2016 ANNUAL RESULTS
DECEMBER 31, 2016

CONTENTS

1.1 INTRODUCTION

1.1.1 Preamble

€ millions	31/12/2016				31/12/2015		
	Funds From Operations (FFO) (FFO)		Changes in value, estimated expenses and transaction costs	TOTAL	Funds From Operations (FFO) (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Residential	1,067.6	*21.1%*	–	1,067.6	881.6	–	881.6
Office	289.3	*138.0%*	–	289.3	121.6	–	121.6
Diversification	–	-	–	–	–	–	–
REVENUE	**1,356.9**	***35.3%***	**–**	**1,356.9**	**1,003.2**	**–**	**1,003.2**
Residential	69.0	*32.3%*	(14.6)	54.4	52.1	(4.8)	47.4
Office	33.0	*23.4%*	(6.2)	26.8	26.7	(0.7)	26.0
Diversification	8.3	*(12.8)%*	(4.7)	3.6	9.5	(2.9)	6.7
Others	–		(0.1)	(0.1)	(1.7)	–	(1.7)
OPERATING INCOME	**110.3**	***27.3%***	**(25.6)**	**84.7**	**86.6**	**(8.3)**	**78.3**
Cost of net debt	(10.3)	*88.2%*	(1.5)	(11.8)	(5.5)	(0.5)	(6.0)
Discounting of debt and receivables	–	-	(0.2)	(0.2)	–	–	–
Change in value and income from disposal of financial instruments	–	-	(6.9)	(6.9)	–	(8.3)	(8.3)
Proceeds from the disposal of investments	–	-	0.0	0.0	–	–	–
Corporate income tax	(1.0)	*n/a*	(25.2)	(26.2)	(0.0)	6.2	6.2
NET RESULTS FROM CONTINUING OPERATIONS	**99.1**	***22.3%***	**(59.3)**	**39.8**	**81.0**	**(11.0)**	**70.1**
Minority shares in continued operations	(2.7)	*(52.2)%*	0.2	(2.5)	(5.7)	(0.0)	(5.7)
NET RESULTS FROM CONTINUING OPERATIONS, Group share	**96.4**	***27.9%***	**(59.1)**	**37.3**	**75.4**	**(11.0)**	**64.4**
Net result from activities in the process of being sold	–		2.2	2.2	–	(69.9)	(69.9)
NET PROFIT ATTRIBUTABLE, Group share	**96.4**	***27.9%***	**(56.9)**	**39.5**	**75.4**	**(80.9)**	**(5.5)**
Average number of shares after dilution (in million)	*1.748*				*1.748*		
FFO (group share) per share	**55.14**	***27.9%***			**43.11**		

1.1.2 The year's highlights

1.1.2.1 DEVELOPMENT: SHARP NEW ORDERS (€ 2,629 MILLION, +38%)

The Property Development activity outperformed in 2016 in a strong growing market, consistently supported by an enabling environment, particularly in terms of interest rate and fiscal environment. Therefore, new orders (Residential and Office) totalled €2.6 billion (incl. tax), up 38% in 2016.

New orders (€m incl.taxes)	2016	2015	Var.
Residential	2,286	1,417	+61%
Office	343	485	-29%
Total	**2,629**	**1,902**	**+38%**

1.1.2.2 LARGE MIXED-USE URBAN PROJECTS

In 2016 Altarea Cogedim won the competition for the development of two major mixed-use urban projects and signed the land purchase agreements.

- Bordeaux – Belvédère : a new neighbourhood containing a 140,000 m² mixed-use space, including 53,500 m² of offices (at 100%);
- Issy – Coeur de Ville : a mixed-use neighbourhood of over 100,000 m² including 40,500 m² of offices in a first-class downtown location.

The number of large urban projects in the pipeline in assembly or under construction now includes 10 deals, for an area of approximately 732,000 m² with potential revenue of more than €2.1 billion.

	Residen-tial	Retail	Office	Total surface area(a)
Bezons Cœur de Ville	700 units	18,700 m²	-	66,000 m²
Strasbourg Fischer	561 units	3,900 m²	-	42,000 m²
Hospices Civils Lyon	250 units	3,400 m²	-	17,000 m²
Toulouse Montaudran	635 units	12,400 m²	19 400 m²	75,000 m²
Gif sur Yvette	816 units	5,100 m²	-	52,000 m²
Massy	693 units	20,000 m²	6 400 m²	74,000 m²
Villeurbanne	756 units	3,500 m²	14 700 m²	64,000 m²
Bordeaux Belvedere	1236 units	11,200 m²	53 500 m²	135,000 m²
Issy Cœur de Ville	713 units	15,400 m²	40 000 m²	100,000 m²
Bobigny La Place	1425 units	13,600 m²	10 000 m²	107,000 m²
TOTAL	**7,785 units**	**107,200 m²**	**144 000 m²**	**732,000 m²**
Group share	6,536 units	98,000 m²	117 700 m²	625,100 m²

1.2 BUSINESS REVIEW

A 99.63% subsidiary of the Altarea Cogedim Group, ALTAREIT combines Altarea Cogedim Group's housing and office development activities as well as development and growth activities, including the stake held in the Rungis Market.

1.2.1 Diversification

1.2.1.1 RUNGIS NATIONAL INTEREST MARKET (MIN)

Altareit Group has a 33.34% stake in Semmaris, the company that holds the Rungis MIN concession, together with the State (33.34%), sev-eral other public entities, and market operators.

RUNGIS MARKET

Rungis is the world's largest food wholesale market, spanning 2,340,000 m², with more than 1,000,000 m² of leasable surface area. The market's 1,200 operators employ nearly 12,000 people. Sales in 2015 stood at €8.8 billion.

SEMMARIS

The Semmaris was created by decree in 1965 on the occasion of the transfer of the wholesale market of the Paris region from its historic site Les Halles in the heart of Paris. Its mission is to develop, operate and manage the MIN facilities it leases to businesses for fees charged to wholesalers and market users.

The Macron Act, which was passed in 2015, extends the Semmaris concession until 2049 (compared to 2034 previously). This extension provides Semmaris with sufficient visibility so that it can implement its new investment plan by 2025. Semmaris plans to build 264,000 m², demolish 132,000 m², and redevelop 88,000 m², at a total cost of €1 billion, half of which will be borne by Semmaris and the remainder by the businesses at the site.

SEMMARIS REVENUES

Semmaris' revenue is composed of charges billed to the market's companies and of access rights, for a 2016 total of €108.0 million, up to 3%.

As the Group holds only a 33.34% interest in Semmaris, the IFRS consolidated income for Semmaris appears on the line, "Share of earnings of equity method associates".

1.2.1.2 HOTEL BUSINESS

ALTAREIT, through its subsidiary SAS Empire, holds the business of the Hôtel **** Renaissance located 39-41 avenue Wagram in Paris.

The Renaissance Hotel designed by the architect Christian de Portzamparc opened on May 4, 2009, it includes 118 rooms and also hosts three furniture shops on the ground floor. A management contract was signed with the Marriott Group until May 31, 2029.

Given the unfavorable context in 2016, linked to the terrorist attacks in Paris, the operating income amounted to - € 2.2 million.

1.2.2 Development

Altareit's Development business is operated under three trademarks, each having its own operational autonomy: Cogedim, Histoire & Patrimoine[1] and Pitch Promotion[2].

Cumulative new orders in the Development business (Residential and Office Property) represented €2,629[3] million in 2016, up 38% from 2015.

With revenue of €1,357 million (up 35% over 2015) and an operating margin[4] of 6%, Development contributed to the significant increase in the Group's consolidated results in 2016.

1.2.2.1 RESIDENTIAL

The 2016 Residential market and its outlook

With 21% growth from 2015, new residential property sales reached nearly 150,000 units by the end of 2016[5]. The residential market as a whole, including both investors and homeowners, enjoyed continued low interest rates[6] and effective incentives in the Pinel programme and increased Zero Rate Loans (ZRLs).

This bright spell for the market was also seen in figures for construction permits (+14.8% for the last 12 months) and constructions started (+10%)[7].

The market is expected to stay at a high level in 2017, benefiting from continued attractive interest rates, although they have risen slightly since December, and of continued broad incentive measures (the Pinel prgoramme and ZRLs), which are not questioned by any of the major presidential candidates.

Products policy

A broad, demand-sensitive range of products

With a presence in the 12 regional capitals[8] with the greatest growth, the Group targets high-demand areas where the demand for housing is the greatest.

With its three trademarks (Cogedim, Pitch Promotion and Histoire & Patrimoine), Altarea Cogedim has a broad product offering, enabling it to perfectly meet the needs of every market segment:

• High-end products[9]: these products are defined by high-end requirements in terms of location, architecture and quality. They represent 23% of the Group's new orders;

• Mid-range and entry-level[10]:: these programmes, which accounted for 65% of the Group's new orders in 2016, are specifically designed to:

- meet the need for affordable housing suited to the creditworthiness of our customers,

- fulfill individual investors' desires to take advantage of the new “Pinel” scheme,

- take advantage of local authorities' eagerness to develop affordable housing operations;

• Serviced Residences: the Group is developing a broad range (student, tourist/business, exclusive residences, etc.), which represented 10% of new orders in 2016. In addition, under the Cogedim Club® brand, Altarea Cogedim designs serviced residences for active seniors, combining locations in the heart of the city with a broad range of à la carte services. In 2016 three Cogedim Club residences were officially opened in Chambéry, Pégomas near Cannes and Montpellier, bringing the number of residences opened to seven;

Divided ownership sales: under the Cogedim Patrimoine brand, the Group develops programmes under a French government policy known as social rental usufruct. This additional offering, while meeting the need for low-cost housing in high-demand areas and thereby helping out local communities, provides an alternative investment product for private investors;

• Renovation of historical sites: under the Histoire & Patrimoine brand, the Group has a range of products for Historical Monuments, Malraux Law properties and Real Estate Tax Losses.

In all of these ranges and its brands, the Group stands out by its signature, a guarantee of quality, innovation and environmental commitment.

Almost all the Group's operations are certified NF Habitat, a true benchmark of quality and performance of the housing, guaranteeing enhanced comfort and energy savings.

The Group strives to stay ahead of its clients' expectations. An expert team of architects and interior designers analyse, design and anticipate tomorrow's habits. The plans offer adjustable build-outs, tailored to family structures and lifestyles.

Customised services: "You'll see the difference with Cogedim"

Under the Cogedim brand, the Group offers customised and differentiating services:

• In June 2016 in Bercy Village (Paris 12th arrondisement) the Group opened its first Cogedim Store, a unique place

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[1] Company 50% owned.
[2] Company 100% acquired in February 2016.
[3] Of this total, Pitch Promotion represents €688 million.
[4] Operating income over revenue.
[5] 148,618 units; Source: FPI 2016.
[6] Interest rates on real estate lending in France reached a low in November 2016 of 1.31% and averaged 1.34% in December 2016 (Observatoire du Crédit Logement).
[7] Source: Ministry of Sustainable Development. Residential construction - November 2016

[8] Greater Paris, Nice Côte d'Azur metropolitan area, Marseille-Aix-Toulon, Toulouse metropolitan area, Greater Lyon, Grenoble-Annecy, Nantes metropolitan area, Bordeaux metropolitan area, Strasbourg Euro-metropolitan area, Lille European metropolitan area, Montpellier Mediterranean and Rennes metropolitan area. The Group is also present in Bayonne.
[9] Programmes at over €5,000 per m² in the Paris Region and over €3,600 per m² in other regions, as well as exclusive programs.
[10] Programmes under €5,000 per m² in the Paris Region and under €3,600 per m² in other regions, as well as exclusive programs.

dedicated to housing and awarded the Janus label in 2016. This location, combining the real and the virtual, makes the every-day practicalities easy and offers a new form of assistance to customers seeking a home. This innovative and futuristic space of over 600 m² offers a unique experience: to-scale apartments, a room with a selection of ranges, and immersive digital experiences;

• Personalised housing: customers enjoy a variety of materials, several decorative atmospheres and several interior fitting schemes; In addition, special customisation kits have been put together: the "ready to rent" kit, designed to simply life for investor customers, the "ready to live" kit for homebuyers, the "security kit" and the "connection kit" with the most state-of-the-art and best technology;

• a single point of contact for a simplified purchase path: a customer relationship manager is at the customer's side from the signing of the reservation contract onwards and supports them through to delivery providing a bespoke service. He or she is the single point of contact providing guidance to customers at each stage;

• a rental management offer to individual investors: with the creation of Cogedim Gestion & Services, combining the skills of Altarea Cogedim and Histoire & Patrimoine Gestion, the Group has developed strong synergies for rental and condominium management;

The Group also has a shared platform, Altarea Cogedim Partenaires, which offers all of our partners (financial advisers) and their customers the same customised benefits and services as the three brands Cogedim, Histoire & Patrimoine and Pitch Promotion: customer support, training, efficient tools for sales support and daily communication about the Group's offers and news.

Residential: reservations[11] up +61% in terms of value (+67% in terms of volume)

Reservations by volume and value

The Group's reservations for new housing amounted to €2,286 million,[12] in 2016 for 10,011 units (+61% in terms of value[13] and +67% in terms of volume).

	2016	2015	*Change*
Retail sales	1 598	898	*+78%*
Block sales	688	519	*+33%*
Total (€m)	**2 286**	**1 417**	**+61%**
Retail sales	5 964	3 396	*+76%*
Block sales	4 047	2 615	*+55%*
Total (number of units)	**10 011**	**6 011**	**+67%**

Breaking the 10,000 unit barrier for the first time, the Group turned in its best sales performance ever, with growth in volume of 67%, versus +21% for the market.

Reservations for the year were primarily driven by retail sales, which rose 78% from 2015, taking full advantage of the re-growth of solvency by households (low interest rates, ZRLs, the Pinel programme, etc.)

Block sales rose 33%: the Group is a preferred partner of investors, both for subsidised housing and intermediate or market-rate housing.

With its three brands, the Altarea Cogedim product offering is suitable for segments whose needs are growing while remaining a significant player in the high-end segment. The average price per unit sold was €228,000, including taxes.

Reservations by product range

Number of units	2016	%	2015	%	*Change*
Entry-level / mid-range	6,561	*65%*	3,977	*66%*	
High-end	2,275	*23%*	1,312	*22%*	
Serviced Residences	*941*		*510*		
Residential Services & Renovation	*65*		*47*		
Total Res. Services	1,006	*10%*	557	*9%*	
Renovation	169	*2%*	166	*3%*	
Total	**10,011**		**6,011**		**+67%**

Notarised sales: +49%[14]

In €m (incl. tax)	2016	%	2015	%	*Change*
Entry-level / mid-range	1,080	*61%*	669	*56%*	
High-end	542	*30%*	375	*31%*	
Serviced Residences	*90*		*122*		
Residential Services & Renovation	*11*		*4*		
Total Res. Services	101	*6%*	126	*11%*	
Renovation	60	*3%*	28	*2%*	
Total	**1,783**		**1,198**		**+49%**

[11] Reservations net of cancellations, with Histoire & Patrimoine reservations accounted for in proportion to the Group share of ownership (55%).
[12] (incl. tax)

[13] Like-for-like (excluding Pitch Promotion) reservations for new orders were up by +35% in value terms and +39% in volume terms.
[14] Like-for-like, notarised sales were up by +24%.

Improvement in all performance indicators (Revenue, backlog)

Revenue: +21%[15]

In €m excl. tax	2016	%	2015	%	Change
Entry-level / mid-range	659	62%	491	56%	
High-end	356	33%	332	38%	
Serviced Residences	52	5%	60	7%	
Total	**1,067**		**883**		**+21%**

Considering the gap associated with the percentage of completion accounting method, the growth in business recorded since 2015 should have a greater impact on revenue in 2017.

Outlook

All the operational indicators reflecting the Group's outlook (backlog, commercial launches, property supply and pipeline) were up significantly from 2015.

Residential backlog: +52%[16]

In €m excl. tax	2016	2015	Change
Notarised revenues not recognised on a percentage of completion basis	1,307	959	
Revenues reserved but not notarised	1,333	780	
Backlog	**2,640**	**1,739**	**+52%**
Number of months	*24*	*21*	

Commercial launches: +63%[17]

	2016	2015	Change
As revenue incl. tax (€m)	**2,650**	**1,630**	**+63%**
Number of units	11,147	6,766	
Number of programmes	140	102	

Supply[18]: +29%[19]

	2016	2015	Change
Programmes supplied (in €m incl. tax)	**3,853**	**2,989**	**+29%**
Number of units	15,724	13,798	

74% of these agreements relate to entry-level and mid-range programmes, featuring price levels that are particularly suited to purchasers' creditworthiness.

Properties for sale[20] and future offering:+38%[21]

In €m (incl. tax)	At 31/12/2016	No. of months	At 31/12/2015	Change
Properties for sale	**1,337**	*8*	*717*	
Future offering	**6,809**	*43*	*5,195*	
Total Pipeline	**8,146**	**51**	**5,912**	**+38%**
In no. of units	*34,542*		*26,507*	*+30%*
In m²	*1,934,352*		*1,502,947*	*+29%*

Risk management

Breakdown of properties for sale at 31 December 2016 (€1,337 million incl. tax, or 8 months of business), according to the stage of operational completion:

In €m	-	⟵ Risk	⟶	+	
	1st stage development (a)	**Project not started yet (b)**	**Project under construction (b)**	**In stock (c)**	**Total**
Expenses(d)	101	50			
Cost price(d)			420	21	
Properties for sale(e)	**616**	**134**	**520**	**24**	**1,294**
in %	*48%*	*10%*	*40%*	*2%*	
Histoire & Patrimoine products					*32*
Measurement products					*11*
Properties for sale					**1,337**
o/w to be delivered in 2017			*79*		
in 2018			*340*		
in 2019 and after			*101*		

(a) Land not acquired.
(b) Land acquired.
(c) Completed residential properties.
(d) Excluding tax on unordered units + 25% of units reserved but unsold.
(e) As revenue including taxes.

Management of properties for sale

58% of properties for sale (or €750 million) relate to programmes for which construction has not yet started (48% under preparation and 10% where the site has not yet been launched) and for which the amounts committed essentially correspond to evaluation, advertising and land-sale fees (or guarantees) paid upon the signature of preliminary land acquisition agreements.

[15] Revenues recognised according to the percentage-of-completion method in accordance with IAS 18. The percentage of completion is calculated according to the stage of construction not including land.
[16] Residential backlog consists of revenues (excluding tax) from notarised sales to be recognised on a percentage-of-completion basis and individual and block reservations to be notarised.
[17] On a like-for-like basis (excluding Pitch Promotion), commercial launches increased by 35% from 2015.
[18] Optional agreements for land signed and valued as potential residential orders (incl. taxes).
[19] On a like-for-like basis (excluding Pitch Promotion), property supply increased by 8% from 2015.
[20] Units available for sale (incl. taxes value, or number count).
[21] Future offering consisting of controlled projects (through an option on the land, almost exclusively in unilateral form) whose launch has not yet occurred. (value including taxes when stated in euros). It incorporates the large mixed-use Bobigny project for which the Group was designated as sole operator-investor. Excluding ground-floor area. On a like-for-like basis (excluding Pitch Promotion), the pipeline increased by 16% from 2015.

40% of the offering (or €520 million) is currently under construction. Only 15% (€79 million) represent units to be delivered by year-end 2017.

The stock amount of finished products is insignificant (2% or €24 million).

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

• the choice to prioritize unilateral preliminary sale agreements signings rather than bilateral sale and purchase agreements;

• requiring a mandatory high level of pre-marketing at the site acquisition, as well as at the start of construction work;

• requiring the consent of the Commitments Committee at all stages of the transaction: signature of the purchase agreement, marketing launch, land acquisition and launch of construction;

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

1.2.2.2 OFFICE PROPERTY

Economic conditions in 2016

Investment in office property[22]

The investment market in France in 2016 was about €24 billion, down 8% from an unusually strong 2015.

In a context of low interest rates, investors have significant amounts of capital to invest in the market.

Investment in office property in the Paris Region[23]

2016 saw an upturn in the rental market with 2.4 million m² let, up 7% on the year and 4% higher than the average of the last 10 years.

The year saw a resumption of activity in the market for surface areas greater than 5,000 m², to a level near its historical average, particularly in Paris and western Ile de France. "Blank" launches were more numerous in 2016 with 34 developments of over 5,000 m² launched (versus 27 in 2015 and 14 in 2014). Priority was given to central locations.

The vacancy rate in Ile de France of 6.2% was the lowest since 2009.

New orders for the year [24]: €343m, -29%

The major new order in the year involved l'Ilot des Mariniers, a redevelopment of a 25,000 m² building located in the 14th arrondissement of Paris.

Office new orders	31/12/2016	31/12/2015	*Change*
In value (as Group share)	€343m	€485m	*(29.3)%*
Surface area (at 100%)	134,900	177,100	*(23.8)%*

Group strategy

The Group has developed a unique model that enables it to operate in a highly significant manner with a limited risk on the office property market.

• as a property developer[25] with a particularly strong position on the market for turnkey projects intended for users,
• as a service[26] provider for major institutional investors.
• as an investor through AltaFund[27]. The Group is the fund's exclusive operator and one of its main shareholders, holding an interest of between 17% and 30%[28].

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

[22] Source CBRE: Marketview Investissement.
[23] Source CBRE: Marketview Bureaux.
[24] Value (incl. tax) of Office orders (signed off-plan & property development contracts, capitalised fees for delegated projects, and AltaFund arbitrations) signed during a period.
[25] In the form of off-plan sale agreements, off-plan lease and property development contracts.
[26] Through delegated project management contracts.

The portfolio of projects secured by the Group thus represents 748,700 m² with a value at 100% of €3,501 million.

Portfolio of secured projects	No.	Area at 100%	Value at 100% excl. tax (€m)
Developer (Property development contracts/Off-plan sales (a)	40	494,200 m²	1,380
Delegated project management (b)	3	49,500 m²	165
AltaFund (c) Direct investor	6	205,000 m²	1,956
TOTAL	**49**	**748,700 m²**	**3,501**

(a) CPI/VEFA value = amount of signed contracts = amount of signed contracts (or estimate in the case of off-plan leases).
(b) DPM value = capitalised fees.
(c) AltaFund and investor value = market value of developed assets.

Commitments relatively small expressed as Group share

Developments sold as at 31 December 2016 represent a value of €831 million at 100%.

Operations currently being put together and not yet sold represent potential value of €2,670 million, on which the commitments of the Group in terms of its share are relatively small. Group obligations thus represent €310 million, of which €143 million was already invested at 31 December 2016 whilst €167 million[29] remains to be invested. This figure could be substantially reduced should there be an acceleration of asset disposals, made possible by the advance allocation of Group assets.

Portfolio of secured projects	Area at 100%	Value at 100% excl. tax (€m)
Operations sold	307,000 m²	831
Operations under development	441,700 m²	2,670
TOTAL	**849,000 m²**	**4,325**

Major events of the year

Purchase agreements/Acquisitions

In 2016 Altarea Cogedim won the competition for the development of two major mixed-use urban projects and signed the land purchase agreements:

• Bordeaux – Belvédère[30] : a new neighbourhood containing a 140,000 m² mixed-use space, including 53,500 m² of offices (at 100%);
• Issy – Cœur de Ville : a mixed-use neighbourhood of over

[27] AltaFund is a discretionary investment fund, created in 2011, with €650 million in equity of which Altarea Cogedim is one of the contributors alongside leading institutional investors.
[28] In March 2015, the Group increased its AltaFund capital allocation from €100 million to €150 million, thereby increasing its interest in new programmes initiated by AltaFund since 2015 to 30%.
[29] Equity to be invested on AltaFund and direct investments.
[30] Operations at 50% Group share.

100,000 m² including 40,500 m² of offices in a first-class downtown location.

These two secured major mixed-use projects will feed the Group's office property new orders over the coming months.

Also, in November Altarea Cogedim was designated the sole investor-operator in the new city centre project in Bobigny. This project represents over 100,000 m² including 10,000 m² of offices, and will seek both HQE and BREEAM© certification.

2016 deliveries

In 2016, the Group delivered the Safran corporate headquarters in Blagnac (Toulouse), instalment 1 of the Technopole de la Mer in Ollioules (Toulon), instalments 2 and 3 of the Euromed Center in Marseille, the five-star Hotel rue Boulanger in Paris, Athènes Clichy office building and the UNOFI building in Brives - all totalling 80,000 m².

Operations under construction

Some 15 projects are under construction, totalling 243,000 m². The most important of these are:

• in Paris and its immediate areas: the Richelieu building in the 2nd arrondissement (31,800 m²), the Ilot des Mariniers building in the 14th arrondissement (25,000 m²), and the Kosmo building in Neuilly (26,200 m²);

• in the regions, the View One buildings in Villeurbanne (15,000 m²) and the last two instalments of the Euromed Center in Marseille (24,000 m²).

Backlog[31] (Off-plan, Property Development contracts and delegated project management)

The Group had a backlog of €367 million, 32% higher than at year-end 2015.

In €m	2016	2015	*Change*
Backlog (Off-plan, Property Development contracts)	363.1	274.2	
Backlog of delegated project management fees	3.8	4.1	
TOTAL	**366.9**	**278.3**	*+32%*

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

1.3 CONSOLIDATED RESULTS

FFO Group share grew strongly to €96.4 million (+27.9%). On a per-share basis, FFO increased strongly aslo at €55.14 per share (+27.9%).

€ millions	31/12/2016				31/12/2015		
	Funds From Operations (FFO)		Changes in value, estimated expenses and transaction costs	TOTAL	Funds From Operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Residential	1,067.6	*21.1%*	–	1,067.6	881.6	–	881.6
Office	289.3	*138.0%*	–	289.3	121.6	–	121.6
Diversification	–	-	–	–	–	–	–
REVENUE	**1,356.9**	***35.3%***	**–**	**1,356.9**	**1,003.2**	**–**	**1,003.2**
Residential	69.0	*32.3%*	(14.6)	54.4	52.1	(4.8)	47.4
Office	33.0	*23.4%*	(6.2)	26.8	26.7	(0.7)	26.0
Diversification	8.3	*(12.8)%*	(4.7)	3.6	9.5	(2.9)	6.7
Others	–		(0.1)	(0.1)	(1.7)	–	(1.7)
OPERATING INCOME	**110.3**	***27.3%***	**(25.6)**	**84.7**	**86.6**	**(8.3)**	**78.3**
Cost of net debt	(10.3)	*88.2%*	(1.5)	(11.8)	(5.5)	(0.5)	(6.0)
Discounting of debt and receivables	–	-	(0.2)	(0.2)	–	–	–
Change in value and income from disposal of financial instruments	–	-	(6.9)	(6.9)	–	(8.3)	(8.3)
Proceeds from the disposal of investments	–	-	0.0	0.0	–	–	–
Corporate income tax	(1.0)	*n/a*	(25.2)	(26.2)	(0.0)	6.2	6.2
NET RESULTS FROM CONTINUING OPERATIONS	**99.1**	***22.3%***	**(59.3)**	**39.8**	**81.0**	**(11.0)**	**70.1**
Minority shares in continued operations	(2.7)	(52.2)%	0.2	(2.5)	(5.7)	(0.0)	(5.7)
NET RESULTS FROM CONTINUING OPERATIONS, Group share	**96.4**	**27.9%**	**(59.1)**	**37.3**	**75.4**	**(11.0)**	**64.4**
Net result from activities in the process of being sold	–		2.2	2.2	–	(69.9)	(69.9)
NET PROFIT, Group share	**96.4**	**27.9%**	**(56.9)**	**39.5**	**75.4**	**(80.9)**	**(5.5)**
Average number of shares after dilution (in million)	*1.748*				*1.748*		
FFO (group share) per share	**55.14**	**27.9%**			**43.11**		

Operating income[32] : €110.3 Million (+27.3%)

In 2016, the Group began to benefit from the excellent operating performances of 2015 and 2016 in terms of reservations and from the contribution of Pitch Promotion, consolidated in the Group's accounts since February 28, 2016.

FFO[33] group share: €96.4 Million (+27.9%)

FFO represents operating cash flow after interests and Corporate income tax expenses. FFO group share grew to €96.4 Million, a +27.9% increase from 2015.

CHANGES IN VALUE AND CALCULATED CHARGES: - € 59.1 Million

Group share	€ million
Change in value - Financial instruments	(6.9)
Disposal of assets and transaction costs	(0.3)
Share of equity-method associates	(6.4)
Deferred tax	(25.2)
Calculated charges [(a)]	(20.6)
TOTAL Continuing activities	**(59.3)**
Non-controlling interests	0.2
TOTAL Group share	**(59.1)**

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

[32] Consolidated EBITDA: corresponds to operating profit excluding changes in value, expenses calculated on transaction costs and deferred tax changes.

[33] Funds From Operations, Group and non-Group.

1.4 FINANCIAL RESOURCES

Financial net debt stood at €678 million at 31 december 2015.

€ million	Dec. 2016	Dec. 2015
Corporate debt	534	423
Property Development and other debts	291	165
Total gross debt	**825**	**589**
Cash and cash equivalents	(253)	(208)
Total Net debt	**572**	**381**
Other borrowings	106	91
Total Financial net debt	**678**	**472**

FINANCIAL COVENANTS

Altareit's corporate debt is subject to Altarea Cogedim's consolidated convenants (LTV<60%, ICR>2). They are respected with with significant room as at 31 December 2017 (LTV at 37.6% and ICR at 7.4x).

Property development debt, secured against development projects, is subject to covenants specific to each project.

Gearing[34] stood at 1.38 x.

	Covenant	12.31.2016	12.31.2015	Delta
LTV (a)	≤ 60%	37.2%	44.5%	- 7.3 pts
ICR (b)	≥ 2.0 x	7.4 x	7.3 x	+ 0.1 x

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

(b) ICR = Operating result / Net cost of debt ("Funds from operations" column).

[34] *Net debt to consolidated shareholders' equity.*

Consolidated Income Statement as of 31/12/2016

	31/12/2016			31/12/2015		
€ millions	Funds From Operations (FFO)	Changes in value, estimated expenses and transaction costs	Total	Funds From Operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Revenue	1,066.5	–	1,066.5	881.8	–	881.8
Cost of sales and other expenses	(981.1)	(2.4)	(983.5)	(810.5)	–	(810.5)
Net property income	**85.4**	**(2.4)**	**83.0**	**71.3**	**–**	**71.3**
External services	1.1	–	1.1	(0.2)	–	(0.2)
Production held in inventory	98.2	–	98.2	69.0	–	69.0
Operating expenses	(134.4)	(6.9)	(141.3)	(93.2)	(1.1)	(94.2)
Net overhead expenses	**(35.2)**	**(6.9)**	**(42.1)**	**(24.4)**	**(1.1)**	**(25.4)**
Share of equity-method affiliates	**18.8**	**(2.0)**	**16.8**	**5.2**	**0.6**	**5.8**
Net allowances for depreciation and impairment	**–**	**(3.0)**	**(3.0)**	**–**	**(2.8)**	**(2.8)**
Transaction costs	**–**	**(0.3)**	**(0.3)**	**–**	**(1.5)**	**(1.5)**
NET RESIDENTIAL PROPERTY INCOME	**69.0**	**(14.6)**	**54.4**	**52.1**	**(4.8)**	**47.4**
Revenue	282.9	–	282.9	114.2	–	114.2
Cost of sales and other expenses	(256.3)	(2.2)	(258.5)	(100.0)	–	(100.0)
Net property income	**26.6**	**(2.2)**	**24.4**	**14.2**	**–**	**14.2**
External services	6.4	–	6.4	7.4	–	7.4
Production held in inventory	16.4	–	16.4	12.8	–	12.8
Operating expenses	(26.1)	(2.3)	(28.4)	(16.6)	(0.3)	(16.9)
Net overhead expenses	**(3.2)**	**(2.3)**	**(5.5)**	**3.6**	**(0.3)**	**3.4**
Share of equity-method affiliates	**9.5**	**(1.0)**	**8.6**	**8.9**	**0.1**	**9.0**
Net allowances for depreciation and impairment	**–**	**(0.7)**	**(0.7)**	**–**	**(0.0)**	**(0.0)**
Transaction costs	**–**	**–**	**–**	**–**	**(0.5)**	**(0.5)**
NET OFFICE PROPERTY INCOME	**33.0**	**(6.2)**	**26.8**	**26.7**	**(0.7)**	**26.0**
Operating costs	(1.2)	–	(1.2)	0.7	(0.0)	0.7
Net overhead expenses	**(1.2)**	**–**	**(1.2)**	**0.7**	**(0.0)**	**0.7**
Share of equity-method affiliates	**9.5**	**(3.5)**	**6.0**	**8.8**	**(2.3)**	**6.6**
Net allowances for depreciation and impairment	**–**	**(1.2)**	**(1.2)**	**–**	**(0.6)**	**(0.6)**
NET DIVERSIFICATION INCOME	**8.3**	**(4.7)**	**3.6**	**9.5**	**(2.9)**	**6.7**
Others	**–**	**(0.1)**	**(0.1)**	**(1.7)**	**–**	**(1.7)**
OPERATING INCOME	**110.3**	**(25.6)**	**84.7**	**86.6**	**(8.3)**	**78.3**
Operating costs	**(10.3)**	**(1.5)**	**(11.8)**	**(5.5)**	**(0.5)**	**(6.0)**
Net overhead expenses	**–**	**(0.2)**	**(0.2)**	**–**	**–**	**–**
Share of equity-method affiliates	**–**	**(6.9)**	**(6.9)**	**–**	**(8.3)**	**(8.3)**
Net allowances for depreciation and impairment	**–**	**0.0**	**0.0**	**–**	**–**	**–**
Transaction costs	**0.1**	**–**	**0.1**	**(0.0)**	**–**	**(0.0)**
PROFIT BEFORE TAX	**100.1**	**(34.1)**	**66.0**	**81.1**	**(17.2)**	**63.9**
Corporate income tax	**(1.0)**	**(25.2)**	**(26.2)**	**(0.0)**	**6.2**	**6.2**
NET RESULTS FROM CONTINUING OPERATIONS	**99.1**	**(59.3)**	**39.8**	**81.0**	**(11.0)**	**70.1**
Minority shares in continued operations	**(2.7)**	**0.2**	**(2.5)**	**(5.7)**	**(0.0)**	**(5.7)**
NET INCOME FROM CONTINUING OPERATIONS, Group share	**96.4**	**(59.1)**	**37.3**	**75.4**	**(11.0)**	**64.4**
Average number of shares after dilution	*1 748 274*	*1 748 274*	*1 748 274*	*1 748 201*	*1 748 201*	*1 748 201*
NET INCOME PER SHARE FROM CONTINUING OPERATIONS, Group share	**55.14**	**(33.82)**	**21.32**	**43.11**	**(6.28)**	**36.82**
Net income from activities in the process of being sold	**–**	**2.2**	**2.2**	**–**	**(69.9)**	**(69.9)**
NET PROFIT	**99.1**	**(57.1)**	**42.0**	**81.0**	**(80.9)**	**0.2**
Non-controlling interests	**(2.7)**	**0.2**	**(2.5)**	**(5.7)**	**(0.0)**	**(5.7)**
NET PROFIT, attributable to Group shareholders	**96.4**	**(56.9)**	**39.5**	**75.4**	**(80.9)**	**(5.5)**
EARNINGS PER SHARE ATTRIBUTABLE TO GROUP SHAREHOLDERS (€)	*55.14*	*(32.55)*	*22.58*	*43.11*	*(46.28)*	*(3.17)*

Balance sheet at December 31, 2016

€ millions	31/12/2016	31/12/2015
NON-CURRENT ASSETS	**628.2**	**498.8**
Intangible assets	238.7	182.6
o/w Goodwill	*139.6*	*113.0*
o/w Brands	*89.9*	*66.6*
o/w Customer relationships	*5.5*	*–*
o/w Other intangible assets	*3.6*	*3.0*
Property, plant and equipment	13.1	5.5
Investment property	38.3	–
Securities and investments in equity affiliates and non-consolidated interests	246.6	181.2
Loans and receivables (non-current)	6.7	4.0
Deferred tax assets	84.9	125.4
CURRENT ASSETS	**1,624.9**	**1,330.2**
Net inventories and work in progress	959.6	691.2
Trade and other receivables	386.0	277.3
Income tax credit	6.5	3.8
Loans and receivables (current)	12.7	8.2
Derivative financial instruments	7.0	14.2
Cash and cash equivalents	253.1	208.3
Non-current assets held for sale	–	127.2
TOTAL ASSETS	**2,253.2**	**1,829.0**
EQUITY	**415.5**	**378.7**
Equity attributable to Altareit SCA shareholders	**407.1**	**363.1**
Share capital	2.6	2.6
Other paid-in capital	76.3	76.3
Reserves	288.7	289.7
Income associated with Altareit SCA shareholders	39.5	(5.5)
Equity attributable to non-controlling interests of subsidiaries	**8.4**	**15.7**
Reserves associated with non-controlling interests of subsidiaries	5.9	10.0
Income associated with non-controlling interests of subsidiaries	2.5	5.7
NON-CURRENT LIABILITIES	**496.5**	**503.1**
Non-current borrowings and financial liabilities	480.5	489.8
o/w Borrowings from lending establishments	*480.3*	*489.8*
o/w Participating loans and advances from associates	*0.2*	*0.0*
Long-term provisions	15.0	12.6
Deposits and security interests received	1.0	0.6
Deferred tax liability	0.0	0.1
CURRENT LIABILITIES	**1,341.2**	**947.2**
Current borrowings and financial debt (less than one year)	450.7	190.3
o/w Borrowings from credit institutions (excluding overdrafts)	*204.7*	*76.9*
o/w Treasury notes	*138.3*	*20.5*
o/w Bank overdrafts	*2.0*	*2.3*
o/w Group shareholders and partners	*105.6*	*90.6*
Derivative financial instruments	0.0	0.0
Accounts payable and other operating liabilities	890.4	626.1
Tax due	0.0	0.0
Liabilities of the activity in the process of being sold and liabilities relating to assets intended for	–	130.7
TOTAL EQUITY AND LIABILITIES	**2,253.2**	**1,829.0**