ALTAREIT

Stable revenue and sharp decrease in net debt

Residential: market share gains and growth in results

- New orders: €3,353 m (+2%)
- Revenue[1]: €2,407 m (+5%)
- Operating income: €178.1 m (+4%)
- Customer Service of the Year award for Cogedim for the fourth year running

Business property: numerous deliveries in 2020

- Head offices: Altarea (Paris) and Danone (Rueil Malmaison)
- Logistics: 46,000 m² platform for Lidl (Nantes)
- Campus: Orange Lumière (Lyon)
- Operating income: €12.8 m

2020 results

- Revenue[2]: €2,839.7 m (down 1.5%)
- Recurring operating income[3]: €189.3 m (down 4.5%)
- Net income, Group share[4]: €127.7 m (down 19.8%)
- Net debt[5]: € 20 m (down €314 million this year)
- Gearing[6]: 0.02x (vs 0.36x at 31 December 2019)

Paris, February 25th 2021, 5:45 pm. Following review by the Supervisory Board, Management approved the annual 2020consolidated financial statements. The audit procedures on financial statements have been carried out, and the audit reports relating to their certification are being issued.

ABOUT ALTAREIT - FR0000039216 - AREIT

A 99.85% subsidiary of the Altarea Group, Altareit is a pure player in property development in France. Thanks to its unique multi-product expertise, Altareit is a pioneer in mixed-use projects in French gateway cities. Altareit has the know-how in each sector required to design, develop, commercialise and manage made-to-measure real estate products. Altareit is listed in compartment B of Euronext Paris.

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1 Revenue by % of completion basis (excluding external services).
2 Revenue by % of completion basis (including external services).
3 Corresponds to the operating income in the Funds From Operations (FFO) column of the analytical income statement.
4 Corresponds to the net income in the Current operating cash flow (FFO) column of the analytical income statement. Group share.
5 Net bank and bond debt.
6 Net bank and bond debt / consolidated shareholders' equity.

BUSINESS REVIEW

31 DECEMBER 2020

Agenda

1.1 A pure player in property development in France

A resilient model

A 99.85% 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 respond effectively and comprehensively to the challenges of urban transformation.

Residential: Altareit is now the second-biggest developer in France[7], structured to be able to reach a potential of 18,000 units sold per year depending on market conditions.

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[8] for external customers with a particularly strong position on 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[9]).

A unique positionning

Over the years, the Group has built up a unique platform of in order to respond effectively and comprehensively to the challenges of urban transformation :

- the concentration of populations, activities and wealth within major large gateway cities, which is now covering new territories, constituting new real estate markets;

- the inadequacy of real estate infrastructures, which must be rethought 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. As of December 31, 2020, Altareit managed 13 major mixed-use projects (for nearly 910,000 m²) with a value of €3.7 billion.

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.).

The very core of Altareit's know-how consists of developing mixed real estate products that factor these challenges into a complex economic equation, giving it access to the huge urban transformation market.

At the end of 2020, Altareit has secured a huge portfolio of projects of more than 4.2 million m² with a potential value of more than 17.9 billion euros.

[7] Source: Ranking of Developers carried out by Innovapresse which analyses and compares the volumes of activity, the number of housing units or square meters produced, or the equity and debt of the main property developers. It provides detailed figures, developer by developer, and outlines their projects and strategies. The 32nd edition presents the results of the financial year 2019 and covers 55 of the main players in the sector.

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

1.1.1 Residential

1.1.1.1 STRATEGY

The Group's development strategy aims to establish strong positions in and around France's most dynamic gateway cities and in mid-sized towns, where the need for residential units is the highest.

The entire offer for sale and the land portfolio are therefore located in "high-demand" areas, consist of multi-family buildings and have high quality and/or environmental certifications.

Altareit is now the second-biggest Residential developer in France[10], structured to be able to reach a potential of 18,000 units sold per year depending on market conditions.

A multi-brand and multi-product strategy

The various Group brands (Cogedim, Pitch Promotion, Histoire & Patrimoine, Woodeum, Severini and Cogedim Club) enjoy operational autonomy whilst benefiting from the power of the Group.

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

• High-end: products defined by demanding requirements in terms of location, architecture and quality;

• Entry-level and mid-range: programmes specifically designed to address: the need for affordable housing both for first-time buyers (secured prices), private investment and institution; the challenges facing social landlords;

• Serviced Residences: the Group is currently developing this type of offering, particularly under the Cogedim Club brand for active senior citizens, combining city-centre locations with a range of a la carte services;

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

• Sales in dismemberment of ownership: the Group is developing programmes under a French Government policy known as social rental usufruct. This additional offering, whilst 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;

• Timber housing development under the brand Woodeum, leader in carbon-free development in France and a 50%-owned subsidiary of the Group.

The Group has also developed Altarea Solutions & Services, an in-house value-added service platform to support its customers and partners throughout their project: dismemberment ownership, financing brokerage, rental management in particular.

1.1.1.2 ACTIVITY OF THE YEAR

[10] Source: Ranking of Developers carried out by Innovapresse which analyses and compares the volumes of activity, the number of housing units or square meters produced, or the equity and debt of the main property developers. It provides detailed figures, developer by developer, and outlines their projects and strategies. The 32nd edition presents the results of the financial year 2019 and covers 55 of the main players in the sector.

Impact of the pandemic on business

The Group was very responsive to the first lockdown (17 March to 11 May 2020), which severely disrupted the entire Residential development cycle:

• during the closure of the sales offices, which limited sales contacts with Individuals, the commitment of the teams made it possible to maintain sales at around 30% of normal activity through full use of digital tools, notably e- booking, which enables online sales to be contracted under secure conditions;

• the Group scheduled a campaign of notarised completions and collections before the end of the lockdown. It took place at a time when clients and notary offices were barely out of lockdown, as the latter still had a reduced capacity to record transactions;

• at the beginning of May, the 300 projects under way restarted and returned to cruising speed by June, quickly making up the impact of the stoppage on technical completion rates;

This offensive was maintained throughout the year, making it possible to maintain a high rate of activity during the second lockdown (30 October to 15 December 2020) during which construction sites were not suspended and notarised sales were much more fluid.

New orders[11]: €3.4 bn (+2%)

New orders	2020		2019		Chge
Individuals - Residential	609	€m	1,011	€m	(40)%
Individuals - Investment	724	€m	1,174	€m	(38)%
Bloc sales	2,019	€m	1,093	€m	85%
Total in value (incl. VAT)	**3 353**	**€m**	**3 278**	**€m**	**+2%**
o/w equity-method (Group	*179*	*€m*	*181*	*€m*	*(1)%*
Individuals - Residential	1,622	units	2,865	units	(43)%
Individuals - Investment	2,605	units	4,671	units	(44)%
Bloc sales	7,702	units	4,592	units	68%
Total in units	**11,929**	**units**	**12,128**	**units**	**(2)%**

In 2020, bloc sales to institutional investors replaced sales to Individuals in a market still characterised by a structural shortage of supply, made worse this year by delayed municipal elections.

Notarised sales: €3.7 bn (+14%)

A client's definitive commitment is legally materialised upon the notarial signature, which regularises a reservation contract.

€m incl. VAT	2020	%	2019	%	Chge
Individuals	1,965	53%	1,858	50%	+6%
Bloc sales	1,768	47%	1,421	38%	+24%
Total	**3,733**		**3,279**		**+14%**
Entry-level/mid-range	2,194	59%	1,972	53%	+11%
High-end	1,339	36%	958	26%	+40%
Serviced Residences	11	ns	182	5%	Na
Renovation/Rehabilitation	189	5%	167	4%	+13%
Total	**3 733**		**3 279**		**+14%**

[11] New orders net of withdrawals, in euros, including VAT when expressed in value. Data at 100%, with the exception of operations under joint control which are reported in Group share (including Woodeum).

In 2020, the Group conducted an active sales campaign throughout the year. Sale completions increased by +14% in value compared to 2019 and by +8% in volume (13,100 units sold, with a good balance between types of investor).

Deliveries

In 2020, the Group delivered nearly 7,800 units and more than 300 projects (27,000 units) are underway at the start of 2021.

Commercial launches

In 2020, the Group focused on accelerating the sale of programmes already launched.

Given the context, business recovered more strongly in the second part of the year, thanks in large part to digitisation of the launch of marketing programmes. A total of 110 new projects (5,300 units) were launched this year, compared to 166 transactions in 2019 for 11,500 units.

Revenue by % of completion: €2.4 bn (+5%)

Revenue by percentage-of-completion is calculated based on both percentage of sales realised (notarised sales) and the completion of the programmes (progress of construction sites).

In €m (excl. VAT)	2020	*%*	2019	*%*	*Chge*
Entry-level/mid-range	1,578	*66%*	1,550	*68%*	*+2%*
High-end	694	*29%*	566	*25%*	*+23%*
Serviced Residences	42	*2%*	92	*4%*	*(54)%*
Renovation/Rehabilitation	92	*4%*	74	*3%*	*+24%*
Total	**2,407**		**2,283**		**+5%**

In 2020, the mobilisation of teams on notarised sales largely compensated for the delay in technical progress due to the shutdown of construction sites in the spring.

Backlog: €4.0 bn (+5%)

Backlog is a leading indicator of potential revenue, which includes:

• Notarised sales, not yet recognised: units that have been regularised at the notary's office, to be recognised as revenue according to technical progress,

• New orders (units sold) that are not yet regularised.

In €m (excl. VAT)	31/12/2020	31/12/2019	*Chge*
Notarised revenue not recognised	2,252	1,722	*+31%*
Revenues reserved but not notarised	1,709	2,057	*(17)%*
Backlog	**3,962**	**3,778**	**+5%**
o/w equity-method (Group	*324*	*258*	*Ns*
Number of months	*20*	*20*	

Properties for sale and future offering:

The pipeline of projects under development is composed of:

• properties for sale (units available for sale); and

• the land portfolio, which includes projects secured under a sale agreement (most of which are unilateral) and whose launch has not yet taken place. These become properties for sale when they are launched on the market.

In €m incl. Potential revenue	31/12/2020	No. months	31/12/2019	*Chge*
Properties for sale	1,563	6	2,104	*(26)%*
Future offering	11,235	40	10,659	*+5%*
Pipeline	***12,798***	***46***	***12,764***	**+0%**
In no. of units	*49,515*		*48,885*	*+1%*
In m²	*2,772,800*		*2,737,600*	*+1%*

The decline in properties for sale at the end of 2020 is linked to the acceleration of bloc sales during the year. This decline is temporary as the Group has simultaneously reinforced its land portfolio to 45,000 units, nearly half of which are due to be launched within the next twelve months.

Risk management

At end-2020, the Group's properties for sale amounted to almost €1.6 billion incl. VAT (equi. six months of activity), with the following breakdown according to the stage of completion of the programmes:

in €m

	Project not yet started	Project under construc-tion	In stock	Total
Amounts committed excl. VAT	**245**	**549**	**13**	**806**
Of which already paid out (a)	*245*	*303*	*13*	*561*
Properties for sale incl. VAT	**895**	**639**	**29**	**1,563**
In %	*57%*	*41%*	*2%*	*100%*
o/w to be delivered	*in 2021*	*86*		
	in 2022	*328*		
	≥ 2023	*226*		

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

Management of real estate commitments

57% of sales related to programmes whose construction has not yet been launched and for which the amounts committed correspond essentially to studies, advertising, and reservation fees (or guarantees) paid within the purchase agreement on land, and most recently the cost of land.

41% of the offer is currently under construction, including a limited share (€86 million or less than 6% of total properties for sale) representing units to be delivered by the end of 2021. The stock amount of finished products is not significant (2% of total offer).

This breakdown of operations 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;

• agreement required from the Commitments Committee at each stage of the project: signature of the purchase agreement, marketing, land acquisition and launch of construction;

• strong pre-letting required for land acquisition;

• abandonment or renegotiation of projects having generated inadequate pre-letting rates.

1.1.2 Business property

1.1.2.1 STRATEGY

An investor developer model

The Group has significant operations in the Business property market with limited capital risk:

• principally as a developer[12] in off-plan sales, off-plan leases and property development contracts (PDC), with a particularly strong position on the turnkey user market, or as a service provider under DPM contracts;

• or as a co-investor, either directly or through AltaFund[13], for high-potential assets (prime location) in view of their sale once redevelopment has been completed[14];

The Group is systematically the developer of projects in which it is also co-investor and Manager[15];

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

A dual diversification strategy

Geographic strategy

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

• in Grand Paris: in 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 gateway cities: Altarea acts in development programmes (off-plan sales or PDCs) generally sourced thanks to the local Residential network.

In just a few years, Altareit has also become the leading Business property developer in the regions. Altarea has been able to capitalise on its know-how to meet the expectations of this fall-back market for companies located in the Paris region which share the same demand for products focused on working comfort and high-quality facilities (connectivity, collaborative spaces, etc.).

Product strategy

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

The Logistics investment vehicle, created at the end of 2017 by Pitch Promotion, has enabled Altarea to become a commited player in logistics in France with seven projects totalling nearly 600,000 m² under development at the end of December 2020.

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

1.1.2.2 ACTIVITY OF THE YEAR

Impact of the pandemic on the centres' businesses

The first lockdown (March 17 to May 11, 2020) disrupted activity with the shutdown of the majority of ongoing construction sites, except for the one at Richelieu, Altarea's head office, which was delivered in the second quarter, and that of Bridge in Issy-les-Moulineaux (future Orange head office), the delivery of which had to be postponed until the beginning of 2021.

New orders

Over the full year 2020, the Group placed eight transactions for a total of €161 million, including:

• 9,700 m² of offices in the large mixed-use off-plan sales project, Bobigny-La Place, and a DPM project in the centre of Paris;

• and six off-plan sales in the Regions, including:

- "Amazing Amazones" in Nantes, as part of the EuroNantes mixed-use project, 16,200 m² of offices acquired by SCPI Accimmo Pierre (BNP REIM);
- "Gravity" in Lyon, and "La Pomone" in Aix-en-Provence, both sold to a SCPI, a subsidiary of Banque Populaire Grand Ouest;

  Gravity, to be delivered at the end of 2021, is aiming for HQE Tertiary Buildings Excellent and BREEAM® Very Good certifications. La Pomone, consisting of three buildings (over 4,900 m²), is leased to the Esaip training centre and to the Nahema agency, a NATO subsidiary specialising in the development of military helicopter programs, and constitutes the first phase of the "Vert Pomone" programme.
- and "Campus Adriana" in Marseille, a 9,600 m² building near the Gare St-Charles. This public interest project for co-working, training, catering and sports halls, will be delivered in 2022. Partially leased to EPITECH on a surface area of 2,500 m² (with Auditorium), a member of the Ionis Group, the leading private higher education group in France, this building was sold to Newton Offices.

[12] *This development activity does not present any commercial risk: Altarea carries only a measured amount of technical risk.*
[13] *AltaFund is a discretionary investment fund, created in 2011, of which the Group is one of the contributors alongside leading institutional investors.*
[14] *Resold rented or not.*
[15] *Through marketing, sale, asset and fund management contracts.*

Pipeline

62 projects in development

At the end of 2020, the Group's pipeline consisted of 62 projects with an estimated potential value of €4.0 billion.

It includes four co-investment transactions, shared with leading institutional investors with a potential value of over €1.1 billion (€243 million, Group share).

At 31/12/2020	No.	Surface area (m²) at 100%	Revenue excl. VAT (€m)	Potential value at 100% (€m excl. VAT)
Investments [(a)]	4	116,900	436	1,088
Property developer (property development of off-plan sales contracts) [(b)]	55	1,232,600	2,769	2,769
Delegated project management [(c)]	3	36,400	122	122
Total	**62**	**1 385,900**	**3,327**	**3,979**
o/w Regions	*44*	*919,200*	*1,756*	*1,756*
o/w Offices	*55*	*794,000*	*2,803*	*2,803*
o/w Logistics	*7*	*592,000*	*524*	*524*

(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
(c) Revenue excl. VAT = Potential value: capitalised fees for delegated projects.

Deliveries

Despite the constraints linked to the pandemic, this year Altareit delivered several emblematic projects illustrating its product and geographic strategy, in particular:

• "Convergence", Danone's new global head office in Rueil-Malmaison, NF HQE Bâtiment Tertiaire certified;

• a 46,000 m² logistics platform for Lidl near Nantes;

• et "Orange Lumière" in Lyon Part-Dieu, the new Orange campus bringing together its Lyon teams, previously spread over eighteen sites (linked with a project of 160 vacant, intermediate and social housing units built by the Group).

In the first half of the year, Altareit also delivered its head office at 87 rue de Richelieu in Paris, a project that has won numerous awards for its exemplary restructuring (Grand Prix SIMI 2020 in particular).

In early 2021, the Group will deliver "Bridge", Orange's future headquarters in Issy-les-Moulineaux, which has just been awarded the Wired Score "Platinum" label, the highest level of distinction in terms of digital connectivity, Eria in La Défense, which will house the future Cybersecurity agency ordered by the French President, as well as Landscape in La Defense.

Supply

In 2020, the Group signed several projects in the regions, including a building for Unedic in Marseille and a restructuring project at the Haute-Borne division in Villeneuve d'Ascq. In Paris, the Group signed two DPM contracts, for the district of La Madeleine and the Landscape project in La Défense[16].

Numerous transactions were under negotiation at the end of 2020. Several of them materialised at the beginning of the year and will feed the pipeline, including:

• the acquisition with JP Morgan Global Alternatives of a complex of seven office buildings totalling 14,000 m² in the central business district of Paris, which will be the subject of a restructuring program,

• a DPM project in the Champs-Elysées district in Paris.

Backlog

Backlog (Business Property) 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.

in €m	31/12/2020	31/12/2019	*Chge*
Off-plan, PDC	468	668	*(30)%*
o/w equity-method (Group share)	*31*	*73*	-
Fees (DPM)	11	9	-
Total	**479**	**677**	***(29)%***

[16] Recognized in the DPM pipeline for its contribution in euros, but not in terms of surface area and number of projects, as it is already included in co-investment operations.

Pipeline under development as of 31 December 2020

	Surface area (m²)	Property Development Type	Property Development Revenue excl. VAT (€m) (a)	Potential value at 100% (€m) excl. VAT (b)	Progress (c)
Landscape (La Défense)	70,100	Invest.			Under construction
Tour Eria (La Défense)	26,600	Invest.			Under construction
Cocktail (La Défense)	18,100	Invest.			Secured
Saussure (Paris)	2,100	Invest.			Secured
Investments (4 projects)	**116,900**		**436**	**1,088**	
Belvédère (Bordeaux)	50,000	Off-plan sale			Under construction
Bridge (Issy-les-Moulineaux)	57,900	Invest.			Under construction
Bassins à Flot (Bordeaux)	49,500	Off-plan sale			Under construction
Coeur de Ville - Hugo (Issy-les-Mx)	25,700	PDC			Under construction
Balma Campus - Orange (Toulouse)	19,100	PDC			Under construction
Amazing Amazones - EuroNantes (Nantes)	19,100	Off-plan sale			Under construction
Aerospace - Phase A (Toulouse)	13,500	Off-plan sale			Under construction
Coeur de Ville - Leclerc & Vernet (Issy-les-	15,200	PDC			Under construction
Bobigny-La Place	9,800	Off-plan sale			Under construction
Gravity (Lyon)	4,800	Off-plan sale			Under construction
Cœur d'Orly (Orly)	30,700	PDC			Secured
EM Lyon Business School (Lyon)	29,400	PDC			Secured
Vert Pomone - Phase A (Aix-en-Provence)	4,900	Off-plan sale			Secured
Other Office projects (35 projects)	*311,000*	*PDC/Off-plan*			*Secured*
TCAM T2 (Seine et Marne)	5,300	PDC			Under construction
Technoparc (Collegien - Greater Paris)	11,800	Off-plan sale			Under construction
Hexahub Paris Region(Seine et Marne)	68,200	PDC			Secured
Hexahub Aquitaine (Bordeaux)	170,000	PDC			Secured
Other Logistics projects (3 projects)	*336,700*	*PDC/Off-plan*			*Secured*
"100% external" property development (55 projects)	**1,232,600**		**2,769**	**2,769**	
DPM (3 projects)	**36,400**	DPM	**122**	**122**	
Total Property Development portfolio (62 projects)	**1,385,900**		**3,327**	**3,979**	

(a) PDA/Off-plan sales: amount excl. VAT of signed or estimated contracts, at 100%. Delegated project management (DPM) contracts fees capitalised.

(b) Potential value: market value excluding project rights. Investments: potential value at disposal date for investment projects (at 100%). Projects intended for "100% external" customers (Off-plan/PDC): amount excluding VAT of contracts signed or estimated (at 100%, or in proportion for projects under joint control). DPM: contracts:

(c) Secured projects: projects either fully or partly authorised, where the land has been acquired or for which contracts have been exchanged, but on which construction has not yet begun.

1.2 2020 Consolidated results

In 2020, Altareit's revenue amounted to €2,839.7 million, a very slight decrease year-on-year (down 1.5%), driven by growth in Residential (+5.3%), which offset the decline in Business property revenue (delays on construction sites and delays in delivery to 2021).

The recurring operating income (FFO) amounted to €189.3 million (down 4.5% this year) takes into account:

- increase in Residential operating income[17] (€+6.1 million);
- decrease in Business property operating income (€-10.7 million) mainly due to delivery delays in the first half of 2021 (including Bridge, the future Orange headquarters).

Net income (FFO), Group share, amounted to €127.7 million (-19.8% at €73.06 per share) due to the increase in tax expense (€13.9 million compared to €4.7 million in 2019).

In €m	Residential	Business property	Diversification	Other Corporate	Funds from operations (FFO)	Changes in value, estimated expenses and transaction	TOTAL
Revenue and ext. services.	**2 417.0**	**422.7**	**–**	**–**	**2 839.7**	**–**	**2 839.7**
Change vs 31/12/2019	*+5.3%*	*(28.1)%*	*na*	*na*	*(1.5)%*		*(1.5)%*
Net rental income	-	-	–	-	–	–	–
Net property income	201.6	22.3	-	–	223.9	(0.6)	223.3
External services	10.1	6.2	–	–	16.3	–	16.3
Net revenue	**211.7**	**28.5**	**–**	**–**	**240.2**	**(0.6)**	**239.6**
Change vs 31/12/2019	*(3.3)%*	*+20.0%*	*na*	*na*	*(1.1)%*		*(1.1)%*
Production held in inventory	163.0	13.9	–	–	176.9	–	176.9
Operating expenses	(207.3)	(29.3)	0.1	(1.7)	(238.3)	(16.8)	(255.0)
Net overhead expenses	**(44.3)**	**(15.4)**	**0.1**	**(1.7)**	**(61.3)**	**(16.8)**	**(78.1)**
Share of equity-method affiliates	10.8	(0.3)	–		10.4	4.1	14.5
Income/loss on sale of assets - Diversification						(0.1)	(0.1)
Income/loss in the value of investment property						–	–
Calculated expenses and transaction costs					-	(22.4)	(22.4)
Operating income	**178.1**	**12.8**	**0.1**	**(1.7)**	**189.3**	**(35.7)**	**153.6**
Change vs 31/12/2019	*+3.6%*	*(45.6)%*	*na*	*na*	(4.5)%		*+4.4%*
Net borrowing costs	(13.4)	(5.3)	–	–	(18.7)	(2.1)	(20.8)
Other financial results	(7.5)	(0.5)	–	–	(8.0)	(0.0)	(8.0)
Gains/losses in the value of financial	–	–	–	–	–	1.1	1.1
Corporate Income Tax	(13.3)	(0.6)	-	–	(13.9)	(21.5)	(35.4)
Net income	**143.9**	**6.4**	**0.1**	**(1.7)**	**148.7**	**(58.3)**	**90.4**
Non-controlling interests	(21.3)	0.3	–	–	(21.0)	(0.1)	(21.1)
Net income. Group share	**122.7**	**6.7**	**0.1**	**(1.7)**	**127.7**	**(58.4)**	**69.4**
Change vs 31/12/2019	*(12.4)%*	*(59.3)%*	*na*	*na*	*(19.8)%*		
Diluted average number of shares					*1,748,409*		
Net income. Group share per share					**73.06**		
Change vs 30/06/2019					*(19.8)%*		

[17] In order to best reflect the economic contribution of its managed residences business, Altarea decided to restate the positive impact of IFRS 16 on its contribution to the FFO, for an amount of €-7.5 million euros (vs. €-5.7 million in 2019) in exchange for the increase in Changes in value, estimated expenses and transaction costs, thus reducing FFO operating income accordingly.

FFO[18] Residential

in €m	2020	2019	
Revenue by % of completion	2407	2283	*+5.4%*
Cost of sales excluding mktg	(2177)	(2035)	
Residential margin	**229.9**	**248.2**	*(7.4)%*
% of revenue	*9.6%*	*10.9%*	
Marketing costs	(28.3)	(40.5)	
Net property income Residential	**201.6**	**207.7**	*(2.9)%*
% of revenue	*8.4%*	*9.1%*	*(7.9)%*
External services	10.1	11.2	
Production held in inventory	163.0	157.8	
Operating expenses	(207.3)	(217.1)	
Contribution of EM associates	10.8	12.5	
Operating income – Residential	**178.1**	**172.0**	*+3.6%*
% of revenue	*7.4%*	*7.5%*	
Net borrowing costs	(13.4)	(7.9)	
Other financial results	(7.5)	(1.2)	
Corporate income taxes	(13.3)	(3.4)	
Non-controlling interests	(21.3)	(19.3)	
FFO Residential	**122.7**	**140.1**	*(12.4)%*

Percentage-of-completion revenue in Residential reached a new all-time high (+5.4%) despite the context, as the commercial completion rate (sales) offset delays in technical progress due to the spring lockdown.

Excluding marketing expenses, the margin decreased by 130 bps reflecting the increased proportion of bloc sales recognised on a percentage-of-completion revenue basis. This decrease in the margin was, however, partially offset by a sharp decrease in marketing expenses, mainly for Retail sales. In total, the decrease in margin after marketing expenses was restricted to -70 bps.

Helped by rigorous management of overheads (€-9.8 million), Residential operating income rose +3.6%. Compared to percentage-of-completion revenue, Residential operating margin was stable.

The decrease in FFO Residential is entirely attributable to the increase in tax (€9.9 million) and the increase in the cost of carrying the significant liquidity from which the Property Development division benefits (particularly the bond issues carried out in 2020).

FFO Business property

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

- net property income generated by development projects (PDC and Off-plan sales);
- external services: DPM, asset management, leasing and performance (promote) fees;
- and contribution from equity-method associates: results made on partnership investment projects.

in €m	2020	2019	
Revenue by % of completion	416.5	577.0	*(27.8)%*
Cost of sales and other expenses	(394.2)	(564.2)	
Net property income Business	**22.3**	**12.9**	*73.5%*
% of revenue	*5.4%*	*2.2%*	
External services	6.2	10.9	
Production held in inventory	13.9	24.7	
Operating expenses	(29.3)	(34.9)	
Contribution of EM associates	(0.3)	9.9	
Operating income - Business	**12.8**	**23.5**	*(45.6)%*
% of revenue + ext. serv. prov.	*3.0%*	*4.0%*	
Net borrowing costs	(5.3)	(7.8)	
Other financial results	(0.5)	(2.8)	
Corporate income taxes	(0.6)	(1.3)	
Non-controlling interests	0.3	4.8	
FFO Business property	**6.7**	**16.4**	*(59.3)%*

Net property income was up sharply to €22.3 million despite a decrease in revenue, thanks to a project mix with a higher average margin (particularly in the Regions).

The contribution of equity-method affiliates was down sharply due in part to the strong level of activity in 2019 (notably at 87 rue de Richelieu).

In addition, the rigorous management of overheads (saving €5.6 million) failed to offset a reduction in fees due to delays in several projects, which will be delivered during the first half of 2021.

18 *Funds From Operations (FFO): net profit excluding changes in value, calculated expenses, transaction fees and changes in differed tax. Group share.*

1.3 Financial resources

New financing of €590 m

During 2020, the Group arranged €590 million in new long-term financing.

In €m	RCF	*Term loan*	Total banks	Bond	Total
New money	237	70	307	150	457
Expansion	83	50	133	-	133
Total	**320**	**120**	**440**	**150**	**590**

In July and October, Altareit placed respectively €80 million and €70 million in bonds assimilated to the Altareit 2.875% 07/2025 issue, bringing the total nominal outstanding of this line to €500 million.

Available cash: €2.5 billion

At 31 December 2020, Altareit had available liquidity of €4,454 million (€1,772million at 31 December 2019), broken down as follows:

Available (in €m)	Cash	Unused credit facilities	Total
At Corporate level	738	540	1 278
At project level	586	590	1 176
Total	**1,324**	**1,130**	**2,454**

Unused credit facilities amount to €520 million RCF[19] the average maturity of which is 4.0 years, with no maturities within the coming 18 months.

Given the Group's liquidity and the continued access to the market in the short-term, as of 31 December 2020 no RCF was drawn. The Group has no plans to draw on them in the coming months.

Short and medium-term financing

As of 31 December 2020, Altareit has a NEU CP[20] programme (issues up to one year) of €254 million and a NEU MTN[21] programme (issues more than one year) of €85 million.

The total outstanding was €339 million with an average maturity of 5.5 months.

Sharp decrease in net debt[22]: €-314 million

in €m	31/12/2020	31/12/2019
Corporate and bank debt	197	148
Credit markets [(a)]	842	666
Debt on property development	167	205
Total gross debt	**1,206**	**1,019**
Cash and cash equivalents	(1,185)	(685)
Total net debt	**20**	**334**

a) This amount includes bond debt and €339 million of NEU CP and NEU MTN.

Due to the strong cash-flow generation, net debt is close to zero.

BBB credit rating

In May 2020, after a sector review, the S&P Global rating agency assigned a financial rating of "BBB, with a negative outlook" to Altarea and Altareit, its listed subsidiary for the Group's development activities.

ICR ratio[23]

At 31 December 2020, the ICR ratio was 10.1x, compared with 10.0x at 31 December 2019.

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 33.0% and ICR at 7.3x).

	Covenant	31/12/2020	31/12/2019	Delta
LTV [(a)]	≤ 60%	33.0%	33.2%	(0.2) pt
ICR [(b)]	≥ 2.0 x	7.3x	7.3x	(0.0)x

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

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

Altareit's gearing[24] was at 0.02x at 31 December 2020 (compared to 0.36x at 31 December 2019).

Equity

Altareit's shareholders' equity stood at €1,002 million at 31 décember, 2020, vs €918.0 million as of 31 December, 2019, making Altareit one of the most highly capitalised French developers.

[19] *Revolving credit facilities (confirmed credit authorisations).*
[20] *NEU CP (Negotiable European Commercial Paper).*
[21] *NEU MTN (Negotiable European Medium Term Note).*
[22] *Net bank and bond debt.*
[23] *ICR (Interest Coverage Ratio) = Operating income / Net borrowing costs*
[24] *Net bond and bank debt / consolidated shareholders' equity.*

Consolidated P&L

€millions	31/12/2020 Funds from operations (FFO)	31/12/2020 Changes in value. estimated expenses and transaction costs	31/12/2020 Total	31/12/2019 restated* Funds from operations (FFO)	31/12/2019 restated* Changes in value. estimated expenses and transaction costs	31/12/2019 restated* Total
Revenue	2,406.9	–	2,406.9	2,283.1	–	2,283.1
Cost of sales and other expenses	(2,205.3)	(0.6)	(2,205.9)	(2,075.4)	(0.6)	(2,076.0)
Net property income	**201.6**	**(0.6)**	**201.0**	207.7	(0.6)	207.1
External services	10.1	–	10.1	11.2	–	11.2
Production held in inventory	163.0	–	163.0	157.8	–	157.8
Operating expenses	(207.3)	(12.6)	(219.9)	(217.1)	(16.3)	(233.5)
Net overhead expenses	**(34.2)**	**(12.6)**	**(46.8)**	(48.1)	(16.3)	(64.5)
Share of equity-method affiliates	**10.8**	**(2.5)**	**8.3**	12.5	0.1	12.6
Net allowances for depreciation and impairment	**–**	**(22.9)**	**(22.9)**	–	(18.3)	(18.3)
Transaction costs	**–**	**(0.0)**	**(0.0)**	–	(1.5)	(1.5)
NET RESIDENTIAL INCOME	**178.1**	**(38.6)**	**139.5**	**172.0**	**(36.6)**	**135.5**
Revenue	416.5	–	416.5	577.0	–	577.0
Cost of sales and other expenses	(394.2)	–	(394.2)	(564.2)	–	(564.2)
Net property income	**22.3**	**–**	**22.3**	12.9	–	12.9
External services	6.2	–	6.2	10.9	–	10.9
Production held in inventory	13.9	–	13.9	24.7	–	24.7
Operating expenses	(29.3)	(3.0)	(32.3)	(34.9)	(3.7)	(38.6)
Net overhead expenses	**(9.2)**	**(3.0)**	**(12.2)**	0.8	(3.7)	(2.9)
Share of equity-method affiliates	**(0.3)**	**6.6**	**6.3**	9.9	(3.0)	6.9
Net depreciation. amortization and provisions	**–**	**(1.5)**	**(1.5)**	–	(3.2)	(3.2)
Net allowances for depreciation and impairment	**–**	**1.7**	**1.7**	–	1.3	1.3
BUSINESS PROPERTY INCOME	**12.8**	**3.8**	**16.7**	**23.5**	**(8.6)**	**15.0**
Rental income	–	–	–	1.6	–	1.6
Other expenses	–	–	–	(0.8)	–	(0.8)
Net rental income	**–**	**–**	**–**	**0.8**	**–**	**0.8**
External services	–	–	–	–	–	–
Operating expenses	0.1	(1.0)	(0.9)	4.7	–	4.7
Net overhead expenses	**0.1**	**(1.0)**	**(0.9)**	**4.7**	**–**	**4.7**
Share of equity-method affiliates	**–**	**–**	**–**	**0.2**	**(0.3)**	**(0.1)**
Net allowances for depreciation and impairment	**–**	**0.3**	**0.3**	**–**	**(5.1)**	**(5.1)**
Gains / losses on disposals of assets	**–**	**(0.1)**	**(0.1)**	**–**	**(1.2)**	**(1.2)**
Income/loss in the value of investment property	**–**	**–**	**–**	**–**	**1.0**	**1.0**
NET DIVERSIFICATION INCOME	**0.1**	**(0.8)**	**(0.7)**	**5.7**	**(5.6)**	**0.1**
Other (Corporate)	**(1.7)**	**(0.2)**	**(1.9)**	**(3.0)**	**(0.4)**	**(3.4)**
OPERATING INCOME	**189.3**	**(35.7)**	**153.6**	**198.3**	**(51.2)**	**147.2**
Net borrowing costs	**(18.7)**	**(2.1)**	**(20.8)**	**(16.4)**	**(1.3)**	**(17.8)**
Others financial results	**(8.0)**	**(0.0)**	**(8.0)**	**(3.4)**	**–**	**(3.4)**
Discounting of debt and receivables	**–**	**–**	**–**	**–**	**2.1**	**2.1**
Change in value and income from disposal of financial instruments	**–**	**1.1**	**1.1**	**–**	**(0.1)**	**(0.1)**
Proceeds from the disposal of investments	**–**	**(0.0)**	**(0.0)**	**–**	**(1.7)**	**(1.7)**
PROFIT BEFORE TAX	**162.6**	**(36.8)**	**125.8**	**178.5**	**(52.2)**	**126.3**
Corporate income tax	**(13.9)**	**(21.5)**	**(35.4)**	**(4.7)**	**(26.2)**	**(30.9)**
NET INCOME	**148.7**	**(58.3)**	**90.4**	**173.8**	**(78.5)**	**95.3**
Minority shares	**(21.0)**	**(0.0)**	**(21.0)**	**(14.5)**	**0.2**	**(14.3)**
NET INCOME, Group share	**127.7**	**(58.3)**	**69.4**	**159.2**	**(78.3)**	**81.0**
Diluted average number of shares	*1,748,409*	*1,748,409*	*1,748,409*	*1,748,489*	*1,748,489*	*1,748,489*
NET INCOME PER SHARE (€/share), Group share	**73.1**	**(33.4)**	**39.7**	**91.1**	**(44.8)**	**46.3**

Restated on 31 December 2019 to take into account changes to the presentation of borrowing costs.
(1) Concerning the share of equity-method affiliates, IFRS 16 restatement's impact is fully presented in changes in value, particularly for the Cogedim Résidences Services activity.

Balance sheet

€millions	31/12/2020	31/12/2019 restated*
Non-current assets	**753.4**	**667.5**
Intangible assets	303.3	303.1
o/w Goodwill	*192.1*	*192.1*
o/w Brands	*105.4*	*105.4*
o/w Client relationships	–	*0.6*
o/w Other intangible assets	*5.8*	*5.0*
Property plant and equipment	24.1	18.9
Right-of-use on tangible and intangible fixed assets	139.4	21.7
Investment properties	32.8	31.1
o/w Investment properties in operation at fair value	*6.5*	*4.1*
o/w Investment properties under development and under construction at cost	*22.0*	*22.0*
o/w Right-of-use on Investment properties	*4.3*	*5.0*
Securities and investments in equity affiliates and unconsolidated interests	242.0	249.5
Loans and receivables (non-current)	9.8	41.9
Deferred tax assets	2.0	1.3
Current assets	**3,449.9**	**3,016.0**
Net inventories and work in progress	845.9	1,051.1
Contracts assets	741.2	564.9
Trade and other receivables	649.7	686.4
Income tax credit	5.5	6.4
Loans and receivables (current)	22.6	22.1
Cash and cash equivalents	1,185.1	685.0
TOTAL ASSETS	**4,203.3**	**3,683.5**
Equity	**1,002.0**	**918.0**
Equity attributable to Altareit SCA shareholders	**949.8**	**881.0**
Capital	2.6	2.6
Other paid-in capital	76.3	76.3
Reserves	801.6	721.1
Income associated with Altareit SCA shareholders	69.4	81.0
Equity attributable to minority shareholders of subsidiaries	**52.1**	**37.1**
Reserves associated with minority shareholders of subsidiaries	31.1	22.7
Other equity components. Subordinated Perpetual Notes	21.0	14.3
Non-current liabilities	**1,050.6**	**704.9**
Non-current borrowings and financial liabilities	978.4	652.5
o/w Bond issues	*496.0*	*345.7*
o/w Borrowings from lending establishments	*301.5*	*259.6*
o/w Negociable European Medium Term Note	*25.0*	*30.0*
o/w Advances from Group shareholders and partners	*3.0*	*2.8*
o/w Lease liabilities	*152.9*	*14.3*
Long-term provisions	16.3	19.2
Deposits and security interests received	1.4	2.1
Deferred tax liability	54.5	31.2
Current liabilities	**2,150.8**	**2,060.5**
Current borrowings and financial liabilities	473.9	478.6
o/w Bond issues	*6.8*	*5.1*
o/w Borrowings from lending establishments	*58.4*	*91.6*
o/w Negociable European Medium Term Note	*314.0*	*285.0*
o/w Bank overdrafts	*3.9*	*2.2*
o/w Advances from Group shareholders and partners	*89.9*	*82.5*
o/w Lease liabilities	*0.9*	*12.2*
Contracts liabilities	177.3	168.8
Trade and other payables	1,488.4	1,407.8
Tax due	11.2	5.3
TOTAL LIABILITIES	**4,203.3**	**3,683.5**

*Restated at December 31, 2019 for the change in presentation of current and non-current financial assets.