Revenues: +17,5%

Strong growth in every business lines
Success in Business Property and Large Mixed-use projects

Pipeline

- Large Mixed-use projects: 11 projects underway (representing 920,000 m²)
  Winning of Simonettes tender in Champigny-sur-Marne (94) for 56,000 m²
- Property development: Acquisition of 50% of Woodeum, French leader in wooden residential property development

Residential: a winning strategy, strong growth in Residential sales

- New orders: €1,482 million incl. tax (+16%) and 5,336 units (+2%)
- Revenues[1]: €899 million (+12.6%)
- Pipeline €12,4 billion (+10%), 48 months of revenues

Business Property: sourcing of new investments projects and sustained activity in the regions

- New orders: €186 million including tax, including EM Lyon Business School project won in June
- Revenues: €267 million (+39.1%)
- Backlog €746 million

Results

- Revenues: €1,167 million (+17.5%)
- Recurring operating income[2]: €74,5 million (-27%)
- Net income, Group share: €22 million
- Gearing[3]: 0.52x (vs 0.48x at 31 December 2018)
-

BBB rating (outlook stable) confirmed by S&P Global in July 2019

Paris, August 1st 2019, 5:45 pm. Following review by the Supervisory Board, Management approved the H1 2019 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 is listed in compartment B of Euronext Paris.

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1 Revenue by % of completion and external services.
2 Funds From Operations (FFO): net profit excluding changes in value, calculated expenses, transaction fees and changes in differed tax. Group share..
3 Net bank and bond debt / consolidated shareholders' equity.

BUSINESS REVIEW

30 JUNE 2019

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1.1 A pure player in property development in France

1.1.1 A unique model

A 99.85% subsidiary of the Altarea Cogedim Group, Altareit offers a skills platform covering all asset classes (residential, retail, offices, logistics, hotels, serviced residences, etc.), in order to respond effectively and comprehensively to the challenges of urban transformation[4].

Residential: Altareit became the 2nd largest French residential developer in 2018.

Office property: 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:

• as a medium-term developer-investor in assets with a srontg potential (prime location) to be redeveloped pending sale (via AltaFund[5]),

• as a property developer[6] for external customers with a particularly strong position on the turnkey users market.

A huge pipeline

Metropolisation is the main underlying trend in real estate markets. The gathering of populations, businesses and wealth within large metropolitan areas is a complex phenomenon that is redrawing regional geography.

Communities formerly located on the outskirts of a main city are facing multiple challenges: social inequalities, affordable housing, transport, pollution, etc. Their property infrastructure is becoming outdated and needs to be reshaped to meet the challenges of growing population density.

By providing urban solutions to help these areas in their transformation, Altareit contributes to recreating the urban bond between the periphery and the heart of greater cities. Virtually all projects in the portfolio relate to rehabilitations or redevelopments: industrial sites, retail spaces, commercial complexes, residential buildings, low-density housing, etc.

At the end of June 2019, Altareit has secured a huge portfolio of projects with more than 4.1 million m² under development with a potential value of nearly €16.6 billion.

Leadership in large mixed-use projects

The Group has also established itself as the leader in large mixed-use projects and manages 11 projects with a potential value of approximately €3.5 billion as of June 30, 2019.

Large projects at 100%	Total surface area (m²) [(a)]	Residential (units)	Serviced Residences	Office	Retail	Cinemas	Leisure/ Hotels	Public infrastructure	Estimated delivery
Aerospace (Toulouse)	64,000	790	-	x	x	x	x	-	2019-2021
Gif sur Yvette	68,000	960	-	-	x	-	-	x	2019-2021
Joia Meridia (Nice)	47,000	630	x	-	x	-	x	-	2020-2023
Coeur de Ville (Bezons)	67,000	730	-	-	x	x	-	-	2021
Belvédère (Bordeaux)	140,000	1,230	x	x	x	-	x	x	2021-2024
Fischer (Strasbourg)	37,000	490	x	-	x	x	-	x	2021-2024
La Place (Bobigny)	104,000	1,270	x	x	x	x	-	x	2021-2024
Cœur de Ville (Issy les M.)	105,000	630	x	x	x	x	x	x	2022
Quartier Guillaumet (Toulouse)	101,000	1,200	x	x	x	-	-	-	2022-2023
Les Simonettes (Champigny/Marne)	56,000	450	-	x	x	-	-	-	2022-2023
Quartier des Gassets (Val d'Europe) [(b)]	131,000	nd	x	x	x	-	x	-	2024
Total (11 projects)	**920,000**	**>9,000**							

[(a)] Floor area.
[(b)] Detailed planning under way.

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

[5] AltaFund is a discretionary investment fund, created in 2011, of which Altareit is one of the contributors alongside leading institutional investors.
[6] This development activity does not present any commercial risk: Altareit carries only a measured amount of technical risk.

1.1.2 **2019 half-year highlights**

Major mixed-use projects

As the French leader in terms of large mixed-use projects, the Group reconfirmed its position in early 2019 by winning the competition to deliver a mixed-use project of 56,000 m² in the *Les Simonettes* neighbourhood of Champigny-sur-Marne (Department 94). Located next to future line 15 of the *Grand Paris Express* metro, this development will include 28,000 m² of housing, 900 m² of shops and services, 12,000 m² allocated to tertiary activities and 15,000 m² dedicated to other activities, including 9,000 m² for an artisanal centre of the "Compagnons du Tour de France".

During the first half of 2019, there was significant progress in Issy Cœur de Ville project: the launch in june of the construction works of the future 'EcoQuartier' and the enthusiasm for this project is evident for Residential (610 units over time), which is selling very well, including to local people.

Residential: €1,482 million in new orders (+16%)

As of June 30th, 2019, the Group recorded very strong sales results and continued to gain market share in a slightly decreasing market over the year. Housing reservations increased by +16% in value year-on-year to reach €1,482 billion. Reserved units increased[7] by +2% to 5,336 units ordered. This performance confirms the relevance of the Group's offer located exclusively in high-demand areas eligible for the Pinel scheme[8].

During the first half of the year, the Group won a number of iconic projects thanks to its multi-brand platform:

• Cogedim and Histoire & Patrimoine jointly won two major restucturing projects: Tours Aillaud ("Cloud Towers") at the foot of the La Défense neighbourhood (1,000 units) and the former IBM campus in Gaude overlooking the city of Nice (950 units);

• Cogedim and Pitch Promotion distinguished themselves by winning 5 of the 23 projects put out to tender during the second edition of the "Inventons la métropole du Grand Paris" competition.

In terms of development, the Residential pipeline (offering and land portfolio) amounted to €12.4 billion (an increase of 10% compared to end-2018).

Business property: refilling the pipeline

During the first half of the year, Altareit :

• delivered Kosmo, the future *Parfums Christian Dior* head office in Neuilly-sur-Seine, recognised as the "Best Redeveloped Building" by the MIPIM Award;

• won the Early Makers Hub competition for the EM Lyon Business School located in the heart of the Gerland neighbourhood. This project, with delivery planned for 2022, will meet the highest environmental standards and is expected to obtain HQE Excellent and BREEAM Very Good certifications;

Thus, at end-June 2019, the Group had a portfolio of 62 projects (of which 29 under construction) representing a potential value of €4 billion.

Credit rating confirmed: BBB

In July 2019, S&P Global confirmed the Investment Grade, BBB rating, with a stable outlook, assigned at the time of its first rating in June 2018.

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.

Extra-financial performance

Number 1 in the GRESB ranking[9]

In its 5th year of participating in the GRESB, Altarea Cogedim Group, which Altareit is a 99.85% subsidiary, has reasserted its leader status and been ranked N°1 listed company in France (all sectors combined) and N°2 of all listed Retail companies worldwide.

"Re-elected Best Customer Service of the Year"[10]

For the 2nd year in a row, Cogedim received this award that illustrates "the Cogedim difference": a state of mind, a unique way of designing housing and exacting quality in the services and relationships offered to customers.

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[7] Including Histoire & Patrimoine (at 100%) and Sévérini, a developer of new housing active mainly in Nouvelle Aquitaine, in which the Group acquired a 85% stake on January 4th, 2019.
[8] The "high-demand areas" correspond to areas A bis, A and B1.
[9] GRESB (Global Real Estate Sustainability Benchmark), a leading international ranking, annually assesses the CSR performance of real estate companies around the world. In 2018 it assessed 874 companies and funds, 37 of which were listed retail companies.

[10] The “Élu 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 second year.

1.2 Business

1.2.1 Residential

Housing market

Large metropolitan areas are subject to a forever increasing shortage of housing; This shortage is responsible for the high increase in prices in the wake of historically low interest rates paired with the increased willingness to make financial efforts on the buyers' side.

Projects located at the core of strained urban areas are more and more complex to set up (notably in terms of administrative approval). On the other side, as a result of the high demand exceeding production capacity, units are selling very quickly.

In the short term, the incoming municipal elections tend to increase the pressure on the housing market by delaying to the second half of 2020 the issuance of administrative permits.

A winning strategy

Facing the high demand in strained urban areas, Altarea Cogedim has decided to develop its offer with the ultimate objective to gain market shares. The Group aims at 15,000 units per year and embarked on a investment campaign to boost its production tool.

In that regard, over the last twelve months the Group has:

• increased the size of its property portfolio which went up from 40,000 units to 48,000 units (+20%), exclusively located in high-demand areas;

• improved its operational capacity with 220 new hires (net of all resignations) with operational profiles such as developers, sellers, program managers…

• increased its commercial investments (+35% during the first semester); mainly advertising content;

• deepened its geographic presence within large metropolis thanks to the Mixed-use projects turning Altarea Cogedim into a key intermediary for all local authorities whishing to transform urban areas;

• widen its product offer by acquiring Histoire & Patrimoine (specialized in historical buildings) and took a 50% stake in Woodeum, leading developer of low-carbon housing in France.

Those investments are weighing on the short term financial performance of the Group but this audacious strategy is already showing results: Altarea Cogedim is now the 2nd residential developer in France[11], up by one slot.

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 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 has so far opened six stores in large French cities (Paris, Toulouse, Bordeaux, Lyon, Nantes and Marseilles);

• "mon-cogedim.com", is a platform allowing buyers to receive customised 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. So far, over 4,000 clients have connected to this service;

• assistance in financing and rental management assistance for individual investors.

A commitment to quality

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

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

Innovative programmes rooted in the city

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

In June 2019, Altarea Cogedim distinguished itself by winning 5 of the 23 projects awarded during the second edition of the competition "Inventons la métropole du Grand Paris".

In 2018 Cogedim thus became the top property developer in terms of "Awarded Customer Service for the Year" for the level of service and quality of its customer relationship, a distinction repeated in 2019. The Group is also the number 1 French developer in the "Top 10 for Customer Reception" rankings created by Les Echos / HCG, and ranks 6th all sectors included.

An efficient geographical strategy

The residential market in France is extremely fragmented, both in terms of actors and local situations. For example, while areas classified as B2 and C are experiencing a slowdown accentuated by the geographical reorientation of

[11] Each year, the Classement des Promoteurs (ranking of developers) conducted by Innovapresse, analyses and rank volumes, quantity of units or squared meters of offices built or the financial performance of the main developers. The 31st release reviewed the 60 main players of the sector.

the Pinel tax scheme, greater cities are continuing to benefit from metropolisation and a growing demand for residential.

Against this backdrop, the Group is implementing a geographical development strategy with a view to holding strong positions in the most dynamic gateway cities[12], targeting high-demand areas where the need for residential units is the highest. The renewal of the Pinel law for 4 years (2018 to end of 2021) and its focus on these high-demand areas has provided a boost for the regional strategy of the Group, whose pipeline (offer and land portfolio) is exclusively located in the eligible zones.

A multi-brand and multi-product strategy

The Group operates nation-wide, offering products meeting all residential pathways, as well as expectations of local authorities (secured prices, social housing etc.).

It operates through its national brand Cogedim, backed up in the main French gateway cities by Pitch Promotion and complemented in terms of products by Cogedim Club (residences for senior citizens) and Histoire & Patrimoine (Historical Monuments). Since July 2019, new competences have been brought to the Group thanks to Woodeum (low carbon residential promotion).

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

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

• High-end[13]: products defined by demanding requirements in terms of location, architecture and quality. As of June 30th 2019, these represented 27% of the Group's new orders (in units);

• Entry level / mid-range[14]: these programmes, which accounted for 63% of the Group's new orders, are specifically designed to address:

- the need for affordable housing both for first-time buyers (secured prices) and private investment (Pinel tax scheme);

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

• Serviced residences (7%): the Group is developing a wide range of residences for students, business tourism, and exclusive residences. It is also designing and managing, under the Cogedim Club® brand, serviced residences for active senior citizens, combining a town centre location with a range of customised services;

• Renovation of historical sites (3%): under the Histoire & Patrimoine brand, the Group has a range of products for Historical Monuments, Malraux Law properties and Real Estate Tax schemes. During the first half of 2019, Histoire & Patrimoine and Altarea Cogedim Grands Projets won the Call for Expressions of Interest for the restructuring and conversion of the Aillaud Towers ("Cloud Towers") located in Nanterre right next to the La Défense neighbourhood and certified as an example of "Remarkable Contemporary Architecture". The Group also added to its portfolio with a major development project on the old IBM campus in La Gaude near Nice, which will eventually offer 250 units refurbished by Histoire & Patrimoine and 700 units developed by Cogedim;

• Sales in divided ownership: under the "Cogedim Investissement" 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.

New orders[15]: €1,482 million (+16%)

New orders	H1 2019		H1 2018		Change
Individuals - Residential	503	€m	463	€m	+9%
Individuals - Investment	589	€m	469	€m	+25%
Block sales	390	€m	351	€m	+11%
Total in value (incl. tax)	**1,482**	**€m**	**1,282**	**€m**	**+16%**
o/w equity-method (Group	*75*	*€m*	*143*	*€m*	
Individuals - Residential	1,438	units	1,489	units	(3)%
Individuals - Investment	2,285	units	1,998	units	+14%
Block sales	1,613	units	1,719	units	(6)%
Total in units	**5,336**	**units**	**5,206**	**units**	**+2%**

Reservations by product range

Number of units	H1 2019	%	H1 2018	%	Change
Entry-level/mid-range	3,379	63%	3,900	75%	(13)%
High-end	1,422	27%	1,005	19%	+41%
Serviced Residences	366	7%	225	4%	+63%
Renovation/Rehabilitation	169	3%	77	1%	x2.2
Total	**5,336**		**5,207**		**+2%**

Notarised sales

€ millions incl. tax	H1 2019	%	H1 2018	%	Change
Entry-level/mid-range	637	65%	662	72%	-
High-end	242	25%	228	25%	+6%
Serviced Residences	53	5%	23	3%	+130
Renovation/Rehabilitation	41	4%	5	1%	x8.2
Total	**973**		**918**		**+6%**

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

[13] *Programmes at over €5,000 per m² in the Paris Region and over €3,600 per m² in other regions.*

[14] *Programmes under €5,000 per m² in the Paris Region and under €3,600 per m² in other regions.*

[15] *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 consolidated since 1 July 2018 and Severini since 1 January 2019.*

Revenue by percentage of completion: +12%

In € millions (excl. tax)	H1 2019	%	H1 2018	%	
Entry-level/mid-range	646	*72%*	563	*71%*	*+15%*
High-end	202	*23%*	209	*26%*	*(3)%*
Serviced Residences	29	*3%*	25	*3%*	*+16%*
Renovation/Rehabilitation	17	*2%*	–	*0%*	*na*
Total	**894**		**798**		**+12%**

Outlook

Supply[16]

Supply	H1 2019	H1 2018	*Change*
€ millions (incl. tax)	2,637	1,990	*+33%*
Number of units	11,123	8,074	*+38%*

Commercial launches

Launches	H1 2019	H1 2018	*Change*
Number of units	7,205	5,316	*+36%*
Number of transactions	117	96	*+22%*
Revenue incl. Tax (€m)	**1,995**	**1,296**	**+54%**

Residential backlog[17]

In €m (excl. tax)	30/06/2019	31/12/2018	*Change*
Notarised revenues not recognised on a % of completion basis	1,276	1,388	
Revenues reserved but not notarised	2,234	1,781	
Backlog	**3,510**	**3,169**	**11%**
o/w equity-method (Group share)	*255*	*270*	*(6)%*
Number of months	*22*	*25*	

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

Properties for sale[18] and future offering[19]: 48 months of pipeline

In €m incl. tax potential sales	30/06/2019	No. of month	31/12/2018	
Properties for sale	2,531	*10*	*2,103*	*+20%*
Future offering	9,885	*38*	*9,192*	*+8%*
Pipeline	**12,550**	**48**	**11,295**	**+10%**
In no. of units	*47,993*		*44,835*	*+7%*
In m²	*2,713,900*		*2,510,800*	*+8%*

The Residential pipeline represents 4 years of business with 48,000 units, exclusively located in high-demand areas eligible for the Pinel scheme.

Risk management

As of June 30th, 2019, the Group's properties for sale amounted to €2.5 billion incl. tax (or 10 months of activity), with the following breakdown according to the stage of completion of the programmes:

In €m

	Project not yet started	Project under construction	In stock	Total
Amounts committed excl. tax	**177**	**622**	**23**	**821**
Of which already paid out (a)	*177*	*289*	*23*	*488*
Properties for sale incl. tax (b)	**1,647**	**669**	**38**	**2,354**
In %	*70%*	*28%*	*2%*	*100 %*
o/w to be delivered in 2019		*99*		
in 2020		*197*		
≥ 2021		*373*		
Histoire & Patrimoine				172
Measurement products				5
Group properties for sale (b)				**2,531**

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

Management of real estate commitments

70% of properties for sale (i.e. €1,647 million) relates to programmes whose construction has not yet been launched and for which the amounts committed correspond essentially to studies, advertising, and loss of use indemnities (or guarantees) paid within the framework of promises on land, and cost of land where applicable.

28% of the offering is currently under construction, including a limited share (€99 million or 4% of total properties for sale) representing units to be delivered by the end of 2019.

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

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

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

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

• strong pre-commercialisation required when acquiring land;

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

[16] Sale agreements for land signed and valued as potential residential orders (incl. taxes).
[17] The Residential backlog consists of revenues (excluding tax) from notarised sales, to be recognised on a percentage-of-completion basis, and individual and block new orders to be notarised (retail and institutional investors). It also includes projects on which the Group exercises joint control (consolidated by the equity method). The corresponding revenue is therefore not included in the consolidated revenue of the Group's Residential business line.
[18] Units available for sale (incl. taxes value, or number count).
[19] 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).

1.2.2 Business property

A rapidly changing segment

Business Property must adapt to new uses and employees' expectations in the area of quality of life in the work place (collaborative work, attractive areas inspired by residential codes).

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

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 developer[20] in off-plan sales, off-plan leases and property development contracts, with a particularly strong position on the turnkey users market, or as a service provider under delegated project management contracts; and

• as a medium-term developer-investor through AltaFund[21] as part of an investment strategy in assets with high potential (prime location) in view of their medium-term sale once redeveloped.[22]

The Group is systematically the developer of projects in which it acts as co-investor and manager[23].

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, Altareit (through Pitch Promotion) replicated its investor-developer model to a new line of Business property products: logistics platforms.

An attractive market

In the first half of 2019, investment in office property was €9.2 billion[24] in France, up +10% over a year. The Paris Region market, which notably benefited from the signing of two major deals in inner Paris, remains particularly dynamic in the West Crescent and in the South, attracting both French and international investors.

In the regions, the investment market slowed to reach €610 million in the first half (-26% over a year), but it is still dynamic in prime locations and in the gateway cities.

With regard to the rental market, demand placed in the Paris Region was 1.1 million m² according to Immostat[25], down 19% over a year. Immediate supply continues to fall and dropped below 2.9 million m² (-7%). In this context of rare quality supply in the most sought-after zones (Paris CBD and West Crescent), the rise in nominal rents continues (+5% over a year for new or redeveloped assets and +4% for old assets).A VERY ACTIVE SEMESTER

Solid new orders

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

• PDA contracts and VEFA/BEFA off-plan contracts signed in the Property development activity, at contract price including tax[26];

• sale of assets in the Investment business, at sale price including tax[27].

€ millions incl. tax	30/06/2019	30/06/2018
Signing of property development or off-plan sales contracts	186	260
Asset sales (Group share)	-	72
Total	**186**	**332**
o/w equity-method (Group share)	-	-

In the first half of 2019, the Group registered order of €186 million including tax, the signing of development contracts including the PDA of the Early Makers Hub project of the EM Lyon Business School. Located in Lyon-Gerland, this 29,000 m² project is aiming at the HQE Excellent and BREAM Very Good certifications, for delivery in 2022. Investments also include three PDAs relating to logistics operations, including Grands Champs des Fontaines in Nantes (46,500 m²).

Pipeline: 62 projects under way

At 30 June 2019, the project portfolio included 62 operations for a potential value of €4.0 billion (at 100% for projects under construction or secured).

At 30/06/2019	No.	Surface area (m²) at 100%	Potential value at 100% (€m excl. tax)
Investments (a)	3	110,500	1,075
Property development (prop. development or off-plan sales contracts)	57	1,301,150	2,893
Offices - Paris Region	*11*	*288,050*	*1,320*
Offices - Regions	*37*	*394,400*	*1,176*
Logistic Share	*9*	*618,700*	*397*
Delegated project	2	13,950	58
Total	**62**	**1,425,600**	**4,026**

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

20 This development activity does not present any commercial risk: Altareit carries only a measured amount of technical risk.
21 AltaFund is a discretionary investment fund, created in 2011, of which Altareit is one of the contributors alongside leading institutional investors.
22 Resold rented or not.
23 Through marketing, sale, asset and fund management contracts.
24 Source: Knight Frank – 4 July 2019.

25 Source: Immostat (economic interest group (GIE) made up of BNP Paribas Real Estate, CBRE, JLL and Cushman & Wakefield) - 5 July 2019.
26 New orders at 100%, with the exception of projects under joint control (equity-accounted) for which new orders are shown in Group share.
27 New orders in Group share, net of the amount of the PDA when the assets sold were covered by a PDA signed with the Group, so that the same amount is not counted twice for the same asset.

Commitments at 30 June 2019

On new developments, the Group's 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).

For development-investment transactions, commitments correspond to the obligations of equity contributions in operations.

At 30 June 2019, total commitments amounted €119 million in Group share.

1.2.2.1 DEVELOPMENT-INVESTMENT

Three investment projects under way

At 30 June 2019, Altareit is developing three medium-term investment projects, held jointly with leading institutional investors. These projects cover the development or restructuring of office buildings in exceptional locations, offering high potential once delivered.

The cost price of these transactions is €875 million at 100% (€185 million in Group share) for a potential value of close to €1.1 billion (estimated sales price), i.e. an expected gain in excess of €45 million in Group share.

Delivery of these transactions will be staggered from 2020 to 2022.

Group investment projects at 30 June 2019

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)]
Landscape (La Défense)	15%	67,400				Under construction
Tour Eria (La Défense)	30%	25,000				Under construction
Cocktail (La Défense)	30%	18,100				Secured
TOTAL at 100%	**22%** [(e)]	**110,500**	**54**	**875**	**1,075**	
o/w Group share			*11*	*190*	*227*	

(b) 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.

1.2.2.2 PROPERTY DEVELOPMENT

Property Development portfolio

In Business property development, the Group operates under off-plan and property development contracts (PDC), 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).

PDC/off-plan sales/DPM	No.	Surface area (m²)	Revenue excl. tax (€m) [(a)]
Group investments	3	110,500	390
"100% external" projects	57	1,301,500	2,893
Offices - Paris Region	*11*	*288,050*	*1,320*
Offices - Regions	*37*	*394,400*	*1,176*
Logistic Share	*9*	*618,700*	*397*
Delegated project management	2	13,950	58
Portfolio 30/06/2019	**62**	**1,425,600**	**3,344**
o/w under construction	*29*	*463,400*	*1,649*
o/w secured projects	*33*	*962,200*	*1,694*

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

Supply

Altareit incorporated 4 new Office projects for a total of 98,000 m², including the EM Lyon Business School. The Group has also added a tranche of 46,500 m² to a logistics hub project being developed in Bordeaux, bringing it up to 170,000 m².

Deliveries

Altareit has delivered 2 small Logistics projects (8,700 m²) in the Paris Region.

Projects started

Altareit has launched 63,300 m² of projects, including:

• les Carrés du Golf in Aix-en-Provence, a programme of 4 buildings (11,500 m²), in two tranches, the first tranche of which, of 7,500 m², has been sold off-plan;

• the Issy Cœur de Ville office buildings (40,900 m²),

• and Eknow, an 11,000 m² building in Nantes Chantrerie, partially let to Generali.

Backlog[28] (off-plan, property development contracts and delegated project management)

In €m	30/06/2019	31/12/2018	Change
Off-plan, PDC	745	855	
o/w equity-method (Group share)	*71*	*84*	
Fees (DPM)	7	7	
Total	**752**	**862**	***(13)%***

The Business property backlog remains at a high level, giving visibility over the coming years.

[28] 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

1.3.1 Impacts of the application of IFRS 16 and IAS 23

Twos evolutions in IFRS accounting standards impact the consolidated statements of the Group on June 30th 2019.

IAS 23 – Borrowing Costs

After clarification, IAS 23 consists of directly entering the financial expenses on development projects, previously in inventory, under charges.

With retrospective application being obligatory since January 1st, 2018, this clarification leads to reclassifications of income statement lines, with an impact on the 2018 financial year which must be restated for comparison.

IFRS 16 – Leases.

Since January 1st,2019, Altareit has applied IFRS 16 (Leases) which puts an end to the distinction between finance and operating leases.

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

On the income statement, rents from rental contracts (previously entered under operating charges) are replaced by, on the one hand, allocations to amortisation of the right to use, and on the other by notional financial expenses relating to the rental obligation (financial amortisation of the rental obligation).

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

- rentals of offices
- vehicles used by employees of the Group.

1.3.2 Strong growth in revenue (up by 17.5%)

Altareit revenue at 30 June 2019 increased to €1,167 million, up by +17.5%: +12.6% in residential and +39.1% in Business property.

The recurring operating income (FFO) amounted to €53.6 million. Contribution by activities breaks down as follows:

• stable Residential (-€0.4 million), for which the 12.6% improvement in revenue was offset by the development costs in high-demand areas;

• a decrease in Business Property. During the first half of 2018, the Group: had received performance fees related to AltaFund transactions (promote) and recorded the profit from Kosmo operation. Excluding these events, the recurring Business Property FFO is in sharp rise.

In €m	Residential	Business property	Diversification	Other (Corporate)	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	**899.2**	**266.7**	**1.0**	**–**	**1,167.0**	**–**	**1,167.0**
Change vs 31/12/2018 published	*+12.6%*	*+39.1%*	*na*	*na*	*+17.5%*		*+17.5%*
Net rental income	-	-	0.6	-	0.6	–	0.6
Net property income	88.1	18.2	-	–	106.3	–	106.3
External services	5.3	6.7	–	–	12.1	–	12.1
Net revenue	**93.4**	**25.0**	**0.6**	**–**	**118.9**	**–**	**118.9**
Change vs 31/12/2018 published	*+15.8%*	*+(20.1)%*	*na*	*na*	*+5.5%*		*+5.5%*
Production held in inventory	58.2	5.0	–	–	63.2	–	63.2
Operating expenses	(105.1)	(15.4)	2.1	(1.0)	(119.3)	–	(119.3)
Net overhead expenses	**(46.9)**	**(10.4)**	**2.1**	**(1.0)**	**(56.2)**	**–**	**(56.2)**
Share of equity-method affiliates	9.4	2.4	(0.0)		11.8	(3.0)	8.8
Income/loss on sale of assets - Diversification						(0.0)	(0.0)
Income/loss in the value of investment property						2.0	2.0
Calculated expenses and transaction costs						(21.5)	(21.5)
Others (corporate)						(0.2)	(0.2)
Operating income	**55.9**	**17.0**	**2.7**	**(1.0)**	**74.5**	**(22.6)**	**51.9**
Change vs 31/12/2018 published	*+10.3%*	*+(61.4)%*	*na*	*na*	(26.8)%		(40.9)%
Net borrowing costs	(8.3)	(1.4)	(0.3)	–	(10.0)	(0.7)	(10.7)
Gains/losses in the value of financial instruments	–	–	–	–	–	(0.0)	(0.0)
Others	–	–	0.5	–	0.5	(1.7)	(1.1)
Corporate Income Tax	(1.6)	(0.9)	-	–	(2.5)	(6.7)	(9.2)
Net income	**46.0**	**14.7**	**2.9**	**(1.0)**	**62.6**	**(31.7)**	**30.9**
Non-controlling interests	(9.0)	0.0	0.0	–	(9.0)	0.1	(8.9)
Net income. Group share	**37.0**	**14.7**	**2.9**	**(1.0)**	**53.6**	**(31.6)**	**22.0**
IFRS 16	*2.0*	*8.8*	*1.1*		*11.9*	*(12.5)*	*(0.6)*
Change vs 31/12/2018 published	*+(1.1)%*	*+(64.2)%*	*na*	*na*	*+(37.3)%*		
Change vs 31/12/2018 restated	*+0.4%*	*+(61.7)%*	*na*	*na*	*+(34.8)%*		
Diluted average number of shares					*1 748 475*		
Net income. Group share per share					**30.63**		
Change vs 31/12/2018 published					*+(37.3)%*		
Change vs 31/12/2018 restated					*+(34.8)%*		

FFO Residential

In €m	H1 2019 released	H1 2018 restated	H1 2018 released
Revenue by % of completion	893.9	797.8	797.8
Cost of sales and other expenses	(805.9)	(715.1)	(717.9)
Net property income Residential	88.0	82.7	79.8
% of revenue	*9.8%*	*10.4%*	*10.0%*
External services	5.3	0.7	0.7
Production held in inventory	58.2	60.5	60.5
Operating expenses	(105.0)	(94.5)	(94.5)
Contribution of EM associates	9.4	4.3	4.3
Operating income Residential	56.0	53.8	50.9
% of revenue	*6.3%*	*6.7%*	*6.4%*
Net borrowing costs	(8.3)	(6.5)	(2.9)
Others	-	0.1	0.1
Corporate income tax	(1.6)	(2.2)	(2.2)
Non-controlling interests	(9.0)	(8.0)	(8.3)
FFO Residential	**37.2**	**37.0**	**37.6**

Revenue growth of 12.6% during the first half of 2019 was offset by development costs in high-demand areas and by an increased seasonality effect.

This seasonality was due to the combination of several factors:

• the timetable for the acquisition of land at year-end, linked to approvals by social housing providers, and the closeness to the end of the financial year;

• slower progress with works in the first half (cold snap).

FFO Business Property

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

• net property income: CPI and off-plan;

• external services: delegated project management, asset management, leasing and performance (promote) fees;

• contribution from equity-method associates: profits made on partnership projects (AltaFund).

The volume of embedded value creation from the major projects sourced over the past few years is considerable (see Chapter "Business Property" in this report).

In €m	H1 2019 released	H1 2018 restated	H1 2018 released
Revenue by % of completion	260.0	169.5	160.5
Cost of sales and other expenses	(241.8)	(160.1)	(160.6)
Net property income Business	**18.2**	**9.4**	**8.9**
% of revenue	*7.0%*	*5.5%*	*4.7%*
External services	6.7	22.3	22.3
Production held in inventory	5.0	9.4	9.4
Operating expenses	(15.4)	(19.1)	(19.1)
Contribution of EM associates	2.4	19.3	22.5
Operating income Business property	**17.0**	**41.2**	**44.0**
% of (revenue + ext. serv. prov.)	*6.4%*	*21.5%*	*20.5%*
Net borrowing costs	(1.4)	(1.1)	(1.1)
Corporate income tax	(0.9)	(1.9)	(1.9)
Non-controlling interests	0.0	(0.0)	(0.0)
FFO Business Property	**14.7**	**38.3**	**41.0**
Of which AltaFund	*4.2*	*18.0*	*18.0*

During the first half of 2018, the Group :

• had received performance fees related to AltaFund transactions, in the amount of €18.0 million
• the profit from Kosmo operation.

Excluding these events, the recurring Business Property FFO is in sharp rise.

1.4 Financial resources

First S&P Global credit rating: BBB

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

On July 12. 2019. S&P Global confirmed the "Investment Grade. BBB (stable outlook)" rating for Altareit.

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 also reflects the significant improvement in debt ratios following the sale of Semmaris in 2018.

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 with a stable outlook.

Net bank and bond debt: €453 million[29]

En M€	30/06/2019	31/12/2018
Corporate debt	151	108
Credit market	636	562
Property development and other debt	261	258
Gross bank debt	**1,048**	**928**
Cash and cash equivalents	(595)	(522)
Net bond and bank debt	**453**	**406**

The Group's net bond and bank debt amounted to €453 million at 30 June 2019, compared with €406 million at 31 December 2018 and €674 million at 31 December 2017 (before the sale of Semmaris at the end of July 2018).

ICR ratio[30]

At 31 December 2018. the ICR ratio was 7,5x compared with 16.9x in 2018.

Covenants

Altareit's corporate debt is subject to Altarea Cogedim's consolidated covenants (LTV<60%. ICR>2). They are respected with significant room at 30 June 2019 (LTV at 34.1% and ICR at 5,9x).

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

	Covenant	30/06/2019	31/12/2018	Delta
LTV [(a)]	≤ 60%	34.1%	34.9%	(0.8) pt
ICR [(b)]	≥ 2.0 x	5.9x	9.2x	(3.3x)

(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[31] was at 0.52x at 30 June 2019 (compared to 0,48x at 31 december 2018).

Equity

Thanks to the ramp-up of its results. Altareit's shareholders' equity stood at €864.3 million making Altareit one of the most capitalized French property developers.

[29] €483 million including other borrowings.
[30] ICR (Interest Coverage Ratio) = Operating income / Net borrowing costs

[31] Net bond and bank debt / consolidated shareholders' equity.

Consolidated P&L at 30 June 2019

	30/06/2019			31/12/2018 restated		
€millions	Funds from operations (FFO)	Changes in value. estimated expenses and transaction costs	Total	Funds from operations (FFO)	Changes in value. estimated expenses and transaction costs	Total
Revenue	893.9	–	893.9	1,844.1	–	1,844.1
Cost of sales and other expenses	(805.8)	–	(805.8)	(1,662.3)	–	(1,662.3)
Net property income	**88.1**	**–**	**88.1**	**181.8**	**–**	**181.8**
External services	5.3	–	5.3	4.1	–	4.1
Production held in inventory	58.2	–	58.2	135.3	–	135.3
Operating expenses	(105.1)	(7.0)	(112.1)	(200.9)	(12.0)	(212.9)
Net overhead expenses	**(41.6)**	**(7.0)**	**(48.6)**	**(61.4)**	**(12.0)**	**(73.4)**
Share of equity-method affiliates	**9.4**	**(2.6)**	**6.8**	**12.5**	**19.1**	**31.7**
Net allowances for depreciation and impairment	**–**	**(8.6)**	**(8.6)**	**–**	**(4.1)**	**(4.1)**
Transaction costs	**–**	**(0.8)**	**(0.8)**	**–**	**(1.7)**	**(1.7)**
NET RESIDENTIAL INCOME	**55.9**	**(19.0)**	**36.9**	**133.0**	**1.3**	**134.3**
Revenue	260.0	–	260.0	317.7	–	317.7
Cost of sales and other expenses	(241.8)	–	(241.8)	(298.8)	–	(298.8)
Net property income	**18.2**	**–**	**18.2**	**18.9**	**–**	**18.9**
External services	6.7	–	6.7	27.5	–	27.5
Production held in inventory	5.0	–	5.0	20.0	–	20.0
Operating expenses	(15.4)	(1.6)	(16.9)	(47.1)	(2.4)	(49.6)
Net overhead expenses	**(3.6)**	**(1.6)**	**(5.2)**	**0.4**	**(2.4)**	**(2.0)**
Share of equity-method affiliates	**2.4**	**(0.4)**	**1.9**	**23.8**	**(3.0)**	**20.9**
Net allowances for depreciation and impairment	**–**	**(1.3)**	**(1.3)**	**–**	**(1.4)**	**(1.4)**
BUSINESS PROPERTY INCOME	**17.0**	**(3.3)**	**13.7**	**43.1**	**(6.8)**	**36.3**
Rental income	1.0	–	1.0	–	–	–
Other expenses	(0.5)	–	(0.5)	–	–	–
Net rental income	**0.6**	**–**	**0.6**	**–**	**–**	**–**
Operating expenses	**2.1**	**–**	**2.1**	**1.5**	**–**	**1.5**
Net overhead expenses	**2.1**	**–**	**2.1**	**1.5**	**–**	**1.5**
Share of equity-method affiliates	**(0.0)**	**0.0**	**(0.0)**	**5.0**	**(1.9)**	**3.1**
Net allowances for depreciation and impairment	**–**	**(2.2)**	**(2.2)**	**–**	**(1.1)**	**(1.1)**
Gains / losses on disposals of assets	**–**	**(0.0)**	**(0.0)**	**0.8**	**176.0**	**176.8**
Income/loss in the value of investment property	**–**	**2.0**	**2.0**	**–**	**–**	**–**
NET DIVERSIFICATION INCOME	**2.7**	**(0.2)**	**2.5**	**7.3**	**172.9**	**180.3**
Other (Corporate)	**(1.0)**	**(0.2)**	**(1.2)**	**(2.2)**	**–**	**(2.2)**
OPERATING INCOME	**74.5**	**(22.6)**	**51.9**	**181.2**	**167.5**	**348.7**
Net borrowing costs	**(10.0)**	**(0.7)**	**(10.7)**	**(17.1)**	**(1.9)**	**(19.0)**
Discounting of debt and receivables	**–**	**(0.1)**	**(0.1)**	**–**	**(0.2)**	**(0.2)**
Change in value and income from disposal of financial instruments	**–**	**(0.0)**	**(0.0)**	**–**	**(0.0)**	**(0.0)**
Proceeds from the disposal of investments	**–**	**(1.6)**	**(1.6)**	**–**	**(0.4)**	**(0.4)**
Dividend	**0.5**	**–**	**0.5**	**0.0**	**–**	**0.0**
PROFIT BEFORE TAX	**65.1**	**(25.0)**	**40.1**	**164.2**	**165.0**	**329.1**
Corporate income tax	**(2.5)**	**(6.7)**	**(9.2)**	**(7.8)**	**(37.5)**	**(45.2)**
NET INCOME	**62.6**	**(31.7)**	**30.9**	**156.4**	**127.5**	**283.9**
Minority shares in continued operations	**(9.0)**	**0.1**	**(8.9)**	**(13.9)**	**0.0**	**(13.9)**
NET INCOME. Group share	**53.6**	**(31.6)**	**22.0**	**142.5**	**127.5**	**270.0**

Balance sheet at 30 June 2019

€millions	30/06/2019	31/12/2018 restated
Non-current assets	**659.8**	**589.7**
Intangible assets	301.4	284.2
o/w Goodwill	*195.4*	*178.6*
o/w Brands	*100.7*	*100.7*
o/w Client relations	*5.3*	*4.9*
o/w Other intangible assets	18.8	18.2
Property plant and equipment	29.3	–
Right-of-use on tangible and intangible fixed assets	64.1	37.6
Investment properties	*28.9*	–
o/w Investment properties in operation at fair value	*29.9*	*37.6*
o/w Investment properties under development and under construction at cost	*5.3*	–
o/w Right-of use on Investment properties	236.5	237.4
Securities and investments in equity affiliates and unconsolidated interests	8.1	8.3
Loans and receivables (non-current)	1.6	4.0
Deferred tax assets	301.4	284.2
Current assets	**2,565.0**	**2,446.6**
Net inventories and work in progress	990.5	973.1
Trade and other receivables	935.4	907.9
Income tax credit	7.7	11.2
Loans and receivables (current)	36.4	32.5
Derivative financial instruments	–	–
Cash and cash equivalents	595.0	521.9
Assets held for sale	990.5	973.1
TOTAL ASSETS	**3,224.9**	**3,036.3**
Equity	**864.3**	**838.2**
Equity attributable to Altarea SCA shareholders	**818.5**	**802.9**
Capital	2.6	2.6
Other paid-in capital	76.3	76.3
Reserves	717.7	454.0
Income associated with Altarea SCA shareholders	22.0	270.0
Equity attributable to minority shareholders of subsidiaries	**45.8**	**35.4**
Reserves associated with minority shareholders of subsidiaries	36.9	21.5
Other equity components, Subordinated Perpetual Notes	8.9	13.9
Non-current liabilities	**720.0**	**653.0**
Non-current borrowings and financial liabilities	691.7	628.7
o/w Participating loans and advances from associates	*345.4*	*345.0*
o/w Bond issues	*298.4*	*282.9*
o/w Borrowings from lending establishments	*30.0*	–
o/w Negociable European Commercial Paper	*0.6*	*0.7*
o/w Lease obligations	*17.4*	–
o/w Contractual fees on investment properties	17.5	16.4
Long-term provisions	2.0	1.2
Deposits and security interests received	8.8	6.7
Deferred tax liability	691.7	628.7
Current liabilities	**1,640.5**	**1,545.0**
Current borrowings and financial liabilities	465.1	375.8
o/w Bond issues	*10.1*	*5.1*
o/w Borrowings from lending establishments	*112.5*	*79.6*
o/w Negociable European Commercial Paper	*250.0*	*212.0*
o/w Bank overdrafts	*1.7*	*3.5*
o/w Advances from Group shareholders and partners	*73.5*	*75.6*
o/w Lease obligations	*17.2*	–
o/w Contractual fees on investment properties	*10.1*	*5.1*
Derivative financial instruments	0.0	0.0
Trade and other payables	1,173.9	1,163.6
Tax due	1.5	5.5
TOTAL LIABILITIES	**3,224.9**	**3,036.3**