UNIVERSAL REGISTRATION DOCUMENT 2019

ALTAREA

URBAN POSITIVE

CONTENTS

INTEGRATED STRATEGIC REPORT

Altarea has used its integrated report as the introduction to its 2019 Universal Registration Document.
Four years agos, the Group initiated a integrated reporting aproach, based on its «Tous engagés ! (We are all involved!)» road map, shaped around three pillars - City, Customers, Talents - and the International Integrated Reporting Council (IIRC) guidelines.
Prepared in a collaborative manner, thanks to the mobilisation of our various Group departments, it highlights the Group's vision, business model, performance and strategy, in the service of value creation for stakeholders and regions.
This fourth report covers the 2019 financial year and draws on the data of the 2019 Universal Registration Document, of which it is part.

A detailed summary is presented at each chapter entry.

ALTAREA

UNIVERSAL REGISTRATION DOCUMENT

(New name for the Registration Document)

Including the 2019 annual financial report and the integrated strategic report

2019

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

The Universal Registration Document was filed on 23 March 2020 with the French Financial Markets Authority (AMF), as the competent authority according to EU regulation 2017/1129, without prior approval per Article 9 of the same regulation.

The Universal Registration Document can be used for the purposes of a public offering of financial securities or the listing of financial securities on a regulated market if accompanied by an securities note and a summary of any amendments made to the Universal Registration Document. The resulting package is then approved by the AMF in accordance with EU regulation 2017/1129.

INTEGRATED STRATEGIC REPORT

An entrepreneurial adventure that has become a multi-brand and multi-business group, Altarea embodies the dimension of our Group dimension and carries our aim to provide property differently.

In 25 years, we became convinced that the city, if we know how to transform it, is not the problem but the solution. Our market is that of urban transformation. With our expert brands, we are inventing solutions that meet this necessary transformation, as well as our customers' expectations: housing offers appropriate to the needs of each and at every moment of life; new models for retail and for business, which create more consumer pleasure in and more well-being at work; new neighbourhoods integrating all our know-how, and designed for those who live there.

We are proud of our business.

It is a useful and practical business, which has a positive impact on the future of our cities, making them more sustainable, more resilient and more human.

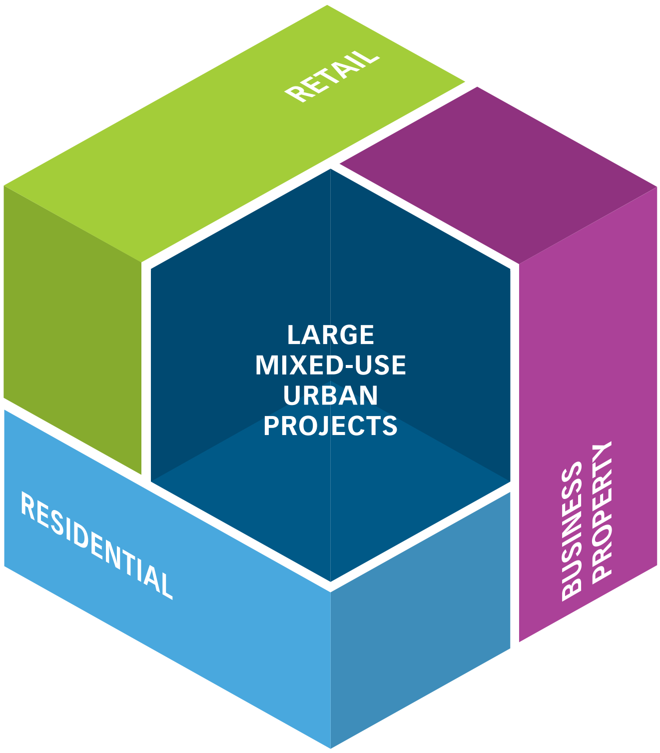
We are optimistic, daring, agile, ready to meet the new challenges raised by the city.

We are URBAN POSITIVE.

Altarea in short

Today, Altarea is the leading property developer in France.
Our performance is based on a robust model that combines our expertise in residential, business and retail property.
We are the sole player capable of articulating these three activities, which puts us in a position to handle major projects to transform cities responding to the ever more mixed uses of urban space.

An integrated model



€3.1 bn

Revenue in 2019
(+29%)

RESIDENTIAL

▸ **Top 2** French developers

€3.3 bn

New orders in 2019
(+12%)

RETAIL

▸ **Number 1** retail property developer

€5.2 bn

in assets under management

BUSINESS PROPERTY

▸ **Number 1** office property developer

€784 M

in investments
(+2%)

LARGE MIXED-USE URBAN PROJECTS

▸ **Number 1** Developer of large mixed-use projects

11

projects under development
(892,000 m² and 8,600 units)

A multi-brand model

ALTAREA

ALTAREA COMMERCE

Bringing a new generation of retail property to life, between fluidity, proximity and social ties

RESIDENTIAL

Designing housing for all, for all lifestyles, strengthening our place as leader by capturing new markets, participating in preserving our heritage

ALTAREA ENTREPRISE

Anticipating changes in work patterns and meeting the expectations of businesses and their employees

SEVERINI PIERRES & LOISIRS – PATRIMOINE D'EXCEPTION

A strong reputation and long-standing experience in rental investment in Aquitaine, with mastery of property projects across the whole skills chain, a guarantee of quality.

PITCH PROMOTION

A multi-specialist urban developer, for many years Pitch Promotion has been established in the regions and carries out high-quality operations in all spheres, from new construction to renovations.

HISTOIRE & PATRIMOINE

With almost 20 years' experience and a real passion for beautiful stone, Histoire & Patrimoine is the specialist in renovation and urban renewal (Malraux, Monument Historique, Déficit Foncier).

COGEDIM

As a national reference for new property, Cogedim designs numerous projects with a strong national identity. Quality, customer relations and environmental commitment have become the brand's signature.

COGEDIMclub® RÉSIDENCES SENIORS

Places to live to age well: in the heart of cities in an environment that facilitates daily life and promotes the development of independent seniors.

ALTAREA SOLUTIONS & SERVICES

A division offering services (financing, wealth management, trustee, etc.) to residential customers in BtoB and BtoC, common to all Group brands.

Woodeum

So that everyone can live in a more natural, beautiful and enjoyable environment, Woodeum imagines, develops and markets new-generation CLT solid wood buildings with a low carbon footprint.

Strong foundations for a new chapter

Alain Taravella, Chairman and Founder of the Altarea group, shares his vision of the business project and the fundamentals that are its strength.

"

In 2019, with revenues exceeding €3 billion, up 29%, our Group confirms its status as France's leading property developer, but above all the relevance of its strategy and vision of urban challenges.

25 years of history that reinforce our vision of the city

Since the founding of Altarea in 1994, our company has been an exemplary success, both in terms of economic performance, growth and innovation, and in its ability to meet the city's ever-growing and increasingly complex needs.
Over the years, our Group has welcomed strong and expert brands, gradually building a platform of unparalleled skills. Since the integration of Cogedim in 2007, followed by the acquisition of Pitch Promotion, Histoire & Patrimoine, Sévérini and, more recently, the strategic acquisition of stake in Woodeum, we have created a real city company, strong and unique in its market.
Property is more "mobile" than ever: the city is built on the city, transforming itself into an infinite cycle. It is a huge market that requires taking time, anticipating the expectations of all stakeholders and providing often complex solutions. Our robust and integrated multi-business model puts us in a position today to seize, better than anyone, all the opportunities in this market, that of urban transformation.

Altarea, brand and talent incubator

In our model, our brands have found, as in an incubator, the means to grow and be even stronger in their field. This collective adventure has also federated more than 2,000 employees, driven by a shared desire to serve our customers and help transform the city. This model has been a key to our success and will be the basis for our future development.
This model is supported by Altarea, the company brand that reflects the global dimension of the Group and that carries our ambition for the future: we will continue our growth by integrating new know-how, new brands, and Altarea will be their "incubator", as it has been so far. Altarea – and its new "Urban Positive" signature – also embodies our responsible growth project. In the face of social, societal and environmental challenges related to the city, our development will only continue by ensuring the positive impact of our activities.

A powerful commitment for a positive impact

Because of our multiple business hubs – offices, housing, retail, large mixed urban projects – we have an obvious societal utility: we build to house city dwellers with diverse needs, to provide accessible and enjoyable places for recreation and consumption, to work in offices adapted to new uses, to create new mixed neighbourhoods.
We build the city in all its dimensions, and thus help transform it to strengthen the living together, the closeness, the quality of life. We are proud of this role, and we are also aware that it comes with great responsibilities.
First, the responsibility to be exemplary in

terms of environmental transition, systematically taking into account sustainability issues in our projects: limited urban sprawl, energy savings, circular economy, reversibility of buildings, biodiversity, etc. In this regard, our acquisition of 50% of Woodeum, the French leader in low carbon wood housing development, is moving us in the right direction.

Our responsibility is also social: in 2019, Altarea directly or indirectly supports nearly 50,000 jobs in many sectors of the French economy. Our shopping centres are also home to nearly 13,000 jobs. The impact of our activities, which create jobs and value at the local level, strengthens our position as partners of general interest in cities.

Pioneers in many areas – whether for new trade formats, station trade, complex restructuring, mixed neighbourhoods –, we have always had some "vista" of the city. Today, Altarea confirms its culture of innovation and audacity, while relying on a unique commercial and operational power to best meet its customers' expectations and urban developments.

"

Property is more "mobile" than ever: the city is built on the city, constantly changing and creating long-term market opportunities for Altarea."


ALTAREA

Jacques Ehrmann, CEO of Altarea, reviews the Group's performance in 2019 and the outlook for the year 2020.

"

The Altarea model continues to prove itself. The Group is both the most financially powerful property developer thanks to its REIT background, and the property investor with the greatest capacity for asset creation. With 689 projects mastered in 2019, Altarea is developing the largest portfolio of projects in France in all product categories – a portfolio that represents more than 4.5 million m² under development, for a potential value of more than €19.8 billion.

Good performance in all our activities

In the Residential business, the Group recorded very strong sales results in 2019 and continued to gain market share, despite the impending municipal elections which are temporarily increasing the shortage of housing supply. In 2019, new orders grew by 12%, exceeding €3.3 billion, and by 3% in volume, with 12,128 units ordered.

In business property, Altarea carried out in 2019 a major double transaction with CDC Investissement Immobilier: the sale to CNP Assurances of the three buildings of the Issy Cœur offices and the acquisition, with a view to its refurbishment, of the current headquarters of CNP Assurances, located above Paris-Montparnasse station. We have also reloaded the pipeline in Paris and experienced a rise in business property in the regions. As of the end of December 2019, Altarea controls a portfolio of 69 office projects, representing a potential value of €5.3 billion in volume of business.

The Group's commercial portfolio, refocused on four formats – major destination shopping centres, travel retail in stations, large retail parks and convenience retail – continues to display excellent operational indicators, and net rent growth on a like-for-like basis of 3%.

In terms of major mixed-use projects, the Group retains a head start and controls 11 major mixed-use projects, representing nearly 900,000 m² and 8,600 residential units, for a potential value of more than €3.7 billion. In June, the Group began the work of Issy Cœur de ville, the largest mixed-use operation in the Grand Paris urban area.

A business project "revealed".

In 2020, our Paris teams will join our new head office in rue de Richelieu.

This place will fully express the "new" Altarea, the business that we are today: a company of makers, committed employees that think and make the city differently.

It will play an important role in the ever-strengthened integration of our skills and in the consolidation of our joint project: an ambitious as well as responsible growth project, growth with a positive impact for our customers, for our partners and employees.

Jacques Ehrmann has been the CEO of Altarea since 1 July 2019. This appointment, which strengthens the governance of the Group, is part of the continued growth of the business. Jacques Ehrmann, together with and under the supervision of the Chairman and Founder, takes responsibility for the overall leadership and implementation of the Group's strategy.

Our strategy in support of urban transformations

Our vision

At Altarea, we are convinced that we can be happy living in the city, and that this is not the problem, but the solution. We are proud to make the city differently, by being entrepreneurs of real estate with a positive impact.
We are Urban Positive

Our mission

Anticipating and supporting urban transformations to make cities and gateway cities more pleasant, more inclusive, more sustainable.

Our strengths

A unique platform of skills

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

A financial and commercial power

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

An entrepreneur's DNA

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

Our strategy

The transformation of the city is a huge market on which Altarea, the leading property developer in France, wants to continue its growth based on an integrated model, multi-brand expertise and a unique skills platform. Societal, social and economic challenges are combined with environmental challenges to address climate and urban transition.

Altarea's expertise lies in developing mixed-use property products that integrate these issues into an economic equation linking growth and responsibility with a long-term vision

Retail

- Concentration on four segments with strong potential: large regional shopping centres, travel retail, large retail parks and convenience stores
- Development of innovative products
- Sale of mature assets

Business Property

- Significant share of redevelopment or transformation
- Development of the business in regional gateway cities
- Role of investor, developer and service provider
- "User" oriented, flexible and scalable offices

Residential

- Products suitable for all moments of life for all customers, first-time buyers, investors and seniors
- Emphasis on customer relations and a personalised offer
- Partnership approach with communities, social landlords, etc.

Large mixed-use urban projects

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

"Tous engagés" (we are all involved): our CSR approach

Cities: developing and preserving our regions

- Enhance green value by rolling out ambitious certifications
- Contribute to regional economic development
- Develop a low-carbon and resilient city
- Protect biodiversity

Customers: customer satisfaction at the heart of our actions

- Listen to our customers and satisfy them all
- Develop a desirable and comfortable city
- Be exemplary in our business conduct while integrating environmental and societal considerations

Talent: excellence to support growth

- Support skills development
- Foster well-being in the working environment

TOUS ENGAGÉS !

Our business model
Contribute to making the city different

A city entrepreneur for transforming gateway cities, Altarea responds effectively and comprehensively to the challenges of transforming gateway cities by providing high value-added tailor-made urban solutions, always putting people first.

As a multi-business player, the Group's integrated model enables it to articulate all property know-how.

Trends ▶ **Urbanisation of the regions**

Strengths…

Stable ownership structure

- **45.56%** capital held by Alain Taravella and his family as of 31 December 2019
- **€3.4 billion** of market capitalisation at 31 December 2019

Committed employees with complementary skills

- **2,045** employees
- **100%** of employees are shareholders
- **416** new hires on permanent contracts in 2019

Confidence in customer relationships

- Cogedim awarded "Customer Service of the Year" in 2020 in the "Property Development" category for the 3rd consecutive year
- Altarea in 3rd place in the HCG/Les Echos ranking of customer relations

Towards a carbon-free group

- Objective to move towards carbon neutrality
- An ambitious approach of certification of projects and portfolio assets
- Measures to protect biodiversity and work on urban resilience
- Green Star 5* in the GRESB classification for the 5th consecutive year

A dynamic innovation ecosystem

- Youth Comity, an internal think tank bringing together young executives to bring out new ideas
- AltaWiki, internal tool for sharing knowledge and experiences

Demographic tensions and inequalities

Change in urban life styles

Climate change and environmental stakes

… To create urban value

Substantial earnings

- **€3.1 billion** revenue
- **€298.8 million** FFO Group share

A large contribution to the national economy

- **48,500** jobs supported in France 28% of which in construction
- Nearly **13,000** jobs in shopping centres

A skills platform at the service of the city

- **4,300 days'** training

High-quality developments and satisfied customers

- **1.1 reserve** per unit delivered
- **100%** of Residential projects certified NF Habitat, guarantee of quality, environmental performance and comfort

An environmental footprint mastered

- **100%** of the Group's projects have a quality and/or environmental certification
- **99%** of surfaces areas under development are located less than 500 metres from public transport
- **–59.5%** reduction in CO_2 emissions across the Retail portfolio since 2010

An innovative offering to support the transformation of gateway cities

- **5 developments** awarded at the 2nd edition of the competition "*Inventons la métropole du Grand Paris*"
- **886 innovation** partners

CONVINCED THAT THE SOLUTION IS TO TRANSFORM THE CITY

Make the city different, by considering the city as a solution:
this is the ambition that motivates us, the energy we deploy every day to transform cities and gateway cities.
Through our strategic choices and achievements, we intend to accompany this movement, to the point of guiding it towards a city ideal that is more respectful of people and nature

The transformations that the city needs

Urbanisation of the regions

84%

of net jobs created in the private sector are concentrated in large urban areas

(source: Arthur Lloyd barometer 2019)

22

French gateway cities accommodate 29% of the population on 2% of the country

(source: *Gateway cities: contributions and limits for the regions,* CESE opinion, October 2019)

88 min

per day: average travelling time for workers in the Paris Region

(source: BVA survey, June 2019)

A global phenomenon, urbanisation is characterised by a high concentration of people and activities and by an extension of the urban fabric around one or more centres. Urban expressions of globalisation, the bulk of growth is to be found in gateway cities which are the main drivers of wealth, job creation and innovation. But they also have harmful effects on regional cohesion and the environment: pollution, traffic jams, loss of agricultural land, etc. Urbanisation fosters, if not accentuates, socio-spatial inequalities between centres and the outskirts.

▸ Our belief

Recreating the heart of the cities

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Demographic tensions and inequalities

1/5

1 French person out of 5 is aged 65 years and over

(source: Insee)

1st

The proximity to everyday services is the 1st criterion when choosing where to live in old age.

(source: baromètre 55+ Cogedim Club, April 2019)

4 million

people are poorly housed or homeless in France

(source: Fondation Abbé-Pierre, annual report 2019)

The need for housing remains prevalent in France, in all regions and in the gateway cities in particular. This is due to the increase in demographic pressure, but also to recent societal developments: the population is ageing and the length of life at home is lengthening, more and more families stop cohabiting or are recomposing, many students no longer reside at home, etc. The city, in order not to expand inexorably, must become more dense and offer diversified residential solutions that meet all demands.

▸ Our belief

Housing more, better, all through life

Page 18

Change in urban life styles

60%

of the main French cities have a smart city strategic plan
(source: Institut Vedecom)

29%

of the workforce in companies with more than 10 employees regularly use teleworking
(source: Ifop/Malakoff Médéric-Humanis)

22.8%

of families in France are single-parent or reconstituted
(source: Insee)

Cities are home to increasingly diverse life paths, often subject to personal or professional hazards. Ways of living – in traditional, reconstituted, single-parent families – and of living together – multiplication of shared housing initiatives, collaborative economy, return to local consumption – are constantly evolving. Just as modes of work, travel, shopping or leisure are diversifying, in line with individual aspirations and digital and technological developments.

▸ **Our belief**

Innovate to meet new uses

Page 22

Climate change and environmental stakes

67%

of greenhouse gas emissions in France come from cities
(source: WWF)

44%

of the construction sector represents 44% of energy consumed in France
(Source: Ministry for solidarity and ecological transition)

Faced with the urgency of climate challenge, cities and buildings must now be designed to reduce their greenhouse gas emissions. Energy sobriety is a major issue, as is the increased use of renewable energies, low-impact materials and the circular economy. But cities must also provide solutions for their inhabitants to remain attractive and resilient in the face of increasing climatic hazards. Restoring nature and biodiversity to their rightful place in the city – green spaces, urban agriculture, permaculture – designing neighbourhoods to reduce heat islands, de-waterproofing soils, finding more open land to allow river water infiltration and limit flooding risks, thinking about a use of the city that limits waste production, promoting clean and soft mobility.

▸ **Our belief**

Contributing to a sustainable city

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Recreating the heart of the cities

A pioneer in major mixed-use real estate projects, Altarea mobilises its complementary expertise to create and animate new city centres that meet the needs of proximity and social ties.

The extension and densification of gateway cities require urban actors to think not only about the real estate product but also about the buildings in their environment, their connection to the public space as a whole, and how they can meet all the needs of the urban population. Thanks to its expertise in housing, offices, shops, serviced residences, hotels and public facilities, Altarea is able to create city centres with this global vision.

In fast-growing gateway cities, Altarea's approach is to think in the long term, putting people back at the centre to create neighbourhoods that are pleasant to live in, dynamic and connected, and that promote diversity and social cohesion. The issue of proximity is essential in this approach: projects must maximise the appeal of the "the quarter-hour city", i.e. what a neighbourhood can offer at less than fifteen minutes from home.

Bezons Cœur de ville

Bobigny Cœur de ville (93)

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Olivier Bucaille
Chairman of Altarea's Large mixed-use projects division

In Bezons, Bobigny, Issy-les-Moulineaux, Savigny-sur-Orge, Toulouse, Bordeaux, Marseille, Lyon, Schiltigheim, we support local players to create new urban centres. It may be in response to increased intensity of use, new transport service, or the need to rehabilitate obsolete social housing neighbourhoods or former industrial or commercial sites. Each time, we propose innovative solutions by thinking very early on about the needs of the people, the link between buildings and their environment and respect for biodiversity This approach allows us to be the reference partner for carrying out these ambitious urban renewal projects."

Alexis Moreau
Chief Executive Officer of Altarea's Residential division

The dynamism of urban centres allows a better residential mix to be created. We are thus developing new services for seniors or students with residences adapted to their needs, or rental management services for individual investors. We are convinced that our role is to provide solutions and services to meet our clients' expectations whatever path they take in life."

Quartier Guillaumet (Toulouse)

CREATE NEW URBAN POLARITIES

Due to the rapid growth of gateway cities and urban populations, entire neighbourhoods must reinvent themselves to become new centres of life and activity Altarea's integrated model puts the Group in a position to carry out this transformation, both quantitatively and qualitatively, by offering residents and local authorities coherent, inclusive and sustainable projects.
In 2020, work will begin on Bobigny Cœur de ville, a new large-scale emblematic project for this type of transformation. On the site of the former shopping centre and at the exit of the future Grand Paris station, this neighbourhood will become a new, innovative and lively gateway to Bobigny, once again connecting the different neighbourhoods of the city. It will combine comfortable accommodation, an unusual and flexible office building with a co-working area, as well as shops at the foot of the building and a cinema, grouped around a central square and green spaces.
In Toulouse, the redevelopment of the Guillaumet site has created a brand-new neighbourhood to respond to the economic and social dynamics of the city. On the 100,000 m² of the former Toulouse Aeronautical Test Centre, the new "La Soufflerie neighbourhood" will be home to residential, offices, retail and services, cultural facilities as well as a large number of outdoor sports areas.
Until its completion, people concerned by the project are being consulted so that local residents and neighbourhood associations can be involved in the requalification process.
The Place Centrale, in the Toulouse Aerospace neighbourhood, is another example of a major mixed-use project that responds to new uses and prefigures the intelligent and humane city of tomorrow. On the former mythical site of the Aéropostale, this district, with delivery planned for 2021, will finally include four mixed-use residential buildings, 12,000 m² of retail and services and 15,000 m² of offices. A shared car park and access to the third metro line fully connects the district to the rest of the city of Toulouse.

12

mixed-use operations in progress, i.e. more than 1 million m² and 10,000 residential units

SUPPORT THE OPENING UP OF THE OUTSKIRTS

The Grand Paris Express network and the extensions of tramways, metros and RER are creating new centres of attraction in the Grand Paris area.
This dynamic must be accompanied by a new offering that covers residential, retail and leisure needs.
The town of Bezons, following the extension of the T2 tramway which puts it 12 minutes away from the business district of La Défense, has thus experienced very strong development in less than 10 years. The Bezons Cœur de ville project, a model of urban mixing, reflects Altarea's ability to "manufacture" the contemporary town by producing common living areas and links between residents. This new 14-hectare town centre will house 700 residential units, 20,000 m² of retail units, restaurants, a cinema and a medical centre. It will also include 17,000 m² of new planted areas, and a pedestrian and bicycle connection with the Albert-Bettencourt Park, which will be enlarged.

99%

of the residential units and 100% of the offices developed by Altarea are less than 500 metres from a public transport stop.

Archipel – Asnières (92)

"

In Asnières-sur-Seine, the project fits into its environment and meets a local need and the needs of users. We are not just residential builders, we are designers of living spaces. We are committed on a daily basis to translating our desire to work for sustainable urban planning into concrete actions, while respecting our commitments to local elected officials. And these new neighbourhoods are a good example of that."

Stéphane Dalliet
Chairman and Chief Executive Officer of Pitch Promotion Group

Issy Cœur de ville (92)

ISSY OPEN DESIGN: COLLECTIVELY INVENTING HYBRID LIVING SPACES

With the aim of designing innovative and unifying places, Altarea has launched a collective intelligence initiative called "Open Design" for the Issy Cœur de ville eco-neighbourhood. This consultation of players from all walks of life – large groups, start-ups, artists, associations, schools, etc., a real property "crowdsourcing", aims to bring out a strong concept to create a unifying and innovative 1,500 m^2 area in the heart of the eco-neighbourhood. The place should meet the following criteria: be universal and bear positive values; be open and unifying; awaken and make people grow; allow for doing and inventing; offer creative and sensory experiences. At the end of 2019, in the initial phase, "Issy Open Design" brought together 1,000 participants around 452 projects; the projects to be finally selected are expected to be announced by the end of 2020.

452

This is the number of projects proposed for Issy Open Design

ALTAWIKI, THE GROUP'S INNOVATION ECOSYSTEM

To support the Group's innovation efforts and spread an internal digital culture, Altarea has put on line AltaWiki, a platform for identifying and pooling the Group's innovative solutions (partners, projects and competition responses), allowing everyone to harness them as needed. As part of large mixed projects or competitions, AltaWiki works like an internal Google of innovation and brings together a mine of actors to be integrated into the projects. By bringing together the right information, the right people and best practices on a single platform, AltaWiki helps Altarea employees make better innovation decisions and prepare the company's future.

1,141

partners identified in our innovation ecosystem

Housing more, better, all through life

With targeted settlements in high-demand areas and a full range of housing for all populations, Altarea is confirming its role as a partner in the general interest of the regions.

As a result of profound changes in society – changes in family formats, an ageing population, technological innovations, etc. – residential offers today must be more modular, adapted to each stage of life.

Residential is no longer thought of in isolation, but as part of a collective living space, with shared spaces integrating services (bicycle room, parcel box, business belonging to co-owners, digital applications for sharing information, etc.). Residential operations also increasingly contribute to shaping public space: Altarea thus designs its projects by integrating schools, medical or cultural centres, an urban forest in Issy Cœur de ville, shared gardens in Bezons, etc.

In this context, Altarea contributes to the growth of the residential supply to meet the growing needs of populations, but also works to house urban dwellers in all their diversity: whether they live in city centres or the suburbs, regardless of their level of income, whether they are students, working or retired. Mixed use and social diversity are eagerly awaited by local authorities to reinvent areas that have been segmented for too long between residential and business districts, between low-rent housing for low-income households and new housing for the more affluent.

Grand Paris – Residential in Saint-Maur

Inspirations (Nantes)

Philippe Jossé
Chairman of Altarea's Residential Division and Chairman of the Management Board of Cogedim

"Because of the size of residential units in gateways cities, the population density and the need to reweave the social bond in the city, we have a responsibility to put as much work into the shared public space as on residential itself.
The connection and complementarity between home, shared spaces and the neighbourhood has become crucial. This is a profound conceptual evolution that strongly marks the calls for tenders to which Altarea responds today, and for which our integrated strategic approach is an obvious asset."

Vincent Ego
Chief Executive Officer of Cogedim

"Cogedim pursues its development with strong convictions: residential that meets the different needs in high-demand areas, an architectural requirement in both design and interior layout, excellence in customer care and the quality of customer relations. Each operation, regardless of its size, level of complexity or location, must meet these criteria.
We believe that beyond investing in a residential unit, our clients buy the life project that goes with it. More shared spaces, more green spaces, more services for a better quality of life. And we have the same attention to provide solutions tailored to the needs of local authorities."

3,600
social residential units delivered by Altarea

Customer Service
of the year 2020 awarded in the "Property Development" category for the 3rd year running.

Cogedim Club Paris Auteuil Residence

THE QUALITY OF THE CUSTOMER RELATIONSHIP IS ONCE AGAIN PRAISED

Cogedim obtained the "Customer Service of the Year" award for the third year running. This recognition confirms the Group's leadership in customer relations, a result of the importance given to resident/user satisfaction. In addition to being integrated at a very early stage in the design of residential, offices or retail, the latter is the subject of major investments, notably through the development of new business lines within Cogedim, such as digital marketing. Cogedim's "Stores" are key to the personalisation of the offer and also contribute to the quality of the relationship, enabling buyers to obtain information and model their future apartment.

6

Cogedim Stores in France

RESPONDING TO THE GROWING NEEDS OF SENIORS

The Cogedim Club brand, designed to meet the specific needs of autonomous seniors, is experiencing strong growth due to the increase in life expectancy and the new expectations of seniors in terms of quality of life. In 2019, many operations have been inaugurated: Berthelot Bord de Rhône and Promenade Lafayette, in Lyon, Le Jardin des Orchidées, in Boissy-Saint-Léger, Paris-Auteuil, in the 16th district of Paris, Les Domaines de l'Étier, in Le Pouliguen, and Le Clos des Vénètes, in Vannes. These residences, located in the heart of cities, offer tenants/owners unique services, designed for seniors: catering, personal assistance, home services, leisure and relaxation activities.

18

Cogedim Club seniors' residences all over France/6 under development

"

By rehabilitating former industrial sites, we put the particular interest of our clients at the service of the general interest. La Brasserie Motte-Cordonnier, in Armentières, Grands Moulins de Paris, in Marquette-lez-Lille, real "castles of industry", classified as historic monuments, will thus find a new life by welcoming residential and retail properties. These projects have a positive impact in more ways than one: they consume fewer materials, they bring old trades back into the spotlight and revive a region's attractiveness."

Rodolphe Albert
Chairman of Histoire & Patrimoine

Nuages towers – Nanterre (92)

REINCORPORATING THE SOCIAL MIX TO REVITALISE A NEIGHBOURHOOD

In 2019, the Group made nearly 4,000 reservations in the social and intermediary rental sector. This figure reflects the desire of Altarea's housing brands to meet the needs of social landlords in all regions, in order to support them in increasing their rental stock and enhancing the value of certain ageing properties.
Each of these brands, from Cogedim to Pitch Promotion, including Histoire & Patrimoine, Sévérini and Cogedim Club, strives to offer a genuine social and intergenerational mix: family rental housing, intermediate rental residential, social rental usufruct, social residential for young working people or seniors in Cogedim Club residences. Social rental residential will also be offered on the Busson block in Pré-Saint-Gervais.

A NEW LIFE FOR AN HISTORIC NEIGHBOURHOOD

The rehabilitation of the Nuages towers, an emblematic neighbourhood of Nanterre, is the subject of a partnership between the local authority, social housing landlords, the large mixed-use projects division of Altarea and Histoire & Patrimoine.
The aim of this transformation project is to strengthen the attractiveness of the neighbourhood and bring social and functional diversity to the area.
These two brands of the Altarea Group are involved in six towers of the complex, which will change use to accommodate rehabilitated freehold housing, short-stay residences, co-living for young working people, a youth hostel, cultural, associative and training areas, shared offices, a health centre, a media library, etc.

Habitat & Humanisme

A RENEWED PARTNERSHIP WITH HABITAT & HUMANISME

In December 2019, Altarea and the Habitat & Humanisme association signed a new three-year partnership in favour of inclusive and intergenerational housing. Altarea has been involved with the association for 12 years, working with it on practical solutions for a more inclusive city, notably by building boarding houses for vulnerable people.
With the extension of this commitment, Altarea and Habitat & Humanisme confirm their shared conviction: integration through housing contributes to diversity and social cohesion in cities.

15
residences (boarding houses and intergenerational residences)

500
persons housed

Innovate to respond to new uses

By rethinking property in the light of changes in society, Altarea is helping reinvent it in order to support, facilitate and re-enchant every moment of life, work and leisure.

Putting the user at the heart: for Altarea, this is a prerequisite for a property where new uses are anticipated and fully integrated. Business property and retail are at the heart of profound societal changes and have had to adapt quickly to serve new needs. This means integrating more and more services and constantly innovating to improve the user experience. In addition to the BtoB approach, where the investor/developer creates for the company or for the retailer, there is a BtoC requirement, which places employees, sales staff and customers at the heart of project design.

Ferney-Voltaire (Grenoble – Annecy)

Eria (Puteaux)

"

Retail is a particularly fast-moving activity, whose new contours we must accompany – whether the consumer is on the move, looking for proximity or wants a moment of shopping and leisure in a large shopping centre. Retail has the peculiarity that our role does not stop at the sale. Then there's a whole chapter of execution, where we have to be accountable to communities and clients. The year 2019 has confirmed our ability to carry out complex operations, which require us to look to the long term, anticipate risks, and have a good quality relationship with customers, whether they are retailers or consumers."

Ludovic Castillo
Chairman of the Management Board
of Altarea Commerce

"A few decades ago, air conditioning was enough to make an office building modern. As environmental issues became more prominent, attention then became focused on the energy performance of buildings. Today, efforts are continuing to reduce the carbon footprint of projects, and a new priority is quality of life in the office. The younger generations, in particular, are demanding a workplace that is a real "alternative" place to live, a source of motivation and pleasure. Our operations play a critical role in the ability of our client companies to attract and retain this talent."

Adrien Blanc
Chairman of Altarea Entreprise

Business Property

As a factor of attractiveness for employees and pride of belonging, business property today must combine thermal comfort and environmental responsibility, be pleasant to live in and efficient for its occupants. The employee is at the core of the buildings' design, which must be places of meeting, cohesion and articulation of know-how; their connection to transport networks is also essential. As a result of changing work patterns – desalarisation, the rise of co-working and teleworking, etc. – offices are also being asked to be more flexible. It is a building that will potentially have several lives, over the lives of the companies that succeed one another within its walls, and for which a certain reversibility must be foreseen in order to anticipate a change in user expectations in 20 or 30 years' time.

83%

of Altarea's business property projects are multi-purpose

55%

of the business property projects in the Paris Region are refurbishment projects

86%

of the business property projects in the Paris Region are certified or in the process of being certified by WELL

emLyon

"

Kosmo, head office of Parfums Christian Dior (Neuilly-sur-Seine)

In a context where the quality of life is at the heart of employees' concerns, the six major regional gateway cities have in recent years become a choice alternative for business location. Thus, we are witnessing a real rise in the tertiary property market in the Lyon, Aix-Marseille, Lille, Toulouse, Bordeaux and Nantes. The challenge now is for companies to attract talent by offering them a pleasant living environment, with offices adapted to new ways of working, flexible and connected to the transport infrastructure.

Pascale Lespinat Berti
Development Director
South Region Cogedim

A BUSINESS SCHOOL DESIGN AS A HYBRID HUB

The emLyon business school selected Altarea as the property developer for its future "Early Makers Hub". Altarea's first project in the education sector, designed with Philippe Chiambaretta, aims to create value in use. A hybrid team and a new working method have made it possible to meet the client's expectations: an innovative architecture at the service of new learning experiences, which facilitates encounters with the business world. In contrast to traditional campuses, which are closed in on themselves, the project is designed as a flexible hub, open to businesses, which invest space, get involved in the community and participate in the programmes. This opening will also take the form of retail units or co-creation spaces, accessible to the general public. The architectural ensemble will always be structurally adaptable.

Landscape (La Défense)

DUAL RECOGNITION FOR A MAJOR BRAND

The MIPIM and the SIMI 2019 Grand Prix rewarded the Kosmo project in the category "Best refurbished building".
This ambitious project with a surface area of 27,000 m², located in Neuilly-sur-Seine, opposite Paris-la Défense, is home to the head office of Parfums Christian Dior. The operation, designed with Ateliers 2/3/4, comprises two separate buildings, connected by an interior street providing access to service areas. The project integrates 2,500 m² green balconies and terraces, floor-to-ceiling glass walls to enjoy 360° views of the city.

AT LA DÉFENSE, A PROMISE OF WELL-BEING IN THE WORKPLACE

Restructuring of the Pascal Towers with Dominique Perrault: the Landscape project is an operation of exceptional size, aimed at providing a pleasant workplace for more than 5,500 people. This challenge will be met, for example, by guaranteeing "first-day" access for all employees, thanks to a reworked façade and 2,500 windows. Never before seen in a high-rise office building, natural ventilation will be made possible by opening the windows.
The services and living spaces – community library, wellness centre, concierge service, restaurant services, etc. – will account for 10% of the total surface area of the project.

Retail

As France's leading retail developer, Altarea is fully involved in reinventing the sector to respond to new consumption patterns. These modes have become multiple: on the Internet, at home, on the way to work… Commercial leases have to adapt to increasingly ephemeral economic models. The act of buying is sometimes quick and convenient, sometimes an integral part of a leisure outing. More than ever, the shopping centre must be a place for experience, attractive, flexible and connected – now is the time for *retailtainment* expeditions. Altarea is counting on a variety of promising formats for the future, developing shopping centres in exceptional locations, retail in railway stations, or integrating convenience stores into large mixed-use projects at the foot of buildings.

100%

of the portfolio shopping centres managed have a biodiversity action plan

100%

of the assets managed in France are certified BREEAM® In-Use

Paris-Austerlitz station

CAP3000 (Saint-Laurent-du-Var)

REVITALISING A NEIGHBOURHOOD AROUND TRAVELLERS

Travel retail, a key development axis for Altarea, is today an accelerator of value creation for entire neighbourhoods. Around the Paris-Austerlitz station exists today a triangle of 13 ha, a real gateway to the east side of the Parisian left bank. In 2021, this site will be home to 26,000 m² of retail space, as well as office space, a hotel, residential and public parking facilities. For everyday travellers, as well as tourists and business travellers, Altarea Commerce will offer a range of activities influencing the entire district.

A UNIQUE RETAIL AREA WHERE THE REAL AND THE IMMATERIAL MEET

With the CAP 3000 shopping centre, in Saint-Laurent-du-Var, designed fifty years ago when e-commerce did not exist, Altarea has reinvented a major regional shopping centre by capitalising on an exceptional location and gambling on luxury, foreign customers and the customer experience. The renovation and extension of CAP3000, representing an investment of €650 million, will be completed by increasing the total surface area of the centre to 135,000 m², with 300 retail brands. In November 2019, Altarea inaugurated the 70,000 m² extension with a leisure and catering offer, new brands and terraces with sea views. New concepts have also opened with *"Océan",* a vast building created in partnership with MK2 and the Oceanographic Museum of Monaco, as well as a new concept store within the shopping centre: Capsule@CAP3000. This hybrid and experiential place offers a selection of young and trendy digital brands, art exhibitions, a café-library and a programme of events. Fully operated for the first time by Altarea Commerce, this unique space in the retail world confirms the Group's agility and its ability to go beyond its role as a property company.

Capsule (Nice)

Contributing to a sustainable city

Responsible materials, energy-efficient construction, preservation of biodiversity, local employment: Altarea is committed to the transition to low-carbon cities and to property with a positive impact.

Altarea's commitment to supporting the transition to low-carbon cities is reflected in a number of actions. The design of buildings fully integrates the environmental issue: biosourced materials and rehabilitation, waste recovery, "intelligent" and energy-efficient buildings… The challenges of ecological continuity are taken into account in our developments and the projects give a large place to the reintroduction or extension of green spaces and biodiversity. By thinking on the scale of a neighbourhood rather than a single building, Altarea is also promoting non-carbon mobility, with all its projects less than 500 metres from public transport, and is working to make the city more resilient.

Altarea must also act as a leader, a regional partner; the company is a major player in local employment, economic momentum and social inclusion.

This proximity approach is also reflected in the development of partnerships with companies in the social and solidarity economy. In addition to actions carried out with Les Canaux in Paris, to raise employee awareness and conduct experiments, Altarea, in partnership with Crédit Coopératif and Baluchon, created SoCo, the first socially responsible business property company.

Woodeum Clichy

CAP3000 is the first BiodiverCity® shopping centre in the world

"

Nathalie Bardin
Director of Strategic Marketing,
Innovation and CSR

Our approach is exemplary in terms of environmental transition and social responsibility. Our projects take into account the need to limit urban sprawl, protect biodiversity, consider the reversibility of buildings or have a positive impact on the local economy. The Group regularly comes at the top of global rankings for its extra-financial performance. At Altarea, value creation is certainly financial and architectural, but it is also environmental and human."

Julien Pemezec
Chairman of the Management Board
of Woodeum

"The strategic partnership that Woodeum has signed with Altarea will enable us to further develop a low-carbon residential offer, designed in CLT solid wood, to effectively combat global warming. Wood has many advantages: it is a natural carbon trap; it is a renewable material that makes it possible to build quickly while reducing pollution. Thanks to wood, we are creating a new generation of responsible residential that contributes to real living comfort and the well-being of its inhabitants."

–59.5%

reduction in CO_2 emissions across the portfolio between 2010 and 2019

90%

of waste recovered across the portfolio in 2019

99%

of developments less than 500 metres from public transport

U-Care (Paris)

INCREASING RESPONSIBLE BUILDINGS

While Altarea is limiting the contribution of new materials by carrying out numerous refurbishment projects, the Group also aims, in the medium term, to use biosourced materials for 100% of its residential operations in Paris. Its recent partnership with Woodeum, the specialist in wooden constructions, reflects this commitment. In July 2019, Altarea acquired a 50% stake in WO2 Residential, a subsidiary of the Woodeum Group, with the shared ambition which is large-scale low-carbon residential development. On work sites, Altarea is committed to reducing the amount of materials used and using materials from the recovery and recycling of worksite waste. The buildings are designed for the comfort of their users, while respecting an objective of energy savings.
Connected buildings allow an ever finer control of energy consumption. Summer comfort is becoming a priority in the city, and natural air circulation takes precedence over air conditioning. The Landscape office project in La Défense, for example, foresees the possibility of opening the windows – an unprecedented function for this type of building in France – thanks to a high thermal performance "second skin". U-Care is also among the achievements that preserve energy resources: the technical finesse of the project makes it possible to optimise the infrastructure to save material and free up volumes. A part of the structure, designed in wood, light and flexible, contributes to this objective while reducing CO_2 emissions by 80% compared to a conventional project.

50%

Objective 2030: reduce energy consumption in shopping centres by 50% (–46.9% achieved in 2019 vs. 2010).

Signature Paris Action Climate Charter

In 2019, Altarea confirmed its commitment to supporting the City of Paris in its transition to carbon neutrality by signing the Paris Action Climate charter. Now committed to the Gold level, the Group is working to reduce the carbon impact of its activities by focusing on three areas: materials, energy and mobility.

"

Showcasing Altarea's know-how, the U-Care project is a sustainable wooden building as well as an architectural feat, with a bridge-building which crosses 47 metres of track. Its name expresses attention to future residents and neighbourhood's residents, which was the driver of its design. Thanks to a preliminary consultation, the building will offer tailored services: a large space for bicycles, a medical practice, a grocery store-restaurant with short cycles products."

Laurence Beardsley
Chairwoman of Cogedim
Ile-de-France Region

Issy Cœur de ville

Issy Cœur de ville, urban forest and innovative energy

- 1.3 ha of landscaped spaces, patios and hanging gardens
- A green corridor
- Nearby parks: Jean-Paul-II, Henri-Barbusse and the île Saint-Germain parks
- A "geothermal loop", an innovative and smart energy network dedicated to the neighbourhood

CONTRIBUTING TO EMPLOYMENT AND LOCAL ECONOMIC DEVELOPMENT

Through its activities, Altarea plays a major role in the economic development of its settlement areas. Most of the Group's subsidiaries are developing partnerships with local stakeholders in order to contribute to local employment. With regard to convenience stores, the programming is worked out with the municipalities to integrate independent stores and local artisans. The shopping centres operated by Altarea are also major providers of local employment in their regions. CAP3000 is therefore the 4th largest employer in Alpes-Maritimes.
The Group also calls on reintegration workers on its work sites. In 2019, 47% of business property projects launched during the past two years include an insertion clause.
The Place Centrale construction site in Toulouse (see p. 16) should, for example, generate a total of 46,600 insertion hours.

73%

of purchases local for residential construction sites from local sources

CERTIFICATIONS FOR INCREASED GREEN VALUE

The high comfort and usage requirements of customers and the strengthening of environmental regulations have led to the emergence of the "green value" concept in property. To maintain or advance this value, Altarea is committed to an ambitious sustainable certification strategy specific to each of its activities. The Group selects labels or certifications for its projects based on:
– the relevance of the applicable standard: BREEAM® for the retail market, NF Habitat for residential projects, etc.;
– the stakeholders' expectations for each type of project, while seeking to exceed market standards;
– the ambition to offer the most innovative labels and certifications on issues broader than environmental performance (WELL, BiodiverCity®, WiredScore, etc.).

100%

of business property projects in the Paris region have dual certification at least HQE "Excellent" and BREEAM® "Very Good"

STRENGTHENING THE PLACE OF NATURE IN THE CITY

In order to combat urban sprawl and the artificialisation of soils, Altarea largely favours projects that are sited in brownfield areas or undergoing urban renewal.
The Group intends to anticipate and not submit to regulations, thanks to an excellent knowledge of environmental issues and a systematic consideration of biodiversity in its planning decisions. An ecologist works on each large-scale project, especially shopping centres.
In-house, an awareness-raising programme has been running with the creation of operational guides for all teams (design, property development, operations, etc.), presenting technical solutions and best practice in biodiversity.
The challenge is also to reintroduce nature in the city for the well-being and comfort of its inhabitants. The greening of public space (parks, shared gardens, green roofs, etc.), the choice of more permeable soils to retain rainwater making it possible to design neighbourhoods that are less "mineral" and have islands of freshness.

PROUD OF OUR UNIQUE INTEGRATED MODEL

Our mission is based on a solid foundation: a community committed around strong values and with a unique entrepreneurial spirit, an integrated model based on sustainable performance in each of our activities, strengthened governance… So many resources and assets that make us look to the future with confidence.

A community of entrepreneurs

As a growing and attractive group, Altarea is enlarging its teams while maintaining its entrepreneurial spirit and maintaining a strong sense of belonging among its employees.

The Altarea collective has been built on a unique combination of know-how and personalities. Everyone can make a difference: the Group's entrepreneurial DNA encourages individual ideas and contribution to decision-making. This entrepreneurial spirit largely infuses the human resources policy. Integration or training programmes are never duplicated from "ready-made" formulas: they are adapted, tailor-made and taken in hand by the employees themselves.

The customer culture, Altarea's major asset in its markets, is central to skills development. The sales function, at the crossroads of the Group's business lines, is the subject of major investment to develop increasingly agile, multi-product profiles and invested in the continuous improvement of customer relations.
Finally, Altarea is a community of people between the ages of 17 and 72, and intergenerational collaboration is highly valued within the Group.

"

Our challenge is to continue to foster an entrepreneurial spirit in the way we work on a daily basis, while at the same time supporting Altarea's growth and its new skills requirements. Our new head office, rue de Richelieu, in Paris, is a project that we have been managing collectively for several years to make it an exemplary place, in line with our values. It will play a major role in consolidating this collective and giving it new impetus."

Karine Marchand
Director of Human Resources at Altarea

2,045
employees of whom 1,962 on permanent contracts

416
new hires on permanent contracts in 2019

120
work-study trainees welcomed in 2019

Crescendo integration seminar

THE ACADEMY, A GLOBAL LEARNING AND DEVELOPMENT SYSTEM

The Altarea Academy aims to facilitate the integration of newcomers, to raise awareness and train employees on our priorities, and to promote the transmission of knowledge and internal employability.
It includes a diverse range of training courses, both in terms of topics and formats: face-to-face, online or hybrid, conferences, workshops run by experts, lunch & learn, urban expeditions to discover the Group's sites and projects, etc.

Almost 4,300

days' training

PARTICULAR ATTENTION PAID TO INTEGRATION

"Crescendo" integration seminars focus on cross-functionality and involve all Group subsidiaries. Interactive and dynamic, based on exchange, experience sharing and case studies, they are run exclusively by Altarea employees. Round tables with the various directors and meetings with members of the Executive Committee also enable new employees to gain a better understanding of the company's vision, strategy and values. A specific integration day is also organised for work-study students and trainees.

432

new recruits attended the integration seminar in 2019

1ST YEAR OF THE GRADUATE PROGRAMME

In October 2019, Altarea welcomed the first talents from its Graduate Programme. These five young graduates from ESCP, ESTP, Paris-Dauphine, Panthéon-Sorbonne and Paris-Nanterre universities will spend 18 months discovering three different professions in the Group's various property functions. For Altarea, this programme is an opportunity to integrate new, high-potential talent, pass on the diversity of its know-how and create loyalty. Moving from one entity to another every six months also benefits the internal culture: it enhances the sense of teamwork by encouraging managers to develop this talent not just for the benefit of their department, but for the benefit of the Group as a whole.

A NEW APPOINTMENT TO PROMOTE INTERNAL MOBILITY

In 2019, Altarea organised its first Careers and Internal Mobility Forum at its head office in Paris, then in the regions, to enable its employees to meet and share their professional experiences. The participants were able to get a better understanding of the specific features of certain subsidiaries and the skills expected in the positions, and take part in themed workshops (mobility for women, developing the internal network, etc.).

Internal mobility is considered within the Group as an essential factor in the cross-functionality of skills and employee loyalty. To this end, Altarea has also set up a "national mobility committee" in charge of succession plans.

PROMOTING DIVERSITY AND EQUAL OPPORTUNITIES

In 2013, Altarea formalised its commitment to recognising and incorporating diversity with the signing of the Corporate Diversity Charter. Since then, the Group has been pursuing this commitment, notably through partnerships with associations. The partnership with "Nos Quartiers ont des Talents", initiated in 2018, enables us to meet new profiles and introduce people to the Group's businesses, while mobilising employees as sponsors. In 2019, a new partnership was launched with "Elles Bougent" to contribute to the diversity of property professions, develop a network among the Group's female employees and encourage them to pass on their knowledge.

+20

Altarea sponsors committed to "Nos Quartiers ont des Talents"

An award-winning HR policy

The "Leadership and Management" gold trophy, awarded by LeadersLeague, was presented in 2019 in recognition of Altarea's human resources policy. This distinction, awarded by HR professionals, which follows on from another gold trophy "Entreprise en Croissance" awarded in March, confirms the quality of the HR actions and innovations carried out by the Group over the past several years.

"

Innovation, which is part of our Group's DNA, is increasingly expressed in the practice of our businesses and in our organisation. This is an essential asset to differentiate ourselves in our markets and adapt our offers and services swiftly, anticipating changes in the real estate market and the needs of our customers. This is also an internal dynamic that is leading us to rethink our work and management methods, thus enabling us to engage all our employees."

Maxime Lanquetuit
Altarea's Innovation Director

ENCOURAGING THE EXPRESSION OF NEW IDEAS

Set up in 2017, the Youth Comity gives a voice to young Altarea employees on the Group's future challenges. The 16 members of the group all come from the same business lines and are on average 31 years old. Mandated for a maximum of two years, they bring an innovative and complementary point of view to that of the management. Their roadmap:
– identify new opportunities to offer goods and services;
– capture trends, infuse audacity and creativity into projects;
– make recommendations on internal transformation issues (management methods, cross-functionality, productivity, commitment, etc.).
The Youth Comity meets monthly and reports regularly on its work to the Group's Executive Committee. Its members are organised in working groups on several major cross-cutting themes. For its third season, they worked on five projects, in particular on the Group's shared values, productivity sources, and changes in the residential and retail offers.

5
major partnerships that are complementary to our activities (start-up incubators, call organisers and research organisations).

MAINTAINING A DYNAMIC OF PERMANENT INNOVATION

Altarea's Innovation Department provides the company with a different perspective on its projects and connects it to partners who are rarely approached by the property sector. This function puts the company in a position to respond as well as possible to the new uses of real estate, to improve the customer experience (internal and external), or to develop new construction processes. By using digital technologies in particular, it helps Altarea's other businesses to improve their processes and results. By approaching property as a service, it leads the Group towards new promising offers (co-meeting, co-living, coworking, etc.).

EXPERIMENTAL CO-LIVING IN MONTREUIL

Winner of the call for projects launched by the City of Montreuil and the Île-de-France public land agency, Altarea is experimenting with co-living and is creating a first pilot project for shared, economic housing dedicated to young workers and single-parent families. This offering was born out of a number of observations: on the one hand, the desire of young people to have access to a competitive housing solution and enjoy more interaction and conviviality;
on the other, the need of single-parent families to access flexible housing tailored to transitional circumstances. This pilot is part of more general thinking on the way in which the Group can position itself in the cohousing market. Currently, some 60% of French people experience difficulties in accessing accommodation. Co-living offers an alternative to traditional housing.

The new Altarea head office will open its doors in the second quarter of 2020 at 87, rue de Richelieu in Paris. Designed to be both a showcase for the Group's know-how in business property and a place that promotes new uses for the well-being of its employees, with the ambition of welcoming all the Group's brands in a single location.

RICHELIEU, A GENUINE BUSINESS PROJECT

Reflecting Altarea's convictions in terms of business property development and a genuine showcase for its know-how, the new Altarea head office will be home to all the Group's Paris Region employees and its brands as of the second quarter of 2020. Located in the heart of the new economy in Paris, at 87, rue de Richelieu, it is the realisation of our business project. Restructured by the architectural firm Wilmotte & Associés, this 33,000 m² head office has been designed to integrate sustainably into its urban environment. Certified to very high levels of certification in both the design and operational phases, it is part of an ambitious environmental approach. Rehabilitation has thus made it possible to emit 13 times less CO_2 than a new building.

Designed as an open space integrated into the city, this new property complex will accommodate nearly 1,500 employees on 7 levels. In addition to taking advantage of the largest green space in the 2nd district of Paris with 4,000 m² of green terraces, everyone will be able to benefit from a full range of services, including the first social catering concept served at the square, a Food Court, a wellness area and the largest private business centre in Paris. A dedicated application will provide access to all these services and facilitate travel and reservations of meeting rooms.

A real hub dedicated to the city's stakeholders, Richelieu will have an ambitious artistic programme that will associate renowned artists with young talents from the École des Beaux-Arts.

More collaborative, more digital, more agile, favouring a balance between well-being, comfort and safety for all, Altarea's new head office will embody a new relationship to work.

- "NF Tertiary Buildings in Renovation HQE Approach", delivered by CERTIVEA Standard in July 2010, version of 09/07/2010, "HQE® EXCEPTIONAL"
- BREEAM® Europe Commercial version of 27/10/2009, EXCELLENT
- WELL Building Standard V1 Version 2017 Core & Shell, Silver
- "Effinergie Rénovation" High Energy Performance certificate
- Ready2Service Certification

Confirmed and sustainable performance

In 2019, Altarea Cogedim once again performed well, confirming the strength of its integrated model and the Group's ability to respond to the city's necessary transformations.

Altarea's financial model is grounded on optimal allocation of capital employed, high cash flow and a sound financial structure. Most capital invested is allocated to the investor activity. The Group acts as a REIT for specific retail formats and as a developer investor for some significant business property sites. In property development, it generates significant profits on a relatively moderate balance sheet allocation. This "REIT-Investor" model offers a high level of recurrent revenue (rents received), as well as significant capital gains (disposals).

Toulouse Aerospace

Éric Dumas
Chief Financial Officer of Altarea

"

In 2019, Altarea confirmed its ability to create value in all classes of property assets. The Group looks to the future with confidence thanks to its unique positioning as both a financially powerful developer, thanks to the basis provided by its land activities, and the property investor with a strong capacity to create assets."

Isabelle Guillou
Performance Director

"Our team, at the service of all the group's business lines, has the mission of challenging and identifying performance levers. We carry out numerous projects in co-construction with the business lines to capture synergies between brands and optimise our processes and organisations. In this way we actively participate in the construction of an ever more efficient group."

CONSOLIDATED FINANCIAL DATA

€3,110 M

Revenue (+29%)

€298.8 M

FFO Group share (+9.7%)

CONSOLIDATED BALANCE SHEET DATA

€2,952 M

Net asset value (NAV) (+5.4%)

33.2%

Loan to value (–170 bps)

BBB

Credit rating by S&P Global

PER-SHARE DATA

€18.23

FFO (+7.0%)

€178.70

EPRA NAV (+4.8%)

€13.00

Dividend 2019 (+2%)

Residential

SUSTAINED MOMENTUM AND HIGH VISIBILITY

All of Altarea's brands in the residential sector grew in 2019, confirming that the Group's offering meets the expectations of all customer categories and the relevance of its geographic positioning.

€3,278 M

of new orders (+12%)

€2,294 M

of revenue (+24%)

112,130

units sold (+3%)

€3,778 M

of backlog (+19%)

€12,764 M

of pipeline (+13%)
48,900 units (+9%)

Business Property

STRONG OPERATING ACTIVITY

Momentum is powerful in the Business property segment, both in Paris and in regional cities. The year 2019 was marked by the finalisation of agreements between Altarea Cogedim Entreprise, Caisse des Dépôts and CNP Assurances on the three Issy Cœur de ville office buildings and the acquisition of the current head office of CNP above the Paris-Montparnasse station.

€784 M

of investments (+2%)

€677 M

of backlog

€588 M

of revenue (+70%)

€5,271 M

of pipeline (+20%)
69 projects

Retail

GROWTH IN RENTAL INCOME

Rental income increased sharply in 2019 thanks to major deliveries and acquisitions: first tranche of the retail units at the Paris-Montparnasse station, extension of CAP3000 with more than 70 new retail brands, and acquisition of a portfolio of stations in Italy. Asset performance indicators are solid, with tenants' revenue in France of +4.9% and a +3.4% footfall in the centres.

€191 M

in net rental income (+14%)
like-for-like (+3%)

€4,801 M

in portfolio value

375

leases signed for
€38.7 million of rents

€2,893 M

in Group share

€1,742 M

of pipeline
20 projects

Extra-financial performance

2,045
employees in 2019

89%
of employees took at least one training course during the year

"Customer Service of the Year"
Award in 2018, 2019 and 2020 in the "Property Development" category

2 neighbourhoods
under the Well Community Standard development, of which Issy Cœur de ville, the first pilot project in France

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

73%
of Residential construction site purchases are locally sourced

–59.5%
reduction in CO_2 emissions across the Retail portfolio since 2010

Green Star 5*
status for GRESB in 2019, with a score equal to or greater than 90/100 since 2016

€19.8 bn
Consolidated Pipeline: potential value of 690 projects under control at the end of 2019

48,500
jobs supported by the Group's activities in France

12,800
hosted jobs in the Group's shopping centres

1 long-term partnership
with Habitat & Humanisme to support solidarity housing

Governance serving the Group's vision

Supervisory Board

50% women[(1)]
36% independent members
59 average age
6 years average length of service on the Supervisory Board

Controls

Management

The Group is managed and administered by the Management – led by Alain Taravella, Chairman and Founder.

The Supervisory Board, a central body

The Supervisory Board provides supervision over the management of the company and its accounts, as well as control of risk management. It has an advisory role with regard to investment commitment and management compensation decisions. Three specialist committees have also been set up: the Audit Committee, the Investment Committee and the Management Compensation Committee.

Executive Committee

Role: The Executive Committee inspires the Group's strategic vision and ensure that all activities converge in the business project

Together with Alain Taravella, Jacques Ehrmann is the Chief Executive Officer of the Group.

Management committees specific to each brand

Role: Define and implement the strategic roadmap, ensure its operational management

Enlarged Executive Committee

Representatives of the main business lines

Role: Initiate operational solutions for the achievement of strategic objectives, cross-fertilisation of the business lines and expertise

Managing executives committees

Role: Share best practice, develop internal synergies and spread the implementation of the strategic roadmap

Cross-functional committees

Finance • HR • IT • CSR • *Youth Comity* • Innovation

Role: Appropriate specific themes and infuse new knowledge across all the Group's business lines

(1) Excluding members representing employees, in line with the AFEP-MEDEF Code.

AN EFFICIENT ORGANISATION

The Company's legal form of "société en commandite par actions" (a French partnership limited by shares) provides the Altarea Group with an agile and efficient structure at the service of its strategy. It facilitates rapid decision-making while fostering a medium- and long-term strategy. The organisation also meets requirements in respect of corporate governance, an essential factor in the property sector. Specifically, the management and supervision functions are independent of each other. The first is ensured by the Management – embodied by Alain Taravella, Chairman and Founder, together with Jacques Erhmann, Chief Executive Officer of the Group. The second is vested in the Supervisory Board.

FLEXIBILITY AND AGILITY OF EXECUTIVE DECISIONS

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

INTERNAL CONTROL

Management is responsible for the overall organisation of the internal control system and, for the implementation of its strategic vision, has an Executive Committee which meets regularly. It establishes internal control procedures and defines focuses in order to control the risks likely to have a significant effect on the strategy, activity, financial position or the reputation of the Group.

"

To support the Group in the implementation of its corporate vision, the Supervisory Board, together with the Management, reviews the strategies envisaged and validates them. The quality and diversity of its skills are important assets for carrying out its mission of controlling the Company's commitments and management."

Christian de Gournay
Chairman of the Supervisory Board

THE SKILLS OF THE SUPERVISORY BOARD

The members of the Supervisory Board provide the Group with the skills that reflect the diversity of the Group's expertise, business lines and activities. They closely monitor developments needed to ensure Altarea's continued growth.

Company management 9

Property, urbanism, architecture 10

Finance 9

Strategy and project development 12

Law and tax 10

Public relations 6

Audit and risks 11

Customer solutions/new expectations 6

The environment 5

IDENTIFYING AND MONITORING RISKS

Risks are identified through a risk-mapping process organised by business processes and support functions. This mapping is regularly updated to take account of changes in the Group and external factors. The late update was presented to the Audit Committee in July 2019.
The table below presents the 17 major risks identified and grouped into five categories. After taking into account the control resources put in place, the risks thus identified correspond to the Group's current perception of the importance of these risk factors.
The Group has put specific measures and procedures in place to address these risks and to optimise their control.

DISSEMINATION OF THE RISK MANAGEMENT CULTURE

Altarea deploys rigorous risk management to keep its development objectives on an ambitious course. Risk management is spread throughout the Group at all levels, in line with Altarea's entrepreneurial nature, it is "everyone's business", from operational teams to governance bodies.
For example, training and awareness-raising sessions were held in 2019 on the risks of fraud and cybersecurity, as well as specific awareness-raising actions for the staff concerned, according to their core business and responsibilities. In 2019, the focus was on crisis management, cybersecurity and fraud, safety on construction sites, and protection of personal data.

"

Risk management is an integral part of the Group's DNA. It is based on a strong principle shared by everyone in the Group, namely to take risks only after having clearly identified and evaluated them."

Élodie Sauvel
Internal Control and Audit Director

PRESENTATION OF THE CATEGORIES AND RISKS

Risk categories	Main risks
Business-sector related risks	▸ Risks related to climate change ▸ Risks related to trends in the property market and the business climate
Risks inherent to the operations	▸ Risks related to shopping centre development ▸ Risks related to residential and office development ▸ Risks related to REIT assets and activities
Risks related to the Group's financial position	▸ Liquidity risks and compliance with covenants ▸ Risks related to the appraisal of property assets
Legal and regulatory risks	▸ Risks related to administrative authorisations ▸ Risk of legal action for non-compliance with safety/employment law ▸ Tax risks related to SIIC status ▸ Risks related to personal data protection
Social, environmental and governance risks	▸ Security risks ▸ Risks related to information systems ▸ Social risks ▸ Key person dependency risk ▸ Risks related to health and public safety ▸ Image risk

▸ For more information: URD Chapter 5 – Risk management

1

BUSINESS REVIEW 31 DECEMBER 2019

1.1 An unrivalled platform of skills to support urban transformation

1.1.1 Urban transformation: a huge market

Metropolisation is the main underlying trend in real estate markets. The concentration of populations, businesses and wealth within large gateway cities is a phenomenon which is now covering new territories which constitute new real estate markets.

The communities located in these areas are confronted with multiple challenges, including social inequality, housing affordability, transport and pollution. A large proportion of their property infrastructure has become outdated, and must be rethought to meet the challenges of densification. This phenomenon is behind the boom in major mixed-use urban redevelopment projects, which constitute a particularly dynamic market segment.

Added to these long-term trends is the ecological emergency, which is revolutionising expectations with regard to real estate (energy performance, mobility, reversibility, mixed-use, new consumer habits, etc.).

The very core of Altarea's know-how is the development of mixed-use real estate products that factor these challenges into a complex economic equation. This gives it access to the huge urban transformation market.

1.1.2 A unique model

Altarea has developed a skills and development platform covering all real estate asset classes (residential, retail, offices, logistics, hotels, serviced residences, etc.). in order to respond effectively and comprehensively to the challenges of urban transformation[1].

Leading property developer in France

With 690 projects currently underway, the Group is developing the largest portfolio of real estate projects in France, all product categories combined, with nearly 4.6 million m² under development and potential value of €19.8 billion at end-December 2019.

Secured pipeline (by product)	Surface area *(m²)*[(a)]	Potential value *(€M)*[(b)]
Residential	2,737,600	12,764
Business Property	1,503,100	5,271
Retail	317,500	1,742
TOTAL	**4,558,200**	**19,777**
Change 31/12/2018	*+9%*	*+9%*

(a) Retail: GLA m² created. Residential: SHAB property for sale and portfolio Business property: surface area (floor area or usable area).

(b) Market value as of date of delivery. Retail: potential market value, inclusive of duties, of projects on delivery at 100% (net rental income capitalised at market rates) and revenue excluding VAT for promotional activities. Residential: property for sale and portfolio including VAT. Business property: potential market value excl. transfer duties on the date of disposal for investment projects (at 100%), amount excl. tax of off-plan sales/PDAs for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised delegated project management fees.

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

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

At the end of 2019, commitments[(2)] across the pipeline amounted to €1.6 billion (Group share), of which €880 million already paid out and €710 million yet to be paid out.

Most of the invested capital is allocated to the Investor activity. The Group acts as a REIT for specific retail formats (with assets of €5.2 billion including transfer duties at end-December 2019, or €2.9 billion in Group share) and as a medium-term developer-investor for some significant office locations.

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

One step ahead in major mixed-use projects

Altarea is a pioneer in the development of "new urban centres". The Group is developing major Mixed-use projects covering all asset classes (residential, retail, public facilities, hotels, serviced residences, offices, etc.) to improve urban life. This market segment is experiencing very strong momentum driven by the phenomenon of metropolisation.

In 2019, Altarea confirmed its position and won two major new projects near Cannes (Cœur Mougins) and in Champigny-sur-Marne near Paris (Les Simonettes district area). Located at the end of the future line 15 of the Grand Paris Express metro, this latest development will include 28,000 m² of residential, 900 m² of shops and services, 12,000 m² allocated to tertiary activities and 15,000 m² dedicated to other activities, including 9,000 m² for the "Cité artisanale of the Compagnons du Tour de France".

At 31 December 2019, Altarea managed 11 major mixed-use projects (covering nearly 892,000 m² and 8,600 residential units) representing a potential value of approximately €3.5 billion.

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

(2) Commitments relate only to the project portfolio. These correspond to costs already spent or yet to be spent under the contract and not covered by sales.

Large projects at 100%	Total surface area (m^2)[a]	Residential (units)	Serviced Residences	Offices	Retail	Cinemas	Leisure/ Hotels	Public infrastructure	Estimated delivery
Aerospace (Toulouse)	64,000	790	-	x	x	x	x	-	2020-2021
Cœur de Ville (Bezons)	67,000	730	-	-	x	x	-	-	2020-2021
Cœur de Ville (Issy-les-Moulineaux)	105,000	610	x	x	x	x	x	x	2020-2022
Joia Meridia (Nice)	47,000	600	x	-	x	-	x	-	2020-2023
Belvédère (Bordeaux)	140,000	1,275	x	x	x	-	x	x	2021-2024
Fischer (Strasbourg)	37,000	490	x	-	x	x	-	x	2021-2024
La Place (Bobigny)	104,000	1,265	x	x	x	x	-	x	2021-2024
Quartier Guillaumet (Toulouse)	101,000	1,200	x	x	x	-	-	-	2022-2023
Les Simonettes (Champigny/Marne)	56,000	450	-	x	x	-	-	-	2022-2023
Cœur Mougins (Mougins)	40,000	570	x	-	x	x	x	x	2022-2025
Quartier des Gassets (Val d'Europe)[b]	131,000	n.d.	x	x	x	-	x	-	2024
TOTAL (11 PROJECTS)	**892,000**	**>8,600**							

(a) Floor area.
(b) Detailed timetable pending.

1.1.3 Highlights of the year

Property development: consolidated new orders of €4.3 billion

In 2019, Altarea' consolidated new orders reached €4.3 billion across all products[1], an increase of 16%. These orders notably include Issy-Cœur de Ville, an iconic development reflecting the Group's know-how in terms of large mixed-use projects including residential, offices, shops and cinemas.

Property development new orders *(€ millions)*	2019	2018	Change
Residential	3,278	2,917	+12%
Business property	784	765	+2%
Retail component – Large mixed-use projects	192	-	n.a.
TOTAL	**4,254**	**3,682**	**+16%**

Major institutional investors increasingly active across real estate markets

Traditionally operating chiefly in the corporate real estate market, large institutional investors have made a resolute move into the residential market, and more recently into the retail market. In a context of persistently low interest rates, the latter two segments offer an attractive risk-return ratio.

Altarea has built strong relationships with institutional investors over the long term, and maintains ongoing dialogue with them. The Group's pipeline, worth nearly €20 billion and focused almost exclusively on the most dynamic French gateway cities, offers investment supports particularly suited to the needs of these large institutional investors.

New orders by major institutional investors *(€ millions)*	2019	2018	Change
Residential	1,093	988	+11%
Business property	548	661	-17%
Retail component – Large Mixed-use projects	192	-	n.a.
TOTAL	**1,833**	**1,649**	**+11%**
% of total new orders	*43%*	*45%*	

(1) Orders are the business indicator of the "Development" activity and do not include the sales of retail assets carried out by land companies.

The year saw three iconic transactions:

- the dual transaction with CNP Assurances, comprising on the one hand the off-plan sale of its future headquarters in the mixed-use Issy-Cœur de Ville project (41,000 m^2), and on the other hand the acquisition by Altarea of its existing headquarters in Paris-Montparnasse (56,000 m^2), in partnership with CDC;
- the establishment of a partnership between Crédit Agricole Assurances (75%) and Altarea (25%), covering a total of €895 million in shopping centres;
- the signing of a major partnership with CDC Habitat for the sale of 2,068 residential units in 2019.

In total, institutional investors represented 43% of the Group's orders[1] in 2019, *i.e.* €1.8 billion (+11% compared with 2018).

Retail: a selective allocation of the Group's equity

Altarea's long-term strategy is to increase the volume of businesses managed while concentrating its capital holdings on a selection of formats representing a stabilised level of capital.

Assets under management accordingly amounted to €5.2 billion at the end of 2019, on economic holdings of €2.9 billion in these assets (Group share).

This strategy allows it to reap the full value of the Group's operational know-how on the volumes managed, while obtaining a high return on the share held. Over the year, Retail value creation amounted to +€121 million in Group share, of which +€88 million linked to deliveries (Cap 3000 Sud and phase 2 of Paris-Montparnasse station) and +€33 million in capital gains at constant scope.

Major shifts in the portfolio

The Group's portfolio has undergone profound change in recent years. It now consists of 33 assets in the four formats that are both the most resilient and the most promising: regional shopping centres located in exceptional places, travel retail in railway stations, retail parks with secured rents and convenience stores.

The portfolio grew substantially this year, with:

- the finalisation of Nouveau Cap 3000, which, after work lasting five years, provides a sea-front development combining fashion, services, leisure activities and dining on a scale unprecedented in Europe;
- the acquisition of five Italian railway stations under concessions;
- the opening of the second tranche of retail outlets in the Paris-Montparnasse railway station.

In addition, Altarea has sold (or is in the process of selling) seven assets including the 14ème Avenue retail park in Herblay, sold based on a capitalisation rate of 4.50%. Upon completion of this final sales, Altarea will then hold no further traditional malls.

This selectivity is reflected in the solidity of the portfolio's operating performance: financial vacancy rate of 1.6% and bad debt ratio of 1.8%, with a 3.0% increase in net rental income on a like-for-like basis.

Partnerships in Retail

In 2019, Altarea signed two agreements with Crédit Agricole Assurances, related to two types of shopping centres:

- the "Alta Proximité fund", which aims to invest €650 million in France, of which €270 million invested in assets held by Altarea. This first transaction was finalised in 2019;
- the "Alta Commerces Europe fund", whose purpose is to invest in European shopping centres, and which has made two initial acquisitions for €245 million in assets held by Altarea. The execution of this transaction, agreed in 2019, is pending (all the conditions are fulfilled).

The two funds are 75% owned by Crédit Agricole Assurances and 25% by Altarea. The first investments made or planned were made in line with appraisal values (average gross yield slightly in excess of 5.5%). The two funds' average Loan-to-Value is 32%.

Altarea will remain the operational asset Manager and will consolidate its 25% investment using the equity method.

Pipeline of projects under development

The Group is continuing its development with:

- the New Cap 3000 which to be completed in 2020 by a "premium" mall;
- work on the Paris-Montparnasse railway station, with the final phase scheduled for completion in late 2020;
- the granting of definitive commercial approvals for the Ferney Voltaire shopping and leisure centre project in the French Geneva area (46,000 m^2) and for the future retail spaces of the Paris-Austerlitz railway station (25,000 m^2).

At the end of 2019, the Retail pipeline included 10 shopping centre creation/extension projects and 10 retail projects developed as part of large mixed-use projects, with total potential value of over €1.7 billion.

Residential: growing sales in a declining market

Facing the high demand in strained urban areas, Altarea has decided to develop its offer with the ultimate objective to gain market shares. Altarea aims to sell 18,000 to 20,000 units per year in the medium term, and has embarked on a major investment campaign to boost its production.

The Group is pursuing its growth strategy based on a platform of brands (Cogedim, Pitch Promotion, Histoire & Patrimoine and Cogedim Club). Altarea strengthened its offer with the acquisition in July of a 50% stake in Woodeum, a pioneer in the development of low-carbon residential construction (building using wood) and the acquisition of a 85% stake in Severini, a developer active mainly in Nouvelle-Aquitaine, in January 2019.

2nd property developer in France[2]: new orders of €3.3 billion (+12%)

In 2019, the Group recorded very strong sales results and continued to gain market shares in a context dominated by the impending municipal elections in March 2020.

(1) Excluding transfers of partnerships carried out by Altarea Commerce.

(2) Every year, the Developer Rankings published by Innovapresse analyse and compare business volumes, the number of residential units or square metres of offices produced, and the financial results of the principal private property developers. The 31st edition included 60 of the main players in the sector.

In 2019, new orders increased by +12% year-on-year to €3,278 million and by +3% in volume with 12,128 units sold. All customer categories are up, both Individual investors (+14% increase in value), first-time buyers (+13%) and Institutional investors (+11%).

On a like-for-like basis (excluding Severini and Woodeum), new orders increased by +9% in value and +1% in volume. This performance confirms the relevance of the Group's offer located almost exclusively in high-demand areas eligible for the Pinel scheme[1].

Pipeline of projects under development.

Altarea has won numerous iconic projects, thereby reinforcing its project pipeline:

- Cogedim and Histoire & Patrimoine jointly won two major restucturing projects: Tours Aillaud ("Cloud Towers") at the foot of the La Défense neighbourhood (1,000 units) and the former IBM campus in Gaude overlooking the city of Nice (950 units);
- Cogedim and Pitch Promotion distinguished themselves by winning 5 of the 23 projects put out to tender during the second edition of the "Inventons la métropole du Grand Paris" competition.

In terms of development, the Residential pipeline (offering and land portfolio) amounted to €12.8 billion at end-2019 (+13% compared to end-2018).

Business property: reloading the pipeline

Altarea's expertise as a short

Today, Altarea is the leading developer of Business property in France[2] with a portfolio of 69 projects representing a potential value of €5.3 billion (+20% in one year) in late 2019 with moderate risk.

The Group is acting as both promoter and/or investor:

- on new projects and high environmental quality complex redevelopment operations integrating modularity and mixed-use;
- on a wide range of products (multi-tenant office space, head offices, logistics hubs, hotels, hospitals, etc.);
- systematically integrating a high level of environmental quality and taking into account the most demanding standards in terms of user comfort.

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

- in the Grand Paris: in a context of high prices and scarcity of land, Altarea works on capital-intensive projects (generally in partnership), or alternatively as a service provider to support large investors and users;
- in regional gateway cities: the Group works on real estate development projects (off-plan sales or PDA) which are generally sourced thanks to the Residential territorial coverage of its various brands.

CNP Assurances head offices: a major dual transaction signed in 2019

The Group has signed a dual agreement with CNP Assurances, covering both its future headquarters and its current headquarters in Paris:

- Altarea sold the 41,000 m² office space in the large mixed-use "Issy-Cœur de Ville" project (Issy-les-Moulineaux) to CNP Assurances off plan. CNP aims to transfer its headquarters there by 2022; and
- CNP Assurances has sold its current headquarters above the Paris-Montparnasse railway station to Altarea, in partnership with CDC. These premises will undergo major restructuring in order to create a 56,000 m² office building in this district in the throes of major transformation.

This dual transaction received a special award from the CFNews Immo & Infra 2020 Jury due to its particularly complex nature, thereby illustrating Altarea's ability to source over-the-counter deals despite the scarcity of land.

Reloading of the pipeline in Paris and gateway cities

Taking the transaction with CNP Assurances in Paris-Montparnasse into account, the Group signed:

- nine office programmes in large regional gateway cities representing a total of 89,000 m², including the PDA covering the future campus of EM Lyon Business School and the off-plan sale of regional headquarters in Bordeaux, Aix, Nantes, Villeurbanne and Toulouse;
- five Grand Paris projects representing nearly 120,000 m²; and
- one logistics project representing nearly 47,000 m² in Bordeaux.

Overall, Altarea substantially reloaded its Business property portfolio in 2019, with these 15 transactions adding up to €1.3 billion in potential value. The consolidated pipeline now stands at €5.3 billion on 69 programmes.

The Group recorded new orders totalling €784 million in 2019, up +2% year on year.

Public interest partner for cities

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

Through its business activities, Altarea directly or indirectly supports 48,500 jobs[3] in many sectors of the French economy and hosts nearly 12,800 jobs[4] in its shopping centres. Positive fallouts are particularly significant at a local level, with the creation of long-term jobs.

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

(2) Source: Ranking of Developers carried out by Innovapresse analyzes and compares the business volumes, the number of residential units or square meters of office space produced, or the financial results of the main private real estate developers. The 31st edition focused on 60 of the main players in the sector.

(3) Source: The Study "Empreinte Emplois Altarea Cogedim" (Altarea Cogedim Job Footprint) by Utopies 2019.

(4) Source: "Les impacts emploi d'Altarea et de ses activités" (The employment impact of Altarea and its businesses) by PwC.

Extra-Financial performance and commitments

GRESB[1] 2019: "Green Star 5*" status confirmed

Altarea has again confirmed its "Green Star 5*" status for this year. This ranking rewards the Company's CSR strategy and confirms its performance over the long term, the Group having been rated at least 90/100 since 2016. Moreover, Altarea has obtained an A rating for transparency, a token of the quality of its institutional publications and the reliability and exhaustive scope of its ESG reporting.

Acknowledgement of the commitment to Customers

The first property developer to have received the "Customer Service for the Year" award, the Group was again single out in 2020, for the 3rd consecutive year, for the level of service and quality of its customer relationship. The Group is also the number 110 French developer in the "Top 10 for Customer Reception" rankings created by Les Échos/HCG ranked in 3rd place this year (6th in 2019), all sectors included.

Renewal of the partnership with Habitat & Humanisme

Altarea has been supporting Habitat & Humanisme as a "major partner" for 12 years now. This sponsorship arrangement has contributed to the completion of 15 family boarding houses, housing for 500 individuals, and financing of permanent jobs within the association. The two partners have renewed their commitment for a further three years.

Social and Solidarity Economy

Altarea is also committed to the Social and Solidarity Economy. After creating the "SoCo" social and community real estate enterprise alongside the Baluchon Group and the Crédit Coopératif in 2018, the Group received the special "Support for Innovation"[2] award from Innovapresse for its "Reemployment Village" in early 2019. The purpose of this community area of 1,750 m² is to promote the offer of second hand products and repair and recycling activities. It is part of an urban renewal project in the Volpelier neighbourhood of Montreuil (Department 93).

Renewal of the commitment to Paris Climate Action

Since 2015, Altarea has renewed its commitment to the City of Paris to support the transition to a post-carbon city by signing the Paris Climate Action Charter and extending its commitment to include the Gold level commitment.

Talents

Between 2015 and 2019, the Group's headcount doubled as a result of the combined effect of its organic growth and external growth transactions. By the end of 2019, 2,045 employees (permanent and fixed-term contracts) were playing a role in the development of the Group, compared with 1,874 in late 2018.

To support its strong growth, the Group has a very active recruitment policy and has a strong focus on effective integration and development of talents throughout their professional career. More than 4,300 training days were dispensed and 89% of employees took at least one of the courses offered in 2019.

Ranked 2nd in the 2019 list of the "500 Best Employers" in the real estate category published by the magazine Capital, the Group's HR policy was also recognised this year by:

- the Gold Trophy in category "Growing Group" during the 4th edition of U-Spring, the "spring of company universities", organised by Leaders League and the 2019 Gold Trophy awarded by Leaders League in the "Leadership and Talent Management" category;
- the designation "Employer of choice for young people" with both the "Engagement Jeunes" and "Happy Trainees" labels obtained for the second year running.

Working for Altarea means choosing a Group with strong values and innovative projects, where results obtained are recognised and the value created is shared. With the "Tous en actions" (or "We all have a share in success") scheme, nearly 615,000 free shares (*i.e.* approximately 3.7% of the share capital) have been awarded over the last five years as part of a programme of free share grants to all employees through various plans, accompanied by agreements relating to increased working time and individual and collective performance criteria.

The big project in 2020 will be the move of all Ile-de-France employees to Richelieu: the Group's new Paris head office. In addition to showcasing the Group's Business property expertise, Richelieu will embody the values of the Group and the employer brand: entrepreneurial spirit, creativity, innovation and diversity.

(1) Each year, the GRESB (Global Real Estate Sustainability Benchmark), a leading international ranking, assesses the ESG performance of real estate companies around the world (1,005 companies and funds from 64 countries assessed in 2019).

(2) Every year, the Developer Rankings published by Innovapresse analyse and compare business volumes, the number of residential units or square metres of offices produced, and the financial results of the principal private property developers. The 31st edition included 60 of the main players in the sector.

1.1.4 Outlook

Dividend for the 2019 financial year

A dividend of €13 per share (up +2%) will be proposed at the General shareholders' Meeting on 19 May 2020, for the 2019 financial year.

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

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

Guidance

The Group's mid-term operational objectives for each of its business lines are the following:

- Residential: 18,000 to 20,000 units per year;
- Retail: assets under management between €6.0 and €7.0 billion, with a steady value of portfolio in Group share around €3.0 billion;
- Business property: 100,000 m^2 to 150,000 m^2 of yearly supply nationwide.

The Group aims at maintaining the highest ranking "Green Star five-stars" at GRESB.

This development strategy will be implemented taking into account, with all due care, the current context.

Altarea has demonstrated in the past years its ability to absorb economic challenges ("yellow vests" crisis, national strikes) without consequences on its results. An extended, worsened and widespread impact of the Covid-19 epidemic could nevertheless affect fiscal year 2020 through its effects on the French economy.

The Group is confident in keeping the path of a steady FFO growth in the medium and long-term. Dividend politicy will remain in line with previous years.

1.2 Business

1.2.1 Retail

1.2.1.1 The market

In-depth transformation of the market

Over the past decade, consumer purchasing methods and motivations have been revolutionised. In particular, brick-and-mortar retail has learned to live alongside the Internet and to use this resource: brands have adapted and become multi-channel operators.

Today, the major emerging trend is responsible consumption, with close attention being paid to product sourcing and manufacturing methods: the circular economy, organic products, local systems, low carbon footprints, etc.

Alongside well-established retail brands which have succeeded their transformation (mergers, multi-channel operations, etc.), we have witnessed the emergence of new DNVB commercial concepts[1] created on the Internet which are completely changing the commercial landscape including in physical terms (pop up stores, etc.).

Formats impacted by this transformation

Hypermarket malls

Hypermarkets, which were long the driving force behind most French shopping centres, are increasingly tending to downsize their formats. Only those hypermarkets which are the genuine leaders in their retail zones manage to retain footfall, to the detriment of their competitors and any shopping centres adjacent to these.

Regional shopping centres

In addition to their traditional benefits (wide product range, frequent changes in brands, events at all times) and their extensive offer of leisure activities, major shopping centres have become particularly high performance with regard to customer relationships thanks to their mastery of the digital tools which allow customers to prepare for their visits and customise their experience in the long-term. As genuine destinations in their own right, their scale allows them to offer the most complete customer experience of the entire retail universe.

(1) Digital Native Vertical Brands.

Major retail parks

Year after year, major retail parks have confirmed the relevance of their fundamentals: rigorous control of costs at all stages (construction, rent and charges, maintenance) allowing brands to offer a particular effective price/product mix.

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

Travel retail

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

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

"Proximité"

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

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

New needs at the heart of the cities

There is a great need for new retail areas, and players in the sector (retailers, lessors, developers, public authorities) are now measuring the scale of this. These needs are centred in the greater cities, and stem from their growing population density.

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

The retail offer is often key to the success of these large mixed-use developments, and needs to combine dedicated pedestrian spaces and landscaped environment:

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

1.2.1.2 Group strategy

The Group's long-term strategy consists of developing the volume of retail space under management (currently €5.2 billion) while focusing its shareholdings in a few formats for stabilised levels of share capital (€2.9 billion, Group share).

This strategy allows Altarea to obtain the full value of its operational know-how within the volumes under management, which obtaining excellent return on the share held.

Depending on the circumstances, the Group may therefore on occasion be both the buyer and the seller of retail space, on a proprietary basis or through a partnership.

Shopping centres: a major source of value creation

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

Today, Altarea is working on a limited number of projects under development, with a significant share in travel retail (railway stations). At end-December 2019, the pipeline holds 10 projects representing slightly over €1.0 billion in potential value.

"Proximité": a response adapted to needs

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

In terms of proximity, Altarea has developed a specific approach with convenience retailers or local traders (such as bakers, restaurants pharmacies, etc.).

The Group has therefore developed unique know-how which it implements:

- as the promoter for the retail component of major Mixed-use projects, destined for sale;
- in the context of the management of convenience stores which the Group is developing both on behalf of third parties and on behalf of the recently created Proximité fund.

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

The Group is already working on several existing sites for which it has secured the property. Exploratory discussions are under way with several owners of retail sites with a view to assessing their potential for redevelopment or increasing density via the urban mix (housing, office space, etc.).

1.2.1.3 Pipeline at 31 December 2019

The Group's Retail pipeline breaks down into:

- the creation/extension of retail space;
- the Retail components of major Mixed-use urban projects, most of which are intended to be sold to investors, with Altarea continuing to act as the Manager.

Pipeline Retail	GLA (in m²)	Potential value (€M)[(a)]
Creations/extensions	159,100	1,030
Large Mixed-use projects	158,400	712
TOTAL	**317,500**	**1,742**

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

"Retail – creations/extensions" pipeline

Under construction

Cap 3000 (Saint-Laurent-du-Var, Nice): the most striking waterfront shopping destination in Europe

The Group has entered the final phase of the project to transform this iconic site, which after five years of works will have doubled in surface area (135,000 m² in total) and will provide a seafront offer on an unprecedented scale in Europe, including fashion, leisure, services and restaurants with 300 shops.

The last milestone of the metamorphosis will be the delivery in late 2020 of Corso, a premium mall of around thirty shops, already partly leased, including Mauboussin, Mont-Blanc, a 500 m² multi-brand luxury watch area, as well as a high-end gourmet offer.

This last step will confirm the international opening of Cap 3000, both in terms of brands and customers. As a reminder, Cap 3000 is located next to Nice airport (2nd international airport in France) and benefits from the unique tourist appeal of the Côte d'Azur.

In addition, the Group has signed a partnership with the Region for the creation of 4,000 jobs in the area.

Paris-Montparnasse railway station

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

The work is being carried out in three successive phases to limit the impact for station users. The project's first phase opened at the end of 2018, the second phase opened in late 2019 and the final phase is due to open in one year's time.

Launch of international construction sites

Sant Cugat (Barcelona, Spain)

This year, Altarea launched work on the renovation and repositioning of this centre located a few kilometres away from Barcelona. Sant Cugat will ultimately offer nearly 41,000 m² in commercial space with a Carrefour hypermarket, a cinema and over 100 boutiques with major brands such as Decathlon or Primark (opening scheduled for mid-2020).

Due Torri (Stezzano, Italy)

Le Due Torri, opened in April 2010 in the Milan region, confirms its position focused on fashion and design. in order to complete its top-of-the-range offer, the Group began work on the extension of 8,000 m².

Two ratified commercial authorisations

In late 2019, the Group also obtained final commercial authorisations for the following two projects.

Paris-Austerlitz railway station

Altarea has been selected by the SNCF to carry out the redevelopment of the commercial areas of the Paris-Austerlitz railway station in the context of an urban renovation project which is aimed at opening the station up to its local area.

The future railway station will have commercial space of approximately 25,000 m² comprised of 85 shops. The 280 m² glass-covered station concourse, part of Paris' heritage, will be totally restored in the context of this project.

Ferney-Voltaire (Pays de Gex, Ain)

This 46,000 m² shopping and leisure centre, designed by the architect Jean-Michel Wilmotte, is located at the heart of an exceptional shopping area in the Ferney-Genève district. Close both to the airport and the city centre, it will feature 15 mid-size retail spaces and around one hundred stores.

As an area which is full of life, the shopping complex will host a cultural centre comprised of a cinema, an area run by the Centre Pompidou art gallery, and "Universcience" (the fruit of a joint venture with Paris' Cité de la Science et de l'Industrie and the Grand Palais).

The leisure package will be completed by sports facilities (climbing walls, playing fields on the roof) and suitable but varied dining options.

The commercial project forms part of the Ferney-Genève Innovation development project which intends to create a new neighbourhood consisting of 2,500 residential units, office space and services.

Commitments

Given the Group's prudential criteria, the decision to start work is only made once a sufficient level of pre-letting has been reached. Considering the progress achieved from both an administrative and commercial point of view, most pipeline projects should be delivered between 2020 and 2024.

(€ millions)	At 100%	%	Group share
Committed	324	38%	217
o/w paid out	*193*	*59%*	*135*
o/w to be paid out	*131*	*41%*	*82*
Secured not committed	522	62%	522
TOTAL	**846**	**100%**	**739**

"Retail – Creations/extensions" pipeline		Group share	GLA *(in m²)*[(a)]	Gross rent *(€M)*	Net invest. *(€M)*[(b)]	Yield	Potential value *(€M)*[(c)]	Progress
Cap 3000 - Corso (Nice)	Expansion	33%	8,600					Under construction
Sant Cugat (Barcelone)	Redev./Exp.	100%	5,000					Under construction
Le Due Torri (Lombardy)	Redev./Exp.	25%	8,000					Under construction
Ferney-Voltaire (Geneva area)	Creation	100%	46,400					Secured
Ponte Parodi (Genoa)	Creation	100%	36,700					Secured
Large shopping centres (5 projects)			104,700					
Paris-Montparnasse station (Phase 3)	Creation	100%	4,400					Under construction
Paris-Austerlitz station	Creation	100%	25,000					Secured
Italian stations (5)	Expansion	100%	13,800					Secured
Travel retail (3 projects)			43,200					
La Vigie (Strasbourg)	Expansion	100%	10,000					Under construction
Aubergenville 2	Expansion	100%	1,200					Secured
Retail Parks (2 projects)			11,200					
TOTAL AT 31 DECEMBER 2019 (10 PROJECTS)			**159,100**	**76.4**	**846**	**9.0%**	**1,030**	
o/w Group share			*-*	*70.1*	*745*	*9.4%*	*924*	

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

"Retail component – Large Mixed-use projects" pipeline

Ten of the Group's major Mixed-use projects include a significant retail component, for a total of 158,400 m² and anticipated potential value of €712 million.

Construction has already begun on six of these projects, and four have already been sold.

"Retail component – Large mixed-use projects" pipeline	Total surface area of projects	Surface area created[(a)]	Potential value *(€M)*[(b)]	Progress
Aerospace (Toulouse)	64,000	11,700		Under construction/sold
Cœur de Ville (Bezons)	67,000	19,600		Under construction/sold
Cœur de Ville (Issy-les-Moulineaux)	105,000	17,200		Under construction
Joia Meridia (Nice)	47,000	9,100		Under construction/sold
Belvédère (Bordeaux)	140,000	9,400		Under construction
Fischer (Strasbourg)	37,000	3,900		Under construction
La Place (Bobigny)	104,000	9,600		Secured
Quartier Guillaumet (Toulouse)	101,000	8,200		Secured
Cœur Mougins (Mougins)	40,000	7,700		Secured
Quartier des Gassets (Val d'Europe)	131,000	62,000		Secured
TOTAL AT 31 DECEMBER 2019 (10 PROJECTS)	**836,000**	**158,400**	**712**	

(a) GLA (in m²).
(b) Revenue excluding VAT or potential value inclusive of duties for projects on delivery.

In 2019, Altarea sold the retail component of two major Mixed-use projects, for a total of €192 million, to Crédit Agricole Assurances:

- Issy Cœur de Ville, with 17,200 m² includes a 7-screen UGC cinema, some thirty shops (including a mid-size food hall) and 8 restaurants with terrace areas;
- Bezons Cœur de Ville, with 19,600 m² includes a 5-screen cinema, 50 shops and restaurants, 1 large foodhall covering 3,000 m², a gym and a medical centre

1.2.1.4 Portfolio

Figures at 100%	No.	GLA *(in m²)*	Current gross rental income *(€M)*[(d)]	Appraisal value *(€M)*[(e)]
Controlled assets[(a)]	27	624,000	194.8	4,103
Equity assets[(b)]	6	99,700	38.9	698
TOTAL PORTFOLIO ASSETS	**33**	**723,700**	**233.7**	**4,801**
o/w Group share	*n/a*		*143.4*	*2,893*
Management for third parties[(c)]	6	119,500	24.2	
TOTAL ASSETS UNDER MANAGEMENT	**39**	**843,200**	**257.9**	

(a) Assets in which Altarea holds shares and over which the Group exercises operational control. Fully consolidated in the consolidated financial statements.
(b) Assets in which Altarea is not the majority shareholder, but for which Altarea exercises joint operational control or a significant influence. Consolidated using the equity method in the consolidated financial statements.
(c) Assets held entirely by third parties who entrusted Altarea with a management mandate for an initial period of three to five years, renewable.
(d) Rental values on signed leases at 1 January 2020.
(e) Appraisal value including transfer duties.

Change in the portfolio

(€ millions)	100%	Change	Group share	Change
At 31/12/2018	**4,623**		**3,089**	
Investments/Acquisitions	360		295	
Disposals	(237)		(224)	
Partnerships	–		(388)	
Value creation	**55**		**121**	
AT 31/12/2019	**4,801**	**+3.9%**	**2,893**	**-6.4%**

Investments and acquisitions

The following were acquired in 2019:

- the south extension of Cap 3000, excluding the Corso Mall;
- the 2nd phase of the shops in the Paris-Montparnasse railway station (5,300 m²);
- the retail areas of the five Italian railway stations under concession (8,600 m² in total).

Disposals and partnerships

Over the year, the Group sold (or is in the process of selling) seven assets for a total of 62,000 m²: the traditional malls in Flins, Okabé (Kremlin-Bicêtre) and Ollioules, as well as the 14ème Avenue retail park in Herblay (sold on the basis of a capitalisation rate of 4.50%) and miscellaneous small-scale assets. The sales in this year were on average completed at above the appraisal value.

In 2019, Altarea signed two agreements with Crédit Agricole Assurances, related to two types of shopping centres:

- the "Alta Proximité fund", which aims to invest €650 million in France, of which €270 million invested in assets held by Altarea[(1)]. This first transaction was finalised in 2019;
- the "Alta Commerces Europe fund", whose purpose is to invest in European shopping centres, and which has made two initial acquisitions for €245 million in assets held by Altarea. The execution of this transaction, agreed in 2019, is pending (all the conditions are fulfilled).

The two funds are 75% owned by Crédit Agricole Assurances and 25% by Altarea. The first investments made or planned were in line with appraisal values as of 31 December 2019 (average gross yield slightly in excess of 5.5%). The two funds' average Loan-to-Value is 32% as of date. Altarea will remain the assets' operator and will consolidate its 25% investment using the equity method.

Value creation

Over the course of 2019, Retail value creation (asset value taken on a like-for-like basis and value creation on delivery) amounted to €55 million at 100% and €121 million in Group share, of which €88 million linked to deliveries and €33 million in capital gains at constant scope.

Breakdown of the portfolio by asset type

The Group now holds 33 assets, with an average unit value of €145.5 million.

In terms of Group share, the portfolio is now comprised solely of regional shopping centres, travel retail, retail parks and convenience stores.

As a reminder, 37% of the portfolio was made up of traditional malls five years ago and this was still 10% of the total last year.

(1) Le Parks (Paris), Reflets Compans (Toulouse) and Jas de Bouffan (Aix-en-Provence).

At 100% (€ millions)	31/12/2019		31/12/2018	
Regional shopping centres	3,033	63%	2,837	61%
Travel retail	478	10%	292	6%
Retail parks	950	20%	834	18%
Traditional malls	-	-	403	9%
Convenience stores	341	7%	257	6%
TOTAL	**4,801**	**100%**	**4,623**	**100%**

Group share (€ millions)	31/12/2019		31/12/2018	
Regional shopping centres	1,531	53%	1,627	53%
Travel retail	429	15%	233	8%
Retail parks	817	28%	782	25%
Traditional malls	-	-	296	10%
Convenience stores	116	4%	150	5%
TOTAL	**2,893**	**100%**	**3,089**	**100%**

Change in the property exit rate(1)

At 100%	31/12/2019	31/12/2018
Regional shopping centres	4.65%	4.54%
Retail parks	5.39%	5.19%
Traditional malls		6.18%
Convenience stores	5.72%	5.70%
Travel retail	4.81%	4.76%
WEIGHTED AVERAGE	**4.89%**	**4.83%**

Group share	31/12/2019	31/12/2018
Regional shopping centres	4.79%	4.88%
Retail parks	5.41%	5.19%
Traditional malls		5.99%
Convenience stores	6.78%	6.06%
Travel retail	4.86%	4.87%
WEIGHTED AVERAGE	**5.06%**	**5.10%**

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

Operational performance

Economic environment

Growth in France's GDP was ultimately just +1.2%[1] in 2019, with a slight fall (-0.1%) in the 4th quarter for the first time since the 2nd quarter of 2016. While growth in France is holding up rather better than that in other European countries, the successive waves of strike movements has held back household consumption and corporate investment which fell in the final quarter. For the year as a whole, these indicators are however up by +1.2% (compared with +0.9% in 2018) and +3.6 (compared with +2.8% in 2018) respectively.

The tax and social security reforms and the emergency social and economic measures adopted by the government led to a +2.1% average increase in spending power in France in 2019.

For 2020, the forecasts are prudent: the government is expecting +1.3% growth in GDP, while at this stage, the Bank of France is predicting +1.1%, its lowest rate since 2016. In the fourth quarter of 2019, unemployment fell by 0.4 point to 8.1% of the population, its lowest level since the 2008 financial crisis.

Tenants' revenue[2] and footfall[3]

	Sales (incl. tax)	Footfall
France portfolio	+4.9%	+3.4%
Benchmark France (CNCC)	*+0.7%*	*+0.3%*

Genuine destinations (Cap 3000, Bercy Village, etc.) combining retail and leisure activities, or sites which have natural footfall (railway stations), the type of assets held by the Group enables its commercial performance (visitor numbers and revenue) to be increased in their shopping areas.

Consolidated net rental income[4]

	In €M	Change
NET RENTAL INCOME 2018	**167.1**	
Disposals	(2.4)	
Deliveries	13.3	
Acquisitions	5.5	
Like-for-like change	**4.0**	**+3.0%**
IFRS 16 impact[a]	3.4	
NET RENTAL INCOME 2019	**190.8**	
o/w net rental income from assets held in partnership or disposed of in 2019	*27.5*	

(a) Cancellations of fees paid.

In 2019, net rental income was up sharply at €190.8 million (+14.2%): the impact of the deliveries and acquisitions completed (extension of Cap 3000, parts one and two of the Paris-Montparnasse railway station stores and acquisition of a portfolio of railway stations in Italy) more than off-sets the disposals completed in 2018 and 2019.

(1) Source: INSEE ("Informations rapides" – 31 January 2020).

(2) Change in revenue (incl. tax) from retailers on a like-for-like basis (sites) over a 12-month period as of end-December 2019.

(3) Change in footfall, measured by Quantaflow in equipped shopping centres, and by counting cars for the retail parks (excluding travel retail outlets) and CNCC data (12 month rolling figure at end-December 2019).

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

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

At 100%	31/12/2019	31/12/2018	31/12/2017
Occupancy cost ratio	10.9%	11.2%	10.8%
Bad debt ratio	1.8%	1.1%	1.2%
Financial vacancy	1.6%	1.3%	2.4%

As for asset management, the Group is favouring the optimisation of the occupation rate for its assets and the rigorous management of rental charges recoverable from tenants. These levers are behind the 3.0% progression of net rental income on a like-for-like basis[(4)].

Leasing (leases signed)

At 100%	Number of leases	New rent
France	229	€18.8m
International	52	€5.6m
Total portfolio	**281**	**€24.4m**
Pipeline	94	€14.3m
TOTAL	**375**	**€38.7M**

Retail activity remained strong in 2019:

- 281 leases were signed on portfolio assets. The Group signed with brands as diverse as the virtual reality concept *Illucity*. The range of dining options grew across the sites with concepts including Fresh Burritos, Pitaya, Les Burgers de Papa, and Maison Pradier or Bon Glaze. Sites will also be welcoming a range of brands focusing on men's well-being;
- 94 leases were signed for pipeline assets, with prestigious entities and innovative concepts for the Corso section of Cap 3000. At the Paris-Montparnasse railway station, phase 3 is now at the marketing stage with a growing range of high-level dining options.

Lease expiry schedule

Lease end date	In €m, at 100%	% of total	3-year termination option	% of total
Expired	12.8	5.5%	9.0	3.9%
2021	15.4	6.6%	5.7	2.4%
2022	14.8	6.3%	29.1	12.5%
2023	11.9	5.1%	49.2	21.1%
2024	14.3	6.1%	39.4	16.9%
2025	23.6	10.1%	25.5	10.9%
2026	29.2	12.5%	12.8	5.5%
2027	26.2	11.2%	24.1	10.3%
2028	26.3	11.3%	9.1	3.9%
2029	23.9	10.2%	4.5	1.9%
>2030	35.3	15.1%	25.3	10.8%
TOTAL	**233.7**	**100%**	**233.7**	**100%**

Assets under management

In addition to its proprietary assets, Altarea is developing its third-party management business. Therefore, at end-2019, the Group manages six assets on behalf of institutional investors, taking the total volume under management (portfolio assets and assets held by third parties) to 39 assets and €5.2 billion in value, for over 2,000 leases in total.

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

(2) *Net amount of allocations to and reversals of provisions for bad debt plus any write-offs during the period as a percentage of total rent and expenses charged to tenants, at 100%. France and International.*

(3) *Estimated rental value (ERV) of vacant units as a percentage of total estimated rental value. France and International. At end-2019, there were 50 vacant units.*

(4) *NB, the renewals having an impact on this progress include the relocation of the mid-size surface area previously occupied by Marks & Spencer in the Qwartz centre.*

Details of assets managed at 31 December 2019

Asset and type	GLA (in m²)	GRI (€M)	Value (€M)	Group share	Value GS (€M)
Cap 3000 (Nice)	97,000			33%	
Espace Gramont (Toulouse)	56,700			51%	
Avenue 83 (Toulon-La Valette)	53,500			51%	
Qwartz (Villeneuve-la-Garenne)	43,300			100%	
Sant Cugat (Barcelona, Spain)	36,000			100%	
Bercy Village (Paris)	23,500			51%	
Large shopping centres (6 assets)	**310,000**	**121.1**	**2,788**		**1,470**
Montparnasse station - Phases 1 & 2 (Paris)	13,800			100%	
Gare de l'Est (Paris)	6,800			51%	
Italian railway stations (5 assets)	8,600			100%	
Oxygen (Belvédère 92)	2,900			100%	
Travel retail (8 assets)	**32,100**	**33.1**	**478**		**429**
Family Village (Le Mans-Ruaudin)	30,500			100%	
Family Village (Limoges)	29,000			100%	
Family Village (Nîmes)	28,800			100%	
Les Portes de Brest Guipavas	28,600			100%	
Family Village (Aubergenville)	27,800			100%	
Espace Chanteraines (Gennevilliers)	23,700			51%	
Thiais Village	22,800			100%	
Les Portes d'Ambresis (Villeparisis)	20,300			100%	
La Vigie (Strasbourg)	18,200			100%	
Marques Avenue A13 (Aubergenville)	12,900			100%	
Pierrelaye	10,000			100%	
Retail parks (11 assets)	**252,600**	**37.4**	**790**		**736**
Massy -X%	18,400			100%	
Grand Place (Lille)	8,300			100%	
Miscellaneous	2,600			100%	
Convenience stores (2 assets)	**29,300**	**3.2**	**47**		**47**
Controlled assets[(a)] (27 assets)	**624,000**	**194.8**	**4,103**		**2,683**
Le Due Torri (Bergamo – Stezzano, Italy)	30,900			25%	
Corte Lombarda (Bellinzago, Italy)	21,200			25%	
Jas de Bouffan (Aix-en-Provence)	9,800			18%	
Carré de Soie (Lyon)	51,000			50%	
Le Parks (Paris)	33,300			25%	
Reflets Compans (Toulouse)	14,000			25%	
Miscellaneous	1,400			49%	
Equity assets[(b)] (6 assets)	**99,700**	**38.9**	**698**		**210**
TOTAL PORTFOLIO ASSETS (33 ASSETS)	**723,700**	**233.7**	**4,801**		**2,893**
Third-party asset management[(c)] (6 assets)	**119,500**	**24.2**	**387**		
TOTAL ASSETS UNDER MANAGEMENT (39 ASSETS)	**843,200**	**257.9**	**5,188**		

(a) Assets in which Altarea holds shares and over which the Group exercises operational control. Fully consolidated in the consolidated financial statements.
(b) Assets in which Altarea is not the majority shareholder, but for which Altarea exercises joint operational control or a significant influence. Consolidated using the equity method in the consolidated financial statements.
(c) Assets held entirely by third parties who entrusted Altarea with a management mandate for an initial period of three to five years, renewable.

1.2.2 Residential

2019: pre-election "wait and see" attitude in a market marked by shortages

In France, large gateway cities are subject to a structural increasing shortage of housing leading to sharp price increase.

Projects located at the core of high-demand urban areas take an increasingly long time to set up (notably in terms of administrative approval). However, units tend to sell very quickly, given the strength of demand.

In 2019, the residential market in France is expected to reach 150,000 units, down slightly from the high level of 155,000 units placed in 2018. The offer-side shortage has been accentuated by the imminence of the March 2020 local elections.

End-September 2019, sales under new programmes fell by -14% on the previous year and the stock is less than nine months' sales in several major gateway cities (Paris Region, Nantes, Rennes, Strasbourg and Montpellier).[1]

The drivers for the market remain solid:

- highly promising underlying demographics, notably for those gateway cities in which Altarea has a presence;
- long-term low interest rates for borrowers;
- substantial tax instruments which are now focused on high-demand areas (Pinel and PTZ);
- the required construction of social housing and the Government's anticipated relaunch policy.

The Group is expecting an upturn in sales in the 2nd quarter 2020 which should then accentuate in 2021.

A winning strategy

Facing the high demand in strained urban areas, Altarea has decided to develop its offer with the ultimate objective to gain market shares. Altarea aims to sell 18,000 to 20,000 units per year at a future date, and has embarked on a major investment campaign to boost its production.

Therefore, in 2019, the Group:

- increased the size of its property pipeline[2] which went up from 44,800 units to 48,900 units (+9%); almost exclusively located in high-demand areas;
- improved its operational capacity with 119 new hires (net of all resignations) with operational profiles such as developers, sellers, program Managers, etc.;
- increased its commercial investments, mainly advertising content;
- deepened its geographic presence within large gateway cities thanks to the Mixed-use projects turning Altarea into a key intermediary for all local authorities wishing to transform urban areas;
- widened its product offer and made preparations for the future by acquiring Histoire & Patrimoine (specialised in historical buildings) in 2018 and taking a 50% stake in Woodeum, leading developer of low-carbon construction built from CLT in France, July 2019.

This strategy is now starting to bear fruit: the Group has become the 2nd largest residential property developer in France, moving up one place in the ranking[3].

To accelerate growth in its market share, the Group has revised its brand architecture, with the aim of giving more operational autonomy to each banner (Cogedim, Pitch Promotion, Histoire & Patrimoine, Woodeum, Severini and Cogedim Club), while allowing them to benefit from the power of the Group embodied by the Altarea umbrella brand (strategy, finance, support, etc.).

Customers are at the core of the process

The Group sets itself apart by the close attention it pays to customers' expectations when developing its product ranges. A Customer Service Department was created for this purpose in 2016.

Since then, in 2018, Cogedim became the top property developer in terms of "Awarded Customer Service for the Year" for the level of service and quality of its customer relationship. This recognition was repeated in 2019 and in 2020.

The Group is also the number 1 French developer in the "Top 10 for Customer Reception" rankings created by Les Échos/HCG, and, this year, ranks 3rd for all sectors taken together (6th place in 2019).

To develop appropriate and suitable products, the Group has focused its efforts on three areas:

Comprehensive customer support

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

- customisation of the offer in addition to a catalogue of 200 technical and decorative options. Customers can personally select their own options at Cogedim Stores, where they can wander through show apartments, browse the choice of materials and enjoy an immersive digital experience. To date, the Group has opened six stores in gateway cities (Paris, Toulouse, Bordeaux, Lyon, Nantes and Marseille) and four option areas (Montpellier, Strasbourg, Fréjus and Bayonne);
- "mon-cogedim.com" a platform allowing buyers to receive customised support throughout their home-buying experience, with a single customer relationship Manager and a dedicated follow-up to ensure that they receive a first-class service;
- strengthening the range of services offered to private customers, rental management and financial advise in particular.

(1) *Source: "Observatoire de l'immobilier de la FPI" - Q3 2019.*

(2) *Properties for sale and land option portfolios.*

(3) *Source: Developer Rankings produced by Innovapresse which analyses and compares business volumes, the number of residential units or square metres of offices produced, and the financial results of the principal private property developers. The 31st edition included 60 of the main players in the sector.*

A commitment to quality

Over the last 3 years, 100% of Group operations have been NF Habitat certified[(1)], a veritable mark of quality and performance, guaranteeing users improved comfort and energy savings.

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

In 2019, the Group won the "Prix du Grand Public (GRDF)" at the "Pyramides d'argent" awards organised by the Fédération des Promoteurs d'Ile-de-France for its "Serigraf'" programme in Cachan, awarded "NF Habitat" certification.

It also won the "Soutien à l'innovation" award for its re-use village in Montreuil, 1,750 m^2 dedicated to solidarity and the social economy, located within a project comprised of 60 accessible residential units, 22 social housing units and co-living accommodation for young workers and single parent families.

Innovative programmes rooted in the city

The Group strives to develop projects that fit seamlessly into their environment and match the end-needs of customers as closely as possible: close to shops, public transport and schools. 99% of surface areas under development are located less than 500 metres away from public transport.

This year, Altarea also distinguished itself by winning 5 of the 23 projects awarded further to the second edition of the "Inventons la métropole du Grand Paris" competition, an indication of how its projects are well aligned with the expectations of local authorities (3 projects awarded to Cogedim and 2 to Pitch Promotion).

An efficient geographical strategy

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

Against this backdrop, the Group's geographical strategy aims is aimed at holding strong positions in the most dynamic gateway cities[(2)], targeting high-demand areas where the need for residential units is the highest. The renewal of the Pinel law up until the end of 2021 and its closer application in these high-demand areas in 2018 confirmed this strategy adopted by the Group. At end-2019, the entirety of the Group's property for sale and its land portfolio was located within eligible areas.

A multi-brand and multi-product strategy

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

It operates through its national brand Cogedim, backed up in the main French gateway cities by Pitch Promotion and complemented in terms of products by Cogedim Club (residences for senior citizens) and Histoire & Patrimoine (Historical Monuments), and also, since July 2019, by Woodeum (low carbon residential developments).

In early 2019, the Group also finalised the acquisition of 85% of Severini, a developer, strengthening its presence in Nouvelle-Aquitaine.

Altarea thus provides a well-judged response in all market segments and for all customer types:

- High-end[(3)]: products defined by demanding requirements in terms of location, architecture and quality. At end-2019, these represented 11% of new orders over the year by volume;
- Entry and mid-range[(4)]: these programmes, which represent 81% of new orders for the Group by volume, are specifically designed to meet:
  - the need for affordable housing both for first-time buyers (secured prices) and private investment (Pinel tax scheme),
  - the challenges faced by social housing providers, with which the Group is developing genuine partnerships to help them increase their rental stock and upgrade some ageing assets;
- Serviced Residences (4%): the Group is developing a wide range of student halls of residence, business travel accommodation, exclusive residences, etc. In particular, under the Cogedim Club® brand, it is currently developing a serviced residences concept for senior citizens, combining city-centre locations with a range of a la carte services. In 2019, six Cogedim Club residences were inaugurated, taking the number of operational sites to 18. In 2019, nine projects were under construction and 6 should be launched in 2020;
- Renovation of historical sites (4%): under the Histoire & Patrimoine brand, the Group has a range of products for Historical Monuments, Malraux Law properties and Real Estate Tax schemes. This offer is expected to grow in scale. For example, in 2019, Histoire & Patrimoine and Altarea Grands Projets won the Call for Expressions of Interest for the restructuring and conversion of the Aillaud Towers ("Cloud Towers") located in Nanterre right next to the La Défense neighbourhood and certified as an example of "Remarkable Contemporary Architecture". The Group also added to its portfolio with a major development project on the old IBM campus in La Gaude near Nice, which will eventually offer 250 units refurbished by Histoire & Patrimoine and 700 units developed by Cogedim;
- Sales in divided ownership: the Group is developing programmes under a French government policy known as social rental usufruct. This additional offering, while meeting the need for low-cost housing in high-demand areas and thereby helping out local communities, provides an alternative investment product for private investors.

(1) Excluding co-development, rehabilitations and managed residences.

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

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

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

New orders[1]: €3,278 million (+12%)

New orders	2019	2018	Change
Individuals - Residential buyers	1,011 €m	897 €m	+13%
Individuals - Investment	1,174 €m	1,032 €m	+14%
Block sales	1,093 €m	988 €m	+11%
TOTAL IN VALUE (INCL. TAX)	**3,278 €M**	**2,917 €M**	**+12%**
o/w equity-method (Group share)	*181 €m*	*259 €m*	
Individuals - Residential buyers	2,865 units	2,755 units	+4%
Individuals - Investment	4,671 units	4,227 units	+11%
Block sales	4,592 units	4,800 units	-4%
TOTAL IN UNITS	**12,128 UNITS**	**11,782 UNITS**	**+3%**

In 2019, the dynamic in terms of increasing market share remained positive, with new orders up +12% in value and +3% in volume.

All brands are growing, confirming the suitability of the Group's offer for all categories of customers, and the pertinence of its geographical positioning.

On a like-for-like basis (excluding Severini and Woodeum), new orders up +9% in value to €3,193 million and +1% in volume (11,881 units) over the year.

This year was marked by excellent marketing campaigns for the Grand Paris large mixed-use projects, notably Issy-Cœur de Ville, which explain the increase in average price per unit over one year, both for private purchasers and institutionals (+5% to €290,000 and +16% to €238,000 respectively).

In a declining market, the Group's orders increased sharply, with all the brands contributing to growth

New orders by product range

Number of units	2019	%	2018	%	Change
Entry-level/mid-range	9,782	81%	8,497	72%	+15%
High-end	1,323	11%	2,181	19%	-39%
Serviced Residences	512	4%	723	6%	-29%
Renovation/Rehabilitation	511	4%	381	3%	+34%
TOTAL	**12,128**		**11,782**		**+3%**

Notarised sales

(€ millions incl. Tax)	2019	%	2018	%	Change
Entry-level/mid-range	1,972	60%	1,718	71%	+15%
High-end	958	29%	526	22%	+82%
Serviced Residences	182	6%	96	4%	+90%
Renovation/Rehabilitation	167	5%	84	3%	x2
TOTAL	**3,279**		**2,425**		**+35%**

Revenue by% of completion

(€ millions excl. tax)	2019	%	2018	%	Change
Entry-level/mid-range	1,550	68%	1,277	69%	+21%
High-end	566	25%	455	25%	+24%
Serviced Residences	92	4%	78	4%	+18%
Renovation/Rehabilitation	74	3%	33	2%	x2.2
TOTAL	**2,283**		**1,844**		**+24%**

(1) New orders net of withdrawals, in euros including tax when expressed in value. New orders at 100%, with the exception of projects under joint control (Group share of placements, including Woodeum). Histoire & Patrimoine consolidated since 1 July 2018, Severini since 1 January 2019.

Outlook

Supply[1]

Supply	2019	2018	Change
€ millions (incl. tax)	5,126	5,094	+1%
Number of units	20,723	20,237	+2%

Commercial launches

Launches	2019	2018	Change
Number of units	11,499	12,255	-6%
Number of transactions	166	202	-18%
REVENUE INCL. TAX (€M)	**3,434**	**3,179**	**+8%**

Project under construction

The Group launched a large number of projects this year, including two large Mixed-use projects: Issy-Cœur de Ville and Cœur Mougins, near Cannes.

At the end of 2019, 282 projects were under construction, compared with 254 at the end of 2018.

Residential backlog[2]

(€ millions excl. tax)	2019	2018	Change
Notarised revenue not recognised	1,722	1,388	24%
Revenues reserved but not notarised	2,057	1,781	15%
BACKLOG	**3,778**	**3,169**	**19%**
o/w equity-method (Group share)	*258*	*270*	*-4%*
Number of months	**20**	**21**	

The Residential backlog remains at a very high level giving very strong visibility for the next few financial years.

Properties for sale[3] and future offering[4]: 47 months of pipeline

€ millions incl. tax **Potential revenue**	31/12/2019	No. of months	31/12/2018	Change
Properties for sale	2,104	8	2,103	+0%
Future offering	10,659	39	9,192	+16%
PIPELINE	**12,764**	**47**	**11,295**	**+13%**
In no. of units	*48,885*		*44,835*	*+9%*
In m^2	*2,737,600*		*2,510,800*	*+9%*

The Residential pipeline represents almost four years of business with nearly 48,900 units, almost exclusively located in high-demand areas eligible for the Pinel scheme.

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

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

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

(4) *Future offering consisting of secured projects (through an option on the land, mostly in unilateral form) whose launch has not yet occurred (value including taxes of potential revenue when expressed in euros).*

Risk management

At 31 December 2019, the Group's properties for sale amounted to €2.1 billion incl. tax (or 8 months of activity), with the following breakdown according to the stage of completion of the programmes:

(€ millions)	Project not yet started	Project under construction	In stock	Total
Amounts committed excl. tax	**171**	**776**	**25**	**972**
Of which already paid out[a]	*171*	*329*	*25*	*525*
Properties for sale incl. tax[b]	**794**	**1,273**	**37**	**2,104**
In%	*38%*	*60%*	*2%*	*100%*
o/w to be delivered	*in 2020*	*196*		
	in 2021	*597*		
	≥ 2022	*480*		

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

Management of real estate commitments

38% of properties for sale relates to programmes whose construction has not yet been launched and for which the amounts committed correspond essentially to studies, advertising, and loss of use indemnities (or guarantees) paid within the framework of promises on land, and cost of land.

60% of the offering is currently under construction, including a limited share (€196 million or 9% of total properties for sale) representing units to be delivered by the end of 2020.

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

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

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

1.2.3 Business property

1.2.3.1 An attractive market

In 2019, the market for investment in office property in the Paris Region remained extremely dynamic (growth of +13% over the year to €21.7 billion[(1)]), confirming the cyclical upswing which began in 2017. Significant transactions in excess of €200 million formed 47% of this increase in terms of investment volume. In the regions, the investment market slowed to €2.7 billion (-11% over a year) but is still very dynamic in prime locations and in the gateway cities.

With regard to the rental market, demand placed in the Paris Region improved in the second half-year to reach 2.3 million m^2 according to Immostat, down 10% over a year.

Immediate supply continues to fall to 2.7 million m^2 (-8% over a year). In this context of rare quality supply in the most sought-after zones (Paris CBD and West Crescent), the rise in nominal rents continues (+3% over a year for new or redeveloped assets and +5% for old assets).

Growth continues in the industrial sector, supported by urban logistics and e-commerce. The volume invested in Logistics reached €4.1 billion in 2019 (+24% over the year[(2)]), recording its best performance of the decade.

1.2.3.2 A rapidly changing segment

Business property must adapt to new uses and employees' expectations in the area of quality of life in the work place (collaborative work, attractive areas inspired by residential codes). It also needs to be the incarnation of the attractiveness of occupier's brand as an employer.

In the last decade, Altarea has developed buildings which have become genuinely emblematic of their users' corporate culture, both with regard to the architectural signature and to environmental performance, connectivity and flexibility (Tour First in La Défense, Kosmo in Neuilly-sur-Seine, Bridge in Issy-les-Moulineaux and also Richelieu, which will become Altarea's head office in 2020).

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

To scale up this measure, in 2019, the Group created Altarea Entreprise Studio, an entity dedicated to designing buildings that are able to evolve through time due to their evolutive architecture, their technical design and also their services.

(1) Source: Immostat (Economic Interest Group [GIE] made up of BNP Paribas Real Estate, CBRE, JLL and Cushman & Wakefield) - January 2020.
(2) Marketbeat France - Cushman&Wakefield.

An investor developer model

Altarea is currently the number one Business property developer in France.[1] The Group has developed a unique model allowing it to undertake significant operations with a controlled risk:

- as a developer[2] in off-plan sales, off-plan leases and property development contracts, with a particularly strong position on the turnkey users market, or as a service provider under delegated project management contracts;
- or as an investor, either directly or through AltaFund,[3] for high-potential assets (prime location) in view of their sale once redevelopment has been completed[4].

The Group is systematically the developer of projects in which it acts as co-investor and Manager.[5]

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

A dual diversification strategy

Organisation

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

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

Product type

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

The "Logistique" investment fund, created in late 2017 by Pitch Promotion, has enabled the Group to become a major stakeholder in the logistics market in France in just a few years, with nearly 640,000 m^2 under development at end-2019 (9% of the pipeline by potential value).

Product quality

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

1.2.3.3 Sustained business

Solid new orders

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

- PDA and Off-Plan Sales contracts and Off-Plan Leases signed for the Property development activity, at contract price including tax[6];
- sale of assets in the investment business, at sale price including tax[7].

(€ millions incl. Tax)	31/12/2019	31/12/2018	Change
Signing of Property development agreements or Off-plan sales	601	418	+44%
Asset sales (as Group share)	183	347	-47%
TOTAL	**784**	**765**	**+2%**

In 2019, the Group recorded €784 million incl. VAT in new orders (Group share), an increase of 2% year on year, including:

- the Off-plan sale to CNP Assurances of the three office buildings of the Issy-Cœur de Ville project, in which CNP will establish its future head office;

  This transaction forms part of the double transaction completed by Altarea and CDC Investissement Immobilier (on behalf of Caisse des Dépôts et Consignations) in October 2019, the second part of which involves the acquisition of the current head office of CNP Assurances located above the Paris-Montparnasse railway station (the "PRD-Montparnasse" building integrated into the investment transactions), scheduled for substantial redevelopment. This double transaction was awarded the "Prix spécial du Jury" by CFNews Immo & Infra 2020.
- the Off-plan sale of the Convergence building in Rueil Malmaison, future head office of the Danone Group;
- the PDA for the EM Lyon Business School in Lyon-Gerland (29,000 m^2);
- the PDA for a logistics platform for LIDL in Nantes;
- the off-plan sale to Newton Offices of one of the four properties making up the Les Carrés du Golf programme in Aix-en-Provence. This 11,000 m^2 project, due to be delivered in 2020, is now fully leased following the signing of an off-plan lease agreement with EDF in mid-October 2019.

(1) *Source: Developer Rankings produced by Innovapresse which analyses business volumes, the number of residential units or square metres of offices produced, and the financial results of the principal private property developers. The 31st edition included 60 of the main players in the sector.*

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

(3) *Resold rented or not.*

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

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

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

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

Deliveries and reloading the pipeline

Portfolio: 69 projects in progress

At 31/12/2019	No.	Surface area *(m²)* at 100%	Development revenue excl tax *(€M)*	Potential value at 100% *(€M excl. tax)*
Investments[a]	6	226,700	889	2,506
Property developer (property development of off-plan sales contracts)[b]	61	1,271,200	2,725	2,725
o/w Offices - IDF	*10*	*204,600*	*973*	*973*
o/w Offices - Regions	*43*	*428,200*	*1,286*	*1,286*
o/w Logistics	*8*	*638,400*	*466*	*466*
Delegated project management[c]	2	5,200	40	40
TOTAL	**69**	**1,503,100**	**3,654**	**5,271**
Change vs. 31/12/2018	*+9*	*+17%*		*+20%*

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

2019 deliveries

Altarea delivered six projects:

- two redeveloped office properties (Paris Bergère and Delegated Project Management for 16, avenue Matignon), as well as a hotel situated within the Massy Place du Grand Ouest large Mixed-use project;
- and three Logistics projects (10,700 m²) in the Paris Region.

Supply

Supply corresponds to the projects which entered the pipeline over the course of the year, combining numbers for two types of events:

- acquisitions (or options) on investment projects, used to calculate the market value excluding transfer duties of the projects on the date of sale;
- signatures of PDA or Off-plan sale/lease contracts for development projects (excluding investment projects), used to calculate the value (including VAT) of the contract signed, and signatures of delegated project management contracts.

In 2019, Altarea substantially reloaded its pipeline with 15 projects for a total potential value of €1.3 billion, including €925 million for Grand Paris projects (5 projects).

Certain of these new projects are of particular note:

- two investment projects: CNP Assurances' current head office in Paris-Montparnasse and one other major redevelopment works project involving an office block located Rue de Saussure in Paris;
- PDA, including the EM Lyon Business School project, a hotel complex with nearly 700 rooms in the Paris region on behalf of a leading commercial entity; and a 46,500 m² tranche to complete a logistics hub project currently under development in Bordeaux, taking this to a total of 170,000 m²;
- 10 Off-plan sales projects, including those located in the Mixed-use Simonettes project in Champigny (14,000 m², including the Cité artisanale des Compagnons du Tour de France), and 8,400 m² for the Technopôle de la Mer in Ollioules;
- and the redevelopment of the head office of a major French business near Place de la Concorde in Paris, under Delegated project management.

Backlog[1] (Off-plan/PDA and delegated project management)

(€ millions)	31/12/2019	31/12/2018	Change
Off-plan, PDC	668	855	-22%
o/w equity-method (Group share)	*73*	*84*	*-13%*
Fees (DPM)	9	7	-
TOTAL	**677**	**862**	**-21%**

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

Focus on investment projects

At end-2019, the Group's development - investment portfolio (held with leading institutional investors) has six projects.

The Group sold two investment projects to CNP Assurances in the context of the Issy-Cœur de Ville project (now classified as pure promotion projects) and reloaded the pipeline with two major redevelopment projects concerning CNP Assurances' current head office at Paris-Montparnasse and an office block located on rue de Saussure in Paris.

The cost price of these six projects is €2.0 billion at 100% (€639 million in Group share) with a potential value of over €2.5 billion (estimated sale price), i.e. an expected gain of about €146 million in Group share.

Project	Group share	Surface area (m^2)	Estimated rent *(€M)*[(a)]	Cost price *(€M)*[(b)]	Potential value at 100% *(€M excl. tax)*[(c)]	Progress[(d)]
Bridge (Issy-les-Moulineaux)	25%	57,900				Under construction/leased
Landscape (La Défense)	15%	67,400				Under construction
Tour Eria (La Défense)	30%	25,000				Under construction
Cocktail (La Défense)	30%	18,100				Secured
PRD-Montparnasse (Paris)	50%	56,200				Secured
Saussure (Paris)	100%	2,100				Secured
TOTAL AT 100%	**31%[(e)]**	**226,700**	**114**	**1,976**	**2,506**	
o/w Group share			*35*	*639*	*785*	

(a) Gross rent before supporting measures.
(b) Including the acquisition of land and PDA completed by the Group for a total of €889 m.
(c) Potential market value excluding project rights at the date of sale, held directly or via AltaFund.
(d) Secured projects: projects either fully or partly authorised, where the land has been acquired or for which contracts have been exchanged, but on which construction has not yet begun.
(e) Weighted average of Group share on cost price.

Commitments at 31 December 2019

In € millions, Group share	Investment	Property development	Total
Already paid out	168	53	221
To be paid out	182	–	182
TOTAL COMMITMENTS	**350**	**53**	**403**

As regards investment transactions, the Group's commitments correspond to the obligations of equity contributions in operations. At 31 December 2019, total commitments amounted to €350 million in Group share, €168 million of which are already paid out.

As for new developments, commitments are limited to the amount of studies for projects being arranged. Regarding projects under construction, financial commitments are covered by calls for funds (except "blank" transactions). At 31 December 2019, total commitments amounted to €53 million.

Details of the pipeline at 31 December 2019

	Type	Surface area *(m²)*	Revenue excl. tax *(€M)*[(a)]	Potential value at 100% *(€m excl. tax)*[(b)]	Progress[(c)]
Group investment projects (6 developments)		**226,700**	**889**	**2,506**	
Bassins à Flot (Bordeaux)	Off-plan sales	37,800			Under construction
Cœur de Ville - Hugo Building (Issy-les-Mx)	PDA	25,700			Under construction
Cœur de Ville - Leclerc & Vernet buildings	PDA	15,200			Under construction
Richelieu (Paris)	PDA	33,000			Under construction
Convergence (Rueil Malmaison)	Off-plan sales	25,400			Under construction
Orange (Lyon)	PDA	25,900			Under construction
Other Office projects (17 projects)	*PDA/Off-plan sales*	*120,000*			*Under construction*
Belvédère (Bordeaux)	Off-plan sales	50,000			Secured
Amazing Amazones (Nantes)	Off-plan sales	19,700			Secured
EM Lyon Business School (Lyon)	PDA	29,400			Secured
Other Office projects (27 transactions)	*PDA/Off-plan sales*	*250,626*			*Secured*
Hexahub Atlantique (Nantes)	PDA	46,505			Under construction
Other Logistics projects (2 projects)	*PDA/Off-plan sales*	*62,195*			*Under construction*
Other Logistics projects (5 projects)	*PDA/Off-plan sales*	*529,800*			*Secured*
"100% external" projects (61 transactions)		**1,271,200**	**2,725**	**2,725**	
TOTAL INVESTMENT PORTFOLIO/OFF-PLAN SALES/ PROPERTY DEVELOPMENT CONTRACTS (67 PROJECTS)		**1,497,900**	**3,614**	**5,231**	
Delegated project management portfolio (2 projects)		**5,200**	**40**	**40**	
TOTAL PROPERTY DEVELOPMENT PORTFOLIO (69 PROJECTS)		**1,503,100**	**3,654**	**5,271**	

(a) PDA/Off-plan sales: amount excl. tax of signed or estimated contracts, at 100%. Delegated project management contracts: fees capitalised.
(b) Investments: potential market value excluding transfer duties on the date of disposal for investment projects (at 100%). Off-plan/PDA: value excluding tax of contracts signed or estimated for the other development programmes (at 100%, or Group share for jointly owned projects). Delegated project management contracts: fees capitalised.
(c) Secured projects: projects either fully or partly authorised, where the land has been acquired or for which contracts have been exchanged, but on which construction has not yet begun.

1.3 Consolidated results and Net Asset Value

1.3.1 Impact of the application of IAS 23 and IFRS 16

Two changes in IFRS accounting standards impact the published consolidated statements for the financial year 2019.

IAS 23 – Borrowing Costs

The clarification of IAS 23 leads to directly entering interest expenses on development projects (previously in inventory) under charges.

With obligatory retrospective application from 1 January 2018, this standard leads to reclassifications interest expenses between income statement lines, with an impact on the 2018 financial year which must be restated for comparison.

IFRS 16 – Leases

IFRS 16 ends the distinction between finance and operating leases. This standard is applicable as from 1 January 2019.

On the balance sheet, this standard leads to the recognition of an intangible asset corresponding to the value of the right-of-use of the leased asset, over the firm duration of the contract assets. As a balancing entry, a financial liability is recognized under the heading "Borrowings and financial liabilities".

For the Group, this standard concerns two types of contract with fundamentally different economic characteristics:

- leasing of office space and vehicles used by Group employees, leading to the recording in the financial statements of a Lease liabilities of €23.2 million as liabilities on the balance sheet;
- Temporary occupation authorisations (AOT) for railway stations and construction leases (BAC) on certain retail assets, leading to the recording in the financial statements of a Contractual fee on investment properties of €143.4 million as liabilities on the balance sheet.

In the income statement, rents from office and vehicle leases (previously recorded under operating expenses) are replaced by charges for depreciation of the right-of-use assets and by interest charges; land charges (AOT, BAC royalties), are replaced by changes in the value of investment properties and interest charges.

Presentation of the financial statements

In accordance with the clarification of IAS 23, all of the 2019/2018 variations presented below have been calculated on the basis of restated 2018 income. The application of IAS 23 therefore leads to restatements:

- of -€4.7 million in opening equity as at 1 January 2018;
- and of -€3.0 million in net income (Group share) as at 31 December 2018 (broken down into -€3.8 million FFO income (Group share) and +€0.8 million in calculated expenses).

Moreover, the application of IFRS 16 leads to restatements of:

- of +€0.3 million in opening equity as at 1 January 2019;
- of -€1.5 million in net income (Group share) as at 31 December 2019 (broken down into +€27.1 million FFO income (Group share) and -€28.6 million in depreciation expenses).

1.3.2 2019 Consolidated results

2019 consolidated revenues amounted to €3,109.8 million up by +29.3% year-on-year, with all activities witnessing an increase in revenues: +7.4% for the Retail unit, +24.1% for Residential and +70.3% for Business property.

Net income from operations (FFO) Group share amounted to €298.8 million in 2019 (+9.7% vs 2018 restated), broken down as follows:

- growth in Retail of +€14.4 million (+17%), generated both from entries in operation and acquisitions and the solid performance of the portfolio on a like-for-like basis;
- strong Residential growth of +€40.7 million (+39.6%), mainly driven by a volume effect;
- a high level of activity in Business property (€65.4 million) on a 2018 comparison base, that included €18.0 million in performance fees on the operations of the AltaFund investment fund.

(€ millions)	Retail	Residential	Business property	Other (Corporate)	*Funds* from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Revenue	**227.5**	**2,294.4**	**587.9**	**0.1**	**3,109.8**	**–**	**3,109.8**
Change vs. 31/12/2018 published	*+7.4%*	*+24.1%*	*+70.3%*	*n.a.*	*+29.3%*		*+29.3%*
Net rental income	190.8	–	–	–	190.8	–	190.8
Net property income	–	208.1	11.9	(0.6)	219.4	(0.6)	218.8
External services	19.0	11.2	10.9	0.1	41.2	–	41.2
Net revenue	**209.8**	**219.4**	**22.8**	**(0.5)**	**451.5**	**(0.6)**	**450.9**
Change vs. 31/12/2018 published	*+11.7%*	*+21.8%*	*-50.2%*	*n.a.*	*+9.1%*		*+9.1%*
Own work capitalised and production held in inventory	6.5	157.8	24.7	–	189.0	–	189.0
Operating expenses	(42.6)	(220.0)	(35.1)	(8.9)	(306.6)	(18.4)	(325.0)
Net overhead expenses	**(36.1)**	**(62.3)**	**(10.3)**	**(8.9)**	**(117.5)**	**(18.4)**	**(136.0)**
Share of equity-method affiliates	6.0	18.2	60.2	–	84.4	(22.5)	61.9
Income/loss on sale of assets Retail						0.7	0.7
Change in value, estimated expenses and transaction costs – Retail						62.3	62.3
Calculated expenses and transaction costs - Residential						(16.6)	(16.6)
Calculated expenses and transaction costs - Business property						(1.7)	(1.7)
Other provisions Corporate						(6.1)	(6.1)
Operating income	**179.8**	**175.3**	**72.6**	**(9.4)**	**418.4**	**(2.9)**	**415.5**
Change vs. 31/12/2018 published	*+15.1%*	*+37.2%*	*-25.0%*	*n.a.*	*+10.7%*		*+0.6%*
Net borrowing costs	(37.2)	(9.2)	(10.8)	–	(57.2)	(19.2)	(76.4)
Gains/losses in the value of financial instruments	–	–	–	–	–	(65.2)	(65.2)
Proceeds from the disposal of investments	–	–	–	–	–	(1.9)	(1.9)
Semmaris dividend	0.6	–	–	–	0.6	–	0.6
Corporate income tax	(2.4)	(3.4)	(1.3)	–	(7.1)	(29.8)	(36.9)
Net income	**140.8**	**162.7**	**60.5**	**(9.4)**	**354.7**	**(119.2)**	**235.5**
Non-controlling interests	(41.2)	(19.5)	4.8	–	(55.9)	54.1	(1.8)
NET INCOME, GROUP SHARE	**99.5**	**143.3**	**65.4**	**(9.4)**	**298.8**	**(65.1)**	**233.7**
Change vs. 31/12/2018 published	*+17.0%*	*+38.5%*	*-27.9%*	*n.a.*	*+8.2%*		
Change vs. 31/12/2018 restated	*+17.0%*	*+39.6%*	*-25.5%*	*n.a.*	*+9.7%*		
Diluted average number of shares					16,393,265		
NET INCOME, GROUP SHARE PER SHARE					**18.23**		
Change vs. 31/12/2018 published					*+5.5%*		
Change vs. 31/12/2018 restated					*+7.0%*		

1.3.2.1 FFO[1]

FFO Retail

(€ millions)	2019	Change	2018restated
Rental income	208.4		188.9
Rental costs and other expenses	(17.6)		(21.8)
Net rental income	**190.8**	**+14.2%**	**167.1**
% of rental income	*91.5%*		*88.5%*
Contribution of EM associates	6.0		11.7
Net borrowing costs	(37.2)		(30.6)
Semmaris dividend	0.6		-
Corporate income tax	(2.4)		(2.4)
Non-controlling interests	(41.2)		(38.1)
FFO Retail REIT	**116.6**	**+8.3%**	**107.6**
External services	19.0		19.9
Net property income	–		0.8
Own work capitalised & production	6.5		5.3
Operating expenses	(42.6)		(48.5)
FFO Retail Services	**(17.1)**	**-24.3%**	**(22.5)**
FFO RETAIL	**99.5**	**+17.0%**	**85.1**
Of which Semmaris	*0.6*		*6.6*

FFO Retail for 2019 was driven by the entry into operation of the first tranche of the Paris-Montparnasse railway station project at end-2018 and, to a lesser extent, by that of the Cap 3000 extension in November 2019. The five Italian railway stations acquired in early 2019 also contributed to the scope effect.

On a like-for-like basis, net rental income grew by +3.0%, reflecting the strong performance of the assets held.

As a reminder, the investment in Semmaris almost all of which was sold in July 2018 made a 6.6 million contribution to earnings in 2018, compared with €0.6 million in 2019.

FFO Residential

(€ millions)	2019	Change	2018 restated
Revenue by% of completion	2,283		1,844
Cost of sales and other expenses	(2,075)		(1,662)
Net property income Residential	**208.1**	**+14.5%**	**181.8**
% of revenue	*9.1%*		*9.9%*
External services	11.2		4.1
Production held in inventory	157.8		135.3
Operating expenses	(220.0)		(200.6)
Contribution of EM associates	18.2		12.6
Operating income Residential	**175.3**	**+31.6%**	**133.2**
% of revenue	7.7%		7.2%
Net borrowing costs	(9.2)		(12.5)
Other	-		0.1
Corporate income tax	(3.4)		(4.0)
Non-controlling interests	(19.5)		(14.1)
FFO Residential	**143.3**	**+39.6%**	**102.6**

Residential FFO growth was driven by the increases in market share in previous years:

- €26.3 million increase in property margin;
- and €15.8 million improvement in the coverage of operating expenses.

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

FFO Business property

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

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

(€ millions)	2019	Change	2018 restated
Revenue by% of completion	577.0		317.7
Cost of sales and other expenses	(565.1)		(298.7)
Net property income Business	**11.9**	**-37.1%**	**19.0**
% of revenue	*2.1%*		*6.0%*
External services	10.9		27.5
Production held in inventory	24.7		20.0
Operating expenses	(35.1)		(47.1)
Contribution of EM associates	60.2		74.6
Operating income Business property	**72.6**	**-22.7%**	**94.0**
% of revenue + ext. serv. prov.	*12.4%*		*27.2%*
Net borrowing costs	(10.8)		(4.4)
Corporate income tax	(1.3)		(2.0)
Non-controlling interests	4.8		0.0
FFO BUSINESS PROPERTY	**65.4**	**-25.5%**	**87.7**
Of which AltaFund (Promote)	*4.6*		*18.0*

2019 FFO remain high, however the contribution made thereby is down given the adverse base effect compared with 2018.

In 2018, the Group had recorded a performance fee (Promote) in connection with AltaFund projects (sale of Kosmo to Sogecap and progress made on Richelieu), for a total of €18.0 million.

FFO per share: €18.23

FFO Group share amounted to €18.23 per share, a strong increase year on year (+7.0% compared with 31 December 2018 on an adjusted basis and +5.5% compared with 2018 as published).

This change includes the dilutive effect linked to payment of the 2018 dividend in shares (in May 2019) which lead to the creation of 599,267 new shares.

Overall, the diluted average number of shares at 31 December 2019 was 16,393,265, compared with 15,992,352 at 31 December 2018. The differential of +400,913 shares takes into account the impact of the dividend in shares, and the 40,166 shares created within the framework of the FCPE, *prorata temporis*.

1.3.3 Net asset value (NAV)

1.3.3.1 Growth in net asset value: EPRA NAV[1] of €178.7 per share (+4.8%)

	31/12/2019				31/12/2018 published	
EPRA NAV - Group	In €M	Change	€/share	change	In €M	€/share
Consolidated equity, Group share	**2,144.4**		**128.4**		**2,007.9**	**125.0**
Other unrealised capital gains	701.5				641.1	
Restatement of financial instruments	97.5				64.4	
Deferred tax on the balance sheet for non-SIIC assets[(a)]	40.3				25.2	
EPRA NAV	**2,983.7**	**+9.0%**	**178.7**	**+4.8%**	**2,738.6**	**170.5**
Market value of financial instruments	(97.5)				(64.4)	
Fixed-rate market value of debt	(63.4)				(7.8)	
Effective tax for unrealised capital gains on non-SIIC assets[(b)]	(21.9)				(24.5)	
Optimisation of transfer duties[(b)]	92.0				87.7	
Partners' share[(c)]	(20.6)				(20.2)	
EPRA NNNAV (NAV LIQUIDATION)	**2,872.4**	**+6.0%**	**172.0**	**+2.0%**	**2,709.4**	**168.7**
Estimated transfer duties and selling fees	80.8				91.5	
Partners' share[(c)]	(0.6)				(0.7)	
GOING CONCERN NAV (FULLY DILUTED)	**2,952.5**	**+5.4%**	**176.8**	**+1.4%**	**2,800.2**	**174.3**
Number of diluted shares:	*16,700,762*				*16,061,329*	

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

1.3.3.2 Change in NAV

	Going concern Nav (fully diluted)		EPRA NAV	
	in €M	€/share	in €M	€/share
Published NAV 31/12/2018	**2,800.2**	**174.3**	**2,738.6**	**170.5**
Standards[(a)]	(35.4)	(2.1)	(35.4)	(2.1)
Dividend[(b)]	(106.1)	(13.5)	(106.1)	(13.5)
Financial instruments and fixed-rate debt[(c)]	(121.5)	(7.3)	(32.8)	(2.0)
Proforma 2018 NAV standards, div. and fin. instr.	**2,537.2**	**151.5**	**2,564.3**	**153.0**
2019 FFO	298.8	18.2	298.8	18.2
Value creation - Property development	33.9	2.0	33.9	2.0
Value creation in Retail - Development	87.9	5.3	87.9	5.3
Value creation - Retail - Portfolio	32.8	2.0	32.8	2.0
Other[(d)]	(38.0)	(2.2)	(33.9)	(1.8)
NAV 31/12/2019	**2,952.6**	**176.8**	**2,983.7**	**178.7**
Change	*+5.4%*	*+1.4%*	*+9.0%*	*+4.8%*

(a) O/w IAS 23 and IFRS 16.
(b) O/w option of dividend payment in securities and dilutive effect.
(c) Of which market value of fixed rate debt.
(d) Of which D&A, deferred taxation liabilities, contribution to free share grants, transaction fees, debt issuance expenses and partners' share.

Property

2019 value creation is almost exclusively comprised of the capital gains anticipated on Business property projects.

The unrealised capital gains in the Property Development division have moreover remained unchanged despite the growth in appraisal value, notably for residential.

(1) *Fair value of all Group assets (net assets), including unrealized capital gains on assets and excluding the fair value of debt and financial instruments. Per share: taking into account the potential dilution related to the status of a limited partnership by shares.*

Retail

The Group recorded strong value creation linked to deliveries over the course of the year (Phase 2 of the Paris-Montparnasse retail spaces and south extension of Cap 3000), for a total of +€87.9 million.

On a like-for-like basis, value creation on assets (+€32.8 million) came essential from travel retail and major retail parks, whose attractiveness to major investors is confirmed year after year (see the project involving the 14ème Avenue retail park in Herblay, sold during the year on the basis of a 4.50% capitalisation rate).

Financial instruments & Fixed-rate debt

The total Group debt is covered by long-term hedging (variable rate debt by swaps or fixed-rate debt).

The significant fall in rates recorded throughout 2019 has led to a significant correction in the mark-to-market for fixed-rate debt and financial instruments, for a total of €121.5 million.

1.3.3.3 Calculation basis

Asset valuation

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

- the Residential and Business property Development division (Cogedim, Pitch Promotion, Histoire & Patrimoine and Severini);
- the Business property investment division (AltaFund, Bridge, PRD Montparnasse);
- and the Rental Management and Retail Property Development division (Altarea France).

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

Altarea France is valued by Accuracy.

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

The 50% stake in Woodeum acquired in July 2019 is recorded at its acquisition price.

Retail assets and goodwill for the going concern hotel are valued by Cushman & Wakefield and Jones Lang LaSalle.

The appraisers use two methods:

- discounting cash flows (DCF method), with resale value at the end of the period;
- capitalisation of net rental income, based on a rate of return that includes the site's characteristics and rental income (also including variable rent and market rent of vacant premises, adjusted for all charges incumbent upon the owner).

These valuations are conducted in accordance with the criteria set out in the Red Book – Appraisal and Valuation Standards, published by the Royal Institution of Chartered Surveyors. The surveyors' assignments were all carried out in accordance with the recommendations of the COB/AMF "Barthes de Ruyter working group" and comply fully with the instructions of the Appraisal Charter of Real Estate Valuation (Charte de l'Expertise en Evaluation Immobilière) updated in 2017. Surveyors are paid lump-sum compensation based on the size and complexity of the appraised properties. Compensation is therefore totally independent of the results of the valuation assessment.

The value of the portfolio breaks down by appraiser as follows

Appraiser	Portfolio	% of value, incl. transfer duties
Jones Lang LaSalle	France & International	43%
Cushman & Wakefield	France & International	56%
CBRE	France	1%

The methods used by JLL, C&W and Accuracy use the discounted cash flow method (DCF) in conjunction with a terminal value based on normalised cash flow. JLL and C&W provide a single appraisal value, while Accuracy provides a range of values calculated using different scenarios. In addition to its DCF valuation, Accuracy also provides a valuation based on listed peer group comparables. 8Advisory uses a multi-criteria DCF-based approach, an approach using multiples from listed peer Group comparables and multiples from comparable transactions.

Tax

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

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

Transfer Taxes

Investment properties have been recognised in the IFRS consolidated financial statements at appraisal value excluding transfer taxes. To calculate Going Concern NAV, however, transfer duties were added back in the same amount. In Altarea's NNNAV, duties are deducted either on the basis of a transfer of securities or building by building based on the legal status of the organisation holding the asset.

Partners' share

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

1.4 Financial resources

1.4.1 Highlights

Confirmation of the BBB credit rating

On 25 September 2019, S&P Global confirmed the "BBB, Investment Grade, stable outlook" financial rating for both Altarea and Altareit, the listed subsidiary operating the Group's development activities.

Successful €500 million rated bond issue maturing in 2028

Following this confirmation, Altarea successfully placed, in October 2019, a €500 million rated bond with maturity of 8 years and 3 months, offering a coupon of 1.875%. The proceeds from this issue were used in the amount of €416 million to refinance mortgage loans.

Further to this transaction, the percentage of debt secured via assets fell from 33% to 15%, thereby reinforcing the Group's corporate signature.

Strengthening of equity by €93.8 million

With a subscription rate of 92.6%, the success of the option for the partial payment of the dividend in shares has enabled the Group to strengthen its equity by €93.8 million.

1.4.2 Financial position

Group net debt: €2,475 million

As at 31 December 2019, the Group's net financial debt stood at €2,475 million, almost stable compared to 31 December 2018 (+€26 million).

The average duration was 4 years and 9 months[1] (almost stable).

(€ millions)	31/12/2019	31/12/2018
Corporate and bank debt	226	186
Credit markets [a]	2,370	1,663
Mortgage debt	505	1,020
Debt on property development programmes	205	258
TOTAL GROSS DEBT	**3,306**	**3,128**
Cash and cash equivalents	(830)	(679)
TOTAL NET DEBT	**2,475**	**2,449**

(a) This amount includes bond debt and €709.5 million of NEU CP and NEU MTN.

(€ millions)	REIT division	Property Development	Total
Corporate and bank debt	78	148	226
Credit markets [a]	1,704	666	2,370
Mortgage debt	505	–	505
Debt on property development programmes	–	205	205
TOTAL GROSS DEBT	**2,287**	**1,019**	**3,306**
Cash and cash equivalents	(145)	(685)	(830)
TOTAL NET DEBT	**2,142**	**334**	**2,475**

(a) This amount includes bond debt and €709.5 million of NEU CP and NEU MTN.

Taking into account the impacts of the creation of the "Alta Commerces Europe" fund in early 2020 (the execution of this transaction is pending, all the conditions are fulfilled), the Group has financial liabilities of €2,275 million, down by €200 million.

(1) Excluding NEU CP (Negotiable EUropean Commercial Paper), NEU MTN (Negotiable EUropean Medium Term Note) and development borrowing.

€395 million in new long-term financing

Since the start of the year, the Group has put in place bank financing for a total of €395 million including €315 million in the form of revolving loans with an average term of 5 years.

At the same time, the Group repaid €229 million of revolving loans with shorter maturities and at a higher cost, as well as the repayment of a €150 million bond at year end.

Short and medium-term negotiable securities

The Group has two NEU CP programmes (maturity under or equal to 1 year, formerly called commercial paper) and two NEU MTN programmes (maturity above 1 year, formerly called medium term negotiable notes) for the Altarea and Altareit companies. As of 31 December 2019, the amounts outstanding broke down as follows:

- €424.5 million of NEU CP for Altarea;
- €285.0 million of NEU CP and €30.0 million of NEU MTN for Altareit.

In early 2020, Altareit completed several NEU MTN transactions with terms of between 18 and 24 months, with the aim of taking more frequent action in this market which is particularly well suited to promotion cycles.

Available liquidity

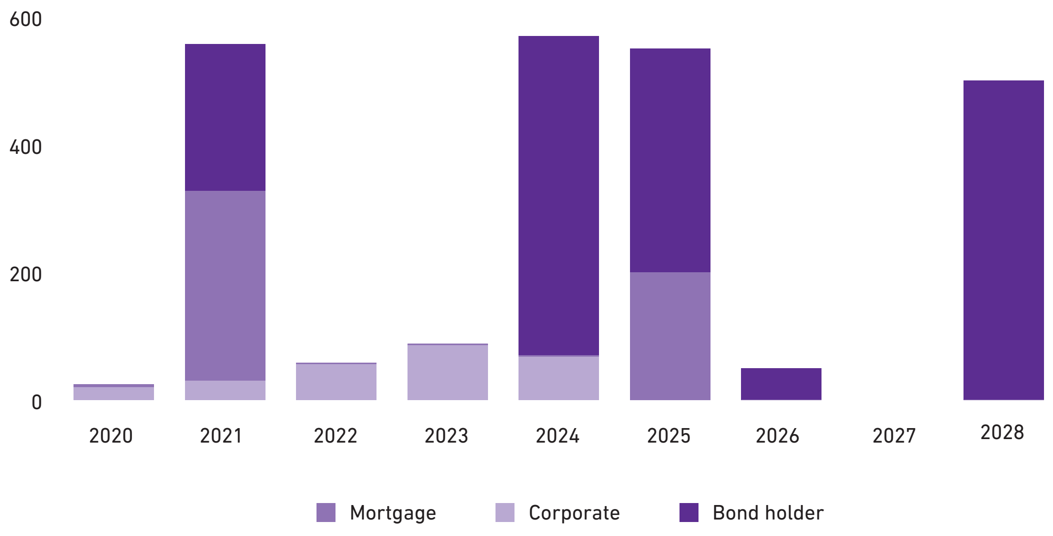
As at 31 December 2019, available cash and cash equivalents, to be drawn at any time and immediately, was composed of:

- €318.7 million in cash;
- €962.7 million of unused revolving credit lines.

This available cash and cash equivalents includes €709.5 million in treasury notes with an average duration of about 5 months.

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

The chart below (in € millions) presents the Group's debt by maturity at 31 December 2019.



The Group has no material debt due to mature before 2024 other than:

- a mortgage repayment of €295 million due in 2021 (borrowing for Cap 3000, the refinancing of which was simple);
- and a maturing bond (Euro PP) of €230 million in 2021.

Debt due in 2024 corresponds to the term of the bond issued in 2017 by Altarea.

The 2025 maturity date corresponds mainly to the 350 million bond issuance completed by Altareit.

(1) *Debt drawn at 31 December 2019, excluding property development debt, NEU CP and NEU MTM.*

1.4.3 Financing strategy

Historically, the Group has been financed either via the mortgage markets or the bank lending markets (revolving loans or term loans). Financing was put in place at variable rates and then hedged using long-term swaps or caps (micro-hedging and macro-hedging).

For a few years now, the Group has completely modified this financing structure, with recourse now being mainly to the lending markets. This trend was accelerated in 2018 with the Group's S&P Global rating. Today, the Group is using a wide range of instruments on offer in the lending markets (Euro PP, NEU CP, NEU MTN, public bond issuances).

This structural modification to the financial methods used and the increasing recourse to fixed-rate bonds have rendered the previous hedging strategy obsolete. This is why, in early January 2020, the Group completed a major restructuring of its swaps portfolio (cancellations), enabling it to avoid excessive hedging in the short term.

Hedging: nominal amount and average rate

The following table sets out the hedging profile after restructuring:

Maturity	Swap *(€M)*[(a)]	Fixed-rate debt *(€M)*[(a)]	Total *(€M)*[(a)]	Average swap rate[(b)]
2020	833	1,248	2,082	0.67%
2021	583	1,068	1,650	0.60%
2022	582	1,067	1,649	0.60%
2023	581	1,066	1,647	0.60%
2024	580	966	1,545	0.56%
2025	–	550	550	-0.09%
2026	–	550	550	-0.09%

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

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

Average cost of debt: 2.21%[(1)]

The increase in the average cost of debt (2.21% at 31 December 2019 compared with 1.94% at 31 December 2018) reflects the transition period regarding the Group's financing structure, with increased recourse to long-term fixed-rate bonds, which is progressively being used to replace mortgage financing.

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

1.4.4 Financial ratios and ratings

Net Debt to EBITDA ratio

At 31 December 2019, the Net Debt to EBITDA ratio(1) was 5.9x compared with 6.5x in 2018 and 7.10x in 2017 compared with 8.83x in 2016.

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

Loan to Value (LTV)

The LTV ratio compares consolidated net bond and bank debt to the consolidated market value of Group assets. At 31 December 2019, its was 33.2% (compared to 34.9% at 31 December 2018) in line with the overall long-term objective of the Group, which is about 40%.

The above debt ratios do not take into account the creation of the "Alta Commerces Europe" fund which was agreed in 2019 and pending execution (all the conditions are fulfilled).

The expected impact of this operation on the Group's consolidated net debt will amount to -€200 million(2).

At 31/12/2019	In €M
Gross debt	3,306
Cash and cash equivalents	(830)
Consolidated net debt	**2,475**
Shopping centres at value (FC)(a)	4,103
Shopping centres at value (FC) intended for sale	342
Shopping centres at value (EM affiliates' securities)(b)	182
Investment properties valued at cost(c)	510
Business property investments(d)	352
Enterprise value of Property Development	1,969
Market value of assets	**7,457**
LTV RATIO	**33.2%**

(a) Market value (including transfer taxes) of shopping centres in operation recognised according to the fully consolidated method.
(b) Market value (including transfer taxes) of shares of equity-method affiliates carrying shopping centres and other retail assets.
(c) Net book value of investment properties in development valued at cost.
(d) Market value (including transfer taxes) of shares in companies consolidated using the equity method holding investments in Office Property and other Office Property assets.

Covenants

	Covenant	31/12/2019	31/12/2018 restated	Delta
LTV(a)	≤ 60%	33.2%	34.9%	(1.7) pt
ICR(b)	≥ 2.0 x	7.3 x	8.0 x	(0.7x)

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

At 31 December 2019, the financial position of the Group fully satisfied all of the covenants of its various credit contracts.

(1) FFO Operating income over net bond and bank debt.
(2) Proforma of this transaction, the Group's net financial debt (bank debt and bonds) came to €2,275 m, LTV was 31.4% and the net debt/EBITDA ratio was 5.4x.

Consolidated income statement by segment

	31/12/2019			31/12/2018 restated*		
(€ millions)	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Rental income	208.4	–	208.4	188.9	–	188.9
Other expenses	(17.6)	–	(17.6)	(21.8)	–	(21.8)
Net rental income	**190.8**	**–**	**190.8**	**167.1**	**–**	**167.1**
External services	19.0	–	19.0	19.9	–	19.9
Own work capitalised and production held in inventory	6.5	–	6.5	5.3	–	5.3
Operating expenses	(42.6)	(3.2)	(45.8)	(48.5)	(3.7)	(52.2)
Net overhead expenses	**(17.1)**	**(3.2)**	**(20.3)**	**(23.4)**	**(3.7)**	**(27.1)**
Share of equity-method affiliates	**6.0**	**(6.4)**	**(0.3)**	**11.7**	**(8.6)**	**3.1**
Net allowances for depreciation and impairment	**–**	**(7.7)**	**(7.7)**	**–**	**(2.5)**	**(2.5)**
Income/loss on sale of assets	**–**	**0.7**	**0.7**	**0.8**	**180.3**	**181.1**
Income/loss in the value of investment property	**–**	**71.1**	**71.1**	**–**	**(99.4)**	**(99.4)**
Transaction costs	**–**	**(1.2)**	**(1.2)**	**–**	**(5.1)**	**(5.1)**
OPERATING INCOME - RETAIL	**179.8**	**53.4**	**233.2**	**156.3**	**61.1**	**217.4**
Revenue	2,283.1	–	2,283.1	1,844.1	–	1,844.1
Cost of sales and other expenses	(2,075.0)	(0.6)	(2,075.6)	(1,662.3)	–	(1,662.3)
Net property income	**208.1**	**(0.6)**	**207.5**	**181.8**	**–**	**181.8**
External services	11.2	–	11.2	4.1	–	4.1
Production held in inventory	157.8	–	157.8	135.3	–	135.3
Operating expenses	(220.0)	(16.3)	(236.4)	(200.6)	(11.8)	(212.4)
Net overhead expenses	**(51.0)**	**(16.3)**	**(67.4)**	**(61.1)**	**(11.8)**	**(72.9)**
Share of equity-method affiliates	**18.2**	**(5.5)**	**12.7**	**12.6**	**19.1**	**31.7**
Net allowances for depreciation and impairment	**–**	**(15.1)**	**(15.1)**	**–**	**(4.1)**	**(4.1)**
Transaction costs	**–**	**(1.5)**	**(1.5)**	**–**	**(1.7)**	**(1.7)**
OPERATING INCOME - RESIDENTIAL	**175.3**	**(39.0)**	**136.3**	**133.2**	**1.5**	**134.8**
Revenue	577.0	–	577.0	317.7	–	317.7
Cost of sales and other expenses	(565.1)	–	(565.1)	(298.7)	–	(298.7)
Net property income	**11.9**	**–**	**11.9**	**19.0**	**–**	**19.0**
External services	10.9	–	10.9	27.5	–	27.5
Production held in inventory	24.7	–	24.7	20.0	–	20.0
Operating expenses	(35.1)	(3.7)	(38.8)	(47.1)	(2.4)	(49.6)
Net overhead expenses	**0.6**	**(3.7)**	**(3.1)**	**0.4**	**(2.4)**	**(2.0)**
Share of equity-method affiliates	**60.2**	**(10.6)**	**49.6**	**74.6**	**(12.8)**	**61.8**
Net allowances for depreciation and impairment	**–**	**(3.0)**	**(3.0)**	**–**	**(1.4)**	**(1.4)**
Income/loss in the value of investment property	**–**	**1.3**	**1.3**	**–**	**–**	**–**
OPERATING INCOME - BUSINESS PROPERTY	**72.6**	**(15.9)**	**56.7**	**94.0**	**(16.6)**	**77.4**
Others (Corporate)	(9.4)	(1.3)	(10.7)	(3.0)	(10.0)	(13.0)
Operating income	418.4	(2.9)	415.5	380.4	36.1	416.6

* *Restated to take into account the clarification made to IAS 23 - Borrowing costs on the non-compounding of interest expenses relating to property development programmes.*

(€ millions)	31/12/2019 Funds from operations (FFO)	31/12/2019 Changes in value, estimated expenses and transaction costs	31/12/2019 Total	31/12/2018 restated* Funds from operations (FFO)	31/12/2018 restated* Changes in value, estimated expenses and transaction costs	31/12/2018 restated* Total
Net borrowing costs	**(57.2)**	**(21.3)**	**(78.5)**	**(47.5)**	**(9.6)**	**(57.1)**
Other financial results	–	–	–	–	2.1	2.1
Discounting of debt and receivables	–	2.1	2.1	–	(0.2)	(0.2)
Change in value and income from disposal of financial instruments	–	(65.2)	(65.2)	–	(38.2)	(38.2)
Net gain/(loss) on disposal of investments	**–**	**(1.9)**	**(1.9)**	**–**	**(2.2)**	**(2.2)**
Dividends	**0.6**	**–**	**0.6**	**0.0**	**–**	**0.0**
Profit before tax	**361.8**	**(89.3)**	**272.4**	**333.0**	**(11.9)**	**321.0**
Corporate income tax	**(7.1)**	**(29.8)**	**(36.9)**	**(8.4)**	**(28.0)**	**(36.4)**
NET INCOME	**354.7**	**(119.2)**	**235.5**	**324.6**	**(40.0)**	**284.6**
Non-controlling interests	(55.9)	54.1	(1.8)	(52.2)	19.8	(32.4)
Net income, Group share	298.8	(65.1)	233.7	272.4	(20.2)	252.3
Diluted average number of shares	**16,393,265**	**16,393,265**	**16,393,265**	**15,992,352**	**15,992,352**	**15,992,352**
NET INCOME, GROUP SHARE PER SHARE	**18.23**	**(3.97)**	**14.26**	**17.03**	**(1.26)**	**15.77**

* *Restated to take into account the clarification made to IAS 23 - Borrowing costs on the non-compounding of interest expenses relating to property development programmes.*

Consolidated balance sheet

(€ millions)	31/12/2019	31/12/2018 restated*
Non-current assets	**5,455.4**	**5,289.0**
Intangible assets	331.4	313.7
o/w Goodwill	*209.4*	*194.3*
o/w Brands	*105.4*	*100.7*
o/w Client relations	*0.6*	–
o/w Other intangible assets	*16.1*	*18.8*
Property plant and equipment	20.9	20.6
Right-of-use on tangible and intangible fixed assets	23.4	–
Investment properties	4,472.1	4,526.2
o/w Investment properties in operation at fair value	*3,826.2*	*3,931.3*
o/w Investment properties under development and under construction at cost	*509.3*	*594.9*
o/w Right-of-use on Investment properties	*136.7*	–
Securities and investments in equity affiliates and unconsolidated interests	565.7	387.4
Loans and receivables (non-current)	10.6	10.6
Deferred tax assets	31.2	30.5
Current assets	**3,632.4**	**2,730.3**
Net inventories and work in progress	1,064.5	986.6
Contract assets	564.9	444.4
Trade and other receivables	799.9	566.7
Income tax credit	9.4	14.6
Loans and receivables (current)	27.3	37.4
Derivative financial instruments	1.2	2.2
Cash and cash equivalents	830.2	678.5
Assets held for sale	335.0	–
TOTAL ASSETS	**9,087.9**	**8,019.3**

* *Restated as at 31 December 2018 to take into account the clarification made to IAS 23 - Borrowing costs on the non-compounding of interest expenses relating to property development programmes.*

(€ millions)	31/12/2019	31/12/2018 restated*
Equity	**3,335.5**	**3,229.4**
Equity attributable to Altarea SCA shareholders	**2,144.4**	**2,000.1**
Capital	255.2	245.4
Other paid-in capital	311.8	407.9
Reserves	1,343.8	1,094.6
Income associated with Altarea SCA shareholders	233.7	252.3
Equity attributable to minority shareholders of subsidiaries	**1,191.1**	**1,229.3**
Reserves associated with minority shareholders of subsidiaries	994.2	1,001.8
Other equity components, Subordinated Perpetual Notes	195.1	195.1
Income associated with minority shareholders of subsidiaries	1.8	32.4
Non-current liabilities	**2,823.7**	**2,629.3**
Non-current borrowings and financial liabilities	2,708.5	2,560.6
o/w Participating loans and advances from associates	*77.9*	*76.3*
o/w Bond issues	*1,613.5*	*1,117.4*
o/w Borrowings from lending establishments	*837.5*	*1,367.0*
o/w Treasury notes	*30.0*	–
o/w Medium-term marketable securities	*11.1*	–
o/w Contractual fees on investment properties	*138.5*	–
Long-term provisions	25.1	21.6
Deposits and security interests received	36.7	32.6
Deferred tax liability	53.4	14.5
Current liabilities	**2,928.6**	**2,160.6**
Current borrowings and financial liabilities	1,016.0	741.9
o/w Bond issues	*16.9*	*164.9*
o/w Borrowings from lending establishments	*95.4*	*94.1*
o/w Negotiable European Commercial Paper	*709.5*	*381.0*
o/w Bank overdrafts	*2.7*	*3.5*
o/w Advances from Group shareholders and partners	*174.4*	*98.4*
o/w Lease liabilities	*12.1*	–
o/w Contractual fees on investment properties	*4.9*	–
Derivative financial instruments	98.2	67.2
Contract liabilities	168.8	105.7
Trade and other payables	1,639.6	1,239.8
Tax due	6.1	6.0
TOTAL LIABILITIES	**9,087.9**	**8,019.3**

* *Restated as at 31 December 2018 to take into account the clarification made to IAS 23 - Borrowing costs on the non-compounding of interest expenses relating to property development programmes.*

2

CONSOLIDATED FINANCIAL STATEMENTS 2019

2.1 Financial statements

Consolidated balance sheet

In € millions	Note	31/12/2019	31/12/2018 restated
Non-current assets		**5,455.4**	**5,289.0**
Intangible assets	7.2	331.4	313.7
o/w Goodwill		*209.4*	*194.3*
o/w Brands		*105.4*	*100.7*
o/w Client relations		*0.6*	*–*
o/w Other intangible assets		*16.1*	*18.8*
Property, plant and equipment		20.9	20.6
Right-of-use on tangible and intangible fixed assets	7.3	23.4	–
Investment properties	7.1	4,472.1	4,526.2
o/w Investment properties in operation at fair value		3,826.2	3,931.3
o/w Investment properties under development and under construction at cost		509.3	594.9
o/w Right-of-use on investment properties		136.7	–
Securities and investments in equity affiliates and unconsolidated interests	4.5	565.7	387.4
Loans and receivables (non-current)		10.6	10.6
Deferred tax assets	5.3	31.2	30.5
Current assets		**3,632.4**	**2,730.3**
Net inventories and work in progress	7.4	1,064.5	986.6
Contract assets	7.4	564.9	444.4
Trade and other receivables	7.4	799.9	566.7
Income tax credit		9.4	14.6
Loans and receivables (current)		27.3	37.4
Derivative financial instruments	8	1.2	2.2
Cash and cash equivalents	6.2	830.2	678.5
Assets held for sale	7.1	335.0	–
TOTAL ASSETS		**9,087.9**	**8,019.3**

In € millions	Note	31/12/2019	31/12/2018 restated
Equity		**3,335.5**	**3,229.4**
Equity attributable to Altarea SCA shareholders		**2,144.4**	**2,000.1**
Capital	6.1	255.2	245.4
Other paid-in capital		311.8	407.9
Reserves		1,343.8	1,094.6
Income associated with Altarea SCA shareholders		233.7	252.3
Equity attributable to minority shareholders of subsidiaries		**1,191.1**	**1,229.3**
Reserves associated with minority shareholders of subsidiaries		994.2	1,001.8
Other equity components, Subordinated Perpetual Notes		195.1	195.1
Income associated with minority shareholders of subsidiaries		1.8	32.4
Non-current liabilities		**2,823.7**	**2,629.3**
Non-current borrowings and financial liabilities	6.2	2,708.5	2,560.6
o/w Participating loans and advances from associates		*77.9*	*76.3*
o/w Bond issues		*1,613.5*	*1,117.4*
o/w Borrowings from lending establishments		*837.5*	*1,367.0*
o/w Negociable European Medium Term Note		*30.0*	–
o/w Lease liabilities		*11.1*	–
o/w Contractual fees on investment properties		*138.5*	–
Long-term provisions	6.3	25.1	21.6
Deposits and security interests received		36.7	32.6
Deferred tax liability	5.3	53.4	14.5
Current liabilities		**2,928.6**	**2,160.6**
Current borrowings and financial liabilities	6.2	1,016.0	741.9
o/w Bond issues		*16.9*	*164.9*
o/w Borrowings from lending establishments		*95.4*	*94.1*
o/w Negociable European Commercial Paper		*709.5*	*381.0*
o/w Bank overdrafts		*2.7*	*3.5*
o/w Advances from Group shareholders and partners		*174.4*	*98.4*
o/w Lease liabilities		*12.1*	–
o/w Contractual fees on investment properties		*4.9*	–
Derivative financial instruments	8	98.2	67.2
Contract liabilities	7.4	168.8	105.7
Trade and other payables	7.4	1,639.6	1,239.8
Tax due		6.1	6.0
TOTAL LIABILITIES		**9,087.9**	**8,019.3**

Restated as at 31 December 2018 to take into account the clarification made to IAS 23 – Borrowing costs on the non-capitalisation of interest expenses relating to property development programmes.

Statement of consolidated comprehensive income

In € millions	Note	31/12/2019	31/12/2018 restated
Rental income		208.4	188.9
Property expenses		(2.5)	(5.4)
Unrecoverable rental expenses		(10.1)	(11.1)
Expenses re-invoiced to tenants		*60.3*	–
Rental expenses		(70.4)	–
Other expenses		(0.1)	(2.5)
Net charge to provisions for current assets		(5.0)	(2.8)
Net rental income	5.1	**190.8**	**167.1**
Revenue		2,860.2	2,164.9
Cost of sales		(2,479.0)	(1,842.3)
Other income		(132.1)	(111.7)
Net charge to provisions for current assets		(29.7)	(9.4)
Amortisation of customer relationships		(0.6)	–
Net property income	5.1	**218.8**	**201.5**
External services		41.2	51.8
Own work capitalised and production held in inventory		189.0	160.6
Personnel costs		(237.4)	(213.8)
Other overhead expenses		(87.2)	(96.7)
Depreciation expenses on operating assets		(23.9)	(9.6)
Net overhead expenses		**(118.2)**	**(107.6)**
Other income and expenses		(0.4)	(10.6)
Depreciation expenses		(5.4)	(1.7)
Transaction costs		(2.9)	(8.9)
Others		**(8.6)**	**(21.2)**
Proceeds from disposal of investment assets		172.7	46.5
Carrying amount of assets sold		(173.1)	(42.1)
Net charge to provisions for risks and contingencies		0.8	–
Net gain/(loss) on disposal of investment assets		**0.3**	**4.4**
Change in value of investment properties	7.1	86.1	(89.7)
Net impairment losses on investment properties measured at cost		(13.6)	(9.7)
Net impairment losses on other non-current assets		(0.5)	(0.6)
Net charge to provisions for risks and contingencies		(1.9)	(0.2)
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**353.2**	**144.0**
Share in earnings of equity-method affiliates	4.5	59.2	55.9
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**412.4**	**199.9**
Net borrowing costs	5.2	(78.5)	(57.1)
Financial expenses		*(89.5)*	*(73.3)*
Financial income		*11.0*	*16.2*
Other financial results		–	2.1
Change in value and income from disposal of financial instruments	5.2	(65.2)	(38.2)
Discounting of debt and receivables		2.1	(0.2)
Net gain/(loss) on disposal of investments		1.1	214.5
Dividends		0.6	0.0
Profit before tax		**272.4**	**321.0**
Income tax	5.3	(36.9)	(36.4)
NET INCOME		**235.5**	**284.6**
o/w attributable to shareholders of Altarea SCA		**233.7**	**252.3**
o/w attributable to minority interests in subsidiaries		1.8	32.4
Average number of non-diluted shares		16,203,050	15,791,325
Net income per share attributable to shareholders of Altarea SCA *(in euros)*	**5.4**	**14.42**	**15.97**
Diluted average number of shares		16,393,265	15,992,352
Diluted net income per share attributable to shareholders of Altarea SCA *(in euros)*	**5.4**	**14.26**	**15.77**

Restated as at 31 December 2018 by the clarification made to IAS 23 – Borrowing costs on the non-capitalisation of interest expenses relating to property development programmes.

Other comprehensive income

In € millions	31/12/2019	31/12/2018 restated
NET INCOME	**235.5**	**284.6**
Actuarial differences on defined-benefit pension plans	(0.7)	0.5
o/w Taxes	*0.2*	*(0.1)*
Subtotal of comprehensive income items that may not be reclassified to profit or loss	**(0.7)**	**0.5**
OTHER COMPREHENSIVE INCOME	**(0.7)**	**0.5**
CONSOLIDATED COMPREHENSIVE INCOME	**234.8**	**285.2**
o/w Net comprehensive income attributable to Altarea SCA shareholders	233.0	252.8
o/w Net comprehensive income attributable to minority interests in subsidiaries	1.8	32.4

Consolidated cash flows statement

In € millions	Note	31/12/2019	31/12/2018 restated
Cash flow from operating activities			
Net income		**235.5**	**284.6**
Elimination of income tax expense (income)	5.3	36.9	36.4
Elimination of net interest expense (income)		78.1	54.7
Net income before tax and before net interest expense (income)		**350.5**	**375.7**
Elimination of share in earnings of equity-method subsidiaries	4.5	(59.2)	(55.9)
Elimination of depreciation and impairment		32.6	12.5
Elimination of value adjustments	7.1/5.2	(7.9)	138.5
Elimination of net gains/(losses) on disposals[a]		(0.9)	(221.1)
Elimination of dividend income		(0.6)	(0.0)
Estimated income and expenses associated with share-based payments	6.1	14.7	19.6
Net cash flow		**329.3**	**269.4**
Tax paid		(1.3)	(19.4)
Impact of change in operational working capital requirement (WCR)	7.4	10.3	(38.5)
CASH FLOW FROM OPERATIONS		**338.3**	**211.4**
Cash flow from investment activities			
Net acquisitions of assets and capitalised expenditures	7.1	(192.0)	(214.3)
Gross investments in equity-method subsidiaries and non-consolidated investments	4.5	(212.1)	(47.2)
Acquisitions of consolidated companies, net of cash acquired	4.3	(62.9)	(45.6)
Other changes in Group structure		7.1	2.4
Increase in loans and advances		(12.2)	(11.8)
Sale of non-current assets and reimbursement of advances and down payments[a]		217.3	45.8
Disposals of holdings in equity-method subsidiaries and non-consolidated investments	4.5	26.5	170.8
Disposals of consolidated companies, net of cash transferred		8.3	202.3
Reduction in loans and other financial investments		34.4	13.9
Net change in investments and derivative financial instruments		(35.8)	(0.0)
Dividends received		44.5	29.1
Interest income		22.0	17.4
CASH FLOW FROM INVESTMENT ACTIVITIES		**(154.8)**	**162.8**
Cash flow from financing activities			
Capital increase		5.7	1.8
Minority interests share in capital increases in subsidiaries		–	1.2
Dividends paid to Altarea SCA shareholders	6.1	(111.8)	(200.8)
Dividends paid to minority shareholders of subsidiaries		(48.0)	(35.7)
Issuance of debt and other financial liabilities	6.2	1,891.3	1,190.4
Repayment of borrowings and other financial liabilities	6.2	(1,662.0)	(1,747.8)
Repayment of lease liabilities	6.2	(22.7)	–
Net sales (purchases) of treasury shares	6.1	0.4	(18.6)
Net change in security deposits and guarantees received		3.8	0.4
Interest paid		(87.8)	(58.5)
CASH FLOW FROM FINANCING ACTIVITIES		**(31.0)**	**(867.5)**
CHANGE IN CASH BALANCE		**152.4**	**(493.3)**
Cash balance at the beginning of the year	6.2	**675.0**	**1,168.3**
Cash and cash equivalents		678.5	1,169.1
Bank overdrafts		(3.5)	(0.8)
Cash balance at period-end	6.2	**827.5**	**675.0**
Cash and cash equivalents		830.2	678.5
Bank overdrafts		(2.7)	(3.5)

Restated as at 31 December 2018 to take into account the clarification made to IAS 23 – Borrowing costs on the non-capitalisation of interest expenses relating to property development programmes.

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

Changes in consolidated equity

In € millions	Capital	Other paid-in capital	Elimination of treasury shares	Reserves and retained earnings	Equity attributable to Altarea SCA shareholders	Equity attributable to minority shareholders of subsidiaries	Equity
AT 1 JANUARY 2018	**245.3**	**563.2**	**(54.0)**	**1,150.2**	**1,904.8**	**1,259.9**	**3,164.7**
Impacts of first-time application of IFRS 15 and IAS 23 on the opening balances				**41.0**	**41.0**	**5.3**	**46.3**
Net Income	–	–	–	*252.3*	*252.3*	*32.4*	*284.6*
Actuarial difference relating to pension obligations	–	–	–	*0.5*	*0.5*	*0.0*	*0.5*
Comprehensive income	**–**	**–**	**–**	**252.8**	**252.8**	**32.4**	**285.2**
Dividend distribution	–	*(157.1)*	–	*(43.7)*	*(200.8)*	*(53.2)*	*(254.0)*
Capital increase	*0.1*	*1.7*	–	–	*1.8*[(a)]	*1.2*	*3.1*
Measurement of share-based payments	–	–	–	*13.4*	*13.4*	*0.0*	*13.4*
Elimination of treasury shares	–	–	*(0.6)*	*(12.2)*	*(12.9)*	–	*(12.9)*
Transactions with shareholders	**0.1**	**(155.4)**	**(0.6)**	**(42.5)**	**(198.4)**	**(52.0)**	**(250.4)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	(0.0)	(0.0)	(16.3)	(16.3)
Changes in ownership interests associated with taking or losing control of subsidiaries	0.0	–	–	–	0.0	(0.0)	(0.0)
Others	–	–	–	0.0	0.0	(0.0)	(0.0)
AS OF 31 DECEMBER 2018 – RESTATED	**245.4**	**407.9**	**(54.6)**	**1,401.4**	**2,000.1**	**1,229.3**	**3,229.4**
Impact of first-time application of IFRS 16 on the opening balances				**0.3**	**0.3**	**(0.0)**	**0.3**
Net Income	–	–	–	*233.7*	*233.7*	*1.8*	*235.5*
Actuarial difference relating to pension obligations	–	–	–	*(0.7)*	*(0.7)*	*(0.0)*	*(0.7)*
Comprehensive income	**–**	**–**	**–**	**233.0**	**233.0**	**1.8**	**234.8**
Dividend distribution	–	*(185.8)*	–	*(19.8)*	*(205.6)*	*(40.0)*	*(245.7)*
Capital increase	*9.8*	*89.8*	–	*(0.0)*	*99.5*[(b)]	*0.0*	*99.5*
Measurement of share-based payments	–	–	–	*10.5*	*10.5*	*0.0*	*10.5*
Elimination of treasury shares	–	–	*21.5*	*(14.9)*	*6.5*	–	*6.5*
Transactions with shareholders	**9.8**	**(96.1)**	**21.5**	**(24.3)**	**(89.1)**	**(40.0)**	**(129.1)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	(0.0)	(0.0)	0.1	0.1
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	–	–	–
Others	–	–	–	0.1	0.1	(0.1)	(0.0)
AT 31 DECEMBER 2019	**255.2**	**311.8**	**(33.1)**	**1,610.6**	**2,144.4**	**1,191.1**	**3,335.5**

(a) Capital increase at Altarea SCA reserved on acquisition of the company SND in October 2018.
(b) Capital increase at Altarea SCA by partial conversion into shares of the dividend distributed in 2019 (option on 50% of the highest dividend).

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

2.2 Notes – Consolidated income statement by segment

In € millions	31/12/2019			31/12/2018 restated		
	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Rental income	208.4	–	208.4	188.9	–	188.9
Other expenses	(17.6)	–	(17.6)	(21.8)	–	(21.8)
Net rental income	**190.8**	**–**	**190.8**	**167.1**	**–**	**167.1**
External services	19.0	–	19.0	19.9	–	19.9
Own work capitalised and production held in inventory	6.5	–	6.5	5.3	–	5.3
Operating expenses	(42.6)	(3.2)	(45.8)	(48.5)	(3.7)	(52.2)
Net overhead expenses	**(17.1)**	**(3.2)**	**(20.3)**	**(23.4)**	**(3.7)**	**(27.1)**
Share of equity-method affiliates	**6.0**	**(6.4)**	**(0.3)**	**11.7**	**(8.6)**	**3.1**
Net allowances for depreciation and impairment	**–**	**(7.7)**	**(7.7)**	**–**	**(2.5)**	**(2.5)**
Income/loss on sale of assets	**–**	**0.7**	**0.7**	**0.8**	**180.3**	**181.1**
Income/loss in the value of investment property	**–**	**71.1**	**71.1**	**–**	**(99.4)**	**(99.4)**
Transaction costs	**–**	**(1.2)**	**(1.2)**	**–**	**(5.1)**	**(5.1)**
Operating income – Retail	**179.8**	**53.4**	**233.2**	**156.3**	**61.1**	**217.4**
Revenue	2,283.1	–	2,283.1	1,844.1	–	1,844.1
Cost of sales and other expenses	(2,075.0)	(0.6)	(2,075.6)	(1,662.3)	–	(1,662.3)
Net property income	**208.1**	**(0.6)**	**207.5**	**181.8**	**–**	**181.8**
External services	11.2	–	11.2	4.1	–	4.1
Production held in inventory	157.8	–	157.8	135.3	–	135.3
Operating expenses	(220.0)	(16.3)	(236.4)	(200.6)	(11.8)	(212.4)
Net overhead expenses	**(51.0)**	**(16.3)**	**(67.4)**	**(61.1)**	**(11.8)**	**(72.9)**
Share of equity-method affiliates	**18.2**	**(5.5)**	**12.7**	**12.6**	**19.1**	**31.7**
Net allowances for depreciation and impairment	**–**	**(15.1)**	**(15.1)**	**–**	**(4.1)**	**(4.1)**
Transaction costs	**–**	**(1.5)**	**(1.5)**	**–**	**(1.7)**	**(1.7)**
Operating income – Residential	**175.3**	**(39.0)**	**136.3**	**133.2**	**1.5**	**134.8**
Revenue	577.0	–	577.0	317.7	–	317.7
Cost of sales and other expenses	(565.1)	–	(565.1)	(298.7)	–	(298.7)
Net property income	**11.9**	**–**	**11.9**	**19.0**	**–**	**19.0**
External services	10.9	–	10.9	27.5	–	27.5
Production held in inventory	24.7	–	24.7	20.0	–	20.0
Operating expenses	(35.1)	(3.7)	(38.8)	(47.1)	(2.4)	(49.6)
Net overhead expenses	**0.6**	**(3.7)**	**(3.1)**	**0.4**	**(2.4)**	**(2.0)**
Share of equity-method affiliates	**60.2**	**(10.6)**	**49.6**	**74.6**	**(12.8)**	**61.8**
Net allowances for depreciation and impairment	**–**	**(3.0)**	**(3.0)**	**–**	**(1.4)**	**(1.4)**
Income/loss in the value of investment property	**–**	**1.3**	**1.3**	**–**	**–**	**–**
Transaction costs	**–**	**–**	**–**	**–**	**–**	**–**
Operating income – Business property	**72.6**	**(15.9)**	**56.7**	**94.0**	**(16.6)**	**77.4**
Others (Corporate)	(9.4)	(1.3)	(10.7)	(3.0)	(10.0)	(13.0)
OPERATING INCOME	**418.4**	**(2.9)**	**415.5**	**380.4**	**36.1**	**416.6**
Net borrowing costs	**(57.2)**	**(21.3)**	**(78.5)**	**(47.5)**	**(9.6)**	**(57.1)**
Other financial results	**–**	**–**	**–**	**–**	**2.1**	**2.1**
Discounting of debt and receivables	**–**	**2.1**	**2.1**	**–**	**(0.2)**	**(0.2)**
Change in value and income from disposal of financial instruments	**–**	**(65.2)**	**(65.2)**	**–**	**(38.2)**	**(38.2)**
Net gain/(loss) on disposal of investments	**–**	**(1.9)**	**(1.9)**	**–**	**(2.2)**	**(2.2)**
Dividends	**0.6**	**–**	**0.6**	**0.0**	**–**	**0.0**
PROFIT BEFORE TAX	**361.8**	**(89.3)**	**272.4**	**333.0**	**(11.9)**	**321.0**
Corporate income tax	(7.1)	(29.8)	(36.9)	(8.4)	(28.0)	(36.4)
NET INCOME	**354.7**	**(119.2)**	**235.5**	**324.6**	**(40.0)**	**284.6**
Non-controlling interests	(55.9)	54.1	(1.8)	(52.2)	19.8	(32.4)
NET INCOME, GROUP SHARE	**298.8**	**(65.1)**	**233.7**	**272.4**	**(20.2)**	**252.3**
Diluted average number of shares	16,393,265	16,393,265	16,393,265	15,992,352	15,992,352	15,992,352
NET INCOME PER SHARE (EUROS/SHARE) GROUP SHARE	**18.23**	**(3.97)**	**14.26**	**17.03**	**(1.26)**	**15.77**

Restated as at 31 December 2018 to take into account the clarification made to IAS 23 – Borrowing costs on the non-capitalisation of interest expenses relating to property development programmes.

2.3 Other information attached to the consolidated financial statements

CONTENTS

NOTE 1 INFORMATION CONCERNING THE COMPANY

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

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

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

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

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

The consolidated financial statements for the year ended 31 December 2019 were approved by the Management on 2 March 2020 having been examined by the Audit Committee and the Supervisory Board.

NOTE 2 ACCOUNTING PRINCIPLES AND METHODS

2.1 Accounting standards applied by the Company

The accounting principles adopted for preparation of the annual consolidated financial statements are in line with IFRS standards and interpretations from the IASB, as adopted by the European Union at 31 December 2019 and available at: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#a dopted-commission.

The accounting principles adopted on 31 December 2019 are the same as those used for the consolidated financial statements at 31 December 2018, with the exception of changes to the standards and interpretations adopted by the European Union applicable at 1 January 2019.

The information relating to the year ended 31 December 2018, presented in the reference document filed with the AMF (French Financial Markets Authority) on 2 April 2019 under number D19-0253 (and presented in the universal Registration Document filed with the AMF on 13 September 2019 under number D19-0813) are incorporated by reference.

Accounting standards, interpretations and amendments applicable as from the financial year beginning on 1 January 2019:

- IFRS 16 – Leases;
- IFRIC 23 – Uncertainty relating to tax handling;
- Annual improvements to IFRS (2015-2017 cycle);
- Amendments to IFRS 9 – Prepayment features with a penalty;
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures;
- Amendments to IAS 19 – Plan reduction or liquidation amendment.

Standards and interpretations adopted as early as at 31 December 2019, whose application is mandatory for financial years starting on 1 January 2020 or later.

None.

Accounting standards and interpretations in effect at 1 January 2019 and mandatory after 31 December 2019:

None.

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

- Amendments to IAS 1 and IAS 8 – Definition of materiality in financial statements;
- Amendments to references within the standards' conceptual framework;
- IFRS 17 – Insurance Contracts;
- Amendments to IFRS 9, IAS 39 and IFRS 7: Reform of references made to interest rates.

2.2 Main estimations and judgements

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

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

Measurement of intangible assets not subject to amortisation

- Measurement of goodwill and brands (please see note 2.4.7 "Monitoring the value of non-current assets (excluding financial assets and investment property) and losses of value" and 7.2 "Intangible assets and goodwill").

Measurements of other assets and liabilities

- Measurement of investment properties (see Notes 2.4.5 "Investment properties" and 7.1 "Investment properties").
- Measurement of rights of use, lease liabilities and contractual fees on investment property (please see section 2.5 "Changes in methods in 2019").
- Measurement of inventories (see Note 2.4.8 "Inventories").
- Measurement of deferred tax assets (see Notes 2.4.16 "Taxes" and 5.3 "Income Tax").
- Measurement of share-based payments (see Notes 2.4.12 "Share-based payments" and 6.1 "Equity").
- Measurement of financial instruments (see Note 8 "Financial risk management").

Operating income estimates

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

Non-current assets held for sale and discontinued operations

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

2.3 Other principles for presenting the financial statements

Transactions eliminated in the consolidated financial statements

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

Balance sheet classification

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

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

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

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

2.4 Accounting principles and methods of the Company

2.4.1 Equity investments of the Company and consolidation methods

For consolidation, the following standards apply:

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

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

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

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

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

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

Exclusively controlled entities

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

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

Entities subject to joint control

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

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

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

Entities subject to significant influence

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

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

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

Investments in associates are presented in accordance with IFRS 12.

2.4.2 Business combinations and goodwill

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

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

Goodwill:

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

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

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

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

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

2.4.3 Intangible assets

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

In accordance with IAS 38:

- acquired or created software is recognised at cost and amortised over its useful life, which is generally between one year and five years;
- brands are amortised over their estimated useful lives when resulting from the identification of a finite life asset derived from an acquisition. They are tested for impairment where, as applicable, evidence of such impairment exists. The Cogedim, Pitch Promotion, Histoire & Patrimoine and Severini brands, which have an indefinite useful life, are thus not amortised;
- customer relationship assets, which result from the identification of intangible assets acquired from property developers, are subject to amortisation at the rate at which the acquired order backlog is filled or, for the portion relating to acquired purchase options or those that can be amortised on a straight-line basis, at the rate at which development programmes are launched.

2.4.4 Property, plant and equipment

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

2.4.5 Investment properties

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

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

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

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

The fair value of investment properties used by Management is based on the facts and circumstances taking into account their purpose. With this objective, Management uses external appraisals giving values inclusive of duties less the amount of duties corresponding to transfer taxes and expenses. These duties have been estimated at 6.9% in France (except in the Paris region (Île-de-France) where they are set at 7.5%), at 5.5% in Italy and 3.0% in Spain.

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

The appraisers use two methods:

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

Rental income takes into account:

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

The valuation of investment properties at fair value is in line with the COB/AMF "Barthes de Ruyter working group" and complies fully with the instructions of the Appraisal Charter of Real Estate Valuation (Charte de l'Expertise en Evaluation Immobilière) updated in 2017. In addition, appraisers refer to the RICS Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors Red Book.

Investment properties at fair value

Investment properties in operation are systematically measured at fair value.

At 31 December 2019, an external appraisal was performed on all assets in operation.

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

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

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

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

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

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

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

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

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

Investment properties valued at cost

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

These investments primarily concern the following expenses:

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

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

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

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

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

The principal uncertainties surrounding the development and construction of these assets are linked to the award of administrative authorisations and to delays in the start-up or marketing of projects when economic conditions become less favourable.

Investment assets under development and construction are monitored by the Company depending on whether the project is at the study stage or "secured" (a project is completely secured when the property is under contract), or has obtained administrative authorisation (mainly CDAC commercial authorisations, building permits) or, lastly, is being leased or under construction. The projected value is determined on the basis of internal five-year business plans that are reviewed by management at regular intervals. The methods used are rental income capitalisation or discounted cash flow.

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

2.4.6 Non-current assets held for sale and discontinued operations

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

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

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

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

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

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

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

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

Goodwill and the brands are allocated to the CGUs corresponding to the Residential and Business property segments.

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

The basic principles of the DCF method are:

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

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

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

Sensitivity tables are created for all impairment tests carried out.

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

2.4.8 Inventories

Inventories relate to:

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

In accordance with the clarification of IAS 23 for the financial year, the interest expenses which can be allocated to programmes are no longer incorporated into inventories connected with off-plan sales transactions or with Property Development Contract transactions. Accordingly, these inventories can be sold off very rapidly.

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

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

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

2.4.9 Contractual Assets or Liabilities

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

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

2.4.10 Financial assets and liabilities

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

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

Measurement and recognition of financial assets and liabilities

- Trade and other receivables are measured at face value less any allowances for impairment. In accordance with IFRS 9, with regard to impairment, the Group applies a model based on expected losses, (expected credit losses based on the useful life of the receivables, itself based on the experience of the Group's historic credit losses) to its trade receivables (mainly Retail business).
- Receivables relating to participating interests in equity- method affiliates are classified in the balance sheet under "Securities and receivables on equity-method affiliates or non-consolidated interests". For the Property Development transactions, receivables from companies accounted for by the equity method have a short collection period (in relation to the operating cycle of the Development) For Retail transactions, these receivables have a longer maturity in relation to the holding period of the underlying asset. Other receivables from participating interests and shareholders' accounts classified in the balance sheet under "Loans and receivables" relate mainly to advances made to minority partners of consolidated or deconsolidated companies.
- Deposits and securities paid concern deposits paid on projects. They are the offsetting amount of security deposits paid into escrow accounts by shopping centre tenants (deposits and securities not discounted) and/or, guarantee deposits paid for buildings occupied by the Group.
- Equity instruments mainly comprise equity securities of non-consolidated companies. They are recognised as at fair value through profit or loss if they are held for trading; otherwise, they are recognised at fair value by non-recyclable OCI (changes in fair value are registered in a separate equity line item under "other comprehensive income"). For unlisted securities, if the fair value cannot be reliably determined at each closing, they remain in the balance sheet at their initial fair value, *i.e.* at purchase price increased by transaction costs, adjusted by any gains or losses of value determined by an analysis of the proportionate share of the equity held.

At each acquisition of equity securities, a similar analysis will be carried out to determine the Group's management intention. For the shares of listed companies, this fair value is determined on the basis of estimation including, where necessary, the market indicators on the closing date.

- Derivative financial instruments (assets and liabilities) are considered as being held for trading. They are measured at fair value. The change in fair value of derivatives is recognised in the income statement.
- Cash as defined in IAS 7 includes liquid assets in bank current accounts and holdings in deposit accounts that are redeemable or tradeable in the very short term (*i.e.* initial maturity of less than three months) and carry no significant risk of loss of value through fluctuations in interest rates. These assets are carried on the balance sheet at fair value. Changes in the fair value of these instruments are recognised in income, with a corresponding adjustment to cash. Cash must be available immediately for the needs of the Group or its subsidiaries.
- All borrowings and interest-bearing liabilities are initially recognised at fair value, less directly attributable transaction costs. Thereafter, they are carried at amortised cost using the effective interest rate method. Initial effective interest rates are determined by an actuary. In the event of renegotiation of financial liabilities contracts recognised at amortised cost, if quantitative and qualitative tests lead to the conclusion that there is no substantial change to the contractual cash flows, the Group will maintain the original initial effective interest rate and adjust the amortised cost of the liability in question, against the result.

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

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

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

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

2.4.11 Equity

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

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

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

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

2.4.12 Share-based payments

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

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

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

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

2.4.13 Earnings per share

Net income per share (*in €*)

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

Diluted net income per share (*in €*)

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

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

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

2.4.14 Employee benefits

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

Post-employment benefits

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

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

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

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

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

- Discount rate: Rate of return on AA-rated corporate bonds (euro zone) with maturities of more than 10 years. The Group uses the Iboxx rate which stands at 0.65%;
- Mortality table: Women's Table (TF) and Men's Table (TH) 2000-2002;
- Reason for departure: depending on local laws and for France, voluntary retirement on the date of eligibility for full pension benefits;
- Turnover: annual average turnover observed over the last 3 years, standing at between 6% and 10% depending on branch and age Group;
- long-term salary adjustment rate (including inflation): 2.2%.

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

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

Other post-employment benefits

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

Severance pay

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

Short-term benefits

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

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

2.4.15 Provisions and contingent liabilities

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

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

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

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

2.4.16 Corporate income tax

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

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

Income taxes are recognised in accordance with IAS 12.

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

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

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

Deferred tax assets are reassessed at each closing date and are recognised where it is likely that future taxable profits will allow their recovery based on a business plan for tax purposes prepared by management for a reasonable period.

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

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

2.4.17 Revenue and revenue-related expenses

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

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

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

Non-recovered rental expenses are expenses normally passed on to tenants (rental expenses, local taxes, etc.), but for which the owner is still liable due to their ceiling or the vacancy of rental floor areas.

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

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

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

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

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

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

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

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

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

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

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

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

Expenses includes personnel costs, overhead costs (miscellaneous fees, operating expenses, etc. excluding fixed rent paid which has now been re-stated in accordance with IFRS 16), as well as depreciation of operating assets. Capitalised production and production held in inventory is deducted from this amount.

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

2.4.18 Leases

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

Leases in the financial statements with the Company as lessor

The Group's rental income derives from simple operating leases and concerns rent paid for properties and centres being operated. This rental income recognised on a straight-line basis for the entire term of the lease. The Group therefore retains substantially all the risks and rewards incidental to ownership of its investment properties.

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

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

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

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

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

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

Leases in the financial statements with the Company as lessee

For all leases which can be defined as "lease agreements", IFRS 16 requires a right-of-use asset the leased asset to be recorded in the balance sheet statement of the tenants (as non-current assets) in exchange for a lease liability (as financial liabilities). Please see section 2.5 "Changes in method in 2019".

2.4.19 Gain (loss) on the disposal of investment assets

The gain or loss on disposal of investment properties is the difference between:

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

2.4.20 Adjustment to value of investment properties

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

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

Moreover, impairment losses on each property measured at cost are recognised in the income statement under "Net impairment of investment properties measured at cost".

2.4.21 Borrowing costs or costs of interest-bearing liabilities

In accordance with IAS 23, borrowing costs directly attributable to the construction of qualifying assets are included in the cost of these assets.

Further to the clarification of the standard for the financial year, the interest expenses which can be allocated to off-plan sales or Property Development Contract transactions are no longer incorporated into inventories. However, these may still be allocated to property assets under development and construction, during the construction phase of the asset, if they can be defined as qualifying assets.

The cost of net financial debt includes interest incurred on borrowings including the amortisation of issuance expenses, and other financial liabilities, income from loans and advances to participating interests, lease liabilities (IFRS 16), gains on sale of marketable securities and the impact of interest-rate swaps used as interest-rate hedges.

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

2.4.22 Discounting of payables and receivables

This line item shows the combined effect of discounting payables and receivables due in more than one year to present value.

2.4.23 Cash flow statement

The cash flow statement is presented using the indirect method permitted under IAS 7. Tax expense is shown as a single item in cash flows from operating activities. Interest paid is shown in cash flows from financing activities, and interest received is shown in cash flows from investing activities. Dividends paid are classified as cash flows from financing activities.

2.4.24 Operating segments

IFRS 8 – "Operating segments" requires the presentation of operating segments to reflect the Company's organisation and internal reporting system, which is presented in compliance with IFRS recognition and measurement principles. An operating segment represents an activity of the Company that incurs income and expenses, and whose operating income is regularly reviewed by the Company's Management and executive bodies. Each segment has isolated financial information.

The Company's internal reporting is based on an analysis of the period's results in accordance with:

- funds from operations (FFO);[1]
- changes in value (unrealised or realised), estimated expenses, and transaction costs.

According to these analytical criteria, operating income, including earnings from equity affiliates, is monitored on an operating segment basis.

In addition to operating income, asset book values (and certain related liabilities) are monitored by operating segment when they are directly related or can be allocated to a sector. They are considered economic assets of the sector in question.

The Company has the following operating segments:

- Retail: shopping centres completed or under development;
- Residential: residential property development;
- Business property: the property development, services and investment business.

Items under "Other (Corporate)" allow reconciliation of various reporting indicators with accounting indicators.

Borrowing costs, changes in the value of financial instruments and gains and losses from their disposal, taxes, and earnings from minority interests are not allocated directly by sector. Balance-sheet items such as financial assets and liabilities cannot be allocated, nor can deferred-tax assets corresponding to the recognition of tax losses.

(1) Fund From Operations

As part of the Group's current operations:

1. Funds from operations (FFO)

This item measures the creation of wealth available for distribution from net income (Group share of FFO). Funds from operations are defined as net income, Group share (*i.e.* attributable to equity holders of the parent company), exclusive of changes in value, estimated expenses, and transaction costs.

The main aggregates of the **funds from operations** monitored by the Group in internal reports are:

- net income of the segment, including impairment of current assets:
  - Retail: net rental income,
  - Residential and Business property: net property income;
- net overhead expenses including the provision of services that offset a portion of overhead and operating expenses are defined as being personnel costs, other operating expenses, other income and other expenses for the sector and the expenses covered by reversals of provisions used;
- share of funds from joint ventures or associates' operations.

Net borrowing costs are the net borrowing costs excluding calculated expenses which correspond in particular to the spreading of bond issue costs and (shown in changes in value, estimated expenses and transaction fees).

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

2. Changes in value, estimated expenses, and transaction costs

These changes in value measure the value created or realised by the Company during the period.

The relevant indicator for monitoring value is the change in going concern net asset value, to which funds from operations contribute. This management indicator is presented in detail in the business review.

The change in NAV is reconciled with the income statement as follows:

Prior year NAV

+ Funds from operations (FFO)

+ Changes in value, estimated expenses and transaction costs

- Dividend distribution

+ Capital increase

+/- Other reconciliation items

= Current-year NAV

The main aggregates of the funds from **operations** monitored by the Group in internal reports are:

- **Changes in value** which concern gains and losses from the Retail sector:
  - from asset disposals, and where applicable, extraordinary payments received and equivalent in economic terms to the value of the asset sold,
  - from the value of investment properties, including value adjustments for properties measured at fair value (including right-of-use assets) or held for sale as well as impairment losses of properties measured at cost;
- **Estimated expenses** include:
  - expenses or net allowances for the period related to share-based payments or other benefits granted to employees,
  - allowances for depreciation and amortisation net of reversals for non-current assets other than investment properties, including allowances relating to intangible assets or goodwill identified during business combinations, and right-of-use relating to tangible and intangible assets,
  - allowances for non-current provisions net of used or unused reversals;
- **Transaction costs** include fees and other non-recurring expenses incurred from corporate development projects that are ineligible for capitalisation (*e.g.*, expenses incurred from business combinations or equity investments, whether completed or not) or that are ineligible for inclusion under issuance costs (*e.g.* certain commissions incurred from capital management). Income and expenses outside the Company's going concerns are also included.

Also presented are **changes in value and income from disposal of financial instruments** representing adjustments in the value of financial instruments measured at fair value as well as the effect of discounting debt and receivables. Results from the disposal of financial instruments represent the balance for amounts incurred in the period from restructuring or cancelling financial instruments.

3. Minority interests line

The line relating to minority interests corresponds to the share of net income attributable to minority shareholders of subsidiaries divided between the share of the funds from operations (FFO) and the share attributable to minority shareholders of subsidiaries of changes in value, estimated expenses, transaction costs and deferred tax.

In exceptional transactions, leases are analysed in a highly specific way and the indicators presented above may have to be adjusted, *i.e.* reclassified to match the presentations in internal reports for greater clarity.

2.5 Changes in methods in 2019

2.5.1 IFRS 16 – Leases

On 31 October 2017, the European Union adopted IFRS 16 whose application is mandatory for financial years starting on or after 1 January 2019.

For landlords, IFRS 16 maintains the existing distinction between finance and operating leases. Its application therefore has no impact on the landlord position of the Group financial statements:

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

For tenants, this standard abandons the existing distinction between finance and operating leases.

For all leases which can be defined as "lease agreements", this standard requires a right-of-use asset, the leased asset to be recorded in the balance sheet statement of the tenants (as non-current assets) in exchange for a lease liability (as financial liabilities).

The Group opted for the modified-retrospective transition approach. The effects of the transition are therefore included in equity at the opening of this financial year, *i.e.* on 1 January 2019. Therefore, the Group's financial statements presented in comparison with those of the period were not restated in accordance with the provisions of this standard. The impacts on the opening balance sheet are set out below.

A census of the leases was carried out. Leases entered into by the Group lying within the field of application of the standard mainly concern two types of leases which are financially fundamentally different:

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

Temporary Occupation Authorisations are covered by IFRS 16. The Group is the occupying party and, therefore, the agreement grants the Group certain rights regarding the work, constructions and real estate facilities. According to IFRS 16, fixed fees are re-stated over the term of the agreements, which is the main impact of application of IFRS 16 to the Group's consolidated financial statements.

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

- the terms adopted on the date of transition are the residual terms of all current contracts. These corresponding to the fixed period of the commitment, taking into account any optional periods for which their is a reasonable expectation of these being exercised;
- the discounting rates applied on the date of transition are based on the marginal rate of indebtedness for each company holding a contract. These rates are calculated with regard to the residual terms of the contracts as from the date of their initial application, *i.e.* 1 January 2019.

The Group has not applied any simplification measures as of the date of transition.

The implementation of the standard has had a significant impact on the recording of lease agreements in the accounts and on their presentation within the Group's financial statements.

- on the balance sheet, an asset is recorded in the form of a right-of-use asset in exchange for a liability corresponding to the rent. The Group therefore acknowledges a right-of-use on tangible and intangible fixed assets (connected to its property and vehicle lease agreements) as consideration for its lease liabilities; and a right-of-use for investment property (in relation in particular to Temporary Occupation Authorisations in particular) in exchange on the contractual fees on investment properties;
- on the income statement, rents from rental contracts (previously entered under property expenses) are replaced by allocations to amortisation of right-of-use asset and by interest fees; land charges (fees for Temporary Occupation Authorisations, Construction Leases) are replaced by change in the value of investment property, and interest fees. Leases and rental fees entered at 31 December correspond mainly to variable rent due under certain lease agreements and to rental expenses (which, in accordance with the application of IFRS 16, are not restated);
- with regard to the cash flow statement, the cash flows linked to financing activities are impacted by repayments of lease liabilities and contractual fees on investment property (within one single item "Repayment of lease liabilities") and by interest expenses.

The change in the amounts is related to new agreements or agreements ended during the period. These changes are detailed in Notes 7.1 "Investment Properties" and 7.3 "Right-of-use on tangible and intangible fixed assets". Moreover, during the lifetime of the agreement, lease liability and right-of-use asset may vary based on changes in the rent index defined in the leases. The main indexes are: the French national construction costs index, the French office rent index, the French commercial rent index and the French benchmark rent index.

2.5.2 IAS 23 – Borrowing Costs

IAS 23 requires the capitalisation of borrowing costs attributable directly to the acquisition, construction or production of a qualifying asset as the cost of such asset.

In the context of changes to IFRS, in this year, the IASB provided a clarification concerning the capitalisation of borrowing expenses for real estate operations completed in the form of off-plan sales or Property Development Contracts.

The asset connected with these development programmes (both for Residential and Business property) no longer corresponds to the definition of a qualified asset to the extent that, as an off-plan sale, it is liable to be sold very quickly and therefore without any period of time being required for development; the asset stored is therefore ready to sell.

A clarification has been made to IAS 23 and is applicable retrospectively from 1 January 2018 for the Group which is presenting the impacts on its opening equity as of such date.

The financial statements presented in comparison with those for the period have therefore been restated.

2.5.3 IFRIC 23 interpretation – Uncertainty relating to tax handling

The IFRIC 23 interpretation clarifies the application of the provisions of IAS 12 – Income taxes concerning the recording the accounts and assessment when uncertainties exist regarding the handling of corporate income tax. The adoption of this interpretation has had no impact on the assessment of the Group's current and deferred taxation, at the start of the period and as at 31 December 2019. Should uncertain tax liabilities or related to uncertain tax positions be recorded in the financial statements, these would be presented as a tax liability.

2.5.4 Change in presentation – Application of IFRS 15 to contract assets and liabilities

In accordance with IFRS 15, the Group sets out contract assets and liabilities under two separate headings in the assets and liabilities sections of its financial position. These assets and liabilities were included in the items "Customers and other receivables" and "Trade and other payables" and are now set out under separate headings. The financial position has been restated for the financial year ending 31 December 2018 (please see section 2.5.6).

2.5.5 Impact of the clarification made to IAS 23 – Borrowing costs in opening balance sheet at 1 January 2018

In € millions	31/12/2017 Published	Impacts IFRS 15	Impacts IAS 23	01/01/2018
Non-current assets	**5,437.9**	**(19.2)**	**(4.9)**	**5,413.9**
Intangible assets	258.5	–	–	258.5
Property, plant and equipment	18.5	–	–	18.5
Investment properties	4,508.7	–	–	4,508.7
Securities and investments in equity affiliates and unconsolidated interests	564.0	3.7	(4.8)	562.9
Loans and receivables (non-current)	9.3	–	–	9.3
Deferred tax assets	79.0	(22.9)	(0.1)	56.0
Current assets	**3,154.8**	**(238.6)**	**0.2**	**2,916.4**
Net inventories and work in progress	1,288.8	(503.2)	0.2	785.8
Trade and other receivables	630.8	264.6	–	895.4
Income tax credit	8.6	–	–	8.6
Loans and receivables (current)	49.3	0.0	–	49.3
Derivative financial instruments	8.2	–	–	8.2
Cash and cash equivalents	1,169.1	(0.0)	–	1,169.1
TOTAL ASSETS	**8,592.8**	**(257.8)**	**(4.7)**	**8,330.3**
Equity	**3,164.7**	**51.0**	**(4.7)**	**3,211.0**
Non-current liabilities	**2,886.9**	**(0.2)**	**0.0**	**2,886.7**
Non-current borrowings and financial liabilities	2,826.1	–	–	2,826.1
Long-term provisions	20.1	–	–	20.1
Deposits and security interests received	32.2	–	–	32.2
Deferred tax liability	8.6	(0.2)	0.0	8.3
Current liabilities	**2,541.1**	**(308.5)**	**–**	**2,232.6**
Current borrowings and financial liabilities	1,032.2	–	–	1,032.2
Derivative financial instruments	34.9	–	–	34.9
Trade and other payables	1,460.3	(308.5)	–	1,151.8
Tax due	13.8	–	–	13.8
TOTAL LIABILITIES	**8,592.8**	**(257.8)**	**(4.7)**	**8,330.3**

The IFRS 15 impact presented is the impact of the implementation of the standard at 1 January 2018, as detailed in the Notes to the consolidated financial statements for the financial year ended 31 December 2018.

2.5.6 Opening impact of the application of IFRS 16 (at 1 January 2019), IFRS 15 and the clarification of IAS 23 (at 31 December 2018)

In € millions	31/12/2018 published	Impacts IAS 23	Impacts IFRS 15	31/12/2018 restated	Impacts IFRS 16	01/01/2019
Non-current assets	**5,296.9**	**(7.9)**	**–**	**5,289.0**	**142.8**	**5,431.8**
Intangible assets	313.7	–	–	313.7	–	313.7
Property, plant and equipment	20.6	–	–	20.6	–	20.6
Right-of-use on tangible and intangible fixed assets	–	–	–	–	43.6	43.6
Investment properties	4,526.2	–	–	4,526.2	99.6	4,625.9
o/w Investment properties in operation at fair value	*3,931.3*	–	–	*3,931.3*	*(26.6)*	*3,904.7*
o/w Investment properties under development and under construction at cost	*594.9*	–	–	*594.9*	*(7.8)*	*587.1*
o/w Right-of use on investment properties	–	–	–	–	*134.0*	*134.0*
Securities and investments in equity affiliates and unconsolidated interests	395.3	(7.9)	–	387.4	(0.2)	387.2
Loans and receivables (non-current)	10.6	–	–	10.6	–	10.6
Deferred tax assets	30.5	0.0	–	30.5	(0.2)	30.3
Current assets	**2,730.2**	**0.1**	**–**	**2,730.3**	**(0.2)**	**2,730.2**
Net inventories and work in progress	986.4	0.1	–	986.6	–	986.6
Contract assets	–	–	444.4	444.4	–	444.4
Trade and other receivables	1,011.0	0.0	(444.4)	566.7	(0.2)	566.5
Income tax credit	14.6	–	–	14.6	–	14.6
Loans and receivables (current)	37.4	(0.0)	–	37.4	–	37.4
Derivative financial instruments	2.2	–	–	2.2	–	2.2
Cash and cash equivalents	678.5	–	–	678.5	–	678.5
TOTAL ASSETS	**8,027.1**	**(7.8)**	**–**	**8,019.3**	**142.7**	**8,162.0**
Equity	**3,237.3**	**(7.9)**	**–**	**3,229.4**	**0.3**	**3,229.7**
Equity attributable to Altarea SCA shareholders	**2,007.9**	**(7.7)**	**–**	**2,000.1**	**0.3**	**2,000.4**
Equity attributable to minority shareholders of subsidiaries	**1,229.4**	**(0.2)**	**–**	**1,229.3**	**(0.0)**	**1,229.3**
Non-current liabilities	**2,629.2**	**0.1**	**–**	**2,629.3**	**123.8**	**2,753.1**
Non-current borrowings and financial liabilities	2,560.6	–	–	2,560.6	123.8	2,684.4
o/w Participating loans and advances from associates	*76.3*	–	–	*76.3*	–	*76.3*
o/w Bond issues	*1,117.4*	–	–	*1,117.4*	–	*1,117.4*
o/w Borrowings from lending establishments	*1,367.0*	–	–	*1,367.0*	*(30.1)*	*1,336.9*
o/w Lease liabilities	–	–	–	–	*23.4*	*23.4*
o/w Contractual fees on investment properties	–	–	–	–	*130.5*	*130.5*
Long-term provisions	21.6	–	–	21.6	–	21.6
Deposits and security interests received	32.6	–	–	32.6	–	32.6
Deferred tax liability	14.4	0.1	–	14.5	(0.0)	14.4
Current liabilities	**2,160.6**	**0.0**		**2,160.6**	**18.6**	**2,179.2**
Current borrowings and financial liabilities	741.9	–	–	741.9	18.9	760.8
o/w Bond issues	*164.9*	–	–	*164.9*	–	*164.9*
o/w Borrowings from lending establishments	*94.1*	–	–	*94.1*	*(3.6)*	*90.5*
o/w Negociable European Commercial Paper	*381.0*	–	–	*381.0*	–	*381.0*
o/w Bank overdrafts	*3.5*	–	–	*3.5*	–	*3.5*
o/w Advances from Group shareholders and partners	*98.4*	–	–	*98.4*	–	*98.4*
o/w Lease liabilities	–	–	–	–	*20.0*	*20.0*
o/w Contractual fees on investment properties	–	–	–	–	*2.5*	*2.5*
Derivative financial instruments	67.2	–	–	67.2	–	67.2
Contract liabilities	–	–	105.7	105.7	–	105.7
Trade and other payables	1,345.5	0.0	(105.7)	1,239.8	(0.3)	1,239.5
Tax due	6.0	–	–	6.0	–	6.0
TOTAL LIABILITIES	**8,027.1**	**(7.8)**		**8,019.3**	**142.7**	**8,162.0**

2.5.7 Reconciliation of lease liabilities and contractual fees on investment properties as of the date of transition with off-balance sheet commitments as at 31 December 2018 (minimum rent to be paid)

In € millions	
TOTAL RENT COMMITMENTS FOR PAYMENT AT 31 DECEMBER 2018	**21.4**
Off-balance sheet commitments not initially recognised	
▪ included in the fair value of the Investment properties	99.6
▪ included in the fair value of the leases	33.4
▪ impact of vehicles	2.3
▪ other impacts	3.1
Effect of term and discounting rate	**16.6**
TOTAL LEASE LIABILITIES AND CONTRACTUAL FEES ON INVESTMENT PROPERTIES AS AT 1 JANUARY 2019	**176.4**

2.5.8 Impacts of the clarification made to IAS 23 – Borrowing Costs in the consolidated income statement by segment as at 31 December 2018

	31/12/2018 Published			IAS 23 impacts			31/12/2018 restated		
In € millions	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Operating income – Retail	**156.3**	**61.1**	**217.4**	**–**	**–**	**–**	**156.3**	**61.1**	**217.4**
Net property income	176.0	–	176.0	5.8	–	5.8	181.8	–	181.8
Net overhead expenses	(61.1)	(11.8)	(72.9)	–	–	–	(61.1)	(11.8)	(72.9)
Share of equity-method affiliates	12.8	19.1	31.9	(0.3)	0.1	(0.2)	12.6	19.1	31.7
Net allowances for depreciation and impairment	–	(4.1)	(4.1)	–	–	–	–	(4.1)	(4.1)
Transaction costs	–	(1.7)	(1.7)	–	–	–	–	(1.7)	(1.7)
Operating income – Residential	**127.7**	**1.5**	**129.2**	**5.5**	**0.1**	**5.6**	**133.2**	**1.5**	**134.8**
Net property income	18.2	–	18.2	0.7	–	0.7	19.0	–	19.0
Net overhead expenses	0.4	(2.4)	(2.0)	–	–	–	0.4	(2.4)	(2.0)
Share of equity-method affiliates	78.2	(13.5)	64.7	(3.6)	0.7	(2.9)	74.6	(12.8)	61.8
Net allowances for depreciation and impairment	–	(1.4)	(1.4)	–	–	–	–	(1.4)	(1.4)
Transaction costs	–	–	–	–	(0.1)	(0.1)	–	(0.1)	(0.1)
Operating income – Business property	**96.9**	**(17.3)**	**79.6**	**(2.9)**	**0.7**	**(2.2)**	**94.0**	**(16.6)**	**77.4**
Others (Corporate)	(3.0)	(10.0)	(13.0)	–	–	–	(3.0)	(10.0)	(13.0)
OPERATING INCOME	**377.9**	**35.3**	**413.2**	**2.6**	**0.8**	**3.4**	**380.4**	**36.1**	**416.6**
Net borrowing costs	(41.0)	(9.6)	(50.5)	(6.6)	–	(6.6)	(47.5)	(9.6)	(57.1)
Net financial income/(expense) – Other	0.0	(38.5)	(38.4)	–	–	–	0.0	(38.5)	(38.4)
PROFIT BEFORE TAX	**336.9**	**(12.7)**	**324.2**	**(4.0)**	**0.8**	**(3.2)**	**333.0**	**(11.9)**	**321.0**
Corporate income tax	(8.4)	(28.0)	(36.4)	–	(0.0)	(0.0)	(8.4)	(28.0)	(36.4)
NET INCOME	**328.6**	**(40.7)**	**287.8**	**(4.0)**	**0.8**	**(3.2)**	**324.6**	**(40.0)**	**284.6**
Non-controlling interests	(52.4)	19.8	(32.6)	0.2	(0.0)	0.2	(52.2)	19.8	(32.4)
NET INCOME, GROUP SHARE	**276.2**	**(20.9)**	**255.3**	**(3.8)**	**0.8**	**(3.0)**	**272.4**	**(20.2)**	**252.3**
Diluted average number of shares	*15,992,352*	*15,992,352*	*15,992,352*	*15,992,352*	*15,992,352*	*15,992,352*	*15,992,352*	*15,992,352*	*15,992,352*
NET INCOME PER SHARE *(€)* **GROUP SHARE**	**17.27**	**(1.31)**	**15.96**	**(0.24)**	**0.05**	**(0.19)**	**17.03**	**(1.26)**	**15.77**

NOTE 3 INFORMATION ON OPERATING SEGMENTS

3.1 Balance sheet items by operating segment

At 31 December 2019

In € millions	Retail	Residential	Business property	Other	Total
Operating assets and liabilities					
Intangible assets	18.0	281.6	21.5	10.3	331.4
Property, plant and equipment	1.7	13.5	4.4	1.3	20.9
Right-of-use on tangible and intangible fixed assets	5.9	16.4	–	1.1	23.4
Investment properties	4,441.1	0.0	31.1	–	4,472.1
Securities and receivables in equity affiliates and unconsolidated interests	85.1	204.2	276.4	0.0	565.7
Operational working capital requirement	23.6	787.6	(40.8)	(9.9)	760.5
TOTAL OPERATING ASSETS AND LIABILITIES	**4,575.3**	**1,303.3**	**292.6**	**2.8**	**6,174.0**

As of 31 December 2018 – restated

In € millions	Retail	Residential	Business property	Other	Total
Operating assets and liabilities					
Intangible assets	17.3	262.7	21.5	12.3	313.7
Property, plant and equipment	1.7	12.6	4.7	1.7	20.6
Right-of-use on tangible and intangible fixed assets	–	–	–	–	–
Investment properties	4,488.6	–	37.6	–	4,526.2
Securities and receivables in equity affiliates and unconsolidated interests	115.3	171.9	100.2	–	387.4
Operational working capital requirement	23.7	742.0	(3.1)	(11.6)	751.0
TOTAL OPERATING ASSETS AND LIABILITIES	**4,646.6**	**1,189.1**	**160.9**	**2.3**	**5,999.0**

3.2 Consolidated income statement by operating segment

See consolidated income statement by segment in the financial statements.

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

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

	31/12/2019			31/12/2018 restated		
In € millions	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total	Funds from operations (FFO)	Change in value, estimated expenses and transaction costs	Total
Rental income	208.4	–	208.4	188.9	–	188.9
Property expenses	(2.5)	–	(2.5)	(5.4)	–	(5.4)
Unrecoverable rental expenses	(10.1)	–	(10.1)	(11.1)	–	(11.1)
Expenses re-invoiced to tenants	*60.3*	–	*60.3*	–	–	–
Rental expenses	*(70.4)*	–	*(70.4)*	–	–	–
Other expenses	(0.1)	–	(0.1)	(2.5)	–	(2.5)
Net charge to provisions for current assets	(5.0)	–	(5.0)	(2.8)	–	(2.8)
Net rental income	**190.8**	**–**	**190.8**	**167.1**	**–**	**167.1**
Revenue	2,860.2	–	2,860.2	2,164.9	–	2,164.9
Cost of sales	(2,479.0)	0.0	(2,479.0)	(1,842.3)	0.0	(1,842.3)
Other income	(132.1)	(0.0)	(132.1)	(111.7)	–	(111.7)
Net charge to provisions for current assets	(29.7)	0.0	(29.7)	(9.3)	(0.1)	(9.4)
Amortisation of customer relationships	–	(0.6)	(0.6)	–	–	–
Net property income	**219.4**	**(0.6)**	**218.8**	**201.6**	**(0.0)**	**201.5**
External services	41.2	–	41.2	51.8	–	51.8
Own work capitalised and production held in inventory	189.0	–	189.0	160.6	–	160.6
Personnel costs	(218.0)	(19.3)	(237.4)	(192.7)	(21.0)	(213.8)
Other overhead expenses	(87.7)	0.4	(87.2)	(96.1)	(0.6)	(96.7)
Depreciation expenses on operating assets	–	(23.9)	(23.9)	–	(9.6)	(9.6)
Net overhead expenses	**(75.5)**	**(42.8)**	**(118.2)**	**(76.4)**	**(31.2)**	**(107.6)**
Other income and expenses	(0.8)	0.5	(0.4)	(10.6)	–	(10.6)
Depreciation expenses	–	(5.4)	(5.4)	–	(1.7)	(1.7)
Transaction costs	–	(2.9)	(2.9)	–	(8.9)	(8.9)
Other	**(0.8)**	**(7.8)**	**(8.6)**	**(10.6)**	**(10.6)**	**(21.2)**
Proceeds from disposal of investment assets	–	172.7	172.7	–	46.5	46.5
Carrying amount of assets sold	–	(173.1)	(173.1)	–	(42.1)	(42.1)
Net charge to provisions for risks and contingencies	–	0.8	0.8	–	–	–
Net gain/(loss) on disposal of investment assets	**–**	**0.3**	**0.3**	**–**	**4.4**	**4.4**
Change in value of investment properties	–	86.1	86.1	–	(89.7)	(89.7)
Net impairment losses on investment properties measured at cost	–	(13.6)	(13.6)	–	(9.7)	(9.7)
Net impairment losses on other non-current assets	–	(0.5)	(0.5)	–	(0.6)	(0.6)
Net charge to provisions for risks and contingencies	–	(1.9)	(1.9)	–	(0.2)	(0.2)
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**334.0**	**19.2**	**353.2**	**281.6**	**(137.6)**	**144.0**
Share in earnings of equity-method affiliates	81.7	(22.5)	59.2	78.7	(22.8)	55.9
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**415.7**	**(3.3)**	**412.4**	**360.3**	**(160.5)**	**199.9**
Net borrowing costs	(57.2)	(21.3)	(78.5)	(47.5)	(9.6)	(57.1)
Financial expenses	*(68.2)*	*(21.3)*	*(89.5)*	*(63.7)*	*(9.6)*	*(73.3)*
Financial income	*11.0*	–	*11.0*	*16.2*	*0.0*	*16.2*
Other financial results	–	–	–	–	2.1	2.1
Discounting of debt and receivables	–	2.1	2.1	–	(0.2)	(0.2)
Change in value and income from disposal of financial instruments	–	(65.2)	(65.2)	–	(38.2)	(38.2)
Proceeds from the disposal of investments[(a)]	2.7	(1.6)	1.1	20.1	194.4	214.5
Dividends	0.6	–	0.6	0.0	–	0.0
Profit before tax	**361.8**	**(89.3)**	**272.4**	**333.0**	**(11.9)**	**321.0**
Income tax	(7.1)	(29.8)	(36.9)	(8.4)	(28.0)	(36.4)
NET INCOME	**354.7**	**(119.2)**	**235.5**	**324.6**	**(40.0)**	**284.6**
o/w Net income attributable to Altarea SCA shareholders	298.8	(65.1)	233.7	272.4	(20.2)	252.3
o/w Net income attributable to minority interests in subsidiaries	(55.9)	54.1	(1.8)	(52.2)	19.8	(32.4)
Average number of non-diluted shares	16,203,050	16,203,050	16,203,050	15,791,325	15,791,325	15,791,325
NET INCOME PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF ALTAREA SCA *(€)*	**18.44**	**(4.02)**	**14.42**	**17.25**	**(1.28)**	**15.97**
Diluted average number of shares	16,393,265	16,393,265	16,393,265	15,992,352	15,992,352	15,992,352
DILUTED NET INCOME PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF ALTAREA SCA *(€)*	**18.23**	**(3.97)**	**14.26**	**17.03**	**(1.26)**	**15.77**

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

3.3.2 Reconciliation of operating income between the two income statements

At 31 December 2019

In € millions	Retail	Residential	Business property	Others (Corporate)	Total
Net rental income	190.8	–	–	–	190.8
Net property income	0.0	207.5	11.9	(0.6)	218.8
Net overhead expenses	(23.4)	(80.9)	(4.9)	(8.9)	(118.1)
Others	(5.2)	(2.2)	(1.1)	(0.2)	(8.7)
Net gain/(loss) on disposal of investment assets	0.3	–	–	–	0.3
Value adjustments	71.1	(0.5)	1.3	–	72.0
Net charge to provisions for risks and contingencies	(0.5)	(0.4)	(0.1)	(0.9)	(1.9)
Share in earnings of equity-method affiliates	(0.3)	12.7	46.9	–	59.2
OPERATING INCOME (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)	**232.8**	**136.3**	**54.0**	**(10.7)**	**412.4**
Reclassification of net gain/(loss) on disposal of investments	0.3	–	2.7	–	3.1
OPERATING INCOME (CONSOLIDATED INCOME STATEMENT BY SEGMENT)	**233.2**	**136.3**	**56.7**	**(10.7)**	**415.5**

As of 31 December 2018 – restated

In € millions	Retail	Residential	Business property	Others (Corporate)	Total
Net rental income	167.1	–	–	–	167.1
Net property income	0.8	181.8	19.0	–	201.5
Net overhead expenses	(25.6)	(72.3)	1.1	(10.8)	(107.6)
Others	(8.2)	(6.5)	(4.4)	(2.1)	(21.2)
Net gain/(loss) on disposal of investment assets	4.4	–	–	–	4.4
Value adjustments	(99.4)	(0.5)	–	–	(99.9)
Net charge to provisions for risks and contingencies	(0.8)	0.7	(0.1)	–	(0.2)
Share in earnings of equity-method affiliates	3.1	11.1	41.7		55.9
OPERATING INCOME (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)	**41.4**	**114.2**	**57.3**	**(13.0)**	**199.9**
Reclassification of net gain/(loss) on disposal of investments	175.9	20.6	20.1	–	216.7
OPERATING INCOME (CONSOLIDATED INCOME STATEMENT BY SEGMENT)	**217.4**	**134.8**	**77.4**	**(13.0)**	**416.6**

3.4 Revenue by geographical region and operating segment

By geographical region

	31/12/2019					31/12/2018				
In € millions	France	Italy	Spain	Other	Total	France	Italy	Spain	Other	Total
Rental income	178.1	19.9	10.4	–	208.4	164.1	14.9	9.9	–	188.9
External services	18.5	0.3	0.3	–	19.0	19.3	0.3	0.3	–	19.9
Revenue from net property income	–	–	–	–	–	3.1	–	–	–	3.1
Retail	**196.6**	**20.2**	**10.6**	**–**	**227.5**	**186.4**	**15.3**	**10.2**	**–**	**211.9**
Revenue	2,283.1	–	–	–	2,283.1	1,844.1	–	–	–	1,844.1
External services	11.2	–	–	–	11.2	4.1	–	–	–	4.1
Residential	**2,294.4**	**–**	**–**	**–**	**2,294.4**	**1,848.2**	**–**	**–**	**–**	**1,848.2**
Revenue	577.0	–	–	–	577.0	317.7	–	–	–	317.7
External services	10.4	–	–	0.5	10.9	26.9	–	–	0.6	27.5
Business property	**587.4**	**–**	**–**	**0.5**	**587.9**	**344.6**	**–**	**–**	**0.6**	**345.2**
Others (Corporate)	0.1	–	–	–	0.1	0.2	–	–	–	0.2
TOTAL	**3,078.5**	**20.2**	**10.6**	**0.5**	**3,109.8**	**2,379.5**	**15.3**	**10.2**	**0.6**	**2,405.6**

In 2019, no single client accounted for more than 10% of the Group's revenue.

The application of IAS 23 on 1 January 2018 had no impact on the revenue by geographical region.

NOTE 4 MAJOR EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 Major events

2018 dividend: equity bolstered by €93.8 million

The General Meeting held on 23 May voted for the distribution of a dividend of €12.75 per share for the 2018 financial year (+2%) and gave the shareholders a choice between a 100% cash payment or a payment 50% in cash and 50% in shares.

At the end of the option period which runs from 31 May to 26 June 2019 inclusive, 92.6% of shareholders had opted for the partial payment of the scrip dividend, thereby showing their trust in the Group's development strategy and growth prospects.

Payment of the dividend in cash as well as the delivery and listing on Euronext Paris of the new shares created took place on 4 July 2019.

Successful €500 million rated bond issue maturing in 2028

On 25 September, S&P Global confirmed the "BBB, stable outlook" financial rating for both Altarea and Altareit, the listed subsidiary for the Group's development activities.

Following this confirmation, Altarea successfully placed, in October, a €500 million rated bond with a maturity of 8 years and 3 months, offering a coupon of 1.875%. The proceeds from the issue were used to refinance secured debt and for general financing needs. The transaction fits in with the Group's broader disintermediation policy; it reinforces the structure of its financing and extends the maturity of its debt.

Acquisitions and investments

Since 4 January 2019, 85% of the capital of the residential property developer Severini has been under the control of the Group therefore increasing its presence in the New Aquitaine region.

In July, the Group also acquired 50% of the capital of Woodeum, leader in low-carbon property development in France. This strategic partnership is aimed at accelerating the production of low-carbon housing, with a target of between 2,500 and 3,000 units in cross laminated timber (CLT) per year as soon as 2023. This transaction reinforces the Group's strategy in relation to environmental and social responsibility and completes the Group's skills and development platform.

Large Mixed-use projects

As the pioneer in France in terms of large Mixed-use projects, the Group confirmed its position in 2019 by winning the competition to deliver a mixed-use project of 56,000 m^2 in the Les Simonettes neighbourhood of Champigny-sur-Marne (department 94). Located next to future line 15 of the Grand Paris Express metro, this development will include 28,000 m^2 of housing, 900 m^2 of shops and services, 12,000 m^2 allocated to tertiary activities and 15,000 m^2 dedicated to other activities, including 9,000 m^2 for an artisanal centre of the "Compagnons du Tour de France".

In June, the Group began work at Issy-Cœur de Ville, the largest mixed-use development in the Grand Paris metropolitan. This eco-district covering 100,000 m^2 is a success, with a global marketing rate of 76% in late 2019, more than two years before the delivery of the programme. All local retail space has been sold, just as the 3 office blocks. Carried out in a single phase, the works should be completed in 2022.

Residential: €3.3 billion in new orders (+12%)

In 2019, the Group recorded very strong sales results and continued to gain market share in a slightly decreasing market over the year.

The Group is continuing its growth strategy based on a platform of complementary brands in terms product position and geography (Cogedim, Pitch Promotion, Histoire & Patrimoine and Cogedim Club). Altarea strengthened its offer with the acquisition in July of 50% of Woodeum, a low-carbon residential developer (building using wood) and the acquisition of 85% of the capital of Severini, a developer active mainly in Nouvelle-Aquitaine, in January 2019.

In terms of development, the Residential pipeline (offering and land portfolio) amounted to €12.8 billion (an increase of 14% compared to end-2018).

Business property: major deliveries and sourcing of new investments projects

Altarea is currently the number one business property developer in France[1]. As both a developer and an investor, the Group's strategy is based on three key areas:

- the completion of new office projects and high environmental quality complex redevelopment operations integrating modularity and multiple uses;
- the development of a wide range of products (multiple occupancy office space, head offices, logistics hubs, hotels, hospitals, etc.);
- a presence in the main business districts in Paris and the major regional gateway cities.

In 2019, Altarea completed one of the largest transactions of the year by signing a double transaction with CDC Investissement Immobilier (acting on behalf of CDC): the off-plan sale contract with CNP Assurances for the three office buildings of the Issy-Cœur de Ville eco-district and the acquisition of CNP Assurances' current headquarters, located above the Paris-Montparnasse railway station, for redevelopment.

Moreover, during the financial year, Altarea has in notably:

- delivered six operations, including two Delegated Project Management operations for redeveloped properties located on rue Bergère and at 16 avenue Matignon (on behalf of Axa IM and Norges Bank), a hotel situated within the Massy Place du Grand Ouest Large Mixed-Use project, and three logistics hubs;
- reinforced its pipeline with 15 operations covering a total surface area of 240,000 m^2.

Within these operations, the Group has made a direct investment in two projects in Paris: the redevelopment of CNP Assurances' head office in Montparnasse and rue de Saussure in the 17th district of Paris. In terms of third-party development projects, key projects include the creation of a 700-room hotel complex in the Paris region and, outside of Paris, the EM Lyon Business School project.

Retail: excellent performance

Altarea's long-term strategy consists of developing the volume of retail space under management (currently €5.2 billion) which focusing its shareholdings in a few formats for stabilised levels of share capital (€2.9 billion, Group share).

This strategy allows Altarea to obtain the full value of its operational know-how within the volumes under management, which obtaining excellent returns on the share held.

Depending on the circumstances, the Group may therefore on occasion be both the buyer and the seller of retail space, on a proprietary basis or through a partnership.

The Group is at the same time continuing the development of its assets with:

- the Nouveau Cap 3000, which, after work lasting five years, provides a sea-front development combining fashion, services, leisure activities and dining on a scale unprecedented in Europe;
- reinforcement in the travel retail sector with the acquisition (under concession agreements) of five Italian railway stations and ongoing work on the 2nd phase of shops in the Paris-Montparnasse station;
- the granting of definitive commercial approvals for the Ferney Voltaire shopping and leisure centre project in the French Geneva area and for the future retail spaces of the Paris-Austerlitz railway station.

During 2019, the Group sold several assets, including the Okabé shopping centre in Kremlin-Bicêtre and the retail park on 14th avenue in Herblay. These sales were on average completed at above the appraisal values.

In addition, in late December 2019, the Group entered into a 25%-75% partnership with the Crédit Agricole Assurances, relating to three local assets: Le Parks (Paris), Reflets Compans (Toulouse), Jas de Bouffan (Aix-en-Provence). As a result of this partnership, Crédit Agricole Assurances holds 75% of the fund structure and Altarea the remaining share[2].

(1) Every year, the Developer Rankings published by Innovapresse analyse and compare business volumes, the number of housing units or square metres of offices produced, and the financial results of the principal private property developers. The 31st edition included 60 of the main players in the sector.

(2) The assets held by these funds are now accounted for using the equity method proportionate to the level of their holding.

4.2 Consolidation scope

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

			31/12/2019			31/12/2018		
COMPANIES	SIREN		Method	Interest	Consolidation	Method	Interest	Consolidation
ALTAREA SCA	335480877	parent company	FC	100.0%	100.0%	FC	100.0%	100.0%
Retail France								
ALTAREA FRANCE	324814219		FC	100.0%	100.0%	FC	100.0%	100.0%
FONDS PROXIMITÉ SNC	348024050	affiliate	EM	25.0%	25.0%	NI	0.0%	0.0%
NR 21	335480877		FC	84.4%	100.0%	NI	0.0%	0.0%
COMPANS SNC	348024050	affiliate	EM	25.0%	25.0%	NI	0.0%	0.0%
ALDETA SAS	311765762		FC	33.3%	100.0%	FC	33.3%	100.0%
ALTA BLUE SAS	522193796		FC	33.3%	100.0%	FC	33.3%	100.0%
ALTAREA PROMOTION COMMERCE SNC	420490948		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA CRP AUBERGENVILLE SNC	451226328		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA AUSTERLITZ SNC	812196616		FC	100.0%	100.0%	FC	100.0%	100.0%
BERCY VILLAGE SCI	384987517		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CARRÉ DE SOIE SCI	449231463	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
FONCIÈRE ALTAREA SAS	353900699		FC	100.0%	100.0%	FC	100.0%	100.0%
Société d'Aménagement de la GARE de L'EST SNC	481104420		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CRP GENNEVILLIERS SNC	488541228		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA GRAMONT SAS	795254952		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CRP GUIPAVAS SNC	451282628		FC	100.0%	100.0%	FC	100.0%	100.0%
CENTRE COMMERCIAL DU KB SNC	485045876		FC	65.0%	100.0%	FC	65.0%	100.0%
LIMOGES INVEST SCI	488237546		FC	100.0%	100.0%	FC	100.0%	100.0%
SCI MACDONALD COMMERCES	524049244	affiliate	EM	25.0%	25.0%	EM	50.0%	50.0%
ALTAREA MANAGEMENT	509105375		FC	100.0%	100.0%	FC	100.0%	100.0%
SOCIÉTÉ DU CENTRE COMMERCIAL MASSY SNC	950063040		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA-MONTPARNASSE SNC	524049244		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC RETAIL PARK LES VIGNOLES	512086117		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA ORGEVAL SNC	795338441		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA QWARTZ	433806726		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA CRP RUAUDIN SNC	451248892		FC	100.0%	100.0%	FC	100.0%	100.0%
CENTRE COMMERCIAL DE THIAIS SNC	479873234		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA CRP LA VALETTE SNC	494539687		FC	51.0%	100.0%	FC	51.0%	100.0%
Retail Italy								
ALTABASILIO SRL	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTACERRO SRL	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTACSRETAILIT SRL	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA ITALIA SRL	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
Retail Spain								
ALTAREA ESPANA S.L	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA PATRIMAE S.L	NA		FC	100.0%	100.0%	FC	100.0%	100.0%

COMPANIES	SIREN		31/12/2019 Method	Interest	Consolidation	31/12/2018 Method	Interest	Consolidation
Residential								
ALTAREIT SCA	552091050		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM RÉSIDENCES SERVICES SNC	394648455	joint venture	EM	64.9%	65.0%	EM	64.9%	65.0%
Altarea Cogedim IDF Grande Métropole	810928135		FC	99.9%	100.0%	FC	99.9%	100.0%
Altarea Cogedim Grands Projets	810926519		FC	99.9%	100.0%	FC	99.9%	100.0%
Altarea Cogedim Régions	810847905		FC	99.9%	100.0%	FC	99.9%	100.0%
SEVERINI	499459204		FC	84.9%	100.0%	NI	0.0%	0.0%
MARSEILLE MICHELET SNC	792774382		FC	99.9%	100.0%	FC	99.9%	100.0%
CŒUR MOUGINS SNC	453830663		FC	99.9%	100.0%	FC	99.9%	100.0%
ISSY CŒUR DE VILLE SNC	830181079		FC	99.9%	100.0%	FC	99.9%	100.0%
ISSY CŒUR DE VILLE COMMERCES SNC	828184028		FC	99.9%	100.0%	FC	100.0%	100.0%
ALTA FAUBOURG SAS	444560874		FC	99.9%	100.0%	FC	99.9%	100.0%
HP SAS IG	480309731		FC	99.9%	100.0%	FC	99.9%	100.0%
HP ALBATROS IG	803307354		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC HORIZONS IG	825208093		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC MÉRIMÉE IG	849367016		FC	99.9%	100.0%	NI	0.0%	0.0%
Altarea Cogedim ZAC VLS (SNC)	811910447		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC VITROLLES LION1	811038454		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC VITROLLES LION3	811038363		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC VITROLLES SALIN1	811038389		FC	99.9%	100.0%	FC	99.9%	100.0%
PITCH PROMOTION SAS (ex Alta Favart SAS)	450042338		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV SEVRAN FREINVILLE	801560079		FC	59.9%	100.0%	FC	59.9%	100.0%
SCCV ARGENTEUIL SARRAZIN	822894432		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV MAGNANVILLE MARE PASLOUE	823919287		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV ANDRESY CHÂTEAUBRIANT	838432094		FC	74.9%	100.0%	FC	74.9%	100.0%
SCCV BEZONS CŒUR DE VILLE A1 & A2-LOGEMENTS	819929845		FC	99.9%	100.0%	FC	92.4%	100.0%
SCCV GIF MOULON A4	830886115		FC	25.0%	100.0%	FC	25.0%	100.0%
SNC TOULOUSE TMA PLACE CENTRALE	821922564		FC	99.9%	100.0%	FC	99.9%	100.0%
WOODEUM RÉSIDENTIEL SAS	807674775	joint venture	EM	49.9%	50.0%	NI	0.0%	0.0%
PITCH PROMOTION SNC	422989715		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC VALOR 2015	811425222		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC MAISONS ALFORT 2011	530224419	affiliate	EM	49.9%	50.0%	EM	49.9%	50.0%
SCCV ISTRES TRIGANCE ILOT A2	812621324		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV SPASSAS	817499361	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
SCCV BAGNOLET ALLENDE	821889151	affiliate	EM	48.9%	49.0%	EM	48.9%	49.0%
SAS MB TRANSACTIONS	425039138		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM GESTION	380375097		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COVALENS	309021277		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM PARIS MÉTROPOLE	319293916		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM GRAND LYON	300795358		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM MÉDITERRANÉE	312347784		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM PROVENCE	442739413		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM MIDI-PYRÉNÉES	447553207		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM GRENOBLE	418868584		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM SAVOIES-LEMAN	348145541		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM AQUITAINE	388620015		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM ATLANTIQUE	501734669		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM LANGUEDOC ROUSSILLON	532818085		FC	99.9%	100.0%	FC	99.9%	100.0%

			31/12/2019			31/12/2018		
COMPANIES	SIREN		Method	Interest	Consolidation	Method	Interest	Consolidation
SNC COGEDIM EST	419461546		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM SAS	54500814		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC SURESNES MALON	832708663	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
SAS BAGNEUX 116	839324175		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV RADOIRE ORDET	808870323		FC	79.9%	100.0%	FC	79.9%	100.0%
SCCV DOMAINE MONT DUPLANL	832046544		FC	69.9%	100.0%	FC	69.9%	100.0%
SCCV RESPIRE	807582267		FC	89.9%	100.0%	FC	89.9%	100.0%
SNC LYON LES MOTEURS	824866388		FC	99.9%	100.0%	NI	0.0%	0.0%
SCCV MENTON HAUT CAREI	829544303		FC	59.9%	100.0%	FC	59.9%	100.0%
SNC CALCADE DE MOUGINS	833132426		FC	50.9%	100.0%	FC	99.9%	100.0%
SCCV LE POULIGUEN LIBERATION	823860200		FC	64.9%	100.0%	FC	64.9%	100.0%
SNC PROVENCE L'ETOILE	501552947		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV MARSEILLE PARANQUES SUD	809939382		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV HYRES L'AUFRENE	834122335		FC	79.9%	100.0%	FC	79.9%	100.0%
SCCV PARIS CAMPAGNE PREMIERE	530706936		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV SEVRES FONTAINES	789457538		FC	79.9%	100.0%	FC	79.9%	100.0%
SCCV CARDINAL LEMOINE	812133080	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
SCCV BOBIGNY PARIS	812846525		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV JOINVILLE PARIS LIBERTE	814629655		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV RUEIL BONAPARTE MANET	817961196		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV CHAMPIGNY LA BOULONNERIE	819546185		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV BAGNEUX BOURG LA REINE	820201341		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV MALAKOFF ALEXIS MARTIN	820300440		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV BOULOGNE TILLEULS	820232700		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV JOINVILLE H.PINSON	821764107		FC	50.0%	100.0%	FC	50.0%	100.0%
SCCV LA GARENNE CHATEAU	822309753		FC	59.9%	100.0%	FC	59.9%	100.0%
SCCV CRETEIL BOBILLOT	823592944		FC	79.9%	100.0%	FC	79.9%	100.0%
SCCV PIERRE BEREGOVOY	829581651		FC	54.9%	100.0%	FC	54.9%	100.0%
SCCV CHAMPIGNY ALEXANDRE FOURNY	829377894		FC	50.0%	100.0%	FC	50.0%	100.0%
SCCV BOURGET LECLERC	831267943		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV HORLOGE GASTON ROUSSEL	832294664		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV COTO	814221453		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV STRASBOURG RUE DE COLMAR	822392262		FC	84.9%	100.0%	FC	84.9%	100.0%
Business property								
ALTAREA COGEDIM ENTREPRISE PROMOTION SNC	535056378		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA COGEDIM ENTREPRISE ASSET MANAGEMENT SNC	534207386		FC	99.9%	100.0%	FC	99.9%	100.0%
AF INVESTCO ARAGO (SNC)	494382351	affiliate	EM	30.1%	30.1%	EM	30.1%	30.1%
AF INVESTCO 4 (Snc)	798601936	affiliate	EM	58.3%	58.4%	EM	58.3%	58.4%
SCCV B1	853715829	joint venture	EM	33.3%	33.3%	NI	0.0%	0.0%
SCCV B2 B3	852921899	joint venture	EM	50.0%	50.0%	NI	0.0%	0.0%
ALTA VAI HOLDCO A (ex Salle Wagram, ex Théâtre de l'Empire)	424007425		FC	99.9%	100.0%	FC	99.9%	100.0%
ISSY PONT SCI	804865996	joint venture	EM	25.0%	25.0%	EM	25.0%	25.0%
PASCALPROPCO (SAS)	437929813	affiliate	EM	15.0%	15.1%	EM	15.0%	15.1%
SCCV RUEIL LE LUMIERE	822728473	affiliate	EM	20.0%	20.0%	EM	20.0%	20.0%
SNC ISSY CŒUR DE VILLE PROMOTION BUREAUX	829845536		FC	50.9%	100.0%	FC	50.9%	100.0%

4.3 Changes in consolidation scope

(in number of companies)	31/12/2018	Acquisition	Creation	Sale	Absorption, dissolution, deconsolidation	Change in consolidation method	31/12/2019
Fully consolidated subsidiaries	351	51	28	–	(9)	3	424
Joint ventures[a]	99	34	7	–	(4)	(2)	134
Affiliates[a]	85	–	7	(3)	(6)	(1)	82
TOTAL	**535**	**85**	**42**	**(3)**	**(19)**	**–**	**640**

(a) Companies accounted for using the equity method.

The variations over the course of the period are mainly a reflection of the acquisition of the Severini Group, on a fully consolidated basis, as well as the investment in the Woodeum Group as a joint venture.

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

In € millions	31/12/2019	31/12/2018
Investments in consolidated securities	(56.9)	(54.5)
Liabilities on acquisition of consolidated participating interests	(12.4)	1.4
Cash of acquired companies	6.4	7.6
TOTAL	**(62.9)**	**(45.6)**

During the year:

- The Group acquired 85% of the capital of the residential property developer Severini and increased its presence in the New Aquitaine region;
- The Group acquired the operating rights for five Italian railway stations, thereby accelerating its development in travel retail;
- The Group acquired the company NR 21 which is listed on the Euronext Paris market (compartment C).

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

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

4.4 Business combinations

On 4 January 2019, *via* its subsidiary Alta Faubourg, the Group acquired a 85% interest in the share capital of the developer Severini. With effect as from this date, Severini as a whole has been fully consolidated and its sales performance has been integrated into the Residential Property business sector.

The acquisition price of the minority interest in this company is €10.3 million.

In accordance with IFRS 3 "Business combinations", the company's assets purchased and liabilities taken on were measured at fair value. Once these values were acknowledged in the financial position as at the date of acquisition, intangible assets and goodwill of €19.4 million were recorded.

The goodwill is definitive and was allocated to the Group's Residential business.

The purchase option granted to the minority interests was recorded at fair value as at 31 December 2019 under other financial indebtedness and will be re-assessed at each period end.

The consolidated Group made a contribution of €46.5 million to the Group's revenue as at 31 December 2019.

4.5 Securities and investments in equity affiliates and unconsolidated interests

In application of IFRS 10, 11 and 12, the following are recognised under securities and receivables on equity affiliates, investments in joint ventures and associated companies, including receivables from these holdings.

4.5.1 Equity-accounting value of joint ventures and affiliates and related receivables

In € millions	31/12/2019	31/12/2018 restated
Equity-accounting value of joint ventures	90.3	62.0
Equity-accounting value of affiliated companies	120.5	94.3
Value of stake in equity-method affiliates	**210.8**	**156.3**
Non-consolidated securities	**33.6**	**33.3**
Receivables from joint ventures	200.2	79.5
Receivables from affiliated companies	121.1	118.4
Receivables from equity-method subsidiaries and non-consolidated interests	**321.3**	**197.9**
TOTAL SECURITIES AND RECEIVABLES IN EQUITY AFFILIATES AND UNCONSOLIDATED INTERESTS	**565.7**	**387.4**

As at 31 December 2019, the increase in the value of the equity assets of the affiliated companies was in particular linked to the creation in late December 2019 of a partnership with Crédit Agricole Assurances (CAA), relating to three local assets. In the context of this partnership, CAA holds 75% of the holding structure of these assets and the Group 25%. In accordance with the agreements signed, the balance held by the Group gives it significant influence over the companies which hold the assets.

As at 31 December 2019, the increase in the value of the equity assets of the joint ventures was in particular linked to the acquisition by the Group of a 50% interest in the capital of Woodeum, as well as to significant business property projects.

Receivables from joint ventures and receivables from associated companies relating to Property operations come to €309.8 million.

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

In € millions	Joint ventures	Affiliates	31/12/2019	Joint ventures	Affiliates	31/12/2018 restated
BALANCE SHEET ITEMS, GROUP SHARE:						
Non-current assets	340.8	199.3	540.2	112.4	201.6	313.9
Current assets	453.7	375.5	829.2	229.7	266.7	496.5
Total Assets	**794.5**	**574.9**	**1,369.4**	**342.1**	**468.3**	**810.4**
Non-current liabilities	205.2	203.3	408.5	98.3	178.4	276.7
Current liabilities	499.1	251.1	750.2	181.8	195.7	377.4
Total Liabilities	**704.3**	**454.4**	**1,158.6**	**280.1**	**374.1**	**654.1**
Net assets (equity-accounting basis)	**90.3**	**120.5**	**210.8**	**62.0**	**94.3**	**156.3**
SHARE OF INCOME STATEMENT ITEMS, GROUP SHARE:						
Operating income	**42.5**	**43.8**	**86.3**	**1.5**	**95.6**	**97.2**
Net borrowing costs	(5.3)	(6.1)	(11.4)	(2.3)	(12.1)	(14.4)
Change in value of hedging instruments	(0.6)	(1.2)	(1.8)	(0.3)	(1.0)	(1.3)
Proceeds from the disposal of investments	1.6	–	1.6	–	–	–
Dividends	–	–	–	–	–	–
Net income before tax	**38.2**	**36.5**	**74.7**	**(1.1)**	**82.6**	**81.5**
Corporate income tax	(9.7)	(5.8)	(15.5)	(2.1)	(23.5)	(25.6)
Net income after tax, Group share	**28.5**	**30.7**	**59.2**	**(3.2)**	**59.1**	**55.9**
Non-Group net income	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net income, Group share	28.5	30.7	59.2	(3.2)	59.1	55.9

Group revenues from joint ventures amounted to €60.0 million for the year to 31 December 2019, compared with €7.8 million for 2018.

Group revenues from associates amounted to €12.2 million for the year to 31 December 2019, compared with €34.0 million for 2018.

4.5.3 Commitments given or received in connection with joint ventures (in Group share)

Commitments given

Cogedim Résidences Services undertook to pay rent in connection with the leasing of the Résidences Services Cogedim Club®. In the context of the application of IFRS 16, these contracts have been restated in the financial statements of the companies.

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

Construction work completion guarantees and guarantees on forward payments for assets were given in connection with the property development business, for Group shares of €63.4 and €1.9 million respectively.

Commitments received

As of 31 December 2019, the main commitments received by the joint ventures relate to security deposits received from tenants in the amount €0.2 million.

NOTE 5 INCOME

5.1 Operating income

5.1.1 Net rental income

Net rental income includes all the expenses relative to the assets (lessor's contributions to marketing costs and the cost of non-capitalised works not reinvoiced to tenants).

Net rental income was €190.8 million as at 31 December 2019, as against €167.1 million as at 31 December 2018, *i.e.* an increase of 14%.

5.1.2 Net property income

The Group's net property income amounted to €218.8 million for the year to 31 December 2019, compared with €201.5 for the year to 31 December 2018, *i.e.* an increase of €17.3 million 8.6%. The restated 2018 consolidated income statement is set out in section 2.5 "Change in method".

The Residential Backlog of the fully-consolidated companies stood at €3,520 million at 31 December 2019.

The Property Development Backlog of the fully-consolidated companies was €595 million at 31 December 2019.

5.2 Cost of net financial debt and other financial items

5.2.1 Cost of net financial debt

In € millions	31/12/2019	31/12/2018 restated
Bond and bank interest expenses	(53.9)	(55.2)
Interest on partners' advances	(0.7)	(0.8)
Interest rate on hedging instruments	(8.2)	(9.8)
Non-use fees	(4.6)	(3.4)
Other financial expenses	(1.1)	(0.4)
Interest on lease liabilities	(1.1)	–
Interest on contractual fees on investment property	(4.4)	–
Capitalised interest expenses	5.8	5.8
FFO financial expenses	**(68.2)**	**(63.8)**
Interest on partners' advances	4.7	12.2
Other interest income	0.9	0.8
Interest rate on hedging instruments	5.4	3.2
FFO financial income	**11.0**	**16.2**
FFO NET BORROWING COSTS	**(57.2)**	**(47.5)**
Interest on contractual fees on investment property	(6.5)	–
Spreading of bond issue costs and other estimated expenses[(a)]	(14.8)	(9.6)
Estimated financial expenses	**(21.3)**	**(9.6)**
NET BORROWING COSTS	**(78.5)**	**(57.1)**

(a) Relates mainly to the deferral in accordance with the amortised cost method of the issue costs of borrowings and bond issue premiums in accordance with IFRS 9 for -€14.5 million.

Capitalised interest expenses relate only to companies carrying an asset under development or construction (traditional malls) and are deducted from interest paid to credit institutions. The clarification made to IAS 23 – Borrowing Costs (please see section 2.5 "Changes in Method") leads to the non-capitalisation of interest expenses relating to property development programmes (stocks).

The capitalisation rate used to determine the amounts of borrowing costs that may be included in the carrying amount of assets is the interest rate on financing assigned specifically to asset development or, if there is no specific financing, to the average cost of debt borne by the Company and not assigned specifically to another purpose.

Further to the application of IFRS 16 – Leases, for leases within the scope of application, rent is replaced by an amortisation charge/variations in value of the right-of-use asset and an interest fee (on lease liabilities or fees for investment property) recorded in the accounts as financial expenses.

The Group's average cost of financing (excluding the impact of IFRS 16) was 2.21% as at 31 December 2019, including margin, compared with 1.94% as at 31 December 2018.

5.2.2 Other financial results

Other financial results relate to the favourable resolution of a dispute regarding financial instruments in 2018.

5.2.3 Impact of result of financial instruments

Changes in value of financial instruments and gains and losses on their disposal resulted in a net expense of -€65.2 million compared with an expense of -€38.2 million for 2018. This corresponds to the changes in value of interest rate hedging instruments.

5.3 Income tax

Analysis of tax expense

Tax expense is analysed as follows:

In € millions	31/12/2019	31/12/2018 restated
Tax due	**(7.1)**	**(8.4)**
Tax loss carry forwards and/or use of deferred losses	(6.9)	(19.6)
Valuation differences	0.2	0.0
Fair value of investment properties	(15.1)	5.0
Fair value of hedging instruments	0.0	(0.0)
Net property income on a percentage-of-completion basis	(7.1)	(4.7)
Other timing differences	(0.9)	(8.7)
Deferred tax	**(29.8)**	**(28.0)**
TOTAL TAX INCOME (EXPENSE)	**(36.9)**	**(36.4)**

Effective tax rate

In € millions	31/12/2019	31/12/2018 restated
Pre-tax profit of consolidated companies	**213.2**	**265.2**
Group tax savings (expense)	**(36.9)**	**(36.4)**
EFFECTIVE TAX RATE	**-17.32%**	**-13.72%**
Tax rate in France	32.02%	34.43%
Theoretical tax charge	**(68.3)**	**(91.3)**
Difference between theoretical and effective tax charge	**31.4**	**54.9**
Differences related to entities' SIIC status	13.1	(9.7)
Differences related to treatment of losses	11.2	(3.9)
Other permanent differences and rate differences	7.1	68.5

Deferred tax assets and liabilities

In € millions	31/12/2019	31/12/2018 restated
Tax loss carry forwards	129.5	135.7
Valuation differences	(35.5)	(26.0)
Fair value of investment properties	(43.0)	(27.2)
Fair value of financial instruments	(0.0)	(0.0)
Net property income on a percentage-of-completion basis	(68.1)	(60.2)
Other timing differences	(5.2)	(6.2)
NET DEFERRED TAX ON THE BALANCE SHEET	**(22.2)**	**16.0**

As at 31 December 2019, the Group had unrecognised tax loss carry-forwards of €398.5 million (basis), as compared with €480.7 million for the year ending 31 December 2018.

Deferred taxes relating to valuation differences correspond primarily to the brands held by the Group.

Deferred taxes relating to the recognition of tax losses are primarily for losses recognised in the Altareit tax group, and for losses part-recognised in the taxable sector of Altarea SCA and Foncière Altarea.

Deferred taxes are calculated (for French companies which are part of the Group's main consolidation scope) at the rate of 28.92%, the rate set by the Finance Act for 2020, and not at the rate of 32.02% applicable in 2019.

The Finance Act provides for a gradual decrease in the rate of corporate income tax, which would be set at 28.92% in 2020, 27.37% in 2021 and 25.83% from 1 January 2022.

To anticipate the effect of these future reductions after 2020, a discount was applied to the tax calculated based on the items the Group does not expect to be cleared before this date.

Proposed corrections

Alta Développement Italie, a subsidiary of Altarea SCA, underwent an inspection covering the financial years ended 31 December 2014 and 2015, further to a notice of amendment. Further to the departmental meeting held on 15 April 2019, the authorities sent the company a notice of abandonment of adjustment. This dispute is now closed.

The Group had no material fiscal disputes outstanding at 31 December 2019.

5.4 Earnings per share

Net income per share (basic earnings per share) is the net income (Group share) compared to the weighted average number of shares in issue during the period, less the weighted average number of treasury shares.

To calculate the diluted net income per share, the weighted average number of shares in issue is adjusted to take into account the potentially dilutive effect of all equity instruments issued by the Company.

In 2018 as in 2018, the dilution arose only from the granting of rights to free shares in Altarea SCA to Group employees or corporate officers.

In € millions	31/12/2019	31/12/2018 restated
Numerator		
Net income, Group share	233.7	252.3
Denominator		
Weighted average number of shares before dilution	16,203,050	15,791,325
Effect of potentially dilutive shares		
Stock options	*0*	*0*
Rights to free share grants	*190,215*	*201,027*
Total potential dilutive effect	190,215	201,027
Weighted diluted average number of shares	16,393,265	15,992,352
NET INCOME PER SHARE ATTRIBUTABLE TO GROUP SHAREHOLDERS *(IN €)*	**14.42**	**15.97**
DILUTED NET INCOME PER SHARE ATTRIBUTABLE TO GROUP SHAREHOLDERS *(IN €)*	**14.26**	**15.77**

NOTE 6 LIABILITIES

6.1 Equity

6.1.1 Capital, share-based payments and treasury shares

Capital

Altarea SCA share capital

In number of shares and in €	Number of shares	Nominal	Share capital
Number of shares outstanding at 31 December 2017	**16,051,842**	**15.28**	**245,280,324**
Capital increase reserved on acquisition of the company SND	9,487	15.28	144,961
Number of shares outstanding at 31 December 2018	**16,061,329**	**15.28**	**245,425,285**
Capital increase via the conversion of dividends into shares	599,267	15.28	9,156,800
Share capital increase reserved for Mutual Funds	40,166	15.28	613,736
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2019	**16,700,762**	**15.28**	**255,195,822**

Capital management

The aim of the Group's capital management is to ensure liquidity and optimise its capital structure.

The Company's policy is to maintain its LTV (Loan to Value) ratio at around 40%, excluding temporarily exceeding that level or exceptional transactions. The corporate loan agreement clauses specifically stipulate that the Group must maintain an LTV ratio below 60%.

Share-based payments

The gross expense recorded on the income statement for share-based payments was €14.9 million in 2019 compared to €20.0 million in 2018.

No stock option plan was under way at 31 December 2019.

Free share grants

On existing plans as of 31 December 2018, in 2019:

- 110,001 free shares were awarded;
- 109,887 shares were delivered;
- 18,984 rights were cancelled or altered.

Award date	Number of rights awarded	Vesting date	Rights in circulation as at 31/12/2018	Awarded	Deliveries	Amendments to rights[a]	Rights in circulation as at 31/12/2019
Stock grant plans on Altarea shares							
10 November 2016	12,450[b]	11 April 2019	8,450		(5,915)	(2,535)	
14 December 2016	33,365[b]	10 April 2019	29,407		(21,824)	(7,583)	
22 March 2017	1,500[b]	10 April 2019	1,000		(751)	(249)	
6 April 2017	11,500[b]	30 April 2019	11,500		(8,050)	(3,450)	
15 February 2018	28,820	15 February 2019	27,310		(26,740)	(570)	
19 February 2018	32,480	19 February 2019	31,575		(31,283)	(292)	
21 February 2018	12,424	21 February 2020	12,139		(53)	(382)	11,704
2 March 2018	33,129[b]	2 March 2020	31,754			(2,159)	29,595
6 March 2018	3,430	6 March 2019	3,340		(3,340)		
28 March 2018	1,410	28 March 2019	1,410		(1,410)		
29 March 2018	8,453	29 March 2019	8,453		(8,453)		
30 March 2018	4,327	30 March 2020	4,327			(150)	4,177
1 June 2018	2,000	1 June 2019	2,000		(2,000)		
20 July 2018	41,500[b]	31 March 2021	41,500				41,500
7 September 2018	14,800[b]	31 March 2021	14,800				14,800
25 September 2018	1,000	31 March 2020	1,000				1,000
3 December 2018	5,000[b]	31 March 2021	5,000				5,000
19 December 2018	1,850[b]	31 March 2020		1,850		–	1,850
19 December 2018	2,000[b]	31 March 2021		2,000		–	2,000
15 March 2019	28,804	15 March 2020		28,804	(34)	(213)	28,557
18 March 2019	9,461	18 March 2021		9,461	(34)	(90)	9,337
19 March 2019	41,531	19 March 2022		41,531		(1,312)	40,219
6 June 2019	1,355	20 March 2022		1,355		–	1,355
18 October 2019	2,000	30 March 2021		2,000		–	2,000
21 October 2019	20,000[b]	30 March 2022		20,000		–	20,000
18 December 2019	3,000[b]	31 March 2021		3,000			3,000
TOTAL	**357,589**		**234,964**	**110,001**	**(109,887)**	**(18,984)**	**216,094**

(a) Rights cancelled for reasons of departure, transfer, lack of certainty that performance criteria have been met or changes in plan terms.
(b) Plans subject to performance criteria.

Valuation parameters for new free share grants

	31/12/2019
Dividend rate	6.0%
Expected volatility[a]	17.41% for Altarea share price and 9.96% for IEIF Immobilier France index
Risk-free interest rate	0.0%
Model used	Binomial Cox-Ross-Rubinstein model/Monte Carlo method[a]

(a) Only for plans subject to performance criteria

Treasury shares

The acquisition cost of treasury shares was €33.1 million at 31 December 2019 for 166,408 shares (including 165,675 shares intended for allotment to employees under free share grant or stock option plans and 733 shares allocated to a liquidity contract), compared with €54.6 million at 31 December 2018 for 278,602 shares (including 275,562 shares intended for allotment to employees under free share grant or stock option plans and 3,040 shares allocated to a liquidity contract). Treasury shares are eliminated and offset directly in equity.

In addition, a net loss on disposal and/or free share grants of treasury shares to Company employees was recognised directly in equity in the amount of €21.0 million before tax at 31 December 2019 (€15.0 million after tax) compared with €18.0 million at 31 December 2018 (€12.2 million before tax).

The negative impact on cash flow from purchases and disposals over the period came to €0.4 million at 31 December 2019 compared to €18.6 million at 31 December 2018.

6.1.2 Dividends proposed and paid

Dividends paid

In € millions	31/12/2019	31/12/2018
Paid in current year in respect of previous year:		
Dividend per share (in euros)	*12.75*	*12.50*
Payment to shareholders of the Altarea Group	202.6	197.8
Proportional payment to the general partner (1.5%)	3.0	3.0
TOTAL	**205.6**	**200.8**
Offer to convert dividends into shares:		
Subscription price *(in euros)*	156.55	-
Total amount of conversion into shares	**93.8**	**-**
Rate of conversion of dividends into shares on the 50% option	*92.6%*	

Proposed payment in respect of 2019

A dividend of €13.0 per share (up +2%) will be proposed at the General Shareholders' Meeting on 19 May 2020, for the 2019 financial year.

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

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

6.2 Net financial debt and guarantees

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

			"Non-cash" change					
In € millions	31/12/2018	Cash flow	Spreading of issue costs	Change in scope of consolidation	Present value adjustment	Change in method	Reclassification	31/12/2019
Bonds (excluding accrued interest)	1,267.2	337.3	1.1	7.8	–	–	–	1,613.5
Negotiable European Commercial Paper and European Medium Term Note	381.0	358.5	–	–	–	–	–	739.5
Bank borrowings, excluding accrued interest and overdrafts	1,457.6	(538.7)	13.4	32.4	–	(33.7)	–	931.0
Net bond and bank debt, excluding accrued interest and overdrafts	**3,105.9**	**157.2**	**14.5**	**40.2**	**–**	**(33.7)**	**–**	**3,284.0**
Accrued interest on bond and bank borrowings	18.5	(1.2)	–	1.5	–	–	–	18.8
BOND AND BANK DEBT, EXCLUDING OVERDRAFTS	**3,124.3**	**156.0**	**14.5**	**41.7**	**–**	**(33.7)**	**–**	**3,302.8**
Cash and cash equivalents	(678.5)	(151.6)	–	–	–	–	–	(830.2)
Bank overdrafts	3.5	(0.8)	–	–	–	–	–	2.7
Net cash	**(675.0)**	**(152.4)**	**–**	**–**	**–**	**–**	**–**	**(827.5)**
NET BOND AND BANK DEBT	**2,449.3**	**3.5**	**14.5**	**41.7**	**–**	**(33.7)**	**–**	**2,475.3**
Equity loans and Group and partners' advances*	169.1	54.6	–	22.9	–	–	0.0	246.6
Accrued interest on shareholders' advances	5.6	0.2	–	–	–	–	(0.0)	5.7
Lease liabilities	–	(23.7)	–	0.4	–	43.4	3.1	23.2
Contractual fees on investment properties	–	1.0	–	–	–	133.0	9.4	143.4
NET FINANCIAL DEBT	**2,624.0**	**35.6**	**14.5**	**65.0**	**–**	**142.7**	**12.5**	**2,894.3**

* *o/w allocation of earnings to shareholder current accounts for €17.5 million.*

6.2.1 Net financial bond and bank debt

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

Further to the application of IFRS 16 – Leases, bank borrowings excluding accrued interest and bank overdrafts fall by €33.7 million: lease financing debt has been re-stated as "Contractual fees for investment property".

During the financial year, the Group notably:

- successfully placed a rated bond issue, for €500 million with a 8-year 3-month maturity and a fixed coupon of 1.875%;
- proceeded with a €530 million repayment of mortgage loans;
- proceeded with the repayment of a matured private bond issuance for 150 million;
- proceeded with the repayment of fixed-term loans totalling €34 million;
- put in place term loans or completed drawings on revolving credit facilities totalling €125 million;
- increased its issues of Negotiable European Commercial Paper (plus €359 million during the financial year). The Group continued to make use of short- and medium-term resources *via* NEU-CP (issues up to one year) and NEU-MTN (issues in excess of one year) programmes.

All financing was not fully drawn at 31 December 2019

The changes in the consolidation scope are mainly related to the acquisition of the developer Severini and to movements in the Property Development business, notably the acquisition of the Company which holds the Reflets Compans traditional mall in the first half-year.

Borrowing costs are analysed in the note on earnings.

Net cash

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

Breakdown of bank and bond debt by maturity

In € millions	31/12/2019	31/12/2018
< 3 months	429.6	323.0
3 to 6 months	192.2	50.2
6 to 9 months	127.8	87.2
9 to 12 months	75.3	183.5
Less than 1 year	**825.0**	**643.8**
2 years	653.7	145.8
3 years	79.2	586.4
4 years	98.2	67.9
5 years	570.3	98.2
1 to 5 years	**1,401.4**	**898.3**
More than 5 years	**1,096.8**	**1,609.1**
Issuance cost to be amortised	(17.7)	(23.4)
TOTAL GROSS BOND AND BANK DEBT	**3,305.5**	**3,127.8**

The increase in the portion of bond and bank debt due in less than one year is attributable to the increase in Negotiable European Commercial Paper and their maturity schedule. The increase in the portion due at 2 years is in particular linked to the expiry of the Cap 3000 mortgage debt and the maturity of the bonds issued by Altarea in 2014. The portion due at 5 years has been reduced via the repayment by the Group of mortgage loans in particular.

Breakdown of bank and bond debt by guarantee

In € millions	31/12/2019	31/12/2018
Mortgages	506.0	1,031.8
Mortgage commitments	184.3	213.6
Moneylender lien	13.7	24.6
Pledging of receivables	–	5.6
Altarea SCA security deposit	150.0	109.0
Not Guaranteed	2,466.6	1,766.7
TOTAL	**3,320.6**	**3,151.2**
Issuance cost to be amortised	(15.1)	(23.4)
TOTAL GROSS BOND AND BANK DEBT	**3,305.5**	**3,127.8**

Mortgages are given as guarantees for financing or refinancing of shopping centres. Mortgage commitments and the lender's lien mainly concern Property Development activities.

Breakdown of bank and bond debt by interest rate

	Gross bond and bank debt		
In € millions	Variable rate	Fixed rate	Total
At 31 December 2019	1,606.3	1,699.2	3,305.5
At 31 December 2018	1,600.6	1,527.2	3,127.8

The market value of fixed rate debt stood at €1,783.5 million at 31 December 2019 compared to €1,552.9 million at 31 December 2018.

Schedule of future interest expenses

In € millions	31/12/2019	31/12/2018
< 3 months	4.2	2.4
3 to 6 months	10.5	8.0
6 to 9 months	17.3	16.1
9 to 12 months	8.8	(6.1)
LESS THAN 1 YEAR	**40.8**	**20.4**
2 years	68.5	55.6
3 years	57.6	61.8
4 years	54.7	37.7
5 years	49.5	40.4
1 TO 5 YEARS	**230.4**	**195.4**

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

6.2.2 Lease liabilities

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

The value of these obligations amounts to €23.2 million for the year to 31 December 2019, with regard to the rights to use relating to property, plant and equipment and intangible assets.

6.2.3 Contractual fees on Investment properties

Contractual fees on investment properties concern debts relating to temporary occupation authorisations and construction leases on retail assets (mainly railway stations).

The value of these fees (fees which are different from lease liabilities) amounts to €143.4 million for the year to 31 December 2019, with regard to the rights to use relating to investment properties (income-generating assets).

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

In € millions	31/12/2019	31/12/2018
< 3 months	10.0	–
3 to 6 months	2.5	–
6 to 9 months	2.1	–
9 to 12 months	2.4	–
Less than 1 year	**17.1**	**–**
2 years	15.1	–
3 years	4.9	–
4 years	3.4	–
5 years	3.1	–
1 to 5 years	**26.5**	**–**
More than 5 years	**123.1**	**–**
TOTAL LEASE LIABILITIES AND CONTRACTUAL FEES ON INVESTMENT PROPERTIES	**166.6**	**–**

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

In € millions	**Cash flow**
Issuance of debt and other financial liabilities	1,891.3
Repayment of borrowings and other financial liabilities	(1,662.0)
Change in borrowing and other financial liabilities	**229.3**
Repayment of lease liabilities	(22.7)
Change in cash balance	152.4
TOTAL CHANGE IN NET FINANCIAL DEBT (TFT)	**359.0**
Net bond and bank debt, excluding accrued interest and overdrafts	157.2
Net cash	152.4
Equity loans and Group and partners' advances	54.6
Lease liabilities	(23.7)
Contractual fees on investment properties	1.0
Allocation of income to shareholder current accounts	17.5
TOTAL CHANGE IN NET FINANCIAL DEBT	**359.0**

6.3 Provisions

In € millions	31/12/2019	31/12/2018
Provision for benefits payable at retirement	14.5	11.8
Other provisions	10.6	9.8
TOTAL PROVISIONS	**25.1**	**21.6**

Provision for benefits payable at retirement was measured, as in previous financial years, by an external actuary. The valuation and accounting principles are detailed in the Company's accounting principles and methods, note 2.4.14 "Employee benefits" in the appendix to the consolidated financial statements as at 31 December 2019. The main assumptions used when evaluating this commitment are turnover, the discount rate and the rate of salary increase: a change of +/-0.25% in the last two criteria would not have any significant impact.

Other provisions primarily cover:

- the risk of disputes arising from construction operations;
- the risk of the failure of certain partners;
- as well as estimates of residual risks involving completed programmes (litigation, ten-year guarantee, definitive general statement, etc.).

NOTE 7 ASSETS AND IMPAIRMENT TESTS

7.1 Investment properties

In € millions	Investment properties measured at fair value	Investment properties measured at cost	Investment properties right-of-use	Assets held for sale	Total Investment properties
At 31 December 2018	**3,931.3**	**594.9**	**–**	**–**	**4,526.2**
Subsequent investments and expenditures capitalised	18.1	215.8	–	–	233.9
Change in spread of incentives to buyers	5.8	–	–	–	5.8
Disposals/repayment of down payments made	(172.9)	(7.9)	–	–	(180.7)
Net impairment/project discontinuation	–	(13.6)	–	–	(13.6)
Transfers to assets held for sale or to or from other categories	(62.9)	(272.1)	–	335.0	–
New right-of-use asset	–	–	9.4	–	9.4
Change in fair value	61.4	–	(6.7)	–	54.7
Change in method	(26.6)	(7.8)	134.0	–	99.6
Change in scope of consolidation	71.9	–	–	–	71.9
AT 31 DECEMBER 2019	**3,826.2**	**509.3**	**136.7**	**335.0**	**4,807.2**

At 31 December 2019, interest expenses amounting to €5.8 million were capitalised in respect of projects under development and construction.

Investment properties at fair value

The primary movements concern:

- transfers to fair value of most of the extension to Cap 3000, excluding the Corso mall, as well as the second phase of the Paris-Montparnasse train station project;
- the acquisition of five railway stations in Italy (Milan, Turin, Padua, Rome and Naples);
- the sale of the Okabé shopping centre in Kremlin-Bicêtre and of the Herblay retail park;
- the creation of a partnership with Crédit Agricole Assurances relating to three local assets: Le Parks (Paris), Reflets Compans (Toulouse), and Jas Bouffan (Aix-en-Provence). Under this partnership, the Group now holds 25% of the holding structure of these assets;
- the transfer to assets held destinated for sale of the Italian shopping centres Le Due Torri and Le Corte Lombarda; and of the French shopping centres Flins, Ollioules and Les Essarts;
- changes in fair value of shopping centres in operation.

Investment properties valued at cost

Assets in development or under construction carried at cost mainly concern projects for the extension of the Cap 3000 centre in Saint-Laurent-du-Var, the development projects for the Paris railway stations and the redevelopment of shopping centres in France.

Rights of use on Investment properties

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

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

The impact of the launch of this standard is set out in section 2.5 "Change in method".

The item New right-of-use asset includes all lease agreements signed during the period, as well as the indexation of existing agreements.

Value Measurement – IFRS 13

In accordance with IFRS 13 – "Fair Value Measurement" and the EPRA's recommendation on IFRS 13, "EPRA Position Paper on IFRS 13 – Fair Value Measurement and Illustrative Disclosures, February 2013", the Group chose to present additional parameters used to determine the fair value of its property portfolio.

The Altarea Cogedim Group considered that classifying its assets in level 3 was most appropriate. This treatment reflects the primarily unobservable nature of the data used in the assessments, such as rents from rental statements, capitalisation rates and average annual growth rate of rents. The tables below thus present a number of quantitative parameters used to determine the fair value of the property portfolio. These parameters apply only to shopping centres controlled exclusively by the Group (and therefore do not include assets accounted for under the equity method) and which are measured at fair value by the expert appraisers.

		Initial capitalisation rate[(a)]	Rental in € per m2[(b)]	Discount rate[(c)]	Capitalisation rate at exit[(d)]	Average annual growth rate of net rental income[(e)]
France	Maximum	6.7%	803	7.5%	6.5%	7.6%
	Minimum	3.7%	41	5.0%	3.4%	1.5%
	Weighted average	**4.6%**	**392**	**6.0%**	**4.6%**	**3.1%**
International	Maximum	8.1%	271	7.8%	7.0%	2.9%
	Minimum	5.2%	184	7.1%	5.2%	2.2%
	Weighted average	**6.5%**	**244**	**7.4%**	**6.5%**	**2.5%**

(a) The initial capitalisation rate is the net rental income relative to the appraisal value excluding transfer duties.
(b) Annual average rent (minimum guaranteed rent plus variable rent) per asset and m².
(c) Rate used to discount the future cash flows.
(d) Rate used to capitalise the revenue in the exit year in order to calculate the asset's exit value.
(e) Average Annual Growth Rate of net rental income.

Based on a Group weighted average capitalisation rate, a +0.25% increase in capitalisation rates would lead to a reduction of -€192.0 million in the value of investment properties (-5.2%), while a 0.25% decrease in capitalisation rates would increase the value of investment properties by €215.0 million (+5.8%)

Breakdown of the portfolio measured at fair value by asset type

In € millions	31/12/2019	31/12/2018
Regional shopping centres	2,611.4	2,471.7
Travel retail	449.3	254.0
Retail parks	673.4	730.3
Others	92.0	475.4
TOTAL	**3,826.2**	**3,931.3**

Investment working capital requirement

In € millions	Receivables on fixed assets	Amounts due on noncurrent assets	Investment WCR
At 31 December 2018	**4.8**	**(103.7)**	**(98.9)**
Change	0.9	(41.3)	(40.4)
Present value adjustment	–	(0.1)	(0.1)
Transfers	(0.1)	–	(0.1)
Change in scope of consolidation	–	0.0	0.0
At 31 December 2019	**5.6**	**(145.1)**	**(139.6)**
Change in WCR at 31 December 2019	**0.9**	**(41.3)**	**(40.4)**

Net acquisitions of assets and capitalised expenditures

In € millions	31/12/2019	31/12/2018
Type of non-current assets acquired:		
Intangible assets	(1.1)	(11.2)
Property plant and equipment	(4.9)	(7.2)
Investment properties	(185.9)	(195.9)
TOTAL	**(192.0)**	**(214.3)**

7.2 Goodwill and other intangible assets

In € millions	Gross values	Amortisation and/or impairment	31/12/2019	31/12/2018
Goodwill	**449.0**	**(239.6)**	**209.4**	**194.3**
Brands	**105.4**	**–**	**105.4**	**100.7**
Customer relationships	**192.9**	**(192.3)**	**0.6**	**–**
Software applications, patents and similar rights	47.1	(31.3)	15.7	18.4
Leasehold Right	2.5	(2.2)	0.3	0.3
Others	0.1	(0.0)	0.0	0.0
Other intangible assets	**49.6**	**(33.5)**	**16.1**	**18.8**
TOTAL	**796.8**	**(465.4)**	**331.4**	**313.7**

In € millions	31/12/2019	31/12/2018
Net values at beginning of the period	**313.7**	**258.5**
Acquisitions of intangible assets	1.1	11.2
Disposals and write-offs	(0.0)	(0.1)
Changes in scope of consolidation and other	21.1	49.8
Net allowances for depreciation	(4.5)	(5.7)
NET VALUES AT THE END OF THE PERIOD	**331.4**	**313.7**

Goodwill generated by the Property development business

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

The monitoring of business indicators for the Residential and Business property segments did not reveal any evidence of impairment for these activities.

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

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

At 31 December 2019, on the basis of these assumptions, the fair value of the economic assets in the Residential and Business property segments are greater than their net book value as of the same date irrespective of the EBITA rate used. No impairment needs to be recorded in the financial statements.

Sensitivity of + or -1% on the discounting rate and of + or -0.5% on the discounting rate to infinity, would lead to valuations of the economic assets (taking average WCR for the period into account) for the Residential segment on the one hand and the Business property segment on the other hand which remain greater than their book value as at 31 December 2019.

Brands

The Group owns the following brands: Cogedim, Pitch Promotion, Histoire & Patrimoine and, since early 2019, Severini. These brands, of a total value of €105.4 million, have an indefinite useful life and are thus not amortised

The brands were tested and no impairment was recognized as of 31 December 2019.

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

In € millions	Land and Constructions	Vehicles	Other	Gross rights to use	Amort. Land and Constructions	Amort. Vehicles	Amort. Other	Total amortisations	Net rights to use
At 31 December 2018	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Change in method	45.4	2.9	4.0	52.4	(7.2)	(0.7)	(1.0)	(8.8)	43.6
New contracts/Increases	1.9	1.1	0.0	3.1	(18.2)	(1.3)	(1.2)	(20.7)	(17.6)
Contract terminations/Reversals	(4.4)	(0.3)	(0.1)	(4.8)	1.4	0.2	0.1	1.8	(3.1)
Change in scope of consolidation	0.5	–	–	0.5	(0.0)	–	–	(0.0)	0.4
AT 31 DECEMBER 2019	**43.4**	**3.7**	**3.9**	**51.1**	**(24.0)**	**(1.7)**	**(2.0)**	**(27.8)**	**23.4**

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

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

7.4 Operational working capital requirement

Summary of components of operational working capital requirement

In € millions	31/12/2019	31/12/2018 restated	Flows: Created by the business	Flows: Changes in consolidation scope and transfer	Flows: Change in consolidation method
Net inventories and work in progress	**1,064.5**	**986.6**	**61.4**	**16.5**	**0.0**
Contract assets	**564.9**	**444.4**	**141.2**	**(20.6)**	**–**
Net trade receivables	296.8	128.8	136.0	32.0	–
Other operating receivables net	497.5	433.0	101.2	(36.6)	(0.2)
Trade and other operating receivables net	**794.3**	**561.8**	**237.2**	**(4.6)**	**(0.2)**
Contract liabilities	**(168.8)**	**(105.7)**	**(63.1)**	**–**	**–**
Trade payables	(1,019.6)	(730.8)	(274.8)	(14.1)	–
Other operating payables	(474.8)	(405.3)	(112.2)	42.4	0.3
Trade payables and other operating liabilities	**(1,494.5)**	**(1,136.1)**	**(387.0)**	**28.3**	**0.3**
OPERATIONAL WCR	**760.5**	**751.0**	**(10.3)**	**19.6**	**0.2**

The Group's operational working capital requirement (excluding receivables and payables on the sale or acquisition of fixed assets) is essentially linked to the Property Development sector.

The changes in the consolidation scope are mainly related to the movements within the Property Development business and the acquisition of Severini.

7.4.1 Net inventories and work in progress

In € millions	Gross inventories	Impairment	Net inventories
As of 1 January 2018	**1,296.5**	**(7.7)**	**1,288.8**
Change in method	(503.0)	–	(503.0)
Change	153.3	(0.0)	153.3
Increases	–	(2.3)	(2.3)
Reversals	–	2.1	2.1
Transfers to or from other categories	0.1	0.0	0.1
Change in scope of consolidation	48.5	(0.9)	47.6
As of 31 December 2018 – restated	**995.4**	**(8.9)**	**986.6**
Change	74.9	(0.0)	74.9
Increases	–	(17.2)	(17.2)
Reversals	–	3.8	3.8
Transfers to or from other categories	1.1	0.2	1.3
Change in scope of consolidation	17.9	(2.6)	15.3
AT 31 DECEMBER 2019	**1,089.2**	**(24.7)**	**1,064.5**

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

The changes in the consolidation scope are mainly related to the movements within the Property Development business and the acquisition of Severini.

In 2018, the change in method is linked to the application of IFRS 15 and the impact of the clarification of IAS 23.

7.4.2 Trade and other receivables

In € millions	31/12/2019	31/12/2018
Gross trade receivables	**320.3**	**149.4**
Opening impairment	**(20.6)**	**(20.4)**
Increases	(7.2)	(6.6)
Change in scope of consolidation	(0.1)	0.1
Reversals	4.3	6.3
Closing impairment	**(23.5)**	**(20.6)**
NET TRADE RECEIVABLES	**296.8**	**128.8**
Advances and down payments paid	50.8	41.4
VAT receivables	339.2	291.2
Sundry debtors	30.5	26.7
Prepaid expenses	53.8	43.1
Principal accounts in debit	26.1	31.0
Total other operating receivables gross	**500.4**	**433.3**
Opening impairment	**(0.3)**	**(2.5)**
Increases	(2.6)	(0.2)
Change in scope of consolidation	(0.1)	(0.0)
Reversals	0.2	2.4
Closing impairment	**(2.9)**	**(0.3)**
NET OPERATING RECEIVABLES	**497.5**	**433.0**
TRADE RECEIVABLES AND OTHER OPERATING RECEIVABLES	**794.3**	**561.8**
Receivables on sale of assets	5.6	4.8
TRADE AND OTHER RECEIVABLES	**799.9**	**566.7**

Trade receivables

Receivables on off-plan sales (VEFA) are recorded inclusive of all taxes and represent revenues on a percentage-of-completion basis less receipts received from customers.

Detail of trade receivables due:

In € millions	31/12/2019
Total gross trade receivables	**320.3**
Impairment of trade receivables	(23.5)
TOTAL NET TRADE RECEIVABLES	**296.8**
Trade accounts to be invoiced	(36.7)
Receivables lagging completion	(38.5)
TRADE ACCOUNTS RECEIVABLE DUE	**221.7**

Receivables lagging completion according to the percentage-of-completion method are affected by the application of IFRS 15: revenue and therefore trade receivables according to the percentage-of-completion method are taken more rapidly.

In € millions	Total	On time	30 days	60 days	90 days	More than 90 days
Trade accounts receivable due	221.7	154.5	3.1	21.0	3.1	39.9

Advances and down payments paid

Advances and down payments correspond primarily to compensation for loss of use paid by Cogedim to the sellers of land when preliminary sales agreements are signed (for those not covered by guarantees) as part of its property development business. They are offset against the price to be paid on completion of the purchase.

Principal accounts in debit

As part of its property management business and real estate transactions, the Group presents the cash balance it manages for third parties on its balance sheet.

7.4.3 Trade and other payables

In € millions	31/12/2019	31/12/2018
TRADE PAYABLES AND RELATED ACCOUNTS	**1,019.6**	**730.8**
Advances and down payments received from clients	7.1	8.7
VAT collected	275.3	229.3
Other tax and social security payables	57.1	53.8
Prepaid income	8.1	4.3
Other payables	101.1	78.2
Principal accounts in credit	26.1	31.0
OTHER OPERATING PAYABLES	**474.8**	**405.3**
Amounts due on non-current assets	145.1	103.7
TRADE AND OTHER PAYABLES	**1,639.6**	**1,239.8**

Payables on acquisition of assets

Payables on acquisition of assets correspond mainly to debts to suppliers for shopping centres just completed or under development.

NOTE 8 FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks as part of its operational and financing activities: interest rate risk, liquidity risk, counterparty risk and currency risk.

8.1 Carrying amount of financial instruments by category

At 31 December 2019

			Financial assets and liabilities carried at amortised			Financial assets and liabilities carried at fair value			
In € millions	Total carrying amount	Non-financial assets	Loans Receivables	Liabilities at amortised cost	Equity instruments	Assets and liabilities at fair value through	Level 1[(a)]	Level 2[(b)]	Level 3[(c)]
NON-CURRENT ASSETS	**576.4**	**210.8**	**332.0**	**–**	**33.6**	**–**	**–**	**–**	**33.6**
Securities and investments in equity affiliates and unconsolidated interests	565.7	210.8	321.3	–	33.6	–	–	–	33.6
Loans and receivables (non-current)	10.6	–	10.6	–	–	–	–	–	–
CURRENT ASSETS	**1,658.5**	**–**	**1,655.4**	**–**	**–**	**3.1**	**1.9**	**1.2**	**–**
Trade and other receivables	799.9	–	799.9	–	–	–	–	–	–
Loans and receivables (current)	27.3	–	27.3	–	–	–	–	–	–
Derivative financial instruments	1.2	–	–	–	–	1.2	–	1.2	–
Cash and cash equivalents	830.2	–	828.2	–	–	1.9	1.9	–	–
NON-CURRENT LIABILITIES	**2,745.2**	**–**	**–**	**2,745.2**	**–**	**–**	**–**	**–**	**–**
Borrowings and financial liabilities	2,708.5	–	–	2,708.5	–	–	–	–	–
Deposits and security interests received	36.7	–	–	36.7	–	–	–	–	–
CURRENT LIABILITIES	**2,753.8**	**–**	**–**	**2,655.6**	**–**	**98.2**	**–**	**98.2**	**–**
Borrowings and financial liabilities	1,016.0	–	–	1,016.0	–	–	–	–	–
Derivative financial instruments	98.2	–	–	–	–	98.2	–	98.2	–
Trade and other payables	1,639.6	–	–	1,639.6	–	–	–	–	–

(a) Financial instruments listed on an active market.
(b) Financial instruments whose fair value is determined using valuation techniques based on observable market inputs.
(c) Financial instruments whose fair value (in whole or in part) is based on non-observable inputs.

Equity instruments mainly comprise equity securities of non-consolidated companies. At each acquisition an analysis is carried out to determine the Group's management intention, and therefore its accounting method (by result or by OCI).
Cash and cash equivalents breakdown between cash presented under receivables and marketable securities presented as financial assets within Level 1 of the fair value hierarchy.

As of 31 December 2018 – restated

			Financial assets and liabilities carried at amortised		Financial assets and liabilities carried at fair value				
In € millions	Total carrying amount	Non-financial assets	Loans Receivables	Liabilities at amortised cost	Equity instruments	Assets and liabilities at fair value through	Level 1[a]	Level 2[b]	Level 3[c]
NON-CURRENT ASSETS	**398.0**	**156.3**	**208.4**	**–**	**33.3**	**–**	**–**	**–**	**33.3**
Securities and investments in equity affiliates and unconsolidated interests	387.4	156.3	197.9	–	33.3	–	–	–	33.3
Loans and receivables (non-current)	10.6	–	10.6	–	–	–	–	–	–
CURRENT ASSETS	**1,284.8**	**–**	**1,275.3**	**–**	**–**	**9.5**	**7.3**	**2.2**	**–**
Trade and other receivables	566.7	–	566.7	–	–	–	–	–	–
Loans and receivables (current)	37.4	–	37.4	–	–	–	–	–	–
Derivative financial instruments	2.2	–	–	–	–	2.2	–	2.2	–
Cash and cash equivalents	678.5	–	671.2	–	–	7.3	7.3	–	–
NON-CURRENT LIABILITIES	**2,593.2**	**–**	**–**	**2,593.2**	**–**	**–**	**–**	**–**	**–**
Borrowings and financial liabilities	2,560.6	–	–	2,560.6	–	–	–	–	–
Deposits and security interests received	32.6	–	–	32.6	–	–	–	–	–
CURRENT LIABILITIES	**2,048.9**	**–**	**–**	**1,981.7**	**–**	**67.2**	**–**	**67.2**	**–**
Borrowings and financial liabilities	741.9	–	–	741.9	–	–	–	–	–
Derivative financial instruments	67.2	–	–	–	–	67.2	–	67.2	–
Trade and other payables	1,239.8	–	–	1,239.8	–	–	–	–	–

(a) Financial instruments listed on an active market.
(b) Financial instruments whose fair value is determined using valuation techniques based on observable market inputs.
(c) Financial instruments whose fair value (in whole or in part) is based on non-observable inputs.

Equity instruments mainly comprise equity securities of non-consolidated companies. At each acquisition an analysis is carried out to determine the Group's management intention, and therefore its accounting method (by result or by OCI).
Cash and cash equivalents breakdown between cash presented under receivables and marketable securities presented as financial assets within Level 1 of the fair value hierarchy.

8.2 Interest rate risk

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

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

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

The Group has not opted for the hedge accounting available under IFRS 9. Derivatives are carried at fair value.

In compliance with IFRS 13, these instruments are measured by considering the credit valuation adjustment (CVA) when positive, and the debit valuation adjustment (DVA) when negative. This adjustment measures, by application on each cash flow date of the valuation of a probability of default, the counterparty risk defined as an obligation to replace a hedging operation at the market rate in force following the default by one of the counterparties. CVA, calculated for a given counterparty, considers the probability of default for this counterparty. DVA, based on the Company's credit risk, corresponds to the counterparty's exposure to loss in the event of the Company's default.

The resulting impact is a positive change in the fair value of derivative financial instruments of €2.2 million on net income for the period.

Position in derivative financial instruments

In € millions	31/12/2019	31/12/2018
Interest-rate swaps	(97.5)	(64.4)
Interest-rate caps	0.0	0.0
Accrued interest not yet due	0.4	(0.6)
TOTAL	**(97.0)**	**(65.0)**

Derivatives were valued by discounting future cash flows estimated according to interest rate curves at 31 December 2019.

Maturity schedule of derivative financial instruments (notional amounts)

At 31 December 2019

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

At 31 December 2018

In € millions	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
ALTAREA – pay fixed – swap	1,694.1	1,692.8	2,216.5	1,990.2	1,963.9	1,962.6
ALTAREA – pay floating rate – swap	630.0	630.0	630.0	400.0	400.0	400.0
ALTAREA – pay fixed – collar	–	–	–	–	–	–
ALTAREA – pay fixed – cap	181.5	75.0	75.0	–	–	–
TOTAL	**2,505.6**	**2,397.8**	**2,921.5**	**2,390.2**	**2,363.9**	**2,362.6**
Average hedge ratio	0.47%	0.57%	0.93%	0.94%	0.94%	0.94%

Management position

At 31 December 2019

In € millions	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024
Fixed-rate bond and bank loans	(1,699.2)	(1,681.2)	(1,450.4)	(1,449,6)	(1,448.7)	(947.9)
Floating-rate bank loans	(1,606.3)	(799.8)	(376.8)	(298.5)	(201.1)	(131.6)
Cash and cash equivalents (assets)	830.2	–	–	–	–	–
Net position before hedging	**(2,475.3)**	**(2,481.0)**	**(1,827.2)**	**(1,748.1)**	**(1,649.9)**	**(1,079.5)**
Swap	1,639.3	1,283.4	982.5	981.6	980.7	579.9
Collar	–	–	–	–	–	–
Cap	75.0	75.0	–	–	–	–
Total derivative financial instruments	**1,714.3**	**1,358.4**	**982.5**	**981.6**	**980.7**	**579.9**
NET POSITION AFTER HEDGING	**(761.1)**	**(1,122.6)**	**(844.7)**	**(766.4)**	**(669.1)**	**(499.7)**

At 31 December 2018

In € millions	31/12/2018	31/12/2019	30/12/2020	30/12/2021	30/12/2022	30/12/2023
Fixed-rate bond and bank loans	(1,527.2)	(1,358.5)	(1,355.8)	(1,123.0)	(1,120.2)	(1,117.4)
Floating-rate bank loans	(1,600.6)	(1,125.5)	(982.4)	(628.9)	(563.7)	(468.3)
Cash and cash equivalents (assets)	678.5	–	–	–	–	–
Net position before hedging	**(2,449.3)**	**(2,484.0)**	**(2,338.2)**	**(1,751.8)**	**(1,683.9)**	**(1,585.7)**
Swap	2,324.1	2,322.8	2,846.5	2,390.2	2,363.9	2,362.6
Collar	–	–	–	–	–	–
Cap	181.5	75.0	75.0	–	–	–
Total derivative financial instruments	**2,505.6**	**2,397.8**	**2,921.5**	**2,390.2**	**2,363.9**	**2,362.6**
NET POSITION AFTER HEDGING	**56.3**	**(86.2)**	**583.3**	**638.3**	**680.0**	**776.9**

Analysis of interest-rate sensitivity:

The following table shows the interest-rate sensitivity (including the effect of hedging instruments) of the entire portfolio of floating-rate borrowings from credit institutions and derivative instruments.

	Increase/decrease in interest rates	Impact of the gain or loss on pre-tax profit	Impact on the value of the portfolio of the financial instruments
31/12/2019	+50 bps -50 bps	+€2.2 million -€2.1 million	+€32.8 million -€34.0 million
31/12/2018	+50 bps -50 bps	+€2.3 million -€2.2 million	+€48.6 million -€50.2 million

8.3 Liquidity risk

Cash

The Group had a positive cash position of €830.2 million at 31 December 2019, compared to €678.5 million at 31 December 2018. This represents its main tool for management of liquidity risk.

Part of this cash is classified as non-available to the Group, but is available to the subsidiaries that carry it: at 31 December 2019, the amount of this restricted cash was €511.4 million.

On this date, in addition to the available cash of €318.8 million, the Group also had €858.2 million of additional available cash and cash equivalents (in confirmed corporate credit lines that had not been used and were not assigned to projects) and €104.5 million of available cash and cash equivalents for projects.

Covenants

The covenants with which the Group must comply concern the listed corporate bond and banking loans, for €1,522.2 million.

The bond issue subscribed for by Altareit SCA (350 million) is subject to leverage covenants.

	Altarea Group covenants	31/12/2019	Consolidated Altareit covenants	31/12/2019
Loan To Value (LTV)				
Net bond and bank financial debt/re-assessed value of the Company's assets	< 60%	33.2%		
Interest Cover Ratio (ICR)				
Operating income (FFO column or cash flow from operations)/ Company's net borrowing cost (FFO column)	> 2	7.3		
Leverage				
Gearing: Net financial debt/Equity			≤ 3.25	0.4
ICR: EBITDA/Net interest expenses			≥ 2	10.0

The covenants specific to mortgage loans to finance shopping centres in operation:

- DSCR = net rental income of the Company/cost of net financial debt plus principal repayment; normally 1.50 (or a lower ratio);
- LTV ratio in operation phase = Loan To Value = Company net debt/ Company net asset value is normally < 70%;
- the covenants specific to mortgage loans for shopping centres under development or redevelopment may be more restrictive than to loans for centres in operation, within the limit of the following values: DSCR > 2.0 and LTV < 60%.

At 31 December 2019, the Company met all its covenants. In the highly likely event that certain mortgage debt may be required to be partially repaid at a subsequent date, the amount of these repayments is recognised under current liabilities until the maturity date.

Counterparty risk

The use of derivatives to limit interest-rate risk exposes the Group to a possible default by a counterparty. The Group mitigates this risk by selecting only major financial institutions as counterparties in hedging transactions.

Currency risk

Because the Company operates exclusively in the euro zone, it has not entered into any currency hedges.

NOTE 9 RELATED PARTY TRANSACTIONS

Ownership structure of Altarea SCA

Ownership of the Company's shares and voting rights is as follows:

In percentage	31/12/2019 % share capital	31/12/2019 % voting rights	31/12/2018 % share capital	31/12/2018 % voting rights
Founding shareholders and the expanded concert party [(a)]	45.76	46.22	45.76	46.57
Crédit Agricole Assurances	24.8	24.93	24.67	25.11
ABP	8.25	8.33	8.24	8.39
Opus Investment BV [(b)]	1.33	1.34	1.32	1.35
Treasury shares	1.00	–	1.73	–
Public + employee investment mutual fund	18.98	19.17	18.27	18.59
TOTAL	**100.00**	**100.00**	**100.00**	**100.00**

(a) The founding shareholders, Alain Taravella and his family and Jacques Nicolet, acting in concert.
(b) And related parties.

Related party transactions

The main related parties are the companies of one of the founding shareholders that own a stake in Altarea:

- AltaGroupe, AltaPatrimoine and Altager, controlled by Alain Taravella.

The Company is managed by Alain Taravella personally and by two companies, Altafi 2 and Atlas, which he controls. Alain Taravella is also the Chairman of Altafi 2 and Atlas.

Transactions with these related parties mainly relate to services rendered by the aforementioned Managers and to a lesser extent services and rebillings by the Company to AltaGroupe and its subsidiaries.

Coordinating services provided to the Company

In order to formalise the services habitually provided to Altarea by Altagroupe, the coordinating holding Company, and to spell out the services provided by the latter, a coordination agreement was signed in 2017. The previous conditions remain unchanged.

Assistance services and rebilling by the Company and its subsidiaries

Assistance services and rebilling of rents and other items are recognised as a deduction from other company overhead costs in the amount of €0.1 million. Services invoiced to related parties by the Altarea Group are invoiced on an arm's length basis.

Assets and liabilities toward related parties

In € millions	Altafi 2 SAS 31/12/2019	 31/12/2018
Trade and other receivables	0.0	0.0
TOTAL ASSETS	**0.0**	**0.0**
Trade and other payables[(a)]	1.2	3.8
TOTAL LIABILITIES	**1.2**	**3.8**

(a) Corresponds to Management's variable compensation.

Compensations of the Management Committee

Alain Taravella does not personally receive any compensation from Altarea or its subsidiaries for his co-management position. In fact, it is entirely paid to the company Altafi 2. Alain Taravella receives compensation from a holding company which has a stake in Altarea.

No share-based compensation or other short-term or long-term or other forms of compensation were paid by Altarea or its subsidiaries to the Management.

Management remuneration for the year 2019 was decided by the General Shareholders Meeting of 23 May 2019 (5th resolution), previously in accordance with the 5th resolution of the General Shareholders' Meeting of 15 April 2016. As such, the following expense has been recorded, and should be voted on at the General Meeting to be held in May 2020:

In € millions	Altafi 2 SAS 31/12/2019	 31/12/2018
Fixed Management compensation for Altarea and Altareit	2.0	2.7
Variable Management compensation [(a)]	1.7	3.4
TOTAL	**3.7**	**6.1**

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

Compensations of the Chairman of the Supervisory Board

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

Compensation of the Group's senior executives

In € millions	31/12/2019	31/12/2018
Gross salaries[(a)]	3.8	4.0
Social security contributions	1.5	1.7
Share-based payments[(b)]	4.1	3.1
Number of shares delivered during the period	*20,009*	*19,155*
Post-employment benefits[(c)]	0.0	0.0
Other short- or long-term benefits and compensation[(d)]	0.0	0.0
Termination indemnities[(e)]	–	0.1
20% employer contribution for free share grants	1.1	0.7
Loans	–	–
Post-employment benefit commitment	0.4	0.4

(a) Fixed and variable compensations.
(b) Charge calculated in accordance with IFRS 2.
(c) Pension service cost according to IAS 19, life insurance and medical care.
(d) Benefits in kind, directors' fees and other compensation vested but payable in the future (short- or long-term).
(e) Post-employment benefits, including social security costs.

In number of rights on equity in circulation	31/12/2019	31/12/2018
Rights to Altarea SCA's free share grants	72,489	54,846
Altarea share subscription warrants	–	–
Stock options on Altarea shares	–	–

The information set out refers to compensation and benefits granted to (i) corporate officers in respect of offices held in subsidiaries, (ii) the Chairman of the Supervisory Board and (iii) the main salaried executives in the Group.

Jacques Ehrmann joined the Group as Group CEO responsible in particular for the management and implementation of the Group's strategy with effect from 1 July 2019. He is co-manager of Altarea Management, the Altarea Group's resources company, and receives compensation determined in consideration of his duties and responsibilities.

NOTE 10 COMMITMENTS AND CONTINGENT LIABILITIES

10.1 Off-balance sheet commitments

The main commitments given by the Group are mortgages and mortgage commitments made to secure loans or lines of credit from credit institutions.

Pledges of securities, assignments of receivables (intra-group loans, interest rate hedges, VAT, insurance policies, etc.) and undertakings not to sell or assign ownership units are also made by the Company to secure certain loans.

These commitments appear in Note 6.2 “Net financial debt and guarantees”.

In addition, the Company has received commitments from banks for unused credit lines, which are described in Note 8.3 “Liquidity risk”.

All other material commitments are set out below:

In € millions	31/12/2018	31/12/2019	Less than 1 year	1-5 years	At more than 5 years
Commitments received					
Commitments received relating to financing (excl. borrowings)	**–**	**–**	**–**	**–**	**–**
Commitments received relating to Company acquisitions	**18.6**	**8.5**	**–**	**1.0**	**7.5**
Commitments received relating to operating activities	**128.9**	**170.5**	**132.7**	**17.0**	**20.8**
Security deposits received in the context of the Hoguet Act (France)	59.1	89.4	89.4	–	–
Security deposits received from tenants	19.5	25.6	0.5	5.8	19.3
Payment guarantees received from customers	44.2	44.6	42.7	0.4	1.5
Unilateral land sale undertakings received and other commitments	0.3	0.3	–	0.3	–
Other commitments received relating to operating activities	5.8	10.7	0.2	10.5	–
TOTAL	**147.5**	**179.0**	**132.7**	**18.0**	**28.3**
Commitments given					
Commitments given relating to financing (excl. borrowings)	**11.0**	**11.0**	**5.0**	**–**	**6.0**
Commitments given relating to Company acquisitions	**173.9**	**80.7**	**–**	**45.7**	**35.0**
Commitments given relating to operating activities	**1,565.0**	**2,206.2**	**695.3**	**1,470.3**	**40.6**
Construction work completion guarantees (given)	1,431.2	1,932.3	584.6	1,343.8	3.9
Guarantees given on forward payments for assets	18.3	193.7	77.7	114.2	1.8
Guarantees for loss of use	52.4	40.3	30.0	9.0	1.4
Other sureties and guarantees granted	63.1	39.9	3.0	3.4	33.6
TOTAL	**1,749.9**	**2,297.9**	**700.3**	**1,516.0**	**81.6**

Commitments received

Commitments received relating to acquisitions/disposals

As part of its acquisition of the developer Severini, the Group also received a commitment from the sellers that it shall be entitled for compensation in the amount of up to €2 million until 31 December 2025 inclusive, for any damage or loss originating from the business activities incurred by the Group with a cause or origin predating 31 March 2018.

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

Commitments received relating to operating activities

Security deposits

Under France’s “Hoguet Act”, the Group holds security deposits received specialist bodies in an amount of €89.4 million as a guarantee covering its real estate management and trading activities.

The Group also receives security deposits from its tenants to guarantee that they will pay their rent.

Payment guarantees received from customers

The Group receives customer payment guarantees issued by financial institutions to guarantee sums payable by the customer. They mainly relate to Retail and Office property development projects.

Unilateral land sale undertakings received and other commitments

Other guarantees received consist mainly of commitments received from property sellers.

Other commitments received
In its Property Development business, the Group receives deposits on construction contracts from contractors to cover holdbacks (up to 5% of the amount of the contract – non-costed commitment).

Commitments given

Commitments given relating to financing activities

Altarea provided guarantees of €11 million to cover overdraft facilities granted to its subsidiaries.

Commitments given relating to acquisitions

The Group makes representations and warranties or contingent consideration when disposing of shares in subsidiaries and affiliates. When the Group considers that it is probable that there will be a cash outlay under the terms of these guarantees, it sets aside allowances to provisions and their amount is re-assessed at each closing date.

The main commitments concern:

- undertaking to subscribe for the capital of companies comprising the AltaFund investment fund in the amount of €40.9 million (firm commitment for identified projects);
- liability guarantees of €35 million given following the disposal of miscellaneous assets.

The shares of Altablue, Aldeta, Alta Crp Gennevilliers, Alta Crp La Valette, Alta Gramont, Toulouse Gramont, Bercy Village and Société d'Aménagement de la Gare de l'Est as well as assets held by these companies, are for a limited period subject to conditions for sale contingent on the agreement of each of the partners of these companies.

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

Commitments given relating to operating activities

Construction work completion guarantees
Completion guarantees are given to customers as part of off-plan sales and are provided on behalf of Group companies by financial institutions, mutual guarantee organisations or insurance companies. They are reported in the amount of risk borne by the financial institution that issued the guarantee.

In return, Group companies give financial institutions a promise of mortgage security and an undertaking not to sell ownership units.

Guarantees on forward payments for assets
These guarantees mainly cover purchases of land or buildings for the Property Development business.

Guarantees for loss of use
As part of its Property Development activities, the Group signs preliminary sales agreements with landowners, the execution of which is subject to conditions precedent, including conditions relating to obtaining administrative authorisations. In return for their undertakings, landowners receive compensation for loss of use, which takes the form of an advance (carried on the asset side of the balance sheet) or a surety (an off-balance sheet liability). The Group undertakes to pay the compensation for loss of use if it decides not to buy the land when the conditions precedent are met.

Other sureties and guarantees granted
The other sureties and guarantees granted relate primarily to the Group's involvement in AltaFund, the office property investment fund, the sureties granted in connection with its property development activity, as well as the REIT business in Italy for guarantees granted by companies to the Italian government regarding their VAT position.

Reciprocal commitments

Notably in the ordinary course of its Property Development activities, the Group enters into reciprocal commitments to ensure the REIT control of future projects. The Group signs bilateral sales agreements with landowners: owners undertake to sell their land and the Group commits to buy it if the (administrative and/or marketing) conditions precedent are met.

Other commitments

In the conduct of its proprietary shopping centre development business, Altarea has made commitments to invest in projects initiated and controlled by the Company.

Moreover, in the conduct of its Residential property development, the Group signs reservation contracts (or preliminary sales agreements) with its customers, the execution of which depends on whether the customers meet the conditions precedent, particularly with respect to their ability to secure financing.

As part of its Property Development business, the Group has a future offering consisting of unilateral preliminary sales agreements.

The amount of these commitments is shown in the business review.

Minimum future rents to be received

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

In € millions	31/12/2019	31/12/2018
Less than 1 year	187.3	163.7
Between 1 and 5 years	416.9	304.0
More than 5 years	185.0	150.5
GUARANTEED MINIMUM RENT	**789.2**	**618.2**

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

10.2 Contingent liabilities

No new litigation or governmental, legal, or arbitration proceedings that are likely to have significant effects on the Company's financial position or profitability arose in the period, other than those for which a provision has been recognised (see Note 6.3 "Provisions") or that have been effectively challenged or are being challenged by the Company (see Note 5.3 "Income tax" or 6.3 "Provisions").

NOTE 11 **POST-CLOSING EVENTS**

No major events occurred subsequent to the closing date and prior to the preparation of the financial statements.

NOTE 12 **AUDITORS' FEES**

	E&Y				Grant Thornton				Other				Total			
	Amount		%		Amount		%		Amount		%		Amount		%	
In € millions	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Statutory audit, certification, examination of individual and consolidated financial statements																
▪ Altarea SCA	0.3	0.3	20%	17%	0.3	0.3	34%	37%	–	–	0%	0%	0.6	0.6	24%	21%
▪ Fully consolidated subsidiaries	1.1	1.2	74%	76%	0.5	0.4	60%	59%	0.1	0.3	100%	100%	1.7	2.0	71%	74%
Services other than the certification of the financial statements																
▪ Altarea SCA	0.0	–	1%	0%	0.0	–	3%	0%	–	–	0%	0%	0.0	–	2%	0%
▪ Fully consolidated subsidiaries	0.1	0.1	5%	7%	0.0	0.0	2%	3%	0.0	0.0	0%	0%	0.1	0.1	4%	5%
TOTAL	**1.5**	**1.6**	**100%**	**100%**	**0.9**	**0.8**	**100%**	**100%**	**0.1**	**0.3**	**100%**	**100%**	**2.5**	**2.7**	**100%**	**100%**

2.4 Statutory Auditors' report on the consolidated financial statements

HYear ended 31 December 2019

A l'Assemblée Générale of the company Altarea,

Opinion

In accordance with the mission assigned to us by the General Shareholders' Meeting, we have carried out the audit of the consolidated financial statements of the company Altarea relating to the financial year ended on 31 December 2019, as attached to this report.

In our opinion, the consolidated financial statements give a true and fair view of the result of operations in the elapsed year, and of the financial position and assets, at the end of the financial year of the companies and entities included in the consolidated group in accordance with IFRS standards as adopted by the European Union.

The opinion set out above is consistent with the contents of our report to the Audit Committee.

Basis of the Opinion

Audit guidelines

We conducted our audit in accordance with professional standards applicable in France. We believe that the information we obtained provides a reasonable basis for our opinion given below.

Our responsibilities under these standards are set out in the section entitled "Responsibilities of the Statutory Auditors in auditing the financial statements" of this report.

Independence

We performed our audit respecting the applicable rules on independence, over the period from 1 January 2019 to the date on which our report was published, and, in particular, we have not provided any services prohibited under Article 5, paragraph 1 of EU regulation No. 537/2014 or under the Code of Conduct governing the profession of Statutory Auditor.

Comment

Without calling into question the opinion expressed above, we would draw your attention to Note 2.5 "Changes in methods in 2019" in the appendix to the consolidated financial statements which notably described the impacts of the first application of IFRS 16 "Leases".

Basis for our assessments – Key points of the audit

In accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code in terms of the basis for our assessment, we draw your attention to the key points of the audit on the risks of significant anomalies which, in our professional judgement, were of the greatest importance in auditing the consolidated financial statements for the year, as well as our response to these risks.

Our assessments in this respect were made within the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion as to the items contained in these consolidated financial statements taken in isolation.

Measurement of goodwill and brands

Risk identified	Our response
As of 31 December 2019, goodwill and brands were recorded in the balance sheet in a net carrying amount of €314.8 million, of which €209.4 million in goodwill mainly relating to the acquisitions of Cogedim, Pitch Promotion and Histoire & Patrimoine, and €105.4 million in goodwill mainly relating to the Cogedim, Pitch Promotion and Histoire & Patrimoine brands. Goodwill and brands are systematically tested for impairment annually, or more frequently if internal or external events or circumstances indicate a loss of value. As described in note 2.4.7 to the consolidated financial statements, an impairment loss is recognised if the carrying amount of the assets (and certain associated liabilities) in the balance sheet is greater than the recoverable amount of the CGU or the group of CGUs. The recoverable amount is defined as the highest amount between the sale price net of the costs which might be incurred in order to conduct the sale and the value in use of the CGU or group of CGUs. The determination of the recoverable amounts of each group of assets is tested using the discounted cash flow method, which requires the use of assumptions, estimates and assessments by the Group's management, backed up by peer comparisons and transaction multiples. In view of the amounts and sensitivity of these assets to changes in the data and the assumptions upon which the estimates are based, in particular the cash flow projections and discount rates used, we considered the measurement of goodwill and brands to be a key audit matter.	We reviewed the process established by the Group for determining the recoverable amount of goodwill and brands, grouped into cash-generating units (CGU). The work also involved: ▪ assessing the principles and the methods for determining the recoverable amounts of the CGUs to which the goodwill and the brands are allocated, as well as the corresponding net asset values; ▪ reconciling the net carrying amounts of the net assets attached to the CGUs tested with the Group's accounting data; ▪ assessing, with the help of our valuation experts, the pertinence of the valuation models used, and the long-term growth rates and discount rates applied in the said models; ▪ assessing, in consultation with management, the main assumptions on which the budget estimates underlying the cash flows used in the valuation models are based. As such, we also compared estimated cash flow projections from previous periods with actual results in order to assess the suitability and reliability of the forecasting process, and to corroborate the results of sensitivity analyses conducted by management by comparing them with our own; ▪ testing, on a sample basis, the arithmetical accuracy of the assessments used by the Group.

Valuation of investment properties in operation and investment properties under development and construction

Risk identified	Our response
The Group's investment property portfolio consists of properties in operation and buildings under construction. As of 31 December 2019, investment properties were recorded in the balance sheet at a carrying amount of €4,472.1 million, or 49% of total assets, including €3,826.2 million in investment properties measured at fair value, €509.3 million in investment properties measured at cost and €136.7 million of rights of use on investment properties. In accordance with IAS 40, the Group has opted for the fair value model, and accordingly values its investment properties at fair value whenever it can be determined reliably. Otherwise, they are recorded at cost and are tested for impairment at least once per year and whenever there is evidence of impairment. As indicated in note 2.4.5 to the consolidated financial statements, investment properties in operation are systematically measured at fair value. Investment properties under development and construction are measured either at cost or at fair value. For investment properties measured at fair value, the Group relies mainly external appraisals giving valuations inclusive of duties less the amount of duties corresponding to transfer fees and duties. Appraisers use two valuation methods: a method based on discounting projected cash flows over ten years, taking into account the resale value at the end of the period determined by capitalising net rental income; and a method based on the capitalisation of net rental income; the appraisers apply a yield on cost based on the characteristics of the site and the rental income adjusted for all expenses borne by the owner. As the valuation of investment properties in operation and investment properties under development and construction is complex and the amounts involved are significant, we considered this to be a key audit matter.	We reviewed the valuation process of the investment properties in operation and investment properties under development and construction used by the Group. The work also involved: ▪ assessing the independence of the property appraisers by examining the implementation of the rules on rotation and compensation methods defined by the Group, and by assessing their competence; ▪ examining the instructions given to the appraisers by the Group in writing, describing the nature of their procedures, and the scope and limits of their work, in particular with respect to the verification of the information provided by the Group; ▪ examining, on a test basis, the relevance of the information provided to the property appraisers by the Corporate Finance Department to determine the fair value of the investment properties, such as the information on rental statements, accounting data and the capital expenditure budget; ▪ analysing the valuation assumptions used by the property appraisers, in particular the discount rates, rates of return, rental data and market rental values, by comparing them with available market data; ▪ interviewing some of the property appraisers in the presence of representatives of the Finance Department, and assessing, with the help of our valuation experts, the consistency and relevance of the valuation method used, as well as the significant judgements made; ▪ comparing the property appraisal values with the values recognised in the consolidated financial statements. Moreover, for investment properties under development and construction recognised at fair value, we assessed compliance with the fair value transition criteria (percentage marketed and reliability of cost price). For investment properties under development and construction recorded at cost, we assessed, on the basis of interviews with the development managers and project managers, the assumptions used by the management in impairment tests, in particular the costs incurred during the period, the percentage of completion of the project, the costs yet to be incurred, and any operating risks that may exist.

Valuing deferred tax assets relating to tax losses

Risk identified	Our response
As of 31 December 2019, deferred tax assets relating to tax loss carryforwards amounted to €129.5 million. As stated in note 2.4.16 to the consolidated financial statements, deferred tax assets are recognised insofar as is likely that future taxable profits will allow their recovery based on a business plan for tax purposes prepared by management and derived from the Group's business plan drawn up for a reasonable period. We considered the measurement of the recoverable amount of deferred tax assets resulting from tax loss carryforwards as a key point in the audit due to the material nature of management's judgements in recognising these assets and the materiality of the amount in question.	We analysed the consistency of the methodology applied for the recognition of deferred taxes with the tax rules in force at the end of the reporting period, in particular with the tax rates adopted and the rules for limiting tax loss carryforwards, specific to each jurisdiction. Our approach involved examining the business plans prepared for tax purposes, focusing primarily on the earnings forecasts for the property development activity in the Altareit tax group in order to assess the Group's ability to generate future taxable profits allowing the use of tax loss carryforwards. We compared the business plans prepared for tax purposes with the cash flow projections used, where appropriate, for annual impairment testing of goodwill and brands, and reviewed the key data and assumptions underlying these forecasts of taxable profits.

Valuation of inventories, revenue and net property income.

Risk identified	Our response
At 31 December 2019, the property inventories are recognised in the balance sheet for an amount of €1,064.5 million and net property income stands at €218.8 million for the financial year 2019. As indicated in Note 2.4.17 to the consolidated financial statements, revenue and costs (net property income) are recognised in the Group financial statements in accordance with the percentage-of-completion method. All property development/off-plan sales and property development contract transactions are concerned by this method. For these programmes, revenue from notarised sales is recognised, in accordance with IFRS 15 "Revenue from contracts with customers", in proportion to the percentage of completion of the programme, as measured by the total costs directly related to construction, including land, in view of the total budget and progress on marketing, determined relative to total sales budgeted. As indicated in Note 2.4.8 to the consolidated financial statements, inventories are carried at cost less the portion of the cost price removed on a percentage-of-completion basis for off-plan sale or property development contract transactions. Impairment losses are recognised when the net realisable value of inventories and work in progress is less than the cost price. In view of the material nature of inventories and net property income in the Group's consolidated financial statements, we considered the measurement of these items as a key point in the audit.	Our approach involved examining the assumptions made by management in estimating the profit on property developments, and notably assumptions regarding selling prices, land acquisition costs, construction costs, service fees and internal expenses. We compared the technical completion rates of developments representing significant revenue and costs (net property income) with external confirmations conducted by the main contractors for construction costs and notarised deeds for land costs. We also reconciled the commercial percentage of completion with notarised deeds by conducting specific tests of sales of the year. We also called on team members with particular expertise in information systems to perform reliability tests of software controls related to the marketing process. We also examined the costs incurred and yet to be incurred on the most significant projects in order to identify loss-making contracts, and, where applicable, reconciled these costs with the loss on completion of the contracts in question. Lastly, we tested, on a sample basis, the arithmetical accuracy of revenue and the associated net property income generated during the year and recorded in the consolidated financial statements using income at completion and rates of commercial and technical completion. The measurement of inventories for projects not yet available for sale and projects delivered was the subject of particular attention. For developments not yet available for sale, we examined the existence of prospective profits, based on interviews with management and analysis of operating budgets. For projects delivered, we analysed the estimated selling prices of the units in inventory with the selling prices of the units recorded.

Special verifications

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

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

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

Information arising under other legal and regulatory obligations

Appointment of statutory auditors

We were appointed statutory auditors for the company Altarea at your General Shareholders' Meeting of 15 April 2016 in the case of GRANT THORNTON and 28 May 2010 in the case of ERNST & YOUNG et Autres.

As of 31 December 2019, GRANT THORNTON was in the fourth consecutive year of its assignment and ERNST & YOUNG et Autres in the tenth year.

The firms AACE Ile-de-France, a member of the GRANT THORNTON network, and ERNST & YOUNG Audit, were the previous Statutory Auditors, from 2004.

Responsibilities of management and corporate governance officers on consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that present a true and fair view in accordance with IFRS as adopted in the European Union, as well as to implement the internal controls it deems necessary for the preparation of consolidated financial statements containing no material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating the ability of the company to continue as a going concern, to present in these financial statements, as appropriate, the necessary information relating to the continuity of operations and to apply the going concern principle unless it is intended to wind up the company or cease trading.

It is the responsibility of the Audit Committee to monitor the process of producing financial information and monitor the effectiveness of systems of internal control and risk management, as well as any internal audits, in respect of procedures for producing and processing accounting and financial information.

The consolidated financial statements were approved by Management.

Responsibilities of the statutory auditors as regards the audit of the consolidated financial statements

Auditing objective and procedure

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain any material misstatements. Reasonable assurance means a high level of assurance, without forasmuch providing the guarantee that an audit conducted in compliance with industry standards systematically affords the detection of any significant anomaly. Anomalies may be the result of fraud or errors and are considered to be significant where it can be reasonably expected that, taken individually or together, they may influence the economic decisions of the users of the statements on the basis thereof.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment as auditors is not to guarantee the viability or quality of the management of your company.

In conducting an audit in compliance with industry standards in France, statutory auditors exercise their professional judgement throughout the said audit. Moreover:

- identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether due to fraud or error, establishes and implements audit procedures to address these risks, and gathers evidence that it considers sufficient and appropriate on which to base its opinion. The risk of failing to detect a material misstatement attributable to fraud is greater than that of a material misstatement resulting from error, since fraud may involve collusion, forgery, deliberate omissions, misrepresentation or circumventing internal control;
- takes note of the relevant internal control for the audit in order to establish appropriate audit procedures in the circumstances, and not to express an opinion on the effectiveness of internal control;
- assesses the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the information concerning them provided in the consolidated financial statements;
- assesses the appropriateness of management's application of the going concern principle, and, depending on the evidence gathered, the existence or otherwise of significant uncertainty related to events or circumstances liable to undermine the company's ability to continue as a going concern. This assessment is based on the evidence gathered up until the date of their report, not overlooking the fact, however, that subsequent circumstances or events may jeopardise capacity as a going concern. If it finds that there is significant uncertainty, it draws the attention of readers of its report to the information provided in the consolidated financial statements in respect of this uncertainty or, if this information is not provided or is not relevant, it issues a qualified certification or a refusal to certify;
- assesses the overall presentation of the consolidated financial statements and assesses whether the consolidated financial statements reflect the underlying operations and events so as to give a true and fair view of them;
- as regards the financial information of the persons or entities included in the consolidation, it gathers the evidence it deems sufficient and appropriate to express an opinion on the consolidated financial statements. It is responsible for the management, supervision and execution of the audit of the consolidated financial statements, as well as the opinion expressed on these financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which sets out the scope of the audit work and the programme of work implemented, as well as the conclusions arising from our work. We also bring to their attention any significant weaknesses in internal controls that we have identified in terms of procedures for producing and processing accounting and financial information.

The items disclosed in the report to the Audit Committee include the risks of material misstatement that we considered to be the most significant in our audit of the consolidated financial statements for the year, and which therefore constitute the key points of the audit, which it is our responsibility to describe in this report.

We also supply the Audit Committee with the statement required under Article 6 of EU regulation No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as they are set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Industry Code of Conduct for Statutory Auditors. Where appropriate, we discuss with the Audit Committee any risks affecting our independence and any safeguard measures thus applied.

Neuilly-sur-Seine et Paris-La Défense, 23 March 2020

The Statutory Auditors

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

3
ANNUAL FINANCIAL STATEMENTS 2019

3.1 Financial statements

Income statement (listed)

Titles *(€ thousands)*	2019	2018
Sale of goods	–	–
Sold production (goods and services)	16,903.8	19,910.7
Net Revenue	**16,903.8**	**19,910.7**
Production held in inventory	–	–
Production held in inventory	6,092.0	606.6
Operating grants	–	–
Reversals of provisions (and depreciation/amortisation), expense reclassifications	928.8	1,110.6
Other income	128.1	399.1
Operating income	**24,052.8**	**22,027.0**
Purchase of goods	–	–
Change in inventory (goods)	–	–
Purchase of raw materials and other supplies	–	–
Change in inventory (raw materials and other supplies)	–	–
Other purchases and external costs	25,410.8	25,012.0
Taxes, duties and analogous payments	2,948.4	649.2
Salaries and wages	1,088.4	1,553.6
Social security contributions	306.1	502.2
Operating allowances	–	–
On non-current assets: depreciation and amortisation charges	4,818.6	5,516.9
Non-current assets: impairment provisions	–	–
Current assets: impairment provisions	396.3	445.4
For risks and charges: allowances to provisions	1,228.9	626.9
Other expenses	519.6	777.0
Operating expenses	**36,717.1**	**35,083.1**
OPERATING INCOME/(LOSS)	**(12,664.3)**	**(13,056.1)**
Financial income	–	–
Financial income from investments	129,061.1	58,293.8
Income from other marketable securities and receivables on non-current assets	3,134.0	9,554.9
Other interest and similar income	7,290.9	6,939.9
Reversals of provisions, impairment and expense reclassifications	28,555.5	–
Foreign exchange gains	–	–
Net gains on the disposal of marketable securities	–	–
Financial income	**168,041.5**	**74,788.7**
Allowances for amortisation, impairment and provisions	63,919.0	880.4
Interest and similar expenses	99,429.3	51,768.4
Foreign exchange losses	–	–
Net expenses on disposals of marketable securities	–	–
Financial expenses	**163,348.3**	**52,648.8**
NET FINANCIAL INCOME/(EXPENSE)	**4,693.1**	**22,139.9**
PROFIT BEFORE TAX AND NON-RECURRING ITEMS	**(7,971.2)**	**9,083.8**

Titles *(€ thousands)*	2019	2018
Exceptional income from non-capital transactions	50.8	134.1
Exceptional income from capital transactions	64,138.5	38,190.6
Reversals of provisions, impairment and expense reclassifications	–	–
Exceptional income	**64,189.2**	**38,324.7**
Exceptional expenses on non-capital transactions	0.5	65.7
Exceptional expenses on capital transactions	40,983.1	26,822.5
Allowances for amortisation, impairment and provisions	–	–
Exceptional expenses	**40,983.6**	**26,888.1**
NET EXCEPTIONAL INCOME/(EXPENSE)	**23,205.7**	**11,436.6**
Employee profit-sharing	–	–
Income tax	1,329.3	(325.2)
Total income	**256,283.5**	**135,140.4**
Total expenses	**242,378.3**	**114,294.8**
PROFIT/(LOSS)	**13,905.2**	**20,845.7**

Assets

Titles *(€ thousands)*	Gross	Depreciation, Amortisation, Provisions	31/12/2019	31/12/2018
Uncalled subscribed capital	–	–	–	–
Intangible assets				
Start-up costs	–	–	–	–
Research and development expenditures	–	–	–	–
Concessions, patents, licences, trademarks, procedures, software, rights and similar items	1,420.0	1,303.2	116.8	140.4
Goodwill	–	–	–	–
Intangible assets in progress	–	–	–	–
Advances and down payments	–	–	–	–
Property, plant and equipment				
Land	18,261.8	130.6	18,131.2	21,764.4
Buildings	74,535.6	38,016.9	36,518.7	57,582.8
Technical installations, plant and industrial equipment	–	–	–	–
Other	49.9	48.7	1.2	1.2
Property, plant and equipment in progress	6,639.4	–	6,639.4	765.1
Advances and down payments	–	–	–	–
Non-current financial assets				
Investments	1,365,178.5	14,745.8	1,350,432.7	1,350,586.1
Investment-related receivables	714,602.2	–	714,602.2	220,402.9
Other long-term investments	–	–	–	–
Loans	527,020.6	71,750.9	455,269.7	192,709.4
Other non-current financial assets	2,539.8		2,539.8	2,388.1
NON-CURRENT ASSETS	**2,710,247.7**	**125,996.1**	**2,584,251.7**	**1,846,340.3**
Inventories and pipeline products				
Raw materials and other supplies	–	–	–	–
Production work in progress (goods and services)	–	–	–	–
Intermediate and finished products	–	–	–	–
Goods and merchandise	–	–	–	–
Advances and down payments made on orders	–	–	–	–
Receivables	–	–	–	–
years Trade receivables and related accounts	3,757.6	1,901.3	1,856.3	1,543.1
Other	76,618.4	–	76,618.4	71,387.4
Called, unpaid subscribed capital	–	–	–	–
Transferable securities for investment	–	–	–	–
Marketable securities (of which treasury shares: 33,118,174.84)	33,118.2	–	33,118.2	54,597.2
Treasury instruments				
Treasury instruments	–	–	–	33,711.0
Cash and cash equivalents				
Cash and cash equivalents	85,424.3	–	85,424.3	43,343.4
Prepaid expenses	219.8	–	219.8	27.5
CURRENT ASSETS	**199,138.3**	**1,901.3**	**197,237.0**	**204,609.6**
Deferred expenses	–	–	–	–
Redemption premiums	8,650.4	976.1	7,674.4	4,855.4
Translation differences – assets	–	–	–	–
TOTAL	**2,918,036.5**	**128,873.5**	**2,789,163.0**	**2,055,805.4**

Liabilities

Titles *(€ thousands)*	2019	2018
Capital (incl. paid-in 255,195,821)	255,195.8	245,425.3
Discounts, merger premiums, contribution premiums	311,769.6	407,865.6
Revaluation differences	–	–
Legal reserve	21,045.3	20,003.0
Statutory and contractual reserves	–	–
Regulated reserves	–	–
Other	–	–
Retained earnings	–	–
Net income (loss) for the year	**13,905.2**	**20,845.7**
Investment grants	–	–
Regulated provisions	–	–
EQUITY	**601,915.9**	**694,139.5**
Provisions for contingencies	63,523.7	778.1
Provisions for expenses	918.5	–
PROVISIONS	**64,442.2**	**778.1**
Proceeds from issue of equity securities	195,078.3	195,078.3
Conditional advances	–	–
OTHER EQUITY	**195,078.3**	**195,078.3**
Financial liabilities	**–**	**–**
Convertible bond issues	–	–
Other bond issues	1,291,852.9	789,906.6
Borrowings from credit institutions	80,125.0	146,409.6
Other borrowings and financial liabilities	544,951.0	222,233.0
Advances and down payments made for orders in progress	218.1	–
Operating payables	**–**	**–**
Trade payables and related accounts	2,186.3	4,543.1
Tax and social security payables	752.9	1,092.6
Other payables	**–**	**–**
Amounts due on non-current assets and related accounts	4,859.8	180.3
Other payables	2,780.5	1,444.3
Accruals	**–**	**–**
Prepaid income	–	–
PAYABLES	**1,927,726.6**	**1,165,809.4**
Translation differences – liabilities	–	–
TOTAL	**2,789,163.0**	**2,055,805.4**

3.2 Notes to the annual financial statements

Articles L. 123-13 to L. 123-21 and R. 123-195 to R. 123-198 of the French Commercial Code, Decree 83-1020 of 29 November 1983, ANC Regulation 2015-05 of 2 July 2015 approved by the order of 28 December 2015 and ANC Regulation 2016-07 of 4 November 2016 approved by the order of 29 December 2016.

Altarea is a *société en commandite par actions* (a French partnership limited by shares), the shares of which have been traded since 2004 on the Euronext Paris S.A. Eurolist regulated market (Compartment A). Its registered office is located at 8 avenue Delcassé in Paris.

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

These notes are presented in thousands of euros. These annual financial statements were approved by Management at its meeting on 2 March 2020 following review by the Supervisory Board.

3.2.1 Major events during the financial year

On 17 October 2019, Altarea completed the issue of its €500 million bond with European investors (*i.e.* €494 million net).

3.2.2 Accounting principles, rules and methods

3.2.2.1 Compliance statement and comparability of information

The annual financial statements have been prepared and presented in accordance with the provisions of applicable French laws and regulations.

The accounting principles and methods are identical to those applied when preparing the annual financial statements for the year ended 31 December 2018.

3.2.2.2 Accounting principles and methods

Intangible assets

Intangible assets are measured on initial recognition at acquisition cost.

Intangible assets consist mainly of software acquired, which is usually amortised on a straight-line basis over three years.

Intangible assets may be written down when their carrying amount differs significantly from their value in use, as defined under French GAAP.

Property plant and equipment

Property, plant and equipment mainly consist of property assets, and more specifically shopping centres or business premises.

Gross value of buildings

Buildings are initially recognised at acquisition cost. For contributed property, this is the contribution value excluding purchase costs and for new property, it is the construction or refurbishment cost. As a general rule, purchase costs (transfer duties, expert fees, commissions, and stamp duties) are recognised as expenses.

Buildings are broken down into major components with specific uses and replacement rates. In accordance with the recommendations of the FSIF (Fédération des Sociétés Immobilières et Foncières), four property components are used: structural work, facades and weatherproofing, technical equipment and fixtures and fittings.

Building depreciation

Building components are depreciated on a straight-line basis over the following useful lives:

Components	Useful life (Shopping centres)	Useful life (Business premises)
Structural work (structures, road and utilities works)	50 years	30 years
Facades, Weatherproofing	25 years	30 years
Technical equipment	20 years	20 years
Fixtures and fittings	15 years	10 years

Building impairment

Property assets are appraised twice a year at market value by external appraisers (Cushman & Wakefield and Jones Lang LaSalle).

The Company considers that the present value of property is value in use equivalent to the appraisal value including transfer duties. If there is any near-term development potential not included in the appraisal, the appraisal value is increased by estimated unrealised capital gains. Where there is a preliminary sales agreement or a firm sale commitment for the property, its present value is the value stated in the agreement or commitment excluding transfer duties.

The Company recognises an impairment loss for the difference whenever the present value of a property asset (the higher of market value and value in use) falls significantly below its carrying amount.

Other property, plant and equipment

Other property, plant and equipment are initially recognised at acquisition cost.

Vehicles, along with office and computer equipment are depreciated over five years.

Participating interests

Participating interests are recognised at cost or transfer value.

Equity interests may be impaired where their carrying amount falls substantially below their value in use for the Company. This value in use is determined according to multiple criteria such as net asset value, profitability, profitability forecasts, long-term growth prospects and the economic environment. The market value of assets held by subsidiaries and sub-subsidiaries is taken into account.

Receivables attached to investments and loans

Investment related receivables or loans related to indirect equity holdings of the Company are carried at their contribution or nominal value.

When there is evidence that the Company will not be able to collect all amounts due, an impairment loss is recorded taking into account in particular the nature of the advance, the subsidiary's capacity to repay and its development potential.

Receivables

The Company's receivables are carried at nominal value. They consist of Group receivables and trade receivables from shopping centres.

When there is evidence that the Company will not be able to collect all amounts due, receivables are recorded in doubtful accounts. Impairment losses are calculated separately for each customer after subtracting the security deposit and accounting for the length of time that the receivable has remained outstanding, any progress made on collection efforts, and any guarantees that have been received.

Treasury shares

Treasury shares are recognised as either:

- financial assets, when they are held for purposes of a capital reduction;
- marketable securities:
  - when they are held under the "liquidity contract" with a service provider for the purpose of ensuring the liquidity and orderly trading of its shares or,
  - when they are held for purposes of grants to employees of the Company or its subsidiaries.

They are shown in the balance sheet at acquisition cost. The FIFO method is used to determine the gross value of treasury shares sold.

An impairment loss is recognised if the value of shares held under the liquidity contract is less than their acquisition cost.

Treasury shares held for grant to the Company's employees are covered by a provision calculated over the past vesting period on a *prorata* basis. Treasury shares held for grants to employees of the Company's subsidiaries are not subject to impairment insofar as the cost of such shares, which is equal to the cost of the shares plus any management fees, if applicable, will be passed on to these subsidiaries when granted. These rules comply with the provisions of ANC Regulation No. 2014-03 of 5 June 2014.

Other marketable securities

Marketable securities are stated in the balance sheet at acquisition cost. The FIFO method is used to determine the gross value of Sicav mutual fund holdings sold.

A provision is recognised on marketable securities when their realisable value falls below the net carrying amount.

Term deposits are recognised in the balance sheet at their nominal value for the duration of the placings.

Provisions

In accordance with CRC Regulation 2000-06 on liabilities, a provision is a liability considered probable or certain representing an obligation that will cause an outflow of resources to a third party without equivalent consideration being received in exchange and of uncertain timing and amount.

Post-employment benefits

No provisions are recorded for severance benefits payable on retirement. These items are presented in the notes to the financial statements under off-balance sheet commitments.

Loan arrangement costs

Loan arrangement costs are expensed. Bond redemption premiums are spread over the life of the bonds.

Rental income and expenses

Rental income comprises income from the rental of property assets. Invoice amounts are recognised over the relevant rental period.

Income is not recognised for any rent holidays granted to tenants over the period during which the rent holiday is in effect.

Initial lease payments paid by tenants or stepped rents and rent holidays granted to tenants are not spread over the lease term.

Marketing costs

Marketing fees for letting, lease renewals and re-letting are recognised as expenses.

Financial instruments

The Company uses interest swap contracts (swaps) or interest purchase options (caps) to hedge credit lines and borrowings.

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

If the financial instruments are collaterised hedges, the impacts are recognised symmetrically on the impacts on the hedged underlying elements. Premiums and balancing cash payments are spread over the life of the instruments. Unrealised gains and losses equal to the estimated market value of the contracts on their closing date are not recognised as income. Nominal value, maturity schedule and estimated unrealised gains or losses are presented under off-balance sheet commitments.

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

Corporate income tax

Altarea adopted SIIC status as from 1 January 2005. Under this status, there are two separate categories with respect to tax treatment:

- an SIIC category exempt from French corporate income tax, capital gains tax on property sales and tax on dividends received under the SIIC category;
- a taxable category comprising all the Company's other operations not eligible for SIIC treatment.

To qualify for the exemptions from French income tax Altarea must undertake to distribute:

- 95% of earnings from property rentals during the financial year following the year in which the earnings were generated;
- 70% of any gains on the sale of property, participating interests in tax transparent companies with the same corporate purpose as an SIIC, or interests in subsidiaries subject to French corporate income tax which have chosen SIIC status, before the end of the second financial year after the year in which the gains were generated;
- all dividends from subsidiaries having chosen SIIC status during the financial year following the year in which the dividends were received.

Under the provisions applicable to SIIC status, the Company must adhere to a ratio of activities eligible for the plan and no single shareholder or Group of shareholders acting in concert can own more than 60% of the Company's shares or voting rights.

3.2.3 Comments, figures and tables

3.2.3.1 Notes on balance sheet items – assets

3.2.3.1.1 Intangible assets

Gross non-current intangible assets

Intangible assets *(€ thousands)*	**31/12/2018**	**Increase**	**Decrease**	**31/12/2019**
Software	1,420.0	–	–	1,420.0
TOTAL	**1,420.0**	**–**	**–**	**1,420.0**

Amortisation of non-current intangible assets

Amortisation *(€ thousands)*	**31/12/2018**	**Increases**	**Reversals**	**31/12/2019**
Software	1,279.6	23.6	–	1,303.2
TOTAL	**1,279.6**	**23.6**	**–**	**1,303.2**

3.2.3.1.2 Property plant and equipment

Gross non-current property, plant and equipment

Property plant and equipment *(€ thousands)*	31/12/2018	Acquisition/ Contribution	Exit/Disposal	31/12/2019
Land	**21,881.6**	**–**	**3,619.8**	**18,261.8**
Buildings	**101,065.1**	**356.5**	**26,885.9**	**74,535.6**
Structural work (structures, road and utilities works)	39,407.2	–	10,508.4	28,898.8
Facades, Weatherproofing	9,851.8	–	2,627.1	7,224.7
Technical equipment	29,555.4	–	7,881.3	21,674.1
Fixtures and fittings	22,250.6	356.5	5,869.2	16,737.9
Other property, plant and equipment	**49.9**	**–**	**–**	**49.9**
Technical installations, plant and industrial equipment	–	–	–	–
General installations, various fittings	–	–	–	–
Vehicles	23.9	–	–	23.9
Office and computer equipment, furniture	26.0	–	–	26.0
Recoverable packaging and related items	–	–	–	–
Property, plant and equipment in progress	**765.1**	**6,115.0**	**240.6**	**6,639.4**
Land	176.6	43.5		220.2
Buildings	227.2	4,971.5	221.5	4,977.3
Other	361.2	1,099.9	19.1	1,442.0
TOTAL	**123,761.7**	**6,471.4**	**30,746.4**	**99,486.7**

Amortisation of non-current property, plant and equipment

Amortisation *(€ thousands)*	31/12/2018	Increases	Disposals	31/12/2019
Land	**117.2**	**13.3**	–	**130.6**
Buildings	**43,482.3**	**4,781.7**	**10,247.1**	**38,016.9**
Structural work (structures, road and utilities works)	8,204.4	809.5	1,958.5	7,055.4
Facades	4,159.1	424.5	979.1	3,604.5
Technical equipment	15,754.9	1,650.8	3,671.6	13,734.1
Fixtures and fittings	15,364.0	1,896.9	3,638.0	13,622.9
Other property, plant and equipment	**48.7**	**–**	**–**	**48.7**
Technical installations, plant and industrial equipment	–	–	–	–
General installations, various fittings	–	–	–	–
Vehicles	23.9	–	–	23.9
Office and computer equipment, furniture	24.8	–	–	24.8
Recoverable packaging and related items	–	–	–	–
TOTAL	**43,648.2**	**4,795.1**	**10,247.1**	**38,196.2**

No impairment was recognised on property, plant and equipment.

3.2.3.1.3 Non-current financial assets

Gross non-current financial assets

Non-current financial assets (€ thousands)	31/12/2018	Increase	Decrease	31/12/2019
Participating interests	**1,365,331.9**	**12,658.3**	**12,811.7**	**1,365,178.5**
Financial receivables	**515,806.8**	**1,091,451.9**	**363,096.1**	**1,244,162.6**
Investment-related receivables	220,402.9	809,029.8	314,830.6	714,602.2
Loans and other fixed assets	295,403.9	282,422.1	48,265.5	529,560.4
TOTAL	**1,881,138.7**	**1,104,110.2**	**375,907.8**	**2,609,341.1**

The list of subsidiaries and participating interests appearing on the last page of this document shows the ownership interest in each subsidiary.

The change in the equity interests item is mainly due to:

- the acquisition of SCA NR 21 securities for €1.2 million;
- the universal transfer of the assets (TUP) of SA SND;
- creation of the SNC Foncière Altarea Montparnasse and the SCCV B2-B3.

The change in financial receivables is mainly due to the increase in loans and advances granted to direct and indirect subsidiaries of Altarea SCA.

Provisions for non-current financial assets

Provisions impairment (€ thousands)	31/12/2018	Increases during the year	Decreases in the financial year		31/12/2019
		Allowance	Reversal of unused provisions	Provisions used in the period	
Impairment of equity securities Impairment of equity securities	14,745.8	–	–	–	14,745.8
Impairment of other non-current financial assets	100,306.4	–	28,555.5	–	71,750.9
TOTAL	**115,052.2**	–	28,555.5	–	**86,496.7**

3.2.3.1.4 Receivables

These items consist of Group receivables, trade receivables from shopping centres and tax receivables.

Impairment losses are recognised through provisions when there is evidence that the Company will not be able to collect all amounts due.

Receivables

Receivables (€ thousands)	Gross amount 2019	Provisions	Net amount 2019	Net amount 2018
Trade receivables and related accounts	**3,757.6**	**1,901.3**	**1,856.3**	**1,543.1**
Others receivables	**76,618.4**	**–**	**76,618.4**	**71,387.4**
Personnel and related accounts	117.1	–	117.1	97.6
Advances and down payments	–	–	–	–
Government, other authorities: corporate income tax	1,324.2	–	1,324.2	2,312.7
Government, other authorities: value added tax	3,072.9	–	3,072.9	2,074.7
Government, other authorities: sundry receivables	–	–	–	–
Group and partners	71,862.1	–	71,862.1	66,762.9
Sundry debtors	242.0	–	242.0	139.5
TOTAL	**80,376.0**	**1,901.3**	**78,474.6**	**72,930.4**

Breakdown of receivables by maturity date (€ thousands)

Receivables *(€ thousands)*	Gross amount 2019	Up to 1 year	1 to 5 years	More than 5
Trade receivables and related accounts	3,757.6	3,757.6	–	–
Personnel and related accounts	117.1	117.1	–	–
Advances and down payments	–	–	–	–
Government, other authorities: corporate income tax	1,324.2	1,324.2	–	–
Government, other authorities: value added tax	3,072.9	3,072.9	–	–
Government, other authorities: sundry receivables			–	–
Group and partners	71,862.1	71,862.1	–	–
Sundry debtors	242.0	242.0	–	–
TOTAL	**80,376.0**	**80,376.0**	**–**	**–**

Accrued income

Accrued income included in the balance sheet line items *(€ thousands)*	31/12/2019	31/12/2018
Loans	2,447.1	2,295.4
Government – accrued income	1,324.2	2,312.7
Trade receivables	464.2	323.1
TOTAL	**4,235.5**	**4,931.2**

3.2.3.1.5 Marketable securities

Marketable securities consist of treasure shares in an amount of €33.1 million.

Marketable securities *(€ thousands)*	31/12/2018	Increase	Decrease	Provisions	31/12/2019
Treasury shares	54,597.2	1,620.0	23,099.0	–	33,118.2
TOTAL	**54,597.2**	**1,620.0**	**23,099.0**	**–**	**33,118.2**
No. of Shares	278,602	8,785	120,979	–	166,408

At 31 December 2019, treasury shares consisted in part of shares intended to provide liquidity for trading in the shares and in part of shares intended for grant to employees of the Company's subsidiaries.

3.2.3.1.6 Treasury instruments

Treasury instruments

Treasury instruments *(€ thousands)*	31/12/2018	Increase	Decrease	Provisions	31/12/2019
Treasury instruments	33,711.0	–	33,711.0	–	–
TOTAL	**33,711.0**	**–**	**33,711.0**	**–**	**–**

These amounts still to be amortised at 31 December 2018 correspond to the over-hedging instruments.

€33,711 million were reclassified as expenses on 31 December 2019.

3.2.3.1.7 Impairment

Impairments

Provisions pour impairment *(€ thousands)*	31/12/2018	Increases during the year	Decreases in the financial year		31/12/2019
		Allowance	Reversal of unused provisions	Provisions used in the period	
Impairment of inventory and pipeline products	–	–	–	–	–
Impairment of trade receivables	1 919,5	396,3	109,5	305,0	1 901,3
Other impairment	–	–	–	–	–
Total	**1 919,5**	**396,3**	**109,5**	**305,0**	**1 901,3**

3.2.3.2 Notes on balance sheet items – liabilities

3.2.3.2.1 Shareholder's equity and equity equivalents

Changes in equity

Equity (€ thousands)	31/12/2018	Appropriation Capital	Dividends	Capital incr. & contributions	Change in 2018	31/12/2019
Share Capital	245,425.3	–	–	9,770.5	–	255,195.8
Share premium/additional paid-in capital/ revaluation differences	407,865.6	–	(185,849.9)	89,753.9	–	311,769.6
Legal reserve	20,003.0	1,042.3	–	–	–	21,045.3
General reserve	–	–	–	–	–	–
Retained earnings	–	–	–	–	–	–
Net income for the year	20,845.7	(1,042.3)	(19,803.4)	–	13,905.2	13,905.2
Investment grants	–	–	–	–	–	–
Regulated provisions	–	–	–	–	–	–
TOTAL	**694,139.5**	**–**	**(205,653.3)**	**99,524.4**	**13,905.2**	**601,915.9**

After appropriating 5% of net income for the year (€1,042.28 thousand) to the legal reserve, the Combined Ordinary and Extraordinary General Shareholders' Meeting of 29 May 2019 decided to pay a dividend of €12.75 per share for the financial year ended 31 December 2019, or a total of €205.6 million to the limited partners, and a priority dividend of €3.04 million to the general partner.

At 31 December 2019, the share capital stood at €255.2 million divided into 16,700,762 shares with a par value of €15.28 each and 10 General Partner shares with a par value of €100 each.

At 31 December 2019, the amount of Subordinated Perpetual Notes was €195 million.

3.2.3.2.2 Provisions

Changes in provisions

Provisions for Contingencies and Expenses (€ thousands)	31/12/2018	Increases during the year	Decreases in the financial year		31/12/2019
		Allowance	Reversal of unused provisions	Provisions used in the period	
Provisions for tax	–	914.5	–	–	914.5
Other provisions for contingencies and expenses	778.1	63,257.4	–	507.7	63,527.8
TOTAL	**778.1**	**64,171.8**	**–**	**507.7**	**64,442.2**

Provisions for contingencies and expenses mainly concern the Market To Market provision of €62.9 million and employees' rights to bonus share grants.

3.2.3.2.3 Borrowings and other financial liabilities

Breakdown of payables by maturity date

Borrowings and other financial liabilities (€ thousands)	31/12/2019	up to 1 year	1 to 5 years	More than 5	31/12/2018
Financial liabilities	**1,917,147.1**	**555,720.4**	**809,783.8**	**551,642.9**	**1,158,549.1**
Other bond issues	1,291,852.9	11,852.9	730,000.0	550,000.0	789,906.6
Bank borrowings	504,408.8	424,625.0	79,783.8	–	316,261.2
Deposits and security interests received	1,642.9	–	–	1,642.9	2,123.9
Group and partners	119,024.3	119,024.3	–	–	50,257.5
Other payables	218.1	218.1	–	–	–
Accounts payable and other liabilities	**10,579.5**	**10,579.5**	–	**–**	**7,260.3**
Suppliers and related accounts	2,186.3	2,186.3	–	–	4,543.1
Employee-related and social security payables	195.5	195.5	–	–	370.2
Tax payables	557.4	557.4	–	–	722.4
Amounts due on non-current assets and related accounts	4,859.8	4,859.8	–	–	180.3
Other payables	2,780.5	2,780.5	–	–	1,444.3
Prepaid income	–	–	–	–	–
TOTAL	**1,927,726.6**	**566,299.9**	**809,783.8**	**551,642.9**	**1,165,809.4**

Redemption premiums on borrowings

Change in amortisation of the premium (€ thousands)	31/12/2018	+	-	31/12/2019
Redemption premiums on bonds	4,855.4	3,795.0	976.1	7,674.4
TOTAL	**4,855.4**	3,795.0	**976.1**	**7,674.4**

The bonds were issued at a premium, which is amortised over the life of the borrowing (€976.1 thousand in 2019).

The bond issue premium of €3.8 million was paid as part of the new bond issued on 17 October 2019.

At 31 December 2019, bank borrowings excluding accrued interest amounted to €80 million.

Accrued expenses

Expenses included in the balance sheet line items (€ thousands)	31/12/2019	31/12/2018
Borrowings and financial liabilities	10,795.7	10,038.3
Suppliers and related accounts	341.2	484.2
Amounts due on non-current assets and related accounts	4,186.8	64.3
Taxes, duties and analogous payments	4.5	204.9
Personnel costs	–	–
Group and partners	1,237.9	3,792.2
Miscellaneous	2,694.1	143.0
TOTAL	**19,260.3**	**14,726.8**

3.2.3.3 Notes to the income statement

3.2.3.3.1 Revenue

The Company's revenue consists of rental income, service charges and costs of works billed to tenants of portfolio shopping centres and revenue from services rendered by Altarea to its subsidiaries under the terms of agreements related to ordinary operating activities.

Revenue (€ thousands)	31/12/2019	31/12/2018
Rent and re-invoiced leasing costs	11,622.3	11,856.3
Transfer taxes	–	–
Services	5,254.8	8,024.0
Other	26.7	30.4
TOTAL	**16,903.8**	**19,910.7**

3.2.3.3.2 Other operating income

Operating revenues (€ thousands)	31/12/2019	31/12/2018
Production held in inventory	6,092.0	606.6
Reversals of provisions and depreciation	922.1	1,106.5
Intra-Group chargebacks and expense reclassifications	6.7	4.2
Other	128.1	399.1
TOTAL	**7,149.0**	**2,116.3**

Reversals of provisions mainly concern deliveries of shares under bonus share plans and reversals of provisions for impairment of customer receivables.

3.2.3.3.3 Operating expenses

Operating expenses reflect expenses incurred by Altarea in respect to its REIT business (rental costs, property taxes, allowances for depreciation and amortisation) and to its services provided to subsidiaries.

Operating expenses *(€ thousands)*	31/12/2019	31/12/2018
Rental and co-ownership costs[(a)]	1,391.1	859.7
Maintenance and repairs	93.2	545.6
Insurance premiums	82.5	74.9
Commissions and fees[(b)]	13,620.4	20,576.3
Advertising and public relations	81.6	102.5
Banking services and similar accounts[(c)]	3,840.6	1,924.3
Taxes and duties	2,948.4	649.2
Personnel costs	1,394.5	2,055.8
Allowances for depreciation, amortisation and impairment	6,443.8	6,589.1
Capitalised purchases[(d)]	6,092.0	606.6
Lessee termination and early termination fees	–	95.0
Other expenses	729.0	1,004.1
TOTAL	**36,717.1**	**35,083.1**

(a) Nearly all of these rental costs are passed on to tenants.
(b) Fees include shopping centre management and marketing fees, Statutory Auditors' fees, expenses relating to certain projects and service fees, as well as compensation paid to Management.
(c) Bank service fees correspond essentially to loan fees, which are reinvoiced to refinanced companies on a case-by-case basis, as provided for in the framework agreement.
(d) In 2019, capitalised purchases related to work carried out on portfolio assets were recognised under assets with an offsetting entry in other operating income.

3.2.3.3.4 Financial income

(€ thousands)	31/12/2019	31/12/2018
Financial income		
▪ Dividends	108,823.1	55,626.8
▪ Interest on loans	3,134.0	9,554.9
▪ Income from current accounts	2,748.4	2,532.0
▪ Other financial income/swaps	5,442.7	3,184.4
▪ Commissions on Guarantees	1,216.2	3,527.2
▪ Paid by subsidiaries	18,090.0	135.1
▪ Reversals from provisions for impairment of non-current financial assets	28,555.5	
▪ Reversals from provisions for impairment of marketable securities		
▪ Other financial income	31.7	228.3
▪ Net gains on the disposal of marketable securities		
TOTAL	**168,041.5**	**74,788.7**
Financial expenses		
▪ Allowances for amortisation, impairment and provisions	63,919.0	880.4
▪ Allowances for impairment of marketable securities		
▪ Interest on external borrowings	25,284.0	25,365.7
▪ Expenses on current account balances	375.1	347.7
▪ Expenses on financial instruments (Swaps, Caps)	4,284.2	5,722.2
▪ Bank interest	6,425.9	7,677.0
▪ Paid by subsidiaries	689.2	5,057.1
▪ Other financial expenses	62,370.9	7,598.6
TOTAL	**163,348.3**	**52,648.8**
FINANCIAL INCOME	**4,693.1**	**22,139.9**

Dividends essentially comprise distributions by Alta Blue and Foncière Altarea.

A reversal of €28.5 from the provision for impairment of Altalux Italy's receivables was recognised in 2019.

Financial expenses on financial instruments include interest paid by Altarea during the year and the amortisation of treasury instruments in an amount of €58.3 million in respect of 2019 and the recognition of the Market To Market provision of €62.9 million.

3.2.3.3.5 Exceptional income

(€ thousands)	31/12/2019	31/12/2018
Exceptional income		
■ Exceptional income from non-capital transactions	50.8	134.1
■ Exceptional income from capital transactions	64,138.5	38,190.6
* Including proceeds from disposal of assets	43,601.1	20,707.8
* Including re-invoicing of delivery of free shares to employees	20,537.4	17,482.8
■ Reversals of provisions and expense reclassifications		
* Including reversal of provisions for rental guarantees		
TOTAL	**64,189.2**	**38,324.7**
Exceptional expenses		
■ Exceptional expenses on non-capital transactions	0.5	65.7
* of which tenant construction		
* of which provision for rental guarantees		
■ Exceptional expenses on capital transactions	40,983.1	26,822.5
■ Exceptional allowances for depreciation, amortisation and impairment		
* of which provisions for rental guarantees		
TOTAL	**40,983.6**	**26,888.1**
EXCEPTIONAL INCOME	**23,205.7**	**11,436.6**

The exceptional income primarily comes from the sale of the Jas de Bouffan shopping centre in Aix-en-Provence.

3.2.3.3.6 Corporate income tax

In 2005, Altarea Group opted to adopt the special tax-exempt status established for publicly traded real estate investment companies (*Sociétés d'Investissement Immobilier Cotées* or SIIC under Article 208 C of the French General Tax Code).

Breakdown of tax expenses

	Profit before tax			Tax	Net income		
	Tax-exempt sector	Taxable sector	Total	Taxable sector	Tax-exempt sector	Taxable sector	Total
Operating income/(loss)	(4,458.9)	(8,154.7)	**(12,613.6)**		(4,458.9)	(8,154.7)	**(12,613.6)**
Financial income	(31,854.9)	36,555.1	**4,700.1**	1,329.3	(31,854.9)	35,225.8	**3,370.8**
Exceptional income	23,151.4	3.5	**23,147.9**		23,151.4	3.5	**23,147.9**
TOTAL	**(13,162.4)**	**28,396.9**	**15,234.5**	**1,329.3**	**(13,162.4)**	**27 067.6**	**13 905.2**

Changes in deferred tax liabilities

	31/12/2018	Variations		31/12/2019
Reductions		+	-	
Tax loss	(391,512.6)	–	(11,210.3)	(380,302.3)
Total base	**(391,512.6)**	**–**	**(11,210.3)**	**(380,302.3)**
TAX OR TAX SAVINGS (33.33%)	**(130,504.2)**	**–**	**(12,625.5)**	**(117,878.7)**

Tax audit

The Company received an adjustment notice regarding FY 2014 to 2016. Following its legal advice, Altarea SCA disputed the adjustment but paid the €2.7 million claimed. A deferred tax asset was booked in exchange.

3.2.3.4 Other information

3.2.3.4.1 Related Company transactions

Transactions made by the Company with related parties not concluded on an arm's-length basis

No material transactions have been concluded by the Company with related parties that were not on an arm's-length basis.

3.2.3.4.2 Off-balance sheet commitments

Financial Instruments

Altarea holds a portfolio of swaps and caps to hedge interest rate risk for a portion of its current and future floating and fixed rate debt and that of its subsidiaries.

Financial instruments *(€ thousands)*	2019	2018
Swaps/Total (Nominal)	575,000.0	1,810,000.0
Caps/Total (Nominal)	–	106,500.0
TOTAL	**575,000.0**	**1,916,500.0**

The fair value of the hedging instruments was a negative €27.3 million in respect of swaps as at 31 December 2019.

Effect on the income statement

Effect on the income statement *(€ thousands)*	2019	2018
Interest income	2,896.1	677.0
Interest expense	347.6	331.5
TOTAL	**2,548.5**	**345.5**

Table of notional amounts hedged by swaps and caps at 31 December

(€ thousands)	2019	2020	2021	2022	2023
Swap	575,000.0	950,000.0	900,000.0	900,000.0	900,000.0
Cap	–	–	–	–	–
Altarea Pays Fixed Rate (Total)	**575,000.0**	**950,000.0**	**900,000.0**	**900,000.0**	**900,000.0**

The benchmark rate used is three month EURIBOR.

Use of derivatives as hedging instruments could expose the Group to the risk of counterparty default. The Group mitigates this risk by selecting only major financial institutions as counterparties in hedging transactions.

Employee benefit obligations

Commitments to employees relating to retirement benefits are estimated at €78.9 thousand as of 31 December 2019.

Commitments given

Certain loans from Altarea SCA are guaranteed by unregistered mortgages on assets, as well as the assignment of some business receivables on present or future leases. In addition, the guarantees are subject to covenants, of which the two principal criteria are an LTV ratio of below 60% and a ratio of net interest expense cover by recurring EBITDA above 2.0.

Altarea SCA has guaranteed loans to other Group companies for an amount of €605 million. These commitments mainly comprise joint and several guarantees and demand guarantees granted by Altarea SCA on behalf of its subsidiaries.

The specific covenants on corporate loans held by Altarea SCA of up to a maximum authorised amount of €1,935 million (including €575 million in undrawn funds on the corporate debt) are as follows:

- contreparty: NATIXIS/BECM/LCL/Société Générale/HSBC/BNP PARIBAS/Bank of China/La Banque Postale/CACIB;
- principal covenants covering Altarea Group:
  - ratio of Company net financial debt to net asset value (Consolidated Altarea LTV ratio) < 60% (33.2% at 31 December 2019),
  - operating income (FFO column)/Net borrowing costs (FFO column) of the Company ≥ 2 (Interest Cover Ratio or Altarea Consolidated ICR) (7.3 at 31 December 2019).

The Group made commitments as part of its successful tenders for Italian stations.

Bonus share plans (for the Company and its subsidiaries)

Award date		Number of rights awarded	Vesting date	Rights in circulation as at 31/12/2018	Awarded	Deliveries	Amendments to rights[a]	Rights in circulation as at 31/12/2019
Share grant plans on Altarea shares								
10 November 2016	12,450	12,450[b]	11 April 2019	8,450	–	(5,915)	(2,535)	–
14 December 2016	33,365	33,365[b]	10 April 2019	29,407	–	(21,824)	(7,583)	–
22 March 2017	1,500	1,500[b]	10 April 2019	1,000	–	(751)	(249)	–
6 April 2017	11,500	11,500[b]	30 April 2019	11,500	–	(8,050)	(3,450)	–
15 February 2018	28,820	28,820	15 February 2019	27,310	–	(26,740)	(570)	–
19 February 2018	32,480	32,480	19 February 2019	31,575	–	(31,283)	(292)	–
21 February 2018	12,424	12,424	21 February 2020	12,139	–	(53)	(382)	11,704
2 March 2018	33,129	33,129[b]	2 March 2020	31,754	–	–	(2,159)	29,595
6 March 2018	3,430	3,430	6 March 2019	3,340	–	(3,340)	–	–
28 March 2018	1,410	1,410	28 March 2019	1,410	–	(1,410)	–	–
29 March 2018	8,453	8,453	29 March 2019	8,453	–	(8,453)	–	–
30 March 2018	4,327	4,327	30 March 2020	4,327	–	–	(150)	4,177
1 June 2018	2,000	2,000	1 June 2019	2,000	–	(2,000)	–	–
20 July 2018	41,500	41,500[b]	31 March 2021	41,500	–	–	–	41,500
7 September 2018	14,800	14,800[b]	31 March 2021	14,800	–	–	–	14,800
25 September 2018	1,000	1,000	31 March 2020	1,000	–	–	–	1,000
3 December 2018	5,000	5,000[b]	31 March 2021	5,000	–	–	–	5,000
19 December 2018	1,850	1,850[b]	31 March 2020	–	1,850	–	0	1,850
19 December 2018	2,000	2,000[b]	31 March 2021	–	2,000	–	0	2,000
15 March 2019	28,804	28,804	15 March 2020	–	28,804	(34)	(213)	28,557
18 March 2019	9,461	9,461	18 March 2021	–	9,461	(34)	(90)	9,337
19 March 2019	41,531	41,531	19 March 2022	–	41,531		(1,312)	40,219
6 June 2019	1,355	1,355	20 March 2022	–	1,355		0	1,355
18 October 2019	2,000	2,000	30 March 2021	–	2,000		0	2,000
21 October 2019	20,000	20,000[b]	30 March 2022	–	20,000		0	20,000
18 December 2019	3,000	3,000[b]	31 March 2021	–	3,000	–	–	3,000
TOTAL	**357,589**	**357,589**	**–**	**234,964**	**110,001**	**(109,887)**	**(18,984)**	**216,094**

(a) Rights cancelled for reasons of departure, transfer, lack of certainty that performance criteria have been met or changes in plan terms.
(b) Plans subject to performance criteria.

3.2.3.4.3 Headcount

The Company's average headcount was one employee at 31 December 2019.

3.2.3.4.4 Post-closing events

No major events occurred subsequent to the closing date and prior to the preparation of the financial statements.

3.2.3.4.5 Disclosures on business combinations

On 16 April 2019, as sole partner in Société Nivernaise de Distribution (SND), decided on a universal transmission of its assets.

3.2.3.5 Subsidiaries and associates

Subsidiaries and associates

Companies	Capital	Equity other than share capital	Group share	Securities, gross	Securities, net	Loans and advances granted	Loans and advances, net	Sureties and guarantees	Earnings in the financial year	Dividend received by the Company	Revenues excl. tax
SUBSIDIARIES (+50%)											
SAS FONCIÈRE ALTAREA – 353 900 699	7,783.7	650,535.6	100.00%	779,241.9	779,241.9	540,602.0	540,602.0		178,189.4	94,863.8	–
SCA ALTAREIT – 553 091 050	2,626.7	298,360.6	99.63%	91,635.0	91,635.0	97.8	97.8	443,333.3	2,527.3	–	1,222.7
SNC ALTAREA MANAGEMENT – 509 105 375	10.0	860.4	99.99%	10.0	10.0	–	–	–	860.4	–	55,809.9
SAS ALTA DÉVELOPPEMENT ITALIE – 444 561 476	12,638.2	(70,073.6)	100.00%	14,745.8	–	57,436.4	57,436.4	–	(772.5)	–	–
SAS ALTA BLUE – 522 193 796	306,102.0	292,284.6	61.77%	437,688.9	437,688.9	–	–	–	70,060.8	13,959.3	–
SARL SOCOBAC – 352 781 389	8.0	149.1	100.00%	0.0	0.0	–	–	–	(0.1)	–	–
SARL ALTALUX SPAIN	1,100.0	(198.6)	100.00%	10,517.0	10,517.0	192.0	192.0	–	(40.9)	–	–
SNC BEZONS CŒUR DE VILLE COMMERCES – 819 866 500	10.0	(0.4)	99.99%	10.0	10.0	15.9	15.9	–	(0.4)	–	–
ALTA MIR – 833 669 666	1.0	92.5	100.00%	100.0	100.0	–	–	–	(2.0)	–	–
FONCIERE ALTAREA MONTPARNASSE - 847 726 650	10.0	1,077.4	99.99%	10.0	10.0	54,505.1	54,505.1	–	1,077.4	–	–
SCA NR 21 - 389 065 152	1,502.3	(1,575.7)	84.37%	1,215.7	1,215.7	243.1	243.1	–	(115.7)	–	–
AFFILIATES (10% TO 50%)											
BERCY VILLAGE 2	1,633.6	1,159.8	15.00%	18,560.0	18,560.0	3,021.2	3,021.2	–	1,159.8	–	–
SCI ISSY PONT	40.0	(2,763.1)	25.00%	10.0	10.0	39,037.2	39,037.2	–	(2,763.1)	–	–
SNC AF INVESTCO 4	1.0	(8,695.1)	50.00%	0.0	0.0	–	–	–	(537.9)	–	–
SCCV B2-B3	1.0	30,412.3	50.00%	0.5	0.5	17,491.2	17,491.2	–	30,413.3	–	89,438.5
LIMOGES INVEST SCI	1.0	685.9	25.00%	11,432.1	11,432.1	1,868.8	1,868.8	–	685.9	–	4,983.4
SCI ISSY CŒUR DE VILLE BUREAUX 2	1.0	(12.1)	50.00%	0.5	0.5	90.5	90.5	–	(4.0)	–	–

Registered offices of subsidiaries and equity investments: 8, avenue Delcassé Paris 8th.

3.3 Additional information on the annual financial statements

3.3.1 Summary of the Company's payment terms

	Article D.441 I.-1°: Invoices received but not paid at the closing date of the financial year ended						Article D.441 I.-2°: Invoices issued but not paid at the closing date of the financial year ended					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	over 91 days	Total (-1 day and over)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	over 91 days	Total (-1 day and over)
(A) Overdue categories												
Number of invoices included	10					76	66					829
Total amount of the invoices included (incl. VAT)	324,192	586,780	147,614	0	200,470	934,864	181,381	170,314	404,143	8,370	2,527,608	3,110,435
% of total amount of purchases (incl. VAT) for the period	1.30%	2.35%	0.59%	0.00%	0.80%	3.74%						
% of total amount of revenue (incl. VAT) for the period							0.79%	0.74%	1.76%	0.04%	11.03%	14.36%
(B) Invoices excluded from (A) relating to overdue or unrecorded receivables and payables												
Number of invoices excluded	0						0					
Total amount of the invoices excluded (inclusive of VAT).	0						0					
(C) Benchmark payment terms used (contractual or legal terms)												
Benchmark payment terms used for to calculate overdue payments	Statutory payment terms						Statutory payment terms					

3.3.2 Results of the last five financial years

TYPE OF INDICATIONS	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
Duration of the period (months)	12	12	12	12	12
CAPITAL AT END OF THE YEAR					
Share capital	255,195,822	245,425,285	245,280,324	229,670,964	191,244,972
Number of shares	16,700,762	16,061,329	16,051,842	15,030,287	12,515,497
▪ ordinary	16,700,762	16,061,329	16,051,842	15,030,287	12,515,497
▪ preferred shares					
Maximum number of shares to be created					
▪ by bond conversions					
▪ by subscription rights					
OPERATIONS AND RESULTS					
Revenue excl. tax	16,903,831	19,910,706	20,706,301	19,371,278	29,426,248
Income before tax, interest, depreciation and impairment	56,119,656	26,883,494	30,985,723	3,342,963	11,329,786
Income tax	1,329,307	(325,229)	867,342	(34,523)	(346,124)
Employee participation					
Allowances Depreciation and impairment	40,885,187	6,363,033	1,824 861	(4,561 389)	5,624,685
Net income	13,905,162	20,845,690	28,293,520	7,689,445	6,051,225
Distributed income	13,209,904	19,803,405	43,678,086	7,304,972	5,748,664
EARNINGS PER SHARE					
Income after tax, interest, before depreciation and impairment	3.4	1.7	1.9	0.3	0.9
Income after tax, interest, depreciation and impairment	3.3	1.7	1.8	0.6	0.5
Dividend allocated	13.00*	12.75	12.50	11.50	11.00
EMPLOYEES					
Average employee workforce	1	2	2	2	3
Payroll	615,110	1,030,126	919,396	917,005	1,029,263
Amounts paid in benefits (social security, social welfare, etc.)	21,309,803	18,530,370	14,712,536	7,990,164	3,168,514

* *The dividend will be put to vote at the Shareholders' Meeting of 19 May 2020 called to approve the 2019 financial statements.*

Payroll = total of the 641 “employee compensation” accounts.

Amounts paid in benefits = total of the 645 “social security contribution and welfare”, 647 “other social security contribution”, 648 “Provisions for personnel costs” and 6,783 “unfavourable variance on the company buyback of treasury shares” accounts.

3.4 Report by the Statutory Auditors on the annual financial statements

Year ended 31 December 2019

At the General Shareholders' Meeting of the Altarea company,

Opinion

In accordance with the mission assigned to us by your General Shareholders' Meeting, we have carried out the audit of the annual financial statements of Altarea relating to the year ended 31 December 2019, as attached to this report.

In our opinion, the financial statements give a true and fair view of the company's operations during the financial year, as well as of the company's assets, liabilities, and financial position at the end of the financial year, in accordance with the accounting principles generally accepted in France.

The opinion set out above is consistent with the content of our report to the Audit Committee.

Basis of the Opinion

Audit guidelines

We conducted our audit in accordance with professional standards applicable in France. We believe that the information we obtained provides a reasonable basis for our opinion given below.

Our responsibilities pursuant to these standards are set out under the section of this report entitled, "Responsibilities of the Statutory Auditors in auditing the annual financial statements".

Independence

We performed our audit respecting the applicable rules on independence, over the period from 1 January 2019 to the date on which our report was published, and, in particular, we have not provided any services prohibited under Article 5, paragraph 1 of EU regulation No. 537/2014 or under the Code of Conduct governing the profession of Statutory Auditor.

Basis for our assessments – Key points of the audit

In accordance with the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code in terms of the basis for our assessment, we draw your attention to the key points of the audit on the risks of significant anomalies which, in our professional judgement, were of the greatest importance in auditing the annual financial statements for the year, as well as our response to these risks.

The assessments thus made are based on the auditing of the Annual financial statements, taken as a whole, and the opinion formed by ourselves as expressed above. We do not express an opinion on any aspects of these annual financial statements taken in isolation.

Evaluation of participating interests, investment-related receivables and loans

Risk identified	Our response
The participating interests, investment-related receivables and loans included on the balance sheet at 31 December 2019, a net total of €2,520 million, represent one of the biggest balance sheet items (90% of assets). Participating interests are carried on the balance sheet at their acquisition cost or at their transfer value and impaired on the basis of their value of use. Investment-related receivables and loans related to indirect equity holdings are carried at their contribution or nominal value. As stated in the note 3.2.2.2 "Accounting principles and methods", under the paragraphs "Participating interests" and "Investment and loan-related receivables" of the appendix, the value in use of the participating interests is appraised by management according to multiple criteria such as net asset value, profitability, profitability forecasts, long-term growth prospects, and economic conditions. The market value of assets held by subsidiaries and sub-subsidiaries is taken into account. When there is evidence that the Company will not be able to collect all amounts due, an impairment loss is recorded taking into account in particular the nature of the advance, the subsidiary's capacity to repay and its development potential. Estimating the value of these assets requires Management to exercise its judgement in choosing the information to include depending on the investments in question, information which may be historic in nature (net reassessed position), or forecasts (long-term profitability or development outlook and economic conditions in the countries in question), as the case may be. Given the weight of participating interests on the balance sheet, the complexity of the models used and their sensitivity to data variations as well as assumptions on which estimates are based, we have considered the valuation of the participating interests, related receivables, and loans as a key point of the audit.	We have observed and noted the process used to determine the value in use of participating interests. Our work also involved: ▪ observing and noting the evaluation methods used and underlying assumptions in determining the value in use of participating interests; ▪ comparing the net assets included by the management in its valuations with the source data from the accounts of audited subsidiaries or those that have been subject to analytical procedures where relevant, and examining any adjustments made; ▪ using sampling to test the mathematical accuracy of the formulas used to calculate book values; ▪ using sampling to recalculate the impairments recorded by the company. Over and above ascertaining the value of use of participating interests, where relevant our work also consisted in: ▪ assessing the recoverability of investment-related receivables and loans given the analysis performed on participating interests; ▪ reviewing the need to account for a provision for risk in the event that the company is committed to bearing the losses of a subsidiary in negative equity.

Special verifications

We also carried out the specific verifications required by law and regulations, in accordance with professional standards applicable in France.

Information given in the management report and other documents addressed to shareholders, on the financial position and annual financial statements

We have no matters to report as to the true and fair nature and the consistency with the financial statements of the information provided in the management report and documents sent to shareholders concerning the company's financial position and the full year financial statements.

We confirm the sincerity and consistency with the annual financial statements of the information related to the terms of payment referred to in Article D. 441-4 of the French Commercial Code.

Report on Corporate Governance

We attest to the existence, in the Supervisory Board Report on Corporate Governance, of the information required under Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

As regards the information provided pursuant to Article L. 225-37-3 of the French Commercial Code concerning compensation and benefits paid to corporate officers, as well as commitments made in their favour, we have verified their consistency with the financial statements or with the information used to prepare the financial statements and, if applicable, with the information collected by the company from the companies controlled by it or in the consolidation scope. On the basis of this work, we confirm the accuracy and sincerity of this information.

As regards the information relating to items that your company deemed likely to have an impact in the event of a take-over bid or public exchange offer, provided pursuant to the provisions of Article L. 225.37-5 of the French Commercial Code, we have verified their compliance with the source documents that were forwarded to us. In light of this work, we have no comments on the said information.

Other information

Pursuant to applicable law, we have confirmed that the required information on acquisitions of the company's shares and voting rights, along with the identities of the company's shareholders and voting right holders, are disclosed in the management report.

Information arising under other legal and regulatory obligations

Appointment of statutory auditors

We were appointed statutory auditors for the company Altarea at your General Shareholders' Meeting of 15 April 2016 in the case of the Grant Thornton and 28 May 2010 in the case of Ernst & Young et Autres.

As of 31 December 2019, Grant Thornton was in the fourth consecutive year of its assignment and Ernst & Young et Autres in the tenth year.

The firms AACE Ile-de-France, a member of the Grant Thornton network, and Ernst & Young et Autres, were the previous Statutory Auditors, from 2004.

Responsibilities of the management and individuals responsible for corporate governance in respect of the annual financial statements

It is the responsibility of the management to produce annual financial statements that present a true and fair view in compliance with French accounting principles as well as to implement the internal controls it deems necessary to produce annual statements that contain no significant anomalies, whether these are the result of fraud or error.

When producing annual financial statements, it is the management's responsibility to assess the company as a going concern, to present in these statements, where appropriate, the information required for operational continuity and to apply the accounting standard of operational continuity, unless there are plans to liquidate the company or cease its operation.

It is the responsibility of the Audit Committee to monitor the process of producing financial information and the effectiveness of systems of internal control and risk management, as well as any internal audits, in respect of procedures for producing and processing accounting and financial information.

These annual financial statements have been approved by Management.

Responsibilities of the statutory auditors in auditing the annual financial statements

Auditing objective and procedure

It is our responsibility to produce a report on the annual financial statements. Our aim is to obtain reasonable assurances that the annual financial statements, taken as a whole contain no significant anomalies. Reasonable assurance means a high level of assurance, without forasmuch providing the guarantee that an audit conducted in compliance with industry standards systematically affords the detection of any significant anomaly. Anomalies may be the result of fraud or errors and are considered to be significant where it can be reasonably expected that, taken individually or together, they may influence the economic decisions of the users of the statements on the basis thereof.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment as auditors is not to guarantee the viability or quality of the management of your company.

In conducting an audit in compliance with industry standards in France, statutory auditors exercise their professional judgement throughout the said audit. Moreover:

- they identify and assess risks that the annual financial statements may contain significant anomalies, whether these are the result of fraud or errors, establish and implement auditing procedures in the face of such risks, and gather any evidence they deem sufficient and appropriate on which to base their opinion. The risk of failing to detect a material misstatement attributable to fraud is greater than that of a material misstatement resulting from error, since fraud may involve collusion, forgery, deliberate omissions, misrepresentation or circumventing internal control;
- takes note of the relevant internal control for the audit in order to establish appropriate audit procedures in the circumstances, and not to express an opinion on the effectiveness of internal control;
- they assess the appropriateness of accounting methods used and the reasonableness of the management's accounting estimates and the information relating to them provided in the annual financial statements;
- assesses the appropriateness of management's application of the going concern principle, and, depending on the evidence gathered, the existence or otherwise of significant uncertainty related to events or circumstances liable to undermine the company's ability to continue as a going concern. This assessment is based on the evidence gathered up until the date of their report, not overlooking the fact, however, that subsequent circumstances or events may jeopardise capacity as a going concern. Should they conclude that there is significant uncertainty, they draw the attention of readers of their report to the information contained within the annual financial statements in relation to this uncertainty or, if such information is not supplied or is not relevant, certification will either be withheld or given with reservations;
- they assess the overall presentation of the annual financial statements and whether the latter reflect the operations and underlying events in such a way as to give a true and fair view of them.

Report to the Audit Committee

We submit a report to the Audit Committee which sets out the scope of the audit and the programme of work implemented, as well as the conclusions arising from our work. We also bring to their attention any significant weaknesses in internal controls that we have identified in terms of procedures for producing and processing accounting and financial information.

The information presented in the Report to the Audit Committee includes the risks of significant anomalies that we consider to have been the most important for the auditing of the annual financial statements for the financial year in question and which, as such, are the key point of the audits which it is our responsibility to describe in this report.

We also provide the Audit Committee with the statement required under Article 6 of EU regulation No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as they are set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the Industry Code of Conduct for Statutory Auditors. Where appropriate, we discuss with the Audit Committee any risks affecting our independence and any safeguard measures thus applied.

Neuilly-sur-Seine and Paris-La Défense, 23 March 2020

The Statutory Auditors

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

3.5 Special report by the Statutory Auditors on related-party agreements

General Shareholders' Meeting to approve the financial statements for the financial year ended 31 December 2019

To the Altarea General Shareholders' Meeting,

As the Statutory Auditors of your Company, we hereby present you with our report on related-party agreements.

Our responsibility is to report to you, based on the information provided to us, the characteristics, the main terms and conditions, as well as the reasons justifying the interest for the Company, of the agreements brought to our attention or of which we may have become aware or discovered in the performance of our work, without expressing an opinion on their usefulness and appropriateness or determining the existence of any other agreements. It is your responsibility, pursuant to Article R. 226-2 of the French Commercial Code, to assess the company's interest in entering into these agreements before deciding on whether to approve them.

It is also our responsibility to report to you, as provided by Article R. 226-2 of the French Commercial Code, information pertaining to the performance of agreements previously approved by the General Shareholders' Meeting and that remained in effect during the past year.

We have taken the measures we deemed necessary in accordance with CNC professional guidelines relating to our audit. These measures consisted of verifying that the information provided to us is consistent with the documents from which it was taken.

Agreements submitted to the General Shareholders' Meeting for approval

We would like to inform you that no notice was given of any agreement authorised over the last financial year to be submitted to the General Shareholders' Meeting under Article L. 226-10 of the French Commercial Code.

Agreements previously approved by the General Shareholders' Meeting

In accordance with Article R. 226-2 of the French Commercial Code, we have been informed that the performance of the following agreements, which were approved by General Shareholders' Meeting in prior years, remained in effect during the past financial year.

Person concerned

APG Strategic Real Estate Pool, represented by Alain Dassas, Supervisory Board member.

Type and purpose

By the subscription contract on 11 December 2012, Subordinated Perpetual Notes (Titres Subordonnés à Durée Indéterminée – TSDI) were issued for a nominal value of €109 million, entirely subscribed by APG Strategic Real Estate Pool (transaction authorised by the Supervisory Board on 11 December 2012).

By addendum to the subscription contract on 29 December 2014, the face value of the Subordinated Perpetual Notes (TSDI) was increased to €130 per TSDI, representing a total amount of €195.1 million entirely subscribed by APG Strategic Real Estate Pool (transaction authorised by the Supervisory Board on 29 December 2014).

Conditions

In compensation for these securities, the Company assumed a financial expense during the financial period ended 31 December 2019 in the amount of €6,425,933.

Neuilly-sur-Seine and Paris-La Défense, 23 March 2020

The Statutory Auditors

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

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DECLARATION ON EXTRA-FINANCIAL PERFORMANCE (DPEF)

2019 Highlights

Creating sustainable cities

Climate change, structural rise in inequalities, changing lifestyles, incorporation of digital technology into daily and working life, etc. in a fast-changing environment, the city is becoming a stage for complex regional, ecological, social and technological transitions.

The intense concentration of activities and populations in cities makes them major actors in sustainability on a global scale. Urban areas are now home to 80% of the French population and while they are impressive drivers of progress this figure covers a wide variety of circumstances, particularly when it comes to accessing high quality housing, shops and facilities and transport. Cities are heavily exposed to the effects of the climate (notably heat islands) and for many the question of resilience is becoming urgent.

Citizens and stakeholders are also increasingly well informed, vigilant and demanding. They have high expectations in terms of quality, but also in terms of ethics and commitment to tackling social and environmental issues.

In this context, the Group believes cities will be able to deliver solutions: the layering of different uses and functional diversity are strong drivers for dynamism in the economic and social fabric. There is an urgent need to rethink cities to build attractive spaces that are pleasant to live in, inclusive, resilient, connected and environmentally virtuous.

Altarea seeks fast, effective and sustainable solutions in terms of environmental impact, comfort in use, mixed functions, generational and social issues, whilst integrating the advances offered by new technologies. As an urban entrepreneur, Altarea contributes to reinventing the city's territorial, ecological, economic and social dynamics to guarantee a high quality of urban life.

The Group's CSR approach, "We are all involved!", embodies this ambition and is based on three convictions:

- working as a public interest partner for **cities**, to preserve and develop local regions;
- placing **customers** at the heart of our actions, working for customer satisfaction across all our business lines;
- capitalising on the excellence of our **talents**, the Company's biggest asset, to support growth.

Cities

Altarea wants to be a public interest partner for cities. The Group is developing high-quality property solutions for a denser, smarter, more diversified and friendlier city which creates jobs and drives economic development.

2019 Highlights

- **low-carbon city**: in 2019, Altarea continued its work on reducing greenhouse gas emissions from its activities. The Group is working to define ambitious, quantified carbon trajectories for all its businesses, and which conform with the Paris Agreement, in order to limit global warming to no more than 2°C. The Group made its first concrete commitments to this effect this year, with the renewal and extension of its commitment in the Paris Climate Action Charter to Gold level;
- **bio-sourced materials**: this year, Altarea announced its strategic partnership with Woodeum, the objective of which is large-scale low-carbon property development;
- **adaptation to climate change**: the Group continued to implement its action plan on adapting to climate change. It aims to guarantee the comfort and safety of occupants and provide lasting property value;
- **biodiversity**: following the BiodiverCity® certification of Cap 3000, which the first shopping centre to be certified. The Group continued its initiatives to promote nature in the city, in particular in its neighbourhood projects;
- **social economy**: Altarea launched the consolidation of SoCo, the first social solidarity economy retail REIT, in collaboration with Crédit Coopératif and Baluchon, into a second project in Bondy. SoCo is intended to provide long-term support to social enterprises;
- **inclusive city:** the Group renewed its commitment to *Habitat et Humanisme* by supporting the development of the "inclusive and intergenerational housing" project. The Group affirmed in this way its commitment to a more inclusive city and its contribution to innovation in housing in the most disadvantaged sector.

In 2019, Altarea confirmed its status of "Green Star 5*" for GRESB and it has scored 90/100 or more since 2016.

Customers

Lifestyles, customs, aspirations – customers' expectations are changing and the Group has initiated a dialogue and listening exercise across all of its activities: through surveys and studies, face-to-face or digital interactions, etc. Customer satisfaction is the Group's top priority and it is also achieved through quality of life and well-being in its projects which, in addition boost their long-term economic value.

2019 Highlights

- **customer satisfaction**: Cogedim won "Customer Service of the Year" in the Property Development category for the 3rd year running;
- **quality of life and well-being of occupants**: 100% of Altarea's housing units continued to be NF Habitat certified. In addition, 86% of Business property projects in the Paris Region have WELL certification and the Group developed two WELL Community Standard neighbourhoods;
- **green value**: Altarea is maintaining its ambitious certification strategy as a guarantee of the value of the Group's projects, with 100% of Residential, Business property and Retail projects certified. In order to further raise standards in its projects, the Group is rolling out the most recent labels where appropriate. As such 90% of projects in the Paris Region are working towards a digital connectivity label.

Talents

In order to support its growth and meet new urban challenges, in 2019 the Group reaffirmed its commitment to job creation and talent management.

2019 Highlights

- **headcount**: the headcount grew by 9% in 2019; the Group had some 2,045 employees at 31 December 2019;
- the Group's **work-study policy** was strengthened further and in 2019, the Group had 287 work-study students;
- **skills development**: almost 4,300 training days were provided.

TOUS ENGAGÉS!

Altarea's CSR approach

OUR BELIEFS

CITIES
Developing and preserving our regions

CUSTOMERS
Customer satisfaction at the heart of our actions

TALENTS
Excellence as a driver for growth

OUR COMMITMENTS

Cities

To contribute to regional economic development

To develop a resilient, low-carbon city

To protect biodiversity

Customers

To listen to our customers and deliver customer satisfaction

To develop a desirable and comfortable city

To enhance green value by rolling out ambitious certifications

To be a beacon of best practice in our business lines

Talents

To support skills development

To foster well-being in the working environment

KEY RESULTS 2019

Cities

48,500 jobs supported

99% of Residential projects and 100% of Business property projects are less than 500 m from transport links

-59.5% in CO_2 emissions across the portfolio

Energy outperformed Business property RT by over 30%

90% of waste from portfolio recovered

Cap 3000, 1st centre to be certified BiodiverCity®

Customers

"Customer Service of the Year" Award for Cogedim for the 3rd year running

86% of Business property projects in the Paris Region are working towards WELL certification

100% of Residential projects certified NF Habitat

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

100% of Business property projects in the Paris Region dual certified BREEAM® & NF HQE

Talents

2,045 employees at 31 December 2019 (+9%)

Golden Trophy 2019 awarded by the Leaders League in the "Leadership and Talent Management" category

287 work-study students (+21%)

Almost 4,300 days of training

Continuation of Altawellness well-being at work scheme

4.1 A CSR approach integrated with Group strategy

This chapter complies with requirements on the Declaration on extra-financial performance (hereafter the DPEF, *Déclaration de performance extra-financière*).

France transposed the European Directive of 22 October 2014 on the disclosure of non-financial information into Order no. 2017-1180 of 19 July 2017 and Decree no. 2017-1265 of 9 August 2017. These texts amend Articles L. 225-102-1 and R. 225-104 to R. 225-105-2 of the French Commercial Code initially instituted by Article 225 of the Grenelle 22 law of 2010 and its implementing decree in 2012.

4.1.1 DPEF summary

In order to produce the DPEF, the Group conducted analysis of extra-financial risks that may arise from its activities (see methodological details under Section 4.6.1). A summary of these risks, the main actions and policies implemented by the Group and a reference to a more detailed description together with the results are set out in the table below.

Risks and policies

Risk	Actions and policies	Details	United Nations Sustainable Development Goals
Risk of our operations losing attractiveness and value for customers and investors In a context of major transitions (digital, ecological, etc.), the property expectations of customers and investors can quickly evolve. **DPEF1**	In order to anticipate the expectations of customers and stakeholders, in all its business lines the Group has introduced: ▪ improved dialogue with customers; ▪ well-being and comfort initiatives in each business line; ▪ continuous efforts on green value and environmental standards (quality, label and certifications); ▪ a culture of innovation instilled in the Group.	Customers 4.3.1 4.3.2 4.3.3 4.3.4	3 Good health and well-being 9 Industry, innovation and infrastructure 11 Sustainable cities and communities
Risks associated with the acceptability of projects to local councillors, neighbours, customers *(licence to operate)* The development of Altarea's activities depends on their acceptability for the regions in which they are to be located, citizens, buyers and the environment. **DPEF2**	The Group is developing its local presence and rolling out environmental, economic and societal regional development measures: ▪ the Group is developing harmonious, sustainable, mixed urban projects connected to transport networks; ▪ it is contributing to regional development and establishes strong links with the social economy; ▪ preserving local biodiversity is a priority.	Cities 4.2.1 4.2.3	8 Decent work and economic growth 10 Reduced inequalities 11 Sustainable cities and communities 15 Life on land
Risks associated with climate change: transition to a low-carbon world As the property and construction sector is responsible for around 25% of emissions in France, it is directly concerned by the requirement to reduce greenhouse gas emissions and by future regulations (including taxation and more stringent standards, such as the future environmental regulation). **DPEF3**	The Group has taken climate change into account in all of its activities and is committed to: ▪ reducing its direct footprint (target 70% reduction in emissions); ▪ contributing to a low-carbon city by promoting sobriety and proximity, with initiatives on the main categories of indirect emissions (Scope 3): · transport: developing projects with good transport links, · materials: developing rehabilitation, · energy: high standard of energy efficiency in its projects, and awareness raising.	Cities 4.2.2	7 Affordable and clean energy 11 Sustainable cities and communities 13 Climate action
Risks associated with the impact of climate change Climate change is exacerbating climate phenomena (heat waves, flooding, etc.) that affect cities and their inhabitants. Property is affected by these risks but is also a source of solutions. **DPEF4**	In its property projects the Group implements adaptation measures aimed at ensuring the comfort and value of properties for their buyers.	Cities 4.2.2	11 Sustainable cities and communities 13 Climate action

Risk	Actions and policies	Details	United Nations Sustainable Development Goals
Risk associated with increasing scarcity of resources Limited access to natural resources requires long-term thinking on how we can better manage resources and waste (the circular economy), the use of alternative methods, extending the life of buildings, intensifying their use, etc. *DPEF5*	The Group addresses this issue from the project design stage (reversibility, renovation, etc.) right through to the operational phase (waste management, etc.).	Cities 4.2.4	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Social risks on the subcontracting chain Altarea is a major buyer, with almost €2,000 million in purchases and has an impact on the social and environmental practices of its suppliers and sub-contractors. *DPEF6*	The Group has implemented tools for managing social risks associated with its construction site suppliers, and CSR criteria as part of its purchasing policy which is currently being standardised across the Group.	Customers 4.3.5	6 CLEAN WATER AND SANITATION 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 15 LIFE ON LAND
Risk associated with skills management The excellence of human capital is the foundation on which the Group's development is based. The world of work demands agility and new skills (digital in particular), Altarea needs to develop and improve the skills of its employees. *DPEF7*	Each year, the Group enhances its recruitment, integration and training policies to maintain and develop the skills of its workforce.	Talents 4.4.4	10 REDUCED INEQUALITIES
Risks associated with the Company's loss of appeal Altarea needs talent to successfully fulfil its mission to be an "Entrepreneur for the city". If Altarea is unable to recruit and retain employees, this could have a negative impact on its performance. *DPEF8*	The Group is developing staff retention mechanisms (pay, well-being at work, etc.) and is pursuing a strong policy to improve its employer brand.	Talents 4.4.2 4.4.3 4.4.5	5 GENDER EQUALITY 10 REDUCED INEQUALITIES
Risks associated with business ethics The Group may be exposed to attempted fraud, the impact of which could have a negative impact on its activities, performance and image. *DPEF9*	The Ethical Charter is a framework for the practices of the Group which is also seeking to reinforce its compliance programme.	Customers 4.3.6	N/A
Safety and security risk Risks to security and safety can affect shopping centres, head office and information systems in particular. *DPEF10*	The Security Department was set up in 2017 to manage these issues across all business lines.	Customers 4.3.7	N/A
Risks of pollution and damage to the environment The Group's property activities may expose it to the risk of polluting its environment. *DPEF11*	The Group is committed to leading the way on environmental practices, *particularly* through certifications and processes to prevent pollution both by its assets and on construction sites.	Cities 4.2.5	6 CLEAN WATER AND SANITATION 15 LIFE ON LAND

Key indicators

Cities: working as a public interest partner

Scope	Commitments	2019 Results	Trend
Develop attractive urban projects and contribute to the local economy			
Group	Focus on mixed-use projects incorporating Business property, residential and retail space	11 mixed-use projects in large mixed districts 83% of Business property projects are multi-use	↗
Group	Improve the employment footprint for Group activities	Over 48,500 jobs supported in France Almost 13,000 jobs in shopping centres	N/A[(a)]
Group	Select new land near public transport	99% of surface areas under development are located less than 500 metres from public transport	=
Residential	Manage the proportion of local purchases	73% of construction site purchases are locally sourced	↘
Retail	Increase access to public transport and soft mobility	75% of portfolio sites are less than 500 metres from a transport network with services running at least every 20 minutes	=
Retail	Contribute to local employment by drawing up employment charters on new projects and organising job fairs at portfolio sites	Paris Employment Agreement and organisation of job forums	N/A
Energy and climate: developing a resilient low-carbon city			
Group	Reduce portfolio greenhouse gas emissions by 70% between 2010 and 2020[(b)], and aim for zero emissions by 2030	-59.5% CO_2e compared to 2010	↘
Group	Implement a strategy to adapt the Group's activities to the physical risks of climate change	Deployment of business tools	↗
Business property	Maintain a high level of energy performance	100% of surface areas have a performance that is at least 30% better than the regulation	=
Retail	Reduce portfolio energy consumption by 40% between 2010 and 2020[(b)], and then by 50% between 2010 and 2030	-46.9% in energy consumption compared to 2010	↘
Retail	Increase the self-supply of renewable energies on 100% of new developments, and purchase 100% renewable electricity across the portfolio	75% of renewable electricity across the portfolio	↗
Protect biodiversity and soil			
Neighbourhoods	Have BiodiverCity® certification for all projects	Certification is expected for seven of the neighbourhood projects	↗
Retail	Ensure 100% of sites have a biodiversity action plan and implement initiatives across the portfolio	100% of sites have a biodiversity action plan	=
Retail	Have BiodiverCity® certification for all new shopping centre projects	Cap 3000 is the first BiodiverCity® shopping centre in the world	=
Promote the circular economy			
Business property	Favour rehabilitations to reduce resource consumption and greenhouse gas emissions	The proportion of rehabilitation is 55% in the Paris Region	↘
Retail	Recover over 80% of waste at Standing Assets	90% of waste recovered	=

(a) As the methodology for calculating this indicator has changed since the last reporting period, as a result of more detailed modelling of the economic behaviour of suppliers and companies, the comparison with data in the Declaration on extra-financial performance for 2018 is not relevant.
(b) On a like-for-like basis and under constant conditions.

Customers: placing customers at the heart of our actions

Scope	Commitments	2019 Results	Trend
Dialogue in the service of customer and user relationships			
Group	Working to satisfy customers across all our business lines	3rd place in HCG's ranking of customer hospitality	↗
Residential	Commitment to customer satisfaction	Awarded Customer Service of the Year[a] for the 3rd consecutive year	=
Residential	Guarantee quality through NF Habitat certification	100% of projects certified NF Habitat[b]	=
Retail	Continually improving the customer's visit experience	Satisfaction index: 7.7/10	=
Retail	Strengthen dialogue with tenants	Deployment of the Brands Pact	N/A
Quality of life and well-being in operations			
Neighbourhoods	Develop pleasant living spaces	Deployment of two WELL Community Standard neighbourhoods, including at Issy Cœur de Ville, the first pilot project in France	↗
Business property	WELL certification for 100% of projects in Paris Region	86% of projects in the Paris Region WELL certified or in the process of certification	=
Retail	Roll out a comfort, health and well-being strategy	Creation of comfort, health and well-being internal guidelines and assessment of 100% of the scope	=
Labels and certifications, creators of green value			
Residential	100% of new projects certified NF Habitat[b]	100% of surface areas certified	=
Business property	100% of new projects in the Paris Region certified at least HQE "Excellent" and BREEAM® "Very Good"	100% of surface areas certified	=
Retail	100% of new projects certified at least BREEAM® "Excellent"	100% of surface areas certified	=
	100% of portfolio sites at least BREEAM® In-Use "Very Good"	100% of surface areas certified	=
Business property	Deploy digital connectivity labels	90% of projects in the Paris Region are working towards a digital connectivity label	↗

(a) Property Development category – BVA Group research and consulting firm – Viséo CI – May to July 2019 – More information at escda.fr.
(b) Excluding co-development, rehabilitations and managed residences.

Talent: helping our talent to achieve operational excellence

Scope	Commitments	2019 Results	Trend
Talent and skills management			
Group	Support Group growth	Headcount of 2,045 employees with 416 new hires on permanent contracts	↗
Group	Roll out the strategic training plan	Almost 4,300 days training	↘
Diversity and equal opportunities			
Group	Increase the proportion of women on Management Committees	23% women on the restricted senior executives committee	↗
Group	Promote youth employment	287 young people on work-study contracts	↗

4.1.2 The Group's CSR approach

CSR materiality matrix

The Group's CSR approach is based on the analysis of its CSR materiality matrix, which is updated every five years, and was updated in 2016 based on:

- a detailed analysis of the regulatory environment and trends;
- interviews of a panel of thirteen external stakeholders: investors, clients, retail brands, local authorities, etc.;
- an internal consultation with the CSR Committee (see 4.1.3); and
- approved by Management at end-2016.

The matrix identifies 21 CSR issues, grouped into two areas:

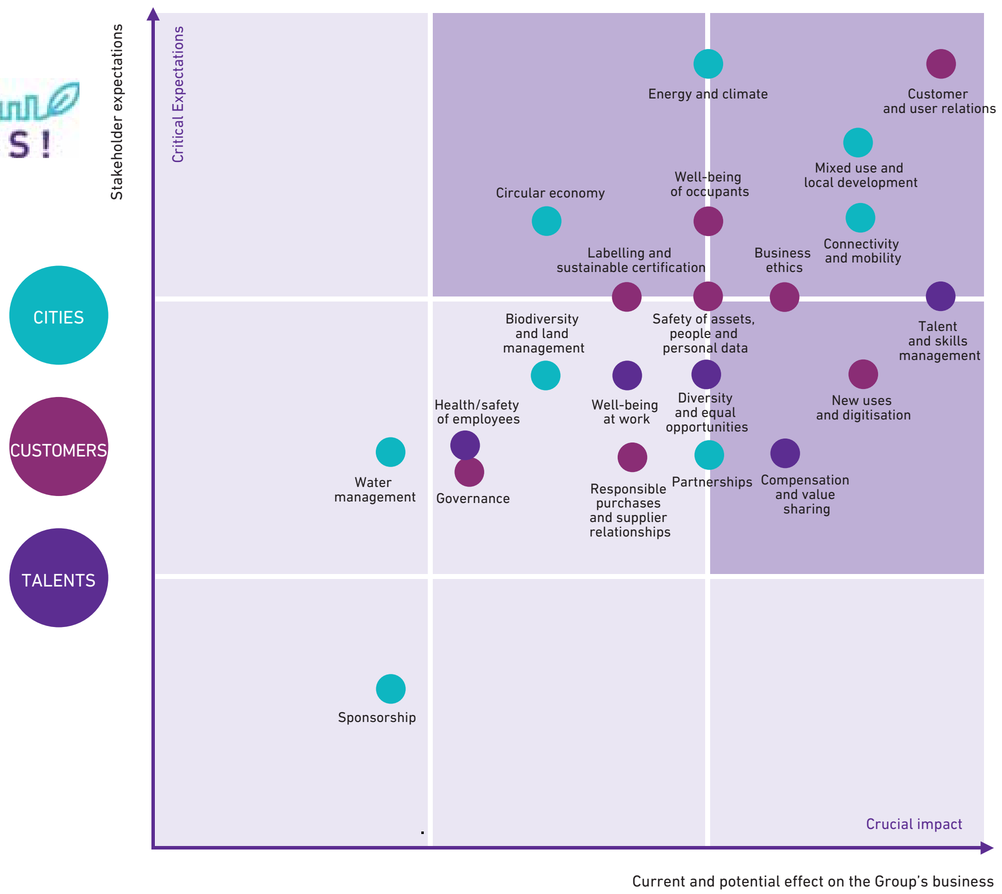
- current and potential effect on the Group's business model;
- level of expectation of internal and external stakeholders.

Of the original 21 material issues, 14 have been identified for priority action by the Group.

This matrix was also used to identify risks when establishing the DPEF in 2018. The two approaches of materiality and risks complement each other and offer an overview of the Group's ESG risks.

MATERIALITY MATRIX

TOUS ENGAGÉS!



"Tous engagés !"

Altarea is convinced there is no growth without corporate social responsibility and launched its CSR approach in 2009. It was subsequently updated in 2017 with the materiality matrix and formalisation of the "*Tous engagés !*" (We are all involved!) programme. It is based around three key areas:

- working as a public interest partner for cities, to preserve and develop local regions;
- placing customers at the heart of our actions, working for customer satisfaction across all our business lines;
- capitalising on the excellence of our talents, the Company's biggest asset, to support growth.

ALTAREA'S CSR APPROACH

Altarea's CSR approach

Relations with stakeholders

Due to the diversity of its activities and business lines, Altarea has connections with a wide range of stakeholders. The diagram below presents the main ones. Follow paragraph references to find out more about the type of dialogue we have with each.

MAPPING OF ALTAREA'S PRIMARY STAKEHOLDERS

Clients	Buyers of residential units	Office users key accounts	Retail brands	Shoppers
CHALLENGES	Satisfy their expectations and advise them throughout the journey	Supporting performance and corporate culture	Capturing traffic and offering pleasant, innovative spaces	Offering an experience and services
Find out more about Altarea's solutions	4.3.1	4.3.1	4.3.1	4.3.1

Partners	Government and communities	Investors and analysts	Employees and applicants	Suppliers, service providers, subcontractors
CHALLENGES	Long-term partners for regional revitalisation and development	Sustaining the financial and extra-financial performance of the Group and its offering	Offering excellent career opportunities in an attractive setting	Make the Group's CSR challenges an integral part of its business relationships
Find out more about Altarea's solutions	4.2.1	4.5.1	4.4	4.3.5 and 4.3.6

4.1.3 Governance and implementation of CSR

Organisation

The CSR Department is part of the CSR, Innovation and Corporate Communication Department. It is made up of five employees and reports to an Executive Committee member. The management process in place to progress and disseminate the approach is as follows:

- the CSR Department advises Management and the Executive Committee on defining the CSR approach and actions to take;
- the CSR Department is supported by the CSR Committee, which meets quarterly to put the actions into effect. This network of 19 coordinators represents each of the Group's business lines: Residential, Business property, Retail, and cross-functional departments (Human Resources, Innovation, Finance, Internal Control, etc.);
- *ad hoc* working groups are formed to focus on targeted and operational topics with special coordinators and other participants. In 2019, working groups were set up to address topics such as reducing the carbon impact of activities and adapting climate change.

CSR team contact: developpementdurable@altareacogedim.com

Participation in sector organisations

Altarea plays an active role in external bodies, notably to anticipate changes in regulations on sustainability and to discuss best practice. The Group belongs to the following organisations:

- CNCC (*Conseil National des Centres Commerciaux*, the French Council of Shopping Centres). With members of the CNCC, Altarea recently helped to draft the "Sector CSR reporting guidelines", a guide for implementing the DPEF aimed at retail REITS;
- FSIF (*Fédération des Sociétés Immobilières et Foncières*, the French property company association);
- FPI (*Fédération des Promoteurs Immobiliers*, the French federation of real estate developers);
- C3D (*Collège des Directeurs du Développement Durable,* the French Sustainable Development Officers' group);
- HQE®-GBC Alliance France, the professional alliance for a sustainable built environment;
- *Charte tertiaire du Plan Bâtiment Durable* (sustainable building plan charter for office buildings);
- Association BBCA (*Bâtiment Bas Carbone*, or Association for Low-Carbon Construction);
- CIBI, the International Biodiversity & Property Council;
- OID (*Observatoire de l'Immobilier Durable*), the sustainable property observatory, which seeks to promote sustainability in construction. The Group is a founder member.

Finally, the Group signed a diversity charter in December 2013.

Partnerships, working groups and think tanks

Altarea takes part in working groups to discuss good practices.

The Group is a founding member of the Fondation Palladio. Fondation Palladio was the result of an initiative by real estate firms in 2008 to address the issue of building the city of tomorrow and its living spaces. The working method used is that of contrasting perspectives and challenges between Managers, experts, students, etc.

Altarea is committed to supporting cities and regions and is also carrying out an in-depth, quantified study of the local impact and its added value. Since 2016 the Group has been taking part in a think tank dedicated to cross-pollinating companies, with Utopies and ten partners (see 4.2.1).

Relations with start-up incubators

Altarea is implementing a process of open innovation and has partnered with incubator Paris & Co, a real estate innovation specialist (see 4.3.4).

External commitments

United Nations Global Compact

WE SUPPORT UN GLOBAL COMPACT

Altarea is committed to the United Nations Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.

Sustainable development goals

Altarea decides its actions in light of the United Nations' Sustainable Development Goals (SDGs).

Details of contributions are set out in paragraph 4.1.1.

Paris Climate Action

The Group works with the City of Paris on its Energy Climate Plan. It has been signed up to the Paris Climate Action Charter since 2015. In 2019, the Group renewed its commitment in the Charter to Gold level. Through this renewal, Altarea undertakes to support Paris' vision of a carbon-neutral city and 100% renewable energy by 2050.

Examples of the Group's commitments in this respect:

- work on construction materials: the Group is committed to using bio-sourced materials, particularly wood, for 100% of its residential projects in Paris in the medium term. Its recent partnership with Woodeum reflects this commitment. The Group is also committed to limiting the supply of new materials by promoting building restructuring and the circular economy;
- reduction of energy consumption: since 2010, Altarea has reduced energy consumption in its portfolio of shopping centres by 46.9%. The Group's objective is to increase this to 50% by 2030;
- mobility: 99% of projects developed by the Group are located less than 500 metres from public transport. The challenge is to encourage the circulation of non-carbon mobility by thinking at neighbourhood level.

4.2 Working as a public interest partner for cities

4.2.1 Developing desirable urban projects and contributing to the local economy DPEF2

Scope	Objectives/Commitments	2019 Results	2018-2019 Evolution	Comments
Group	Focus on mixed-use projects incorporating Business property, residential and retail space	**11 mixed-use projects in large mixed districts**	**An additional project: Les Simonettes =**	The Group offers mixed-use options across all of its major projects to promote proximity and bring cities to life
Business property	Focus on mixed-use projects incorporating Business property, residential and retail space	**83% of Business property projects are multi-use**	**Stable**	
Group	Measure and improve the employment footprint for all of the Group's activities	**48,500 jobs supported in France**	**Not applicable[a]**	The Group supports an increasingly extensive ecosystem of suppliers, service providers and services and makes a significant contribution to employment nationwide
Residential	Measure share of local purchases	**73% of construction site purchases are locally sourced**	**Slightly lower**	Altarea monitors this indicator to strengthen its contribution to the local economy
Residential	Select new land near public transport	**99% of surface areas under development are located less than 500 metres from public transport**	**Stable[b]**	Proximity to transport has remained stable since 2016 in Residential and Retail and has improved in Business property. This demonstrates the Group's commitment to projects with good transport links, which offer convenience and low-carbon mobility
Business property	Select new land near public transport	**100% of surface areas under development are located less than 500 metres from public transport**	**Stable**	
Retail	Increase access to public transport and soft mobility	**75% of portfolio sites are less than 500 metres from a transport network with services running at least every 20 minutes**	**Stable**	
Retail	Contribute to local employment by drawing up employment charters on new projects and organising job fairs at portfolio sites	**Paris Employment Agreement (*Pacte Parisien pour l'emploi*) on Montparnasse station Organisation of a job forum at Qwartz shopping centre (Villeneuve-la-Garenne)**	**Pursuing these initiatives**	Altarea contributes to local employment by forming partnerships with stakeholders from the region, retailers and job seekers

(a) As the methodology for calculating this indicator has changed since the last reporting period, as a result of more detailed modelling of the economic behaviour of suppliers and companies, the comparison with data in the Declaration on extra-financial performance for 2018 is not relevant.

Altarea is a leading player in regional development. Today, as an urban developer, the Group shapes the living environment for millions of users. This vocation entails a great responsibility for the future of the regions where it operates. The Group considers new challenges and opportunities:

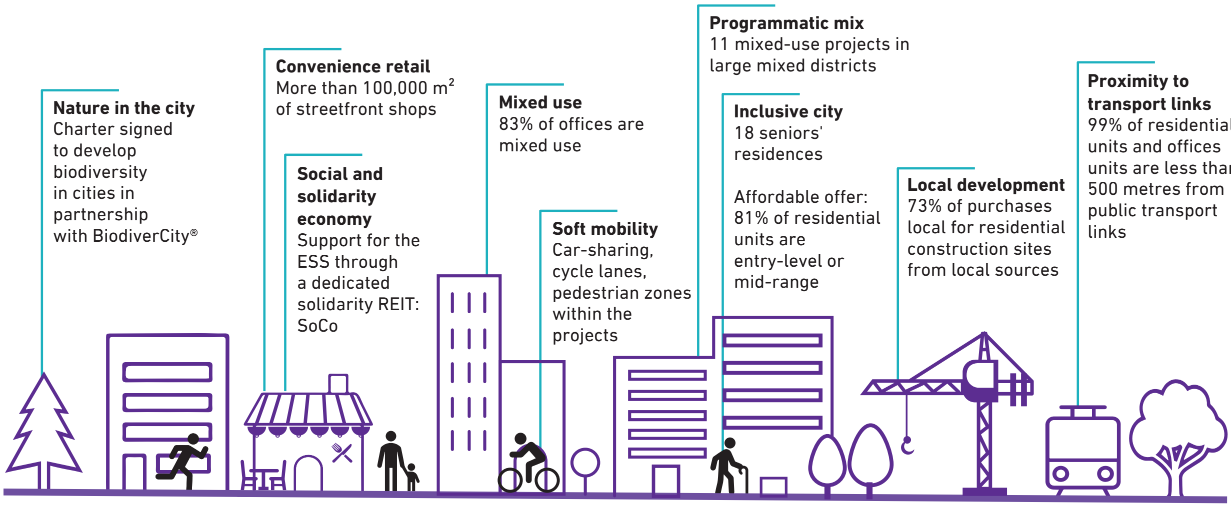
- regions want to encourage and anchor wealth creation locally. City centres are being reinvented to inject fresh dynamism. Retail hubs and services are being created. The local authority expects their city to generate jobs and businesses. Altarea's urban projects must underpin this economic development;
- the rise of new technologies, expansion of networks and aspirations of the next generation are transforming the way people use the city. Today's citizen wants a voice in decisions about the place they live. The Group must listen to residents to foster a better appropriation of the city;
- after years of post-industrial blight and widening inequalities, regions want to develop diversity, collaboration and solidarity. This is a key issue to guarantee their resilience and coherence. The social economy and the development of a local economy are effective ways to build a rich social fabric with a pleasant, calm city that works.

Understanding these changes and responding to them is a vital issue for Altarea. Today, communities want to hear proposals that address these transformations and make a positive contribution to the region. How the Group responds to these new challenges will determine its commercial success.

Altarea is determined to be a public interest partner for cities. Developing desirable urban projects is first and foremost about listening to users (see 4.3.1). The Group also structures its approach around three key areas of action:

- the development of mixed-use neighbourhoods: Altarea believes that sustainable cities take the form of diverse neighbourhoods offering a mix of residential units, commercial activities (retail, offices, services, etc.) and leisure spaces. This proximity creates conviviality and sustainability, reduces travel and gives the city a more people-centred focus;
- contributing to local development: Altarea wants to contribute to local economic development through its projects: support for entrepreneurs, social enterprises and local start-ups, support for reducing food miles, buying locally, etc.;
- be a force for employment in France: Altarea's activities have a significant impact on jobs and wealth creation in France, thanks in large part to the significant amounts of its purchases.

DEVELOPING DESIRABLE URBAN PROJECTS



4.2.1.1 Our convictions for the city

A dense mixed-use city

The Group puts mixed-use at the heart of its offers. Altarea combines all its skills to devise and implement large, innovative mixed-use projects, blending retail, residential property, offices, leisure facilities, hotels, etc. These projects are carried out in collaboration with local authorities, developers, private sector operators, investors and local people. They enable the Group to engage on issues around complex urban redevelopment and regional development.

The Group is involved with eleven mixed projects across France. All are large-scale, bold projects, the forerunners of the urban living environments of tomorrow.

THE GUILLAUMET DISTRICT

The plan is to revamp the former Toulouse test-flight centre (*Centre d'Essais Aéronautiques de Toulouse*, CEAT). Its key figures are as follows:

- 13 hectares in surface area, half to be used for mixed-use green space (childrens' playground, urban farming, orchards, etc.);
- 78,000 m² of housing, including a *Habitat et Humanisme* intergenerational residence;
- 13,300 m² of commercial, services and office space, 10,000 m² of facilities (third locations, cultural/leisure facilities, sports facilities), 17,200 m² of outdoor sports areas (stadium, tennis courts);
- 1 third location (the *Halle aux cheminées*) comprising a city farm, social *bistrot*, consumer co-op, community composting and DIY workshop, all designed to reduce waste and create strong bonds between generations;
- 20,000 m² of road built using materials derived from recycled concrete;
- Working towards five certifications: HQE Aménagement, BiodiverCity®, Ecojardin for the whole project, HQE Bâtiment Durable and the BEPOS label for offices.

The other large, mixed-use projects currently under development by Altarea are presented in the business review (see Chapter 1 of the Universal Registration Document - Business Review 2019).

Aside from these large-scale district projects, Altarea introduces mixed-use as early as possible in its projects:

- 83% of Business property projects are multi-use;
- with Altaproximité, the Group has developed a specific business dedicated to convenience stores, which currently has some thirty projects covering 100,000 m². The aim is to breathe life into residential developments by linking them with street front retail outlets and creating a real urban fabric. Altarea's integrated marketing guarantees a mix of complementary retailers to suit neighbourhood life and which are also sustainable as a result of an economic model developed upstream;
- finally, Altarea is introducing mixed-use solutions by creating shopping centres in stations (Paris-Est station, Paris-Montparnasse station, Paris-Austerlitz station). The Group is devising and creating a new offering of retail, experiences and leisure in transport hubs that suits new consumer habits and mobile lifestyles.

Overall, Altarea designs places for all times of life, in private, collective and professional spaces. To facilitate the social and intergenerational mix, the Group proposes solutions for a wide variety of circumstances: housing for all budgets and family types, student residences, the Cogedim Club® for seniors, the living spaces which correspond to the needs of their users.

Faced with the challenges of regional development, particularly urban revival through housing, Altarea created an urban development department in 2018. Its mission is to bolster property synergies within the Group and offer local authorities redevelopment projects which create urban value and well-being for local regions.

Proximity to transport links

In property development, location and good connections to the transport network are key issues and are becoming more important with the mass growth of sustainable mobility and questions around the town planning of the future and the place of personal vehicles.

For Altarea, the main areas of mobility research focus on the movements of occupants of the buildings it sells and of visitors to the shopping centres it manages. Indeed, the transport modes used to reach Altarea's buildings are the Group's principal source of indirect greenhouse gas emissions.

Therefore, for its new projects, in all its business lines, Altarea has been committed for several years to ensuring proximity to public transport networks, and to providing sustainable, practical and cost-effective mobility solutions (car sharing, shared parking, etc.). The Group is also committed to fostering soft mobility throughout its portfolio, by developing car-sharing, cycling, or through the provision of electric vehicle charging stations.

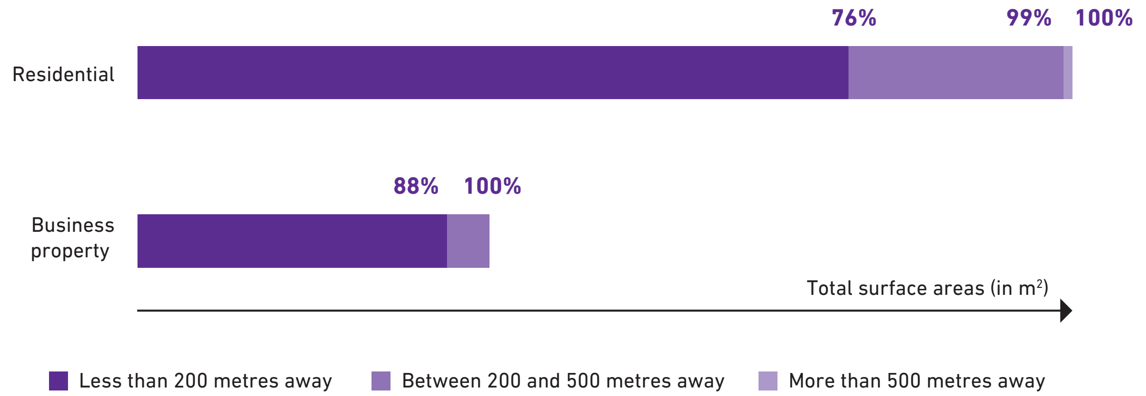
Altarea is therefore working to give its projects good connectivity in order to connect different living spaces. The Group reaffirmed its commitment in this respect by signing the Paris Climate Action Charter this year.

Residential and Business property

Since 2014, the Group has set itself the goal of always developing its new projects less than 500 metres from a public transport network. Altarea was one of leading players in transparency in this respect, by publishing indicators on each of its activities. In 2019, 99% of surface areas under development are located less than 500 metres on foot from public transport.

These figures have been stable since 2017.

PROXIMITY OF PROJECTS TO PUBLIC TRANSPORT



Retail

In managing its portfolio, Altarea strives to prioritise the acquisition or construction of shopping centres close to town centres with good public transport links. The aim is two-fold: to close the gap with consumers by offering them a local shopping experience and to propose alternatives to the car.

Since 2012, Altarea's reporting on the connectivity of the shopping centres in its portfolio to public transport and customers' modes of transportation have made it possible to calculate three indicators:

- proximity to public transport: percentage of sites with at least one line less than 200 metres away;
- availability of public transport: several lines of public transportation available less than 500 meters away on average per site;
- frequency of public transport: percentage of sites with at least one line less than 500 metres away with services running at least every 20 minutes.

The proximity, number of routes and frequency are calculated for 100% of shopping centres in the current reporting scope.

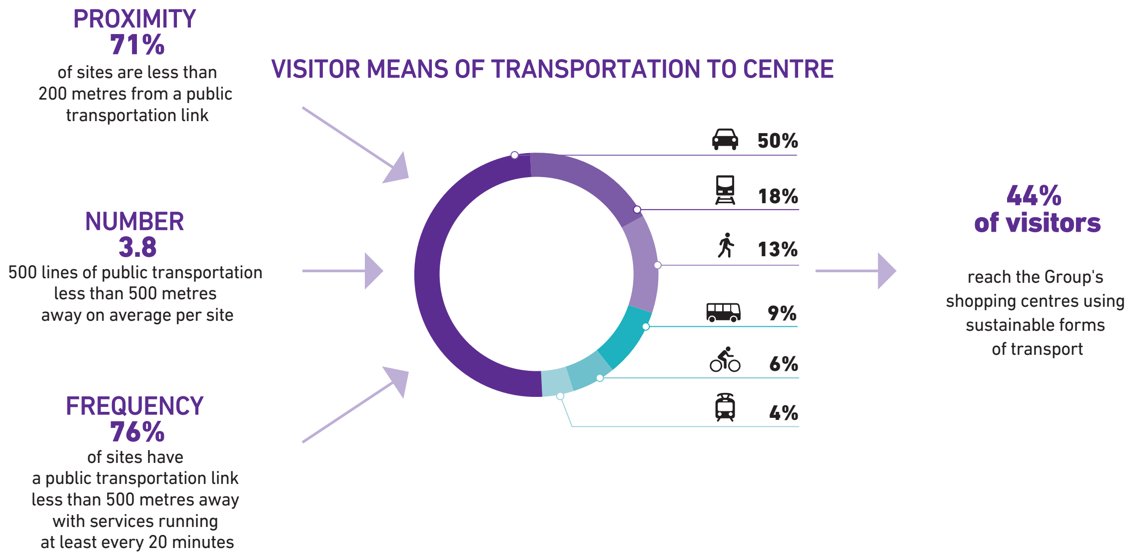
The Group also conducts on-site surveys to analyse how visitors are getting to the main shopping centres in the portfolio, which represent 79% (in value terms) of the current scope of reporting.

Data on the transport links of shopping centres remain stable since the number and frequency of public transport services have themselves remained stable. However, there is a gradual shift in the visitor means of transportation to shopping centres away from the car and towards low-carbon transport such as the underground and train. 44% of customers travelled to shopping centres in the portfolio *via* soft transport in 2019, compared with 40% in 2017. This change is evidence of the efforts made by the Group to promote low-carbon transport.

To go one step further, this year, Altarea has committed to achieving 75% of visitors using a soft mode of transport to travel to the shopping centres by 2030.

In keeping with this objective, the Group is developing considerably its travel retail business where it is established in stations (Paris-Est station, Paris-Austerlitz station, Paris-Montparnasse station and stations in Italy). This ensures excellent soft mobility, by providing a retail offer in places which are by nature very busy and connected.

CONNECTIVITY AND MEANS OF TRANSPORT OF VISITORS TO PORTFOLIO SHOPPING CENTRES



4.2.1.2 Contributing to regional economic development

Contribution to local economic development

Altarea intends to play a role in the economic development of the areas where it is established. Altarea is convinced that the best way for a project to get involved in a region is to engage with local resources.

The survey of local economic development activities in 2017 showed that most subsidiaries were developing partnerships with local institutions, for instance by contributing to local employment, mobilising local know-how, working with local innovators and developing convenience stores. Altarea structured its approach to promote local roots and continued this work in 2019.

In terms of convenience stores, Altaproximité is developing its programming with local communities. With a view to creating new urban centres, there is high demand on the part of elected officials for the long-term positioning of local retailers. As such, Altaproximité is working on a programme that gives prominence to local greengrocers, restaurant owners, food businesses, freelancers, and craftspeople.

In parallel, the Group quantified its local purchases for its Residential division. In 2019, 73% of purchases for construction sites in the department were from local sources[1]. This four-point[2] fall from 2018 was due to the heavy activity in the Paris, Méditerrannée and Midi-Pyrénées regions which led to pressure on attracting local businesses. The Group will now conduct more in-depth analyses, region by region, and make any appropriate improvements to give its projects strong local roots.

On construction sites, the Group fosters professional integration. In 2019, 47% of Business property projects secured, launched in the past two years, had a professional integration clause. For the Issy Coeur de Ville project in Issy-les-Moulineaux, 100,000 hours of professional integration were planned.

Shopping centres are important providers for local employement in the regions where they are located. Initiatives are taken to further promote the recruitment of local residents (see 4.2.1.3).

Contribution to the social economy

The social economy (*l'Économie Sociale et Solidaire* – ESS) refers to all businesses, associations and charities seeking to combine an economic activity with a strong social or environmental mission. The organisations of the social economy are increasingly strategic players that contribute to the resilience and the management of local life since they create jobs, close the gap between producers and consumers, stimulate the environmental transition and re-establish social ties.

The players of the social economy are naturally partners of retail projects: bringing life to streetfronts, new shopping centres and the creation of new neighbourhoods. As a regional developer, Altarea is giving increasing importance to the social economy as they make an active contribution to the creation of pleasant, resilient, independent regions.

(1) For projects in the Paris Region, companies located in the same region are also counted.

(2) The methodology for calculating the indicator of local purchases was reviewed in 2018.

In order to establish this link between the Group's activities and the social economy, Altarea:

- organised several social economy-themed events: a learning expedition in a waste sorting and recovery centre in Montreuil and a social economy meet-up. This internal event, which was open to everyone, was an opportunity to introduce some stakeholders in the social economy, to forge links and provide specific information on collaborations that have already been set up within the Group. In addition, during social economy month, an awareness quiz was organised over four consecutive weeks with almost 800 participations;
- updated and released a guide on the social economy to make it easier for employees to take action. This guide gave general information on the social economy and lists of potential partners.

SOCO: A SOCIAL REIT IN THE PUBLIC INTEREST

In collaboration with Crédit Coopératif and Baluchon, Altarea launched the first social retail REIT aimed at offering social enterprises long-term support both in the start-up and operational phases. Currently, rental pressure inhibits their development in the start-up phase and threatens their long-term viability. The scheme is based on the purchase of commercial space by the REIT, for setting up projects with a social impact requirement only over a period of at least 15 years. Thus, in exchange for a commitment to remaining a social enterprise, the REIT benefits from more favourable trading conditions than those usually seen in high-demand areas.

The first, called "Bouillon Club" will open in 2021 covering 230 m^2 on the ground floor of the "Nudge" project in the thirteenth district of Paris. Under the terms of the tender won by Altarea and Ogic, this space will play host to a platform showcasing food, social and community innovations. This sustainable food workshop in the Paris Region (teaching kitchen, interactive workshops, Rock canteen, cultural events etc.) was designed with Baluchon, the regional economic cooperation cluster (*Pôle Territorial de Coopération Économique* – PTCE) Resto-passerelle, the social enterprise Petit Bain and the local community group Tela 13.

SoCo will also be included in a second project in Bondy.

4.2.1.3 Supporting employment in France

For a number of years Altarea has been quantifying its indirect economic contribution in terms of employment and local development. The figures now include Pitch Promotion and Histoire & Patrimoine activities.

The Group's activities generate a significant volume of purchases and subcontracting, particularly in property development (construction, surveying and maintenance) which have a very substantial multiplier effect. In this way, in 2019, each direct job at Altarea in France supported 22 additional jobs in the French economy.

For **1** job at Altarea,
22 additional jobs are supported in the French economy

In total, over 48,500 jobs are directly supported by the Group's activities (purchases, wages, taxation, etc.)

48,500 jobs supported in France

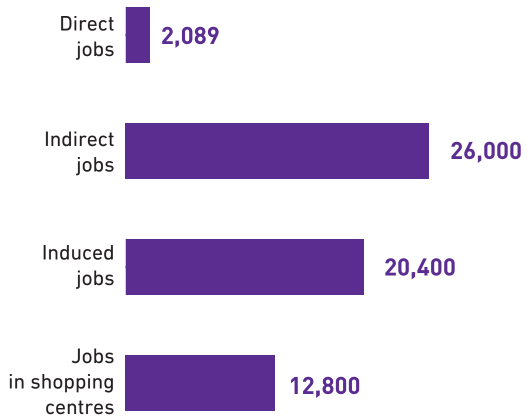
In addition to these jobs, over 13,000 jobs are hosted by the Group's shopping centres.

These data were obtained using Utopies' Local Footprint® methodology. This robust methodology is based on the macro-economic concept of input-output tables which can be used to peform economic modelling based on national accounts. Based on actual purchasing (by location and sector) and payroll data gathered by the teams at Altarea, the methodology can be used to simulate the socio-economic impact of the business's activities in France and in gateway cities where the Group is established.

The indicators monitored as part of the study are as follows:

- indirect jobs: jobs directly related to purchases of goods and services by the different Group entities;
- induced jobs: jobs created by the consumption of direct and indirect employees in France;
- hosted jobs: in the shopping centres owned and managed by Altarea.

JOBS SUPPORTED BY THE GROUP'S ACTIVITIES



The study identified the three main sectors supported: buildings and public works (28% of jobs), health, education and social care (15% of jobs), and intellectual services (consulting, experts: 10% of jobs).

MAIN SECTORS SUPPORTED BY ALTAREA OVER THE YEAR

The Group also encourages job creation through partnerships and events organised in its shopping centres. Since 2018, as part of the modernisation of the Paris-Montparnasse station, Altarea has signed a Paris Employment and Business Agreement (*Pacte Paris pour l'Emploi et les Entreprises* – PPEE) with *l'Ensemble Paris Emploi Compétences* (EPEC) and Pôle emploi Paris employment services intended to create 500 to 700 jobs in Paris. With the support of regional stakeholders in the employment sector, this agreement contains provision for, in particular, attendance at recruitment forums, presenting jobs to jobseekers, young people and seniors accessing careers advice services and the introduction of pre-recruitment training.

PROMOTION OF EMPLOYMENT IN THE GROUP'S SHOPPING CENTRES

In May 2019, the Qwartz shopping centre organised the second edition of the Employment Forum in partnership with the city of Villeneuve-la-Garenne (92) and Pôle emploi. Visitors were able to learn about jobs and training and chat to recruitment coaches to learn how to prepare for an interview. A speed dating-type event was also organised for candidates and employers. In total, 50 companies participated in the event, including stores located at the shopping centre.

In addition, this year an interactive job search terminal was installed at Cap 3000. It helps to put customers who are looking for a job in contact with the stores, which are always hiring, located at this large regional shopping centre, which is putting the finishing touches to its expansion. More than 3,000 applications were submitted in one year.

Altarea is committed to continuing to contribute to local employment by drawing up employment charters for new shopping centre projects, and organising job fairs at portfolio sites.

4.2.2 Energy and climate: developing a resilient low-carbon city DPEF3 DPEF4

Scope	Objectives/Commitments	Indicator	2019 Results	2018-2019 Evolution[a]	Comments
Group	Reduce portfolio greenhouse gas emissions by 70% between 2010 and 2020[b], and aim for zero emissions by 2030	GhG emissions (Scopes 1+2)	**3.2 $kgCO_2e/m^2$ -59,5% $kgCO_2e/m^2$ since 2010**	**-27%**	Emissions have been reduced by 59.5% since 2010[a], owing to lower energy consumption and the purchase of green electricity. Work is currently in progress on a commitment that is in line with the Paris Agreement, at Group level
Group	Implement a strategy to adapt the Group's activities to the physical risks of climate change	Deployment of operational action plans by business lines	**Deployment of business tools**	**In progress**	Based on climate risk analyses carried out in 2018, deployment in 2019 of operational action plans and tools for the Residential and Retail business lines
Business property	100% of projects have a high level of energy performance	Share of surface areas with better performance than the applicable thermal regulation requirements	**100%**	**Stable**	Since 2016, 100% of Business property surface area has been outperforming thermal regulation requirements by at least 30%
Retail	Reduce portfolio energy consumption by 40% between 2010 and 2020[b], and then by 50% between 2010 and 2030	Primary energy consumption of commercial assets	**137 $kWhpe/m^2$ -46.9% $kWhpe/m^2$ since 2010**	**-10%**	Consumption has been reduced by -46.9% since 2010[a], exceeding the target set thanks to the implementation of the energy master plan and the EMS
Retail	Increase the self-supply of renewable energies on 100% of new developments, and purchase 100% renewable electricity across the portfolio	Proportion of renewable electricity purchased	**75%**	**+50%**	Since 1 January 2019, there has been a significant increase in the percentage of renewable electricity purchased across the REIT

(a) On a like-for-like basis.
(b) On a like-for-like basis and under constant conditions.

The climate emergency demands radical change in the way cities work, to evolve towards a leaner urban model that adapts itself to the new climate challenges.

Buildings and other construction are some of the most energy intensive sectors and highest producers of greenhouse gas emissions in France, which means a special responsibility. Moreover, the consequences of climate change are becoming increasingly noticeable in France, with an intensification of climate phenomena such as storms and heat waves heightened in cities by the heat island phenomenon. These weather events affect buildings and user comfort. They can impact the built environment, networks, construction sites and the quality of city life.

Altarea has evaluated these changes, is joining the challenge of adapting these cities to a new low-carbon world and has made specific commitments. Following structuring work co-developed in-house, it set targets to reduce emissions in 2017 that integrated Scopes 1 and 2, as well as Scope 3 (see 4.2.2.1). Following its research into indirect impacts, Altarea now offers responses that are proportionate to the emissions from each source and are adapted to each activity.

In 2019, Altarea worked towards new objectives, to make further progress on all its businesses' carbon trajectories in the medium term, and to conform with the Paris Agreement, in order to limit global warming to below 2°C. The Group made its first concrete commitments to this effect this year, with the renewal and extension of its commitment in the Paris Climate Action Charter to Gold level. The Group therefore undertakes to support the vision of a carbon-neutral city and 100% renewable energy in Paris by 2050 (see 4.1.3).

This year, Altarea also announced its partnership with Woodeum, the objective of which is large-scale low-carbon property development. This strategic, financial partnership is a sign and a strong commitment, towards change in methods of construction and the objective of a carbon-free world.

This year adaptation attracted particular attention again, with the implementation of specific action plans on climate resilience, particularly for Residential activity.

4.2.2.1 Altarea's approach to combating climate change

The Group's carbon footprint

Altarea measures its carbon footprint according to the Greenhouse Gas Protocol (GhG Protocol) methodology, which is compatible with the Bilan Carbone® assessment and ISO 14064.

The Group has a direct carbon footprint of 2,200 tCO_2e in Scopes 1 and 2 (Scope 1: 1.7 $ktCO_2e$, Scope 2: 0.5 $ktCO_2e$). Included in this scope is energy consumed (mainly electricity and natural gas) by the Group at its shopping centres, as well as business travel in corporate vehicles. By way of comparison, this represents approximately 2,200 Paris New-York[1] return flights. This relatively low footprint can be explained by the Group's activities (mostly office work) and the low-carbon electricity mix in France, with Altarea mainly using electricity in its portfolio of shopping centres.

The Group has conducted an in-depth analysis of its extended footprint and has calculated its Scope 3 emissions for a number of years in order to have a comprehensive overview of its emissions. In 2019, Scope 3 emissions stood at 7,080 $ktCO_2e$ – which represents over 99% of the Group's total emissions.

Scope 3 emissions are mainly linked to energy consumption, transportation of the occupants of residential and office buildings sold by the Group, and the purchase of construction materials. Altarea has methods of reducing emissions from these sources, for example by choosing high energy efficiency designs or by where it chooses to locate its projects (less than 500 meters from public transport).

With regard to the design, the Group conducts Bilan Carbone® assessments and life cycle analyses to identify alternatives with a lower environmental impact. The gradual dissemination of this practice since 2011 has meant improvements in terms of managing carbon challenges in the construction industry. These studies are used in particular in rehabilitation or major construction projects.

This strategy for the global reduction of greenhouse gas emissions is consistent with a vision of the low-carbon city: by developing a city based around proximity and designed upstream to be sustainable and energy efficient, the Group reduces its indirect contribution to climate change. Actions also include close collaboration with customers and users.

THE GROUP HAS SET THE BASIS OF A CARBON ROADMAP COMPATIBLE WITH THE PARIS AGREEMENT

In order to continue reducing these emissions, Altarea is currently involved in the process of defining an ambitious, new climate strategy. To that end, the Group has set up working groups to define strong, quantified carbon commitments for all of the Group's businesses. It will then submit them to the Science-Based Target (SBT) initiative, so that it has a carbon roadmap that is compatible with the Paris Agreement, and to help limit global warming to below 2°C.

To date, three carbon trajectories have been studied in the following scopes: energy consumption of shopping centres, mobility of future occupants in the Development portfolio, construction in the Development portfolio (including building materials and energy), *i.e.* 98% of the Group's emissions. In 2020, these trajectories will be further refined with the corresponding business line Managers: definition of precise, ambitious and achievable targets, followed by quantified, operational action plans.

In 2020, this work also meant that the methodology for calculating emissions could be updated, with the current best practices, so as to prepare the 2020-2030 operational strategy for reducing emissions.

(1) Source: greenhouse gas emissions from aviation calculator: https://eco-calculateur.dta.aviation-civile.gouv.fr/Consulted in January 2019.

The Group's total emissions consist of the following, depending on the activity and the different sources of emissions.

MAJOR SOURCES OF GREENHOUSE GAS EMISSIONS IN THE GROUP

Scopes 1&2
Scope 3

A Annual emissions
E Embedded emissions over 50 years

Direct responsibility: actions chosen and controlled by Altarea
Shared responsibility: Altarea may have an influence but no direct control

BUSINESS LINES	PROPERTY DEVELOPMENT				REIT		CORPORATE
EMISSIONS CATEGORY	Occupants travel	Purchase of construction materials	Occupants energy	Construction site	Centre visitor travel	Retail REIT energy*	Business travel
% BREAKDOWN OF EMISSIONS	63%	18%	17%	1%	1%	< 1%	< 1%
TEMPORALITY OF EMISSIONS	E	A	E	A	A		A
RESPONSIBILITY	Shared	Direct	Direct	Direct	Shared	Direct	Direct

* The parameters related to energy consumption of the centres and related emissions are detailed on the following page.

This diagram shows the different scopes associated with Altarea's emissions:

- the time frame of emissions indicates whether they are annual (emissions released over the year of the financial period) or built up over 50 years (emissions released over the entire life of the building; these emissions largely represent the current risks of transition of the activity, but also the future risks);
- the scope of responsibility for emissions indicates whether they are Altarea's direct responsibility (emissions related to activities chosen and controlled by Altarea) or shared responsibility (emissions related to activities over which Altarea may have an influence but no direct control).

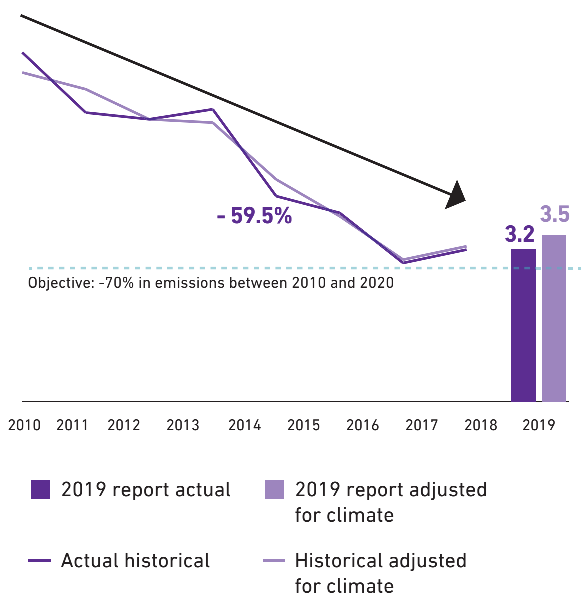
Focus on the portfolio's carbon footprint

THE GROUP'S COMMITMENT TO ITS ASSETS

Within its scope of direct responsibility (shopping centres in operation): the Group is committed to reducing Scopes 1 and 2 emissions by 70% between 2010 and 2020, and then to aim for zero emissions by 2030.

Since 2010, the approach implemented for energy efficiency has had led to a 65.1% reduction in greenhouse gas emissions per m^2 on a like-for-like basis compared to 2010. On a constant climate and use basis, this reduction is 59.5%.

PORTFOLIO GREENHOUSE GAS EMISSIONS
(LIKE-FOR-LIKE SCOPE OF REPORTING IN kgCO_2e/m^2)

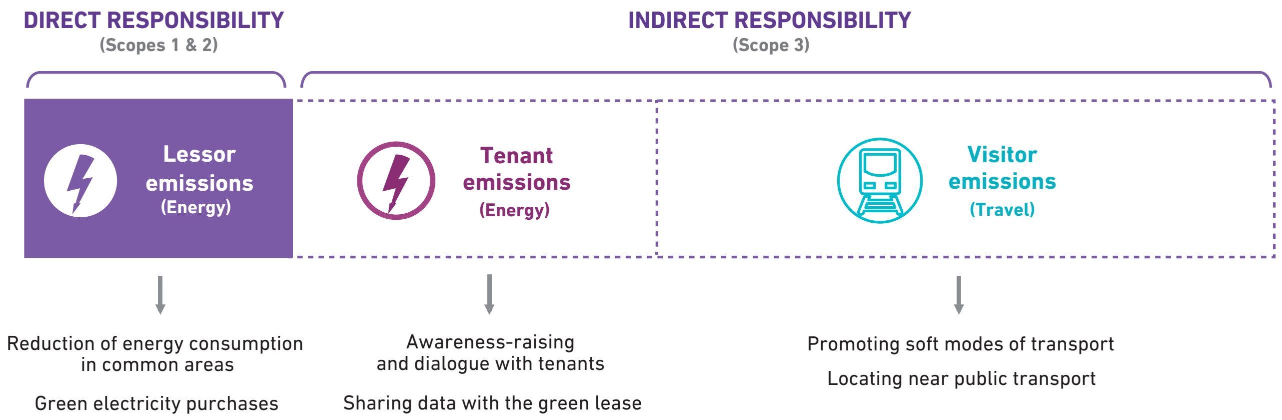


Emissions have been reduced thanks to the Group's considerable efforts to promote energy efficiency and the fact that between 2016 and 2018, 50% of the energy purchased was green electricity, with this figure rising to 75% since 1 January 2019. The target is to switch to 100% renewable electricity in the medium term.

Emissions were reduced significantly this year, down by -27% kgCO_2e/m^2 compared to 2018, on a like-for-like basis. The sites have made significant efforts to reduce consumption levels, particularly of gas, which is more carbon-intensive than electricity.

Finally, aside from direct emissions, the emissions from shopping centres are related to visitor travel and tenants' consumption. Altarea is working with these two groups of stakeholders to reduce their emissions (see. 4.2.2.3).

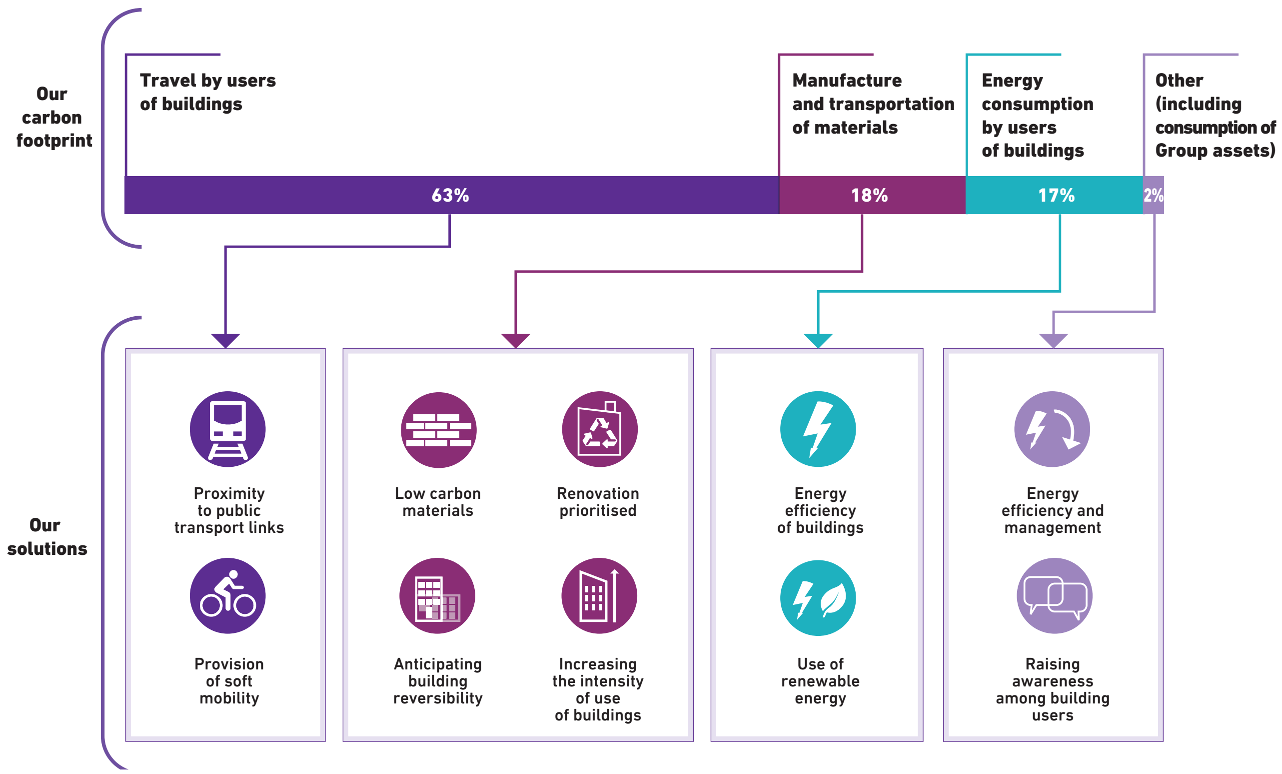
TAKING ACTION ON THE GREENHOUSE GAS EMISSIONS FROM SHOPPING CENTRES



Measuring and reducing Scope 3 emissions

In Scope 3, Altarea undertakes to contribute to the low-carbon city and to be a source of avoided emissions by designing projects that make it easy for stakeholders to cut emissions. The solutions proposed by the Group are set out in the diagram below and the rest of this chapter.

GROUP GREENHOUSE GAS EMISSIONS AND SOLUTIONS IMPLEMENTED



Reducing the biggest source of emissions: facilitating low-carbon mobility

Altarea develops projects that can cut the use of high-carbon mobilities:

- the choice of land is the primary action lever: in accordance with its development strategy the Group selects sites with good public transport links (see indicators under 4.2.1), meaning a reduction in the carbon footprint of users;
- In addition, Altarea offers alternative sustainable mobility solutions. In Business property, for instance, Altarea has developed around a hundred parking spaces fitted with charging stations for electric vehicles in the Paris Region and always takes forward looking measures so they can be installed later, during the building's operational phase. Similarly, throughout France, the Group's projects offer the best mobility solutions for local regions. Some examples include the "Crescendo" project in Villeurbanne, which offers more than 250 m² for bicycles; in Bobigny Cœur de

Ville, the neighbourhood will be pedestrianised and have a mobility hub offering soft mobility services, such as bicycle workshops. In Retail, Altarea is aware that many of its customers still travel by car and is creating spaces specifically for hybrid and electric vehicles. At its shopping centres under development, the Group is planning to display public transport times and traffic conditions in real time as well as alternative modes of transportation (carpooling, pedestrian and cyclist infrastructure, charging stations for electric vehicles, etc.).

Internally, the main line of action is to cut emissions from the corporate vehicle fleet and introduce the mobility plan at the new headquarters of the Group. This plan will provide a limited number of parking spaces and a mobility pack.

Reducing the second biggest source of emissions: greenhouse gas emissions from materials

18% of the Group's emissions are due to the purchase of materials during the construction stage. Activities and specific reviews of projects have been carried out to reduce this source of emissions, including:

- replacing materials that emit CO_2 (notably concrete) with less carbon intensive alternatives (wood, bio- sourced materials, low-carbon concrete, etc.);
- reusing existing materials; rehabilitation uses less materials, the circular economy reuses or repurposes materials, etc.; and
- reflecting on a new concept for buildings which will increase their life (reversibility, anticipating future uses, etc.) and the intensity of their uses.

Substituting materials

The Group has run pilot projects using wood as the main material. For example, part of the framework for the U-Care project (Paris thirteenth district) is made from wood. Altarea also built the Marques Avenue A13 shopping centre in Aubergenville entirely out of wood, a first in France. In the regions, the Group uses a modular wood construction process, such as in the *Domaine de Guillemont* project (Canéjan). This process allows timber panels to be prefabricated in a workshop before being assembled on-site in a very short time-frame, reducing the disturbances caused by the site.

The Group also uses other bio-sourced materials. For example, the "Brunet/Prévoyance" project (Paris nineteenth district) was studied to limit the use of concrete: in addition to incorporating a metal frame and pre-fabricated wooden components, this project also uses bio-sourced insulating materials.

PARTNERSHIP WITH WOODEUM: ACCELERATING THE PRODUCTION OF LOW-CARBON HOUSING

In July 2019, Altarea acquired a 50% stake in Woodeum Résidentiel, a subsidiary of the Woodeum Group, whose shared ambition is large-scale low-carbon residential development. The aim is to build 2,500 to 3,000 housing units in Cross Laminated Timber (CLT) per year by 2023. This bio-sourced material has excellent properties (technical and environmental), making it possible to store carbon over the life of the building.

Rethinking the design of buildings and the city

The Group explores many ways to optimise the use of buildings and extend their useful life:

- a review is under way on how to increase the usage intensity of buildings, particularly Business property projects, to make better use of shared spaces (restaurants, auditoriums, etc.) throughout the day. Building design incorporates flexibilities to allow for changes in use, privatisation or conversion of some areas to open air at certain times of year, for instance. Serviced residences for seniors are also open to business travellers, maximising the use of surface area;
- the Group is working to make spaces reversible, anticipating potential changes of use for the building in the future. Altarea, for instance, is offering apartments 5-room homes that can be split into two apartments, each with its own external door, two electrical panels and a load-bearing wall down the middle to provide acoustic insulation for users if the apartment is eventually split;
- finally, the Group is working on making buildings more sustainable by predicting the future technologies to which buildings will have to adapt. In Business property, the Group is looking into labels such as Ready2Services, introduced at the future Richelieu headquarters, which certifies the building's adaptability to future digital uses.

CAP 3000 IS LOOKING AHEAD TO NEW USES FOR ITS MULTI-STOREY CAR PARK

In anticipation of changes to mobility (reduced role of the personal car in particular), the Cap 3000 multi-storey car park was designed to be reversible: the car park frame can be transformed to accommodate retail space. As such, if cars are used significantly less in the future, it will be possible to change the use of the car park by turning it into shops without destroying the building. By planning ahead in this way, the building's life can be extended.

Reducing the third biggest source of emissions: managing energy to reduce greenhouse gas emissions

In the extended Scope 3, emissions associated with the consumption of future occupants of residential units and offices sold by Altarea account for 17% of total emissions. This category benefits from the low-carbon electricity available in France but represents a significant action lever and a substantial source of impacts avoided by the Group:

- building design is the first area of action, enabling good energy efficiency throughout the lifetime of the building and so lowering energy bills for occupants. The Group uses all available methods (bio-climatic design, working on the case and insulation, high-performance equipment, consumption monitoring tools, etc.): a high level of energy efficiency is a pre-requisite for projects developed by Altarea. All of the energy optimisation measures implemented are detailed under 4.2.2.3;
- the Group uses renewable energies whenever possible. In the design phase, Altarea examines the possibilities of connecting to existing heat networks and carrying out feasibility studies for the supply of energy to major commercial projects. These studies make it possible to compare various possible energy solutions to cover a building's needs and thus identify the possibility of supplying renewable energy (see 4.2.2.3). The "Issy Cœur de Ville" (92) project will therefore use geothermal energy. During the exploitation phase, renewable energy supply possibilities are studied during major construction work. For example, the Le Due Torri shopping centre in Stezzano uses geothermal energy from groundwater to maintain its water system at a constant temperature;
- finally, Altarea is working on raising awareness among building occupants of how their behaviour has a significant impact on the energy and carbon performance of buildings. Specifically,

Residential teams have expanded the "Green Tips" manual given to buyers as part of the NF Habitat certification. The latter was updated in 2019, by developing advice and ideas of practical ways to use housing better. The Group is also developing soft incentives or "nudges" and game-based tools, which it sees as major areas of action. In the Retail business line, work is being undertaken with tenants to encourage them to reduce their energy consumption (see 4.2.2.3 and 4.3.1).

THE "NUDGE" PROJECT ENCOURAGES CITIZENS TO ADOPT GREEN HABITS

The Paris thirteenth district Nudge project uses an ethnographic study to understand the real obstacles to adopting virtuous behaviours in daily life and proposes simple adaptations of the built environment in order to encourage ecological behaviour. The Nudge project encourages people to adopt behaviours that are good for them, the community and the planet by making small but decisive changes to their lives.

It manifests itself in buildings as a series of small discreet facilities, which can be graphic, informational or architectural, and whose impact on human behaviour is extremely significant. As "little things that change everything", nudges encourage individuals to act in a certain way rather than in another: sort their waste, get to know their neighbours, reduce their energy consumption.

4.2.2.2 Adapting projects to the impacts of climate change

Over the past two years, Altarea has ran in-depth analyses of the risks of the effects of climate change on its activities, with a special focus on the intensification of weather events (heatwaves, floods, drought, violent winds, etc.) and their repercussions for lifestyles and the built environment. These analyses considered two climate change scenarios from the IPCC: one which is optimistic (RCP4.5) and the other pessimistic (RCP8.5).

The Group's objective is to implement a strategy to adapt its activities to these risks. In 2019, operational action plans and business tools were deployed. In this context, Altarea worked on estimates of the financial costs related to adaptation solutions to climate change.

Residential and Business property

For each of the regions where it operates, Altarea conducted a forward-looking study of local climate changes and the physical impacts of weather events on buildings, construction sites, lifestyles and the comfort of occupants.

The results enabled the main lines to be set for an Adaptation action plan to reinforce the comfort and value of Altarea developments. The main areas addressed are actions to enhance comfort in summer, cost reduction, health and safety and property value.

This action plan was implemented in 2019 and will be continued to better integrate these challenges into the Group's developments.

Some projects have already incorporated these issues, such as the "Crescendo" project in Villeurbanne, which has a bio-climatic design to provide better comfort for its occupants, particularly in the summer. In Grenoble, the "Up" project has sliding walls to optimise heat gain in the winter and moderate it in the summer. The Group is also working to combat the urban heat islands phenomenon, for example by including permeable paving and the first urban forest in its "Issy Coeur de Ville" project (92).

Retail

Altarea wanted to measure the impact of climate change on its portfolio and, therefore, conducted analysis into the potential exposure of shopping centres to risks associated with climate change. A range of technical and governance solutions were identified and are gradually being rolled out across the existing portfolio and new developments. In particular, a design specification for climate resilience will enable technical solutions to be incorporated in advance, to limit the vulnerability of retail developments to changing climate conditions.

4.2.2.3 Managing energy in the Group's activities

In order to reduce greenhouse gas emissions, it is essential to design and operate buildings in an energy-efficient way. The Group is developing energy-saving solutions also for economic reasons, both for its buyers and users but also for an optimised management of its portfolio.

A high energy efficiency level is a prerequisite for the projects developed by Altarea. Since 1 January 2013, the Group's production is subject to the 2012 Thermal Regulations (RT 2012). The regulations are among the most ambitious in Europe and are intended to make Low Energy Building (*Bâtiment Basse Consommation* – BBC) more common. The Environmental Regulation 2020 (ER 2020) will eventually replace thermal regulation RT 2012, moving from a thermal approach to a more comprehensive environmental approach.

The Group prepares for and anticipates future regulatory changes, notably by holding training and awareness-raising sessions for technical and construction teams. several projects were enlisted in the "E+C-" government-run trials aiming to define future regulatory thresholds for energy and carbon. Feedback from these trials will help further enhance the skills of technical teams.

Finally, in addition to its overall national goals, Altarea sets goals for each region. The Group is working more closely with the City of Paris to help achieve the targets in its Energy Climate Plan.

Residential

The Group aims to have all its projects under development certified for energy efficiency alone or as an addition to general NF Habitat and HQE™ certifications, such as E+C-, Effinergie or "RT 2012-10%" and "RT 2012-20%" levels as part of the NF Habitat certification.

In 2019, Residential projects under development with an energy label represented 54% of projects under development. Some projects even exceed the Group's ambitions (in Grenoble several projects beat their RT 2012 requirements by more than 30%).

54% of Residential projects have an energy label

The energy efficiency has been systematically improved for rehabilitation projects. Since energy labels do not apply in large to rehabilitation with several heritage constraints, the Group is aiming for greater energy efficiency wherever possible. In 2019, the energy performance requirements of 18% of Residential projects undergoing rehabilitation exceeded those of regulations.

Business property

For all projects under development, the Group seeks to achieve a level of energy consumption that outperforms the applicable thermal regulations. In 2019, 100% of Business property projects achieved this objective.

For projects under its Cogedim brand, the Group set the target of beating regulatory requirements on energy use by at least 30%. In 2019, this target was exceeded by an average of 44% (by surface area).

100% of Business property projects exceed thermal regulation requirements by more than 30%

In 2019, all hotel projects exceeded their thermal regulatory thresholds by an average 15% (by surface area, Cogedim and Pitch Promotion).

These numbers were stable compared to 2018.

In addition, the Group uses renewable energies whenever possible. In 2019, 86% of Business property projects managed used renewable energies and 38% generated them on site.

The Group launches test operations for new labels to anticipate future regulations. In the Issy Cœur de Ville project at Issy-les-Moulineaux the Group is taking part in the "E+C-" trial. Under a government label, this trial seeks to determine the regulatory thresholds that will replace RT 2012. The three Business property buildings are also applying for the BEPOS Effinergie 2013 label, designed to promote buildings that produce as much energy as they consume for heating, cooling, ventilation and lighting.

In addition, a commissioning process was made standard for 100% of Business property projects under development as of 2014, to ensure the proper functioning of technical equipment, notably systems responsible for heating/cooling production and output.

Retail

The portfolio's energy performance

In 2019 the portfolio's total consumption for the current scope was 44.0 GWh of primary energy.

This year Altarea pursued two initiatives to reduce its energy consumption:

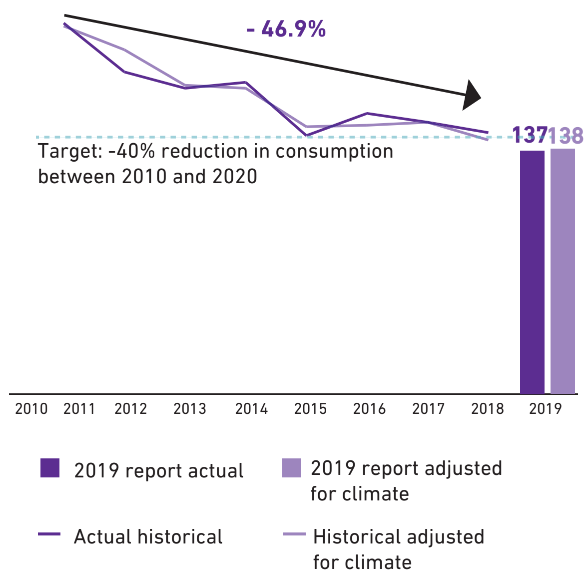
- the portfolio energy master plan: the first energy audits were conducted across the whole portfolio in 2013. The master plan was drawn up in 2017 and allowed the Group to take stock of the progress of reduction efforts. In practical terms, for each centre an action plan was drawn up with a view to being updated in 2020, incorporating structure, technical facilities and operational management in particular;
- the Environmental Management System (EMS) across the full portfolio: 100% of technical and operational teams have received training since 2014. The EMS allows for gradual improvement of the environmental performance (and thus the energy efficiency) of shopping centres by thorough implementation of best practices for operations and reporting.

For a number of years, Altarea has also been testing an innovative solution for a real-time breakdown of the energy consumption for a shopping centre by source, working with the start-up Smart Impulse. It will make it possible to monitor consumption very carefully, and to manage it more closely.

The aim of combining these two actions is to continually improve the environmental performance of the assets and meet the objectives revised upwards by the Group in 2019, on a like-for-like basis and under constant conditions.

- 40% reduction in primary energy consumption per m^2 from 2010 to 2020, and 50% reduction in final energy per m^2 between 2010 and 2030;
- 70% reduction in greenhouse gas emissions per m^2 from 2010 to 2020, and zero emissions by 2030.

PORTFOLIO ENERGY CONSUMPTION
(LIKE-FOR-LIKE SCOPE IN kWhpe/m^2)



By the end of 2019, this approach to energy management had led to a 46.9% per m^2 drop in energy consumption on a like-for-like basis, constant use and climate compared to 2010.

Consumption in particular decreased by 10% between 2018 and 2019, which shows how the issue of energy has been considered by the portfolio sites, and the acceleration of efforts made to reach the Group's ambitious objectives. For example, many sites have replaced their old lights with LED lights, or have even adjusted the operating hours of their technical equipment.

Electricity made up 75% of the portfolio' energy supply in 2019. In comparison with 2019, gas consumption has decreased by two points in the energy mix. This energy mix includes the energy consumption of common and private-use areas managed directly by Altarea. In addition, the Group has chosen, since 1 January 2016, to purchase green electricity with its national contract: 50% between 2016 and 2018, and 75% from 2019. Through the European mechanism for certificates of guarantee of origin, for each kWh purchased by the Group, EDF has agreed to inject one kWh of renewable electricity into the grid.

Energy metering systems for tenants and occupant awareness

The energy consumption of buildings depends on their design but also on their use and management. As such, for Retail projects under development that undergo environmental certification, in order to enable its occupants to access detailed energy monitoring, Altarea goes beyond regulatory requirements for metering and makes dedicated equipment available to occupants. These systems empower occupants, giving them the tools necessary to understand their consumption in detail by use or zone and to rapidly identify sources of overconsumption.

At the level of its portfolio, Altarea is working with its stakeholders in order to gain a better overall picture of the energy used in its shopping centres, including by equipment that does not belong to it. The Group has been collecting annual energy data from its tenants since 2014 in the shopping centres in the portfolio with the highest consumption. They accounted for 384,478 m² GLA in 2019. This makes it possible to establish a consumption profile according to the various types of retail business, and to have an overall view of energy consumption of the portfolio shopping centres as a whole, once added to the energy managed by the Group.

BREAKDOWN OF THE PORTFOLIO'S ENERGY CONSUMPTION
(CURRENT SCOPE)

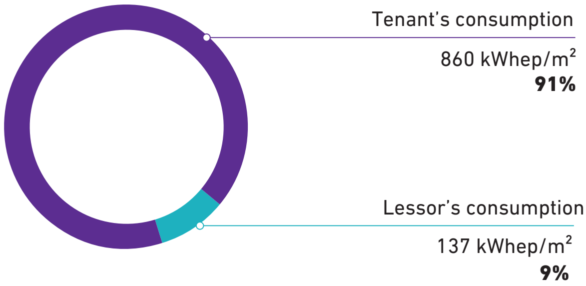


Table: Summary of the Group's climate solutions

Drivers	Description of the solutions and main results
Low-carbon mobility	In the design phase: select sites that have good links to public transport networks to reduce occupants' carbon footprint ▪ *99% of residential units and 100% of offices are within 500 metres of public transport* ▪ *75% of centres are less than 500 m from a transport route with a frequency of under 20 min* Offering additional sustainable mobility solutions in regions ▪ *E.g. the "La Bastide de la grande Duranne" (13) project includes the pedestrianisation of the entire neighbourhood and new cycle lanes*
Reduction in emissions from materials	Opting for the rehabilitation of existing buildings rather than new build, where the context permits ▪ *55% of Business property projects in the Paris Region are rehabilitations* ▪ *E.g. Cogedim Club® opened a seniors residence in Arras' (62) former Schramm barracks, a historic site renovated by the Group's subsidiary Histoire & Patrimoine (which is dedicated to rehabilitation)* Rethinking design to increase lifespan (modularity, reversibility) and intensity of use of buildings ▪ *E.g.: at Cap 3000 (06), car parks are designed to be reversible and potentially transformed into retail space* ▪ *83% of Business property projects are multi-use* Prioritise low-carbon materials for projects ▪ *E.g. in Les Grands Moulins de Paris (59), the demolition materials will be reused for pavement structures*
Low energy consumption	Designing buildings with high energy performance levels ▪ *100% of Business property projects exceed thermal regulation requirements by more than 30%* ▪ *54% of Residential projects have an energy label* Raising occupants' awareness to reduce in-use emissions ▪ *E.g.: in the Nudge building (Paris thirteenth district), the Group is encouraging ecologically friendly behaviours* Reducing the building's energy consumption through bespoke management ▪ *-46.9% kWhpe/m² since 2010 across Altarea's retail portfolio* ▪ *-59.5% kgCO$_2$e/m² since 2010 across Altarea's retail portfolio*

4.2.3 Protecting biodiversity and soil *DPEF2*

Scope	Objective/Commitment	2019 Results	2018-2019 Evolution	Comments
Neighbourhoods	Have BiodiverCity® certification for all projects	**Certification is expected for seven of the neighbourhood projects**	**Increase**	The Group made this commitment when it signed the charter to preserve cities' biodiversity and incorporate the living environment into all urban projects
Retail	Ensure 100% of sites have a biodiversity action plan and implement initiatives across the portfolio	**100% of sites have a biodiversity action plan**	**Stable**	The target is met and maintained each year
Retail	Have BiodiverCity®certification for all new shopping centre projects	**Cap 3000 is the first BiodiverCity® shopping centre in the world**	**Stable**	This certification reflects the Group's strong commitment to preserving ecosystems.

Combating urban sprawl and the artificialisation of the soil and protecting biodiversity, including in the urban environment, are big issues for local communities. Against a background of extinctions of species and deteriorating natural environments, local and national regulatory pressure is rising, as are public expectations.

Altarea is convinced that proximity of services and activities and mixed-use provide a better quality of life to city-dwellers. For this reason, most projects are sited on land that is already artificialised or undergoing urban renewal.

The challenge is to reintroduce nature for the well-being and comfort of its customers.

The Group's activities do not release directly toxic discharge or pollution into the environment or water. On construction sites, the Group has its service providers sign a low nuisance construction site charter to ensure that they manage their waste.

The Group keeps a step ahead of regulations thanks to its excellent knowledge of possible issues and actions in relation to biodiversity, *via* diagnostics, internal training and pilot projects. In-house, an awareness-raising programme has been running since 2017, with the creation of operational guides for all teams (design, property development, operations, etc.), presenting technical solutions and best practice in biodiversity.

Finally, in March 2018 Altarea signed the International Biodiversity & Property Council (IBPC)'s BiodiverCity® charter under which it is required to protect biodiversity in cities and incorporate the natural world in any urban project.

Large mixed-use projects, Residential and Business property

Land management

The Group is mainly active in cities and prioritises denser cities and urban redevelopment over urban sprawl and the artificialisation of soil. This is shown by the number of rehabilitation or repurposing projects and revamped districts in redevelopment zones across all its activities. Its subsidiary Histoire & Patrimoine has specialised for more than 15 years in restoring old buildings throughout France. In 2019, 55% of Business property projects in the Paris Region were rehabilitations. Urban redevelopment also helps bring nature back into the city by restoring green spaces or improving their integration with the local natural environment. For instance, as part of the *En vert gure* project to redevelop a former examination centre in Lognes as a residential building, Pitch Promotion replanted a third of the project's surface area.

Tools used to protect biodiversity

The Group pays particular attention to maintaining or enhancing the fauna and flora present. Biodiversity is always considered in the Group's ambitious certification strategy across all its activities.

For large projects, already closely regulated, the Group always exceeds requirements with in-depth studies and action plans. An independent environmental specialist is consulted for all projects subject to BREEAM® certification. This makes it possible to identify, for each project, the best management approach and the right species to improve biodiversity or restore a habitat on the site. Recommendations are included in the project management specifications for preserving the ecology of the site. For example, the phasing of the restoration works for the Histoire & Patrimoine *Cour des Cavaliers* project located in Compiègne has been adapted based on swallows' nesting periods, and new nests as well as a natural pond will be installed. Ecological monitoring is planned to assess the impact of the measures.

In addition to the BiodiverCity® label, some projects also apply for environmental certifications such as HQE or BREEAM®. They impose more demanding requirements for biodiversity in a property development. This certification is sought for several Business property projects in the Paris Region and for all district projects. The Group is also trialling the pilot version of BiodiverCity® district in its Issy Cœur de Ville project.

Nature in the city and well-being

Aside from the importance of limiting waterproofed surfaces and creating spaces that welcome biodiversity, the presence of nature in the city is an important factor for the well-being of citizens and users. The Group is working on the concept of biophilic design in its projects (see. 4.3.2).

The balance between buildings and green spaces allows natural light to come through and offers nice views, enhancing the comfort felt by users. Choice of materials and relaxation spaces (play and picnic areas, etc.) also help. Encouraging the presence of small animals, birds in trees and amphibians in ponds further enhances the educational and leisure attributes of the district.

Moreover, planting at ground-level or in the façade or roof, is a means of combating urban heat islands (see 4.2.2) by reducing the temperature during heat waves.

PROTECTING BIODIVERSITY IN TOULOUSE

Special importance is given to nature in the project at the former test-flight centre in Toulouse (CEAT). The water- proofing of the site will be reduced by 17% and half the surface area of the district will be ground-planted green space. Small animal habitats and corridors will be installed to protect local fauna.

Their needs are also considered during construction work: the works schedule was adapted, and replacement habitats installed.

Retail

Land management

Compliance with regulatory standards is essential when opening a shopping centre in a region. Land-use plans (P*lans d'Occupation des Sols* – POS) and local development plans (*les Plans Locaux d'Urbanisme* – PLU) establish the conditions of land-use by setting a land-use ratio to be applied.

Beyond these standards, the Group also limits the artificialisation of greenfield land by favouring already urbanised land for its new developments, such as zones undergoing urban renewal or stations. For example, Cap 3000 and Montparnasse station have not led to any artificialisation of land as they are located in urban or developed areas. The Cap 3000 has even managed to reduce artificialized and sealed land with 2.5 times more planted spaces after works than before.

Tools used to protect biodiversity

Altarea holds the belief that shopping centres must integrate into their environment in order to protect and reintroduce biodiversity and contribute to visitor well-being.

During the development phase, an ecologist is hired as standard, as was the case for the recent projects L'Avenue 83 and Cap 3000. The Group uses certifications as tools for continuous progress. Aside from BREEAM®, which is applied to all new developments, Altarea is testing new certifications: Cap 3000 was the first shopping centre in the world to receive BiodiverCity® certification, which assesses the performance of property projects in terms of the consideration and promotion of biodiversity. This year, the Group has undertaken to have this certification for all its new retail projects.

CAP 3000: THE FIRST SHOPPING CENTRE TO RECEIVE BIODIVERCITY® CERTIFICATION

Inaugurated in 1969 in Saint-Laurent-du-Var, one of the first shopping centres in France, Cap 3000 is now undergoing a major renovation and extension which is subject to very high environmental standards in terms of biodiversity, in particular.

The project incorporated biodiversity in its governance from the design stage through its partnership with the French League for the Protection of Birds (*Ligue de Protection des Oiseaux* – LPO).

Biodiversity measures are included at all stages of the project:

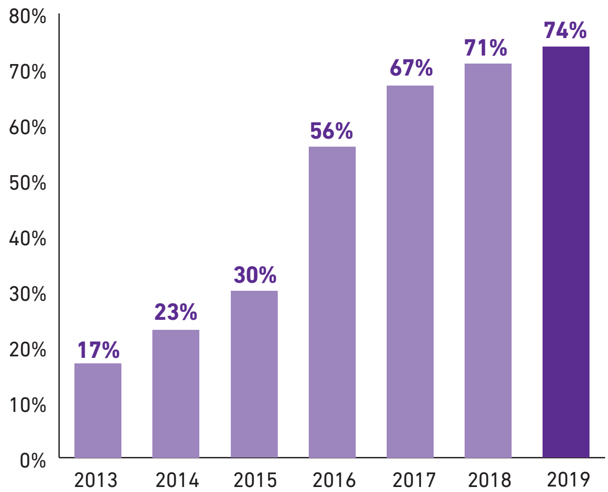
- architecture that respects and imitates nature: plant screen the length of the Var wetland, buildings that incorporate nesting sites, printed glass to prevent bird strikes, acoustic treatment of delivery bay, reversible architecture, etc.;
- a flagship construction site planned to take into account bird nesting seasons;
- responsible management and raising public awareness, with an observatory on site.

In the operational phase, the Group took steps to involve all shopping centres in better taking into account biodiversity. Through BREEAM® In-Use certification – now applying to 100% of the Group's managed sites – respect for and conservation of biodiversity are assessed and improved on a continuous basis. For example, in this context Altarea asks its green space service providers to cease the use of phytosanitary products on all portfolio sites.

The Group has prepared specific biodiversity action plans for all of its shopping centres within the reporting scope. The current objective is to maintain this coverage rate, and to continue implementing these improvement plans by developing biodiversity activities across the sites.

The average score under the Land Use & Ecology category of the BREEAM® In-Use guidelines is continuing to improve across the portfolio. This year it stands at 74% compared to 17% in 2013. This is evidence of the efforts by shopping centre teams in taking measures that are tailored to their local environment.

CHANGE IN THE AVERAGE BREEAM® IN-USE "LAND USE & ECOLOGY" SCORE



Nature in the city and well-being

Because contact with nature promotes the well-being of visitors, Altarea is also taking care to involve them in the biodiversity initiatives of its shopping centres, particularly through awareness-raising.

This is, for example, the goal of the OCEANS project, which is the result of the partnership between Altarea, through its Cap 3000 shopping centre (Saint-Laurent-du-Var), MK2+ and the Oceanographic Institute Albert I Foundation. This 360-degree virtual aquarium enables visitors to explore the seabed and provides a realistic and immersive virtual odyssey through these rich and fragile ecosystems.

The Group's shopping centres have also worked proactively to protect nature, by implementing various initiatives. For example, the -X% shopping centre (Massy), Flins shopping centre and Ambrésis business park (Villeparisis) have set up wildlife sanctuaries with an explanatory poster. Aubergenville Family Village and Les Hunaudières Family Village (Ruaudin) mowed and carefully cut the grass in order to preserve the biodiversity of the sites.

4.2.4 Promoting the circular economy DPEF5

Scope	Objectives/Commitments	Indicator	2019 Results	2018-2019 Evolution	Comments
Business property	Favour rehabilitations to reduce resource consumption and greenhouse gas emissions	Share of rehabilitations in the Paris Region by surface area	**55%**	**Decrease**	The Group always considers the possibility of rehabilitation, with equal performance and comfort, rather than a complete demolition-reconstruction. Although down since 2018, the figure rose by +18% compared with 2016
Retail	Recover over 80% of waste at Standing Assets	Share of recovered waste	**90%**	**Stable**	Waste recovery is promoted, notably with the implementation of composting for restaurants

The construction industry (buildings and civil engineering projects) generates 70% of all waste in France[1]. In light of this, the Group launched a long-term reflection on how best to manage and use natural resources, re-use or reduce waste, and how to put eco-design principles into practice (use of alternative sources, extending building life, intensifying usage, etc.).

The circular economy, which is the opposite of the linear economy (produce, consume, destroy), is a virtuous way to make the most of resources and reduce the environmental impacts of property throughout the life cycle of a building;

- design: the most important phase as the aim is to find a solution that balances the environmental impact of resources used (rehabilitation, recycling, reuse, etc.) and a building's capacity to avoid early obsolescence (energy performance, evolving and reversible architecture, ease of deconstruction, etc.);
- construction: reducing waste generated at construction sites, sorting, reusing and promoting recycled or local materials;
- operation: reducing consumption and waste generation in the operational phase, sorting and reusing residual waste, extending the building's useful life while intensifying and diversifying its uses to sustain its economic value;
- end-of-life: increase the life of the building by allowing for changes of use. Where conversion to new use is impossible, a diagnostic is conducted to decide whether the best solution is rehabilitation or demolition.

Altarea is committed to building high-performance buildings and adopting the principles and best practice of the circular economy at every stage of its projects.

Due to its presence in urban areas, Altarea confronts the issues of density and age of the urban fabric. First, the Group always considers the possibility of rehabilitation, which is less costly in materials and produces less waste than a full demolition and reconstruction. Then, from the building design phase, the Group incorporates a certification process which is used to roll out good practice such as clean construction charters for example, which limit the disturbances caused by construction sites (noise, vibrations, etc.) and set the conditions for sorting and recovering waste.

Moreover, the Group's multi-business model means it is able to offer mixed projects at neighbourhood level but also at the level ofeach building, making them flexible and scalable over time and thus reducing the risk of obsolescence.

Hazardous waste is not produced directly by the Group's activities. On construction sites, the Group's service providers may have to deal with hazardous waste, particularly in the case of demolitions/rehabilitations. For example, by signing a clean site charter, this waste must be treated correctly.

Initiatives specific to each business line (Residential, Retail, Business property) to each project stage and throughout the building's life are also implemented.

Residential

Rehabilitation

One of the Group's brands, Histoire & Patrimoine has specialised for more than 15 years in the rehabilitation and restoration of old buildings throughout France. The façades and supporting framework of buildings are always preserved, unless there is a proven structural problem. In 2019, this activity represented over 135,000 m^2 of rehabilitations in progress or completed during the year.

Recycled or local materials

Whenever a building cannot be rehabilitated, the Group carries out a demolition and reconstruction looking to reuse the waste from demolition. Waste is reused on the same site wherever possible or made available on materials exchange platforms.

Use of recycled and/or local materials also helps reduce a project's environmental impact. In 2019, 73% of construction site purchases were from local sources (see 4.2.1).

LES GRANDS MOULINS DE PARIS IN MARQUETTE-LEZ-LILLE (59)

This 1921 complex – the product of early twentieth century industrial architecture – underwent rehabilitation and was converted into a building with 246 residential units and a retail space.

Efforts were made to priority the reuse of the site and minimise demolition. As a result, most of the concrete flooring and concrete frame have been preserved. The cobblestones will be reused for the redevelopment of the outdoor constructions. Lastly, two 1970s concrete silos will be demolished and crushed to be reused as a base layer for the pavement structures (around 10,000 t).

(1) *"Waste, key figures" published April 2018 - Agence de l'Environnement et de la Maîtrise de l'Énergie (ADEME). France generated 324.5 million tonnes of waste in 2015.*

Low-waste construction sites

The Group is steadily extending clean site charters to cover all its Residential projects. These charters notably impose measures to limit the production of waste at source, identify waste on-site, ensure tracking until final destination and conduct effective and efficient recovery of waste. In 2019, 93% of Residential projects (by number of housing units) were covered by a clean site charter. Some sites also ask suppliers to limit product packaging to reduce site waste.

Intensification of use and reversibility

During the design and operational phase, the Group seeks to intensify its use to avoid underuse of spaces. As a result, parking spaces at some residences, such as those planned for the "Les 5 jardins" project in Villemonble, may be available to the public when they are not used by residents. Also, Cogedim Club® residences, for senior citizens, regularly take in business travellers to fill vacant apartments.

Business property

Rehabilitation and recycled materials

The Group has developed unique expertise which means its rehabilitated buildings achieve energy and comfort performance levels equal to those of its new buildings. 55% of Business property projects in the Paris Region are rehabilitations (by surface area), a 18% rise since 2016.

55% of Business property projects in the Paris Region are rehabilitations

The environmental impact is also reduced by using reused, recycled and/or local building materials. For example, the insulation materials for the Richelieu project, the Group's future headquarters, are made from recycled cotton fibres.

Low-waste construction sites

In the construction phase, the Group is aiming to hit the target set by the energy transition law of recycling 70% of construction waste by 2020. In 2019, Business property projects set a site waste recovery objective of at least 70%. They surpassed this objective as the real recovery rate for secured projects, delivered in 2019, was 99%, 94% of which materials (in tonnes).

Intensification of use and reversibility

Owing to the Group's expertise across a range of businesses, 83% of the surface area of Business property projects is multi-use: offices, retail, facilities, services, etc. For example, some of the spaces on the ground floor of the Kosmo offices project in Neuilly-sur-Seine can be transformed into retail space. By developing adaptable and convertible spaces, the Group reduces building obsolescence.

83% of Business property projects are multi-use

Retail

Construction waste management on new Retail developments

By rolling out the Group's construction charter, which requires contractors to sort and manage construction site waste, excellent performances were posted once again this year in terms of recovery. The Cap 3000 redevelopment/extension project therefore reused 87% of its construction site waste.

Waste produced by the portfolio

At the Group's shopping centres, the overwhelming majority of waste is generated by tenants and there is very little that Altarea can do to control the production level. The Group focuses its actions instead on increasing sorting rates and the rate of energy recovery and managed waste.

Details of the quantities produced, and the monitoring of the share of sorted and recovered waste, are available in the end tables, in Chapter 4.5.2.

Improving sorting in shopping centres

The Group has implemented actions to increase this share of sorting: closer monitoring of sorting by merchants and more sorting *via* the inclusion of new types of sorted waste (glass, fermentables, lighting, etc.) in particular.

The breakdown of waste in the portfolio is 65% for mixed non-hazardous industrial waste, and 35% for cardboard and other sorted waste. Thanks to the initiatives implemented, the proportion of sorted waste in the current scope has increased since 2010.

Over the last four years, the Group has been close to its target of 50% of waste sorted and will continue in its efforts to meet it.

Increasing recovery

The Group also looks for the best service providers to recycle, recover and ensure the traceability of waste. In 2019, 30% of the waste produced in shopping centres managed by the Group was recycled, 53% was incinerated with energy recovery and 7% was recovered in another way (reuse or composting, for example). In all, 90% of waste is recovered, the remaining 10% is dumped or incinerated without energy recovery. The Group's goal of over 80% recovery has been maintained since 2013.

Raising awareness among stakeholders

Since waste volumes are directly linked to the commercial activity of tenants, the Group focusses its efforts on steadily increasing the proportion of waste sorted and raising tenant awareness of improved waste management.

Tenant surveys conducted in recent years showed that sorting waste and recycling were the most-cited issues among tenants: As a result, Altarea organises meetings with retailers in its shopping centres, and in particular suggests ways to improve waste management, for example, a welcome guide for new recruits, or regular briefing notes.

The Group also encourages visitors to its shopping centres to reduce food waste, by recommending retailers selling foodstuff to work with the start-up "Too good to go", which has created an app which enables individuals to buy unsold food for a fraction of the price.

MAKING RECYCLING AN ART

The Bercy Village site in Paris works regularly with artists to decorate its outside walkway. It is in this context that Bercy Village installed its 2019 summer decoration "BUBBLE SKY": 3,200 balloons hanging over the Saint-Emilion courtyard. When the installation was taken down, all of the balloons were donated to the La Réserve des arts association. This association resells a kilogram of balloons for €1 to artists and art students, which is an original way to encourage the recycling of its waste.

Corporate

Group employees were informed about how to reduce their environmental impact, in particular that linked to waste. As a result of pre-sorting at headquarters in 2019, 76% of office waste, mainly paper/cardboard was recycled.

In addition, in June 209, fairs for exchanging objects between employees were organised during Sustainable Development Week at the Group's different regional departments.

As part of the relocation of the offices located in the Paris Region to the new Richelieu headquarters (Paris second district), "Cleaning Days" have been organised for 2020 to anticipate departures and enable quality sorting and reuse of personal belongings that will not be kept.

Summary: circular economy issues in the property sector

Stage	Description of the issues and key results
Design	The most important phase: reducing the environmental impact of resources used (rehabilitation, recycling, reuse, etc.) and designing a building to avoid early obsolescence (energy efficiency, flexible and reversible architecture, ease of deconstruction, etc.) ■ *Kosmo, rehabilitation of an office building with performance to match newbuild*
Buildings	On-site: reducing waste generated, sorting, reusing and favouring recycled or local materials ■ *94% of Business property site waste recovered through reusable materials* In the case of demolition: reuse materials, favour reuse on-site or through materials exchange platforms ■ *In Les Grands Moulins de Paris (59), materials from the demolition were reused to make pavements*
In operation	Reducing consumption and waste production, sorting and recovering residual waste ■ *90% of waste recovered across the portfolio* Intensifying building use (diversification of uses, convertibility, etc.) ■ *83% of Business property projects are multi-use*
End of life	Extending the life of the building or allow its use to evolve Where further conversion is impossible, a diagnostic is conducted to decide whether the best solution is rehabilitation or demolition ■ *At Cap 3000, car parks are designed to be reversible and might be transformed into retail space*

4.2.5 Other environmental and health issues DPEF11

Details can be found in the chapter on risk management (Chapter 5 of the Universal Registration Document), under "Health and public safety risks".

The Group was not convicted for any environmental-related issues during the year.

4.2.6 Philanthropy and partnership

Continuation of the Group's philanthropy policy

In 2019, Altarea continued to publicise and apply its philanthropy policy, in line with its desire to make a positive impact in its regions, around three main themes which, in particular, strengthen the Group's local ties:

- contributing to economic development of the regions by strengthening links to the local social fabric (associations, social enterprises, social economy, etc.) to enhance the positive impacts of its activities on the local economy, particularly jobs;
- social initiatives: sharing the Group's skills to help the most in need, by, for example, promoting access to housing and supporting charities that create social cohesion locally;
- support for culture and artistic creativity, bringing art to a wider public, anchoring the Group's property projects in their cultural context.

Contribution to local economic development

In 2019, Altarea committed to the Canaux association, in particular for the deployment of its programme to support ethical trade. This partnership resulted in a meeting between Group employees and stakeholders in the social economy during a meet-up organised during social economy month in November.

Social initiatives – Renewed partnership with *Habitat et Humanisme*

Altarea renewed its support for *Habitat et Humanisme*, with a new three-year partnership agreement, for €373,000/year. At the time of this renewal, Altarea's desire was to guide the partnership to promote inclusive and intergenerational housing. Through this initiative, the Group has affirmed its commitment to a more inclusive city and its contribution to the most disadvantaged sector.

The renewal of this commitment will also strengthen local links between the *Habitat et Humanisme* associations and the various Group subsidiaries.

Since 2007, Altarea has partnered with *Habitat et Humanisme* to work together over the long term, to find housing solutions for people on low incomes. The Group contributes in a number of ways:

- participation in the funding of 15 social residences (family boarding houses and intergenerational houses), representing over 350 housing units;
- for the last eight years, funding three management posts in *Habitat et Humanisme* in the Paris Region, combined with sponsorship of skills to help extend their field of action;
- involvement of Altarea employees in the partnership by, in 2019, helping to select two support projects on the association's crowdfunding platform. Donations to the "shared garden to cultivate living together" project at the *Habitat et Humanisme* intergenerational house in Toulouse and the "renewal of refrigeration equipment for the communal kitchen" at the La Forêt family boarding house in Nice were matched by the Group entirely. Furthermore, 2019 also included the participation of certain employees in the Soli'Run, a race to promote social cohesion, the profits of which were donated to *Habitat et Humanisme* in the Paris Region to build a new residence.

Supporting culture and culture for all

Altarea is always keen to promote young talent in all art forms (sculpture, painting, music, etc.) through a number of initiatives, for example:

- since 2015, an official partnership with *Festival d'Aix*, an unmissable event for lovers of opera and classical music. The *Festival d'Aix* is not only an internationally recognised venue for excellence in opera but also encourages the introduction of new artists as well as access to opera by an increasingly wide audience. These values are shared by Altarea: a responsible and committed company which wants to share its passion for art with as many people as possible. The Group is also partner of the Aix-en-Provence Economic Meetings, an event for reflecting on the business world;
- restoring and revealing the Montparnasse station Vasarely murals to the public, following the partnership agreement set up as part of the renovation of retail space at the station, in order to keep the artwork and showcase its twentieth century heritage;
- the partnership with *Cité de l'Architecture et du Patrimoine*, with the support of the "*Éloge de la méthode*" exhibition. This is the result of the similarity between the institution's and the Group's concerns regarding the construction of the city. The exhibition puts into perspective the specific approach of the *Gare d'Auteuil* project – the result of an international competition launched by the city of Paris and carried out by a group made up of four architects;
- the donation to *Fondation du Patrimoine* for the reconstruction of *Notre-Dame de Paris* cathedral following the fire that destroyed the roof, the thirteenth century framework, Viollet-le-Duc's spire and several vaults. The Group has also matched donations from its employees.

4.3 Customers at the core of the processes

4.3.1 Dialogue in service of customer and user relationships DPEF1

Scope	Objectives/Commitments	2019 results	2018-2019 Evolution	Comments
Group	Working to satisfy customers across all our business lines	**3rd place in HCG's ranking of customer hospitality**	**Increase**	In 2019, the Group is continuing to make customer satisfaction a priority: speed and quality of responses given to customers and gradual roll-out of new Cogedim stores at national level
Residential	Commitment to customer satisfaction	**Awarded Customer Service of the Year[(a)]**	**Stable**	In 2018, 2019 and 2020 the Group received this award which recognises its efforts in favour of customers over several years
Residential	A quality guarantee: 100% of projects certified NF Habitat[(b)]	**100% of projects certified NF Habitat**	**Stable**	The Group has been 100% NF Habitat certified for four years, reflecting its continuous efforts to strive for quality
Serviced residences	Establish a formal dialogue with residents to improve services	**At least one monthly meeting with residents in each of the ten residences**	**Stable**	For a number of years the Group has committed to maintaining continuous dialogue with residents
Retail	Continually improving and enriching the customer's visit experience	**Satisfaction index: 7.7/10**	**Stable**	The satisfaction index of visitors to shopping centres is stable and testifies to the efforts made to keep the sites attractive and pleasant and to increase leisure offerings
Retail	Strengthen dialogue with tenants	**Deployment of the Brands Pact**	**New roll-outs in 2019**	The Group has been measuring tenants' satisfaction on CSR issues since 2017. Since 2018, the Brands Pact has boosted interaction with tenants with a view to establishing a collaborative relationship

(a) Property Development category – BVA Group research and consulting firm – Viseo CI – May to July 2019 – More information at escda.fr
(b) Excluding co-development, rehabilitations and managed residences.

The changing structure of households, new forms of work and mobility, the growth of the collaborative economy… social and technological changes are transforming customers' ways of life and habits. They are looking for custom solutions and desire a special relationship with their contact throughout the buying experience.

Altarea is committed to changing its offers so that they continue to meet customer needs and expectations. To do so, the Group is strengthening its relationships with its customers. In each of the activities, measures to promote dialogue and assess satisfaction have been rolled out: surveys and studies, face-to-face or digital interactions, etc. Customer satisfaction is Altarea's top priority and the Group values excellence and creativity in serving its customers.

WE ARE ALL INVOLVED IN PROVIDING CUSTOMER SATISFACTION

Customer satisfaction guides the Group's action. In 2018, the Group created and deployed a wide ranging training programme for its employees in the Residential sector. The goal was to promote awareness and emphasise that everyone has a role in customer satisfaction. From development to after-sales service, nearly 700 people participated in learning modules with fact sheets at each stage of the customer experience.

On the back of its success, the scheme has been renewed and extended to include the Retail sector. In 2019, over 300 people took part. The scheme will continue to be rolled out to other Group business lines.

Residential

Customer Service takes care of customer satisfaction at each step of the buying experience. In-house procedures are dedicated to dialogue and monitoring satisfaction at each step.

Dialogue with customers

The customer experience is based on a human and personal relationship at each step of the project. The customer is supported by a dedicated point of contact, the Customer Relations Manager, from signing at the notary's office to delivery. When the keys are handed over, a single after-sales service executive takes over and provides continuity of customer support.

This support is also digital. A personalised on-line space is provided to the buyer from the time housing has been booked. It allows the customer to obtain information on the different steps of the buying experience and to obtain answers to questions through practical guides or FAQs (for example: personalisation, progress on the work site, visits, etc.).

What's more, for the customer experience, Altarea also offers its customers 'live' immersion and help in the personalisation of their home at a unique dedicated location: the Cogedim Store.

THE NETWORK OF COGEDIM STORES

The Cogedim Store is an innovative space that goes beyond a traditional sales space. Customers can view show apartments, browse the choice of materials and equipment as well as customisation packs and enjoy an immersive digital experience. It helps customers to imagine themselves in their future home.

Since 2016, several Cogedim Stores have opened in Paris, Bordeaux, Toulouse, Marseille, Lyon and Nantes. Other openings are expected soon.

Moreover, the Group has partnered up with Sourdline, the leading call centre for the deaf and hard-of-hearing. The customer may thus interact with each contact along the customer path thanks to the presence of an interpreter, *via* webcam, chat or in-person.

Finally, future residents are given a guide on green habits just before they move in to give them tips on improving their comfort (air quality, noise, comfort in summer, planting, etc.) and reducing their environmental impact (energy and water consumption, sorting waste, etc.).

Measuring and monitoring customer satisfaction

Each year, the Group conducts a study to measure customer satisfaction at two key moments in the buying experience: six months after the deed of purchase is signed and six months after delivery of housing. The goal is to better understand the expectations of customers and any possible shortcomings encountered during the buying experience. Questions range across a large spectrum of subjects from customer trust at the time of purchase to the endorsement rate at the end of the experience.

The endorsement rate is considered as the indicator that best sums up the customer experience since it measures his or her attachment to the brand by rating the likelihood of recommending Cogedim or making another purchase. The Group has set as a goal to reach a 70% recommendation rate for each of its regional offices. In 2019, the approach bore fruit with the endorsement rate up ten points on 2015.

In addition, the Customer Services Department monitors spontaneous comments by customers on its Immodvisor platform. This independent platform records and checks the comments submitted by customers. In 2019, over 2,000 comments were checked. They showed a satisfaction rate of 90% and a recommendation rate of 98%.

In addition, mystery shopping is also carried out across the territory, with tests at both physical sites and in sales offices, but also in exchanges by email or *via* social media.

EFFORTS REWARDED

For the third consecutive year, the Group was presented with the "Customer Service of the Year 2020"[1] award for the Cogedim brand, in the category of Property Development. This award assesses the quality of customer relations with mystery shoppers (telephone, email or questionnaire, internet sites and social media).

In January 2020, the Group moved up 3 places ranking 3rd in HCG's customer welcome rankings for 2020. This ranking puts the customer services of the 200 biggest companies in France against each other by testing all of their channels: telephone, letter, email, website and social media.

Cogedim Club® Residences

Altarea develops and manages Cogedim Club® senior residences, designed to meet the specific needs of seniors. To best adapt to their expectations, the Group used several means that combine market research, satisfaction surveys and field analysis.

Each year, the Group publishes a barometer dedicated to looking at the changes in senior lifestyles. This study is conducted by interviewing a national sample of nearly 1,000 people representing the senior population. It analyses the lifestyle of seniors in terms of an annual theme. In 2019 the study specifically addressed "ageing well": health, autonomy, connections, etc.

Furthermore, each of the residences has a team dedicated to listening to the needs of residents in their daily routine. Once a month, a plenary meeting is organised between resident tenants in each of the residences in order to listen to their needs and expectations. The following subjects are addressed: life in the apartments and common areas, services and overall satisfaction.

Short-term residents are also questioned through satisfaction surveys.

These *in situ* measures make it possible to understand the level of residents' satisfaction and their level of facility use as well as identify desired changes. A half-yearly meeting is organised with the management of Cogedim Club® and allows for a discussion about areas for improvement or necessary changes with the agreement of occupants of the residences. The information gathered also serves to modify specifications for future Cogedim Club® projects.

Business property

In a context of rapidly changing work patterns and employee expectations in terms of their working environment, the Group listens to its partners and users.

Altarea has a customised offering, designing offices that promote team productivity and the comfort and well-being of staff. In 2017 Altarea has interviewed 18 real estate divisions of major companies to assess their needs and expectations. The subjects addressed included the expectations of corporate accounts and their perception of landlord-tenant relations. It made it possible to categorise a building by best integrating their needs.

In 2019, the Group structured its offering by creating the entity Altarea Entreprise Studio with the aim of providing a coherent and efficient response to changing uses and new ways of working so as to offer users innovative products and meet their requirements. Its remit is to design buildings that are able to evolve through time due to their architecture, technical design but also their services.

Altarea Entreprise Studio operates upstream of operations, determining requirements and uses and anticipating new ways of working and designing the office of the future with multiple uses. In particular, in its thinking it incorporates phenomena such as the fragmentation of working methods and coworking and the office building as a means of boosting the appeal of the employer's brand.

Retail

In its shopping centres, Altarea interacts with two customer groups with very distinct requirements and modes of dialogue: visitors and brands.

Measuring visitor satisfaction

The flow of visitors to the shopping centres is testimony to their success and attractiveness and the quality of their image and that of the brands present in them. The Group pays particular attention to measuring visitor satisfaction and reinforcing the attractiveness of the shopping centres. This is done notably by organising leisure activities and holding events and sales demonstrations.

In order to measure the overall satisfaction rate of visitors and better understand what they are looking for in the shopping centres, the Group conducts quantitative and qualitative customer surveys. Based on the results, the teams draw up an operational action plan designed to improve the customer satisfaction index.

(1) Property Development category – BVA Group research and consulting firm – Viséo CI – May to July 2019 – More information at escda.fr

In 2019 the satisfaction index reached
7.7 out of 10

This index was calculated using on-site customer surveys conducted at nine shopping centres, representing 79% of the scope of current reporting by value. The satisfaction index for the shopping centres has held steady since 2015 – a sign of the teams' commitment to keeping the sites attractive and pleasant.

Attracting visitors and winning their loyalty

To maintain and reinforce the attractiveness of the shopping centres, Altarea takes care to mix retail outlets, food and drink, leisure activities, culture and services. Whether they involve sales drives, encounters with celebrities, solidarity actions, shows or activities for children, events are essential elements in the life of the shopping centres. They enable us both to attract visitors and reinforce the role of the centres in the region, as well as creating a different, enriching visitor experience.

EVENTS AT BERCY VILLAGE, PARIS (75)

Bercy Village prides itself on creating regular activities, sometimes with brands' collaboration. This year, Bercy Village organised three exhibitions held in the four passages and some 70 days of events, including theatre performances, dance, music, author events, you-tubers, DIY workshops, yoga workshops, art workshops for children and lots more.

These events were announced and commented on in the social media, and this attracted visitors, the merely curious and fans of the celebrity guests. Often in the form of signings, workshops or shows, these events provided an opportunity to intensify store traffic and to reinforce the cultural positioning of Bercy Village in the east of Paris.

For shopping centres under development, Altarea integrates leisure and cultural activities into its programming far upstream. For example, the planned shopping and leisure centre located at the heart of the Ferney-Genève mixed development zone (ZAC) in Pays de Gex-Ain features a cultural and leisure offering with Universcience and the creation of a new branch of the Georges Pompidou Museum, the third establishment of this cultural institution outside its original premises.

Strengthening relations with the brands

The Brands Pact

Since 2018, Altarea has been working on a new scheme called the Brands Pact, a programme of initiatives to support the move towards a collaborative relationship with brands. Its objective is to offer them better support throughout their journey with Altarea through:

- more services and gestures: for example, the introduction of a concierge for brands in 2020 at Cap 3000 and the introduction of an induction course and loyalty card for employees;
- more events for more discussion, such as themed breakfasts;
- more local marketing activations: customised marketing campaigns, optimisation of online visibility of points of sale, etc.

A huge survey of tenants was launched in 2018 to assess the satisfaction of brands and better identify their requirements. A similar survey, of new brands at Montparnasse station, was conducted in 2019 and the aim is to roll out the initiative to monitor their perceptions as accurately as possible and implement an appropriate action plan.

The green lease: a tool for environmental dialogue with tenants

Since 2010, Altarea has rolled out the green lease to promote the regular sharing of environmental information with its tenants: the Group applies it to all its new commercial leases as well as to its existing leases when these are renewed.

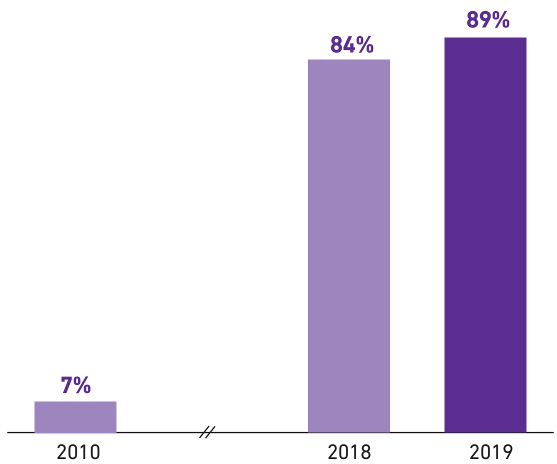
Specifically, the green lease gives Altarea a margin of environmental manoeuvre in two respects:

- the contractual exchange of environmental information allows Altarea to become familiar with tenants' fittings and installations, and also to have regular access to their energy and water consumption and waste production;
- the green lease requires the setting up of an environmental committee bringing together owners, tenants and all other stakeholders at each site. This committee is an opportunity to discuss the most effective ways of reducing the centre's environmental footprint.

Under a green lease on assets subject to such environmental certification, tenants undertake to comply with a set of technical, architectural and environmental guidelines that provide maximum power thresholds for any equipment they may install and recommendations regarding interior materials.

As of the end of 2019, the Group had signed 1,466 green leases out of 1,644 leases within its French portfolio, *i.e.* 89%.

GREEN LEASE COVERAGE RATE



CSR surveys for tenants: a tool for better understanding their expectations

In 2017 and 2018, Altarea conducted surveys of tenants at its shopping centres on issues around sustainability. In all, nearly two thirds of tenants were asked about their actions and expectations regarding CSR.

Since 2019, this initiative has been incorporated in the Brands Pact described above, which includes questions on CSR in annual surveys. The objective is to continue the dialogue on these subjects in the interests of improved cooperation.

4.3.2 Quality of life and well-being in operations DPEF1

Scope	Objectives/ Commitments	2019 Results	2018-2019 Evolution	Comments
Neighbourhoods	Develop pleasant living spaces	**Development of two WELL Community Standard neighbourhoods, including Issy Cœur de Ville, the first pilot project in France**	**Increased**	As a result of these projects, the Group plans to build up its expertise when it comes to quality of life in neighbourhoods
Residential	Certify 100% of projects NF Habitat[(a)]	**100% of projects certified or in the process of certification**	**Stable**	The Group has been committed since 2016 to NF Habitat certification, a guarantee of quality and environmental performance and comfort
Business property	WELL certification for 100% of projects in Paris Region	**86% of projects in the Paris Region WELL certified or in the process of certification**	**Stable**	This indicator is based on the target set by the Group to realise its well-being ambition. The figure has steadily increased since its introduction in 2017
Retail	Draw up and roll out a comfort, health and well-being strategy for shopping centres	**Creation of internal guidelines on comfort, health and well-being Evaluation of 100% of the consolidation scope**	**Stable**	Since 2017 the Group has produced its own internal guidelines on well-being and evaluates its portfolio each year so as to identify priorities for action

(a) Excluding co-development, rehabilitations and managed residences.

A project's quality of life and well-being are factors that create both social bonds for users and appeal for communities that have roots in sustainable urban development. The latter issue hinges on the search for balance in the diversity of projects (at the level of the neighbourhood and the building) in terms of housing, places of work, retail, services, culture and leisure with respect for the environment in which it is located.

The interior layout of buildings is also key with the increased importance of notions of comfort, security, health and well- being in terms of temperature, acoustics, air quality, lighting, usage, aesthetics…

Finally, each activity has its own challenges:

- in Residential, the ease of use and quality of equipment helps ensure the heritage value of the property over the long-term for investors;
- in Business property, employee comfort and well-being is a strong source of appeal for any business;
- in Retail, proposing a pleasant, practical customer experience and keeping it fresh, combining shops and leisure activities is now indispensable.

In all its real estate transactions, Altarea pays special attention to the quality of city life, going well beyond the applicable regulations to offer the user added value. It therefore deploys means to improve the customer experience with regard to well-being by drawing on external certifications (for example, WELL) and internal requirements.

The Group focuses on three components of comfort and well-being in each activity and for each project:

- quality of the location: the Group opts for density and proximity. Its projects are located at less than 500 meters from public transportation to promote user access and mobility;
- intrinsic quality of the building: air quality, acoustics, lighting, aesthetics… but also quality of use of the building and flexibility, so that it is adaptable to current as well as future uses;
- additional services provided by the project to complement those already offered locally. Altarea uses its skills and multi-product know-how to develop, for example, child care, quality food stores, leisure activities, etc. The Group also pays particular attention to nature's place in the city, recognised as a source of well-being for users, by developing green spaces for relaxing.

Large mixed-use projects

Thanks to its unique multi-activity positioning, Altarea brings together all the skills and services to design large mixed urban projects combining homes, shops, offices, etc. By working with communities, planners and other private stakeholders, the Group develops balanced neighbourhoods adapted to the needs of residents and users. The Group makes sure it offers a range of services, both diversified in the scale of the project and complementary to the offerings already present nearby.

Working on the scale of a neighbourhood also allows the Group to offer quality public spaces, mixing green spaces and recreation areas. The Group pays particular attention to the place of nature in the city (see 4.2.3).

ISSY CŒUR DE VILLE: WELL PILOT NEIGHBOURHOOD

The Issy Cœur de Ville project consists of the redevelopment of a site of about 3 hectares in the heart of downtown Issy-les-Moulineaux as a new mixed-use neighbourhood.

Fully pedestrian and developed around an urban forest, this neighbourhood has big ambitions in terms of quality of life for the city and its users. The neighbourhood will be endowed with a total of 1.3 hectares of landscaped spaces in patios and suspended gardens, in flower boxes and nature areas, shared and private.

It is the first pilot project in France with the WELL Community label, the benchmark standard in health and comfort on the scale of a neighbourhood.

Residential

The Group is developing healthy and comfortable residential buildings that favour social bonding and conviviality. It relies on the NF Habitat and HQE™ certification process and its team of interior designers. The Group also pays particular attention to interior air quality.

NF Habitat and user comfort

The NF Habitat standard exceeds the regulatory requirements in matters of health and safety, and focuses particularly on making pleasant, practical and comfortable places to live, with requirements regarding acoustic quality, visual comfort, proximity to services and public transportation, etc. (see 4.3.3). In 2019, 100% of Cogedim and Pitch Promotion Residential projects had either received NF Habitat certification or were in the process.

Moreover, plans for apartments are checked by the Group's team of interior designers to guarantee their practicality: easy circulation, "practical" amenities thanks to the appropriate position of electrical outlets, sufficient space for furniture...

Indoor air quality

The issue of air quality is key in residential property. Altarea approaches the problem in a global manner: by imposing health criteria in the choice of materials and the installation of equipment and by supporting buyers in a healthy and responsible occupying process. 100% of products and materials are labelled A at the least.

As an example, Altarea is using the "IntAIRieur" label on multiple projects including the Cours des Arts project in Mougins. This new measure commits all businesses working on the site to respect the guidelines in order to preserve the indoor air quality of residential units under construction. Once the project is finalised, two manuals are provided to users: one to the occupants and one to the Manager. These documents will guide them in the building's daily use and during maintenance operations.

On the Vallon Regny project in Marseille, residential units will be fitted with a smart heating management system. This system will reveal peaks of humidity or CO_2 in the air and offer corrective measures to residents.

Social bonding and Cogedim Club® residences

In the context of its Cogedim Club® residences for seniors, the Group adapted its offer to their specific needs by especially favouring the quality of social bonding, one of the principal selection criteria for future residents.

The range of residences combines adapted residential units, a programme of varied entertainment and a location in the city centre close to transportation, shops, health services and cultural programmes.

As for quality, the fixtures and furniture in residential units are carefully selected with suppliers to adapt to the constraints of ageing (floorings, level of foundations and bedding, sanitary facilities). They comply with ergonomic recommendations.

THE "GRANDPARENTS & RESIDENTS" PROGRAMME

In 2019, the Group launched the programme "Grandparents & Residents" in partnership with the site "*Grand Mercredi*". In a homely atmosphere, families of residents are invited to attend workshops on literature and transmission. A monthly newsletter also gives news of residents to family and friends.

Finally, the Group gradually rolled out the VISEHA label in its residences. This label attests to the quality of the services offered in the senior residences (see 4.3.3).

Business property

The quality of life in offices being a major factor of attractiveness to employees and large tenants/investors, Altarea develops very high quality work spaces. The topic of well-being has thus been integrated for numerous years, notably through BREEAM® and HQE certifications.

New ways of working

To respond to the new uses of Business property, the Group is developing interior spaces that are less isolated, more flexible, leaving more room for natural light and vegetation. For example, each floor of the Bridge project, the future headquarters of Orange in Issy-les-Moulineaux, features plant-covered balconies and roof terrace gardens accessible for meetings or rest breaks.

In support of the digitisation of activities and communications, the Group offers first-class digital connectivity based on the most demanding standards such as those of WiredScore and Ready2Services (see 4.3.4).

WELL certification

This standard places the user and health at the centre of building projects by encouraging the implementation of comfortable and quality amenities around seven themes that contribute to well-being (air, water, light, comfort, fitness, food, state-of-mind).

The Group has the goal of certifying all of its Business property projects in the Paris Region WELL Core&Shell silver level at the minimum. In 2019, over 86% of projects achieved this objective.

86% of Business property projects in the Paris Region are WELL certified

Biophilic design

The biophilic concept consists of integrating elements from nature into the building. Recent studies prove that a design imitating nature has a positive impact on health, creativity and in reducing stress.

The Group is exploring this approach in the context of the Richelieu and Bridge projects by reviewing the integration of biophilic design into the building (especially the visual and auditory connection with nature, lighting that respects the circadian rhythm, the presence of water, designs and motifs inspired by nature, the presence of "cocoon" spaces for quiet time alone...).

Retail

The theme of well-being is already an integral part of BREEAM® and BREEAM® In-Use certification, on which the Group bases its CSR approach for its Retail business. Altarea is going further in taking into account well-being in the design of its projects and the operation of its buildings, drawing on the most recent standards such as WELL and the concept of biophilia. In order to have a tool aggregating the various issues associated with comfort, health and well-being, the Group has defined its own dedicated in-house guidelines since 2017.

Property development

In the context of its systematic sustainable certification approach, Altarea surpasses the regulatory requirements as regards:

- indoor air quality and olfactory comfort: for 100% of projects under development with environmental certification, the Group identifies sources of pollution, both internal (VOCs and formaldehyde) and external (major roads, construction products, business conducted on premises, soil, etc.). It sees to it that there is effective ventilation and control of sources of unpleasant odours and appropriate air flows for the businesses on the premises to ensure healthy circulation of fresh air;
- hygrothermal (heat and moisture) comfort: during the design phase, dynamic thermal simulations are carried out to decide on the technical and architectural options that strike the best balance between comfort of use and energy consumption. Altarea chooses systems that provide the most comfortable temperature and humidity levels in all seasons: in winter, a suitable overriding control makes it possible to maintain a stable temperature in the building; in summer, protection from the sun and dissipation of excess heat are essential for comfortable temperature and humidity levels;
- acoustic comfort: to offer good acoustic performance, Altarea optimises the position of spaces in relation to each other based on internal noise pollution and conducts acoustic studies to assess the level of ambient noise and sound insulation between spaces. In Retail, where the level of ambient noise in different spaces (retailers, food outlets, central area, and offices) can be even more difficult to assess, the objectives are specific to each project. Acoustic measurements are taken during the construction phase to check that these objectives are met.

Portfolio

In its Retail REIT business, Altarea has been implementing comfort, health and well-being actions for its visitors for several years now, notably *via* its management system based on BREEAM® In-Use.

As such, for the health and well-being part of the certification, the shopping centres achieved an average score of 64% in 2019.

Action is taken at the shopping centres to continuously increase their comfort. For example, the L'Avenue 83 centre in La Valette-du- Var provides a wheelchair service, package collection kiosks and a motorcycle helmet check room. Bercy Village, in Paris, holds many events themed on well-being, notably artistic workshops and weekly yoga courses from March to October. It makes deckchairs, table football and table tennis tables freely available.

EVENTS TO PROMOTE HEALTH AND WELL-BEING

Again this year, Altarea centres have organised many events for visitors. Some of these have raised awareness of the issues of health and well-being.

As such, stands teaching basic first aid were set up at the Family Villages in Limoges and Nîmes Costières Sud, as part of a French Red Cross event held over a number of days.

In September the Thiais Village centre held the "Vitalsport" day in partnership with Thiais town hall and local sporting associations. Workshops provided visitors with an introduction to a number of sports (badminton, archery, climbing, table tennis, martial arts, basketball, etc.) and encouraged them to take up a sport as a hobby.

Internal guidelines on comfort, health and well-being

In 2017 Altarea tested the WELL standards on the Qwartz shopping centre, and discovered some new best practices to implement throughout its portfolio.

This study, combined with the Group's experience of the BREEAM® In-Use well-being criteria, enabled it to set its own guidelines in 2017, drawing on these recognised external criteria. This made it possible to evaluate Standing Assets in more detail and roll out a large-scale process of continuous improvement on the issue of comfort, health and well-being.

An inventory was carried out of the entire portfolio in 2017, and since 2018 progress has been measured by the portfolio environmental management system.

The 33 criteria evaluated by the standards concern various themes such as air quality (for example verification that CO and NOx checks are correctly carried out and that an alarm is triggered if limits are exceeded) and visitor comfort (for example verification that a rest area is made available to visitors).

The priority themes on which Altarea concentrates its efforts are: indoor air quality, comfort and food. Improvement measures were put in place as long ago as 2017, such as strengthened monitoring of air quality in standard maintenance contracts and partnerships with start-ups to recover unsold food in an innovative way that promotes the circular economy.

Summary table: the Group's well-being solutions

Levers	Description of the solutions and main results
Quality of the location	Developing projects near services and public transport ■ *Cogedim Club® residences are located in city centres near transport links, shops, healthcare services and cultural activities* ■ *99% of residential units and 100% of offices are within 500 metres of public transport* ■ *75% of shopping centres are less than 500 m from a transport route with a frequency of under 20 min*
Intrinsic quality of the building	Developing healthy, comfortable properties that favor social bonding, well-being and conviviality ■ *The vast majority of Group projects and shopping centres are certified (NF Habitat, VISEHA, WELL, etc.) or are subject to internal guidelines on quality and well-being* ■ *The Cours des Arts in Mougins (06) projects in France is one of the first projects to apply for the "IntAIRieur" label which certifies indoor air quality* Guaranteeing building quality of use and flexibility in order to adapt to the uses of today and tomorrow ■ *The floor areas at Kosmo (92) are modulable for use by different types of users* ■ *90% of Business property projects offer optimal digital connectivity and have been certified with a digital connectivity label*
Services to complement local provisions	Complementing local provision with a crèche, good quality food stores, leisure activities, etc. ■ *The Altaproximité subsidiary, has a specific division dedicated to convenience stores* ■ *Each Cogedim Club® residence offers a daily programme of activities tailored to seniors which complements local services* Rewilding the city ■ *A one-hectare park on the Campus de l'enfance project at Bourg-la-Reine (92)* ■ *Shopping centres in the portfolio and events connected with health and well-being: for example, yoga classes in Bercy Village and an organic market at Cap 3000*

4.3.3 Labels and certifications, creators of green value DPEF1

Scope	Objectives/Commitments	Indicator	2019 Results	2018-2019 Evolution	Comments
Residential	100% of new projects certified NF Habitat[(a)]	Portion of new projects certified	100%	Stable	The objectives are achieved. The strategy of ambitious certification is complemented by the most recent or innovative certifications in order to guarantee the building's green value
Business property	100% of new projects in the Paris Region certified at least HQE "Excellent" and BREEAM® "Very Good"	Portion of new projects certified	100%	Stable	
Retail	100% of new projects certified at least BREEAM® "Excellent"	Portion of new projects certified	100%	Stable	The Group raised its minimum certification level required in 2016 and continues to grow. It is developing the use of new labels such as BiodiverCity®
	100% of portfolio sites certified at least BREEAM® In-Use, "Very Good"	Portion of sites certified	100%	Stable	The figure has been steady since 2015. Altarea is 100% BREEAM® In-Use certified for the French managed assets

(a) Excluding co-development, rehabilitations and managed residences.

The increasing importance of customer demands with regard to comfort and use as well as the tightening of environmental regulations have pushed the notion of green values to the forefront in the real estate sector. It represents the ability of a building to avoid regulatory obsolescence, or of use, and is thus a guarantee of its sustainability over time. To maintain or advance a building's green values, certifications and labels have gradually become the market norms.

Altarea is committed to a strategy of ambitious, innovative and sustainable certification, specific to each of its activities. Labels and certifications are thus chosen depending on:

- the relevance of the applicable standards and assessment method. In Retail for example, BREEAM® is the tool most used by the market;
- stakeholder expectations for each project type, while seeking to outperform market standards;
- the strong willingness to offer the most recent, ambitious and innovative labels and certifications on broader matters than environmental performance (WELL, BiodiverCity®, WiredScore, etc.) in order to stay ahead in all of its activities.

Residential

NF Habitat Certification and its HQE approach

Since 2016, the Group has been committed to NF Habitat certification and its HQE approach.

All of the Group's newly built housing (Cogedim and Pitch Promotion brands) is certified NF Habitat. The NF Habitat certification is a benchmark for the essential qualities of housing and the common areas of the building. It is reflected in concrete daily benefits: a healthy interior, safe and pleasant for living, controlled expenses, but also a respect for the environment.

Regarding environmental or energy performance, the Group is going even further by seeking for over half of its production, the NF Habitat HQE™ certification (which goes beyond NF Habitat in environmental terms) for quality, habitat & environment, and even an additional energy label, such as E+C- or biosourcé. In 2019, 55% of the Group's Residential projects had NF Habitat HQE™ certification, or an environmental label.

100% of Residential projects are NF Habitat, a guarantee of quality, environmental performance and comfort

55% go even further with an additional environmental certification or label

Some projects may benefit from supplemental certification efforts. The Cœur de Ville project in Bobigny, already committed to Ecoquartier labelling, at the community's initiative, is a pilot project of the new HQE Performance standard. The Group is thus participating in defining new standards of reference in terms of sustainable urban development.

VISEHA label and Cogedim Club® Residences

To improve transparency as regards the quality of services offered in serviced residences for seniors, the professionals of the sector, among them Altarea, have created a label called VISEHA (Vie Seniors & Habitat). It is based on 13 criteria concerning property features and services offered by the residences, as well as prerequisites relating to the financial health and feasibility of the operator in order to ensure the sustainability of the residences.

After an initial residence in Suresnes was awarded a label in 2018, the Cogedim Club® residence Villa d'Helios in Montpellier was also awarded one in 2019. This label will continue to be rolled out gradually to other senior residences within the Group that meet the criteria.

Business property

All the Cogedim Business property projects benefit from a systematic certification process, HQE and/or BREEAM®, respectively the French standard and the European standard with regard to the environmental performance of buildings. In 2019, 100% of Cogedim Business property projects were certified HQE and/or BREEAM®.

In the Paris Region, which represents almost 80% of national production, the ambition is higher, with systematic dual certification at a high level of performance. In 2019:

- 100% of Cogedim Business property projects in the Paris Region have dual certification, HQE and BREEAM®;
- 100% of Cogedim Business property projects in the Paris Region are HQE certified "Excellent" or higher, 76% of them "Exceptional";
- 100% of Cogedim Business property projects in the Paris Region are BREEAM® certified "Very Good" or higher, 69% of them "Excellent."

100% of Cogedim Business property projects in the Paris Region have dual certification at least HQE "Excellent" and BREEAM® "Very Good"

Furthermore, in 2019, 94% of Pitch Promotion's Business property projects and 85% of the hotel projects are based on HQE and/or BREEAM® certification (by surface area). The Hilton hotel, on Place du Grand Ouest in Massy, delivered in October 2019, was awarded HQE certification with an "Excellent" rating. Finally, 100% of Logistics projects under development in 2019 were working towards BREEAM® certification.

These numbers were stable compared to 2018.

Some projects also have thematic certifications and labels, such as BiodiverCity® (biodiversity) for the Issy Cœur de Ville project and the WELL label (well-being) for the Bridge project (see 4.2.3 and 4.3.2).

Retail

In 2019, the process of certification continued for the assets managed in France.

100% of the assets managed in France are certified BREEAM® In-Use

Additionally, 30% of the shopping centres also have HQE and/or a BREEAM® construction certification.

Construction certification

Altarea chooses the certifications best suited to its customers' needs and the context of projects. Accordingly the BREEAM® certification, adopted en masse by European retail operators, has been used for 100% of Retail projects under development managed by the Group since 2016.

The Group systematically seeks the highest levels of certification for its projects (taking account of technical and economic constraints). Accordingly, 100% of shopping centre projects in development that have a BREEAM® certification obtain an "Excellent" level or higher. Cap 3000 obtained a total score of 76% on its BREEAM® certification for the design of its building.

The Group is also seeking to certify the convenience stores in its large mixed-use projects, such as the fifty or so stores at the foot of the development at Bezons-Cœur de Ville or the stores at Issy Cœur de Ville in Issy-les-Moulineaux.

As a complement to BREEAM®, certain Retail projects seek other certifications or labels. For example, Cap 3000 has obtained the BiodiverCity® label.

Portfolio assets with an environmental construction certification represent 158,320 m^2 NFA. The Qwartz site in Villeneuve-la-Garenne and the L'Avenue 83 site in La Valette-du-Var have two certifications: HQE and BREEAM®.

Operational certification

Since 2012, Altarea has embarked upon a process of gradual environmental certification of its operating assets, opting for BREEAM® In-Use certification.

At the end of 2015 an initial objective was reached with the certification of 100% of the assets in its reporting scope thanks to the roll-out from 2014 of the operational environmental management system, which makes non-financial reporting more organised and reliable and applies best practices and requirements of environmental certification across the Board. Each centre management team received a series of trainings in using this tool.

The Group's new objectives are:

- to maintain the certification rate of the managed assets at 100%;
- to improve its BREEAM® In-Use scores every year. A score of "Very Good" or higher is targeted for score reassessments.

In 2019, all sites present in the reporting scope had BREEAM® In-Use certification.

These certifications apply to the Asset (intrinsic performance of the building) and Management (operation of the building) categories of the benchmark. Detailed scores are available in Chapter 4.5.2.

In 2019, the average performance of the portfolio was 68% for the "Asset" part (+20 points on 2013) and 68% on the "Management" part (+25 points on 2013).

The improvement in the average performance of Altarea's standing assets in operation bears testimony to the commitment and efforts made by each shopping centre in respect of health and well-being (see 4.3.2), the soil conservation and biodiversity (see 4.2.3), waste management (see 4.2.4), etc. Certain themes such as energy and biodiversity improved notably thanks to actions carried out at Group level.

The Group has also extended its approach to environmental certification internationally and to sites that are not under its direct management. As such, Le Due Torri in Stezzano (Italy) has been certified BREEAM® In-Use, "Excellent" since 2017, and Jas-de-Bouffan (Aix-en-Provence) has been certified BREEAM® In-Use, "Excellent" since 2019.

4.3.4 New uses and innovation DPEF1

Scope	Objectives/Commitments	2019 Results	2018-2019 Evolution	Comments
Business property	Strengthening the digital connectivity of projects	**90% of projects in the Paris Region are working towards a digital connectivity label**	**Increase**	The Group continues to offer long-term performance to its customers with regard to technology

The real estate industry develops assets that have lasting effects on cities. Yet, practices and expectations of city inhabitants and users have greatly changed and continue to evolve rapidly. Altarea must, therefore, adapt its offerings to the new residential pathway of French people, new ways of working, digital players, new forms of consumption, etc. The challenge is to provide investors and users with a guarantee that the properties or neighbourhoods built will be able to adapt to new uses and retain their appeal in the long-term.

Altarea has an Innovation division whose objective is to support the transformation of its offering (in methods and products) and promote the teams' creativity and innovative spirit, which are key winning attributes for the Group.

Development of new offers, construction with an open innovation approach and promoting standards in terms of digitisation, allowing Altarea to make the city of tomorrow today.

Making the Group more competitive through new products, services and processes

The Innovation team, comprising seven persons, has both a watching brief to identify promising innovations and a support role in their deployment throughout the Group. It organises events that introduce specific innovations for property, makes digital tools available and connects employees with innovative external structures.

Its roadmap is based on four themes:

- strengthening the Group's culture of innovation;
- identifying and breaking down the new economic models influencing the property industry;
- developing and coordinating open innovation at Altarea;
- implementing innovative solutions and tools for projects and/or internal procedures, to accelerate business growth.

It is supported by a network of officers across all regions where the Group has a presence.

In 2019 it held four themed events:

- restitution of Altarea participation in the Consumer Electronics Show" (CES) in Las Vegas (presentation of the Easy Village app for which the Group was awarded the Digital Transformation trophy in the Development category);
- workshop "From Homo sapiens to Homo urbanicus: the new age of humanity" (with speaker Pascal Picq, anthropologist);
- workshop "Low tech & Property: What's the outlook?" (with speaker Philippe Bihouix, engineer);
- open Innovation morning (including start-up pitches).

2019 also saw the second season of Youth Comity, bringing together 15 young company employees the aim of which is to think about new issues facing the Group to challenge the direction taken by the Executive Committee.

Developing new offers of property products and services

Altarea is constantly innovating for the benefit of its customers and users. In Residential, for example, teams developed a digital tool that allows buyers to project themselves in their future apartment by means of a 3D visit, where they can test the different materials on offer. This configurator is available in Cogedim Stores, one-stop shops for future buyers.

To respond to new ways of living and working, the Group has worked on new offerings: co-living homes and attractive and flexible co-meeting spaces designed for occasional business use (conference rooms, special corporate events, etc.).

VOLPELIER CO-LIVING SPACE

First co-living pilot with the teams of Cogedim Paris Métropole

Altarea won a call for projects by the town of Montreuil and Établissement Public Foncier d'Île-de-France and is piloting a co-living project. It involves offering a range of affordable homes to young workers and single-parent families. This offering was born out of a number of observations: on the one hand, the desire of young people to have access to a competitive housing solution and enjoy more interaction and conviviality; on the other, the need of single-parent families to access flexible housing tailored to transitional circumstances.

This pilot is part of more general thinking on the way in which the Group can position itself in the co-housing market. Currently, some 60% of French people experience difficulties in accessing accommodation. Co-living offers an alternative to traditional housing.

To guarantee long-term technological performance in its buildings, Altarea was one of the first groups to take an interest in the WiredScore and Ready2Services (R2S) labels. WiredScore assesses the quality of internet connectivity, infrastructure and the building's potential connectivity. R2S has a complementary approach which aims to make buildings compatible with future technologies and uses.

READY2SERVICES (R2S) LABEL

The R2S label has as its goal to support the digital revolution in buildings, to make them more adaptive, pleasant for living, serviceable and interoperable. It offers innovative thinking based on upgradability and the openness of systems to combat obsolescence, optimise operation and make services accessible to the occupants. Its standard requires that the building must be able to connect to any exterior network and accommodate future innovations by using communication protocols that communicate with each other.

The Group's future "Richelieu" head office in Paris is aiming for the WiredScore label and is part of eleven R2S pilot projects. In 2019, 90% of Business property projects under development (by surface area) targeted a digital connectivity label such as WiredScore or R2S.

90% of Business property projects in the Paris Region sought a digital connectivity label

RICHELIEU

Richelieu Business Center

The Group has created an innovative co-meeting space in the Group's future head office in which to host seminars and presentations for external companies and Altarea staff. The aim is to offer new ways of working.

Services app

The Group is developing a property app which enables employees at its future head office access to a range of services available within the building. The aim of this app is to support employees as much as possible in their new working environment, to improve their efficiency and promote their well-being day-to-day.

Lastly, in order to guarantee the value of its properties over time, the Group is working to increase the intensity of use of its buildings and the design of adaptable spaces (see 4.2.2).

Suggesting innovative projects thanks to an open innovation approach

Altarea is integrating its approach to innovation into the business and enriching it with external partnerships. The innovation team identifies and selects potential partners to integrate into the Group's activities.

In 2019, several fruitful partnerships with start-ups were conducted on projects as well as for employees:

Issy Open Design

At the Issy Cœur de Ville eco-district, Altarea wants to create a 1,500 m^2 site offering experiences and innovation which aims to create a new destination for businesses and individuals. The Group has launched a new Open Design process which aims to invent a new way of designing innovative, multifunctional, co-constructed spaces that bring people together.

This Open Design process offers a consultation of stakeholders from all backgrounds to whom it can provide resources for developing their proposal and getting established in the future space.

Ultimately, the aim of this process is to:

- identify and compare ideas to create a place for discovery, interaction and learning;
- co-design the future space with participants: students, innovative businesses and public interest stakeholders;
- reinforce the attractiveness of the site and raise the profile of private and public partners.

In the initial phase, "Issy Open Design" brought together some 1,035 participants who proposed some 452 projects. A consolidation phase is scheduled from February 2020 after review of the submissions by a multidisciplinary panel, representing the Group's activities.

Promolead

After a successful pilot by our Annecy teams, the Group is rolling out the real estate prospecting tool "Promolead" to all of Cogedim's real estate developers. This new tool enables them to save time by removing tasks with no added value, targeting their call-backs and securing prospecting data. It is part of a strategy for optimising internal processes.

Landscape

As part of the Landscape project, restructuring a 70,000 m² high-rise property, the Group is putting together an innovative range of services aimed at future users of the tower, located at la Défense, for the well-being of employees.

This range of services is based on the concept of “Find Paris in la Défense” and includes new generation food services (partnerships with the brands Michalak, Jonh Weing, Fuxia, King Marcel); a business centre designed in partnership with the Company Comet Meeting; a sports offering in partnership with Wellness training and a hotel-style reception.

The Group has also partnered up with incubators that monitor new trends and allow innovative added-value to be brought to its projects, such as Paris & Co, specialised in innovation in property. Altarea is also a member of the Smart Building Alliance, which promotes the development of smart buildings, through multi-disciplinary discussion between its members in the property sector.

Implementing innovations and tools to accelerate business growth

The Innovation unit is creating opportunity files that evaluate the technical, financial and legal consequences of identified innovative projects and products. The goal is to both select the most adaptable innovations and the simplest to implement, to clear potential roadblocks and facilitate their deployment.

In order to help connect operational development teams with innovative projects outside the Company, the innovation team has launched Altawiki, a collaborative tool that now lists some 120 projects (including both successful and unsuccessful bids) and over 1,200 of the Group’s innovative partners and suppliers. The platform contains hundreds of start-ups and structures within the social and solidarity economy which are helping to shape the city of tomorrow. This platform makes it possible to easily motivate them to respond to tenders or involve them in projects under development.

Finally, 100% of Altarea’s Business property projects in the Paris Region have been developed using the Building information modelling or BIM method. This method involves virtual modelling of the physical and functional characteristics of a building. The digital model makes it possible to better control construction costs and to facilitate operation of the building.

4.3.5 Responsible supply chain and supplier relations DPEF6

The Group is a substantial buyer, placing nearly €2 billion worth of orders a year. These purchases have a huge societal impact, due to their volume and the variety of economic sectors concerned.

Nearly 90% of the Group’s purchases are linked to construction, of which more than one third is for shell structures, the remainder being spread over all the other items such as electricity, heating/ventilation/air conditioning, plumbing, etc.

The other 10% consists mainly of Group’s general expenses and the operating costs of the shopping centres.

Altarea conducts responsible purchasing actions for all its business lines, including in particular clauses in contracts and an assessment of a selection of suppliers as well as the introduction of a responsible purchasing charter.

A Group approach

In 2018, Altarea launched a process for structuring and optimising purchases, led by the Performance Department and the CSR Department. This process encompasses all of the Group’s companies and covers all purchases (direct purchases related to construction and the Group’s overhead costs). Its aim is to simplify and optimise purchases, while guaranteeing the integration of a CSR approach adapted to each type of product or service.

The project began with detailed mapping of the Group’s purchases so as to identify the nature of these and how the were organised. The second stage involved identifying the main related areas of risk (social, environmental risk, etc). These areas of risk were reconciled with pre-identified purchasing categories so as to produce an action plan for 2019 and coming years, determining the firsts categories to be worked on. The process anticipates widespread action (CSR clauses in tenders and contracts, creation of a Group charter), and specific requirements for types of purchases identified as the most risky (specific clauses, supplier evaluation, audits, etc.), in collaboration with the technical and performance departments.

Moreover, the Group is part of a working group on responsible purchases organised by the Observatoire de l’Immobilier Durable (OID or sustainable property observatory). A responsible purchasing charter covering social demands, health/safety, the fight against corruption, personal data protection and environmental issues, was drafted in 2019 and shared with all employees.

A certain number of actions are already in place and will be reinforced at Group level (anti-corruption clause to be included in all contracts) or in each activity (notably in the context of NF Habitat, HQE, BREEAM® and BREEAM® In-Use certifications). These actions concern the fight against illegal and undeclared work, respect for the health and safety of employees and respect for the environment. As an example, Altarea systematically contracts the external service provider, *Attestation légale* to collect, archive and manage all regulatory company statements required for signing contracts and obtaining approval for the various sub-contractors.

Finally, in relation to dependency on suppliers and vice-versa, over half of its construction purchases are made from several major players in the sector. As such they do not have a high level of dependency on the Group and, conversely, Altarea is not dependent on them. A study on levels of dependency has also been undertaken for a number of other purchases.

FLAGSHIP RICHELIEU

In building and fitting out its new head office, Altarea paid attention to the performance of materials and their environmental and health characteristics. For example, wall insulation is made from recycled jeans and is sourced locally, particular attention has been paid to minimising air pollution produced by new furniture, the source of plants has been studied and the compost used will be organic.

In operating the building, the Group has incorporated CSR criteria when choosing the majority of its partners, in particular in the case of facility management and food outlets. A few practical applications: the use of chemical products for cleaning premises will be reduced to a minimum, disability-friendly contractors (where at least 80% of staff have a disability) will be used to maintain outside spaces and recover waste, cleaners' uniforms will be in Oeko-Tex® cotton and recovered at the end of life, etc.

Residential and Business property

These activities include actions that complement those carried out at Group-level. As an example, the ambitious, systematic strategy to certify all projects is a means of incorporating CSR criteria throughout the building life cycle: sustainable design, environmental and health standards for materials, responsible practices during the construction phase, commissioning, etc.

In the marketing phase, activities benefit from standard contracts (architectural, multi-disciplinary engineering and project management), which contractualise a project's sustainability goals. Moreover, the Group quantifies the percentage of local purchases for its Residential activities (see 4.2.1.2).

Whilst taking into account the tension in the construction market, the Group wishes to continue its responsible purchasing approach in 2020, tying it in with the carbon strategy which is currently being drawn up (correlation between the responsible purchasing approach and the choice of materials with the smallest carbon footprint).

Low-nuisance construction site charter

A low nuisance construction site charter is also appended to all works contracts. Under this charter, all service providers, working on the project are required to meet commitments relating to:

- reducing nuisance (noise, dust) caused to residents;
- reducing risks of water and soil pollution from the construction site;
- sorting and reducing construction site waste that goes to landfill;
- protecting nature and biodiversity;
- managing water and energy resources;
- the social and organisational aspects of the work site.

Both employees and service-providers receive training on the content of the charter. The Group has introduced a monitoring system to check that commitments are being met, particularly through audits during the construction phase.

Construction site safety

The Group is particularly attentive to construction site safety.

The Group has direct responsibility for managing the data which enables it to monitor practices on construction sites for the purposes of continuous improvement. Substantial reporting of Residential activities is used to report data on construction site accidents to the national level. In Business property, data is followed at the local level. In 2019, the frequency rate of construction site accidents for rehabilitation projects was 20.7 since the start of construction. Consistency of the information is underway to consolidate the data at Group level.

In terms of shared responsibility, the Group is taking action to help businesses adopt best practices (awareness-raising, poster campaigns, etc.).

In order to manage safety on construction sites, the Group relies on the project manager and health and safety protection (H&S) coordinator who is responsible for managing joint working on safety on-site. Occupational health and safety experts and logistics specialists also work on large or more complex projects.

In 2019, an in-depth audit was conducted to make lasting improvements to safety management on construction sites. A three-year action plan was put in place and is applicable both internal teams and service providers. Among the first initiatives launched was updating the project management and health and safety contracts which now include recommendations by the insurance funds *Caisse Régionale d'Assurance Maladie d'Île-de-France* (CRAMIF) and CARSAT (*Caisse d'Assurance Retraite et de la Santé au Travail*). The Group is also involved in creating a club at CRAMIF on the subject of safety for Project Managers. A number of meetings are planned each year from 2020 in order to share good practice.

Requirements monitoring system

Various officers such as the "clean site" officer or the CSPS are tasked with ensuring that requirements are properly applied during the construction phase. National framework agreements have been signed with technical monitoring companies specialising in H&S and Environment Works Management with the aim of ensuring safety and the proper application of the low nuisance construction site charter in particular. At the end of the operation, contractors are evaluated according to qualitative and/or environmental criteria to assess whether labour and environmental clauses have been fully applied.

EVALUATION AND CONTINUOUS IMPROVEMENT OF SUPPLIERS

In 2017, Altarea launched an evaluation process of its suppliers *via* the Ecovadis platform, to measure the level of progress with regard to CSR.

The first phase of the evaluation related to suppliers of fixtures and fittings for Cogedim residential properties. Following the initial evaluation, the Group established a scheme to support suppliers in making improvements in the areas of social and environmental issues in order to reduce risk. With each re-evaluation, suppliers are made aware of CSR issues and those who have made the least progress are given personalised support.

The Ecovadis evaluation has been a requirement for new suppliers since 2019.

Retail: property

A low-nuisance construction site charter is appended to each contract. It applies to all contractors working on the construction site and contains mandatory commitments on the following themes:

- staff information and working environment;
- limiting consumption (water and energy);
- limiting nuisances (dust, mud, noise, deliveries and parking, changes to local traffic plan, approach to construction site, etc.);
- limiting local pollution (soil, water, air, etc.);
- management and selective collection of waste;
- secure access to the site.

The "clean construction site" contact person ensures commitments are met throughout the project.

Retail: portfolio

In order to engage the providers involved in the operation of shopping centres in a CSR approach, Altarea has introduced the following documents applicable to all concerned in the past few years:

- an environmental charter for providers carrying out one-off assignments, covering the following points:
  - construction site impact: limiting noise, accidental pollution,
  - waste treatment: reporting on waste produced, by type and disposal channel,
  - choice of materials: EC branding, preference for labelled and low VOC emission materials;
- an environmental note appended to maintenance and cleaning contracts addressing the following points:
  - management: service provider training plan, provider sustainable development plan,
  - energy: consumption monitoring, continuous maintenance plan for equipment,
  - environment: incorporation of a biodiversity action plan,
  - pollution: management of hazardous waste, monitoring of emissions,
  - materials: limiting nuisances and risks for workers,
  - waste: maximisation of sorting and recovery,
  - water: monitoring of consumption, installation of hydro-efficient equipment,
  - comfort and health: management of bacteriological risks, low VOC or labelled paints;
- an environmental appendix for green-space contracts making for operations that are more respectful of biodiversity. Accordingly, the Group prohibits the use of phytosanitary products on its sites, with the exception of those used for organic farming.

Standardising the use of these contractual documents on sites included in the scope of reporting and sites managed on behalf of third parties (unless otherwise specified by the third-party principals) satisfies the requirements of BREEAM®In-Use certification, integrated in the Group's Environmental Management System.

Moreover, standard contract frameworks for service providers working on portfolio assets were updated in 2017 and have been circulated across all sites since 2018. These new versions incorporate enhanced requirements on CSR aspects such as monitoring indoor air quality, impacting directly on visitor health and comfort.

4.3.6 Professional ethics DPEF9

Scope	Objectives/ Commitments	2019 Results	2018-2019 Evolution	Comments
Group	Continuing to strengthen the programme for combating corruption	**Finalising the mapping of corruption risks**	**Continuing the process**	Strengthening work will continue in 2020
Group	Train and raise awareness of employees identified as most at risk of corruption and fraud	**Six days of induction for new employees with a quiz on "rights and obligations"** **Fraud awareness-raising exercise two times a year at Group level**	**Continuing the process**	Moreover, at the end of 2019 a communication campaign was launched on cybersecurity and is set to continue in 2020 on the themes of fraud and compliance

Values and ethics

All Altarea Group employees and corporate officers must comply with the principles established in the Ethical Charter, appended to the internal rules of procedure. Any breach of these provisions may thus constitute a disciplinary offence subject to sanction. This Ethics Charter, which is available on the Group's intranet site and systematically appended to the employment contracts of new hires, covers all aspects of the relations between Altarea and its stakeholders, employees, customers/tenants, service providers/ suppliers, as well as best practices for internal ways of working:

- protection of privacy;
- rules a publicly listed company must respect concerning the use of inside information;
- duty of loyalty and conflicts of interest;
- respect for the law and applicable regulations;
- respect for the environment and the principal of integrity;
- ban on forbidden practices and corruption.

Since two years, in order to ensure new employees adhere to the Group's rules, values and principles and that they have a thorough understanding of how they must be applied, systematic training in the form of a quiz was implemented on induction days. It addresses topics related to Rules of Procedure, the I.T. Charter, the Ethics Charter and aspects of health and safety.

Any employee who has trouble discerning how to behave in a particular situation can refer their situation to their Manager or, if need be, to the Ethics Director appointed by Management. The consultation with the Ethics Director and their advice are confidential under the Ethics Charter.

Fight against fraud, money laundering, the financing of terrorism and corruption

Altarea's General Management has reaffirmed its commitment to combating fraud in general and the subjects of money laundering and corruption through a number of projects including:

- the strengthening of the anti-corruption programme within all of its activities with corruption risk-mapping;
- the strengthening of the anti-laundering and anti-corruption clauses incorporated in all contracts;
- the appointment of a TRACFIN reporter and officer (Ministry of the Economy and Finance body responsible for combating fraud, money-laundering and the financing of terrorism) for the whole Group.

The Group's anti-corruption policy is restated in its Ethics Charter. The policy aims primarily to set out the values and rules of conduct to be observed, and to guide employees in their daily activities regarding any ethical questions or conflicts of interest they may be confronted with. For example, hiring contractors or service providers with a relationship with the Group for personal use is prohibited without the approval of the Ethics Director. The following principles must also be mutually enforced in relations with authorities and customers: any act that is likely to be construed as an attempt to corrupt is prohibited and is to be reported. Any payment or acceptance of illicit funds is strictly forbidden in the conduct of Group operations. Where there is doubt as to the legality of a payment, the Ethics Director must be consulted immediately for their opinion.

In order to support the proper and full deployment of the Group's approach to business ethics, an awareness campaign on violations that concern neglecting the duty of probity was conducted in previous years for those employees identified as being the most exposed and should be repeated in 2020. Also, with the help of a specialist law firm, courses were held on different sorts of corruption, conflicts of interest, the peddling of influence, favouritism and the criminal repercussions associated therewith, particularly in relations with the public sector. This awareness campaign continues on a regular basis by means of messages issued to employees by senior executives at events such as seminars, committee meetings as well as at induction days for new arrivals.

Moreover, the Legal Department ensures that clauses specific to anti-corruption legislation are included in contracts with third parties.

In the context of the Sapin 2 law, a corruption risk mapping was carried out in 2019. In accordance with legal provisions and for maximum transparency in relations and in the interests between the companies and public officials, the Group has registered with the High Authority for Transparency in Public Life (HATVP) since 30 April 2018 and an annual declaration of interests was thus filed on 30 March 2019.

As part of its activities, Altarea uses the services of many external companies. Their selection is governed by formal provisions and generally established in tenders (no monopoly of a service provider, limited use of multi-year contracts, etc.). At the Group's most recent update to its risk mapping in 2019 the risk of fraud, though limited, was assessed as being slightly greater in terms of impact. This was due to increased media coverage of fraud cases and the increase in "fake president" and "changed bank details" scams which the Group was a target of. To ensure that these attempts at fraud do not succeed, awareness-raising messages are now circulated to the most at-risk groups regularly, and since the second half of 2019 training has been given to accounting services. On the date on which this document was filed, no cases of non-compliance with internal policies had been identified and no fine linked to corruption had been paid.

Finally, through its management activities on behalf of third parties and transactions, Altarea is subject to the Fourth Directive (combating money laundering and the financing of terrorism). As such, the Legal Department ensures that clauses specific to anti-corruption legislation are included in the relevant contracts. A TRACFIN reporter and officer is in place at Group level and know-your-customer procedures are in the process of being finalised. Any transfer or payment where no proof of the origin of funds is given, must be communicated to the TRACFIN reporter who must report the suspicion to TRACFIN.

4.3.7 Safety of assets, people and personal data DPEF10

Information on safety of assets, people and personal data is described in the chapter Risk Management (chapter 5 of the Universal Registration Document) in the paragraphs headed Risk factors and Control.

4.4 Talent at the service of the Group's growth

At the end of 2019, Altarea had 2,045 employees, or 171 more employees than a year before. This significant increase in staff (+9.1%) goes along with the Company's strong growth.

As such, the change in the Group's size over recent years, coupled with sustained operational momentum, reinforces the strategic nature of the management of its talents, in terms of recruitment, integration, dissemination of the corporate culture and career management and quality of life at work.

The Human Resources Department reports to the Chairman and Founder and, as a member of the Group's Executive Committee, its main remit is to oversee the transformation of the workforce. Operationally it is structured as follows:

- local operational HR Managers who are able to support all employees and Managers of the Group's brands day-to-day;
- experts who work hand-in-hand with local HR Managers on cross-functional projects. Areas of expertise are: human resources management, compensation, administration of personnel and pay, human capital and legal and employment law.

4.4.1 Headcount and organisation

4.4.1.1 Organisational change

Change in Group structures

In 2019, the Residential business continued to grow. Its multi-brand provision offers local authorities a range of services and its employees the opportunity to broaden their professional horizons.

In 2020 the Residential division will restructure to ensure coordination across all brands and optimise action undertaken by all in line with business models.

The objective is to promote cross-function working by development brands and provide customers of the Group with additional services, such as rental management and finance/broker services.

Evolution of central support functions

The Group is working to structure and pool its support systems in order to support all operational business lines with optimal efficiency, making employee satisfaction a priority.

In this context, in 2019, numerous initiatives were taken. The accounting teams of the development brands have been consolidated, the human resources information system (HRIS) has been rolled out across all entities.

2020 will see improvements in the employee experience with the introduction of paperless administration. A HR portal will be offered to all Group employees covering a range of subjects: electronic safe, request for documents, request for down-payments.

All these efforts to modernise provide more effective support on a daily basis to operational staff. To achieve this, the Group relies on digitisation and a global performance management programme which is being implemented to improve organisational efficiency, methods and processes.

Towards a single new head office in 2020

The big project in 2020 will be the move of all Paris Region employees to Richelieu: the Group's new Paris head office. It will benefit from an address in the heart of Paris, between *la Bourse* and l'Opéra Garnier.

In addition to showcasing the Group's Business property expertise, Richelieu will be a smart building that promotes collaborative interaction. It will provide the opportunity to work in a number of different places (work spaces, meeting rooms, collaborative spaces, restaurants, tea rooms, patios, etc.) as close to our colleagues as possible.

All Group subsidiaries will be brought together whilst their individual identities will be retained. Support systems will be centralised and information systems aligned.

The layout of the building is designed to support collaborative and cross-functional working and, over time, through its flexibility, will offer a response to new working methods in line with the changing expectations of employees and quality of life at work.

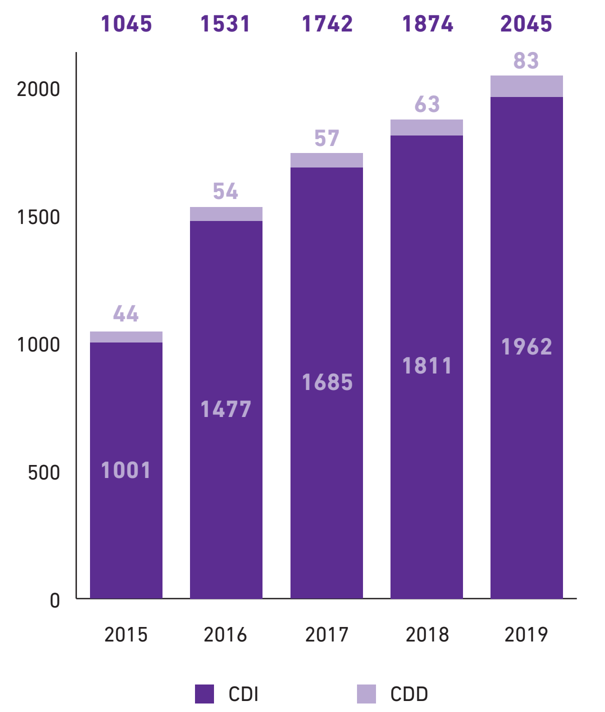
Group employees were involved in designing the building through many workshops aimed at co-designing the future working spaces and services as well as by voting on furnishings.

4.4.1.2 Headcount changes

Scope	Objectives/Commitments	2019 Results	Trend
Group	Support Group growth	**Headcount up 9%**	↗
Group	Support talent retention	**An "Exit Form" was produced and handed out at exit interviews.**	N/A

To support business expansion, recruitment remained high in 2019 with a significant increase in the headcount, up +9.1% on last year. This increase is partly due to the consolidation of the company Severini in the Residential division in 2019 (31 employees).

CHANGES IN THE GROUP'S HEADCOUNT



Growth and challenges

The high recruitment levels and acquisitions over the last four years have brought methods and skills from a range of backgrounds to the Group. Today, all of this represents the best platform of skills in the sector. The aim is to keep the Group's DNA: entrepreneurship, creativity, innovation and diversity. With this in mind, initiatives in the areas of integration (Crescendo seminar), brand-building as an employer (obtaining the Happy Trainees label) and learning (introduction of new learning methods such as Urban Expeditions) are crucial in uniting all of these new talents around shared challenges.

The intergenerational aspect is an essential subject for Executive Management and the Human Resource Department in a Group that welcomes employees from 18 to more than 70 years old, or with more than 20 years of service. This allows everyone to find his or her place and have access to all levels of responsibility based on ability and talent. The experienced among them share their knowledge by becoming in-house trainers for the Training Academy or by becoming facilitators at integration seminars for new recruits or tutors for work-study students. The Group is actively involved in training young people. Work-study is growing each year; in 2019, we welcomed 287 work-study students.

AMBITIONS FOR 2025

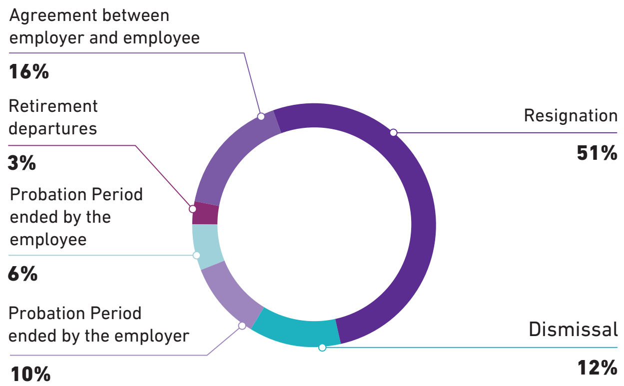
An innovative concept of "re-onboarding" which engages the most long-standing Group employees in the changes facing this rapidly growing Group.

Headcount changes

The Group recruited 416 employees on open-ended contracts, confirming its strong appeal and advantages in a very competitive market. As of the end of 2019, 96% of employees were on open-ended contracts. The Group is maintaining its commitment to long-term jobs. Thus, the challenges of attracting and retaining talents mostly concerns employees on open-ended contracts.

2019 was a turning point due to the consolidation of our organisation to meet an operational need, particularly in respect of our new brands. Combined with significant tension in the property labour market and full employment of Managers in the Paris Region, the departure rate of employees on open-ended contracts has reached 15.5%.

REASONS FOR EMPLOYEE DEPARTURES



The main cause for departure of employees on open-ended contracts is resignation. As a response, the Group has renewed and strengthened its induction programme and rolled out exit interviews. The idea is to adapt the induction programme to changes and the Group's new requirements. The various initiatives are part of a set of staff retention measures such as skills development, cross-functional jobs and sharing value creation.

4.4.2 Recruiting Talent, diversity and equal opportunities DPEF8

Scope	Objectives/Commitments	2019 Results	Trend
Group	Promote youth employment	**The number of work-study students and interns moving onto fixed-term or open-ended contracts was up 20% in 2019**	↗
Group	Promoting gender equality	**The percentage of women on the extended Executive Committee was up by 4 points**	↗

The Group promotes integration and diversity in its recruitment policy and the management of its employees' careers through attentiveness to all potential factors of discrimination (gender, age, disability). Quality social dialogue and respect for the fundamental conventions of the International Labour Organisation supplement this policy of diversity and equal opportunities.

Recruitment policy

The "Human Capital" expert unit of the Group's Human Resources Department pursues a recruitment policy that is inspired by the Group's values of creativity, cross-functional diversity and entrepreneurship and emphasises non- discrimination, integrity, ethics, objectivity, diversity and intergenerational cooperation.

In December 2013, the Group signed the Diversity Charter and all new employees are made aware of this commitment through a welcome booklet and integration seminar. A Diversity adviser was named in September 2018 to guide and facilitate Altarea's policy in various areas: gender equality, initiatives aimed at youth and seniors, inclusion of disabilities, socio-professional diversity.

A BROADER DIVERSITY COMMITMENT

The Group has partnered up with the association "Nos quartiers ont des talents". This investment is born out of the observation that, in 2019, according to the latest reports, based on equal qualifications, origin remains the biggest factor of inequality in accessing employment in France.

Alongside NQT, the Group has committed to:

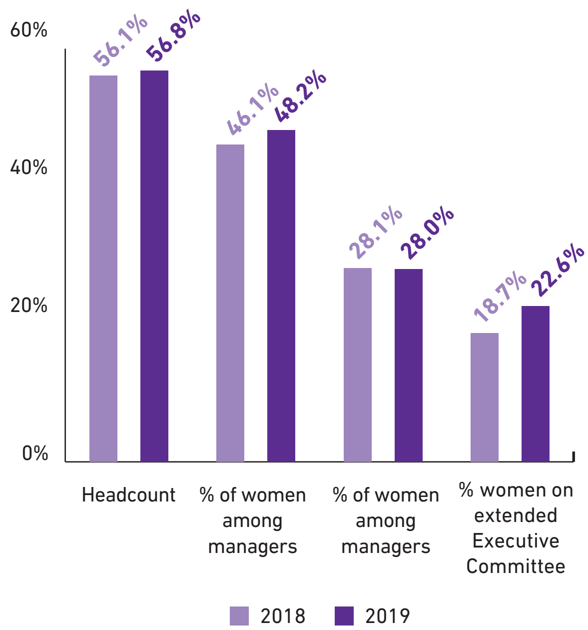
- strengthening its action to reduce regional isolation;
- offer employees the opportunity to get involved through a target, flexible and multi-faceted scheme (mentoring; ad-hoc coaching);
- meeting candidates from diverse backgrounds by taking part in NQT recruitment forums.

The Recruitment, University Relations and Internal Mobility Department is developing close links with students by entering into partnerships with job partners in the *Grandes Écoles* and universities. The "schools" policy also involves communication about the Group's business lines through articles in the student press or through its presence on numerous forums. In 2019, the Group attended ten University Relations events. Operational staff attend these events with HR. As every year, the Group took part in the key annual event for the French property sector, the *Forum des Métiers de l'Immobilier* (FMII). It also sponsored a jobs forum held in May at one of our shopping centres (Qwartz). A jobdating initiative for the property sector was also held in May 2019 to open up our recruitment and establish direct links between employees and students. Finally, groups of students from EDHEC and Sciences Po – École Urbaine were involved in the Group's strategic projects and provided our operational teams with support with their current projects and discussions.

Promoting gender equality

Gender equality is one of the Group's core values. Each entity has thus implemented professional equality action plans, the scope of which has been broadened and formalised and based on concrete themes: compensation, access to training, career development, working conditions, and the work/life balance.

REPRESENTATION OF WOMEN IN THE GROUP



The percentage of Managers who are women is up 2 points and the percentage of women on the extended Executive Committee is also up 4 points.

In 2019, the Group formalised its commitment to gender balance in parternship with the association "*Elles Bougent*". An initiative on women's careers also took place at the first Internal Forum on Jobs and Internal Mobility.

AN AMBITIOUS PARTNERSHIP

Partnership with the association *Elles Bougent* for:

- contributing to a future gender balance in the property professions by motivating female secondary school students to take technical courses;
- raising the profile of our Group through the impact of the association's network which has a presence in secondary schools, universities and major French groups and businesses;
- developing a network for women employed by the Group;
- offer volunteer opportunities to women employed by the Group with a focus on their skills and ability to convey information.

Access to employment by young people and older people

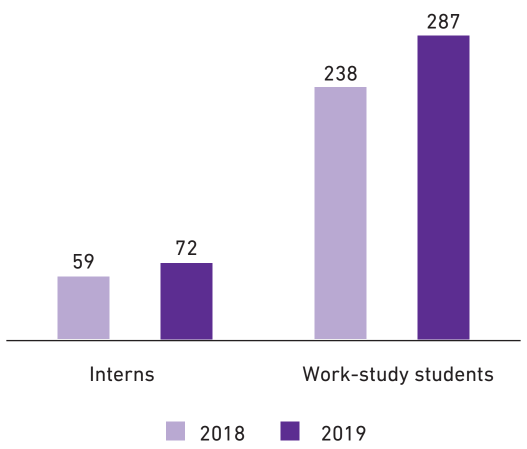
As a responsible company, the Group sees access to employment for young people and older people as a priority. Its objectives are to facilitate the long-term employment of young people under the age of 27 *via* open-ended contracts, to promote the hiring and long-term employment of employees at least 55 years old and to ensure the transmission of know-how and skills.

As of 31 December 2019, Group employees aged over 50 and under 30 accounted for a third of the Group headcount: 18% and 15% of the total headcount respectively. 36 employees over the age of 50 were hired on open-ended employment contracts in 2019 (23 in 2018).

The Group's policy on work-study contracts is being strengthened further this year. In 2019 the Group welcomed some 287 work-study students, compared with 238 in 2018 (+21%). In addition to providing information packs, the Group held an integration seminar exclusively for interns and work-study students. The goal is to pass on to them all the keys for success on the job. 32 interns or work-study students were offered fixed term contracts following their training, and 16 an open-ended contract. The Group hopes to play a societal role by training these young employees in both know-how and behaviour in a corporate setting to facilitate their transition into professional life. For this reason, work-study students are not included in the operating budgets.

The Group is a partner of *Engagement Jeunes*, a platform used by large groups and SMEs to share the profiles of young people with each other.

CHANGE IN THE NUMBER OF INTERNS AND WORK-STUDY STUDENTS



All of these initiatives contributed to the Group being awarded the Happy Trainees and *Engagement Jeunes* labels the first year of taking part. This has just been awarded again for 2020. As such, the Group is one of the best businesses in which to take up a traineeship or work-study contract.

INCREASED SUPPORT FOR YOUNG TALENT

An induction seminar specifically aimed at our work-study students, practical kits for young people and their tutors, tutor training... All measures taken to ensure successful induction and optimal support which were rewarded with 2 labels in 2019: Engagement Jeunes and Happy Trainees.

Disability policy

At 31 December 2019, 12 employees were declared as workers with disabilities.

In addition, ESATs (Établissement et service d'aide par le travail, organisation working for insertion of the disabled into the workforce) are used to provide a range of services (purchase of supplies).

An in-house communication campaign was held again on the occasion of the European Disability Employment Week (posters, quizzes on the Smartportal, etc.).

Dialogue with employee representatives

The quality of employee dialogue is a key focus of the Group's employee relations policy. In addition to regular discussions employee representatives, particularly at Employee Representative, Works Council and Health, Safety and Working Conditions Committee meetings (over 30 meetings held in 2019), 2019 was marked by the setting up of 5 Social and Economic Committees (CSE) within the Group.

The aim of management and all of these CSEs in setting up this committee is to make it more effective and consistent with the Company's economic and social reality. New operating procedures and methods have been put in place to enable elected representatives to perform their duties effectively. Representatives have been regularly informed of and consulted on plans to introduce new forms of organisation and new projects.

In addition to the work standardising how these committees operate, Histoire & Patrimoine and Pitch Promotion now fall within the Altarea Group employment framework.

The Group sees gender equality as a factor of collective enrichment and social cohesion. Gender equality action plans were put in place in April 2019 after consulting committees and obtaining their approval. They confirm the Company's motivation and commitment to maintaining, or even extending, initiatives to promote a gender balance in all its activities. It is about both performance and wealth creation.

Because of the size of the entities in Italy and Spain, formal mechanisms of employee representation are not required under local regulations. Direct dialogue is promoted between employees, the Deputy Director and the Human Resources Department.

Compliance with the eight ILO conventions

The Group has committed to complying with the eight fundamental conventions of the International Labour Organization and ensures they are applied in its operations, particularly in relation to:

- respect for freedom of association and the right to collective bargaining;
- elimination of discrimination in respect of employment and occupation (ILO);
- the elimination of forced labour and slavery;
- the effective abolition of child labour.

The Group also complies with the Children's Rights and Business Principles.

In the case of the Retail division (Altarea Commerce), the Group is only present in the countries (France, Spain and Italy) that have ratified these fundamental conventions and transposed them into their domestic labour law.

Lastly the Group's Ethics Charter reiterates the reciprocal rights and duties of employees and the company and stresses the principle of regulatory and legal compliance. It is available on the internet and is part of the new employee welcome package.

4.4.3 Compensation and value sharing DPEF8

The compensation policy remains aggressive and targeted with an increased budget allocating €3 million for base salaries. It also compensates individual and collective performances by extending the level of performance bonuses for 2018 and reinforcing the *Tous En Actions!* ("We all have a share in success!") scheme for creative and desirable employee shareholders.

In order to reinforce the work/life balance and continue to reward commitment through a motivational compensation policy, the monetisation of days off in lieu (RTTs) was extended and the way in which it functions was simplified for employees.

Salary policy

The 2020 salary campaign was marked by the pursuit of an aggressive wage policy to reward employees after an intense 2019, and to retain talent. A total budget increase of almost 3% of payroll has also been distributed.

The Group is strengthening its social and societal commitments through its campaign which targets a number of groups. One budget was dedicated to basic salaries below a certain amount to compensate for cost of living increases. Thirty year olds with less than 5 years of service received special attention. As with previous years, a gender equality budget is managed centrally so as to rectify any discrepancies as they arise. Finally, the largest part of the budget increase was devoted to deserving, dynamic employees, and to promotions.

A bonus policy acknowledging success

The awarding of bonuses is a managerial act that acknowledges actual performance and reflects the achievement of individual objectives. Taking into account contractual commitments and changes in the workforce, the average volume of performance-based bonuses to be allocated in 2020 (for 2019) remains the same as in the previous year.

An original and ambitious employee shareholding policy

In early 2016, the Management Council introduced a three- year bonus share plan under which over €20 million in shares are distributed each year.

Since 2016, the scheme "We all have a share in success!" has enabled all employees on open-ended contracts to have a stake in the Group's expansion and profits, enabling those who wish to become a shareholder in the Group.

Moreover, since 2016, each Group employee has been able to monetise up to 10 RTT days a year with an associated uplift of 25%, or place them in the PERCOG (the Group's collective retirement savings plan).

2019 was marked by a capital increase reserved for employees. This employee shareholding scheme has enabled Group employees to benefit from a discounted share price; matching by the Company; any dividends from Altarea shares will be reinvested in the FCPE (employee investment mutual fund), thus increasing the value of their shares. This scheme was hugely popular with employees from all subsidiaries with a participation rate of 64%.

COMPENSATION PACKAGE

4.4.4 Talent and skills management DPEF7

Scope	Objectives/Commitments	2019 Results	Trend
Group	Continuing skills development according to the needs of the business line and developing the employability of employees	**89% of employees took at least one training course in the year**	↗
Group	Promoting/Contributing to employee mobility	**25% of vacancies filled as a result of mobility**	N/A

The Academy, "A Developer of Talents": a vision of a company that is open to learning

In early 2017 the Group created an in-house academy as a unique learning & development scheme. It draws on a strategic skills development plan launched upstream with Group directors based on the business issues of each division. Its benefits include accelerating and developing individual and collective performance, building up the skills capital of business lines, strengthening the employer brand and thus attracting the right candidates and creating a space for sharing experiences.

From their induction, employees are immersed in knowledge of a Group with multiple business lines during a week known as Crescendo, a format that was repeated in September 2019. 100% cross-functional and 100% home-made! This involves many speakers from inside the Group as well as the members of the Executive Management, who all come to explain and share their vision of the business. In order to "re-engage" more senior employees in the Group, a seminar is held especially for them as well as the ever growing number of work-study students and interns.

In 2019, the Academy continued to enrich its offer: conferences, urban expeditions, career paths, etc.

URBAN EXPEDITIONS

The aim is to enable a group of around twenty employees to share and develop their knowledge of property and uses in the urban space and even to draw inspiration for future projects as urban entrepreneurs. These tours are led by experts so as to take full advantage of the visited sites.

Learning opportunities are varied and if face-to-face training is selected, content and practices will evolve along with the integration of digital activities *via* LMS platforms (e-learning) and co-construction and co-development workshops.

Training activities (categorised under 200 themes) are catalogued in "Academy Training Provision" available in the HR IT system, offering 100% digital management of demand.

In March 2019, Altarea received the trophy "Growing Group" at the "Spring-time Session of Business Universities" for the coherence of its training policy and innovative activities such as Urban Expeditions.

Impactful implementation

Almost 4,300 training days were delivered in 2019 with an average of 20 learning activities organised each day. As such, 89% of employees benefited from one of the 5,018 initiatives organised this year (compared with 83% in 2017 and 85% in 2018). The Group will continue to manage this indicator to reach 100%.

The training given to employees and Managers covered the technical, managerial and digital growth of their business lines.

In 2019, as in 2018, investment in training accounted for over 3% of payroll (excluding Pitch Promotion, Histoire & Patrimoine and Severini) A significant investment in major initiatives: "core business" themes which remain the majority, workshops on customer satisfaction, management courses, courses leading to a qualification and support for young people on work-study contracts.

In November 2019, Altarea received a second award and recognition for its HR policy and innovations with the "Leadership & Talent Management" Trophy awarded by Leaders League.

Mobility and Promotions

Mirroring the training initiatives, internal mobility and promotion was significant. The inherent diversity of jobs in the real estate industry naturally fosters employee mobility.

In 2019, the Group filled almost 25% of its vacancies through mobility between regions, departments and companies. There were 125 internal transfers and 416 new hires through external recruitment. In addition, some 113 employees were promoted.

The aspirations of the Company's employees were gathered during career interviews to serve as a basis for reflection on a formal talent review.

Thus, in 2019, digitisation of the annual performance appraisal campaign resulted in a 98% rate of return. Beyond the advantages of digitisation (no more paper, a secure personal space…), this first campaign met three goals: quick collection of preferences for training and mobility, accelerated deployment of training plans and easy access in real time for Managers to follow up on employee requests.

To facilitate internal transfers within the Group, a monthly Careers Committee has been set up by subsidiary HR departments to discuss employees and vacancies. This meeting facilitates interaction and cross-over between vacancies and any in-house potential opportunities that might be identified.

In June 2019 the Group's first Internal Forum on Job and Internal Mobility was held. Over 250 people attended the forum held in Paris: forward-looking conference, HR workshops, business line round tables, subsidiary stands, careers interviews. 7 events were also held in the major gateway cities where the Group is established to facilitate local interaction: over 70 employees attended.

This event was sponsored by the Chairman and Founder, Alain Taravella who places an emphasis on cross-functionality within the Group and on access to multiple careers.

In October 2019, the inhouse magazine, AltaStory, dedicated a special edition to summarising and sharing the content of the Forum for all employees and recapping on good practice in terms of internal mobility and associated services (access to training, HR tips, introduction to business lines, Ambitions Seminar 2025).

4.4.5 Well-being at work DPEF8

Scope	Objectives/Commitments	2019 Results	Trend
Group	Extending the Altawellness offering	**Significant increase in user rates**	↗
Group	Managing absenteeism	**Unchanged**	=

Quality of life, health and well-being at work are major concerns for the Group in terms of retaining the best talents and appealing to new employees.

Bringing initiatives under one brand

Created in 2018, the Altawellness offer consolidates major initiatives in terms of well-being at work. It was further developed in 2019 with a significant increase in the number of users.

Yoopies (a platform offering personal services) enabled 400 employees registered on the platform to book almost 1,150 daily services, mainly childcare, personal tutors and cleaning. Hours of childcare were also offered to employees who requested it during strikes in the Paris Region.

Yuco, our platform dedicated to sports, culture and well-being activities on the site, is here to stay with 500 sessions delivered in 2019 for over 250 regular users, on some ten sites across France, with a satisfaction rate of 100%!

Teleworking Charter

At the crossing point where efficiency meets the work/life balance and the approach to CSR, a charter on teleworking was signed in 2018 as part of the common social platform. It grants one day of teleworking per week under certain conditions.

This charter, but also the move of Paris teams into a new head office in 2020, will mean our professional practices will evolve still further, in step with the expectations of employees and Managers for ever greater efficiency.

New head office

By the end of 2020, Richelieu will be the Group's new head office. It's a major project that's much more than a simple move. This will be the realisation of the profound changes begun over the last three years. The standardisation of HR regulations as well as the pooling of back-office functions will be supported by bringing all of the Group's entities together. The transformation of management methods initiated by teams of the Academy will be facilitated by spatial organisation and open offices. Innovative amenities will favour quality of life in the workplace.

Throughout 2019, measures in support of change have been carried out for teams and management. 210 Managers have already been invited to debriefing sessions on the history of the layout of the workplaces of yesterday and today. Pragmatic support based on sociology and ethnology will be implemented to enable all employees to look to the future in a new working environment.

Other initiatives

The policy of exceptional leave time related to events in private life was reviewed as part of the common social platform. Rules more favourable than those of the collective agreement are thus accorded to employees during important life events.

Parenting is also an important theme for Altarea. Beyond numerous existing actions (voluntary part-time working, birth or adoption-related leave, family-related leave, parental leave for childcare, leave to care for a sick child, etc.), the conditions for maternity and paternity leave were improved. Since 2018, employees continue to be paid their gross salary with no condition of length of service for maternity leave and after one year with the Company for paternity leave.

Finally, measures for the controlled management of information technologies and communication tools at the disposal of employees have been reaffirmed. Especially with respect to personal life. In this respect, employees have the right to log off outside the business hours of the establishment in which they normally do their work. It is therefore specified that employees are not obliged, outside normal working hours, to answer emails or telephone calls. Even here, these measures will be further emphasised and monitored in the context of the Richelieu project, which should make the most modern communication tools available to employees.

4.4.6 Employee health and safety

Safety, health and well-being of employees

As the Group's business does not present a significant risk for employee health and safety, no collective agreement was concluded in this area in 2018. There were no occupational illnesses reported within the Group.

Ongoing initiatives to promote a safe working environment and ensure the health and well-being of employees include updating the single document on occupational risk assessment and raising awareness of precautionary measures and personal protective equipment for employees working on construction sites.

The HR Department has also put in place, at Group level, recommendations concerning posture and work spaces in consultation with the occupational doctor and the safety and hygiene of commissions of the Social and Economic Committees (CSEs).

Since 2017, head office employees have also had access to a part-time nurse on-site to treat minor ailments. The Group's employees also have the possibility of accessing other specialists (psychologists, ergonomists, prevention specialists…) from inter-business health services, upon recommendation of the occupational doctor.

Employees and their beneficiaries enjoy complete and quality supplementary healthcare and disability coverage.

In late 2019, a flu vaccination campaign was conducted at the head office for employees. Over 100 employees have been vaccinated by the Company free of charge.

Absenteeism

Absenteeism is the subject of an exhaustive and detailed review each year, with an analysis of each reason by entity.

Absenteeism rate remains less than 3% and is stable compared with previous years.

A HR POLICY THAT IS POPULAR WITH EMPLOYEES AND HAD RECEIVED EXTERNAL RECOGNITION

Engagement Jeunes Entreprise de choix 2019 pour l'accueil des jeunes

In 2019 the Human Resources Department obtained four labels and awards:

- the employer of choice for young people with both the Engagement Jeunes and Happy Trainees labels obtained for the second year running;
- Golden Trophy in the GROWING COMPANY category at the fourth edition of U-Spring;
- Golden Trophy 2019 awarded by the Leaders League in the "Leadership and Talent Management" category.

4.5 CSR performance: ratings and indicators

4.5.1 CSR ratings

Altarea CSR performance is regularly assessed by non-financial rating agencies. Analysis of the results obtained allows it to improve its performance on a continuous basis.

Global Real Estate Sustainability Benchmark (GRESB)

Since 2011, the Group has been voluntarily participating in the Global Real Estate Sustainability Benchmark (GRESB), the reference in the real estate sector for sustainable development, with 1,005 companies and funds assessed around the world in 2019.

In 2019, Altarea confirmed its "Green Star 5*" status and has maintained a score of over 90/100 since 2016. This ranking attests to its long-term performance. Moreover, Altarea has obtained an A rating for transparency, a token of the quality of its institutional publications and the reliability and exhaustive scope of its CSR reporting.

ISS-ESG

ISS-ESG is one of the world's leading non-financial rating agencies. In 2019, it awarded the Group its Prime status again.

Gaïa – Ethifinance index

The Gaïa index is made up of 70 companies offering outstanding guarantees in terms of their management of ESG risks. The Group has been part of this index since 2017.

4.5.2 Environmental indicators

Group Indicators

Group carbon footprint	$ktCO_2e$	Scope 1	Scope 2	Scope 3
2019 footprint (calculation method changed in 2019)	7 082	< 1%	< 1%	> 99%
2018 footprint (2018 calculation method)	5 039	< 1%	< 1%	> 99%

Indicators for portfolio

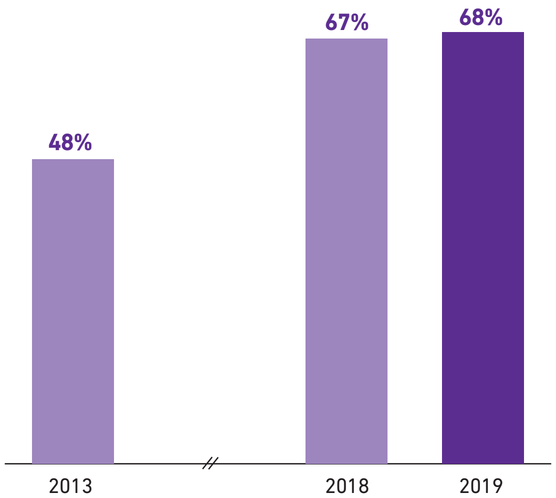
Definition of the scopes (detail in 4.6.3)		GLA private-use *areas* m^2	Share of 2019 reporting scope
CURRENT SCOPE 2019	**TOTAL**	**507,745**	**89%**
	Shopping centres	140,074	28%
	Life style centres	177,854	40%
	Family villages & retail parks	189,817	20%
LIKE-FOR-LIKE 2018-2019	**TOTAL**	**507,745**	**89%**
LIKE-FOR-LIKE 2015-2019	**TOTAL**	**407,096**	**69%**

ENVIRONMENTAL LABELS AND CERTIFICATIONS

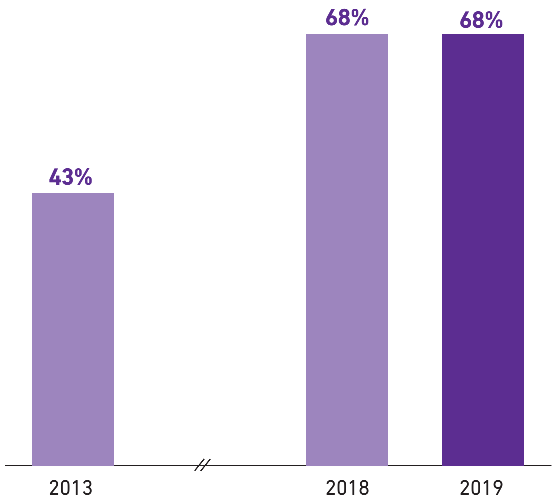
Includes new developments subject to a building permit (provisional or permanent), under construction or delivered during the reference year, and portfolio sites included in the 2019 reporting scope (including sites under construction).

	City	Centre	Construction certification	BREEAM® In-Use certification			
				Category 1 – Asset		Category 2 – Management	
				Level	Score	Level	Score
NEW DEVELOPMENTS	Saint-Laurent-du-Var	Cap 3000 – Expansion	BREEAM® Excellent	-	-	-	-
PORTFOLIO	Aubergenville	Aubergenville Family Village	-	Excellent	70%	Excellent	75%
	Brest Guipavas	Les Portes de Brest Guipavas	-	Excellent	77%	Outstanding	87%
	Flins	Flins shopping centre	-	Very Good	59%	Excellent	79%
	Gennevilliers	Parc des Chanteraines	-	Very Good	60%	Very Good	56%
	Limoges	Limoges Family Village	-	Excellent	71%	Very Good	68%
	Lille	Grand'Place	-	Very Good	57%	Very Good	61%
	Massy	Ccial -X%	-	Very Good	57%	Very Good	58%
	Nîmes	Costières Sud	HQE Very Good	Excellent	74%	Very Good	66%
	Paris	Bercy Village	-	Very Good	56%	Very Good	58%
	Paris	Le Parks	-	Excellent	74%	Very Good	58%
	Ruaudin	Les Hunaudières Family Village	-	Very Good	68%	Very Good	64%
	Saint-Laurent-du-Var	Cap 3000	-	Very Good	62%	Very Good	56%
	Thiais	Thiais Village	-	Very Good	66%	Very Good	69%
	Toulouse	Espace Gramont	-	Very Good	58%	Very Good	68%
	Valette du Var (La)	L'Avenue 83	HQE Very Good BREEAM® Excellent	Excellent	73%	Very Good	69%
	Vaulx en Velin	Carré de Soie	-	Very Good	70%	Very Good	65%
	Villeneuve La Garenne	Qwartz	HQE Excellent BREEAM® Very Good	Excellent	79%	Excellent	82%
	Villeparisis	Parc de l'Ambrésis	-	Very Good	56%	Very Good	58%

CHANGE IN AVERAGE BREEAM® IN-USE SCORE "ASSET" CATEGORY



CHANGE IN AVERAGE BREEAM® IN-USE SCORE "MANAGEMENT" CATEGORY



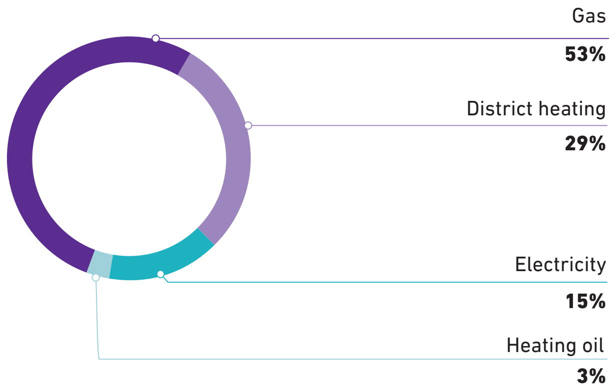
GREENHOUSE GAS EMISSIONS

		tCO_2e	$kgCO_2e/m^2$
LIKE-FOR-LIKE SCOPE OF REPORTING	2019 GHG emissions	1,033	3.2
	2018 GHG emissions	1,412	4.4
	2010-2019 changes at constant climate and use	**-51.8%**	**-59.5%**
	2020 TARGET [(a)]: 2010-2020 REDUCTION AT CONSTANT CLIMATE		**-70%**
CURRENT SCOPE	2019 GHG emissions	**1,033**	**3.2**
	2018 GHG emissions	1,548	4.4

(a) Target set this year: zero emissions from REIT by 2030.

		tCO_2e	$kgCO_2e/m2$
DETAIL OF CURRENT SCOPE	Shopping centres	712	5.7
	Life style centres	311	1.9
	Family villages & retail parks	10.1	0.3

BREAKDOWN OF EMISSIONS BY SOURCE
(CURRENT SCOPE 2019)



BREAKDOWN BY SCOPE
(CURRENT SCOPE 2019)

ENERGY

		GWhpe	GWhfe	$kWhpe/m^2$
LIKE-FOR-LIKE SCOPE OF REPORTING	2019 consumption	44.0	20.1	137
	2018 consumption	48.7	22.5	151
	2010-2019 changes at constant climate and use	-38.8%	-33.3%	**-46.9%**
	2020 TARGET [(a)]: 2010-2020 REDUCTION AT CONSTANT CLIMATE			**-40.0%**
CURRENT SCOPE	2019 consumption	44.0	20.1	137
	2018 consumption	55.1	25.2	155

(a) Target set this year: a 50% reduction final energy consumption between 2010 and 2030.

		GWhpe	GWhfe	$kWhpe/m^2$
DETAIL OF CURRENT SCOPE	Shopping centres	24.8	11.3	197
	Life style centres	16.7	7.9	103
	Family villages & retail parks	2.6	1.0	74.7

ENERGY MIX (CURRENT SCOPE 2019)

WATER

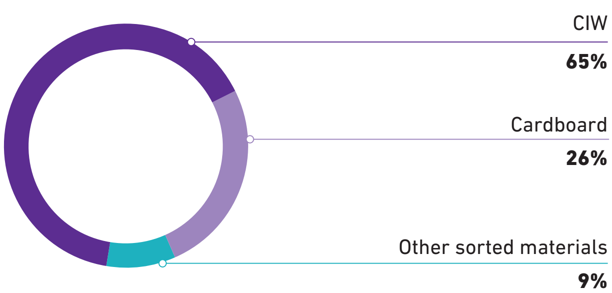
		m^3 (common and private areas)	L/visitor (common areas)
LIKE-FOR-LIKE SCOPE OF REPORTING	2019 total water consumption	287,767	0.97
	2018 total water consumption	309,275	0.98
CURRENT SCOPE	2019 total water consumption	287,767	**0.97**
	2020 TARGET [(a)]: MAINTENANCE OF A RATIO PER VISITOR		**1.25**
	2018 total water consumption	334,787	0.91
	2010-2019 change	+6.5%	+31.3%

(a) Target strengthened this year: maintain water consumption below 1L/visitor and reduce total water consumption on a like-for-like basis.
Comments:
- *the consumption of private areas represents 72% of consumption in the current scope, and that of the common areas 28%;*
- *the Group does not operate in high water stress areas and has no polluting waste.*

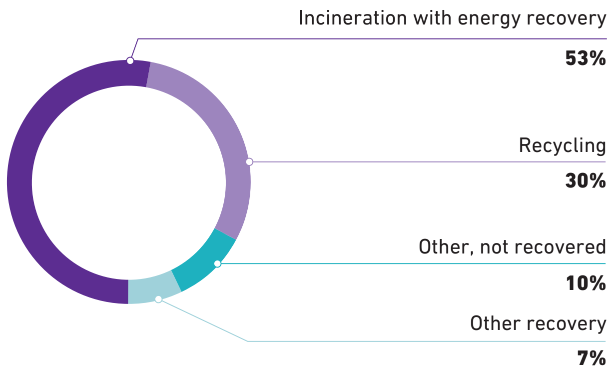
WASTE

		Tonnes	Kg/visitor	Percentage of waste sorted	Percentage of waste recovered
LIKE-FOR-LIKE SCOPE OF REPORTING	2019 waste generated	4,868	0.06	35%	90%
	2018 waste generated	4,724	0.06	35%	89%
CURRENT SCOPE	2019 waste generated	4,868	0.06	**35%**	**90%**
	2020 TARGET ON SORTING AND RECOVERY			**50%**	**>80%**
	2018 waste generated	5,210	0.06	37%	90%
	2018-2019 change	-6.6%	+4.1%	-6.6%	+0.3%
	2010-2019 change	+4.6%	+48.4%	+14.1%	+11.5%

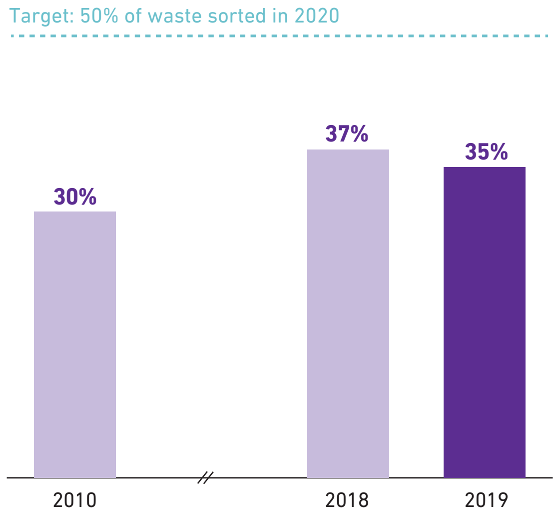
BREAKDOWN BY TYPE OF SORTING (CURRENT SCOPE 2019)



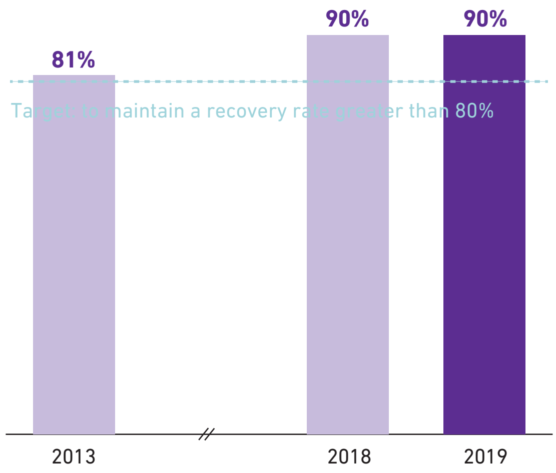
BREAKDOWN BY END-OF-LIFE CATEGORY (CURRENT SCOPE 2019)



CHANGE IN THE SHARE OF WASTE SORTED
(CURRENT SCOPE)



CHANGE IN THE SHARE OF WASTE SORTED
(CURRENT SCOPE)



Corporate indicators

The calculations were made on the basis of 9,631 m² and 757 FTEs.

	tCO_2e	$kgCO_2e/m^2$	$kgCO_2e/FTE$
2019 greenhouse gas emissions	198.5	21	263
2018 greenhouse gas emissions	158.1	16	209
2018-2019 change	26%	26%	26%

	GWhpe	$kWhpe/m^2$	kWhpe/FTE
2019 energy consumption	6.27	651	8,296
2018 energy consumption	4.68	486	6,189
2018-2019 change	34%	34%	34%

73% of 2019 consumption was derived from the electricity network and 27% from the urban network. In final energy, it amounts to 2.4 GWh.

	m^3	L/m^2	L/FTE
2019 water consumption	7,635	793	10,099
2018 water consumption	7,719	801	10,197
2018-2019 change	-1%	-1%	-1%

	t	kg/m^2	kg/FTE	Percentage of waste recovered
2019 waste generated	52.8	5.5	69.9	76%
2018 waste generated	75.6	7.9	99.9	79%
2018-2019 change	-30%	-30%	-30%	-5%

4.5.2 Social indicators

		2018	2019
Total headcount	Total headcount end of month	1,874	2,045
Breakdown by type of contract	Number of employees on open-ended contracts	1,811	1,962
	Number of employees on fixed-term contracts	63	83
Breakdown by gender	Percentage of women in the total headcount	56%	57%
Breakdown by age group	Under 30	17%	17%
	30 to 50 years	66%	65%
	Over 50	18%	18%
Breakdown by status	Percentage of employees in management positions	73%	74%
	Percentage of employees in non-management positions	27%	26%
Recruitment	Number of new hires on open-ended contracts	365	416
	Percentage of women hired on open-ended contracts	57%	57%
	Percentage of Managers hired on open-ended contracts	70%	71%
Departures	Number of departures of employees on open-ended contracts excluding mobility and administrative transfers	239	297
	Total departure rate	13.6%	15.6%
	Non-Manager departure rate	26.2%	18.0%
	Manager departure rate	13.7%	14.7%
Reasons for Departures	Percentage of resignations	45%	51%
	Percentage of dismissals	11%	12%
	Percentage of agreements between employer and employee	21%	16%
	Percentage of retirements or early retirements	3%	3%
	Percentage of probation periods ended by employer	13%	10%
	Percentage of probation periods ended by employee	6%	6%
Organisation of working time	FTE on open-ended contracts/FTE on fixed-term contracts	1,815.1	1,963.1
	Average headcount end of month open-ended contracts	1,757	1,911
	Number of theoretical hours worked excluding overtime	2,535,024	3,140,960
Gender equality	Percentage of women among management-level employees	46.1%	48.2%
	Percentage of women on the managing executives committee	28.1%	28.0%
	Percentage of women on the restricted committee of senior executives	18.7%	22.6%
Disabilities	Number of employees having reported a disability	19	12
Anti-discrimination measures	Number of interns during the period	59	72
	Number of work-study contracts during the period	238	287
Organisation of employee-management dialogue	Number of employee respresentatives	37	52
	Percentage of employees covered by a collective agreement (%)	98%	99%
Fixed compensation	Average gross annual employee compensation – excluding variable compensation and employer contributions	56,352 €	56,452 €
	Average gross annual non-management compensation – excluding variable compensation and employer contributions	32,266 €	32,235 €
	Average gross annual management compensation – excluding variable compensation and employer contributions	64,715 €	63,984 €
Training	Total training expenditure (€)	3,211,532 €	3,686,336 €
	Average training expenditure per employee trained	2,084 €	2,287 €
Promotions	Number of employees promoted in the year	135	113
	Percentage of employees promoted in the year	7.4%	5.8%
Mobility	Number of employees having benefited from one or more forms of mobility	326	125[a]
	Percentage of employees having benefited from one or more forms of mobility	17.4%	6.1%
	Percentage of vacancies filled as a result of mobility	47.2%	23.1%
Absenteeism/Accidentology	Rate of absenteeism excluding maternity leave/paternity leave/other causes	2.1%	2.6%
	Number of workplace accidents (with work stoppages excluding accidents on the journey to and from work)		7
	Frequency rate of workplace accidents	3.20	2.23
	Severity rate of workplace accidents	0.05	0.04

(a) Definition of mobility refined in 2019.

4.6 Methodology and concordance tables

This document sets out the key information on methodology required for the purposes of transparency, for the reader, the information contained in the Declaration on extra-financial performance (DPEF).

Additional details on methodology is available in the Group's environmental and societal reporting guidelines on request by writing to: developpementdurable@altareacogedim.com.

4.6.1 Establishment of the DPEF (Declaration on Extra-Financial Performance)

France transposed the European Directive of 22 October 2014 on the disclosure of non-financial information in Order no. 2017-1180 of 19 July 2017 and Decree no. 2017-1265 of 9 August 2017. These texts amend Articles L. 225-102-1 and R. 225-104 to R. 225-105-2 of the French Commercial Code initially established by Article 225 of the Grenelle 22 law of 2010 and its implementing decree in 2012.

In order to comply with it, since the year ending 31/12/2018 Altarea has been publishing a DPEF and uses an independent third party organisation for the following:

- verification of the Declaration's compliance with the provisions of Article R. 225-105 of the French Commercial Code;
- verification of the truthfulness of the information: key performance indicators and actions.

Identification and rating of Altarea's non-financial risks

To identify its non-financial risks, the Group called on existing resources: the materiality analysis, Group risk mapping (updated in 2019, see Chapter 5 of the Universal Registration Document and in line with the risks identified in the DPEF), the broad trends covered in the integrated strategic report, and the universe of risks identified in the CSR reporting guide for the sector, produced in 2018 by the CNCC (National Council of Shopping Centres). The risks analysed are gross risks, before the mitigation measures taken by Altarea, in accordance with the requirements of the Directive.

Following an exhaustive cataloguing of the Group's risks and challenges, we carried out a process of classification and ranking in order to create broad families of risks, removing insignificant or irrelevant risks and retaining the most important ones for the business. This work was performed jointly with the various internal stakeholders (CSR Department, the HR Department, the Risks and Internal Control Department).

The risks deriving from this selection were than rated on the basis of the evaluation scale used by the Risk and Internal Control Department for Altarea's risk mapping (rating of probability of occurrence and of severity).

Appropriate policies and indicators have been associated with each of these risks.

The risks and their rating were presented by the CSR Department:

- to the Finance Department, allowing joint work on the business model to be extended;
- and to the Group CSR Committee, which brings together a representative of each business line.

These exchanges led to the list of risks and policies identified being added to and amended.

Lastly the summary document of risks and their ratings was presented to management in the context of an exchange on the Group's non-financial risks, to validate this analysis with the Executive Committee and confirm its strong link to the Group's strategy.

During the process, the list of risks was also presented to the independent third party organisation who are verifying the Group's DPEF.

4.6.2 The CSR management system

Deployment of the CSR approach: General Management System (GMS)

In order to disseminate best practices across all of its activities, Altarea has implemented management systems suited to each business line which, overall, constitute the Group's General Management System (GMS). The implementation of this GMS facilitates access to the requirements of qualitative and environmental certification guidelines while developing employee skills.

GROUP GENERAL MANAGEMENT SYSTEM

Property Development (Residential)	Property Development (Business property)	Retail Development	Retail REIT
Guide to best practices for Residential properties **NF Habitat** **NF Habitat HQE™**	SME office projects **BREEAM®** **HQE**		EMS Standing Assets **BREEAM® In-Use**
Additional tools: training on regulatory changes and certifications, biodiversity guide, social economy guide, well-being guidelines, etc.			

Environmental management system (EMS) for certifications

Property Development (Residential)

The Group has integrated a certification approach, "the Guide to Best Practices for Residential property", into its development and construction process. As of 2016, all residential property developed is NF Habitat certified[1]. Some of the Group's buildings even exceed the NF Habitat requirements and it has committed to the higher-level HQE environmental approach, providing additional benefits to residents such as greater comfort, brighter spaces and even better thermal performance.

Property development (office and commercial)

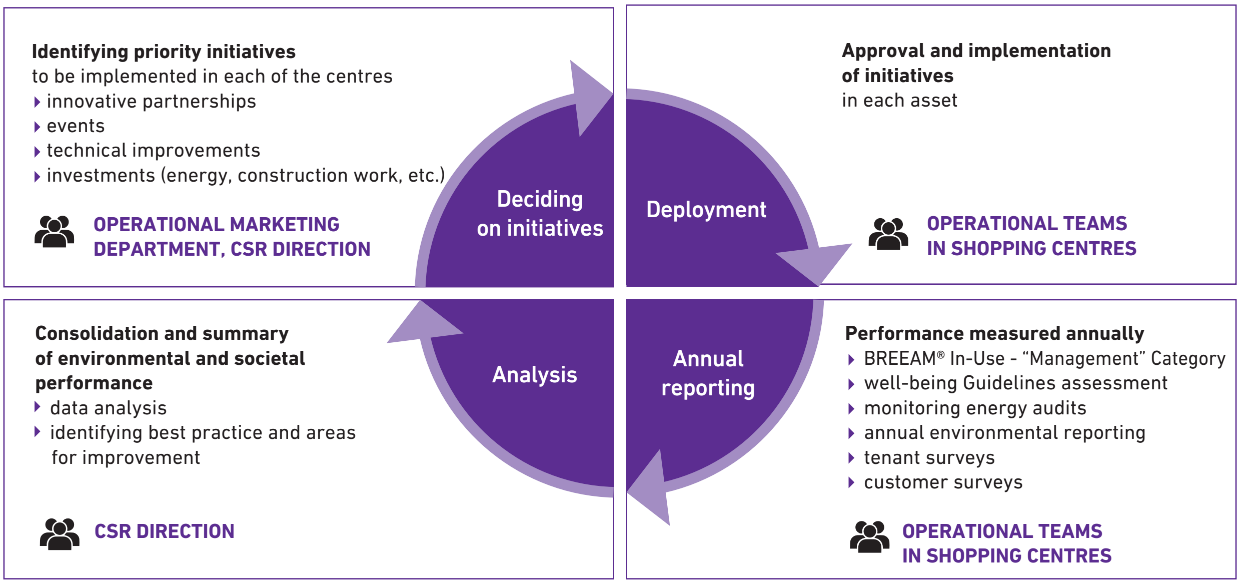
In 2010, the Group implemented *SME Projets Tertiaires* (Office and Retail Development Projects EMS). It provides each developer or operator with a working tool that catalogues all requirements for HQE, Building Research Establishment Environmental Assessment Method (BREEAM®) and (Leadership in Energy and Environmental Design (LEED®) at each stage of the project and accompanies them in the development and realisation of the Group's office and retail operations (Retail and Business property).

Retail portfolio

In 2019, the Group continued to use the "Guide to best operational environmental practice" developed in 2014. Altarea was therefore able to maintain and improve the BREEAM® In-Use certification for all of its shopping centres managed in France. This structuring approach makes it possible to continually improve operations while also making the reported environmental data more reliable.

In Retail, the environmental management approach has since been extended to all CSR subjects.

THE CONTINUOUS ENVIRONMENTAL AND SOCIAL IMPROVEMENT PROCESS (RETAIL PORTFOLIO)



Tools to complement EMS

Training and awareness-raising actions

The teams undergo regular training, in particular with each significant change to regulations or the main certification frameworks.

The government announced the end of the 2012 Thermal Regulations by 2020. They will be replaced by the 2020 Environmental Regulations which will increase the level of energy efficiency and impose a carbon threshold. In 2017, the Group's technical teams underwent training in the issues raised by the future regulations. The training programme continued in 2018 and 2019 improving the skills of all technical teams by: distributing practical guides on the certifications and labels to better adapt the teams' choices to the market needs and goals of the *Tous engagés !* ("We are all involved!") approach.

Awareness-raising is also organised during internal committees or seminars.

On the occasion of Sustainable Development Week, the CSR Department organises conferences and workshops on a theme every year. In 2019 an information morning on the circular economy with speakers including a specialist architect and internal project-owners. Fun workshops based on this theme were also held at the head office and in each of the regional division headquarters. These events were complemented with the circulation with a special edition of the in-house newsletter dedicated to CSR.

Thematic guides

Each year, the CSR Department produces and circulates tolls and guides to raise awareness of employees of the various themes around sustainability and how to facilitate their inclusion. For example:

- two of them aim to provide information about ways of developing and deriving value from biodiversity in the Group's projects. One is specific to Retail (development and operation) and the other is specific to Neighbourhood projects (housing development, Business property, hotels and mixed projects);

(1) *Excluding co-development, rehabilitations and managed residences.*

- one, dedicated to the social economy (ESS) and updated in 2019, provides information on the world of the ESS and includes mapping and contact details of the stakeholders that can be mobilised on the Group's projects with regional breakdowns (see 4.2.1);
- finally, a guide on the multiple certifications and labels available on the market provides employees with information by theme on the basics and technical and financial restrictions.

Internal guidelines

In order to roll out initiatives to improve comfort, health and well-being at its assets, the Group has produced dedicated internal guidelines in 2017. Drawing on established third-party systems (particularly BREEAM® In-Use and WELL certifications), the Group has set its own requirements for assets in operation, which are sent to each centre in the form of a checklist. It comprises 33 criteria, from the design phase (accessibility of the building, quality of air renewal, implementation of recommendations from an acoustic study for example) to the operational phase of an asset (raising awareness about healthy eating, provision of baby changing facilities in the mixed areas, etc.).

These guidelines form part of a continuous improvement approach which aims to annually review each site's performance in terms of comfort, health and well-being and to put actions plans in place. Portfolio reviews started in 2017 and continued in 2018 and 2019. In all, 27 shopping centres were reviewed.

4.6.3 Methodology and verification

Verification

Altarea contracts an independent third-party organisation to carry out the following:

- verification of the Declaration's compliance with the provisions of Article R. 225-105 of the French Commercial Code;
- verification of the truthfulness of the information: key performance indicators and actions.

Methodological changes

Integration of Histoire & Patrimoine operations

In July 2018, Altarea acquired the remaining capital of Histoire & Patrimoine, having already acquired 55% of its capital in June 2014. As such, Histoire & Patrimoine data is being gradually included in the Group's reporting. Social data were included for the first time in 2018. Consolidation continued in 2019 with an initial collection of environmental and societal data so as to produce a basis for comparison for the future.

Completeness of reporting scopes and guidelines used

Reporting covers nearly all of Altarea's REIT and Property Development activities, as well as the operations of its registered office. CSR reporting coverage rates provide an appreciation of its comprehensiveness compared to financial reporting.

COMPLETENESS OF ALTAREA EXTRA-FINANCIAL REPORTING

	ENVIRONMENT								SOCIAL
ENTITY	ALTAREA	COGEDIM		PITCH PROMOTION		HISTOIRE & PATRIMOINE	ALTAREA COMMERCE		ALTAREA
BUSINESS	CORPORATE	PROPERTY DEVELOPMENT (RESIDENTIAL)	PROPERTY DEVELOPMENT (BUSINESS PROPERTY)	PROPERTY DEVELOPMENT (RESIDENTIAL)	PROPERTY DEVELOPMENT (COMMERCIAL)	PROPERTY DEVELOPMENT (RESIDENTIAL)	PROPERTY DEVELOPMENT (RETAIL)	RETAIL REIT	CORPORATE
GUIDELINES	GRI CRESS	Internal definition ("Methodology and verification" chapter)						GRI CRESS Recommendations EPRA	GRI CRESS
PERIOD	1 September year N-1 31 August year N	to 30 September year N	1 October year N-1 to 30 September year N	to 30 September year N	1 October year N-1 to 30 September year N		1 January year N 31 December year N		1 January 31 December 31 year N
SCOPE	Head office 9,631 m² useful	193 projects 18,040 residential units	30 projects 463,374 m² Net surface area or floor area	53 projects 5,823 residential units	19 projects 177,493 m² Net surface area or floor area	52 projects 1,878 residential units	2 projects 80,811 m² Net surface area or floor area	507,745 m² GLA	2,045 employees
REPORTING COVERAGE	100%	100%	100%	100%	100%	100%	100%	93% (in surface area) 89% (in value terms)	100%

Compliance of reporting with national and international guidelines

Altarea drew on recognised national and international guidelines to produce its internal reporting guidelines and extra-financial communication.

The Group's extra-financial reporting is compatible with the European Public Real Estate Association (EPRA) "Best Practices Recommendation on Sustainability Reporting", published in 2011 and the GRI G4 Construction & Real Estate Sector Supplement (CRESS) sector supplement.

In Retail, Altarea also follows the recommendations of the CNCC (National Council of Shopping Centres) 2018 sector reporting guide on the DPEF. This guide, to which Altarea contributed, sets out the reporting recommendations for the shopping centres sector, following the publication of the transposition into French law of the EU Directive on disclosure of non-financial information.

Reporting period

The Group has opted whenever possible to base its non-financial reporting on the same period as its financial reporting.

For the Retail REIT activity, the key portfolio data (value and area) are those at 31 December of the reference year. However, since 2016, for reasons related to the availability of data, the reporting for footfall, revenue and all environmental data has been provided over a rolling year running from 1 November of the year preceding the reporting year to 31 October of the reporting year.

However, for environmental and societal data related to Group procurement of goods and services (particularly indirect jobs), the length of the calculation processes require that the Group use a staggered reporting period.

On collection, for the reporting period, of more precise data for prior periods, the indicators are recalculated with this new data.

Information about the scope of social reporting

The scope of social reporting includes all of the Group's fully integrated legal entities with a payroll that is not nil.

Description of environmental reporting scopes

Corporate

The scope of Corporate reporting includes the environmental data for Altarea's registered office, which is located at 8, avenue Delcassé in Paris.

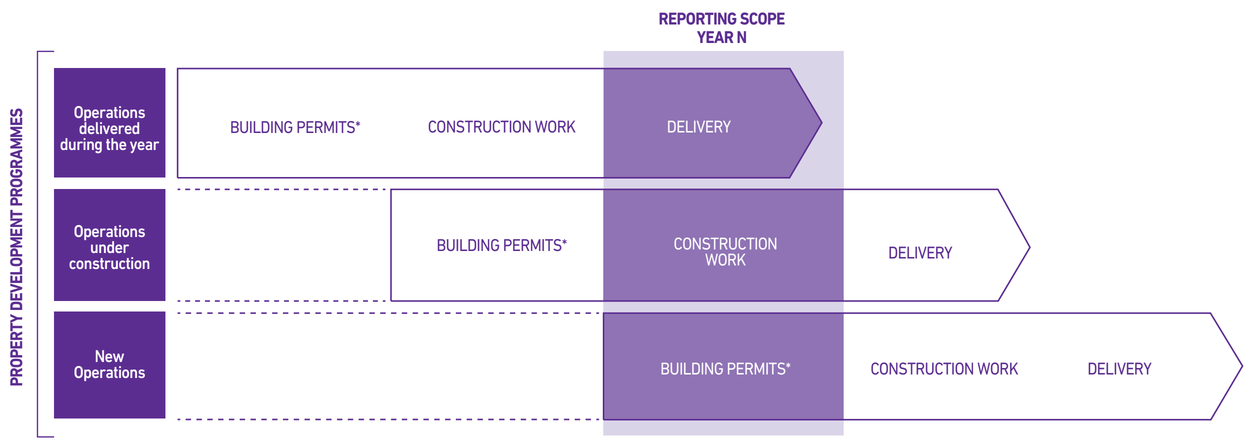
Property Development

The scope of reporting for Property Development includes operations which, during the reporting period:

- obtained a building permit (except for certain Cogedim and Pitch Promotion residential units involving the acquisition of land);
- were in progress;
- were delivered.

The following diagram summarises the way in which projects are entered and booked out for each of the activities (Residential, Business property and Retail).

SUMMARY OF METHODS OF ACCOUNTING FOR NEW PROJECTS IN THE SCOPE OF REPORTING



* Acquisition of land for Cogedim and Pitch Promotion residential projects.

In order to facilitate understanding of the indicators related to the Property Development activities, the Group opted to retain the same accounting method for each category, each certification and each label, although the key dates in the certification process vary according to the category of asset and certification.

Retail portfolio

Scope of ownership

The scope of ownership includes all assets in which Altarea ownership is not zero.

Scope of reporting

The assets included in this scope are the French assets of the scope that have been held for at least 12 months in the reference year. As a result, any acquisitions or disposals made during the reference year are excluded from the scope of reporting.

Sites undergoing construction during the reference year are included in this scope unless they are completely closed for at least one month in the reference year or if creation of gross lesasable area (GLA) exceeds 20%. If the creation of GLA exceeds 20%, it is nonetheless included if overconsumption related to construction can be isolated.

Scope of current reporting

The assets included in the current scope of reporting are those included in the scope of reporting with the exception of:

- sites not managed by Altarea and therefore over which the Group has no operational control;
- sites on which no Altarea representative carries out on-site management.

Scope of overall reporting

The like-for-like basis consists of two phases:

- between 2010 and 2015, it includes all assets in the scope of reporting held throughout the period. Given its share in the total portfolio, the Cap 3000 centre, which was acquired in 2010, was reintegrated in the 2010-2015 scope on a like-for-like basis. The data previous to the acquisition of the centre are generally known, limiting the data which needs to be estimated;
- due to disposals and acquisitions of sites since 2010, a new like-for-like basis was established for the 2015-2020 period to reflect the Group's portfolio as accurately as possible. It includes all of the assets in the scope of reporting held throughout the 2015-2020 period. Given its significant share of the scope, the Carré de Soie centre has been included on a like-for-like basis.

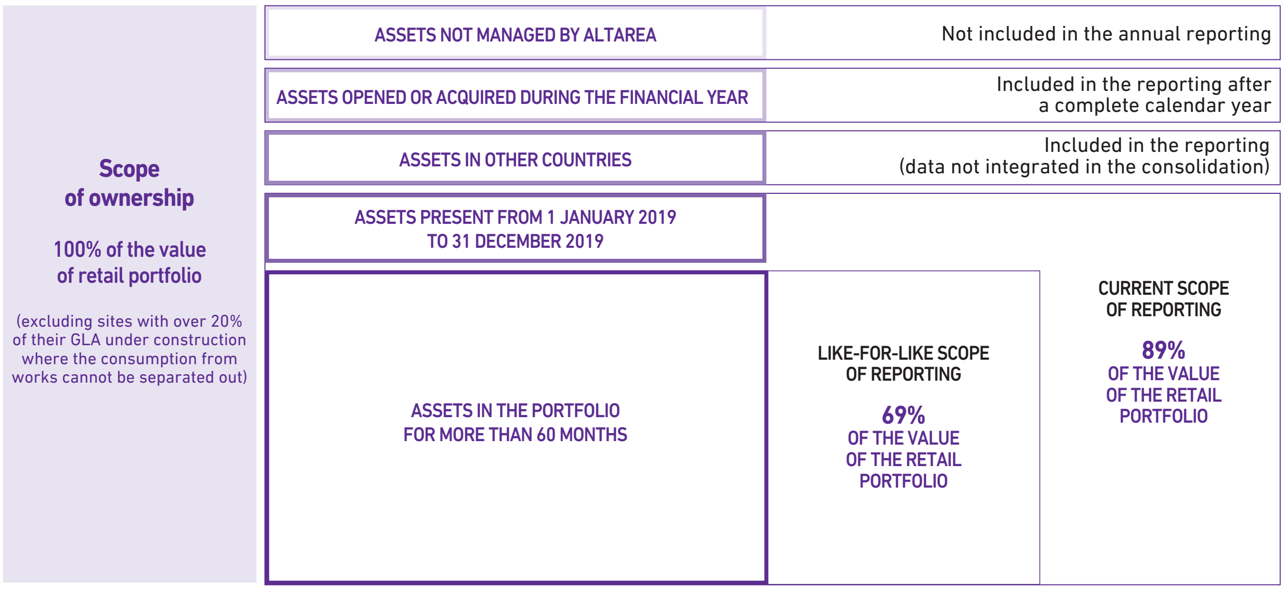
Changes in Group indicators between 2010 and 2020 are calculated by adding the changes seen between 2010 and 2015 on the 2010-2015 like-for-like basis and those seen between 2015 and 2020 on the 2015-2020 like-for-like basis.

All assets included in the scope of current reporting and the overall scope – including partially owned assets – are recognised in full if Altarea manages them directly. Assets directly managed but not owned by the Altarea Group are excluded from the scope of current and overall reporting.

For indicators covering all assets we specify the portion of the current reporting scope or like-for-like basis covered by the indicator, compared with the Group's scope of reporting for the reference year. The indicator for this scope is expressed as a percentage of the value of the assets within Altarea's scope of reporting.

We include only consumption managed or paid for directly by Altarea within the current and like-for-like scopes. As a result, environmental data that are directly managed by tenants are excluded, except for shopping centres for which a specific process for collecting tenant consumption data has been implemented (see 4.2.2).

REPORTING SCOPE FOR THE REIT DIVISION



4.6.4 Materiality matrix concordance table

The table below can be used to determine the issues identified in the materiality matrix in the DPEF chapter.

Level of importance	Matrix issue	Where to find it
Capital	Customer and user relations	Theme: Customers 4.3.1 and 4.3.2
Capital	Mixed use and local development	Theme: Cities 4.2.1
Capital	Energy and climate	Theme: Cities 4.2.2
Capital	Connectivity and mobility	Theme: Cities 4.2.1 and 4.2.2
Capital	Well-being of occupants	Theme: Customers 4.3.2
Capital	Business ethics	Theme: Customers 4.3.6
Capital	New uses and digitisation	Theme: Customers 4.3.4
Capital	Talent and skills management	Theme: Talents 4.4.4
Capital	Compensation and value sharing	Theme: Talents 4.4.3
Capital	Diversity and equal opportunities	Theme: Talents 4.4.2
Capital	Safety of assets, people and personal data	Theme: Customers 4.3.7
Capital	Labelling and sustainable certification	Theme: Customers 4.3.3
Capital	Circular economy	Theme: Cities 4.2.4
Capital	Partnerships	4.1.3 and Theme: Cities 4.2.6
Significant	Well-being at work	Theme: Talents 4.4.5
Significant	Responsible supply chain and supplier relationships	Theme: Customers 4.3.5
Significant	Biodiversity and land management	Theme: Cities 4.2.3
Significant	Health/safety of employees	Theme: Talents 4.4.6
Significant	Governance	Chapter 6 of the 2019 Universal Registration Document
Moderate	Water management	4.5.2
Moderate	Sponsorship	Theme: Cities 4.2.6

4.6.5 DPEF concordance table

The table below refers to the aspects of the DPEF to be found in the DPEF Chapter that are required by Article L. 225-102-1 of the French Commercial Code.

Elements of the DPEF	Where to find them
Description of *the business model*	Strategic report incorporated and Business Review (introduction and Chapter 1 of the 2019 Universal Registration Document)
Description of the main risks associated with the Group's activities	4.1.1
Respect for human rights	4.3.5 and 4.4.2
Fight against corruption	4.3.6
Climate change	4.2.2
Circular economy	4.2.4
Food waste	In view of the nature of our activities, we do not consider that this issue constitutes a major CSR risk or that it warrants being dealt with in this management report.
Collective bargaining agreements	4.4.2
Combating of discrimination and promotion of diversity	4.4.2
Social commitments	4.2.1, 4.2.6 and 4.3
Combating of tax evasion	The Group is committed to complying with applicable tax legislation in all countries where it is established. Each year it files a "country-by-country" (CBCR) tax report with the French administration in accordance with the standard set by the OECD and European Union aimed at combating tax fraud and optimisation. Moreover, the Group has no direct financial interest in, nor makes any investment in or has any transactions with countries featured on the black and grey lists of tax havens produced by the EU or on the list of uncooperative countries or territories produced by the Financial Action Task Force (FATF). As a reminder, Altarea has opted for the SIIC status and as such is subject to a particular tax regime, particularly in terms of distributive obligations (see 8.1.2.9), the compliance with which is monitored by an internal and external team of tax experts and discussed with the Group's auditors. Finally, for some complex questions or transactions, the Group refers to top tax advisors and communicates with the tax authorities. Altarea monitors tax investigations and disputes closely.
Combating food insecurity, respect for animal welfare, responsible, fair and sustainable food system	In view of the nature of our activities, we do not consider that this issue constitutes a major CSR risk or that it warrants being dealt with in this management report.

4.7 Independent third party's report on consolidated non-financial statement

Year ended the 31 December 2019

Independent third party's report on consolidated non-financial statement presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the Statutory Auditors of your entity, we present our report on the consolidated non-financial statement established for the year ended on the 31 December 2019 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

The management is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and which are available on request at the Company's headquarters.

Independence and quality control

Our independence is defined by the requirements of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105 I, 3° and II of the French Commercial Code, *i.e.*, the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of the work

The work described below was performed in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[1].

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L. 225-102 1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under Article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;

(1) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (responsible supply chain, talent management, Company's loss of appeal) our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: Bercy Village, Qwartz and Landscape;
- we verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with Article L. 233-16 of the French Commercial Code;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 21% and 36% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (21% of waste production, 33% of energy consumption and 36% of water consumption of the assets included in the reporting scope);
- we assessed the overall consistency of the Statement based on our knowledge of the entity.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our verification work mobilized the skills of four people and took place between September 2019 and February 2020 on a total duration of intervention of about nine weeks.

We conducted four interviews with the persons responsible for the preparation of the Statement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, the 27 February 2020

French original signed by:

Independent third party

EY & Associés

Partner, Sustainable Development
Éric Duvaud

Partner
Jean-François Bélorgey

Appendix 1: The most important information

Social Information	
Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
▪ The total headcount ▪ The absenteeism rate ▪ The departure rate ▪ The proportion of employees who participated in at least one training course during the year ▪ The number of training days ▪ The Representativeness of women in management ▪ The number of work-study students recruited during the year	▪ The development of recruiting, integrating and training systems for employees ▪ Promotion of diversity and equality of chances ▪ Strengthening well-being and quality of life at work ▪ Employees' awareness and training in business ethics
Environmental Information	
Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
▪ The share of certified areas or in the process of environmental certification (the environmental management system) ▪ Primary energy consumption and CO_2 emissions per m^2 of commercial assets ▪ Energy performance and the share of areas exceeding the requirements of thermal regulations ▪ Group CO_2 emissions (Scopes 1 and 2 as well as the evaluation made of Scope 3) ▪ The proportion of managed and sorted waste and the rate of recovered waste managed in commercial assets ▪ Water consumption ▪ Share of areas studied by ecologists ▪ Levels sought or obtained in BREEAM®	▪ A reduction in the direct footprint ▪ Use of energies that emit less greenhouse gases ▪ Development of connected operations and rehabilitation ▪ Improving the energy efficiency of projects ▪ Limiting exposure to climate change ▪ Site waste recovery and reduction of raw materials' consumption ▪ Development of activities linked to wooden construction ▪ Preservation of existing biodiversity ▪ Use of innovation to improve the energy performance of buildings
Societal Information	
Quantitative Information (including key performance indicators)	Qualitative Information (actions or results)
▪ The employment footprint (direct, indirect, induced and hosted jobs) ▪ The proportion of local purchases for development projects ▪ The satisfaction rating of visitors and customers ▪ The proportion of sites promoting well-being and comfort of users (NF Habitat and WELL certifications for Residential and Business property activities) ▪ The share of signed green leases ▪ The share of sites within 500 meters of a transport network (urban integration)	▪ The development of activities related to the social and solidarity economy ▪ Contribution to the local economy ▪ Dialogue with customers and visitors ▪ The implementation of wellness and comfort approaches in each business line ▪ Strengthening green value and environmental quality (quality, labels and certifications) ▪ The development of connected operations

5

RISK MANAGEMENT

5.1 Organisation of internal control and risk management

5.1.1 Objectives set for internal control and risk management

In accordance with AMF guidelines, the Altarea Group's internal control system complies with the general principles of risk management and internal control set forth in the reference framework developed by the AMF in July 2010. Internal control aims to ensure:

- compliance with laws and regulations;
- proper observance of instructions issued by Management;
- effective functioning of the Company's internal procedures, particularly those intended to protect its assets;
- the regularity and reliability of accounting and financial information, in order to present a true and fair view of the assets, financial position and results.

The scope for the application of the Company's internal control is that of the Altarea Group, that is, the Altarea parent company and all companies that it controls as defined by Article L. 233-3-I of the French Commercial Code, except for property development joint ventures that are managed by a commercial partner.

The system implemented within the Group is based on a risk management system that aims to identify the main risks to control in order to: safeguard the Company's value, assets and reputation; secure decision-making and other processes to ensure that targets are reached; encourage consistency between actions taken and corporate values; and unite employees around a shared understanding of the major risks.

We remind you that internal control and risk management systems, like any system of control, are subject to inherent limits, and cannot fully guarantee that objectives will be achieved.

Moreover, the information provided on identified risks is not necessarily exhaustive and does not cover all of the risks to which the Group could be exposed in the course of its activities. Only major risks considered sensitive are identified here.

5.1.2 Governance of internal control and risk management

5.1.2.1 Internal control and risk management system

The internal control and risk management system is run by the Internal Control Department, reporting to the Group Property Legal and Risk Management Director.

Internal control system

The Altarea Group internal control system relies on:

- a structure by activity based on three business lines and support functions, with a system of delegation of powers and responsibilities;
- a definition of the missions and responsibilities of the governance bodies (see section 6.2.3 "Supervisory Board");
- procedures and modus operandi specific to the business and objectives of the Group's different business lines;
- a human resources and skills-management policy, based on a strategic training plan and a shared approach revolving around annual appraisals.

The Group also has internal information dissemination tools, including an intranet, procedural notes, instructions and closing schedules.

Risk management system

The Group's main risks are regularly presented in detail to the Audit Committee. They are identified through a risk-mapping process organised by business processes and support functions. The risk-mapping is periodically updated.

The Internal Control Department uses risk mapping to prepare its action plan. Other sources, such as summaries of internal-control review work and comments and recommendations formulated by the Statutory Auditors are analysed and taken into consideration in defining actions to be taken. The control systems put in place to manage the main risks to which the Altarea Group is exposed are described in Section 5.2 "Risk factors and risk control systems" of this document.

5.1.2.2 Control environment

Internal control is based on rules of conduct and integrity established by the Company's governing bodies and communicated to all employees. The key elements of the internal control procedures are as follows:

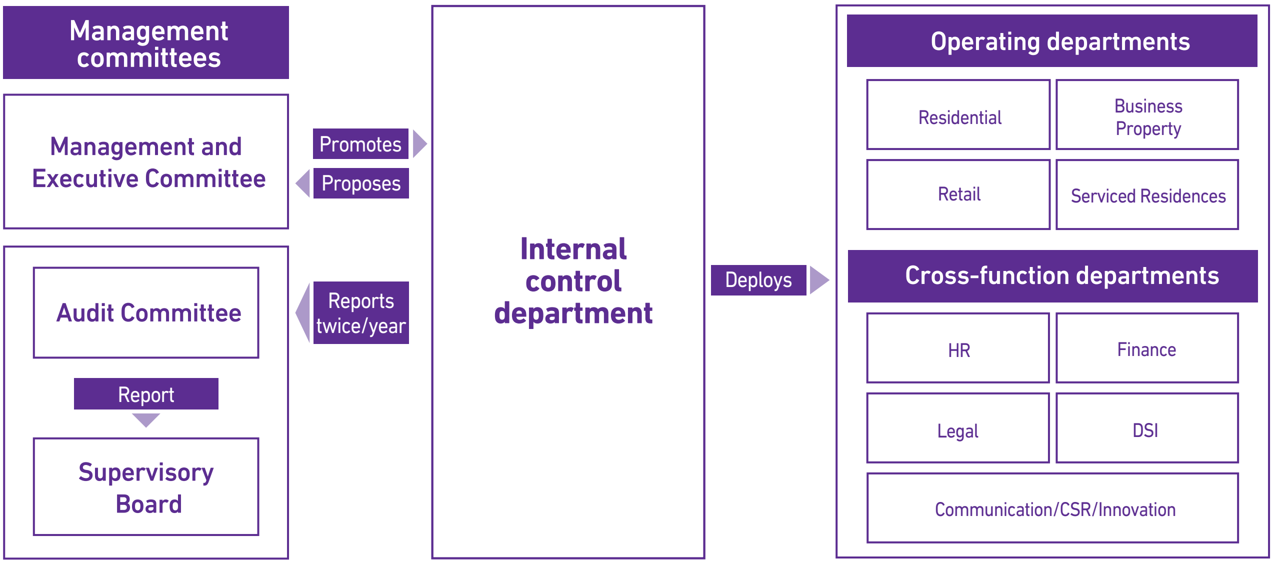
- the ethics charter sets out the Altarea Group's values and rules of conduct that all Group employees and corporate officers must respect in their working relationships. The clear and precise principles outlined in the charter should inspire and guide everyone in their daily tasks, enabling them to resolve issues of conduct, professional ethics and conflicts of interest in a clear and consistent way. The charter is available on the Group's intranet site and a copy is systematically distributed to every employee when recruited;
- all procedures and internal rules of the Group govern its various activities: operational procedures on how to behave in conducting the normal business of the Company and rules that expand upon the principles in the ethics charter on conflicts of interest, the fight against corruption and money laundering or insider trading.

The Group seeks to reinforce its control environment on a daily basis through the development of its compliance programme, in accordance with the various regulatory requirements.

5.1.2.3 Management of the internal control and risk management system

Internal control and risk management is everybody's business, from employees right up to the governance bodies.

Management is responsible for the overall organisation of the internal control system and, for the implementation of its strategic vision, has an Executive Committee which meets regularly. It is under its leadership that internal control procedures are established and that orientations are taken in order to control the risks associated with the Company's business. The Supervisory Board, assisted by the Audit Committee, plays an important role in terms of control as part of its permanent duty to oversee the management of the Company (see Section 6.2.3 "Supervisory Board" in this Universal Registration Document).



5.1.2.4 Priorities of the Internal Control Department

The Internal Control Department is responsible for coordinating and supporting internal control actions which are conducted in the different subsidiaries. Its priority missions are:

- to ensure knowledge and compliance with the rules of procedure and the ethics charter and the correct functioning of the Supervisory Board's specialised committees;
- to monitor regulatory obligations relating to internal control;
- to identify and assist divisions in mapping risks;
- to define or help divisions in defining operational procedures;
- to review the rules applying to the Company's operating commitments, and compile existing procedures and standardise them if needed;
- to perform all compliance checks to ensure procedures are respected.

To fulfil its duties, the Internal Control Department also draws upon:

- specialised advisory and consulting firms;
- a number of contacts within the Group to monitor and control operational risks and commitments.

In addition, every Altarea Group employee is encouraged to make proposals to keep the internal control system effective and up to date. Operational managers ensure that the processes are in line with the objectives assigned to them.

5.1.3 Procedures relating to the preparation and processing of the Group's accounting and financial information

The Group is particularly sensitive to the reliability of the budget processes, the correct consolidation of accounting data and the quality of the financial data published. The Statutory Auditors, the Audit Committee and Supervisory Board closely monitor the clarity of the financial information and compliance of the accounting methods used. Given all the processes in place, the Altarea Group considers the risks related to the preparation of the financial information to be moderate.

Finance Committee

In order to control the financial and accounting risks that may arise, Operational Finance Committee meetings are held every two weeks and are attended by Executive Management, the CFO, Deputy CFO and the managers concerned, depending on the agenda. During these committees, the Corporate Finance Department discusses current financial issues.

In addition, a Cross-Functional Finance Committee is held on a quarterly basis by the operational and corporate finance departments in order to ensure a common approach to managing the business and improving communications. This committee includes all the managers in the finance function and is used to share objectives and issues as well as to improve the flow of information across functions.

Accounting and financial structure and main internal control procedures

(i) Accounting and financial structure

In order to enable controls at every level, the accounting and finance teams are structured by divisions (Group holding companies, Retail Division and Property Development Division).

Within the operating divisions, the main accounting and financial departments are organised with:

- corporate accounts physically maintained by Group employees within each operating subsidiary;
- management controllers in charge of reviewing the results of each operating subsidiary.

Each division prepares consolidated financial statements at its own level with dedicated teams.

Within the Corporate Finance Department, the deputy Chief Financial Officer is responsible for the quality and reliability of all the published or regulatory accounting information: consolidated financial statements (IFRS), parent company financial statements (French Standards) and the Company's forward-looking information (law of 1984). This department is in charge of coordinating the relationship with the Statutory Auditors for the whole Group and at every half-yearly or annual reporting date it prepares an activity report consistent with the accounting information.

(ii) Principal control procedures

The principal control procedures used for the purposes of preparing the accounting and financial information are as follows:

- formally documented budget tracking and planning process on a twice-yearly basis (in April/May and October/November) with a comparison of budgets against actuals approved by operational and Group management. This process facilitates preparation and inspection of half-year and full-year Group financial statements. The main components are discussed with the Statutory Auditors prior to each period-end;
- a vertical procedure for data reporting from various operating departments (period-end timetables and instructions, quarterly meetings and dashboards for information sharing), with audits carried out by the operating management controllers (by business line for the Retail Division, by region and/or brand for the Property Development Division) before the information is sent to the Corporate Finance Department and cross-functional control procedures (consistency checks and reconciliation of operating management/accounting and budgeted/actual figures, intercompany reconciliations, etc.);
- analysis of significant events: the principal events that may have a material effect on the financial statements (acquisitions, disposals, restructuring, etc.) are subject to simulations and explanatory notes prepared by the Corporate Finance Department or the divisions. The accounting treatment of complex transactions (major structural transactions, Corporate financing transactions or operations' tax impact) is systematically presented to the Statutory Auditors before the financial statements are prepared. These items are then used to document the Notes to the consolidated or individual company financial statements;
- reporting, key indicator monitoring and quarterly reporting:
  - unaudited interim financial reports (31 March and 30 September) used to prepare financial statements and analyse key indicators (revenue and net financial debt),
  - periodic reports by the operating subsidiaries to Management and department heads in the Retail Division (half-year Property Portfolio Report, monthly report on shopping centre operations, etc.), and in the Property Development for Third Parties Division (monthly division report and monthly tracking tables of key business indicators for the subsidiaries);

- documentation of the period-end closing process:
  - Retail Division: a matrix formally documenting the overall internal control procedures applying to the period-end closing process; summary files for each company divided by function (purchases, sales, cash flow, capital, etc.) and designed to document economic, legal and financial processing of transactions; formal documentation of claims and legal disputes,
  - Property Development for Third Parties Division: consolidation and accounting procedures guide and documentation of tracking of claims and disputes,
  - Holding Division: Group accounting chart with glossary and table for transition between local and Group accounting; accounting templates for the most common transactions (operating leases, percentage-of-completion payments, etc.); electronic file documenting the consolidated financial statements classified by line items; Notes to the financial statements, including taxes and off-balance sheet commitments;
- audit of the accounts of the French and foreign subsidiaries via contractual audits.

Furthermore a review of operations and the forecast financial results is carried out twice a year with the Chairman of the Audit Committee, a specialised committee of the Supervisory Board, in preparation of the half-year and annual period ends.

Information systems

Accounting and financial information is prepared based on efficient business and financial information systems. Manual and automatic controls exist in order to secure the flow and processing of data that come from these systems.

(i) Retail Division software

The Retail Division uses the rental and property management software Altaix in France, Italy and Spain. This business tool is interfaced with the corporate accounting software Sage. Its unique database (chart of accounts, personal account, analysis, etc.) enables multi-company cross-cutting analyses.

(ii) Property transaction software

The Property Development Division uses Primpromo real estate operations management software which optimizes the monitoring and control of projects throughout the different phases. This "business" tool is interfaced with the accounting software Sage and the data presented in the two systems are regularly reconciled.

(iii) Account consolidation software

Due to its structure, the consolidation software SAP BFC (Business Financial Consolidation) software used within the Group, constitutes a platform enabling a strong integration of accounting systems. It therefore helps to reduce the risk of material mistakes.

Sage data is integrated into the SAP BFC consolidation software via a procedure common to the whole Group. The integration of this data leads to controls performed every quarter by reconciliation with Primpromo data from the Property Development Division (project budgets and cumulative sales) and/or budget data (net income), and corporate and/or budget data from the Retail Division (completeness of integrated data, cut-off, gross rental income, net rental income, overhead expenses, HR, net debt, etc.).

In addition, the SAP software DM – Disclosure Management – enables secure disclosure management via SAP BFC of quantitative data and Notes to the consolidated financial statements. This software package is also used to coordinate the different contributors to the Universal Registration Document, and help prepare it, and thus allows a systematic and cross review of the different parts.

(iv) Software for financial planning and budget reporting

SAP BPC – Business Planning Consolidation – software for financial planning and budget reporting has been implemented for the entire Group. This software uses operating data from business line systems to generate consolidated budget data. Estimated consolidated information is compared with actual figures imported from the system used to prepare the consolidated financial statements (SAP BFC). Any material differences are justified.

(v) Cash flow software

The Group uses the Sage 1000 cash flow software to manage cash flow. It is automatically interfaced with the corporate accounting software, thus enabling the automated transfer of short-term accounting forecasts to cash management or automatic recognition of certain data transmitted to accounting.

Since 2018, the Group transferred all of its electronic signature flows with the EBICS TS secure protocol. This module is interfaced with all of the Group's ERPs, thus enabling the provision of account statements and other information statements to the ERPs or the secure transfer of payment and direct debit files from the ERPs to the banking communication system.

To prevent risks affecting cash management, the cash management teams reconcile bank balances and analyse changes in the cash balance for all divisions on a daily basis: reconciliation of banking data with short-term forecasts, checking of balances and analysis of daily changes in banking positions.

5.1.4 Managing interest rate and counterparty risk

The Altarea Group has borrowings from and liabilities to credit institutions at variable rates and is therefore exposed to the risk of interest rate fluctuations. An increase or a decrease in interest rates could have a negative impact on the Group's earnings.

Furthermore, the use of financial derivatives to limit interest rate risk may also expose the Group to unfavourable consequences on its earnings should its counterparty default.

The Altarea Group has adopted a prudent approach to managing interest rate risk. The Company uses hedging instruments to cover the interest rates on mortgages and/or corporate loans backing its property and therefore to preserve the cash flow generated by its operating assets. The instruments used are mostly fixed/variable-rate swaps[1].

In order to limit counterparty risk that may arise following the setting up of financial derivatives, the Group thoroughly checks the quality of the counterparties and only pursues projects with the largest financial institutions.

5.1.5 Managing fraud and corruption risk

Combating fraud

To mitigate risks of fraud or embezzlement, procedures have been set up for cash management and cash flows to ensure that they are secure and to decrease the risk of fraud (bank powers; rules for opening, modifying and closing bank accounts; daily reconciliation of bank transactions with accounting entries; and separation of functions between the Accounting Department and the Cash Management Department). In addition, the number of authorised signatories for payments is limited.

Every external attempted fraud observed by the teams (for example, fraud by impersonation, bank fraud or recruitment) is reported to the Internal Control Department which sends out a reminder at least twice per year about the methods used by scammers and the right things to do to avoid them. The Internal Control Department works closely with the Group Security Department on these matters.

Combating money laundering and the financing of terrorism

Our prevention mechanism is primarily centred around:

- a systematic inclusion of anti-money-laundering clauses in our contracts with third parties;
- the designation of a Group-wide TRACFIN declarant/officer;
- a process to asses the risk level of commercial customers and partners;
- training and awareness raising for the employees most exposed to risk.

Moreover, a money laundering and terrorism financing prevention manual has been established in Spain and is the subject of an annual report by an external firm.

Fight against corruption

The Group is currently tightening its anticorruption system to prevent this risk and meet the requirements of Sapin 2. Corruption risks are mapped to enable us to identify the areas requiring priority action.

Periodic awareness campaigns target the employees identified as the most vulnerable. For example, with the help of specialist law firms we held courses on the different types of corruption, conflicts of interest, the peddling of influence, favouritism and the potential criminal repercussions, particularly in relations with the public sector.

5.1.6 Legal and arbitration proceedings

The Company is not aware of any government, legal or arbitration procedure, pending or threatened, that over the last 12 months could have, or has had, a material impact on the Company and/or Group's financial position or profitability other than those for which a provision has been booked (see note 6.3 "Provisions") or which the Company has contested or is preparing to contest (see note 5.3 in Section 2.3 "Income Tax" or 6.3 "Provisions" in Section 2.3).

(1) *The financial instruments used are detailled in Note 8, Section 2.3 "Other information attached to the consolidated financial statements" of this Universal Registration Document.*

5.2 Risk factors and risk control systems

The Company has identified the main categories and the most significant risks, presented in what the Group considers to be the order of decreasing importance within each category. The five categories identified are as follows:

- Business-sector related risks;
- Risks inherent to the Group's operations;
- Risks related to the Group's financial position;
- Legal and regulatory risks;
- Social, environmental and governance risks.

This presentation corresponds, after taking into account the control measures implemented by the Company, to the Group's current perception of the importance of these risk factors, based on the current perceived likelihood of the risks materialising and the estimated extent of their negative impact.

Based on this assessment, the Group carried out a risk categorisation exercise as presented in the summary table below.

Investors should nevertheless be aware that other wholly or partially unknown risks considered unlikely to occur at the date of filing this Universal Registration Document, may exist and could have an adverse impact on the Group's business.

Summary of significant risks and that are specific to the Group

		LOW	AVERAGE	HIGH
Business-sector related risks	Risks related to climate change	■	■	■
	Risks related to trends in the property market and the business climate	■	■	
Risks inherent to the Group's operations	Risks related to shopping centre development	■	■	■
	Risks related to the development of housing and offices	■	■	■
	Risks related to REIT assets and activities	■	■	
Risks related to the Group's financial position	Liquidity risk and compliance with covenants	■	■	
	Risk related to the appraisal of property assets	■	■	
Legal and regulatory risks	Risks related to administrative authorisations	■	■	■
	Risk of legal action for non-compliance with safety/employment law	■	■	■
	Tax risks related to SIIC status	■	■	
	Risks related to the protection of personal data	■	■	
Social, environmental and governance risks	Security risks	■	■	■
	Risks related to the Group's information systems	■	■	■
	Social risks	■	■	■
	Risk of dependency on key people	■	■	■
	Health and public safety risks	■	■	■
	Image risk	■	■	

5.2.1 Business-sector related risks

5.2.1.1 Risks related to climate change

Risk factors

The Group has examined the risks linked to climate change for its activities, which are of two main types:

- the need to mitigate climate change: as the property sector is responsible for around 25% of emissions in France, it is directly concerned by the requirement to reduce greenhouse gas emissions and by future regulations (including taxation and more stringent standards, such as the future environmental regulation). Consequently, there is a risk related to the transition of the Group's current practices in its business lines towards increasingly decarbonised practices in the field of building design, operating, uses, etc.;
- the need to adapt to climate change: climate change causes the exacerbation of climatic phenomena (heatwaves, flooding, etc.) which impact cities and buildings and can affect the safety of users or the comfort experienced inside buildings.

Risk control systems

Mitigation of climate change

The Group is fully aware of the need to contribute to climate change mitigation and has anticipated the regulatory constraints linked to climate change, whether for the reduction of emissions, a possible carbon tax or new building standards.

The Group measures its carbon footprint across its full scope (scopes 1, 2 and 3 as defined by the Greenhouse Gas Protocol) and has also implemented a global programme to reduce its direct and indirect carbon footprint, and this applies to all of its activities, targeting the stages that contribute the most to greenhouse gas emissions.

With regard to property development, these actions focus mainly on the energy efficiency of buildings, connectivity to transport in order to reduce emissions linked to travel and low-carbon design (rehabilitation, reversibility and new materials). Over its portfolio, these actions are closely linked to actions for the reduction of energy consumption.

The Group is currently carbon mapping its activities in accordance with the Paris Agreement to help keep global warming to 2°C.

Adaptation to climate change

In 2018, Altarea conducted an in-depth analysis concerning its exposure to climate risks concerning its assets and its development operations, with a detailed approach studying each location in France.

On this basis, in 2019 the Group committed its tertiary and housing activities to adaptation programmes designed to protect assets and provide guarantees for buyers concerning the comfort and asset value of their property.

The Group's full approach to improvement in this respect is set out in the Declaration on Extra-Financial Performance in Chapter 4 of this Universal Registration Document.

5.2.1.2 Risks related to trends in the property market and the business climate

Risk factors

As part of its risk management strategy, the Group must take account of the many different sectors in which it operates (retail property, residential and office property and serviced residences). Each of these sectors has its own cycle and own exposure to endogenous and exogenous variables. As a result, the Group must develop sector-specific sensitivity and combine it using a vertical analysis and a cross-cutting approach.

Its many different activities also offer it risk diversification which is not available to its single-sector competitors.

Changes to the tax laws could occur and would have more or less favourable consequences for the property development business. The main economic and fiscal regulations are as follows:

- The *Pinel* Law aims to provide housing at affordable rents to lower income households in urban areas where there are housing shortages. The stated objective of this scheme is to substantially increase the creation of new housing by offering tax incentives in exchange for social requirements. The scheme is applicable to acquisitions carried out before 31 December 2021 in high-demand areas (A, A bis and B1);
- the zero-rate loan system (PTZ+) to encourage home ownership is available to buyers provided they have the resources for new housing. This scheme, adapted according to different geographic zones, is rerun high-demand areas at 40% in 2020 and 2021 but reduced to 20% for other areas.

  It should be noted that most *of* the Altarea Promotion residential pipeline consists of operations in A and B1 areas;
- the *Malraux* system, which currently has no time limit, is intended to facilitate the complete rehabilitation of buildings, primarily in sites of remarkable heritage significance mainly in areas covered by an approved preservation and rehabilitation plan (Plan de Sauvegarde et de Mise en Valeur – PSMV). The property purchased must be rented out as main residences or under a commercial lease for a minimum of nine years;
- the "Historic Monument" system is intended to facilitate the maintenance and rehabilitation of buildings that are classed or listed as "Historic Monuments". The interest of the resulting tax benefit deduction depends on the effective tax rate of the investor. There is no geographical restriction and currently no time limit for this system.

Moreover, 2020 began with the uncertainties related to the Covid-19 epidemic. At the filing date of this document, it is still difficult to assess its tangible effects on the Group's businesses. However, from a macro-economic point of view, a prolonged and aggravated impact of the epidemic could certainly affect the Group's activities in 2020.

Risk control systems

The Altarea Group's positioning in multiple segments of the real estate market (shopping centres, residential, offices and serviced residences) enable it to optimise its risk-return profile. Moreover, Management and the Executive Committee closely monitor trends in these markets, the economy and the competitive environment; the strategy and policies that they implement are designed to anticipate and mitigate those risks.

The Group has put in place preventive and organizational measures, in accordance with government decisions, aimed at limiting the impact and spread of the epidemic while allowing for the continuity of its businesses. A crisis unit has also been set up to coordinate the various actions and adapt them to an extremely changing context.

5.2.2 Risks inherent to the Group's operations

5.2.2.1 Risks related to shopping centre development

Risk factors

There are many development risks. They include in particular:

- an administrative risk related to obtaining permits for commercial operations or building permits and to administrative proceedings that could delay property development projects;
- a construction risk linked to potential delays the work going over budget, a shortage of approved construction companies due to the large number and increasing size of the building projects on national soil, companies defaulting, the ability of companies and contractors to adapt, to new standards in particular, and potential disputes with the construction companies;
- a commercial risk, linked to the inadequacy of the products developed, long lead times for setting up some deals or the failure of some chains of retailers;
- a competition risk, which may affect the acquisition of land/ shopping centres, product sale prices or the availability of subcontractors.

Risk control systems

(i) France

These risks are controlled by the Investment Committee, a Specialist Committee of the Supervisory Board (see 6.2.3.2 "Working methods, preparation and organisation of the Board's work" in the Section "Specialist Committees" of this Universal Registration Document) with support from several other committees:

- the Development, Operational and Planning Committee: attended by the Executive Management of the subsidiary, the committee meets weekly to decide on and set operational targets for each project, monitors the commitments to works, approves the initial budgets and, where appropriate, any adjustments. Once a month, it is chaired by Group Management to examine the most strategic issues;
- the Coordination and Marketing Committee: this committee helps the Executive Management to define and set sales targets for each project. Pre-letting mitigates marketing risk;
- the extended Management Committee: this committee includes the members of the Altarea Commerce Management Committee and the main Operational Directors. It addresses all subjects relating to the subsidiary (development, operations, marketing, valuation and legal questions).

The Research Department coordinates economic and competitive analyses of the portfolio and provides operational guidance to the teams on Retail and Business line trends in order to adapt the products developed to meet market needs.

The risks related to development projects are also monitored through several processes and reports:

- monitoring investments: any authorised investments are subject to individual monthly monitoring and a control system by operational and financial management;
- a quarterly report is drawn up for each project under development or in progress, showing actual expenditure and commitments to date and the balance to be invested;
- half-yearly validation of operation budgets: settlement of construction invoices with the Accounting Department and revision of interest expenses based on market conditions, and review of planning schedules. This procedure provides for the budgets of developments under construction to be signed off by the subsidiary's Executive Management.

Administrative authorisation requests (building permits, regional retail development commissions, etc.) are subject to prior review by a specialised law firm.

(ii) Italy and Spain

New investments in these countries are reviewed by the Group Investment Committee.

- In Italy, the Management Committee meets monthly. Specific meetings with Group Management may also be organised according to topics on the agenda. The organisational, management and control model in Italy, in accordance with legislative decree no. 231/2001, calls for the setting up of a monitoring body responsible for overseeing the application and the relevance of the model, comprising a lawyer and a tax accountant;
- in Spain, new developments have been discontinued.

Altarea managers hold monthly meetings with the subsidiaries' Executive Management teams.

5.2.2.2 Risks related to the development of housing and offices

Risk factors

There are many development risks, as there are many shopping centres and include in particular:

- an administrative risk related to the uncertainty of obtaining office approvals, building permits possible appeals that could delay property development projects;
- a construction risk linked to the works going over budget, a shortage of approved construction companies due to the large number and increasing size of the building projects on national soil, companies defaulting, the ability of companies and contractors to adapt, to new standards in particular, and potential disputes with the construction companies;
- a completion risk with regard to its customers, when the Group acts as a developer by signing off plan or property development agreements in which it undertakes to build a building with a fixed price and deadline. The risk would be one of non-compliance of the product delivered or of a delay in delivering;
- in the office market, a market risk when the Group acts as an investor, if it fails to sell or let the property. It may thus have to bear a risk of prolonged carry.

Risk control systems

The implemented procedures are described below.

(i) Residential and Office Property

In the residential property segment, an Operations Management Guide (GMO) sets out best practice for each key stage of residential schemes. The purpose of the guide is to define the role of each actor within property development, to improve and harmonise practices and to facilitate interactions with partner services. It is available on the Group's intranet and training sessions are given to all employees involved.

The following systems are also designed to cover risks related to property development:

- Commitment Committees meet every week to examine all property projects having reached key stages that entail a commitment for the Company: signature of an undertaking to acquire the land, marketing launch, acquisition of the land and start of works. As well as analysing the timing and benefits of the project, at each stage progress is measured against objective benchmarks: margins, percentage of project pre-let on land acquisition and when work gets under way, validation of the cost of works, WCR, etc.

  In addition to the Commitment Committees processes, the Commitment Director works with the Finance Directors in the regional offices on all issues involving the Company but not directly depending on the Commitments Committees. He can ask to see all draft protocols, sales agreements, specific contracts etc. He is also informed about the progress of the Company's major development projects regarding the risks that they may present in terms of the amounts involved or legal arrangements, for example. The Commitment Director works with the Group's Internal Control Department with regard to risk management and internal control issues;
- the Engineering Department guarantees the coherence of the assembly process, that the transfer process for the rights in connection with the project is advancing well and that the construction costs and technical, product, environmental and commercial risks have been properly assessed. It is therefore systematically consulted at Commitments Committee meetings;
- for residential property, the Group has its own marketing arm of dedicated subsidiaries. These structures include: a Marketing Division in charge of keeping contacts and national campaigns, a division in charge of defining and updating product specifications whilst providing research and advice to property development managers to evaluate local markets and a division dedicated to customer relations and after-sales service. In addition, the digital budget monitoring tool used for each project is updated in real time with commercial data (reservations and sales) and allows each Operations Manager to track the progress made in the programmes for which they are responsible. Finally, every week a business report is produced for each project presenting sales figures for the week and a monthly total.

  These two departments use their expertise to assist the Regional Departments, preparing and distributing national working procedures and supervising the Marketing Departments, after-sales services managers, Technical Departments and regional Construction Departments. Outside firms are used for marketing office property;
- reporting and periodic reviews of operations' budgets: in residential property, reports (including bookings and consolidated authenticated deeds, portfolio of projects subject to undertakings, monitoring of commitments to development projects) are sent on a monthly basis to the members of the Cogedim Executive Committee, the Corporate Finance Department, the Chairman of the Supervisory Board and the Management of Altarea. Concerning Office Property, reviews are carried out and sent on a quarterly basis to Executive Management.

  In addition, as part of the budgetary process, all operating budgets are updated at least twice per year and at each milestone triggering Commitment Committee scrutiny (see above);
- building permit applications: for large projects or projects presenting specific difficulties, building permit applications are submitted to a specialised law firm, which participates in drafting the application or reviews the completed application.

(ii) Serviced Residences

Under the Cogedim Club® brand, the Altarea Group is developing a serviced residences concept for seniors with a variety of *à la carte* services and attractive city centre locations. As of the end of 2019, 18 Cogedim Club® residences are in operation. The Group has chosen to manage the design and the development of these residences, as well as rentals during the buildings' operation. In addition to residences for seniors, the Group is also developing an extended range of serviced residences: student halls of residence, business tourism residences, executive residences, etc.

5.2.2.3 Risks related to reit assets and activities

Risk factors

Risks related to assets in operation and to the retail and office REIT business include:

- risks related to letting and re-letting of space in shopping centres and letting of offices, in particular in a challenging and rapidly changing economic climate;
- risks related to property portfolio management and to decisions to buy and sell assets (estimated return on new acquisitions, delays in carrying out disposals, etc.);
- risks related to the operation of shopping centres (maintenance of facilities and achieving compliance with standards, natural and technological risks, accidents, risk of administrative closure of a centre, terrorism, etc.).

Risk control systems

(i) France

The risks related to REIT assets and activities are covered by the following arrangements:

- the Property Portfolio Committee which reports to Executive Management and meets to define and set asset management objectives for each asset;
- due diligence before any acquisition of properties in operation in order to limit the risks linked to the valuation and the integration of these centres into the portfolio;
- on a weekly basis, the Marketing Coordination Committee monitors all re-marketing events in order to set the lease-renewal terms for properties in the portfolio. In order to check that leases are being properly enforced, an independent external firm annually audits the correct invoicing of rents and charges on three or four different sites;
- twice-monthly meeting of the Retail Executive Committee and the Retail Management Committee to take stock of the strategic challenges linked to shopping centres in operation and under development;
- property portfolio reports by the Property Portfolio Managers on forecasts of rental income and non-collectable expenses, data on property vacancies and changes in headline rents, invoiced rents and gross rents. Half-yearly property portfolio reports are also submitted to provide an overview of business at the Company's shopping centres;
- systematic reporting of recovery rates and unpaid rents provides forward-looking guidance to insolvency risk on tenants in the REIT business. A Brand Support Committee reviews solutions for tenants experiencing financial difficulty;
- an insurance programme for assets in operation (See Paragraph 5.3 "Insurance");
- security management of the centres in operation: a schedule of audits and visits by auditing bodies and safety commissions;
- electronic data management (GED): all original paper documents are digitised then stored by a specialist operator.

(ii) Italy and Spain

- In Italy: the operations of all shopping centres in operation are reviewed by the Management and Re-marketing Committees. Monthly management reports on these centres are drawn up and sent to the Group's Executive Management;
- in Spain: Altarea España owns a shopping centre that it manages for the portfolio. Monthly management and re-leasing reports are sent to the Group's Executive Management.

5.2.3 Risks related to the Group's financial position

5.2.3.1 Liquidity risk and compliance with covenants

Risk factors

Altarea finances some of its investments through fixed- or floating-rate loans and through the capital markets. Altarea might not always have the desired access to capital markets or the banking market. This situation could result from a crisis in the bond or equity markets, a serious deterioration in the property market or any change in Altarea's businesses, financial position or shareholder structure which affects investors' perception of the Group's credit quality or attractiveness as an investment. This type of event could also lean to obtain under favourable conditions.

Some of the credit facilities agreed between Altarea and its banks are subject to early repayment clauses primarily linked to compliance with financial ratios or the occurrence of clearly identified events. Failure to meet these commitments or obligations could result either in default or potential default that would mainly result in early repayment of all or part of the outstanding amounts. This situation could produce an unfavourable impact on the Company's business and financial position, particularly its growth.

Risk control systems

As it funds its investments through debt or recourse to capital markets, the Company must continuously monitor the duration of its financing, the ongoing availability of credit lines and the diversification of resources. The budget process for cash management and projected cash flow analysis also provides a way to anticipate and hedge these risks.

Furthermore, compliance with the commitments and obligations granted to financial institutions under the terms of credit agreements is closely monitored by the Group, including bank covenants[(1)].

5.2.3.2 Risk related to the appraisal of property assets

Risk factors

The valuation of Altarea's portfolio of office property is linked to many exogenous factors (economic conditions, retail property market, interest rates, etc.) as well as endogenous factors (shopping centres' rate of return and performance) that may vary appreciably.

(1) See Note 8 "Management of financial risks" in Section 2.3 of this Universal Registration Document.

Risk control systems

In accordance with IAS 40 and IFRS 13, Altarea has opted for the fair value model and measures its investment properties at fair value whenever this can be determined reliably.

- Investment properties in operation are systematically measured at fair value, on the basis of independent appraisals. At 31 December 2019, an external appraisal was performed of all assets in operation[(1)];
- investment properties under development and construction are measured either at cost or at fair value in accordance with the following rules:
  - properties under development before land is purchased and land not yet built is measured at cost,
  - properties under construction are measured at fair value if most of the uncertainties affecting the determination of fair value have been removed or if the project completion date is in the near future.

The Altarea Group assets are assessed twice a year by an independent appraiser. External valuation of Group assets has been entrusted to Cushman & Wakefield (in France and Italy), Jones Lang Lasalle (in France and Spain) and CBRE (in France).

The fees paid to appraisers are lump-sum amounts determined in advance of the valuations. These amounted to €229,450 (excl. VAT) for 2019, including fees related to the preparation of reliance letters required by banks. They are not proportionate to the value of appraised assets and make up less than 10% of the revenue of each appraisal firm consulted.

A detailed report is produced, dated and signed for each of the assets valued by the experts per the methods set out in Section 2.3 “Other information attached to the consolidated financial statements” of this Universal Registration Document.

The property expert report prepared by the independent experts of Altarea is appended in Section 8.4.4 of this document, with the stipulation that, as far as the Company is aware and can confirm in the light of the information published, no fact has been omitted that would render the information produced inaccurate or misleading.

5.2.4 Legal and regulatory risks

5.2.4.1 Risks related to administrative authorisations

Risk factors

The Group Altarea’s activities are governed by a large number of specific French and European requirements. These include law and regulations on urban planning, construction, operating permits, health & safety, the environment, leasing law, intellectual property, consumer regulations, company law and taxation, particularly as they relate to its SIIC status.

Changes to any of these regulations could require the Group to adjust its operations, assets, or business strategy accordingly, which may have negative consequences on its earnings, asset values and expenses and may slow or halt progress on some of the Company’s property development or marketing activities.

In the normal course of its business, and in view of the growing number of development projects, the Group could find itself facing unfavourable contractual clauses or clauses which offer insufficient protection. It could also be involved in legal proceedings and be subjected to tax and administrative audits (see Section 2.3 “Other information attached to the consolidated financial statements” – Note 10) of this Universal Registration Document. Each of these risks brings with it not only a financial risk, but also a risk for the Group’s image.

Risk control systems

Due to the nature of their activities, the entities of the Altarea Group are subject to the risks of regulatory changes. They are therefore monitored closely by the Group’s Legal Departments.

Property Legal Department

The Group Property Legal Department provides support for first-stage development of projects and the acquisition of land for property projects (whether buying land directly or buying a land-owning company) and asset management. It also monitors compliance with current regulations as well as obtaining the permits necessary for the Group to conduct its business. These services mainly concern urban planning law (commercial operating permits and building permits), construction law and commercial lease law, as well as, in general, all aspects of property, intellectual property, consumer and insurance law.

The Group Property Legal Department also acts for Executive Management and the operational teams on request, where appropriate in conjunction with outside consultants, including for projects conducted through partnerships and for disposals. Operational Managers also, in consultation with the Property Legal Department, regularly use the services of specialised law firms.

(1) Note 2 in Section 2.3 of this Universal Registration Document for more information on asset valuation methods and Note 7 of Section 2.3 of this Universal Registration Document for an analysis of investment properties on the balance sheet at 31 December 2019.

Corporate Legal Department

The Corporate Legal Department ensures that Altarea and its main subsidiaries comply with workplace legislation. It also ensures that Altarea and its subsidiaries Altareit and NR21 comply with the requirements associated with their status as listed companies. It provides assistance to the Group's operating personnel to define, create and operate corporate structures or arrangements for operations and negotiate corporate agreements with outside partners in conjunction with the PLD.

All Altarea Group equity investments and mandates are managed through a new holding and subsidiary management software selected following a call for tenders in 2019. This centralised system makes it possible to automatically establish the legal and tax scopes and to monitor compliance with the related regulations. It has been deployed in France, Italy and Spain.

Finally, the Corporate Legal Department is in charge of setting up and monitoring delegations of authority.

5.2.4.2 Risk of legal action for non-compliance with safety/employment law

Risk factors

Based on the large number of property projects underway, the Altarea Group is a major builder. In a situation where it is increasingly difficult to find approved construction companies able to handle complex projects, as the project manager the Group's liability could be incurred should an accident occur.

Indeed, site employees carrying out construction work are potentially exposed to this type of risk.

Risk control systems

To prevent the risk of accidents, especially on site, or at the very least to limit the occurrence and severity of any accidents, action has been taken which includes the systematic use of specialist safety operators (health and safety officers and security coordinators), audits and *ad hoc* site checks.

In addition, the Group ensures it complies with its legal obligations as a project manager: monitoring the construction companies to ensure they are meeting their contractual obligations, checking the subcontractors' approval applications are complete and all administrative documents are properly updated.

5.2.4.3 Tax risks related to the SIIC status

Risk factors

Altarea has elected to adopt tax treatment as a SIIC under Article 208-C of the French General Tax Code, which exempts it from French corporate income tax providing that it meets certain conditions and obligations, particularly pertaining to dividend distributions. If Altarea fails to meet these criteria, it will be required to pay corporate income tax under the French general tax regime for the financial years in which it does not meet these criteria, which would have a negative impact on its earnings.

In addition, if one or more shareholders acting in concert reach the threshold of 60% of the share capital or voting rights, this would also lead to the loss of the SIIC status which would have a negative impact on its earnings. Under Article 25.3 of the Articles of Association, no shareholder can hold more than 60% of the total voting rights attached to all the shares comprising the share capital.

Moreover, Altarea could face an additional tax charge if exempt dividends are paid to a shareholder other than a natural person not subject to corporate income tax or an equivalent tax and who holds, directly or indirectly, at least 10% of the share capital of Altarea. Altarea's Articles of Association state explicitly that the shareholders must pay this charge.

Finally, the Company remains dependent on changes in existing tax laws.

Risk control systems

The requirements for the SIIC status in terms of control, voting rights and dividend distribution are set out in Altarea's Articles of Association.

Tax regimes and obligations are controlled by the Altarea Corporate Finance Department.

5.2.4.4 Risks related to the protection of personal data

Risk factors

For business purposes, the Group, through its different entities, processes the personal data collected from third parties such as its customers, partners, prospects and/or its employees so that it can provide them with better services. Despite putting in place secure information systems, it is not possible to exclude the eventuality of (i) this data being altered or forwarded to third parties by mistake or by malevolence or (ii) the processing undertaken on personal data being the subject of a complaint made to the CNIL (French National Committee for Information Technology and Civil Liberties).

Risk control systems

The Group noted the coming into effect of the European General Data Protection Regulation (GDPR) on 25 May 2018. It therefore appointed a Data Protection Officer who undertook a mapping of the personal data processed within the Group. At the same time, he is in charge of advising the teams, raising their awareness of the regulations and ensuring that the Group's data processing is compliant throughout its various entities.

5.2.5 Social, environmental and governance risks

5.2.5.1 Security risks

Risk factors

Malicious acts targeting the Group's personnel, sites and assets, whether tangible or financial, or even its customers, constitute major risks for the Company's long term business. Malicious acts can come in various forms, ranging from simple incivility to an act of terrorism, and include acts of delinquency. They could also include a simple incident that creates a considerable feeling of insecurity out of all proportion with the act itself.

The security of people and property is a factor which impacts visits to shopping centres (lack of confidence).

Such events are likely to adversely affect the Group's financial capacity, damage its image, result in lost business or engage the responsibility of the Company towards its employees and customers.

Risk control systems

The Group Security Department is responsible for managing security-related risks. The latter is in charge of deploying a global security policy based on an architecture (the structure and the scope of action), systems and procedures, with the risks to be addressed in order of priority. The priority is in effect to address the security of the shopping centres (taking into account the risk of terrorist activity and criminal acts) through physical protection measures, improved video surveillance, training and raising the awareness of preventive measures and the right reflexes among our own staff, service providers and the retail brands in case of attack and addressing vulnerabilities related to commercial activities (deliveries etc.). Another priority is the control of risks related to Group infrastructure and premises by increasing access controls and video surveillance and deploying *ad hoc* procedures, or by strengthening the Group's crisis management capabilities (creating a crisis room and alert and crisis management procedures).

The Security Department is in permanent contact with the public authorities in order to monitor the constantly changing level of threat in real time. Tests and exercises are carried out in the shopping centres to upgrade the systems and adapt the Group's response to potential changes in the threat. Similarly, the Group is also planning to carry out tests this year on the current systems and procedures in correlation with the optimisation of the crisis management procedure and the strengthening of the Business Continuity Plan. Lastly, the Security Department is in charge of implementing security measures at the Group's new head office, both in terms of recommending the building's technical installations and shaping the procedures and future Security Department.

5.2.5.2 Risks related to the Group's information systems

Risk factors

As the Group is currently undergoing a major phase of digitisation, the performance and reliability of its information systems have become major factors in the way it conducts its business. As a result, the Altarea Group could be affected by events (accidents or service failures) outside of its control which could lead to interruptions in its data flows, loss of data or issues affecting its activities.

Furthermore, as the data processed on a daily basis are very often confidential and might even be strategic, the Group could also be confronted by criminal cyber-attacks targeting the integrity, availability and/or confidentiality of this data. Altarea could be exposed to a risk of involving liability and damage to its image.

Risk control systems

The Group Security Department is responsible for managing IT system risks in the Altarea Group. The System Security Manager (ISSM) reports to this Department and has the following duties:

- to monitor compliance with the security policy that meets the Group's needs (ISSP);
- to develop a security culture within the Company through raising employee awareness and an e-learning course;
- to ensure that IT security is taken into account early on in projects by accompanying the business application managers from the design phase onwards;
- to implement good practices and procedures for managing users and business applications, as defined with business line managers.

Within the systems, data are backed up on a daily, weekly and monthly basis, so that they can be recovered if necessary. The Group's ability to recover from a computing disaster will be overhauled during the course of 2019 and 2020 as part of an overall strengthening of the Business Continuity Plan.

This recovery strategy is defined in accordance with the guidelines adopted within the framework of two connected projects in the 2019 schedule:

- strategy for overhauling the system hosting platform;
- review of back-up tools.

Simultaneously, the Group Information Systems Department brought in-house the function of Operational Security Manager (OSM), who works closely with the ISSM. His role is to implement the ISSP and monitor and supervise the various aspects of IS security, while contributing in raising awareness and training employees on the challenges of information systems security.

In addition, a procedure for managing cyber incident alerts also allows real-time processing of events according to their severity.

Moreover, determined to enhance system security, the Group Information Systems Department regularly commissions security audits including internal and external intrusion tests for the whole scope. The results of these audits give rise, depending on the criticality of the vulnerabilities they reveal, to obligations to take corrective action through the creation of remedial plans or security recommendations. These remediation plans are monitored on a monthly basis. Lastly, the Group took out an insurance policy in 2017 to cover its cyber risks.

5.2.5.3 Social risks

Risk factors

The Group's ambitious goals are partly dependent on its Human capital. If Altarea could no longer attract the best profiles and ensure that the competencies of Group employees are up to date with best practice and able to face new challenges, it could have a negative impact on its business and results.

The strong growth in headcount exposes the Group to issues related to the integration and training of new employees. The new recruits are from very varied backgrounds. It is therefore necessary to assist each individual to rapidly assimilate not only the specific requirements, regulations and constraints applicable to the real estate business, but also to share what makes our Company original, and its strategic priorities, objectives and corporate culture.

Risk control systems

The Altarea Group, through different action plans, is implementing a human resources policy to address the following employment risks:

- in terms of recruitment: diversification of hiring sources and recruiting techniques, the involvement and coordination in the recruiting process of both managers and HR teams, combined with the promotion of internal mobility (125 employees moved within the Company and 113 were promoted in 2019) allowing the Group to satisfy its personnel needs. 416 employees were hired on open-ended contracts, to meet the needs of each business line. This shows the importance the Group puts on career development;
- in terms of induction: induction is one of the most important aspects of HR policy. A formal induction interview and a group seminar held within three months of the new employee's arrival are now essential steps to ensure the successful induction of new employees into jobs within the Group. This seminar involves numerous in-house speakers and members of the Executive Committee who are keen to explain and share their vision of the business. A version dedicated specifically to work-study students and a seminar designed for employees with more than two years' service have also been put in place. Since this challenge is shared by everyone, a "manager's kit" was also created and made available to all managers. Other supports of this type were developed internally for tutor communities, trainers, work-study students and interns;
- in terms of training: the Group is developing a proactive training policy through a Talent Development Academy and actions based on a strategic skills development plan which takes account of the challenges each business line faces. The Group continues to invest in training to fund some major initiatives such as our management courses and customer satisfaction programmes but also to assist young people with an ever. increasing number of vocational training contracts;
- in terms of employee loyalty, the Group's salary policy, introduced four years ago through the *Tous en Actions!* ("Shares for all!") scheme, today demonstrates the success of the performance recognition system and enables each employee to build an important portfolio. Furthermore, an "Altawellness" offer designed for the Group's workforce has been launched. The offer enables each employee to access platforms concerning well-being in the workplace;
- in terms of employee dialogue: the quality of social dialogue is maintained and formally documented by employee representative bodies, which play a vital role in transmitting and exchanging information. The unions are also kept informed and consulted on a regular basis about the Group's major projects that affect the working conditions of employees;
- information is also available on a daily basis: magazines, intranet, internal conferences, and committees involving the leading managers in the Group, are the principal channels of communication.

5.2.5.4 Risk of dependency on key people

Risk factors

Some key positions are held by directors whose departure could affect the Group. It cannot be guaranteed that the Group will be able to retain these directors, and some of them could also take advantage of their retirement rights, which would have a negative effect on business.

Risk control systems

The Group's HR policy and the formalization and monitoring of a succession plan for these key positions makes it possible to significantly secure this risk of dependence

5.2.5.5 Health and public safety risks

Risk factors

Assets could be exposed to human health and safety risks such as those related to asbestos, legionella, termites and lead. As the owner/manager of its buildings, facilities, and land, the Group could be formally accused of failure to adequately monitor and maintain its properties against these risks. Any proceedings invoking the Company's liability could have a negative impact on its operations, outlook and reputation.

Risk control systems

To mitigate these risks, the Altarea Group closely follows all applicable public-health and safety regulations and takes a preventative approach involving diagnostics, and, where necessary, building work to bring buildings into compliance.

It has put in place tools to monitor the recommendations made by the Safety Committees and observations made by approved bodies across all the shopping centres it manages.

Asbestos

In accordance with the French Health Code, the Altarea Group performs asbestos tests on all its assets whose building permits were issued prior to 1 July 1997. In addition, in accordance with the regulations, an asbestos technical report is completed for each of these assets and kept up to date.

Legionella bacteria (cooling towers)

The primary source of legionella bacteria is at the level of the cooling towers used in certain shopping centres. These cooling towers undergo methodological risk analyses every two year and a compliance check every five years.

Consequently, Altarea commissions rigorous monthly inspections during the periods when cooling towers are in use, with the support of carefully selected service providers. Furthermore, recently built properties are equipped with adiabatic dry coolers or dry coolers that do not fall under the ICPE 2921 category (Balticare or Jacir equipment lines, whose technology avoids the spreading of Legionella bacteria).

Termites

Prefectoral orders on termites have been issued in municipalities at risk of wood-boring insects. In those municipalities, a termite diagnosis must be conducted in the event of any transaction. Upon selling or purchasing an asset subject to termite diagnosis, the Group carries out such studies.

ICPE (installations for the protection of the environment) classification

Altarea ensures it has all the certifications or authorisations required for the relevant activities at all sites covered by the ICPE classification. Furthermore, the Group commissions maintenance work and periodic general inspections of these ICPEs. Management of ICPE compliance limits the environmental impacts and nuisances on users and local residents of assets.

Access (disabilities)

In accordance with the French Construction and Housing Code, the Group has conducted accessibility diagnoses on the common areas of all establishments whose building permits were issued prior to 1 January 2007. The work required to achieve compliance has since been done or is underway as part of a Programmed Accessibility Agenda (Ad'AP) pursuant to the law of 11 February 2005.

Shopping centres built since 2007 are compliant from the outset.

100% of the sites are equipped with an accessibility log.

Fire safety

To protect people and property against the risk of fire, Altarea has put in place regulatory fire safety systems, which are maintained by appropriately qualified companies and checked by recognised and officially certified bodies.

Air quality

The Group makes sure that there is effective ventilation and air flows that are suitable for the activities conducted on the premises. In the case of new projects, Altarea complies with the regulations and ensures a minimum supply of 20% new air.

In shopping centres, air renewal is ensured through rooftops or air-handling units. The units can be adjusted manually or managed by CO_2 sensors.

Altarea is also aware of the importance of parking lot ventilation systems. To ensure regulatory indoor air renewal, its covered parking lots are equipped with carbon monoxide (CO) sensors that control ventilation fans.

The Group also ensures the safety of ventilation systems through regulatory checks and maintenance. The systems are replaced when needed to guarantee constant safety and efficiency.

Sanitary water quality

To ensure the sanitary quality of the water provided to its tenants, the Group only distributes water from municipal supply systems, which are subject to rigorous, regular checks and analysis.

Refrigerants

The main refrigerants used by the Group in its portfolio are HFC 407C and R410A. The Group does not use virgin HCFC fluids or recycled HCFC recharges, whose use is banned.

Risk of pollution

The French Environmental Code has instituted an obligation of information for tenants and buyers about major environmental risks. At first, this obligation concerned natural disasters and technological and seismic risks, before being extended to include mining, radon and soil pollution. This legislation was last amended on 3 August 2018. The Group took the opportunity of this change to inform its tenants and buyers about the totality of the environmental risks.

Half of the shopping centres are affected by plans for the prevention of natural disasters, including the risk of flooding, subsidence and drought. No Group shopping centre is affected by mining or technological risks or soil pollution.

The vast majority of the shopping centres are located in areas of low or very low seismic activity and none are located in areas of high seismic activity.

5.2.5.6 Image risk

Risk factors

The growing use of social media increases the risk of exposure to criticism or negative messages and accelerates their dissemination. The Group could therefore face situations/events which could damage its reputation and image *vis-à-vis* its stakeholders.

Risk control systems

To prevent this, a guide to the good use of social media at work has been developed and distributed to the Group's employees.

In addition, the Group has monitoring, detection and reaction mechanisms, mainly involving tools distributed to employees, to anticipate and manage its image and reputation risks:

- social media monitoring by community managers;
- daily monitoring of disputes and complaints, including assessment of reputational impact;
- a crisis communication plan and corresponding training for directors;
- annual customer satisfaction surveys, mainly in the Residential Division.

5.3 Insurance

5.3.1 General policy for insurance coverage

The Group's insurance coverage policy aims to protect company and employee assets. The Property Legal and Risk Management Department, supported by the Internal Control Department, has the following key missions:

- the coordination of insurance programmes for the French Group structure of consolidated operations, in collaboration with local teams and insurance brokers;
- the identification and quantification of insurable risks;
- the monitoring and implementation of insurance coverage;
- the coordination of actions with Group insurance brokers, although claims management remains the responsibility of each business segment.

The Group relies on the assistance of brokers specialised in risk management specific to each activity. It works only with reputable insurance companies.

Concerning foreign subsidiaries under Group control and management, when a subsidiary cannot be included in Group policies, it is insured locally and is responsible for monitoring its insurance coverage.

5.3.2 Summary of insurance coverage

The following guarantees have been updated and correspond to the principal insurance policies taken out by the Group for the financial year 2019. These policies were valid as of the release date of this Document. However, these policies should not be considered as permanent, because of evolving risks and activities to be covered, loss history and Group decisions to adjust its coverage. The Group considers that these guarantees take into account the nature of the risks incurred by Altarea and its subsidiaries and that they are proportionate to the capacity of current offers on the insurance market for corporate structures of similar size and activities.

For the financial year 2019, the overall budget for the Altarea Group's main insurance policies (excluding social coverage, Spain and Italy but including construction insurance) was estimated at more than €20 million.

- **Properties in operation**: the Group is insured by CHUBB for "all risks with exceptions" property damage and by ALLIANZ France for general third-party liability. The damages portion covers the reinstatement value of buildings and operating losses over a period of three years. With regards to the Cap 3000 shopping centre, market-value partial complementary insurance is also taken into account. The damages portion includes non-occupant owners' insurance. These insurance policies, which were renewed on 1 January 2020, are for the most part invoiced to tenants under contracts and regulatory provisions in force.
- **Properties under construction**: Altarea has "Construction Damages" (*dommage ouvrage*) and "All Worksite Risks" (tous risques chantier) insurance policies with AXA and MMA. The Group has framework agreements for "Construction Damages" and all "Worksite Risks" for all construction sites that do not exceed a certain size.
- **Professional liability insurance**: Altarea and its subsidiaries hold professional liability insurance policies with various insurance firms, including GENERALI and MMA.
- **Miscellaneous insurance policies**: other insurance covers various rented offices, automobile fleets, computer equipment and 10-year builder liability. Finally, AXA provides a "senior executive and corporate officer civil liability" insurance policy, and CHUBB provides a "cyber policy".

6

CORPORATE GOVERNANCE

6.1 Framework of the report and Reference Code

This report on Corporate Governance has been prepared by the Supervisory Board with the assistance of the Group Finance Department who contributed to writing it. This report was examined by the Audit Committee at its meeting on 28 February 2020 and approved by the Supervisory Board at its meeting on 2 March 2020.

The Company has adopted the Corporate Governance Code of Listed Companies (the "AFEP-MEDEF Code") published by the Association Française des Entreprises Privées (AFEP) and the Mouvement des Entreprises de France (MEDEF) as amended in January 2020. The Company refers to the principles set forth in this Code, which it applies where compatible with the legal form of an SCA (*société en commandite par actions*, a French partnership limited by shares).

Because the Company is a partnership limited by shares, it is overseen by Management and not by a collegiate body, Management Board or Board of Directors. Therefore, changes relating to the collegiate nature of the Board of Directors, and the separation of functions of the Chairman of the Board of Directors and the Chief Executive Officer, the lead director, cannot be applied to partnerships limited by shares.

The Supervisory Board is responsible for overseeing the Company's management on a continual basis, but is not involved in its management. Article 17.1 of the Company's Articles of Association states that the Supervisory Board has the right to be provided with the same documents by the Managers as those made available to the Statutory Auditors. The Articles of Association also give the Supervisory Board significantly greater powers than required by law, for example in reviewing investments.

The Company complies with the recommendations of the AFEP-MEDEF Code, with the exception of the recommendation made in the summary table, below, which have not been applied due to the Company's legal form as a partnership limited by shares. Explanations and, where appropriate, any corrective measures are presented in accordance with the principle "comply or explain".

Recommendation	Code heading	Explanations or remedial measures
Board of Directors, collegiate body	1	In a société en commandite par actions (a French partnership limited by shares), each Manager has the powers to bind the Company.
The separation of duties of the Chairman of the Board of Directors and the Chief Executive Officer	2	In a société en commandite par actions (a French partnership limited by shares), each Manager has the management power, so this separation is not possible.
The Board of Directors and business strategy	3	In a société en commandite par actions (a French partnership limited by shares), Management has exclusive competence to review and decide on operations of strategic importance. However, the Supervisory Board of the Company is consulted on significant commitments and investments/divestments.
Dialogue with shareholders	4	Shareholder relations, particularly on governance-related matters, falls within the remit of management assisted by the operational teams, primarily the Financial Communications Department. The Supervisory Board considers the current procedure to be satisfactory in view of the mode of operation of the partnership limited by shares.
Evaluation of the Board of Directors	9	There is no formal system for evaluating the work of the Supervisory Board. However, the Board freely reviews its functioning and ways to improve it every year.
Board meeting without the presence of the corporate officers	10.3	In compliance with the stipulations of Article 16.3 of the Company's Articles of Association, Management is invited to Board meetings in an advisory capacity to answer questions from the Supervisory Board, so that the Board can exercise continuous oversight of the Company's management.
The term of office of Directors	13	In a société en commandite par actions (a French partnership limited by shares), management powers are exercised by Management, not by a Board of Directors.
The Committee in charge of selection or nomination – Succession plan for executive corporate officers	8.4 -16	In a société en commandite par actions (a French partnership limited by shares), Managers are appointed by the General Partners and the Supervisory Board examines itself questions relating to its composition. In a société en commandite par actions (a French partnership limited by shares), the management succession plan is drafted by the General Partner and not the Board of Directors or one of its committees.
"Say *on pay*"	26	Prior to the entry into force of the Order of 27 November 2019 on compensation for corporate officers of listed companies, implementing the Pacte Act of 22 May 2019, the Company's Management compensation practices exceeded the AFEP-MEDEF recommendation. As Management compensation was determined directly by the Ordinary General Shareholders' Meeting, which had real decision-making power that it exercised ex ante. The General Meeting was not simply consulted ex post to approve or disapprove of compensation awarded to Management by another company body. Management compensation was set directly and in advance by the General Meeting. The General Meeting therefore had no need to issue an opinion on its own decisions. At the General Shareholders' Meeting called to approve the FY 2019 financial statements, the Company will ask its shareholders to vote on its compensation policy ex ante, and ex post if required, in line with the new provisions applicable under the aforementioned Order.

6.2 Composition and practices of the administrative, management and supervisory bodies

As Altarea is a partnership limited by shares, it is overseen and managed by its Management and its ongoing management control is carried out by the Supervisory Board.

It comprises two categories of partners:

- a General Partner, indefinitely responsible for social debts to third parties;
- Limited Partners, who are in the same position as the shareholders of a public limited company: their shares may be traded under the same conditions and their liability is limited to the amount of their contribution.

6.2.1 Management

Composition

The Company is jointly directed and managed by Alain Taravella and the companies Atlas and Altafi 2, of which he is Chairman, the latter being the Company's only General Partner. Altafi 2 is also directed by Jacques Ehrmann, who is Manager of Altarea Management, a wholly-owned subsidiary of Altarea.

Alain Taravella

Co-Manager – Chairman of Altafi 2 and Atlas

He is a French citizen, born in Falaise (Calvados) in 1948. He is a graduate of HEC (École des Hautes Études Commerciales). From 1975 to 1994, Alain Taravella held various positions within the Pierre & Vacances Group, of where he was appointed Chief Executive Officer in 1985. In 1994, he founded the Altarea Group, which he has been managing since. Appointed Co-Manager of the Company on 26 June 2007, when the Company converted into a partnership limited by shares, his term of office was renewed in 2017 for a further 10 years. Alain Taravella is a Chevalier de la Légion d'Honneur.

Altafi 2

Co-Manager

Altafi 2 is a single shareholder public limited company (*société par actions simplifiée unipersonnelle*) with share capital of €38,000 divided into 38,000 shares held by AltaGroupe, itself controlled by Alain Taravella. It is registered with the Paris Trade and Companies Registry under registration number 501 290 506.

Alain Taravella is the Chairman of Altafi 2. Jacques Ehrmann was appointed General Manager of Altafi 2 from 1 July 2019. Alain Taravella's sons, Gautier and Matthieu Taravella are also General Managers of Altafi 2 since 21 February 2019.

Jacques Ehrmann

General Manager of Altafi 2 – Manager of Altarea Management

Jacques Ehrmann, a French citizen, was born in 1960. A graduate of HEC (École des Hautes Études Commerciales), he began his career as General Secretary of Hôtels Méridien in 1989. He then joined the Executive Management of Euro Disney (1995-1997) and Club Méditerranée (1997-2002). In 2003 he joined the Casino Group as CEO for property and development, where he led the creation of Mercialys and Green Yellow, where he held the position of Chairman and Chief Executive Officer for seven years. In 2013, Jacques Ehrmann joined Carrefour Group's Executive Management as Executive Director for Assets, Development and New Activities. In April 2014, he was also appointed Chairman and Chief Executive Officer of Carmila, a REIT specialised in shopping centres. In July 2019 Jacques Ehrmann joined the Altarea Group as CEO of Altarea Cogedim, and more specifically, as Manager of Altarea Management, a wholly-owned subsidiary. He is also Chairman of the French federation of shopping centres (Conseil National des Centres Commerciaux – CNCC).

Atlas

Co-Manager

Atlas is a simplified public limited company (*société par actions simplifiée*) with share capital of €61,000, whose registered office is 8, Avenue Delcassé, 75008 Paris, registered with the Paris Trade and Companies Registry under the number 518 994 678, and is wholly owned by AltaGroupe, itself controlled by Alain Taravella. Alain Taravella serves as Chairman of Atlas. Atlas was appointed as Co-Manager of the Company on 11 December 2014 for a term of ten years. As of 31 December 2019, Atlas did not own any shares in Altarea.

List of corporate offices held at 31 December 2019

	Corporate offices held at 31 December 2019		Corporate offices expired over the last 5 years:
Executive officers	**With the Group**	**Outside the Group**	
Alain Taravella Co-Manager - Chairman of Altafi 2 and Atlas	▪ Chairman of the Supervisory Board: Cogedim SAS♦; Altarea France SNC♦; ▪ Chairman: Foncière Altarea SAS♦; ▪ Director: Pitch Promotion SAS♦; ▪ Observer on the supervisory board: Woodeum SAS♦; ▪ Altarea representative, Altafi 2 representative, manager: Altarea♦■ (1); NR21♦■; Altareit♦■ (2)	▪ Chairman: Altafi 2; Altafi 3; Atlas; Altafi 5; Altafi 6; Altager; AltaGroupe (Chairman of Alta Patrimoine and Manager of SCI Sainte Anne); ▪ Permanent Representative of Altarea, Director: Semmaris; ▪ Representative of Alta Patrimoine, Manager; SNC ATI; SCI Matignon Toulon Grand Ciel; SNC Altarea Retail	▪ Chairman: Alta Patrimoine; ▪ Manager: Altarea Cogedim Entreprise Holding♦ ▪ Director: Alta Blue♦•; Boursorama■; Pitch Promotion SA♦; Altarea España♦•; ▪ Representative of Altarea, Chairman: Alta Delcassé♦; Alta Rungis♦
Jacques Ehrmann Manager Altarea Management - CEO of Altafi 2	▪ Manager: Altarea Management SNC♦ ▪ Representative of Altafi 2, Manager: Altarea♦■ (1); NR21♦■; Altareit♦■ (2)	▪ CEO: Altafi 2 ▪ Member of the Management Board: Frojal (SA) ▪ Chairman: Tamlet (SAS); CNCC: Conseil National des Centres Commerciaux, the French federation of shopping centres ▪ Director: Edmond de Rothschild S.A. ▪ Supervisory Board member: Edmond de Rothschild (France) ▪ Co-manager: Jakerevo (SCI) and Testa (SC)	▪ Chairman - Chief Executive Officer and Strategic and Investment Committee member: Carmila■ ▪ Chairman - Chief Executive Officer: Carmila SAS ▪ Director: Atacadao SA• (Brazil); Carrefour Property España• (Spain); Carrefour SA• (Turkey) ▪ Chairman of the Board of Directors: Carrefour Property Italia• (Italy) ▪ Member of the Management Committee and the Appointments Committee: Adialéa (SAS) ▪ Member of the Strategy Committee and the HR Committee, Chairman of the Audit Committee: Atacadao SA• (Brazil) ▪ Supervisory Board member: Frojal (SA)
Altafi 2 Co-Manager	▪ Manager of SCA: Altareit♦■ (2) ▪ Manager of SCA: NR21♦■	None	None
Atlas Co-Manager	None	None	None

♦ *Altarea Group company* ■ *Listed company* • *Foreign company.*

(1) Altarea is manager of Foncière Altarea Montparnasse♦, Chair of Alta Blue♦ (Chair of Aldeta♦) Alta Développement Italie♦ and Alta Mir♦; and co-manager of foreign companies: Alta Spain Archibald BV♦•, Alta Spain Castellana BV♦•, Altalux Spain♦• and Altalux Italy♦•.

(2) Altareit is a member of the supervisory board of Cogedim♦ and Chair of Alta Faubourg♦, Alta Penthièvre♦, Alta Percier♦ and Alta Concorde♦.

The Company share capital and voting rights held by Alain Taravella and Jacques Ehrmann as at 31 December 2019 are listed in Section 7.2.6 below.

Appointment and termination of office (Article 13 of the Articles of Association)

The Company is managed and administered by one or more Managers, who may or may not be General Partners (*associé-commandité*).

The Manager can be a natural person or legal entity.

The age limit for Managers who are natural persons is 75. If one of the Managers is a legal entity, the number of its corporate officers that are natural persons aged above 75 may not exceed a third of all directors.

The term of office of Managers is ten years, and may be renewed.

Any Manager wishing to resign must advise the other Managers, the General Partners and the Supervisory Board by registered letter with proof of receipt, at least three months before the date on which the resignation is to take effect, unless otherwise agreed by the General Partners.

Upon expiry of a Manager's term of office, the other Manager or Managers shall remain in office without prejudice to the General Partners' right to appoint a replacement Manager or to renew the term of office of the outgoing Manager.

Upon expiry of the sole Manager's term of office, one or more new Managers shall be appointed or the term of office of the outgoing sole Manager shall be renewed under the conditions set out in Section 13.2 of the Articles of Association. Pending such appointment or appointments, the Company shall be managed by the General Partners who may then delegate any powers necessary for the management of the Company's affairs until the new Manager or Managers are appointed.

Managers may be removed from office without reason by unanimous decision of the General Partners. If the Manager is also a General Partner, such a decision may be taken by unanimous decision of the other General Partners. Insofar as the Company now has a sole General Partner who also serves as Manager, this removal is currently not an option.

Managers may also be removed from office under the conditions provided for by law, following a legal action, and pursuant to a final judicial decision not open to appeal that establishes a legitimate reason for removal.

If the Manager is also a General Partner, the loss of General Partner status will automatically result in removal from office as Manager, as of right.

Managers who lose their status as Managers shall be entitled, in full and final settlement of any claims, to payment by the Company of the fixed compensation set out in Article 14 of the Articles of Association, on a pro rata basis until the date of loss of such status, together with reimbursement of expenses of any kind to which they are entitled.

During the lifetime of the Company, any new Manager shall be appointed unanimously by the General Partners, without requiring the approval or recommendation of the Supervisory Board or of the collective body of shareholders.

Powers (Article 13 of the Articles of Association)

Each Manager has the broadest powers to act in any circumstances on behalf of the Company, within the limits of the corporate purpose and subject to any powers expressly conferred on the collective body of shareholders or on the Supervisory Board, whether by law or by the Articles of Association.

In accordance with the law, each Manager may authorise and grant any guarantees and other sureties that they consider reasonable, on behalf of the Company.

Each Manager may delegate some of their powers to one or more persons whether or not employed by the Company and whether or not they have a contractual relationship with the Company. Such delegated powers shall not in any way affect the Managers' duties and responsibilities as regards the exercise of such powers.

The Managers shall have a duty of care in running the Company's affairs.

6.2.2 General Partner

Identity

The only General Partner is Altafi 2, which is also Co-Manager. Full details below in Section 6.2.1.

Appointment and termination of office

General Partners are appointed by Extraordinary General Meetings upon the unanimous proposal of the General Partner or Partners.

In the event of the death or incapacity of a General Partner who is a natural person, or in the event of loss of General Partner status for any other reason, the Company shall not be dissolved but shall continue with the remaining General Partners. This shall also be the case in the event of the liquidation of a corporate General Partner.

Any merger transaction resulting in the absorption of the Manager or General Partner by a company controlled by Alain Taravella within the meaning of Article L. 233-3-I of the French Commercial Code will give rise to the transfer to the absorbing company of the rights of the General Partner or Manager, as the case may be, provided that the absorbing company remains controlled by Alain Taravella.

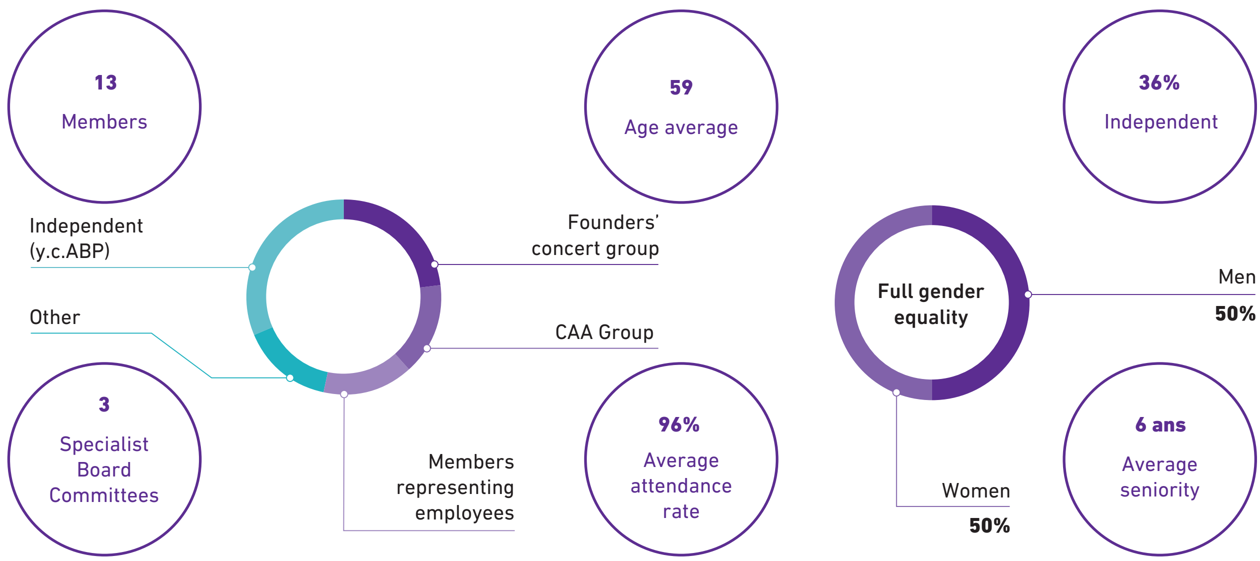
6.2.3 Supervisory Board

6.2.3.1 Composition

Summary table at 31 December 2019

								Participation in a committee			
Name	Permanent Representative	Age	Gender	First appointed	Latest reappointment	Expiration of term[a]	Independent	Audit Committee	Compensation Committee	Investment Committee	Regular attendance[b]
Christian de Gournay *Chairman of the Board*	–	67	H	05/03/2014	23/05/2019	2025 GM				√	At 100%
ABP (APG) *Independent member*	Alain Dassas	73	H	20/11/2015	23/05/2019	2025 GM	√	√	√	√	At 100%
ATI *Member*	-	-	-	20/05/2009	05/06/2015	2021 GM					At 100%
Marie-Catherine Chazeaux *Member representing employees*	–	50	F	20/09/2018	-	20/09/2021					At 50%
Françoise Debrus *Member*	–	59	F	20/05/2009	23/05/2019	2025 GM		√			At 100%
Éliane Frémeaux *Independent member*	–	78	F	27/06/2013	23/05/2019	2025 GM	√	√			At 100%
Bertrand Landas *Member representing employees*	–	62	H	16/10/2018	-	16/10/2021					At 100%
Philippe Mauro *Member*	-	63	H	26/02/2019	-	2024 GM			√	√	At 100%
Jacques Nicolet *Member*	–	63	H	26/06/2007	23/05/2019	2025 GM				√[c]	At 100%
Predica *Member*	Najat Aasqui	37	F	26/06/2007	23/05/2019	2025 GM				√	At 100%
Léonore Reviron *Member*	-	34	F	26/02/2019	-	2022 GM		√			At 100%
Michaela Robert *Independent member*	–	50	F	15/04/2016	-	2022 GM	√	√			At 100%
Dominique Rongier *Independent member*	–	74	H	20/05/2009	05/06/2015	2021 GM	√	√[c]	√[c]		At 100%

(a) Year of the Ordinary General Shareholder' Meeting.
(b) Attendance rate at the meetings of the Supervisory Board and its committees in the 2019 financial year.
(c) Committee Chairman.



Changes since 1 January 2019

Date	Name	Event
11/03/2019	Najat Aasqui	Appointed by Predica as permanent representative on the Board, replacing Emeric Servin
22/10/2019	Marie-Anne Barbat-Layani	Resignation
02/03/2020	Alta Patrimoine	Co-opted by the Supervisory Board to replace Marie-Anne Barbat Layani

The co-option of Alta Patrimoine[1] as a new member of the Supervisory Board will be submitted for ratification at the next General Meeting of shareholders on 19 May 2020.

Diversity policy

The Supervisory Board regularly conducts a review of its composition and the profile of its members in order to ensure its diversity in terms of skills and the balanced representation of men and women, in accordance with the applicable regulations. In particular, it ensures that the diversity of the profiles and expertise of its members allows for a rapid and thorough understanding of the Group's activities and challenges so as to optimise the proper discharge of its responsibilities and duties.

The Supervisory Board considers that its current composition is balanced and believes that it is satisfactory insofar as it comprises:

- six women and six men;
- two members representing employees;
- four independent members, *i.e.* a third of its members[2];
- members representing the concert of the founders and the major Limited Partners;
- members with a perfect knowledge of the Group, its activities and its environment;
- members, active and diligent, who together possess a rich diversity of skills, experience and expertise related to the Group's activities and business lines[3].

In accordance with Article 15.2 of the Articles of Association, the members of the Supervisory Board are appointed or removed by Ordinary General Meetings. Shareholders with the status of General Partner (Altafi 2 on the date of this document assuming that this company is a shareholder) may not take part in the vote on the relevant resolutions.

With the exception of employee representatives, each member must hold at least one Company share as stipulated in Article 15.4 of the Articles of Association.

Representation of men and women

At 31 December 2019, the Supervisory Board was comprised of 50% women and 50% men[4].

In accordance with the AFEP-MEDEF Code, employee representatives are not taken into account to determine these percentages.

Representation of employees

Two employee representative members have been appointed to sit on the Board, one by the Altarea ESU Works Committee and the other by the Cogedim ESU Works Committee, in accordance with the terms set out in Article 15.6 of the Articles of Association.

Average age of the members

At 31 December 2019, the average age of the Supervisory Board members was 59.

(1) *A French simplified joint-stock company (SAS) registered with the Paris Trade and Companies registry under number 501 029 706, wholly-owned by Alta Groupe, which is controlled itself by Alain Taravella*

(2) *Excluding members representing employees in line with the AFEP-MEDEF Code recommendations.*

(3) *The expertise of the Board members is summarised in the Integrated Strategic Report and described in the bibliographies below.*

(4) *Excluding ATI, which does not have a permanent representative.*

Independent members

Since 2009 the Supervisory Board has opted for the definition of independence proposed by the AFEP-MEDEF Code. Under the terms of Article 9.5 of the Code, in its revised version of January 2020, the criteria guiding the Board to classify a member as independent are the following:

Criteria 1	Not to be and not have been in the previous five years: ▪ an employee or executive corporate officer of the Company; ▪ an employee, executive corporate officer or director of a Company consolidated by the Company, of the Company's parent company or of any company consolidated by this parent company.
Criteria 2	Not to be an executive corporate officer of a company in which the Company holds, directly or indirectly, a directorship or in which a designated employee or an executive corporate officer of the Company (currently serving or having served in the previous five years) holds a directorship.
Criteria 3	Not to be a customer, supplier, a significant corporate banker or investment banker: ▪ of the Company or Group; ▪ for which the Company or the Group represents a significant portion of business.
Criteria 4	Not to have a close family link with a corporate officer.
Criteria 5	Not to have been a Statutory Auditor of the Company in the previous five years.
Criteria 6	Not to have been a Company director during the previous 12 years.
Criteria 7	Not to receive variable compensation in cash or securities or any compensation linked to the performance of the Company or Group.
Criteria 8	Not to be involved in control of the Company or to hold a significant percentage (above 10%) of the capital or voting rights.

The Board examines the situation of its members with regard to the independence criteria each year. The latest review of the independent status of Supervisory Board members was carried out by the Supervisory Board at its meeting of 2 March 2020.

Based on the aforementioned independence criteria, the Board has concluded that four of its members – Alain Dassas, Éliane Frémeaux, Michaela Robert and Dominique Rongier – can be considered to be independent. This equates to one third of the Board members (excluding employee representatives) which is in line with the AFEP-MEDEF Code recommendations.

In accordance with AMF recommendation no. 2012-02, the table below sets out the position of the Board members vis-à-vis the AFEP-MEDEF Code independence criteria (excluding members representing employees and Board members who belong to, or represent, the Concert of Founders or the Crédit Agricole Assurances Group).

Criteria	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**Independent**
Christian de Gournay	-	√	√	√	√	√	√	√	-
Alain Dassas – ABP (APG)	√	√	√	√	√	√	√	√	√
Éliane Frémeaux	-*	√	√	√	√	√	√	√	√*
Philippe Mauro	-	-	√	√	√	√	√	√	-
Michaela Robert	√	√	√	√	√	√	√	√	√
Dominique Rongier	-*	√	√	√	√	√	√	√	√*

* *Éliane Frémeaux and Dominique Rongier are also members of the Supervisory Board of Altareit, a 99%-owned subsidiary of the Company, and the Supervisory Board of NR21, an 84%-owned subsidiary of the Company. The Supervisory Board does not believe that these mandates with a controlling body of a Company subsidiary will lead to conflicts of interest or undermine the independence of these directors. Besides, they have never had a significant business relationship with the Company or held an executive office or employee position in the Group. They do not represent any shareholders.*

Presentation of Board members

Christian de Gournay

Chairman of the Supervisory Board

Christian de Gournay is a French citizen, born in Boulogne-Billancourt (92) in 1952. A graduate of the French École des Hautes Études Commerciales (HEC) and of the École Nationale d'Administration (ENA), Christian de Gournay began his career at the French Council of State in 1978, and later worked for Indosuez Bank as Director of Treasury and Bond Markets. In 1994, he became Senior Executive Vice-President of AGF, where he was in charge of managing Group financial and property assets, as well as banking and financial activities. He joined Cogedim in 2002 as Vice-Chairman of the Management Board. Christian de Gournay served as Chairman of the Management Board of Cogedim from 2003 to 2014, until his appointment as Chairman of the Supervisory Board became effective.

Number of Altarea shares held at 31/12/2019: 221,404[1]

Other corporate offices held at 31/12/2019

Other corporate offices in the Group:

- Chairman of the Supervisory Board of SCA: Altareit■ and NR21♦■.

Corporate offices outside the Group:

- Manager: SCI Schaeffer-Erard;
- Director: Opus Investment BV●.

Corporate offices expired over the past five years

- Manager: Cogedim Valorisation♦

Marie-Catherine Chazeaux

Member representing employees

Marie Catherine Chazeaux, a French citizen born in 1969, obtained a DPLG architect degree in 1994 from the École d'Architecture de Paris Belleville. In 1996 she obtained DESS (Université Paris Jussieu) and CEAA (EAPB) qualifications in architectural and urban acoustics. Having worked for a number of different architecture firms during her studies (Atelier 2M, Kalopissis, to name but two), she worked as an architect for WKZ Architecture et Acoustique from 1996 to 2002 before joining the Altarea Cogedim Group where she is currently Director of its National Product, Architecture and Interior Design unit.

Other corporate offices held at 31/12/2019

Corporate offices in the Group:

- Deputy Secretary of the CSE of UES Cogedim.

Corporate offices outside the Group:

None

Corporate offices expired over the past five years

None

Stichting Depositary APG Strategic Real Estate Pool (ABP Funds)

Supervisory Board member

Algemene Pensioen Groep NV (APG) was appointed as a member of the Supervisory Board on 28 May 2010. It was replaced by the Dutch company Stichting Depositary APG Strategic Real Estate Pool by cooption on 20 November 2015. It is part of the APG Group, which manages the pension funds of civil servants and employees in the education sector in the Netherlands.

Alain Dassas

Permanent representative of APG

Of French nationality, Alain Dassas was born in 1946. He is a graduate of the ESCP (École Supérieure de Commerce de Paris) Europe business school and holds a Master's degree in Econometrics and a Master's degree in Management Science from Stanford University. Alain Dassas began his career with Chase Manhattan Bank in 1973. In 1983, he joined the Renault Group and held the following positions: Head of the representative office in New York, Director of Banking Relations and Financial Markets, Chief Financial Officer of Renault Crédit International, Director of Financial Operations and finally Director of Financial Services. In 2003, Alain Dassas was appointed a member of the Renault Group Executive Committee, then Chairman of Renault F1 Team. In 2007, Alain Dassas was named a member of the Executive Committee of Nissan Motor Company in Tokyo. Since 2010, Alain Dassas has acted as a consultant for the Renault Group and as Chief Financial Officer of Segula Technologies.

Number of Altarea shares held at 31/12/2019: the APG Group held 1,377,460 Altarea shares and Alain Dassas personally held no shares in Altarea.

Other coporate offices helt at 31/12/2019

- Director: Dassas Consulting SAS
- Director: RCI Finance Maroc

Corporate offices expired over the past five years: None

ATI

Supervisory Board member

ATI is a general partnership with share capital of €10,000, whose registered office is at 8, Avenue Delcassé, 75008 Paris, and which is registered with the Paris Commercial and Companies Registry under the number 498 496 520. Its Manager is SAS Alta Patrimoine, itself controlled by Alain Taravella.

Number of Altarea shares held at 31/12/2019: 1

Other corporate offices held at 31/122019: None

Corporate offices expired over the past five years: None

(1) Directly or indirectly, via Opus Investment.

♦ Altarea Group company ■ Listed company ● Foreign company.

Françoise Debrus

Supervisory Board member

A French national born in 1960 in the 12th arrondissement of Paris, Françoise Debrus is a graduate of the French school of rural engineering, water and forestry (École Nationale du Génie Rural des Eaux et des Forêts) and the Paris-Grignon Institute of Agronomics (Institut national agronomique). 1984-1987: Head of the department for agricultural economics and production at the French Ministry of Agriculture and Forestry. Since 1987 with the Groupe Crédit Agricole: first as an auditor and then as audit team Manager of the Internal Audit Department of Caisse Nationale de Crédit Agricole (CNCA), prior to becoming Head of management control and then of financial management of Unicredit. In 1997, she was appointed Head of the debt collection/lending department of the Finance division of Crédit Agricole SA. In 2001, she became Head of finance and tax at the Fédération Nationale du Crédit Agricole (FNCA). In 2005, she was appointed Chief Financial Officer of the Caisse Régionale d'Île-de-France. Since 27 March 2009, she has been with Crédit Agricole Assurances as Head of Investments.

Number of Altarea shares held at 31/12/2019: 8

Other corporate offices held at 31/12/2019

- Director: Cassini
- Supervisory Board member: Covivio Hotels■
- Permanent representative of CAA/Predica, Director: Korian■, Aéroport de Paris■, Semmaris

Corporate offices expired over the past five years

- Director: Beni Stabili■•, Foncière Développement Logement■, Ramsay Santé
- Permanent representative of CAA/Predica, Director: Eurosic■, Générale de Santé■
- Observer (*Censeur*): Frey■

Bertrand Landas

Member representing employees

A French citizen, born in 1957, Bertrand Landas is a graduate of ICAM – Institut Catholique d'arts et Métiers. After serving as project Manager and trainer, then branch Manager at AIF and APAVE, he worked for 11 years for the Unibail Group as technical and security Manager, shopping centre Manager and finally Director of the risk management and technical support department. In 2005, he joined the Altarea Group, where he now holds the position of deputy Director of shopping centres.

Other corporate offices held at 31/12/2019: None

Corporate offices expired over the past five years

- Corporate offices in the Group: employee representative and member of the Works Committee and the Health, Safety and Working Conditions Committee of the Altarea ESU

Éliane Frémeaux

Supervisory Board member

Éliane Frémeaux, a French citizen, born in the 15th arrondissement of Paris in 1941, was a partner in the Notary firm of SCP Thibierge Associés until 18 October 2012. A Chevalier of the French Legion of Honour, Éliane Frémeaux is a member of the Legal Studies Institute of the Conseil Supérieur du Notariat. She was a member of the Joint Ownership Commission representing the Conseil Supérieur du Notariat at the Chancellery and of the Commission on Polluted Sites and Soils within the Conseil Supérieur des Installations Classées. She is a member of honour of the Circle of Women Real Estate Professionals (Cercle des Femmes de l'Immobilier) and a member of the association René Capitant des Amis de la Culture Juridique Française (René Capitant Association of Friends of French Legal Culture). Éliane Frémeaux is a regular participant in many seminars and conferences in France and abroad, primarily on topics related to corporate law, credit issues, finance leases, joint ownership, public domain, taxation and business and estate transfer, as well as the environment.

Number of Altarea shares at 31/12/2019: 430

Other corporate offices held at 31/12/2019

- Co-Manager: SCI Palatin
- Member of the Supervisory Board of SCA: Altareit♦■, NR21♦■

Corporate offices expired over the past five years: None

Philippe Mauro

Supervisory Board member

A French citizen, born in 1956, Philippe Mauro is a law graduate of the University of Paris II Assas and the University of Saarland (Saarbrücken, Germany). He was Legal Director of SCIC Gestion (CDC Group), Espace Expansion and Arc 108 (UNIBAIL Group), then Legal Director of Unibail before joining the Altarea Group in 1998, where he served as Corporate Secretary until 2018.

Number of Altarea shares held at 31/12/2019: 7,102

Other corporate offices held at 31/12/2019

- Director of SAS: Pitch Promotion SAS♦

Corporate offices expired over the past five years

- Manager: Altarea Management♦, Altarea Cogedim Entreprise Asset Management♦
- Director of foreign companies: Altarea España Sl♦•, Galeria Ibleo Srl♦•

♦ *Altarea Group company* ■ *Listed company* • *Foreign company.*

Jacques Nicolet

Supervisory Board member

Jacques Nicolet, a French citizen, was born in Monaco in 1956. From 1984 to 1994, Jacques Nicolet served successively as Programme Director, Development Director and Senior Executive Vice-President of the Pierre & Vacances Group. In 1994, he co-founded the Altarea Group, of which he has successively been Senior Executive Vice-President and, since its transformation into a partnership limited by shares, Chairman of the Supervisory Board until 2014.

Number of Altarea shares held 31/12/2019: 9,039[1]

Other corporate offices held at 31/12/2019

Other corporate offices in the Group:

- Member of the Supervisory Board of SCA: Altareit♦▪, NR21♦▪.

Corporate offices outside the Group:

- Chairman of SAS: Everspeed, Ligier Automotive, Damejane Investissements, Ecodime;
- Chief Executive Officer: SAS Circuit du Maine;
- Manager: SCI Damejane, SNC JN Participations;
- Representative of Everspeed, Chairman of SAS Immobilière Damejane, SAS Everspeed Asset (Manager of SCI Innovatech and SCI Les Fleurs), SAS Oak Invest, SAS Everspeed Composites, SAS Everspeed Media, SAS Shootshareshow, SAS DPPI Media, SAS DPPI Production, SAS Onroak Automotive Classic and SAS Proj 2018;
- Representative of Everspeed, Chairman and Director of SAS Everspeed Composites;
- Representative of Everspeed, Chief Executive Officer of SAS AOT Tech and SAS Les 2 Arbres;
- Representative of Everspeed, Manager of SCI Immotech;
- Chairman and/or Director of foreign companies: Everspeed Connection•, HP Composites Spa•, Carbon Mind Srl•;
- Representative of Everspeed, Chairman of the foreign company Ecodime Italia Srl•.

Corporate offices expired over the past five years

- Supervisory Board member: Altarea France SNC♦, Cogedim SAS♦
- Permanent Representative of Alta Rungis♦ Director: Semmaris
- Manager: SCI 14 rue des Saussaies
- Chairman and/or Director of foreign companies: HPC Holding•, Altarea Espana♦•
- Representative of Everspeed Motorsport, Chairman: SAS Oak Racing
- Representative of Everspeed, Chairman of SAS Onroak Automotive, SAS Sodemo, SAS Ecodime, SAS Everspeed Learning, SAS Ecodime Academy, SAS Oak Invest, SAS HP Composites France, SAS Everspeed Technology, SAS Onroak Collection and SAS Proj 2017
- Permanent representative of Ecodime, Chairman: Mind Values

Predica

Supervisory Board member

Predica is an insurance company, a subsidiary of Crédit Agricole Assurances and the holding company for Crédit Agricole Group's insurance subsidiaries. It was appointed a Supervisory Board member on 26 June 2007.

Najat Aasqui

Permanent representative of Predica

Najat Aasqui, a French national born in 1982, has a post-graduate degree (DESS) in Banking, Finance and Insurance (Paris X Nanterre) and a Master's in Economy (Lille 1). She joined the Crédit Agricole Assurances (CAA) Group in 2017 as investments officer (Private Equity and listed equity) for several sectors including listed real estate. Since March 2019 Najat Aasqui has been Head of the Listed Equity and Real Estate Investment Portfolios of the CAA Group. She had previously held various corporate banking positions, most significantly in acquisition funding at the Crédit Agricole Group.

Number of Altarea shares held at 31/12/2019: Predica held 4,122,406[2] shares and Najat Aasqui herself held no shares.

Other corporate offices held at 31/12/2019

- Permanent representative of Predica, member of the Supervisory Board, Audit Committee and Compensation and Nomination Committe: Argan▪

Corporate offices expired over the past five years: None

Léonore Reviron

Supervisory Board member

Léonore Reviron, a French citizen born in 1985, is a graduate of the EDHEC Business School (École des Hautes Études du Commerce). From 2008 to 2011, she was a financial audit Manager at Ernst & Young. In 2011, she joined a listed REIT Group, where she served as a corporate financial analyst until 2013, when she became a financial risk Manager.

Number of Altarea shares held at 31/12/2019: 3,000

Other corporate offices held at 31/12/2019

- Member of the Supervisory Board of SCA: Altareit♦▪, NR21♦▪

Corporate offices expired over the past five years

- Permanent representative of Alta Patrimoine, Supervisory Board member of Altareit▪
- Permanent representative of ATI, Supervisory Board member of Altarea♦▪

(1) Directly and indirectly, through the company Everspeed which he controls.

♦ Altarea Group company ▪ Listed company • Foreign company.

(2) To the Company's knowledge – Held directly or indirectly through the Crédit Agricole Assurances Group, Predica's parent company.

Michaela Robert

Supervisory Board member

A French citizen, born in Saint-Jean-de-Luz (64) in 1969, Michaela Robert is a graduate of the University of Paris IX Dauphine and Paris X Nanterre. She worked for ten years as a property and structured finance lawyer at international firms. In 2005, she joined Morgan Stanley as Chief Financial Officer for property investment funds under its management. Her roles as finance officer for all the investments made by different funds in France, Spain and Benelux have enabled her to build a solid banking network and acquire diverse expertise in legal issues and legal constraints. In 2010, she founded Finae Advisors, a property financing firm specialised in particular in origination, structuring and debt raising, of which she is Deputy Director.

Number of Altarea shares held at 31/12/2019: 1

Other corporate offices held at 31/12/2019

- Chief Executive Officer of Finae Advisors SAS
- Director of PAREF▪

Corporate offices expired over the past five years: None

Dominique Rongier

Supervisory Board member

A French national born in Paris (16th) in 1945, Dominique Rongier graduated from HEC (École des Hautes Études Commerciales) in 1967 and successively held the positions of: auditor at Arthur Andersen (1969-1976); Chief Financial Officer of the Group Brémond - Pierre & Vacances (1976-1983); Chief Financial Officer of the Group Brossette SA (1983-1987); in 1987 he devised and set up a holding structure for the Carrefour Group and became Secretary General of Bélier, a member of the Havas-Eurocom network from 1988 to 1990; then Chief Financial Officer of the Oros Communication holding company which controls majority holdings in the communications sector (1991 to 1993). Since September 1993, Dominique Rongier has been an independent consultant with DBLP & associés SARL, of which he is Manager and majority shareholder. His main activity is strategic and financial management consultancy. In the interim, he was acting Chief Executive Officer of the DMB & B France Group (French subsidiaries of the U.S. advertising group D'Arcy) for more than two years. Until 31 March 2009, Dominique Rongier was Chairman of a software publishing company specialising in sports and health.

Number of Altarea shares held at 31/12/2019: 14

Other corporate offices held at 31/12/2019

- Member of the Supervisory Board of SCA: Altareit♦▪, NR21♦▪

Corporate offices expired over the past five years

- Manager: DBLP & Associés
- Director: SA Search Partners

6.2.3.2 Working methods, preparation and organisation of the Board's work

Roles and Responsibilities (Article 17 of the Articles of Association)

The Supervisory Board is responsible for overseeing the Company's management on a continual basis. It sets out the appropriation of earnings, dividend distributions and dividend payment procedure to be proposed to the General Meeting. It appoints an Acting Manager if none of the existing Managers and General Partners are able to serve. It submits a list of nominees to the General Meeting for the appointment of new Statutory Auditors. It appoints an appraiser for the Company's property portfolio and renews or terminates the appraiser's term of office. In the latter case, it provides for the appraiser's replacement.

In accordance with the law, the Supervisory Board prepares a report for the Ordinary General Shareholders' Meeting convened to approve the Company's financial statements: the report is made available to the shareholders at the same time as the management report and the financial statements for the period in question. It also draws up an annual corporate governance report.

The Supervisory Board draws up a report describing any proposed capital increase or reduction and submits it to the shareholders. The Supervisory Board can call an Ordinary or Extraordinary General Meeting according to the procedures set forth by French law, if the Board deems necessary and after informing the Managers in writing.

The Supervisory Board also plays an important role in terms of the Company's investments and commitments, above and beyond the usual role played by this body in SCAs. Its opinion must be sought by Management prior to taking any of the following important decisions: (i) any investment or disposal of an amount greater than €15 million; (ii) any commitments made by the Company for an amount greater than €15 million; (iii) any loan agreement for an amount greater than €15 million. It will be proposed at the next General Shareholders' Meeting that these criteria, unchanged since 2007, be updated to take account of the Company's considerable expansion, stipulating that the Board will now be consulted (a) prior to any investment or disinvestment by Altarea of a significant amount that is likely to alter the Company's balance sheet structure, and in all events an amount of over €50 million in the SIIC sector, and (b) Altarea's financing policy, specifically the total value of bank or bond debt.

With the entry into force of the Order of 27 November 2019 on compensation of the corporate officers of listed companies, implementing the Pacte Act of 22 May 2019, the Supervisory Board has been granted additional powers: over compensation policy for Managers and Board members and determining the components of the compensation of these corporate officers, taking over from the General Shareholders' Meeting which until then had direct responsibility for fixing the components of management's compensation for a three-year period pursuant to the Company's Articles of Association (see Section 6.3.1.1 below).

♦ Altarea Group company ▪ Listed company • Foreign company.

Notice of Meeting

The Company's Articles of Association provide that Board members are invited to meetings *via* simple letter or by any means of electronic communication. The Supervisory Board can meet by any means as soon as all members are present or represented. Supervisory Board meetings can be called by the Board Chairman, at least half of the Board members, or any Manager or General Partner. The Board members must be notified at least one week before the Meeting date, except under emergency circumstances.

Information

In accordance with French law, the Supervisory Board has the right to be provided with the same documents by the Managers as those made available to the Statutory Auditors.

Meeting location – Management attendance

Meetings take place at the registered office located at 8, avenue Delcassé in Paris (75008).

Management is invited to Board meetings to answer questions from the Supervisory Board, so that the Board can exercise continuous oversight of the Company's management. At Board meetings, Management presents the Company's financial statements, discusses business developments and presents any investment or divestment plans. Management answers any questions that the members deem appropriate to ask. These questions may or may not be included on the agenda. Management does not participate in deliberations and cannot vote on decisions taken by the Board or on opinions it issues.

The attendance of at least half of the Supervisory Board's members is required for it to be quorate. Decisions are made by a majority of the members present or represented and able to take part in the vote. A member present may only represent one absent member and may do so only upon presenting a valid proxy. In the event of a tie, the Chairman has the deciding vote.

Minutes of the meetings

The minutes of Board meetings are recorded in a special register and signed by the Meeting Chairman and Secretary, or by a majority of Board members present.

Rules of Procedure

The Supervisory Board adopted Rules of Procedure at its meeting of 26 February 2019. They complement in particular Articles 16 and 17 of the Company's Articles of Association as regards the operating rules of the Board and the conduct of its meetings, in accordance with the provisions of the AFEP-MEDEF Code. They also reiterate the ethical rules imposed on Board members, particularly in respect of share trading, in accordance with European regulation no. 596/2014 on market abuse.

The Articles of Association and the Board's Rules of Procedure are available on the Company's website.

There are also detailed Rules of Procedure for the Audit Committee and the Investment Committee, which are specialised committees of the Board.

The Supervisory Board has sole authority to modify its Rules of Procedure and those of its committees.

Supervisory Board meetings and work in 2019

In 2019, the Board met twice. The attendance rate was 93%. The following key topics were discussed at these meetings:

- Meeting of 26 February 2019:

  Examination of the annual Company and consolidated financial statements and the management report for the year ended 31 December 2018. Proposed appropriation of earnings at the Annual Ordinary General Meeting. Authorisations granted to Management to effect capital increases or decreases. Preparation of the Supervisory Board's report to the Annual General Meeting and the Report on Corporate Governance. Examination of the Declaration on Extra-Financial Performance (DPEF). Review of the agenda and draft resolutions submitted to the Combined General Shareholders' Meeting. Financial strategy. Review and recommendation to be given on investment and divestment projects. Recommendation to Management for guarantees, pledges and endorsements given to the Company's subsidiaries. Review of forecast management documents. Review of corporate governance matters: integration of employee representative members, change of the composition of the Board, adoption of Board's Rules of Procedure and Appendix on the Stock Market Code of Conduct, annual discussion on the Company's Policy on Gender Equality and Equal Pay, annual review of the working methods and preparation of the Supervisory Board's work, review of the criteria for the independence of the members of the Supervisory Board and specialist committees and recommendation on the proposed management compensation. Examination of the procedure for processing insider information reviewed by Management. Review of related-party transactions already authorised by the Board;
- Meeting of 1 August 2019:

  Review of the half-yearly financial statements at 30 June 2019 and the half-year financial statements. Business update. Review of financial performance. Recommendation to be given on finance projects. Review and recommendation to be given on investment and divestment projects. Forecast documents.

Specialist committees

Article 18 of the Articles of Association allows the Supervisory Board to delegate tasks to specialist committees, apart from any powers that French law explicitly assigns to the Supervisory Boards of SCAs (*sociétés en commandite par actions*).

The Supervisory Board has three specialist committees: an accounts committee known as the Audit Committee, an Investment Committee and a Compensation Committee.

The specialist committees present their work at Supervisory Board meetings. The work is presented by committee chairs, all of whom are members of the Board.

Investment Committee

Members

Investment Committee members are appointed by the Supervisory Board. The Investment Committee currently consists of the following members:

- Jacques Nicolet, Chairman of the Investment Committee;
- Alain Dassas, Representative of ABP (APG) Fund;
- Najat Aasqui, representing Predica;
- Christian de Gournay;
- Philippe Mauro;
- Éric Dumas.

Operational Managers involved in the investment project(s) also participate in the Meeting.

Proceedings – Minutes

Investment Committee recommendations are adopted by a majority of members present. The Chairman has a double vote in the event of a tie. Minutes are drawn up and signed during the Meeting indicating the decision made. The Company's annual report contains a summary of the resolutions issued by the Investment Committee.

Frequency of meetings

The Investment Committee meets when convened by its Chairman. It can be called at any time in the event of an emergency. Notices of meeting may be sent by any means (post, fax, email, etc.).

Tasks

The Investment Committee is delegated by the Supervisory Board to advise on investment and divestment decisions for amounts between €15 million and €100 million, under the following conditions:

a) investment and divestment opportunities of between €15 million and €50 million may be presented to:

- either the Investment Committee directly, or
- the Chairman of the Investment Committee for an initial recommendation, especially in urgent situations, which is ratified at the next Investment Committee Meeting;

b) investment and divestment opportunities of between €50 million and €100 million are presented to the Investment Committee before any final decision is made;

c) or transactions initiated by its property development subsidiaries, the above ceilings are understood to be:

- before entering into any bilateral sales agreements for real estate over these ceilings,
- before signing any deeds for real estate over these ceilings, including following a unilateral sales agreement;

d) investments and divestments of:

- less than €15 million do not require a Supervisory Board recommendation,
- over €100 million must be submitted to the Supervisory Board for a recommendation.

These limits are adjusted annually on the basis of the Syntec index;

e) finally, the disposal of investment properties and equity interests in companies owning investment properties, within the aforementioned limits;

f) the limits given above apply as a percentage of the Group's equity interests, and exclude tax.

These criteria will be updated by the Supervisory Board if the next General Shareholders' Meeting approves the proposal to amend the provisions of the Articles of Association covering the scope of prior approval by the Board, with the specific aim of updating the thresholds to take account of the Company's considerable expansion (see above).

Work of the Committee

The Investment Committee did not meet in 2019 because all investment and divestment opportunities were reviewed by the full Supervisory Board pursuant to Article 17.6 of the Articles of Association (see 6.2.1. above, Roles and Responsibilities), or by its Chairman, considering the amounts involved.

Audit Committee

Members

Audit Committee members are appointed by the Supervisory Board. They are chosen for their experience in the industry and their knowledge of the Company. The Audit Committee members together with their skills and experience relevant to the Committee's responsibilities are as follows:

- Dominique Rongier, Committee Chairman, independent member, has been an auditor at Arthur Andersen, Chief Financial Officer of the Pierre & Vacances Group, Chief Financial Officer of the Brossette SA Group and Chief Financial Officer of the holding company Oros Communication;
- Alain Dassas, independent member, representative of ABP (APG) Fund, was Director of Banking Relations and Financial Markets at Renault, CFO at Renault Crédit International and Director of Financial Operations and Financial Services at Renault;
- Françoise Debrus has worked as Head of management control and then Head of financial management at Unicredit, Head of deposits and loans in the Finance Department of Crédit Agricole SA, Head of finance and taxation at the Fédération Nationale du Crédit Agricole, Chief Financial Officer at the Caisse Régionale d'Île-de-France and Chief Investment Officer at Crédit Agricole Assurances;
- Éliane Frémeaux, independent member, was a partner in the Notary firm of SCP Thibierge & Associés until 18 October 2012. She is a member of the Legal Studies Institute of the Conseil Supérieur du Notariat. She was a member of the Joint Ownership Commission representing the Conseil Supérieur du Notariat at the Chancellery, of the Commission on Polluted Sites and Soils within the High Council for Installations Classified as Potentially Polluting;
- Léonore Reviron is a graduate of the EDHEC Business School. She was a financial audit Manager at Ernst & Young from 2008 to 2011. In 2011, she joined a listed REIT Group, where she served as a corporate financial analyst until 2013, when she became a financial risk Manager;
- Michaela Robert, independent member, is a graduate of the University of Paris IX Dauphine and Paris X Nanterre. She worked for ten years as a property and structured finance lawyer at international firms. In 2005, she joined Morgan Stanley as Chief Financial Officer for property investment funds under its management. In 2010 she founded a property financial advising firm, of which she is Manager.

Independent members

The Audit Committee is currently composed of four independent members. Consequently, the Company meets (i) the legal requirement that the Audit Committee must have at least one independent member, and (ii) recommendation 16.1 of the AFEP-MEDEF Code that two-thirds of members should be independent. The Committee does not include any executive corporate officers, again complying with Article 16.1 of the Code.

Délibérations – Minutes

The Committee is quorate when at least half of the members are present. Recommendations are adopted by a majority of members present. The Chairman has a double vote in the event of a tie. If it deems it necessary to do so, the Audit Committee prepares minutes of its meetings; these minutes are drafted by the Chairman. The Chairman presents its report on the half-year and full-year financial statements to the Supervisory Board.

Frequency of meetings – Work of the Committee

The Audit Committee meets when convened by the Chairman, on dates set according to the Company's schedule for approving the half-year and full-year financial statements. A meeting can be called at any time if necessary. Notices of meeting may be sent by any means (post, fax, email, etc.). The Group's Finance Department sends any necessary documentation prior to the Meeting.

During the 2019 financial year, the Committee met twice to examine the following points:

- Meeting of 25 February 2019: examination of the financial statements at 31 December 2019, review of the main activities in terms of internal control and risk management undertaken during the second half of 2018, update on IFRS 15 and IFRS 9, delivery of the work of the Statutory Auditors; review and approval of the Statutory Auditors' half-yearly report on services provided other than the audit of the financial statements;
- Meeting of 31 July 2019: review of the main activities in terms of internal control and risk management undertaken during the first half of 2019, 2019 risk map and presentation of the major risks, review of the half-yearly accounts at 30 June 2019, update on IFRS 16 and IAS 23 as they affect real estate appraisals, review and approval of the Statutory Auditors' half-yearly report on services provided other than the audit of the financial statements.

Tasks and responsibilities

The Audit Committee helps the Supervisory Board in its role of oversight and control of the Company. It is responsible for the following tasks:

- monitoring the process for preparing financial information and, where appropriate, making recommendations to ensure its integrity. In the event of failures in the process, the Committee makes sure corrective measures have been applied. The Committee reviews significant risks and off-balance sheet commitments, assesses the seriousness of malfunctions or deficiencies of which it is made aware, and informs the Supervisory Board, if necessary. The Audit Committee also reviews the scope of consolidation and, where applicable, the reasons for which companies are not included;
- monitoring the effectiveness of systems of internal control and risk management, as well as any internal audits, in respect of procedures for producing and processing accounting and financial information. In the event shortcomings are identified, the Committee ensures that appropriate action plans have been put in place and the situation has been addressed. To this end, it is informed of the main findings of the Statutory Auditors and internal audit. It meets with the Heads of internal audit and risk control and advises on the organisation of their departments. It is informed of the internal audit programme and receives internal audit reports and/or periodic summaries;
- monitoring of the Statutory Auditors' work. The Committee reviews the main risks and uncertainties identified by the Statutory Auditors in the parent company and consolidated financial statements, including the half-year financial statements. The Committee also reviews their audit approach and any difficulties they encountered in their work;
- examination and monitoring of compliance by the Statutory Auditors with the criteria for independence. It ensures compliance with the rules for the rotation of Statutory Auditors and their signing partners. The Committee monitors the budget for the Statutory Auditors' fees to ensure that it is appropriate to their work. The Committee makes sure that the Co-Statutory Auditor is effective;
- approval of the provision by the Statutory Auditors or their respective network of services other than the certification of the financial statements to the Company or its subsidiaries. At its meeting of 20 February 2017, the Audit Committee decided unanimously to authorise the Statutory Auditors to provide certain services other than audit of the financial statements corresponding to (i) the missions required by law or regulations and (ii) the usual missions provided by Statutory Auditors which posed no risk to their independence given their purpose and the terms and conditions under which they would be carried out. The Statutory Auditors must provide the Audit Committee with a half-year report on these services. All other services must be authorised in advance by the Audit Committee;
- verification of the arrangements made by the Company in order to guarantee business continuity, with particular reference to documentation, files, systems and the protection of the Company against fraud and malicious acts;
- ensuring that the Company's operations comply with all applicable laws and regulations.

The Audit Committee must be consulted about:

- the appointment of the Statutory Auditors. It recommends Statutory Auditors which the Supervisory Board then proposes to the General Shareholders' Meeting for appointment on the basis of a call for tenders. It also issues a recommendation to the Meeting when the appointment of the auditor or auditors comes up for renewal;
- any significant changes in accounting methods and principles that may seem likely or necessary;
- half-year and full-year financial statements.

The Audit Committee reports on its work regularly to the Supervisory Board. It also reports on the results of the task of the certification of the financial of the financial information and on the role that it played in this process. It immediately reports any problem encountered.

The Audit Committee maintains working relationships with the Company's Executive Management, internal controllers, internal auditors and Statutory Auditors. It may ask the Statutory Auditors to attend Committee meetings to answer questions about subjects within their competence. The Audit Committee may also ask a Company employee to attend a meeting, in order to clarify a specific issue. The Audit Committee recommends to the Supervisory Board all measures it deems useful. If it deems necessary, the Committee may call on external experts, ensuring their competence and independence.

Compensation Committee

History

On 20 May 2009, the Extraordinary General Meeting voted to create a Compensation Committee, and for this purpose added a second paragraph to Article 18 of the Articles of Association concerning the Board's specialist committees.

The same Meeting modified the provisions of Article 14 of the Articles of Association regarding Management compensation: from 1 January 2013, Management compensation should be set for successive three-year periods by the Ordinary General Shareholders' Meeting in response to a proposal by the General Partners and after consultation with the Supervisory Board.

The Supervisory Board, at its meeting of 26 July 2012, voted to create this Management Compensation Committee, in accordance with Article 18 of the Articles of Association. On the recommendation of its Chairman, the Supervisory Board voted to grant the Committee powers wider than those provided for by the Articles of Association. The Committee will participate in determining the compensation not only of Management but also of members of the Supervisory Board and of the Group's senior executives.

Members

The Compensation Committee is composed exclusively of members of the Supervisory Board independent of Company Management.

The Compensation Committee currently consists of the following members:

- Dominique Rongier, Chairman of the Committee;
- Philippe Mauro, Secretary of the Committee;
- Alain Dassas.

Responsibilities (Article 18 of the Articles of Association)

The Management Compensation Committee submits proposals for Management compensation to the Supervisory Board.

Work of the Committee

The Committee used a report conducted by consultants Towers Watson and submitted to the Supervisory Board at its 27 February 2013 meeting proposals related to Management compensation. These proposals allowed the Supervisory Board to make an informed recommendation on the General Partner's proposal, in accordance with Article 14 of the Articles of Association, to the Ordinary General Shareholders' Meeting responsible for setting Management compensation.

The Compensation Committee also made proposals on the annual compensation of the Supervisory Board Chairman, which it recommended setting at €300 thousand, and on the amount of compensation paid as directors' fees. The Committee advised that the latter be increased to €2.5 thousand to encourage members to actively participate in the work of the Supervisory Board.

At its 27 February 2013 meeting, the Supervisory Board decided to approve all the recommendations of the Management Compensation Committee.

The Compensation Committee met on 8 April 2014 to review the compensation paid to the Chairman of the Supervisory Board and Group Operational Managers and to make recommendations to the Supervisory Board and management.

The Committee then met on 23 February 2016 to review Management compensation and develop proposals for the Supervisory Board, which then put recommendations to the Combined General Shareholders' Meeting of 15 April 2016 responsible for setting Management compensation for the 2016, 2017 and 2018 financial years.

In 2019 the Committee approved the proposed changes to the Management Compensation, in fees, suggested by the General Partner for the new three-year period 2019, 2020 and 2021, based on the results of a Towers Watson report of this proposal (see Section 6.3.1.1 below).

Assessment of the work of the Board and specialist committees

At its meeting of 2 March 2020, the Supervisory Board assessed the way in which its work is prepared and conducted. It unanimously concluded that the operating practices of the Board are appropriate and that no formal assessment procedures are necessary.

6.2.4 Management

6.2.4.1 Executive Management

As a SCA (*société en commandite par actions*, a French partnership limited by shares), the Company is run by Management. One of the latter's key roles is to decide the Group's strategic direction.

For the record, the Company is managed by Alain Taravella, in a personal capacity, and Altafi 2 and Atlas for whom he is Chairman. Jacques Ehrmann, general manager of Altafi 2, is Manager of Altarea Management, a wholly-owned subsidiary of Altarea (see Section 6.2.1 below).

6.2.4.2 Operational Management

Ludovic Castillo is in charge of the Retail REIT. He is Chairman of Altarea Commerce and also Manager of Foncière Altarea and Chief Executive Officer of Altarea France.

Philippe Jossé took over operational responsibility for the Residential Property Development division. He is Chairman of the Cogedim Management Board.

Adrien Blanc is responsible for the Office Property Development division and the Manager of Altarea Cogedim Entreprise Asset Management.

6.2.4.3 The Committees

Bearing in mind that the main subsidiaries of Altarea[1] feature operational committees, several committees hold regular meetings to examine going concerns and assist Executive Management in decision-making.

These are mainly the Group Executive Committee and Management Committees for each business line (Residential Management Committee, Office Property Management Committee and Retail Management Committee).

6.2.4.4 Absence of firm commitments made by Management and not communicated by the Company

As of the date of this Document, the management bodies have made no firm commitment on significant investments about which the Company has not provided information.

6.2.5 Additional information

6.2.5.1 Absence of conflicts of interest

No conflicts of interest have been detected at the level of the Company's administrative, management and supervisory bodies, or at the level of its Executive Management, between the duties of those bodies and any other potential duties they might have.

6.2.5.2 Convictions, bankruptcies, prosecutions

To the Company's knowledge and in view of the information at its disposal, none of the Co-Managers or the Company's Supervisory Board members has, in the past five years:

- been convicted of any fraud;
- been the subject of a bankruptcy, receivership or liquidation order;
- been the subject of any prosecution or of any official public sanction imposed by statutory or regulatory authorities (including designated professional bodies).

6.2.5.3 Agreements entered into between an executive officer or a significant shareholder and subsidiaries

Except for agreements relating to current transactions and conducted on arm's length terms, no agreement has been concluded between an executive officer or a major shareholder and Company subsidiaries.

6.2.5.4 Procedure for assessing current agreements

At its meeting on 2 March 2020, the Supervisory Board put in place a procedure for the regular assessment of the terms and conditions of entering into current agreements, whereby any person directly or indirectly involved in one of the agreements does not take part in its assessment.

(1) *See Section 6.2.3.2, above, for a presentation of the Supervisory Board's specialist committees.*

6.3 Compensation of administrative, management and supervisory bodies

6.3.1 Principles and rules

6.3.1.1 Management

The Order of 27 November 2019 on compensation for corporate officers of listed companies, implementing the Pacte Act of 22 May 2019, brings in new rules applicable to partnerships limited by shares listed on a regulated market, as of the General Shareholders' Meeting called to approve the 2019 financial statements. They are codified in articles L. 226-8-1 *et seq.* of the French Commercial Code and require a system for consulting shareholders ex ante and ex post, whereas Altarea management compensation was decided and agreed at the General Shareholders' Meeting itself.

Rules applicable until 2019

In line with the provisions of Article L. 226-8 of the French Commercial Code, applicable prior to the aforementioned Order of 27 November 2019 came into force, the Company's Articles of Association provided that management compensation should be set for successive periods of three years by the Ordinary General Shareholders' Meeting (limited partners), on a proposal from the general partners and after consultation with the Supervisory Board, which itself had to consult the Compensation Committee, a specialist committee whose members are independent of management.

The provisions of Article 14 of the Articles of Association are entirely reproduced below:

"Management compensation shall be set for successive periods of three years by the Ordinary General Shareholders' Meeting (Limited Partners) in accordance with the provisions of Article L. 226-8 of the French Commercial Code, on a proposal from the General Partners and after consultation with the Supervisory Board.

If there is more than one Manager, they will decide how to distribute the said compensation amongst themselves.

No other compensation may be paid to the Managers in respect of their office unless previously approved by the Ordinary General Shareholders' Meeting with the prior unanimous agreement of the General Partners.

The Manager(s) is(are) also entitled to reimbursement of all business, travel and other expenses of any nature incurred in the interests of the Company.

The compensation to which the Managers are entitled shall be invoiced directly to Altarea or its subsidiaries. In the latter case, the portion of compensation received by the Manager, which is attributable economically to Altarea, shall be deducted from the compensation to be paid by Altarea."

Article 25.3 of the AFEP-MEDEF Code, to which the Company refers, recommended consultation with the shareholders on the compensation of each executive corporate officer. The Company's practice with respect to establishment of Management compensation went beyond that recommendation. As such, Management compensation, paid in fees, was determined directly by the Ordinary General Meeting of the Shareholders, which had a real decision-making power, a power that was exercised ex-ante. The General Meeting was not simply consulted ex post to approve or disapprove of compensation awarded to Management by another Company body. Management compensation was set directly and in advance by the General Meeting. The General Meeting therefore had no need to issue an opinion on its own decisions.

Compensation terms set by the 2019 General Shareholders' Meeting

In accordance with the provisions of Article 14 of the Articles of Association described above, the Compensation Committee, composed entirely of independent members of Management, submitted its Management compensation proposal for the next three-year period to the Supervisory Board following its meeting on 14 February 2019, i.e for FY 2019, FY 2020 and FY 2021, including a fixed portion and a variable portion based on the Group's economic and CSR performance.

This proposal received the unanimous approval of the Supervisory Board at its meeting held on 26 February 2019 and the General Partner decided to present it, unamended, to the General Shareholders' Meeting on 23 May 2019, which approved it. The terms for the compensation in fees are as follows:

1. fixed annual compensation in the amount of €1,000,000, excluding taxes, payable in four equal amounts on a quarterly basis and non-revisable;
2. variable annual compensation consisting of two items:

   2.1. variable annual compensation equal to a progressive percentage of a portion of the amount of FFO per share, multiplied by the diluted average number of shares during the financial year, namely:

   - 3% of the amount of FFO per share pertaining to the portion of FFO per share in excess of €15.76 per share and up to €19 per share, the amount obtained being multiplied by the diluted average number of shares during the financial year in question,
   - 5% of the amount of FFO per share pertaining to the portion of FFO per share in excess of €19 per share, the amount obtained being multiplied by the diluted average number of shares during the financial year in question,

   it being specified that the diluted average number of shares during the financial year is published in the Company's annual report and that this variable compensation shall be payable at the latest on 31 March following the end of the financial year, namely for the first time on 31 March 2020 for the 2019 financial year, 2.2. variable annual compensation dependent upon the company's GRESB GREEN STAR rating, namely:

- upon achieving or maintaining five stars in the GRESB GREEN STAR rating, the variable compensation shall be equal to €500,000 excluding taxes,
- upon achieving or maintaining four stars in the GRESB GREEN STAR rating, the variable compensation shall be equal to €250,000 excluding taxes,
- there shall be no variable compensation in this respect under the level of four stars,

it being specified that this variable compensation shall be payable every year in the month following the achievement of the GRESB GREEN STAR rating, generally in the fourth quarter of each financial year.

The entry into force of these new compensation terms saw Management's fees fall substantially in 2019 (see Section 6.3.2. below).

Rules applicable from financial year 2020

The new rules of the aforementioned Order of 27 November 2019 codified in articles L. 226-8 *et seq.* of the French Commercial Code, are applicable within the company from financial year 2020 and for as long as it remains listed. Pursuant to these rules, management compensation will no longer be set at the General Shareholders' Meeting itself but determined according to a compensation policy which sets out all its fixed and variable components and explains the decision-making process followed in its determination, revision and implementation.

This compensation policy will be drawn up by the general partner, having sought the advice of the Supervisory Board, acting in accordance with the recommendation of the Compensation Committee.

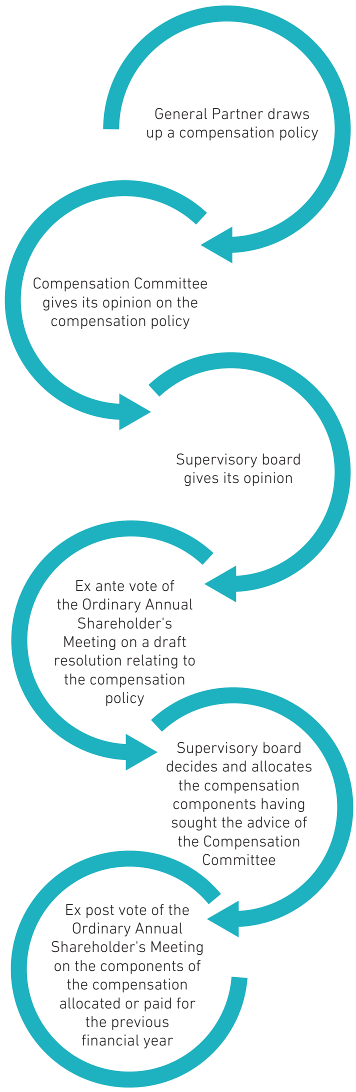
A draft resolution will then be submitted for the approval of the General Shareholders' Meeting each year and each time the ordinary compensation policy is changed significantly (*ex ante* vote).

The compensation components themselves will then be determined, allocated or decided by the Supervisory Board in application of the compensation policy approved by the General Shareholders' Meeting.

The shareholders will be consulted at a General Shareholders' Meeting on the compensation components actually paid or allocated to the Managers (ex-post vote).

The changes to the Company's Articles of Association will be submitted for approval at the General Meeting on 19 May 2020 to ensure compliance with the provisions resulting from these new regulations.

Simplified description of the process used to set the compensation of the Management



6.3.1.2 Supervisory Board

Up unitil now, the compensation and benefits paid to Supervisory Board members was set in Article 19 of the Articles of Association.

In accordance with the Articles of Association, the General Meeting can allocate annual compensation to Supervisory Board members solely for their duties as members of the Supervisory Board. The amount of compensation paid is included in general operating expenses. The Supervisory Board divides this amount among its members as it deems appropriate. Supervisory Board members are also entitled to the reimbursement of all expenses, travel costs and costs of any kind incurred in the Company's interests.

The General Meeting held to approve the 2008 financial statements, which took place on 20 May 2009, decided to allocate total compensation of €600,000 to the members of the Supervisory Board in respect of 2009 and for every subsequent year until the Ordinary General Meeting adopts a new decision.

In application of the new rules above, brought in by the Order of 27 November 2019, the Supervisory Board will now draw up, on an annual basis, a compensation policy for its members which will be put to vote at the General Shareholders' Meeting.

The individual components of the compensation for the members of the Supervisory Board will then be determined, allocated or decided by the Supervisory Board in application of the compensation policy approved by the General Shareholders' Meeting.

Chairman of the Supervisory Board

At its meeting of 19 February 2013, the Management Compensation Committee, proposed to the Supervisory Board to establish gross annual compensation of €300,000 for the Chairman of the Supervisory Board. This proposal was unanimously adopted by the Supervisory Board on 27 February 2013.

At its 5 March 2014 meeting, upon the appointment of Christian de Gournay as incoming Chairman of the Supervisory Board to replace Jacques Nicolet, the Supervisory Board confirmed that the amount of compensation paid to its Chairman would remain unchanged. This compensation encompasses all work done for the Supervisory Board and is exclusive of any other compensation.

On the proposal of the Compensation Committee at its meeting of 14 February 2019, the Supervisory Board decided at its meeting of 26 February 2019 to change, as from 1 July 2019, the amount of the annual compensation of the Chairman of the Supervisory Board to an aggregate amount of €250,000, charged against the annual' fees allocated by the General Meeting to Supervisory Board members.

Supervisory Board members

To encourage members of the Supervisory Board to effectively participate in the Board's work, the Supervisory Board decided at its 27 February 2013 meeting to set the amount of compensation allocated in respect of attendance at €2,500 for each attendance at a meeting of the Board or its specialist committees.

At its meeting of 26 February 2019, the Supervisory Board, having reviewed the amount of compensation allocated in respect of attendance by comparable companies, decided to increase, from 1 January 2019, the amount of fees allocated to the members of the Supervisory Board to €3,000 per meeting of the Board and its specialist committees.

6.3.1.3 General partners

Article 29 paragraph 6 of the Company's Articles of Association stipulates that "the General Partner is entitled to a bonus dividend equal to 1.5% of the annual dividend paid."

Altafi 2, the sole general partner, indefinitely responsible for social debt due to third parties, receives a bonus dividend of 1.5% of the annual dividend. This amounted to €2,569,489 for FY 2016, €2,966,939 for FY 2017 and €3,039,210.93 for FY 2018. The payment of a dividend to shareholders was proposed to the Annual Ordinary General Shareholders' Meeting charged with approving the 2019 financial reports and allocating the corresponding earnings, which would result in a payment of approximately €3,244 thousand for the general partner Altafi 2.

6.3.2 Compensation policy for financial year 2020 submitted to the General Shareholders' Meeting of 19 May 2020

In line with the new provisions applicable to partnerships limited by shares listed on a regulated market, brought in by the aforementioned order of 27 November 2019 and codified in Articles L. 226-8 et seq. of the French Commercial Code, the Ordinary General Shareholders Meeting of 19 May 2020 will be asked to vote on the compensation policy for management and Supervisory Board members for financial year 2020.

On 2 March 2020 the components of this policy, described below, were drawn up by the Supervisory Board, for compensation of its members, and by the general partner, after consulting the supervisory board, for compensation of management, the supervisory board having acted after consultation of the Compensation Committee.

The compensation of corporate officers must be in the Company's interests, competitive and in line with Company strategy, helping to ensure its long-term viability and support its financial and non-financial performance.

6.3.2.1 Management compensation policy

Remember that in 2019, as part of a process involving all corporate bodies and with a central role devolved to the Ordinary Shareholders' Meeting (see §6.3.1.1 above), management compensation, paid as fees, was reduced considerably from the amount paid in previous financial years, even as the Managers' efforts had led to a significant, consistent growth in the Group's financial and non-financial performance in the past few years.

The Management compensation policy described below was drawn up by the general partner and approved unanimously at the Supervisory Board meeting of 2 March 2020, after consultation of the Compensation Committee:

- the Supervisory Board is responsible for determining the components of management compensation, paid as fees, based on proposals from the Compensation Committee and taking account of the latest AFEP-MEDEF Code regulations (updated January 2020): exhaustiveness, a balanced compensation package, benchmark, coherence, clear rules and measurements;

- the Supervisory Board and Compensation Committee will take into consideration all market practice studies (benchmarks) and exceptional events in the financial year;
- management compensation, paid as fees, comprises a fixed annual component and a variable annual component determined according to the recommendations of the AFEP-MEDEF Code;
- the fixed annual compensation must enable management to provide a continuous, high quality service to the Company and its Group. Generally, it should be reviewed at relatively long intervals and take into account the other compensation components, primarily fixed components, paid by other Group companies for their duties and responsibilities at these companies.

  For financial year 2020 it must be between €1 million and €2 million, taking account of the above. For the record, the fixed annual component of management compensation was reduced from €2 million to €1 million from 1 January 2019, by the General Shareholders' Meeting of 23 May 2019, on the proposal of the general partner;
- it is intended that the variable component should link a significant portion of management compensation to Group performance. It is decided annually and can also have a long-term component intended to best align management's interests with those of the shareholders to create long-term value.

  The Supervisory Board must set the precise quantifiable and qualitative criteria used to determine the management's variable compensation.

  The quantifiable criteria must be simple, relevant and in line with corporate strategy. They must take precedence. They must be linked to the main financial indicators generally used to assess the Group's financial performance, notably those usually communicated to the market such as the FFO (funds from operations). If the FFO is selected as a criteria, the corresponding annual variable compensation would be a progressive percentage of a portion of the FFO per share multiplied by the average number of diluted shares in the financial year.

  The qualitative criteria must be specific and primarily tied to the Group's priority sustainability and Corporate Social Responsibility targets, GRESB[(1)] rating or status for example. When quality criteria are used, the qualitative component of the variable annual compensation must be capped. The variable compensation tied to the quality criteria must be between 50% and 100% of the annual fixed compensation.

  The variable or exceptional components allocated for the financial year cannot be paid to management before they have received the approval of the General Shareholders' Meeting (ex post vote) and the consent of the general partner;
- if there is more than one Manager, they decide how to distribute the compensation amongst themselves. The principle of awarding a global management compensation is set out in article 14 of the Company's Articles of Association;
- if applicable, any natural persons, legal representatives of the legal persons in the Company's management, who are called upon to perform duties not related to management of the Company, can be paid under the terms of a corporate mandate by the subsidiary in question. The fixed components, and any variable components (including bonus shares), of this compensation must be decided on the basis of the duties and responsibilities involved;
- the components of management compensation must be sufficiently competitive to attract and retain the best people and talent and best align the interests of the beneficiaries with those of the shareholders to further long-term value creation. Where applicable, the experience of the beneficiaries and the market practices of comparable companies are also taken into account;
- they are examined each year to check that they are still in line with the Company's strategy and current situation and the Compensation Committee will take care to ensure the performance conditions are appraised on the same basis over several years and the quantitative criteria of the variable composition take precedence over the qualitative criteria.

6.3.2.2 Compensation policy for the Supervisory Board members

After consultation of the Compensation Committee, the Supervisory Board sets its members' compensation policy as follows:

- Supervisory Board members receive compensation for attending meetings of the Board and its specialist committees, the maximum amount of which is approved by vote of the General Shareholders' Meeting and its distribution decided by the Supervisory Board itself. In line with the AFEP-MEDEF Code recommendations, the variable component of this compensation is therefore the most important. It must encourage members to take an active part in the Supervisory Committee's work;
- a global fixed compensation may be granted to the Chairman of the Supervisory Board, the amount of which must be taken from the total amount allocated by the General Shareholders' Meeting and may be exclusive of all other compensation. In accordance with the AFEP-MEDEF Code, the Chairman of the Supervisory Board receives no variable annual compensation, variable multi-year compensation or long-term profit-sharing incentives such as stock options or performance shares. At the 2021 General Shareholders' Meeting, shareholders will again be asked to vote on the compensation components payable or allocated to the Chairman of the Supervisory Board for financial year 2020, it being specified that payment of the Chairman's fixed compensation for that financial year is not subject to the approval of the said General Shareholders' Meeting. For the record, the Supervisory Board, on the recommendation of the Compensation Committee, reduced its Chairman's compensation from the figure of €300,000 gross per annum, set in 2013, to €250,000 gross per annum from 1 July 2019 (see.§ 6.3.1.2 above);
- in addition to the compensation they receive for attending meetings, other members of the Supervisory Board may be granted compensation for *ad hoc* assignments they are asked by the Supervisory Board to undertake in accordance with current regulations;
- the General Shareholders' Meeting of 20 May 2019 agreed a total annual compensation for the Supervisory Board members of €600,000, a maximum amount which, unless otherwise decided by the Meeting, will remain unchanged for the 2020 financial year;
- Supervisory Board members may also be reimbursed for all reasonable costs and expenses incurred while undertaking their duties if they provide all the necessary supporting documents.

(1) The Global Real Estate Sustainability Benchmark (GRESB), a leading international ranking, annually assesses the ESG performance of real estate companies around the world.

6.3.3 Information on compensation for FY 2019

6.3.3.1 Compensation components due or paid for financial year 2019

Pursuant to new article L. 226-8-2 of the French Commercial Code, arising from the Order of 27 November 2019, the General Shareholders' Meeting of 19 May 2020 will be asked to approve the compensation components paid or allocated for the 2019 financial year by means of (i) a global resolution relating to all compensation paid to the corporate officers and (ii) separate resolutions for the Management and for the Chairman of the Supervisory Board. The compensation paid or allocated to Jacques Ehrmann, CEO of Altafi 2, as Manager of Altarea Management, a wholly-owned subsidiary of the Company, is also set out below even if does not strictly speaking fall within the scope of the Management compensation policy.

Breakdown of the compensation paid or allocated to Management

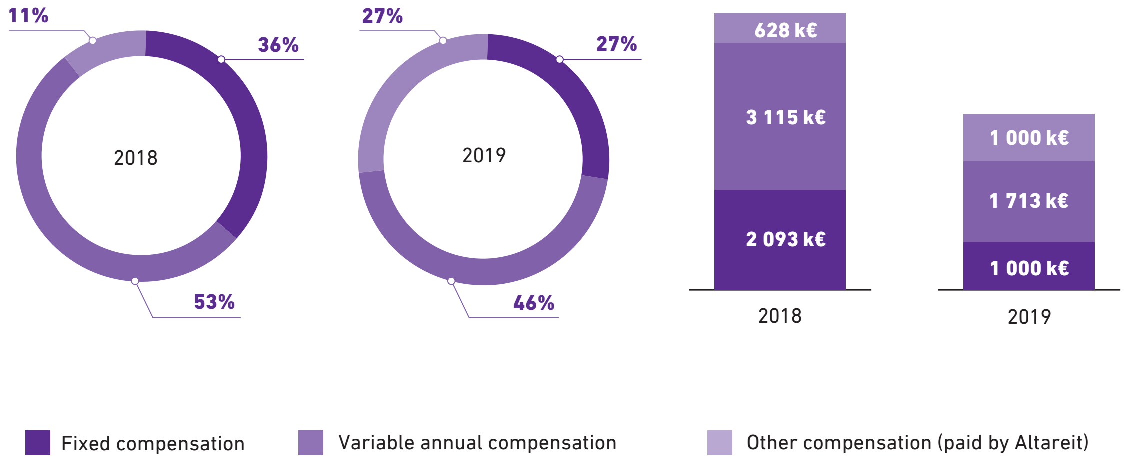
In application of the resolution adopted by the General Shareholders' Meeting of 23 May 2019 (see 6.3.1.1 above), the Management compensation in fees payable for financial year 2019 is as follows, Altafi 2 being the only beneficiary as neither Alain Taravella nor Atlas received any compensation:

Compensation components *(€ thousands)*	**2018**	**2019**	**Comment**
Fixed compensation (in fees)	2,093	1,000	All fees paid to Altafi 2
Variable annual compensation (in fees)	3,115[a]	1,713	The variable fees for financial year 2019 comprise two components: ■ one based on a quantitative criterion linked to the Group's financial performance: the FFO per share[b]: → €1,213 thousand payable (paid in 2020), i.e. 2/3 of the variable component ■ one based on a qualitative criterion linked to the Group's ESG performance: GRESB GREEN STAR classification[c]: → €500 thousand payable (paid in 2019), i.e. 1/3 of the variable component These fees were paid in full to Altafi 2.
Variable multi-year compensation	0	0	Management receives no variable multi-year compensation
Exceptional compensation	0	0	Management receives no exceptional compensation
Stock option allocation	0	0	There are no stock option plans (share subscription or purchase) in place for Management
Performance share allocation	0	0	There are no free share allocation plans in place for Management
Compensation in respect of attendance at Supervisory Board meetings	0	0	Management is not member of the Supervisory Board. It does not receive any compensation in this respect.
Benefits in kind	0	0	Management receives no benefits in kind
Severance payments	0	0	Management does not receive severance payments
Non-competition payments	0	0	Management does not receive non-competition payments
Supplementary retirement scheme	0	0	There is no retirement scheme in place for Management
Other compensation	628	1,000	Fees paid to Altafi 2 as Manager of Altareit, an Altarea subsidiary

(a) Variable compensation based on the Group's financial performance (consolidated FFO group share) The before tax amount equates to 1.5% of the FFO value between €120 million and €150 million and 3% above €150 million. This criterion is particularly relevant for a company like Altarea.
(b) Before tax amount equal to a progressive percentage of a portion of the FFO per share, multiplied by the diluted average number of shares during the financial year (3% on the potion of the FFO per share between €15.76 and €19 and 5% on the portion of the FFO per share above €19). No variable compensation payable for an FFO per share below €15.76.
(c) €250 thousand for a 4 star GRESB GREEN STAR rating, €500 thousand before tax for a 5 star rating. No variable compensation paid for a rating lower than 4 stars.

The values in the above table are the fees paid exclusively to the legal person Altafi 2 whose executive officers receive no compensation. Thus they do not reflect the personal compensation of Alain Taravella, Chairman of Altafi 2 which is wholly owned by AltaGroupe. Each year AltaGroupe faces current operating expenditures and fees of around €1.5 million. AltaGroupe pays five people in total.

The breakdown of each of these compensation components was as follows for the last two financial years:



The Management fees were reduced between 2018 and 2019 by an amendment of the compensation conditions decided by the 2019 General Shareholders' Meeting on a proposal of the managing partner, after consultation of the Supervisory Board and compensation committee (see 6.3.1.1. above), even although managers' efforts had led to a significant, consistent growth in the Group's financial and extra-financial performance in the past few years. This proposal was specifically intended to take account on the financial impact for the Group of the appointment of Jacques Erhmann as manager of Altarea Management, a wholly-owned subsidiary of the Company. He was hired primarily to drive forward and implement management's strategy.

Compensation components paid or allocated to Jacques Ehrmann, Manager of Altarea Management since 1 July 2019

The compensation paid or allocated to Jacques Ehrmann, General manager of Altafi 2, solely for his duties as Manager of Altarea Management, a wholly-owned subsidiary of the Company, is for all intents and purposes also set out below, even if does not strictly speaking fall within the scope of the Management compensation policy. He has no employment contract with the Group.

Compensation components *(€ thousands)*	**2018**	**2019**	**Comment**
Fixed compensation	N/A	0	Jacques Ehrmann receives no fixed compensation from Altarea
Variable annual compensation	N/A	0	Jacques Ehrmann receives no variable compensation from Altarea
Variable multi-year compensation	N/A	0	Jacques Ehrmann receives no variable compensation from Altarea
Exceptional compensation	N/A	0	Jacques Ehrmann receives no variable compensation from Altarea
Stock option allocation	N/A	0	Jacques Ehrmann receives no stock options
Performance share allocation	N/A	1,020	As Manager of Altarea Management, Jacques Ehrmann benefits from two bonus share plans. In line with the Group's strategy and objectives, 91% of these shares will only vest to him if he meets stringent performance conditions over several years: Plan number / Award date / Vesting date / Date of availability / Vesting conditions / Number of shares / Value[a] Plan 69 / 18/10/2019 / 30/03/2021 / 30/03/2021 / Condition of presence / 2,000 / €351 k Plan 70 / 21/10/2019 / 30/03/2022 / 30/03/2022 / Performance[b] and presence conditions / 20,000 / €669 k
Compensation for presence on the Supervisory Board	N/A	0	Jacques Ehrmann is not a member of the Supervisory Board. So he receives no compensation on this account.
Benefits in kind	N/A	-	Company car
Severance payments	N/A	0	Jacques Ehrmann does not receive any severance payments
Non-competition payments	N/A	0	Jacques Ehrmann does not receive any non-competition payments
Supplemental pension plans	N/A	0	Jacques Ehrmann has no supplemental pension plans
Other compensation	N/A	575	Compensation payable by Altarea Management to Jacques Ehrmann as Manager of the Company (€375 k in fixed compensation and €200 k in annual variable compensation for financial year 2019).

(a) Per the valuation method used for the consolidated financial statements.
(b) vesting of 100% of the shares is subject to meeting a performance objective based on the percentage annual growth of the Total Shareholder Return *(TSR) of Altarea shares.*

Compensation components paid or allocated to Christian de Gournay, Chairman of the Supervisory Board

Compensation components *(€ thousands)*	2018	2019	Comment
Fixed compensation	300	275	Total amount exclusive of any other compensation - It is taken from the total compensation allocated to the Supervisory Board by the General Shareholders' Meeting[(a)]
Variable annual compensation	0	0	The Chairman of the Supervisory Board receives no variable compensation
Variable multi-year compensation	0	0	The Chairman of the Supervisory Board receives no variable compensation
Exceptional compensation	0	0	The Chairman of the Supervisory Board receives no exceptional compensation
Stock option allocation	0	0	There are no stock option plans (share subscription or purchase) in place for the Chairman of the Supervisory Board
Performance share allocation	0	0	There are no free share allocation plans in place for the Chairman of the Supervisory Board
Compensation in respect of attendance at Supervisory Board meetings	0	0	The Chairman of the Supervisory Board receives no compensation other than the above fixed compensation taken from the total compensation allocated to the Supervisory Board by vote of the General Shareholders' Meeting
Benefits in kind	0	-	Company car
Severance payments	0	0	The Chairman of the Supervisory Board receives no severance payments
Non-competition payments	0	0	The Chairman of the Supervisory Board receives no non-competition payments
Retirement scheme	0	0	There is no retirement scheme in place for the Chairman of the Supervisory Board
Other compensation	0	0	None

(a) See section 6.3.1.2 above.

Compensation of the Supervisory Board members

The compensation of the Supervisory Board members, non-executive corporate officers, is set out in table 3 of section 6.3.3.2 below.

Other information

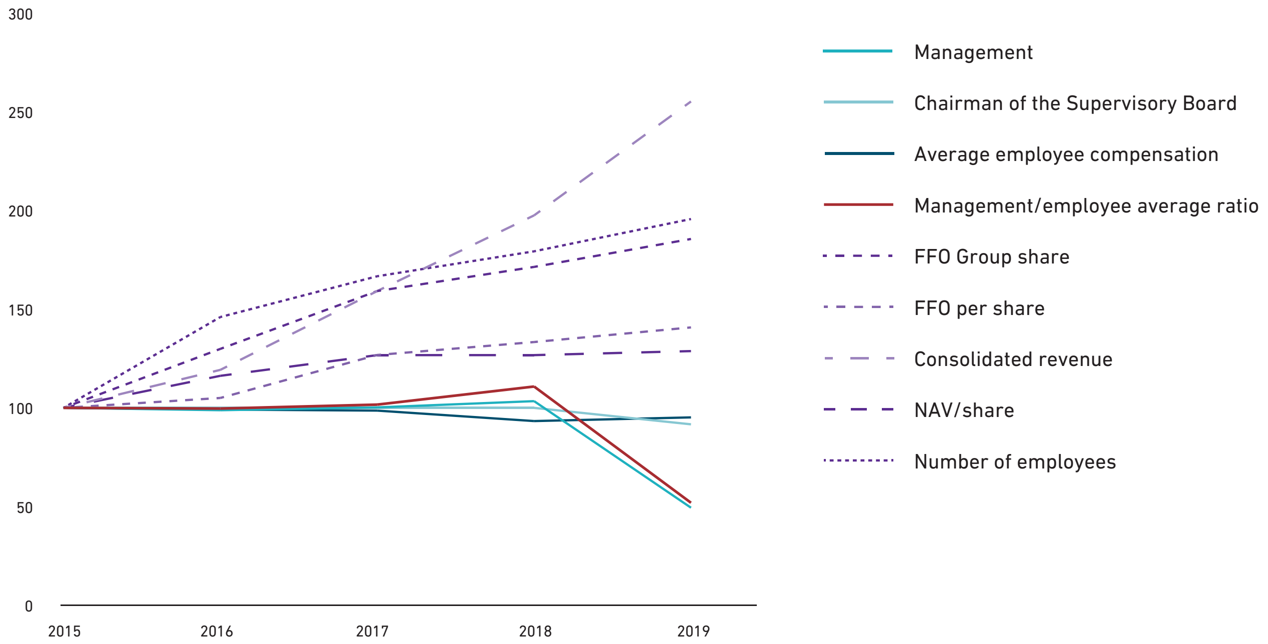
Pursuant to the new provisions of article L. 225-37-3, 6° of the French Commercial Code, introduced by the Order of 27 November 2019 on compensation of the corporate officers of listed companies, implementing the Pacte Act of 22 May 2019, the table below shows for Management and the Chairman of the Supervisory Board, the ratios between their fixed annual compensation paid by the Company, in the form of fees for Management, and the average and median annual fixed compensations, including all social security contributions, of the employees of Altarea Group, other than the corporate officers, on a full time equivalent basis.

Ratios	2015	2016	2017	2018	2019
Management (fees)					
to average employee compensation	23	23	24	26	12
to median employee compensation	28	28	28	30	14
Chairman of the Supervisory Board					
to average employee compensation	3	3	3	4	3
to median employee compensation	4	4	4	4	4

For Management, note that a comparison should be drawn between (i) the annual fixed fees paid by Altarea to Altafi 2, a legal person that pays no compensation to its executive officers and is part of a group that pays its own operating costs and expenses and (ii) the salaries of natural persons. As such these ratios are not a true reflection of the discrepancies between compensation paid to natural persons (see above).

Remember that in 2019 the management fees were reduced considerably from the amount paid in previous financial years, even although Managers' efforts had led to a significant, consistent growth in the Group's financial and non-financial performance in the past few years. This reduction is particularly evident in the above table and the graph below.

Pursuant to the new provisions of the aforementioned article L. 225-37-3, 7° of the French Commercial Code, the graph below summarises the annual change in the fixed fees paid to Management and the Chairman of the Supervisory Board in the five most recent financial years, based on Group performance, and in the average fixed compensation paid to Group employees, other than executive officers, (on a full time equivalent basis) and the ratios mentioned above:



6.3.3.2 Standardised presentation of the corporate officers' compensation

The information provided below complies with the AMF recommendation on disclosure of compensation of corporate officers (the "Recommendations"), in paragraph 3.5 of the AMF Guide to the Preparation of Registration Documents (AMF Position – Recommendation no. 2009-16).

Note that the Company's executive management comprises three Co-Managers: Alain Taravella and the companies Altafi 2 and Atlas which are both chaired by Alain Taravella and are also controlled by him as understood under the terms of Article L. 233-3 of the French Commercial Code. Since 1 July 2019, Jacques Ehrmann has been General manager of Altafi 2 and Manager of Altarea Management, a wholly-owned subsidiary of Altarea. He receives no compensation from Altarea or Altafi 2. All compensation components paid or allocated to him are in return for his duties as Manager of Altarea Management.

The non-executive corporate officers are the Supervisory Board members.

Table 1 – Summary of compensation, stock options and shares allocated to each executive corporate officer, as well as Jacques Ehrmann, Manager of Altarea Management

(€ thousands)	FY 2018	FY 2019
Alain Taravella – Co-Manager		
Compensation due in respect of the financial year (itemised in Table 2)	0	0
Value of options allocated during the financial year	0	0
Value of performance shares allocated during the financial year	0	0
Total Alain Taravella	**0**	**0**
Altafi 2 – Co-Manager (compensation in fees)		
Compensation due in respect of the financial year (itemised in Table 2)	5,836[(a)]	3,713[(b)]
Value of options allocated during the financial year	0	0
Value of performance shares allocated during the financial year	0	0
Total Altafi 2	**5,836**	**3,713**
Atlas – Co-Manager		
Compensation due in respect of the financial year (itemised in Table 2)	0	0
Value of options allocated during the financial year	0	0
Value of performance shares allocated during the financial year	0	0
Total Atlas	**0**	**0**
Jacques Ehrmann, Manager of Altarea Management - General manager of Atlafi 2 since 1 July 2019		
Compensation due in respect of the financial year[(c)] (itemised in Table 2)	-	575
Value of options allocated during the financial year	-	0
Value of performance shares allocated during the financial year	-	1,020
Total Jacques Ehrmann	**-**	**1,595**

(a) Final amount of €5,208 thousand for Management of Altarea and €628 thousand for Management of Altareit, a subsidiary of Altarea.
(b) Provisional amount of €2,713 thousand for Management of Altarea and €1,000 thousand for Management of Altareit, a wholly-owned subsidiary of the Company.
(c) Jacques Ehrmann did not receive any compensation from Altarea or Atlas. He did not receive any compensation as executive corporate officer of the Company. This amount is in recognition of his operational responsibilities as Manager of Altarea Management, a subsidiary of Altarea, since 1 July 2019, the start of his term of office.

Regarding application of Articles L. 225-102-1 and L. 233-16 of the French Commercial Code, note that outside of Altarea, its subsidiaries and Altafi 2, no other company paying compensation to a corporate officer falls within the scope of these provisions.

The amounts provided in the compensation table, above, and the following tables include all compensation due or paid by Altarea and the companies it controls. The figures below include amounts invoiced to Altarea and amounts invoiced directly to its subsidiaries. Variable compensation of Management is calculated by applying the rules for Management compensation set out by the Ordinary General Shareholders' Meeting, which are presented in Article 6.3.1.1 above.

Table 2 – Summary of compensation of each executive corporate officer, as well as Jacques Ehrmann, General manager of Atlafi 2, Manager of Altarea Management, a wholly-owned subsidiary of the Company

Name and position of executive officer *(€ thousands)*	FY 2018		FY 2019	
	Amount due	Amount paid	Amount due	Amount paid
Alain Taravella – Co-Manager				
Fixed compensation	0	0	0	0
Variable annual compensation	0	0	0	0
Variable multi-year compensation	0	0	0	0
Exceptional compensation	0	0	0	0
Other compensation	0	0	0	0
Compensation in respect of attendance at Supervisory Board Meetings	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**
Altafi 2 – Co-Manager				
Fixed compensation (fees)	2,093	2,093	1,000	1,000
Variable annual compensation (fees)	3,115[a]	2,633[b]	1,713[c]	3,615[d]
Variable multi-year compensation	0	0	0	0
Exceptional compensation	0	0	0	0
Other compensation[e]	628	628	1,000	1,000
Compensation in respect of attendance at Supervisory Board Meetings	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**5,836**	**5,354***	**3,713**	**5,615***
Atlas – Co-Manager				
Fixed compensation	0	0	0	0
Variable annual compensation	0	0	0	0
Variable multi-year compensation	0	0	0	0
Exceptional compensation	0	0	0	0
Other compensation	0	0	0	0
Compensation in respect of attendance at Supervisory Board Meetings	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**
Jacques Ehrmann – Manager of Altarea Management – General manager of Atlafi 2 (since 01/07/2019)				
Fixed compensation	-	-	0	0
Variable annual compensation	-	-	0	0
Variable multi-year compensation	-	-	0	0
Exceptional compensation	-	-	0	0
Other compensation[f]	-	-	575	375
Compensation in respect of attendance at Supervisory Board Meetings	-	-	0	0
Benefits in kind	-	-	0	0
TOTAL	**-**	**-**	**575**	**375**

* ***Amounts paid include the variable component of compensation in respect of the prior year after any adjustments.***

(a) Corresponding to the amount of variable compensation for the 2018 financial year paid in 2019.

(b) Corresponding to the amount of variable compensation for the 2017 financial year paid in 2018.

(c) Of which €1,213 thousand variable compensation for financial year 2019 based on financial performance criteria (provisionally booked and due for payment in 2020) and €500 thousand variable compensation for financial year 2019 based on CSR performance criteria.

(d) Of which €3,115 thousand (note a above) variable compensation paid for financial year 2018 and €500 thousand variable compensation for financial year 2019 based on CSR performance criteria.

(e) Compensation paid solely for managing Altareit, a subsidiary of Altarea, in fees.

(f) Compensation paid solely for duties as corporate executive of Altarea subsidiaries; see above. Jacques Ehrmann did not receive any compensation from Altarea or Altafi 2. He did not receive any compensation as executive corporate officer of the Company. This amount is in recognition of his operational responsibilities as Manager of Altarea Management, a wholly-owned subsidiary of the Company, since 1 July 2019, the start of his term of office. The variable component of this compensation, due for financial year 2019, was paid in 2020.

Table 3 – Table of compensation received by the non-executive corporate officers and, where applicable, by their permanent representatives

The Company paid a total of €90,000 in variable compensation to the members of the Supervisory Board in respect of attendance for 2019. This amount does not take into account the overall compensation of the Chairman of the Supervisory Board or any consideration for assignments entrusted by the Board (see Section 6.3.1.3 above). The amounts shown in the table below include not only directors' fees and other compensation paid by Altarea, but also that paid by its subsidiaries.

	FY 2018		FY 2019	
Non-executive corporate officers *(€ thousands)*	**Compensation in respect of attendance**	**Other compensation**	**Compensation in respect of attendance**	**Other compensation**
Christian de Gournay, Chairman of the Supervisory Board	0	300[a]	0	275[a]
APG, Supervisory Board member	0	0	0	0
Alain Dassas, Permanent Representative of APG	12.5	0	15	0
ATI, Supervisory Board member	0	0	0	0
Léonore Reviron, Supervisory Board member	12.5	3[b]	12	3[b]
Marie Anne Barbat-Layani, Supervisory Board member	7.5	0	3	0
Françoise Debrus, Supervisory Board member	12.5	0	0	0
Éliane Frémeaux, Supervisory Board member	12.5	0	12	3
Jacques Nicolet, Supervisory Board member	5	1.5[b]	6	3[b]
Predica, Supervisory Board member	0	0	0	0
Najat Aasqui, Permanent representative of Predica	N/A	N/A	0	0
Michaela Robert, Supervisory Board member	12.5	0	12	0
Dominique Rongier, Supervisory Board member	12.5	3[b]	15	4.5[b]
Philippe Mauro, Member of the Supervisory Board	N/A	N/A	6	100[c]
Marie Catherine Chazeaux, Member representing employees	N/A	N/A	3	–[d]
Bertrand Landas, Member representing employees	N/A	N/A	6	–[d]

(a) Compensation paid by Altarea for the office of Chairman of the Supervisory Board.
(b) Compensation paid in respect of attendance at meetings of Altareit's Supervisory Board.
(c) Compensation paid for an assignment given by the Supervisory Board charged against the total ceiling for compensation allotted by the Shareholders' Meeting.
(d) The two employee representative members of the Board have employment contracts with the Group for which they receive compensation which is not related to the exercise of their term of office Consequently, this compensation is not subject to publication.

Table 4 – Stock options granted during the financial year to each executive corporate officer by the Company and by any Group company

No stock options were allocated during the financial year to the executive corporate officers, namely Alain Taravella, Altafi 2 or Atlas, Co-Managers, by the Company or by any other Group company.

Table 5 – Stock options exercised during the year by the executive corporate officers

No stock options were exercised during the financial year by the executive corporate officers, Alain Taravella, Altafi 2 or Atlas, Co-Managers.

Table 6 – Free shares allocated to the executive corporate officers and members of the Supervisory Board in 2019

No free shares were granted during the past financial year to the executive corporate officers of the Company, namely Alain Taravella, Altafi 2 and Atlas, Co-Managers, or to members of the Supervisory Board either by the Company itself or by another Group company.[1]

Table 7 – Free shares vesting in 2019 for each corporate officer

No free shares allocated to the Company's corporate officers, namely Alain Taravella, Altafi 2 or Atlas, Co-Managers, and the members of the Supervisory Board, by the Company or by any other Group company, vested during the past year, other than those granted to Philippe Mauro for his salaried duties at the Group until 2018 and before he took up his position as a member of the Supervisory Board in 2019[2].

Table 8 – History of stock option grants and share purchases

There is currently no stock option plan for which the corporate officers, namely Alain Taravella, Altafi 2, or Atlas, Co-Managers, are eligible, including other financial instruments convertible to capital (share subscription warrants, redeemable share subscription warrants, founders' warrants, etc.).

Table 9 – Stock options granted to and exercised by the top 10 employees excluding corporate officers and options exercised by them

There is currently no stock option plan for which the top 10 employees excluding corporate officers are eligible, including other financial instruments convertible to capital (share subscription warrants, redeemable share subscription warrants, founders' warrants, etc.).

Table 10 – History of free share allocations

No bonus shares granted to the Company's corporate officers, namely Alain Taravella, Altafi 2 or Atlas, Co-Managers[1], or the members of the Supervisory Board, are currently vesting or subject to a retention period, other than those granted to Philippe Mauro for his salaried duties at the Group until 2018 and before he took up his position as a member of the Supervisory Board in 2019

Table 11 – Employment contracts, supplemental pension plans, severance or other termination payments or benefits and non-competition compensation payable to the executive corporate officers

None.

It is hereby specified that the Company made no commitment for its corporate officers, namely Alain Taravella, Altafi 2, or Atlas, Co-Managers, for any compensation, payments or benefits due or liable to be due upon assumption, termination or any change in their office or subsequent thereto.

(1) In 2019 Jacques Ehrmann, CEO of Altafi 2, received bonus share plans in return for his duties as Manager of Altarea Management, a wholly-owned subsidiary of the Company (see §6.3.3.1 above)

(2) Philippe Mauro, a Group employee until 2018, was a beneficiary of the bonus share plans for Group management and the global "We all have a share in success" bonus share plans, on the same basis as all Group employees on a permanent employment contract (see Note 6.1 of the notes to the consolidated financial statements).

6.3.4 Terms of compensation for financial year 2020

In application of the new provisions of article L. 226-8-1 of the French Commercial Code arising from the Order of 27 November 2019, the Supervisory Board will now decide and allocate the components of corporate officers' compensation according to the voting policy approved by the General Shareholders's Meeting (*ex ante* vote).

At its meeting on 2 March 2020 it decided on the compensation policy for Supervisory Board Members for the current financial year and approved the Management compensation policy drawn up by the general partner, based on proposals from the Compensation Committee. These compensation policies, set out in section 6.3.2 above, will be put to the ex ante vote of the Ordinary General Shareholders' Meeting of 19 May 2020.

On this occasion, subject to the approval of the policies by the General Shareholders' Meeting and based on the proposal of the Compensation Committee, the Supervisory Board agreed the following components of the Management compensation, in the form of fees, and of the compensation of the members of the Supervisory Board for this financial year.

The Ordinary General Shareholders' Meeting called to approve the 2020 financial statements, which will take place in 2021, will be asked to vote (i) on a draft resolution containing the information about the compensation components allocated or paid for this financial year and (ii) on separate draft resolutions relating to the compensation components allocated or paid to the Chairman of the Supervisory Board and Management for the said financial year. Any variable or exceptional components allocated for the financial year just passed cannot be paid to a beneficiary until the components of the beneficiary's compensation have been approved by the General Shareholders' Meeting and received the consent of the general partner.

Components of Management compensation for financial year 2020

Compensation components	Rules and criteria	Targets/Comments
Fixed fee	Annual amount: €1,000,000 before tax Paid quarterly	Compensation enabling the recipients to provide a continuous, high quality service to the Company and its Group Coherent with and unchanged from the fixed compensation for the previous financial period In line with the market practices of comparable companies identified with the help of specialist consultants Includes the compensation paid to Altafi 2 by Altareit, an Altarea Group company, for its duties and responsibilities within the Company.
Annual variable fee	Two components: ■ A portion linked to a **quantitative criterion: the FFO per share** Before tax amount equal to a progressive percentage of a portion of the FFO per share [(1)] • 3% of the portion of the FFO per share between €15.76 and €19 • 5% of the portion of the FFO per share above €19 No fees if the FFO per share is less than €15.76.	A significant portion of managements' fees is linked to the Group's financial and non-financial performance. Quantitative portion linked to one of the main financial indicators the Group habitually uses in its financial communication.
	■ A portion linked to a **qualitative criterion: the GRESB GREEN STAR rating** Before tax amount which cannot exceed: • €250 k if the rating is 4 stars • €500 k if the rating is 5 stars No fee for a rating under 4 stars	Capped qualitative portion of the variable compensation based on a non-financial performance indicator linked to sustainability and Corporate Social Responsibility, the benchmark for all players in the property sector. Criteria coherent and in line with Company strategy.

(1) FFO per share multiplied by the average number of diluted shares in the financial year.

Management does not receive variable multi-year compensation, long-term profit sharing, benefits in kind, severance or non-competition payments or a pension plan.

Components of the Supervisory Board members' compensation for financial year 2020

	Compensation components Rules and criteria	Targets/Comments
Chairman of the Board	Fixed annual compensation Amount: €250,000 gross Paid monthly	Total amount exclusive of all other Altarea Group compensation, taken from the total compensation allocated to the Supervisory Board by the General Shareholders' Meeting Coherent with the duties and responsibilities of the Chairman of the Board Stable compensation. In line with the market practices of comparable companies and the AFEP-MEDEF Code recommendations
Supervisory Board member	€3,000 for each actual attendance at meetings of the Board and its specialist committees. Beneficiaries: natural person members and permanent representatives of legal person members, with the exception of the Chairman of the Board who receives a fixed lump-sum compensation and persons, other than employee representatives, who receive compensation under the terms of an employment contract or a corporate office within the Altarea Group.	Variable component the largest Incentive to attend meetings In line with the market practices of comparable companies and the AFEP-MEDEF Code recommendations
Special mission assigned to a Board member	€10,000 monthly	Specific 12-month mission assigned by the Supervisory Board relating to governance and human resources, primarily compensation and risk control

6.4 Delegations granted by the General Shareholders' Meeting for capital increases

6.4.1 Delegations given by the General Shareholders' meeting of 23 May 2019 valid during the past financial year

Delegations valid during 2019	Expiry date	Maximum nominal amount	Use in 2019
Share buyback programme			
Authorisation to proceed with share buybacks at a maximum price per share of €300 and for a maximum total amount of €100 million	18 months 23/11/2020	Up to a maximum of 10% of the share capital	See § 7.1.2 below
Authorisation to reduce the share capital by cancelling shares purchased under the buyback programme	26 months 23/07/2021	Up to a maximum of 10% of the share capital per 24-month period	None
Authorisations with preservation of preferential subscription rights			
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company[(i)(ii)]	26 months 23/07/2021	€95 million for capital increases €750 million for debt securities	None
Authorisation to increase the share capital by capitalising reserves	26 months 23/07/2021	€95 million	None
Authorisations without preferential subscription rights			
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, as part of a public offering[(i)(ii)(iii)]	26 months 23/07/2021	€95 million for capital increases €750 million for debt securities	None
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, as part of a private placement[(i)(ii)(iii)]	26 months 23/07/2021	€95 million and 20% of the share capital per annum for capital increases €750 million for debt securities	None
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, for the benefit of particular categories of persons[(i)]	18 months 23/11/2020	€20 million for capital increases €750 million for debt securities	None
Issue of ordinary shares that may be combined with securities giving access to the Company's share capital as remuneration for contributions in the form of securities[(i)(iii)]	26 months 23/07/2021	10% of the share capital for capital increases €750 million for debt securities	None
Issue of ordinary shares and/or equity securities giving access to other securities to be used to remunerate the securities contributed as part of a public exchange offer initiated by the Company[(i)(iii)]	26 months 23/07/2021	€95 million	None
Authorisations for the benefit of employees and senior management			
Increase in the capital reserved for members of an employee savings scheme	26 months 23/07/2021	€10 million	See § 7.1.2 below
Bonus share plans[(i)(iv)]	38 months 23/07/2022	350,000 shares[(v)]	See § 7.1.1 below
Stock option plans (share purchase and share subscription[(iv)]	38 months 23/07/2022	350,000 shares[(v)]	None
Share subscription warrants (BSA, BSAANE and BSAAR[(iv)])	18 months 23/11/2020	€10 million	None

(i) Authorisation subject to a nominal global ceiling of €95 million for a capital increase by the issue of new shares and €750 million for the issue of debt securities
(ii) Authorisation subject to an authorisation to increase the issue amount by an additional 15% in case of over-subscription.
(iii) Delegation subject to an authorisation granted to Management to set the issue price up to a maximum of 10% of the share capital per annum.
(iv) Authorisation subject to a global ceiling of 350,000 shares, of which a maximum of 100,000 shares for the corporate officers.
(v) Representing approximately 2.18% of the share capital at 31 December 2019.

The authorisations in the above table supersede those of the same type granted by the General Shareholders' Meeting of 15 May 2018.

6.4.2 Delegations sought from the next General Shareholders' Meeting to be held on 19 May 2020

Délégations	Resolution number of the GM	Maximum nominal amount	Duration/ Expiry date
Share buyback programme			
Authorisation to proceed with share buybacks at a maximum price per share of €300 and for a maximum total amount of €100 million[(a)]	15th	Up to a maximum of 10% of the share capital	18 months 19/11/2021
Authorisation to reduce the share capital by cancelling shares purchased under the buyback programme	16th	Up to a maximum of 10% of the share capital per 24-month period	26 months 19/07/2022
Authorisations with preservation of preferential subscription rights			
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company[(b)(c)]	17th	€95 million for capital increases €750 million for debt securities	26 months 19/07/2022
Authorisation to increase the share capital by capitalising reserves	26th	€95 million	26 months 19/07/2022
Authorisations without preferential subscription rights			
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, as part of a public offering[(b)(c)]	18th	€95 million for capital increases €750 million for debt securities	26 months 19/07/2022
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, as part of a private placement[(b)(c)]	19th	€95 million and 20% of the share capital per annum for capital increases €750 million for debt securities	26 months 19/07/2022
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, for the benefit of particular categories of persons[(b)]	23rd	€20 million for capital increases €150 million for debt securities	18 months 19/11/2021
Authorisation granted to Management to set the issue price for capital increases without preferential subscription rights subject to a maximum of 10% of the share capital per year	20th	10% of the share capital per annum	26 months 19/07/2022
Issue of ordinary shares that may be combined with securities giving access to the Company's share capital as remuneration for contributions in the form of securities[(b)]	22nd	10% of the share capital for capital increases €750 million for debt securities	26 months 19/07/2022
Issue of ordinary shares and/or equity securities giving access to other securities to be used to remunerate the securities contributed as part of a public exchange offer initiated by the Company[(b)]	24th	€95 million for capital increases €750 million forf debt securities	26 months 19/07/2022
Global Ceiling and other authorisations			
Setting aggregate nominal ceiling of authorisations to the Management at €95 million for share issues and at €750 million for marketable securities representing debt in the Company	25th	€95 million for capital increases €750 million for debt securities	26 months 19/07/2022
Option to increase the amount issued by 15% in the event of oversubscription[(b)]	21st	-	26 months 19/07/2022
Authorisations for the benefit of employees and senior management			
Increase in the capital reserved for members of an employee savings scheme (global ceiling of €10 million)[(b)]	27th	€10 million	26 months 19/07/2022
Bonus share plans[(b)(d)]	28th	600,000 shares	38 months 19/07/2023
Stock option plans (share subscription or purchase[(b)(d)])	29th	600,000 shares	38 months 19/07/2023
Share subscription warrants (BSA, BSAANE and BSAAR)[(b)]	30th	€10 million	18 months 19/11/2021

(a) See Section 7.3.2 below.
(b) Authorisation subject to an aggregate nominal ceiling of €95 million for capital increases through the issue of new shares and €750 million through the issue of debt securities.
(c) Delegation covered by the requested authorisation to increase the issue amount by an additional 15% in the event of oversubscription.
(d) Authorisation subject to a global ceiling of 600,000 shares, of which a maximum of 100,000 shares for the corporate officers.

It should be noted that the delegations presented in the above table would rescind, if adopted by the General Shareholders' Meeting of 23 May 2019, the delegations of the same description previously granted by the General Shareholders' Meeting and presented in Section 6.4.1, above.

6.5 Conditions of participation in the General Shareholders' Meeting

Except for the requirements set by applicable laws and regulations, there are no particular procedures relating to shareholder participation in General Meetings. Article 25 of the Company's Articles of Association state the following points:

Calling of meetings

General Meetings are called and take place in accordance with the provisions of the law.

Notice of meetings may be given electronically, provided that the shareholders have given their prior written consent.

Meetings take place at the registered office or any other place indicated in the notice of meeting.

Proxies

Any shareholder may participate in person or by proxy in the General Shareholders' Meeting, whatever the number of shares they hold, upon proof of identity and the ownership of their shares in the form of an accounting entry at least two working days before the date of the General Shareholders' Meeting. However, Management may shorten or even do away with this period if it is to the benefit of all shareholders.

Legal entities may take part in General Meetings through their legal representatives or any other person duly appointed for this purpose by their legal representatives.

Double voting rights

The Company's shares do not carry double voting rights. In accordance with the option provided for by Article L. 225-123 of the French Commercial Code, the Combined General Meeting of Shareholders of 5 June 2015 voted to exclude the double voting rights allowed to shareholders whose shares had been registered for at least two years. Each share therefore gives the right to a single vote.

Ceiling on voting rights

The number of voting rights that may be exercised by each Limited Partner in General Shareholders' Meetings is equal to the number of voting rights attached to the shares they own up to a maximum of 60% of the voting rights attached to all shares comprising the share capital.

Voting by mail and videoconferencing

Voting by mail takes place in accordance with the provisions of the law and regulations.

Shareholders may attend and vote at all meetings by videoconferencing or any other electronic means that permits their identification in accordance with the law and regulations.

Chairman – Office

General Meetings are chaired by the Manager or one of the Managers if there is more than one. If the Meeting is called by the Supervisory Board, it is chaired by the Chairman of the Supervisory Board or one of its members designated to that effect. Failing that, the Meeting elects its own Chairman.

Minutes of General Meetings are drawn up and copies certified and issued in accordance with the law.

6.6 Items that may have an impact in case of a take-over bid or public exchange offer

The information referred to under Article L. 225-100-3 of the French Commercial Code is provided in Chapters 6, 7 and 8 of this document, in Sections 6.2 to 6.5, 7.1 and 8.1.2.

7

CAPITAL AND OWNERSHIP STRUCTURE

7.1 General information about the share capital

7.1.1 Share capital – Form and negotiability of the shares

Amount of the share capital (Article 6 of the Articles of Association)

As of the date of this Document, the share capital was €255,194,821.66. It was divided into 16,700,762 shares, all fully paid up and of the same class. The rounded par value is €15.28 a share.

It should be specified that the 10 General Partner shares with a par value of €100 are held by Altafi 2 (see Section 6.2.2, above).

Changes to the share capital and the respective rights of the various categories of shares

The share capital may be modified as provided for by the law. The provisions of the Articles of Association regarding alterations to the share capital are no more restrictive than the provisions of the law, and they do not provide for any special classes of shares.

Form of shares (Article 10 of the Articles of Association)

Fully paid up shares may be in either registered or bearer form, at the shareholder's option.

However, any shareholder other than a natural person who comes to own, directly or through its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code, a percentage of the Company's dividend rights at least equal to the percentage referred to in Article 208-C II ter of the French General Tax Code (a "Relevant Shareholder") must hold all its shares in registered form and ensure that its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code do likewise. Should a Relevant Shareholder fail to comply with this requirement no later than the second business day preceding the date of a General Shareholders' Meeting, its voting rights held directly or indirectly through its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code will be limited at the General Shareholders' Meeting to one tenth of the number of shares held respectively by them. The Relevant Shareholder will recover all the voting rights attached to the shares it owns directly or through its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code at the next General Shareholders' Meeting, provided that the position has been remedied by the conversion of all shares owned directly or through its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code, to registered form no later than the second business day before the date of the General Shareholders' Meeting.

Shares may be converted from registered to bearer form and vice-versa in accordance with the provisions of the law. Notwithstanding the foregoing, shares must be in registered form where required by law.

Partially paid shares may not be converted to bearer form until they have been fully paid-up.

Ownership of the shares is evidenced by their registration in accordance with the provisions of the law either in a share registry held by the issuer or its appointed registrar in the case of registered shares or in an account held with an authorised financial intermediary in the case of bearer shares. If requested by a shareholder, the Company or authorised financial intermediary shall issue a certificate of registration.

Shareholders or intermediaries who fail to provide the information referred to below may, in accordance with the provisions of the law, have their voting rights and dividend rights suspended or disqualified.

The Company is entitled to ask, at any time and at its own expense, the central depository acting as the custodian of the issuing account to disclose the name or, if a legal entity, the Company name, nationality and address, of the holders of Company securities that confer either current or future voting rights at its Shareholders' Meetings, as well as the number of securities held by each of them and, where appropriate, any restrictions to which the securities might be subject.

The shares are indivisible for the purposes of the Company. Joint-owners of shares shall accordingly be represented for the Company's purposes by one of the owners or by a person appointed by the owners as their sole representative. In the event of disagreement, the representative will be appointed by order of the presiding judge of the commercial court in summary proceedings at the request of the most diligent joint-owner.

Trading in the shares (Article 11 of the Articles of Association)

The shares may be traded without restriction save for any provisions to the contrary set out in law, regulations or the Articles of Association.

Authorisations involving the share capital

The information concerning delegations valid during the 2019 financial year, granted by General Shareholders' Meetings, and their use during the course of the previous year is provided in the Supervisory Board report on Corporate Governance included under Chapter 6 of this Document.

Free share allocations

The information concerning free share allocations is presented in Sections 2.3 (Note 6.1. to the consolidated financial statements), and 3.4.3.3 of this Document. In accordance with Article L. 225-197-4 of the French Commercial Code, it is reported that the ten Group employees (not corporate officers) who were allocated the highest number of free shares in the 2019 financial year, received a total of 16,231 free shares allocated in 2019, with a total value of €2,711 thousand (according to the method used in the consolidated financial statements).

Stock options

At 31 December 2019, as at 31 December 2018, there were no outstanding stock options.

7.1.2 Share buyback programme

At the Combined General Shareholders' Meeting of 15 May 2018 and that of 23 May 2019, the shareholders authorised the Company to purchase its own shares up to a maximum of 10% of the shares comprising the share capital and up to a total of €100 million, at a maximum price per share set at €300.

Pursuant to these authorisations, Management decided to implement a share buyback programme on 15 May 2018 and 23 May 2019 for the following purposes, in order of precedence:

(1) acting as a market maker on the security's secondary market and/or ensuring the share's liquidity by means of an investment services provider acting independently under a liquidity contract in line with a Code of Ethics recognised by the AMF;

(2) to allocate shares to employees and corporate officers in accordance with conditions set forth by law, particularly under a stock option plan, a bonus share plan or a company savings plan or employee shareholding plan;

(3) delivery of shares upon the exercise of rights attached to debt securities or equity securities entitling their holders to be allocated shares of the Company;

(4) cancellation of all or part of the shares acquired;

(5) custody and subsequent delivery of shares in respect of payment, exchange or otherwise, under transactions pursuant to Article L. 225-209 para. 6 of the French Commercial Code and more specifically external growth transactions instigated by the Company, on the understanding that the number of shares acquired by the Company in this way may not exceed 5% of its share capital;

(6) allocation in whole or in part of the shares thus acquired upon the performance of any transaction in line with the regulations in force.

A description of these share buyback programmes was published in accordance with Articles 241-1 and seq. of the AMF's General Regulation.

Pursuant to these authorisations, the Company bought and sold the following shares in 2019:

Month	Number of shares purchased	Number of shares sold	Number of shares transferred[(a)]	Balance of treasury shares	Price at end of month
January	398	1,644		277,356	€180.80
February	1,025	582	58,023	219,776	€181.80
March	501	704	13,203	206,370	€183.80
April	311	803	36,540	169,338	€188.40
May	995	153		170,180	€173.00
June	1,004	1,105	2,000	168,079	€183.00
July	615	699		167,995	€184.40
August	871	606		168,260	€186.80
September	504	537		168,227	€189.00
October	749	2,152	121	166,703	€197.00
November	1,207	802		167,108	€195.80
December	604	1,304		166,408	€202.50

(a) In the context of bonus share plans for employees.

In 2019, 8,784 shares were purchased for a total price of €1,620 thousand, 11,091 shares were sold for a total price of €2,068 thousand, and 109,887 shares were transferred under free share allocations. At 31 December 2019, Altarea held 166,408 treasury shares, the item "Treasury shares liquidity contract", which corresponds to objective (1), showing 733 treasury shares and the item "Shares held for allocation", which corresponds to objective (2), showing 165,675 treasury shares.

It will be proposed to the annual General Shareholders' Meeting called to approve the 2019 financial statements that it renews the authorisation granted by the meeting of 23 May 2019 to purchase own shares up to a maximum of 10% of the shares comprising the share capital and up to the same total of €100 million, at a maximum price per share of €300, for the same purposes and buy-back objectives, in accordance with (EU) Regulation no. 596/2014 of 16 April 2014 and (EU) Delegated Regulation 2016/1052 of 8 March 2016.

As in previous years, the shareholders will be asked to authorise that the purchase, sale or transfer transactions described above may be carried out by any means compatible with the laws and regulations in force, including the use of derivative financial instruments and the purchase or sale of blocks of shares. It will be expressly requested to authorise buybacks of shares from corporate officers in compliance with Article 3 of the Delegated Regulation (EU) 2016/1052 of 8 March 2016.

7.1.3 Shares giving access to share capital

At the date of filing this Document, no securities giving access to the share capital had been issued by the Company.

7.1.4 Changes to share capital

Table of changes to share capital over the past three financial years

Date	Project	Number of shares issued	Nominal amount of the transaction	Share premium	Total number of shares	Par value per share	Amount of total share capital
06/06/2017	Payment of scrip dividend	1,021, 555	€15,609,360.40	€141,546,660.80	16,051,842	At rounded par value	€245,279,324.06
24/10/2018	Reserved capital increase	9,487	€144,961.36	€1,705,003.64	16,061,329	At rounded par value	€245,424,285.42
04/07/2019	Payment of scrip dividend	599,267	€9,156,799.76	€84,658,449.09	16,660,596	At rounded par value	€254,581,085.18
19/07/2019	Capital increase reserved for the FCPE (employee investment mutual fund)	40,166	€613,736.48	€5,095,458.76	16,700,762	At rounded par value	€255,194,821.66

Changes occurring in 2019

Payment of 2018 scrip dividend

Under the terms of the fourth resolution passed by the Combined General Shareholders' Meeting of 23 May 2019, the Company carried out a capital increase at the time of payment of the 2018 dividend and shareholders were given the option of having half their dividend paid in shares.

The price of the newly issued shares offered to the shareholders wishing to receive their dividend in shares was €156.55, equal to 90% of the average opening list price on the 20 Paris Bourse trading days prior to the date of the General Shareholders' Meeting, *i.e.* €188.11, less the dividend per share of €12.75 as set in the third resolution, rounded up to the next euro cent.

At the end of the option exercise period (31 May 2019 to 26 June 2019 inclusive), a total of 599,267 shares had been subscribed, *i.e.* a 92.6% subscription rate. Taking into account a rounded par value of €15.28 per share, the nominal amount of the capital increase resulting from the subscription of the new shares totalled €9,156,799.76. The success of the option to receive part dividend payment in shares enabled the Group to increase its equity capital by €93.8 million.

The 599,267 shares were created, delivered and admitted to trading on 4 July 2019. The cash dividend, equating to €108.8 million, was paid to shareholders on the same day.

Capital increase for the employee FCPE

The Company carried out a capital increase reserved for the FCPE (employee investment mutual fund) of Group employees entirely invested in Altarea shares. On this occasion, 63.68% of Altarea Group employees chose to invest their 2018 profit sharing in the FCPE.

The total subscription value of the capital increase was €5,709,195.24, with a subscription price set at €142.14 in accordance with the provisions of the law.

The capital increase resulted in the creation of 40,166 new shares which were admitted for trading on Euronext Paris on 19 July 2019, the full quantity allocated to the FCPE, a nominal value increase of €613,736.48. The share capital is now €255,194,821.66 divided into 16,700,762 shares.

7.1.5 Share capital breakdown

The Company does not know the exact composition of its ownership at all times, as some of its shares are held in bearer form.

Ownership at 31 December 2019

	Share capital theoretical shares and voting rights		Actual voting rights at General Shareholders' Meetings	
Shareholder	Number	%	Number	%
Founders' concert[a]	7,617,679	45.61	7,617,679	46.07
Extended concert[b]	7,642,679	45.76	7,642,679	46.22
Crédit Agricole Assurances	4,122,406	24.68	4,122,406	24.93
ABP (APG)	1,377,460	8.25	1,377,460	8.33
Opus Investment	221,404	1.33	221,404	1.34
Treasury shares	166,408	1.00	–	–
FCPE	46,355	0.28	46,355	0.28
Public float	3,124,050	18.71	3,124,050	18.89
TOTAL	**16,700,762**	**100.00**	**16,534,354**	**100.00**

(a) Alain Taravella and Jacques Nicolet, founders of the Group, acting in concert, as well as the members of their family and the companies they control (see section 7.1.6 below).
(b) Existing concert between the founders, described above, on the one hand, and Jacques Ehrmann (see Section 7.1.6 below).

To the Company's knowledge, no significant change has occurred in the capital breakdown since 31 December 2019 and no shareholders currently hold, directly or indirectly, alone or in concert, more than 5% of the share capital and voting rights.

It should be recalled that the 10 General Partners shares with a par value of €100 are held by Altafi 2 (see Section 6.2.2, above).

Employee shareholders

In accordance with Article L. 225-102 of the French Commercial Code, it is specified that as of 31 December 2019 the shares held by the employees of the Company and of affiliates within the meaning of Article L. 225-180 of the French Commercial Code represent 1.60% of the Company's share capital.

It must be emphasised that this percentage does not express the proactive nature of the employee shareholder policy implemented by Company Management since the Group's listing on the stock exchange in 2004, because it is calculated based solely on the number of shares held by the employee investment mutual funds (FCPE) and shares definitively acquired under bonus share plans authorised by the General Shareholders' Meeting since the Macron Law, of 6 August 2015, took effect. It does not, therefore, take into account (i) the bonus shares allocated under a plan authorised before 6 August 2015 and (ii) the current setting up of new bonus share plans intended to make each employee a full-blown shareholder in the Group, thus enabling them to benefit from the dividend paid to the shareholders and the gains accrued by an increase in the Altarea share price.

Pledges of Company shares

At 31 December 2019, the number of pledged fully registered shares was 3,408,086[1], representing 20% of the number of shares comprising the share capital.

Change in ownership structure over the past three financial years

	31/12/2019		31/12/2018		31/12/2017	
Shareholder	Number of shares	% share capital and voting rights	Number of shares	% share capital and voting rights	Number of shares	% share capital and voting rights
Founders' concert	7,617,679	45.61	7,349,471	45.70	7,353,472	45.81
Extended concert*	7,642,679	45.76	NA	NA	7,402,944	46.12
Crédit Agricole Assurances	4,122,406	24.68	3,962,875	24.67	3,966,708	24.71
ABP (APG)	1,377,460	8.25	1,323,562	8.24	1,323,562	8.25
Opus Investment	221,404	1.33	212,739	1.32	212,739	1.33
Treasury shares	166,408	1.00	278,602	1.73	287,055	1.79
Public float	3,170,405	18.98	2,934,080	18.27	2,858,834	17.81
TOTAL	**16,700,762**	**100.0**	**16,061,329**	**100.0**	**16,051,842**	**100.0**

* *Cf. Section 7.1.6 below.*

(1) Notably Société Générale with 3,224,259 shares and BNP Paribas with 184,153 shares.

Threshold crossings

Legal threshold crossings during 2019

In 2019, the following threshold crossings were disclosed to the AMF:

Date of crossing	Discloser	Capital and voting rights thresholds crossed	Number of shares after crossing	% share capital and voting rights after crossing	AMF Information No.
At 02/08/2019[a]	Jacques Ehrmann	5%, 10%, 15%, 20%, 25%, 30% and 1/3 above	7,642,679 (including 25,000 on own behalf)	45.76 (of which 0.15% on own behalf)	219C1329

(a) Crossing resulting from forming of concert with Alain Taravella and Jacques Nicolet and the companies they control (see Section 7.1.6 below).

Disclosure of statutory threshold crossings (Article 12 of the Articles of Association)

In addition to the legal obligation to disclose threshold crossings, the Articles of Association also require any natural person or legal entity, acting alone or in concert, who acquires or ceases to hold, directly or indirectly, a fraction of the share capital, voting rights or securities giving future access to the Company's share capital greater than or equal to on percent (1%) or a multiple of this fraction, to notify the Company, by recorded delivery and within four days of the threshold crossing, either upward or downward, of the total number of shares, voting rights or securities giving future access to the share capital that they hold either alone or in concert, directly or indirectly.

Any shares or securities in excess of the fraction that should have been disclosed in accordance with these requirements will be disqualified for voting purposes at all General Shareholders' Meetings held for a period of two years after the date on which the requisite disclosure is finally made, if the failure to disclose has been duly noted and if requested by one or more shareholders separately or together holding at least one percent (1%) of the Company's share capital in accordance with the terms of the law. Similarly, the voting rights attached to any shares that have not been disclosed in accordance with these requirements may not be exercised by the holder either in person or by proxy.

7.1.6 Control of the Company and shareholders' agreements

Control of the Company

Description of the control over the Company

There is a disclosed concert between:

- Alain Taravella, the companies AltaGroupe, Alta Patrimoine and Altager, which he controls, and members of his family;
- Jacques Nicolet and the company Everspeed, which he controls; and
- Jacques Ehrmann.

The disclosed concert between Alain Taravella and Jacques Nicolet has existed since taking over control of the Company in 2004. The traditional group of shareholders acting in concert, composed of Alain Taravella and Jacques Nicolet, is referred to in this document as the "founders' concert." As at 31 December 2019, the members of the founders' concert together held 45.61% of the Company's theoretical voting rights and share capital. In a letter received by the AMF on 2 August 2019, Jacques Ehrmann declared he was acting together with the founders' concert (AMF Decision & Information no. 219C1329 of 2 August 2019) following the purchase of 25,000 Altarea shares from Alta Patrimoine[1]. On 31 August 2019, the concert between the founders and Jacques Ehrmann, referred to in this document as the "expanded concert", together held 45.76% of the Company's theoretical voting rights and share capital. Having examined the consequences of the forming of this concert, the AMF decided there was no requirement for a mandatory filing of a planned public offer in accordance with Article 234-7, 2° of the AMF General Regulation (Decision & Information 219C1253 dated 23 July 2019).

Absence of improper control

Regarding governance, the Supervisory Board's Corporate Governance report (Chapter 6) specifies: the Supervisory Board examines investments and divestments starting from a very low threshold (€15 million); the Supervisory Board's Special Committees, namely the Audit Committee, Investment Committee and Compensation Committee, include independent members. At least one third of the members of the Supervisory Board are independent members.

The Company believes that there is no risk of control being improperly exercised.

Shareholders' Agreement

As of the date of this document, the Company was not aware of any shareholders' agreements in force.

(1) Jacques Ehrmann also had a stock option granted by Alta Patrimoine for an additional 25,000 Altarea shares that could be exercised between 1 October and 31 December 2019.

7.1.7 Company officers and related-party transactions in Company shares

During 2019, Company officers and related parties declared the following share transactions to the Company:

Name	Title on transaction date	Date of transaction	Transaction	Financial instrument	Transaction volume	Unit price of transaction
AltaGroupe	Legal person linked to Alain Taravella, Chairman of Altafi 2, Co-Manager	04/07/2019	PSD	Shares	162,887	€156.55
Altager	Legal person linked to Alain Taravella, Chairman of Altafi 2, Co-Manager	04/07/2019	PSD	Shares	38,357	€156.55
Alta Patrimoine	Legal person linked to Alain Taravella, Chairman of Altafi 2, Co-Manager	04/07/2019	PSD	Shares	91,964	€156.55
Christian de Gournay	Chairman of the Supervisory Board	04/07/2019	PSD	Shares	2,162	€156.55
Opus Investment BV	Legal person related to Christian de Gournay, Chairman of the Supervisory Board	04/07/2019	PSD	Shares	6,503	€156.55
Predica	Supervisory Board member	04/07/2019	PSD	Shares	154,840	€156.55
Alta Patrimoine	Legal person linked to Alain Taravella, Chairman of Altafi 2, Co-Manager	02/08/2019	Sale	Shares	25,000	€198.58
Jacques Ehrmann	Chief Executive Officer of Altafi 2, Co-Manager	02/08/2019	Acquisition	Shares	25,000	€198.58

PSD = Payment of scrip dividend.

7.1.8 Bonds not giving access to the share capital

Issue date	Issue amount	Subscription rate	Date of maturity	Interest	Market	ISIN
23/05/2014[(a)]	€100,000,000	Entirely subscribed	23/05/2021	3%	Euronext Paris	FR0011921691
02/06/2014[(a)]	€50,000,000	Entirely subscribed				
12/06/2014[(a)]	€80,000,000	Entirely subscribed				
14/12/2016	€50,000,000	Entirely subscribed	14/12/2026	2.45%	Euronext Paris	FR0013222247
05/07/2017	€500,000,000	Entirely subscribed	05/07/2024	2.25%	Euronext Paris	FR0013266525
17/10/2019	€500,000,000	Entirely subscribed	17/01/2028	1.875%	Euronext Paris	FR0013453974

(a) Bonds issued on 02/06/2014 and 12/06/2014 were assimilated upon issue and comprised a single issue with the existing bonds issued on 23/05/2014.

The bond issue contracts shown in the table above contain a control maintenance clause.

7.2 Stock market information

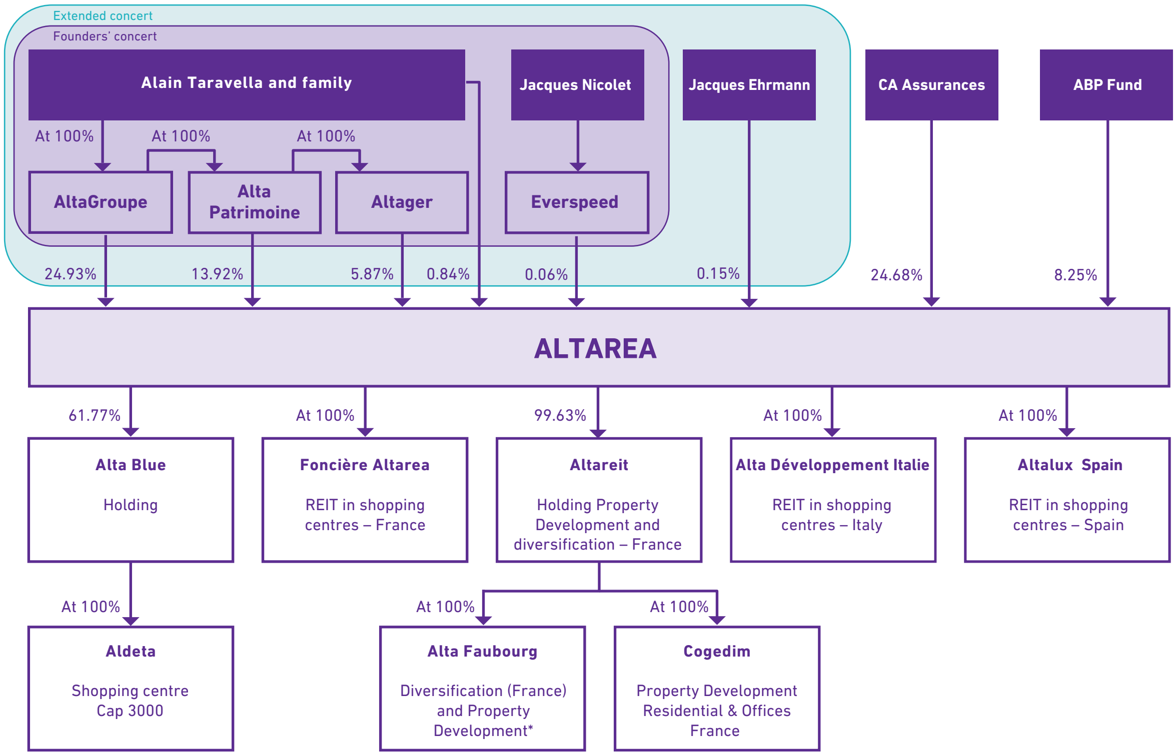
Altarea	
Listing market	Euronext Paris – Compartiment A (Large Cap)
Codes	Ticker symbol: ALTA – ISIN: FR0000033219 Bloomberg: ALTAFP – Reuters: IMAF.PA
Legal Entity Identification code (LEI)	969500ICGCY1PD6OT783
Listings	CAC All Shares – CAC All-Tradable – CAC Mid & Small – CAC Small – IEIF REIT Europe – IEIF SIIC France – IEIF Foncières – CAC Financials
Deferred Settlement Service (French SRD)	Eligible
PEA/PEA PME	Non-eligible
ICB Sector classification	Retail REITs, 8672

	2015	2016	2017	2018	2019
Market capitalisation (at 31/12)	€2,000,057,000	€2,494,700,000	€3,340,338,320	€2,662,968,348	€3,381,904,305
Number of shares traded	572,766	589,268	1,368,495	1,077,486	523,174
Capital traded	€90,400,975	€101,678,183	€257,579,489	€213,144,495	€97,070,770
Highest	€188.00	€186.61	€211.00	€218.50	€205.00
Lowest	€131.00	€151.75	€171.00	€159.60	€163.40
Latest	€184.00	€185.20	€208.10	€165.80	€202.50

	High	Low	Latest	Number of shares traded	Amount of capital traded
January 2019	€185.00	€163.40	€180.80	52,884	€9,224,791
February 2019	€186.00	€173.00	€181.80	39,846	€7,186,924
March 2019	€191.20	€180.40	€183.80	37,735	€6,998,197
April 2019	€191.20	€182.80	€188.40	38,108	€7,085,571
May 2019	€190.00	€171.00	€173.00	39,678	€7,354,956
June 2019	€184.80	€170.00	€183.00	40,353	€7,222,721
July 2019	€186.40	€176.40	€184.40	47,186	€8,529,086
August 2019	€187.60	€179.00	€186.80	34,898	€6,445,615
September 2019	€190.00	€184.20	€189.00	44,445	€8,303,636
October 2019	€198.60	€183.00	€197.00	52,796	€9,986,705
November 2019	€200.00	€191.00	€195.80	47,258	€9,210,553
December 2019	€205.00	€193.00	€202.50	47,987	€9,522,015

(source: Euronext)

7.3 Simplified organisational structure at 31 December 2019



* Pitch Promotion, Histoire & Patrimoine, Severini, Serviced Residences business and the shareholding in AltaFund and Woodeum are held by Alta Faubourg.

Altarea centralises the Group's cash surpluses. Note 8 to the consolidated financial statements shown in Chapter 2 of this Universal Registration Document on financial instruments and market risks provides information on the main banking covenants. The main assets and borrowings are carried by the subsidiaries that conduct the corresponding business operations.

The list of the main companies included in Altarea's consolidation scope is presented in Note 4 to the consolidated financial statements. That of Altarea's subsidiaries and direct equity interests is given in Section 3.2.3.5 of the Notes to the financial statements (Chapter 3 of this document).

In the 2019 financial year, the Company took an equity interest in the following companies:

- SCI Limoges Invest, 25% of the share capital, as part of the universal transfer of assets of Nivernaise de Distribution;
- SCCV B2-B3, 50% of the share capital;
- Foncière Altarea Montparnasse, 99% of the share capital;
- NR 21, whose shares were admitted to trading on Euronext Paris (ISIN FR0004166155), 63.63% of the share capital. On conclusion of the tender offer the Company made for the balance of the NR21 shares, it held 84.37% of the latter's share capital and voting rights.

7.4 Dividend policy

7.4.1 Dividends paid over the past financial years

Dividends paid to the Limited Partners in respect of the last three years are as follows:

Financial year[a]	No. of shares	Dividends per share	Amount eligible for the allowance provided for in Art. 158-3-2 of the French General Tax Code[b]
2016	14,895,589	€11.50	€5,844,798
2017	15,823,675	€12.50	€27,592,865
2018[c]	15,891,290	€12.75	-

(a) Paid in the subsequent year.
(b) 40% tax allowance provided for in Article 158-3-2 of the French General Tax Code and applicable to natural persons whose tax residence is in France.
(c) See Section 7.1.4, above.

The treasury shares held by the Company do not bear dividends.

In accordance with the law, dividends not claimed after a period of five years from the date of payment are cancelled and paid to the State.

7.4.2 Dividend distribution policy

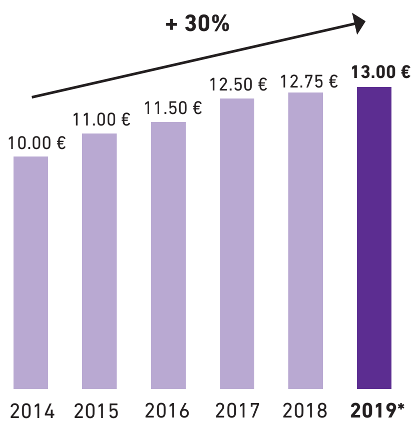
Under the terms of the Company's Articles of Association, it is the Supervisory Board that decides each year on the appropriation of earnings, distribution of the reserves and the dividend payment procedure to be proposed to the General Shareholders' Meeting (see Section 8.1.2.9).

A dividend payment of €13 per share will be proposed at the General Shareholders' Meeting held to approve the financial statements for the year ended 31 December 2019. This dividend will be €0.25 more per share (+2%) than the dividend paid in respect of the previous year. The shareholders will also be able to opt for payment of part of the dividend in new Altarea shares.

The Company's dividend policy is based on an analysis that takes into consideration regulatory constraints, related in particular to the SIIC regime, dividends paid historically and the Group's financial position and results.

Accordingly, the dividend policy will be maintained unchanged from recent years.

DIVIDENDS PER SHARE



* To be voted on by the General Shareholders' Meeting of 19 May 2020.

7.4.3 Expenditures and fees under Article 39-4 of the French General Tax Code

No expense or fee that is non-deductible for tax purposes within the meaning of Article 39-4 of the French General Tax Code was incurred in 2019.

8
ADDITIONAL INFORMATION

8.1 Company information

8.1.1 History and developments

1994

Altarea was founded by Alain Taravella and Jacques Nicolet.

1995

Control of Gerec, a company specialising in shopping centre development and created in 1973.

1996

Control of Espace Aménagement, the retail property management arm of Foncière Rallye.

2000

Delivery of Bercy Village, a redevelopment project started in 1997.

2001

Start of operations in Italy with the creation of Altarea Italia.

2002

Start of Retail Parks business with the creation of Compagnie Retail Park.

2004

Stock exchange listing of Altarea on Euronext Paris. Start of operations in Spain with the creation of Altarea España.

2005

SIIC regime opted for.

2006

Acquisition of property assets of Bail Investissement Foncière.

2007

Acquisition of Cogedim. Adaptation to SIIC 4 regime through the conversion of Altarea into a French partnership limited by shares. The Group becomes the largest shareholder alongside the French government, with a 34% stake in Semmaris (Société d'Économie Mixte d'Aménagement et de Gestion du Marché d'Intérêt National de la Région Parisienne), which manages the Rungis National Interest Market (French MIN).

2008

€375 million capital increase; ABP Pension Fund acquires a stake in Altarea. Reorganisation by business line, with the spin-off of property development and diversification companies to Altareit, also listed on Euronext Paris.

2009

Acceleration of the sustainable development approach: the Group receives one of the first three French HQE® Retail (high environmental quality) certifications for Okabe (Kremlin-Bicêtre) and rolls out the NF Logement certification for residential property.

2010

Acquisition, by the consortium Altarea-ABP-Predica, of Aldeta, a company that owned the regional Cap 3000 shopping centre in Nice, through the company Alta Blue, currently 62% owned by Altarea.

2011

Creation in partnership with the ABP Pension Fund and Predica of AltaFund, an office property investment fund with equity of €650 million.

2013

Long-term partnership with Allianz Real Estate for a portfolio of five shopping centres over which Altarea retains control and management. Delivery of the first Cogedim Club®, the Serviced Residences business line for active seniors. The Group also develops halls of residence for students, business tourism, etc.

2014

Delivery of the regional shopping centre Qwartz in Villeneuve-la-Garenne, which receives a MAPIC Award for its digital innovations. Redevelopment of the ex-Laennec Hospital creating a new "urban district" in the seventh Arrondissement of Paris. The SNCF chooses Altarea Cogedim for the modernisation of Paris-Montparnasse Station. Acquisition of 55% of Histoire & Patrimoine, a specialist in the renovation of standing assets and tax efficient products (*Malraux*, Déficit Land, etc.). Partnership with Crédit Agricole Assurances in the Cogedim Club® operating company.

2015

Reprofiling of the balance sheet on very favourable terms, with almost €2.2 billion raised for financing/refinancing.

2016

Acquistition of Pitch Promotion. The Group exceeds its objective of 10,000 units sold. Delivery of the shopping centres L'Avenue 83 in Toulon, Le Parks in Paris and the first tranche of the redevelopment of Cap 3000. New successes with large mixed-use projects (Bobigny, Belvédère district in Bordeaux and Cœur de City in Issy-les-Moulineaux).

2017

Success with a first unrated listed bond issue (€500 million). Delivery of the large mixed-use project Place du Grand Ouest in Massy. The Group wins the tender to create a shopping and leisure centre in Ferney Voltaire on the outskirts of Geneva.

2018

Acquisition of the remaining share capital of Histoire & Patrimoine. Sale to Crédit Agricole Assurances of the 33.4% stake in Semmaris. Sale of two of the biggest Office developments in Grand Paris this year: the Kosmo building in Neuilly-sur-Seine, the future global head office of Parfums Christian Dior, and the Richelieu building in Paris, the future head office of Altarea. Opening of the first tranche of retail outlets in Paris-Montparnasse train station. First S&P Global credit rating: BBB. Altarea leading French listed company as assessed by GRESB (across all sectors) and world number two of listed retail companies.

2019

Pursuit of strategy to build a portfolio of complementary brands with the acquisition of 85% of Severini, a developer active mainly in Nouvelle-Aquitaine, and 50% of Woodeum, a low-carbon residential developer. Success of a second unrated listed bond issue (€500 million). Delivery of the Cap 3000 extension-renovation which, after five years of work, has doubled the site's surface area (135,000 m^2). Work began on the Issy-Cœur de Ville eco-district, the largest mixed-use development in the Grand Paris metropolitan area which is due for completion in 2022. Acquisition for redevelopment of the current CNP Assurances head office above Paris-Montparnasse station. Group wins the tender for the Simonettes district in Champigny-sur-Marne, a 56,000 m^2 mixed-use development. Cogedim voted "Customer Service of the Year" for the third consecutive year.

8.1.2 General Information

8.1.2.1 Company name
(Article 3 of the Articles of Association)

The Company's name is Altarea.

8.1.2.2 Legal form – applicable legislation
(Article 1 of the Articles of Association)

Altarea was originally incorporated as a *société anonyme* (a French public limited company).

It was transformed into a *société en commandite par actions* (a French partnership limited by shares) by resolution of the shareholders at the Combined General Meeting held on 26 June 2007.

Article 24.2 of the Articles of Association sets out that any Limited Partner (*i.e.* any shareholder) holding individually or in concert 5% or more of the share capital and voting rights of the Company may propose to the General Shareholders' Meeting to transform the Company into a *société anonyme*. As such, Limited Partners may decide, by a majority required for the Extraordinary General Meeting, to terminate the status of the *société en commandite par actions*. The General Partner may not oppose such a transformation. Nevertheless, as long as Alain Taravella, Co-Manager and General Partner, directly or indirectly holds more than a third of actual voting rights, such a decision would be contingent upon his voting in the affirmative.

Altarea is a company incorporated under the laws of France and governed principally by the provisions of Book II of the French Commercial Code.

Altarea is therefore subject to French law.

8.1.2.3 Special legislation applicable

Following the decision made in March 2005 by the Company and its eligible subsidiaries to opt for the tax regime available to Sociétés d'Investissements Cotées (SIIC) in accordance with Article 208-C of the French General Tax Code – decree no. 2003-645 of 11 July 2003, Altarea is subject to the specific provisions of this regime (see below).

8.1.2.4 Registered office
(Article 4 of the Articles of Association)

The Company's registered office is at 8, avenue Delcassé, 75008 Paris.

Its telephone numbers are: +33(0)1 44 95 88 10 and +33 (0)1 56 26 24 00.

Altarea is housed by its sub-subsidiary Cogedim Gestion, which has a commercial lease over the premises on avenue Delcassé.

8.1.2.5 Date of incorporation and term
(Article 5 of the Articles of Association)

The Company was incorporated on 29 September 1954 and, in accordance with Article 5 of its Articles of Association, has a term of 99 years as of that date, unless it is extended or wound up early.

8.1.2.6 Corporate purpose
(Article 2 of the Articles of Association)

The Company's corporate purpose, both in France and abroad, on its own behalf and in participation with third parties, is as follows:

- principal purpose, either directly or indirectly through the companies it controls and manages, in the meaning of Article 8 and Paragraphs 1, 2 and 3 of Article 206 of the French General Tax Code:
  - the acquisition of land, property rights and building rights, as well as any assets and rights that may be subsidiary or ancillary to said property assets,
  - the construction of offices and all transactions directly or indirectly related with building these offices,
  - all for the purpose of: operating and creating value through letting these properties, leasing any type of property assets and investing in any companies with the same purpose;
- subsidiary purpose:
  - the management of buildings, property appraisals, property development and the acquisition for resale, renovation, maintenance and cleaning of property assets,
  - the development, management and operation of shopping centres,
  - the centralisation of cash management,
  - making available to subsidiaries its intellectual and industrial property rights,
  - the provision of services for the benefit of the subsidiaries,
  - investments or shareholdings, directly or indirectly, in any company or enterprise running a business of whatever nature in the field of real estate,
  - the exchange or disposal by sale, contribution or otherwise of the property assets acquired or built for leasing in accordance with the principal purpose of the Company;

and, in general, any civil, financial, commercial, industrial, real estate and other transactions deemed useful for the furtherance of one of the Company's above-mentioned purposes.

8.1.2.7 Identifying information

The Company is registered at the Paris Trade and Companies Registry under registration number 335,480,877.

The Company's SIRET number is 335,480,877 00422 and its business code is 6820 B (Administration of other property assets).

The Company's legal entity identification Code (LEI) is 969500ICGCY1PD6OT783.

The Company's intra-European VAT number is FR 34 335 480 877.

It is listed in Compartiment A of Euronext Paris (ISIN Code: FR0000033219 – Ticker symbol: ALTA).

8.1.2.8 Financial year
(Article 28 of the Articles of Association)

The financial year begins on 1 January and ends on 31 December.

8.1.2.9 Appropriation of earnings (Article 29 of the Articles of Association)

The Company's distributable profit as defined by law is available for distribution by the Ordinary General Meeting. The General Meeting has sole discretion over its appropriation. It may be appropriated in full or in part to any general or special reserves or to retained earnings, or may be distributed to the shareholders.

For as long as the Company is subject to the regime set out in Article 208-C of the French General Tax Code, the amount of any distributions shall be determined in accordance with the provisions of the second, third and fourth paragraphs of Article 208-C II of the same Code such that the Company may benefit from the provisions set out in the first paragraph thereof.

The Ordinary General Meeting, voting to approve the financial statements for the year, may decide to give each shareholder the option of receiving all or part of the final or interim dividend in cash or in ordinary shares issued by the Company, in accordance with applicable law and regulations.

Said Meeting may also decide to distribute all or part of the dividend in kind through the allocation of listed financial securities of the subsidiaries (including all listed rights and warrants that may confer entitlement to shares in the Company's subsidiaries) on the terms and conditions set out by current regulations and providing that equal treatment of all shareholders is respected.

Interim dividends may also be distributed in cash, in Company shares or in kind through the allocation of listed financial securities of the subsidiaries (including all listed rights and warrants that may confer entitlement to shares in the Company's subsidiaries) on the terms and conditions set out by current regulations and providing that equal treatment of all shareholders is respected.

The Ordinary General Meeting may decide at any time, on the terms and conditions set out by current regulations, to distribute sums taken from the reserves and/or premiums at its disposal, including by allocating listed financial securities of the subsidiaries (including all listed rights and warrants that may confer entitlement to shares in the Company's subsidiaries) providing that equal treatment of all shareholders is respected.

The General Partner is entitled to a priority dividend equal to 1.5% of the annual dividend paid.

Save in the event of a capital reduction, no distribution may be made to the shareholders if the Company's net equity is or would as a result of the distribution become lower than the amount of share capital plus any reserves which are not distributable by law.

All of the foregoing is without prejudice to any future issuance of non-voting preferred shares.

A Relevant Shareholder (as defined in Article 10 of the Articles of Association – see 7.1.1 below) whose own position or position of its shareholders causes the Company to become liable for the withholding (the "Withholding") referred to in Article 208-C II ter of the French General Tax Code (a "Liable Shareholder") shall compensate the Company for the Withholding arising upon any distribution of dividends, reserves, share premiums or "income deemed to be distributed" within the meaning of the French General Tax Code.

All Relevant Shareholders are deemed to be Liable Shareholders. A shareholder claiming not to be a Liable Shareholder must provide evidence thereof to the Company no later than five (5) business days before the distribution payment date in the form of a satisfactory unqualified legal opinion from a law firm of international repute and with recognised expertise in French tax law, certifying that the shareholder is not a Liable Shareholder and that the distributions made to it will not cause the Company to become liable for the Withholding.

Should the Company directly or indirectly hold a percentage of the dividend rights at least equal to that referred to in Article 208-C II ter of the French General Tax Code, or in one or more of the *sociétés d'investissements immobiliers cotées* referred to in Article 208-C of said Code (a "SIIC Subsidiary") and should a SIIC Subsidiary have paid the Withholding as a result of a Liable Shareholder, that Liable Shareholder shall, as the case may be, compensate the Company either for the sum paid by way of compensation by the Company to the SIIC Subsidiary in respect of the SIIC Subsidiary's payment of the Withholding or, if the Company has not paid any compensation to the SIIC Subsidiary, for a sum equal to the Withholding paid by the SIIC Subsidiary multiplied by the percentage of dividend rights held by the Company in the SIIC Subsidiary, such that the Company's other shareholders do not bear any portion of the Withholding paid by any of the SIICs in the chain of holding as a result of the Liable Shareholder (the "Additional Compensation"). The amount of Additional Compensation shall be borne by each of the Liable Shareholders in proportion to their respective dividend rights divided by the aggregate dividend rights held by all Liable Shareholders.

The Company shall be authorised to offset its claim for compensation from any Liable Shareholder against the amounts it is to distribute to said Shareholder. Therefore, the sums taken from the Company's profits that are exempt from corporate income tax under the terms of Article 208 C II of the French General Tax Code should, for each share held by said Liable Shareholder, be paid to them pursuant to the above-mentioned decision to distribute or to carry out a share buyback, and shall be reduced by the amount of the Withholding due by the Company for the distribution of these sums and/or the Additional Compensation.

In the case of a scrip dividend, each Liable Shareholder will receive a portion of the sums distributed in shares inasmuch as no fractional shares will be created, and the balance in cash. The shares will be booked on an individual current account so that the set-off mechanism described above can be applied to that portion of the distribution.

The amount of any compensation due by a Liable Shareholder will be calculated in such a way that the Company shall be in the exact same position after payment of the compensation and taking account of any related tax effects, as it would have been had the Withholding not been payable.

Should it transpire that (i) after a distribution of dividends, reserves or share premiums, or "income deemed to be distributed" within the meaning of the French General Tax Code made from the tax-exempt earnings of the Company or a SIIC Subsidiary under Article 208-C II of the French General Tax Code, a shareholder was in fact a Liable Shareholder on the distribution date, and that (ii) the Company or SIIC Subsidiary should have paid the Withholding in respect of the sums paid to the Liable Shareholder and said sums were paid without application of the reduction mechanism described above, the Liable Shareholder will be required to pay the Company compensation for its loss in a sum equal to the Withholding that the Company would then have to pay in respect of each share held by that Liable Shareholder on the distribution date, plus, where applicable, the amount of the Additional Compensation (together the "Indemnity").

The Company has the right to set off the Indemnity due against all sums that might subsequently be paid to the Liable Shareholder without prejudice, where applicable, to the prior application to said sums of the reduction described above. Should, after such set-off, the Liable Shareholder still owe the Company any sums in respect of the Indemnity, the Company may once again set off the outstanding balance against any sums that might subsequently be paid to the Liable Shareholder until the debt has been fully extinguished

8.2 Other information

8.2.1 Competitive situation

Quantitative information on Altarea's businesses and services, current trends, competitive environment and earnings is given in the integrated strategic report and the business review (first and second parts of the Universal Registration Document). The business review also discusses the macroeconomic factors and business cycles affecting the shopping centre and residential property markets.

The Company's main competitors are as follows:

- in the shopping centres sector, the ten other REITs that together have more than €1 billion in market capitalisation, excluding the Altarea Cogedim Group. These are[1] Unibail-Rodamco-Westfield, Gecina, Klépierre, Covivio, Icade, Covivio Hotels, Société Foncière Lyonnaise, Carmila, Argan and Mercialys;
- in the property development sector, the ten leading property operators, which include the Altarea Group, are[2]:
  - for residential[3]: Nexity, Bouygues Immobilier, Kaufman & Broad, Vinci Immobilier, Pichet, Icade, Alila, Les Nouveaux Constructeurs and Marignan,
  - for Business property: Linkcity, 6e Sens Immobilier, Emerige, Adim, Nexity, Vinci Immobilier, Kaufman & Broad, Icade and Bouygues Immobilier.

8.2.2 Absence of material changes in the financial or business position

Over the last 12 months, with the exception of what is shown, where applicable, in paragraph 1.1.4 of the business review presented in Chapter 1 of this document and Note 11 to the consolidated financial statements (Section 2.3 of this Universal Registration Document), the Company has not experienced any material changes in its financial position or business situation.

The Group composed of the Company and its subsidiaries enjoys both the recurring revenue characteristic of a retail REIT and the added value of a developer active on the three main real estate markets (Retail, Residential and Business property).

8.2.3 Information that can affect Altarea's businesses or profitability

Overall, the Company is not dependent on its customers.

In the Retail Division, the ten largest tenants of shopping centres managed by the Altarea Group accounted for 23% of total rental income (excl. VAT) as at 31 December 2019. Out of these, none accounted for more than 10% of rental income.

Furthermore, in the Property Development (Residential and Office Property) Division, not a single customer generates 10% or more of revenue at 31 December 2019. The ten largest customers accounted for 20% of total revenue.

Attention is drawn to the significant risks to which the Company is exposed and which are detailed in chapter 5.2 of this document, in particular regarding the risks related to changes in the real estate market and the economic environment and the uncertainties related to the Covid-19 epidemic (see Section 5.2.1.2).

(1) *Source: Institut de l'Épargne Immobilière & Foncière: Euronext IEIF SIIC France, nomenclature of the index at 31/12/2019 (http://www.ieif-indices.com/histo/index_compo.php?compo=SIIC).*

(2) *In total sales volume in millions of euros – Palmarès 2019 – Classement des Promoteurs 2019 (31st edition). – Innovapresse – pages 14 and 16.*

(3) *Including the Serviced Residences business.*

8.3 Persons responsible for the Universal Registration Document and the audit of the financial statements

8.3.1 Person responsible for the Universal Registration Document

Altafi 2, Co-Manager, represented by its Chairman, Alain Taravella.

8.3.2 Statement by the person responsible for the Universal Registration Document

"I declare, after taking all reasonable care to ensure that such is the case, that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I declare that, to the best of my knowledge, the financial statements were prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and earnings of the Company and all entities included within the Company's scope of consolidation. I also declare that, to the best of my knowledge, the management report, the cross-reference table of which appears on page 321, gives a true and fair view of the businesses, earnings, financial position and primary risks and uncertainties of the Company and all entities included in the Company's scope of consolidation."

Altafi 2

Co-Manager

Represented by its Chairman

Alain Taravella

8.3.3 Persons responsible for the audit of the financial statements

Statutory Auditors[a]	Date of first appointment	Start date and duration of current term	Expiration of term
Full members			
GRANT THORNTON 29, rue du Pont, 92200 Neuilly-sur-Seine Represented by Laurent Bouby	15 April 2016	15 April 2016 6 financial years	GSM on the accounts for the financial year 2021
ERNST & YOUNG ET AUTRES Tour First – 1, place des Saisons, 92400 Courbevoie Represented by Anne Herbein	28 May 2010	15 April 2016 6 financial years	GSM on the accounts for the financial year 2021
Alternates			
IGEC – Institut de Gestion et d'Expertise Comptable 22, rue Garnier, 92200 Neuilly-sur-Seine	15 April 2016	15 April 2016 6 financial years	GSM on the accounts for the financial year 2021
Auditex Tour First – 1, place des Saisons, 92400 Courbevoie	28 May 2010	15 April 2016 6 financial years	GSM on the accounts for the financial year 2021

(a) The Company's Statutory Auditors are members of Compagnie Nationale des Commissaires aux Comptes.

8.4 Documents and information

8.4.1 Documents incorporated by reference

In compliance with Article 28 of Commission Regulation no. 809/2004/EC, the following information is incorporated into this Universal Registration Document by reference:

- the consolidated financial statements and corresponding audit report provided on pages 87 and 137, the annual financial statements and corresponding audit report provided on pages 141 and 157, as well as the management report provided on page 59 of the 2017 Registration Document filed with the Autorité des Marchés Financiers on 15 March 2018 under number D. 18-0136;
- the consolidated financial statements and corresponding audit report provided on pages 83 and 135, the annual financial statements and corresponding audit report provided on pages 141 and 162, as well as the management report provided on page 47 of the 2018 Registration Document filed with the Autorité des Marchés Financiers on 2 April 2019 under number D. 19-0253.

8.4.2 Documents available

For the full period of validity of this Universal Registration Document, the following documents are available to the public in electronic or printed form and can be obtained from the Company's registered office at 8, Avenue Delcassé, 75008 Paris, on working days and during office hours:

- the Company's most recent Articles of Association;
- all reports, letters and other documents, past financial data and expert opinions or statements requested by the Company that are included or mentioned in this Universal Registration Document.

All regulated company information circulated by the Company in accordance with Articles 221-1 *et seq* of the AMF General Regulation, such as Universal Registration Documents (including the annual financial statements) containing essentially the Company's historic financial information, filed with the French financial markets authority (AMF) for the past ten financial years, and any updates thereof, are available on the Company's internet site www.altarea.com (heading Financial information/Regulatory information and Publications). The information which appears on the Company's website is not part of this Universal Registration Document unless it has been incorporated by reference.

8.4.3 Third party information

Some information in this Universal Registration Document has come from third-party sources. The Company hereby confirms that this information has been faithfully reproduced and, as far as the Company is aware and can confirm in the light of the information published, no fact has been omitted that would render the information produced inaccurate or misleading.

8.4.4 Property expert report

Property expert report prepared by the independent experts of Altarea

Context of instruction

Context and instructions

As instructed by Altarea Cogedim ("the Company") in the appraisal contracts signed by Altarea Cogedim and the Appraisers, we have appraised the assets the Company holds in consideration of the form of holding (full ownership, building lease, etc.). We have written this short report, summarising the terms and conditions of our intervention, for inclusion in the Company's Universal Registration Document.

The appraisals were carried out by local experts and reviewed by the pan-European teams of the Appraisers. When determining the market value of each asset we took account of the real estate transactions in Europe as a whole and not just in France. We confirm that, to ensure a consistent approach and inclusion of all transactions and information available on the market, we have compared our market value appraisals with those of other appraisals carried out in Europe.

For the appraisals, we have used the cash flow discounting and yield methods, both of which are regularly used for these types of assets.

We confirm that the fees received from the Company did not exceed 10% of our respective revenues.

The values given are at 31 December 2019.

General principles and guidelines

We confirm that our appraisals have been carried out in accordance with the relevant sections of the Code of Conduct June 2017 edition (valid from 1 July 2017) of the RICS Valuation – Global Standards 2017 (the Red Book). The latter is an internationally-accepted appraisal benchmark. Our appraisals comply with the IFRS accounting rules and the IVSC standards and recommendations. They were also based on the AMF recommendations for the presentation of appraisal and risk assessment data for the property assets of listed companies, published on 8 February 2010. They take account of the recommendations of the Barthès de Ruyter report on the valuation of property holdings of listed companies carrying out a public offering, published in February 2000.

We confirm that we prepared our appraisals in our capacity as independent external appraisers, in accordance with the RICS Red Book. Our appraisals were carried out in accordance with IFRS 13, *i.e.* the "highest and best use" value of each of the assets.

The "Market Value" stated below is generally the same as the "Fair Value" as defined by the IFRS and more specifically, IFRS 13.

Target value

The values stated are Markets Values and are reported to the Company tax exclusive (after deduction of transfer tax and costs) and tax inclusive (market value before transfer tax and costs).

Terms of instruction

Information

We asked the Company's management to confirm that the information provided about the assets and tenants is accurate and complete in all material aspects. We therefore believe that all information known to the Company's employees that could impact the value, such as operating expenditure, work undertaken and financial elements including bad debts, variable rents, sales pending and completed, rental arrangements and a list of the leases and vacant units, which was provided to us is up to date in all material aspects.

Surface area

We have taken no measurements so our appraisals are based on the surface areas provided to us.

Environmental and soil analyses

We were not requested to carry out soil or environmental analyses and we did not investigate previous events to ascertain whether or not the soil or structure of the assets have been contaminated. Unless informed otherwise, we have considered that the assets have not been, and are not likely to be, affected by soil contamination and that the condition of the land has no impact on its current or future use.

Urban planning

We have not studied the building permits and consider that the assets have been built and are occupied and used in compliance with all the necessary permits and that any legal claims have been settled. We have assumed that the assets comply with urban planning rules and regulations, specifically those governing structures, fire prevention and health and safety. We have also assumed that any extensions currently under construction comply with urban planning regulations and that all the necessary permits have been obtained.

Title deeds and rental schedules

We have based ourselves on the rental schedules, additional income summaries, unrecoverable expenses, capital projects and business plans provided to us. In addition to what is stated in our report for each asset, we have assumed that there is no restriction on the ownership of the asset which would make it impossible or difficult to sell, and that it is free from all restrictions and encumbrances. We have not read the title deeds and have accepted the rental, occupation and all other relevant information provided to us by the Company.

Condition of the assets

During our inspections we noted the general condition of each asset. We were not instructed to carry out any technical appraisal on the building structures but we have pointed out in our report any maintenance defects we noticed during our inspection. The assets were appraised based on the information provided by the Company, which indicates that no hazardous materials were used in their construction.

Taxation

We have provided fair values for the assets and have not taken into account any costs or taxes payable on their disposal. The rental and market values are stated ex. VAT.

Confidentiality and publication

Finally, as is our usual practice, we confirm that our appraisal reports are confidential and intended only for the Company. We accept no liability vis-à-vis third parties; neither the full reports, nor extracts thereof, may be published in a document, declaration, circular or communication to third parties without our written consent as to the form and context of publication. The experts sign this short report on their own behalf and with respect only to the work they have carried out.

Jean-Philippe Carmarans
Chairman
Cushman & Wakefield

Béatrice Rousseau
Director
CBRE Valuation

Arabella Edwards
Chairwoman
JLL Expertises

Cross-reference tables

Universal Registration Document cross-reference table

The cross-reference table below can be used to identify the information required by Annexes 1 and 2 of the Delegated Regulation (EC) 2019/980 of 14 March 2019.

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Annual financial report cross-reference table
(articles 222-3 of the AMF General Regulation and L.451-1-2 of the French Monetary and Financial Code)

Management report cross-reference table
(articles L.225-100-1, L.232-1 and L.233-26 of the French Commercial Code)

Glossary

Acronyms and abbreviations

GLA: Gross Leasing Area

EXCL.TR.TAX: Excluding transfer taxes/INCL. TR. TAX: Including transfer taxes

EXCL. TAX: Excluding tax/**INCL. TAX**: Including tax

LFL: On a like-for-like basis

GS: Group share

CBD: Central Business District

SA: Surface area or total surface area of the rooms (internal measurements)

TNFA: Total net floor area

CHG.: Change

A

APPRAISAL VALUE – RETAIL: Value of assets including transfer duties (at 100% or Group Share).

AVERAGE COST OF DEBT: The average cost of debt is the ratio of the total financial costs of short- and long-term financial instruments including related fees (commitment fees, non-use fees, etc.) to the average debt for the period.

B

BAD DEBT RATIO: Net amount of allocations to and reversals of provisions for bad debts plus any write-offs during the period as a percentage of total rent and expenses charged to tenants, at 100%.

BLOCK SALE: When several housing units, an entire building or a complete property portfolio is sold to one institutional investor.

BREEAM®: Building Research Establishment (BRE) Environmental Assessment Method. Method of assessing the environmental performance of buildings developed by the BRE, a private British building research establishment. It is now applicable throughout the world through the BREEAM in-Use international pilot standard.

BUSINESS PROPERTY BACKLOG: Revenue (excl. tax) from notarised sales not yet recognised according to percentage of completion, new orders pending notarised deeds (signed PDAs) and fees pending receipt from third parties under signed agreements.

BUSINESS PROPERTY DEVELOPER: The Group operates under off-plan sales, off-plan leases and property development contracts, with a particularly strong position on the turnkey users market or as service provider under delegated project management contracts.

C

CNCC: Conseil National des Centres Commerciaux, the French federation of shopping centres. French professional organisation of all shopping centre industry professionals, which publishes an index of revenue earned in the shopping centres of the member companies.

COMMERCIAL LAUNCH (RESIDENTIAL): A commercial launch is the release for sale of a residential property programme. This is when the price list is drawn up (a selling price is set for each unit) and the promotional material (sales plans and sales leaflets) is made available. It equates to revenue incl. tax when expressed in value.

COST PRICE: Total development budget including interest expenses for the transaction and capitalised internal costs (including land price) in the case of off-plan sale or lease investment and development projects.

CSR: Corporate Social Responsibility (CSR) is a "concept whereby companies voluntarily incorporate social, environmental and economic concerns into their business activities and their interaction with their stakeholders". By adopting operating practices which are more ethical and more sustainable, they should be able to play their part in creating a better society and protecting the environment. Put simply, it is "the contribution of companies to Sustainability". (Source: Ministry for the ecological and inclusive transition)

"CUSTOMER SERVICE OF THE YEAR" AWARD: The award, which was created in 2007 by Viseo Customer Insights, uses mystery shoppers to annually test the customer service quality of French companies in 42 different economic sectors. It is the benchmark ranking for customer relationships in France. The Group received the "Customer Service of the Year" award in 2018, 2019 and 2020. Property developers were included in the candidate list for the first time in 2018.

D

DELEGATED PROJECT MANAGEMENT: In a delegated project management arrangement, the project Manager has appointed a representative to handle all or some of the project management duties on his behalf. It is essential to differentiate between project management and prime contractor in the project process to separate the responsibilities of the two entities involved. The project Manager is solely responsible for setting the objectives. The prime contractor is in charge of building the structure according to deadlines, quality standards and costs set by the project Manager, and on a more general level, the terms of a contract.

E

ELAN ACT: The ELAN Act (for *évolution du logement, de l'aménagement et du numérique*) aims to facilitate the construction of new housing and to protect socially disadvantaged groups. It was enacted on 23 November 2018. Further information on the Ministry for Territorial Cohesion and Relations with Territorial Communities website (www.cohesion- territoires.gouv.fr).

EPRA NAV: Fair value of all Group assets (net assets), including unrealized capital gains on assets and excluding fair value of debt and financial instruments.

EXIT RATE (OR "CAPITALISATION RATE"): Used by appraisers to capitalise rents in the terminal period of their DCF models. It reflects the fundamental medium- to long-term quality of assets.

F

FFO GROUP SHARE: FFO (Funds from Operations) Group share represents operating income after net borrowing costs, corporate income tax and non-controlling interests, for all Group activities.

FOOTFALL: Change in the number of visitors, measured by Quantaflow at shopping centres equipped with this technology, or by counting cars at retail parks (excluding travel retail).

FINANCIAL VACANCY: Estimated rental value (ERV) of vacant units as a percentage of total estimated rental value. Given net of property being redeveloped.

G

GATEWAY CITY (*MÉTROPOLE*): The Group operates in 12 regional gateway cities: Grand Paris, Métropole Nice Côte d'Azur, Marseille-Aix-Toulon, Toulouse Métropole, Grand Lyon, Grenoble-Annecy, Nantes Métropole, Bordeaux Métropole, Eurométropole de Strasbourg, Métropole européenne de Lille, Montpellier Méditerranée Métropole and Rennes Métropole.

GOING CONCERN NAV: The going concern NAV is the equity market value assuming a continuation in business, taking into account the potential dilution related to the SCA status.

GRESB: Global Real Estate Sustainability Benchmark. Not-for-profit organisation whose primary task is to assess the social and environmental performance of property companies. Created in 2009, it brings together around 15 of the largest pension fund Managers and major property sector organisations including EPRA (European Public Real Estate Association). Each year, the GRESB compiles an international classification to assess the CSR performance of property companies around the world.

H

HIGH-DEMAND AREAS: A high-demand area is an urban district, city or municipality where the demand for housing rental is much higher than the supply of residential property. Under the *Pinel* law (introduced by Minister Sylvia Pinel in September 2014), "high-demand areas" correspond to areas A bis, A and B1.

I

ICR: ICR (Interest Coverage Ratio) is operating income/net borrowing costs (Funds from operations column) on the consolidated income statement by segment.

L

LAND PORTFOLIO – RESIDENTIAL: The land portfolio consists of projects under management (through an option on the land, almost exclusively in unilateral form) which have not yet been launched (in euros incl. tax when expressed as a value).

LARGE MIXED-USE PROJECTS: Complex real estate programmes, offering a mix of Residential, Retail and Office and also including public and leisure facilities (hotel resorts, cultural and sports venues, etc.).

LTV: The Loan-to-Value ratio (LTV) is the ratio of net debt to the restated value of assets including duties.

M

MARKET CAPITALISATION: Share price on the specified date multiplied by the number of shares at this date.

N

NET DEBT TO EBITDA: Net bond and bank borrowings over FFO operating income.

NET RENTAL INCOME AT CONSTANT SCOPE: Net rental income (including payments made into marketing funds, reinvoicing of works and lessor investments, which are not included in the definition of EPRA net rental income) excluding, for the periods under review, any acquisitions, disposals and assets under redevelopment that result in changes to the surface area.

NEW ORDERS – PROPERTY DEVELOPMENT: Orders are the indicator of the "Property Development" business volumes and do not include asset disposals carried out by the REIT.

NEW ORDERS (RESERVATIONS) – RESIDENTIAL: New orders net of withdrawals at 100%, with the exception of jointly-controlled operations (Group share) (in euros incl. tax when expressed as a value).

NEW ORDERS – BUSINESS PROPERTY: New orders at 100%, with the exception of jointly-controlled operations (equity-accounted) which for which new orders are shown in Group share (in euros incl. tax when expressed as a value).

O

OCCUPANCY COST RATIO: Ratio of billed rents and expenses to tenants (including reductions) to sales revenue. Calcul (incl. tax) and at 100%.

OFF-PLAN LEASE: An OPL (off-plan lease) also called a turnkey rental is when the developer leases out a building before it has even been built.

OPERATING INCOME: Recurring operating cash flow (FFO column in the consolidated income statement by segment).

P

***PINEL* (SCHEME):** The rental investment assistance scheme known as *Pinel* targets transactions between 1 September 2014 and 31 December 2021 in high-demand areas (zones A, A bis and B1) and in municipalities covered by an active defence site regeneration contract. The scheme offers a tax reduction to anyone buying a newly-constructed or off-plan property in a qualifying area.

PIPELINE (IN POTENTIAL VALUE): Estimated market value at delivery date. Retail- Creations/extensions: potential market value, inclusive of duties, of projects on delivery at 100% (net rental income capitalised at market rates) - Retail Component - Large Mixed- use projects: revenue excluding VAT or potential value including transfer tax for projects at delivery. Residential: Properties for sale + future offering including VAT. Business property: potential market value excluding duties at date of sale for investment projects (at 100%), excluding VAT on off-plan/PDC signed or estimated for other development projects (at 100% or pro rata for co-developments) and capitalised delegated management contracts.

PIPELINE (IN SURFACE): Total surface area in m^2 of all the projects under development in all of the Group's activities (Retail: retail surface area created; Business property: floor area; Residential: surface area – properties for sale and portfolio).

PROPERTY FOR SALE: Units available for sale on projects under construction not yet sold or rented (in euros incl. tax when stated by value or number of units when expressed by volume).

R

RENTAL INCOME: Rental income includes gross rental income, including the effects of spreading stepped rents over the non-cancellable lease term, rent holidays and other benefits granted by contract to the lessee by the lessor, and notably reductions granted during the lease term.

RESIDENTIAL BACKLOG: Revenue (excl. tax) from notarised sales to be recognised on a percentage-of-completion basis and individual and block reservations to be notarised.

RESIDENTIAL SUPPLY: Sale agreements for land signed and valued as potential residential orders (incl. tax).

RETAILER SALES: Tenants' revenue (incl. tax) from like-for-like sites (excluding assets under redevelopment) for the period in question.

REVENUE – RESIDENTIAL: Revenue in euros (excl. tax) recognised according to the percentage-of-completion method in accordance with IFRS 15 (Revenue from Contracts with Customers). The percentage of completion is calculated according to the stage of construction including land.

S

SCA: The SCA (*société en commandite par actions*, a French partnership limited by shares) is a unique form of company in that it has two categories of partner: General Partners and Limited Partners. The Limited Partners can only be held liable up to the value of their shareholding. As such they are like shareholders. The General Partners, on the other hand, are jointly and severally responsible for all of the Company's debt. The SCA is managed by one or more General Partners. Management is overseen by a Supervisory Board.

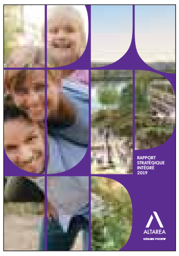
SIIC: The SIIC (Listed Property Investment Company) tax regime was introduced by the Finance Act 2002-1575 of 30 December 2002 and came into force on 1 January 2003. This tax regime covers REITS investing in property assets with a view to leasing them. In return for distributing a significant portion of their income (95% of recurrent income based on parent company net income and 60% of capital gains from the sale of assets), SIICs do not pay corporate income tax. Altarea Cogedim opted for SIIC status in 2005.

About the integrated strategic report

Methodology

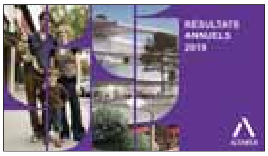
Inspired by the principles of "integrated thinking" and the terms of reference proposed by the IIRC (International Integrated Reporting Council), Altarea's Integrated Strategic Report highlights the Group's vision, business model, strategy and performance in creating shared value with stakeholders and regions.
This report was a combined effort, calling on contributions from the Group's various departments. It was prepared consistently with other corporate and financial publications, in particular the presentation of the annual results.
The Integrated Strategic Report was reviewed and validated by Altarea's management and the Executive Committee before its publication.
The report covers the 2019 fiscal year, from 1 January to 31 December 2019. Group entities are consolidated in the financial scope.
Publication: March 2020.

Publications ecosystem


Integrated strategic report


Portfolio


Universal Registration Document


Annual results slideshow

Thanks

The Strategic marketing, CSR and Innovation Department would like to thank all of the Group's teams who contributed to the preparation of this report, in particular the Finance Department for work done jointly.
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