UNIVERSAL REGISTRATION DOCUMENT 2019

ALTAREIT

CONTENTS

UNIVERSAL REGISTRATION DOCUMENT

(New name for the Registration Document)

Including the 2019 annual financial report

2019

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document was filed on 30 March 2020 with the French Financial Markets Authority (AMF), as the competent authority according to EU regulation 2017/1129, without prior approval per Article 9 of the same regulation.

The Universal Registration Document can be used for the purposes of a public offering of financial securities or the listing of financial securities on a regulated market if accompanied by an securities note and a summary of any amendments made to the Universal Registration Document. The resulting package is then approved by the AMF in accordance with EU regulation 2017/1129.

THE ESSENTIAL

Pure player in property development

Altareit is listed in Compartment B of Euronext Paris (ISIN: FR0000039216 - Ticker: AREIT).
The company refers to the Middle next Code of corporate governance.

An unrivalled platform of real estate skills

A 99.85% subsidiary of Altarea, Altareit combines a unique know-how in Residential and Business Property development with Retail development in the mixed-use projects led by Altarea Group.
In Residential (residential units and serviced residences), projects are developed for resale to third parties. In Business Property, the Group has also developed a role as medium-term investor to capture iconic development projects and create related value.

Large mixed-use projects

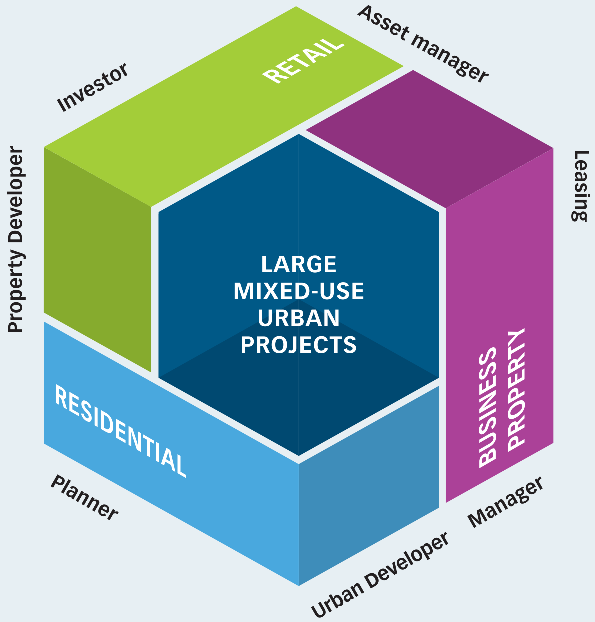
▶ #1 French developer

Altareit is rising to the challenge of the metropolitanisation of the regions by reconnecting city centres with the periphery, creating **new urban centres that can energise economic and social life.** These large-scale projects include all types of assets (housing, serviced residences, business property, retail, hotels, public facilities etc).

Residential

▶ #2 French developer

Altareit has a resolute focus on customer satisfaction and expectations. It imagines and realises innovative, customisable, convertible projects that are perfectly integrated into their environment. Renowned architects and landscapers work with the Group to reinvent a high-quality housing to suit today's multiple lifestyles.



Number 1
Developer of large mixed-use projects

€17.1 billion
Project pipeline in potential market value

€2.9 billion
Revenue
+31%

€204.0 million
Recurring Operating Profit (FFO)
+14%

0.36 x
gearing

Business property

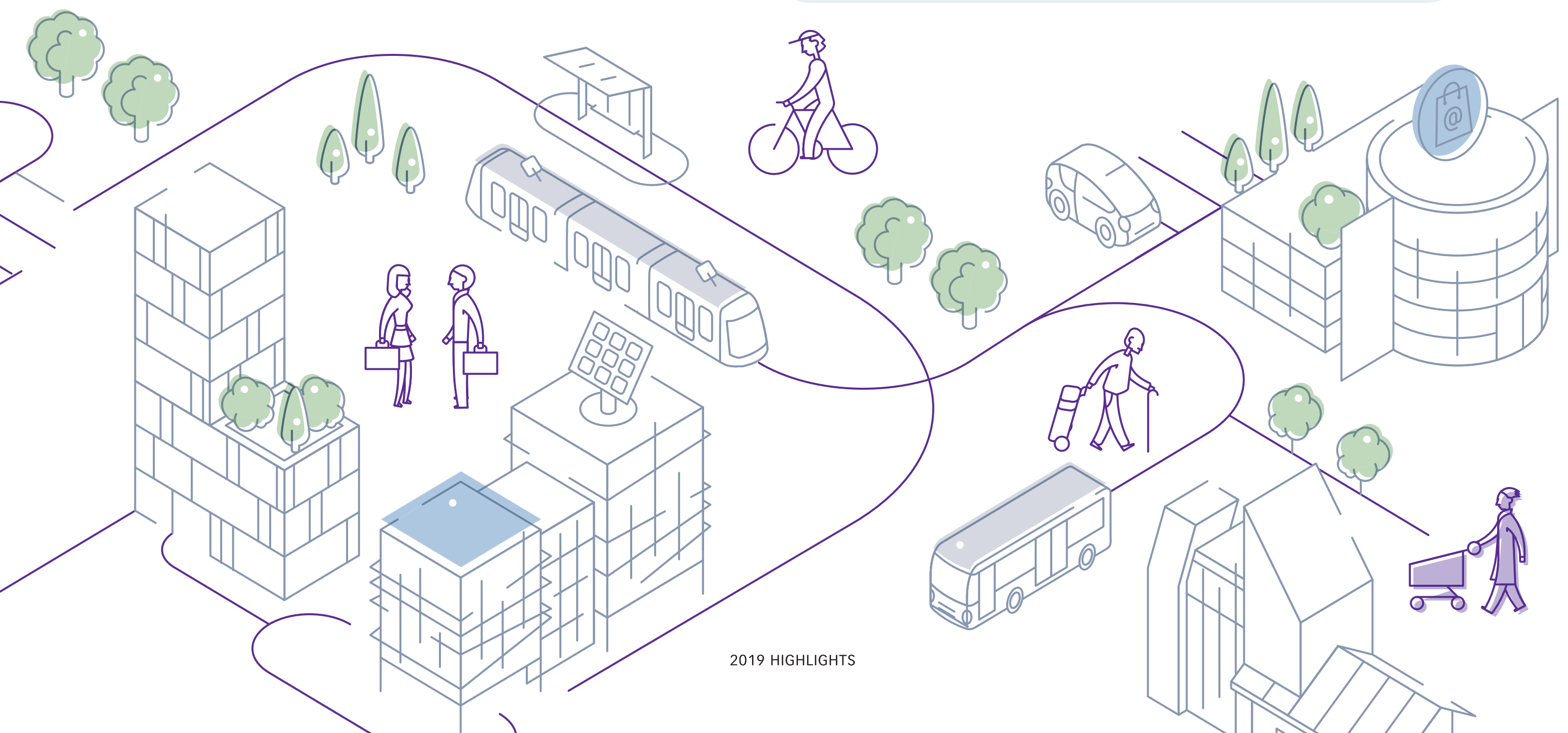
▸ #1 French developer

Altareit anticipates the expectations of companies and their employees and designs the future of **mixed-use offices which guarantee a high quality of working life.** Flexible, convertible, hyper-connected and open to the city, Business property supports the transformations of the global economy.

Green Star five-stars
In the GRESB since 2016

#1
voted "Customer service of the year" in 2018, 2019 and 2020, in the Development category

100%
of Residential projects certified NF Habitat, guarantee of quality, environmental performance and comfort



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BUSINESS REVIEW 31 DECEMBER 2019

1.1 A pure player in property development in France

1.1.1 A unique model

A 99.85% owned subsidiary of the Altarea Group, Altareit offers a skills platform covering all asset classes (residential, retail, offices, logistics, hotels, serviced residences, etc.) in order to challenges of urban transformation(1).

Residential: Altareit is the second largest residential developer in France, with 12,128 units sold in 2019 (+3%) for €3,278 million (+12%).

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

- as a property developer(2) for external customers with a particularly strong position in the turnkey users market;
- as a medium-term developer-investor in assets with a strong potential (prime location) to be redeveloped pending sale (*via* AltaFund)(3).

Urban transformation: a huge market

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 redrafting geography of territories.

The communities located in these areas are facing multiple challenges, including social inequality, housing affordability, transport and pollution. A large proportion of their property infrastructure has become outdated, and must be reshaped to meet the challenges of densification. This phenomenon is behind the boom in major mixed-use urban redevelopment projects, which constitute a particularly dynamic market segment.

Added to these long-term trends is the ecological emergency, which is revolutionising expectations with regard to real estate (energy performance, mobility, reversibility, mixed use, new consumer habits, etc.).

At the end of December 2019, Altareit has secured a huge portfolio of projects with more than 4.2 million m^2 under development with a potential value of nearly €17.1 billion.

Large mixed-use projects: a step ahead

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

In 2019, Altareit confirmed its position and won two major new projects near Cannes (Cœur Mougins) and in Champigny-sur-Marne near Paris (Les Simonettes district area). Located at the end of the future line 15 of the Grand Paris Express metro, this latest development will include 28,000 m^2 of housing, 900 m^2 of shops and services, 12,000 m^2 allocated to tertiary activities and 15,000 m^2 dedicated to other activities, including 9,000 m^2 for the "Cité artisanale of the Compagnons du Tour de France".

The Group manages 11 projects (for nearly 892,000 m^2 and 8,600 residential units) with a potential value of approximately €3.5 billion as of December 31, 2019.

Large projects at 100%	Total surface area *(m^2)*(a)	Residential (units)	Serviced Residences	Office	Retail	Cinemas	Leisure/ Hotels	Public infrastructure	Estimated delivery
Aerospace (Toulouse)	64,000	790	-	x	x	x	x	-	2020 – 2021
Cœur de Ville (Bezons)	67,000	730	-	-	x	x	-	-	2020 – 2021
Cœur de Ville (Issy les M.)	105,000	610	x	x	x	x	x	x	2020 – 2022
Joia Meridia (Nice)	47,000	600	x	-	x	-	x	-	2020 – 2023
Belvédère (Bordeaux)	140,000	1,275	x	x	x	-	x	x	2021 – 2024
Fischer (Strasbourg)	37,000	490	x	-	x	x	-	x	2021 – 2024
La Place (Bobigny)	104,000	1,265	x	x	x	x	-	x	2021 – 2024
Quartier Guillaumet (Toulouse)	101,000	1,200	x	x	x	-	-	-	2022 – 2023
Les Simonettes (Champigny/Marne)	56,000	450	-	x	x	-	-	-	2022 – 2023
Cœur Mougins (Mougins)	40,000	570	x	-	x	x	x	x	2022 – 2025
Quartier des Gassets (Val d'Europe)(b)	131,000	n.d.	x	x	x	-	x	-	2024
TOTAL (11 PROJECTS)	**892,000**	**> 8,600**							

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

(1) *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.*

(2) *This development activity does not present any commercial risk: Altareit carries only a measured amount of technical risk.*

(3) *AltaFund is a discretionary investment fund, created in 2011, of which Altareit is one of the contributors alongside leading institutional investors.*

1.1.2 2019 Highlights

€4.1 bn in property development consolidated new orders

In 2019, Altareit invested nearly €4.1 billion across all products[1], an increaseof 18%. These orders include Issy- Cœur de Ville, an iconic development reflecting the Group's know-how in terms of large mixed-use projects including housing, offices, shops and cinemas.

Property Development *(€M)*	2019	2018	Change
Residential	3,278	2,917	+12%
Business property	601	529	+14%
Retail component – Large mixed-use projects	192	-	n.a.
TOTAL	**4,071**	**3,436**	**+18%**

Institutional investors represented approximatively 40% of the Group's orders in 2019, i.e. €1.6 billion (+16% compared with 2018).

Residential: sales up in a declining market

Facing the high demand in strained urban areas, Altarea Cogedim has decided to develop its offer to gain market shares. Altareit aims at 18,000 to 20,000 units per year in the medium-term and has embarked on an investment campaign to boost its production tool.

The Group is pursuing its growth strategy based on a platform of brands (Cogedim, Pitch Promotion, Histoire & Patrimoine and Cogedim Club). Altareit strengthened its offer with the acquisition in July of 50% of Woodeum, a pioneer in the development of low-carbon residential construction (wooden construction) and the acquisition in January 2019 of a 85% stake in Severini, a developer active mainly in Nouvelle-Aquitaine.

2nd largest French residential developer[2]: €3.3 billion in new orders (+12%)

In 2019, the Group recorded very strong sales results and continued to gain market shares in a context dominated by the impending municipal elections in March 2020.

In 2019, new orders increased by +12% year-on-year to €3,278 million and by +3% in volume with 12,128 units ordered. All customer categories are up, both Individual investors (+14% increase in value), first-time buyers (+13%) and Institutional investors (+11%).

On a like-for-like basis (excluding Severini and Woodeum), new orders were up 9% in value and 1% in volume. This performance confirms the relevance of the Group's offer located exclusively in high-demand areas eligible for the Pinel scheme[3].

Pipeline of projects under development

Altareit won numerous iconic projects thanks to its multi-brand platform:

- Cogedim and Histoire & Patrimoine jointly won two major restructuring 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 €12.8 billion (an increase of 13% compared to end 2018).

(1) New orders are the commercial indicator for the Property Development activity.

(2) Each year, the 'Classement des Promoteurs' (ranking of developers) conducted by Innovapresse, analyses and compares volumes, the quantity of housing units or square metres of offices built, and the financial performance of the main privately owned developers. The 31st edition reviewed the 60 main players in the sector.

(3) The "high-demand areas" correspond to areas A bis, A and B1.

Business property: reloading the pipeline

Today, Altareit is the leading property developer in France with a pipeline of 69 projects representing a potential value of €4.4 billion at end 2019.

The Group is acting as both promoter and/or investor:

- on new projects, and complex high environmental quality complex redevelopment operations, involving modularity and mixed-use;
- on a wide range of products (multi-tenant offices, head offices, logistics platforms, hotels, hospitals…);
- systematically integrating a high level of environmental quality and taking into account the most demanding standards in terms of user comfort.

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

- in the Grand Paris: in a context of high prices and scarcity of land, Altarea works on capital-intensive projects (generally in partnership), or alternatively as a service provider to support large investors and users;
- in regional gateway cities: the Group works on real estate development projects (off-plan sales or PDA) which are generally sourced thanks to the Residential territorial coverage of its various brands.

Reloading of the pipeline in Paris and regional gateway cities

In 2019, Altareit won 15 new projects:

- 9 office programmes in large regional gateway cities representing a total of 89,000 m^2, including the PDA covering the future campus of EM Lyon Business School and the off-plan sale of regional headquarters in Bordeaux, Aix, Nantes, Villeurbanne and Toulouse;
- 5 Grand Paris projects representing nearly 120,000 m^2 (including the restructuring project regarding the current CNP Assurances headquarter above the Paris- Montparnasse railway station);
- and a logistics project representing nearly 47,000 m^2 in Bordeaux.

The Group recorded new projects worth €601 million in 2019, up by 14% year-on-year.

Credit rating confirmed: BBB

On 25 September 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 also reflects the significant improvement in debt ratios following the sale of Semmaris in 2018.

Extra-financial performance

A recognized customer focus

The first property developer to have received the "Customer Service for the Year[(1)]" award, the Group was again single out in 2020, for the 3rd consecutive year, for the level of service and quality of its customer relationship. The Group is also the number 110 French developer in the "Top 10 for Customer Reception" rankings created by Les Echos/HCG ranked in 3rd place this year (6th in 2019), all sectors included.

GRESB[(2)]2019: Green Star 5* status confirmed

Altarea, of which Altareit is a 99.85% subsidiary, confirms again this year its "Green Star 5*" status. This ranking rewards the company's CSR strategy and confirms its performance over the long term, the Group has been rated at least 90/100 since 2016. Moreover, Altarea has obtained an A rating for transparency, a token of the quality of its institutional publications and the reliability and exhaustive scope of its CSR reporting.

Environmental certification

100% of Residential units projects are NF Habitat certified, and 50% also have an environmental label.

100% of Business property developments are certified to the NF HQETM "Excellent" and BREEAM® "Very good" levels or higher.

(1) The "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 in 2018.

(2) Global Real Estate Sustainability Benchmark (GRESB), a leading international ranking, annually assesses the CSR performance of real estate companies around the world (1,005 companies and funds from 64 countries assessed in 2019).

1.1.3 Residential

2019: pre-election "wait and see" attitude in a market marked by shortages

In France, large gateway cities are subject to a forever increasing shortage of housing which is leading to sharp price rises.

Projects located at the core of high-demand urban areas take an increasingly long time to set up (notably in terms of administrative approval). However, units tend to sell very quickly, given the strength of demand.

In 2019, the residential market in France is expected to reach 150,000 units, down slightly from the high level of 155,000 units placed in 2018. The offer-side shortage has been accentuated by the proximity of the March 2020 local elections.

End-September 2019, sales under new programmes fell by 14% on the previous year and the stock is less than nine months' sales in several major gateway cities (Paris Region, Nantes, Rennes, Strasbourg and Montpellier)[(1)].

The drivers for the market remain solid:

- highly promising underlying demographics, notably for those gateway cities in which Altarea has a presence ;
- long-term low interest rates for borrowers ;
- substantial tax assets which are now focused on high-demand areas (Pinel and PTZ) ;
- the required construction of social housing and the Government's anticipated relaunch policy.

The Group is expecting an upturn in sales in the 2nd quarter 2020 which should then accentuate in 2021.

A winning strategy

Facing the high demand in strained urban areas, Altareit has decided to develop its offer with the ultimate objective to gain market share. The Group aims at 18,000 to 20,000 units per year in the medium-term and has embarked on an investment campaign to boost its production.

In 2019, the Group has:

- increased the size of its property portfolio[(2)], which in one year has gone from 44,800 units to 48,900 units (+9%), exclusively located in high-demand areas;
- improved its operational capacity with 119 new hires (net) with operational profiles such as developers, sellers, programme Managers…;
- increased its commercial investments, mainly advertising content;
- deepened its geographic presence within large metropolises thanks to the mixed-use projects turning Altareit into a key intermediary for all local authorities wishing to transform urban areas;
- widened its product offer and made preparations for the future by acquiring Histoire & Patrimoine (specialised in historical buildings) in 2018 and taking a 50% stake in Woodeum, leading developer of low-carbon housing built from CLT in France, July 2019.

This strategy is now starting to bear fruit: the Group has become the 2nd largest residential property developer in France, moving up one place in the ranking[(3)].

Customers are at the core of the process

The Group stands out thank to being attuned to its customers' expectations when developing its product ranges. A Customer Service Department was created in 2016.

In 2018, Cogedim thus became the top property developer with the "Customer Service of the Year Award" for the level of service and quality of its customer relations. This achievement was repeated in 2019 and 2020.

Cogedim is also the number 1 French developer in the "Top 10 for Customer Reception" rankings published by Les Echos/HCG, and ranks 3rd overall (6th place in 2019).

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. To date, the Group has opened six stores in the major gateway cities (Paris, Toulouse, Bordeaux, Lyon, Nantes and Marseille) and four option areas (Montpellier, Strasbourg, Fréjus and Bayonne);
- "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;
- reinforcing the service offer for individual investors, assistance in financing and rental management assistance in particular.

(1) Source: Observatoire de l'immobilier de la FPI - Q3 2019.

(2) Properties for sale and future pipeline offering.

(3) Source: the 'Classement des Promoteurs' (ranking of developers) conducted by Innovapresse, analyses and compares volumes, the quantity of housing units or square metres of offices built, and the financial performance of the mainprivately owned developers. The 31st edition reviewed the 60 main players in the sector.

A commitment to quality

Over the last 3 years, 100% of Group operations have[1] 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.

The Group received the "Prix du Grand Public (GRDF)", a major prize for industrial innovation at the Pyramides d'Argent awards organised by the "Fédération des Promoteurs d'Île-de-France" the Paris federation of real estate developers, for its NF Habitat-certified "Serigraf'" Programme in Cachan.

It also won the "Prix Soutien à l'innovation" [Supporting Innovation Prize] for its "reemployment village" in Montreuil, 1,750 m² dedicated to the social economy, part of a project comprising 60 housing units used as main residence are offered for sale, 22 social housing units and co-living accommodation for young workers and single parent families.

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.

The Group also won 5 of the 23 projects tendered in the second "Inventons la métropole du Grand Paris" competition, a sign of the alignment of its projects with the expectation of local authorities (3 for Cogedim and 2 for Pitch Promotion).

An efficient geographical strategy

The residential market in France is extremely fragmented, both in terms of players 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, 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[2], targeting high-demand areas where the need for residential units is the highest. The renewal of the scheme until end 2021 and its restriction to high demand areas from 2018 have demonstrated that the Group has the right strategy. At end 2019, the Group's offer and land portfolio were located exclusively in areas eligible for the Pinel scheme.

A multi-brand and multi-product strategy

The Group operates nationwide, 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 competencies have been brought to the Group thanks to Woodeum (low carbon residential development).

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

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

- High-end[3]: products defined by demanding requirements in terms of location, architecture and quality. In 2019, these represented 11% of the Group's new orders (in units);
- Entry level/mid-range[4]: these programmes, which accounted for 81% of the Group's new orders, are specifically designed to meet:
  - the need for affordable housing both for first-time buyers (secured prices) and private investment (Pinel 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 (4%): the Group is developing a broad range of student halls, business tourism residences, luxury residences… It is designing and managing in particular under the Cogedim Club® brand, serviced residences for active senior citizens, combining a town centre location with a range of customised services. In 2019, six Cogedim Club® residences were inaugurated, taking the number of operational sites to 18. In 2019, nine projects were under construction and 6 should be launched in 2020;
- Renovation of historical sites (4%): under the Histoire & Patrimoine brand, the Group has a range of products for Historical Monuments, Malraux Law properties and Real Estate Tax schemes. This offer is expected to grow in scale. For example, in 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 district 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: the Group is developing programmes under a French government policy known as social rental usufruct. This additional offering, while meeting the need for low-cost housing in high-demand areas and thereby helping out local communities, provides an alternative investment product for private investors.

(1) Excluding co-development, rehabilitations and managed residences. 100% of Cogedim operations.

(2) 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.

(3) Programmes at over €5,000 per m² in the Paris Region and over €3,600 per m² in other regions.

(4) Programmes under €5,000 per m² in the Paris Region and under €3,600 per m² in other regions.

New orders[1]: €3,278 million (+12%)

New orders	2019	2018	Change
Individuals – Residential buyers	€1,011 m	€897 m	+13%
Individuals – Investment	€1,174 m	€1,032 m	+14%
Block sales	€1,093 m	€988 m	+11%
TOTAL IN VALUE (INCL. TAX)	**€3,278 M**	**€2,917 M**	**+12%**
o/w equity-method (Group share)	*€181 m*	*€259 m*	
Individuals – Residential buyers	2,865 units	2,755 units	+4%
Individuals – Investment	4,671 units	4,227 units	+11%
Block sales	4,592 units	4,800 units	-4%
TOTAL IN UNITS	**12,128 UNITS**	**11,782 UNITS**	**+3%**

In 2019, the trend of gaining market share remained strong, with new orders up 12% in value and 3% in volume.

All brands are growing, confirming the suitability of the Group's offer for all categories of customers, and the pertinence of its geographical positioning.

On a like-for-like basis (excluding Severini and Woodeum), new orders up 9% in value to €3,193 million and 1% in volume (11,881 units).

This year was notable for the very good marketing campaigns for large Grand Paris mixed-use projects, especially Issy-Cœur de Ville, which explains the increase in the average price per unit over a year concerning both individuals and institutionals (+5% to €290,000 and +16% to €238,000 respectively).

In a declining market, the Group's new orders increased strongly, with all brands having contributed to this growth.

Reservations by product range

Number of units	2019	%	2018	%	Change
Entry-level/mid-range	9,782	81%	8,497	72%	+15%
High-end	1,323	11%	2,181	19%	-39%
Serviced Residences	512	4%	723	6%	-29%
Renovation/Rehabilitation	511	4%	381	3%	+34%
TOTAL	**12,128**		**11,782**		**+3%**

Notarised sales

(€ millions) incl. tax	2019	%	2018	%	Change
Entry-level/mid-range	1,972	60%	1,718	71%	+15%
High-end	958	29%	526	22%	+82%
Serviced Residences	182	6%	96	4%	+90%
Renovation/Rehabilitation	167	5%	84	3%	x2
TOTAL	**3,279**		**2,245**		**+35%**

Revenue by % of completion

(€ millions) (excl. VAT)	2019	%	2018	%	Change
Entry-level/mid-range	1,550	68%	1,277	69%	+21%
High-end	566	25%	455	25%	+24%
Serviced Residences	92	4%	78	4%	+18%
Renovation/Rehabilitation	74	3%	33	2%	x2.2
TOTAL	**2,283**		**1,844**		**+24%**

(1) Reservations net of withdrawals, in euros including VAT when expressed in value. New orders at 100%, with the exception of projects under joint control (Group share of placements, including Woodeum). Histoire & Patrimoine consolidated since 1 July 2018 and Severini since 1 January 2019.

Outlook

Supply[1]

Supply	2019	2018	Change
€ millions (incl. tax)	5,126	5,094	+1%
Number of units	20,723	20,237	+2%

Commercial launches

Launches	2019	2018	Change
Number of units	11,499	12,255	-6%
Number of transactions	166	202	-18%
REVENUE INCL. VAT (€M)	**3,434**	**3,179**	**+8%**

Projects under construction

The Group launched a large number of projects this year, including two large Mixed-use projects: Issy-Cœur de Ville and Cœur Mougins, near Cannes.

At the end of 2019, 282 projects were under construction, compared with 254 at the end of 2018.

Residential backlog[2]

(€ millions) (excl. tax)	2019	2018	Change
Notarised revenues not recognised on a % of completion basis	1,722	1,388	24%
Revenues reserved but not notarised	2,057	1,781	15%
BACKLOG	**3,778**	**3,169**	**19%**
o/w equity-method (Group share)	*258*	*270*	*-4%*
Number of months	**20**	**21**	

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

Properties for sale[3]and future offering[4]: 47 months of pipeline

€ millions incl. VAT of the potential revenue	31/12/2019	Number of months	31/12/2018	Change
Properties for sale	2,104	8	2,103	+0%
Future offering	10,659	39	9,192	+16%
PIPELINE	**12,764**	**47**	**11,295**	**+13%**
In no. of units	*48,885*		*44,835*	*+9%*
In m2	*2,737,600*		*2,510,800*	*+9%*

The Residential pipeline represents 4 years of business with 48,900 units, exclusively located in high-demand areas eligible for the Pinel scheme.

(1) Sale agreements for land signed and valued as potential residential orders (incl. VAT).

(2) 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.

(3) Units available for sale (incl. taxes value, or number count).

(4) 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).

Risk management

At 31 December 2019 the Group's properties for sale amounted to €2.1 billion incl. VAT (or 8 months of activity), with the following breakdown according to the stage of completion of the programmes:

Management of real estate commitments

(€ millions)	Project not yet	Project under construction	In stock	Total
Amounts committed excl. tax	**171**	**776**	**25**	**972**
Of which already paid out[(a)]	*171*	*329*	*25*	*525*
Properties for sale incl. VAT[(b)]	**794**	**1,273**	**37**	**2,104**
In %	*38%*	*60%*	*2%*	*100%*
o/w to be delivered	*in 2020*	*196*		
	in 2021	*597*		
	≥2022	*480*		

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

38% of properties for sale 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.

60% of the offer is currently under construction, including a limited share (€196 million or 9% of total properties for sale) representing units to be delivered by the end of 2020.

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.

1.1.4 Business property

An attractive market

In 2019, the office investment market in the Paris Region remained buoyant (up +13% year-on-year to €21.7 billion)[(1)], confirming the upward trend which began in 2017. Major projects exceeding €200 million contributed 47% in investment volume. In the regions, the investment market slowed to reach €2.7 billion (-11% over a year), but it is still very dynamic in prime locations and the gateway cities.

With regard to the rental market, demand placed in the Paris Region improved in the second half-year to reach 2.3 million m^2 according to Immostat, down 10% over a year.

Immediate supply continues to fall to 2.7 million m^2 (-8% over the year). In this context of rare quality supply in the most sought-after zones (Paris CBD and West Crescent), the rise in nominal rents continues (+3% over a year for new or redeveloped assets and +5% for old assets).

Growth continues in the industrial sector, supported by urban logistics and e-commerce. The volume invested in logistics reached €4.1 billion in 2019 (+24% year-on-year[(2)]), recording its best performance of the decade.

A rapidly changing segment

Business Property must adapt to new uses and employees' expectations in the area of quality of life in the workplace (collaborative work, attractive areas inspired by residential codes). It also needs to be the incarnation of the attractiveness of occupier's brand as an employer.

In the last decade, Altareit has developed buildings which have become genuinely emblematic of their users' corporate culture, both with regard to the architectural signature and to environmental performance, connectivity and flexibility (Tour First in La Défense, Kosmo in Neuilly-sur-Seine, Bridge in Issy-les-Moulineaux and also Richelieu, which will become the Group's head office in 2020).

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

(1) Source: Immostat (economic interest group [GIE] made up of BNP Paribas Real Estate, CBRE, JLL and Cushman & Wakefield) – January 2020.
(2) Marketbeat France – Cushman&Wakefield.

An investor developer model

The Group has developed a unique model allowing it to undertake significant operations with a controlled risk:

- as a developer[1] 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;
- or as an investor, either directly or through AltaFund[2], for high-potential assets (prime location) in view of their sale once redevelopment has been completed[3].

The Group is systematically the developer of projects in which it acts as co-investor and Manager[4].

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

A dual diversification strategy

Organisation

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

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

Product type

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

The "Logistique" investment fund, created in late 2017 by Pitch Promotion, has enabled the Group to become a major stakeholder in the logistics market in France in just a few years, with nearly 640,000 m^2 under development at end 2019 (11% of the pipeline by potential value).

Product quality

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

1.1.4.1 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 VAT[5];
- sale of assets in the investment business, at sale price including VAT[6].

(€ millions)	31/12/2019	31/12/2018	Change
Signing of property development or off-plan sales contracts	601	418	+44%
Asset sales (Group share)	-	111	n.a.
TOTAL	**601**	**529**	**+14%**

In 2019, the Group recorded €601 billion incl. VAT in new orders (Group share), an increase of 14% year on year, including:

- the PDA with CNP Assurances for the three office buildings of the Issy-Cœur de Ville project, in which CNP will establish its future head office;

  This transaction forms part of the double transaction completed by Altarea and CDC Investissement Immobilier (on behalf of Caisse des Dépôts et Consignations) in October 2019, the second part of which involves the acquisition of the current head office of CNP Assurances located above the Paris-Montparnasse railway station (the "PRD Montparnasse" building), scheduled for substantial redevelopment. This double transaction was awarded the "Prix spécial du Jury" by CF News Immo & Infra 2020.
- the off-plan of the Convergence building in Rueil Malmaison, future head office of Groupe Danone;
- PDA signed for EM Lyon Business School in Lyon-Gerland (29,000 m^2);
- the PDA for a logistics platform for LIDL in Nantes (47,000 m^2);
- the off-plan sale to Newton Offices of one of the four buildings of the Les Carrés du Golf programme in Aix-en-Provence. This 11,000 m^2 project, due to be delivered in 2020, is now fully leased following the signing of an off-plan lease agreement with EDF in mid-October 2019.

(1) *This development activity does not present any commercial risk: Altareit carries only a measured amount of technical risk.*
(2) *AltaFund is a discretionary investment fund, created in 2011, of which Altarea is one of the contributors alongside leading institutional investors.*
(3) *Resold rented or not.*
(4) *Through marketing, sale, asset and fund management contracts.*
(5) *New orders at 100%, with the exception of projects under joint control (equity-accounted) for which new orders are shown in Group share.*
(6) *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.*

1.1.4.2 Reloading the pipeline

Pipeline: 69 projects under way

At end 2019, the project portfolio included 69 operations for a potential value of €4.4 billion (at 100% for projects under construction or secured).

At 31/12/2019	Number	Surface area *(m^2)* at 100%	Revenue excl. VAT *(€M)*	Potential value at 100% *(€M excl. VAT)*
Investments[a]	4	112,600	401	1,108
Property development (prop. development or off-plan sales contracts)[b]	63	1,385,300	3,213	3,213
Offices – Paris Region	*12*	*318,700*	*1,461*	*1,461*
Offices – Regions	*43*	*428,200*	*1,286*	*1,286*
Of which Logistics	*8*	*638,400*	*466*	*466*
Delegated project management (DPM)[c]	2	5,200	40	40
TOTAL	**69**	**1,503,100**	**3,654**	**4,361**

(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. VAT) from signed or estimated property development or off-plan sale contracts, at 100%.
(c) Potential value: capitalised fees for delegated projects.

Deliveries 2019

Altareit delivered 6 projects:

- 2 redeveloped office properties (Paris Bergère and the DPM for 16 avenue Matignon), as well as a hotel situated within the Massy Place du Grand Ouest Large mixed-use project;
- 3 logistics projects (10,700 m^2) in the Paris Region.

Supply

In 2019, Altareit considerably reloaded its pipeline with 15 projects, of which:

- an investment project with a major redevelopment works involving an office block located Rue de Saussure in Paris;
- PDAs, including the EM Lyon Business School project, a hotel complex with nearly 700 rooms in the Paris region on behalf of a leading commercial entity; and a 46,500 m^2 tranche to complete a logistics hub project currently under development in Bordeaux, taking this to a total of 170,000 m^2;
- 10 Off-plan sales projects, including those located in the Large mixed-use Simonettes project in Champigny (14,000 m^2, including the Cité artisanale des Compagnons du Tour de France), and 8,400 m^2 for the Technopôle de la Mer in Ollioules;
- the redevelopment, under delegated project management, of the head office of a major French company near La Concorde in Paris.

Backlog[1] (off-plan, property development contracts and delegated project management)

(€ millions)	31/12/2019	31/12/2018	Change
Off-plan, PDC	668	855	
o/w equity-method (Group share)	*73*	*84*	
Fees (DPM)	9	7	
TOTAL	**677**	**862**	**-21%**

(1) Backlog is composed of notarised sales, excl. VAT, not yet recorded per the percentage-of-completion method, new orders excl. VAT, not yet notarised (signed property development contracts), and fees to be received from third parties on signed contracts.

4 investment projects under way

At the end of December 2019, Altareit is developing 4 medium-term investment projects, jointly held with leading institutional investors. In the second half of 2019, the Group integrated a restructuring operation of an office building located rue de Saussure in Paris.

The cost price of these transactions is €902 million at 100% (€217 million in Group share) for a potential value close to €1.1 billion (estimated sales price), i.e. an expected gain in excess of €43.0 million in Group share.

Investment projects as of 31 December 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
Saussure (Paris)	100%	2,100				Secured
TOTAL AT 100%	**23%[(e)]**	**112,600**	**56**	**902**	**1,108**	
o/w Group share			*13*	*217*	*260*	

(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.

Commitments at 31 December 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 31 December 2019, commitments across the pipeline amounted to €195 million in Group share, of which €69 million not yet spent.

1.2 Consolidated results

1.2.1 Impacts of the application of IFRS 16 and IAS 23

Two changes in IFRS accounting standards impact the published consolidated statements for the financial year 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 compulsory retrospective application from 1 January 2018, this standard leads to reclassifications interest expenses between income statement lines, with an impact on the 2018 financial year which must be restated for comparison.

IFRS 16 – Leases

IFRS 16 ends the distinction between finance and operating leases. This standard is applicable as from 1 January 2019.

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. In returm, a financial liability is recognized under the heading "Borrowings and financial liabilities".

For Altareit, this standard concerns the rental of offices and vehicles used by Group employees. It leads to the recognition of €26.5 million lease liabilities on the liabilities side of the balance sheet.

In the income statement, rents from office and vehicle leases (previously recorded under operating expenses) are replaced by charges for depreciation of the right-of-use asset and by interest charges.

Financial results presentation

In accordance with the clarification of IAS 23, all of the 2019/2018 changes presented hereafter have been calculated on the basis of the 2018 results, restated. The application of IAS 23 thus results in a restatement of:

- of €-2.2 million in opening equity as at 1 January 2018; and
- €-2.8 million as net loss Group share as at 31 December 2018 (broken down between €-3.6 million of FFO Group share and +€0.8 million in calculated expenses).

Furthermore, the application of IFRS 16 leads rise to a restatement:

- of +€0.1 million in opening equity as at 1 January 2019; and
- €-1.5 million as net loss Group share as at 31 December 2019 (broken down between +€24.2 million of FFO Group share and €-25.7 million as allowances for depreciation).

1.2.2 Financial results

Altareit's 2019 consolidated revenue[1] amounted to €2,883.9 million, up +31.3% year-on-year (vs. 2018 published): +24.1% in Residential and +70.3% in Business Property.

The recurring operating income (FFO) increased to €204.0 million (up by 14.3%).

Net income (FFO), Group share, amounted to €164.9 million (+12.9% vs 2018 published, +15.7% vs 2018 restated), i.e. €94.30 per share.

(€ millions)	Residential	Business property	Diversification	Other Corporate	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Revenue	**2,294.3**	**587.9**	**1.6**	**-**	**2,883.9**	**-**	**2,883.9**
Change vs 31/12/2018 published	*+24.1%*	*+70.3%*	*n.a.*	*n.a.*	*+31.3%*		*+31.3%*
Net rental income	-	-	0.8	-	0.8	-	0.8
Net property income	207.7	12.9	-	(0.6)	219.9	(0.6)	219.3
External services	11.2	10.9	-	-	22.1	-	22.1
Net revenue	**218.9**	**23.8**	**0.8**	**(0.6)**	**242.9**	**(0.6)**	**242.3**
Change vs 31/12/2018 published	*+21.5%*	*-48.0%*	*n.a.*	*n.a.*	*+7.1%*		*+6.9%*
Production held in inventory	157.8	24.7	-	-	182.5	-	182.5
Operating expenses	(217.1)	(34.9)	4.7	(2.4)	(249.7)	(20.5)	(270.1)
Net overhead expenses	**(59.3)**	**(10.1)**	**4.7**	**(2.4)**	**(67.1)**	**(20.5)**	**(87.6)**
Share of equity-method affiliates	18.1	9.9	0.2		28.2	(8.9)	19.4
Income/loss on sale of assets – Diversification						(1.2)	(1.2)
Changes in value Retail – Investment properties						1.0	1.0
Calculated expenses and transaction costs					-	(26.7)	(26.7)
Operating income	**177.7**	**23.5**	**5.7**	**(3.0)**	**204.0**	**(56.8)**	**147.2**
Change vs 31/12/2018 published	*+39.4%*	*-48.6%*	*NA*	*NA*	*14.3%*		*-57.4%*
Net borrowing costs	(9.2)	(10.6)	(0.7)	-	(20.4)	0.7	(19.7)
Gains/losses in the value of financial instruments	-	-	-	-	-	(0.1)	(0.1)
Semmaris dividend	-	-	0.6	-	0.6	-	0.6
Net gain/(loss) on disposal of investments	-	-	-	-	-	(1.7)	(1.7)
Corporate Income Tax	(3.4)	(1.3)	-	-	(4.7)	(26.2)	(30.9)
Net income	**165.1**	**11.7**	**5.7**	**(3.0)**	**179.4**	**(84.1)**	**95.3**
Minority shares in continued operations	(19.3)	4.8	-	-	(14.5)	0.2	(14.3)
NET INCOME GROUP SHARE	**145.7**	**(16.5)**	**5.7**	**(3.0)**	**164.9**	**(83.9)**	**81.0**
Change vs 31/12/2018 published	*+41.2%*	*-58.5%*	*n.a.*	*n.a.*	*12.9%*		
Change vs 31/12/2018 restated	*+43.3%*	*-56.2%*	*n.a.*	*n.a.*	*15.7%*		
Diluted average number of shares					1,748,489		
NET INCOME GROUP SHARE PER SHARE					**94.30**		
Change vs 31/12/2018 published					*+12.9%*		
Change vs 31/12/2018 restated					*+15.7%*		

(1) Revenue by % of completion and external services.

FFO[1] Residential

(€ millions)	2019 published	Change	2018 restated
Revenue by % of completion	2,283.1		1,844.1
Cost of sales and other expenses	(2,075.4)		(1,662.3)
Net property income Residential	**207.7**	**14.2%**	**181.8**
% of revenue	*9.1%*		*9.9%*
External services	11.2		4.1
Production held in inventory	157.8		135.3
Operating expenses	(217.1)		(200.9)
Contribution of EM associates	18.1		12.5
Operating income Residential	**177.7**	**33.6**	**133.0**
% of revenue	*7.8%*		*7.2%*
Net borrowing costs	(9.2)		(13.3)
Others	-		0.0
Corporate income tax	(3.4)		(4.0)
Minority shares in continued operations	(19.3)		(14.0)
FFO RESIDENTIAL	**145.7**	**43.3%**	**101.7**

FFO Residential growth (+43.3%, i.e. +€44.0 million) was driven by the impact of market share gains in previous years, in particular:

- €25.8 million increase in the real estate margin ;
- €18.9 million improvement in the hedging of operating expenses.

FFO Business Property

(€ millions)	2019 published	Change	2018 restated
Revenue by % of completion	577.0		317.7
Cost of sales and other expenses	(564.2)		(298.8)
Net property income Business	**12.9**	**-31.8%**	**18.9**
% of revenue	*2.2%*		*5.9%*
External services	10.9		27.5
Production held in inventory	24.7		20.0
Operating expenses	(34.9)		(47.1)
Contribution of EM associates	9.9		23.8
Operating income Business property	**23.5**	**-45.4%**	**43.1**
% of (revenue + ext. serv. prov.)	*4.0%*		*12.5%*
Net borrowing costs	(10.6)		(3.6)
Corporate income tax	(1.3)		(2.0)
Minority shares in continued operations	4.8		0.1
FFO BUSINESS PROPERTY	**16.5**	**-56.2%**	**37.7**
Of which AltaFund	*4.6*		*18.0*

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

- net property income from off-plan and PDA contracts;
- external services: delegated project management (DPM), asset management, leasing and performance (promote) fees;
- contribution from equity-method associates: profits made on partnership projects.

2019 FFO amounted to €16.5 million with a lower contribution due to an unfavorable base effect compared to 2018.

In 2018, the Group had received performance fees (Promote) related to AltaFund transactions (sale of Kosmo to Sogecap and percentage-of-completion Richelieu), in the amount of €18.0 million.

(1) Funds From Operations or operating cash flow from operations = net income Group share excluding changes in value, calculated expenses and transaction costs.

1.3 Financial resources

S&P Global credit rating confirmed: BBB

On 25 September 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 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 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: €334 million

(€ millions)	31/12/2019	31/12/2018
Corporate debt	148	108
Credit markets[a]	666	562
Property development and other debt	205	258
GROSS BANK DEBT	**1,019**	**928**
Cash and cash equivalents	(685)	(522)
NET BOND AND BANK DEBT	**334**	**406**

(a) This amount includes bond debt and €285 million of NEU CP and NEU MTN.

The Group's net bond and bank debt amounted to €334 million at 31 December 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[1]

At 31 December 2019, the ICR ratio was 10.0x compared with 10.6x at 31 December 2018 restated.

Covenants

A 99.85% subsidiary of the Altarea Group, Altareit's corporate debt is subject to Altarea's consolidated covenants (LTV<60%. ICR>2). Altarea complies with these covenants with significant room (LTV at 33.2% and ICR at 5.9x).

In addition, property development debt, secured against development projects, is subject to project-specific covenants.

	Covenant	31/12/2019	31/12/2018	Delta
LTV[a]	≤ 60%	33.2%	34.9%	-1.7 pt
ICR[b]	≤ 2.0x	5.9x	9.2x	-3.3x

(a) LTV (Loan to Value) = Net debt/Restated value of assets including transfer duties. Altarea Group.
(b) ICR (Interest Coverage Ratio) = Operating income/Net borrowing costs. ("Funds from operations" column). Altarea Group.

Altareit's Gearing[2] was at 0.36x at 31 December 2019, compared to 0.48x at 31 December 2018, restated.

Equity

Altareit's shareholders' equity stood at €918.0 million on 31 December 2019, compared to €838.2 million on 31 December 2018 restated, making Altareit one of the mostly highly capitalised French developers.

(1) ICR (Interest Coverage Ratio) = Operating income/Net borrowing costs.
(2) Net bond and bank debt/consolidated shareholders' equity.

Consolidated P&L at 31 December 2019

	31/12/2019			31/12/2018 restated[a]		
(€ 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	2,283.1	-	2,283.1	1,844.1	-	1,844.1
Cost of sales and other expenses	(2,075.4)	(0.6)	(2,076.0)	(1,662.3)	-	(1,662.3)
Net property income	**207.7**	**(0.6)**	**207.1**	**181.8**	**-**	**181.8**
External services	11.2	-	11.2	4.1	-	4.1
Production held in inventory	157.8	-	157.8	135.3	-	135.3
Operating expenses	(217.1)	(16.3)	(233.5)	(200.9)	(12.0)	(212.9)
Net overhead expenses	**(48.1)**	**(16.3)**	**(64.5)**	**(61.4)**	**(12.0)**	**(73.4)**
Share of equity-method affiliates	**18.1**	**(5.5)**	**12.6**	**12.5**	**19.1**	**31.7**
Net allowances for depreciation and impairment	**-**	**(18.3)**	**(18.3)**	**-**	**(4.1)**	**(4.1)**
Transaction costs	**-**	**(1.5)**	**(1.5)**	**-**	**(1.7)**	**(1.7)**
OPERATING INCOME – RESIDENTIAL	**177.7**	**(42.2)**	**135.5**	**133.0**	**1.3**	**134.3**
Revenue	577.0	-	577.0	317.7	-	317.7
Cost of sales and other expenses	(564.2)	-	(564.2)	(298.8)	-	(298.8)
Net property income	**12.9**	**-**	**12.9**	**18.9**	**-**	**18.9**
External services	10.9	-	10.9	27.5	-	27.5
Production held in inventory	24.7	-	24.7	20.0	-	20.0
Operating expenses	(34.9)	(3.7)	(38.6)	(47.1)	(2.4)	(49.6)
Net overhead expenses	**0.8**	**(3.7)**	**(2.9)**	**0.4**	**(2.4)**	**(2.0)**
Share of equity-method affiliates	**9.9**	**(3.0)**	**6.9**	**23.8**	**(3.0)**	**20.9**
Net allowances for depreciation and impairment	**-**	**(3.2)**	**(3.2)**	**-**	**(1.4)**	**(1.4)**
Income/loss in the value of investment property	**-**	**1.3**	**1.3**	**-**	**-**	**-**
OPERATING INCOME – BUSINESS PROPERTY	**23.5**	**(8.6)**	**15.0**	**43.1**	**(6.8)**	**36.3**
Rental income	1.6	-	1.6	-	-	-
Other expenses	(0.8)	-	(0.8)	-	-	-
Net rental income	**0.8**	**-**	**0.8**	**-**	**-**	**-**
External services	-	-	-	-	-	-
Operating expenses	4.7	-	4.7	1.5	-	1.5
Net overhead expenses	**4.7**	**-**	**4.7**	**1.5**	**-**	**1.5**
Share of equity-method affiliates	**0.2**	**(0.3)**	**(0.1)**	**5.0**	**(1.9)**	**3.1**
Net allowances for depreciation and impairment	**-**	**(5.1)**	**(5.1)**	**-**	**(1.1)**	**(1.1)**
Gains/losses on disposals of assets	**-**	**(1.2)**	**(1.2)**	**0.8**	**176.0**	**176.8**
Income/loss in the value of investment property	**-**	**1.0**	**1.0**	**-**	**-**	**-**
OPERATING INCOME – DIVERSIFICATION	**5.7**	**(5.6)**	**0.1**	**7.3**	**172.9**	**180.3**
Other (Corporate)	(3.0)	(0.4)	(3.4)	(2.2)	-	(2.2)
OPERATING INCOME	**204.0**	**(56.8)**	**147.2**	**181.2**	**167.5**	**348.7**
Net borrowing costs	**(20.4)**	**(1.3)**	**(21.8)**	**(17.1)**	**(1.9)**	**(19.0)**
Discounting of debt and receivables	**-**	**2.1**	**2.1**	**-**	**(0.2)**	**(0.2)**
Change in value and income from disposal of financial instruments	**-**	**(0.1)**	**(0.1)**	**-**	**(0.0)**	**(0.0)**
Net gain/(loss) on disposal of investments	**-**	**(1.7)**	**(1.7)**	**-**	**(0.4)**	**(0.4)**
Dividend	**0.6**	**-**	**0.6**	**0.0**	**-**	**0.0**
PROFIT BEFORE TAX	**184.1**	**(57.9)**	**126.3**	**164.2**	**165.0**	**329.1**
Corporate income tax	**(4.7)**	**(26.2)**	**(30.9)**	**(7.8)**	**(37.5)**	**(45.2)**
NET INCOME	**179.4**	**(84.1)**	**95.3**	**156.4**	**127.5**	**283.9**
Minority shares	**(14.5)**	**0.2**	**(14.3)**	**(13.9)**	**0.0**	**(13.9)**
NET INCOME GROUP SHARE	**164.9**	**(83.9)**	**81.0**	**142.5**	**127.5**	**270.0**
Diluted average number of shares	*1,748,489*	*1,748,489*	*1,748,489*	*1,748,473*	*1,748,473*	*1,748,473*
NET INCOME PER SHARE (€/SHARE) GROUP SHARE	**94.3**	**(48.0)**	**46.3**	**81.5**	**72.9**	**154**

(a) Restatement following the clarification made to IAS 23 – Borrowing costs on the non-capitalisation of financial costs relating to property development operations.

Balance sheet at 31 December 2019

(€ millions)	31/12/2019	31/12/2018 restated[a]
Non-current assets	**667.5**	**589.7**
Intangible assets	303.1	284.2
o/w Goodwill	*192.1*	*178.6*
o/w Brands	*105.4*	*100.7*
o/w Other intangible assets	*5.0*	*4.9*
Property plant and equipment	18.9	18.2
Right-of-use on tangible and intangible fixed assets	21.7	-
Investment properties	31.1	37.6
o/w Investment properties in operation at fair value	*4.1*	*-*
o/w Investment properties under development and under construction at cost	*22.0*	*37.6*
o/w Right-of use on Investment properties	*5.0*	*-*
Securities and investments in equity affiliates and unconsolidated interests	283.1	237.4
Loans and receivables (non-current)	8.4	8.3
Deferred tax assets	1.3	4.0
Current assets	**3,016.0**	**2,446.6**
Net inventories and work in progress	1,051.1	973.1
Assets on contracts	564.9	444.4
Trade and other receivables	686.4	463.6
Income tax credit	6.4	11.2
Loans and receivables (current)	22.1	32.5
Cash and cash equivalents	685.0	521.9
TOTAL ASSETS	**3,683.5**	**3,036.3**
Equity	**918.0**	**838.2**
Equity attributable to Altareit SCA shareholders	**881.0**	**802.9**
Capital	2.6	2.6
Other paid-in capital	76.3	76.3
Reserves	721.1	454.0
Income associated with Altareit SCA shareholders	81.0	270.0
Equity attributable to minority shareholders of subsidiaries	**37.1**	**35.4**
Reserves associated with minority shareholders of subsidiaries	22.7	21.5
Income associated with minority shareholders of subsidiaries	14.3	13.9
Non-current liabilities	**704.9**	**653.0**
Non-current borrowings and financial liabilities	652.5	628.7
o/w Bond issues	*345.7*	*345.0*
o/w Borrowings from lending establishments	*259.6*	*282.9*
o/w Negociable European Medium Term Note (NEU TN)	*30.0*	*-*
o/w Advances from Group shareholders and partners	*2.8*	*0.7*
o/w Lease liabilities	*14.3*	*-*
Long-term provisions	19.2	16.4
Deposits and security interests received	2.1	1.2
Deferred tax liability	31.2	6.7
Current liabilities	**2,060.5**	**1,545.0**
Current borrowings and financial liabilities	478.6	375.8
o/w Bond issues	*5.1*	*5.1*
o/w Borrowings from lending establishments	*91.6*	*79.6*
o/w Negotiable European Commercial Paper (current)	*285.0*	*212.0*
o/w Bank overdrafts	*2.2*	*3.5*
o/w Advances from Group shareholders and partners	*82.5*	*75.6*
o/w Lease liabilities	*12.2*	*-*
Contract liabilities	168.8	105.7
Trade and other payables	1,407.8	1,057.9
Tax due	5.3	5.5
TOTAL LIABILITIES	**3,683.5**	**3,036.3**

(a) Restatement following the clarification made to IAS 23 – Borrowing costs on the non-capitalisation of financial costs relating to property development operations.

2

CONSOLIDATED FINANCIAL STATEMENTS 2019

2.1 Financial statements

Consolidated balance sheet

(€ millions)	Note	31/12/2019	31/12/2018 restated
Non-current assets		**667.5**	**589.7**
Intangible assets	7.1	303.1	284.2
o/w Goodwill		*192.1*	*178.6*
o/w Brands		*105.4*	*100.7*
o/w Client relations		*0.6*	*–*
o/w Other intangible assets		*5.0*	*4.9*
Property plant and equipment		18.9	18.2
Right-of-use on property, plant and equipment	7.2	21.7	–
Investment properties	7.3	31.1	37.6
o/w Investment properties in operation at fair value		*4.1*	*–*
o/w Investment properties under development and under construction at cost		*22.0*	*37.6*
o/w Right-of use on investment properties		*5.0*	*–*
Securities and investments in equity affiliates and unconsolidated interests	4.5	283.1	237.4
Loans and receivables (non-current)		8.4	8.3
Deferred tax assets	5.3	1.3	4.0
Current assets		**3,016.0**	**2,446.6**
Net inventories and work in progress	7.4	1,051.1	973.1
Contract assets	7.4	564.9	444.4
Trade and other receivables	7.4	686.4	463.6
Income tax credit		6.4	11.2
Loans and receivables (current)		22.1	32.5
Cash and cash equivalents	6.2	685.0	521.9
TOTAL ASSETS		**3,683.5**	**3,036.3**
Equity		**918.0**	**838.2**
Equity attributable to Altarea SCA shareholders		**881.0**	**802.9**
Capital	6.1	2.6	2.6
Other paid-in capital		76.3	76.3
Reserves		721.1	454.0
Income associated with Altarea SCA shareholders		81.0	270.0
Equity attributable to minority shareholders of subsidiaries		**37.1**	**35.4**
Reserves associated with minority shareholders of subsidiaries		22.7	21.5
Income associated with minority shareholders of subsidiaries		14.3	13.9
Non-current liabilities		**704.9**	**653.0**
Non-current borrowings and financial liabilities	6.2	652.5	628.7
o/w Bond issues		*345.7*	*345.0*
o/w Borrowings from lending establishments		*259.6*	*282.9*
o/w Negociable European Medium Term Note		*30.0*	*–*
o/w Advances from Group shareholders and partners		*2.8*	*0.7*
o/w Lease liabilities		*14.3*	*–*
Long-term provisions	6.3	19.2	16.4
Deposits and security interests received		2.1	1.2
Deferred tax liability	5.3	31.2	6.7
Current liabilities		**2,060.5**	**1,545.0**
Current borrowings and financial liabilities	6.2	478.6	375.8
o/w Bond issues		*5.1*	*5.1*
o/w Borrowings from lending establishments		*91.6*	*79.6*
o/w Negociable European Commercial Paper		*285.0*	*212.0*
o/w Bank overdrafts		*2.2*	*3.5*
o/w Advances from Group shareholders and partners		*82.5*	*75.6*
o/w Lease obligations		*12.2*	*–*
Contract liabilities	7.4	168.8	105.7
Trade and other payables	7.4	1,407.8	1,057.9
Tax due		5.3	5.5
TOTAL LIABILITIES		**3,683.5**	**3,036.3**

Restated as at 31 December 2018 to take into account the clarification made to IAS 23– Borrowing costs on the non-capitalisation of interest expenses relating to property development operations.

Consolidated income statement

(€ millions)	Note	31/12/2019	31/12/2018 restated
Rental income		1.6	–
Unrecoverable rental expenses		(0.8)	–
Net rental income	5.1	**0.8**	**–**
Revenue		2,860.2	2,164.9
Cost of sales		(2,477.9)	(1,842.3)
Other income		(132.7)	(111.7)
Net charge to provisions for current assets		(29.7)	(9.3)
Amortisation of customer relationships		(0.6)	–
Net property income	5.1	**219.3**	**201.6**
External services		22.1	31.7
Own work capitalised and production held in inventory		182.5	155.3
Personnel costs		(182.5)	(161.3)
Other overhead expenses		(87.8)	(92.4)
Depreciation expenses on operating assets		(20.0)	(4.5)
Net overhead expenses		**(85.7)**	**(71.2)**
Other income and expenses		0.2	(9.5)
Depreciation expenses		(5.0)	(1.7)
Transaction costs		(1.5)	(1.7)
Others		**(6.3)**	**(12.9)**
Net gain/(loss) on disposal of investment assets		**(1.2)**	**–**
Change in value of investment properties		2.3	–
Net impairment losses on other non-current assets		(0.5)	(0.6)
Net charge to provisions for risks and contingencies		(1.0)	0.2
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**127.8**	**117.0**
Share in earnings of equity-method affiliates	4.5	16.6	14.9
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**144.4**	**132.0**
Net borrowing costs	5.2	(21.8)	(19.0)
Financial expenses		*(25.7)*	*(23.9)*
Financial income		*3.9*	*4.9*
Change in value and income from disposal of financial instruments		(0.1)	(0.0)
Discounting of debt and receivables		2.1	(0.2)
Net gain/(loss) on disposal of investments	5.2	1.0	216.3
Dividends		0.6	0.0
Profit before tax		**126.3**	**329.1**
Income tax	5.3	(30.9)	(45.2)
NET INCOME		**95.3**	**283.9**
o/w attributable to shareholders of Altareit SCA		**81.0**	**270.0**
o/w attributable to minority interests in subsidiaries		14.3	13.9
Average number of non-diluted shares		1,748,489	1,748,473
Net income per share attributable to shareholders of Altareit SCA *(€)*	**5.4**	**46.31**	**154.42**
Diluted average number of shares		1,748,489	1,748,473
Diluted net income per share attributable to shareholders of Altareit SCA *(€)*	**5.4**	**46.31**	**154.42**

Restated as at 31 December 2018 to take into account the clarification made to IAS 23 – Borrowing costs on the non-capitalisation of interest expenses relating to property development operations.

Other comprehensive income

(€ millions)	31/12/2019	31/12/2018 restated
NET INCOME	**95.3**	**283.9**
Actuarial differences on defined-benefit pension plans	(0.5)	0.2
o/w Taxes	*0.2*	*(0.1)*
Subtotal of comprehensive income items that may not be reclassified to profit or loss	**(0.5)**	**0.2**
OTHER ITEMS OF COMPREHENSIVE INCOME	**(0.5)**	**0.2**
CONSOLIDATED COMPREHENSIVE INCOME	**94.8**	**284.1**
o/w Net comprehensive income attributable to Altareit SCA shareholders	80.5	270.2
o/w Net comprehensive income attributable to minority interests in subsidiaries	14.3	13.9

Consolidated cash flows statement

(€ millions)	Note	31/12/2019	31/12/2018 restated
Cash flow from operating activities			
Net income		**95.3**	**283.9**
Elimination of income tax expense (income)	5.3	30.9	45.2
Elimination of net interest expense (income)		21.4	18.8
Net income before tax and before net interest expense (income)		**147.7**	**347.9**
Elimination of share in earnings of equity-method subsidiaries	4.5	(16.6)	(14.9)
Elimination of depreciation and impairment		26.3	6.8
Elimination of value adjustments		(2.9)	0.9
Elimination of net gains/(losses) on disposals		1.0	(216.9)
Elimination of dividend income		(0.6)	(0.0)
Estimated income and expenses associated with share-based payments	6.1	(3.5)	2.1
Net cash flow		**151.4**	**125.8**
Tax paid		0.2	(9.6)
Impact of change in operational working capital requirement (WCR)	7.4	24.0	(61.5)
CASH FLOW FROM OPERATIONS		**175.6**	**54.7**
Cash flow from investment activities			
Net acquisitions of assets and capitalised expenditures		(6.1)	(7.7)
Gross investments in equity-method subsidiaries and non-consolidated investments	4.5	(83.0)	(43.9)
Acquisitions of consolidated companies, net of cash acquired	4.3	(16.2)	(34.2)
Other changes in Group structure		2.2	2.4
Increase in loans and advances		(11.5)	(11.8)
Sale of non-current assets and reimbursement of advances and down payments		33.5	0.2
Disposals of holdings in equity-method subsidiaries and non-consolidated investments	4.5	21.4	67.0
Disposals of consolidated companies, net of cash transferred		2.2	200.0
Reduction in loans and other financial investments		34.0	5.4
Net change in investments and derivative financial instruments		–	(0.0)
Dividends received		14.7	27.5
Interest income		4.3	6.0
CASH FLOW FROM INVESTMENT ACTIVITIES		**(4.5)**	**211.0**
Cash flow from financing activities			
Minority interests share in capital increases in subsidiaries		–	1.2
Capital increase		(0.0)	0.0
Dividends paid to Altareit SCA shareholders		–	–
Dividends paid to minority shareholders of subsidiaries		(12.4)	1.2
Issuance of debt and other financial liabilities	6.2	555.9	939.4
Repayment of borrowings and other financial liabilities	6.2	(504.9)	(1,124.4)
Repayment of lease liabilities	6.2	(20.2)	–
Net sales (purchases) of treasury shares		0.0	(0.0)
Net change in security deposits and guarantees received		0.8	0.2
Interest paid		(26.0)	(17.0)
CASH FLOW FROM FINANCING ACTIVITIES		**(6.7)**	**(199.3)**
CHANGE IN CASH BALANCE		**164.4**	**66.4**
Cash balance at the beginning of the year	6.2	**518.4**	**452.0**
Cash and cash equivalents		521.9	452.8
Bank overdrafts		(3.5)	(0.8)
Cash balance at period-end	6.2	**682.8**	**518.4**
Cash and cash equivalents		685.0	521.9
Bank overdrafts		(2.2)	(3.5)

Restated as at 31 December 2018 to take into account the clarification made to IAS 23 – Borrowing costs on the non-capitalisation of interest expenses relating to property development operations.

Changes in consolidated equity

(€ millions)	Capital	Other paid-in capital	Reserves and retained earnings	Equity attributable to Altareit SCA shareholders	Equity attributable to minority shareholders of subsidiaries	Equity
AT 1 JANUARY 2018	**2.6**	**76.3**	**408.9**	**487.8**	**14.5**	**502.3**
Impact of first-time application of IFRS 15 and IAS 23 on the opening balances	**–**	**–**	**43.5**	**43.5**	**5.3**	**48.8**
Net Income	–	–	*270.0*	*270.0*	*13.9*	*283.9*
Actuarial difference relating to pension obligations	–	–	*0.2*	*0.2*	–	*0.2*
Comprehensive income	**–**	**–**	**270.2**	**270.2**	**13.9**	**284.1**
Dividend distribution	–	–	–	–	*1.2*	*1.2*
Capital increase	–	–	–	–	*1.2*	*1.2*
Measurement of Altarea SCA share-based payments	–	–	*9.2*	*9.2*	–	*9.2*
Impact of Altarea SCA's share buyback to be delivered to employees	–	–	*(7.8)*	*(7.8)*	–	*(7.8)*
Elimination of treasury shares	–	–	*(0.0)*	*(0.0)*	–	*(0.0)*
Transactions with shareholders	**–**	**–**	**1.4**	**1.4**	**2.4**	**3.8**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	–	(0.7)	(0.7)
Changes in ownership interests associated with taking or losing control of subsidiaries	0.0	–	(0.0)	–	(0.0)	(0.0)
Others	–	–	(0.0)	(0.0)	(0.0)	(0.0)
AS OF 31 DECEMBER 2018 – RESTATED	**2.6**	**76.3**	**724.0**	**802.9**	**35.4**	**838.2**
Impact of first-time application of IFRS 16 on the opening balances	**–**	**–**	**0.1**	**0.1**	**0.0**	**0.1**
Net Income	–	–	*81.0*	*81.0*	*14.3*	*95.3*
Actuarial difference relating to pension obligations	–	–	*(0.5)*	*(0.5)*	*(0.0)*	*(0.5)*
Comprehensive income	**–**	**–**	**80.5**	**80.5**	**14.3**	**94.8**
Dividend distribution	–	–	–	–	*(12.4)*	*(12.4)*
Capital increase	–	–	0.0	0.0	*0.0*	*0.0*
Measurement of share-based payments	–	–	*7.2*	*7.2*	–	*7.2*
Impact of Altarea SCA's share buyback to be delivered to employees	–	–	*(9.8)*	*(9.8)*	–	*(9.8)*
Elimination of treasury shares	–	–	*0.0*	*0.0*	–	*0.0*
Transactions with shareholders	**–**	**–**	**(2.5)**	**(2.5)**	**(12.4)**	**(14.9)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	–	(0.1)	(0.1)
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	0.0	0.0	–	0.0
Others	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
AT 31 DECEMBER 2019	**2.6**	**76.3**	**802.1**	**881.0**	**37.1**	**918.0**

Restated, at 31 December 2018, to the clarification made to IAS 23 – Borrowing costs on the non-capitalisation of interest expenses relating to property development operations.

The notes constitute an integral part of the consolidated financial statements.

2.2 Notes – Consolidated income statement by segment

	31/12/2019			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	2,283.1	–	2,283.1	1,844.1	–	1,844.1
Cost of sales and other expenses	(2,075.4)	(0.6)	(2,076.0)	(1,662.3)	–	(1,662.3)
Net property income	**207.7**	**(0.6)**	**207.1**	**181.8**	**–**	**181.8**
External services	11.2	–	11.2	4.1	–	4.1
Production held in inventory	157.8	–	157.8	135.3	–	135.3
Operating expenses	(217.1)	(16.3)	(233.5)	(200.9)	(12.0)	(212.9)
Net overhead expenses	**(48.1)**	**(16.3)**	**(64.5)**	**(61.4)**	**(12.0)**	**(73.4)**
Share of equity-method affiliates	**18.1**	**(5.5)**	**12.6**	**12.5**	**19.1**	**31.7**
Net allowances for depreciation and impairment	**–**	**(18.3)**	**(18.3)**	**–**	**(4.1)**	**(4.1)**
Transaction costs	**–**	**(1.5)**	**(1.5)**	**–**	**(1.7)**	**(1.7)**
Operating income – Residential	**177.7**	**(42.2)**	**135.5**	**133.0**	**1.3**	**134.3**
Revenue	577.0	–	577.0	317.7	–	317.7
Cost of sales and other expenses	(564.2)	–	(564.2)	(298.8)	–	(298.8)
Net property income	**12.9**	**–**	**12.9**	**18.9**	**–**	**18.9**
External services	10.9	–	10.9	27.5	–	27.5
Production held in inventory	24.7	–	24.7	20.0	–	20.0
Operating expenses	(34.9)	(3.7)	(38.6)	(47.1)	(2.4)	(49.6)
Net overhead expenses	**0.8**	**(3.7)**	**(2.9)**	**0.4**	**(2.4)**	**(2.0)**
Share of equity-method affiliates	**9.9**	**(3.0)**	**6.9**	**23.8**	**(3.0)**	**20.9**
Net allowances for depreciation and impairment	**–**	**(3.2)**	**(3.2)**	**–**	**(1.4)**	**(1.4)**
Income/loss in the value of investment property	**–**	**1.3**	**1.3**	**–**	**–**	**–**
Operating income – Business property	**23.5**	**(8.6)**	**15.0**	**43.1**	**(6.8)**	**36.3**
Rental income	1.6	–	1.6	–	–	–
Other expenses	(0.8)	–	(0.8)	–	–	–
Net rental income	**0.8**	**–**	**0.8**	**–**	**–**	**–**
External services	–	–	–	–	–	–
Operating expenses	4.7	–	4.7	1.5	–	1.5
Net overhead expenses	**4.7**	**–**	**4.7**	**1.5**	**–**	**1.5**
Share of equity-method affiliates	**0.2**	**(0.3)**	**(0.1)**	**5.0**	**(1.9)**	**3.1**
Net allowances for depreciation and impairment	**–**	**(5.1)**	**(5.1)**	**–**	**(1.1)**	**(1.1)**
Gains/losses on disposals of assets	**–**	**(1.2)**	**(1.2)**	**0.8**	**176.0**	**176.8**
Income/loss in the value of investment property	**–**	**1.0**	**1.0**	**–**	**–**	**–**
Operating income – Diversification	**5.7**	**(5.6)**	**0.1**	**7.3**	**172.9**	**180.3**
Others (Corporate)	(3.0)	(0.4)	(3.4)	(2.2)	–	(2.2)
OPERATING INCOME	**204.0**	**(56.8)**	**147.2**	**181.2**	**167.5**	**348.7**
Net borrowing costs	**(20.4)**	**(1.3)**	**(21.8)**	**(17.1)**	**(1.9)**	**(19.0)**
Discounting of debt and receivables	**–**	**2.1**	**2.1**	**–**	**(0.2)**	**(0.2)**
Change in value and income from disposal of financial instruments	**–**	**(0.1)**	**(0.1)**	**–**	**(0.0)**	**(0.0)**
Net gain/(loss) on disposal of investments	**–**	**(1.7)**	**(1.7)**	**–**	**(0.4)**	**(0.4)**
Dividends	**0.6**	**–**	**0.6**	**0.0**	**–**	**0.0**
PROFIT BEFORE TAX	**184.1**	**(57.9)**	**126.3**	**164.2**	**165.0**	**329.1**
Corporate income tax	(4.7)	(26.2)	(30.9)	(7.8)	(37.5)	(45.2)
NET INCOME	**179.4**	**(84.1)**	**95.3**	**156.4**	**127.5**	**283.9**
Non-controlling interests	(14.5)	0.2	(14.3)	(13.9)	0.0	(13.9)
NET INCOME, GROUP SHARE	**164.9**	**(83.9)**	**81.0**	**142.5**	**127.5**	**270.0**
Diluted average number of shares	1,748,489	1,748,489	1,748,489	1,748,473	1,748,473	1,748,473
NET INCOME PER SHARE (€/SHARE) GROUP SHARE	**94.30**	**(47.99)**	**46.31**	**81.47**	**72.94**	**154.42**

Restated, at 31 December 2018, to the clarification made to IAS 23 – Borrowing costs on the non-capitalisation of interest expenses relating to property development operations.

2.3 Other information attached to the consolidated financial statements

CONTENTS

NOTE 1 INFORMATION CONCERNING THE COMPANY

Altareit is a *société en commandite par actions* (a French partnership limited by shares), the shares of which are traded on the Euronext Paris regulated market, (Compartment B). Its registered office is located at 8 avenue Delcassé in Paris.

Altareit is a significant player in the Residential and Business property, which controls 100% of Cogedim, Pitch Promotion and Histoire & Patrimoine.

Altareit is 99.85% controlled by the company Altarea, whose shares are admitted to trading on the regulated market Euronext Paris, Compartment A.

Altareit's financial statements and notes to the financial statements are expressed in millions of euros.

The consolidated financial statements for the year ended 31 December 2019 were approved by the Management on 2 March 2020 having been reviewed by the Audit Committee and the Supervisory Board.

NOTE 2 ACCOUNTING PRINCIPLES AND METHODS

2.1 Accounting standards applied by the Company

The accounting principles adopted for preparation of the annual consolidated financial statements are in line with IFRS standards and interpretations from the IASB, as adopted by the European Union at 31 December 2019 and available at: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#a dopted-commission.

The accounting principles adopted on 31 December 2019 are the same as those used for the consolidated financial statements at 31 December 2018, with the exception of changes to the standards and interpretations adopted by the European Union applicable at 1 January 2019.

The information relating to the year ended 31 December 2018, presented in the Registration Document filed with the AMF (French Financial Markets Authority) on 2 April 2019 under number D. 19-0251, are incorporated by reference.

Accounting standards, interpretations and amendments applicable from the financial year beginning 1 January 2019 :

- IFRS 16 – Leases;
- IFRIC 23 – Uncertainty relating to tax handling;
- Annual improvements to IFRS (2015-2017 cycle);
- Amendments to IFRS 9 – Repayment Features with a Penalty;
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures;
- Amendments to IAS 19 – Plan reduction or liquidation amendment.

Standards and interpretations adopted early at 31 December 2019, whose application is mandatory for financial years starting on 1 January 2019 or later:

None.

Accounting standards and interpretations in effect at 1 January 2019 and mandatory after 31 December 2019:

None.

Other essential standards and interpretations released by the IASB approved in 2020 or not yet approved by the European Union

- Amendments to IAS 1 and IAS 8 – Definition of materiality in the Financial Statements;
- Amendments to references within the standards' conceptual framework;
- IFRS 17 – Insurance Contracts;
- Modifications of the IFRS 9, IAS 39 and IFRS 7: Reform of references made to interest rates.

2.2 Main estimations and judgements

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

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

Measurement of intangible assets not subject to amortisation

- Measurement of goodwill and brands (see note 2.4.7 "Monitoring the value of non-current assets (excluding financial assets and investment property) and losses of value" and 7.1 "Intangible assets and goodwill").

Measurements of other assets and liabilities

- Measurement of investment properties (see Notes 2.4.5 "Investment properties" and 7.3 "Investment properties")
- Measurement of rights of use and lease liabilities (see section 2.5 "Changes in methods in 2019").

- Measurement of inventories (see Note 2.4.8 “Inventories”);
- The valuation of deferred tax assets (see Notes 2.4.16 “Taxes” and 5.3 “Income tax”);
- Measurement of share-based payments (see Notes 2.4.12 “Share-based payments” and 6.1 “Equity”);
- Measurement of financial instruments (see Note 8 “Financial risk management”).

Operating income estimates

Measurement of net property income and services using the percentage-of-completion method (see Note 2.4.17 “Revenue and revenue-related expenses”).

Non-current assets held for sale and discontinued operations

In accordance with the provisions of IFRS 5, the Group determines whether the criteria used to determine whether an asset or a group of assets should be classified as held for sale or if an operation is to be discontinued are met (see Note 2.4.6 “Non-current assets held for sale and discontinued operations”).

2.3 Other principles for presenting the financial statements

Transactions eliminated in the consolidated financial statements

Balance sheet balances and income and expenses arising from internal transactions and dividends are eliminated, according to consolidation method, when the consolidated financial statements are prepared.

Balance sheet classification

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

Assets which must be realised, consumed or disposed of within the scope of the normal operating cycle or within 12 months following closure, are classed as “current assets”, as well as the assets held with a view to disposal and cash or cash equivalents. All other assets are classified as “non- current assets”.

Liabilities which have to be paid within the scope of the normal operating cycle or within 12 months following closure are classified as “current liabilities”, as well as the share of provisions arising from the normal operating cycle of the activity concerned due in less than one year.

Deferred taxes are always shown as non-current assets or liabilities.

2.4 Accounting principles and methods of the Company

2.4.1 Equity investments of the Company and consolidation methods

For consolidation, the following standards apply:

- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of interests in other entities;
- IAS 28 – Investments in associates and joint ventures.

IFRS 10 defines control as follows: “An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee”. The Company has power over an investee when it has existing substantive rights that give it the current ability to direct the relevant activities, defined as activities that significantly affect the investee’s returns.

The assessment of control as per IFRS 10 has led the Company to develop a framework for analysing the governance of the entities related to the Company, particularly when there are partnership situations governed by broad contractual arrangements such as Articles of Association, shareholder pacts, etc. It also takes account of events and circumstances.

In accordance with IFRS 10, ad hoc entities are consolidated when, in substance, the relation between the Company and the entity is such that the Company is considered to exercise control over the latter.

Exclusively controlled entities

Exclusively controlled subsidiaries are fully consolidated.

Any modification in the Company’s interest in a subsidiary not resulting in a loss of control is recognised in equity. If the Company loses the control over a subsidiary, the assets and liabilities and equity of this former subsidiary are derecognised. Any gain or loss resulting from this loss of control is recognised in profit or loss. Any interest retained in the former subsidiary is recognised at fair value on the date of loss of control according to the recognition method required under IFRS 11, IAS 28 or IFRS 9.

Entities subject to joint control

According to IFRS 11, companies are subject to joint control when important decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint control may be exercised through joint operation or a joint venture. According to IFRS 11, the joint operation is distinguished by the existence of directly held rights to certain assets and direct obligations for certain liabilities of the entity, whereas the joint venture confers a right to the entity’s net assets. For joint operations, the Company records, in its accounts, the assets, liabilities, income and expenses relating to its interests in the joint operation. For joint ventures, the Company’s interest in the entity’s net assets is recognised according to the equity method described in IAS 28.

Investments in joint operations or joint ventures are presented in accordance with IFRS 12.

Entities subject to significant influence

In accordance with IAS 28, the equity method also applies to all associates in which the Company exercises a significant influence without possessing control, which is considered to exist when the percentage of voting rights held is greater than or equal to 20%. Each investment is analysed, regardless of the percentage of interest held, taking into account the facts and circumstances in order to determine if the Company exercises a significant influence.

According to the equity method, the Company’s interest in the associate is initially recognised at the acquisition cost of its proportionate share of the investee’s net assets, which is then increased or decreased to reflect changes subsequent to the acquisition. Goodwill arising on an associate, if unimpaired, is included in the carrying amount of the investment. The Group’s proportionate share of the entity’s profit or loss for the period is shown under the “Share in earnings of equity-method affiliates” line item in the income statement. These investments are presented in the balance sheet under "Securities and receivables on equity-method affiliates and non-consolidated interests" with the corresponding investment-related receivables.

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

Investments in associates are presented in accordance with IFRS 12.

2.4.2 Business combinations and goodwill

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

Business combinations are accounted for in accordance with the acquisition method of IFRS 3 as amended: upon initial consolidation of an entity of which the Group has acquired control, the assets and liabilities as well as identifiable contingent liabilities are recognised at their fair value at the acquisition date. Intangible assets are specifically identified whenever they are separable from the acquired entity or result from legal or contractual rights. Therefore, when control of an entity is acquired, the difference between the acquisition cost and the acquirer's proportionate interest in the fair value of the entity's identifiable assets, liabilities and contingent liabilities at the acquisition date is classified as goodwill representing future economic benefits resulting from assets that are not individually identified and separately recognised. The acquisition cost is the amount of the consideration transferred including, where applicable, any price supplements at their fair value. Moreover, the acquisition cost of the shares is posted as an expense.

Goodwill:

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

In accordance with the standard, minority interests are measured either at fair value or at the proportional share of the acquirer's assets; the choice is made on an acquisition-by-acquisition basis.

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

Acquisitions or disposals of shares in an entity that remains controlled before and after these transactions are now considered as transactions between shareholders recognised directly in equity: they have no effect on either goodwill or income. In the event of loss of control, the residual interest is measured at fair value and the gain or loss on disposal is recognised in the income statement.

On an exceptional basis, acquisitions of isolated assets carried out through the purchase of shares in a company, the sole purpose of which is to hold investment assets and, in the absence of any productive activities implying the existence of contracts related to the assets or employees, are recognised in accordance with IAS 40 – "Investment Property" or IAS 2 – "Inventories."

2.4.3 Intangible assets

The Group's intangible assets consist essentially of software, brands and customer relationships.

In accordance with IAS 38:

- acquired or created software is recognised at cost and amortised over its useful life, which is generally between one year and five years;
- brands are amortised over their estimated useful lives when resulting from the identification of a finite life asset derived from an acquisition. They are tested for impairment where, as applicable, evidence of such impairment exists.

  The Cogedim, Pitch Promotion, Histoire & Patrimoine and Severini brands, which have an indefinite useful life, are thus not amortised;
- customer relationship assets, which result from the identification of intangible assets acquired from property developers, are subject to amortisation at the rate at which the acquired order backlog is filled or, for the portion relating to acquired purchase options or those that can be amortised on a straight-line basis, at the rate at which development programmes are launched.

2.4.4 Property plant and equipment

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

2.4.5 Investment properties

According to IAS 40, investment properties are held to earn rentals or for capital appreciation or both.

The investment properties held by the Group are primarily offices and hotels.

In accordance with IAS 40, the Group has opted for the fair value model. On that basis, investment properties are measured at fair value in accordance with IFRS 13 "Fair value measurement" whenever this can be reliably determined. Otherwise, they are recorded at cost and are tested for impairment at least once per year and where evidence of impairment exists.

2.4.6 Non-current assets held for sale and discontinued operations

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

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

Indications of a high probability of sale include the existence of a plan by Group management to sell the asset and an active programme to find a buyer and close a sale within the following 12 months. The management assesses the situations. When at the closing date there is a preliminary sales agreement or a firm commitment, the asset is systematically included in assets held for sale.

The asset is measured at fair value, which is generally the amount agreed to between the parties minus selling costs.

For an operation to be considered discontinued, the Company determines, according to the facts and circumstances, whether or not there exists a single and coordinated plan to dispose of a major line of business or geographical area of operations.

2.4.7 Monitoring the value of non-current assets (excluding financial assets and investment property) and losses of value

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

Goodwill and other intangible assets with an indeterminate life (such as brands) are tested for impairment at least once a year and more frequently if there is an indication of loss of value identified (events or circumstances, internal or external, indicating that a reduction in value may have occurred).

The value of assets (and certain associated liabilities) on the balance sheet, when they are directly related or attributable to cash generating units (CGUs) or groups of CGUs including intangible assets (such as brands) and goodwill, if applicable, is compared to the recoverable amount of the CGU or group of CGUs, defined as the higher of the sale price net of any costs that may be incurred for the sale, and value in use. A CGU is the smallest identifiable group of assets (property programme) that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill and brands are allocated to the grouping of Residential and Business property CGUs.

Value in use of the CGU or the combination of several CGUs is determined using a multi-criteria approach that relies primarily on the discounted cash flow (DCF) method, supplemented by market comparables and transaction multiples.

The basic principles of the DCF method are:

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

The multiples approach *via* market comparables is based on determining a sample of comparable listed companies, for which a multiple is calculated and reapplied to those aggregates considered relevant.

The multiples approach *via* comparable transactions is based on selecting a panel of transactions in comparable companies and reapplying these to the aggregates considered relevant.

Sensitivity tables are created for all impairment tests carried out.

An impairment loss is recognised, if applicable, if the value of the assets (and certain associated liabilities) on the balance sheet is higher than the recoverable amount of the CGU or group of CGUs, and is written off in priority against goodwill (irreversible loss), then against other intangible assets and property, plant and equipment on a *prorata* basis for their carrying amount (reversible loss).

2.4.8 Inventories

Inventories relate to:

- programmes for third-party property development;
- programmes where their nature or specific administrative situation prompts a decision to classify them as inventory (dealer's stock) or where a final decision to hold them in the portfolio has not been made.

In accordance with the clarification of IAS 23 for the financial year, interest expenses that can be allocated to the programmes are no longer incorporated into inventories connected with off-plan sales transactions or with Property Development Contract transactions. Accordingly, these inventories can be sold off very rapidly.

"Inventories" are carried at cost price less the portion of cost price retired on a percentage-of-completion basis for off-plan sales transactions or property development contract transactions. The cost price includes:

- the acquisition cost of land;
- construction costs (including roads and utilities works);
- all technical and programme management fees, whether internal or external to the Group; and
- related expenses associated directly with the construction programme.

Generally speaking, whenever the net realisable value of inventories and work in progress is less than the cost price, impairment losses are recognised.

2.4.9 Contractual assets or liabilities

Further to the application of IFRS 15, the Group records a contract asset or liability in the statement of financial position in the context of the recording of contracts in the accounts on the percentage-of-completion method. The asset or liability corresponds to the amount generated by the ordinary activities based on off-plan sales or property development contracts, aggregated to date, for which the obligation to provide a service is fulfilled on a progressive basis, net of any client payments received to date. These are to a certain extent receivables not yet due, corresponding to any advances between collected calls for funds and the actual percentage of completion at the closing date. Within the statement of the financial position, the service is as follows:

- "Contract assets", if the receivables calculated on percentage of completion are greater than collected calls for funds;
- "Contract liabilities", if the receivables calculated on percentage of completion are less than collected calls for funds.

2.4.10 Financial assets and liabilities

The Group has elected not to apply the hedge accounting proposed in IFRS 9.

Application principles for IAS 32, IFRS 9 and IFRS 7 are as follows:

Measurement and recognition of financial assets and liabilities

- Trade and other receivables are measured at face value less any allowances for impairment. In accordance with IFRS 9, with regard to impairment, the Group applies a model based on expected losses, (expected credit losses based on the useful life of the receivables, itself based on the experience of the Group's historic credit losses) to its trade receivables.
- Receivables relating to participating interests in equity- method affiliates are classified in the balance sheet under "Securities and receivables on equity-method affiliates or non-consolidated

interests". These receivables from companies accounted for by the equity-method have a short collectibility term (linked to the operating cycle of the development business). Other receivables from participating interests and shareholders' accounts classified in the balance sheet under "Loans and receivables" relate mainly to advances made to minority partners of consolidated or deconsolidated companies.

- Equity instruments mainly comprise equity securities of non-consolidated companies. They are recognised as at fair value through profit or loss if they are held for trading; otherwise, they are recognised at fair value by non- recyclable OCI (changes in fair value are registered in a separate equity line item under "other comprehensive income"). For unlisted securities, if the fair value cannot be reliably determined at each closing, they remain in the balance sheet at their initial fair value, *i.e.* at purchase price increased by transaction costs, adjusted by any gains or losses of value determined by an analysis of the proportionate share of the equity held. For the shares of listed companies, this fair value is determined on the basis of estimation including, where necessary, the market indicators on the closing date.
- Derivative financial instruments (assets and liabilities) are considered as being held for trading. They are measured at fair value. The change in fair value of derivatives is recognised in the income statement.
- Cash as defined in IAS 7 includes liquid assets in bank current accounts and holdings in deposit accounts that are redeemable or tradeable in the very short-term (*i.e.* initial maturity of less than three months) and carry no significant risk of loss of value through fluctuations in interest rates. These assets are carried on the balance sheet at fair value. Changes in the fair value of these instruments are recognised in income, with a corresponding adjustment to cash. Cash must be available immediately for the needs of the Group or its subsidiaries.
- All borrowings and interest-bearing liabilities are initially recognised at fair value, less directly attributable transaction costs. Thereafter, they are carried at amortised cost using the effective interest rate method. Initial effective interest rates are determined by an actuary. In the event of renegotiation of financial liabilities contracts recognised at amortised cost, if quantitative and qualitative tests lead to the conclusion that there is no substantial change to the contractual cash flows, the Group will maintain the original initial effective interest rate and adjust the amortised cost of the liability in question, against the result.

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

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

For other financial assets and liabilities such as OTC derivatives, swaps, caps, etc. that are traded on active markets (market composed of numerous transactions, continuously displayed and traded prices), fair value is estimated by an actuary using commonly accepted models and in compliance with guidance from IFRS 13 – "Fair value measurement". A mathematical model is used to bring together calculation methods based on recognised financial theories. This takes into account the measurement of credit risk (or risk of default) of Altarea vis-à-vis its bank counterparties and the risk of its counterparties *vis-à-vis* Altarea (Credit Value Adjustment/Debit Value Adjustment). The Group applies the default probability calculation method used by the secondary market (according to estimated bond spreads of its counterparties).

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

2.4.11 Equity

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

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

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

2.4.12 Share-based payments

Share-based payments are transactions based on the value of shares of the issuing company: stock options, rights to free share grants and employee investment plans (PEEs).

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

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

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

2.4.13 Earnings per share

Net income per share (€)

Net income per share is calculated by dividing net income (Group share) by the weighted average number of ordinary shares in issue during the period.

Diluted net income per share (€)

Diluted net income per share is calculated by dividing net income (Group share) by the weighted average number of ordinary shares in issue adjusted for the dilutive effects of the options during the period.

The dilutive effect is calculated according to the "share buyback" method. Under this method, the funds received from the exercise of options are assumed to be applied first to repurchasing own shares at the market price. The market price is taken to be the volume-weighted average of average monthly prices of Altareit shares. The theoretical number of shares that would be repurchased at this market price is subtracted from the total number of shares produced by the exercise of warrants and options. The number calculated using this method is then added to the average number of shares in issue to produce the denominator.

Potential ordinary shares shall be treated as dilutive if the conversion in ordinary share implies a reduction in the result per share.

2.4.14 Employee benefits

In accordance with IAS 19 and amendments adopted by the European Union in June 2012, employee benefits are recognised under "personnel costs" in the income statement, with the exception of liability (or asset) revaluations recognised directly in equity and recorded in "Other comprehensive income."

Post-employment benefits

Benefits payable at retirement are paid to employees at the time of retirement based on length of service and final salary. These benefits are part of the defined benefits plan, a plan to which the employer is formally or implicitly committed in an amount or a level of benefits and therefore bears the risk in the medium or long-term.

A provision is recorded in the liabilities to cover all these pension commitments. It is regularly valued by independent actuaries according to the projected credit unit method and represents the probable present value of the vested rights taking into account salary increases until retirement, the probability of retirement and the probability of survival.

The formula for the past service obligation can be broken down as follows:

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

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

- discount rate: Rate of return on AA-rated corporate bonds (euro zone) with maturities of more than 10 years. The Group uses the Iboxx rate which stands at 0.65%;
- mortality table: Women's Table (TF) and Men's Table (TH) 2000-2002;
- reason for departure: depending on local laws and for France, voluntary retirement on the date of eligibility for full pension benefits;
- turnover: annual average turnover observed over the last 3 years, standing at between 6% and 10% depending on profession and age group;
- long-term salary adjustment rate (including inflation): 2.2%.

Actuarial gains and losses and valuation adjustments are recorded directly in equity under other comprehensive income.

The amount of the obligation determined using this method is then reduced by the value of any assets held to cover it (not applicable in this case).

Other post-employment benefits

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

Severance pay

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

Short-term benefits

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

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

2.4.15 Provisions and contingent liabilities

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

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

Non-current provisions consist mainly of provisions arising from litigation between the Group and third parties.

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

2.4.16 Corporate income tax

Income taxes are recognised in accordance with IAS 12.

The Group is subject to ordinary rules of corporate taxation.

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

Since 31 December 2016, the Group has applied a gradual and programmed reduction in the rate in its consolidated financial statements in accordance with the Finance Act in force.

Deferred tax assets are reassessed at each closing date and are recognised where it is likely that future taxable profits will allow their recovery based on a business plan for tax purposes prepared by management for a reasonable period.

Deferred taxes on the balance sheet are presented in net position at the level of each tax consolidation group, as either an asset or a liability in the consolidated balance sheet.

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

2.4.17 Revenue and revenue-related expenses

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

It corresponds primarily to the profit margin on the Residential and Business property sectors.

For property development activities, the net property income is recognised in the Group's financial statements using the "percentage-of-completion method".

All "property development/off-plan sales" and "property development contract transactions" are concerned by this method.

For these programmes, revenue from notarised sales is recognised, in accordance with IFRS 15 "Revenue from contracts with customers", in proportion to the percentage of completion of the programmes, measured by the total percentage of costs directly related to construction (including the cost of land) incurred in comparison to the total forecast budget (updated at each closing date) and to the percentage of sales realised determined relative to budget total sales. The event giving rise to recognition of percentage-of- completion revenue is thus the purchase of the land combined with the signature of deeds of sale (notarised sales).

Net property income on property development projects is measured according to the percentage-of-completion method based on the following criteria:

- project recorded by the other party to the contract;
- existence of documented projections reliable enough to provide a sound estimate of the overall economics of the transaction (selling price, stage of completion of construction work, no risk of non-completion).

Losses on "new projects" are included in net property income.

Purchase/resale of property complexes are recorded as and when sales are closed. For these transactions, the net property income firstly highlights sales (net VAT amount on margin where applicable) and secondly the cost of sales in respect of cost price items.

Net overhead expenses correspond to income and expense items inherent in the business of the Group's service companies.

For each operating segment, income includes payments for services provided to third parties, such as delegated project management fees related to property development activities, and fees for marketing and other services (additional works acquirers).

Expenses includes personnel costs, overheads (miscellaneous fees, operating expenses, etc., excluding fixed rents paid and then restated in accordance with IFRS 16), as well as provisions for depreciation of operating assets. Capitalised production and production held in inventory is deducted from this amount.

Other income and expenses relate to Group companies that are not service providers. They mainly correspond to overhead costs and miscellaneous management fee income. Amortisation of intangible assets and depreciation of property, plant and equipment other than assets in operation are included in this line item.

2.4.18 Leases

On 31 October 2017, the European Union adopted IFRS 16 – Leases, whose application is mandatory, retrospectively, for financial years starting from 1 January 2019. This standard, for the tenant, puts an end to the distinction between finance and operating leases, however this distinction is maintained for landlords.

Leases in the financial statements with the Company as lessee

For all leases which can be defined as "lease agreements", IFRS 16 requires a right-of-use asset the leased asset to be recorded in the balance sheet statement of the tenants (as non-current assets) in exchange for a lease liability (as financial liabilities). Please see section 2.5 "Changes in method in 2019".

2.4.19 Borrowing costs or costs of interest-bearing liabilities

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

Further to the clarification of the standard for the financial year, the interest expenses which can be allocated to off-plan sales or Property Development Contract transactions are no longer incorporated into inventories. However, these may still be allocated to property assets under development and construction, during the construction phase of the asset, if they can be defined as qualifying assets.

The cost of net financial debt includes interest incurred on borrowings including the amortisation of issuance expenses, and other financial liabilities, income from loans and advances to participating interests, lease liabilities (IFRS16), gains on sale of marketable securities and the impact of interest-rate swaps used as interest-rate hedges.

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

2.4.20 Discounting of payables and receivables

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

2.4.21 Cash flow statement

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

2.4.22 Operating segments

IFRS 8 – "Operating segments" requires the presentation of operating segments to reflect the Company's organisation and internal reporting system, which is presented in compliance with IFRS recognition and measurement principles. An operating segment represents an activity of the Company that incurs income and expenses, and whose operating income is regularly reviewed by the Company's Management and executive bodies. Each segment has isolated financial information.

The Company's internal reporting is based on an analysis of the period's results in accordance with:

- funds from operations (FFO)[1];
- changes in value (unrealised or realised), estimated expenses, and transaction costs.

According to these analytical criteria, operating income, including earnings from equity affiliates, is monitored on an operating segment basis.

In addition to operating income, asset book values (and certain related liabilities) are monitored by operating segment when they are directly related or can be allocated to a sector. They are considered economic assets of the sector in question.

The Company has the following operating segments:

- Residential: residential property development;
- Business property: the property development, services and investment business;
- Diversification.

Items under "Other" allow reconciliation of various reporting indicators with accounting indicators.

Borrowing costs, changes in the value of financial instruments and gains and losses from their disposal, taxes, and earnings from minority interests are not directly allocated by sector. Balance-sheet items such as financial assets and liabilities cannot be allocated, nor can deferred-tax assets corresponding to the recognition of tax losses.

As part of the Group's current operations:

1. Funds from operations (FFO)

This item measures the creation of wealth available for distribution from net income (Group share of FFO). Funds from operations are defined as net income, Group share (*i.e.* attributable to equity holders of the parent company), exclusive of changes in value, calculated expenses, and transaction costs, and change on deffered taxes.

The main aggregates of **the funds from operations** monitored by the Group in internal reports are:

- net property income for net incomes of the segment, including impairment of current assets for Residential and Business property;
- net overhead expenses including the provision of services that offset a portion of overhead and operating expenses are defined as being personnel costs, other operating expenses, other income and other expenses for the sector and the expenses covered by reversals of provisions used;
- share of funds from joint ventures or associates' operations.

Net borrowing costs are the net borrowing costs excluding calculated expenses which correspond in particular to the spreading of bond issue costs and (shown in changes in value, calculated expenses and transaction fees).

Tax (FFO) is the tax due for the period excluding deferred tax and excluding tax due relating to changes in value (exit tax, etc.).

2. Changes in value, calculated expenses, and transaction costs

These changes in value measure the value created or realised by the Company during the period.

The relevant indicator for monitoring value is Net income.

The main **aggregates of the funds from operations** monitored by the Group in internal reports are:

- **changes in value and calculated expenses** include:
  - expenses or net allowances for the period related to share-based payments or other benefits granted to employees,
  - allowances for depreciation and amortisation net of reversals for non-current assets, including allowances relating to intangible assets or goodwill identified during business combinations, and rights of use over tangible and intangible fixed assets,
  - allowances for non-current provisions net of used or unused reversals;
- **transaction costs** include fees and other non-recurring expenses incurred from Corporate development projects that are ineligible for capitalisation (*e.g.*, expenses incurred from business combinations or equity investments, whether completed or not) or that are ineligible for inclusion under issuance costs (*e.g.* certain commissions incurred from capital management). Income and expenses outside the Company's going concerns are also included.

Also presented are **changes in value and income from disposal of financial instruments** representing adjustments in the value of financial instruments measured at fair value as well as the effect of discounting debt and receivables. Results from the disposal of financial instruments represent the balance for amounts incurred in the period from restructuring or cancelling financial instruments.

3. Minority interests line

The line relating to minority interests corresponds to the share of net income attributable to minority shareholders of subsidiaries divided between the share of the funds from operations (FFO) and the share attributable to minority shareholders of subsidiaries of changes in value, calculated expenses, transaction costs and deferred tax.

In exceptional transactions, leases are analysed in a highly specific way and the indicators presented above may have to be adjusted, *i.e.* reclassified to match the presentations in internal reports for greater clarity.

(1) *Fund From Operations.*

2.5 Changes in methods in 2019

2.5.1 IFRS 16 – Leases

On 31 October 2017, the European Union adopted IFRS 16, whose application is mandatory, for financial years starting on or after 1 January 2019.

This standard, from the lessee's perspective, abandons the existing distinction between finance and operating leases.

For all leases which can be defined as "lease agreements", this standard requires a right-of-use asset, the leased asset to be recorded in the balance sheet statement of the tenants (as non-current assets) in exchange for a lease liability (as financial liabilities).

The Group opted for the modified-retrospective transition approach. The effects of the transition are therefore included in equity at the opening of this financial year, *i.e.* on 1 January 2019. Therefore, the Group's financial statements presented in comparison with those of the period were not restated, in accordance with the standard. The impacts on the opening balance sheet are presented below.

A census of the leases was carried out. Leases entered into by the Group lying within the field of application of the standard mainly concern:

- property leases: the Group leases its offices in the majority of cities where it operates; and
- vehicle leases.

The key assumptions for determining the debt and therefore the right-of-use are the duration of the contracts and the rate:

- the terms adopted on the date of transition are the residual terms of all current contracts. These corresponding to the fixed period of the commitment, taking into account any optional periods for which their is a reasonable expectation of these being exercised;
- the discounting rates applied on the date of transition are based on the marginal rate of indebtedness for each company holding a contract. These rates are calculated with regard to the residual terms of the contracts as from the date of their initial application, i.e. 1 January 2019.

The Group did not apply any simplification measures at the transition date.

Implementation of the standard has a significant impact on the recognition of leases and their presentation in the Group's financial statements:

- on the balance sheet, an asset is recorded in the form of a right-of-use asset in exchange for a liability corresponding to the rent. The Group therefore acknowledges a right-of-use on tangible fixed assets (connected to its property and vehicle lease agreements) and a right-of-use for investment properties (linked to a contract, previously the finance lease contract) in return for lease liabilities;
- on the income statement, rents from rental contracts (previously entered under operating charges) are replaced by depreciation charges on the right-of-use or changes in the values of investment properties, and by interest charges. Rentals and rental charges still posted at 31 December correspond mainly to rental expenses (which, in accordance with the application of IFRS 16, are not restated);
- with regard to the cash flow statement, cash flows related to financing activities are impacted by the reimbursement of rental obligations and by interest charges.

The change in amounts is related to new contracts or for the purpose of contracts for the period and is presented in Note 7.2 "Rights of use on property, plant and equipment". Moreover, during the lifetime of the agreement, lease liability and right-of-use asset may vary based on changes in the rent index defined in the leases. The main indexes are: the French national construction costs index, the French office rent index, the French commercial rent index and the French benchmark rent index.

2.5.2 IAS 23 – Borrowing costs

IAS 23 requires the capitalisation of borrowing costs attributable directly to the acquisition, construction or production of a qualifying asset as the cost of such asset.

In the context of changes to IFRS, in this year, the IASB provided a clarification concerning the capitalisation of borrowing expenses for real estate operations completed in the form of off-plan sales or Property Development Contracts.

The asset connected with these development programmes (both for Residential and Business property) no longer corresponds to the definition of a qualified asset to the extent that, as an off-plan sale, it is liable to be sold very quickly and therefore without any period of time being required for development; the asset stored is therefore ready to sell.

A clarification has been made to IAS 23 and is applicable retrospectively from 1 January 2018 for the Group which is presenting the impacts on its opening equity as of such date.

The financial statements presented in comparison with those for the period have therefore been restated.

2.5.3 IFRIC 23 interpretation – Uncertainty relating to tax handling

The IFRIC 23 interpretation clarifies the application of the provisions of IAS 12 – Income taxes concerning the recording the accounts and assessment when uncertainties exist regarding the handling of corporate income tax. The adoption of this interpretation has had no impact on the assessment of the Group's current and deferred taxation, at the start of the period and as at 31 December 2019. Should uncertain tax liabilities or related to uncertain tax positions be recorded in the financial statements, these would be presented as a tax liability.

2.5.4 Change in presentation – Application of IFRS 15 to contract assets and liabilities

In accordance with IFRS 15, the Group sets out contract assets and liabilities under two separate headings in the assets and liabilities sections of its financial position. These assets and liabilities were included in the items "Customers and other receivables" and "Trade and other payables" and are now set out under separate headings. The financial position has been restated for the financial year ending 31 December 2018 (please see section 2.5.6).

2.5.5 Impact of the clarification made to IAS 23 – Borrowing costs on the opening balance sheet at 1 January 2018

(€ millions)	31/12/2017 published	Impacts IFRS 15	Impacts IAS 23	01/01/2018
Non-current assets	**693.8**	**(19.2)**	**(2.3)**	**672.4**
Intangible assets	233.7	–	–	233.7
Property plant and equipment	15.6	–	–	15.6
Investment properties	38.3	–	–	38.3
Securities and investments in equity affiliates and unconsolidated interests	338.0	3.7	(2.3)	339.4
Loans and receivables (non-current)	6.8	–	–	6.8
Deferred tax assets	61.3	(22.9)	0.0	38.4
Current assets	**2,260.0**	**(238.6)**	**0.2**	**2,021.6**
Net inventories and work in progress	1,275.4	(503.2)	0.2	772.4
Trade and other receivables	510.6	264.6	–	775.2
Income tax credit	8.2	–	–	8.2
Loans and receivables (current)	13.0	–	–	13.0
Cash and cash equivalents	452.8	–	–	452.8
TOTAL ASSETS	**2,953.8**	**(257.8)**	**(2.1)**	**2,693.9**
Equity	**502.3**	**51.0**	**(2.2)**	**551.1**
Non-current liabilities	**585.4**	**(0.2)**	**0.1**	**585.2**
Non-current borrowings and financial liabilities	569.6	–	–	569.6
Long-term provisions	14.6	–	–	14.6
Deposits and security interests received	1.0	–	–	1.0
Deferred tax liability	0.2	(0.2)	0.1	(0.0)
Current liabilities	**1,866.2**	**(308.5)**	**–**	**1,557.7**
Current borrowings and financial liabilities	609.4	–	–	609.4
Derivative financial instruments	0.0	–	–	0.0
Trade and other payables	1,249.8	(308.5)	–	941.3
Tax due	7.0	–	–	7.0
TOTAL LIABILITIES	**2,953.8**	**(257.8)**	**(2.1)**	**2,693.9**

The IFRS 15 impact presented is the impact of implementation of the standard on 1 January 2018, explained in the notes to the consolidated financial statements for the year ended 31 December 2018.

2.5.6 Impact of opening up to application of IFRS 16 (at 1 January 2019), IFRS 15 and the clarification of IAS 23 (at 31 December 2018)

(€ millions)	31/12/2018 published	Impacts IAS 23	Impacts IFRS 15	31/12/2018 restated	Impacts IFRS 16	01/01/2019
Non-current assets	**594.8**	**(5.2)**	**–**	**589.7**	**37.6**	**627.3**
Intangible assets	284.2	–	–	284.2	–	284.2
Property plant and equipment	18.2	–	–	18.2	–	18.2
Right-of-use on property, plant and equipment	–	–	–	–	38.1	38.1
Investment properties	37.6	–	–	37.6	(0.0)	37.6
o/w Investment properties in operation at fair value	*–*	–	–	*–*	*2.1*	*2.1*
o/w Investment properties under development and under construction at cost	*37.6*	–	–	*37.6*	*(7.8)*	*29.9*
o/w Right-of use on investment properties	*–*	–	–	*–*	*5.7*	*5.7*
Securities and investments in equity affiliates and unconsolidated interests	242.5	(5.2)	–	237.4	(0.2)	237.1
Loans and receivables (non-current)	8.3	–	–	8.3	–	8.3
Deferred tax assets	4.0	0.0	–	4.0	(0.2)	3.8
Current assets	**2,446.5**	**0.1**	**–**	**2,446.6**	**(0.2)**	**2,446.5**
Net inventories and work in progress	973.0	0.1	–	973.1	–	973.1
Contract assets	–		444.4	444.4		444.4
Trade and other receivables	907.9	0.0	(444.4)	463.6	(0.2)	463.4
Income tax credit	11.2	–	–	11.2	–	11.2
Loans and receivables (current)	32.5	–	–	32.5	–	32.5
Derivative financial instruments	–	–	–	–	–	–
Cash and cash equivalents	521.9	–	–	521.9	–	521.9
TOTAL ASSETS	**3,041.3**	**(5.0)**	**–**	**3,036.3**	**37.5**	**3,073.7**
Equity	**843.3**	**(5.1)**	**–**	**838.2**	**0.1**	**838.3**
Equity attributable to Altareit SCA shareholders	**807.8**	**(5.0)**	**–**	**802.9**	**0.1**	**803.0**
Equity attributable to minority shareholders of subsidiaries	**35.5**	**(0.1)**	**–**	**35.4**	**0.0**	**35.4**
Non-current liabilities	**653.0**	**0.1**	**–**	**653.0**	**18.8**	**671.9**
Non-current borrowings and financial liabilities	628.7	–	–	628.7	18.9	647.6
o/w Bond issues	*345.0*	–	–	*345.0*	*–*	*345.0*
o/w Borrowings from lending establishments	*282.9*	–	–	*282.9*	*(5.1)*	*277.9*
o/w Advances from Group shareholders and partners	*0.7*	–	–	*0.7*	*–*	*0.7*
o/w Lease liabilities	*–*	–	–	*–*	*23.9*	*23.9*
Long-term provisions	16.4	–	–	16.4	–	16.4
Deposits and security interests received	1.2	–	–	1.2	–	1.2
Deferred tax liability	6.7	0.1	–	6.7	(0.1)	6.7
Current liabilities	**1,545.0**	**0.0**	**–**	**1,545.0**	**18.6**	**1,563.6**
Current borrowings and financial liabilities	375.8	–		375.8	18.9	394.7
o/w Bond issues	*5.1*	–		*5.1*	*–*	*5.1*
o/w Borrowings from lending establishments	*79.6*	–		*79.6*	*(0.5)*	*79.1*
o/w Negociable European Commercial Paper	*212.0*	–		*212.0*	*–*	*212.0*
o/w Bank overdrafts	*3.5*	–		*3.5*	*–*	*3.5*
o/w Advances from Group shareholders and partners	*75.6*	–		*75.6*	*–*	*75.6*
o/w Lease liabilities	*–*	–		*–*	*19.4*	*19.4*
Derivative financial instruments	0.0	–		0.0	–	0.0
Contract liabilities	–	–	105.7	105.7	–	105.7
Trade and other payables	1,163.6	0.0	(105.7)	1,057.9	(0.3)	1,057.6
Tax due	5.5	–		5.5	–	5.5
TOTAL LIABILITIES	**3,041.3**	**(5.0)**	**–**	**3,036.3**	**37.5**	**3,073.7**

2.5.7 Reconciliation of lease liabilities on the transition date with off-balance sheet commitments on 31 December 2018 (minimum rents to be paid)

(€ millions)	
TOTAL RENT COMMITMENTS FOR PAYMENT AT 31 DECEMBER 2018	**21.4**
Off-balance sheet commitments not initially recognised	
■ included in the fair value of investment properties held by leasing	5.5
■ impact of vehicles	2.0
■ other impacts	1.3
Duration effect and discount rate	**13.1**
TOTAL LEASE LIABILITIES AT 1 JANUARY 2019	**43.3**

2.5.8 Impact of the clarification made to IAS 23 – Borrowing costs in the consolidated income statement at 31 December 2018

	31/12/2018 published			IFRS 23 impacts			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	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Net property income	176.1	–	176.1	5.8	–	5.8	181.8	–	181.8
Net overhead expenses	(61.4)	(12.0)	(73.4)	–	–	–	(61.4)	(12.0)	(73.4)
Share of equity-method affiliates	12.8	19.1	31.9	(0.3)	0.1	(0.2)	12.5	19.1	31.7
Net allowances for depreciation and impairment	–	(4.1)	(4.1)	–	–	–	–	(4.1)	(4.1)
Transaction costs	–	(1.7)	(1.7)	–	–	–	–	(1.7)	(1.7)
Operating income – Residential	**127.5**	**1.2**	**128.7**	**5.5**	**0.1**	**5.6**	**133.0**	**1.3**	**134.3**
Net property income	18.2	–	18.2	0.7	–	0.7	18.9	–	18.9
Net overhead expenses	0.4	(2.4)	(2.0)	–	–	–	0.4	(2.4)	(2.0)
Share of equity-method affiliates	27.2	(3.7)	23.5	(3.4)	0.7	(2.7)	23.8	(3.0)	20.9
Net allowances for depreciation and impairment	–	(1.4)	(1.4)	–	–	–	–	(1.4)	(1.4)
Operating income – Business property	**45.8**	**(7.5)**	**38.3**	**(2.7)**	**0.7**	**(2.0)**	**43.1**	**(6.8)**	**36.3**
Operating income – Diversification	**7.3**	**172.9**	**180.3**	**–**	**–**	**–**	**7.3**	**172.9**	**180.3**
Others (Corporate)	(2.2)	–	(2.2)	–	–	–	(2.2)	–	(2.2)
OPERATING INCOME	**178.4**	**166.6**	**345.0**	**2.8**	**0.8**	**3.6**	**181.2**	**167.5**	**348.7**
Net borrowing costs	(10.5)	(1.9)	(12.4)	(6.6)	–	(6.6)	(17.1)	(1.9)	(19.0)
Other items of income	0.0	(0.6)	(0.5)	–	–	–	0.0	(0.6)	(0.5)
PROFIT BEFORE TAX	**167.9**	**164.1**	**332.1**	**(3.8)**	**0.8**	**(2.9)**	**164.2**	**165.0**	**329.1**
Corporate income tax	(7.8)	(37.4)	(45.2)	–	(0.0)	(0.0)	(7.8)	(37.5)	(45.2)
NET INCOME	**160.1**	**126.7**	**286.8**	**(3.8)**	**0.8**	**(3.0)**	**156.4**	**127.5**	**283.9**
Non-controlling interests	(14.1)	0.0	(14.1)	0.2	–	0.2	(13.9)	0.0	(13.9)
NET INCOME, GROUP SHARE	**146.0**	**126.7**	**272.8**	**(3.6)**	**0.8**	**(2.8)**	**142.5**	**127.5**	**270.0**
Diluted average number of shares	*1,748,473*	*1,748,473*	*1,748,473*	*1,748,473*	*1,748,473*	*1,748,473*	*1,748,473*	*1,748,473*	*1,748,473*
NET INCOME PER SHARE *(€)* **GROUP SHARE**	**83.52**	**72.49**	**156.01**	**(2.05)**	**0.46**	**(1.59)**	**81.47**	**72.94**	**154.42**

NOTE 3 INFORMATION ON OPERATING SEGMENTS

3.1 Balance sheet items by operating segment

As at 31 December 2019

(€ millions)	Residential	Business property	Diversification	Total
Operating assets and liabilities				
Intangible assets	281.6	21.5	0.0	303.1
Property plant and equipment	13.5	4.4	1.0	18.9
Right-of-use on property, plant and equipment	16.4	–	5.4	21.7
Investment properties	–	31.1	–	31.1
Securities and receivables in equity affiliates and unconsolidated interests	204.2	77.0	1.9	283.1
Operational working capital requirement	773.5	(46.8)	(5.7)	721.0
TOTAL OPERATING ASSETS AND LIABILITIES	**1,289.1**	**87.2**	**2.6**	**1,378.9**

As at 31 December 2018 – restated

(€ millions)	Residential	Business property	Diversification	Total
Operating assets and liabilities				
Intangible assets	262.7	21.5	–	284.2
Property plant and equipment	12.6	4.7	1.0	18.2
Right-of-use on property, plant and equipment	–	–	–	–
Investment properties	–	37.6	–	37.6
Securities and receivables in equity affiliates and unconsolidated interests	171.9	63.4	2.1	237.4
Operational working capital requirement	728.4	(3.5)	(0.9)	724.0
TOTAL OPERATING ASSETS AND LIABILITIES	**1,175.6**	**123.7**	**2.1**	**1,301.4**

3.2 Consolidated income statement by operating segment

See consolidated income statement by segment in the financial statements.

3.3 Reconciliation of the consolidated income statement and of the consolidated income statement by operating segment

3.3.1 Statement of comprehensive income with the same breakdown as the income statement by segment

	31/12/2019			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
Rental income	1.6	–	1.6	–	–	–
Unrecoverable rental expenses	(0.8)	–	(0.8)	–	–	–
Net rental income	**0.8**	**–**	**0.8**	**–**	**–**	**–**
Revenue	2,860.2	–	2,860.2	2,164.9	–	2,164.9
Cost of sales	(2,477.9)	–	(2,477.9)	(1,842.3)	0.0	(1,842.3)
Other income	(132.6)	(0.0)	(132.7)	(111.7)	–	(111.7)
Net charge to provisions for current assets	(29.7)	–	(29.7)	(9.3)	–	(9.3)
Amortisation of customer relationships	–	(0.6)	(0.6)	–	–	–
Net property income	**220.0**	**(0.6)**	**219.3**	**201.6**	**0.0**	**201.6**
External services	22.1	–	22.1	31.7	–	31.7
Production held in inventory	182.5	–	182.5	155.3	–	155.3
Personnel costs	(168.3)	(14.3)	(182.5)	(146.8)	(14.5)	(161.3)
Other overhead expenses	(81.4)	(6.4)	(87.8)	(92.4)	–	(92.4)
Depreciation expenses on operating assets	–	(20.0)	(20.0)	–	(4.5)	(4.5)
Net overhead expenses	**(45.0)**	**(40.7)**	**(85.7)**	**(52.3)**	**(18.9)**	**(71.2)**
Other income and expenses	(0.0)	0.2	0.2	(9.5)	–	(9.5)
Depreciation expenses	–	(5.0)	(5.0)	–	(1.7)	(1.7)
Transaction costs	–	(1.5)	(1.5)	–	(1.7)	(1.7)
Others	**(0.0)**	**(6.3)**	**(6.3)**	**(9.5)**	**(3.4)**	**(12.9)**
Income from disposal of investment assets	**–**	**(1.2)**	**(1.2)**	**–**	**–**	**–**
Change in value of investment properties	–	2.3	2.3	–	–	–
Net impairment losses on other non-current assets	–	(0.5)	(0.5)	–	(0.6)	(0.6)
Net charge to provisions for risks and contingencies	–	(1.0)	(1.0)	–	0.2	0.2
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**175.7**	**(48.0)**	**127.8**	**139.8**	**(22.8)**	**117.0**
Share in earnings of equity-method affiliates	25.5	(8.9)	16.6	21.3	(6.4)	14.9
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**201.3**	**(56.8)**	**144.4**	**161.1**	**(29.1)**	**132.0**
Net borrowing costs	(20.4)	(1.3)	(21.8)	(17.1)	(1.9)	(19.0)
Financial expenses	*(24.4)*	*(1.3)*	*(25.7)*	*(22.0)*	*(1.9)*	*(23.9)*
Financial income	*3.9*	*–*	*3.9*	*4.9*	*–*	*4.9*
Change in value and income from disposal of financial instruments	–	(0.1)	(0.1)	–	(0.0)	(0.0)
Discounting of debt and receivables	–	2.1	2.1	–	(0.2)	(0.2)
Proceeds from the disposal of investments[(a)]	2.7	(1.7)	1.0	20.1	196.2	216.3
Dividends	0.6	–	0.6	0.0	–	0.0
Profit before tax	**184.1**	**(57.9)**	**126.3**	**164.2**	**165.0**	**329.1**
Income tax	(4.7)	(26.2)	(30.9)	(7.8)	(37.5)	(45.2)
NET INCOME	**179.4**	**(84.1)**	**95.3**	**156.4**	**127.5**	**283.9**
o/w Net income attributable to Altareit SCA shareholders	**164.9**	**(83.9)**	**81.0**	**142.5**	**127.5**	**270.0**
o/w Net income attributable to minority interests in subsidiaries	14.5	(0.2)	14.3	13.9	(0.0)	13.9
Average number of non-diluted shares	1,748,489	1,748,489	1,748,489	1,748,473	1,748,473	1,748,473
NET INCOME PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF ALTAREIT SCA *(€)*	**94.30**	**(47.99)**	**46.31**	**81.47**	**72.94**	**154.42**
Average number of diluted shares	1,748,489	1,748,489	1,748,489	1,748,473	1,748,473	1,748,473
DILUTED NET INCOME PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF ALTAREIT SCA *(€)*	**94.30**	**(47.99)**	**46.31**	**81.47**	**72.94**	**154.42**

(a) Gains or losses on disposals of equity interests were reallocated to each of the activities concerned by the gains or losses when it relates to an investment previously fully consolidated or a share of the equity-method affiliates when the equity disposed of was previously in an equity-method company.

3.3.2 Reconciliation of operating income between the two income statements

As at 31 December 2019

(€ millions)	Residential	Business property	Diversification	Others (Corporate)	Total
Net rental income	–	–	0.8	–	0.8
Net property income	207.1	12.9	(0.0)	(0.6)	219.3
Net overhead expenses	(79.6)	(6.1)	–	–	(85.7)
Others	(3.7)	0.1	0.1	(2.8)	(6.3)
Net gain/(loss) on disposal of investment assets	–	–	(1.2)	–	(1.2)
Value adjustments	(0.5)	1.3	1.0	–	1.9
Net charge to provisions for risks and contingencies	(0.5)	(0.1)	(0.4)	–	(1.0)
Share in earnings of equity-method affiliates	12.6	4.2	(0.1)	–	16.6
OPERATING INCOME (CONSOLIDATED INCOME STATEMENT)	**135.5**	**12.2**	**0.1**	**(3.4)**	**144.4**
Income from disposal of shareholdings	–	2.7	–	–	2.7
OPERATING INCOME (CONSOLIDATED INCOME STATEMENT BY SEGMENT)	**135.5**	**14.9**	**0.1**	**(3.4)**	**147.2**

As at 31 December 2018 – restated

(€ millions)	Residential	Business property	Diversification	Others (Corporate)	Total
Net property income	181.8	18.9	0.8	–	201.6
Net overhead expenses	(72.3)	1.1	–	–	(71.2)
Others	(7.1)	(4.4)	0.7	(2.2)	(12.9)
Value adjustments	(0.5)	(0.1)	–	–	(0.6)
Net charge to provisions for risks and contingencies	0.7	(0.1)	(0.4)	–	0.2
Share in earnings of equity-method affiliates	11.1	0.7	3.1	–	14.9
OPERATING INCOME (CONSOLIDATED INCOME STATEMENT)	**113.7**	**16.2**	**4.3**	**(2.2)**	**132.0**
Reclassification of income from disposal of shareholdings	20.6	20.1	175.9	–	216.7
OPERATING INCOME (CONSOLIDATED INCOME STATEMENT BY SEGMENT)	**134.3**	**36.3**	**180.3**	**(2.2)**	**348.7**

3.4 Revenue by geographical region

	31/12/2019			31/12/2018		
(€ millions)	France	Others	Total	France	Others	Total
Revenue	2,283.1	–	2,283.1	1,844.1	–	1,844.1
External services	11.2	–	11.2	4.1	–	4.1
Residential	**2,294.3**	**–**	**2,294.3**	**1,848.2**	**–**	**1,848.2**
Revenue	577.0	–	577.0	317.7	–	317.7
External services	10.4	0.5	10.9	26.9	0.6	27.5
Business property	**587.4**	**0.5**	**587.9**	**344.6**	**0.6**	**345.2**
Revenue	1.6	–	1.6	3.1	–	3.1
Diversification	**1.6**	**–**	**1.6**	**3.1**	**–**	**3.1**
TOTAL REVENUE	**2,883.3**	**0.5**	**2,883.9**	**2,196.0**	**0.6**	**2,196.6**

In 2019, no single client accounted for more than 10% of the Group's revenues.

The application of IFRS 23 on 1 January 2018 has no impact on revenue by geographical region.

NOTE 4 MAJOR EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 Major events

Acquisitions and equity investments

Since 4 January 2019, 85% of the residential property developer Severini has come under the control of the Group which thus increases its presence in the New Aquitaine Region.

In July, the Group also acquired 50% of the capital of Woodeum, a leader in low carbon property development in France. This strategic partnership aims to accelerate the production of low-carbon housing, with a target of 2,500 to 3,000 CLT solid wood housing units, per year, by 2023. This operation strengthens the Group's strategy in its approach to corporate social and environmental responsibility and complements the Group's skills and development platform.

Large mixed-use projects

As the French pioneer in terms of large mixed-use projects, the Group confirmed its position in 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".

In June, the Group started work on Issy-Cœur de Ville, the largest mixed operation in the Grand Paris metropolis. This 100,000 m² eco-district is a success with overall sales of 76% at the end of 2019, more than two years before delivery of the programme. Thus, all of the local shops were sold as well as the 3 office buildings. Carried out in a single phase, the works should be completed in 2022.

Residential: €3.3 billion in new orders (+12%)

In 2019, the Group recorded very strong sales results and continued to gain market share in a slightly decreasing market over the year.

The Group is continuing its growth strategy based on a platform of complementary brands in terms product position and geography (Cogedim, Pitch Promotion, Histoire & Patrimoine and Cogedim Club). Altarea strengthened its offer with the acquisition in July of 50% of Woodeum, a low-carbon residential developer (building using wood) and the acquisition of 85% of the capital of Severini, a developer active mainly in Nouvelle-Aquitaine, in January 2019.

In terms of development, the Residential pipeline (offering and land portfolio) amounted to €12.8 billion (an increase of 14% compared to end-2018).

Business property: major deliveries and reloading the pipeline

The Group is today the number 1 business property developer in France[1]. Being both a promoter and an investor, the Group's strategy is based on three areas:

- carrying out new service sector projects and complex restructuring operations of high environmental quality, integrating modularity and multi-use;
- the development of a wide range of products (multi-tenant offices, head offices, logistics platforms, hotels, hospitals, etc.);
- a presence in major business districts in Paris and in major gateway regional cities.

In 2019, the Group completed one of the largest transactions of the year by signing a double transaction with CDC Investissement Immobilier (on behalf of CDC): the off-plan sale to CNP Assurances of 3 office buildings in the Issy-Cœur de Ville eco-district and the acquisition, with a view to its restructuring, of the current headquarters of CNP Assurances located above the Paris-Montparnasse station.

In addition, during the year, the Group also:

- delivered 6 operations, including two delegated project management contracts for restructured buildings on Rue Bergère and 16 Avenue Matignon (on behalf of Axa IM and Norges Bank), a hotel located within the large mixed project Massy Place du Grand Ouest and 3 logistics platforms;
- improved its pipeline with 15 operations for a total of 240,000 m².

Among these operations, the Group is directly involved in two projects in Paris: the restructuring of the headquarters of CNP Assurances in Montparnasse and Rue de Saussure in the 17th district. In terms of development on behalf of third-party, we can cite the creation of a hotel complex with 700 rooms in the Paris Region and in the regions, the EM Lyon Business School project.

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

4.2 Consolidation scope

The main companies within the scope of consolidation, selected by revenue and total assets criteria, are as follows:

Companies	Siren		31/12/2019			31/12/2018		
			Method	Interest	Consolidation	Method	Interest	Consolidation
ALTAREIT SCA	552091050	parent company	FC	100.0%	100.0%	FC	100.0%	100.0%
Residential								
COGEDIM RESIDENCES SERVICES SNC	394648455	joint venture	EM	65.0%	65.0%	EM	65.0%	65.0%
Altarea Cogedim IDF Grande Métropole	810928135		FC	100.0%	100.0%	FC	100.0%	100.0%
Altarea Cogedim Grands Projets	810926519		FC	100.0%	100.0%	FC	100.0%	100.0%
Altarea Cogedim Régions	810847905		FC	100.0%	100.0%	FC	100.0%	100.0%
MARSEILLE MICHELET SNC	792774382		FC	100.0%	100.0%	FC	100.0%	100.0%
CŒUR MOUGINS SNC	453830663		FC	100.0%	100.0%	FC	100.0%	100.0%
ISSY CŒUR DE VILLE SNC	830181079		FC	100.0%	100.0%	FC	100.0%	100.0%
ISSY CŒUR DE VILLE COMMERCES SNC	828184028		FC	100.0%	100.0%	NI	0.0%	0.0%
ALTA FAUBOURG SAS	444560874		FC	100.0%	100.0%	FC	100.0%	100.0%
HP SAS IG	480309731		FC	100.0%	100.0%	FC	100.0%	100.0%
HP ALBATROS IG	803307354		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC HORIZONS IG	825208093		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC MÉRIMÉE IG	849367016		FC	100.0%	100.0%	NI	0.0%	0.0%
Altarea Cogedim ZAC VLS (SNC)	811910447		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC VITROLLES LION1	811038454		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC VITROLLES LION3	811038363		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC VITROLLES SALIN1	811038389		FC	100.0%	100.0%	FC	100.0%	100.0%
PITCH PROMOTION SAS (ex-Alta Favart SAS)	450042338		FC	100.0%	100.0%	FC	100.0%	100.0%
SCCV SEVRAN FREINVILLE	801560079		FC	60.0%	100.0%	FC	60.0%	100.0%
SCCV ARGENTEUIL SARRAZIN	822894432		FC	51.0%	100.0%	FC	51.0%	100.0%
SCCV MAGNANVILLE MARE PASLOUE	823919287		FC	100.0%	100.0%	FC	100.0%	100.0%
SCCV ANDRESY CHÂTEAUBRIANT	838432094		FC	75.0%	100.0%	FC	75.0%	100.0%
SCCV BEZONS CŒUR DE VILLE A1 & A2-LOGEMENTS	819929845		FC	100.0%	100.0%	FC	92.5%	100.0%
SCCV GIF MOULON A4	830886115		FC	25.0%	100.0%	FC	25.0%	100.0%
SNC TOULOUSE TMA PLACE CENTRALE	821922564		FC	100.0%	100.0%	FC	100.0%	100.0%
PITCH PROMOTION SNC	422989715		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC VALOR 2015	811425222		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC MAISONS ALFORT 2011	530224419	affiliate	EM	50.0%	50.0%	EM	50.0%	50.0%
SCCV ISTRES TRIGANCE ILOT A2	812621324		FC	100.0%	100.0%	FC	100.0%	100.0%
SCCV SPASSAS	817499361	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
SCCV BAGNOLET ALLENDE	821889151	affiliate	EM	49.0%	49.0%	EM	49.0%	49.0%
SAS MB TRANSACTIONS	425039138		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC COGEDIM GESTION	380375097		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC COVALENS	309021277		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC COGEDIM PARIS MÉTROPOLE	319293916		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC COGEDIM GRAND LYON	300795358		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC COGEDIM MÉDITERRANÉE	312347784		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC COGEDIM PROVENCE	442739413		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC COGEDIM MIDI-PYRÉNÉES	447553207		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC COGEDIM GRENOBLE	418868584		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC COGEDIM SAVOIES-LEMAN	348145541		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC COGEDIM AQUITAINE	388620015		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC COGEDIM ATLANTIQUE	501734669		FC	100.0%	100.0%	FC	100.0%	100.0%

Companies	Siren		31/12/2019 Method	Interest	Consolidation	31/12/2018 Method	Interest	Consolidation
SNC COGEDIM LANGUEDOC ROUSSILLON	532818085		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC COGEDIM EST	419461546		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM SAS	54500814		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC SURESNES MALON	832708663	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
SAS BAGNEUX 116	839324175		FC	51.0%	100.0%	FC	51.0%	100.0%
SCCV RADOIRE ORDET	808870323		FC	80.0%	100.0%	FC	80.0%	100.0%
SCCV DOMAINE MONT DUPLANL	832046544		FC	70.0%	100.0%	FC	70.0%	100.0%
SCCV RESPIRE	807582267		FC	90.0%	100.0%	FC	90.0%	100.0%
SNC LYON LES MOTEURS	824866388		FC	100.0%	100.0%	NI	0.0%	0.0%
SCCV MENTON HAUT CAREI	829544303		FC	60.0%	100.0%	FC	60.0%	100.0%
SNC CALCADE DE MOUGINS	833132426		FC	51.0%	100.0%	FC	100.0%	100.0%
SCCV LE POULIGUEN LIBERATION	823860200		FC	65.0%	100.0%	FC	65.0%	100.0%
SNC PROVENCE L'ÉTOILE	501552947		FC	100.0%	100.0%	FC	100.0%	100.0%
SCCV MARSEILLE PARANQUES SUD	809939382		FC	100.0%	100.0%	FC	100.0%	100.0%
SCCV HYRES L'AUFRENE	834122335		FC	80.0%	100.0%	FC	80.0%	100.0%
SCCV PARIS CAMPAGNE PREMIERE	530706936		FC	51.0%	100.0%	FC	51.0%	100.0%
SCCV SEVRES FONTAINES	789457538		FC	80.0%	100.0%	FC	80.0%	100.0%
SCCV CARDINAL LEMOINE	812133080	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
SCCV BOBIGNY PARIS	812846525		FC	51.0%	100.0%	FC	51.0%	100.0%
SCCV JOINVILLE PARIS LIBERTE	814629655		FC	51.0%	100.0%	FC	51.0%	100.0%
SCCV RUEIL BONAPARTE MANET	817961196		FC	100.0%	100.0%	FC	100.0%	100.0%
SCCV CHAMPIGNY LA BOULONNERIE	819546185		FC	100.0%	100.0%	FC	100.0%	100.0%
SCCV BAGNEUX BOURG LA REINE	820201341		FC	100.0%	100.0%	FC	100.0%	100.0%
SCCV MALAKOFF ALEXIS MARTIN	820300440		FC	100.0%	100.0%	FC	100.0%	100.0%
SCCV BOULOGNE TILLEULS	820232700		FC	51.0%	100.0%	FC	51.0%	100.0%
SCCV JOINVILLE H.PINSON	821764107		FC	50.1%	100.0%	FC	50.1%	100.0%
SCCV LA GARENNE CHATEAU	822309753		FC	60.0%	100.0%	FC	60.0%	100.0%
SCCV CRETEIL BOBILLOT	823592944		FC	80.0%	100.0%	FC	80.0%	100.0%
SCCV PIERRE BEREGOVOY	829581651		FC	55.0%	100.0%	FC	55.0%	100.0%
SCCV CHAMPIGNY ALEXANDRE FOURNY	829377894		FC	50.1%	100.0%	FC	50.1%	100.0%
SCCV BOURGET LECLERC	831267943		FC	51.0%	100.0%	FC	51.0%	100.0%
SCCV HORLOGE GASTON ROUSSEL	832294664		FC	51.0%	100.0%	FC	51.0%	100.0%
SCCV CROIX DE DAURADE	829774173		FC	51.0%	100.0%	FC	51.0%	100.0%
SCCV COTO	814221453		FC	51.0%	100.0%	FC	51.0%	100.0%
SCCV STRASBOURG RUE DE COLMAR	822392262		FC	85.0%	100.0%	FC	85.0%	100.0%
SEVERINI	499459204		FC	85.0%	100.0%	NI	0.0%	0.0%
WOODEUM RESIDENTIEL SAS (IS)	807674775		EM	50.0%	50.0%	NI	0.0%	0.0%
Business property								
ALTAREA COGEDIM ENTREPRISE PROMOTION SNC	535056378		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA COGEDIM ENTREPRISE ASSET MANAGEMENT SNC	534207386		FC	100.0%	100.0%	FC	100.0%	100.0%
AF INVESTCO ARAGO (SNC)	494382351	affiliate	EM	30.1%	30.1%	EM	30.1%	30.1%
AF INVESTCO 4 (SNC)	798601936	affiliate	EM	8.3%	8.3%	EM	8.3%	8.3%
ALTA VAI HOLDCO A (ex Salle wagram, ex theatre de l'empire)	424007425		FC	100.0%	100.0%	FC	100.0%	100.0%
PASCALPROPCO (SAS)	437929813	affiliate	EM	15.1%	15.1%	EM	15.1%	15.1%

4.3 Changes in consolidation scope

(in number of companies)	31/12/2018	Acquisition	Creation	Sale	Absorption, dissolution, deconsolidation	Change in consolidation method	31/12/2019
Fully consolidated subsidiaries	253	50	27	–	(3)	3	330
Joint ventures[(a)]	89	33	2	–	(4)	(2)	118
Affiliates[(a)]	81	–	4	(3)	(5)	(1)	76
TOTAL	**423**	**83**	**33**	**(3)**	**(12)**	**–**	**524**

(a) Companies accounted for using the equity method.

Detail of net acquisitions (disposals) of consolidated companies, net of cash

On 4 January 2019, the Group acquired 85% of the capital of Severini, the property developer, and thus increased its presence in the New Aquitaine Region (*i.e.* 60 companies acquired).

4.4 Business combinations

On 4 January 2019, the Group *via* its subsidiary Alta Faubourg acquired a 85% interest in the share capital of the developer Severini. From this date, the Severini Group was fully consolidated and its commercial performance integrated into the Residential business sector.

The acquisition price of the minority interest in this company is €10.3 million.

In accordance with IFRS 3 "Business combinations", the Company's acquired assets and assumed liabilities have been measured at fair value. Once these values were recognised in the financial position statement at the date of acquisition, intangible assets and goodwill of €19.4 million were recorded.

The goodwill is definitive and was allocated to the Group's Residential business.

The purchase option granted to the minority interests was recorded at fair value as at 31 December 2019 under other financial indebtedness and will be re-assessed at each period end.

The consolidated Group made a contribution of €46.5 million to the Group's revenue as at 31 December 2019.

4.5 Securities and investments in equity affiliates and unconsolidated interests

In application of IFRS 10, 11 and 12, the following are recognised under securities and receivables on equity affiliates, investments in joint ventures and associated companies, including receivables from these holdings.

4.5.1 Equity-accounting value of joint ventures and affiliates and related receivables

(€ millions)	31/12/2019	31/12/2018 restated
Equity-accounting value of joint ventures	63.1	16.6
Equity-accounting value of affiliated companies	27.3	30.2
Value of stake in equity-method affiliates	**90.4**	**46.9**
Non-consolidated securities	**33.6**	**33.2**
Receivables from joint ventures	43.3	39.4
Receivables from affiliated companies	115.8	117.9
Receivables from equity-method subsidiaries and non-consolidated interests	**159.2**	**157.4**
TOTAL SECURITIES AND RECEIVABLES IN EQUITY AFFILIATES AND UNCONSOLIDATED INTERESTS	**283.1**	**237.4**

At 31 December 2019, the increase in the equity value of joint ventures is notably linked to the Group's equity investment of 50% of Woodeum's capital.

4.5.2 Main balance sheet and income statement items of joint ventures and affiliates

(€ millions)	Joint venture	Affiliate	31/12/2019	Joint venture	Affiliate	31/12/2018 restated
BALANCE SHEET ITEMS, GROUP SHARE:						
Non-current assets	107.4	139.1	246.5	7.4	115.3	122.7
Current assets	290.3	246.1	536.4	163.9	178.0	342.0
Total Assets	**397.6**	**385.2**	**782.8**	**171.3**	**293.3**	**464.7**
Non-current liabilities	87.9	158.1	246.1	18.3	117.1	135.5
Current liabilities	246.6	199.7	446.4	136.4	146.0	282.3
Total Liabilities	**334.6**	**357.9**	**692.5**	**154.7**	**263.1**	**417.8**
Net assets (equity-accounting basis)	**63.1**	**27.3**	**90.4**	**16.6**	**30.2**	**46.9**
SHARE OF INCOME STATEMENT ITEMS, GROUP SHARE:						
Operating income	**10.5**	**15.9**	**26.4**	**7.6**	**17.5**	**25.1**
Net borrowing costs	(3.4)	(5.4)	(8.8)	(0.4)	(4.7)	(5.1)
Change in value of hedging instruments	–	(0.1)	(0.1)	–	(0.3)	(0.3)
Net income before tax	**7.1**	**10.5**	**17.5**	**7.2**	**12.5**	**19.7**
Corporate income tax	1.1	(2.0)	(0.9)	(1.9)	(2.9)	(4.7)
Net income after tax, Group share	**8.2**	**8.5**	**16.6**	**5.3**	**9.6**	**14.9**
Non-Group net income	–	–	–	–	0.0	0.0
Net income, Group share	8.2	8.5	16.6	5.3	9.6	14.9

Group revenues from joint ventures amounted to €58.6 million for the year to 31 December 2019, compared with €6.5 million for 2018.

Group revenues from associates amounted to €11.7 million for the year to 31 December 2019, compared with €33.5 million for 2018.

4.5.3 Commitments given or received in connection with joint ventures (in Group share)

Commitments given

In the context of the application of IFRS 16, these contracts have been restated in the financial statements of the companies.

NOTE 5 INCOME

5.1 Operating income

5.1.1 Net rental income

Net rental income stood at €0.8 million at 31 December 2019 and correspond to the income from the operation of the Reflets Compans shopping mall located in Toulouse, an asset sold at the end of the year.

5.1.2 Net property income

The Group's net property income came to €219.3 million at 31 December 2019 as against €201.6 million in 2018. The growth of €17.7 million (+8.8%) was mainly driven by the Residential sector (the restated 2018 income statement is presented in section 2.5 "Change in method").

The Residential Backlog for fully integrated companies was €3,520 million at 31 December 2019.

The Business property Backlog for fully integrated companies was €595 million at 31 December 2019.

5.2 Cost of net financial debt and other financial items

5.2.1 Cost of net financial debt

(€ millions)	31/12/2019	31/12/2018 restated
Bond and bank interest expenses	(20.2)	(18.6)
Interest on partners' advances	(0.2)	(0.1)
Interest rate on hedging instruments	–	0.0
Non-use fees	(1.4)	(0.7)
Other financial expenses	(1.5)	(3.3)
Interest on lease liabilities	(1.1)	–
Capitalised interest expenses	–	0.7
FFO financial expenses	**(24.4)**	**(22.0)**
Interest on partners' advances	3.9	4.8
Other interest income	0.0	0.1
FFO financial income	**3.9**	**4.9**
FFO NET BORROWING COSTS	**(20.4)**	**(17.1)**
Spreading of bond issue costs[a]	(1.3)	(1.9)
Estimated financial expenses	**(1.3)**	**(1.9)**
NET BORROWING COSTS	**(21.8)**	**(19.0)**

(a) Relates mainly to the deferral in accordance with the amortised cost method of the issue costs of borrowings and bond issue premiums in accordance with IFRS 9.

Interest costs on loans from credit institutions include the effect of amortizing issuance costs in accordance with IFRS 9.

Capitalised interest expenses relate only to companies carrying an asset under development or construction (Residential and Business property segments) and are deducted from interest paid to credit institutions. The clarification made to IAS 23 – Borrowing costs (see section 2.5 "Changes in method") leads to the non-capitalisation of interest expenses relating to property development programmes (stocks).

The capitalisation rate used to determine the amounts of borrowing costs that may be included in the carrying amount of assets is the interest rate on financing assigned specifically to asset development or, if there is no specific financing, to the average cost of debt borne by the Company and not assigned specifically to another purpose.

Further to the application of IFRS 16 – Leases, for leases within the scope of application, rent is replaced by an amortisation charge/variations in value of the right-of-use asset and an interest fee (on lease liabilities or fees for investment property) recorded in the accounts as financial expenses.

5.2.2 Net gain/(loss) on disposal of investments

This line mainly reflects the impact of the sale of Semmaris in 2018.

5.3 Income tax

Analysis of tax expense

Tax expense is analysed as follows (breakdown between current and deferred taxes, breakdown by nature of deferred tax):

(€ millions)	31/12/2019	31/12/2018 restated
Tax due	**(4.7)**	**(7.8)**
Tax loss carry forwards and/or use of deferred losses	(19.0)	(25.1)
Valuation differences	0.2	0.0
Fair value of investment properties	(0.5)	–
Fair value of hedging instruments	0.0	(0.0)
Net property income on a percentage-of-completion basis	(7.1)	(4.7)
Other timing differences	0.2	(7.7)
Deferred tax	**(26.2)**	**(37.5)**
TOTAL TAX INCOME (EXPENSE)	**(30.9)**	**(45.2)**

Effective tax rate

(€ millions)	31/12/2019	31/12/2018 restated
Pre-tax profit of consolidated companies	**109.6**	**314.2**
Group tax savings (expense)	**(30.9)**	**(45.2)**
EFFECTIVE TAX RATE	**-28.24%**	**-14.40%**
Tax rate in France	32.02%	34.43%
Theoretical tax charge	**(35.1)**	**(108.2)**
Difference between theoretical and effective tax charge	**4.1**	**62.9**
Differences related to treatment of losses	(1.9)	(3.5)
Other permanent differences and rate differences	6.0	66.4

Deferred tax assets and liabilities

(€ millions)	31/12/2019	31/12/2018 restated
Tax loss carry forwards	66.5	84.8
Valuation differences	(27.4)	(26.0)
Fair value of investment properties	(1.2)	–
Fair value of financial instruments	0.0	0.0
Net property income on a percentage-of-completion basis	(68.1)	(60.2)
Other timing differences	0.2	(1.4)
NET DEFERRED TAX ON THE BALANCE SHEET	**(29.9)**	**(2.8)**

Deferred taxes relating to valuation differences correspond primarily to the brands held by the Group. Deferred taxes relating to the recognition of tax losses are primarily for losses recognised in the Altareit tax group.

Deferred taxes are calculated at the rate of 28.92%, the rate set by the Finance Act for 2020, and not at the rate of 32.02% applicable in 2019.

The Finance Act provides for a gradual decrease in the rate of corporate income tax, which would be set at 28.92% in 2020, 27.37% in 2021, and 25.83% from 1 January 2022.

To anticipate the effect of these future reductions after 2020, a discount was applied to the tax calculated based on the items the Group does not expect to be cleared before this date.

5.4 Earnings per share

Net income per share (basic earnings per share) is the net income (Group share) compared to the weighted average number of shares in issue during the period, less the weighted average number of treasury shares.

To calculate the diluted net income per share, the weighted average number of shares in issue is adjusted to take into account the potentially dilutive effect of all equity instruments issued by the Company.

Potential ordinary shares shall be treated as dilutive if the conversion in ordinary share implies a reduction in the result per share.

(€ millions)	31/12/2019	31/12/2018 restated
Numerator		
Net income. Group share	81.0	270.0
Denominator		
Weighted average number of shares before dilution	1,748,489	1,748,473
Effect of potentially dilutive shares		
Stock options	–	–
Rights to free share grants	–	–
Total potential dilutive effect	–	–
Weighted diluted average number of shares	1,748,489	1,748,473
NET INCOME PER SHARE ATTRIBUTABLE TO GROUP SHAREHOLDERS *(€)*	**46.31**	**154.42**
DILUTED NET INCOME PER SHARE ATTRIBUTABLE TO GROUP SHAREHOLDERS *(€)*	**46.31**	**154.42**

NOTE 6 LIABILITIES

6.1 Equity

6.1.1 Capital, share-based payments and treasury shares

Capital (€)

(In number of shares and in €)	Number of shares	Nominal	Share capital
Number of shares outstanding at 31 December 2017	**1,750,487**	**1.50**	**2,626,731[(a)]**
No change in 2018			
Number of shares outstanding at 31 December 2018	**1,750,487**	**1.50**	**2,626,731[(a)]**
No change in 2019			
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2019	**1,750,487**	**1.50**	**2,626,731[(a)]**

(a) Share capital includes an amount of €1,000 which corresponds to the nominal value of the 10 shares attributed to the managing general partner.

Capital management

The aim of the Group's capital management is to ensure liquidity and optimise its capital structure.

Share-based payments

Payments in shares are transactions based on the value of the securities of Altarea SCA, a listed company which controls Altareit. Payment can be made in equity instruments or in cash; however, plans for Altarea SCA shares will be settled exclusively in shares.

The gross expense recorded on the income statement for share-based payments was €10.1 million in 2019 compared to €13.7 million in 2018.

Free share grants

Award date	Number of rights awarded	Vesting date	Rights in circulation as at 31/12/2018	Awarded	Deliveries	Amendments to rights[(a)]	Rights in circulation as at 31/12/2019
Stock grant plans on Altarea shares							
10 November 2016	3,500[(b)]	11 April 2019	1,500		(1,050)	(450)	
14 December 2016	21,585[(b)]	10 April 2019	19,887		(14,795)	(5,092)	
6 April 2017	11,500[(b)]	30 April 2019	11,500		(8,050)	(3,450)	
15 February 2018	21,040	15 February 2019	19,778		(19,276)	(502)	
19 February 2018	21,591	19 February 2019	20,871		(20,612)	(260)	
21 February 2018	7,916	21 February 2020	7,675			(251)	7,424
2 March 2018	18,504[(b)]	2 March 2020	17,434			(1,699)	15,735
6 March 2018	2,705	6 March 2019	2,615		(2,615)		
28 March 2018	750	28 March 2019	750		(750)		
29 March 2018	4,837	29 March 2019	4,837		(4,837)		
30 March 2018	3,419	30 March 2020	3,419				3,419
20 July 2018	41,500[(b)]	31 March 2021	41,500				41,500
7 September 2018	14,800[(b)]	31 March 2021	14,800				14,800
3 December 2018	5,000[(b)]	31 March 2021	5,000				5,000
15 March 2019	29,069	15 March 2020		18,580		(131)	18,449
18 March 2019	9,461	18 March 2021		6,750		(38)	6,712
19 March 2019	41,531	19 March 2022		23,687		(1,092)	22,595
6 June 2019	1,355	31 March 2021		1,355			1,355
18 December 2019	3,000[(b)]	31 March 2021		3,000			3,000
TOTAL	**263,063**		**171,567**	**53,372**	**(71,985)**	**(12,965)**	**139,989**

(a) Rights cancelled for reasons of departure, transfer, lack of certainty that performance criteria have been met or changes in plan terms.
(b) Plans subject to performance criteria.

Treasury shares

Treasury shares are eliminated and offset directly in equity.

In addition, a net gain on disposal and/or free share grants of treasury shares to Company employees was recognised directly in equity, against net gain.

6.1.2 Dividends proposed and paid

No dividend was distributed in 2019 for the 2018 financial year.

No dividend was distributed in 2018 for the 2017 financial year.

6.2 Net financial debt and guarantees

Current and non-current borrowings and financial liabilities, and net cash

			"Non cash" change					
(€ millions)	31/12/2018	Cash flow	Spreading of issue costs	Change in scope of consolidation	Present value adjustment	Change in method	Reclassification	31/12/2019
Private bond investment (excluding accrued interest)	345.0	(7.4)	0.3	7.8	–	–	–	345.7
Negotiable European Commercial Paper and European Medium Term Note	212.0	103.0	–	–	–	–	–	315.0
Bank borrowings, excluding accrued interest and overdrafts	361.8	(39.1)	1.0	32.4	–	(5.6)	–	350.5
Net bond and bank debt, excluding accrued interest and overdrafts	**918.8**	**56.4**	**1.3**	**40.2**	**–**	**(5.6)**	**–**	**1,011.2**
Accrued interest on bond and bank borrowings	5.9	(1.6)	–	1.5	–	–	–	5.8
BOND AND BANK DEBT, EXCLUDING OVERDRAFTS	**924.7**	**54.8**	**1.3**	**41.7**	**–**	**(5.6)**	**–**	**1,017.1**
Cash and cash equivalents	(521.9)	(163.1)	–	–	–	–	–	(685.0)
Bank overdrafts	3.5	(1.3)	–	–	–	–	–	2.2
Net cash	**(518.4)**	**(164.4)**	**–**	**–**	**–**	**–**	**–**	**(682.8)**
NET BOND AND BANK DEBT	**406.3**	**(109.5)**	**1.3**	**41.7**	**–**	**(5.6)**	**–**	**334.3**
Group and partners' advances	76.4	(5.4)	–	14.3	–	–	0.0	85.3
Accrued interest on shareholders' advances	–	–	–	–	–	–	–	–
Lease liabilities	–	(20.2)	–	0.4	–	43.3	3.0	26.5
NET FINANCIAL DEBT	**482.6**	**(135.1)**	**1.3**	**56.5**	**–**	**37.8**	**3.0**	**446.1**

6.2.1 Net financial bond and bank debt

Group net financial bond and bank debt amounted to €334.3 million at 31 December 2019.

Further to the implementation of IFRS 16 – Leases, bank loans, excluding accrued interest and bank overdrafts, decreased by €5.6 million: finance leasing debt has been reclassified as "Lease liabilities".

Bank borrowings excluding accrued interest and bank overdrafts consisted essentially of:

- borrowings from credit institutions amounting to €165.0 million compared with €131.8 million at 31 December 2018;
- bank financing of development operations for €185.5 million compared with €224.5 million at 31 December 2018.

During the financial year, the Group notably:

- early repayments of term loans totalling €40 million;
- term loans granted for an amount of €80 million;
- increased its issues of treasury notes (plus €103 million during the financial year). The Group continued to use short-term or medium-term resources *via* NEU-CP (issues up to one year) and NEU-MTN (issues beyond one year) programmes.

All financing was not fully drawn at 31 December 2019.

The current account with Altarea SCA was €-0.1 million at 31 December 2019, compared to €-0.1 million at 31 December 2018.

The changes in scope are linked to the takeover of Severini, the property developer, and to movements within the development business, in particular the takeover of the Company carrying the Reflets Compans shopping mall in the first half.

Borrowing costs are analysed in the note on earnings.

Net cash

Marketable securities classified as cash equivalents are recognised (for an amount that is not significant at Group level) at fair value at each reporting date.

Breakdown of bank and bond debt by maturity

(€ millions)	31/12/2019	31/12/2018
< 3 months	185.8	173.4
3 to 6 months	65.3	47.2
6 to 9 months	112.1	49.2
9 to 12 months	20.6	30.4
Less than 1 year	**383.9**	**300.2**
2 years	126.4	133.9
3 years	76.9	76.1
4 years	15.9	59.6
5 years	68.0	9.9
1 to 5 years	**287.2**	**279.5**
More than 5 years	**352.4**	**352.3**
Issuance cost to be amortised	(4.3)	(3.9)
TOTAL GROSS BOND AND BANK DEBT	**1,019.3**	**928.2**

The increase in the portion of bond and bank debt due in less than one year is attributable to the increase in Negotiable European Commercial Paper and their maturity schedule.

Breakdown of bank and bond debt by guarantee

(€ millions)	31/12/2019	31/12/2018
Mortgage commitments	184.3	213.6
Moneylender lien	13.7	24.6
Pledging of receivables	–	5.6
Altarea SCA security deposit	150.0	109.0
Not Guaranteed	675.6	579.3
TOTAL	**1,023.6**	**932.0**
Issuance cost to be amortised	(4.3)	(3.9)
TOTAL GROSS BOND AND BANK DEBT	**1,019.3**	**928.2**

Breakdown of bank and bond debt by interest rate

	Gross bond and bank debt		
(€ millions)	Variable rate	Fixed rate	Total
At 31 December 2019	668.5	350.8	1,019.3
At 31 December 2018	578.1	350.1	928.2

The market value of fixed rate debt stood at €382.0 million at 31 December 2019 compared to €358.9 million at 31 December 2018.

Schedule of future interest expenses

(€ millions)	31/12/2019	31/12/2018
< 3 months	1.2	1.3
3 to 6 months	1.2	1.3
6 to 9 months	6.2	6.3
9 to 12 months	1.1	1.2
LESS THAN 1 YEAR	**9.7**	**10.1**
2 years	13.4	13.9
3 years	11.9	12.1
4 years	11.2	11.0
5 years	10.3	10.3
1 TO 5 YEARS	**46.8**	**47.3**

These future interest expenses concern borrowings and financial instruments and are presented exclusive of accrued interest not payable.

6.2.2 Lease liabilities

Lease liabilities are debts mainly relating to real estate leases and vehicle leases (respectively for the premises occupied and the vehicles used by Group employees) and the debt reclassified from the old finance lease contract.

The amount of these obligations was €26.5 million as of 31 December 2019, to be compared with the rights of use on property, plant and equipment and the rights of use on investment properties.

Breakdown of lease liabilities by maturity

(€ millions)	31/12/2019	31/12/2018
< 3 months	4.8	–
3 to 6 months	2.7	–
6 to 9 months	2.3	–
9 to 12 months	2.3	–
Less than 1 year	**12.2**	**–**
2 years	5.2	–
3 years	2.9	–
4 years	1.5	–
5 years	1.3	–
1 to 5 years	**10.9**	**–**
More than 5 years	**3.4**	**–**
TOTAL LEASE LIABILITIES	**26.5**	**–**

6.2.3 Items included in net debt in the cash flow statement

(€ millions)	**Cash flow**
Issuance of debt and other financial liabilities	555.9
Repayment of borrowings and other financial liabilities	(504.9)
Change in debt and other financial liabilities	**51.0**
Repayment of lease liabilities	(20.2)
Change in cash balance	164.4
TOTAL CHANGE IN NET FINANCIAL DEBT	**195.2**
Net bond and bank debt, excluding accrued interest and overdrafts	56.4
Net cash	164.4
Group and partners' advances	(5.4)
Lease liabilities	(20.2)
TOTAL CHANGE IN NET FINANCIAL DEBT	**195.2**

6.3 Provisions

(€ millions)	31/12/2019	31/12/2018
Provision for benefits payable at retirement	11.2	8.9
Other provisions	8.0	7.4
TOTAL PROVISIONS	**19.2**	**16.4**

Provision for benefits payable at retirement was measured, as in previous financial years, by an external actuary. Valuation and accounting principles are detailed in the accounting principles and methods of the Company, see Note 2.4.14. "Employee benefits". The main assumptions used when evaluating this commitment are turnover, the discount rate and the rate of salary increase: a change of +/-0.25% in the last two criteria would not have any significant impact.

Other provisions primarily cover:

- the risk of disputes arising from construction operations;
- the risk of the failure of certain partners;
- as well as estimates of residual risks involving completed programmes (litigation, ten-year guarantee, definitive general statement, etc.).

NOTE 7 ASSETS AND IMPAIRMENT TESTS

7.1 Intangible assets and goodwill

(€ millions)	Gross values	Amortisation and/or impairment	31/12/2019	31/12/2018
Goodwill	**435.8**	**(243.7)**	**192.1**	**178.6**
Brands	**105.4**		**105.4**	**100.7**
Customer relationships	**192.9**	**(192.3)**	**0.6**	**–**
Software applications, patents and similar rights	21.9	(17.0)	4.9	4.7
Leasehold Right	2.2	(2.2)	–	–
Others	0.2	(0.0)	0.2	0.2
Other intangible assets	**24.2**	**(19.2)**	**5.0**	**4.9**
TOTAL	**758.3**	**(455.3)**	**303.1**	**284.2**

(€ millions)	31/12/2019	31/12/2018
Net values at beginning of the period	**284.2**	**233.7**
Acquisitions of intangible assets	1.9	2.1
Disposals and write-offs	(0.0)	
Changes in scope of consolidation and other	19.5	49.8
Net allowances for depreciation	(2.5)	(1.6)
NET VALUES AT THE END OF THE PERIOD	**303.1**	**284.2**

Goodwill

The monitoring of business indicators for the Residential and Business property segments did not reveal any evidence of impairment for these activities.

The main assumptions used to calculate the business values of these activities are as follows:

- the discounting rate is equal to 9.0%;
- the unrestricted cash flow within the horizon of the business plan is based on hypotheses relating to the volume of business and operating margin which includes the financial and market assumptions known as of the date of compilation;
- the perpetual growth rate is 1.5%.

At 31 December 2019, based on the assumptions described, the fair values of the economic assets of the Residential and Business property sectors are greater than their net book values on the same date regardless of the EBITA rate used. No impairment needs to be recorded in the financial statements.

A sensitivity of + or -1% on the discounting rate and + or -0.5% on the perpetual growth rate would lead to valuations of economic assets (taking into account the average WCR for the period) of the Residential sector on one hand and Business property sector on the other, still above their book values at 31 December 2019.

Brands

The Group owns the following brands: Cogedim, Pitch Promotion, Histoire & Patrimoine and since early 2019, Severini. These brands, for a total amount of €105.4 million, have an open-ended useful life and are therefore not amortised.

The brands have been tested and no impairment is to be posted as of 31 December 2019.

7.2 Right-of-use on property, plant and equipment

(€ millions)	Land and Buildings	Vehicles	Others	Net user fees	Depreciation Land and Buildings	Depreciation Vehicles	Depreciation Others	Total Depreciation	Net user fees
As at 31 December 2018	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Change in method	41.5	2.5	1.7	45.7	(6.7)	(0.6)	(0.4)	(7.7)	38.1
New contracts/Increases	1.8	1.1	0.0	3.0	(17.8)	(1.1)	(0.5)	(19.5)	(16.5)
Termination of contracts/ Reversals	(0.8)	(0.3)	(0.1)	(1.2)	0.6	0.2	0.1	1.0	(0.2)
Change in scope of consolidation	0.5	–	–	0.5	(0.0)	–	–	(0.0)	0.4
AS AT 30 JUNE 2019	**43.1**	**3.3**	**1.6**	**48.0**	**(23.9)**	**(1.5)**	**(0.8)**	**(26.2)**	**21.7**

Those Group companies having signed rental contracts within the scope of IFRS 16 – Leases, record as assets on the balance sheet, in the form of the right-of-use asset, all leases (mainly leases for premises used by Group employees, vehicle leasing) in exchange for a lease liabilities. The term used corresponds to the fixed period of the commitment as well as to any optional periods for which there is a reasonable expectation of these being exercised.

7.3 Investment properties

Investment properties concern:

- office assets measured at cost; and
- a right to use investment properties of a credit leasing agreement previously posted under IAS 17 in investment properties at cost and now valued according to IFRS 16.

7.4 Operational working capital requirement

Summary of components of operational working capital requirement

(€ millions)	31/12/2019	31/12/2018 restated	Flows: Created by the business	Flows: Changes in consolidation scope and transfer	Flows: Change in consolidation method
Net inventories and work in progress	**1,051.1**	**973.1**	**62.5**	**15.5**	**0.0**
Contract assets	**564.9**	**444.4**	**141.2**	**(20.6)**	**–**
Net trade receivables	257.6	93.0	131.6	32.9	–
Other operating receivables net	424.0	366.1	94.2	(36.2)	(0.2)
Trade and other operating receivables net	**681.5**	**459.1**	**225.8**	**(3.2)**	**(0.2)**
Contract liabilities	**(168.8)**	**(105.7)**	**(63.1)**	**–**	**–**
Trade payables	(1,001.3)	(712.9)	(276.3)	(12.1)	–
Other operating payables	(406.4)	(334.0)	(114.1)	41.3	0.3
Trade payables and other operating liabilities	**(1,407.8)**	**(1,046.9)**	**(390.4)**	**29.1**	**0.3**
OPERATIONAL WCR	**721.0**	**724.0**	**(24.0)**	**20.8**	**0.2**

NB: presentation excluding payables and receivables on the sale or acquisition of fixed assets.

The changes in the consolidation scope are related to the change in consolidation method of some entities and the acquisition of Severini.

7.4.1 Inventories and work in progress

(€ millions)	Gross inventories	Impairment	Net inventories
As at 1 January 2018	**1,283.1**	**(7.7)**	**1,275.4**
Change in method	(503.0)	–	(503.0)
Change	153.3	(0.0)	153.3
Increases	–	(2.3)	(2.3)
Reversals	–	2.1	2.1
Transfers to or from other categories	0.0	0.0	0.0
Change in scope of consolidation	48.5	(0.9)	47.6
As at 31 December 2018 – restated	**982.0**	**(8.9)**	**973.1**
Change	75.9	(0.0)	75.9
Increases	–	(17.2)	(17.2)
Reversals	–	3.8	3.8
Transfers to or from other categories	0.0	0.2	0.2
Change in scope of consolidation	17.9	(2.6)	15.3
AT 31 DECEMBER 2019	**1,075.8**	**(24.7)**	**1,051.1**

The change in inventories is mainly due to changes in the Group's business.

The changes in the consolidation scope are related to the change in consolidation method of companies and the acquisition of Severini.

In 2018, the change in method corresponds to the implementation of IFRS 15 and the impact of the clarification of IAS 23.

7.4.2 Trade and other receivables

(€ millions)	31/12/2019	31/12/2018 restated
Gross trade receivables	**258.4**	**93.8**
Opening impairment	**(0.8)**	**(1.1)**
Increases	0.0	(0.1)
Change in scope of consolidation	(0.1)	0.1
Reversals	0.1	0.3
Other changes	0.0	0.0
Closing impairment	**(0.8)**	**(0.8)**
NET TRADE RECEIVABLES	**257.6**	**93.0**
Advances and down payments paid	54.1	40.1
VAT receivables	293.9	253.5
Sundry debtors	23.4	24.4
Prepaid expenses	50.2	42.4
Principal accounts in debit	5.2	6.0
Total other operating receivables gross	**426.8**	**366.4**
Opening impairment	**(0.3)**	**(0.4)**
Increases	(2.6)	(0.2)
Change in scope of consolidation	(0.1)	(0.0)
Reversals	0.2	0.2
Closing impairment	**(2.9)**	**(0.3)**
NET OPERATING RECEIVABLES	**424.0**	**366.1**
TRADE RECEIVABLES AND OTHER OPERATING RECEIVABLES	**681.5**	**459.1**
Receivables on sale of assets	4.9	4.4
TRADE AND OTHER RECEIVABLES	**686.4**	**463.6**

Trade receivables

Receivables on off-plan sales are recorded inclusive of all taxes and represent revenues on a percentage-of-completion basis less receipts received from customers.

Detail of trade receivables due:

(€ millions)	31/12/2019
Total gross trade receivables	**258.4**
Impairment of trade receivables	(0.8)
TOTAL NET TRADE RECEIVABLES	**257.6**
Trade accounts to be invoiced	(23.4)
Receivables lagging completion	(38.5)
TRADE ACCOUNTS RECEIVABLE DUE	**195.7**

Receivables lagging completion according to the percentage-of-completion method are affected by the application of IFRS 15: revenue and therefore trade receivables according to the percentage-of-completion method are taken more rapidly.

(€ millions)	Total	On time	30 days	60 days	90 days	More than 90 days
Trade accounts receivable due	195.7	146.1	2.4	12.7	2.3	32.3

Advances and down payments paid

Advances and down payments correspond primarily to compensation for loss of use paid by Cogedim to the sellers of land when preliminary sales agreements are signed (for those not covered by guarantees) as part of its property development business. They are offset against the price to be paid on completion of the purchase.

7.4.3 Trade and other payables

(€ millions)	31/12/2019	31/12/2018 restated
TRADE PAYABLES AND RELATED ACCOUNTS	**1,001.3**	**712.9**
Advances and down payments received from clients	2.2	0.6
VAT collected	261.2	215.5
Other tax and social security payables	44.3	40.5
Prepaid income	1.7	3.0
Other payables	91.8	68.3
Principal accounts in credit	5.2	6.0
OTHER OPERATING PAYABLES	**406.4**	**334.0**
Amounts due on non-current assets	0.1	11.0
TRADE AND OTHER PAYABLES	**1,407.8**	**1,057.9**

NOTE 8 FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks as part of its operational and financing activities: interest rate risk, liquidity risk, counterparty risk and currency risk.

8.1 Carrying amount of financial instruments by category

At 31 December 2019

			Financial assets and liabilities carried at amortised		Financial assets and liabilities carried at fair value				
(€ millions)	Total carrying amount	Extra-financial assets	Loans Receivables	Liabilities at amortised cost	Equity instruments	Assets and liabilities at fair value through	Level 1[(a)]	Level 2[(b)]	Level 3[(c)]
NON-CURRENT ASSETS	**291.4**	**90.4**	**167.5**	**–**	**33.6**	**–**	**–**	**–**	**33.6**
Securities and investments in equity affiliates and unconsolidated interests	283.1	90.4	159.2	–	33.6	–	–	–	33.6
Loans and receivables (non-current)	8.4	–	8.4	–	–	–	–	–	–
CURRENT ASSETS	**1,393.5**	**–**	**1,391.6**	**–**	**–**	**1.9**	**1.9**	**–**	**–**
Trade and other receivables	686.4	–	686.4	–	–	–	–	–	–
Loans and receivables (current)	22.1	–	22.1	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	685.0	–	683.1	–	–	1.9	1.9	–	–
NON-CURRENT LIABILITIES	**654.6**	**–**	**–**	**654.6**	**–**	**–**	**–**	**–**	**–**
Borrowings and financial liabilities	652.5	–	–	652.5	–	–	–	–	–
Deposits and security interests received	2.1	–	–	2.1	–	–	–	–	–
CURRENT LIABILITIES	**1,886.4**	**–**	**–**	**1,886.4**	**0.0**	**–**	**0.0**	**–**	**–**
Borrowings and financial liabilities	478.6	–	–	478.6	–	–	–	–	–
Derivative financial instruments	0.0	–	–	–	0.0	–	0.0	–	–
Trade and other payables	1,407.8	–	–	1,407.8	–	–	–	–	–

(a) Financial instruments listed on an active market.
(b) Financial instruments whose fair value is determined using valuation techniques based on observable market inputs.
(c) Financial instruments whose fair value (in whole or in part) is based on non-observable inputs.
Equity instruments mainly comprise equity securities of non-consolidated companies. At each acquisition an analysis is carried out to determine the Group's management intention, and therefore its accounting method (value change by result or by OCI).
Cash and cash equivalents breakdown between cash presented under receivables and marketable securities presented as financial assets within Level 1 of the fair value hierarchy.

As of 31 December 2018 – restated

(€ millions)	Total carrying amount	Extra-financial assets	Financial assets and liabilities carried at amortised		Financial assets and liabilities carried at fair value				
			Loans Receivables	Liabilities at amortised cost	Equity instruments	Assets and liabilities at fair value through	Level 1[a]	Level 2[b]	Level 3[c]
NON-CURRENT ASSETS	**245.7**	**46.9**	**165.7**	**–**	**33.2**	**–**	**–**	**–**	**33.2**
Securities and investments in equity affiliates and unconsolidated interests	237.4	46.9	157.4	–	33.2	–	–	–	33.2
Loans and receivables (non-current)	8.3	–	8.3	–	–	–	–	–	–
CURRENT ASSETS	**1,018.0**	**–**	**1,016.0**	**–**	**–**	**1.9**	**1.9**	**–**	**–**
Trade and other receivables	463.6	–	463.6	–	–	–	–	–	–
Loans and receivables (current)	32.5	–	32.5	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	521.9	–	520.0	–	–	1.9	1.9	–	–
NON-CURRENT LIABILITIES	**629.9**	**–**	**–**	**629.9**	**–**	**–**	**–**	**–**	**–**
Borrowings and financial liabilities	628.7	–	–	628.7	–	–	–	–	–
Deposits and security interests received	1.2	–	–	1.2	–	–	–	–	–
CURRENT LIABILITIES	**1,433.8**	**–**	**–**	**1,433.8**	**–**	**0.0**	**–**	**0.0**	**–**
Borrowings and financial liabilities	375.8	–	–	375.8	–	–	–	–	–
Derivative financial instruments	0.0	–	–	–	–	0.0	–	0.0	–
Trade and other payables	1,057.9	–	–	1,057.9	–	–	–	–	–

(a) Financial instruments listed on an active market.
(b) Financial instruments whose fair value is determined using valuation techniques based on observable market inputs.
(c) Financial instruments whose fair value (in whole or in part) is based on non-observable inputs.
Equity instruments mainly comprise equity securities of non-consolidated companies. At each acquisition an analysis is carried out to determine the Group's management intention, and therefore its accounting method (value change by result or by OCI).
Cash and cash equivalents breakdown between cash presented under receivables and marketable securities presented as financial assets within Level 1 of the fair value hierarchy.

8.2 Interest rate risk

The Group holds swaps and caps designed to hedge against interest rate risk on its variable rate financial debts.

The Group has not opted for the hedge accounting available under IFRS 9. Derivatives are carried at fair value.

In compliance with IFRS 13, these instruments are measured by considering the credit valuation adjustment (CVA) when positive, and the debit valuation adjustment (DVA) when negative. This adjustment measures, by application on each cash flow date of the valuation of a probability of default, the counterparty risk defined as an obligation to replace a hedging operation at the market rate in force following a default by one of the counterparties. CVA, calculated for a given counterparty, considers the probability of default for this counterparty. DVA, based on the Company's credit risk, corresponds to the counterparty's exposure to loss in the event of the Company's default.

Derivatives were valued by discounting future cash flows estimated according to interest rate curves at 31 December 2019.

Derivatives are held by Group companies consolidated using the equity method.

Management position

As at 31 December 2019

(€ millions)	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024
Fixed-rate bond and bank loans	(350.8)	(345.7)	(345.7)	(345.7)	(345.7)	(345.7)
Floating-rate bank loans	(668.5)	(289.6)	(163.2)	(86.3)	(70.4)	(2.4)
Cash and cash equivalents (assets)	685.0	–	–	–	–	–
Net position before hedging	**(334.3)**	**(635.4)**	**(508.9)**	**(432.0)**	**(416.1)**	**(348.1)**
Swap	–	–	–	–	–	–
Collar	–	–	–	–	–	–
Cap	–	–	–	–	–	–
Total derivative financial instruments	**–**	**–**	**–**	**–**	**–**	**–**
NET POSITION AFTER HEDGING	**(334.3)**	**(635.4)**	**(508.9)**	**(432.0)**	**(416.1)**	**(348.1)**

As at 31 December 2018

(€ millions)	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
Fixed-rate bond and bank loans	(350.1)	(345.0)	(345.0)	(345.0)	(345.0)	(345.0)
Floating-rate bank loans	(578.1)	(282.9)	(149.1)	(72.9)	(13.3)	(3.4)
Cash and cash equivalents (assets)	521.9	–	–	–	–	–
Net position before hedging	**(406.3)**	**(628.0)**	**(494.1)**	**(418.0)**	**(358.3)**	**(348.4)**
Swap	–	–	–	–	–	–
Collar	–	–	–	–	–	–
Cap	–	–	–	–	–	–
Total derivative financial instruments	**–**	**–**	**–**	**–**	**–**	**–**
NET POSITION AFTER HEDGING	**(406.3)**	**(628.0)**	**(494.1)**	**(418.0)**	**(358.3)**	**(348.4)**

Analysis of interest-rate sensitivity

The following table shows the interest-rate sensitivity (including the effect of hedging instruments) of the entire portfolio of floating-rate borrowings from credit institutions and derivative instruments.

	Increase/decrease in interest rates	Impact of the gain or loss on pre-tax profit	Impact on the value of the portfolio of the financial instruments
31/12/2019	+50 bps -50 bps	€(1.0) million +€1.7 million	- -
31/12/2018	+50 bps -50 bps	€(1.2) million +€1.7 million	- -

8.3 Liquidity risk

Cash

The Group had a positive cash position of €685.0 million at 31 December 2019, compared to €521.9 million at 31 December 2018. This represents its main tool for management of liquidity risk.

Part of this cash is classified as non-available to the Group, but is available to the subsidiaries that carry it: at 31 December 2019, the amount of this restricted cash was €484.6 million.

On this date, in addition to the available cash of €200.4 million, the Group also had €283.3 million of additional available cash and cash equivalents (in confirmed corporate credit lines that had not been used and were not assigned to projects).

Covenants

As part of the Altarea Group, some covenants relate to consolidated indicators of Altarea.

The covenants with which the Group must comply concern the listed corporate bond and banking loans, for €150.2 million.

The bond loan subscribed by Altareit SCA is also subject to leverage covenants (€350 million).

	Altarea Group covenants	31/12/2019	Consolidated Altareit covenants	31/12/2019
***Loan To Value* (LTV)**				
Net bond and bank financial debt/re-assessed value of the Company's assets	<60%	33.2%		
***Interest Cover Ratio* (ICR)**				
Operating income (FFO column or *cash* flow from operations)/ Company's net borrowing cost (FFO column)	>2	7.3		
Leverage				
Gearing: Net financial debt/Equity			≤3.25	0.4
ICR: EBITDA/Net interest expenses			≥2	10.0

Counterparty risk

The use of derivatives to limit interest-rate risk exposes the Group to a possible default by a counterparty. The Group mitigates this risk by selecting only major financial institutions as counterparties in hedging transactions.

Currency risk

Because the Company operates exclusively in the euro zone, it has not entered into any currency hedges.

NOTE 9 RELATED PARTY TRANSACTIONS

Ownership structure of Altareit

Ownership of the Company's shares and voting rights is as follows:

(in percentage)	31/12/2019 % share capital	31/12/2019 % voting rights	31/12/2018 % share capital	31/12/2018 % voting rights
Altarea	99.63	99.75	99.63	99.75
Altarea France	0.11	0.11	0.11	0.11
Alta Faubourg*	0.11	–	0.11	–
Altarea Group controlling	99.85	99.86	99.85	99.86
Treasury shares	0.01	–	0.01	–
Public float	0.14	0.14	0.14	0.14
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**

* *Treasury shares.*

Related party transactions

The related parties are legal entities whose directors are common with those of the Company.

The main related parties are the companies of the founding shareholders that own a stake in the Group:

- Altarea, the Group's holding company, and its subsidiaries, particularly those providing services;
- Altafi 2, non-associate Manager of the Company, run and controlled by Mr Alain Taravella;
- Companies of the founding shareholders who hold shares in Altarea: AltaGroupe, AltaPatrimoine and Altager, controlled by Mr Alain Taravella.

Jacques Ehrmann, having joined the Group as Group Chief Executive Officer in charge of general coordination and the implementation of the Group's strategy, was appointed Chief Executive Officer of Altafi 2 as of 1 July 2019.

Altarea owns 99.63% Altareit and Altarea France, which is 100% controlled by Altarea, holds 0.11% of Altareit, while Alta Faubourg, 100% owned by Altareit, holds 0,11% of Altareit.

Transactions with these related parties come either from services provided by the Group to related parties or from financing transactions (current accounts and guarantees). The amounts invoiced by the Altareit Group to the related parties are at normal market conditions. In 2019, they also relate to the sale of land as part of the large Issy-Cœur de ville mixed project.

Altarea granted a joint surety on behalf of Altareit for an amount of €433 million. In addition, Altarea has directly invested 50% in AF Investco 4 for the redevelopment of a building alongside the AltaFund investment fund in which Altareit holds a 16.7% stake.

In order to formalise the services habitually provided to Altareit by Altarea, the coordinating holding company, and to spell out the services provided by the latter, a coordination agreement was signed in 2017. The previous conditions remain unchanged.

(€ millions)	Altafi 2	Altarea and subsidiaries	31/12/2019	31/12/2018
Operating revenues	0.1	57.6	57.7	9.3
Operating expenses	(1.0)	(46.3)	(47.3)	(39.0)
OPERATING INCOME	**(0.9)**	**11.4**	**10.4**	**(29.7)**
Net borrowing costs	–	(0.9)	(0.9)	(3.1)
NET INCOME	**(0.9)**	**10.4**	**9.5**	**(32.9)**

Compensations of the Management Committee

In accordance with the Article 14 of the bylaws, Altareit pays the compagny Manager, Altafi 2. In this respect, the following expense was recognized:

	Altafi 2 SAS	
(€ millions)	31/12/2019	31/12/2018
Fixed Management compensation	1.0	0.6
TOTAL	**1.0**	**0.6**

Compensation of the Group's salaried executives

(€ millions)	31/12/2019	31/12/2018
Gross salaries[a]	1.5	1.5
Social security contributions	0.5	0.6
Share-based payments[b]	1.8	1.7
Number of shares delivered during the period	*9,816*	*7,712*
Post-employment benefits[c]	0.0	0.0
Other short- or long-term benefits and compensation[d]	0.0	0.0
Termination indemnities[e]	–	–
20% employer contribution for free share grants	0.5	0.3
Loans	–	–
Post-employment benefit commitment	0.1	0.1

(a) Fixed and variable compensation.
(b) Charge calculated in accordance with IFRS 2.
(c) Pension service cost according to IAS 19, life insurance and medical care.
(d) Benefits in kind, directors' fees and other compensation vested but payable in the future (short- or long-term).
(e) Post-employment benefits, including social security costs.

(in number of rights to Altarea SCA's free share grants)	31/12/2019	31/12/2018
Rights to Altarea SCA's free share grants	25,833	38,656
Altarea share subscription warrants	–	–
Stock options on Altarea shares	–	–

The information above refers to compensation and benefits granted to the main salaried executives in the Group. It does not include the compensation of the founding shareholder- Managers and of the Chairman and members of the Supervisory Board.

NOTE 10 GROUP COMMITMENTS AND CONTINGENT LIABILITIES

10.1 Off-balance sheet commitments

The main commitments given by the Group are mortgages and mortgage commitments made to secure loans or lines of credit from credit institutions.

Pledges of securities, assignments of receivables (intra-group loans, interest rate hedges, VAT, insurance policies, etc.) and undertakings not to sell or assign ownership units are also made by the Company to secure certain loans.

These commitments appear in Note 6.2 "Net financial debt and guarantees".

In addition, the Company has received commitments from banks for unused credit lines, which are described in Note 8 "Financial risks management".

All other material commitments are set out below:

(€ millions)	31/12/2018	31/12/2019	Less than 1 year	1-5 years	More than 5 years
Commitments received					
Commitments received relating to financing (excl. borrowings)	**–**	**–**	**–**	**–**	**–**
Commitments received relating to Company acquisitions	**12.1**	**2.0**	**–**	**–**	**2.0**
Commitments received relating to operating activities	**4.1**	**7.8**	**7.8**	**–**	**–**
Security deposits received under the Hoguet Act (France)	4.1	7.8	7.8	–	–
Payment guarantees received from customers	–	–	–	–	–
TOTAL	**16.2**	**9.8**	**7.8**	**–**	**2.0**
Commitments given					
Commitments given relating to financing (excl. borrowings)	**–**	**–**	**–**	**–**	**–**
Commitments given relating to Company acquisitions	**57.4**	**44.3**	**–**	**44.3**	**–**
Commitments given relating to operating activities	**1,481.4**	**2,139.3**	**691.7**	**1,444.5**	**3.2**
Construction work completion guarantees (given)	1,395.0	1,909.7	584.6	1,325.1	–
Guarantees given on forward payments for assets	14.0	189.4	77.7	109.9	1.8
Guarantees for loss of use	49.2	38.9	28.6	9.0	1.4
Other sureties and guarantees granted	23.2	1.3	0.8	0.5	–
TOTAL	**1,538.9**	**2,183.6**	**691.7**	**1,488.7**	**3.2**

Commitments received

Commitments received relating to acquisitions/disposals

The Group benefits from liability guarantee(s) obtained in the context of the acquisition of subsidiaries and shareholdings. It thus received a maximum commitment of €2 million given by the sellers of Severini, the developer. This commitment guarantees any loss suffered by the Group related to the business activity and whose cause or origin is prior to 31 March 2018, and this until 31 December 2025 inclusive.

The Group and Woodeum Holding arranged a potential liquidity of their securities and secured the Group's ability to buy the balance of the shares not held, should it so wish. The Group has moreover received representations and warranties in the context of this investment.

Commitments received relating to operating activities

Security deposits

Under France's Hoguet Act, the Group holds security deposits received from specialist bodies guaranteeing its activities.

Payment guarantees received from customers

The Group receives customer payment guarantees issued by financial institutions to guarantee sums payable by the customer. They mainly relate to Business property development projects.

Other commitments received

In its Property Development business, the Group receives deposits on construction contracts from contractors to cover holdbacks (up to 5% of the amount of the contract – non-costed commitment).

Commitments given

Commitments given relating to acquisitions

The main commitments concern an undertaking to subscribe for the capital of companies comprising the AltaFund investment fund in the amount of €40.9 million (firm commitment for identified projects). The commitment change depending on subscriptions and/or redemptions during the period.

Otherwise, the Group can make representations and warranties or contingent consideration when disposing of shares in subsidiaries and affiliates.

Commitments given relating to operating activities

Construction work completion guarantees

Completion guarantees are given to customers as part of off-plan sales and are provided on behalf of Group companies by financial institutions, mutual guarantee organisations or insurance companies. They are reported in the amount of risk borne by the financial institution that issued the guarantee.

In return, Group companies give financial institutions a promise of mortgage security and an undertaking not to sell ownership units.

Guarantees on forward payments for assets

These guarantees mainly cover purchases of land for the Property Development business.

Guarantees for loss of use

As part of its Property Development activities, the Group signs preliminary sales agreements with landowners, the execution of which is subject to conditions precedent, including conditions relating to obtaining administrative authorisations. In return for their undertakings, landowners receive compensation for loss of use, which takes the form of an advance (carried on the asset side of the balance sheet) or a surety (an off-balance sheet liability). The Group undertakes to pay the compensation for loss of use if it decides not to buy the land when the conditions precedent are met.

Other sureties and guarantees granted

The other sureties and guarantees granted relate primarily to guarantees given to contractors at the signing of works contracts.

Reciprocal commitments

Notably in the ordinary course of its Property Development activities, the Group enters into reciprocal commitments to ensure the REIT control of future projects. The Group signs bilateral sales agreements with landowners: owners undertake to sell their land and the Group commits to buy it if the (administrative and/or marketing) conditions precedent are met.

Other commitments

In the conduct of its Residential property development, the Group signs reservation contracts (or preliminary sales agreements) with its customers, the execution of which depends on whether the customers meet the conditions precedent, particularly with respect to their ability to secure financing.

The Group has also a future offering consisting of unilateral preliminary sales agreements.

The amount of these commitments is shown in the Business Review.

10.2 Contingent liabilities

No new litigation or governmental, legal, or arbitration proceedings that are likely to have significant effects on the Company's financial position or profitability arose in the period, other than those for which a provision has been recognised (see Note 6.3 "Provisions") or that have been effectively challenged or are being challenged by the Company (see Note 5.3 "Income tax" or 6.3 "Provisions").

NOTE 11 POST-CLOSING EVENTS

No major events occurred subsequent to the closing date and prior to the preparation of the financial statements.

NOTE 12 STATUTORY AUDITORS' FEES

	E&Y				Grant Thornton				Others				Total			
	Amount		%		Amount		%		Amount		%		Amount		%	
(€ millions)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Statutory audit, certification, examination of individual and consolidated financial statements																
▪ Altareit SCA	0.0	0.1	3%	9%	0.1	0.1	32%	32%	–	–	0%	0%	0.1	0.2	8%	10%
▪ Fully consolidated subsidiaries	0.9	1.0	97%	89%	0.2	0.1	68%	59%	0.1	0.3	100%	96%	1.2	1.4	92%	86%
Services other than the certification of the financial statements																
▪ Altareit SCA	–	0.0	0%	2%	–	0.0	0%	9%	–	–	0%	0%	–	0.0	0%	2%
▪ Fully consolidated subsidiaries	–	0.0	0%	1%	–	–	0%	0%	–	0.0	0%	4%	–	0.0	0%	1%
TOTAL	**0.9**	**1.1**	**100%**	**100%**	**0.2**	**0.2**	**100%**	**100%**	**0.1**	**0.3**	**100%**	**100%**	**1.3**	**1.7**	**100%**	**100%**

2.4 Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2019

To the General Shareholders' Meeting of the company Altareit,

Opinion

In accordance with the mission assigned to us by your General Shareholders' Meetings, we have carried out the audit of the consolidated financial statements of the company Altareit for the financial year ended 31 December 2019, as attached to this report.

In our opinion, the consolidated financial statements give a true and fair view of the result of operations in the elapsed year, and of the financial position and assets, at the end of the financial year of the companies and entities included in the consolidated group in accordance with IFRS standards as adopted by the European Union.

Basis of the Opinion

Audit guidelines

We conducted our audit in accordance with professional standards applicable in France. We believe that the information we obtained provides a reasonable basis for our opinion given below.

Our responsibilities under these standards are set out in the section entitled "Responsibilities of the Statutory Auditors in auditing the financial statements" of this report.

Independence

We performed our audit respecting the applicable rules on independence, over the period from 1 January 2019 on which our report was published, and we have not provided any services prohibited under Article 5, paragraph 1 of EU Regulation No. 537/2014 or under the Code of Conduct governing the profession of Statutory Auditor.

Comment

Without calling into question the conclusion expressed above, we wish to draw your attention to Note 2.5 "Changes in method in 2019" in the notes to the consolidated financial statements, which specifically sets out the impacts relating to the first application of IFRS 16 "Leases".

Basis for our assessments – Key points of the audit

In accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code in terms of the basis for our assessment, we draw your attention to the key points of the audit on the risks of significant anomalies which, in our professional judgement, were of the greatest importance in auditing the consolidated financial statements for the year, as well as our response to these risks.

Our assessments in this respect were made within the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion as to the items contained in these consolidated financial statements taken in isolation.

Measurement of goodwill and brands

Risk identified	Our response
As of 31 December 2019, goodwill and brands were recorded in the balance sheet in a net carrying amount of €298 million, including €192 million in goodwill relating mainly to the acquisitions of Cogedim, Pitch Promotion and Histoire & Patrimoine, and €105 million relating mainly to the Cogedim, Pitch Promotion, Histoire & Patrimoine and Severini brands. Goodwill and brands are systematically tested for impairment annually, or more frequently if internal or external events or circumstances indicate a loss of value. As described in note 2.4.7 to the consolidated financial statements, an impairment loss is recognised if the carrying amount of the assets (and certain associated liabilities) in the balance sheet is greater than the recoverable amount of the CGU or the group of CGUs. The recoverable amount is defined as the highest amount between the sale price net of the costs which might be incurred in order to conduct the sale and the value in use of the CGU or group of CGUs. The determination of the recoverable amounts of each group of assets tested is based on the discounted cash flow method, which requires the use of assumptions, estimates or assessments on the part of the Group Management supplemented by market comparables and transaction multiples. In view of the amounts and sensitivity of these assets to changes in the data and the assumptions upon which the estimates are based, in particular the cash flow projections and discount rates used, we considered the assessment of the recoverable amount of goodwill and brands as a key point in the audit.	We reviewed the process established by the Group for determining the recoverable amount of goodwill and brands, grouped into cash-generating units (CGU). The work also involved: ▪ assessing the principles and the methods for determining the recoverable amounts of the CGUs to which the goodwill and the brands are allocated, as well as the corresponding net asset values; ▪ comparing the net carrying amounts of the net assets attached to the CGUs tested with your Group's accounting data; ▪ assessing, including valuation experts in our audit team, the pertinence of the valuation models used as well as the long-term growth rates and discount rates applied in the said models; ▪ assessing, in consultation with management, the main assumptions on which the budget estimates underlying the cash flows used in the valuation models are based. As such, we also compared estimated cash flow projections from previous periods with actual results in order to assess the suitability and reliability of the forecasting process, and to corroborate the results of sensitivity analyses conducted by management by comparing them with our own; ▪ testing, on a sample basis, the arithmetical accuracy of the assessments used by your Group.

Valuing deferred tax assets relating to tax losses

Risk identified	Our response
As of 31 December 2019, deferred tax assets relating to tax loss carryforwards amounted to €67 million. As stated in Note 2.4.16 to the consolidated financial statements, deferred tax assets are recognised insofar as is likely that future taxable profits will allow their recovery based on a business plan for tax purposes prepared by management and derived from the Group's business plan drawn up for a reasonable period. We considered the measurement of the recoverable amount of deferred tax assets resulting from tax loss carryforwards as a key point in the audit due to the material nature of management's judgements in recognising these assets and the materiality of the amount in question.	We analysed the consistency of the methodology applied for the recognition of deferred taxes with the tax rules in force at the end of the reporting period, in particular with the tax rates adopted and the rules for limiting tax loss carryforwards, specific to each jurisdiction. Our approach involved examining the business plans prepared for tax purposes, focusing primarily on the earnings forecasts for the property development activity in the Altareit tax group in order to assess the Group's ability to generate future taxable profits allowing the use of tax loss carryforwards. We compared these business plans for tax purposes with the cash flow projections used where appropriate as part of the annual impairment testing of goodwill and brands, and reviewed the reasonable nature of the main data and assumptions on which these projections of tax results are based.

Valuation of inventories, revenue and net property income

Risk identified	Our response
At 31 December 2019, the property inventories are recognised in the balance sheet for an amount of €1,051 million and net property income stands at €219 million for the financial year 2019. As indicated in Note 2.4.17 to the consolidated financial statements, revenue and costs (net property income) are recognised in the Group financial statements in accordance with the percentage-of-completion method. All property development/off-plan sales and property development contract transactions are concerned by this method. For these programmes, revenue from notarised sales is recognised, in accordance with IFRS 15 "Revenue from contracts with customers", in proportion to the percentage of completion of the programme, as measured by the total costs directly related to construction, including land, in view of the total budget and progress on marketing, determined relative to total sales budgeted. As indicated in Note 2.4.8 to the consolidated financial statements, inventories are carried at cost less the portion of the cost price removed on a percentage-of-completion basis for off-plan sale or property development contract transactions. Impairment losses are recognised when the net realisable value of inventories and work in progress is less than the cost price. In view of the material nature of inventories and net property income in the Group's consolidated financial statements, we considered the measurement of these items as a key point in the audit.	Our approach involved examining the assumptions made by management in estimating the profit on property developments, and notably assumptions regarding selling prices, land acquisition costs, construction costs, service fees and internal expenses. We compared the technical completion rates of developments representing significant revenue and costs (net property income) with external confirmations conducted by the main contractors for construction costs and notarised deeds for land costs. Moreover, we compared the commercial completion rates with the notarised deeds by conducting sales-year-specific sales tests. Some of the members in the team have been included due to their expertise concerning information systems. They will be conducting reliability tests regarding application controls linked to the marketing process. We also examined the costs incurred and yet to be incurred on the most significant projects in order to identify loss-making contracts, and, where applicable, reconciled these costs with the loss on completion of the contracts in question. Lastly, we tested, on a sample basis, the arithmetical accuracy of revenue and the associated net property income generated during the year and recorded in the consolidated financial statements using income at completion and rates of commercial and technical completion. The valuation of inventories related to projects not yet marketed, on the one hand, and projects delivered, on the other hand, has been the subject of particular attention on our part. For developments not yet available for sale, we examined the existence of prospective profits, based on interviews with management and analysis of operating budgets. For projects delivered, we analysed the estimated selling prices of the units in inventory with the selling prices of the units recorded.

Special verifications

We also carried out specific verification, as required by law, of information relating to the Group provided in the Management Board's management report, in accordance with professional standards applicable in France.

We have no comments to report with respect to the fairness of their presentation and consistency with the consolidated financial statements.

We confirm that the Consolidated Declaration on Extra-Financial Performance specified in Article L. 225-102-1 of the French Commercial Code appears in the information related to the Group set out in the management report it being specified that in 823 accordance with the provisions of Article L. 823-10 of the Code, we have not verified the sincerity or consistency of the information contained in this Declaration with the consolidated financial statements and must be the subject of a report conducted by an independent third-party organisation.

Information arising under other legal and regulatory obligations

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of the company Altareit by your General Shareholders' Meeting held on 2 June 2008.

At 31 December 2019, our firms were in the twelfth uninterrupted year of their contract.

Responsibilities of management and corporate governance officers on consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that present a true and fair view in accordance with IFRS as adopted in the European Union, as well as to implement the internal controls it deems necessary for the preparation of consolidated financial statements containing no material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating the ability of the Company to continue as a going concern, to present in these financial statements, as appropriate, the necessary information relating to the continuity of operations and to apply the going concern principle unless it is intended to wind up the Company or cease trading.

The consolidated financial statements were approved by Management.

Responsibilities of the Statutory Auditors as regards the audit of the consolidated financial statements

■ Auditing objective and procedure

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain any material misstatements. Reasonable assurance means a high level of assurance, without forasmuch providing the guarantee that an audit conducted in compliance with industry standards systematically affords the detection of any significant anomaly. Anomalies may be the result of fraud or errors and are considered to be significant where it can be reasonably expected that, taken individually or together, they may influence the economic decisions of the users of the statements on the basis thereof.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment as auditors is not to guarantee the viability or quality of the management of your Company.

In conducting an audit in compliance with industry standards in France, Statutory Auditors exercise their professional judgement throughout the said audit. Moreover:

- identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether due to fraud or error, establishes and implements audit procedures to address these risks, and gathers evidence that it considers sufficient and appropriate on which to base its opinion. The risk of failing to detect a material misstatement attributable to fraud is greater than that of a material misstatement resulting from error, since fraud may involve collusion, forgery, deliberate omissions, misrepresentation or circumventing internal control;
- takes note of the relevant internal control for the audit in order to establish appropriate audit procedures in the circumstances, and not to express an opinion on the effectiveness of internal control;
- assesses the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the information concerning them provided in the consolidated financial statements;
- assesses the appropriateness of management's application of the going concern principle, and, depending on the evidence gathered, the existence or otherwise of significant uncertainty related to events or circumstances liable to undermine the Company's ability to continue as a going concern. This assessment is based on the evidence gathered up until the date of their report, not overlooking the fact, however, that subsequent circumstances or events may jeopardise capacity as a going concern. If it finds that there is significant uncertainty, it draws the attention of readers of its report to the information provided in the consolidated financial statements in respect of this uncertainty or, if this information is not provided or is not relevant, it issues a qualified certification or a refusal to certify;
- assesses the overall presentation of the consolidated financial statements and assesses whether the consolidated financial statements reflect the underlying operations and events so as to give a true and fair view of them;
- as regards the financial information of the persons or entities included in the consolidation, it gathers the evidence it deems sufficient and appropriate to express an opinion on the consolidated financial statements. It is responsible for the management, supervision and execution of the audit of the consolidated financial statements, as well as the opinion. expressed on these financial statements.

Neuilly-sur-Seine et Paris-La Défense, 23rd March 2020

The Statutory Auditors

GRANT THORNTON	ERNST & YOUNG Audit
French member of Grant Thornton International	
Laurent Bouby	**Anne Herbein**

3

ANNUAL FINANCIAL STATEMENTS 2019

3.1 Income statement

Income statement (listed)

Title *(€ thousands)*	2019	2018
Sale of goods		
Sold production (goods and services)	1,222.7	589.7
Net revenue	**1,222.7**	**589.7**
Production held in inventory		
Capitalised production		
Operating grants		
Reversals of provisions (and depreciation/amortisation), expense reclassifications		
Other income	0.0	
Operating income	**1,222.7**	**589.7**
Purchase of goods		
Change in inventory (goods)		
Purchases of raw materials and other supplies		
Change in inventory (raw materials and other supplies)		
Other purchases and external costs	6,244.0	7,466.2
Taxes, duties and analogous payments	0.7	0.5
Salaries and wages		
Social security contributions		
Operating allowances		
On non-current assets: depreciation and amortisation charges		
Non-current assets: impairment provisions		
Current assets: impairment provisions		
For risks and charges: allowances to provisions	63.2	7.5
Other expenses	**6,307.9**	**7,474.2**
OPERATING EXPENSES	**(5,085.2)**	**(6,884.5)**
Operating income/(loss)		
Joint transactions		
Profits or transferred losses		
Losses or transferred profits		
Financial income	6,288.5	34,583.6
Financial income from investments		
Income from other marketable securities and receivables on non-current assets	40.4	53.2
Other interest and similar income		
Reversals of provisions, impairment and expense reclassifications		
Foreign exchange gains		
Net gains on the disposal of marketable securities	**6,328.9**	**34,636.8**
Financial income	473.1	264.0
Allowances for amortisation, impairment and provisions	13,945.6	8,881.1
Interest and similar expenses		
Foreign exchange losses		
Net expenses on disposals of marketable securities	**14,418.6**	**9,145.2**
FINANCIAL EXPENSES	**(8,089.7)**	**25,491.7**
NET FINANCIAL INCOME/(EXPENSE)	**(13,174.9)**	**18,607.2**

Title *(€ thousands)*	2019	2018
Exceptional income from non-capital transactions		
Exceptional income from capital transactions	5.7	31.9
Reversals of provisions, impairment and expense reclassifications		
Exceptional income	**5.7**	**31.9**
Exceptional expenses on non-capital transactions		
Exceptional expenses on capital transactions	0.9	0.8
Allowances for amortisation, impairment and provisions	550.6	
Exceptional expenses	**551.5**	**0.8**
NET EXCEPTIONAL INCOME/(EXPENSE)	**(545.8)**	**31.1**
Employee profit-sharing		
Income tax	(16,247.9)	(16,098.8)
Total income	**7,557.4**	**35,258.4**
Total expenses	**5,030.1**	**521.3**
PROFIT/(LOSS)	**2,527.3**	**34,737.1**

3.2 Balance sheet

Asset

Title *(€ thousands)*	**Gross**	**Amortisation provisions**	**31/12/2019**	**31/12/2018**
Uncalled subscribed capital				
Intangible assets				
Set-up expenses				
Research and development expenditures				
Concessions, patents, licences, trademarks, procedures, software, rights and similar items				
Goodwill				
Intangible assets in progress				
Advances and down payments				
Property, plant and equipment				
Land				
Buildings				
Technical installations, plant and industrial equipment				
Others				
Property, plant and equipment in progress				
Advances and down payments				
Non-current financial assets				
Investments	248,727.3	88,598.4	160,128.9	160,144.4
Investment-related receivables	773,420.4	24,727.6	748,692.9	593,886.5
Other long-term investments				
Loans				
Other non-current financial assets				
FIXED ASSETS	**1,022,147.7**	**113,326.0**	**908,821.8**	**754,030.9**
Inventories and pipeline products				
Raw materials and other supplies				
Production work in progress (goods and services)				
Intermediate and finished products				
Goods and merchandise				
Advances and down payments made on orders				
Receivables				
Trade receivables and related accounts				
Others	126,058.5		126,058.5	126,009.1
Called, unpaid subscribed capital				
Transferable securities for investment				
Marketable securities (of which treasury shares: 47,886.48)	47.9		47.9	92.2
Cash and cash equivalents				
Cash and cash equivalents	97,826.6		97,826.6	101,655.8
Accruals				
Prepaid expenses	42.5		42.5	99.0
CURRENT ASSETS	**223,975.5**		**223,975.5**	**227,856.0**
Deferred expenses				
Redemption premiums	2,021.4		2,021.4	2,388.5
Translation differences – assets				
TOTAL	**1,248,144.6**	**113,326.0**	**1,134,818.7**	**984,275.4**

Liabilities

Title *(€ thousands)*	2019	2018
Capital (incl. paid-in 2,626.7)	2,626.7	2,626.7
Discounts, merger premiums, contribution premiums	76,253.6	76,253.6
Revaluation differences	58.4	58.4
Legal reserve	262.6	262.6
Statutory and contractual reserves		
Regulated reserves	26.8	26.8
Others	4,778.6	4,778.6
Retained earnings	214,453.3	179,716.0
Net income/(loss) for the year	**2,527.3**	**34,737.1**
Investment grants		
Regulated provisions		
EQUITY	**300,987.3**	**298,459.9**
Provisions for contingencies		
Provisions for expenses	550.6	
PROVISIONS	**550.6**	
Proceeds from issue of equity securities		
Conditional advances		
OTHER EQUITY		
Financial liabilities		
Convertible bond issues		
Other bond issues	355,087.2	355,087.2
Borrowings from credit institutions	150,204.7	109,172.3
Other borrowings and financial liabilities	327,883.4	221,453.6
Advances and down payments made for orders in progress		
Operating payables		
Trade payables and related accounts	105.4	94.9
Other payables		
Other payables		
Amounts due on non-current assets and related accounts		
Other payables		7.5
Accruals		
Prepaid income		
PAYABLES	**833,280.7**	**685,815.5**
Translation differences – liabilities		
TOTAL	**1,134,818.7**	**984,275.4**

3.3 Notes to the annual financial statements

Articles L. 123-13 to L. 123-21 and R. 123-195 to R. 123-198 of the French Commercial Code, Decree 83-1020 of 29 November 1983 and ANC Regulation 2016-07 of 4 November 2016 approved by the Order of 29 December 2016.

ALTAREIT is controlled by the Altarea company to 99.86% and comprises the development activities for third parties of the Altarea Cogedim Group and its diversification activities.

The ALTAREIT company is listed on the Euronext Paris SA regulated market, Compartment B. Consolidated financial statements were drawn up for the first time for the financial year ended 31 December 2008.

ALTAREIT has been the head of the consolidated tax group since 1 January 2009.

These notes are presented in thousands of euros. These annual financial statements were approved by Management at its meeting on 2 March 2020 following review by the Supervisory Board.

3.3.1 Major events during the financial year

None.

3.3.2 Accounting principles, rules and methods

The annual financial statements have been prepared and presented in accordance with the provisions of applicable French laws and regulations. The annual financial statements are drawn up according to the 2014 accounting plan adopted by the CRC (*Comité de Réglementation Comptable*) in Regulation 2014-03 of 5 June 2014, amended by ANC Regulation 2016-07 of 4 November 2016 and approved by Ministerial Order on 29 December 2016.

The accounting principles and methods are identical to those applied when preparing the annual financial statements for the year ended 31 December 2018. No changes occurred with regard to the presentation of the financial statements.

The main methods used are described below.

Equity interests

Participating interests are recognised at cost or transfer value.

Participating interests may be impaired where their carrying amount falls substantially below their value in use for the Company. This value in use is determined according to multiplecriteria such as net asset value, profitability, profitability forecasts, long-term growth prospects and the economic environment. The market value of assets held by subsidiaries and sub-subsidiaries is taken into account.

Receivables attached to investments

Investment-related receivables or receivables related to indirect equity holdings of the Company are carried at their contribution or nominal value.

Where there is evidence that the Company will not be able to collect all amounts due, an impairment loss is recorded taking into account the nature of the advance, the subsidiary's capacity to repay and its development potential.

Receivables

The Company's receivables are carried at nominal value. They are constituted by Group receivables.

When there is evidence that the Company will not be able to collect all amounts due, receivables are recorded in doubtful accounts. Impairment losses are calculated separately for each customer after subtracting the security deposit and accounting for the length of time that the receivable has remained outstanding, any progress made on collection efforts, and any guarantees that have been received.

Treasury shares

Treasury shares are recognised as either:

- financial assets, when they are held for purposes of a capital reduction;
- marketable securities:
  - when they are held under the "liquidity contract" with a service provider for the purpose of ensuring the liquidity and orderly trading of its shares, or
  - when they are held for purposes of grants to employees of the Company or its subsidiaries.

They are shown in the balance sheet at acquisition cost. The FIFO method is used to determine the gross value of treasury shares sold.

An impairment loss is recognised if the value of shares held under the liquidity contract is less than their acquisition cost.

Treasury shares held for grant to the Company's employees are covered by a provision calculated over the past vesting period on a pro rata basis. Treasury shares held for grants to employees of the Company's subsidiaries are not subject to impairment insofar as the cost of such shares, which isequal to the cost of the shares plus any management fees, if applicable, will be passed onto thesesubsidiaries when granted. These rules comply with the provisions of CRC Regulation 2008-15 of 4 December 2008.

Other marketable securities

Term deposits are recognised in the balance sheet at their nominal value for the duration of the placings.

Loan arrangement fees

Loan arrangement costs are expensed. Bond redemption premiums are spread over the life of the bonds.

Provisions

In accordance with CRC Regulation 2000-06 on liabilities, a provision is a liability considered probable or certain representing an obligation that will cause an outflow of resources to a third party without equivalent consideration being received in exchange and of uncertain timing and amount.

3.3.3 Comments, figures and tables

3.3.3.1 Notes to the balance sheet – Assets

3.3.3.1.1 Non-current financial assets

Gross non-current financial assets

Non-current financial assets *(€ thousands)*	31/12/2018	Increase	Decrease	31/12/2019
Participating interests	**248,727.3**			**248,727.3**
Financial receivables	**618,523.6**	**1,362,719.9**	**1,207,823.0**	**773,420.4**
Investment-related receivables	618,523.6	1,362,719.9	1,207,823.0	773,420.4
Loans and other fixed assets				
TOTAL	**867,250.9**	**1,362,719.9**	**1,207,823.0**	**1,022,147.7**

The change in Investment-related receivables is caused by the change in the Alta Faubourg receivable (+€76,256 K) and the Cogedim receivable (+€78,550 K).

The list of subsidiaries and participating interests appearing on the last page of this document shows the ownership interest in each subsidiary.

3.3.3.1.2 Receivables

Provisions for non-current financial assets

		Increases during the year	Decreases in the financial year		
Impairment *(€ thousands)*	31/12/2018	Allowance	Reversal of unused provisions	Provisions used in the period	31/12/2019
Impairment of equity securities Impairment of equity securities	88,582.9	15.5			88,598.4
Impairment of other non-current financial assets	24,637.1	90.5			24,727.6
Other impairment					
TOTAL	**113,220.0**	106.0			**113,326.0**

Table of receivables

Receivables *(€ thousands)*	Gross amount 2019	Provisions	Net amount 2019	Net amount 2018
Trade receivables and related accounts				
Others receivables	**126,101.0**		**126,101.0**	**126,108.0**
Personnel and related accounts				
Advances and down payments				
Government, other authorities: value added tax	2,378.8		2,378.8	1,821.3
Government, other authorities: sundry receivables	1,450.9		1,450.9	4,262.1
Group and partners	122,228.8		122,228.8	119,925.5
Sundry debtors				0.1
Prepaid expenses	42.5		42.5	99.0
TOTAL	**126,101.0**		**126,101.0**	**126,108.0**

Breakdown of receivables by maturity date

Receivables *(€ thousands)*	Gross amount 2019	up to 1 year	1 to 5 years	More than 5 years
Trade receivables and related accounts				
Personnel and related accounts				
Advances and down payments				
Government, other authorities: value added tax	2,378.8	2,378.8		
Government, other authorities: sundry receivables	1,450.9	1,450.9		
Group and partners	122,228.8	122,228.8		
Sundry debtors				
Prepaid expenses	42.5	42.5		
TOTAL	**126,101.0**	**126,101.0**		

3.3.3.1.3 Accrued income

None.

3.3.3.1.4 Marketable securities

Marketable securities are comprised of treasury shares for an amount of €48,000.

Marketable securities

Marketable securities *(€ thousands)*	31/12/2018	Increase	Decrease	Provisions	31/12/2019
Treasury shares	92	37	81		48
TOTAL	**92**	**37**	**81**		**48**
No. of Shares	194	81	169		106

At 31 December 2019, all treasury shares were held to make a market in the shares.

3.3.3.2 Notes to the balance sheet – liabilities and equity

3.3.3.2.1 Equity

Changes in equity

Equity *(€ thousands)*	31/12/2018	Appropriation Capital	Reduction, issue costs	Capital incr. & contributions	2019 Results	31/12/2019
Share capital	2,626.7					2,626.7
Share premium/additional paid-in capital/ Revaluation differences	76,312.0					76,312.0
Legal reserve	262.6					262.6
General reserve	4,805.4					4,805.4
Retained earnings	179,716.2	34,737.1				214,453.3
Net income for the year	34,737.1	(34,737.1)			2,527.3	2,527.3
Investment grants						
Regulated provisions						
TOTAL	**298,460.1**				**2,527.3**	**300,987.3**

At 31 December 2019, share capital stood at €2,626,700 divided into 1,750,487 shares with a par value of €1.50 each and ten General Partner shares with a par value of €100 each.

3.3.3.2.2 Provisions

Table of Provisions for Contingencies and Expenses

Provisions for Contingencies and Expenses *(€ thousands)*	31/12/2018	Increases during the year	Decreases in the financial year		31/12/2019
		Allowance	Reversal of unused provisions	Provisions used in the period	
Provisions for litigation					
Provisions for fines and penalties					
Provisions for taxes		547.7			547.7
Other provisions for contingencies and expenses		2.9			2.9
TOTAL		**550.6**			**550.6**

3.3.3.2.3 Borrowings and other financial liabilities

Breakdown of payables by maturity date

Borrowings and other financial liabilities *(€ thousands)*	31/12/2019	up to 1 year	1 to 5 years	More than 5 years	31/12/2018
Financial liabilities	**833,175.3**	**353,175.3**	**130,000.0**	**350,000.0**	**685,713.1**
Other bond issues	355,087.2	5,087.2		350,000.0	355,087.2
Bank borrowings	150,204.7	20,204.7	130,000.0		109,172.3
Other borrowings and financial liabilities	315,000.0	315,000.0			212,090.8
Group and partners	12,883.4	12,883.4			9,362.8
Other payables					
Accounts payable and other liabilities	**105.4**	**105.4**			**102.4**
Suppliers and related accounts	105.4	105.4			94.9
Employee-related and social security payables					
Tax payables					
Amounts due on non-current assets and related accounts					
Other payables					7.5
Prepaid income					
TOTAL	**833,280.7**	**353,280.7**	**130,000.0**	**350,000.0**	**685,815.5**

Other borrowings and financial liabilities correspond to commercial paper and medium-term negotiable securities.

Table of redemption premiums on borrowings

Change in amortisation of the premium *(€ thousands)*	31/12/2018	Increase	Decrease	31/12/2019
Redemption premiums on bonds	2,388.5		367.1	2,021.4
TOTAL	**2,388.5**		**367.1**	**2,021.4**

The bonds were issued at a premium, which is amortised over the life of the borrowing (€367,000 in 2019).

At 31 December 2019, bank borrowings excluding accrued interest amounted to €150 million.

Accrued expenses

Expenses included in the balance sheet line items *(€ thousands)*	31/12/2019	31/12/2018
Borrowings and financial liabilities	5,291.9	5,259.4
Suppliers and related accounts	54.4	94.9
Amounts due on non-current assets and related accounts	–	–
Taxes, duties and analogous payments	–	–
Personnel costs	–	–
Cash and cash equivalents, bank – expenses	–	–
Miscellaneous	–	7.5
TOTAL	**5,346.3**	**5,361.8**

3.3.3.3 Notes on the income statement

3.3.3.3.1 Revenue

The revenue is mainly constituted by management fees billed to its subsidiaries Cogedim and Alta Faubourg for €1,146,000 and €76,000 respectively.

Revenue breakdown

Revenue *(€ thousands)*	31/12/2019	31/12/2018
Services	1,222.7	589.7
Others	–	–
TOTAL	**1,222.7**	**589.7**

3.3.3.3.2 Operating expenses

Details of operating expenses

Operating expenses *(€ thousands)*	31/12/2019	31/12/2018
Current activity charges	12.6	6.3
Commissions and fees	3,942.7	3,485.3
Advertising and public relations	50.0	53.2
Banking services and similar accounts	2,209.6	3,921.5
Taxes and duties	0.7	0.5
Other expenses	92.3	7.5
OPERATING EXPENSES	**6,307.9**	**7,474.3**

Commissions and fees mainly correspond to €1 million in compensation paid to the management of Altafi 2 and €2,680,000 for services provided by the Altarea Management company, a service provider and wholly-owned subsidiary of Altarea.

All transactions are governed by standard agreements on normal terms between the companies.

The total amount of directors' fees paid to members of the Supervisory Board stands at €62,500 and is recognised in "Other expenses".

3.3.3.3.3 Financial income

Financial income table

(€ thousands)	31/12/2019	31/12/2018
Financial income		
▪ Dividend	4,000.0	31,640.0
▪ Income from current accounts	2,288.5	2,943.6
▪ Other interest and similar income	40.4	53.2
▪ Reversals of provisions, impairment and expense reclassifications		
▪ Foreign exchange gains		
▪ Net gains on the disposal of marketable securities		
TOTAL	**6,328.9**	**34,636.8**
Financial expenses		
▪ Net allowances for depreciation, amortisation and impairment	473.1	264.0
▪ Interest and similar expenses	13,945.6	8,881.1
▪ Foreign exchange losses		
▪ Net charges on disposals of marketable securities		
TOTAL	**14,418.6**	**9,145.2**
FINANCIAL INCOME	**(8,089.7)**	**25,491.7**

Financial income in 2019 corresponds mainly to dividends paid by Cogedim SAS for an amount of €2 million, to dividends paid by Alta Faubourg SAS for an amount of €2 million and to current account income for an amount of €2,288,000.

Financial expenses mainly correspond to interest on borrowing for an amount of €12,651,000.

Financial allocations mainly correspond to loan impairment charges for the subsidiary Alta Penthièvre for €90,000 and depreciation of the issue premium for an amount of €367,000.

3.3.3.3.4 Exceptional income

Financial income table

(€ thousands)	31/12/2019	31/12/2018
Exceptional income		
▪ Exceptional income from non-capital transactions		
▪ Exceptional income from capital transactions	5.7	31.9
▪ Reversals of provisions and expense reclassifications		
TOTAL	**5.7**	**31.9**
Exceptional expenses		
▪ Exceptional expenses on non-capital transactions		
▪ Exceptional expenses on capital transactions	0.9	0.8
▪ Exceptional allowances for depreciation, amortisation and impairment	550.6	
TOTAL	**551.5**	**0.8**
EXCEPTIONAL INCOME	**(545.8)**	**31.1**

3.3.3.4 Other information

Transactions by the Company with related companies not concluded on an arm's-length basis

No material transactions have been concluded by the Company with related parties that were not on an arm's-length basis.

Tax position

The Altareit company has been a member of a consolidated tax group since 1 January 2009 and is the head of that group.

The adopted principle is that each subsidiary must recognise a tax expense in their accounts during the entire consolidation period, identical to the expense they would have recognised if they had been taxed separately.

The amount of the loss transferred to Altereit by its subsidiaries stood at €48,724,000 on 31 December 2019.

Breakdown of tax expenses

	Profit before tax	Tax consolidation income	Corporation tax	Net income
Profit before tax and non-recurring items	(13,174.9)	(20,506.9)	4,258.9	3,073.1
Exceptional income	(545.8)			(545.8)
TOTAL	**(13,720.7)**		**4,258.9**	**2,527.3**

The tax income recognised on 31 December 2019 is a net amount of €16,248,000. It consists of tax consolidation income of €20,507,000, corresponding to the contributions of the subsidiaries and to a tax charge in the amount of €4,259,000 (tax expense of the integrated group of €4,262,000 after deduction of a tax credit income of €3,000).

In the absence of tax consolidation, Altareit would have had no tax expense.

Changes in deferred tax liabilities

	31/12/2018	Variations		31/12/2019
Reductions		+	-	
Organic				
Tax loss	(319,459.6)		57,738.2	(261,721.4)
Total base	**(319,459.6)**		**57,738.2**	**(261,721.4)**
TAX OR TAX SAVINGS (28%)	**(89,448.7)**		**16,166.7**	**(73,282.0)**

The tax losses correspond to the combined losses of the member companies of the tax group.

Identity of the parent company consolidating the accounts

The Company is fully consolidated in the consolidated financial statements of Altarea SCA (RCS PARIS 335 480 877) the head office of which is located at 8 avenue Delcassé 75008 Paris. This Company's consolidated financial statements are available at the Company's head office.

Post-closing events

None.

Off-balance sheet commitments

Commitments received

Altarea SCA has stood surety for loans contracted by Altareit. The face value drawn down was €150 million at 31 December 2019.

Commitments given

Altareit SCA has stood surety for various group companies for land forward payments and financial guarantees of completion. These guarantees account for €107,000,000 at 31 December.

Financial instruments

None.

3.3.3.5 Subsidiaries and associates

Subsidiaries and associates

Companies	Capital	Equity other than share capital	Group share	Securities, gross	Securities, net	Loans and advances granted	Net value of loans and advances granted	Earnings in the financial year	Dividend received by the company	Revenues excl. tax
SUBSIDIARIES (+50%)										
ALTA FAUBOURG	15,000.0	312,100.3	At 100%	44,294.3	44,294.3	169,817.4	169,817.4	59,183.5	2,000.0	
COGEDIM SAS	30,000.0	152,071.5	At 100%	115,750.0	115,750.0	578,875.4	578,875.4	30,189.8	2,000.0	
ALTA PENTHIEVRE	2.0	(24,731.1)	At 100%	88,582.9		24,727.6		(88.4)		
ALTA PERCIER	1.0	83.5	At 100%	100.0	84.5			(3.1)		
AFFILIATES (10% TO 50%)										
TOTAL				**248,727.3**	**160,128.9**	**773,420.4**	**748,692.9**			

3.4 Other information about the annual financial statements

3.4.1 Summary of the Company's payment terms

Unsettled invoices issued and received at the closing date of the previous period (Articles D. 441-4 and A.441-2 of the French Commercial Code).

	Invoices received and not paid as at 31/12/2018 whose term has expired						Invoices issued and not paid as at 31/12/2018 whose term has expired					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	over 91 days	Total 1 day and more	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	over 91 days	Total 1 day and more
(A) Overdue categories												
Number of invoices included	1					-	-					-
Total amount of the invoices included (incl. VAT)	-	50,957	-	-	-	50,957-	-	-	-	-	-	-
% of the total amount of purchases including VAT for the financial year	-	0.76%	-	-	-	0.76%						
% of the total amount of turnover including VAT for the financial year							-	-	-	-	-	-
(B) Invoices excluded from (A) relating to overdue or unrecorded receivables and payables												
Number of invoices excluded	-						-					
Total amount of the invoices excluded (inclusive of VAT).	-						-					
(C) Benchmark payment terms used for to calculate overdue payments (contractual or legal terms)												
Legal benchmark payment	legal						legal					

3.4.2 Results of the last five financial years

Type of indications	2019	2018	2017	2016	2015
Duration of the period (months)	12	12	12	12	12
CAPITAL AT END OF THE YEAR					
Share capital	2,626,731	2,626,731	2,626,731	2,626,731	2,626,731
Number of shares	1,750,487	1,750,487	1,750,487	1,750,487	1,750,487
▪ ordinary					
▪ preferred shares					
Maximum number of shares to be created					
▪ by bond conversions					
▪ by subscription rights					
OPERATIONS AND RESULTS					
Revenue excl. tax	1,222,705	589,667	471,802	694,564	644,655
Income before tax, interest, depreciation and impairment	(12,697,010)	18,902,316	(1,127,280)	3,430,821	28,969,383
Income tax	(16,247,946)	(16,098,813)	(7,302,191)	(12,121,240)	(18,459,103)
Employee participation					
Allowances Depreciation and impairment	1,023,684	264,026	(4,039,351)	2,206,654	26,388,709
Net income	2,527,252	34,737,104	10,214,263	13,345,408	21,049,215
Distributed income					
EARNINGS PER SHARE					
Income after tax, interest, before depreciation and impairment	2	20.00	3.53	8.88	27.1
Income after tax, interest, depreciation and impairment	1.44	19.84	5.84	7.6	12.0
Dividend per share (€)					
EMPLOYEES					
Average employee workforce					
Payroll					
Amounts paid in benefits (social security, social welfare, etc.)					

3.5 Statutory Auditors' report on the annual financial statements

Year ended 31 December 2019

At the General Shareholders' Meeting of the Altareit company,

Opinion

In accordance with the mission assigned to us by your General Shareholders' Meeting, we have carried out the audit of the annual financial statements of the Altareit company relating to the financial year ended 31 December 2019, as attached to this report.

In our opinion, the financial statements give a true and fair view of the Company's operations during the financial year, as well as the Company's assets, liabilities, and financial position at the end of the financial year, in accordance with accounting principles generally accepted in France.

Basis of the Opinion

Audit guidelines

We conducted our audit in accordance with professional standards applicable in France. We believe that the information we obtained provides a reasonable basis for our opinion given below.

Our responsibilities pursuant to these standards are set out under the section of this report entitled, "Responsibilities of the Statutory Auditors in auditing the annual financial statements".

Independence

We performed our audit respecting the applicable rules on independence, over the period from 1 January 2019 to the date on which our report was published, and we have not provided any services prohibited under Article 5, paragraph 1 of EU Regulation No. 537/2014 or under the Code of Conduct governing the profession of Statutory Auditor.

Basis for our assessments – Key points of the audit

In accordance with the provisions of Articles L. 823-9 and -R. 823-7 of the French Commercial Code in terms of the basis for our assessment, we draw your attention to the key points of the audit on the risks of significant anomalies which, in our professional judgement, were of the greatest importance in auditing the annual financial statements for the year, as well as our response to these risks.

The assessments thus made are based on the auditing of the Annual financial statements, taken as a whole, and the opinion formed by ourselves as expressed above. We do not express an opinion on any aspects of these annual financial statements taken in isolation.

Evaluation of participating interests and investment-related receivables.

Risk identified	Our response
The participating interests and investment-related receivables included on the balance sheet at 31 December 2019, a net total of €909 million, represent one of the biggest balance sheet items (80% of assets). The participating interests are stated on the balance sheet at the cost of purchase or transfer value and impaired on the basis of their value of use. Investment related receivables are recognised at their transfer value or at their nominal value in use. As stated in Note 3.2.2.2 to the annual financial statements "Accounting principles and methods", under the paragraphs "Participating interests" and "Investment-related receivables", the value in use of the participating interests is determined by the Management according to multiple criteria such as net asset value, profitability, profitability forecasts, long-term growth prospects and economic conditions. The market value of assets held by subsidiaries and sub-subsidiaries is taken into account. When there is evidence that the Company will not be able to collect all amounts due, an impairment loss is recorded taking into account in particular the nature of the advance, the subsidiary's capacity to repay and its development potential. Estimating the value of these assets requires Management to exercise its judgement in choosing the information to include depending on the investments in question, information which may be historic in nature (net reassessed position), or forecasts (long-term profitability or development outlook and economic conditions in the countries in question), as the case may be. Given the weight of participating interests on the balance sheet, the complexity of the models used and their sensitivity to data variations as well as assumptions on which estimates are based, we have considered the calculation of the value of use of participating interests and related receivables as a key point in our audit.	We have observed and noted the process used to determine the value in use of participating interests. Our work also involved: ▪ observing and noting the evaluation methods used and underlying assumptions in determining the value in use of participating interests; ▪ comparing the net assets included by the management in its valuations with the source data from the accounts of audited subsidiaries or those that have been subject to analytical procedures where relevant, and examining any adjustments made; ▪ using sampling to test the mathematical accuracy of the formulas used to calculate book values; ▪ using sampling to recalculate the impairments recorded by the Company. Over and above ascertaining the value of use of participating interests, where relevant our work also consisted in: ▪ assessing the recoverability of investment-related receivables given the analysis performed on participating interests; ▪ reviewing the need to account for a provision for risk in the event that the Company is committed to bearing the losses of a subsidiary in negative equity.

Special verifications

We also carried out the specific verifications required by law and regulations, in accordance with professional standards applicable in France.

Information given in the management report and other documents addressed to shareholders, on the financial position and annual financial statements

We have no matters to report as to the true and fair nature and the consistency with the financial statements of the information provided in the management report and documents sent to shareholders concerning the Company's financial position and the full year financial statements.

We confirm the sincerity and consistency with the annual financial statements of the information related to the terms of payment referred to in Article D. 441-4 of the French Commercial Code.

Report on Corporate Governance

We attest to the existence, in the Supervisory Board report on Corporate Governance, of the information required under Articles L. 225-37-3 and -L. 225-37-4 of the French Commercial Code.

As regards the information provided pursuant to Article L. 225-37-3 of the French Commercial Code concerning compensation and benefits paid to corporate officers, as well as commitments made in their favour, we have verified their consistency with the financial statements or with the information used to prepare the financial statements and, if applicable, with the information collected by the Company from the companies controlling it or controlled by it. On the basis of this work, we confirm the accuracy and sincerity of this information.

As regards the information relating to items that your Company deemed likely to have an impact in the event of a take-over bid or public exchange offer, provided pursuant to the provisions of Article L. 225.37-5 of the French Commercial Code, we have verified their compliance with the source documents that were forwarded to us. In light of this work, we have no comments on the said information.

Other information

Pursuant to applicable law, we have confirmed that the required information on acquisitions of the Company's shares and voting rights, along with the identities of the Company's shareholders and voting right holders, are disclosed in the management report.

Information arising under other legal and regulatory obligations

Appointment of Statutory Auditors

We were appointed as Statutory Auditors of the Altareit company by your General Shareholders' Meeting on 2 June 2008.

At 31 December 2019, our firms were in the twelfth uninterrupted year of their contract.

Responsibilities of the management and individuals responsible for corporate governance in respect of the annual financial statements

It is the responsibility of the management to produce annual financial statements that present a true and fair view in compliance with French accounting principles as well as to implement the internal controls it deems necessary to produce annual statements that contain no significant anomalies, whether these are the result of fraud or error.

When producing annual financial statements, it is the management's responsibility to assess the capacity of the Company as a going concern, to present in these statements, where appropriate, the information required for operational continuity and to apply the accounting standard of operational continuity, unless there are plans to liquidate the Company or for it to cease trading.

These annual financial statements have been approved by Management.

Responsibilities of the Statutory Auditors in auditing the annual financial statements

Auditing objective and procedure

It is our responsibility to produce a report on the annual financial statements. Our aim is to obtain reasonable assurances that the annual financial statements, taken as a whole contain no significant anomalies. Reasonable assurance means a high level of assurance, without forasmuch providing the guarantee that an audit conducted in compliance with industry standards systematically affords the detection of any significant anomaly. Anomalies may be the result of fraud or errors and are considered to be significant where it can be reasonably expected that, taken individually or together, they may influence the economic decisions of the users of the statements on the basis thereof.

As specified in Article L. 823-10-1 of the French Commercial Code, our assignment as auditors is not to guarantee the viability or quality of the management of your Company.

In conducting an audit in compliance with industry standards in France, Statutory Auditors exercise their professional judgement throughout the said audit. Moreover:

- they identify and assess risks that the annual financial statements may contain significant anomalies, whether these are the result of fraud or errors, establish and implement auditing procedures in the face of such risks, and gather any evidence they deem sufficient and appropriate on which to base their opinion. The risk of failing to detect a material misstatement attributable to fraud is greater than that of a material misstatement resulting from error, since fraud may involve collusion, forgery, deliberate omissions, misrepresentation or circumventing internal control;
- takes note of the relevant internal control for the audit in order to establish appropriate audit procedures in the circumstances, and not to express an opinion on the effectiveness of internal control;
- they assess the appropriateness of accounting methods used and the reasonableness of the management's accounting estimates and the information relating to them provided in the annual financial statements;
- assesses the appropriateness of management's application of the going concern principle, and, depending on the evidence gathered, the existence or otherwise of significant uncertainty related to events or circumstances liable to undermine the Company's ability to continue as a going concern. This assessment is based on the evidence gathered up until the date of their report, not overlooking the fact, however, that subsequent circumstances or events may jeopardise capacity as a going concern. Should they conclude that there is significant uncertainty, they draw the attention of readers of their report to the information contained within the annual financial statements in relation to this uncertainty or, if such information is not supplied or is not relevant, certification will either be withheld or given with reservations;
- they assess the overall presentation of the annual financial statements and whether the latter reflect the operations and underlying events in such a way as to give a true and fair view of them.

Neuilly-sur-Seine and Paris-La Défense, 23 March 2020

The Statutory Auditors

GRANT THORNTON	ERNST & YOUNG Audit
French member of Grant Thornton International	
Laurent Bouby	**Anne Herbein**
Associate	*Associate*

3.6 Statutory Auditors' special report on related-party agreements

General Shareholders' Meeting held to approve the financial statements for the year ended 31 December 2019

At the General Shareholders' Meeting of the Altareit company,

As the Statutory Auditors of your Company, we hereby present you with our report on regulated agreements.

Our responsibility is to report to you, based on the information provided to us, the characteristics, the main terms and conditions, as well as the reasons justifying the interest for the Company, of the agreements brought to our attention or of which we may have become aware in the performance of our work, without expressing an opinion on their usefulness and appropriateness or determining the existence of any other agreements. It is your responsibility, pursuant to Article R. 226-2 of the French Commercial Code, to assess the Company's interest in entering into these agreements before deciding on whether to approve them.

It is also our responsibility to report to you, as provided by Article R. 226-2 of the French Commercial Code, information pertaining to the performance of agreements approved by the General Shareholders' Meeting in prior years and that remained in effect during the past year.

We have taken the measures we deemed necessary in accordance with CNC professional guidelines relating to our audit. These measures consisted of verifying that the information provided to us is consistent with the documents from which it was taken.

Agreements submitted to the General Shareholders' Meeting for approval

We would like to inform you that no notice was given of any agreement authorised over the last financial year to be submitted to the General Shareholders' Meeting under Article L. 226-10 of the French Commercial Code.

Agreements already approved by the General Shareholders' Meeting

We would like to inform you that no notice was given of any agreement previously approved by the General Shareholders' Meeting, that remained in effect during the past financial year.

Neuilly-sur-Seine and Paris-La Défense, 23 March 2020

The Statutory Auditors

GRANT THORNTON	ERNST & YOUNG Audit
French member of Grant Thornton International	
Laurent Bouby	**Anne Herbein**
Associate	*Associate*

4

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Altareit is a 99.85% owned subsidiary of Altarea. Consequently, the Group applies Altarea's CSR strategy.

2019 Highlights

Creating sustainable cities

Climate change, the structural rise in inequalities, changing lifestyles, incorporation of digital technology into daily and working life, etc. in a fast-changing environment, where the city is becoming the stage for complex regional, ecological, social and technological transitions.

The intense concentration of activities and populations in cities makes them major actors in sustainability on a global scale. Urban areas are now home to 80% of the French population and while they are impressive drivers of progress this figure covers a wide variety of circumstances, particularly when it comes to accessing high quality housing, shops and facilities and transport. Cities are heavily exposed to the effects of the climate (notably heat islands) and for many the question of resilience is becoming urgent.

Citizens and stakeholders are also increasingly well informed, vigilant and demanding. They have high expectations in terms of quality, but also in terms of ethics and commitment to tackling social and environmental issues.

In this context, the Group believes cities will be able to deliver solutions: the layering of different uses and functional diversity are strong drivers for dynamism in the economic and social fabric. There is an urgent need to rethink cities to build attractive spaces that are pleasant to live in, inclusive, resilient, connected and environmentally virtuous.

Altareit seeks fast, effective and sustainable solutions in terms of environmental impact, comfort in use, mixed functions and generational and social issues, while integrating the advances offered by new technologies. As an urban entrepreneur, Altareit contributes to reinventing the city's territorial, ecological, economic and social dynamics to guarantee a high quality of urban life.

The Group's CSR approach, "Tous engagés!" (We are all involved), drives this ambition and is based on three conditions:

- working as a public interest partner for **cities**, to preserve and develop local regions;
- placing **customers** at the heart of our actions, working for customer satisfaction across all our business lines;
- capitalising on the excellence of our **talents**, the Company's biggest asset, to support growth.

Cities

The Group seeks to work as a public interest partner for cities. It develops high quality property solutions to create a denser city that is more diversified, convivial and connected, creates jobs and develops the economy with a low environmental footprint.

2019 Highlights

- **low-carbon city**: in 2019, the Group continued its work to cut greenhouse gas emissions for its activities. The Group works to define ambitious, quantitative carbon trajectories for all of its business lines, which are compatible with the Paris Agreement and enable global warming to be limited to under 2°C. The Group made several tangible commitments this year, with the renewal and broadening of its commitment within the Paris Climate Action Charter, at Gold level;
- **biosourced materials**: this year, Altarea Group announced its strategic partnership with Woodeum, with the aim of developing low-carbon residential property on a large scale;
- **adaptation to climate change**: the Group continued to implement its action plan for adapting to climate change. It seeks to guarantee the comfort and safety of occupants and provide lasting property value;
- **biodiversity**: the Group has continued its actions to promote nature in the city, and specifically in its neighbourhood projects;
- **social economy**: the Group launched the consolidation of SoCo, the first solidarity REIT, in collaboration with Crédit Coopératif and Baluchon in its second project in Bondy. SoCo is intended to provide long-term support to social enterprises;
- **inclusive city**: the Group renewed its commitment to *Habitat et Humanisme* by supporting the development of the "inclusive and intergenerational housing" project. The Group affirmed in this way its commitment to a more inclusive city and its contribution to innovation in housing in the most disadvantaged sector.

In 2019, Altarea Group retained its "Green Star 5*" status as granted by GRESB and has maintained a score greater than or equal to 90/100 since 2016.

Customers

New lifestyles, uses and aspirations emerge… Customer expectations change and the Group has engaged in dialogue and listening in all of its activities: surveys and studies, real or digital interactions… Customer satisfaction is the Group's top priority and it is also achieved through quality of life and well-being in its projects which also boosts their long-term economic value.

2019 Highlights

- **customer satisfaction**: Cogedim won the "Customer Service of the Year Award" in the Property Development category for the 3rd year running;
- **quality of life and well-being of occupants**: Altareit continues to certify 100% of its Residential projects to NF Habitat. Moreover, 86% of Business property projects in Ile-de-France are working towards WELL certification and the Group has developed two neighbourhoods to WELL Community Standard;
- **green value**: Altareit is maintaining its ambitious certification programme to guarantee the value of Group project: with 100% of Residential and Business property projects certified. In order to further raise standards in its projects, the Group is rolling out the most recent labels where appropriate. As such 90% of projects in the Paris Region are working towards a digital connectivity label.

Talents

In order to support its growth and meet new urban challenges, in 2019 the Group reaffirmed its commitment to job creation and talent management.

2019 Highlights

- **headcount**: the headcount grew by 11% in 2019; The Group had some 1,611 employees at 31 December 2019;
- the Group is continuing to strengthen its policy on the use of **work-study contracts** and, in 2019, the Group welcomed 239 participants;
- **skills development**: almost 3,300 days of training were provided.

TOUS ENGAGÉS!

Altarea CSR approach

OUR BELIEFS

CITIES	CUSTOMERS	TALENTS
Developing and preserving our regions	Customer satisfaction at the heart of our actions	Excellence as a driver for growth

OUR COMMITMENTS

CITIES	CUSTOMERS	TALENTS
To contribute to regional economic development To develop a resilient, low-carbon city To protect biodiversity	To listen to our customers and deliver customer satisfaction To develop a desirable and comfortable city To enhance green value by rolling out ambitious certifications To be a beacon of best practice in our business lines	To support skills development To foster well-being in the working environment

4.1 A CSR approach integrated with Group strategy

This Section shows Altareit's extra-financial performance, which it publishes on a voluntary basis. Altarea's Declaration on Extra-Financial Performance (DPEF), published in its Universal Registration Document, also includes the items presented below.

Key indicators

Cities: working in the public interest

Scope	Commitments	2019 Results	Trend
Develop attractive urban projects and contribute to the local economy			
Group	Focus on mixed-use projects incorporating business property, residential and retail space	11 mixed-use projects in large mixed districts 83% of Business property projects are multi-use	↗
Group	Improve the employment footprint for Group activities	Over 40, 500 jobs supported in France	NA[(a)]
Group	Select new land near public transport	99% of surface areas under development are located less than 500 metres from public transport	=
Residential	Manage the proportion of local purchases	73% of construction site purchases are locally sourced	↘
Energy and climate: developing a resilient, low-carbon city			
Group	Implement an adaptation strategy to the physical risks induced by climate change for the Group's activities	Deployment of business line tools	↗
Business property	Maintain a high level of energetic performance	100% of surface areas have a performance that is at least 30% better than the regulation	=
Protect biodiversity and soil			
Neighbourhoods	Have BiodiverCity® certification for all projects	The Group is working towards certification for 7 neighbourhood projects	↗
Encourage the circular economy			
Business property	Favour rehabilitations to reduce resource consumption and greenhouse gas emissions	The proportion of rehabilitation is 55% in Paris Region	↘

(a) As the methodology for calculating this indicator has changed since the last reporting year thanks to finer modelling of the economic behaviour of suppliers and companies, it is not relevant to compare data.

Customers: placing customers at the heart of our actions

Scope	Commitments	2019 Results	Trend
Dialogue in the service of customer and user relationships			
Group	Working to satisfy customers across all our business lines	3rd place in HCG's ranking of customer hospitality	↗
Residential	Commitment to customer satisfaction	Awarded Customer Service of the Year Award for the third consecutive year[a]	=
Residential	Guarantee quality through NF Habitat certification[b]	100% of projects certified NF Habitat	=
Quality of life and well-being in operations			
Neighbourhoods	Develop pleasant living spaces	Development of 2 WELL Community Standard neighbourhood projects including Issy Cœur de ville, 1st pilot project in France	↗
Business property	WELL certification for 100% of projects in Paris Region	86% of projects in the Paris Region WELL certified or in the process of certification	=
Labels and certifications, creators of green value			
Residential	100% of new projects certified NF Habitat[b]	100% of surface areas certified	=
Business property	100% of new projects in the Paris Region HQE "Excellent" and BREEAM® "Very Good" as a minimum	100% of surface areas certified	=
Business property	Deploy digital connectivity labels	90% of projects in the Paris Region are working towards a digital connectivity label	↗

(a) Property Development category – BVA Group research and consulting firm – Viséo CI – May to July 2019 – More information at escda.fr.
(b) Excluding co-development, rehabilitations and managed residences.

Talent: helping our talent to achieve operational excellence

Scope	Commitments	2019 Results	Trend
Talent and skills management			
Group	Support Group growth	Headcount of 1,611 employees with 349 new hires	↗
Group	Roll out the strategic training plan	Almost 3,300 days of training	↘
Diversity and equal opportunities			
Group	Promote youth employment	239 young people on work-study contracts	↗

4.1.1 The Group's CSR approach

CSR Materiality matrix

The Group's CSR approach is based on analysis of its CSR materiality matrix updated every five years, with the latest update in 2016 on the basis of:

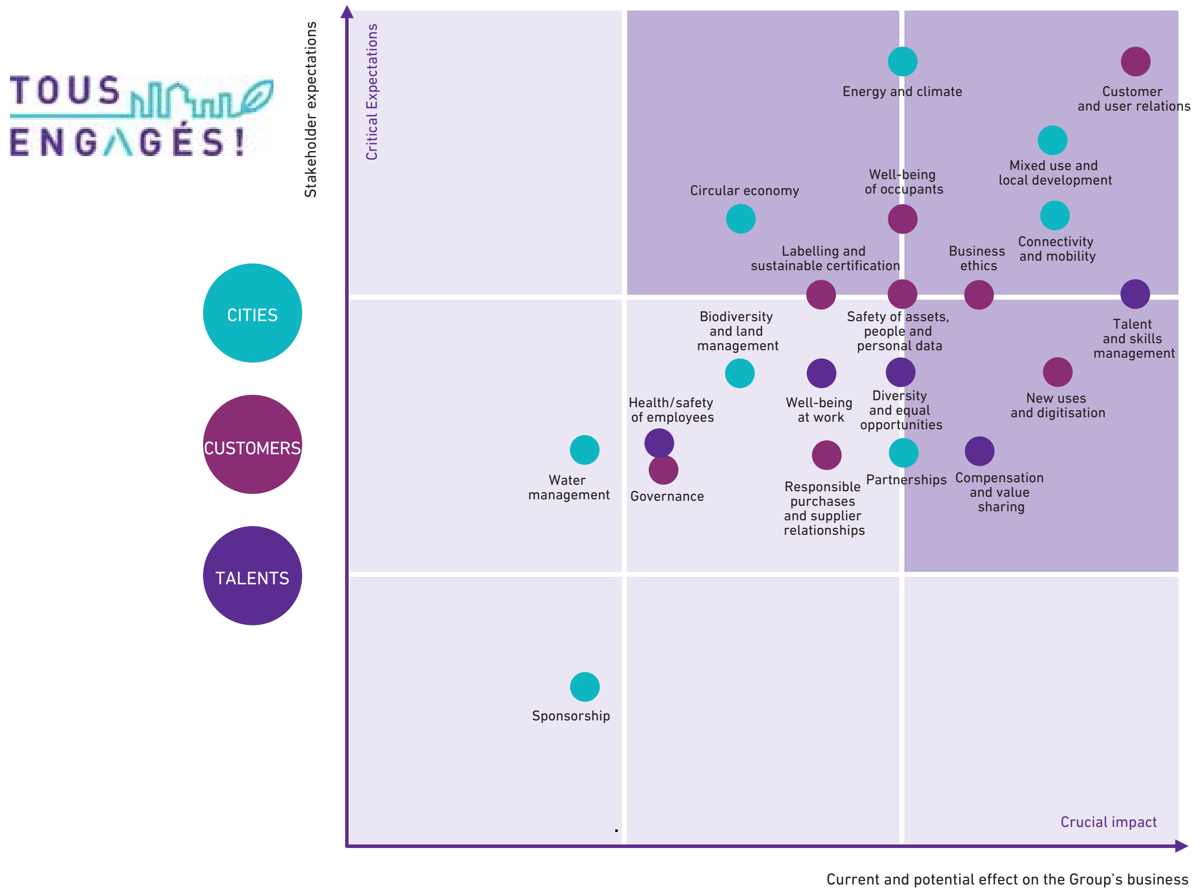
- a detailed analysis of the regulatory environment and trends;
- interviews of a panel of thirteen external stakeholders: investors, customers, retail brands, local authorities, etc.;
- Internal consultation with the CSR Committee (see 4.1.2); and
- approved by management at end-2016.

The matrix identifies 21 CSR issues, grouped into two areas:

- current and potential effect on the Group's business model;
- level of expectation of internal and external stakeholders.

Of the original 21 material issues, 14 have been identified for priority action by the Group.

MATERIALITY MATRIX



Our approach "Tous engagés !"

Altareit is convinced there is no growth without Corporate Social Responsibility and therefore launched its CSR approach in 2009. It was subsequently updated in 2017 with the materiality matrix and formalisation of the "Tous engagés !" (We are all involved!) programme. It is based around three key areas:

- working as a public interest partner for cities, to preserve and develop local regions;
- placing customers at the heart of our actions, working for customer satisfaction across all our business lines;
- capitalising on the excellence of our talents, the Company's biggest asset, to support growth.

THE CSR APPROACH

TOUS ENGAGÉS !

Altarea's CSR approach

MAPPING OF ALTAREIT'S PRIMARY STAKEHOLDERS

Clients	**Buyers of residential units**	**Office users key accounts**
CHALLENGES	Satisfy their expectations and advise them throughout the journey	Supporting performance and corporate culture
Find out more about Altareit's solutions	**4.3.1**	**4.3.1**

Partners	**Government and communities**	**Investors and analysts**	**Employees and applicants**	**Suppliers, service providers, subcontractors**
CHALLENGES	Long-term partners for regional revitalisation and development	Sustaining the financial and extra-financial performance of the Group and its offering	Offering excellent career opportunities in an attractive setting	Make the Group's CSR challenges an integral part of its business relationships
Find out more about Altareit's solutions	**4.2.1**	**4.5.1**	**4.4**	**4.3.5 and 4.3.6**

4.1.2 Governance and implementation of CSR

Organisation

The CSR Department is part of the Group Corporate CSR, Innovation and Communication Department. It is made up of five employees and reports to an executive Committee member. The management process in place to progress and disseminate the approach is as follows:

- the CSR Department advises management and the Executive Committee on defining the CSR approach and actions to take;
- the CSR Department is supported by the CSR Committee, which meets quarterly to put the actions into effect. The network of 19 coordinators covers all Group activities (Residential, Business property) and cross-Group functions (HR, Innovation, Finance, Internal Control, etc.);
- *Ad hoc* working groups are formed to focus on targeted and operational topics with special coordinators and other participants. In 2019, working groups were set up to address topics such as reducing the carbon impact of activities and adapting to climate change.

CSR team contact: developpementdurable@altareacogedim.com

Participation in industry organisations

Altarea Group plays an active role in external bodies, notably to anticipate changes in regulations on sustainable development and to share best practice. All of these activities directly impact Altareit.

The Group belongs to the following organisations:

- FSIF (*Fédération des Sociétés Immobilières et Foncières*), the French property company association;
- FPI (*Fédération des Promoteurs Immobiliers*), the French federation of real estate developers;
- C3D (*Collège des Directeurs du Développement Durable*), the French Sustainable Development Officers' group;
- HQE®-GBC Alliance France, the professional alliance for a sustainable built environment;
- *Charte tertiaire du Plan Bâtiment Durable* (sustainable building plan charter for office buildings);
- Association BBCA (*Bâtiment Bas Carbone*, or Association for Low-Carbon Construction);
- CIBI, the International Biodiversity & Property Council;
- OID (*Observatoire de l'Immobilier Durable*), the sustainable property observatory, which seeks to promote sustainability in construction. The Group is a founder member.

Finally, the Group signed a diversity charter in December 2013.

Partnerships, study groups and think tanks

The Group participates in working groups to help share best practice across the sector.

The Group is a founding member of the Fondation Palladio. Fondation Palladio was the result of an initiative by real estate firms in 2008 to address the issue of building the city of tomorrow and its living spaces. The working method used is that of contrasting perspectives and challenges between Managers, experts, students, etc.

The Group is committed to supporting cities and local regions and leads an in-depth and quantified assessment of its local impact and added value. Since 2016, the Group has been taking part in a think tank dedicated to cross-pollinating companies, with Utopies and ten partners (see 4.2.1).

Relations with start-up incubators

Altareit is implementing a process of open innovation, and has partnered with the Paris & Co incubator, specialising in innovation and property (see 4.3.4).

External commitments

WE SUPPORT

United Nations Global Compact

Altarea Group is committed to the United Nations Global Compact corporate responsibility initiative and its principles on human rights, labour, the environment and the fight against corruption.

Sustainable Development Goals

Altareit decides its actions in light of the United Nations' Sustainable Development Goals (SDGs).

Paris Climate Action

The Group works with the City of Paris on its Energy Climate Plan. It has been signed up to the Paris Climate Action Charter since 2015. In 2019, the Group renewed its commitment to the Charter at Gold level. Through this renewal, the Group commits to supporting the vision of Paris as a carbon-neutral and 100% renewable energy city by 2050.

A few examples of the Group's contributions within this framework:

- work on construction materials: the Group is committed to using biosourced materials, and notably wood for 100% of its Residential projects in Paris in the medium term. Its recent partnership with Woodeum testifies to this intent. The Group is also committed to limiting the contribution of new materials by promoting building restructuring and the circular economy.
- mobility: 99% of the projects developed by the Group are located less than 500 metres from public transport. The aim is to promote carbon-free mobilities by thinking on a neighbourhood scale.

4.2 Working as a public interest partner for cities

4.2.1 Developing attractive urban projects and contribute to the local economy

Scope	Objectives/Commitments	Time period	2019 Results	2018-2019 Evolution	Comments
Group	Focus on mixed-use projects incorporating Business property, residential and retail space	Ongoing	**11 mixed-use projects in large mixed districts**	**An additional project: Les Simonettes (Champigny-sur-Marne)**	The Group offers mixed-use options across all of its major projects to promote proximity and bring cities to life
Business property	Focus on mixed-use projects incorporating Business property, residential and retail space	Ongoing	**83% of Business property projects are multi-use**	**Stable**	
Group	Measure and improve the employment footprint for all of the Group's activities	Ongoing	**48,500 jobs supported in France**	**Not applicable[a]**	The Group supports an increasingly extensive ecosystem of suppliers, service providers and services and makes a significant contribution to employment nationwide
Residential	Measure share of local purchases	Ongoing	**73% of construction site purchases are locally sourced**	**Slightly down**	Altareit monitors this indicator to strengthen its contribution to the local economy
Residential	Select new land near public transport	Ongoing	**99% of surface areas under development are located less than 500 metres from public transport**	**Stable**	Proximity to transport links has remained stable since 2016 in Residential and has improved in Business property. This demonstrates the Group's commitment to projects with good transport links, which offer convenience and low-carbon mobility.
Business property	Select new land near public transport	Ongoing	**100% of surface areas under development are located less than 500 metres from public transport**	**Stable**	

(a) As the methodology for calculating this indicator has changed since the last reporting year thanks to finer modelling of the economic behaviour of suppliers and companies, it is not relevant to compare with 2018 data.

Altareit is a leading player in regional development. Today, as an urban developer, the Group shapes the living environment for millions of users. This vocation entails a great responsibility for the future of the regions where it operates. The Group considers new challenges and opportunities:

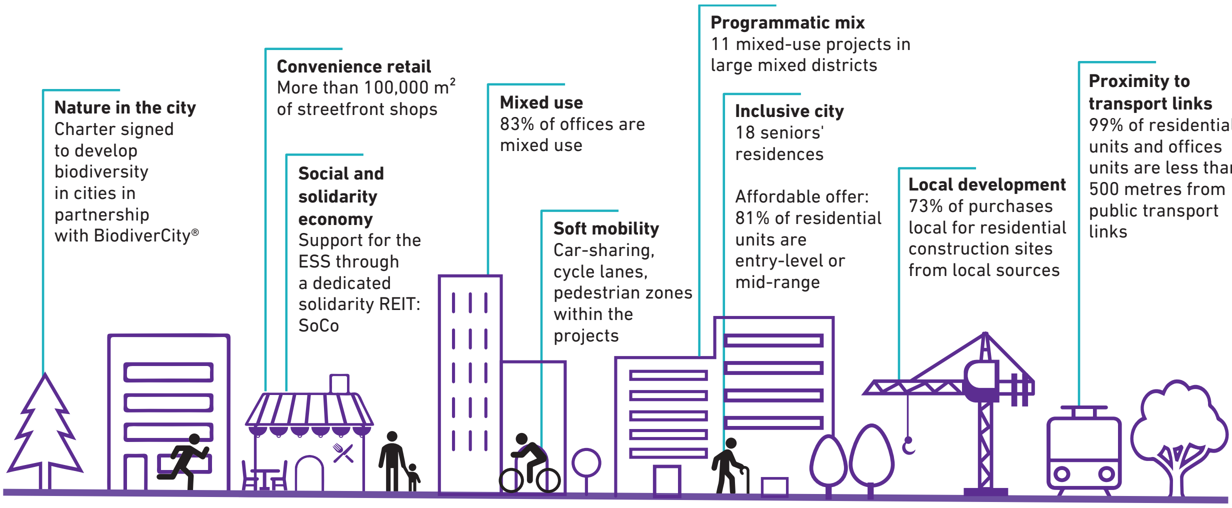
- regions want to encourage and anchor wealth creation locally. City centres are being reinvented to inject fresh dynamism. Retail hubs and services are being created. The local authority expects their city to generate jobs and businesses. Altareit's urban projects must underpin this economic development;
- with the boom in new technologies, the development of networks and the aspirations of the new generation, uses in cities have been transformed. Today's citizen wants a voice in decisions about the place they live. The Group must listen to residents to foster a better appropriation of the city;
- after years of post-industrial blight and widening inequalities, regions want to develop diversity, collaboration and solidarity. This is a key issue to guarantee their resilience and coherence. The social economy and the development of a local economy are effective ways to build a rich social fabric with a convivial city that works and is at ease with itself.

Understanding these changes and responding to them is a vital issue for Altareit. Today, communities want to hear proposals that address these transformations and make a positive contribution to the region. How the Group responds to these new challenges will determine its commercial success.

Altareit is determined to be a public interest partner for cities. Developing desirable urban projects is first and foremost about listening to users (see 4.3.1). The Group also structures its approach around three key areas of action:

- the development of mixed-use neighbourhoods: Altareit believes that sustainable cities take the form of diverse neighbourhoods offering a mix of residential units, commercial activities (retail, offices, services, etc.) and leisure spaces. This proximity creates conviviality and sustainability, reduces travel and gives the city a more people-centred focus;
- contributing to local development: Altareit wants to contribute to local economic development through its projects: support for entrepreneurs, social enterprises and local start-ups, support for reducing food miles, buying locally, etc.;
- be a force for employment in France: Altareit's activities have a significant impact on jobs and wealth creation in France, thanks in large part to the significant amounts of its purchases.

DEVELOPING DESIRABLE URBAN PROJECTS



4.2.1.1 Our convictions for the city

A dense mixed-use city

The Group puts mixed-use at the heart of its offers. Altareit combines all its know-how to design and build innovative, large mixed-use projects which combine retail space, housing, offices, leisure facilities, hotels, etc. These projects are carried out in collaboration with the local authorities, planners, private players, investors and individuals. They enable the Group to engage on issues around complex urban redevelopment and regional development.

The Group is involved with eleven mixed projects across France. All are large-scale, bold projects, the forerunners of the urban living environments of tomorrow.

THE GUILLAUMET DISTRICT

Located in Toulouse at the former site of the *Centre d'Essais Aéronautiques de Toulouse* (CEAT) undergoing conversion. Key figures of the project are as follows:

- 13 hectares of total surface area, half of which will be dedicated to green spaces with a range of uses (play areas for children, urban agriculture, orchard, etc.);
- 78,000 m² of housing, including a *Habitat et Humanisme* intergenerational residence;
- 13,300 m² of retail space, services and office space, 10,000 m² of facilities (third locations, cultural/leisure facilities, sports facilities) 17,200 m² of outdoor sports areas (stadium, tennis courts);
- 1 third location (the Halle aux cheminées) comprising a city farm, social bistrot, consumer co-op, community composting and DIY workshop, all designed to reduce waste and create strong bonds between generations;
- 20,000 m² of road built using materials derived from recycled concrete;
- 5 certificates ares being targeted: HQE Aménagement, BiodiverCity®, Ecojardin for the whole project, HQE Bâtiment Durable and BEPOS label for offices.

Altareit's other large mixed-use projects under way are presented in the business review (see Section 1 of the Universal Registration Document – Business review 2019).

Aside from these large-scale district projects, Altareit introduces mixed-use as early as possible in its projects:

- 83% of Business property projects are multi-use;
- the Group has developed a specific business dedicated to convenience stores, which currently has some thirty projects covering more than 100,000 m². The aim is to breathe life into residential developments by linking them with street front retail outlets and creating a real urban fabric. The Group's integrated marketing guarantees a mix of complementary retailers to suit neighbourhood life and which are also sustainable as a result of an economic model developed upstream.

Overall, Altareit designs places for all times of life, in private, collective and professional spaces. To facilitate the social and intergenerational mix, the Group proposes solutions for a wide variety of circumstances: housing for all budgets and family types, student residences, the Cogedim Club® for seniors, living spaces that correspond to the needs of their users.

Faced with the issues of neighbourhood development, particularly urban revival through housing, Altareit created an urban development department in 2018. Its mission is to bolster property synergies within the Group and offer local authorities redevelopment projects which create urban value and well-being for local regions.

Proximity to transport links

In property development, location and good connections to the transport network are key issues and are becoming more important with the mass growth of sustainable mobility and questions around the town planning of the future and the place of personal vehicles.

For Altareit, the main areas of work related to mobility are the movements of the occupants of the residential and office buildings sold. The means of transport used to reach Altareit's buildings are the Group's principal source of indirect greenhouse gas emissions.

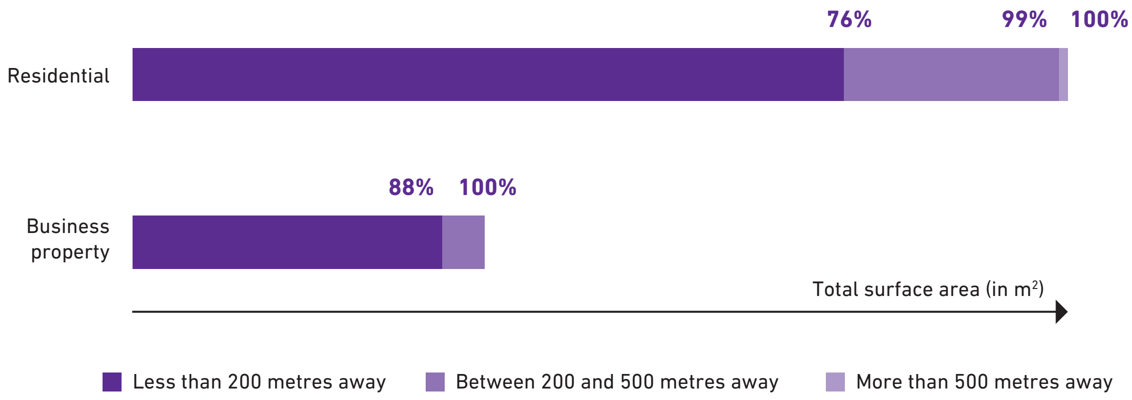
For its new projects, in all business lines, Altareit has been committed for several years to ensuring the proximity of local public transport networks and to providing sustainable, practical and economic mobility solutions (carsharing, shared car parks…).

Altareit is therefore committed to giving its new projects good connectivity in order to connect different living spaces. The Group has reaffirmed its commitment on this issue, notably with the signature of the Paris Climate Action Charter this year.

Since 2014, the Group has set itself the goal of always developing its new projects less than 500 metres from a public transport network. Altareit was one of the first players to be transparent on this issue by publishing indicators for each of its activities. In 2019, 99% of surface areas under development are located less than 500 metres on foot from public transport.

These numbers have been stable since 2017.

PROXIMITY OF PROJECTS TO PUBLIC TRANSPORT



4.2.1.2 Contributing to regional economic development

Contribution to local economic development

Altareit intends to play a role in the economic development of the areas where it is established. Altareit is convinced that the best way for a project to get involved in a region is to engage with local resources.

The survey of local economic development activities in 2017 showed that most subsidiaries were developing partnerships with local institutions, for instance by contributing to local employment, mobilising local know-how, working with local innovators and developing convenience stores. Altareit subsequently created a structure to promote local roots and continued this work in 2019.

In parallel, the Group quantified its local purchases for its Residential division. In 2019, 73% of purchases for construction sites in the department were from local sources[(1)]. This 4-point fall[(2)] from 2018 was due to the heavy activity in the Paris, Mediterranean and Midi-Pyrénées Regions which led to pressure on attracting local businesses. The Group will now conduct more in-depth analyses, region by region, and make any appropriate improvements to give its projects strong local roots.

The Group employs beneficiaries of vocational integration in its work projects. In 2019, 47% of managed Business property projects launched over the last two years had an integration clause. For the Issy Cœur de Ville project in Issy-les-Moulineaux, 100,000 hours of integration work are planned.

Contribution to the social economy

The social economy (l'*Économie Sociale et Solidaire* – ESS) refers to all businesses, associations and charities seeking to combine an economic activity with a strong social or environmental mission. The organisations of the social economy are increasingly strategic players that contribute to the resilience and the management of local life since they create jobs, close the gap between producers and consumers, stimulate the environmental transition and re-establish social ties.

The players of the social economy are naturally partners of retail projects: bringing life to streetfronts, new shopping centres and the creation of new neighbourhoods. As a regional developer, Altareit is giving increasing importance to the social economy as they make an active contribution to the creation of pleasant, resilient, independent regions.

In order to establish this link between the Group's activities and the social economy, Altareit:

- organised several events on the theme of the social economy (ESS): a learning expedition to a resource centre in Montreuil and an ESS Meet-up. This internal event, open to all, helped to present several ESS players, build relationships and give tangible information about partnerships already established within the Group. During ESS month, an awareness raising quiz was organised over four consecutive weeks and recorded around 800 entries;
- updated and circulated a guide to the social economy to make it easier for employees to act. These guides gave general information on the social economy and lists of potential partners.

(1) For projects in the Paris Region, companies located in the same region are also counted.

(2) The calculation methodology for the indicator on the share of local purchases was modified in 2018.

SOCO: A SOCIAL REIT IN THE PUBLIC INTEREST

In collaboration with Crédit Coopératif and Baluchon, Altareit launched the first social retail REIT aimed at offering social enterprises long-term support both in the start-up and operational phases. Currently, rental pressure inhibits their development in the start-up phase and threatens their long-term viability. The scheme is based on the purchase of commercial space by the REIT, for setting up projects with a social impact requirement only over a period of at least 15 years. Thus, in exchange for a commitment to remaining a social enterprise, the REIT benefits from more favourable trading conditions than those usually seen in high-demand areas.

The first, called "Bouillon Club" will open in 2021 in 230 m^2 on the ground floor of the "Nudge" project in the 13th district of Paris. Under the terms of the tender won by Altareit and Ogic, this space will play host to a platform showcasing food, social and community innovations. This sustainable food workshop in the Paris Region (teaching kitchen, interactive workshops, Rock canteen, cultural events, etc.) was designed with Baluchon, the regional economic cooperation cluster (*Pôle Territorial de Coopération Économique* – PTCE) Resto-passerelle, the social enterprise Petit Bain and the local community group Tela 13.

SoCo will also be included in a second project in Bondy.

4.2.1.3 Supporting employment in France

For a number of years Altareit has been quantifying its indirect economic contribution in terms of employment and local development. The figures now include the activities of Pitch Promotion and Histoire & Patrimoine.

The Group's activities generate a significant volume of purchases and subcontracting, particularly in property development (construction, surveying and maintenance) which have a very substantial multiplier effect. Thus, in 2019, each direct job at Altareit in France supports 23 additional jobs in the French economy.

For **1** job at Altareit,

23 additional jobs are supported in the French economy

In total, over 40,500 jobs are directly supported by the Group's activities (purchases, wages, taxation etc.).

40,500 jobs supported in France

Data obtained using Utopies' Local Footprint® methodology. This robust methodology is based on the macro-economic concept of input-output tables which can be used to perform economic modelling based on national accounts. Based on actual purchasing (by location and sector) and payroll data gathered by the teams at Altareit, the methodology can be used to simulate the socioeconomic impact of the business' activities in France and in gateway cities where the Group is established.

The indicators monitored as part of the study are as follows:

- almost 22,000 indirect jobs: jobs directly related to purchases of goods and services by the different Group entities;
- over 17,000 induced jobs: jobs created by the consumption of direct and indirect employees in France.

The study identified the three main sectors supported: buildings and public works (29% of jobs), health, education and social care (15% of jobs), and intellectual services (consulting, experts: 10% of jobs).

4.2.2 Energy and climate: developing a resilient low-carbon city

Scope	Objectives/Commitments	Time period	Indicator	2019 Results	2018-2019 Evolution	Comments
Group	Implement an adaptation strategy for the physical risks induced by climate change for the Group's activities	Ongoing	Deployment of operational action plans by business line	**Deployment of business line tools**	**On the rise**	Based on the analysis of climate risks carried out in 2018, deployment in 2019 of operational action plans and tools for the Residential business.
Business property	100% of projects have a high level of energy performance	2020	Share of surface areas with better performance than the applicable thermal regulation requirements	**100%**	**Stable**	Since 2016, 100% of Business property surface areas have outperformed thermal regulation requirements by at least 30%

The climate emergency demands radical change in the way cities work, to evolve towards a leaner urban model that adapts itself to the new climate challenges.

Buildings and other construction are some of the most energy intensive sectors and highest producers of greenhouse gas emissions in France, which means a special responsibility. Moreover, the consequences of climate change are becoming increasingly noticeable in France, with an intensification of climate phenomena such as storms and heat waves heightened in cities by the heat island phenomenon. These weather events affect buildings and user comfort. They can impact the built environment, networks, construction sites and the quality of city life.

Today, Altareit has measured the scale of these changes and is helping to meet the challenge of adapting cities to a new low-carbon model through a number of commitments: the Group has performed fundamental work that was jointly developed internally and set new targets in 2017 for Scopes 1, 2 and 3 (see 4.2.2.1). Following its research into indirect impacts, Altareit now offers responses that are proportionate to the emissions from each source and are adapted to each activity.

In 2019, Altareit worked on new targets, to go even further in the carbon trajectories for all of its business lines in the medium-term, and be compatible with the Paris Agreement, with the aim of limiting global warming to under 2°C. The Group made several concrete commitments this year, with the renewal and broadening of its commitment within the Paris Climate Action Charter, at Gold level; the Group is committed to supporting the vision of Paris as a carbon-neutral and 100% renewable energy city by 2050 (see 4.1.2).

This year, the Group also announced its partnership with Woodeum, with the aim of developing low-carbon residential property on a large scale. This strategic and financial partnership is a strong signal and commitment towards the transformation of construction methods, and the goal of a carbon-free world.

Adaptation was subject to a special focus once again this year, with the implementation of concrete climate resilience action plans, specifically for the Residential sector.

4.2.2.1 Altareit's approach to combating climate change

The Group's carbon footprint

Altareit measures its carbon footprint using the greenhouse gas protocol (GHG Protocol), compatible with the Bilan Carbone® certificate and the ISO 14064 standard.

The Group has a total carbon footprint of 6,954 ktCO_2 in Scopes 1, 2 and 3. Given the Group's property development activity, the share of direct emissions is under 1%.

More than 99% of emissions in the carbon footprint consist of "upstream" and "downstream" items which the Group emits indirectly *via* its value chain. For example, they consist of emissions related to the purchase of construction materials for buildings made by service provider companies or emissions created by visitors travelling to shopping centres.

With regard to the "upstream" portion, the Group carries out Bilans Carbone® carbon studies and Life Cycle Analyses (LCA) to identify the options with the lowest environmental impacts. The gradual roll-out of this practice since 2011 has enabled progress on managing carbon issues in the construction industry. These studies are used particularly in rehabilitation or other major projects.

To design appropriate and effective action plans the Group chose to take a broad view of indirect emissions: including those linked to energy consumption and transportation of the occupants of residential and office buildings sold by the Group. The Group may be a source of "avoided emissions" thanks to the choice of locations for its programmes (close to public transport) or thanks to high energy efficiency design. This strategy for a global reduction in greenhouse gas emissions reflects the Group's vision of the low-carbon city: by developing a city based around proximity and designed upstream to be sustainable and energy efficient, the Group reduces its shared contribution to climate change. Actions also include close collaboration with customers and users.

Consolidated at Group level, the three sources of the most emissions are travel by the occupants of residential and office buildings sold by the Group, their energy consumption and purchases of materials used on the construction sites.

HE GROUP HAS LAID THE FOUNDATIONS FOR A CARBON ROADMAP COMPATIBLE WITH THE PARIS AGREEMENT

In order to reduce these emissions, the Group is currently involved in the process of defining a new and ambitious climate strategy. For this, Altareit has set up working groups to define strong, quantitative carbon commitments for all of its business lines. The Group aims to submit them to the Science-Based Target (SGT) Initiative, in order to have a carbon roadmap that is compatible with the Paris Agreement and contribute to limiting global warming to under 2°C.

To date, two carbon trajectories have been studied for the Altareit scope: mobility of future occupants and construction in Property Development (including building materials and energy), or 99% of the Group's emissions. In 2020, these trajectories will be refined with the related business line management teams: definition of precise, ambitious and achievable targets, quantitative operational action plan monitoring.

In 2019, this work also enabled the emissions calculation methodology to be updated, with the best current practices, so as to prepare the 2020-2030 operational strategy for reducing emissions.

Measuring and reducing Scope 3 emissions

In Scope 3, the "shared responsibility" scope, Altareit undertakes to contribute to the low-carbon city and to be a source of avoided emissions by designing projects that make it easy for stakeholders to cut emissions.

Reducing the biggest source of emissions: facilitate low-carbon mobility

Altareit develops projects that can cut the use of high-carbon mobilities:

- the choice of land is the primary action lever: in accordance with its development strategy the Group selects sites with good public transport links (see indicators under 4.2.1), meaning a reduction in the carbon footprint of users;
- the programme can be enhanced by Altareit's offer of sustainable mobility solutions. In Business property, for instance, Altareit has developed around a hundred parking spaces fitted with charging stations for electric vehicles in the Paris Region and always takes forward-looking measures so they can be installed later, during the building's operational phase. Similarly, throughout France, the Group's projects offer the best mobility solutions for local regions. A few examples: the "Crescendo" project in Villeurbanne proposes over 250 m^2 of cycle sheds; at Bobigny Cœur de ville, the neighbourhood will be pedestrian and will have a transport hub offering soft mobility services such as cycle repair workshops.

Within the Group, travel generates more than half the emissions from Group head offices. The main action focus is reducing the Company vehicle fleet emissions and deploying the mobility plan at the Group's new head office. The latter provides for a reduced number of parking spaces and the setting up of a mobility pack.

Reducing the second biggest source of emissions: greenhouse gas emissions from materials

Actions and specific project reviews have been put in place to reduce this emissions item, through:

- replacing materials that emit CO_2 (notably concrete) with less carbon intensive alternatives (wood, biosourced materials, low-carbon concrete, etc.);
- reusing existing materials; rehabilitation uses less materials, the circular economy reuses or repurposes materials, etc.; and
- reflecting on a new concept for buildings which will increase their life (reversibility, anticipating future uses, etc.) and the intensity of their uses.

Substituting materials

The Group has run pilot projects using wood as the main material. For example, the "U-Care" programme (Paris 13th district) has a wooden structure. In the regions, the Group uses modular wood for buildings, such as in the *Domaine de Guillemont* project (Canéjan). This process allows timber panels to be prefabricated in a workshop before being assembled on-site in a very short time-frame, reducing the disturbances caused by the site.

The Group also uses other biosourced materials. For example, the "Brunet/Prévoyance" project (Paris 19th district) was designed to limit the use of concrete: in addition to a metal structure and prefabricated wooden elements, this project also uses biosourced insulating materials.

PARTNERSHIP WITH WOODEUM: ACCELERATING THE PRODUCTION OF LOW-CARBON HOUSING

In July 2019, the Group acquired 50% of Woodeum Residentiel, a subsidiary of Woodeum Group, with the shared ambition of developing low-carbon residential property on a large scale. The aim is to build 2,500 to 3,000 units in Cross Laminated Timber (CLT) per year, by 2023. This biosourced material has excellent properties (technical and environmental) and can store carbon over the building's lifetime.

Rethinking the design of buildings and the city

The Group explores many ways to optimise the use of buildings and extend their useful life:

- a review is under way on how to increase the usage intensity of buildings, particularly Business property projects, to make better use of shared spaces (restaurants, auditoriums, etc.) throughout the day. Building design incorporates flexibilities to allow for changes in use, privatisation or conversion of some areas to open air at certain times of year, for instance. Serviced residences for seniors are also open to business travellers, maximising the use of surface area;
- the Group is working hard to make spaces reversible, anticipating potential changes of use for the building in the future. Altareit, for instance, is offering 5-room homes that can be split into two apartments, each with its own external door, two electrical panels and a load-bearing wall down the middle to provide acoustic insulation for users if the apartment is eventually split;
- finally, the Group is working on making buildings more sustainable by anticipating the future technologies to which buildings will have to adapt. In Business property, the Group is looking into labels such as Ready2Services, implemented for the future Richelieu head office, which certify the building's adaptability to future digital uses.

Reducing the third biggest source of emissions: managing energy to cut greenhouse gas emissions

Emissions linked to the consumption by future occupants of offices and housing sold by Altareit make up the 3rd biggest item in Scope 3. They use low-carbon electricity in France but are a key area for action and a big source of avoided impacts for the Group:

- building design is the first area of action, enabling good energy efficiency throughout the lifetime of the building and so lowering energy bills for occupants. The Group uses all available methods (bioclimatic design, working on the envelope and insulation, high-performance equipment and consumption monitoring tools, etc.): a high level of energy efficiency is a prerequisite for projects developed by Altareit. All energy optimisation measures implemented by each business line are detailed in 4.2.2.3;

- the Group uses renewable energy whenever possible. In the design phase, Altareit examines the possibilities of connecting to existing heat networks and carries out feasibility studies for the supply of energy to major commercial projects. These studies make it possible to compare various possible energy solutions to cover a building's needs and thus identify the possibility of renewable energy supplies (see 4.2.2.3). Thus, the "Issy Cœur de Ville" (department 92) project uses geothermal energy;
- finally, Altareit is working on raising awareness among building occupants to the significant impact of their behaviour on building energy efficiency and climate performance. The proof is that the Residential teams have expanded the "Green Tips" manual given to buyers as part of NF Habitat certification. The latter was updated in 2019, developing advice and practical ideas for better use of housing. The Group is also developing soft incentives or "nudges" and game-based tools, which it sees as major areas of action.

THE "NUDGE" PROJECT ENCOURAGES INHABITANTS TO ADOPT GREEN HABITS

The Paris 13th district Nudge project uses an ethnographic study to understand the real obstacles to adopting virtuous behaviours in daily life and proposes simple adaptations of the built environment to facilitate ecological behaviour. The Nudge project encourages people to adopt behaviours that are good for them, the community and the planet by making small but decisive changes to their lives.

It manifests itself in buildings as a series of small discreet facilities, which can be graphic, informational or architectural, and whose impact on human behaviour is extremely significant. As "little things that change everything", nudges encourage individuals to act in a certain way rather than in another: sort their waste, get to know their neighbours, reduce their energy consumption.

4.2.2.2 Adapting projects to the impacts of climate change

Over the last two years, Altareit has run in-depth analyses of risks arising from climate change impacts on its activities, with a special focus on the intensification of weather events (heatwaves, flood, drought, violent winds, etc.) and their repercussions for lifestyles and the built environment. These analyses took into account two climate assessment scenarios from the IPCC, one optimistic (RCP4.2) and one pessimistic (RCP8.5).

The Group aims to implement an adaptation strategy for its activities to these risks. In 2019, operational action plans and business line tools were deployed. As part of the strategy, the Group has worked on estimating the financial cost of solutions to adapt to climate change.

For each of the regions where it operates, Altareit conducted a forward-looking study of local climate changes and the physical impacts of weather events on buildings, construction sites, lifestyles and the comfort of occupants.

The results enabled us to set the main lines for an Adaptation action plan to reinforce the comfort and value of Altareit developments. The main areas addressed are actions to enhance comfort in summer, cost reduction, health and safety and property value.

In 2019, these action plans were implemented and will be continued to best integrate these issues into the Group's developments.

Programmes already include these issues, such as the "Crescendo" project in Villeurbanne that benefits from a bioclimatic design to provide better comfort to occupants, notably in summer. In Grenoble, the "Up" project is equipped with sliding panels to optimise heat input in winter and moderate it in summer. The Group is also working to fight against the phenomenon of urban heat islands, by including permeable coatings and the first urban forest within its "Issy Cœur de Ville" (92) project, for example.

4.2.2.3 Managing energy in the Group's activities

In order to reduce greenhouse gas emissions, it is essential to design and operate buildings in an energy-efficient way. The Group is developing energy-saving solutions also for economic reasons, both for its buyers and users but also for an optimised management of its portfolio.

A high energy efficiency level is a prerequisite for the projects developed by Altareit. Since 1 January 2013, the Group's production is subject to the 2012 Thermal Regulations (RT 2012). The regulations are among the most ambitious in Europe and are intended to make Low Energy Building (*Bâtiment Basse Consommation* – BBC) more common. Environmental Regulation 2020 (ER 2020) will ultimately replace the RT 2012, moving from a thermal approach to a more comprehensive environmental approach.

The Group is preparing for and looking ahead to these future regulatory changes, particularly by organising training and awareness-raising for technical and construction teams. Several projects were enlisted in the "E+C-" government run trials aiming to define future regulatory thresholds for energy and carbon. Feedback from these trials will help further enhance the skills of technical teams.

Finally, in addition to its overall national goals, Altareit sets goals for each region. The Group is working more closely with the City of Paris to help achieve the targets in its Energy Climate Plan.

Residential

The Group aims to have all its projects under development certified for energy efficiency alone or as an addition to a general NF Habitat and HQE™ certification such as the different E+C- and Effinergie labels and the "RT 2012 -10%" and "RT 2012 -20%" levels as part of NF Habitat certification.

In 2019, 54% of Residential projects under development had an energy label. Some projects even exceed the Group's ambitions. In Grenoble several projects beat their RT 2012 requirements by more than 30%.

54% of Residential projects have an energy label

For rehabilitation projects, the energy performance is systematically improved. As energy labels cannot generally be applied to rehabilitation projects with strong heritage constraints, the Group aims for higher energy performance, if possible. In 2019, 18% of Residential rehabilitation projects had overall energy performance requirements that exceeded the regulations.

Business property

For all projects under development, the Group seeks to achieve a level of energy consumption that outperforms the applicable thermal regulations. In 2019, 100% of Business property projects achieved this objective.

For projects under its Cogedim brand, the Group set the target of beating regulatory requirements on energy use by at least 30%. In 2019, this target was exceeded by an average of 44% (by surface area).

100% of Business property projects exceed thermal regulation requirements by more than 30%

In 2019, all Hotel projects exceeded their thermal regulatory thresholds by an average 15% (by surface area, Cogedim and Pitch Promotion).

These numbers were stable compared to 2018.

The Group uses renewable energy whenever possible. In 2019, 86% of managed Business property projects used renewable energy and 38% produced it on-site.

The Group launches test operations for new labels to anticipate future regulations. In the "Issy Cœur de Ville" project at Issy-Les-Moulineaux, the Group is taking part in the "E+C-" trial. Under a government label, this trial seeks to determine the regulatory thresholds that will replace RT 2012. The three Business property buildings are also applying for the BEPOS Effinergie 2013 label, designed to promote buildings that produce as much energy as they consume for heating, cooling, ventilation and lighting.

In addition, a commissioning process was made standard for 100% of Business property projects under development as of 2014, to ensure the proper functioning of technical equipment, notably systems responsible for heating/cooling production and output.

Table: Summary of the Group's climate solutions

Drivers	Description of the solutions and main results
Low-carbon mobility	In the design phase: select sites that have good links to public transport networks to reduce occupants' carbon footprint ▪ *99% of residential units and 100% of offices are within 500 metres of public transport* Offering additional sustainable mobility solutions in regions ▪ *E .g. the "La Bastide de la grande Duranne" (13) project provides for complete pedestrianisation of the neighbourhood and new cycle paths.*
Reduction in emissions from materials	Opting for the rehabilitation of existing buildings rather than new build, where the context permits ▪ *55% of Business property projects in the Paris Region are rehabilitations* ▪ *E .g. Cogedim Club® opened a seniors residence in Arras' (department 62) former Schramm barracks, a historic site renovated by Histoire & Patrimoine (the Group's subsidiary dedicated to rehabilitation)* Rethinking design to extend the life of buildings (modularity, reversibility) and intensity of use ▪ *83% of Business property projects are multi-use* Prioritising low-carbon materials for projects ▪ *E .g. at the Grands Moulins de Paris (59), materials from the demolition were used for road structures*
Low energy consumption	Designing buildings with high energy performance ▪ *100% of Business property projects exceed thermal regulation requirements by more than 30%* ▪ 54% of Residential projects benefit from an energy label Raising occupants' awareness to reduce emissions from operations ▪ *E.g. in the Nudge building (Paris 13th district), the Group is encouraging ecologically friendly behaviour*

4.2.3 Protecting biodiversity and soil

Scope	Objective/Commitment	Time period	2019 Results	2018-2019 Evolution	Comments
Neighbourhoods	Have BiodiverCity® certification for all projects	Ongoing	**The Group is working towards certification for 7 neighbourhood projects**	**Increase**	The Group made this commitment when it signed the charter to preserve cities' biodiversity and incorporate the living environment into all urban projects

Combating urban sprawl and the artificialisation of the soil and protecting biodiversity, including in the urban environment, are big issues for the region. Against a background of extinctions of species and deteriorating natural environments, local and national regulatory pressure is rising, as are public expectations.

Altareit is convinced that proximity of services and activities and mixed-use provide a better quality of life to city-dwellers. For this reason, most projects are sited on land that is already artificialised or undergoing urban renewal

The challenge is to reintroduce nature for the well-being and comfort of its customers.

The Group's activities do not directly give rise to toxic discharges or pollution in the environment or water. On construction sites, the Group has its service providers sign a low nuisance construction site charter to guarantee that they manage their discharges.

The Group keeps a step ahead of regulations thanks to its excellent knowledge of possible issues and actions in relation to biodiversity, via diagnostics, internal training and pilot projects. An in-house awareness raising programme has been running since 2017, with the creation of operational guides for all teams (property development, operations, etc.), presenting technical solutions and best practice in biodiversity.

Finally, in March 2018 Altareit signed the International Biodiversity & Property Council (IBPC)'s BiodiverCity® charter under which it is required to protect biodiversity in cities and incorporate the natural world into all urban projects.

Land management

The Group is mainly active in cities and prioritises denser cities and urban redevelopment over urban sprawl and the artificialisation of soil. This is shown by the number of rehabilitations or repurposing projects and revamped districts in redevelopment zones across all its activities. Its subsidiary Histoire & Patrimoine has specialised for more than 15 years in restoring old buildings throughout France. In 2019, 55% of Paris Region Business property projects were rehabilitations. Urban redevelopment also helps bring nature back into the city by restoring green spaces or improving their integration with the local natural environment. For instance, as part of the "En vert gure" project to redevelop a former examination centre in Lognes as a residential building, Pitch Promotion replanted a third of the project's surface area.

Protecting biodiversity, tools used

The Group pays particular attention to maintaining or enhancing the fauna and flora present. Biodiversity is always considered in the Group's ambitious certification strategy across all its activities.

For major projects, already closely regulated, the Group always exceeds requirements with in-depth studies and action plans. An independent environmental specialist is consulted for all projects subject to BREEAM® certification. This makes it possible to identify, for each project, the best management approach and the right species to improve biodiversity or restore a habitat on the site. Recommendations are included in the project management specifications for preserving the ecology of the site. For example, the restoration work phasing for Histoire & Patrimoine's "Cour des Cavaliers" project located in Compiègne was adapted to swallow nesting periods, and new nests as well as a natural pond will be installed. Ecological monitoring is planned to assess the impact of these measures.

In addition to the BiodiverCity® label, some projects also apply for environmental certifications such as HQE or BREEAM®. They impose more demanding requirements for biodiversity in a property development. This certification is sought for several Business property projects in the Paris Region and for all district projects. The Group is also trialling the pilot version of BiodiverCity® district in its Issy Cœur de Ville project.

Nature in the city and well-being

Aside from the importance of limiting waterproofed surfaces and creating spaces that welcome biodiversity, the presence of nature in the city is an important factor for the well-being of citizens and users. The Group is working on the concept of biophilic design in its projects (see. 4.3.2).

The balance between buildings and green spaces allows natural light to come through and offers nice views, enhancing the comfort felt by users. Choice of materials and relaxation spaces (play and picnic areas, etc.) also help. Encouraging the presence of small animals, birds in trees and amphibians in ponds further enhances the educational and leisure attributes of the district.

Moreover, planting at ground-level or in the façade or roof, is a means of combating urban heat islands (see 4.2.2) by reducing the temperature during heat waves.

PROTECTING BIODIVERSITY IN TOULOUSE

Special importance is given to nature in the project at the former *Centre d'Essais Aéronautiques de Toulouse* (CEAT) in Toulouse. The water-proofing of the site will be reduced by 17% and half the surface area of the district will be ground-planted green space. Small animal habitats and corridors will be installed to protect local fauna.

Their needs are also considered during construction work. The works schedule was adapted, and replacement habitats installed.

4.2.4 Promoting the circular economy

Scope	Objectives/Commitments	Time period	Indicator	2019 Results	2018-2019 Evolution	Comments
Business property	Favour rehabilitations to reduce resource consumption and greenhouse gas emissions	Ongoing	Rehabilitations as a percentage of surface area in the Paris Region	**55%**	**Decrease**	The Group always considers the possibility of rehabilitation, with equal performance and comfort, rather than a complete demolition-reconstruction Whilst down since 2018, the figure is up by 18% compared to 2016

The construction industry (buildings and civil engineering projects) generates 70% of all waste in France[(1)]. In light of this, the Group launched a long-term reflection on how best to manage and use natural resources, re-use or reduce waste, and how to put eco-design principles into practice (use of alternative sources, extending building life, intensifying usage, etc.).

The circular economy, which is the opposite of the linear economy (produce, consume, destroy), is a virtuous way to make the most of resources and reduce the environmental impacts of property throughout the life cycle of a building;

- design: the most important phase as the aim is to find a solution that balances the environmental impact of resources used (rehabilitation, recycling, reuse, etc.) and a building's capacity to avoid early obsolescence (energy performance, evolving and reversible architecture, ease of deconstruction, etc.);
- construction: reducing waste generated at construction sites, sorting, reusing and favouring recycled or local materials;
- operation: reducing consumption and waste generation in the operational phase, sorting and reusing residual waste, extending the building's useful life while intensifying and diversifying its uses to sustain its economic value;
- end-of-life: increase the life of the building by allowing for changes of use. Where conversion to new use is impossible, a diagnostic is conducted to decide whether the best solution is rehabilitation or demolition.

Altareit is committed to building high-performance buildings and adopting the principles and best practice of the circular economy at every stage of its projects.

Due to its presence in urban areas, Altareit confronts the issues of density and age of the urban fabric. First, the Group always considers the possibility of rehabilitation, which is less costly in materials and produces less waste than a full demolition and reconstruction. Then, from the building design phase, the Group incorporates a certification process which is used to roll out good practice such as clean construction charters, which limit the disturbances caused by construction sites (noise, vibrations, etc.) and set the conditions for sorting and recovering waste.

Moreover, the Group's multi-business model means it is able to offer mixed projects at neighbourhood level but also at the level of each building, making them flexible and scalable over time and thus reducing the risk of obsolescence.

The Group's activities do not directly give rise to the production of hazardous waste. On construction sites, the Group's service providers may be faced with hazardous waste, notably in demolition and rehabilitation work. Correct processing of this waste is imposed through the signature of a clean construction site charter.

It also puts in place actions specific to each activity (Residential, Business property) at each stage of the project and throughout the life cycle of the building.

Residential

Rehabilitation

One of the Group's brands, Histoire & Patrimoine, has specialised for more than 15 years in the rehabilitation and restoration of old residential buildings throughout France. The facades and supporting structure of the buildings are systematically conserved, unless there is a proven structural disorder. In 2019, this activity represents over 135,000 m^2 under rehabilitation or renovated during the year.

Recycled or local materials

Whenever a building cannot be rehabilitated, the Group carries out a demolition and reconstruction looking to reuse the waste from demolition. Waste is reused on the same site wherever possible or made available on materials exchange platforms.

Use of recycled and/or local materials also helps reduce a project's environmental impact. In 2019, 73% of purchases for construction sites were from local sources (see 4.2.1).

LES GRANDS MOULINS DE PARIS AT MARQUETTE-LEZ-LILLE (59)

Representing early 20th century industrial architecture, this 1921 building is undergoing rehabilitation and conversion into a building of 246 housing units and a retail outlet.

Work was carried out to minimise demolitions and promote reuse on-site. Thus, a large proportion of the concrete floors and wooden roof frame was conserved. Paving slabs were also reused for the exterior layouts. Lastly, the two concrete silos dating from the 1970s will be demolished and crushed to be reused as a capping layer for the road structures (around 10,000 tons).

(1) *"Waste, key figures" published April 2018 – Agence de l'Environnement et de la Maîtrise de L'énergie (ADEME). France generated 324.5 million tons of waste in 2015.*

Low-waste construction sites

The Group is steadily extending clean site charters to cover all its Residential projects. These charters notably impose measures to limit the production of waste at source, identify waste on-site, ensure tracking until final destination and conduct effective and efficient recovery of waste. In 2019, 93% of Residential projects (by number of units) were concerned by a clean construction site charter. Some sites also ask suppliers to limit product packaging to reduce site waste.

Intensification of use and reversibility

During the design and operational phases of a project, the Group seeks to intensify its use to avoid underuse of spaces. Thus, the parking areas of some buildings, such as those for the "Les 5 jardins" project in Villemonble, may be accessible to the general public when they are not being used by residents. The Cogedim Club® residences, aimed at seniors, regularly play host to business travellers in vacant apartments.

Business property

Rehabilitation and recycled materials

The Group has developed unique expertise which means its rehabilitated buildings achieve energy and comfort performance levels equal to those of its new buildings. 55% of Business property projects in the Paris Region are rehabilitations (by surface area), a 18% rise since 2016.

55% of Business property projects in the Paris Region are rehabilitations

The environmental impact is also reduced thanks to the use of reused, recycled and/or local construction materials. For example, the insulation for the Richelieu project, the Group's future head office, was made from recycled cotton fibres.

Low-waste construction sites

In the construction phase, the Group is aiming to hit the target set by the energy transition law of recycling 70% of construction waste by 2020. In 2019, Business property projects had a site waste recovery target of a minimum 70%. The target was exceeded as the managed projects delivered in 2019 posted a real recovery rate of 99%, of which 94% of materials (in tons).

Intensification of use and reversibility

Thanks to the Group's multi-activity know-how, 83% of Business property projects are multi-use: offices, retail, equipment, services, etc. For instance, part of the streetfront space in the Kosmo project in Neuilly-sur-Seine can be transformed into commercial units. By developing adaptable and convertible spaces, the Group reduces building obsolescence.

83% of Business property projects are multi-use

Corporate

The Group's employees are encouraged to reduce their environmental impact, particularly related to waste. In 2019, pre-sorting operations at head office enabled a recycling rate of 76% of office waste - mainly paper and cardboard - to be achieved.

Object exchange fairs between employees were organised in June 2019 during the sustainable development week in the Group's different regional departments.

For the relocation from the offices located in the Paris area to the new "Richelieu" head office (Paris 2nd district), "Cleaning Days" are scheduled in 2020 to anticipate departures and allow the sorting and qualitative recovery of the individual items that will not be kept.

Summary: circular economy issues in the property sector

Stage	Description of the issues and key results
Design	The most important phase: reducing the environmental impact of resources used (rehabilitation, recycling, reuse, etc.) and designing a building to avoid early obsolescence (energy efficiency, flexible and reversible architecture, ease of deconstruction, etc.) ▪ *Kosmo, rehabilitation of an office building with performance to match newbuild*
Buildings	On-site: reducing waste generated, sorting, reusing and favouring recycled or local materials ▪ *94% of waste from Business property projects subject to recovery of materials* In the case of demolition: reuse materials, favour reuse on-site or through materials exchange platforms ▪ *At the Grands Moulins de Paris (59), materials from demolition were used to make the roads*
In operation	Intensifying building use (diversification of uses, convertibility, etc.) ▪ *83% of Business property projects are multi-use*
End of life	Extending the life of the building or allow its use to evolve Where further conversion is impossible, a diagnostic is conducted to decide whether the best solution is rehabilitation or demolition ▪ *For instance, some of the streetfront office spaces in the Kosmo project can be transformed into commercial units*

4.2.5 Other environmental and health issues

Items can be found in the Risk Management Section (Section 5 of the Universal Registration Document), paragraphs "Health and public safety risks".

The Group was not sanctioned with regard to environmental issues during the year.

4.2.6 Philanthropy and partnerships

Continuation of the Group-wide philanthropy policy

Altarea's philanthropy policy applies to Altareit. In 2019, the Group continued to diffuse and apply its philanthropy policy, which matches its desire to have a positive impact locally:

- contributing to the economic development of the regions by strengthening links to the local social fabric (associations, social enterprises etc.) to enhance the positive impacts of its activities on the local economy, particularly jobs;
- social actions: sharing the Group's skills to help the most in need by, for example, promoting access to housing and supporting charities that create social cohesion locally;
- support for culture and artistic creativity, bringing art to a wider public, anchoring the Group's property projects in their cultural context.

Contribution to local economic development

In 2019, the Group made a commitment to the Les Canaux association, notably to deploy its support programme for ethical commerce. This partnership gave rise to the encounter between Group employees and players in the social economy (ESS) during a Meet-up organised during ESS month in November.

Social initiatives – Renewed partnership with *Habitat et Humanisme*

The Group renewed its support for *Habitat et Humanisme*, with a new three-year sponsorship contract of €370,000 per year. With this renewal, the Group wanted to direct its sponsorship towards inclusive and intergenerational housing. Through this action, the Group affirms its commitment for a more inclusive city and its contribution to housing for the most disadvantaged.

The renewal of this commitment will also enable it to reinforce the local ties between the *Habitat et Humanisme* associations and the different Group subsidiaries.

The Group has been the major sponsor of *Habitat et Humanisme* since 2007, working together over the long-term to help house disadvantaged people. The Group contributes in a number of ways:

- participation in the funding of 15 social residences, (family boarding houses and intergenerational houses) representing over 350 housing units;
- for the last 8 years, funding 3 management posts in *Habitat et Humanisme* in the Paris Region, combined with skills based sponsorships to help extend their field of action;
- involvement of Altareit employees in the partnership with, in 2019, participation in the selection of two projects to be supported on the association's crowd funding platform. A 100% contribution was added by the Group to the donations for the "shared gardens to develop living together" within the *Habitat et Humanisme* intergenerational residence in Toulouse and "renewal of the refrigeration equipment" for the shared kitchen in the La Forêt family boarding house. 2019 also saw the participation of certain employees in the Soli'Run, to promote social ties, with profits given to *Habitat et Humanisme* in the Paris Region to help run a new residence.

Supporting culture and culture for all

The Group is always keen to promote young talent in various forms of artistic expression (sculpture, painting, music), through a number of initiatives, such as:

- since 2015, an official partnership with *Festival d'Aix*, an unmissable event for lovers of opera and classical music. The *Festival d'Aix* is not only an internationally recognised venue for excellence in opera but also encourages the introduction of new artists as well as access to opera by an increasingly wide audience. These values are shared by Altarea: a responsible and committed company which wants to share its passion for art with as many people as possible. The Group is also partner of the Aix-en-Provence Economic Meetings, an event for reflecting on the business world;
- the restoration and revealing to the public of the Vasarely murals in Montparnasse station following the partnership agreement signed as part of the renovation of retail space in the station, in order to preserve the work of art and promote 20th century heritage;
- the partnership with the *Cité de l'Architecture et du Patrimoine*, with support for the "*Éloge de la méthode*" exhibition. It was the common ground between the institution's and the Group's concerns over construction of the city that lead to this corporate sponsorship. The exhibition puts into perspective the specific approach for the *Gare d'Auteuil* project, which is the result of an international competition launched by the city of Paris and designed by a group of four architects;
- the donation to the *Fondation du Patrimoine* for the reconstruction of *Notre-Dame de Paris* cathedral following the fire that destroyed the roof, the 13th century roof structure, Viollet-le-Duc spire and several vaults. The Group also added to employee donations.

4.3 Customers at the core of the processes

4.3.1 Dialogue in service of customer and user relationships

Scope	Objectives/Commitments	Time period	2019 Results	2018-2019 Evolution	Comments
Group	Working to satisfy customers across all our business lines	Ongoing	**3rd place in HCG's ranking of customer hospitality**	**Increase**	In 2019, the Group is continuing to make customer satisfaction a priority: speed and quality of responses given to customers and gradual roll-out of new Cogedim stores at national level
Residential	Commitment to customer satisfaction	Ongoing	**Awarded Customer Service of the Year(a)**	**Stable**	In 2018, 2019 and in 2020 the Group received this award which recognises its efforts in favour of customers over several years
Residential	A quality guarantee: 100% of projects certified NF Habitat(b)	Ongoing	**100% of projects certified NF Habitat**	**Stable**	The Group has been 100% NF Habitat certified for two years, reflecting its continuous efforts to strive for quality
Serviced residences	Establish a formal dialogue with residents to improve services	Ongoing	**At least one monthly meeting with residents in each of the ten residences**	**Stable**	For several years, the Group has been committed to ensuring continuous dialogue with residents

(a) Property Development category – BVA Group research and consulting firm – Viséo CI – May to July 2019 – More information at escda.fr.
(b) Excluding co-development, rehabilitations and managed residences.

The changing structure of households, new forms of work and mobility, the growth of the collaborative economy… social and technological changes are transforming customers' ways of life and habits. They are looking for custom solutions and desire a special relationship with their contact throughout the buying experience.

Altareit is committed to changing its offers so that they continue to meet customer needs and expectations. To do so, the Group is strengthening its relationships with its customers. In each of its activities, mechanisms for dialogue and for assessing satisfaction have been formalised: surveys and studies, real or digital interactions… Customer satisfaction is Altareit's top priority and it puts its excellence and creativity towards serving it.

ALL COMMITTED FOR CUSTOMER SATISFACTION

Customer satisfaction guides the Group's action. In 2018, the Group deployed a wide ranging training programme for its employees in the Residential sector. The goal was to promote awareness and emphasise that everyone has a role in customer satisfaction. From development to after-sales service, nearly 700 people participated in learning modules with fact sheets at each stage of the customer experience.

Based on its success, the programme will continue to be deployed in the Group's other business lines.

Residential

Customer Service takes care of customer satisfaction at each step of the buying experience. In-house procedures are dedicated to dialogue and monitoring satisfaction at each step.

Dialogue with customers and visitors

The customer experience is based on a human and personal relationship at each step of the project. The customer is supported by a preferred point of contact, the customer relations Manager, from signing at the notary's office right through to delivery. When the keys are handed over, a single after-sales service executive takes over and provides continuity of customer support.

This support is also digital. A personalised on-line space is provided to the buyer from the time housing has been booked. It allows the customer to obtain information on the different steps of the buying experience and to obtain answers to questions through practical data sheets or FAQs (for example: customisation, progress on the work site, visits…).

What's more, for the customer experience, Altareit also offers its customers "live" immersion and help in the personalisation of their home at a unique dedicated location: the Cogedim Store.

THE NETWORK OF COGEDIM STORES

The Cogedim Store is an innovative space that goes beyond a traditional sales space. It allows buyers and visitors to discover apartments reproduced at actual size, a room to choose materials and fixtures, personalisation packs and immersive digital experiences… It enables customers to see themselves in their future home.

Since 2016, several Cogedim Stores have opened in Paris, Bordeaux, Toulouse, Marseille, Lyon and Nantes. Other openings are expected soon.

The Group has also joined with Sourdline, a premier call centre dedicated to the deaf and hearing-impaired. The customer may thus interact with each contact along the customer path thanks to the presence of an interpreter, via webcam, chat or in-person.

Lastly, a guide on green tips is given to future occupants just before they enter the housing unit to assist them improve their comfort (air quality, noise, comfort in summer, vegetalisation…) and reduce their environmental impact (energy and water consumption, waste sorting…).

Measuring and monitoring customer satisfaction

Each year, the Group conducts a study to measure customer satisfaction at two key moments in the buying experience: at the signing of the deed of purchase and 6 months after delivery of housing. The goal is to better understand the expectations of customers and any possible shortcomings encountered during the buying experience. Questions range across a large spectrum of subjects from customer trust at the time of purchase to the endorsement rate at the end of the experience.

The endorsement rate is considered as the indicator that best sums up the customer experience since it measures his or her attachment to the brand by rating the likelihood of recommending Cogedim or making a new purchase. The Group has set as a goal to reach a 70% recommendation rate for each of its regional offices. In 2019, the approach bore fruit with the endorsement rate up twelve points on 2015.

Customer Services also monitors the spontaneous opinions of its customers on the Immodvisor platform. This independent tool collects and checks opinions left by customers. In 2019, over 2,000 opinions were checked. These show a satisfaction rate of 80% and an endorsement rate of 98%.

Lastly, mystery shopping is also carried out across the territory, with tests at both physical sites and in sales offices, but also in exchanges by email or *via* social media.

EFFORTS REWARDED

For the third consecutive year, the Group was presented with the "Customer Service of the Year Award 2020[(1)]" for the Cogedim brand, in the category of Property Development. This award assesses the quality of customer relations with mystery shoppers (telephone, email or questionnaire, internet sites and social media).

In January 2020, the Group moved up 3 places ranking 3rd in HCG's customer welcome rankings for 2020. This ranking pits the customer services of the 200 biggest companies in France against each other by testing all of their channels: telephone, letter, email, website and social media.

Cogedim Club® residences

Altareit develops and manages Cogedim Club® residences designed to meet the specific needs of seniors. To best adapt to their expectations, the Group used several means that combine market research, satisfaction surveys and field analysis.

Each year, the Group publishes a barometer dedicated to looking at the changes in senior lifestyles. This study is conducted by interviewing a national sample of nearly 1,000 people representing the senior population. It analyses the lifestyle of seniors in terms of an annual theme. In 2019, the study specifically addressed "ageing well": health, autonomy, entourage, etc.

Furthermore, each of the residences has a team dedicated to listening to the needs of residents in their daily routine. Once a month, a plenary meeting is organised between resident tenants in each of the residences in order to listen to their needs and expectations. The following subjects are addressed: life in the apartments and common areas, services and overall satisfaction.

Short-term residents are also questioned through satisfaction surveys.

These *in situ* measures make it possible to understand the level of residents' satisfaction and their level of facility use as well as identify desired changes. A half-yearly meeting is organised with the management of Cogedim Club® and allows for a discussion about areas for improvement or necessary changes with the agreement of occupants of the residences. The information gathered also serves to modify specifications for future Cogedim Club® projects.

Business property

In a context of rapidly changing work patterns and employee expectations in terms of their working environment, the Group listens to its partners and users.

Altareit proposes a customised offer, by designing offices that promote team productivity and the comfort and well-being of employees. In 2017, Altareit conducted 18 interviews with the Property Departments of major companies in order to assess their needs and expectations. The subjects addressed included the expectations of corporate accounts and their perception of landlord-tenant relations. It made it possible to categorise a building by best integrating their needs.

In 2019, the Group structured its offering by creating the Altarea Enterprise Studio entity with the aim of coherently and efficiently responding to the changes in uses and new working methods, in order to offer users innovative products that meet their expectations. Its task is to design buildings able to change over time through their architecture, technical design and services.

Altarea Enterprise Studio operates upstream of projects by defining the needs and uses and anticipating the changes in working methods, and by designing the future multiple use office. It notably includes in its thinking the phenomena of fragmentation of working methods and co-working, or the office building as an element of attractiveness for the employer brand.

(1) Property Development category – BVA Group research and consulting firm – Viséo CI – May to July 2019 – More information at escda.fr.

4.3.2 Quality of life and well-being in operations

Scope	Objectives/ Commitments	Time period	2019 Results	2018-2019 Evolution	Comments
Neighbourhoods	Develop pleasant living spaces	Ongoing	**Development of 2 WELL Community Standard neighbourhood projects including Issy Cœur de Ville, the 1st pilot project in France**	**Increase**	As a result of these projects, the Group plans to build up its expertise when it comes to quality of life in neighbourhoods
Residential	Certify 100% of projects NF Habitat[(a)]	2020	**100% of projects certified or in the process of certification**	**Stable**	The Group has been committed since 2016 to NF Habitat certification, a guarantee of quality and environmental performance and comfort
Business property	WELL certification for 100% of projects in Paris Region	2020	**86% of projects in the Paris Region WELL certified or in the process of certification**	**Stable**	This indicator reflects the target that the Group has set to realise its well-being ambition. Its progress has been stable since it was implemented in 2017

(a) Excluding co-development, rehabilitations and managed residences.

A project's quality of life and well-being are factors that create both social bonds for users and appeal for communities that have roots in sustainable urban development. The latter issue hinges on the search for balance in the diversity of projects (at the level of the neighbourhood and the building) in terms of housing, places of work, retail, services, culture and leisure with respect for the environment in which it is located.

The interior layout of buildings is also key with the increased importance of notions of comfort, security, health and well-being in terms of temperature, acoustics, air quality, lighting, usage, aesthetics…

Finally, each activity has its own challenges:

- in Residential, the ease of use and quality of equipment helps ensure the heritage value of the property over the long-term for investors;
- in Business property, employee comfort and well-being are a strong source of appeal for any business.

In all its real estate transactions, Altareit accords particular attention to the quality of city life by going beyond applicable regulations in proposing added value to the user. It therefore deploys means to improve the customer experience with regard to well-being by drawing on external certifications (for example, WELL) and internal requirements.

The Group focuses on three components of comfort and well-being in each activity and for each project:

- quality of the location: the Group opts for density and proximity. Its projects are located at less than 500 meters from public transportation to promote user access and mobility;
- intrinsic quality of the building: air quality, acoustics, lighting, aesthetics… but also quality of use of the building and flexibility, so that it is adaptable to current as well as future uses;
- additional services provided by the project to complement those already offered locally. Altareit uses its skills and multi-product know-how to develop, for example, child care, quality food stores, leisure activities… The Group also pays particular attention to nature's place in the city, recognised as a source of well-being for users, by developing green spaces for relaxing.

Major mixed-use projects

Thanks to its unique multi-activities positioning, the Group combines all of its skills and services to design large scale mixed-use urban projects combining housing, retail, offices… By working with communities, planners and other private stakeholders, the Group develops balanced neighbourhoods adapted to the needs of residents and users. The Group makes sure it offers a range of services, both diversified in the scale of the project and complementary to the offerings already present nearby.

Working on the scale of a neighbourhood also allows the Group to offer quality public spaces, mixing green spaces and recreation areas. The Group pays particular attention to the place of nature in the city (see 4.2.3).

ISSY CŒUR DE VILLE: WELL PILOT NEIGHBOURHOOD

The Issy Cœur de Ville project consists of the redevelopment of a site of about three hectares in the heart of downtown Issy-les-Moulineaux as a new mixed-use neighbourhood.

Entirely pedestrian and built around an urban forest, this neighbourhood has big ambitions in terms of quality of life for the city and its users. The neighbourhood will be endowed with a total of 1.3 hectare of landscaped spaces in patios and suspended gardens, in flower boxes and nature areas, shared and private.

It is the first pilot project in France with the WELL Community label, the benchmark standard in health and comfort on the scale of a neighbourhood.

Residential

The Group is developing healthy and comfortable residential buildings that favour social bonding and conviviality. It relies on the NF Habitat and HQE™ certification process and its team of interior designers. The Group also pays particular attention to interior air quality.

NF Habitat and user comfort

The NF Habitat standard exceeds the regulatory requirements in matters of health and safety, and focuses particularly on making pleasant, practical and comfortable places to live, with requirements regarding acoustic quality, visual comfort, proximity to services and public transportation… (see 4.3.3). In 2019, 100% of Cogedim and Pitch Promotion's Residential projects were certified or in the process of being certified NF Habitat.

Moreover, plans for apartments are checked by the Group's team of interior designers to guarantee their practicality: easy circulation, "practical" amenities thanks to the appropriate position of electrical outlets, sufficient space for furniture…

Interior air quality

The issue of air quality is key in residential property. Altareit approaches the problem in a global manner: by imposing health criteria in the choice of materials and the installation of equipment and by supporting buyers in a healthy and responsible occupying process. 100% of products and materials are labelled A at *the minimum*.

As an example, Altareit has used the "IntAIRieur" label on several projects, including the Cours des Arts project in Mougins. This new measure commits all businesses working on the site to respect the guidelines in order to preserve the interior air quality of residential units under construction. Once the project is finalised, two manuals are provided to users: one to the occupants and one to the manager. These documents guide them in the building's daily use and during maintenance operations.

For the Vallon Regny project in Marseille, housing units are equipped with a connected system for controlling the heating system. This system detects humidity or CO_2 peaks in the air and proposes corrective measures to residents.

Social bonding and Cogedim Club® residences

In the context of its Cogedim Club® residences for seniors, the Group adapted its offer to their specific needs by especially favouring the quality of social bonding, one of the principal selection criteria for future residents.

The range of residences combines adapted residential units, a programme of varied entertainment and a location in the city centre close to transportation, shops, health services and cultural programmes.

As for quality, the fixtures and furniture in residential units are carefully selected with suppliers to adapt to the constraints of ageing (floorings, level of foundations and bedding, sanitary facilities). They comply with ergonomic recommendations.

THE "GRANDPARENTS & RESIDENTS" PROGRAMME

In 2019, the Group launched the "Grandparents & Residents" programme alongside the "Grand Mercredi" media site. In a "family home" spirit, the families of residents are invited to take part in workshops on literature and transmission. A monthly newsletter also gives news of residents to their families.

Finally, the Group gradually rolled out the VISEHA label in its residences. This label attests to the quality of services offered in residences for seniors (see 4.3.3).

Business property

The quality of life in offices being a major factor of attractiveness to employees and large tenants/investors, Altareit develops very high quality work spaces. The topic of well-being has thus been integrated for numerous years, notably through BREEAM® and HQE certifications.

New ways of working

To respond to the new uses of Business property, the Group is developing interior spaces that are less isolated, more flexible, leaving more room for natural light and vegetation. For example each floor of the Bridge project, the future headquarters of Orange in Issy-les-Moulineaux, features plant-covered balconies and roof terrace gardens accessible for meetings or rest breaks.

To support the digitsation of activities and communications, the Group offers optimal conditions for digital connectivity by referring to the most demanding benchmarks, such as WiredScore and Ready2Services (see 4.3.4).

WELL certification

This standard places the user and health at the centre of building projects by encouraging the implementation of comfortable and quality amenities around seven themes that contribute to well-being (air, water, light, comfort, fitness, food, state-of-mind).

The Group has the goal of certifying all of its Business property projects in the Paris Region WELL Core&Shell silver level at the minimum. In 2019, over 86% of projects achieved this objective.

86% of Business property projects in the Paris Region are WELL certified

Biophilic design

The biophilic concept consists of integrating elements from nature into the building. Recent studies prove that a design imitating nature has a positive impact on health, creativity and in reducing stress.

The Group is exploring this approach in the context of the Richelieu and Bridge projects by reviewing the integration of biophilic design into the building (especially the visual and auditory connection with nature, lighting that respects the circadian rhythm, the presence of water, designs and motifs inspired by nature, the presence of "cocoon" spaces for quiet time alone…).

Summary table: the Group's well-being solutions

Levers	Description of the solutions and principal results
Quality of location	Developing projects close to available services and public transport ▪ *Cogedim Club© residences are located in the city centre close to transportation, shops, health services and cultural activities* ▪ *99% of residential units and 100% of offices are within 500 metres of public transport*
Intrinsic quality of the building	Developing healthy and comfortable buildings that favour social bonding, well-being and conviviality ▪ *The vast majority of the Group's projects and centres have either certification (NF Habitat, VISEHA, WELL, etc.) or comply with internal guidelines on quality and well-being* ▪ *The "Cours des Arts" project in Mougins (06) is one of the first residences in France to aim for the "IntAIRieur" label dedicated to interior air quality* Guaranteeing the quality of use of the building and flexibility, so that it is adaptable to current as well as future uses ▪ *The floors of the Kosmo building (92) are reversible to accommodate different types of users* ▪ *90% of Business property projects offer optimal conditions for digital connectivity through certification by a digital connectivity label*
Additional services to the local offer	Complementing local provision with a crèche, good quality food stores, leisure activities, etc. ▪ *Each Cogedim Club© residence offers a programme of weekly activities adapted to senior citizens and complementary to the local offer* Bringing nature back into the city ▪ *Development of a one-hectare park at the Campus de l'Enfance project in Bourg-la-Reine (92)*

4.3.3 Labels and certifications, creators of green value

Scope	Objectives/Commitments	Time period	Indicator	2019 Results	2018-2019 Evolution	Comments
Residential	100% of new projects certified NF Habitat[(a)]	2020	Portion of new projects certified	**100%**	**Stable**	The objectives are achieved. The strategy of ambitious certification is complemented by the most recent or innovative certifications in order to guarantee the building's green value
Business property	100% of new projects in the Paris Region HQE "Excellent" and BREEAM® "Very Good" as a minimum	2020	Portion of new projects certified	**100%**	**Stable**	

(a) Excluding co-development, rehabilitations and managed residences.

The increasing importance of customer demands with regard to comfort and use as well as the tightening of environmental regulations have pushed the notion of green values to the forefront in the real estate sector. It represents the ability of a building to avoid regulatory obsolescence, or of use, and is thus a guarantee of its sustainability over time. To maintain or advance a building's green values, certifications and labels have gradually become the market norms.

Altareit is committed to a strategy of ambitious, innovative and sustainable certification, specific to each of its activities. Labels and certifications are thus chosen depending on:

- the relevance of the applicable standards and assessment method;
- stakeholder expectations for each project type, while seeking to outperform market standards;
- the strong desire to offer the most recent, ambitious and innovative labels and certifications on broader matters than environmental performance (WELL, BiodiverCity®, WiredScore…) in order to stay ahead in all of its activities.

Residential

NF Habitat Certification and its HQE approach

Since 2016, the Group has been committed to NF Habitat certification and its HQE approach.

All of the Group's newly built housing (Cogedim and Pitch Promotion brands) is certified NF Habitat. The NF Habitat certification is a benchmark for the essential qualities of housing and the common areas of the building. It is reflected in concrete daily benefits: a healthy interior, safe and pleasant for living, controlled expenses, but also a respect for the environment.

Regarding environmental performance or energy efficiency, the Group goes even further by seeking for over half of its production the additional certification: NF Habitat HQE™ (which goes beyond NF Habitat in environmental terms) or an additional environmental label, such as E+C- or biosourced. In 2019, 55% of the Group's Residential projects were covered by NF Habitat HQE™ certification or by an environmental label.

100% of NF Habitat Residential projects, a guarantee of quality, environmental performance and comfort

55% go even further with an additional certification or environmental label

Certain projects may benefit from supplemental certification efforts. The Cœur de Ville project in Bobigny, already committed to Ecoquartier labelling, at the community's initiative, is a pilot project of the new HQE Performance standard. The Group is thus participating in defining new standards of reference in terms of sustainable urban development.

VISEHA label and Cogedim Club® residences

To improve the clarity in terms of the quality of services offered in serviced residences for senior citizens, professionals in the industry, including the Group, created the VISEHA label, Vie Seniors

& Habitat (Senior Life & Housing). It is based on 13 criteria concerning property features and services offered by the residences, as well as prerequisites relating to the financial health and feasibility of the operator in order to ensure the sustainability of the residences.

After the labelling of a first residence in Suresnes at the end of 2018, the Cogedim Club® Villa d'Helios residence in Montpellier was awarded the label in 2019. This label will continue to be gradually rolled out to Group's other seniors residences that meet the criteria.

Business property

All the Cogedim Business property projects benefit from a systematic certification process, HQE and/or BREEAM®, respectively the French standard and the European standard with regard to the environmental performance of buildings. In 2019, 100% of Cogedim Business property projects were certified HQE and/or BREEAM®.

In the Paris Region, which represents 80% of national production, the goal is more ambitious with a systematic double certification of high-level performance. In 2019:

- 100% of Cogedim Business property projects in the Paris Region have double certification, HQE and BREEAM®;
- 100% of Cogedim Business property projects in the Paris region with HQE certification were designated "Excellent" or superior, of which 76% were designated "Exceptional";
- 100% of Cogedim Business property projects in the Paris Region being developed with BREEAM® certification, were designated "Very Good" or superior, of which 69% were designated "Excellent".

100% of Cogedim Business property projects in the Paris Region have dual certification at least HQE "Excellent" and BREEAM® "Very Good"

Furthermore, in 2019, 94% of Pitch Promotion's Business property projects and 85% of the Hotel business projects are based on HQE and/or BREEAM® certification (by surface area). The Hilton Hotel located at Place du Grand Ouest in Massy and delivered in October 2019 obtained HQE "Excellent" certification. Finally, 100% of Logistics projects under development in 2019 sought BREEAM® certification.

These numbers were stable compared to 2018.

Certain projects also benefit from thematic certifications and labels like BiodiverCity® (biodiversity) for the Issy Cœur de Ville project and the WELL (well-being) label for the Bridge project (see 4.2.3 and 4.3.2).

4.3.4 New uses and innovation

Scope	Objectives/ Commitments	Time period	2019 Results	2018-2019 Evolution	Comments
Business property	Strengthening the digital connectivity of projects	Ongoing	**90% of projects in the Paris Region are working towards a digital connectivity label**	**Increase**	The Group continues to offer long-term performance to its customers with regard to technology

The real estate industry develops assets that have lasting effects on cities. Yet, practices and expectations of city inhabitants and users have greatly changed and continue to evolve rapidly. Altareit must adapt its offers to the new housing needs for French people, new ways of working, digital players, new consumption methods... The challenge is to guarantee to investors and users that the buildings or neighbourhoods being built will be able to adapt to the new uses and retain their long-term attractiveness.

Altareit has an Innovation Department whose goal is to support the transformation of its offers (in its methods and in its products) and to promote creativity and the spirit of innovation by its teams, the Group's key assets.

Development of new offers, construction with an open innovation approach and promoting standards in terms of digitisation, allowing Altareit to make the city of tomorrow today.

Improving the Group's competitiveness through new products, services and processes

The Innovation team, comprising seven persons, has both a watching brief to identify promising innovations and a support role in their deployment throughout the Group. It organises events that introduce specific innovations for property, makes digital tools available and connects employees with innovative external structures.

Its roadmap is based on four themes:

- strengthening the Group's culture of innovation;
- identifying and breaking down the new economic models influencing the property industry;
- developing and coordinating open innovation at the Group;
- implementing innovative solutions and tools for projects and/or internal procedures, to accelerate business growth.

It builds on a network of contracts spread across the regions in which the Group operates.

In 2019, it organised four thematic events:

- restitution of Altarea participation in the Consumer Electronics Show" (CES) in Las Vegas (presentation of the Easy Village app for which the Group was awarded the Digital Transformation trophy in the Development category);
- workshop "*From Homo sapiens to Homo urbanicus: the new age of humanity*" (with speaker Pascal Picq, anthropologist);
- workshop "*Low tech & Property: What's the outlook?*" (with speaker Philippe Bihouix, engineer);
- open Innovation morning (including start-up pitches).

2019 was also marked by the second season of the Youth Comity, bringing together some fifteen young talents from business whose goal is to think about the Group's new challenges in order to challenge the orientation of the Executive Committee.

Developing new offers of property products and services

Altareit is constantly innovating for the benefit of its customers and users. In Residential, for example, teams developed a digital tool that allows buyers to project themselves in their future apartment by means of a 3D visit, where they can test the different materials on offer. This configurator is available in Cogedim Stores, one-stop shops for future buyers.

To respond to new ways of living and working, the Group has worked on new proposals: co-living residential units and co-meeting areas that are flexible and attractive, intended for one-off professional use (conference rooms, special professional events, etc.).

CO-LIVING VOLPELIER

First co-living experiment with the teams of Cogedim Paris Métropole

Winner of the appeal for projects launched by the city of Montreuil and the *Établissement Public Foncier d'Île-de-France* (Paris Region public land establishment), the Group is experimenting co-living. The aim is to propose an offer of cheap housing for young workers and single-parent families. This offer is the result of several observations: on the one hand, the desire among young people to access competitive housing solutions and benefit from exchanges and conviviality and, on the other, the need for single-parent families to access flexible housing suited to transition situations.

This experiment is part of broader thinking on the way in which the Group can position itself in shared housing. Today, 60% of French people find it difficult to find housing. Co-living offers an alternative to traditional housing.

To guarantee long-term technological performance in its buildings, the Group was one of the first to take an interest in the WiredScore and Ready2Services (R2S) labels. WiredScore assesses the quality of internet connectivity, infrastructure and the building's potential connectivity. R2S has a complementary approach which aims to make buildings compatible with future technologies and uses.

READY2SERVICES (R2S) LABEL

The R2S label aims to support the digital revolution in buildings, to make them more adaptive, pleasant for living, serviceable and interoperable. It offers innovative thinking based on upgradability and the openness of systems to combat obsolescence, optimise operation and make services accessible to the occupants. Its standard requires that the building must be able to connect to any exterior network and accommodate future innovations by using communication protocols that communicate with each other.

The Group's future "Richelieu" head office in Paris is aiming for the WiredScore label and is part of eleven R2S pilot projects. In 2019, 90% of Business property projects under development (by surface area) targeted a digital connectivity label such as WiredScore or R2S.

90% of Business property projects in the Paris Region working towards a label for digital connectivity

RICHELIEU

Richelieu Business Center

The Group has created an innovative co-meeting area in the Group's future head office dedicated to hosting seminars, presentations for external companies and Group teams. The aim is to offer new ways of working.

Services Application

The Group is developing a building application for its future head office to allow employees to access all services available within the building. This application aims to better support employees in their new working environment, improve their efficiency and promote their everyday well-being.

Finally, to guarantee the value over time of its buildings, the Group is working on the increased intensity of building usage and the design of adaptable spaces (see 4.2.2.).

Suggesting innovative projects thanks to an open innovation approach

Altareit is integrating its approach to innovation into the business and enriching it with external partnerships. The innovation team identifies and selects potential partners to integrate into the Group's activities.

In 2019, several fruitful partnerships with start-ups were conducted on projects as well as for employees:

Issy Open Design

As part of the Issy Cœur de Ville eco-neighbourhood, Altareit wanted to create a 1,500 m^2 experiment and innovation area with the aim of creating a new destination serving companies and individuals. The Group launched a new Open Design collaborative design approach, which aims to invent a new way of designing areas that are innovative, multifunctional and co-built to bring people together.

This Open Design approach offers consultations with players from all backgrounds to which it provides the resources designed to develop their proposals and integrate them into the future area.

Ultimately, this approach aims to:

- detect and match ideas in order to create a place for discovery, discussion and learning;
- co-build the future area with the participants: students, innovative companies and general interest players;
- strengthen the area's attractiveness and ensure the visibility of private and public partners.

During a first phase, "Issy Open Design" brought together 1,035 participants who proposed 452 projects. A second investigation phase is planned for February 2020 after the analysis of projects by a cross-functional jury representing the Group's activities.

Promolead

After a successful experiment with our teams in Annecy, the Group is rolling out the "Promolead" REIT prospecting tool to all Cogedim's REIT developers. This new tool will enable them to save time by doing away with tasks with no added value, focus on their reminder activities and safeguard prospecting data. It is part of the strategy to optimise internal processes.

Landscape

As part of the Landscape project, the restructuring of a 70,000 m^2 skyscraper located at La Défense, the Group has defined an innovative service offering for the tower's future users to promote employee well-being.

This programming of services focuses on the "*Retrouvez Paris à la Défense*" (Find Paris at La Défense) concept, and includes, among others, a new generation catering offer (partnership with the Michalak, Jonh Weing, Fuxia, King Marcel brands); a business centre designed in partnership with Comet Meeting; a sports offering in partnership with Wellness training and a hotel-inspired reception area.

The Group also partners incubators offering monitoring of new trends and providing innovative added value to the projects, for example Paris & Co, specialising in property development innovation. The Group is also a member of the Smart Building Alliance that promotes the development of smart buildings thanks to multidisciplinary discussions between members of the property sector.

Implementing innovations and tools to accelerate business growth

The Innovation team prepares opportunity files that evaluate the technical, financial and legal consequences of identified innovative projects and products. The goal is to both select the most adaptable innovations and the simplest to implement, to clear potential roadblocks and facilitate their deployment.

To facilitate the operational development teams' contact with innovative projects external to the Company, the Innovation team has launched Altawiki, a collaborative tool that today lists over 120 projects (including files on winning and losing projects) and over 1,200 of the Group's innovative partners and suppliers. The platform lists several hundred start-ups and structures of the social and solidarity economy that contribute to shaping the city of tomorrow. This platform makes it possible to easily motivate them to respond to tenders or involve them in projects under development.

Finally, 100% of Altareit's Business property projects are developed with the Building Information Modelling method or BIM. This method involves virtual modelling of the physical and functional characteristics of a building. The digital model makes it possible to better control construction costs and to facilitate operation of the building.

4.3.5 Responsible supply chain and supplier relationships

The Group is a substantial buyer, placing nearly €2 billion worth of orders a year. These purchases have a huge societal impact, due to their volume and the variety of economic sectors concerned.

The vast majority of the Group's purchases are related to construction, including more than one-third in structural work, the rest divided across all of the building's line items (electricity, heating/ventilation/air conditioning, plumbing, etc.).

The rest is comprised mainly of the Group's overhead costs.

Altareit has undertaken responsible purchasing actions across all of its business lines, especially including contractual clauses, assessment work for the initial selection of suppliers and the implementation of a responsible purchasing charter.

A Group approach

In 2018, Altareit launched a process for structuring and optimising purchases, led by the Performance Department and the CSR Department. This process encompasses all of the Group's companies and covers all purchases (direct purchases related to construction and the Group's overhead costs). Its aim is to simplify and optimise purchases, while guaranteeing the integration of a CSR approach adapted to each type of product or service.

The project began with a detailed mapping of the Group's purchases in order to identify their type and organisation. The second stage is to identify the main related risk areas (social, environmental risks, etc). These risk areas are reconciled with the previously identified purchase categories to define an action plan for 2019 and the coming years, indicating the main purchase items that need to be worked on. The process anticipates widespread action (CSR clauses in tenders and contracts, creation of a Group charter), and specific requirements for types of purchases identified as the most risky (specific clauses, supplier evaluation, audits…), by working alongside the Technical and Performance Departments.

The Group has also taken part in the Sustainable Property Observatory's (OID) Responsible Purchasing working group. A responsible purchasing charter covering requirements on social, health & safety aspects, the fight against corruption, respect for personal data and taking into account environmental issues was drafted in 2019 and made available to all employees.

A certain number of actions are already in place and will be reinforced at Group level (roll-out of the anticorruption clause in all contracts) or in each activity (particularly in the context of NF Habitat, HQE and BREEAM® certifications). These actions concern the fight against illegal and undeclared work, respect for the health and safety of employees and respect for the environment. For example, Altareit systematically uses a "legal certification" recognised external service provider to collect, archive and manage all regulatory certifications from companies necessary for the signing of the contracts and authorisation of the various subcontractors.

Lastly, with regard to dependency towards and for its suppliers, Altareit makes over half of its construction purchases with several major industry players. The latter do not have a significant dependency towards the Group and conversely, Altareit does not depend on these suppliers.

RICHELIEU AS A MODEL

For the construction and fixtures of its new head office, the Group paid particular attention to the performance and environmental and health characteristics of the materials. For example, the wall insulation is made of recycled jeans and is locally sourced, attention was paid to minimising the air pollution generated by the new furniture and the plants and soil used will be of organic origin.

For the building's operation, the Group includes CSR criteria when selecting most of its partners, including facility management and catering. A few tangible applications: the use of chemical products for the cleaning of premises will be reduced to a minimum, adapted companies (including at least 80% of disabled people) will be selected for maintenance of the external spaces and waste recovery, the cleaning workers will wear Oeko-Tex® clothing and the materials will be recovered at the end of their useful life, etc.

Residential and Business property

These business lines benefit from additional actions to those carried out at Group level. For example, the ambitious, systematic certification strategy for all projects enables CSR criteria to be included throughout the building's lifecycle: sustainable design, the environmental and health quality of materials, responsible practices during the construction and commissioning phases, etc.

In the marketing phase, the activities benefit from standard contracts (architectural, multidisciplinary engineering and project management), which contractualise a project's sustainable development goals. The Group also quantifies the share of its local purchases for its Residential division (see 4.2.1.2).

Whilst taking into account the context of the tight construction market, the Group wants to continue its responsible purchasing approach in 2020, by combining it with the carbon trajectory that is being developed (correlation between the responsible purchasing approach and the selection of materials with lower carbon footprints).

Low nuisance construction site charter

A low nuisance construction site charter is appended to all works contracts. Under this charter, all service providers, working on the project are required to meet commitments relating to:

- reducing nuisance (noise, dust) caused to residents;
- reducing risks of water and soil pollution from the construction site;
- sorting and reducing construction site waste that goes to landfill;
- protecting nature and biodiversity;
- managing water and energy resources;
- the social and organisational aspects of the work site.

The charter's content is explained both internally and to service providers. The Group has set up a monitoring system to check compliance with commitments, and specifically audits during the construction phase.

Safety on construction sites

The Group pays particular attention to the issue of construction site safety.

Data is managed for the Group's direct scope of responsibility, allowing it to monitor construction site practices, in an approach of continuous improvement. For the Residential activity, a significant reporting effort enables data on construction site accidents to be reported on a national level. For Business property, the figures are monitored locally. In 2019, the frequency rate for site accidents for rehabilitation projects was 20.7 from the start of work. The information is currently being harmonised in order to consolidate the data at Group level.

For shared responsibility projects, the Group carries out actions to support companies in improving their practices (awareness raising, signage, etc).

In order to manage construction site safety, the Group is supported by the project Manager and Health and Safety (H&S) Coordinator who are responsible for the management and co-activity of the companies for safety on construction sites. Occupational health and safety and logistics specialists are also involved in larger or more complex projects.

In 2019, an in-depth audit was carried out to sustainably improve the management of safety on construction sites. A three-year action plan was implemented concerning both internal teams and service providers. Among the first actions launched: the update to the project management mission and health and safety contracts which now include the recommendations of the *Caisse Régionale d'Assurance Maladie d'Île-de-France* (CRAMIF) and the *Caisse d'Assurance Retraite et de la Santé Au Travail* (CARSAT). The Group also took part in the creation of a club at the CRAMIF dedicated to the issue of safety for construction project Managers. Several meetings per year are planned from 2020 to share best practice.

Requirements monitoring system

In order to ensure that the requirements are applied during the construction phase, various parties, such as the "clean construction site" contact person, and the Health and Safety protection (H&S) Coordinator, are called upon. National framework agreements have been signed with technical monitoring companies specialising in H&S and Environment Works Management to ensure compliance with safety and the proper application of the low nuisance construction site charter. At the end of the operation, contractors are evaluated according to qualitative and/or environmental criteria to assess whether labour and environmental clauses have been fully applied.

EVALUATION AND CONTINUOUS IMPROVEMENT OF SUPPLIERS

In 2017, Altareit launched an evaluation process of its suppliers via the Ecovadis platform, to measure the level of progress with regard to CSR.

The first phase of the evaluation related to suppliers of fixtures and fittings for Cogedim residential properties. Following the initial evaluation, the Group formalised a support mechanism to help suppliers make improvements in the areas of social and environmental issues in order to reduce risk. At each new assessment, suppliers are made aware of CSR issues and the least advanced benefit from customised support.

Since 2019, the Ecovadis assessment is mandatory for all new suppliers.

4.3.6 Professional ethics

Scope	Objectives/ Commitments	Time period	2019 Results	2018-2019 Evolution	Comments
Group	Continued strengthening of the programme for fighting corruption	Ongoing	**Completion of the mapping of corruption risks**	**Ongoing approach**	Work to further reinforce this will continue during the 2020 financial year
Group	Train and raise awareness of employees identified as most at risk of corruption and fraud	Ongoing	**6 induction days for new employees with a quiz on “rights and obligations” Fraud awareness raising exercise two to three times a year at Group level**	**Ongoing approach**	A communications campaign was initiated at the end of 2019 on cybersecurity, and should continue in 2020 on the themes of fraud and compliance

Values and ethics

All of Altareit’s employees and corporate officers must comply with the principles established in the Ethics Charter, which are also appended to the internal rules. Any failure to respect its provisions may therefore constitute professional misconduct punishable by disciplinary actions. This Ethics Charter, which is available on the Group’s intranet site and systematically appended to the employment contracts of new hires, covers all aspects of the relations between Altareit and its stakeholders, employees, customers/tenants, service providers/suppliers, as well as best practices for internal ways of working:

- protection of privacy;
- rules a publicly listed company must respect concerning the use of inside information;
- duty of loyalty and conflicts of interest;
- respect for the law and applicable regulations;
- respect for the environment and the principal of integrity;
- ban on forbidden practices and corruption.

For 2 years, in order to ensure new employees adhere to the Group’s rules, values and principles and that they have a thorough understanding of how they must be applied, systematic training in the form of a quiz has been implemented on induction days. It addresses topics related to Rules of Procedure, the I.T. Charter, the Ethics Charter and aspects of health and safety.

Any employee who has trouble discerning how to behave in a particular situation can refer their situation to their Manager or, if need be, to the Ethics Director appointed by Management. The consultation with the Ethics Director and their advice are confidential under the Ethics Charter.

Fight against fraud, money laundering, the financing of terrorism and corruption

Altareit’s Executive Management has reaffirmed its commitment to fighting against fraud in general and on the issues of money laundering and corruption through several projects including:

- the reinforcement of the anticorruption programme within all of its activities with the preparation of a corruption risk mapping;
- the reinforcement of antimoney laundering and anticorruption clauses included in all contracts;
- the appointment of a TRACFIN (Ministry of the Economy and Finances organisation responsible for fighting against fraud, money laundering and the financing of terrorism) Group registrant and correspondent.

The Group’s anticorruption policy is restated in its Ethics Charter. The policy aims primarily to set out the values and rules of conduct to be observed, and to guide employees in their daily activities regarding any ethical questions or conflicts of interest they may be confronted with. For example, the personal use of work by companies and service providers related to the Group is prohibited unless accepted by the Ethics Officer. These principles must be mutually enforced in relations with authorities and customers: any act that is likely to be construed as an attempt to corrupt is prohibited and is to be reported. Any payment or acceptance of illicit funds is strictly forbidden in the conduct of Group operations. Where there is doubt as to the legality of a payment, the Ethics Director must be consulted immediately for their opinion.

In order to support the proper and full deployment of the Group's approach to business ethics, awareness campaigns on violations that concern neglecting the duty of probity were conducted in previous financial years for the most exposed employees and will be repeated in 2020. Also, with the help of a specialist law firm, courses were set up on different sorts of corruption, conflicts of interest, the peddling of influence, favouritism and the criminal repercussions associated therewith, particularly in relations with the public sector. This awareness campaign continues on a regular basis by means of messages issued to employees by senior executives at events such as seminars and committee meetings as well as at induction days for new arrivals.

Moreover, the Legal Department ensures that clauses specific to anticorruption legislation are included in contracts with third parties.

In the context of the Sapin 2 Law, a corruption risk mapping was prepared in 2019. In accordance with the law's provisions and to provide greater transparency in relations and interests between companies and public agents, the Group has been registered on the *Haute Autorité pour la Transparence de la Vie Publique* (HATVP)'s digital list since 30 April 2018, and an annual declaration of activities of lobbyists was filed on 30 March 2019.

As part of its activities, Altareit uses the services of many external companies. Their selection is governed by formal provisions and generally established in tenders (no monopolies for service providers, limited use of multi-year contracts…). At the Group's most recent update to its risk mapping in 2019, the risk of fraud, though limited, was assessed as being slightly greater in terms of impact. This was due to ever growing media coverage of fraud cases and by the increase in "fake President" and "fraud in bank detail changes" scams which the Group was a target of. To ensure that these attempts at fraud do not succeed, awareness raising messages are regularly circulated to the most at-risk groups, and since the second half of 2019, training has been provided to the Accounting Departments. As at the date of this document, no cases of noncompliance with internal policies have been identified and no fines paid with relation to corruption.

Lastly, through its management activities and transactions on behalf of third parties, the Group is subject to the 4th Directive (fight against money laundering and the financing of terrorism). Thus, the Legal Department ensures that clauses specific to antimoney laundering legislation are included in the concerned contracts. A TRACFIN registrant and correspondent is in place at Group level, and the reinforcement of customer knowledge procedures is being completed. All money transfers or payments for which the origin of the funds is not justified must be communicated to the TRACFIN registrant who is responsible for informing the TRACFIN of the suspicion.

4.3.7 Safety of assets, people and personal data

Items related to the safety of assets, people and personal data can be found in the section on Risk management (Section 5 of the Universal Registration Document), sub-section Risk factors and risk control systems.

4.4 Talents at the service of Altareit's growth

Altareit had 1,611 employees at end 2019, 158 more than one year before. This significant increase in staff (+10.9%) goes along with the Company's strong growth.

Thus, Altareit's changing size over recent years, coupled with a sustained operational dynamic, reinforces the strategic character of managing talents, in terms of recruitment, integration, dissemination of a specific Group culture, and career management and quality of life at work.

Reporting to the Chairman and Founder and as a member of the Group's Executive Committee, the Group's Human Resources Department's primary task is to steer the social transformation. The department's activity is organised as follows:

- local Operational HR Directors able to accompany Altareit brands' employees and managers in their everyday lives;
- experts that work hand in hand with the local HR Directors on cross-functional projects. The expertise hubs are: social control, compensation, staff administration and payroll, human capital and the legal and social hub.

4.4.1 Headcount and organisation

4.4.1.1 Organisational change

Change in Altareit's structure

The Residential activity continued to grow in 2019. Its multi-brand offering enables differentiated offers to be made to local authorities, and its employees to follow broader career paths.

The Residential business line will be structured in 2020 to guarantee coordination between all brands, optimise everyone's actions and ensure complementarity of business models.

The aim is to promote cross-functional cooperation between property development brands and provide Altareit's customers with additional services, such as rental management or financing/brokering services.

Evolution of central support functions

The Group continues to structure and pool its support systems in order to support all operational business lines with optimal efficiency, by placing employee satisfaction at the heart of its concerns.

In this context, in 2019, numerous initiatives were taken. The accounting teams for the property development brands have been brought together, and the Group Human Resources Information System has been deployed across all entities.

2020 will contribute to improving the employee experience with the implementation of dematerialisation. An HR portal will be provided to all Group employees, bringing together several subjects: electronic safe, document requests, payment requests…

All these efforts to modernise provide more effective support on a daily basis to operational staff. To achieve this, the Group relies on digitisation and a global performance management programme which is being implemented to improve organisational efficiency, methods and processes.

Towards a single new head office in 2020

The highlight of 2020 will be a major corporate project: the relocation of all Paris Region employees to the Group's new head office located rue de Richelieu, Paris. It will benefit from an address in the heart of Paris, between the Bourse and Opéra Garnier.

In addition to being a demonstration of the Group's Business property know-how, Richelieu will be a connected place, promoting collaborative working and interactions. It will enable employees to work in several areas (working areas, meeting rooms, collaborative areas, catering areas, tea rooms, terraces…), close to our colleagues.

All of the Group's subsidiaries will be brought together, whilst retaining the identity of each brand. Support systems will be centralised and information systems harmonised.

The layout of the building is designed to promote and reinforce collaborative and cross-functional working. Over time, its flexibility will enable it to meet changes in new working methods in line with the changing expectations of employees and quality of life at work.

The Group's employees have been involved in the building's design, thanks to numerous co-building workshops for the future working areas and services or through the choice of furniture, submitted to a vote by employees.

4.4.1.2 Changes in headcount

Scope	Objectives/Commitments	Time period	2019 Results	2018-2019 Evolution
Group	Supporting Altareit's growth	Ongoing	**Headcount up by 10.9%**	↗
Group	Promoting the retention of talents	Ongoing	**Formalisation of an "Exit Form" and setting up of monitoring interviews**	N.A

To ensure the development of the business, the recruitment level remained high in 2019 with a significant increase in headcount of 10.9% compared to the previous year. This growth is partly due to the consolidation at the start of 2019 of Severini into the Residential business line (31 employees).

Growth and challenges

The high levels of recruitment over the last 4 years as well as the integration of companies has enriched Altareit with methods and skills from many backgrounds. Today, all of this constitutes a platform of skills that is unparalleled in the sector. The aim is to keep Altareit's DNA: entrepreneurship, creativity, innovation and diversity. With this in mind, initiatives in the areas of integration (Crescendo seminar), brand-building as an employer (obtaining the Happy Trainees label) and learning (introduction of new learning methods such as urban excursions) are crucial in uniting all of these new talents around shared challenges.

The intergenerational aspect is a key issue for Executive Management and the Human Resource Department in a Group that welcomes employees from 18 to more than 70 years old, who might be recently integrated or have more than 20 years of seniority. This means letting everyone find his or her place, having access to all levels of responsibility based on ability and talent. The more experienced among them share their knowledge by becoming in-house trainers for the Training Academy or by becoming facilitators at induction seminars for new recruits or tutors for work-study students. Altareit takes an active role in training young people. Work-study is growing each year and 239 work-study students were welcomed in 2019.

AMBITIONS 2025

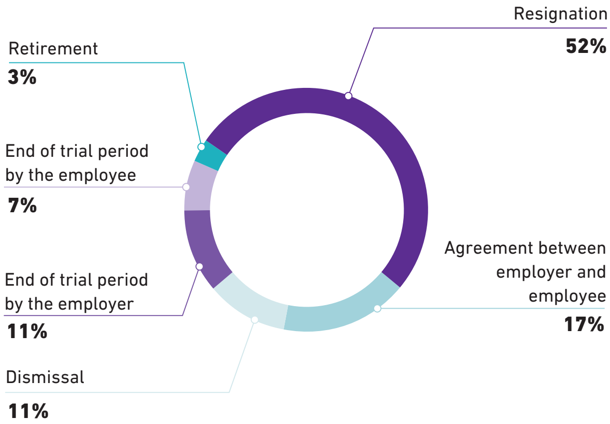
An innovative concept of "re-onboarding" which involves Altareit's most senior employees in the changes affecting a Group experiencing strong growth.

Headcount changes

Altareit recruited 349 employees on open-ended contracts, confirming its strong appeal and advantages in a very competitive market. At the end of 2019, 96% of employees were on open-ended contracts, and Altareit maintains its commitment in terms of sustainable employment. Thus, the challenges of attracting and retaining Talents mostly concerns employees on open-ended contracts.

2019 was a pivotal year due to the consolidation of our organisation to meet operational requirements, notably for our new brands. Along with low unemployment in the property sector and full employment for managers in the Paris Region, the departure rate for employees on open-ended contracts was 15.9%.

REASONS FOR EMPLOYEE DEPARTURE



The main cause for departure of employees on open-ended contracts is resignation. To address this, Altareit has renewed and reinforced its induction path and rolled out departure interviews. The aim is to adapt the induction path to Altareit's changes and new requirements. These different actions are part of a set of measures to retain employees such as skills development, cross-functional working and sharing value creation.

4.4.2 Recruiting talent, diversity and equal opportunities

Scope	Objectives/Commitments	Time period	2019 Results	2018-2019 Evolution
Group	Promote youth employment	Ongoing	**A number of transformations of work-study/intern contracts into fixed-term and open-ended contracts, up by 30% in 2019**	↗

The Group promotes integration and diversity in its recruitment policy and the management of its employees' careers through attentiveness to all potential factors of discrimination (gender, age, disability). Quality social dialogue and respect for the fundamental conventions of the International Labour Organisation supplement this policy of diversity and equal opportunities.

Recruitment policy

The "Human Capital" expert unit of the Group's Human Resources Department pursues a recruitment policy that is inspired by the Group's values of creativity, functional diversity and entrepreneurship and emphasises non-discrimination, integrity, ethics, objectivity, diversity and intergenerational cooperation.

In December 2013, the Group signed the Diversity Charter and all new employees are made aware of this commitment through a welcome booklet and induction seminar. A Diversity Adviser was named in September 2018 to guide and facilitate Altareit's policy in various areas: gender equality, initiatives aimed at youth and seniors, inclusion of those with disabilities and socio-professional diversity.

AN EXTENDED COMMITMENT TO DIVERSITY

The Group is a partner of the "*Nos quartiers ont des talents*" (NQT or "our neighbourhoods have talents") association. This investment is the result of the finding that in 2019, according to the latest reports, origin remains the primary factor of inequality in access to employment with equivalent skills in France.

The Group has joined forces with NQT to:

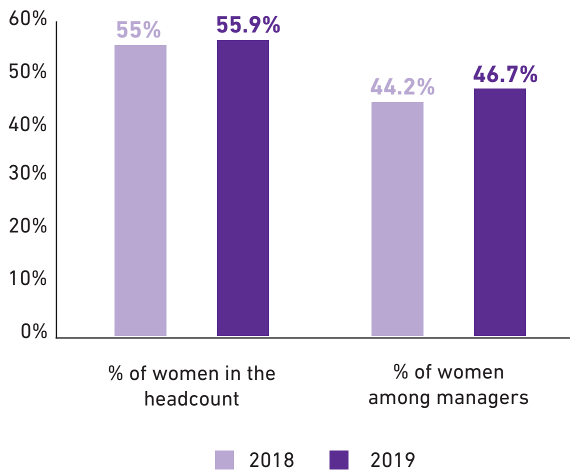
- Reinforce the Group's actions in opening-up the regions;
- Propose to employees to commit via a targeted, flexible and multi-format system (sponsorship, ad hoc coaching);
- Meet profiles from diverse backgrounds by taking part in NQT recruitment fairs.

The Recruitment, School Relations and Internal Mobility Department develops relations with students by partnering with existing employment partners in the *Grandes Écoles* and universities. The "School" policy also involves communication about Altareit's business lines through articles in the student press or through its presence at numerous forums. In 2019, the Group took part in around ten School Relations events. Operational employees accompanied the HR staff during these encounters. As every year, the Group took part in the key annual event for the French property sector, the Forum des Métiers de l'Immobilier. A job-dating initiative for property sector jobs was also created in May 2019 to open up our recruitment and create direct ties between employees and students. Lastly, groups of students from EDHEC and Sciences Po - Urban School were involved in the Group's strategic projects and were supported by our operational teams for their current projects and discussions.

Promotion of gender equality

Gender equality is an essential value for Altareit. Each entity has thus implemented professional equality action plans, the scope of which has been broadened and formalised based on concrete themes: compensation, access to training, career development, working conditions and the work-life balance.

REPRESENTATION OF WOMEN AT ALTAREIT



The percentage of women among managers has improved with an increase of 2 points.

In 2019, Altareit formalised its commitment towards diversity via its partnership with the "*Elles Bougent*" association. An initiative on "women's careers" was created during the first Internal Job and Mobility Forum.

AN AMBITIOUS PARTNERSHIP

The partnership with the *Elles Bougent* association aims to:

- contribute to future diversity in property sector jobs by encouraging girls in high school to join technical career paths;
- promote Altareit via the impact of the association's network that makes presentations in high and middle schools, and major French groups and companies;
- develop a network between Altareit's female employees;
- provide a way for female employees to voluntarily commit by promoting their know-how and ability to transmit it.

Access to employment by young people and older people

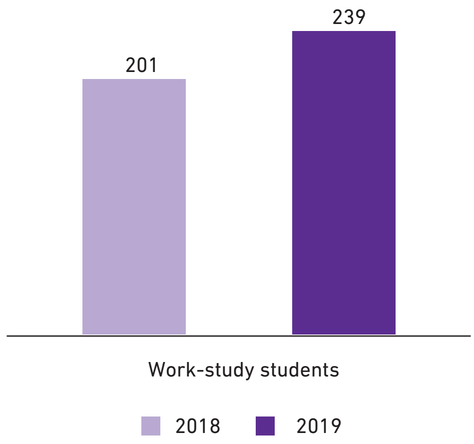
As a responsible company, Altareit sees access to employment for young people and older people as a priority. Its objectives are to facilitate the long-term employment of young people under the age of 27 via permanent contracts, to promote the hiring and long-term employment of employees at least 55 years old and to ensure the transmission of know-how and skills.

At 31 December 2019, Altareit's employees of over 50 years old and less than 30 years old represented respectively 19% and 17% of the overall workforce. 29 employees over the age of 50 were hired on open-ended employment contracts in 2019 (compared to 23 in 2018).

Altareit's work-study policy was further strengthened this year. In 2019, Altareit welcomed 239 work-study students compared to 201 in 2018 (+19%). In addition to its information kits, Altareit implemented a one-day induction workshop totally dedicated to interns and work-study students. The goal is to pass on to them all the keys for success on the job. 26 interns or work-study students were offered fixed-term contracts following their training, and 13 an open-ended contract. Altareit hopes to play a societal role by training these young employees in both skills and behaviour in a corporate setting to facilitate their transition into professional life. For this reason, work-study students are not included in the operating budgets.

Altareit is a partner of *Engagement Jeunes*, a platform for sharing the profiles of young people among companies (large groups and small to medium-sized businesses).

CHANGE IN THE NUMBER OF WORK-STUDY STUDENTS



All of these initiatives contributed to obtaining the Happy Trainees and Youth Commitment labels in the first year of participation. This award has just been renewed for 2020. Altareit thus figures among the best companies in which to do an internship or work-study.

REINFORCED SUPPORT FOR YOUNG TALENTS

Induction seminar specifically dedicated to our work-study students, practical kits for young people and their tutors, tutor training… These are initiatives to ensure a successful welcome and optimal monitoring recognised by 2 labels in 2019: Youth Commitment and Happy Trainees.

Disability policy

At 31 December 2019, 8 employees were declared disabled workers.

In addition, *Établissement et Service d'Aide par le Travail* (ESAT - organisation working for insertion of the disabled into the workforce) are used to provide a range of services (purchase of supplies).

An in-house communication campaign was renewed on the occasion of the European Week for the Employment of the Disabled (posters, quizzes on the "Smartportail"…).

Dialogue with employee representatives

The quality of social dialogue is at the centre of Altareit's social policy priorities. Beyond the regular exchanges with employee representatives, particularly during the meetings of the employee representatives, Works Council (WC) and Health, Safety and Working Conditions Committee (CHSCT) (over 20 meetings in 2019), 2019 saw the implementation of 4 Social and Economic Committees (CSE) within Altareit.

Management and all of the CSEs intend to organise this new body to make it more efficient and in line with the Company's social and economic reality. New operating methods and resources have been implemented to enable the elected representatives to carry out their tasks effectively. The latter were regularly informed and consulted about the plans to set up new organisations and new projects.

Beyond this harmonisation work on these bodies, Histoire & Patrimoine and Pitch Promotion now come under the common social platform of Altarea Group.

Altareit considers gender equality to be a factor of collective enrichment and social cohesion. Gender equality action plans were introduced in April 2019 following a consultation and favourable opinion from the bodies. They confirm the Company's desire and commitment to maintain and even develop further initiatives to promote diversity in all of its actions. They are vital for performance and a vehicle to create wealth.

Compliance with the 8 conventions of the ILO

Altareit is committed to complying with the eight fundamental conventions of the International Labour Organisation and monitors their application in its operations, specifically concerning:

- respect for freedom of association and the right to collective bargaining;
- elimination of discrimination in terms of employment and occupation (ILO);
- elimination of forced or compulsory labour;
- the effective abolition of child labour.

The Group also complies with the Children's Rights and Business Principles.

Lastly, the Group's Code of Ethics states the reciprocal rights and duties of employees and the Company and emphasises the principle of respect for laws and regulations. It is available on the intranet and is appended to the information provided to new recruits.

4.4.3 Compensation and value sharing

The compensation policy remains aggressive and targeted with an increased budget allocating almost €2 million for basic salaries. It also compensates individual and collective performance by extending the level of performance bonuses for 2018 and reinforcing the "*Tous En Actions !*" ("We all have a share in success!") scheme to encourage creative and desirable employee shareholders.

In order to reinforce the work/life balance and continue to reward commitment through a motivational compensation policy, the monetisation of days off in lieu (RTTs) was extended and the way in which it functions was simplified for employees.

Salary policy

The 2020 salary campaign was marked by the pursuit of an aggressive wage policy to reward employees after an intense 2019, and to retain talent. An overall increase budget of almost 3% of payroll was distributed.

Altareit reinforces its social and societal commitments through its campaign targeting several groups. One budget was dedicated to basic salaries below a certain amount to compensate for cost of living increases. Thirty years old with less than 5 years of service received special attention. As with previous years, a gender equality budget is managed centrally so as to rectify any discrepancies as they arise. Finally, the largest part of the budget increase was devoted to deserving, dynamic employees, and to promotions.

A bonus policy acknowledging success

The awarding of bonuses is a managerial act that acknowledges actual performance and reflects the achievement of individual objectives. Taking into account contractual commitments and changes in the workforce, the average volume of performance-based bonuses to be allocated in 2020 (for 2019) remains the same as in the previous year.

An original and ambitious employee shareholding policy

The "*Tous en Actions !*" scheme made it possible for each employee on an open-ended contract to have a stake in Altareit's development and profits by allowing each one to become a Group shareholder if he/she so wishes.

Since 2016, each employee of Altareit can monetise up to 10 RTT days per year with an associated uplift of 25% or place them in the PERCOG (the Group's collective retirement savings plan).

2019 saw a capital increase operation reserved for employees. This employee shareholder plan enabled Altareit's employees to benefit from a discount on the reference price of Altarea shares; an additional contribution from the Company; any dividends related to Altarea shares which will be reinvested in the FCPE (Company employee investment fund) thus increasing the value of their units. This mechanism was massively adopted by employees from all sectors with a participation rate of 64%.

COMPENSATION PACKAGE

4.4.4 Talent and skills management

Scope	Objectives/Commitments	Time period	2019 Results	2018-2019 Evolution
Group	Continue to advance skills according to business line needs and develop employee employability	Ongoing	**87% of employees followed at least one training module during the year**	↗
Group	Promote/Contribute to employee mobility	Ongoing	**25% of positions filled through mobility**	NA

The "Talent Developer" Academy: the vision of a learning company

The Group created an internal Academy at the start of 2017, as a unique "learning & development" programme. It is based on a development plan for strategic skills initiated upstream with Altareit's managers based on the "business" issues of each business line. Its benefits: to accelerate and develop individual and collective performance, build up the skills capital of business lines, strengthen the Employer Brand and thus attract the right candidates and create a space for sharing experiences.

As of their induction, the employee is immersed in the knowledge of multi-occupation Group through a seminar named Crescendo – a format renewed in September 2019 which aims to be 100% cross-functional and 100% home made! This seminar involves many leaders from inside the Group as well as the members of Executive Management, who all attend to explain and share their vision of the business and the Company. In order to "re-engage" more senior employees in the Group, a seminar was held especially for them as well as for work-study students and interns, who are more numerous every year.

In 2019, the Academy continued to enrich its offer: conferences, urban expeditions, career paths…

URBAN EXPEDITIONS

The aim is to allow a group of around twenty employees to share and develop their knowledge on property and uses in urban areas, or even to be inspired for future projects as urban entrepreneurs. These visits are guided by an expert to allow them to take full advantage of the site.

Learning opportunities are varied and if classroom training is selected, content and practices will evolve along with the integration of digital activities via LMS platforms (e-learning) and co-construction and co-development workshops.

Training initiatives (classified under 200 themes) are now to be found in a catalogue "*L'offre de formation de l'Académie*" (the Academy's training offers), available in the HR IT system with follow-up of requests being 100% digitised.

In March 2019, Altarea Group received the "Growing Group" trophy in the "spring-time session of business universities" for its coherent training policy and innovative initiatives such as the Urban Expeditions.

An effective implementation

Almost 3,300 training days were provided in 2019 with an average of 17 learning initiatives organised every day. Thus 87% of employees benefited from one of the 4,095 initiatives organised this year (compared to 83% in 2017 and 85% in 2018). Altareit will continue to monitor this indicator to reach 100%.

The training given to employees and managers covered the technical, managerial and digital growth of their business lines.

In 2019, investment in training accounted for over 3% of payroll, stable compared with 2018 (excluding Pitch Promotion, Histoire & Patrimoine and Severini) A significant investment to finance major initiatives: "core business" themes which remain the majority, workshops on customer satisfaction, management courses, certification training or support for young people on work-study contracts.

In November 2019, Altarea Group received a second prize and recognition for its HR policy and innovations with the "Leadership & Talent Management" trophy from LeaderLeagues.

Mobility and Promotions

Mirroring the training initiatives, internal mobility and promotion was significant. The inherent diversity of jobs in the real estate industry naturally fosters employee mobility.

In 2019, Altareit filled almost 25% of its open positions through mobility - business line, geographical, inter-department, company. 110 positions were filled through mobility and there were 349 external recruitments. To these can be added 102 employees who were promoted.

The aspirations of the Company's employees were gathered during career interviews to serve as a basis for reflection on a formal talent review.

Thus, in 2019, digitisation of the annual performance appraisal campaign resulted in a 98% rate of return. Beyond the advantages of digitisation (no more paper, a secure personal space…), this first campaign met three goals: quick collection of preferences for training and mobility, accelerated deployment of training plans and easy access in real time for managers to follow up on employee requests.

To facilitate internal mobility within Altareit, a monthly Careers Committee is organised within the subsidiary HR Departments to interact between employees and open positions. This meeting facilitates interactions and cross-functional movements between opportunities to be filled and identifiable internal potentials.

In June 2019, the first edition of the Internal Job and Mobility Fair took place within the Group. Over 250 people took part in the Parisian Forum: forward looking conference, HR workshops, business line round tables, subsidiary stands, career interviews. 7 events were also held in the major gateway cities in which the Group operates to facilitate local discussions: over 70 employees attended.

This event was sponsored by the Founding Chairman, Alain Taravella, to highlight cross-functionality within the Group and the access to multiple careers.

The internal magazine, AltaStory, dedicated a Special Edition in October 2019 to this issue to summarise and share the Forum's content with all employees and remind them of the good internal mobility practices and related services (access to training, HR advice, discovery of business lines, Ambitions 2025 Seminar).

4.4.5 Well-being at work

Scope	Objectives/Commitments	Time period	2019 Results	2018-2019 Evolution
Group	Continue to develop the Altawellness offering	Ongoing	**Strong increase in usage rates**	↗
Group	Managing absenteeism	Ongoing	**Stable**	=

Quality of life, health and well-being at work are major concerns for Altareit in order to retain the best talents and attractiveness for new employees.

Bringing initiatives under one brand

The Altawellness offer created in 2018 brings together the main initiatives in terms of well-being at work. It continued to develop in 2019 with a strong increase in usage rates.

The Yoopies offering (a platform dedicated to personal services) enabled 400 employees registered on the platform to reserve almost 1,150 daily services dedicated mainly to childcare, educational support and cleaning. Childcare hours were also offered to employees who requested them during the period of strikes in the Paris Region.

Yuco, our platform dedicated to on-site sporting, cultural and well-being activities recorded 500 sessions during 2019 for over 250 regular users at around ten sites in France, with a satisfaction rate of 100%!

Teleworking Charter

At the crossing point where efficiency meets the work/life balance and the approach to CSR, a charter on teleworking was signed in 2018 as part of the common social platform. It grants one day of teleworking per week under certain conditions.

This charter, along with the relocation to the new head office in 2020, will continue to change professional practices to reflect employee and manager expectations, for ever greater efficiency.

A new head office

During 2020, Richelieu will become the Group's new Parisian head office. It's a major project that's much more than a simple move. It represents the realisation of profound changes that began 3 years ago. The standardisation of HR regulations as well as the pooling of back-office functions will be supported by bringing all of the Group's entities together. The transformation of management methods initiated by teams of the Academy will be facilitated by spatial organisation and open offices. Innovative amenities will favour quality of life in the workplace.

Throughout 2019, measures in support of change were carried out for teams and management. 210 managers have already been invited to debriefing sessions on the history of the layout of the workplaces of yesterday and today. Pragmatic support measures grounded in sociology and ethnology will be implemented to allow everyone to project themselves into a renewed working environment.

Other initiatives

The policy of exceptional leave time related to events in private life was reviewed as part of the common social platform. Rules more favourable than those of the collective agreement are thus accorded to employees during important life events.

Parenting is also an important topic for Altareit. Beyond numerous existing actions (voluntary part-time working, birth or adoption-related leave, family-related leave, parental leave for childcare, leave to care for a sick child...), the conditions for maternity and paternity leave were improved. Since 2018, maintaining gross employee salaries is ensured without any condition of length of service for maternity leave and after one year for paternity leave.

Finally, measures for the controlled management of information technologies and communication tools at the disposal of employees have been reaffirmed. Especially with respect to personal life. In this respect, employees have the right to log off outside the business hours of the establishment in which they normally do their work. It is therefore specified that employees are not obliged, outside normal working hours, to answer emails or telephone calls. Even here, these measures will be further emphasised and monitored in the context of the Richelieu project, which should make the most modern communication tools available to employees.

4.4.6 Employee health and safety

Safety, health and well-being of employees

As Altareit's activities present no elevated risk with respect to health and personal safety, no collective agreement was signed in 2018 covering this area. There were no occupational illnesses reported within Altareit.

Ongoing initiatives to promote a safe working environment and ensure the health and well-being of employees include updating the single document on occupational risk assessment and raising awareness of precautionary measures and personal protective equipment for employees working on construction sites.

The HR Department is also putting in place recommendations on posture and work spaces at Group level, in collaboration with the occupational doctor and relevant Health and Safety Committees of the CSEs.

Head office employees have had access to an infirmary since 2017, with a nurse present (part-time) to treat minor ailments. Altareit's employees also have the possibility of accessing other specialists (psychologists, ergonomists, prevention specialists…) from inter-business health services, upon recommendation of the occupational doctor.

Employees and their beneficiaries enjoy complete and quality supplementary health care and disability coverage.

In late 2019, a flu vaccination campaign was conducted at the head office for employees. Over 100 employees were vaccinated free-of-charge by the Company.

Absenteeism

Absenteeism is the subject of an exhaustive and detailed review each year, with an analysis of each reason by entity.

The rate of absenteeism remains less than 3% and is stable compared with previous years.

AN HR POLICY ACCLAIMED INTERNALLY AND RECOGNISED EXTERNALLY

Engagement Jeunes
Entreprise de choix
2019
pour l'accueil des jeunes

The HR Department won 4 labels and awards in 2019:

- company of choice for welcoming young people with the Youth Commitment and the Happy Trainees label obtained for the 2nd consecutive year;
- Gold Trophy in the Growing Group category during the 4th edition of U-Spring;
- 2019 Gold Trophy in the "Leadership and Talent Management" category awarded by LeadersLeague.

4.5 CSR performance: ratings and indicators

4.5.1 CSR ratings

The Altarea Group's CSR performance is assessed regularly by extra-financial rating agencies. These assessments are carried out at the Group level and include Altareit activities, which represent a significant part of the Group's business and, therefore, the CSR approach.

Analysis of the results obtained allows it to improve its performance on a continuous basis.

Global Real Estate Sustainability Benchmark (GRESB)

Since 2011, the Group has been voluntarily participating in the Global Real Estate Sustainability Benchmark (GRESB), the reference in the real estate sector for sustainable development, with 1,005 companies and funds assessed around the world in 2019.

In 2019, the Group confirmed its "Green Star 5*" status and has maintained a score greater than 90/100 since 2016. This ranking attests to its long-term performance. The Group also obtained an A rating in transparency, which is a pledge of the quality of institutional publications, and the reliability and exhaustive scope of CSR reporting.

ISS-ESG

ISS-ESG is one of the world's leading extra-financial rating agencies. In 2019, it awarded the Group its Prime status again.

Gaïa – Ethifinance index

The Gaïa index is made up of 70 companies offering outstanding guarantees in terms of their management of ESG risks. The Group has been part of this index since 2017.

4.5.2 Environmental indicators

Corporate indicators

	tCO_2e	$kgCO_2e/m^2$
2019 greenhouse gas emissions	198.5	21
2018 greenhouse gas emissions	158.1	16
2018-2019 change	26%	26%

	GWhpe	$kWhpe/m^2$
2019 energy consumption	6.27	651
2018 energy consumption	4.68	486
2018-2019 change	34%	34%

73% of 2019 consumption was derived from the electricity network and 27% from the urban network. In final energy, it amounts to 2.4 GWh.

	m^3	L/m^2
2019 water consumption	7,635	793
2018 water consumption	7,719	801
2018-2019 change	-1%	-1%

	t	kg/m^2	Percentage of waste recovered
2019 waste generated	52.8	5.5	76%
2018 waste generated	75.6	7.9	79%
2018-2019 change	-30%	-30%	-5%

4.5.3 Social indicators

		2018	2019
Total headcount	Total headcount end of month	1,453	1,611
Breakdown by type of contract	Number of employees on open-ended contracts	1,403	1,545
	Number of employees on fixed-term contracts	50	66
Breakdown by gender	Percentage of women in the total headcount	55%	56%
Breakdown by age group	Under 30		19%
	30 to 50 years		64%
	Over 50		17%
Breakdown by status	Percentage of employees in management positions	72%	73%
	Percentage of employees in non-management positions	28%	27%
Recruitment	Number of new hires on open-ended contracts	308	349
	Percentage of women hired on open-ended contracts	57%	58%
	Percentage of Managers hired on open-ended contracts	68%	68%
Departures	Number of departures of employees on open-ended contracts excluding mobility and administrative transfers	192	238
	Total departure rate	14.15%	15.86%
Reasons for Departures	Percentage of resignations	46%	52%
	Percentage of dismissals	8%	10.5%
	Percentage of agreements between employer and employee	23%	17%
	Percentage of retirements or early retirements	4%	3%
	Percentage of probation periods ended by employer	12%	10.5%
	Percentage of probation periods ended by employee	6%	7%
Organisation of working time	FTE on open-ended contracts/FTE on fixed-term contracts		1,543.4
	Average headcount end of month open-ended contracts	1,357	1,501
	Number of theoretical hours worked excluding overtime	1,932,487	2,469,440
Gender equality	Percentage of women among management-level employees	44.2%	46.7%
Antidiscrimination measures	Number of work-study contracts during the period	201	239
Promotions	Number of employees promoted in the year	99	102
	Percentage of employees promoted in the year	7.1%	6.6%
Mobility	Number of employees having benefited from one or more forms of mobility	220	110*
	Percentage of employees having benefited from one or more forms of mobility	15.1%	6.8%
	Percentage of vacancies filled as a result of mobility	41.7%	24.0%
Absenteeism/ Accidentology	Rate of absenteeism excluding maternity leave/paternity leave/other causes	1.9%	2.5%
	Number of workplace accidents (with work stoppages excluding accidents on the journey to and from work)		6
	Frequency rate of workplace accidents	4.14	2.43
	Severity rate of workplace accidents	0.07	0.08

* *Definition of mobility refined in 2019.*

4.6 Methodology and cross-reference table

4.6.1 Preparation of this document

Altarea Group published its Declaration on Extra-Financial Performance (DPEF) for the second year. Altareit voluntarily published a CSR performance report, as it is not under the obligation to do so.

4.6.2 The CSR management system

Deployment of the CSR approach: General Management System (GMS)

In order to disseminate best practices across all of its activities, Altareit has implemented management systems suited to each business line which, overall, constitute the Group's General Management System (GMS). The implementation of this GMS facilitates access to the requirements of qualitative and environmental certification guidelines while developing employee skills.

GROUP GENERAL MANAGEMENT SYSTEM

Property Development (Residential)	Property Development (Business property)
Guide to best practices for Residential properties **NF Habitat** **NF Habitat HQE™**	SME office projects **BREEAM®** **HQE**
Additional tools: training on regulatory changes and certifications, biodiversity guide, social economy guide, well-being guidelines, etc.	

Environmental Management System (EMS) for Residential certifications

The Group has integrated a certification approach, "the Guide to Best Practices for Residential property", into its development and construction process. As of 2016, all residential property developed is NF Habitat certified[1]. Some of the Group's buildings even exceed the NF Habitat requirements and it has committed to the higher level HQE environmental approach, providing additional benefits to residents such as greater comfort, brighter spaces and even better thermal performance.

Environmental Management System (EMS) for Office certifications

In 2010, the Group implemented *SME Projets Tertiaires* (Office and Retail Development Projects EMS). It provides each developer or operator with a working tool that catalogues all requirements for HQE, Building Research Establishment Environmental Assessment Method (BREEAM®) and Leadership in Energy and Environmental Design (LEED®) at each stage of the project and accompanies them in the development and realisation of the Group's Business property operations.

Tools to complement EMS

Training and awareness-raising actions

The teams undergo regular training, in particular with each significant change to regulations or the main certification frameworks.

The French government announced the end of the 2012 Thermal Regulations by 2020. They will be replaced by the 2020 Environmental Regulations which will increase the level of energy efficiency and impose a carbon threshold. In 2017, the Group's technical teams underwent training in the issues raised by the future regulations. The training programme continued in 2018 and 2019 with a gradual ramping up of skills for 100% of the technical teams, and the distribution of practical guides to certifications and labels to better adapt the teams' choices to the market needs and goals of the "*Tous engagés !*" approach

Awareness-raising is also organised during internal committees or seminars.

On the occasion of Sustainable Development Week, the CSR Department organises conferences and workshops on a theme every year. In 2019, an information morning on the circular economy with the participation of a specialist architect and internal project sponsors. Fun workshops on this theme were also held at the head office and in each of the regional division headquarters. These events were complemented by the diffusion of a special edition of the internal newsletter on CSR.

Thematic guides

Every year, the CSR Department prepares and diffuses tools and guides to raise employee awareness on the different themes of sustainable development and facilitate their consideration. For example:

- one of them aims to provide information about ways of developing and deriving value from biodiversity in neighbourhood projects (housing developments, business property, hotels and mixed-use projects);
- one dedicated to the social economy (ESS) and updated in 2019 provides information on the ESS world and includes a mapping and details of players that can be mobilised for Group projects with regional variations (see 4.2.1);
- lastly, a guide on the multiple labels and certifications present on the market, by theme, to provide employees with the details, and technical and financial constraints.

(1) *Excluding co-development, rehabilitations and managed residences.*

4.6.3 Methodology and verification

Verification

Altareit contracts an independent third-party body to verify the truthfulness of information: key performance indicators and actions.

Methodological changes

Consolidation of Histoire & Patrimoine's operations

In July 2018, the Group acquired the remaining capital of Histoire & Patrimoine, having already acquired 55% of its capital in June 2014. Within this framework, data from Histoire & Patrimoine is gradually included in the Group's reporting. A first integration of social data was carried out in 2018. The integration continues in 2019 with the first collection of environmental and societal data in order to prepare the basis for future comparisons.

Comprehensiveness of reporting scopes and guidelines used

Reporting covers nearly all of Altareit's Property Development activities, as well as the operations of its head office. CSR reporting coverage rates provide an appreciation of its comprehensiveness compared to financial reporting.

COMPLETENESS OF ALTAREIT EXTRA-FINANCIAL REPORTING

	ENVIRONMENT AND SOCIETAL						SOCIAL
ENTITY	ALTAREA	COGEDIM		PITCH PROMOTION		HISTOIRE & PATRIMOINE	ALTAREA
BUSINESS	CORPORATE	PROPERTY DEVELOPMENT (RESIDENTIAL)	PROPERTY DEVELOPMENT (BUSINESS PROPERTY)	PROPERTY DEVELOPMENT (RESIDENTIAL)	PROPERTY DEVELOPMENT (COMMERCIAL)	PROPERTY DEVELOPMENT (RESIDENTIAL)	CORPORATE
GUIDELINES	GRI CRESS	Internal definition ("Methodology and verification" chapter)					GRI CRESS
PERIOD	1 September year N-1 31 August year N	to 30 September year N	1 October year N-1 to 30 September year N	to 30 September year N	1 October year N-1 to 30 September year N		1 January 31 December 31 year N
SCOPE	Head office 9,631 m² useful	193 projects 18,040 residential units	30 projects 463,374 m² Net surface area or floor area	53 projects 5,823 residential units	19 projects 177,493 m² Net surface area or floor area	52 projects 1,878 residential units	1,611 employees
REPORTING COVERAGE	100%	100%	100%	100%	100%	100%	100%

Compliance of reporting with national and international guidelines

Altareit drew on recognised national and international guidelines to produce its internal reporting guidelines and extra-financial communication.

The Group's extra-financial reporting is compatible with the European Public Real Estate Association (EPRA) "Best Practices Recommendation on Sustainability Reporting", published in 2011 and the GRI G4 Construction & Real Estate Sector Supplement (CRESS) sector supplement.

Reporting period

Altareit chooses, whenever possible, to base its extra-financial report on the same period as the financial report.

However, for environmental and societal data related to Group procurement of goods and services (particularly indirect jobs), the length of the calculation processes require that the Group use a staggered reporting period.

When gathering data during the reporting period with more accurate data for previous years, the indicators are recalculated to give new figures.

Information about the scope of social reporting

The scope of social reporting includes all of the Group's fully integrated legal entities with a payroll that is not nil.

Description of environmental reporting scopes

Corporate

The scope of corporate reporting includes the environmental data for Altareit's head office, which is located at 8, avenue Delcassé in Paris.

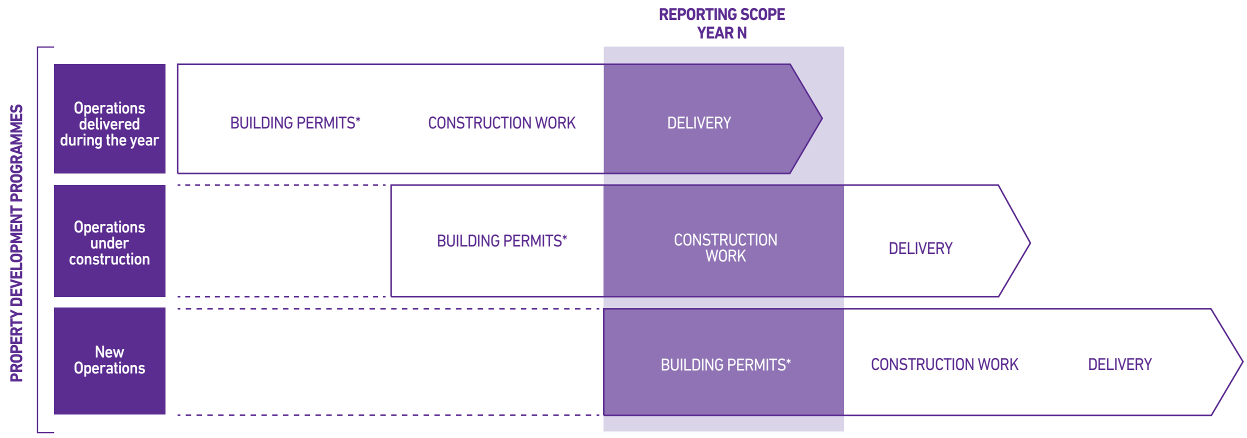
Property Development

The scope of reporting for Property Development includes operations which, during the reporting period:

- obtained building permits (with the exception of Cogedim and Pitch Promotion housing units, for which land was acquired);
- were in progress;
- were delivered.

The diagram below summarises the methods for the entry and exit of operations for each business line (Residential, Corporate Property).

SUMMARY OF METHODS OF ACCOUNTING FOR NEW PROJECTS IN THE SCOPE OF REPORTING



** Land acquisition for the Cogedim and Pitch Promotion housing projects.*

In order to facilitate understanding of the indicators related to the Property Development activities, the Group opted to retain the same accounting method for each category, each certification and each label, although the key dates in the certification process vary according to the category of asset and certification.

4.6.4 Materiality matrix cross-reference table

The table below can be used to determine the issues identified in the materiality matrix.

Level of importance	Matrix issue	Where to find it
Capital	Customer and user relations	Theme: Customers 4.3.1 and 4.3.2
Capital	Mixed use and local development	Theme: Cities 4.2.1
Capital	Energy and climate	Theme: Cities 4.2.2
Capital	Connectivity and mobility	Theme: Cities 4.2.1 and 4.2.2
Capital	Well-being of occupants	Theme: Customers 4.3.2
Capital	Business ethics	Theme: Customers 4.3.6
Capital	New uses and digitisation	Theme: Customers 4.3.4
Capital	Talent and skills management	Theme: Talents 4.4.4
Capital	Compensation and value sharing	Theme: Talents 4.4.3
Capital	Diversity and equal opportunities	Theme: Talents 4.4.2
Capital	Safety of assets, people and personal data	Theme: Customers 4.3.7
Capital	Labelling and sustainable certification	Theme: Customers 4.3.3
Capital	The circular economy	Theme: Cities 5.2.4
Capital	Partnerships	5.1.3 and Theme: Cities 4.2.6
Significant	Well-being at work	Theme: Talents 4.4.5
Significant	Responsible supply chain and supplier relationships	Theme: Customers 4.3.5
Significant	Biodiversity and land management	Theme: Cities 4.2.3
Significant	Health/safety of employees	Theme: Talents 4.4.6
Significant	Governance	Chapter 6 of the 2019 Universal Registration Document
Moderate	Water management	4.5.2
Moderate	Sponsorship	Theme: Cities 4.2.6

4.7 Independent third-party report

Year ended 31 December 2019

Independent verifier's report on a selection of non-financial information

To the General Shareholders' Meeting,

Further to your request and in our capacity as an independent verifier, a member of the network of one of the Statutory Auditors of your entity (hereinafter "entity"), we present our report on a selection of non-financial information established for the year ended 31 December 2019 as detailed in Appendix 1 (hereinafter referred to as the "Information"), which the entity has chosen to prepare and present in its management report.

Responsibility of the entity

As part of this voluntary approach, it is the responsibility of the entity to prepare the Information in accordance with the protocols used by the entity (hereafter referred to as the "Criteria"), and of which a summary is included in the management report.

Independence and quality control

Our independence is defined by the Code of Ethics of our profession. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role in response to the entity's request, based on our work, to express a limited assurance conclusion that the Information is fairly presented, in all material aspects, in accordance with the Criteria.

Nonetheless, it is not our role to give an opinion on the entire management report for the year ended on 31 December 2019 or in compliance with other applicable legal provisions.

Nature and scope of the work

Our verification work drew on the skills of four people and took place between September 2019 and March 2020 over a total period of about nine weeks.

We conducted the work described below in accordance with ISAE 3000[1] and with the professional standards applicable in France.

- We assessed the suitability of the Criteria in terms of its relevance, comprehensiveness, reliability, neutrality and understandability by taking into consideration, if relevant, the best practices of the industry.
- We consulted documentary sources and conducted interviews to corroborate the qualitative information presented in Appendix 1.
- On quantitative information, we implemented:
  - analytical procedures to verify the correct consolidation of the collected data as well as the consistency of their evolutions,
  - detailed tests based on samples, consisting of checking the correct application of the definitions and procedures and reconciling the data with the supporting documents. This work was carried out with a selection of entities which cover between 18% and 40% of consolidated data selected for these tests.
- We assessed the overall consistency of the non-financial information with our knowledge of all the entities included in the scope of consolidation.

We consider that the work we have done by exercising our professional judgment allows us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, 17 March 2020

The Independent Verifier

EY & Associés

Éric Duvaud	**Jean-François Bélorgey**
Sustainable Development Associate	Associate

(1) Assurance engagements other than audits or reviews of historical financial information.

Appendix 1: verified information

Social Information

- Total headcount
- The absenteeism rate
- Departure rate
- Percentage of employees who attended at least one training course during the year
- Number of days of training
- Representativeness of women in management
- Number of work-study students recruited during the year
- Development of measures for attracting, recruiting and training its employees
- Promotion of integration, diversity and equal opportunities
- Strengthening well-being and quality of life at work
- Employees' awareness and training in business ethics

Environmental Information

- Energy performance and the share of areas exceeding the requirements of thermal regulations
- Group CO_2 emissions (Scopes 1 and 2 as well as the evaluation made of Scope 3)
- The recycling rate for site waste
- Share of areas studied by ecologists
- Levels sought or obtained in BREEAM®
- Certifications sought under WELL, WiredScore and R2S
- A reduction in the direct carbon footprint
- Development of connected operations and rehabilitation
- Improving the energy efficiency of projects
- Limiting exposure to climate change
- Site waste recovery and use of low carbon alternatives
- Development of activities related to construction using wood
- Protecting and improving existing biodiversity
- Strengthening the Group's culture of innovation

Societal Information

- The employment footprint (direct, indirect, induced and hosted jobs)
- Percentage of local purchases of projects under development
- The satisfaction rating of customers
- Percentage of sites promoting the well-being and comfort of users (NF Habitat and WELL certifications for the Residential and Business property businesses)
- The share of signed green leases
- The development of activities related to the social economy
- Contribution to the local economy
- Dialogue with customers
- The implementation of wellness and comfort approaches in each business line
- Strengthening green value and environmental quality (quality, labels and certifications)
- The development of connected operations

5

RISK MANAGEMENT

5.1 Organisation of internal control and risk management

5.1.1 Objectives set for internal control and risk management

In accordance with AMF guidelines, the Group's internal control system complies with the general principles of risk management and internal control set forth in the reference framework developed by the AMF in July 2010. Internal control aims to ensure:

- compliance with laws and regulations;
- proper observance of instructions issued by Management;
- effective functioning of the Company's internal procedures, particularly those intended to protect its assets;
- the regularity and reliability of accounting and financial information, in order to present a true and fair view of the assets, financial position and results.

The scope for the application of the Company's internal controls is that of the Altarea Group, that is, the Altarea parent company and all companies that it controls as defined by Article L. 233-3-I of the French Commercial Code, of which the Altareit Group except for property development joint ventures that are managed by a commercial partner.

The system implemented within the Group is based on a risk management system that aims to identify the main risks to be controlled in order to: safeguard the Company's value, assets and reputation; secure its decision-making and other processes to ensure that targets are reached; encourage consistency between actions taken and corporate values; and unite employees around a shared understanding of the major risks.

Lastly, readers are reminded that internal control and risk management systems, like any system of control, are subject to inherent limits, and cannot fully guarantee that objectives will be achieved.

Moreover, the information provided on identified risks is not necessarily exhaustive and does not cover all of the risks to which the Group could be exposed in the course of its activities. Only key risks considered sensitive are identified here.

5.1.2 Governance of internal control and risk management

5.1.2.1 Internal control and risk management system

The risk management and internal control system is run by the Internal Control Department, reporting to the Property Legal and Risk Management Director.

Internal control system

The Altareit Group internal control system relies on:

- organisation by business and by regional subsidiaries, with a system in place with regard to delegating powers and responsibilities;
- a definition of the missions and attributions of the governance bodies; (see Section 6.2.3 "Supervisory Board");
- procedures and processes specific to the activities and objectives of the Group's business lines, with a separation of duties;
- a human resources and skills-management policy, based on a strategic training plan and a shared approach revolving around annual appraisals.

The Altarea Group, to which Altareit and its subsidiaries belong, also has internal information dissemination tools, including an intranet, procedural notes, instructions and closing schedules.

Risk management system

The main risks of the Altarea Group, and therefore of the Altareit Group, are the subject of detailed presentations made to the Altarea Audit Committee. They are identified through a risk-mapping process organised by business processes and support functions. This mapping is updated periodically.

The Internal Control Department uses risk mapping to prepare its action plan. Other sources, such as summaries of internal-control review work and comments and recommendations formulated by the Statutory Auditors are analysed and taken into consideration in defining actions to be taken. The control systems put in place to manage the main risks to which the Altareit Group is exposed, are described in Section 5.2 "Risk factors and control systems" of this document.

5.1.2.2 Control environment

Internal control is based on rules of conduct and integrity established by the Company's governing bodies and communicated to all employees. The key elements of the internal control procedures are as follows:

- the ethics charter of the Altarea Group, of which the Altareit Group is a part, sets out the values and rules of conduct that all Group employees and corporate officers must respect in their working relationships. The clear and precise principles outlined in the charter should inspire and guide everyone in their daily tasks, enabling them to resolve issues of conduct, professionalism and conflicts of interest in a clear ethics, and consistent way. The charter is available on the Group intranet site and a copy is systematically distributed to every employee when recruited;
- all procedures and internal rules of the Group govern its various activities: operational procedures on how to behave in conducting the normal business of the Company and rules that expand upon the principles in the ethics charter on conflicts of interest, the fight against corruption and money laundering, or insider trading.

The Group seeks to reinforce its control environment on a daily basis through the development of its compliance programme in accordance with the various regulatory requirements.

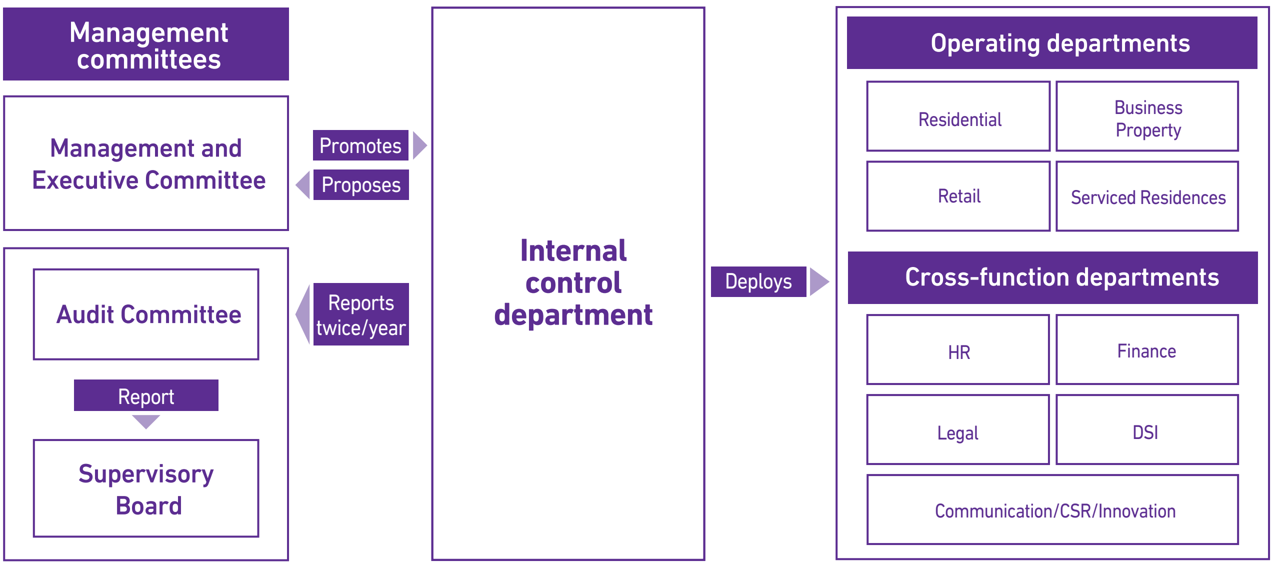
5.1.2.3 Management of the Group's internal control function

Internal control and risk management is everybody's business, from employees right up to the governance bodies.

The general organisation of internal control is part of the remit of the Management of the Altarea Group, of which Altareit and its subsidiaries are a part, which, to exercise its responsibilities, has put in place an Executive Committee that meets on a regular basis. It is under its leadership that internal control procedures are established and that orientations are taken in order to control risks associated with the Company's business.

As specified in Section 6.2.3.2 "Working methods, preparation and organisation of the Board's work", section "specialist committee" of this document, by virtue of Article L. 823-20 of the French Commercial Code, the Company, as an entity controlled according to the terms of Article L. 233-16 of the French Commercial Code by a company (Altarea) that is itself subject to the provisions of Article L. 823-19 of the French Commercial Code, is exempt from the obligation to constitute an Audit Committee.

However, the Altarea Group Audit Committee assists the Altareit Supervisory Board with its role of supervising and controlling the Altarea Group as a whole, including the Altareit Group.



5.1.2.4 Priorities of the Internal Control Department

The Internal Control Department is responsible for coordinating and supporting internal control actions which are conducted in the different subsidiaries. Its priority missions are:

- to ensure knowledge and compliance with the rules of procedure and the ethics charter and the correct functioning of the Supervisory Board's specialist committees;
- to monitor regulatory obligations relating to internal control;
- to identify and assist divisions in mapping risks;
- to define or help divisions in defining operational procedures;
- to review the rules applying to the Company's operating commitments, and compile existing procedures and standardise them if needed;
- to perform all compliance checks to ensure procedures are respected;

To fulfil its duties, the Internal Control Department also draws upon:

- specialised advisory and consulting firms;
- a number of contacts within the Group to monitor and control operational risks and commitments.

In addition, every Altareit Group employee is encouraged to make proposals to keep the internal control system effective and up to date. Operational Managers ensure that processes are in line with objectives assigned to them.

5.1.3 Procedures concerning the preparation and processing of the Group's accounting and financial information

The Group is particularly sensitive to the reliability of the budgetary processes, the correct consolidation of accounting data, and to the quality of the accounting data published. The transparency of financial information and the compliance of the accounting methods used are the subject of strict monitoring by the Auditors, in addition to the Audit Committee and the Supervisory Board. The Altarea Group considers the risks related to preparing the financial information as being moderate, given all of the processes in place.

Finance Committee

In order to control the financial and accounting risks that may arise, Operational Finance Committee Meetings are held every two weeks and are attended by Executive Management, the CFO, Deputy CFO and the managers concerned, depending on the agenda. The Corporate Finance Department uses these meetings to raise current financial issues.

In addition, a cross-functional finance committee meeting is held on a quarterly basis by the operational and finance departments in order to ensure a common approach to managing the business and improve communication. This committee includes all the managers and is used to share objectives and issues as well as to improve the flow of information across functions.

Accounting and financial organisation and main internal control procedures

(i) Accounting and financial structure

In order to enable controls at every level, the Altareit Group accounting and finance teams are structured by divisions (Group holding company and Property Development Division).

Within the operating divisions, the main accounting and financial departments are organised with:

- corporate accounts physically maintained by Group employees within each operating subsidiary;
- management controllers in charge of reviewing the results of each operating subsidiary.

For the validation of the operational items, the Property Development Division prepares the consolidated financial statements with a dedicated team.

Within the Corporate Finance Department, the Deputy Chief Financial Officer is responsible for the quality and reliability of all the published or regulatory accounting information: consolidated financial statements (IFRS Guidelines), corporate accounts (French Standards) and the Company's forward-looking information (law of 1984). This department is in charge of coordinating the relationship with the Statutory Auditors for the whole Group and at every half-yearly or annual reporting date it prepares a business review consistent with the accounting information.

(ii) Principal control procedures

The principal control procedures used for the purposes of preparing the accounting and financial information are as follows:

- formally documented budget tracking and planning process on a twice-yearly basis (in April/May and October/November) with a comparison of budgets against actuals approved by operational and Group management. This process facilitates preparation and inspection of half-year and full-year Group financial statements. The main constitutive elements are the subject of communication upstream of each closing with the Auditors;
- a vertical procedure for data reporting from various operating departments (period-end timetables and instructions, quarterly meetings, dashboards for information sharing), with audits carried out by the operating management controllers before the information is sent to the Corporate Finance Department; cross-functional control procedures (consistency checks and reconciliation of operating management/accounting and budgeted/actual figures, intercompany reconciliations, etc.);
- analysis of significant events; the principal events that may have a significant influence on the financial statements (acquisitions, disposals, restructuring, etc.) are subject to simulations and explanatory notes prepared by the Corporate Finance Department or the divisions. The accounting treatment of complex transactions (major structural transactions, Corporate financing transactions, or operations' tax impact) is systematically presented to the Statutory Auditors before the financial statements are prepared. These items are then used to document the Notes to the consolidated or individual Company financial statements;
- reporting, key indicator monitoring and quarterly reporting:
  - unaudited interim statements (31 March and 30 September) providing analyses of key indicators (revenue and net financial debt),
  - periodic reporting by operational subsidiaries to Management and Executive Management;
- documentation of the period-end closing process:
  - property development for third-parties division: consolidation and accounting procedures guide, documentation of tracking of claims and disputes,
  - holding company: Group accounting plan with a glossary and table enabling comparison between the local accounting and Group accounting, notes including off-balance sheet commitments and taxes;
- audit of the accounts of the subsidiaries via contractual audits.

Furthermore a review of operations and the forecast financial results is carried out twice a year with the Chairman of the Audit Committee, a specialised committee of the Supervisory Board, in preparation of the half-year and annual period-ends.

Information systems

Accounting and financial information is prepared with the use of business line and financial information systems. Manual and automatic controls exist in order to secure the flow and processing of data that comes from these systems.

(i) Property transaction software

The Property Development Division uses Primpromo real estate operations management software which optimizes the monitoring and control of operations throughout the different phases. This "business" tool is interfaced with the accounting software Sage and the data presented in the two systems are regularly reconciled.

(ii) Account consolidation software

The SAP BFC - Business Financial Consolidation - consolidation software package is used by the Altarea Group, of which the Altareit Group is a part. The software was updated in May 2017 and the version now in use is the most advanced. Thanks to its particular structure, this solution offers a platform that allows close integration of accounting systems within the Group, thus reducing the risk of significant errors.

Sage data is integrated into the SAP BFC consolidation software via a procedure common to the whole Group. The integration of this data will lead to checks and controls conducted each quarter by reconciliation with the Primpromo data from the Property Development Division (operating budgets, aggregating sales) and/or budgetary (net income).

In addition, the SAP software DM - Disclosure Management - enables a secure disclosure management *via* SAP BFC of quantitative data and notes to the consolidated financial statements. This software package is also used to coordinate the different contributors to the Registration Document, and help prepare it, and thus allows for a systematic and cross review of the different parts.

(iii) Software for financial planning and budget reporting

SAP BPC – Business Planning Consolidation – software for financial planning and budget reporting has been implemented for the whole Altarea Group and hence Altareit. This software uses operating data from business line systems to generate consolidated budget data. Estimated consolidated information is compared with actual figures imported from the system used to prepare the consolidated financial statements. Any material differences are justified.

(iv) Cash flow software

The Group uses the Sage 1000 cash flow software to manage cash flow. It is automatically interfaced with the corporate accounting software thus enabling the automated transfer of short-term accounting forecasts to cash management or automatic recognition of certain data transmitted to accounting.

Since 2018, the Group changed its all its flows to electronic signature using the secure EBICS TS protocol. This module is interfaced with all of the Group's ERPs thus enabling the provision of account statements and other information statements to the ERPs or the secure transfer of payment and direct debit files from the ERPs to the banking communication system.

To prevent risks affecting cash management, the cash management teams reconcile bank balances and analyse changes in the cash balance for all divisions on a daily basis: reconciliation of banking data with short-term forecasts, checking of balances, analysis of daily changes in banking positions.

5.1.4 Interest rate and counterparty risk management

Altarea has borrowings from and liabilities to credit institutions at variable rates and is therefore exposed to the risk of interest rate fluctuations.

Furthermore, the use of financial derivatives to limit interest rate risk may also expose the Group to unfavourable consequences on its earnings should its counterparty default.

The Altarea Group, which is the parent company of Altareit and its subsidiaries, adopts a prudent approach to managing interest-rate risk. The Company uses hedging instruments to cover the interest rates on mortgages and/or corporate loans backing its property and therefore to preserve the cash flow generated by its operating assets. The instruments used are mostly fixed or variable[1] rate swaps.

In order to limit counterparty risk that may arise following the setting up of financial derivatives, the Group thoroughly checks the quality of the counterparties and only pursues projects with the largest financial institutions.

5.1.5 Fraud and corruption risk management

Fight against fraud

To mitigate risks of fraud or embezzlement, procedures have been set up for cash management and cash flows to ensure that they are secure and to decrease the risk of fraud (banking powers; rules for opening, modifying and closing bank accounts; daily reconciliation of bank transactions with accounting entries; separation of functions between the Accounting Department and the Cash Management Department). In addition, the number of authorised signatories for payments is limited.

Every external attempted fraud observed by the teams (for example, fraud by impersonation, bank fraud, recruitment) is reported to the Internal Control Department which sends out a reminder at least twice per year about the methods used by scammers and the right things to do to avoid them. The Internal Control Department works closely with the Group Security Department on these subjects.

Fight against money laundering and the financing of terrorism

The prevention system is mainly organised around:

- antimoney laundering clauses are included in all our agreements with third parties;
- the appointment of a TRACFIN declarant/representative for the whole Group;
- a process for assessing the level of risk of customers and business partner;
- training and awareness-raising of the employees who are most exposed to the risk.

Moreover, a money laundering and terrorist financing prevention manual has been established in Spain and is the subject of an annual report by an external firm.

Fight against corruption

The Group works continually in order to reinforce the anticorruption system in order to avoid this risk and comply with the provisions of Sapin II. The mapping of corruption and bribery risk makes it possible to define the priority actions that must be undertaken.

Awareness-raising campaigns are organised from time to time focusing on the employees identified as being most exposed. Also, with the help of a specialist law firm, courses are held on different sorts of corruption, conflicts of interest, the peddling of influence, favouritism and the criminal repercussions associated therewith, particularly in relations with the public sector.

5.1.6 Legal and arbitration proceedings

There are no governmental, legal, or arbitration proceedings pending of which the Company is aware or that pose a potential threat to the latter, likely to have or having had significant effects on the Company's financial position or profitability in the course of the last 12 months other than those for which a provision has been recognised (see Note 6.3 "Provisions" in sub-section 2.3 of this document) or that have been effectively challenged or are being challenged by the Company (see Note 5.3 "Income tax" or 6.3 "Provisions" in sub-section 2.3 of this document).

(1) The financial instruments used are described in Note 8, "Financial risk management", of Section 2.3 "Other items of the notes to the consolidated financial statements" of this Registration Document.

5.2 Risk factors and risk control systems

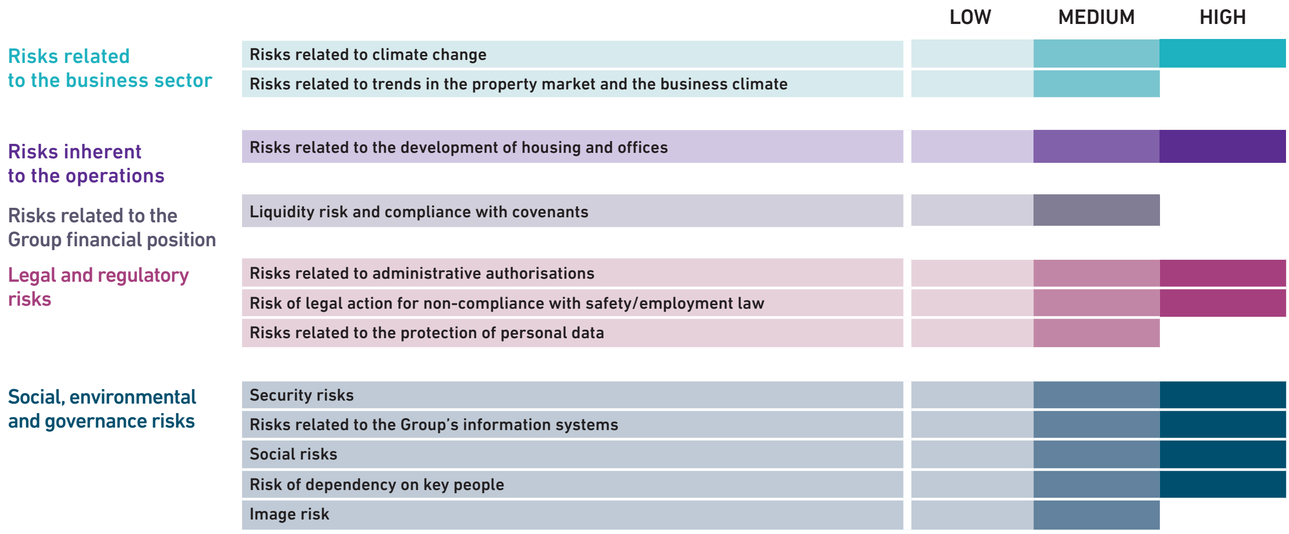
The Altarea Group, of which the Company is a subsidiary, took steps to identify the main categories and the most significant risks, presented in an order that the Group considers to be the descending order of importance in each category. The five categories identified are as follows:

- risks related to the business sector;
- risks related to Residential and Business property development operations;
- liquidity risk and compliance with covenants;
- legal and regulatory risks;
- social, environmental and governance risks.

This presentation corresponds, after taking into account the control measures implemented by the Company, to the Group's current perception of the importance of these risk factors, based on the current perceived likelihood of the risks materialising, and the estimated extent of their negative impact.

Investors should nevertheless be aware that other wholly or partially unknown risks considered unlikely to occur at the date of filing this Universal Registration Document, may exist and could have an adverse impact on the Group's business.

Summary of significant risks and that are specific to the Group



5.2.1 Risks related to the business sector

5.2.1.1 Risks related to climate change

Risk factors

The Group has examined the risks linked to climate change for its activities, are be of two main types:

- the need to mitigate climate change: as the property sector is responsible for around 25% of emissions in France, it is directly concerned by the requirement to reduce greenhouse gas emissions and by future regulations (including taxation and more stringent standards, such as the future environmental regulation). Consequently, there is a risk related to the transition of the Group's current practices in its business lines towards increasingly decarbonised practices in the field of building design, operating, uses, etc.;
- the need to adapt to climate change: climate change causes the exacerbation of climatic phenomena (heatwaves, flooding…) which impact cities and buildings and can affect the safety of users or the comfort experienced inside buildings.

Risk control systems

Mitigation of climate change

The Group is fully aware of the need to contribute to climate change mitigation and has anticipated the regulatory constraints linked to climate change, whether for the reduction of emissions, a possible carbon tax or new building standards.

The Group measures its carbon footprint across its full scope (scopes 1, 2 and 3 as defined by the greenhouse gas protocol) and has also implemented a global programme to reduce its direct and indirect carbon footprint, and this applies to all of its activities, targeting the stages that contribute the most to greenhouse gas emissions.

With regard to property development, these actions focus mainly on the energy efficiency of buildings, connectivity to transport in order to reduce emissions linked to travel, and low-carbon design (rehabilitation, reversibility, new materials). Over its portfolio, these actions are closely linked to actions for the reduction of energy consumption.

The Group is striving to achieve a carbon trajectory of its activities compatible with the Paris Agreement, to contribute towards limiting global warming to 2°C.

Adaptation to climate change

In 2018, Altareit conducted an in-depth analysis concerning its exposure to climate risks concerning its assets and its development operations, with a detailed approach studying each location in France.

On this basis, the Group has committed its tertiary and housing activities to adaptation programmes designed to protect assets and provide guarantees for buyers concerning the comfort and asset value of their property.

The Group's full approach to improvement in this respect is set out in Section 4, "Statement on Extra-Financial Performance" in this Universal Registration Document.

5.2.1.2 Risks related to trends in the property market and the business climate

Risk factors

Altareit operates in several Property sectors, notably residential property, offices and serviced residences. The Company is exposed to systemic risks and uncertainties specific to the property market, most notably the cyclical nature of each sub-sector, as well as the risks inherent to each property asset. The Company's risk management strategy and measures adopted aim to limit the negative consequences should one of these risks materialize.

It is impossible to rule out a change to fiscal rules, with potential impact that could be more or less favourable to the property development industry. The main economic and fiscal systems in force are as follows:

- the Pinel Law aims to provide housing at affordable rents to lower income households in urban areas where there are housing shortages. The stated objective of this scheme is to substantially increase the creation of new housing by offering tax incentives in exchange for social requirements. This scheme applies to the acquisitions made before 31 December 2021 in high-demand areas (A; A bis; B1).
- the zero interest loan scheme (PTZ+) intended to encourage means-tested first-time buyers of new housing. This scheme is modulated based on geographical areas and will continue in 2020 and 2021 at 40% for "high-demand areas", while being reduced to 20% for other areas.

  It should be noted that 99% of the Altarea Promotion Residential pipeline consists of operations in A and B1 areas;
- the "Malraux" scheme, currently not limited in terms of time, is designed, in sites deemed to be of "outstanding heritage value" and, in particular, within the perimeters covered by an approved "Plan de Sauvegarde et de Mise en Valeur" [Plan to Protect and Showcase] to facilitate the complete rehabilitation of buildings. The properties bought must be let as a main residence or leased for business purposes for a minimum period of nine years.
- the "Historic Monument" scheme is intended to facilitate the upkeep and rehabilitation of listed buildings or "Historic Monuments". The resulting tax benefit is a deduction the benefits of which vary depending on the effective tax rate of the investor.

This scheme is not limited with regard to geographical location or time.

Moreover, 2020 began with the uncertainties related to the Covid-19 epidemic. At the filing date of this document, it is still difficult to assess its tangible effects on the Group's businesses. However, from a macro-economic point of view, a prolonged and aggravated impact of the epidemic could certainly affect the Group's activities in 2020 .

Risk control systems

The Altareit Group has, in recent years, refocused its REIT prospection to provide a property offering tailored to these new schemes and, more generally, developed "entry-level and mid-range" programmes to propose affordable acquisition prices corresponding to market demands. It is also well established in "high-demand areas" and so benefits from the above-mentioned schemes.

The Company is involved in various property sectors, notably in residential property, offices, and serviced residences. The business is subject to hazards and specific systemic risks, in particular the cyclical nature of the property sector, and notably the risk of market turnarounds in the residential sector. The changes in these markets, the economy and the competitive environment are closely monitored by the Management and the Executive Committee of Altarea, the parent company of Altareit and the Senior Management, which implements the strategy and policies designed to anticipate and limit these risks.

The Group has put in place preventive and organizational measures, in accordance with government decisions, aimed at limiting the impact and spread of the epidemic while allowing for the continuity of its businesses. A crisis unit has also been set up to coordinate the various actions and adapt them to an extremely changing context.

5.2.2 Risks related to the development of housing and offices

Risk factors

Altareit Group faces multiple property development risks; They include in particular:

- administrative risk related to the difficulties of obtaining planning permission and possible appeals that could delay property development projects;
- the risk of construction cost overruns, the shortage of compliant contractors due to the number of building sites in France and the context of ever-larger sites, contractor business failures, the inability of contractors and service providers to adapt to new standards and the risk of ensuing potential litigation with construction companies;
- when the Group acts as a developer by signing off-plan or property development agreements in which it undertakes to build a building with a fixed price and deadline, it bears the completion risk with regard to its customers. The risk would be one of non-compliance of the product delivered or of a delay in delivering;
- in the office market, market risk when the Group acts as an investor, if it fails to sell or let the property. It may thus be exposed to the risk of prolonged carry.

Risk control systems

The established procedures are described below.

Residential and Office property

In the residential property segment, an Operations Management Guide (GMO) sets out best practice for each key stage of residential schemes. The purpose of the guide is to define the role of each actor within Property Development, to improve and harmonise practices and to facilitate interactions with partner services. It is available on the Group's intranet and training courses have been given to all employees involved.

The following systems are also designed to cover risks related to property development:

- Commitments Committees: that meet every week to examine all the property projects having at key stages that entails a commitment for the Company: signature of an undertaking to acquire the land, marketing launch, acquisition of the land, start of works. As well as analysing the timing and benefits of the project, at each stage progress is measured against objective benchmarks: margins, percentage of project pre-let upon land acquisition and when work gets under way, validation of the cost of works, WCR, etc.

  In addition to the Commitments Committees processes, the Commitment Director works with the Finance Directors in the regional offices on all issues the Company but do not directly depend on the Commitments Committees, and may request any draft protocols, sales undertakings, specific contracts, etc. He is also informed about the progress of the Company's major development projects regarding the risks that they may present in terms of the amounts involved or legal arrangements, for example. The Commitment Director works with the Group's Internal Control Department with regard to risk management and internal control issues;
- the National Technical Department guarantees the consistency of technical plans and arrangements, the quality of project devolution methods, the good fit of construction costs and the valuation of the different risks (technical, product, environmental, commercial risks). It is therefore always consulted during meetings of committee committees;
- for residential property, the Group has its own marketing arm of dedicated subsidiaries. These structures include: a marketing division in charge of keeping contacts and national campaigns, a division in charge of defining and updating product specifications whilst providing research and advice to property development managers to evaluate local markets, and a division dedicated to customer relations and after-sales service. In addition, the digital budget monitoring tool used for each project is updated in real time with commercial data (reservations and sales) and allows each manager to track the progress made in the programmes for which they are responsible. Finally, every week a business report is produced presenting sales figures for the week and a monthly total.

  These two departments use their respective expertise to assist the regional departments, preparing and distributing national work procedures and supervising the marketing departments, after-sales services Managers, technical department and regional construction departments. Outside firms are used for marketing office property;
- the reporting and periodic reviews of operations budgets: in residential Property, reports (including bookings and consolidated authenticated deeds, portfolio of projects subject to undertakings, monitoring of commitments to development projects) are sent on a monthly basis to the members of the Cogedim Executive Committee, the Corporate Finance Department, the Chairman of the Supervisory Board and the Management of Altarea. Concerning Business property, reviews are carried out and sent on a quarterly basis to Executive Management.

  In addition, as part of the budgetary process, all operating budgets are updated at least twice per year and at each milestone triggering Commitment Committee scrutiny (see above);
- building permit applications: for large projects or projects presenting specific difficulties, building permit applications are submitted to a specialised law firm, which participates in drafting the application or reviews the completed application.

Serviced Residences

Finally, under the Cogedim Club® brand, the Group is developing a serviced residences concept for seniors with a variety of "à la carte" services and attractive city centre locations. As of the end of 2018, 18 Cogedim Club® residences were in operation. The Group has chosen to manage the design and the development of these residences, as well as rentals during the buildings' operation. In addition to residences for seniors, the Group is also developing an extended range of Serviced Residences: student halls of residence, business tourism residences, exclusive residences, etc.

5.2.3 Liquidity risk and compliance with covenants

Risk factors

Altarea, of which Altareit and its subsidiaries are a part, finances some of its investments through fixed or floating-rate loans and through the capital markets. Altarea might not always have the desired access to capital markets or banking market. This situation could result from a crisis in the bond or equity markets, a serious deterioration in the property market, or any change in Altarea's businesses, financial position, or shareholder structure which affects investors' perception of the Group's credit quality or attractiveness as an investment. This type of event could also mean to obtain under favourable conditions.

Some of credit facilities agreed between Altarea and its banks are subject to early repayment clauses primarily linked to compliance with financial ratios or the occurrence of clearly identified events. Failure to meet these commitments or obligations could result either in default or potential default that would mainly early repayment of all or part of the outstanding amounts. This situation could produce an unfavourable impact on the Company's business and financial position, particularly its growth.

Risk control systems

As it funds its investments through debt or recourse to capital markets, the Company must continuously monitor the duration of its financing, the ongoing availability of credit lines and the diversification of resources. The budget process for cash management and projected cash flow analysis also provides a way to anticipate and hedge these risks.

Furthermore, compliance with the commitments and obligations granted to financial institutions under the terms of credit agreements is closely monitored by the Group, including bank[1].

5.2.4 Legal and regulatory risks

5.2.4.1 Risk of legal action for non-compliance with safety/employment law

Risk factors

The Altareit Group must comply with French law and international law through European regulations, in a wide range of fields. The Company must comply with the legal and regulatory provisions concerning town planning (local urban plans prepared by local councils and laws and regulations on administrative authorisations), construction (ten-year guarantees concerning the structure and a statutory guarantee for fittings) and the environment (concerning soil pollution in particular). In its capacity as the vendor of property products, the Altareit Group is subject to common law with regard to the selling to individuals: the seven-day cancellation right of buyers as specified in Article L. 271-1 of the Code de la construction et de l'habitation (Building and Housing Code), specific VEFA regulations, du droit de la consommation (Consumer Code) and the section relating to the protection of property buyers set out in the SRU Law.

Changes in the regulatory framework might oblige the Group to adapt its business or strategy which might result in a negative impact in terms of its results, or slow down or even prevent the development of some projects.

Within the normal context of its activities and against a backdrop of increasingly complex projects under development, the Group could be faced with contractual clauses that are unfavourable or that do not provide sufficient protection. It may also be involved in legal proceedings and be subjected to tax and administrative audits (see Section 2.3 "Notes to the consolidated financial statements – Note 10"). Each of these risks brings with it not only a financial risk, but also a risk for the Group's image.

Risk control systems

Due to the nature of their activities, the Company and its subsidiaries are subject to the risks of regulatory changes. They are therefore closely monitored by the Group's Legal Departments.

(1) Note 8 "Financial risk management" of this Universal Registration Document.

Property Legal Department

The Group Property Legal Department provides support for 1st stage development of projects and the acquisition of land for property projects (whether buying land directly or buying a land-owning company) and asset management. It also monitors compliance with current regulations as well as obtaining the permits necessary for the Group to conduct its business. These services mainly concern urban planning law (commercial operating permits, building permits), and construction and commercial lease laws, as well as, in general, all aspects of property law, intellectual property, consumer law and insurance.

The Group Property Legal Department also acts for Executive Management and the operational teams, upon request and as appropriate in conjunction with outside consultants, including for projects conducted through partnerships and for disposals. Operational managers also, in consultation with the Property Legal Department, regularly use the services of specialised law firms.

Corporate Legal Department

The Corporate Legal Department ensures that Altarea and its main subsidiaries comply with workplace legislation. It also ensures that Altarea and its subsidiary Altareit comply with the requirements associated with their status as listed companies. It provides assistance to the Group's operating personnel to define, create, and operate corporate structures or arrangements for operations, and negotiate corporate agreements with outside partners in relation with the DJI [Legal Department].

All the investments and mandates of Altarea Group are also managed using a software package for the holding companies and subsidiaries. This centralised system makes it possible to automatically establish the legal and tax scopes and to monitor compliance with the related regulations.

Finally, the Corporate Legal Department is in charge of setting up and monitoring delegations of authority.

5.2.4.2 Risk of legal action for non-compliance with safety/employment law

Risk factors

Given the context related to the increasing difficulty of finding compliant contractors suited to taking on complex projects, the Group, as project owner, could be held liable in the event of an accident.

Construction work indeed involves the potential exposure of site personnel to such risks.

Risk control systems

In order to avoid the risks of accidents, in particular on construction sites, and as a strict minimum limit the frequency of their occurrence and seriousness, numerous actions are conducted in particular by always calling on the services of parties specialised in safety (SPS and safety coordinators) and undertaking audits and random inspection visits on-site.

Furthermore, the Group ensures that it complies with its statutory obligations as project owner: monitoring the correct performance by the building contractors of their contractual obligations, verification of the thorough nature of the authorisation requests of sub-contractors and the correct updating of administrative documents.

5.2.4.3 Risks related to the protection of personal data

Risk factors

For business purposes, the Group, through its different entities, processes the personal data collected from third parties such as its customers, partners, prospects and/or its employees so that it can provide them with better services. Despite putting in place secure information systems, it is not possible to exclude the eventuality of (i) this data being altered or forwarded to third parties by mistake or by malevolence or (ii) the processing undertaken on personal data being the subject of a complaint made to the CNIL [French National Committee for Information Technology and Civil Liberties]. This might have a significant negative impact on the Group's image and an unfavourable impact on its results.

Risk control systems

The Group has noted the coming into effect of the European General Data Protection Regulation (GDPR) whose provisions have been applicable since 25 May 2018. It therefore appointed a Data Protection Officer who undertook a mapping of the personal data processed within the Group. He is also in charge of advising the teams and raising their awareness of the regulations and ensuring the compliance of processing undertaken by the Group through its different entities.

5.2.5 Social, environmental and governance risks

5.2.5.1 Security risks

Risk factors

Malicious acts targeting the Group's personnel, sites and assets, whether tangible or financial, or even its customers, constitute major risks for the Company's long-term business. Malicious acts can come in various forms, ranging from simple incivility to an act of terrorism, and including acts of delinquency. They could also include a simple incident that creates a considerable feeling of insecurity out of all proportion with the act itself.

Such events are likely to adversely affect the Group's financial capacity, damage its image, result in lost business or engage the responsibility of the Company towards its employees and customers.

Risk control systems

The Group Security Director manages security risks. The latter is in charge of the roll-out of an overall security policy based on an architecture (structure and scope of actions), tools and procedures, with the drawing up of a list of risks needing to be addressed in order of priority. Another priority is the control of risks related to Group infrastructure and premises by increasing access controls and video surveillance and deploying *ad hoc* procedures, or by strengthening the Group's crisis management capabilities (creating a crisis room and alert and crisis management procedures).

The Security Department is in permanent contact with the public authorities in order to monitor the constantly changing level of threat in real time. Tests and drills have been carried out in centres with a view to enhancing the systems and tailoring the Group's response to the potential developments of the threat. Similarly, this year the Group plans to conduct tests on the systems and procedures in force, in correlation with the optimisation of the crisis management procedure and the reinforcement of the business continuity plan. Lastly, the Security Department is entrusted with taking measures to ensure the safety and security of the future Head Office of the Group, from the point of view of issuing recommendations concerning the technical installations of the building, the definition of procedures and the future security service.

5.2.5.2 Risks related to the Group's information systems

Risk factors

As the Group is currently undergoing a major phase of digitisation, the performance and reliability of its information systems have become major factors in the way it conducts its business. As a result, Altarea could be affected by events (accidents, service failures) outside its control that may lead to interruptions in its data flows or issues affecting its activities.

Furthermore, as the data processed on a daily basis are very often confidential and might even be strategic, the Group could also be confronted by criminal cyber-attacks targeting the integrity, availability and/or confidentiality of this data. Altareit could be exposed to a risk of involving liability and damage to its image.

Risk control systems

The management of IT system risks in the Group is the responsibility of the Information System Security Manager (ISSM). The missions of the Information System Security Manager (ISSM) are:

- to monitor compliance with the security policy that meets the Group's needs (ISSP);
- to develop a security culture within the Company through raising employee awareness and an e-learning module;
- to ensure that security is taken into account early on in projects by accompanying the business application managers from the design phase onwards;
- to implement best practices and procedures for managing users and business line applications, as defined in conjunction with the business line managers.

Within the systems, data is backed up on a daily, weekly and monthly basis, so that they can be recovered if necessary. The Group's ability to recover from a computing disaster will be overhauled during the course of 2019 as part of an overall strengthening of the Business Continuity Plan.

This recovery strategy will be defined in accordance with the guidelines adopted within the framework of two connected projects planned for 2020:

- strategy for overhauling the system hosting platform;
- review of back-up tools.

At the same time, the Group Information Systems Department brought the function of Operational Security Manager (OSM) who works closely with the ISSM. His role is to implement the ISSP and monitor and supervise the various aspects of IS security, while contributing to raising the awareness and training employees on the challenges of information systems security.

A procedure for managing cyber incident alerts enables events to be dealt with in real time based on their severity.

Moreover, determined to enhance system security, the Group Information Systems Department regularly commissions security audits including internal and external intrusion tests for the whole scope. The results of these audits give rise, depending on the criticality of the vulnerabilities they reveal, to obligations to take corrective action through the creation of remedial plans or security recommendations. These remediation plans are monitored on a monthly basis. Lastly, the Group took out an insurance policy in 2017 to cover its cyber risks.

5.2.5.3 Social risks

Risk factors

The Group's ambitious goals are partly dependent on its personnel. If Altareit were no longer able to recruit and retain the best talents and, over time, capitalise on the effectiveness of its employees, it could have a negative impact on its business and earnings.

The strong growth of the Altareit headcount exposes the Group to challenges concerning the induction and training of new recruits. The new recruits are from very varied backgrounds. It is therefore necessary to assist each individual to rapidly assimilate not only the specific requirements, regulations and constraints applicable to the real estate business, but also to share what makes our Company original, and its strategic priorities, objectives and corporate culture.

Risk control systems

The Altarea Group, of which Altareit is a subsidiary, is implementing, through different action plans, a human resources policy enabling it to address the following social risks:

- in terms of recruitment: diversification of hiring sources and recruiting techniques, the involvement and coordination in the recruiting process of both Managers and HR teams, combined with the promotion of internal mobility (110 employees moved within the Company and 102 were promoted in 2019) allowing the Group to satisfy its personnel needs. 349 employees were hired, including 349 on open-ended contracts, to meet the needs of each business line. This shows the importance the Group puts on career development;
- in terms of induction: induction is one of the most important aspects of HR policy. A formal induction interview and a Group seminar held within three months of the new employee's arrival are now essential steps to ensure the successful induction of new employees into jobs within the Group. This seminar involves numerous in-house speakers and members of the Executive Committee who are keen to explain and share their vision of the business. A version dedicated specifically to work-study students and a seminar designed for employees with more than 2 years service have also been put in place. Since this challenge is shared by everyone, a "manager's kit" was also created and made available to all managers. Other supports of this type were developed internally for tutor communities, work-study students and interns;
- in terms of training: the Group is developing a proactive training Policy through a Talent Development Academy and business based activities focusing on a plan to develop strategic skills defined on the basis of the challenges of each business line. The Group continues to invest in training in order to fund some major initiatives such as our management courses and programmes devoted to customer satisfaction, but also to assist young people with a constantly growing number of vocational training contracts;
- with regard to developing employee loyalty: the Group's salary policy put in place four years ago along with the "Tous en Actions!" scheme today enables the Group to deploy a performance recognition system enabling employees to develop their own significant personal assets. Moreover, the "Altawellness" offer is proposed for Group employees enabling each employee to access platforms concerning wellness in the workplace;
- in terms of employee dialogue: the quality of social dialogue is maintained and formally documented by employee representative bodies, which play a vital role in transmitting and exchanging information. The unions are also kept informed and consulted on a regular basis about the Group's major projects that affect the working conditions of employees;
- information is also available on a daily basis: magazines, intranet, internal conferences, and committees involving the leading Managers in the Group, are the principal channels of communication.

5.2.5.4 Risk of dependency on key people

Risk factors

Certain key roles are played by senior managers whose departure could impact the Group. It is impossible to guarantee that the Group will be able to retain these senior managers and some of them may, moreover, invoke the right to retire which could have a negative impact on the business.

Risk control systems

The Group's HR policy and the formalisation and monitoring of a succession plan for these key positions enables the Group to protect itself in a significant manner with regard to this dependency risk.

5.2.5.5 Image risk

Risk factors

The increasing use of social media multiplies the risk of exposure to criticism and/or negative messages and accelerates their circulation. The Group may therefore be faced with situations or events whose impact might prove harmful to its reputation and image with regard to its stakeholders.

Risk control systems

As a preventive measure, a Guide to the good use of social media at work has been prepared and circulated to Group employees.

Furthermore, monitoring, detection and reaction systems, in particular the introduction of tools made available to employees, enables the Group to anticipate and manage the risks related to its reputation and image:

- monitoring social media through community managers;
- daily monitoring of disputes, claims and complaints with an assessment of the reputation impact;
- the existence of a crisis communication plan and related training for senior managers;
- conducting annual customer satisfaction surveys in particular within the Residential business line.

5.3 Insurance

5.3.1 General policy for insurance coverage

The goal of the Altarea Group policy concerning insurance, and consequently, the Altareit Group, is to protect its assets and employees. The Property Legal and Risk Management Department, supported by Internal Control, has the following key missions:

- the coordination of insurance programmes for the French Group structure of consolidated operations, in collaboration with local teams and insurance brokers;
- the identification and measurement of insurable risks;
- the monitoring and implementation of insurance coverage;
- the coordination of actions with Group insurance brokers, although claims management remains the responsibility of each business segment.

The Group relies on the assistance of brokers specialised in risk management specific to each activity. It works only with reputable insurance companies.

5.3.2 Summary of insurance coverage

The following guarantees have been updated and correspond to the principal insurance policies taken out by the Altarea Group for the benefit of Altareit for the financial year 2019. These policies were valid at the time of publishing this report. However, these policies should not be considered as permanent, because of evolving risks and activities to be covered, loss history, and Group decisions to adjust its coverage. The Group considers that these guarantees take into account the nature of the risks incurred by Altarea and its subsidiaries, and that they are proportionate to the capacity of current offers on the insurance market for corporate structures of similar size and activities.

For the financial year 2019, the overall budget for the Altarea Group's main insurance policies (excluding social coverage, Spain and Italy, but including construction insurance) was estimated at over €20 million.

- **Properties under construction:** Altarea has "Construction Damages" (dommage ouvrage) and "Comprehensive Worksite Risks" (tous risques chantier) insurance policies with AXA and MMA. The Group has framework agreements for "construction damages" and all "worksite risks" for all construction sites that do not exceed a certain size.
- **Land or offices acquired awaiting work to begin on construction sites:** since 1 January 2014, the Altarea Group has taken out, as part of a comprehensive damages policy provided by Chubb, an insurance policy covering ownership of a property which is unoccupied.
- **Professional liability insurance:** Altarea and its subsidiaries hold professional liability insurance policies with various insurance firms, including GENERALI and MMA.
- **Miscellaneous insurance policies:** other insurance covers various rented offices, automobile fleets, computer equipment and 10 year builder liability. Finally, AXA provides a "senior executive and corporate officer civil liability" insurance policy, and CHUBB provides a "cyber policy".

6

CORPORATE GOVERNANCE

6.1 Framework of the report and Reference Code

This report on Corporate Governance has been prepared by the Supervisory Board with the assistance of the Group Finance Department, which contributed to writing it. It was adopted by the Board at its meeting on 2 March 2020.

In 2009, the Company chose the MiddleNext corporate governance Code (the "MiddleNext" Code) as its Code of reference. At its meeting on 21 February 2017, the Supervisory Board once again observed and noted the elements presented in the "vigilance points" section of the MiddleNext Code in its updated version of September 2016. It applies the recommendations of the said Code, provided they are appropriate to its legal status as a *société en commandite par actions* (partnership limited by shares).

Because the Company is a partnership limited by shares, it is overseen by Management and not by a collegiate body, Management Board or Board of Directors. The financial statements are prepared by the Management, not by a collegiate body. The Supervisory Board is responsible for overseeing the Company's management on a continual basis, but is not involved in this management.

Article 17.1 of the Company's Articles of Association states that the Supervisory Board has the right to be provided with the same documents by the Managers as those made available to the Statutory Auditors.

The recommendations of the MiddleNext Code, which the Company has not been able to implement, specifically because of its legal form, the existence of an internal control function and an Audit Committee within its reference shareholder, Altarea, are the absence of an Audit Committee and the fact that the Board met less than 4 times in 2019 (see below Section 6.2.3.2).

6.2 Composition and practices of the administrative, management and supervisory bodies

Altarea is a French partnership limited by shares.

It comprises two categories of partners:

- a general partner, indefinitely responsible for social debts to third parties;
- limited partners who are in the same position as the shareholders of a public limited company: their shares may be traded under the same conditions and their liability is limited to the amount of their contribution.

It is run by Management while the Supervisory Board is responsible for ongoing control over the Company's management.

6.2.1 Management

Composition

The sole Manager of the Company is Altafi 2. The Chairman of Altafi 2 is Alain Taravella, Chairman and Founder of the Altarea Group to which the Company belongs. Jacques Ehrmann, Manager of Altarea Management, a wholly-owned subsidiary of Altarea, was appointed General Manager of Altafi 2 with effect from 1 July 2019.

Altafi 2

Manager

Altafi 2 is a simplified joint stock company (société par actions simplifiée unipersonnelle), with its head office in Paris (75008) – 8, avenue Delcassé, registered in the Paris Trade and Companies Register under the number 501 290 506, wholly owned by AltaGroupe, itself controlled by Alain Taravella.

The Chairman of Altafi 2 is Alain Taravella, Chairman and Founder of the Altarea Group. Jacques Ehrmann, Manager of Altarea Management, a wholly-owned subsidiary of Altarea, was appointed General Manager of Altafi 2 with effect from 1 July 2019. The sons of Alain Taravella, Gautier and Matthieu Taravella, are also General Managers of Altafi 2 since 21 February 2019.

Altafi 2 was appointed Manager of the Company by decision of the partners on 21 December 2011, taking effect from 2 January 2012, for a period of ten years in accordance with Article 13.7 of the Articles of Association. Altafi 2 does not directly hold any shares in the Company.

Altafi 2 has been Co-Manager of Altarea since 21 December 2011, of which it is the sole General Partner. Since 25 September 2019, it has also been the Manager and sole General Partner of NR21, a listed subsidiary of Altarea.

Alain Taravella

Chairman of Altafi 2

He is a French citizen, born in Falaise (Calvados) in 1948. He is a graduate of HEC (École des Hautes Études Commerciales). From 1975 to 1994, Alain Taravella held various positions within the Pierre & Vacances Group, of where he was appointed Chief Executive Officer in 1985. In 1994, he founded the Altarea Group, which he has managed since. Appointed Co-Manager of Altarea on 26 June 2007 during the transformation into a partnership limited by shares, he was reappointed in these offices in 2017 for a new term of 10 years. Alain Taravella is a Chevalier de la Légion d'Honneur.

Jacques Ehrmann

Managing Director of Altafi 2

A French national, Jacques Ehrmann was born in 1960. He graduated from HEC and began his career with the Société des Hôtels Méridien of which he was the Secretary General in 1989. He then successively joined the General Management of Euro Disney (1995-1997) and Club Méditerranée (1997-2002). He joined the Casino group in 2003 as Managing Director of property and development activities, where he led the creation of Mercialys and Green Yellow and was its Chairman and CEO for 7 years. In 2013, Jacques Ehrmann joined the General Management of the Carrefour group as Executive Director in charge of Heritage, International Development and Innovation. In April 2014, he added to this office that of Chairman and Chief Executive Officer of Carmila, property SIIC for shopping centres. In July 2019, Jacques Ehrmann joined the Altarea Group as Manager of Altarea Management, a wholly-owned subsidiary of Altarea. He is also Chairman of the French National Council of Shopping Centres (Conseil National des Centres Commerciaux - CNCC).

List of corporate offices held at 31 December 2019

Directors	Corporate offices held at 31 December 2019 – Within the Group	Corporate offices held at 31 December 2019 – Outside the Group	Corporate offices expired over the last 5 years
Altafi 2 Manager	■ Manager of SCA: Altareit ♦■ (2) ■ General Partner of SCA: Altarea ♦■ (1); NR21 ♦■	None	None
Alain Taravella Chairman of Altafi 2	■ Manager of SCA: Altarea ♦■ (1) ■ Chairman of the Supervisory Board: Cogedim SAS ♦ (1); Altarea France SNC ♦; ■ Chairman: Foncière Altarea SAS ♦; ■ Director: Pitch Promotion SAS ♦; ■ Censor of the Supervisory Board: Woodeum SAS ♦; ■ Altarea representative, Altafi 2 representative, manager: Altarea ♦■ (1); NR21 ♦■; Altareit ♦■ (2)	■ Chairman: Altafi 2 ; Altafi 3; Atlas; Altafi 5; Altafi 6; Altager; AltaGroupe (Chairman of Alta Patrimoine and Manager of SCI Sainte Anne); ■ Permanent Representative of Altarea, Director: Semmaris; ■ Representative of Alta Patrimoine, manager: SNC ATI; SCI Matignon Toulon Grand Ciel; SNC Altarea Commerce	■ Chairman: Alta Patrimoine; ■ Manager: Altarea Cogedim Entreprise Holding ♦; ■ Director: Alta Blue ♦; Boursorama ■; Pitch Promotion SA ♦; Altarea España ♦•; ■ Representative of Altarea, Chairman: Alta Delcassé ♦; Alta Rungis ♦
Jacques Ehrmann General Manager of Altafi 2	■ Manager: Altarea Management SNC ♦ ■ General Manager of Altafi 2, manager: Altarea ♦■ (1); NR21 ♦■; Altareit ♦■ (2)	■ General Manager: Altafi 2 ■ Member of the Management Board: Frojal (SA) ■ Chairman: Tamlet (SAS); CNCC: Conseil National des Centres Commerciaux, the French council of shopping centres. ■ Director: Edmond de Rothschild S.A. ■ Supervisory Board member: Edmond de Rothschild (France) ■ Co-manager: Jakerevo (SCI) and Testa (SC)	■ Chairman and CEO and member of the Strategy and Investment Committee: Carmila■ ■ Chairman and CEO: Carmila SAS ■ Director: Atacadao SA• (Brazil); Carrefour Property España• (Spain); Carrefour SA• (Turkey) ■ Chairman of the Board of Directors: Carrefour Property Italia• (Italy) ■ Member of the Management Committee and the Appointments Committee: Adialéa (SAS) ■ Member of the Strategy Committee, of the Human Resources Committee and Chairman of the Audit Committee: Atacadao SA• (Brazil) ■ Supervisory Board member: Frojal (SA)

♦ Group company ■ listed company • foreign company.

(1) Altarea is notably the manager of Foncière Altarea Montparnasse♦, Chairman of Alta Blue♦ (Chairman of Aldeta♦) from Alta Développement Italy♦ and Alta Mir♦; and co-manager of foreign companies: Alta Spain Archibald BV♦•, Alta Spain Castellana BV♦•, Altalux Spain♦• and Altalux Italy♦•

(2) Altareit is a member of the Cogedim Supervisory Board♦ and Chairman of Alta Faubourg♦, Alta Penthièvre♦, Alta Percier♦ and Alta Concorde♦.

Alain Taravella and Jacques Ehrmann's ownership of the Company's capital and voting rights as of 31 December 2019 is set out in Section 7.3.1 above.

Appointment and termination of office (Article 13 of the Articles of Association)

Altareit is managed and administered by one or more Managers, who may or may not be General Partners. The Manager can be a natural person or legal entity.

The age limit for Managers who are natural persons is 75. If one of the Managers is a legal entity, the number of its corporate officers that are natural persons aged above 75 May not exceed a third of all directors.

The term of office of Managers is ten years, and may be renewed.

Any Manager wishing to resign must advise the other Managers, the General Partners and the Supervisory Board by registered letter with proof of receipt, at least three months before the date on which the resignation is to take effect, unless otherwise agreed by the General Partners.

Upon expiry of a Manager's term of office, the other Manager or Managers shall remain in office without prejudice to the General Partners' right to appoint a replacement Manager or to renew the term of office of the outgoing Manager.

Upon expiry of the sole Manager's term of office, one or more new Managers shall be appointed or the term of office of the sole Manager shall be renewed. Pending such appointment or appointments, the Company shall be managed by the General Partners who may then delegate any powers necessary for the management of the Company's affairs until the new Manager or Managers are appointed.

Managers may be removed from office without reason by an unanimous decision of the General Partners. If the Manager is also a General Partner, such a decision may be taken by a unanimous decision of the other General Partners; each Manager may also be removed from office under the conditions provided by law, following a legal action, and pursuant to a final judicial decision not open to appeal that establishes a legitimate reason for removal.

If the Manager is also a General Partner, the loss of General Partner status will automatically result in removal from office as Manager, as of right.

Managers who lose their status as Managers shall be entitled, in full and final settlement of any claims, to payment by the Company of the compensation on a *prorata* basis until the date of loss of such status, together with reimbursement of expenses of any kind to which they are entitled.

During the lifetime of the Company, any new Manager shall be appointed unanimously by the General Partners, without requiring the approval or recommendation of the Supervisory Board or of the collective body of Shareholders.

Powers (Article 13 of the Articles of Association)

The Manager, or if there are several Managers, each of them has the broadest powers to act in any circumstances on behalf of the Company, within the limits of the corporate purpose and subject to any powers expressly conferred on the collective body of Shareholders or on the Supervisory Board, whether by law or by these Articles of Association.

In accordance with the law, each Manager may authorise and grant any guarantees and other sureties that they consider reasonable, on behalf of the Company.

Each Manager may delegate a part of their powers to one or more persons whether or not employed by the Company and whether or not having a contractual relationship with the Company. Such delegated powers shall not in any way affect the Managers' duties and responsibilities as regards the exercise of such powers.

The Manager(s) shall have a duty of care in running the Company's affairs.

6.2.2 General partner

Identity

The Altafi 3 company is a simplified joint-stock company (*société par actions simplifiée*) with its registered office at 8, avenue Delcassé in the 8th Arrondissement of Paris, registered in the Paris Trade and Companies Register under the number 503 374 464, the share capital of €38,000 of which is held in totality by AltaGroupe, itself controlled by Alain Taravella. Alain Taravella is the Chairman of Altafi 3.

Altafi 3 was appointed as General Partner of the Company by the General Combined Shareholders' Meeting of 2 June 2008 without any limit on duration. It does not hold any other office at 31 December 2019. It was a member of the Supervisory Board from 2009 to 2014 and did not hold any other office during the last five years.

Altafi 3 does not directly hold any shares in the Company.

Appointment and termination of office (Article 21 of the Articles of Association)

General Partners are appointed by Extraordinary General Meetings upon the unanimous proposal of the General Partner or Partners.

In the event of the death or incapacity of a General Partner who is a natural person, or in the event of loss of General Partner status for any other reason, the Company shall not be dissolved but shall continue with the remaining General Partners. This shall also be the case in the event of the liquidation of a corporate General Partner.

6.2.3 Supervisory Board

6.2.3.1 Composition

Composition at 31 December 2019

Name	Age	Gender	First appointed	Latest renewal	Expiration of term[(a)]	Independent	Compensation Committee	Attendance[(b)]
Christian de Gournay *Chairman of the Board*	67	M	07/05/2014	-	2020		-	At 100%
Éliane Frémeaux *Independent member*	78	F	26/02/2019	-	2021	√	-	At 100%
Jacques Nicolet *Member of the Board*	63	M	02/06/2008	07/05/2014	2019		Chairman	At 100%
Léonore Reviron *Member of the Board*	34	F	26/02/2019	-	2021		-	At 100%
Dominique Rongier *Independent member*	74	M	26/06/2009	05/06/2015	2021	√	Member	At 100%

(a) Year of the Ordinary General Shareholders' Meeting
(b) Attendance rate at the meetings of the Supervisory Board and its committees in the 2019 financial year.

At 31 December 2019, the Supervisory Board had no members representing employees and no other members than those listed above. The Supervisory Board of its major shareholder, Altarea, includes two employees representing the employees of the Altarea Group, to which the Company belongs.

No changes occurred to the composition of the Supervisory Board since 31 December.

Changes since 1 January 2019

Date	Name	Event
26/02/2019	Altarea	Resignation
26/02/2019	Alta Patrimoine	Resignation
26/02/2019	Léonore Reviron	Cooptation by the Supervisory Board in the place of Altarea
26/02/2019	Éliane Frémeaux	Cooptation by the Supervisory Board in the place of Alta Patrimoine

The co-opting of Léonore Reviron and Éliane Frémeaux as new members of the Supervisory Board has been ratified by the Ordinary General Shareholders' Meeting held on 23 May 2019.

The terms of office as members of the Supervisory Board of Christian de Gournay and Jacques Nicolet will expire at the end of the General Shareholders' Meeting to be held on 19 May 2020. It will be proposed to this meeting to renew their terms of office for a further period of six financial years.

Representation of men and women

The Supervisory Board has five members: two women and three men representing respectively 40% and 60% of the members.

Average age of the members

At the date of this document, the average age of Board members was 63.

Independent members

Having observed and taken note of the revised version dated September 2016 of the MiddleNext Codes, on 21 February 2017 the Board adopted the new definition of independence put forward by the said Code, which is characterised by the absence of any significant financial, contractual, familial or close relationship likely to adversely affect the independence of its judgement, that is:

- not having been, over the last five years, and not currently being an employee or executive corporate officer of the Company or any company in its group;
- not having been, over the last two years, and not currently being in a significant business relationship with the Company or its group (customer, supplier, competitor, service provider, creditor, banker, etc.);
- not being a reference shareholder of the Company or holding a significant percentage of the voting rights;
- not having any close relationship or close family ties with a corporate officer or a reference shareholder;
- not having been a Statutory Auditor of the Company during the last six (6) years.

Since its meeting on 7 March 2011, the Supervisory Board examines the position of each Board member annually with regard to the MiddleNext Code independence criteria. During its review of the criteria for the independence of its members at its meeting held on 2 March 2020, the Supervisory Board noted that Dominique Rongier and Éliane Frémeaux met the independence criteria put forward by the MiddleNext Code on that date. As a result, the Company complies with the recommendation of the MiddleNext Code, since the Board has at least two independent directors.

It is made clear that on the date of this document, more than one-third of the Supervisory Board of Altarea, the parent company of the Company, is composed of independent members, and that investments made by the Company and its subsidiaries are reviewed by Altarea's Supervisory Board, directly or through its Investment Committee or the Chairman of said committee according to the size of the transaction.

The Supervisory Board believes that its composition is satisfactory and balanced in terms of expertise and skills, age, gender equality and the presence of independent members, particularly with regard to its position as a company 99.85% controlled by Altarea. It has set itself the objective of remaining as such by proposing to the next General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2019 to renew the terms of office as members of the Supervisory Board of Christian de Gournay and Jacques Nicolet as they reach expiry. The Company's policy regarding gender equality is discussed under sub-section 4.4.2, above. It should be noted that in terms of gender equality in the jobs with the most responsibility, the percentage of women in the Altarea Group, to which the Company and its subsidiaries belong, on the Management Committee was 28.0% in 2019 (stable compared to 2018 at 28.1%), and 22.6% on the expanded Executive Committee (up by 4 points compared to 2018 at 18.7%).

Presentation of Board members

Christian de Gournay

Chairman of the Supervisory Board

Born in 1952 in Boulogne (92)
a French national
Business address: 10, avenue Delcassé in Paris 8th Arrondissement

A graduate of the French École des Hautes Études Commerciales and École Nationale d'Administration, Christian de Gournay began his career at the French Council of State in 1978, and later worked for Indosuez Bank as Director of Treasury and Bond Markets. In 1994, he became Senior Executive Vice-President of AGF, where he was in charge of managing Group financial and property assets, as well as banking and financial activities. He joined Cogedim in 2002 as Vice-Chairman of the Management Board. Christian de Gournay served as Chairman of the Management Board of Cogedim from 2003 to 2014, until his appointment as Chairman of the Supervisory Boards of Altarea and Altareit became effective.

Number of Altareit shares held on 31/12/19: 1

Other corporate offices held at 31 December 2019

- Chairman of the Supervisory Board of SCA: Altarea♦■ NR21♦■
- Manager : SCI Schaeffer-Erard
- Director: Opus Investment BV•

Corporate offices expired over the last 5 years:

- Manager: Cogedim Valorisation♦

Léonore Reviron

Supervisory Board member

Born in 1985 in Meudon (92)
a French national
Business address: 10, avenue Delcassé in Paris 8th Arrondissement

Léonore Reviron is a graduate of the EDHEC Business School, and successively held the positions of financial auditor at Ernst & Young (2008-2011), Corporate Financial Analyst (2011-2013) and then Financial Risk Manager (2014-2015) at a listed property group.

Number of Altareit shares held on 31/12/2019: 1

Other corporate offices held at 31/12/2019

- Supervisory Board member of SCA: Altarea♦■; NR21♦■

Corporate offices expired over the last 5 years:

- Permanent Representative of Alta Patrimoine, Supervisory Board Member of Altareit♦■
- Permanent Representative of ATI, Supervisory Board member of Altarea♦■

Jacques Nicolet

Supervisory Board member

Born in 1956 in Monaco
a French national
Business address: 3, rue Bellanger in Levallois-Perret (92309)

From 1984 to 1994, Jacques Nicolet served successively as Programme Director, Development Director and Senior Executive Vice-President of the Pierre & Vacances Group. In 1994, he co-founded the Altarea Group, of which he has successively been Senior Executive Vice-President and, since its transformation into a partnership limited by shares, Chairman of the Supervisory Board until 2014.

Number of Altareit shares held on 31/12/2019: 1

Other corporate offices held at 31 December 2019

Other corporate offices in the Group:

- Supervisory Board member of SCA: Altarea♦■; NR21♦■

Corporate offices outside the Group:

- Chairman of SAS: Everspeed; Ligier Automotive; Damejane Investissements; Ecodime
- Chief Executive Officer: SAS Circuit du Maine
- Manager: SCI Damejane; SNC JN Participations
- Representative of Everspeed, Chairman: SAS Immobilière Damejane; SAS Everspeed Asset (Manager of SCI Innovatech and SCI Les Fleurs); SAS Oak Invest; SAS Everspeed Composites; SAS Everspeed Media; SAS Shootshareshow; SAS DPPI Media; SAS DPPI Production; SAS Onroak Automotive Classic and SAS Proj 2018
- Representative of Everspeed, Chairman and Director of: SAS Everspeed Composites
- Representative of Everspeed, Chief Executive Officer: SAS AOT Tech and SAS Les 2 Arbres;
- Representative of Everspeed, Manager of SCI Immotech
- Chairman and/or Director of foreign companies: Everspeed Connection•; HP Composites Spa•; Carbon Mind Srl•
- Representative of Everspeed, Chairman of the foreign company: Ecodime Italia Srl•

Corporate offices expired over the last 5 years:

- Supervisory Board member: Altarea France SNC♦; Cogedim SAS♦
- Permanent Representative of Alta Rungis♦, Director: Semmaris
- Manager: SCI 14, rue des Saussaies
- Chairman and/or Director of foreign companies: HPC Holding•; Altarea España♦•
- Representative of Everspeed Motorsport, Chairman: SAS Oak Racing
- Representative of Everspeed, Chairman of: SAS Onroak Automotive; SAS Sodemo; SAS Ecodime; SAS Everspeed Learning; SAS Ecodime Academy; SAS Oak Invest; SAS HP Composites France; SAS Everspeed Technology; SAS Onroak Collection and SAS Proj 2017.
- Permanent Representative of Ecodime, Chairman: Mind Values

Éliane Frémeaux

Supervisory Board member

Born 8 September 1941 in Paris (15th Arrondissement)
a French national
Business address: 10, avenue Delcassé in Paris 8th Arrondissement

Éliane Frémeaux was a partner in the Notary firm of SCP Thibierge & Associés until 18 October 2012. A Chevalier of the French Legion of Honour, Éliane Frémeaux is a member of the Legal Studies Institute of the Conseil Supérieur du Notariat. She was a member of the Commission relating to Co-ownership in representation of the Superior Council of Notaries to the Chancellery, of the Commission for Polluted Sites and Soils attached to the Superior Council for Classified Installations. She is a member of honour of the Circle of Women Real Estate Professionals (Cercle des Femmes de l'Immobilier) and a member of the association René Capitant des Amis de la Culture Juridique Française (René Capitant Association of Friends of French Legal Culture). Éliane Frémeaux is a regular participant in many seminars and conferences in France and abroad, primarily on topics related to corporate law, credit issues, finance leases, joint ownership, public domain, taxation and business and estate transfer, as well as the environment.

Number of Altareit shares held on 31/12/2019: 1

Other corporate offices held at 31/12/2019

- Co-Manager: SCI Palatin
- Supervisory Board member of SCA: Altarea♦■; NR21♦■

Corporate offices expired within the past five years: None

Dominique Rongier

Supervisory Board member

Born in Paris (75016) in 1945
a French national
Address: 25, rue du Four in Paris 6th Arrondissement

Dominique Rongier graduated from HEC in 1967, and successively held the positions of auditor at Arthur Andersen (1969-1976); Chief Financial Officer of Pierre & Vacances (1976-1983); Chief Financial Officer of the Group Brossette SA (1983-1987). In 1987 he devised and set up a holding structure for the Carrefour group and became Secretary General of Bélier, a member of the Havas-Eurocom network from 1988 to 1990, then Chief Financial Officer of the Oros Communication holding company from 1991 to 1993, which controls the majority holdings in the communication sector. Since September 1993, Dominique Rongier has been an independent consultant with DBLP & Associés SARL, of which he is Manager and majority shareholder. In the interim, he was acting Chief Executive Officer of the DMB & B France Group (French subsidiaries of the US advertising group D'Arcy) for more than two years. His main activity is strategic and financial management consultancy. Until 31 March 2009, he was Chairman of a software publishing company specialising in sports and health.

Number of Altareit shares held on 31/12/2018: 10

Other corporate offices held at 31/12/2019

- Supervisory Board member of SCA: Altarea♦■; NR21♦■

Corporate offices expired within the past five years

- Manager: DBLP & Associés
- Director: SA Search Partners

6.2.3.2 Working methods, preparation and organisation of the Board's work

Missions and responsibilities

Article 17 of the Company's Articles of Association defines the powers of the Supervisory Board.

Thus, the Supervisory Board is responsible for overseeing the Company's management on a continual basis. It sets out the appropriation of earnings, dividend distributions, and dividend payment procedure (cash or scrip) to be proposed to the General Meeting.

If the Company no longer has a Manager or a General Partner, the Supervisory Board has the power to appoint the Manager on a temporary basis. It submits a list of nominees to the General Meeting for the appointment of new Statutory Auditors. It appoints an appraiser for the Company's property portfolio, renews or terminates the appraiser's term of office. In the latter case, it provides for the appraiser's replacement.

In accordance with the law, the Supervisory Board prepares a report for the Ordinary General Shareholders' Meeting convened to approve the Company's financial statements: the report is made available to the shareholders at the same time as the management report and the financial statements for the period. The Supervisory Board draws up a report describing any proposed capital increase or reduction and submits it to the Shareholders.

He also has an important role in terms of compensation for corporate bodies:

- he is consulted by the General Partner(s) on the management compensation policy;
- he determines the compensation policy for Board members;
- he determines the elements of compensation for management and Board members.

For the exercise of these prerogatives, he firstly consults the Compensation Committee established by it.

The Supervisory Board can call an Ordinary or Extraordinary General Meeting according to the procedures set forth by French law, if the Board deems necessary and after informing the Managers in writing.

Notice of Meeting

The Company's Articles of Association provide that Board members be invited to meetings *via* simple letter or by any means of electronic communication. The Supervisory Board can meet by any means as soon as all members are present or represented. Supervisory Board meetings can be called by the Board Chairman, at least half of the Board members, or any Manager or General Partner. The Board members must be notified at least one week before the Meeting date, except under emergency circumstances.

♦ *Group company* ■ *listed company* • *foreign company.*

Information

In accordance with French law, the Supervisory Board has the right to be provided with the same documents by the Managers as those made available to the Statutory Auditors.

Meeting location – Management attendance

Meetings take place at the Company's registered office located at 8, avenue Delcassé in Paris (75008).

Management is invited to Board meetings to answer questions from the Supervisory Board, so that the Board can exercise continuous oversight of the Company's management. In particular, Management presents the Company's financial statements and gives a business review.

Management answers any questions that the members deem appropriate to ask. These questions may or may not be included on the agenda. Management does not participate in deliberations and cannot vote on decisions taken by the Board or on opinions it issues.

Supervisory Board members can discuss matters freely amongst themselves on a regular formal or informal basis, without the presence of Management.

The attendance of at least half of the Supervisory Board's members is required for it to be quorate. Decisions are made by a majority of the members present or represented and able to take part in the vote. A member present may only represent one absent member and may do so only upon presenting a valid proxy. In the event of a tie, the Chairman has the deciding vote.

Minutes of the meetings

The minutes of meetings of the Supervisory Board are recorded in a special register and signed by the Meeting Chairman and Secretary, or by a majority of Board members present.

Rules of Procedure

The Supervisory Board, at its meeting on 5 March 2014, decided to avail itself of specific Rules of Procedure, which includes ethics, thereby complying with the MiddleNext Code recommendations to which the Company refers. These rules of procedure, updated at the meeting on 21 February 2017 to reflect the new version of the MiddleNext Code dated September 2016, recalls the composition rules of the Board in line with the provisions of Article 15 of the Company's Articles of Association; it defines the independence criteria of Board members in line with the recommendations of the MiddleNext Code to which the Company refers (see Section 6.2.3.1 above); it recalls the duties of Board members, such as compliance with the laws, regulations and the Company's Articles of Association, the rules relating to respecting social interest, loyalty, competition and confidentiality. The Rules of Procedure also indicate the Board's missions, its functioning, the arrangements for participation in meetings as well as the rules for quorum and majority relating to decisions, arrangements for allocation of directors' attendance fees (see Section 6.3.3.2, above). It defines the rules for constituting specialist committees and their operating arrangements (see Section 6.2.3.2 below).

Supervisory Board meetings and work in 2019

In 2019, the Supervisory Board met twice to review the annual and half-yearly financial statements. This was considered a sufficient frequency by the Board in its annual assessment, in view of the missions assigned to it in a partnership limited by shares. The Board considers that the frequency and duration of Board meetings allow for an in-depth examination and discussion of matters falling within its competence, which differs significantly from that of a Board of Directors or Supervisory Board of public limited companies.

In addition, any significant investments made by the Company and its subsidiaries are examined by the Supervisory Board of Altarea, either directly or by its Investment Committee or the chairman of that committee depending on the size of the transaction, a role which is outside the scope of a partnership limited by shares as the French Commercial Code accords it no such authority.

The attendance rate was 100% in 2019.

During these meetings, the Board primarily discussed the following topics:

- meeting of 26 February 2019:

  Management report on the financial year 2018; Review of draft corporate and consolidated financial statements for 2018; Allocation of the result proposed to the meeting; Review of the agenda and the text of the draft resolutions to be submitted to the Combined General Shareholders' Meeting; Preparation of the Supervisory Board report, to be made available to the Annual General Shareholders' Meeting; Annual review of the operation and preparation of the work of the Board; Review of the independence criteria of members of the Board and of the Compensation Committee; Allocation of Directors' attendance fees; Vigilance points of the MiddleNext Code; Approval of the Chairman of the Supervisory Board's report on internal control; Annual deliberation on the Company's policy in terms of professional and salary equality; Review of the social and environment report. Review of forecast management documents. Examination of regulated agreements;
- meeting of 1 August 2019:

  Review of the half-yearly financial statements for the half-year ended 30 June 2019, the half-yearly management report and the management planning documents.

Specialist committees

Article 18 of the Articles of Association allows the Supervisory Board to delegate tasks to specialist committees, apart from any powers that French law explicitly assigns to the Supervisory Boards of SCAs (*sociétés en commandite par actions*).

Audit Committee

By virtue of the provisions of Article L. 823-20 1° of the French Commercial Code, the Company, as an entity controlled according to the terms of Article L. 233-16 of the French Commercial Code by a company (Altarea) that is itself subject to the provisions of Article L. 823-19 of the French Commercial Code, is exempted from the obligation to constitute an Audit Committee.

Investment Committee

The Supervisory Board considered whether it was necessary to constitute such a committee within its board, insofar as (i) the investments made by the Company's subsidiaries are already reviewed by Alterea's Supervisory Board, directly or through the intermediary of the latter's Investment Committee or its Chair depending on the scale of the transaction and (ii) the Management Board of its subsidiary Cogedim must obtain prior authorisation from its own Supervisory Board, or its Chair, for any significant commitment or investment. It concluded that the constitution of such a committee was not necessary.

Compensation Committee

The Company decided, following the proceedings of the Supervisory Board of 7 March 2011 taken in application of the resolutions voted in the Combined – Ordinary and Extraordinary – Shareholder's Meeting of 28 May 2010, to constitute a Compensation Committee to advise on the determination and modification of management compensation. It also issues an opinion on the compensation of the members of the Board.

Committee members

As of the date of this Registration Document, the Compensation Committee is made up of two Members, Jacques Nicolet and Dominique Rongier, the latter being an independent member of the Supervisory Board and the Compensation Committee (see Section 6.2.3.1., above). The Committee is chaired by Jacques Nicolet.

Proceedings – Minutes

The Supervisory Board Meeting of 7 March 2011 set the rules of operation for the Compensation Committee, which are similar to those governing the operation of the Supervisory Board.

Thus, the Committee is quorate when at least half of the members are present. Decisions are taken by simple majority of members present or represented. A present member can only represent one absent member upon presentation of a valid proxy. In the event of a tie, the Chairman's vote is casting.

Work of the Committee

The Compensation Committee Meeting held on 14 February 2019, issued its opinion as to management compensation as from the 2019 financial year. Informed by this opinion, the Supervisory Board made its decision on the proposal put by the Partner, in accordance with the provisions of Articles 14.1, 17.7 and 18 paragraph 2 of the Company's Articles of Association.

The Supervisory Board adopted, at its meeting held on 26 February 2019, the recommendations of the Compensation Committee, which proposed to increase the compensation of the management, composed solely of a fixed part, to the annual sum of €1,000,000 excluding tax, nonreviewable, from 1 January 2019, compared with €628,000 in 2018.

This significant increase is justified by the significant increase in development activity. The fact that Altafi 2, Manager of Altareit, is also manager of its reference shareholder, Altarea, and would receive revised, but, pursuant to its proposal, significantly lower compensation for this, has also been considered.

On 2 March 2020, the Compensation Committee issued an opinion on the management compensation policy established by the General Partner and to be submitted to the 2020 General Shareholders' Meeting. It also issued a proposal relating to the compensation policy of the Supervisory Board. The Supervisory Board Meeting held on the same day adopted the committee's proposals unchanged.

Evaluation of the Board's work

At its meeting of 2 March 2020, Board members were asked by the Chairman to comment on the operation and preparation of the work of the Supervisory Board and the Compensation Committee. The board unanimously agreed that these were satisfactory.

6.2.4 Management

6.2.4.1 General management

Given that Altareit is an SCA (*société en commandite par actions*, a French partnership limited by shares), the Company is run by Altafi 2 in its capacity as manager (see Section 6.2.1, above).

6.2.4.2 Operational Management

In addition to the above-mentioned officers and corporate officers, namely the Managing Partners, the General Partner, the Chairman and the members of the Supervisory Board, the main operating executive officers of the Group constituted by Altareit and its subsidiaries were, as of 31 December 2019, Philippe Jossé, Chief Executive Officer of Cogedim, and Adrien Blanc, General Manager of Altarea Cogedim Entreprise Asset Management.

6.2.5 Additional information

6.2.5.1 Absence of conflicts of interest

The Company maintains important relations for its business and development with its main shareholder, Altarea, which is a company controlled by Alain Taravella. In addition, since 2 January 2012, the Group has been managed by the Altafi 2 company, chaired and controlled by Alain Taravella. The Company's General Partner is Altafi 3, a company held by AltaGroupe.

The Company judges that at present these relations do not create any conflict of interest, and that on the date of filing of this Registration Document, there is no conflict of interest between the duties of the Managers and Supervisory Board members with regard to the Company, and their private interests or their other duties.

Moreover, the Statutory Auditors have not observed and/or have not been informed of any regulated agreement between the Company and its executive officers, corporate officers and shareholders holding more than 10% of voting rights in the Company, during the financial year 2019 or during a previous financial year, the effects of which would have continued during the 2019 financial year.

6.2.5.2 Convictions, bankruptcies, prosecutions

To the Company's knowledge and in view of the information at its disposal, none of the Co-Managers or the Company's Supervisory Board members has, in the past five years:

- been convicted of any fraud;
- been the subject of a bankruptcy, receivership or liquidation order;
- been the subject of any prosecution or of any official public sanction imposed by statutory or regulatory authorities (including designated professional bodies).

6.2.5.3 Agreements entered into between an executive officer or significant shareholder and subsidiaries

As of the date of this document, except for agreements relating to current transactions and conducted on arm's length terms, no agreement has been concluded between an executive officer or a major shareholder and Company subsidiaries.

6.2.5.4 Procedure for evaluating current agreements

During its meeting of 2 March 2020, the Supervisory Board set up a procedure for regular assessment of the conditions for the conclusion of current agreements, the persons directly or indirectly interested in one of these agreements not participating in its assessment.

6.3 Compensation of administrative, management and supervisory bodies

6.3.1 Principles and rules

6.3.1.1 Management

The Order of 27 November 2019 relating to the compensation of corporate officers of listed companies, taken pursuant to the Pacte Act of 22 May 2019, introduces new rules applicable to limited partnerships by shares whose shares are admitted to trading on a regulated market, from the General Shareholders' Meeting approving the accounts for the financial year 2019. They are codified in Articles L. 226-8-1 et *seq.* of the French Commercial Code and provide for an ex ante and ex post shareholder consultation regime.

Rules applicable until 2019

In accordance with the provisions of Article L. 226-8 of the Commercial Code applicable before the effective date of the aforementioned Order of 27 November 2019, the Company's Articles of Association provided under the terms of its Articles 14.1, 17.6 and 18, that the compensation of the manager(s) by reason of their office was set by the General Partner(s), acting unanimously, after consulting the Supervisory Board and on the opinion of the Compensation Committee.

In application of the said provisions, after consulting the Supervisory Board on 9 March 2016 and obtaining the prior opinion of the Compensation Committee on 23 February 2016, the General Partner decided that as from the financial year 2016, the annual compensation of management would be a fixed amount excluding taxes of €600,000, indexed to the Syntec index. This amount was increased by the General Partner to €1,000,000 as of 2019, after consultation with the Supervisory Board on 26 February 2019 and the prior opinion of the Compensation Committee on 14 February 2019, which delivered a unanimous favourable opinion.

The Managers are also entitled to reimbursement of all business, travel and other expenses of any nature that may be incurred in the interests of the Company.

Rules applicable from the 2020 financial year

The new rules resulting from the above-mentioned Order of 27 November 2019, codified in Articles L. 226-8 *et seq.* of the French Commercial Code, are applicable to the Company from the 2020 financial year and as long as it remains listed.

Pursuant to these rules, the compensation of the management will now be determined in accordance with a compensation policy, describing all the components of fixed and variable compensation and explaining the decision process followed for its determination, review and implementation.

This compensation policy must be established by the General Partner after an advisory opinion from the Supervisory Board acting on the recommendation of the Compensation Committee.

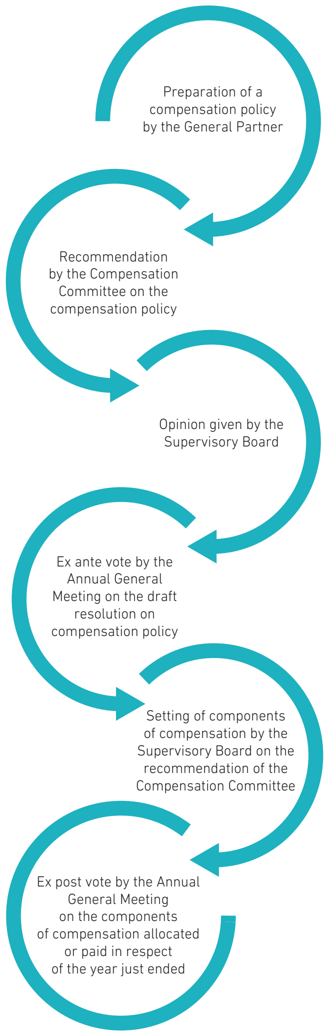
It will then be the subject of a draft resolution submitted to the approval of the General Shareholders' Meeting each year and at each significant change in the compensation policy (ex ante vote).

The elements of compensation, strictly speaking, will then be determined, allocated, or taken by deliberation of the Supervisory Board pursuant to the compensation policy adopted by the General Shareholders' Meeting.

Ultimately, the shareholders will be consulted *a posteriori* to decide at a General Meeting on the elements of compensation actually paid or allocated to management (ex post vote).

The amendment of the Company's Articles of Association will be submitted to the General Shareholders' Meeting of 19 May 2020 for the purpose of bringing it into compliance with the provisions resulting from this new regulation.

Simplified description of the process for setting the compensation of the managers



6.3.1.2 General partners

Article 29 paragraph 4 of the Company's Articles of Association stipulates that "*the General Partner is entitled to a bonus dividend equal to 1.5% of the annual dividend paid.*"

Since no dividend was paid during the last three financial years, the General Partner, Altafi 3, did not receive a bonus dividend during the said financial years.

6.3.1.3 Supervisory Board

The determination of the compensation and the benefits of the members of the Supervisory Board was until now specified by Article 19 of the Company's Articles of Association. This article sets out that annual compensation may be allocated to Supervisory Board members solely for their duties as members of the Supervisory Board. The amount of compensation paid, included in general operating expenses, is determined by the Ordinary General Meeting and maintained until decided otherwise. The Supervisory Board divides this amount among its members as it deems appropriate. Supervisory Board members are also entitled to the reimbursement of all expenses, travel costs and costs of any kind incurred in the Company's interests.

The Combined General Meeting of 26 June 2009 decided to fix the total amount of compensation to be distributed among the members of the Supervisory Board at €200,000, until further decision by the meeting.

The Supervisory Board, at its meeting held on 21 February 2017, decided to allocate to natural person members or permanent representatives of legal entity members, with the exception of (i) those who receive compensation from the Company, from its parent company Altarea or from one of their subsidiaries as employee or executive corporate officer, and the (ii) Chairman, an amount of Directors' attendance fees of €1,500 for each meeting at which they will have been present, as from 1 January 2016.

At its meeting of 2 March 2020, the Supervisory Board noted that a total amount of €15,000 had been allocated to members entitled to receive it for the 2019 financial year. No other compensation was paid to Supervisory Board members by the Company for their offices on the Board.

This method of allocating directors' fees is in accordance with the MiddleNext Code, which recommends that attendance of directors is taken into account, along with the time they spend on their duties, including their potential attendance on committees.

Pursuant to the new rules introduced by the Order of 27 November 2019 presented above, the Supervisory Board will now establish each year a compensation policy for its members which will be subject to the approval of the Annual General Meeting. The elements of the compensation of Supervisory Board members, strictly speaking, will then be determined, allocated, or taken by deliberation of the Supervisory Board pursuant to the compensation policy adopted by the General Shareholders' Meeting.

6.3.2 Compensation policy for the financial year 2020 submitted to the General Meeting of 19 May 2020

In accordance with the new provisions applicable to partnerships limited by shares whose shares are admitted to trading on a regulated market, introduced by the Order of 27 November 2019 referred to above and codified in Articles L. 226-8 *et seq.* of the French Commercial Code, the Annual General Meeting of the Shareholders on 19 May 2020 will be called upon to decide on the compensation policy for management and members of the Supervisory Board for the 2020 financial year.

The elements of this policy, described below, were adopted on 2 March 2020 by the Supervisory Board for the compensation of its members, and by the General partner, after consulting the Supervisory Board, for the compensation of the managers, the Supervisory Board having ruled on the recommendation of the Compensation Committee.

The compensation policy for corporate officers must be in line with the Company's corporate interest, competitive and adapted to the Company's commercial strategy, while making it possible to contribute to its sustainability and to promote its financial and extra-financial performance.

6.3.2.1 Management compensation policy

The management compensation policy described below was established by the General Partner and approved unanimously by the Supervisory Board on 2 March 2020, after reviewing the proposals by the Compensation Committee:

- The determination of the elements of the management compensation, as fees, is the responsibility of the Supervisory Board and based on the proposals of the Compensation Committee, taking into account the principles set out in the MiddleNext Code;
- The Supervisory Board and the Compensation Committee will take into account any analysis of market practices (benchmark) as well as any exceptional elements that occurred during the financial year;
- Management compensation, paid in the form of fees, is made up of fixed annual compensation. Variable compensation, established in compliance with the recommendations of the MiddleNext Code, may also be stipulated;

- The amount of the fixed annual compensation must allow management to ensure the continuity and quality of the services provided to the Company and its Group. In principle, it should only be reviewed at relatively long intervals. It must take into account the other elements of compensation, in particular fixed, paid if necessary by other companies of the Group to which the Company belongs for the functions and responsibilities exercised in these companies.

  For the 2020 financial year, it will have to be fixed in a range between €1 and €2 million taking into account the above. It should be recalled that the amount of the fixed annual compensation of the management has been increased, as of 1 January 2019, from €628,000 to €1,000,000 by the General Partner. This increase appears to be consistent and justified in view of the fully successful implementation of the strategy set by management which has resulted in significant and constant growth in the Group's financial and extra-financial performance for several years. It should be noted that the compensation for management allocated by Altarea had at the same time been significantly reduced in order to take into account this increase in particular;
- In the event that it is implemented, variable compensation must be conditional on the performance of the Group. It is established on an annual basis and may also include a long-term component aimed at aligning the interests of management as well as those of the shareholders in order to create value over time.

  The Supervisory Board must define precisely the quantifiable and qualitative criteria used to determine the conditions for allocation of the variable compensation of the managers.

  The quantifiable criteria must be simple, relevant and in line with the Company's strategy. They must be decisive. They must relate to the main financial indicators normally used to assess the Group's financial performance and in particular those commonly communicated to the market such as FFO (Funds From Operations). In the event that the FFO criterion is retained, the related annual variable compensation would be equal to a progressive percentage of a portion of the amount of the FFO per share multiplied by the average number of diluted shares for the financial year.

  The qualitative criteria must be defined precisely and, in particular, be based on sustainable development and social and environmental responsibility targets, to which the Group attaches great importance, such as the rating or status assigned by GRESB(1). Within the annual variable compensation, when qualitative criteria are used, a limit must be set on the qualitative part. The amount of variable compensation, depending on qualitative criteria, may be between 50% and 100% of the annual fixed compensation.

  The variable or exceptional compensation elements allocated for the financial year may be paid to management only after approval by the General Shareholders' Meeting (ex post vote) and agreement of the General Partner;
- In case of plurality of managers, these will decide the distribution of the compensation between them. This principle of global compensation for management is set out in Article 14 of the Company's Articles of Association.
- Where appropriate, natural persons, legal representatives of the legal entities making up the management of the Company, who are required to exercise functions separate from those linked to the management of the Company, may be remunerated on the basis of a corporate office within the subsidiary concerned. The elements of this compensation, fixed and possibly variable (including by way of free allocation of shares), must be determined in consideration of the functions and responsibilities assumed;
- The elements of management compensation must be competitive enough to attract and retain the best profiles and talents and align the best interests of beneficiaries with those of shareholders with the aim of creating value over time. Where appropriate, account is taken of the experience of the beneficiaries and the market practices of comparable companies;
- They are subject to an annual review in order to verify that they are still suited to the Company's strategy and to its topicality, the Compensation Committee ensuring in particular stability of the assessment of the performance conditions. over several years and that the weighting of the quantitative criteria for variable compensation is greater than that for the qualitative criteria.

6.3.2.2 Compensation policy for members of the Supervisory Board

After consulting the Compensation Committee, the Supervisory Board established the compensation policy for its members as follows:

- The compensation of the members of the Supervisory Board consists of compensation allocated on the basis of participation in meetings of the Board and its specialised committees, the maximum amount of which is voted by the General Shareholders' Meeting and the distribution of which is decided by the Supervisory Board, in accordance with the recommendations of the MiddleNext Code. It should encourage members to participate actively in the work of the Supervisory Board;
- The Chairman of the Supervisory Board receives fixed compensation from Altarea, the Company's parent company. As this compensation is global and exclusive of any other compensation, he will not receive any compensation from the Company. The Chairman of the Supervisory Board has no annual or multi-annual variable compensation and does not benefit from any long-term incentive plan in the form of stock options or performance shares;
- It may also be allocated to the other members of the Supervisory Board, in addition to their compensation linked to the effective presence at meetings, compensation for specific missions entrusted by the Supervisory Board in accordance with the regulations in force;
- The annual amount of the global envelope for compensation of the members of the Supervisory Board, fixed at €200,000 by the General Shareholders' Meeting of 26 June 2009, constitutes an overall ceiling which will remain unchanged for the 2020 financial year, unless otherwise decided by the General Shareholders' Meeting;
- Members of the Supervisory Board may also be reimbursed for all reasonable costs and expenses incurred in the exercise of their functions, subject to production of all the necessary supporting documents.

(1) International benchmark, the GRESB (Global Real Estate Sustainability) assesses the CSR performance of companies in the property sector worldwide.

6.3.3 Information on compensation paid for the 2019 financial year

Pursuant to the provisions of the new Article L. 226-8-2 of the Commercial Code, resulting from the Order of 27 November 2019, the General Sahreholders' Meeting of 19 May 2020 will be called upon to rule on the elements of compensation paid or awarded for the 2019 financial year through (i) a global resolution concerning all the compensation paid to corporate officers and (ii) separate resolutions for management and for the Chairman of the Supervisory Board, it being recalled that the latter does not receive any compensation or any benefit paid or granted by the Company for his duties.

The information below applies AMF recommendations on information to provide in registration documents on the compensation of corporate officers, published online on 2 December 2014, in the AMF report of 18 November 2013 on corporate governance and compensation of executive officers of small- and mid-cap companies as well as the AMF Recommendations of 7 December 2010 included in its supplementary report to that of 12 July 2010 on corporate governance, compensation of executive officers and internal control – small- and mid-cap companies referring to the MiddleNext Corporate Governance Code (the "Recommendations"), insofar as these Recommendations, like the MiddleNext Code, distinguish between executive corporate officers and other corporate officers.

The Company adopted the legal status of a partnership limited by shares with a Supervisory Board and a Manager and its Manager is Altafi 2.

Summary of compensation due to each executive corporate officer in office during the financial year 2019, as well as the shares and options that have been attributed to them

	FY 2018		FY 2019	
Altafi 2, Single Manager	**Amount due**	**Amount paid**	**Amount due**	**Amount paid**
Compensation (fees) due in respect of the financial year	€628,000 excl. tax	€628,000 excl. tax	€1,000,000 excl. tax	€1,000,000 excl. tax
Of which Fixed Compensation				
Of which Variable compensation				
Of which Exceptional compensation				
Of which Benefits in kind				
Of which Directors' fees				
Value of options allocated				
Value of performance shares allocated				
Stock subscription or purchase options exercised				
Compensation of all kinds[(a)] received from companies controlled by the Company[(b)] or from companies that control the Company	€5,208,000 excl. tax[(c)]	€4,726,000 excl. tax[(d)]	€2,713,000 excl. tax[(e)]	€4,615,000 excl. tax[(f)]
TOTAL	**€5,836,000 EXCL. TAX**	**€5,354,000 EXCL. TAX**	**€3,713,000 EXCL. TAX**	**€5,615,000 EXCL. TAX**

(a) Including stock subscription or purchase options, performance shares.
(b) Within the meaning of Article L. 233-16 of the French Commercial Code.
(c) Fees due for the 2018 financial year by Altarea, parent company of the Company: €2,093,000 in fixed fees and €3,115,000 in variable annual fees for 2018 paid in 2019; no compensation due by the subsidiaries of the Company.
(d) Fees paid in 2018 by Altarea, parent company of the Company: €2,093,000 in fixed fees for 2018 and €2,633,000 in variable annual fees for 2017; no compensation paid by the subsidiaries of the Company.
(e) Fees due for the 2019 financial year by Altarea, parent company of the Company: €1,000,000 in fixed fees and €1,713,000 in variable annual fees for 2019 (provisional amount) including €1,213,000 which will be paid in 2010; no compensation due by the subsidiaries of the Company.
(f) Fees paid in 2019 by Altarea, parent company of the Company: €1,000,000 in fixed fees and €3,615,000 in annual variable fees, including €2,133,000 due in 2018 and €500,000 in 2019; no compensation paid by the Company's subsidiaries.

Alain Taravella, legal representative of Altafi 2, Manager of the Company, has not received directly or directly, any compensation of any kind whatsoever from the Company during financial year 2019. Additionally, it is made clear regarding the application of Articles L. 225-102 and L. 233-16 of the French Commercial Code, that apart from Altarea, its subsidiaries and Altafi 2, no other company paying compensation to a corporate officer falls within the scope of these provisions.

The amounts presented in the table above correspond to the fees paid exclusively to the legal entity Altafi 2, which does not pay any compensation to its managers. They therefore do not reflect the amount of personal compensation of Alain Taravella, Chairman of Altafi 2, wholly owned by AltaGroupe. In fact, AltaGroupe exposes current operating expenses and charges to the tune of approximately €1.5 million each year. AltaGroupe pays a total of five people.

The decrease in the overall management fees between 2018 and 2019 results from changes to the terms of compensation at the Company and at Altarea, the Company's parent company, even though the management's action resulted in significant and constant growth in the financial and extra-financial performance of the Group for several years. This proposal aimed to take into account the financial impact of the recruitment of Jacques Ehrmann, Manager of Altarea Management, a wholly-owned subsidiary of Altarea, the Company's parent company. His operational functions include coordinating and implementing the strategy set by management.

Compensation received by non-executive corporate officers in office during financial year 2019

The Company paid the members of the Supervisory Board a total of €15,000 in compensation for attendance at meetings of the Board and its Compensation Committee during the 2019 financial year (see Section 6.3.1.3 above). The Chairman of the Supervisory Board receives fixed compensation from Altarea, the Company's parent company. As this compensation is global and exclusive of any other compensation, he will not receive any compensation from the Company.

		Amount paid for financial year 2018	Amount paid for financial year 2019
Christian de Gournay Chairman of the Supervisory Board	Attendance compensation	0	0
	Other compensation[(a)]	€300,000	€275,000
Éliane Frémeaux Supervisory Board member	Attendance compensation	N/A	€3,000
	Other compensation[(b)]	N/A	€12,000
Jacques Nicolet Supervisory Board member	Attendance compensation	€1,500	€4,500
	Other compensation[(b)]	€5,000	€6,000
Léonore Reviron Supervisory Board member	Attendance compensation	€3,000	€3,000
	Other compensation[(b)]	€12,500	€12,000
Dominique Rongier Supervisory Board member	Attendance compensation	€3,000	€4,500
	Other compensation[(b)]	€12,500	€15,000

(a) Compensation paid by Altarea, parent company of the Company, for the office of Chairman of the Supervisory Board of Altarea.
(b) Compensation paid by Altarea, parent company of the Company, in respect of attendance fees for the Supervisory Board of Altarea.

Other information about financial instruments giving access to the Company's share capital and other optional instruments concerning each of the Company's executive corporate officers.

Stock options granted during the financial year to each executive corporate officer by the Company and by any Group company

No stock options were allocated during the financial year to the executive corporate officers by the Company or by any other Group company.

Stock options exercised during the financial year by each corporate executive officer

No stock option granted by the Company itself or another company in the Group was exercised during the elapsed financial year by executive corporate officers.

Free shares allocated to each corporate officer

No free shares were allocated during the financial year to the corporate officers by the Company or by any other Group company.

Free shares allocated to each corporate officer that became available

No free shares have been granted during the previous financial years to corporate officers, whether by the Company or another company in the Group.

History of stock options granted to corporate officers.

No stock options were allocated to the executive corporate officers by the Company or by any other Group company.

History of free share allocations

No bonus share plan has been put in place by the Company.

Group employees do, however, benefit from the "Tous en actions" plan set up by the parent company, Altarea, for all employees holding a permanent contract with a company in the Group, which includes the Company and its subsidiaries (see Section 4.4.3 and Note 6.1 in the notes to the consolidated financial statements in Section 2.3 of this document).

Other information about financial instruments giving access to the Company's share capital and other optional instruments concerning the top 10 employees excluding corporate officers and options granted to and exercised by them.

During the 2019 financial year, no stock subscription or purchase options were in effect.

Employment contracts, supplemental pension plans, severance or other termination payments or benefits and noncompetition compensation payable to the executive corporate officers

Executive Corporate Officers	Employment contract		Supplemental pension plans		Benefits or advantages due or that may become due by virtue of cessation or a change in duties.		Benefits relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Altafi 2 SAS Sole Manager		X		X		X		X

Other information

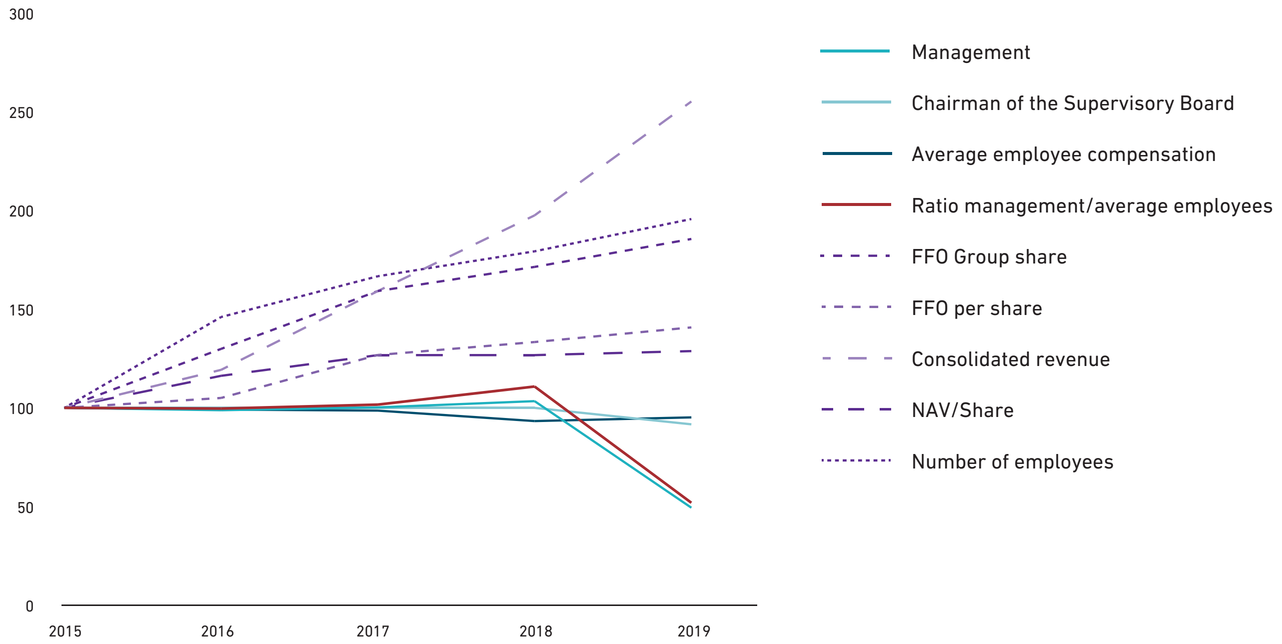
Pursuant to the new provisions of Article L. 225-37-3, 6° of the French Commercial Code introduced by the Order of 27 November 2019 relating to the compensation of corporate officers of listed companies, taken pursuant to the Covenant Law of 22 May 2019, the table below presents for management and the Chairman of the Supervisory Board, the ratios between the level of their annual fixed compensation paid by the Company, in the form of fees for management, and the annual average and median fixed compensation, all social charges included, of employees of the Altarea Group (of which the Company and its subsidiaries are a part) other than the corporate officers, on a full-time equivalent basis.

Ratios	2015	2016	2017	2018	2019
Management (fees)					
with average employee compensation	23	23	24	26	12
with median employee compensation	28	28	28	30	14
Chairman of the Supervisory Board					
with average employee compensation	3	3	3	4	3
with median employee compensation	4	4	4	4	4

For management, it should be emphasised that this involves comparing (i) the fixed annual fees paid by Altarea to Altafi 2, a legal entity which does not pay any compensation to its managers and which is part of a group that bears its own operating costs and charges and (ii) salaries of natural persons. These ratios therefore do not reflect accurately the differences in compensation between natural persons (see above).

It is recalled that in 2019, the overall amount of management fees paid by the Company and its parent company was significantly reduced compared to previous years, even though management action resulted in significant and consistent growth of the Group's financial and extra-financial performance over several years. This reduction is particularly visible in the above table and the graph below.

Pursuant to the new provisions of Article L. 225-37-3, 7° of the aforementioned Commercial Code, the following graph summarises the annual changes in the fixed fees of the management and of the Chairman of the Supervisory Board at over the five most recent financial years, with regard to the performance of the Altarea Group (which includes the Company and its subsidiaries), the average fixed compensation of Group employees other than managers (on a full-time equivalent basis), and ratios mentioned above::



6.3.4 Amount paid for financial year 2020

Pursuant to the provisions of the new Article L. 226-8-1 of the French Commercial Code, resulting from the Order of 27 November 2019, the Supervisory Board determines and allocates the elements of compensation of the corporate officers in accordance with the voting policy adopted by the General Shareholders' Meeting (*ex ante vote*).

At its meeting of 2 March 2020, it established the compensation policy for members of the Supervisory Board for the current financial year and gave its favourable opinion to the management compensation policy established by the General Partner, on proposals from the Compensation Committee. These compensation policies, set out in Section 6.3.2 above, will be subject to the ex ante vote of the Ordinary General Shareholders' Meeting to be held on 19 May 2020.

On this occasion, subject to the adoption of these compensation policies for the 2020 financial year by the General Shareholders' Meeting, the Supervisory Board, on the proposal of the Compensation Committee, established the elements of management compensation as follows, in the form of fees, and of the members of the Supervisory Board for this financial year.

The Ordinary Annual General Meeting responsible for approving the financial statements for the financial year 2020, which will be held in 2021, will be called upon to approve (i) a draft resolution relating to the information relating to the elements of compensation awarded or paid for this financial year and (ii) separate draft resolutions for the Chairman of the Supervisory Board and management relating to the elements of compensation allocated or paid for this financial year. The variable or exceptional compensation elements awarded for the past financial year may be paid to the recipients only after approval of the compensation elements of the person concerned by the General Shareholders' Meeting and the agreement of the General Partner.

Elements of compensation paid or awarded for the 2020 financial year

Compensation Committee	Principles and criteria	Objectives/Observations
Fixed fee	Annual amount: €1,000,000 excluding tax Payable in quarterly instalments	Compensation enabling its recipients to ensure the continuity and quality of the services provided to the Company and itsGroup. Consistency and stability compared to the fixed compensation for the previous financial year. Complies with the market practices of comparable companies, drawn up with support from specialist advisors. Takes into account the compensation paid to Altafi 2 by Altarea, Altareit's parent company, for the functions and responsibilities exercised in this company.

The management does not benefit from annual or multi-annual variable compensation, long-term incentive plans, benefits in kind, severance or noncompetition compensation or pension plan.

Elements of compensation of the members of the Supervisory Board for the financial year 2020

	Compensation Committee Principles and criteria	Objectives/Observations
Chairman of the Board	No compensation	Total compensation, exclusive of any other compensation within the Altarea Group, deducted from the overall compensation package for members of the Supervisory Board allocated by the General Shareholders' Meeting. Consistent with the functions and responsibilities assumed by the Chairman of the Board Stability of compensation. Complies with the market practices of comparable companies and the recommendations of the MiddleNext Code.
Supervisory Board member	Amount of €1,500 for each actual attendance at meetings of the Board and its specialised committees Recipients: individual members and permanent representatives of legal entity members, with the exception of the Chairman of the Board, whose fixed compensation is global and of persons, other than employee representatives, receiving compensation paid under an employment contract or a corporate office within the Altarea Group.	Decisive variable part Incentive for actual participation in meetings Complies with the market practices of comparable companies and the recommendations of the MiddleNext Code

6.4 Delegations concerning a share capital increase

6.4.1 Delegations valid during the past financial year given by the General Shareholders' Meeting held on 23 May 2019

Delegations valid during 2019	Expiry date	Maximum nominal issue amount	Use in 2019
Share buyback programme			
Authorisation to proceed with share buybacks at a maximum price per share of €1,000 and for a maximum total amount of €80 million	23/11/2020	Up to a maximum of 10% of the share capital	See Section 7.1.2 below
Authorisations to reduce the share capital by cancelling shares purchased under the buyback programme	23/07/2021	Up to a maximum of 10% of the share capital per 24 month period	None
Authorisations with preservation of preferential subscription rights			
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company[(i)(ii)]	23/07/2021	€50 million for capital increases €200 million for debt securities	None
Authorisations to increase the share capital by capitalising reserves	23/07/2021	€50 million	None
Authorisations without preferential subscription rights			
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, as part of a public offering[(i)(ii)(iii)]	23/07/2021	€50 million for capital increases €200 million for debt securities	None
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, as part of a private investment[(i)(ii)(iii)]	23/07/2021	€50 million and 20% of the share capital per annum for capital increases €200 million for debt securities	None
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, for the benefit of particular categories of persons[(i)]	23/11/2020	€20 million for capital increases €100 million for debt securities	None
Issue of ordinary shares that may be combined with securities giving access to the Company's share capital as remuneration for contributions in the form of securities	23/07/2021	10% of the share capital	None
Issue of ordinary shares and/or equity securities giving access to other securities to be used to remunerate the securities contributed as part of a public exchange offer initiated by the Company[(i)]	23/07/2021	€50 million for capital increases €200 million for debt securities	None
Authorisations for the benefit of employees and senior management			
Increase in the capital reserved for members of an employee savings scheme[(i)]	23/07/2021	€100,000 for capital increases €500,000 for debt securities	None
Bonus share plans[(i)]	23/07/2022	65,000 shares[(v)]	None
Stock option plans (share subscription or purchase)[(i)(iv)]	23/07/2022	65,000 shares[(v)]	None
Share subscription warrants (BSA, BSAANE and BSAAR)[(i)(iv)]	23/11/2020	65,000 shares[(v)]	None

(i) Authorisation subject to a nominal global ceiling of €50 million for a capital increase by the issue of new shares and €200 million for the issue of debt securities.
(ii) Authorisation subject to an authorisation to increase the issue amount by an additional 15% in case of oversubscription.
(iii) Delegation subject to an authorisations granted to Management to set the issue price up to a maximum of 10% of the share capital per annum.
(iv) Authorisation subject to a global ceiling of 65,000 shares, of which a maximum of 20,000 shares for the executive corporate officers.
(v) Representing approximately 3.71% of the share capital at 31 December 2019.

6.4.2 Delegations sought from the next General Shareholders' Meeting to be held on 19 May 2020

Delegations sought from the General Shareholders' Meeting of 23 May 2019	Maximum nominal issue amount	Resolution	Duration/ Expiry date
Share buyback programme			
Authorisation to proceed with share buybacks at a maximum price per share of €1,000 and for a maximum total amount of €80 million[(a)]	Up to a maximum of 10% of the share capital	13th resolution	18 months 19/11/2021
Authorisations to reduce the share capital by cancelling shares purchased under the buyback programme	Up to a maximum of 10% of the share capital per 24 month period	14th resolution	26 months 19/07/2022
Authorisations with preservation of preferential subscription rights			
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company[(b)]	€50 million for capital increases €200 million for debt securities	15th resolution	26 months 19/07/2022
Authorisations to increase the share capital by capitalising reserves	€50 million	22nd resolution	26 months 19/07/2022
Authorisations without preferential subscription rights			
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, as part of a public offering other than that concerned by Article L. 411-2, 1° of the French Monetary and Financial Code[(b)]	€50 million for capital increases €200 million for debt securities	16th resolution	26 months 19/07/2022
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, as part of a public offering concerned by Article L. 411-2, -2.1° of the French Monetary and Financial Code[(b)]	€50 million and 20% of the share capital per annum for capital increases €200 million for debt securities	17th resolution	26 months 19/07/2022
Issue of ordinary shares and/or equity securities giving access to other securities and/or marketable securities giving access to equity securities to be issued by the Company or a related company, for the benefit of particular categories of persons	€20 million for capital increases €100 million for debt securities	21st resolution	18 months 19/11/2021
Authorisations granted to Management to set the issue price for capital increases without preferential subscription rights[(b)]	10% of the share capital	18th resolution	26 months 19/07/2022
Issue of ordinary shares that may be combined with securities giving access to the Company's share capital as remuneration for contributions in the form of securities	10% of the share capital	20th resolution	26 months 19/07/2022
Issue of ordinary shares and/or equity securities giving access to other securities to be used to remunerate the securities contributed as part of a public exchange offer initiated by the Company[(b)]	€50 million for capital increases €200 million for debt securities	22nd resolution	26 months 19/07/2022
Global Ceiling and other authorisations			
Setting aggregate nominal ceiling of authorisations to the Management at €50 million for share issues and at €200 million for marketable securities representing debt in the Company	€50 million for capital increases €200 million for debt securities	21st resolution	26 months 19/07/2022
Option of increasing the amount of an issue in case of over subscription[(b)]	-	19th resolution	26 months 19/07/2022
Authorisations for the benefit of employees and senior management			
Increase in the capital reserved for members of an employee savings scheme[(b)]	€100,000 for capital increases €500,000 of debt securities	21st resolution	26 months 19/07/2022
Bonus share plans[(b)(c)]	65,000 shares	21st resolution	38 months 28/08/2022
Stock option plans (share subscription or purchase)[(b)(c)]	65,000 shares	21st resolution	38 months 28/08/2022
Share subscription warrants (BSA, BSAANE and BSAAR)[(b)]	€100,000	21st resolution	18 months 19/11/2021

(a) See Section 7.1.2, below.
(b) Authorisation subject to the issue ceilings (€50 million for capital increases and €200 million for debt securities) scheduled in the 17th resolution.
(c) Authorisation subject to a specific global ceiling of 65,000 shares (representing some 3.71% of the share capital at 31 December 2018), of which a maximum of 20,000 shares for the executive corporate officers.

It should be noted that the delegations presented in the above table would rescind, if adopted by the General Shareholders' Meeting of 23 May 2019, the delegations of the same description previously granted by the General Shareholders' Meeting and presented in Section 6.4.1 above.

6.5 Conditions of participation in the General Shareholders' Meeting

Except for the requirements set by applicable laws and regulations, there are no particular procedures relating to shareholder participation in General Meetings. Article 25 of the Company's Articles of Association state the following points:

Calling of meetings

General Meetings are called and take place in accordance with the provisions of the law. Notice of Meetings may be given electronically, provided that the shareholders have given their prior written consent. Meetings take place at the registered office or any other place indicated in the notice of Meeting.

Double voting rights

The Combined General Shareholders' Meeting of 5 June 2015, following the proposal by management and the recommendation by the Supervisory Board, voted to exclude double voting rights for Shareholders that have held their shares for more than two years, and modified Article 25 of the Articles of Association by adding an Article 25.6 entitled "Voting rights - Votes", whereby:

"Subject to the provisions of the law and the Articles of Association, the voting rights attached to shares are in proportion to the percentage of the capital they represent, and each share entitles its holder to one vote. In accordance with the option provided for by Article L. 225-123 of the French Commercial Code, no double voting rights will be granted to fully-paid shares that have been held in registered form for two years in the name of the same limited partner."

Voting by mail and videoconferencing

Voting by mail takes place in accordance with the provisions of the law and regulations.

Shareholders may attend and vote at all meetings by videoconferencing or any other electronic means that permits their identification in accordance with the law and regulations, except for the Ordinary General Meeting held to approve the financial statements.

Proxies

Any shareholder may participate in person or through an intermediary in the General Shareholders' Meetings, regardless of the number of shares they possess, upon proof of their identity and their ownership of the shares by registering their shares, in their name, or in the name of their registered intermediary, within the periods and conditions stipulated by law and regulations. However, Management may shorten or even do away with the periods set forth in law if it is to the benefit of all Shareholders. Legal entities may take part in General Meetings through their legal representatives or any other person duly appointed for this purpose by their legal representatives.

Chairman – Bureau

General Meetings are chaired by the Manager or one of the Managers if there is more than one. If the Meeting is called by the Supervisory Board, it is chaired by the Chairman of the Supervisory Board or one of its members designated to that effect. Failing that, the Meeting elects its own Chairman.

Minutes of General Meetings are drawn up and copies certified and issued in accordance with the law.

6.6 Items that may have an impact in case of a take-over bid or public exchange offer

The information referred to under Article L. 225-100-3 of the French Commercial Code is provided in Sections 6 and 7 of this document, in sub-sections 6.2 to 6.5, 7.1 and 8.1.

7

CAPITAL AND OWNERSHIP STRUCTURE

7.1 General information about the share capital

7.1.1 Share capital – form and negotiability of the shares

Amount of the share capital (Article 6 of the Articles of Association)

As of the date of this Registration Document, the share capital was €2,625,730.50 of a nominal value, divided into 1,750,487 shares with €1.50 par value, fully paid-up and all of the same class. The ten existing General Partner (*commandité*) shares with a par value of €100 are held by Altafi 3.

Changes to share capital of the Company during the course of the last three years

The Company's share capital has not changed during the last three years.

Changes to the share capital and the respective rights of the various categories of shares

The provisions of the Articles of Association regarding alterations to the share capital are no more restrictive than the provisions of the law, and they do not provide for any special classes of shares.

Form of shares (Article 10 of the Articles of Association)

Fully paid up shares may be in either registered or bearer form, at the shareholder's option.

Shares may be converted from registered to bearer form and vice-versa in accordance with the provisions of the law. Notwithstanding the foregoing, shares must be in registered form where required by law.

Partially paid shares may not be converted to bearer form until they have been fully paid up.

Ownership of the shares is evidenced by their registration in accordance with the provisions of the law either in a share registry held by the issuer or its appointed registrar in the case of registered shares or in an account held with an authorised financial intermediary in the case of bearer shares. If requested by a shareholder, the Company or authorised financial intermediary shall issue a certificate of registration.

Shareholders or intermediaries who fail to provide the information referred to above may, in accordance with the provisions of the law, have their voting rights and dividend rights suspended or disqualified.

The Company may at any time and at its own expense ask its clearing organisation for information about the name or corporate name, nationality and address of holders of securities conferring the right to vote at Shareholders' Meetings either immediately or in the future, as well as the number of securities held and any restrictions attached thereto.

The shares are indivisible for the purposes of the Company.

Joint owners of shares shall accordingly be represented for the Company's purposes by one of the owners or by a person appointed by the owners as their sole representative. In the event of disagreement, the representative will be appointed by order of the presiding judge of the commercial court in summary proceedings at the request of the most diligent joint owner.

Trading in the shares (Article 11 of the Articles of Association)

The shares may be traded without restriction save for any provisions to the contrary set out in law, regulations or the Articles of Association.

Authorisations involving the share capital

The information concerning delegations valid during 2019, granted by General Shareholders' Meetings, and their use during the course of the previous year is provided in the Supervisory Board report on corporate governance included in Section 6 of this Registration Document.

Shares giving access to share capital

At the date of filing this document, no securities giving access to the share capital had been issued by the Company.

Free share allocations

The Company has not allocated any of its share capital under bonus share plans. However, and as mentioned in Section 2.3. Note 6.1.1 to the consolidated financial statements, the employees of its subsidiaries benefit from bonus share plans concerning Altarea shares.

Stock options

At 31 December 2019, as at 31 December 2018, there were no outstanding stock options.

7.1.2 Share buyback programme

At the Combined General Shareholders' Meeting of 15 May 2018 and that of 23 May 2019, the shareholders authorised the Company to purchase its own shares up to a maximum of 10% of the shares comprising the share capital and up to a total of €80 million, at a maximum price per share set at €1,000.

In compliance with these authorisations, the Management decided to implement a share buyback programme, setting the following order of priority:

(1) acting as a market maker on the security's secondary market and/or ensuring the share's liquidity by means of an investment services provider acting independently under a liquidity contract in line with a Code of ethics recognised by the AMF;

(2) to allocate shares to employees and corporate officers in accordance with conditions set forth by law, particularly under a stock option plan, a bonus share plan or a company savings plan or employee shareholding plan;

(3) delivering shares upon the exercise of rights attached to debt securities or equity securities entitling their holders to be allocated shares of the Company;

(4) cancelling all or part of the shares acquired;

(5) custody and subsequent delivery of shares in respect of payment, exchange or otherwise, under transactions pursuant to Article L. 225-209 para. 6 of the French Commercial Code and more specifically external growth transactions instigated by the Company, on the understanding that the number of shares acquired by the Company in this way may not exceed 5% of its share capital;

(6) allocating in whole or in part of the shares thus acquired upon the performance of any transaction in line with the regulations in force.

The description of the share buyback programme was published in line with the provisions of Articles 241-1 *et seq.* of the AMF General Regulation.

At 31 December 2019, Altareit held 106 treasury shares, all allocated to the above-mentioned objective 1 (making the market or the liquidity of the shares) and acquired within the framework of a liquidity contract.

Treasury share buybacks conducted in the 2019 financial year:

Month	Number of shares bought	Number of shares sold	Balance of treasury shares	Price at end of month
January	41	22	213	€436
February	25	93	145	€540
March	-	18	127	€550
April	-	26	101	€600
May	-	-	101	€595
June	-	-	101	€550
July	-	-	101	€580
August	-	-	101	€510
September	-	1	100	€550
October	-	3	97	€550
November	15	3	109	€530
December	-	3	106	€530

Over the whole of 2019, 81 shares were purchased for a total price of €36,826. 169 shares were sold for a total price of €85,950.

Note 6.1.1 to the consolidated financial statements specified in Section 3.6 in this document contains details concerning the treasury shares held by the Company.

The Ordinary General Shareholders' Meeting called to approve the financial statements for the 2019 financial year will be asked to renew the authorisation to proceed with share buybacks granted by the General Shareholders' Meeting of 23 May 2019, with identical ceilings.

As previously stated, these acquisitions, disposals and transfers may be conducted by all means compatible with the law and regulations in force, including through the use of derivative financial instruments and through block sales and purchases. It will be expressly requested to authorise buybacks of shares from corporate officers in compliance with the provision of Article 3 of the Delegated Regulation (EU) 2016/1052 of 8 March 2016.

7.1.3 Capital breakdown

The Company does not know the exact composition of its ownership at all times, as some of its shares are held in bearer form.

Ownership at 31 December 2019

	Shares (and theoretical voting rights)		Actual voting rights at General Shareholders' Meetings	
Shareholder	**Number**	**%**	**Number**	**%**
Altarea	1,744,062	99.63%	1,744,062	99.75%
Altarea France	1,919	0.11%	1,919	0.11%
Alta Faubourg*	1,881	0.11%	NA	NA
Total Altarea control	**1,747,862**	**99.85%**	**1,745,981**	**99.86%**
Treasury shares	106	0.01%	NA	NA
Public float	2,519	0.14%	2,519	0.14%
TOTAL	**1,750,487**	**100.00%**	**1,748,500**	**100.00%**

* *Treasury shares whose voting rights may not be exercised in a General Shareholders' Meeting in line with the provisions of Article L. 233-31 of the French Commercial Code.*

To the Company's knowledge, no significant change has occurred in the capital breakdown since 31 December 2019 and no shareholders currently hold, directly or indirectly, alone or in concert, more than 5% of the share capital and voting rights.

The 10 existing General Partner (*commandité*) shares with a nominal value of €100 are held by Altafi 3.

Employee shareholders

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, it is specified that to the knowledge of the Company, at 31 December 2019, none of the Company's shares were held by the employees of the Company and of the companies related to it as defined by Article L. 225-180 of the French Commercial Code.

However, it is specified that shares in the parent company, Altarea, are held by employees of the Company and its group.

The shares held by employees of Altarea and of companies related to it as defined by Article L. 225-180 of the French Commercial Code, including those of the Altareit group, represent 1.60% of the shares making up the share capital of Altarea.

It must be emphasised that this percentage does not express the proactive nature of the employee shareholder policy implemented by Altarea's Management since the listing of the Altarea Group on the stock exchange in 2004, because it is calculated based solely on the number of shares held by the employee investment mutual funds (FCPE) and shares definitively acquired under bonus share plans authorised by the General Shareholders' Meeting since the Macron Law, of 6 August 2015, took effect. It does not, therefore, take into account (i) the bonus shares allocated under a plan authorised before 6 August 2015 and (ii) the current setting up of new bonus share plans intended to make each employee a full-blown shareholder in the Group, thus enabling them to benefit from the dividend paid to the shareholders and the gains accrued by an increase in the Altarea share price.

Pledges of Company shares

As far as the Company is aware, no pledges concerning its shares were in force as at 31 December 2019.

Change in ownership structure over the past three financial years

	31/12/2019		31/12/2018		31/12/2017	
Shareholder	**Number of shares and DDV**	**% of the capital**	**Number of shares and DDV**	**% of the capital**	**Number of shares and DDV**	**% of the capital**
Altarea	*1,744,062*	*99.63%*	*1,744,062*	*99.63%*	*1,744,062*	*99.63%*
Altarea France	*1,919*	*0.11%*	*1,919*	*0.11%*	*1,919*	*0.11%*
*Alta Faubourg**	*1,881*	*0.11%*	*1,881*	*0.11%*	*1,881*	*0.11%*
Total Altarea control	**1,747,862**	**99.85%**	**1,747,862**	**99.85%**	**1,747,862**	**99.85%**
Treasury shares	106	0.01%	194	0.01%	208	0.01%
Public float	2,519	0.14%	2,431	0.14%	2,417	0.14%
TOTAL	**1,750,487**	**100.00%**	**1,750,487**	**100.00%**	**1,750,487**	**100.00%**

* *Treasury shares whose voting rights may not be exercised in a General Shareholders' Meeting in line with the provisions of Article L. 233-31 of the French Commercial Code.*

Threshold crossings

Legal threshold crossings during 2019

In 2019, no filings were made with the Autorité des Marchés Financiers reporting the crossing of thresholds.

Disclosure of statutory threshold crossings (Article 12 of the Articles of Association)

In addition to the legal declaration obligations concerning threshold crossings, the Articles of Association specify that all other natural persons or legal entities acting alone or in concert with another party or parties and who hold or cease to hold a fraction of the capital, voting rights or securities giving future access to the capital of the Company equal to or greater than one per cent (1%) or a multiple of this fraction up to 50% of the capital shall notify the Company by registered letter, no later than the fourth trading day after the threshold crossing, of the total number of shares, voting rights or securities giving future access to the capital, which it possesses directly or indirectly, or jointly.

Any shares or securities that have not been disclosed in accordance with these requirements will be disqualified for voting purposes at all General Meetings held for a period of two years after the date on which the requisite disclosure is finally made, if the failure to disclose has been duly noted and if requested by one or more shareholders separately or together holding at least one percent (1%) of the Company's share capital in accordance with the terms of the law. Similarly, the voting rights attached to any shares that have not been disclosed in accordance with these requirements may not be exercised by the holder either in person or by proxy.

7.1.4 Control of the Company and shareholders' agreements

Control of the Company

Altarea has a controlling shareholding in the Company; Altarea is a *société en commandite par actions* (a French partnership limited by shares), with its Head Office at 8, avenue Delcassé – 75008 Paris, registered under number 335 480 877 RCS Paris.

Altarea holds, directly and indirectly, through Altarea France and Alta Faubourg which it controls, 99.85% of the capital (and theoretical shares and voting rights) of Altareit.

The Company considers that the control is not exercised in an abusive manner.

Shareholders' Agreement

At the date of this document, the Company had no knowledge of a Shareholders' Agreement.

7.1.5 Company officers and related party transactions in Company shares

No sales or acquisitions of Company shares were undertaken by the management or persons with which they are closely linked, during financial year 2019.

7.1.6 Bonds not giving access to the share capital

Issue date	Issue amount	Subscription rate	Date of maturity	Interest	Market	ISIN
02/07/2018	€350 million	Entirely subscribed	02/07/2025	2.875%	Euronext Paris	FR0013346814

The bond issue contract shown in the table above contains a change of control clause.

7.2 Market in the Company's financial instruments

Altareit	
Listing market	Euronext Paris - Compartment B (Mid Cap)
Codes	Ticker symbol: AREIT - ISIN: FR0000039216 Bloomberg: AREITFP - Reuters: AREIT.PA
Legal Entity Identification code (LEI)	969500400APTHOKN99645
Listings	CAC All Shares - CAC Financial Companies
Deferred Settlement Service (French SRD)	Noneligible
PEA	Eligible
PEA SME	Noneligible
ICB Sector classification	Real Estate Holding & Development, 8633

	Market capitalisation	High	Low	Latest price	Number of shares traded	Capital traded
2015	€291.10 million	€181.00	€148.00	€174.01	1,018	€169,266
2016	€311.00 million	€194.01	€166.00	€194.01	1,156	€205,421
2017	€481.40 million	€315.01	€194.01	€275.01	1,013	€260,583
2018	€777.21 million	€600.00	€276.00	€440.00	895	€389,959
2019	**€927.76 million**	**€600.00**	**€434.00**	**€530.00**	**563**	**€286,426**

	High	Low	Latest price	Number of shares traded	Amount due Capital traded
January 2019	€440	€434	€436	87	€38,100
February 2019	€540	€436	€540	145	€71,054
March 2019	€570	€510	€550	37	€19,965
April 2019	€600	€550	€600	46	€26,120
May 2019	€595	€595	€595	10	€5,950
June 2019	€595	€550	€550	16	€9,360
July 2019	€580	€580	€580	8	€4,640
August 2019	€565	€510	€510	72	€38,565
September 2019	€550	€515	€550	9	€4,775
October 2019	€550	€545	€550	11	€6,035
November 2019	€555	€492	€530	114	€57,632
December 2019	€530	€525	€530	8	€4,230

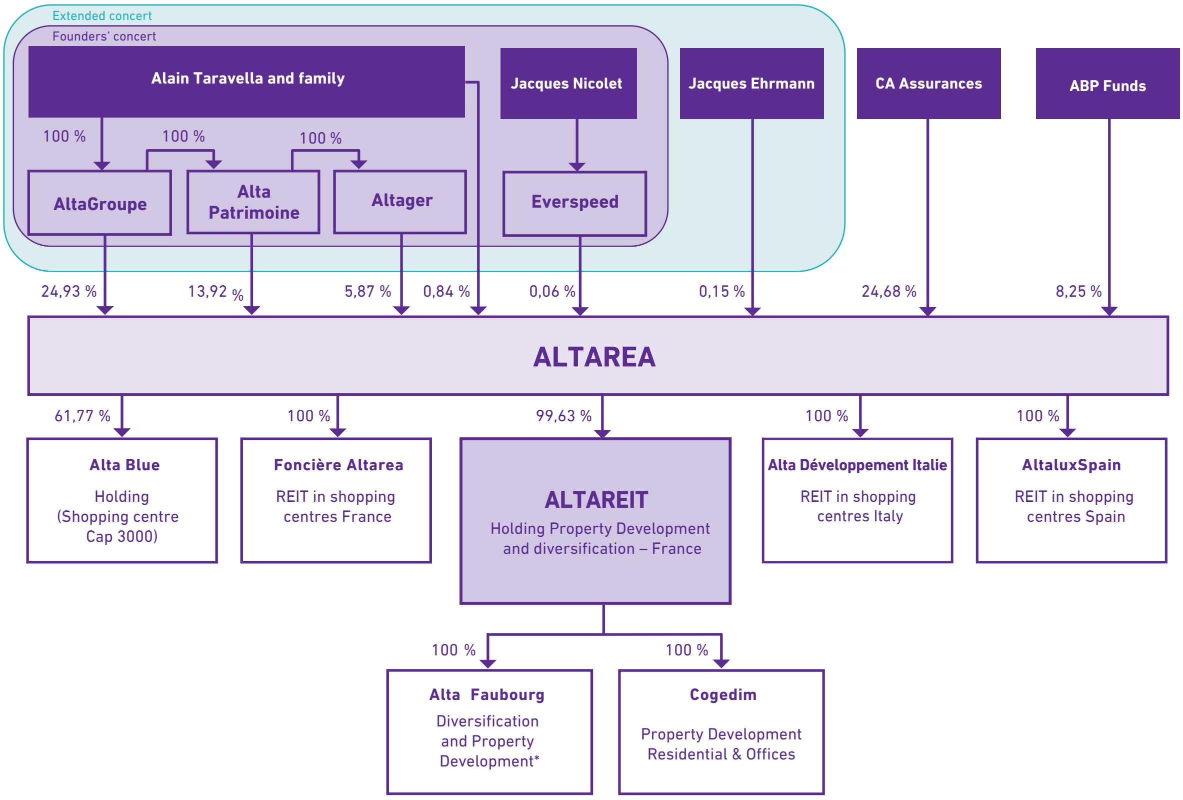
(source: Euronext).

7.3 Simplified organisational structure

7.3.1 The issuer and its Group

The Company is controlled by Altarea, parent company of the Altarea Group, itself controlled by its founding shareholders, namely Alain Taravella, his family and Altagroupe, Alta Patrimoine and Altager, which he controls, on the one hand and, on the other, Jacques Nicolet and the Everspeed company he controls, Jacques Ehrmann, Manager of Altarea Management and General Manager of Altafi 2, having joined the founder member shareholders in August 2019.

The organisational structure below presents the situation of Altareit and its subsidiaries in the Altarea Group at 31 December 2019, with regard to the Altarea Group and to the shareholders who control it in addition to the relations with the Altareit sister companies in France and abroad.



* Pitch Promotion, Histoire & Patrimoine, Severini, the Serviced Residences business and the participation in the AltaFund fund and in Woodeum, are specifically held by Alta Faubourg

7.3.2 Important subsidiaries

As at the date of this document the Company's main subsidiaries are as follows (the percentage corresponds to the direct Altareit shareholding in the capital of each of its subsidiaries).

Name	Activities	Location of the business	% share capital
Cogedim	Property Development Division: office property and residential	France	100
Alta Faubourg	Diversification Division (hotel business, cinema) and property development	France	100

The main data concerning the subsidiaries and associates of the Company is presented in Section 3.3.3.5 of this document.

The list of the companies included in the Company's consolidation scope is presented in Section 2.3. Note 4.2 to the consolidated financial statements.

The Company centralises the Group's cash surpluses.

Section 3.6. Note 8 to the consolidated financial statements provides details concerning the main financial instruments and market risks as well as information about the main bank covenants. The main assets and borrowings are carried by the subsidiaries that conduct the corresponding business operations.

During 2019, no equity interests were taken by the Company.

7.4 Dividend policy

7.4.1 Dividends paid over the past three financial years

No dividends were distributed in the last three financial years ended 31 December 2016, 2017 and 2018 respectively.

7.4.2 Dividend distribution policy

The Company's policy consists of having the equity required to ensure its pipeline development.

As such, Management will propose to the General Shareholders' Meeting called to approve the financial statements for 2019, the allocation of distributable income to retained earnings, to allow the Company to continue to have access to the capital required for its development.

7.4.3 Expenditures and fees under Article 39-4 of the French General Tax Code

No expense or fee that is non-deductible for tax purposes within the meaning of Article 39-4 of the French General Tax Code was incurred in 2019.

8

ADDITIONAL INFORMATION

8.1 Company information

8.1.1 History and development of the Company

2007-2008

Since the end of the first quarter 2008, Altareit has been a direct subsidiary of Altarea, a listed REIT specialising in shopping centres.

Formerly bearing the name of Fromageries F Paul Renard, Altareit had been a subsidiary of the Bongrain Group until then. Its dairy business was wholly transferred to another company in this group at the end of 2007. As a consequence, the company became a listed vehicule at the beginning of 2008.

After taking control of the company, Altarea submitted a simplified takeover bid constituting a buy-out bid, given the planned modifications. On that occasion, Fromageries F Paul Renard changed its company name to Altareit, converting it into a *société commandite par actions* (a French partnership limited by shares), amended its corporate purpose and transferred its Head Office to Paris.

When taking control of Altareit, the intention stated by the initiator was to use this listed company in order to diversify the Altarea property assets portfolio in the sectors where its expertise, combined with the knowledge and know-how of Cogedim, opened up promising prospects.

At the end of December 2008, in accordance with its declarations, Altarea transferred to Altareit all of the shares making up the capital of the two Altarea Group entities operating outside its core business as a shopping centre REIT: Cogedim and Alta Faubourg. Cogedim is a long-standing Property Developer in France, responsible for all the Altarea Group Property Development business on behalf of third parties. In addition, Altareit acquired Alta Faubourg, which houses all the Altarea Group's diversification and promotion activities.

2009

Rebirth of a legendary site: La Salle Wagram.

The Group embraces the ecology and Sustainable development challenge through an approach which has achieved NF Logement Démarche HQE® certification for all types of residential property.

2011

Altareit founds Alta Fund, an investment vehicle in the office property field which currently has €650 million of equity, in partnership with several leading international investors.

2012

Altareit joins Euronext Paris, Sub-fund B.

2014

Acquisition of 55% of Histoire & Patrimoine, a specialist in urban building renovation and rehabilitation and tax-relief products (for instance, the Malraux scheme, and the Land deficit scheme).

Partnership with Crédit Agricole Assurances in the company operating Cogedim Club® residences.

Redevelopment of the ex-Laennec Hospital creating a new "urban neighbourhood" in the seventh District of Paris.

2016

Acquisition of Pitch Promotion.

The Group exceeds its objective of 10,000 units sold.

New successes with large mixed-use projects (Bobigny, Belvédère district in Bordeaux and Cœur de City in Issy-les-Moulineaux).

2017

Delivery of the large mixed-use project Place du Grand Ouest in Massy.

Altarea Cogedim global No. 1 among listed companies evaluated by the GRESB (Global Real Estate Sustainability Benchmark) for its CSR policy.

2018

Acquisition of the balance of the capital of Histoire & Patrimoine, now fully-owned.

Sale to Crédit Agricole Assurances of the 33.34% capital stake in Semmaris.

Sale of two of the largest Office developments in Grand Paris Office this year: the Kosmo building in Neuilly-sur-Seine, the future global headquarters of Parfums Christian Dior and the Richelieu building in Paris, Altarea Group's future headquarters.

The S&P Global rating agency assigned to Altareit a BBB rating with a stable outlook.

Completion of an inaugural bond issue for €350 million.

Cogedim came first among real estate brands in the Les Echos/HCG/Evertest ranking of Customer Service and Experience.

The Group has confirmed the excellence of its CSR approach by becoming the world No. 2, all categories combined (listed and unlisted companies) in the GRESB ranking.

2019

Acquisition of 85% of Severini, a developer mainly present in Nouvelle Aquitaine, and 50% of Woodeum, a low-carbon residential developer.

Launch of work on the Issy-Coeur de Ville eco-neighbourhood, the largest mixed project in the Grand Paris metropolitan area, to be completed in 2022.

Acquisition, with a view to its restructuring, of the current headquarters of CNP Assurances located above the Paris-Montparnasse station.

The Group was awarded the tender for construction of the Simonettes neighbourhood in Champigny-sur-Marne, a 56,000 m^2 mixed-use project.

Cogedim awarded "Best Customer Service of the Year" for the third consecutive year.

8.1.2 General information about the issuer

8.1.2.1 Company name
(Article 3 of the Articles of Association)

The Company's name is: Altareit.

8.1.2.2 Legal form – applicable legislation
(Article 1 of the Articles of Association)

Altareit was originally incorporated as a *société anonyme* (a French public limited company). It was transformed into a *sociéte en commandite par actions* (a French partnership limited by shares) by resolution of the shareholders at the Combined General Meeting held on 2 June 2008. Altareit is a company incorporated in France, governed by French law and in particular by the provisions of Book II of the French Commercial Code. Altareit is not governed by any other particular legislation or regulations.

8.1.2.3 Head office
(Article 4 of the Articles of Association)

The Company's registered office is at 8, avenue Delcassé – 75008 Paris.

Its telephone numbers are: +33(0)1 44 95 88 10 and +33 (0)1 56 26 24 00.

Altareit is housed by its sub-subsidiary Cogedim Gestion, itself the holder of a business lease for the offices at 8, avenue Delcassé – 75008 Paris.

8.1.2.4 Date of incorporation and term
(Article 5 of the Articles of Association)

The Company was founded on 16 June 1955 and, in accordance with the provisions of Article 5 of its Articles of Association, has a duration of 99 years with effect from its incorporation on 19 August 1955, unless extended or dissolved early.

8.1.2.5 Corporate purpose
(Article 2 of the Articles of Association)

The Company's corporate purpose is:

- principal purpose:
  - the acquisition of all land, property rights or buildings, including through a construction lease or a leasing arrangement, and any and all assets and rights that may constitute an accessory or appendix to said property assets,
  - the construction of offices and all transactions directly or indirectly related with building these offices,
  - operating and creating value through letting these properties,
  - holding investments through the persons referred to in Article 8 and in paragraphs 1, 2 and 3 of Article 206 of the General Tax Code, and more generally acquiring shareholdings in all companies whose main purpose is the letting of rental property assets in addition to operating, managing and assisting such persons and companies as well as investing in all other types of companies or group ventures, created or to be created and including holding companies;
- additionally, leasing all types of property;
- exceptionally, the transfer by disposal, contribution or merger of the assets of the Company;
- and more generally all property, asset, civil, retail, industrial or financial transactions deemed to be of use for the development of the aforementioned purpose or which might facilitate its exercise, in particular by borrowing and the related constitution of all types of guarantee or collateral.

8.1.2.6 Trade & companies register and other identifying items

The Company is registered at the Paris Trade and Companies Registry under registration number 552 091 050.

The Siret (Company Registration Number) number of the Company is 552 091 050 00096 and its business code is 6820A.

The Company's legal entity identification code (LEI) is 969500400APTHOKN99645.

8.1.2.7 Financial year
(Article 28 of the Articles of Association)

The financial year begins on 1 January and ends on 31 December.

8.1.2.8 Distribution of profits and any surplus on liquidation
(Article 29 and 30 of the Articles of Association)

The Company's distributable profit as defined by law is available for distribution by the General Meeting. The General Meeting has sole discretion over its appropriation. It may be appropriated in full or in part to any general or special reserves or to retained earnings, or may be distributed to the shareholders.

The General Meeting may also resolve to distribute sums from other reserves available to it, providing that the law so permits.

The Ordinary General Meeting, voting to approve the financial statements for the year, may decide to give each shareholder the option of receiving all or part of the dividend in cash or in ordinary shares issued by the Company, in accordance with applicable law and regulations.

The General Partner is entitled to a priority dividend equal to 1.5% of the annual dividend paid.

Save in the event of a capital reduction, no distribution may be made to the shareholders if the Company's net equity is or would as a result of the distribution become lower than the amount of share capital plus any reserves which are not distributable by law.

All of the foregoing is without prejudice to any future issuance of non-voting preferred shares.

In the event of the liquidation of the Company, the net proceeds of liquidation, after settling liabilities, shall be shared between the limited partners and the general partners, up to 98.5% for the limited partners and up to 1.5% to the general partners.

8.2 Other information

8.2.1 Competitive situation

The sections of this Registration Document containing the Company description and business review (Sections 1 and 2 of this document) provide detailed, quantitative information on the Altareit Group's businesses and services, along with their trends, competitive landscape, and earnings.

Main competitors[1]:

- in the residential property development sector[2], the ten leading real estate operators, including the Altarea Cogedim Group, are: Nexity, Bouygues Immobilier, Kaufman & Broad, Vinci Immobilier, Pichet, Icade, Alila, Les Nouveaux Constructeurs and Marignan;
- in the office property development sector, the ten leading real estate operators, including the Altarea Cogedim Group, are: Linkcity, 6ème Sens Immobilier, Emerige, Adim, Nexity, Vinci Immobilier, Kaufman & Broad, Icade and Bouygues Immobilier.

8.2.2 Absence of material changes in the financial or business position

Since 1 January 2020, with the exception of what may be included under Note 11 in the notes to the consolidated financial statements (see point 6 in Section 3 of this document) and the risks related to changes in the real estate market and the economic environment due to the uncertainties caused by the Covid-19 pandemic (see sub-section 5.2.1.2), the Company has not seen any significant changes to its financial or commercial position.

8.2.3 Information that can affect the Company's businesses or profitability

With regard to Property Development (Residential and Business property), no single customer alone exceeds 10% of revenue, while the ten biggest customers represent 20% of revenue of the Property Development division as at 31 December 2019.

The reader's attention is drawn to the significant risks to which the Company is exposed and which are further discussed in Section 5.2 of this document, particularly the risks related to changes in the property market and the economic environment and the uncertainties due to the Covid-19 epidemic (see sub-section 5.2.1.2).

(1) In overall business volume in millions of euros – 2018 Awards – Le Classement des Promoteurs 2019 (31st ed.) – Innovapresse – pages 14 and 16.

(2) Including the Serviced Residences business.

8.3 Persons responsible for the Universal Registration Document and the audit of the financial statements

8.3.1 Person responsible for the Universal Registration Document

Altafi 2, Manager, represented by its Chairman, Alain Taravella.

8.3.2 Statement by the person responsible for the Universal Registration Document

"I declare, after taking all reasonable care to ensure that such is the case, that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I declare that, to the best of my knowledge, the financial statements were prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position, and earnings of the Company and all entities included within the Company's scope of consolidation. I also declare that to the best of my knowledge, the management report includes a cross-reference table on page 197, which gives a true and fair view of the businesses, earnings, financial position, and primary risks and uncertainties of the Company and all entities included in the Company's scope of consolidation".

Altafi 2

Manager

Represented by its Chairman

Alain Taravella

8.3.3 Persons responsible for the audit of the financial statements

Statutory Auditors[1]	Date of first appointment	Start date and duration of current term	Expiration of term
Full members			
Ernst & Young Audit Tour First – 1, place des Saisons – 92400 Courbevoie Represented by Anne Herbein	2 June 2008	7 May 2014 6 financial years	GSM on the accounts for the financial year 2019
Grant Thornton[2] 29, rue du Pont – 92200 Neuilly-sur-Seine Represented by Laurent Bouby	2 June 2008[2]	15 May 2018	GSM on the accounts for the financial year 2019
Alternates			
Auditex Tour First – 1, place des Saisons – 92400 Courbevoie	2 June 2008	7 May 2014 6 financial years	GSM on the accounts for the financial year 2019
IGEC[2] 22, rue Garnier – 92200 Neuilly-sur-Seine	15 May 2018	15 May 2018	GSM on the accounts for the financial year 2019[2]

(1) The Company's Statutory Auditors are members of Compagnie Nationale des Commissaires aux Comptes.

(2) Grant Thornton entered into the rights of AACE Ile de France as from 31 July 2017. AACE Ile de France, official Statutory Auditors of the Company since 2 June 2008 was dissolved without liquidation and its assets were transferred to Grant Thornton on 31 July 2017. Consequently, the position of Statutory Auditors for AACE Ile de France is now held by Grant Thornton since 31 July 2017. The General Shareholders' Meeting of 15 May 2018 (i) took note of the changed legal circumstances of AACE Ile de France and the continuation as official Statutory Auditors of Grant Thornton and (ii) took note of the termination of the office of alternate Statutory Auditors held by Grant Thornton, and the consequent appointment of IGEC as the new alternate Statutory Auditors for the period remaining of the term of its predecessor.

8.4 Documents and information

8.4.1 Documents incorporated by reference

Pursuant to Article 28 of Commission Regulation 809/2004/EC, the following information is incorporated into this Universal Registration Document:

- the consolidated financial statements and corresponding audit report provided on pages 35 and 80, the annual financial statements and corresponding audit report provided on pages 85 and 100, as well as the management report provided on page 59 of the 2017 Registration Document filed with the *Autorité des Marchés Financiers* on 15 March 2018 under number D. 18-0135;
- the consolidated financial statements and corresponding audit report provided on pages 37 and 83, the annual financial statements and corresponding audit report provided on pages 89 and 103, as well as the management report provided on page 47 of the 2018 Registration Document filed with the *Autorité des Marchés Financiers* on 2 April 2019 under number D. 19-0251.

8.4.2 Documents on display

During the validity period of this Universal Registration Document, the following documents are available to the public in electronic or printed form, and can be obtained from the Company's registered office at 8, avenue Delcassé – 75008 Paris, on working days and during office hours:

- the Company's most recent Articles of Association;
- all reports, letters and other documents, past financial data, and expert opinions or statements requested by the Company that are included or mentioned in this document.

All of the regulated information disseminated by the Company pursuant to the provisions of Articles 221–1 *et seq*. of the AMF General Regulation, comprising the reference documents (including the Annual Financial Reports) including in particular historical financial information on the Company filed with the AMF as well as their updates where applicable, for each of the last ten financial years, is available on the Company's website (www.altareit.com, "Finance/Regulated information" and "Publications" sections). The information on the Company's website is not part of this Universal Registration Document, unless this information is incorporated by reference.

8.4.3 Third-party information

Some of the data in this Universal Registration Document comes from third-party sources. The Company certifies that this information has been faithfully reproduced and that, to the best of its knowledge in light of the data published or provided by these sources, no fact has been omitted which would make the information reproduced inaccurate or misleading.

Cross-reference tables

Cross-reference table of the Universal Registration Document

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