



2014 Results in line with the guidance

Massive debt reduction, outstanding pipeline of projects, digital transformation

Return to growth in 2015

- **2014 results in line with the guidance**

- Revenue:	€1.3 billion	-13%	
- Consolidated FFO ¹ :	€166.5 million	-0.7%	
- FFO (Group share):	€126.2 million	-11.3%	<i>i.e. €10.47/share (-17.3%)</i>
- NAV ² :	€1.6239 billion	+4.5%	<i>i.e. €129.8/share (-3.2%)</i>
- Dividend ³ :	€10.0/share		

- **Massive debt reduction achieved**

- LTV:	37.7 %	<i>-12 points in 2 years</i>
- Available cash and cash equivalents:	€622 million	<i>+€284 million</i>

- **Outstanding pipeline of projects and business digitalization**

- A pipeline of 23.7 million ft² (2.2 million m²), all asset categories combined (€9.7 bil. in value terms)
- Geographic target: metropolitan areas
- Innovation as a growth driver: the Digital Factory (“connected retail”)

- **2015 outlook**

- Increase of the FFO and 2016 dividend

Paris, March 4, 2015, 6:00 pm. Following review by the Supervisory Board, Management approved the 2014 consolidated financial statements. The audit of the individual (Altarea SCA) and consolidated financial statements has been performed, and the audit reports for certification of these financial statements are currently being issued.

¹ Funds from operations. FFO represents operating cash flow after net interest and corporate income tax expenses.

² Diluted Going-Concern NAV: market value of equity from the perspective of long-term operations as a going concern, recognizing all shares subscribed for the payment of dividends in shares.

³ Dividend amount (o/w €9.72/share as repayment of share premiums and €0.28/share as distribution of tax-exempt income (SIIC), paid entirely in cash, to be proposed at the General Meeting of the Shareholders of June 5, 2015).

“As announced, 2014 was a year of transition that marked the end of a period of deep transformation of our activities and organization. The relative decline in FFO is the short-term consequence of a concerted policy of financial risk reduction as well as investments in digitalization.

With a LTV down to 37.7%, our Group has the capacity to implement its project portfolio, which reached the unprecedented figure of 23.7 million ft² (2.2 million m²), all asset categories combined (€9.7 billion in value terms).

Over the past 10 years, Altarea Cogedim has built strategic positions in major French metropolitan areas, regions where most of our developments, as well as our portfolio assets, are located. These areas – which are the main economic and demographic growth drivers in France - face complex real estate challenges. Our Group has a relevant position to address these issues thanks to the diversity of its offering and the breadth of its expertise. Altarea Cogedim is the only French group whose know-how extends to all real estate products (residential, offices, hotels, retail). Each of our product lines encompasses a large range of solutions to deal with all the situations. Thanks to this operational domination, we can be part of comprehensive urban transformations and seize unique investment opportunities. Altarea Cogedim has thus become the must-have real estate partner of metropolitan areas.

Our Group has also invested massively to design innovative products. In particular, we boast a true technological lead in the fields of connected retail and smart buildings, all high value-added solutions for our clients: companies, retailers, individuals and local governments. We have placed innovation at the heart of our model, and we intend to continue investing in digitalization in order to maintain our technological advantage, especially when it comes to retail and anticipates our client’s needs.

The Group keeps studying major strategic opportunities that create value in the long term (selected acquisitions and external growth initiatives, disposals, strategic partnerships, etc.) to strengthen these positions. As of 2015, Altarea Cogedim will hence renew with strong growth in per share FFO and dividend.”

Alain Taravella, Chairman and Founder of Altarea Cogedim

2014 HIGHLIGHTS

RETAIL

2014 stood out for several iconic achievements:

- Win of the contest to modernize the 204,500 ft² (19,000 m²) of shops in the Paris-Montparnasse Rail Station.
- Authorization for the extension project of Cap 3000, the shopping center near Nice, and start of construction work which will ultimately increase its size to 1,453,000 ft² (135,000 m²).
- Delivery of the QWARTZ, a unique connected shopping center in the heart of Greater Paris (893,500 ft² or 83,000 m²).

The Group also continued concentrating its portfolio on premium assets, and now owns 35 assets in France with an average value of €93 million.

Net rental income in this refocused portfolio rose 2.8% like-for-like. This positive momentum is at work both in France (net rental income up 2.0%) and abroad (+7.3% in Italy and +3.4% in Spain).

Portfolio at 12/31/2014		Operational performance FRANCE	
Assets under management <i>(including management for third parties)</i>	€4.6 billion	Tenant revenue ⁴ CNCC	+1.0% -0.4%
Portfolio assets ⁵ <i>o/w Group share</i>	€3.737 billion €2.416 billion	Footfall CNCC	+0.2% -0.1%
Gross rents managed ⁶ <i>o/w Group share</i>	€248.3 million €138.9 million	Like-for-like change in rental income Occupancy cost ratio ⁷ Bad debt ratio ⁸	+2.0% 9.8% 0.7%

At the end of 2014, the development pipeline represented a €1.8 billion investment for €160 million in rental income⁹, i.e. potential additional rent equal to more than 80% of the existing portfolio.

Development pipeline at 12/31/2014	
Number of programs	14 projects
Surface area created (GLA)	4,714,500 ft ² (438,000 m ²)
Potential value ¹⁰	€2.904 billion
Net investments ¹¹ <i>o/w Group share</i>	€1.785 billion €1.266 billion
Projected gross rental income ¹² <i>o/w Group share</i>	€160 million €112 million
Projected yield	8.9%

⁴Revenue development for shopping center tenants on a "same-floor area basis."

⁵For 42 assets, including 35 in France for a total of €3.258 billion, and 7 abroad for €478 million.

⁶Assets in operation: rental value on signed leases at January 1, 2015.

⁷Calculated as rent and expenses charged to tenants (incl. taxes) in 2014 (including rent reductions), in proportion to sales over the same period (incl. taxes) at 100% in France. Excluding property being redeveloped.

⁸Net amount of allocations to and reversals of provisions for bad debt plus any write-offs during the period as a percentage of total rent and expenses charged to tenants, at 100% in France. Excluding property being redeveloped.

⁹Projected data at 100%.

¹⁰Potential value of shopping centers under development: rental income at 100% capitalized at 5.5%.

¹¹Total budget including interest expenses and internal costs.

¹²Assets in operation: rental value on signed leases at January 1, 2015.

RUE DU COMMERCE

Against a backdrop of intense competition on high-tech products, Rue du Commerce managed to maintain its business volume and market share. This policy led to a decline in retail margins in 2014. On the other hand, the marketplace delivered strong performances and reached its breakeven point during the year.

	12/31/2014	Change
Business volume	€428.3 million	-0%
<i>o/w high-tech</i>	<i>€305.6 million</i>	<i>-4%</i>
<i>o/w marketplace</i>	<i>€122.7 million</i>	<i>+12%</i>

RESIDENTIAL

New housing sales grew considerably (+21% in volume and +9% in value terms), driven by institutional investors and entry-level and midscale products¹³.

This chosen increase in volumes negatively impacted the average profitability in 2014. The long-term objective is to return to profit levels similar to the past two years in terms of amounts, keeping in mind that those years benefited from the exceptional impact of the Laennec program¹⁴.

	12/31/2014	Change
Reservations (in value terms, excl. tax)¹⁵	€1.103 billion	+9%
Reservations (in volume)	4,526 units	+21%
<i>o/w entry-level and midscale</i>	<i>66%</i>	<i>+3 pts</i>
Revenue	€755 million	-15%
		<i>-2% excl. Laennec</i>
Operating cash flow	€40.6 million	-35%
Backlog¹⁶	€1.459 billion	+10%
	<i>22 months</i>	<i>+5 months</i>
Properties for sale and future offering¹⁷	€4.942 billion	+12%
(incl. tax)		
<i>o/w entry-level and midscale</i>	<i>€2.780 billion</i>	<i>+24%</i>

The Group continues to enlarge its offering and acquired Histoire & Patrimoine¹⁸, a leader in the renovation of urban heritage properties and historical monuments. This new company is a highly promising development leverage for the whole Group.

¹³ Programs priced at under €5,000/m² in the Paris Region and under €3,600/m² outside of Paris.

¹⁴ Laennec was the largest real estate operation launched in fifty years in the heart of Paris' 7th arrondissement, generating revenue of €314 million excluding taxes.

¹⁵ Consolidated, except for jointly controlled operations, which are recognized in proportion to the interest held. Histoire & Patrimoine reservations are recognized at 55%.

¹⁶ The backlog comprises revenues excluding tax from notarized sales to be recognized on a percentage-of-completion basis and individual and block reservations to be notarized.

¹⁷ Properties for sale include units available for sale and are expressed as values including tax. The future offering is made up of secured programs (through sales commitments, almost exclusively unilateral in nature) that have yet to be launched. It is expressed as values including tax. Properties for sale and the future offering as presented here do not include Histoire & Patrimoine programs.

¹⁸ Acquisition of 55% of the capital of Histoire & Patrimoine for €15.5 million.

OFFICE PROPERTY

Relying on its comprehensive model (investor, property developer, service provider), the Group significantly increased its pipeline of projects, with seven new operations secured¹⁹ in 2014 representing 1,399,000 ft² (130,000 m²). The total volume of projects underway came to nearly 5,285,000 ft² (491,000 m²), or €1.7 billion²⁰ in value terms.

Operating cash flow grew strongly (+15%), driven by fees and Altafund's²¹ operations. New programs initiated in 2014 will start to show an impact on the results of the Office property business over the coming years.

	12/31/2014	Change
Total Revenue	€33.0 million	+17%
<i>Net property income (property development)</i>	€6.2 million	
<i>Fees (service provision)</i>	€19.7 million	
<i>Share of equity-method associates (investment²²)</i>	€7.1 million	
Operating cash flow	€17.8 million	+15%
Ongoing programs (surface areas)	5,292,500 ft² (491,700 m²)	+8%
O/w secured in 2014	1,399,000 ft ² (130,000 m ²)	
Ongoing programs (value terms)	€1.702 billion	+21%
<i>AltaFund²³</i>	€461 million	
<i>PDC / OPS / OPL²⁴</i>	€1.114 billion	
<i>DPM²⁵</i>	€127 million	

A PIPELINE OF PROJECTS OF 23.7 MILLION FT² (2.2 MILLION M²) IN METROPOLITAN AREAS (€9.7 BIL. IN VALUE TERMS)

Today, Altarea Cogedim is the only French group able to operate in all asset categories (residential, offices, hotels, retail) and in all kind of role (investor, property developer, service provider and asset manager). This development model enabled to build an extremely significant project portfolio, providing the basis of the Group's future growth.

Breakdown of the development pipeline by asset type

	Shopping centers	High-street retail	Residential	Offices	TOTAL
Number of projects & Number of units ²⁹	14 -	51 -	- 21,000	25 -	90 21,000
Surface areas	4,714,500 ft ² (438,000 m ²)	753,500 ft ² (70,000 m ²)	13 million ft ² (1,208,000 m ²)	5,285,000 ft ² (491,000 m ²)	23.7 million ft² (2.2 million m²)
Investment Yield	€1.8 bil. ⁽²⁾ 8.9%	n/a	n/a	n/a	n/a
Potential value ³⁰	€2.9 bil.	€0.2 bil.	€4.9 bil.	€1.7 bil. ²⁶	€9.7 bil.

Thanks to this dual model as a property owner and developer, Altarea Cogedim Group has become the must-have long-term real estate partner of French metropolitan areas, with more than 64.6 million ft² (6 million m²)

¹⁹ Secured program: program for which the Group has signed an off-plan sale or lease, property development or delegated project management contract, or for which AltaFund has acquired an asset.

²⁰ Off-plan and property development contracts: contract amounts. Delegated project management: capitalized fees. AltaFund investment: cost price.

²¹ AltaFund is a discretionary investment fund with €600 million in equity.

²² Mainly AltaFund.

²³ Amount = total cost price of programs at 100%.

²⁴ Property development contracts / Off-plan sales / Off-plan leases. Amount = amount of the signed contract (or estimate in the case of off-plan leases).

²⁵ Delegated project management. Amount = capitalized fees.

²⁶ O/w €461 million as investor (total cost price of the program at 100%), €1.114 bil. as property developer (amount of signed contract) and €127 million as service provider (capitalized fees).

developed over 10 years. Today, 91% of the Retail portfolio²⁷ and 91% of Group projects²⁸ are concentrated in these dynamic areas.

Breakdown by metropolitan area: Development pipeline (all types of products) and shopping centers in the portfolio

	Greater Paris	Greater Lyon	Nice Metropolitan Area	Marseille Provence	Toulouse Metropolitan Area	Bordeaux Metropolitan Area	Other ²⁹	TOTAL	
DEVELOPMENT PIPELINE	Number of projects & Number of units ³⁰	45 8,800 units	13 1,500 units	7 1,800 units	10 2,700 units	2 1,000 units	1 1,700 units	12 3,500 units	90 21,000 units
	Surface areas	11,259,000 ft ² (1,046,000 m ²)	1,474,500 ft ² (137,000 m ²)	1,625,350 ft ² (151,000 m ²)	3,067,750 ft ² (285,000 m ²)	1,033,500 ft ² (96,000 m ²)	1,076,500 ft ² (100,000 m ²)	4,219,500 ft ² (392,000 m ²)	23.7 million ft² (2.2 million m²)
	Potential value ³¹	€5.0 bil.	€0.5 bil.	€1.3 bil.	€1.0 bil.	€0.3 bil.	€0.3 bil.	€1.3 bil.	€9.7 bil.
SHOPPING CENTERS IN PORTFOLIO	Number of centers	15	1	2	3	1	-	13	35
	Surface areas	2,624,250 ft ² (243,800 m ²)	654,500 ft ² (60,800 m ²)	754,500 ft ² (70,100 m ²)	143,150 ft ² (13,300 m ²)	605,000 ft ² (56,200 m ²)	-	2,418,500 ft ² (224,700 m ²)	7,200,000 ft² 668,900 m²

INNOVATION AT THE CORE OF THE BUSINESS MODEL

A revolution in connected retail: the Digital Factory

By combining the expertise of Altarea Commerce and Rue du Commerce, the Group has designed a unique Data Management Platform: the *Digital Factory*. This unified data treatment platform provides insights on customer behavior in both brick-and-mortar and online shops. Thus, this platform enables brick-and-mortar shopping centers to enjoy the same real-time growth drivers as online retailers³².

Implemented for the first time at Qwartz, this platform is writing a new chapter in connected retail, which potentially goes beyond Group-managed shopping centers.

An innovative approach impacting all Group businesses

In general, the Group continuously monitors all of its businesses to incorporate innovation into the design of new products. To do so, a special unit has been created and provided with substantial human and financial resources: AltaFuture³³.

²⁷ In value of controlled assets.

²⁸ In project surface area, at 100%.

²⁹ O/w other metropolitan areas where the Group is active (Nantes, Strasbourg, Lille and Montpellier), including international.

³⁰ No. of development projects for Shopping centers, Neighborhood shops and Offices, No. of units for Residential property.

³¹ Neighborhood shop value: €2,500/m² / Shopping center value: rental income at 100% capitalized at 5.5% / Residential property value: properties for sale + portfolio assets (i.e. excluding programs under construction) / Office property value: OPS/PDC (share of contract amounts), Delegated project management: (share of capitalized fees), Altafund (cost price at 100%).

³² For example: increase footfall in targeted areas or at specific times (restaurants, less visited areas, off-peak periods, etc.), increase conversion rates and length of visits, use collected data, etc.

³³ In early 2015, Altarea Cogedim created AltaFuture, a new structure focused on identifying innovations that the Group could implement, provide support to introduce these innovations and enrich Altarea Cogedim's strategy by developing close relations with innovative young companies.

FINANCIAL RESULTS

€ millions	12/31/2014			12/31/2013		
	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Shopping centers	188.7	(4)%	3.5	192.2	196.1	196.1
Online retail	316.7	(3)%		316.7	328.1	328.1
Residential	755.3	(14)%		755.3	883.3	883.3
Offices	66.2	(40)%		66.2	110.8	110.8
REVENUE	1,326.9	(13)%	3.5	1,330.4	1,518.4	1,518.4
Shopping centers	161.8	5.1%	104.5	266.3	153.9	222.4
Online retail	(19.0)	52.7%	(5.2)	(24.3)	(12.5)	(59.5)
Residential	40.6	(34.8)%	(7.0)	33.6	62.3	57.0
Offices	17.8	15.4%	1.4	19.3	15.5	13.6
Other	0.6		(2.7)	(2.1)	(0.6)	(1.2)
OPERATING INCOME	201.8	(7.7)%	91.1	292.9	218.6	232.4
Net borrowing costs	(34.1)	(29.3)%	(5.0)	(39.1)	(48.2)	(54.8)
Change in value and income from disposal of financial instruments	–		(78.7)	(78.7)	–	22.0
Proceeds from the disposal of investments	–		0.0	0.0	–	(0.0)
Corporate income tax	(1.3)		86.1	84.8	(2.7)	20.4
NET CONSOLIDATED INCOME	166.5	(0.7)%	93.5	260.0	167.7	220.0
Non-controlling interests	(40.3)	58.1%	(105.4)	(145.7)	(25.5)	(73.8)
NET ATTRIBUTABLE INCOME	126.2	(11.3)%	(11.8)	114.3	142.2	146.3
Average number of shares after dilution (in millions)	12.055				11.232	
FFO (GROUP SHARE) PER SHARE	10.47	(17.3)%			12.66	

The Group's consolidated revenue was down 13%, impacted mainly by property development activities (repositioning of the housing mix, Laennec “base effect” in 2013, office property business mix).

Despite the positive performance of the shopping centers and office property, operating cash flow³⁴ declined by 7.7% to €201.8 million, mainly due to the decrease in net residential property income, exacerbated by the Laennec base effect in 2013. Against a backdrop of heightened competition, Rue du Commerce maintained its market share in high-tech products by sacrificing margins. The marketplace achieved excellent performance³⁵ and has now broken even.

In total, consolidated FFO³⁶ was down slightly by 0.7% to €166.5 million³⁷, thanks to the reduction in net borrowing costs (–€14.1 million) and income tax management (–€1.3 million). On a Group share basis, FFO was down 11.3% to €126.2 million, in line with forecasts.

Net consolidated income³⁷ came to €260.0 million (+18%), positively impacted by the increase in portfolio asset values, as well as by deferred tax income that offset the negative impact of the marked-to-market value of financial instruments. On a Group share basis, net consolidated income stood at €114.3 million, reflecting the impact of the partnerships concluded on retail assets³⁸.

³⁴ Or consolidated EBITDA, equal to the sum of net rental income, net development income and fees less overhead expenses.

³⁵ Since the acquisition of Rue du Commerce by Altarea Cogedim Group in 2011, the marketplace's business volume has grown by 30%.

³⁶ Funds from operations: operating cash flow after net interest and corporate income tax expenses.

³⁷ Group share and other.

³⁸ At the end of 2013, the Group sold to Allianz 49% of a portfolio made up of five assets, thus increasing the share of profit attributable to minority interests.

A STRENGTHENED FINANCIAL POSITION

MASSIVE DEBT REDUCTION WITH AN IMPACT ON PER-SHARE INDICATORS

The Group achieved quick and massive debt reduction under the combined impact of several initiatives (partnerships, disposals, dividend payouts in shares). This policy led to a significant reduction in consolidated debt (LTV brought down to 37.7% compared to 51.2% in 2011). Having recovered a strong investment capacity, the Group can now implement its substantial project portfolio.

These initiatives also led to a dilutive effect on the main per-share indicators in 2014 (FFO and NAV per share).

FFO per share		Going-concern NAV ³⁹ per share	
FFO/share at 12/31/2013	12.7	NAV/share at 12/31/2013	134.1
Change in 2014 FFO	(0.2)	Value creation	10.1
		2014 dividend	(10.0)
		Other changes in value ⁴⁰	(0.8)
FFO/share at 12/31/2014	12.5	NAV/share at 12/31/2014	133.3
on a same financial structure basis	-1.3%	on a same financial structure basis	-0.6%
Dilution from partnership (Allianz) ⁴¹	(1.3)	Dilution from partnership (Allianz) ⁴¹	(1.8)
Dilution from creation of new shares ⁴²	(0.8)	Dilution from creation of new shares ⁴²	(1.7)
FFO/share at 12/31/2014	10.5	NAV/share at 12/31/2014	129.8
	-17.3%		-3.2%

DIVERSIFIED AND OPTIMIZED FINANCIAL RESOURCES

	12/31/2014	12/31/2013	Change
Consolidated equity	€2.169 billion	€1.832 billion	+18%
Net debt	€1.772 billion	€1.837 billion	-€65 million
Available cash and cash equivalents	€622 million	€338 million	+€284 million
LTV ⁴³	37.7 %	41.7%	-4pts
ICR ⁴⁴	5.9 x	4.5 x	+1.4 x
Term	3.7 years	4.0 years	-0.3 year
Average cost	2.41%	2.80%	-40 bps

Nearly €805 million in corporate financing⁴⁵ was signed this year, including €230 million in the form of a seven-year private bond issue⁴⁶. The average cost of debt in the medium term stood between 2% and 2.5% all in. This cost includes the restructuring of the hedging portfolio (including in early 2015) and the conditions offered to the Group in terms of spread.

³⁹ Diluted Going-Concern NAV: Market value of equity from the perspective of long-term operations as a going concern, recognizing all shares subscribed for the payment of dividends in shares. EPRA NAV: €130.8/share (-3.1%) / EPRA NNNNAV (liquidation NAV): €124.6 (-3.2%).

⁴⁰ O/w a €64 million tax effect (carryforwards).

⁴¹ Partnership with Allianz on 49% of five assets (Bercy Village, Gare de l'Est, Gennevilliers, Toulouse Gramont and La Valette du Var).

⁴² 2013 dividend payout in shares, creation of 922,692 new shares at €108.3/share.

⁴³ LTV (Loan to Value) = Net debt / Restated value of assets including transfer duties.

⁴⁴ ICR = operating profit / net borrowing costs ("Funds from operations" column).

⁴⁵ For an average term of 4.8 years.

⁴⁶ For a spread of 195 bps.

This press release is accompanied by a PowerPoint presentation. The presentation is available for download on the Financial Information page of Altarea Cogedim's website.

UPCOMING EVENTS (FOR INFORMATIONAL PURPOSES ONLY)

Q1 2015 revenue: April 16, 2015, after market
Annual General Meeting of Shareholders June 5, 2015
H1 2015 results: July 30, 2015, after market

About Altarea Cogedim - FR0000033219 - ALTA

Altarea Cogedim is a leading real estate group. As both a commercial land owner and developer, it operates in all three classes of property assets: retail, residential and offices. It has the required know-how in each sector to design, develop, commercialize and manage made-to-measure property products. With operations in France, Italy and Spain, Altarea Cogedim manages a shopping center portfolio of €4 billion and ranks among the leading e-commerce sites in France thanks to its subsidiary Rue du Commerce. Listed in compartment A of NYSE Euronext Paris, Altarea had a market capitalization of €1.7 billion at December 31, 2014.

FINANCE CONTACTS

Eric Dumas, Chief Financial Officer
edumas@altareacogedim.com, tel : + 33 1 44 95 51 42

Catherine Leroy, Investor Relations
cleroy@altareacogedim, tel : +33 1 56 26 24 87

Agnès Villeret, Analyst and Investor Relations
agnes.villeret@citigate.fr, tel: + 33 1 53 32 78 95

COMMUNICATION CONTACTS

Guylaine Mercier, Director of Communication
gmercier@altareacogedim, tel: +33 1 56 26 25 36

Nicolas Castex, Press relations
nicolas.castex@citigate.fr, tel: + 33 1 53 32 78 88

Audrey Berladyn, Relations presse
audrey.berladyn@citigate.fr, tel : + 33 1 53 32 84 76

DISCLAIMER

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

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



BUSINESS REVIEW

December 31, 2014

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1 BUSINESS REVIEW

1.1 RETAIL

1.1.1 Shopping centers

KEY FIGURES AT DECEMBER 31, 2014

December 31, 2014	In operation			Under development		
	GLA (m ²)	Current gross rental income (€ millions) ^(d)	Appraisal value (€ millions) ^(e)	GLA in m ²	Estimated gross rental income (€ millions)	Net investments (€ millions) ^(f)
Controlled assets (fully consolidated) ^(a)	640,409	162.8	3,105	340,000	143.5	1,583
Group share	514,959	121.0	2,107	280,000	106.1	1,194
Share of minority interests	125,449	41.8	998	60,000	37.5	389
Equity assets ^(b)	148,598	37.0	632	98,000	16.1	203
Group share	70,822	17.8	309	39,000	5.9	73
Share of third parties	77,776	19.2	322	59,000	10.3	130
Management for third parties ^(c)	218,300	48.5	863	-	-	-
Total assets under management	1,007,307	248.3	4,600	438,000	159.7	1,785
Group share	585,781	138.9	2,416	319,000	111.9	1,266
Share of third parties	421,525	109.5	2,184	119,000	47.8	519

(a) Assets in which Altarea holds shares and over which Altarea 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 has 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 value on signed leases at January 1, 2015.

(e) Appraisal value including transfer duties.

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

1.1.1.1 Market trends and Group strategy

French household consumption rose slightly at the end of year 2014, reaching an overall growth of 0.6%⁴⁷. Online sales are recording similar trends (+2% for the French market, and +3% for the leading general merchandise websites⁴⁸ on a like-for-like basis), which shows e-commerce has achieved a certain maturity.

However, the CNCC recorded a 0.4% sales decline for shopping center tenants⁴⁹.

Despite a context of sluggish consumption, Altarea Cogedim pursues its strategy: concentrate its portfolio on premium assets with strong attractivity and marketability.

The Group's shopping centers demonstrated very solid performance with tenant sales up 1.0%⁵⁰.

1.1.1.2 Consolidated net rental income

Net rental income (IFRS) reached €156.6 million, (0.9)% in 2014. On a like-for-like basis, net rental income grew by +2.8% at Group level, and by +2.0% in France, in a context of stable indexation⁵¹.

	€ millions	
Net rental income at December 31, 2013	158.0	
Disposals	(3.4)	
Redevelopments	(1.7)	
Like-for-like change France	2.2	+2.0% (a)
Like-for-like change International	1.6	+6.2% (b)
Total Change in Net Rental Income	(1.4)	(0.9)%
Net rental income at December 31, 2014	156.6	

(a) As a like-for-like percentage in France

(b) As a like-for-like percentage outside of France

OPENINGS

⁴⁷ Source: INSEE, late December 2014 (sale of manufactured goods).

⁴⁸ Source: FEVAD and ICE 100 survey (like-for-like growth of leading sites and high-tech products) as of late December 2014 (12 months rolling).

⁴⁹ Source: CNCC, Revenue development for shopping center tenants on a "same-floor area basis" as of late December 2014.

⁵⁰ 2014 revenue development for shopping center tenants on a "same-floor area basis" in France.

⁵¹ ILC (Commercial Rent Index) Q2 2013: +0.85%, CCI (Construction Cost Index) Q2 2013: -1.7%.

2014 witnessed the delivery of the QWARTZ in Villeneuve-la-Garenne, a 721,000 ft² (67,000 m²) regional shopping center which features a Carrefour hypermarket, Primark, Mark & Spencer, H&M, Zara and more than 165 retailers and restaurants.

Altea Cogedim owns 50% of this shopping center which is consolidated using the equity method in the Group consolidated financial statements. As such, its impact does not appear in the net rental income recognized for the period.

DISPOSALS

The Group disposed of three small-sized assets over the year for a total net sale price of €82.3 million.

REDEVELOPMENTS

The Group strategy of focusing on premium assets also includes redeveloping/extending of existing shopping centers with strong potential for value creation. These projects often lead to rent decreases for current tenants during the construction.

In 2014, the Group undertook several initiatives to strengthen its shopping center portfolio, in particular:

- Aix-en-Provence, including the redevelopment of the gallery and an extension of 51,700 ft² GLA (4,800 m²), to be delivered during H1 2015,
- Aubergenville, which is being restructured to include a Marque Avenue® intended to attract new customers and to increase rental income. Delivery is scheduled for mid-2015.

1.1.1.3 Operational performance

FRANCE (87% OF THE PORTFOLIO)

Change in rental income

In France, the 2.0% like-for-like⁵² growth in rental income was driven by the large shopping centers (Cap 3000, Toulouse Gramont and Bercy Village).

Tenant sales⁵³

⁵² Excluding impact of openings, acquisitions, disposals and redevelopments.

At 100%	Sales (incl. tax)	Footfall
Total shopping centers	1.0%	0.2%
CNCC index	(0.4)%	(0.1)%

Leasing activity (gross rental income)

	Number of leases	New rent	Old rent	Change
Letting	62	€6.7 mil.	–	n/a
Lease renewals / re-lettings	121	€11.7 mil.	€8.1 mil.	44%
2014 total	183	€18.3 mil.	€8.1 mil.	n/a

Lease expiry schedule

€ millions, at 100%	Lease expiry date	% of total	3-year termination option	% of total
Past years	14.7	8.8%	14.7	8.8%
2015	5.4	3.2%	15.7	9.4%
2016	4.9	2.9%	39.3	23.6%
2017	13.9	8.3%	44.9	27.0%
2018	17.0	10.2%	19.8	11.9%
2019	12.1	7.2%	7.8	4.7%
2020	22.3	13.4%	13.4	8.0%
2021	16.1	9.6%	7.1	4.2%
2022	17.8	10.7%	0.1	0.1%
2023	17.4	10.5%	2.5	1.5%
2024	21.6	12.9%	0.0	0.0%
2025	1.1	0.7%	–	0.0%
>2025	2.4	1.4%	1.1	0.7%
Total	166.5	100%	166.5	100%

Occupancy cost ratio⁵⁴, bad debt ratio⁵⁵ and financial vacancy rate⁵⁶

	2014	2013	2012
Occupancy cost ratio	9.8%	10.2%	10.1%
Bad debt ratio	0.7%	1.5%	1.5%
Financial vacancy	3.4%	3.4%	2.8%

INTERNATIONAL (13 % OF THE PORTFOLIO)

The international shopping center portfolio includes one Spanish asset in Barcelona and six Italian assets mainly located in northern Italy.

In Italy, despite a morose economic environment as well as political and tax uncertainties, the portfolio has proven its resilience with a 7.3% growth in net rental income.

⁵³ Revenue development for shopping center tenants on a "same-floor area basis."

⁵⁴ Calculated as rent and expenses charges to tenants (incl. taxes) in 2014 (including rent reductions), in proportion to sales over the same period (incl. taxes) at 100 % in France. Excluding property being redeveloped.

⁵⁵ Net amount of allocations to and reversals of provisions for bad debt plus any write-offs during the period as a percentage of total rent and expenses charged to tenants, at 100 % in France. Excluding property being redeveloped.

⁵⁶ Estimated rental value (ERV) of vacant lots as a percentage of total estimated rental value. Excluding property being redeveloped.

This growth was driven by a lease review strategy (enhancement of the retailers) and shopping center redevelopment initiatives. Thus, tenant sales⁵⁷ increased by 0.7% and footfall by 3.0%, in spite of a growth in the financial vacancy rate (6.8% as compared to 4.0% in 2013). The bad debt ratio also went down to 2.0%.

In Spain, net rental income also recorded a significant increase (+3.4%).

The shopping center performances confirm the economic upturn, with tenant sales up 2.0%, a financial vacancy rate down to 1,7% (as compared to 2.9% in 2013) and a drop in the bad debt ratio to 0.6% (as compared to 2.5% in 2013).

1.1.1.4 Management for third parties

Over the recent years, the Group has significantly developed its management for third parties activity.

At the end of 2014, these assets represented €48.5 million in rental income and an overall value of €863 million. They strongly contribute to the growth in Altarea Commerce's fees⁵⁸.

Combining controlled assets and assets managed for third parties, Altarea manages a total of approximately 1,800 leases in France and 500 leases in Italy and Spain.

1.1.1.5 Portfolio

PORTFOLIO COMPOSITION

As of December 31, 2014, the value of the portfolio owned by the Group (fully consolidated assets and equity assets) was up by €457 million, reaching €3,737 million.

€ millions	Value
TOTAL at December 31, 2013	3,280
Centers opened	370
Acquisitions	-
Disposals	(88)
Like-for-like change	176
o/w France	204
o/w Italy	(39)
o/w Spain	11
Total change	457
TOTAL at December 31, 2014	3,737
o/w Group share	2,416
o/w share of third parties	1,321

Over the past four years, the Group has been concentrating its asset portfolio on "premium"

shopping centers: regional shopping centers, large retail parks, urban entertainment centers, rail station shops, etc.

As a result of this strategy, the Group now owns 35 assets in France with an average value of €93 million and 7 assets abroad.

Regional shopping centers and large retail parks account for 82% of the portfolio (compared to 76% in 2013).

Breakdown by type (€ millions)	2014	2013	Change
Regional shopping centers	2,275 61%	1,703 52%	9 pts
Large retail parks (Family V)	802 21%	779 24%	(2) pts
Local / Downtown	661 18%	798 24%	(7) pts
TOTAL	3,737 100%	3,280 100	
o/w Group share	2,416	2,283	

Geographical distribution (€ millions)	2014	2013	Change
Paris Region	1,275 34%	944 29%	5 pts
PACA/Rhône-Alpes/South	1,573 42%	1,386 42%	(0) pts
France – Other regions	411 11%	443 13%	(3) pts
International	478 13%	506 15%	(3) pts
TOTAL	3,737 100%	3,280 100	
o/w Group share	2,416	2,283	

Asset format	2014	2013	Change
France Average value	€93 million	€75 million	24%
France Num. of assets	35	37	-2
International (a) Average value	€68 million	€72 million	(6)%
International (a) Num. of assets	7	7	-

CAPITALIZATION RATE⁵⁹

Average net capitalization rate, at 100%	2014	2013
France	5.49%	5.98%
International	7.15%	6.75%
TOTAL Portfolio	5.71%	6.10%
o/w Group share	5.99%	6.30%
o/w share of third parties	5.03%	5.62%

In France, the decrease of nearly 50 basis points in the average capitalization rate was mainly driven by major premium assets (Cap 3000, Qwartz).

APPRAISAL VALUES

The task of valuating Altarea Cogedim's assets is entrusted to DTZ Valuation and CBRE Valuation. The appraisers use two methods:

- discounting cash flows, with resale value at the end of the period;

⁵⁷ Revenue development for shopping center tenants on a "same-floor area basis."

⁵⁸ A total of €19,2 million in fees invoiced to third parties in 2014.

⁵⁹ The capitalization rate is the net rental yield relative to the appraisal value excluding transfer duties.

• capitalization of net rental income, based on a capitalization rate that includes the site's characteristics and rental income (also including variable rent and market rent of vacant premises, adjusted for all charges incumbent upon the owner).

These valuations are conducted in accordance with the criteria set out in the *Red Book – Appraisal and Valuation Standards*, published by the Royal Institute of Chartered Surveyors. The surveyors' assignments were all carried out in accordance with the recommendations of the COB / CNC Barthes de Ruyter working group and fully comply with the instructions of the Appraisal Charter of Real Estate Valuation (*Charte de l'Expertise en Evaluation Immobilière*) updated in 2012. Surveyors are paid lump-sum compensation based on the size and complexity of the appraised properties. Compensation is therefore totally independent of the results of the valuation assessment.

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

Appraiser	Portfolio	% of value, incl. transfer taxes
CBRE	France	27%
DTZ	France & International	73%

1.1.1.6 Shopping centers under development

In line with its strategy of concentrating its portfolio on "premium" assets, the Group completely renewed its development portfolio, focusing on greenfields, restructuring/redevelopment of major regional shopping centers, on-the-spot retail sites and large retail parks, which now account for more than 90% of the pipeline.

As of December 31, 2014, the volume of projects secured or underway represented an estimated net investment⁶⁰ of approximately €1.8 billion. This stands for an additional potential gross rental income of €160 million at 100% (€1.3 billion on a Group share basis for €112 million of gross rental income).

Compared with the Group's assets in operation, the pipeline accounts for more than 80% of potential additional rental income (both at 100% and on a Group share basis).

GLA in m ² (c)	Est. gross rental income (€ millions)	Net investment (€ millions)	Forecasted yield

⁶⁰ Total budget including interest expenses and internal costs.

Controlled projects (fully consolidated) (a)	340,000	144	1,583	9.1%
Group share	280,000	106	1,194	
Share of minority interests	60,000	37	389	
Equity projects (b)	98,000	16	203	8.0%
Group share	39,000	6	73	
Share of third parties	59,000	10	130	
Total	438,000	160	1,785	8.9%
Group share	319,000	112	1,266	8.8%

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

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

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

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

Altarea Cogedim only reports on projects that are secured or underway⁶¹. This pipeline does not include identified projects for which development teams are currently in talks or carrying out advanced studies.

Given the Group's cautious risk management criteria, the decision to begin the construction is only made once a sufficient pre-letting level has been reached. Considering the administrative and commercial progresses achieved in 2014, most pipeline projects should be delivered between 2015 and 2018.

€ millions, net	At 100%	Group share
Paid out	309	213
Committed, remaining to be paid out	69	34
Total commitments	378	247
% of net investment	21%	19%

INVESTMENTS CARRIED OUT IN 2014 FOR PROJECTS UNDER DEVELOPMENT

Over the year, Altarea Cogedim invested⁶² €118 million in its project portfolio on a Group share basis.

These investments mainly relate to:

- Quartz, a regional shopping center with a net floor area of 925,750 ft² (86,000 m²), which opened in Villeneuve-la-Garenne in April 2014,
- and shopping centers under construction and/or redevelopment (essentially Cap 3000, Toulon-La Valette, Aubergenville and Aix-en-Provence).

PARIS-MONTPARNASSE RAIL STATION

⁶¹ Projects underway: properties under construction. Secured projects: projects either fully or partly authorized, where the land has been acquired or for which contracts have been exchanged, but on which construction has not yet begun

⁶² Change in non-current assets net of changes in amounts payable to suppliers of non-current assets.

Following the consultation launched by Gares & Connexions, Altarea Cogedim was selected as a partner for the modernization of Paris-Montparnasse Rail Station in Paris. Thus, the Group will be in charge of the design and construction of the station's retail spaces, as well as the operation of these spaces for 30 years. This exceptional project aims to bring Paris-Montparnasse Rail Station in line with the new lifestyles of all of its users by taking into account the 50% increase in traffic expected by 2030.

CAP 3000

After an initial remodeling in 2012 and the opening of four new waterfront restaurants in May 2014, last November the Group launched the extension-renovation of the Cap 3000 shopping center, located close to Nice.

Following this project, which will be carried out between 2016 and 2018, the center will include 300 retailers over a total net floor area of 1,453,000 ft² (135,000 m²) (as compared to 140 retailers and a net floor area of 915,000 ft² (85,000 m²) as of today).

Construction cost amounts to approximately €400 million, bringing the overall amount invested in the center since its acquisition to over €1 billion.

DELIVERIES PLANNED FOR 2015

The Group will deliver three programs in 2015, generating nearly €14 million of additional annualised rental income⁶³:

- Extension-renovation of the Jas de Bouffan shopping center in Aix-en-Provence, with a delivery in Q1 2015,
- Redevelopment of the Aubergenville Family Village[®], in partnership with Concepts & Distribution, to create the first brand village in the Western Paris Region. With 129,000 ft² (12,000 m²) of space and 80 shops developed in phase 1, the center will open during Q2 2015,
- At the end of 2015, opening of a shopping center of more than 323,000 ft² (30 000 m²), located on Boulevard Macdonald in Paris and developed in partnership with Caisse des Dépôts. This project will feature 40 shops and restaurants, including 10 mid-size stores.

1.1.1.7 Operating cash flow

€ millions	12/31/2014	12/31/2013
Rental income	169.6	174.4

⁶³ Additional gross rental income at 100%, excluding the impact of stepped rents and rent holidays.

Net rental income	156.6	(1)%	158.0
% of rental revenues	92.3%		90.6%
External services	19.2	(12)%	21.8
Own work capitalized and production held in inventory	19.7		12.3
Operating expenses	(50.2)	(2)%	(51.4)
Net overhead expenses	(11.3)	(35)%	(17.3)
Contribution of EM associates ^(a)	16.5		13.3
Operating cash flow	161.8	5%	153.9

(a) EM: Equity-method Particularly including the contribution of Quartz since April.

Operating cash flow went up and reached €161.8 million (+5.1%): the impact of the disposals was more than offset by the like-for-like increase in rental income, the opening of the Quartz (consolidated using the equity method) and the decrease in operating expenses (-2%).

1.1.1.8 High-street retail

In 2013, the Group created a structure dedicated to "high-street retail" to enhance the value of retail and business surfaces from development programs, as a development synergy with Cogedim's Residential property teams.

This pooling of expertise among the Retail, Residential and Office property teams makes it possible for the Group to provide local authorities with the best solutions, particularly when it comes to creating new neighborhoods.

This activity deals with various shop formats:

- ground-floor shops,
- shopping streets,
- mid-size stores,
- retail complexes covering several thousand m² (new neighborhoods).

These assets are to remain within the Group for the bigger ones, or to be disposed following its leasing.

As of December 31, 2014, the Group was working on 51 programs, some of which have already been leased and are about to be sold. This new activity is expected to contribute significantly to the Group FFO starting 2015/2016.

Number	Surface area
--------	--------------

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Secured programs ^(a)	26	385,350 ft ² (35,800 m ²)
Under development	25	364,900 ft ² (33,900 m ²)
Total programs underway	51	750,250 ft² (69,700 m²)

(a) Programs secured by a sales commitment.

Breakdown of the portfolio managed as of December 31, 2014

Center	GLA in m ²	Gross rental income (€ millions) (d)	Value (€ millions) (e)	o/w Group share		o/w share of third	
				Share	Value (€ millions) (e)	Share	Value (€ millions) (e)
Toulouse Occitania	56,200			51%		49%	
Paris - Bercy Village	22,824			51%		49%	
Gare de l'Est	5,500			51%		49%	
CAP 3000	64,500			34%		66%	
Thiais Village	22,324			100%		-	
Massy	18,200			100%		-	
Lille - Les Tanneurs & Grand' Place	25,480			100%		-	
Aix en Provence	3,729			100%		-	
Mulhouse - Porte Jeune	14,769			65%		35%	
Strasbourg - L'Aubette & Aub. Tourisme	8,400			65%		35%	
Strasbourg - La Vigie	16,232			59%		41%	
Flins	9,700			100%		-	
Toulon - Grand' Var	6,336			100%		-	
Toulon - Ollioules	3,185			100%		-	
Tourcoing - Espace Saint Christophe	13,000			65%		35%	
Okabé	15,077			65%		35%	
Villeparisis	18,623			100%		-	
Herblay - XIV Avenue	14,200			100%		-	
Pierrelaye (RP)	9,750			100%		-	
Gennevilliers (RP)	18,863			51%		49%	
Family Village Le Mans Ruaudin (RP)	23,800			100%		-	
Family Village Aubergenville (RP)	38,620			100%		-	
Brest - Guipavas (RP)	28,000			100%		-	
Limoges (RP)	28,000			75%		25%	
Nimes (RP)	27,500			100%		-	
Various shopping centers (3 assets)	7,491			n/a		n/a	
Sub-total France	520,302	129.5	2,626		1,628		998
Barcelona - San Cugat	20,488			100%		-	
Bellinzago	21,069			100%		-	
Le Due Torri	33,691			100%		-	
Pinerolo	8,106			100%		-	
Rome - Casetta Mattei	15,301			100%		-	
Ragusa	13,060			100%		-	
Casale Monferrato	8,392			100%		-	
Sub-total International	120,107	33.3	478		478		-
Controlled assets (fully consolidated) (a)	640,409	162.8	3,105		2,107		998
Villeneuve la Garenne - Quartz	42,980			50%		50%	
Carré de Soie	60,800			50%		50%	
Paris - Les Boutiques Gare du Nord	3,750			40%		60%	
Roubaix - Espace Grand' Rue	13,538			33%		68%	
Châlons - Hôtel de Ville	5,250			40%		60%	
Various shopping centers (2 assets)	22,279			n/a		n/a	
Equity assets (b)	148,598	37.0	632		309		322
Chambourcy	33,800			-		100%	
Bordeaux - St Eulalie	14,500			-		100%	
Orange - Les Vignes	30,700			-		100%	
Toulon - Grand Ciel	2,800			-		100%	
Angers - Fleur d'Eau	2,900			-		100%	
Bordeaux - Grand' Tour	11,400			-		100%	
Brest - Coat ar Gueven	6,400			-		100%	
Brest - Jean Jaurès	12,500			-		100%	
Chalon Sud	4,000			-		100%	
Nantes - Le Sillon Shopping	11,200			-		100%	
Pau - Quartier Libre	33,800			-		100%	
Reims - Espace d'Erlon	7,100			-		100%	
Toulouse - Espace Saint Georges	12,800			-		100%	
Valdoly	5,800			-		100%	
Vichy - Les 4 Chemins	14,000			-		100%	
Ville du Bois	14,600			-		100%	
Assets managed for third parties (c)	218,300	48.5	863		-		863
Total Assets under management	1,007,307	248.3	4,600		2,416		2,184

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

(b) Assets in which Altarea is not the majority shareholder, but for which it exercises joint operational control or a significant influence. Consolidated using the equity method in the consolidated

(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 value on signed leases at January 1, 2015.

(e) Including transfer taxes.

(RP) Retail Park

Breakdown of the development pipeline as of December 31, 2014

Center	SC / RP	Creation / Redevelopment / Extension	At 100%				Group share		
			m ² GLA created (a)	Gross rental income (€ millions)	Net investments (€ millions)	Return	GLA in m ² (a)	Gross rental income (€ millions)	Net investments (€ millions)
Cap 3000	SC	Redev./Extensio	35,000				12,000		
Aix extension	SC	Extension	5,000				2,000		
La Valette du Var	SC	Creation	37,000				19,000		
F. Village Le Mans 2	RP	Creation	16,000				16,000		
F. Village Aubergenville 2	RP	Redev./Extensio	n/a				n/a		
Massy -X%	SC	Redev./Extensio	11,000				11,000		
Chartres	SC	Creation	56,000				56,000		
Paris Region	SC	Redev./Extensio	84,000				84,000		
Entrepôt Macdonald	SC	Creation	32,000				16,000		
Paris-Montparnasse Rail Station	SC	Creation	19,000				19,000		
Developments France			295,000	129.0	1,429	9.0%	235,000	91.6	1,040.0
Ponte Parodi (Genoa)	SC	Creation	37,000				37,000		
Le Due Torri (Lombardy)	SC	Extension	8,000				8,000		
Developments International			45,000	14.5	154	9.4%	45,000	14.5	153.8
Controlled developments (fully consolidated)			340,000	143.5	1,583	9.1%	280,000	106.1	1,194
Promenade de Flandres -	RP	Creation	58,000				29,000		
Cœur d'Orly - Retail	SC	Creation	40,000				10,000		
Equity-method developments			98,000	16.1	203	8.0%	39,000	5.9	72.7
TOTAL at December 31, 2014			438,000	159.7	1,785	8.9%	319,000	111.9	1,266
<i>o/w redevelopments / extensions</i>			<i>143,000</i>	<i>86.6</i>	<i>926</i>	<i>9.4%</i>	<i>117,000</i>	<i>59.3</i>	<i>674</i>
<i>o/w asset creation</i>			<i>295,000</i>	<i>73.1</i>	<i>860</i>	<i>8.5%</i>	<i>202,000</i>	<i>52.7</i>	<i>592</i>

(a) Total GLA (Gross Leasable Area) created, excluding off-plan developments for third parties. For renovation/extension projects, figures represent additional GLA created.

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

(SC) Shopping center

(RP) Retail Park

1.1.2 Online retail

Altarea Cogedim is one of the leading names in e-commerce in France thanks to Rue du Commerce and its business volume of €428 million in 2014 (stable as compared to 2013).

1.1.2.1 Market trends⁶⁴

In 2014, the e-commerce market recorded a 2% growth in France. General merchandise websites reported a sales increase of +3% on a like-for-like basis.

1.1.2.2 RueduCommerce.com visitor number

Rue du Commerce maintained its position as a leading website, ranking among the general merchandise website top-10 in France⁶⁵.

General merchandise sites	Average 11-month UV in 2014, in thousands
1 Amazon	16,248
2 Cdiscount	9,994
3 Fnac	9,576
4 PriceMinister	7,220
5 Carrefour	6,948
6 La Redoute	6,331
7 Vente-privée	5,890
8 Rue du Commerce	5,033
9 E.Leclerc	4,748
10 Darty	4,621

1.1.2.3 Rue du Commerce performance

As of December 31, 2014, the site reported a business volume of €428 million (stable compared to 2013), of which 71% was generated by own-brand distribution and 29% by the marketplace. The number of orders reached 2.3 million, for an average basket of approximately €224, tax included.

€ millions	2014	2013	Change
Own-brand business volume	305.6	318.6	(4)%
Marketplace business volume	122.7	109.9	12%
Total business volume	428.3	428.5	(0)%

€ millions	2014	2013	Change
Own-brand business volume	305.6	318.6	(4)%
Marketplace commissions	11.1	9.6	17%
Commission rate	9.1%	8.8%	+0.3 pts
Rue du Commerce revenue	316.7	328.1	(3)%

Over the year, Rue du Commerce refocused its offering on men's departments ("High Tech - Home Appliances - DIY") to better meet the expectations of its main customers (men, high-income segments): "1,200 brands to inspire men."

This refocusing primarily explains the decline in the own-brand business volume.

Meanwhile, commission rates were increased for the marketplace where Rue du Commerce holds a leading position.

RUE DU COMMERCE RESULTS

€ millions	12/31/2014	12/31/2013
Distribution revenues	305.6 (4)%	318.6
Purchases consumed and other	(293.9)	(297.8)
Marketplace commissions	11.1 17%	9.6
Net overhead expenses	(41.9)	(42.8)
Operating cash flow	(19.0) 53%	(12.5)
% of revenue	(6.2)%	(3.9)%

The fierce competition on the high-tech retail market led to a decline in margins, as Rue du Commerce chose to maintain its market share.

Thanks to its positioning and visitor numbers, Rue du Commerce increased the contribution of its marketplace.

As a result, the operating loss increased in 2014, as overhead reduction measures only had a partial impact this year.

⁶⁴ Source: FEVAD and ICE 100 survey (like-for-like growth of leading sites and high-tech products) as of late November 2014 (12 months).

⁶⁵ Médiamétrie//NetRating ranking according to the number of unique visitors per month (i.e., internet users having visited the site at least once over a one-month period) from January to November 2014.

1.2 RESIDENTIAL

1.2.1 2014 situation and outlook

Although the market enjoys positive fundamentals (demographics, extremely low interest rates⁶⁶, strong aspiration to homeownership and, most importantly, a structural housing shortage), new housing sales are estimated at 85,000 homes, down 7%⁶⁷ compared to already low 2013 levels. Further upstream in the process, construction starts and building permit applications, are following the same downward trend⁶⁸: barely 300,000⁶⁹ homes were built in 2014, well below the government's goal of 500,000 homes per year.

The French government's announcements in H2 2014 advocating housing construction point to a potential recovery for the sector:

- since its implementation, the Pinel initiative, more flexible than the Duflot scheme⁷⁰, has led to a return of private investors who became much less active on the market since the withdrawal of the Scellier law;
- intermediate housing should benefit from the return of institutional investors to the housing market⁷¹ thanks to an attractive risk/return ratio;
- the first 50 simplification measures set out in the Macron Act for Growth are expected to contribute to a reduction in construction costs, thereby enhancing household purchasing power;
- the revision of regions experiencing a housing shortage will also benefit from all measures in place to support housing construction.

1.2.2 Equity investment in Histoire & Patrimoine

In June 2014, Altarea Cogedim acquired a 55% stake in Histoire & Patrimoine for €15.5 million, mainly through an equity capital increase.

Histoire & Patrimoine specializes in the renovation and redevelopment of urban heritage properties. With 100 employees, the company carries out annual investments of approximately €100 million⁷². Histoire & Patrimoine develops programs throughout France, with a comprehensive real estate offering ranging from program design to administration of finished properties, as well as monitoring of restoration procedures and marketing of renovated properties.

Thus, Altarea Cogedim expanded its urban renovation know-how with a complementary field expertise that enable to provide comprehensive solutions for cities looking to preserve and enhance their architectural heritage.

The Group has a sale commitment for the remaining 45% of the equity by 2018/2019, ultimately offering the opportunity to take full control of Histoire & Patrimoine. In the meantime, the company is consolidated using the equity method in the Group consolidated financial statements.

1.2.3 Cogedim: reservations up⁷³ +21% in a difficult market

Altarea Cogedim recorded strong sales growth in a tough market: +9% in value terms and +21% in number of units⁷⁴, up 1 point in market share as compared to 2013⁷⁵.

This performance is due to the adaptation of the offering to market segments with increasing needs, while maintaining **“quality as a principle,” the foundation of Cogedim's brand capital.**

⁶⁶ Rates continued downward throughout the year, coming to an average rate of 2.38 in November, according to the *Crédit Logement / CSA Observatory*. This amounts to a drop of 70 basis points since January 2014 and 158 basis points since 2011.

⁶⁷ Source: *Commissariat Général au Développement durable: Observatoire et Statistiques No. 583 – Marketing of New Homes in Q3 2014*.

⁶⁸ Source: *Commissariat Général au Développement durable: Observatoire et Statistiques No. 593 – Housing Construction as of late November 2014*.

⁶⁹ Including social housing.

⁷⁰ Lease commitments are now variable at 6, 9 or 12 years, with a 12%, 18% or 21% tax benefit: property may also be leased to ascendants and descendants.

⁷¹ This scheme, funded by the French government and *Caisse des Dépôts et Consignations*, sets out a reduction in VAT to 10% and a 20-year land tax exemption. In late June 2014, Prime Minister Manuel Valls announced the plan to create 25,000 intermediate homes in five years.

⁷² At 100%.

⁷³ Reservations net of cancellations, with Histoire et Patrimoine reservations accounted for in proportion to the Group share of ownership.

⁷⁴ +4% in value terms and +17% in volume like-for-like (excl. Histoire & Patrimoine).

⁷⁵ 2014 market share in volume: 5.3% / market share in value terms: 5.7%.

BROADENING THE RANGE OF PRODUCTS

Cogedim continued to enlarge its residential housing offering to align with the demand while taking advantage of its historical strengths. Today, Cogedim's offering breaks down into:

- **high-end products**, with an upscale positioning in terms of architecture, quality and location. This product range offers housing priced at over €5,000/m² in the Paris Region and over €3,600/m² outside of Paris, and includes truly exceptional programs;
- **mid-range and entry-level products**: while upholding Cogedim's quality standards, the programs in these ranges are specifically designed to:
 - meet the need for affordable housing suited to the creditworthiness of our customers,
 - fulfill individual investors' desires to take advantage of the new "Pinel" scheme,
 - take advantage of local authorities' eagerness to develop affordable housing operations.

GEOGRAPHICAL POSITIONING FOCUSED ON REGIONS WITH A HOUSING SHORTAGE

Active in the Paris Region and several of the most economically and demographically dynamic regional centers⁷⁶, Altarea Cogedim targets areas where housing is short in supply and where needs for new constructions are the strongest.

In the Paris Region, the Group is developing several programs as part of the Greater Paris Project, including Massy Place du Grand Ouest, where the Group took advantage of its multi-product expertise to design a New Neighborhood that includes a combination of homes (680 apartments, including a senior residence), retail (a mid-sized store, ground-floor shops and a movie theatre) and offices (a 4-star hotel and convention center).

A MULTI-PRODUCT STRATEGY

A broad range of Serviced Residences⁷⁷.

Under the Cogedim Club[®] brand in particular, Altarea Cogedim is developing a serviced-residence concept for active seniors with a variety of *à la carte* services and attractive downtown locations. The Group has chosen to oversee both the design and development of these residences.

⁷⁶ Lyon, Grenoble, Annecy, Nice, Marseille, Montpellier, Nantes, Bordeaux, Toulouse and Strasbourg.

⁷⁷ Cogedim Club[®] senior residences, student residences, tourism and business and accommodations, homes for young workers, etc.

It also provides rental management, a guarantee of quality and durability for investors and resident tenants alike.

The 35% stake acquired by Crédit Agricole Assurances in Cogedim Résidences Services, the company that operates Cogedim Club[®] residences, will enable to accelerate the development of these structures which are sound growth drivers for the Group in the medium-term.

Development of bare ownership sales

To meet the growing needs to secure additional long-term income or reduce tax burdens, Altarea Cogedim has developed a bare ownership product offering.

The Group created a dedicated team and acquired true expertise in this field, hence contributing to the development of this new estate planning tool that remains less known for the public.

A new offering of renovation products thanks to the acquisition of Histoire & Patrimoine

With the acquisition of a 55% stake in Histoire & Patrimoine, Altarea Cogedim now boasts a product offering eligible for tax benefits under the Historic Monuments, Malraux and real estate losses schemes. This new offering rounds out a product range highly appreciated by taxpayers.

This acquisition also enables the Group to enlarge its offering for local governments while creating sales and development synergies with all Group businesses.

RESERVATIONS IN VALUE TERMS AND IN NUMBER OF UNITS⁷⁸

In 2014, reservations amounted to €1.103 billion (incl. tax) (+9% compared to 2013) and 4,526 units (+21%), an all-time high for the number of units sold.

	2014	2013	Change
Individual reservations	€730 mil.	€650 mil.	+12%
Block reservations	€373 mil.	€366 mil.	+2%
Total in value terms	€1,103 mil.	€1,016 mil.	+9%
Individual reservations	2,695 units	2,286 units	+18%
Block reservations	1,831 units	1,446 units	+27%
Total in number of units	4,526 units	3,732 units	+21%

Individual reservations grew by 12% in value terms (+18 % in volume), as a result of increased reservations of entry-level and mid-scale products.

⁷⁸ Consolidated, except for jointly controlled operations, which are recognized in proportion to the interest held. Histoire & Patrimoine reservations are recognized at 55%.

Sales to private investors increased by 8% and accounted for 43% of individual reservations in value terms in 2014 (vs. 42% in 2013 and vs. 37% in 2012).

Block sales to institutional investors represented 34% of the total placements in 2014 in value terms, up 2% compared to 2013 especially outside of Paris.

65 programs comprising more than 4,700 units were put on sale in 2014 (+9% compared to 2013).

Reservations by product range

Number of units	2014	%	2013	%	Ch.
Entry-level / mid-range	2,876	66%	2,349	63%	
High-end	999	23%	817	22%	
Serviced Residences	494	11%	567	15%	
Sub-total	4,369		3,732		+17%
Histoire & Patrimoine	157				
Total	4,526		3,732		+21%

Sales growth in 2014 was primarily driven by entry-level and mid-range programs, which now account for two-thirds of the sales in volume, excluding Histoire & Patrimoine (compared to 63% in 2013).

NOTARIZED SALES

€ millions incl. tax	2014	%	2013	%	Ch.
Entry-level / mid-range	593	57%	458	51%	
High-end	324	31%	358	40%	
Serviced Residences	124	12%	85	9%	
Sub-total	1,041		901		+16%
Histoire & Patrimoine	39				
Total	1,081		901		+20%

Altea Cogedim reported notarized sales of €1,081 million in 2014 (+20% compared to 2013), following the same growth trends as reservations.

1.2.4 Operating income

PERCENTAGE-OF-COMPLETION REVENUES⁷⁹

€ millions excl. tax	2014	%	2013	%	Ch.
Entry-level / mid-range	364	48%	342	39%	
High-end	318	42%	499	57%	
Serviced Residences	72	9%	41	5%	
Total	755		883		(15)%

Residential revenue came to €755 million, versus €883 million in 2013 which included a significant contribution from the Paris Laennec program.

⁷⁹ Revenues recognized according to the percentage-of-completion method in accordance with IFRS standards. The percentage of completion is calculated according to the stage of construction not including land.

Excluding Laennec, 2014 revenues are close to the 2013 figures⁸⁰.

NET PROPERTY INCOME⁸¹ AND OPERATING CASH FLOW

€ millions	12/31/2014		12/31/2013
Revenue	754.5	(15)%	883.2
Cost of sales	(699.7)		(788.5)
Net property income	54.8	(42)%	94.7
% of revenue	7.3%		10.7%
Production held in inventory	59.5		55.0
Net overhead expenses	(80.6)		(92.0)
Other (a)	6.9		4.6
Operating cash flow	40.6	(35)%	62.3
% of revenue	5.4%		7.1%

(a) Particularly includes the contributions of companies consolidated using the equity method

In 2014, net property income came to 7.3% of the revenue compared to 10.7% in 2013, as the Laennec program contributed very strongly to the 2013 results.

BACKLOG

€ millions excl. tax	2014	2013	Change
Notarized revenues not recognized	879	777	
Revenues reserved but not notarized	580	554	
Backlog	1,459	1,331	+10%
Number of months	22	17	+5

As of December 31, 2014, the residential backlog amounted to €1.459 billion, representing 22 months of business, i.e. a 10% increase compared to 2013.

60% of the backlog stands for revenues notarized but not recognized (compared to 58% in 2013). This level provides the Group with excellent visibility as to its future residential development income.

⁸⁰ 2013 revenue excluding Laennec: €770 million.

⁸¹ Net property income is calculated after interest, after marketing and advertising fees and expenses.

1.2.5 Risk management

Breakdown of properties for sale at the end of 2014 (€562 million incl. tax) by stage of completion:

Operating phases	<--- Risk --->			+
	-			
	Preparation (land not acquired)	Land acquired / project not yet started	Land acquired / project in progress	Stock of completed residential properties
Expenses incurred (€ mil. excl. tax)	14	3		
Cost price of properties for sale (€ mil. excl. tax)			311	9
Property for sale (€562 mil. incl. tax)	213	10	329	10
As %	38%	2%	59%	2%
<i>o/w to be</i>		<i>in 2015</i>	€56 mil.	
		<i>in 2016</i>	€183 mil.	
		<i>in 2017</i>	€83 mil.	
		<i>in 2018</i>	€8 mil.	

MANAGEMENT OF PROPERTIES FOR SALE⁸²

40% of the properties for sale relate to developments for which construction had not yet begun and for which the amounts committed primarily correspond to studies, advertising costs and land sales fees (or guarantees) paid upon the signature of preliminary land acquisition agreements with possibilities of retraction (mainly unilateral agreements).

59% of the properties for sale are currently being built. Only €56 million (out of €329 million) concern units to be completed by the end of 2015.

The stock of finished products is insignificant.

This breakdown of the developments by stage of completion reflects the cautious risk management criteria of the Group:

- the will to give priority to signature of unilateral preliminary sale agreements rather than bilateral sale and purchase agreements;
- requiring a high level of pre-marketing at the time the site is acquired, as well as at the start of construction work;
- requiring authorization from the Commitments Committee at all stages of the transaction: signature of the purchase agreement,

⁸² Properties for sale include units available for sale and are expressed as values including tax. The breakdown of the offering does not include the Histoire & Patrimoine renovation product offering (€15 million including tax).

marketing launch, land acquisition and launch of construction;

- withdrawing from or renegotiating transactions having generated inadequate take-up rates.

In the current economic climate, particular attention is paid to the launch of new programs, which is carried out according to the level and rhythm at which properties for sale are absorbed. This policy guarantees cautious management of the Group commitments.

MANAGING THE PROPERTY CYCLE

Thanks to the use of cautious risk management criteria, Cogedim's exerts virtually exclusive control over its property assets through unilateral land options, which are only exercised in accordance with the commercial success of its programs.

SUPPLY⁸³

	Revenue incl. tax (€ millions)	Number of units
Operations supplied in 2014	2,100	10,128
<i>o/w entry-level and mid-range</i>	1,432	7,390
<i>% of operations supplied in 2014</i>	68%	73%

Sales commitments signed in 2014 are equivalent to €2 billion of revenues (incl. tax). 75% of such agreements concern entry-level and mid-range programs, with prices particularly well suited to purchasers' creditworthiness.

⁸³ New programs included in the land portfolio.

PROPERTIES FOR SALE AND FUTURE OFFERING⁸⁴

€ millions incl. tax	< 1 year	> 1 year	On 12/31/2014	Number of months	As of 12/31/2013
Properties for sale	562		562	6	711
Future offering	2,128	2,252	4,380	49	3,719
Total Pipeline	2,690	2,252	4,942	55	4,430
12/31/2013			4,430		
<i>Change</i>			<i>+12%</i>		

The residential pipeline (properties for sale + future offering) is up 12% compared to 2013.

It comprises:

- at under one year, operations directed primarily at entry-level and mid-range products meeting the expectations of the current market;
- at over one year, operations including all types of products, hence allowing the Group to seize opportunities in all ranges once the market recovers.

⁸⁴ The future offering is made up of secured programs (through sales commitments, almost exclusively unilateral in nature) that have yet to be launched. It is expressed as values including tax. Excluding Histoire & Patrimoine.

1.3 OFFICES

1.3.1 Economic environment and 2014 activity

INVESTMENT IN OFFICE PROPERTY⁸⁵

With investments of nearly €23 billion in 2014, the French market grew by 37% compared to 2013 while the number of transactions went down 20%. The market saw seven transactions of more than €500 million, hiding the relative scarcity of mid-sized investments, traditionally the backbone of the market.

Investors benefited from low cost of debt, hence generating a flow of financial resources which primarily benefited to large-sized “core” assets, especially in Paris. Competition for these high-quality assets remains strong, hence, resulting in a drop in “prime” yields (3.75% in Q4 2014 in the Central Business District of Paris).

OFFICE PROPERTY TAKE-UP⁸⁶

In 2014, take-up in the Paris Region amounted to 22.6 million ft² (2.1 million m²), up 13% from 2013.

Users first motivation remains the will to optimize floor-space and to lower rents. The economic environment and low margins lead users to limit risks and to prefer renegotiating their current leases.

At the end of 2014, immediate supply grew slightly at 43 million ft² (4 million m²), up 2% compared to the end of 2013. The share of new and redeveloped properties in immediate supply dropped to 20%.

1.3.2 Group strategy

Regarding office property, the Group has developed an original model enabling to take part to significant operations on the market with limited risks.

- As an investor through the investment fund AltaFund⁸⁷ for which the Group is the exclusive operator and one of the main shareholders, with a 17% capital share. In 2014, the Group increased its allocation from €100 million to €150 million for the next operations of the fund, increasing its share to 30% in the next operations of the fund.

- As a property developer carrying out off-plan sales or leases and property development

contracts, with a particularly strong position on the market for turnkey projects.

- As a service provider for large institutional investors.

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

1.3.3 Summary of projects underway

Nature of project	Surface area (at 100%)	Amount (Group share)
AltaFund (a)	760,450 ft ² (70,650 m ²)	€461 million
Property development contracts / Off-plan sales / Off-plan leases (b)	3,981,860 ft ² (369,927 m ²)	€1,114 million
Delegated project management (c)	539,270 ft ² (50,100 m ²)	€127€ million
TOTAL	5,281,600 ft² (490,677 m²)	€1,702 million
<i>o/w under construction</i>	<i>1,444,400 ft² (134,189 m²)</i>	<i>€450 million</i>

(a) Amount = total cost price of programs at 100%.

(b) Amount = amount of the signed contract (or estimate in the case of off-plan leases).

(c) Amount = capitalized fees.

SIGNATURES

The Group secured⁸⁸ seven new projects in 2014, for potential business of nearly €500 million and 1.4 million ft² (130,000 m²) of which the main ones are:

- Paris – Champs Elysées: Signature of a delegated project management contract for on-site redevelopment of a 258,000 ft² (24,000 m²) building.

- Paris – Richelieu: Signature of a purchase commitment for the long-time head office of Allianz, spanning 333,680 ft² (31,000 m²).

- Paris – Matignon: Signature of a delegated project management contract to carry out a preliminary feasibility study for the renovation/redevelopment of a 87,200 ft² (8,100 m²) building.

- Paris – Raspail: Sale by AltaFund of the Raspail building and signature of a property development contract with the purchaser for redevelopment work on the 109,200 ft² (10,145 m²) building. Delivery is expected for late 2015.

⁸⁵ Source: CBRE: vs. €16.5 billion in 2013.

⁸⁶ All rental or sale transactions carried out by end users. CBRE data from January 2015 – Offices in the Paris Region.

⁸⁷ AltaFund is a discretionary investment fund with €600 million in equity.

⁸⁸ Secured program: program for which the Group has signed an off-plan sale or lease, property development or delegated project management contract, or for which AltaFund has acquired an asset.

- Toulouse – Safran: Signature of a lease with Safran for its future 270,200 ft² (25,100 m²) headquarters. The building, sold off-plan to a major French investor, is currently under construction. Delivery is expected for late 2015.

- Lyon – Sanofi: Signature of an off-plan lease with Sanofi Aventis Group, which plans to establish the head offices of two of its subsidiaries in a 162,500 ft² (15,100 m²) building. Construction began in late 2014 for delivery scheduled in late 2016.

The group also started six construction in 2014 for a total of 861,000 ft² (80,000 m²): Ilot Askia (Cœur d'Orly), the headquarters of Mutuelle des Motards in Montpellier, phase 1 of the Technopôle de la Mer in Ollioules, phase 3 of the Euromed Center in Marseille, Safran in Toulouse and Sanofi in Lyon.

2014 DELIVERIES

The Group delivered four programs for a total of 893,400 ft² (83,000 m²): the headquarter of Mercedes-Benz France in Montigny-le-Bretonneux, Tour Blanche (Chartis) in La Défense, the Sisley Building in Saint-Denis (Landy) and the Opale Building in Lyon Gerland.

The very significant replenishment of office property projects since 2013 should lead to considerable results as of 2016 / 2017.

1.3.4 Revenue and operating cash flow

€ millions	12/31/2014		12/31/2013
Revenue	59.0	(45)%	107.5
Net property income	6.2	(56)%	14.1
% of revenue	10.6%		13.1%
External services	7.3	118%	3.3
Production held in inventory	12.4		2.7
Operating expenses	(15.1)		(12.9)
Net overhead expenses	4.5		(6.8)
Other (Profit attributable to EM associates) ^(a)	7.1		8.1
Operating cash flow	17.8	15%	15.5
% of revenue	30.2%		14.4%

(a) incl. AltaFund (Raspail).

The composition of the results over the year varies considerably due to the mix of contributing programs: the drop in revenue from off-plan programs (after the contribution of the Mercedes project in 2013) was more than offset by fees and AltaFund's contribution. In total, operating cash flow grew 15% to €17.8 million.

1.3.5 Backlog⁸⁹ (Off-plan, Property Development contracts and delegated project management)

The off-plan and Property Development contract backlog amounted to €167 million in late December 2014, compared with €78 million the previous year. The Group also had a stable backlog of delegated project management fees amounting to €4.1 million.

In € millions	12/31/2014	12/31/2013
Backlog(off-plan / Property Development contracts)	167.0€ million	78.0€ million
Backlog of delegated project management fees	4.1€ million	4.7€ million

⁸⁹ The backlog comprises notarized sales to be recognized according to the percentage-of-completion method, take-ups (excl. tax) not yet subject to a notarized deed and fees owed by third parties on contracts signed.

BREAKDOWN OF PROGRAMS UNDERWAY AT DECEMBER 31, 2014

Project	Description	Surface area at 100%	Equivalent value	Status
PARIS - Semapa	AltaFund	157,700 ft ² (14,650 m ²)		Secured
NEUILLY - Avenue Charles de Gaulle	AltaFund	269,000 ft ² (25,000 m ²)		Secured
PARIS - Rue de Richelieu	AltaFund	333,680 ft ² (31,000 m ²)		Secured
AltaFund programs ^(a)		760,470 ft² (70,650 m²)	€461 million	
PARIS - Raspail	Property developmen	109,200 ft ² (10,145 m ²)		Construction underway
CŒUR D'ORLY - Ilot Askia	Property developmen	197,420 ft ² (18,341 m ²)		Construction underway
MONTPELLIER - Mutuelle des motards	Property developmen	96,875 ft ² (9,000 m ²)		Construction underway
OLLIOULES - Technopôle de la Mer	Off-plan sale	49,850 ft ² (4,630 m ²)		Construction underway
MARSEILLE - Euromed Center (Phases 1, 2 et 3)	Property developmen	364,600 ft ² (33,873 m ²)		Construction underway
TOULOUSE Blagnac - SAFRAN	Off-plan sale	270,175 ft ² (25,100 m ²)		Construction underway
LYON GERLAND - SANOFI	Off-plan lease	162,500 ft ² (15,100 m ²)		Construction underway
ISSY-LES-MOULINEAUX	Property developmen	607,000 ft ² (56,400 m ²)		Secured
LYON GERLAND - Ivoire	Off-plan sale	81,800 ft ² (7,600 m ²)		Secured
VILLEURBANNE	Off-plan sale	183,000 ft ² (17,000 m ²)		Secured
MARSEILLE - Michelet	Off-plan sale	172,200 ft ² (16,000 m ²)		Secured
TOULON - TPM (Retail & hotel)	Off-plan sale	51,020 ft ² (4,740 m ²)		Secured
PARIS - Rue des Archives	Property developmen	223,900 ft ² (20,800 m ²)		Secured
MASSY - Hôtel Place du Grand Ouest	Off-plan sale	64,900 ft ² (6,029 m ²)		Secured
ANTONY - Croix de Berny (Tranche 2)	Off-plan sale	179,176 ft ² (16,646 m ²)		Secured
NANTERRE - Cœur de Quartier	Off-plan sale	223,728 ft ² (20,785 m ²)		Secured
CŒUR D'ORLY (Excl. Ilot Askia)	Property developmen	585,255 ft ² (54,372 m ²)		Secured
NICE MERIDIA - Ilot Robini (Lot 1 & 3)	Property developmen	101,008 ft ² (9,384 m ²)		Secured
MARSEILLE - Euromed Center (Phases 4 & 5)	Property developmen	258,140 ft ² (23,982 m ²)		Secured
Property development contracts / Off-plan sales / Off-plan leases ^(b)		3,981,860 ft² (369,927 m²)	€1.114 billion	
PARIS - Laënnec	Delegated project	193,750 ft ² (18,000 m ²)		Construction underway
PARIS - Champs Elysées	Delegated project	258,000 ft ² (24,000 m ²)		Secured
PARIS - Avenue de Matignon	Delegated project	87,200 ft ² (8,100 m ²)		Secured
Delegated project management ^(c)		539,270 ft² (50,100 m²)	€127 million	
TOTAL		5,281,600 ft² (490,677 m²)	€1,702 million	

(a) Amount = total cost price of the program at 100%.

(b) Amount = amount of the signed contract (or estimate in the case of off-plan leases).

(c) Amount = capitalized fees.

1.4 INNOVATION

In 2015, Altarea Cogedim created AltaFuture, a new structure with a multidisciplinary team focusing on identifying innovations to be implemented within the Group, providing support to deploy these innovations and on enhancing Altarea Cogedim's strategy by developing close relations with innovative companies.

AltaFuture will work for all the Group business lines and pursue the development of the innovations currently being implemented:

- In retail: the Digital Factory, a revolutionary approach for data collection and processing, which provides in-depth understanding of customer behaviors. This system, already in place at the Quartz Shopping Center in Villeneuve-la-Garenne, strengthens the attractivity of our assets. The Group is also continuing its investments in Rue du Commerce to develop synergies between brick-and-mortar shopping centers and e-commerce.
- For residential property, Altarea Cogedim is developing new sales techniques thanks to digital marketing tools (virtual tours, 3D project models, etc.) and innovative financing solutions ("Bon Plan Cogedim": 10% - 90% funding solution).
- For office property, Altarea Cogedim is incorporating sustainable and innovative solutions into its new office projects, thus guaranteeing its clients with comfort and productivity. The headquarters of Sanofi Pasteur and Merial in Lyon (69), currently undergoing both NF HQE® "Exceptionnel" and BREEAM® "Excellent" certification processes, will produce more energy than it consumes (BEPOS) thanks to an energy-efficient design and simultaneous use of solar, thermal, photovoltaic and geothermal energy sources.

2 CONSOLIDATED RESULTS

2.1 RESULTS

On December 31, 2014, the Group recorded a consolidated revenue decrease of 13% and a consolidated FFO (Group share and minorities) decrease of 0.7%, reaching €166.5 million.

On a Group share basis, FFO was down 11.3% to €126.2 million, i.e. €10.47 per share after dilution.

This decline in the per share FFO was mainly due to the will to reduce the financial debt enabling to lower the LTV from 49.3% in 2012 to 37.7% in 2014. On a comparable financial structure basis⁹⁰, the per share FFO was down 1.3% to €12.49.

	€/share	
FFO as of December 31, 2013	12.66	
Change in 2014 FFO	(0.17)	
FFO as of December 31, 2014 at comparable financial structure	12.49	(1.3)%
Dilution partnership (Allianz)	(1.26)	(2.03)
Dilution new shares issued	(0.77)	
FFO at December 31, 2014	10.47	(17.3)%

Altarea Cogedim reported net consolidated income of €260 million (+18%), driven by strong growth in the asset portfolio value. On a Group share basis, net income amounted to €114.3 million.

€ millions	12/31/2014				12/31/2013		
	Funds from operations (FFO)		Changes in value, estimated expenses and transaction costs	TOTAL	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Shopping centers	188.7	(4)%	3.5	192.2	196.1	–	196.1
Online retail	316.7	(3)%	–	316.7	328.1	–	328.1
Residential	755.3	(14)%	–	755.3	883.3	–	883.3
Offices	66.2	(40)%	–	66.2	110.8	–	110.8
REVENUE	1,326.9	(13)%	3.5	1,330.4	1,518.4	–	1,518.4
Shopping centers	161.8	5.1%	104.5	266.3	153.9	68.5	222.4
Online retail	(19.0)	52.7%	(5.2)	(24.3)	(12.5)	(47.0)	(59.5)
Residential	40.6	(34.8)%	(7.0)	33.6	62.3	(5.2)	57.0
Offices	17.8	15.4%	1.4	19.3	15.5	(1.9)	13.6
Other	0.6		(2.7)	(2.1)	(0.6)	(0.6)	(1.2)
OPERATING INCOME	201.8	(7.7)%	91.1	292.9	218.6	13.8	232.4
Cost of net debt	(34.1)	(29.3)%	(5.0)	(39.1)	(48.2)	(6.6)	(54.8)
Change in value and income from disposal	–		(78.7)	(78.7)	–	22.0	22.0
Proceeds from the disposal of investments	–		0.0	0.0	–	(0.0)	(0.0)
Corporate income tax	(1.3)		86.1	84.8	(2.7)	23.2	20.4
NET CONSOLIDATED INCOME	166.5	(0.7)%	93.5	260.0	167.7	52.3	220.0
Non-controlling interests	(40.3)	58.1%	(105.4)	(145.7)	(25.5)	(48.3)	(73.8)
NET ATTRIBUTABLE INCOME	126.2	(11.3)%	(11.8)	114.3	142.2	4.1	146.3
Average number of shares after dilution	12.055				11.232		
FFO (GROUP SHARE) PER SHARE	10.47	(17.3)%			12.66		

⁹⁰ Partnership with Allianz, which acquired a 49% stake in five assets (Bercy Village, Gare de l'Est, Gennevilliers, Toulouse Gramont and La Valette du Var) and payment of the 2013 dividend in shares (creation of 922,692 new shares at €108.3/share).

2.1.1 Operating cash flow⁹¹: €201.8 million (-7.7%).

Shopping centers and Office contributions were up by 5.1% (to €161.8 million) and 15.4% (to €17.8 million), respectively, driven by the positive impact of the strategic repositioning initiated several years ago.

The Residential contribution declined 34.9% to €40.6 million due to a reduction in margins (in pursuit of higher take-up rates) and a base effect (the 2013 contribution was driven to a large extent by the Laennec program).

In e-commerce, the decline of the contribution (-€19.0 million) is due to intense competitive pressure on the price of high-tech products and the will to maintain the market shares. The marketplace has reached its break even level.

2.1.2 FFO⁹²: €166.5 million (-0.7%).

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

COST OF NET DEBT: €34.1 MILLION (-36%)

The drop in the cost of the net debt is due to the reduction of the consolidated net debt amount (€1.772 billion compared to €1.837 billion in 2013), but mostly to a reduction of the average cost of debt (-39 bps).

This reduction of the average cost of debt is due to the financing operations carried out over the year (financing/refinancing concluded with more advantageous conditions) and the restructuring of hedging instruments.

TAX PAYMENT

This represents the tax paid by entities not having adopted the SIIC tax status, for the most part within the Altareit tax group and including in particular Property Development operations and Rue du Commerce. In 2014, the Group was able to offset its taxable income against tax loss carryforwards, limiting the amount of income tax payments to €1.3 million.

AVERAGE NUMBER OF SHARES AND DILUTION OF FFO

Late 2013 and throughout 2014, the Group consolidated its financial structure through two operations resulting in a dilution of per-share indicators:

⁹¹ Or consolidated EBITDA.

⁹² Funds from operations.

- €395 million of equity brought by Allianz in December 2013 to acquire a stake in a portfolio of five assets, resulting in an increase in the share of net income attributable to minority interests (dilution of the Group share net income),

- €100 million equity capital increase⁹³ due to the payment of the 2014 dividend in shares, leading to the issuing of 922,692 shares (dilution of net income per share).

2.1.3 Changes in value and estimated expenses: €93.5 million

€ millions	
Change in value - Investment properties ^(a)	121.2
Change in value - Change in registration fees ^(b)	(11.8)
Change in value - Financial instruments	(78.7)
Disposal of assets and transaction costs	0.7
Share of equity-method associates	(4.2)
Deferred tax	86.1
Estimated expenses ^(c)	(19.8)
TOTAL	93.5

^(a) Including change in value of assets consolidated using the equity method.

^(b) For 65% of assets, registration fees increased from 6.20% to 6.90%.

^(c) Allowances for depreciation and non-current provisions, stock grants, pension provisions, staggering of debt issuance costs

2.1.4 Tax investigation: definitive settlement of the dispute

Late 2011, the Group received a follow-up notice of tax due in a principal amount of €133.9 million concerning restructuring operations carried out in 2008.

Following a procedure concluded during H1 2014⁹⁴, an overall settlement was accepted, resulting in full relief concerning the tax claim and a partial reduction of tax deficits generated in 2008.

This dispute has been definitively concluded with no outflow of resources for the Group. The company took full account of the accounting consequences in its financial statements as of December 31, 2014.

⁹³ Share-based 2013 dividend payment accounting for 536,364 shares and share-based 2014 dividend payment accounting for 922,692 shares.

⁹⁴ Two opinions wholly in favor of the Group taxpayers concerned were delivered by the Regional Tax Commission (Commission Départementale des Impôts) and the National Tax Commission (Commission Nationale des Impôts) on October 3, 2013 and January 31, 2014, respectively.

2.2 NET ASSET VALUE (NAV)

GROUP NAV	12/31/2014				12/31/2013	
	€ millions	Change	€/share ^(c)	Change/ share	€ millions	€/share ^(c)
Consolidated equity, Group share	1,249.5		99.9		1,151.3	99.3
Other unrealized capital gains	276.8				317.6	
Restatement of financial instruments	87.8				71.5	
Deferred tax on the balance sheet for non-SIIC assets (international assets)	22.4				23.4	
EPRA NAV	1,636.5	4.6%	130.8	(3.1)%	1,563.9	134.9
Market value of financial instruments	(87.8)				(71.5)	
Fixed-rate market value of debt	(13.1)				(2.3)	
Effective tax for unrealized capital gains on non-SIIC assets ^(a)	(17.6)				(32.1)	
Optimization of transfer taxes ^(a)	55.6				48.7	
Partners share ^(b)	(14.9)				(15.4)	
EPRA NNNNAV (liquidation NAV)	1,558.6	4.5%	124.6	(3.2)%	1,491.2	128.7
Estimated transfer taxes and selling fees	65.9				63.6	
Partners' share ^(b)	(0.6)				(0.7)	
Diluted Going Concern NAV	1,623.9	4.5%	129.8	(3.2)%	1,554.1	134.1
(a) <i>Varies according to the type of disposal, i.e. sale of asset or sale of</i>						
(b) <i>Maximum dilution of 120,000 shares</i>						
(c) <i>Number of diluted shares</i>						
			12,512,638			11,590,807

2.2.1 Change in Going Concern NAV

As of December 31, 2014, the Group diluted Going Concern NAV amounted to €1.624 billion, up +5.7% compared to 2013.

On a per share basis, the Group Going Concern NAV was stable on a comparable financial structure basis⁹⁵.

After the impact of the dilution generated by the restructuring operations (partnership with Allianz, 2014 share-based dividend payment), the Group Going Concern NAV came to €129.8/share, i.e. a decline of 3.2%.

Diluted Going-Concern NAV	€	€/share	
At Tuesday, December 31, 2013	1,554	134.1	
Net income, like-for-like	117	10.1	
2013 dividend	(116)	(10.0)	
Other changes in value ^(a)	(10)	(0.8)	
At December 31, 2014	1,545	133.3	(0.6)%
At comparable financial structure			
Dilution from partnership (Allianz)	(21)	(1.8)	(3.5)
Dilution from creation of new shares	100	(1.7)	
At December 31, 2014	1,624	129.8	(3.2)%
<i>(a) Including a tax effect of €64 million (recognition of tax losses).</i>			

2.2.2 Calculation basis

OTHER UNREALIZED CAPITAL GAINS OR LOSSES

These arise from updated estimates of the value of the following assets:

- two hotel business franchises (Hôtel Wagram and résidence hôtelière de L'Aubette);
- the rental management and retail Property Development division (Altarea France);
- the Group's interest in the the Rungis Market (Semmaris);

⁹⁵ Excluding the impact of the partnership with Allianz for five assets (Bercy Village, Gare de l'Est, Gennevilliers, Toulouse Gramont and La Valette du Var, of which Allianz acquired a 49% interest) and the impact of payment of the 2013 dividend in shares (creation of 922,692 new shares at €108.3/share).

- the Property Development division (Cogedim);
- the e-commerce division (Rue du Commerce);
- the office Property Investment division (AltaFund).

These assets are appraised at the end of each financial year by external experts (CBRE for the hotel business franchises and Accuracy for Altarea France, Semmaris, Cogedim and AltaFund). Both the CBRE and Accuracy use the discounted cash flow method (DCF) in conjunction with a terminal value based on normalized cash flow. CBRE provides a single appraisal value, while Accuracy provides a range of values calculated using different scenarios. In addition to its DCF valuation, Accuracy also provides a valuation based on listed peer group comparables.

TAX

Most of Altarea's Property Portfolio is not subject to capital gains tax under the SIIC regime. The exceptions are a limited number of assets which are not SIIC-eligible due to their ownership method, and assets owned outside France. For these assets, capital gains tax on disposals is deducted directly from the consolidated financial statements at the standard tax rate in the host country, based on the difference between the market value and tax value of the property assets.

Altarea Cogedim took into account the ownership methods of non-SIIC assets to determine going concern NAV after tax, since the tax reflects the tax that would effectively be paid if the shares of the company were sold or if the assets were sold building by building.

TRANSFER TAXES

Investment properties have been recognized in the IFRS consolidated financial statements at appraisal value excluding transfer taxes. To calculate going-concern NAV, however, transfer duties were added back in the same amount.

In Altarea Cogedim's EPRA NNNNAV (liquidation NAV), duties are deducted either on the basis of transfer of securities or building by building.

FINANCIAL INSTRUMENTS

The mark-to-market value of financial instruments came to €-88 million at December 31, 2014, with an impact on the Group net financial position in the amount of €-73 million.

This amount was reincorporated in the EPRA NNNNAV calculation and deducted from published liquidation and going-concern NAV.

PARTNERS' SHARE

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

NUMBER OF DILUTED SHARES

The diluted number of shares recognizes all shares subscribed in the payment of the 2013 dividend in shares, i.e. 922,692 shares.

3 FINANCIAL RESOURCES

3.1 FINANCIAL POSITION

Altarea Cogedim has a solid financial structure:

- €622 million of available cash and cash equivalents;
- robust consolidated bank covenants (LTV <60% and ICR >2x) with significant room for manoeuvre as of December 31, 2014 (LTV of 37.7% and ICR of 5.9 x).

This strong position results primarily from a diversified business model that generates substantial cash flow at the top of the cycle while remaining highly resilient at the bottom.

3.1.1 Available cash and cash equivalents: €622 million

Available cash and cash equivalents includes:

- €595 million in corporate sources of funds (cash and confirmed authorizations),
- €27 million in unused loan authorizations secured against specific developments.

3.1.2 Financing: €805 million in long-term corporate financing agreements signed, including a €230 million private bond issue

The year was particularly dynamic, with €805 million in corporate financing signed, composed of €350 million in refinancing of existing lines of credit, which were extended under more advantageous terms, and €455 million in new fundings. These financings break down as follows:

- €200 million in corporate credit intended to refinance the 2007 Cogedim acquisition loan,
- €375 million in corporate lines of credit issued by the current banks of the Group,
- A €230 million private bond issue with a terms of seven years with a 3.0% coupon. This issue was subscribed by a pool of diverse investors, most of which are not French residents, thereby externalizing a 195 bp spread.

The Group also continued diversifying its short-term sources of financing by ramping up its new Treasury Note program with €53 million in outstandings, thereby optimizing liquidity costs.

The average term of financing concluded over the year was 5.5 years.

3.1.3 Debt by category

Altarea Cogedim's net financial debt stood at €1.772 billion at December 31, 2014 compared to €1.837 billion at December 31, 2013 (-€65 million).

€ millions	Dec. 2014	Dec. 2013
Corporate and bank debt	458	657
Credit markets	537	250
Mortgage debt	901	997
Property development debt	234	168
Total gross debt	2,130	2,072
Cash and cash equivalents	(358)	(235)
Total net debt	1,772	1,837

3.1.4 Financial covenants

MAIN CORPORATE DEBT COVENANTS

	Covenant	Dec. 2014	Dec. 2013	Delta
LTV ^(a)	≤ 60%	37.7%	41.7%	(4.0)%
ICR ^(b)	≥ 2.0 x	5.9 x	4.5 x	+1.4 x

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

(b) IRC = Operating profit / Net cost of debt (Funds from operations column)

OTHER SPECIFIC COVENANTS

On December 31, 2014, the Group was in compliance with all covenants.

3.2 HEDGING AND MATURITY

NOMINAL AMOUNT (€ MILLIONS) AND AVERAGE HEDGE RATE

Maturity	Swap	Fixed-rate debt	Total	Average swap rate
Dec. 14	1,515	580	2,095	1.10%
Dec. 15	1,438	580	2,018	1.39%
Dec. 16	1,365	580	1,945	2.91%
Dec. 17	1,033	380	1,413	2.70%
Dec. 18	877	380	1,257	2.53%
Dec. 19	550	230	780	2.43%
Dec. 20	550	230	780	2.43%
Dec. 21	-	-	-	-

As of the end of 2014, the Group also had a €388 million portfolio of caps and collars all "out of the money."

Early 2015, the Group made significant restructurings of its hedging instruments which will have strong positive impacts on the FFO over the coming years.

COST OF DEBT

Altarea Cogedim's average cost of debt, including the credit spread, was 2.41% as of December 31, 2014 compared to 2.80% at the end of 2013.

This decline from 2013 was made possible both by financing operations carried out over the year (financing/refinancing concluded with more advantageous conditions) and the restructuring of hedging instruments with longer terms and reduced nominal amounts.

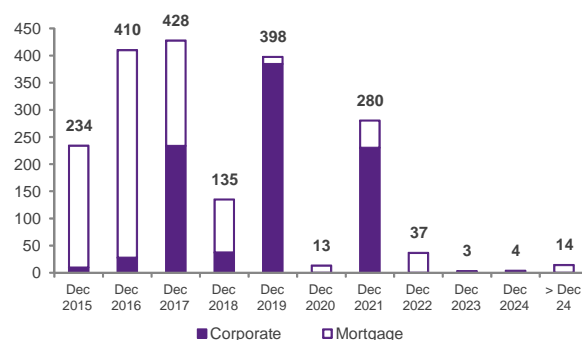
Moreover, the Group has continued to benefit from the "2006/2007 vintage" mortgage financing signed at extremely favorable conditions in terms of spread (50-60bps), which have strongly contributed to lowering the average cost.

DEBT MATURITY

After accounting for transactions over the year, average debt maturity stood at 3.7 years as of December 31, 2014:

- 4.8 ans for corporate loans following the financing agreements signed during the year,
- 2.8 years for mortgage loans.

MATURITY SCHEDULE FOR GROUP DEBT⁹⁶



2015 mortgage maturities mainly concern the Cap 3000 acquisition debt. An agreement was signed late 2014 among the shareholders of Aldeta, entity owning the shopping center, for an additional equity investment of €200 million. To cover additional financing needs related to the ongoing renovation/extension work on the center, a new loan will be put in place during H1 2015.

2016-2017 mortgage maturities are backed by assets with very little debt (40% average LTV) and could all be easily refinanced. As such, the Group faces no significant reimbursement before 2017.

⁹⁶ € millions, excluding property-development debt and treasury notes

Consolidated Income Statement by segment as of December 31, 2014

€ millions	12/31/2014			12/31/2013		
	Funds from operations (FFO)	Changes in value, estimated expenses and transaction	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction	Total
Rental income	169.6	–	169.6	174.4	–	174.4
Other expenses	(13.0)	–	(13.0)	(16.4)	–	(16.4)
Net rental income	156.6	–	156.6	158.0	–	158.0
External services	19.2	–	19.2	21.8	–	21.8
Own work capitalized and production held in inventory	19.7	–	19.7	12.3	–	12.3
Operating expenses	(50.2)	(2.1)	(52.4)	(51.4)	(1.8)	(53.2)
Net overhead expenses	(11.3)	(2.1)	(13.4)	(17.3)	(1.8)	(19.2)
Share of equity-method affiliates	16.5	19.9	36.4	13.3	25.1	38.4
Net allowances for depreciation and impairment	–	(0.1)	(0.1)	–	(1.7)	(1.7)
Income / loss on sale of assets	–	1.9	1.9	–	8.8	8.8
Income / loss in the value of investment property	–	85.2	85.2	–	39.9	39.9
Transaction costs	–	(0.3)	(0.3)	–	(1.7)	(1.7)
NET RETAIL PROPERTY INCOME (SHOPPING CENTERS)	161.8	104.5	266.3	153.9	68.5	222.4
Distribution and other revenue	305.6	(0.0)	305.5	318.6	(0.0)	318.6
Cost of sales and other expenses	(293.9)	–	(293.9)	(297.8)	–	(297.8)
Retail margin	11.7	(0.0)	11.7	20.8	(0.0)	20.8
Marketplace commissions	11.1	–	11.1	9.6	–	9.6
Operating expenses	(41.9)	(0.3)	(42.2)	(42.8)	(0.3)	(43.1)
Net overhead expenses	(41.9)	(0.3)	(42.2)	(42.8)	(0.3)	(43.1)
Net allowances for depreciation and impairment	–	(4.3)	(4.3)	–	(45.7)	(45.7)
Transaction costs	–	(0.6)	(0.6)	–	(1.0)	(1.0)
NET RETAIL PROPERTY INCOME (ONLINE)	(19.0)	(5.2)	(24.3)	(12.5)	(47.0)	(59.5)
Revenue	754.5	–	754.5	883.2	–	883.2
Cost of sales and other expenses	(699.7)	–	(699.7)	(788.5)	–	(788.5)
Net property income	54.8	–	54.8	94.7	–	94.7
External services	0.7	–	0.7	0.1	–	0.1
Production held in inventory	58.7	–	58.7	54.9	–	54.9
Operating expenses	(80.6)	(1.4)	(82.0)	(92.0)	(1.4)	(93.4)
Net overhead expenses	(21.1)	(1.4)	(22.6)	(37.0)	(1.4)	(38.5)
Share of equity-method affiliates	6.9	(2.2)	4.7	4.6	0.1	4.7
Net allowances for depreciation and impairment	–	(2.9)	(2.9)	–	(3.4)	(3.4)
Transaction costs	–	(0.4)	(0.4)	–	(0.5)	(0.5)
NET RESIDENTIAL PROPERTY INCOME	40.6	(7.0)	33.6	62.3	(5.2)	57.0
Revenue	59.0	–	59.0	107.5	–	107.5
Cost of sales and other expenses	(52.7)	–	(52.7)	(93.4)	–	(93.4)
Net property income	6.2	–	6.2	14.1	–	14.1
External services	7.3	–	7.3	3.3	–	3.3
Production held in inventory	12.4	–	12.4	2.7	–	2.7
Operating expenses	(15.1)	(0.6)	(15.8)	(12.9)	(0.5)	(13.4)
Net overhead expenses	4.5	(0.6)	3.9	(6.8)	(0.5)	(7.3)
Share of equity-method affiliates	7.1	2.3	9.5	8.1	(1.1)	7.1
Net allowances for depreciation and impairment	–	(0.3)	(0.3)	–	(0.3)	(0.3)
Transaction costs	–	–	–	–	–	–
NET OFFICE PROPERTY INCOME	17.8	1.4	19.3	15.5	(1.9)	13.6
Other (Corporate)	0.6	(2.7)	(2.1)	(0.6)	(0.6)	(1.2)
OPERATING INCOME	201.8	91.1	292.9	218.6	13.8	232.4
Cost of net debt	(34.1)	(5.0)	(39.1)	(48.2)	(6.6)	(54.8)
Discounting of debt and receivables	–	(5.9)	(5.9)	–	(0.2)	(0.2)
Change in value and income from disposal of financial instruments	–	(72.8)	(72.8)	–	22.2	22.2
Proceeds from the disposal of investments	–	0.0	0.0	–	(0.0)	(0.0)
PROFIT (LOSS) BEFORE TAX	167.7	7.4	175.2	170.4	29.2	199.6
Corporate income tax	(1.3)	86.1	84.8	(2.7)	23.2	20.4
NET PROFIT	166.5	93.5	260.0	167.7	52.3	220.0
Non-controlling interests	(40.3)	(105.4)	(145.7)	(25.5)	(48.3)	(73.8)
NET PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS	126.2	(11.8)	114.3	142.2	4.1	146.3
<i>Average number of shares after dilution</i>	12,054,997	12,054,997	12,054,997	11,231,747	11,231,747	11,231,747
DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO GROUP SHAREHOLDERS (€)	10.47	(0.98)	9.48	12.66	0.36	13.02

Balance sheet as of December 31, 2014

	12/31/2014	12/31/2013
€ millions		
NON-CURRENT ASSETS	3,940.6	3,600.7
Intangible assets	244.7	237.7
<i>o/w goodwill</i>	128.7	128.7
<i>o/w brands</i>	96.8	98.6
<i>o/w other intangible assets</i>	19.2	10.4
Property, plant and equipment	10.6	12.6
Investment properties	3,163.6	3,029.0
<i>o/w investment properties in operation at fair value</i>	2,974.4	2,917.9
<i>o/w investment properties under development and under construction at cost</i>	189.2	111.1
Securities and investments in equity affiliates and unconsolidated interests	362.0	278.6
Loans and receivables (non-current)	43.3	6.6
Deferred tax assets	116.4	36.2
CURRENT ASSETS	1,406.4	1,292.2
Non-current assets held for sale	0.7	1.7
Net inventories and work in progress	617.9	606.4
Trade and other receivables	392.5	428.2
Income tax credit	6.3	2.3
Loans and receivables (current)	15.2	18.1
Derivative financial instruments	15.9	0.8
Cash and cash equivalents	358.0	234.9
TOTAL ASSETS	5,347.0	4,892.9
EQUITY	2,169.2	1,832.9
Equity attributable to Altarea SCA shareholders	1,249.5	1,151.3
Share capital	191.2	177.1
Other paid-in capital	518.7	437.0
Reserves	425.2	391.0
Income associated with Altarea SCA shareholders	114.3	146.2
Equity attributable to minority shareholders of subsidiaries	919.8	681.6
Reserves associated with minority shareholders of subsidiaries	579.0	498.8
Other equity components, subordinated perpetual notes	195.1	109.0
Income associated with minority shareholders of subsidiaries	145.7	73.8
NON-CURRENT LIABILITIES	1,849.8	1,782.5
Non-current borrowings and financial liabilities	1,795.1	1,722.7
<i>o/w participating loans and advances from associates</i>	50.8	41.8
<i>o/w bond issues</i>	477.2	248.5
<i>o/w borrowings from lending establishments</i>	1,267.1	1,432.3
Long-term provisions	21.3	21.1
Deposits and security interests received	26.2	26.8
Deferred tax liability	7.2	11.9
CURRENT LIABILITIES	1,328.0	1,277.6
Current borrowings and financial liabilities	448.3	436.2
<i>o/w bond issues</i>	4.3	0.2
<i>o/w borrowings from credit institutions (excluding overdrafts)</i>	326.5	323.4
<i>o/w treasury notes</i>	53.0	28.0
<i>o/w bank overdrafts</i>	2.1	39.7
<i>o/w advances from the Group and associates</i>	62.3	44.9
Derivative financial instruments	102.7	73.7
Accounts payable and other operating liabilities	758.3	739.5
Tax due	18.7	28.1
Amount due to shareholders	0.0	0.0
TOTAL LIABILITIES	5,347.0	4,892.9