2020

UNIVERSAL REGISTRATION DOCUMENT

ALTAREIT

CONTENTS

UNIVERSAL REGISTRATION DOCUMENT

Including the annual financial report

2020

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

The Universal Registration Document was filed on 26 March 2021 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 may be used for the purposes of a public offering of financial securities or the admission of financial securities to trading on a regulated market if it is supplemented by a securities note and, where applicable, an executive summary and all amendments to the Universal Registration Document. The set of documents is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This is a translation into English of the Universal Registration Document of the Company issued in French and it is available on the website of the Company.

2020 ESSENTIAL

PURE PLAYER IN PROPERTY DEVELOPMENT

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.

2020 PERFORMANCE

€2.9 bn
Revenue
(–1.5%)

€189.5 M
Operating income
(–4,5%)

€3.4 bn
In new orders
(+2%)

Net debt(1)
€20 M
Sharp decrease in debt
(–€314 M in 2020)

0.02 x
gearing

(1) Consolidated net bond and bank debt.

Altareit is listed on compartment B of Euronext Paris (ISIN: FR0000039216 – mnemo: AREIT).
The company refers to the Middlenext Code of Corporate Governance.

LARGE MIXED-USE PROJECTS

No. 1
Developer in France

13
large mixed-use projects

100%
of mixed-use sites have a biodiversity action plan

RESIDENTIAL

Thanks to its multi-brand and multi-product offering, Altareit is present in all the fast-growth regions of France, delivering a relevant offer to all market segments and all types of customers (primarily first-time buyers, individual investors, institutional investors, social landlords, managed residences services, etc.).

No. 2
Developer
€3.4 bn new orders

No. 2
in the ranking of the HCG customer relationship – Les Echos

A strategy of conquest

€12.8 bn
pipeline value

475 projects
49,515 units

BUSINESS PROPERTY

Thanks to its diversified model and limited risk (developer and/or investor), Altareit has become a major player in France, in new projects or complex restructurings. Historically active in the Grand Paris area, the Group is accelerating its development in major regional cities, both in Business property and Logistics.

No. 1
Developer
(headquarters, offices, campuses, hotels, logistics)

78%
of commercial real estate projects are multi-use

62 projects

18 projects
in Paris Region

44 projects
in other Regions

Green Star 5* status
confirmed **at GRESB**
for the 5th consecutive year

Cogedim wins "Customer service of the year" award
for 4th consecutive year

€17.9 bn
Project pipeline value

2020 ESSENTIAL

1

BUSINESS REVIEW 2020

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[(1)], 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[(2)] 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[(3)]).

A unique positioning

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 31 December 2020, Altareit managed 13 major mixed-use projects (for nearly 910,000 m^2) 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 m^2 with a potential value of more than €17.9 billion.

(1) 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.

(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.

1.1.1 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 multifamily buildings and have high quality and/or environmental certifications.

Altareit is now the second-biggest Residential developer in France[1], 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

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[2]: €3.4 bn (+2%)

New orders	2020	2019	Chge
Individuals - Residential buyers	€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 share)	*€179 m*	*€181 m*	*-1%*
Individuals - Residential buyers	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.

(1) *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.*

(2) *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).*

Notarised sales: €3.7 bn (+14%)

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

(€ millions) (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%**

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).

(€ millions) (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.

(€ millions) (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 share)	*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.

(€ millions) (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:

(€ millions)	Project not yet started	Project under construction	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[(b)]	**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[(1)] 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[(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 is also co-investor and Manager[(4)];

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 regional 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 m^2 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 shut-down 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 m^2 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 m^2 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 m^2), 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 m^2 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 m^2 (with Auditorium), a member of the Ionis Group, the leading private higher education group in France, this building was sold to Newton Offices.

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

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

(3) *Resold rented or not.*

(4) *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 *(m^2)* 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 sale contracts, at 100%.
(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 m^2 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[(1)].

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 m^2 in the central business district of Paris, which will be the subject of a restructuring program;
- a DPM project in the Champs-Élysées 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.

(€ millions)	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%**

(1) 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

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

1.2 Consolidated results

In 2020, Altareit's revenue[1] 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[2] (€+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)[3], 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).

(€ millions)	Residential	Business property	Diversification	Other Corporate	*Funds* from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Revenue[1]	**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 instruments	–	–	–	–	–	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%*		

(1) Revenue by % of completion basis (including external services).

(2) 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 (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.

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

FFO Residential

(€ millions)	2020	2019	Change
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.

(€ millions)	2020	2019	Change
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 property	**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.

1.3 Financial resources

New financing of €590 m

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

(€ millions)	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 (€1,772 million at 31 December 2019), broken down as follows:

Available *(in € millions)*	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[(1)] 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[(2)] programme (issues up to one year) of €254 million and a NEU MTN[(3)] programme (issues more than one year) of €85 million.

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

(1) Revolving credit facilities (confirmed credit authorisations).

(2) NEU CP (Negotiable European Commercial Paper).

(3) NEU MTN (Negotiable European Medium Term Note).

Sharp decrease in net debt[1]: €-314 million

(€ millions)	31/12/2020	31/12/2019
Corporate and bank debt	197	148
Credit markets[a]	842	666
Debt on property development prog.	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[2]

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) = Résultat opérationnel retraité/Coût de l'endettement net (colonne « Cash-flow courant des opérations »).

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

Altareit's gearing[3] 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 December 2020, vs €918.0 million as of 31 December 2019, making Altareit one of the most highly capitalised French developers.

(1) Net bank and bond debt.
(2) ICR (Interest Coverage Ratio) = Operating income/Net borrowing costs.
(3) 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 [(1)]	**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 31 December 2019 for the change in presentation of current and non-current financial assets.*

2

CONSOLIDATED FINANCIAL STATEMENTS 2020

2.1 Financial statements

Consolidated balance sheet

(€ millions)	Note	31/12/2020	31/12/2019 restated
Non-current assets		**753.4**	**667.5**
Intangible assets	7.1	303.3	303.1
o/w Goodwill		*192.1*	*192.1*
o/w Brands		*105.4*	*105.4*
o/w Client relations		*–*	*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	7.2	139.4	21.7
Investment properties	7.3	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	4.5	242.0	249.5
Non-current financial assets	4.6	9.8	41.9
Deferred taxes assets	5.3	2.0	1.3
Current assets		**3,449.9**	**3,016.0**
Net inventories and work in progress	7.4	845.9	1,051.1
Contract assets	7.4	741.2	564.9
Trade and other receivables	7.4	649.7	686.4
Income credit		5.5	6.4
Current assets	4.6	22.6	22.1
Cash and cash equivalents	6.2	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	6.1	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
Income associated with minority shareholders of subsidiaries		21.0	14.3
Non-current liabilities		**1,050.6**	**704.9**
Non-current borrowings and financial liabilities	6.2	978.4	652.5
o/w Bond issues		*496.0*	*345.7*
o/w Borrowings from lending establishments		*301.5*	*259.6*
o/w Negotiable 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	6.3	16.3	19.2
Deposits and security interests received		1.4	2.1
Deferred tax liability	5.3	54.5	31.2
Current liabilities		**2,150.8**	**2,060.5**
Current borrowings and financial liabilities	6.2	473.9	478.6
o/w Bond issues		*6.8*	*5.1*
o/w Borrowings from lending establishments		*58.4*	*91.6*
o/w Negotiable 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*
Contract liabilities	7.4	177.3	168.8
Trade and other payables	7.4	1,488.4	1,407.8
Tax due		11.2	5.3
TOTAL LIABILITIES		**4,203.3**	**3,683.5**

The restatements for the 2019 financial year are detailed in Note 2.5 to the consolidated financial statements.

Statement of consolidated comprehensive income

(€ millions)	Note	31/12/2020	31/12/2019 restated
Rental income		–	1.6
Unrecoverable rental expenses		–	(0.8)
Net rental income	5.1	**–**	**0.8**
Revenue		2,823.4	2,860.2
Cost of sales		(2,482.3)	(2,477.9)
Other income		(107.9)	(132.7)
Net charge to provisions for current assets		(9.3)	(29.7)
Amortisation of customer relationships		(0.6)	(0.6)
Net property income	5.1	**223.3**	**219.3**
External services		16.3	22.1
Own work capitalised and production held in inventory		176.9	182.5
Personnel costs		(169.5)	(182.5)
Other overhead expenses		(83.7)	(87.8)
Depreciation expenses on operating assets		(24.6)	(20.0)
Net overhead expenses		**(84.7)**	**(85.7)**
Other income and expenses		(1.7)	0.2
Depreciation expenses		(1.7)	(5.0)
Transaction costs		(0.0)	(1.5)
Others		**(3.5)**	**(6.3)**
Net gain/(loss) on disposal of investment assets		**(0.1)**	**(1.2)**
Change in value of investment properties		1.7	2.3
Net impairment losses on other non-current assets		(0.2)	(0.5)
Net charge to provisions for risks and contingencies		2.5	(1.0)
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**139.1**	**127.8**
Share in earnings of equity-method affiliates	4.5	14.3	16.6
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**153.4**	**144.4**
Net borrowing costs	5.2	(20.8)	(17.8)
Financial expenses		*(23.0)*	*(21.7)*
Financial income		*2.2*	*3.9*
Other financial results	5.2	(8.0)	(3.4)
Change in value and income from disposal of financial		1.1	(0.1)
Discounting of debt and receivables		–	2.1
Net gain/(loss) on disposal of investments		0.2	1.0
Profit before tax		**125.8**	**126.3**
Income tax	5.3	(35.4)	(30.9)
NET INCOME		**90.4**	**95.3**
o/w attributable to shareholders of Altareit SCA		**69.4**	**81.0**
o/w Net income attributable to minority interests in subsidiaries		21.0	14.3
Average number of non-diluted shares		*1,748,409*	*1,748,489*
Net income per share attributable to shareholders of Altareit SCA *(€)*	**5.4**	**39.69**	**46.31**
Diluted average number of shares		*1,748,409*	*1,748,489*
Diluted net income per share attributable to shareholders of Altareit SCA *(€)*	**5.4**	**39.69**	**46.31**

The restatements for the 2019 financial year are detailed in Note 2.5 to the consolidated financial statements.

Other comprehensive income

(€ millions)	31/12/2020	31/12/2019
NET INCOME	**90.4**	**95.3**
Actuarial differences on defined-benefit pension plans	0.5	(0.5)
o/w Taxes	*(0.2)*	*0.2*
Subtotal of comprehensive income items that may not be reclassified to profit or loss	**0.5**	**(0.5)**
OTHER COMPREHENSIVE INCOME	**0.5**	**(0.5)**
CONSOLIDATED COMPREHENSIVE INCOME	**90.9**	**94.8**
o/w Net comprehensive income attributable to Altareit SCA shareholders	69.9	80.5
o/w Net comprehensive income attributable to minority interests in subsidiaries	21.0	14.3

Consolidated cash flows statement

(€ millions)	Note	31/12/2020	31/12/2019 restated
Cash flow from operating activities			
Net income		**90.4**	**95.3**
Elimination of income tax expense (income)	5.3	35.4	30.9
Elimination of net interest expense (income) and dividends	5.2	28.5	20.9
Net income before tax and before net interest expense (income)		**154.3**	**147.1**
Elimination of share in earnings of equity-method subsidiaries	4.5	(14.3)	(16.6)
Elimination of depreciation and impairment		25.2	26.3
Elimination of value adjustments		(2.8)	(2.9)
Elimination of net gains/(losses) on disposals		(0.3)	1.0
Estimated income and expenses associated with share-based payments	6.1	(1.4)	(3.5)
Net cash flow		**160.7**	**151.4**
Tax paid		(7.1)	0.2
Impact of change in operational working capital requirement (WCR)	7.4	159.4	24.0
CASH FLOW FROM OPERATIONS		**313.0**	**175.6**
Cash flow from investment activities			
Net acquisitions of assets and capitalised expenditures		(18.0)	(6.1)
Gross investments in equity affiliates	4.5	(34.1)	(83.0)
Acquisitions of consolidated companies, net of cash acquired	4.3	(5.6)	(16.2)
Other changes in Group structure		–	2.2
Increase in loans and advances		(22.0)	(11.5)
Sale of non-current assets and reimbursement of advances and down payments		34.6	33.5
Disposals of equity affiliates	4.5	25.5	21.4
Disposals of consolidated companies, net of cash transferred		4.8	2.2
Reduction in loans and other financial investments		27.5	34.0
Dividends received		24.3	14.7
Interest income		2.6	4.3
CASH FLOW FROM INVESTMENT ACTIVITIES		**39.6**	**(4.5)**
Cash flow from financing activities			
Capital increase		0.0	(0.0)
Dividends paid to minority shareholders of subsidiaries		(5.0)	(12.4)
Issuance of debt and other financial liabilities	6.2	815.5	555.9
Repayment of borrowings and other financial liabilities	6.2	(626.8)	(504.9)
Repayment of lease liabilities	6.2	(10.1)	(20.2)
Net sales (purchases) of treasury shares		(0.1)	0.0
Net change in security deposits and guarantees received		(0.7)	0.8
Interest paid		(27.0)	(26.0)
CASH FLOW FROM FINANCING ACTIVITIES		**145.8**	**(6.7)**
CHANGE IN CASH BALANCE		**498.4**	**164.4**
Cash balance at the beginning of the year	6.2	**682.8**	**518.4**
Cash and cash equivalents		685.0	521.9
Bank overdrafts		(2.2)	(3.5)
Cash balance at period-end	6.2	**1,181.2**	**682.8**
Cash and cash equivalents		1,185.1	685.0
Bank overdrafts		(3.9)	(2.2)

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 2019	**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 Altarea SCA 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**
Net Income	–	–	*69.4*	*69.4*	*21.0*	*90.4*
Actuarial difference relating to pension obligations	–	–	*0.5*	*0.5*	*(0.0)*	*0.5*
Comprehensive income	**–**	**–**	**69.9**	**69.9**	**21.0**	**90.9**
Dividend distribution	–	–	–	–	*(5.0)*	*(5.0)*
Capital increase	–	–	–	–	*0.0*	*0.0*
Measurement of share-based payments	–	–	*(1.0)*	*(1.0)*	*0.0*	*(1.0)*
Impact of Altarea SCA's share buyback to be delivered to employees	–	–	–	–	–	–
Elimination of treasury shares	–	–	*(0.1)*	*(0.1)*	–	*(0.1)*
Transactions with shareholders	**–**	**–**	**(1.1)**	**(1.1)**	**(5.0)**	**(6.1)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	–	(0.9)	(0.9)
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	0.0	0.0
AS OF 31 DECEMBER 2020	**2.6**	**76.3**	**871.1**	**949.8**	**52.1**	**1,002.0**

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

2.2 Notes – Consolidated income statement by segment

(€ millions)	31/12/2020 Funds from operations (FFO)	31/12/2020 Changes in value, estimated expenses and transaction costs (chg. val.)	31/12/2020 Total	31/12/2019 restated Funds from operations (FFO)	31/12/2019 restated Changes in value, estimated expenses and transaction costs (chg. val.)	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)**
Operating income - Residential	**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 allowances for depreciation and impairment	**–**	**(1.5)**	**(1.5)**	**–**	**(3.2)**	**(3.2)**
Income/loss in the value of investment property	**–**	**1.7**	**1.7**	**–**	**1.3**	**1.3**
Operating income - Business property	**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)**
Income/loss on sale 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**
Others (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)**
Other 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	**–**	**1.1**	**1.1**	**–**	**(0.1)**	**(0.1)**
Net gain/(loss) on 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**
Non-controlling interests	(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**	**73.06**	**(33.37)**	**39.69**	**91.07**	**(44.76)**	**46.31**

Restated on 31 December 2019 to take into account changes to the presentation of borrowing costs.
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.

2.3 Other information attached to the consolidated financial statements

DETAILED SUMMARY OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 INFORMATION ABOUT 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). The registered office is located at 87, rue de Richelieu in Paris (France).

Altareit is a significant player in the Residential and Business property, which controls notably 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 presents its financial statements and accompanying notes in millions of euros, to one decimal point.

The consolidated financial statements for the year ended 31 December 2020 were approved by the Management on 25 February 2021 having been examined 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 2020 and available at: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#a dopted-commission.

The accounting principles adopted on 31 December 2020 are the same as those used for the consolidated financial statements at 31 December 2019, with the exception of changes to the standards and interpretations adopted by the European Union applicable at 1 January 2020.

The information relating to the year ended 31 December 2019, presented in the Registration Document filed with the AMF (French Financial Markets Authority) on 30 March 2020 under number D. 20-0212, are incorporated by reference.

Accounting standards, interpretations and amendments applicable from the financial year beginning 1 January 2020:

- Temporary amendment to IFRS 16 – Rent offsetting related to COVID;
- Amendment to IFRS 3 – New definition of an activity;
- Amendments to IAS 1 and IAS 8 – Definition of materiality in financial statements;
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (IBOR) – Phase 1;
- Amendments to references within the IFRS standards' conceptual framework;
- Decision of IFRIC on IFRS 16 – Leases, on lease term and the useful life of leasehold improvements.

Standards and interpretations adopted early at 31 December 2020, whose application is mandatory for financial years starting on 1 January 2020 or later:

None.

Accounting standards and interpretations in effect at 1 January 2020 and mandatory after 31 December 2020:

None.

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

- IFRS 17 – Insurance Contracts;
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (IBOR) – Phase 2;
- Amendment to IAS 1 – Classification of current/non-current liabilities;
- Annual Improvements to IFRSs – Cycle 2018-2020 (IFRS 1, IFRS 9, IAS 41, IFRS 16);
- Amendment to IFRS 3 – Updating a reference to the conceptual framework;
- Amendment to IAS 16 – Accounting for revenue earned before an asset is ready for its intended use;
- Amendment to IAS 37 – Costs to be taken into account to recognise a provision for onerous contracts.

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 accounting estimates for the financial statements at 31 December 2020 were made in the context of the COVID-19 economic and health crisis. The Group took into account reliable information available on the date the consolidated financial statements were drawn up in relation to impact of this crisis.

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").
- The measurement of right-of-use assets and lease obligations (see Notes 2.4.18 "Leases" and 7.2 "Right-of-use on property, plant and equipment and intangible assets").
- Measurement of inventories (see Note 2.4.8 "Inventories").
- Measurement 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. In addition, the direct costs related to the acquisition are recognized as expenses in the period during which they are incurred.

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.

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 securities 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 properties 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 acquired separately or as part of a business combination, which meet the definition of an intangible asset, are valued and their useful life estimated. When the useful life is over, they are amortized over this period. If their useful life is indefinite, they are written down when there is evidence of impairment.

The Cogedim, Pitch Promotion, Histoire & Patrimoine and Severini brands have an indefinite useful life and are therefore 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.

  Other customer relationships (customer relationships on regular contracts, contractual relationships) can be identified during business combinations and their value and estimated life are analysed on a case-by-case basis.

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 Re-measurement of non-current assets (other than financial assets and investment properties) and impairment losses

In accordance with IAS 36, depreciable property, plant and equipment and amortisable intangible assets are tested for impairment whenever an internal or external indication of impairment is detected.

Goodwill and other intangible assets with an indeterminate life (such as brands) are tested for impairment at least once a year or more frequently if internal or external events or circumstances indicate that their value may have declined.

Goodwill impairment testing is performed at the level of cash generating units (CGUs) or, where applicable, groups of CGUs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

To perform this test, the net book value of assets directly related to or assignable to CGUs or groups of CGUs, including intangible assets and goodwill, is compared with the recoverable amount of these same CGUs or groups of CGUs, defined as the higher of the sale price net of any selling costs and their value in use.

The value in use of the CGU or of the grouping of several CGUs is determined using a multi-criteria method based mainly on the discounted cash flow (DCF) method supported by stock-market comparison and transaction multiple methods.

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.

An impairment loss is recognised, if applicable, if the net book value of the assets directly related or assignable to CGUs or, where applicable, groups of CGUs, 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).

Brands are tested individually. Their recoverable amount is determined using the relief-from-royalty method. An impairment loss is recognised, if applicable, if the net book value of the brand is greater than its recoverable amount (reversible).

Sensitivity tables are created for all impairment tests carried out.

2.4.8 Inventories

Inventories relate to:

- programmes for third-party property development; and
- 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 (in 2019), interest expenses which can be allocated to programmes are no longer incorporated into inventories connected with off-plan sales transactions or with Property Development Contract transactions. These inventories are in a position to be sold quickly and therefore no time is necessary for its development; the stored asset is therefore in saleable condition. Allocated interest expenses are recognized directly as expenses.

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

- the acquisition cost of land;
- construction costs (including VRD);
- 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 securities and investments in equity-method affiliates are classified in the balance sheet under "Securities and receivables on equity-method affiliates". These receivables from companies accounted for by the equity-method have a short collectibility term (linked to the operating cycle of the development business).
- Financial assets (current or non-current) mainly concern non-consolidated securities, current account advances to minority shareholders 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.

At each acquisition of equity securities, a similar analysis will be carried out to determine the Group's management intention.

- 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 (in €)

Basic earnings 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 (in €)

Diluted earnings 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 0.40%;
- 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 5% and 11% depending on branch 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 the 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 in the balance sheet are presented in a 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, overhead costs (miscellaneous fees, operating expenses, etc. excluding fixed rent paid which has now been re-stated in accordance with IFRS 16), as well as 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 for financial years starting on or after 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 the lessee, IFRS 16 abandons the distinction between finance leases 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).

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.

They key assumptions used to calculate the debt and therefore the right of use are the term of the contracts and the rate:

- terms correspond to the fixed period of the commitment, taking into account any optional periods for which there is a reasonable expectation of these being exercised;
- discount rates applied when a contract comes into effect are based on the incremental debt ratio of each company carrying a contract. These rates are determined on the effective date of a new contract.

The presentation in the Group's financial statements is as follows:

- 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 reflects new contracts or the end of contracts during the period. 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.

2.4.19 Borrowing costs or costs of interest-bearing liabilities

In accordance with IAS 23, borrowing costs directly attributable to the construction of qualifying assets are included in the cost of these assets. Interest expenses continue to be allocated to buildings under development and construction over the construction period of the asset if they meet the definition of a "qualifying assets".

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

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, gains on sale of marketable securities and the impact of interest-rate swaps used as interest-rate hedges.

Other financial results mainly concern expenses related to lease obligations.

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 on the one hand and its operational managers on the other. 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);
- 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, and
- Diversification.

Items under "Other (Corporate)" 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 allocated directly 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, estimated expenses, and transaction costs.

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 overheads, which include services that absorb part of the overheads and operating costs, which are understood to be personnel costs, other operating costs, other income and other expenses of the Group. sector and expenses covered by reversals of provisions used (including the restatement of fixed rents related to the application of IFRS 16 – Leases).
- 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).

Other financial results mainly concern expenses related to lease obligations.

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, estimated 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 nonrecurring 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, estimated 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.

2.5 Changes in presentation of net borrowing costs

2.5.1 Borrowing costs

In order to improve the readability of its net borrowing costs, the Group has decided to isolate on a specific line "Other financial results" especially expenses related to lease liabilities and contractual fees on investment properties.

(€ millions)	31/12/2019 published	Impact	31/12/2019 restated
Operating income after the share of net income of equity-method affiliates	**144.4**	**–**	**144.4**
Net borrowing costs	(21.8)	4.0	(17.8)
Financial expenses	*(25.7)*	*4.0*	*(21.7)*
Financial income	*3.9*	*(0.0)*	*3.9*
Other financial results	–	(3.4)	(3.4)
Change in value and income from disposal of financial	(0.1)	–	(0.1)
Discounting of debt and receivables	2.1	–	2.1
Net gain/(loss) on disposal of investments	1.0	–	1.0
Dividends	0.6	(0.6)	–
Profit before tax	**126.3**	**–**	**126.3**
Income tax	(30.9)	–	(30.9)
NET INCOME	**95.3**	**–**	**95.3**
o/w attributable to shareholders of Altareit SCA	**81.0**	**–**	**81.0**
o/w Net income attributable to minority interests in subsidiaries	14.3	–	14.3

2.5.2 Financial and non-financial assets

The Group has chosen to present securities and receivables from equity-method affiliates on a separate line as from 1 January 2020. The financial statements on 31 December 2019 have been restated accordingly.

As such, at 31 December 2019, non-consolidated securities were reclassified to "Non-current financial assets" for an amount of €33.6 million.

The lines renamed "Non-current financial assets" and "Current financial assets" incorporate the previous lines "Non-current loans and receivables" and "Loans and receivables (current)".

NOTE 3 INFORMATION ON OPERATING SEGMENTS

3.1 Balance sheet items by operating segment

As of 31 December 2020

(€ millions)	Residential	Business property	Diversification	Total
Operating assets and liabilities				
Intangible assets	281.8	21.5	0.0	303.3
Property plant and equipment	23.3	–	0.8	24.1
Right-of-use on tangible and intangible fixed assets	139.3	0.0	–	139.4
Investment properties	–	32.8	–	32.8
Securities and investments in equity affiliates	157.7	82.5	1.9	242.0
Operational working capital requirement	517.2	55.8	0.1	573.1
TOTAL OPERATING ASSETS AND LIABILITIES	**1,119.3**	**192.6**	**2.8**	**1,314.6**

As of 31 December 2019 – restated

(€ 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 tangible and intangible fixed assets	16.4	–	5.4	21.7
Investment properties	–	31.1	–	31.1
Securities and investments in equity affiliates	170.6	77.0	1.9	249.5
Operational working capital requirement	773.4	(46.8)	(5.7)	721.0
TOTAL OPERATING ASSETS AND LIABILITIES	**1,255.5**	**(87.2)**	**2.6**	**1,345.3**

3.2 Consolidated income statement by operating segment

See consolidated income statement by segment in the notes to the financial statements.

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

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

	31/12/2020			31/12/2019 restated		
(€ millions)	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Total
Rental income	–	–	–	1.6	–	1.6
Unrecoverable rental expenses	–	–	–	(0.8)	–	(0.8)
Net rental income	**–**	**–**	**–**	**0.8**	**–**	**0.8**
Revenue	2,823.4	–	2,823.4	2,860.2	–	2,860.2
Cost of sales	(2,482.3)	(0.0)	(2,482.3)	(2,477.9)	–	(2,477.9)
Other income	(107.9)	–	(107.9)	(132.6)	(0.0)	(132.7)
Net charge to provisions for current assets	(9.3)	–	(9.3)	(29.7)	–	(29.7)
Amortisation of customer relationships	–	(0.6)	(0.6)	–	(0.6)	(0.6)
Net property income	**223.9**	**(0.6)**	**223.3**	**220.0**	**(0.6)**	**219.3**
External services	16.3	–	16.3	22.1	–	22.1
Own work capitalised and production held in inventory	176.9	–	176.9	182.5	–	182.5
Personnel costs	(160.7)	(8.8)	(169.5)	(168.3)	(14.3)	(182.5)
Other overhead expenses	(77.0)	(6.7)	(83.7)	(81.4)	(6.4)	(87.8)
Depreciation expenses on operating assets	–	(24.6)	(24.6)	–	(20.0)	(20.0)
Net overhead expenses	**(44.5)**	**(40.2)**	**(84.7)**	**(45.0)**	**(40.7)**	**(85.7)**
Other income and expenses	(0.5)	(1.2)	(1.7)	(0.0)	0.2	0.2
Depreciation expenses	–	(1.7)	(1.7)	–	(5.0)	(5.0)
Transaction costs	–	(0.0)	(0.0)	–	(1.5)	(1.5)
Others	**(0.5)**	**(3.0)**	**(3.5)**	**(0.0)**	**(6.3)**	**(6.3)**
Net gain/(loss) on disposal of investment assets	**–**	**(0.1)**	**(0.1)**	**–**	**(1.2)**	**(1.2)**
Change in value of investment properties	–	1.7	1.7	–	2.3	2.3
Net impairment losses on other non-current assets	–	(0.2)	(0.2)	–	(0.5)	(0.5)
Net charge to provisions for risks and contingencies	–	2.5	2.5	–	(1.0)	(1.0)
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**178.9**	**(39.8)**	**139.1**	**175.7**	**(48.0)**	**127.8**
Share in earnings of equity-method affiliates	10.2	4.1	14.3	19.9	(3.2)	16.6
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**189.1**	**(35.7)**	**153.4**	**195.6**	**(51.2)**	**144.4**
Net borrowing costs	(18.7)	(2.1)	(20.8)	(16.4)	(1.3)	(17.8)
Financial expenses	*(20.9)*	*(2.1)*	*(23.0)*	*(20.4)*	*(1.3)*	*(21.7)*
Financial income	*2.2*	*–*	*2.2*	*3.9*	*–*	*3.9*
Other financial results	(8.0)	(0.0)	(8.0)	(3.4)	–	(3.4)
Change in value and income from disposal of financial instruments	–	1.1	1.1	–	(0.1)	(0.1)
Discounting of debt and receivables	–	–	–	–	2.1	2.1
Proceeds from the disposal of investments[a]	0.2	(0.0)	0.2	2.7	(1.7)	1.0
Profit before tax	**162.6**	**(36.8)**	**125.8**	**178.5**	**(52.2)**	**126.3**
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**
o/w Net income attributable to Altareit SCA shareholders	**127.7**	**(58.3)**	**69.4**	**159.2**	**(78.3)**	**81.0**
o/w Net income attributable to minority interests in subsidiaries	21.0	0.0	21.0	14.5	(0.2)	14.3
Average number of non-diluted shares	*1,748,438*	*1,748,438*	*1,748,438*	*1,748,489*	*1,748,489*	*1,748,489*
NET INCOME PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF ALTAREIT SCA *(€)*	**73.06**	**(33.37)**	**39.69**	**91.07**	**(44.76)**	**46.31**
Diluted average number of shares	*1,748,438*	*1,748,438*	*1,748,438*	*1,748,489*	*1,748,489*	*1,748,489*
DILUTED NET INCOME PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF ALTAREIT SCA *(€)*	**73.06**	**(33.37)**	**39.69**	**91.07**	**(44.76)**	**46.31**

The restatements for the 2019 financial year are detailed in Note 2.5 to the consolidated financial statements.

The impact of IFRS 16 restatements on the share of equity-method affiliates is presented in changes in value, notably for Cogedim's Serviced Residences business.

(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

	31/12/2020					31/12/2019 restated				
(€ millions)	Residential	Business property	Diversi-fication	Others (Corporate)	Total	Residential	Business property	Diversi-fication	Others (Corporate)	Total
Net rental income	–	–	–	–	–	–	–	0.8	–	0.8
net property income	201.0	22.3	(0.0)	(0.1)	223.3	207.1	12.9	(0.0)	(0.6)	219.3
Net overhead expenses	(66.1)	(18.6)	–	–	(84.7)	(79.6)	(6.1)	–	–	(85.7)
Others	(3.9)	4.7	(2.4)	(1.9)	(3.5)	(3.7)	0.1	0.1	(2.8)	(6.3)
Net gain/(loss) on disposal of investment assets	–	–	(0.1)	–	(0.1)	–	–	(1.2)	–	(1.2)
Value adjustments	(0.2)	1.7	–	–	1.5	(0.5)	1.3	1.0	(0.0)	1.9
Net charge to provisions for risks and contingencies	0.5	0.2	1.8	–	2.5	(0.5)	(0.1)	(0.4)	–	(1.0)
Share in earnings of equity-method affiliates	8.3	6.0	–	–	14.3	12.6	4.2	(0.1)	–	16.6
OPERATING INCOME (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)	**139.5**	**16.4**	**(0.7)**	**(1.9)**	**153.4**	**135.5**	**12.3**	**0.1**	**(3.4)**	**144.4**
Reclassification of net gain/(loss) on disposal of investments		0.2			0.2		2.7			2.7
OPERATING INCOME (CONSOLIDATED INCOME STATEMENT BY SEGMENT)	**139.5**	**16.7**	**(0.7)**	**(1.9)**	**153.6**	**135.5**	**15.0**	**0.1**	**(3.4)**	**147.2**

3.4 Revenue by geographical area

	31/12/2020			31/12/2019		
(€ millions)	France	Others	Total	France	Others	Total
Revenue	2,406.9	–	2,406.9	2,283.1	–	2,283.1
External services	10.1	–	10.1	11.2	–	11.2
Residential	**2,417.0**	**–**	**2,417.0**	**2,294.3**	**–**	**2,294.3**
Revenue	416.5	–	416.5	577.0	–	577.0
External services	5.7	0.5	6.2	10.4	0.5	10.9
Business property	**422.2**	**0.5**	**422.7**	**587.4**	**0.5**	**587.9**
Revenue	–	–	–	1.6	–	1.6
Diversification	**–**	**–**	**–**	**1.6**	**–**	**1.6**
TOTAL REVENUE	**2,839.2**	**0.5**	**2,839.7**	**2,883.3**	**0.5**	**2,883.9**

The Altareit Group operates mainly in France as of 31 December 2020.

In 2020, one client accounted for over 10% of the Group's revenue, *i.e.* €548 million in the Residential segment

NOTE 4 KEY EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 Major events

New financing

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.

Residential

Impact of the pandemic on the centres' businesses

Altarea 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.

Performance indicators

New orders[(1)]: €3.4 billion (+2%)

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 lots sold, with a good balance between types of investor).

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

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 lots) were launched this year, compared to 166 transactions in 2019 for 11,500 lots.

Business property

Impact of the pandemic on business

The first lockdown (17 March to 11 May 2020) disrupted business with the shut-down of most of the ongoing projects, except for the Altarea head office at 87, Richelieu, which was delivered in the 2nd quarter.

New orders

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

- a DPM project in the centre of Paris and 9,700 m² of offices in the large mixed-use off-plan sales project, Bobigny-La Place; and
- six off-plan sales in the regions, including "Amazing Amazones" in Nantes, "Gravity" in Lyon, "La Pomone" in Aix-en-Provence and "Campus Adriana" in Marseille.

Deliveries

Despite the constraints related to the pandemic, this year Altarea delivered several emblematic projects illustrating its product and geographic strategy:

- "Convergence", Danone's new global head office in Rueil-Malmaison;
- a 46,000 m² logistics platform for Lidl near Nantes;
- "Orange Lumière" in Lyon Part-Dieu, the new Orange campus bringing together its Lyon teams.

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

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 La Défense, which will house the future Cybersecurity agency ordered by the French President, and Landscape, also in La Défense.

(1) New orders net of withdrawals, in euros, including VAT when expressed in value. New orders at 100%, with the exception of projects under joint control (including Woodeum).

4.2 Consolidation scope

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

Company	Legal form	SIREN		31/12/2020					
				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 METROPOLE	SNC	810928135		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA COGEDIM GRANDS PROJECTS	SNC	810926519		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA COGEDIM REGIONS	SNC	810847905		FC	100.0%	100.0%	FC	100.0%	100.0%
SEVERINI	SNC	848899977		FC	85.0%	100.0%	FC	85.0%	100.0%
MARSEILLE MICHELET	SNC	792774382		FC	100.0%	100.0%	FC	100.0%	100.0%
COEUR MOUGINS	SNC	453830663		FC	100.0%	100.0%	FC	100.0%	100.0%
ISSY COEUR DE VILLE	SNC	830181079		FC	100.0%	100.0%	FC	100.0%	100.0%
ISSY COEUR DE VILLE COMMERCES	SNC	828184028		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA FAUBOURG	SASU	444560874		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA SOLUTION FINANCEMENT	SNC	504638784		FC	100.0%	100.0%	NI	0.0%	0.0%
HP	SAS	480309731		FC	100.0%	100.0%	FC	100.0%	100.0%
HORIZONS	SNC	825208093		FC	100.0%	100.0%	FC	100.0%	100.0%
MERIMÉE	SNC	849367016		FC	100.0%	100.0%	FC	100.0%	100.0%
HISTORY AND HERITAGE PARTNERSHIPS	SASU	452727985		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA COGEDIM ZAC VLS	SNC	811910447		FC	100.0%	100.0%	FC	100.0%	100.0%
VITROLLES LION 3	SNC	811038363		FC	100.0%	100.0%	FC	100.0%	100.0%
PITCH PROMOTION	SAS	450042338		FC	100.0%	100.0%	FC	100.0%	100.0%
SEVRAN FREINVILLE	SCCV	801560079		FC	60.0%	100.0%	FC	60.0%	100.0%
ARGENTEUIL SARRAZIN	SCCV	822894432		FC	51.0%	100.0%	FC	51.0%	100.0%
SAINT-CYR LA FAVORITE	SCCV	824331060		FC	80.0%	100.0%	FC	80.0%	100.0%
ANDRESY CHÂTEAUBRIANT	SCCV	838432094		FC	75.0%	100.0%	FC	75.0%	100.0%
SCCV BEZONS CŒUR DE VILLE A1 & A2-LOGEMENTS	SCCV	819929845		FC	100.0%	100.0%	FC	100.0%	100.0%
GIF MOULON A4	SCCV	830886115		FC	25.0%	100.0%	FC	25.0%	100.0%
BOBIGNY COEUR DE VILLE	SNC	838941011		FC	100.0%	100.0%	FC	100.0%	100.0%
TOULOUSE TMA PLACE CENTRALE	SNC	821922564		FC	100.0%	100.0%	FC	100.0%	100.0%
PITCH PROMOTION	SASU	422989715		FC	100.0%	100.0%	FC	100.0%	100.0%
QUARRIES-SUB-POISSY P7	SCCV	824114607	affiliate	EM	75.0%	75.0%	EM	75.0%	75.0%
ARTCHIPEL	SCCV	841150071		FC	100.0%	100.0%	FC	100.0%	100.0%
RUEIL COLMAR	SCCV	851750968		FC	70.0%	100.0%	FC	70.0%	100.0%
CLICHY ROGUET	SCCV	880090212		FC	51.0%	100.0%	NI	0.0%	0.0%
TOULOUSE ARÈNES ILOT 3.1 T1 and T2	SAS	814795779	affiliate	EM	40.0%	40.0%	EM	40.0%	40.0%
BAGNOLET ALLENDE	SCCV	821889151	affiliate	EM	49.0%	49.0%	EM	49.0%	49.0%
CLAMART LA LISIÈRE	SCCV	831010566	affiliate	EM	49.0%	49.0%	EM	49.0%	49.0%
MB TRANSACTIONS	SASU	425039138		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM GESTION	SNC	380375097		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM PARIS MÉTROPOLE	SNC	319293916		FC	100.0%	100.0%	FC	100.0%	100.0%

Company	Legal form	SIREN		31/12/2020					
				Method	Interest	Consolidation	Method	Interest	Consolidation
ASNIÈRES AULAGNIER	SARL	487631996	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
COGEDIM GRAND LYON	SNC	300795358		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM MEDITERRANEAN	SNC	312347784		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM PROVENCE	SNC	442739413		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM MIDI-PYRÉNÉES	SNC	447553207		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM GRENOBLE	SNC	418868584		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM SAVOIES-LEMAN	SNC	348145541		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM AQUITAINE	SNC	388620015		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM ATLANTIC	SNC	501734669		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM LANGUEDOC ROUSSILLON	SNC	532818085		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM	SASU	54500814		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC SURESNES MALON	SNC	832708663	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
SAS BAGNEUX 116	SAS	839324175		FC	51.0%	100.0%	FC	51.0%	100.0%
RESPIRE	SCCV	807582267		FC	90.0%	100.0%	FC	90.0%	100.0%
LYON LES MOTEURS	SNC	824866388		FC	100.0%	100.0%	FC	100.0%	100.0%
COGIMO	SAS	962502068		FC	100.0%	100.0%	NI	0.0%	0.0%
SNC PROVENCE L'ÉTOILE	SNC	501552947		FC	100.0%	100.0%	FC	100.0%	100.0%
HYRES L'AUFRENE	SCCV	834122335		FC	100.0%	100.0%	FC	80.0%	100.0%
PARIS CAMPAGNE PREMIERE	SCCV	530706936		FC	51.0%	100.0%	FC	51.0%	100.0%
BOBIGNY PARIS	SCCV	812846525		FC	51.0%	100.0%	FC	51.0%	100.0%
RUEIL BONAPARTE MANET	SCCV	817961196		FC	100.0%	100.0%	FC	100.0%	100.0%
JOINVILLE H. PINSON	SCCV	821764107		FC	50.1%	100.0%	FC	50.1%	100.0%
CRÉTEIL BOBILLOT	SCCV	823592944		FC	80.0%	100.0%	FC	80.0%	100.0%
PIERRE BEREGOVOY	SCCV	829581651		FC	55.0%	100.0%	FC	55.0%	100.0%
CHAMPIGNY ALEXANDRE FOURNY	SCCV	829377894		FC	50.1%	100.0%	FC	50.1%	100.0%
COLOMBES BARBUSSE	SCCV	831268008		FC	51.0%	100.0%	FC	51.0%	100.0%
HORLOGE GASTON ROUSSEL	SCCV	832294664		FC	51.0%	100.0%	FC	51.0%	100.0%
SURESNES BMV	SCCV	834261497		FC	50.1%	100.0%	FC	50.1%	100.0%
LA GARENNE COLOMBES FOCH	SCCV	835014135		FC	50.1%	100.0%	FC	50.1%	100.0%
MONTREUIL D'ALEMBERT	SCCV	841085210		FC	100.0%	100.0%	FC	90.0%	100.0%
WOODEUM RESIDENTIAL	SAS	807674775		EM	50.0%	50.0%	EM	50.0%	50.0%
ASNIERES 94 GRESILLONS	SCCV	849115258		FC	51.0%	100.0%	FC	51.0%	100.0%
CROIX DE DAURADE	SCCV	829774173		FC	51.0%	100.0%	FC	51.0%	100.0%
Business property									
ALTAREA COGEDIM ENTREPRISE PROMOTION	SNC	535056378		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA ENTREPRISE 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	SAS	424007425		FC	100.0%	100.0%	FC	100.0%	100.0%
PASCALPROPCO	SASU	437929813	affiliate	EM	15.1%	15.1%	EM	15.1%	15.1%

4.3 Changes in consolidation scope

(in number of companies)	31/12/2019	Acquisition	Creation	Sale	Absorption, dissolution, deconsolidation	Change in consolidation method	31/12/2020
Fully consolidated subsidiaries	330	2	31	(2)	(19)	-	342
Joint ventures[(a)]	118	-	9	-	(5)	-	122
Affiliates[(a)]	76	1	3	(1)	(7)	-	72
TOTAL	**524**	**3**	**43**	**(3)**	**(31)**	**–**	**536**

(a) Companies accounted for using the equity method.

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

During the year, the Group did not make any significant acquisitions or disposals.

4.4 Business combinations

The Group did not carry out business combinations during the year.

4.5 Securities and investments in equity affiliates

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)	31/12/2020	31/12/2019
Equity-accounting value of joint ventures	53.3	63.1
Equity-accounting value of affiliated companies	27.7	27.3
Value of stake in equity-method affiliates	**80.9**	**90.4**
Receivables from joint ventures	52.7	43.3
Receivables from affiliated companies	108.4	115.8
Receivables from equity-method subsidiaries	**161.1**	**159.2**
TOTAL SECURITIES AND RECEIVABLES IN EQUITY AFFILIATES	**242.0**	**249.5**

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

(€ millions)	Joint venture	Affiliates	31/12/2020	Joint venture	Affiliates	31/12/2019
BALANCE SHEET ITEMS, GROUP SHARE:						
Non-current assets	110.9	148.8	259.7	107.4	139.1	246.5
Current assets	314.2	190.6	504.7	290.3	246.1	536.4
Total Assets	**425.1**	**339.3**	**764.4**	**397.6**	**385.2**	**782.8**
Non-current liabilities	75.4	156.6	232.0	87.9	158.1	246.1
Current liabilities	296.4	155.0	451.5	246.6	199.7	446.4
Total Liabilities	**371.8**	**311.7**	**683.5**	**334.6**	**357.9**	**692.5**
Net assets (equity-accounting basis)	**53.3**	**27.7**	**80.9**	**63.1**	**27.3**	**90.4**
SHARE OF INCOME STATEMENT ITEMS, GROUP SHARE:						
Operating income	**8.3**	**11.4**	**19.7**	**10.5**	**15.9**	**26.4**
Net borrowing costs	(1.2)	(4.7)	(5.9)	(1.1)	(5.2)	(6.3)
Other financial results	(2.7)	(0.6)	(3.3)	(2.3)	(0.2)	(2.5)
Change in value of hedging instruments	–	(0.0)	(0.0)	–	(0.1)	(0.1)
Discounting of debt and receivables	–	–	–	–	–	–
Proceeds from the disposal of investments	0.0	(2.6)	(2.6)	–	–	–
Net income before tax	**4.4**	**3.4**	**7.8**	**7.1**	**10.5**	**17.5**
Corporate income tax	(0.8)	7.3	6.4	1.1	(2.0)	(0.9)
Net income by equity method (after tax)	**3.6**	**10.7**	**14.3**	**8.2**	**8.5**	**16.6**
Non-Group net income	–	(0.0)	(0.0)	–	–	–
Net income, Group share	3.6	10.7	14.3	8.2	8.5	16.6

Group revenues from joint ventures amounted to €15.5 million for the year to 31 December 2020, compared with €58.6 million for 2019.

Group revenues from associates amounted to €5.6 million for the year to 31 December 2020, compared with €11.7 million for 2019.

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

Commitments given

Cogedim Résidences Services undertook to pay rent in connection with the leasing of the Résidences Services Cogedim Club®. In the context of the application of IFRS 16, these contracts have been restated in the financial statements of the companies.

In exchange, Cogedim Résidences Services receives the lease payments of the sub-lessees, these continuing to be commitments.

In the case of property development activities for joint ventures, construction work completion guarantees and guarantees on forward payments for assets were given for €223.7 million and €2.0 million respectively as of 31 December 2020.

4.6 Current and non-current financial assets

At 31 December 2020, current and non-current financial assets amounted to €32.5 million and consist mainly of:

- deposits and guarantees paid on projects: €6.0 million;
- loans and receivables, recognised at amortised cost: €22.6 million.

NOTE 5 NET INCOME

5.1 Operating income

5.1.1 Net rental income

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

5.1.2 Net property income

The Altareit Group's real estate margin stood at €223.3 million at 31 December 2020 compared to €219.3 million in December 2019, most of the increase coming from Business property.

The Residential backlog for fully integrated companies was €3,638 million at 31 December 2020.

The Business property backlog for fully integrated companies was €437 million at 31 December 2020.

5.2 Cost of net financial debt and other financial items

5.2.1 Cost of net financial debt

(€ millions)	31/12/2020	31/12/2019 restated
Bond and bank interest expenses	(20.7)	(20.2)
Interest on partners' advances	2.0	3.8
Other financial income and expenses	(0.0)	(0.0)
FFO financial income and expenses	**(18.7)**	**(16.4)**
Spreading of bond issue costs[(a)]	(2.1)	(1.3)
NET BORROWING COSTS	**(20.8)**	**(17.8)**

(a) Deferral in accordance with the amortised cost method of the issue costs of borrowings in accordance with IFRS 9.

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

5.2.2 Other financial results

Other financial results correspond in particular to interest expenses on rental obligations or royalties on investment properties (see 2.5 Change in presentation).

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)	31/12/2020	31/12/2019
Tax due	**(13.9)**	**(4.7)**
Tax loss carry forwards and/or use of deferred losses	(17.7)	(19.0)
Valuation differences	0.2	0.2
Fair value of investment properties	(0.6)	(0.5)
Fair value of hedging instruments	(0.2)	0.0
Net property income on a percentage-of-completion basis	(5.2)	(7.1)
Other timing differences	2.1	0.2
Deferred tax	**(21.5)**	**(26.2)**
TOTAL TAX INCOME (EXPENSE)	**(35.4)**	**(30.9)**

Effective tax rate

(€ millions)	31/12/2020	31/12/2019
Pre-tax profit of consolidated companies	**111.5**	**109.6**
Group tax savings (expense)	**(35.4)**	**(30.9)**
EFFECTIVE TAX RATE	**(31.77%)**	**(28.24%)**
Tax rate in France	28.92%	32.02%
Theoretical tax charge	**(32.3)**	**(35.1)**
Difference between theoretical and effective tax charge	**(3.2)**	**4.1**
Differences related to treatment of losses	(0.6)	(1.9)
Other permanent differences and rate differences	(2.6)	6.0

Deferred tax assets and liabilities

(€ millions)	31/12/2020	31/12/2019
Tax loss carry forwards	48.8	66.5
Valuation differences	(27.2)	(27.4)
Fair value of investment properties	(1.8)	(1.2)
Fair value of financial instruments	(0.2)	0.0
Net property income on a percentage-of-completion basis	(74.0)	(68.1)
Other timing differences	1.8	0.2
NET DEFERRED TAX ON THE BALANCE SHEET	**(52.5)**	**(29.9)**

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 27.37%, the rate set by the Finance Act for 2021, and not at the rate of 28.92% applicable in 2020.

The Finance Act provides for a gradual decrease in the rate of corporate income tax, which will be set at 25.83% from 1 January 2022.

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)	31/12/2020	31/12/2019
Numerator		
Net income, Group share	69.4	81.0
Denominator		
Weighted average number of shares before dilution	1,748,409	1,748,489
Effect of potentially dilutive shares		
Stock options	–	–
Rights to free share grants	–	–
Total potential dilutive effect	–	–
Weighted diluted average number of shares	1,748,409	1,748,489
NET INCOME PER SHARE, GROUP SHARE *(€)*	**39.69**	**46.31**
DILUTED NET INCOME PER SHARE, GROUP SHARE *(€)*	**39.69**	**46.31**

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 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)]**
No change in 2020			
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2020	**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 recognised on the income statement for share-based payments is €7.3 million in 2020, compared with €10.1 million in 2019.

Free share grants

Award date	Number of rights awarded	Vesting date	Rights in circulation as at 31/12/2019	Awarded	Deliveries	Amendments to rights[(a)]	Rights in circulation as at 31/12/2020
Stock grant plans on Altarea shares							
21 February 2018	7,916	21 February 2020	7,424		(7,219)	(205)	
2 March 2018	18,504[(b)]	2 March 2020	15,735		(15,170)	(565)	
30 March 2018	3,419	30 March 2020	3,419		(3,419)	–	
20 July 2018	41,500[(b)]	31 March 2021	41,500			(12,915)	28,585
7 September 2018	14,800[(b)]	31 March 2021	14,800			(7,400)	7,400
3 December 2018	5,000[(b)]	31 March 2021	5,000			(3,000)	2,000
15 March 2019	29,069	15 March 2020	18,449		(18,253)	(196)	
18 March 2019	9,461	12 March 2021	6,712			(317)	6,395
19 March 2019	41,531	19 March 2022	22,595			(2,063)	20,532
6 June 2019	1,355	20 March 2022	1,355		(135)	–	1,220
18 December 2019	3,000[(b)]	31 March 2021	3,000			(600)	2,400
20 April 2020	38,885	20 April 2021		38,885		(771)	38,114
21 April 2020	13,487	21 April 2022		13,487		(228)	13,259
22 April 2020	27,364	22 April 2023		27,564		(1,313)	26,251
30 April 2020	3,300	30 April 2021		3,300		(300)	3,000
1 October 2020	41	1 October 2021		41		–	41
TOTAL	**258,632**		**139,989**	**83,277**	**(44,196)**	**(29,873)**	**149,197**

(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 2020 for the 2019 financial year.

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

6.2 Net financial debt and guarantees

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

			"Non-cash" change					
(€ millions)	31/12/2019	Cash flow	Spreading of issue costs	Change in scope of consolidation	Update	Change in method	Reclassification	31/12/2020
Private bond investment (excluding accrued interest)	345.7	150.9	(0.6)	–	–	–	–	496.0
Negotiable European Commercial Paper and European Medium Term Note	315.0	24.0	–	–	–	–	–	339.0
Bank borrowings, excluding accrued interest and overdrafts	350.5	8.8	2.8	(3.3)	–	–	–	358.8
Net bond and bank debt, excluding accrued interest and overdrafts	**1,011.2**	**183.7**	**2.1**	**(3.3)**	**–**	**–**	**–**	**1,193.7**
Accrued interest on bond and bank borrowings	5.8	2.1	–	–	–	–	–	7.9
BOND AND BANK DEBT, EXCLUDING OVERDRAFTS	**1,017.1**	**185.8**	**2.1**	**(3.3)**	**–**	**–**	**–**	**1,201.6**
Cash and cash equivalents	(685.0)	(500.1)	–	–	–	–	0.0	(1,185.1)
Bank overdrafts	2.2	1.7	–	–	–	–	–	3.9
Net cash	**(682.8)**	**(498.4)**	**–**	**–**	**–**	**–**	**0.0**	**(1,181.2)**
NET BOND AND BANK DEBT	**334.3**	**(312.6)**	**2.1**	**(3.3)**	**–**	**–**	**0.0**	**20.4**
Group and partners' advances	85.3	5.0	–	2.7	–	–	(0.0)	92.9
Accrued interest on shareholders' advances	–	–	–	–	–	–	–	–
Lease liabilities	26.5	(10.1)	–	–	–	–	137.4	153.8
NET FINANCIAL DEBT	**446.1**	**(317.7)**	**2.1**	**(0.7)**	**–**	**–**	**137.4**	**267.2**

6.2.1 Net financial bond and bank debt

Group net financial bond and bank debt amounted to €20.4 million at 31 December 2020 compared to €334.3 million at 31 December 2019.

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

- borrowings from credit institutions amounting to €208.2 million compared with €165.0 million at 31 December 2019;
- bank financing of development operations for €150.6 million compared with €185.5 million at 31 December 2019.

During the financial year, the Group notably:

- placed €80 million and €70 million (in July and October, respectively) in bonds assimilated to the Altareit 2.875% 07/2025 issue, bringing the total nominal amount of this issue to €500 million;
- introduced or extended term loans granted for €120 million;
- introduced or extended the possibility of drawing on revolving credit facilities totalling €320 million;
- increased issues of securities (over €24 million during the 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 2020.

The current account with Altarea SCA was nil at 31 December 2020, compared to €0.1 million at 31 December 2019.

Changes in scope are related to movement in Property Development.

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)	31/12/2020	31/12/2019
< 3 months	88.3	185.8
3 to 6 months	150.2	65.3
6 to 9 months	66.7	112.1
9 to 12 months	78.0	20.6
Less than 1 year	**383.1**	**383.9**
2 years	152.9	126.4
3 years	44.1	76.9
4 years	66.0	15.9
5 years	539.9	68.0
1 to 5 years	**802.8**	**287.2**
More than 5 years	**26.0**	**352.4**
Issuance cost to be amortised	(6.4)	(4.3)
TOTAL GROSS BOND AND BANK DEBT	**1,205.5**	**1,019.3**

The portion of bond and bank debt due in less than one year remains stable.

Breakdown of bank and bond debt by guarantee

(€ millions)	31/12/2020	31/12/2019
Mortgage commitments	150.6	184.3
Moneylender lien	11.6	13.7
Pledging of receivables	–	–
Altarea SCA security deposit	200.0	150.0
Not Guaranteed	849.7	675.6
TOTAL	**1,211.9**	**1,023.6**
Issuance cost to be amortised	(6.4)	(4.3)
TOTAL GROSS BOND AND BANK DEBT	**1,205.5**	**1,019.3**

Breakdown of bank and bond debt by interest rate

	Gross bond and bank debt		
(€ millions)	Variable rate	Fixed rate	Total
As of 31 December 2020	702.8	502.7	1,205.5
At 31 December 2019	668.5	350.8	1,019.3

The market value of fixed rate debt stood at €537.1 million at 31 December 2020 compared to €382.0 million at 31 December 2019.

Schedule of future interest expenses

(€ millions)	31/12/2020	31/12/2019
< 3 months	1.1	1.2
3 to 6 months	1.2	1.2
6 to 9 months	8.1	6.2
9 to 12 months	1.1	1.1
LESS THAN 1 YEAR	**11.5**	**9.7**
2 years	17.4	13.4
3 years	16.2	11.9
4 years	15.1	11.2
5 years	14.6	10.3
1 TO 5 YEARS	**63.3**	**46.8**

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.

These liabilities amounted to €153.8 million at 31 December 2020 compared to €26.5 million at 31 December 2019. The increase is mainly due to the effective date of the lease of the Group's new head office, rue de Richelieu in Paris. These obligations should 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)	31/12/2020	31/12/2019
< 3 months	0.6	4.8
3 to 6 months	0.1	2.7
6 to 9 months	0.1	2.3
9 to 12 months	0.2	2.3
Less than 1 year	**0.9**	**12.2**
2 years	15.5	5.2
3 years	13.9	2.9
4 years	13.7	1.5
5 years	14.1	1.3
1 to 5 years	**57.2**	**10.9**
More than 5 years	**95.7**	**3.4**
TOTAL LEASE LIABILITIES	**153.8**	**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	815.5
Repayment of borrowings and other financial liabilities	(626.8)
Change in borrowing and other financial liabilities	**188.7**
Repayment of lease liabilities	(10.1)
Change in cash balance	498.4
TOTAL CHANGE IN NET FINANCIAL DEBT (TFT)	**677.1**
Net bond and bank debt, excluding accrued interest and overdrafts	183.7
Net cash	498.4
Group and partners' advances	5.0
Lease liabilities	(10.1)
TOTAL CHANGE IN NET FINANCIAL DEBT	**677.1**

6.3 Provisions

(€ millions)	**31/12/2020**	**31/12/2019**
Provision for benefits payable at retirement	10.9	11.2
Other provisions	5.4	8.0
TOTAL PROVISIONS	**16.3**	**19.2**

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 Goodwill and other intangible assets

(€ millions)	Gross values	Amortisation and/or impairment	31/12/2020	31/12/2019
Goodwill	**435.8**	**(243.7)**	**192.1**	**192.1**
Brands	**105.4**		**105.4**	**105.4**
Customer relationships	**192.9**	**(192.9)**	**–**	**0.6**
Software applications, patents and similar rights	24.7	(19.1)	5.6	4.9
Leasehold Right	0.0	(0.0)	–	–
Others	0.2	(0.0)	0.2	0.2
Other intangible assets	**24.9**	**(19.1)**	**5.8**	**5.0**
TOTAL	**759.0**	**(455.7)**	**303.3**	**303.1**

(€ millions)	31/12/2020	31/12/2019
Net values at beginning of the period	**303.1**	**284.2**
Acquisitions of intangible assets	2.9	1.9
Disposals and write-offs	(2.2)	(0.0)
Changes in scope of consolidation and other	–	19.5
Net allowances for depreciation	(0.5)	(2.5)
NET VALUES AT THE END OF THE PERIOD	**303.3**	**303.1**

Goodwill

Impairment tests were carried out on the basis of business assumptions in light of economic forecasts; these assumptions are based on the historical data on Property Development.

The main assumptions used to calculate the enterprise value are as follows:

- the discount rate is 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 discounting rate to infinity is 1.5%.

At 31 December 2020, on the basis of these assumptions, the fair value of the economic assets in the Residential and Business property segments are greater than their net book value.

No impairment needs to be recorded in the financial statements.

Sensitivity of +/-1% on the discounting rate and of +/-0.5% on the discounting rate to infinity, would lead to valuations of the economic assets for the Residential segment on the one hand and the Business property segment on the other hand which remain greater than their book value as at 31 December 2020.

Brands

The Group owns the following brands: Cogedim, Pitch Promotion, Histoire & Patrimoine and Severini. These brands, of a total value of €105.4 million, have an indefinite useful life and are thus not amortised.

The brands were tested and no impairment was recognised as of 31 December 2020.

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

(€ millions)	Land and Constructions	Vehicles	Others	Net user fees	Depr./Amort. Land and Constructions	Depr./ Amort. Vehicles	Depr./ Amort. Others	Total Depr./ Amort.	Net user fees
At 31 December 2019	**43.1**	**3.3**	**1.6**	**48.0**	**(23.9)**	**(1.5)**	**(0.8)**	**(26.2)**	**21.7**
New contracts/Increases	139.8	1.5	–	141.3	(16.9)	(1.3)	(0.4)	(18.7)	122.6
Contract terminations/Reversals	(31.1)	(0.7)	(0.5)	(32.3)	26.2	0.6	0.5	27.3	(5.0)
AS OF 31 DECEMBER 2020	**151.8**	**4.2**	**1.0**	**157.0**	**(14.7)**	**(2.2)**	**(0.7)**	**(17.7)**	**139.4**

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.

The increase over the year is mainly due to the entry into force of the lease of the Group's new head office, rue de Richelieu in Paris.

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)	31/12/2020	31/12/2019	Flows: Created by the business	Flows: Changes in consolidation scope and transfer	Flows: Change in consolidation method
Net inventories and work in progress	**845.9**	**1,051.1**	**(215.8)**	**10.6**	**–**
Contract assets	**741.2**	**564.9**	**176.4**	**(0.1)**	**–**
Net trade receivables	261.2	257.6	3.8	(0.2)	–
Other operating receivables net	386.8	424.0	(36.7)	(0.5)	–
Trade and other operating receivables net	**648.0**	**681.5**	**(32.8)**	**(0.7)**	**–**
Contract liabilities	**(177.3)**	**(168.8)**	**(8.6)**	**–**	**–**
Trade payables	(1,066.4)	(1,001.3)	(64.9)	(0.2)	–
Other operating payables	(418.3)	(406.4)	(13.7)	1.9	–
Trade payables and other operating liabilities	**(1,484.7)**	**(1,407.8)**	**(78.6)**	**1.7**	**–**
OPERATIONAL WCR	**573.1**	**721.0**	**(159.4)**	**11.5**	**–**

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 (deconsolidation) method of some entities.

7.4.1 Inventories and work in progress

(€ millions)	Gross inventories	Impairment	Net inventories
At 1 January 2019	**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**
Change	(218.9)	0.0	(218.9)
Increases	–	(6.7)	(6.7)
Reversals	–	9.7	9.7
Transfers to or from other categories	1.5	(0.1)	1.4
Change in scope of consolidation	9.1	0.1	9.2
AT 31 DECEMBER 2020	**867.6**	**(21.7)**	**845.9**

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

7.4.2 Trade and other receivables

(€ millions)	31/12/2020	31/12/2019
Gross trade receivables	**262.0**	**258.4**
Opening impairment	**(0.8)**	**(0.8)**
Increases	0.0	0.0
Change in scope of consolidation	–	(0.1)
Reversals	–	0.1
Closing impairment	**(0.8)**	**(0.8)**
NET TRADE RECEIVABLES	**261.2**	**257.6**
Advances and down payments paid	38.4	54.1
VAT receivables	263.2	293.9
Sundry debtors	25.3	23.4
Prepaid expenses	54.0	50.2
Principal accounts in debit	7.1	5.2
Total other operating receivables gross	**388.0**	**426.8**
Opening impairment	**(2.9)**	**(0.3)**
Increases	(0.3)	(2.6)
Change in scope of consolidation	–	(0.1)
Reversals	2.0	0.2
Closing impairment	**(1.1)**	**(2.9)**
NET OPERATING RECEIVABLES	**386.8**	**424.0**
TRADE RECEIVABLES AND OTHER OPERATING RECEIVABLES	**648.0**	**681.5**
Receivables on sale of assets	1.7	4.9
TRADE AND OTHER RECEIVABLES	**649.7**	**686.4**

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)	31/12/2020
Total gross trade receivables	**262.0**
Impairment of trade receivables	(0.8)
TOTAL NET TRADE RECEIVABLES	**261.2**
Trade accounts to be invoiced	(24.7)
Receivables lagging completion	(28.9)
TRADE ACCOUNTS RECEIVABLE DUE	**207.5**

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	At 30 days	At 60 days	At 90 days	More than 90 days
Trade accounts receivable due	207.5	110.1	–	47.6	8.9	40.9

Advances and down payments paid

Advances and down payments correspond primarily to compensation for loss of use paid 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)	31/12/2020	31/12/2019
TRADE PAYABLES AND RELATED ACCOUNTS	**1,066.4**	**1,001.3**
Advances and down payments received from clients	0.4	2.2
VAT collected	274.3	261.2
Other tax and social security payables	33.4	44.3
Prepaid income	2.3	1.7
Other payables	100.7	91.8
Principal accounts in credit	7.1	5.2
OTHER OPERATING PAYABLES	**418.3**	**406.4**
Amounts due on non-current assets	3.7	0.1
TRADE AND OTHER PAYABLES	**1,488.4**	**1,407.8**

NOTE 8 **MANAGEMENT OF FINANCIAL RISKS**

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

As of 31 December 2020

			Financial assets and liabilities carried at amortised cost		Financial assets and liabilities carried at fair value				
(€ millions)	**Total carrying amount**	**Non-financial assets**	**Loans Receivables**	**Liabilities at amortised cost**	**Equity instruments**	**Assets and liabilities at fair value through profit and loss**	**Level 1[(a)]**	**Level 2[(b)]**	**Level 3[(c)]**
NON-CURRENT ASSETS	**251.9**	**80.9**	**167.8**	**–**	**3.2**	**–**	**–**	**–**	**3.2**
Securities and investments in equity affiliates	242.0	(80.9)	161.1	–	–	–	–	–	–
Non-current financial assets	9.8	–	6.7	–	3.2	–	–	–	3.2
CURRENT ASSETS	**1,857.4**	**–**	**1,807.3**	**–**	**–**	**50.1**	**50.1**	**–**	**–**
Trade and other receivables	649.7	–	649.7	–	–	–	–	–	–
Current assets	22.6	–	22.6	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	1,185.1	–	1,134.9	–	–	50.1	50.1	–	–
NON-CURRENT LIABILITIES	**979.8**	**–**	**–**	**979.8**	**–**	**–**	**–**	**–**	**–**
Borrowings and financial liabilities	978.4	–	–	978.4	–	–	–	–	–
Deposits and security interests received	1.4	–	–	1.4	–	–	–	–	–
CURRENT LIABILITIES	**1,962.3**	**–**	**–**	**1,962.3**	**0.0**	**–**	**0.0**	**–**	**–**
Borrowings and financial liabilities	473.9	–	–	473.9	–	–	–	–	–
Derivative financial instruments	0.0	–	–	–	0.0	–	0.0	–	–
Trade and other payables	1,488.4	–	–	1,488.4	–	–	–	–	–

(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 nonobservable inputs.
Equity instruments mainly consist of equity securities not consolidated at each acquisition. An analysis is carried out to determine the Group's management intention and therefore the accounting method (change in value through profit or loss or OCI).
Cash and cash equivalents break down between cash presented under receivables and marketable securities presented as financial assets within Level 1 of the fair value hierarchy.

As of 31 December 2019 – restated

			Financial assets and liabilities carried at amortised cost		Financial assets and liabilities carried at fair value				
(€ millions)	**Total carrying amount**	**Non-financial assets**	**Loans Receivables**	**Liabilities at amortised cost**	**Equity instruments**	**Assets and liabilities at fair value through profit and loss**	**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	249.5	90.4	159.2	–	–	–	–	–	
Non-current financial assets	(41.9)	–	8.4	–	33.6	–	–	–	33.6
CURRENT ASSETS	**1,393.5**	**–**	**1,391.6**	**–**	**–**	**1.9**	**1.9**	**–**	**–**
Trade and other receivables	686.4	–	686.4	–	–	–	–	–	–
Current assets	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 nonobservable inputs.
Equity instruments mainly consist of equity securities not consolidated at each acquisition. An analysis is carried out to determine the Group's management intention and therefore the accounting method (change in value through profit or loss or OCI).
Cash and cash equivalents break down 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 the 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 2020.

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

Management position

As of 31 December 2020

(€ millions)	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Fixed-rate bond and bank loans	(502.7)	(496.0)	(496.0)	(496.0)	(496.0)	4.0
Floating-rate bank loans	(702.8)	(326.5)	(173.6)	(129.5)	(63.5)	(23.7)
Cash and cash equivalents (assets)	1,185.1	–	–	–	–	–
Net position before hedging	**(20.4)**	**(822.4)**	**(669.5)**	**(625.5)**	**(559.5)**	**(19.6)**
Swap	–	–	–	–	–	–
Collar	–	–	–	–	–	–
Cap	–	–	–	–	–	–
Total derivative financial instruments	**–**	**–**	**–**	**–**	**–**	**–**
NET POSITION AFTER HEDGING	**(20.4)**	**(822.4)**	**(669.5)**	**(625.5)**	**(559.5)**	**(19.6)**

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)**

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
31/12/2020	+50 -50	€+1.4 million €-0.9 million	- -
31/12/2019	+50 -50	€-1.0 million €+1.7 million	- -

8.3 Liquidity risk

Cash

The Group had a positive cash position of €1,185,1 million at 31 December 2020, compared to €685.0 million at 31 December 2019. This represents its main tool for management of liquidity risk.

Part of this cash is available for the subsidiaries that carry it: as of 31 December 2020, this cash amounted to €511.5 million.

On this date, €673.6 million is available at Group level, which also has an additional €520 million of available cash equivalents (in the form of unused confirmed corporate credit lines).

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 €200 million.

The bond loan subscribed by Altareit SCA is also subject to leverage covenants (€500 million).

	Altarea Group covenants	31/12/2020	Consolidated Altareit covenants	31/12/2020
***Loan To Value* (LTV)**				
Net bond and bank financial debt/re-assessed value of the Company's assets	< 60%	33.0%		
***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	0.0
ICR: EBITDA/Net interest expenses			≥ 2	10.1

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)	31/12/2020 % share capital	31/12/2020 % voting rights	31/12/2019 % share capital	31/12/2019 % voting rights
Altarea SCA	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 of the Group are:

- 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. He is the Chairman of Altafi 2. Mr Jacques Ehrmann is its Chief Executive Officer;
- companies of the founding shareholders who hold shares in Altarea: AltaGroupe, AltaPatrimoine and Altager, controlled by Mr Alain Taravella.

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 €720 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	31/12/2020	31/12/2019
Non-current assets		0.0	0.0	0.1
Current assets	0.0	12.6	12.6	14.4
TOTAL ASSETS	**0.0**	**12.6**	**12.6**	**14.5**
Trade payables, current accounts and other liabilities	–	2.0	2.0	5.8
TOTAL LIABILITIES	**–**	**2.0**	**2.0**	**5.8**

(€ millions)	Altafi 2	Altarea and subsidiaries	31/12/2020	31/12/2019
Operating income	0.0	14.4	14.5	57.7
Operating expenses	(1.0)	(49.6)	(50.6)	(47.3)
OPERATING INCOME	**(1.0)**	**(35.2)**	**(36.2)**	**10.4**
Net borrowing costs	–	(1.5)	(1.5)	(0.9)
NET INCOME	**(1.0)**	**(36.8)**	**(37.7)**	**9.5**

Compensations of the Management Committee

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

	Altafi 2 SAS	
(€ millions)	31/12/2020	31/12/2019
Fixed Management compensation	1.0	1.0
TOTAL	**1.0**	**1.0**

Management compensation was approved by the General Shareholders' Meeting on 19 May 2020.

Compensation of the Group's salaried executives

(€ millions)	31/12/2020	31/12/2019
Gross salaries[a]	1.7	1.5
Social security contributions	0.6	0.5
Share-based payments[b]	2.1	1.8
Number of shares delivered during the period	*2,886*	*9,816*
Post-employment benefits[c]	0.0	0.0
Other short- or long-term benefits and compensation[d]	0.0	0.0
Termination indemnities[e]	0.0	–
Employer contribution on bonus shares delivered	0.1	0.5
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)	31/12/2020	31/12/2019
Rights to Altarea SCA's free share grants	24,421	25,833

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 (intraGroup 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)	31/12/2019	31/12/2020	less than 1 year	1 to 5 years	more than 5 years
Commitments received					
Commitments received relating to financing (excl. borrowings)	**–**	**–**	**–**	**–**	**–**
Commitments received relating to Company acquisitions	**2.0**	**3.1**	**–**	**3.1**	**–**
Commitments received relating to operating activities	**7.8**	**7.8**	**7.8**	**–**	**–**
Security deposits received in the context of the Hoguet Act (France)	7.8	7.8	7.8	–	–
TOTAL	**9.8**	**10.9**	**7.8**	**3.1**	**–**
Commitments given					
Commitments given relating to financing (excl. borrowings)	**–**	**–**	**–**	**–**	**–**
Commitments given relating to Company acquisitions	**44.3**	**37.0**	**–**	**37.0**	**–**
Commitments given relating to operating activities	**2,139.3**	**2,169.9**	**1,108.9**	**1,057.7**	**3.3**
Construction work completion guarantees (given)	1,909.7	1,912.7	1,038.3	873.3	1.1
Guarantees given on forward payments for assets	189.4	190.0	32.4	157.6	0.1
Guarantees for loss of use	38.9	51.0	31.4	17.4	2.1
Other sureties and guarantees granted	1.3	16.2	6.8	9.4	–
TOTAL	**2,183.6**	**2,206.9**	**1,108.9**	**1,094.7**	**3.3**

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 €35.2 million (firm commitment for identified projects). The commitment changes 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 **EVENTS AFTER THE BALANCE SHEET DATE**

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)	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Statutory audit, certification, examination of individual and consolidated financial statements																
▪ Altareit SCA	0.0	0.0	3%	3%	0.1	0.1	36%	32%	–	–	0%	0%	0.1	0.1	7%	8%
▪ Fully consolidated subsidiaries	0.9	0.9	97%	94%	0.1	0.2	64%	68%	0.3	0.1	109%	91%	1.3	1.2	94%	89%
Services other than the certification of the financial statements																
▪ Altareit SCA	–	0.0	0%	2%	–	–	0%	0%	–	–	0%	0%	–	0.0	0%	2%
▪ Fully consolidated subsidiaries	–	0.0	0%	1%	–	–	0%	0%	(0.0)	0.0	-9%	9%	-0.0	0.0	-2%	1%
TOTAL	**1.0**	**0.9**	**100%**	**100%**	**0.2**	**0.2**	**100%**	**100%**	**0.2**	**0.1**	**100%**	**100%**	**1.4**	**1.3**	**100%**	**100%**

2.4 Statutory Auditors' report on the consolidated financial statements

To 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 consolidated financial statements of Altareit relating to the year ended 31 December 2020, 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 carried out our audit mission in compliance with the independence rules provided for by the French Commercial Code and the Code of Ethics of the Statutory Auditors on the period from 1 January 2020 at the date of issue of our report, and in particular we have not provided services prohibited by Article 5 (1) of Regulation (EU) no. 537/2014.

Basis for our assessments – Key points of the audit

The global crisis triggered by the COVID-19 pandemic meant that the financial statements for this year had to be prepared and audited under special conditions. The crisis and exceptional measures taken in response had many consequences for companies, particularly their business and finances, and created doubts about their future prospects. Some of these measures, such as travel restrictions, also impacted companies' internal organisation and the conduct of audits.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most important for the audit of the consolidated financial statements for the year, as well as the responses we have provided. to address 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 2020, goodwill and brands were recorded in the balance sheet in a net carrying amount of €298 million, of which €192 million in goodwill mainly relating to the acquisitions of Cogedim, Pitch Promotion and Histoire & Patrimoine, and €105 million in goodwill mainly relating to the Cogedim, Pitch Promotion and Histoire & Patrimoine 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. For goodwill, as indicated 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 value of the cash-generating unit (CGU) or 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 is tested using the discounted cash flow method, which requires the use of assumptions, estimates and assessments by the Group's management, backed up by peer comparisons and transaction multiples. Brands are tested individually. Their recoverable amount is determined using the relief-from-royalty method. 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 measurement of goodwill and brands to be a key audit matter, it being specified that, as indicated in Note 2.2 of the appendix, the accounting estimates for the financial statements at 31 December 2020 were made in a context of economic and health crisis related to COVID-19 and the Group has taken into account the reliable information available to it at the date of preparation of the consolidated financial statements regarding the impacts of this crisis.	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: ▪ obtaining an understanding of the principles and methods used to determine the recoverable amounts of the CGUs to which the goodwill is attached, as well as the corresponding net assets; ▪ reconciling the net carrying amounts of the net assets attached to the CGUs tested with the Group's accounting data; ▪ analysing, with the help of the valuation experts in our audit teams, the valuation models used as well as the long-term growth rates, discount rates and royalty rates applied in these models; ▪ examining, through discussions with management, the main assumptions on which the budget estimates underlying the cash flows on which the valuation models are based. To this end, we compared the estimates of cash flow projections from previous periods to the actual results achieved. We examined management's allowance for the COVID-19 crisis and compared the results of the sensitivity analyses conducted by management against our own; ▪ testing, on a sample basis, the arithmetical accuracy of the assessments used by the Group.

Valuing deferred tax assets relating to tax losses

Risk identified	Our response
As of 31 December 2020, deferred tax assets relating to tax loss carryforwards amounted to €49 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 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, in the context of COVID-19, to generate future taxable profits allowing the use of tax loss carryforwards. We compared the business plans prepared for tax purposes with the cash flow projections used, where appropriate, for annual impairment testing of goodwill and brands, and reviewed the key data and assumptions underlying these forecasts of taxable profits.

Valuation of inventories, revenue and net property income

Risk identified	Our response
At 31 December 2020, the property inventories are recognized in the balance sheet for an amount of €846 million and net property income stands at €223 million for the financial year 2020. 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 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 and the necessary judgments made by management for the recognition of these items, particularly in the context of the COVID-19 economic and health crisis, we considered the assessment of these items to be a key audit matter.	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. We also reconciled the commercial percentage of completion with notarised deeds by conducting specific tests of sales of the year. We also called on team members with particular expertise in information systems to perform tests of software controls related 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 measurement of inventories for projects not yet available for sale and projects delivered, on the other hand, was the subject of special attention in the context of COVID-19. 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 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.

Other verifications or information required by laws and regulations

Presentation format of the consolidated financial statements included in the annual financial report

We have also verified, in accordance with the professional standards of the Statutory Auditors relating to the annual and consolidated financial statements presented according to the single European electronic information format, that this format defined by the European regulation is complied with. Delegate no. 2019/815 of 17 December 2018 in the presentation of the consolidated financial statements included in the annual financial report mentioned in I of Article L. 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of management. With regard to consolidated financial statements, our procedures include verifying that these financial statements comply with the format defined by the aforementioned regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the single European electronic information format.

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 2020, our firms were in the thirteenth 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

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. 823-101 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 consolidated 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 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 and Paris-La Défense, 26 March 2021

The Statutory Auditors

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

3

ANNUAL FINANCIAL STATEMENTS 2020

3.1 Income statement

Income statement (listed)

Title *(€ thousands)*	2020	2019
Sale of goods		
Sold production (goods and services)	1,111.7	1,222.7
Net revenue	**1,111.7**	**1,222.7**
Production held in inventory		
Own work capitalised		
Operating grants		
Reversals of provisions (and depreciation/amortisation), expense reclassifications		
Other income		
Operating income	**1,111.7**	**1,222.7**
Purchase of goods		
Change in inventory (goods)		
Purchase of raw materials and other supplies		
Change in inventory (raw materials and other supplies)		
Other purchases and external costs	8,027.5	6,244.0
Taxes, duties and analogous payments	0.7	0.7
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		
Other expenses	(32.5)	63.2
Operating expenses	**7,995.7**	**6,307.9**
OPERATING INCOME/(LOSS)	**(6,883.9)**	**(5,085.2)**
Joint transactions		
Profits or transferred losses		
Losses or transferred profits		
Financial income		
Financial income from investments	31,238.6	6,288.5
Income from other marketable securities and receivables on non-current assets		
Other interest and similar income	571.3	40.4
Reversals of provisions, impairment and expense reclassifications		
Foreign exchange gains		
Net gains on the disposal of marketable securities	311.7	
Financial income	**32,121.7**	**6,328.9**
Allowances for amortisation, impairment and provisions	419.7	473.1
Interest and similar expenses	16,698.4	13,945.6
Foreign exchange losses		
Net expenses on disposals of marketable securities		
Financial expenses	**17,118.1**	**14,418.6**
NET FINANCIAL INCOME/(EXPENSE)	**15,003.5**	**(8,089.7)**
PROFIT BEFORE TAX AND NONRECURRING ITEMS	**8,119.6**	**(13,174.9)**

Income statement (continued)

Title *(€ thousands)*	**2020**	**2019**
Exceptional income from non-capital transactions		
Exceptional income from capital transactions	7.6	5.7
Reversals of provisions, impairment and expense reclassifications	2.9	
Exceptional income	**10.5**	**5.7**
Exceptional expenses on non-capital transactions	0.1	
Exceptional expenses on capital transactions	0.6	0.9
Allowances for amortisation, impairment and provisions		550.6
Exceptional expenses	**0.7**	**551.5**
NET EXCEPTIONAL INCOME/(EXPENSE)	**9.8**	**(545.8)**
Employee profit-sharing		
Income tax	(10,510.4)	(16,247.9)
Total income	**33,243.9**	**7,557.4**
Total expenses	**14,604.1**	**5,030.1**
PROFIT/(LOSS)	**18,639.8**	**2,527.3**

3.2 Balance sheet

Assets

Title *(€ thousands)*	Gross amount	Depreciation/ amortisation provisions	31/12/2020	31/12/2019
Uncalled subscribed capital				
Intangible assets				
Start-up costs				
Research and development expenditures				
Concessions, patents, licenses, trademarks, processes, software, rights and similar assets				
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	88,602.5	160,124.8	160,128.9
Investment-related receivables	868,528.7	24,790.8	843,737.9	748,692.9
Other long-term investments				
Loans				
Other non-current financial assets				
NON-CURRENT ASSETS	**1,117,256.0**	**113,393.3**	**1,003,862.7**	**908,821.8**
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	125,634.3		125,634.3	126,058.5
Called, unpaid subscribed capital				
Marketable securities				
Marketable securities (including treasury shares: 117)	10,117.1		10,117.1	47.9
Cash and cash equivalents				
Cash and cash equivalents	238,260.3		238,260.3	97,826.6
Accruals				
Prepaid expenses	18.4		18.4	42.5
CURRENT ASSETS	**374,030.0**		**374,030.0**	**223,975.5**
Deferred expenses				
Redemption premiums	1,139.0		1,139.0	2,021.4
Translation differences – assets				
TOTAL	**1,492,425.0**	**113,393.3**	**1,379,031.7**	**1,134,818.7**

Liabilities

Title *(€ thousands)*	**2020**	**2019**
Capital (of which paid 2,626.7)	2,626.7	2,626.7
Discounts, merger premiums, contribution premiums	76,253.6	76,253.6
Valuation 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	216,980.6	214,453.3
Net income (loss) for the year	**18,639.8**	**2,527.3**
Investment grants		
Regulated provisions		
EQUITY	**319,627.2**	**300,987.3**
Provisions for contingencies		
Provisions for expenses	547.7	550.6
PROVISIONS	**547.7**	**550.6**
Proceeds from issue of equity securities		
Conditional advances		
OTHER EQUITY		
Financial payables		
Convertible bond issues		
Other bond issues	506,764.2	355,087.2
Borrowings from credit institutions	200,454.4	150,204.7
Other borrowings and financial liabilities	345,400.2	327,883.4
Advances and down payments made for orders in progress		
Operating payables		
Trade payables and related accounts	512.1	105.4
Tax and social security payables	5,637.1	
Other payables		
Amounts due on non-current assets and related accounts		
Other payables	15.0	
Accruals		
Prepaid income	73.8	
PAYABLES	**1,058,856.8**	**833,280.7**
Translation differences – liabilities		
TOTAL	**1,379,031.7**	**1,134,818.7**

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, ANC Regulation 2015-05 of 2 July 2015 approved by the order of 28 December 2015 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 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 25 February 2021 following review by the Supervisory Board.

3.3.1 Major events during the financial year

The year 2020 was marked by uncertainties related to the COVID-19 epidemic. The companies held directly or indirectly by the Company have implemented preventive and organisational measures aimed at limiting impacts while allowing business to continue. The epidemic is still ongoing in 2021 and it is difficult to assess its prolonged impact on the Company's activities and its 2021 results. In no scenarios, though, will it have any impact on the Company's viability as a going concern.

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.

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 2019. No changes occurred with regard to the presentation of the financial statements.

The main methods used are described below.

Participating interests

Participating interests are recognised at cost or transfer value.

Equity 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 multiple criteria 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.

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.

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 allocated to the "liquidity contract" under which a service provider makes a market in the shares to ensure liquidity and quote regular prices, or
  - when they are held for delivery 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 prorata 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 is equal to the cost of the shares plus any management fees, if applicable, will be passed on to these subsidiaries 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 costs

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)*	31/12/2019	Increase	Decrease	31/12/2020
Participating interests	**248,727.3**			**248,727.3**
Financial receivables	**773,420.4**	**779,903.3**	**684,795.0**	**868,528.7**
Investment-related receivables	773,420.4	779,903.3	684,795.0	868,528.7
Loans and other fixed assets				
TOTAL	**1,022,147.7**	**779,903.3**	**684,795.0**	**1,117,256.0**

The change in Investment-related receivables is caused by the change in the Alta Faubourg receivable (€+48,898 thousand) and the Cogedim receivable (€+46,147 thousand).

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 during the year		
Impairment *(€ thousands)*	31/12/2019	Increases	Reversal of unused provisions	Provisions used in the period	31/12/2020
Impairment of equity securities	88,598.4	4.1			88,602.5
Impairment of other non-current financial assets	24,727.6	63.2			24,790.8
Other impairment					
TOTAL	**113,326.0**	67.3			**113,393.3**

Receivables

Receivables *(€ thousands)*	Gross amount 2020	Provisions	Net amount 2020	Net amount 2019
Trade receivables and related accounts				
Others receivables	**125,652.6**		**125,652.6**	**126,101.0**
Personnel and related accounts				
Advances and down payments				
Government, other authorities: value added tax	273.5		273.5	2,378.8
Government, other authorities: sundry receivables				1,450.9
Group and partners	125,360.7		125,360.7	122,228.8
Sundry debtors				
Prepaid expenses	18.4		18.4	42.5
TOTAL	**125,652.6**		**125,652.6**	**126,101.0**

Breakdown of receivables by maturity date

Receivables *(€ thousands)*	**Gross amount 2020**	**Less than 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	273.5	273.5		
Government, other authorities: sundry receivables				
Group and partners	125,360.7	125,360.7		
Sundry debtors				
Prepaid expenses	18.4	18.4		
TOTAL	**125,652.6**	**125,652.6**		

3.3.3.1.3 Accrued income

None.

3.3.3.1.4 Marketable securities

Marketable securities consist of a TRESO PLUS term deposit account for an amount of €1,000 thousand and treasury shares for an amount of €117 thousand.

Marketable securities

Marketable securities *(€ thousands)*	**31/12/2019**	**Increase**	**Decrease**	**Provisions**	**31/12/2020**
TRESO PLUS term account		59,000	49,000		10,000
Treasury shares	48	189	120		117
TOTAL	**48**	**189**	**120**		**117**
No. of Shares	106	381	251		236

At 31 December 2020, 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

Statement of changes in equity

Equity *(€ thousands)*	**31/12/2019**	**Appropriation Capital**	**Reduction, issue costs**	**Capital incr. & contributions**	**2020 Results**	**31/12/2020**
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	214,453.3	2,527.3				216,980.6
Net income for the year	2,527.3	(2,527.3)			18,639.8	18,639.8
Investment grants						
Regulated provisions						
TOTAL	**300,987.3**				**18,639.8**	**319,627.2**

At 31 December 2020, share capital stood at €2,626.7 thousand 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)*	31/12/2019	Increases during the year: Increases	Decreases during the year: Reversal of unused provisions	Decreases during the year: Provisions used in the period	31/12/2020
Provisions for litigation					
Provisions for fines and penalties					
Provisions for tax	547.7				547.7
Other provisions for contingencies and expenses	2.9		2.9		
TOTAL	**550.6**		**2.9**		**547.7**

3.3.3.2.3 Borrowings and other financial liabilities

Breakdown of payables by maturity date

Borrowings and other financial liabilities *(€ thousands)*	31/12/2020	Less than 1 year	1 to 5 years	More than 5 years	31/12/2019
Financial payables	**1,052,618.9**	**327,618.9**	**699,000.0**	**26,000.0**	**833,175.3**
Other bond issues	506,764.2	6,764.2	500,000.0		355,087.2
Bank borrowings	200,454.4	454.4	174,000.0	26,000.0	150,204.7
Other borrowings and financial liabilities	339,000.0	314,000.0	25,000.0		315,000.0
Group and partners	6,400.2	6,400.2			12,883.4
Other payables					
Accounts payable and other payables	**6,238.0**	**6,238.0**			**105.4**
Suppliers and related accounts	512.1	512.1			105.4
Employee-related and social security payables					
Tax payables	5,637.1	5,637.1			
Amounts due on non-current assets and related accounts					
Other payables	15.0	15.0			
Prepaid income	73.8	73.8			
TOTAL	**1,058,856.8**	**333,856.8**	**699,000.0**	**26,000.0**	**833,280.7**

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

Redemption premiums on borrowings

Change in amortisation of the premium *(€ thousands)*	31/12/2019	Increase	Decrease	31/12/2020
Redemption premiums on bonds	2,021.4	100.0	982.4	1,139.0
TOTAL	**2,021.4**	100.0	**982.4**	**1,139.0**

The bonds were issued at a premium, which is amortised over the life of the borrowing (€352 thousand in 2020).

The bond issue premium of €100 million was paid as part of the new bond issued on 7 October 2020.

The issue premium decreased by €630 thousand following the new loan issued on 20 October 2020.

At 31 December 2020, bank borrowings excluding accrued interest amounted to €200 million.

Table of expenses to be paid in the balance sheet items (€ thousands)

Expenses included in the balance sheet line items *(€ thousands)*	**31/12/2020**	**31/12/2019**
Borrowings and financial liabilities	7,217.1	5,291.9
Suppliers and related accounts	146.1	54.4
Amounts due on non-current assets and related accounts		
Taxes, duties and analogous payments		
Personnel costs		
Cash and cash equivalents, bank – expenses	1.6	
Miscellaneous	15.0	
TOTAL	**7,379.8**	**5,346.3**

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 €1,042 thousand and €69 thousand respectively.

Revenue breakdown

Revenue *(€ thousands)*	**31/12/2020**	**31/12/2019**
External services	1,111.7	1,222.7
Others		
TOTAL	**1,111.7**	**1,222.7**

3.3.3.3.2 Operating expenses

Details of operating expenses

Operating expenses *(€ thousands)*	**31/12/2020**	**31/12/2019**
Current activity expenses	17.8	12.6
Commissions and fees	3,093.8	3,942.7
Advertising and public relations	50.0	50.0
Banking services and similar accounts	4,837.0	2,209.6
Taxes and duties	0.7	0.7
Depreciation, amortisation, provisions and impairment		
Other operating expenses	(3.6)	92.3
OPERATING EXPENSES	**7,995.7**	**6,307.9**

Commissions and fees mainly correspond to €1 million in compensation paid to the management of Altafi 2 and €1,440 thousand 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 €15 thousand and is recognised in "Other expenses".

3.3.3.3.3 Financial income

Financial income statement

(€ thousand)	31/12/2020	31/12/2019
Financial income		
■ Dividends	29,600.0	4,000.0
■ Income from current accounts	1,638.6	2,288.5
■ Other interest and similar income	571.3	40.4
■ Reversals of provisions, impairment and expense reclassifications		
■ Foreign exchange gains		
■ Net gains on the disposal of marketable securities	311.7	
TOTAL	**32,121.7**	**6,328.9**
Financial expenses		
■ Financial allowances for depreciation, amortisation and impairment	419.7	473.1
■ Interest and similar expenses	16,698.4	13,945.6
■ Foreign exchange losses		
■ Net expenses on disposals of marketable securities		
TOTAL	**17,118.1**	**14,418.6**
NET FINANCIAL INCOME/(EXPENSE)	**15,003.5**	**8,089.7**

Financial income in 2020 corresponds mainly to dividends paid by Cogedim SAS for an amount of €29,600 thousand and to current account income for an amount of €1,638 thousand.

Financial expenses mainly correspond to interest on borrowing for an amount of €16,698 thousand.

Financial provisions correspond to amortisation of the issue premium for an amount of €352 thousand.

3.3.3.3.4 Exceptional income

Exceptional income statement

(€ thousands)	31/12/2020	31/12/2019
Exceptional income		
■ Exceptional income from non-capital transactions		
■ Exceptional income from capital transactions	7.6	5.7
■ Reversals of provisions and expense reclassifications	2.9	
TOTAL	**10.5**	**5.7**
Exceptional expenses		
■ Exceptional expenses on non-capital transactions	0.1	
■ Exceptional expenses on capital transactions	0.6	0.9
■ Exceptional allowances for depreciation, amortisation and impairment		550.6
TOTAL	**0.7**	**551.5**
NET EXCEPTIONAL INCOME/(EXPENSE)	**9.8**	**(545.8)**

3.3.3.4 Other information

Transactions made by the Company with related parties 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 Altareit by its subsidiaries stood at €25,583 thousand on 31 December 2020.

Breakdown of tax expenses

(€ thousands)	Profit before tax	Tax consolidation income	Corporation tax	Net income
Profit before tax and nonrecurring items	8,119.6	22,297.4	(11,787.0)	18,630.0
Exceptional income	9.8			9.8
TOTAL	**8,129.4**	**22,297.4**	**(11,787.0)**	**18,639.8**

The tax income recognised on 31 December 2020 is a net amount of €10,510 thousand. It consists of tax consolidation income of €22,297 thousand, corresponding to the contributions of the subsidiaries and to a tax charge in the amount of €11,787 thousand (tax expense of the integrated group of €11,790 thousand after deduction of a tax credit income of €3 thousand).

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

Changes in deferred tax liabilities

	31/12/2019	Variations		31/12/2020
Reductions		+	-	
Organic				
Tax loss	(261,721.4)		59,353.6	(202,367.8)
Total base	**(261,721.4)**		**59,353.6**	**(202,367.8)**
TAX OR TAX SAVINGS (28%)	**73,282.0**		**16,619.0**	**56,663.0**

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

Identity of the parent company consolidating the financial statements

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 87, rue de Richelieu 75002 Paris. This Company's consolidated financial statements are available at the Company's head office.

Post-balance sheet events

None.

Off-balance sheet commitments

Commitments received

Altarea SCA has stood surety for loans contracted by Altareit. The face value drawn down was €200 million at 31 December 2020.

Commitments given

Altareit SCA has stood surety for various group companies for land forward payments and financial guarantees of completion. These guarantees account for €61 million at 31 December 2020.

Financial instruments

None.

3.3.3.5 Subsidiaries and associates

Subsidiaries and affiliates

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	399,752.2	100%	44,294.3	44,294.3	218,715.4	218,715.4	91,062.8		
COGEDIM SAS	30,000.0	145,865.9	100%	115,750.0	115,750.0	625,022.0	625,022.0	24,022.6	29,600.0	
ALTA PENTHIÈVRE	2.0	(24,729.8)	100%	88,582.9		24,791.3	0.5	(61.7)		
ALTA PERCIER	1.0	79.5	100%	100.0	80.5			(4.1)		
AFFILIATES (10% TO 50%)										
TOTAL				**248,727.3**	**160,124.8**	**868,528.7**	**843,737.9**			

3.4 Additional information on the annual financial statements

3.4.1 Summary of the Company's payment terms

Invoices received and issued but not paid at the closing date of the financial year ended (Article D. 441-4 and A. 441-2 of the French Commercial Code)

	Invoices received and not paid as at 31/12/2020 whose term has expired						Invoices issued and not paid as at 31/12/2020 whose term has expired					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Overdue categories												
Number of invoices included	-					9	-					-
Total amount of the invoices included (incl. VAT)	-	365,993	-	-	-	365,993	-		-	-	-	-
% of total amount of purchases (incl. VAT) for the period	-	0.00%	-	-	-	0.00%						
% of total amount of revenue (incl. VAT) for the period							-	-	-	-	-	-
(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 (contractual or legal terms)												
Benchmark payment terms used for to calculate overdue payments			Legal						Legal			

3.4.2 Results of the last five financial years

	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
Duration of the period (months)	12	12	12	12	12
CAPITAL AT END OF THE YEAR					
Share Capital	2,626.7	2,626.7	2,626.7	2,626.7	2,626.7
Number of shares					
▪ ordinary	1,750.5	1,750.5	1,750.5	1,750.5	1,750.5
▪ priority dividend					
Maximum number of shares to be created					
▪ by bond conversions					
▪ by subscription rights					
OPERATIONS AND RESULTS					
Revenue excl. tax	1,111.7	1,222.7	589.7	471.8	694.6
Income before tax, interest, depreciation and impairment	8,546.2	(12,697.0)	18,902.3	(1,127.3)	3,430.8
Income tax	(10,510.4)	(16,247.9)	(16,098.8)	(7,302.2)	(12,121.2)
Employee participation					
Allowances Depreciation and impairment	416.8	1,023.7	264.0	(4,039.4)	2,206.7
Net income	18,639.8	2,527.3	34,737.1	10,214.3	13,345.4
Distributed income					
EARNINGS PER SHARE					
Income after tax, interest, before depreciation and impairment	10.9	2.0	20.0	5.5	8.9
Income after tax, interest, depreciation and impairment	10.7	1.4	19.8	5.8	7.6
Dividend allocated					
EMPLOYEES					
Average employee workforce					
Payroll					
Amounts paid in benefits (social security, social welfare, etc.)					

3.5 Statutory Auditors' report on the annual financial statements

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 Altareit relating to the year ended 31 December 2020, 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 of the company's assets, liabilities, and financial position at the end of the financial year, in accordance with the 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 2020 to the date on which our report was published, and, in particular, 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

The global crisis triggered by the COVID-19 pandemic meant that the financial statements for this year had to be prepared and audited under special conditions. The crisis and exceptional measures taken in response had many consequences for companies, particularly their business and finances, and created doubts about their future prospects. Some of these measures, such as travel restrictions, also impacted companies' internal organisation and the conduct of audits.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most important for the audit of the annual financial statements for the year, as well as the responses we have provided. to address 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 2020, a net total of €1,004 million, represent one of the biggest balance sheet items (73% 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 the note 3.3.2 "Accounting principles and methods", under the paragraphs "Participating interests" and "Investment and loan-related receivables" of the appendix, the value in use of the participating interests is appraised by 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 securities 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 forward-looking (long-term profitability). 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 valuation of the participating interests, related receivables as a key point in our audit, which was also impacted by the COVID crisis.	We have observed and noted the process used to determine the value in use of participating interests. Our work also involved: ▪ obtaining an understanding of the valuation methods used and the assumptions underlying the estimation of the value in use of the equity securities in the context of COVID-19; ▪ 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. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

As regards the information provided pursuant to Article L. 22-10-9 of the French Commercial Code concerning compensation and benefits paid or awarded 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 controlled by it or in the consolidation scope. 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. 22-10-11 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.

Other verifications or information resulting from other laws and regulations

Format of the annual financial statements included in the annual financial report

We have also verified, in accordance with the professional standards of the Statutory Auditors relating to the annual and consolidated financial statements presented according to the single European electronic information format, that this format defined by the European regulation is complied with. Delegate no. 2019/815 of 17 December 2018 in the presentation of the annual financial statements included in the annual financial report mentioned in I of Article L. 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of management.

On the basis of our work, we conclude that the presentation of the annual financial statements included in the annual financial report complies, in all material respects, with the single European electronic information format.

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 2020, our two firms were in the thirteenth 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 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 cease its operation.

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 assurance 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;
- they assess 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, 26 March 2021

The Statutory Auditors

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

3.6 Special report by the Statutory Auditors on related-party agreements

To the General Shareholders' Meeting of the Altareit company,

As the Statutory Auditors of your Company, we hereby present you with our report on related-party 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 or discovered 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 previously approved by the General Shareholders' Meeting 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 previously 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, 26 March 2021

The Statutory Auditors

GRANT THORNTON

French member of Grant Thornton International

Laurent Bouby

Associate

ERNST & YOUNG Audit

Anne Herbein

Associate

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CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

2020 Highlights

Creating sustainable cities

Mounting evidence of climate change, rising inequalities, changing lifestyles, integration of digital technology into daily and working life… cities are at the heart of a world of multiple transitions: territorial, ecological, social and technological. Concentrating activities and populations - urban areas are now home to 80% of the French population - cities are places of social progress and development.

However, cities are also faced with many challenges: combating climate change, adapting to the vagaries of the climate (heat islands in particular), access for all to quality housing and services (shops, transport, etc.). 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.

The Group's ESG approach, "We are all involved!" ("*Tous engagés !*"), embodies this ambition and is built around three convictions:

- 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.

In 2020, the COVID-19 pandemic plunged the world into a crisis of unprecedented magnitude - a full-scale experience of what the climate crises of the future could be. Altareit has demonstrated its agility to ensure the continuity of its business and that of its partners, and its CSR strategy has emerged stronger from this crisis. The Group has strengths to help it cope with these shocks: diversified businesses, a unique skills platform, and a pronounced entrepreneurial and resilient spirit. The contribution of the Group's employees has also been exemplary.

The results of this approach were once again praised in 2020: the Altarea Group confirmed its GRESB "Green Star 5*" status and has maintained a score equal to or higher than 90/100 since 2016.

Cities

The Group seeks to work as a public interest partner for cities. It develops high-quality real estate solutions to create desirable urban projects with a positive impact and a reduced environmental footprint.

2020 Highlights

- **low-carbon city:** Altareit continued its work on reducing greenhouse gas emissions from its activities. 2020 was devoted to in-depth analysis of ways to reduce the carbon footprint and quantifying the financial impacts of possible actions. This made it possible to establish a methodology and a trajectory that is intended to be compatible with the Paris Agreement (Science Based Targets (SBT) approach);
- **nature in the city:** the presence of nature in the city is also a factor of well-being for residents. The COVID-19 pandemic highlighted the vital role of the natural environment to citizens' physical and mental well-being. In 2020, Altareit continued the internal approach based on "useful nature" by raising employee awareness of the added value brought to projects and territories by introducing nature into the city;
- **positive impact on the regions:** in the exceptional context of the COVID-19 pandemic, employment and maintaining economic activity were priorities for the Group. Altareit continued its activities as much as possible and maintained its strong support for employment in the region, by contributing to the continuity of its partners' activities.

Customers

Lifestyles, uses, aspirations… customer expectations are changing. Thus, in all its activities, the Group is committed to a process of dialogue and listening. Customer satisfaction is a priority objective, achieved through the quality of life and well-being of occupants, as well as exemplary conduct of its operations.

2020 Highlights

- **customer satisfaction:** the Altarea Group has risen to second in the HCG/Les Échos rankings of customer relationships. This rewards the speed and quality of responses to customers, as well as support for the latter in the context of the COVID-19 pandemic. In addition, for the 4th consecutive year, Cogedim won "Customer Service of the Year" in the Property Development category;
- **quality of life and well-being of occupants:** the lockdown imposed by the COVID-19 pandemic reiterated the importance of the quality of buildings for the well-being of their occupants: the Group has made this a major commitment and continues to have NF Habitat certification for 100% of its housing;
- **exemplary conduct of operations:** in 2020, the Group ran a major review of responsible purchasing, leading to an ambitious action plan to improve the Group's practices. This committed structural approach helps strengthen the Group's image as a responsible partner with its partners and customers.

Talents

Altareit has diverse and unique know-how on the market, major assets that give it significant agility in its various business lines. As a responsible company, the Group encourages access to employment for young people. In addition, in order to remain a leader in its field, Altareit embraces the vision of a learning company, focusing on the diversity of learning methods.

2020 Highlights

- **workforce:** Altareit had 1,503 employees at 31 December 2020, down 6.7% over the year. In the midst of the health crisis, the Group has adopted a cautious approach to workforce growth;
- the Group's policy on **use of work-study programs** has continued to expand. In 2020, Altareit welcomed 267 work-study students, compared with 239 in 2019;
- **87 Richelieu:** in June 2020, the Group moved into its new head office, at 87 Richelieu, a showcase for its know-how, with numerous collaborative spaces, others dedicated to training, health, social space and the best connectivity and digitisation tools. 93% of employees say they are very satisfied or satisfied with the new head office;
- **skills development:** 98% of employees followed at least one training course and almost 2,900 training days were provided in 2020. In March, the Academy accelerated the deployment of its digital platform, to provide online training during this atypical year dominated by the COVID-19 pandemic. Also in 2020, the Group carried out structuring work to formalise an ambitious training plan to support the deployment of the Group's CSR strategy. One of the first actions was to hold an online conference for all employees, with the aim of reminding everyone of the Group's "*Tous engagés !*" programme;
- **Top Employer:** the Group launched a benchmarking process in 2020 and was certified Top Employer in the first year.

TOUS ENGAGÉS !

Altarea CSR approach

BELIEFS

CITIES	CUSTOMERS	TALENTS
Developing and preserving regions	Customer satisfaction at heart of Altarea's actions	Excellence as a driver for growth

COMMITMENTS

CITIES	CUSTOMERS	TALENTS
Develop desirable urban projects with a positive impact Develop a resilient, low-carbon city Preserve natural spaces and promoting nature in the city Promote the circular economy	Listen customers and deliver customer satisfaction Develop a desirable and comfortable city Enhance green value by rolling out ambitious certifications Be a beacon of best practice in business lines	Support skills development 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.

Main commitments and indicators

Group

Commitments	Indicator	2020 Results	2019 Results	Trend	Comments
Environment					
Measure and manage the footprint	**CO_2 emissions (scopes 1, 2 and 3)**	**430,492 tCO_2e**	**572,338 tCO_2e**	↘	The sharp decrease is linked in particular to the reduction in activity linked to the COVID-19 pandemic
Raise climate awareness to 100% of employees in two years	**Percentage of employees reached by climate training**	**NA, new commitment**		NA	The training and awareness plan will be launched at the start of 2021
Implement a strategy to adapt to physical risks	**Deployment of concrete action plans**	**Deployment of tools to 100% of Residential teams**	**Creation of business tools**	↗	Residential teams are trained and equipped. The process will be followed up and measured in 2021
Societal					
Develop mixed operations	**Number of large mixed-use neighbourhoods under development**	**13**	**11**	↗	The Group offers mixed use on all its major operations
Support employment	**Number of jobs supported in France**	**More than 40,500 in 2019**		NA	The Group supports a wide ecosystem of suppliers and service providers and makes a significant contribution to employment throughout the country. Precise numbers could not be updated in 2020 due to the COVID-19 pandemic, but the Group continued to support employment through local actions, maintaining construction sites, opening its sites where possible, etc
Select land near public transport	**Percentage of surface areas under development less than 500 metres from public transport**	**99%**	**99%**	=	Proximity to transport links has remained stable since 2016. This shows the Group's determination to deliver well-connected projects
Act for customer satisfaction	**Place in HCG/Les Échos customer relations ranking**	**2nd**	**3rd**	↗	In 2020, the Group was once again recognised as a benchmark in customer relations, with continued support during the COVID-19 pandemic
Social					
Support Group growth	**Total Group headcount**	**1,503**	**1,611**	↘	In the context of the COVID-19 pandemic, Altareit has adopted a cautious approach to workforce growth, while prioritising job retention and the recruitment of work-study students
Promote youth employment	**Number of work-study students accepted**	**267**	**239**	↗	In a context of stable headcount, the Group has strengthened its commitment to young people
Continue skills development according to the needs of the business line and developing the employability of employees	**Percentage of employees following at least one training course**	**98%**	**87%**	↗	In the context of the COVID-19 pandemic, formats have been adjusted to ensure safety, skills maintenance and social bonding between employees, with courses alternating between face-to-face and e-learning
Promote/Contribute to employee mobility	**Percentage of positions filled internally**	**48%**	**NA**	NA	In 2020, the Group continued its policy of mobility and internal promotion. A new indicator has been monitored this year

Property Development

Scope	Commitments	Indicator	2020 Results	2019 Results	Trend	Comments
Environment						
Business property	100% of projects have a high level of energy performance	**Percentage of surface areas with performance at least 30% better than thermal regulation**	**100%**	**100%**	=	Since 2016, 100% of Business property surface area has been outperforming thermal regulation requirements by at least 30%
Business property	100% of new projects in the Paris Region certified at least HQE "Excellent" and BREEAM® "Very Good"	**Portion of new projects certified**	**100%**	**100%**	=	The ambitious strategy of certification is complemented by the most recent or innovative certifications in order to guarantee the building's green value
Business property	Promote refurbishment, to promote resource efficiency	**Share of refurbishments in the Paris Region by surface area**	**42%**	**55%**	↘	The Group always considers the possibility of refurbishment, with equal performance and comfort. The figure is over 40% since 2015
Neighbour-hoods	Hold BiodiverCity® certification for all projects	**Percentage of projects seeking certification**	**100%**	**7 projects**[(a)]	NA	The Group made this commitment when it signed the charter to preserve cities' biodiversity and incorporate the living environment into all urban projects
Societal						
Residential	Measure share of local purchases	**Percentage of locally sourced site purchases**	**83%**	**73%**	↗	Altareit monitors this indicator to strengthen its contribution to the local economy It now includes subsidiary Pitch Promotion
Residential	Commitment to customer satisfaction	**Customer Service of the Year Award**[(a)]	**Awarded Customer Service of the Year**	**Awarded Customer Service of the Year**	=	The Group won this award for the fourth consecutive year
Residential	Guarantee quality through NF Habitat certification	**Percentage of projects certified NF Habitat**[(b)]	**100%**	**100%**	=	The Group has been 100% NF Habitat certified for five years, reflecting its continuous efforts to strive for quality
Business property	Favour mixed-use operations	**Share of multi-use areas**	**78%**	**83%**	↘	The Group's principle is to propose mixed-use solutions for all major projects
Neighbour-hoods	Develop pleasant living spaces	**Number of WELL Community Standard neighbourhoods**	**Development of two WELL Community Standard neighbourhoods, including Issy Cœur de Ville, the first pilot project in France**		=	The Group reinforces its expertise in terms of quality of life in neighbourhoods

(a) The definition of the indicator was updated between 2019 and 2020.
(b) Property development category - BVA Group survey - Viseo CI - More information on escda.fr.
(c) Excluding co-development, refurbishments and managed residences.

4.1.1 The Group's CSR approach

The Group's CSR approach is based on several analyses carried out over the past five years:

- a materiality matrix drawn up in 2016 (see 4.6.1);
- the risk analysis carried out as part of the preparation of the Altarea Group's DPEF in 2018;
- an update of the priority issues in 2020, based on work done with the Group's senior executives. As such, twelve people were interviewed internally about their perception of macro-trends, stakeholder expectations and the Group's positioning.

For the period 2020-2025, the priority CSR challenges identified are as follows:

TACKLING THE CLIMATE CHALLENGE, with a focus on the following themes:

- reducing emissions across all business lines, and in particular in scope 3;
- use the circular economy as a lever for reducing emissions and creating value;
- enable cities to adapt and be more resilient.

STRENGTHEN THE GROUP'S POSITIVE IMPACT in the region:

- be a responsible partner and create economic value for all;
- work with the social and solidarity economy (SSE) and short supply chains;
- show solidarity and citizenship.

DEPLOY THE RESPONSIBLE PURCHASING PROCESS to ensure a better relationship with suppliers and subcontractors, *via* a focus on safety, social and environmental issues in line with the Group's decarbonisation approach.

TO ACHIEVE REAL TRANSFORMATION: TRAIN, RAISE AWARENESS, REACH ALL EMPLOYEES, in order to obtain tangible and widely disseminated results.

The Group continues its process to progress all the themes in the materiality matrix.

"We are all involved!" ("*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

Relations with stakeholders

Due to the diversity of its activities and business lines, Altareit has connections with a wide range of stakeholders. The diagram below presents the main ones. Follow paragraph references to find out more about the type of dialogue we have with each.

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	Support performance and corporate culture
For further information, see chapter	4.3.1	4.3.1

Partners	Government and communities	Investors and analysts	Employees and applicants	Suppliers, service providers, subcontractors
CHALLENGES	Create long-term partnerships for regional revitalisation and development	Sustain the financial and extra-financial performance of the Group and its offering	Offer excellent career opportunities in an attractive setting	Make the Group's CSR challenges an integral part of its business relationships
For further information, see chapter	4.2.1	4.5.1	4.4	4.3.4 and 4.3.6

4.1.2 Analysis of the impact of the COVID-19 pandemic on CSR issues

Group actions

Altareit showed great agility in 2020 to guarantee the continuity of its business in the face of the lockdowns and other imposed restrictions. Actions focused on two priorities:

- the maintenance and resumption of economic activities as soon as possible; and
- a major focus on the health and safety of the Group's employees and partners.

With regard to maintaining economic activity, actions have been taken in all of the Group's business lines. Construction sites remained closed for a very short time. They were able to reopen quickly thanks to the commitment of the Group's teams and a strong safety culture that has been in place for several years. The instructions of the health protocol were implemented quickly and in conjunction with an internal process to verify its proper application. All the specific health and safety plans (PPSPS) - which usually govern the management of risks on each site - have been updated. At the same time, dialogue with the construction companies enabled effective coordination to be put in place to safeguard the health of the workers while maintaining work during the successive waves of lockdowns.

The teams showed great innovation and exemplary agility to keep activities with customers going: sales, customer relations, prospecting, etc. All dialogues were conducted remotely in all businesses to the same demanding standards as face-to-face meetings. Innovative systems have been systematised or created: electronic signature, online service choice configurator, etc. This agility was rewarded by the HCG/Les Échos multi-sector ranking of customer relations, where the Group rose to second place.

In addition, the Group took action to protect its employees, with measures that evolved during the year:

- strict health protocols in the offices;
- remote working support through the provision of effective IT tools, online training, teleworking tools, etc.;
- facilitated return to on-site working (under optimal protection conditions, made easier by the new head office) to limit the psychosocial risks associated with working remotely.

To safeguard everyone's health, the infirmary gave employees the opportunity to be tested in the office.

Lastly, the Group showed solidarity, particularly during the first lockdown, by releasing funds for the #Protect your caregiver collective and by encouraging the personal initiatives taken by its employees.

Impact on the CSR approach

Altareit's commitment and CSR strategy have emerged stronger from the COVID-19 pandemic. Faced with this unprecedented crisis, the Group reaffirms its commitment to major strategic issues:

- designing comfortable and resilient cities;
- combating climate change;
- take care of the health and safety of its employees and stakeholders.

This crisis is a full-scale trial of what the climate crises of the future could look like, and Altareit has learnt the lessons. The Group has assets to cope with these shocks: diversified businesses, a unique skills platform, and a pronounced entrepreneurial and resilient spirit. The contribution of the Group's employees has also been exemplary.

4.1.3 Governance and implementation of CSR

Organisation

The CSR Department is part of then Strategic marketing, CSR and innovation 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 relies on the CSR committee, which meets regularly to implement these actions. This network of twenty coordinators represents each of the Group's business lines: Residential, Business property and cross-functional Departments (Human Resources, 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 2020, working groups were set up to address topics such as reducing the carbon impact of activities, adapting to climate change and responsible purchasing;
- lastly, to be as close as possible to the field, the Group is in the process of setting up a network of operational CSR ambassadors.

CSR team contact: developpementdurable@altareacogedim.com

Participation in sector 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:

- 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 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; and
- OID (Observatoire de l'Immobilier Durable), the sustainable property observatory, an independent general interest association which seeks to promote Sustainability in construction. The Group is a founder member.

Altarea Group is committed

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).

Details of contributions are set out in paragraph 4.1.1.

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 in the Charter to 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.

Examples of the Group's commitments in this respect:

- propose solutions to reduce greenhouse gas (GHG) emissions: Altarea is committed to using biosourced materials, particularly wood, for 100% of its housing projects in Paris in the medium term. Its recent partnership with Woodeum reflects this commitment. The Group is also committed to limiting the supply of new materials by promoting building restructuring and the circular economy;
- be a player in the local energy transition;
- support the region's ecological transition by promoting non-carbon mobility. For example, the Group has a target of building zero parking spaces in new housing in Paris.

Biodivercity Charter®

By signing this charter in 2018, Altarea Group has committed to preserving the biodiversity of cities and integrating living things into all urban projects.

Environmental labels and certifications

Altareit is committed to guaranteeing the green value of its property projects to its customers and obtaining quality and/or environmental certification for 100% of its projects.

Customer Service of the Year

The Group is committed to customer satisfaction and, for the 4th consecutive year, Cogedim won the "Customer Service of the Year Award" in the Property Development category.

Diversity Charter

Altarea Group is committed to the fight against discrimination and has been a signatory of the Diversity Charter since December 2013.

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	2020 Results	2019-2020 Change	Comments
Group	Focus on mixed-use projects incorporating Business property, residential and retail space	**13 mixed-use projects in large mixed districts**	↗	The Group offers mixed-use options across all of its major projects to promote proximity and bring cities to life
Business property		**78% of Business property projects are multi-use**	↘	
Group	Measure and improve the employment footprint for all of the Group's activities	**40,500 jobs supported in France in 2019**	Not applicable	The Group supports a wide ecosystem of suppliers and service providers and makes a significant contribution to employment throughout the country. Precise numbers could not be updated in 2020 due to the COVID-19 pandemic, but the Group continued to support employment through local actions, maintaining construction sites, opening its sites where possible, etc.
Residential	Measure share of local purchases	**83% of construction site purchases are locally sourced**	↗	Altareit monitors this indicator to strengthen its contribution to the local economy It now includes subsidiary Pitch Promotion
Residential	Select new land near public transport	**99% of surface areas under development are located less than 500 meters from public transport**	=	Proximity to transport links has remained relatively 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		**100% of surface areas under development are located less than 500 meters from public transport**	=	

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

- on the one hand, environmental issues (climate change, biodiversity, natural resources, etc.) are now taken for granted and a major concern for society;
- on the other, the phenomena of metropolisation and the transformation of family units are contributing to land pressure on certain territories: cities must become denser and more accessible to all to meet the needs of each; and
- lastly, after years of growing inequalities, diversity (social, intergenerational, etc.) and solidarity are essential to the cohesion of the regions.

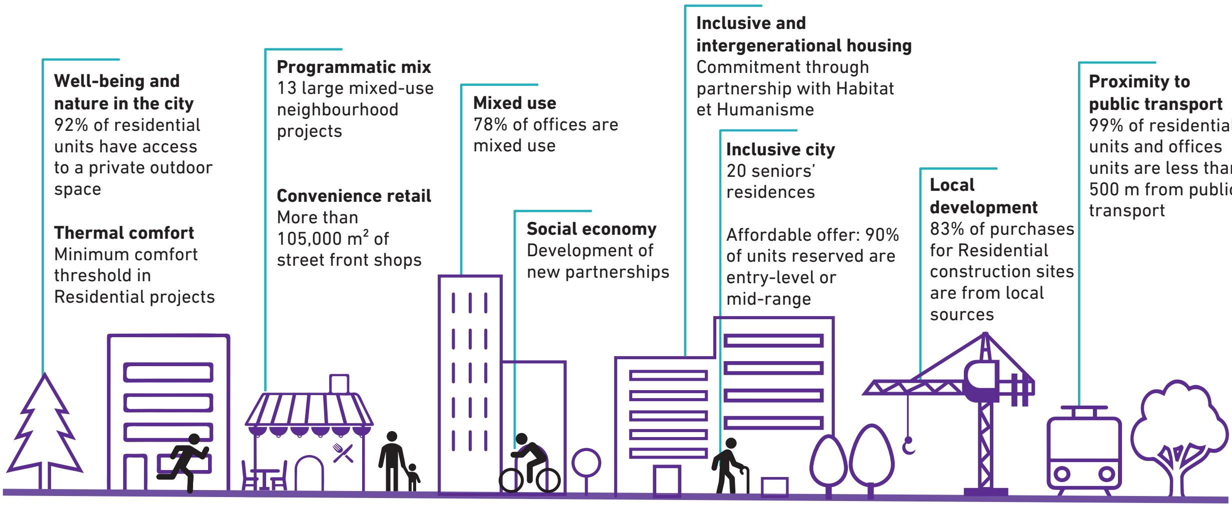
These underlying trends have been exacerbated by the COVID-19 crisis. Responding to this is a key issue for Altareit; today, local authorities are looking for proposals that take account of these transformations and make a positive contribution to the regions. How the Group responds to these new challenges will determine its success.

Altareit is determined to be a public interest partner for cities. The Group's operations provide answers to two key challenges:

- the development of desirable urban projects: Altareit believes in a dense and diversified city, offering a mix of housing, tertiary activities (shops, offices, services, etc.), public services and leisure spaces. The resulting proximity creates conviviality and Sustainability. It helps cut travel: the concept of the "quarter-hour city", which gives a more human dimension to cities; and
- support for and positive impact on the regions: Altareit's activities have a significant impact on employment and the Group supports both the local economy and social economy organisations.

The current profound social, societal and environmental changes are bringing in their wake changes to cities and buildings. Altareit is convinced that the response to these changes requires a positive transformation of cities and regions.

DEVELOP DESIRABLE URBAN PROJECTS WITH A POSITIVE IMPACT



4.2.1.1 Desirable urban projects

The density and diversity of the city

The Group puts mixed-use at the heart of its offers. Altareit combines all of its skills to devise and implement large, innovative mixed-use projects, blending retail, residential property, offices, leisure facilities, hotels, etc. These projects are carried out in collaboration with local authorities, developers, private sector operators, investors and local people. They enable the Group to engage on issues around complex urban redevelopment and regional development.

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

THE GUILLAUMET DISTRICT

The plan is to revamp the former Toulouse test-flight centre (Centre d'essais aéronautiques de Toulouse, CEAT). Its key figures are as follows:

- 13 hectares in surface area, half to be used for mixed-use green space (childrens' playground, urban farming, orchards, etc.);
- 78,000 m² of housing, including an inclusive intergenerational residence with Habitat et Humanisme, a social landlord and an association for people with disabilities, as well as a collaborative housing programme;
- 14,300 m² of shops, services, offices, 9,000 m² of facilities (one nursery, two third-party premises, sports facilities (gymnasium, dojo, gym, fitness area)), 17,200 m² of outdoor sports spaces (sports area, tennis courts) and a one-hectare public garden located in the heart of the project;
- Two third-party locations: the Halle aux Cheminées, dedicated to eco-responsibility, consisting of an urban farm, a charity bistro, a repair workshop, rooms available for local associations, shared gardens and the Soufflerie venue, with a metropolitan dimension, which will host cultural leisure activities;
- 20,000 m² of road built using materials derived from recycled concrete;
- Working towards five certifications: HQE Aménagement, BiodiverCity®, Ecojardin for the whole project, HQE Bâtiment Durable and the BEPOS label for offices.

The other large, mixed-use projects currently under development by Altareit are presented in the business review (see Chapter 1 of the Universal Registration Document - Business Review 2020).

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

- to respond to the environmental, demographic and societal changes in local authorities and society in general, Altarea Group, which owns Altareit, has created Altaproximity, a specialist in the development of ground-floor retail units, which today has over 105,000 m². These retail outlets help liven up the region and boost housing projects. The Group's integrated marketing guarantees a mix of complementary retailers to suit neighbourhood life and which are sustainable as a result of an economic model developed upstream;
- 78% of Business property projects are multi-use.

In addition to this diversity of uses, the Group strives to promote social and intergenerational diversity through a wide range of solutions: by offering housing for all budgets, student residences and senior residences *via* its Cogedim Club® brand or by participating in the development of intergenerational housing, in partnership with Habitat et Humanisme.

Altareit designs places for all times of life, in private, collective and professional spaces. 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 crucial issues 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.

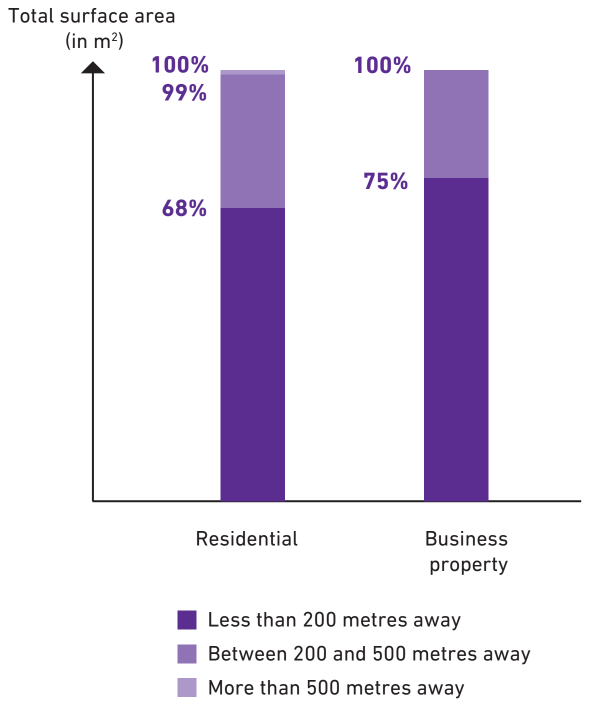
Therefore, for its new projects, in all its business lines, Altareit has been committed for several years to ensuring proximity to public transport networks, and to providing sustainable, practical and cost-effective mobility solutions (car sharing, shared parking, etc.).

Residential and Business property

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 2020, 99% of surface areas under development are located less than 500 metres on foot from public transport.

These figures have been stable since 2017.

PROXIMITY OF PROJECTS TO PUBLIC TRANSPORT



4.2.1.2 Urban projects with a positive impact

Altareit, supporting employment in France

At 31 December 2020, the Group employed 1,503 people. It is a major customer for other firms with more than €3 billion in annual purchases (see 4.3.4) and therefore has a strong impact on employment in France. This is why Altareit has for several years been quantifying its indirect economic contribution in terms of employment and local development.

The Group's activities generate a significant volume of purchases and services, particularly in property development (construction, design and maintenance). Each direct job with 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, in 2019, more than 40,500 jobs were directly supported by the Group's activity (purchasing, salaries, taxation, etc.).

These data were 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 Group's teams, the methodology can be used to simulate the socio-economic 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:

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

As the year 2020 was marked by the COVID-19 pandemic, the usual methodology used to calculate the employment footprint is not relevant for updating the figures. Also, the latest data available is for 2019 and will be updated in 2021.

However, in this exceptional context, employment and maintaining economic activity were priorities for the Group. More generally, Altareit has continued its activities as much as possible and maintained its strong support for employment in the regions, by contributing to the continuity of its partners' activities (see 4.1.1):

- in Property development, construction sites only closed for a few days during the first lockdown, and activity resumed as soon as possible with the required health measures in place;
- lastly, as the Group's sites remain open, this has made it possible to maintain the activities of service providers working on site (catering, cleaning, security, etc.).

Contribution to local economic development

Altareit intends to play a role in the economic development of the areas where it is established. A survey of local economic development activities in 2017 showed that most subsidiaries were developing partnerships with local institutions, for instance by 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 2020.

In 2020, **83%** of purchases for construction sites in the department were from local sources[1]

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

The Group also promotes professional integration on construction sites. In 2020, 36% of Business property projects launched in the past two years, had a professional integration clause. This figure is 100% in Île-de-France. For the Issy Cœur de Ville project in Issy-les-Moulineaux, 100,000 hours of professional integration were planned.

Partnerships with positive impact players and contribution to the social and solidarity economy

In 2020, Altareit continued to analyse its assets and identify bodies having a positive impact, in order to create synergies with them.

Among these positive impact players, the Group pays particular attention to organisations in the social economy (SSE). SSE organisations 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 tie.

SSE organisations are natural partners for Retail programmes, particularly for revitalising building streetfronts. 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. Two examples of projects involving SSE players:

- in collaboration with Crédit Coopératif and Baluchon, Altareit launched the first solidarity-based commercial property company whose first project, called Bouillon Club in Paris, will open in 2021, as part of the New G project;
- the Façade Denfert project in Paris will host a hybrid site focused on culture and the SSE. The building will be supported by an ESUS-approved solidarity real estate company.

In addition, the Group has:

- conducted a major awareness-raising campaign for all employees on short supply chains and intergenerational housing. These two major themes were highlighted during SSE month, with a presentation of solutions that the SSE structures can provide and examples of collaborations within the Group;
- rolled out tools to work better with the SSE, in particular a comprehensive guide to facilitate action by employees. It brings together strategic contacts on the themes of urban agriculture, nature in the city, services for residents, transitional urban planning, soft mobility and the circular economy and educational tools about the SSE.

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

Scope	Objectives/Commitments	Indicator	2020 Results	2019-2020 Change[a]	Comments
Group	Measure the footprint and have a tool to manage the reduction of the footprint	CO_2 emissions (scopes 1, 2 and 3)	**430,492 tCO_2e**	**-25%**	The sharp decrease is linked in particular to the reduction in activity linked to the COVID-19 pandemic
Group	Raise climate awareness to 100% of employees in two years	Percentage of employees reached by climate training/awareness actions	**NA**	**New objective**	The training and awareness plan will be launched at the start of 2021
Group	Implement a strategy to adapt to physical climate risks	Deployment of operational action plans by business lines	**Deployment of summer comfort tools to 100% of Residential teams**	**Completed for Residential**	Residential teams are trained and equipped. The process will be followed up and measured in 2021
Business property	Achieve a high energy efficiency level in 100% of projects	Share of surface areas with better performance than the applicable thermal regulation requirements	**100%**	**=**	Since 2016, 100% of Business property surface area has been outperforming thermal regulation requirements by at least 30%

(a) Like-for-like scope.

Climate evidence requires profound transformations in the way cities operate, to move towards more resource-efficient and resilient urban models. A specific responsibility weighs on buildings and construction, which are among the most energy-intensive and greenhouse gas-emitting sectors in France.

In addition, the consequences of climate change are already noticeable, with an intensification of climate phenomena: storms, heat peaks, heat waves made worse in cities by the phenomenon of heat islands. These weather events affect buildings and user comfort. They can impact the built environment, networks, construction sites and the quality of city life.

Today, the Group has taken stock of these transformations and is enhancing its low-carbon approach every year.

The Group has launched a major project to reduce its emissions and adapt its operations. This long-term progressive project involves all business lines and aims to set targets for its carbon trajectory that are precise and realistic: ambitious but economically and operationally sustainable.

2020 was devoted to in-depth analysis of ways to reduce the carbon footprint and quantifying the financial impacts of possible actions. This made it possible to establish a methodology and a trajectory that is intended to be compatible with the Paris Agreement (Science Based Targets (SBT) approach).

The year 2021 will be devoted to their deployment in the business lines, taking into account economic constraints and market challenges (availability of technologies and materials in particular).

Since 2017, the Group has been working to set emission reduction targets including scopes 1, 2 and 3, with responses proportionate to the contribution of each item and adapted to each business line. In 2019, the Group also renewed and expanded its commitment to the Paris Climate Action Charter, at the Gold level. The Group therefore undertakes to support the vision of a carbon-neutral city and 100% renewable energy in Paris by 2050.

In addition, adaptation to the effects of climate change is at the heart of policy-making, with the implementation of concrete climate resilience action plans, particularly in Residential.

THE GROUP HAS SET THE BASIS OF A CARBON ROADMAP COMPATIBLE WITH THE PARIS AGREEMENT

The Group is committed to the Science-Based Target (SBT) initiative to establish a climate roadmap compatible with the Paris Agreement, and help keep global warming below 1.5°C.

This is a long-term project, in particular because it concerns the real estate development sector for which the methodology is still being defined.

To date, trajectories have been studied for the energy consumption of the Altarea shopping centres, purchases of materials, and energy consumption in the Property Development business.

4.2.2.1 Altarea Group's approach to combating climate change

The Group's carbon footprint

In tCO_2e	2020	2019	Comments
Scopes 1 and 2	787	843	The decrease in emissions is mainly due to the effects of the COVID-19 pandemic, which slowed the number of deliveries over the year
Scope 3	429,705	571,494	

The Group measures its carbon footprint according to the Greenhouse Gas Protocol (GhG Protocol) methodology, which is compatible with the Bilan Carbone® assessment and ISO 14064.

Scopes 1 and 2 include the energy consumed by the Group on its sites, as well as business travel by company car. This relatively small footprint is due to the Group's activities (mainly office activities).

Scope 3 mainly comprises the purchase of construction materials and the energy consumption of the occupants of the homes and offices sold by the Group, estimated over 50 years.

The Group's total emissions consist of the following, depending on the activity and the different sources of emissions.

Concerning the design, Altareit regularly carries out carbon assessments® and life cycle analyses (LCA) in refurbishment or large-scale projects to better understand the carbon footprint of projects.

This strategy for the global reduction of greenhouse gas emissions is consistent with a vision of the low-carbon city: through a design designed from the start to be low in materials and energy efficient, the Group reduces its responsibility for climate change. Altareit's actions also involve close collaboration with customers, users and suppliers to disseminate best practices.

Finally, the development of a city that promotes proximity also contributes to the reduction of CO_2 emissions. The Group's operations, mainly located near public transport and services, contribute to the reduction of transport and therefore also to the reduction of the carbon footprint of its customers and users. This item was previously included in the calculation of the Group footprint. It was removed this year, to bring the Group closer into line with sector methodologies, in connection with RE2020.

Reduce scope 3 emissions

The Group makes the following commitments:

- favour resource-efficient construction;
- designing operations that promote "avoided emissions", that is to say, the reduction of emissions for its customers.

The solutions proposed by the Group are detailed below.

Reduce the 1st item: emissions from construction materials

50% of the Group's emissions are due to the purchase of materials during the construction stage.

This item is strategic and directly affects the Group's core design business. Reducing the footprint requires multiple solutions and involves a real transformation of design. Among them:

- **use of refurbishment:** the Histoire & Patrimoine subsidiary is dedicated to renovations, and the Business property activity has developed major expertise in creative restructuring, as evidenced by the 87 Richelieu building, the Group's new head office. Reusing the superstructure and foundations halves emissions;
- **the substitution of CO_2-emitting materials using less carbon-intensive materials** (wood, bio-sourced, low-carbon concrete, etc.): the Group has a strategic and financial partnership with Woodeum, with the aim of developing low-carbon residential development on a large scale. It also develops projects using wood or bio-sourced materials. For example, the URB'IN project in Bordeaux has the E2C2 label, with timber frame walls, wooden exterior joinery, and a collective wood-fired boiler. Similarly, Cogedim's Façade Denfert project in Paris 14e has chosen wood for the structure and façade, and wood-fibre and hemp-lime insulation;
- **innovative building design:**
  - **improve compactness** to consume less materials, reduce infrastructure parking, etc.
  - **increase usage intensity** to build less and make better use of buildings. For example, the Business property teams incorporate flexibilities to allow for changes of use, the privatisation or the opening of certain places outside during certain periods (catering, auditorium, etc.). Residences for seniors are also open to business travellers, maximising the use of surface area,
  - **increase service life** by anticipating future uses and reversibility. For example, Altareit offers five-room apartments designed to be split into two apartments. From the design stage, the apartment incorporates the future possibility of having two independent doors, with two electrical panels and a load-bearing wall in the middle for sound insulation.

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 housing units in Cross Laminated Timber (CLT) per year by 2023. This bio-sourced material has excellent properties (technical and environmental), making it possible to store carbon over the life of the building.

Reduce the second biggest source of emissions: manage energy to reduce greenhouse gas emissions

Emissions related to the consumption of future occupants of offices and housing units sold by Altareit represent 46% of emissions. This item represents a significant source of avoided emissions:

- **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 levers (bioclimatic design, envelope and insulation, high-performance equipment, consumption monitoring tools, etc.). A high energy efficiency level is a prerequisite for the projects developed by Altareit. All of the energy optimisation measures implemented are detailed under 4.2.1.3;
- **the use of renewable energies** when possible: during the design phase, Altareit examines the possibilities of connecting to existing heating networks and carries out feasibility studies on energy supply for major projects. These studies make it possible to compare different possible energy solutions to meet the needs of a building and thus identify the possibility of renewable energy supply. In 2020, 79% of Business property projects used renewable energies and 27% generated them on site. The energy produced is self-consumed or fed back into the grid.

  Thus, the Issy Cœur de Ville project in Issy-les-Moulineaux will use geothermal energy. Similarly, the Vallon Regny project in Marseille is connected to the wastewater network as a source of renewable energy for the production of domestic hot water, which is heated and cooled with self-supply photovoltaic panels. The La Ferme de Chessy project is supplied with renewable energy by 30% thanks to a wood-fired boiler;
- **raising the awareness of occupants and users:** in the final stage in the process, the Residential teams systematically distribute the "Green Gestures" booklet to buyers, as part of the NF Habitat certification. The latter was updated in 2019 with new tips and practical ideas for making better use of housing (energy saving, summer comfort, etc.). Innovative initiatives are also carried out, such as the High Garden project in Rueil-Malmaison, where energy consumption figures will be displayed in the halls.

ISSY CŒUR DE VILLE PILOTS E+C- AT NEIGHBOURHOOD SCALE

Environmental performance is a key focus of the project, with:

- the creation of a district energy system: the entire district is supplied with heating, cooling and domestic hot water for housing by a private geothermal energy network;
- more than 70% of energy supplied by renewable energies: this high level is achieved thanks to the diversity of programmes. Centralised production makes it possible to pool needs between homes and offices and to recover waste energy;
- complementary innovative systems: cold storage as ice and use of domestic hot water production systems *via* digital boilers, recovering waste heat from remote servers.

The Issy Cœur de Ville experiment is one of eight pilots in a research project selected in ADEME's "Towards responsible buildings by 2020" call for projects. Its task is to develop and test a method for extending the E+C- approach to district level. The results of this experiment are expected in 2021.

Beyond: be a player in the low-carbon city

A simulation carried out in 2018 indicates that the movements of occupants of the homes and offices sold by the Group could emit 4.5 $MtCO_2e$ over 50 years (not included in the Group's carbon footprint).

To contribute to reducing these emissions within its scope of responsibility, Altareit designs operations to reduce the use of high-carbon mobility:

- 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);
- the programme can be enhanced by Altareit's offer of sustainable mobility solutions. In Business property, for instance, Altarea 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.

Internally, the main focus is on action to reduce emissions from the Company car fleet and roll out the mobility plan at the Group's new head office: a limited number of parking spaces and a mobility pack.

4.2.2.2 Adapting projects to the impacts of climate change

Over the past three years, the Group has ran in-depth analyses of the risks of the effects of climate change on its activities, with a special focus on the intensification of weather events (heatwaves, floods, drought, violent winds, etc.) and their repercussions for lifestyles and the built environment. These analyses considered two climate change scenarios from the IPCC: one which is optimistic (RCP4.5) and the other pessimistic (RCP8.5).

The Group is currently rolling out its adaptation strategy, starting with Residential. 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.

Based on this, the Group has designed and deployed an action plan for adaptation, involving the technical, product, CSR and customer teams. In 2020, in Residential, a detailed guide to summer comfort solutions was introduced. The summer comfort approach is mandatory for all new operations.

Programmes are already incorporating these challenges, such as the Crescendo project in Villeurbanne, whose bioclimatic design offers better comfort to its occupants, particularly in summer. In Grenoble, the "Up" project has sliding walls to optimise heat gain in the winter and moderate it in the summer. The Group is also working to combat the urban heat island phenomenon, for example by incorporating permeable coverings or vegetation, a source of cooling.

4.2.2.3 Awareness and training

The transformation of the Company on climate issues will only be achieved with the contribution of all employees.

Thus, in 2020 the Group worked on an in-depth training programme on the subject of climate, which will be rolled out from January 2021. This programme includes general awareness-raising modules, more technical focus on specific topics, sharing of experience, meetings with industry players and learning expeditions (if the health situation allows). The Group has a target of reaching 100% of employees on the subject of climate change by one of these formats in 2021-2022.

4.2.2.4 TCFD compliance

Climate risk is a subject of particular attention within the Group. The table below shows the report according to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

1. Governance

Supervision of climate issues by Management

Climate-related topics are supervised and managed by a member of the Executive Committee. Management discusses climate issues with this member of the Executive Committee and the CSR team several times during the year. Five ad hoc meetings were held in 2020.

At these meetings, management is:

- informed of key issues, new issues and new risks;
- called upon to make decisions about the transformation of the Company on climate issues;
- informed at least once a year on performance trends and the achievement of objectives.

Organisation of the assessment and management of climate-related risks

Mitigation and adaptation issues are integrated to the Group's risk mapping and the resulting strategic decision-making. For example, adaptation issues are being added to the brief of the Commitment committees in Residential Property Development.

The CSR team, which reports to a member of the Executive Committee, is in charge of climate issues, including risk analysis:

- in 2019, an in-depth assessment of physical risks was carried out on the areas where development projects are located;
- also in 2019, the ESG risk analysis carried out for the DPEF of Altarea Group included an analysis of climate risks. It is updated every year;
- the Group's risk mapping includes climate risk. This mapping is managed by the Risk Department, presented to Management and the Executive Committee, and used to decide corrective and preventative action plans;
- lastly, in 2020, a special project was carried out on the risks related to mitigation issues: the identification of tools for reducing emissions was refined, with initial financial calculations. The analysis will be deepened in 2021, with detailed costings and an analysis of the channels.

2. Strategy

Short-, medium- and long-term risks and opportunities, and impact of these risks on strategy and operations

Altareit's business, city building, is a long-term business. Every day, the Group's teams reconcile short-term issues, such as obtaining building permits or managing real estate projects, with longer-term perspectives, such as questions of the city of tomorrow, the construction methods of the future or the uses of future residents.

The Group therefore systematically considers the long-term consequences of its choices, since the "products" that it puts on the market - buildings and neighbourhoods - are intended to last at least 50 years (and possibly be modified at the end of 10 years, as it is usually within this period that the first renovation takes place). This long-term approach also applies to the consideration of climate issues.

With this in mind, the Group has identified the climate-related risks that could have a material impact on its activities, at different times. The potential impacts can be financial, but also physical or strategic (with financial consequences as well).

Risk analysis

Climate-related risks (from the DPEF of Altarea Group)	Potential impacts for the Group	Actions taken
Transition risks As the property and construction 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 environmental regulation RE2020). In particular, identification of risks: ■ regulatory: RE2020, carbon taxation, increasing reporting obligations, ■ market: increasing demands from customers or elected officials, ■ reputation, linked to the significant impact of the sector.	**Short and medium term** ■ increased design and construction costs (new materials and new techniques). ■ increased investment in operations. ■ access to markets and land more difficult due to increased environmental requirements. **Medium and long term** ■ decreased attractiveness of operations.	■ systematic testing of new low-carbon solutions and feedback with costings (strengthened in 2021). ■ systematic certification and testing of new labels arriving on the market. ■ regulatory watch. ■ monitoring the expectations of stakeholders: local authorities, elected officials, individual customers, investors. ■ culture of agility. ■ partnership policy with key low-carbon players (Woodeum). ■ diversification of the offer and skills ("skills platform"), with subsidiaries specialising in low-carbon constructions (such as refurbishment).
Physical risks associated with the impact of climate change Climate change is causing an increase in climate phenomena (extreme weather, heat waves and peaks, etc.) that affect cities and their inhabitants. Property is affected by these risks but is also a source of solutions.	**Short and medium term** ■ loss of comfort for occupants, with a particular risk for senior residences. ■ construction delays. ■ additional costs related to different construction methods. **Medium and long term** ■ impairment of property development activities.	■ risk mapping of each area where it operates, and targeted action plans: in-depth analyses of the risks of the effects of climate change on its activities, with a special focus on the intensification of weather events (heatwaves, floods, drought, violent winds, etc.) and their repercussions for lifestyles and the built environment (according to two IPCC scenarios: one optimistic (RCP4.5), and one pessimistic (RCP8.5). ■ summer comfort approach in housing design. ■ anticipation of costs in business plans. ■ permanent monitoring of the product teams to adapt the offer.

Focus on products and services

In the short term, the RE2020 will require a change in the design of buildings, with a low-carbon approach, and even greater energy efficiency. Elements of comfort should also be integrated. Another short-term risk is the uncertainty surrounding RE2020 and the methods for calculating future requirements. Like the rest of the industry, Altareit will have to adapt quickly when the regulatory thresholds are set.

In the long term, the entire property sector will have to undergo an in-depth transformation by designing:

- Low-carbon or even carbon-neutral neighbourhoods and buildings that produce energy, etc.;
- Neighbourhoods and buildings resilient to the physical impacts of climate change.

Altareit's responses:

Altareit is anticipating future developments by multiplying low-carbon experiments and building up expertise in ways to reduce its footprint: low-carbon materials (wood, bio-sourced), renewable energies, district heating systems, design optimisation, innovative heating methods, etc. Thanks to these experiments, the Group will be able to adapt quickly to new constraints.

Longer term, the Group has many strengths that allow it to carry out an in-depth transformation:

- A strong culture of experimentation and entrepreneurship that enables local teams to develop their skills;
- Strong agility and adaptability, as demonstrated by its response to the pandemic in 2020;
- Developing internal R&D, in conjunction with the technical, innovation and CSR teams.

Focus on the supply chain

In the short term, in order to adapt to RE2020 in particular, Altareit will have to use new materials and new service providers capable of delivering the low-carbon buildings expected.

In the longer term, Altareit depends on the evolution and decarbonisation of the building materials sector and on technological progress in energy to be able to design and develop zero-emission buildings.

Altareit's responses:

Altareit works with its suppliers on low-carbon design. The Group has also systematically monitored the low-carbon solutions available in its supply chain, in order to monitor the rapid changes made by manufacturers.

Integration into financial planning

In the short term, the changes related to emission reduction requirements will have a financial impact on the balance sheet of the Group's property projects.

In the longer term, the aim is to review the economic model, by inventing new value creation formats.

Altareit's responses:

For the short term, the potential impacts of RE2020 are already included in the business *plans of* the Property Development business. Significant costing work based on a range of assumptions was carried out in 2019 to integrate low-carbon construction requirements into financial planning.

In the longer term, the innovation team is working on establishing new *business models*, compatible with climate issues, particularly with regard to the intensity of use and flexibility of buildings.

Link between climate and value creation

Altareit has taken stock of climate issues and the expectations of stakeholders (investors, citizens, elected officials). The Group's *license to operate* will depend heavily in years to come on its ability to produce resilient low-carbon projects. Likewise, access to capital could be easier for low-carbon operations. In fact, the value creation of the Company is already closely linked to the climate.

The Group's numerous experiments in the regions aims to prepare it to meet the new climate requirements of the market, whether in terms of reducing its footprint or designing buildings adapted to new climate conditions.

Finally, the Group is constantly on the lookout for green financing. It is already taking climate issues into account in its acquisition and divestment policies: for example, in 2019 the Group created a strategic partnership with Woodeum, a major player in timber construction, to anticipate demand for low-carbon construction.

A strategy resilient to climate scenarios

Altareit is well aware of the challenges related to the climate transition and the transformations this will entail. However, the Group has the necessary strengths to face future developments: continuous acquisition of skills on the subject of low carbon, awareness-raising among teams, excellent agility, anticipation of financial requirements. The Group's strategy therefore seems compatible with the various climate scenarios, even if this will involve business transformations in the medium term. In any case, the Group's market is huge, whatever the climate challenges (need for housing, work, consumption, etc.). This market is not threatened by climate issues. However, the Group is doing everything it can to guarantee its access to this market by its agility and its ability to anticipate the climate shocks of tomorrow. This underpins the resilience of its corporate strategy.

3. Risk management

Process for identifying and managing climate-related risks and integration into the Group's risk processes

Climate risks are included in the Group's risk mapping, which is revised every three years. This mapping covers all of the Group's business lines as well as corporate functions. As such, climate risks are subject to a detailed classification, and are assessed by incidence and impact (financial, legal, image, etc.). The Group's Managers are asked to assess these risks, and results are fed back to the Executive Committee and Management. Decisions to manage these risks are thus taken by the Executive Committee, which determines the policies and actions to be implemented. Details of this mapping are not public.

This mapping focuses on current risks (regulatory, physical, market, etc.). In addition, the CSR team monitors emerging risks (emission limits, related risks related to access to materials or to biodiversity, etc.). These topics are included in the Altarea Group DPEF, but not in the risk mapping as long as they are emerging.

4. Indicators and targets

The indicators monitored are detailed in this chapter and in chapter 4.5 Performance. They include a carbon assessment for scopes 1, 2 and 3 for all business lines, and specific indicators related to the energy or climate performance of operations, etc. The presentation includes a history up to 2010. The methodologies used are presented in Chapter 4.6.

The objectives associated with these indicators are presented next to each indicator and in the summary table at the beginning of this chapter.

The Group is committed to setting science-based targets *in order* to comply with the objective of maintaining global warming below 1.5° C.

Lastly, the Group wants to include these indicators in its profit-sharing agreement, and has informed the social partners that the process is under way. Since 2019, Altarea's GRESB rating, which includes a significant component related to climate indicators has had a significant impact on management's variable compensation.

4.2.2.5 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.

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. The Environmental Regulation 2020 (RE2020) will eventually replace thermal regulation RT 2012, moving from a thermal approach to a more comprehensive environmental approach.

The Group prepares for and anticipates future regulatory changes, notably by holding training and awareness-raising sessions 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.

Residential

The Group aims to have all its projects under development certified for energy efficiency alone or as an addition to general NF Habitat and HQE™ certifications, such as E+C-, Effinergie or "RT 2012 - 10%" and "RT 2012 - 20%" levels as part of the NF Habitat certification.

In 2020, Residential projects under development with an energy label represented 46% of projects under development. Some projects even exceed the Group's overall ambitions. For example, the Positiv project in Valleiry is committed to a positive energy building approach with the BEPOS Effinergie label 2017, equivalent to the E3C1 level of the future environmental regulations.

46% of Residential projects have an energy label

The energy efficiency has been systematically improved for refurbishment projects. Since energy labels do not apply in large to refurbishment with several heritage constraints, the Group is aiming for greater energy efficiency wherever possible. In 2020, the energy performance requirements of 18% of Residential projects undergoing refurbishment exceeded those of 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 2020, 100% of Business property projects achieved this objective.

For projects under its Altarea Enterprise brand, the Group set the target of beating regulatory requirements on energy use by at least 30%. In 2020, this target was exceeded by an average of 50% (by surface area).

100% of Business property projects exceed thermal regulation requirements by more than 30%

In 2020, all of the Group's hotel projects exceeded the requirements of the applicable thermal regulations by an average of 15% (by surface area).

These figures are stable compared to 2019, reflecting the Group's ongoing commitment.

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. This is an experimental government label that aims to prefigure the thresholds of RE2020. 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, and the achievement of planned performance.

4.2.3 Preserving natural spaces and promoting nature in the city

Scope	Objective/Commitment	2020 Results	2019-2020 Change	Comments
Neighbourhoods	Systematise ecological diagnostics on new projects	**100% of projects have an ecological diagnosis**	**New objective**	The Group systematically calls on an ecologist to promote useful, high-quality urban biodiversity
Neighbourhoods	Have BiodiverCity® certification for all projects	**100% of projects are seeking BiodiverCity®**	**NA**	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 local communities. Against a background of extinctions of species and deteriorating natural environments, local and national regulatory pressure is rising, as are public expectations.

The presence of nature in the city is also a factor of well-being for residents. The COVID-19 pandemic highlighted the vital role of the natural environment to citizens' physical and mental well-being.

Altareit structures its approach around the notion of "useful nature", which means the nature dimension of a real estate project cannot be solely aesthetic but must offer additional positive externalities: lasting biodiversity, sense of well-being, refreshing power, etc.

The Group's action is organised around the following principles:

- preserving natural spaces and avoiding artificialisation and waterproofing thanks to land use and open land;
- protect existing biodiversity and develop high-quality, interconnected green spaces through widespread use of ecologists;
- use vegetation to prevent the effects of climate change, in particular local flooding and the effects of urban heat islands;
- promoting nature in the city for the well-being and comfort of customers and users.

In addition, the Group's activities do not release directly toxic discharge or pollution into the environment or water. On construction sites, the Group has its service providers sign a low nuisance construction site charter to ensure that they manage their waste.

Finally, in March 2018 the Group 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 in any urban project.

THE GROUP'S USEFUL NATURE APPROACH

In 2020, the Group gave new impetus to its "useful nature" approach. Altareit's teams, in partnership with students from the Urban Planning Master's Course at Sciences Po's Urban School, developed the method and organised educational sessions for all employees.

It was a question of discussing the introduction of nature in the city and the value brought to the project and the territory. On this occasion, 100% of employees were able to learn about the challenges of nature in the city and the methodology developed internally.

Fight against artificialisation

Altareit's activity is mainly located in areas that are already urbanised. The Group favours urban densification and urban redevelopment rather than urban sprawl and the artificialisation of soils, as evidenced by the number of projects to refurbish or redevelop neighbourhoods and development areas.

Its subsidiary Histoire & Patrimoine has specialised for more than 15 years in restoring old buildings throughout France. In addition, in 2020, 42% of the Group's Business property projects were refurbishments.

Urban redevelopment allows efficient land use and represents an opportunity to reintroduce nature in the city. The Group ensures this by paying particular attention to the quality of the green spaces created, in particular open ground, and to limiting waterproofing.

Protection of biodiversity

The Group pays particular attention to maintaining or enhancing the fauna and flora present. Biodiversity is systematically taken into account in all projects thanks to the Group's ambitious certification strategy.

For large projects, already closely regulated, the Group always exceeds requirements with in-depth studies and action plans. The use of an independent ecologist is systematic in neighbourhood projects and has also been generalised for projects subject to BREEAM® certification. For each of these projects, the ecologist carries out an ecological diagnosis to identify ecologically important areas of the site or those to be reconstructed. This work makes it possible to organise the project around these areas, while preserving or creating links to surrounding ecological spaces. The creation of ecological corridors supports qualitative and sustainable urban biodiversity. Ecologist recommendations are subsequently included in the project management specifications for preserving the ecology of the site.

All projects with more than 500 housing units have an ecological diagnostic. As a next step, the Group signed a framework agreement with an independent service provider at the end of 2019 to speed up the implementation of ecological diagnostics in smaller projects. In 2020, 72 ecological diagnostics were carried out.

Finally, the BiodiverCity ® requirements can be used in addition to environmental certifications such as HQE and BREEAM®. They impose more demanding requirements for biodiversity in a property development. In 2020, this label is sought for several Business property projects in the Paris Region and 100% of neighbourhood projects. The Group is also trialling the pilot version of BiodiverCity® district in its Issy Cœur de Ville project.

Combating the effects of climate change

As part of its actions to protect natural spaces and biodiversity, the Group is focusing its choices on solutions that also contribute to the fight against the effects of climate change.

With an effective rainwater management plan, planted areas, in particular open ground, make it possible to limit discharges into networks. In addition, vegetation limits urban heat islands thanks to its cooling power.

For example, the Issy Cœur de Ville project in Issy-les-Moulineaux has more than 11,000 m^2 of planted surfaces, including 3,000 m^2 of land. With an improved waterproofing coefficient of more than 75%, the risk of rising water levels in the event of heavy rain is controlled. Also, the significant vegetation of the project helps cool the air when it is hot.

Nature in the city and well-being

Altareit is convinced that the presence of nature in the city is an important factor in the well-being of its inhabitants 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. The COVID-19 pandemic, with its successive lockdowns, has reinforced the importance of this balance in the city. For several years, the Group has paid particular attention to its projects' links to the outside world as part of its quality approach. In 2020, 92% of housing units have access to a private outdoor space (see 4.3.2).

Finally, setting up relaxation areas and encouraging the presence of small animals makes it possible to reinforce the convivial and educational dimensions of a neighbourhood.

PROTECTING BIODIVERSITY IN TOULOUSE

Special importance is given to nature in the project at the former test-flight centre in Toulouse (CEAT).

The collaborative work carried out with the ecologist will reduce the waterproofing of the site by 17% and means that half of the area is open ground. Small animal habitats and corridors will be installed to protect local fauna. They will also be preserved during the works thanks to an adapted construction schedule and the installation of alternative habitats.

Lastly, the neighbourhood greening plan will make it possible to combat heat islands in order to provide a pleasant living environment for residents and users.

4.2.4 Promoting the circular economy

Scope	Objectives/Commitments	Indicator	2020 Results	2019-2020 Change	Comments
Business property	Favour refurbishments to reduce resource consumption and greenhouse gas emissions	Share of office refurbishments in the Paris Region by surface area	42%	↘	The Group always considers the possibility of refurbishment, with equal performance and comfort, rather than a complete demolition-reconstruction. Although declining since 2018, the figure has been over 40% since 2015

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 (refurbishment, 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 promoting 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 refurbishment 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. The Group systematically favours refurbishment, which consumes less materials and produces less waste than complete demolition-reconstruction. If the Group carries out a demolition, it ensures that materials are reused on-site, whenever possible, or are made available to other players on materials exchange platforms. Finally, 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.

Hazardous waste is not produced directly by the Group's activities. On construction sites, the Group's service providers may have to deal with hazardous waste, particularly in the case of demolitions/refurbishments. For example, by signing a clean site charter, this waste must be treated correctly.

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.

RE-EMPLOYMENT BOOSTER

Launched in 2019, it is a grouping of clients (project Managers, project Managers, contractors, etc.) brought together to organise, structure and consolidate the supply and demand of reuse materials in the property industry.

The Group joined this initiative in 2020 with the Business property project #Community in Mérignac, where part of the raised floor installed will be second-hand.

Other Group projects are being identified to join this initiative.

(1) *"Waste, key figures" published April 2018 - Agence de l'Environnement et de la Maîtrise de l'Énergie (ADEME). France generated 324.5 million tonnes of waste in 2015.*

Residential

Refurbishment

One of the Group's brands, Histoire & Patrimoine has specialised for more than 15 years in the refurbishment and restoration of old buildings throughout France. The façades and supporting framework of buildings are always preserved, unless there is a proven structural problem. In 2020, this activity represented nearly 160,000 m^2 of refurbishments in progress or completed during the year.

Recycled or local materials

Whenever a building cannot be refurbished, 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 2020, 83% of construction site purchases were from local sources (see 4.2.1).

THE DEMOLITION OF THE BOBIGNY2 CENTRE

Bobigny Cœur de ville is a neighbourhood project located in Bobigny that will be built on the site of the former Bobigny2 shopping centre, dating from the 70s.

The preliminary studies ruled out renovation because the shape of the commercial buildings was not very flexible and not adapted to a reconversion.

The Group carried out both a waste assessment and a resource assessment in order to define an efficient policy for recycling demolition materials.

These assessments have identified a potential for reuse or recycling of demolition waste of 92%. The Group has adopted this approach and will also reuse 10,000 tonnes of concrete *in situ* for the construction of the future district.

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 2020, 95% of Residential projects (by number of housing units) were covered by a clean 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 phase, the Group seeks to intensify its use to avoid underuse of spaces. As a result, parking spaces at some residences, such as those planned for the "Les 5 jardins" project in Villemonble, may be available to the public when they are not used by residents.

Business property

Refurbishment and recycled materials

The Group has developed unique expertise which means its refurbished buildings achieve energy and comfort performance levels equal to those of its new buildings. Renovations account for 42% of Business property projects in the Paris region (by surface area) and have accounted for over 40% since 2015.

42% of Business property projects
in the Paris Region are refurbishments

The environmental impact is also reduced by using reused, recycled and/or local building materials. As an example, the insulation of 87 Richelieu, the Group's head office, delivered in 2020, 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 2020, Business property projects set a site waste recovery objective of at least 70%. They surpassed this objective as the real recovery rate for secured projects, delivered in 2020, was 97%, 94% of which materials (in tonnes).

97% of waste from Business property
construction sites is recovered,
of which 94% is material

Intensification of use and reversibility

Owing to the Group's expertise across a range of businesses, 78% of Business property projects are multi-use: offices, retail, facilities, services, etc. For example, some of the spaces on the ground floor of 87 Richelieu, the Group's head office, delivered in 2020, can be used as workspaces, shops, showrooms, etc. By developing adaptable and convertible spaces, the Group reduces building obsolescence.

78% of Business property projects
are multi-use

4.2.5 Other environmental and health issues

The information can be found in the Chapter Risk management (Chapter 5 of the Universal Registration Document), paragraph "Social, environmental and governance risks".

4.2.6 Philanthropy and partnership

Group sponsorship policy continues

Altarea's philanthropy policy applies to Altareit. In 2020, the Group continued to publicise and apply its philanthropy and sponsorship policy, in line with its desire to make a positive impact in its regions, around three main themes which, in particular, strengthen the Group's local ties:

- contributing to economic development of the regions by strengthening links to the local social fabric (associations, social enterprises, social economy, etc.) to enhance the positive impacts of its activities on the local economy, particularly jobs (see 4.2.1);
- social initiatives: using the Group's skills to help those 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.

The Group's philanthropy and sponsorship strategy is governed by an internal procedure, involving the Internal Control Department and distributed to employees.

Contribution to local economic development

The Group continued its sponsorship of the Fondation Palladio, of which it is a founding member. The Fondation Palladio is a forum for thinking about building the city of tomorrow and its living spaces. An interview with its founder was conducted during the Sustainable development Week on the subject of the resilient city.

Altarea also sponsors Les Rencontres Économiques, a forum to reflect on the world economy.

Social actions – Long-standing partnership with Habitat et Humanisme

Altarea has continued its historic partnership with Habitat et Humanisme since 2007. It is now focused on inclusive and intergenerational housing. Through this initiative, the Group has affirmed its commitment to a more inclusive city and its contribution to the most disadvantaged sector.

This partnership also strengthens local ties between the Habitat et Humanisme associations and the Group's various subsidiaries.

Altarea is the leading partner of Habitat et Humanisme, working together over the long term to find housing solutions for people on low incomes. The Group contributes in a number of ways:

- participation in the funding of 17 social residences (family boarding houses and intergenerational houses), representing over 376 housing units;
- for the last nine years, funding three management posts in Habitat et Humanisme in the Paris Region, combined with sponsorship of skills to help extend their field of action;
- involvement of Altarea employees in the partnership by, in 2020, helping to select a project to support on the association's crowdfunding platform. The project to fit out the common room of an intergenerational residence in Strasbourg won the most internal votes. This project has been posted on the Habitat et Humanisme crowdfunding platform. Donations will be matched by the Group.

Supporting culture and culture for all

Altarea is always keen to promote talent in all art forms (sculpture, painting, music, etc.). In 2019, the Group made 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 has also matched donations from its employees.

Local solidarity initiatives

Committed locally, Altarea's teams carry out numerous community initiatives in the regions.

In 2020, some of these actions were related to the health crisis. Altarea wanted to contribute to the national solidarity effort, by taking action to serve the most vulnerable people, caregivers and its customers. These initiatives have taken place thanks to the mobilisation and commitment of local employees. The Group encouraged and commended these solidarity initiatives.

In its 19 Cogedim Club® residences, the staff, along with the Group's volunteer employees, mobilised to provide moral and logistical support during the pandemic. The "un sourire pour nos aînés" campaign, which consists of sending a drawing or a text to the elderly in lockdown, was taken up by employees and provided human warmth and moral support to the confined residents.

These solidarity and local initiatives led to a campaign of posting employees portraits on social networks to pay tribute to the teams that mobilised during the pandemic and lockdown.

In addition, at the Group's head office in Paris, a collection was organised at the end of the year for the Restos du Cœur.

Sponsorship actions in response to the pandemic

The Group has adapted its historical support to Habitat et Humanisme to help vulnerable people affected by the health crisis. During the lockdown, the Group funded emergency housing for 54 people in difficulties, in a hotel in the 20th arrondissement of Paris.

In addition, Altarea supported the solidarity fund initiated by the Fédération des Promoteurs Immobiliers (FPI), by making a donation to the #Protège ton soignant. This donation went to provide medical equipment to hospitals in France, deliver food to healthcare staff and help people working in difficult conditions due to the health crisis.

4.3 Customers at the core of the processes

4.3.1 Dialogue in service of customer and user relationships

Scope	Objectives/Commitments	2020 Results	2019-2020 Change	Comments
Group	Working to satisfy customers across all our business lines	**2nd place in HCG/ Les Échos customer relations rankings**	↗	In 2020, the Group is once again recognised as a benchmark in customer relations: speed and quality of responses to customers and continuity of support during the COVID-19 pandemic
Residential	Commitment to customer satisfaction	**Awarded Customer Service of the Year for the 4th consecutive year(a)**	=	This award recognises the efforts made for several years to support customers
Residential	A quality guarantee: 100% of projects certified NF Habitat(b)	**100% of projects certified NF Habitat**	=	The Group has been 100% NF Habitat certified for four years, reflecting its continuous efforts to strive for quality
Serviced residences	Establish a formal dialogue with residents to improve services	**At least one monthly meeting with residents in each of the residences(c)**	=	In 2020, the ongoing dialogue mechanisms were adapted and strengthened in view of the COVID-19 pandemic

(a) Property development category - BVA Group survey - Viseo CI - More information on escda.fr.
(b) Excluding co-development, refurbishments and managed residences.
(c) As the year 2020 was marked by the COVID-19 crisis, the arrangements for communication with residents and their families have all moved to remote methods. A major system for monitoring residents on a daily basis has been set up.

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 the activities, measures to promote dialogue and assess satisfaction have been rolled out: surveys and studies, face-to-face or digital interactions, etc. Customer satisfaction is Altareit's top priority and the Group values excellence and creativity in serving its customers.

WE ARE ALL INVOLVED IN PROVIDING CUSTOMER SATISFACTION

Customer satisfaction guides the Group's action. In 2018, the Group created and deployed a wide ranging training programme for its employees. Initially created for the Residential business, the system has been rolled out to other Group activities. The aim is to raise awareness and regularly emphasise the role of each individual in customer satisfaction.

From development to after-sales service, including cross-functional roles, more than 1,000 people were trained and provided with action sheets for each stage of the customer journey.

The year 2020 was marked by the COVID-19 pandemic. Despite successive lockdowns, customer dialogue arrangements were conducted online in each of the activities to the same demanding standards as face-to-face. For example, an online configurator of choice has been set up for home buyers to monitor their choice of services (flooring, bathroom equipment, etc.).

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

The customer journey is based on a human and personalised relationship at each stage of the project with several systems:

- a dedicated contact for more than ten years: the customer relationship Manager accompanies the customer from the signature at the notary to delivery. When the keys are handed over, an after-sales service Manager, also specifically designated, takes over for nearly ten years and ensures continuity of support for the customer in managing guarantees. Each customer is supported for approximately 13 years;

- a personalised online space: as soon as the home is reserved, buyers can log onto their online space to consult information on the various stages of the purchase process and find answers to their questions *via* guidance sheets or FAQs (for example customisation, progress of the project, visits, etc.);
- the national network of Cogedim stores: the Cogedim store is a place dedicated to supporting customers in the personalisation of their homes. Customers can view show apartments, browse the choice of materials and equipment as well as customisation packs and enjoy an immersive digital experience etc. It helps customers to imagine themselves in their future home. Since 2016, several Cogedim Stores have opened in Paris, Bordeaux, Toulouse, Marseille, Lyon and Nantes;
- customer committees: thanks to this complementary system, the Group closely monitors the expectations of its customers by inviting them to suggest change to the customer experience (see box below).

CUSTOMER COMMITTEES

In early 2020, the Group implemented a new system: customer committees. Several customers who are signatories to the same project are invited to attend monitoring committees for their project.

Several times during their journey, these customers are met by the project Managers of their operation (customer relations Manager, programme Manager, etc.) who explain the classic customer journey: stages, deadlines, products, services, etc. They are invited to express their expectations in terms of processes but also products and services. This system, which is complementary to the customer experience, enables the Group to adapt its offer to the new expectations of its customers.

Moreover, the Group has partnered up with Sourdline, the leading call centre for the deaf and hard-of-hearing. 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.

Finally, future residents are given a guide on green habits just before they move in to give them tips on improving their comfort (air quality, noise, comfort in summer, planting, etc.) and reducing their environmental impact (energy and water consumption, sorting waste, etc.).

Measuring and monitoring customer satisfaction

Each year, the Group conducts a study to measure customer satisfaction at two key moments in the buying experience: six months after the deed of purchase is signed and six months after the home is delivered. 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 another purchase. The Group has set as a goal to reach a 70% recommendation rate for each of its regional offices. In 2020, the approach bore fruit as the endorsement rate rose 13 points compared to 2015.

In addition, the Customer Services Department monitors spontaneous comments by customers on its Immodvisor platform. This independent tool collects and checks opinions left by customers. In 2020, over 1,500 comments were checked. They have a satisfaction rate of 89%. This result is stable.

In addition, 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 fourth consecutive year, the Group was awarded "Customer Service of the Year 2021"[(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 2021, the Group rose one place to 2nd in the 2021 HCG customer relations rankings compiled by Les Échos. This multi-sector ranking sets 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.

(1) Category Property development - BVA Group survey - Viseo CI - More information on escda.fr.

Cogedim Club® Residences

Altareit develops and manages Cogedim Club® senior 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.

In addition to the sector's marketing studies, the Group conducts independent studies on the needs of customers in senior residences: the "The senior residences of tomorrow" surveys. Launched in 2020, these studies are aimed at Cogedim Club® residents, their families and anyone interested in this service. Around six themes are observed during the year. For example, the last study in 2020 focused on the theme of ergonomics for well-being and health. Other surveys will follow on: connection with the city, Sustainable development, nutrition, services and events, 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[1] 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 and 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.

CRISIS MANAGEMENT IN SENIOR RESIDENCES

All dialogue mechanisms have been adapted and strengthened since the start of the COVID-19 pandemic. The residence teams have set up a major health facility and have been fully mobilised, sometimes supported by employees from head office who have come to donate their time. The overall functioning of the residences has been reviewed in order to preserve the health of residents, while ensuring regular contact with their loved ones and maintaining a good quality of day-to-day service: meals delivered to the homes, shopping, video-conference activities, daily leisure letters, correspondence kits, or setting up psychological alert channels.

Networking, coordinated from the head office, enabled the rapid feedback and sharing of local best practice.

Each resident is supported on a daily basis in order to monitor their physical and mental health and their satisfaction with the many necessary adjustments to services, catering, activities, etc. (see 4.3.2).

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 interviewed 18 Real Estate divisions of major companies 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 entity Altarea Entreprise Studio with the aim of providing a coherent and efficient response to changing uses and new ways of working so as to offer users innovative products and meet their requirements. Its remit is to design buildings that are able to evolve through time due to their architecture, technical design but also their services.

Altarea Entreprise Studio operates upstream of operations, determining requirements and uses and anticipating new ways of working and designing the office of the future with multiple uses. In particular, in its thinking it incorporates phenomena such as the fragmentation of working methods and coworking and the office building as a means of boosting the appeal of the employer's brand.

(1) Remotely adapted system given the COVID-19 pandemic.

4.3.2 Quality of life and well-being in operations

Scope	Objectives/ Commitments	2020 Results	2019-2020 Change	Comments
Neighbourhoods	Develop pleasant living spaces	**Development of two WELL Community Standard neighbourhoods, including Issy Cœur de Ville, the first pilot project in France**	=	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]	**100% of projects certified or in the process of certification**	=	The Group has been committed since 2016 to NF Habitat certification, a guarantee of quality and environmental performance and comfort
Business property	Integrate well-being approaches into projects	**89% of large Business property projects aim for a well-being label**	↗	The Group systematically addresses the subject of well-being in its projects with a tailor-made approach

(a) Excluding co-development, refurbishments 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 design of buildings is also key, with increasing demands from customers in terms of comfort, health and safety, which include temperature, acoustics, air quality, lighting, uses, aesthetics etc.

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, comfort and well-being are key factors in attracting employees, investors and users;

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 proximity and density. 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 etc. 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, etc. The Group also pays particular attention to the place of nature in the city, recognised as a source of well-being by users by developing buildings open to the outside world and green relaxation areas.

Large 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, etc. 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 Altareit 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 3 hectares in the heart of downtown Issy-les-Moulineaux as a new mixed-use neighbourhood.

Fully pedestrian and developed 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 hectares 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 the connection with the outdoor space, the quality of the indoor air as well as natural ventilation, lighting and cooling solutions.

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, etc. (see 4.3.3). In 2020, 100% of Residential projects were NF Habitat certified or in the process of being certified.

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, etc.

Lastly, special attention is paid to links to the outside world. In 2020, 92% of housing units have access to a private outdoor space (balconies, terraces and gardens) with an average size of 18 m². More specifically, the balconies are of an average size of 5 m².

92% of the units have access to a private outdoor space

Natural comfort solutions

The natural or passive solutions to ventilation, lighting and cooling depend primarily on the quality of the ground plan, the orientation and the thickness of the buildings. A list of architectural guidelines frames the work of architects during the design phase. For example, the Akoya project in Le Grau du King favours natural ventilation with 100% of the housing units bi-facing and 90% having natural through-flows of air.

In a context of climate change, the Group has initiated additional work to maintain summer comfort in the homes. This work resulted in 2020 with the implementation of a minimum comfort threshold to be met by combining 15 passive solutions listed in an internal guide (see 4.2.2.2).

Indoor 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 least.

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 indoor 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 will guide them in the building's daily use and during maintenance operations.

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. Activities are organised with local bodies such as schools to promote intergenerational ties.

In view of the COVID-19 pandemic, the activity programme has been completely revised in order to maintain a diversified programme adapted to the senior audience, for whom social ties are essential, while respecting strict health instructions. For example, despite the cancellation of the festival of lights in Lyon, the local Cogedim Club residence® lit up the residence with paper lanterns brought by schoolchildren from the nearby school.

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

This programme allows residents and their families to come together during workshops on literature and transmission. A monthly newsletter also gives news of residents to family and friends.

This programme was adapted in 2020 in view of the COVID-19 pandemic. Every day, during the lockdown period, residents received letters with ideas for activities adapted to lockdowns, such as Chinese calligraphy, general culture riddles and quizzes, as well as sports micro-lessons. The letters can be viewed on the Cogedim Club® website so that these activities can be shared with residents' loved ones.

Finally, the Group gradually rolled out the VISEHA label in its residences. This label attests to the quality of the services offered in the senior residences (see 4.3.3).

Business property

In a world of work increasingly marked by teleworking and nomadism, the workplace must be welcoming, comfortable and conducive to conviviality. Altareit develops very high-quality workspaces by placing well-being at the heart of its projects. The Group supports each of its customers in this area with a particular focus on flexibility and biophilic design.

Systematic approach to well-being

The theme of well-being has been integrated for many years through BREEAM® or HQE certifications.

For larger buildings[1], the Group systematically proposes to go further with a well-being label such as WELL or Osmoz. These standards, respectively American and French, place the user and health at the heart of real estate projects. The topics covered range from the quality of the physical environment (air, light, etc.) to conviviality and social interactions. In 2020, 89% of major Business property projects aim for a well-being label.

89% of major Business property projects aim for a well-being label

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.

In support of the digitisation of activities and communications, the Group offers first-class digital connectivity based on the most demanding standards such as those of WiredScore and Ready2Services (see 4.3.5).

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 its 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, etc.).

This initiative was carried out at 87 Richelieu, the Group's new head office, which opened in mid-2020. Group employees benefit from an outdoor planted area of 2,000 m^2 in the midst of Paris's 2nd arrondissement, the largest private green space in the district. Inside, each floor has its own range of greenery, including several hundred plants, some of which have depolluting properties.

4.3.3 Labels and certifications, creators of green value

Scope	Objectives/Commitments	Indicator	2020 Results	2019-2020 Change	Comments
Residential	100% of new projects certified NF Habitat[(a)]	Portion of new projects certified	100%	=	The objectives are achieved. The ambitious strategy of 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 certified at least HQE "Excellent" and BREEAM® "Very Good"	Portion of new projects certified	100%	=	

(a) Excluding co-development, refurbishments 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 value, 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 willingness to offer the most recent, ambitious and innovative labels and certifications on broader matters than environmental performance (WELL, BiodiverCity®, WiredScore, etc.) in order to stay ahead in all of its activities.

(1) From 15,000 m^2 of floor area.

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 housing is NF Habitat certified. This certification is a benchmark for the essential qualities of the housing units and 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 or energy performance, the Group is going even further by seeking for over half of its production, the NF Habitat HQE™ certification (which goes beyond NF Habitat in environmental terms) for quality, habitat & environment, and even an additional energy label, such as E+C- or biosourced. In 2020, 49% of the Group's Residential projects had NF Habitat HQE™ certification, or an environmental label.

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

49% go even further with an additional environmental certification or label

Some projects may benefit from supplemental certification efforts. The Cœur de Ville project in Bobigny, already committed to Écoquartier 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.

In 2020, two residences were certified. These are Terre de Seine in Suresnes and Villa d'Helios in Montpellier. This label will continue to be rolled out gradually to other senior residences within the Group that meet the criteria.

Business property

All 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 2020, 100% of Business property projects were certified HQE and/or BREEAM®.

In the Paris Region, which represents almost 60% of national production, the ambition is higher, with systematic dual certification at a high level of performance. In 2020:

- 100% of Business property projects in the Paris Region have dual certification, HQE and BREEAM®;
- 100% of Business property projects in the Paris Region are HQE certified "Excellent" or higher, 85% of them "Exceptional";
- 100% of Cogedim Business property projects in the Paris Region are BREEAM® certified "Very Good" or higher, 65% of them "Excellent".

100% of Business property projects in the Paris Region have dual certification at least HQE "Excellent" and BREEAM® "Very Good"

In addition, in 2020, 100% of hotel and logistics operations have HQE and/or BREEAM® certification. The Hilton hotel, on Place du Grand Ouest in Massy, delivered in October 2019, was awarded HQE certification with an "Excellent" rating.

These numbers were stable compared to 2019.

Some projects also have thematic certifications and labels, such as BiodiverCity® (biodiversity) for the Issy Cœur de Ville project and the WELL label (well-being) for the Bridge project (see 4.2.3 and 4.3.2).

4.3.4 Responsible supply chain and supplier relationships

The Group is a major customer for other firms, placing more than €3 billion worth of orders a year. 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.

The societal impact of these purchases is strong, due to their volume and the variety of economic sectors concerned. As a result, Altareit conducts responsible purchasing actions across all of its business lines. In addition, in order to enrich its thinking on this subject and share best practice in the industry, the Group participates in the sustainable property observatory's (OID) responsible purchasing working group.

A Group approach

In 2018, Altareit launched a process for structuring and optimising purchases, led by the Performance Department and the CSR Department. This approach encompasses all of the Group's companies and purchases. It aims to ensure the integration of a CSR approach adapted to each type of product or service.

The approach, developed in conjunction with the various business divisions and subsidiaries of the Group, provides for:

- generalised actions (deployment of a Group responsible purchasing charter);
- actions targeted by type of purchase (CSR clauses in calls for tenders and contracts, training actions, supplier assessments, audits, etc.); and
- working to build a responsible and sustainable relationship with suppliers.

The responsible purchasing charter

A responsible purchasing charter covering social requirements, health and safety, the fight against corruption, respect for personal data and consideration of environmental issues was drafted in 2019 and updated this year. Since 2020, it has been gradually applied to all Group purchases, in particular to Property development activities. A clause to this effect was added when the general clauses, systematically included in works contracts, were updated.

The CSR team held awareness-raising sessions on responsible purchasing and training on the objectives and use of the charter for all the Group's subsidiaries, in order to support its deployment. The charter comes with a note, explaining it to suppliers and subcontractors. It helps clarify the content and objectives of the charter and to talk about it to the various stakeholders.

Finally, the charter is accessible to all on the Altarea Group website.

Targeted actions, by type of purchase

The implementation of targeted actions by type of purchase began with a detailed mapping of the Group's purchases in order to better understand them. This work continued by identifying the major risks (social, environmental, etc.) associated with purchasing.

In 2020, in close collaboration with the departments concerned, the CSR Department refined its work on analysing risk points. For each risk and each business line, the CSR team analysed purchasing practices, identified existing risk management systems and best practices, and set a three-year action plan.

Property Development

Safety on construction sites

The safety of all workers on construction sites is a major priority for Altareit. In the context of the COVID-19 pandemic, the Group has been able to show agility to continue its activities while ensuring the safety of employees and workers on construction sites (strict process to resume work, checks of health compliance on construction sites, adaptation of the protocol for lifting reservations at the purchaser's premises during a pandemic, etc.).

Aside from the health situation in 2020, safety issues are addressed at different levels: contractually, through actions on the ground, awareness-raising and internal and external audits.

From a contractual point of view, the issue of safety is the subject of numerous clauses in contracts. They relate in particular to the obligations and responsibilities of the various stakeholders to guarantee the safety of all on the construction sites.

At an operational level, in order to manage safety on construction sites, the Group relies on the project Manager and health and safety protection (H&S) coordinator who is responsible for managing joint working on safety on-site. Particular attention is paid by the Group to ensure that the resources allocated to the H&S coordinator are systematically in line with the high level of urgency required. Prevention specialists also work on large-scale projects.

In terms of shared responsibility, Altareit carries out actions to support companies in adopting best practice (awareness-raising campaigns, reminder of good safety practices through posters, etc.).

In addition, since 2019, an in-depth audit has been carried out to sustainably improve safety management on construction sites. This process makes identifies actions to be implemented. For example, the project management and safety and health protection contracts have been updated to incorporate the recommendations of the Caisse Régionale d'Assurance Maladie d'Île-de-France (CRAMIF) and CARSAT (Caisse d'Assurance Retraite et de la Santé au Travail). The Group helped set up a club at CRAMIF on the subject of safety for project Managers.

Finally, in terms of reporting, data is collected across the Group's scope of direct responsibility which makes it possible to monitor site practices in a process of continuous improvement. Substantial reporting of Residential activities is used to report data on construction site accidents to the national level. In Business property, data is tracked locally. In 2020, for this activity, the frequency rate of construction site accidents was 10.8 (compared with an industry average of 28.1) and the severity rate was 0.3 (compared to 2.4 for the sector).

The fight against illegal work

The fight against illegal work is another major issue in the construction sector, identified as a priority for the Group. Altareit has implemented numerous processes and actions at different levels to combat these practices.

First of all, like safety requirements, the issue of combating illegal work is the subject of many strict clauses in contracts. These clauses relate in particular to contractual, social and tax requirements relating to the employment of personnel. They also relate to the use of subcontractors and requirements to post information informing all on-site workers of the applicable regulations and their rights. These documents are translated if necessary to make them accessible to as many people as possible.

In addition, the Group uses the recognised external service provider "Attestation Légale" to collect, archive and manage all the regulatory certificates required by companies to sign contracts and approve the various subcontractors. These checks make it possible to identify at-risk service providers and so only use partners with practices that meet Atlareit's requirements.

In the field, personal access control systems on construction sites help to combat illegal work. Lastly, random audits, carried out by an independent organisation, aim to ensure that the personnel working on the site are indeed those previously declared and authorised.

Site nuisance

A low nuisance construction site charter attached to the works contracts requires, within a contractual framework, compliance with commitments relating to all nuisances that may occur on a construction site, whether for Property Development (Residential) or Business property:

- reduction of nuisances caused to local residents (dust, sludge, noise, delivery and parking of vehicles, change to the local traffic plan, site surroundings, etc.);
- reducing the risk of soil and air pollution during construction;
- sorting and reduction of site waste going to landfill;
- protection of nature and biodiversity; and
- management of water and energy resources.

In addition, the site charter also imposes requirements relating to the social and organisational aspects of the site (secure access to the site, etc.).

The requirements monitoring system

National framework contracts have been signed with technical inspection service providers, CSPS and AMO Environnement in order to ensure, in particular, compliance with safety and the proper application of the low-nuisance construction site charter, notably through audits conducted during the construction phase.

Certifications

The ambitious, systematic strategy to certify all projects is a means of incorporating CSR criteria throughout the building life cycle: sustainable design, environmental and health standards for materials, responsible practices during the construction phase, commissioning, etc. In the tender phase, standard contracts (architect, multidisciplinary design office and project management) set out these Sustainability objectives for a project.

Evaluation and continuous improvement of suppliers of Cogedim housing equipment

In 2017, Altareit launched an evaluation process of its suppliers *via* the Ecovadis platform, to measure the level of progress with regard to CSR. Through this approach, the Group seeks to support its suppliers in their progress on environmental and social issues, in order to reduce the areas of risk in its supply chain.

To date, the assessments relate to the suppliers of Cogedim housing equipment (sanitary products, electrical equipment, heating, etc.). They have been mandatory for new suppliers since 2019 and a global reassessment campaign was launched in 2020.

Corporate

87 Richelieu

For the construction and fitting-out of its new head office, the 87 Richelieu, the Group has selected materials according to demanding requirements in terms of environmental and health performance. For example:

- the insulation of the walls is made of recycled jeans and is of local origin;
- the Group has been vigilant in minimising the air pollution caused by the new furniture;
- the origin of the plants has been studied and the soil used is organic.

In addition, for the operation of the building, the Group has incorporated ambitious CSR criteria and requirements when selecting the majority of its partners, facility management and catering in particular. Some concrete applications:

- the use of chemical products for maintenance of the premises is reduced to a minimum;
- disability-friendly contractors (with at least 80% disabled people) maintain the outdoor spaces and take care of waste recovery;
- the clothing of the cleaning staff is made of Oeko-Tex® cotton and the material is recycled at the end of its life.

The goodies

As the previous contract ended, in 2020 the Group negotiated a new framework contract for the purchase of goodies at Group level. Distributed to the various stakeholders (institutional investors, end customers, employees, etc.), the goodies must reflect the Group's commitment to Sustainable development. This is why special attention was paid to the CSR performance of the various candidates throughout the selection process: CSR requirements in the specifications, expanding on the answers given to these requirements in the application file during the oral examination, integration of CSR criteria in the final score, etc. The service provider selected at the end of this process shows a strong commitment in terms of CSR (origin, manufacturing conditions and product design, carbon impact, use of disability-friendly contractors, etc.). As the contract is now effective, monitoring committees are now planned to monitor the CSR performance of these purchases.

A responsible and sustainable relationship with suppliers

In a context of increased competition in the construction market, a major challenge for the Group is to establish a lasting relationship with its suppliers. To do this, in addition to the ongoing dialogue within the framework of operations, various actions have been put in place to nurture this trusting partnership relationship.

Supplier regulations

In 2020, the Group launched a reverse factoring solution, in partnership with a bank. The purpose of this programme is to support suppliers in their financing and cash flow issues, particularly in the context of the COVID-19 pandemic. Rolled out in 2020 to Cogedim suppliers, this solution will be extended in 2021 to new Group entities.

In addition, the lockdown in the spring has accelerated the process of digitising invoices, helping to streamline the payment process.

Economic dependency

Altareit makes more than half of its construction purchases with several major players in the sector, which limits the potential for economic dependence. In addition, the Group has put in place a process to control economic dependence in other types of purchases.

4.3.5 New uses and innovation

Scope	Objectives/Commitments	2020 Results	2019-2020 Change	Comments
Business property	Strengthening the digital connectivity of projects	**99% of projects in the Paris Region are working towards a digital connectivity label**	↗	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, therefore, adapt its offerings to the new residential pathway of French people, new ways of working, digital players, new forms of consumption, etc. The challenge is to guarantee investors and users that the buildings or neighbourhoods built are practical, connected. and planted to adapt to new uses and maintain their attractiveness over the long term.

A development team dedicated to innovative projects

Altareit has an innovation Department that facilitates the emergence of new products and services to improve the daily lives of citizens and the Group's performance. This department has the following objectives:

- develop new property services and offers to better satisfy customers;
- implement new internal tools to increase the Group's productivity;
- stimulate the innovation culture of the teams to support the transformation of Altareit's business lines.

The Innovation team, comprising five 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.

It is supported by a network of officers across all regions where the Group has a presence.

Developing new offers of property products and services

PLAN A CO-LIVING OFFER

Creation of a new affordable rental housing offer

After an initial experiment with co-living in Montreuil, the Group decided to draw on this experience to develop a co-living offer called Plan A. This offer makes it possible to build furnished housing at affordable rents in major French cities. To manage these shared living spaces, the Group works with the start-up FlatnYou, which specialises in this type of management and is trusted by Caisse des Dépôts Habitat. Altareit also won a project in Tours that will include 15 Plan A housing units to be rented by international students. Other tenders also include the Plan A offering.

To guarantee long-term technological performance in its buildings, Altareit was one of the first groups to take an interest in the WiredScore and Ready2Services (R2S) labels. WiredScore assesses te 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 has as its goal 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.

87 Richelieu, the Group's head office in Paris is certified WiredScore and R2S. In 2020, 99% of Business property projects in the Paris Region (by surface area) sought a digital connectivity label such as WiredScore or R2S.

99% of Business property projects in the Paris Region sought a digital connectivity label

THE SERVICES APP OF THE 87 RICHELIEU

The Group is developing a property app which enables employees at its new head office access to a range of services available within the building. The aim of this app is to support employees as much as possible in their new working environment, to improve their efficiency and promote their well-being day-to-day. It has more than 50% active users every day since its launch.

Lastly, in order to guarantee the value of its properties over time, the Group is working to increase the intensity of use of its buildings 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.

Issy Open Design

At the Issy Cœur de Ville eco-district, Altareit wants to create a 1,500 m^2 site offering experiences and innovation which aims to create a new destination for businesses and individuals. The Group has launched a new Open Design process which aims to invent a new way of designing innovative, multifunctional, co-constructed spaces that bring people together.

This Open Design process offers a consultation of stakeholders from all backgrounds to whom it can provide resources for developing their proposal and getting established in the future space.

Ultimately, the aim of this process is to:

- identify and compare ideas to create a place for discovery, interaction and learning;
- co-design the future space with participants: students, innovative businesses and public interest stakeholders;
- reinforce the attractiveness of the site and raise the profile of private and public partners.

In the initial conceptual phase, "Issy Open Design" brought together some 1,035 participants who proposed some 452 projects. Following the second phase of in-depth study with around fifty projects, the cross-functional jury representing all the Group's activities selected ten winners who will join the site's programming and feed into its concept: social and solidarity economy (SSE), associations and local bodies. A team of students from Centrale-Supélec was also rewarded for the quality of their project.

Both a place of life for young and old alike, and an XXL workshop dedicated to the innovation ecosystem, this anchoring point in the heart of the city will offer a showroom exhibition space, an immersive experience, event spaces and creative spaces open to all.

Kelfoncier

The Group has strengthened the use by property developers of the Kelfoncier tool, which allows them to aggregate on a single map all the information from the region that could be relevant to their projects (local development plans (PLUs), building permits, new sale price, INSEE statistics, points of interest, etc.). Thus, in the fourth quarter of 2020 more than 2,800 connections per month were recorded, compared to 1,850 per month in the first quarter of 2020.

Digitisation of rental management

Altarea Gestion Immobilière (AGI) signed a partnership with the start-up Flatbay, which is developing a rental management tool. Thanks to this tool, AGI has digitised the letting of apartments for which it has a management mandate. This makes it possible to distribute advertisements, collect tenant information and have leases signed, all digitally. This tool was first tested in March at the Nantes branch, which enabled it to continue service during the first lockdown, then rolled out to all AGI agencies between July and November 2020.

Implementing innovations and tools to accelerate business growth

The Innovation unit is creating 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.

In order to help connect operational development teams with innovative projects outside the Company, the innovation team has launched Altawiki, a collaborative tool that now lists some 120 projects (including both successful and unsuccessful bids) and over 1,400 of the Group's innovative partners and suppliers. The platform lists several hundred start-ups and SSE organisations that help shape 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 in the Paris Region have been developed using the Building information modelling or BIM method. 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.

4.3.6 Professional ethics

Scope	Objectives/Commitments	2020 Results	2019-2020 Change	Comments
Group	Continue to strengthen the programme for combating corruption	**Communication from General Management**	**Continuing the process**	Strengthening work will continue in 2021
Group	Train and raise awareness among the most exposed employees on the fight against corruption, money laundering (AML/CFT) and fraud	***Anticorruption* e-learning programme: 590 employees trained** **LCB-FT e-learning programme: 84 employees trained** **Fraud: three awareness sessions for Accounting Departments**	**Continuing the process**	In addition, communication campaigns were run throughout 2020 on cybersecurity, fraud and compliance (postings, articles in the intranet, emails)

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 breach of these provisions may thus constitute a disciplinary offence subject to sanction. 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.

In order to ensure that new employees adhere to the rules, values and principles laid down by the Group and ensure that they are fully aware of how they should be applied, systematic training was carried out during 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 General Management reaffirmed its commitment to the Group's compliance approach and to the implementation of a policy of zero tolerance towards bad practices and total rejection of corruption and trafficking of influence in all its forms.

This approach is reflected in the implementation of:

- the mapping of corruption risks;
- dedicated training in the form of e-learning;
- a third-party integrity assessment ("KYC") process;
- anti-money laundering and anti-corruption clauses included in all contracts;
- the appointment of an Ethics Director and a TRACFIN reporter and officer (Ministry of the Economy and Finance body responsible for combating fraud, money-laundering and the financing of terrorism) for the whole Group.

The Group's anti-corruption 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. The following principles must also 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, an awareness campaign on violations that concern neglecting the duty of probity was conducted for those employees identified as being the most exposed and should be repeated in 2021. Also, with the help of a specialist law firm, courses were 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. This awareness campaign continues on a regular basis by means of messages issued to employees by senior executives at events such as seminars, committee meetings as well as at induction days for new arrivals.

Moreover, the Legal Department ensures that clauses specific to anti-corruption legislation are included in contracts with third parties.

In accordance with the law and in order to display greater transparency in the relations and interests between companies and public officials, the Group has registered on the digital directory of the High Authority for the Transparency of Public Life (HATVP) since 2018. A declaration of activities of representatives of interests is filed each year.

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 monopoly of a service provider, limited use of multi-year contracts, etc.). 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 increased media coverage of fraud cases and the increase in "fake President" and "changed bank details" scams which the Group was a target of. To ensure that these fraudulent attempts are unsuccessful, awareness-raising messages are regularly distributed to the most exposed populations, and training is provided to the accounting and financial Departments.

On the date on which this document was filed, no cases of non-compliance with internal policies had been identified and no fine linked to corruption had been paid.

Lastly, through its management activities and transactions on behalf of third parties, the Group is subject to the 5th Directive (fight against money laundering and the financing of terrorism). As such, the Legal Department ensures that clauses specific to anti-corruption legislation are included in the relevant contracts. The procedures relating to customer knowledge were strengthened in 2020. Any payment or transfer for which the origin of the funds is undocumented is subject to an in-depth analysis and information to the TRACFIN reporter who is responsible for reporting the suspicion to TRACFIN.

4.3.7 Safety of assets, people and personal data

Information on safety of assets, people and personal data is described in the chapter Risk Management (chapter 5 of the Universal Registration Document) in the paragraphs headed Risk factors and Control.

4.4 Talent at the service of the Altareit Group's growth

Altareit has a source of diverse and unique know-how in the market, its "skills platform", is one of its major assets and gives it significant agility in its various business lines.

For years, Altareit has looked after the development and well-being of its employees, and offers them a quality working environment. In 2020, this led to the move into the Group's new head office, the 87 Richelieu building, a showcase for its know-how in Business property and a real place for employees to meet, share and exchange ideas across functions. This head office responds to the challenges of working life today, and tomorrow, with numerous collaborative spaces, spaces dedicated to training, health, convivial spaces, and the best tools in terms of connectivity and digitisation. 93% of employees say they are very satisfied or satisfied with the new Richelieu head office.

In a Group that places people at the centre of its past, current and future success, the HR Department is positioned as a structuring multi-brand element of the Company's general policy. Through an organisation combining proximity and pooled expertise in the service of the different brands, the HR Department applies a modern and innovative policy for an ever more engaging employee experience. It is guided by organisational, managerial, social and societal issues, but also by the need to attract and retain employees, to be a leader in its practices and remain a benchmark employer in its market.

To remain a leader in its field, for several years Altareit has run a training academy that allows the exchange of best practice and the enriching and sharing of knowledge through innovative learning processes. The academy keeps employees up to date with their business expertise and the skills they need in their profession.

2020 was marked by the COVID-19 pandemic, which required very strong adaptability on the part of all employees, who showed great commitment through all the waves of lockdown and relaxation. Altareit organised itself very quickly to maintain safe and efficient working conditions for all:

- on the one hand, teleworking tools were rolled out (*via* the Digital Academy, teleworking and learner kits, dedicated newsletter, regular video presentations by Managers, HR proximity and Managers, etc.);
- on the other hand, in order to maintain the social bond and limit the psychosocial risks associated with isolation, face-to-face return to the office was authorised, in accordance with the Government's recommendations: distribution of sanitiser gel and masks, mandatory training in preventative measures, information for social and economic committees (CSE), etc.

It is the unwavering commitment of the teams, as well as the empowerment of Managers, that have enabled Altareit to confront this unprecedented crisis. For instance, the construction sites stopped for only a short time during the first lockdown, and the shopping centres efficiently managed the successive opening/closing periods. HR activities continued, working closely with the teams and maintaining skills with the deployment of an online training platform, the Digital Academy, for all Group employees.

Finally, in the face of a major economic crisis affecting young people in particular, Altareit has continued to hire more work-study students and interns than ever. Altareit is also developing internal mobility with significant initiatives (newsletters, business presentation conferences, etc.), in order to place the best skills in the best position, offer motivating career opportunities and be ready to manage the transformations of its market and the city.

4.4.1 An organisation at the service of business

Change in Altareit Group structures

At the end of 2020, Altareit had a total of 1,503 employees, spread across all of Altareit's areas of expertise, including residential and office development and service residences.

In 2020, Altareit's ambition was to pursue managerial modernisation through an ambitious programme in which Managers have a decisive role to play in supporting the Company's transformation by taking full control of financial, budgetary, environmental, organisational and managerial matters within their scope of responsibility.

Evolution of central support functions

Altareit is working to structure and pool its support systems in order to support all operational business lines with optimal efficiency, making employee satisfaction a priority.

In this context, in 2020, numerous initiatives were taken. The Group's accounting and consolidation teams have been grouped together, and the Human Resources Information System (HRIS) continues to extend its functionalities to the subsidiaries (leave portal, advance payment request, etc.).

2021 will see improvements in the employee experience with the introduction of paperless administration. A HR portal will be offered to all Group employees covering a range of subjects: electronic safe, request for documents, etc.

To this end, Altareit plans to rethink the setting and monitoring of objectives over time with the implementation of "continuous conversation" between employees and their Managers. The year 2020 was rich in lessons on the need for dialogue, one of them being the need to remain agile in setting and reviewing projects/objectives, and for continuous feedback between employees and Managers.

All these efforts to modernise provide more effective support on a daily basis to operational staff. To achieve this, Altareit relies on digitisation and a global performance management programme which is being implemented to improve organisational efficiency, methods and processes.

Changes in the Group's headcount

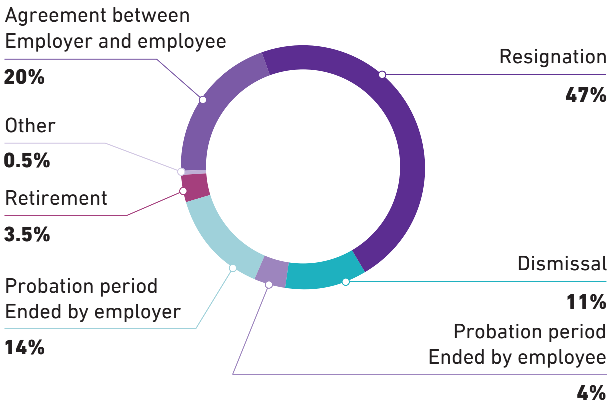
Scope	Objectives/ Commitments	2020 Results	2019-2020 Change	Trend comments
Altareit	Ensuring the retention of our talents	**Departure rate of 13.3%**	↘	**This decrease reflects both the various retention measures and the impact of the health crisis on the dynamism of the job market**
Altareit	Systematise exit interviews	**An "Exit Form" was produced and handed out at exit interviews**	↗	**The generalisation of these interviews means management now has access to a qualitative summary of the different areas of expertise**

In the context of a health crisis with strong economic impacts, the focus was on managing our skills internally. Altareit has adopted a degree of caution with regard to external recruitment, resulting in a halving of our new hires.

However, Altareit recruited 171 external employees on open-ended contracts, confirming its attractiveness and its strengths in a very competitive market. At the end of 2020, 97% 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.

The impact of COVID-19 in 2020 affected not only recruitment, but also departure levels. In 2020, the departure rate within Altareit reached 13.3%, thus reinforcing the stability of skills.

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. The various initiatives are part of a set of staff retention measures such as skills development, cross-functional jobs and sharing value creation.

4.4.2 Recruiting Talent, diversity and equal opportunities

Scope	Objectives/ Commitments	2020 Results	2019-2020 Change	Trend comments
Altareit	Promote youth employment	**Work-study students make up 11.1% of the workforce**	↗	**In a context of stable headcount, the Group has strengthened its commitment to young people.**

Altareit 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 Altareit's values of creativity, cross-functional diversity and entrepreneurship and emphasises non-discrimination, integrity, ethics, objectivity, diversity and intergenerational cooperation.

In December 2013, Altareit signed the Diversity Charter and all new employees are made aware of this commitment through a welcome booklet and integration seminar. A Diversity adviser manages and coordinates the Altareit policy in its various areas: gender parity, initiatives aimed at young people and seniors, consideration of disability, and socio-professional diversity.

The Talents & Careers Department develops close ties with students by partnering with employment partners at business schools 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 2020, Altareit took part in a few face-to-face student forums during the first few months. Altareit then took part in the virtual forum of our partner Sciences Po, which ran organised student projects with the Urban City Master's course for the third consecutive year. These exchanges between professionals and students facilitate the realisation of ideas and the contribution of new solutions. The project of the students in the class of 2019-2020 focused on reconciling the need for housing with the need for nature. A report on their work was organised to pass on the practical conclusions of this investigation to all interested employees. This virtual conference was a great success. A new promotion has been initiated to extend research on this topic.

Promoting gender equality

Altareit has always wanted to offer the same opportunities to women and men in all aspects of their professional life.

It sees gender equality as a factor of collective enrichment and social cohesion. Each entity has therefore renewed and intensified its action plans on gender equality, confirming Altareit's desire and commitment to maintain and build on measures to promote gender equality in all actions. It is about both performance and wealth creation.

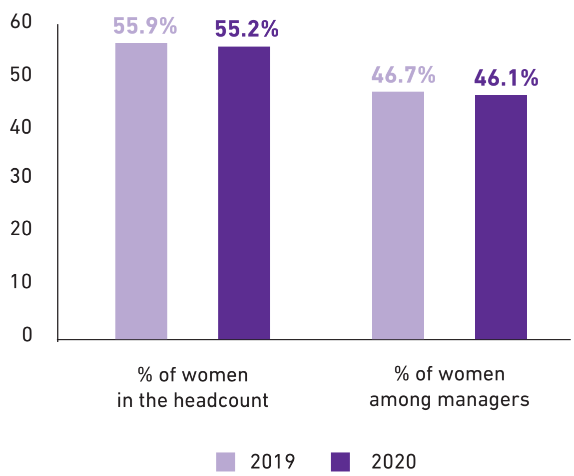
A BROADER DIVERSITY COMMITMENT

Altareit renewed partnerships with:

- "Our neighbourhoods have talents" strengthening Altareit's action to reduce regional isolation;
- "*Elles bougent*" to contribute to future diversity in the property professions by encouraging high school girls to take up technical careers.

In addition, there is aid paid to associations such as the Cravate Solidaire, *via* the apprenticeship tax.

REPRESENTATION OF WOMEN IN THE GROUP



In 2020, Altareit took part in the forum of the association "Elles Bougent" by taking a stand and leading a workshop on the place of women and positions of responsibility.

Access to employment by young people and older people

ALTAREIT COMMITTED TO "GRAINES DE PROMOTEURS"

Through new partnerships such as:

- "*Tous en Stage*", an internship initiative to allow secondary school students from disadvantaged areas to discover a range of professions and Altareit to promote careers in property to a young audience;
- financial support is also provided to the associations "*Viens Voir Mon Taf*"; and
- "*C' possible*" to fight against dropping out of school.

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* open-ended 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.

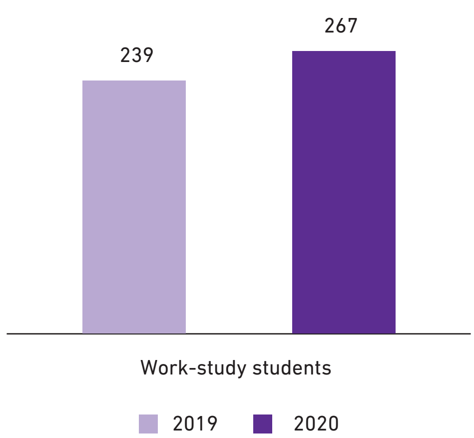
As of 31 December 2020, Altareit employees aged over 50 and under 30 accounted for a third of the Altareit headcount: 15% and 18% of the total headcount respectively. 14 employees over the age of 50 were hired on open-ended employment contracts in 2020 (29 in 2019).

Altareit's work-study policy was further strengthened this year. In 2020, Altarea welcomed 267 work-study students, compared with 239 in 2019. In addition to its information kits, Altareit implemented an 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. There was also a mentoring system, known as "buddies", and a time for discussion with Karine Marchand, the Group's HR Director.

11 interns or work-study students were offered fixed-term contracts following their training, and 12 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.

The Group is a partner of Engagement Jeunes, a platform used by large groups and SMEs to share the profiles of young people with each other.

CHANGE IN THE NUMBER OF WORK-STUDY STUDENTS



All of these initiatives contributed to the Group being awarded the Happy Trainees and Engagement Jeunes labels the first year of taking part. This bonus was renewed for the 3rd consecutive year in 2020. Altareit thus figures among the best companies in which to do an internship or work-study.

Disability policy

In 2020, 16 employees were declared as workers with disabilities.

In addition, ESATs (Établissement et service d'aide par le travail, organisation working for insertion of the disabled into the workforce) are used to provide a range of services (purchase of supplies).

An internal communication campaign and awareness-raising workshops on non-visible disabilities were renewed on the occasion of the European Disability Employment Week (posters, dedicated modules and a quiz on the Digital Academy, etc.).

Dialogue with employee representatives

The quality of employee dialogue is always a key focus of the Group's employee relations policy. With the COVID-19 pandemic, the various lockdowns and relaxations required regular discussions with elected officials and occupational health services to better adapt employees' working conditions and structures. Each decision involves consultation with the CSEs and the CSSCTs, where they exist, and is managed at Group level. Each CSE was regularly informed and consulted on plans to set up new organisations and new projects.

In collaboration with the members of the CSEs, the nurse and the occupational physician, the HR Department updated its policy for the prevention of physical and psychosocial risks by updating its handouts and strengthening its policy on well-being and quality of life at work. Harassment officers have been set up within each CSE and in Altareit's HR Department.

In addition, harmonisation work has continued with the ESU at Pitch Promotion, which now comes under Altareit's employment framework. The first work to harmonise employment rules in force within Altareit was carried out in 2020. The HR Department now wants to update its Common employment framework in 2021 to make sure Altareit's employees always enjoy the best social benefits and to make intra-Group mobility easier.

The HR Department continues its desire for harmonisation going beyond a labour relations policy and the conclusion of similar collective agreements/action plans at Group level (profit-sharing, employee savings plans, gender equality). Thus, the Management wants to set up an Inter-Company Social and Cultural Activities committee (CASCI) so that all employees benefit from common social initiatives. The CSEs were informed of this project and the Secretaries were all invited to an initial meeting to determine and work together with Management on the conditions for its implementation and future operation.

Compliance with the eight ILO conventions

The Group has committed to complying with the eight fundamental conventions of the International Labour Organization and ensures they are applied in its operations, particularly in relation to:

- respect for freedom of association and the right to collective bargaining;
- elimination of discrimination in respect of employment and occupation (ILO);
- the elimination of forced labour and slavery;
- the effective abolition of child labour.

Altareit also complies with the children's rights and business principles. Lastly Altareit's Ethics Charter reiterates the reciprocal rights and duties of employees and the company and stresses the principle of regulatory and legal compliance. It is available on the intranet and part of the new employee welcome package.

4.4.3 Compensation and value sharing

The compensation policy remains aggressive and targeted with an increased budget allocating €2.5 million for base salaries. It also rewards individual and collective performance by renewing the performance bonus levels of 2019 and reinforces the "Tous En Actions!" initiative for an original and attractive employee shareholding plan.

Salary policy

Scope	Objectives/ Commitments	2020 Results	2019-2020 Change	Trend comments
Altareit	Extending the sharing of added value	**672 employees have shares in the Group**	NA	**The capital increase reserved for employees was more popular this year (68%)**

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. A total budget increase of over 3% of payroll has also been distributed.

The Group is strengthening its social and societal commitments through its campaign which targets a number of groups. One budget was dedicated to basic salaries below a certain amount to compensate for cost of living increases. Thirty year olds 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 allocated in 2020 (for 2019) remains the same as in the previous year.

AN ORIGINAL AND AMBITIOUS EMPLOYEE SHAREHOLDING POLICY

In order to involve employees in the Group's success, the general three-year bonus share allocation plan was renewed.

The "Tous en Actions!" initiative means all employees on open-ended contracts can have a stake in the Group's profit growth, enabling those who wish to become shareholders in the Group.

At 31 December 2020, 45% of the workforce was a shareholder of the Group.

The year 2020 was marked by the renewal of the capital increase reserved for employees. This employee shareholding scheme has enabled Group employees to benefit from a discounted share price; matching by the Company; any dividends from Altarea shares reinvested in the FCPE (employee investment mutual fund), thus increasing the value of their shares. This scheme was overwhelmingly supported by employees of all subsidiaries.

Fair pay

In addition to promoting gender equality, Altareit is committed to respecting fair pay between men and women.

As such, in accordance with the law on the professional future and its implementing decree, the entities that make up Altareit have measured the indicators defined by the "gender equality" index.

The scores obtained for the results at 31 December 2020 are as follows:

- Cogedim Economic and Social Unit: 82/100;
- History & Heritage Economic and Social Unit: 82/100;
- Pitch Promotion Economic and Social Unit: 89/100;
- Cogedim Services Exploitation: 94/100.

Group entities published these scores on 1 March 2021.

It should be noted that the multitude of businesses that make up Altareit means there is a dispersion of compensation levels according to the activities. These scores are therefore merely indicative. In addition, the remuneration of Managers may be supplemented by a variable portion of pay, depending on the nature of the function performed and the level of responsibility.

During its salary process, Altareit sets aside a budget dedicated to closing the pay gap between women and men in equivalent positions.

4.4.4 Talent and skills management

Scope	Objectives/ Commitments	2020 Results	2019-2020 Change	Trend comments
Altareit	Continuing skills development according to the needs of the business line and developing the employability of employees	**98% of employees received at least one training course**	↗	**The accelerated and massive deployment of the Digital Academy and its numerous training modules greatly contributed to this goal.**
Altareit	Promoting/ Contributing to employee mobility	**48% of positions filled through internal mobility and promotion**	↗	**The resizing of teams as part of the managerial responsibility project has accelerated mobility.**

The "Talent Developer" Academy: early and accelerated digitisation

The "learning & development" model supported by the Academy created in 2017 relies on a diversity of learning methods: face-to-face, distance learning, experiential. This hybrid approach, supported by a learning business vision, had been anticipated well before the health crisis to meet the challenges of developing skills and so attracting and retaining our talents.

With the pandemic, face-to-face formats have been adapted to meet the challenges of maintaining safety, skills and social links between employees: the annual Tours de France led by our in-house experts have been transformed into regular interactive conference calls on topical business issues, and training in soft skills by virtual classes is now conducted sequentially for effective teaching.

In March 2020, the Academy rolled out its digital platform to all Altareit employees, with a wide choice of *à la carte* modules for distance learning. Employees can find all the strategic areas of Altareit's skills development plan: Group culture & strategy, core business, soft skills & management, digital skills. A fifth area has been created, that of health, safety and well-being, in cooperation with Altawellness, Altareit's scheme bringing together all its actions to support quality of life at work. Mandatory modules on preventative measures, wearing and using a mask, and conducting post-lockdown interviews provided a common foundation of best practices. It acts as a collaborative platform for discussion between learners in discussion forums and participation in communities (Managers, professions, in-house trainers, etc.).

The Digital Academy supported all employees during this atypical year marked by COVID-19, through specific kits and modules dedicated to collaboration, management and distance learning.

Pre- and post-lockdowns, the Academy room at the new headquarters allowed us to welcome our trainees in absolute compliance with preventative measures.

ACADEMY THURSDAYS

To cultivate the pleasure of learning, Altareit offered a weekly learning event, open to all employees, on "Jeudis de l'Académie". This "learning break" brought together more than 150 employees to explore topical, sociological or philosophical themes! Instead of our urban walks, a virtual urban expedition was even tested, to the satisfaction of participants.

A learning dynamic sustained

THE ACADEMY AT THE SERVICE OF CSR CHALLENGES

In 2020, the Training Academy rolled out a module on Altareit's CSR approach. This module combined with a live format that brought together many employees.

In 2021, a major programme will be rolled out, focusing in particular on climate change.

This agility has made it possible to maintain the level of training with nearly 2,900 training days recorded in 2020 and an increase of +24% in the proportion of employees having completed at least one training action compared to 2019. The provision of a digital platform accessible to all employees has made it possible to democratise learning content to promote cross-functionality, encourage a learning culture and support internal mobility initiatives.

The training investment for Altareit has taken up 3% of the payroll and has covered the entire learning policy since 2020. A significant investment continues to be made to finance large-scale initiatives: "core business" themes, which make up the majority of the offer, managerial careers, training leading to certification, and support for young people on work-study contracts.

The integration process is not left out as 100% of new employees could access the onboarding module at the Digital Academy, 54 employees benefited from a face-to-face seminar prior to the first lockdown and 105 employees were invited to a digital induction seminar.

Mobility and Promotions

Altareit continued its committed policy in terms of mobility and internal promotion in 2020.

Mobility and promotion in figures:

In 2020, 48% of positions were filled internally. Altareit had 153 employees involved in 161 transfers and promotions.

In 2020, Altareit filled almost 22% of its open positions through mobility: business line, geographical, inter-department, company. There were 48 internal transfers and 171 new hires through external recruitment. In addition, 113 employees were promoted.

To drive this internal mobility policy, Altareit carries out individual and collective actions.

Employees express their plans and desire for mobility to their Manager during their annual review. The information is collected and studied. HR Mobility committees meet monthly and include the subsidiary HR Departments. Their objective is to monitor movements and oversee connections between the employees' projects and the positions to be filled.

To promote jobs to employees, Altareit wanted to re-issue the jobs and internal mobility forum that took place in June 2019. A remote version was developed to facilitate exchanges despite the health situation.

Employees receive an Altajobs newsletter once or twice a month, providing information about the Group's business and mobility news. A dozen testimonials have been offered to employees since September 2020. Experience-sharing sessions with employees who have experienced a change of profession and/or geographical mobility.

This was a great success with more than 250 registered for these sessions. Short animated formats on Teams that are intimate, pleasant and spontaneous. There are two main motivations for registering: getting to know Altareit better or getting to know a job better, through the description by a Manager in the process of being recruited for a position that you are interested in.

To remind everyone of best practice in terms of mobility, an accessible training programme was developed *via* Altareit's Digital Academy. This 20-minute module gives the right advice to employees who are interested in accelerating their career within Altareit.

4.4.5 Safety, health and well-being of employees

Scope	Objectives/ Commitments	2020 Results	2019-2020 Change	Trend comments
Altareit	Extending the Altawellness offering	**A strengthened offer in the context of the health crisis**	↗	**A new, more agile approach has been implemented, including a face-to-face/remote mix.**
Altareit	Managing absenteeism	**The absenteeism rate for 2020 is 2.98%**	↗	**The absenteeism rate remains below 3%**

GREATER ATTENTION TO ITS EMPLOYEES

In this unprecedented context, Altareit has invested in a new social and parental support service to provide support on personal issues: close dependent relatives, divorce, over-indebtedness, illness, etc. This anonymous service has been very popular with employees since its inception in June 2020.

The health and safety of employees was the top priority for 2020.

Since the beginning of the health crisis, Altareit has organised itself to strictly apply the measures recommended by the Government, with the provision of masks, hand sanitiser and the reorganisation of spaces and flows to respect social distancing. Teleworking has been encouraged, under the responsibility of Managers.

Altareit even went beyond the recommendations, by mobilising a full-time nurse at our head office and by performing PCR tests on employees on a voluntary basis and with absolute respect for confidentiality.

Another priority in 2020 is to preserve the mental well-being and commitment of our employees, who are faced with unprecedented working conditions. To this end, the Human Resources Department has regularly communicated to all employees, issuing notes detailing the measures taken by Altareit to safeguard the health and safety of employees. Guides and tutorials have also been created on topics such as teleworking and the risks related to isolation. After the lockdown, a "practical guide to health measures" was formalised and distributed to all employees, specifying the protocol in force at the Altareit sites to ensure a highly secure working environment and a gradual return to the office in exemplary health and safety conditions. Lastly, the HR Department has set up a mandatory "return-to-work" interview for all its Managers to discuss lockdown conditions, organise face-to-face feedback and define short-term priorities and priority actions.

The Altawellness brand

In September 2018, Altareit created the Altawellness brand, an approach designed to take a holistic view of employees and offer them handy solutions to take care of their physical and mental health.

It is reflected in the provision of service platforms and online modules accessible to all on the Digital Academy, face-to-face events promoting the sharing of experiences and remote "Live" formats, and events such as "the QVT week" which was held again in 2020.

The AltaWellness programme has been significantly strengthened to address the health crisis:

- weekly webinars led by health experts (fight against sedentary lifestyle, nutrition, stress management, etc.);
- daily online sessions of sport, culture and well-being to continue to share good moments with colleagues;
- the possibility to access personal services on preferential terms to facilitate the daily life of parents thanks to a network of volunteers providing distance learning support.

Occupational health

Altareit's activities do not pose a high risk to the health and safety of employees.

Ongoing initiatives to promote a safe working environment and ensure the health and well-being of employees include regular 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 has also put in place, at Altareit level, recommendations concerning posture and work spaces in consultation with the occupational doctor and the safety and hygiene of commissions of the Social and Economic committees (CSEs).

Employees and their beneficiaries enjoy complete and quality supplementary healthcare and disability coverage.

With the relocation of all Altarea Group's head Offices, Altareit wanted to reinforce its commitment by creating a health centre. Currently, a nurse and an occupational physician are present at the head office to provide employees with access to essential care, carry out preventive actions, listen and inform. They also carry out medical visits.

In 2020, this unit played a decisive role during the health crisis. As a privileged space to receive and reassure employees about the measures taken by Altareit in terms of risk prevention (including for employees in the regions), it has also been responsible for conducting PCR tests since September. Individual support sessions and well-being workshops, particularly to combat anxiety and isolation linked to the various lockdowns, were regularly offered. A psychological helpline was made available to all from the first lockdown.

Relocation to the new joint headquarters

The big project in 2020 was the move of all Paris Region employees to Richelieu: the Group's new Paris head office. It benefits from an address in the heart of Paris, between la Bourse and l'Opéra Garnier.

In addition to showcasing the Group's Business property expertise, Richelieu is a smart building that promotes collaborative interaction. It provides the opportunity to work in a number of different places (work spaces, meeting rooms, collaborative spaces, restaurants, tea rooms, patios, etc.) as close to colleagues as possible.

All Altareit subsidiaries have been brought together whilst their individual identities are retained. The support functions play a central role and the information systems are harmonised.

The layout of the building is designed to support collaborative and cross-functional working and, over time, through its flexibility, offers a response to new working methods in line with the changing expectations of employees and quality of life at work.

Altareit employees were involved in designing the building through many workshops aimed at co-designing the future working spaces and services as well as by voting on furnishings.

This was done under optimal safety conditions for all: appointment of a COVID-19 contact, employees brought back in a gradual way department by department, application of social distancing measures and rules for moving around, more thorough cleaning of the premises, etc.

Teleworking Charter

Since 2018, Altareit has had in place a teleworking charter that strikes a balance between efficiency, work-life balance and CSR. Teleworking forms part of a QWL approach, alongside CSR and Sustainable development concerns.

The year 2020 was marked by the widespread use of teleworking due to the crisis. The company has been able to adapt by demonstrating agility in facilitating remote working. In-depth discussions were conducted in working groups (HR, Youth committee) in conjunction with Managers (interviews conducted, etc.). A number of tools have been made available to Managers and employees, including the teleworker kit and training modules on how to manage remotely.

Other initiatives

The policy of exceptional leave time for life events will form 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, etc.), the conditions for maternity and paternity leave were improved. Since 2018, employees continue to be paid their gross salary with no condition of length of service for maternity leave and after one year with the Company for paternity leave. Additional support measures were put in place in the context of the health crisis through a new social and parental support service providing advice on personal issues.

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. Each employee has the right to disconnect outside the business hours of the establishment in which they normally do their work in compliance with a minimum daily and weekly rest period provided for by law, except in exceptional circumstances.

Altareit has reaffirmed its commitment to the right to disconnect through the adoption of a Charter on the right to disconnect for all its entities.

Absenteeism

Absenteeism is the subject of an exhaustive and detailed review each year, with an analysis of each reason by entity. It was monitored even more closely in 2020 due to the health crisis.

The absenteeism rate remains below 3% and and slightly higher than the previous year.

4.4.6 An HR & managerial policy popular internally and recognised external

Top employee 2021

In 2020, the Group launched a process to benchmark its HR and managerial practices. In the first year, Altareit obtained the Top Employer 2021 label.

For more than 25 years, the Top Employers Institute has been evaluating companies' human resources and management practices. As a unique and independent observer, the Institute has certified more than 1,500 organisations in 120 countries since its creation. Top Employers certified organisations are committed to providing the best possible working environment for their employees through innovative human resources practices that prioritise human capital.

The Top Employers Institute has assessed and rated all the programmes that Altareit offers to its employees. Its survey covered six major HR areas, divided into twenty themes such as the talent management strategy, the working environment, Talent Acquisition, training and skills development, well-being at work, and diversity and inclusion.

PILOTER (STEER)

1 - Business strategy
2 - Statégie RH
3 - Leadership

ORGANISER (SHAPE)

1 - Organisation & Transformation
2 - Digital HR
3 - Working environment

ATTIRER (ATTRACT)

1 - Employer brand
2 - Talent Acquisition
3 - Integration

DÉVELOPPER (DEVELOP)

1 - Performance management
2 - Careers
3 - Training & Dev. skills

ENGAGER (ENGAGE)

1 - Well-being
2 - Commitment
3 - Recognition and salary policy
4 - Management of departures

RASSEMBLER (UNITE)

1 - Values
2 - Ethics and integrity
3 - Diversity & Inclusion
4 - Corporate responsibility

Happy Trainees 2021

In parallel with this new label, Altareit continued to interview young talents (work-study students, interns) about their experiences within the Group. This confidential survey is conducted by our service provider Choose my Company. For the third consecutive year, Altareit obtained the Happy trainees label, awarded based on the opinions of work-study students and interns.

87.2% of young people think they progress and learn at Altarea

91.9 % would recommend Altarea for a work/study course or internship

86% think work is organised in a way that respects work/life balance

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 1,229 companies and funds assessed around the world in 2020.

In 2020, 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 non-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 Group Indicators

Key environmental indicators

Group carbon footprint

In tCO_2e	2020	2019	Comments
Scopes 1 and 2	787	843	The decrease in emissions is mainly due to the effects of the COVID-19 pandemic, which slowed the number of deliveries over the year
Scope 3	429,705	571,494	

Key social indicators

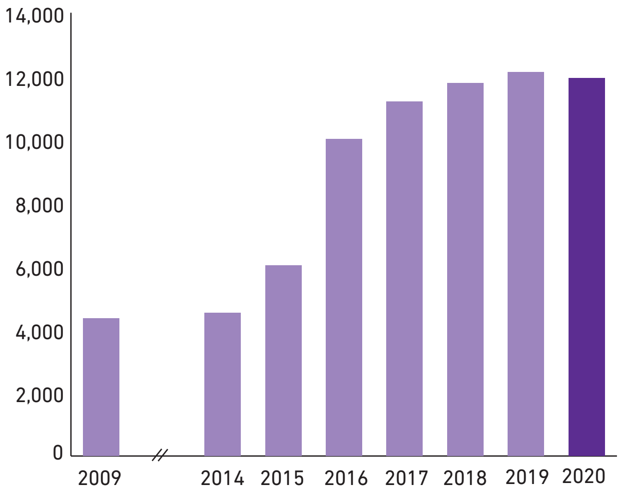
		Unit	2019	2020
TOTAL HEADCOUNT	**TOTAL HEADCOUNT END OF MONTH**	No.	**1,611**	**1,503**
By contract type	Number of employees on open-ended contracts	No.	1,545	1,457
	Number of employees on fixed-term contracts	No.	66	46
	Percentage of women in the total headcount	%	56%	55%
By country	Percentage of employees in France	%	100%	100%
	Percentage of employees in Italy	%	0%	0%
	Percentage of employees in Spain	%	0%	0%
By age	Under 30	%	19%	18%
	30 to 50	%	64%	67%
	Over 50	%	17%	15%
By status	Percentage of employees in management positions	%	73%	76%
	Percentage of employees in non-management positions	%	27%	24%

		Unit	2019	2020
Hires	Number of new hires on open-ended contracts	No.	349	171
	Percentage of women hired on open-ended contracts	%	58%	53%
	Percentage of Managers hired on open-ended contracts	%	68%	71%
	Number of fixed -term contract hires	No.	67	104
	Number of work-study contracts	No.	90	142
Departures	Number of departures of employees on open-ended contracts excluding mobility and administrative transfers	No.	238	201
	Total departure rate	%	15.9%	13.3%
	Non-Manager departure rate	%	19.2%	14.5%
	Manager departure rate	%	14.8%	12.9%
Reason for departures	Percentage of resignations	%	52%	47%
	Percentage of dismissals	%	10.5%	11%
	Percentage of agreements between employer and employee	%	17%	20%
	Percentage of retirements or early retirements	%	3%	3.5%
	Percentage of probation periods ended by employer	%	10.5%	14%
	Percentage of probation periods ended by employee	%	7%	4%
Working time	FTE on open-ended contracts/FTE on fixed-term contracts	No.	1,543.4	1,491.5
	Average headcount end of month open-ended contracts	No.	1,501.1	1,512.4
	Number of theoretical hours worked excluding overtime	No.	2,469,440.0	2,386,400
	Turnover rate	%	19.6%	12.3%
Gender equality	Percentage of women among management-level employees	%	46.7%	46.1%
	Percentage of women on the managing executives committee	%	25.5%	26.7%
Disability	Number of employees having reported a disability	No.	8	16
Anti-discrimination	Number of interns during the period	No.	62	51
	Number of work-study contracts during the period	No.	239	267
Employee dialogue	Number of employee representatives	No.	74	56
	Percentage of employees covered by a collective agreement	%	100%	100%
Fixed compensation	Average gross annual employee compensation – excluding variable compensation and employer contributions	€	€48,611	€59,810
	Average gross annual non-management compensation – excluding variable compensation and employer contributions	€	€22,335	€33,200
	Average gross annual management compensation – excluding variable compensation and employer contributions	€	€62,075	€67,517
Training	Total training expenditure	€	€2,894,901	€3,386,339
	Average training expenditure per employee trained	€	€2,371	€2,234
Promotions	Number of employees promoted in the year	No.	102	113
	Percentage of employees promoted in the year	%	6.6%	7.5%
Mobility	Number of employees having benefited from one or more forms of mobility	No.	110	48
	Percentage of employees having benefited from one or more forms of mobility	%	6.8%	3.2%
	Percentage of vacancies filled as a result of mobility	%	24.0%	21.9%
Absenteeism/ Accidents	Rate of absenteeism excluding maternity leave/paternity leave/other causes	%	2.5%	2.98%
	Number of occupational illnesses	No.	0	1
	Number of workplace accidents (with work stoppages excluding accidents on the journey to and from work)	No.	6	7
	Frequency rate of workplace accidents	-	2.43	2.93
	Severity rate of workplace accidents	-	0.08	0.12

4.5.3 Residential indicators

Change in scope

NUMBER OF UNITS RESERVED DURING THE YEAR



Key environmental indicators

Percentage of homes with environmental certification or label[(1)]

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	target	2020
20%	41%	59%	68%	68%	53%	45%	46%	50%	49%	55%	**> 25%**	**49%**

The share of housing with environmental certification or label is stable despite the strong increase in activity and the integration of new subsidiaries.

Percentage of homes with an energy performance higher than the applicable regulation[(1)]

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
42%	71%	86%	89%	61%	43%	29%	41%	35%	54%	**46%**

Since the entry into force of RT2012 on the 1 January 2013, the proportion of residential projects with a energy performance higher than the regulation has been stable, despite the strong increase in activity and the integration of new subsidiaries.

(1) Excluding co-development, refurbishments and managed residences.

Key societal indicators

Percentage of quality certified homes (NF Habitat)[1]

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	target	2020
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	**100%**	**100%**

The Group has long been committed to the development of quality housing. Since 2009, it has been involved in NF Habitat certification, the benchmark certification for housing quality in France.

Percentage of dwellings within 500 meters of a public transport stop

2014	2015	2016	2017	2018	2019	target	2020
99%	96%	97%	98%	99%	99%	**> 95%**	**99%**

Proximity to public transport is a pre-requisite. The Group's projects have been very close to public transport networks since 2015.

Percentage of locally sourced projects purchases[2]

2017	2018	2019	target	2020
66%	77%	73%	**> 70%**	**83%**

The Group is attentive to its contribution to the local economy and quantifies the share of purchases made from companies close to construction sites.

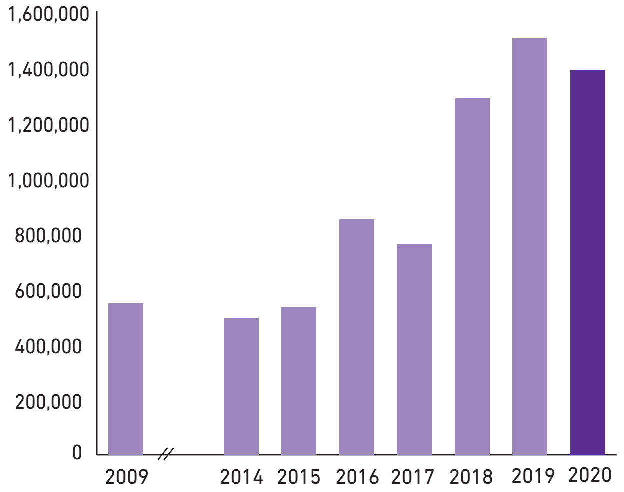
(1) Excluding co-development, refurbishments and managed residences.

(2) Excluding Histoire & Patrimoine.

4.5.4 Business property indicators

Change in scope

BUSINESS PROPERTY PORTFOLIO AT 31 DECEMBER *(in m²)*



Key environmental indicators

Percentage of projects with environmental certification

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	target	2020
At least one environmental certification	42%	76%	90%	97%	97%	97%	98%	97%	100%	100%	100%	-	**100%**
Double BREEAM®/HQE certification	-	-	-	-	23%	29%	52%	57%	100%	100%	100%	-	**100%**
HQE at least Excellent and BREEAM® at least Very Good	-	-	-	-	-	-	-	-	100%	100%	100%	**100%**	**100%**

The Group has been very committed to the main environmental certifications since their creation. As of 2010, a significant proportion of projects was already certified. Since 2017, 100% of projects have been doubly HQE and BREEAM® certified at high levels.

Percentage of projects with an energy performance higher than the applicable regulation

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	target	2020
Level THPE, BBC, Climate Plan or RT 2012 equivalent	77%	90%	94%	91%	-	-	-	-	-	-	-	-
Level ≥ RT-30%	-	-	-	-	86%	89%	99%	100%	100%	100%	**100%**	**100%**

A high level of energy performance is a prerequisite for the Group. All projects outperformed RT by at least 30%. This makes it possible to anticipate future regulations, notably the RE2020.

Percentage of projects with renewable energy

	2019	2020
Percentage of projects using renewable energy	86%	**79%**
Percentage of projects producing renewable energies (self-supply or fed back to the grid)	38%	**27%**

The Group strives to reduce the carbon footprint of its projects by using renewable energy whenever possible.

Proportion of refurbishment projects in the Paris Region

2014	2015	2016	2017	2018	2019	2020
20%	40%	47%	66%	66%	55%	**42%**

The Group has developed know-how in creative restructuring. The share of refurbished projects in the Paris Region has been over 40% since 2015.

Key societal indicators

Percentage of projects less than 500 meters from a public transport stop

2014	2015	2016	2017	2018	2019	target	2020
94%	95%	92%	100%	100%	100%	**100%**	**100%**

Proximity to public transport is a pre-requisite of all Group projects. Since 2017, 100% of projects have been located less than 500 meters from a public transport stop.

Share of multi-use projects

2017	2018	2019	target	2020
78%	81%	83%	**> 75%**	**78%**

The Group offers mixed use for the majority of its projects.

Percentage of projects in the Paris region targeting a digital connectivity label

2017	2018	2019	target	2020
71%	87%	90%	**100%**	**99%**

The Group is committed to guaranteeing long-term technological performance in its buildings in order to meet needs related to the digitisation of the world of work.

Percentage of projects in the Paris region that are WELL certified

2017	2018	2019	2020
82%	87%	86%	**89%**

The Group monitors this indicator but no longer makes it an objective; it seeks *ad hoc* approaches to meet the needs of its customers in terms of well-being.

4.5.5 Corporate indicators

In June 2020, the Group moved to a new head office, 87 Richelieu. The operating contracts include ambitious CSR clauses on building management and monitoring of consumption and waste, including a zero plastic policy. This building only counts toward part of the year for data purposes, and the COVID-19 pandemic reduced the presence of teams at head office. The figures below present the 2020 consumption figures of the 87 Richelieu building, but are not very representative. The ratio per FTE monitored each year is therefore not presented here. More detailed monitoring will be established in the future.

	2020	Comments
Electricity consumption at 87 Richelieu	1,306 MWh	Consumption relates to June-November 2020, as the Group moved into its new head office in June.

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 third year. Altareit voluntarily published a CSR performance report, as it is not under the obligation to do so.

Identification and rating of non-financial risks

To identify its non-financial risks, Altarea Group mobilised existing resources: the materiality analysis (see below), the Group risk mapping (updated in 2019) and the major trends described in the integrated strategy report. The risks analysed are the gross risks, before the mitigation measures taken by the Group.

Following an exhaustive cataloguing of the Group's risks and challenges, we carried out a process of classification and ranking in order to create broad families of risks, removing insignificant or irrelevant risks and retaining the most important ones for the business. This work was performed jointly with the various internal stakeholders (CSR Department, the HR Department, the Risks and Internal Control Department).

The risks deriving from this selection were then rated on the basis of the evaluation scale used by Risk and Internal Control for the Group's risk mapping (rating of probability of occurrence and of severity).

Appropriate policies and indicators have been associated with each of these risks.

The risks and their rating were presented by the CSR Department:

- to the Finance Department, allowing joint work on the business model to be extended; and
- to the Group CSR committee, which brings together a representative of each business line.

These exchanges led to the list of risks and policies identified being added to and amended.

Lastly the summary document of risks and their ratings was presented to management in the context of an exchange on the Group's non-financial risks, to validate this analysis with the Executive Committee and confirm its strong link to the Group's strategy.

During the process, the list of risks was also presented to the independent third party organisation who are verifying the Group's DPEF.

CSR materiality matrix

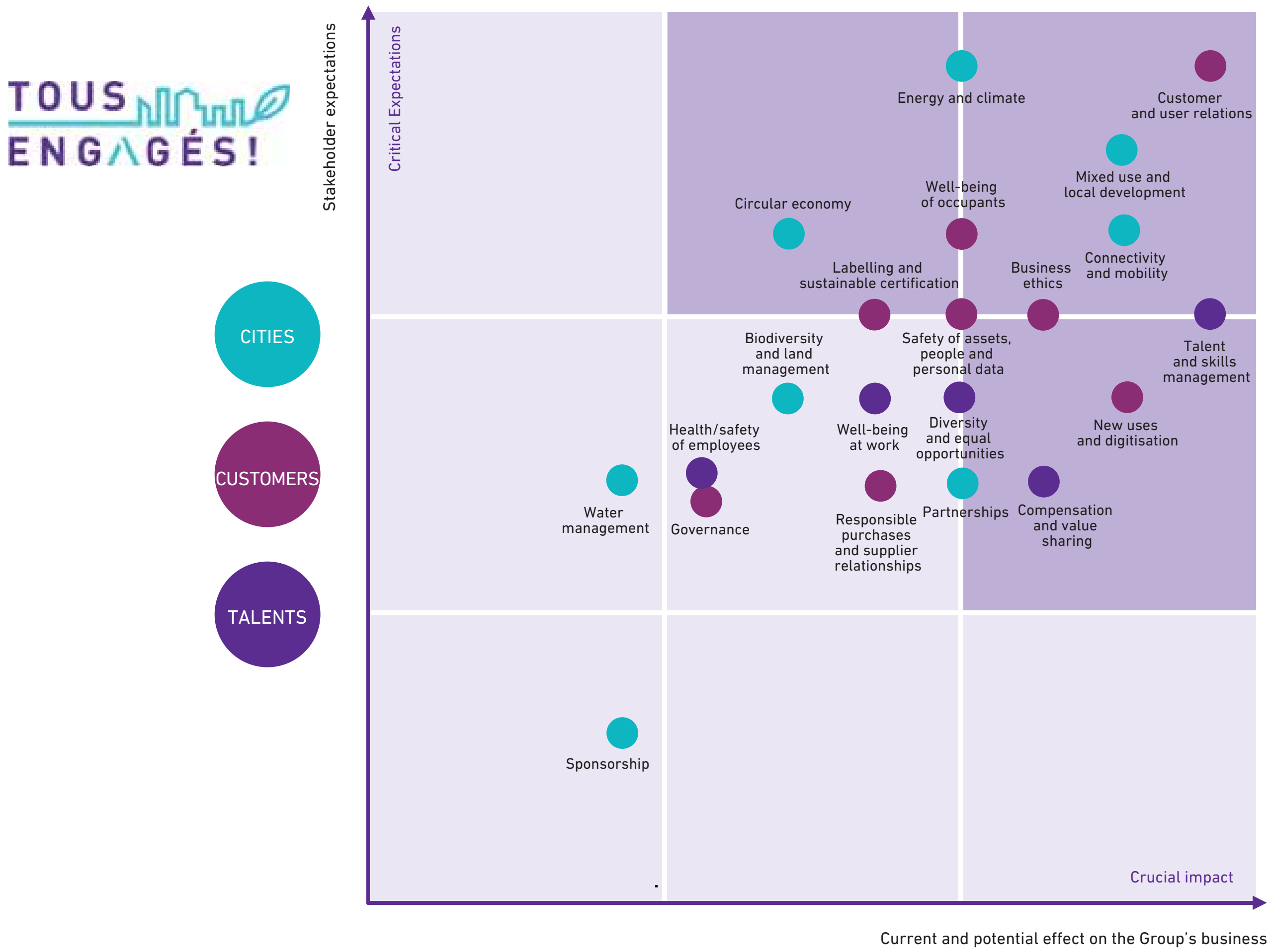
The Group's materiality matrix, dating from 2016, was used to help deploy the Group's CSR approach and to identify risks during the preparation of the DPEF in 2018 (see previous paragraph). It is based on a detailed analysis of the regulatory environment and trends, interviews with 13 external stakeholders (investors, customers, retailers, local authorities, etc.) and an internal consultation held by the CSR committee (see section 4.1.3).

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

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

Of these 21 issues, 14 were identified as material. The two approaches of materiality and risks complement each other and offer an overview of the Group's ESG risks. In addition, these issues were supplemented and updated in 2020 as they had changed significantly (see 4.1).

MATERIALITY MATRIX



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 of best practices for Residential properties **NF Habitat** **NF Habitat HQE™**	EMS office projects **BREEAM®** **HQE**
Additional tools: training on regulatory changes and certifications, biodiversity guide, social economy guide, well-being guidelines, confort guide, etc.	

Environmental management system (EMS) for certifications

Property Development (Residential)

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.

Property Development (Business property)

In 2010, the Group implemented *SME Projets Tertiaires* (Office 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 projects.

Tools to complement EMS

Training

In general, employees regularly attend training sessions, at the initiative of the various Group departments, in particular when the regulations change. In 2020, the Group carried out structuring work to formalise an ambitious training plan to support the deployment of the Group's ESG strategy.

Its content was developed based on the Group's CSR priorities and the needs expressed by employees. It covers the Group's major CSR challenges: climate change, the circular economy and the positive socio-economic impact on the regions.

The plan provides for diversified formats to best address the selected topics with attractive and innovative teaching methods, suitable for everyone from generalist to expert. For example, to meet the time constraints of employees, the plan includes very short e-learning modules. A number of learning expeditions will also be organised to inspire employees.

In 2020, one of the first actions was the holding, during the first lockdown, of an online conference for all employees, with the aim of reminding everyone of the Group's "*Tous engagés !*" programme.

Awareness actions

The Group also stepped up its CSR awareness actions. The relocation of the head office to 87 Richelieu has made it possible to set up user-friendly and collaborative formats, despite the context of the COVID-19 pandemic. The spaces have been designed to develop cross-functionality between all teams.

The CSR Department took advantage of Sustainable development Week to challenge employees on the topical issue of resilience. It organised a conference on the theme of "the city in the coming world", accessible at the head office and by video, in partnership with the Economic Meetings of the Cercle des Économistes. Key players in the field took part, such as the architect Winy Maas and Professor Carlos Moreno.

In addition, in 2020, the Group conducted an awareness-raising campaign for all employees, as it does every year for SSE month. In two major themes for the Group - short supply chains and intergenerational housing - it focused on sharing social economy solutions and intra-group collaborations.

Tools and 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:

- a grid presenting potential levers to support the circular economy in a property project;
- in-depth tools on summer comfort solutions to be implemented on projects;
- a guide on the multiple certifications and labels available on the market which provides employees with information by theme on the basics and technical and financial restrictions;
- a guide to provide information on ways to develop and enhance biodiversity in neighbourhood projects (housing developments, offices, hotels and mixed-use projects);
- finally, there is a guide dedicated to the social and solidarity economy (SSE) updated in 2019, which provides information on the world of the ESS and includes mapping and contact details of the stakeholders that can be mobilised for Group projects (see 4.2.1).

(1) *Excluding co-development, refurbishments and managed residences.*

4.6.3 Methodology and verification

Verification

Altareit contracts an independent third-party body to verify the truthfulness of the following information: key performance indicators and actions.

Completeness 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 ALTAREA EXTRA-FINANCIAL REPORTING

	ENVIRONNEMENT		SOCIAL
BUSINESS	RESIDENTIAL	BUSINESS PROPERTY	CORPORATE
STANDARD	Internal definition (Methodology and verification chapter)		GRI CRESS
PERIOD	1 October N-1 to 30 September N and 30 September N for new housing		1 January 31 December N
SCOPE	317 projects 25,096 Residential units	50 projects 632,615 m^2 Net surface area or floor area	1,503 employees
REPORTING COVERAGE	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.

On collection, for the reporting period, *of more* precise data for prior periods, the indicators are recalculated with this new data.

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 corporate scope of reporting includes environmental data for Altareit's head office at 87 rue de Richelieu, in Paris, where the Parisian teams moved to in June 2020.

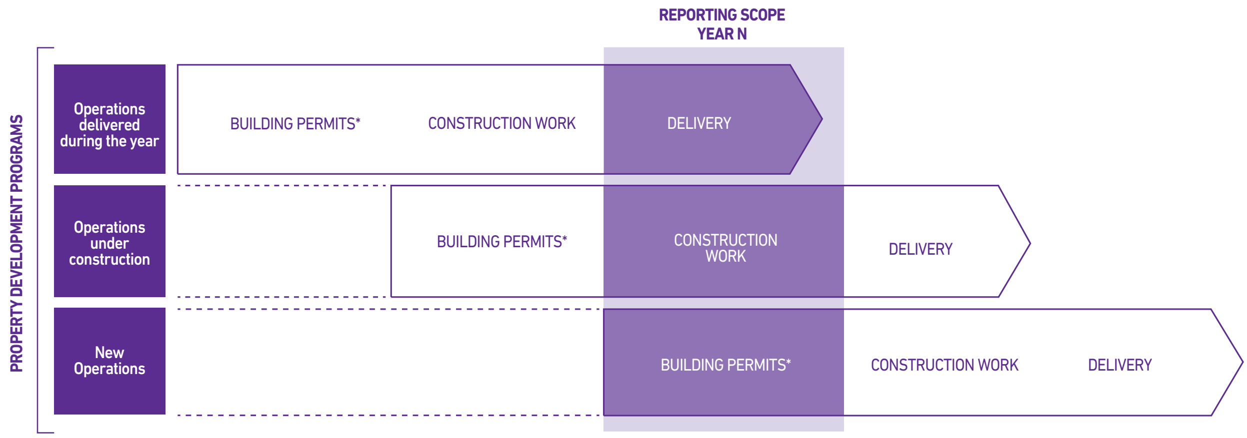
Property Development

The scope of reporting for Property Development includes operations which, during the reporting period:

- have obtained a building permit (except for new housing projects, which involve the acquisition of land);
- were in progress;
- were delivered.

The diagram below summarises the methods for the entry and exit of operations for each business line (Residential, Business property).

SUMMARY OF METHODS FOR TAKING INTO ACCOUNT NEW PROJECTS IN THE REPORTING SCOPE



**The acquisition of land for new housing projects.*

When an external structure is acquired, its activity is gradually integrated into the reporting. Severini, recently consolidated into the Group, will be gradually integrated into the reporting in the future. Its operations represent less than 2% of the Group total.

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 concordance table

The table below can be used to determine the issues identified in the materiality matrix.

Level of importance	Matrix issue	Location
Capital	Customer and user relations	Customers theme: 4.3.1 and 4.3.2
Capital	Mixed use and local development	Cities theme: 4.2.1
Capital	Energy and climate	Cities theme: 4.2.2
Capital	Connectivity and mobility	Cities theme: 4.2.1 and 4.2.2
Capital	Well-being of occupants	Customers theme: 4.3.2
Capital	Business ethics	Customers theme: 4.3.6
Capital	New uses and digitisation	Customers theme: 4.3.5
Capital	Talent and skills management	Talents theme: 4.4.4
Capital	Compensation and value sharing	Talents theme: 4.4.3
Capital	Diversity and equal opportunities	Talents theme: 4.4.2
Capital	Safety of assets, people and personal data	Customers theme: 4.3.7
Capital	Labelling and sustainable certification	Customers theme: 4.3.3
Capital	Circular economy	Cities theme: 4.2.4
Capital	Partnerships	4.1.3 and Cities theme: 4.2.6
Significant	Well-being at work	Talents theme: 4.4.5
Significant	Responsible supply chain and supplier relationships	Customers theme: 4.3.4
Significant	Biodiversity and land management	Cities theme: 4.2.3
Significant	Health/safety of employees	Talents theme: 4.4.6
Significant	Governance	Chapter 6 of the 2020 Universal Registration Document
Moderate	Water management	4.5.2
Moderate	Sponsorship	Cities theme: 4.2.6

4.7 Independent auditor's report

Year ended 31 December 2020

Independent verifier's report on a selection of non-financial information

To the Shareholders,

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 2020 as detailed in Appendix 1 (hereinafter referred to as the "Information"), which the entity has chosen to prepare and present in its management report.

The entity's responsibility

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 system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

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 2020 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 2020 and March 2021 over a total period of about nine weeks.

We conducted the work described below in accordance with ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information and professional standards applicable in France:

- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- 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 proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out at the level of the consolidating entity and at a selection of contributing sites (Gravity project);
- we assessed the overall consistency of the non-financial information with our knowledge of all the entities included in the scope of consolidation.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

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, 25 March 2021

The independent third-party body

EY & Associés

Jean-François Bélorgey	**Éric Duvaud**
Sustainable development	Associate

Appendix 1: verified information

Social information

- The total headcount
- The absenteeism rate
- The departure rate
- The proportion of employees who participated in at least one training course during the year
- The number of training days
- The number of employees trained in ethics
- The representativeness of women in management
- The number of work-study students recruited during the year
- The development of recruiting, integrating and training systems for employees
- Promotion of diversity and equality of chances
- Strengthening well-being and quality of life at work
- Employees' awareness and training in business ethics

Environmental information

- The share of certified areas or in the process of environmental certification (the environmental management system)
- 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)
- Share of areas studied by ecologists
- Certifications sought under WELL, WiredScore and R2S
- A reduction in the direct footprint
- Use of energies that emit less greenhouse gases
- Development of connected operations and refurbishment
- Improving the energy efficiency of projects
- Limiting exposure to climate change
- Site waste recovery and reduction of raw materials' consumption
- Development of activities linked to wooden construction
- Preservation and improvement of existing biodiversity
- Strengthening of the Group's innovation culture

Societal information

- The employment footprint (direct, indirect, induced and hosted jobs)
- The proportion of local purchases for development projects
- 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 projects within 500 meters of a transport network (urban integration)
- Development of the responsible purchasing charter
- Safety on construction sites
- The development of activities related to the social and solidarity economy
- Contribution to regional economic development and local employment
- 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 control in order to: safeguard the company's value, assets and reputation; secure 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.

We remind you 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 internal control and risk management system is run by the Internal Control Department, reporting to the Group Chief Executive Officer.

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 responsibilities of the governance bodies (see Section 6.2.3 "Supervisory Board");
- procedures and *modus operandi* specific to the business and objectives of the Group's different business lines;
- 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. The risk-mapping is periodically updated.

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, professional ethics and conflicts of interest in a clear 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.

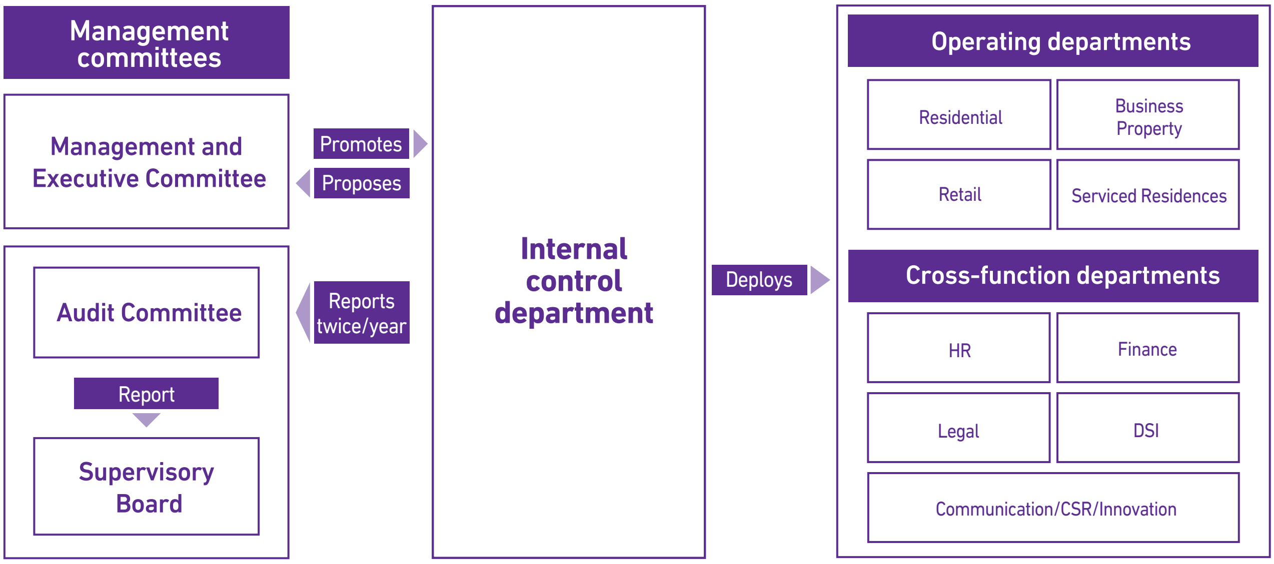
5.1.2.3 Management of the Group's internal control function

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 the 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 its appendices and the correct functioning of the Altarea Supervisory Board's specialised 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 relating to the preparation and processing of the Group's accounting and financial information

The Group is particularly sensitive to the reliability of the budget processes, the correct consolidation of accounting data and the quality of the financial data published. The Statutory Auditors, the Audit Committee and Supervisory Board closely monitor the clarity of the financial information and compliance of the accounting methods used. The Altareit Group therefore considers the risks associated with the preparation of financial information to be moderate, given all 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. During these committees, the Corporate Finance Department discusses current financial issues.

In addition, a Cross-Functional Finance Committee is held on a quarterly basis by the operational and corporate finance departments in order to ensure a common approach to managing the business and improving communications. This committee includes all the managers in the finance function and is used to share objectives and issues as well as to improve the flow of information across functions.

Accounting and financial structure and main internal control procedures

(i) Accounting and financial organisation

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).

The Corporate Finance Department ensures:

- the keeping of individual company accounts by Group employees for each operating subsidiary;
- the preparation of the Group's consolidated financial statements with dedicated teams.

The Corporate Finance Department is responsible for the quality and reliability of all the published or regulatory accounting information: consolidated financial statements (IFRS), parent company financial statements (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 an activity report consistent with the accounting information.

Within the operating divisions, accounting and financial monitoring is carried out by 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.

(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 components are discussed with the Statutory Auditors prior to each period-end;
- 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 division: Group accounting chart 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 based on efficient business and financial information systems. Manual and automatic controls exist in order to secure the flow and processing of data that come from these systems.

(i) Property transaction software

The Property Development division uses Primpromo real estate operations management software which optimises the monitoring and control of projects 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 structure of this package allows close integration of accounting systems. It therefore helps to reduce the risk of material mistakes.

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 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 Universal Registration Document, and help prepare it, and thus allows for a systematic and cross review of the different parts. This software was updated in 2020 to include the tools required to comply with the obligations of listed companies to prepare annual financial reports and/or URDs in a single electronic format.

(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 (SAP BFC). 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.

All of the Group's flows are secured with the 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 and analysis of daily changes in banking positions.

5.1.4 Managing interest rate and counterparty risk

The debt of Altarea Group, to which Altareit and its subsidiaries belong, mainly consists of fixed-rate bonds, short-term commercial paper (Neu CP) and medium-term notes (Neu MTN) at fixed or variable rates and bank loans (mortgage and corporate) at fixed or variable interest rates.

The Group is thus exposed to the risk of changes in interest rates on its existing floating-rate debt and on future fixed-rate refinancing transactions. An increase in interest rates could lead to an increase in interest expenses. Sensitivities to a rise in interest rates are described in note 8.2 "Interest rate risk" in chapter 2.3 "Other information attached to the consolidated financial statements".

Moreover, the use of derivatives as part of its interest rate risk management may also expose the Group to adverse effects on its results in the event of default by its counterparty.

The Group adopts a prudent interest rate risk management policy, designed to preserve the funds from operations generated by the property development activity by hedging debts (whether or not they are backed by these assets). The instruments used are mainly interest rate swaps and interest rate options[1].

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.

(1) *The financial instruments used are described in Note 8, "Financial risk management", of Section 2.3 "Other information attached to the consolidated financial statements" of this Registration Document.*

5.1.5 Managing business ethics risk

Combating fraud

To mitigate risks of fraud or embezzlement, procedures have been set up for cash and cash flows to ensure that they are secure (bank powers; rules for opening, modifying and closing bank accounts; daily reconciliation of bank transactions with accounting entries; and 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 or recruitment) is reported to the Internal Control Department which sends out regular reminders 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 matters.

Combating money laundering and the financing of terrorism

Our prevention mechanism is primarily centred around:

- a systematic inclusion of anti-money-laundering clauses in contracts with third parties;
- a process for assessing the level of risk of customers and business partners;
- a TRACFIN reporter/correspondent for the entire Group;
- training and raising the awareness of employees most exposed to risk, *via* the deployment of an e-learning program.

Fight against corruption

The Group is currently tightening its anticorruption system to prevent this risk and meet the requirements of Sapin 2. Corruption risks are mapped to enable us to identify the areas requiring priority action. The procedure for assessing third parties, currently being defined, will be gradually rolled out in 2021 and will take into account the specificities of the activities and subsidiaries.

All Group executives, managers and employees are mobilised to effectively meet legal obligations and must follow the e-learning modules introduced in 2020.

Periodic awareness campaigns target the employees identified as the most vulnerable. For example, with the help of specialist law firms we held courses on the different types of corruption, conflicts of interest, the peddling of influence, favouritism and the potential criminal repercussions, particularly in relations with the public sector.

Transparency in public life

In accordance with the law and in order to display greater transparency in the relations and interests between companies and public officials, the Group has registered on the digital directory of the High Authority for the Transparency of Public Life (HATVP) since 2018. A declaration of activities of interest representatives at the national level is thus filed every year.

Protection of Personal Data

For business purposes, the Group, through its different entities, processes 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.

A Data Protection Officer (DPO) was appointed on 25 May 2018 to ensure that the processing of personal data within the Group complies with the General Data Protection Regulation (GDPR). A mapping of data processing has been developed and the following actions are carried out on a daily basis:

- keeping records of processing, personal rights and data breaches;
- awareness-raising actions for employees (online and face-to-face) and support for operational teams in the implementation of projects with a “privacy by design” approach;
- procedures, in coordination with the Head of Information Systems Security (RSSI), to guarantee the security and confidentiality of data within the Group and with partners.

In general, the DPO ensures the dissemination of a culture respectful of personal data protection.

5.1.6 Legal and arbitration proceedings

The Company is not aware of any government, legal or arbitration procedure, pending or threatened, that over the last 12 months could have, or has had, a material impact on the Company and/or Group’s financial position or profitability other than those for which a provision has been booked (see note 6.3 “Provisions” in Chapter 2.3 “Other information attached to the consolidated financial statements”) or which the Company has contested or is preparing to contest (see note 5.3 “Income Tax” or 6.3 “Provisions” in Chapter 2.3 “Other information attached to the consolidated financial statements”).

5.2 Risk factors and risk control systems

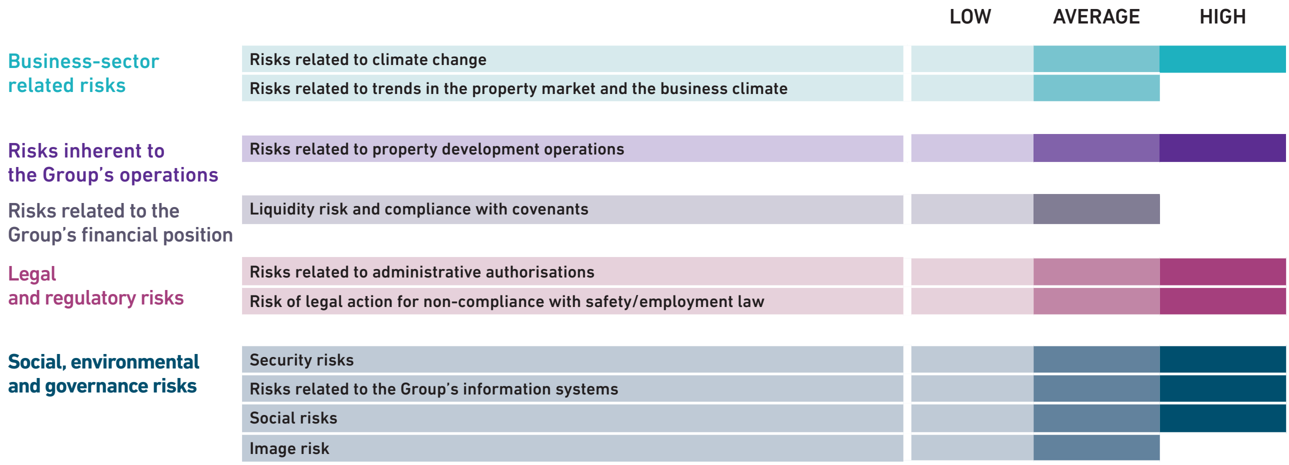
The Altarea Group, of which the Company is a subsidiary, took steps to identify the main categories and the most significant risks, presented in an order that the Group considers to be the descending order of importance in each category. The five categories identified are as follows:

- business-sector related risks;
- risks inherent to the Group's operations;
- risks related to the Group's financial position;
- 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 Impacts of the COVID-19 pandemic on Altareit's main risk factors

Some risks have materialised in one way or another (public safety, construction stoppages) or have required increased vigilance (cyberattack) in the context of the health crisis triggered by the COVID-19 pandemic. The main impact of the health crisis is the decline in activity linked to periods of lockdown and curfews. In the short term, this led to a number of measures to protect the health and safety of the Group's employees, customers and partners while ensuring the continuity of its operations as much as possible (health protocols on sites and at head office, deployment of digital solutions, adaptation of processes and training) and securing of financing (Altarea Group, to which Altareit and its subsidiaries belong, arranged €1,120 million in new long-term financing).

During the lockdown period, a crisis unit of the Executive Committee met several times a week to take stock of developments in the situation, assess its impact and find alternatives.

The principles that have guided our actions during this unprecedented period are those that have prevailed since Altarea Group's very beginnings: risk management, swift decision-making and quick execution.

5.2.2 Business-sector related risks

5.2.2.1 Risks related to climate change

Risk factors	Risk control systems
Transition risks As the property and construction 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 environmental regulation RE2020). It is facing increasing requirements in terms of low-carbon design from regulations, customers and stakeholders.	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. It measures its carbon footprint across its entire scope (scopes 1, 2 and 3 as defined by the *Greenhouse Gas Protocol*) and implements a global approach to reducing its carbon footprint: ▪ systematic testing of new low-carbon solutions and feedback with costing (strengthened in 2021); ▪ systematic certification and testing of new labels arriving on the market; ▪ regulatory watch; ▪ monitoring the expectations of stakeholders: local authorities, elected officials, individual customers, investors, etc.; ▪ culture of agility; ▪ policy of partnership with key low-carbon players (Woodeum); ▪ diversification of the offer and skills ("skills platform"), with subsidiaries specialising in low-carbon construction (such as rehabilitation).
Physical risks associated with the impact of climate change Climate change is causing an increase in climate phenomena (extreme weather, heat waves and peaks, etc.) that affect cities and their inhabitants. Property is affected by these risks but is also a source of solutions.	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. ▪ Risk mapping of the portfolio and the areas where it operates, and targeted action plans; ▪ summer comfort approach in housing design; ▪ anticipation of costs in business plans; ▪ permanent monitoring by product teams to adapt the offer.

The Group's overall progress approach is detailed in the non-financial performance statement in chapter 4 of this Universal Registration Document, in particular in the chapter on the TCFD.

5.2.2.2 Risks related to trends in the property market and the business climate

Risk factors	Risk control systems
Disruption of the business model As part of its risk management strategy, the Group must take account of the many different sectors in which it operates (residential and office property and serviced residences). Beyond the risk factors specific to each asset, each of these sectors has its own cycle and its own exposure to endogenous and exogenous variables. As a result, the Group must develop sector-specific sensitivity and combine it using a vertical analysis and a cross-cutting approach. In addition, changes in consumption habits and consequently in user and consumer requirements, and the emergence of new players arriving on the market each year, are pushing the Group to maintain a permanent dynamic of innovation. These changes which are out of the Group's control could have an adverse impact on its business.	The Altareit Group's positioning in several segments of the real estate market enables it to optimise its risk/return profile by diversifying its risks, something that its single-sector competitors cannot afford. 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. In order to protect itself against this risk, the Group has for several years run its own "Youth Comity" of young employees. Its objectives include to: ▪ identify new opportunities to offer goods and services; ▪ capture trends, infuse audacity and creativity into projects; ▪ make recommendations on internal transformation issues. In addition, in residential real estate, Altareit, through Altarea Solutions & Services, has developed a comprehensive range of services for all of the Group's Residential brands in order to meet the needs of its customers: commercial support, financing brokerage, rental management, trustee and transaction services as well as an option to invest in bare title or usufruct separately. The Group is also developing a wide range of serviced residences: senior residences, student residences, business tourism residences, executive residences, etc.
Unstable tax regulations Adverse changes to the various tax incentives (Pinel, PTZ+, Malraux, etc.) and tax regimes applicable to real estate cannot be ruled out. Such a change could have a significant impact on the property development business and therefore on Altareit's results.	The Altareit Group has, in recent years, refocused its REIT prospection to provide a property offering tailored to these tax incentives and, more generally, developed "entry-level and mid-range" programmes to propose affordable acquisition prices corresponding to market demands. It is also geographically located in high-demand areas that benefit from these systems. The potential impacts of changes in tax rules are taken into account by management in its strategy. The following actions were implemented: the development of block sales to institutional investors and social landlords, lobbying of public decision-makers and within the professional organisations to which the Group belongs. Tax regimes and obligations are controlled by the Altarea Corporate Finance Department.

5.2.3 Risks related to property development operations

Risk factors	Risk control systems
There are many development risks. They include in particular: ▪ an administrative risk related to the difficulties of obtaining planning permission, environmental authorisations and possible appeals that could delay property development projects; ▪ a construction risk linked to potential delays the work going over budget, a shortage of construction companies due to the large number and increasing size of the building projects on national soil, companies defaulting, the ability of companies and contractors to adapt, to new standards in particular, and potential disputes with the construction companies; ▪ a competition risk, which may affect the acquisition of land/shopping centres, product sale prices or the availability of subcontractors; ▪ a completion risk with regard to its customers, when the Group acts as a developer by signing off-plan sales or property development agreements in which it undertakes to build a building with a fixed price and deadline. The risk would be one of noncompliance of the product delivered or of a delay in delivering; ▪ in the office market, a market risk when the Group acts as an investor, if it fails to sell or let the property. It may thus have to bear a risk of prolonged carry.	These risks are monitored and their impact is managed through the Investment Committee, a specialist committee of the Supervisory Board (see paragraph 6.2.3.2 of this Universal Registration Document), and also through several more operational committees. In residential and business real estate, the Commitments Committees examine all real estate projects at the main stages constituting a commitment for the Group: signature of an undertaking to acquire the land, marketing launch, acquisition of the land and 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 on land acquisition and when work gets under way, validation of the cost of works, WCR, etc. The risks related to development operations are also monitored through various reports (review of operating budgets, commitments, expenses, marketing rates, etc.). Finally, administrative authorisation requests are submitted to a specialised law firm.

COVID-19 impacts

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

- during the closing of the sales offices, which limited commercial contacts with Individuals, the mobilisation of the teams made it possible to maintain commercial activity at around 30% of normal activity through the full use of its digital tools, and in particular. on-line booking, enabling secure sales to be contracted online;
- the Group has set up a notarised regularisation and collection campaign 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 in progress were restarted and returned to a sustained pace in June, enabling the impact of their stoppage on the rate of technical progress to be quickly offset.

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.

In Business property, the first lockdown also disrupted business with the shut-down of most of the ongoing projects, except for Altarea's head office delivered in the second quarter of 2020, and Orange's future head office, whose delivery had nevertheless to be postponed to the beginning of 2021.

5.2.4 Liquidity risk and compliance with covenants

Risk factors	Risk control systems
Altarea, to which Altareit and its subsidiaries belong, finances part of its investments and growth through bank financing and part through the capital markets. Altarea might not always have the desired access to capital markets or the banking market. This situation could result from a financial crisis affecting the banking sector, 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. Some of the 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 result in 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.	The operational management of liquidity and financing is carried out by the Finance and Treasury Department. The Altarea Group has cash assets on its balance sheet of €1.47 billion and *undrawn* bank credit facilities of €1.91 billion as of 31 December 2020, which constitute the first tools for managing liquidity risk. The budget process for cash management and projected cash flow analysis also provides a way to anticipate and hedge these risks. The Altarea Group thus ensures credit lines are always available, financing sources diversified and the maturities of the main debts staggered. 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 covenants[1].

(1) See Note 8 "Financial risk management" of the notes to the consolidated financial statements (Chapter 2.3 of this Universal Registration Document).

5.2.5 Legal and regulatory risks

5.2.5.1 Risks related to administrative authorisations

Risk factors	Risk control systems
The Altareit Group's activities are governed by a large number of specific French and European requirements. The Company must comply with urban planning law and regulations (local urban plans prepared by local councils and laws and regulations on administrative authorisations), construction (ten-year guarantees for the structure and a statutory two-year guarantee for fittings) and the environment (concerning soil pollution in particular). As the vendor of property products, the Altareit Group is subject to common law with regard to the selling to individuals: the ten-day cancellation right of buyers as specified in Article L. 271-1 of the Building and Housing Code, special rules for off-plan sales, the 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. In the normal course of its business, and in view of the growing number of development projects, the Group could find itself facing unfavourable contractual clauses or clauses which offer insufficient protection. It could also be involved in legal proceedings and be subjected to tax and administrative audits (see Chapter 2.3 "Other information attached to the consolidated financial statements" – Note 10 of this Universal Registration Document). Each of these risks is associated with a financial risk but also an image risk for the Group. In addition, as Altareit is listed on Euronext Paris, it is subject to the constraints of stock market law, in particular in terms of transparency and the processing of information, particularly in the context of financial transactions, under the supervision of the Autorité des Marchés Financiers. Failure to comply with these requirements would expose these companies to penalties and could damage their image.	**Property Legal Department** The Property Legal Department provides support for first-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 Property Legal Department acts for Executive Management and the operational teams on request, where 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. Finally, training sessions are regularly delivered to employees to raise their awareness of legal risks. **Corporate Legal Department** The Corporate Legal Department ensures compliance with the social life of the Altarea Group. It provides support to the Group's operational staff to define, create and operate the corporate structures or arrangements for transactions, and to negotiate corporate agreements with external partners in conjunction with the PLD, with the help of specialised law firms if necessary. All of the Group's shareholdings and corporate offices are managed using *a* management software suite for 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.

5.2.5.2 Risk of legal action for noncompliance with safety/employment law

Risk factors	Risk control systems
Based on the large number of property projects underway, the Altarea Group is a major builder. In a situation where it is increasingly difficult to find approved construction companies able to handle complex projects, as the project manager the Group's liability could be incurred should an accident occur. Indeed, site employees carrying out construction work are potentially exposed to this type of risk.	To prevent the risk of accidents, especially on site, or at the very least to limit the occurrence and severity of any accidents, action has been taken which include the systematic use of specialist safety operators (health and safety officers and security coordinators), audits and ad hoc site checks. In addition, the Group ensures it complies with its legal obligations as a project manager: monitoring the construction companies to ensure they are meeting their contractual obligations, checking the subcontractors' approval applications are complete and all administrative documents are properly updated.

5.2.6 Social, environmental and governance risks

5.2.6.1 Security risks

Risk factors	Risk control systems
Malicious acts against the Group's employees, sites and assets, or even customers, constitute major risks to the sustainability of the Company's activities. Malicious acts can come in various forms, ranging from simple incivility to an act of terrorism, and include 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. Thus, a breach in the safety of property and people can have an impact on the Group's image, particularly with regard to urban real estate projects and the operation of serviced residences. 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 stakeholders.	The Group Security Department defines, deploys, controls and adapts the overall security policy based on five points: ▪ a policy adapted to the Group's assets based in particular on physical measures and processes for reporting information or access management, controls of sensitive areas, video surveillance, etc.; ▪ constant interaction with national and local police services to monitor in real time the existence and evolution of threats to the Group's building sites or employees; ▪ employee safety training and awareness; ▪ crisis management: a defined policy, alert tools and procedures.

5.2.6.2 Risks related to the Group's information systems

Risk factors	Risk control systems
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, the Altareit Group could be affected by events (accidents or service failures) outside of its control which could lead to interruptions in its data flows, loss of data 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 cyberattacks 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.	The management of IT risks within Altarea Group is carried out by the Security Department to which the Head of Information Systems Security (RSSI) reports and results in: ▪ monitoring compliance with the security policy meeting the needs of the Group (ISSP); ▪ the development of a cybersecurity culture within the company, through communications, awareness-raising and training for employees; ▪ ensuring IT security is taken into account early on in projects by accompanying the business application managers from the design phase onwards; ▪ the implementation of best practice and procedures for managing users and business applications, and the periodic review of rights, in coordination with the IT Department. Within the IT Department, the Head of Operational Security (RSO) works in close collaboration with the RSSI. His role is to implement the ISSP and monitor and supervise the various aspects of IS security, while contributing in raising awareness and training employees on the challenges of information systems security. In addition, a procedure for managing cyberincident alerts also allows real-time processing of events according to 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. Finally, the Altareit Group has insurance to cover cyber risks.

5.2.6.3 Social risks

Risk factors	Risk control systems
The Group's ambitious goals are partly dependent on its Human Capital. If Altareit could no longer attract the best profiles and ensure that the competencies of Group employees are up to date with best practice and able to face new challenges, it could have a negative impact on its business and results. The strong growth in headcount exposes the Group to issues related to the integration and training of new employees. 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. Some key positions are held by directors whose departure could affect the Group. It cannot be guaranteed that the Group will be able to retain these directors, and some of them could also take advantage of their retirement rights, which would have a negative effect on business.	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: the diversification of recruitment sources and techniques, the involvement and complementarity of action in the recruitment processes of both operational managers and HR teams, combined with the strong emphasis on internal mobility, make it possible to satisfy the Group's recruitment needs; ▪ in terms of induction: induction is one of the most important aspects of HR policy. A formal induction interview and a collective seminar are essential steps to the success of many new hirings within the Group. On this occasion, the members of the Executive Committee explain and share their vision of the business; ▪ in terms of training: the Group's "learning company" vision seeks to make everyone an actor in and author of their professional career through a "Talent Developer Academy", based on a strategic skills development plan defined around the issues affecting each business line. The Group finances large-scale initiatives such as our business lines, our managerial paths and a collaborative digital academy with numerous learning modules. Supporting young people through ever greater numbers of work-study contracts is also a major challenge for the Group; ▪ in terms of loyalty, the Group's salary policy through the "Tous en Actions!" scheme showcases the performance recognition system and enables everyone to build up significant assets. Furthermore, an "Altawellness" offer designed for the Group's workforce has been launched. The offer enables each employee to access platforms concerning well-being in the workplace; ▪ in terms of succession: an annual talent review updates the Group's talent pool and succession plan. Appraisals, coaching and certification courses are used to support strategic positions.

5.2.6.4 Image risk

Risk factors	Risk control systems
The growing use of social media increases the risk of exposure to criticism or negative messages and accelerates their dissemination. The Group could therefore be confronted with situations/events (construction site accidents, delivery delays, customer and employee dissatisfaction) whose impacts could damage its reputation and its image vis-à-vis its stakeholders.	To prevent this, a guide to the good use of social media at work has been developed and distributed to the Group's employees. In addition, the Group has monitoring, detection and reaction mechanisms, mainly involving tools distributed to employees, to anticipate and manage its image and reputation risks: ▪ social media monitoring by community managers; ▪ daily monitoring of disputes and complaints, including assessment of reputational impact; ▪ a crisis communication plan and corresponding training for directors; ▪ conducting customer satisfaction surveys in the Residential division, at two key points in the purchasing process, and monitoring the recommendation rate (Altarea was voted Customer Service of the Year for the fourth consecutive year); ▪ monthly meetings organised with tenants of serviced residences.

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 Internal Control Department, under the supervision of General Management, is responsible for:

- the coordination of insurance programmes for the French Group structure of consolidated operations, in collaboration with local teams and insurance brokers;
- the identification and quantification 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 2020. 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 2020, 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:** the Altareit Group has taken out unoccupied property insurance, as part of a comprehensive damages policy provided by Chubb.
- **Professional liability insurance:** Altareit 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 25 February 2021.

In 2009, the Company chose the MiddleNext corporate governance Code (the "MiddleNext" Code) as its Code of reference. In 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).

In partnerships limited by shares:

- it is overseen by Management and not by a collegiate body, Management Board or Board of Directors;
- the financial statements are approved by Management and 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 its management. Article 17.1 of the Company's Articles of Association also 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 SCA, are the absence of an Audit Committee and the fact that the Board met less than 4 times in 2020 (see below Section 6.2.3.2).

6.2 Composition and practices of the administrative, management and supervisory bodies

Altareit 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 (75002) – 87, rue de Richelieu, 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. Alain Taravella's sons, 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 been managing 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

General Manager of Altafi 2

Jacques Ehrmann, a French citizen, was born in 1960. A graduate of HEC (École des Hautes Études Commerciales), he began his career as General Secretary of Hôtels Méridien in 1989. He then joined the Executive Management of Euro Disney (1995-1997) and Club Méditerranée (1997-2002). In 2003 he joined the Casino Group as CEO for property and development, where he led the creation of Mercialys and Green Yellow, where he held the position of Chairman and Chief Executive Officer for seven years. In 2013, Jacques Ehrmann joined Carrefour Group's Executive Management as Executive Director for Portfolio, Development and Innovation. In April 2014, he was also appointed Chairman and Chief Executive Officer of Carmila, a REIT specialised in 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 federation of shopping centres (Conseil National des Centres Commerciaux – CNCC).

List of corporate offices held at 31 December 2020

Executive officers	Corporate offices held at 31 December 2020 – Within the Group	Corporate offices held at 31 December 2020 – Outside the Group	Corporate offices expired over the last 5 years
Altafi 2 Manager	■ Managing general Partner of SCA: Altarea♦■(a); NR21♦■ ■ Manager of SCA: Altareit♦■(b)	None	None
Alain Taravella Chairman of Altafi 2	■ Chairman of the Supervisory Board: Altarea France SNC♦; ■ Chairman: Foncière Altarea SAS♦; ■ Director: Pitch Promotion SAS♦; ■ Observer on the Supervisory Board: Woodeum SAS♦; ■ Representative of Altafi 2, Chairman: Altarea♦■(a); NR2♦■; Altareit♦■(b)	■ Chairman: Altafi 2; Altafi 3; Atlas; Altafi 5; Altafi 6; Altager; AltaGroupe (Chair 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♦; ■ Chairman of the Supervisory Board: Cogedim SAS♦; ■ Director: Alta Blue♦; Pitch Promotion SA♦; ■ Representative of Altarea, Chairman: Alta Delcassé♦; Alta Rungis♦
Jacques Ehrmann General Manager of Altafi 2	■ Manager: Altarea Management SNC♦; Cogedim Gestion SNC♦; Cogedim Developpement♦; Cogedim Citalis♦; Cogedim Entreprise♦; ■ Representative of Altafi 2, Chairman: Altarea♦■(a); NR21♦■; Altareit♦■(b) ■ Supervisory Board member: Woodeum SAS ♦; Financière SPL♦; ■ Director: Pitch Promotion SAS♦;	■ CEO: Altafi 2 ■ Member of the Management Board: Frojal (SA) ■ Chairman: Tamlet (SAS); ■ Supervisory Board member: Edmond de Rothschild (France) ■ Co-Manager: Jakerevo (SCI) and Testa (SC) ■ Chairman: CNCC (Conseil National des Centres Commerciaux).	■ Chief Executive Officer and Strategic and Investment Committee member: Carmila■ ■ Chief Executive Officer: Carmila SAS ■ Chairman: Cogedim SAS ♦; ■ Director: Edmond de Rothschild S.A. Director: Atacadao S.A.• (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, and the HR committee, Chairman of the Audit Committee: Atacadao SA•■ (Brazil) ■ Supervisory Board member: Frojal (SA)

(a) Altarea is notably Manager of Foncière Altarea Montparnasse♦, Chair of Alta Blue♦ (Chair of Aldeta♦), Alta Développement Italie♦ and Alta Mir♦, and Co-Manager of foreign companies: Alta Spain Archibald BV♦•, Alta Spain Castellana BV♦•, Altalux Spain♦• and Altalux Italy♦•.
(b) Altareit is Chairman of Cogedim♦, Alta Faubourg♦, Alta Penthièvre♦, Alta Percier♦ and Alta Concorde♦.

The Company share capital and voting rights held by Alain Taravella and Jacques Ehrmann as at 31 December 2020 are listed in Section 7.3.1 below.

♦ Altarea Group company ■ Listed company • Foreign company.

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 some of their powers to one or more persons whether or not employed by the Company and whether or not they have 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 87, rue de Richelieu in the 2nd 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 did not hold any other office as of 31 December 2020 and has not held any 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 2020

Name	Age	Gender	First appointed	Latest renewal	Expiration of term[(a)]	Independent	Compensation Committee	Attendance[(b)]
Christian de Gournay *Chairman of the Board*	68	M	07/05/2014	19/05/2020	2026		-	100%
Éliane Frémeaux *Independent member*	79	F	26/02/2019	-	2021	√	-	100%
Jacques Nicolet *Member of the Board*	64	M	02/06/2008	19/05/2020	2026		Chairman	100%
Léonore Reviron *Member of the Board*	35	F	26/02/2019	-	2021		-	100%
Dominique Rongier *Independent member*	75	M	26/06/2009	05/06/2015	2021	√	Member	100%

(a) Year of the Ordinary General shareholder' Meeting.
(b) Attendance rate at the meetings of the Supervisory Board and its committees in the 2020 financial year.

At 31 December 2020, the Supervisory Board had no members representing employees and no other members than those listed above. The Supervisory Board of its leading shareholder, Altarea SCA, comprises two employees representing the employees of the Altarea Group (to which the Company belongs), including a representative appointed by the Social and Economic committee of the Cogedim ESU.

There has been no change in the composition of the Board since 1 January 2020, with the exception of the renewal of the terms of office of Christian de Gournay and Jacques Nicolet decided by the General Meeting of shareholders of 19 May 2020.

The terms of office of members of the Supervisory Board Éliane Frémeaux, Léonore Reviron and Dominique Rongier, will expire at the end of the General Shareholders' Meeting in 2021. 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 64.

Independent members

Having taken note of the revised version dated September 2016 of the MiddleNext Code, 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.

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 25 February 2021, the Supervisory Board noted that Dominique Rongier, Christian de Gournay 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.

Presentation of Board members

Christian de Gournay

Chairman of the Supervisory Board

Born in 1952 in Boulogne (92)

A French national

Professional address: 2 rue de Favart, Paris 75002

A graduate of the French École des Hautes Études Commerciales (HEC) and of the École Nationale d'Administration (ENA), 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 December 2020: 1

Other corporate offices held at 31 December 2020:

- Chairman of the Supervisory Board of SCA: Altarea♦■; NR21♦■[1]
- Manager: SCI Schaeffer-Erard
- Director: Opus Investment BV•

Corporate offices expired over the last 5 years: None

Léonore Reviron

Supervisory Board member

Born in 1985 in Meudon (92)

A French national

Professional address: 2 rue de Favart, Paris 75002

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 December 2020: 1

Other corporate offices held at 31 December 2020:

- Member of the Supervisory Board 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 (92300)

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. He created and manages the Everspeed group, which is present in the automotive sector in France and abroad.

Number of Altareit shares held on 31 December 2020: 1

Other corporate offices held at 31 December 2020:

Corporate offices in the Group:

- Supervisory Board member 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 SCI Les Fleurs); 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 of 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
- Director of foreign companies: HPC Holding•
- 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
- Representative of Everspeed, Chairman of SAS Everspeed Asset: Manager of SCI Innovatech

♦ *Altarea Group company* ■ *Listed company* • *Foreign company.*

Éliane Frémeaux

Supervisory Board member

Born on 8 September 1941 in Paris (75015)

A French national

Professional address: 2 rue de Favart, Paris 75002

Éliane Frémeaux was a notary partner at SCP Thibierge Associés until 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 Joint Ownership Commission representing the Conseil Supérieur du Notariat at the Chancellery and of the Commission on Polluted Sites and Soils within the Conseil Supérieur des Installations Classées. 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 December 2020: 5

Other corporate offices held at 31 December 2020:

- Co-Manager: SCI Palatin
- Member of the Supervisory Board of SCA: Altarea♦■; NR21♦■

Corporate offices expired over the last 5 years: None

Dominique Rongier

Supervisory Board member

Born in Paris (75016) in 1945

A French national

Address: 25 rue du Four, Paris 75016

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 U.S. 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 December 2020: 10

Other corporate offices held at 31 December 2020:

- Member of the Supervisory Board of SCA: Altarea♦■; NR21♦■

Corporate offices expired over the last 5 years:

- Manager: DBLP & Associés
- Director: SA Search Partners

♦ *Altarea Group company* ■ *Listed company* • *Foreign company.*

6.2.3.2 Working methods, preparation and organisation of the Board's work

Tasks 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 and 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 are 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.

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 are held at the Company's registered office, located at 87 rue de Richelieu in Paris (75002). In accordance with Article 16.3 of the Articles of Association, members may be invited to take part in meetings by videoconference or by any other means of telecommunication enabling the members to be identified, guaranteeing their effective participation in the Board meeting and allowing live streaming of the discussions and deliberations.

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, which were updated at the meeting of 21 February 2017 to take into account the new version of the MiddleNext Code of September 2016:

- summarise the rules governing the composition of the Board in accordance with Article 15 of the Company's Articles of Association;
- define the independence criteria of the members of the Board in accordance with the recommendations of the MiddleNext Code to which the Company refers (see Section 6.2.3.1. above);
- summarise the duties of the members of the Board, such as compliance with the law, regulations and Company's Articles of Association, and the rules relating to respect for the company's interests, fairness, competition and confidentiality;
- summarise 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);
- define the rules for constituting specialist committees and their operating arrangements (see Section 6.2.3.2 below).

Board meetings and work in 2020

In 2020, 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.

The attendance rate was 100% in 2020.

During these meetings, the Board primarily discussed the following topics:

- meeting of 2 March 2020:
  - management's activity report for the financial year 2019 and review of the draft parent company and consolidated financial statements for the year;
  - appropriation of income proposed to the meeting;
  - Say on Pay: opinion on the compensation policy for the Executive Management, approval of the compensation policy for the Supervisory Board and setting of the compensation components for these bodies for 2020 subject to the approval of the policies monitored by the General Meeting;
  - review of the agenda and the text of the draft resolutions to be submitted to the Combined General Meeting of shareholders; preparation of the Supervisory Board's report to the General Shareholders' Meeting;
  - items relating to corporate governance: annual review of the working methods and preparation of the Board's work; renewal of the terms of office of the Statutory Auditors; review of the independence criteria for members of the Board and the Compensation Committee; points of vigilance of the MiddleNext Code; approval of the Supervisory Board's report on corporate governance;
  - annual deliberation on the Company's policy on gender equality;
  - review of the social and environmental report;
  - attendance fees;
  - review of forecast management documents;
  - review of related-party agreements and adoption of a procedure for evaluating agreements relating to current transactions and conducted on arm's length terms.
- meeting of 6 August 2020:
  - examination of the draft half-year financial statements at 30 June 2020;
  - examination of the half-year management report and the forward-looking management 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 reviewed the need to set up such a committee within its Board, given that the investments made by the Company's subsidiaries are already scrutinised by Altarea's Supervisory Board, either directly or by its Investment Committee or Chairman, depending on the size of the transaction. 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 Shareholders' 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

On 2 March 2020, the Compensation Committee issued a favourable opinion on the management compensation policy established by the General Partner. It also issued a proposal on compensation policy for the Supervisory Board and on the elements of compensation for Management and Supervisory Board members, to be set pursuant to these policies, subject to their adoption at the General shareholders Meeting. With regard to the remuneration of the Executive Management, the Committee recommended maintaining the terms and conditions set in 2019 (see Section 6.3.1.1 below). In accordance with the proposal of the General Partner, on the favourable opinion of the Supervisory Board and the Compensation Committee, the compensation of the Management, consisting solely of a fixed portion, was increased to the annual sum of €1,000,000 excl. tax, non-revisable, from 1 January 2019 (compared to €628,000 in 2018), this increase being justified by the significant increase in property development, while taking into account the fact that Altafi 2, manager of Altareit, is also manager of its leading shareholder, Altarea, and should therefore receive significantly lower compensation as from 2019.

The Supervisory Board meeting held on 2 March 2020 adopted the Committee's proposals without amendment.

The General Shareholders' Meeting of 19 May 2020 voted in favour of the compensation policies for the Management and Supervisory Board for 2020.

Evaluation of the Board's work

At its meeting of 25 February 2021, 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 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 2020, Adrien Blanc, Manager of Altarea Entreprise Management, Vincent Ego, Chief Executive Officer of Cogedim, Stéphane Dalliet, Chairman of Pitch Promotion, Rodolphe Albert, Chairman of Histoire & Patrimoine and Alexis Moreau, Deputy Chief Executive Officer of the Residential division.

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 2020 or during a previous financial year, the effects of which would have continued during the 2020 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 a 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 assessing 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 on compensation for corporate officers of listed companies, implementing the Pacte Act of 22 May 2019, brings in new rules applicable to partnerships limited by shares listed on a regulated market, as of the General Shareholders' Meeting called to approve the 2019 financial statements.

In application of these rules, codified in Articles L. 22-10-76 (formerly L. 226-8-1) et seq of the French Commercial Code, management compensation is now determined according to a compensation policy which sets out all its fixed and variable components and explains the decision-making process followed in its determination, revision and implementation.

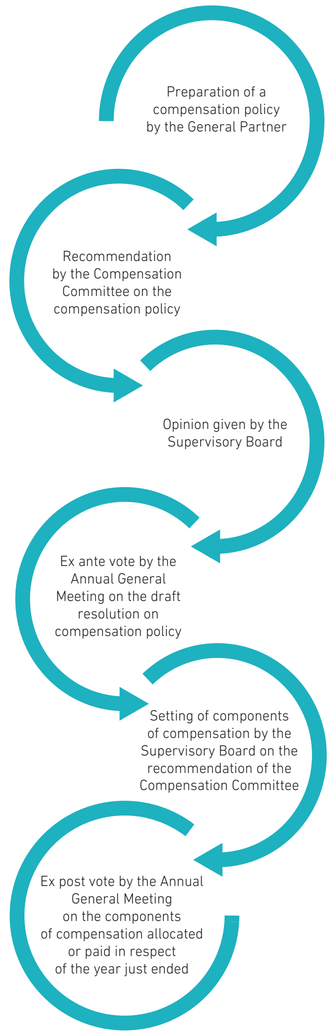
This compensation policy must be established by the General Partner after an advisory opinion from the Supervisory Board acting on the recommendation of the Compensation Committee.

A draft resolution is then submitted for the approval of the General Shareholders' Meeting each year and each time the ordinary compensation policy is changed significantly (*ex ante* vote).

The compensation components themselves will then be determined, allocated or decided by the Supervisory Board in application of the compensation policy approved by the General Shareholders' Meeting.

The shareholders will be consulted at a General Shareholders' Meeting on the compensation components actually paid or allocated to the Managers (*ex-post* vote).

Simplified description of the process used to set the compensation of the Management



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

In accordance with the Articles of Association, the General Meeting can allocate annual compensation to Supervisory Board members solely for their duties as members of the Supervisory Board. The amount of compensation paid is included in general operating expenses. 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.

Also, in application of the new rules above, brought in by the Order of 27 November 2019, the Supervisory Board now draws up, on an annual basis, a compensation policy for its members which is put to vote at the General Shareholders' Meeting. The individual components of the compensation for the members of the Supervisory Board are then determined, allocated or decided by the Supervisory Board in application of the compensation policy approved by the General Shareholders' Meeting.

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.

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.

At its meeting of 2 March 2020, the Supervisory Board, on the recommendation of the Compensation Committee, decided, subject to the adoption of the compensation policy submitted to the vote of the General Meeting of 19 May 2020, to maintain in 2020 the compensation components of the Board members previously set in 2017.

The Supervisory Board meeting of 25 February 2021 noted that a total amount of €15,000 had been allocated to the members entitled to receive them for the financial year 2020 in application of these terms and conditions. No other compensation was paid to Supervisory Board members by the Company for their offices on the Board. Following the recommendation of the Compensation Committee, which met the same day, the Board decided to propose to the Shareholders to renew in full for the financial year 2021, the compensation policy for its members approved by the General Shareholders' Meeting of 30 June 2020.

6.3.2 Compensation policy for the financial year 2021 submitted to the General Shareholders' Meeting 2021

In line with the new provisions applicable to partnerships limited by shares listed on a regulated market, brought in by the aforementioned order of 27 November 2019 and codified in Articles L. 22-10-76 (formerly L. 226-8-1) et seq. of the French Commercial Code, the Ordinary General Shareholders' Meeting 2021 will be asked to vote on the compensation policy for Management and Supervisory Board members for financial year 2021.

On 25 February 2021 the components of this policy, described below, were drawn up by the Supervisory Board, for compensation of its members, and by the general partner, after consulting the Supervisory Board, for compensation of Management, the Supervisory Board having acted after consultation of the Compensation Committee.

The compensation of corporate officers must be in the Company's interests, competitive and in line with Company strategy, helping to ensure its long-term viability and support its financial and non-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 25 February 2021, after reviewing the proposals by the Compensation Committee. It renews the policy adopted by the 2020 General Shareholders' Meeting for the prior year:

- 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 Compensation Committee will take into consideration all market practice studies (benchmarks) and exceptional events in 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 fixed annual compensation must enable management to provide a continuous, high quality service to the Company and its Group. Generally, it should be reviewed at relatively long intervals and take into account the other compensation components, primarily fixed components, paid by other companies in the Company's group for their duties and responsibilities at these companies.

  For financial year 2021 it must be between €1 million and €2 million, taking account of the above. It should be recalled that the amount of the fixed annual compensation of the management was increased, as of 1 January 2019, from €628 thousand to €1,000 thousand by the General Partner. This increase is 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 decided annually and can also have a long-term component intended to best align management's interests with those of the shareholders to create long-term value.

  The Supervisory Board must set the precise quantifiable and qualitative criteria used to determine the management's variable compensation.

  The quantifiable criteria must be simple, relevant and in line with corporate strategy. They must take precedence. They must be linked to the main financial indicators generally used to assess the Group's financial performance, notably those usually communicated to the market such as the FFO (funds from operations) or consolidated net income. If the FFO is selected as a criteria, the corresponding net income variable compensation would be a progressive percentage of a portion of the FFO per share multiplied by the average number of diluted shares in the financial year.

  The qualitative criteria must be specific and primarily tied to the Group's priority Sustainability and Corporate Social Responsibility targets, GRESB[(1)] rating or status for example. When quality criteria are used, the qualitative component of the variable annual compensation must be capped. The amount of variable compensation, depending on qualitative criteria, may be between 50% and 100% of the annual fixed compensation.

  The variable or exceptional components allocated for the financial year cannot be definitively paid to management before they have received the approval of the General Shareholders' Meeting (*ex-post* vote) and the consent of the general partner;
- if there is more than one Manager, they decide how to distribute the compensation amongst themselves. The principle of awarding a global management compensation is set out in article 14 of the Company's Articles of Association;
- if applicable, any natural persons, legal representatives of the legal persons in the Company's management, who are called upon to perform duties not related to management of the Company, can be paid under the terms of a corporate mandate by the subsidiary in question. The fixed components, and any variable components (including bonus shares), of this compensation must be decided on the basis of the duties and responsibilities involved;
- the components of management compensation must be sufficiently competitive to attract and retain the best people and talent and best align the interests of the beneficiaries with those of the shareholders to further long-term value creation. Where applicable, the experience of the beneficiaries and the market practices of comparable companies are also taken into account;
- they are examined each year to check that they are still in line with the Company's strategy and current situation and the Compensation Committee will take care to ensure the performance conditions are appraised on the same basis over several years and the quantitative criteria of the variable composition take precedence over the qualitative criteria.

6.3.2.2 Compensation policy for the Supervisory Board members

Following the recommendation of the Compensation Committee, the Supervisory Board has decided to renew in full for 2021, the policy for its members adopted by the 2020 General Shareholders' Meeting for the prior year:

- 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 must encourage members to take an active part in the Supervisory committee's work;
- 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;
- in addition to the compensation they receive for attending meetings, other members of the Supervisory Board may be granted compensation for *ad hoc* assignments they are asked by the Supervisory Board to undertake in accordance with current regulations;
- 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 2021 financial year, unless otherwise decided by the General Shareholders' Meeting;
- Supervisory Board members may also be reimbursed for all reasonable costs and expenses incurred while undertaking their duties if they provide all the necessary supporting documents.

(1) The Global Real Estate Sustainability Benchmark (GRESB), a leading international ranking, annually assesses the ESG performance of real estate companies around the world.

6.3.3 Information on compensation for FY 2020

6.3.3.1 Compensation components due or paid for financial year 2020

Pursuant to the provisions of the new Article L. 22-10-77 (formerly L. 226-8-2 of the French Commercial Code, resulting from the Order of 27 November 2019), the 2021 General Shareholders' Meeting will be called upon to rule on the elements of compensation paid or awarded for the 2020 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.

Summary of compensation due to each executive corporate officer in office during the financial year 2020, as well as the shares and options that have been attributed to them

	FY 2019		FY 2020	
Altafi 2, Single Manager	**Amount due**	**Amount paid**	**Amount due**	**Amount paid**
Compensation (fees) due in respect of the financial year	€1,000 thousand excl. tax	€1,000 thousand excl. tax	€1,000 thousand excl. tax	€1,000 thousand 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 or from companies that control the Company[(b)]	€2,349 thousand excl. tax	€4,615 thousand excl. tax	€1,500 thousand excl. tax	€1,349 thousand excl. tax
of which fixed fee paid by Altarea	€1,000 thousand excl. tax	€1,000 thousand excl. tax	€1,000 thousand excl. tax	€1,000 thousand excl. tax
of which variable fees paid by Altarea[(c)]				
• variable compensation linked to the CSR performance criterion	€500 thousand excl. tax	€500 thousand excl. tax	€500 thousand excl. tax	€500 thousand excl. tax
• variable compensation linked to the economic performance criterion	€849 thousand excl. tax[(d)]	€3,115 thousand excl. tax[(e)]	-	€849 thousand excl. tax[(d)]
TOTAL	**€3,349 THOUSAND EXCL. TAX**	**€5,615 THOUSAND EXCL. TAX**	**€2,500 THOUSAND EXCL. TAX**	**€3,349 THOUSAND 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) The variable fees owed by Altarea, the Company's parent company, for the financial years 2019 and 2020 include:
- *one based on a quantitative criterion linked to Altarea's financial performance: FFO per share: Before tax amount equal to a progressive percentage of a portion of the annual FFO per share, multiplied by the diluted average number of shares during the financial year (3% on the portion of the FFO per share between €15.76 and €19 and 5% on the portion of the FFO per share above €19). No variable compensation payable for an FFO per share below €15.76. No variable remuneration linked to FFO for the financial year 2020, 2020 FFO per share of the Altarea Group having been less than €15.76 and the Management having decided in May 2020 to waive it entirely (see box below);*
- *a part linked to a qualitative criterion depending on the Group's CSR performance, based on the GRESB GREEN STAR ranking: €250 thousand at four-star level, and €500 thousand excluding tax at five-star level. No variable compensation paid for a rating lower than 4 stars.*

No compensation is paid by the Company's subsidiaries.
*(d) Including €849 thousand (note c above) paid in respect of the variable remuneration for the financial year 2019 linked to the economic performance criterion of FFO per share in 2019 (**after taking into account the waiver by the Executive Management - see box below**) (Note c above).*
(e) Variable annual fees for the financial year 2018 paid in 2019 by Altarea, the Company's parent company.

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 2020. Additionally, it is made clear regarding the application of Articles L.22-10-9 (formerly L.225-37-3) 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 values in the above table are the fees paid exclusively to the legal person Altafi 2 whose executive officers receive no compensation. Thus they do not reflect the personal compensation of Alain Taravella, Chairman of Altafi 2 which is wholly owned by AltaGroupe. Each year AltaGroupe faces current operating expenditures and fees of around €1.5 million. AltaGroupe pays four people in total.

Given the health crisis linked to the COVID-19 pandemic, in may 2020 the management waived a significant portion of its compensation to contribute to the reduction of expenses of Altarea Group (to which Altareit and its subsidiaries belong) and to the solidarity measures implemented, notably the actions carried out with Habitat et Humanisme, by reducing their variable compensation based on FFO 2019 by 30% and by waiving in full any future entitlement to variable compensation in respect of FFO 2020.

Compensation received by non-executive corporate officers in office during financial year 2020

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 2020 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 2019	Amount paid for financial year 2020
Christian de Gournay Chairman of the Supervisory Board	Compensation in respect of attendance	0	0
	Other remuneration[(a)]	€275,000	€250,000
Éliane Frémeaux Supervisory Board member	Compensation in respect of attendance	€3,000	€3,000
	Other compensation[(b)]	€12,000	€12,000
Jacques Nicolet Supervisory Board member	Compensation in respect of attendance	€4,500	€4,500
	Other compensation[(b)]	€6,000	€6,000
Léonore Reviron Supervisory Board member	Compensation in respect of attendance	€3,000	€3,000
	Other compensation[(b)]	€12,000	€12,000
Dominique Rongier Supervisory Board member	Compensation in respect of attendance	€4,500	€4,500
	Other compensation[(b)]	€15,000	€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 5.5.3.1.1 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 2020 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.

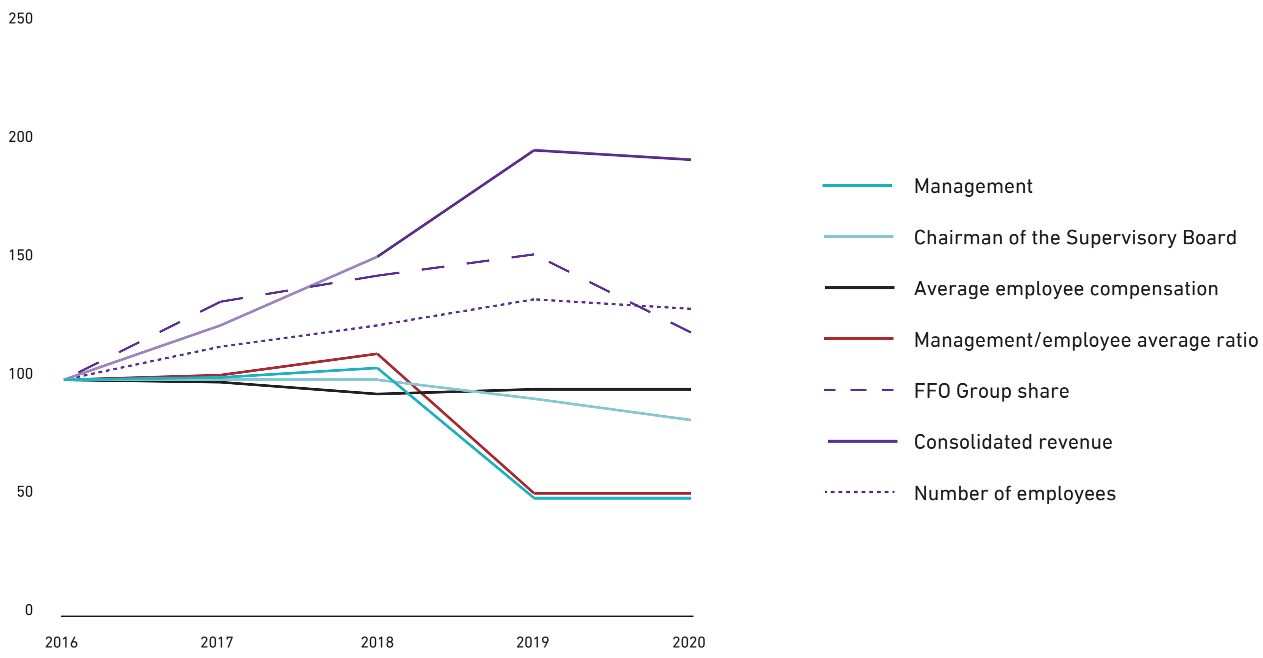
Ratios	2016	2017	2018	2019	2020
Management (fees)					
to average employee compensation	23.1	23.6	25.7	12.1	12.1
to median employee compensation	28.4	28.4	30.0	14.1	14.5
Chairman of the Supervisory Board					
to average employee compensation	3.5	3.5	3.7	3.3	3.0
to median employee compensation	4.3	4.2	4.3	3.9	3.6

For Management, note that a comparison should be drawn between (i) the annual fixed fees paid by Altareit to Altafi 2, a legal person that pays no compensation to its executive officers and is part of a group that pays its own operating costs and (ii) expenses and the salaries of natural persons. As such these ratios are not a true reflection of the discrepancies between compensation paid to natural persons (see above).

In 2019, the overall amount of fees paid by the Company and its parent company to the Management was significantly reduced compared to previous years. This reduction, which is particularly visible in this table above and the graph below, is the result of the modification of the terms of remuneration decided by the 2019 General Shareholders' Meeting on the recommendation of the Supervisory Board and the Compensation Committee (see Section 6.3.1.1 above), even though the management's actions have resulted in significant consistent growth in the Group's financial and non-financial performance for several years. This proposal was specifically intended to take account on the financial impact for the Group of the appointment of Jacques Ehrmann as manager of Altarea Management, a wholly-owned subsidiary of the Company. He was hired primarily to implement management's strategy. Also, Management waived part of its variable compensation due from Altarea based on 2019 FFO (see box above). In 2020, the Management's compensation decreased compared to the financial year 2019, due to the absence of variable compensation in respect of the FFO per share for 2020, which the Management had also waived in full in May 2020 (see box below).

Information relating to the Group's salary policy is provided in section 4.4.3 above. In 2020 this involved an aggressive salary campaign with an overall increase of more than 3% of payroll and the continuation of the ambitious employee shareholding schemes, with "Tous en Actions !" and the Altarea capital increase reserved for employees of the Group to which the Company belongs.

Pursuant to the new provisions of Article L. 22-10-9 (formerly L. 225-37-3), paragraph 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 Terms of compensation for financial year 2021

In application of the new provisions of Article L. 22-10-76 (formerly L. 226-8-1) of the French Commercial Code arising from the Order of 27 November 2019, the Supervisory Board will now decide and allocate the components of corporate officers' compensation according to the voting policy approved by the General shareholders's Meeting (*ex ante* vote).

At its meeting of 25 February 2021, 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 put to the *ex ante* vote of the annual Ordinary Shareholders' Meeting of 2021.

Accordingly, subject to the approval of these compensation policies for 2021 by the General Shareholders' Meeting, the Supervisory Board, on proposal of the Compensation Committee, agreed the following components of Management compensation, in the form of fees, and of compensation of the members of the Supervisory Board for this financial year.

The Ordinary General Shareholders' Meeting called to approve the 2021 financial statements, which will take place in 2022, will be asked to vote (i) on a draft resolution containing the information about the compensation components allocated or paid for this financial year and (ii) on separate draft resolutions relating to the compensation components allocated or paid to the Chairman of the Supervisory Board and Management for the said financial year. Any variable or exceptional components allocated for the financial year just passed cannot be definitively paid to a beneficiary until the components of the beneficiary's compensation have been approved by the General Shareholders' Meeting and received the consent of the general partner.

Components of Management compensation for financial year 2021

Compensation components	Rules and criteria	Targets/Comments
Fixed fee	Annual amount: €1 million excl. tax Payable in quarterly instalments	Compensation enabling the recipients to provide a continuous, high quality service to the Company and its Group Coherent with and unchanged from the fixed compensation for the previous financial period In line with the market practices of comparable companies identified with the help of specialist consultants Takes into account the compensation paid to Altafi 2 by Altarea, Altareit's parent company, for the functions and responsibilities exercised in this company.
Annual variable fee	Amount excluding tax equal to 1.5% of consolidated net income Group share exceeding €60 million for the current year No fees if consolidated net income group share is less than €60 million.	Significant portion of Management fees linked to Group performance, based on one of the main financial indicators the Group habitually uses in its financial communication. Consistent criterion in line with the Company's strategy, taking into account the growth of the Property Development business.
Compensation cap	Total cumulative amount of fixed and variable fees paid to Altafi 2 as manager of Altarea and Altareit in 2021 capped at €3.5 million excl. tax	Strict application of the measurement and completeness principles, so that all compensation paid by the companies of the Altarea Group to which the Company belongs is taken into account.

Management does not receive variable multi-year compensation, long-term profit sharing, benefits in kind, severance or non-competition payments or a pension plan.
It should be noted that Altafi 2, Co-Manager, also forms part of the management of Altarea, the parent company of Altareit. As such, Altafi 2 will receive in 2021 an unchanged fixed fee of an annual €1 million excl. tax plus any variable fees linked to the Group's financial and non-financial performance, it being recalled that the total amount of fixed and variable fees received by Altafi 2 as manager of Altarea and Altareit in 2021 cannot exceed €3.5 million excl. tax.

Components of the Supervisory Board members' compensation for financial year 2021

	Compensation components Rules and criteria	Targets/Comments
Chairman of the Board	No compensation	Total amount exclusive of all other Altarea Group compensation, taken from the total compensation allocated to the Supervisory Board by the General Shareholders' Meeting. Coherent with the duties and responsibilities of the Chairman of the Board. Stable compensation. Complies with the market practices of comparable companies and the recommendations of the MiddleNext Code
Supervisory Board members	Amount of €1,500 for each actual attendance at meetings of the Board and its specialised committees Beneficiaries: natural person members and permanent representatives of legal person members, with the exception of the Chairman of the Board who receives a fixed lump-sum compensation and persons, other than employee representatives, who receive compensation under the terms of an employment contract or a corporate office within the Altarea Group.	Variable component the largest Incentive to attend 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 19 May 2020

Delegations valid during 2020	Expiry date	Maximum nominal issue amount	Use in 2020
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	19/11/2021	Up to a maximum of 10% of the share capital	See Section 7.1.2, above.
Authorisation to reduce the share capital by cancelling shares purchased under the buyback programme	19/07/2022	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)	19/07/2022	€50 million for capital increases €200 million for debt securities	None
Authorisation to increase the share capital by capitalising reserves	19/07/2022	€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 an offer to the public other than that referred to in Article L. 411-2-1 of the French Monetary and Financial Code(i)(ii)(iii)	19/07/2022	€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 public offering referred to in Article L. 411-2-1 of the French Monetary and Financial Code(i)(ii)(iii)	19/07/2022	€50 million and 20% of share capital per year 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)(iv)	19/11/2021	€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(i)	19/07/2022	10% of the 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)	19/07/2022	€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)	19/07/2022	€100,000 for capital increases €500,000 for debt securities	None
Free share plans(i)(v)	19/07/2023	65,000 shares(vi)	None
Stock option plans (share subscription or purchase)(i)(v)	19/07/2023	65,000 shares(vi)	None
Share subscription warrants (BSA, BSAANE and BSAAR)(i)	19/11/2021	€100,000	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 over-subscription.
(iii) Delegation subject to an authorisation granted to Management to set the issue price up to a maximum of 10% of the share capital per annum.
(iv) The categories of persons are the minority shareholders of subsidiaries or sub-subsidiaries of the Company subscribing by reinvestment of the sale price of their stake in the group; or persons re-using the sale price of a portfolio of real estate assets or the securities of a company operating as a REIT or property developer; or holders of securities issued by a subsidiary or a sub-subsidiary of Altareit pursuant to Article L. 228-93 of the French Commercial Code.
(v) Authorisation subject to a global ceiling of 65,000 shares, of which a maximum of 20,000 shares for the executive corporate officers.
(vi) Representing approximately 3.71% of the share capital at 31 December 2020.

6.4.2 Delegations requested at the 2021 General Shareholders' Meeting

Delegations requested at the 2021 General Shareholders' Meeting	Maximum nominal issue amount	Duration
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	18 months
Authorisation 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	26 months
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	26 months
Authorisation to increase the share capital by capitalising reserves	€50 million	26 months
Authorisations without preferential subscription rights		
Issue of ordinary shares and/or equity securities giving access to other securities and/or securities giving access to equity securities to be issued by the Company or a related company, as part of a offer to the public other than that referred to in Article L. 411-2-1 of the French Monetary and Financial Code[(b)]	€50 million for capital increases €200 million for debt securities	26 months
Issue of ordinary shares and/or equity securities giving access to other securities and/or securities giving access to equity securities to be issued by the Company or a related company, as part of a public offering referred to in Article L. 411-2-1 of the French Monetary and Financial Code[(b)]	€50 million and 20% of share capital per year for capital increases €200 million for debt securities	26 months
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[(b)]	€20 million for capital increases €100 million for debt securities	18 months
Authorisations granted to Management to set the issue price for capital increases without preferential subscription rights[(b)]	10% of the capital	26 months
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[(b)]	10% of the capital	26 months
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	26 months
Global Ceiling and other authorisations		
Setting the 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	26 months
Option of increasing the amount of an issue in case of over subscription[(b)]	-	26 months
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 for debt securities	26 months
Free share plans[(b)(c)]	65,000 shares	38 months
Stock option plans (share subscription or purchase)[(b)(c)]	65,000 shares	38 months
Share subscription warrants (BSA, BSAANE and BSAAR)[(b)]	€100,000	18 months

(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).
(c) Authorisation subject to a specific global ceiling of 65,000 shares (representing some 3.71% of the share capital at 31 December 2020), 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 2021 General Shareholders' Meeting, 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 states 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. 22-10-11 (formerly 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 the 2020 financial year, 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 under Chapter 6 of this 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 2020, as at 31 December 2019, there were no outstanding stock options.

7.1.2 Share buyback programme

At the Combined General Shareholders' Meeting of 23 May 2019 and that of 19 May 2020, 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) delivery of shares upon the exercise of rights attached to debt securities or equity securities entitling their holders to be allocated shares of the Company;

(4) cancellation of 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) allocation 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 2020, Altareit held 236 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 2020 financial year:

Month	Number of shares bought	Number of shares sold	Balance of treasury shares	Price at end of month
January	0	11	95	€560
February	13	10	98	€545
March	97	22	173	€490
April	75	20	228	€470
May	19	36	211	€515
June	22	27	206	€520
July	26	21	211	€510
August	21	21	211	€515
September	35	20	226	€486
October	27	22	231	€480
November	23	21	233	€482
December	23	20	236	€486

Over the whole of 2020, 381 shares were purchased for a total price of €189,123, and 251 shares were sold for a total price of €126,861.

Note 6.1.1 to the consolidated financial statements in Section 3.6 in this document sets out details of the treasury shares held by the Company.

The Ordinary General Shareholders' Meeting called to approve the financial statements for the 2020 financial year will be asked to renew the authorisation to proceed with share buybacks granted by the General Shareholders' Meeting of 19 May 2020, 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 Share 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 2020

	Shares (and theoretical voting rights)		Actual voting rights at General Shareholders' Meetings	
Shareholder	**Number**	**%**	**Number**	**%**
Altarea SCA	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	236	0.01%	NA	NA
Public float	2,389	0.14%	2,389	0.14%
TOTAL	**1,750,487**	**100.00%**	**1,748,370**	**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 2020 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 2020, 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 2.09% 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 2020.

Change in ownership structure over the past three financial years

	31/12/2020		31/12/2019		31/12/2018	
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 SCA	*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	236	0.01%	106	0.01%	194	0.01%
Public float	2,389	0.14%	2,519	0.14%	2,431	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 2020

In 2020, 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 per cent (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 87, rue de Richelieu – 75002 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 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 2020.

7.1.6 Bonds not giving access to the share capital

Issue date	Issue amount	Subscription rate	Nominal amount outstanding	Date of maturity	Interest	Market	Isin
02/07/2018	€350,000,000	Entirely subscribed	€500,000,000	02/07/2025	2.875%	Euronext Paris	FR0013346814
07/07/2020	€80,000,000	Entirely subscribed					
23/10/2020	€70,000,000	Entirely subscribed					

Bonds issued on 07/07/2020 and 23/10/2020 were assimilated upon issue and comprised a single issue with the existing bonds issued on 02/07/2018.

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)	Non-eligible
PEA	Eligible
PEA SME	Non-eligible
ICB Sector classification	Real Estate Holding & Development, 8633

	Market capitalisation	High	Low	Latest price	Number of shares traded	Capital traded
2016	€311.00 m	€194.01	€166.00	€194.01	1,156	€205,421
2017	€481.40 m	€315.01	€194.01	€275.01	1,013	€260,583
2018	€770.21 m	€600.00	€276.00	€440.00	895	€389,959
2019	€927.76 m	€600.00	€434.00	€530.00	563	€286,426
2020	**€850.74 m**	**€560.00**	**€470.00**	**€486.00**	**625**	**€311,384**

	High	Low	Latest course	Number of shares traded	Amount of Capital traded
January 2020	€560	€525	€560	52	€27,935
February 2020	€555	€545	€545	15	€8,240
March 2020	€545	€470	€490	124	€61,135
April 2020	€478	€470	€470	133	€62,998
May 2020	€515	€478	€515	41	€21,041
June 2020	€520	€510	€520	42	€21,740
July 2020	€520	€505	€510	49	€24,930
August 2020	€515	€510	€515	22	€11,255
September 2020	€515	€486	€486	59	€29,510
October 2020	€486	€480	€480	27	€13,060
November 2020	€482	€480	€482	26	€12,518
December 2020	€488	€482	€486	35	€17,022

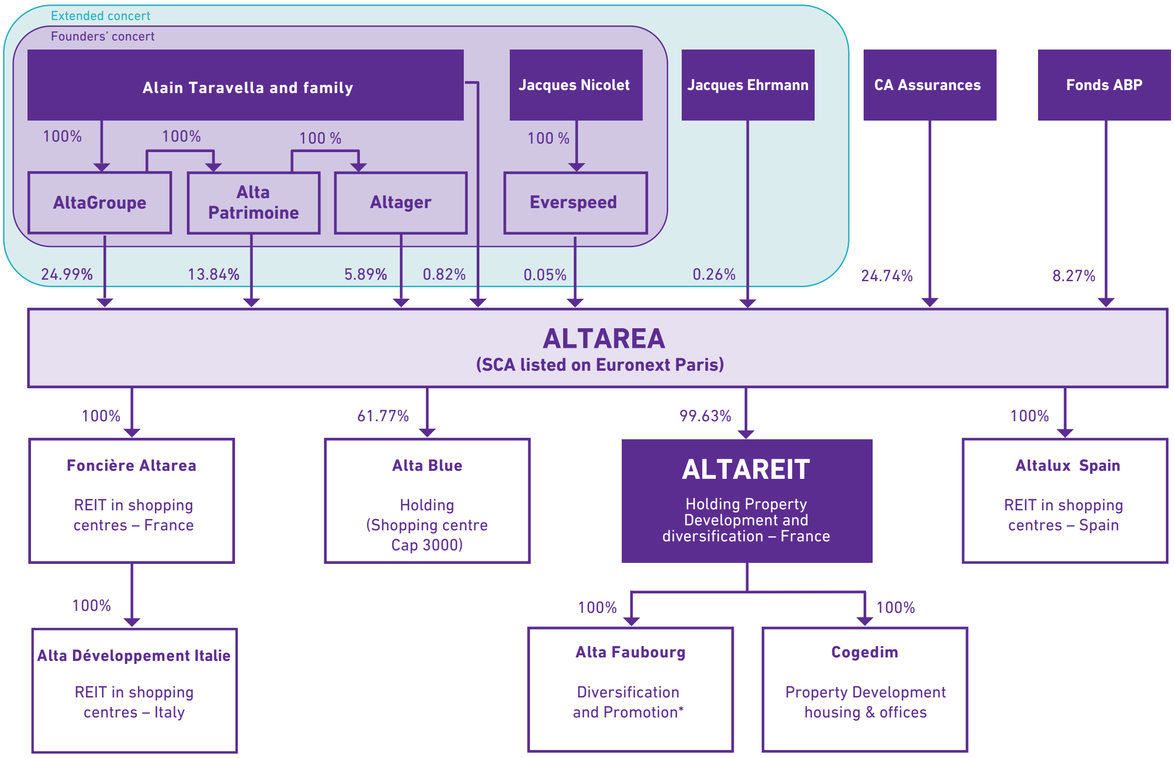
(source: Euronext)

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 founders' concert in August 2019.

The organisational structure below presents the situation of Altareit and its subsidiaries in the Altarea Group at 31 December 2020, 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, Serviced Residences business and the shareholding in AltaFund and Woodeum are 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 sets out details of 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 2020, 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 2017, 2018 and 2019 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 2020, 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 2020.

8

ADDITIONAL INFORMATION

8.1 Company information

8.1.1 History and development of the Company

2007-2008

Acquisition of Altareit, a listed vehicle, by Altarea, a listed REIT specialising in shopping centres. Formerly known as Fromageries F Paul Renard, Altareit was previously a subsidiary of the Bongrain group, its cheese making activity having been transferred to another company in this group at the end of 2007.

Following the launch by Altarea of a simplified takeover bid, equivalent to a buyout offer to non-controlling shareholders given the planned changes, 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 registered 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. Accordingly, at the end of December 2008, Altarea transferred to Altareit all of the shares in the two Altarea Group entities operating outside its core business as a shopping centre REIT. Altareit thus became the parent company of Cogedim, a historical property developer in France, and of Alta Faubourg, which hosts all of the Altarea Group's diversification and property development activities.

2009

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 has created AltaFund, a Business property investment vehicle, in partnership with several leading international investors.

2012

Altareit joins Euronext Paris, Sub-fund B.

2013

Delivery of the first Cogedim Club®, the Serviced Residences business line for active seniors. The Group also develops halls of residence for students, business tourism, etc.

2014

Acquisition of Histoire & Patrimoine, a specialist in urban building renovation and rehabilitation and tax-relief products (such as the Malraux scheme, historical monuments and the Land deficit scheme).

Partnership with Crédit Agricole Assurances in the company operating Cogedim Club® residences.

2016

Acquisition of Pitch Promotion.

The Group exceeds its annual objective of 10,000 units sold.

New contracts won for large mixed-use projects (Bobigny, Belvédère in Bordeaux and Cœur de Ville in Issy-les-Moulineaux).

2017

Delivery of the large mixed-use project Place du Grand Ouest in Massy.

2018

Sale of two of the biggest office developments in Grand Paris of the year: the Kosmo building in Neuilly-sur-Seine, the future global head office of Parfums Christian Dior, and the Richelieu building in Paris, the future head office of the Altarea Group.

Rating agency S&P Global rates Altareit Investment Grade, BBB (stable).

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 in Nouvelle Aquitaine, and 50% of Woodeum, a low-carbon residential developer.

Launch of work on the Issy-Cœur de Ville eco-neighbourhood, the largest mixed project in the Grand Paris metropolitan area.

Acquisition for redevelopment of the current CNP Assurances head office above Paris-Montparnasse station.

2020

In a year marked by the Covid-19 pandemic, the Residential division continued to gain market share with €3.4 billion in new orders (12,000 units sold).

Launch of Altarea Solutions & Services, an in-house value-added service platform to support customers and partners throughout their project (Residential).

Delivery of 87 Richelieu, the new head office of the Altarea Group, which won the Grand Prix Simi 2020(1), and Convergence in Rueil-Malmaison, the new head office of Danone Global, as well as a logistics platform of 46,000 m² for Lidl near Nantes.

The Group took second place in the 2021 customer relations rankings compiled by HCG France/Les Échos after making its debut in the Top 3 last year. Cogedim won "Customer Service of the Year" for the 4th consecutive year.

The Altarea Group certified as a "Top Employer France" in 2021(2).

Confirmation for the 5th consecutive year of Altarea's "Green Star" five-star status granted by GRESB.

(1) In the category "Renovated office building or particularly innovative redevelopment".

(2) Certification awarded by the Top Employers Institute.

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 registered office of Altareit is located at 87 rue de Richelieu - 75002 Paris.

Its telephone numbers is: +33(0)1 56 26 24 00.

Altareit is hosted by its sub-subsidiary Cogedim Gestion, which itself holds a commercial lease for the premises of its head office.

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 00104 and its business code is 4110A.

The Company's legal entity identification code (LEI) is 96950040APTHOKN99645.

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 business review (Chapter 1 of this document) give quantitative information on the Altareit Group's businesses and services, along with their trends, competitive landscape, and results.

Main competitors[1]: the ten leading property operators, which include the Altarea Group, of which Altarea forms part, are:

- in the Residential property development sector[2]: Nexity, Vinci Immobilier, Bouygues Immobilier, Kaufman & Broad, Pichet Groupe, Alila, Bassac (formerly Les Nouveaux Constructeurs), Icade and Eiffage Immobilier;
- in the Business property development sector: BNP Paribas Real Estate, Vinci Immobilier, Nexity, 6th Sens Immobilier, Bouygues Immobilier, Emerige, Kaufman & Broad, Adim and Groupe Duval.

8.2.2 Absence of material changes in the financial or business position

Since the 1 January 2021, with the exception of what appears, where applicable, in Note 11 to the consolidated financial statements (Section 2.3 of this document) and risks related to the real estate market and wider economy from the uncertainties surrounding COVID-19 (see section 5.2.1 and 5.2.2), the Company has not experienced any significant changes in its financial position or business situation.

8.2.3 Information that can affect the Company's businesses or profitability

In terms of property development (Residential and Business property), a single customer accounted for more than 10% of the division's revenue at 31 December 2020. The ten largest customers accounted for 40% of total revenue.

Attention is drawn to the significant risks the company faces, detailed in Chapter 5.2 of this document, particularly regarding risks to the real estate market and economy from the uncertainties surrounding COVID-19 (see sections 5.2.1 and 5.2.2).

(1) In total sales volume in millions of euros - Awards 2019 - Classement des Promoteurs 2020 (32nd edition) - Innovapresse - pages 13 and 15.

(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 certify that the information contained in this Universal Registration Document is, to the best of my knowledge, true and fair and free from material omission.

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, the cross-reference table of which appears on page 203, 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	Date of first appointment	Start date and duration of current term	Expiration of term
Full members[a]			
Ernst & Young Audit Tour First – 1 place des Saisons, 92400 Courbevoie Represented by Anne Herbein	2 June 2008	19 May 2020 6 financial years	GSM on the accounts for the financial year 2025
Grant Thornton[b] 29 rue du Pont, 92200 Neuilly-sur-Seine Represented by Laurent Bouby	2 June 2008	19 May 2020 6 financial years	GSM on the accounts for the financial year 2025

(a) the terms of office of the Alternate Statutory Auditors, IGEC and Auditex, which expired at the end of the General Shareholders' Meeting of 19 May 2020, were not renewed at the meeting, but replaced, in accordance with the provisions of Article L. 823-1 of the French Commercial Code as amended by Law 2016-1691 of 9 December 2016.

(b) Grant Thornton took over the business of AACE Île de France as of 31 July 2017. AACE Île 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 Île 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 Île 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.

The Company's Statutory Auditors are members of *Compagnie Nationale des Commissaires aux Comptes.*

8.4 Documents and information

8.4.1 Documents incorporated by reference

In compliance with Article 19 of Regulation (EU) 2017/1129, the following information is incorporated into this Universal Registration Document by reference:

- 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 20 of the 2018 Registration Document filed with the *Autorité des Marchés Financiers* on 2 April 2019 under number D. 19-0251;
- the consolidated financial statements and corresponding audit report provided on pages 26 and 74, the annual financial statements and corresponding audit report provided on pages 80 and 93, as well as the management report provided on page 8 of the 2019 Universal Registration Document filed with the *Autorité des Marchés Financiers* on 30 March 2020 under number D. 20-0212.

8.4.2 Documents available

For the full period of validity 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 87 rue de Richelieu – 75002 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 Universal Registration Document.

All regulated company information circulated by the Company in accordance with Articles 221-1 et seq of the AMF General Regulation, such as Universal Registration Documents (including the annual financial statements) containing essentially the Company's historic financial information, filed with the French financial markets authority (AMF) for the past ten financial years, and any updates thereof, are available on the Company's internet site www.altareit.com (headings Finance/Regulatory information and Publications). The information which appears on the Company's website is not part of this Universal Registration Document unless it has been 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 hereby confirms that this information has been faithfully reproduced and, as far as the Company is aware and can confirm in the light of the information published, no fact has been omitted that would render the information produced inaccurate or misleading.

Cross-reference tables

Universal Registration Document cross-reference table

The cross-reference table below can be used to identify the information required by Annexes 1 and 2 of the Delegated Regulation (EC) 2019/980 of 14 March 2019.

Cross-reference table of the annual financial report

(Articles L. 222-3 of the AMF General Regulation and L. 451-1-2 of the French Monetary and Financial Code)

Cross-reference table of the Management Report

(Articles L. 225-100-1, L. 232-1 and L. 233-26 of the French Commercial Code)

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