Press release

2018 half year results
Paris, 26 July 2018, 5:45 pm

Strong growth of the results
Revenue: +24% (€993 million)
FFO: +62% (€85.5 million)

Pipeline

- Large mixed-use projects: 10 projects underway (more than 860,000 m²)
  2 projects won (Joiai Meridia in Nice, Quartier des Gassets in Val-d'Europe)

Residential

- New orders: 5 207 units (+8%) i.e. €1.3 billion incl. VAT (+7%)
- Revenue[1]: €798.5 million (+25%)

Business Poperty

- New orders: €332 million
- Altafund[2]: Sale of the future headquarters of Parfums Christian Dior to Sogecap for €466 million
- Revenue: €191.8 million (+19%)

Results

- Revenue: €993.4 million (+24%)
- Recurring operating income: €101.7 million (+59%)
- FFO[3]: €85.5 million (+62%), i.e. €48.87 €/share (+62%)
- Net income, Group share: €51.7 million (+63%), i.e. €29.57 €/share (+63%)
- Gearing[4]: 1,09x (vs 1,34x)

Rating

- S&P Global assigned to Altareit a BBB rating (outlook stable), which announced its 1st public bond issue for €350 million, with a maturity of 7 years

Paris, 26 July 2018, 5:45 pm. Following review by the Supervisory Board, Management approved the FY 2017 consolidated financial statements. Limited review procedures have been carried out. The Auditors' certification report is being issued with no reservations.

ABOUT ALTAREIT - FR0000039216 - AREIT

A 99.85% subsidiary of the Altarea Cogedim Group, Altareit is a pure player in property development in France. Thanks to its unique multi-product expertise, Altareit is a leader in in mixed-use projects in french gateway cities. Altareit has the know-how in each sector required to design, develop, commercialise and manage made-to-measure property products. Altareit also holds a direct interest in Semmaris (Rungis MIN operating company). Altareit is listed in compartment B of Euronext Paris.

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1 Revenue by % of completion and external services
2 AltaFund is a discretionary investment fund, created in 2011, with €650 million in equity of which Altareit is one of the contributors alongside leading institutional investors. Within this fund, Altareit held a 17% share in the Kosmo project (future headquarters of Parfums Christian Dior).
3 Funds From Operations (FFO): net profit excluding changes in value, calculated expenses, transaction fees and changes in differed tax. Group share.
4 Net debt / consolidated shareholders' equity.

BUSINESS REVIEW

AT JUNE 2018

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1.1 Introduction

1.1.1 A pure player in property development in France

A 99.85% subsidiary of the Altarea Cogedim Group, Altareit offers real estate solutions for the city across all asset classes. The Group has a unique expertise in Residential and Office property development also in Retail, within the framework of operations of large mixed projects of the Altarea Cogedim group.

Residential: Altareit is among the French "Top 3" property developers, with 11,189 residential property sold, representing 8.6% of the domestic market in 2017[5].

Office: Altareit has developed a unique model that enables it to operate in a highly significant manner and with limited risk on the office property market. This model is based on two complementary activities:

• Medium-term investment in assets to be redeveloped pending sale (directly or via AltaFund[6]),

• Property development[7] on behalf of external customers (investors and users) as well as on behalf of its own investment projects, under VEFA (off-plan sale)/CPI (property development contract) and more marginally as a service provider (MOD - delegated project management).

Altareit Group has a 33.34% economic stake in Semmaris, the company that holds the Rungis MIN concession, the world's largest food wholesale market.

Leader in large mixed-use projects

This segment of the property market is buoyed by very strong momentum driven by territorial metropolisation. Communities once located on the outskirts of the main city are being transformed into real urban centres with multiple needs for property infrastructures.

As such, in just a few years the Group has become the undisputed leader in large mixed-use projects and a long-term partner for local authorities when designing their new town centres.

This leading position is due to the combination of several factors:

• the multi-product know-how that allows the Group to be the single point of contact for local authorities;

• the retail/leisure expertise that is often a distinguishing factor for a project;

• the power of the Group, both operationally and financially.

1.1.2 HY highlights

Two new major mixed-use projects won

Over the 1st half of 2018, the Group confirmed its position as the French leader in urban renewal projects, being awarded two new major projects:

• in January 2018, the Joia Méridia project in Nice. This new quarter of 73,500 m² will offer 800 housing units, 8,000 m² of hotels and resort accommodation, 4,700 m² of retail and local services, 2,900 m² of tertiary space and a car-park with over 1,200 places;

• in June 2018, a project of more than 100,000 m² with a main retail component in the district of Les Gassets (Val d'Europe) in Marne-la-Vallée, awarded by Real Estate Development by Euro Disney.

At 30 June 2018, Altareit thus managed 10 large mixed-use projects representing a surface area of over 860,000 m², all products combined (at 100%).

Large projects (at 100%)	Residential (units)	Retail (m²)	Office (m²)	Total (m²) (a)
Belvédère (Bordeaux)	1,230	11,200	53,500	141,100
La Place (Bobigny)	1,450	13,600	9,500	107,000
Cœur de Ville (Issy les M.)	630	17,000	40,850	100,000
Quartier Guillaumet (Toulouse)	1,200	5,800	7,500	101,000
Aerospace (Toulouse)	640	11,800	19,400	75,000
Joia Meridia (Nice)	800	4,700	2,900	73,500
Coeur de Ville (Bezons)	730	18,300	-	66,900
Gif-sur-Yvette	820	5,800	-	52,500
Fischer (Strasbourg)	580	3,300	-	41,400
Gassets (Val d'Europe) (b)	n/d	n/d	n/d	>100,000
Total	**8,080**	**91,500**	**133,650**	**>860,000**

(a) *Floor area.*
(b) *Detailed planning under way.*

Residential: 5,207 units sold (+8%)

In the first half, the Group posted a good performance. With 5,207 units sold, new orders increased by 8% year-on-year, the total value was nearly €1.3 billion (+7% year-on-year).

In terms of development, the Residential pipeline (offering and land portfolio) amounted to €9.9 billion (+8% compared with 31 December 2017). The renewal of the Pinel Act in 2018 for a four-year period and its stricter confinement to high-demand areas[8] confirms the Group's territorial strategy, with more than 99% of the pipeline being located in eligible areas.

[5] *129,817 units reserved in France in 2017 (+2.1% vs 2016) – Source: Ministry of Territorial Cohesion.*
[6] *AltaFund is a discretionary investment fund, created in 2011, with €650 million in equity of which Altareit is one of the contributors alongside leading institutional investors.*
[7] *The Group's Property Development business does not carry any commercial risk: Altareit only carries a risk in terms of work. VEFA: property development/off-plan sales - CPI: real estate development contract - MOD: delegated project management.*
[8] *The "high-demand areas" correspond to areas A bis, A and B1. At 30 June 2018, only 320 units (i.e. 0.8% of the Residential pipeline) are located in area B2, and half of those are in French Genevois, which has strong appeal.*

Business property: major leases signed in a buoyant market

Thanks to its mixed developer/medium-term investor model in Business property, the Group manages 55 projects including some of the most iconic schemes in Grand Paris, reinforcing the Group's leadership status in this market. There are potential projects worth €3.8 billion in the pipeline.

During the first half of 2018, the Group finalised:

• the sale to Sogecap (Société Générale Insurance) of Kosmo in Neuilly-sur-Seine (future global headquarters of Parfums Christian Dior, 26,200 m²). Altareit held a 17% stake in this project via AltaFund;

• a new PDA (CPI) for the redevelopment of the CB3 Tower in La Défense (48,500 m²);

• an off-plan lease (BEFA) with Danone for the Convergence building in Rueil-Malmaison, which in 2020 will become the Group's largest headquarters worldwide (25,300 m²).

First S&P Global credit rating: BBB

In June, the S&P Global rating agency assigned to Altareit a BBB rating with a stable outlook.

S&P Global highlights Altareit's strong positioning, as a property developer in both residential and office segments (the company namely owns Cogedim), in a market where fundamentals and trends are credit supportive. The rating agency also underlines the company's prudent financial discipline in terms of commitments.

Considering the above and given its strong organic links with Altarea Cogedim Group, Altareit is considered by S&P as a "core" subsidiary and benefits from the same credit quality as Altarea Cogedim Group, a leading French retail REIT, which was also assigned a 'BBB' investment grade rating, outlook stable.

€350 million bond issue

On 25 June 2018, Altareit announced the issue of its €350 million inaugural public bond, with a maturity of 7 years and a fixed coupon of 2.875% (settlement-delivery took place after the end of the period).

Altareit therefore became the first French real estate developer to issue a public bond. This will enable the company to finance its general needs and, notably, to refinance existing credit facilities while extending the average duration of its debt.

Recognition of the quality of customer relationships and CSR commitment

The N°1 developer for customer hospitality

Thanks to Cogedim (subsidiary of Altareit), the Group is rated first among property brands and eight across all sectors combined in France in the rankings established by Les Echos/HCG/Evertest for Customer Hospitality and Experience[9].

"Customer Service of the Year" for Cogedim

At the same time, Cogedim became the first property developer to be awarded "Customer Service of the Year in 2018"[10] reward for standars of service and quality of customer relations.

CSR approach: global number 2 ranking by GRESB

The Altarea Cogedim Group, the parent company of Altareit, is evaluated by GRESB for the past two years. The Group has confirmed the excellence of its CSR approach by becoming the world's No. 1 listed property company (all products combined). Moreover, with a score of 96/100, the Group ranked second in the world, all categories combined (listed and unlisted companies).

The Group has rolled out environmental certification and almost 100% of its residential operations are certified NF Habitat, true quality reference and 100% of new Office developments have received at least a NF HQETM rating of "Excellent" and a BREEAM® rating of "Very good".

1.1.3 Post-closing event

The acquisition of the remaining 45% stake into Histoire & Patrimoine

On 17 July 2018, the Group acquired the remaining capital of Histoire & Patrimoine, a specialist in urban building renovation and redevelopment, having already acquired 55% of its capital in June 2014.

From the 2nd half of 2018, Histoire & Patrimoine will be fully consolidated (previously accounted for by the equity method) and its sales performance will be incorporated into the residential property development division.

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[9] *Ranking by The Human Consulting Group and Evertest for les Echos, published on 29 January 2018. The survey test the customer services of the 200 biggest companies in France to assess the overall quality of their customer approach. Each company received ten phone calls, a letter, three e-mails, a message via the website and five messages via social media.*

[10] *The "Elu service client de l'année" (Customer Service of the Year) award, which was created in 2007 by Viséo Customer Insight, uses mystery shoppers to annually test the customer service quality of French companies in 42 different economic sectors. It is the benchmark ranking for customer relationships in France. Property developers were included for the first time this year.*

1.2 Impact of new IFRS

1.2.1 Impact of IFRS 15

Since 1st January 2018, Altareit has recorded its revenue according to IFRS 15 (Revenue from Contracts with Customers).

IFRS 15 impacts the percentage of completion used to recognise revenue from development operations. This percentage now includes the cost of land in its calculation, which accelerates the pace of revenue recognition.

At 30 June 2018, this change had a very limited impact on consolidated revenue (-€6.6 million) and on FFO[11], Group share (-€1.6 million). The impact on opening equity was an increase of €51.0 million (of which €45.7 million in Group share). From a business viewpoint, this impact corresponds to €630 million in revenue.

1.2.2 Other changes in accounting standards

IFRS 9 (Financial Instruments) applicable since 1 January 2018, has no impact on the Group's financial statements.

IFRS 16 (Leases) will be applied from 1 January 2019.

[11] Funds from operations or operating cash flow from operations: net result excluding changes in value, calculated expenses, transaction fees and changes in deferred tax.

1.3 Business

1.3.1 Residential

A winning strategy

With a market share of 8.6%[12] at the end of 2017 (11,189 reserved units) and continued growth in the first half of 2018 (new orders up +8% to 5,207 units), the Group remains one of the top 3 French developers.

This performance was the result of a targeted, multi-brand and multi-product geographic development strategy, based above all on attention to satisfying customer wants and needs.

Customers are at the core of the process

The Group is uniquely attuned to its customers' expectations. To develop appropriate and suitable products, the Group has focused its efforts on three main areas.

Comprehensive customer support

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

• customisation of the offer: four collections featuring turnkey packs ("ready to live", "ready to rent", "connected", "security"), in addition to a catalogue of 200 technical and decorative options. Customers can personally select their own options at Cogedim Stores, where they can wander through show apartments, browse the choice of materials and enjoy an immersive digital experience. The Group opened its first store at Bercy Village in 2016, with another store in Toulouse in 2017. These were followed by a further three stores in Bordeaux, Lyon and Marseille in the first half of 2018;

• the launch in 2017 of "mon-cogedim.com". This platform allows buyers to receive personalised support throughout their home-buying experience, with a single customer relationship manager and dedicated follow-up to ensure that they receive a first-class service;

• advice on financing options and rental management assistance for retail investors.

These actions undertaken by the Group for the satisfaction of its customers have been rewarded: for instance, Cogedim became the first property developer to win "Customer Service of the Year" award for the level of service and quality of its customer relations in 2018. The Group also made its entry into the Top 10 French companies in the nationwide Les Echos/HCG ranking of customer reception (8th place), ranking 1st among French property developers.

A signature, a pledge of quality

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

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

Programmes rooted in their city

The Group strives to develop projects that fit seamlessly into their environment and match the end-needs of customers as closely as possible: close to shops, public transport and schools.

Well-judged regional targeting focused on gateway cities

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

In this context, the Group is pursuing a geographic development strategy aimed at maintaining a strong position in France's most dynamic regional gateway cities[13] by targeting high-demand areas where the need for housing is greatest.

The extension in 2017 of the Pinel tax scheme for a further four years and its focus on these high-demand areas came as welcome news for the Group and its regional strategy, since more than 99% of its pipeline (current offering and land portfolio) is located in eligible areas[14].

A multi-brand and multi-product strategy

The Group operates across France, mainly offering multi-dwelling products[15] through its national brand Cogedim, accompanied in gateway cities by Pitch Promotion and supplemented in terms of products by Histoire & Patrimoine (Historical buildings and urban renovation).

On 17 July 2018, the Group acquired the remaining capital of Histoire & Patrimoine, having already acquired 55% of its capital in June 2014.

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

• High-end[16]: products defined by demanding requirements in terms of location, architecture and quality. In the first half

[12] 129,817 units reserved in France in 2017 (+2.1% vs. 2016) – Source: Ministry of Territorial Cohesion.
[13] Grand Paris, Métropole Nice Côte d'Azur, Marseille-Aix-Toulon, Toulouse Métropole, Grand Lyon, Grenoble-Annecy, Nantes Métropole, Bordeaux Métropole, Eurométropole de Strasbourg, Métropole européenne de Lille, Montpellier Méditerranée Métropole, Rennes Métropole.
[14] The "high-demand areas" correspond to areas A bis, A and B1. At 30 June 2018, only 320 units (i.e. 0.8%of the Residential pipeline) are located in area B2, with a significant proportion being in French Genevois, which has strong appeal.
[15] Detached houses account for 2% of new orders at 30 June 2018.
[16] Programmes at over €5,000 per m² in the Paris Region and over €3,600 per m² in other regions.

of 2018, these represented 19% of the Group's new orders by number of units;

• Entry level/mid-range[17]: these programmes, which accounted for 75% of the Group's new orders, are specifically designed to address:

- the need for housing suitable both for first-time buyers (controlled prices) and private investment (Pinel tax scheme),

- and meet the challenges faced by social housing providers, with which the Group is developing genuine partnerships to help them increase their rental stock and upgrade some ageing assets;

• Serviced Residences (4%): the Group offers an extended range (student residences, business tourism residences, exclusive residences, etc.). Under the Cogedim Club® brand, it also designs serviced residences for active seniors, combining locations in the heart of the city with a broad range of bespoke services. In the first half of 2018, the Group opened a Cogedim Club® residence in Arras (62), bringing the number of residences in operation to 11, and began work on two construction projects in Salon de Provence (13) and Marseille (13);

• Sales in divided ownership: under the Cogedim Investment 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.

A buoyant market with a favourable outlook

For 2018, the Group forecasts a slight dip in the new housing market in France, given the all-time high of 130,000 units sold in 2017. However, strong sales are expected to continue with forecasts of around 120,000 units.

Metropolisation, the end of urban sprawl and the refocusing of the Pinel scheme on high-demand areas mainly affect individual houses and units situated in areas B2 and C, where the Group tends not to operate[18].

In the first-time buyer market, the decrease in interest rates and increased competition over mortgage insurance rates are positive factors for the market. In terms of investment, developers are seeing a change in the profile of retail investors, with a rise in the number of young people, who, for more flexibility, tend to consider rental investments instead of buying their main residence.

New orders[19]: 5,207 units (+8%) and €1.3 billion (+7%)

New orders	H1 2018		H1 2017		*Change*
Individuals – First-time	463	€m	395	€m	*+17%*
Individuals – Investors	469	€m	516	€m	*(9)%*
Institutional investors	351	€m	289	€m	*+21%*
Total in value (incl. tax)	**1,282**	**€m**	**1,199**	**€m**	**+7%**
o/w equity-method (Group)	*143*	*€m*	*140*	*€m*	*+2%*
Individuals – First-time	1,489	units	1,169	units	*+27%*
Individuals – Investors	1,998	units	2,233	units	*(11)%*
Institutional investors	1,719	units	1,420	units	*+21%*
Total in units	**5,207**	**units**	**4,822**	**units**	**+8%**

The Group saw a sharp increase in the number of new orders from first-time buyers (+27%) and institutional investors (+21%).

In the buy-to-let sector, new orders surged to almost 2,000 units (38% of total new orders). The decrease compared with the first half of 2017 is due to a negative base effect linked to the 2017 pre-election period in France (acceleration of transactions to qualify for the Pinel scheme) and renewal of the scheme, causing investors to hold off before committing to new projects.

Reservations by product range

Number of units	H1 2018	%	H1 2017	%	*Change*
Entry-level / mid-range	3,900	*75%*	3,735	*77%*	
High-end	1,005	*19%*	872	*18%*	
Serviced Residences	225	*4%*	91	*2%*	
Renovation/Rehabilitation	77	*1%*	124	*3%*	
Total	**5,207**		**4,822**		**+8%**

Notarised sales

€millions incl. tax	H1 2018	%	H1 2017	%	*Change*
Entry-level / mid-range	662	*72%*	581	*54%*	
High-end	228	*25%*	430	*40%*	
Serviced Residences	23	*3%*	51	*5%*	
Renovation/Rehabilitation	5	*1%*	8	*1%*	
Total	**917**		**1,070**		**(14)%**

Revenue by % of completion: +25%

€millions excl. tax	H1 2018(a)	%	H1 2017(b)	%	*Change*
Entry-level / mid-range	563	*71%*	403	*63%*	
High-end	209	*26%*	198	*31%*	
Serviced Residences	25	*3%*	39	*6%*	
Total	**798**		**640**		**+25%**

(a) Recognised according to the percentage of completion method in accordance with IFRS 15 (by including land in the measurement of technical progress).

(b) Recognised according to the percentage of completion method in accordance with IAS 18 (excluding land).

[17] Programmes under €5,000 per m² in the Paris Region and under €3,600 per m² in other regions, as well as exclusive programmes.
[18] At 30 June 2018, only 320 units (i.e. less than 0.8%of the Residential pipeline) are located in area B2, with a significant proportion being in French Genevois, which has strong appeal.

[19] Reservations net of withdrawals, in euros including tax when expressed in value. New orders at 100%, with the exception of projects under joint control (Group share of placements). Histoire & Patrimoine accounted for in proportion to the Group share (55%) at that date.

Based on IFRS 15, revenue in the first half of 2018 amounted to €798 million, an increase of +25% compared with reported revenue for the first half of 2017.

The increase would have been +31% on a like-for-like basis under the previous standards, with revenue of €837 million at 30 June 2018.

Outlook

Supply[20]

Supply	H1 2018	H1 2017	*Change*
€ millions (incl. tax)	1,990	2,036	*(2)%*
Number of units	8,074	9,136	*(12)%*

Commercial launches

Launches	H1 2018	H1 2017	*Change*
Number of units	5,316	5,863	*(9)%*
Number of transactions	96	96	-
Revenue incl. tax (€m)	**1,296**	**1,406**	***(8)%***

Residential backlog[21]

€millions excl. tax	30/06/2018	31/12/2017	*Change*
Notarised revenues not recognised on a % of completion basis	1,226	1,956	
Revenues reserved but not notarised	1,606	1,317	
Backlog	**2,831**	**3,273**	**(13)%**
o/w equity-method (Group)	*226*	*281*	*(20)%*
Number of months	*20*	*28*	

Following the negative impact of IFRS 15, the Residential backlog[22] remains high.

Project under construction

215 projects were under construction at 30 June 2018, compared with 210 at the end of 2017.

Properties for sale[23] and future offering[24]: 46 months of pipeline

In €m incl. tax of potential revenue	30/06/2018	No. of month	31/12/2017	*Change*
Properties for sale	1,889	*9*	*1,581*	
Future offering	8,009	*37*	*7,624*	
Pipeline	**9,898**	**46**	**9,205**	**8%**
In no. of units	*40,181*		*38,985*	*3%*
In m²	*2,250,100*		*2,183,100*	*3%*

The Residential pipeline represents four years of business with almost 40,200 units, of which 99% are in high-demand areas eligible for the Pinel tax scheme.

Risk management

Breakdown of the Group's properties for sale at the end of June 2018 (€1.9 billion incl. tax, or nine months of business), according to the stage of completion of the programmes:

In €m	from lowest to highest risk			
	Project not yet started	Project under construc -tion	In stock	Total
Cost price excl. tax	**161**	**472**	**18**	**651**
O/w paid out (a	*161*	*276*	*18*	*455*
Properties for sale (b)	**1,086**	**723**	**26**	**1,835**
In %	*59%*	*39%*	*1%*	
o/w to be delivered	*in 2018*	*61*		
	in 2019	*337*		
	≥ 2020	*325*		
Histoire & Patrimoine products				47
Measurement products				7
Properties for sale (b)				**1,889**

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

Management of real estate commitments

59% of properties for sale (or €1,086 million) concerns programmes for which construction has not yet started (53% under preparation and 6% where the construction 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, and cost of property (if applicable).

39% of the offering is currently under construction, including a limited share (€61 million or 3% of total properties for sale) representing units to be delivered by the end of 2018.

The stock amount of finished products is insignificant (1% of the total offer).

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

• the choice to prioritise the signing of unilateral preliminary sale agreements rather than bilateral sale and purchase agreements;

• requiring the consent of the commitments committee at all stages of the transaction: signing of the purchase agreement, marketing, land acquisition and launch of construction;

• strong pre-commercialisation required when acquiring land;

• abandonment or renegotiation of projects having generated inadequate take-up rates.

[20] Sale agreements for land signed and valued as potential residential orders (incl. taxes).
[21] The 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 (retail and institutional investors). It also includes projects on which the Group exercises joint control (consolidated by the equity method). The corresponding revenue is therefore not included in the consolidated revenue of the Group's Residential business line.
[22] The application of IFRS 15 has resulted in a decrease in the Residential backlog, with the corresponding margin recognised in opening equity.
[23] Units available for sale (incl. taxes value, or number count).
[24] Future offering consisting of secured projects (through an option on the land, mostly in unilateral form) whose launch has not yet occurred (value including taxes of potential revenue when expressed in euros).

1.3.2 Business property

An investor developer model

Altareit has developed a unique model that enables it to operate with limited risk on the Business property market in a highly significant manner:

• as a property developer[25] in the form of off-plan sales, off-plan leases and property development contracts, with a particularly strong position on the turnkey users market, or as a service provider under delegated project management contracts;

• as an investor directly or through AltaFund[26] as part of an investment strategy in assets with high potential (prime location) in view of their medium-term sale once redeveloped[27].

The Group is systematically the developer of projects in which it acts as co-investor and manager[28].

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

With the creation of the Logistics Investment fund at the end of 2017, managed by Pitch Promotion, the Group replicated its investor-developer model to a new line of business properties: logistics platforms.

An attractive market

The French office property market remains very attractive for investors. In the Paris Region, total investment in the first half of 2018 reached €9.1 billion (up 69% year-on-year)[29] of which €6.1 billion in the second quarter. The market remains particularly positive for surface areas over 5,000 m².

The dynamism of the rental market in the Paris Region was also confirmed at the end of June 2018, boosted by the recovery in employment. New orders increased by 15% year-on-year and were at their highest level since 2008, at approximately 1.3 million m²[30].

Available office space in the Paris Region at 30 June 2018 was 3,055,000 m², down by 12% compared to a year earlier.

The scarcity of quality supply in the most sought-after business areas (Paris CBD[31], Paris-La Défense and the Western Crescent) is beginning to have a significant impact on headline rents (+6% over year-on-year for new and redeveloped properties)[32] and on supporting measures (decreasing).

Solid new orders: €332 million

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

• the signing of property development and off-plan sales contracts in the development business[33];

• the sale of assets in the investment business.

Business	Amount of placement	Recognition in accounts
Property development	Amount (incl. tax) of the property development or off-plan sale contract	Revenue (excl. tax) by % of completion
Investment	Sale price, net of property development or off-plan sales contracts already signed (if applicable)	Capital gain recognised in profit[(a)]

(a) As the Group generally holds a minority stake in investment projects, the associated capital gain is recognised in equity-accounted income.

In the first half of 2018, the Group recorded a solid level of new orders in the amount of €332 million, including taxes.

Note that in the first half of 2017, the record level of new orders (€669 million, including taxes) was primarily the result of recognising two major investment projects in the total amount of €450 million (Bridge, the future global headquarters of Orange, and Richelieu, the future Altarea Cogedim headquarters).

€millions incl. tax	30/06/2018	30/06/2017
Signing of property development or off-plan sales contracts	260	669
o/w equity-method (Group share)	*–*	*68*
Asset sales	72	-
Total	**332**	**669**

The main new orders consisted of the signature of a property development agreement (CPI) for the redevelopment of the CB3 Tower at La Défense, and of an off-plan contract (VEFA) for the Bassins à Flot project in Bordeaux.

The impact of these orders on revenue will be seen in the coming years.

Sale of Kosmo to Sogecap (Société Générale Insurance)

The Group sold the Kosmo building, the future headquarters of Parfums Christian Dior in Neuilly-sur-Seine, to Sogecap at the end of June 2018 (26,200 m²). The Group has a 17% interest in the project via the AltaFund.

The sale generated a significant gain for the Group, the share of which was accounted for using the equity method in the financial statements at 30 June 2018.

The Group continues to be involved in the transaction as the developer with delivery planned for the end of 2018.

[25] The Property development activity does not represent any commercialisation risk for the Group, only a risk in terms of work.
[26] AltaFund is a discretionary investment fund, created in 2011, with €650 million in equity of which Altareit is one of the contributors alongside leading institutional investors.
[27] Resold rented or not.
[28] Through marketing, sale, asset and fund management contracts.
[29] Source: Immostat – July 2018.
[30] Source: Cushman & Wakefield France - Flash Bureaux Ile-de-France - July 2018.
[31] Central Business District.
[32] Source: Immostat – July 2018.
[33] New orders including tax at 100%, with the exception of projects under joint control (equity-accounted) for which placements are in Group share.

Pipeline: 55 projects under way

At 30 June 2018, the project portfolio comprised 55 developments, of which four are part of the Group's medium-term investment strategy and four are delegated project management contracts.

The potential value at 100% of these projects under construction or secured is €3.8 billion.

At 30/06/2018	No.	Surface areas at 100% (m²)	Potential value at 100% (€m excl. tax)
Investments[a]	4	133,700	1,462
Property developer (property development agreement or off-plan sales[b])	47	1,057,900	2,076
o/w Office	*36*	*477,100*	*1,673*
o/w Logistics	*11*	*580,800*	*403*
Delegated project management [c]	4	78,700	213
Total	**55**	**1,270,300**	**3,752**

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

Engagements

For new developments, commitments are limited to the amount of studies for projects being arranged. For projects under construction, financial commitments are covered by calls for funds (except "blank" transactions).

On investment transactions, the Group's commitments correspond to the obligations of equity contributions in operations. With respect to AltaFund transactions, the Group contributed its complete equity share in 2017.

At 30 June 2018, the Group had, accordingly, committed a total of €235 million in Group share.

1.3.2.1 INVESTMENT

Four investment projects under way

The Group is developing four medium-term investment projects, for which it shares management with leading institutional investors.

These projects covered the development or restructuring of office buildings in exceptional locations (Paris and inner suburbs), offering high potential once delivered.

The cost price of these transactions is €1.0 billion at 100% (€209 million in Group share) for a potential value close to €1.5 billion (estimated sales price), i.e. an expected gain of more than €50 million in Group share. Delivery of these transactions will be staggered from 2019 to 2021.

Group investment projects at 30 June 2018

Project	Group share	Surface area (m²)	Estimated rental income(€m) [a]	Cost price (€m) [b]	Potential value at 100% (€m excl. tax)[c]	Progress [d]
Richelieu (Paris)	8%	31,800				Under construction/leased
Landscape (La Défense)	15%	67,400				Under construction
Tour Eria (La Défense)	30%	25,000				Under construction
La Place (Bobigny)	100%	9,500				Secured
Total at 100%	**21% [e]**	**133,700**	**65**	**998**	**1,462**	
o/w Group share			*12*	*209*	*258*	

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

1.3.2.2 PROPERTY DEVELOPMENT

Portfolio

In Business property development, the Group operates under off-plan and property development contracts, for two types of projects:

• projects in which the Group also acts as a medium-term investor (directly or via AltaFund), already presented above;

• 100% external customer projects (investors, users).

Altareit is also acting as a delegated project manager on 4 developments, some of which are among the most iconic in progress in the French capital city.

Property development contracts/off-plan/delegated project management	No.	Surface area (m²)	Revenue excluding tax(€m)[(a)]
Group investments	4	133,700	462
100% external projects	47	1,057,900	2,076
o/w Office	*36*	*477,100*	*1,673*
o/w Logistics	*11*	*580,800*	*403*
Delegated project management contracts	4	78,700	213
Portfolio 30/06/2018	**55**	**1,270,300**	**2,752**
o/w under construction	*24*	*374,050*	*996*
o/w secured projects	*31*	*896,250*	*1,756*

(a) Revenue (excl. tax) from signed or estimated property development, off-plan sale or delegated project management contracts, at 100%.

Highlights in the first half of 2018

Supply

Altareit took on six new projects for a total of over 447,000 m², including the CB3 Tower redevelopment project at La Défense. Three projects for logistics platforms (390,000 m²), of which a project located in Bollène (260,000 m², North of Avignon) and two projects developed under the FLF1 (the Logistics fund launched at the end of 2017).

Deliveries

Altareit delivered two projects for a total of 10,000 m², including a building constructed near Toulouse for ERDF.

Projects started

The Group launched three projects in the first half of the year for over 28,300 m², including the Convergence building in Rueil Malmaison (25,300 m²) for which an off-plan lease contract was signed with Danone in June (for its largest headquarters worldwide).

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

In €m	30/06/2018	31/12/2017	*Change*
Off-plan, property development contracts	789	906	
o/w equity-method (Group share)	*78*	*8*	
Fees (delegated project management)	2	3	
Total	**791**	**908**	***(13)%***

The decrease compared to 31 December 2017 is primarily due to IFRS 15[35].

[34] 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.

[35] The Office backlog would be €849 million using a method comparable to the end of 2017. See the Introduction chapter to this document.

Property development portfolio at 30 june 2018

	Type	Surface area (m²)	Revenue (€m) [(a)]	Completion [(b)]
Group investment projects (four developments)		**133,700**	**462**	
Bridge (Issy-les-Moulineaux)	PDA	56,800		Under construction
Kosmo (Neuilly-sur-Seine)	PDA	26,200		Under construction
Orange (Lyon)	PDA	25,900		Under construction
Belvédère (Bordeaux)	Off-plan sale	50,000		Secured
Issy Coeur de Ville (Issy-les-Moulineaux)	PDA	41,200		Secured
CB3 Tower (La Défense)	PDA	48,500		Secured
Other Office projects (30 transactions)	PDA / Off-plan sale	285,300		
Other Logistics projects (11 transactions)	PDA / Off-plan sale	580,800		
Other "100% external" projects (47 developments)		**1,057,900**	**2,076**	
Total off-plan, property development contracts portfolio (51 projects)		**1,191,600**	**2,538**	
42 Vaugirard (Paris)	DPM	29,000		Under construction
52 Champs-Elysées (Paris)	DPM	24,200		Under construction
16 Matignon (Paris)	DPM	13,000		Under construction
Tour Paris-Lyon (Paris)	DPM	12,500		Under construction
Delegated project management portfolio (4 developments)		**78,700**	**213**	
Total development portfolio (55 projects)		**1,270,300**	**2 752**	

(a) Property development/off-plan: amount excl. tax from signed or estimated contracts, at 100%. Capitalised delegated project management fees.
(b) Secured projects: projects either fully or partly authorised, where the land has been acquired or for which contracts have been exchanged, but on which construction has not yet begun..

1.3.3 Diversification

1.3.3.1 RUNGIS « MARCHE D'INTERET NATIONAL » (MIN) MARKET

The world's largest food wholesale market

The Rungis Min market is the world's largest food wholesale market, spanning 2,340,000 m², with more than 1,000,000 m² of leasable surface area. Located at the gateway of Paris, the market is a real ecosystem supplying French customers in fresh food, urban logistics, valorization of the terroirs and the French gastronomic heritage. It also ensures the maintenance of retail trade and animation of city centers.

The market hosts an exceptional variety of food (mostly fresh food), flowers, plants and decorative items.

The market's 1,200 operators employ nearly 12,000 people. Sales in 2016 stood at €8.8 billion, increasing by +2.7% compare to 2016.

Semmaris

Altareit Group hold a 33.34% stake in Semmaris (Société d'Exploitation du Marché International de Rungis), the company that holds the Rungis MIN concession, together with the French State (33.34%), several other public entities, and market operators (10%).

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 promote the MIN infrastructures, in exchange for royalties billed 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 invested by Semmaris, the other part by the operators.

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

1.3.3.2 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.

Operating income amounted to €(0.3) million for the periode.

1.4 Consolidated results

1.4.1 Impacts of IFRS 15[36]

Since 1st January 2018, Altareit has recorded its revenue according to IFRS 15 (Revenue from Contracts with Customers). IFRS 15 impacts the percentage of completion used to recognise revenue from development operations. This percentage now includes the cost of land in its calculation, which accelerates the pace of revenue recognition.

At 30 June 2018, this change had a very limited impact on consolidated revenue (-€6.6 million) and on FFO, Group share (- €1.6 million). The impact on opening equity was an increase of €51.0 million (of which €45.7 million in Group share). From a business viewpoint, this impact corresponds to €630 million in revenue.

1.4.2 Strong growth in revenue (up by 23.6%) and recurring operating income (FFO) (up by 59.1%)

Altareit revenue at 30 June 2018 amounted to €993.4 million, up by 23.6% (and up by 24.5% on a comparable basis). The recurring operating income (FFO) increased to €101.7 million (up 59.1%). This performance was primarily due to the strong contribution of Business Property.

Net income, Group share, amounted to €51.7 million, up by 62.7% (29.57 euros per share).

In €m	Residential	Business property	Diversification	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	**798.5**	**191.8**	**3.1**	**993.4**	**–**	**993.4**
Change vs 30/06/2017	*+24.6%*	*+19.3%*	*+58.2%*	*+23.6%*		*+23.6%*
Net property income	79.9	8.9	0.8	89.7	–	89.7
External services	0.7	22.3	–	23.0	–	23.0
Net revenue	**80.6**	**31.2**	**0.8**	**112.7**	**–**	**112.7**
Change vs 30/06/2017	*+28.9%*	*+45.6%*	*na*	*+33.1%*		
Production held in inventory	60.5	9.4	–	69.9	–	69.9
Operating expenses	(94.7)	(19.1)	1.3	(112.6)	–	(112.6)
Net overhead expenses	**(34.2)**	**(9.8)**	**1.3**	**(42.7)**	**–**	**(42.7)**
Share of equity-method affiliates	4.2	22.5	5.0	31.7	(3.3)	28.5
Calculated expenses and Residential transaction costs				–	(8.9)	(8.9)
Calculated expenses and Business Property transaction fees				–	(1.4)	(1.4)
Calculated expenses and Diversification transaction fees				–	(0.3)	(0.3)
Operating income	**50.7**	**44.0**	**7.1**	**101.7**	**(13.9)**	**87.8**
Change vs 30/06/2017	*+24.1%*	*x2.4*	*+55.4%*	*+59.1%*		*+60.7%*
Net borrowing costs	(2.9)	(1.1)	(0.1)	(4.0)	(0.5)	(4.5)
Gains/losses in the value of financial instruments	–	–	–	–	(0.0)	(0.0)
Others	0.1	–	(0.0)	0.0	(0.1)	(0.1)
Corporate Income Tax	(2.2)	(1.9)	–	(4.1)	(19.9)	(24.0)
Net income	**45.7**	**41.0**	**7.0**	**93.7**	**(34.4)**	**59.3**
Non-controlling interests	(8.2)	(0.0)	–	(8.2)	0.7	(7.6)
Net income, Group share	**37.4**	**41.0**	**7.0**	**85.5**	**(33.7)**	**51.7**
Change vs 30/06/2017	*+19.6%*	*x2.4*	*+53.2%*	*+61.5%*		*+62.7%*
Diluted average number of shares				*1,748,434*		*1,748,434*
Net income, Group share per share				**48,87**		**29,57**
Change vs 30/06/2017				*+61.5%*		*+62.6%*

NB: Data at 30 June 2018 takes account of the application of IFRS 15 as from the 1st January 2018. The changes compare data at 30 June 2018 under the new standard with data published on 30 June 2017 under the previous standard.

[36] *The Group has chosen to apply the IFRS 15 standard using the cumulative catch-up method in its communication.*

FFO Residential: €37.4 million, +19.6%

In €m	H1 2018	H1 2017	
Revenue by % of completion	797.8	640.2	+24.6%
Cost of sales and other expenses	(717.9)	(578.3)	
Net property income	**79.9**	**61.9**	+29.0%
% of revenue	*10.0%*	*9.7%*	
External services provided	0.7	0.6	
Production held in inventory	60.5	61.6	
Operating expenses	(94.7)	(87.3)	
Contribution of EM associates	4.2	4.0	
Operating income	**50.7**	**40.8**	+24.1%
% of revenue	*6.4%*	*6.4%*	
Net borrowing costs	(2.9)	(3.2)	
Others	0.1	0.1	
Corporate income tax	(2.2)	(2.6)	
Non-controlling interests	(8.2)	(3.8)	
FFO Residential	**37.4**	**31.3**	+19.6%

Residential revenue recognised according to percentage of completion increased by 24.6% in the first half (compared to 30.7% on a comparable basis using the previous standards). It stems from the progress of operations marketed primarily in 2016 and 2017.

The significant growth in revenue (and in the associated margin) reflects the strong growth in new orders recorded in these years.

FFO Business property: €41.0 million, x2.4

In €m	S1 2018	S1 2017	
Revenue by % of completion	169.5	156.4	
Cost of sales and other expenses	(160.6)	(139.3)	
Net property income	**8.9**	**17.1**	(47.9)%
% of revenue	*5.3%*	*11.0%*	
External services provided	22.3	4.3	
Production held in inventory	9.4	10.6	
Operating expenses	(19.1)	(18.1)	
Contribution of EM associates	22.5	4.6	
Operating income	**44.0**	**18.5**	x2.4
% of (revenue + ext. serv. prov.)	*22.9%*	*11.5%*	
Net borrowing costs	(1.1)	(1.3)	
Corporate income tax	(1.9)	(0.3)	
Non-controlling interests	(0.0)	0.2	
FFO Business property	**41.0**	**17.1**	x2.4

FFO Business Property took into account the gain on the disposal of the Kosmo building (Group share, equity method). This result also includes a share of the outperformance premium related to the first AltaFund fund recognised in external services provided.

1.5 Financial resources

First S&P Global credit rating: BBB

In June, the S&P Global rating agency assigned to Altareit a BBB rating with a stable outlook.

S&P Global highlights Altareit's strong positioning, as a property developer in both residential and office segments (the company namely owns Cogedim), in a market where fundamentals and trends are credit supportive. The rating agency also underlines the company's prudent financial discipline in terms of commitments.

Considering the above and given its strong organic links with Altarea Cogedim Group, Altareit is considered by S&P as a "core" subsidiary and benefits from the same credit quality as Altarea Cogedim Group, a leading French retail REIT, which was also assigned a 'BBB' investment grade rating, outlook stable.

€350 million bond issue

On 25 June 2018, Altareit announced the issue of its €350 million inaugural public bond, with a maturity of 7 years and a fixed coupon of 2.875% (settlement-delivery took place after the end of the period).

Altareit therefore became the first French real estate developer to issue a public bond. This will enable the company to finance its general needs and, notably, to refinance existing credit facilities while extending the average duration of its debt.

Net banking debt: €661 million[37]

En M€	30/06/2018	31/12/2017
Corporate debt	872	811
Property development and other debt	281	316
Gross banking debt	**1,153**	**1,127**
Cash and cash equivalents	(492)	(453)
Net banking debt	**661**	**674**

At 31 December 2017, the Altareit Group's net banking debt stood at €661 million.

Covenants

Altareit's corporate debt is subject to Altarea Cogedim's consolidated covenants (LTV<60%, ICR>2). They are respected with significant room as at 30 June 2018 (LTV at 38.5% and ICR at 9.0x)

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

	Covenant	30/06/2018	31/12/2017	Delta
LTV [(a)]	≤ 60%	38.5%	36.1%	+ 2,4 pts
ICR [(b)]	≥ 2.0 x	9.0 x	9.3 x	(0,3) x

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

(b) ICR (Interest Coverage Ratio) = Operating income/Net borrowing costs. (Funds from operations column).

Altareit's Gearing[38] was at 1,09x at 30 June 2018 (vs 1,34x at 31 december 2017).

[37] *€731 million including other borrowings.*

[38] *Net banking debt / consolidated shareholders' equity.*

Consolidated income statement at June 2018

€millions	30/06/2018 Funds from operations (FFO)	30/06/2018 Changes in value, estimated expenses and transaction costs	30/06/2018 Total	30/06/2017 Funds from operations (FFO)	30/06/2017 Changes in value, estimated expenses and transaction costs	30/06/2017 Total
Revenue	797.8	–	797.8	640.2	–	640.2
Cost of sales and other expenses	(717.9)	–	(717.9)	(578.3)	(1.4)	(579.7)
Net property income	**79.9**	**–**	**79.9**	**61.9**	**(1.4)**	**60.5**
External services	0.7	–	0.7	0.6	–	0.6
Production held in inventory	60.5	–	60.5	61.6	–	61.6
Operating expenses	(94.7)	(5.0)	(99.7)	(87.3)	(5.1)	(92.4)
Net overhead expenses	**(33.4)**	**(5.0)**	**(38.4)**	**(25.1)**	**(5.1)**	**(30.1)**
Share of equity-method affiliates	**4.2**	**(1.3)**	**2.9**	**4.0**	**1.1**	**5.1**
Net allowances for depreciation and impairment	**–**	**(3.1)**	**(3.1)**	**–**	**(0.7)**	**(0.7)**
Transaction costs	**–**	**(0.8)**	**(0.8)**	**–**	**(0.3)**	**(0.3)**
NET RESIDENTIAL INCOME	**50.7**	**(10.3)**	**40.4**	**40.8**	**(6.4)**	**34.4**
Revenue	169.5	–	169.5	156.4	–	156.4
Cost of sales and other expenses	(160.6)	–	(160.6)	(139.3)	(1.3)	(140.6)
Net property income	**8.9**	**–**	**8.9**	**17.1**	**(1.3)**	**15.8**
External services	22.3	–	22.3	4.3	–	4.3
Production held in inventory	9.4	–	9.4	10.6	–	10.6
Operating expenses	(19.1)	(0.9)	(20.1)	(18.1)	(1.2)	(19.4)
Net overhead expenses	**12.5**	**(0.9)**	**11.6**	**(3.2)**	**(1.2)**	**(4.4)**
Share of equity-method affiliates	**22.5**	**(0.1)**	**22.4**	**4.6**	**1.8**	**6.4**
Net allowances for depreciation and impairment	**–**	**(0.4)**	**(0.4)**	**–**	**(0.1)**	**(0.1)**
Transaction costs	**–**	**–**	**–**	**–**	**–**	**–**
NET OFFICE INCOME	**44.0**	**(1.4)**	**42.5**	**18.5**	**(0.9)**	**17.6**
Operating expenses	1.3	–	1.3	(0.7)	–	(0.7)
Net overhead expenses	**1.3**	**–**	**1.3**	**(0.7)**	**–**	**(0.7)**
Share of equity-method affiliates	**5.0**	**(1.9)**	**3.1**	**4.6**	**(1.7)**	**2.9**
Net allowances for depreciation and impairment	**–**	**(0.3)**	**(0.3)**	**–**	**(0.3)**	**(0.3)**
Gains / losses on disposals of assets	**0.8**	**–**	**0.8**	**0.7**	**–**	**0.7**
NET DIVERSIFICATION INCOME	**7.1**	**(2.2)**	**4.9**	**4.6**	**(2.0)**	**2.6**
OPERATING INCOME	**101.7**	**(13.9)**	**87.8**	**63.9**	**(9.3)**	**54.7**
Net borrowing costs	**(4.0)**	**(0.5)**	**(4.5)**	**(4.5)**	**(0.5)**	**(5.0)**
Discounting of debt and receivables	**–**	**(0.1)**	**(0.1)**	**–**	**(0.1)**	**(0.1)**
Change in value and income from disposal of financial instruments	**–**	**(0.0)**	**(0.0)**	**–**	**(2.9)**	**(2.9)**
Proceeds from the disposal of investments	**–**	**0.0**	**0.0**	**–**	**(0.2)**	**(0.2)**
Dividend	**0.0**	**–**	**0.0**	**0.1**	**–**	**0.1**
PROFIT BEFORE TAX	**97.8**	**(14.5)**	**83.3**	**59.5**	**(13.0)**	**46.5**
Corporate income tax	**(4.1)**	**(19.9)**	**(24.0)**	**(2.9)**	**(8.4)**	**(11.3)**
NET INCOME	**93.7**	**(34.4)**	**59.3**	**56.6**	**(21.4)**	**35.2**
Minority shares in continued operations	**(8.2)**	**0.7**	**(7.6)**	**(3.7)**	**0.3**	**(3.4)**
NET INCOME. Group share	**85.5**	**(33.7)**	**51.7**	**52.9**	**(21.1)**	**31.8**
Diluted average number of shares	*1 748 434*	*1 748 434*	*1 748 434*	*1 748 528*	*1 748 528*	*1 748 528*
NET INCOME PER SHARE. Group share (in €)	**48.87**	**(19.30)**	**29.57**	**30.27**	**(12.08)**	**18.19**

Balance sheet at June 2018

En millions d'euros	30/06/2018	31/12/2017
NON-CURRENT ASSETS	**642.5**	**693.8**
Intangible assets	234.2	233.7
o/w goodwill	*139.6*	*139.6*
o/w Brands	*89.9*	*89.9*
o/w Other intangible assets	*4.7*	*4.2*
Property plant and equipment	17.8	15.6
Investment properties	38.3	38.3
Securities and investments in equity affiliates and unconsolidated interests	321.1	338.0
Loans and receivables (non-current)	6.6	6.8
Deferred tax assets	24.5	61.3
CURRENT ASSETS	**2,220.4**	**2,260.0**
Net inventories and work in progress	839.5	1 275.4
Trade and other receivables	879.1	510.6
Income tax credit	1.3	8.2
Loans and receivables (current)	8.4	13.0
Derivative financial instruments	–	–
Cash and cash equivalents	492.1	452.8
TOTAL ASSETS	**2,862.9**	**2,953.8**
EQUITY	**608.0**	**502.3**
Equity attributable to Altareit SCA shareholders	**581.7**	**487.8**
Capital	2.6	2.6
Other paid-in capital	76.3	76.3
Reserves	451.2	329.4
Income associated with Altareit SCA shareholders	51.7	79.5
Equity attributable to minority shareholders of subsidiaries	**26.3**	**14.5**
Reserves associated with minority shareholders of subsidiaries	18.7	6.4
Income associated with minority shareholders of subsidiaries	7.6	8.1
NON-CURRENT LIABILITIES	**552.5**	**585.4**
Non-current borrowings and financial liabilities	530.9	569.6
o/w Borrowings from lending establishments	*529.9*	*569.2*
o/w Advances from Group and shareholders	*0.9*	*0.5*
Long-term provisions	15.6	14.6
Deposits and security interests received	1.1	1.0
Deferred tax liability	4.9	0.2
CURRENT LIABILITIES	**1,702.5**	**1,866.2**
Current borrowings and financial liabilities	692.5	609.4
o/w Borrowings from lending establishments (excluding overdrafts)	*86.1*	*87.9*
o/w Treasury notes	*529.5*	*468.9*
o/w Bank overdrafts	*7.1*	*0.8*
o/w Advances from Group shareholders and partners	*69.8*	*51.8*
Derivative financial instruments	0.0	0.0
Accounts payable and other operating liabilities	1,009.5	1,249.8
Tax due	0.5	7.0
TOTAL LIABILITIES	**2,862.9**	**2,953.8**