



Revenue: €1.4bn (+8.1%)
FFO¹ Group share: €118.2m (+7.2)
Decrease in net debt²
A successful post-lockdown recovery

Altarea is ready to tackle the crisis

Residential: strong step-up in activity as the lockdown ends

- Resumption of work on building sites in early May, close to normal in June
- New orders: €1,921 million incl. VAT (+30%) and 6,667 units (+25%)
- Notarised sales: €1,883 million (+94%)
- Revenue: €1,074.4 million (+19.5%)

Retail: situation is stabilising

- Net rental income: €82.2 million (-€10.4 million i.e -11.3%)
- Portfolio value adjustment: -3.8%³ in a like-for-like basis
- Successful reopening and gradual normalisation of rent collections in July

Business property: delays in delivery and postponement of results

- Delivery of Orange's future headquarters in Issy-les-Moulineaux postponed to 2021
- Delivery of Richelieu, Group's new headquarters

Growth in revenue and FFO, decrease in NAV due to retail values

- Consolidated revenue: 1,383 M€ (+8.1%)
- FFO¹: €118.2 million (+7.2%) i.e €7.05/share (+2.6%)
- Going concern NAV: €163.1/share (-2.7% excl. dividend)⁴

Decrease in net debt, capital increase, strong liquidity

- Consolidated debt: €2,372 million (-€103 million vs. 2019)
- Dividend in share and FCPE (employee mutual fund): €69 million capital increase
- LTV⁵: 33.4% (vs. 33.2% end of 2019)
- Liquidity: €3.3 billion, no RCFs⁶ drawn

Outlook

- Carrying forward risk management policy, in line with the first semester of 2020
- H2 2020 FFO in the same range as H1 2020 FFO
- Growth resumption expected in 2021⁷

Paris, 6 August 2020, 5:45 p.m. Following review by the Supervisory Board, the Management has approved the consolidated financial statements for half-year 2020. The audit procedures on the consolidated and parent company (Altarea SCA) financial statements have been carried out, and the audit reports relating to their certification are issued.

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

² Consolidated bank and bond net debt: €2,372m (-€103m vs €2,475m as of 31 December 2019).

³ Equity market value assuming a continuation in business, taking into account the potential dilution related to the SCA status. Change vs 31/12/2019 excluding dividend.

⁴ Market value of equity view of maintaining the Group's activity and considering the potential dilutive effect resulting from the partnership limited by shares (SCA) status

⁵ LTV (Loan to Value= Net bond and bank debt/Restated value of assets including transfer duties.

⁶ Revolving credit facilities.

⁷ Provided that health crisis will stabilise

“Altarea has successfully carried out its post-lockdown recovery by capitalizing on its strengths: a diversified model, a solid financial situation, and mostly thanks to an unprecedented mobilization of the women and men who embody Altarea.

The principles that have guided our actions during this unprecedented period are those that have prevailed since the Group's very beginnings: risk management, swift decision-making and quick execution. In this uncertain environment that lies ahead, it is crucial to lower the risk profile, focus on liquidity and remain agile.

In residential development, we have accelerated the cycle of notarised sales to an unseen scale and achieved high results within a very short time frame. We have given priority to the disposal of rapidly deliverable units and thus accelerated our cash collection, increased our revenue and reduced our debt.

As for retail, our tenants have been hit heavily by the lockdown and we have renewed our partnership relation to foster their recovery. Altarea stepped up and assumed its share of the common effort as shown in our financial statements which record concessions made, particularly to small businesses. We also recorded a decline in value of our retail assets, the impact of it on our financial ratios was offset by the debt reduction.

In commercial property development, we are very proud of the delivery of our new head office on rue de Richelieu in Paris. This head office not only illustrates our expertise in business property but also supports the Group's strategy. The success of the post-lockdown recovery led by Altarea is, to some extent, correlated to the Group moving in this building. At the same time, we had to postpone the delivery of several projects from 2020 to 2021, including Orange's headquarters in Issy-les-Moulineaux.

In this first semester, Altarea has achieved an outstanding performance given the context. However, the macroeconomic environment is expected to worsen: the end of 2020 should see a deterioration in employment which could impact our markets. Therefore, we will undertake the same risk management policy as the one implemented during the first semester of the year. Altarea is prepared to go through this period thanks to a strong liquidity position that will enable the Group to cope with any kind of situations and seize opportunities that might arise in this challenging context for all economic players.

FFO expected for the second semester of 2020 should be around the same levels as for the first semester including the postponed deliveries in business property, the consequences arising from delayed municipal elections, and the progressive increase in tax burden. Beyond 2020, we remain confident in Altarea's growth potential, with a resumption of FFO growth expected in 2021, assuming the health situation will stabilise.

We are convinced that our Cities need, more than ever, to be reinvented and that the urban transformation market holds vast opportunities, taking into account the issues of the low-carbon city and of the inclusive city. Altarea's fundamentals are not only steady but also expected to strengthen in the long term.”

Alain Taravella, Chairman and Founder of Altarea

Exemplary team mobilisation reflecting a strong corporate culture

The Covid-19 health crisis and the lockdown measures that came with it posed an unprecedented challenge: halt of building sites and notarised signatures and shops partially closed.

To deal with the situation, Altarea quickly set up a dedicated organisation with the following priorities:

- Secure sites, employees and partners,
- Ensure operational continuity and commercial activity,
- Manage risks and liquidity.

Altarea has made virtually no use of partial activity, in order to retain its full operational team capacity. Thus, on May 11, the Group managed the resumption of on-site work, which enabled a particularly active month of June, notably in Residential.

A strong upturn in business boosted by the move to the Group's new headquarters in Paris, rue de Richelieu

The full return of the 1,300 employees in Paris Region to on-site work coincided with the Group moving in its new head office on rue de Richelieu in Paris, which contributed to the strong upturn in June.

The building, which meets the highest standards of Business real estate, was designed to ensure an exceptional quality of life at work:

- Prime location and quality of the environment,
- Amenity spaces inspired by residential codes ("a better place than home"),
- Hyperconnectivity and multiple services.

The headquarters embodied Altarea's corporate culture:

- Collaborative and individual work,
- Environmental commitment,
- Sense of belonging and power of the employer brand

Altarea is ready to tackle the crisis

Throughout a dynamic crisis management (risk management, swift decision-making, quick execution), Altarea has been able to contain the immediate impacts of the health crisis. First semester financial indicators have improved (excl. NAV):

- revenues up +8.1% to €1.4 billion;
- FFO growths of +7.2% to €118 million;
- net debt down -€103 million to €2,372 million;
- LTV ratio stable at 33.4%;
- Liquidity increased to €3.3 billion
- Diluted going concern NAV at 163.1 €/share (-2.7% excluding dividend, impacted by the retail activities).

This performance notably derives from an acceleration of the Residential cycle, with the intent to speeding up cash collection (notarised sales). This policy led to an increase in revenue, a stabilisation of volume margins and a debt reduction. Altarea is ready to tackle a challenging context for all economic players.

Residential: strong step-up in activity as the lockdown ends

Resumption of work on building sites in mid-May

The work on the 300 building sites resumed in early May, returning to a pace close to normal. This partially offsets the impact of the lockdown on technical completion rate.

Strong increase in new orders⁸: +30% to €1,921 million

| New orders | 30/06/2020 | 30/06/2019 | Change |
|-----------------------------------|--------------------|--------------------|-------------|
| Individuals - Residential buyers | €347m | €503m | -31% |
| Individuals - Investment | €345m | €589m | -41% |
| Block sales | €1,228m | €390m | x3.1 |
| Total in value (incl. tax) | €1,921m | €1,482m | +30% |
| Individuals - Residential buyers | 946 units | 1,438 units | -34% |
| Individuals - Investment | 1,238 units | 2,285 units | -46% |
| Block sales | 4,483 units | 1,613 units | x2.8 |
| Total in units | 6,667 units | 5,336 units | +25% |

During the lockdown period, the Group fully used its e-booking tool⁹, enabling Altarea to maintain Individuals sales at roughly 30% of their normal level. New orders returned to close to normal level in June, without catching up delays in Individuals sales.

New orders growth came to +30%, due to Institutional investors demand which has more than replaced the one from Individuals. In particular, the Group signed an agreement with CDC Habitat¹⁰ for the sale of approximately 3,500 units for €825 million excluding VAT¹¹. This agreement, which mainly consists in programmes at "Building Permit delivered" stage, was regularised¹² up to 70% between April and June (and nearly 80% at the end of July). By selling units that could be quickly settled, Altarea decided to reduce its commercial and financial risks and thus increased its margin in volume, in exchange for a lower margin rate.

At the end of July, Altarea signed a second agreement with CDC Habitat covering just over 1,070 units for €186.5 million excluding VAT, which will be regularised between late 2020 and early 2021.

Notarised sales: €1,883 million¹³ (+94%) – Revenue: €1,074 million (+19.5%)

A notarised and cash collection campaign has been planned before the end of lockdown. It took place at a time when clients and notary offices were barely out of lockdown, as the latter still had a reduced capacity to record transactions. In total, notarised sales almost doubled to €1,883 million (+94%)¹⁴. Excluding the impact of the 1st CDC Habitat agreement, notarised sales increased by 23% compared to 2019.

Outstanding results despite the context

Residential revenue rose sharply (+19.5%) to €1,074 million. The increase in commercial completion rate more than offsets the delay in technical completion rate resulting from halt of building sites. By prioritising

⁸New orders net of withdrawals, in euros including VAT when expressed in value. New orders at 100%, with the exception of projects under joint control (Group share of placements, including Woodeum).

⁹Device allowing secured online contractualisation of sales to Individuals.

¹⁰Acting on behalf of its own funds as well as those of other residential investors.

¹¹And €1.0bn including VAT.

¹²Of the €825m excluding VAT, €574m was regularized before the end of June, and €76m in July. The balance is made up of units that can be regularized by the end of the year.

¹³Client's definitive commitment is legally materialised upon the notarial signature, which regularizes a reservation contract.

¹⁴€809m including VAT for Individuals sales (compared to €799m in 2019) and €1,074m for Institutional (o/w €689m related to the 1st CDC Habitat agreement).

cash collection (notarised sales¹⁵), Altarea succeeded in reducing its debt. With a record cash collection in June, the Group significantly reduced the Property development WCR (-10 points)¹⁶.

Increase in Residential backlog and pipeline

Backlog and pipeline grew by +11% and 5% respectively. The Group thus keeps its future potential revenue intact.

| | 30/06/2020 | 31/12/2019 | Change |
|------------------------------------|---|--|--------|
| Backlog (excl. VAT) | €4,205m <i>21 months of revenue</i> | €3,778m <i>20 months of revenue</i> | +11% |
| Pipeline (incl. VAT) ¹⁷ | €13,425m <i>43 months of revenue</i> | €12,764 m <i>47 months of revenue</i> | +5% |
| <i>In units</i> | <i>51,240 units</i> | <i>48,885 units</i> | +5% |

Retail: towards a stabilisation of the situation

Until 11 May, centres remained open to let essential businesses operate. All stores were allowed to resume their activity from 11 May, except for restaurants and cinemas which were allowed to welcome public as early as 2 June for restaurants and 22 June for cinemas.

Resumption of operations has been satisfactory with a quick recovery in footfall and revenue figures, which still stand slightly below 2019 ones¹⁸ (except for retail parks which enjoyed a buoyant recovery).

2nd quarter 2020 rent collection and negotiations with retailers

2nd quarter invoicing (€63.9 million including charges, at 100% i.e €39.1 million, Group share) took place during the lockdown, which led to rent collection issues.

To cope with this situation, Altarea has launched a campaign of negotiations with almost all its tenants (1,100 leases). These negotiations, conducted in a spirit of partnership and support, are as follows:

- For the smallest retailers (SC): 3-month waiver of rents¹⁹ ;
- For travel retail tenants: 1.5-month waiver of rents²⁰ ;
- For medium-sized companies, in a partnership approach with the Group, Altarea offered rent relief in exchange for extension of contractual duration of leases, based on a revised rental valuation.

This initiative helped to limit disputes²¹ regarding rent invoicing for the 2nd quarter, while providing cash support for the gradual resumption of operations. This initiative was positively welcomed by most retailers.

¹⁵ Depending on the percentage of technical completion, the client pays between 30% and 100% of the price at the time of the notarised deed encompassing his binding commitment to acquire the residential unit.

¹⁶ Property development WCR represents 22% of revenue as of 30 June 2020 (-10 points).

¹⁷ Potential revenue in €m including VAT (future offering and properties for sale).

¹⁸ On average, June 2020 tenant's revenue represents 95% of June 2019 level. Data excluding travel retail.

¹⁹ In accordance with the agreements taken by the main representative professional federations under the aegis of the Ministry of Economy and Finance.

²⁰ In accordance with the mechanism set up by Gare et Connexions.

²¹ Legal opinions are unambiguous regarding the lessee's obligation to pay rent during the lockdown period.

To date, 2nd quarter rent collections are as follows:

| | A 100% | Group Share |
|-------------------------------------|---------------|---------------|
| Payables - collected | €19.6m | €12.7m |
| Payables - others | €6.4m | €2.3m |
| <i>o/w impairments²²</i> | €3.1m | €1.8m |
| Waivers (SR and travel retails) | €8.0m | €6.1m |
| Postponed to Q4 2020 | €29.9m | €18.0m |
| TOTAL | €63.9m | €39.1m |

2nd quarter rent invoicing breaks down between €26.0 million of rent payables, €8.0 million rent waivers and €29.9 million rent postponements. 75% of the €26.0 million payables were collected i.e 31% of the total rent invoicing for the second quarter.

Rent collection rate for the first quarter reached 93%. In total, first semester rent collection amounts to 88% of payables.

Evidencing some improvements in rent collections, the July rent collection²³ amounts to 73%.

Consolidated net rental income²⁴: a -€11.2 million impact recorded as H1 expenses

Altarea recorded rent waivers as expenses in the first semester account (€8.0 million at 100%). The Group also booked a provision of -€3.1 million as rent losses. In total, the impact of the health crisis on net rental incomes as of June 30, 2020 represents -€11.2 million (-€7.9 million, Group share)

| France and international | In €m | Change |
|--|-------------|----------------|
| Net rental income at 30 June 2019 | 92,6 | |
| Deliveries | 8.4 | |
| Disposals/partnerships | (8.4) | |
| Covid Impact | (11.2) | |
| Like-for-like change | 0.8 | +1.0% |
| Net rental income before Covid Impact | 82.2 | (11.3)% |
| Net rental income at 30 June 2020 | 93.3 | +0.8% |

The impact of tenant negotiations in the Group financial statements should be recorded over the duration of renegotiated leases (i.e. an impact over the next few years estimated between -€3.0 million and -€4.0 million per year, Group share).

²² Failing tenants, after taking into account securities and guarantees.

²³ On a monthly basis, €15.3m collected out of €21.1m invoiced.

²⁴ Net rental income including the contribution to the marketing fund, the rebilling of work and investments as lessor, which are not included in EPRA net rents definition.

Portfolio valuation

Altearea manages a portfolio of €5,284 million in value, €2,969 million in Group share (56%).

| Valuation (in €m) | GS | Var. |
|---|--------------|---------------|
| At 31/12/2019 | 2,893 | |
| Deliveries | 96 | |
| Reintegration of assets held for sale ²⁵ | 97 | |
| Change at constant scope of consolidation | (117) | (3.8)% |
| At 30/06/2020 | 2,969 | |

As of 30 June, Altearea recognised a -3.8%²⁶ decrease in retail asset value on a like-for-like basis, mostly resulting from an increase in the average exit yield (+10 bps at 5.16%²⁶).

Business property: delays in delivery and postponement of results

Since May, building sites have quickly resumed. Several deliveries initially scheduled in late 2020 will be postponed to 2021 (including Bridge, the Orange future headquarters in Issy-les-Moulineaux).

In Paris region, the off-plan sale of 9,700 m² in office space as part of the Bobigny-La Place mixed-use project and the delivery of Richelieu building in Paris were the main operations of the semester.

In Regions, recovery is steadier:

- Several projects were signed during the semester representing 34,000 m², including a 11,000 m² building in Marseille,
- Many negotiations underway.

The Group delivered in June, the Orange 26,000 m² regional headquarters in Lyon Part-Dieu. This project is part of an operation realised by the Group which includes 160 accessible residential, intermediate and social housing units built by the Group.

Pipeline

To date, Altearea is working on 67 projects, representing a potential value²⁷ of more than €5.0 billion. These projects are carried mostly through a « developper » 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;
- Largest projects often take the form of partnerships in order to share risk.

As of 30 June 2020, equity at risk on business property projects unsold or not let amounts to less than €100 m (Group share).

²⁵ 3 small non-strategic assets, accounted for under IFRS 5 at 31 December 2019, have been reclassified under Investment property.

²⁶ Based on portfolio in Group share

²⁷ Potential value: 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.

FFO: €118.2 million (+7.2%)

| in €m | Retail | Residential | Business Property | Other (Corporate) | Funds from operations (FFO) | Changes in value, estimated expenses and transaction costs | TOTAL |
|--|----------------|----------------|-------------------|-------------------|-----------------------------|--|----------------|
| Revenue | 109.7 | 1,074.2 | 199.2 | 0.1 | 1,383.2 | - | 1,383.2 |
| <i>Change vs. 30/06/2019</i> | <i>(3.1)%</i> | <i>+19.5%</i> | <i>(25.3)%</i> | <i>n.a.</i> | <i>+8.1%</i> | | <i>+8.1%</i> |
| Net rental income | 82.2 | - | - | - | 82.2 | - | 82.2 |
| Net property income | 0.4 | 88.7 | 10.4 | - | 99.5 | (0.3) | 99.2 |
| External services | 8.4 | 4.7 | 2.7 | 0.1 | 15.9 | - | 15.9 |
| Net revenue | 91.0 | 93.4 | 13.1 | 0.1 | 197.6 | (0.3) | 197.3 |
| <i>Change vs. 30/06/2019</i> | <i>(12.4)%</i> | <i>+0.0%</i> | <i>(45.7)%</i> | <i>n.a.</i> | <i>(10.8)%</i> | | <i>(10.8)%</i> |
| Own work capitalised and production held in inventory | 4.0 | 76.3 | 5.6 | - | 85.9 | - | 85.9 |
| Operating expenses | (21.5) | (100.9) | (14.9) | (0.3) | (137.6) | (7.5) | (145.1) |
| Net overhead expenses | (17.5) | (24.6) | (9.3) | (0.3) | (51.7) | (7.5) | (59.2) |
| Share of equity-method affiliates | 1.7 | 7.5 | 29.6 | - | 38.8 | 2.6 | 41.5 |
| Income/loss on sale of assets Retail | | | | | | (4.7) | (4.7) |
| Change in value, estimated expenses and transaction costs – Retail | | | | | | (291.0) | (291.0) |
| Calculated expenses and transaction costs - Residential | | | | | | (9.0) | (9.0) |
| Calculated expenses and transaction costs - Business Property | | | | | | (0.9) | (0.9) |
| Other provisions Corporate | | | | | | (3.9) | (3.9) |
| Operating income | 75.3 | 76.3 | 33.5 | (0.3) | 184.7 | (314.8) | (130.0) |
| <i>Change vs. 30/06/2019</i> | <i>(15.0)%</i> | <i>+36.2%</i> | <i>+17.9%</i> | <i>n.a.</i> | <i>+8.7%</i> | | |
| Net borrowing costs | (14.0) | (5.9) | (3.2) | - | (23.2) | (4.1) | (27.3) |
| Other financial results | (2.2) | (0.3) | (0.3) | 3.8 | 1.0 | (4.2) | (3.2) |
| Gains/losses in the value of financial instruments | - | - | - | - | - | (49.1) | (49.1) |
| Proceeds from the disposal of investments | - | - | - | - | - | (0.2) | (0.2) |
| Corporate income tax | (2.7) | (3.7) | (9.0) | - | (15.5) | (24.5) | (40.0) |
| Net income | 56.4 | 66.3 | 20.9 | 3.5 | 147.1 | (396.9) | (249.9) |
| Non-controlling interests | (18.8) | (10.2) | 0.1 | - | (28.9) | 144.0 | 115.0 |
| Net income, Group share | 37.5 | 56.1 | 21.0 | 3.5 | 118.2 | (253.0) | (134.8) |
| <i>Change vs. 30/06/2019</i> | <i>(25.2)%</i> | <i>+51.0%</i> | <i>(19.2)%</i> | <i>n.a.</i> | <i>+7.2%</i> | | |
| <i>Diluted average number of shares</i> | | | | | 16,767,148 | | |
| Net income, Group share per share | | | | | 7.05 | | |
| <i>Change vs. 30/06/2019</i> | | | | | <i>+2.6%</i> | | |

As of 30 June 2020, consolidated revenues amount to €1,383.2 million, up by +8.1% year-on-year, driven by the strong growth in Residential (+19.5%).

Funds from operations (FFO), Group share, reached €118.2 million (+7.2%), or €7.05/share (+2.6%)²⁸.

FFO Group share amounts to 118.2 M€ (+7,2%), i.e 7.05 €/action (+2,6%):

- Retail FFO is down 25%, due to covid impact on net rent (waiver and depreciations) totalling -€11.2 million (-€7.9 million in Group share);
- Residential FFO rises by +51%, due to the increase in notarised sales and reduction in overheads costs, which more than offset the decrease in the margin rate on block sales;
- Business property FFO records the delivery of "Richelieu" building in Paris recognised under "Contribution from associates" which triggered the payment of the associated corporate tax burden;

²⁸ The diluted average number of shares at 30 June 2020 was 16,767,148, compared to 16,049,167 at 30 June 2019. The difference (717,981) is mainly due to the full-year impact from the payment of the 2018 dividend in shares.

- As anticipated, the tax burden rose significantly at 30 June 2020 up to €15.5 million, compared with €2.3 million at 30 June 2019.

Going concern NAV (fully diluted): €163.1 per share (-2.7% excl. dividend)

| | in €m | €/share |
|---|----------------|---------------|
| NAV at 30 June 2019 | 2,774.3 | 166.5 |
| NAV at 31 December 2019 | 2,952.6 | 176.8 |
| Dividend | (151.4) | (9.0) |
| NAV at 31 December 2019 excluding dividend | 2,801.2 | 167.7 |
| FFO H1 2020 | 118.2 | 7.1 |
| Retail | (146.1) | (8.8) |
| Financial instruments & Fixed-rate debt | 25.3 | 1.5 |
| Deferred tax | (39.7) | (2.4) |
| IFRS 16 | (11.3) | (0.7) |
| Others ^(a) | (23.4) | (1.4) |
| NAV at 30 June 2020 | 2,724.2 | 163.1 |
| <i>vs. 31 December 2019 excl. dividend</i> | <i>(2.7)%</i> | <i>(2.7)%</i> |

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

Including dividend paid, Going concern NAV amounts to €2,724 million or €163.1 per share. The decline (-2.7% vs 2019 excluding dividend) is mainly due to the impairment of retail assets (based on appraisals), both in operation and on certain developments projects, for which tangibles in progress were written down by €18.5 million.

Other changes are related to:

- the mark-to-market of fixed-rate debt and losses on financial instruments,
- consumption of tax losses (Deferred taxes),
- amortization of rights-of-use (IFRS 16).

Financial structure: high level of liquidity, decrease in net debt, sound financial ratios

€750 million in new long-term financing

Since the lockdown, the Group signed €750 million in new long-term financing with an average duration of 4 years and 6 months.

| in €m | RCF | Loan Term | Bond holder ²⁹ | TOTAL |
|--------------|------------|------------|---------------------------|------------|
| New money | 307 | 70 | 80 | 457 |
| Expansion | 243 | 50 | - | 293 |
| TOTAL | 550 | 120 | 80 | 750 |

²⁹ Tap in July 2020 on the Altareit 07/2025 bond, bearing a fixed coupon of 2.875%.

Available liquidity: €3.3 billion

As of 30 June 2020, available cash and cash equivalents amount to €3,268 million (compared with €2,659 million as of 31 December 2019), breaking down as follows:

| in €m | Cash | Unused credit facilities | TOTAL 30/06/2020 | TOTAL 31/12/2019 |
|------------------|--------------|--------------------------|---------------------|---------------------|
| At Group level | 651 | 1,151 | 1,802 | 1,281 |
| At project level | 772 | 694 | 1,466 | 1,378 |
| TOTAL | 1,423 | 1,845 | 3,268 | 2,659 |

All RCF³⁰ lines remain undrawn, with an average duration of 4 years (with no maturities within the coming 24 months).

The total of short and medium-term financing amounts to €843.5 million (average maturity of 5.6 months).

At group level, liquidity available largely covers all bank and bond maturities until the end of 2023 at the soonest.

Decrease in net debt³¹ by (€103) million and sound credit ratios

| | 30/06/2020 | 31/12/2019 | Var. |
|--|----------------------|----------------------|-----------|
| Net debt | 2,372 M€ | 2,475 M€ | -€103m |
| LTV ³² | 33.4% | 33.2% | +0,2 pt |
| Net debt to EBITDA ³³ ratio | 5.4x | 5.9x | -0.5x |
| ICR ³⁴ | 8.0x | 8.9x | -0.9x |
| Debt maturity | 4 years and 1 months | 4 years and 9 months | -8 months |
| Cost of debt ³⁵ | 1.91% | 2.21% | -0.3 pt |

The decrease in net debt is mainly due to the successful cash collection campaign in residential led in June and the sale of Italian assets signed in late 2019 and closed in March 2020. During the semester, Altarea carried on investing on retail with €148 million mainly spent on its development projects (Cap3000, Paris Montparnasse railway station, ...).

Capital increase: €69 million

The General Shareholders' Meeting of 30 June 2020, held behind closed doors, approved the payment of a dividend of €9.00/share and offered shareholders the choice between payment fully in cash, or half in shares and half in cash. With a subscription rate of 82.28%, the success of the option for the partial payment of the script dividend has enabled the Group to increase its equity by €61.4 million.

In addition, the Group's employee mutual fund (FCPE) subscribed for a reserved capital increase of €7.6 million³⁶, thereby demonstrating the commitment of Altarea's employees.

³⁰ Revolving credit facilities.

³¹ Bond and bank debt, net of cash and cash equivalents.

³² Loan-to-Value (LTV): indebtedness ratio. Consolidated net bond and bank debt / Consolidated market value of Group assets.

³³ FFO Operating income over net bond and bank debt as of 30 June 2020.

³⁴ Interest coverage ratio (ICR): operating income / net borrowing costs.

³⁵ Average total cost including related fees (commitment fees, CNU, etc.).

³⁶ Average subscription of €5,110 per employee subscribing.

OUTLOOK

A huge market

Our Cities need, more than ever, to be reinvented to meet new life habits (living, working, consuming), taking into account the issues of both low-carbon and inclusive cities. Altarea stands by its convictions: the urban transformation market holds huge opportunities. With a platform of real estate expertise covering all asset classes, Altarea is particularly well positioned to support cities in their transformation and address their new needs.

Guidance

In the short term, provided that the health situation will stabilise, FFO expected for the 2nd semester of 2020 should be around the same level as for the 1st semester 2020, taking into account the postponed deliveries in business property projects, the consequences arising from delayed municipal elections and the progressive increase in tax burden. For 2021, Altarea expects a FFO growth resumption.

In the long term, Altarea remains confident in its growth potential, which will be driven by the needs of urban transformation.

A presentation is available for download on the Finance page of Altarea's website, in both French and English.

ABOUT ALTAREA – FR0000033219 - ALTA

Altarea is the leading property developer in France. 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 and manage made-to-measure property products. In Retail, Altarea managed assets of €5.3 billion (€3.0 billion in Group share) as of 30 June 2020. Altarea is listed in Compartment A of Euronext Paris.

FINANCE CONTACTS

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

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

Agnès Villeret - KOMODO
agnes.villeret@agence-komodo.com, tel: +33 6 83 28 04 15

DISCLAIMER

This press release does not constitute an offer to sell or solicitation of an offer to purchase Altarea shares. For more detailed information concerning Altarea, please refer to the documents available on our website www.altarea.com. This press release may contain forward-looking statements. While the Company believes such declarations are based on reasonable assumptions at the date of publication of this document, they are by nature subject to risks and uncertainties which may lead to differences between real figures and those indicated or inferred from such declarations.



BUSINESS REVIEW

30 JUNE 2020

CONTENTS

| | |
|---|-----------|
| 1.1 AN UNRIVALLED PLATFORM OF SKILLS TO SUPPORT URBAN TRANSFORMATION.. | 14 |
| 1.2 BUSINESS | 16 |
| 1.2.1 Retail..... | 16 |
| 1.2.2 Residential | 22 |
| 1.2.3 Business property | 25 |
| 1.3 CONSOLIDATED RESULTS..... | 28 |
| 1.3.1 First-half 2020 consolidated results | 28 |
| 1.3.2 Net asset value (NAV) | 30 |
| 1.4 FINANCIAL RESOURCES | 32 |

1.1 An unrivalled platform of skills to support urban transformation

1.1.1 A unique positioning

Over the years, the Group has built up a unique platform of in order to respond effectively and comprehensively to the challenges of urban transformation :

- the concentration of populations, businesses and wealth within large gateway cities which are now gaining new territories in their orbit and constituting new real estate markets;
- outdated property infrastructure which 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.

In addition to these long-term trends is the ecological urgency, which is disrupting citizens' expectations regarding real estate (energy performance, mobility, reversibility, mixed-use, new consumer habits, etc.).

All 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 resilient model

Altarea's skills and development platform covers all asset classes (residential, retail, offices, logistics, hotels, serviced residences, etc.). in order to respond effectively and comprehensively to urban transformation challenges³⁷.

Leading property developer in France

With 860 projects currently underway, the Group is developing the largest portfolio of real estate projects in France. The secured pipeline represents 4.5 million m², all product categories combined, and a potential value of nearly €19.7 billion at the end of June 2020.

| Secured pipeline (by product) | Surface area (m ²) ^(a) | Potential value (€m) ^(b) |
|-------------------------------|---|-------------------------------------|
| Residential | 2,870,000 | 13,425 |
| Business Property | 1,437,000 | 5,073 |
| Retail | 197,200 | 1,199 |
| Total | 4,504,200 | 19,697 |

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

(b) Market value on date of delivery. Retail: potential market value including duties on 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. VAT of off-plan sales/PDCs for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised DPM 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.

One step ahead in major mixed-use projects

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

As of June 30, 2020, Altarea manages 10 major mixed-use projects (covering nearly 761,000 m² and 8,000 residential units) representing a potential value of approximately €3.0 billion.

³⁷ The Group focuses its development on 12 major French regions: Greater Paris, Métropole Nice Côte d'Azur, Marseille-Aix-Toulon, Toulouse Métropole, Bordeaux Métropole, Greater Lyon, Grenoble-

Annecy, Eurométropole de Strasbourg, Nantes Métropole, Métropole Européenne de Lille, Montpellier Méditerranée Métropole, Métropole de Rennes.

Commitments

At 30 June 2020, commitments³⁸ across the Group's total pipeline amounted to €1.5 billion (Group share), of which €896 million already paid out and €602 million yet to be paid out.

Most of the capital invested is allocated to the Investor activity. The Group acts as a REIT for specific retail assets (with €5.3 billion of assets under management including transfer duties at end-June 2020, and €3.0 billion, Group share) and as a medium-term developer-investor for 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.

A resilient model that has been able to weather the health crisis of the first half of 2020

Altarea is characterized by :

- a diversified business model (REIT, asset manager, developer across all asset classes),
- a strong corporate culture focused around the values of work, sense of belonging, social interest and environmental commitment ;
- an entrepreneurial DNA (risk management, swift decision-making, quick execution).

Altarea managed to contain the immediate impact of the crisis through an active management. First-half results improved on all indicators (except NAV):

- revenues growths of +8.1% to €1.4 billion;
- FFO growths of +7.2% to €118 million;
- net debt down -€103 million to € 2,372 million;
- LTV ratio stable at 33.4%;
- liquidity increased to €3.3 billion;
- Diluted going concern NAV at €163.1/share (-2.7% excluding dividend, impacted by the retail activities).

These results were driven in particular by an acceleration in the Residential development cycle, which resulted in a sharp reduction in risks and an increase in revenues, in return for a -1.5 point decline in property margin rates to an average of 8.3%.

³⁸ 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.

1.2 Business

1.2.1 Retail

1.2.1.1 STRATEGY

Altarea's long-term strategy is to increase the volume of retail assets managed while concentrating its capital ownership on a number of formats representing a stabilised level of capital.

At 30 June 2020, assets under management accordingly amounted to €5.3 billion, €3.0 billion in Group share.

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

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

Focus on 4 resilient high-growth formats

After the disposals made in 2019 (€510 million in total Group share, including the sale of the two Italian shopping centres, signed at the end of 2019 and finalised in early March 2020³⁹), Altarea's portfolio has been refocused on four formats that are both the most resilient and the most promising for the future: regional shopping centres, travel retail, large retail parks and convenience stores⁴⁰.

Regional shopping centres

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

Major retail parks

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 retails

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

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

Convenience stores

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

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

1.2.1.2 PORTFOLIO

Impact of the pandemic on the centres' businesses

The centres managed by Altarea applied the lockdown measures in place from mid-March in France:

- until 11 May: centres remained open to allow essential businesses to continue operating. The public reception facilities have been resized to limit operating costs, while maintaining the safety and the comfort of the customer's experience;
- from 11 May: resumption of activity in all the stores in the Group's centres (excluding restaurants and cinemas)⁴¹;

Cafés and restaurants were able to welcome the public from 2 June throughout France, except for Paris and its suburbs, where only outdoor eating areas were authorised until June 15. Cinemas resumed operation on June 22.

³⁹ In early March, Altarea finalised the sale (agreed at the end of 2019) of the two Italian shopping centres for €245 million to the Alta Commerce Europe fund. Both assets are now treated as equity affiliates.

⁴⁰ As of 30 June 2020, 3 small, non-strategic assets, recognised under IFRS 5 as of 31 December 2019, have been reclassified under the Urban

Proximity category illustrating the progression of this category in terms of the number of assets and value.

⁴¹ With the exception of Quartz and Carré de Soie the business resumption of which was postponed until 30 May.

Tenants' revenue⁴² and footfall⁴³

| At 29 February | Tenant's revenue (incl. VAT) | Footfall |
|-------------------------|------------------------------|----------|
| French portfolio | +2.8% | +2.8% |
| Benchmark France (CNCC) | +0.3% | +0.5% |

At the beginning of the year, the centres in the portfolio were outperforming the market, both in terms of footfall (+2.8%) and retailer sales (+2.8%).

| At 30 June | Tenant's revenue (incl. VAT) | Footfall |
|-------------------------|------------------------------|----------|
| French portfolio | (9.7%) | (14.0%) |
| Benchmark France (CNCC) | (16.4%) | (13.2%) |

Performance at the end of June over 12 months period is strongly impacted by lockdown period.

Since the end of lockdown, the resumption of operations has been satisfactory. In June 2020, first full month of activity, retailers revenues for all the Group sites (excl. travel retails) reached 95% of the level recorded in June 2019 and the footfall in June 2020 was 85% of the level of June 2019 (which benefited from an extra sales period).

- retail parks, thanks to their open-air configuration and diversified offer, have registered record attendance since 11 May: +8% in footfall in June (compared to June 2019), for a 14% increase in tenant's revenue;
- the recovery is more gradual in the large shopping centres: in June 2020, retailers' revenue reached 92% of the level recorded in June 2019 (which benefited from the sales period) and the footfall in June 2020 was 72% of the level in June 2019.

Whatever the format, there is a significant increase in the average basket.

| At 100% | 30/06/2020 | 31/12/2019 | 31/12/2018 |
|-------------------|------------|------------|------------|
| Financial vacancy | 2.8% | 1.6% | 1.3% |

The increase in financial vacancy is due to a slowdown in commercialization as a result of the Covid-19 pandemic.

Rent collection and negotiations with retailers

The rent invoicing of the 2nd quarter (€63.9 million excl. VAT charges 100% included, i.e. €39.1 million in share) took place during lockdown, which led to a collection problem.

Negotiations with the brands

Altarea has begun a campaign of negotiations with almost all of its tenant's in order to process the rent collection of the second quarter of 2020. These negotiations, conducted in a spirit of partnership and support, concern approximately 1,100 leases.

⁴² Change in tenants' revenue with constant surface area basis, 12 month rolling figure on the indicated date.

⁴³ Change in footfall, measured by Quantaflow in equipped shopping centres, and by counting cars for the retail parks (excluding travel retail outlets) and CNCC data (12 month rolling on the indicated date).

⁴⁴ The legal notices on the leases' obligation to pay rent even during the lockdown period are unambiguous.

⁴⁵ Defaulting brands after taking into account sureties and guarantees: some brands went into receivership proceedings (André, Alinéa, Naf Naf

For the smallest chains (SC), Altarea has agreed to waive three months' rent in accordance with the agreements reached by the main lessors' federations under the aegis of the Ministry of the Economy and Finance.

For travel retail's tenants, Altarea has agreed to waive one and a half months' rent in accordance with the system set up by the concession-granting authority (Gare et Connexions).

Altarea has offered a support system for medium-sized companies, in a partnership approach with the Group, based on rent relief in exchange for the extension of the firm term of the leases on the basis of a rental valuation that may be reviewed.

This initiative was positively received by the majority of the tenant's. This system makes it possible to process the rents released in the second quarter and to limit disputes⁴⁴, while providing cash support for the gradual resumption of operations.

Collection of rent for the second quarter of 2020

| In €m | At 100% | Group Share |
|------------------------------------|-------------|-------------|
| Due and payable | 19.6 | 12.7 |
| Others payables | 6.4 | 2.3 |
| <i>ow impairments⁴⁵</i> | 3.1 | 1.8 |
| Waived (SC and travel retail) | 8.0 | 6.1 |
| Postponed to Q4 2020 | 29.9 | 18.0 |
| TOTAL | 63.9 | 39.1 |

The 2nd quarter invoicing comprises €26.0 million of rent due, €8.0 million of waived rent and €29.9 million of deferred rent.

Of the €26.0 million due, 75% was collected, i.e. 31% of the total invoice for the second quarter.

First quarter collection rate was at 93.1%. As of June 30, the cumulative collection rate was at 88%.

As an indication of the improvement in collections, the collection rate for July release was 73%⁴⁶.

Consolidated net rental income⁴⁷

| France and International | in €m | Chang |
|--|-------------|----------------|
| Net rental income at 30 June 2020 | 92.6 | |
| Disposals/partnerships | (8.4) | |
| Deliveries | 8.4 | |
| Like-for-like change | 0.8 | +1.0% |
| Net rental income before Covid impact | 93.3 | +0.8% |
| Covid impact | (11.2) | |
| Net rental income at 30 June 2020 | 82.2 | (11.3)% |

The Group has fully accounted the rent reliefs as expenses for the period, for an amount of €8 million at 100% in June. Altarea has also recognised impairment losses that amounted €3.1 million. All in all, the impact of the health crisis on net rental incomes as of June 30, 2020 represents €11.2 million (€7.9 million Group share).

(taken over by its Turkish supplier), La Halle, Camaïeu, Céliu, Orchestra, Gibert Joseph, Conforama, etc.).

⁴⁶ Reported on a monthly basis, €15.3 million received out of €21.1 million released.

⁴⁷ 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.

The impact of tenants negotiations in the Group's financial statements should be spread over the duration of negotiated leases (i.e. an impact over the next few years estimated

between -€3.0 million and -€4.0 million per year, Group share).

Portfolio at 30 June 2020

| Figures at 100% | No. | GLA (in m ²) | Current gross rental income (€m) ^(d) | Appraisal value (€m) ^(e) |
|---|------------|--------------------------|---|-------------------------------------|
| Controlled assets ^(a) | 30 | 661,400 | 207.0 | 4,227 |
| Equity assets ^(b) | 6 | 161,600 | 38.8 | 677 |
| Total portfolio assets | 36 | 823,000 | 245.9 | 4,904 |
| <i>o/w Group share</i> | <i>n/a</i> | | 148.4 | 2,912 |
| Management for third parties ^(c) | 6 | 118,900 | 23.3 | 380 |
| Total assets under management | 42 | 941,900 | 269.1 | 5,284 |

^(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 value of leases signed as at 1 July 2020.

^(e) Appraisal value including transfer duties.

Changes in portfolio in the first half of 2020

Altarea manages €5,284 million in assets, of which the Group's share amounts to €2,969 million.

| | | |
|--|--------------|---------------|
| At 31/12/2019 | 2,893 | |
| Deliveries | 96 | |
| Reintegration of assets held for sale ^(a) | 97 | |
| Change at constant scope of consolidation | (117) | (3.8)% |
| At 30/06/2020 | 2,969 | +2.6% |

^(a) 3 small non-strategic assets, accounted for under IFRS 5 as at 31 December 2019, have been reclassified under Investment properties.

At June 30, on the basis of appraisals, Altarea recorded a -3.8% write-down on its assets, in line with the Group's realistic vision on the retail market. This was mainly due to an increase in the average rate of return (+10 bps to 5.16%⁴⁹).

Breakdown of the portfolio by asset type

In terms of Group share, the portfolio is comprised of regional shopping centres, travel retail, retail parks and convenience stores. The Group now holds 33 strategic assets, with an average unit value of €149 million.

| At 100% (€m) | 30/06/2020 | | 31/12/2019 | |
|---------------------------|--------------|-------------|--------------|-------------|
| Regional shopping centres | 3,074 | 63% | 3,033 | 63% |
| Travel retail | 486 | 10% | 478 | 10% |
| Retail parks | 914 | 19% | 950 | 20% |
| Convenience stores | 429 | 8% | 341 | 7% |
| Total | 4,904 | 100% | 4,801 | 100% |

| Group share (€m) | 30/06/2020 | | 31/12/2019 | |
|---------------------------|--------------|-------------|--------------|-------------|
| Regional shopping centres | 1,528 | 52% | 1,531 | 53% |
| Travel retail | 438 | 15% | 429 | 15% |
| Retail parks | 786 | 26% | 817 | 28% |
| Convenience stores | 217 | 7% | 116 | 4% |
| Total | 2,969 | 100% | 2,893 | 100% |

Change in the property exit rate⁴⁹

| At 100% | 30/06/2020 | 31/12/2019 |
|---------------------------|--------------|--------------|
| Regional shopping centres | 4.75% | 4.65% |
| Travel retail | 4.82% | 4.81% |
| Retail parks | 5.49% | 5.39% |
| Convenience stores | 5.98% | 5.72% |
| Weighted average | 5.00% | 4.89% |

| Group share | 30/06/2020 | 31/12/2019 |
|---------------------------|--------------|--------------|
| Regional shopping centres | 4.85% | 4.79% |
| Retail parks | 5.51% | 5.41% |
| Convenience stores | 6.56% | 6.78% |
| Travel retail | 4.86% | 4.86% |
| Weighted average | 5.16% | 5.06% |

Assets under management

In addition to its proprietary assets, Altarea is developing its third-party management business. Therefore, at end-June 2020, 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 42 assets and €5.3 billion in value, for almost 2000 cumulated leases.

⁴⁸ Portfolio, group share.

⁴⁹ 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.

Portfolio at 30 June 2020

| Asset and type | GLA (in m ²) | Gross rental income (€m) | Value (€m) | Group share | Value GS (€m) |
|--|--------------------------|--------------------------|--------------|-------------|---------------|
| Cap 3000 (Nice) | 105,600 | | | 33% | |
| Espace Gramont (Toulouse) | 56,700 | | | 51% | |
| Avenue 83 (Toulon-La Valette) | 53,500 | | | 51% | |
| Quartz (Villeneuve-la-Garenne) | 43,300 | | | 100% | |
| Sant Cugat (Barcelona, Spain) | 43,000 | | | 100% | |
| Bercy Village (Paris) | 23,500 | | | 51% | |
| Large shopping centres (6 assets) | 325,600 | 126.7 | 2,829 | | 1,467 |
| 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 | 33.5 | 486 | | 438 |
| Family Village (Le Mans-Ruaudin) | 30,500 | | | 100% | |
| Family Village (Limoges) | 29,000 | | | 100% | |
| Family Village (Nîmes) | 28,800 | | | 100% | |
| Les Portes de Brest Guipavas (Brest) | 28,600 | | | 100% | |
| Family Village (Aubergenville) | 27,800 | | | 100% | |
| Espace Chanteraines (Gennevilliers) | 23,700 | | | 51% | |
| Thiais Village (Thiais) | 22,800 | | | 100% | |
| Les Portes d'Ambresis (Villeparisis) | 20,300 | | | 100% | |
| La Vigie (Strasbourg) | 18,200 | | | 100% | |
| Marques Avenue A13 (Aubergenville) | 12,900 | | | 100% | |
| Pierrelaye | 10,000 | | | 100% | |
| Retail parks (11 assets) | 252,600 | 37.5 | 760 | | 709 |
| -X% Massy | 18,400 | | | 100% | |
| Grand Place (Lille) | 8,300 | | | 100% | |
| Miscellaneous | 24,400 | | | 100% | |
| Convenience stores (5 assets) | 51,100 | 9.3 | 151 | | 151 |
| Controlled assets^(a) (30 assets) | 661,440 | 207.0 | 4,227 | | 2,765 |
| Le Due Torri (Bergamo – Stezzano, Italy) | 30,900 | | | 25% | |
| Corte Lombarda (Bellinzago, Italy) | 21,200 | | | 25% | |
| Carré de Soie (Lyon) | 51,000 | | | 50% | |
| Le Parks (Paris) | 33,300 | | | 25% | |
| Reflets Compans (Toulouse) | 14,000 | | | 25% | |
| Jas de Bouffan (Aix-en-Provence) | 9,800 | | | 18% | |
| Miscellaneous | 1,400 | | | 49% | |
| Equity assets^(b) (6 assets) | 161,600 | 38.8 | 677 | | 204 |
| Total portfolio assets (36 assets) | 823,000 | 245.9 | 4,904 | | 2,969 |
| Third-party asset management^(c) (6 assets) | 118,900 | 23.3 | 380 | | |
| Total assets under management (42 assets) | 941,900 | 269.1 | 5,284 | | |

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

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

^(c) Assets held entirely by third parties who entrusted Altarea with a management mandate for an initial period of three to five years, renewable.

1.2.1.3 PIPELINE AT 30 JUNE 2020

The Group's Retail pipeline comprises :

- the creation/extensions of retail space;
- the retail areas of major mixed-use urban projects, most of which are intended to be sold to investors, with Altea continuing to act as the manager.

For several years, the Group has been engaged in a review of its retail pipeline, and has reclassified certain development projects as future mixed-use projects (Massy, Orgeval). Altea has also removed the Ponte Parodi project (Genova), under review, from the pipeline.

In the first half of 2020, the Group delivered San Cugat extension, to welcome Decathlon and Primark over 5,000 m² recognised as fair value in the Group's financials statements the final phase of Cap3000 extension which was already leased at 70%, and whose complete opening is due in 2021.

The Group also sold the convenience stores of the large mixed-use Bobigny-La Place project to an institutional investor for €42 million including VAT.

As of June 30, 2020, the Retail pipeline includes 15 projects, with a potential value of €1.2 billion.

| Pipeline Retail | GLA (in m ²) | Potential value (€m) ^(a) |
|---|--------------------------|-------------------------------------|
| Creations (2 projects) ^(b) | 71,400 | 843 |
| Extensions (4 projects) | 29,400 | |
| Large mixed-use projects (9 proj.) ^(c) | 96,400 | 356 |
| Total | 197,200 | 1,199 |

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

(b) which implementation decisions belongs to us.

(c) which 6 projects have already been sold, for a total amount of €274m.

To date, Altea is finalizing the construction of the shops at the Paris-Montparnasse train station and is working on three limited extension/restructuring projects.

The two projects under construction, Ferney-Voltaire and the shops at the Paris-Austerlitz station, are planned on undisputed commercial sites.

On-going project

Montparnasse – Phase 3

The Paris-Montparnasse railway station renovation project is entering its third and final phase.

The Group will eventually develop 130 shops, restaurants and services on this exceptional site, offering a hub for users and residents, with an extremely diverse range of fashion, beauty, decoration and services.

Expansion

In addition to these new projects, the Group is undertaking extensions/restructuring of its operation assets provided that these contribute to the shopping experience in centres and enhance the commercial offer with overall value creation.

Italian railway stations

Leader in travel retail in railway stations in France, the Group was selected by Ferrovie Dello Stato Italiane and Rete

Ferroviana Italiana for the management and renovation-extension, through a concession, of the retail units of five railway stations located in Italy's main cities.

The development plan for these stations provide an almost doubling of the retail area offering 170 shops and restaurants over nearly 22,400 m² to their 70 million users.

La Vigie (Strasbourg)

Plans are in place for a 10,000 m² extension to this 18,000 m² site, as well as renovations to the existing structure. The renovation, which began in late 2019, should be completed in the second half of 2020.

Aubergenville 2

Family Village Aubergenville currently hosts a Marques Avenue with 62 stores. The current project includes plans for a 1,200 m² extension to enhance the existing offer.

New projects

Paris-Austerlitz railway station

Altea has been chosen by the SNCF to redevelop the commercial spaces of Paris-Austerlitz station, as part of an urban renewal project that aims to open the station to its neighbourhood.

The future station will offer approximately 25,000 m² of retail space comprising 85 shops. The 280 m² glass roof of the main passenger hall, part of Paris's heritage, will be entirely restored for the occasion.

Ferney-Voltaire (Pays de Gex, Ain)

This 46,000 m² shopping and leisure centre is located in the heart of an exceptional catchment area with low commercial density, in the Ferney-Geneva area. Close to the airport and the city centre, it will deploy 15 medium-sized stores and around 100 shops.

This project is part of a development operation that also includes 2,500 housing units.

These two projects will not be definitively committed until all the authorisations has been obtained and commercialization has reached a satisfactory level.

Commitments

Given the Group's prudential criteria, the decision to start work is only made once a sufficient level of pre-commercialization 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.

| in €m | At 100% |
|-----------------------------------|------------|
| Committed | 111 |
| o/w paid out | 87 |
| o/w to be paid out ^(a) | 24 |
| Secured not committed | 521 |
| Total | 632 |

(a) Excluding the amounts to be paid out on Cap3000, recognised as fair value in Group's financial statement

Pipeline at 30 June 2020

| Creations/extensions pipeline | | Group share | GLA (in m ²) ^(a) | Gross rent (€m) | Net investments (€m) ^(b) | Yield | Potential value (€m) ^(c) | Progress |
|---|-----------|-------------|---|-----------------|-------------------------------------|-------------|-------------------------------------|--------------------|
| Paris-Montparnasse station (Phase 3) | Creation | 100% | 4,400 | | | | | Under construction |
| On-going project (1) | | | 4,400 | | | | | |
| La Vigie (Strasbourg) | Expansion | 100% | 10,000 | | | | | Secured |
| Italian stations (5) | Expansion | 100% | 13,800 | | | | | Secured |
| Aubergenville 2 | Expansion | 100% | 1,200 | | | | | Secured |
| Expansion (3) | | | 25,000 | | | | | |
| Paris-Austerlitz station | Creation | 100% | 25,000 | | | | | Secured |
| Ferney-Voltaire (Geneva area) | Creation | 100% | 46,400 | | | | | Secured |
| New projects (2) | | | 71,400 | | | | | |
| Total at 30 June 2020 (6 projects) | | | 100,800 | 60.0 | 632 | 9.5% | 843 | |

(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).

| Large mixed-use projects pipeline | Total surface area of projects | Retail surface created ^(a) | Potential value (€m) ^(b) | Progress |
|---|--------------------------------|---------------------------------------|-------------------------------------|-------------------------|
| Cœur de Ville (Issy-les-Moulineaux) | 105,000 | 17,200 | | Under construction/Sold |
| Cœur de Ville (Bezons) | 67,000 | 19,600 | | Under construction/Sold |
| Aerospace (Toulouse) | 64,000 | 11,700 | | Under construction/Sold |
| Joia Meridia (Nice) | 47,000 | 9,100 | | Under construction/Sold |
| Fischer (Strasbourg) | 37,000 | 3,900 | | Under construction/Sold |
| Belvédère (Bordeaux) | 140,000 | 9,400 | | Under construction |
| Cœur Mougins (Mougins) | 40,000 | 7,700 | | Under construction |
| La Place (Bobigny) | 104,000 | 9,600 | | Secured/sold |
| Quartier Guillaumet (Toulouse) | 101,000 | 8,200 | | Secured |
| Total at 30 June 2020 (9 projects) | 705,000 | 96,400 | 356 | |

(a) Total GLA created (in m²).

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

1.2.2 Residential

1.2.2.1 STRATEGY

As France's 2nd biggest residential developer⁵⁰, Altarea has a long-term target of 18,000 to 20,000 units sold per year.

An efficient geographical strategy

The Group's geographical strategy aims to hold strong positions in the most dynamic gateway cities⁵¹, where the need for residential units is the highest. As such, the entirety of the Group's property for sale and its land portfolio is located within high-demand areas.

A multi-brand and multi-product strategy

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

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

- High-end: products defined by demanding requirements in terms of location, architecture and quality;
- Entry-level and mid-range: programmes specifically designed to address:
 - the need for affordable housing both for first-time buyers (secured prices), private investment and institutio;
 - the challenges facing social landlords;
- Serviced Residences: in particular, under the Cogedim Club® brand, Altarea is currently developing a serviced residences concept for senior citizens, combining city-centre locations with a range of a la carte services;
- Renovation of historical sites: under the Histoire & Patrimoine brand, the Group has a range of products for Historical Monuments, Malraux Law properties and Real Estate Tax schemes;
- Sales in 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;
- Timber housing development under the brand Woodeum, leader in carbon-free development in France and a 50%-owned subsidiary of the Group.

⁵⁰ 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 in June 2019 included 60 of the main players in the sector.

⁵¹ 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.

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. As such, for three years running Cogedim has been awarded Customer Service of the Year for the standard of service and quality of its customer relations.

1.2.2.2 BUSINESS IN THE PERIOD

Impact of lockdown on business in first half

Despite the decline in commercial contacts (closure of sales offices from 16 March) the commitment of teams has helped to keep commercial activity at around 30% of normal level for Individuals sales.

The Group made full use of its digital tools, and notably e-bookings, which enables online sales to be contracted under secure conditions.

However, notarised sales came to a near standstill, despite the decree allowing deeds to be signed remotely, the impact of which has been relatively marginal. These recovered strongly from mid-May onwards.

Meanwhile, nearly all of the 300 construction sites were closed between late March and mid-May.

Agreements with major institutional investors

At the end of April Altarea and CDC Habitat⁵² signed an initial agreement for the sale of around 3,500 units for €825 million excl. VAT⁵³ at 100%. This agreement, which mainly concerns programmes at the "Building Permit Obtained" stage, was regularised⁵⁴ by 70% at the end of June and nearly 80% at the end of July.

On top of that comes €72 million in sales by Woodeum, a 50%-owned subsidiary of the Group.

At the end of July, Altarea signed a second agreement with CDC Habitat for just over 1,070 units totalling €186.5 million excl. VAT, which will be regularised between late 2020 and early 2021.

New orders⁵⁵: €1,921 million (+30%)

| New orders | H1 2020 | H1 2019 | Change |
|--|-------------------|-------------------|-------------|
| Individuals - Residential | 347 €m | 503 €m | (31)% |
| Individuals - Investment | 345 €m | 589 €m | (41)% |
| Block sales | 1,228 €m | 390 €m | x3.1 |
| Total in value (incl. VAT) | 1,921 €m | 1,482 €m | +30% |
| <i>o/w equity-method (Group share)</i> | <i>92 €m</i> | <i>75 €m</i> | <i>+23%</i> |
| Individuals - Residential | 946 unit | 1,438 unit | (34)% |
| Individuals - Investment | 1,238 unit | 2,285 unit | (46)% |
| Block sales | 4,483 unit | 1,613 unit | x2.8 |
| Total in units | 6,667 unit | 5,336 unit | +25% |

⁵² Acting on behalf of its own funds as well as those of other residential investors.

⁵³ And €1.0 billion including VAT.

⁵⁴ Of the €825m excluding VAT, €574m was regularized before the end of June, and €76m in July. The balance is made up of units that can be regularized by the end of the year.

⁵⁵ New orders net of withdrawals, in euros, including VAT when expressed in value. New orders at 100%, with the exception of projects under joint control (including Woodeum).

Notarised sales: €1,883 million (+94%)

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

A notarial sale campaign took place in June when clients and notary offices were barely out of lockdown and the notary offices had a still reduced capacity to record transactions.

Sales almost doubled over the first half of the year, and increased by 23% excluding the impact of the first CDC Habitat agreement.

| €m incl. VAT | H1 2020 | % | H1 2019 | % | Change |
|---------------------------|--------------|-----|------------|-----|-------------|
| Entry-level/mid-range | 1,168 | 62% | 637 | 34% | +83% |
| High-end | 641 | 34% | 242 | 13% | x2.6 |
| Serviced Residences | 40 | 2% | 53 | 3% | (25)% |
| Renovation/Rehabilitation | 34 | 2% | 41 | 2% | (17)% |
| Total | 1,883 | | 973 | | +94% |

As such, the sale campaign was very strong:

- both individuals clients with €809 million in sales in the period, i.e. a similar level as in 2019 (€799 million);
- and institutional clients with €1,074 million in sales (versus €174 million in 2019), including, in particular, €689 million in sales under CDC Habitat agreement signed in April.

Project under construction

Work resumed on the 300 projects under construction from the beginning of May. By June, 100% of the construction sites had resumed at a steady pace.

In the first half, the Group delivered 54 operations (3,914 units) and 285 sites are under construction at the end of June.

Revenue by % of completion

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

The mobilization of the Group's working team on notarised sales largely offset delays to the technical work progress made at construction sites. This explains the sharp increase in revenue in this half-year, which amounted €1,070 million (+20%), despite the sanitary crisis.

| In €m (excl. VAT) | H1 2020 | % | H1 2019 | % | Change |
|---------------------------|--------------|-----|------------|-----|-------------|
| Entry-level/mid-range | 729 | 68% | 646 | 72% | +13% |
| High-end | 303 | 28% | 202 | 23% | +50% |
| Serviced Residences | 16 | 1% | 29 | 3% | (45)% |
| Renovation/Rehabilitation | 21 | 2% | 17 | 2% | +24% |
| Total | 1,070 | | 894 | | +20% |

⁵⁶ Units available for sale (incl. VAT value, or number count).

Backlog: €4,205 million (+11%)

The backlog corresponds to the revenue excl. VAT not yet recognised in previous sales. It is divided in two:

- Backlog on notarised sales: revenue on a percentage-of-completion basis. There are no commercial risks related to this part of the backlog.
- Backlog on reserved (not yet sold): revenue from sales to be regularised. There is a commercial risk related to this part (customer withdrawal).

| In €m (excl. VAT) | 30/06/2020 | 31/12/2019 | Change |
|--|--------------|--------------|-------------|
| Notarised revenue not recognised | 2,188 | 1,722 | +27% |
| Revenues reserved but not notarised | 2,017 | 2,057 | (2)% |
| Backlog | 4,205 | 3,778 | +11% |
| <i>o/w equity-method (Group share)</i> | 259 | 258 | ns |
| Number of months | 21 | 20 | |

Backlog grew by +11% in the first half to €4,205 million. It also improved in terms of quality, with a strong increase in "backlog on notarised sales" (+27% to €2,188 million).

Properties for sale⁵⁶ and future offering:⁵⁷

| €m incl. VAT of potential revenue | 30/06/2020 | No. of months | 31/12/2019 | Change |
|-----------------------------------|---------------|---------------|---------------|------------|
| Properties for | 1,784 | 6 | 2,104 | (15)% |
| Future offering | 11,641 | 38 | 10,659 | +9% |
| Pipeline | 13,425 | 43 | 12,764 | +5% |
| <i>In no. of units</i> | 51,240 | | 48,885 | +5% |
| <i>In m²</i> | 2,870,000 | | 2,737,600 | +5% |

In the first half of the year, the offer for sale was impacted by strong growth and reservations combined with the delay and commercial launches.

Despite selectivity on new operations, the future offering grew by +9%. It will help to increase the offer for sale in the coming months.

Overall, the Residential pipeline grew by +5%.

Risk management

As of 30 June 2020, the Group's properties for sale amounted to almost €1.8 billion incl. VAT (equi. six months of activity), with the following breakdown according to the stage of completion of the programmes:

| In €m | Project not yet started | Project under construct. | In stock | Total |
|--|-------------------------|--------------------------|-----------|--------------|
| Amounts committed excl. VAT | 193 | 811 | 23 | 1,028 |
| <i>Of which already paid out^(a)</i> | 193 | 380 | 23 | 597 |
| Properties for sale incl. | 444 | 1,294 | 45 | 1,784 |
| <i>In %</i> | 25% | 73% | 2% | 100% |
| <i>o/w to be delivered</i> | <i>in 2020</i> | 50 | | |
| | <i>in 2021</i> | 164 | | |
| | <i>≥ 2022</i> | 1 088 | | |

(a) Total amount already spent on operations in question, excl. VAT.

(b) As revenue, including VAT.

⁵⁷ Future offering consisting of secured projects (through an option on the land, mostly in unilateral form) whose launch has not yet occurred (value including tax of potential revenue when expressed in euros).

Management of real estate commitments

25% of sales related to programmes whose construction has not yet been launched and for which the amounts committed correspond essentially to studies, advertising, and reservation fees (or guarantees) paid within the purchase agreement on land, and most recently the cost of land.

73% of the offer is currently under construction, including a limited share (€50 million or less than 3% of total properties for sale) representing units to be delivered by the end of 2020.

The stock amount of finished products is not significant (2% of total offer).

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

- the choice to prioritise unilateral preliminary sale agreements rather than bilateral sale and purchase agreements;
- 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 STRATEGY

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, Altarea's new head office in Paris).

In order to guarantee the value of its projects 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.

The Group is anticipating the new expectations of users and investors with the help of the internal R&D unit, Altarea Enterprise Studio:

- “better than at home” offices: high-speed connections for each workstation (fibre-optic networks), cybersecurity, optimal acoustic comfort and other advantages you cannot find at home;
- consideration of health factors: addition of outside spaces added (terraces), high-performance ventilation systems combined with secured window openings;
- flexibility and modularity of spaces;
- organisation to allow extended working hours;
- opening towards the city with the development of convenience stores on the ground floor, etc.

A comprehensive player in urban transformation, Altarea will be in position to support new user requests while taking advantage of its liquidity and strong balance sheet to seize opportunities for asset redevelopment in a completely new context.

An investor developer model

Altarea undertakes significant operations in the business property market with a controlled risk:

- as a developer⁵⁸ 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 DPM contracts;
- as an investor, either directly or through AltaFund⁵⁹, for high-potential assets (prime location) in view of their sale once redevelopment has been completed⁶⁰.

The Group is systematically the developer of projects in which it is also co-investor and Manager⁶¹.

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

A dual diversification strategy

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

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

Product type and quality

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

The Logistics investment fund, created in late 2017 by Pitch Promotion, has enabled Altarea to become a major stakeholder in the logistics market in France, with nearly 640,000 m² under development at June 2020 (9% of the pipeline by potential value).

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

⁵⁸ This development activity does not present any commercial risk: Altarea carries only a measured amount of technical risk.

⁵⁹ AltaFund is a discretionary investment fund, created in 2011, of which Altarea is one of the contributors alongside leading institutional investors.

⁶⁰ Resold rented or not.

⁶¹ Through marketing, sale, asset and fund management contracts.

1.2.3.2 BUSINESS IN THE PERIOD

Impact of the Covid pandemic on business

The main impact of the lockdown was the shutdown of the majority of building sites, with the exception of Bridge in Issy-les-Moulineaux (future headquarters of Orange) and Altarea's future headquarters on rue de Richelieu, where work was slowed down but never stopped.

Since mid-April, work has gradually resumed at a slower pace and in compliance with the rules set out in the OPPBTP guidelines, the main consequence being the postponement of delivery dates and the deferral of results, notably from 2020 to 2021.

New orders

In the first half of 2020, the Group invested €88 million in Paris and in regional cities, including the off-plan sale of 9,700 m² in office space as part of the Bobigny-La Place mixed-use project.

Pipeline : 67 projects under development

| At 30/06/2019 | No. | Surface area (m ²) at 100% | Development revenue excl VAT (€m) | Potential value at 100% (€m excl. VAT) |
|-----------------------------------|-----------|--|-----------------------------------|--|
| Investments ^(a) | 6 | 226,700 | 916 | 2,517 |
| Property developer ^(b) | 59 | 1,205,100 | 2,517 | 2,517 |
| o/w Offices | 51 | 566,700 | 2,052 | 2,052 |
| o/w Logistics | 8 | 638,400 | 465 | 465 |
| DPM ^(c) | 2 | 5,200 | 39 | 39 |
| Total | 67 | 1,437,000 | 3,472 | 5,073 |

^(a) Potential value: market value excluding transfer duties at the date of sale, held directly or via AltaFund.

^(b) PDC & off plan sales/leases - Projects intended for "100% external" customers only. Potential value: revenue (excl. VAT) from signed or estimated property development or off-plan sale contracts, at 100%.

^(c) Revenue excl. VAT = Potential value: capitalised fees for delegated projects.

Given lockdown, the pipeline slightly changed in the half-year under review, the biggest change being due to the delivery of the "Richelieu" building.

Deliveries

The restructuring work at Altarea's new head office at 87 rue de Richelieu in Paris was completed during the first half despite the lockdown, and the Group's 1,300 Paris Region employees gradually moved there in June 2020.

The Group also delivered a number of projects in the regions, including the hotel Okko 4* in Toulon and the headquarters of Enedis Limousin in Parc Ester Technopole in Limoges.

Supply

During the first half of 2020, the Group signed several projects in regional cities totalling 34,000 m², including a 11,000 m² building for Unedic in Marseille.

Focus on investments

At end-June 2020, the Group is developing six investment projects shared with leading institutional investors.

The cost price of these projects is €1.9 billion at 100% (€600 million excl. VAT, Group share) with a potential value of over €2.5 billion (estimated sale price).

Backlog⁶²

| in €m | 30/06/2020 | 31/12/2019 | Change |
|---------------------------------|------------|------------|--------------|
| Off-plan, PDC | 537 | 668 | (20)% |
| o/w equity-method (Group share) | 58 | 73 | - |
| Fees (DPM) | 9 | 9 | - |
| Total | 546 | 677 | (19)% |

Commitments at 30 June 2020

| In €m, Group share | Investment | Property Development | Total |
|--------------------------|------------|----------------------|------------|
| Already paid out | 168 | 44 | 212 |
| To be paid out | 126 | 0 | 126 |
| Total commitments | 294 | 44 | 338 |

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

As for new developments, commitments are limited to the amount of studies for projects being arranged. Regarding projects under construction, financial commitments are covered by calls for funds (except "blank" transactions). At 30 June 2020, total commitments amounted to €44 million.

At June 30, 2020, the Group's level of commitment in Business property, on projects that are not yet rented or sold is less than €100 million, Group share.

⁶² Backlog (Residential and Property offices) is composed of notarised sales, excl. VAT, not yet recorded per the percent of completion method, new orders excl. VAT, not yet notarised (signed property development

contracts), and fees to be received from third parties on signed contracts.

Details of the pipeline at 30 June 2020

| | Type | Surface area (m ²) | Revenue excl. VAT (€m) ^(a) | Potential value at 100% (€m excl. VAT) ^(b) | Progress ^(c) |
|---|---------------------|--------------------------------|---------------------------------------|---|---------------------------|
| Bridge (Issy-les-Moulineaux) | PDC | 57,900 | | | Under construction/leased |
| Landscape (La Défense) | PDC | 67,400 | | | Under construction |
| Tour Eria (La Défense) | PDC | 25,000 | | | Under construction |
| Cocktail (La Défense) | PDC | 18,100 | | | Secured |
| PRD-Montparnasse (Paris) | PDC | 56,200 | | | Secured |
| Saussure (Paris) | DPM | 2,100 | | | Secured |
| Investment projects (6 developments) | | 226,700 | 916 | 2,517 | |
| Bassins à Flot (Bordeaux) | Off-plan sales | 49,500 | | | Under construction |
| Convergence (Rueil Malmaison) | Off-plan sales | 25,400 | | | Under construction |
| Orange (Lyon) | PDC | 25,900 | | | Under construction |
| Coeur de Ville - Hugo Building (Issy-les-Mx) | PDC | 25,700 | | | Under construction |
| Coeur de Ville - Leclerc & Vernet buildings | PDC | 15,200 | | | Under construction |
| <i>Other Office projects (11 transactions)</i> | <i>PDC/Off-plan</i> | <i>100,400</i> | | | <i>Under construction</i> |
| Belvédère (Bordeaux) | Off-plan sales | 50,000 | | | Under construction |
| Amazing Amazones (Nantes) | Off-plan sales | 19,700 | | | Secured |
| EM Lyon Business School (Lyon) | PDC | 29,400 | | | Secured |
| <i>Other Office projects (32 transactions)</i> | <i>PDC/Off-plan</i> | <i>225,500</i> | | | <i>Secured</i> |
| Hexahub Atlantique (Nantes) | PDC | 46,400 | | | Under construction |
| <i>Other Logistics projects (2 projects)</i> | <i>PDC/Off-plan</i> | <i>62,200</i> | | | <i>Under construction</i> |
| <i>Other Logistics projects (5 projects)</i> | <i>PDC/Off-plan</i> | <i>529,800</i> | | | <i>Secured</i> |
| "100% external" projects (59 transactions) | | 1,205,100 | 2,517 | 2,517 | |
| Total investment portfolio / Off-plan sales / property development contracts (65 projects) | | 1,431,800 | 3,433 | 5,034 | |
| DPM portfolio (2 projects) | | 5,200 | 39 | 39 | |
| Total Property Development Portfolio (67 projects) | | 1,437,000 | 3,472 | 5,073 | |

(a) PDC/Off-plan sales: amount excl. VAT of signed or estimated contracts, at 100%. DPM contracts: fees capitalised.

(b) Investments potential market value excluding transfer duties on the date of disposal for investment projects (at 100%), amount (excl. VAT) of VEFA/CPI contracts signed or estimated for the other development programmes (at 100%, or Group share for jointly owned projects). DPM contracts: fees capitalised.

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

1.3 Consolidated results

1.3.1 First-half 2020 consolidated results

In the first half of 2020 consolidated revenues amounted to €1,383.2 million, up by +8.1% year-on-year, driven by the strong growth of Residential activities (+19.5%).

Funds from operations (FFO), Group share, reached €118.2 million for the first half of 2020 (+7.2% vs 30 June 2019), mainly sustained by revenue from property development.

FFO in Group share amounted to €7.05 per share (+2.6%), after taking into account the capital increase resulting from the FCPE and the payment of the 2019 dividend in shares.

| in €m | Retail | Residential | Business Property | Other (Corporate) | Funds from operations (FFO) | Changes in value, estimated expenses and transaction costs | TOTAL |
|--|---------------|---------------|-------------------|-------------------|-----------------------------|--|----------------|
| Revenue | 109.7 | 1074.2 | 199.2 | 0.1 | 1383.2 | – | 1383.2 |
| <i>Change vs. 30/06/2019</i> | (3.1)% | +19.5% | (25.3)% | n.a. | +8.1% | | +8.1% |
| Net rental income | 82.2 | – | – | – | 82.2 | – | 82.2 |
| Net property income | 0.4 | 88.7 | 10.4 | – | 99.5 | (0.3) | 99.2 |
| External services | 8.4 | 4.7 | 2.7 | 0.1 | 15.9 | – | 15.9 |
| Net revenue | 91.0 | 93.4 | 13.1 | 0.1 | 197.6 | (0.3) | 197.3 |
| <i>Change vs. 30/06/2019</i> | (12.4)% | +0.0% | (45.7)% | n.a. | (10.8)% | | (10.8)% |
| Own work capitalised and production held in inventory | 4.0 | 76.3 | 5.6 | – | 85.9 | – | 85.9 |
| Operating expenses | (21.5) | (100.9) | (14.9) | (0.3) | (137.6) | (7.5) | (145.1) |
| Net overhead expenses | (17.5) | (24.6) | (9.3) | (0.3) | (51.7) | (7.5) | (59.2) |
| Share of equity-method affiliates | 1.7 | 7.5 | 29.6 | – | 38.8 | 2.6 | 41.5 |
| Income/loss on sale of assets Retail | | | | | | (4.7) | (4.7) |
| Change in value, estimated expenses and transaction costs – Retail | | | | | | (291.0) | (291.0) |
| Calculated expenses and transaction costs - Residential | | | | | | (9.0) | (9.0) |
| Calculated expenses and transaction costs - Business Property | | | | | | (0.9) | (0.9) |
| Other provisions Corporate | | | | | | (3.9) | (3.9) |
| Operating income | 75.3 | 76.3 | 33.5 | (0.3) | 184.7 | (314.8) | (130.0) |
| <i>Change vs. 30/06/2019</i> | (15.0)% | +36.2% | +17.9% | n.a. | +8.7% | | |
| Net borrowing costs | (14.0) | (5.9) | (3.2) | – | (23.2) | (4.1) | (27.3) |
| Other financial results | (2.2) | (0.3) | (0.3) | 3.8 | 1.0 | (4.2) | (3.2) |
| Gains/losses in the value of financial instruments | – | – | – | – | – | (49.1) | (49.1) |
| Proceeds from the disposal of investments | – | – | – | – | – | (0.2) | (0.2) |
| Corporate income tax | (2.7) | (3.7) | (9.0) | – | (15.5) | (24.5) | (40.0) |
| Net income | 56.4 | 66.3 | 20.9 | 3.5 | 147.1 | (396.9) | (249.9) |
| Non-controlling interests | (18.8) | (10.2) | 0.1 | – | (28.9) | 144.0 | 115.0 |
| Net income, Group share | 37.5 | 56.1 | 21.0 | 3.5 | 118.2 | (253.0) | (134.8) |
| <i>Change vs. 30/06/2019</i> | (25.2)% | +51.0% | (19.2)% | n.a. | +7.2% | | |
| <i>Diluted average number of shares</i> | | | | | 16,767,148 | | |
| Net income, Group share per share | | | | | 7.05 | | |
| <i>Change vs. 30/06/2019</i> | | | | | +2.6% | | |

1.3.1.1 FFO⁶³

FFO Retail

| in €m | H1 2020 | H1 2019 | |
|-----------------------------------|-------------|-------------|---------|
| Rental income | 93.6 | 101.9 | |
| Rental costs and other expenses | (11.5) | (9.3) | |
| Net rental income | 82.2 | 92.6 | (11.3)% |
| <i>% of rental income</i> | 87.8% | 90.8% | |
| External services | 8.4 | 11.3 | |
| Own work capitalised & production | 4.0 | 3.1 | |
| Operating expenses | (21.5) | (21.8) | |
| Contribution of EM associates | 1.7 | 3.4 | |
| Net property income | 0.4 | - | |
| Operating income – Retail | 75.3 | 88.6 | (15.0)% |
| Net borrowing costs | (14.0) | (16.6) | |
| Other financial results | (2.2) | (2.1) | |
| Corporate income tax | (2.7) | 0.2 | |
| Non-controlling interests | (18.8) | (19.9) | |
| FFO Retail | 37.5 | 50.2 | (25.2)% |

The Group has fully accounted the rent reliefs as expenses for the period, for an amount of €8 million at 100% in June. Altarea has also recognised impairment losses that amounted € 3.1 million. All in all, the impact of the health crisis on net rental incomes as of June 30, 2020 represents €11.2 million (€ 7.9 million, Group share).

Negotiations in progress with the retailers that have benefited from rent deferrals should result in spreading their impact on the new leases duration in the Group's financial statements (i.e. an impact over the next few years estimated between -€3.0 million and -€4.0 million per year, Group share).

FFO Residential

| in €m | H1 2020 | H1 2019 | |
|--|-------------|-------------|--------|
| Revenue by % of completion | 1069.5 | 893.9 | +19.6% |
| Cost of sales and other expenses | (980.8) | (805.9) | |
| Net property income Residential | 88.7 | 88.0 | +0.7% |
| <i>% of revenue</i> | 8.3% | 9.8% | |
| External services | 4.7 | 5.3 | |
| Production held in inventory | 76.3 | 58.2 | |
| Operating expenses | (100.9) | (105.0) | |
| Contribution of EM associates | 7.5 | 9.4 | |
| Operating income – Residential | 76.3 | 56.0 | +36.2% |
| <i>% of revenue</i> | 7.1% | 6.3% | |
| Net borrowing costs | (5.9) | (7.0) | |
| Other financial results | (0.3) | (1.3) | |
| Corporate income tax | (3.7) | (1.6) | |
| Non-controlling interests | (10.2) | (9.0) | |
| FFO Residential | 56.1 | 37.1 | +51.0% |

In terms of Residential, revenue by percentage of completion is up sharply (+19,6%): indeed the commercial percentage of completion related to sales has largely offset delayed

technical work progress resulting from construction site closures during lockdown.

The decrease in net property income margins is a result of changes to the product mix, with a larger proportion of block sales (lower margins).

The increase in operating income reflects both the Group's control of overheads and the significant contribution of fees from the sale of block sales (production held in inventory).

FFO Business property

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

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

| in €m | H1 2020 | H1 2019 | |
|---|-------------|-------------|---------|
| Revenue by % of completion | 196.5 | 260.0 | (24.4)% |
| Cost of sales and other expenses | (186.1) | (242.6) | |
| Net property income Business | 10.4 | 17.4 | (40.0)% |
| <i>% of revenue</i> | 5.3% | 6.7% | |
| External services | 2.7 | 6.7 | |
| Production held in inventory | 5.6 | 5.0 | |
| Operating expenses | (14.9) | (15.4) | |
| Contribution of EM associates | 29.6 | 14.7 | |
| Operating income - Business property | 33.5 | 28.4 | +17.9% |
| <i>% of revenue + ext. serv. prov.</i> | 16.8% | 10.6% | |
| Net borrowing costs | (3.2) | (1.2) | |
| Other financial results | (0.3) | (0.2) | |
| Corporate income tax | (9.0) | (0.9) | |
| Non-controlling interests | 0.1 | (0.0) | |
| FFO Business property | 21.0 | 26.0 | (19.2)% |

In terms of Business property, revenue from PDC and off-plan sales was significantly affected by the closure of construction sites during lockdown.

The main event in the period was the delivery of the Richelieu building in Paris, which generated income recorded under "Contribution from equity-method associates" and triggered the payment of the taxes associated with the project. The property has been sold as an off-plan project to an investor in 2018.

Corporate income taxes

As expected, taxes rose significantly at June 30, 2020, €15.5 million vs. €2.3 million in the first half of 2019.

⁶³ Funds from operations (FFO): net profit excluding changes in value, calculated expenses, transaction fees and changes in deferred tax. Group share.

FFO per share: €7.05

FFO Group share amounted to €7.05 per share, a 2.6% increase year-on-year (vs €6.87 per share on 30 June 2019).

The diluted average number of shares at 30 June 2020 was 16,767,148, compared to 16,049,167 at 30 June 2019.

The difference is mainly due to taking into account increases in capital resulting from the payment of the 2018 dividend in shares (creation of 599,267 new shares) and the FCPE (40,166 shares).

1.3.2 Net asset value (NAV)

1.3.2.1 NET ASSET VALUE: GOING CONCERN (FULLY DILUTED)⁶⁴ AT €163.1 PER SHARE

| NAV - Group | 30/06/2020 | | | | 31/12/2019 | | 30/06/2019 | |
|--|----------------|---------|--------------|---------|----------------|--------------|----------------|--------------|
| | in €m | Change | €/share | Change | in €m | €/share | in €m | €/share |
| Consolidated equity, Group share | 1,859.8 | (13.3)% | 111.4 | (13.3)% | 2,144.4 | 128.4 | 1,979.5 | 118.8 |
| Other unrealised capital gains | 692.8 | | | | 701.6 | | 661.5 | |
| Restatement of financial instruments | 35.1 | | | | 97.5 | | 124.6 | |
| Deferred tax on the balance sheet for non-SIIC assets ^(a) | 21.5 | | | | 40.3 | | 29.7 | |
| Market value of financial instruments | (35.1) | | | | (97.5) | | (124.6) | |
| Fixed-rate market value of debt | 11.8 | | | | (63.4) | | (37.9) | |
| Effective tax for unrealised capital gains on non-SIIC assets ^(b) | (19.4) | | | | (21.9) | | (23.7) | |
| Optimisation of transfer duties ^(b) | 90.5 | | | | 92.0 | | 92.5 | |
| Partners' share ^(c) | (19.0) | | | | (20.6) | | (19.3) | |
| NNNAV (NAV liquidation) | 2,638.0 | (8.2)% | 158.0 | (8.2)% | 2,872.4 | 172.0 | 2,682.2 | 161.0 |
| Estimated transfer duties and selling fees | 86.8 | | | | 80.8 | | 92.8 | |
| Partners' share ^(c) | (0.6) | | | | (0.6) | | (0.7) | |
| Going concern NAV (fully diluted) | 2,724.2 | (7.7)% | 163.1 | (7.7)% | 2,952.6 | 176.8 | 2,774.3 | 166.5 |
| Number of diluted shares: | 16,700,762 | | | | 16,700,762 | | 16,660,596 | |

(a) International assets.

(b) Depending on disposal structuring (asset deal or share deal).

(c) Maximum dilution of 120,000 shares.

1.3.2.2 CHANGE IN NAV AT H1 2020

Excluding dividend, NAV was down -2.7% at €2,724 million or €163.1 per share. This decline was mainly due to the impairment of retail assets on the basis of the valuations, both in operation and on certain developments, for which tangibles in progress were written down by €18.5 million. The other changes are mainly due to :

- the mark-to-market of fixed-rate debt and losses on financial instruments,
- consumption of tax losses (Deferred taxes),
- amortization of rights to use (IFRS 16).

| Going concern NAV (fully diluted) | in €m | €/share |
|---|----------------|--------------|
| NAV 30 June 2019 | 2,774.3 | 166.5 |
| NAV 31 December 2019 | 2,952.6 | 176.8 |
| Dividend | (151.4) | (9.0) |
| NAV 2019 excluding dividend | 2,801.2 | 167.7 |
| FFO H1 2020 | 118.2 | 7.1 |
| Retail | (146.1) | (8.8) |
| Financial instruments & Fixed-rate debt | 25.3 | 1.5 |
| Deferred tax | (39.7) | (2.4) |
| IFRS 16 | (11.3) | (0.7) |
| Others ^(a) | (23.4) | (1.4) |
| NAV 30 June 2020 | 2,724.2 | 163.1 |
| vs. 31 December 2019 | (7.7)% | (7.7)% |
| vs. 31 December 2019 excl. dividend | (2.7)% | (2.7)% |
| vs. 30 June 2019 | (1.8)% | (2.0)% |

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

⁶⁴ Market value of equity view of maintaining the Group's activity and considering the potential dilutive effect resulting from the partnership limited by shares (SCA) status.

1.3.2.3 CALCULATION BASIS

Asset valuation

Investment properties

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

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

| Appraiser | Portfolio | % of value, incl. transfer duties |
|---------------------|------------------------|-----------------------------------|
| Jones Lang LaSalle | France & International | 44% |
| Cushman & Wakefield | France & International | 55% |
| CBRE | France | 1% |

The appraisers use two methods:

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

These valuations are conducted in accordance with the criteria set out in the Red Book – Appraisal and Valuation Standards, published by the Royal Institution of Chartered Surveyors. The surveyors' assignments were all carried out in accordance with the recommendations of the COB/AMF "Barthès de Ruyter working group" and comply fully with the instructions of the Appraisal Charter of Real Estate Valuation (Charte de l'Expertise en Évaluation Immobilière) uPDCted 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.

Given the specific context, the appraisals at 30 June 2020 include a material uncertainty clause.

Other assets

The unrealised capital gains on other assets consist of:

- the Residential and Business Property Development division (Cogedim, Pitch Promotion, Histoire & Patrimoine, Severini and Woodeum);
- the Business property investment division (AltaFund, Bridge, Issy Cœur de Ville Bureaux, 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 method used by Accuracy uses the discounted cash flow method (DCF) in conjunction with a terminal value based on normalised cash flow. Accuracy provides a range of values calculated using different scenarios. In addition to its DCF

valuation, Accuracy also provides a valuation based on listed peer group comparables.

8Advisory uses a multi-criteria DCF-based approach, an approach using multiples from listed peer Group comparables and multiples from comparable transactions.

As of 30 June 2020, the Group had reviewed these valuations which had not changed significantly in relation to the values as of 31 December 2019.

Tax

Most of Altarea's Property Portfolio is not subject to capital gains tax under the SIIC regime. The exceptions are a limited number of assets which are not SIIC-eligible due to their ownership method, and assets owned outside France. For these assets, capital gains taxes on disposals 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 taxes value of the property assets.

Altarea took into account the ownership methods of non-SIIC assets to determine Going Concern NAV after tax, since the tax reflects the tax that would effectively be paid if the 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 NNNNAV, 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 €750 million in long-term financing

Since 1 January 2020, the Group put in place €750 million in new long-term financing with an average term of 4 years and 6 months.

| in €m | RCF | Loan term | Total banks | Bond holder ^(a) | Total |
|--------------|------------|------------|-------------|----------------------------|------------|
| New money | 307 | 70 | 377 | 80 | 457 |
| Expansion | 243 | 50 | 293 | - | 293 |
| Total | 550 | 120 | 670 | 80 | 750 |

(a) Tap in July 2020 on the Altareit 07/2025 bond, bearing a fixed coupon of 2.875%.

1.4.2 Available liquidity: €3.3 billion

As of 30 June 2020, available cash and cash equivalents amounted to €3,268 million (compared with €2,659 million as of 31 December 2019), breaking down as follows:

| Available (in €m) | Cash | Unused credit facilities | Total |
|-------------------|--------------|--------------------------|--------------|
| At Group level | 651 | 1,151 | 1,802 |
| At project level | 772 | 694 | 1,466 |
| Total | 1,423 | 1,845 | 3,268 |

Unused credit facilities amount to €1,151 million RCF⁶⁵ the average maturity of which is 4.0 years, with no maturities within the coming 24 months.

Given the Group's liquidity and the continued access to the market in the short-term, as of 30 June 2020 no RCF was drawn. The Group has no plans to draw on them in the coming months.

1.4.3 Short and medium-term financing

The Group has two NEU CP programmes⁶⁶ (issues up to one year) and two NEU MTN programmes⁶⁷ (issues in excess of one year) for the companies Altarea and Altareit.

As of 30 June 2020, the total outstanding was €843.5 million with an average maturity of 5.6 months, with the following breakdown:

- €694.5 million of NEU CP;
- €149.0 million of NEU MTN.

1.4.4 Net debt down: - €103 million

As of 30 June 2020, the Group's net financial debt stood at €2,372 million, down €103 million compared with 31 December 2019.

This decrease is mainly due to :

- the successful housing collection campaign. June thus saw a record level of receipts, contributing to the significant reduction in the promotion WCR (-10 points)⁶⁸ and to the reduction in the Group's consolidated debt;

- and the sale of the Italian retail assets in March 2020.

During the first half of the year, Altarea continued to invest in Retail with €148 million disbursed, notably on its projects under development or delivered during the period (Cap3000 and Gare Paris-Montparnasse station).

The average duration is 4 years and 1 month⁶⁹ (4 years and 9 months as of 31 December 2019).

| in €m | 30/06/2020 | 31/12/2019 |
|-------------------------------|--------------|--------------|
| Bank loan terms | 280 | 226 |
| RCF | - | - |
| Credit markets ^(a) | 2,480 | 2,370 |
| Mortgage debt | 608 | 505 |
| Debt on property development | 189 | 205 |
| Total gross debt | 3,557 | 3,306 |
| Cash and cash equivalents | (1,185) | (830) |
| Total net debt | 2,372 | 2,475 |

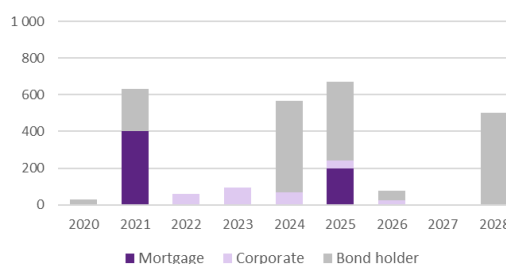
(a) This amount includes bond debt and €843.5 million of NEU CP and NEU MTN.

| in €m | REIT division | Property Development | Total |
|---|---------------|----------------------|--------------|
| Bank loan terms | 80 | 200 | 280 |
| RCF | - | - | - |
| Credit markets ^(a) | 1,630 | 850 | 2,480 |
| Mortgage debt | 608 | - | 608 |
| Debt on property development programmes | - | 189 | 189 |
| Total gross debt | 2,318 | 1,239 | 3,557 |
| Cash and cash equivalents | (193) | (992) | (1,185) |
| Total net debt | 2,125 | 247 | 2,372 |

(a) This amount includes bond debt and €843.5 million of NEU CP and NEU MTN.

Maturity schedule for long-term debt by maturity⁷⁰

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



The breakdown of maturity in 2021 is as follows:

- mortgage borrowing of €400 million for Cap 3000, the refinancing of which was simple;
- and a maturing bond (Euro PP) of €230 million.

⁶⁵ Revolving credit facilities (confirmed credit authorisations).

⁶⁶ NEU CP (Negotiable European Commercial Paper).

⁶⁷ NEU MTN (Negotiable European Medium Term Note).

⁶⁸ Promotion WCR stood at 22% of Promotion revenue at end-June 2020, down 10 points.

⁶⁹ Excluding NEU CP, NEU MTN and property development debt.

The 2024, 2025 and 2028 maturity dates correspond mainly to the Altarea 07/2024, Altareit 07/2025 and Altarea 01/2028 repayments bonds.

Hedging: nominal amount and average rate

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

| Maturity | Swap (€m) ^(a) | Fixed-rate debt (€m) ^(a) | Total (m€) ^(a) | Average swap rate ^(b) |
|----------|--------------------------|-------------------------------------|---------------------------|----------------------------------|
| 2020 | 634 | 1,298 | 2,132 | 0.48% |
| 2021 | 583 | 1,068 | 1,650 | 0.60% |
| 2022 | 582 | 1,067 | 1,648 | 0.60% |
| 2023 | 581 | 1,066 | 1,647 | 0.60% |
| 2024 | 580 | 965 | 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: 1.91%⁷⁰

The reduction in the average cost of debt (2.21% as of 31 December 2019) is a result of the restructuring of the swap portfolio⁷¹ and the rotation of short-term debt.

1.4.5 Financial ratings or ratios

BBB credit rating

S&P Global awarded the “BBB, negative outlook” financial rating for both Altarea and Altareit, the listed subsidiary operating the Group’s development activities.

Net Debt to EBITDA ratio

As of 30 June 2020, the Net Debt to EBITDA⁷² ratio was 5.4x, compared with 6.7x on 30 June 2019. This improvement is linked to the reduction in the Group’s net debt.

Loan to Value (LTV)

The LTV ratio compares consolidated net bond and bank debt to the consolidated market value of Group assets.

As of 30 June 2020, its was 33.4% (compared to 33.2% at 31 December 2019) in line with the overall long-term objective of the Group, which is about 40%.

| At 30/06/2019 | in €m |
|--|--------------|
| Gross debt | 3,557 |
| Cash and cash equivalents | (1,185) |
| Consolidated net debt | 2,372 |
| Shopping centres at value (FC) ^(a) | 4,226 |
| Shopping centres at value (FC) intended for sale | – |
| Shopping centres at value (EM affiliates’ securities) ^(b) | 214 |
| Investment properties valued at cost ^(c) | 263 |
| Business Property investments ^(d) | 377 |
| Enterprise value of Property Development | 1,984 |
| Others ^(e) | 38 |
| Market value of assets | 7,102 |
| LTV Ratio | 33.4% |

^(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.

^(e) Other investments.

Covenants

| | Covenant | 30/06/2020 | 31/12/2019 restated | Delta |
|--------------------|----------|------------|---------------------|---------|
| LTV ^(a) | ≤ 60% | 33.4% | 33.2% | +0.2 pt |
| ICR ^(b) | ≥ 2.0 x | 8.0x | 8.9x | (0.9x) |

^(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”).

As of 30 June 2020 the financial position of the Group fully satisfied all of the covenants of its various credit contracts.

1.4.6 Capital increase: €69 million

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

With a subscription rate of 82.28%, the success of the option for the partial payment of the dividend in shares has enabled the Group to strengthen its equity by €61.4 million through the creation of 508,199 new shares.

In addition, the Group’s employee investment fund (FCPE) subscribed for a reserved capital increase of €7.6 million,⁷³ thereby demonstrating the commitment of Altarea’s employees.

⁷⁰ Including related fees (commitment fees, non-use fees, etc.).

⁷¹ In January 2020, the Group cancelled a portion of its interest rate swaps portfolio, failing which the Group would have been excessively hedged.

⁷² Ratio of FFO on a rolling 12-month basis (i.e. €433.2 million as of 30 June 2020 and €371.2 million as of 30 June 2019) to net bond and bank debt.

⁷³ Average subscription of €5,110 per employee subscribing.

Consolidated income statement by segment

| | 30/06/2020 | | | 30/06/2019 restated* | | |
|--|---|--|----------------|---|--|---------------|
| | Financial resources Funds from operations (FFO) | Changes in value, estimated expenses and transaction costs | Total | Financial resources Funds from operations (FFO) | Changes in value, estimated expenses and transaction costs | Total |
| <i>(€ millions)</i> | | | | | | |
| Rental income | 93.6 | – | 93.6 | 101.9 | – | 109.1 |
| Other expenses | (11.5) | – | (11.5) | (9.3) | – | (9.3) |
| Net rental income | 82.2 | – | 82.2 | 92.6 | – | 92.6 |
| External services | 8.4 | – | 8.4 | 11.3 | – | 11.3 |
| Own work capitalised and production held in inventory | 4.0 | – | 4.0 | 3.1 | – | 3.1 |
| Operating expenses | (21.5) | (1.5) | (23.0) | (21.8) | (1.7) | (21.8) |
| Net overhead expenses | (9.0) | (1.5) | (10.5) | (7.4) | (1.7) | (9.1) |
| Share of equity-method affiliates | 1.7 | (5.7) | (4.0) | 3.4 | (2.3) | (1.1) |
| Net allowances for depreciation and impairment | – | (5.4) | (5.4) | – | (2.8) | (2.8) |
| Income/loss on sale of assets | 0.4 | (4.7) | (4.2) | – | 2.7 | 2.7 |
| Income/loss in the value of investment property | – | (284.9) | (284.9) | – | 43.2 | 43.2 |
| Transaction costs | – | (0.7) | (0.7) | – | (0.4) | (0.4) |
| OPERATING INCOME - RETAIL | 75.3 | (302.9) | (227.6) | 88.6 | 38.6 | 127.2 |
| Revenue | 1,069.5 | – | 1,069.5 | 893.9 | – | 893.9 |
| Cost of sales and other expenses | (980.8) | (0.3) | (981.1) | (805.9) | – | (805.9) |
| Net property income | 88.7 | (0.3) | 88.4 | 88.0 | – | 88.0 |
| External services | 4.7 | – | 4.7 | 5.3 | – | 5.3 |
| Production held in inventory | 76.3 | – | 76.3 | 58.2 | – | 58.2 |
| Operating expenses | (100.9) | (6.6) | (107.5) | (105.0) | (7.0) | (111.9) |
| Net overhead expenses | (19.9) | (6.6) | (26.5) | (41.5) | (7.0) | (48.5) |
| Share of equity-method affiliates | 7.5 | (5.9) | 1.7 | 9.4 | (2.6) | 6.9 |
| Net allowances for depreciation and impairment | – | (9.0) | (9.0) | – | (8.6) | (8.6) |
| Transaction costs | – | – | – | – | (0.8) | (0.8) |
| OPERATING INCOME - RESIDENTIAL | 76.3 | (21.8) | 54.5 | 56.0 | (18.9) | 37.1 |
| Revenue | 196.5 | – | 196.5 | 260.0 | – | 260.0 |
| Cost of sales and other expenses | (186.1) | – | (186.1) | (242.6) | – | (242.6) |
| Net property income | 10.4 | – | 10.4 | 17.4 | – | 17.4 |
| External services | 2.7 | – | 2.7 | 6.7 | – | 6.7 |
| Production held in inventory | 5.6 | – | 5.6 | 5.0 | – | 5.0 |
| Operating expenses | (14.9) | (1.3) | (16.2) | (15.4) | (1.6) | (16.9) |
| Net overhead expenses | (6.6) | (1.3) | (7.9) | (3.6) | (1.6) | (5.2) |
| Share of equity-method affiliates | 29.6 | 14.2 | 43.8 | 14.7 | (3.1) | 11.6 |
| Net allowances for depreciation and impairment | – | (0.9) | (0.9) | – | (1.3) | (1.3) |
| Income/loss in the value of investment property | – | – | – | – | – | – |
| Transaction costs | – | – | – | – | – | – |
| OPERATING INCOME - BUSINESS PROPERTY | 33.5 | 11.9 | 45.4 | 28.4 | (6.0) | 56.7 |
| Others (Corporate) | (0.3) | (2.0) | (2.3) | (3.1) | (1.2) | (10.7) |
| OPERATING INCOME | 184.7 | (314.8) | (130.0) | 169.9 | 12.5 | 415.5 |
| Net borrowing costs | (23.2) | (4.1) | (27.3) | (24.7) | (3.5) | (28.2) |
| Other financial results | 1.0 | (4.2) | (3.2) | (3.7) | (3.1) | (6.8) |
| Discounting of debt and receivables | – | – | – | – | (0.0) | (0.0) |
| Change in value and income from disposal of financial | – | (49.1) | (49.1) | – | (60.3) | (60.3) |
| Net gain/(loss) on disposal of investments | – | (0.2) | (0.2) | – | (1.6) | (1.6) |
| PROFIT BEFORE Tax | 162.6 | (372.4) | (209.8) | 141.5 | (56.0) | 85.4 |
| Corporate income tax | (15.5) | (24.5) | (40.0) | (2.3) | (11.3) | (13.6) |
| NET INCOME | 147.1 | (396.9) | (249.9) | 139.1 | (67.3) | 71.8 |
| Non-controlling interests | (28.9) | 144.0 | 115.0 | (28.9) | 36.9 | 8.0 |
| NET INCOME, GROUP SHARE | 118.2 | (253.0) | (134.8) | 110.2 | (30.5) | 79.8 |
| <i>Diluted average number of shares</i> | 16,767,148 | | | 16,393,265 | | |
| NET INCOME PER SHARE (€/SHARE) GROUP SHARE | 7.05 | | | 6.87 | | |

* Restated on 30 June 2019 to take into account changes to the presentation of borrowing costs.

Consolidated balance sheet

| (€ millions) | 30/06/2020 | 31/12/2019 restated |
|---|----------------|---------------------|
| Non-current assets | 5,555.4 | 5,455.4 |
| Intangible assets | 333.0 | 331.4 |
| <i>o/w Goodwill</i> | 209.4 | 209.4 |
| <i>o/w Brands</i> | 105.4 | 105.4 |
| <i>o/w Client relations</i> | 0.3 | 0.6 |
| <i>o/w Other intangible assets</i> | 17.9 | 16.1 |
| Property plant and equipment | 22.3 | 20.9 |
| Right-of-use on tangible and intangible fixed assets | 151.5 | 23.4 |
| Investment properties | 4,373.4 | 4,472.1 |
| <i>o/w Investment properties in operation at fair value</i> | 3,946.9 | 3,826.2 |
| <i>o/w Investment properties under development and under construction at cost</i> | 260.7 | 509.3 |
| <i>o/w Right-of use on Investment properties</i> | 165.8 | 136.7 |
| Securities and investments in equity affiliates | 609.5 | 532.1 |
| Non-current financial assets | 46.3 | 44.3 |
| Deferred taxes assets | 19.5 | 31.2 |
| Current assets | 3,558.4 | 3,632.4 |
| Net inventories and work in progress | 849.2 | 1,064.5 |
| Contract assets | 606.6 | 564.9 |
| Trade and other receivables | 833.5 | 799.9 |
| Income credit | 4.9 | 9.4 |
| Non-current | 77.1 | 27.3 |
| Derivative financial instruments | 1.8 | 1.2 |
| Cash and cash equivalents | 1,185.2 | 830.2 |
| Assets held for sale | 0.0 | 335.0 |
| TOTAL ASSETS | 9,113.7 | 9,087.9 |
| Equity | 2,938.5 | 3,335.5 |
| Equity attributable to Altarea SCA shareholders | 1,859.8 | 2,144.4 |
| Capital | 255.2 | 255.2 |
| Other paid-in capital | 171.4 | 311.8 |
| Reserves | 1,568.0 | 1,343.8 |
| Income associated with Altarea SCA shareholders | (134.8) | 233.7 |
| Equity attributable to minority shareholders of subsidiaries | 1,078.7 | 1,191.1 |
| Reserves associated with minority shareholders of subsidiaries | 998.7 | 994.2 |
| Other equity components, Subordinated Perpetual Notes | 195.1 | 195.1 |
| Income associated with minority shareholders of subsidiaries | (115.0) | 1.8 |
| Non-current liabilities | 2,539.3 | 2,823.7 |
| Non-current borrowings and financial liabilities | 2,414.0 | 2,708.5 |
| <i>o/w Participating loans and advances from associates</i> | 78.9 | 77.9 |
| <i>o/w Bond issues</i> | 1,384.9 | 1,613.5 |
| <i>o/w Borrowings from lending establishments</i> | 580.8 | 837.5 |
| <i>o/w Negotiable European Medium Term Note</i> | 55.0 | 30.0 |
| <i>o/w Lease liabilities</i> | 143.5 | 11.1 |
| <i>o/w Contractual fees on investment properties</i> | 170.9 | 138.5 |
| Long-term provisions | 25.3 | 25.1 |
| Deposits and security interests received | 34.6 | 36.7 |
| Deferred ta liability | 65.4 | 53.4 |
| Current liabilities | 3,636.0 | 2,928.6 |
| Current borrowings and financial liabilities | 1,741.9 | 1,016.0 |
| <i>o/w Bond issues</i> | 257.1 | 16.9 |
| <i>o/w Borrowings from lending establishments</i> | 488.6 | 95.4 |
| <i>o/w Negotiable European Commercial Paper</i> | 788.5 | 709.5 |
| <i>o/w Bank overdrafts</i> | 2.2 | 2.7 |
| <i>o/w Advances from Group shareholders and partners</i> | 190.7 | 174.4 |
| <i>o/w Lease liabilities</i> | 9.4 | 12.1 |
| <i>o/w Contractual fees on investment properties</i> | 5.4 | 4.9 |
| Derivative financial instruments | 35.5 | 98.2 |
| Contract liabilities | 198.2 | 168.8 |
| Trade and other payables | 1,497.9 | 1,639.6 |
| Tax due | 11.1 | 6.1 |
| Debts with Altarea SCA shareholders and minority shareholders of subsidiaries | 151.4 | 0.0 |
| TOTAL LIABILITIES | 9,113.7 | 9,087.9 |

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