Paris, 29 July 2011

2011 First-half Results

Business model demonstrates strong performance

Recurring net profit[1] per share: up 13%

NAV[2] per share: €146.7, up 5.3%

*Paris, 29 July 2011**. The Altarea Cogedim Supervisory Board met today to review the Group's consolidated financial statements presented by the management team for the first half of 2011. These financial statements have been audited and they will be certified after the required procedures for publishing the interim financial report have been completed.***

RETAIL PROPERTY: Implementation of the rotation strategy

Three development projects secured or launched during the first half representing €210m in projected investments

Three projects representing GLA of 115,000 sqm were secured or launched during the first half: two new Family Villages (Nîmes Costière and Ruaudin) and the Villeneuve-la-Garenne regional shopping centre. The development pipeline represents potential investments of €856m with a 9.0% yield.

Net rental income stable at €74.9m (up 0.3%), tenant revenues up 2.4%

Assets put in service and acquisitions offset the impact of disposals made in 2010 and 2011. Tenant revenues moved up 2.4% on a same-floor area basis, driven primarily by the Family Villages and large shopping centres. The Group's portfolio of property assets is worth €2.7bn, including transfer duties.

Following our roadmap

The Group continued its disposal programme, with nearly €58m of assets sold or under option. The strategy in the years ahead is to concentrate the portfolio on some thirty large retail property assets, with a higher proportion of Family Villages and large shopping centres.

RESIDENTIAL PROPERTY: Market share gains, sharply higher results and clear visibility

Net reservations rose by 4.5% to €617m in a climate of softer demand

Cogedim's market share advanced to 4.9% from 4.3%[3] in a climate of relatively weaker demand. The disposal rate for the company's programmes was 21% and the property pipeline (secured in the form of unilateral options) represented €3.1bn, or 30 months' revenue.

Financial indicators up sharply. Backlog provides clear visibility on results

Operating profit doubled to €38.5m under the impetus of a 38% surge in revenues to €344m and an improvement in margins. The backlog[4] was 13% higher than at 31 December and 41% higher than at

1 Rental income +Fees+margins+net overhead costs after interest expense and income tax

2 Diluted going-concern NAV after financial instruments and non-SIIC tax regime

3 Value based on Q1 figures (national figures for Q2 not available as of publication date)

4 Revenues excluding tax for sales remaining to be recognised on the percentage of completion method ("order book")

30 June 2010. It now amounts to €1.6bn, or 28 months' revenue. Cogedim's target is to generate residential property revenue of €800m-€850m in 2011.

Continuing to follow our roadmap

In the medium term, the Group's target is to lift its market share to 6% in terms of value (i.e. €1.2bn-€1.5bn) by expanding its product range and by making selective acquisitions.

OFFICE PROPERTY: Robust operational activity, preparing for the recovery

Robust operational activity

With 131,600 sqm delivered, including the emblematic Tour First in La Défense, and a business volume of €88m (Tour Chartis in La Défense and Nexans in Lyon), the Group sustained a high level of business in a persistently "wait-and-see" market. The backlog amounted to €182m at 30 June, or 21 months' revenue.

Second closing of office property fund

After the initial closing of €350m, the office property fund managed by the Group has just received an additional €125m in commitments and plans to increase this to €600m in the future[5]. The goal is to secure adequate funding to capitalise on the recovery when it arrives.

Continuing to follow our roadmap

With its expertise and its substantial funding base, the office property division is expected to make a strong earnings contribution to the Group by 2014-2015.

"Time after time, Altarea Cogedim has demonstrated the strength of its business model, which is based on holding positions in the three main segments of the real estate market. The shopping centre arm must constantly keep up with changes so as to deliver a steady stream of recurring earnings; the residential segment has incontestably solid fundamentals underpinned by population growth and a structural shortage of housing in France, but it is exposed to periods of rapid expansion or contraction; the office property market is subject to medium term cycles dictated by a combination of macroeconomic variables and technological change.

In each of these three segments, the Group holds a unique competitive position based on its expertise in designing real estate products. This position is the springboard for the substantial improvement in the Group's main financial indicators during the first half, which enables us to confirm our recurring net profit growth target of well above 10% over the full year 2011."

Alain Taravella, Chairman and Founder of Altarea Cogedim

5 Including 20% contributed by the Group, capped at €100m

KEY CONSOLIDATED FINANCIAL DATA FOR THE FIRST HALF OF 2011

In millions of euros	30 June 2011	30 June 2010	Change
Retail property	64.1	66.9	-4.2%
Residential development	38.5	18.7	+106%
Office development	(0.1)	4.4	**N/A**
Recurring operating profit[6]	**102.6**	**90.0**	**+14%**
Recurring net profit[7]	66.4	59.3	+12%
Recurring net profit per share	€ 6.29	€5.57	+13%

In millions of euros (unless otherwise indicated)	30 June 2011	31 Dec. 2010	change
Retail portfolio (including transfer duties)	2,654	2,602	+2.1%
Capitalisation rate[8]	6.20%	6.35%	-15bp
NAV[9]	1,492.7	1,417.4	+5.3%
NAV[9] per share	€146.7	€139.3	+5.3%
LTV	51.9%	53.2%	-130bp

Next financial event

2011 third quarter (1 July-30 September) results: early November 2011

The Group reports its financial information after trading hours.

The 2011 half-year report is available on www.Altarea-Cogedim.com

About Altarea Cogedim - FR0000033219 - ALTA

Altarea Cogedim is a leading retail property investment and development group active in all three main property markets: retail, office, and residential. It has the skills and experience to effectively design, develop, sell, and manage customised property assets in each of these markets. The Group's risk exposure is aligned with its long-term vision, and it creates value by designing and building attractive assets and by seizing profitable opportunities in the property sector.

Altarea Cogedim operates in France and Italy and had a property portfolio worth €2.7 billion at 30 June 2011. Altarea is listed in Compartment A of NYSE Euronext Paris with a market capitalisation of €1.4 billion.

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6 Rental income +Fees+margins after net overhead costs

7 Recurring operating profit after interest expense and income tax

8 The capitalisation rate is the rental yield relative to the appraisal value excluding transfer duties.

9 Diluted going-concern NAV after financial instruments and non-SIIC tax regime.

BUSINESS REVIEW
June 2011

Altarea Cogedim generates a stream of recurring income from its shopping centre property business alongside value added from its property development arm and is active in the three main segments of the real estate market (retail, residential and office property). The Group's financial base is underpinned by its portfolio of commercial properties and the value it adds to them through its development expertise boosts its performance. With its complementary business activities, the Group can leverage the right market at the right time in the property cycle.

1. Main events in the first half of 2011

Altarea Cogedim continued to implement its strategic plan across all of its business lines, in keeping with its targets and with the announced timetable.

1.1 Shopping centres: higher concentration of large shopping centres and Family Village retail parks, priority focus on regions with high population growth

During the first half of 2011, Altarea Cogedim continued its policy of investing in regional shopping centres, with the launch of Villeneuve-la-Garenne[10], and in large retail parks, with the future Nîmes Costière Family Village[11] and the extension of the Les Hunaudières Family Village[12]. These three projects, which have received full or partial authorisations, are in the marketing stage and are scheduled to open in 2013 and 2014. They represent an aggregate commitment of €210 million[13] and they are entirely consistent with the Group's strategy, in terms of both format and location.

During the same period, Altarea Cogedim continued to dispose of mature shopping centres, with nearly €58 million of assets sold or under contract. The Group is currently negotiating other transactions and will close new deals in the future, over the course of its reinvestment programme. The goal over the next three to four years is to concentrate the portfolio on 30 to 35 shopping centres with an average value of €100 million, compared with the Group's current holdings of some fifty assets worth €50 million each.

Tenant revenues from proprietary shopping centres in the property portfolio increased by 2.4% on average[14] during the first half, despite the relative stagnation in consumer spending. This growth was driven by the retail parks and large shopping centres, thereby reflecting the viability of the Group's strategy, which aims to increase the relative proportion of these two formats in its property portfolio.

In the short term, as a result of the asset trade-offs, net rental income was stable at €75 million (up 0.3%).

1.2 Residential property development: robust earnings growth and market share gains despite slackening demand

All of Cogedim's financial indicators in residential property registered a sharp increase over the first half. Revenues jumped 38% to €344 million and operating profit doubled to €38.5 million. This growth is expected to continue over the next two years owing to Cogedim's solid order backlog, which amounted to some €1.6 billion or 28 months' revenues at 30 June 2011. The backlog, coupled with the pipeline[15], means that the company is expected to meet its annual revenue target of €1.1 billion as from 2012, i.e. a twofold increase over the 2010 level. Margins on projects in the backlog are well above 10%, which should lead to a significant increase in the contribution from the residential segment to the Group's results in the months ahead.

New housing reservations booked by the Group in the first half of 2011 amounted to €617 million including tax (up 4.5%) in a slower market than in 2010[16]. In addition to the brand's appeal, this solid performance is due to Cogedim's presence in France's fastest-growing regions (Greater Paris Area, coastal areas, Rhône-Alpes region) and to its extended product offering. At the end of July, the Group entered into exclusive negotiations to acquire Urbat, a regional developer based in southern France (Toulouse, Montpellier, Marseille), with business volume of €185 million in 2010. The outcome of these negotiations will depend on several factors, including approval by the relevant authorities. The deal could be completed during October and would enable Cogedim to extend its business into the entry-level range in a region with a rapidly growing population. This is consistent with Cogedim's objective of consolidating its position by controlling 6% of its domestic market, which is worth an estimated €20- €25 billion, over the long term[17].

1.3 Office property: giving the Group the wherewithal to capitalise on the market's future recovery

With €88 million of business volume and nearly 131,600 sqm completed, including the emblematic Tour First in La Défense, the Altarea Cogedim

[10] An 86,000 sqm regional centre located north-west of Paris
[11] A 28,500 sqm Family Village located south of Nîmes
[12] A 34,000 sqm extension to the Les Hunaudières Family Village located south-east of Le Mans
[13] Net investment, Group share.
[14] Index of increases on a "same-floor area basis" (Group share)
[15] €3.1 billion, i.e. 30 months' revenues
[16] The French market declined by an estimated 24% in value in the first quarter of 2011 (source: FPI, press release dated 11 May 2011)
[17] i.e. reservations of €1.2-€1.5 billion

Entreprise staff made the most of their expertise during the first half in a market that is still on the road to recovery. Despite the projected shortage of new space by 2012-2013, few projects broke ground in a climate where rental values have not yet stabilised and where take-up is stagnant. The backlog at 30 June 2011 was €182 million, about the same as at end-December 2010.

On 31 March, Altarea Cogedim finalised the first closing on a commercial property investment vehicle with equity of €350 million. Since this first closing, €125 million of additional commitments primarily arising from a sovereign fund, were received, increasing the vehicle's equity to €475 million. Altafund plans to bring in new partners to raise up to €600 million, making it the largest investment vehicle dedicated to commercial property in the Greater Paris Area. In the future, the Group will have a discretionary investment capacity of over €1 billion including debt. Altafund's purpose is to take positions in projects to build or redevelop "core" office property assets with a high environmental value added. The objective is for the Group to leverage its operational expertise when the time comes, so as to create more value and to generate a high contribution to Group earnings by 2014-2015.

1.4 Novethic 2011 survey: Altarea Cogedim wins recognition for eco- performance reporting

Novethic, a subsidiary of Caisse des Dépôts, with the support of ADEME (French Environment and Energy Management Agency), recently published its 2011 survey of buildings' environmental performance. For the fifth consecutive year, this survey, measured the quality of reporting on building eco-performance by evaluating public information provided by the eight largest French developers and the fifteen largest listed property companies on the energy efficiency and CO^2 emissions of the properties they build or own. Altarea Cogedim moved up significantly in the Novethic ratings. It now ranks first among developers (versus third in 2010) and is among the leaders in the property company category, where it moved up to third place from ninth in 2010. The survey highlights the transparency of the companies' communication on the performance of existing buildings and their commitments to future action, energy efficiency, CO^2 performance and innovation, and on how they set the example.

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1. Shopping centres

1.1 Summary

At 30 June 2011, the portfolio of shopping centres in operation was valued at €2.7 billion including transfer duties and generated annualised gross rental income of €158 million. Current investment in shopping centre projects represents potential investments of €856 million, projected gross rental income of €77 million and a projected yield of 9.0%.

Key figures for the asset base and project portfolio at 30 June 2011 (Altarea-Cogedim Group share)

	Operating shopping centres				Shopping centres under development			
June 30, 2011	GLA in sqm	Current gross rental income (18)	Appraisal value (19)	Weighted average capitalisation rate (20)	GLA in sqm	Provisionnal gross rental income	Net investment (21)	Yield
Retail Parks & Family Village	186 255	26.9	444	6.46%	173 900	24.8	287	8.7%
Shopping Centres	484 895	131.2	2 210	6.15%	135 000	52.3	569	9.2%
Total assets	**671 150**	**158.1**	**2 654**	**6.20%**	**308 900**	**77.1**	**856**	**9.0%**

1.2 Proprietary shopping centres

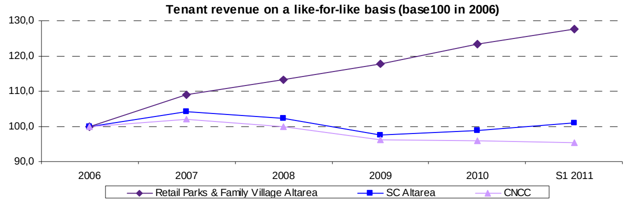
Consumer spending[22]

After a good start in the first three months of 2011, with a rise of 1.2% on the same year-ago period, consumer spending dipped in the second quarter in France. According to INSEE forecasts, consumer spending will increase by 0.7% in the second half, in sync with the anticipated contraction in the unemployment rate, which is expected to edge down to 9.0% from 9.2% at 31 March 2011.

Tenant revenues: Family Village Retail Parks outperformed

Tenant revenues from proprietary shopping centres advanced by 2.4% on a same-floor area basis[23] compared with a 0.3% rise for the national index[24]. Retail parks and Family Villages owned and operated by Altarea Cogedim outperformed the other formats, in keeping with the secular trend that began in 2006. Large proprietary shopping centres – particularly Cap 3000 – also did well during the first half.

Revenue growth	"Same-floor area" basis	"Same-store" basis
Retail Parks and Family Villages	+3.7%	+3.0%
Shopping centres	+1.7%	+0.3%
Total	+2.4%	+1.1%
CNCC index	*+0.3%*	*-0.6%*



Family Village: a format that meets the expectations of retailers and consumers

With its range of Family Villages – centres that are designed to optimise the shopping experience and convenience for consumers – Altarea Cogedim stands out in the segment, which is still largely dominated by a relatively unstructured range in the city outskirts without any real marketing concept.

Altarea Cogedim's Family Villages are large suburban centres (GLA of up to 60,000 sqm) with high-quality architectural features. They are operated as shopping centres and have their own marketing base. The tenants are non-food chains with mass market positions and a much larger floor area than found in a shopping centre[25]. Their property and logistics cost[26] is roughly 60% to 70% lower, while sales per square metre range from €2,000 to €3,000. With average rents of €100-€150 and rental charges of €10-€20 per sqm, the chains have a low break-even point and quickly generate a return on investment.

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[18] Rental values on signed leases at 1 July 2011
[19] Appraisal value, excluding transfer duties
[20] The capitalisation rate is the rental yield relative to the appraisal value excluding transfer duties
[21] Total budget including interest expense and internal costs
[22] INSEE publications
[23] Revenue, Group share over the first 5 months, excluding centres undergoing redevelopment and extensions/creations of floor area
[24] CNCC index: benchmark developed by the Conseil National des Centres Commerciaux (National Shopping Centre Board) that does not include retail parks

[25] Many of the chains that lease space in Family Villages also have locations in the shopping centres in a modified format
[26] Rents + rental charges including tax

This retail store format is also closely in tune with consumer expectations. The build-up of e-commerce has boosted consumers' price sensitivity significantly by giving them powerful tools that enables them to make increasingly rational buying decisions[27]. Against this backdrop, large, modern, functional retail parks like the Family Village parks offer a credible "value promise". Consumers know that they are likely to find competitive pricing. In addition, they can make their purchases conveniently, in a quality environment that offers entertainment and recreational activities – the hallmark of the shopping centres designed by Altarea Cogedim.

Rental income from Altarea Cogedim shopping centres

The Group's net rental income was €74.9 million in the first half of 2011, about the same as in the year-earlier period (up 0.3%).

	(€ m)
Net rental income June 2010	**74.7**
a- Shopping centres opened	5.0
b- Disposals	(8.3)
c- Acquisitions	4.0
d- Refurbishments	(0.8)
e- Like-for-like change	0.2
Total change in net rental income	**0.2**
Net rental income June 2011	**74.9**

a- Shopping centres opened

Two small downtown centres were opened during the first half, representing a combined total GLA of 11,900 sqm Group share (Tourcoing and Mantes). However, the bulk of this item consists of centres opened in 2010, which began to produce their full impact in 2011 (Okabé in Kremlin-Bicêtre, Limoges Family Village, Due Torri in Italy).

Part of the portfolio consists of assets that were recently placed in service[28] and that were slow to ramp up because of the crisis. In the months ahead, Altarea Cogedim expects an appreciable improvement in the operating performance of these assets, particularly for those in city-centre locations, which hold intrinsic value that is highly prized by investors.

b - Disposals

This item mainly reflects the impact of disposals completed in 2010 that will produce their full impact in 2011 (Wagram, Brest, Toulouse). It also includes €58 million of assets that have been sold or are under contract: a small, 11,600 sqm retail park in Crèches-sur-Saône, which was sold for 14% more than its appraisal value, and the centre in Vichy, which was under contract as of 30 June 2011.

c- Acquisitions

This mainly includes the impact from the acquisition of Cap 3000 in June 2010, which will flow through in full in 2011.

d- Redevelopment

In the first half of 2011, most of the impact on this line item was due to Massy, where the stores were gradually vacated to accommodate future works.

e- Like-for-like change

In the first half of 2011, net rental income on an unchanged consolidation basis was slightly higher than in the first half of 2010.

Occupancy cost ratio[29], bad debt ratio[30] and financial vacancy rate[31]

	Retail Parks & Family Village	Shopping centres	Group S1 2011	Group 2010
Occupancy cost ratio	6.8%	10.0%	**9.0%**	**9.3%**
Bad debts ratio	1.2%	2.2%	**2.0%**	**2.2%**
Financial vacancy rate	1.6%	3.7%	**3.4%**	**3.2%**

Rental activity

	No. Of leases concerned	New rent (€m)	Old rend (€m)	Increase (%)
Letting	82	5.8	0.0	NA
Re-letting	22	1.3	1.3	3%
Renewal	25	1.7	1.4	21%
Total S1 2011	**129**	**8.9**	**2.7**	**NA**

Lease expiry schedule

€ m	Group share		Group share	
Year	Rental income reaching lease expiry date	% of total	Rental income reaching three-year termination option	% of total
Echus	9.5	6.0%	12.4	7.8%
2011	7.4	4.7%	8.7	5.5%
2012	8.9	5.6%	27.8	17.6%
2013	8.7	5.5%	36.5	23.1%
2014	17.9	11.3%	36.2	22.9%
2015	11.5	7.3%	10.7	6.8%
2016	9.7	6.1%	12.7	8.0%
2017	21.4	13.6%	5.6	3.5%
2018	21.0	13.3%	1.6	1.0%
2019	18.0	11.4%	0.8	0.5%
2020	14.6	9.2%	1.5	1.0%
2021	4.8	3.0%	1.8	1.1%
> 2021	4.8	3.0%	1.7	1.1%
Total	**158.1**	**100.0%**	**158.1**	**100.0%**

[27] 87% of French consumers look up information on a product or service online before making a purchase. Before they make their decision, on average, they look at 7.5 sites, including the brand's proprietary site, specialised information sites, price comparators, forums and blogs (OTO Research, January 2011).
[28] 25.6% of property assets are less than three years old (% of value Group share including transfer duties)

[29] Ratio of rent and expenses charged to tenants to revenues generated by the retailer – including VAT
[30] Net amount of charges to and reversals of provisions for doubtful receivables, as well as definitive losses over the period by comparison with rent and rental charges billed.
[31] Estimated rental value (ERV) of vacant units relative to rental situation including ERV. Excluding properties under redevelopment.

Value of property assets in operation

At 30 June 2010, the value[32] of properties in operation was €2,654 million (Group share), a slight increase over the value at 31 December 2010 (up 2.1% like-for-like).

Breakdown of operating shopping centres at 30 June 2011

	GLA sqm Group share	Gross rental income (€m) Group share	Value (€m) Group share
Retail Parks & Family Village	186 255	26.9	444
Shopping centres	484 895	131.2	2 210
TOTAL at 30 June 2011	**671 150**	**158.1**	**2 654**

	GLA sqm Group share	Gross rental income (€m) Group share	Value (€m) Group share
TOTAL at 31 December 2010	**670 876**	**159.1**	**2 602**
Centres opened	11 874	1.0	15
Disposals	(11 600)	-1.3	(18)
Refurbishments		-0.6	55
Like-for-like change		-0.1	
Sub-total	**274**	**-1.0**	**52**
TOTAL at 30 June 2011	**671 150**	**158.1**	**2 654**
o/w France	*555 846*	*124.1*	*2 111*
o/w International	*115 304*	*33.9*	*543*

- Appraisal values

The Altarea Group's property portfolio valuation is based on appraisals by DTZ Eurexi and Icade Expertise (for shopping centre properties in France and Spain), Retail Valuation Italia (for properties in Italy) and CBRE (for hotels and business franchises). The appraisers use two methods:

- A method based on discounting projected cash flows over ten years, taking into account the resale value at the end of the period determined by capitalising net rental income. Amid the prevailing inefficient market conditions, appraisers have opted to use the results obtained by this method in many instances.
- A method based on the capitalisation of net rental income: the appraiser applies a rate of return based on the site's characteristics (surface area, competition, rental potential, etc.) to rental income including guaranteed minimum rent, variable rent and the market rent of vacant premises, adjusted for all charges incurred by the owner. The second method is used to validate the results obtained with the first method.

Rental income includes:
- rent increases to be applied on lease renewals
- the normative vacancy rate
- the impact of future rental capital gains resulting from the letting of vacant premises
- the increase in rental income from incremental rents

These valuations are conducted in accordance with the criteria set out in the Red Book - Appraisal and Valuation Standards published by the Royal Institute of Chartered Surveyors in May 2003. The surveyors' assignments were all carried out in accordance with the recommendations of the COB/CNC "Barthes de Ruyter working group" and comply fully with the instructions of the Real Estate Valuation Charter ("Charte de l'Expertise en Evaluation Immobilière") updated in June 2006. Surveyors are paid lump-sum compensation determined in advance and based on the size and complexity of the appraised properties. Compensation is therefore totally independent of the results of the valuation assessment.

The breakdown of the appraised value of the portfolio by expert is as follows:

Expert	Assets	No. Of assets	% of the value*
Icade	France	22	28%
Retail Valuation Italia	Italia	6	14%
DTZ	France & Spain	31	57%
CBRE	France	3	1%

** % of total value, including transfer duties*

- **Capitalisation rate[33]**

In the first half of 2011, the weighted average capitalisation rate fell by 15bp, from 6.35% to 6.20%.

	June 30, 2011	Dec 31, 2010	June 30, 2010
	Average net cap. rate	Average net cap. rate	Average net cap. rate
Retail Parks / Family Village	6.46%	6.68%	6.80%
Shopping centres	6.15%	6.29%	6.38%
Total	**6.20%**	**6.35%**	**6.45%**
o/w France	*6.08%*	*6.23%*	*6.35%*
o/w International	*6.67%*	*6.81%*	*6.81%*

[32] Including transfer duties

[33] The capitalisation rate is the rental yield relative to the appraisal value excluding transfer duties

1.3 Shopping centres under development[34]

At 30 June 2011, the volume of development projects under contract by Altarea represented a projected net investment[35] of approximately €856 million and potential rental income of €77 million, for a projected return on investment of 9.0%.

June 30, 2011	Shopping centres under development			
	GLA in sqm	Provisionnal gross rental income	Net investment	Yield
Retail Parks & Family Village	173 900	24.8	287	8.7%
Shopping Centres	135 000	52.3	569	9.2%
Total assets	**308 900**	**77.1**	**856**	**9.0%**
o/w refurbishments / extensions	*30 600*	*21.3*	*198*	*10.8%*
o/w creations	*278 300*	*55.8*	*658*	*8.5%*

The Altarea Cogedim Group reports only on projects initiated and controlled by the company[36]. This pipeline does not include projects that have been identified and are currently being negotiated by development staff or in an advanced research stage. On average, the pipeline consists of projects with scheduled completion dates of 2013 and 2014, which are expected to be years of high organic growth in the property portfolio.

New projects

In June 2011, Altarea Cogedim signed a purchase contract for a 28,500 sqm retail park project located in a prime location south of Nîmes with a proven sales track record and a strong regional traffic draw. The project has received all necessary approvals and is in the marketing stage. It benefits from the Family Village marketing concept developed by Altarea Cogedim. Darty and Décathlon have already chosen this location and will be the anchor stores for the complex.

The Group has also secured administrative authorisations for its project for a 34,000 sqm (net floor area) extension to the Les Hunaudières Family Village in Ruaudin near Le Mans. After this extension has been completed, the Family Village will have a net floor area of 63,000 sqm and will be the largest shopping centre in its customer service area.

Investments in the first half of 2011

During the first half of 2011, Altarea Cogedim invested[37] €52 million, including €27 million in projects initiated: and €21 million in development projects.

Outlook and investment strategy

On the whole, the French market is mature and extensively covered[39]. However, there is still room to expand by following a selective development strategy providing that certain fundamentals are taken into account:

- Demand for new retail space is highly concentrated geographically in the Greater Paris Area and the Grand Sud Est owing to high population growth in these regions (where Cogedim registered its highest residential property sales over the past three years).
- Chains are looking for new locations that are modern and rationally structured, to meet their need for expansion and more generally, to adjust to consumption patterns.
- They prefer to open stores in existing commercial areas[40] with proven sales track records.

Based on this information, Altarea Cogedim has built its investment strategy around the following principles:

- Creation of large shopping centres in the Greater Paris Area and PACA region
- Development of retail parks throughout France based on the Family Village format
- Continued redevelopment/extension of existing centres

These principles also apply to expansion in Italy, where Altarea Cogedim has substantial operating property development expertise with a staff of 40. The goal is to develop large shopping centres in Northern Italy under financial partnerships to be created.

The strategy over the next three to four years is to concentrate the portfolio on 30 to 35 shopping centres with an average value of €100 million, compared with the current holdings of some 50 assets worth €50 million each[41], while increasing the proportion of shopping centres with a regional draw and large Family Village retail parks.

[34] Group share of property assets
[35] Total budget including interest expense and internal costs
[36] Projects initiated: assets under construction
Development projects: projects for which the land has been purchased or is under contract and that have been partially or fully approved, but on which construction has not yet begun.
[37] Change in non-current assets net of changes in amounts payable to suppliers of non-current assets

[38] Total budget including interest expense and internal costs
[39] With 130 million sqm, France has 200 sqm of commercial property per 1,000 inhabitants, which puts it in the upper average in Europe
[40] The notion of the existing commercial area is broader than the notion of "existing centre"
[41] Compared with the current holdings of some 50 assets worth €50 million each

Breakdown of operating shopping centres at 30 June 2011 (Group share)

Centre	Country	Opening Renovation	Driver brand	Surface Group share	Gross rental income (€m) (1) Group share	Value (€m) (2) Group Share
Villeparisis	F	2006 (O)	La Grande Recré, Alinea	18 623		
Herblay - XIV Avenue	F	2002 (O)	Alinéa, Go Sport	14 200		
Pierrelaye	F	2005 (O)	Castorama	9 750		
Bordeaux - St Eulalie	F		Tendance, Picard, Gemo	13 400		
Gennevilliers	F	2006 (O)	Decathlon, Boulanger	18 863		
Family Village Le Mans Ruaudin	F	2007 (O)	Darty	23 800		
Family Village Aubergenville	F	2007 (O)	King Jouet, Go Sport	38 620		
Brest - Guipavas	F	2008 (O)	Ikea, Décathlon, Boulanger	28 000		
Limoges	F	2010 (O)	Leroy Merlin	21 000		
Sub-total Retail Parks & Family Village				**186 255**	**26.9**	**444**
Toulouse Occitania	F	2005 (R)	Auchan, Go Sport	50 050		
Paris - Bercy Village	F	2001 (O)	UGC Ciné Cité	19 400		
Paris - Les Boutiques Gare du Nord	F	2002 (O)	Monoprix	1 500		
Gare de l'Est	F	2008 (R)	Virgin	5 500		
CAP 3000	F		Galeries Lafayette	21 500		
Thiais Village	F	2007 (O)	Ikea, Fnac, Decathlon,…	22 324		
Carré de Soie (50%)	F	2009 (O)	Castorama	30 400		
Plaisir	F	1994 (O)		5 700		
Massy	F	1986 (O)	La Halle, Boulanger	18 200		
Lille - Les Tanneurs & Grand' Place	F	2004 (R)	Fnac, Monoprix, C&A	25 480		
Vichy	F	2003 (O)	Darty, La Grande Récré	14 203		
Reims - Espace d'Erlon	F	2002 (O)	Monoprix, Fnac	7 100		
Roubaix - Espace Grand' Rue	F	2002 (O)	Géant, Le Furet du Nord	4 400		
Châlons - Hôtel de Ville	F	2005 (O)	Atac	2 100		
Aix en Provence	F	1982 (O)	Géant, Casino	3 729		
Nantes - Espace Océan	F	1998 (R)	Auchan, Camif	11 200		
Mulhouse - Porte Jeune	F	2008 (O)	Monoprix	9 600		
Strasbourg - L'Aubette & Aubette Tourisme	F	2008 (O)	Zara, Marionnaud	3 800		
Bordeaux - Grand' Tour	F	2004 (R)	Leclerc	11 200		
Strasbourg-La Vigie	F	1988 (O)	Decathlon, Castorama	8 768		
Flins	F		Carrefour	6 999		
Toulon - Grand' Var	F		Go Sport, Planet Saturn	6 336		
Montgeron - Valdoly	F	1984 (O)	Auchan, Castorama	5 600		
Grenoble - Viallex	F	1970 (O)	Gifi	4 237		
Chalon Sur Saone	F	1989 (O)	Carrefour	4 001		
Toulon - Ollioules	F	1989 (O)	Carrefour, Decathlon	3 185		
Tourcoing - Espace Saint Christophe	F	2011 (O)	Auchan , C&A	8 450		
Mantes	F	2011 (O)	Monoprix	3 424		
Okabé	F	2010 (O)	Auchan	25 100		
Divers	F			26 105		
Sub-total shopping centres France				**369 591**	**97.3**	**1 667**
Barcelone - San Cugat	S	1996 (O)	Eroski, Media Market	20 488		
Bellinzago	I	2007 (O)	Gigante, H&M	19 713		
Le Due Torri	I	2010 (O)	Esselunga	32 400		
Pinerolo	I	2008 (O)	Ipercoop	7 800		
Rome-Casetta Mattei	I	2005 (O)	Conad-Leclerc	14 800		
Ragusa	I	2007 (O)	Coop, Euronics, Upim	12 130		
Casale Montferrato	I	2007 (O)	Coop, Unieuro	7 973		
Sub-total shopping centres international				**115 304**	**33.9**	**543**
Total at 30, June 2011				**671 150**	**158.1**	**2 654**
o/w France				*555 847*	*124.1*	*2 111*
o/w International				*115 304*	*33.9*	*543*

O: Opening - R: Renovation - F: France - I: Italia - S: Spain

(1) Rental value of signed leases at 1 July 2011
(2) Including transfer duties

Breakdown of centres under development at 30 June 2011 (Group share)

Centre	Country	Extension / Creation	GLA sqm	Gross rental (€ m)	Net invesment (€m)	Yield
Family Village Le Mans 2	F	Creation	19 800			
Family Village Aubergenville 2	F	Extension	11 600			
Puget	F	Creation	54 400			
La Valette du Var	F	Creation	37 800			
Family Village Roncq	F	Creation	21 300			
Family Village Nîmes	F	Creation	29 000			
Sub-total Retail Parks & Family Village			**173 900**	**24.8**	**287**	**8.7%**
Villeneuve la Garenne	F	Creation	32 900			
Toulouse Occitania	F	Extension	4 900			
Massy -X%	F	Refurbishment / Extension	6 700			
Bercy Village	F	Refurbishment	0			
Cœur d'Orly	F	Creation	30 700			
Cap 3000	F	Refurbishment / Extension	5 000			
Extension Aix	F	Extension	2 400			
Sub-total shopping centres France			**82 600**	**35.9**	**396**	**9.1%**
Induno	I	Creation	16 900			
Ponte Parodi	I	Creation	35 500			
Sub-total shopping centres International			**52 400**	**16.3**	**173**	**9.4%**
Total			**308 900**	**77.1**	**856**	**9.0%**
o/w Extensions / Refurbishments			*30 600*	*21.3*	*198*	*10.8%*
o/w Assets creation			*278 300*	*55.8*	*658*	*8.5%*

2. Property development

2.1 Introduction

2.2 Percentage-of-completion revenue and operating profit

2.3 Residential property development

2.4 Office property development

2. Property development

2.1 Introduction

Through its Cogedim subsidiary, the Group is a market leader in property development, with a business volume of €712 million in the six months to 30 June 2011[42].

2.1.1 Business areas

Products:
- Residential property
- Office and hotel property

Business lines:
- Developer
- Service provider (delegated project management, marketing)
- Planner/developer

2.1.2 Geographical presence

In addition to the Greater Paris Area, which constitutes its historic market, Cogedim operates in the other major metropolitan areas that offer the strongest economic and demographic growth prospects:
- PACA region: Nice, Marseille
- Rhône-Alpes region: Lyon, Grenoble, Savoies-Léman
- Grand-Ouest region: Toulouse, Bordeaux and Nantes

In the months ahead, Cogedim plans to strengthen its position in these regions while continuing to meet its prudential criteria for investments. As such, the Group entered into exclusive negotiations to acquire Urbat, a large regional developer based in southern France (Toulouse, Montpellier, Marseille), with business volume of €185 million in 2010. The outcome of the negotiations depends on several factors, including approval by the relevant authorities.

Cogedim is already the leader in value terms in the greater Paris and Lyon areas and plans to become one of the top three in every region where it operates[43]. The goal is to secure long term control of 6% of the value of its domestic market, which is worth an estimated €20-€25 billion.

2.2 Percentage-of-completion revenue and operating profit

(€ m)	June 30, 2011		June 30, 2010
Property revenues	**394.6**	*+39%*	**284.1**
o/w residential property	344.0	*+38%*	248.8
o/w office property	50.6	*+44%*	35.3
Services to third parties	**3.3**	*-51%*	**6.8**
o/w residential property	0.6		2.3
o/w office property	2.7		4.5
Total revenues	**397.9**	*+37%*	**290.9**
Cost of sales	(345.4)		(255,9)
Production held in inventory	31.0		30.4
Net overhead expenses	(45.7)	*+8%*	(42.2)
Other	0.6		0.2
RECURRING OPERATING PROFIT	**38.4**	*+66%*	**23.1**
% of revenues	*9.7%*		*8.0%*

Revenues, recognised on a percentage-of-completion basis[44], amounted to €398 million in the first half of 2011, compared with €291 million in the year-earlier period, representing a rise of 37%.

Residential property revenues rose by 37% to €345 million from €251 million in the first half of 2010.

Office property revenues were €53 million in the first half of 2011, compared with €40 million in the same prior-year period.

Recurring operating profit jumped by 66% due to a strong contribution from the residential segment, which reflects the business recovery that began in 2009 and is only just now starting to produce an impact on the Group's net financial income[45].

At 30 June 2011, the overall backlog (residential and office property) amounted to €1,757 million, a rise of 10.6% on 31 December 2010 and of 36% on 30 June 2010.

(€ m excluding tax)	**June 30, 2011**		**Dec 31, 2010**
Residential property backlog	1 576	*+12.9%*	1 395
Office property backlog	182	*-6.3%*	194
Total Backlog	**1 757**	***+10.6%***	**1 589**

[42] Business volume including VAT, €624 million of residential property (of which €617 million of new housing) and €88 million of commercial property

[43] In 2010, Cogedim became the largest residential property developer in the Greater Paris and Lyon areas

[44] i.e. not including land in the percentage of completion of the programme

[45] It takes 18 to 24 months on average from the time the contract is signed (the reservation) until revenue is recognised as construction progresses

2.3 Residential property development

2.3.1 New housing sales in France in H1-2011

New housing sales in France have slowed since the beginning of the year, with 22,000[46] reservations for new residential units at end-March, representing a 17% year-on-year decline in the first quarter of 2011.

This slowdown was due to three main factors:

- sales to individuals, which drove business in 2010, slumped, with a 35% decline on the first quarter of 2010[47]);

- the supply shortage: 27,000[48] residential units were placed on the market in the first quarter of 2011 (4% more than in the first quarter of 2010); this was not sufficient to replenish supply, which consisted of 63,000 residential units, or 6.5% fewer than in the first quarter of 2010);

- the fall in home buyers' purchasing power, as home prices rose by more than household income, with was compounded by higher interest rates.

Against this backdrop, based on Fédération des Promoteurs Immobiliers (Federation of Property Developers) projections, full-year sales in 2011 will be less than 100,000 units, compared with 115,000 in 2010 and 127,000 in 2007.

However, there are some encouraging signs:

- The build-up of the PTZ+ zero-interest loan could stem the decline in sales by increasing first-time home buyers' purchasing capacity: the 200,000th PTZ+ loan was signed in July and the annual target of 380,000 loans should be attained or even surpassed as from this year. Nearly one quarter of PTZ+ loans are for new housing.

- After six months of uninterrupted increases, interest rates stabilised in June, according to meilleurtaux.com.

- Lastly, consumers are still keen to buy. As an example, according to a housing survey conducted in May 2011, of the 45% of households that rent their home in France, more than half want to buy a home.

2.3.2 Growth strategy

In 2011, Cogedim continued to diversify its customer base and to extend its offering in all market segments by becoming a generalist developer, without compromising the high quality standards that underpin its brand equity:

- To address all markets, including first-time home buyers, the Group has crafted a suitable offer for customers who are eligible for the PTZ+ ("extended zero-interest loan"), while remaining true to the habitability and quality criteria that characterise the Cogedim brand.

- The development of the range of Serviced Residences will also be underpinned by the new Résidences Cogedim Club concept of serviced residences for seniors managed by the Altarea Cogedim Group. These residences combine a prime location with high-quality services (CCTV, extensive concierge services, etc.). The first two Cogedim Club communities – one in Villejuif, the other in Arcachon – were marketed during the first half. The goal is to launch about ten Cogedim Clubs per year in a market where Cogedim has always held a leadership position with its previous concept ("Les Hespérides").

The Group is expanding while maintaining stringent control over its risks and commitments. Prudential criteria, which are defined at each stage in the transaction process, primarily include:
- prioritising the signature of unilateral preliminary sales agreements rather than bilateral sale and purchase agreements;
- requiring substantial pre-marketing at the time the site is acquired and when construction work begins;
- requiring approval from the Investment Committee at all stages in the transaction: signature of the contract, marketing launch, land acquisition and start of construction.

2.3.3 Reservations

New housing reservations booked by the Group in the first half of 2011 amounted to €617 million including tax, up 4.5% year-on-year. Hence, Cogedim continued to gain market share despite weaker demand than in 2010.

(en M€ TTC)	Upscale	Midscale	New District	Serviced residence	Total	Breakdown by region
Paris region	201	162	24	8	395	64%
PACA	20	36	0	0	56	9%
Rhône-Alpes region	66	40	0	0	107	17%
Grand Ouest region	19	35	0	5	59	10%
Total	**307**	**273**	**24**	**13**	**617**	**100%**
Breakdown by range	*50%*	*44%*	*4%*	*2%*		
S1 2010	39%	44%	13%	4%	590	
Change S1 2011 vs S1 2010					**+4.5%**	
S1 2009	46%	46%	7%	1%	384	
Change S1 2011 vs S1 2009					**+60.6%**	

During the first half, 42 programmes were launched, representing some 2,500 units with revenues including tax of €677 million, up 19% on the €569 million registered in the first half of 2010.

Despite slowing demand in the first half, Altarea Cogedim's reservations increased owing to the following factors:

- an rise in the proportion of home buyers, primarily as a result of the PTZ+ loan, which accounted for 55% of retail sales in the first six months of 2011, compared with 45% in the same year-ago period;

[46] Source: Commissariat Général au développement durable (General Commission for sustainable development), Comments and statistics No. 220
[47] Source: Federation of Property Developers
[48] Source: Federation of Property Developers

- increased presence of property investors, particularly in the Greater Paris Area and even more in the city of Paris;

- higher sales to institutional investors (particularly Scellier SCPIs).

The Greater Paris Area is Cogedim's largest market and accounts for 64% of the company's sales, mainly through several premium programmes in the city (Paris 7 - Laennec; Paris 11 - Faubourg St Antoine; Paris 19 - rue de Meaux, etc.).

The disposal rate for these programmes is 21%. Only three completed units remained in inventory at end-June 2011.

The number of units reserved totalled 2,232 for the Group.

(number of units)	Upscale	Midscale	New District	Serviced residence	Total	Breakdown by region
Paris region	523	712	53	29	1 316	59%
PACA	52	170			222	10%
Rhône-Alpes region	182	211			393	18%
Grand Ouest region	74	212		15	301	13%
Total	**831**	**1 304**	**53**	**44**	**2 232**	**100%**
Breakdown by range	*37%*	*58%*	*2%*	*2%*		

The average price of units sold to retail buyers was €327,000 in the first half of 2011[49], compared with €265,000 in the first half of 2010. This increase was due mainly to the higher percentage of reservations in the Greater Paris Area (64% in the first half of 2011 against 50% in the same year-ago period).

2.3.4 Notarised contracts

Notarised sales amounted to €477 million including tax in the first half of 2011, compared with €455 million in the same year-ago period.

(€ m including tax)	Upscale	Midscale	New District	Serviced Residence	Total	Breakdown by region	Stock of non-notarised reservations
Paris region	271	78	23	0	371	78%	308
PACA	11	30	0	0	41	8%	92
Rhône-Alpes region	17	33	0	1	51	11%	101
Grand Ouest region	0	13	0	1	15	3%	71
Total	**298**	**154**	**23**	**2**	**477**	**100%**	**572**
Breakdown by range	*62%*	*32%*	*5%*	*0%*			
S1 2010	30%	30%	35%	5%	455		564
Chnage S1 2011 vs S1 2010					**+ 5%**		**+ 1%**
S1 2009	50%	49%		1%	322		308
Change S1 2011 vs S1 2009					**+ 48%**		**86%**

The cancellation rate was 19% (average over the past six months), about the same as in the first half of 2010.

[49] Excluding Paris 7 Rive Gauche programme

2.3.5 Revenues[50] and net property income

Property revenues

(€ m excluding tax)	Upscale	Midscale	New District	Serviced residence	Total	Breakdown by region
Paris region	59	59	70		188	55%
PACA	26	34			60	18%
Rhône-Alpes region	26	25		9	60	17%
Grand Ouest region	4	25		7	36	10%
Total	**115**	**143**	**70**	**16**	**344**	**100%**
Breakdown by range	*33%*	*41%*	*20%*	*5%*		
S1 2010					249	
Change S1 2011 vs S1 2010					**+ 38%**	
S1 2009					263	
Change S1 2011 vs S1 2009					**+ 31%**	

Net property income

(€ m)	**June 30, 2011**		**June 30, 2010**
Revenues	344.0	*+38%*	248.8
NET PROPERTY INCOME	**46.4**	*+88%*	**24.6**
% of revenues	*13.5%*	*+3.6 pts*	*9.9%*
SERVICES TO THIRD PARTIES	**0.6**	*-76.2%*	**2.3**

In the first half, net property income reflected the first financial impacts from the market recovery that began in 2009.

2.3.6 Backlog[51]

At end-June 2011, the residential backlog amounted to €1,576 million excluding tax, equal to 28 months' revenues, compared with €1,395 million at 31 December 2010 and €1,119 million at 30 June 2010. This 41% year-on-year increase gives the Group excellent visibility on future earnings from residential development.

(€ m excluding tax)	Notarised revenues not recognised on a percentage of completion basis	Revenues reserved but not notarised	Total	*Breakdown by region*	*Number of months*
Paris region	804	264	1 068	*68%*	
PACA	91	78	169	*11%*	
Rhône-Alpes region	125	86	211	*13%*	
Grand Ouest region	67	61	127	*8%*	
Total	**1 087**	**489**	**1 576**	***100%***	***28***
Breakdown	*69%*	*31%*			
31/12/2010	74%	26%	1 395		*29*
Change 30/06/2011 vs 31/12/2010			**+ 13%**		
30/06/2010	57%	43%	1 119		*25*
Change 30/06/2011 vs 30/06/2010			**+ 41%**		

2.3.7 Pipeline[52]

(€ m including tax)	**June 30, 2011**		**Dec 31, 2010**
Property for sales	568	+ 41%	403
Future offer (land portfolio)	2 498	+ 19%	2 095
Residential property pipeline	**3 066**	**+ 23%**	**2 498**

[50] Revenues recognised according to the percentage-of-completion method in accordance with IFRS. The percentage-of-completion is calculated according to the stage of construction, without taking into account land.

[51] The backlog (or order book) comprises revenues excluding tax from notarised sales to be recognised on a percentage-of-completion basis and individual and block reservations to be notarised. 97.8% of the portfolio consists of unilateral options on property.

[52] The pipeline includes revenues including tax from properties for sale and land portfolio, which comprises all land covered by a preliminary contract of sale.

The Group's future business development is based on its capacity to offer a range that meets current market in terms of quality and volume. The potential for residential property was 23% higher than at end-2010. It represents over two years of business at the current disposal rate. This pipeline comprises a significant proportion of projects in the Greater Paris Area with options on property that were signed on favourable terms by comparison with current market conditions. The volume of properties for sale is limited and represents five months' business.

2.4 Office property development

At 30 June 2011, the Group was in charge of 27 developments in this segment representing a total net floor area of 635,000 sqm, comprising mainly offices, but also hotels.

(thousands sqm 100%)	Services	Property development	Total
Office	70	441	511
Hotels	12	64	76
Other		48	48
Total	**82**	**553**	**635**

2.4.1 Economic background[53]

Investment in office property:

In the first half of 2011, the investment market amounted to €4.4 billion. Investors continue to show interest in "core" office properties located in the most liquid sectors. In an uncertain financial climate, the banks continue to apply tighter leverage criteria, which is why the market is still dominated by collateralised investments financed in large part through equity.

Office property take-up (Greater Paris Area)

Take-up came to 1.1 million sqm in the six months to 30 June 2011, about the same as in the previous year. Users were again primarily looking to harness savings by pooling offices or finding units with lower rent.

Office space available immediately in the Greater Paris Area has been stable for over a year. It stood at 3.7 million sqm at 30 June 2011.

2.4.2 Significant events and transactions in the first half of 2011

Creation of an investment fund

On 31 March, Altarea Cogedim completed the first closing on a commercial property investment vehicle with equity of €350 million. Since this first closing, €125 million in additional commitments have been received, most of them from a sovereign fund, thereby increasing the vehicle's equity to €475 million. Altafund plans to bring in new partners with a target to collect up to €600 million and thus to become the largest investment vehicle dedicated to commercial property in the Greater Paris Area. In the future, the group will have a discretionary investment capacity of over one billion euros after debt. Altafund's purpose is to take positions in projects to build or redevelop "core" office property assets with a high environmental value added. The objective is for the Group to leverage its operational expertise when the time comes, so as to create more value and to generate a high contribution to Group earnings by 2014-2015.

As of 30 June 2011, the Group had completed two major transactions

- ✓ Nexans – Ilot M1 & M2: Altarea Cogedim, as co-developer with Icade, entered into an off-plan sales agreement with a live insurance company for €45.4 million including tax. The sale covers a building with a net floor area of 12,300 sqm, which will have BBC certification. Demolition work is underway and the project is scheduled for completion in the second quarter of 2013.

- ✓ La Défense – Tour Chartis: Altarea Cogedim signed a delegated project management contract with an investment fund for the renovation of Tour Chartis (CB 15), a high-rise located in the Courbevoie sector of La Défense. The renovation of this skyscraper, which comprises net floor area of some 30,000 sqm, will be carried out using an environmental approach. Work will begin in late 2012 and is scheduled to be completed at the end of 2013.

2.4.3 Completions in the first half of 2011

During the first half of 2011, the Altarea-Cogedim Group completed three office properties representing a total net floor area of 131,600 sqm.

- ✓ La Défense – Tour First: Ten years after the first feasibility studies, Altarea Cogedim completed Tour First, which is currently owned by Axa Real Estate and Beacon Capital. The 231 metre-high Tour First is France's tallest skyscraper, with 87,600 sqm (net floor area) of office space. Tour First has "NF Bâtiments tertiaires - Démarche HQE®" environmental certification and meets THPE very high energy efficiency standards.

- ✓ Suresnes – Korus T2: Altarea Cogedim delivered the future headquarters of a major pharmaceutical company comprising some 38,900 sqm of net floor area.

- ✓ Saint Cloud – Rue Armengaud: As delegated project manager, Altarea Cogedim delivered an office building located at 26 rue Armengaud in Saint Cloud, on behalf of an insurance company. This building, which was built in the 1960s and was renovated in 1990, comprises a net floor area of approximately 5,100 sqm.

[53] CBRE figures

2.4.4 Net property income and fees

(€ m)	June 30, 2011		June 30, 2010
Revenues	50.6	*+44%*	35.3
NET PROPERTY INCOME	**2.8**	*-21%*	**3.6**
% of revenues	*5.5%*		*10.1%*
SERVICES TO THIRD PARTIES	**2.7**	*-38%*	**4.5**

In the first half of 2011, revenues amounted to €50.6 million, reflecting a substantial rise on the same year-ago period, owing to an increase in the number of projects under construction. Net property income was €2.8 million, down €0.8 million on the first half of 2010, which reflected cost reductions on projects already delivered.

2.4.5 Backlog[54] Off-plan sale/property development contracts and delegated project management

The backlog of off-plan sale/property development contracts totalled €181.8 million at 30 June 2011, compared with €159.4 million a year earlier. This 14% year-on-year rise was due to the signature of new contracts. In addition, the Group had a backlog of delegated project management contracts worth €4.3 million at end-June 2011.

Outlook and strategy

Altarea Cogedim has all the resources needed to meet rising demand for new or redeveloped programmes. This is evidenced by the successful inauguration of Tour First in La Défense at the beginning of May. This project, which took four years to build, is a testament to the Group's technical expertise and its ability to successfully complete ambitious redevelopment projects that must meet stringent environmental standards.

Building renovation is also a rapidly growing market. This alternative to redevelopment is appreciated by investors because it takes less time, it costs less and it is more flexible on the administrative front. Renovation is bound to significantly mitigate the structural shortage of new and redeveloped buildings in the months ahead.

The Group will leverage its technological expertise and know-how so as to be ideally placed to take advantage of the cyclical upturn and to meet the extremely stringent environmental requirements for new projects. To prepare for this, Altarea Cogedim is currently working on the second closing of Altafund to broaden the base of French and international investors. The goal is to secure sufficient funding to capitalise on the recovery.

[54] Revenues excluding tax on notarised sales to be recognised according to the percentage-of-completion method, take-ups not yet subject to a notarised deed and fees owed by third parties on contracts signed.

II Consolidated results

1. Results

1.1 Net profit

In the first half of 2011, recurring net profit totalled €66.4 million, an increase of 12%. Recurring net profit per share was €6.29, down up 13% year-on-year.

(€ m)	June 30, 2011		June 30, 2010
Shopping centres	64.1		66.9
Residential property	38.5		18.7
Office property	(0.1)		4.4
RECURRING OPERATIONAL PROFIT	**102.6**	**+14%**	**90.0**
Net cost of debt	(38.5)		(34.8)
Share in income of associated companies	2.8		3.5
Other	0.2		-
Tax	(0.7)		0.6
NET RECURRING PROFIT	**66.4**	**+12%**	**59.3**
Net Recurring Profit Group share	*64.5*	*+11%*	*58.1*
Change in value and non recurring profit	47.2		(34.5)
NET PROFIT	**113.6**		**24.8**
Net Profit Group share	*105.7*		*22.9*
Average diluted number of shares (thousands)	**10,257**		**10,434**
NET RECURRING PROFIT GROUP SHARE PER SHARE	**€6.29**	**+13%**	**€5.57**

1.1.1 Recurring net profit: €66.4 million

Recurring operating profit

In the six months to 30 June 2011, consolidated recurring operating profit rose by 14% to €102.6 million.

Shopping centres: Operating profit declined by €2.8 million, owing primarily to an increase in development charges recognised by the Group: implementing the strategic plan requires that substantial capital be allocated to development up front, while the anticipated increase in rents is deferred to 2013-2014, when many projects will be completed.

Property development: the €15.3 million increase stems entirely from the contribution of the residential segment, which is ramping up. The contribution from the office property segment was at break-even.

Cost of recurring net debt

This includes net financial expenses incurred on loans secured against the portfolio of shopping centres and the cost of debt on the Cogedim acquisition. The increase was due to the start-up of shopping centres in 2010 (interest expense, which is capitalised during the construction phase, is recognised in expenses after completion).

1.1.2 Non-recurring net profit: €47.2 million

This item includes all adjustments made to carrying amounts over the year:

Change in value of assets	+€42.9m
Proceeds from disposals	+€3.8m
Change in fair value of financial instruments	+€17.5m
Non-capitalised development costs	-€4.7m
Amortisation of deferred tax assets	-€6.8m
Other	-€5.5m
Total	**+€47.2m**

Average number of shares after dilution

The average number of shares after dilution is the average number of shares in issue plus shares that may be issued under stock option and bonus share plans in force at 30 June 2011, less treasury shares.

2. Net asset value (NAV)

At 30 June 2011, Altarea's fully diluted, going concern NAV amounted to €146.7 per share, up 5.3% on 31 December 2010.

	June 30, 2011		Dec 31, 2010		
	€ m	€/share	€ m	€/share	
Consolidated equity, Group share	**1024.5**	**100.7**	**1000.1**	**98.3**	
Impacts of rights giving access to share capital	(11.7)		(12.6)		
Other latent capital gain	365.3		307.8		
Reprocessing of the financial instruments	30.8		72.1		
Tax differed in the balance sheet on assets not SIIC (international assets)	35.1		32.7		
EPRA NAV	**1444.1**	**141.9**	**1400.1**	**137.6**	**+3.1%**
Market value of the financial instruments	(30.8)		(72.1)		
Effective tax on latent capital gains of assests not SIIC*	(42.0)		(32.2)		
Optimization of transfer taxes*	55.3		57.4		
Partner's share (1)	(16.6)		(15.8)		
Liquidation NAV (EPRA NNNAV)	**1409.9**	**138.6**	**1337.4**	**131.5**	**+5.4%**
Estimated transfer duties and selling fees	83.8		81.0		
Partner's share	(1.0)		(0.9)		
DILUTED GOING CONCERN NAV	**1492.7**	**146.7**	**1417.4**	**139.3**	**+5.3%**
Number of diluted shares	10 174 531		10 173 677		

* Varies according to the type of disposal carried out, i.e. sale of asset or sales shares
(1) Maximum dilution of 120,000 shares

Calculation basis

Tax treatment

Most of Altarea's property portfolio is not liable for capital gains tax under the SIIC regime. The exceptions are assets which are not SIIC-eligible due to their ownership method and assets owned outside France. For these foreign assets, capital gains tax on disposal is deducted directly from the consolidated financial statements at the standard tax rate in the host country, based on the difference between the open market value and the tax value of the property assets.

Altarea took into account the ownership methods of assets outside the SIIC scope to determine going concern NAV after tax, since the tax reflects the tax that would effectively be paid if the shares of the company were sold or if the assets were sold building by building.

Transfer duties

Investment properties have been recognised in the IFRS-compliant consolidated financial statements at appraisal value, excluding transfer duties. To calculate going-concern NAV, however, the transfer duties were added back in the same amount.

For example, when calculating Altarea's liquidation NAV (or EPRA NNNAV), excluding transfer duties, transfer duties were deducted on the basis of a sale of shares of the company or a sale on a building by building basis.

Impact of securities convertible into shares

This is the impact from the exercise of "in the money" stock options and the purchase of shares used to cover bonus share plans that have been allocated but are not covered by treasury shares (excluding liquidity contract).

Other unrealised capital gains or losses

These consist of the re-appraised value of the following assets:

- Two hotel business franchises (Hotel Wagram and Résidence Hôtelière de l'Aubette)
- The rental management and shopping centre development division (Altarea France)
- The property development division (Cogedim)

These assets are appraised at the end of each financial year by independent experts (CBRE for hotel business franchise and Accuracy for Altarea France and Cogedim). The methods used by the CBRE and Accuracy involve discounting estimated future cash flows (DCF) and adding a terminal value based on normalised cash flow. CBRE provides a single appraisal value, while Accuracy provides a range of values calculated under different scenarios. In addition to its DCF valuation, Accuracy provides a valuation based on market comparisons.

At 30 June 2011, the appraised NAV used for Cogedim was the average of NAV in the DCF valuation range.

Change in going-concern NAV

	€/Share
Going-concern NAV at 31 December 2010	**139.3**
Dividend	-8.0
Recurring net profit	+6.3
Change in fair value of shopping centres	+4.5
Change in value of Cogedim	+4.0
Other	+0.6
Going-concern NAV at 30 June 2011	**146.7**

III Financial resources

1. Financial position

1.1 Introduction

The Altarea Cogedim Group has a solid financial position:

- €187 million in cash and cash equivalents
- Robust consolidated bank covenants (LTV of less than 65% and ICR of over 2x), with significant leeway at 30 June 2011 (LTV of 51.9% and ICR of 2.8x).

This strong position results primarily from a diversified business model (retail, residential and office properties) that generates substantial cash flow at the top of the cycle and is highly resilient at the bottom.

1.2 Available cash and cash equivalents: €187 million

Available cash and cash equivalents amounted to €187 million at end-June 2011, comprising corporate resources of €152 million (cash and confirmed authorisations) and unused loan authorisations secured against specific developments of €35 million (mortgage financing).

1.3 Debt by type

Altarea's net debt totalled €2,071 million at 30 June 2011 compared with €2,055 million at 31 December 2010.

(€ m)	June 2011	Dec 2010
Corporate debt	714	769
Mortgage debt	1 156	1 165
Debt relating to acquisition of Cogedim	250	250
Property development debt	161	133
Total gross debt	2 281	2 318
Cash and cash equivalents	(210)	(263)
Total net debt	**2 071**	**2 055**

- Corporate debt is subject to consolidated bank covenants (LTV of less than 65% and ICR of over 2x).

- Mortgage debt is subject to covenants specific to the property financed in terms of LTV, ICR and DSCR.

- Property development debt secured against development projects is subject to covenants specific to each development project (primarily to a pre-marketing level).

- Debt relating to the acquisition of Cogedim is subject to corporate covenants (LTV of less than 65% and ICR of over 2x) and covenants specific to Cogedim (EBITDA leverage and ICR).

1.4 Sources of funds

During the first half of 2011, Altarea Cogedim entered into mortgage financing agreements for €195 million[55] for shopping centre projects.

In property development, the surge in business was nearly entirely financed from cash flow generated by the company. Most of the financing requirements were for providing loan repayment guarantees for residential off-plan sales programmes (at 30 June 2011, the outstanding amount of these guarantees amounted to €226 million).

1.5 Financial covenants

LTV ratio

The Group's consolidated LTV ratio was 51.9% at 30 June 2011, or below the 53.2% registered at the end of 2010.

Recurring EBITDA [56] / cost of recurring net debt

The interest cover ratio (recurring net financing cost/EBITDA) was 2.8x at 30 June 2011, compared with 2.7x at 31 December 2010.

Other specific covenants

At 30 June 2011, the Group had met all of its bank covenants.

2. Hedging and maturity

The portfolio of hedging instruments had the following profile:

Nominal amount (€m) and amount hedged					
Maturity	Swap	Cap/Collar	Total hedging	Average swap rate	Average cap/collar rate
juin-11	1 455	597	2 052	2,90%	3,31%
juin-12	1 609	450	2 059	3,27%	3,17%
juin-13	1 454	372	1 825	3,38%	3,41%
juin-14	1 400	128	1 528	3,52%	3,97%
juin-15	1 195	38	1 233	3,35%	4,20%
juin-16	1 005	88	1 093	3,49%	4,68%
juin-17	767	52	819	3,40%	5,00%
juin-18	425	-	425	2,52%	0,00%
juin-19	425	-	425	2,52%	0,00%
juin-20	425	-	425	2,52%	0,00%

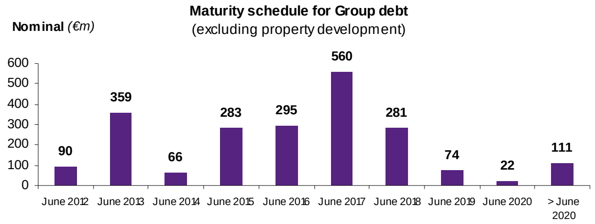
[55] €97.5 million Group share; closing took place in July.
[56] EBITDA is equal to recurring operating profit before depreciation, amortisation and provisions

Cost of debt

The Altarea Group's average financing cost including the credit spread was 3.61% in the first half of 2011 compared with 3.69% for the year ended 31 December 2010.

Debt maturity

The average debt maturity was 4.9 years at 30 June 2011 compared with 5.6 years at 31 December 2010. Most of the outstanding debt comprises mortgage loans backed by assets held for the long term. The maturity due in 2013 relates to a syndicated corporate loan from a pool of banks, most of them French.



Balance sheet at 30 June 2011

Assets

(In € thousand)	30/06/2011	31/12/2010
NON-CURRENT ASSETS	**3 148 200**	**3 112 387**
Intangible assets	199 589	199 568
o/w goodwill	*128 716*	*128 716*
o/w brands	*66 600*	*66 600*
o/w other intangible assets	*4 273*	*4 251*
Property, plant and equipment	11 742	12 237
Investment properties	2 795 456	2 757 275
o/w Investment properties in operation at fair value	*2 650 452*	*2 606 412*
o/w Investment properties under development and under construct	*145 004*	*150 863*
Investments in associated companies and other investments	77 389	76 993
Receivables and other short-term investments	15 179	16 352
Deferred tax assets	48 845	49 962
CURRENT ASSETS	**1 286 820**	**1 343 313**
Assets held for sale	47 027	52 651
Inventories and work in progress	642 398	648 089
Trade and other receivables	344 628	346 115
Tax receivables	1 003	820
Receivables and other short-term investments	15 288	8 539
Derivative financial instruments	26 680	24 654
Cash and cash equivalents	209 797	262 446
TOTAL ASSETS	**4 435 020**	**4 455 700**

Equity and liabilities

(In € thousand)	30/06/2011	31/12/2010
EQUITY	**1 082 857**	**1 042 101**
EQUITY, GROUP SHARE	1 024 509	1 000 088
Share capital	120 505	120 505
Other paid-in capital	509 891	586 764
Group reserves	288 450	145 795
Net profit for the period	105 662	147 025
EQUITY - MINORITY INTERESTS	58 349	42 013
NON-CURRENT LIABILITIES	**2 322 267**	**2 381 177**
Borrowings and debt	2 245 601	2 311 341
o/w participating loan	*81 432*	*81 432*
o/w bank loans	*2 148 386*	*2 211 715*
o/w other borrowings and debt	*15 783*	*18 194*
Long term provisions	21 776	21 825
Deposits received	25 162	25 523
Deferred tax liability	29 729	22 488
CURRENT LIABILITIES	**1 029 895**	**1 032 422**
Borrowings and debt	151 222	119 685
o/w borrowings from credit institutions (excluding overdrafts)	*118 003*	*99 767*
o/w bank loans backed by VAT receivables	*5 593*	*5 593*
o/w bank overdrafts	*14 962*	*5 470*
o/w other borrowings and debt	*12 664*	*8 856*
Derivative financial instruments	60 235	118 417
Current provisions	-	-
Accounts payable and other operating liabilities	736 033	791 349
Tax due	1 020	2 968
Amounts due to shareholders	81 385	3
TOTAL LIABILITIES	**4 435 020**	**4 455 700**

Costing-based income statement for the six months to 30 June 2011

(In € thousand)	Shopping centres and other assets	Property development for third parties	Recurring items	Non-recurring items	Total group
Rental income	80 754	-	80 754	-	80 754
Land charges	(1 817)	-	(1 817)	-	(1 817)
Unrecoverable rental expenses	(1 895)	-	(1 895)	-	(1 895)
Management expenses	(64)	-	(64)	-	(64)
Net additions to provisions on current assets	(2 070)	-	(2 070)	-	(2 070)
NET RENTAL INCOME	**74 908**	**-**	**74 908**	**-**	**74 908**
Revenue	-	394 616	394 616	1 478	396 094
Cost of sales	-	(334 685)	(334 685)	(1 885)	(336 571)
Selling expenses	-	(9 294)	(9 294)	(20)	(9 314)
Net additions to provisions on current assets	-	(1 469)	(1 469)	17	(1 453)
Amortisation of customer relationships	-	-	-	-	-
NET PROPERTY INCOME	**-**	**49 168**	**49 168**	**(410)**	**48 757**
External services	5 876	3 301	9 178	245	9 423
Own work capitalised and production held in inventory	-	31 025	31 025	6 881	37 906
Personnel expense	(8 589)	(29 485)	(38 074)	(9 080)	(47 154)
Other overhead expenses	(4 830)	(15 063)	(19 893)	(2 631)	(22 524)
Depreciation expense on operating assets	(223)	(1 134)	(1 357)	(153)	(1 510)
Amortisation of customer relationships	-	-	-	-	-
NET OVERHEAD EXPENSE	**(7 766)**	**(11 355)**	**(19 121)**	**(4 738)**	**(23 859)**
Other income	2 589	2 773	5 362	(1 357)	4 006
Other expenses	(5 012)	(2 454)	(7 467)	(2 099)	(9 566)
Depreciation expense	(570)	(2)	(572)	(0)	(572)
OTHER	**(2 993)**	**317**	**(2 676)**	**(3 456)**	**(6 133)**
Proceeds from disposal of investment assets	-	-	-	36 119	36 119
Book value of assets sold	-	-	-	(32 324)	(32 324)
INCOME ON DISPOSAL OF INVESTMENT PROPERTIES	**-**	**-**	**-**	**3 795**	**3 795**
Movement in value of investment properties completed	-	-	-	45 761	45 761
Net impairment losses on assets in progress	-	-	-	(2 866)	(2 866)
Net impairment losses on other non-current assets	-	-	-	-	-
Net charge to provisions for risks and contingencies	-	311	311	917	1 229
Impairment losses on customer relationships					
Goodwill impairment	-	-	-	-	-
OPERATING PROFIT	**64 148**	**38 441**	**102 590**	**39 002**	**141 592**
Net cost of debt	(32 318)	(6 152)	(38 470)	(1 948)	(40 418)
Movement in value and income from disposal of financial instruments	0	-	0	17 475	17 475
Proceeds from disposal of investments	-	-	-	(77)	(77)
Share in income of associated companies	3 064	(280)	2 784	(373)	2 412
Dividends	-	167	167	(0)	167
Debt and receivable discounting	-	-	-	(74)	(74)
PRE-TAX PROFIT	**34 894**	**32 177**	**67 071**	**54 006**	**121 077**
Tax	(168)	(531)	(699)	(6 766)	(7 465)
NET PROFIT	**34 726**	**31 646**	**66 372**	**47 240**	**113 613**
o/w Net profit attributable to equity holders	33 802	30 667	64 469	41 194	105 663
o/w Net profit attributable to minority interests	924	980	1 904	6 046	7 950
Weighted average number of shares before dilution			10 032 842		10 032 842
Attributable earnings per share (€)			**6,43**		**10,53**
Weighted fully-diluted average number of shares			10 257 124		10 257 124
Fully-diluted attributable earnings per share (€)			**6,29**		**10,30**

Costing-based income statement for the first half of 2010

(In € thousand)	Shopping centres and other assets	Property development for third parties	Recurring items	Non-recurring items	Total group
Rental income	80 867	-	80 867	-	80 867
Land charges	(1 977)	-	(1 977)	-	(1 977)
Unrecoverable rental expenses	(1 584)	-	(1 584)	-	(1 584)
Management expenses	(30)	-	(30)	-	(30)
Net provisions	(2 611)	-	(2 611)	-	(2 611)
NET RENTAL INCOME	**74 666**	**-**	**74 666**	**-**	**74 666**
Revenue	-	284 067	284 067	16 344	300 411
Cost of sales	-	(250 328)	(250 328)	(16 205)	(266 532)
Selling expenses	-	(6 608)	(6 608)	(181)	(6 788)
Net provisions	-	1 050	1 050	282	1 332
Amortisation of customer relationships	-	-	-	(1 645)	(1 645)
NET PROPERTY INCOME	**-**	**28 182**	**28 182**	**(1 404)**	**26 778**
External services	3 998	6 786	10 784	2 009	12 793
Own work capitalised and production held in inventory	-	30 350	30 350	12 264	42 614
Personnel expense	(5 846)	(28 664)	(34 510)	(15 075)	(49 586)
Other overhead expenses	(3 260)	(12 527)	(15 788)	(5 996)	(21 784)
Depreciation expense on operating assets	(152)	(1 190)	(1 342)	(230)	(1 572)
Amortisation of customer relationships	-	-	-	(2 085)	(2 085)
NET OVERHEAD EXPENSE	**(5 260)**	**(5 246)**	**(10 506)**	**(9 113)**	**(19 619)**
Other income	252	1 844	2 096	2 989	5 085
Other expenses	(2 118)	(2 662)	(4 780)	(1 600)	(6 379)
Depreciation expense	(636)	(2)	(638)	(50)	(687)
OTHER	**(2 502)**	**(820)**	**(3 321)**	**1 340**	**(1 981)**
Proceeds from disposal of investment assets	-	-	-	204 535	204 535
Book value of assets sold	-	-	-	(192 651)	(192 651)
INCOME ON DISPOSAL OF INVESTMENT PROPERTIES	**-**	**-**	**-**	**11 884**	**11 884**
Movement in value of investment properties	-	-	-	37 575	37 575
> Movement in value of investment properties completed or recognised at fair value for the first time	-	-	-	*26 124*	*26 124*
> Other movements in value of investment properties	-	-	-	*11 450*	*11 450*
Net impairment losses on investment properties at cost	-	-	-	(2 940)	(2 940)
Net impairment losses on other non-current assets	-	-	-	(0)	(0)
Net charge to provisions for risks and contingencies	-	1 026	1 026	412	1 438
Impairment losses on customer relationships	-	-	-	-	-
Goodwill impairment	-	-	-	(676)	(676)
OPERATING PROFIT	**66 904**	**23 143**	**90 047**	**37 077**	**127 125**
Net cost of debt	(28 073)	(6 678)	(34 752)	(2 137)	(36 889)
Movement in value and income from disposal of financial instruments	(0)	-	(0)	(64 860)	(64 860)
Proceeds from disposal of investments	-	(56)	(56)	(1)	(57)
Share in income of associated companies	3 841	(382)	3 459	(2 244)	1 214
Dividends	-	32	32	0	32
Debt and receivable discounting	-	-	-	(122)	(122)
PRE-TAX PROFIT	**42 672**	**16 059**	**58 731**	**(32 288)**	**26 443**
Tax	514	60	574	(2 214)	(1 640)
NET PROFIT	**43 186**	**16 119**	**59 305**	**(34 502)**	**24 803**
o/w Net profit attributable to equity holders	42 361	15 762	58 124	(35 210)	22 914
o/w Net profit attributable to minority interests	824	357	1 181	707	1 889
Weighted average number of shares before dilution			10 139 370		10 139 370
Attributable earnings per share (€)			**5,73**		**2,26**
Weighted fully-diluted average number of shares			10 433 814		10 433 814
Fully-diluted attributable earnings per share (€)			**5,57**		**2,20**