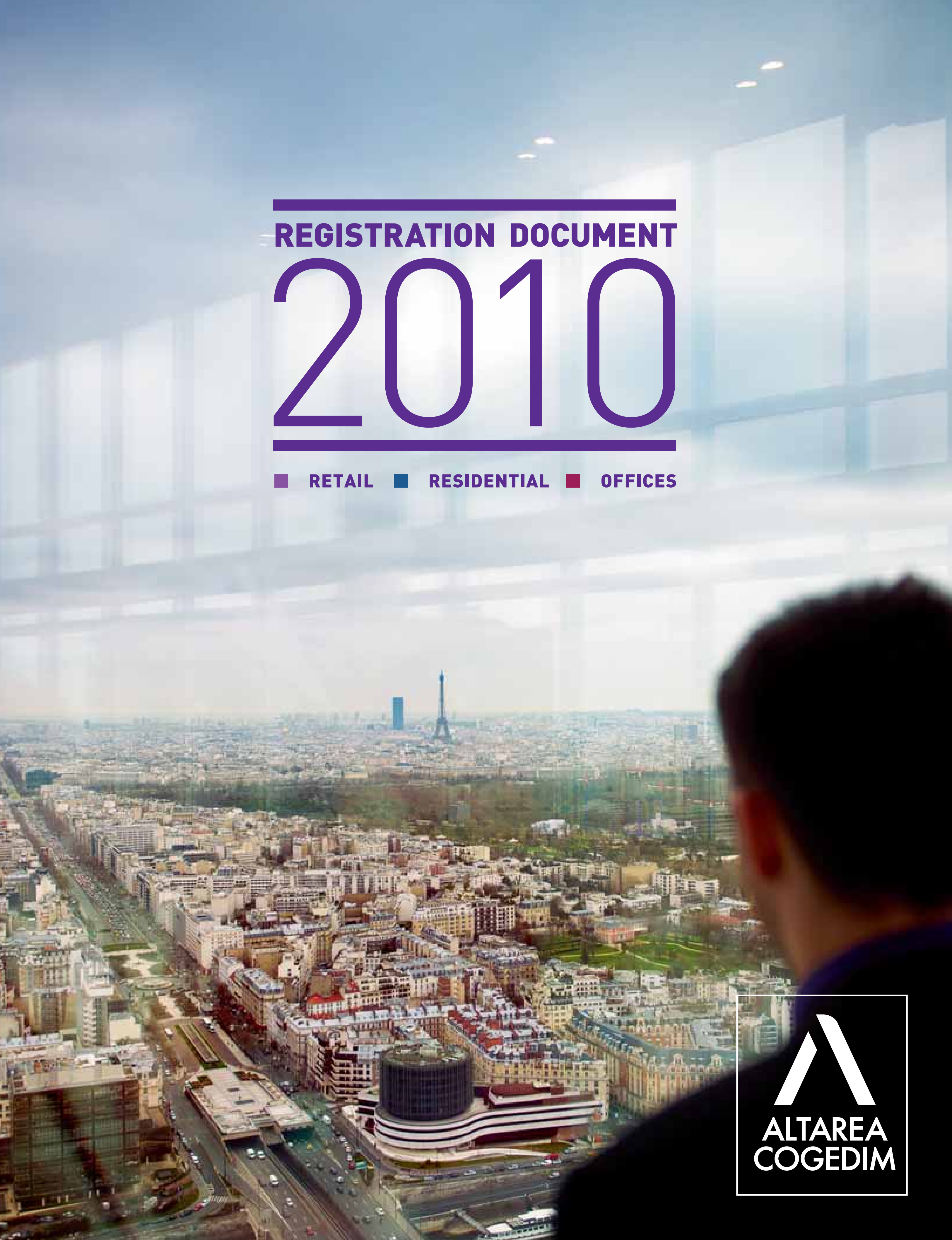
REGISTRATION DOCUMENT 2010

RETAIL RESIDENTIAL OFFICES



ALTAREA COGEDIM

2010 REGISTRATION DOCUMENT

AUTORITÉ
DES MARCHÉS FINANCIERS

AMF

This Registration document was filed with the *Autorité des marchés financiers* on 29 April 2011 in accordance with Article 212-13 of the AMF General Regulation. This document may be used in support of a financial transaction only if it is supplemented by an offering circular *("note d'opération")* approved by the *Autorité des marchés financiers.*

In accordance with Article 222-3 of the AMF General Regulation, this Registration document includes the annual financial report for 2010.

This document has been drawn up by the issuer and is the responsibility of its signatories.

In compliance with Article 28 of Commission Regulation 809/2004/EC, the following information is incorporated into this Registration document by reference:

- The consolidated financial statements and corresponding audit report provided on pages 120 and 218, the annual financial statements and corresponding audit report provided on pages 93 and 116, as well as the management report provided on page 65 of the 2009 Registration document filed with the Autorité des marchés financiers on 30 April 2010 under number D.10-0385.
- The consolidated financial statements and corresponding audit report provided on pages 82 and 204, the annual financial statements and corresponding audit report provided on pages 43 and 73, as well as the management report provided on page 13 of the 2008 Registration document filed with the Autorité des marchés financiers on 30 April 2009 under number D.09-0380.

SUMMARY

1 Annual and Sustainable Development Report

ALTAREA COGEDIM A THREE-DIMENSIONAL REAL ESTATE COMPANY

Leader in its sector, as a real estate investment trust and development company, Altarea Cogedim is an active operator in the three main segments — retail, residential and office property — with the requisite expertise to design, develop, market and manage custom-tailored real estate products. The Group has built a model that relies on product design and implementation to create value and it has successfully seized the best opportunities in the property market by taking calculated risks and a long-term view.

Altarea operates in France and in Italy. The company is listed on compartment A of NYSE Euronext Paris.

Creating customized, pleasant, durable housing.

Boulevard Morland, Paris 4th district.

INVENTING PRODUCTS, CREATING VALUE

There are two different approaches to creating habitat: by replicating traditional designs or by inventing new kinds of places to live, work, or shop. Altarea Cogedim has chosen the second path. The Group's capacity to invent, create and innovate is underpinned by exceptional know-how and a vast array of in-house talents dedicated to a firm that focuses primarily on offering customized real estate solutions.

Inventing new shopping center formats dedicated to recreation and to customer satisfaction.

Bercy Village, Paris 12th district.

A CUSTOMER-CENTRIC, SUSTAINABLE APPROACH

Shopping centers, housing, office buildings, hotels – Altarea Cogedim creates unique habitats for its customers and assumes responsibility for their living and urban environment. The company's staff members are passionate about their work. They listen attentively to their customers to get to know them, their needs and their aspirations. In keeping with its sustainable development approach, Altarea Cogedim ensures that each project offers an appropriate solution for the city of today and tomorrow.

Innovating through
effective, leading-edge
technical solutions.

First tower, La Défense.

LEVERAGING GROWTH IN OUR THREE MARKETS

Altarea started out as a shopping center developer and has evolved into France's third largest commercial real estate investment trust. In 2010, the Group acquired Cap 3000, one of the largest shopping centers in France. In 2007, after acquiring Cogedim, Altarea became active in residential and office property development. Since then, Cogedim has become the fourth largest developer in France (it is No. 1 in Paris and Lyon) and its housing sales have grown twice as fast as the market. The Laennec project in the heart of Paris is emblematic of Cogedim's position as a leading brand in the residential sector. Today, Altarea Cogedim is active in the office property market as a service provider and developer, with recognized environmental expertise, as evidenced by the First tower in La Défense—the largest HQE®—certified office building project in France.

Designing bold projects, going where others will not venture.

Carré de Soie, Vaulx-en-Velin.

STEERING OUR OWN COURSE IN A SPIRIT OF ENTREPRENEURSHIP

Altarea Cogedim has become what it is today by steering its own course, using a model that goes against the grain, disregarding preconceived notions and fleeting trends. All Altarea Cogedim employees are stockholders in the company and share its strong culture of entrepreneurship on a daily basis. Being an entrepreneur every day means taking bold plunges and making decisions based on an assessment of all the associated opportunities and risks. This is how Altarea Cogedim does business.

LONG-TERM GROWTH MOMENTUM

"We plan to keep ahead of the ongoing changes in our real estate markets by tapping our main strength: our staff's ability to design and build products of the future, offering attractive, competitive and sustainable solutions."

IN 2010, Altarea Cogedim's unique model based on its dual status as a real estate investment trust and a developer served it well, as did its presence in the three main property market segments.

IN THE RETAIL SEGMENT, we took significant steps in repositioning our portfolio toward regional centers and large retail parks because we fundamentally believe in the viability of these formats over the long term. To achieve this, we embarked upon a far-reaching program to redevelop centers with regional potential, build new complexes on prime sites and dispose of mature assets, while acquiring emblematic assets such as Cap 3000 in Nice. We plan to keep ahead of the ongoing changes in the world of retailing by tapping our main strength: our staff's ability to design and build products of the future, offering attractive, competitive and sustainable solutions. We believe this transformation of our portfolio to set long-term growth momentum in motion and expect the initial results to start flowing through within the next three to four years.

IN RESIDENTIAL PROPERTY, our performance looks even more impressive now that we have sufficient hindsight to see that the strategic move we made when we acquired Cogedim is paying off. Over the past three years, we have acquired new stature and are emerging from the crisis stronger than when we went into it. We have doubled our market share, which now stands at 5% to 6% in value. Cogedim's reputation is built on a long track record of dependability in the areas of quality and environmental performance. The key to our success lies first in the attention we pay to our customers' expectations. We dedicate the same care to the construction of emblematic projects such as Laennec in the 7th district of Paris as to every other project in our range. We believe that Cogedim, its staff and its brand have not yet attained full potential and that retaining the positions built up during the crisis is a minimum target. Over the past year, we have also adjusted our business volume to our market while ensuring stringent risk management. And the cumulative backlog in the residential segment gives us clear visibility on earnings growth over the next two to three years.

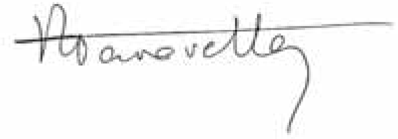
IN OFFICE PROPERTY, we believe the market is on the verge of unprecedented technological transformations needed to meet environmental requirements. With its active sustainable development strategy, our Group is particularly well-placed to benefit from this revolution. We remain on the leading edge, as evidenced as the many buildings that we are just now delivering in La Défense (First tower) and elsewhere. These buildings, which are nearing completion, are still ahead of environmental standards that did not even exist when they were designed. Today, the market is still in the wait-and-see phase but we expect demand to pick up in the future. With our accumulated experience and expertise, our Group will be a major participant in the next cycle. At that time, we will position ourselves not just as a developer or service provider, as we have done in the past, but also as an investor. To prepare for this, we are now raising capital from investment partners and will manage

We believe in our model's sustainability and in its continued success over the years ahead."

these funds on their behalf. This will leverage our functional expertise to create even more value. The results will start to flow through to earnings within the next three to four years and thereafter.

We believe in our model's sustainability and in its continued success over the years ahead. I am especially confident in our staff's ability to initiate new developments and to address the following key issues, as evidenced by our spectacular successes over the past year.

Alain Taravella



SEIZING OPPORTUNITIES DURING EACH CYCLE

Our Group's model is underpinned by three markets with differing cycles. It has proven highly resilient during periods of crisis and is also demonstrating its viability during times of recovery.

Today, Altarea Cogedim's earnings are being driven up by robust growth in residential property. Likewise, resilience in the retail segment will see us through until the office segment picks up the running in the future. In this race of endurance, each new source of growth is essential if we are to seize all the opportunities that each cycle offers.

While our strategy is ambitious, it relies on stringent risk management, first and foremost.

Our target is to keep sufficient funds on hand at all times to enable us to leverage the right market at the right time in the cycle. This is the strength that underlies our model.

Over the next few years, we will probably sell and buy more assets to sustain the pace of our commitments while allocating more of our cash flow to debt reduction.

Staying ahead of trends and anticipating realities in our markets has always been one of the Group's main strengths. Our growth prospects are excellent as they are underpinned by our staff's adaptability and capacity for innovation.

Jacques Nicolet

ALTAREA COGEDIM

750 EMPLOYEES

RETAIL
- City-center shopping centers,
- « Retail Parks » / « Family Villages »,
- « Lifestyle centers »,
- Shops in transportation venues,
- Shopping and recreation

RESIDENTIAL
- Upscale housing,
- Midscale housing,
- First-time home buyers,
- Serviced residences,
- « Nouveaux Quartiers » (new districts),
- « Domaines Privés » (private communities)

OFFICES
- Corporate headquarters,
- High-rise buildings,
- Business and mixed-use districts,
- Redevelopments,
- Hotels

ORGANIZATION

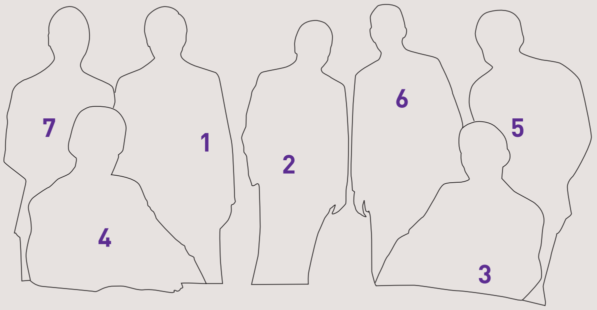
Our workforce is our biggest strength. Altarea Cogedim has a total of 750 employees. Of these, 300 work in shopping center development and management and 450 specialize in residential development and office property development for third parties.

Sixty percent of our staff works in the greater Paris area and forty percent is based in other French regions, in Italy and in Spain. Nearly 70% of our employees are management level, sharing their expertise and an entrepreneurial culture in all three business lines. To meet expansion targets in each segment, the company has added 300 staff members over the last few years.

SUPERVISORY BOARD

The Supervisory Board is chaired by Jacques Nicolet. It comprises representatives of the major shareholders (the ABP Fund, Crédit Agricole Assurances, Foncière des Régions) and independent members. The Supervisory Board is responsible for ongoing control over the company's management. Its duties and responsibilities are clearly defined. It decides the proposed appropriation of earnings and distribution of reserves to be submitted to shareholders at the annual general meeting convened to approve the company's accounts. It draws up a report and issues recommendations on any proposed capital increase or decrease submitted to the shareholders for approval. It reviews the appointment of statutory auditors and appraisers for the property portfolio. In carrying out its duties and responsibilities, the Board is assisted by special committees, including the Audit Committee and the Investment Committee.

EXECUTIVE COMMITTEE ROUND TABLE



1. **Alain Taravella**
Chairman & CEO, Founder
2. **Jacques Nicolet**
Chairman of the Supervisory Board
3. **Gilles Boissonnet**
Joint CEO in charge of Retail Property in France
4. **Christian de Gournay**
Joint CEO in charge of Residential Property, Regions and Institutional Relations
5. **Stéphane Theuriau**
Joint CEO in charge of Office Property and Private Equity
6. **Éric Dumas**
Chief Financial Officer
7. **Ludovic Castillo**
Deputy CEO of Altarea Italia

CREATE VALUE AND MANAGE RISK

MARKET TRENDS IN 2010

Alain Taravella

___ We are coming out of the recession. 2010 was a year of mixed results, partly because of the economy and partly because of changes in the company. We clearly saw the effects in each of our markets.

Gilles Boissonnet

___ In a climate of overall consolidation, we see that leading retailers still seek efficient new locations where they can grow and that they prefer locations in existing commercial zones with proven sales track records. We also see that although Internet sales remain marginal at 4% of household expenditures, online purchases should double by 2013. We are always attentive to new consumer trends, experimenting alongside our tenants with online, telephone and store interactions. We consider these trends in our plans, rethinking the size and content of our retail shopping centers, the ratio between stockroom and sales-floor space and their connectivity, using new technologies in our base services.

Stéphane Theuriau

___ The office vacancy rate rose (to nearly 7% in Paris) giving tenants negotiating power. Their main motivation is to save money, by consolidating offices or seeking lower rents. In a market where new construction starts are a growth engine, long-term investors initiated few transactions for new construction (1/10th compared to 2006-07) and the small—compared to past—investments they made targeted prime, well situated and easily accessible buildings secured by long-term leases – properties that are safe-haven investments. At the end of the year, a slightly higher interest in more risky developments indicated business may pick up.

Christian de Gournay

___ In the residential property business, we benefited from four positive factors: a shortage of new residences, historically low interest rates, subsidies for first-time buyers that were particularly attractive, such as low interest loans and, of course, the Loi Scellier tax incentive scheme that provided a powerful stimulus for rental property investments. We successfully took advantage of market conditions to double our market share and sales volume, even though the French market remains below 2007 levels. We achieved this by putting prudential safeguards in place early, so we went into the recession without commitments or inventories, and were able to keep most of our options open on our properties. At the same time, the book value of our assets was preserved, which allowed Cogedim to take advantage of the market rebound as soon as it happened, without having to wait to put together a sales offer. To move forward, we capitalized on the Cogedim brand, diversifying our product lines to reach a wider range of clients while remaining ourselves. Above all, our sales and promotion teams supported us, seizing every opportunity to grow the brand through their dynamism and strict application of our methods.

G. B. ___ In this climate, our retail business showed good results for the most part thanks to high returns from our Family Villages. Their format is especially in line with

Stéphane Theuriau

Éric Dumas

Gilles Boissonnet

Christian de Gournay

consumers' growing price sensitivity, as propelled by increased Internet use. Large shopping centers also withstood the recession because of a cost structure that was very favorable for our tenants, and we provided a better response to demand in terms of choice and price, as illustrated by Cap 3000's results – it achieved the second best revenue yield in France at €11,000 per square meter. We also profited from the delivery of three new properties in France and Italy, and reaped the benefits of our arbitrage strategy.

S. T. ___ We maintained our business in a flat market with an increase in investment volume compared to 2009, mainly for turnkey new construction and joint-control operations, by capitalizing on our acknowledged expertise in large and complex redevelopments, and through our sustainable development branding, since all units delivered in 2011 will be certified HQE®. To compensate for the halt in new office construction, we shifted our business activity and turned toward tenants, firmly positioning the company as a services provider.

Ludovic Castillo

___ In Italy, the recession did not lead to fundamental upheavals because the market is as slow to react to depressed markets as to rebounding ones. In this context, Altarea Italia was able to consolidate all of its assets. Our shopping centers' vacancy rates went down and receivables recoveries clearly improved due to our internalizing revenue management and re-leasing activities. We also had success launching the Le Due Torri shopping center in Stezzano near Bergamo, leasing nearly 100% of its spaces at opening. Ten months later, we have very encouraging results in an ultra-competitive environment. We withstood the recession very well with an 8% increase in income even as Italy's GDP growth was negative.

FORECASTS

A. T. ___ With our significant presence in the three main real estate markets, we have reasons to forecast positive results for the future. Of course, there is always a risk of another recession, or of slow growth. We must therefore manage our business in a cooler market by anticipating risks tied to fiscal policy and interest rate increases. But, on balance, positive points outweigh negative ones. We are coming out of the recession: there is great demand for new residential properties and state-of-the art offices. And the return of inflation rates that rise less quickly than interest rates will encourage investments in real estate as a safe haven.
Based on these assumptions, our business plan is ambitious and has three watchwords: accelerate our growth, manage risks, and stay on course to be the first where we want to be. We will achieve our plan by maintaining the primacy of product in all of our businesses and by making sustainable development a growth driver. We should not just put up with the Grenelle 2 measures nor see them as constraints, but rather embrace them as marketing requirements and opportunities to create value.

C. DE G. ___ The demand for residential properties will remain high because of some structural factors: a known shortfall of 900,000 residential units, the highest population growth in Europe, and sociological factors related to single-person households, a desire to ensure one's retirement, etc. French people also express a strong desire to own their own home, even more so as they have little debt

Our business plan is ambitious and has three watchwords: accelerate our growth, manage risks, and stay on course to be the first where we want to be. We will achieve our plan by maintaining the primacy of product in all of our businesses and by making sustainable development a growth driver."

and the homeownership rate is only 57% at present, compared with a European average of 66%. Today, Cogedim has the staff, product range and property assets it needs to maintain a market share of 5% to 6% in value over the long term.

G. B. ___ We will pursue a selective development strategy in the generally mature and well-supplied French market. It will be oriented toward the acquisition or development of meaningfully sized properties, with priority given to regions in and around Paris, Provence, the Alps and the Côte d'Azur, since they have growing populations. Other growth directions include refocusing our retail formats in suburbs and urban fringe areas on the Family Village model, and transforming our current properties in regional shopping centers through new expansions. We will also do redevelopments on legacy sites that are very well implanted in their market areas and where leading retailers show a strong demand for space. To finance this expansion, we will continue disposing of properties if their category no longer meets our criteria. To do this, we will strengthen our asset management capabilities, taking a new direction and developing the business of operating properties for third parties, which will allow us to maintain recurring revenues at the same level.

S. T. ___ There is a growing need for new offices or for retrofitted green offices in areas accessible by public transportation – a need unfazed by the recession. We are mostly optimistic, and betting there will be a shortage of new, high quality office space by 2012 due to the small number of new projects that were delivered in the last two years, and to the growing demand that existing office parks conform to new environmental standards. At the beginning of 2011, we created a new investment vehicle dedicated to office property in the Ile-de-France region. The funds were raised from top-tier French and International Institutional partners. Altarea Cogedim owns a 20% interest in the valide and is also its managing partner. That should allow us to construct new, well-situated office buildings and buy existing properties to retrofit.

L. C. ___ We are not worried about 2011. Despite low consumer spending, there are niches in Italy—especially in the North—where we can develop retail shopping centers to meet a real need, like Pinerolo, which took off very quickly and increased income 25% annually. In summary, we do not want to force the market, but rather refocus our growth on retail centers that make sense and stand out for their quality and concept. We also look for shopping centers to redevelop while thinking about increasing the value of our portfolio with expansions. We have the capacity to seize these opportunities. By creating six retail shopping centers in eight years, we have achieved critical mass and recognition that lends us credibility in the eyes of leading retailers and our institutional and private partners.

THE GROUP'S STRENGTHS

Éric Dumas

—— We see that we have been able to profit from favorable market conditions and better withstand hard times, following the cycle of each of our three segments. Our diversified business model—retail, residential and office property — allows us to generate strong cash flow at the height of the cycle while showing strong resilience at the bottom of the cycle. We benefit from a solid financial position with sufficient cash flow for our commitments.

Jacques Nicolet

—— Altarea Cogedim' strength lies in its ability to create "pieces of the city" by itself because the Group integrates all business lines to provide concrete solutions throughout 80% of our life cycle. Of course, these business lines can operate independently, as in most cases, but can also come together occasionally for so-called complex projects and in configurations tailored to each situation. There is never just one solution, but rather a combination of solutions with many different components to address a given situation. Our other strength lies in our dedication to our product, our culture of excellence and innovation that unifies employees and pushes everyone to work on increasingly ambitious

Ludovic Castillo

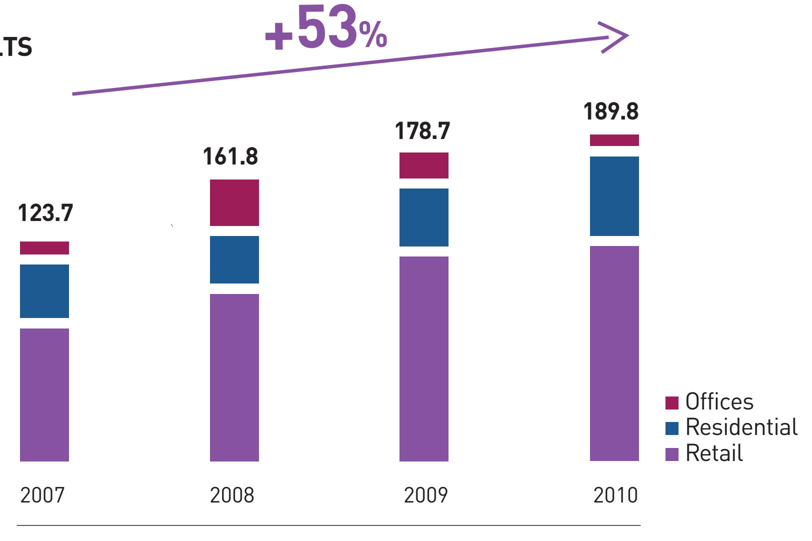
projects in terms of size, exposure or market level. This was seen in the past year with the completion of the First tower, the Laennec complex and in the Cap 3000 and Villeneuve-la-Garenne acquisitions.

A. T. —— We strengthened our position by becoming a developer in several business lines with the Cogedim acquisition. We regained the ability financially to finance new developments. In sum, our 2015 business plan is based on good growth in residential properties, moderate growth in the retail business and strong growth in the office segment.

A MODEL THAT COMBINES RECURRING REVENUES WITH VALUE ADDED

Altarea Cogedim combines the recurring revenues of a commercial real estate investment trust with the value added by a developer in the three main property markets. The Group's financial foundation rests on its portfolio of commercial properties and the value it adds to them through its development expertise, boosting performance. These complementary activities allow the Group to seize opportunities in each real estate cycle.

OPERATING RESULTS BY MARKET



RETAIL

Very long development cycle.

Mature market with niches in the Paris area and the Greater Southeast.

Resilient, with robust cash-flows.

INVENTOR

Third-largest commercial real estate investment trust in France, specialized in shopping centers and formats in line with consumer trends.

RESIDENTIAL

Short, sharp cycle.

Deep market dominated by structural shortage in France.

CREATOR

Benchmark developer and market leader in upmarket residential property in France.

OFFICES

Regular, sharp cycle.

Deep market that is highly sensitive to economic conditions.

INNOVATOR

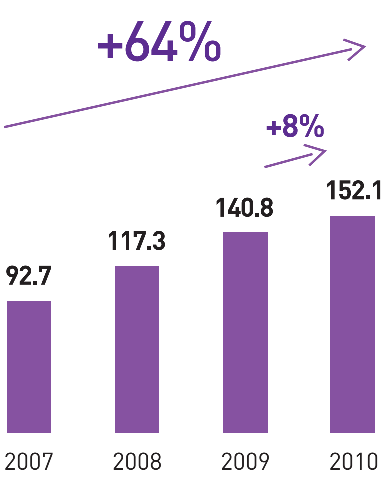
Benchmark for high performance green office buildings.

ASSET PORTFOLIO:
€2,602 MILLION

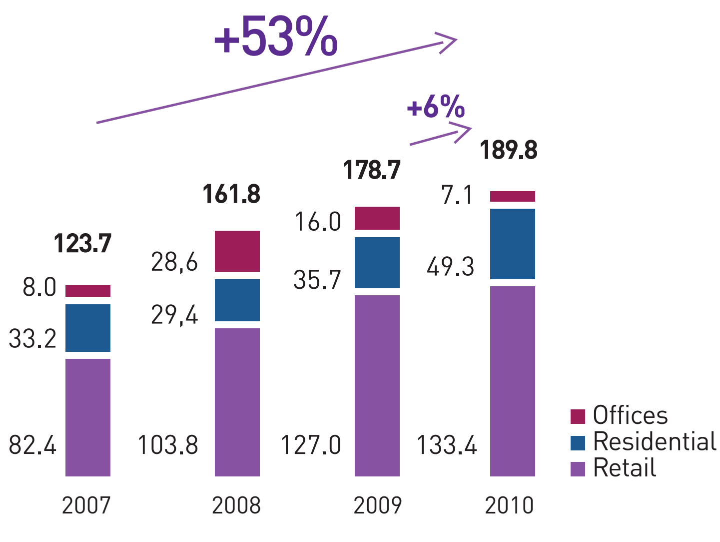
INVESTMENTS
€328 MILLION

DISPOSAL PROCEEDS
€247 MILLION

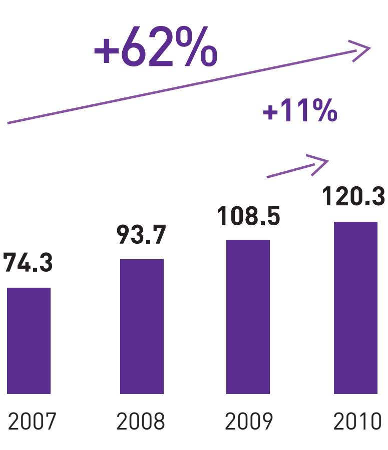
NET RENTAL INCOME - RETAIL (€M)



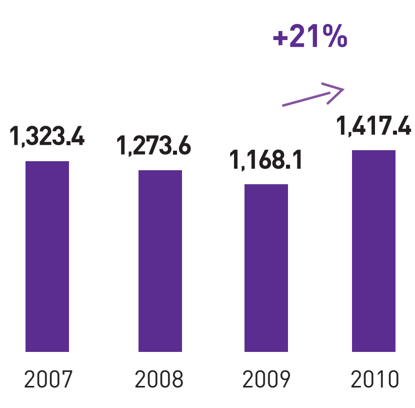
RECURRING OPERATING PROFIT (€M)



RECURRING NET PROFIT (€M) (Group share)

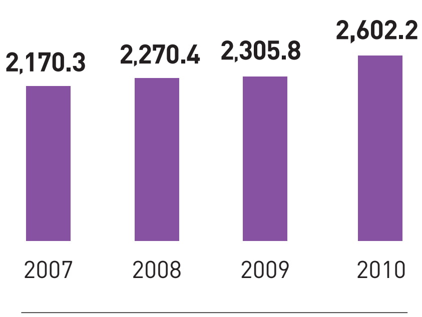


NET ASSET VALUE (€M)



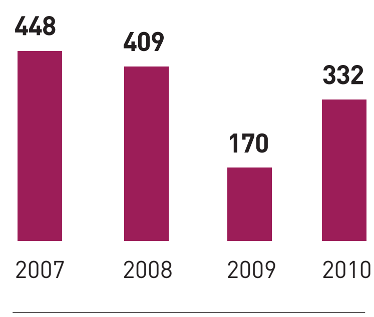
2010 BUSINESS VOLUME IN REAL ESTATE DEVELOPMENT:
€1,717 MILLION INCLUDING VAT

RETAIL PORTFOLIO
Portfolio value (Group share) (€M)

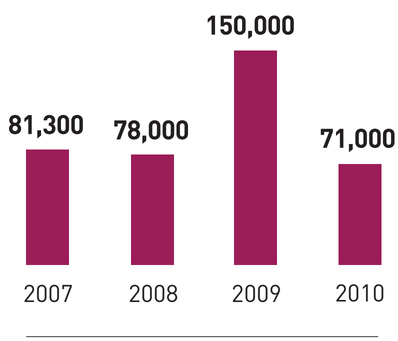


OFFICE PROPERTY DEVELOPMENT

Reservations (€M, incl. tax)

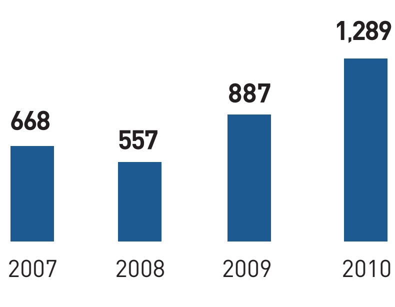


Completions (sqm)

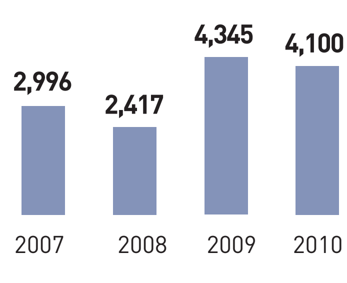


RESIDENTIAL PROPERTY DEVELOPMENT

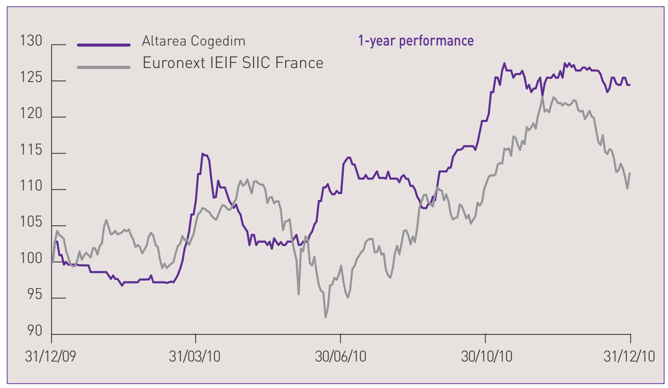
Reservations (€M, incl. tax)



Number of lots



A PROVEN TRACK RECORD SUBSTANTIAL POTENTIAL



Since its initial public offering in late 2004, Altarea Cogedim has delivered a remarkable financial performance, with NAV per share rising by 79% over five years. In 2008 and 2009, the Altarea shares, like those of all other property companies, were adversely affected by the financial crisis. Nonetheless, Altarea Cogedim's share price performance is among the best in its market and has exceeded the IEIF SIIC France index over 2005-2010.

Owing to its major shareholders' confidence in its business model, which combines high yield with growth, the shares' low liquidity has not proved a hindrance to sizeable transactions. The placement of Morgan Stanley's investment with numerous other investors in 2010 attests to the Group's attractiveness. Today, providing greater liquidity for trading in the shares is a priority for Altarea Cogedim, which is examining various solutions to achieve this.

Based on the clear visibility over growth in cash flows generated by all business lines over the next two years, the Group expects recurring net income to expand by over 10% per year on average, with an equivalent rise in the dividend, in keeping with its payout policy.

NET ASSET VALUE:
€139.3 PER SHARE
+79 % OVER 5 YEARS

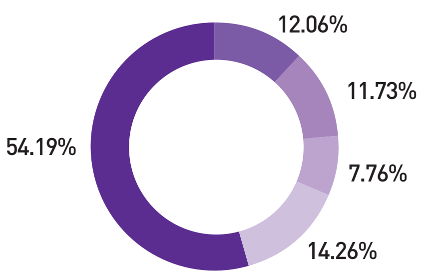
RECURRING NET INCOME:
€11.7 PER SHARE
+193% OVER 5 YEARS

DIVIDENDE:
€8.0 PER SHARE
PAID IN JULY 2011
+233% OVER 5 YEARS

Financial indicators per share

In euros per share	2005	2006	2007	2008	2009	2010
Recurring operating profit	6.6	7.7	15.7	17.7	17.4	18.5
Recurring net income (RNI)	4.1	5.4	9.4	10.3	10.6	11.7
Dividend per share (€)	2.4	4.0	6.0	7.0	7.2	8.0
Net asset value (NAV)	77.8	117.7	165.0	124.2	113.3	139.3
RNI/price	3.8%	3.7%	4.0%	7.8%	9.9%	9.4%
Dividend yield	2.2%	2.7%	2.5%	5.3%	6.7%	6.4%
Premium or discount to NAV	38.8%	25.7%	43.5%	6.3%	-5.6%	-10.3%
Price at 31 December	108.0	148.0	236.8	132.0	107.0	125.0

Main shareholders at 31 December 2010



- Founders
- Foncière des Régions
- Predica Crédit Agricole Assurances
- ABP fund
- Free float

Factsheet

Legal form: Société en commandite par actions
Registered office: 8 avenue Delcassé - 75008 Paris
R.C.S.: Paris B 335.480.877 (1986 B 13377)
SIRET: 335.480.877.00414 APE: 6820B
Intra-community VAT no.: FR 34 3.354.808.77
Financial year-end: 31 December
Business: Listed real estate investment trust

Stock market information:

Market: Compartment A
Securities exchange: NYSE Euronext Paris (France)
Code or symbol: ALTA
ISIN: FR0000033219

Number of shares: 10,178,817
Main index: CAC AllShares

alta green

ALTAGREEN: A PROGRESS-BASED APPROACH

Project of a photovoltaic power plant for a shopping center

Following the first year of its implementation, the progress-based Altagreen approach helped each of the Group's business lines make improvements, as confirmed by Novethic's 2010 rating of reporting on buildings' environmental performances: it recognized Altarea Cogedim as the company making the most progress throughout its two classifications.

In 2010, Altarea Cogedim anticipated the requirements of the French Grenelle 2 for the Environment and the 2012 Thermal Regulation Law by committing all of its new retail, residential and office developments to meeting high-energy efficiency standards known as BBC Effinergie®.

The Group believes that environmentally-friendly buildings and housing should be accessible to all. It is committed to helping all its clients and partners understand its buildings' environmental features. In 2011, the Group will participate in a HQE® Performance project in partnership with Certivéa and the HQE® Association to design a performances label that everyone can read.

ISSUE 1: IMPROVE ENVIRONMENTAL PERFORMANCE

A shared ambition

Altarea Cogedim decided to spread its ambition to be green to all of its new developments regardless of their size, location or complexity. Its 2010 commitment to "BBC" levels of high-energy efficiency for all new developments stands as the first proof of its ambition.

Integrate renewables

Structured to respond to the challenge of sustainable cities, Altarea Cogedim believes it is relevant to combine renewables production with energy-efficient developments. To achieve this, the Group made a strategic investment in 8 Minutes 33, a company specializing in the development, installation and operation of solar power generators. These new competencies will help the Group incorporate renewable energy production systems in the design phase, improving a project's energy efficiency by capitalizing on its exterior surface area, orientation and geographic location.

Assessing our carbon footprint

Altarea Cogedim is determined to make new regulations a driver of change and has decided to use the Bilan Carbone® assessment of its activities as a tool of progress. In 2010, the Group initiated an evaluation of its environmental footprint by conducting the Corporate Bilan Carbone®. In 2011, four employees will receive training in the Bilan Carbone® methodology from the French Environment and Energy Management Agency. They will become responsible for conducting the Group's various Bilan Carbone®.

2010 HIGHLIGHTS

- Altarea Cogedim completed its Corporate Bilan Carbone®
- The Green One Building in Paris has the first completely neutral Construction Bilan Carbone®

CORPORATE	REAL ESTATE INVESTMENT	REAL ESTATE DEVELOPMENT
SCOPE	SCOPE	SCOPE
headquarters and subsidiaries, energies and fluids, vehicles, transportation employees and visitors	shopping centers, energies and fluids, employees, suppliers and clients on-site transportation	total energy content, materials energies and fluids, material and team transportation project

THE ALTAREA COGEDIM GROUP'S TOTAL CARBON FOOTPRINT

88.7%
OF PORTFOLIO ANALYZED

240,000 SQM
OF HIGHLY ENERGY EFFICIENT COMMERCIAL SPACE UNDER CONSTRUCTION

600,000 SQM
OF COMMERCIAL SPACE CERTIFIED OR IN THE PROCESS OF ENVIRONMENTAL CERTIFICATION

ISSUE 2: DEVELOP LASTING, INNOVATIVE PLACESS

A culture of tailored solutions

Shared experience across the business lines and a common environmental ambition enhances expertise within each segment. The Group's technical and architectural diversity and the fact that its projects span different generations prove there is no standardized solution. Instead, Altarea Cogedim builds tailored solutions with a strong environmental component for projects that are necessarily unique.

Choosing a sustainable lifestyle

Performance, comfort, health and durability – these must be common denominators in the Group's development projects. Environmental performance must not impinge on livability. All real estate projects are designed with their final use in mind. Altarea Cogedim's projects always consider tenants' operating constraints. The Group pioneered HQE® Operations certification with the Philips France headquarters in Suresnes, and partnered with Certivéa to design HQE® Retail standards. The Okabé shopping center in Kremlin-Bicêtre opened in March 2010 was the first operating shopping center in France to receive NF Bâtiment Tertiaire-Démarche HQE® Operations certification.

2010 HIGHLIGHTS

- The first two HQE®-certified hotel retrofits in France.
- Two pilot projects following HQE® Performance standards.
- Opening the first HQE®-certified shopping center in France.

Okabé, first green shopping center

NEW SHOPPING CENTERS

Okabé, Kremlin-Bicêtre

1st HQE® shopping center in France

NEW OFFICE BUILDINGS

More than 420,000 m^2 certified

NEW RESIDENCES

4,245 residences certified

OFFICE SERVICES

Philips France Headquarters, Suresnes,

Pilot Project HQE® Operations

MULTI-PRODUCT ENVIRONMENTAL EXPERTISE

REDEVELOPED OFFICES

Laennec, Paris 7,

Historic monument

HQE® Renovation

HIGH-RISE BUILDINGS

First, Paris la Défense,

1st retrofitted HQE tower
Largest HQE® project in France

NEW HOTELS

Suite Hôtel Accor, Issy les Moulineaux,

1st HQE® hotel in France

REDEVELOPED HOTELS

General Hospital, Marseille
Former Courthouse, Nantes

1st HQE® hotel retrofits in France

2010 HIGHLIGHTS

• Launch the "Marketplace" website for companies.
• Complete a training course on sustainable development.
• Renew NF Logement-Démarche HQE® certification for a residential best practices guide.

KEY ISSUE 3: ENCOURAGE SUSTAINABLE PRACTICES

Accelerate partnerships

As it believes that engaging in dialogue with all stakeholders is worthwhile and productive, the Group wanted to strengthen the implementation and distribution of "green leases", starting from the first square meter and before they were required by law. Leading the way with the Okabé shopping center and actively helping in the design of the CNCC-Procos charter, Altarea Cogedim signed 167 green leases to consolidate its engagements with all of its retailers.

Communicate about sustainable development

Altagreen's collaborative approach originally brought together nearly 90 employees. The Group set up a way to communicate, through a network of sustainable development experts recognized for their involvement and know-how in this area. Regular features on sustainable development have also been added to in-house communication tools.

The green lease – an environmental partnership with retailers

Altarea Cogedim has implemented green leases, which are formal contracts between tenants and property owners that provide for exchanging environmental and energy use information and for creating environmental committees composed of the property owner, tenants and other site stakeholders.

167
GREEN LEASES SIGNED

250 VOLUNTEER EMPLOYEES TRAINED ABOUT SUSTAINABLE DEVELOPMENT

Raising awareness about sustainable development

The Group held voluntary training courses to raise employee awareness about sustainable development issues. Dominique Bidou, a sustainable development specialist, and the internal training department led the classes. To supplement the training, supporting documentation is available on the company's intranet.

KEY ISSUE 4: FOCUSING ON SKILLS AND TALENTS

The Group's unique positioning is underpinned by a human resources policy that adjusts constantly to the company's growth needs. In 2010, priorities in this area again focused on three areas: skills optimization, individual guidance and career path development.

Skills optimization

Employee recruitment was strong in 2010 due to the high growth in residential activity and in preparation for job profile in the retail segment. The Group hired 124 full-time employees, including 85 for the residential segment. Two-thirds were new jobs and one-third replacement hires for a current total of nearly 750 employees. Managers of all experience levels accounted for 68% of new hires.

2010 HIGHLIGHTS

- "Human Resources Rendez-vous" meetings for all of the Group's managers.
- 100 employees took advantage of job mobility opportunities.
- Sustainable development column added to company magazine.

Employee training: a long-term view

The employee training policy has entered a mature phase with recurring group training sessions in office skills, management and personal development, along with more specific assistance for individuals. The training plan's priority focuses on technical mastery in each business line, the foundation of employees' skills. The management coursework still makes up a large share of managers' education. In 2010, a specific effort to improve English-language skills was undertaken, especially for personnel responsible for managing and promoting shopping centers.
Over the last three recessionary years, employee-training investments remained rather stable, at 2% of gross salaries. However, the number of employees taking advantage of one or more training courses increased from 432 in 2009 to 641 in 2010.

Individual guidance

Starting in 2011, the high level of new hires was supported by a renewed induction process for new employees. The process includes a welcome seminar, common training session and dedicated documentation. At the same time, a network of six volunteer tutors with recognized expertise was put in place to help young managers in their first job or for important job transfers. Awareness campaigns were also strengthened, notably through a training course on sustainable development. The Group's Intranet, "Alterego.net", was updated and given a new look to complement the company magazine and the "Alterego Thursdays" internal conference series.

Career path development

Annual reviews provide a key moment for discussions between employees and their managers. In 2010, 80% of employees had an interview with their boss, compared with 73% in 2009. The human resources department used and summarized all of the reviews; their objective is further to reinforce this new management practice. Two interview guides are now available for managers to use.
Some 100 employees took advantage of one or more forms of job mobility in 2010: geographic or professional, changing companies or departments, or being promoted. Internal job transfers have been high since 2008, and increased 33% over 2009. In 2010, a job transfer process was formulated and generalized. Over the last three years, 253 employees changed jobs within the Group, a trend that shows the Group's internal dynamics and its will to offer real growth opportunities within its various businesses.

97%
OF EMPLOYEES UNDER FULL-TIME CONTRACT

641
RECEIVED PROFESSIONAL SKILLS TRAINING

6 YEAR
AVERAGE EMPLOYMENT LENGTH

40 YEARS AVERAGE AGE

€1.55 MILLION
DEDICATED TO NONPROFIT ORGANIZATIONS FOR THE NEXT THREE YEARS

2010 HIGHLIGHTS

• Renewal of a three-year partnership agreement with Habitat and Humanism.
• Implementation of the "My Key to a Home" operation.

KEY ISSUE 5: ENGAGE WITH CITY RESIDENTS

Housing-led integration into society

Since 2007, Altarea Cogedim is a proud partner of Habitat and Humanism, a nonprofit housing organization.
An initial three-year agreement that ended in mid-2010 resulted in achieving defined objectives. A joint-monitoring committee coordinated efforts:
• Two jobs were financed for three years: a property locator and a rental manager for the Paris region
• Capital was provided to fund three family hotels for vulnerable people in need of housing and economic independence. In 2010, the funding was used to build the first family hotel in Lyon, and construction began on a second one in Clamart. A third will be developed by converting an existing building in Versailles.
• 11 awareness campaigns about Habitat and Humanism's activities occurred in the Group's shopping centers, targeting the public.

Altarea Cogedim contributed €1.1 million to support these activities.
A second three-year agreement was signed in 2010 with a charitable contribution of €1.4 million over three years to expand on actions already underway.

Promoting real estate careers

Altarea Cogedim is a member of the Palladio Foundation. Its mission is to increase knowledge about real estate-related businesses, encourage learning about them, and to update real estate practices, opening up career opportunities for motivated youths as well as experienced managers. Altarea Cogedim fully shares this dynamic vision: in addition to contributing €50,000 annually, several of the Group's directors participate directly in the Foundation's affairs and its most important activities.

HABITAT AND HUMANISM: HOUSING TO BUILD THE FUTURE

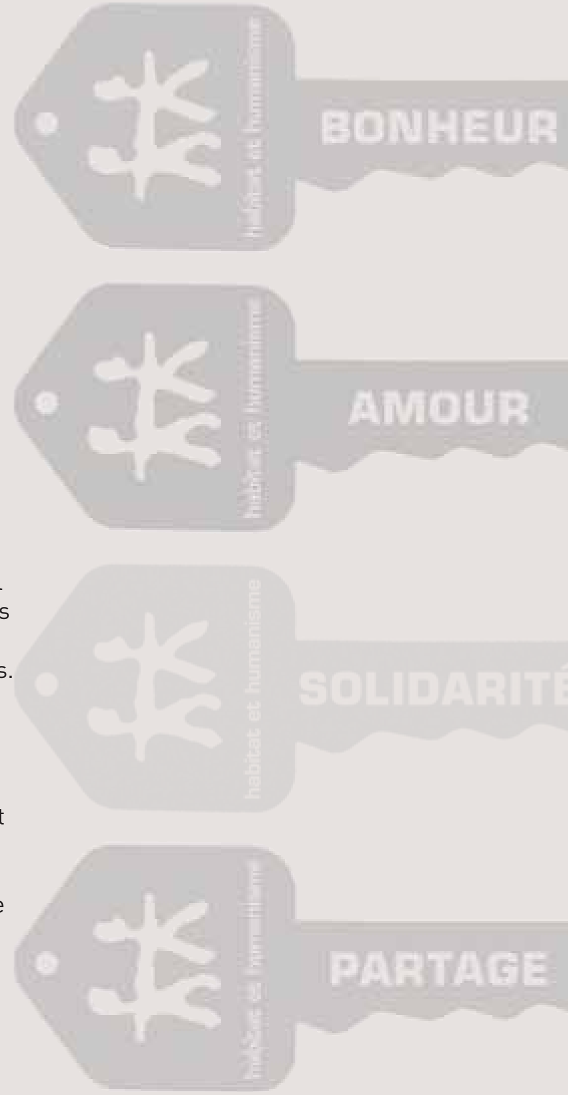
Habitat and Humanism, a nonprofit organization supported by Altarea Cogedim, helps vulnerable people by helping them gain housing and economic independence. Bernard Devert created the organization in Lyon with a mission to help single people and families in need access decent, low-cost housing in "balanced", city center neighborhoods. It also helps people regain self-esteem, autonomy and find their place in society. In 2010, Altarea Cogedim financed and launched the Casa Jaurès in Lyon, a convivial foster care home and residence.

51 LOCAL CHAPTERS

12,000 FAMILIES HOUSED SINCE 1985

4,800 RESIDENCES PURCHASED OUTRIGHT OR MANAGED FOR OWNERS

AN EXEMPLARY PATRONAGE



Bernard Devert, a former real estate professional who became a priest, founded the Habitat and Humanism nonprofit.
He puts his business skills to work every day, finding housing for people in need.

How do your efforts fit with today's circumstances?
Today, the housing crisis is not due to inadequate supply, even if there are not enough homes to meet all needs. The real problem is finding affordable housing because of the explosion in real estate prices. That is particularly true in the Paris region, where prices shoot up even as government subsidies decline. The economic situation is very tight and our margin of maneuver very slim for helping our public – people in great need who are looking for very low rental prices. While we are not trying to make money, of course, we must not lose any either or we risk compromising our projects' future. We have a duty to act very professionally to breakeven financially.

That's where Altarea Cogedim's "skills sponsorship" comes in?
Yes. The new partnership component that links us with Altarea Cogedim is a first. We appreciate being able to solicit hardened real estate financing professionals – the experts – to help us with our transactions. Of course, such support isn't quantifiable, unlike the financial support that Altarea contributes elsewhere by financing two full-time salaried positions in the Paris region and by providing major construction funding for our residences, such as the Casa Juarès in Lyon this past year. But this intangible support is decisive for carrying out projects effectively. The other good thing about this skills transfer is that it involves many Altarea Cogedim employees and opens up new opportunities, such as our employees participating in company-organized awareness-raising sessions on sustainable development.

How would you describe this social sponsorship?
It is an exemplary sponsorship, exceptional in the way it is long-term, the way it involves the company, in the size of the financial contribution and in the range of its activities.

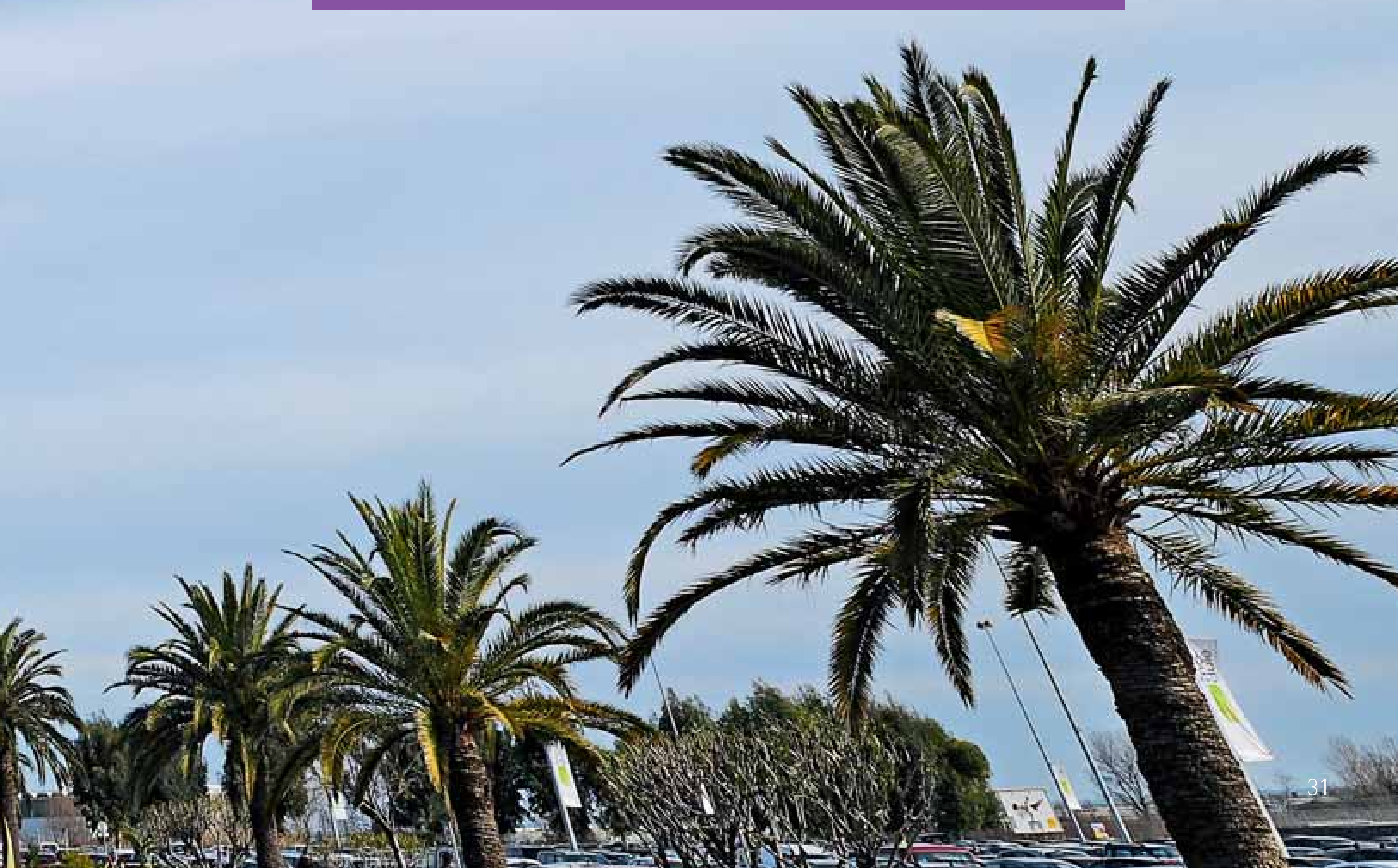
Among these activities, what do you remember from the past year?
The communications activities and campaigns to increase awareness of Habitat and Humanism that took place in the shopping centers were essential. Today, the level of need has increased, reaching people that remained unaffected just two or three years ago. Telling yourself there are solutions, going beyond indignation or defeatism is a first step, and the activities initiated by Altarea Cogedim contributed to this dynamic. Reaching people directly in everyday places helps fight against the indifference of some and the solitude of others.

Cap 3000: an emblematic regional shopping center
In May 2010, Altarea Cogedim acquired France's eighth-largest shopping center. This move reflects the Group's ability to invest in major assets. Cap 3000 hosts the second-largest Apple Store out of the five operating in France.

RETAIL

Altarea Cogedim is a three-dimensional company active in real estate investment, development and asset management. Since its inception, the Group has expanded by inventing new retail formats that have reshaped the commercial landscape. Through its constant efforts to innovate, Altarea Cogedim envisions the retailing universe of tomorrow to meet consumer expectations, retailer requirements and local community needs.

In 2010, Altarea Cogedim launched an ambitious investment plan while concentrating its commitments on large-scale projects and enhancing the valuation of its portfolio. To finance these new projects, the company has sold some of its mature shopping centers.



A DIFFERENT APPROACH TO RETAIL

OUR DIFFERENCE

Ensuring a good fit between downtown and suburban retail venues. As a partner of the local authorities, Altarea Cogedim designs custom-made shopping centers, in formats adapted to the objectives of local communities such as revitalizing downtown areas with projects developed in partnership with Caisse des Dépôts, renovating city gateways with innovative qualitative, architectural and landscaping concepts, or building up urban nuclei in outlying areas.

Bold new retail concepts leading to new lifestyles and ways of consuming, such as the format combining retail and entertainment facilities exemplified by Bercy Village in Paris, Thiais Village, or Carré de Soie, developed in synergy with the Lyon racecourse or the first rail station retailing project developed in partnership with the French rail operator SNCF.

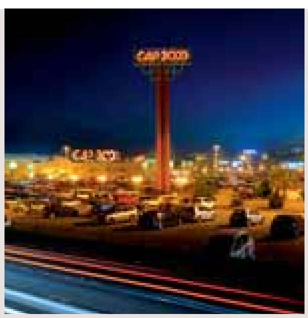
ASSETS WORTH
€2.6 billion

€159 million
RENTS IN GROSS ANNUAL RENTAL INCOME

338,000 SQM
IN PROJECTS UNDER DEVELOPMENT

671,000 SQM
GLA OPERATED

45
SHOPPING CENTERS
IN FRANCE, IN ITALY AND IN SPAIN



Our tried and tested know-how in complex redevelopment operations on an occupied site, which is a major advantage in enhancing asset value.

Our proven track record in asset management, as an operator of shopping centers for third parties.

100% of our new projects are undergoing both HQE® and BREEAM certification. Okabé in Kremlin-Bicêtre is the first shopping center to have received High Environmental Quality certification from Certivéa.

Mixed retail projects that draw on our integrated expertise in three asset classes: retail, residential and office property.

Long-standing partnerships with retail chains and institutional players.

"Altarea France's staff has all the expertise and know-how needed to meet the challenges raised by changing consumption patterns, the new technologies, and, more generally the sea change that is sweeping the retailing industry.

Gilles Boissonnet
Joint CEO in charge of Retail Property in France - Chairman of the Management Board of Altarea France.

Boasting a 100% take-up rate at its opening, the Limoges Family Village the resounding success enjoyed by this concept, aimed at families who go shopping for pleasure and entertainment. Its 27 stores (Boulanger, But, Casa, Cultura, etc.) look like wooden townhouses and fit in well with the overall atmosphere as shoppers stroll by.

NET RENTAL INCOME
UP **8%**

RETAIL CHAINS' REVENUES
UP **4.6%**

PERFORMANCES

In 2010, Altarea Cogedim pressed ahead with its investment plan, with 112,000 sqm GLA of retail space delivered in France and in Italy, totaling €25 million in full-year rental income.

4.6% growth in retail chain revenues

Retail chain revenues increased 4.6%, posting robust growth compared with 2009. All retail formats benefited from an upswing in their revenues, particularly Family Villages that are confirming their vigorous growth year after year and jumped 6.7% in 2010. Thanks to their price competitiveness, Family Villages are in line with the final consumer's expectations against a backdrop of stagnating purchasing power and the slow build-up of online sales.

Net rental income up 8%

Altarea Cogedim's net rental income grew 8% to €152.1 million, primarily owing to the opening of three new sites: Okabé in Kremlin-Bicêtre near Paris, the Family Village in Limoges in southern-central France, and Le Due Torri in Lombardy in Italy. Close to 112,000 sqm GLA were delivered in 2010, totaling €25 million in gross full-year rental income, with a 96% take-up rate at opening.

Improvement in tenants' occupancy cost ratio

As revenues grew and rents at a constant floor area remained stable, tenants' occupancy cost ratio improved to 9.3% in 2010.

STRATEGY

In 2010, Altarea Cogedim reinforced its positions in large shopping centers and in Family Villages. Furthermore, enhancing the valuation of high-potential sites is a major development guideline. Most of these investments were financed by selling mature shopping centers.

Change in scale

Hailed by the industry as the highlight of 2010, the acquisition of Cap 3000 in Saint-Laurent du Var in June 2010, carried out as a joint investment with ABP and Predica, was a turning point in Altarea Cogedim's development strategy pursued. Another milestone was the start-up of the regional shopping center in Villeneuve-la-Garenne, a project carried out on a 50/50 basis with the Orion Capital Managers Group. These two operations illustrate the Group's determination to switch assets in its retail property investment portfolio into the development of regional assets.

Success of Family Village format confirmed

In 2010, the opening of the Limoges Family Village with a 100% take-up rate confirmed the viability of this city gateway concept developed by Altarea Cogedim since 2006. This success in now encouraging the Group to refocus its projects in outlying areas on this fruitful format.

The Okabé shopping center and business center is the flagship operation of a new area undergoing urban renewal, some 500 meters from Porte d'Italie in Paris. This mixed-use property program embodies the wide range covered by Altarea Cogedim's know-how. It is also the first green shopping center in France.

Family Villages offer a high-quality and affordable product range in a carefully thought-out architectural and landscaped setting, in tune with current changes in consumption patterns and household purchasing power. They are highly popular with retail chains and clients.

Continuation of urban redevelopment projects

In partnership with Caisse des Dépôts, Altarea Cogedim has been participating in city redevelopment projects for several years. Okabé, a mixed-use project combining a 35,000 sqm GLA shopping center with offices covering 23 500 sqm floor area and 20 houses, is part of a program to renovate the Kremlin-Bicêtre suburb. With the change in status of part of the RN7 from a trunk road into an avenue and the forthcoming opening of a media center, a new district is developing within five minutes walking from the Porte d'Italie metro station. In 2011, two new downtown operations will open their doors: Espace Saint-Christophe in Tourcoing and Cour des Capucins in Thionville.

Launch of extensions and renovations covering 120,000 sqm

To give its portfolio a regional dimension while avoiding risks related to shopping centers becoming obsolete, Altarea Cogedim launched more than 120,000 sqm in extensions or redevelopment projects in 2010 in order to enhance its portfolio. The good performances recorded by the southern extension of Espace Gramont in Toulouse have provided arguments in favor of the projected second extension for its eastern part. Other extension and renovation projects are under consideration: L'Aubette in Strasbourg, Cap

CAP 3000, A CROWN JEWEL OF RIVIERA RETAIL

— Cap 3000 is the crown jewel of commercial real estate in France and Europe. It has been open for 40 years, the take-up rate was 100% from the very start and it hosts 7 to 8 million visitors per year. Its seaside location near Nice airport is exceptional, with a customer service area encompassing nearly one million inhabitants. In addition to its financial performance, Cap 3000 boasts significant upside potential in terms of rental income and possible extensions. A project aimed at extending the shopping center and organizing its retail areas around themes, like an open-air department store, is under review.

14 HECTARES
LAND AREA

126
STORES INCLUDING GALERIES LAFAYETTE, LAFAYETTE GOURMET AND APPLE STORE

€11,000 PER SQM
PER YEAR IN A STORE

65,000 SQM GLA

Villeneuve-la-Garenne, exceptional visibility and situation. The Villeneuve-la-Garenne regional shopping center, scheduled to open in late 2013, benefits from its strategic location in the Hauts-de-Seine department, where the A86 highway and the banks of the Seine meet. Located at the intersection of three departments enjoying robust growth and boasting 1 million inhabitants, this center will total 89,000 sqm in retail areas. It is set to become a reference in the Paris region.

3000 in Saint-Laurent-du-Var and Jas de Bouffan in Aix-en-Provence.
A first section of redevelopment work on Cap 3000 began in 2010.

Four asset disposals

Altarea Cogedim sold property for a total of €247 million in 2010. Two transactions account for the larger part of these disposals: they are the real estate complex located at 39-41 avenue de Wagram in Paris and the two shopping centers in rue Jean Jaurès in Brest that Altarea Cogedim will continue to manage, reflecting investors' trust in the Group.

Significant involvement in marketing and merchandising

As a retail expert, Altarea Cogedim follows a multi-channel marketing strategy, which combines last-generation communication tools with conventional tools. The Group has rolled out interactive terminals in some ten shopping centers in order to provide visitors with a range of services: loyalty cards, bargains offered by stores and various kinds of practical information. Altarea Cogedim organizes original events for every key stage in the life of its shopping centers: opening, anniversary, sales and bank holidays. Already present on Facebook, the Group set up an e-newsletter aimed at its brands in 2010. The idea of developing applications for smart phones is also under consideration. The Group selects the appropriate communication channels for each shopping center.

ALTAREA COGEDIM, A PARTICIPANT IN TOMORROW'S RETAIL WORLD

As a real estate investment and development company, Altarea Cogedim is also an expert in the fields of retail and new consumption patterns. Because the world is in perpetual motion, the Group is seeking to adapt to this situation and be a key player in this world of constant change. Altarea Cogedim transcends the strong points of its shopping centers and of e-trade, in order to make them into complementary distribution channels. The objective is to optimize the qualities of shopping centers, in other words information, signposting, improvements in car parks and rest areas, to combine them with technological breakthroughs. The innovations the Group is working on relate to the content, as well as form, of the offering of shopping centers along with their services and accessibility.

The Jas de Bouffan shopping center, located in the outskirts of Aix-en-Provence, currently covers 11,592 sqm GLA. An extension project aimed at extending it over a further 5,000 sqm and host 25 more stores is under consideration.

ALTAREA ITALIA: A NATIONAL PLAYER

"Altarea Italia's teams have demonstrated they can be innovative in setting up complex transactions and in coming up with proposals and initiatives for the Italian market."

Ludovic Castillo
Deputy CEO
of Altarea Italia

Founded in 2002, Altarea Italia has opened six shopping centers in eight years: Casetta Mattei in Rome (2005) La Corte Lombarda in Bellinzago (2006), La Cittadella in Casale Monferrato and Ibleo in Raguse in Sicily (2007), Le Due Valli in Pinerolo south-west of Turin (2008), and Le Due Torri in Stezzano in 2010. This subsidiary is now acknowledged as a long-standing player in the Italian market with the image of an independent operator.

First directly managed project

The highlight of 2010 was the opening of Le Due Torri, located between Milan and Bergamo, as it was the first shopping center built by Altarea Italia as a direct project manager, and its take-up rate was nearly 100% when it opened. Our subsidiary is also taking advantage from the integration of rental management and lease renewals to act in a proactive manner and increase the upside potential of its shopping centers.

Reasonable development pace

After an initial fast growth phase aimed at reaching critical size on its market, Altarea Cogedim's Italian subsidiary has been following a more targeted expansion strategy in an economy that was harder-hit by the crisis than France from the crisis. In 2011, it will refocus its development on high-quality projects geared to optimizing returns when the shopping centers are opened. Drawing on its knowledge of the Italian market and its experience, Altarea Italia will us a selective approach to study growth opportunities in co-investment projects in downtown renovation as well as suburban redevelopment projects, more particularly in the North of the country.

40 EMPLOYEES

6 SHOPPING CENTERS OPENED IN 8 YEARS

13 MILLION VISITORS PER YEAR

400 LEASES MANAGED

Le Due Torri, a benchmark model. Opened in April 2010, Altarea Italia's sixth shopping center is also the first project it has directly managed. Le Due Torri has cumulated outstanding performances: it opened with a near-100% take-up rate for its stores despite difficult economic conditions and an extremely competitive retail environment; as it ensures quality in its offering and architectural design, it has attracted demanding retail chains such as Esselunga that decided to implement its first superstore within a shopping center. With its focus on renewable energy sources (geothermal) and local materials, it foreshadows a new generation of shopping centers with environmental value added.

Toulon-la-Valette, an urban and retail renewal project
The challenge faced in refurbishing the Toulon-la-Valette shopping center is to restore the site's aura to make it into a benchmark in the region. Reflecting the refocusing of Toulon's city planning on its downtown area, this wide-scale mixed-use project embodies the ambition to reshape Toulon's East Side. As an example, this contemporary-style project is pedestrian-friendly.

2011 PROSPECTS

In 2011, Altarea Cogedim is pressing ahead with the strategy it initiated in 2010 with a proactive policy of enhancing the value of its existing portfolio and launching long-term investment projects. These new commitments will be financed mainly by asset disposals. The pace and the scale of these disposals will depend on our development plan.

Selective development

The determination of municipalities to renovate their city gateways and the increased value given to leisure in consumer behavior are leading Altarea Cogedim to place the priority on developing urban renewal projects, in particular via its Family Village concept. Altarea Cogedim will likely above all develop in the Paris region and in France's Greater South-eastern region because most needs for new shopping centers are concentrated there owing to high population growth.
Likewise, in Italy, the major focus for expansion will be the construction of large shopping centers in Northern Italy.

Enhancing the value of high-potential assets

The main challenge faced in enhancing the value of our existing assets will be to convert high-potential retail operations into shopping centers with a regional dimension. In addition to Toulouse Gramont, the remodeling and expansion projects already under way at Cap 3000, Bercy Village, Jas de Bouffan in Aix-en-Provence, Ollioules and Massy will be continued.

Further asset disposals

Altarea Cogedim will implement its divestment strategy gradually, as it enters into new undertakings.

Stepping up the asset management business

Retaining the management contracts for the large assets it sells is one way for Altarea France to leverage its growth. The objective set for 2011 is to double the percentage of cash flow generated by assets managed for third parties.

Studies, prospects and partnerships

The growing role of the internet and new technologies in consumer behavior patterns is a secular trend. It means rethinking conventional retail formats and adapting business practices. Consumer sensitivity to prices has risen hand in hand with the increased use of the internet, which shoppers rely on more and more in preparing to buy something in a store. Numerous retail chains have drawn all the relevant conclusions by developing business models in which their virtual site is used as a sophisticated information medium that supports their physical location. This is why the competitively priced Family Villages are clearly in phase with these new consumption patterns.

PONTE PARODI IN GENOA

This retail and leisure center, for which Altarea Italia has been awarded an international prize, forms part of the ongoing renovation of the Old Port of Genoa. This majestic complex will have pride of place in the very heart of the city, with a direct view on the Ligurian Sea. Ponte Parodi will marry the universes of retail, leisure and entertainment, and will open in 2015.

Jean-Michel Wilmotte
Architect, city planner and designer

SHOPPING CENTERS REFLECT THE CULTURE OF OUR TIME

An architect, city planner and designer, Jean-Michel Wilmotte is working on more than a hundred projects in France and abroad, alongside a 180-member team. The He developed the "interior architecture of cities" concept, in order to treat public spaces with the same consideration as private areas. Jean-Michel Wilmotte designed, for Altarea Cogedim, the Toulon-la-Valette shopping center and is drawing up the plans of the future "Cœur d'Orly" district.

_____What are the architectural innovations in retailing?

Customers are growing more and more demanding because they are courted by so many suitors; they need to be surprised and to feel appreciated. The quality of architecture then becomes essential. In the past, shopping centers were designed by anonymous architects and were shaped like shoeboxes. Now, big names are being asked to make them into charismatic structures to attract consumers. The space is transformed into a place to stroll where the architecture encourages exploration. The place becomes almost more important than what it holds; it must be enticing even before one enters the mall. Shopping centers are interesting projects because they create quality public space.

_____How do you see the new trends in retailing?

Shopping centers reflect the culture of our time. Today's malls are a place to find well-being, entertainment and functionality, with a vast array of offerings in a single location. I see a trend in the art of laying out the space, like in Westfield in London, which offers a vast reception area, inverted merchandising with the major chain stores on the first level, spacious rooms outfitted by new designers, natural light, a food court, etc. In Tokyo, there are surprising projects with innovative retail concepts where goods coexist with services, where a bookstore is also a café, where food shops are arranged in a vintage setting. The surprise, lies as much in the architecture as in the retail offering.

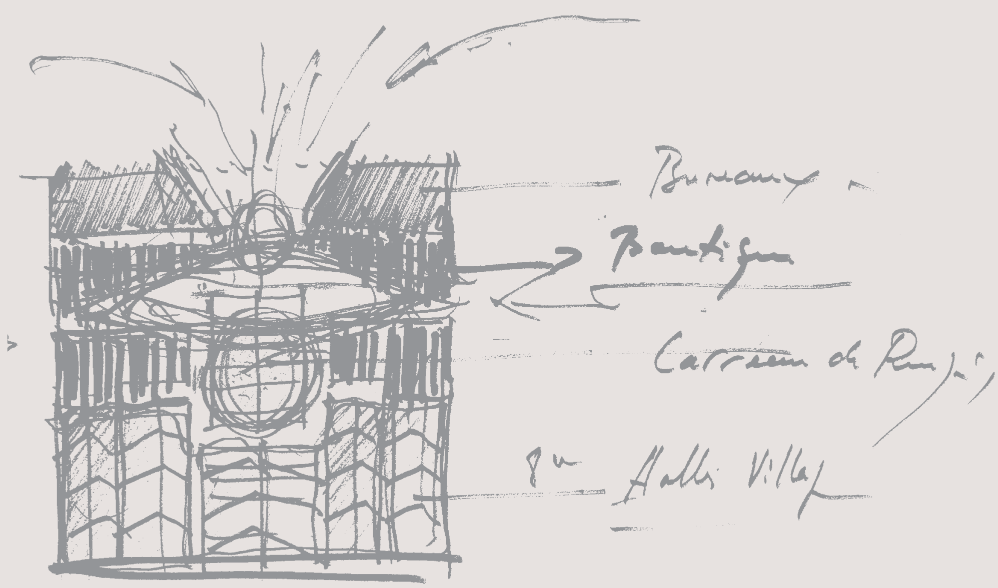
_____What is your view of e-commerce?

Buying online has practical aspects, particularly in terms of shipping and warehousing, but bricks-and-mortar stores are essential. To make individual selections and compare products, it is important to see, feel and touch the goods –something that can only be done in a store.

_____What would be your ideal shopping center?

The ideal shopping center is the street. We always strive to recreate shopping streets or markets, like those in Kiev, Saint Petersburg or the Italian markets, with their mix of people fresh produce, scents, and noises. Some of this can be found at Bercy Village, an original project that opens onto a street on each side of the old redeveloped wine warehouses.

In addition to the streets and their markets, I love plant nurseries. We could envision a spectacular shopping center, with huge, air-conditioned conservatories where vegetation proliferates, accented by water, scents, and perhaps even sound to awaken all the senses. It would be a vast promenade in a park-like setting lined with market-like stalls. It would be easy to reach by car or public transportation, with delivery areas. It would reproduce a shopping street in a microclimate. I like the idea that shopping malls need to coexist with city centers. It is important to strike a balance between the two types of retail venues because we need both of them.



RETAIL PROPERTY

CREATING SUSTAINABLE AND RESPONSIBLE SHOPPING CENTERS

Creative and innovative, Altarea Cogedim maintains this approach in all its projects to ensure it offers sites that are evermore close to its clients' expectations. In partnership with leading retail chains, Altarea Cogedim has initiated a two-fold environmental certification approach (HQE® and BREEAM) for all its new projects. With these certifications, the Group is setting as a priority an improvement in its performance with respect to comfort, accessibility and health.

Okabe, a model shopping center with a high level of environmental value added
In 2010, Okabé in Kremlin-Bicêtre was the first French shopping center to open its doors to the public to be certified NF Bâtiment Tertiaire – Démarche HQE® (this label certifies the eco-construction, eco-management, comfort and health performances of a construction project). Retail tenants have signed green leases, thus becoming stakeholders in the site's environmental performance. Committed to providing responsible operation of its centers, Altarea Cogedim is now aiming for HQE® Operation certification. Our ambition is to adapt this model for all the shopping centers currently under development.

Portfolio's carbon scorecard
At the same time as it carrying out the above initiatives, Altarea Cogedim is continuing to reduce its carbon footprint for its entire portfolio. Thus, the Group acquired in 2010 a tool to assess all our directly and indirectly produced CO_2 emissions for all our shopping centers. This scorecard will factor in energy

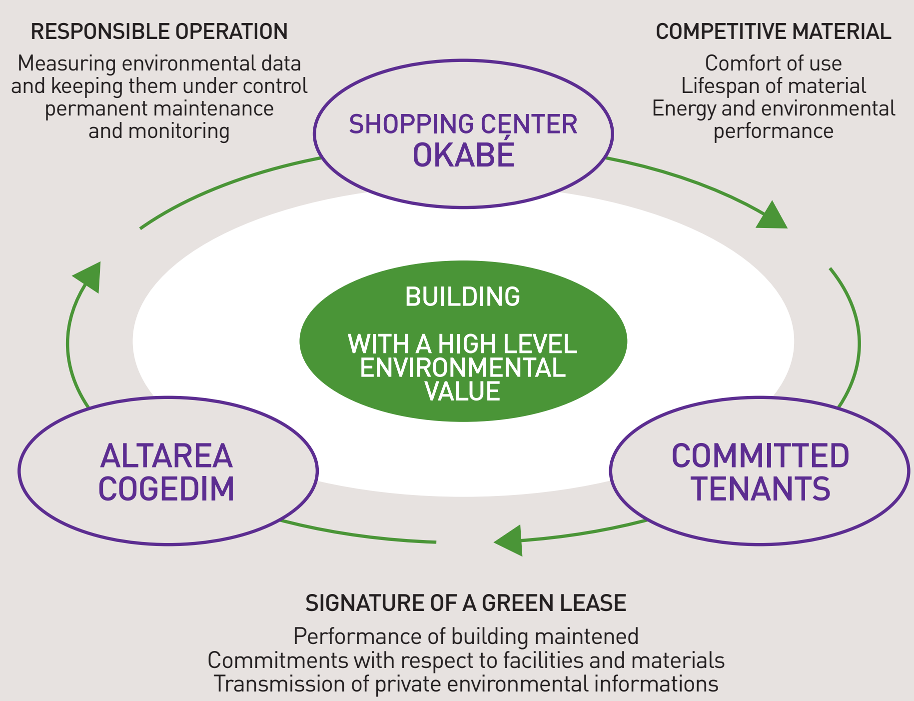
NEW RETAIL PROJECTS

76%
HAVE REQUESTED ENVIRONMENTAL CERTIFICATION

76%
POST A BBC (LOW ENERGY CONSUMPTION BUILDING) OR THPE (VERY HIGH ENERGY PERFORMANCE) LEVEL OF ENERGY PERFORMANCE

Le Due Torri
The outdoor lighting of the front wall of the Le Due Torri center uses LED technology, thereby leading to significant energy savings.

Implementing a sustainable model



Vegetation bubble
Bercy Village hosted the "My bubble, my plant and I" operation. Its objective was to offer visitors a unique experience within a bubble filled up with houseplants, set out in a "psychedelic" pattern.

and fluid used, the depreciation of property and furniture, all traveling by tenants' employees, service providers and visitors. This evaluation will be carried out entirely in-house, thanks to the transfer of dedicated employees trained in how to use the Carbon Footprint method developed by the ADEME (French Environment and Energy Management Agency). This scorecard fits in with the Group's overall approach that consists in evaluating its entire carbon footprint.

Le Due Torri, 100% geothermal

In Stezzano, between Milan and Bergamo, the Le Due Torri shopping center opened in the spring of 2010 is innovative both with respect to its construction processes and technical facilities as in the utilization of renewable energies. The center benefits from excellent thermal inertia thanks to its shell made up of ventilated double front walls that result in natural cooling. Its bioclimatic architecture favors cast shadow effects on the southern and western glass-walled front walls. This sun-breaking effect means the building can have large glass panels that guarantee an excellent level of comfort and of natural light. The outdoor lighting of the front wall, using LED technology, leads to significant energy savings.

In a virtually unprecedented manner, the center uses geothermal energy to a significant extent. The water table covers all heating, cooling and watering needs.

Bonding with our clients

Altarea Cogedim maintains its relationship with its shopping center clients by proposing educational initiatives in the field of sustainable development. Bercy Village hosted in November 2010 a "green bubble" containing 60m3 of plants laid out by a vegetation designer. Visitors enjoyed an unprecedented experience by immersing themselves for a few moments in a natural universe impregnated with serenity, and discovering or rediscovering the virtues of plants, which are a fundamental component of our environment. On the occasion of the Garden Day in Thiais Village, the Group organized several workshops that offered an initiation to cultivating garden vegetables, repotting, and selective waste collection.

Expo graph
The "Urban Inside" exhibition in Cap 3000 gave pride of place to street artists working with graffiti and tags.

RESIDENTIAL

Founded in 1963, Cogedim is the leading high-quality residential property developer in France. Capitalizing on its brand, Cogedim changed in scale in 2010 by doubling its reservations and its market share. It has become the largest residential property developer in the Greater Paris and Lyon Areas. Its experience and its professionalism have been forged in major city planning projects in the Paris region and in the eight metropolitan areas where Cogedim operates. In 2010, Cogedim continued to diversify in all market segments, and is determined to provide an original proposal for any forthcoming residential property opportunity, while remaining true to its dedication to quality.

Paris 7 Left Bank, the exception

This new area development project is the largest property operation launched in fifty years in the 7th district. Altarea Cogedim is reviving the four hectares of this historical site while safeguarding the district's unique atmosphere.

PRODUCT QUALITY IS OUR BRAND'S CAPITAL

OUR DIFFERENCE

Quality is derived first from the strategic choice of the site. Cogedim is demanding with respect to the choice of its sites and pays great attention to everything that makes everyday life easier: quality of public transport services, proximity of shops, schools and leisure facilities.

Space is a component of quality, and that is why Cogedim designs houses that are pleasant to live in, which take into account buyers' comfort, needs and lifestyle.

€1,290 million
IN NEW HOMES PLACED IN 2010

45%
MORE RESERVATIONS THAN IN 2009

93%
MORE RESERVATIONS THAN IN 2007

54%
MORE HOMES PUT UP FOR SALE WITH 67 PROGRAMS



Considering its architecture is a building's real signature, Cogedim is demanding with respect to choices of materials. To fit in as well as possible in each site, Cogedim's creations can have a classical or resolutely contemporary style.

Cogedim has chosen to use interior designers alongside architects to give a strong personality to every building, in particular in the decoration of shared areas.

Its quality premium is at the heart of Cogedim's approach: it systematically proposes the best in every market segment, whether bottom-of-the-range, midscale or upscale. **Satisfying its clients is Cogedim's priority.** It helps buyers with all the legal and financial aspects of a purchase and even after delivery with its after-sale service, put at the disposal of all buyers, regardless of their market segment.

"Our success is due not only to the quality of our products, the attractiveness of our brand, and the location of sites, but also to the firm's dynamic approach: on each project, the good fit between our teams and the stringent application of our methods result in the best product possible.

Christian de Gournay
Joint CEO in charge of Residential Property, Regions and Institutional Relations - Chairman of the Management Board of Cogedim

PARIS 7 LEFT BANK, A NEW AREA IN THE CAPITAL

The objective of this project aimed at renovating the former Laennec hospital, called Paris 7 Left Bank, is to revitalize this prestigious site by introducing new activities, in this sought after Parisian district where new property supply is scarce. The program covers close to four acres and includes, within 14,000 sqm of green spaces, prestigious residential buildings, upscale offices, shops, a student residence, subsidized housing and an old people's home.

1ST
LEADING DEVELOPER IN PARIS AND IN THE GREATER LYON AREA

x 2
MARKET SHARE DOUBLED SINCE 2007

PERFORMANCES

In 2010, Cogedim recorded a significant increase in reservations as well as in land procurement and homes listed sale.

Reservations up 45%

Reservations of new homes soared in 2010, climbing to €1,290 million, i.e. 45% more than in 2009 and twice as many as in 2007, the benchmark pre-crisis year. The breakdown of reservations by types of clients is balanced: home buyers renewed with the top ranking with 44% of sales, individual investors totaled 41% and institutional investors 15%. The volume of notarized sales resulted in a substantial backlog of €1,395 million at 31 December 2010, providing the Group with excellent visibility on its future earnings.

Land procurement up 300%

€2,095 million purchase contracts sell were signed in 2010, i.e. three times more than in 2009, up by €1.4 billion. This growth was recorded above all in the Paris region (up €840 million), but also in other regions (up €569 million).

54% increase in the number of homes put up for sale

The number of homes put up for sale grew 54% to more than €1,300 million. No fewer than 67 programs were launched.

STRATEGY

In 2010, Cogedim also changed its scale by diversifying its product lines. The brand displayed flexibility in a bullish environment.

Change in scale

The pronounced increase in reservations and in notarized sales heralded a real turning point in Cogedim's history. Thanks to the positive business environment, Cogedim won market shares and now holds, with its nine regional offices covering nearly half of France, 5% of the French market in value.

Broadening of the Group's offering

The unchallenged leader in the upscale market, Cogedim diversified its offering in 2010. By meeting the expectations of all customer categories, the company won further market shares. This modularity enables Cogedim to propose price ranges compatible with the expectations of all kinds of buyers, whether first-time home owners, other home buyers or investors, while remaining faithful to its values. Regardless of the quality range, each development implements Cogedim's quality principle with its distinctive features: attention paid to architectural details, to the decoration of shared areas, to landscaping, to comfort of use and to front walls that stand the test of time.
Cogedim's approach is resolutely focused on the quality of houses and the comfort of use of their occupants. This is why every project is designed by taking into account users' needs and their lifestyle. Offering homes that are

12 RUE SAINTE ANNE IN TOULOUSE

Located in the historical heart of Toulouse, the "12 rue Sainte-Anne" development faced the challenge of successfully blending a contemporary architectural style in an area saturated with history. The Gallo-Roman remnants of the old enclosure wall of Toulouse have been rehabilitated and showcased in the hall. They can be seen from a glass passageway and create natural lighting, enhanced by a second interior courtyard in which there are a glass wall and a vegetal wall, as well as the transparency of a lift with two glass sides. Because every building is unique, Cogedim considers that shared areas also have to fit in within a customized project, in a manner that is consistent with the building's architectural personality.

agreeable to live in means providing a satisfactory size, making sure that every potential buyer can bring in their furniture by carefully defining their layout, and by giving preference to occupiers' comfort: an entrance to safeguard their intimacy, independent restrooms, a bathtub in every bathroom in homes with at least two rooms, cupboards in all rooms, and a minimum size for every room.

Robust growth outside the Greater Paris Area

While becoming the market leader in the Paris region in 2010, and maintaining its long-standing position of number one in the Greater Lyon Area as well as one of the three largest real estate developers in certain regions such as the Coastline Alps, Cogedim further increased its market shares in other regions. To do so, it relied on its eight subsidiaries - Greater Lyon, Savoy-Lehman, Grenoble, Mediterranean, Provence, South-Pyrenean Mountains, Aquitaine and Atlantic.

Structuring and building up teams

Cogedim significantly built up its teams, diversified its sales force and structured its development-focused departments in 2010. Eighty-five people were recruited in all its functions. Cogedim will maintain this growth to underpin its development in other regions than Paris.

Diversification of activities

With the completion of the first "Domaine Privé" development in Prévessin (near Geneva, Switzerland), the signature of the first contracts to buy land that Cogedim will use to build Cogedim Club senior residences, and the preparation of large-scale "Nouveaux Quartiers", Cogedim has diversified to a considerable extent.

Nice Méridia, the first green district on the Riviera

Cogedim is taking part in the revival of Vallée du Var by creating a new large-scale mixed-use district that includes houses, offices, the Institute for Sustainable Development, a student residence and shops. This development is part of a distinctly environmental approach aimed at making Nice Méridia into the first green district on the Riviera.

Côté Cambronne is located in the very heart of Nantes, in a district that has been "re-enchanted" by the fascinating monumental mechanical animals made by mixed-media artist François Delarozière.

Prévessin Moëns is a private residence characterized by its focus on nature and upscale services located at the gates of Geneva, ideally equipped in terms of infrastructure.

Consolidation of methods to better control growth

Cogedim has improved its working methods in order to further improve its efficiency and profitability. To do so, it has in particular worked on defining its ranges of services and of new products.

2011 PROSPECTS

Cogedim as a benchmark developer

After its significant change in scale in 2010 and the broadening of its product range, Cogedim's prospects for 2011 are promising in an economic environment that should remain buoyant. Capitalizing on the strong points of its brand, Cogedim entertains the ambition of winning further market shares at a national level and consolidating its position as a benchmark developer in all quality ranges. To cover all markets, including first-time home buyers, the Group has crafted an appropriate offer for clients eligible to the PTZ+ (or "extended zero rate loan"), which remains true to the habitability and quality criteria that characterize the Cogedim brand. In 2011, Cogedim plans to launch around 120 projects, i.e. close to 8,000 homes. Its revenues will soar in all likelihood in 2011 thanks to the guaranteed backlog recorded at December 31, 2010.

46 JEMMAPES, ÉDITION LIMITÉE

Located in the 10th district of Paris, this cozy and contemporary residence stands out because of its decoration and interior design signed by Olivier Lempereur. Great attention has been paid to every detail: superb height of ceiling, adornment of baseboards and bathroom equipment. Furniture has also been especially designed for the twenty apartments of this "Limited Edition."

THE QUEST FOR URBAN QUALITY

Christian de Portzamparc
Architect-cum-city planner

An architect-cum-city planner, in 1994 Christian de Portzamparc was the first French architect to have been awarded the Pritzker Prize, the highest distinction in world architecture. Nowadays, 80 employees in his workshop work on projects located throughout the world. From buildings to districts, the city is the crucial issue of his work that is based on three themes: symbolic buildings, sculptural towers, small areas and fragments of cities. Christian de Portzamparc developed, for Altarea Cogedim, the complex located at 39-41 avenue de Wagram that includes the five-star Renaissance Arc de Triomphe hotel as well as a large porch, which opens onto a court garden and leads to the renovated Salle Wagram (a prestigious concert hall). He also participates in the Group's projects in the field of residential property.

____What architectural innovations can you see in residential property?
More than real innovations, I would talk about a sea change that is resulting in the expression of the individual dimension prevailing over the collective dimension in residential architecture property. The huge aligned blocks and towers that have marked our era for about twenty years are now replaced by loggias that jut out, and buildings in which windows are not aligned. Everything serial is little by little giving way to asymmetry. After the glorification of masses, of the collective dimension, we now have glorification of the individual. This evolution reflects above all a paradigm shift, another perception of family and our relationship to groups, to everything collective.

____In your opinion, what new patterns are emerging with respect to living in a city?
Housing still provides one of the foundations of a district, which also include shops, gardens, day nurseries and sometimes offices. District and housing are two inseparable concepts. Before building houses, one has to ensure previously that the infrastructure facilities required by quality of life exist. For example, a suburb of Paris called Massy is really organized as a centralized town. It has a railway station, a high-speed metro station and shops. In other outer-ring suburbs, this is not always the case. However, we have to offer inhabitants a quality of life where housing and services are combined.

____And is the very way in which apartments are designed changing?
Residential property is a field that is hampered to a quite large extent by standards. The extension of some spaces is carried out to the detriment of other habitable areas such as the lounge or the living room. This modifies the balance in homes and encroaches on living space. We have to find new ways to improve the habitability of apartments. I have seen that Cogedim pays great attention and sensitivity to the concept of personalized apartments. Some developers have a more rigid approach that is not as favorable for innovation.

____What is your reaction to changes in environmental regulations in the field of residential property?
As far as I am concerned, such regulations are necessary. Energy savings and reducing CO_2 emissions are crucial issues. Substantial improvements have been achieved in terms of external insulation, noise pollution and heating. In this respect, every architect has his or her own preferences. When we are working in the South of France, we use over-roofs that provide obvious thermal comfort. When dealing with the higher floors of buildings, we put terraces and attic apartments to ensure greater comfort.

____With respect to urban densification and your opinion about the so-called "Grand Paris" project, what do you think of housing towers?
You can't put high-rise buildings anywhere. The efficiency in square meters they create must be offset by green spaces, day nurseries, schools and shops. Combining them with low-rise buildings can help locally reduce urban spread, as is necessary, by offering superb views and large terraces. One has to reshape the "Grand Paris" project to curb urban sprawl while respecting the urban qualities of each district.

____Do you like bidding for residential projects?
I enjoy working on residential property projects, but always around a response adapted to the district that fits in within the environment. I look for urban quality. We cannot merely replicate earlier developments; each new project requires studies and an appropriate response.

The Prado-Borely complex consists of 33 apartments in the heart of the 8th district of Marseille, with high-quality services - stoneware slabs, wooden floors, fenced gardens, electric shutters – and in some cases with a view on the sea.

L'Entr'Acte, in a district undergoing a radical makeover close to the center of Bordeaux, hosts two buildings that are highly suitable for investors and BBC Effinergie® labeled.

120

DEVELOPMENTS TO BE LAUNCHED IN 2011

Development of Cogedim Club Residences

The development of the Service Residence range is based on the takeoff of the new concept of Cogedim Club Residences: Service Residences for seniors, which combine a sought-after location with high quality services (CCTV, extended concierge services, etc.).

The crucial idea here is to carry out a complete break from the conventional model of an old-age home, often designed as a place of confinement, far away from the main centers of activity. Our residences located in downtown areas and open to the outside world are entirely focused on the wellbeing of active able seniors. With a number of homes ranging between 50 and 100, our Cogedim Club Residences propose homes going from studios to 3-room apartments. Proposed for rental, they are managed by the Cogedim Group itself, thereby guaranteeing quality of service and ensuring it will be maintained over time.

Creation of an internal sales force exclusively focused on investors: Cogedim Invest

2011 was a year marked by the setting up of "Cogedim Invest", an in-house sales force dedicated to an investor client base. The objective is to keep control of marketing in particular for Cogedim Club developments and provide a customized response to investors interested in our assets. In the spring, we will launch a dedicated web site, called www.cogedim-investment.com.

L'Écrin de Jade, a 37 apartments residence in Villeurbanne close to Lyon with 1,700 sqm of gardens.

New regions

Cogedim is setting itself the challenge in all France's regions to become one of the leaders everywhere it operates. In 2011, Cogedim will pursue the ambitious objectives of its land procurement policy in the regions where the Group operates and will look for all opportunities that could help it develop its operations in new areas. An additional subsidiary is also being set up in Montpellier.

COGEDIM, AS CLOSE AS POSSIBLE TO ITS CLIENTS

To help its clients on an everyday basis, Cogedim has totally embraced the digital era by developing applications for the iPad and iPhone as well as creating a mobile site accessible from all smart phones. Clients can accordingly look for apartments as close as possible to where they are, automatically call a counselor from their iPhone or smart phone during their connection to site, simulate the calculation of the amount of their loans and repayments from their contributions, or carry out a virtual visit of developments already delivered to check Cogedim's level of quality.

HOUSING: WORKING TO IMPROVE QUALITY OF LIFE

Paying great attention to architecture, services and an exclusive location, Cogedim has naturally included environmental performance as a component of its approach with respect to quality. Our ambition is to ensure that every development is an ambitious program with respect to its architecture, its design and its completion, as well as its environmental performance.

100% BBC labeled homes

In 2010, all the new housing developments achieved BBC labeling, in advance of the timetable set by regulations. Implementing a proactive environmental strategy, Cogedim had previously launched a drive to improve its thermal performance with the HPE and THPE energy labels.
To disseminate its environmental expertise as much as possible, Cogedim has included this ambition for two years, in the Guide of Residential Property Best Practices, accessible via its intranet. The Guide allows every program head to monitor, stage by stage, the quality approach by integrating environmental demands into it.

A quality approach for all buyers

Our mission as a developer does not end with the delivery of high-quality homes. It extends to guaranteeing that apartments comply with the commitments we have made. In 2010, the standards that already prevailed for upscale product lines were generalized to the midscale and bottom-of-the-range product lines. The Quality of Delivery approach ensured by our after-sales department steps in upstream as early as the scheduling meeting, carries out the quality audit when building permits are granted, monitors quality as the development is built and subsequently checks compliance at delivery, deals with possible last-minute complaints and provides after-sale service insofar as required.

NEW HOUSING DEVELOPMENTS

4,245
HOMES HAVE BEEN GRANTED ENVIRONMENTAL CERTIFICATION

4,377
ARE AT A BBC (LOW ENERGY CONSUMPTION BUILDING), THPE (VERY HIGH ENERGY PERFORMANCE) OR HPE (HIGH ENERGY PERFORMANCE) LEVEL OF ENERGY PERFORMANCE

92%
ARE LOCATED WITHIN 500 METERS OF A PUBLIC TRANSPORT NETWORK EN COMMUN

Decontamination of the site, low level of nuisances, traceability of demolition materials, rooftops covered with vegetation: such are the remarkable characteristics of the Le Factory development, carried out in the 18th district of Paris.

Massy Oz, this new district that is NF HQE® and BBC Effinergie certified has a heating and domestic hot water system mostly drawing on renewable energies. The front walls benefit from optimized sunlight thanks to an openwork double metallic skin.

NF DÉMARCHE HQE LOGEMENT

COGEDIM ACCOUNTED FOR 50% OF CERTIFICATIONS OF FRENCH HOUSES

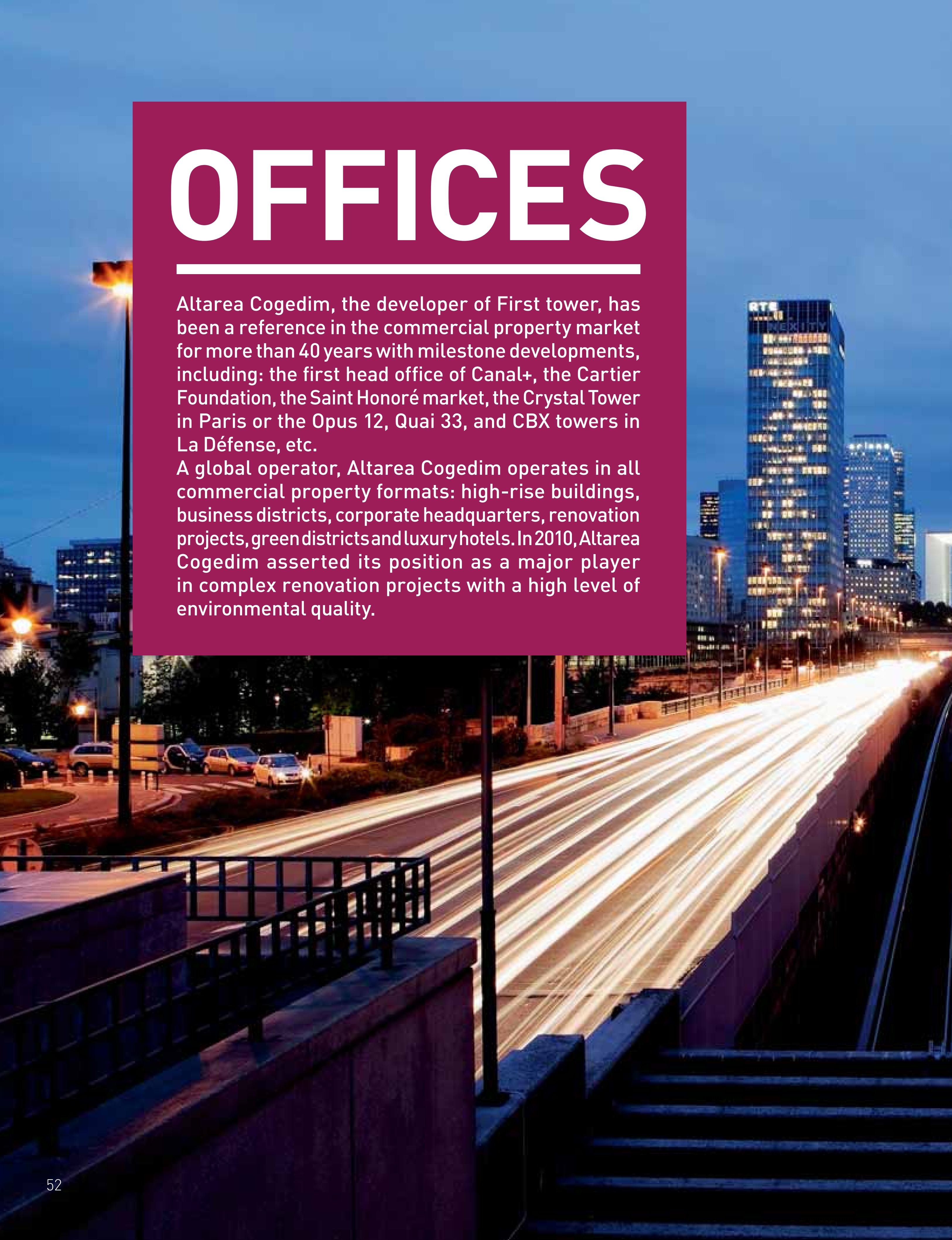
« Environmental quality has to be assessed through a multi-criterion approach: it should not be merely assessed in terms of energy performance but one also has to take into account the impact on the environment as well as health, quality of use and comfort criteria. Cogedim is ahead of its time and has anticipated these changes. The Group furthermore accounted for half of French homes awarded NF Logement Démarche HQE® (sustainable growth certification for residential property) certification in 2010, with more than 4,000 homes certified out of 8,000 at a national level. »

Antoine Desbarrières, President of Cerqual and Head of the Qualitel Association.

OFFICES

Altarea Cogedim, the developer of First tower, has been a reference in the commercial property market for more than 40 years with milestone developments, including: the first head office of Canal+, the Cartier Foundation, the Saint Honoré market, the Crystal Tower in Paris or the Opus 12, Quai 33, and CBX towers in La Défense, etc.

A global operator, Altarea Cogedim operates in all commercial property formats: high-rise buildings, business districts, corporate headquarters, renovation projects, green districts and luxury hotels. In 2010, Altarea Cogedim asserted its position as a major player in complex renovation projects with a high level of environmental quality.



First tower: 2009 French National Engineering Prize

First tower, in the Paris La Défense business district, embodies the Group's know-how in complex renovation projects. It is currently France's largest HQE® development and was awarded the 2009 French National Engineering Prize for "the overall vision of a developer in a high-tech project."

TECHNOLOGICAL INNOVATION AND COMFORT OF USE

OUR DIFFERENCE

Finding the most innovative technical solutions: because companies seek to steal a march in the commercial real estate field, Altarea Cogedim identifies the most innovative technical solutions with research departments from the entire world. For instance, the 2009 French National Engineering Prize was awarded to First tower.

Anticipating environmental demands: Altarea Cogedim systematically includes an environmental certification approach in its buildings with the quest for optimized thermal performance. Thus, Green One will be the first new building to be granted the BBC (Low energy consumption building) label in Paris.

Combining quality and comfort of use: Altarea Cogedim designs work places where quality of life is crucial, with flexible and modular office areas to provide real freedom of organization.

71,000 SQM
OF OFFICE SPACE DELIVERED IN 2010

140,000 SQM
WITH MAJOR POTENTIAL IN THE STAGE OF PRELIMINARY STUDIES

€332 MILLION
RESERVATIONS IN 2010

Optimizing the valuation of every asset: with its multi-disciplinary expertise, Altarea Cogedim always includes in its recommendations its dual expertise in property and finance. Every building is designed both as an architectural object to be built, a site to be operated and an asset of which the valuation is to be enhanced.

Proposing adapted solutions: because each request from a client is unique, Altarea Cogedim proposes a plethora of services, ranging from project management assistance to turnkey developments for users, including off-plan sales, proprietary or joint investment projects.

"Few new projects have been delivered in the last two years because of the sluggish business environment, and this could lead to a shortfall in quality offerings. On the other hand, the forthcoming cycle will be significantly marked by major technological breakthroughs related to environmental demands. Altarea Cogedim intends to take advantage from this situation by building up its investment capacity in commercial property.

Stéphane Theuriau
Joint CEO in charge of Office Property and Private Equity - Chairman of Altarea Cogedim Entreprise

Converting Nantes' courthouse into the city's first international four-star hotel, under the Radisson BLU brand, combined with a contemporary art exhibition area is an unprecedented project in Europe. It is also one of the first hotel conversion developments carried out within an "NF Service Buildings, HQE® approach" hotel certification, with Hôtel-Dieu in Marseille.

82,000 SQM
IN IMAGE-ENHANCING DEVELOPMENTS

PERFORMANCES

In an anemic market, business was maintained with an increase in the volume of reservations in comparison with 2009, primarily for off-plan or turnkey developments, by capitalizing on the Group's know-how. Focused on its users' needs, Altarea Cogedim has a substantial portfolio of developments, both in services and property development.

€332 million rise in reservations in 2010

The level of reservations improved significantly as its total climbed to €332 million in 2010. That was in fact a remarkable performance in a market characterized by a pronounced slowdown in demand for large spaces and the very low volume of on-spec developments.

82,000 sqm in image-enhancing developments sold such as the prestigious redevelopment of the site of the former Laennec hospital on behalf of the Allianz Vie Group or the rehabilitation and development of Hôtel Dieu in Marseille.

140,000 sqm in high-potential developments in the stage of preliminary studies, likely to result in the rehabilitation and development of assets. These studies primarily concern the renovation of three towers in La Défense and two substantial redevelopment projects in central Paris.

STRATEGY

In 2010, Altarea Cogedim took advantage of its expertise in complex renovations to be the lead manager of several major construction sites while continuing to build head offices and new offices. The Group determinedly positioned itself in the service providing market by developing a comprehensive "user" approach. Capitalizing on its lead and its know-how in designing and building property complexes with a high level of environmental added value, the Group affirmed its commitment to the development of green districts.

Complex renovation projects with a high level of environmental added value

2010 was a year marked by several major renovation sites:

– the ongoing renovation of First tower, the highest tower in La Défense and the largest HQE® site in France. Entirely rebuilt on the structure of the Axa tower designed in the early 1970s, its completion represented a technical feat. Its transformation into a high-rise building blending environmental performance, aesthetic quality and comfort of use, demonstrated Altarea Cogedim's know-how in a high-tech project.

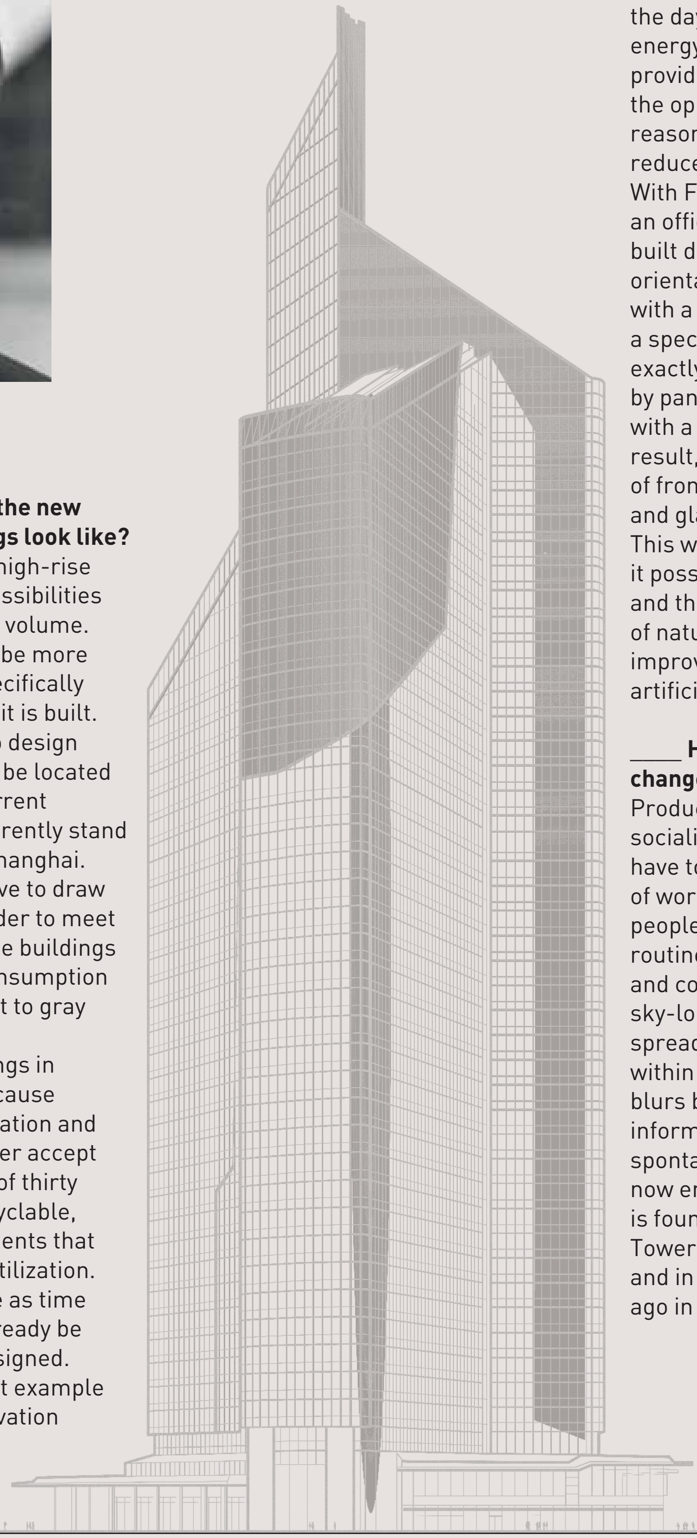
– the launch on behalf of Axa of two substantial projects aimed at redeveloping buildings protected as historic monuments into hotels:

• the conversion of Nantes' courthouse into a four-star Radisson BLU hotel,

HIGH-RISE BUILDINGS NEED TO BE RECYCLABLE

Lee Polisano, a former Principal and President of Kohn Pedersen Fox Associates, separated from the firm in 2009. Before leaving, Lee Polisano was the Principal in charge of First tower, which was completed on February 28th, 2011, designed by KPF in association with SRA Architectes.

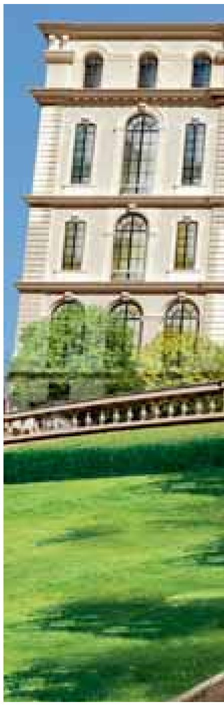
Lee Polisano, FAIA, RIBA,
PLP Architecture President



____ In your opinion, what will the new generation of high-rise buildings look like?
We have to continue to bank on high-rise buildings, but not only for the possibilities they offer in terms of height and volume. The new generation will have to be more "adapted to its context", and specifically designed for the location where it is built. It is now no longer acceptable to design a building of this type that could be located anywhere in the world: most current high-rise buildings might indifferently stand in Paris, London, New York or Shanghai. The next generation will also have to draw on technological advances in order to meet environmental challenges. These buildings will have to cope with energy consumption issues, in particular with respect to gray energy.
Architects have to design buildings in a far longer-term approach. Because of issues related to their reutilization and to rehabilitation, we can no longer accept buildings with a life expectancy of thirty years. Skyscrapers must be recyclable, both with respect to the components that make them up as well as their utilization. A building's function will change as time goes by and this aspect must already be taken into account when it is designed. First tower embodies the perfect example of the potential in terms of renovation of huge buildings.

____ Are high-rise buildings compatible with environmental demands?
Yes. A high-rise building uses floor area in a reasonable manner and makes a contribution, when it is well designed, to a high quality of urban life. It can also be a positive source of energy generation. The energy produced by offices during the day can cover the building's nighttime energy needs. New technologies can provide solutions. A tower gives the opportunity to build in a more reasonable manner, and this will help reduce energy loss.
With First tower, for the first time in an office tower, the front walls have been built differently according to their orientation. Given the tower's shape, with a typical floor made up of three wings, a specific study was conducted to determine exactly, hour by hour, front wall panel by panel, the zones that need to be equipped with a thermal shield. The architectural result, with the interplay between two types of front wall panels, all in glass or in metal and glass, embodies this approach.
This work on the front wall has made it possible to keep large bay windows and therefore maximize the penetration of natural light into the tower, thereby improving users' comfort while lowering artificial lighting needs.

____ How do you see forthcoming changes in architecture in office buildings?
Productive work is now inseparable from socializing and interacting. Buildings have to be designed to support this way of working by offering new areas where people can break away from their work routine and which increase socializing and conversations. First tower has several sky-lobbies, i.e. a sort of vertical atrium spread over several floors and integrated within open space office areas. This layout blurs boundaries between formal and informal workplace, and offer spaces where spontaneous conversations, as companies now encourage, can occur. This new feature is found in high-rise buildings like the Heron Tower, soon to be completed in London, and in the Danube House, built a little while ago in Prague.



THE ONGOING MANAGEMENT OF
250,000 SQM
IN PROJECTS UNDER DEVELOPMENT

• the rehabilitation and conversion of Hôtel-Dieu in Marseille, an emblematic building of eighteenth century hospital architecture, into a five-star Intercontinental hotel.
These two developments were among the first to be granted "HQE®" hotel certification.
– The year was also marked by the start-up of the renovation project on behalf of Allianz Vie of the site of the former Laennec hospital in the highly sought after 7th arrondissement of Paris. This program will include, in addition to building homes of an exceptional quality, 21,000 sqm in upscale offices and facilities that will have HQE® Renovation certification.

The Group continued to benefit from its expertise in building head offices for corporations

Every company looks for a head office that symbolizes its values and conveys its image. Often associated with a corporate project, the choice of a new head office is a strategic decision. Attentive to users' requirements, Altarea Cogedim in particular built head offices in 2010 for the Crédit Agricole Alpes Provence and the Pomona Group.
– Altarea Cogedim designed the head office of a large pharmaceutical company in a downtown area of Suresnes in the suburbs of Paris. The 37,000 sqm in buildings, sold off-plan, have been entirely adapted to the user's requirements, to ensure a customized development.
– Altarea Cogedim regrouped on 21,840 sqm in the Campus des 3 Cyprès various regional subsidiaries of Crédit Agricole Alpes Provence previously spread between Arles, Avignon and Aix-en-Provence. With 600 employees, the regional bank of Crédit Agricole became the largest company in Aix-en-Provence.

Within a mixed-use green district covering nearly 53,000 sqm built by Altarea Cogedim and Life, Altarea Cogedim built the head office of the Pomona group, a 13,500 sqm building in Antony, close to Paris, designed in line with an HQE® and BBC approach.

The redevelopment of Hôtel-Dieu in Marseille, an emblematic building of eighteenth century hospital architecture, into a five-star Intercontinental hotel, will make into Marseille's leading palace. Altarea Cogedim's mission consists in safeguarding the volumes and the architecture of this prestigious site while combining functionality and glamour.

Cœur d'Orly illustrates the Group's ability to complete long-term mixed-use projects aimed at creating a district in a town in a partnership. Cœur d'Orly is the first eco-business district combined with a living space in the southeastern Greater Paris Area, in connection with the Orly airport. This new district proposes a diversified range of offerings (offices, hotel, shops, services, leisure facilities).

It built up its service provider business

In 2010, in a market in which there were few on-spec developments, Altarea Cogedim focused its efforts on developing its business as a service provider as a new driving force of business. Drawing on the entire range of property skills of its teams, it proposes to investor or user clients a customized offering, adapted to their needs and to their constraints, starting from feasibility studies, through obtaining administrative authorizations and carrying out studies, to the concrete organization of their move.

In 2010, Altarea Cogedim carried out studies that might result in asset renovation projects totaling close to 160,000 sqm on behalf of international investors such as UBS, Morgan Stanley, Perella Weinberg and General Electric.

Development of green districts

Thanks to the Group's multi-product know-how, to the development synergies that exist between its various business lines and the lead it has built in sustainable development, Altarea Cogedim boasts real advantages that will help it position itself in these business districts of the future. In 2010, work on several projects was continued while others have been completed:

– Cœur d'Orly, a new international green district built in a partnership with Foncière des Régions and Aéroports de Paris. Designed as a town district, it combines offices, shops (brands' gallery, catering, etc.) and a four-star hotel. This urban hub, as it draws on geothermal energy, HQE® certification and the Low energy consumption building (BBC) label,

Korus (phase 2) in Suresnes symbolizes Altarea Cogedim's ability to build a customized head office. The buildings were fitted out and adapted according to the user's requests: decorated spaces, access control, etc. This 37,000 sqm lot follows the completion of a first lot of 45,000 sqm of offices built in Suresnes.

Altarea Cogedim is erecting a building with a distinctive architectural style in Saint-Denis, the business district located in the North of Paris. This office building will offer high-quality services at competitive rental prices.

170,000 SQM
TO BE DELIVERED IN 2011

6 PROJECTS HQE® CERTIFIED TO BE DELIVERED IN 2011, INCLUDING FIRST TOWER

will post exemplary performances in terms of environmental quality. The program includes 110,000 sqm of offices that will be built in three phases. The building permits have been obtained for the first phase that is to be delivered from the fourth quarter of 2013 onward.
– "Cœur de quartier" (formerly called "Nœud papillon") in Nanterre, at the foot of La Défense is being built in co-development with Eiffage. This mixed-use project combines houses, shops, service residences (25,000 sqm) and offices (23,000 sqm).
– Other mixed-use projects are being built outside the Greater Paris Area, such as Nice Méridia that combine offices and the Institute for Sustainable Development, houses and shops; or Euromed Center, which is part of the reshaping of Marseille's zone port area.

2011 PROSPECTS

In 2011, Altarea Cogedim will deliver close to 170,000 sqm in developments. The drive to increase market share gains will be stepped up. It will be aimed at large users, institutional investors notably in projects consisting in renovating their assets and, lastly, as an investor via an investment unit with a substantial equity endowment.

– 7 projects will be delivered: First tower in February 2011 (87,000 sqm), the head office of Servier in Suresnes (37,000 sqm), the Green One building in the 18th arrondissement of Paris (5,175 sqm), Club House in Saint-Cloud (5,200 sqm) Suite Novotel in Issy-les-Moulineaux (6,320 sqm), the head office of the regional bank of Crédit Agricole in Aix en Provence (21,840 sqm) and a hotel as well as a logistics platform in Saint Priest (6,500 sqm)
– Launch outside the Greater Paris Area of a new "Premium Office" product range, designed to meet the specific features of regional markets and to satisfy users' needs.
– An investment vehicle that will be allocated €350 million in equity at its first closing that should subsequently increase and exceed €500 million. Set up by Altarea Cogedim with French and international investors, this vehicle in which Altarea Cogedim will hold a 20% stake will be entirely dedicated to investing in commercial property. Its objective will consist when the time comes in acquiring land or existing offices in order to apply to them the Group's know-how in creating core assets with a high level of environmental added value and subsequently selling them to institutional investors.

Le Galilée is one of the first buildings in the Andromède area, a new district covering 100,000 sqm close to the Blagnac aerospace hub.

PERFORMANCE, OUR MOTTO

NEW OFFICE AND HOTEL DEVELOPMENTS

73%
POST A THPE OR BBC LEVEL OF ENERGY PERFORMANCE

91%
ARE LOCATED LESS THAN 300 METERS AWAY FROM A PUBLIC TRANSPORT NETWORK

80%
HOLD ENVIRONMENTAL CERTIFICATION

Altarea Cogedim has anticipated the changeover from the image-conveying building to the building with a high level of environmental added value, and is keen to offer investors and users a customized approach ranging from the most balanced solution to the most ambitious and tailor-made solution. Transparent about the performance of all its developments, Altarea Cogedim remains very demanding in terms of choosing sites, their urban integration and their connections with transport networks.

"Unique" environmental rehabilitation sites

Benefiting from its unrivalled experience, Altarea Cogedim has become an expert in environmental rehabilitation. These complex projects require a customized approach, starting from the quest for the best performance/utilization/savings ratio all the way to the highest environmental energy ambitions. Such a unique response to the constraints of a unique building is illustrated by the completion of flagship projects like Hôtel-Dieu in Marseille, the former courthouse in Nantes, First tower in La Défense, or the rehabilitation of the site of the former Laennec hospital.

The new Cœur d'Orly district, which is 100% certified, is a model of environmental design and of utilization of renewable energies.

alta green

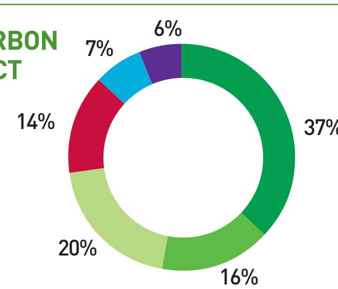
At the heart of the Pajol urban renewal zone, Green One is the first building with a BBC level of energy performance in Paris.

GREEN ONE, FIRST ZERO CARBON DEVELOPMENT

— NF Bâtiment tertiaire Démarche HQE® certified and aiming for HQE® Operation certification, the Green One building, in the Pajol urban renewal zone in the 18th arrondissement of Paris is also a pilot project following the signature of a green lease that enables the Group to guarantee that the level of expenses will be kept under control. The building has been awarded the BBC Effinergie® label, as its energy consumption is 52% lower than the 2005 thermal regulation, i.e. 65 kWhep per sqm per year. Green One is also applying for a BREEAM assessment of a "Very Good" level.

In order to better keep the environmental footprint of the development under control, Altarea Cogedim has conducted, with Green One, the first construction Carbon Scorecard. This study identified all the sources of greenhouse gas emissions in the site during the design and construction phases. After the implementation of a plan aimed at reducing emissions, Altarea Cogedim was awarded the "Zero Carbon Objective" label. The equivalent of CO_2 will be "offset" by a reforestation program, conducted by the Pur Project association, and its certification is currently under consideration by the UNO.

BREAKDOWN OF THE CONSTRUCTION CARBON SCORECARD FOR THE GREEN ONE PROJECT



- Concrete
- Steel
- Other materials
- Internal energy and staff travelling
- Design
- Freight

Appendices

CONTENTS

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2010

ASSETS

In € thousand	31/12/2010	31/12/2009
NON-CURRENT ASSETS	**3,112,387**	**3,099,794**
Intangible assets	199,568	216,332
Property, plant and equipment	12,237	15,557
Investment property	2,757,275	2,721,977
Investments in associated companies and other investments	76,993	68,296
Receivables and other non-current investments	16,352	14,841
Deferred tax assets	49,962	62,790
CURRENT ASSETS	**1,343,313**	**1,011,186**
Assets held for sale	52,651	87,238
Inventory and work in progress	648,089	364,118
Trade and other receivables	346,115	329,170
Income tax credits	820	1,833
Receivables and other current financial assets	8,539	8,062
Derivative financial instruments	24,654	3,930
Cash and cash equivalents	262,446	216,835
TOTAL ASSETS	**4,455,700**	**4,110,980**

EQUITY AND LIABILITIES

In € thousand	31/12/2010	31/12/2009
EQUITY	**1,042,101**	**973,235**
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,000,088**	**938,557**
Share capital	120,506	120,506
Additional paid-in capital	586,763	609,051
Reserves	145,795	317,454
Net profit attributable to owners of the parent	147,025	(108,453)
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**42,013**	**34,677**
NON-CURRENT LIABILITIES	**2,381,177**	**2,250,830**
Borrowings and financial liabilities	2,311,341	2,183,995
Participating loans and shareholders' advances under option	*81,432*	*24,781*
Borrowings and financial liabilities vis-à-vis credit institutions	*2,211,715*	*2,131,883*
Borrowings and bank liabilities matching VAT receivables	–	5,593
Other borrowings and debt	18,194	21,738
Provisions for post-employment obligations	5,338	4,070
Other non-current provisions	16,488	16,222
Deposits and security interests received	25,523	25,273
Deferred tax liability	22,488	21,270
CURRENT LIABILITIES	**1,032,422**	**886,915**
Borrowings and financial liabilities	119,685	158,362
Borrowings from credit institutions (excluding overdrafts)	*99,767*	*141,263*
Borrowings and bank liabilities matching VAT receivables	*5,593*	*2,209*
Bank overdrafts (cash liabilities)	*5,470*	*7,369*
Other borrowings and debt	8,856	7,522
Derivative financial instruments	118,417	117,873
Current provisions	–	205
Trade payables and other accounts payable	791,349	606,882
Income tax payable	2,968	3,582
Amounts due to shareholders	3	10
TOTAL LIABILITIES	**4,455,700**	**4,110,980**

COSTING-BASED PROFITABILITY ANALYSIS 2010

In € thousand	Shopping centres	Property development for third parties	Recurring items	Non-recurring items	Total-Group
Rental revenue	164,396	-	164,396	-	164,396
Land charges	(4,068)	-	(4,068)	-	(4,068)
Non-recoverable rental expenses	(3,628)	-	(3,628)	-	(3,628)
Management fees	(77)	-	(77)	-	(77)
Net allowance to provisions	(4,563)	-	(4,563)	-	(4,563)
NET RENTAL INCOME	**152,060**	**-**	**152,060**	**-**	**152,060**
Revenue	-	642,588	642,588	28,671	671,260
Cost of sales	-	(561,024)	(561,024)	(28,389)	(589,414)
Marketing expenses	-	(15,052)	(15,052)	(357)	(15,408)
Net allowance to provisions	-	310	310	483	793
Amortization of customer relationships	-	-	-	(3,317)	(3,317)
NET PROPERTY INCOME	**0**	**66,822**	**66,822**	**(2,909)**	**63,913**
External services	10,431	14,304	24,736	3,138	27,874
Capitalised production and change in inventories	-	69,029	69,029	17,311	86,339
Staff costs	(14,940)	(61,785)	(76,726)	(23,235)	(99,961)
Other overhead costs	(8,453)	(27,552)	(36,005)	(6,458)	(42,463)
Allowance for depreciation on operating assets	(405)	(2,498)	(2,903)	(385)	(3,288)
Amortization of customer relationships	-	-	-	(4,864)	(4,864)
NET OVERHEAD EXPENSES	**(13,366)**	**(8,503)**	**(21,869)**	**(14,494)**	**(36,363)**
Other income	10,827	3,233	14,061	16,634	30,695
Other expenses	(14,917)	(6,093)	(21,010)	(7,529)	(28,540)
Allowance for amortization	(1,210)	(4)	(1,214)	(100)	(1,314)
Other	**(5,300)**	**(2,864)**	**(8,164)**	**9,004**	**840**
Proceeds from disposal of investment assets	-	-	-	326,461	326,461
Carrying amount of assets sold	-	-	-	(301,400)	(301,400)
NET GAIN/(LOSS) ON DISPOSAL OF INVESTMENT ASSETS	**-**	**-**	**-**	**25,061**	**25,061**
Change in value of investment properties measured at fair value	-	-	-	67,838	67,838
Changes in the value of buildings completed or marked to market for the first time	-	-	-	*25,403*	*25,403*
Other changes in value of investment properties	-	-	-	*42,435*	*42,435*
Net impairment losses on investment property at cost	-	-	-	(19,106)	(19,106)
Net impairment losses on other non-current assets	-	-	-	-	0
Net allowance to provisions	-	917	917	1,524	2,441
Impairment of customer relationships	-	-	-	(7,980)	(7,980)
Impairment of goodwill	-	-	-	(676)	(676)
OPERATING INCOME	**133,394**	**56,372**	**189,766**	**58,262**	**248,028**
Net cost of debt	(58,354)	(14,979)	(73,333)	(4,911)	(78,244)
Change in fair value and gain/(loss) on the sale of financial instruments	-	-	-	(10,786)	(10,786)
Net gain/(loss) on the sale participating interests	-	(3)	(3)	(70)	(73)
Share of earnings of equity-method associates	7,514	(483)	7,030	(62)	6,969
Dividends	-	32	32	0	33
Discounting of payables and receivables	-	-	-	(219)	(219)
PRE-TAX PROFIT	**82,554**	**40,939**	**123,493**	**42,215**	**165,707**
Income tax	(278)	(21)	(299)	(13,919)	(14,218)
NET INCOME	**82,275**	**40,918**	**123,194**	**28,296**	**151,490**
Net income attributable to owners of the parent	*80,087*	*40,194*	*120,281*	*26,744*	*147,025*
Net income attributable to non-controlling interests	*2,188*	*725*	*2,913*	*1,552*	*4,465*
Weighted average number of shares before dilution			10,150,226		10,150,226
Earnings per share attributable to owners of the parent (€)			**11,85**		**14,48**
Weighted average number of shares after dilution			10,274,059		10,274,059
Diluted earnings per share attributable to owners of the parent (€)			**11,71**		**14,31**

CALCULATION OF NAV - EPRA PRESENTATION

	31/12/2010		31/12/2009		
	€m	€/Share	€m	€/Share	
Consolidated equity attributable to owners of the parent	**1,000.1**	**98.3**	**938.6**	**91.0**	
Impact of securities convertible into shares	(12.6)			-	
Other unrealised capital gains or losses	307.8		104.3		
Restatement of financial instruments	72.1		104.6		
Deferred tax on the balance sheet for non-SIIC assets (international assets)	32.7		27.3		
EPRA NAV	**1,400.1**	**137.6**	**1,174.8**	**113.9**	**20.8 %**
Fair value of financial instruments	(72.1)		(104.6)		
Effective tax for unrealized capital gains on non-SIIC assets*	(32.2)		(27.9)		
Optimization of transfer duties*	57.4		57.4		
Partners' share (1)	(15.8)		(12.7)		
«EPRA NNNAV» liquidation NAV	**1,337.4**	**131.5**	**1,087.1**	**105.4**	**24.7 %**
Estimated transfer duties and selling fees	81.0		82.0		
Partners' share	(0.9)		(0.9)		
DILUTED GOING CONCERN NAV	**1,417.4**	**139.3**	**1,168.1**	**113.3**	**23.0 %**
Number of diluted shares	10,173,677		10,311,852		

** Varies according to the type of disposal carried out, i.e. sale of asset or sale of shares*
(1) Maximum dilution of 120,000 shares

> SUSTAINABLE DEVELOPMENT: KEY AREAS OF PROGRESS

			ACTIONS IN 2010
THE ECONOMY	OUR CLIENTS	Building closer ties with clients	Launch of a qualitative and quantitative study on the theme of tomorrow's shopping center and client comfort (2010 - 2011)
			Strategy based on satisfaction surveys of housing clients
			Implementation of a Quality of Delivery approach ensured by our after-sales department for housing clients
THE ENVIRONMENT	PORTFOLIO	Environmental improvement of portfolio	A system providing an environmental analysis of assets was designed
			Collection of environmental information about the portfolio
			Further collection of environmental information on common areas
			Addition of an assessment module that automates measuring of the carbon footprint
		Strive for certified environmental operation of assets	HQE Operation® certification was tested on the Okabé shopping center
	PROPERTY DEVELOPMENT	Enhance the environmental performance of new developments	Generalization of the BBC Effinergie® label, as a minimum, for new housing developments
			Generalization of NF Logement-Démarche HQE certification for new developments in the Greater Paris Area and NF housing in regions
			Generalization of NF Bâtiment Tertiaire – Démarche HQE® certification and BREEAM assessment for new shopping center developments and the level of BBC Effinergie® energy performance as a minimum
			Generalization of NF Bâtiment Tertiaire - Démarche HQE® certification for new office developments and the BBC Effinergie® energy performance level as a minimum
			Systematically propose to carry out a construction Carbon Scorecard® (ADEME method) and BREEAM assessment of office building projects to investor partners
			Development of a Building Management System (BMS) specific to Altarea Cogedim (2010 - 2011)
		Put in place a certified development process	Extend the General Management System (GMS), which is NF Bâtiment Tertiaire - Démarche HQE® certified, to the Group's service activities (offices, hotels, stores) (2010 - 2011)
	RELATION WITH STAKEHOLDERS	Help clients adopt a more responsible approach and develop partnerships	Homebuyers given a booklet describing green measures they should take
			Technical fitting specifications given to leasors of offices or stores to ensure the building's environ-mental performance is maintained in the long run
			Green leases systematically used for any new development
			An environmental appendix added when renewing any lease on shopping centers in our portfolio
		Ensure environmental best practises are implemented	Systematically send contractual documents that include the Group's new environnemental criteria (2010-11) to all partners
			Development of the "Place des Marchés" site to include environmental criteria in the referencing of partner companies
	GROUP	Build a working environment that improves the Group's environmental footprint	A Carbon Footprint® assessment of the head office and all regional delegations was carried out (corporate dimension)
			A recycling policy was introduced and a service provider picked to recover some of the biogas waste
			A computer tool to dematerialize calls for tenders in order to reduce printing needs was introduced
			The CO_2 emission rate was further reduced and referencing criteria were extended to include new hybrid vehicles in the Group's vehicle fleet
			A video-conferencing system was set up for the head office and four regional subsidiaries
			Car pooling was promoted in the Group's intranet and an additional self-service vehicle was made available
INDUSTRIAL RELATIONS	HUMAN CAPITAL	Develop communication and information-sharing resources within the Group	Seven conferences presenting the Group's business lines were held: "Alterego Thursdays"
			Introduction of a sustainable development column in Altarea Cogedim's newsletter
		Maintain qualitative access to vocational training	Sustainable development training and awareness promoting for the Group's entire workforce
			Development of the tutoring program with the appointment of 5 tutors and around 100 hours of dedi-cated training allocated to the program
			So-called "HR meetings" held for Group managers
			The percentage of Group employees benefiting from an individual performance appraisal and career prospects monitoring interview was lifted to nearly 100%
	SPONSOR-SHIP	Conduct a proactive support policy in the housing and vocational training fields	Renewal of the initial Habitat and Humanism partnership agreement
			The Group continued to participate actively in the Palladio foundation
		Help future talent emerge	A competition for young creators was organized for the Oxygène project

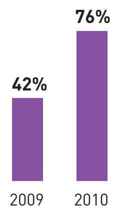
FULFILMENT			2011 COMMITMENTS
POSTPONED	UNDER WAY	COMPLETED	
•			A sustainable lifestyle observatory will be set up (2011-2012)
		•	Press ahead with this approach
		•	Step up the Quality of Delivery approach ensured by our after-sales department in regional subsidiaries

POSTPONED	UNDER WAY	COMPLETED	
		•	Beef up the retail sustainable development department by hiring an employee dedicated to auditing, mapping and environmental action plans for the portfolio as a whole
	•		
		•	Press ahead with the approach while simultaneously rolling out green leases for brands
		•	Measure the carbon footprint according to the Carbon Scorecard® method (properties aspect) of 25% of the portfolio
	•		Maintain the approach in partnership with Certivéa
		•	Continue administrative procedures required to apply for certification for all the Group's business lines
		•	Take part in the HQE® Performance project in partnership with the HQE® Association and CERTIVEA (two office developments started in 2010)
		•	Set up two cross-Group working groups on the issues of quality of air and noise pollution
		•	
		•	Train an employee to use the Carbon Footprint® method in view of assessing the Group's carbon footprint in construction (property development aspect) (2011 - 2012)
	•		Draw up technical specifications for the Altarea Cogedim office BMS
	•		Train all property developers and operational staff in service activities in how to use Altarea Cogedim's GMS
	•		Implement the approach systematically
		•	
		•	Step up the approach to reach 25% of green leases signed for our portfolio as a whole
	•		
	•		Maintain this approach
		•	Have the tool disseminated and fully accepted within the Group's Technical Department
		•	Launch an in-house communication campaign aimed at promoting environment-friendly actions
		•	Maintain this approach
		•	Systematically use the dematerialization tool when dealing with partner companies
		•	Maintain this approach
		•	Extend the system to additional subsidiaries
		•	Launch an in-house plan aimed at promoting the utilization of car-pooling and soft transportation modes

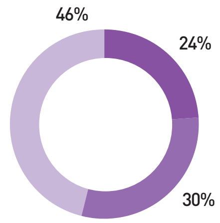
POSTPONED	UNDER WAY	COMPLETED	
	•		Five "Alterego Thursdays" conferences to be held
		•	Maintain this approach
	•		Extend the policy aimed at promoting awareness of sustainable develop to Induction Days held for new recruits
		•	Maintain this approach with the six tutors appointed in 2010
		•	Hold ten "HR meetings" for all Group managers between February and March
	•		Extend this policy to employees with more than 6 months seniority
		•	Strengthen the partnership by setting up a competency sponsorship program
		•	Participation to be maintained
		•	2011 Cogedim First Piece Award to be organized

ENVIRONMENTAL PERFORMANCE LEVELS	ENERGY PERFORMANCE LEVELS	PROXIMITY TO PUBLIC TRANSPORTATION

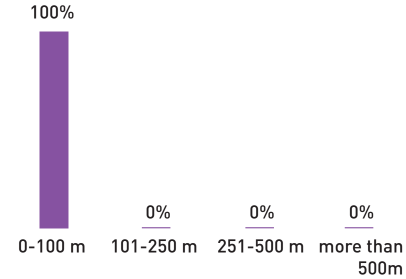
REATIL



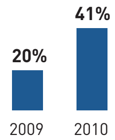
	2009	2010
Certified areas or pending	45,000	142,000
Non-certified areas	62,140	44,115



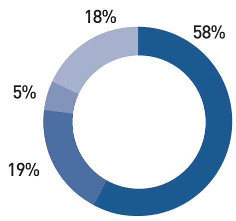
Areas on the basis of thermal regulations	44,115
HPE areas	0
THPE areas	56,000
BBC areas	86,000



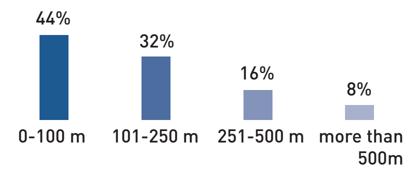
HOUSING



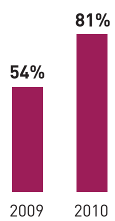
	2009	2010
Certified homes or pending	1 766	4 245
Non-certified homes	6 965	6 111



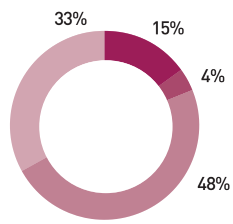
Homes on the basis of thermal regulations	5 979
HPE homes	1 986
THPE homes	571
BBC homes	1 820



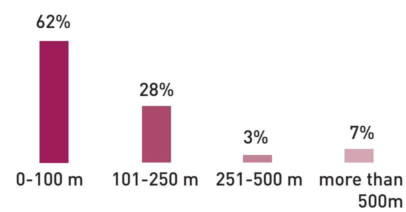
OFFICES



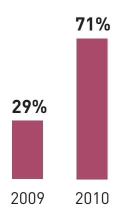
	2009	2010
Certified areas or pending	232 852	376 592
Non-certified areas	198 355	89 715



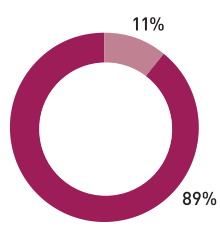
Areas on the basis of thermal regulations	68 220
HPE areas	19 215
THPE areas	225 030
BBC areas	153 842



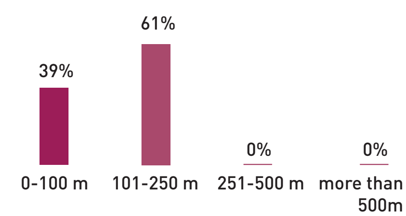
HOTELS



	2009	2010
Certified areas or pending	6 300	41 300
Non-certified areas	15 424	16 500



Areas on the basis of thermal regulations	51 500
HPE areas	0
THPE areas	6 300
BBC areas	0



Developments for which a building permit has been delivered, or work has started, or have been delivered in the reference year (production calculated as Altarea Cogedim's share for housing)

BREEAM, Habitat et Environnement or NF Démarche HQE certified or pending

Developments for which a building permit has been delivered, or work has started, or was delivered in 2010 (production calculated as Altarea Cogedim's share for housing)

On the basis of thermal regulations: 2005 Thermal regulation / HPE: High Energy Performance = Reference energy consumption -10% / THPE: Very High Energy Performance = Reference energy consumption -20% / BBC: Low Consumption Building = Reference energy consumption - 50% for service buildings and roughly 50kWhep per sqm per year for housing

«Developments for which a building permit has been delivered, or work has started, or was delivered in 2010 for projects in the services segment

Housing data: representative sample of 6,178 homes in the 2010 scope

Public transportation: trains, RER high-speed subway, subway, buses , tramways

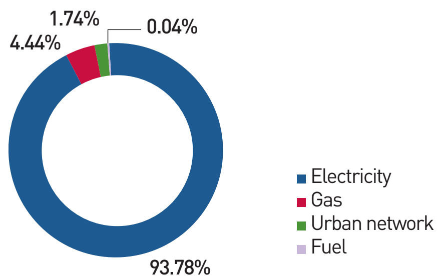
Analysis covered 88.7% of the value of the French retail portfolio managed by Altarea Cogedim in a full year of operation

TOTAL ENERGY (in GWh)

	FINAL ENERGY	PRIMARY ENERGY
TOTAL	21.28	49.98
Electricity	18.17	46.87
Gas	2.22	2.22
Urban network	0.87	0.87
Fuel	0.02	0.02

Total energy of the portfolio analyzed in terms of Altarea Cogedim's share

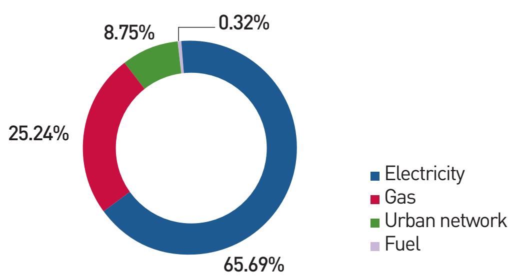
PRIMARY ENERGY



TOTAL CO_2 EMISSIONS (in tons of CO_2)

TOTAL	2,323.18
Electricity	1,526.14
Gas	586.29
Urban network	203.33
Fuel	7.42

CO_2 emissions linked to energy consumed per sqm in the portfolio analyzed in terms of Altarea Cogedim's share according to French conversion factors



WASTE (in tons)

TOTAL	4,712
Non-hazardous waste	3,293
Cardboard	1,290
Other waste	129

SHOPPING CENTER RATIOS

	FINAL ENERGY	PRIMARY ENERGY
ENERGY (kWh per sqm per year)	85.72	193.74
Electricity	68.37	176.39
Gas	13.79	13.79
Urban network	3.53	3.53
Fuel	0.03	0.03

Energy managed by the leaser per sqm of mall and GLA area over which this energy is distributed

CO_2 EMISSIONS (kilos of CO_2 per sqm per year)	10.25
Electricity	5.74
Gas	3.65
Urban network	0.85
Fuel	0.01

CO_2 emissions linked to energy consumed per sqm as calculated according to French conversion factors

WATER (liters per sqm per year)	733.37

Water consumed by the leaser per sqm of net floor area

LIFESTYLE CENTER RATIOS

	FINAL ENERGY	PRIMARY ENERGY
ENERGY (kWh per sqm per year)	38.89	98.09
Electricity	37.46	96.66
Gas	1.27	1.27
Fuel	0.16	0.16

Energy managed by the leaser per sqm of net floor area

CO_2 EMISSIONS (kilos of CO_2 per sqm per year)	3.53
Electricity	3.15
Gas	0.33
Fuel	0.05

CO_2 emissions linked to energy consumed per sqm as calculated according to French conversion factors

WATER (liters per sqm per year)	69.90

Water consumed by the leaser per sqm of net floor area

FAMILY VILLAGE & RETAIL PARK RATIOS

	FINAL ENERGY	PRIMARY ENERGY
ENERGY (kWh per sqm per year)	7.22	18.62
Electricity	7.22	18.62

Energy managed by the leaser per sqm of net floor area

CO_2 EMISSIONS (kilos of CO_2 per sqm per year)	0.61
Electricity	0.61

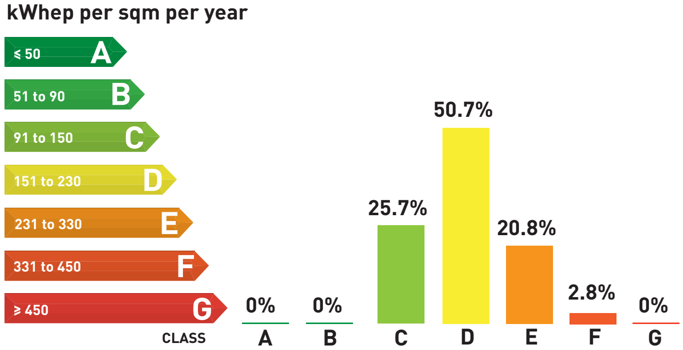
CO_2 emissions linked to energy consumed per sqm as calculated according to French conversion factors

WATER (liters per sqm per year)	81.81

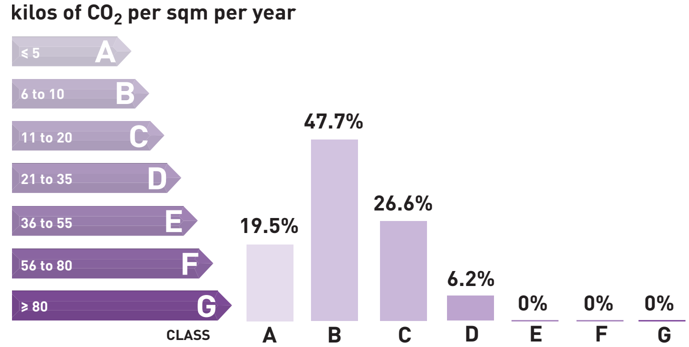
Water consumed by the leaser per sqm of net floor area

BREAKDOWN OF ENERGY AND CARBON IN SHOPPING CENTERS (in floor area) excluding leasers' consumption

kWhep per sqm per year



kilos of CO_2 per sqm per year

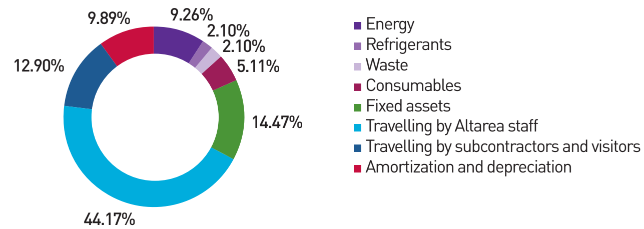


GROUP'S ENVIRONMENTAL FOOTPRINT (CORPORATE DIMENSION)

SCOPE OF ANALYSIS

THEME	2010 FIGURES	UNIT
Floor area	16,451	sqm of net floor area
Work force	702	employees
Average density	23.4	sqm of net floor area / employees

CARBON SCORE SHEET FOR HEAD OFFICE AND SUBSIDIARIES



WORK FORCE

THEME	INDICATOR	2010 FIGURES	UNIT	CALCULATION METHOD	SCOPE
TOTAL	Number	742	employees	Total headcount	Group employees under an open-ended contract (France, Italy, Spain) at 12/31
	Men/women breakdown	F 56 / H 44	%	Men/women breakdown for the total work force	
	Average age	40	years	Average age of all employees	
	Average seniority	6	years	Average seniority for all employees	
MANAGERS	Number	519	employees	Total number of managers	
	Men/women breakdown	F 41 / H 59	%	Men/women breakdown for all managers	
NON-MANAGERS	Number	223	employees	Total number of non-managers	
	Men/women breakdown	F 92 / H 8	%	Men/women breakdown for non-managerial personnel	
RECRUITEMENTS	Retail	29	employees	Recruitments dedicated to the retail business line	
	Offices	4	employees	Recruitments dedicated to the offices business line	
	Housing	85	employees	Recruitments dedicated to the housing business line	
	Transversal functions	6	employees	Recruitments dedicated to transversal functions	
	Men/women breakdown	F 51 / H 49	%	Men/women breakdown for new hires	
TURN OVER		11	%	Number of net outflows from total work force	

SKILL MANAGEMENT

THEME	INDICATOR	2010 FIGURES	UNIT	CALCULATION METHOD	SCOPE
MOBILITY		100 (75 in 2009)	employees	Employees having benefited from one or several forms of mobility, whether geographic, professional, change of department or company and promotion	Group employees under an open-ended contract (France, Italy, Spain) at 12/31
TRAINING	Investment	844,849	euros	Total investments on vocational training	
	Individual right to training	44	%	Weight of the number of training hours followed under the French Individual right to training legal provision	
VOCATIONAL TRAINING	Technical / Business lines	41	%	Weight of the number of training hours spent in technical and business line courses	
	Office automation / IT	21	%	Weight of the number of training hours spent in IT and office automation courses	
	Management / Support	18	%	Weight of the number of training hours spent in management and support courses	
	Language courses	18	%	Weight of the number of training hours spent in language courses	
	Other	2	%	Weight of the number of training hours spent in a specifically defined course	

COMPENSATION

THEME	INDICATOR	2010 FIGURES	UNIT	CALCULATION METHOD	SCOPE
AVERAGE WAGE	Managers	55,326	euros	Annual gross average fixed pay of Group managers (excluding the restricted Management Board)	Group employees under an open-ended contract in France at 12/31
	Non-managers	32,260	euros	Annual gross average fixed pay of Group's non-managerial staff	
BONUSES	Performance-related bonuses	10	%	Weight of bonuses in the overall pay of the Group's work force (excluding the restricted Management Board and excluding fees paid to sales force and for land developers)	

WORKPLACE HEALTH

THEME	INDICATOR	2010 FIGURES	UNIT	CALCULATION METHOD	SCOPE
ABSENTEISM	Total	1.95	%	Weight of number of days off work in the total number of worked days	Group employees under an open-ended contract (France, Italy, Spain) at 12/31
	Workplace accidents	0.05	%	Weight of number of days off work due to a workplace accident in the total number of worked days	
	Sick leave	1.90	%	Weight of number of days off work due to sick leave in the total number of worked days	

2 Business review 2010

2.1. BUSINESS REVIEW

Altarea Cogedim combines the recurring revenues of a retail focused Reit and the value added by a developer involved in the three main segments of real estate (retail, residential, offices). The retail portfolio provides a strong financial base, and value creation is enhanced by the development business. This combination enables the Group to make the most of property-market cycles by focusing on the right business in the right market at the right timing.

2.1.1. HIGHLIGHTS OF 2010

In 2010, Altarea Cogedim took full advantage of its unique market position, achieving a firm improvement in financial performance.

- Recurring net result: +11% to €11.7 per share;
- Net asset value (NAV): +23% to €139.3 per share;
- Consolidated debt: LTV 53.2%, down 2.5 points.

2.1.1.1. Shopping centres: stronger portfolio and adjustment in line with new trends

In 2010, the value of the portfolio rose by 12.7% to €2.6 billion and net rental income increased by 8.0% to €152.1 million. This growth was driven by properties developed for the Group's own account coming into operation in 2010, along with the acquisition of the Cap 3000 shopping centre in Nice. These developments were partly financed by sales of established properties totalling €248 million. The slight fall in the capitalisation rate (-23 bp to 6.35%) boosted asset value by 3.1% at constant scope. Altarea Cogedim's Family Village parks offer great value for money and are an excellent response to consumer needs. Their market share rose very rapidly during the recession.

Altarea Cogedim plans to continue developing large shopping centres and Family Village parks, focusing its investments on the Paris region and southeast France. These two regions account for most of the new demand in the French market, which is generally well supplied.

2.1.1.2. Residential property: rising market share and new scale

With €1,289 million of reservations signed in 2010, Cogedim has attained new scale. The Group almost doubled its sales compared with those seen in 2007, even though the French market has not yet fully recovered to the levels of three years ago. The profits generated by the backlog at 31 December 2010 will support Group earnings for the next 2-3 years.

Cogedim now has the products, staff and land options to maintain the stronger market position it has acquired during the recession, with an objective of market share of 5-6% in value terms. The Group now has sufficient perspective to say that the strategic decision to acquire Cogedim in 2007 has paid off. The French residential development market is solid, and is supported by clear fundamental demographic and sociological trends. Although the market may experience significant cyclical swings, these also create opportunities.

2.1.1.3. Commercial property: preparing for the upturn

In a near-stagnant market, almost €332 million of business volume were signed in 2010 by Altarea Cogedim's teams, particularly in the hotel sector. Operational teams were also heavily involved in flagship projects involving high environment value added, such as Tour First in La Défense. Altarea Cogedim increased its investment capacity in commercial property, raising €350 million of capital from institutional partners based in France and abroad through an investment vehicle. Altarea Cogedim will own 20% of this vehicle, which has the potential to raise a total of €500 million. The aim is to acquire land and existing office properties when the time is right, and then to apply the Group's expertise to create core assets with high environmental value added, before selling them on to institutional investors.

2.1.1.4. Outlook

In 2010, Altarea Cogedim was supported by its unique business model, based on its position as both a property investor and developer, as well as its presence in the three main property markets. In the last five years and despite the recession, this business model has enabled the Group to almost triple recurrent earnings, from €4 per share in 2005 to €11.8 in 2010. As a result of this strong earnings growth, an increase in the dividend will be proposed to shareholders in the next AGM. The proposed dividend of €8 per share represents an 11% increase on 2009 and 3.3 times 2005 dividend (€2.4 per share).

With its solid financial position and wide-ranging operational expertise, Altarea Cogedim will continue to develop its businesses. In the shopping centre business, the Group will focus on projects currently under development, but also on possible acquisitions of high-potential centres. In terms of property development for third parties, the Group may seek to extent its geographical coverage by acquiring regional developers. Alongside this development, the LTV ratio will be kept close to 50% through a policy of selling mature properties while continuing to manage them. Disposals will depend on the Group's new commitments and market conditions.

The Group has high visibility on cash flow in all its businesses for the next two years. As a result, and despite planned asset sales, the Group expects recurring net profit and the dividend to grow at an annual rate of over 10%.

2.1.2. SHOPPING CENTRE DEVELOPMENT

2.1.2.1. Summary

At 31 December 2010, the portfolio of shopping centres in operation was valued at €2.6 billion including transfer duties, generating annualised rental income of €159 million. Current investment in shopping centre projects represents potential investment of €881 million and projected gross rental income of €79 million (representing a yield of 9.0%).

Key figures for the portfolio at 31 December 2010

	Operating shopping centres				Shopping centres under development			
At 31/12/2010	GLA in sqm	Current gross rental income(1)	Appraisal value(2)	Weighted average capitalisation rate(3)	GLA in sqm	Provisional gross rental income	Net investment(4)	Yield
Retail Parks & Family Villages	197,855	28	451	6.69%	188,100	26	294	8.8%
Shopping centres	473,021	131	2,152	6.30%	149,800	53	586	9.0%
TOTAL ASSETS	**670,876**	**159**	**2,602**	**6.35%**	**337,900**	**79**	**881**	**9.0%**

(1) Rental values on signed leases as of 1 January 2011.

(2) Including transfer duties.

(3) The capitalisation rate equals the rental yield divided by the appraisal value excluding transfer duties.

(4) Including interest expenses and internal costs.

2.1.2.2. Operating shopping centres

Economic background

CONSUMER SPENDING(1)

French consumer spending on manufactured goods rose by 1.0% in 2010, slightly higher than the 0.8% growth seen in 2009.

This growth was driven partly by car scrappage discounts, which were reduced in two stages during the year (July and December), leading to a large shift in demand towards other types of manufactured products. This meant that sales promotions, held just after each reduction in scrappage discounts, were highly successful.

(1) INSEE January 2011 report.

TENANT REVENUES: OUTPERFORMANCE OF THE GROUP'S RETAIL PARKS AND FAMILY VILLAGES

Revenues generated by tenants of the Group's shopping centres rose by 4.6%[2] (+2.3%[3] like-for-like), compared with the 0.8% increase in the national index[4] (-0.2% like-for-like). Retail Parks and Family Villages owned and managed by Altarea Cogedim continued to outperform all other formats in 2010.

2010 Revenue	Overall[1]	Like-for-like[2]
Retail Parks and Family Villages	+6.7%	+4.7%
Shopping centres	+4.0%	+1.3%
Total	+4.6%	+2.3%
CNCC index	*+0.8%*	*-0.2%*

(1) Annual retailer revenue growth based on existing properties, including extensions, but excluding completions in 2009 and 2010 (same-centre basis).

(2) Annual retailer revenue growth based on retailers present in existing centres in the last 24 months (same-store basis).

FAMILY VILLAGES

Altarea Cogedim's Family Village parks are modern, large (GLA of between 15,000 and 40,000 sqm) and of high architectural quality. They are managed like shopping centres and have their own marketing funds. Family Village parks feature mass-market non-food retailers, which generally have more floor-space than in a shopping centre. Their property costs[5] and logistics costs are 60-70% lower, and revenue per sqm is €2,000-3,000, with some of the best sites generating €4,800 on average. As a result, retailers enjoy a low breakeven point and a faster return on investment. Consumers also benefit in terms of lower prices.

Family Village parks are modern spaces designed to make the shopping experience as pleasant as possible. Altarea Cogedim stands out in this segment, since most rival parks are located out-of-town, lack structure and have no marketing concept.

PRICE-SENSITIVE CONSUMERS, GROWTH IN ONLINE SHOPPING AND INCREASING MARKET SHARE FOR RETAIL PARKS

Consumers are increasingly price-sensitive. This is partly due to rising internet use. Studies show that consumers are using the internet, and price-comparison websites in particular, more and more to research items, which they then buy in-store[6]. Many retailers have responded by developing business models in which their websites support their physical stores by providing advance information. Having prepared their purchases online, consumers then visit a physical store to buy their items[7]. Family Village parks fit very well with these new consumption patterns, and their rising market share now represents a quantifiable underlying trend:

(2) Annual retailer revenue growth based on existing properties, including extensions, but excluding completions in 2009 and 2010 (same-centre basis).

(3) Annual retailer revenue growth based on retailers present in existing centres in the last 24 months (same-store basis).

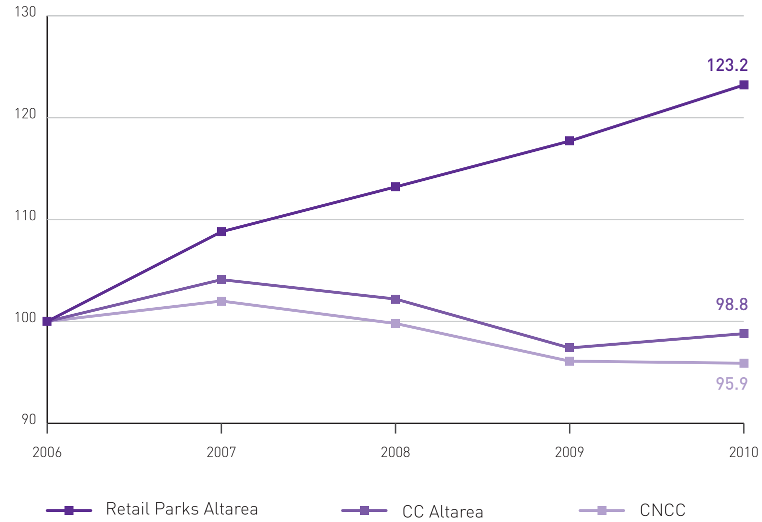
(4) CNCC index, not including Retail Parks.

(5) Rent + charges, including VAT.

(6) 87% of French shoppers look online for information about a product or service before they buy. On average, they look at 7.5 websites before deciding, including brand-specific sites, specialist information sites, price-comparison sites, forums and blogs (OTO Research, January 2011).

(7) However, the impact of the internet should not be exaggerated. In 2009, online shopping generated around €25 billion of revenue – of which 24% was attributable to the Air France and SNCF websites alone – as opposed to total French consumer spending of €625 billion.

Tenant revenue on a like-for-like basis[(1)]* (base 100 in 2006)



(1) Annual revenue growth at retailers operating in existing shopping centres for the past 24 months (like-for-like basis).
** The growth trend is even steeper at current scope.*

RESILIENCE OF LARGE SHOPPING CENTRES

Large shopping centres also held out well during the recession. They offer a broad array of products that is constantly being renewed, and so they remain attractive over time. Their scale enables them to introduce new retail concepts at the cutting edge of latest trends, while maintaining a broad base of established retailers. Consumers can be sure that they will find all of the products they are looking for.

Stores within large shopping centres generate high yields (€6,000-11,000 per sqm), and this enables them to cover their fixed costs more quickly, despite an apparently high affordability ratio.

Large shopping centres and Family Villages are successful for different reasons. However, the common element to both formats is that they offer the best cost structure for tenants, and they are best for end-consumers in terms of both choice and price.

Rental income from shopping centres

The Group's consolidated net rental income was €152.1 million in 2010, up 8.0% relative to 2009.

In € million	31/12/2010		31/12/2009
Retail Parks & Family Villages	25.6		23.1
Shopping centres	126.5		117.7
NET RENTAL INCOME	**152.1**	**+8.0%**	**140.8**
% of rental revenues	*92.5%*		*91.7%*
Net overhead expenses	(13.4)		(9.8)
Miscellaneous	(5.3)		(4.1)
OPERATING PROFIT	**133.4**	**+5.1%**	**127.0**
% of rental revenues	*81.1%*		*82.7%*

By source, the growth in net rental income breaks down as follows:

	In € million	
NET RENTAL INCOME DECEMBER 2009	**140.8**	
a - Centres opened in 2009/2010	18.4	+13.1%
b - Disposals	(7.7)	(5.4)%
c - Acquisitions	4.1	+2.9%
d - Refurbishments	(2.2)	(1.5)%
e - Like-for-like change	(1.4)	(1.0)%
TOTAL CHANGE IN NET RENTAL INCOME	**11.2**	**+8.0%**
NET RENTAL INCOME DECEMBER 2010	**152.1**	

SHOPPING CENTRES OPENED (a-)

Most of the increase in rental income came from the completion of three centres:

Centre *(Group share data)*	GLA sqm	Current gross rental income	Occupancy rate	Appraisal value *In € million*
Okabé	25,100		99%	
Le Due Torri	32,400		95%	
Family Village Limoges	21,000		95%	
TOTAL COMPLETIONS	**78,500**	**19**	**96%**	**325**
Data at 100%	*120,300*	*25*		*425*

- Okabé, a shopping and business centre in the south of Paris. The complex has 35,000 sqm of shops including a 20,000 sqm Auchan hypermarket, 4 medium-sized stores, 70 small shops and 15 restaurants. The complex also features 23,500 sqm of offices.
- Le Due Torri, a shopping centre with GLA of 33,700 sqm, 30 km from Milan on a major route in Lombardy. The centre includes an Esselunga hypermarket, 100 small shops, 6 medium-sized stores and 10 restaurants.
- The Limoges Family Village, a retail park with GLA of 28,000 sqm located to the north of the city, featuring 27 medium-sized and large stores. These three centres were developed by Altarea Cogedim teams and were almost 100% let when they opened, despite the tough operating environment. These openings boosted income by €17.0 million[8] (full-year impact: €20.9 million).

DISPOSALS (b-)

In 2010, the Group sold €247 million of assets. Two transactions accounted for the bulk of this figure. These were the sale of the complex at 39-41, avenue de Wagram in Paris, sold for €114 million, and the two centres on rue Jean-Jaurès in Brest, sold for €99 million. These established, well-located centres were designed and developed by Altarea France's teams, which continue to manage the Brest centres. Combined with 2009 disposals, these sales dragged down net rental income by €7.7 million. 2010 disposals will drag down 2011 net rental income by €13.9 million. Relative to their appraised values, disposals generated an IFRS gain of €25.1 million.

ACQUISITION OF CAP 3000[9] (c-)

On 30 June 2010, Altarea Cogedim, in partnership with ABP and Predica, acquired a third of the Cap 3000 regional shopping centre from Groupe Galeries Lafayette. The centre is located in Saint-Laurent-du-Var. Cap 3000 is one of the leading shopping centres in its catchment area. With GLA of 65,000 sqm, it is France's eighth-largest shopping centre. With an occupancy cost ratio[10] of 8.6% and with its exceptional location, Cap 3000 has strong potential to increase rental income. This is shown by store yields of €11,000 per sqm, the second-highest in

(8) *Taking into account the full-year impact of 2009 openings, the impact of 2009/2010 openings was €18.4 million.*
(9) *€450 million for 100%.*
(10) *Ratio of rent and expenses charged to revenues generated (including VAT).*

France, and extension potential of more than 15,000 sqm GLA.

This acquisition boosted net rental income by €3.7 million in the second half of 2010. Altarea France also received fees for asset management activities carried out on behalf of the combined business.

REFURBISHMENTS (d-)

Altarea Cogedim has initiated several refurbishments projects at sites that are well established within their catchment areas, and where there is strong demand for retail space. Some of these centres are already highly successful (Cap 3000 in Nice, Espace Gramont in Toulouse) or have the potential to be (Massy, Aix). Other centres will be redeveloped in order to house attractive retailers, such as a well-known electronics retailer in a 900 sqm store in Strasbourg l'Aubette, and Fnac in Bercy Village. These transactions will create a great deal of value, and the target return on investment is 10%. Short-term, however, they result in lower rental income at the centres concerned, because of strategic vacancies, and they had a negative impact of €2.2 million in 2010.

VARIATION ON A LIKE-FOR-LIKE BASIS (e-)

The slight fall in net rental income on a like-for-like basis resulted from negative indexation and the increase in incremental rents and rent-free periods granted to tenants. This was particularly the case for centres that opened during the recession and are still in a build-up phase.

Occupancy cost ratio, bad debt ratio and financial vacancy rate

	Retail Parks & Family Villages	Shopping centres	Group 2010	Group 2009
Occupancy cost ratio[1]	7.7%	9.9%	9.3%	9.5%
Bad debts ratio[2]	1.9%	2.3%	2.2%	2.4%
Financial vacancy rate[3]	2.8%	3.2%	3.2%	3.2%

(1) Calculated as rent and expenses charged to tenants divided by tenants' revenue (all amounts including VAT).

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

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

Rental activity

	No. of leases concerned	New rent *(In € million)*	Old rent *(In € million)*	Increase *(%)*
Letting	155	13	0	NA
Re-letting	17	1	1	+16%
Renewal	46	3	3	+9%
TOTAL 2010	**218**	**17**	**4**	**NA**

Lease expiry schedule

At 31 December 2010, the Group's leases generated annual rental income of €159 million. Leases are broken down according to expiry date and the next three-year termination option in the following schedule:

In € million	Group share		Group share	
Year	Rental income reaching lease expiry date	% of total	Rental income reaching three-year termination option	% of total
Past years	11	6.6%	13	8.0%
2011	8	4.8%	17	10.6%
2012	9	5.8%	25	15.5%
2013	9	5.5%	35	22.2%
2014	19	11.9%	30	18.9%
2015	12	7.4%	11	7.1%
2016	9	6.0%	14	8.7%
2017	22	13.7%	6	3.9%
2018	22	13.7%	2	1.5%
2019	19	11.7%	1	0.5%
2020	13	8.4%	1	0.8%
2021	3	1.7%	2	1.2%
> 2021	5	2.9%	2	1.1%
TOTAL	**159**	**100.0%**	**159**	**100.0%**

Value of properties in operation

At 31 December 2010, the value[11] of properties in operation (on a Group share basis) was €2,602 million, an increase of 12.7% compared with 31 December 2009 (+3.1% like-for-like).

	Operating shopping centres			
December 31, 2010	GLA sqm	Gross rental income	Value	Weighted average capitalisation rate
Retail Parks & Family Villages	197,855	28	451	6.69%
Shopping centres	473,021	131	2,152	6.30%
TOTAL	**670,876**	**159**	**2,602**	**6.35%**

The change in portfolio value breaks down as follows:

Change in operating property value over the period

	GLA sqm	Gross rental income *(In € million)*	Value *(In € million)*
	Group share	Group share	Group share
TOTAL AT 31 DECEMBER 2009	**623,796**	**150**	**2,306**
Centres opened	78,500	18	325
Acquisitions	21,500	8	154
Disposals	(52,920)	(15)	(247)
Refurbishments		(2)	
Like-for-like change		(1)	65
SUB-TOTAL	**47,080**	**9**	**297**
TOTAL AT 31 DECEMBER 2010	**670,876**	**159**	**2,602**
o/w France	*555,573*	*125*	*2,068*
o/w International	*115,304*	*34*	*534*

(11) Including transfer duties.

The 3.1% increase in the value of properties in operation comprised a 2.2% increase due to the lower capitalisation rate and a 0.9% increase due to higher rents.

APPRAISAL VALUES

Since 30 June 2009, the Altarea Group's property portfolio valuation has been based on appraisals by DTZ Eurexi and Icade Expertise (for shopping centre properties in France and Spain), CBRE (for other properties such as Hotel Wagram) and Savills (for properties in Italy). They use two methods:

- a method based on discounting projected cash flows over 10 years, taking into account the resale value at the end of the period determined by capitalising net rental income. Amid the inefficient market conditions prevailing, appraisers have opted to use the results obtained using this method in many instances;
- a method based on the capitalisation of net rental income: the appraiser applies a yield based on the site's characteristics (surface area, competition, rental potential etc.) to rental income including guaranteed minimum rent, variable rent and the market rent of vacant premises, adjusted for all charges. The second method is used to validate the results obtained with the first method.

Rental income takes into account:

- rent increases to be applied on lease renewals;
- the normative vacancy rate;
- the impact of future rental gains resulting from the letting of vacant premises;
- the increase in rental income from incremental rents.

These valuations are conducted in accordance with the criteria set out in the *Red Book – Appraisal and Valuation Standards* published by the Royal Institute of Chartered Surveyors in May 2003. The surveyors' assignments were all carried out in accordance with the recommendations of the COB/CNC "Barthes de Ruyter working group" and comply fully with the instructions of the Appraisal Charter of Real Estate Valuation *("Charte de l'expertise en évaluation immobilière")* updated in June 2006. Surveyors are paid lump-sum compensation determined in advance and based on the size and complexity of the appraised properties. Compensation is therefore totally independent of the results of the valuation assessment.

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

Expert	Assets	No. of assets	% of the value[1]
Icade	France	24	29.5%
Savills	Italy	6	13.3%
DTZ	France and Spain	29	56.6%
CBRE	France	3	0.6%

(1) % of total value, including transfer duties.

CAPITALISATION RATE[12]

The weighted average capitalisation rate fell from 6.58% to 6.35% (-23 bp) in 2010.

	31/12/2010	31/12/2009
	Average net cap. rate	Average net cap. rate
Retail Parks & Family Villages	6.69%	6.89%
Shopping centres	6.30%	6.53%
TOTAL	**6.35%**	**6.58%**
o/w France	*6.23%*	*6.53%*
o/w international	*6.81%*	*6.78%*

(12) The capitalisation rate is the net rental yield relative to the appraisal value excluding transfer duties.

2.1.2.3. Shopping centres under development[13]

At 31 December 2010, the volume of development projects managed by Altarea represented projected net investment of around €881 million and potential rental income of €79 million, representing a projected return on investment of 9.0%.

	Shopping centres under development			
At 31/12/2010	**GLA sqm**	**Provisional gross rental income**	**Net investment[1]**	**Yield**
Retail Parks & Family Villages	188,100	26	294	8.9%
Shopping centres	149,800	53	586	9.0%
TOTAL	**337,900**	**79**	**881**	**9.0%**
o/w refurbishments/ extensions	*58,700*	*21*	*264*	*9.4%*
o/w creations	*279,200*	*58*	*616*	*8,8%*

(1) Total budget including financial and internal costs. Out of this total, €113 million was already committed at 31 December 2010.

Altarea Cogedim only reports on projects that are underway or at the development stage[14]. This pipeline does not include projects on which development teams are currently in talks or carrying out advanced studies.

Investment strategy[15]

The French market is mature and well supplied[16]. However, it is possible to pursue a selective development strategy provided that the following fundamentals are taken into account:

- Medium-sized French cities are generally well supplied with shopping centres, either in the city centre or in the inner suburbs.
- The need for new retail space is heavily concentrated in the Paris region and southeast France, because of population growth in these regions. These are also the two regions in which Cogedim has seen the strongest growth in residential property sales in the last three years.
- Retailers are looking for modern, efficiently organised stores to help them develop and to adjust to changing consumer trends.
- Retailers prefer stores in existing shopping areas[17] with proven commercial success.

Given this position, Altarea Cogedim has adjusted its investment strategy as follows:

- Development of retail parks across France under the Family Village concept.
- Creation of large shopping centres in the Paris region and in southeast France.
- Further redevelopments and extensions of existing centres.

These principles also apply to developments in Italy, where Altarea Cogedim has strong operational expertise in development, with a team of 40 staff. The aim is to develop large shopping centres in northern Italy, and establishing financial partnerships to do so.

Investments in 2010

In 2010, Altarea Cogedim invested[18] €328 million, including €63 million in pipeline projects, €105 million in centres completed in 2010, €151 million on Cap 3000 and €9 million in shopping centres in operation.

Outlook

The recession prompted Altarea Cogedim to become much more selective. All pipeline projects underwent a comprehensive review where possible, and were abandoned where necessary. The new-look pipeline therefore comprises projects to be completed around 2014 and 2015, which should be excellent years in terms of organic growth in the Group's portfolio.

(13) Group share.

(14) Projects underway: properties under construction.
Projects at the development stage: projects where the land has been acquired or on which contracts have been exchanged, and either fully or partly authorised, but on which construction has not yet begun.

(15) Total budget including financial and internal costs.

(16) France has 130 million sqm of commercial space, equal to 200 sqm per 1,000 inhabitants, one of the highest figures in Europe.

(17) An existing shopping area is broader than an existing shopping centre.

(18) Change in non-current assets net of changes in amounts payable to suppliers of non-current assets.

Breakdown of operating shopping centres at 31 December 2010 (Group share)

Centre	Country	Opening	Driver brand	Area	Gross rental income *(In € million)* [1]	Value *(In € million)* [2]
		Renovation		Group share	Group share	Group share
Villeparisis	F	2006 (O)	La Grande Récré, Alinéa	18,623		
Herblay – XIV Avenue	F	2002 (O)	Alinéa, Go Sport	14,200		
Pierrelaye	F	2005 (O)	Castorama	9,750		
Bordeaux – Sainte-Eulalie	F		Tendance, Picard, Gemo	13,400		
Gennevilliers	F	2006 (O)	Decathlon, Boulanger	18,863		
Family Village Le Mans Ruaudin	F	2007 (O)	Darty	23,800		
Family Village Aubergenville	F	2007 (O)	King Jouet, Go Sport	38,620		
Brest – Guipavas	F	2008 (O)	Ikea, Decathlon, Boulanger	28,000		
Crèches	F	2009 (O)	Grand Frais	11,600		
Limoges	F	2010 (O)	Leroy Merlin	21,000		
SUB-TOTAL RETAIL PARKS & FAMILY VILLAGES				**197,855**	**28**	**451**
Toulouse Occitania	F	2005 (R)	Auchan, Go Sport	50,050		
Paris – Bercy Village	F	2001 (O)	UGC Ciné Cité	19,400		
Paris – Les Boutiques Gare du Nord	F	2002 (O)	Monoprix	1,500		
Gare de l'Est	F	2008 (R)	Virgin	5,500		
Cap 3000	F		Galeries Lafayette	21,500		
Thiais Village	F	2007 (O)	Ikea, Fnac, Decathlon...	22,324		
Carré de Soie (50%)	F	2009 (O)	Castorama	30,400		
Plaisir	F	1994 (O)		5,700		
Massy	F	1986 (O)	La Halle, Boulanger	18,200		
Lille – Les Tanneurs & Grand' Place	F	2004 (R)	Fnac, Monoprix, C&A	25,480		
Vichy	F	2003 (O)	Darty, La Grande Récré	14,203		
Reims – Espace d'Erlon	F	2002 (O)	Monoprix, Fnac	7,100		
Roubaix – Espace Grand' Rue	F	2002 (O)	Géant, Le Furet du Nord	4,400		
Châlons – Hôtel de Ville	F	2005 (O)	Atac	2,100		
Aix-en-Provence	F	1982 (O)	Géant, Casino	3,729		
Nantes – Espace Océan	F	1998 (R)	Auchan, Camif	11,200		
Mulhouse – Porte Jeune	F	2008 (O)	Monoprix	9,600		
Strasbourg – L'Aubette & Aubette Tourisme	F	2008 (O)	Zara, Marionnaud	3,800		
Bordeaux – Grand' Tour	F	2004 (R)	Leclerc	11,200		
Strasbourg – La Vigie	F	1988 (O)	Decathlon, Castorama	8,768		
Flins	F		Carrefour	6,999		
Toulon – Grand' Var	F		Go Sport, Planet Saturn	6,336		
Montgeron – Valdoly	F	1984 (O)	Auchan, Castorama	5,600		
Grenoble – Viallex	F	1970 (O)	Gifi	4,237		
Chalon-sur-Saône	F	1989 (O)	Carrefour	4,001		

Centre	Country	Opening	Driver brand	Area	Gross rental income *(In € million)* [1]	Value *(In € million)* [2]
		Renovation		Group share	Group share	Group share
Toulon – Ollioules	F	1989 (O)	Carrefour, Decathlon	3,185		
Okabé	F	2010 (O)	Auchan	25,100		
Divers	F			26,105		
SUB-TOTAL SHOPPING CENTRES FRANCE				**357,717**	**97**	**1 618**
Barcelona – San Cugat	E	1996 (O)	Eroski, Media Market	20,488		
Bellinzago	I	2007 (O)	Gigante, H&M	19,713		
Le Due Torri	I	2010 (O)	Esselunga	32,400		
Pinerolo	I	2008 (O)	Ipercoop	7,800		
Rome – Casetta Mattei	I	2005 (O)	Conad-Leclerc	14,800		
Ragusa	I	2007 (O)	Coop, Euronics, Upim	12,130		
Casale Montferrato	I	2007 (O)	Coop, Unieuro	7,973		
SUB-TOTAL SHOPPING CENTRES INTERNATIONAL				**115,304**	**34**	**534**
TOTAL AT 31 DECEMBER 2010				**670,876**	**159**	**2,602**
o/w France				*555,573*	*125*	*2,068*
o/w International				*115,304*	*34*	*534*

O: opening – R: renovation – F: France – I: Italy – E: Spain.

(1) Rental value on signed leases at 1 January 2011.

(2) Including transfer duties.

Breakdown of centres under development at 31 December 2010 (Group share)

Centre	Country	Extension/ Creation	GLA sqm	Gross rental income *(in € million)*	Net investment *(in € million)*	Yield
Family Village Le Mans 2	F	Creation	16,500			
Family Village Aubergenville 2	F	Extension	15,400			
Puget	F	Creation	37,600			
La Valette-du-Var	F	Creation	37,800			
Family Village Roncq	F	Creation	26,600			
Family Village Centre	F	Creation	54,200			
TOTAL RETAIL PARKS & FAMILY VILLAGES			**188,100**	**26**	**294**	**8.9%**
Villeneuve-la-Garenne	F	Creation	33,000			
Toulouse Occitania	F	Extension	5,100			
Massy -X%	F	Refurbishment/ Extension	14,300			
Bercy Village	F	Refurbishment	–			
Cœur d'Orly	F	Creation	30,700			
Cap 3000	F	Refurbishment/ Extension	5,000			
Extension Aix	F	Extension	2,400			
TOTAL SHOPPING CENTRES FRANCE			**90,500**	**36**	**416**	**8.8%**
Induno	I	Creation	23,800			
Ponte Parodi	I	Creation	35,500			
TOTAL SHOPPING CENTRES INTERNATIONAL			**59,300**	**16**	**171**	**9.6%**
TOTAL			**337,900**	**79**	**881**	**9.0%**
o/w Extensions/refurbishments			*42,200*	*21*	*223*	*9.4%*
o/w Assets creation			*295,700*	*58*	*657*	*8.8%*

2.1.3. PROPERTY DEVELOPMENT FOR THIRD PARTIES

2.1.3.1. Introduction

Through its Cogedim subsidiary, the Group is one of France's leading property developers, with business volume of €1,717 million in 2010[19], compared with €1,137 million in 2009 and €1,242 million in 2007.

Business areas

- In terms of products:
  - residential property;
  - commercial property (offices and hotels).
- In terms of business lines:
  - developer;
  - service provider (delegated project management, marketing);
  - planner/developer.

Geographical presence

In addition to the Paris region, which constitutes its historic market, Altarea Cogedim also operates in large regional urban areas offering the strongest growth prospects from both an economic and a demographic standpoint:

- Provence-Alpes-Côte d'Azur region: Nice, Marseille;
- Rhône-Alpes region: Lyon, Grenoble, Savoie/Lake Geneva;
- Grand Ouest region: Toulouse, Bordeaux and Nantes.

(19) Business volume comprises the VAT-inclusive value of reservations signed during the period (off-plan or under property development contracts), along with delegated project management fees capitalised at 4%. In 2010, Cogedim's business volume was €1,385 million in residential property (including existing homes and delegated project management fees) and €332 million in office property.

2.1.3.2. Percentage-of-completion revenues and operating income

In € million	31/12/2010		31/12/2009
Property revenues	**642.6**	**-6.2%**	**684.8**
o/w residential property	*577.4*	*+5.7%*	*546.1*
o/w office property	*65.2*	*-53.0%*	*138.6*
Services to third parties	**14.3**	**-12.7%**	**16.4**
o/w residential property	*3.7*		*3.0*
o/w office property	*10.6*		*13.4*
TOTAL REVENUES	**656.9**	**-6.3%**	**701.2**
Cost of sales	(575.8)		(618.6)
Production held in inventory	69.0		44.8
Net overhead expenses	(91.8)	+26.6%	(72.6)
Other	(1.9)		(3.0)
RECURRING OPERATING PROFIT	**56.4**	**+8.9%**	**51.8**
% of revenues	*8.6%*		*7.4%*

Revenues, recognised on a percentage-of-completion basis, totalled €657 million in 2010, compared with €701 million in 2009.

In residential property, revenues totalled €581 million in 2010, up 5.8% with respect to the 2009 figure of €549 million.

In commercial property, revenue amounted to €76 million in 2010, as opposed to €142 million in 2009.

At end-2010, the **backlog**[20] totalled €1,589 million compared with €962 million at end-2009. This gives the Group **good visibility on its development earnings in the next two to three years.**

In € million excluding tax	31/12/2010		31/12/2009
Residential property backlog	1,395		872
Office property backlog	194		90
TOTAL BACKLOG	**1,589**	**+65%**	**962**

2.1.3.3. Residential property development

Residential property sales in France in 2010

115,000 residential units were sold[21] in 2010, 11% more than in 2009 and 46% more than in 2008, but still less than the 127,000 units sold in the industry's peak year of 2007. Demand remains firm, due to a number of structural factors: Europe's fastest population growth[22]; social trends such as more people living alone and separations; property's appeal as a retirement investment; property's status as a safe-haven investment. The French are also generally keen to buy a home, especially since their debt levels are low[23] and the home ownership rate is only 57%, *versus* the European average of 66%[24]).

(20) The backlog comprises revenues excluding VAT from notarised sales to be recognised on a percentage-of-completion basis and individual and block reservations to be notarised.

(21) Ministère de l'Écologie, du Développement durable, des Transports et du Logement, figures announced in February 2011, excluding social housing.

(22) 358,000 increase in France's population in 2010 (INSEE 2010 population report).

(23) 49.5% of households had a loan in 2010, and only 30.5% had a mortgage, the lowest in 10 years (Observatoire des crédits report published January 2011).

(24) Source: Cetelem 2010 survey.

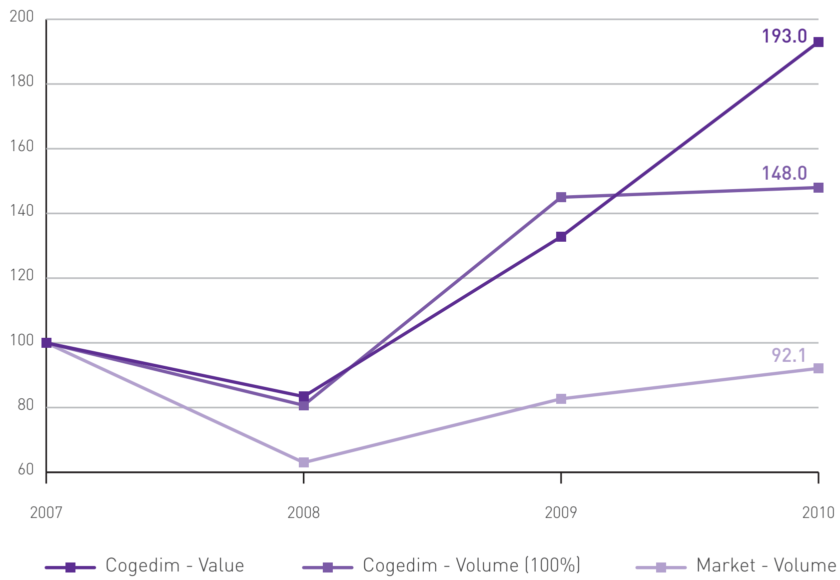
Conditions in the newbuild residential property market were particularly favourable in 2010:

- very low mortgage rates: 3.45% at end-2010 *versus* 3.91% at end-2009 and 5.19% at end-2008;
- Scellier incentives, which underwent several adjustments and which proved highly successful in 2010;
- discussions regarding pension reform, which increased perceptions of property as a safe-haven investment for current workers.

Cogedim: outperformance and gains in market share

Cogedim has attained new scale, selling around €1,289 million of homes in 2010, almost twice the level achieved before the recession (€668 million in 2007), whereas sales in the broad French market remained below 2007 levels.

Sales of residential properties (2007 = base 100)



This doubling in sales was achieved organically, with no acquisitions. Three factors combined to drive this growth:

COGEDIM'S STRONG BRAND

Cogedim's unique market position is the result of a constant focus on quality over many years. This can be seen in the locations it selects, the elegance of its architecture and the quality of its buildings, exemplified by attractive entrance halls, well managed green areas, user-friendly living spaces and ample storage. Cogedim consistently follows this approach, and this has made it the leading brand in the French market.

NEW PRODUCTS

- **Les Domaines Privés** properties combine exclusive, secure accommodation with an environment that includes shared facilities like swimming pools and golf practice ranges.
- **Les Nouveaux Quartiers** developments are located in up-and-coming areas, and include amenities as well as homes.

This policy of creating new residential concepts will continue in 2011 with the launch of **Cogedim Club** serviced residences for seniors[25], which combine convenient locations with high-end services such as concierges and video surveillance.

MANAGING THE PROPERTY CYCLE

Through its early adoption of cautious criteria, Cogedim went into the recession with no commitments or unsold properties, while retaining most of its land options. Cogedim has a portfolio of unilateral land options, and in some cases it was able to negotiate with landowners to reduce the price. At the same time, Cogedim reduced its costs sharply, although less aggressively as regards the sales force. Cogedim therefore preserved its business potential, enabling it to respond immediately when the market turned upward, developing new properties for sale without any delay.

Today, Cogedim's business assets – consisting of its staff, its products and its land options – mean that it is able to maintain the market position it built up during the recession.

Sales in 2010[26]

Sales in 2010 amounted to €1,289 million including VAT, 45% more than in 2009.

In € million including tax	Upscale	Midscale	New District	Serviced residences	Total	Breakdown by region
Paris region	532	178	114	0	823	64%
PACA	87	91	0	0	178	14%
Rhône-Alpes region	58	90	0	25	173	13%
Grand Ouest region	13	86	0	14	114	9%
TOTAL	**690**	**445**	**114**	**39**	**1,289**	**100%**
Breakdown by range	*54%*	*35%*	*9%*	*3%*	*100%*	
2009					*887*	
Change 2010** vs. **2009					***45%***	
2008					*557*	
Change 2009** vs. **2008					***131%***	
2007					*668*	
Change 2008** vs. **2007					***93%***	

This faster growth was driven by the launch of 67 developments worth €1,311 million, compared with €854 million in 2009, an increase of 54%. Since April 2010, 100% of the Group's building permits involve compliance with BBC (low energy consumption building) standards.

The Paris region remained Cogedim's main market in 2010, accounting for 64% of sales. This was mainly because of the prestigious Paris 7 Rive Gauche programme on the site of the former Laennec hospital in the heart of the 7th arrondissement of Paris.

44% of sales were to people buying their main home, 41% to private investors and 15% to institutional investors. The Group also set up Cogedim Invest, an in-house sales force dedicated entirely to property investors.

(25) Cogedim Club was launched in February 2011.

(26) Reservations net of cancellations.

4,100 units were reserved in 2010[27].

Number of units	Upscale	Midscale	New District	Serviced residences	Total	Breakdown by region
Paris region	645	683	408	0	1,736	42%
PACA	214	532	0	0	746	18%
Rhône-Alpes region	231	432	0	247	910	22%
Grand Ouest region	45	575	0	89	709	17%
TOTAL	**1,135**	**2,222**	**408**	**336**	**4,100**	**100%**
Breakdown by range	*28%*	*54%*	*10%*	*8%*	*100%*	
2009					*4,345*	
Change 2010 *vs.* ***2009***					***-6%***	

The average price of units sold in 2010 was €254,000[28], compared with €240,000 in 2009. This increase was due in particular to the higher proportion of reservations relating to high-end programmes in the Paris region (25%[28] in 2010 compared with 17% in 2009).

The disposal rate of developments improved to 19% in 2010, up from 17% in 2009. At 31 December 2010, Cogedim had only 2 unsold units.

Notarised sales

Sales notarised during 2010 amounted to €1,291 million including VAT, representing an increase of 76% compared with 2009.

In € million including tax	Upscale	Midscale	New District	Serviced residences	Total	Breakdown by region	Stock of non-notarised reservations
Paris region	376	230	235	0	840	65%	285
PACA	98	75	0	0	173	13%	77
Rhône-Alpes region	44	84	0	31	159	12%	45
Grand Ouest region	11	85	0	23	119	9%	26
TOTAL	**528**	**474**	**235**	**54**	**1,291**	**100%**	**433**
Breakdown by range	*41%*	*37%*	*18%*	*4%*	*100%*		
2009					*733*		*442*
Change 2010 *vs.* ***2009***					***79%***		***-2%***
2008					*536*		*262*
Change 2009 *vs.* ***2008***					***141%***		***65%***
2007					*771*		*206*
Change 2008 *vs.* ***2007***					***67%***		

The sharp rise in notarised sales was related directly to the increase in reservations.

(27) Consolidated share.
(28) Excluding the Paris 7 Rive Gauche programme.

Revenues[29] and net property income

2010 REVENUES

In € million including tax	Upscale	Midscale	New District	Serviced residences	Total	Breakdown by region
Paris region	117	81	44		242	42%
PACA	74	54			129	22%
Rhône-Alpes region	72	51		17	140	24%
Grand Ouest region	22	40		5	67	12%
TOTAL	**285**	**226**	**44**	**22**	**577**	**100%**
Breakdown by range	*49%*	*39%*	*8%*	*4%*	*100%*	
31/12/2009					*546*	
Change 31/12/2010** vs. **31/12/2009					***6%***	
31/12/2008					*592*	
Change 31/12/2009** vs. **31/12/2008					***-2%***	
31/12/2007					*507*	
Change 31/12/2008** vs. **31/12/2007					***14%***	

NET PROPERTY INCOME[30]

In € million	31/12/2010		31/12/2009
Revenue	577.4		546.1
NET PROPERTY INCOME	**60.9**	**+20%**	**50.8**
% of revenues	*10.6%*		*9.3%*
FEES	**3.7**	**+24%**	**3.0**

Backlog[31]

At end-2010, the residential backlog amounted to €1,395 million, equal to 29 months of activity, compared with €872 million at end-2009. The margin on this backlog gives the Group high visibility on its earnings growth in the next two to three years.

In € million including tax	Notarised revenues not recognised on a percentage of completion basis	Revenues reserved but not notarised	Total	Breakdown by region	Number of months
Paris region	682	239	921	66%	
PACA	117	66	183	13%	
Rhône-Alpes region	141	39	180	13%	
Grand Ouest region	90	22	112	8%	
TOTAL	**1,030**	**365**	**1,395**	**100%**	**29**
Repartition	*74%*	*26%*			
2009			*872*		*19*
Change 2010** vs. **2009			***60%***		
2008			*627*		*13*
Change 2009** vs. **2008			***123%***		

(29) Revenues recognised according to the percentage-of-completion method in accordance with IFRS. The percentage of completion is calculated according to the stage of construction not including land.

(30) Net property income is calculated after interest and after marketing fees and expenses.

(31) The backlog comprises revenues excluding VAT from notarised sales to be recognised on a percentage-of-completion basis and individual and block reservations to be notarised.

Given expected business levels, 2011 revenues are likely to show significant growth. The current backlog guarantees revenues of almost €775 million.

The potential margin on developments in the backlog is significantly higher than the margin achieved on developments accounted for in 2010. It includes the impact of renegotiated land prices in 2009 and a large number of high-end developments.

Residential pipeline[32]

In € million including tax	31/12/2010		31/12/2009
Property for sales	403		368
Future offer (land portfolio)	2,095		1,301
RESIDENTIAL PROPERTY PIPELINE	**2,498**	**+50%**	**1,669**

Future sales depend on the Group's ability to offer suitable properties in terms of quality and volume given current market conditions. Despite the very high level of sales, **the pipeline was 50% larger at end-2010 than at end-2009, and represents around 2 years of activity at the current rate of sales.** Assuming that economic conditions remain the same, Cogedim expects to launch around 120 developments in 2011, representing around 8,000 units.

ANALYSIS OF PROPERTIES FOR SALE

Properties for sale at 31 December 2010 had a value of €403 million, up 9.5% compared with end-2009. Unsold completed homes remained close to zero.

Breakdown of properties for sale (€403 million including VAT) at 31 December 2010 by stage of completion

(−) Risk (+)

Operating phases	Preparation (land not acquired)	Land acquired/ project not yet started	Land acquired/ project in progress	Stock of completed residential
Expenses incurred *(in € million excluding tax)*	3	24		
Cost price of properties for sale *(in € million excluding tax)*			163	4
PROPERTIES FOR SALE (€403 MILLION INCLUDING TAX)	**88**	**66**	**244**	**5**
%	*22%*	*16%*	*61%*	*1%*
		o/w due for completion in 2011:	*€25 million*	
		o/w due for completion in 2012:	*€52 million*	
		o/w due for completion in 2013:	*€167 million*	
NB: properties for sale at 31 December 2009				
PROPERTIES FOR SALE (€368 MILLION INCLUDING TAX)	**179**	**51**	**135**	**2**
%	*49%*	*14%*	*37%*	*-%*
		o/w due for completion in 2010:	*€45 million*	
		o/w due for completion in 2011:	*€76 million*	
		o/w due for completion in 2012:	*€14 million*	

(32) The pipeline consists of VAT-inclusive revenues from properties for sale and the land bank, which includes all plots on which contracts have been exchanged.

ANALYSIS OF PROPERTIES FOR SALE: €403 MILLION INCLUDING VAT

- 38% of properties for sale concern developments on which construction had not yet begun and on which the amounts committed correspond primarily to research costs and land order fees (or guarantees) paid upon the signature of preliminary land sales agreements with the possibility of retraction. This proportion is much lower than the end-2009 figure of 63%.
- 61% of properties for sale are currently being built. Only €25 million relate to units to be completed by the end of 2011.
- Only €5 million of properties for sale had been completed at end-June.

The breakdown of developments by stage of completion reflects the prudential criteria implemented by the Group, which are based primarily on the following principles:

- prioritising the signature of unilateral preliminary sales agreements rather than bilateral sale and purchase agreements, which are confined to higher-margin developments;
- requiring a high level of pre-marketing at the time the site is acquired and when construction works begin;
- requiring agreement from the Commitments Committee at all stages of the transaction: signature of the contract, marketing launch, land acquisition and start of construction.

2.1.3.4. Office property development

In commercial property, the Group acts as developer signing off-plan sale agreements or property development contracts under which it makes a commitment to build a property. This commitment is subject to the property being sold in advance or the signature of a contract ensuring financing of the build. Where it acts as delegated project manager, the Group provides development services for the owner of a property in return for fees. In 2010, provision of these services accounted for 40% of the Group's commercial property business volume.

Economic background

INVESTMENT IN OFFICE PROPERTY[33]

The office property market bottomed out in 2009, and investments picked up in 2010, with €11 billion of property changing hands in the French market. Volumes were up 42% relative to 2009, but remained below the 10-year average. In a market dominated by capital investors, prime properties featuring long-term leases were particularly sought-after.

OFFICE PROPERTY TAKE-UP

Take-up in the Paris region rose by 15% to 2.16 million sqm. Users were again primarily looking to harness savings by pooling offices or finding units with lower rent. At 31 December 2010, immediately available supply (new and existing) was stable year-on-year at 3.6 million sqm.

NO SIGNIFICANT UPTURN IN UNLET SALES
OR REDEVELOPMENTS IN 2010

Despite the 29% fall in certain future newbuild supply and increasing pressure to bring existing properties into line with environmental standards, the market remained very hesitant in 2010. Macroeconomic uncertainties prompted investors to delay committing to unlet developments. As a result, there was a major build-up in potential demand for new or redeveloped properties in 2012 and 2013.

Transactions by the Altarea Cogedim group in 2010

In an almost stagnant market, Altarea Cogedim signed for almost €332 million of property in 2010, including €122 million of existing properties converted into luxury hotels (Hôtel-Dieu in Marseille and Palais de Justice in Nantes) and 7 office sales in the Paris region amounting to €209 million.

The Group also completed almost 71,000 sqm of office space outside Paris across 4 developments, including a 10,000 sqm building in Nice Meridia, which complies with HQE environmental standards.

(33) CBRE data for 2010.

Net property income and fees

In € million	31/12/2010		31/12/2009
Revenues	65.2		138.6
NET PROPERTY INCOME	**5.9**	**-61.7%**	**15.4**
% of revenues	*9.0%*		*11.1%*
SERVICES TO THIRD PARTIES	**10.6**	**-20.8%**	**13.4**

NET PROPERTY INCOME ON A PERCENTAGE-OF-COMPLETION BASIS

Net property income amounted to €5.9 million in 2010, down from €15.4 million in 2009. This decline was due to the small number of developments underway in 2010.

Backlog[34] (off-plan, property development contracts and delegated project management)

The backlog of off-plan properties and properties under development contracts was €189.5 million at end-2010 as opposed to €89.5 million a year earlier. This €100 million increase was driven by new contracts. The Group also had a backlog of delegated project management fees representing €4.9 million at end-2010.

OUTLOOK AND STRATEGY

In 2011, Altarea Cogedim will complete almost 171,000 sqm of space, of which 142,000 sqm will be in the Paris region and the rest in the regions. 100% of these properties will have HQE environmental certification, including complex redevelopments such as Tour First, France's largest HQE project, which won the 2010 *Grand Prix national* for engineering and a *Pierre d'Or* award, and has been nominated for the 2011 Mipim Awards.

The cycle that is now beginning will involve major technological changes related to environmental requirements. Altarea Cogedim intends to take advantage of these trends by increasing its commercial property investment capacity. For this purpose, Altarea Cogedim has raised almost €350 million from institutional partners in France and abroad through an investment vehicle with a target size of €500 million.

The Group will act as this vehicle's operating partner*, and will own a 20% stake in it. The aim will be to acquire land or existing office properties when the time is right, and then apply Altarea Cogedim's expertise by creating core assets with high environmental quality. These new buildings will then be sold to institutional investors.

(34) Revenues excluding VAT on notarised sales to be recognised according to the percentage-of-completion method, take-ups not yet subject to a notarised deed and fees owed by third parties on contracts signed.

** An operating partner is the entity that manages an investment vehicle's operations on behalf of the companies investing in the vehicle, based on specific criteria agreed among the parties in advance. In this case the operating partner is a service provider to Altarea and Altareit.*

2.2. CONSOLIDATED RESULTS

2.2.1. RESULTS

2.2.1.1. Net profit

During 2010, recurring net profit (Group share) totalled €120.3 million, an increase of 11%. Recurring net profit per share was €11.7, up 11% year-on-year.

In € million	31/12/2010							31/12/2009				
	Recurring							Recurring				
	Shopping centres		Property development	Total recurring		Non recurring	Total	Shopping centres	Property development	Total recurring	Non recurring	Total
OPERATING PROFIT	133.4	+5%	56.4	189.8	+6%	58.3	248.0	127.0	51.8	178.7	(165.4)	13.3
Net cost of debt	(58.4)		(15.0)	(73.3)		(4.9)	(78.2)	(55.4)	(17.5)	(72.9)	(6.2)	(79.1)
Change in fair value of financial instruments	0.0		-	0.0		(10.8)	(10.8)	-	-	-	(53.3)	(53.3)
Using the equity method	7.5		(0.5)	7.0		(0.1)	7.0	7.1	(1.4)	5.7	(4.8)	1.0
Debt and receivable discounting	-		-	-		(0.2)	(0.2)	-	-	-	(0.1)	(0.1)
PRE-TAX PROFIT	82.6		40.9	123.5		42.2	165.7	78.7	33.0	111.7	(230.6)	(118.9)
Tax	(0.3)		(0.0)	(0.3)		(13.9)	(14.2)	(0.2)	0.0	(0.2)	2.4	2.2
NET PROFIT	82.3		40.9	123.2		28.3	151.5	78.5	33.0	111.5	(228.2)	(116.7)
NET PROFIT, GROUP SHARE	**80.1**	**+4,2%**	**40.2**	**120.3**	**+11%**	**26.7**	**147.0**	**76.9**	**31.7**	**108.5**	**(217.0)**	**(108.5)**
Average diluted number of shares (in thousands)				10.274						10.271		
RECURRING NET PROFIT, GROUP SHARE PER SHARE *(in €)*				**11.71**	**+11%**					**10.57**		

Recurring net profit: €120.3 million

RECURRING OPERATING PROFIT

In 2010, recurring operating profit rose by 6%, due to stronger business levels in residential property (see 2.1.3.3) and completions of shopping centres (see 2.1.2).

RECURRING NET COST OF DEBT

The recurring portion concerns net financial expenses incurred in relation to loans secured against the portfolio of shopping centres and the cost of debt on the Cogedim acquisition. The Group drew some benefit from lower interest rates, through a greater proportion of option-based hedging (see 2.3.2).

Non-recurring net profit: €26.7 million

This item includes all adjustments made to carrying amounts over the year:

In € million	
Amortisation of customer relationships (Cogedim)	-16.2
Change in value of commercial properties	+48.7
Impairment in financial instruments	-10.8
Amortisation of deferred tax assets	-11.0
Disposal gains	+25.1
Development costs	-5.2
Other	-3.9
TOTAL	**+26.7**

AVERAGE NUMBER OF SHARES AFTER DILUTION

The average number of shares after dilution is the average of number of shares in issue plus shares under stock-option and bonus-share plans granted at 31 December 2010, minus shares held in treasury.

2.2.2. NET ASSET VALUE (NAV)

At 31 December 2010, Altarea's fully diluted, going concern NAV amounted to €139.3 per share following the dividend payout of €7.2 per share, representing an increase of 23.0%.

Altarea Cogedim Net Asset Value EPRA presentation	**31/12/2010**		**31/12/2009**		
	(in € million)	*(in € per share)*	*(in € million)*	*(in € per share)*	
Consolidated equity, Group share	**1,000.1**	**98.3**	**938.6**	**91.0**	
Impact of rights giving access to share capital	(12.6)		-		
Other latent capital gains	307.8		104.3		
Reprocessing of the financial instruments	72.1		104.6		
Tax differed in the balance sheet on assets not SIIC (international assets)	32.7		27.3		
EPRA NAV	**1,400.1**	**137.6**	**1,174.8**	**113.9**	**20.8%**
Market value of the financial instruments	(72.1)		(104.6)		
Effective tax on latent capital gains of assets not SIIC*	(32.2)		(27.9)		
Optimization of transfer taxes*	57.4		57.4		
Partners' share[1]	(15.8)		(12.7)		
LIQUIDATION NAV (EPRA NNNAV)	**1,337.4**	**131.5**	**1,087.1**	**105.4**	**24.7%**
Estimated transfer duties and selling fees	81.0		82.0		
Partners' share	(0.9)		(0.9)		
DILUTED GOING CONCERN NAV	**1,417.4**	**139.3**	**1,168.1**	**113.3**	**23.0%**
Number of diluted shares		10,173,677		10,311,852	

(*) Varies according to the type of disposal carried out, i.e. sale of asset or sales shares.
(1) Maximum dilution of 120,000 shares.

Calculation basis

Tax issues

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

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

Transfer duties

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

For example, when calculating Altarea's liquidation NAV (or EPRA NNNAV), excluding transfer duties, transfer duties were deducted on the basis of a sale of shares of the company or a sale on a building by building basis.

Impact of securities offering access to share capital

This relates to the impact of exercising in-the-money stock options and the purchase of shares to cover bonus share plans that are not covered by shares held in treasury (excluding the liquidity agreement).

Other unrealised capital gains or losses

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

- two hotel businesses (Hotel Wagram and Résidence Hôtelière de l'Aubette);
- the Rental Management and Commercial Property Development Division (Altarea France);
- the Residential Cost Offices Property Development Division (Cogedim).

These assets are valued every year by external appraisers as part of impairment testing (CBRE for hotel businesses and Accuracy for Altarea France and Cogedim). The methods used by both CBRE and Accuracy are based on a discounted cash flow (DCF) analysis, along with a terminal value based on normative cash flow. CBRE provides a single value, while Accuracy provides a range that takes into account various scenarios. In addition to its DCF-based valuation, Accuracy also provides a valuation based on a listed peer-group comparison.

Cogedim value in the 31 December 2010 NAV calculation

Once a year, an independent expert office estimates Cogedim according to a multicriteria approach:

- an evaluation by the discounted cash flows which ends in a range according to various hypotheses;
- an evaluation by peer-group comparison values.

The value for Cogedim used in the 31 December 2010 NAV calculation therefore corresponds to the low value of the range according to the discounted cash flows method. This value is significantly situated below that obtained by peer-group comparison values, what consolidates careful aspect of the chosen figure.

Movement on going-concern NAV

(in €/share)

GOING-CONCERN NAV AT 31/12/2009	**113.3**
Dividend	(7.2)
Recurring net profit	11.7
Change in fair value of shopping centres	4.8
Increase in Cogedim value	16.1
Other	0.6
GOING-CONCERN NAV AT 31/12/2010	**139.3**

2.3. FINANCIAL RESOURCES

2.3.1. FINANCIAL POSITION

2.3.1.1. Introduction

The Altarea Cogedim Group has a solid financial position:

- €267 million in cash and cash equivalents;
- robust consolidated bank covenants (LTV of less than 65% and ICR of over 2x), with significant leeway at 31 December 2010 (LTV of 53.2% and ICR of 2.7x).

This strong position results primarily from a diversified business model (retail, residential and office properties) that generates substantial cash flow at the top of the cycle and is highly resilient at the bottom.

2.3.1.2. Cash and cash equivalents: €267 million

Available cash and cash equivalents amounted to €267 million at year-end 2010, comprising corporate resources of €250 million (cash and confirmed authorisations) and unused loan authorisations secured against specific developments of €17 million (mortgage financing).

2.3.1.3. Debt by type

Altarea Cogedim's net debt stood at €2,055 million at 31 December 2010 compared with €2,064 million at 31 December 2009.

In € million	Dec. 2010	Dec. 2009
Corporate debt	769	769
Mortgage debt	1,165	1,159
Debt relating to acquisition of Cogedim	250	250
Property development debt	133	103
TOTAL GROSS DEBT	**2,318**	**2,281**
Cash and cash equivalents	263	(217)
TOTAL NET DEBT	**2,055**	**2,064**

- Corporate debt is subject to consolidated bank covenants (LTV of less than 65% and ICR of over 2x).
- Mortgage debt is subject to covenants specific to the property financed in terms of LTV, ICR and DSCR.
- Property-development debt secured against development projects is subject to covenants specific to each development project, including a level of pre-marketing.
- Debt relating to the acquisition of Cogedim is subject to corporate covenants (LTV of less than 65% and ICR of over 2x) and covenants specific to Cogedim (EBITDA leverage and ICR).

2.3.1.4. Financing agreed in 2010

During 2010, the Altarea Group obtained €116 million in mortgage financing for projects or to refinance projects in operation.

The very strong growth in the property development business was financed almost entirely out of cash flow. Most financing requirements related to the arrangement of completion guarantees on residential developments sold off-plan. Completion guarantees totalled €359 million at 31 December 2010.

2.3.1.5. Financial covenants

LTV ratio

The Group's consolidated LTV ratio was 53.2% at 31 December 2010 compared with 55.7% at the end of 2009.

Recurring EBITDA[35]/cost of recurring net debt

The interest cover ratio (recurring net financing cost/EBITDA) stood at 2.7x at 31 December 2010 as opposed to 2.6x at end-2009.

Other specific covenants

A comprehensive review of covenants specific to each credit facility was conducted. At 31 December 2010, the Group complied with all covenants. At 31 December 2010, all the covenants were observed. To this end, the repayment of €9.0 million in bank loans in Italy is planned.

The Group complied comfortably with all covenants relating to the Cogedim acquisition at 31 December 2010[36].

(35) EBITDA is equal to recurring operating profit before depreciation, amortisation and provisions.
(36) EBITDA leverage of 3.2 (covenant maximum of 5.75) and ICR of 6.7 (covenant minimum of 1.3).

2.3.2. HEDGING AND MATURITY

The portfolio of hedging instruments[37] is as follows:

Nominal amount *(in € million)* and amount hedged					
Maturity	Swap	Cap/Collar	Total hedging	Average swap rate	Average cap/collar rate
12/2010	1,414	935	2,349	3.11%	3.24%
12/2011	1,460	553	2,013	3.17%	3.36%
12/2012	1,610	273	1,883	3.50%	3.71%
12/2013	1,450	260	1,710	3.45%	3.62%
12/2014	1,264	39	1,302	3.38%	4.20%
12/2015	1,079	36	1,116	3.48%	4.20%
12/2016	888	52	940	3.43%	5.00%
12/2017	585	-	585	3.05%	-
12/2018	425	-	425	2.52%	-
12/2019	425	-	425	2.52%	-
12/2020	425	-	425	2.52%	-

Hedging strategy

In September 2010, Altarea Cogedim took advantage of exceptionally low long-term interest rates by arranging €425 million of new 10-year swaps at an average rate of 2.5%. Shortly afterwards, €620 million of swaps and collars expiring between 2012 and 2017 were cancelled[38].

The aim of these transactions was to arrange low-interest-rate hedges compatible with the timeframe for investments and shopping-centre developments.

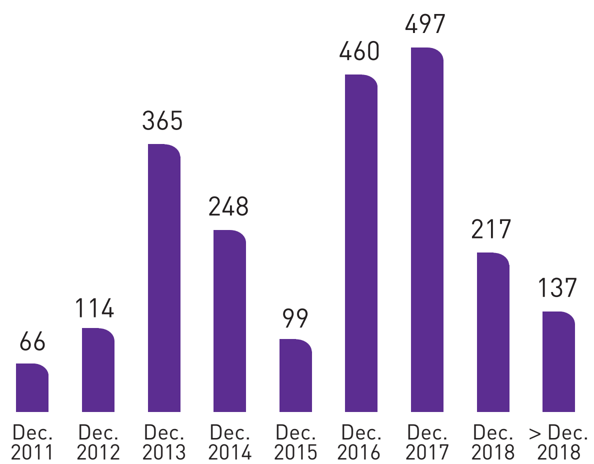
Cost of debt

The Altarea Group's average financing cost including the credit spread was 3.69% in 2010 compared with 4.21% in 2009. The Group took advantage of low interest rates through a proportional increase in option-based hedging.

Debt maturity

Debt maturing in 2013 consists of a corporate loan syndicated among a pool of mostly French banks. The average debt maturity was 5.6 years at 31 December 2010 compared with 6.6 years in 2009. Most of the outstanding debt comprises mortgage loans backed by assets held for the long term.

Maturity schedule for Group debt (excluding property development), in € million



(37) This portfolio does not include hedges liquidated in early 2011. The hedging portfolio is described in Note 13.13 to the consolidated financial statements.
(38) Including around €320 million in early 2011.

BALANCE SHEET AT 31 DECEMBER 2010

ASSETS

In € thousand	31/12/2010	31/12/2009
NON-CURRENT ASSETS	**3,112,387**	**3,099,794**
Intangible assets	199,568	216,332
o/w goodwill	*128,716*	*128,716*
o/w brands	*66,600*	*66,600*
o/w customer relationships	*-*	*16,161*
o/w other intangible assets	*4,251*	*4,855*
Property, plant and equipment	12,237	15,557
Investment properties	2,757,275	2,721,977
o/w Investment properties in operation at fair value	*2,606,412*	*2,523,032*
o/w Investment properties under development and under construction at cost	*150,863*	*198,945*
Investment in associated companies and other investments	76,993	68,296
Receivable and other short-term investments	16,352	14,841
Deferred tax assets	49,962	62,790
CURRENT ASSETS	**1,343,313**	**1,011,186**
Assets held for sale	52,651	87,238
Inventories and work in progress	648,089	364,118
Trade and other receivable	346,115	329,170
Tax receivable	820	1,833
Receivables and other short-term investments	8,539	8,062
Derivative financial instruments	24,654	3,930
Cash and cash equivalents	262,446	216,835
TOTAL ASSETS	**4,455,700**	**4,110,980**

LIABILITIES

In Ð thousand	31/12/2010	31/12/2009
EQUITY	**1,042,101**	**973,235**
EQUITY, GROUP SHARE	**1,000,088**	**938,557**
Share capital	120,506	120,506
Other paid-in capital	586,763	609,051
Group reserves	145,795	317,454
Net profit for the period	147,025	(108,453)
EQUITY – MINORITY INTERESTS	**42,013**	**34,677**
NON-CURRENT LIABILITIES	**2,381,177**	**2,250,830**
Borrowings and debt	2,311,341	2,183,995
o/w participating loan	*81,432*	*24,781*
o/w bank loans	*2,211,715*	*2,131,883*
o/w bank loans backed by VAT receivables	-	*5,593*
o/w other borrowings and debt	*18,194*	*21,738*
Provisions for retirement obligations	5,338	4,070
Other non-current provisions	16,488	16,222
Deposit received	25,523	25,273
Deferred tax liability	22,488	21,270
CURRENT LIABILITIES	**1,032,422**	**886,915**
Borrowings and debt	119,685	158,362
o/w borrowings from credit institutions (excluding overdrafts)	*99,767*	*141,263*
o/w bank loans backed by VAT receivables	*5,593*	*2,209*
o/w bank overdrafts	*5,470*	*7,369*
o/w other borrowings and debt	*8,016*	*7,522*
Derivative financial instruments	118,417	117,873
Current provisions	-	205
Account payable and other operating liabilities	791,349	606,882
Tax due	2,968	3,582
Amount due to shareholders	3	10
TOTAL LIABILITIES	**4,455,700**	**4,110,980**

COSTING-BASED PROFITABILITY ANALYSIS TO 31 DECEMBER 2010

In € thousand	Shopping centres and other assets	Property development for third parties	Recurring items	Non-recurring items	Total Group
Rental income	164,396	-	164,396	-	164,396
Land charges	(4,068)	-	(4,068)	-	(4,068)
Unrecoverable rental expenses	(3,628)	-	(3,628)	-	(3,628)
Management expenses	(77)	-	(77)	-	(77)
Net provisions	(4,563)	-	(4,563)	-	(4,563)
NET RENTAL INCOME	**152,060**	**-**	**152,060**	**-**	**152,060**
Revenue	-	642,588	642,588	28,671	671,260
Cost of sales	0	(561,024)	(561,024)	(28,389)	(589,414)
Selling expenses	-	(15,052)	(15,052)	(357)	(15,408)
Net provisions	-	310	310	483	793
Amortisation of customer relationships	-	-	-	(3,317)	(3,317)
NET PROPERTY INCOME	**0**	**66,822**	**66,822**	**(2,909)**	**63,913**
External services	10,431	14,304	24,736	3,138	27,874
Own work capitalised and production held in inventory	-	69,029	69,029	17,311	86,339
Personnel expense	(14,940)	(61,785)	(76,726)	(23,235)	(99,961)
Other overhead expenses	(8,453)	(27,552)	(36,005)	(6,458)	(42,463)
Depreciation expense on operating assets	(405)	(2,498)	(2,903)	(385)	(3,288)
Amortisation of customer relationship	-	-	-	(4,864)	(4,864)
NET OVERHEAD EXPENSE	**(13,366)**	**(8,503)**	**(21,869)**	**(14,494)**	**(36,363)**
Other income	10,827	3,233	14,061	16,634	30,695
Other expenses	(14,917)	(6,093)	(21,010)	(7,529)	(28,540)
Depreciation expenses	(1,210)	(4)	(1,214)	(100)	(1,314)
OTHER	**(5,300)**	**(2,864)**	**(8,164)**	**9,004**	**840**
Proceeds from disposal of investment properties	-	-	-	326,461	326,461
Book value of assets sold	-	-	-	(301,400)	(301,400)
INCOME ON DISPOSAL OF INVESTMENT PROPERTIES	**-**	**-**	**-**	**25,061**	**25,061**
Movement in value of investment properties	0	-	0	67,838	67,838
Movement in value of investment properties completed or recognised at fair value for the first time	*-*	*-*	*-*	*25,403*	*25,403*
Other movement in value of investment properties	*0*	*-*	*0*	*42,435*	*42,435*
Net impairment losses on investment properties at cost	-	-	-	(19,106)	(19,106)
Net impairment losses on other non-current assets	-	-	-	0	0
Net charge to provisions for risks and contingencies	-	917	917	1,524	2,441
Impairment losses on customer relationships	-	-	-	(7,980)	(7,980)
Goodwill impairment	-	-	-	(676)	(676)
OPERATING PROFIT	**133,394**	**56,372**	**189,766**	**58,262**	**248,028**
Net cost of debt	(58,354)	(14,979)	(73,333)	(4,911)	(78,244)
Movement in value and income from disposal of financial instruments	(0)	-	(0)	(10,786)	(10,786)
Proceeds from disposal of investments	-	(3)	(3)	(70)	(73)
Share in income of associated companies	7,514	(483)	7,030	(62)	6,969
Dividends	-	32	32	0	33
Debt and receivable discounting	-	-	-	(219)	(219)
PRE-TAX PROFIT	**82,554**	**40,939**	**123,493**	**42,215**	**165,707**
Tax	(278)	(21)	(299)	(13,919)	(14,218)
NET PROFIT	**82,275**	**40,918**	**123,194**	**28,296**	**151,490**
o/w net profit attributable to equity holders	*80,087*	*40,194*	*120,281*	*26,744*	*147,025*
o/w net profit attributable to minority interests	*2,188*	*725*	*2,913*	*1,552*	*4,465*
Weighted average number of shares before dilution			10,150,226		10,150,226
Attributable earnings per share *(€)*			**11.85**		**14.48**
Weighted fully-diluted average number of shares			10,274,059		10,274,059
Fully-diluted attributable earning per share *(€)*			**11.71**		**14.31**

COSTING-BASED PROFITABILITY ANALYSIS TO 31 DECEMBER 2009

In € thousand	Shopping centres and other assets	Property development for third parties	Recurring items	Non-recurring items	Total Group
Rental income	153,517	-	153,517	(0)	153,517
Land charges	(4,357)	-	(4,357)	-	(4,357)
Unrecoverable rental expenses	(3,737)	-	(3,737)	0	(3,737)
Management expenses	(266)	-	(266)	-	(266)
Net provisions	(4,337)	-	(4,337)	-	(4,337)
NET RENTAL INCOME	**140,819**	**-**	**140,819**	**0**	**140,819**
Revenue	-	684,782	684,782	75,428	760,210
Cost of sales	-	(605,826)	(605,826)	(73,444)	(679,271)
Selling expenses	-	(12,406)	(12,406)	(836)	(13,242)
Net provisions	-	(344)	(344)	892	548
Amortisation of customer relationships	-	-	-	(7,760)	(7,760)
NET PROPERTY INCOME	**-**	**66,206**	**66,206**	**(5,721)**	**60,485**
External services	8,081	16,389	24,471	1,389	25,859
Own work capitalised and production held in inventory	(0)	44,768	44,768	27,228	71,996
Personnel expense	(10,796)	(49,470)	(60,267)	(24,318)	(84,584)
Other overhead expenses	(6,549)	(20,777)	(27,326)	(11,967)	(39,293)
Depreciation expense on operating assets	(510)	(2,317)	(2,827)	(817)	(3,644)
Amortisation of customer relationship	-	-	-	(5,586)	(5,586)
NET OVERHEAD EXPENSE	**(9,774)**	**(11,407)**	**(21,182)**	**(14,071)**	**(35,253)**
Other income	1,637	3,087	4,725	1,821	6,546
Other expenses	(4,679)	(5,556)	(10,235)	(9,921)	(20,156)
Depreciation expenses	(1,041)	(4)	(1,044)	(100)	(1,145)
OTHER	**(4,082)**	**(2,472)**	**(6,554)**	**(8,200)**	**(14,755)**
Proceeds from disposal of investment properties	-	-	-	20,116	20,116
Book value of assets sold	-	-	-	(20,216)	(20,216)
INCOME ON DISPOSAL OF INVESTMENT PROPERTIES	**-**	**-**	**-**	**(100)**	**(100)**
Movement in value of investment properties	-	-	-	(101,863)	(101,863)
Movement in value of investment properties completed or recognised at fair value for the first time	-	-	-	*25,161*	*25,161*
Other movement in value of investment properties	-	-	-	*(127,024)*	*(127,024)*
Net impairment losses on investment properties at cost	-	-	-	(36,224)	(36,224)
Net impairment losses on other non-current assets	-	(12)	(12)	(0)	(12)
Net charge to provisions for risks and contingencies	-	(536)	(536)	734	198
Impairment losses on customer relationships	-	-	-	-	-
Goodwill impairment	-	-	-	-	-
OPERATING PROFIT	**126,963**	**51,778**	**178,741**	**(165,446)**	**13,295**
Net cost of debt	(55,374)	(17,478)	(72,852)	(6,230)	(79,082)
Movement in value and income from disposal of financial instruments	-	-	-	(53,295)	(53,295)
Proceeds from disposal of investments	-	-	-	(722)	(722)
Share in income of associated companies	7,089	(1,352)	5,737	(4,770)	967
Dividends	-	32	32	(1)	31
Debt and receivable discounting	-	-	-	(137)	(137)
PRE-TAX PROFIT	**78,677**	**32,980**	**111,658**	**(230,601)**	**(118,943)**
Tax	(193)	10	(183)	2,416	2,234
NET PROFIT	**78,485**	**32,991**	**111,475**	**(228,185)**	**(116,710)**
o/w net profit attributable to equity holders	*76,854*	*31,688*	*108,541*	*(216,995)*	*(108,453)*
o/w net profit attributable to minority interests	*1,631*	*1,303*	*2,934*	*(11,190)*	*(8,256)*
Weighted average number of shares before dilution			10,106,047		10,106,047
Attributable earnings per share *(in €)*			**10.74**		**(10.73)**
Weighted fully-diluted average number of shares			10,271,359		10,271,359
Fully-diluted attributable earning per share *(in €)*			**10.57**		**(10.56)**

3 Altarea financial statements

3.1. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

3.1.1. BALANCE SHEET

3.1.1.1. Assets

In € thousand	Note	31/12/2010	31/12/2009
NON-CURRENT ASSETS		**3,112,387**	**3,099,794**
Intangible assets	3.1.13.1.	199,568	216,332
Goodwill		*128,716*	*128,716*
Brands		*66,600*	*66,600*
Customer relationships		*-*	*16,161*
Other intangible assets		*4,251*	*4,855*
Property, plant and equipment	3.1.13.2.	12,237	15,557
Investment property	3.1.13.3.	2,757,275	2,721,977
Investment properties measured at fair value		*2,606,412*	*2,523,032*
Investment properties measured at cost		*150,863*	*198,945*
Investments in associated companies and other investments	3.1.13.4.	76,993	68,296
Receivables and other non-current investments	3.1.13.6.	16,352	14,841
Deferred tax assets	3.1.15.	49,962	62,790
CURRENT ASSETS		**1,343,313**	**1,011,186**
Assets held for sale	3.1.13.3.	52,651	87,238
Inventory and work in progress	3.1.13.7.	648,089	364,118
Trade and other receivables	3.1.13.7.	346,115	329,170
Income tax credits	3.1.15.	820	1,833
Receivables and other current financial assets	3.1.13.6.	8,539	8,062
Derivative financial instruments	3.1.13.13.	24,654	3,930
Cash and cash equivalents	3.1.16.	262,446	216,835
TOTAL ASSETS		**4,455,700**	**4,110,980**

3.1.1.2. Equity and liabilities

In € thousand	Note	31/12/2010	31/12/2009
EQUITY		**1,042,101**	**973,235**
Equity attributable to owners of the parent		**1,000,088**	**938,557**
Share capital	3.1.13.8.	120,506	120,506
Additional paid-in capital		586,763	609,051
Reserves		145,795	317,454
Net profit attributable to owners of the parent		147,025	(108,453)
Equity attributable to non-controlling interests		**42,013**	**34,677**
NON-CURRENT LIABILITIES		**2,381,177**	**2,250,830**
Borrowings and financial liabilities	3.1.13.9.	2,311,341	2,183,995
Participating loans and shareholders' advances under option		*81,432*	*24,781*
Borrowings and financial liabilities vis-à-vis credit institutions		*2,211,715*	*2,131,883*
Borrowings and bank liabilities matching VAT receivables		*-*	*5,593*
Other borrowings and debt		*18,194*	*21,738*
Provisions for post-employment obligations	3.1.13.10.	5,338	4,070
Other non-current provisions	3.1.13.11.	16,488	16,222
Deposits and security interests received	3.1.13.12.	25,523	25,273
Deferred tax liability	3.1.15.	22,488	21,270
CURRENT LIABILITIES		**1,032,422**	**886,915**
Borrowings and financial liabilities	3.1.13.9.	119,685	158,362
Borrowings from credit institutions (excluding overdrafts)		*99,767*	*141,263*
Borrowings and bank liabilities matching VAT receivables		*5,593*	*2,209*
Bank overdrafts (cash liabilities)		*5,470*	*7,369*
Other borrowings and debt		*8,856*	*7,522*
Derivative financial instruments	3.1.13.13.	118,417	117,873
Current provisions	3.1.13.11.	-	205
Trade payables and other accounts payable	3.1.13.7.	791,349	606,882
Income tax due	3.1.15.	2,968	3,582
Amounts due to shareholders		3	10
TOTAL LIABILITIES		**4,455,700**	**4,110,980**

3.1.2. INCOME STATEMENT

In € thousand	Note	31/12/2010	31/12/2009
Rental income		164,396	153,517
Land charges		(4,068)	(4,357)
Non-recoverable rental expenses		(3,628)	(3,737)
Management expenses		(77)	(266)
Net allowance to provisions		(4,563)	(4,337)
Net rental income	**3.1.14.1.**	**152,060**	**140,819**
Revenue		671,260	760,210
Cost of sales		(589,414)	(679,271)
Marketing expenses		(15,408)	(13,242)
Net allowance to provisions		793	548
Amortisation of customer relationships		(3,317)	(7,760)
Net property income	**3.1.14.2.**	**63,913**	**60,485**
External service providers		27,874	25,859
Capitalised production and change in inventories		86,339	71,996
Staff costs		(99,961)	(84,584)
Other overhead costs		(42,463)	(39,293)
Depreciation expense on operating assets		(3,288)	(3,644)
Amortisation of customer relationships		(4,864)	(5,586)
Net overhead expenses	**3.1.14.3.**	**(36,363)**	**(35,253)**
Other income		30,695	6,546
Other expenses		(28,540)	(20,156)
Depreciation and amortisation		(1,314)	(1,145)
Miscellaneous	**3.1.14.4.**	**840**	**(14,755)**
Net gain/(loss) on sale of investment assets		326,461	20,116
Carrying amount of assets sold		(301,400)	(20,216)
Net gain/(loss) on disposal of investment assets	**3.1.14.4.**	**25,061**	**(100)**
Change in value of investment property at fair value	3.1.14.4.	67,838	(101,863)
Change in value of buildings completed or marked to market for the first time		*25,403*	*25,161*
Other changes in value of investment property		*42,435*	*(127,024)*
Net impairment losses on investment property at cost	3.1.14.4.	(19,106)	(36,224)
Net impairment losses on other non-current assets	3.1.14.4.	0	(12)
Net allowance to provisions	3.1.14.4.	2,441	198
Impairment of customer relationships	3.1.14.4.	(7,980)	-
Goodwill impairment	3.1.14.4.	(676)	-
OPERATING INCOME		**248,028**	**13,295**
Net cost of debt	3.1.14.5.	(78,244)	(79,082)
Interest expense		*(82,404)*	*(86,322)*
Interest income		*4,160*	*7,240*
Change in fair value and gain/(loss) on the sale of financial instruments	3.1.14.6.	(10,786)	(53,295)
Net gain/(loss) on the sale participating interests	3.1.14.6.	(73)	(722)
Share in income of associated companies	3.1.14.6.	6,969	967
Dividends	3.1.14.6.	33	31
Discounting of payables and receivables	3.1.14.6.	(219)	(137)
PRE-TAX PROFIT		**165,707**	**(118,943)**
Corporate income tax	3.1.15.	(14,218)	2,234
NET INCOME		**151,490**	**(116,710)**
▸ Net income attributable to owners of the parent		147,025	(108,453)
▸ Net income attributable to non-controlling interests		4,465	(8,256)
Earnings per share attributable to owners of the parent (€)	3.1.17.1.	14.48	(10.73)
Diluted earnings per share attributable to owners of the parent (€)	3.1.17.1.	14.31	(10.56)

Other items contributing to comprehensive income

In € thousand	31/12/2010	31/12/2009
NET INCOME	**151,490**	**(116,710)**
Translation differences	0	0
OTHER COMPREHENSIVE INCOME (EXPENSE)	**-**	**-**
TOTAL NET INCOME	**151,490**	**(116,710)**
Total net income attributable to owners of the parent	147,025	(108,453)
Total net income attributable to non-controlling interests	4,465	(8,256)

3.1.3. CASH FLOW STATEMENT

In € thousand	Note	31/12/2010	31/12/2009
CASH FLOW FROM OPERATING ACTIVITIES			
Consolidated profit after tax		**151,490**	**(116,709)**
Elimination of income tax expense (income)		14,218	(2,234)
Elimination of net interest expense (income)		78,200	78,676
Pre-tax profit and before net interest expense (income)		**243,907**	**(40,267)**
Elimination of depreciation, amortisation, provisions and discontinuation of projects		37,865	50,109
Elimination of changes in fair value	3.1.16.	(56,860)	155,099
Elimination of gains (losses) on sales of assets		(28,521)	574
Elimination of share in earnings of equity-method associates	3.1.13.4.	(6,969)	(967)
Elimination of other non-cash income and expense (including gross charge on share-based payments)	3.1.13.8.	10,815	8,201
Elimination of dividend income		(33)	(31)
Cash flow		**200,203**	**172,717**
Tax paid		(2,582)	1,761
Impact of change in operating working capital requirement (WCR)	3.1.13.7.	(54,391)	50,617
TOTAL CASH FLOW FROM OPERATING ACTIVITIES		**143,230**	**225,096**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisitions of assets	3.1.16.	(330,263)	(234,644)
Acquisitions of consolidated companies, net of cash acquired	3.1.16.	(6,260)	(4,166)
Increase in loans and advances	3.1.13.6.	(5,147)	(8,618)
Sale of non-current assets and repayment of advances and downpayments	3.1.16.	351,592	31,455
Reduction in loans and other financial investments	3.1.13.6.	3,045	4,470
Sale of consolidated companies including cash sold		(174)	(36)
Net change in investments and derivative financial instruments		(26,187)	(30,109)
Dividends received		3,006	3,003
Interest received		4,201	12,314
TOTAL CASH FLOW FROM INVESTING ACTIVITIES		**(6,187)**	**(226,331)**
CASH FLOW FROM FINANCING ACTIVITIES			
Minority interests' share in capital increases in subsidiaries		-	(5)
Dividends paid to Group shareholders	3.1.17.2.	(74,169)	(71,748)
Dividends paid to non-controlling interests		2,791	3,057
Issuance of debt and other financial liabilities	3.1.13.9.	388,786	552,332
Repayment of borrowings and other financial liabilities	3.1.13.9.	(301,305)	(476,036)
Net sales (purchases) of treasury shares		(21,847)	(4,733)
Net change in security deposits received	3.1.13.12.	242	2,284
Interest paid		(84,032)	(85,563)
TOTAL CASH FLOW FROM FINANCING ACTIVITIES		**(89,533)**	**(80,413)**
CHANGE IN CASH		**47,510**	**(81,648)**
Opening cash balance		209,466	291,114
Closing cash balance		256,976	209,466
Opening cash balance	**3.1.16.**		
Cash and cash equivalents		216,835	295,891
Bank overdraft		(7,369)	(4,778)
Closing cash balance	**3.1.16.**		
Cash and cash equivalents		262,446	216,835
Bank overdraft		(5,470)	(7,369)

3.1.4. STATEMENT OF CHANGES IN EQUITY

In € thousand	Share capital	Additional paid-in capital	Elimination of treasury shares	Reserves and retained earnings	Total Equity attributable to owners of the parent	Non-controlling interests	Total equity
At 31 December 2008	**120,815**	**606,772**	**(11,739)**	**393,427**	**1,109,275**	**48,816**	**1,158,091**
Net income				(108,453)	(108,453)	(8,256)	(116,709)
Translation differences				-	-	-	-
Total income, expense and related movements over the period				(108,453)	(108,453)	(8,256)	(116,709)
Dividend distributions				(71,758)	(71,758)	3,057	(68,701)
Capital increase (Note 3.1.13.8.)	487	3,468		-	3,955	-	3,955
Value of stock options and stock grants				5,366	5,366	10	5,376
Elimination of treasury shares (Note 3.1.13.8.)	(797)	(1,188)	5,696	(5,537)	(1,826)	-	(1,826)
Transactions in non-controlling participating interests [(1)]				1,731	1,731	(8,908)	(7,177)
Changes in the scope of consolidation (other)				-	-	(22)	(22)
Other income and expense				267	267	(20)	247
At 31 December 2009	**120,505**	**609,052**	**(6,043)**	**215,043**	**938,557**	**34,677**	**973,234**
Net income				147,025	147,025	4,465	151,490
Translation differences				(22)	(22)	-	(22)
Total income, expense and related movements over the period				147,003	147,003	4,465	151,468
Dividend distributions		(22,288)		(51,881)	(74,169)	2,834	(71,335)
Capital increases				-	-	1	1
Value of stock options and stock grants				7,086	7,086	8	7,094
Elimination of treasury shares (Note 3.1.13.8.)			(11,672)	(6,634)	(18,306)	-	(18,306)
Transactions in non-controlling participating interests [(2)]				(16)	(16)	16	-
Changes in the scope of consolidation (other)				-	-	11	11
Other income and expense				(67)	(67)	1	(66)
AT 31 DECEMBER 2010	**120,505**	**586,764**	**(17,715)**	**310,534**	**1,000,088**	**42,013**	**1,042,101**

(1) In 2009, transactions in non-controlling participating interests related to:
- the buyout of Foncière Altarea minority shareholders, which increased the ownership interest in the company (and in its subsidiaries) from 99.33% to 100%;
- the buyout of Lille Grand Place minority shareholders, which increased the ownership interest in the company from 59% to 99%;
- the net accretive impact of the capital increase by Altareit, increasing the percentage stake held in the company (and its subsidiaries) from 99.59% to 99.74%.
(2) In 2010, transactions in non-controlling participating interests related to:
- the accretive impact on the Altarea France shares following the transfer Alta Faubourg's interest to Foncière Altarea (-€16 thousand).

3.1.5. COSTING-BASED PROFITABILITY ANALYSES

The distinction between recurring and non-recurring items is explained in Note 3.1.7.27. Operating segments of the notes to the consolidated financial statements for the financial year ended 31 December 2010.

Costing-based profitability analysis to 31 December 2010

In € thousand	Shopping centres and other assets	Property development for third parties	Recurring items	Non-recurring items	Group total
Rental income	164,396	-	164,396	-	164,396
Land charges	(4,068)	-	(4,068)	-	(4,068)
Non-recoverable rental expenses	(3,628)	-	(3,628)	-	(3,628)
Management expenses	(77)	-	(77)	-	(77)
Net allowance to provisions	(4,563)	-	(4,563)	-	(4,563)
Net rental income	**152,060**	**-**	**152,060**	**-**	**152,060**
Revenue	-	642,588	642,588	28,671	671,260
Cost of sales	0	(561,024)	(561,024)	(28,389)	(589,414)
Marketing expenses	-	(15,052)	(15,052)	(357)	(15,408)
Net allowance to provisions	-	310	310	483	793
Amortisation of customer relationships	-	-	-	(3,317)	(3,317)
Net property income	**0**	**66,822**	**66,822**	**(2,909)**	**63,913**
External service providers	10,431	14,304	24,736	3,138	27,874
Capitalised production and change in inventories	-	69,029	69,029	17,311	86,339
Staff costs	(14,940)	(61,785)	(76,726)	(23,235)	(99,961)
Other overhead costs	(8,453)	(27,552)	(36,005)	(6,458)	(42,463)
Depreciation expense on operating assets	(405)	(2,498)	(2,903)	(385)	(3,288)
Amortisation of customer relationships	-	-	-	(4,864)	(4,864)
Net overhead expenses	**(13,366)**	**(8,503)**	**(21,869)**	**(14,494)**	**(36,363)**
Other income	10,827	3,233	14,061	16,634	30,695
Other expenses	(14,917)	(6,093)	(21,010)	(7,529)	(28,540)
Depreciation and amortisation	(1,210)	(4)	(1,214)	(100)	(1,314)
Miscellaneous	**(5,300)**	**(2,864)**	**(8,164)**	**9,004**	**840**
Net gain/(loss) on sale of investment assets	-	-	-	326,461	326,461
Carrying amount of assets sold	-	-	-	(301,400)	(301,400)
Net gain/(loss) on disposal of investment assets	**-**	**-**	**-**	**25,061**	**25,061**
Change in value of investment properties measured at fair value	0	-	0	67,838	67,838
‣ Change in value of buildings completed or marked to market for the first time	-	-	-	25,403	25,403
‣ Other changes in value of investment property	0	-	0	42,435	42,435
Net impairment losses on investment property at cost	-	-	-	(19,106)	(19,106)
Net impairment losses on other non-current assets	-	-	-	0	0
Net allowance to provisions	-	917	917	1,524	2,441
Impairment of customer relationships	-	-	-	(7,980)	(7,980)
Goodwill impairment	-	-	-	(676)	(676)
OPERATING INCOME	**133,394**	**56,372**	**189,766**	**58,262**	**248,028**
Net cost of debt	(58,354)	(14,979)	(73,333)	(4,911)	(78,244)
Change in fair value and gain/(loss) on the sale of financial instruments	(0)	-	(0)	(10,786)	(10,786)
Net gain/(loss) on the sale participating interests	-	(3)	(3)	(70)	(73)
Share in income of associated companies	7,514	(483)	7,030	(62)	6,969
Dividends	-	32	32	0	33
Discounting of payables and receivables	-	-	-	(219)	(219)
PRE-TAX PROFIT	**82,554**	**40,939**	**123,493**	**42,215**	**165,707**
Corporate income tax	(278)	(21)	(299)	(13,919)	(14,218)
NET INCOME	**82,275**	**40,918**	**123,194**	**28,296**	**151,490**
‣ Net income attributable to owners of the parent	80,087	40,194	120,281	26,744	147,025
‣ Net income attributable to non-controlling interests	2,188	725	2,913	1,552	4,465
Weighted average number of shares before dilution			10,150,226		10,150,226
Earnings per share attributable to owners of the parent *(in €)*			**11.85**		**14.48**
Weighted average number of shares after dilution			10,274,059		10,274,059
Diluted earnings per share attributable to owners of the parent *(in €)*			**11.71**		**14.31**

Costing-based profitability analysis to 31 December 2009

In € thousand	Shopping centres and other assets	Property development for third parties	Recurring items	Non-recurring items	Group total
Rental income	153,517	-	153,517	(0)	153,517
Land charges	(4,357)	-	(4,357)	-	(4,357)
Non-recoverable rental expenses	(3,737)	-	(3,737)	0	(3,737)
Management expenses	(266)	-	(266)	-	(266)
Net allowance to provisions	(4,337)	-	(4,337)	-	(4,337)
Net rental income	**140,819**	**-**	**140,819**	**0**	**140,819**
Revenue	-	684,782	684,782	75,428	760,210
Cost of sales	-	(605,826)	(605,826)	(73,444)	(679,271)
Marketing expenses	-	(12,406)	(12,406)	(836)	(13,242)
Net allowance to provisions	-	(344)	(344)	892	548
Amortisation of customer relationships	-	-	-	(7,760)	(7,760)
Net property income	**-**	**66,206**	**66,206**	**(5,721)**	**60,485**
External service providers	8,081	16,389	24,471	1,389	25,859
Capitalised production and change in inventories	(0)	44,768	44,768	27,228	71,996
Staff costs	(10,796)	(49,470)	(60,267)	(24,318)	(84,584)
Other overhead costs	(6,549)	(20,777)	(27,326)	(11,967)	(39,293)
Depreciation expense on operating assets	(510)	(2,317)	(2,827)	(817)	(3,644)
Amortisation of customer relationships	-	-	-	(5,586)	(5,586)
Net overhead expenses	**(9,774)**	**(11,407)**	**(21,182)**	**(14,071)**	**(35,253)**
Other income	1,637	3,087	4,725	1,821	6,546
Other expenses	(4,679)	(5,556)	(10,235)	(9,921)	(20,156)
Depreciation and amortisation	(1,041)	(4)	(1,044)	(100)	(1,145)
Miscellaneous	**(4,082)**	**(2,472)**	**(6,554)**	**(8,200)**	**(14,755)**
Net gain/(loss) on sale of investment assets	-	-	-	20,116	20,116
Carrying amount of assets sold	-	-	-	(20,216)	(20,216)
Net gain/(loss) on disposal of investment assets	**-**	**-**	**-**	**(100)**	**(100)**
Change in value of investment property at fair value	-	-	-	(101,863)	(101,863)
‣ Change in value of buildings completed or marked to market for the first time	-	-	-	25,161	25,161
‣ Other changes in value of investment property	-	-	-	(127,024)	(127,024)
Net impairment losses on investment property at cost	-	-	-	(36,224)	(36,224)
Net impairment losses on other non-current assets	-	(12)	(12)	(0)	(12)
Net allowance to provisions	-	(536)	(536)	734	198
Impairment of customer relationships	-	-	-	-	-
Goodwill impairment	-	-	-	-	-
OPERATING INCOME	**126,963**	**51,778**	**178,741**	**(165,446)**	**13,295**
Net cost of debt	(55,374)	(17,478)	(72,852)	(6,230)	(79,082)
Change in fair value and gain/(loss) on the sale of financial instruments	-	-	-	(53,295)	(53,295)
Net gain/(loss) on the sale participating interests	-	-	-	(722)	(722)
Share in income of associated companies	7,089	(1,352)	5,737	(4,770)	967
Dividends	-	32	32	(1)	31
Discounting of payables and receivables	-	-	-	(137)	(137)
PRE-TAX PROFIT	**78,677**	**32,980**	**111,658**	**(230,601)**	**(118,943)**
Corporate income tax	(193)	10	(183)	2,416	2,234
NET INCOME	**78,485**	**32,991**	**111,475**	**(228,185)**	**(116,710)**
‣ Net income attributable to owners of the parent	76,854	31,688	108,541	(216,995)	(108,453)
‣ Net income attributable to non-controlling interests	1,631	1,303	2,934	(11,190)	(8,256)
Weighted average number of shares before dilution			10,106,047		10,106,047
Earnings per share attributable to owners of the parent (in €)			**10.74**		**(10.73)**
Weighted average number of shares after dilution			10,271,359		10,271,359
Diluted earnings per share attributable to owners of the parent (in €)			**10.57**		**(10.56)**

3.1.6. INFORMATION ABOUT THE COMPANY

Altarea is a partnership limited by shares *(société en commandite par actions*, "SCA") whose shares are admitted to trading on the regulated market Eurolist by Euronext Paris SA (Compartment A). Its head office is at 8, avenue Delcassé in Paris.

Altarea has had the status of a listed property investment company *(société d'investissement immobilier cotée*, "SIIC") since 1 January 2005.

Altarea and its subsidiaries ("Altarea" or "the Group") are in the business of owning shopping centre properties. This activity includes the asset and property management functions, which are performed internally within the Group.

Altarea is also active as a property developer in the shopping centre sector, and it is a significant player in property development for third parties. Altarea thus operates in all real estate asset classes (shopping centres, offices, hotels and housing). The shopping centre development business is conducted for its own account and is intended to sustain growth in its proprietary shopping centre property business.

Altarea enjoys a close relationship with local authorities.

Altarea controls the company Altareit, whose shares are admitted to trading on the regulated market Eurolist by Euronext Paris SA (Compartment C).

At its meeting on 7 March 2011, Altarea's Supervisory Board reviewed the consolidated financial statements for the year ended 31 December 2010 as drawn up by the Executive Management.

3.1.7. ACCOUNTING POLICIES

3.1.7.1. Declaration of compliance and accounting standards applied by the Group

The accounting principles adopted for preparation of the consolidated financial statements are in line with the IFRS standards and interpretations, as adopted by the European Union at 31 December 2010 and available at: http://ec.europa.eu/internal_ market/accounting/ias_fr.htm. These accounting principles are consistent with those used to prepare the consolidated financial statements for the financial year ended 31 December 2009. No standard or interpretation newly applicable as of 1 January 2010 produced a material impact on the company's consolidated financial statements.

Accounting standards and interpretations in force at 1 January 2010 without a material impact on accounting and valuation methods for the Group's consolidated financial statements

- Revised IFRS 3: Business Combinations.
- Amendment to IAS 27: Consolidated and Separate Financial Statements.
- IFRIC 12: Service Concession Arrangements.
- IFRIC 15: Agreements for the Construction of Real Estate. This standard is applied by the Group and did not lead to any material change in the company's consolidated financial statements.
- Amendment to IAS 39: Financial instruments: Recognition and Measurement – Eligible Hedged Items.
- Improvements to IFRS (May 2008 and April 2009).
- Amendment to IFRS 2: Group Cash-settled Share-based Payment Arrangements.
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation.
- IFRIC 17: Distributions of Non-cash Assets to Owners.
- IFRIC 18: Transfers of Assets from Customers.

Accounting standards and interpretations not applied early and application of which is mandatory after 31 December 2010

- Amendment to IAS 32: Classification of Rights Issues.
- Revised IAS 24: Information on Related Parties (1 January 2011).
- Amendment to IFRIC 14: Defined Benefit Asset and Minimum Funding Requirements.
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments.
- Amendment to IAS 12.

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

- IFRS 9: Financial Instruments (Phase 1: classification and valuation of financial assets and financial liabilities).
- Improvements to IFRS (May 2010).
- Amendments to IFRS 7: Disclosures about transfers of financial assets.

3.1.7.2. Estimates and assumptions affecting assets and liabilities

In the wake of the economic and financial crisis of 2008, business activity held up in 2009 and 2010 owing primarily to low interest rates. The residential investment and rental sector was aided by government stimulus plans (effect of the *"loi Scellier"* tax incentives). In the commercial property sector, capitalisation rates edged down while consumption rose by about 1%.

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

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

- measurement of intangible items:
  - measurement of goodwill (see Notes 3.1.7.6. and 3.1.12.1.),
  - measurement of the Cogedim brand (see Notes 3.1.7.7. and 3.1.12.2.);
- measurements of other assets and liabilities:
  - measurement of investment property (see Notes 3.1.7.9. and 3.1.13.3.),
  - measurement of customer relationships (see Notes 3.1.7.7. and 3.1.12.4.),
  - measurement of inventories (see Note 3.1.7.12.),
  - measurement of deferred tax assets (see Notes 3.1.7.19. and 3.1.15.),
  - measurement of share-based payments (see Note 3.1.7.16.),
  - measurement of Financial instruments (see Notes 3.1.7.14. and 3.1.13.13.) prepared with a forecast of the interest rate curve;
- operating profit estimates:
  - measurement of net property income and services using the percentage-of-completion method (see Note 3.1.7.20.).

Property, plant and equipment and intangible assets (excluding goodwill and brands) are tested for impairment at least once a year or more if there are external or internal indicators of impairment.

3.1.7.3. Investments in jointly controlled entities

In accordance with IAS 31, a jointly controlled entity is operated under a contractual agreement (articles of association, shareholder pact, etc.) by which two or more parties agree to conduct an economic activity under joint control.

Joint control is presumed to exist whenever unanimous agreement of the joint owners is required for operational, strategic and financial decisions. Joint control is demonstrated by a contractual agreement.

The Group has elected for proportional consolidation of its jointly controlled entities (preferred method under IAS 31). This method consists of combining, on a line-by-line basis, the Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entity.

3.1.7.4. Investments in associates

In accordance with IAS 28, an associate is an entity over which the Group exercises significant influence on its financial and operating policies, without having control. Significant influence is presumed to exist when the Group's interest is greater than or equal to 20% of voting rights.

Investments in associates are accounted for using the equity method. Under this method, the Group's interest in the associate is initially recognised at the acquisition cost of the Group's proportionate share of the entity's net assets, which is then increased or decreased to reflect changes subsequent to the acquisition. Goodwill arising on an associate, if unimpaired, is included in the carrying amount of the investment. The Group's proportionate share of the entity's profit or loss for the period is shown under the "Share in earnings of equity-method associates" line item in the income statement.

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

3.1.7.5. Classification of assets and liabilities between current and non-current items

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

- assets and liabilities that are components of the working capital requirement for the normal operating cycle of the activity concerned are classified as current;
- capitalised assets are classified as non-current, with the exception of (i) financial assets that are split into current and non-current portions and (ii) trading instruments, which are current by nature;
- derivative assets and liabilities are classified as current assets or liabilities;
- provisions arising from the normal operating cycle of the activity concerned are classified as current, as is the of other provisions portion due in less than one year. Provisions that meet neither of these criteria are classified as non-current liabilities;

- financial liabilities that must be settled within 12 months of the balance sheet date are classified as current. Conversely, the portion of financial liabilities due in more than 12 months is classified as non-current;
- deposits and security interests received under leases are classified as non-current;
- deferred taxes are all shown as non-current assets or liabilities.

3.1.7.6. Business combinations and goodwill

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

Business combinations are accounted for using the purchase method described in IFRS 3. Under this method, when the Group acquires control of an entity and consolidates it for the first time, the identifiable assets and liabilities, including contingent liabilities, are recognised at fair value on the acquisition date. Intangible assets are specifically identified whenever they are separable from the acquired entity or result from legal or contractual rights. Under IFRS 3, when control of an entity is acquired, the difference between the acquisition cost and the acquirer's proportionate interest in the fair value of the entity's identifiable assets, liabilities and contingent liabilities at the acquisition date is classified as goodwill. In accordance with revised IFRS 3, the acquisition cost of the shares is expensed.

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

In accordance with revised IFRS 3, the interests of non-controlling shareholders may be measured either at fair value or at the proportionate share of the acquiree's assets; the choice is made on an acquisition-by-acquisition basis.

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

According to revised IFRS 3, the acquisition or sale of shares in an entity controlled by the same party or parties both before and after the transactions are deemed to be transactions between shareholders and are recognised in equity: they have no impact on goodwill or on the income statement. In the event of loss of control, the residual interest is measured at fair value and the gain or loss on disposal is recognised in the income statement.

The Group conducts impairment testing of goodwill at the end of each financial year and each interim period (*i.e.* at least once a year) and more frequently where evidence of impairment exists. The principal signs of impairment for the property development for third parties business are a slower absorption rate for programmes or a contraction in margin levels.

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

3.1.7.7. Intangible assets

The Group's intangible assets consist essentially of software, a brand and customer relationships. In accordance with IAS 38:
- software is recognised at cost and amortised over its useful life, which is generally between 1 year and 3 years;
- the brand asset, which results from the identification of an intangible asset acquired in the Cogedim transaction (see Notes 3.1.12.2. and 3.1.13.1.), has an indeterminate life and is therefore not subject to amortisation;
- customer relationship assets, which result from the identification of intangible assets acquired in the Cogedim transaction, are subject to amortisation at the rate at which the acquired order backlog is filled or, for the portion relating to acquired purchase options, at the rate at which development programmes are launched. At 31 December 2010, these assets had been fully amortised or impaired.

The brand and customer relationship assets arising from the business combination with Cogedim have been assigned to the cash-generating units combined in the "property development for third parties" operating segment and are tested for impairment at least once annually (see Note 3.1.12.). At 31 December 2010, only the brand asset remained on the balance sheet, as customer relationship assets had been fully amortised or impaired.

3.1.7.8. Property, plant and equipment

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

3.1.7.9. Investment property

According to IAS 40, investment property is held to earn rentals or for capital appreciation or both.

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

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

In accordance with IAS 40, Altarea has opted for the fair value model (and not for the alternative option of the cost model) and therefore measures its investment property at fair value whenever it can be determined reliably. Otherwise, they are recorded at cost and are tested for impairment at least once per year and where evidence of impairment exists.

The fair value of investment property in operation is determined on the basis of primarily external appraisals that give values inclusive of duties less the amount of duties corresponding to transfer taxes and expenses. In France, such duties amount to 6.2% (same in 2009); in Italy, 4% (same in 2009); and in Spain 1.5% (same in 2009).

Since 30 June 2009, the Altarea Group's property portfolio valuation has been based on appraisals by DTZ Eurexi and Icade Expertise (for shopping centre properties in France and Spain), Savills (for shopping centre properties in Italy) and CBRE (for other properties).

The appraisers use two methods:

- a method based on discounting projected cash flows over 10 years, taking into account the resale value at the end of the period determined by capitalising net rental income. Amid the inefficient market conditions prevailing, appraisers have opted to use the results obtained using this method in many instances;
- a method based on the capitalisation of net rental income: the appraiser applies a rate of return based on the site's characteristics (surface area, competition, rental potential, etc.) to rental income including guaranteed minimum rent, variable rent and the market rent of vacant premises, adjusted for all charges incurred by the owner. The second method is used to validate the results obtained with the first method.

Rental income includes:

- rent increases to be applied on lease renewals;
- the normative vacancy rate;
- the impact of future rental capital gains resulting from the letting of vacant premises;
- the increase in rental income from incremental rents;
- the renewal of leases coming up for expiry;
- a delinquency rate.

Altarea's valuation of investment properties complies with the recommendations of the report of the working group on appraisal of property assets of publicly traded companies. The working group was chaired by Georges Barthès de Ruyter, and its report was issued by the *Commission des opérations de Bourse* in 2000. In addition, experts refer to the RICS Appraisal and Evaluation Standards published by the Royal Institute of Chartered Surveyors *(Red Book)*.

3.1.7.9.1. Investment property in operation

Investment property in operation is systematically measured at fair value.

The fair value of properties in operation is determined on the basis of independent appraisals.

At 31 December 2010, the entire portfolio of properties in operation underwent an external appraisal.

3.1.7.9.2. Investment property under development and construction

For properties developed on a proprietary basis, the costs incurred including the costs of buying land for the development and construction of buildings are capitalised once the development project begins (prospecting, arrangement: replying to tenders and pre-letting, prior to the signature of preliminary sales agreements for land, administrative phase: obtaining authorisations, if necessary with the signature of preliminary purchase agreements for land), once there is reasonable assurance that the administrative authorisations will be obtained. These costs are primarily:

- design and management fees, both internal and external to the Group;
- legal fees;
- demolition costs (if applicable);
- land order fees or guarantees;
- construction costs;
- interest expense in accordance with revised IAS 23.

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

Since 1 January 2009, investment property under construction (IPUC) has been within the scope of IAS 40 and is measured at fair value subject to the criteria predefined by the company being met.

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

All three of the following conditions must be met in order to estimate reliably the fair value of a property under construction:

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

Consequently, investment property under development and construction is measured either at cost or at fair value:

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

3.1.7.9.2.1. INVESTMENT PROPERTY UNDER DEVELOPMENT AND CONSTRUCTION MEASURED AT COST

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

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

These properties, which are recognised in the financial statements at cost, are tested for impairment once a year and where there is evidence of impairment (increase in cost price, reduction in expected rental values, delay in marketing, increase in expected yields, etc.).

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

3.1.7.9.2.2. INVESTMENT PROPERTY UNDER CONSTRUCTION MEASURED AT FAIR VALUE

Investment property under construction measured at fair value is property that meets the criteria set by the Group to determine whether its fair value can be determined reliably and property for which the completion date is close.

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

The difference between the fair value of investment property under construction measured at fair value and their value at cost is recognised in the income statement under "Change in fair value of investment property under construction" with a matching entry in the balance sheet under "Investment property under construction measured at fair value".

3.1.7.10. Non-current assets held for sale and discontinued operations

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

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

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

The asset is measured at fair value minus selling costs.

There are no discontinued activities to be noted in the financial year for the Group.

3.1.7.11. Remeasurement of non-current assets (other than financial assets and investment property) and impairment losses

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

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

The value of these assets on the balance sheet including goodwill is compared with the recoverable amount of the cash generating units (CGUs) or, if applicable, the groups of CGUs, defined as the higher of the sale price net of any costs that may be incurred for the sale and value in use. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The company's CGUs and groups of CGUs are presented in Note 3.1.12.

The value in use of the "CGU" or the combination of several "CGUs" is determined using the discounted cash flow (DCF) method in accordance with the following principles:

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

The recoverable amount of the CGU or group of CGUs thus determined is then compared to the consolidation value of its assets (including goodwill) and liabilities.

An impairment loss is recognised, if applicable, if the value on the balance sheet is higher than the recoverable amount of the CGU or group of CGUs, and is written off in priority against goodwill, then against other property, plant and equipment and intangible assets on a pro rata basis for their book value. The impairment thus recognised is reversible, except for any portion charged to goodwill.

3.1.7.12. Inventories

Inventories relate to:

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

Finance costs attributable to programmes are included in inventories in accordance with IAS 23.

"New Operations" correspond to programmes not yet developed. These programmes are stated at cost and include the cost of pre-launch design studies (design and management fees). These outlays are capitalised if the probability that the transaction will be completed is high. If not, these costs are expensed as incurred. At the balance sheet date, a review is conducted of these "new operations" and if completion of the operation is uncertain, the costs incurred are expensed.

"Transactions at land stage" are measured at the cost of buying land plus all costs incurred in buying the land, including engineering and management fees.

"Construction work in progress" transactions are carried at production cost less the portion of cost retired on a percentage-of-completion basis for off-plan sale (VEFA) or property development contract transactions (see also Note 3.1.7.24.). Production cost includes the acquisition cost of land, the construction costs (inclusive of road and utilities works), technical and programme management fees, programme marketing fees and sales commissions, advertising expenses directly related to programmes and other related expenses. Any profit on management fees for services performed within the Group is eliminated.

"Completed transactions" consist of lots remaining to be sold once the declaration of completion has been filed. An impairment loss is recognised whenever realisable value net of marketing costs is less than the carrying amount.

Whenever the net realisable value of inventories and work in progress is less than the production cost, impairment losses are recognised.

3.1.7.13. Trade receivables and other accounts receivable

Trade receivables and other receivables are measured at face value less any allowances for impairment to reflect actual possibilities of recovery.

For long-term contracts accounted for using the percentage-of-completion method, this line item includes:

- calls for funds issued but not yet settled by acquirers, for a completed percentage of work;
- the "amounts to be invoiced", which correspond to calls for funds not yet issued under off-plan sale or property development contracts; and
- any advances between calls for funds and the actual percentage of completion at the end of the period. These receivables are not due.

3.1.7.14. Financial assets and liabilities (excluding trade and other receivables)

The Altarea Group has elected not to apply the hedge accounting proposed in IAS 39.

The application principles for IAS 32 and 39 and IFRS 7 are as follows:

a) Measurement and recognition of financial assets

- The assets available for sale consist of equity securities of non-consolidated companies and are carried at fair value. If fair value cannot be determined reliably, the securities are carried at cost. Changes in fair value are recognised in equity, impairment losses in income and, where applicable, any reversals are recognised directly in equity without going through profit or loss.
- Derivative financial instruments are considered to be held for trading purposes. They are measured at fair value. The change in fair value of derivatives is recognised in the income statement.
- The Group has no held-to-maturity assets.
- Cash as defined in IAS 7 includes liquid assets in bank current accounts and holdings in money-market funds that are redeemable or tradable in the very short term (*i.e.* initial maturity of less than three months) and carry no significant risk of loss through fluctuations in interest rates. The company owns only mutual funds in Euros. These assets are carried on the balance sheet at fair value. Changes in the fair value of these instruments are recognised in income, with a corresponding adjustment to cash. Cash may be available immediately for the needs of the Group or its subsidiaries.

b) Measurement and recognition of financial liabilities

- All borrowings and interest-bearing liabilities are initially recognised at the fair value of the amount received less directly attributable transaction costs. Thereafter, they are carried at amortised cost using the effective interest rate method. The initial effective interest rates were determined by an actuary. The effective interest rates were not reviewed given the backdrop of a decline in interest rates because the impact on the effective interest rates was not material.
- Derivative financial instruments are considered to be held for trading purposes. They are measured at fair value. Changes in the fair value of these instruments are recognised in the income statement if the requirements for hedge accounting are not met.
- The portion of borrowings and financial liabilities due in less than one year is shown under current liabilities.
- Security deposits paid by shopping centre tenants are not discounted.

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

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

For financial assets and liabilities such as listed shares that are actively traded on organised financial markets, fair value is determined by reference to the published market price at the balance sheet date.

For other financial assets and liabilities such as OTC derivatives, swaps, caps, etc. that are traded on active markets (market composed of numerous transactions, continuously displayed and traded prices), fair value is estimated by an actuary using commonly accepted models. A mathematical model is used to bring together calculation methods based on recognised financial theories.

As a last resort, the Group measures financial assets and liabilities at cost less potential impairment. This applies exclusively to non-consolidated participating interests.

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

3.1.7.15. Equity

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

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

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

3.1.7.16. Share-based payments

Share-based payments are transactions based on the value of the shares of the issuing company: stock options, rights to stock grants and company savings plans.

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

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

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

3.1.7.17. Employee benefits

Employee benefits are recognised in accordance with IAS 19 under "Staff costs" in the income statement.

a) Benefits payable at retirement

Benefits payable at retirement are paid to employees at the time of retirement based on length of service and final salary. These benefits belong to defined benefit plans. Accordingly, the method used to measure the amount of the Group's obligation for such benefits is the retrospective projected unit credit method prescribed by IAS 19.

This method represents the probable present value of the vested rights taking into account salary increases until retirement, the probability of retirement and the probability of survival.

The formula for the past service obligation can be broken down into four main terms, as follows:

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

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

- Discount rate: rate of return on AA-rated corporate bonds (Euro zone).
- Mortality table: TF and TH 2000-2002.
- Type of retirement: depending on local laws and for France, voluntary retirement on the date of eligibility for full pension benefits.
- Turnover: actual average annual employee turnover rate over three years.
- Rate of salary increase: 3%-6%.

The Group does not apply the corridor method to defer recognition of actuarial gains and losses in the income statement. Actuarial gains and losses are taken directly to income for the year.

The amount of the obligation determined using this method is then reduced by the value of any assets held to cover it. In the Group's case, there is such an asset in the form of an eligible insurance policy written specifically to cover obligations in respect of Cogedim employees.

The provisions of the 2008 French social security financing act (voluntary retirement beyond 65) did not have a material impact on the amount of the obligation.

b) Other post-employment benefits

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

c) Other long-term benefits

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

d) Severance pay

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

e) Short-term benefits

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

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

3.1.7.18. Provisions and contingent liabilities

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

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

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

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

3.1.7.19. Income tax

Following its decision to adopt the SIIC tax status, the Altarea Group is subject to a specific tax regime. For tax purposes, the Group is divided into two sectors:

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

Income taxes are recognised in accordance with IAS 12.

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

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

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

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

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

3.1.7.20. Revenue and revenue-related expenses

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

a) Net rental income

Net rental income is rental revenues and other net rental income less land expenses, non-recovered service charges and management fees.

Rental revenues include gross rent payments, including the effects of spreading stepped rents over the non-cancellable lease term, rent holidays and other benefits granted by contract to the lessee by the lessor.

Other net rental income includes revenues and expenses recognised on initial lease payments received, termination fees received and early termination fees paid to tenants. Termination fees are charged to tenants when they terminate the lease before the end of the contract term. They are recognised in income when charged. Termination fees paid to tenants in return for vacating the premises before term are expensed where it is not possible to demonstrate that enhancement of the rental profitability of the property is attributable to the tenants' removal.

Land expenses correspond to amounts paid for fees and on very long-term land leases and construction leases, both of which are treated as operating leases.

Non-recoverable rental expenses correspond to charges that are normally passed on to tenants (building maintenance expenses, local taxes, etc.) but are borne by the owner because of tax caps on rebilling or because some rental premises are vacant.

Management fees include all other expenses associated with the rental business: rental management fees, letting fees with the exception of initial letting fees, which are included in the cost of production of the assets, and net impairment of doubtful receivables.

b) Net property income

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

It corresponds primarily to the profit margin on property development for third parties, plus the profit margin on sales of assets related to the shopping centre development business (hypermarket building shells, parking facilities, etc.).

- For the **property development activities,** net property income is recognised in Altarea's financial statements using the percentage-of-completion method.
  This method is used for all off-plan sale (VEFA) and property development contract transactions.
  Losses on "new operations" are included in net property income.
  For these programmes, revenues from sales effected *via* notarial closing are recognised, in accordance with IAS 18 – Revenue, in proportion to the percentage of completion of the programme, as measured by cumulative costs incurred as a percentage of the total forecast budget (updated at each balance sheet date) for costs directly related to construction (not including the cost of land) and to the percentage of sales realised, determined relative to budgeted total sales. The event that generates revenue recognition is the commencement of construction work combined with the signature of valid deeds of sale.
  In other words, net property income on property development transactions is measured according to the percentage-of-completion method based on the following criteria:
  - project accepted by the other party to the contract;
  - existence of documented projections reliable enough to provide a sound estimate of the overall economics of the transaction (selling price, stage of completion of construction work, no risk of non-completion).
- For property trading activities, net property income is recognised upon delivery, that is, when sales have closed.

c) Net overhead costs

The "Net overhead costs" line item includes income and expense items that are inherent in the business activities of the Group's service companies.

INCOME

For each operating segment, income includes payments for services provided to third parties, such as delegated project management fees related to development activities, rental management fees (syndicate agent, co-ownership management), and fees for marketing and other services (additional work borne by acquirers).

EXPENSES

Expense includes staff costs, overhead costs (miscellaneous fees, rent, etc.), as well as depreciation of operating assets.

d) Other income and expense

Other income and expense relates to Group companies that are not providers of services. It corresponds to overhead costs and miscellaneous management fee income. Amortisation of intangible assets and depreciation of tangible assets other than portfolio assets in operation are also included in this line item.

3.1.7.21. Leases

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

Leases in the financial statements with the Group as lessor

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

TREATMENT OF CONTINGENT RENT

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

TREATMENT OF INITIAL LEASE FEES

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

LESSEE TERMINATION FEES

Termination fees are charged to tenants when they terminate the lease before the end of the contract term.

These fees are accounted for as part of the lease agreement that was terminated and are taken to income in the year they are recognised.

EARLY TERMINATION FEES

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

a) Replacement of a tenant

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

b) Renovation of a building requiring removal of the tenants in place

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

Leases in the financial statements with the Group as lessee

Leases of land or buildings and construction leases are classified either as finance leases or as operating leases on the same basis as leases of other assets. If the lease does not provide for transfer of ownership to the lessee at the end of the lease term, it is presumed to be an operating lease. An upfront payment on such a lease represents prepaid rent that is recognised in prepaid expenses and then spread over the term of the lease. Each lease agreement requires a specific analysis of its terms.

3.1.7.22. Gain (loss) on the disposal of investment assets

The gain or loss on disposal of investment properties is the difference between the selling price received net of related costs and the fair value of the property on the closing balance sheet for the previous period.

3.1.7.23. Change in the fair value and impairment of investment property

Changes in the value on each property measured at fair value are recognised in the income statement under "Change in value of investment properties measured at fair value" and are determined as follows:

Market value at the end of the period (taking into account the impact of stepped rents and rent holidays as measured by the property appraiser)

minus

[Market value at the end of the previous period + amount of construction work and expenses eligible for capitalisation during the year + effect of deferral period for stepped rents and rent holidays net of the deferral of initial lease fees]

Impairment losses on each property measured at cost are recognised in the income statement under "Net impairment of investment property measured at cost".

3.1.7.24. Borrowing costs or costs of interest-bearing liabilities

In accordance with the revised IAS 23, borrowing costs directly attributable to the construction of qualifying assets are included in the cost of these assets.

Finance costs attributable to programmes are capitalised as part of the cost of inventories or property assets under development and construction, during the construction phase of the asset, except in certain cases.

The net cost of debt includes interest incurred on borrowings and other financial liabilities, income from loans and advances to participating interests, gains on sale of marketable securities and the impact of interest-rate swaps used as interest-rate hedges.

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

3.1.7.25. Discounting of payables and receivables

This line item shows the combined effect of discounting payables and receivables due in more than one year to present value.

3.1.7.26. Cash flow statement

The cash flow statement is presented using the indirect method permitted under IAS 7. Tax expense is shown as a single item in cash flows from operating activities. Dividends received from associates are classified as cash flows from operating activities. Interest paid is shown in cash flows from financing activities, and interest received is shown in cash flows from investing activities. Dividends paid are classified as cash flows from financing activities.

3.1.7.27. Operating Segments (IFRS 8)

IFRS 8 – Operating Segments requires the presentation of information for operating segments, chosen to conform to the Group's organisation and its internal reporting system, which is presented according to IFRS recognition and measurement principles. Operating segments as defined in the standard are those that are reviewed by the Group's Management on a regular basis and for which separate financial reporting is available.

The internal reporting system is based on the operating segments described below. Segment reporting is presented according to two analytical items:

- Recurring Profit;
- Non-Recurring Profit and Net Asset Value.

Each segment receives services provided internally within the Group. The cost of these services is charged to each of the segments and recorded in overhead costs. It is therefore not presented under inter-segment services.

Reconciliation items make it possible to reconcile these reporting figures with the Group's IFRS income statement and balance sheet.

1. Recurring activities

These measure the creation of wealth available for distribution from Recurring Profit.

The two operating segments that constitute recurring activities are:

a) the proprietary shopping centre business;
b) third parties business.

These are the segments used in the Group's financial reporting.

The indicators used to monitor each of these segments are:

a) the proprietary shopping centre business: net rental income, operating profit (including net overhead costs as described in §20.c.) and net recurring profit (including the net cost of debt).
In France, the owned property business enjoys SIIC tax status;
b) the property development for third parties business: net property income, operating profit (including net overhead costs as described in §20.c) and net recurring profit (including the net cost of debt and income taxes).

2. Non-recurring activities

These measure the value created by the Group during the period.

The relevant indicator for monitoring value is the change in net asset value inclusive of transfer taxes, which gives rise to Non-Recurring Profit. The NAV presented is a going-concern NAV after tax on unrealised capital gains. This indicator is presented in detail in the business review.

The change in NAV is reconciled with the income statement as follows:

Prior year NAV

+	Non-Recurring Profit
+	Recurring Profit
-	Dividends
+	Capital increase
+/-	Other reconciliation items
=	**Current-year NAV**

Non-recurring activities are monitored as an operating segment and by means of stand-alone items in the reconciliation of operating segment results with the Group's income statement:

a) the proprietary shopping centre development operating segment accounts for all of the non-capitalised development costs;
b) the other items of a non-recurring nature taken into account in the reconciliation with the Group-wide income statement consist mainly of the change in value of investment properties – the main indicator of portfolio value creation for the period –, amortisation and impairment of the customer relationships acquired with the Cogedim purchase, impairments of the inventory of new operations, the change in value of derivatives, the effect of discounting receivables and payables, the cost of the stock grant plan implemented following the acquisition of Cogedim (the cost of which depends on actual performance against the business plan presented by the management of that company when it was acquired) and the cost of the first demand guarantee on acquisition debt guaranteed by the shareholders.

3.1.8. KEY EVENTS OF THE FINANCIAL YEAR

3.1.8.1. 2010 financial year

Shopping centres

On 30 June 2010, the consortium comprising Altarea and two of its core shareholders, ABP and Predica, acquired the Cap 3000 regional shopping in Saint-Laurent-du-Var (Alpes-Maritimes) from the Galeries Lafayette Group. Cap 3000 is one of the largest shopping centres in France.

It is located on an exceptional site and holds substantial potential for rent increases and extension of its retail space. The transaction entailed acquiring control of Aldeta, a company listed on Euronext Paris (Compartment B) following the signature of a contract of sale dated 7 May 2010. In an off-market transaction effected by Alta Blue, a company 33.33% owned by Altarea, Alta Blue acquired 26,383,822 of the 26,431,186 shares in Aldeta for a provisional price of €292,407,000 plus €160,004,536 in reimbursements of shareholders' advances (See also Note 3.1.13.3. "Acquisition of equity interest in Aldeta"). Upon completion of this transaction, Alta Blue launched a guaranteed price offer for Aldeta in accordance with AMF regulations. At the close of the offer period, on 2 December 2010, Alta Blue had acquired 40,700 of the 47,364 Aldeta shares outstanding. At 31 December 2010, there remained 6,664 Aldeta shares outstanding.

Three new shopping centres developed on a proprietary basis were opened during the year:

- The Okabé shopping and office complex in the Paris area, developed in association with Caisse des Dépôts, opened its shopping mall on 25 March and its office area in April 2010. This is the first HQE® certified "green" shopping centre.
- The "Le Due Torri" shopping centre in Stezzano, a suburb of Bergamo in Italy's Lombardy region, was inaugurated on 13 April 2010.
- The "Family Village" shopping centre in Limoges was inaugurated on 28 September.

A number of properties were sold in 2010 for a total consideration of over €330 million:

- The "Espace Saint-Georges" shopping centre in the heart of Toulouse was sold to Commerz Real on 22 April 2010 for €90 million. Altarea continues to operate this property for Commerz Real. The property, which was under contract on 31 December 2009, was classified under assets held for sale for the €90 million contract price.
- The property complex at 39-41, avenue de Wagram in Paris was sold to Deka-ImmobilienEuropa on 30 June 2010 for €113.8 million. This 11,000 sqm complex comprises the 5-star Marriott Renaissance Paris Arc de Triomphe hotel, the fully restored Salle Wagram, which is a listed historical monument, and three home decoration stores. On 15 June 2010, the business franchise for Salle Wagram was sold to Eurosites, which has operated the venue for many years. Altarea Cogedim retains the business franchise for the hotel, which is operated by Marriott.
- Two properties located in downtown Brest were sold on 21 December for a total of €99 million.
- On 15 November, a block of retail parks in Saint-Aunès, Noyon and Pierrelaye was sold and, lastly, two non-core assets in Aulnay-sous-Bois and Rouen were sold on 8 October and 23 December.

Property development for third parties

New housing sales continued to be buoyed by the *"loi Scellier"* government incentives. Sales of new housing effected *via* notarial closing rose to €1,291 million in 2010 from €720 million in 2009.

On 10 June 2010, Altarea purchased the former Laennec hospital site in the 7th arrondissement of Paris, which is covered by a building permit for a residential, retail and office complex except for the Croix Historiques buildings. Altarea concurrently signed two off-plan sales contracts to convert these historic buildings into offices and shops. Demolition work began in July and construction will start in early 2011, with completion scheduled for the third quarter of 2013.

During 2010, the Commercial Property development business picked up in a market where buyers are still in a wait-and-see mode. Commercial property take-up amounted to €332 million, an increase of €162 million over 2009. Among other deals, Altarea Cogedim signed two property development contracts to convert the historical former Hôtel-Dieu in Marseille into a 5-star hotel and the former courthouse in Nantes into a 4-star hotel.

Other events

On 18 June, *via* a rights issue, Altarea acquired a significant stake (approximately 41%) in 8 minutes 33, a company specialising in the development, installation and operation of rooftop solar power generators. Through this deal, 8'33 has become Altarea Cogedim's preferred partner in this area for property developments in all segments – retail, residential, hotels and office buildings.

3.1.8.2. 2009 financial year

The key events of the 2009 financial year were as follows:

Opening of new shopping centres

The following new shopping centres were opened during the financial year:

- a retail park in Crèches-sur-Saône (Saône-et-Loire);
- the Carré de Soie retail and leisure facility in Lyon;
- a Marriott-Renaissance hotel and a building comprising two performance halls on Avenue de Wagram in Paris.

The Group also opened an extension to the Toulouse Occitania shopping centre in the second half of 2009.

Acquisitions of shopping centres

During the financial year, the Group purchased additional lots of the Ollioules shopping centre, allowing it to own the entire centre.

The Group also acquired a 50% stake in Ori Syma (renamed Ori Alta), whose main asset is land on which a retail complex is due to be developed in Villeneuve-la-Garenne, a region of Paris.

Sales of investment property

The following disposals were completed during the financial year:

- sale of a property in Vichy on 08 July 2009;
- sale of a property in Boulazac on 28 July 2009;
- sale of a property in Bourg-Belé on 23 September 2009;
- sale of a property in Brétigny on 23 September 2009;
- sale of a ground-floor store in Troyes in January 2009 (last part of a complex sold in December 2008);
- sale of a property in Soisy-sous-Montmorency on 17 June 2009;
- sale of a property in Coignières on 2 April 2009.

In addition, at 31 December 2009, the Group was in advanced negotiations concerning the sale of the Espace Saint-Georges shopping centre in Toulouse (a preliminary agreement was signed on 9 February 2010).

Property development for third parties

2009 saw a significant rebound in house sales. Reservations increased sharply in 2009, up 59% compared with end-2008 and notably up 33% compared with end-2007, the year the industry reached its peak.

3.1.9. OPERATING SEGMENTS

3.1.9.1. Income statement items by operating segment

Year ended 31 December 2010

In € thousand	Shopping centres and other assets	Property develop-ment for third parties	Recurring items	Shopping centre develop-ment	Items included in recon-ciliation	Non-recurring items	Total – Group
Net rental income	**152,060**	**-**	**152,060**	**-**	**-**	**-**	**152,060**
‣ Other rental revenue	164,396	-	164,396	-	-	-	164,396
Net property income	**-**	**66,822**	**66,822**	**408**	**(3,317)**	**(2,909)**	**63,913**
‣ Revenue	-	642,588	642,588	28,671	-	28,671	671,260
‣ Net allowance to provisions	-	310	310	483	-	483	793
‣ Amortisation of customer relationships	-	-	-	-	(3,317)	(3,317)	(3,317)
Net overhead costs	**(13,366)**	**(8,503)**	**(21,869)**	**(6,877)**	**(7,617)[1]**	**(14,494)**	**(36,363)**
‣ Services	10,431	14,304	24,736	3,138	-	3,138	27,874
‣ Amortisation of customer relationships	-	-	-	-	(4,864)	(4,864)	(4,864)
‣ Allowance for depreciation on operating assets	(405)	(2,498)	(2,903)	(385)	-	(385)	(3,288)
Other income and expense	**(5,300)**	**(2,864)**	**(8,164)**	**754**	**8,250[2]**	**9,004**	**840**
‣ Allowance to depreciation and amortisation	(1,210)	(4)	(1,214)	(0)	(100)	(100)	(1,314)
Gain (Loss) on the disposal of investment assets	**-**	**-**	**-**	**-**	**25,061**	**25,061**	**25,061**
Change in value of investment properties measured at fair value	0	-	0	-	67,838	67,838	67,838
‣ Change in value of buildings delivered or marked to fair value for the first time	0	-	0		25,403	25,403	25,403
‣ Other changes in value of investment properties	-	-	-	-	42,435	42,435	42,435
Other items contributing to operating profit	-	917	917	(19,106)	(7,132)	(26,238)	(25,321)
‣ Net impairment losses on investment properties measured at cost	-	-	-	(19,106)	-	(19,106)	(19,106)
‣ Net impairment losses on other non-current assets	-	-	-	0	-	0	0
‣ Net allowance to provisions	-	917	917	-	1,524	1,524	2,441
‣ Goodwill impairment losses	-	-	-	-	(676)	(676)	(676)
‣ Impairment of customer relationships	-	-	-		(7,980)	(7,980)	(7,980)
OPERATING INCOME	**133,394**	**56,372**	**189,766**	**(24,820)**	**83,082**	**58,262**	**248,028**
Net cost of debt	(58,354)	(14,979)	(73,333)	(4,911)	-	(4,911)	(78,244)
Other components of pre-tax profit	7,514	(454)	7,060	(0)	(11,136)	(11,136)	(4,077)
‣ Change in fair value and gain/(loss) on the sale of financial instruments	-	-	-	-	(10,786)	(10,786)	(10,786)
‣ Gain /(loss) on sale of participating interests	-	(3)	(3)	-	(70)	(70)	(73)
‣ Share of earnings of equity-method associates	7,514	(483)	7,030	(0)	(62)	(62)	6,969
‣ Discounting of payables and receivables	-	-	-	-	(219)	(219)	(219)
PRE-TAX PROFIT	**82,554**	**40,939**	**123,493**	**(29,730)**	**71,945**	**42,215**	**165,707**
Income tax	(278)	(21)	(299)	(2,554)	(11,365)	(13,919)	(14,218)
NET INCOME	**82,275**	**40,918**	**123,194**	**(32,285)**	**60,581**	**28,296**	**151,490**

(1) In addition to amortisation of customer relationships, net overhead costs include the impact of two stock grant plans.
(2) In addition to depreciation and amortisation, Other income and expense includes insurance settlements received, launch costs of centres put into operation during the period and appraisal fees for centres in operation.

No single customer contributed 10% or more of the Group's revenue[1].

(1) See Note 3.1.9.3. Revenue by region.

Year ended 31 December 2009

In € thousand	Shopping centres and other assets	Property develop-ment for third parties	Recurring items	Shopping centre develop-ment	Items included in recon-ciliation	Non-recurring items	Total – Group
Net rental income	**140,819**	**-**	**140,819**	**-**	**-**	**(0)**	**140,819**
‣ Rental revenue	153,517	-	153,517	-	-	(0)	153,517
Net property income	**-**	**66,206**	**66,206**	**2,039**	**(7,760)**	**(5,721)**	**60,485**
‣ Revenue	-	684,782	684,782	75,428	-	75,428	760,210
‣ Net allowance to provisions	-	(344)	(344)	892		892	548
‣ Amortisation of customer relationships	-	-	-	-	(7,760)	(7,760)	(7,760)
Net overhead costs	**(9,774)**	**(11,407)**	**(21,182)**	**(6,503)**	**(7,568)(1)**	**(14,071)**	**(35,253)**
‣ Services	8,081	16,389	24,471	1,389	-	1,389	25,859
‣ Amortisation of customer relationships	-	-	-	-	(5,586)	(5,586)	(5,586)
‣ Allowance for depreciation on operating assets	(510)	(2,317)	(2,827)	(817)		(817)	(3,644)
Other income and expense	**(4,082)**	**(2,472)**	**(6,554)**	**(2,314)**	**(5,886)(2)**	**(8,200)**	**(14,755)**
‣ Allowance to depreciation and amortisation	(1,041)	(4)	(1,044)	(0)	(100)	(100)	(1,145)
Gain (loss) on the disposal of investment assets	**-**	**-**	**-**	**-**	**(100)**	**(100)**	**(100)**
‣ Change in value of investment properties measured at fair value	0	-	0		(101,863)	(101,863)	(101,863)
‣ Change in value of buildings delivered or marked to fair value for the first time	0	-	0		25,161	25,161	25,161
‣ Other changes in value of investment properties	-	-	-		(127,024)	(127,024)	(127,024)
Other components of operating profit	-	(548)	(548)	(37,646)	2,155	(35,490)	(36,039)
‣ Net impairment losses on investment properties at cost	-	-	-	(36,224)	-	(36,224)	(36,224)
‣ Net impairment losses on other non-current assets	-	(12)	(12)	(0)	-	(0)	(12)
‣ Net allowance to provisions	-	(536)	(536)	(1,421)	2,155	734	198
‣ Goodwill impairment losses	-	-	-	-	-	-	-
‣ Impairment of customer relationships	-	-	-	-	-	-	-
OPERATING INCOME	**126,963**	**51,778**	**178,741**	**(44,423)**	**(121,023)**	**(165,446)**	**13,295**
Net cost of debt	(55,374)	(17,478)	(72,852)	(5,813)	(417)	(6,230)	(79,082)
Other components of pre-tax profit	7,089	(1,320)	5,769	(32)	(58,892)	(58,925)	(53,156)
‣ Change in fair value and gain/(loss) on the sale of financial instruments	(0)	-	(0)	-	(53,295)	(53,295)	(53,295)
‣ Gain /(loss) on sale of participating interests	-	-	-	-	(722)	(722)	(722)
‣ Share of earnings of equity-method associates	7,089	(1,352)	5,737	(32)	(4,738)	(4,770)	967
‣ Discounting of payables and receivables	-	-	-	-	(137)	(137)	(137)
PRE-TAX PROFIT	**78,677**	**32,980**	**111,658**	**(50,268)**	**(180,333)**	**(230,601)**	**(118,943)**
Income tax	(193)	10	(183)	818	1,599	2,416	2,234
NET INCOME	**78,485**	**32,991**	**111,475**	**(49,450)**	**(178,734)**	**(228,185)**	**(116,710)**

(1) Aside from the amortization of customer relationships, net overhead costs incorporate the impact of stock grants which are conditional upon the achievement of the business plan implemented as part of the takeover of Cogedim.
(2) In addition to depreciation and amortisation, Other income and expense includes launch costs of centres put into operation during the period, appraisal fees for centres in operation, and income and expense generated by recurring operations other than in the normal course of business.

No single customer contributed 10% or more of the Group's revenue.

3.1.9.2. Balance sheet items by operating segment

At 31 December 2010

	31/12/2010			
In € thousand	Shopping centres and other investment properties	Property development for third parties	Shopping centre development	Total – Group
ASSETS				
Intangible assets	41	183,270	16,257	199,568
‣ Goodwill	-	113,028	15,688	128,716
‣ Brands	-	66,600	-	66,600
‣ Customer relationships	-	-	-	0
‣ Other intangible assets	41	3,641	569	4,251
Property, plant and equipment	4,807	5,946	1,485	12,237
Investment property	2,620,037	-	137,239	2,757,275
‣ Investment properties measured at fair value	2,606,412	-	-	2,606,412
‣ Investment properties measured at cost	13,624	-	137,239	150,863
Investments in associated companies and other investments	76,436	526	30	76,993
TOTAL OPERATING ASSETS	**2,701,320**	**189,742**	**155,011**	**3,046,073**
Property, plant and equipment	7	587	149	742
Investment property	233,868	-	43,338	277,206
‣ Investment properties measured at fair value	206,889	-	-	206,889
‣ Investment properties measured at cost	26,979	-	43,338	70,317
INCREASES OVER THE PERIOD	**233,874**	**587**	**43,487**	**277,948**

The goodwill and brand assets primarily to the acquisition of control of Cogedim (see Note 3.1.12.1.).

At 31 December 2009

	31/12/2009			
In € thousand	Shopping centres and other investment properties	Property development for third parties	Shopping centre development	Total – Group
ASSETS				
Intangible assets	26	200,219	16,087	216,332
‣ Goodwill	-	113,028	15,688	128,716
‣ Brands	-	66,600	-	66,600
‣ Customer relationships	-	16,161	-	16,161
‣ Other intangible assets	26	4,430	399	4,855
Property, plant and equipment	6,742	6,718	2,097	15,557
Investment property	2,237,415	-	484,562	2,721,977
‣ Investment properties measured at fair value	2,229,565	-	293,467	2,523,032
‣ Investment properties measured at cost	7,850		191,095	198,945
Investments in associated companies and other investments	67,813	436	47	68,296
TOTAL OPERATING ASSETS	**2,311,996**	**207,373**	**502,793**	**3,022,162**
Property, plant and equipment	5,417	347	348	6,111
Investment property	59,124	-	196,180	255,304
‣ Investment properties measured at fair value	11,260	-	128,829	140,089
‣ Investment properties measured at cost	47,864	-	67,351	115,215
INCREASES OVER THE PERIOD	**64,541**	**347**	**196,528**	**261,415**

3.1.9.3. Revenue by region

Year ended 31 December 2010

	31/12/2010			
In € thousand	France	Italy	Spain	Total – Group
SHOPPING CENTRES AND OTHER PROPERTY ASSETS BUSINESS				
Rental revenue	133,604	23,143	7,649	164,396
External services	10,166	-	266	10,431
Shopping centres and other property assets business	**143,769**	**23,143**	**7,914**	**174,827**
PROPERTY DEVELOPMENT FOR THIRD PARTIES BUSINESS				
Revenue	642,588	-	-	642,588
External services	14,304	-	-	14,304
Property development for third parties business	**656,893**	**-**	**-**	**656,893**
RECURRING ITEMS	800,662	23,143	7,914	831,719
NON-RECURRING ITEMS				
Revenue	28,671	-	-	28,671
External services	1,253	1,885	-	3,138
NON-RECURRING ITEMS	**29,924**	**1,885**	**-**	**31,809**
GROUP REVENUE	**830,586**	**25,028**	**7,914**	**863,529**

Year ended 31 December 2009

	31/12/2009			
In € thousand	France	Italy	Spain	Total – Group
SHOPPING CENTRES AND OTHER PROPERTY ASSETS BUSINESS				
Rental revenue	127,075	19,134	7,309	153,517
External services	7,825	-	257	8,081
Shopping centres and other property assets business	**134,899**	**19,134**	**7,566**	**161,598**
PROPERTY DEVELOPMENT FOR THIRD PARTIES BUSINESS				
Revenue	684,782	-	-	684,782
External services	16,389	-	-	16,389
Property development for third parties business	**701,171**	**-**	**-**	**701,171**
RECURRING ITEMS	836,070	19,134	7,566	862,770
NON-RECURRING ITEMS				
Revenue	75,428	-	-	75,428
External services	1,355	34	(0)	1,389
NON-RECURRING ITEMS	**76,782**	**34**	**(0)**	**76,816**
GROUP REVENUE	**912,852**	**19,168**	**7,565**	**939,586**

3.1.10. SCOPE OF CONSOLIDATION

3.1.10.1. List of companies included in the consolidated financial statements

			31/12/2010			31/12/2009		
Company	Siren	Country	Method	% control	% interest	Method	% control	% interest
Owned shopping centres – France								
3 Communes SNC	352721435	France	Full	100.00	100.0	Full	100.0	100.0
Aix 2 SNC	512951617	France	Prop.	50.00	50.0	Prop.	50.0	50.0
Aldeta SA	311765762	France	Prop.	100.00	33.3	-	0.0	0.0
Alta Aubette SNC	452451362	France	Full	65.00	65.0	Full	65.0	65.0
Alta Berri SAS	444561385	France	Full	100.00	100.0	Full	100.0	100.0
Alta Carré de Soie SCI	449231463	France	Prop.	50.00	50.0	Prop.	50.0	50.0
Alta Cité SAS	483543930	France	Full	65.00	65.0	Full	65.0	65.0
Alta CRP Aubergenville SNC	451226328	France	Full	100.00	100.0	Full	100.0	100.0
Alta CRP Gennevilliers SNC	488541228	France	Full	100.00	100.0	Full	100.0	100.0
Alta CRP Guipavas SNC	451282628	France	Full	100.00	100.0	Full	100.0	100.0
Alta CRP Investissements SNC	484691084	France	Full	100.00	100.0	Full	100.0	100.0
Alta CRP La Vallette SNC	494539687	France	Full	100.00	100.0	Full	100.0	100.0
Alta CRP Montmartre SAS	450042247	France	Full	100.00	100.0	Full	100.0	100.0
Alta CRP Mougins SNC	453830663	France	Full	100.00	100.0	Full	100.0	100.0
Alta CRP Noyon SNC	452506223	France	-	0.00	0.0	Full	100.0	100.0
Alta CRP Pontault-Combault SNC	484853882	France	-	0.00	0.0	Full	100.0	100.0
Alta CRP Puget SNC	492962949	France	Full	100.00	100.0	Full	100.0	100.0
Alta CRP Rambouillet SNC	487897985	France	Full	100.00	100.0	Full	100.0	100.0
Alta CRP Ris-Orangis SNC	452053382	France	Full	100.00	100.0	Full	100.0	100.0
Alta CRP Ruaudin SNC	451248892	France	Full	100.00	100.0	Full	100.0	100.0
Alta CRP Saint-Aunès SNC	494281850	France	-	0.00	0.0	Full	100.0	100.0
Alta CRP Valbonne SNC	484854443	France	Full	100.00	100.0	Full	100.0	100.0
Alta CRP Vivienne SAS	449877950	France	Full	100.00	100.0	Full	100.0	100.0
Alta Développement Espagne SAS	490874807	France	Full	100.00	100.0	Full	100.0	100.0
Alta Développement Italie SAS [1]	444561476	France	Full	99.80	96.2	Full	99.8	96.2
Alta Développement Russie SAS	477997712	France	Full	100.00	100.0	Full	100.0	100.0
Alta Drouot SAS	450042296	France	Full	100.00	100.0	Full	100.0	100.0
Alta Les Hunaudières SNC	528938483	France	Full	100.00	100.0	-	0.0	0.0
Alta Mulhouse SNC	444985568	France	Full	65.00	65.0	Full	65.0	65.0
Alta Nouveau Port La Seyne SCI	501219109	France	Full	100.00	100.0	Full	100.0	100.0
Alta Ollioules 1 SASU	513813915	France	Full	100.00	100.0	Full	100.0	100.0
Alta Ollioules 2 SASU	513813956	France	Full	100.00	100.0	Full	100.0	100.0
Alta Pierrelaye SNC	478517204	France	Full	100.00	100.0	Full	100.0	100.0
Alta Rambouillet (Cinéma – ex-Alta Ronchin)	484693841	France	Full	100.00	100.0	Full	100.0	100.0
Alta Saint-Augustin SAS	518311725	France	Full	100.00	100.0	Full	100.0	100.0
Alta Saint-Georges SNC	423905835	France	-	0.00	0.0	Full	100.0	100.0

(1) The percentage interest reported in SAS Alta Développement Italie and its subsidiaries represents the theoretical allocation rate of dividends for class A and B shares after payment of preferred dividends on class B shares wholly-owned by the Group.

			31/12/2010			31/12/2009		
Company	Siren	Country	Method	% control	% interest	Method	% control	% interest
Alta Saint-Honoré SAS	430343855	France	Full	100.00	100.0	Full	100.0	100.0
Alta Thionville SNC	485047328	France	Full	65.00	65.0	Full	65.0	65.0
Alta Tourcoing SNC	485037535	France	Full	65.00	65.0	Full	65.0	65.0
Alta Troyes SNC	488795790	France	Full	65.35	65.0	Full	65.4	65.0
Altablue SAS	522193796	France	Prop.	33.33	33.3	-	0.0	0.0
Altarea 2 SNC	428743231	France	-	0.00	0.0	Full	100.0	100.0
Altarea France SAS	324814219	France	Full	100.00	100.0	Full	100.0	99.7
Altarea Les Tanneurs SNC	421752007	France	Full	100.00	100.0	Full	100.0	100.0
Altarea Management	509105375	France	Full	100.00	100.0	Full	100.0	100.0
Altarea Promotion Commerce SNC	420490948	France	Full	100.00	100.0	Full	100.0	100.0
Altarea SCA	335480877	France	Full	100.00	100.0	Full	100.0	100.0
Altarea SNC	431843424	France	Full	100.00	100.0	Full	100.0	100.0
Aubergenville 2 SNC	493254015	France	Full	100.00	100.0	Full	100.0	100.0
Avenue Fontainebleau SAS	423055169	France	Full	65.00	65.0	Full	65.0	65.0
Avenue Paul-Langevin SNC	428272751	France	Full	100.00	100.0	Full	100.0	100.0
Bercy Village 2 SCI	419669064	France	Full	85.00	85.0	Full	85.0	85.0
Bercy Village SCI	384987517	France	Full	100.00	85.0	Full	100.0	85.0
Bordeaux Sainte-Eulalie SNC	432969608	France	Full	100.00	100.0	Full	100.0	100.0
Centre commercial de Thiais SNC	479873234	France	Full	100.00	100.0	Full	100.0	100.0
Centre commercial de Valdoly SNC	440226298	France	Full	100.00	100.0	Full	100.0	100.0
Centre commercial du KB SNC	485045876	France	Full	65.00	65.0	Full	65.0	65.0
Centre d'affaires du KB SCI	502543259	France	Full	65.00	65.0	Full	65.0	65.0
Cib SCI	414394486	France	Eq. m	49.00	49.0	Eq. m	49.0	49.0
Cœur Chevilly SNC	491379624	France	Prop.	50.00	50.0	Prop.	50.0	50.0
Collet Berger SNC	417934791	France	-	0.00	0.0	Full	100.0	100.0
Crèches Invest SNC	488347352	France	Full	100.00	100.0	Full	100.0	100.0
CRPD – Compagnie Retail Park Développement SASU	447773672	France	-	0.00	0.0	Full	100.0	100.0
Drouet d'Erlon SNC	412375602	France	Full	100.00	100.0	Full	100.0	100.0
Espace Grand'Rue SCI	429348733	France	Prop.	65.00	32.5	Prop.	65.0	32.5
Foncière Cézanne Matignon SNC	348024050	France	Full	100.00	100.0	Full	100.0	100.0
Foncière Altarea SAS	353900699	France	Full	100.00	100.0	Full	100.0	100.0
Gennevilliers 2 SNC	452052988	France	Full	100.00	100.0	Full	100.0	100.0
GM Marketing SAS	437664568	France	Full	100.00	100.0	Full	100.0	99.7
Grand Tour SNC	412781809	France	Full	100.00	100.0	Full	100.0	100.0
Hippodrome Carré de Soie SARL	493455810	France	Prop.	100.00	50.0	Prop.	100.0	50.5
Jas de Bouffan SNC	508887619	France	Full	100.00	100.0	Full	100.0	100.0
Le Havre Centre commercial René-Coty SNC	407943620	France	Prop.	50.00	50.0	Prop.	50.0	50.0
Le Pré Long SNC	508630464	France	Full	100.00	100.0	Full	100.0	100.0
Les Clausonnes Investissement SARL	411985468	France	Full	100.00	100.0	Full	100.0	100.0
Les Clausonnes SCI	331366682	France	Full	100.00	100.0	Full	100.0	100.0
Lille Grand'Place SCI	350869244	France	Full	99.00	99.0	Full	99.0	99.0
Limoges Invest SCI	488237546	France	Full	75.00	75.0	Full	75.0	75.0
Mantes Gambetta – ex-Alta Coparts SNC	499108207	France	Full	100.00	100.0	Full	100.0	100.0

			31/12/2010			31/12/2009		
Company	Siren	Country	Method	% control	% interest	Method	% control	% interest
Massy SCP	424120178	France	Full	100.00	100.0	Full	100.0	100.0
Matignon Commerce SNC	433506490	France	Full	100.00	100.0	Full	100.0	100.0
Monnet Liberté SNC	410936397	France	Prop.	50.00	50.0	Prop.	50.0	50.0
Nanterre Quartier de l'Université SAS	485049290	France	Prop.	50.00	50.0	Prop.	50.0	50.0
Opec SARL	379873128	France	Full	100.00	99.7	Full	100.0	99.7
Ori Alta SNC	433806726	France	Prop.	50.00	50.0	Prop.	50.0	50.0
Petit Menin SCI	481017952	France	Prop.	50.00	50.0	Prop.	50.0	50.0
Plaisir 1 SNC	420718348	France	Full	100.00	100.0	Full	100.0	100.0
Plaisir 2 SNC	420727711	France	Full	100.00	100.0	Full	100.0	100.0
Rue de l'Hôtel-de-Ville SCI	440848984	France	Prop.	40.00	40.0	Prop.	40.0	40.0
Reims Buirette SCI	352795702	France	Full	100.00	100.0	Full	100.0	100.0
Richelieu International SNC	450483821	France	-	0.00	0.0	Full	100.0	99.8
Roosevelt SAS	524183852	France	Full	100.00	100.0	-	0.0	0.0
SCI Cœur d'Orly Bureaux	504255118	France	Prop.	50.00	25.0	Prop.	50.0	25.0
SCI Holding Bureaux Cœur d'Orly	504017807	France	Prop.	50.00	50.0	Prop.	50.0	50.0
SCI Kléber Massy	433972924	France	Full	100.00	100.0	Full	100.0	100.0
SCI Lievin Invest	444402887	France	Eq. m	49.00	49.0	Eq. m	49.0	49.0
Sillon 2 SNC	420718082	France	Full	100.00	100.0	Full	100.0	100.0
Sillon 3 SAS	422088815	France	Full	100.00	100.0	Full	100.0	100.0
Sillon SAS	410629562	France	Full	100.00	100.0	Full	100.0	100.0
SNC Alta les Essarts – ex-SNC du Sud du Centre commercial de Thiais SNC	480044981	France	Full	100.00	100.0	Full	100.0	100.0
SNC Cœur d'Orly Commerce	504831207	France	Prop.	50.00	25.0	Prop.	50.0	25.0
SNC Holding Commerce Cœur d'Orly	504142274	France	Prop.	50.00	50.0	Prop.	50.0	50.0
SNC Toulouse Gramont (ex-PPI)	352076145	France	Full	100.00	100.0	Full	100.0	100.0
SO.R.A.C. SNC	330996133	France	Full	100.00	100.0	Full	100.0	100.0
Société d'Aménagement de la Gare de l'Est SNC	481104420	France	Full	100.00	100.0	Full	100.0	100.0
Société du Centre Commercial Massy SNC	950063040	France	Full	100.00	100.0	Full	100.0	100.0
Socobac SARL	352781389	France	Full	100.00	100.0	Full	100.0	100.0
Sté Aménagement Mezzanine Paris Nord SA	422281766	France	Eq. m	40.00	40.0	Eq. m	40.0	40.0
Teci et Cie SNC	333784767	France	Full	100.00	100.0	Full	100.0	100.0
Vendôme Massy 2	338751654	France	Full	100.00	100.0	Full	100.0	100.0
Wagram 39/41 SAS	345286231	France	-	0.00	0.0	Full	100.0	100.0
SSF III Zhivago Holding Ltd	6171337	Cayman Islands	Eq. m	50.00	50.0	Eq. m	50.0	50.0
Altalux Espagne SARL	NA	Luxembourg	Full	100.00	100.0	Full	100.0	100.0
Altalux Italie SARL	NA	Luxembourg	Full	100.00	96.2	Full	100.0	96.2
Alta Spain Archibald BV	NA	Netherlands	Full	100.00	100.0	Full	100.0	100.0
Alta Spain Castellana BV	NA	Netherlands	Full	100.00	100.0	Full	100.0	100.0
Owned shopping centres – Italy								
Altabasilio SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altacasale SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altacentro SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2

			31/12/2010			31/12/2009		
Company	**Siren**	**Country**	**Method**	**% control**	**% interest**	**Method**	**% control**	**% interest**
Altacerro SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altagamma SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altage SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altaimmo SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altainvest SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altapinerolo SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altapio SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altaponteparodi spa	NA	Italy	Full	95.00	91.4	Full	95.0	91.4
Altaporto SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altarag SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altarea Italia Progetti SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altarea Italia SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altarimi SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altaroma SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Altasigma SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Aurelia Trading SRL	NA	Italy	Full	100.00	96.2	Full	100.0	96.2
Owned shopping centres – Spain	**NA**	**Spain**	**Full**	**100.00**	**100.0**	**Full**	**100.0**	**100.0**
Altaoperae II S.l.	NA	Spain	Full	100.00	100.0	Full	100.0	100.0
Altaoperae III S.l.	NA	Spain	Full	100.00	100.0	Full	100.0	100.0
Altaoperae Salamanca S.l.	NA	Spain	Full	100.00	100.0	Full	100.0	100.0
Altapatrimae II S.l.	NA	Spain	Full	100.00	100.0	Full	100.0	100.0
Altarea Espana S.l.	NA	Spain	Full	100.00	100.0	Full	100.0	100.0
Altarea Operae S.l.	NA	Spain	Full	100.00	100.0	Full	100.0	100.0
Altarea Patrimae S.l.	NA	Spain	Full	100.00	100.0	Full	100.0	100.0
Ortialtae S.l.	NA	Spain	Prop.	50.00	50.0	Prop.	50.0	50.0
Diversification businesses	**444560874**	**France**	**Full**	**100.00**	**99.7**	**Full**	**100.0**	**99.7**
8'33 – Future Énergie SA	492498944	France	Eq. m	41.40	45.6	-	0.0	0.0
Alta Ciné Investissement SAS	482277100	France	Full	100.00	99.7	Full	100.0	99.7
Alta Faubourg SAS	444560874	France	Full	100.00	99.7	Full	100.0	99.7
Alta Penthièvre SAS	518991476	France	Full	100.00	99.7	Full	100.0	99.7
Alta Rungis SAS	500539150	France	Full	100.00	99.7	Full	100.0	99.7
Ata Delcasse SAS	501705362	France	Full	100.00	99.7	Full	100.0	99.7
Ata Favart SAS	450042338	France	Full	100.00	99.7	Full	100.0	99.7
Atareit SCA	552091050	France	Full	99.74	99.7	Full	99.7	99.7
Aubette Tourisme Résidence SNC	501162580	France	Full	100.00	65.0	Full	100.0	65.0
Gerland 1 SNC	503964629	France	Prop.	50.00	49.9	-	0.0	0.0
Gerland 2 SNC	503964702	France	Prop.	50.00	49.9	-	0.0	0.0
Holding Lumière SAS	419446216	France	Eq. m	34.00	33.9	Eq. m	34.0	33.9
L'Empire SAS	428133276	France	Full	100.00	99.7	Full	100.0	99.7
Salle Wagram (ex-Théâtre de l'Empire)	424007425	France	Full	100.00	99.7	Full	100.0	99.7
Semmaris	662012491	France	Eq. m	33.35	33.3	Eq. m	33.4	33.3
Property development for third parties								
SNC Cogedim Patrimoine	420810475	France	Full	100.00	99.7	Full	100.0	99.7
SAS MB Transactions	425039138	France	Full	100.00	99.7	Full	100.0	99.7

			31/12/2010			31/12/2009		
Company	Siren	Country	Method	% control	% interest	Method	% control	% interest
SAS Claire Aulagnier	493108492	France	Full	100.00	94.8	Full	100.0	94.8
SNC Garage Hélios	552138992	France	Full	100.00	99.7	Non consol.	0.0	0.0
SNC Cogedim Gestion	380375097	France	Full	100.00	99.7	Full	100.0	99.7
SNC Cogedim Vente	309021277	France	Full	100.00	99.7	Full	100.0	99.7
SNC Cogedim Résidence	319293916	France	Full	100.00	99.7	Full	100.0	99.7
SNC Coresi	380373035	France	Full	100.00	99.7	Full	100.0	99.7
SNC Cogedim Tradition	315105452	France	Full	100.00	99.7	Full	100.0	99.7
SNC Cogedim Développement	318301439	France	Full	100.00	99.7	Full	100.0	99.7
SNC Cogedim Citalis	450722483	France	Full	100.00	99.7	Full	100.0	99.7
SNC Cogedim Entreprise	424932903	France	Full	100.00	99.7	Full	100.0	99.7
SARL Asnières Aulagnier	487631996	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC Cogedim Grand Lyon (ex-SNC Cogedim ric)	300795358	France	Full	100.00	99.7	Full	100.0	99.7
SAS Brun Holding	394648984	France	Full	100.00	99.7	Full	100.0	99.7
Cogedim Résidences Services (ex-Guy Brun Promotion SA)	394648455	France	Full	100.00	99.7	Full	100.0	99.7
SARL Financière Bonnel	400570743	France	Full	100.00	99.7	Full	100.0	99.7
SNC Cogedim Méditerranée	312347784	France	Full	100.00	99.7	Full	100.0	99.7
SNC Cogedim Provence	442739413	France	Full	100.00	99.7	Full	100.0	99.7
SNC Cogedim Valorisation	444660393	France	Full	100.00	99.7	Full	100.0	99.7
Cogedim Midi-Pyrénées (ex-SNC Cogedim Paul Mateu)	447553207	France	Full	100.00	99.7	Full	100.0	99.7
SNC Cogedim Grenoble (ex-SNC Cogedim rci)	418868584	France	Full	100.00	99.7	Full	100.0	99.7
Cogedim Savoies-Leman SNC (ex-Cogedim jlc)	348145541	France	Full	100.00	99.7	Full	100.0	99.7
SNC Cogedim Efiprom	388620015	France	Full	100.00	99.7	Full	100.0	99.7
SNC Cogedim Atlantique	501734669	France	Full	100.00	99.7	Full	100.0	99.7
SAS Arbitrages et Investissements	444533152	France	Full	100.00	99.7	Full	100.0	99.7
SAS Aire	444515670	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SAS Neuilly Édouard-Nortier	450755277	France	Prop.	50.00	99.7	Prop.	50.0	99.7
SAS Paris 8e 35 rue de Ponthieu	477630057	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC Marseille 275/283 Prado	479898496	France	Full	100.00	99.7	Full	100.0	99.7
SNC Paris 11e passage Saint-Ambroise	479985632	France	Full	100.00	99.7	Full	100.0	99.7
SAS Germain Roule	482598836	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SAS Arbitrages et Investissement 2	479815847	France	Full	100.00	99.7	Full	100.0	99.7
Cogedim Office Partners SAS	491380101	France	Eq. m	10.00	10.0	Eq. m	10.0	10.0
SAS cop Bagneux	491969952	France	Eq. m	10.00	99.7	Eq. m	10.0	99.7
SCI cop Bagneux	492452982	France	Eq. m	10.00	99.7	Eq. m	10.0	99.7
SAS cop Meridia	493279285	France	Eq. m	10.00	99.7	Eq. m	10.0	99.7
SCI cop Meridia	493367429	France	Eq. m	10.00	99.7	Eq. m	10.0	99.7
Cop Pajol SAS	493279269	France	Eq. m	10.00	99.7	Eq. m	10.0	99.7
Cop Pajol SCI	493367171	France	Eq. m	10.00	99.7	Eq. m	10.0	99.7
SAS cop Newco 2	507633790	France	Eq. m	10.00	99.7	Eq. m	10.0	99.7
SCI cop Newco 2	507693182	France	Eq. m	10.00	99.7	Eq. m	10.0	99.7

			31/12/2010			31/12/2009		
Company	Siren	Country	Method	% control	% interest	Method	% control	% interest
Cogedim SAS (ex-Cie Altarea Habitation SAS)	54500814	France	Full	100.00	99.7	Full	100.0	99.7
Altarea Investissement SNC	352320808	France	Full	100.00	99.7	Full	100.0	99.7
Altarea Habitation SNC	479108805	France	Full	100.00	99.7	Full	100.0	99.7
A.G. Investissement SNC	342912094	France	Full	100.00	99.7	Full	100.0	99.7
La Buffa SNC	394940183	France	Prop.	50.00	49.9	Prop.	50.0	49.9
Alta Richelieu SAS (ex-ALX02)	419671011	France	Full	100.00	99.7	Full	100.0	99.7
SCI les Fontaines de Bénesse	479489817	France	Full	100.00	99.7	Full	100.0	99.7
SCI les Hauts de Fortune	483855524	France	Full	100.00	99.7	Full	100.0	99.7
SCI Lehena	487506529	France	Full	100.00	99.7	Full	100.0	99.7
SCI le Domaine de Peyhaute	491112801	France	Full	100.00	99.7	Full	100.0	99.7
SCI le Bois Sacré	492998117	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Mérignac Churchill	498686856	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Pessac Madran	443702790	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Villenave Coin	501017008	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Haillan Meycat	501411995	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Bruges Grand Darnal	511302002	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Anglet Belay	512392325	France	Full	100.00	99.7	Full	100.0	99.7
SCCV La Teste Verdun	521333666	France	Full	100.00	69.8	Non consol.	0.0	0.0
SCCV Arcachon Lamarque	527725246	France	Full	100.00	99.7	Non consol.	0.0	0.0
SNC Alta CRP Mantes-la-Jolie	490886322	France	Full	100.00	99.7	Full	100.0	99.7
SCCV La Mole Village 1	488424250	France	Full	100.00	99.7	Full	100.0	99.7
SCCV La Mole Village 2	488423724	France	Full	100.00	99.7	Full	100.0	99.7
SCCV La Mole Village 3	488424185	France	Full	100.00	99.7	Full	100.0	99.7
SCCV La Mole Village 4	488423807	France	Full	100.00	99.7	Full	100.0	99.7
SCCV La Mole Village 5	488423310	France	Full	100.00	99.7	Full	100.0	99.7
SCCV La Mole Village 6	488423260	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Nice Gounod	499315448	France	Full	100.00	99.7	Full	100.0	99.7
SAS Rouret Investissement	441581030	France	Full	100.00	99.7	Full	100.0	99.7
SNC Cœur d'Orly Promotion	504160078	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Les Romanesques	498640689	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Colombes Estienne-d'Orves	479534885	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Nanterre-Saint-Maurice	481091288	France	Full	100.00	71.3	Full	100.0	71.3
SCI Asnières Aulagnier Îlots E, F et H1	483537866	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Argenteuil Foch-Diane	484064134	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Colombes Charles-de-Gaulle	489927996	France	Prop.	45.00	44.9	Prop.	45.0	44.9
SCCV Saint-Ouen Arago	493291843	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Bagnolet Malmaison	517439402	France	Full	100.00	99.7	Full	100.0	99.7
SCI Chausson A/B	517868192	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Houilles Séverine	522144609	France	Prop.	50.00	49.9	Non consol.	0.0	0.0
SCCV Antony Grand Parc Habitat 1	524010485	France	Prop.	50.00	49.9	Non consol.	0.0	0.0
SNC Garches-le-Cottage	562105569	France	Full	100.00	99.7	Full	100.0	99.7
SNC 46 Jemmapes	CF C0029	France	Full	100.00	99.7	Non consol.	0.0	0.0
SNC Soisy Avenue Kellermann	497809541	France	Prop.	50.00	49.9	Prop.	50.0	49.9

			31/12/2010			31/12/2009		
Company	Siren	Country	Method	% control	% interest	Method	% control	% interest
SNC Issy 25 Camille-Desmoulins	390030542	France	Full	100.00	99.7	Full	100.0	99.7
SCI Levallois Îlot 4.1	409853165	France	Full	100.00	49.9	Full	100.0	49.9
SCI Levallois Anatole-France Front-de-Seine	343926242	France	Full	100.00	84.8	Full	100.0	84.8
SNC Forum 11	434070066	France	Prop.	33.33	33.2	Prop.	33.3	33.2
SNC du Parc industriel de Saint-Priest	443204714	France	Full	100.00	79.8	Full	100.0	79.8
SCI Axe Europe Lille	451016745	France	Prop.	45.00	44.9	Prop.	45.0	44.9
SNC Issy 11.3 Galliéni	492450168	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Lyon 3 – Labuire	491187019	France	Full	100.00	99.7	Full	100.0	99.7
SNC Euromed Center	504704248	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC Issy Forum 10	434108767	France	Prop.	33.33	33.2	Prop.	33.3	33.2
SCI Clichy Europe	434060133	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Clichy Europe 3	435402755	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SARL Clichy Europe 4	442736963	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Issy Forum 13	481212357	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Lilas G	485122402	France	Prop.	40.00	39.9	Prop.	40.0	39.9
SNC Saint-Denis Landy 3	494342827	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Asnières Alpha	EN COURS	France	Eq. m	25.00	24.9	Non consol.	0.0	0.0
SCI Parc du Fort	450909148	France	Non consol.	0.00	0.0	Prop.	50.0	49.9
SCI Domaine de Médicis	450964465	France	Full	100.00	50.9	Full	100.0	50.9
SCI le Frédéric	481199941	France	Full	100.00	99.7	Full	100.0	99.7
SCI Jardins des Poètes	481918969	France	Full	100.00	99.7	Full	100.0	99.7
SARL les Jardins de Daudet	444326797	France	Prop.	37.50	37.4	Prop.	37.5	37.4
SCI le Clos Mélusine	487956591	France	Full	100.00	99.7	Full	100.0	99.7
SCI le Hameau des Treilles	487955965	France	Full	100.00	99.7	Full	100.0	99.7
SCI l'Atrium	488802604	France	Full	100.00	99.7	Full	100.0	99.7
SNC Voreppe – Av. Stalingrad	490461423	France	Full	100.00	99.7	Full	100.0	99.7
SCCV – Espace Saint-Martin	493348007	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC Wagram	500795034	France	Full	100.00	99.7	Full	100.0	99.7
SNC Vauban	501548952	France	Full	100.00	99.7	Full	100.0	99.7
SNC Claudel	504308099	France	Full	100.00	99.7	Full	100.0	99.7
SNC Hébert	504145004	France	Full	100.00	99.7	Full	100.0	99.7
SCI Square et Jardin	450680384	France	Non consol.	0.00	0.0	Eq. m	25.0	24.9
SCI Villa Dauphine	483192126	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Résidence le Récital	498594571	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SAS Seine Aulagnier	504687013	France	Prop.	33.33	33.2	Prop.	33.3	33.2
SAS Life International Cogedim	518333448	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Pénitentes	379799745	France	Full	100.00	99.7	Full	100.0	99.7
SCI Place Sébastopol	395276512	France	Full	100.00	99.7	Full	100.0	99.7
SCI Le Clos des Lavandières	483286191	France	Full	100.00	79.6	Full	100.0	79.6
SCI Les Célestines	481888196	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Clef de Sol	491131819	France	Full	100.00	99.7	Full	100.0	99.7
SNC Les Aquarelles	492952635	France	Full	100.00	99.7	Full	100.0	99.7
SNC Baud Mont – Baud Rivage	501222038	France	Full	100.00	99.7	Full	100.0	99.7

			31/12/2010			31/12/2009		
Company	Siren	Country	Method	% control	% interest	Method	% control	% interest
SCCV Art Chantant	501225387	France	Full	100.00	99.7	Full	100.0	99.7
SNC Verco	504664798	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Thonon – Clos Albert Bordeaux	512308404	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Douvaine – Les Fascines	514276369	France	Full	100.00	99.7	Full	100.0	99.7
SNC d'Albigny	528661721	France	Full	100.00	99.7	Non consol.	0.0	0.0
SCI les Harmonies	444616650	France	Non consol.	0.00	0.0	Eq. m	33.0	32.9
SCI les Hauts du Chêne	483443586	France	Non consol.	0.00	0.0	Eq. m	20.0	19.9
SNC Benoît-Crépu Lyon	378935050	France	Full	100.00	99.7	Full	100.0	99.7
SCI Pierre-Dupont n° 16 Lyon	428092118	France	Full	100.00	99.7	Full	100.0	99.7
SCI Les Opalines	413093170	France	Full	100.00	99.7	Full	100.0	99.7
SCI Villa Hadriana	352948301	France	Full	100.00	99.7	Full	100.0	99.7
SCI 123 av. Charles-de-Gaulle	420990889	France	Full	100.00	99.7	Full	100.0	99.7
SNC du Bois des Côtes	420980294	France	Non consol.	0.00	0.0	Full	100.0	99.7
SCI 85 bis à 89 bis rue du Dauphiné	429641434	France	Full	100.00	99.7	Full	100.0	99.7
SNC Carnot	433906120	France	Full	100.00	99.7	Full	100.0	99.7
SCI Verre Dardilly	394636831	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC Lyon 6 – 145 rue de Créqui	442179826	France	Full	100.00	99.7	Full	100.0	99.7
SCI Villeurbanne – 84/90 bis É.-Vaillant	443001763	France	Non consol.	0.00	0.0	Prop.	50.0	49.9
SNC République	443802392	France	Full	100.00	99.7	Full	100.0	99.7
SNC Villeurbanne 8 rue Louis-Braille	449910371	France	Full	100.00	99.7	Full	100.0	99.7
SCI Abondance 41/43 – Lyon 3	450531256	France	Non consol.	0.00	0.0	Full	100.0	99.7
SCI parc du centre 2/4 – Villeurbanne	451260798	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI 65 Lacassagne – Lyon 3	451783732	France	Full	100.00	71.3	Full	100.0	71.3
SCCV Tuileries – Lyon 9	452819725	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Zola 276 – Villeurbanne	453440695	France	Full	100.00	74.8	Full	100.0	74.8
SCI Léon-Blum – Villeurbanne	479544876	France	Non consol.	0.00	0.0	Full	100.0	99.7
SNC Novel Genève – Lyon 6	481997609	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC Danube	483158382	France	Full	100.00	99.7	Full	100.0	99.7
SCI Caluire – 49 Margnolles	483674891	France	Full	100.00	99.7	Full	100.0	99.7
SCI Francheville-Bochu	488154329	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV rue Jean-Novel – Lyon 6	490160785	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Saint-Étienne – Îlot Gruner	493509723	France	Full	100.00	99.7	Full	100.0	99.7
SNC d'Alsace	493674196	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Hanoi Guérin	499516151	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Tassin Constellation	499796159	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC du Maine	502513013	France	Full	100.00	99.7	Full	100.0	99.7
SNC Villeurbanne Cambon Colin	508138740	France	Full	100.00	99.7	Full	100.0	99.7
Sccv Lyon 7 – Girondins	509685996	France	Full	100.00	99.7	Full	100.0	99.7
SNC Villeurbanne la Clef des Pins	961505641	France	Full	100.00	99.7	Non consol.	0.0	0.0
SNC Corifial	306094079	France	Full	100.00	99.7	Non consol.	0.0	0.0
SCI le Clos pascal à Villeurbanne 69	500649207	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI les Célestins à Oullins 69	500797121	France	Eq. m	40.00	39.9	Eq. m	40.0	39.9
SNC Gerland 1	503964629	France	Non consol.	0.00	0.0	Prop.	50.0	49.9
SNC Gerland 2	503964702	France	Non consol.	0.00	0.0	Prop.	50.0	49.9

			31/12/2010			31/12/2009		
Company	Siren	Country	Method	% control	% interest	Method	% control	% interest
SCI Cannes 152/156 boulevard Gazagnaire	419700786	France	Prop.	49.00	48.9	Prop.	49.0	48.9
SCI Victoria Cimiez	420745820	France	Full	100.00	49.9	Full	100.0	49.9
SNC Prestige	439921198	France	Full	100.00	99.7	Full	100.0	99.7
SNC Vaugrenier 1214 V.-Loubet	434342648	France	Full	100.00	99.7	Full	100.0	99.7
SCI du Rio d'Auron	443924774	France	Full	100.00	59.8	Full	100.0	59.8
SNC Mougins les Bastides du Golf	381440916	France	Non consol.	0.00	0.0	Full	100.0	49.9
SNC Antibes 38 Albert 1er	440521995	France	Full	100.00	99.7	Full	100.0	99.7
SNC du Golf	448867473	France	Full	100.00	99.7	Full	100.0	99.7
SCI Mimosas	451063499	France	Full	100.00	99.7	Full	100.0	99.7
SCI Cannes 2 av. Saint-Nicolas	482524758	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Phocéens	483115404	France	Full	100.00	99.7	Full	100.0	99.7
SNC Riviera – Villa Solana	483334405	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Phoenix	487776551	France	Full	100.00	99.7	Full	100.0	99.7
SCCV L'Esterel	489868125	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Cœur de la Bouverie	490874021	France	Full	100.00	99.7	Full	100.0	99.7
SNC Pluton/Nice Pastorelli	494925662	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Sainte-Marguerite	501662233	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC Robini	501765382	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Terra Méditerranée	503423782	France	Full	100.00	99.7	Full	100.0	99.7
SNC les Roses de Carros	524599388	France	Prop.	50.00	49.9	Non consol.	0.0	0.0
SCI Kelly d'Azur	505078527	France	Full	100.00	99.7	Non consol.	0.0	0.0
SCCV Saint-Herblain Plaisance	498619444	France	Full	100.00	99.7	Full	100.0	99.7
SNC Nantes Cadeniers	500650981	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Nantes Noire	501030209	France	Full	100.00	99.7	Full	100.0	99.7
Sccv Nantes Russeil	514480557	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Côté Parc	447789595	France	Full	100.00	57.8	Full	100.0	57.8
SNC Aix la Visitation	452701824	France	Full	100.00	79.8	Full	100.0	79.8
SCI Cogimmo	480601509	France	Full	100.00	99.7	Full	100.0	99.7
SCI Marseille 514 Madrague Ville	482119567	France	Full	100.00	99.7	Full	100.0	99.7
SCI Marseille 2e Évêché Schumann	482568235	France	Full	100.00	99.7	Full	100.0	74.8
SCCV Riou	490579224	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Frioul/Saint-Musse	493464440	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Rives d'Allauch	494440464	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Salon-de-Provence – Pilon Blanc	488793381	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Le Château	440258234	France	Full	100.00	98.7	Full	100.0	98.7
SNC Provence l'Étoile	501552947	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Provence Borelly	503396582	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Marseille la Pommeraie	502223522	France	Full	100.00	79.8	Full	100.0	79.8
SCCV L'Île Verte	509642005	France	Full	100.00	99.7	Full	100.0	99.7
SNC Dulac – Roumanille	513406942	France	Full	100.00	98.7	Full	100.0	98.7
SNC Provence Lubéron	520030206	France	Full	100.00	99.7	Non consol.	0.0	0.0
SCCV Marseille Serre	528065618	France	Full	100.00	99.7	Non consol.	0.0	0.0
SCI Rimbaud	493564660	France	Prop.	50.00	49.9	Prop.	50.0	49.9

			31/12/2010			31/12/2009		
Company	Siren	Country	Method	% control	% interest	Method	% control	% interest
SNC Cherche-Midi 118 Paris 6e	423192962	France	Full	100.00	99.7	Full	100.0	99.7
SCI Chatenay Hanovre 1	424831717	France	Full	100.00	99.7	Full	100.0	99.7
SCI Villa Haussmann Rive Sud	437674955	France	Full	100.00	59.8	Full	100.0	59.8
SCI Îlot 6 bd Galliéni Forum Seine	433735479	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC 36 rue Rivay Levallois	343760385	France	Full	100.00	99.7	Full	100.0	99.7
SNC 12 rue Oudinot Paris 7e	378484653	France	Full	100.00	50.9	Full	100.0	50.9
SCI Vaugirard Meudon	441990926	France	Full	100.00	99.7	Full	100.0	99.7
SCI Serris Quartier du Parc	444639926	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Saint-Cloud 9/11 rue de Garches	444734669	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Maisons-Alfort Villa Mansart	443937040	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Courbevoie Saint-Denis Ferry	479626475	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC Garches 82 Grande-Rue	481785814	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Courbevoie – Hudri	483107819	France	Full	100.00	79.8	Full	100.0	79.8
SCI Le Chesnay la Ferme	485387286	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Brillat-Savarin 86 Paris XIII	487504300	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Bourdon Chauveau Neuilly	489104125	France	Full	100.00	69.8	Full	100.0	69.8
SCI Vanves Marcheron	484740295	France	Prop.	37.50	37.4	Prop.	37.5	37.4
SCCV Jean-Moulin 23 Les Lilas	490158839	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Bourdon 74 Neuilly	492900741	France	Full	100.00	69.8	Full	100.0	69.8
SNC Murat Varize	492650288	France	Full	100.00	99.7	Full	100.0	99.7
SCCV 121-125 rue Henri-Barbusse	494577455	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Levallois Marceau	501580583	France	Full	100.00	79.8	Full	100.0	79.8
SCCV Massy Colcoge	504685884	France	Full	100.00	79.8	Full	100.0	79.8
SCCV Suresnes 111 Verdun	507385003	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV 66 Chauveau Neuilly	507552040	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Vanves Bleuzen	513178830	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Malakoff Larousse	514145119	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Massy Cogfin	515231215	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC Charenton Gabriel-Péri	518408188	France	Full	100.00	59.8	Full	100.0	59.8
SNC Rivière Seine	502436140	France	Full	100.00	99.7	Non consol.	0.0	0.0
SCCV Massy PQR	521333930	France	Full	100.00	74.8	Non consol.	0.0	0.0
SCCV Massy MN	521333476	France	Prop.	50.00	49.9	Non consol.	0.0	0.0
SCCV Les Puits de la Fontaine Wallace	523510311	France	Full	100.00	79.8	Non consol.	0.0	0.0
SCCV Colombes Autrement	528287642	France	Full	100.00	51.9	Non consol.	0.0	0.0
Sccv Saint-Mandé Mouchotte	ON GOING	France	Prop.	50.00	49.9	Non consol.	0.0	0.0
SAS Quartier Anatole-France	428711709	France	Prop.	33.33	33.2	Prop.	33.3	33.2
SCI Rotonde de Puteaux	429674021	France	Prop.	33.33	33.2	Prop.	33.3	33.2
SCI Boussingault 28/30	452167554	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC Issy Corentin-Celton	452369705	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Bagatelle 5 Neuilly	479223356	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC Neuilly Résidence	479120180	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SNC Rueil Charles-Floquet	481339224	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Le Chesnay 3/9 rue Caruel	483129821	France	Prop.	30.00	29.9	Prop.	30.0	29.9
SNC Carles Vernet Sèvres	485288450	France	Prop.	50.00	49.9	Prop.	50.0	49.9

			31/12/2010			31/12/2009		
Company	Siren	Country	Method	% control	% interest	Method	% control	% interest
SCI Plessis-Robinson	490892627	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCI Paris XIII Champ de l'Alouette	484883160	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Meudon Hetzel Cerf	518934690	France	Prop.	50.00	49.9	Non consol.	0.0	0.0
SCI Job Garonne	445378672	France	Non consol.	0.00	0.0	Full	100.0	99.7
SCI Albi Gare	445377740	France	Full	100.00	99.7	Full	100.0	99.7
SCI Marengo Périole	445378847	France	Non consol.	0.00	0.0	Full	100.0	99.7
SCI Castelginest Centre	445378052	France	Non consol.	0.00	0.0	Full	100.0	99.7
SCI Pamiers Lestrade	445378532	France	Full	100.00	99.7	Full	100.0	99.7
SNC Léguevin Lengel	445378110	France	Non consol.	0.00	0.0	Full	100.0	99.7
SCI Saint-Jean Pyrénées	445378094	France	Full	100.00	99.7	Full	100.0	99.7
SCI Les Hauts de Ramonville	445378078	France	Full	100.00	99.7	Full	100.0	99.7
SCI Muret Centre	445378730	France	Full	100.00	99.7	Full	100.0	99.7
SCI Les Hauts de Baziège	447481375	France	Non consol.	0.00	0.0	Full	100.0	99.7
SNC Rodez Saint-Félix	445377625	France	Non consol.	0.00	0.0	Full	100.0	99.7
SCI Bon Repos Aussonnelle	447480765	France	Non consol.	0.00	0.0	Full	100.0	99.7
SNC Roseraie Luchet	484639919	France	Full	100.00	99.7	Full	100.0	99.7
SNC 136 route d'Albi	484643150	France	Full	100.00	99.7	Full	100.0	99.7
SNC Tournefeuille Hautes Rives	484639471	France	Full	100.00	99.7	Full	100.0	99.7
SNC Marengo Libre Échange	484664818	France	Full	100.00	99.7	Full	100.0	99.7
SNC Fontaines d'Arènes	484663349	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Brunhes Magnolia	490050176	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Labège Malepere	490050523	France	Full	100.00	99.7	Full	100.0	99.7
SNC Toulouse Bertillon	494423312	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Sainte-Anne	499514420	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Blagnac Galilée	501180160	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Toulouse Haraucourt	501635437	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Toulouse Bourrassol Wagner	503431116	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Toulouse Carré Saint-Michel	501982763	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Toulouse Busca	511512071	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Toulouse Guilhemery	512568007	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Toulouse les Argoulets	513822601	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Saint-Orens le Clos	515347953	France	Full	100.00	99.7	Full	100.0	99.7
SCI Bruges Ausone	484149802	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Gujan République	489346106	France	Full	100.00	99.7	Full	100.0	99.7
SCCV Cauderan Leclerc	490049970	France	Full	100.00	99.7	Full	100.0	99.7
SCCV 236 avenue Thiers	493589550	France	Full	100.00	54.9	Full	100.0	54.9
SCI le Parc de Borderouge	442379244	France	Prop.	40.00	39.9	Prop.	40.0	39.9
SCCV Toulouse Grand Sud	499468510	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Toulouse Hérédia	507489375	France	Prop.	50.00	49.9	Prop.	50.0	49.9
SCCV Balma Entreprise	524105848	France	Prop.	50.00	49.9	Non consol.	0.0	0.0
SNC Laennec Rive Gauche	449666114	France	Full	100.00	99.7	Non consol.	0.0	0.0
SAS Levallois 41-43 Camille-Pelletan	489473249	France	Full	100.00	99.7	Full	100.0	99.7
Foncière Îles d'Or SNC	499385094	France	Full	100.00	99.7	Full	100.0	99.7

3.1.10.2. Changes in scope of consolidation

3.1.10.2.1. Changes in scope of consolidation during 2010

The scope of consolidation included 437 companies at 31 December 2010, compared with 434 companies at 31 December 2009.

Twenty-eight companies were consolidated for the first time; of these, nineteen were newly created and nine were acquired: acquisition of Aldeta, the owner of the Cap 3000 shopping centre through Alta Blue, a 33.33% owned company in the Property Investment division; equity investment in 8'33, a company specialising in the development, installation and operation of solar power generators, which is 45.69% consolidated in Diversifications, and, in property development for third parties, acquisition of Laennec Rive Gauche, Rivière Seine, SNC Villeurbanne la Clef des Pins, SNC 46 Jemmapes, SCI Kelly d'Azur and Corifial-Jardin de Sakura.

The acquisition of the equity interest in Aldeta was recognised as the purchase of investment property; likewise, equity investments in property development for third parties (mainly Laennec Rive Gauche, which holds a mixed-use property project on the site of Laennec hospital in Paris) were recognised as purchases of land inventories and work in progress.

Five companies were removed from the scope of consolidation: two were sold (Collet Berger and Pontault-Combaud), six were wound up, fourteen were merged into other companies, and three were deconsolidated.

In addition, Alta Faubourg sold Altarea France to Foncière Altarea. This transfer had an accretive effect, increasing the ownership from 99.74% to 100%, recognised directly in equity as a transaction with non-controlling interests.

3.1.10.2.2. Change in scope of consolidation during 2009

The scope of consolidation included 434 companies at 31 December 2009, compared with 455 companies at 31 December 2008.

Twenty-five companies were consolidated for the first time. This included 23 newly formed entities and two entities which were acquired during the period (SNC Débat Thérapeutique, included in property development for third parties, whose principal asset is a land parcel; and SAS Ori-Syma, which was transformed into a general partnership, SNC Ori-Alta, and whose principal asset is a land parcel with planning permission).

Forty-six companies were deconsolidated during the period following the completion of the property development programmes undertaken by them. This included 16 entities which were wound up, 26 which were merged into larger companies and four which were divested.

Furthermore, Altarea SCA acquired 2,620 shares of Foncière Altarea, thereby increasing its shareholding in that company from 99.33% to 100%. This transaction had an accretive effect on Foncière Altarea and its subsidiaries.

Altarea also completed the acquisition of the 40% minority interest in the capital of Lille Grand Place, increasing its shareholding to 99% of the outstanding shares.

Finally, Altareit completed a share capital increase during the period which had an accretive effect on Altarea's ownership interest, increasing its shareholding from 99.59% to 99.74%.

These three transactions were accounted for as transactions with minority shareholders and their impact was recognised directly in equity.

3.1.11. BUSINESS COMBINATIONS

During the years ended 31 December 2010 and 31 December 2009, there were no acquisitions of subsidiaries or equity investments that were treated as business combinations.

3.1.12. IMPAIRMENT OF ASSETS UNDER IAS 36

3.1.12.1. Cogedim goodwill

3.1.12.1.1. At 31 December 2010

After the downturn in the real estate market and the economy in general in 2008, 2009 and 2010 saw a sharp rebound in sales of new housing programmes (reservations net of cancellations), driven by demographic or societal factors such as people wanting to live alone, low interest rates and governmental incentives to buy or rent a home *(loi Scellier)*.

After strong growth in residential property sales (reservations net of cancellations in €m including VAT, consolidated share) in 2009, the recovery was confirmed in 2010, with rises of 45% compared with end-2009 and 93% compared with end-2007. The commercial property market is staging a gradual recovery.

At 31 December 2010, an impairment test was carried out on the basis of an independent valuation (conducted by the Accuracy consultancy) for all cash generating units (CGUs, *i.e.* the programmes) grouped into the "property development for third parties" segment and "Large urban mixed-use projects" in the "Shopping Centre Development" segment. The methodology used in 2010 (as in 2009) is based on a discounted cash flow model taking information from the business plan prepared by the management in the final quarter of the year and making assumptions on operational prospects and long-term growth to determine the terminal value looking beyond the horizon of the business plan. The business plan covers the period from 2011 to 2015.

The impairment test consists of comparing the carrying value of Cogedim, including the value of intangible assets attached to CGU groupings (goodwill, brands net of deferred tax, customer relationships net of deferred tax) to the net value of Cogedim assets assessed by the independent appraiser.

The main assumptions used in the valuation of these assets were:

- a discount rate of 11.4%;
- free cash flow over the period of the business plan is based on assumptions regarding business volumes and the level of operating margin which take account of economic and market forecasts at the time of preparation;
- the terminal value of Cogedim was determined using a growth rate from 2015 of 1.5% and a return on capital employed (ROCE) of between 14.4% and 18.4%.

At 31 December 2010, on the basis of the assumptions described above, the fair net asset value of Cogedim was greater than its carrying value on the same date, irrespective of the ROCE rate used. No impairment charge was recognised.

Changes to the assumptions used that the management deems to be reasonable, namely a growth rate of 1% instead of 1.5% and a discount rate of 12.4% instead of 11.4% would still result in the valuation of Cogedim's net assets at more than their carrying value at 31 December 2010, based on an ROCE of between 14.4% and 18.4%.

Therefore the goodwill recognised on the acquisition of Cogedim at 31 December 2010 remained at €128 million.

3.1.12.1.2. At 31 December 2009

2009 saw a strong recovery in sales of housing programmes (reservations net of cancellations), which increased sharply in 2009: they rose 59% on end-2008 and more significantly 33% on end-2007. The commercial property market is staging a gradual recovery.

At 31 December 2009, an impairment test was carried out on the basis of an independent valuation (conducted by the Accuracy consultancy) for all cash generating units (CGUs, *i.e.* the programmes) grouped into the "property development for third parties" segment and "Large urban mixed-use projects" in the "Shopping Centre Development" segment. The methodology used in 2009 is based on a discounted cash flow model taking information from the business plan prepared by the management in the final quarter of the year and making assumptions on operational prospects and long-term growth to determine the terminal value looking beyond the horizon of the business plan. The business plan covers the period from 2010 to 2014.

The impairment test consists of comparing the carrying value of Cogedim, including the value of intangible assets attached to CGU groupings (goodwill, brands net of deferred tax, customer relationships net of deferred tax) to the net value of Cogedim assets assessed by the independent appraiser.

The main assumptions used in the valuation of these assets were:

- a discount rate of 10.8%;
- free cash flow over the period of the business plan is based on assumptions regarding business volumes and the level of operating margin which take account of economic and market forecasts in place at the time of preparation;

- the terminal value of Cogedim was determined using a growth rate from 2014 of 1.5% and a return on capital employed (ROCE) of between 13.8% and 17.8%.

At 31 December 2009, on the basis of the assumptions described above, the fair net asset value of Cogedim was greater than its carrying value on the same date, irrespective of the ROCE rate used. No impairment charge was recognised.

Changes to the assumptions used that the management deems to be reasonable, namely a growth rate of 1% instead of 1.5% and a discount rate of 11.8% instead of 10.8% would still result in the valuation of Cogedim's net assets at more than their carrying value at 31 December 2009, based on an ROCE of between 13.8% and 17.8%.

Therefore the goodwill recognised on the acquisition of Cogedim at 31 December 2009 remained at €128 million.

3.1.12.2. Brand

A valuation of the Cogedim brand at the acquisition date was conducted by an independent valuation expert. The brand was tested individually and together with the property development for third parties CGU (see preceding section).

3.1.12.3. Investment assets under development and construction valued at cost

Investment assets under development and construction valued at cost relate to the shopping centre development business.

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

Investment assets under development and construction are monitored by the Group according to the various phases of the project. These phases are the design stage, the so-called "secured" phase (when the project is fully "secured", a purchase option has been obtained on the land), the phase when all administrative authorisations have been obtained (business and land use authorisations and building permits) and lastly, the construction and marketing phase.

At the balance sheet date, no impairment had been identified on projects other than what had previously been recognised in the accounts. The production cost of these projects is below the projected value of the properties. The projected value is determined on the basis of internal five-year business plans that are reviewed by management at regular intervals. The method used is capitalisation of rental revenues. The capitalisation rates used to determine property values are the capitalisation rates observed in the market.

3.1.12.3.1. At 31 December 2010

At the 31 December 2010 closing date, the value of the Spanish assets was based on estimates. Owing to the currently depressed market conditions, the company recognised additional impairment for land at Valdemoro.

Other assets in France and Italy were tested for impairment, leading to the recognition of impairment losses.

See Note 3.1.13.

3.1.12.3.2. At 31 December 2009

At the closure of accounts on 31 December 2009, the Valdemoro and Puerto Real projects in Spain were subject to an external appraisal due to uncertainty over their future. The appraiser's valuation was lower than the carrying amount. An impairment loss was recognised.

Other assets in France and Italy were tested for impairment, leading to the recognition of impairment losses.

3.1.12.4. Customer relationships

The customer relationships are those acquired with the Cogedim acquisition on 17 July 2007.

Two types of acquired customer relationship assets are distinguished, *i.e.* the order backlog (property development and services provided to the delegated project manager) and the portfolio of sale contracts.

These items are amortised in line with the percentage of completion of construction and marketing of the relevant programmes.

At each balance sheet date, customer relationships undergo a detailed review by management on a programme by programme basis.

At 31 December 2010, they were amortised in line with the percentage of completion of the programmes, then impaired after certain transactions were redefined.

3.1.13. BALANCE SHEET

3.1.13.1. Intangible assets

Gross *In € thousand*	Goodwill	Brands	Customer relationships	Other intangible assets: Software	Other intangible assets: Leasehold right	Other intangible assets: Other	Other intangible assets: Total	Total
AT 1 JANUARY 2009	**369,491**	**66,600**	**181,570**	**7,462**	**2,361**	**13**	**9,836**	**627,498**
Acquisitions	-	-	-	1,349	-	-	1,349	1,349
Disposals	-	-	-	(91)	-	-	(91)	(91)
Transfers	-	-	-	257	-	-	257	257
AT 31 DECEMBER 2009	**369,491**	**66,600**	**181,570**	**8,977**	**2,361**	**13**	**11,351**	**629,013**
Acquisitions	-	-	-	904	-	75	979	979
Disposals	(1,867)	-	-	(146)	(105)	-	(251)	(2,117)
Transfers	-	-	-	78	-	-	78	78
Changes in scope of consolidation	676	-	-	-	-	-	-	676
AT 31 DECEMBER 2010	**368,301**	**66,600**	**181,570**	**9,812**	**2,257**	**88**	**12,157**	**628,628**

Impairment *In € thousand*	Goodwill	Brands	Customer relationships	Other intangible assets: Software	Other intangible assets: Leasehold right	Other intangible assets: Other	Other intangible assets: Total	Total
AT 1 JANUARY 2009	**(240,775)**	**-**	**(152,063)**	**(4,624)**	**(405)**	**(13)**	**(5,042)**	**(397,881)**
Impairment, depreciation and amortisation	-	-	(13,346)	(1,243)	(258)	-	(1,501)	(14,847)
Reversals/Disposals	-	-	-	42	-	-	42	42
Transfer	-	-	-	-	7	-	7	7
AT 31 DECEMBER 2009	**(240,775)**	**-**	**(165,409)**	**(5,826)**	**(656)**	**(13)**	**(6,494)**	**(412,678)**
Impairment, depreciation and amortisation	(676)	-	(16,161)	(1,211)	(239)	(34)	(1,483)	(18,320)
Reversals/Disposals	1,867	-	-	39	-	33	72	1,938
Transfer	-	-	-	-	12	(12)	-	-
AT 31 DECEMBER 2010	**(239,585)**	**-**	**(181,570)**	**(6,998)**	**(883)**	**(25)**	**(7,906)**	**(429,060)**

In € thousand	Goodwill	Brands	Customer relationships	Other intangible assets: Software	Other intangible assets: Leasehold right	Other intangible assets: Other	Other intangible assets: Total	Total
Net at 1 January 2009	128,716	66,600	29,507	2,837	1,956	1	4,794	229,617
Net at 31 December 2009	128,716	66,600	16,161	3,151	1,705	1	4,856	216,333
Net at 31 December 2010	128,716	66,600	-	2,814	1,374	63	4,250	199,567

At 31 December 2010, all customer relationships recognised as part of the acquisition of Cogedim on 17 July 2007 had been fully amortised or impaired.

The remainder of goodwill concerns Altarea France for €688 thousand and Cogedim SAS for €128,028 thousand.

3.1.13.2. Property, plant and equipment

	Land	Construction	Other non-current assets	Total, gross	Depreciation and amortisation	Net
AT 1 JANUARY 2009	**2,375**	**673**	**15,069**	**18,116**	**(7,422)**	**10,694**
Acquisitions/Allowances	-	-	6,111	6,111	(3,268)	2,844
Disposals/Reversals	1	0	(814)	(814)	675	(138)
Transfers	(1)	-	1,677	1,676	481	2,157
AT 31 DECEMBER 2009	**2,375**	**672**	**22,042**	**25,090**	**(9,533)**	**15,557**
Acquisitions/Allowances	-	(0)	742	742	(3,119)	(2,378)
Disposals/Reversals	(0)	-	(1,250)	(1,250)	358	(892)
Transfers	0	-	(55)	(55)	4	(50)
Changes in scope of consolidation	-	-	0	0	(1)	(1)
AT 31 DECEMBER 2009	**2,375**	**672**	**21,480**	**24,527**	**(12,290)**	**12,237**

At 31 December 2010, disposals related mainly to the constituent assets of the Salle Wagram business franchise, which was sold to the Management company on 30 June 2010.

At 31 December 2009, other property, plant and equipment consisted of:

- fixtures and fittings for the Group's head offices, and more particularly, the building on avenue Delcassé (Paris 8);
- the constituent assets of the Marriott hotel and Salle Wagram business franchises on avenue de Wagram in Paris.

3.1.13.3. Investment properties and assets held for sale

	Investment properties			Total investment properties and assets held for sale
In € thousand	Measured at fair value	Measured at cost	Assets held for sale	
AT 1 JANUARY 2009	**2,221,875**	**516,940**	**1,582**	**2,740,398**
Investment	121,630	92,731		214,361
Later expenditures capitalised	18,459	22,485		40,943
Disposals/Repayment of deposits	(2,331)	(10,856)	(17,311)	(30,498)
Net impairment/project discontinuation	-	(39,518)		(39,518)
Transfers to assets held for sale	(104,403)	-	104,403	-
Completions and first-time mark-to-market valuation	187,429	(187,429)		-
Transfers from other categories	175,711	(195,407)		(19,696)
Change in smoothing of incentives to buyers	5,088			5,088
Change in fair value	(100,427)		(1,437)	(101,863)
AT 31 DECEMBER 2009	**2,523,032**	**198,945**	**87,238**	**2,809,216**
Investment	143,294	14,395		157,689
Later expenditures capitalised	56,689	55,922		112,610
Change in smoothing of incentives to buyers	6,907	-		6,907
Disposals/Repayment of deposits	(209,900)	(23,940)	(87,238)	(321,079)
Net impairment/project discontinuation	-	(19,115)		(19,115)
Completions and first-time mark-to-market valuation	73,289	(73,289)		-
Transfers to assets held for sale	(52,052)	(1,228)	53,280	-
Transfers from other categories	(3,313)	(826)		(4,139)
Change in fair value	68,467	-	(629)	67,838
AT 31 DECEMBER 2010	**2,606,413**	**150,863**	**52,651**	**2,809,926**

At 31 December 2010, transfers to categories other than those presented related mainly to reallocations to the heading of debts on acquisitions of assets and prepaid income.

In 2009, transfers to categories other than those presented related mainly to reallocations to the heading of debts on acquisitions of assets and inventories.

Investment property under construction (IPUC) has fallen within the scope of application of IAS 40 since 1 January 2009 (see Note 3.1.7.9. under Accounting policies).

Investment properties at fair value

IN 2010

The main changes over the period related to:

- the acquisition of the Group's equity investment in the Cap 3000 shopping centre in Saint-Laurent-du-Var (see Note 8 Significant events and Note 3.1.13.3. Acquisition of equity interest in Aldeta), which was recognised in investments during the period;
- disposals and reimbursement of downpayments, and more particularly:
  - the sale of the building on avenue de Wagram in Paris,
  - the disposal of two properties in Brest,
  - retail parks in Saint-Aunès, Noyon, Pierrelaye,
  - the sale of stand-alone property assets in Aulnay and Rouen, and
  - a reimbursement of a downpayment paid on a project in Spain;
- later expenditures capitalised mainly relate to construction costs recognised over the period under Assets under construction measured at fair value at the beginning of the year (Kremlin-Bicêtre shopping centre and business centre, Stezzano shopping centre in Italy);
- completions and first-time mark-to-market valuation related to:
  - the "Family Village" retail park in Limoges (completed during the second half of the year), and
  - the first-time mark-to-market valuation of property assets under development in Thionville and Tourcoing.

The weighted average capitalisation rate[1] on values excluding transfer duties was 6.36% at 31 December 2010 (see Management Report for more detail).

Based on a weighted average capitalisation rate of 6.36%, a 0.25 point increase in capitalisation rates would lead to a reduction of €102 million in the value of investment properties (-3.9%), while a 0.25 point fall in capitalisation rates would increase the value of investment properties by €111 million (4.26%).

IN 2009

At 31 December 2009, investment properties at their fair value consisted primarily of:

- in-town or edge-of-town shopping centres, shopping malls in France, Italy and Spain, hotel real estate and two event venues (Salle Wagram and Salle Montenotte);
- two assets under construction (a mixed project of offices and shops at Kremlin-Bicêtre near Paris and the "le Due Torri" shopping centre in Stezzano, Italy). These two assets will be delivered during the first half of 2010.

Investments mainly concerned works over the course of the year on the Kremlin-Bicêtre and Stezzano programmes, together with the additional purchase of ownership shares in a shopping centre in the south of France.

Disposals mainly consisted of the sale of a commercial property at Soisy-sous-Montmorency on 17 June 2009.

Transfers from other categories relate to investments completed (and previously recognised as Assets under development) in relation to buildings that entered operation during the financial year: Carré de Soie (Lyon), Crèches-sur-Saône (Saône-et-Loire), the Marriott Renaissance hotel building and street-level shops and the Salle Wagram building (complex on Avenue de Wagram in Paris) as well as the extension of a shopping centre in Toulouse.

The weighted average capitalisation rate[1] on values excluding transfer duties was 6.59% at 31 December 2009, compared with 6.09% at 31 December 2008 (5.76% including duties; see management report for more detail).

Based on a weighted average capitalisation rate of 6.58%, a 0.25 point increase in capitalisation rates would lead to a reduction of €90.3 million in the value of investment properties (-4.05%), while a 0.25 point fall in capitalisation rates would increase the value of investment properties by €95.8 million (4.30%).

(1) The capitalisation rate is the rental yield relative to the appraisal value excluding transfer duties.

Investment properties valued at cost

IN 2010

Assets under development and construction recognised at cost mainly concerned:

- land in Spain and in southern France. The Valdemoro site in Spain was impaired (see Note 3.1.12.3.1.). The downpayment on the land in Puerto Real was refunded in 2010 after exercising a first-demand guarantee after the contingencies in the purchase contract could not be met;
- shopping centre projects, mainly those in Villeneuve-la-Garenne, La Valette-du-Var and the port of Genoa in Italy, and the Cap 3000 extension project in Saint-Laurent-du-Var.

In 2010, €7,311 thousand in finance costs were capitalised in respect of projects under development and construction.

IN 2009

Assets under development and construction recognised at cost mainly concerned:

- land at Valdemoro and Puerto Real in Spain;
- the shopping centre projects at Villeneuve-la-Garenne, Limoges, Tourcoing and Thionville.

In 2009, €15,485 thousand in finance costs were capitalised in respect of projects under development and construction.

Disposals/repayments of deposits paid for a total of €(10,856) thousand concerned mainly the repayment by the developer of an advance paid, following the cancellation of the Sedriano project in Italy.

Impairment tests on investment properties valued at cost resulted in the recognition of impairment losses, mainly on land in Spain and town-centre shopping centre projects in France.

In addition, a provision for losses on completion of €3,250 thousand made in 2008 was reclassified from the heading "Provisions for risks and costs" to the heading "Net depreciation/cancellation of projects".

Acquisition of equity interest in Aldeta, which owns the Cap 3000 shopping centre

On 30 June, Altarea acquired Aldeta *via* Alta Blue, the company created for this purpose and owned in equal one-third shares by the consortium consisting of Altarea and two of the Group's core Shareholders, ABP and Predica.

Aldeta possesses a single asset, namely the Cap 3000 shopping centre located at Saint-Laurent-du-Var.

This transaction was treated as an asset acquisition in accordance with IAS 40; as no know-how or business was transferred to the acquirer, this acquisition does not constitute a business combination within the meaning of IFRS 3. In accordance with IAS 40, as of the acquisition date, the property acquired is recognised for the value assigned to it under the transaction plus acquisition costs. Alta Blue is jointly controlled by the three partners insofar as the company's articles of association stipulate that strategic, financial and operating decisions are taken under the joint control of the three partners.
Consequently, in accordance with IAS 31, the equity interest in Aldeta is proportionately consolidated on the basis of Altarea's ownership interest. Aldeta's acquisition by Alta Blue was financed through €100 million of equity and through a total of €200 million in Shareholders' advances, with equal contributions from ABP and Predica. Altarea has an option exercisable at any time for a period of seven years to buy a share of the partners' accounts for €66.7 million. While Management's intent as of the closing date was to buy this share, there is no certainty as to whether this option will be exercised. Altarea will reassess the situation at each balance sheet date. The Shareholders' accounts bear interest at a rate based on a minimum return on assets.

The company's assets were concurrently refinanced through a bank mortgage loan, of which €170 million had been drawn on the date of the acquisition.

Below are the financial statements for the period to 30 June, the acquisition date, of the sub-group Alta Blue including its subsidiary Aldeta, which is proportionately consolidated on the basis of the Group's 33.33% interest. Annualised discounted net rental income from 100% of these assets amounts to approximately €22.7 million.

In € million, share attributable to the Group (33.33%)			
Investment property	152.1	Equity	33.5
‣ Investment properties measured at fair value	143.3	‣ Aldeta minority interests	0.2
‣ Investment properties measured at cost	8.8	Borrowings from credit institutions	55.2
Cash and cash equivalents	6.3	Shareholders' advances	66.7
		Working capital requirement	3.0
TOTAL ASSETS	**158.4**	**TOTAL LIABILITIES**	**158.4**

Assets held for sale

At 31 December 2010, changes in assets held for sale related to:

- the disposal of the Espace Saint-Georges shopping centre in Toulouse;
- the recognition in Assets held for sale of properties in Vichy, Herblay, Tours and Brive-la-Gaillarde, as well as land in Aubergenville (these assets were covered by preliminary contracts of sale at 31 December 2010).

At 31 December 2009, assets held for sale consisted solely of the Espace Saint-Georges shopping centre in Toulouse.

3.1.13.4. Investments in associated companies and other investments

3.1.13.4.1. Investments in associates

CHANGE IN THE FAIR VALUE OF INVESTMENTS IN ASSOCIATES

In € thousand	**Equity method associates**
AT 1 JANUARY 2009	**68,599**
Dividends	(2,982)
Share of earnings	967
Reclassifications	1,576
Change in scope of consolidation	(6)
AT 31 DECEMBER 2009	**68,153**
Dividends	(2,963)
Share of earnings	6,969
Other	15
Reclassifications	114
Change in scope of consolidation	4,575
AT 31 DECEMBER 2010	**76,863**

During 2010, dividends for a total of €2,963 thousand were paid, primarily by Semmaris, Zhivago, Liévin and Société d'Aménagement Mezzanine Paris Nord (Gare du Nord).

The change in scope of consolidation is due mainly to the acquisition of the equity investment in 8'33.

Where the value of holdings in associates becomes negative following cumulative losses at these companies, provisions are written. At 31 December 2010, this provision amounted to €1,689 thousand.

At 31 December 2010, the holding in Semmaris, valued at fair value on the acquisition date and including an element of goodwill, was subject to an independent valuation by Accuracy, prepared in January 2011. The appraisal was conducted based on a business plan drawn up by Management for the period from 2010 to 2034, which is when the concession ends. The discount rate used was in a range from 6.5% to 5.5%. An impairment loss of €1.4 million was recognised based on a comparison with the range of values determined using this method.

During 2009, dividends for a total of €2,982 thousand were paid, primarily by Semmaris, Zhivago, Liévin and Société d'Aménagement Mezzanine Paris Nord (Gare du Nord).

The amount of accumulated losses reclassified in provisions for risks and costs was €1,576 thousand at 31 December 2009.

At 31 December 2009, the holding in Semmaris, valued at fair value on the acquisition date and including an element of goodwill, was subject to an independent valuation by Accuracy, prepared in January 2010. The appraisal was conducted based on a business plan drawn up by Management for the period from 2009 to 2034, which is when the concession ends. The discount rate used was in a range from 6.5% to 5.5%. An impairment loss of €3.4 million was recognised based on a comparison with the range of values determined using this method.

PRINCIPAL EQUITY-METHOD ASSOCIATES

	Percentage ownership		Net value of equity-method associates	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Semmaris	33.3%	33.3%	52,646	48,894
SCI Liévin Invest	49.0%	49.0%	13,339	12,724
Sté Aménagement Mezzanine Paris Nord	40.0%	40.0%	5,396	5,617
8 minutes 33	45.7%		4,340	
CIB SCI	49.0%	49.0%	702	563
Holding Lumières	34.0%	34.0%	-	-
SSF III Zhivago Holding LTD	50.0%	50.0%	-	-
Investments in Cogedim associates:				
Cogedim Office Partners	10.0%	10.0%	250	250
Foncière Glatz	20.0%	20.0%	173	56
SCI Square et Côté Jardin		25.0%	-	23
L'Isle d'Abeau – Les Hauts du Chêne		20.0%		8
SAS Foncière Saône Gillet	20.0%	20.0%	8	8
Antibes seaview	20.0%	20.0%	8	8
SCI Les Célestins à Oullins 69	40.0%	40.0%	1	1
SCI Les Harmonies		33.0%	-	1
TOTAL			**76,862**	**68,153**

PRINCIPAL BALANCE SHEET AND INCOME STATEMENT ITEMS OF EQUITY-METHOD ASSOCIATES

	31/12/2010	31/12/2009
Non-current assets	88,586	79,021
Current assets	44,899	42,973
TOTAL ASSETS	**133,485**	**121,995**
Equity	53,675	47,895
Non-current liabilities	36,477	28,324
Current liabilities	43,333	45,776
TOTAL EQUITY AND LIABILITIES	**133,485**	**121,995**

	31/12/2010	31/12/2009
Rental revenue	32,593	31,613
Development revenue	7,001	3,995
Services	2,142	1,827
Revenue	**41,736**	**37,435**
NET PROFIT	**7,367**	**966**

3.1.13.4.2. Other long-term investments

In € thousand	31/12/2010	31/12/2009
Restauration Bercy		157
Companies in liquidation	50	51
Portimmo	28	28
Artois Développement	30	30
SNC du Grand Argenteuil, ilôts 2A, 2B		17
Other	22	17
GROSS	**131**	**300**
Impairment of participating interests[1]		(157)
NET	**131**	**143**

(1) Impairment of €157 thousand related to the Group's holding in Restauration Bercy. These shares were sold during the period and the provision was reversed.

3.1.13.5. Investments in jointly controlled entities

Share in balance sheet of jointly controlled entities *In € thousand*	31/12/2010	31/12/2009
Non-current assets	248,969	112,576
Current assets	141,824	123,828
TOTAL ASSETS	**390,792**	**236,404**
Equity	62,339	72,915
Non-current liabilities	228,527	98,642
Current liabilities	99,927	64,848
TOTAL LIABILITIES	**390,792**	**236,404**

Share in income statement of jointly controlled entities *In € thousand*	31/12/2010	31/12/2009
Net rental income	9,417	5,974
Net property income	9,403	18,126
Net overhead expenses	(167)	(266)
Other income and expense	(1,321)	(1,043)
Change in the fair value of investment properties	8,880	10,085
Allowance for provisions for liabilities	205	257
Operating profit	**26,417**	**32,940**
Net cost of debt	(6,002)	(1,734)
Change in fair value of financial instruments	(463)	(1,661)
Pre-tax profit	**19,952**	**29,545**
Tax	**(649)**	**2,867**
NET PROFIT	**19,303**	**32,412**

In 2010, two companies were added to the scope of consolidation: Aldeta and its parent company Alta Blue.

Aldeta is the legal entity that owns a single asset, namely the "Cap 3000" shopping centre located in Saint-Laurent-du-Var. Alta Blue, which is 33.3% owned by the Group, holds the shares in Aldeta (see Note 3.1.13.3. Acquisition of equity interest in Aldeta, which owns the Cap 3000 shopping centre).

3.1.13.6. Receivables and other short-term and non-current investments

Change in receivables and other financial assets

In € thousand	Accounts receivable from participating interests	Loans and other financial receivables	Deposits and advances paid	Subtotal: loans and advances	Other financial assets	Assets at fair value through profit and loss (listed securities)	Total receivables and other gross assets	Impairment	Net
AT 1 JANUARY 2009	**18,641**	**6,138**	**3,329**	**28,108**	**10**	**156**	**28,274**	**(862)**	**27,412**
Increases/Allowances	8,159	316	144	8,618	15	-	8,633	-	8,633
Reductions/Reversals	(610)	(3,700)	(159)	(4,470)	-	(115)	(4,585)	(12)	(4,598)
Revaluation	-	-	-	-	-	(41)	(41)	-	(41)
Transfers/Reclassification	(9,167)	0	(298)	(9,464)	-	0	(9,464)	-	(9,464)
Changes in scope of consolidation	985	(23)	(0)	962	(2)	(0)	960	-	960
AT 31 DECEMBER 2009	**18,008**	**2,731**	**3,016**	**23,755**	**23**	**0**	**23,778**	**(875)**	**22,903**
Increases/Allowances	1,811	112	3,224	5,147	-	-	5,147	-	5,147
Reductions/Reversals	(2,233)	(485)	(327)	(3,045)	(10)	-	(3,055)	-	(3,055)
Transfers/Reclassification	(27)	-	-	(27)	-	-	(27)	-	(27)
Changes in scope of consolidation	(76)	0	-	(76)	-	-	(76)	-	(76)
AT 31 DECEMBER 2010	**17,484**	**2,356**	**5,912**	**25,753**	**13**	**-**	**25,766**	**(875)**	**24,891**
▸ of which non-current at 31 December 2009	9,959	2,730	3,016	15,705	11		15,716	(875)	14,841
▸ of which current at 31 December 2009	8,049	1	0	8,050	12	0	8,062	-	8,062
▸ of which non-current at 31 December 2010	8,947	2,356	5,912	17,215	11		17,227	(875)	16,352
▸ of which current at 31 December 2010	8,537	-	0	8,537	2	0	8,539	-	8,539

Accounts receivable from participating interests and Shareholders' accounts

Accounts receivable from participating interests and Shareholders' accounts relate mainly to advances made to partners of consolidated companies or advances to companies accounted for on the equity method.

Loans

Loans consist mainly of loans to "1% construction" organisations and loans to employees.

Deposits and advances paid

This item mainly includes security and deposits paid on projects, the offsetting amount of security deposits paid into escrow accounts by tenants in shopping centres and security deposits paid on buildings occupied by the Group.

3.1.13.7. Working capital requirement

Summary of components of working capital requirement

In € thousand	Net inventories and work in progress	Net trade receivables	Other operating receivables – net [1]	Trade and other operating receivables – net	Trade payables	Other operating payables	Trade payables and other operating payables	Operational working capital requirement
AT 1 JANUARY 2009	396,220	155,695	224,506	380,202	(238,068)	(274,386)	(512,453)	263,968
Changes	(39,511)	(22,609)	(16,193)	(38,801)	30,913	(3,589)	27,324	(50,989)
Net impairment	4,079	(4,068)	360	(3,708)	-	-	-	371
Discounting	-	-	-	-	-	-	-	-
Transfers	4,102	(5,099)	(2,080)	(7,179)	2,607	(1,085)	1,522	(1,556)
Changes in scope of consolidation	(771)	21	(1,369)	(1,348)	(181)	346	164	(1,955)
AT 31 DECEMBER 2009	364,118	123,940	205,225	329,166	(204,729)	(278,714)	(483,443)	209,840
Changes	282,030	(14,770)	37,415	22,645	(116,623)	(134,426)	(251,049)	53,627
Net impairment	2,605	(2,745)	904	(1,841)	-	-	-	764
Discounting	-	-	-	-	(143)	-	(143)	(143)
Transfers	(500)	(8,338)	770	(7,567)	1,216	10,317	11,533	3,466
Changes in scope of consolidation	(165)	3	(205)	(202)	359	(118)	241	(126)
AT 31 DECEMBER 2010	**648,089**	**98,091**	**244,110**	**342,201**	**(319,919)**	**(402,941)**	**(722,860)**	**267,429**
Change in WCR 31 December 2010	**(284,636)**	**17,515**	**(38,319)**	**(20,804)**	**(116,623)**	**(134,426)**	**(251,049)**	**(54,391)**
Change WCR 31 December 2009	**35,432**	**26,677**	**15,832**	**42,509**	**30,913**	**(3,589)**	**27,324**	**50,617**

(1) *Excluding receivables on the disposal of property assets.*

Summary of components of investment and fiscal working capital requirement

In € thousand	Receivables on sale of assets	Payables on acquisitions of assets	Investment WCR	Tax receivables	Tax payables	Tax WCR	Tax charge for the period	Income tax paid
AT 1 JANUARY 2009	607	(109,494)	(108,886)	5,728	(1,891)	3,838		
Changes	(603)	(26,622)	(27,224)	(4,199)	(1,708)	(5,907)	(4,146)	(1,761)
Discounting	-	(118)	(118)		(18)	(18)		
Transfers	-	12,533	12,533	-	34	34		
Changes in scope of consolidation	-	261	261	303	-	303		
AT 31 DECEMBER 2009	4	(123,439)	(123,435)	1,833	(3,582)	(1,750)		
Changes	3,910	52,336	56,246	(1,029)	3,143	2,114	(468)	2,582
Discounting	-	(76)	(76)		(1)	(1)		
Transfers	-	2,577	2,577	16	(2,528)	(2,512)		
Changes in scope of consolidation	-	114	114	-	-	-		
AT 31 DECEMBER 2010	**3,914**	**(68,489)**	**(64,575)**	**820**	**(2,968)**	**(2,148)**		
Change in WCR 31 December 2010	**(3,910)**	**(52,336)**	**(56,246)**	**1,029**	**(3,143)**	**(2,114)**	**(468)**	**(2,582)**
Change in WCR 31 December 2009	**603**	**26,622**	**27,224**	**4,199**	**1,708**	**5,907**	**(4,146)**	**1,761**

3.1.13.7.1. Inventories and work in progress

In € thousand	Gross inventories	Inventories – Impairment	Net
AT 1 JANUARY 2009	**405,009**	**(8,790)**	**396,219**
Change	(39,511)		(39,511)
Allowances		(1,361)	(1,361)
Reversals		5,440	5,440
Reclassification	4,272	(170)	4,102
Changes in the scope of consolidation	(771)		(771)
AT 31 DECEMBER 2009	**368,998**	**(4,881)**	**364,117**
Change	282,030		282,030
Allowances		(452)	(452)
Reversals		3,057	3,057
Reclassification	398	(898)	(500)
Changes in scope of consolidation	(165)		(165)
AT 31 DECEMBER 2010	**651,262**	**(3,174)**	**648,088**

BREAKDOWN OF NET INVENTORY BY STAGE OF COMPLETION

"New transactions" correspond to programmes identified for which land has not been acquired.

"Transactions at land stage" correspond to programmes for which land has been acquired but construction work has not yet begun.

"Transactions in progress" correspond to programmes for which land has been acquired and construction work has begun.

"Completed transactions" correspond to programmes for which construction work has been completed.

"Dealer transactions" correspond to properties acquired for resale in "as-is" condition.

Changes in inventories correspond mainly to the launch of property development operations in the Paris area.

In € thousand	31/12/2010	31/12/2009
New transactions	11,514	16,871
Transactions at land stage	214,615	64,001
Transactions in progress	376,199	263,486
Transactions completed	10,417	3,840
Dealer transactions and interior work	35,343	15,919
TOTAL	**648,088**	**364,117**

3.1.13.7.2. Trade receivables and other accounts receivable

In € thousand	31/12/2010	31/12/2009
Property development clients	70,436	91,141
Land clients	40,374	42,773
Gross trade receivables	**110,809**	**133,914**
Impairment at 31 December 2009	(9,974)	(5,906)
Allowances	(5,346)	(5,324)
Reclassification	0	-
Reversals	2,601	1,256
Impairment at 31 December 2010	(12,719)	(9,974)
NET TRADE RECEIVABLES	**98,091**	**123,940**
Advances and downpayments paid	20,789	18,354
VAT receivables	131,401	124,632
Miscellaneous amounts payable	54,180	37,912
Prepaid expenses	24,927	14,825
Principal accounts in debit	12,932	9,841
Total other operating receivables	**244,229**	**205,563**
Opening impairment	(338)	(613)
Allowances	(11)	-
Reclassification	(684)	(85)
Reversals	915	360
Closing impairment	(118)	(338)
NET OPERATING RECEIVABLES	**244,110**	**205,225**
TRADE AND OTHER RECEIVABLES	**342,201**	**329,166**
Receivables on acquisition of assets	3,914	4
TRADE AND OTHER RECEIVABLES	**346,115**	**329,170**

TRADE RECEIVABLES

Receivables on off-plan sales (VEFA) are recorded inclusive of all taxes and represent revenues on a percentage of completion basis less receipts received from customers.

The decrease in accounts receivable from property development clients is due mainly to the completion of an office development in Lyon and a residential development in Chambéry.

Trade receivables due

In € thousand	31/12/2010
Total trade receivables, gross	**110,809**
Impairment of trade receivables	(12,719)
TOTAL TRADE RECEIVABLES, NET	**98,091**
Trade accounts to be invoiced	(5,578)
Advances on trade receivables	14,904
TRADE ACCOUNTS RECEIVABLE DUE	**107,417**

In € thousand	Total	On time	30 days	60 days	90 days	More than 90 days
Trade accounts receivable due	107,417	63,586	3,416	14,456	5,421	20,538

ADVANCES AND DOWNPAYMENTS PAID

Advances and downpayments correspond primarily to indemnities paid by Cogedim to the vendors of land at the time of the signature of sale contracts as part of its development business. They are offset against the price to be paid on completion of the purchase.

MISCELLANEOUS AMOUNTS PAYABLE

The "Miscellaneous amounts payable" heading mainly includes bonuses to be received from delegated project Management activities and insurance proceeds received.

3.1.13.7.3. Trade payables and other accounts payable

In € thousand	31/12/2010	31/12/2009
Trade payables and other accounts payable	319,919	204,729
TRADE PAYABLES AND OTHER ACCOUNTS PAYABLE	**319,919**	**204,729**
Trade receivables – advances	262,739	143,071
VAT collected	48,128	53,495
Other tax and social security payables	34,916	23,651
Advances and downpayments received	9,293	18,603
Other payables	34,933	30,055
Principal accounts in credit	12,932	9,841
OTHER OPERATING PAYABLES	**402,941**	**278,714**
Amounts payable on non-current assets	68,489	123,439
TRADE PAYABLES AND OTHER ACCOUNTS PAYABLE	**791,349**	**606,882**

TRADE RECEIVABLES – ADVANCES

Trade receivables – advances represent the excess of amounts received from trade customers, inclusive of taxes, over the revenue recognised on a percentage-of-completion basis, inclusive of taxes.

ADVANCES AND DOWNPAYMENTS RECEIVED

This heading includes mainly indemnities received on off-plan sales in the development business and contractual advances paid by tenants of shopping centres under development in Italy.

PAYABLES ON ACQUISITION OF ASSETS

Payables on acquisition of assets correspond mainly to debts to suppliers for shopping centres just completed or under development.

3.1.13.8. Share capital, share-based payments and Treasury shares

Share capital

In number of shares and euros	Number of shares outstanding	Nominal amount	Share capital
NUMBER OF SHARES OUTSTANDING AT 1 JANUARY 2009	10,199,091	15.28	155,850,288
Issue of shares in payment for the injection of Foncière Altarea shares[1]	31,850	15.28	486,668
Cancellation of treasury shares[2]	(52,124)	15.28	(796,454)
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2009	10,178,817	15.28	155,540,502
No change in 2010			
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2010	**10,178,817**	**15.28**	**155,540,502**

(1) Issue of 31,850 Altarea SCA shares in payment for the transfer to Altarea SCA of 2,620 Foncière Altarea shares by Jouffroy 2 (Board of Managers' decision of 26 June 2009).

(2) Cancellation of 52,124 treasury shares (Board of Managers' decision of 26 June 2009).

Owing to the reverse acquisition between Imaffine and Altarea on 24 December 2004, the share capital presented in the consolidated balance sheet is the share capital of what was, from a legal standpoint, the absorbed entity in that transaction.

Capital management

The aim of the Group's capital management is to ensure liquidity and optimise its capital structure.

The Group measures its capital in terms of net asset value (NAV) including unrealised gains and loan-to-value (LTV) ratio.

The Group's objective is an LTV ratio of less than 55%. Banking covenants on corporate loans require an LTV ratio of less than 65%.

Share-based payments

Seven new free stock grant plans were introduced during the year.

The gross cost recorded on the income statement for share-based payments was €10.8 million in 2010, compared to €8.2 million in 2009.

ASSUMPTIONS USED TO VALUE THE PLANS

	31/12/2010	31/12/2009
Expected dividend yield	5.24% to 5.33%	2.00%
Expected volatility	17.03%	NA
Risk-free interest rate	1.57% to 2.74%	1.54% to 1.67%
Model used	Cox Ross Rubinstein binomial model	

STOCK OPTION PLAN

Stock option plan	Number of options awarded	Option strike price *(in €)*	Exercise dates	Options outstanding at 31/12/2009	Awarded	Options exercised	Options cancelled	Options outstanding at 31/12/2010
Stock option plans on Altarea shares								
23 November 2004	9,240	32.90	23/11/2008 – 23/11/2011	0				
Additional options – capital increase	2,640	170.00	23/11/2008 – 23/11/2011	2,640				2,640
4 January 2005	28,500	38.25	04/01/2009 – 04/01/2012	0				
Additional options – capital increase	857	170.00	04/01/2009 – 04/01/2012	857				857
13 March 2006	1,950	119.02	13/03/2010 – 13/03/2013	950				950
Additional options – capital increase	557	170.00	13/03/2010 – 13/03/2013	270				270
30 January 2007	3,800	175.81	30/01/2011 – 30/01/2014	1,450				1,450
Additional options – capital increase	1,086	170.00	30/01/2011 – 30/01/2014	412				412
5 March 2010	5,500	104.50	05/03/2010 – 05/03/2013	0	5,500			5,500
TOTAL	**54,130**			**6,579**	**5,500**	**-**	**-**	**12,079**

SHARE SUBSCRIPTION WARRANTS

Share subscription warrants	Number of options awarded	Option strike price *(in €)*	Exercise dates	Warrants outstanding at 31/12/2009	Warrants outstanding at 31/12/2010
24 December 2007	65,000[1]	275.00	01/01/2011 – 31/01/2011	65,000	65,000
TOTAL	**65,000**			**65,000**	**65,000**

(1) Holders subscribed to these warrants at a unit price of €10, representing a total amount of €650,000.

STOCK GRANT AWARDS

Award date	Number of rights awarded	Vesting date	Rights in issue at 31/12/2009	Awarded	Rights exercised	Rights cancelled[2]	Rights in issue at 31/12/2010
Stock grant plans on Altarea shares							
23 July 2007	62,500[1]	31 March 2010	23,887		(23,563)	(324)	0
22 July 2008	25,490	22 July 2010	23,225		(22,260)	(965)	0
22 July 2008	7,900[1]	22 July 2010	2,760		(1,960)	(800)	0
26 September 2008	14,128	27 September 2010	14,128		(14,128)		0
18 December 2008	12,932	18 December 2010	12,446		(11,564)	(882)	0
31 December 2008	6,100	31 December 2010	6,100		(6,100)		0
31 December 2008	2,500	30 September 2011	2,500				2,500
31 December 2008	3,000[1]	31 December 2010	3,000		(3,000)		0
17 July 2009	17,680	17 July 2011	17,105			(1,640)	15,465
17 July 2009	10,000	17 July 2011	10,000				10,000
15 September 2009	11,000	15 September 2011	11,000				11,000
5 March 2010	32,190	31 March 2012		32,190		(1,080)	31,110
5 March 2010	73,800	20 December 2012		73,800		(1,500)	72,300
5 March 2010	20,000	20 December 2012		20,000			20,000
5 March 2010	20,000	20 December 2013		20,000			20,000
5 March 2010	20,000	20 December 2014		20,000			20,000
5 March 2010	16,700	5 March 2012		16,700			16,700
16 December 2010	15,400	30 June 2013		15,400			15,400
TOTAL	**371,320**		**126,151**	**198,090**	**(82,575)**	**(7,191)**	**234,475**

(1) The award of rights is contingent upon meeting non-market related performance criteria, which are assumed to have been met.

(2) Rights cancelled for reasons of departure or due to lack of certainty on performance conditions being met.

EMPLOYEE INVESTMENT MUTUAL FUND (FCPE)

Employee investment mutual fund (FCPE)	Number of shares outstanding	Subscription price *(in €)*	End of the lock-up period
Fund invested in Altarea shares			
24 June 2005	6,740	77.47	24/06/2010
13 March 2006	5,000	95.22	13/03/2011
10 July 2007	3,318	140.65	10/07/2012
24 December 2007	4,350	165.15	24/12/2012
TOTAL	**19,408**		

Treasury shares

The acquisition cost of treasury shares was €17,715 thousand at 31 December 2010 for 140,389 shares (including 135,249 shares intended for allotment to employees under stock grant or stock option plans and 5,140 shares allocated to a liquidity contract), compared with €6,043 thousand at 31 December 2009 for 48,504 shares (including 10,592 shares intended for allotment to employees under stock grant or stock option plans and 37,912 shares allocated to a liquidity contract).

Treasury shares are eliminated and offset directly in equity.

In addition, a net loss on disposal and/or stock grants of treasury shares to company employees was recognised directly in equity in the amount of €10,096 thousand before tax at 31 December 2010 (€6,621 thousand after tax) compared with a loss of €8,441 thousand before tax at 31 December 2009 (€5,537 thousand after tax).

3.1.13.9. Financial liabilities

Current and non-current borrowings and financial liabilities

In € thousand	Participating loans and Shareholders' advances under option	Borrowings from lending establishments	Leasing debts	Borrowings from lending establishments	Bank overdrafts	Borrowings and financial liabilities vis-à-vis credit institutions[1]	Borrowings and bank liabilities matching VAT receivables	Current accounts	Other financial liabilities	Total borrowings and financial debt excluding interest and overdraft[2]	Bank overdrafts	Accrued interest on borrowings from lending establishments	Accrued interest on other debt	Total borrowings and financial debts
AT 1 JANUARY 2009	**24,843**	**1,994,109**	**4,007**	**1,998,116**	**183,764**	**2,181,880**	**12,173**	**35,924**	**81**	**2,254,901**	**4,778**	**17,196**	**3,543**	**2,280,418**
Increase	-	423,495	47,062	470,556	74,287	544,844	5,845	1,600	43	552,332	2,640	1,344	1,439	557,755
Decrease	(61)	(329,008)	(2,501)	(331,509)	(130,482)	(461,992)	(10,217)	(3,766)	-	(476,036)	-	(12,912)	(1,043)	(489,992)
Reclassifications	-	(4,605)	607	(3,999)	4,418	420	-	(9,217)	-	(8,797)	-	-	-	(8,797)
Spreading of issue costs	-	2,329	-	2,329	-	2,329	-	-	-	2,329	-	-	-	2,329
Change in scope of consolidation	-	38	-	38	-	38	-	655	-	693	(48)	0	-	645
AT 31 DECEMBER 2009	**24,781**	**2,086,357**	**49,175**	**2,135,532**	**131,987**	**2,267,518**	**7,802**	**25,196**	**124**	**2,325,421**	**7,369**	**5,628**	**3,940**	**2,342,358**
Increase	67,901	231,675	107	231,782	81,231	313,013	-	7,783	88	388,786	-	3,245	850	392,881
Decrease	(11,250)	(205,715)	(1,708)	(207,423)	(72,872)	(280,295)	(2,209)	(7,428)	(124)	(301,305)	(1,899)	(999)	(3,347)	(307,550)
Reclassifications	-	-	-	-	-	-	-	(26)	-	(26)	-	-	-	(26)
Spreading of issue costs	-	3,370	-	3,370	-	3,370	-	-	-	3,370	-	-	-	3,370
Change in scope of consolidation	-	-	(0)	(0)	-	(0)	-	(7)	-	(7)	-	(0)	-	(7)
AT 31 DECEMBER 2010	**81,432**	**2,115,687**	**47,573**	**2,163,260**	**140,347**	**2,303,607**	**5,593**	**25,519**	**88**	**2,416,240**	**5,470**	**7,874**	**1,443**	**2,431,026**
▸ of which non-current at 31 December 2009	24,781	2,014,486	47,466	2,061,952	69,931	2,131,883	5,593	21,614	124	2,183,995	-	-	-	2,183,995
▸ of which non-current at 31 December 2010	81,432	2,087,598	43,954	2,131,552	80,163	2,211,715	-	18,105	88	2,311,341	-	-	-	2,311,341
▸ of which current at 31 December 2009	-	71,871	1,708	73,579	62,056	135,635	2,209	3,582	-	141,426	7,369	5,628	3,940	158,362
▸ of which current at 31 December 2010	-	28,089	3,620	31,708	60,184	91,892	5,593	7,414	-	104,899	5,470	7,874	1,443	119,685

(1) *Excluding accrued interest presented in a separate column on the right-hand side of the table.*

(2) *Excluding accrued interest presented in a separate column on the right-hand side of the table.*

BORROWINGS FROM CREDIT INSTITUTIONS

During 2010, the main changes in borrowings were:

- a loan of €250 million secured by Aldeta, including €160 million for purchase price consideration and €90 million for future developments, with a drawing of €55 million pro rated to its share (€165 million for 100%);
- a loan of €33.7 million secured by Limoges Invest, with €22 million drawn during 2010;
- additional drawings for the Kremlin-Bicêtre project, which was completed during the first half of 2010: €7 million for the shopping centre and €17 million for the business centre;
- additional drawings of €32 million by Altacerro, which owns the "le Due Torri" shopping centre in Stezzano;
- a loan of €10 million secured Altarea Italia on 4 October 2010, repayable in equal quarterly instalments until 31 March 2014;
- a loan of €18 million secured by Cogedim Gestion on 4 November 2010, repayable on 31 October 2012, allocated to financing an office property programme in Suresnes;
- the prepayment of the mortgage loan on the Espace Saint-Georges shopping centre sold on 22 April 2010 (€51 million reduction in mortgage loans);
- the prepayment of the loan on the buildings of the property complex on avenue de Wagram in Paris, sold on 29 June 2010 (€53 million reduction);
- the prepayment of the €17.3 million loan following the disposal of the shares in Collet Berger.

During 2009, the main changes in borrowings were:

- financing of the Kremlin-Bicêtre, Carré de Soie and Mulhouse projects in France resulted in drawings of €53.2 million, €24.0 million and €10.8 million respectively over the year, taking total borrowings to €124.1 million, €57.1 million and €42.4 million respectively;
- the refinancing by lease of the Guipavas (Brest) project was subscribed for €48 million, partly repayable in quarterly instalments between July 2009 and July 2021 with the balance (€20 million tranche) to be repaid in a single payment on 21 July 2021;
- a loan of €12 million was taken out to finance the Crèches-sur-Saône project, repayable in fixed quarterly instalments between October 2009 and July 2024;
- a loan of €90 million, of which €42 million was drawn down during the period, was taken out to finance the Stezzano programme in Italy;
- the B tranche of the Ixis loan taken out by the parent company, Altarea SCA, was drawn down (in the amount of €250 million) and then repaid (in the amount of €246 million) taking the outstanding amount to €625.3 million;
- following the restructuring of the debt as part of a renegotiation of covenants, a €50 million partial prepayment was made on the loan for the acquisition of Cogedim during the first half (see Note 3.1.13.13. § Liquidity risk).

BANK FACILITIES (LIABILITIES)

Bank financing for development transactions is set up by arranging a credit facility with an authorised overdraft ceiling for a given period (generally for duration of the construction work). These facilities are classified as due in less than or more than one year depending on the expiry date. They are guaranteed by mortgage commitments on the assets and undertakings not to sell or assign the ownership units.

During 2010, this item registered a net increase of €8 million.

PARTICIPATING LOANS AND SHAREHOLDERS' ADVANCES UNDER OPTION

Participating loans remained stable; they represent the share of minority associates or stable partners in the financing of fully consolidated projects, notably Kremlin-Bicêtre. Shareholders' advances under option represent the share of Shareholders' advances under an option to buy from the partners ABP and Predica, which acquired the Cap 3000 shopping centre alongside the company (see Note 3.1.13.3.).

In 2010, this item increased by €24.7 million to €82.3 million. This increase was due to repayment of loans from Caisse des Dépôts et Consignations on the Mulhouse and Aubette programmes, and to the inclusion in the share attributable to equity holders of the participating loans of the partners in Alta Blue, which indirectly owns the Cap 3000 shopping centre.

SHAREHOLDERS' ACCOUNTS

These are advances to current accounts made as a normal part of business by associates in subsidiaries of the company which house shopping centres under development or in operation, together with programmes relating to property development for third parties.

During 2010, this item was nearly stable at €25 million.

Net financial debt

In € thousand	Borrowings and financial liabilities vis-à-vis credit institutions	Accrued interest on borrowings from lending establishments	Bank borrowings excluding cash liabilities and debts backed by VAT receivables	Cash and cash equivalents (balance sheet)	Bank overdrafts	Net cash	Bank borrowings excluding debts backed by VAT receivables	Borrowings and bank liabilities backed by VAT receivables	Bank borrowings including debts backed by VAT receivables	Participating loans and Shareholders' advances under option	Current accounts	Other financial liabilities	Accrued interest on other debt	Net financial debt
Cash assets			-	(216,835)		(216,835)	(216,835)		(216,835)					(216,835)
Non-current financial liabilities	2,131,883		2,131,883			-	2,131,883	5,593	2,137,476	24,781	21,614	124		2,183,995
Current financial liabilities	135,635	5,628	141,263		7,369	7,369	148,632	2,209	150,841	-	3,582	-	3,940	158,362
AT 31 DECEMBER 2009	**2,267,518**	**5,628**	**2,273,146**	**(216,835)**	**7,369**	**(209,466)**	**2,063,680**	**7,802**	**2,071,482**	**24,781**	**25,196**	**124**	**3,940**	**2,125,522**
Cash assets			-	(262,446)		(262,446)	(262,446)		(262,446)					(262,446)
Non-current financial liabilities	2,211,715		2,211,715			-	2,211,715	-	2,211,715	81,432	18,105	88		2,311,341
Current financial liabilities	91,892	7,874	99,767		5,470	5,470	105,236	5,593	110,829	-	7,414	-	1,443	119,685
AT 31 DECEMBER 2010	**2,303,607**	**7,874**	**2,311,481**	**(262,446)**	**5,470**	**(256,976)**	**2,054,505**	**5,593**	**2,060,098**	**81,432**	**25,519**	**88**	**1,443**	**2,168,580**

Net financial debt equals gross financial debt as shown in the above table less cash.

Outstanding maturity of borrowings and liabilities vis-à-vis credit institutions

Borrowings and liabilities vis-à-vis credit institutions, as analysed below, represent the total of the following items appearing in the above table:

- gross bank debt;
- bank overdrafts (cash liabilities);
- borrowings and bank liabilities matching VAT receivables.

AT 31 DECEMBER 2010

In € thousand	- 3 months	3 to 6 months	6 to 9 months	9 to 12 months	2 years	3 years	4 years	5 years	Over 5 years	IAS 32/39	31/12/2010
Gross bank debt	42,001	20,300	12,660	36,015	206,627	371,376	247,914	99,106	1,302,704	(16,159)	2,322,544

The IAS 32/39 column shows the balance of debt issuance costs not yet amortised under the amortised cost method. Exchange rate fluctuations did not require a change in the calculation of the effective interest rate.

AT 31 DECEMBER 2009

In € thousand	- 3 months	3 to 6 months	6 to 9 months	9 to 12 months	2 years	3 years	4 years	5 years	Over 5 years	IAS 32/39	31/12/2009
Gross bank debt	22,978	67,618	16,586	44,214	49,917	151,158	362,099	245,534	1,345,298	(17,085)	2,288,317

Breakdown of borrowings and liabilities vis-à-vis credit institutions by guarantee

AT 31 DECEMBER 2010

In € thousand	Mortgages	Mortgage commitments	Moneylender lien	Mortgage without real collateral	Solidarity guarantee by Altarea SCA	Exclusive guarantees through transfers of tax receivables	Not guaranteed	Total
Gross bank debt	1,434,062	111,191	4,994	632,251	111,288	5,593	23,166	2,322,544

Mortgages without real collateral are backed by securities, including €363 million on shares in Foncière Altarea given as security against the Ixis tranche B loan and €250 million on shares in Cogedim given as security on the loan taken out for the acquisition of Cogedim, which is also backed by a solidarity guarantee from Altarea SCA.

Certain mortgages are not recorded; in such cases, Altarea has granted a guarantee. The amounts guaranteed in this respect totalled €144.5 million (compared with €197.6 million at 31 December 2009).

AT 31 DECEMBER 2009

In € thousand	Mortgages	Mortgage commitments	Moneylender lien	Mortgage without real collateral	Solidarity guarantee by Altarea SCA	Exclusive guarantees through transfers of tax receivables	Not guaranteed	Total
Gross bank debt	1,432,102	96,127	5,202	612,000	101,364	7,802	33,719	2,288,316

Breakdown of borrowings and liabilities vis-à-vis credit institutions by interest rate

AT 31 DECEMBER 2010

In € thousand	Rate floating	Rate fixed	Total
Gross bank debt	2,322,544	-	2,322,544

Virtually all of the Group's debt bears interest at floating rates linked to 3-month Euribor.

AT 31 DECEMBER 2009

In € thousand	Rate floating	Rate fixed	Total
Gross bank debt	2,288,317	-	2,288,317

Average cost of debt

The average cost of debt including the impact of interest rate hedging instruments amounted to 3.69% in 2010 compared with 4.21% in 2009.

Schedule of future interest expenses

These future interest expenses relate to borrowings from lending establishments, including interest flows on financial instruments calculated using forecast interest rate curves as at the closing date.

AT 31 DECEMBER 2010

In € thousand	- 3 months	3 to 6 months	6 to 9 months	9 to 12 months	2 years	3 years	4 years	5 years
Future interest expenses	20,220	21,592	21,734	21,749	89,834	78,250	65,754	56,601

AT 31 DECEMBER 2009

In € thousand	- 3 months	3 to 6 months	6 to 9 months	9 to 12 months	2 years	3 years	4 years	5 years
Future interest expenses	22,645	23,275	23,470	23,506	93,346	93,792	80,284	67,852

3.1.13.10. Pension obligations

At 31 December 2010 and 31 December 2009, the Group engaged an outside actuary to calculate the post-employment benefits of employees.

Weighted-average assumptions used to calculate pension expense

	2010	2009
Retirement age	Voluntary retirement on the date of eligibility for full pension benefits	
Discount rate	4.50%	4.85%
Expected return on investments	4.00%	4.24%
Average rate of salary increase	3%-6%	3%-6%
Altarea France employee turnover	4.87%	5.75%
Altarea Italy employee turnover	4.00%	4.00%
Cogedim employee turnover	5.81%	5.17%
Inflation rate	2.00%	2.15%

The discount rate used is equivalent to the iboxx rate (rate of return on AA-rated euro zone corporate bonds with a residual life of more than 10 years).

The expected return on investments of 4% corresponds to the average annual return over the last three years of the insurance policy taken out.

A change of plus or minus 25 basis points in the discount rate would not have a significant effect on the obligations or expenses for the period.

A change of plus or minus 25 basis points in the expected investment return would not have a significant effect on the value of plan assets.

Change in commitment

In € thousand	2010	2009
GROSS LIABILITY AT BEGINNING OF THE YEAR	**5,472**	**5,840**
Rights vested during the year	507	484
Interest expense	226	283
Service cost	(565)	(1,363)
Transfer	-	6
▸ Actuarial differences observed	134	(163)
▸ Actuarial differences assumed	484	384
Actuarial gains and losses	619	221
GROSS LIABILITY AT END OF THE YEAR (A)	**6,258**	**5,472**
PLAN ASSETS AT BEGINNING OF THE YEAR	**1,402**	**2,316**
Employer contributions	-	-
Withdrawal of funds for payment purposes	(524)	(1,012)
Return on assets	35	87
Actuarial gains and losses	6	11
PLAN ASSETS AT END OF THE YEAR (B)	**919**	**1,402**
NET PROVISIONS AT BEGINNING OF THE YEAR	**4,070**	**3,524**
NET PROVISIONS AT END OF THE YEAR (A)-(B)	**5,339**	**4,070**
(EXPENSE)/INCOME FOR THE PERIOD	**(1,269)**	**(546)**

Breakdown of provision

In € thousand	2010	2009
Current value of unfunded obligation	1,415	1,097
Current value of funded obligation	4,842	4,374
Market value of invested assets	(920)	(1,402)
DEFICIT	**5,338**	**4,070**
Unrecognised past service costs		
PROVISIONS ESTABLISHED AT END OF THE YEAR	**5,338**	**4,070**

Historical obligation data

In € thousand	2010	2009	2008	2007
Obligation	6,258	5,472	5,840	6,020
Financial assets	(919)	(1,402)	(2,316)	(2,138)
FINANCIAL COVER	**5,339**	**4,070**	**3,524**	**3,882**
Actuarial (losses) and gains recognised in profit and loss on obligation	619	221	(860)	252
Actuarial (losses) and gains recognised in profit and loss on assets	(6)	(11)		-

Detail of invested assets

In € thousand	2010	2009
Cash	1	5
Equities	129	87
Government bonds	392	701
Corporate bonds	334	24
Hedging instruments	9	
Real estate	55	62
Insurance policies		523
DETAIL OF INVESTED ASSETS	**920**	**1,402**

Plan assets do not include financial securities issued by Altarea or real estate assets occupied by the Group.

Projected future cash outflows

In € thousand

2011	2012	2013	2014	2015	Beyond	Total
35	374	297	138	556	8,026	9,426

3.1.13.11. Other provisions

Breakdown by category *In € thousand*	Tax provisions	Provisions for property investment business	Provisions for property development for third parties business	Total
AT 1 JANUARY 2009	**191**	**7,207**	**15,709**	**23,107**
Increases	-	1,741	2,639	4,380
Reversals utilised	(18)	(1,845)	(6,466)	(8,328)
Reversals of unused provisions	-	(494)	(400)	(894)
Transfers to another heading	-	(3,078)	1,282	(1,796)
Change in scope of consolidation	(24)	-	(19)	(42)
AT 31 DECEMBER 2009	**150**	**3,532**	**12,745**	**16,427**
Increases	-	4,666	1,053	5,719
Reversals utilised	-	(1,566)	(940)	(2,506)
Reversals of unused provisions	-	(1,541)	(1,037)	(2,578)
Transfers to another heading	-	(33)	(445)	(479)
Change in scope of consolidation	-	-	(95)	(95)
AT 31 DECEMBER 2010	**150**	**5,057**	**11,280**	**16,488**
▸ of which non-current at 31 December 2009	150	3,532	12,540	16,222
▸ of which current at 31 December 2009		-	205	205
▸ of which non-current at 31 December 2010	150	5,057	11,280	16,488
▸ of which current at 31 December 2010		-	-	-

Provisions for property investment business

At 31 December 2010, provisions for the shopping centre development business primarily covered the risk of payment of rent guarantees granted to buyers of properties sold.

The main changes over the period were due to the grant of such rent guarantees, which have been recognised in the income statement under "Carrying amount of assets sold".

At 31 December 2009, these provisions mainly covered the risk of disputes arising from construction operations. Transfers to another heading mainly relate to the reclassification to assets of loss on completion on a development project.

Reversals of provisions mainly relate to the utilised portion of a provision booked to cover a tax audit and the reversal of a provision for refurbishment costs.

Provisions for property development for third parties business

Provisions for this business mainly cover the risk of disputes arising from construction operations and the risk of the failure of certain partners.

At 31 December 2010, transfers to another heading mainly include reclassifications of items to impairment of inventories.

At 31 December 2009, the main reversals of provisions mainly included €4,658 thousand reversed from the provision to cover the costs of the job redundancy plan in 2008.

Transfers to another heading mainly relate to a provision for negative net assets of certain associates (see Note 3.1.13.4.1. Investments in associates) and transfers to impairment of inventories.

3.1.13.12. Deposits and security interests received

In € thousand	Deposits and security interests received
1 JANUARY 2009	**22,989**
Changes	2,284
31 DECEMBER 2009	**25,273**
Changes	242
Reclassification	8
31 DECEMBER 2010	**25,523**

Deposits and security interest received relate to the deposits and security interests paid by tenants of shopping centres against future rent. Also included in this item are funds received from tenants as advances on service charges.

3.1.13.13. Financial instruments and market risks

As part of its operational and financing activities, the Group is exposed to the following risks: interest rate risk, liquidity risk, counterparty risk, currency risk.

To reduce and manage its exposure to changes in interest rates, Altarea uses derivatives accounted for at fair value.

Financial instruments by category

AT 31 DECEMBER 2010

	31/12/2010				
In € thousand	**Total carrying amount**	**Other liabilities**	**Assets available for sale**	**Assets and liabilities at fair value through profit and loss**	**Loans and advances**
NON-CURRENT ASSETS					
Investments in associated companies and other investments	76,993	-	76,993	-	0
Receivables and other non-current investments	16,352	-	-	-	16,352
CURRENT ASSETS					
Trade and other receivables	346,115	-	-	-	346,115
Receivables and other current financial assets	8,539	-	-	-	8,539
Derivative financial instruments	24,654	-	-	24,654	-
Cash and cash equivalents	262,446	-	-	190,121	72,325
NON-CURRENT LIABILITIES					
Borrowings and financial liabilities	2,311,341	2,311,341	-	-	-
▸ Participating loans and Shareholders' advances under option	81,432	81,432	-	-	-
▸ Borrowings and financial liabilities vis-à-vis credit institutions	2,211,715	2,211,715	-	-	-
▸ Borrowings and bank liabilities matching VAT receivables	-	-	-	-	-
▸ Other borrowings and debt	18,194	18,194	-	-	-
Deposits and security interests received	25,523	25,523	-	-	-
CURRENT LIABILITIES					
Borrowings and financial liabilities	119,685	119,685	-	-	-
▸ Borrowings from credit institutions (excluding overdrafts)	99,767	99,767	-	-	-
▸ Borrowings and bank liabilities matching VAT receivables	5,593	5,593	-	-	-
▸ Bank overdrafts (cash liabilities)	5,470	5,470	-	-	-
▸ Other borrowings and financial liabilities	8,016	8,016	-	-	-
Derivative financial instruments	118,417	-	-	118,417	-
Trade payables and other accounts payable	791,349	791,349	-	-	-
Amounts due to Shareholders	3	-	-	-	3

AT 31 DECEMBER 2009

	31/12/2009				
In € thousand	Total carrying amount	Other liabilities	Assets available for sale	Assets and liabilities at fair value through profit and loss	Loans and advances
NON-CURRENT ASSETS					
Investments in associated companies and other investments	68,296	-	68,296	-	-
Receivables and other non-current investments	14,841	-	-	-	14,841
CURRENT ASSETS					
Trade and other receivables	329,170	-	-	-	329,170
Receivables and other short-term investments	8,062	-	-	-	8,062
Derivative financial instruments	3,930	-	-	3,930	-
Cash and cash equivalents	216,835	-	-	137,430	79,405
NON-CURRENT LIABILITIES					
Borrowings and financial liabilities	2,183,995	2,183,995	-	-	-
▸ Participating loan	24,781	24,781	-	-	-
▸ Borrowings and financial liabilities vis-à-vis credit institutions	2,131,883	2,131,883	-	-	-
▸ Borrowings and bank liabilities matching VAT receivables	5,593	5,593	-	-	-
▸ Other borrowings and debt	21,738	21,738	-	-	-
Deposits and security interests received	25,273	25,273	-	-	-
CURRENT LIABILITIES					
Borrowings and financial liabilities	158,362	158,362	-	-	-
▸ Borrowings from credit institutions (excluding overdrafts)	141,263	141,263	-	-	-
▸ Borrowings and bank liabilities matching VAT receivables	2,209	2,209	-	-	-
▸ Bank overdrafts (cash liabilities)	7,369	7,369	-	-	-
▸ Other borrowings and financial liabilities	7,522	7,522	-	-	-
Derivative financial instruments	117,873	-	-	117,873	-
Trade payables and other accounts payable	606,882	606,882	-	-	-
Amounts due to Shareholders	10	-	-	-	10

Marking to fair value of borrowings and financial liabilities

	Carrying amount		Fair value	
In € thousand	31/12/2010	31/12/2009	31/12/2010	31/12/2009
FINANCIAL ASSETS				
Receivables and other short-term investments	8,539	8,062	8,539	8,062
Derivative financial instruments	24,654	3,930	24,654	3,930
Cash and cash equivalents	262,446	216,835	262,446	216,835
FINANCIAL LIABILITIES				
Participating loans and Shareholders' advances under option maturing in over one year	81,432	24,781	81,432	24,781
Borrowings and financial liabilities vis-à-vis credit institutions	2,322,544	2,288,317	2,338,703	2,305,401
‣ Fixed-rate borrowings				
‣ Floating-rate borrowings	2,322,544	2,288,317	2,338,703	2,305,401
Other borrowings and financial liabilities	27,050	29,260	27,050	29,260
Derivative financial instruments	118,417	117,873	118,417	117,873

Position in derivative financial instruments

	At 31 December 2010		At 31 December 2009	
In € thousand	Assets	Liabilities	Assets	Liabilities
Interest-rate swaps	22,503	114,623	8	110,553
Interest-rate collars	-	3,794	-	7,321
Interest-rate caps	2,151	-	3,922	-
TOTAL	**24,654**	**118,417**	**3,930**	**117,873**

The figures shown in the table above include accrued interest not yet due and any outstanding premiums or discounts on hedging instruments (€21.6 million at 31 December 2010 compared with €9.3 million at 31 December 2009).

Maturity of derivative financial instruments (notional amounts)

AT 31 DECEMBER 2010

In € thousand	December 2010	December 2011	December 2012	December 2013	December 2014	December 2015
Altarea – pay fixed – swap	1,413,254	1,729,236	1,758,982	1,599,811	1,412,998	1,229,489
Altarea – pay fixed – collar	109,446	57,704	55,560	-	-	-
Altarea – pay fixed – cap	825,633	542,924	263,248	259,838	38,869	36,489
TOTAL	**2,348,333**	**2,329,865**	**2,077,791**	**1,859,649**	**1,451,866**	**1,265,978**
Average hedge ratio	3.17%	3.32%	3.61%	3.51%	3.46%	3.55%

At 31 December 2010, the notional amount of active interest rate hedges stood at €2,348 million; in addition, Altarea holds deferred start hedges for a nominal amount of €253 million.

AT 31 DECEMBER 2009

In € thousand	December 2009	December 2010	December 2011	December 2012	December 2013	December 2014
Altarea – pay fixed – swap	1,568,533	1,583,641	1,688,785	1,537,389	1,036,589	853,507
Altarea – pay fixed – collar	61,054	109,446	57,704	55,560	-	-
Altarea – pay fixed – cap	627,421	432,840	310,949	263,248	259,838	38,869
TOTAL	**2,257,008**	**2,125,927**	**2,057,439**	**1,856,197**	**1,296,427**	**892,376**
Average hedge ratio	3.94%	3.88%	3.91%	4.17%	4.22%	4.12%

Interest rate risk

Altarea holds a portfolio of swaps, caps and collars designed to protect against interest rate risk on its floating rate debts.

Altarea did not elect not to account for these swaps as cash flow hedges under IAS 39.

Management position:

AT 31 DECEMBER 2010

In € thousand	December 2010	December 2011	December 2012	December 2013	December 2014	December 2015
Floating rate borrowings and bank loans	(2,322,544)	(2,211,568)	(2,004,941)	(1,633,565)	(1,385,651)	(1,286,545)
Cash and cash equivalents (balance sheet)	262,446					
NET POSITION BEFORE HEDGING	**(2,060,098)**	**(2,211,568)**	**(2,004,941)**	**(1,633,565)**	**(1,385,651)**	**(1,286,545)**
Swaps	1,413,254	1,729,236	1,758,982	1,599,811	1,412,998	1,229,489
Collars	109,446	57,704	55,560	-	-	-
Caps	825,633	542,924	263,248	259,838	38,869	36,489
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	**2,348,833**	**2,329,865**	**2,077,791**	**1,859,649**	**1,451,866**	**1,265,978**
NET POSITION AFTER HEDGING	**288,236**	**118,297**	**72,850**	**226,084**	**66,215**	**(20,568)**

AT 31 DECEMBER 2009

In € thousand	December 2009	December 2010	December 2011	December 2012	December 2013	December 2014
Floating rate borrowings and bank loans	(2,288,317)	(2,136,921)	(2,087,004)	(1,935,847)	(1,573,747)	(1,328,214)
Cash and cash equivalents (balance sheet)	216,835					
NET POSITION BEFORE HEDGING	**(2,071,482)**	**(2,136,921)**	**(2,087,004)**	**(1,935,847)**	**(1,573,747)**	**(1,328,214)**
Swaps	1,568,533	1,583,641	1,688,785	1,537,389	1,036,589	853,507
Collars	61,054	109,446	57,704	55,560	-	-
Caps	627,421	432,840	310,949	263,248	259,838	38,869
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	**2,257,008**	**2,125,927**	**2,057,439**	**1,856,197**	**1,296,427**	**892,376**
NET POSITION AFTER HEDGING	**185,526**	**(10,994)**	**(29,565)**	**(79,649)**	**(277,320)**	**(435,838)**

Analysis of interest-rate sensitivity:

The following table shows the interest-rate sensitivity (including the effect of hedging instruments) of the entire portfolio of floating-rate borrowings from credit institutions and derivative instruments.

	Increase/Decrease in interest rates	Impact of the gain or loss on pre-tax profit
31 December 2010	+50	-€4.7 million
	-50	+€4.4 million
31 December 2009	+50	-€1.9 million
	-50	+€1.7 million

The following table shows the interest-rate risk sensitivity of the value of the portfolio of financial instruments:

	Increase/Decrease in interest rates	Impact on the value of the portfolio of financial instruments
31 December 2010	+50	+€48.8 million
	-50	-€50.4 million
31 December 2009	+50	+€41.4 million
	-50	-€45.9 million

Liquidity risk

CASH

The Group has cash on its balance sheet of €262.4 million, which represents the main tool for management of liquidity risk.

Part of this cash is classified as not available for the Group, but is available for those subsidiaries that carry it: at 31 December 2010, the amount of this restricted cash was €122 million including €97 million in the "Property development for third parties" division and €25 million in the "Property development and operations" division.

At 31 December 2010, Altarea also had €97 million of confirmed credit lines that had not been utilised and were not assigned to specific development projects.

BANK COVENANTS

The main financial covenants to be satisfied relate to the credit facilities provided by Ixis CIB, the acquisition loan for Cogedim and, to a lesser extent, the loans obtained to finance shopping centres in operation or under development.

The covenants specific to the corporate loan of €726 million (of which €98 million has not been drawn down) are:

Principal covenants covering the Altarea Group

- Ratio of the Group's net debt to net asset value (consolidated Altarea LTV ratio) ≤ 65% (53.2% at 31 December 2010).
- Recurring EBITDA of the segment/Net finance costs of Altarea ≥ 2 (consolidated Altarea ICR) (2.7 at 31 December 2010).

The covenants specific to the €250 million acquisition loan for Cogedim are as follows:

Principal covenants covering the Altarea Group

- Ratio of Altarea's net debt to net asset value (consolidated Altarea LTV ratio) ≤ 65% (53.2% at 31 December 2010).
- Recurring EBITDA of the segment/Net finance costs of Altarea ≥ 2 (consolidated Altarea ICR) (2.7 at 31 December 2010).

Principal covenants covering Cogedim

- Gearing: Ratio of net debt to EBITDA for Cogedim and its subsidiaries ≤ 5.75 (3.2 at 31 December 2010). As part of the renegotiation of covenants, up to 30 December 2011, a failure to meet this covenant will result only in the application of an increased interest rate rather than the mandatory repayment of the loan.
- ICR: EBITDA/Net finance costs for Cogedim and its subsidiaries ≥ 2 (6.72 at 31 December 2010). Under the renegotiation of covenants, up to 30 December 2011, the level of the ICR covenant is reduced to 1.3 from 2.
- DSCR = EBITDA/Debt servicing costs for Cogedim and its subsidiaries ≥ 1.1 (6.72 at 31 December 2010). Under the renegotiation of covenants, up to 30 December 2011, the level of this covenant is unchanged.

Covenants specific to the loans obtained to finance shopping centres in operation or under development

- Net rental income of the Group/(net finance costs + principal repayment) > 1.10 or 1.15 (up to 1.20 on certain loans).
- LTV ratio in operation = Loan to Value ratio = Net debt of the company/Net asset value of the company < 75% (or 80% on certain loans). If there is invested equity, the required LTV may be lower.

At 31 December 2010, the company met all its covenants. As such, it intends to repay €9.0 million in bank loans in Italy.

Counterparty risk

The use of derivatives to limit interest-rate risk exposes the Group to a possible default by a counterparty. Altarea mitigates this risk by using only major financial institutions as counterparties in hedging transactions.

Currency risk

Because the Group operates almost exclusively in the euro zone, it has not entered into any currency hedges.

3.1.14. INCOME STATEMENT

3.1.14.1. Net rental income

Net rental income was €152.1 million in 2010, compared with €140.8 million in 2009. The increase was due mainly to the placing in service of proprietary shopping centres during 2010 and to the acquisition of the Cap 3000 shopping centre in Nice; these two factors more than offset the impact of asset disposals.

Contingent rental revenues

Contingent rental revenues represent variable rents indexed primarily to tenants' revenues. They totalled €0.8 million in 2010, up from €1.3 million in 2009, equal to around 0.5% of net rental income in 2010 compared with 0.9% in 2009.

Minimum guaranteed rents receivable

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

In € thousand	31/12/2010	31/12/2009
Less than one year	151,653	142,225
Between 1 and 5 years	324,191	309,665
Over 5 years	90,259	84,065
GUARANTEED MINIMUM RENT	**566,103**	**535,954**

3.1.14.2. Net property income

Net property income from recurring activities was €66.8 million in 2010, as opposed to €66.2 million in 2009. Net property income from recurring operations was stable due to the contraction in the commercial property market, which offset the increase in residential property, where the sharp upturn in business in 2009 is starting to flow through on a percentage of completion basis.

Net property income from non-recurring activities includes off-plan sales relating to the development of shopping centres and the amortisation of customer relationships recognised on the Cogedim acquisition.

3.1.14.3. Net overhead costs

Net overhead expenses relating to the Group's service providers totalled €36.4 million in 2010 compared with €35.3 million in 2009.

Before the amortisation of customer relationships recognised on the Cogedim acquisition, net overhead costs in 2010 amounted to €31.5 million *versus* €29.7 million in 2009. Both revenues and expenses rose, reflecting business growth, particularly in residential property development.

3.1.14.4. Other components of operating profit

Other income, other expenses and depreciation and amortisation

This item showed a balance of €0.8 million at 31 December 2010 compared with €(14.8) million at 31 December 2009.

This improvement was due (i) to exceptional income in 2010 (€9.8 million insurance settlement to cover damages to the Théâtre de l'Empire in 2005, return of a downpayment on a shopping centre development project) and (ii) to exceptional charges in 2009 (arrangement fee paid by Cogedim for the amendment to its acquisition loan, initial management costs of Marriott and Eurosites for the Wagram complex and the costs of the Altareit capital increase).

In addition to these exceptional items, Other income and expense mainly consists of fees (legal and audit fees, stamp duties, dispute-related costs, shopping centre valuation fees, etc.), advertising expenses (including spending on shopping centre launches that cannot be capitalised), taxes other than income tax, rental costs and bank charges, along with ancillary revenue (temporary rental income or cost reductions) registered by the Group's non-service companies.

Proceeds from disposal of investment assets

Ten commercial properties were sold in 2010 for a total consideration of €326.5 million, generating a €25.1 million gain on disposal. The main disposals in 2010 were Espace Saint-Georges in Toulouse, the building of the property complex on avenue de Wagram, and Espace Jean Jaurès and Coat Ar Gueven in Brest. The Toulouse property was previously recognised in "Assets held for sale", in accordance with the recommendations of IFRS 5.

In 2009, seven small properties were sold for a total consideration of €20.1 million, generating a €0.1 million gain on disposal.

In addition to the net carrying value of assets sold, this heading includes all disposal-related costs and provisions for rent guarantees created at the time of disposal.

Change in value of investment properties measured at fair value

The value of investment properties measured at fair value represented a gain of €67.8 million in 2010.

Assets completed or marked to fair value for the first time during the year had a positive impact of €25.4 million on the change in value of investment property measured at fair value.

The positive balance of other changes in value of investment property was due mainly to the decline in capitalisation rates and to the impact of asset management transactions.

Net impairment losses on investment property at cost

The net impairment loss on investment properties measured at cost amounted to €19.1 million, corresponding to the impairment of land in Spain, impairment of shopping centres under construction, and the expensing of capitalised costs on abandoned development projects.

In 2009, the net impairment loss on investment properties measured at cost amounted to €36.2 million, corresponding to the impairment of land in Spain, impairment of shopping centres under construction, and the expensing of capitalised costs on abandoned development projects.

Net allowances to provisions

In 2010, the positive net balance of €2.4 million resulted from releases of provisions net of costs incurred relating to disputes concerning shopping centres and reversals of provisions relating to old disputes in property development for third parties.

In 2009, the positive net balance of €0.2 million resulted mainly from the release of €1.7 million of provisions related to a tax investigation, offset by an allowance of €1.5 million relating to a dispute concerning a shopping centre.

Impairment of goodwill

Goodwill impairment recognised represents contingent consideration for the shares of a Cogedim subsidiary.

Impairment of customer relationships

An impairment loss of €8.0 million was recognised on customer relationships in 2010 following the redefinition of certain transactions.

3.1.14.5. Net cost of debt

In € thousand	31/12/2010	31/12/2009
Interest paid to credit institutions	(46,513)	(59,301)
Other bank interest expense	(3,686)	(4,702)
Interest on partners' advances	(2,218)	(3,358)
Interest on hedging instruments	(39,287)	(38,159)
Non-use fees	(768)	(978)
Other financial expenses	(2,042)	(631)
Capitalised finance costs	12,108	20,808
FINANCIAL EXPENSES	**(82,404)**	**(86,322)**
Net proceeds from the sale of marketable securities	514	1,462
Interest on partners' advances	2,484	3,270
Interest on hedging instruments	-	815
Other interest income	1,113	1,692
Interest on bank accounts	48	
FINANCIAL INCOME	**4,160**	**7,240**
NET COST OF DEBT	**(78,244)**	**(79,082)**

Interest costs on loans from credit institutions include the effect of amortising issuance costs in accordance with IAS 32 and IAS 39.

In 2010, the net cost of debt of recurring activities (shopping centres in operation, property development for third parties) was stable, at €73.3 million compared with €72.9 million in 2009.

In 2010, the net cost of debt for non-recurring activities was €4.9 million, including carrying costs for shopping centre development programs, mainly for land in Spain, *versus* €6.2 million in 2009.

Capitalised finance costs relate only to companies carrying an asset under development or construction (shopping centres and property development for third parties) and are deducted from interest paid to credit institutions.

The capitalisation rate used to determine the amounts of borrowing costs that may be included in the carrying amount of assets is the interest rate on financing assigned specifically to asset development or, if there is no specific financing, to the average cost of debt borne by the Group and not assigned specifically to another purpose, which is roughly 3.72%.

3.1.14.6. Other components of pre-tax profit

The change in value of financial instruments and gains/losses on disposal of these instruments was a net charge of €10.8 million in 2010, as opposed to a net charge of €53.3 million in 2009. These figures reflect the aggregate changes in value of interest-rate hedging instruments used by the Group and amounts paid to restructure several hedging instruments. Balancing cash payments recorded in 2010 amounted to €(43.2) million compared with €(26.2) million in 2009.

A net loss of €0.1 million was registered on the sale of participating interests in 2010, compared with a loss of €0.7 million in 2009, following the sale of an interest in a property development project for third parties.

The share of earnings of equity-method associates amounted to €7.0 million in 2010 compared with €1.0 million in 2009.

3.1.15. CORPORATE INCOME TAX

Income tax payable

In € thousand	31/12/2010	31/12/2009
Tax due – SIIC regime	2,968	3,582
‣ SIIC regime tax payable	257	528
‣ Non-SIIC regime tax due	2,711	3,054
NET CURRENT TAX LIABILITY	**2,968**	**3,582**

At the end of 2010, the Group had no income tax liability due in more than one year.

Advance tax payments

In € thousand	31/12/2010	31/12/2009
Current tax receivables	820	1,833
‣ SIIC regime tax payable	0	850
‣ Non-SIIC regime tax due	820	982
NET ADVANCE TAX PAYMENTS	**820**	**1,833**

Analysis of tax expense

					Total	
	31/12/2010		31/12/2009		31/12/2010	31/12/2009
In € thousand	SIIC	Non-SIIC	SIIC	Non-SIIC		
Tax due	**21**	**(490)**	**(831)**	**(3,315)**	**(468)**	**(4,146)**
Recognition of tax losses and/or limitation of deferred tax	(1,348)	4,410	17	(14,733)	3,063	(14,716)
Valuation differences		5,564		4,595	5,564	4,595
Fair value of investment properties	654	(815)		7,571	(161)	7,571
Fair value of financial instruments	0	1,129		1,578	1,129	1,578
Other temporary differences	(2,214)	(21,130)	(1,612)	8,964	(23,345)	7,352
Deferred tax	**(2,908)**	**(10,841)**	**(1,595)**	**7,974**	**(13,749)**	**6,379**
TOTAL TAX BENEFIT/(EXPENSE)	**(2,887)**	**(11,330)**	**(2,425)**	**4,659**	**(14,218)**	**2,234**

The tax expense of the SIIC sector corresponds to income tax incurred by companies with SIIC status in respect of their non-exempt activities.

Deferred tax on differences in the fair value of investment properties derive primarily from shopping centres in Italy and Spain, as well as in France, outside the scope of the companies that opted for SIIC status.

Deferred tax relating to valuation differences corresponds mainly to the amortisation of customer relations recognised on the 2007 acquisition of Cogedim.

Deferred tax on tax loss carryforwards and limitations on deferred tax correspond to tax loss carryforwards and to limitations on deferred tax assets or liabilities for loss-making companies. Most of the tax loss carryforwards are held by Property development for third parties, in an amount of €7.9 million, and represent the use of €11.5 million in prior-year tax losses and the use of tax losses arising during the year subsequent to the €19.4 million deduction, which is recognised as a deferred tax liability under temporary differences.

Effective tax rate

	31/12/2010			31/12/2009		
In € thousand	SIIC	Non-SIIC	Total	SIIC	Non-SIIC	Total
Pre-tax profit of companies included in the consolidated financial statements	**171,677**	**(12,939)**	**158,739**	**(82,837)**	**(37,072)**	**(119,909)**
Tax rate in France	34.43%	34.43%	34.43%	34.43%	34.43%	34.43%
TAX AT STANDARD RATE	**(59,108)**	**4,455**	**(54,654)**	**28,521**	**12,764**	**41,285**
Permanent differences						
‣ Profits of companies with SIIC status	59,888	-	59,888	(21,178)	-	(21,178)
‣ Miscellaneous	-	(5,156)	(5,156)	-	8,688	8,688
Loss carryforwards on tax losses before profit for the year	-	1,376	1,376	-	-	-
Loss carryforwards and other temporary differences not recognised as assets	(3,666)	(11,049)	(14,715)	(10,654)	(13,485)	(24,139)
Offset of prior losses not recognised as assets	-	65	65	952	28	980
Earnings taxable at a rate other than the standard rate	-	(638)	(638)	-	(2,022)	(2,022)
Other taxes	-	(384)	(384)	(66)	(1,313)	(1,380)
TAX AT STANDARD RATE	**(2,887)**	**(11,330)**	**(14,218)**	**(2,426)**	**4,659**	**2,234**
TAX AT REDUCED RATE	-	-	-	-	-	-
GROUP TAX SAVING/(EXPENSE)	**(2,887)**	**(11,330)**	**(14,218)**	**(2,426)**	**4,659**	**2,234**
EFFECTIVE TAX RATE	**1.7%**	**-87.6%**	**9.0%**	**-2.9%**	**12.6%**	**1.9%**

For Group companies that have elected to adopt SIIC status, permanent differences correspond to profits that are not taxed by virtue of the SIIC exemption.

Tax incurred by the SIIC sector corresponds to current and deferred tax on the taxable activities of companies that have elected to adopt SIIC status.

Unused loss carryforwards and other temporary differences not recognised as assets consist of the tax losses generated by the Group's tax entities that have not been partly or fully recognised in assets and of limitations on deferred tax assets or liabilities for loss-making companies.

Deferred tax assets and liabilities

In € thousand	Recognition of tax losses and/or limitation of deferred tax	Valuation differences	Fair value of investment properties	Fair value of financial instruments	Other temporary differences	Total
AT 1 JANUARY 2009	**94,657**	**(40,910)**	**(17,340)**	**11,710**	**(14,943)**	**33,174**
Expense (income)	*17*	*(0)*	*0*	*0*	*(1,612)*	*(1,595)*
Expense (income) – non-SIIC	*(14,733)*	*4,595*	*7,571*	*1,578*	*8,964*	*7,974*
Expense (income) recognised in the income statement	(14,716)	4,595	7,571	1,578	7,352	6,379
Deferred taxes recognised in equity	-	-	-	0	83	83
Other changes	(372)	1,756	-	-	500	1,884
Changes in scope of consolidation	-	-	0	(0)	(0)	(0)
Change of accounting method	0	0	0	-	0	0
AT 31 DECEMBER 2009	**79,569**	**(34,559)**	**(9,770)**	**13,288**	**(7,008)**	**41,520**
Expense (income)	*(1,348)*	*-*	*654*	*0*	*(2,214)*	*(2,908)*
Expense (income) – non-SIIC	*4,410*	*5,564*	*(815)*	*1,129*	*(21,130)*	*(10,841)*
Expense (income) recognised in the income statement	3,063	5,564	(161)	1,129	(23,345)	(13,749)
Deferred taxes recognised in equity	-	-	-	0	(245)	(245)
Other changes	2,244	(763)	3	0	(1,536)	(52)
Changes in scope of consolidation	0	0	-	-	(0)	0
Change of accounting method	0	0	0	-	0	0
AT 31 DECEMBER 2010	**84,876**	**(29,758)**	**(9,927)**	**14,417**	**(32,134)**	**27,474**

In € thousand	Deferred tax assets	Deferred tax liability	Net deferred tax
AT 31 DECEMBER 2009	**62,790**	**21,270**	**41,520**
AT 31 DECEMBER 2010	**49,962**	**22,488**	**27,474**

Deferred taxes recognised in equity relate to the stock option and stock grant plans expensed under staff costs with a corresponding adjustment to equity in accordance with IFRS 2 and the cancellation of gains and losses arising on sales of treasury shares.

Deferred taxes relating to valuation differences correspond mainly to the amortisation of the brand and of customer relations recognised on the 2007 acquisition of Cogedim.

Deferred taxes relating to the use of tax losses and limitations on deferred tax mainly relate to the balance of the tax loss recognised in the Property development for third parties business, including €71.3 million for prior-year losses and €19.4 million generated during the year. These tax losses may be used until 2013.

3.1.16. INFORMATION ON THE CASH FLOW STATEMENT

Net cash and cash equivalents

In € thousand	Cash and cash equivalents	Marketable securities	Total cash	Bank overdraft (cash liabilities)	Cash and cash equivalents
AT 1 JANUARY 2009	**76,693**	**219,198**	**295,891**	**(4,778)**	**291,114**
Change during the period	2,711	(81,572)	(78,861)	(2,591)	(81,452)
Change in fair value	-	(195)	(195)	-	(195)
AT 31 DECEMBER 2009	**79,405**	**137,430**	**216,835**	**(7,369)**	**209,466**
Change during the period	(7,013)	52,827	45,813	1,899	47,712
Change in fair value	-	(28)	(28)	-	(28)
Cash of acquired companies	-	-	-	-	-
Cash of companies sold	(66)	(108)	(174)	-	(174)
AT 31 DECEMBER 2010	**72,325**	**190,121**	**262,446**	**(5,470)**	**256,976**
Net change at 31 December 2009	2,711	(81,768)	(79,056)	(2,591)	(81,648)
Net change at 31 December 2010	(7,080)	52,691	45,611	1,899	47,510

Marketable securities, which consist of cash invested in money-market funds, are recognised at their market value at each accounts closing date.

Breakdown of changes in fair value

In € thousand	31/12/2010	31/12/2009
Elimination of changes in fair value relating to assets held for sale	629	1,437
Elimination of changes in fair value relating to investment properties	(68,467)	100,427
Elimination of changes in fair value relating to financial instruments (excluding marketable securities)	10,758	53,099
Elimination of changes in fair value relating to discounting	219	137
ELIMINATION OF CHANGES IN FAIR VALUE	**(56,860)**	**155,099**

Acquisitions of consolidated companies, net of cash acquired

In € thousand	31/12/2010	31/12/2009
Investments in consolidated securities	(5,260)	(3,669)
Debt on acquisition of consolidated participating interests	(1,000)	(1,501)
Cash of acquired companies	-	
Impact of changes in consolidation method		1,004
ACQUISITIONS OF CONSOLIDATED COMPANIES, NET OF CASH ACQUIRED	**(6,260)**	**(4,166)**

In 2010, investments in consolidated securities mainly related to the acquisition of the equity investment in 8'33, a company specialising in the development, installation and operation of solar power generators.

In 2009, investments in consolidated participating interests related mainly to Altarea's purchase of a minority stake in the previously controlled Lille Grand Place.

Cogedim paid €1,501 thousand for a stake in JLC (Genevois français).

The impact of changes in consolidation method relate to the purchase of an additional stake in an entity which caused a shift from equity accounting to full consolidation. The €1 million figure corresponds to the entity's cash position on the day the new method was adopted.

Acquisitions of non-current assets net of debt

In € thousand	31/12/2010	31/12/2009
Acquisition of intangible assets (net of change in debt)	(979)	(1,349)
Acquisition of tangible assets (net of change in debt)	(1,134)	(5,787)
Acquisition of investment properties (net of change in debt)	(328,150)	(227,506)
Acquisition of long-term investments excluding consolidated participating interests (net of change in debt)	-	(2)
ACQUISITIONS OF NON-CURRENT ASSETS	**(330,263)**	**(234,644)**

In € thousand	Intangible assets	Property, plant and equipment	Investment property	Long-term investments (excluding participating interests)	Total acquisitions of non-current assets (excluding consolidated participating interests)
Increase during the period	(979)	(742)	(277,206)	(0)	(278,927)
Repayment of advance payments made on programmes					-
Change in debt relating to non-current assets	-	(392)	(50,944)	-	(51,336)
ACQUISITION OF NET NON-CURRENT ASSETS AT 31 DECEMBER 2010	**(979)**	**(1,134)**	**(328,150)**	**(0)**	**(330,263)**

Increases in investment property during the year include the acquisition of the Cap 3000 shopping centre in Saint-Laurent-du-Var and investments in Proprietary shopping centre development.

Breakdown of changes in debt relating to the acquisition of non-current assets

In € thousand	31/12/2010	31/12/2009
Property, plant and equipment	(392)	324
Investment properties	(50,944)	27,798
Long-term investments (excluding participating interests)	-	-
SUB-TOTAL: NON-CURRENT ASSETS (EXCLUDING PARTICIPATING INTERESTS)	**(51,336)**	**28,123**
Long-term investments (participating interests)	(1,000)	(1,501)
CHANGE IN DEBT RELATING TO THE ACQUISITION OF NON-CURRENT ASSETS	**(52,336)**	**26,622**

Asset disposals

In € thousand	31/12/2010	31/12/2009
Disposals of intangible assets (net of change in receivables)	(293)	50
Disposals of investment properties (net of changes in receivables) and repayments of advances and downpayments	351,882	31,402
Disposals of long-term investments (net of change in receivables)	3	3
DISPOSAL OF NON-CURRENT ASSETS	**351,592**	**31,455**

In € thousand	31/12/2010
Proceeds from disposal recognised in the income statement (net of costs and guarantees given)	**326,461**
Disposal proceeds recognised in other income statement aggregates	1,296
Neutralisation of items reclassified in disposal proceeds (disposal costs and rent guarantees granted to purchasers)	7,421
Repayments of advances and downpayments	20,802
Gross proceeds from disposals and repayments of advances and downpayments	**355,980**
Receivables on sale of assets	(4,388)
DISPOSAL OF NON-CURRENT ASSETS	**351,592**

In 2010, this item included the disposals of Espace Saint-Georges in Toulouse, of the property complex on avenue de Wagram offset by a €3.6 million receivable on property disposal, of two properties in Brest (Finistère), of retail parks in Saint-Aunès, Noyon, Pierrelaye, of stand-alone assets in Aulnay and Rouen and of a returned downpayment on a programme in Italy.

3.1.17. OTHER INFORMATION

3.1.17.1. Earnings per share

Basic earnings per share (in €)

Basic earnings per share is calculated by dividing profit attributable to Group Shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share (in €)

Diluted earnings per share is calculated using the share repurchase method. Under this method, the funds received from the exercise of warrants or options are assumed to be applied first to repurchasing own shares at the market price. The market price is taken to be the volume-weighted average of average monthly prices of Altarea shares.

The theoretical number of shares that would be repurchased at this market price is subtracted from the total number of shares produced by the exercise of warrants and options. The number calculated using this method is then added to the average number of shares in issue to produce the denominator.

When the theoretical number of shares to be bought at market price is greater than the number of potentially dilutive shares, the difference is disregarded. The weighted average number of shares after dilution is then equal to the average number of shares before dilution.

Potential shares are treated as dilutive if their conversion into ordinary shares would cause a reduction in earnings per share.

	31/12/2010	31/12/2009
Numerator		
Net income attributable to owners of the parent *(in € thousand)*	147,025	(108,453)
Denominator		
Weighted average number of shares before dilution	10,150,226	10,106,047
Effect of dilution		
Stock options	*465*	*4,152*
Rights to stock grant awards	*123,368*	*161,160*
Total potential dilutive effect	123,832	165,312
Weighted average number of shares after dilution	10,274,059	10,271,359
BASIC EARNINGS PER SHARE *(in €)*	**14.48**	**(10.73)**
DILUTED EARNINGS PER SHARE *(in €)*	**14.31**	**(10.56)**

At 31 December 2010, 5,629 stock options and 65,000 share purchase warrants had an accretive effect as their exercise price was higher than the market price on the closing date. Consequently, they were not included in the calculation of diluted earnings per share.

3.1.17.2. Dividends paid and proposed

A dividend of €7.20 per share, for a total dividend payment of €73.1 million, was approved by the Combined Shareholders' Meeting on 28 May 2010. It will be accompanied by a proportional payment to the sole general partner, Altafi 2, of €1.1 million, representing 1.5% of the amount paid to the limited partners. These two payments were made on 1 July 2010.

The payment of a dividend of €8 per share, representing a total of €80.3 million, will be put to a vote at the forthcoming shareholders' meeting called to approve the financial statements for the financial year ended 31 December 2010. It will be accompanied by a proportional payment to the sole general partner, Altafi 2, of €1.2 million, representing 1.5% of the amount paid to limited partners.

3.1.17.3. Related parties

Ownership structure of Altarea SCA

Ownership of Altarea's shares and voting rights is as follows:

	31/12/2010		31/12/2009	
As a percentage	% share capital	% voting rights	% share capital	% voting rights
Founding Shareholders[1]	54.19	54.95	55.71	55.97
Foncière des Régions	12.06	12.23	12.06	12.12
Crédit Agricole Group	11.73	11.90	11.73	11.79
ABP	7.75	7.86	7.75	7.79
Opus Investment BV	0.82	0.83	0.82	0.82
Treasury shares	1.38	0,00	0.48	0,00
FCPE + free float	12.07	12.23	11.45	11.51
TOTAL	**100.00**	**100.00**	**100.00**	**100.00**

(1) In their own name (or the name of relatives) or via legal entities that they control; The founding shareholders are Alain Taravella and Jacques Nicolet, acting in concert.

Related party transactions

The main related parties are the holding companies that control the Altarea Group, Altafinance 2 and Alta Patrimoine, represented by Alain Taravella, and JN Holding, represented by Jacques Nicolet.

The company's Board of Managers consists of Alain Taravella and Altafinance 2, of which Alain Taravella is Chairman.

Transactions with these related parties mainly relate to the purchase of treasury shares from the holding companies and services rendered by Altafinance 2 as Co-Manager of the company and, to a lesser extent, services and chargebacks by the company to Altafinance 2.

PURCHASE OF TREASURY SHARES

During the year, under the share buyback programme authorised by the Combined General Meeting of 28 May 2010, the company bought 153,700 shares from the holding companies Alta Patrimoine and JN Holding, respectively 120,000 shares and 33,700 shares for a total of €19,257,537. These transactions were effected over the counter, at the lower of the latest market price and the average price over the last twenty trading days. In 2009, there were no related-party transactions involving the company's shares.

EXECUTIVE COMPENSATION

Altarea and its subsidiaries pay the Management – Altafinance 2 in its capacity as Co-Manager, represented by Alain Taravella – compensation in accordance with Article 14 of its Articles of Association. In this respect, the following expense was recognised:

	Altafinance 2 SAS	
In € thousand	31/12/2010	31/12/2009
Fixed compensation paid to executive management	1,670	1,649
‣ Amount recognised in other overhead costs	1,670	1,649
Variable compensation paid to executive management	5,671	2,653
‣ Based on property development sales (recognised in Other overhead costs)	3,100	1,706
‣ Based on property asset disposals (shopping centres) (recognised in gains on disposals)	823	49
‣ Based on investments over the period (capitalised amounts)	1,748	898
TOTAL	**7,341**	**4,302**

ASSISTANCE SERVICES AND CHARGEBACKS OF RENTS

Assistance services and chargebacks of rents and other items are recognised as a deduction of other overhead costs in the amount of €194 thousand (compared with €186 thousand in 2009) and in other income for €18 thousand. Services invoiced to related parties by the Altarea Group are invoiced on an arm's length basis.

Balance sheet

	Altafinance 2 SAS	
In € thousand	31/12/2010	31/12/2009
Trade and other receivables	328	237
TOTAL ASSETS	**328**	**237**
Trade payables and other accounts payable[1]	555	1,584
TOTAL LIABILITIES AND EQUITY	**555**	**1,584**

(1) Mainly includes part of the variable compensation of the Board of Managers due in respect of the last quarter of 2010.

Compensation of the founding shareholder-managers

Alain Taravella does not receive any compensation from Altarea SCA or its subsidiaries in his capacity as Manager. Alain Taravella receives compensation from holding companies that control the Altarea Group.

Jacques Nicolet, in his capacity as Chairman of Altarea SCA's Supervisory Board, received gross compensation directly from Altarea SCA, which is included in the compensation paid to the Group's main managers stated below. Jacques Nicolet does not receive any other compensation from Altarea SCA or its subsidiaries.

No share-based payments were made by Altarea SCA to its founding shareholder-managers. No other short-term or long-term benefits or other forms of compensation and benefits were granted to the founding shareholder-managers by Altarea SCA.

Compensation of the Group's senior executives

In € thousand	31/12/2010	31/12/2009
Gross salaries[1]	3,443	3,590
Payroll taxes	1,480	1,538
Share-based payments[2]	6,242	3,247
Shares delivered during the period	*24,833*	*20,487*
Post-employment benefits[3]	41	53
Other short- or long-term benefits and compensation[4]	8	9
Termination benefits[5]	0	946
Employer's contribution 10% for stock grants	1,174	329
Loans	388	650
Post-employment benefit liability	635	337

(1) Fixed and variable compensation; variable compensation corresponds to performance-related pay due in respect of accounting periods.

(2) Charge calculated in accordance with IFRS 2; completion during the period.

(3) Pension service cost according to IAS 19, life insurance and health cover.

(4) Benefits in kind, director attendance fees and other compensation vested but payable in the future.

(5) Post-employment benefits, including social security costs. In 2009, these benefits were covered by a fund in an amount of €635 thousand.

In number of rights in circulation	31/12/2010	31/12/2009
Rights to Altarea SCA's stock grant awards	152,065	46,398
Altarea share subscription warrants	65,000	65,000
Stock options on Altarea shares	3,497	3,497

"Senior executives" include members of the company's Strategy Committee or members of Altarea's Supervisory Board who receive compensation from Altarea or its subsidiaries[1]. The composition of the company's Strategy Committee can be found in the registration document.

Compensation paid to senior executives excludes dividends.

3.1.17.4. Lease obligations – as lessee

Minimum rents payable on operating leases

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

In € thousand	31/12/2010	31/12/2009
Less than one year	9,013	4,920
Between 1 and 5 years	36,968	19,887
Over 5 years	20,603	9,713
MINIMUM RENTS PAYABLE	**66,584**	**34,521**

These agreements relate to:
- offices leased by the Group for its own operations;
- rents payable to the owner of the building on avenue Wagram in Paris (since the beginning of calendar year 2010, these rents have been subject to meeting certain performance criteria in operating the hotel).

(1) The persons concerned are Jacques Nicolet, Chairman of the Supervisory Board, and Matthieu Taravella.

Finance leases

LIABILITIES VIS-À-VIS CREDIT INSTITUTIONS ON FINANCE LEASES

In € thousand	31/12/2010	31/12/2009
Debt due in less than 1 year	3,633	1,708
Debt due in more than 1 year and up to 5 years	8,407	9,186
Debt due in more than 5 years	36,489	39,343
TOTAL	**48,529**	**50,237**

FUTURE LEASE PAYMENTS

In € thousand	31/12/2010	31/12/2009
Debt due in less than 1 year	3,910	2,089
Debt due in more than 1 year and up to 5 years	9,246	10,289
Debt due in more than 5 years	36,934	39,972
TOTAL, GROSS	**50,090**	**52,350**
Debt due in less than 1 year	3,873	2,072
Debt due in more than 1 year and up to 5 years	8,740	9,595
Debt due in more than 5 years	25,810	29,193
TOTAL, PRESENT VALUE	**38,423**	**40,860**

TOTAL VALUE OF ASSETS HELD UNDER FINANCE LEASE

	31/12/2010	31/12/2009
Land and buildings		-
Other property, plant and equipment	949	949
Assets held for sale	6,280	
Investment property	65,479	69,749
TOTAL	**72,708**	**70,698**

The Herblay site, which was acquired through a finance leases, is covered by a sales contract and has been reclassified in Assets held for sale.

3.1.17.5. Other Group liabilities

The main commitments given by the Group are mortgages and mortgage commitments made to secure loans or lines of credit from credit institutions.

Pledges of securities, assignments of receivables (intra-Group loans, interest rate hedges, VAT, insurance policies, etc.) and undertakings not to sell or assign ownership units are also made by the Group to secure certain loans.

These commitments are shown in Note 3.1.13.9. Financial liabilities under Breakdown of borrowings and liabilities vis-à-vis credit institutions by guarantee.

All other material liabilities are set out below:

In € thousand	31/12/2009	31/12/2010	Less than one year	From 1 year to 5 years	Over five years
Commitments received					
Commitments relating to company acquisitions	1,350	25,517	6,500	18,017	1,000
Commitments relating to operating activities	167,067	225,304	84,113	82,486	58,705
Security deposits received from FNAIM (loi Hoguet)	*37,000*	*37,000*	-	-	*37,000*
Security deposits received from tenants	*17,018*	*22,675*	*24*	*1,246*	*21,405*
Payment guarantees received from customers	*64,869*	*156,593*	*76,105*	*80,488*	-
Unilateral land sale undertakings received and other commitments	*48,180*	*9,036*	*7,984*	*752*	*300*
TOTAL	**168,417**	**250,820**	**90,613**	**100,502**	**59,705**
Commitments given					
Financing commitments	85,017	67,127	10,110	29,280	27,737
Commitments relating to company acquisitions	13,159	5,350	5,000	350	-
Commitments relating to operating activities	343,570	564,416	224,475	331,597	8,344
Construction work completion guarantees	*267,851*	*359,564*	*81,264*	*278,300*	-
Guarantees on forward payments for assets	*11,500*	*109,166*	*89,151*	*14,015*	*6,000*
Guarantees for loss of use	*25,282*	*24,822*	*4,665*	*20,157*	-
Other commitments given	*38,938*	*70,863*	*49,395*	*19,125*	*2,344*
TOTAL	**441,746**	**636,892**	**239,585**	**361,227**	**36,081**
Bilateral property purchase and other undertakings relating to operating activities	116,508	61,591	14,852	46,740	-
TOTAL	**116,508**	**61,591**	**14,852**	**46,740**	**-**

Commitments received

COMMITMENTS RECEIVED RELATING TO ACQUISITIONS/ DISPOSALS

The Group benefits from representations and warranties obtained when acquiring subsidiaries and equity interests, including:

- the representations and warranties provided by the Affine group for the sale of the controlling interest in Imaffine on 2 September 2004 were transferred as part of the merger, and so Altarea now directly holds a 10-year guarantee covering Imaffine's net assets before the merger);
- in connection with the acquisition of Altareit, Altarea received a guarantee from seller Bongrain that it would be held fully harmless through a reduction in the selling price from any damage or loss originating from the business activities effectively suffered by Altareit with a cause or origin predating 20 March 2008 for a period of 10 years).

COMMITMENTS RELATING TO OPERATING ACTIVITIES

Security deposits

Under France's "Loi Hoguet", Altarea holds a security deposit received from FNAIM in an amount of €37 million as a guarantee covering its property management and sales activity.

Altarea also receives security deposits from its tenants to guarantee that they will pay their rent.

Payment guarantees received from customers

The Group receives customer payment guarantees issued by financial institutions to guarantee sums payable by the customer. These mainly relate to office operations in the Property development for third parties business.

The increase during the period was due mainly to the signature during the first half of property development contracts in Marseille and Nantes, which are covered by payment guarantees from customers.

Unilateral land sale undertakings received and other commitments

Other guarantees receive consist mainly of commitments received from property sellers.

The change in this item during the period was due to the release of a guarantee received for repayment of an advance on a parcel of land in Spain, and the cancellation of a unilateral sales agreement received on land in France.

OTHER COMMITMENTS RECEIVED (NOT QUANTIFIED)

Altarea has a call option exercisable at any time for a period of seven years as from 30 June 2010 to acquire a share of the partners' accounts in Alta Blue from its partners for €66.7 million (see Note 13.3.3 Acquisition of equity interest in Aldeta).

In its Property development for third parties business, the Group receives deposits on construction contracts from contractors to cover holdbacks (up to 5% of the amount of the contract).

Commitments given

COMMITMENTS GIVEN RELATING TO FINANCING ACTIVITIES

Altarea provided guarantees €57 million to cover hedging transactions and of €10 million to cover overdraft facilities granted to its subsidiaries.

COMMITMENTS GIVEN RELATING TO ACQUISITIONS

The Group makes representations and warranties or contingent consideration when disposing of shares in subsidiaries and affiliates.

When the Group considers that it is probable that there will be a cash outlay under the terms of these guarantees, it sets aside allowances to provisions and their amount is re-assessed at each closing date.

COMMITMENTS GIVEN RELATING TO OPERATING ACTIVITIES

Guarantees on forward payments for assets

These guarantors mainly cover purchases of land for the property development business.

Construction work completion guarantees

Completion guarantees are given to customers as part of off-plan sales, and are provided on behalf of Group companies by financial institutions, mutual guarantee organisations or insurance companies. They are reported in the amount of risk borne by the financial institution that issued the guarantee.

In return, Group companies give financial institutions a promise of mortgage security and an undertaking not to sell ownership units.

Compensation for loss of use

As part of its property development activities, the Group signs unilateral sale undertakings with landowners, the execution of which is subject to conditions precedent, including conditions relating to obtaining administrative permits. In return for their undertakings, landowners receive compensation for loss of use, which takes the form of an advance (carried on the asset side of the balance sheet) or a guarantee (an off-balance sheet liability). The Group undertakes to pay the compensation for loss of use if it decides not to buy the land when the conditions precedent are met.

Bilateral property purchase and other undertakings relating to operating activities

These commitments mainly include bilateral undertakings relating to land or off-plan sales (VEFA) contracts.

The decrease in this item during the year was due to the cancellation of an off-plan sales agreement for a project in southern France after the contingencies could not be met.

Other commitments

In the conduct of its proprietary shopping centre development business, Altarea has made commitments to invest in projects initiated and controlled by the company.

Moreover, in the conduct of its property development business, the Group signs reservation contracts (or sale agreements) with its customers, the execution of which depends on whether the customers meet the contingencies, particularly with respect to their ability to secure financing.

Lastly, as part of its property development for third parties business, the Group has a property portfolio consisting mainly of unilateral purchase agreements (and bilateral agreements, where applicable).

The amount of these commitments is shown in the Review of Operations.

3.1.17.6. Number of Group employees at the balance sheet date

	31/12/2010	31/12/2009
Managers	525	497
Non-managers	229	208
GROUP HEADCOUNT	**754**	**705**

The number of employees at 31 December 2010 was higher than at 31 December 2009 owing to new hires in the Property development for third parties business.

3.1.17.7. Litigation and claims

The dispute in which the company sought compensation from its insurance company following the 2005 explosion at Théâtre de l'Empire was resolved after the parties reached an out-of-court settlement on 18 January 2011.

No significant new litigation issues arose in 2010 other than those for which provisions were set aside (see Note 3.1.13.11.)

3.1.17.8. Subsequent events

The properties in Herblay (Val-d'Oise), Tours (Indre-et-Loire) and Brive-la-Gaillarde (Corrèze), which were recognised as assets held for sale, were sold on 26 January 2011.

In February 2011, interest rate hedges (swaps and collars) were cancelled for a notional amount of €320 million.

On 1 March 2011, Altarea Cogedim announced the first closing on a commercial property investment vehicle with equity of €350 million. The funds were raised from leading French and international institutional partners. Altarea Cogedim is a 20% investor in this vehicle and is also its general partner.

3.1.18. AUDITORS' FEES

ALTAREA

	2010			
In €	E&Y	AACE	Other	Total
Statutory audit, certification, examination of individual and consolidated financial statements				
‣ Altarea SCA	218,019	263,091		481,110
‣ Fully consolidated subsidiaries	612,326	432,126	53,509	1 097,960
Other work and services related directly to the statutory audit assignment				
‣ Altarea SCA	6,000	0		6,000
‣ Fully consolidated subsidiaries	4,956	0	57,769	62,725
TOTAL	**841,301**	**695,217**	**111,278**	**1,647,795**
Breakdown of other work and services related directly to the statutory audit assignment				
Additional regulatory audit on certain Italian subsidiaries			55,269	
Other			13,456	
TOTAL			**68,725**	

ALTAREA

	2009			
In €	E&Y	AACE	Other	Total
Statutory audit, certification, examination of individual and consolidated financial statements				
‣ Altarea SCA	606,321	450,401		1,056,722
‣ Fully consolidated subsidiaries	316,633	395,644	843,163	1,555,441
Other work and services related directly to the statutory audit assignment				
‣ Altarea SCA			38,000	38,000
‣ Fully consolidated subsidiaries	2,000	6,000	152,309	160,309
TOTAL	**924,954**	**852,045**	**1,033,473**	**2,810,472**
Breakdown of other work and services related directly to the statutory audit assignment				
Special audit reports *(Commissariat aux apports)*			38,000	
Limited review of property development operations for third parties completed during the year			97,040	
Additional regulatory audit on certain Italian subsidiaries			55,269	
Other	2,000	6,000		
TOTAL	**2,000**	**6,000**	**190,309**	

3.1.19. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders:

In accordance with our appointment as Statutory Auditors by your Annual General Meeting, we hereby present you with our report for the financial year ended 31 December 2010 on:
- our audit of Altarea's consolidated financial statements as attached to this report;
- the justification of our assessments ;
- the specific verifications required by law.

The consolidated financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit consists of examining, on the basis of tests and other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion given below.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the companies and entities included in the consolidated group in accordance with IFRS standards as adopted by the European Union.

II. Justification of our assessments

In accordance with Article L. 823-9 of the French Commercial Code concerning the justification of our assessments, we bring to your attention the following items:
- As stated in Note 3.1.7.9. "Investment property" of the Notes to the consolidated financial statements, the fair value of investment property in operation is determined on the basis of primarily external appraisals. We ascertained that the fair value of investment property as presented in the balance sheet had been determined on the basis of these appraisals.
- As stated in Note 3.1.7.2. "Estimates and assumptions affecting assets and liabilities" in the Notes to the consolidated financial statements, the Group used certain estimates, particularly regarding the valuation and impairment of investment properties under construction, the fair value of which cannot be determined reliably, along with goodwill, the brand and deferred tax assets. We examined the assumptions on which these estimates were based and we reviewed the calculations performed by your Company or by any independent appraisers.
- As stated in Note 3.1.7.14. "Financial assets and liabilities" in the Notes to the consolidated financial statements, financial assets and liabilities are recognised at fair value. Fair value is determined with reference to published market prices for listed shares and according to valuation models that are commonly accepted and used by actuaries for other items. We are satisfied that the fair value of financial instruments, as set out in the balance sheet and in Note 3.1.13.13. "Financial instruments and market risks" in the notes to the consolidated financial statements, was calculated on the basis of market values or actuarial valuations.
- As stated in Note 3.1.7.20. "Revenue and related expenses", section b) "Net property income" in the Notes to the consolidated financial statements, property revenue and net property income for the property development business are measured using the percentage-of-completion method. They therefore depend on completion estimates made by your Company.

As part of our assessment, we examined whether the assumptions on which these estimates were based were reasonable, and we reviewed the calculations performed by your Company.

Our assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and therefore assisted us in reaching our opinion as expressed in the first part of this report.

III. Specific verification

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

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

Paris and Neuilly-sur-Seine, 21 March 2011

The Statutory Auditors

A.A.C.E. Île-de-France	ERNST & YOUNG et Autres
Patrick UGHETTO	Jean-Roch VARON

3.2. INDIVIDUAL COMPANY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

3.2.1. INCOME STATEMENT

In € thousand	Note	31/12/2010	31/12/2009
Revenue on sale of services		42,913	37,804
REVENUE	**3.2.3.3.**	**42,913**	**37,804**
Capitalised production	3.2.3.3.	520	17,247
Reversals of depreciation and amortisation and provisions, expense transfers	3.2.3.3.	2,287	1,089
Other income	3.2.3.3.	15	6
OPERATING INCOME		**45,735**	**56,146**
Other purchases and external expenses		18,096	34,029
Taxes other than on income and related payments		1,846	1,750
Wages and salaries		1,444	1,014
Social security contributions		2,037	600
Financial allowances for depreciation and amortisation of non-current assets		10,803	10,279
Allowances for impairment of current assets		629	490
Allowance to provisions		2,644	2,161
Other expenses		1,626	283
OPERATING EXPENSES	**3.2.3.3.**	**39,124**	**50,607**
OPERATING INCOME		**6,611**	**5,539**

In € thousand	Note	31/12/2010	31/12/2009
Financial income			
Financial income from participating interests		29,647	56,239
Income from other marketable securities and long-term receivables		3,265	2,228
Other income and related gains		2,667	2,952
Reversals of provisions, impairment and expense transfers		804	
Foreign exchange gains			
Net gains on the disposal of marketable securities			41
FINANCIAL INCOME		**36,383**	**61,461**
Financial allowances for depreciation, impairment and provisions		6,191	103
Interest and similar expense		42,053	59,110
Foreign exchange losses			1
Net expenses on the disposal of marketable securities			
FINANCIAL EXPENSES		**48,244**	**59,214**
NET FINANCIAL INCOME (EXPENSE)	**3.2.3.3.**	**(11,861)**	**2,247**
INCOME BEFORE NON-RECURRING ITEMS AND TAX		**(5,250)**	**7,786**
Non-recurring income from management transactions			12
Non-recurring income from capital transactions		46,083	10,285
Reversals of provisions, impairment and expense transfers			35,952
NON-RECURRING INCOME		**46,083**	**46,249**
Non-recurring expenses on management transactions		9	91
Non-recurring expenses on capital transactions		36,306	45,368
Non-recurring allowances for depreciation and impairment			
NON-RECURRING EXPENSES		**36,315**	**45,459**
NET NON-RECURRING ITEMS	**3.2.3.3.**	**9,767**	**790**
Employee profit-sharing			
Income taxes	3.2.3.3.		733
TOTAL INCOME		**128,201**	**163,856**
TOTAL EXPENSES		**123,684**	**156,014**
PROFIT (LOSS)		**4,517**	**7,843**

3.2.2. BALANCE SHEET

3.2.2.1. Assets

In € thousand	Note	Gross	Depreciation and amortisation Provisions	31/12/2010	31/12/2009
Intangible assets	**3.2.3.3.**	**81**	**74**	**7**	**13**
Software		81	74	7	13
Property, plant and equipment	**3.2.3.3.**	**299,577**	**42,102**	**257,475**	**294,336**
Land		55,613	21	55,592	61,870
Buildings		242,241	42,056	200,185	231,222
Other non-current assets		55	26	30	75
Property, plant and equipment in progress		1,668		1,668	1,169
Non-current financial assets	**3.2.3.3.**	**1,148,026**	6,191	**1,141,835**	**1,152,716**
Participating interests		720,244	1,500	718,744	686,911
Advances to participating interests		309,638	4,691	304,947	350,420
Loans		118,040		118,040	115,282
Other non-current financial assets		103		103	103
NON-CURRENT ASSETS		**1,447,683**	**48,367**	**1,399,316**	**1,447,065**
Receivables	**3.2.3.3.**	**29,602**	**1,261**	**28,341**	**28,178**
Trade receivables		23,986	1,261	22,725	21,600
Other receivables		5,616		5,616	6,578
Cash and other		**17,896**	**30**	**17,866**	**7,537**
Treasury shares	3.2.3.3.	17,715	30	17,685	5,194
Other marketable securities					
Cash and cash equivalents		126		126	2,308
Prepaid expenses		55		55	35
CURRENT ASSETS		**47,498**	**1,291**	**46,207**	**35,715**
TOTAL ASSETS		**1,495,181**	**49,658**	**1,445,523**	**1,482,780**

3.2.2.2. Equity and liabilities

In € thousand	Note	31/12/2010	31/12/2009
Share capital		155,541	155,541
Additional paid-in capital		585,292	607,580
Legal reserve		12,133	11,741
Statutory and contractual reserves			44,240
Regulated reserves			
Retained earnings		218	408
Net income for the year		**4,517**	**7,843**
EQUITY	**3.2.3.3.**	**757,701**	**827,352**
Provisions		2,805	2,161
PROVISIONS	**3.2.3.3.**	**2,805**	**2,161**
Financial liabilities	**3.2.3.3.**	**674,151**	**634,172**
Borrowings and financial liabilities vis-à-vis credit institutions		629,331	628,157
Other borrowings and financial liabilities		44,813	6,014
Advances and downpayments on orders in progress		7	1
Other financial liabilities	**3.2.3.3.**	**8,374**	**7,998**
Trade payables and other accounts payable		5,439	5,437
Tax and social security payables		2,935	2,561
Other payables	**3.2.3.3.**	**2,492**	**11,096**
Amounts due on non-current assets and related accounts		1,851	5,586
Other payables		276	4,989
Prepaid income		365	522
OTHER FINANCIAL LIABILITIES		**685,017**	**653,266**
TOTAL LIABILITIES AND EQUITY		**1,445,523**	**1,482,780**

3.2.3. NOTES TO THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS

Altarea is a partnership limited by shares (*Société en Commandite par Actions*, "SCA"). Its shares were admitted to trading on the Eurolist regulated market of Euronext Paris SA (Compartment A) in 2004. Its head office is at 8, avenue Delcassé in Paris.

Altarea has had the status of a listed property investment company (*Société d'Investissement Immobilier Cotée*, "SIIC") since 1 January 2005. Altarea publishes consolidated financial statements.

3.2.3.1. Key events of the financial year

- Acquisition of equity investment in Alta Blue, the company that indirectly owns the Cap 3000 shopping centre in Nice.
  The company acquired a 33.33% interest in Alta Blue SAS, the holding company of Aldeta, which is listed on the Eurolist by Euronext Paris SA (Compartment B) and owns the Cap 3000 regional shopping centre in Saint-Laurent-du-Var in the outskirts of Nice. Alta Blue was registered in Paris on 29 April 2010; it has share capital of €999 thousand plus additional paid-in capital of €99,000 thousand. The company is now owned in equal shares by Altarea SCA, Predica and Azur France II.
- Sales of shopping centres.
  The Aulnay and Brest Coat ar Gueven properties were sold on 8 October and 21 December 2010, respectively, for a total of €36,400 thousand, generating a €9,781 thousand gain on disposal.
- Restructuring of interest rate hedges.
  In September 2010, the company took advantage of exceptionally low long-term interest rates to enter into €425 million of new 10-year swaps at an average rate of 2.5%. In December 2010, nearly €300 million of swaps with maturities ranging from 2011 to 2012 were cancelled. The cost of the restructuring amounted to €17 million in 2010.

3.2.3.2. Accounting principles and policies

Standards and comparability of the financial statements

The annual financial statements have been prepared and presented in accordance with the provisions of the applicable French laws and regulations. The annual financial statements were prepared in accordance with the 1999 GAAP adopted by the *Comité de Réglementation Comptable* (French accounting regulation committee – CRC) in Regulation 99-03 on 29 April 1999 and approved by the ministerial decree of 22 June 1999. All subsequent CRC regulations have also been applied, including Regulation 2002-10 on the depreciation, amortisation and impairment of assets and Regulation 2004-06 on the definition of recognition and measurement of assets, and Regulation 2005-09.

The accounting policies are the same as those applied in preparing the annual financial statements for the year ended 31 December 2009. There has been no change in the presentation of the financial statements.

Unless stated otherwise, the annual financial statements have been drawn up and are presented in thousands of euros.

Accounting policies

INTANGIBLE ASSETS

Intangible assets are measured initially at acquisition cost.

Intangible assets consist mainly of software acquired, which is usually amortised on a straight-line basis over three years.

Intangible assets may be written down when their carrying amount differs significantly from their value in use, as defined in French GAAP.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment mainly consists of property assets, and more specifically shopping centres or business premises.

Gross value of property

Property is initially recorded at acquisition cost, which for contributed property is the contribution value excluding purchase costs and for new property is the construction or refurbishment cost. Purchase costs (transfer duties, expert fees, commissions, and stamp duties) are recognised as expenses.

Property is broken down into major components with specific uses and replacement rates. In accordance with the recommendations of the *Fédération des Sociétés Immobilières et Foncières* (FSIF), the company uses four property components: structural work, facades and weatherproofing, technical equipment and fixtures and fittings.

Property depreciation

The property components are depreciated on a straight-line basis over the following useful lives:

Components	Useful lives (Shopping centres)	Useful lives (business premises)
Structural work (structures, road and utilities works)	50 years	30 years
Facades, weatherproofing	25 years	30 years
Technical equipment	20 years	20 years
Fixtures and fittings	15 years	10 years

Property impairment

Property assets are appraised twice each year at market value by outside appraisers (DTZ Eurexi and Icade Expertise).

The company deems that the current value of its property is essentially equal to the appraisal value including fees. If there is any near-term development potential that is not included in the appraisal, the appraisal value is increased by estimated unrealised gains. Where there is a preliminary sales agreement or a firm commitment on the property, its current value is the value stated in the agreement or commitment excluding fees.

The company recognises an impairment loss for the difference whenever the current value of a property asset (the higher of market value and value in use) falls significantly below its carrying amount.

Other property, plant and equipment

Other property, plant, and equipment is initially recorded at acquisition cost.

Vehicles and office and computer equipment are depreciated over five years.

NON-CURRENT FINANCIAL ASSETS

The company's financial assets include shares held in subsidiaries and participating interests, as well as loans and advances to the company's indirect participating interests.

Financial assets are recognised on the balance sheet at acquisition cost or contribution value.

Financial assets may be impaired where their carrying amount falls substantially below their value in use for the company; value in use is based on several criteria, such as net asset value, profitability potential profitability, long-term growth prospects and economic climate. The market value of assets held by subsidiaries and sub-subsidiaries is taken into account.

RECEIVABLES

The company's receivables are carried at nominal value. They consist of group receivables and trade receivables from shopping centres.

When there is evidence that the company will not be able to collect all amounts due, receivables are recorded in doubtful accounts. Impairment losses are calculated separately for each customer after subtracting the security deposit and accounting for the length that the receivable has remained outstanding, any progress made on collection efforts, and any guarantees that have been received.

TREASURY SHARES

Treasury shares are recognised as either:
- financial assets, if they are held for the purposes of a capital reduction; or
- marketable securities:
  - when they are held in the "liquidity contract" with a service provider to make a market in the shares and ensure regular price quotations, or
  - when they are held for purposes of granting them to employees of the company or its subsidiaries.

Treasury shares are recognised at acquisition cost. The FIFO method is used to determine the value of treasury shares that are sold.

An impairment loss is recognised if the value of shares held under the liquidity contract is lower than their acquisition cost.

Treasury shares held for grant to the company's employees are covered by a provision calculated over the past vesting period on a pro rata basis. Treasury shares held for grant to employees of the company's subsidiaries are not subject to impairment insofar as the cost of such treasury shares, which is equal to the cost of the shares plus any management fees, will be passed on to these subsidiaries when the shares are granted to their employees. These rules are in keeping with CRC Regulation 2008-15 of 4 December 2008.

OTHER MARKETABLE SECURITIES

Marketable securities are stated in the balance sheet at cost. The FIFO method is used to determine the value of any investment fund holdings that are sold.

An impairment loss is recognised on marketable securities when their realisable value falls below the carrying amount.

PROVISIONS

In accordance with CRC Regulation 2000-06 on liabilities, a provision is defined as a liability of uncertain timing and amount representing a probable or certain obligation that it will result in an outflow of resources with no expected offsetting inflow of resources.

POST-EMPLOYMENT BENEFITS

No allowances are booked to provisions for post-employment benefits. Post-employment benefits are shown in the note to the financial statements presenting off-balance sheet commitments.

LOAN ARRANGEMENT COSTS

Loan arrangement costs are expensed.

RENTAL INCOME AND EXPENSES

Rental income comprises income from the rental of property assets. The amounts invoiced are recognised over the relevant rental period.

Income is not recognised for any rent holidays granted to tenants over the period during which the rent holiday is in effect.

Initial lease fees paid by tenants are fully recognised in the financial year during which the tenant enters the property. Stepped rents and rent holidays granted to tenants are not spread over the lease term.

MARKETING COSTS

Costs for marketing new and existing property, as well as remodelling costs, are recognised as expenses.

FINANCIAL INSTRUMENTS

The company uses interest rate swaps and caps to hedge its credit lines and borrowings. The corresponding income and expenses are recognised in the income statement. Any premiums or other amounts paid when contracts are entered into are expensed in full.

The company does not recognise unrealised gains and losses equal to the estimated market value of the contracts on their closing date. Nominal value, maturity schedule and estimated unrealised gains or losses are presented under off-balance sheet commitments.

INCOME TAX

Altarea adopted SIIC status on 1 January 2005. Under this status, there are two separate tax units:

- an SIIC unit exempt from French corporate income tax, capital gains tax on property sales and tax on dividends received under SIIC status; and
- a taxable unit comprising all the company's other operations which are not eligible for SIIC treatment.

Altarea must comply with the following three rules for dividend distributions in order to be exempt from French corporate income tax:

- it must pay out 85% of the earnings from property rentals during the financial year following the year in which the earnings were generated;
- it must pay out 50% of any gains on the sale of property, participating interests in tax transparent companies with the same corporate purpose as an SIIC, or interests in subsidiaries subject to French corporate income tax which have chosen SIIC status, before the end of the second financial year after the year in which the gains were generated; and
- it must pay out all dividends from subsidiaries that have chosen SIIC status during the financial year following the year in which the dividends were received.

Under the provisions applicable to SIIC status, at least 80% of the company's operations must be eligible for SIIC status and no single shareholder or group of shareholders acting in concert can own more than 60% of the company's shares or voting rights.

3.2.3.3. Notes to the financial statements

Notes to the balance sheet – assets

INTANGIBLE ASSETS

Intangible assets, gross

In € thousand	31/12/2009	Revaluation	Increase	Decrease	31/12/2010
Software	72		22	13	81
TOTAL	**72**		**22**	**13**	**81**

Amortisation of intangible assets

In € thousand	31/12/2009	Allowances	Reversals	31/12/2010
Start-up costs, research and development				
Other intangible assets	59	14		74
TOTAL	**59**	**14**		**74**

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, gross

In € thousand	31/12/2009	Revaluation	Acquisition/ Contribution	Retirement/ Sale	31/12/2010
Land	**61,877**		**827**	**7,092**	**55,613**
Buildings	**267,653**			**25,412**	**242,241**
Structural work (structures, road and utilities works)	108,356			10,322	98,033
Facades, weatherproofing	26,598			2,537	24,062
Technical equipment	79,351			7,478	71,873
Fixtures and fittings	53,348			5,075	48,273
Other non-current assets	**104**			**48**	**55**
Technical installations, plant and industrial equipment					
General installations, various fittings					
Vehicles	91			48	42
Office and computer equipment, furniture	12				12
Recoverable packaging and related items	1				1
Property, plant and equipment in progress	**1,169**		**499**		**1,668**
Land	20		14		34
Buildings					
Miscellaneous	1,149		485		1,635
TOTAL	**330,803**		**1,326**	**32,552**	**299,577**

Asset disposals consist of the sale of the Aulnay and Brest Coat ar Gueven shopping centres for a gross amount of €31,754 thousand.

On 3 December, the co-owners' association of the Toulouse Gramont centre sold a building lot to Altarea SCA for €827 thousand.

At 31 December 2010, assets in progress of €1,669 thousand corresponded to works in progress on the eastern extension of the Toulouse Gramont shopping centre.

Depreciation of property, plant and equipment

In € thousand	31/12/2009	Allowances	Reversals	31/12/2010
Land	7	**13**		**21**
Buildings	**36,431**	**10,759**	**5,135**	**42,056**
Structural work (structures, road and utilities works)	7,364	2,215	1,056	8,523
Facades	3,588	1,058	503	4,143
Technical equipment	13,404	3,955	1,869	15,489
Fixtures and fittings	12,075	3,531	1,706	13,901
Other property, plant and equipment	**28**	**16**	**19**	**26**
Vehicles	25	14	19	20
Office and computer equipment, furniture	3	2		6
TOTAL	**36,467**	**10,788**	**5,153**	**42,102**

No impairment was recognised on property, plant and equipment.

NON-CURRENT FINANCIAL ASSETS

Non-current financial assets, gross

In € thousand	31/12/2009	Increase	Decrease	31/12/2010
Participating interests	686,911	33,333		720,244
Advances	465,805	311,510	349,534	427,781
‣ Advances to participating interests	350,420	303,636	344,417	309,638
‣ Loans and other financial investments	115,385	7,874	5,116	118,143
TOTAL GROSS	**1,152,716**	**344,843**	**349,534**	**1,148,026**

The list of subsidiaries and participating interests appearing on the last page of this document shows the ownership interests in each subsidiary.

In 2010, the change in participating interests was due to the acquisition of the equity investment in Alta Blue (see Note 3.2.3.1. Key events of the financial year).

Non-current financial assets (Provisions for impairment)

		Increases during the year	Decreases during the year		
In € thousand	31/12/2009	Allowance	Provisions no longer required	Provisions used	31/12/2010
Impairment of participating interests		1,500			1,500
Impairment of advances to participating interests		4,691			4,691
TOTAL		**6,191**			**6,191**

During the year, the value of the participating interest in Alta Développement Espagne and the associated advance was impaired to reflect the loss of value in certain indirectly held assets.

RECEIVABLES

The company's receivables are carried at nominal value.

They consist of group receivables, trade receivables from shopping centres and tax receivables.

Impairment losses are recognised when there is evidence that the company will not be able to collect all amounts due.

Breakdown of receivables

In € thousand	Gross 2010	Provisions	Net 2010	Net 2009
Trade receivables	23,986	1,261	22,725	21,600
Other receivables	5,616		5,616	6,578
‣ Staff and related accounts	55		55	136
‣ Advances and downpayments	70		70	193
‣ Government, related authorities: value added tax	2,947		2,947	4,663
‣ Government, related authorities: other receivables	2		2	921
‣ Group Shareholders and partners	1,179		1,179	122
‣ Miscellaneous amounts payable	1,363		1,363	542
TOTAL	**29,602**	**1,261**	**28,341**	**28,178**

Breakdown of receivables by maturity

In € thousand	Gross 2010	Up to 1 year	From 1 year to 5 years	> 5 years
Trade receivables	23,986	23,986		
Staff and related accounts	55	55		
Advances and downpayments	70	70		
Government, related authorities: value added tax	2,947	2,947		
Government, related authorities: other receivables	2	2		
Group Shareholders and partners	1,179	1,179		
Miscellaneous amounts payable	1,363	1,363		
TOTAL	**29,602**	**29,602**		

Accrued income

In € thousand	31/12/2010	31/12/2009
Loans	2,104	1,845
Government	2	921
Trade receivables	9,243	10,082
Other miscellaneous debtors	179	330
TOTAL	**11,528**	**13,179**

MARKETABLE SECURITIES

Marketable securities consisted entirely of treasury shares in the amount of €17,685 thousand.

During the year, under the share buyback programme authorised by the Combined General Meeting of 28 May 2010, the company bought 120,000 shares from the holding company Alta Patrimoine and 33,700 shares from JN Holding, or a total of 153,700 shares, for €19,257,537. These transactions were effected over the counter, at the lower of the latest market price and the average price over the last twenty trading days.

Marketable securities (treasury shares)

In € thousand	31/12/2009	Increase	Decrease	Transfer/other	Provisions	31/12/2010
Treasury shares	5,194	23,852	(12,166)		804	17,685
Marketable securities						
TOTAL	**5,194**	**23,852**	**(12,166)**		**804**	**17,685**
No. of shares	48,504	192,706	(100,821)			140,389
No. of SICAV shares						

At 31 December 2010, treasury shares intended for providing liquidity for trading in the shares (5,140 shares) gave rise to an impairment loss of €30 thousand. Other treasury shares intended for grant to employees of the company's subsidiaries were not impaired insofar as their cost will be passed on entirely to companies housing the employee beneficiaries.

Impairment losses

In € thousand	31/12/2009	Increases during the year	Decreases during the year		31/12/2010
		Allowance	Provisions no longer required	Provisions used	
Impairment of participating interests		1,500			1,500
Impairment of advances to participating interests		4,691			4,691
Impairment of trade receivables	895	629	81	182	1,261
Other allowances for Impairment of marketable securities	835		804		30
TOTAL	**1,730**	**6,820**	**885**	**182**	**7,482**

Notes to the balance sheet – equity and liabilities

EQUITY

Statement of changes in equity

In € thousand	31/12/2009	Distribution Allocation	Reduction in capital, issuance costs	Increase in capital and contributions	2010 net income	31/12/2010
Share capital	155,541					155,541
Additional paid-in capital	598,213	(22,288)				575,925
Merger premiums	8,717					8,717
Share subscription warrants	650					650
Legal reserve	11,741	392				12,133
Available reserve	44,240	(44,240)				
Regulated reserves						
Retained earnings	408	(190)				218
Net income for the year	7,843	(7,843)			4,517	4,517
TOTAL	**827,352**	**(74,169)**			**4,517**	**757,701**

After appropriating 5% of net income for the year or €392 thousand to the legal reserve, the Ordinary General Meeting of 28 May 2010 decided to pay a dividend of €7.20 per share in respect of the year ended 31 December 2009, or a total of €73,287 thousand, and to pay a preferred dividend of €1,099 thousand to the General Partner. Dividends on treasury shares amounting to €217 thousand were appropriated to reserves.

At 31 December 2010, share capital stood at €155,541 thousand, divided into 10,178,817 shares with a par value of €15.28 each and 10 general partner shares with a par value of €100 each.

PROVISIONS

Changes in provisions

In € thousand	31/12/2009	Increases during the year: Allowance	Decreases during the year: Provisions no longer required	Decreases during the year: Provisions used	31/12/2010
Provisions for litigation	1,520		520	1,000	
Other provisions for liabilities and charges	641	2,644		480	2,805
TOTAL	**2,161**	**2,644**	**520**	**1,480**	**2,805**

Of the €1,520 thousand provision for risks booked at 31 December 2009 relating to a legal dispute between the company and a tenant, €1,000 thousand was reversed.

The provision calculated over the past vesting period on a pro rata basis for rights to stock grants held by employees of the company was increased to €2,805 thousand from €641 thousand at 31 December 2009.

BORROWINGS AND OTHER FINANCIAL LIABILITIES

Breakdown of financial liabilities by maturity

In € thousand	31/12/2010	Up to 1 year	From 1 year to 5 years	> 5 years	31/12/2009
Financial liabilities					
Convertible bonds					
Bank loans	647,388	21,369	378,345	247,674	628,000
Accrued interest on bank loans	331	331			157
Deposits and security interests received	3,884			3,884	4,385
Group Shareholders and partners	22,542	22,542			1,629
Other payables	7	7			1
Other financial liabilities and other payables					
Trade payables and other accounts	3,068	3,068			2,928
Staff-related and social security liabilities	377	377			439
Social security and other labour bodies					
Government: income tax	16	16			16
Government: value added tax	2,442	2,442			2,005
Government: guaranteed bonds					
Government: other taxes and duties	99	99			101
Amounts due on non-current assets and related accounts	1,600	1,600			4,501
Group Shareholders and partners	2,623	2,623			2,929
Other payables	276	276			5,653
Debt in the form of borrowed securities					
Prepaid income	365	365			522
TOTAL	**685,017**	**55,114**	**378,345**	**251,558**	**653,265**

Accrued expenses on balance sheet items

In € thousand	31/12/2010	31/12/2009
Borrowings and financial liabilities	18,707	120
Trade payables and other accounts	2,143	3,022
Amounts due on non-current assets and related accounts	1,431	4,225
Taxes other than on income and related payments	99	99
Group Shareholders and partners	2,305	2,342
Miscellaneous items	332	5,018
TOTAL	**25,018**	**14,826**

Accrued expenses included in borrowings and financial liabilities mainly consist of accrued expenses (accrued interest and balancing cash payments) on financial instruments (€18,388 thousand).

Notes to the income statement

REVENUE

The company's revenue consists of rental income and service charges and costs of works billed to tenants of shopping centres held in the portfolio; revenue from services rendered by Altarea to its subsidiaries; and the cost of treasury shares granted to employees of subsidiaries charged back to the subsidiaries.

In € thousand	31/12/2010	31/12/2009
Rebilled rent and service charges	32,268	31,434
Initial lease payments	172	210
Management Fees	10,239	5,861
Miscellaneous	234	299
TOTAL	**42,913**	**37,804**

Services rendered by Altarea to its subsidiaries are services provided under the terms of ordinary service arrangements.

OTHER OPERATING INCOME

Breakdown of other operating income

In € thousand	31/12/2010	31/12/2009
Capitalised production	520	17,247
Reversals of provisions	2,264	54
Intra-group rebillings and expense transfers	19	1,035
Miscellaneous	18	6
TOTAL	**2,822**	**18,342**

The increase in other operating income was principally attributable to the capitalisation of expenses incurred on the extension of the Toulouse Gramont shopping centre in 2009.

Reversals of provisions mainly include the reversal from the €1,520 thousand provision for risks booked at 31 December 2009 relating to a legal dispute between the company and a tenant.

OPERATING EXPENSES

Operating expenses reflect the expenses incurred by Altarea in respect of its proprietary property business (service charges, property taxes, depreciation) and in respect of its holding company activities.

Operating expenses

In € thousand	31/12/2010	31/12/2009
Service and co-ownership costs(1)	5,234	5,484
Maintenance and repairs	289	95
Insurance premiums	771	960
Sales commission and professional fees(2)	9,057	8,577
Advertising and public relations(3)	1,053	1,041
Banking services and related accounts	278	212
Taxes other than on income(4)	1,846	1,750
Staff costs(5)	3,481	1,614
Allowances for depreciation and impairment	14,076	12,930
Capitalised purchases(6)	535	17,247
Lessee termination and early termination fees	370	70
Other expenses	2,136	627
TOTAL OPERATING EXPENSES	**39,124**	**50,607**

(1) Almost all service charges are passed on to tenants.

(2) Fees include the fixed portion of the Altafinance 2 Board of Managers' fee and a portion of its discretionary fee, which is based on acquisitions or disposals of the company's assets, shopping centres management and marketing fees, Statutory Auditors' fees, expenses relating to certain projects and service fees.

(3) Advertising and communication costs include expenses for financial reporting, external and internal communications, corporate patronage and sponsorship.

(4) Property taxes on shopping centres amounted to €1,703 thousand. Nearly all of these taxes are passed on to tenants.

(5) Compensation paid to members of the Supervisory Board amounted to €361 thousand.

(6) In 2009, capitalised purchases related to the extension of the Toulouse Occitania shopping centre and were capitalised with a corresponding adjustment in production transferred to inventory in other operating income in 2009.

FINANCIAL INCOME AND EXPENSE

In € thousand	31/12/2010	31/12/2009
Financial income		
Dividends	16,504	38,313
Interest on loans	3,265	2,206
Income from advances	12,952	17,816
Fees on guarantees	2,654	2,938
Income on financial instruments (swaps, caps)		
Income from other marketable securities and long-term receivables		
Transfers to subsidiaries	191	109
Foreign exchange gains		
Net gains on the disposal of marketable securities		64
Reversals from provisions for impairment of marketable securities	804	
Other financial income	14	14
TOTAL	**36,383**	**61,461**
Financial expenses		
Financial allowances for depreciation, impairment and provisions	6,191	103
Losses on receivables relating to participating interests		29,969
Interest on external borrowings	10,401	14,250
Expenses on advances	546	7
Expenses relating to financial instruments (swaps, caps)	30,643	13,852
Bank interest expense	5	1
Paid to subsidiaries	221	305
Foreign exchange losses		1
Net expenses on the disposal of marketable securities	230	665
Other financial expenses	8	61
TOTAL	**48,244**	**59,214**
NET FINANCIAL INCOME (EXPENSE)	**(11,861)**	**2,247**

Dividends were received from the Foncière Altarea subsidiary, which indirectly owns shopping centres in operation through its equity investments.

Accrued expenses on financial instruments include interest paid by Altarea during the year and balancing cash payments of €17 million incurred in 2010 for restructuring of interest rate hedging contracts (see Note 3.2.3.1. Significant events). These balancing cash payments were made in January 2011.

NET NON-RECURRING ITEMS

In € thousand	31/12/2010	31/12/2009
Non-recurring income		
Non-recurring income from management transactions		12
Non-recurring income from capital transactions	46,083	10,285
‣ Of which income on sale of shares		25
‣ Of which income on sale of assets	37,192	2,475
‣ Of which rebilling of stock grants to employees	8,890	7,785
Reversals of provisions and expense transfers		35,952
‣ Of which reversals of provisions for tax risks		1,619
‣ Of which reversals of provisions for impairment		34,333
TOTAL	**46,083**	**46,249**
Non-recurring expenses		
Non-recurring expenses on management transactions	9	91
‣ Of which fines and penalties	9	91
Non-recurring expenses on capital transactions	36,306	45,368
‣ Of which expenses on sale of shares		35,987
‣ Of which expenses on sale of assets	27,413	1,532
‣ Of which cost of stock grants	8,894	7,849
‣ Non-recurring allowances for depreciation and impairment		
‣ Of which charge to provisions for tax risks		
TOTAL	**36,315**	**45,459**
NET NON-RECURRING ITEMS	**9,767**	**790**

Net non-recurring items were mainly impacted by asset disposals in 2010.

INCOME TAX

In 2005, the Altarea Group elected to adopt the special tax exemption granted to companies with *Sociétés d'Investissement Immobilier Cotées* (SIIC) status under Article 208 C of the French General Tax Code).

Breakdown of tax charge

	Pre-tax profit			Tax			Net income		
In € thousand	Exempt (SIIC)	Taxable (non-SIIC)	Total	Exempt (SIIC)	Taxable (non-SIIC)	Total	Exempt (SIIC)	Taxable (non-SIIC)	Total
Income before non-recurring items	(8,700)	3,450	(5,250)				(8,700)	3,450	(5,250)
Net non-recurring items	9,781	(14)	9,767				9,781	(14)	9,767
TOTAL	**1,081**	**3,436**	**4,517**				**1,081**	**3,436**	**4,517**

The company is otherwise not liable for any tax for the financial year.

Increases and reductions in future tax liability

In € thousand	31/12/2009	Changes		31/12/2010
Reductions		+	-	
‣ Organic	(93)	(55)	93	(55)
‣ Tax loss	(281,480)	(6,461)		(287,942)
Total base	(281,573)	(6,517)	93	(287,997)
TAX OR TAX SAVING AT A RATE OF 33.33%	**93,848**	**2,172**	**(31)**	**95,989**

The full amount of the deficit is due to the taxable (non-SIIC) unit.

3.2.3.4. Other information

Related party transactions

Balance sheet line item *In € thousand*	Amount	Of which related parties
Assets		
Investments in associates and other participating interests	720,244	720,244
Advances to participating interests	309,638	309,638
Loans	118,040	117,884
Trade receivables	23,986	19,628
Other receivables	5,616	1,203
Cash and prepaid expenses	17,896	
Depreciation, amortisation and impairment	(7,482)	(6,191)
Equity and liabilities		
Provisions for liabilities and charges	2,805	
Borrowings and financial liabilities	674,144	22,482
Trade payables	7,297	2,623
Tax and social security payables	2,935	
Other payables and prepaid income	641	16

Income statement line item *In € thousand*	Net amount on the income statement	Of which related parties
Operating income		
Sales of goods held for resale and properties		
Rental and services income	42,913	10,303
Reversals of provisions and expense transfers	2,287	19
Other income	15	
Operating expenses		
Other purchases and external expenses	18,096	3,483
Allowances for depreciation and impairment	14,076	
Other expenses	1,626	
Financial income		
Income from participating interests	29,647	29,647
Interest and other financial income	5,932	5,918
Reversals of provisions and expense transfers	804	
Financial expenses		
Share of losses from subsidiaries	221	221
Allowances for depreciation and impairment	6,191	
Interest and similar expense	41,832	546
Non-recurring income		
Non-recurring income from management transactions		
Non-recurring income from capital transactions	46,083	8,873
Reversals of provisions and expense transfers		
Non-recurring expenses		
Non-recurring expenses on management transactions	9	
Non-recurring expenses on capital transactions	36,306	
Non-recurring allowances for depreciation and impairment		

Transactions entered into by the company with related parties and not effected on an arm's length basis

The company did not enter into any material transactions with related parties.

Off-balance sheet commitments

FINANCIAL INSTRUMENTS

Altarea holds a portfolio of swaps and caps to cover the interest rate risk on a portion of the current and future floating rate debt carried by itself and its subsidiaries.

In € thousand	2010	2009
Swaps/Total (Nominal)	650,000	575,000
Caps/Total (Nominal)	189,825	183,750
TOTAL	**839,825**	**758,750**

The fair value of the hedging instruments amounted to €18,779 thousand at 31 December 2010.

Impact on the income statement

In € thousand	2010	2009
Interest expense	(13,593)	(11,617)
Premiums and balancing cash payments	(17,050)	(2,235)
TOTAL	**(30,643)**	**(13,852)**

Swap and cap maturity schedules at 31 December

In € thousand	2010	2011	2012	2013	2014
Altarea – pay fixed – swap	650,000	545,000	425,000	425,000	425,000
Altarea – pay fixed – cap	39,825	189,527	188,937	188,356	
ALTAREA – PAY FIXED – TOTAL	**689,825**	**734,527**	**613,937**	**613,356**	**425,000**

The reference interest rate is 3-month Euribor.

The use of derivatives as hedging instruments could expose the Group to the risk of counterparty default. Altarea mitigates this risk by using only major financial institutions as counterparties in hedging transactions.

EMPLOYEE BENEFIT OBLIGATIONS

Employee pension benefit obligations are estimated at €64.4 thousand at 31 December 2010.

Commitments given

Tranche A (€266 million) of the Ixis loan is guaranteed by unregistered mortgages on assets held by Altarea SCA, as well as sales of business receivables in respect of leases entered into or to be entered into. In addition, the guarantees are subject to covenants, of which the two principal criteria are an LTV ratio of below 65% and a net interest cover by EBITDA from recurring activities ratio of over 2.0.

Altarea has pledged its shares in SAS Foncière Altarea to Ixis bank as collateral for a new Tranche B revolving credit facility in an initial amount of €460 million (€363 million of which has been drawn down); the final instalment is due to be repaid on 9 June 2013.

Altarea SCA has guaranteed loans to other Group companies in an amount of €516 million. These commitments primarily include a joint and several guarantee provided by Altarea SCA covering Cogedim SAS to Natixis in respect of the loan arranged for the acquisition of Cogedim in an amount of €250 million.

The principal other commitments given by the company principally related to guarantees or joint and several guarantees in an amount of €176 million.

Altarea SCA has granted a rent guarantee to Deka, the company that owns a building containing a hotel and three shops on avenue de Wagram in Paris. This first-demand guarantee for a maximum amount of €17,597 thousand is valid until 5 May 2016. As from 6 May 2016, a new first-demand guarantee will be issued in an amount determined on the basis of a performance ratio.

Stock option plans

Stock option plan	Number of options awarded	Option strike price *(in €)*	Exercise dates	Options outstanding at 31/12/2009	Awarded	Options exercised	Options cancelled	Options outstanding at 31/12/2010
Stock option plans on Altarea shares								
23 November 2004	9,240	32.90	23/11/2008 – 23/11/2011	0				
Additional options – capital increase	2,640	170.00	23/11/2008 – 23/11/2011	2,640				2,640
4 January 2005	28,500	38.25	04/01/2009 – 04/01/2012	0				
Additional options – capital increase	857	170.00	04/01/2009 – 04/01/2012	857				857
13 March 2006	1,950	119.02	13/03/2010 – 13/03/2013	950				950
Additional options – capital increase	557	170.00	13/03/2010 – 13/03/2013	270				270
30 January 2007	3,800	175.81	30/01/2011 – 30/01/2014	1,450				1,450
Additional options – capital increase	1,086	170.00	30/01/2011 – 30/01/2014	412				412
5 March 2010	5,500	104.50	05/03/2010 – 05/03/2013	0	5,500			5,500
TOTAL	**54,130**			**6,579**	**5,500**	**-**	**-**	**12,079**

Share subscription warrants

	Number of options awarded	Option strike price *(in €)*	Exercise dates	Warrants outstanding at 31/12/2009	Warrants outstanding at 31/12/2010
24 December 2007	65,000[1]	275.00	01/01/2011 – 31/01/2011	65,000	65,000
TOTAL	**65,000**			**65,000**	**65,000**

(1) Holders subscribed to these warrants at a unit price of €10, representing a total amount of €650,000.

Stock grant awards

Award date	Number of rights awarded	Vesting date	Rights in issue at 31/12/2009	Awarded	Rights exercised	Rights cancelled[2]	Rights in issue at 31/12/2010
Stock grant plans on Altarea shares							
23 July 2007	62,500[1]	31 March 2010	23,887		(23,563)	(324)	0
22 July 2008	25,490	22 July 2010	23,225		(22,260)	(965)	0
22 July 2008	7,900[1]	22 July 2010	2,760		(1,960)	(800)	0
26 September 2008	14,128	27 September 2010	14,128		(14,128)		0
18 December 2008	12,932	18 December 2010	12,446		(11,564)	(882)	0
31 December 2008	6,100	31 December 2010	6,100		(6,100)		0
31 December 2008	2,500	30 September 2011	2,500				2,500
31 December 2008	3,000[1]	31 December 2010	3,000		(3,000)		0
17 July 2009	17,680	17 July 2011	17,105			(1,640)	15,465
17 July 2009	10,000	17 July 2011	10,000				10,000
15 September 2009	11,000	15 September 2011	11,000				11,000
5 March 2010	32,190	31 March 2012		32,190		(1,080)	31,110
5 March 2010	73,800	20 December 2012		73,800		(1,500)	72,300
5 March 2010	20,000	20 December 2012		20,000			20,000
5 March 2010	20,000	20 December 2013		20,000			20,000
5 March 2010	20,000	20 December 2014		20,000			20,000
5 March 2010	16,700	5 March 2012		16,700			16,700
16 December 2010	15,400	30 June 2013		15,400			15,400
TOTAL	**371,320**		**126,151**	**198,090**	**(82,575)**	**(7,191)**	**234,475**

(1) The award of rights is contingent upon meeting non-market related performance criteria, which are assumed to have been met.

(2) Rights cancelled for reasons of departure or due to lack of certainty on performance conditions being met.

Commitments received

For acquisitions and buyouts of minority interests, Altarea secures guarantees, in particular to cover potential tax liabilities. The representations and warranties provided by the Affine group for the sale of the controlling interest in Imaffine on 2 September 2004 were transferred as part of the merger, such that Altarea now directly holds a 10-year guarantee covering Imaffine's net assets before the merger.

In connection with the acquisition of Altareit, Altarea received a guarantee from seller Bongrain that it would be held fully harmless for a period of 10 years, through a reduction in the selling price, from any damage or loss originating from the business activities effectively suffered by Altareit with a cause or origin predating 20 March 2008.

Altarea has a call option exercisable at any time for a period of seven years as from 30 June 2010 to acquire a share of the partners' accounts in Alta Blue from its partners for €66.7 million.

Number of employees

The company has five employees.

3.2.3.5. Subsequent events

The shopping centre in Brive-la-Gaillarde was sold on 26 January 2011 for €2,239 thousand.

In February 2011, nearly €120 million in interest rate hedging instruments maturing in December 2011 were cancelled. The cost of this restructuring was €2.5 million. It will be reflected in the 2011 accounts.

Table of subsidiaries and participating interests

Company	Share capital	Equity other than share capital	Ownership interest	Cost of shares, gross	Cost of shares, net	Loans and advances given	Loans and advances, net	Guarantees given	Earnings in the previous financial year	Dividends received by the company	Revenue before taxes
Subsidiaries (over 50% owned)											
SAS Foncière Altarea – 353 900 699	6,287	244,544	99.99	579,507	579,507	263,628	263,628		61,166	16,504	2
SCA Altareit – 553 091 050	2,627	145,317	99.63	91,635	91,635				62,015		506
SNC Toulouse Gramont – 352 076 145	450	(214)	99.99	457	457	5,135	5,135		(222)		485
SNC Altarea Management – 509 105 537	10	191	99.99	10	10	815	815		191		5,474
SAS Alta Développement Espagne – 490 874 907	150	(15,687)	100.00	1,500		25,513	20,822		(16,833)		
SAS Alta Développement Italie – 444 561 476	12,638	(1,999)	99.80	13,800	13,800	14,548	14,548		(476)		322
SARL Socobac – 352 781 389	8	152	100.00						2		
Participating interests (10-50%)											
SAS Alta Blue – 522 193 796	1,000	93,934	33.33	33,333	33,333				(5,181)		
Other securities											

3.2.4. STATUTORY AUDITORS' REPORT ON THE FULL-YEAR FINANCIAL STATEMENTS

(For the financial year ended 31 December 2010)

To the Shareholders,

In accordance with our appointment as Statutory Auditors by your Annual General Meeting, we hereby present you with our report for the financial year ended 31 December 2010 on:

- our audit of the accompanying financial statements of ALTAREA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Managers. Our responsibility is to express an opinion on these financial statements based on our audit.

I. Opinion on the full-year financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion given below.

In our opinion, the financial statements give a true and fair view of the company's operations during the financial year, as well as the company's assets, liabilities, and financial position at 31 December 2010, in accordance with accounting principles generally accepted in France.

II. Justification of our assessments

In accordance with Article L. 823-9 of the French Commercial Code concerning the justification of our assessments, we bring to your attention the following items:

- Under Note 3.2, "Accounting principles and policies":
  - The Note on "*Property, plant, and equipment*" discusses the accounting methods used for the recognition and measurement, depreciation, and impairment of these assets.
    We confirmed that these accounting methods are reasonable and have been applied appropriately.
  - The Note on "*Financial assets*" discusses the accounting methods used to measure the equity interests held by the company and related receivables at the end of the financial year, *inter alia*.
    We confirmed that these accounting methods and the information provided in the notes are appropriate, and that reasonable estimates have been used to determine the value-in-use of these financial assets and to justify the amount of related receivables.

These assessments were made as part of our audit of the full-year financial statements taken as a whole, and therefore contributed to our audit opinion expressed in the first part of this report.

III. Specific verifications and information required by law

We also carried out the specific verifications required by law, in accordance with professional standards applicable in France.

We have no matters to report as to the true and fair nature and the consistency with the full-year financial statements of the information provided in the management report and documents sent to Shareholders concerning the company's financial position and the full-year financial statements.

As regards the information provided in accordance with Article L. 225-102-1 of the French Commercial Code concerning compensation and benefits paid to corporate officers, as well as commitments made in their favour, we have verified their consistency with the financial statements or with the information used to prepare the financial statements and, if applicable, with the information collected by the company from the companies controlling it or controlled by it. On the basis of this work, we confirm the accuracy and sincerity of this information.

In accordance with the law, we have confirmed that the required information on acquisitions of the company's shares and voting rights, along with the identities of the company's Shareholders and voting right holders, are disclosed in the management report.

Paris and Paris-La Défense, 21 March 2011

The Statutory Auditors

A.A.C.E. Île-de-France	ERNST & YOUNG et Autres
Patrick UGHETTO	Jean-Roch VARON

3.2.5. STATUTORY AUDITORS SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

(Annual General Meeting called to approve the financial statements for the year ended 31 December 2010)

To the Shareholders,

As the Statutory Auditors of your Company, we hereby present you with our report on related-party agreements and commitments.

Our responsibility is to report to you, based on the information provided to us, the main terms and conditions of the agreements and commitments brought to our attention or of which we may have become aware in the performance of our work, without expressing an opinion on their usefulness and appropriateness or determining the existence of any other agreements. It is your responsibility, pursuant to Article R. 226-2 of the French Commercial Code, to assess the company's interest in entering into these agreements before deciding on whether to approve them.

It is also our responsibility to report to you, as provided by article R. 226-2 of the French Commercial Code, information pertaining to the performance of agreements approved by the Annual General Meeting in prior years and that remained in effect during the past year.

We have taken the measures we deemed necessary in accordance with CNC professional guidelines relating to our audit. These measures consisted of verifying that the information provided to us is consistent with the documents from which it was taken.

Agreements and commitments submitted to the Annual General Meeting for approval

We hereby inform you that we were not notified of any agreement or commitment authorised during the past financial year to be submitted to the Annual General Meeting for approval in accordance with the provisions of Article L. 226-10 of the French Commercial Code.

Agreements and commitments approved in prior years

a) Remaining in effect during this financial year:

In accordance with Article R. 226-2 of the French Commercial Code, we have been informed that the performance of the following agreements and commitments, which were approved by Annual General Meetings in prior years, remained in effect during the past financial year.

WITH COGEDIM SAS:

Your Company provided a guarantee to IXIS CORPORATE & INVESTMENT BANK on behalf of COGEDIM SAS as security for a loan in a principal amount of €300 million from IXIS CIB, which was used to finance a portion of the acquisition of the former COGEDIM.

The Company charged a commission of €1,000,000 for this guarantee in 2010.

WITH ALTAREA PATRIMAE:

Your Company granted its Spanish subsidiary, ALTAREA PATRIMAE, a subordinated loan for €22,800,000 and a guarantee for a bank loan. This financing was used to purchase the San Cugat shopping centre.

The interest rate on the subordinated loan, granted on 25 July 2006, is 1.5% until 31 December 2007, 3% until 31 December 2009, and 6% thereafter, until no later than 31 December 2016.

Your Company also pledged receivables from ALTAREA PATRIMAE to IXIS CORPORATE & INVESTMENT BANK as security for the €22,800,000 subordinated loan.

The company recognised €1,368,000 of financial income from the subordinated loan in 2010.

WITH MEZZANINE PARIS NORD SA:

Your Company provided a personal, undivided guarantee to Crédit Foncier de France (acting on behalf of ENTENIAL) on behalf of MEZZANINE PARIS NORD SA as security for the following:

- full repayment for Tranche A of a loan, for up to €1,859,878, representing 20% of the total loan principal amount of €9,299,390, plus interest, fees, and other related costs; and
- under the terms of a first-demand guarantee Payment of the remaining amount due for construction work and the initial royalty owed to SNCF, up to €990,919, representing 20% of the total loan principal amount of €4,954,593, plus a 19.60% VAT charge and the indexed increases set forth in the tenancy agreement.

Commissions on this guarantee payable to the company at a rate of 0.4% by Mezzanine Paris Nord amounted to €6,777 in 2010.

b) With no effect during the past year:

We have also been informed that the performance of the following agreements and commitments, which were approved by Annual General Meetings in prior years, produced no effects during the past financial year.

WITH ALTA DÉVELOPPEMENT ESPAGNE:

As part of the sale on 22 December 2009 of shares in ALTA DÉVELOPPEMENT RUSSIA by your Company to its subsidiary ALTA DÉVELOPPEMENT Espagne, ALTA DÉVELOPPEMENT Espagne undertook to make an earn-out payment on the acquisition capped at €35,970,779 representing 50% of the subsequent disposal price to a third party within two years of the acquisition date.

As part of the sale on 22 December 2009 of the receivable held by your company on ALTAREA ESPAÑA to its subsidiary ALTA DÉVELOPPEMENT Espagne, ALTA DÉVELOPPEMENT Espagne undertook to make an earn-out payment in the event of an improvement in ALTAREA ESPAÑA's financial condition, representing 75% of the repayment or sale of the receivable to a third party within five years of the initial sale.

Paris and Paris-La Défense, 21 March 2011

The Statutory Auditors

A.A.C.E. Île-de-France	ERNST & YOUNG et Autres
Patrick UGHETTO	Jean-Roch VARON

4 General Information

4.1. *PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND THE AUDIT OF THE FINANCIAL STATEMENTS*

4.1.1. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Alain Taravella, Manager

4.1.2. STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

"I declare, after taking all reasonable care to ensure that such is the case, that the information contained in this reference document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I declare that to the best of my knowledge, the financial statements were prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position, and earnings of the company and all entities included in the company's scope of consolidation. I also declare that to the best of my knowledge, the management report in section 2 gives a true and fair view of the businesses, earnings, financial position, and primary risks and uncertainties of the company and all entities included in the company's scope of consolidation.

I have obtained a statement from the Statutory Auditors at the end of their engagement confirming that they have read this reference document in its entirety and reviewed the information it contains regarding the company's financial position and financial statements.

The Statutory Auditors' report on the historical financial data included in this Registration document is provided in sections 3.1.19. and 3.2.4. The report on the consolidated financial statements for the year ended 31 December 2010 is provided in section 3.1.19.

The Statutory Auditors' report on the historical financial information for 2009, which is incorporated by reference in this Registration document, contained an emphasis of matter paragraph concerning changes in accounting methods.

The Statutory Auditors' report on the historical financial information for 2008, which is incorporated by reference in this Registration document, contained an emphasis of matter paragraph concerning changes in accounting methods."

Alain Taravella
Manager

4.1.3. PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

(a) Statutory Auditors

AACE Île-de-France
10, rue de Florence – 75008 Paris
Represented by Mr. Patrick Ughetto
Date first appointed: 28 May 2010
Length of term: six financial years
Term expires at the close of the Annual General Meeting held to approve the financial statements for FY 2015.

The firm of Ernst & Young et Autres
Tour Ernst & Young, Faubourg de l'Arche, 11, allée de l'Arche – 92037 Paris-La Défense Cedex
Represented by Jean-Roch Varon
Date first appointed 28 May 2010
Length of term: six financial years
Term expires at the close of the Annual General Meeting held to approve the financial statements for FY 2015.

(b) Alternate Auditors

Cabinet Auditeurs Associés Consultants Européens – AACE
10, rue de Florence – 75008 Paris
Date first appointed: 28 May 2010
Length of term: six financial years
Term expires at the close of the Annual General Meeting held to approve the financial statements for FY 2015.

Auditex
Tour Ernst & Young, Faubourg de l'Arche, 11, allée de l'Arche – 92037 Paris-La Défense
Date first appointed: 28 May 2010
Length of term: six financial years
Term expires at the close of the Annual General Meeting held to approve the financial statements for FY 2015.

The Statutory Auditors are members of *Compagnie nationale des commissaires aux comptes.*

4.1.4. DOCUMENTS AVAILABLE TO THE PUBLIC

I, the undersigned, hereby confirm that the following documents are available to the public in electronic or printed form, and can be obtained from the company's registered office at 8, avenue Delcassé, 75008 Paris, during office hours:

- the company's most recent Articles of Association;
- all reports, letters and other documents, past financial data, and expert opinions or statements requested by the company that are included or mentioned in this Registration document; and
- financial data for the company and its subsidiaries for the two fiscal years prior to the year in which this Registration document is published.

Alain Taravella
Manager

4.2. GENERAL INFORMATION ABOUT THE ISSUER AND ITS SHARE CAPITAL

4.2.1. GENERAL INFORMATION ABOUT THE ISSUER

(a) Company name (Article 3 of the Articles of Association)

The company's name is Altarea.

(b) Legal form – governing law (Article 1 of the Articles of Association)

Altarea was originally incorporated as a French *société anonyme*. It was transformed into a *société en commandite par actions* by resolution of the Shareholders at their Ordinary and Extraordinary General Meeting held on 26 June 2007. Altarea is a company incorporated under the laws of France and governed principally by the provisions of Book II of the French Commercial Code.

Altarea is therefore subject to French law.

(c) Specific applicable legislation

Following the decision taken in March 2005 by the company and its eligible subsidiaries to elect for the tax regime of *sociétés d'investissements immobiliers cotées* (SIIC) in accordance with Article 208-C of the French General Tax Code – decree No. 2003-645 of 11 July 2003, Altarea is subject to the specific provisions of that regime (see below).

(d) Registered office (Article 4 of the Articles of Association)

The company's registered office is at 8, avenue Delcassé, 75008 Paris.

Its telephone number is 00 33 (0) 1 44 95 88 10.

Altarea is housed by its sub-subsidiary Cogedim Gestion, which has a commercial lease over the premises.

(e) Date of incorporation and term (Article 5 of the Articles of Association)

The company was incorporated on 29 September 1954 and, in accordance with Article 5 of its Articles of Association, has a term of 99 years as of that date, unless extended or wound up early.

(f) Corporate object (Article 2 of the Articles of Association)

The company's corporate object is:

- principally: to acquire any and all land, property rights or buildings and any and all assets and rights that may constitute an accessory or appendix to said property assets, to build properties and undertake any and all transactions directly or indirectly connected with their construction, to operate and enhance the value of said property assets through their letting, to lease any and all property assets either directly or indirectly, to hold equity interests in the entities referred to in Article 8 and paragraphs 1, 2 and 3 of Article 206 of the French General Tax Code and, more generally, to acquire equity interests in any and all entities whose main object is the operation of rental properties, and to run, manage and assist such entities;
- secondarily: to manage, appraise and develop properties, to acquire property assets with a view to reselling, renovating, repairing, maintaining and cleaning them, to develop, manage and run shopping centres, to acquire equity investments or interests, directly or indirectly, in any and all companies or entities engaged in any kind of property-related business;
- exceptionally: to exchange or transfer by way of sale, capital contribution or otherwise any property assets acquired or built for the purpose of letting in accordance with the company's principal object;
- generally: to undertake any and all civil, financial, commercial, industrial, securities and real property transactions to facilitate the achievement of any of the foregoing objects.

(g) Trade and companies registry

The company is registered at the Paris Trade and Companies Registry under registration number 335 480 877.

The company's SIRET number is 335 480 877 00414 and its business code is 6820D (administration of other property assets).

(h) Inspection of legal documents

Legal documents relating to the company which must be made available by law to the Shareholders may be inspected at the company's registered office at 8, avenue Delcassé, 75008 Paris.

(i) Financial year (Article 25 of the Articles of Association)

The financial year begins on 1 January and ends on 31 December.

(j) Appropriation of earnings (Article 32 of the Articles of Association)

The company's distributable profit as defined by law is available for distribution by the General Meeting of Shareholders. The General Meeting of Shareholders has sole discretion over its appropriation. It may be appropriated in full or in part to any general or special reserves or to retained earnings or distributed to the Shareholders.

For as long as the company is subject to the regime set out in Article 208-C of the French General Tax Code, the amount of any distributions shall be determined in accordance with the provisions of the second, third and fourth paragraphs of Article 208-C-II of the French General Tax Code such that the company may benefit from the provisions set out in the first paragraph thereof.

The General Meeting of Shareholders may also resolve to distribute sums from other reserves available to it, providing that the law so permits.

The Annual General Meeting of Shareholders, voting to approve the financial statements for the year, may decide to give each Shareholder the option of receiving all or part of the dividend in cash or in ordinary shares issued by the company, in accordance with the applicable law and regulations.

The General Partner is entitled to a priority dividend equal to 1.5% of the annual dividend paid.

Save in the event of a capital reduction, no distribution may be made to the Shareholders if the company's net equity is or would as a result of the distribution become lower than the amount of share capital plus any reserves which are not distributable by law.

All of the foregoing is without prejudice to any future issuance of non-voting preferred shares.

A Relevant Shareholder whose own position or the position of its Shareholders causes the company to become liable for the withholding (the "Withholding") referred to in Article 208-C-II *ter* of the French General Tax Code (a "Liable Shareholder") shall compensate the company for the Withholding arising upon any distribution of dividends, reserves, share premiums or "income deemed to be distributed" within the meaning of the French General Tax Code.

All Relevant Shareholders are deemed to be Liable Shareholders. A Shareholder claiming not to be a Liable Shareholder must provide evidence thereof to the company no later than five (5) business days before the distribution payment date in the form of a satisfactory unqualified legal opinion from a law firm of international repute and with recognised expertise in French tax law, certifying that the Shareholder is not a Liable Shareholder and that the distributions made to it will not cause the company to become liable for the Withholding.

Should the company directly or indirectly hold a percentage of the dividend rights at least equal to that referred to in Article 208-C-II *ter* of the French General Tax Code in one or more of the *sociétés d'investissements immobiliers cotées* referred to in Article 208-C of the French General Tax Code (a "SIIC Subsidiary") and should a SIIC Subsidiary have paid the Withholding as a result of a Liable Shareholder, that Liable Shareholder shall, as the case may be, compensate the company either for the sum paid by way of compensation by the company to the SIIC Subsidiary in respect of the SIIC Subsidiary's payment of the Withholding or, if the company has not paid any compensation to the SIIC Subsidiary, for a sum equal to the Withholding paid by the SIIC Subsidiary multiplied by the percentage of dividend rights held by the company in the SIIC Subsidiary, such that the company's other Shareholders do not bear any portion of the Withholding paid by any of the SIICs in the chain of holding as a result of the Liable Shareholder (the "Additional Compensation"). The amount of Additional Compensation shall be borne by each of the Liable Shareholders in proportion to their respective dividend rights divided by the aggregate dividend rights held by all Liable Shareholders.

The company is entitled to set off the compensation due from any Liable Shareholder against the sums due to be paid by the company to that Liable Shareholder. Accordingly, the sums due to be distributed in respect of each share held by the Liable Shareholder from the company's tax-exempt earnings under Article 208-C-II of the French General Tax Code pursuant to a distribution decision or a share buyback will be reduced by the amount of the Withholding due by the company in respect of the distribution of those sums and/or the Additional Compensation.

In the case of a distribution paid in shares, each Liable Shareholder will receive a portion of the sums distributed in shares inasmuch as no fractional shares will be created, and the balance in cash. The shares will be booked on an individual current account so that the set-off mechanism described above can be applied to that portion of the distribution.

The amount of any compensation due by a Liable Shareholder will be calculated in such a way that the company shall be in the exactly same position after payment of the compensation and taking account of any related tax effects, as it would have been had the Withholding not been payable.

Should it transpire that (i) after a distribution of dividends, reserves or share premiums, or "income deemed to be distributed" within the meaning of the French General Tax Code made from the tax-exempt earnings of the company or a SIIC Subsidiary under Article 208-C-II of the French General Tax Code, a Shareholder was in fact a Liable Shareholder on the distribution date and that (ii) the company or SIIC Subsidiary should have paid the Withholding in respect of the sums paid to the Liable Shareholder and said sums were paid without application of the reduction mechanism described above, the Liable Shareholder will be required to pay the company compensation for its loss in a sum equal to the Withholding that the company would then have to pay in respect of each share held by that Liable Shareholder on the distribution date, plus where applicable the amount of the Additional Compensation (together the "Indemnity").

The company has the right to set off the Indemnity due against all sums that might subsequently be paid to the Liable Shareholder without prejudice where applicable to the prior application to said sums of the reduction described above. Should, after such set-off, the Liable Shareholder still owe the company any sums in respect of the Indemnity, the company may once again set off the outstanding balance against any sums that might subsequently be paid to the Liable Shareholder until the debt has been fully extinguished.

(k) General Meetings (Article 28 of the Articles of Association)

(i) Calling of meetings

Shareholders' meetings are called and take place in accordance with the provisions of the law.

Notice of meetings may be given be electronic means provided that the Shareholders have given their prior written consent.

Meetings take place at the registered office or any other place indicated in the notice of meeting.

(ii) Proxies

All Shareholders may attend meetings in person or by proxy, regardless of the number of shares held, simply by providing proof of identity and evidence that they were Shareholders of record at least three days before the date of the meeting. The Managers may reduce or cancel this three-day requirement, provided the same conditions apply to all Shareholders alike.

Corporate Shareholders may take part in shareholders' meetings through their legal representatives or any other person duly appointed for the purpose by their legal representatives.

(iii) Double voting rights

Double voting rights used to be attached to all fully paid shares registered in the name of the same Shareholders for at least two years. These double voting rights were abolished at the annual General Meeting held on 20 May 2009, after prior approval at a special class meeting of Shareholders with double voting rights held on the same day.

(iv) Ceiling on voting rights

The number of voting rights that may be exercised by each limited partner in General Meetings is equal to the number of voting rights attached the shares they own up to a maximum limit of 60% of the voting rights attached to all shares comprising the share capital.

(v) Voting by mail and videoconferencing

Voting by mail takes place in accordance with the provisions of the law and regulations.

Shareholders may attend and vote at all meetings by videoconferencing or any other electronic means that permits their identification in accordance with the law and regulations, except for the annual General Meeting held to approve the financial statements.

(vi) Chairman – Officers of the meeting

General Meetings are chaired by the Manager or one of the Managers if there is more than one. If the meeting is called by the Supervisory Board, it is chaired by the Chairman of the Supervisory Board or one of its members designated to that effect. Failing that, the meeting elects its own Chairman.

Minutes of Meetings are drawn up and copies certified and issued in accordance with the law.

(l) Form of shares (Article 10 of the Articles of Association)

Fully paid up shares may be in either registered or bearer form, at the Shareholder's option.

However, any Shareholder other than a natural person who comes to own, directly or through its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code, a percentage of the company's dividend rights at least equal to the percentage referred to in Article 208-C-II *ter* of the French General Tax Code (a "Relevant Shareholder") must hold all its shares in registered form and ensure that its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code do likewise. Should a Relevant Shareholder fail to comply with this requirement no later than the third business day before the date of a General Meeting, its voting rights held directly or indirectly through its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code will be restricted at that meeting to one tenth of the shares held respectively by them. The Relevant Shareholder will recover all the voting rights attached to the shares it owns directly or through its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code at the next General Meeting, provided that the position has been remedied by the conversion of all the shares it owns directly or through its controlled entities within the meaning of Article L. 233-3 of the French Commercial Code, to registered form no later than the third business day before the date of the meeting.

Shares may be converted from registered to bearer form and *vice-versa* in accordance with the provisions of the law. Notwithstanding the foregoing, the shares must be in registered form where this is required by law.

Partially paid shares may not be converted to bearer form until they have been fully paid up.

Ownership of the shares is evidenced by their registration in accordance with the provisions of the law either on a share registry held by the issuer or its appointed registrar in the case of registered shares or on an account held with an authorised financial intermediary in the case of bearer shares. If requested by a Shareholder, the company or authorised financial intermediary shall issue a certificate of registration.

Shareholders or intermediaries who fail to provide the information referred to above may, in accordance with the provisions of the law, have their voting rights and dividend rights suspended or disqualified.

The company may at any time and at its own expense ask its clearing organisation for information about the name or corporate name, nationality and address of holders of securities conferring the right to vote at General Meetings either immediately or in the future, as well as the number of securities held and any restrictions attached thereto.

The shares are indivisible for the company's purposes.

Joint owners of shares shall accordingly be represented for the company's purposes by one of the owners or by a person appointed by the owners as their sole representative. In the event of disagreement, the representative will be appointed by order of the presiding judge of the commercial court in summary proceedings at the request of one of the joint owners.

(m) Trading in the shares (Article 11 of the Articles of Association)

The shares may be traded without restriction save for any provisions to the contrary set out in law, regulations or the Articles of Association.

(n) Disclosure thresholds – Reporting requirements (Article 12 of the Articles of Association)

Apart from the legal disclosure thresholds, the Articles of Association require that any natural or legal person acting alone or in concert who comes to own or ceases to own a percentage of the company's share capital, voting rights or securities giving future access to equity equal to or more than one percent (1%) or any multiple thereof must, no later than five days after occurrence, advise the company by recorded delivery mail of the total number of shares, voting rights or securities giving future access to equity owned either directly, indirectly or in concert.

Any shares or securities that have not been disclosed in accordance with these requirements will be disqualified for voting purposes at all General Meetings held for a period of two years after the date on which the requisite disclosure is finally made, if the failure to disclose has been duly noted and if requested by one or more Shareholders separately or together holding at least one percent (1%) of the company's share capital in accordance with the terms of the law. Similarly, the voting rights attached to any shares that have not been disclosed in accordance with these requirements may not be exercised by the holder either in person or by proxy.

4.2.2. GENERAL INFORMATION ABOUT THE SHARE CAPITAL

(a) Provisions of the Articles of Association regarding alterations to the share capital and the respective rights of various classes of shares

The provisions of the Articles of Association regarding alterations to the share capital are no more restrictive than the provisions of the law and they do not provide for any special classes of shares.

(b) Share capital

On the date of this document, the share capital was €155,539,502.06 divided into 10,178,817 fully paid shares all of the same class. The rounded par value is €15.28 a share.

(c) Authorities involving the share capital

Note 3.1.13.8. to the consolidated financial statements provides detailed information on:

- transactions involving the share capital;
- stock option plans;
- share warrants in issue;
- free shares plans;
- employee share offers;
- information on treasury shares.

In accordance with the provisions of Article L. 225-100 of the Code de Commerce, the tables below set out all authorities granted by extraordinary resolution of the Shareholders and their use during 2010. Each new authority granted to the Board of Managers supersedes and cancels all previous authorities granted for the same purpose.

A) Authorities granted by the combined general meeting of 26 May 2008 that remained valid in 2010

EMPLOYEE SHARE OFFERS

Authority granted	AGM date	Expiry date	Use in 2010 (1)
Free shares plans	26/05/2008 22nd resolution	26/07/2011	198,800
Stock option plans (existing shares)	26/05/2008 23rd resolution	26/07/2011	5,500
Stock option plans (new shares)	26/05/2008 24th resolution	26/07/2011	None
Blanket limit of 350,000 shares issued to executive officers or employees	26/05/2008 25th resolution	Applies to each authority	204,300 (2)

(1) Number of shares.

(2) Total used in 2010.

As of the date of this document, 34,587 shares may still be issued under these grants of authority.

B) Authorities granted by the combined general meeting of 20 May 2009 that remained valid until the meeting of 28 May 2010

(I) AUTHORITIES TO INCREASE THE SHARE CAPITAL

Authority granted	AGM date	Expiry date	Use in 2010
Authority to issue for cash ordinary shares or securities giving access to equity, with pre-emptive rights.	20/05/2009	20/07/2011	None
Authority to issue for cash ordinary shares or securities giving access to equity, without pre-emptive rights.	20/05/2009	20/07/2011	None
Authority to issue ordinary shares or securities giving access to equity in payment for securities tendered to a public exchange offer.	20/05/2009	20/07/2011	None
Authority to issue ordinary shares or securities giving access to equity to pay for shares purchased other than under a public exchange offer	20/05/2009	20/07/2011	None
Blanket limit for new share issues under all authorities granted to the Managers set at €120 million	20/05/2009	Applies to each authority	None
Authority to issue securities giving access to debt securities, up to a maximum limit of €120 million	20/05/2009	20/07/2011	None
Authority to issue ordinary shares or securities giving access to equity to minority Shareholders of subsidiaries in consideration for their interests in an Altarea Group company or to persons or legal entities in consideration for a portfolio of property assets	20/05/2009	20/11/2010	None
Authority to increase the share capital by capitalising reserves	20/05/2009	20/07/2011	None
Option of increasing the amount of an issue in case of oversubscription by a maximum of 15% of the original amount	20/05/2009	Applies to each authority	None

As of the date of this document, no transactions may be effected pursuant to the authorities conferred by this meeting; the resolutions adopted by the meeting of 28 May 2010 superseded and cancelled these authorities.

(II) SHARE BUYBACK PROGRAMME

Authority	AGM date	Expiry date
Authority to buy back shares at a maximum price of €200 per share. Aggregate ceiling: €100 million.	20/05/2009	20/11/2010
Authority to reduce the share capital by cancelling shares purchased under the share buyback program	20/05/2009	20/07/2011
Authority to reduce the share capital by cancelling treasury shares held as a result of asset transfers or mergers	20/05/2009	20/11/2010

Purchases and sales of treasury shares in 2010 made in accordance with the foregoing authorities are detailed in paragraph d) below on the share buyback programme. As of the date of this document, no transaction may be effected pursuant to the authorities conferred by this meeting; the resolutions adopted by the meeting of 28 May 2010 superseded and cancelled these authorities.

(III) EMPLOYEE SHARE OFFERS

Authority granted	AGM date	Expiry date	Use in 2010
Share issues restricted to members of an employee savings plan – maximum 350,000 shares	20/05/2009	20/07/2011	None

As of the date of this document, no transaction can be effected pursuant to the authorities conferred by this meeting; the resolutions adopted by the meeting of 28 May 2010 superseded and cancelled these authorities.

C) Authorities granted by the Combined General Meeting of 28 May 2010

(I) AUTHORITIES TO INCREASE THE SHARE CAPITAL

Authority granted	AGM date	Expiry date	Use in 2010
Authority to issue for cash ordinary shares or securities giving access to equity or debt securities, with pre-emptive rights.	28/05/2010 12th resolution	28/07/2012	None
Authority to issue for cash ordinary shares or securities giving access to equity or debt securities in the context of a takeover bid, without pre-emptive rights.	28/05/2010 13th resolution	28/07/2012	None
Authority to issue for cash ordinary shares or securities giving access to equity or debt securities in the context of a private placement, without pre-emptive rights.	28/05/2010 14th resolution	28/07/2012	None
Authority granted to the Board of Managers to fix the issue price for share issues without pre-emptive rights subject to a ceiling of 10% per year	28/05/2010 15th resolution	28/07/2012	None
Option of increasing the number of shares to be issued in case of oversubscription	28/05/2010 16th resolution	28/07/2012	None
Authority to issue shares to pay for contributions in kind of shares, without pre-emptive rights subject to a ceiling of 10% per year	28/05/2010 17th resolution	28/07/2012	None
Authority to issue ordinary shares or securities giving access to equity to minority Shareholders of subsidiaries in consideration for their interests in an Altarea Group company or to persons or legal entities in consideration for a portfolio of property assets. Maximum: €20 million.	28/05/2010 18th resolution	28/11/2012	None
Authority to issue shares to pay for securities tendered under a public exchange offer up to a maximum of €120 million	28/05/2010 19th resolution	28/07/2012	None
Fixing of a general upper limit on authorities granted to the Board of Managers of €120 million for share issues and €120 million for negotiable securities representing debt in the company	28/05/2010 20th resolution	Applies to each authority	None
Authority to increase the share capital by the incorporation of reserves	28/05/2010 21st resolution	28/07/2012	None

As of the date of this document, the total amount of issues that may be carried out under these grants of authority remains at €120 million.

(II) SHARE BUYBACK PROGRAMME

Authority	AGM date	Expiry date
Authority to buy back shares at a maximum price of €200 per share. Maximum limit of €100 million.	28/05/2010	28/11/2012
Authority to reduce the share capital by cancelling shares purchased under the buyback program	28/05/2010	28/07/2012

Purchases and sales of treasury shares made in accordance with the foregoing authorities in 2010 are detailed in paragraph d) below on the share buyback programme.

(III) EMPLOYEE SHARE OFFERS

Authority	AGM date	Expiry date	Use in 2010
Authority to issue ordinary shares to members of an employee share savings plan. Aggregate ceiling: €10 million	28/05/2010	28/07/2012	None

As of the date of this document, the total amount of issues that may be carried out under these grants of authority remains at €10 million.

D) Grants of authority proposed for approval at the next Combined Meeting of Shareholders on 17 June 2011

(I) AUTHORITIES TO INCREASE THE SHARE CAPITAL

Authority	Resolution	Expiry date
Authority to issue for cash ordinary shares or securities giving access to equity or debt securities, with pre-emptive rights	7th resolution	17/08/2013
Authority to issue for cash ordinary shares or securities giving access to equity or debt securities, without pre-emptive rights, to pay for shares tendered in a public offer.	8th resolution	17/08/2013
Authority to issue for cash ordinary shares or securities giving access to equity or debt securities in to pay for shares tendered in a private placement.	9th resolution	17/08/2013
Authority granted to the Board of Managers to fix the issue price for share issues without pre-emptive rights up to a ceiling of 10% per year	10th resolution	17/08/2013
Option of increasing the amount of an issue in case of oversubscription	11th resolution	17/08/2013
Authority to issue shares to pay for contributions in kind of shares, without pre-emptive rights, subject to a ceiling of 10% per year	12th resolution	17/08/2013
Authority to issue ordinary shares or securities giving access to equity to minority Shareholders of subsidiaries in consideration for their interests in an Altarea Group company or to persons or legal entities in consideration for a portfolio of property assets. Maximum: €20 million.	13th resolution	17/12/2012
Authority to issue shares to pay for securities tendered under a public exchange offer up to a ceiling of €120 million	14th resolution	17/08/2013
Setting aggregate ceiling of authorities to the Board of Managers at €120 million for share issues and €120 million for negotiable securities representing debt in the company	15th resolution	Applies to each authority
Authority to increase the share capital by capitalising reserves	16th resolution	17/08/2013

(II) SHARE BUYBACK PROGRAMME

Authority	Resolution	Expiry date
Authority to buy back shares at a maximum price of €200 per share. Maximum: €100 million.	5th resolution	17/12/2012
Authority to reduce the share capital by cancelling shares purchased under the buyback program	6th resolution	17/08/2013

Purchases and sales of treasury shares made in accordance with the foregoing authorities in 2010 are detailed in paragraph d) below on the share buyback programme.

(III) EMPLOYEE SHARE OFFERS

Authority	Resolution	Expiry date
Authority to issue ordinary shares to members of an employee share savings plan. Aggregate ceiling: €10 million	17th resolution	17/08/2013
Free shares plans	18th resolution	17/08/2014
Stock option plans (existing shares)	19th resolution	17/08/2014
Stock option plans (new shares)	20th resolution	17/08/2014
Ceiling applicable to share issues reserved for employees and executives of the Group: 350,000 shares	21st resolution	Applies to each authority

(d) Share buyback programme

At the Annual General Meeting of 28 May 2010, the Shareholders authorised the company to purchase its own shares up to a maximum of 10% of the shares comprising the share capital and up to a maximum limit of €100 million, at a maximum price of €200 per share.

Pursuant to this authority, the Board of Managers decided to implement a share buyback programme for the following purposes in order of precedence: (1) to make a market in or to provide liquidity for the company's shares by an investment services provider under a liquidity contract that complies with the Code of Conduct recognised by the *Autorité des marchés financiers;* (2) to keep the shares to tender as payment or exchange for future acquisitions as a practice recognised by the *Autorité des marchés financiers;* (3) to hold the shares for allocation to employees and/or corporate officers under a stock option plan, a stock grant plan or an employee share ownership plan; (4) to award the shares to the holders of negotiable securities convertible into shares of the company upon the exercise of the rights attached to such securities, in accordance with the regulations in force; (5) to cancel the shares purchased, where applicable;

A description of the share buyback programme was published in accordance with Articles 241-1 *et seq.* of the AMF's General Regulation.

The company bought and sold the following shares in 2010:

Month	Number of shares bought	Number of shares sold	Price at end of month	Balance – Treasury shares
January	1,108	138	105.50	49,474
February	3,096	508	104.40	52,062
March	1,368	6,278	114.01	47,152
April	4,847	1,335	114.50	22,234
May	3,788	536	109.50	30,353
June	2,424	2,146	117.00	30,631
July	1,923	839	112.10	31,715
August	1,547	382	109.50	32,880
September	21,024	2,254	120.00	4,602
October	6,030	1,355	125.00	9,277
November	4,380	2,057	127.00	11,600
December	149,870	417	125.00	140,389

Details of treasury shares held by the company are provided in Note 3.1.13.8. to the consolidated financial statements.

The allocation of treasury shares by purpose is shown above. In Altarea's statutory financial statements, the line item "Treasury shares, liquidity contract", which corresponds to purpose (1) comprised 5,140 shares at 31 December 2010. The line item "Shares intended for allotment", which corresponds to purpose (3), comprised 135,249 shares at 31 December 2010.

In accordance with the information set out in paragraph (c) above relating to authorities involving the share capital, D (ii), at the Ordinary General Meeting, the Shareholders will be asked to renew, on the same terms and conditions as the authorities granted by the AGM of 28 May 2010, the authority to buy back shares up to a maximum of 10% of the shares comprising the share capital and up to the same aggregate amount of €100 million for the same maximum price of €200 per share. The purpose of this authority is the same as in the previous year, *i.e.* (i) to make a market in or to provide liquidity for the company's shares by an investment services provider under a liquidity contract that complies with the Code of Conduct recognised by the *Autorité des marchés financiers;* (ii) to keep the shares to tender as payment or exchange for future acquisitions as a practice recognised by the *Autorité des marchés financiers;* (iii) to hold the shares for allocation to employees and/or corporate officers under a stock option plan, a stock grant plan or an employee share ownership plan; (iv) to allocate shares to the holders of negotiable securities convertible into shares of the company upon the exercise of the rights attached to such securities, in accordance with the regulations in force; (v) to cancel the shares purchased under the share buyback programme. As was the case last year, the purchase, sale or transfer transactions described above may be carried out by any means compatible with the laws and regulations in force, including the use of derivative financial instruments and the purchase or sale of blocs of shares. As was the case last year, you will be asked to expressly authorise the buyback of shares from Shareholders that are corporate officers, but under stricter conditions than those applying to buybacks of shares from ordinary Shareholders: such transactions make take place with Shareholders who are corporate officers on condition that they are carried out at a price equal to the average of the last 20 stock market trading days, on the understanding that if this average is greater than the last stock market price, the transaction price will be equal to the latest stock market price.

(e) Securities giving access to equity

Details are provided in Note 3.1.13.8. to the consolidated financial statements.

(f) Pledges over shares

At 31 December 2010, 6,210,648 registered shares representing 61% of the share capital (which comprised 10,178,817 shares at that date) had been pledged.

(g) Changes in share capital in the past five years

Transaction	Number of shares	Transaction amount	Share premium	Total share capital	Total number of shares	Par value per share
Merger by absorption of Altarea SA (24/12/2004)	5,137,671	€78,510,252	€8,574,096	€84,410,252	5,523,764	At par
New share issue upon exercise of warrants (27/05/2005)	231,000	€14,171,506.85	€10,641,528.34	€87,939,932	5,754,764	At par
Employee share offer (21/07/2005)	6,740	€522,147.80	€419,151.80	€88,042,928	5,761,504	At par
Capital increase upon exercise of share warrants (09/12/2005)	637,826	€68,885,208	€59,139,226.72	€97,788,909.28	6,399,330	At par
New share issue in consideration for the Locafimo contribution in kind (14/12/2005)	484,049	€52,277,292	€44,881,023.28	€105,185,178	6,883,379	At par
New share issue in consideration for the Bail Investissement Foncière contribution in kind (25/07/2006)	1,200,000	€150,000,000	€131,664,000	€123,521,178	8,083,379	At par
Capital decrease by cancellation of treasury shares (25/07/2006)	200,000	€7,616,000	(€4,560,000)	€120,465,178	7,883,379	At par
Employee share offer (25/07/2006)	5,000	476,100	399,700	€120,541,578	7,888,379	At par
Employee share offer (10/07/2007)	3,318	€466,676.70	€415,977.66	€120,592,277.04	7,891,697	At par
New share issue restricted to Opus Investment (24/12/2007)	65,000	€14,300,000	€13,306,800	€121,585,477.04	7,956,697	At par
Employee share offer (24/12/2007)	4,350	€718,402.50	€651,934.50	€121,651,945.04	7,961,047	At par
Merger by absorption of Altafinance (26/05/2008)	35,000	€5,904,613.70	€5,369,782.28	€122,186,776.46	7,996,047	At par
New share issue upon exercise of warrants (08/07/2008)	2,203,044	€374,517,480	€340,854,967.68	€155,849,288.78	10,199,091	At par
New share issue in consideration for the contribution of Foncière Altarea shares (26/06/2009)	31,850	€3,954,542	€3,467,874	€156,335,956.78	10,230,941	At par
Capital reduction by cancellation of treasury shares held (26/06/2009)	52,124	€1,984,881.92	(€1,188,427.20)	155,539,502.06	10,178,817	At par

(h) Current ownership of share capital and voting rights

The company does not know the exact composition of its ownership at all times, as some of its shares are held in bearer form.

A breakdown of the shares and voting rights between the main Shareholder groups at 31 December 2010 and 31 December 2009 can be found in note 3.1.17.3. to the consolidated financial statements. The breakdown at 31 December 2008 can also be found in the 2008 Registration document, which is incorporated in this document by reference.

The voting rights disclosed in Note 3.1.17.3. are actual voting rights that can be exercised in General Meetings at 31 December 2010, rather than theoretical voting rights which include those attached to treasury shares. Consequently, the table below reproduces the information provided in the notes to the financial statements and shows the corresponding number of theoretical voting rights.

Ownership at 31 December 2010

Shareholder	Number of shares	% of share capital and theoretical voting rights	Number of actual voting rights	% of actual voting rights
Altafinance 2	3,383,635	33.24	3,383,635	33.71
Alta Patrimoine	1,351,020	13.27	1,351,020	13.46
Alain Taravella and his family	148,065	1.45	148.065	1.47
Controlled by A. Taravella	*4,882,720*	*47.97*	*4,882,720*	*48.64*
JN Holding	583,081	5.73	583,081	5.81
Jacques Nicolet	50,000	0.49	50,000	0.50
Controlled by J. Nicolet	*633,081*	*6.22*	*633,081*	*6.31*
CONTROLLED BY FOUNDERS	**5,515,801**	**54.19**	**5,515,801**	**54.95**
Predica	1,194,354	11.73	1,194,354	11.90
APG	789,234	7.75	789,234	7.86
FDR	1,228,046	12.06	1,228,046	12.23
Opus Investment	83,572	0.82	83,572	0.83
Treasury shares	140,389	1.38	0	0.00
Free float	1,227,421	12.06	1,227,421	12.23
TOTAL	**10,178,817**	**100.00**	**10,038,428**	**100.00**

The 10 existing general partner *(commandité)* shares with a par value of €100 are held by Altafi 2, whose registered office is at 8, avenue Delcassé, 75008 Paris, registration number 501 290 506 RCS Paris.

Change in ownership structure over the past three fiscal years

	31/12/2010	31/12/2010	31/12/2009	31/12/2009	31/12/2008	31/12/2008
Shareholder	Number of shares	% of share capital	Number of shares	% of share capital	Number of shares	% of share capital
Altafinance 2	3,383,635	33.24	4,252,062	41.77	4,250,733	41.68
Alta Patrimoine	1,351,020	13.27	603,391	5.93	602,695	5.91
Alain Taravella and his family	148,065	1.45	148,065	1.46	169,208	1.66
Controlled by A. Taravella	*4,882,720*	*47.97*	*5,003,518*	*49.16*	*5,022,636*	*49.25*
JN Holding	583,081	5.73	543,180	5.34	547,957	5.37
Jacques Nicolet	50,000	0.49	123,601	1.21	123,601	1.21
Controlled by J. Nicolet	*633,081*	*6.22*	*666,781*	*6.55*	*671,558*	*6.58*
CONTROLLED BY FOUNDERS	**5,515,801**	**54.19**	**5,670,299**	**55.71**	**5,694,194**	**55.83**
MSRESS Fund	0	0	0	0	693,986	6.80
Predica	1,194,354	11.73	1,194,354	11.73	1,108,546	10.87
APG	789,234	7.75	789,234	7.75	588,234	5.77
FDR	1,228,046	12.06	1,228,046	12.06	1,228,046	12.04
Opus Investment	83,572	0.82	83,572	0.82	83,572	0.82
Treasury shares	140,389	1.38	48,504	0.48	106,632	1.05
Free float	1,227,421	12.06	1,164,808	11.44	695,881	6.82
TOTAL	**10,178,817**	**100.00**	**10,178,817**	**100.00**	**10,199,091**	**100.00**

(i) Control of the company and Shareholders' agreements

The company is majority controlled directly and indirectly by the group of founders comprising Alain Taravella, Altafinance 2 and Alta Patrimoine, which he and his family control, and by Jacques Nicolet and his holding company JN Holding.

An agreement to act in concert was made between Alain Taravella and Jacques Nicolet when they acquired control of the company (then called Imaffine) in 2004.

As of the date of this document, the company was aware of the following Shareholders' agreements:

Description	Date	Term [1]	Signatories	Commitments
Shareholders' Agreement	26/06/2007	10	Mr. Taravella, Mr. Nicolet, Altafinance, and Predica	Right of pre-emption in favour of the other Shareholders should Predica decide to sell more than 2% of the share capital or shares representing €30 million to a non-affiliate
Shareholders' Agreement	24/12/2007	5	Mr. Taravella and Opus Investment	Opus has right of pre-emption in favour of Mr. Taravella. Mr. Taravella approves any sale of share warrants. Undertaking by Opus to sell the warrants to Mr. Taravella should Mr. de Gournay cease to be a corporate officer and employee of Altarea
Shareholders' Agreement	26/05/2008	10	Mr. Taravella, Mr. Nicolet, Altafinance 2, JN Holding and Foncière des Régions	Same as agreement of 26/06/2007 with Predica. FDR represented on Supervisory Board by 2 members if →10% of the share capital and by 1 member if →5%. Undertaking to maintain the company's SIIC status and undertaking by Mr. Taravella to conduct all business in Retail property sector through Altarea
Shareholders' Agreement	12/6/2008	10	Mr. Taravella, Mr. Nicolet, Altafinance 2, JN Holding ABP fund	ABP Fund has right to appoint one member to sit on Supervisory Board and Board's special committees (number of seats consistent on percentage interest). Undertaking to use best efforts to maintain the company's SIIC status and to increase its free float
Dutreil agreements	21/07/2008 03/11/2009		Mr. Taravella, his family, Alta Patrimoine and Altafinance 2	Undertakings to hold shares

(1) Number of years from date of execution.

(j) Trading in Altarea shares in 2010 by executive officers or persons closely related to them

1. Purchase of shares

Executive officer	Title on transaction date	Type of security	Transaction	Transaction date or period	Number of securities	Unit price	Transaction total
Alain Taravella	Co-Manager	Ordinary shares	Purchase be Alta Patrimoine [1]	16/02/2010	645,214	€100.00	€64,521,400.00
Alain Taravella	Co-Manager	Ordinary shares	Purchase be Alta Patrimoine [1]	15/02/2010	120.000	€100.00	€12,000,000.00
Algemene Pensioen Groep APG	98% owned subsidiary of Stichting Pensioenfond ABP/ Member of the Supervisory Board	Ordinary shares	Purchase be Algemene Pensioen Groep APG	03/02/2010	789,234	€105.50	€83,264,187.00
Alain Taravella	Co-Manager	Ordinary shares	Purchase be Alta Patrimoine [1]	07/07/2010	103.213	€105.00	€10,837,365

2. Sale of shares

Executive officer	Title on transaction date	Type of security	Transaction	Transaction date or period	Number of securities	Unit price	Transaction total
Jacques Nicolet	Chairman of the Supervisory Board	Ordinary shares	Sale by JN Holding company [2]	23/12/2009	80	€107.00	€8,560.00
Alain Taravella	Co-Manager	Ordinary shares	Sale by Alta Patrimoine [1]	07/12/2009	2	€107.00	€214.00
Alain Taravella	Co-Manager	Ordinary shares	Sale by Altafinance 2 [1]	16/02/2010	645,214	€100.00	€64,521,400.00
Alain Taravella	Co-Manager	Ordinary shares	Sale by Altafinance 2 [1]	15/02/2010	120.000	€100.00	€12,000,000.00
Stichting Pensioenfonds ABP	Member of the Supervisory Board	Ordinary shares	Sale by Stichting Pensioenfonds ABP	03/02/2010	789,234	€105.50	€83,264,187.00
Alain Taravella	Co-Manager	Ordinary shares	Sale by Alta Patrimoine [1]	29/03/2010	500	€111.50	€55,750.00
Alain Taravella	Co-Manager	Ordinary shares	Sale by Alta Patrimoine [1]	30/03/2010	298	€111.01	€33,080,98
Alain Taravella	Co-Manager	Ordinary shares	Sale by Altafinance 2 [1]	07/07/2010	103.213	€105.00	€10,837,365.00
Jacques Nicolet	Chairman of the Supervisory Board	Ordinary shares	Sale by JN Holding company [2]	23/09/2010	8,700	€113.51	€987,537
Alain Taravella	Co-Manager	Ordinary shares	Sale by Alta Patrimoine [1]	22/12/2010	120.000	€126.00	€15,120,000.00
Jacques Nicolet	Chairman of the Supervisory Board	Ordinary shares	Sale by JN Holding [2]	22/12/2010	25,000	€126.00	€3,150,000

3. Transfer of shares

Executive officer	Title on transaction date	Type of security	Transaction	Transaction date or period	Number of securities	Unit price	Transaction total
Jacques Nicolet	Chairman of the Supervisory Board	Ordinary shares	Transfer by Jacques Nicolet	29/06/2010	73.601	€105.00	€7,728,105
Jacques Nicolet	Chairman of the Supervisory Board	Ordinary shares	Transfer to JN Holding [2]	29/06/2010	73,601	€105.00	€7,728,105

(1) Controlled by Alain Taravella.

(2) Controlled by Jacques Nicolet.

4.2.3. NON-EQUITY FINANCIAL INSTRUMENTS OTHER THAN THOSE CONVERTIBLE INTO EQUITY

Altarea has not issued any non-equity financial instruments other than those convertible into equity.

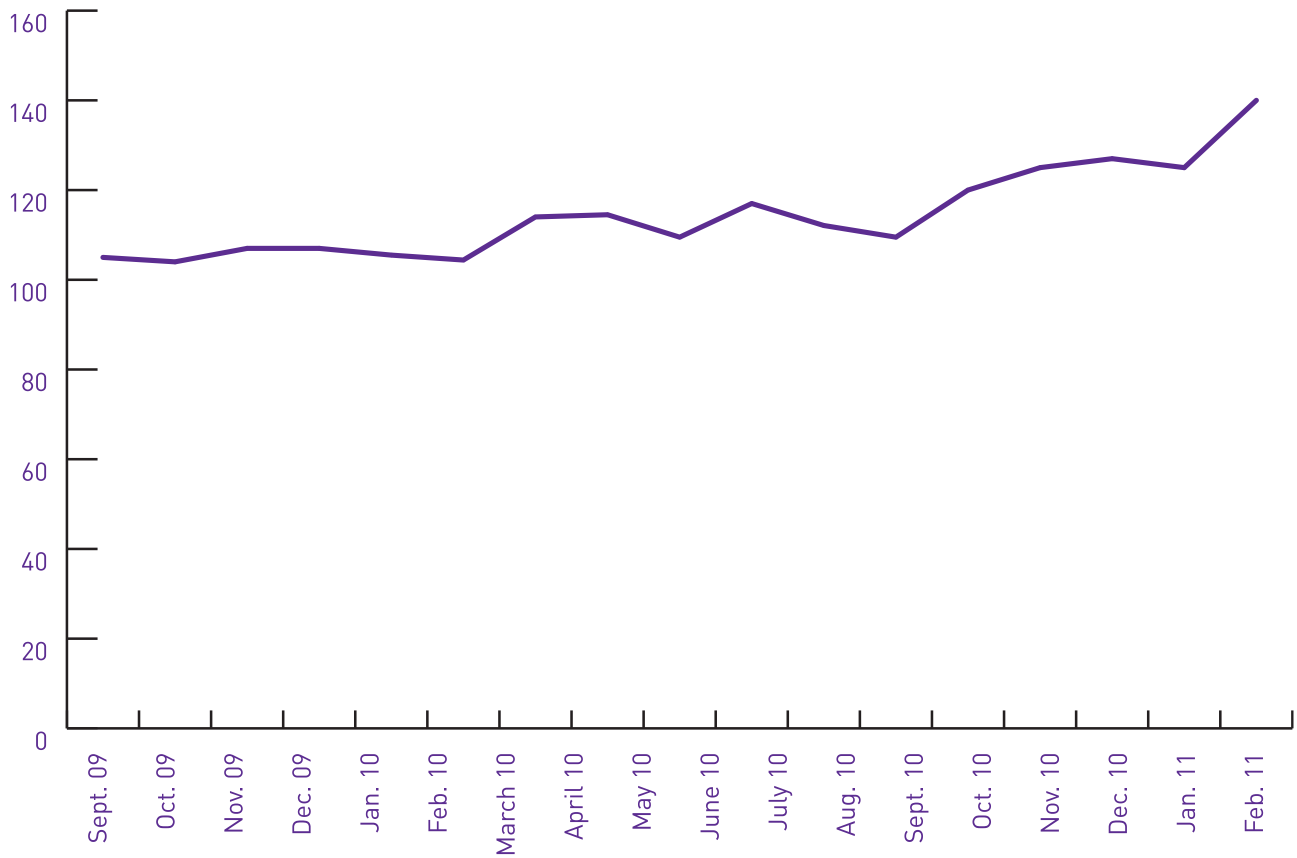
4.3. MARKET IN THE COMPANY'S FINANCIAL INSTRUMENTS

Imaffine/Altarea	
Market	Compartment A
Securities exchange	NYSE Euronext Paris

	2007	2008	2009	2010	2011
Market capitalisation	1,885,255,540.07	1,346,280,012.00	1,091,302,737	1,272,352,125	1,425,034,380
Number of shares traded	101,736	30,816	69,062	160,896	37,082
Average price (€)	211.42	189.33	110.00	115.29	128.82
Value of shares traded (€)	21,509,449	5,834,393	7,596,820	18,550,102	4,777,009
Price:					
Highest	251.00	238.00	133	128.00	141.40
Lowest	149.00	118.00	100	103.00	124.50
Latest	236.81	132.00	107	125.00	140.00

	High	Low	Latest	No. of shares traded	Value of shares traded (€)
January 2011	141.4	124.5	140	37,082	5,191,480.00
December 2010	127.99	124.00	125.00	12,080	1,510,000.00
November 2010	128.00	123.50	127.00	13,440	1,706,880.00
October 2010	128.00	120.00	125.00	21,018	2,627,250.00
September 2010	120.00	109.00	120.00	28,884	3,466,080.00
August 2010	112.96	107.90	109.50	4,148	454,206.00
July 2010	115.00	110.00	112.10	4,177	468,241.70
June 2010	118.50	109.50	117.00	10,064	1,177,488.00
May 2010	114.00	108.95	109.50	9,429	1,032,475.50
April 2010	125.00	114.50	114.50	24,563	2,812,463.50
March 2010	114.01	103.90	114.01	19,234	2,192,868.34
February 2010	105.50	103.00	104.40	7,675	801,270.00
January 2010	110.00	105.50	105.50	6,184	652,412.00
December 2009	107.00	104.51	107.00	5,341	571,487.00
November 2009	107.00	104.00	107.00	6,620	708,340.00
October 2009	105.00	104.00	104.00	6,910	718,640.00
September 2009	105.00	104.00	104.99	5,268	553,087.32
August 2009	105.00	100.00	105.00	6,426	674,730.00

Altarea share price trend over 18 months



4.4. DIVIDEND POLICY

(A) DIVIDENDS PAID OVER THE PAST FIVE FISCAL YEARS

Fiscal year ended	Dividend per share	Dividend eligible for tax relief (*)
31/12/2005	€2.40	€2.40
31/12/2006	€4.00	€4.00
31/12/2007	€6.00	€6.00
31/12/2008	€7.00	€7.00
31/12/2009	€7.20	€7.20

(*) Individual Shareholders resident in France are eligible for 40% tax relief on these dividends as of [1] January 2006.

(B) DIVIDEND DISTRIBUTION POLICY

A dividend of €8.00 per share in respect of 2010 will be proposed at the Annual General Meeting on 17 June 2011. This is an increase of 11.12% on the 2009 dividend.

Altarea aims to distribute a dividend equal to around two thirds of its recurring earnings, in order both to comply with the requirements for SIIC status and, in the medium-term, to reach the dividend payouts typically seen in its sector (after current property development projects are completed).

4.5. *RECENT EVENTS AND LITIGATION*

Recent events and litigation are discussed in Part 3 of this Registration document, in Notes 3.1.17.7. and 3.1.17.8. to the consolidated financial statements.

4.6. *INFORMATION THAT CAN AFFECT ALTAREA'S BUSINESSES OR PROFITABILITY*

The company is not dependent on its customers.

In the Shopping Centre Property Division, the ten largest tenants managed by Altarea accounted for 21.40% of total rental income (excl. tax) in 2010. No single tenant accounted for more than 10% of the rental income.

The ten largest customers in Altarea's residential and Office property business accounted for 25.9% of total revenue (excl. tax) in 2010. No single customer accounted for more than 10%.

4.7. COMPETITIVE ENVIRONMENT

The sections of this Registration document containing the company description and management report (Parts I and II) provide detailed, quantitative information on Altarea's businesses and services, along with their trends, competitive landscape, and earnings. The management report also discusses the macroeconomic factors and business cycles affecting the shopping centre and Residential property markets.

The company's main competitors are as follows:

- In the shopping centre sector, the ten largest property companies not including the Altarea Cogedim Group are [1] Unibail-Rodamco, Gecina, Klepierre, Foncière des Régions, Icade, Mercialys, Société Foncière Lyonnaise, Silic, FDL, and Foncière des Murs and the five largest pan-European property companies are Corio, Hammerson, Segro, Wereldhave and Cofinimmo.
- In the Residential property development sector, the ten largest companies not including the Altarea Cogedim Group are [2] Bouygues Immobilier, Nexity, Icade, Kaufman & Broad, Akerys, Promogim, BNP Paribas Immobilier, Bouwfonds Marignan Immobilier, Vinci Immobilier and Crédit Agricole Immobilier.
- In the Office property development sector, the ten largest companies not including the Altarea Cogedim Group are [2] Lazard Groupe, Icade, Pitch Promotion, BNP Paribas Immobilier, Sodearif, Vinci Immobilier, Bouygues Immobilier, Eiffage Immobilier, Cardinal and Sogeprom.

4.8. RISK FACTORS

Altarea is exposed to the following risk factors as a result of its business activities. However, the company feels it has the resources to limit these risks and manage the consequences should they materialise. Internal control and risk management procedures are detailed in the Chairman's report on internal control, which is reproduced in full in Section 6 of this document, and more particularly in sub-section 6.3.

In this area, the company abides by the provisions of the Code of Conduct of Listed Property Investment Companies.

4.8.1. RISKS RELATING TO THE OPERATIONS OF ALTAREA COGEDIM

Risks related to trends in the property market and to the business climate

Altarea operates in several sectors of the property market, mainly commercial property (mostly shopping centres) and Residential property. The company is exposed to systemic risks and uncertainties specific to the property market, most notably its cyclical nature, as well as the risks inherent to each property asset. The company's risk management strategy and measures adopted aim to limit the negative consequences should one of these risks materialise. However, abrupt changes in the economic, financial, monetary, regulatory, political, geopolitical, social, health, or environmental climate could have a negative impact on Altarea's businesses, asset values, earnings, development projects, and investments.

(1) Leading French SIIC property companies at 15 November 2011 by market capitalisation – Institut de l'Épargne Immobilière et Foncière.

(2) In revenues – La Lettre du patrimoine immobilier – September 2010, pages 10 and 12.

Property development risks

There are a number of risks related to property development, including:

- risks related to obtaining building permits or permits for commercial operations, and administrative proceedings that could delay property development projects;
- risk of inability to meet construction schedules owing to delays due to archaeological excavation, soil typology, decontamination, etc., the risk of construction cost overruns, contractor business failures, the inability of contractors and service providers to adapt to new standards *(e.g.* on energy consumption) and the risk of ensuing potential litigation with construction companies;
- commercial risk, which is related mainly to the possibility that products developed will not be consistent with demand, or to the extended length of time required to structure certain operations; this risk is mitigated through pre-letting.

Risks related to the company's businesses and assets

Risks related to assets in operation and to the shopping centre development business include:

- risks related to letting and re-letting of space in shopping centres;
- risks related to property portfolio management and to decisions to buy and sell assets (estimated return on new acquisitions, delays in carrying out disposals, etc.);
- risks related to the operation of shopping centres (natural or technological risks, accidental damages, closure of a centre by the government, etc.), which are covered mainly by adequate insurance policies and by the application of stringent measures for monitoring health and safety issues in centres under operation and ensuring compliance with the applicable regulations.

Risk of tenant and buyer insolvency

Altarea's ability to collect rental income depends on the solvency of its tenants. Altarea checks the creditworthiness of potential tenants prior to entering into any lease agreement. However, it may occur that tenants do not pay their rent on time or that they default on their rental payments, which would impact Altarea's operating income. This could be the case if the current banking crisis were to escalate into full-blown recession as this would have a significant impact on consumer behaviour and create difficulties for tenant stores and retailers. However, rents are relatively unscathed as tenants fear eviction and accordingly the loss of their business.

In Residential property, a deterioration in consumer solvency would mainly impact demand for Residential property in the marketing stage. Once the residential unit has been marketed, as Cogedim holds a seller's lien on the property and the keys are not handed over until the buyer has paid the balance of the selling price, risks relating to the company's ability to collect sums due from its customers mainly entail extending payment terms and therefore optimising working capital requirement.

Risk related to the appraisal of property assets

The valuation of Altarea's portfolio of commercial property is linked to many exogenous factors (economic conditions, commercial property market, interest rates, etc.) as well as endogenous factors (shopping centres return on investment and performance) that may vary appreciably.

The Group arranges for its property to be appraised twice a year by independent appraisers. The form of appraisal work, the methods used to appraise the assets and the sensitivity of the property portfolio's value are described in paragraph 6.3.3.1. Risks inherent in the operations of Altarea Cogedim (e) of the Chairman's report on internal control.

The condensed reports of the company's appraisers are reproduced in full below.

SUMMARY REPORT - Altarea - December 2010

1. Background of appraisal engagement

General framework

- The Altarea Cogedim Group periodically commissions appraisals of the market value of all of its property assets so as to deliver a valuation of all of its properties certified by Independent Appraisers to the financial market every six months (at 30 June and at 31 December of each year).
  Against this backdrop, Icade Expertise was commissioned to value part of the properties located in mainland France, under the terms of an agreement between the Parties for the years 2009 to 2011.
- Icade Expertise, a subsidiary of Icade Conseil, declares that it has carried out its engagement independently of any capital or financial ties, and that it has the necessary expertise to value the relevant property assets in keeping with professional practices.
- Icade Expertise certifies that it has no conflicts of interest in this engagement.
- The engagement is consistent with the AMF's recommendation, published on 8 February 2010, on the data that listed companies should provide concerning the values and risks associated with their property assets.

Current engagement

- Icade Expertise's December 2010 engagement was to appraise the value of the sites, to include partial interior and exterior inspections of part of the property portfolio, and to determine market values as of 31 December 2010, taking into account occupancy conditions.
- The scope of the properties appraised encompassed the following, based on Altarea's classification:
  - 6 retail parks,
  - 15 shopping centres,
  - 3 other sites.

It is hereby noted that where the principal is the lessee under the terms of a finance lease agreement, the Appraiser only values the assets underlying the agreement and not the finance lease agreement itself. Likewise, where a property asset is held by an ad hoc company, the value of the property is estimated based on the assumed sale of the underlying property asset, not of the company.

2. Terms and conditions of performance

Research elements

This engagement was carried out on the basis of the documents and information provided to us, which are assumed to be accurate and to encompass all information and documents in the possession of the principal, to the principal's knowledge, and that are liable to have a material impact on the market value of the property.

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Guidelines and standards

Due diligence and the valuations were carried out in compliance with the following:

- **In France:**
  - The recommendations of the Barthès de Ruyter report on the valuation of property portfolios of listed and publicly held companies published in February 2000,
  - The Charte de l'Expertise en Evaluation Immobilière (property appraisal charter),
  - The principles set out by the code of conduct applicable to SIIC companies.
- **Internationally, standards recognised alternatively or accumulatively:**
  - The "European Valuation Standards" published by The European Group of Valuers' Association (TEGoVA), known as "The Blue Book"; and
  - The standards contained in the Red Book of The Royal Institution of Chartered Surveyors (RICS) published in its "Appraisal and Valuation Manual".

Valuation methodologies

The valuations are based on generally accepted valuation methodologies for this class of asset, and notably income capitalisation approaches:

- income capitalisation approach,
- discounted cash flow analysis.

The market comparison approach was used only to cross-check the values of certain properties.

3. Total market value at 31 December 2010

The total market value is the sum of the unit values of each property.

Market value at 100% ………………………. **€965,220,000** Including fees and transfer duties
Market value based on ownership interest ….**€895,527,000** Including fees and transfer duties

This value is understood to be in a stable market, with no notable alterations to the properties between the date of the appraisals and the value date.

Executed in Paris, 20 January 2011

This summary report is an integral part of the overall work carried out under the terms of the appraisal engagement.

REV

Coralie Couvret
Chairman

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DTZ

SUMMARY REPORT - Altarea - December 2010

1. Background of appraisal engagement

⇨ General framework

- The Altarea Cogedim Group periodically commissions appraisals of the market value of all of its property assets so as to deliver a valuation of all of its properties certified by Independent Appraisers to the financial market every six months (at 30 June and at 31 December of each year).
  Against this backdrop, DTZ Eurexi was commissioned to value part of the properties located in mainland France, under the terms of an agreement between the Parties for the years 2009 to 2011.
- DTZ Eurexi, a subsidiary of DTZ, declares that it has carried out its engagement independently of any capital or financial ties, and that it has the necessary expertise to value the relevant property assets, in keeping with professional practices.
- DTZ Eurexi certifies that it has no conflict of interest in this engagement.
- The engagement is consistent with the AMF's recommendation, published on 8 February 2010, on the data that listed companies should provide concerning the values and risks associated with their property assets.

⇨ Current engagement

- DTZ Eurexi's December 2010 engagement was to appraise the value of the sites, to include partial interior and exterior inspections of part of the property portfolio, and to determine market values as of 31 December 2010, taking into account occupancy conditions.
- The scope of the sites appraised encompassed 29 properties in operation, broken down as follows, in accordance with Altarea's classification:
  - 8 retail parks,
  - 14 shopping centres,
  - 5 other sites,
  - 1 parcel of land,
  - 1 office building.

It is hereby noted that where the principal is the lessee under the terms of a finance lease agreement, the Appraiser only values the assets underlying the agreement and not the finance lease agreement itself. Likewise, where a property asset is held by an ad hoc company, the value of the property is estimated based on the assumed sale of the underlying property asset, not of the company.

2. Terms and conditions of performance

⇨ Research elements

This engagement was carried out on the basis of the documents and information provided to us, which are assumed to be accurate and to encompass all information and documents in the possession of the principal, to the principal's knowledge, and that are liable to have a material impact on the market value of the property.

Altarea - Summary Report 31-12-2010 Page 1/2

DTZ

⇨ Guidelines and standards

Due diligence and the valuations were carried out in compliance with:

- **In France:**
  - The recommendations of the Barthès de Ruyter report on the valuation of property portfolios of listed and publicly held companies published in February 2000,
  - The Charte de l'Expertise en Evaluation Immobilière (property appraisal charter),
  - The principles set out by the code of conduct applicable to SIIC companies.
- **Internationally, standards recognised alternatively or accumulatively:**
  - The "European Valuation Standards" published by The European Group of Valuers' Association (TEGoVA), known as "The Blue Book"; and
  - The standards contained in the Red Book of The Royal Institution of Chartered Surveyors (RICS) published in its "Appraisal and Valuation Manual".

⇨ Valuation methodologies

The valuations are based on generally accepted valuation methodologies for this class of asset, and notably income capitalisation approaches:

- income capitalisation approach,
- discounted cash flow analysis.

The market comparison approach was used only to cross-check the values of certain properties.

3. Total market value at 31 December 2010

The total market value is the sum of the unit values of each property.

Market value at 100% ....**€1,735,338,804** Including fees and transfer duties
Market value based on ownership interest ....**€1,663,912,614** Including fees and transfer duties

This value is understood to be in a stable market, with no any notable alterations to the properties between the date of the appraisals and the value date.

Executed in Paris, 25 January 2011

This summary report is an integral part of the overall work carried out as part of the appraisal engagement.

Jean-Philippe Carmarans, MRICS
Chief Executive Officer

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CBRE
VALUATION

SUMMARY REPORT - Listed Company
ALTAREA GROUP

1. Background of appraisal engagement

General framework

On 6 May 2009, the Altarea Group, with registered offices located at 8 avenue Delcassé, 75008 Paris, represented by Gilles Boissonnet (hereinafter the "Principal"), and CB Richard Ellis Valuation, with registered offices located at 145/151, rue de Courcelles, 75017 Paris, represented by Mrs Catherine Hamon (hereinafter the "Appraiser"), jointly determined the contractual framework (hereinafter the "Contract") covering the engagement of the Appraiser, which is to draw up the half-yearly valuation (to 30 June and 31 December) of the assets (property or business franchises) held by the Principal and described below, in accordance with the principles set out by the **SIIC code** of conduct and the **AMF's recommendation** on the data that listed companies should provide concerning the values and risks associated with their property assets published on 8 February 2010.

CB Richard Ellis Valuation is a SAS with share capital of €1,434,704 and is wholly-owned by the CB Richard Ellis Holding Group. CB Richard Ellis Valuation is a member of AFREXIM (the French Association of Property Appraisal Companies) and participates in the annual quality control assessment. It abides by the Property Appraiser's Charter drawn up in 1998, which sets out the general terms and conditions for engaging in the profession of property appraisal and guidelines for professional conduct, particularly with respect to the appraiser's independence. Compliance with the rules of confidentiality and professional conduct is verified by external auditors on a regular basis.

As such, CB Richard Ellis Valuation declares that there exists no conflict of interest, either with the Client or with the property assets covered by the engagement.

Current engagement

The engagement covered in the present summary report entailed updating the appraisal values determined in June 2009 for the assets described below as of 31 December 2010.

We have updated these values under the terms and conditions stipulated by the Agreement in order to determine the market value of each property in as-is condition and on the basis of the applicable rental situation at 31 December 2010.

The property portfolio covered by the engagement comprises three assets or rights that are broken down by property use as follows:

- Sec Arembault: building (office building) located in Lille, 1,221 sqm,
- L'Aubette Tourisme: building and business (holiday resort), located in Strasbourg, 57 rooms,
- Hotel Renaissance: Business (hotel) located in Paris 17th, 118 rooms.

All the assets are owned outright or in co-ownership by the Principal; they consist of real property (existing buildings) or business goodwill.

The engagement called for production of a deliverable, i.e., the updated valuation report, which contains the description of the engagement, a valuation sheet for each property and a chart summarising the valuation of each asset. This report was sent to the Altarea Group on 9 December 2010.

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CBRE
VALUATION

2. Terms and conditions of performance

Research elements

This engagement was carried out on the basis of the documents and information provided to us, which are assumed to be accurate and to encompass all information and documents in the possession of the principal, to the principal's knowledge, and that are liable to have a material impact on the market value of the property. A list of the documents requested and provided appears in the report sent to the Altarea Group by the Appraiser on 9 December 2010.

Guidelines and standards

Due diligence and the valuations were carried out in compliance with:

- In France:
  - The recommendations of the Barthès de Ruyter report on the valuation of property portfolios of listed and publicly held companies published in February 2000;
  - The Charte de l'Expertise en Evaluation Immobilière (property appraisal charter);
  - The principles set out by the code of conduct applicable to SIIC companies.
- Internationally, standards recognised alternatively or accumulatively:
  - The "European Valuation Standards" published by The European Group of Valuers' Association (TEGoVA), known as "The Blue Book"; and
  - The standards contained in the Red Book of The Royal Institution of Chartered Surveyors (RICS) published in its "Appraisal and Valuation Manual";
  - International Valuation Standards (IVS).

Valuation methodologies

We used the following methods to value the three property assets;

- income capitalisation approach (capitalisation of rental income from the property)
- discounted cash flow (DCF) method

The note on methodology included in the report submitted by the Appraiser in December 2010 provides details on the application of these approaches, especially and where applicable, with respect to treatment of vacant premises, major work (current and projected), residual constructible area, property under development.

3. Total market value at 31 December 2010

The total market value is the sum of the unit values of each property. This value is understood to be in a stable market, with no notable alterations to the properties between the date of the appraisals and the value date.

Market value at 100%	**€19,163,000 including transfer duties and fees**
Market value at 100%	**€18,388,000 excluding transfer duties and fees**

CB Richard Ellis Valuation
Executed in Paris, on 31 December 2010
Abdallah Ould Brahim -MRICS-
Head of Consulting Division

This summary report is an integral part of the overall work carried out under the terms of the appraisal engagement.

Altarea - D2010-01228 - GARC/IZDEL December 2010 Page 2/2 savills

SUMMARY REPORT - ALTAREA ITALIA DECEMBER 2010

1.0 INSTRUCTIONS AND TERMS OF REFERENCE

In accordance with our Terms of Engagement dated 29 October 2010, countersigned by Altarea Italia Srl on 29 October 2010, we have valued the 6 properties briefly described below, in order to provide Altarea Italia Srl with our opinion of their Market Value, as at 31 December 2010.

We understand that Altarea Italia Srl required the valuation of these properties for the purpose of inclusion in the company accounts.

Our Valuations have been carried out in accordance with the Practice Statements of the Royal institution of Chartered Surveyors' (RICS) Valuation Standards, 6th edition ("the Red Book") published in 2007, which is effective from 1 January 2008, as subsequently amended.

The properties were all inspected between May 2010 and November 2010 by surveyors from the Savills Italy team. Savills assumed that no material changes to the subject properties took place between the dates of inspection and the date of valuation (31 December 2010).

2.0 OVERVIEW OF THE PORTFOLIO

The portfolio comprises six open and trading shopping centres, as listed below.

- Le Corti Lombarde shopping centre, located in Bellinzago Lombardo (Milan)
- Le Due Torri shopping centre, located in Stezzano (Bergamo)
- Le Due Valli shopping centre, located in Pinerolo (Turin)
- La Cittadella shopping centre, located in Casale Monferrato (Alessandria)
- Casetta Mattei shopping centre, located in Rome
- Ibleo shopping centre, located in Ragusa

3.0 VALUATION APPROACH

Our Valuations have been carried out utilising generally accepted valuation methodologies and criteria. In particular, we have utilised the income Capitalization Approach with the discounted cash flow (DCF) analysis, based on discounting back the future cash flow generated by the property over a fixed holding period. At the end of this period, we assume that the property will be sold at a value obtained by capitalising the following year's net income at a proper market capitalisation rate relating to investments similar to that in question.

4.0 GENERAL ASSUMPTIONS AND CONDITIONS

All our valuations have been carried out on the basis of the General Assumptions and the General Terms & Condition included in each individual Valuation Report. We specially draw your attention to these.

Altarea Italia Srl
SUMMARY REPORT - 31 December 2010

savills

5.0 CONFLICTS OF INTEREST

Savills have previously valued the Italian properties on behalf of Altarea Italia Srl. We are not aware of any conflict of interest, either with Altarea Italia Srl or with the properties, preventing us from providing independent valuation advice. We have been acting as External Valuers, as defined in the Red Book.

6.0 EXTENT OF DUE DILIGENCE ENQUIRIES AND INFORMATION SOURCES

The extent of the due diligence enquiries we have undertaken and the sources of the information we have relied upon for the purpose of our valuation are stated within the individual Valuation Reports. Where reports and other information have been provided to us, we summarise the relevant details in the Valuation Reports. We do not accept responsibility for any errors or omissions in the information and documentation provided to us, nor for any consequences that may derive from such errors and omissions.

7.0 MARKET VALUE AS AT 31 DECEMBER 2010

Market Value (MV) of the freehold interests in the properties within the subject portfolio, subject to the assumptions and comments in the individual Valuation Reports:

€418,200,000.00 (net of purchase costs)

(Four Hundred Eighteen Million Two Hundred Thousand Euros — net of purchase costs)

Assuming purchase costs at 4.0%, the total Purchase Price, including purchase costs, would be in the region of € 434,928,000.00.

Our valuations have been prepared on an individual basis and the portfolio value reported above is the aggregate of the individual Market Values, as appropriate.

We highlight that this Summary Report is to be considered as an integral part of the individual Valuation Reports produced within the scope of the subject instruction. It should be noted that the detailed information contained therein, together with their specific and general assumptions, conditions and appendices, forms an integral and essential part of our Valuation.

Yours faithfully
For and on behalf of Savills Italy S.r.l.

Mariacristina Laria MRICS
Director — Head of Valuation

Altarea Italia Srl 2
SUMMARY REPORT - 31 December 2010

4.8.2. LEGAL, REGULATORY, ENVIRONMENTAL, INSURANCE, AND TAX RISKS

Legal and regulatory risks

Altarea must comply with regulations in a variety of areas, including urban planning, construction, leases, operating permits, health and safety, the environment, commercial lease regulations, corporate law and tax law (most notably the tax rules governing SIICs). Changes to any of these regulations could require Altarea to adjust its operations, assets, or business strategy accordingly, which may have negative consequences on its earnings, asset values, and expenses, and may slow or halt progress on some of the company's property development or marketing activities.

Altarea is involved in legal procedures as part of its regular business operations, and is subject to tax or regulatory audits. The company recognises a provision whenever a risk is identified and its cost can be reasonably estimated.

Litigation risk

As stated in Note 3.1.17.7. to the consolidated financial statements, Litigation and claims, no significant new litigation issues arose in 2010 other than those for which provisions were set aside.

Other provisions are presented in Note 3.1.13.11. to the consolidated financial statements.

Tax risks related to SIIC status

Altarea has elected to adopt tax treatment as an SIIC under Article 208-C of the French General Tax Code, which exempts it from French corporate income tax providing that it meets certain conditions and obligations, particularly pertaining to dividend distributions. If Altarea fails to meet these criteria it will be required to pay corporate income tax under French common law for the fiscal years in which it does not meet these criteria, which would have a negative impact on its earnings.

In addition, if one or more Shareholders acting in concert were to attain an ownership threshold of 60% of the share capital or voting rights, this would also result in loss of SIIC status. This is why Altarea's Articles of Association cap voting right ownership at 60%.

Altarea could be liable for an additional income tax charge if it pays an exempt dividend to a Shareholder that is not subject to French corporate income tax (or an equivalent tax) and that owns at least 10% of Altarea's shares, and if Altarea cannot pass the charge on to this Shareholder. Altarea's Articles of Association state explicitly that Shareholders must pay this charge, but Altarea may have difficulty collecting the payment if it cannot be deducted from the dividend, or if the Shareholder becomes insolvent before the payment is made.

Finally, Altarea is subject to changes in existing tax laws.

Risk related to the cost and availability of insurance coverage

Altarea feels that the type and amount of insurance coverage it has is consistent with the practices in its industry.

Nevertheless, the company could experience losses that are not fully covered by its insurance policies, or the cost of its insurance policies could go up. The company could be faced with insufficient insurance or an inability to cover some or all of its risks, which could result from capacity limitations in the insurance market.

The cost or unavailability of appropriate coverage in the case of damages could have a negative impact on the company's asset values, earnings, operations, and financial position.

4.8.3. SOCIAL AND ENVIRONMENTAL RISKS

Health and public safety risks (asbestos, legionella, lead, classified facilities, etc.)

Altarea's assets could be exposed to health and safety risks such as those related to asbestos, termites, and lead. As the owner of buildings, facilities, and land, Altarea could be formally accused of failure to adequately monitor and maintain its property against these risks. Any proceedings invoking the company's liability could have a negative impact on its operations, outlook, and reputation. Therefore, Altarea closely follows all applicable regulations in this area, and has a preventive approach to carrying out property inspections and carrying out any building work needed to come into compliance.

Social and environmental risks

Employee-related risks

Like all companies, Altarea Cogedim is potentially exposed to employee-related risks, primarily owing to its rapid growth, including employees' ability to abide by all new regulations and professional restrictions, their willingness to participate in building the company's profits, the scope of information provided on the Group's strategy guidelines, projects and major trends, and tapping the best talents. These factors influence the level of employee motivation, which is essential in sustaining the company's growth momentum.

Environmental risks

As an operator that builds, operates and manages property complexes, the Altarea Cogedim Group is exposed to certain environmental risks mainly relating to the new thermal and environmental regulations set out in the Grenelle Act and in its various implementing decrees, as they apply to all of the Group's new projects. The Group is also affected by the environmental objectives of Grenelle 2 relating to improvements in the energy and environmental performance of existing buildings. To meet these challenges, in 2009 the Group initiated a progress-based approach to anticipate the new energy and environmental regulations for all of its new production (see paragraph 6.3.3.4. Other risks (b) Social and environmental risks in the Chairman's report on internal control).

4.8.4. RISKS RELATED TO ALTAREA'S FINANCING POLICY AND FINANCIAL CAPACITY

Liquidity risk – Borrowing capacity – Compliance with bank covenants

Altarea finances some of its investments through fixed- or floating-rate loans and through the capital markets. The company may not always have the desired access to the capital markets or be able to obtain financing under favourable conditions. This situation could result from a crisis in the bond or equity markets, a serious deterioration in the property market, or any change in Altarea's businesses, financial position, or Shareholder structure which affects investors' perception of Altarea's credit quality or attractiveness as an investment.

Altarea does not feel it has a significant exposure to liquidity risk as of the date of this Registration document.

Furthermore, under the terms of loan agreements between Altarea and its financial partners, Altarea must meet certain commitments or obligations in its capacity as borrower. These commitments and obligations are in reference to the disclosure of financial, accounting, legal and operational information and estimates, as well as to compliance with covenants defined specifically in each agreement. Failure to meet these commitments or obligations could result either in an event of default or an event of potential default that would mainly entail prepayment of all or part of the outstanding amounts. This situation could produce an unfavourable impact on the company's business and financial condition.

Note 3.1.13.13. to the consolidated financial statements provides information on the Group's cash position and sets out the main financial covenants to be respected by Altarea and its subsidiaries.

At 31 December 2010 and at the date of this Registration document, all covenants were met by the relevant company or companies. The €9 million of bank loans in Italy are slated for repayment.

Interest rate and hedging risk

Note 3.1.13.13. to the consolidated financial statements shows an analysis of sensitivity to interest rate risk across the entire portfolio of variable-rate financial liabilities and derivative financial instruments.

Equity risk

Altarea does not feel it has any material exposure to equity risk as of 31 December 2010.

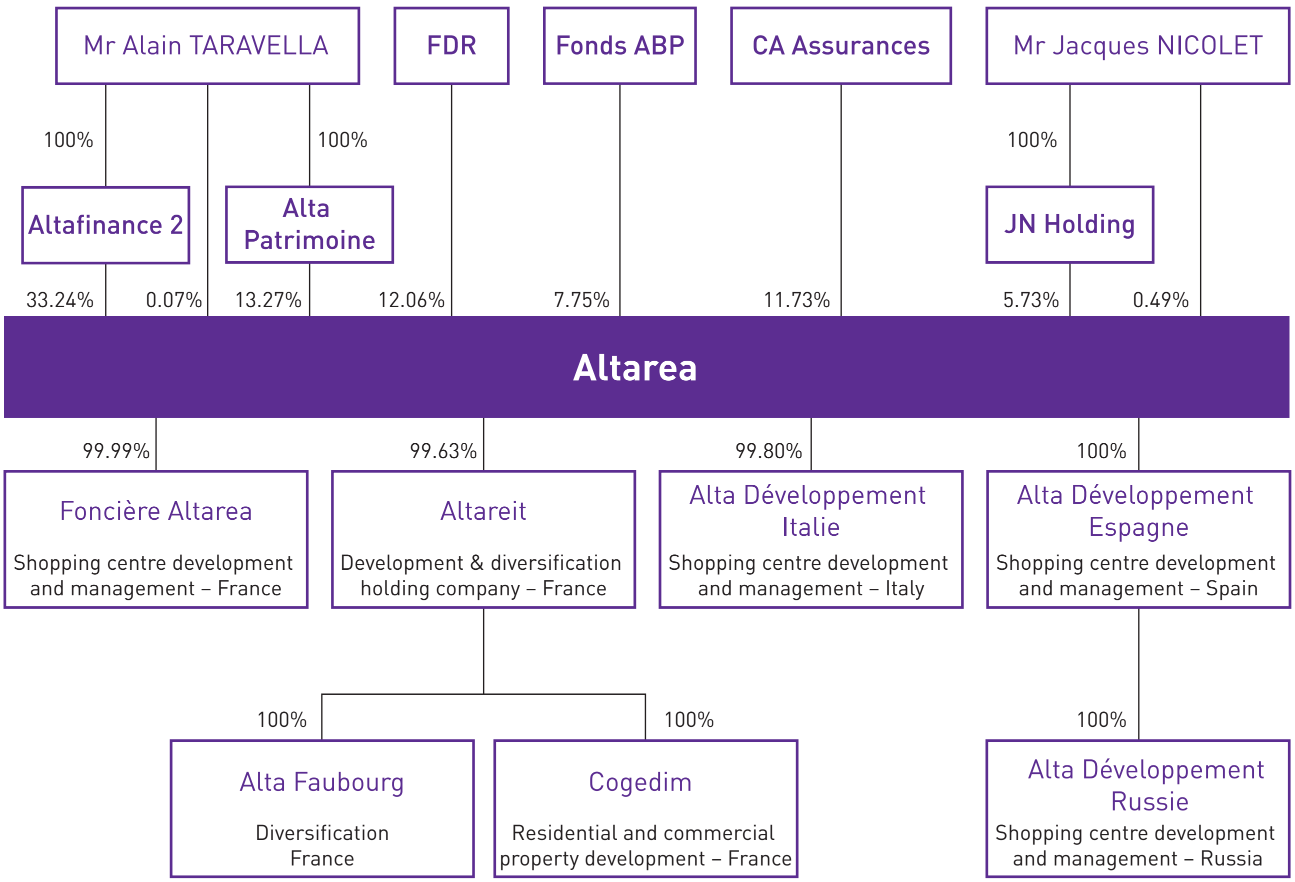
Currency risk

Altarea generates almost all of its revenue in the Eurozone and pays almost all of its expenses (investments and capital expenditures) in Euros. Altarea is therefore not exposed to currency risk.

4.8.5. RISK OF CONFLICTS OF INTEREST

Altarea has entered into partnerships or protocol agreements with other organisations, mostly for the purposes of carrying out joint property development projects. In the future, conflicts of interest could arise in one or more of these partnerships or agreements.

4.9. SIMPLIFIED ORGANISATION CHART AT 31 DECEMBER 2010



The ABP fund holds its equity investment in Altarea through APG, which it controls. Moreover, in 2010, Altarea created Alta Blue, in which Altarea owns a one-third interest. Alta Blue acquired the majority of the share capital of Aldeta, a company listed on Euronext Paris – Compartment B of the NYSE Euronext, which owns the Cap 3000 regional shopping centre in Nice. Aldeta is operationally managed by Foncière Altarea, the Shopping Centre Investment Division.

Altarea centralises the Group's cash surpluses. Note 3.1.13.13. to the consolidated financial statements provides information on the main banking covenants. The main assets and borrowings are carried by the subsidiaries that conduct the corresponding business operations.

The offices held by the senior executives and corporate officers of Altarea in the company's subsidiaries are listed in Section 5 of this document.

4.10. *HISTORY AND DEVELOPMENT OF THE COMPANY*

1994: Altarea is founded by Alain Taravella and Jacques Nicolet.

1995: Acquisition of control in Gerec, a company specialising in shopping centre development created in 1973. Altarea wins contest sponsored by the city of Le Havre for development of Espace Coty.

1996: Altarea wins contest sponsored by the city of Roubaix for development of Espace Grand'Rue. Completion of a residential building in Asnières. Acquisition of control in Espace Aménagement, the Retail property management arm of Foncière Rallye.

1997: Launch of Bercy Village.

1999: Opening of Espace Coty in Le Havre.

2000: Completion of Bercy Village.

2001: Start-up of operations in Italy with the creation of Altarea Italia.

2002: Shopping centre openings: Espace Jaurès in Brest, Espace Grand'Rue in Roubaix, Côté Seine in Argenteuil, Boutiques Gare du Nord in Paris. Start of Retail Parks business with the creation of Compagnie Retail Park. Funds managed by Morgan Stanley acquire 20% stake in Altarea.

2003: Altarea wins contests for development of Carré de Soie (Vaulx-en-Velin/Villeurbanne), Porte Jeune (Mulhouse), L'Aubette (Strasbourg). Altarea Italia enters into partnership agreement for development of a shopping centre in Rome (Casetta Mattei Center). Completion of 117 residential units in Argenteuil.

2004: Start of operations in Spain with the creation of Altarea España. Acquisition of Imaffine and merger of Altarea into Imaffine. Altarea is listed on Eurolist by Euronext Paris. Completion of Tanneurs in Lille.

2005: The Altarea Group elects for SIIC tax treatment. Opening of Casetta Mattei centre in Rome.

2006: Acquisition of property assets of Bail Investissement Foncière. Equity investment in RosEvroDevelopment (Russian property company).

2007: Acquisition of Cogedim. Structures adapted to SIIC 4 regime; Altarea converted to *société en commandite par actions*. The Group becomes the larges Shareholder alongside the government, with a 34% stake in Semmaris *(Société d'économie mixte d'aménagement et de gestion du marché d'intérêt national de la région parisienne)*, which manages the Rungis Marché d'Intérêt National (MIN), the world's largest food wholesaling market measured by volume, with revenue of €7.5 million, under a concession contract that expires in 2034. Five shopping centres opened in France and in Italy. Shareholder structure simplified by merging Altafinance and Altarea.

2008: €357m share issue; ABP pension fund acquires a stake in Altarea. Reorganisation by business line, with the spin-off of the property development and diversification companies to Altareit, a company listed on the Eurolist by NYSE Euronext Paris.

2009: Rebirth of a legendary site: Salle Wagram. Altarea Cogedim takes on the challenge of ecology and sustainable development: Altarea Cogedim receives one of the three HQE (high environmental quality) Commerce certifications for its Okabe shopping centre in Le Kremlin-Bicêtre. NF Logement – HQE® certification approach applied to all residential projects.

2010: Acquisition of Cap 3000 regional shopping centre in Nice. Altarea Cogedim breaks ground on development of the former Laennec hospital site by creating a new "city neighbourhood" in the 7th arrondissement in downtown Paris. Altarea Cogedim invests in renewable energy by acquiring a stake in 8 minutes 33.

2011: In partnership with the ABP fund and Predica, the Altarea Group creates Alta Fund, a commercial property investment vehicle wit equity of €350m.

4.11. RESEARCH AND DEVELOPMENT

On 6 December 2010, the Group created a Department of Studies and Forecasting within its Property Investment Division for shopping centres, with five employees. The department provides concrete assistance by providing information needed on essential changes to be made to the property portfolio through operational guidance on retail trends. It is responsible for studies on project potential and procedures for obtaining business permits (CDAC, SCOT, etc.) and for interfacing with the relevant staff (Development, Valuations, Operations, Legal, Marketing, etc.) with the support of the Head of Studies and a research officer. The Department of Studies and Forecasting also coordinates economic and competition analysis of the property portfolio and includes a Property Research Officer. In 2001, an Innovation Research Officer will be added to the staff.

5 Corporate governance

The report of the Chairman of the Supervisory Board (see Section 6) sets out the composition and practices of the Supervisory Board and its Special Committees, and the restrictions on the powers of the Managers. This Section supplements the Chairman's report and, where applicable, the notes to the consolidated financial statements concerning the company's Executive Management.

5.1. COMPOSITION AND PRACTICES OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Altarea is a *société en commandite par actions* (partnership limited by shares).

It is managed and run by a Board of Managers. The Supervisory Board is responsible for ongoing control over the company's management.

5.1.1. BOARD OF MANAGERS

a) Composition

The Managers are Alain Taravella and the company Altafinance 2, of which Alain Taravella is the Chairman.

Alain Taravella

Alain Taravella was appointed Co-Manager on 26 June 2007 for a term of ten years. He is a French citizen, born in Falaise (14) in 1948. He is a graduate of HEC. From 1975 to 1994, Mr. Taravella held various positions within the Pierre & Vacances Group, of which he was appointed Chief Executive Officer in 1985. In 1994, he founded the Altarea Group, which he has managed ever since.

OFFICES CURRENTLY HELD BY MR. ALAIN TARAVELLA

Co-Manager of SCA	Chairman of SAS	Chairman and Director of foreign companies	Vice-Chairman and Supervisory Board member	Chairman and Chief Executive Officer of SA
Altarea [1]	Altafinance 2	Altarea Inc. [3]	Cogedim (SAS) [2]	Aldeta [1]
	Alta Patrimoine	Altarea Italia SRL [2][3]	Altarea France (SNC) [2]	
	Altafi 2	Altarea España [2][3]		
	Altafi 3	Altarag SRL [2][3]		
	Altafi 4	SSF II Zhivago Holding Ltd [2][3]		
	Alta Pat 1			

Alain Taravella also sits on the Board of Directors of Semmaris as Altarea's legal representative.

Altarea is Chairman of the following companies: Alta Blue [2], Alta Développement Espagne [2], Alta Développement Italie [2], Alta Développement Russie [2], Alta Rungis [2], Alta Delcassé [2] and Co-Executive manager of: Alta Spain Castellana BV [2] [3], Alta Spain Archibald BV [2] [3], Altalux Spain [2] [3], Altalux Italy [2] [3].

(1) Listed companies.
(2) Companies directly or indirectly controlled by Altarea.
(3) Foreign companies.

OTHER OFFICES HELD IN THE LAST FIVE YEARS, WHICH ARE NO LONGER CURRENT:

Chairman and Chief Executive Officer of Altarea in its previous legal form as a *société anonyme*.

Chairman of the SAS Gerec, Foncière Altarea, Altafi, Altapar, Altafinance.

Chairman and Supervisory Board member of Altarea France in its previous legal form as a *société anonyme*.

Supervisory Board member, Restauration Bercy.

Mr. Taravella owns 4,882,720 shares in Altarea, directly or indirectly through Altafinance 2 and Alta Patrimoine, which he and members of his family control.

Altafinance 2

Altafinance 2 is a *société par actions simplifiée* (simplified limited liability company) with share capital of €435,500,000, owned by Alain Taravella, the companies under his control and members of his family. It is registered at the Paris Commercial and Companies Registry under registration number 501 031 751 RCS Paris.

Alain Taravella is the Chairman of Altafinance 2.

Altafinance 2 is the Manager of Altareit.

Altafinance 2 directly owns 3,383,635 shares in Altarea.

b) Appointment and termination of office (Article 13 of the Articles of Association)

The company is managed and administered by one or more Managers, who may or may not be General Partners *(associé-commandité)*.

The Managers may be either natural or legal persons.

The age limit for Managers who are natural persons is 75. In the case of Managers that are legal entities, this age limit also applies to any of the entities' directors who are natural persons.

The term of office of Managers is ten years, and may be renewed.

Any Manager wishing to resign must advise the other Managers, the General Partners and the Supervisory Board by registered letter with proof of receipt, at least three months before the date on which the resignation is to take effect, unless otherwise agreed by the General Partners.

Upon expiry of a Manager's term of office, the other Manager or Managers shall remain in office without prejudice to the General Partners' right to appoint a replacement Manager or to renew the term of office of the outgoing Manager.

Upon expiry of the sole Manager's term of office, one or more new Managers shall be appointed or the term of office of the outgoing sole Manager shall be renewed under the conditions set out in paragraph [13.3]. Pending such appointment or appointments, the company shall be managed by the General Partners who may then delegate any powers necessary for the management of the company's affairs until the new Manager or Managers are appointed.

Managers may be removed from office by a unanimous decision of the General Partners, without reasons being given. If the Manager is also a General Partner, such a decision may be taken by a unanimous decision of the other General Partners. Managers may also be removed from office under the conditions provided by law, following a legal action, and pursuant to a final judicial decision not open to appeal that establishes a legitimate reason for removal.

If the Manager is also a General Partner, the loss of General Partner status will automatically result in removal from office as Manager, as of right.

Managers who lose their status as Managers shall be entitled, in full and final settlement of any claims, to payment by the company of the compensation set out in Article 14.1 below, on a pro rata basis until the date of loss of such status, together with reimbursement of expenses of any kind to which they are entitled in accordance with Article 14.3.

During the lifetime of the company, any new Manager shall be appointed unanimously by the General Partners, without requiring the approval or recommendation of the Supervisory Board or of the collective body of Shareholders.

c) Powers (Article 13 of the Articles of Association)

The Managers shall have the broadest powers to act in any circumstances on behalf of the company, within the limits of the corporate object and subject to any powers expressly conferred on the collective body of Shareholders or on the Supervisory Board, whether by law or by these Articles of Association.

In accordance with the law, the Managers may authorise and grant any guarantees and other sureties that they consider reasonable, on behalf of the company.

The Managers may delegate some of their powers to one or more persons whether or not employed by the company and whether or not having a contractual relationship with the company. Such delegated powers shall not in any way affect the Managers' duties and responsibilities as regards the exercise of such powers.

The Managers shall have a duty of care in running the company's affairs.

5.1.2. GENERAL PARTNER

a) Identity

Altafi 2, a *société par actions simplifiée unipersonnelle* (simplified limited liability company with a sole Shareholder) with share capital of €38,000 divided into 38,000 shares, owned in their entirety by Altafinance 2, which is itself controlled by Alain Taravella and is registered at the Paris Commercial and Companies Registry under registration number 501 290 506 RCS Paris.

The Chairman of Altafi 2 is Alain Taravella. His term of office is indefinite.

Altafi 2 does not own any shares in Altarea.

b) Appointment and termination of office (Article 24)

General Partners are appointed by Extraordinary General Meetings of the Shareholders upon the unanimous proposal of the General Partner or Partners.

In the event of the death or incapacity of a General Partner who is a natural person, or in the event of loss of General Partner status for any other reason, the company shall not be dissolved but shall continue with the remaining General Partners. This shall also be the case in the event of the liquidation of a corporate General Partner.

Any merger transaction resulting in the absorption of the Manager or General Partner by a company controlled by Alain Taravella within the meaning of Article L. 233-3-I of the French Commercial Code will give rise to the transfer to the absorbing company of the rights of the General Partner or Manager, as the case may be, provided that the absorbing company remains controlled by Alain Taravella.

5.1.3. SUPERVISORY BOARD

Information on the appointment and termination of office of members of the Supervisory Board, their powers, the dates of their appointment and the dates of expiry of their terms of office, is set out in Section 6 containing the Chairman's report on the company's internal control system. This paragraph contains the identity of the members of the Supervisory Board and offices held in other companies.

In accordance with Article 15.2 of the Articles of Association, the members of the Supervisory Board are appointed or removed by Ordinary General Meetings of the Shareholders. Shareholders with the status of General Partners (Altafi 2 on the date of this document assuming that this company is a Shareholder) may not take part in the vote on the relevant resolutions.

At this time, the Supervisory Board does not comprise any representative elected by the employees or any member other than the members listed below and who are also listed in Section 6 containing the Chairman's report on internal controls.

Jacques Nicolet – Chairman

Jacques Nicolet, a French citizen, was born in Monaco in 1956. From 1984 to 1994, he served successively as Program Director, Development Director and Senior Executive Vice-President of the Pierre & Vacances Group. In 1994, he co-founded the Altarea Group, of which he has successively been Senior Executive Vice-President and, since its transformation into a *société en commandite par actions,* Chairman of the Supervisory Board.

CURRENT OFFICES HELD BY JACQUES NICOLET

Chairman of the Supervisory Board of SCA	Supervisory Board member	Chairman of SAS	Co-Manager / Manager	Chairman and/or Director of foreign companies
Altarea [1] Altareit [1]	Altarea France [2] (SNC) Cogedim (SAS) [2]	JN Holding JN Investissement	Damejane, 14, rue des Saussaies, JN Participations	SA Productions de Monte-Carlo [3], Altarea Italia SRL [2] [3], Altarea España [2] [3], Altarag SRL [2] [3] SSF II Zhivago Holding Ltd [2] [3]

(1) Listed companies.

(2) Companies directly or indirectly controlled by Altarea.

(3) Foreign companies.

Jacques Nicolet also sits on the Board of Directors of Semmaris as the permanent representative of Alta Rungis.

JN Holding is Chairman of JN Automotive (which in turn is Chairman of OAK Invest) and JN Properties; JN Investissements is Chairman of OAK Racing and Executive Manager of SNC Cap Sud Est.

OTHER OFFICES HELD IN THE LAST FIVE YEARS, WHICH ARE NO LONGER CURRENT:

Senior Executive Vice-President and Director of Altarea in its previous legal form of a *société anonyme*.

Chairman of the Board of Directors and Chief Executive Officer of Sillon SA.

Chairman of the SAS Les Halles du Beffroi, Rouret Investissement, JN Investissements and Compagnie Altarea Habitation.

Chairman of the Supervisory Board (and previously Chief Executive Officer) of Altafinance SAS.

Executive Manager, Saulnier Racing SARL.

Mr. Nicolet owns 633,081 shares in Altarea, directly and indirectly through SAS JN Holding, which he controls.

Gautier Taravella – Member

Gautier Taravella, a French citizen, was born in Maisons-Laffitte (78) in 1980. Mr. Taravella was appointed as Director on 26 June 2007. His term of office will expire at the end of the General Meeting called to vote on the 2012 financial statements. Gautier Taravella is the son of Alain Taravella.

CURRENT OFFICES HELD BY GAUTIER TARAVELLA:

Member of the Supervisory Board, Altarea [1];

Chief Executive Officer, Altafinance 2.

OTHER OFFICES HELD IN THE LAST FIVE YEARS, WHICH ARE NO LONGER CURRENT:

Member of the Supervisory Board of Altafinance SAS.

Gautier Taravella owns 53,157 shares in Altarea under his own name.

Matthieu Taravella – Member

Taravella, a French citizen, was born in Paris (16th arrondissement) in 1978. He is a French citizen. Matthieu Taravella was appointed as Director on 26 June 2007. His term of office will expire at the end of the General Meeting called to vote on the 2012 financial statements. Matthieu Taravella is also a Director and Corporate Secretary of Altarea Inc. He is the son of Alain Taravella.

CURRENT OFFICES HELD BY MATTHIEU TARAVELLA.

Member of the Supervisory Board of Altarea SCA [1].

Chief Executive Officer, Altafinance 2.

Director/Vice-President of Altarea Inc. [3].

OTHER OFFICES HELD IN THE LAST FIVE YEARS, WHICH ARE NO LONGER CURRENT:

Member of the Supervisory Board of Altafinance SAS.

Matthieu Taravella owns 53,292 shares in Altarea under his own name.

Altarea Commerce SNC – Member

In accordance with current legislation, which does not require the appointment of a permanent representative, Altarea Commerce is represented at meetings of the Supervisory Board by any *ad hoc* representative.

Altarea Commerce is a *société en nom collectif* (general partnership) whose registered office is at 8, avenue Delcassé, 75008 Paris, and whose registration number is 414 314 344 RCS Paris.

Its Manager is Alta Patrimoine, represented by its Chairman, Alain Taravella.

Altarea Commerce does not hold any other offices.

Altarea Commerce SNC owns 1 share in Altarea.

Alta Patrimoine SAS – Member

In accordance with current legislation, which does not require the appointment of a permanent representative, Alta Patrimoine is represented at meetings of the Supervisory Board by any *ad hoc* representative.

Alta Patrimoine is a *société par actions simplifiée* (simplified limited liability company) whose registered office is at 8, avenue Delcassé, 75008 Paris, and whose registration number is 501 029 706 RCS Paris.

Its Chairman is Alain Taravella.

OTHER OFFICES HELD BY ALTA PATRIMOINE:

Manager, Matignon Toulon Grand Ciel SCI, ATI SNC and Altarea Commerce SNC.

Alta Patrimoine SAS owns 1,351,020 shares in Altarea.

(1) Listed companies.

(2) Companies directly or indirectly controlled by Altarea.

(3) Foreign companies.

Crédit Agricole Assurances – Member

Crédit Agricole Assurances' Permanent Representative is Mr. Émeric Servin.

Émeric Servin

Mr. Servin, a French citizen, was born in 1949 in Versailles (78). He has a degree in law, a master's degree in public law, and a postgraduate degree in Finance from the HEC business school.

CURRENT OFFICES HELD BY ÉMERIC SERVIN

Chairman of the Board of Directors	Permanent Representative of Predica	Director	Executive Manager and Co-Executive Manager	Chairman of the Supervisory Board
SA Francimmo Hotels SA Resico SA Foncière Hypersud OPCI Bureaux OPCI Commerces OPCI Iris Invest	Member of the Supervisory Boards of Altarea [1], Foncière des Murs [1] and of Lion SCPI and Ofelia Member of the Board of Directors of OCPI France, Régions Dynamique, Foncière Développement Logements [1]	Foncière Hypersud subsidiaries Alcala, Vigo and Grece Aldeta [1]	SCI Le Village Victor Hugo, 140 SCI IMEFA, SCI Feder, SCI Carpe Diem, SCI Montparnasse Contentin	SCPI Unipierre Assurance

OTHER OFFICES HELD IN THE LAST FIVE YEARS, WHICH ARE NO LONGER CURRENT:

Chairman of Holding Gondomar 4 SAS.

Director of Gondobrico SGS, Finascente SGM, Galerie Parque Rinascente SGM.

Chairman of the Board of Directors SA B. Immobilier.

Crédit Agricole Assurances owns 1,194,354 shares in Altarea.

To the company's knowledge, Émeric Servin does not hold any shares in Altarea in his own name.

Ms Françoise Debrus – Member – Chairwoman of the Audit Committee

Françoise Debrus, a French citizen, is a graduate of the *École nationale du génie rural des eaux et des forêts* and of the *Institut national agronomique* Paris-Grignon. Between 1984 and 1987, she was head of the economic and agricultural production department of the Ministry of Agriculture and Forestry. From 1987 she was an auditor and then audit team manager of the Internal Audit Department of Caisse Nationale de Crédit Agricole (CNCA), before becoming head of management control and then of financial management at Unicredit. In 1997, she was appointed head of the debt collection/lending department of the Finance Division of Crédit Agricole SA. In 2001, she became head of finance and tax at the Fédération Nationale du Crédit Agricole (FNCA). In 2005, she was appointed Chief Financial Officer of the Caisse Régionale d'Île-de-France, and since 2 March 2009, she has been with Crédit Agricole Assurances as Head of Investments.

CURRENT OFFICES HELD BY MS DEBRUS:

Member of the Supervisory Board of Altarea [1], Foncière Développement Logement [1], Foncière des Murs [1].

Permanent representative of Predica, as member of the Supervisory Board of Foncière Paris France SA.

Member of the Board of Directors of Ramsay Santé.

Ms Debrus does not hold any other offices.

Ms Debrus owns 1 share in Altarea.

Foncière des Régions – Member

The company's permanent representative is Mr. Olivier Estève.

Olivier Estève

Olivier Estève, a French citizen, was born in 1964. He holds an engineering degree from the ESTP public works college (1989). After a career with Bouygues Bâtiments (Screg Bâtiment) as a commercial engineer and then as Director of Development, Olivier Estève joined the Foncière des Régions group as a member of the Management Board in charge of Property Management.

(1) Listed companies.
(2) Companies directly or indirectly controlled by Altarea.
(3) Foreign companies.

CURRENT OFFICES HELD BY OLIVIER ESTÈVE

Permanent Representative of Foncière des Régions, Member of the Supervisory Board	Management Board member of SA	Director of SA	Chairman of SAS	Director of foreign companies [3]
Altarea [1] Foncière des Murs [1]	Foncière des Régions [1]	BP 3000 Urbis park	FDR 8 GFR Services	Ulysse Trefonds SA, Beni Stabili SpA, Iris Trefonds SA and Office CB 21

Executive Manager of: Euromarseille Invest, SCI Euromarseille 1, SCI Euromarseille 2, FDR 4 , FDR 5, FDR 6, FDR 7, FDR 8, BGA Transactions, Bionne, FR Immo, Federation, Foncière Electimmo, Foncière Margaux, SARL du 174, avenue de la République, SARL du 25-27, quai Félix-Faure, SARL du 2, rue Saint-Charles, SARL du 106-108, rue des Troènes, SARL du 11, rue Victor Leroy, Telimob Paris SARL, Telimob Pivot SARL, SCI Imefa 127, SCI Atlantis, SCI 11 place de l'Europe, EURL Languedoc 34, SCI Pompidou Metz, SNC Palmer Plage, SNC Palmer Transactions, SNC Foncière Palmer, SCI Palmer Montpellier, SCI Dual Center, Financière Palmer SARL.

OTHER OFFICES HELD IN THE LAST FIVE YEARS, WHICH ARE NO LONGER CURRENT:

Chairman and Chief Executive Officer of Parc GFR SA.

Chairman of the SAS BGA, Foncière des Régions Développement and Urbis Park.

Executive Manager, Telimob transactions SNC, Loire, FDR Logements.

Permanent Representative of Foncière des Régions as Member of the Supervisory Board of Foncière des Régions Logistique [1].

Director of the foreign companies: Immobilière Batibail and Benelux SA.

Foncière des Régions owns 1,228,046 shares in Altarea.

To the company's knowledge, Olivier Estève does not hold any shares in Altarea in his own name.

FDR 3 – Member

The company's permanent representative is Mr. Christophe Kullmann.

Christophe Kullmann

Christophe Kullmann, a French citizen, was born in Metz on 15 October 1965. He holds a DEA advanced degree in management. Mr. Kullmann served as Chief Financial Officer of Immobilière Batibail until that company was merged with Gecina in 1999. He was then appointed Deputy CFO of the new entity. In 2000, he was named Corporate Secretary of Batipart. Since 2001, Mr. Kullmann has been Chairman of the Management Board of Foncière des Régions. He is also Chairman of the Supervisory Board of Foncière des Murs and member of the Supervisory Board of Foncière Europe Logistique. Mr. Kullmann is an executive officer of EPRA.

CURRENT OFFICES HELD BY CHRISTOPHE KULLMANN

Permanent representative of FDR 3 on the Supervisory Board of Altarea	Chairman of the Management Board	Chairman/ Supervisory Board member	Chairman of SAS	Director
Altarea [1]	Foncière des Régions [1]	Foncière des Murs [1] Foncière Europe Logistique [1]	FDR 2 FDR 3	GFR Property, Beni Stabili SpA [3], Foncière Développement Logements IPD, IEIF and IMMEO

(1) Listed companies.

(2) Companies directly or indirectly controlled by Altarea.

(3) Foreign companies.

Executive Manager: GFR Kleber.

Permanent Representative of Urbis Park, Director of BP 3000.

OTHER OFFICES HELD IN THE LAST FIVE YEARS, WHICH ARE NO LONGER CURRENT:

Permanent Representative of Foncière des Régions, Director of: Primabail, FSIF (professional association).

Permanent Representative of Parcs GFR, Director of BP 3000.

Supervisory Board member of Foncière Développement Logements, Altarea.

Alternate Director of Immobilière Batibail Benelux SA.

Director: Batipart, Parcs GFR, Altapar, Altarea.

Chairman of the SAS FDR 1, GFR Services.

Chairman of the Board of Directors, Bail Investissement Foncière.

Executive Manager of FDR 5, FDR Deutschland.

FDR 3 owns 1 share in Altarea.

To the company's knowledge, Christophe Kullmann does not hold any shares in Altarea in his own name.

Opus Investment BV

In accordance with current legislation, which does not require the appointment of a permanent representative, Opus Investment BV is represented at meetings of the Supervisory Board by any *ad hoc* representative.

Opus Investment, whose registered office is at 483 Herengracht, 1017 BT Amsterdam, Netherlands, is a BV registered at the Amsterdam Chamber of Commerce Company Registry under registration number 34222430. The company is not listed. It is a foreign company and is not part of the Altarea Group.

The Directors of Opus Investment BV are Severijn van der Veen and Christian de Gournay.

Opus Investment BV does not hold any other offices.

Opus Investment BV owns 83,572 shares in Altarea.

JN Holding – Member

The company's permanent representative is Mr. Olivier Dubreuil.

Olivier Dubreuil

Olivier Dubreuil, a French citizen, was born on 27 December 1955 in Marseilles (13). He has a degree from the ESCP Europe business school, and, among other posts, was head of Usinor's, and then Arcelor's, Raw Materials Department. Since 2009, he has been General Manager of Arcelor-Mittal Purchasing.

Chairman	Vice-Chairman and Supervisory Board member	Director	Supervisory Board member
Atic Services, Ovet Holding (3), Ovet BV (3) et Dubreuil Conseil SASU	EMO (3), EKOM (3)	Manufrance (3)	Altarea (1), Altareit (1) and CFNR

OTHER OFFICES HELD OVER THE PAST FIVE YEARS, WHICH ARE NO LONGER CURRENT:

Director of CFL Cargo (3).

JN Holding owns 583,081 shares in Altarea.

To the company's knowledge, Olivier Dubreuil does not hold any shares in Altarea in his own name.

APG (ABP Fund) – Member

The company's permanent representative is Alain Dassas.

Alain Dassas

Alain Dassas, a French citizen, is a graduate of the ESCP Europe business school and holds a Master's in Econometrics and a Master of Science in management from Stanford University. Mr. Dassas began his career with Chase Manhattan Bank in 1973. In 1983, he joined the Renault Group, where he successively served as Head of the representative office in New York, Head of banking relationships and financial markets, Finance Director of Renault Crédit International, Head of Financial Operations and Head of Financial Services. In 2003, Mr. Dassas was appointed a member of the Renault Group Executive Committee, then Chairman of Renault F1 Team. In 2007, Mr. Dassas was named a member of the Executive Committee of Nissan Motor Company in Tokyo. Since 2010, Mr. Dassas has acted as a consultant for the Renault Group and as Chief Financial Officer of Segula Technologies.

(1) Listed companies.

(2) Companies directly or indirectly controlled by Altarea.

(3) Foreign companies.

CURRENT OFFICES HELD BY ALAIN DASSAS

Director: Strategic Initiatives (London) [3], Renault Finance (Lausanne) [3], Hardware Infogérance (Paris).

OTHER OFFICES HELD OVER THE PAST FIVE YEARS, WHICH ARE NO LONGER CURRENT:

Director of Renault Samsung (Pusan-Korea) and Segula Technologies (Paris).

APG owns 789,234 shares in Altarea.

To the company's knowledge, Alain Dassas does not hold any shares in Altarea in his own name.

Dominique Rongier

Dominique Rongier, a French citizen, graduated from the HEC business school in 1967. He served in succession as Auditor with Arthur Andersen (1969-1976), Chief Financial Officer of the Brémond – Pierre & Vacances Group (1976-1983), and Chief Financial Officer of the Brossette SA Group (1983-1987). In 1987, he designed and set up a holding structure for the Carrefour Group, and from 1988 to 1990, he was Corporate Secretary of Bélier, a member of the Havas-Eurocom network, before becoming Chief Financial Officer of the holding company Oros Communication, which holds majority interests in the communications sector, from 1991 to 1993. Since September 1993, Dominique Rongier has been an independent consultant with DBLP & Associés SARL, of which he is manager and majority Shareholder. His main activity is strategic and financial management consultancy. In the interim, he has been acting Chief Executive Officer of the DMB & B France Group (French subsidiaries of the US advertising group D'Arcy) for more than two years. Until 31 March 2009, Mr. Rongier was Chairman of a software publishing company specialising in sports and health.

CURRENT OFFICES HELD BY DOMINIQUE RONGIER

Supervisory Board member	SCA Altarea [1]
Supervisory Board member	SCA Altareit [1]
Director	SA Search Partners
Executive Manager	DBLP & Associés, Centralis

OTHER OFFICES HELD OVER THE PAST FIVE YEARS, WHICH ARE NO LONGER CURRENT:

Chairman of Enora Technologies SAS.

Dominique Rongier owns 10 shares in Altarea.

ATI SNC

In accordance with current legislation, which does not require the appointment of a permanent representative, ATI is represented at meetings of the Supervisory Board by any *ad hoc* representative.

ATI is a *société en nom collectif* (general partnership) with capital of €10,000, whose registered office is at 8, avenue Delcassé, 75008 Paris, and which is registered under registration number 498 496 520 RCS Paris.

Its manager is Alta Patrimoine SAS, whose Chairman is Alain Taravella.

ATI does not hold any other offices.

ATI SNC owns 1 share in Altarea.

Altafi 3 SAS

In accordance with current legislation, which does not require the appointment of a permanent representative, Altafi 3 is represented at meetings of the Supervisory Board by any *ad hoc* representative.

Altafi 3 is a *société par actions simplifiée unipersonnelle* (simplified limited liability company with a sole Shareholder) with capital of €38,000, whose registered office is at 8, avenue Delcassé, 75008 Paris, and which is registered under registration number 503 374 464 RCS Paris.

Alain Taravella is the Chairman of Altafi 3 SAS.

Altafi 3 does not hold any other offices.

Altafi 3 SAS owns 1 share in Altarea.

(1) Listed companies.

(2) Companies directly or indirectly controlled by Altarea.

(3) Foreign companies.

5.2. COMPENSATION

5.2.1. INTRODUCTION

As a *société en commandite par actions* (limited partnership), the company is run by two Managers and overseen by a Supervisory Board. It also has one or more general partners.

5.2.1.1. Management

The Managers' compensation is determined in accordance with the provisions of Article 14 of the Articles of Association, which reads as follows:

"The Management will be remunerated until 31 December 2012 in accordance with the provisions of Articles 14.1 to 14.3 below. With effect from 1 January 2013, the Management's compensation will be fixed for successive periods of three years by the Ordinary General Meeting of Shareholders (limited partners) in accordance with the provisions of Article L. 226-8 of the Commercial Code, on a proposal from the General Partners and after consultation of the Supervisory Board.

If there is more than one Manager, they will decide how to distribute the said compensation amongst themselves.

14.1. A fixed annual compensation of €2,000,000 before tax, which will be revised on 1 January each year and for the first time on 1 January 2008 based on changes in the Syntec index, the reference index being the latest known Syntec index on 1 July 2007 and the comparison index being the latest known Syntec index on the revision date, *i.e.* for the first revision the latest known Syntec index on 1 January 2008. The fixed annual compensation will be payable monthly no later than fifteen days after presentation of the corresponding invoice.

14.2. A variable compensation based on a percentage of (i) the value of investments made, and of (ii) the value of divestments/sales carried out, which will be due on each of the following tranches:

- 1% of the value of investments between €0 and €75 million;
- 0.50% of the value of investments between €75 million and €200 million;
- 0.25% of the value of investments over €200 million;
- 0.25% of the value of property divestments/sales.

The above tranches will be updated annually according to the Syntec index.

"Value of investments" means:

a) The amount of investments made directly by the company or its subsidiaries as part of their development programme. A partial payment will be made when works start on the basis of 40% of the total projected compensation. The balance will be calculated when the asset is put into operation, based on its initial appraisal value less the partial compensation already paid.

b) In the case of a property acquisition, the gross acquisition amount appearing in the notarised deed. In the case of a renovation project, an additional invoice will be established on the date on which the asset is put back into operation based on the value of works completed.

c) In the case of a capital contribution of property assets, the gross amount of the property assets contributed to the company excluding any liabilities assumed.

d) In the case of an acquisition of a company, the value of the assets owned by the company excluding any liabilities.

e) In the case of a merger, the value of the assets owned by the absorbed company excluding any liabilities.

It is specified that the variable compensation shall not apply to investments made in respect of transactions committed to or approved by the company's Investment Committee prior to 1 July 2007. Nor does it apply to sales, transfers, mergers or acquisitions of companies either between the company and one of its subsidiaries or between two of the company's subsidiaries In the case of investments made by subsidiaries, the corresponding compensation will be paid directly to the Managers by the subsidiary.

The variable compensation will be paid to the Manager(s) as follows:

- In the case of investments referred to in paragraph a) above, the partial component will be payable in the month in which works begin and the balance within fifteen days of the date on which the asset is put into operation;
- In the case of investments referred to in paragraphs b), c), d) and e) above, within fifteen days of the date of completion of the investment.

"Value of property divestments/sales" means the amount received by the company or its subsidiaries upon disinvestments or sales of property assets.

14.3. No other compensation may be paid to the Managers in respect of their office unless previously approved by the Ordinary General Meeting of Shareholders with the prior unanimous agreement of the General Partners.
The Managers are also entitled to reimbursement of all business, travel and other expenses of any nature incurred in the interests of the company.
The compensation to which the Managers are entitled shall be invoiced directly to Altarea or its subsidiaries. In the latter case, the portion of compensation received by the Manager which is attributable economically to Altarea, shall be deducted from the compensation to be paid by Altarea."
The first method of fixing the compensation of the Managers, currently contained in Articles 14.1 to 14.3 of the Articles of Association and involving fixed and variable compensation, is destined to change fundamentally with effect from 1 January 2013. The Managers' compensation will then be set for successive periods of three years by the Ordinary General Meeting of Shareholders on a proposal from the General Partners and after consultation of the Supervisory Board.

The Extraordinary General Meeting of Shareholders held on 20 May 2009, which decided to amend Article 14 of the Articles of Association in order to introduce this new method of fixing the Managers' compensation, also introduced a Managers' Compensation Committee. This committee will be formed at the latest on 31 December 2012. Pursuant to the provisions of Article 18 of the Articles of Association as supplemented in consequence, the committee's role will be to submit proposals to the Supervisory Board concerning the Managers' compensation, in order to enable it to formulate opinions for the General Meeting responsible for fixing the Managers' compensation with effect from 31 December 2012.

5.2.1.2. Supervisory Board

Supervisory Board

Article 19 of the Articles of Association provides that annual compensation may be allocated to the members of the Supervisory Board exclusively in respect of their office, the amount of which, charged to operating expenses, will be determined by the Ordinary General Meeting of Shareholders and will remain unchanged until a new resolution is passed. The Supervisory Board will distribute this compensation among its members in such proportions as it sees fit. Supervisory Board members are also entitled to the reimbursement of all expenses, travel costs and costs of any kind incurred in the company's interest.

The General Meeting held to approve the 2008 accounts, which took place on 20 May 2009, decided to allocate total compensation of €600,000 to the members of the Supervisory Board in respect of 2009 and for every subsequent year until the Ordinary General Meeting adopts a new decision. This compensation, which has been unchanged since 2008, is therefore expected to remain the same for the year 2010, unless the General Meeting decides otherwise.

The Chairman of the Supervisory Board

When Altarea was still in the form of a *société anonyme* (public limited company) with a Chairman and Board of Directors, Jacques Nicolet acted as Senior Executive Vice-President and Director and received compensation from the company accordingly.

After Altarea was converted into a *société en commandite par actions* (partnership limited by shares), Jacques Nicolet's functions evolved towards supervisory tasks, to which, in accordance with the Investment Committee's rules of procedure, were added substantial duties involving the examination of the Group's investment and disinvestment projects in the context of the powers granted to the Supervisory Board by Article 17.6 of the company's Articles of Association.

Jacques Nicolet was indirectly paid in respect of these duties through the company Altafinance where he was Chairman of the Supervisory Board. In effect, until 31 March 2008, Altafinance, a company controlled by Alain Taravella, received the fixed and variable compensation fixed by Article 14 of the Articles of Association in its capacity as Co-Manager. Jacques Nicolet did not then receive any direct compensation in respect of his functions as Chairman of the Supervisory Board of Altarea. He was, however, remunerated by the Altafinance (see tables below) in his official capacity.

With effect from 31 March 2008, the company was co-managed by Altafinance 2, also controlled by Alain Taravella, in which Jacques Nicolet no longer held any company office. With effect from its appointment as Co-Manager, Altafinance 2 received the compensation provided by Article 14 of the Articles of Association, but Jacques Nicolet was no longer indirectly remunerated in respect of his duties at Altarea.

At its meeting on 17 March 2008, the Supervisory Board consequently decided that its Chairman would receive gross annual compensation, including social security contributions, of up to €440,000, in consideration in particular of his duties as Chairman of the Investment Committee. Provision was made for this compensation to be revised on 1 January each year based on changes in the Syntec index, the reference index being the latest known Syntec index on 1 January 2008 and the comparison index being the latest known Syntec index on the revision date, *i.e.* for the first revision the latest known Syntec index on 1 January 2009.

Alain Taravella, as the Co-Manager and controlling Shareholder of Altafinance 2, informed the Supervisory Board that the Management would accept a reduction of its fixed compensation to take account of the fact that it was no longer responsible for the compensation of Jacques Nicolet, which was now directly paid by Altarea. The Supervisory Board consequently decided that Jacques Nicolet's compensation would be paid to him by Altarea, and for the first time in respect of 2008, subject to the following conditions precedent, which the Board has found to have been satisfied: (i) the resolution of the Combined General Meeting of Shareholders to amend the Articles of Association and allocate global compensation of €600,000 to the members of the Supervisory Board in respect of 2008; (ii) the delivery by the Managers of a letter accepting the reduction of their fixed compensation as provided by Article 14, paragraph 1 of the Articles of Association, by an amount equal to the gross compensation including social security contributions effectively allocated to Jacques Nicolet, insofar and for as long as Jacques Nicolet receives compensation in his capacity as Chairman of the Supervisory Board. It is therefore important to note that the compensation of the Chairman of the Supervisory Board is indirectly borne by the Managers.

The members

At its meeting of 27 March 2009, the Supervisory Board decided to grant its members living abroad an allowance of €1,500 per Board meeting or Board Committee meeting, with a maximum annual limit of €21,000.

5.2.1.3. General Partners

Article 32 paragraph 5 of the Articles of Association provides that "General Partners will be entitled to "bonus" dividends equivalent to 1.5% of the annual dividend distributed. However, General Partners will only be entitled to half of this bonus dividend when the first payment is made in respect of the financial year ending on 31 December 2007".

5.2.2. INFORMATION ON COMPENSATION

Application of the AFEP/MEDEF recommendations

As described in the report of the Chairman of the Supervisory Board on internal controls (see Section 6), the company has adopted the AFEP/MEDEF corporate governance code for listed companies (the "AFEP/MEDEF Code") as its reference code, which it applies where the provisions are compatible with the legal form of a *société en commandite par actions* and with the company's Articles of Association.

The information provided below complies with the AMF's recommendations regarding disclosures on executive compensation in the annual Registration document (the "Recommendations"), published on 20 December 2010.

The company's **executive management** consists of a Board of Managers comprising two Co-Managers. Since 31 March 2008 and until the date of this document, the Board of Managers has comprised Alain Taravella and Altafinance 2, of which Alain Taravella is the Chairman and which is controlled by Alain Taravella within the meaning of Article L. 233-3-I of the French Commercial Code.

The compensation of the Board of Managers is fixed by the Articles of Association and is allocated to it **as a lump sum.**

The **non-executive corporate officers** are the Supervisory Board Members.

Lastly, the General Partner receives a bonus dividend of 1.5% of the annual dividend, which amounted to €1,070,904.55 in respect of 2008 and to €1,099,312.24 in respect of 2009.

Note: Figures appearing in the tables below are in thousands of euros.

Table 1

Summary of compensation, stock options and shares awarded to the executive officers

In thousands of euros	2010 financial year	2009 financial year
1. Altafinance 2 – Co-Executive Manager		
Compensation due in respect of the year (itemised in Table 2)	7,342	4,302
Value of options allocated during the financial year (itemised in Table 4)	0	0
Value of performance shares allocated during the financial year (itemised in Table 6)	0	0
TOTAL ALTAFINANCE 2	**7,342**	**4,302**
2. Alain Taravella – Co-Manager		
Compensation due in respect of the year (itemised in Table 2)	0	0
Value of options allocated during the financial year (itemised in Table 4)	0	0
Value of performance shares allocated during the financial year (itemised in Table 6)	0	0
TOTAL ALAIN TARAVELLA	**0**	**0**

Comments:

- For the purposes of applying the provisions of Articles L. 225-102-1 and 233-16 of the Commercial Code, Altafinance 2 held a percentage of more than 30% of the voting rights on 31 December 2010, and no other Shareholder held a greater percentage, whether directly or indirectly. Consequently, Alain Taravella is remunerated by Altafinance 2 in respect of his office as Chairman. He received €270,472 in this capacity in respect of 2010 and €295,100 in respect of 2009.
- The amounts given in the above tables include all the compensation due or paid by Altarea, by the companies that it controls, by the companies controlling it, and by the companies controlled by companies controlling Altarea.

Table 2

Table summarising the compensation of the executive officers

1. Name and position of executive officer:	2010 financial year		2009 financial year	
In thousands of euros	Amount due	Amount paid(1)	Amount due	Amount paid(1)
Altafinance 2 – Co-Manager				
Fixed compensation	1,670	2,082	1,649	1,237
Variable compensation	5,672	6,053	2,653	2,262
Exceptional compensation	0	0	0	0
Directors' fees	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**7,342**	**8,135**	**4,302**	**3,499**

(1) The amounts paid include not only compensation due in respect of the current year but also the balance of any compensation due in respect of the previous year, which is why the amounts may be lower or higher than the amounts due appearing in the table.

2. Name and position of executive officer:	2010 financial year		2009 financial year	
In thousands of euros	Amount due	Amount paid	Amount due	Amount paid
Alain Taravella – Co-Manager				
Fixed compensation	0	0	0	0
Variable compensation	0	0	0	0
Exceptional compensation	0	0	0	0
Directors' fees	0	0	0	0
Benefits in kind	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**

The figures above include amounts invoiced to Altarea and amounts invoiced directly to its subsidiaries.

The variable compensation of the Board of Managers is calculated by applying the rules fixed by the Articles of Association and set out in paragraph 5.2.1.1 above.

Table 3

Table of directors' fees and other compensation received by the non-executive directors

Non-executive directors	2010	2009
Jacques Nicolet Chairman of the Supervisory Board		
Directors' fees	0	0
Other compensation [1]	262	264
Matthieu Taravella Supervisory Board member		
Directors' fees	0	0
Other compensation [2]	61	58
Gautier Taravella Supervisory Board member		
Directors' fees	0	0
Other compensation	0	0
Altarea Commerce [3] Supervisory Board member		
Directors' fees	0	0
Other compensation	0	0
Alta Patrimoine [3] Supervisory Board member		
Directors' fees	0	0
Other compensation	0	0
JN Holding [3] Supervisory Board member		
Directors' fees	0	0
Other compensation	0	0
Opus Investment BV [3] Supervisory Board member		
Directors' fees	0	0
Other compensation	0	0
APG [4] Supervisory Board member		
Directors' fees	0	0
Other compensation [4]	0	3
MSRESS II Valmur TE BV [5] Supervisory Board member		
Directors' fees	0	0
Other compensation	0	0
Crédit Agricole Assurances [3] Supervisory Board member		
Directors' fees	0	0
Other compensation	0	0

Non-executive directors	2010	2009
Foncière des Régions [3] **Supervisory Board member**		
Directors' fees	0	0
Other compensation	0	0
Françoise Debrus **Supervisory Board member**		
Directors' fees	0	0
Other compensation	0	0
FDR 3 [3] **Supervisory Board member**		
Directors' fees	0	0
Other compensation	0	0
Dominique Rongier [6] **Supervisory Board member**		
Directors' fees	10	0
Other compensation	0	0
ATI [3] **Supervisory Board member**		
Directors' fees	0	0
Other compensation	0	0
Altafi 3 [3] **Supervisory Board member**		
Directors' fees	0	0
Other compensation	0	0
TOTAL non-executive directors	**333**	**325**

(1) *The compensation paid to Jacques Nicolet, Chairman of the Supervisory Board, with effect from 2008,* ***is deducted from the fixed compensation of the Board of Managers****.*

(2) *Gross annual salary paid by Altarea France, a subsidiary of Altarea, pursuant to an employment contract. Matthieu Taravella is Director of Development and a salaried employee.*

(3) *No compensation or benefit in kind is due or has been paid by Altarea, by companies controlled by Altarea, by companies controlling Altarea or by companies controlled by companies controlling Altarea, to this legal person, to its permanent representative or to its legal representative or representatives in connection with the office of Member of Altarea's Supervisory Board.*

(4) *Allowance granted to Bart Le Blanc, ABP's Permanent Representative, having regard to the fact that he lives abroad (United Kingdom).*

(5) *MSRESS was a Member of the Supervisory Board only in 2009.*

(6) *Directors' fees allocated to Dominique Rongier by Altareit, a subsidiary of Altarea. No compensation was paid directly by Altarea.*

Table 4

Stock options allocated during the financial year to the executive officers by the company and by any Group company

No stock options were allocated during the financial year to the executive officers, namely Altafinance 2 and Alain Taravella, Co-Managers, by the company or by any other Group company.

Table 5

Stock options exercised during the year by the executive officers

No stock options were exercised during the year by the executive officers, namely Altafinance 2 and Alain Taravella, Co-Managers, by the company or by any other Group company.

Table 6

Performance shares allocated to corporate officers

No performance shares were allocated to the corporate officers during the financial year by the company or by any other Group company.

Table 7

Performance shares allocated to corporate officers and vested during the year

No performance shares were allocated to the corporate officers during previous financial years by the company or by any other Group company.

Table 8

History of stock option grants

No stock options have been granted to the corporate officers by the company or by any other Group company.

Table 9

Stock options granted to and exercised by the top ten employees excluding corporate officers and options exercised thereby

No stock options were granted during the financial year to employees of the Group by the company, by any company controlling it or by any company controlled by it.

During the 2009 financial year, a total of 12,240 stock options granted to the top ten employees excluding corporate officers, were exercised as follows:
- in respect of the plan dated 23 November 2004, 9,240 options were exercised at a unit exercise price of €32.90; and
- in respect of the plan dated 4 January 2005, 3,000 options were exercised at a unit exercise price of €38.25.

During 2010, no stock options granted to the top ten employees excluding corporate officers were exercised.

Table 10

Employment contracts, pension plans, severance or other termination payments or benefits and non-competition compensation payable to the executive officers

None.

It is hereby specified that the company has made no commitments vis-à-vis its corporate officers with respect to any compensation, payments or benefits due or liable to be due upon assumption, termination or any change in their office or subsequent thereto.

5.3. *ABSENCE OF CONFLICTS OF INTEREST*

No conflicts of interest have been detected at the level of the company's administrative, management and supervisory bodies, or at the level of its executive management, between the duties of those bodies and any other potential duties they might have.

5.4. *ABSENCE OF IMPROPER CONTROL*

5.4.1. NATURE OF CONTROL OVER THE COMPANY

The founders of the company (Alain Taravella, his family and the companies Altafinance 2 and Alta Patrimoine that he controls) and Jacques Nicolet together with JN Holding, which he controls, act in concert. As at 31 December 2010, the founders collectively held 54.19% of the capital and theoretical voting rights of the company and 54.25% of the actual voting rights (those that could effectively be cast at General Meetings taking into account treasury shares stripped of their voting rights).

5.4.2. MEASURES PREVENTING IMPROPER CONTROL

The Chairman's report on internal control (Section 6) states that, where governance is concerned:

- the Supervisory Board examines substantial investments and disinvestments;
- there are two independent members of the Supervisory Board on the Audit Committee.

5.4.3. ABSENCE OF IMPROPER CONTROL

Measures have been adopted to prevent any improper control. The company is controlled as described above; however, the company considers that there is no risk that control could be exercised in an improper way.

5.5. *CONVICTIONS, BANKRUPTCIES, PROSECUTIONS*

The undersigned hereby represents and warrants that to his knowledge, no director and, since the company's transformation into a *société en commandite par actions,* no member of the Supervisory Board has, in the last five years:

- been convicted of any fraud;
- been the subject of a bankruptcy, receivership or liquidation order;
- been the subject of any prosecution or of any official public sanction imposed by statutory or regulatory authorities (including designated professional bodies);
- been disqualified by a court from acting as a member of an issuer's administrative, management or supervisory bodies or from being involved in the management or conduct of the affairs of any issuer.

Alain Taravella

Manager

5.6. *LEGAL AND ARBITRATION PROCEEDINGS*

In the past twelve months, the company has not been involved in any proceedings that are liable to have a material impact on the Group's financial position or profitability.

5.7. *ABSENCE OF MATERIAL CHANGES IN THE COMPANY'S FINANCIAL OR BUSINESS SITUATION*

In the past twelve months, there have been no material changes in the company's financial or business situation.

5.8. SENIOR MANAGEMENT

1) Operational Executive Committee:
The Group's operational management is organised around its three business lines, with responsibility for each assigned to a Senior Executive Vice-President.
- Gilles Boissonet, in charge of Retail property in France;
- Christian de Gournay, in charge of Residential property, Regions and Institutional Relations;
- Stéphane Theuriau, in charge of Office Property and Private Equity.

Christian de Gournay, Gilles Boissonnet, Stéphane Theuriau and Éric Dumas, the Group's Finance Director, meet with the Board of Managers every week and constitute the Operational Executive Committee.

2) Strategic Committee:
The Strategic Committee consists of:
- the Board of Managers, represented by Alain Taravella;
- the three Senior Executive Vice-Presidents (Christian de Gournay, Gilles Boissonnet and Stéphane Theuriau);
- Ludovic Castillo, Deputy Director in charge of Italy;
- Éric Dumas, Chief Financial Officer of the Group;
- Albert Malaquin, Senior Executive Vice-President of Altarea France;
- Patrick Mazières, Financial Director of Cogedim;
- Philippe Mauro, Group General Secretary.

3) The Executive Management Committee, which is made up of the Group's principal executives, which meets as a select committee or in plenary session.

This organisation does not replace the operational committees of the various subsidiaries. See the Chairman's report on internal control in Section 6 below.

5.9. COMPLIANCE WITH THE CORPORATE GOVERNANCE REGIME

In accordance with Article 16.4 of Annex I of Regulation EC 809/2004 implementing EC Directive 2003/71/EC, the undersigned hereby declares and warrants that the company complies with the corporate governance regime applicable in France as set out in the law on commercial companies and subsequent legal instruments.

Alain Taravella

Manager

6 Report from the Chairman of the Supervisory Board on internal controls

6.1. *FRAMEWORK AND REFERENCE CODE*

The Chairman of the Board of Directors used the following documents as a basis for this report:

- the "reference framework" contained in the AMF's report of 22 July 2010 on risk management and internal control systems;
- the 22 July 2010 update to the final report of the Working Group chaired by Olivier Poupart-Lafarge on Audit Committees, prepared in conjunction with the *Autorité des marchés financiers* (AMF);
- the AMF's report of 12 July 2010 on corporate governance and executive compensation;
- the 20 December 2010 update to the AMF guide to preparing Registration documents;
- the AMF recommendations of 2 December 2010 published with its report on social and environmental responsibility information published by listed companies.

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, the company declares that it has based its corporate governance code on the Corporate Governance Code for Listed Companies published by the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF) (the "AFEP-MEDEF Code"), which sets out the principles of corporate governance resulting from the consolidation of the AFEP and MEDEF reports. The recommendations of the Code fit in with Altarea's corporate governance procedures, it being specified that the company adheres to the principles set out in the AFEP-MEDEF Code but their application is to be adapted to partnerships limited by shares and the company's Articles of Association. Because the company is a partnership limited by shares, it is managed by a Board of Managers and not by a collegiate body, Management Board or Board of Directors. Therefore, changes relating to the collegiate nature of the Board of Directors, and the separation of functions of the Chairman of the Board of Directors and the Chief Executive Officer cannot be applied to partnerships limited by shares. In partnerships limited by shares, the accounts are approved by the Managers, not by a collegial body. The Supervisory Board is responsible for overseeing the company's management on a continual basis but it is not involved in its management Article 17.1 of the Articles of Association states that the Supervisory Board has the right to be provided the same documents by the Managers as those made available to the Statutory Auditors. Moreover, the company's Articles of Association assign greater powers to the Supervisory Board than those ascribed by law, for example, in reviewing investments. Lastly, the company assigns greater powers to the Shareholders than those required by law or as recommended by the AFEP-MEDEF Code, particularly as regards the determination of Managers' compensation. This compensation is determined by the company's Articles of Association as adopted by the Annual General Meeting of 26 May 2007. No other compensation may be paid to the executive officers unless previously approved by the Ordinary General Meeting of Shareholders with the prior unanimous consent of the General Partners. As from 1 January 2013, the Managers' compensation shall be determined by the Annual General Meeting for successive periods of three years on the proposal of the General Partners and after consultation with the Supervisory Board.

6.2. PREPARATION AND ORGANISATION OF THE BOARD'S WORK

6.2.1. SCOPE AND POWERS (ARTICLE 17 OF THE ARTICLES OF ASSOCIATION)

The Supervisory Board is responsible for overseeing the company's management on a continual basis. It sets out the appropriation of earnings, dividend distributions, and dividend payment procedure (in cash or in shares) to be proposed to the Annual General Meeting. It appoints an Acting Manager if none of the existing Managers and General Partners are able to serve. It submits a list of nominees to the Annual General Meeting for the appointment of new statutory auditors. It appoints an appraiser for the company's property portfolio and renews or terminates the appraiser's term of office, and appoints a replacement appraiser if needed. The Supervisory Board submits a report to the Annual General Meeting called to approve the company's financial statements, in accordance with French law, and gives this report to Shareholders when they also receive the management report and full-year financial statements. The Supervisory Board draws up a report describing any proposed capital increase or reduction and submits it to the Shareholders. The Supervisory Board can call an Ordinary or Extraordinary Shareholders' Meeting according to the procedures set forth by French law, if the Board deems necessary and after informing the Managers in writing. Altarea's Supervisory Board plays a significant role in making decisions about the company's investments and commitments, beyond the role this body typically plays in partnerships limited by shares. More specifically, the Supervisory Board must be consulted before any of the following important decisions are made: (i) investments over €15 million; (ii) divestments over €15 million; (iii) commitments over €15 million; and (iv) loans of an amount over €15 million.

Lastly, the Board reviews the report on corporate social and environmental responsibility and the report on the comparative situation of general employment conditions and training of men and women drawn up by the Managers. This review took place for the first time at the Board meeting on 7 March 2011.

6.2.2. COMPOSITION OF THE SUPERVISORY BOARD

(a) Board members

As of the date of this report, the Supervisory Board comprised the fifteen following members:

Name or company name	Offices held	Permanent Representative [1]	Term expires on [2]
Jacques Nicolet	Chairman	-	2013
Matthieu Taravella	Member	-	2013
Gautier Taravella	Member	-	2013
Altarea Commerce	Member	No	2013
Alta Patrimoine	Member	No	2013
APG	Member	Alain Dassas	2013
Crédit Agricole Assurances	Member	Émeric Servin	2013
Françoise Debrus	Member	-	2013
FDR 3	Member	Christophe Kullmann	2013
Foncière des Régions	Member	Olivier Estève	2013
JN Holding	Member	Olivier Dubreuil	2013
Opus Investment	Member	No	2013
Dominique Rongier	Member	-	2015
ATI	Member	No	2015
Altafi 3	Member	No	2015

(1) *Legal persons that have not appointed a Permanent Representative are represented at meetings either by their legal representative or by a representative specifically designated thereby.*

(2) *Year of Ordinary General Meeting.*

(b) Gender equality on the Board

Both men and women are represented on the Supervisory Board. Consequently, the company is in compliance with (i) the provisions of the law on balanced representation of men and women within Boards of Directors and Supervisory Boards and professional equality; and (ii) with the AFEP/MEDEF recommendation of 19 April 2010 on increasing the representation of women on company boards and amending Article 6.3 of the AFEP/MEDEF Code.

(c) Average age

Since the company changed its legal form to a partnership limited by shares, legal entities with a seat on the Board are no longer required to appoint a permanent representative. Legal entities are represented at Board meetings either by their legal representative or by a permanent representative if they have elected to appoint one, or by any *ad hoc* corporate officer. It is therefore no longer relevant to calculate and report the average age.

(d) Offices held in other companies

A list of the offices held by Supervisory Board members outside Altarea is given in the management report, to which this report is attached, and in the company's Registration document.

(e) Compensation

Principles

Article 19 of the Articles of Association states that annual compensation may be paid to members of the Supervisory Board only for their duties as members of the Supervisory Board. The amount of compensation paid, included in general operating expenses, is determined by the Annual General Meeting and maintained until decided otherwise. The Supervisory Board divides this amount between its members as it deems appropriate. Supervisory Board members are also entitled to the reimbursement of all expenses, travel costs and costs of any kind incurred in the company's interests.

Decision by the Annual General Meeting

The Annual General Meeting of 20 May 2009 allocated total compensation of €600,000 to Supervisory Board members in respect of 2009, the same amount as in prior years. This amount, payable in respect of 2009, will remain unchanged for future years until it is modified by an AGM decision.

Compensation amount

At its meeting on 17 March 2008, the Supervisory Board decided that its Chairman would receive gross annual compensation, including social security contributions, of up to €440,000, mainly in consideration for his duties as Chairman of the Investment Committee, in accordance with the Committee's rules of procedure. For subsequent years, compensation paid to the Chairman will be revised on 1 January each year and based on changes in the Syntec index, the reference index being the latest known Syntec index on 1 January 2008 and the comparison index being the latest known Syntec index on the revision date, *i.e.* for the first time the latest known Syntec index on 1 January 2009. This decision was adopted subject to approval of sufficient total compensation by the Annual General Meetings. The Managers proposed that compensation effectively paid to the Chairman of the Supervisory Board be deducted from the fixed compensation to which he is entitled in accordance with Article 14 paragraph 1 of the Articles of Association. The Supervisory Board therefore decided to pay its Chairman subject to obtaining confirmation of the Managers' renunciation. This commitment was confirmed in a letter dated 26 May 2008.

At its meeting of 27 March 2009, the Supervisory Board decided to grant its members living abroad an allowance of €1,500 per Board meeting or Board Committee meeting, with a maximum annual limit of €21,000. This allowance was made effective as of 2008.

Other than the compensation described above, Supervisory Board members did not receive any other compensation, including Directors' fees, in respect of 2010.

A detailed breakdown of their compensation is given in an appendix to the management report to which this report is attached.

(f) Independent Supervisory Board members

Selection of independence criteria

At its meeting on 31 August 2009, The Supervisory Board unanimously decided, on the Chairman's recommendation, to use the independence criteria given in Articles 8.4 and 8.5 of the AFEP-MEDEF Code of Corporate Governance. These criteria are:

- an independent Board member may not hold any of the following positions in the company (the parent company or any of its consolidated entities): employee, corporate officer or close family member of a corporate officer, customer, supplier, investment banker or significant financier, former auditor (within the past five years), or former member of the Board of Directors (within the past twelve years); and
- for representatives of large Shareholders (holding more than 10% of the company's voting rights), the Supervisory Board must "regularly review whether the member is independent, and whether there may be any potential conflicts of interest".

These criteria are made public each year by their inclusion in this report.

Application of the independence criteria to Supervisory Board members

The latest review of the status of Board members was carried out by the Supervisory Board at its meeting of 7 March 2011, when the Rules of Procedure of the Audit Committee were amended; only the independence of Audit Committee members was reviewed. Based on the independence criteria it has adopted, the Board deemed that Dominique Rongier and Alain Dassas qualified as independent members with no reservations. The Board also reviewed the qualifications as independent members of Françoise Debrus, given the offices she holds within Crédit Agricole Assurances, and of Olivier Estève, Representative of Foncière des Régions, insofar as these two companies hold more than 10% of the company's share capital and voting rights. The Supervisory Board found no conflicts of interest in this respect.

Consequently, the following Supervisory Board members who sit on the Audit Committee are deemed to be independent members: Françoise Debrus, Alain Dassas, Olivier Estève and Dominique Rongier.

6.2.3. FREQUENCY OF MEETINGS

The Supervisory Board met four times in 2010. Just one member was neither present nor represented at the meetings and the attendance rate in person or by proxy was 98.33%.

6.2.4. MEETING NOTICES

The Articles of Association stipulate that Supervisory Board members can be called to meetings through a letter sent by regular mail or by any electronic means. The Supervisory Board can meet by any means as soon as all members are present or represented. Supervisory Board meetings can be called by the Board Chairman, at least half of the Board members, or any Manager or General Partner. The Board members must be called at least one week before the meeting date except under urgent circumstances.

6.2.5. INFORMATION

Under French law, the company's Managers must give Supervisory Board members the same documents as those given to the Statutory Auditors.

6.2.6. MEETING LOCATION AND MANAGEMENT ATTENDANCE

Supervisory Board meetings are held at the company's head office at 8, avenue Delcassé, 75008 Paris, France.

Managers are invited to Board meetings to answer questions from the Board, so that the Board can perform its role of overseeing the company's Management on a continual basis. At Board meetings, Managers present the company's financial statements, give a review of business developments, and present any investment or divestment plans. Managers also answer all questions that Board members deem useful to ask, regardless of whether the questions are on the meeting agenda. However, Managers cannot participate in deliberations or vote on any Board decisions or opinions.

A quorum is reached when at least half of the Board members are present. Resolutions are passed by a majority of the Board members present or represented who are allowed to vote. A Board member in attendance can represent no more than one absent Board member provided that a proxy has been explicitly given. The Chairman casts the deciding vote in the case of a tie.

6.2.7. RULES OF PROCEDURE

The Supervisory Board does not currently have a set of rules of procedure.

6.2.8. SPECIAL COMMITTEES

Article 18 of the company's Articles of Association allows the Supervisory Board to delegate tasks to special committees, apart from any tasks that French law explicitly assigns to the Supervisory Boards of partnerships limited by shares.

The Supervisory Board currently has two special Committees, an Audit Committee and an Investment Committee.

It has also created a Management Compensation Committee, which will be effective as of 1 January 2013, the date on which Management compensation will no longer be set by the Articles of Association but by the Annual General Meeting of Shareholders.

The Chairmen of the special committees are all Supervisory Board members, and report on the committees' work during Supervisory Board meetings.

6.2.8.1. Investment Committee

Members

Investment Committee members are appointed by the Supervisory Board. The Investment Committee currently consists of the following members (pursuant to a Supervisory Board decision on 7 March 2011 amending the Investment Committee's rules of procedure):

- Jacques Nicolet;
- Alain Dassas, representing the APG Fund;
- Émeric Servin, representing Crédit Agricole Assurances;
- Olivier Estève, representing Foncière des Régions;
- Christian de Gournay;
- Éric Dumas;
- Philippe Mauro.

The Committee is chaired by Jacques Nicolet. Any functional managers concerned by the investment opportunities discussed at an Investment Committee meeting also attend the meeting.

Committee opinions and reports

Investment Committee recommendations are adopted by a majority of members present, with the Chairman having a double vote in case of a tie. A recommendation report is then drafted and signed by Committee members during the same meeting. The company's annual report contains a summary of the recommendations issued by the Investment Committee during the year.

Meeting frequency

The Investment Committee meets when convened by its Chairman. It can be called at any time if an urgent situation arises. Notices of meetings may be given by any means, including by post, fax or e-mail.

Committee responsibilities

The Investment Committee advises the Supervisory Board on investment and divestment decisions for amounts between €15 million and €100 million, under the following conditions:

a) Investment and divestment opportunities of between €15 million and €50 million are presented to either:
  - the Investment Committee directly; or
  - the Chairman of the Investment Committee for an initial recommendation, primarily in urgent situations, which is then ratified at the next Committee meeting.

b) Investment and divestment opportunities of between €50 million and €100 million are presented to the Investment Committee before any final decision is made.

c) For transactions initiated by the Cogedim subsidiary, the €15 million ceiling is understood to be:
  - before entering into any bilateral sales agreements for real estate over €15 million;
  - before signing any deeds for real estate over €15 million, including pursuant to a unilateral sales agreement; and
  - before beginning any construction work if the cost price, including land and after deducting any units that have already been reserved or sold, exceeds €15 million.

d) Investments and divestments of:
  - less than €15 million do not require a Supervisory Board opinion; and
  - over €100 million must be submitted to the Supervisory Board for a recommendation.

  These limits are adjusted annually based on the Syntec index.

e) Investment Committee recommendations are obtained for the sale of investment property and equity interests in companies owning investment property, within the limits given above.

f) The limits given above apply as a percentage of the Group's equity interests, and exclude tax.

Committee's work

The Investment Committee did not meet in 2010 because all investment and divestment opportunities were reviewed by the full Supervisory Board as required by Article 17.6 of the Articles of Association (see sections 6.2.1. above and 6.2.9. below).

6.2.8.2. Audit Committee

Members

Audit Committee members are appointed by the Supervisory Board based on their knowledge of the company and experience in the industry. On 7 March 2011, the Supervisory Board decided to update its Rules of Procedure to take into account changes in its composition and the Poupart-Lafarge report of 22 July 2010 on audit committees.

The Audit Committee currently comprises the following members:

- Françoise Debrus;
- Matthieu Taravella;
- Alain Dassas;
- Olivier Estève;
- Dominique Rongier.

Françoise Debrus continues to serve as Chairman of the Audit Committee, given her experience in the real estate sector within Crédit Agricole Assurances.

Members meeting the criteria set forth in Article L. 823-19 of the French Commercial Code

The Audit Committee currently comprises four independent members. Consequently, the company meets the requirement in French law that an Audit Committee must have at least one independent member, as well as the recommendation in Paragraph 14.1 of the AFEP-MEDEF Code of Corporate Governance for listed companies that two-thirds of an Audit Committee's members be independent.

Committee recommendations and reports

A quorum is reached when at least half of the Committee members are present. Committee recommendations are adopted by a majority of members present, with the Chairman having a double vote in case of a tie. The Audit Committee drafts minutes of the meeting if it deems it necessary, which is drawn up by the Committee Secretary and submitted to the other Committee members for approval. The Audit Committee gives a report to the Supervisory Board during the review of the half-year and full-year financial statements.

Meeting frequency

The Audit Committee meets when convened by the Chairman, on dates set according to the company's schedule for approving the half-year and full-year financial statements, and may meet at other times of the year if necessary. It can be called at any time if an urgent situation arises. Notices of meetings may be given by any means, including by post, fax or e-mail. The Committee Secretary sends members all the required documentation before the meeting.

During the year ended 31 December 2010, the Committee met twice:

- On 12 March 2010, to review the financial statements for the year ended 31 December 2009. It reviewed proposals for the appointment of new statutory auditors and drew up the list of candidates submitted to the Annual General Meeting.
- On 27 August 2010, the Committee met to review of the half-year financial statements. It studied the risk map of the Group drawn up by PricewaterhouseCoopers and reviewed the guiding principles of the 2010/2011 internal control action plan and the Group's Code of Conduct.

Committee responsibilities

The Audit Committee helps the Supervisory Board to carry out its role of oversight and control over the company and is responsible for the following:

- Monitoring the preparation of the company's financial information. The Committee reviews this information and verifies that any significant events or material transactions are reflected in the company's financial statements. In the event of a failure in this process, the Committee ascertains that corrective measures are applied.
- Ensuring that the company's systems for internal controls, internal audits, and risk management are working effectively. The Committee's review scope includes risks that are reflected in the accounts (including information contained in the notes) and risks identified by the internal control systems instituted by the Managers and that is liable to produce an impact on the accounts. The Committee may be asked to consider the potential impact on financial and accounting information of a material unidentified risk that may be brought to its attention or that it may have identified in the performance of its work, and it may decide to monitor the other main risks identified by the Managers and/or the Corporate Secretary. If the Committee identifies any failures, it ascertains that appropriate action plans have been implemented and checks on the follow-up measures. It is specified that the company's internal control and risk management systems are based on the reference framework drawn up by the AMF and updated on 22 July 2010 to take into account the report of the working group chaired by Olivier Poupart-Lafarge. The Committee familiarises itself with the Chairman's report on internal controls and risk management procedures and, where applicable, formulates observations on matters within its scope.
- Monitoring the audit of the company's individual and consolidated financial statements by the Statutory Auditors. The Committee reviews the main risks or uncertainties identified by the Statutory Auditors in the individual or consolidated financial statements, including the half-year financial statements, their audit approach and any difficulties encountered in performing their engagement.
- Ensuring that the company's Statutory Auditors are independent. The Committee verifies that the budget for statutory auditors' fees is monitored to ensure that it is in keeping with their engagement and ascertains that the co-audit is effective. Each year, the Statutory Auditors provide (i) a statement of independence; (ii) the total amount of fees paid to the Statutory Auditors by companies controlled by the company or the company that controls it in respect of services not related directly to the statutory audit engagement; and (iii) information on work and services related directly to the statutory audit engagement.
- Ensuring that the company's operations comply with all applicable laws and regulations.

The Audit Committee maintains working relationships with the company's Managers, internal controllers, internal auditors, and Statutory Auditors. It may ask Statutory Auditors to attend Committee meetings to answer questions about subjects within their area. The Audit Committee may also ask a company employee to attend a meeting in order to clarify a specific issue. The Audit Committee recommends to the Supervisory Board all measures it deems useful.

In addition, the Audit Committee must be consulted for the following:

- Statutory Auditor appointments. Under Article 17.4 of the Articles of Association, the Supervisory Board is required to submit a list of candidates for appointment as Statutory Auditors at the Annual General Meeting of Shareholders. The Audit Committee issues recommendations on the Statutory Auditors whose nominations the Supervisory Board will submit to the Annual General Meeting based on a tender procedure;
- any significant changes in accounting methods that may seem likely or necessary; and
- approval of the half-year and full-year financial statements.

The Audit Committee ensures that the company has the appropriate systems, including procedures, documents, and files, to operate as a going concern and protect the company against fraud and malice.

6.2.8.3. Management Compensation Committee

The Extraordinary General Meeting decided to create a Management Compensation Committee on 20 May 2009, and correspondingly added a second paragraph to Article 18 of the Articles of Association concerning the Board's special committees.

The same Extraordinary General Meeting amended Article 14 of the Articles of Association concerning Management compensation so that as of 1 January 2013, the Annual General Meeting will set Managers' compensation for successive three-year periods based on a proposal from the General Partners and after consulting the Supervisory Board.

Therefore the Management Compensation Committee will be operational by early 2013 at the latest, when the Annual General Meeting will be held to hear the Supervisory Board's opinion and set Managers' compensation for the first time.

Committee members (Article 18 of the Articles of Association)

The Management Compensation Committee will consist of Supervisory Board members.

All members of the Management Compensation Committee will be independent of the company's Management.

Responsibilities (Article 18 of the Articles of Association)

The Management Compensation Committee will submit proposals for Managers' compensation to the Supervisory Board.

6.2.9. SUPERVISORY BOARD MEETINGS AND WORK IN 2010

The Altarea Supervisory Board held the following meetings in 2010:

- On 15 March 2010: Co-opted APG as director to replace ABP, which resigned. Review of the financial statements for the year ended 31 December 2009. Approval of the appropriation of net income submitted to the Annual General Meeting. Grants of authority to the Managers to effect capital increases or reductions. Drawing up a list of candidates for appointment as new statutory auditors. Preparation of the Supervisory Board's report to the Annual General Meeting. Approval of the Chairman's report on the company's internal controls. Favourable recommendation to Management for guarantees totalling €150 million given to the company's subsidiaries.
- Meeting of 12 May 2010: Resignation of MSRESS II VALMUR TE BV. Briefing on the status of business operations. Favourable recommendation given to Management on investment projects.
- Meeting of 30 August 2010: Review and approval of interim financial statements for the six months to 30 June 2010. Presentation of a risk map of the Group.
- Meeting of 16 December 2010: Presentation of the company's situation. Review of the Group's strategic objectives for each business line. Favourable recommendation given to Management on divestment projects. Favourable recommendation given to Management on an investment fund project. Information on the policy of stock grants to Group employees and procedures for covering such grants when the shares are vested in accordance with the authorisation granted by the Combined General Meeting.

6.2.10. MEETING MINUTES

Minutes of Supervisory Board meetings are recorded in a special registry and signed by the meeting Chairman and secretary, or by a majority of Board members present.

6.2.11. ASSESSMENT OF THE BOARD'S AND BOARD COMMITTEES' WORK

The company believes that the operating practices of the Supervisory Board and Board Committees are appropriate, and that no formal assessment procedures are necessary.

6.3. *INTERNAL CONTROLS AND RISK MANAGEMENT*

In accordance with Article L. 225-37 of the French Commercial Code, the following sections describe the main measures that the company has taken in **2010** and so far in **2011** to enhance its internal controls.

6.3.1. OBJECTIVES OF INTERNAL CONTROLS AND RISK MANAGEMENT

6.3.1.1. Objectives of internal control and risk management procedures

The purpose of the internal control system is to ensure:

- compliance with laws and regulations;
- proper observance of the Executive Management's instructions;
- that the company's internal procedures, particularly those that help to protect its assets, are operating effectively; and
- the reliability of financial information.

The internal control system is based on a risk management system that aims to identify the main risks to be controlled in order to safeguard the company's value, assets and reputation and its decision-making and other processes to promote attainment of its targets.

6.3.1.2. Objective of procedures for preparing accounting and financial information

The primary objective of the company's procedures for preparing accounting and financial information is to comply with the principles set forth in Article L. 233-21 of the French Commercial Code, which states: "The consolidated financial statements must be truthful and give a fair representation of the assets, financial situation, and results of the company as a whole, comprised of all entities in its scope of consolidation."

In addition, because Altarea is listed on a regulated market within a European Union member state, it is required to present its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the IASB, along with the corresponding IFRIC and SIIC interpretations, as adopted by the European Union on 19 July 2002 through Regulation (EC) 1606/2002 of the European Parliament and the Council.

6.3.1.3. Limits inherent to internal control and risk management systems

One objective of the company's internal controls is to predict and manage the risks from its business operations and the risks of error or fraud, especially in the areas of accounting and finance. However, like any control system, the company's internal controls cannot fully guarantee that these risks will be completely eliminated.

The scope for the application of the company's internal controls is that of the Altarea Cogedim Group, that is the Altarea parent company and all companies that it controls as defined by Article L. 233-3-I of the French Commercial Code, except for property development joint ventures that are managed by a commercial partner.

6.3.2. PRESENTATION OF INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

6.3.2.1. Internal control environment

Internal control is based on the rules of conduct and integrity set out by the governance bodies and disseminated to all employees.

During 2010, the Altarea Cogedim Code of Conduct was finalised and presented to all employees. Each new employee receives a copy of the Code when he or she is hired.

This Code of Conduct outlines Altarea Cogedim's values and rules of conduct, which all employees and corporate officers must follow when working for the company. It sets forth clear, specific guidelines that can inspire employees in their day-to-day activities and help them deal with issues related to ethics, professional conduct, and conflicts of interest in an unambiguous and coherent manner.

In accordance with AMF Recommendation No. 2010-07 of 3 November 2010 – Guide to preventing insider misconduct by executives of listed companies (paragraphs 2.2.2, 2.2.4 and 2.2.5), the Group's Code of Conduct:

- formally documents the obligations placed upon executives and any other persons who may have access to inside information;
- calls for the appointment of a compliance officer and defines his or her role;
- defines "closed periods" during which the relevant persons must abstain from trading in Altarea and Altareit shares.

The Code of Conduct also defines the applicable rules for benefits granted to Group employees for purchasing Cogedim housing.

6.3.2.2. Participants in the internal control system

(a) Management

In 2010, the company's Management was responsible for setting up the company's internal controls. The Management ensures that the company has the internal control procedures and measures in place to manage the risks related to its business operations.

(b) Supervisory Board

The Supervisory Board plays a significant role in the company's internal control system as part of its general role of ongoing oversight and control over the company (see paragraph 6.2., Preparation and organisation of the Board's work).

(c) Audit Committee

The Audit Committee helps the Supervisory Board to carry out its role of oversight and control over the company. The Audit Committee's duties and responsibilities are described in this report in paragraph 6.2.8. Special committees.

(d) Corporate Secretary

Internal control procedures are coordinated by the Corporate Secretary, who reports to Management. These controls are performed mainly within the various subsidiaries.

Within the office of the Corporate Secretary, the internal control function is handled by one full-time employee (internal control officer) and three employees who carry out internal control assignments on a part-time basis (the Corporate Secretary, a legal officer and an executive assistant), representing approximately two full-time equivalent employees. An annual budget of €150 thousand (excluding personnel costs) is allocated to this function and is used primarily to commission outside firms for internal audit or control engagements.

The Corporate Secretary's main responsibilities are to:

- ensure that the Supervisory Board committees (Investment Committee and Audit Committee) follow rules of procedure and operate effectively;
- identify the operating committees of Altarea and its subsidiaries;
- identify and assist the business lines in identifying risks related to:
  - the business operations of Altarea's subsidiaries in France and other countries,
  - Altarea's status as a listed company;
- draw up general and specific procedures or to provide assistance to the business line in doing so (corporate officers, powers, etc.);
- review the rules applying to the company's commitments, and to compile existing company rules and standardise them if needed;
- carry out all checks for compliance with internal control procedures.

(e) Company employees

Each employee of the Altarea Cogedim Group is responsible for submitting recommendations on updating the internal control system. Functional managers are responsible for ascertaining that processes are adequate to accomplish the assigned objectives.

(f) External participants

The company regularly hires specialised firms to perform audits and provide advice or assistance.

During 2010, PricewaterhouseCoopers and Soparex were engaged to provide support to Altarea Cogedim staff on issues relating to internal control and risk management systems.

6.3.2.3. Components of internal controls and risk management

The internal control system consists of five closely related components.

(a) Organisation

The Altarea Cogedim Group' internal control system is based on:

- an organisation comprising three business lines and an Administrative Division, with a system of powers and delegation of powers;
- a definition of the duties and responsibilities of the governance bodies (see paragraph 6.2. Preparation and organisation of the Board's work);
- information systems (see paragraph 6.3.3.2. Risks related to the preparation of financial and accounting information (d) for a description of the main business and financial information systems) and procedures and operating methods specific to the activities and goals of each of the Group's business lines;
- a human resources and skills management system, based on a shared approach revolving around annual interviews.

(b) Circulation of information

The Group has tools for circulating information in-house, including an intranet, procedures, instructions and reporting timetables.

(c) Risk management system

In 2010, a risk map was drawn up for the French entities with the assistance of PricewaterhouseCoopers.

The work was conducted in two stages; first, risks were identified and assessed, in terms of level of risk and occurrence, through interviews with the Group's main managers; second, the information collected was summarised and a map was drawn up showing the Group's main risks and the level of control of these risks.

The results of this risk mapping process were presented to the Group Executive Committee on 5 July 2010 and to the Audit Committee on 27 August 2010.

This work revealed the existence within the Group of a risk culture shared by the business lines on core risks in each business and of risk identification, management and monitoring practices, although some of these practices have not yet been formally documented. For the vast majority of risks, the level of control was deemed to be satisfactory or requires strengthening in certain areas that had already been identified.

(d) Proportionate control activities

The procedures and controls instituted to cover the Altarea Cogedim Group's main risks are described in paragraph 6.3.3. Risks addressed by internal controls.

(e) Oversight of the internal control system

The Internal Control function, which falls under the Corporate Secretary's responsibility, used the analysis of risks identified through risk mapping as falling within the scope of Internal Control as a basis for drawing up its 2010/2011 action plan. Other sources, including the reports of external auditors, and in particular the summaries of internal control review work, are analysed and taken into consideration in defining the actions to be adopted.

6.3.3. RISKS ADDRESSED BY INTERNAL CONTROLS

The company's internal controls are designed to cover the following risks:

- risks inherent in the operations of Altarea Cogedim (risks related to trends in the property market, property development risks; risks related to the company's businesses and assets; risk of tenant and buyer insolvency; risk related to the appraisal of property assets);
- risks related to the preparation of financial and accounting information;
- legal, regulatory, environmental, insurance, and tax risks;
- social and environmental risks;
- risks related to Altarea's financing policy and financial capacity;
- other risks.

6.3.3.1. Risks inherent in the operations of Altarea Cogedim

(a) Risks related to trends in the property market and to the business climate

The Altarea Cogedim Group's positions in different segments of the real estate market (shopping centres, Residential property, Office property) with different business cycles gives it the ability to optimise its Risk/Return profile. Moreover, the Board of Managers and Executive Management closely monitor trends in the property market and in economic conditions, and the strategy and policies that they implement are designed to anticipate and mitigate these risks.

(b) Property development risks

1. SHOPPING CENTRE DEVELOPMENT

(i) France
These risks are controlled by the Investment Committee, a Special Committee of the Supervisory Board (see section 6.2.8. above), and through other special committees:

- Development, Operations, and Planning Committee: This committee meets weekly. It works with the subsidiary's management to set operating targets for property development projects, oversee construction work, approve initial budgets and timetables, and make any revisions thereto. One meeting per month is chaired by the Group's Board of Manager and addresses the most strategic projects.
- Coordination and Sales Committee: This committee helps Management set sales targets for each project. Pre-letting (with a current level of 50%) mitigates marketing risk.
- Executive Committee of Altarea France: This committee meets monthly. It comprises the members of the Management Board of Altarea France and the subsidiary's main functional managers. It addresses all issues relating to the subsidiary (development, operations, letting, valuations).

During 2010, Altarea France's Department of Studies was reinforced and became the Department of Studies and Forecasting. It coordinates economic and competitive analyses of the portfolio and provides operational guidance to Altarea France staff on commercial and business trends in the sector so as to adjust the products developed to meet market needs.

Property development risks are also monitored through a number of procedures and reports:

- Investment reviews: operating and finance managers track approved investments monthly through a system of checks and approvals for each business Altarea France's Executive Management is responsible for giving final approval for expenditures based on the previous controls.
- Since 2009, a quarterly report is drawn up for each project under development or construction, showing commitments and expenditures to date and the balance to be invested.
- Procedures for approving operating budgets on a half-yearly basis: procedures for reconciling invoices for work with the Accounting Department determining financial expenses based on market conditions. This procedure, which became fully operational in 2010, includes signature of budgets and timetables for ongoing projects by the subsidiary's Executive Management.

Applications for government authorisations (building permits, departmental commission on commercial development) are subject to preliminary review by a specialised law firm.

(ii) Italy and Spain
New investments in Italy and Spain are reviewed by the corporate Investment Committee of the Group.

- Various committees were formed in Italy (Property Development, Construction, Management, Resale, and Finance Committee), which meet every two weeks with a set agenda; minutes are drafted after each meeting. An oversight committee is to be set up in 2011 to comply with regulatory requirements.
- In Spain, new developments have been discontinued.

In addition, Altarea Managers hold monthly meetings with the subsidiaries' Management teams; minutes are not necessarily drafted for each of these meetings.

2. RESIDENTIAL AND OFFICE PROPERTY DEVELOPMENT

In Residential property, there is a Guide to Good Practices. It is a compilation of practices applicable during the key stages of a Residential property construction programme. The purpose of this guide is to define the role of all Cogedim Résidence and Cogedim en Régions staff involved in Residential property, to improve and standardise practices and to facilitate interaction with partner functions. The guide is available on the intranet and is circulated to all of the relevant staff members.

The systems for covering property development risks described below are also applicable to residential and Office property development risks.

(i) Cogedim Investment Committee: Cogedim has an Investment Committee that reviews all property development projects at the initial stages that constitute an investment commitment for the company, including signing a sales agreement at the land stage, launching marketing, buying the land and beginning works. In parallel with the opportunity and advantages of carrying out the development project, objective data are also validated at each stage, including the margin, percentage of pre-sales (currently 50%), and validation of the cost of works. The Investment Committee is made up of members of the Management Board, the Chief Financial Officer, the Head of Sales, the Head of Contracts and the Head of Investment.
In addition to the work of the Investment Committees, with the help of subsidiaries' financial controllers, the Head of Investment is involved in all issues concerning the company that do not fall directly within the remit of the Investment Committee, and can comment on any proposed memorandums of understanding, sales agreements or specific contracts. The Head of Investment is also informed of the development of major development projects and the risk they may present in terms of the amount involved or legal arrangement, for example. The Head of Investment acts as an intermediary for the Group's Corporate Secretary with regard to internal control issues.

(ii) Cogedim Contracts Department: This department validates the construction costs used in budget forecasts for development projects as soon as the sales agreement for the land is signed. Costs are updated as progress is made in defining the product. The Contracts Department is also responsible for consulting companies prior to signing works contracts. Contractors are selected through a bidding procedure on the basis of the project specifications. The winning bidder is selected after a comparative analysis of bids received.

(iii) Sales and Marketing Procedures: Cogedim has its own marketing tool in the form of a dedicated subsidiary, Cogedim Vente, which is responsible for sales and marketing, as well as sales administration. The sales and marketing strategy for each development project is defined by the Project Manager, the Leader and the Product Manager for Cogedim Vente. Cogedim Vente also provides project managers with research and opinions to evaluate local markets and prices, thereby allowing them to integrate these values into their budget forecasts. Budget monitoring information for each project is entered into the IT system in real time in the form of marketing data (reservations and sales), enabling each project manager to monitor the progress of the developments for which they are responsible.

(iv) Reports and periodic operating budget reviews.
Various reports (statements of reservations and valid consolidated deeds of sale, portfolio of projects under contract, tracking of projects under development) are sent to the Cogedim General Management Committee, the Corporate Finance Department, the Chairman of the Supervisory Board and Altarea's Board of Managers.
Furthermore, as part of the budget process, all operating budgets are updated at least three times per year (reconciliation with the Accounting Department, marketing and follow-up on operational work, tracking of timetables, etc.).

(v) Building permit applications.
For large projects or projects presenting specific difficulties, building permit applications are submitted to a specialised law firm (to participate in drafting the application or to review the completed application).

(c) Risks related to the company's businesses and assets

(i) France
Risks relating to the company's assets and to its operations as a property investment company are covered by the following procedures:

- The Property Portfolio Committee helps Management set asset management targets for each property. The Committee relies mainly on work performed by the asset management team, which was reinforced in 2010.
  Acquisitions of operating assets are subject to due diligence procedures carried out with the help of outside consultants to mitigate risks relating to the valuation and integration of these shopping centres into the portfolio.
  The Commercial Coordination Committee monitors all re-marketing actions on a monthly basis in order to determine terms for renewing lease agreements for the company's properties.
  In addition, Altarea France's Executive Management Committee meets monthly to deal with matters related to shopping centres under operation.
- Property portfolio reports: Managers responsible for operating property portfolios send the Corporate Finance Department regular financial statements and reports including forecasts of rental income and non-collectable expenses, data on property vacancies, and changes in base rents, billed rents, and gross rents. Half-yearly property portfolio reports are also submitted to provide a comprehensive view of results at the company's shopping centres.
- Insurance coverage for assets in operation:
  All property assets in operation are covered by an "everything but" policy from AXA, which includes both damages and civil liability. The damages portion covers the value of property in newly rebuilt condition, as well as operating losses over three years. Estimated premiums for 2010 amount to €1,166,749.25 including VAT, excluding Cap 3000, which is covered by a separate policy that was secured during the year.

- Safety of shopping centres in operation:
  Technical and safety checks and inspections carried out by inspection agencies and safety commissions are diligently scheduled and tracked.
  During 2010, the follow-up procedure for safety commission recommendations within Altarea France was enhanced with a systematic review of reports by the Technical and Safety Department, with reporting of information up the line commensurately with the qualifications mentioned in the reports.
- Electronic Data Management (GED). All of the company's original paper documents, such as lease contracts, administrative authorisations, and various protocols, have been scanned and the files are stored externally, meaning that all of the original documents generated by the company are now secure.

(ii) Italy and Spain

- In Italy:
  The operations of all shopping centres in operation are reviewed by the Management and re-marketing committees.
  Monthly Management reports on these centres are drawn up and sent to the Executive Management of the subsidiary and to the Group's Board of Managers.
- In Spain:
  Altarea España owns a shopping centre that it manages for the portfolio. Monthly Management reports on this shopping centre are sent to the subsidiary's management and to the Group's Board of Managers.

(d) Risk of tenant and buyer insolvency

In the property investment business, to anticipate tenant and buyer insolvency risk as effectively as possible, the Portfolio Management Department produces systematic reports on payments that are 30, 60 and 90 days in arrears, and holds monthly meetings to review collections. A monthly rent abatement committee reviews solutions for tenants experiencing financial difficulty.

The installation of a Collections module within Altaix will simplify management of insolvent tenants and will be used to compile an information base for use by both the Portfolio Management and Legal Departments in the rent billing tool as from 2011.

In Residential property, Cogedim does not deliver the keys to the dwelling before the buyer has paid the balance of the sales price. The company also holds a seller's lien on the property. However, in order to avoid longer payment times, before signing the final contract of sale, the buyers' loan applications are reviewed to verify that approval of their financing has been obtained or that it is underway. In addition, monthly reports on overdue payments are sent to the functional departments. Lastly, at the end of 2010, an outside consultant was hired to optimise the process for sending out payment notices and reminders to residential customers.

(e) Risk related to the appraisal of property assets

ASSET VALUATION METHOD

In accordance with IAS 40, Altarea has opted for the fair value model and measures its investment property at fair value whenever this can be determined reliably.

- Investment property in operation is systematically measured at fair value, on the basis of independent appraisals.
- At 31 December 2010, the entire portfolio of properties in operation underwent an external appraisal.
- Investment property under development and construction is measured either at cost or at fair value in accordance with the following rules:
  - property under development before land is purchased and land not yet built is measured at cost;
  - property under construction is measured at fair value if most of the uncertainties affecting the determination of fair value have been lifted or if the project completion date is in the near future.

At 31 December 2010, 94.5% of the value of the Group's investment property was measured at fair value by an external appraiser.
(See paragraph 3.1.7. Accounting policies for more information on asset valuation methods and paragraph 3.1.13.3. for an analysis of investment property on the balance sheet at 31 December 2010.)

SELECTION OF APPRAISERS AND FORM OF APPRAISAL WORK

Shopping centres in operation are appraised two times per year.

In 2009, the Audit Committee selected the following firms as appraisers following a request for proposals:

- DTZ and Icade Expertise for changes in the value of shopping centre properties in France;
- Savills for property in Italy;
- DTZ Iberica for property in Spain;
- CBRE for the value of the Hotel Wagram business franchise.

A signed and dated detailed report is provided for each property appraised. The appraisers use two methods: discounted cash flows and capitalisation of yields. They comply with French and UK standards applicable to property appraisals. (For further information on the methods used by the appraisers, see paragraph 3.1.7.9. Accounting policies. Investment property.)

SENSITIVITY OF PROPERTY PORTFOLIO VALUE

See paragraph 3.1.13.3. for a sensitivity analysis of the value of investment property to changes in the capitalisation rate.

6.3.3.2. Risks related to the preparation of financial and accounting information

(a) Finance committees

The Group Finance Committee meets on a bimonthly basis. The agenda of the meeting is set by the Chief Financial Officer. At the meeting, accounting, tax and financial issues are presented to the Executive Management. During these committee meetings, the Executive Management defines and sets the financial targets of the Altarea Cogedim Group.

The largest subsidiaries, including Cogedim and Altarea France, also have special finance committees that meet monthly.

(b) Accounting and financial organisation and main internal control procedures

1. ACCOUNTING AND FINANCIAL ORGANISATION

The accounting and financial staff is structured by division (Group holding, Shopping Centre Investment Division France, Italy and Spain and Property Development Division) so that controls can be carried out at each level.

Within the Property Investment and Property Development business lines, the main accounting and financial functions are organised with:

- individual company accounts physically maintained by Group employees within each operating subsidiary;
- management controllers within each operating subsidiary.

The Property Development Division and the Property Investment Division for Italy have their own consolidation departments.

The Group's holding company comprises a Consolidation and Budget Department within the Corporate Finance Department, which is responsible for the quality and reliability of preparation of all published or statutory accounting information: consolidated financial statements (IFRS), individual company accounts (French GAAP) and projections (Act of 1984) of the company. This department is in charge of coordinating relations with the statutory auditors for the Group as a whole.

At each half-year closing date, the Corporate Finance Department draws up a review of operations that is consistent with accounting information.

2. MAIN INTERNAL CONTROL PROCEDURES

The main internal control procedures applied in the preparation of accounting and financial information are the following:

- Formally documented budget tracking and planning process carried out twice a year (in April/May and October/November) with a comparison of actual *vs.* budget data approved by business line and Group managers. This process facilitates the preparation and control of half-year and year-end account closings for the Group. The budget is presented and provided to the statutory auditors before each account closing date.
- A procedure to report data from functional departments up the line (account closing timetables and instructions, quarterly meetings, tracking tables for information sharing), with audits carried out by the functional management controllers (by business for the Property Investment Division) before the information is sent to the Corporate Finance Department, and cross-functional control procedures (consistency checks and reconciliations of functional management/accounting and budget *vs.* actual figures, inter-company reconciliations, etc.).
- Analysis of significant events: Events likely to have a significant effect on the financial statements (acquisitions, restructuring etc.) are modelled with financial software and described in explanatory notes written by the Corporate Finance Department or by the Business Lines. The accounting treatment applied to complex transactions (large-scale structured transactions, complex financing transactions, tax impact of transactions) is systematically presented to the statutory auditors before preparation of the financial statements. These items are then used to document the notes to the consolidated or individual company financial statements.
- Reporting, key indicator monitoring and quarterly account closings:
  - unaudited interim statements (31 March and 30 September) providing analyses of key indicators (revenue and net debt);
  - periodic reporting by the functional subsidiaries to the Executive Management and departments in the Property Investment Division (half-year Property Portfolio report, monthly report on shopping centre operations, etc.) and in property development for third parties (monthly division report, monthly tracking tables of key business indicators for the subsidiaries).
- Documentation of the account closing process:
  - Property Investment Division: A matrix is prepared formally documenting the overall internal control procedures applying to the account closing process, the existence summary files for each company, divided by function (purchasing, sales, cash flow, capital management, etc.) and designed to document handling of business, legal and financial transactions, formal documentation of claims and collections tracking procedures;
  - property development for third parties: The consolidation manual and accounting procedures were updated in 2010, with formal documentation of claims and collections tracking procedures;
  - Holding company: Group chart of accounts with glossary and table for transition between local and Group accounting, accounting templates for the most common transactions (rental agreements, percentage-of-completion payments, etc.), electronic file documenting the consolidated financial statements classified by financial statement headings, notes to the financial statements including off-balance sheet commitments and income taxes.

- Audit of the accounts of the French and foreign subsidiaries *via* contractual or statutory audits. The accounting firms in most cases are affiliates of the firms belonging to the Board of Auditors that certifies the consolidated and parent company financial statements of the Group holding company, so as to ensure an optimum flow of information among the audit teams.

(c) Enhancements to internal control procedures

The Group's listing on Euronext prompted Management to continue to introduce operating guidelines and further strengthen the company's internal control procedures.

Measures taken include:

- continuing to generalise the use of wire transfers for supplier payments (this was implemented by the Property Investment Division in 2009);
- continuing to automate processes and to improve the interface between business and accounting software so as to generate more reliable accounting data;
- project to combine the cash management information systems at Group level;
- project to combine the consolidated financial statement preparation tool between the Property Investment and Property Development divisions decided by the Group's Executive Management.

(d) Information systems

The preparation of accounting and financial information is based on business and financial information systems. Manual and automatic controls are carried out to secure the flow and processing of data output by these systems.

(I) RENTAL PROPERTY SOFTWARE

The company's French and Italian operations started using Altaix rental property management software in 2007. The company's accounting data has been automatically transferred from Altaix to SAGE since 2008. Inputs of supplier invoices and monitoring of commitments made by shopping centres have been automatically passed on to the centralised rental management system *via* Altaix. In 2009, the software was upgraded to Version 5 and a feature was added to track sales figures reported by retailers. In 2010, the interface and reconciliation process between Altaix and the SAGE Ligne 1000 accounting software was further automated. The OPI module was installed in Altaix for new operations; it facilitates reconciliation of Budget *vs.* Actual figures.

(II) PRIMPROMO PROPERTY TRANSACTION SOFTWARE

The Property Development Division uses a software package that enables it to manage its property transactions efficiently through each step of the development and sales process. With the real-time integration of marketing data, daily accounting information and cash flow positions, also on a daily basis, this software allows for budget monitoring and steering for each of the Division's property transactions.

Software updates and developments are tracked through a special committee comprising the financial controllers and the division's IT systems managers.

(III) COMPANY ACCOUNTING SOFTWARE

The Property Investment Division uses the SAGE Ligne 1000 accounting software. The Accounting Department carries out many controls (cut-off, rent reductions, doubtful accounts, etc.). The Consolidation Department performs the SAGE/SAP BFC reconciliation (net profit, comprehensiveness of consolidated data, etc.).

The Property Development Division uses Comptarel corporate accounting software. The Accounting Department reconciles the Primpromo/Comptarel data on a monthly basis. Comptarel data is integrated into the SAP BFC consolidation software *via* a data link. The integration of this data leads to new controls on a quarterly basis, with reconciliation of the Primpromo data (project budgets, cumulative sales) and budget data (net income).

(IV) ACCOUNT CONSOLIDATION SOFTWARE

The Property Investment Division and the Property Development Division use SAP BFC account consolidation software. This software compiles data into a single database, allowing for a more reliable integration of management systems and a lower risk of material errors. SAP BFC can be upgraded for compliance with new regulations. A project to combine the accounting consolidation tool at Group and division level is underway so as to meet the needs for preparation of the Group's financial statements.

(V) FINANCIAL PLANNING AND BUDGET REPORTING SOFTWARE

SAP BPC financial planning and budget reporting software has been implemented for the Altarea Group as a whole since 2008. This software uses operational data from business systems to generate consolidated budget data. Projected consolidated information is compared with actual figures. Any material differences are explained.

(VI) CASH MANAGEMENT SOFTWARE

The Property Investment Division uses Trésorerie SAGE 1000 and the Property Development Division uses XRT for cash management. The Cash Management Department reconciles bank balances and analyses changes in the cash balance for both divisions on a daily basis.

Data output by the cash management applications are interfaced with company accounting software applications either automatically or through an automatic accounting data generator (GEC).

The project to combine the cash management information systems at Group level will bring payment instrument management into compliance with SEPA standards and will facilitate further automation of interfaces between accounting, division and cash management applications.

During 2010, the IT systems data security was reinforced, with passwords brought into compliance with customary standards. In addition, user management procedures were drawn up for the Primpromo and Altaix business applications and the main financial applications.

6.3.3.3. Legal, regulatory, environmental, insurance, and tax risks

(a) Legal and regulatory risks

The Altarea Cogedim Group entities are subject to changes in regulatory requirements due to the nature of their businesses.

1. ALTAREA FRANCE, ALTAREA ITALIA AND ALTAREA ESPAÑA

The legal departments of Altarea and its subsidiaries ensure compliance with all applicable regulations and the possession of all permits needed to carry out their operations (except for Altarea España, which uses an outside law firm). The regulations relate mostly to urban planning (business licences, building permits, etc.), construction, and commercial leases. Spain uses an outside law firm. The Corporate Secretary of the Altarea Cogedim Group coordinates the legal departments of the subsidiaries.

2. COGEDIM

Cogedim's operating managers use specialised outside law firms on a regular basis. In addition, Cogedim occasionally asks Altarea's Property Legal Department for assistance, especially when dealing with complicated arrangements.

3. GROUP CORPORATE LEGAL DEPARTMENT

The Chief Financial Officer oversees the Corporate Legal Department, which ensures that Altarea and its main subsidiaries comply with workplace legislation and the requirements of being a listed company of its two subsidiaries Altareit and Aldeta.

The legal secretary functions of the subsidiaries of Foncière Altarea, Alta Développement Italie, Alta Développement Espagne and the main subsidiaries of Cogedim are coordinated by the Group Corporate Legal Department. The foreign entities, the functional companies of the Property Investment Division and the Cogedim companies in charge of development projects are monitored by outside firms or by the employees themselves, depending on the regional subsidiary.

Visual Scope, a management software package for holding companies and subsidiaries, was installed in 2009 for management of participating interests and mandates of the Altarea Cogedim Group. This centralised system automatically provides legal and tax parameters and checks compliance with applicable regulations. It has been rolled out in France, Italy and Spain under the responsibility of the Corporate Legal Department.

4. HOGUET LAW

Altarea France, Cogedim Vente and Cogedim Gestion have licenses for property transactions and property management, and are eligible for the guarantees provided by French law.

(b) Litigation risk

Litigation matters arising in the course of the Group's business operations are followed by Altarea's Legal Departments, the functional managers and law firms, in accordance with paragraph (a) above on legal and regulatory risks. Status reports on collections are updated during account closing periods and allowances are booked to provisions where necessary.

(c) Tax risks related to SIIC status

The criteria for SIIC in terms of control, voting rights and dividend distributions are set out in Altarea's Articles of Association (see paragraph 4.9.2 Legal, regulatory, environmental, insurance, and tax risks in the Risk Factors section).

Monitoring and oversight of the proportion of property operating and management operations within the Group are centralised by the Corporate Finance Department.

In the first quarter of 2011, the Finance Department was strengthened to monitor the Group's tax issues.

(d) Risk related to the cost and availability of insurance coverage

Altarea believes that the type and amount of insurance coverage it has is consistent with the practices in its industry.

It has insurance coverage in the following main areas:

- **assets in operation** (see paragraph 6.3.3.1. Risks inherent in the operations of Altarea Cogedim – (c) Risks related to the company's property businesses and assets);
- **land and buildings purchased before construction work is completed:** the Group has an insurance policy from AXA for non-owner occupied property;
- **property under construction:** Altarea has "construction damages" and "all worksite risks" insurance policies with AXA and GAN for property under construction. The Group has

a single master policy for damages and all-risk for construction projects whose cost is below a set amount;
- **professional liability:** Altarea and its subsidiaries, including Cogedim, have professional liability insurance policies with several insurers including Allianz, AGF, CNA, Covea Risk and CGAIM. Forecast premiums for these policies totalled €1,152.330.91 (incl. tax) in 2010 (not including premium adjustments related to the amount of declared revenue);
- **other insurance:** The company has other insurance policies to cover items such as leased offices, vehicle fleet, and computer equipment. It also has a "corporate officers" insurance policy with Chubb.

6.3.3.4. Employee-related and environmental risks

(a) Health and public safety risks (asbestos, Legionella, lead, classified facilities, etc.)

To mitigate these risks, Altarea closely follows all applicable public health and safety regulations and takes a preventive approach to carrying out property inspections and any building work needed to come into compliance.

(b) Employee-related and environmental risks

EMPLOYEE-RELATED RISKS

Altarea Cogedim is developing an active training policy through its common platform, half of which is dedicated to the different core businesses. Internal communications has been strengthened and diversified, with a magazine, intranet, committees comprising the Group's main managers, in-house conferences, and an employee convention in March 2011.

Employee-management dialogue is maintained with the staff representative bodies, which play an acknowledged role in passing on and exchanging information.

The Group has a longstanding policy of giving employees a stake in its profits, *via* stock grant and profit-sharing plans (the calculation formula was revised in 2010).

In 2010, the Group was able to fill its recruitment needs despite intense competition in this area through diversification of its hiring sources and techniques and by actively promoting internal job mobility and individual accountability. Individual guidance is provided for key managers and profiles.

ENVIRONMENTAL RISKS

- As described in the CSER section of the annual report, in 2010, the Group made a commitment to a 50% improvement in energy consumption defined by the applicable thermal regulations, so as to anticipate the future 2012 Thermal Regulations by applying them to all new projects.
- An analysis of energy consumption was carried out for nearly all of the shopping centres managed by Altarea or its subsidiaries.

The Group also introduced green leases for new tenants and renewals. This gives it a contractual means to obtain environmental information on the retailers' private areas, for which data is not accessible on a regular basis.

The combination of these two approaches will give the Group a way to initiate the required optimisation measures as soon as new energy and environmental requirements are issued when the next decree on existing buildings is published. The Group's overall progress-based approach is detailed in the CSER section of the annual report.

6.3.3.5. Risks related to Altarea's financing policy and financial capacity

(a) Borrowing capacity and liquidity risk

Altarea manages its liquidity risk by keeping track of its debt maturities and available lines of credit, and diversifying its sources of financing. The budget process for cash management and projected cash flow analysis also provides a way to anticipate and hedge these risks.

Moreover, the Group closely monitors its compliance with obligations under the terms of credit agreements, and particularly compliance with banking covenants (see paragraph 3.1.13.13. Financial instruments and market risks).

(b) Interest rate risk and hedging

Altarea has adopted a prudent approach to managing interest rate risk. The company uses fixed/floating rate swaps as hedging instruments to cover the interest rates on mortgages backing its property and therefore to preserve the cash flow generated by its operating assets. The financial instruments used are described in paragraph 3.1.13.13. Financial instruments and market risks.

6.3.3.6. Other risks

(a) Conflicts of interest risk

Altarea has entered into partnerships or protocol agreements with other organisations, mostly for the purposes of carrying out joint property development projects. In the future, conflicts of interest could arise in one or more of these partnerships or agreements.

(b) IT system risk

Every Altarea operating entity (Altarea France, Cogedim, Altarea Italia, and Altarea España) has a data back-up system that allows for secure, remote storage of critical data. Cogedim has a business recovery plan that is tested twice per year. Altarea is implementing a policy of backing up all of the servers hosted at the head office. Servers hosted externally are backed up by the service providers.

(c) Risk of fraud and money laundering

To mitigate risks of fraud or embezzlement, procedures have been set up for cash management and cash flows to ensure that they are secure and to mitigate the risk of fraud (bank powers; rules for opening, modifying and closing bank accounts; daily reconciliation of bank transactions with accounting entries; separation of functions between the Accounting Department and the Cash Management Department).

In addition, the number of persons authorised to sign for payments is limited.

In the area of money laundering, as a preventative measure, Altarea France has implemented a procedure to identify suppliers and clients. Cogedim's Contracts Department is systematically involved in all tender invitations and consultations. It plays a decision-making role in choosing companies and prioritises working with companies offering a full range of guarantees.

In 2010, security and safety at the Group's head office on avenue Delcassé in Paris were enhanced by fire detection system installed throughout the building and the installation of an access control system with card readers. This preventive measure is designed to prevent risks of intrusion and to increase data security.

6.3.4. IMPROVEMENTS IN 2011

As of the date of this report, a number of actions had been initiated.

SHOPPING CENTRE INVESTMENT DIVISION

- Installation of the Altaix collections module: this module will simplify management of insolvent tenants and will be used to compile an information base for use by both the Portfolio Management and Legal Departments in the business tool;
- In Italy, a project to institute an organisational, management and control model as required by Italian decree 231/2001 was initiated in 2010. This model formally documents rules and procedures applicable to workplace health and safety, hiring and relations with suppliers and with the government and aims to prevent risks of violations. It also calls for setting up an oversight unit to monitor the model's application and relevance. The model is to be completed and submitted to Altarea Italia's Supervisory Board in 2011.
- Studies on installation of an ETL (Extract Transform and Load) tool to improve the traceability of information flows among the different systems.
- Study on installation of a customer base analysis tool with a rating agency.
- Study on installation of a new budget tool to track operating and human resources costs within Altarea France.

PROPERTY DEVELOPMENT FOR THIRD PARTIES

- In January 2011, following the increase in business and the number of applications submitted each week, the procedures of Cogedim's Investment Committee were updated, with the definition of a standard matrix for each stage of a property project and systematic review of applications by the financial controllers.
- The approval process for commercial brochures in the Residential property Division was reinforced.
- A mission to review the process for sending out payment and overdue notices was initiated in mid-November 2010 and is scheduled to be completed during the first quarter of 2011. This mission, which was assigned to an outside firm, aims to streamline the process, to share good practices and to increase the reliability of financial information.
- The project to migrate from the Primpromo tool to the standard version was initiated at the beginning of 2011. This new version is designed to integrate accounting of commitments into the tool. This migration will also serve as an opportunity to review certain operating procedures for the Primpromo tool.
- Initiation of a framework assessment for setting up an electronic data management system (EDMS) for the Cogedim Division.

AT THE GROUP LEVEL

- Project to unify the tool for preparing the Group's consolidated financial statements.
- A project to combine the cash management information systems at Group level is also underway. This project, which is scheduled to be completed at the end of 2011, will bring payment instrument management into compliance with SEPA standards and will strengthen the interfaces between accounting and cash management applications.

6.4. *MANAGEMENT POWERS*

6.4.1. EXERCISING OF MANAGEMENT POWERS

As a partnership limited by shares, the company is managed by a Board of Managers.

A Manager may be a natural or legal person and may be but is not required to be a General Partner.

The first Managers were named in the company's Articles of Association as amended at the time of its transformation into a partnership limited by shares. During the lifetime of the company, any new Manager shall be appointed unanimously by the General Partners, without requiring the approval or recommendation of the Supervisory Board or of the collective body of Shareholders.

6.4.2. LIMITS ON MANAGEMENT POWERS AND INFORMATION PROVIDED TO THE SUPERVISORY BOARD ABOUT THE COMPANY'S FINANCIAL SITUATION, NET CASH POSITION, AND COMMITMENTS

In accordance with Article 13.4 of the Articles of Association, each Manager has broad powers to act on behalf of the company, within the scope of the company's corporate purpose and subject to the powers explicitly given to Annual General Meetings or the Supervisory Board by either French law or the Articles of Association.

Article 17.1 of the Articles of Association states that the Supervisory Board has the right to be provided the same documents by the Managers as those made available to the Statutory Auditors.

6.5. *PRINCIPLES AND RULES USED TO DETERMINE COMPENSATION AND BENEFITS PAID TO SENIOR EXECUTIVES AND CORPORATE OFFICERS*

6.5.1. MANAGERS

The compensation paid to Managers is set by Article 14 of the Articles of Association.

This compensation includes a fixed portion and a variable portion; the variable portion is calculated as a percentage of the value of completed property developments and any divestments or asset sales.

Any other compensation paid to Managers as a result of their position in the company must be approved by an Annual General Meeting and unanimous vote from the General Partners, in accordance with Article 14.3 of the Articles of Association.

6.5.2. SUPERVISORY BOARD

The compensation and benefits paid to Supervisory Board members is set by Article 19 of the Articles of Association.

The Annual General Meeting can allocate annual compensation that may be paid to Supervisory Board members exclusively in respect of their duties as members of the Supervisory Board. The amount of compensation paid, included in general operating expenses, is determined by the Annual General Meeting and maintained until decided otherwise. The Supervisory Board divides this amount between its members as it deems appropriate. Supervisory Board members are also entitled to the reimbursement of all expenses, travel costs and costs of any kind incurred in the company's interests.

6.6. PARTICIPATION IN THE ANNUAL GENERAL MEETING AND INFORMATION REQUIRED BY ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE

Other than the conditions set forth in the applicable laws and regulations, there are no particular conditions relating to Shareholders' participation in Annual General Meetings.

The information required by Article L. 225-100-3 of the Commercial Code is given in the appendix to the Management report to the Annual General Meeting.

This report was prepared by the Chairman of the Supervisory Board, with the help of the Corporate Secretary and the Corporate Finance Department. It has been distributed to Supervisory Board members and presented to the Board, and was approved by the Board at its meeting on 7 March 2011.

The Chairman of the Supervisory Board

Jacques Nicolet

6.7. STATUTORY AUDITORS' REPORT ON THE SUPERVISORY BOARD CHAIRMAN'S REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 226-10-1 OF THE FRENCH COMMERCIAL CODE

(For the financial year ended 31 December 2010)

To the Shareholders,

In our capacity as Altarea SCA's Statutory Auditors, and in accordance with Article L. 226-10-1 of the French Commercial Code, we hereby present you with our report on the Supervisory Board Chairman's report submitted in accordance with this Article for the financial year ended 31 December 2010.

It is the Chairman's responsibility to prepare and submit to the Supervisory Board a report on the Company's internal control and risk management procedures and providing the other information required by Article L. 226-10-1 of the French Commercial Code relating in particular to corporate governance.

It is our responsibility:

- to give you our observations on the information set out in the Supervisory Board Chairman's report on internal control and risk management procedures relating to the preparation and treatment of accounting and financial information;
- to certify that the report contains the other information required by Article L. 226-10-1 of the French Commercial Code, it being specified that it is not our responsibility to verify the fair presentation of this other information.

We conducted our audit in accordance with the professional standards applicable in France.

Information concerning internal control and risk management procedures relating to the preparation and treatment of accounting and financial information

Professional guidelines require us to perform procedures to assess the fair presentation of information concerning internal control procedures relating to the preparation and treatment of accounting and financial information set out in the Chairman's report. These procedures notably consist of:

- obtaining an understanding of internal control procedures relating to the preparation and treatment of accounting and financial information underlying the information provided in the Supervisory Board Chairman's report, as well as existing documentation;
- obtaining an understanding of the work performed to prepare this information and existing documentation; and
- determining whether appropriate information is provided in the Supervisory Board Chairman's report about the major shortcomings in internal control relating to the preparation and treatment of accounting and financial information identified within the framework of our audit.

On the basis of these procedures, we have no matters to report concerning the information in the Supervisory Board Chairman's report on the internal control and risk management procedures relating to the preparation and treatment of accounting and financial information, submitted in accordance with Article L. 226-10-1 of the French Commercial Code.

Other information

We certify that the Supervisory Board Chairman's report contains the other information required by Article L. 226-10-1 of the French Commercial Code.

Paris and Paris-La Défense, 21 March 2011

The Statutory Auditors

A.A.C.E. Île-de-France	ERNST & YOUNG et Autres
Patrick UGHETTO	Jean-Roch VARON

7 Cross-reference tables

7.1. CROSS-REFERENCE TABLE OF THE REGISTRATION DOCUMENT,

in accordance with Appendix I of European Commission Regulation (EC) 809/2004 of 29 April 2004

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7.2. CROSS-REFERENCE TABLE OF THE FULL-YEAR FINANCIAL REPORT,

Article 222-3 of the Autorité des Marchés Financiers General Regulations (article L. 451-1-2 of the French Monetary and Financial Code)

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7.3 . HUMAN RESOURCES AND ENVIRONMENTAL INFORMATION

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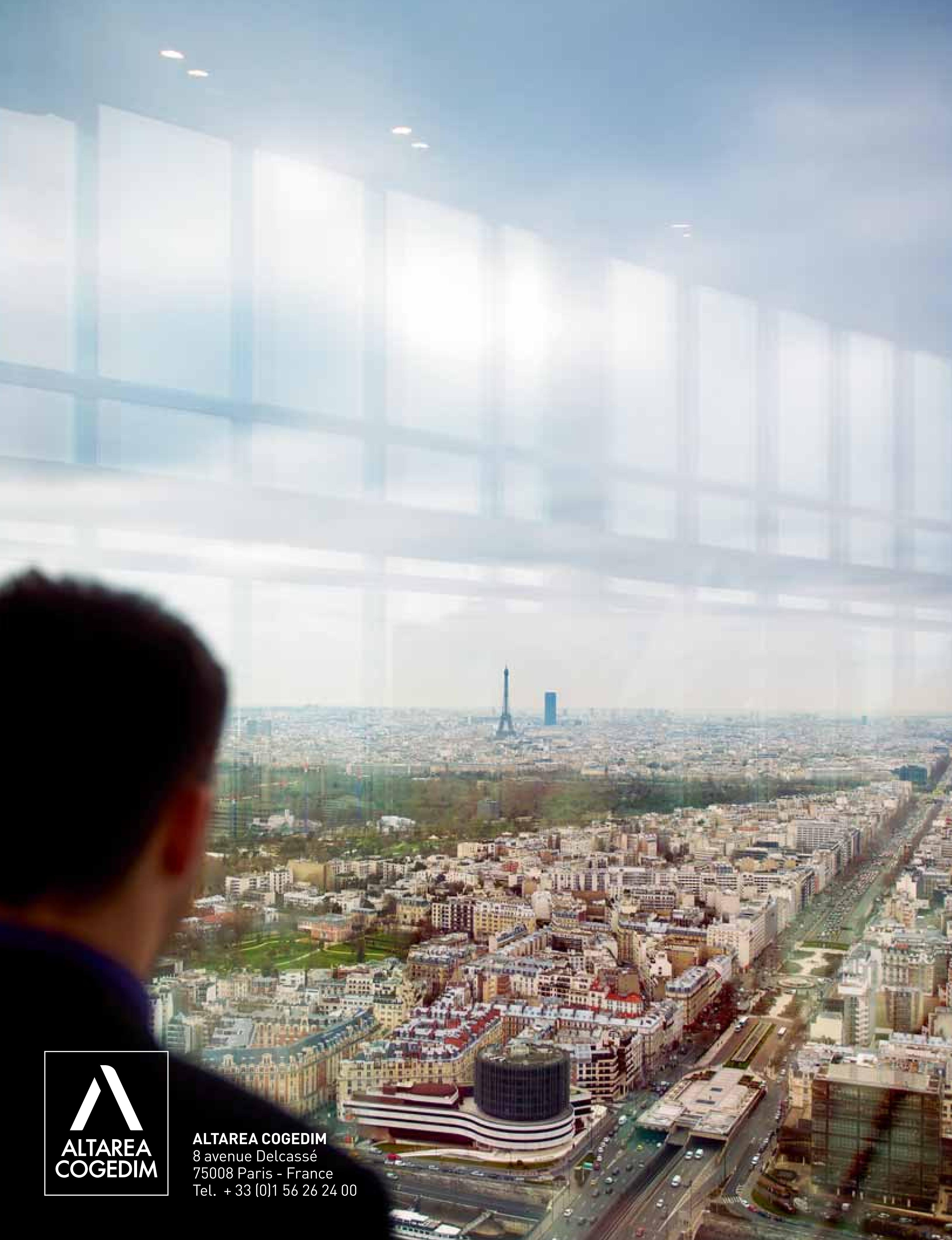

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