for financial year 2021

Compensation components	Rules and criteria	Targets/Comments
Fixed fee	Annual amount: €1,000,000 excl. Payable quarterly	Compensation enabling the recipients to provide a continuous, high quality service to the Company and its Group. Coherent with and unchanged from the fixed compensation for the previous financial period. In line with the market practices of comparable companies identified with the help of specialist consultants. Includes the compensation paid to Altafi 2 by Altareit, an Altarea Group company, for its duties and responsibilities within the Company.
Annual variable fee	Two components: ■ A related party **quantitative criterion: FFO per share** Amount excluding tax equal to a progressive percentage of a portion of FFO per share[(a)] • 1.5% of the portion of the FFO per share between €12.50 and €15 • 3% on the portion of the FFO per share exceeding €15 No fees if FFO per share is less than €12.50.	A significant portion of managements' fees is linked to the Group's financial and non-financial performance. Quantitative portion linked to one of the main financial indicators the Group habitually uses in its financial communication.
	■ A portion linked to a **qualitative criterion: the GRESB GREEN STAR rating** Before tax amount which cannot exceed: • €250 k if the rating is 4 stars • €500 k if the rating is 5 stars No fee for a rating under 4 stars	Capped qualitative portion of the variable compensation based on a non-financial performance indicator linked to sustainability and Corporate Social Responsibility, the benchmark for all players in the property sector. Criteria coherent and in line with Company strategy.
Compensation cap	Aggregate amount of fixed and variable fees for the management of Altarea and Altareit in 2021 capped at €3.5 million excl. tax	Strict application of measurement and comprehensiveness principles, taking into account all compensation paid by the companies of the Altarea Group of which the Company forms a part.

(a) FFO per share multiplied by the average number of diluted shares in the financial year.

Management does not receive variable multi-year compensation, long-term profit sharing, benefits in kind, severance or non-competition payments or a pension plan.

It should be noted that Altafi 2, co-manager, also manages Altareit, which is a 99.85% owned subsidiary of the Company. As such, Altafi 2 will receive an unchanged fixed fee in 2021 of €1 million excl. tax for the year. It may also receive a fee set at 1.5% of the amount of Altareit's consolidated net income Group share for the current financial year in excess of €60 million, it being specified that the total amount of fixed and variable fees received by Altafi 2 in respect of its duties as manager of Altarea and Altareit in 2021 will be capped at a total cumulative amount of €3.5 million excl. tax.

Components of the Supervisory Board members' compensation for financial year 2021

	Compensation components Rules and criteria	Targets/Comments
Chairman of the Board	Fixed annual compensation Amount: €250,000 gross Payable monthly	Total amount exclusive of all other Altarea Group compensation, taken from the total compensation allocated to the Supervisory Board by the General Shareholders' Meeting. Coherent with the duties and responsibilities of the Chairman of the Board. Stable compensation. In line with the market practices of comparable companies and the Afep-Medef Code recommendations
Supervisory Board members	€3,000 for each actual attendance at meetings of the Board and its specialist committees Beneficiaries: natural person members and permanent representatives of legal person members, with the exception of the Chairman of the Board who receives a fixed lump-sum compensation and persons, other than employee representatives, who receive compensation under the terms of an employment contract or a corporate office within the Altarea Group.	Variable component the largest Incentive to attend meetings In line with the market practices of comparable companies and the Afep-Medef Code recommendations
Special mission assigned to a Board member	€10,000 monthly	Specific 12-month mission assigned by the Supervisory Board on matters concerning development of the promotion division

6.4 Delegations granted by the General Shareholders' Meeting for capital increases

6.4.1 Delegations given by the General Shareholders' Meeting of 30 June 2020 valid during the past financial year

Delegations valid during 2020	Expiry date	Maximum nominal amount	Use in 2020
Share buyback programme			
Authorisation to proceed with share buybacks at a maximum price per share of €300 and for a maximum total amount of €100 million	18 months 30/12/2021	Up to a maximum of 10% of the share capital	See Section 7.1.2, above.
Authorisation to reduce the share capital by cancelling shares purchased under the buyback programme	26 months 30/08/2022	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[a][b]	26 months 30/08/2022	€95 million for capital increases €750 million for debt securities	None
Authorisation to increase the share capital by capitalising reserves	26 months 30/08/2022	€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 an offer to the public other than that referred to in Article L. 411-2 1° of the French Monetary and Financial Code[a][b][c]	26 months 30/08/2022	€95 million for capital increases €750 million for 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 public offering referred to in Article L. 411-2 1 ° of the French Monetary and Financial Code[a][b][c]	26 months 30/08/2022	€95 million and 20% of share capital per year for capital increases €750 million for 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[a][d]	18 months 30/12/2021	€20 million for capital increases €150 million for debt securities	None
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[a]	26 months 30/08/2022	10% of the share capital for capital increases €750 million for debt securities	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[a]	26 months 30/08/2022	€95 million for capital increases €750 million for debt securities	None
Authorisations for the benefit of employees and senior management			
Increase in the capital reserved for members of an employee savings scheme[a]	26 months 30/08/2022	€10 million	See Section 7.1.4, above.
Free share plans[a][e]	38 months 30/08/2023	600,000 shares	See Section 7.1.1, above.
Stock option plans (share subscription or purchase)[a][f]	38 months 30/08/2023	350,000 shares	None
Share subscription warrants (BSA, BSAANE and BSAAR)[a]	18 months 30/12/2021	€10 million	None

(a) Authorisation subject to a nominal global ceiling of €95 million for a capital increase by the issue of new shares and €750 million for the issue of debt securities.
(b) Authorisation subject to an authorisation to increase the issue amount by an additional 15% in case of over-subscription.
(c) Delegation subject to an authorisation granted to Management to set the issue price up to a maximum of 10% of the share capital per annum.
(d) The categories of persons defined by the General Shareholders' Meeting are minority shareholders of subsidiaries or sub-subsidiaries of the Company subscribing by reinvestment of the sale price of their stake in an Altarea Group company; or individuals or legal entities re-using the sale price of a portfolio of real estate assets or the securities of a company operating as a REIT or property developer; or holders of securities issued by a subsidiary or a sub-subsidiary of the Company pursuant to Article L. 228-93 of the French Commercial Code.
(e) Authorisation subject to a global ceiling of 600,000 shares, around 3.47% of share capital at 31 December 2020, of which a maximum of 200,000 shares for the corporate officers
(f) Authorisation subject to a global ceiling of 350,000 shares, around 2% of share capital at 31 December 2020, of which a maximum of 100,000 shares for the corporate officers

The authorisations in the above table supersede those of the same type granted by the General Shareholders' Meeting of 23 May 2019

6.4.2 Delegations requested from the next General Shareholders' Meeting 2021

Délégations	Maximum nominal amount	Duration
Share buyback programme		
Authorisation to proceed with share buybacks at a maximum price per share of €300 and for a maximum total amount of €150 million[(a)]	Up to a maximum of 10% of the share capital	18 months
Authorisation to reduce the share capital by cancelling shares purchased under the buyback programme	Up to a maximum of 10% of the share capital per 24-month period	26 months
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)]	€95 million for capital increases €750 million for debt securities	26 months
Authorisation to increase the share capital by capitalising reserves	€95 million	26 months
Authorisations without preferential subscription rights		
Issue of ordinary shares and/or equity securities giving access to other securities and/or securities giving access to equity securities to be issued by the Company or a related company, as part of a offer to the public other than that referred to in Article L. 411-2 1 of the French Monetary and Financial Code[(b)(c)]	€95 million for capital increases €750 million for debt securities	26 months
Issue of ordinary shares and/or equity securities giving access to other securities and/or securities giving access to equity securities to be issued by the Company or a related company, as part of a public offering referred to in Article L. 411-2 1 of the French Monetary and Financial Code[(b)(c)]	€95 million and 20% of share capital per year for capital increases €750 million for debt securities	26 months
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	€50 million for capital increases €350 million for debt securities	18 months
Authorisation 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	10% of the share capital per year	26 months
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)]	10% of the share capital for capital increases €750 million for debt securities	26 months
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)]	€95 million for capital increases €750 million for debt securities	26 months
Global Ceiling and other authorisations		
Setting the aggregate nominal ceiling of authorisations to the management at €95 million for share issues and at €750 million for marketable securities representing debt in the Company	€95 million for capital increases €750 million for debt securities	26 months
Option to increase the amount issued by 15% in the event of oversubscription[(b)]	-	26 months
Authorisations for the benefit of employees and senior management		
Increase in the capital reserved for members of an employee savings scheme[(b)]	€10 million	26 months
Free share plans[(b)(e)]	750,000 shares	38 months
Stock option plans (share subscription or purchase)[(b)(f)]	350,000 shares	38 months
Share subscription warrants (BSA, BSAANE and BSAAR)[(b)]	€10 million	18 months

(a) See section 7.1.2 below
(b) Authorisation subject to an aggregate nominal ceiling of €95 million for capital increases through the issue of new shares and €750 million 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) The categories of persons are the minority shareholders of subsidiaries or sub-subsidiaries of the Company subscribing by reinvestment of the sale price of their stake in an Altarea Group company; or individuals or legal entities re-using the sale price of a portfolio of real estate assets or the securities of a company operating as a REIT or property developer; or holders of securities issued by a subsidiary or a sub-subsidiary of the Company pursuant to Article L. 228-93 of the French Commercial Code
(e) Authorisation subject to a global ceiling of 600,000 shares, around 3.47% of share capital at 31 December 2020, of which a maximum of 200,000 shares for the corporate officers
(f) Authorisation subject to a global ceiling of 350,000 shares, around 2% of share capital at 31 December 2020, 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 2021, the delegations of the same description 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 states 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, 7 and 8 of this document, in Sections 6.2 to 6.5, 7.1 and 8.1.2.

7

CAPITAL AND OWNERSHIP STRUCTURE

7.1 General information about the share capital

7.1.1 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 Document, the share capital was €263,981,998.22. It was divided into 17,275,839 shares, all fully paid up and of the same class. The rounded par value is €15.28 a share.

It should be specified that the 10 General Partner 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 Shareholders' 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 Shareholders' 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 Shareholders' 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 Shareholders' 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 the 2020 financial year, 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 Document.

Free share allocations

The information concerning free share allocations is presented in Sections 2.3 (Note 6.1 to the consolidated financial statements), and 3.2.4.3 of this 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 2020 financial year, received a total of 26,068 free shares allocated in 2020, with a total value of €2,613 thousand (according to the method used in the consolidated financial statements).

Stock options

At 31 December 2020, as at 31 December 2019, there were no outstanding stock options.

7.1.2 Share buyback programme

At the Combined General Shareholders' Meeting of 23 May 2019 and that of 30 June 2020, 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 23 May 2019 and 30 June 2020 for the following purposes, in order of precedence:

(1) acting as a market maker on the security's secondary market and/or ensuring the share's liquidity by means of an investment services provider acting independently under a liquidity contract in line with a Code of Ethics recognised by the AMF;

(2) to allocate shares to employees and corporate officers in accordance with conditions set forth by law, particularly under a stock option plan, a bonus share plan or a company savings plan or employee shareholding plan;

(3) delivery of shares upon the exercise of rights attached to debt securities or equity securities entitling their holders to be allocated shares of the Company;

(4) cancellation of all or part of the shares acquired;

(5) custody and subsequent delivery of shares in respect of payment, exchange or otherwise, under transactions pursuant to Article L. 225-209 para. 6 of the French Commercial Code and more specifically external growth transactions instigated by the Company, on the understanding that the number of shares acquired by the Company in this way may not exceed 5% of its share capital;

(6) allocation in whole or in part of the shares thus acquired upon the performance of any transaction in line with the regulations in force.

A description of these share buyback programmes was published in accordance with Articles 241-1 and seq. of the AMF's General Regulation.

Pursuant to these authorisations, the Company bought and sold the following shares in 2020:

Month	Number of shares purchased	Number of shares sold	Number of shares transferred[a]	Balance of treasury shares	Price at end of month
January	1,790	1,342		166,856	€207.00
February	2,651	703	11,512	157,292	€173.60
March	34,404	3,480	60,727	127,489	€113.00
April	11,634	4,213	2,850	132,060	€111.60
May	2,151	2,589		131,622	€132.60
June	3,400	2,450		132,572	€131.40
July	1,962	1,665		132,869	€116.40
August	503	1,145		132,227	€124.20
September	2,399	1,677	422	132,527	€116.00
October	2,891	3,041		132,377	€110.00
November	1,683	2,882		131,178	€135.60
December	11,684	3,540		139,322	€143.40

(a) In the context of bonus share plans for employees.

In 2020, 77,152 shares were purchased for a total price of €9,627 thousand, 28,727 shares were sold for a total price of €3,762 thousand, and 75,511 shares were transferred under free share allocations. At 31 December 2020, Altarea held 139,322 treasury shares, the item "Treasury shares liquidity contract", which corresponds to objective (1) showing 227 treasury shares and the item "Shares held for allocation", which corresponds to objective (2) showing 139,095 treasury shares.

It will be proposed to the annual General Shareholders' Meeting called to approve the 2020 financial statements that it renews the authorisation granted by The Meeting of 30 June 2020 to purchase own shares up to a maximum of 10% of the shares comprising the share capital and up to a total of €150 million, at a maximum price per share of €300, for the same purposes and buy-back objectives, in accordance with (EU) Regulation no. 596/2014 of 16 April 2014 and (EU) Delegated Regulation 2016/1052 of 8 March 2016.

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.

7.1.3 Shares giving access to share capital

At the date of filing this Document, no securities giving access to the share capital had been issued by the Company.

7.1.4 Changes to share capital

Table of changes to share capital over the past three financial years

Date	Project	Number of shares issued	Nominal amount of the transaction	Share premium	Total number of shares	Par value per share	Amount cumulative share capital
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
04/07/2019	Payment of scrip dividend	599,267	€9,156,799.76	€84,658,449.09	16,660,596	At rounded par value	€254,581.085.18
19/07/2019	Capital increase reserved for the FCPE (employee investment mutual fund)	40,166	€613,736.48	€5,095,458.76	16,700,762	At rounded par value	€255,194,821.66
21/07/2020	Capital increase reserved for the FCPE (employee investment mutual fund)	66,878	€1,021,895.84	€6,535,318.16	16,767,640	At rounded par value	€256,216,717.50
24/07/2020	Payment of scrip dividend	508,199	€7,765,280.72	€53,620,076.49	17,275,839	At rounded par value	€263,981,998.22

Changes occurring in 2020:

Capital increase for the employee FCPE

The Company carried out a capital increase reserved for the FCPE (employee investment mutual fund) of Group employees entirely invested in Altarea shares. On this occasion, 69.09% of Altarea Group employees chose to invest their 2019 profit sharing in the FCPE.

The total subscription value of the capital increase was €7,557,214, with a subscription price set at €113 in accordance with the provisions of the law.

The capital increase resulted in the creation of 66,878 new shares which were admitted for trading on Euronext Paris on 21 July 2020, the full quantity allocated to the FCPE, a nominal value increase of €1,021,895.84.

Payment of 2019 scrip dividend

Under the terms of the fourth resolution passed by the Combined General Shareholders' Meeting of 30 June 2020, the Company carried out a capital increase at the time of payment of the 2019 dividend and shareholders were given the option of having half their dividend paid in shares.

The price of the newly issued shares offered to the shareholders wishing to receive their dividend in shares was €120.79, equal to 90% of the average opening list price on the 20 Paris Bourse trading days prior to the date of the General Shareholders' Meeting, *i.e.* €144.21, less the dividend per share of €9.00 as set in the third resolution, rounded up to the next euro cent.

At the end of the option exercise period (8 to 20 July 2020 inclusive), a total of 508,199 shares had been subscribed, i.e. a 82.28% subscription rate. 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 new shares totalled €7,765,280.72. This success of the option for the partial payment of the dividend in shares made it possible to strengthen the Group's shareholders' equity by €61.4 million.

The 508,199 shares were created, delivered and admitted to trading on 24 July 2020. The amount of the dividend paid in cash was paid to the shareholders on the same day.

7.1.5 Share 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 2020

	Theoretical shares and voting rights		Actual voting rights at General Shareholders' Meetings	
Shareholder	Number	%	Number	%
Founders concert[(a)]	7,876,166	45.59	7,876,166	45.96
Extended Concert[(b)]	7,921,166	45.85	7,921,166	46.22
Crédit Agricole Assurances	4,274,297	24.74	4,274,297	24.94
ABP (APG)	1,428,777	8.27	1,428,777	8.34
Opus Investment and C. de Gournay	256,815	1.49	256,815	1.50
Treasury shares	139,322	0.81	-	-
FCPE	113,819	0.66	113,819	0.66
Public float	3,141,643	18.19	3,141,643	18.33
TOTAL	**17,275,839**	**100.00**	**17,136,517**	**100.00**

(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 7.1.6 below)
(b) Existing concert between the founders, described above, on the one hand, and Jacques Ehrmann (see Section 7.1.6 below).

To the Company's knowledge, no significant change has occurred in the capital breakdown since 31 December 2020 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 2020 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 2.09% 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 2020, the number of pledged fully registered shares was 2,172,940[(1)], representing 12.58% of the number of shares comprising the share capital.

Change in ownership structure over the past three financial years

	31/12/2020		31/12/2019		31/12/2018	
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	7,876,166	45.59	7,617,679	45.61	7,349,471	45.70
Extended Concert*	7,921,166	45.85	7,642,679	45.76	NA	NA
Crédit Agricole Assurances	4,274,297	24.74	4,122,406	24.68	3,962,875	24.67
ABP (APG)	1,428,777	8.27	1,377,460	8.25	1,323,562	8.24
Opus Investment	256,815	1.49	221,404	1.33	212,739	1.32
Treasury shares	139,322	0.81	166,408	1.00	278,602	1.73
FCPE	113,819	0.66	46,355	0.28	9,190	0.06
Public float	3,141,643	18.19	3,170,405	18.71	2,924,890	18.21
TOTAL	**17,275,839**	**100.00**	**16,700,762**	**100**	**16,061,329**	**100.00**

* *See section 7.1.6 below.*

(1) Notably Société Générale with 1,973,685 shares and BNP Paribas with 182,153 shares.

Threshold crossings

Legal threshold crossings during 2020

No declaration of threshold crossing was made to the AMF in 2020.

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 Shareholders' 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.

7.1.6 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; and
- Jacques Ehrmann.

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 "founders' concert." As of 31 December 2020, the members of the founders' concert group together held 45.59% of the Company's share capital and theoretical voting rights. The AMF was notified by mail on 2 August 2019 that Jacques Ehrmann had declared himself to be acting with the concert of the founders (AMF Decision & Information No. 219C1329 of 2 August 2019) following the acquisition of 25,000 Altarea shares from Alta Patrimoine. On 31 December 2020, the concert between the founders and Jacques Ehrmann, referred to in this document as the "expanded concert", together held 45.85% of the Company's theoretical voting rights and share capital. Having examined the consequences of the forming of this concert, the AMF decided there was no requirement for a mandatory filing of a planned public offer in accordance with Article 234-7, 2° of the AMF General Regulation (Decision & Information 219C1253 dated 23 July 2019).

Absence of improper control

The Supervisory Board's report on corporate governance (Chapter 6) states that in terms of governance, the Supervisory Board is involved in examining Altarea's investments and divestments of a significant amount that is likely to alter the Company's balance sheet structure, and in all events an amount of over €50 million in the SIIC sector; the specialist committees of the Supervisory Board, namely the Audit Committee, the Investment Committee and the Compensation Committee, include independent members. At least one third of the members of the Supervisory Board are independent members.

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.

7.1.7 Company officers and related-party transactions in Company shares

During 2020, Company officers and related parties declared the following securities transactions to the Company:

Name	Title on transaction date	Transaction	Financial instrument	Volume	Total gross amount
AltaGroupe	Legal person linked to Alain Taravella, Chairman of Altafi 2, Co-Manager	PSD	Shares	155,088	€18,733,080
Altager	Legal person linked to Alain Taravella, Chairman of Altafi 2, Co-Manager	PSD	Shares	36,520	€4,411,251
Alta Patrimoine	Legal person linked to Alain Taravella, Chairman of Altafi 2, Co-Manager	PSD	Shares	85,884	€10,373,928
		Sale	Shares	20,000	€2,660,000
Jacques Ehrmann	General Manager of Altafi 2, Co-Manager	Acquisition	Shares	20,000	€2,660,000
		Acquisition	Shares(a)	6,637	€749,981
Christian de Gournay	Chairman of the Supervisory Board	PSD	Shares	2,058	€248,586
Opus Investment BV	Legal person related to Christian de Gournay, Chairman of the Supervisory Board	PSD	Shares	6,826	€824,513
		Acquisitions	Shares	26,527	€3,505,418
Predica	Supervisory Board member	PSD	Shares	151,891	€18,346,914
Sabine Taravella	Person linked to Alain Taravella, Chairman of Altafi 2, Co-Manager	PSD	Shares	814	€98,323
Matthieu Taravella	General Manager of Altafi 2, Co-Manager	PSD	Shares	2,124	€256,558
Gautier Taravella	General Manager of Altafi 2, Co-Manager	PSD	Shares	2,058	€248,586

PSD = Payment of scrip dividend
(a) Subscription of units in FCPE invested in Altarea shares

7.1.8 Bonds not giving access to the share capital

Issue date	Issue amount	Subscription rate	Nominal amount outstanding	Date of maturity	Interest	Market	Isin
23/05/2014[a]	€100,000,000	Entirely subscribed	€230,000,000	23/05/2021	3%	Euronext Paris	FR0011921691
02/06/2014[a]	€50,000,000	Entirely subscribed					
12/06/2014[a]	€80,000,000	Entirely subscribed					
14/12/2016	€50,000,000	Entirely subscribed	€50,000,000	14/12/2026	2.45%	Euronext Paris	FR0013222247
05/07/2017	€500,000,000	Entirely subscribed	€385,500,000	05/07/2024	2.25%	Euronext Paris	FR0013266525
17/10/2019	€500,000,000	Entirely subscribed	€500,000,000	17/01/2028	1.875%	Euronext Paris	FR0013453974
16/12/2020	€300,000,000	Entirely subscribed	€300,000,000	16/01/2030	1.750%	Euronext Paris	FR00140010J1

(a) 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 change of control clause.

7.2 Stock market information

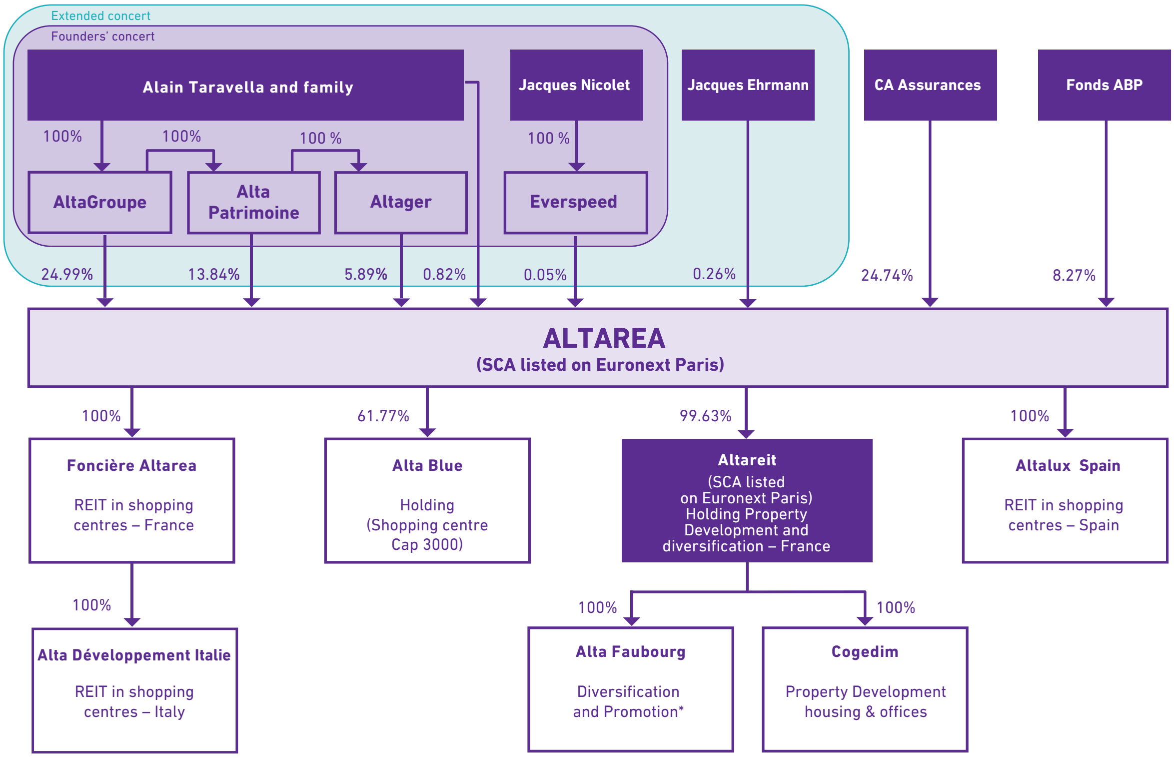
Altarea SCA	
Listing market	Euronext Paris – Compartiment A (Large Cap)
Codes	Ticker symbol: ALTA – Isin: FR0000033219 Bloomberg: ALTAFP – Reuters: IMAF.PA
Legal Entity Identification code (LEI)	969500ICGCY1PD6OT783
Listings	CAC All Shares – CAC All-Tradable – CAC Mid & Small – CAC Small – IEIF REIT Europe – IEIF SIIC France – IEIF Foncières – CAC Financials
Deferred Settlement Service (French SRD)	Eligible
PEA/PEA PME	Non-eligible
ICB Sector classification	Retail REITs, 8672

	2016	2017	2018	2019	2020
Market capitalisation (at 31/12)	€2,494,700,000	€3,340,338,320	€2,662,968,348	€3,381,904,305	€2,477,355,313
Number of shares traded	589,268	1,368,495	1,077,486	523,174	1,844,456
Capital traded	€101,678,183	€257,579,489	€213,144,495	€97,070,770	€244,421,181
Highest	€186.61	€211.00	€218.50	€205.00	€210.00
Lowest	€151.75	€171.00	€159.60	€163.40	€103.20
Latest	€185.20	€208.10	€165.80	€202.50	€143.40

	High	Low	Latest	Number of shares traded	Amount of Capital traded
January 2020	€210.00	€ 198.00	€207.00	59,157	€12,085,892
February 2020	€207.00	€173.00	€173.60	88,930	€17,205,291
March 2020	€190.20	€103.20	€113.00	507,135	€65,009,762
April 2020	€121.80	€105.00	€111.60	181,327	€20,260,924
May 2020	€132.60	€108.80	€132.60	158,816	€18,542,606
June 2020	€159.80	€129.80	€131.40	203,283	€29,568,793
July 2020	€138.00	€115.20	€116.40	100,863	€12,462,939
August 2020	€130.80	€115.40	€124.20	92,014	€11,456,301
September 2020	€130.40	€111.20	€116.00	93,969	€11,431,559
October 2020	€122.40	€104.20	€110.00	83,716	€9,564,448
November 2020	€144.00	€109.60	€135.60	142,122	€18,652,610
December 2020	€145.20	€130.00	€143.40	133,124	€18,180,056

Source : Euronext.

7.3 Simplified organisational structure at 31 December 2020



* Pitch Promotion, Histoire & Patrimoine, Severini, Serviced Residences business and the shareholding in AltaFund and Woodeum 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 Universal 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.

The list of the main companies included in Altarea's consolidation scope is presented in Note 4 to the consolidated financial statements. That of Altarea's subsidiaries and direct equity interests is given in Section 3.2.3.5 of the Notes to the financial statements (Chapter 3 of this document).

During the financial year 2020, the Company did not take any shareholdings in a company with its registered office in France referred to in Article L. 233-6 of the French Commercial Code, with the exception of the subscription of 30% of the capital of the SPPICAV OPCI Alta Commerces Europe.

7.4 Dividend policy

7.4.1 Dividends paid over the past financial years

Dividends paid to the Limited Partners in respect of the last three years are as follows:

Financial year[(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)]
2017	15,823,675	€12.50	€27,592,865
2018	15,891,290	€12.75	-
2019[(c)]	16,568,565	€9.00	-

(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
(c) See Section 7.1.4, above.

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.

7.4.2 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 Shareholders' Meeting (see Section 8.1.2.9).

A dividend payment of €9.5 per share will be proposed at the General Shareholders' Meeting held to approve the financial statements for the year ended 31 December 2020 in respect of that year, i.e. an increase of 0.50 euro (+5.6%) to that 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.

7.4.3 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 2020.

8

ADDITIONAL INFORMATION

8.1 Company information

8.1.1 History and developments

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.

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.

2011
Creation in partnership with the ABP Pension Fund and Predica of AltaFund, an office property investment fund.

2013
Long-term partnership with Allianz Real Estate on a portfolio of 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. Acquisition of Histoire & Patrimoine, a specialist in the renovation of standing assets and tax efficient products (Malraux, historical monuments, Déficit Land, etc.). Partnership with Crédit Agricole Assurances in the Cogedim Club® operating company.

2016
Acquisition 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 Ville in Issy-les-Moulineaux). Altarea is No. 1 in the GRESB among listed companies in France (all sectors combined) and No. 2 worldwide among listed retail companies.

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
Sale of two of the biggest Office developments in Grand Paris this year: the Kosmo building in Neuilly-sur-Seine, the global head office of Parfums Christian Dior, and the 87 Richelieu building in Paris, the future head office of Altarea. First S&P Global credit rating: BBB (stable).

2019
Pursuit of strategy to build a portfolio of complementary brands with the acquisition of 85% of Severini, a developer active mainly in Nouvelle-Aquitaine, and 50% of Woodeum, a low-carbon residential developer. Success of a unrated listed bond issue (€500 million). Delivery of the Cap 3000 extension-renovation which, after five years of work, has doubled the site's surface area (135,000 m^2). Work began on the Issy-Cœur de Ville eco- district, the largest mixed-use development in the Grand Paris metropolitan area which is due for completion in 2022. Acquisition for redevelopment of the current CNP Assurances head office above Paris-Montparnasse station.

2020
In a year marked by the COVID-19 pandemic, the Residential division continued to gain market share with €3.4 billion reservations (12,000 units sold). Launch of Altarea Solutions & Services, an in-house value-added service platform to support clients and partners throughout their project. Delivery of 87 Richelieu, the Group's new head office, which won the Grand Prix Simi 2020[(1)], and Convergence in Rueil-Malmaison, Danone's new global headquarters, and a 46,000 m^2 logistics platform for Lidl near Nantes. In Retail, delivery of the final phase of the Paris-Montparnasse station and the "Corso" luxury mall at Cap3000. On the financial front, €1.1 billion of new financing was arranged, including €450 million in bonds. On the extra financial part, the Group took second place in the 2021 customer relations rankings compiled by HCG France/Les Échos after making its debut in the Top 3 last year. Cogedim won "Customer Service of the Year" for the 4th consecutive year. Altarea certified as a "Top Employer France" in 2021[(2)]. Confirmation for the 5th consecutive year of Altarea's "Green Star" five-star status granted by GRESB.

Early 2021
Delivery of the Bridge office buildings in Issy-les-Moulineaux, the future head office of Orange, certified WiredScore level "Platinum", Eria in La Défense, which will be occupied by the future Cybersecurity division. Partnership with Carrefour for the transformation of 3 retail sites into mixed-use urban projects.

(1) In the category "Renovated office building or particularly innovative redevelopment".

(2) Certification awarded by the Top Employers Institute.

8.1.2 General Information

8.1.2.1 Company name
(Article 3 of the Articles of Association)

The Company's name is Altarea.

8.1.2.2 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 Shareholders' 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.

8.1.2.3 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 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 §8.1.2.9 below and the "Taxes" section of §3.2.2.2 above).

8.1.2.4 Head office
(Article 4 of the Articles of Association)

The registered office of Altarea is located at 87 rue de Richelieu - 75002 Paris.

Its telephone numbers is: +33(0)1 56 26 24 00.

Altarea is hosted by its sub-subsidiary Cogedim Gestion, which itself holds a commercial lease on the premises of its head office.

8.1.2.5 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.

8.1.2.6 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.

8.1.2.7 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).

8.1.2.8 Financial year
(Article 28 of the Articles of Association)

The financial year begins on 1 January and ends on 31 December.

8.1.2.9 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 section 7.1.1 above) 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 shall be entitled to offset its claim against a Liable Shareholder against any sums it would normally pay to this Shareholder. Thus, sums derived from the Company's tax-free profits pursuant to Article 208 C II of the French General Tax Code which would normally be paid to the Liable Shareholder for each share held, under the aforementioned dividend distribution decision or a share buyback, will be reduced in proportion to the Withholding owed by the Company on 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 a 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 Other information 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.

8.2 Other information

8.2.1 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 Universal 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 Group, are[1] Unibail-Rodamco-Westfield, Gecina, Klépierre, Covivio, Icade, Covivio Hotels, Société Foncière Lyonnaise, Carmila and Argan;
- in the property development sector, the ten leading property operators, which include the Altarea Group, are[2]:
  - in Residential[3]: Nexi Vinci Immobilier, Bouygues Immobilier, Kaufman & Broad, Pichet Groupe, Alila, Bassac (formerly Les Nouveaux Constructeurs), Icade and Eiffage Immobilier,
  - in Business property: BNP Paribas Real Estate, Vinci Immobilier, Nexity, 6th Sens Immobilier, Bouygues Immobilier, Emerige, Kaufman & Broad, Adim and Groupe Duval.

8.2.2 Absence of material changes in the financial or business position

Over the last 12 months, with the exception of what is shown, where applicable, in paragraph 1.1.4 of the business review presented in Chapter 1 of this document and Note 11 to the consolidated financial statements (Section 2.3 of this Universal 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).

8.2.3 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 the Altarea Group accounted for 16% of total rental income (excl. VAT) as at 31 December 2020. Out of these, none accounted for more than 10% of rental income.

Furthermore, in the Property Development (Residential and Office Property) Division, only one customer generated more than 10% of revenue at 31 December 2020. The ten largest customers accounted for 40% of total revenue.

Attention is drawn to the significant risks to which the Company is exposed and which are detailed in chapter 5.2 of this document, in particular regarding the risks related to changes in the real estate market and the economic environment and the uncertainties related to the Covid-19 epidemic (see Section 5.2.1 and 5.2.3).

(1) Source: Institut de l'Épargne Immobilière & Foncière: Euronext IEIF SIIC France, nomenclature of the index at 31/12/2020 (http://www.ieif-indices.com/histo/index_compo. php?compo=SIIC).

(2) In total sales volume in millions of euros - Awards 2019 - Classement des Promoteurs 2020 (32nd edition) - Innovapresse - pages 13 and 15.

(3) Including the Serviced Residences business.

8.3 Persons responsible for the Universal Registration Document and the audit of the financial statements

8.3.1 Person responsible for the Universal Registration Document

Altafi 2, Co-Manager, represented by its Chairman, Alain Taravella.

8.3.2 Statement by the person responsible for the Universal Registration Document

"I certify that the information contained in this Universal Registration Document is, to the best of my knowledge, true and fair and free from material omission.

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, the cross-reference table of which appears on page 311, 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."

ALTAFI 2

Co-Manager

Represented by its Chairman

Alain Taravella

8.3.3 Persons responsible for the audit of the financial statements

Statutory Auditors[a]	Date of first appointment	Start date and duration of current term	Expiration of term
Full members			
Grant Thornton 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

(a) The Company's Statutory Auditors are members of Compagnie Nationale des Commissaires aux Comptes.

8.4 Documents and information

8.4.1 Documents incorporated by reference

In compliance with Article 19 of European Regulation No. 2017/1129, the following information is incorporated into this Universal Registration Document by reference:

- the consolidated financial statements and corresponding audit report provided on pages 83 and 135, the annual financial statements and corresponding audit report provided on pages 141 and 162, as well as the management report provided on page 47 of the 2018 Registration Document filed with the Autorité des Marchés Financiers on 2 April 2019 under number D. 19-0253.
- the consolidated financial statements and corresponding audit report provided on pages 91 and 149, the annual financial statements and corresponding audit report provided on pages 155 and 176, as well as the management report provided on page 53 of the 2019 Universal Registration Document filed with the Autorité des Marchés Financiers on 23 March 2020 under number D. 20-0158.

8.4.2 Documents available

For the full period of validity of this Universal Registration Document, the following documents are available to the public in electronic or printed form and can be obtained from the Company's registered office at 87 rue de Richelieu – 75002 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 Universal Registration Document.

All regulated company information circulated by the Company in accordance with Articles 221-1 et seq. of the AMF General Regulation, such as Universal Registration Documents (including the annual financial statements) containing essentially the Company's historic financial information, filed with the French financial markets authority (AMF) for the past ten financial years, and any updates thereof, are available on the Company's internet site (www.altarea.com, heading Financial information/Regulatory informations). The information which appears on the Company's website is not part of this Universal Registration Document unless it has been incorporated by reference.

8.4.3 Third party information

Some information in this Universal Registration Document has come from third-party sources. The Company hereby confirms that this information has been faithfully reproduced and, as far as the Company is aware and can confirm in the light of the information published, no fact has been omitted that would render the information produced inaccurate or misleading.

8.4.4 Property expert report

Overview of valuation reports prepared by Altarea's independent external appraisers[1]

General context of the valuation

Context and terms of the engagement

In accordance with the instructions of Altarea ("the Company") as detailed in the signed valuation agreements between Altarea and the appraisers, we have valued the assets held by the Company taking account of the nature of their ownership (freehold, ground lease, etc.). This Summary Report, which outlines the terms of our engagement, has been prepared for inclusion in the Company's universal Registration Document.

The valuations were undertaken by our valuation teams in each of the various countries and were reviewed by the pan-European valuation teams. In order to estimate the market value for each asset, we have taken into consideration domestic real estate transactions as well as the other valuations undertaken in Europe, in order to maintain a coherent approach and to take account of all available market transactions and information.

The valuations were performed using the discounted cash flow and capitalization methods, which are regularly used for these types of assets.

We can confirm that we did not receive fees from the Company representing more than 10% of our respective turnovers

Our valuations were performed as of December 31, 2020.

(1) This is a free translation into English of the valuation report issued in French and is provided solely for the convenience of English-speaking readers.

Standards and general principles applied

We confirm that our valuations were performed in accordance with the latest edition of the RICS Valuation – Global Standards 2019 ("Red Book"), effective January 31, 2020. This is an internationally-accepted valuation basis. Our valuations are compliant with IFRS and IVSC guidance. The valuations were prepared on the basis of the recommendation of the French financial markets authority (Autorité des Marchés Financiers – AMF) on valuation data pertaining to the real estate assets of listed companies, as published on February 8, 2010. They also take into account the recommendations of the Barthès de Ruyter report on the valuation of real estate of listed companies, as published in February 2000.

We confirm that we have prepared our valuations as external and independent valuers, as defined by the RICS Red Book. We also confirm that the appraisals were performed in accordance with the principles of IFRS 13, *i.e.*, on the basis of the "highest and best use" of each asset.

The market value set out hereafter generally approximates fair value within the meaning of IFRS, and particularly IFRS 13.

Basis of valuation

Our valuations correspond to Fair Values and are reported to the Company on both a net basis (after deduction of transfer duties and costs) and gross basis (before deduction of transfer duties and costs).

Valuation considerations and assumptions

Information

The Company's management was asked to confirm that the information provided relating to the assets and tenants was complete and accurate in all material respects. Consequently, we have assumed that all relevant information known by Company employees that could have an impact on values was made available to us and that this information was up to date in all material respects. This includes running costs, work undertaken, financial information (including doubtful debts), turnover rents, lettings signed or in the process of being signed and lease incentives, in addition to the list of leases in force and vacant units.

Floor areas

We have not measured the assets and have therefore based our valuations on the floor areas that were provided to us.

Environmental analysis and ground conditions

We have not been asked to undertake a study of ground conditions or an environmental analysis, and therefore have not investigated past events in order to determine if the ground or buildings are or have been contaminated. Unless provided with information to the contrary, we have worked on the assumption that the assets are free from historic ground contamination or potential contamination, and that the condition of the land will not affect its current or future usage.

Planning regulations

We have not reviewed the relevant planning permissions and have assumed that the assets have been built, and are occupied and used, in conformity with all necessary authorizations and that the land is free of legal restrictions. We have assumed that the layout of the assets conforms to legal requirements and planning regulations, including as regards structures, fire protection, health and safety, and security. We have also assumed that any extensions in progress are being undertaken in line with planning regulations and that all necessary authorizations have been obtained.

Title deeds and tenancy schedules

Our work was based on the tenancy schedules, summaries of additional revenues, non-recoverable charges, capital projects and business plans provided to us. We have assumed, beyond that which is set out in our individual asset reports, that the assets are not subject to any constraints that could impede a sale, and that they are free from any restrictions or charges. We have not reviewed the title deeds and have taken as correct the rental, occupational and all other pertinent information provided to us by the Company.

Condition of the assets

We observed the general condition of each asset during our inspection. While our engagement does not include a building or structural survey, we have indicated in our report any disrepair that was visible during our inspection. The assets were valued based on the information provided by the Company, which state that no deleterious or harmful materials were used in their construction.

Taxation

Our valuations are prepared on the basis of Fair Value and were performed without taking into account any fees or taxes that may be applicable in the event of a transfer. Rental and market values are stated net of value-added taxes.

Confidentiality and disclosure

In accordance with our standard practice, we confirm that our valuation reports are confidential and are addressed solely to the Company. Accordingly, we accept no liability to third parties. This report, or an extract thereof, may not be published or reproduced in any document, declaration, memorandum or communication with any third party without our prior written consent as regards the form and context in which this information may appear. In signing this Summary Report, the individual valuation firms accept no liability for the valuations carried out by the other firms.

French original signed by:

Jean-Philippe Carmarans
President
Cushman & Wakefield Valuation France

Béatrice Rousseau
Director
CBRE Valuation

Arabella Edwards
President
JLL Expertises

Cross-reference tables

Universal Registration Document cross-reference table

The cross-reference table below can be used to identify the information required by Annexes 1 and 2 of the Delegated Regulation (EC) 2019/980 of 14 March 2019.

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Analysis of changes to the business, results and financial position of the Group during the past financial year	1	39 to 68
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Glossary

Acronyms and abbreviations

GLA: Gross Leasing Area

EXCL. TAX: Excluding tax/**INCL. TAX:** Including tax

EXCL. TR.TAX: Excluding transfer taxes/**INCL. TR. TAX**: Including transfer taxes

LFL: On a like-for-like basis

GS: Group share

CBD: Central Business District

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

BEFA: A BEFA (Lease in the Future State of Completion), also called a "turnkey rental", consists for a developer to rent a building before its construction.

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 operates under off-plan sales, off-plan leases and property development contracts, with a particularly strong position on the turnkey users market or as service provider under delegated project management contracts.

C

CNCC: (Conseil National des Centres Commerciaux, the French Council 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 the sustainability". (Source: French Ministry for the Ecological and Inclusive Transition).

"CUSTOMER SERVICE OF THE YEAR" AWARD: The award, which was created in 2007 by Viseo Customer Insights, 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. For the first time, real estate developers joined the panel for the 2018 edition.

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 ACT: 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 enacted on 23 November 2018. Further information on the Ministry for Territorial Cohesion and Relations with Territorial Communities website (www. cohesion- territoires.gouv.fr).

EXIT RATE (OR "CAPITALISATION RATE"): Ratio of the portfolio's potential rents (net rental income on let units + rental value of vacant units + income from pop-up trading) and its appraisal value excl. Transfer duties. It reflects the fundamental medium to long-term quality of assets.

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.

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 and 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 performance 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 CSR performance of property companies around the world.

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 by segment.

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, offering a mix of Residential, Retail and Office and also including public and leisure facilities (hotel resorts, cultural and sports venues, etc.).

LIQUIDITY: available cash in the form of investments (investment securities, certificates of deposit, credit balances) plus drawing rights on bank facilities (revolving loans, overdraft facilities).

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.

NET DEBT TO EBITDA: Net bond and bank borrowings over FFO operating income.

NET RENTAL INCOME: 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).

N

NEW ORDERS – BUSINESS PROPERTY: New orders at 100%, with the exception of jointly-controlled operations (equity-accounted) which for which new orders are shown in Group share (in euros incl. tax when expressed as a value).

NEW ORDERS – PROPERTY DEVELOPMENT: Orders are the indicator of the "Property Development" business volumes and do not include asset disposals carried out by the REIT.

NEW ORDERS (RESERVATIONS) – RESIDENTIAL: New orders net of withdrawals at 100%, with the exception of jointly-controlled operations (Group share) (in euros incl. tax when expressed as a value).

O

OCCUPANCY COST RATIO: Ratio of billed rents and expenses to tenants (including reductions) to sales revenue. Calcul (incl. tax) and at 100%.

OPERATING INCOME: Recurring operating cash flow (FFO column in the consolidated income statement by segment).

OPL: 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

PIPELINE (IN POTENTIAL VALUE): Market value as of date of delivery. Retail: potential market value including transfer duties of projects on delivery (net rental income capitalised at market rate) at 100% of revenue excluding tax for development projects. Residential: Properties for sale + portfolio incl. tax. Business property: potential market value excl. transfer duties on the date of disposal for investment projects (at 100%), contract values excl. tax for off-plan sales/PDCs and estimated value for other development projects (at 100%, or Group share for jointly owned projects) plus capitalised DPM fees.

PIPELINE (IN SURFACE AREA): 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)].

PROPERTY DEVELOPMENT CONTRACT (PDC): "Common interest mandate" whereby a project owner entrusts the development of its property project to a developer. The developer takes charge of the entire project, administrative procedures and contracts, and is responsible for the successful completion of the project at the agreed price. The PDC is frequently used in turnkey office projects carried out for investors or users.

PROPERTY FOR SALE – RESIDENTIAL: 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.

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).

RETAILER SALES: Tenants' revenue (incl. tax) from like-for-like sites (excluding assets under redevelopment) for the period in question.

S

SCA: The SCA (*société en commandite par actions*, a French partnership limited by shares) 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.

U

UNIVERSAL REGISTRATION DOCUMENT: or URD.

URD: Universal Registration Document.

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