2019 Revenue[1] of €2.9 billion, up +31%
Sound financial structure confirmed

Pipeline

- Large Mixed-use projects: 11 projects underway (representing 900,000 m² and 8 600 residential units)
  2 new projects: Coeur Mougins (06) and Champigny-sur-Marne (94)

Residential: sales up in a declining market
- New orders: €3,278 million incl. tax (+12%) and 12,128 units (+3%)
- Wood construction: Acquisition of 50% of Woodeum, leader in low-carbon housing
- Revenue[1]: €2,294.3 million (+24%)
- Pipeline €12,8 billion (+13%), 47 months of revenues

Business property: refilling the pipeline
- Development: Numerous tenders won in regional gateway cities
- New orders: €601 million incl. tax (+14%)
- Revenue[1]: €587.9 million (+70%)
- Pipeline: €4.4 million (+21%), with 15 new projects

Results
- Revenue[1]: €2,883.9 million (+31%)
- Recurring operating income[2]: €204.0 million (+14%)
- Net income, Group share[3]: €164.9 million (+16%[4])
- Gearing[5]: 0.36x (vs 0.48x at 31 December 2018)

BBB rating (outlook stable) confirmed by S&P Global in September 2019 for Altarea and Altareit

Paris, March 2nd 2020, 5:45 pm. Following review by the Supervisory Board, Management approved the annual 2019 consolidated financial statements. Limited review procedures have been carried out. The Auditors' certification report is being issued with no reservations.

ABOUT ALTAREIT - FR0000039216 - AREIT
A 99.85% subsidiary of the Altarea Group, Altareit is a pure player in property development in France. Thanks to its unique multi-product expertise, Altareit is a pioneer in mixed-use projects in French gateway cities. Altareit has the know-how in each sector required to design, develop, commercialise and manage made-to-measure real estate products. Altareit is listed in compartment B of Euronext Paris.

FINANCE CONTACTS
Eric Dumas, Chief Financial Officer
edumas@altareacogedim.com, Tel: + 33 1 44 95 51 42

Catherine Leroy, Investor Relations
cleroy@altareacogedim.com, Tel: +33 1 56 26 24 87

1 Revenue by % of completion and external services.
2 Corresponds to the operating income in the Funds From Operations (FFO) column of the analytical income statement.
3 Corresponds to the net income in the Current operating cash flow (FFO) column of the analytical income statement. Group share.
4 Change vs. 2018 restated (IAS 23), i.e. +12.9% vs. 2018 published.
5 Net bank and bond debt / consolidated shareholders' equity.

BUSINESS REVIEW

AT 31 DECEMBER 2019

CONTENTS

1.1. A PURE PLAYER IN PROPERTY DEVELOPMENT IN FRANCE 4
1.1.1 A unique model 4
1.1.2 2019 highlights 5
1.1.3 Residential 7
1.1.4 Business property 11
1.1. CONSOLIDATED RESULTS 14
1.2.1. Impacts of the application of IAS 23 and IFRS 16 14
1.2.2. Financial results 15
1.2. FINANCIAL RESOURCES 17

1.1. A pure player in property development in France

1.1.1 A unique 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[6].

Residential: Altareit is the 2nd largest French residential developer in 2018, with 12,128 lots sold in 2019 (+3%) for €3,278 million (+12%).

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

• as a property developer[7] 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[8]).

Urban transformation: a huge market

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

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

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

At the end of December 2019, Altareit has secured a huge portfolio of projects with more than 4.2 million m² under development with a potential value of nearly €17.1 billion.

Large mixed-use projects: a step ahead

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

In 2019, Altareit confirmed its position and won two major new projects near Cannes (Cœur Mougins) and in Champigny-sur-Marne near Paris (Les Simonettes district area). Located at the end of the future line 15 of the Grand Paris Express metro, this latest development will include 28,000 m² of housing, 900 m² of shops and services, 12,000 m² allocated to tertiary activities and 15,000 m² dedicated to other activities, including 9,000 m² for the "Cité artisanale of the Compagnons du Tour de France".

The Group has also established itself as the leader in large mixed-use projects and manages 11 projects (for nearly 892,000 m² and 8,600 residential units) with a potential value of approximately €3.5 billion as of December 31, 2019.

Large projects at 100%	Total surface area (m²) (a)	Residential (units)	Serviced Residences	Office	Retail	Cinemas	Leisure/ Hotels	Public infrastructure	Estimated delivery
Aerospace (Toulouse)	64,000	790	-	x	x	x	x	-	2020-2021
Coeur de Ville (Bezons)	67,000	730	-	-	x	x	-	-	2020-2021
Cœur de Ville (Issy les M.)	105,000	610	x	x	x	x	x	x	2020-2022
Joia Meridia (Nice)	47,000	600	x	-	x	-	x	-	2020-2023
Belvédère (Bordeaux)	140,000	1,275	x	x	x	-	x	x	2021-2024
Fischer (Strasbourg)	37,000	490	x	-	x	x	-	x	2021-2024
La Place (Bobigny)	104,000	1,265	x	x	x	x	-	x	2021-2024
Quartier Guillaumet (Toulouse)	101,000	1,200	x	x	x	-	-	-	2022-2023
Les Simonettes (Champigny/Marne)	56,000	450	-	x	x	-	-	-	2022-2023
Cœur Mougins (Mougins)	40,000	570	x	-	x	x	x	x	2022-2025
Quartier des Gassets (Val d'Europe) (b)	131,000	n.d.	x	x	x	-	x	-	2024
Total (11 projects)	**892,000**	**>8,600**							

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

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

7 This development activity does not present any commercial risk: Altareit carries only a measured amount of technical risk.

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

1.1.2 2019 highlights

€4.1 bn in property development consolidated new orders

In 2019, Altareit invested nearly €4.1 billion across all products[9], an increase of 18%. These orders include Issy-Coeur de Ville, an iconic development reflecting the Group's know-how in terms of large mixed-use projects including housing, offices, shops and cinemas.

Placements Promotion (in €m)	2019	2018	Var.
Residential	3,278	2,917	+12%
Business Property	601	529	+14%
Retail component – Large mixed-use projects	192	-	n.a.
Total	**4,071**	**3,436**	**+18%**

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

Residential: sales up in a declining market

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

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

2nd property developer in France[10]: €3.3 billion new orders (+12%)

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

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

On a like-for-like basis (excluding Severini and Woodeum), new orders increased by +9% in value and +1% in volume. This performance confirms the relevance of the Group's offer located almost exclusively in high-demand areas eligible for the Pinel scheme[11].

Pipeline of projects under development

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

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

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

In terms of development, the Residential pipeline (offering and land portfolio) amounted to €12.8 billion (an increase of 13% compared to end-2018).

Business property: reloading the pipeline

Today, the Group is the leading developer in Business property in France[12] with a portfolio of 69 projects representing a potential value of €4.4 billion.

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

• on new projects and high environmental quality complex redevelopment operations integrating modularity and mixed-use;

• on a wide range of products (multi-tenant office space, head offices, logistics hubs, hotels, hospitals, etc.);

• systematically integrating a high level of environmental quality and taking into account the most demanding standards in terms of user comfort.

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

• in the Grand Paris: in a context of high prices and scarcity of land, Altarea works on capital-intensive projects (generally in partnership), or alternatively as a service provider to support large investors and users;

• in regional gateway cities: the Group works on real estate development projects (off-plan sales or PDA) which are generally sourced thanks to the Residential territorial coverage of its various brands.

Reloading of the pipeline in Paris and gateway cities

In 2019, Altareit as recorded 15 new projects:

• 9 office programmes in large regional gateway cities representing a total of 89,000 m², including the PDA covering the future campus of EM Lyon Business School and the off-plan sale of regional headquarters in Bordeaux, Aix, Nantes, Villeurbanne and Toulouse;

• 5 Grand Paris projects representing nearly 120,000 m² (including the restructuring project regarding the current

9 Orders are the business indicator of the "Development" activity.
10 Every year, the Developer Rankings published by Innovapresse analyse and compare business volumes, the number of housing units or square metres of offices produced, and the financial results of the principal private property developers. The 31st edition included 60 of the main players in the sector

11 The "high-demand areas" correspond to areas A bis, A and B1.
12 Source: Ranking of Developers carried out by Innovapresse analyses and compares the business volumes, the number of housing units or square meters of office space produced, or the financial results of the main private real estate developers. The 31st edition focused on 60 of the main players in the sector.

CNP Assurances headquarter above the Paris-Montparnasse railway station);

• and a logistics project representing nearly 47,000 m² in Bordeaux.

The Group recorded new orders totalling €601 million in 2019, up +14% year on year.

Credit rating confirmed: BBB

On 25 September 2019, the S&P Global rating agency confirmed the “Investment Grade. BBB (stable outlook)” rating for Altareit, assigned at its first rating in June 2018.

S&P Global highlights Altareit’s strong positioning. as a property developer in both residential and office segments (the company namely owns Cogedim). in a market where fundamentals and trends are credit supportive. The rating also reflects the significant improvement in debt ratios following the sale of Semmaris in 2018.

Extra-financial performance

A recognized customer focus

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

GRESB[13] 2019: “Green Star 5” status confirmed*

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

Environmental certification

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

100% of Business property developments are certified to the NF HQE™ “Excellent” and BREEAM® “Very good” levels or higher.

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

1.1.3 Residential

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

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

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

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

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

The drivers for the market remain solid:

• highly promising underlying demographics, notably for those gateway cities in which Altarea has a presence ;

• long-term low interest rates for borrowers ;

• substantial tax assets which are now focused on high-demand areas (Pinel and PTZ) ;

• the required construction of social housing and the Government's anticipated relaunch policy.

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

A winning strategy

Facing the high demand in strained urban areas, Altarea has decided to develop its offer with the ultimate objective to gain market shares. Altarea aims to sell 18,000 to 20,000 units per year at a future date, and has embarked on a major investment campaign to boost its production.

Therefore, in 2019, the Group:

• increased the size of its property portfolio[15] which went up from 44,800 units to 48,900 units (+9%); almost exclusively located in high-demand areas;

• improved its operational capacity with 119 new hires (net of all resignations) with operational profiles such as developers, sellers, program managers, etc.;

• increased its commercial investments, mainly advertising content;

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

• widened its product offer and made preparations for the future by acquiring Histoire & Patrimoine (specialised in historical buildings) in 2018 and taking a 50% stake in Woodeum, leading developer of low-carbon housing built from CLT in France, July 2019.

This strategy is now starting to bear fruit: the Group has become the 2nd largest residential property developer in France, moving up one place in the ranking[16].

To accelerate growth in its market share, the Group has revised its brand architecture, with the aim of giving more operational autonomy to each banner (Cogedim, Pitch Promotion, Histoire & Patrimoine, Woodeum, Severini and Cogedim Club), while allowing them to benefit from the power of the Group embodied by the Altarea umbrella brand (strategy, finance, support, etc.).

Customers are at the core of the process

The Group sets itself apart by the close attention it pays to the expectations of its customers when developing its product ranges. A Customer Service Department was created for this purpose in 2016.

Since then, in 2018, Cogedim became the top property developer in terms of "Awarded Customer Service for the Year" for the level of service and quality of its customer relationship. This recognition was repeated in 2019 and in 2020.

The Group is also the number 1 French developer in the "Top 10 for Customer Reception" rankings created by Les Echos / HCG, and, this year, ranks 3rd for all sectors taken together (6th place in 2019).

To develop appropriate and suitable products, the Group has focused its efforts on three areas:

Comprehensive customer support

The Group adopts an approach to customer support, backed up by:

• customisation of the offer in addition to a catalogue of 200 technical and decorative options. Customers can personally select their own options at Cogedim Stores, where they can wander through show apartments, browse the choice of materials and enjoy an immersive digital experience. To date, the Group has opened six stores in gateway cities (Paris, Toulouse, Bordeaux, Lyon, Nantes and Marseille) and four option areas (Montpellier, Strasbourg, Fréjus and Bayonne);

• "mon-cogedim.com" a platform allowing buyers to receive customised support throughout their home-buying experience, with a single customer relationship manager and dedicated follow-up to ensure that they receive a first-class service;

• strengthening the range of services offered to private customers, rental management and financial advise in particular.

14 Source: "Observatoire de l'immobilier de la FPI" - Q3 2019.
15 Properties for sale and land option portfolios
16 Source: Developer Rankings produced by Innovapresse which analyses and compares business volumes, the number of housing units or square metres of offices produced, and the financial results of the principal private property developers. The 31st edition included 60 of the main players in the sector.

A commitment to quality

Over the last 3 years, 100% of Group operations have been NF Habitat certified[17], a veritable mark of quality and performance, guaranteeing users improved comfort and energy savings.

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

In 2019, the Group won the "Prix du Grand Public (GRDF)" at the "Pyramides d'argent" awards organised by the Fédération des Promoteurs d'Ile-de-France for its "Serigraf" programme in Cachan, awarded "NF Habitat" certification.

It also won the "Soutien à l'innovation" award for its re-use village in Montreuil, 1,750 m² dedicated to solidarity and the social economy, located within a project comprised of 60 accessible housing units, 22 social housing units and co-living accommodation for young workers and single parent families.

Programmes rooted in the city

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

This year, Altarea also distinguished itself by winning 5 of the 23 projects awarded further to the second edition of the "Inventons la métropole du Grand Paris" competition, an indication of how its projects are well aligned with the expectations of local authorities (3 projects awarded to Cogedim and 2 to Pitch Promotion).

An efficient geographical strategy

The residential market in France is extremely fragmented, both in terms of actors and local situations. For example, while areas classified as B2 and C are experiencing a slowdown accentuated by the geographical reorientation of the Pinel tax scheme, greater cities are continuing to benefit from metropolisation and a growing demand for residential.

Against this backdrop, the Group's geographical strategy aims is aimed at holding strong positions in the most dynamic gateway cities18, targeting high-demand areas where the need for residential units is the highest. The renewal of the Pinel law up until the end of 2021 and its closer application in these high-demand areas in 2018 confirmed this strategy adopted by the Group. At end-2019, the entirety of the Group's property for sale and its land portfolio was located within eligible areas.

A multi-brand and multi-product strategy

Altarea operates all over France, offering products meeting all residential pathways, as well as expectations of local authorities (secured prices, social housing, etc.).

It operates through its national brand Cogedim, backed up in the main French gateway cities by Pitch Promotion and complemented in terms of products by Cogedim Club (residences for senior citizens) and Histoire & Patrimoine (Historical Monuments), and also, since July 2019, by Woodeum (low carbon residential developments).

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

Altarea thus provides a well-judged response in all market segments and for all customer types:

• High-end[19]: products defined by demanding requirements in terms of location, architecture and quality. At end-2019, these represented 11% of new orders over the year by volume ;

• Entry and mid-range[20]: these programmes, which represent 81% of new orders for the Group by volume, are specifically designed to meet:

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

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

• Serviced Residences (4%): the Group is developing a wide range of student halls of residence, business travel accommodation, exclusive residences, etc. In particular, under the Cogedim Club® brand, it is currently developing a serviced residences concept for senior citizens, combining city-centre locations with a range of a la carte services. In 2019, six Cogedim Club residences were inaugurated, taking the number of operational sites to 18. In 2019, nine projects were under construction and 6 should be launched in 2020;

• Renovation of historical sites (4%): under the Histoire & Patrimoine brand, the Group has a range of products for Historical Monuments, Malraux Law properties and Real Estate Tax schemes. This offer is expected to grow in scale. For example, in 2019, Histoire & Patrimoine and Altarea Grands Projets won the Call for Expressions of Interest for the restructuring and conversion of the Aillaud Towers ("Cloud Towers") located in Nanterre right next to the La Défense neighbourhood and certified as an example of "Remarkable Contemporary Architecture". The Group also added to its portfolio with a major development project on the old IBM campus in La Gaude near Nice, which will eventually offer 250 units refurbished by Histoire & Patrimoine and 700 units developed by Cogedim;

• Sales in divided ownership: the Group is developing programmes under a French government policy known as social rental usufruct. This additional offering, while meeting the need for low-cost housing in high-demand areas and thereby helping out local communities, provides an alternative investment product for private investors.

17 Excluding co-development, rehabilitations and managed residences.
18 Grand Paris, Métropole Nice Côte d'Azur, Marseille-Aix-Toulon, Grand Lyon, Toulouse Métropole, Grenoble-Annecy, Nantes Métropole, Bordeaux Métropole, Métropole européenne de Lille, Eurométropole de Strasbourg, Montpellier Méditerranée Métropole, Rennes Métropole.

19 Programmes at over €5,000 per m² in the Paris Region and over €3,600 per m² in other regions.
20 Programmes under €5,000 per m² in the Paris Region and under €3,600 per m² in other regions.

New orders[21]: €3,278 million (+12%)

New orders	2019		2018		Change
Individuals - Residential	1,011	€m	897	€m	+13%
Individuals - Investment	1,174	€m	1,032	€m	+14%
Block sales	1,093	€m	988	€m	+11%
Total in value (incl. tax)	**3,278**	**€m**	**2,917**	**€m**	**+12%**
o/w equity-method (Group	*181*	*€m*	*259*	*€m*	
Individuals - Residential	2,865	unit	2,755	unit	+4%
Individuals - Investment	4,671	unit	4,227	unit	+11%
Block sales	4,592	unit	4,800	unit	(4)%
Total in units	**12,128**	**unit**	**11,78**	**unit**	**+3%**

In 2019, the dynamic in terms of increasing market share remained positive, with new orders up +12% in value and +3% in volume.

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

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

This year was marked by excellent marketing campaigns for the Grand Paris large Mixed-use projects, notably Issy-Cœur de Ville, which explain the increase in average price per unit over one year, both for private purchasers and institutionals (+5% to €290,000 and +16% to €238,000 respectively).

In a declining market, the Group's orders increased sharply, with all the brands contributing to growth

Reservations by product range

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

Notarised sales

€ millions incl. tax	2019	%	2018	%	Change
Entry-level/mid-range	1,972	60%	1,718	71%	+15%
High-end	958	29%	526	22%	+82%
Serviced Residences	182	6%	96	4%	+90%
Renovation/Rehabilitation	167	5%	84	3%	x2
Total	**3,279**		**2,425**		**+35%**

Revenue by % of completion

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

Outlook

Supply[22]

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

Commercial launches

Launches	2019	2018	Change
Number of units	11,499	12,255	(6)%
Number of transactions	166	202	(18)%
Revenue incl. Tax (€m)	**3,434**	**3,179**	**+8%**

Project under construction

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

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

Residential backlog[23]

In €m (excl. tax)	2019	2018	Change
Notarised revenue not recognised	1,722	1,388	24%
Revenues reserved but not notarised	2,057	1,781	15%
Backlog	**3,778**	**3,169**	**19%**
o/w equity-method (Group	*258*	*270*	*(4)%*
Number of months	*20*	*21*	

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

Properties for sale[24] and future offering[25]: 47 months of pipeline

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

21 New orders net of withdrawals, in euros including tax when expressed in value. New orders at 100%, with the exception of projects under joint control (Group share of placements, including Woodeum). Histoire & Patrimoine consolidated since 1 July 2018, Severini since 1 January 2019).
22 Sale agreements for land signed and valued as potential residential orders (incl. taxes).
23 The Residential backlog consists of revenues (excluding tax) from notarised sales, to be recognised on a percentage-of-completion basis, and individual and block new orders to be notarised (retail and institutional investors). It also includes projects on which the Group exercises joint control (consolidated by the equity method). The corresponding revenue is therefore not included in the consolidated revenue of the Group's Residential business line.
24 Units available for sale (incl. taxes value, or number count).
25 Future offering consisting of secured projects (through an option on the land, mostly in unilateral form) whose launch has not yet occurred (value including taxes of potential revenue when expressed in euros).

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

Risk management

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

In €m

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

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

Management of real estate commitments

38% of properties for sale relates to programmes whose construction has not yet been launched and for which the amounts committed correspond essentially to studies, advertising, and loss of use indemnities (or guarantees) paid within the framework of promises on land, and cost of land.

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

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

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

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

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

• strong pre-commercialisation required when acquiring land;

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

1.1.4 Business property

An attractive market

In 2019, the market for investment in office property in the Paris Region remained extremely dynamic (growth of +13% over the year to €21.7 billion[26]), confirming the cyclical upswing which began in 2017. Significant transactions in excess of €200 million formed 47% of this increase in terms of investment volume. In the regions, the investment market slowed to €2.7 billion (-11% over a year) but is still very dynamic in prime locations and in the gateway cities.

With regard to the rental market, demand placed in the Paris Region improved in the second half-year to reach 2.3 million m² according to Immostat, down 10% over a year.

Immediate supply continues to fall to 2.7 million m² (-8% over a year). In this context of rare quality supply in the most sought-after zones (Paris CBD and West Crescent), the rise in nominal rents continues (+3% over a year for new or redeveloped assets and +5% for old assets).

Growth continues in the industrial sector, supported by urban logistics and e-commerce. The volume invested in Logistics reached €4.1 billion in 2019 (+24% over the year[27]), recording its best performance of the decade.

A rapidly changing segment

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

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

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

An investor developer model

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

• as a developer[28] in off-plan sales, off-plan leases and property development contracts, with a particularly strong position on the turnkey users market, or as a service provider under delegated project management contracts;

• or as an investor, either directly or through AltaFund[29], for high-potential assets (prime location) in view of their sale once redevelopment has been completed[30].

The Group is systematically the developer of projects in which it acts as co-investor and Manager[31].

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

A dual diversification strategy

Organisation

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

• in Grand Paris: in a context of high prices and scarcity of land, Altareit works on capital-intensive projects (generally in partnership), or alternatively as a service provider to support large investors and users;

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

Product type

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

The "Logistique" investment fund, created in late 2017 by Pitch Promotion, has enabled the Group to become a major stakeholder in the logistics market in France in just a few years, with nearly 640,000 m² under development at end-2019 (11% of the pipeline by potential value).

Product quality

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

26 Source: Immostat (economic interest group [GIE] made up of BNP Paribas Real Estate, CBRE, JLL and Cushman & Wakefield) - January 2020.
27 Marketbeat France - Cushman&Wakefield.
28 This development activity does not present any commercial risk: Altarea carries only a measured amount of technical risk.
29 AltaFund is a discretionary investment fund, created in 2011, of which Altarea is one of the contributors alongside leading institutional investors.
30 Resold rented or not.
31 Through marketing, sale, asset and fund management contracts.

Solid new orders

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

• PDA contracts and VEFA/BEFA off-plan contracts signed in the Property development activity, at contract price including tax[32];

• sale of assets in the Investment business, at sale price including tax[33].

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

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

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

This transaction forms part of the double transaction completed by Altarea and CDC Investissement Immobilier (on behalf of Caisse des Dépôts et Consignations) in October 2019, the second part of which involves the acquisition of the current head office of CNP Assurances located above the Paris-Montparnasse railway station (the "PRD-Montparnasse" building integrated into the investment transactions), scheduled for substantial redevelopment. This double transaction was awarded the "Prix spécial du Jury" by CFNews Immo & Infra 2020.

• the Off-plan sale of the Convergence building in Rueil Malmaison, future head office of the Danone Group;

• the PDA for the EM Lyon Business School in Lyon-Gerland (29,000 m²)

• the PDA for a logistics platform for LIDL in Nantes ;

• the off-plan sale to Newton Offices of one of the four properties making up the Les Carrés du Golf programme in Aix-en-Provence. This 11,000 m² project, due to be delivered in 2020, is now fully leased following the signing of an off-plan lease agreement with EDF in mid-October 2019.

Reloading the pipeline

Pipeline: 69 projects under way

At 31 December 2019, the project portfolio included 69 projects for a potential value of €4.4 billion (at 100% for projects under construction or secured).

At 31/12/2019	No.	Surface area (m²) at 100%	Revenue excl. tax (€m) (a)	Potential value at 100% (€m excl. tax)
Investments (a)	4	112,600	401	1,108
Property development *(prop. development or off-plan sales contracts) (b)*	63	1,385,300	3,213	3,213
Offices - Paris Region	*12*	*318,700*	*1,461*	*1,461*
Offices - Regions	*43*	*428,200*	*1,286*	*1,286*
Logistics	*8*	*638,400*	*466*	*466*
Delegated project management (c)	2	5,200	40	40
Total	**69**	**1,503,100**	**3,654**	**4,361**

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

2019 deliveries

Altareit delivered six projects:

• two redeveloped office properties (Paris Bergère and Delegated Project Management for 16 avenue Matignon), as well as a hotel situated within the Massy Place du Grand Ouest large Mixed-use project;

• and three Logistics projects (10,700 m²) in the Paris Region.

Supply

In 2019, Altareit substantially reloaded its pipeline with 15 projects including:

• an investment project with a major redevelopment works involving an office block located Rue de Saussure in Paris;

• PDA, including the EM Lyon Business School project, a hotel complex with nearly 700 rooms in the Paris region on behalf of a leading commercial entity; and a 46,500 m² tranche to complete a logistics hub project currently under development in Bordeaux, taking this to a total of 170,000 m²;

• 10 Off-plan sales projects, including those located in the Mixed-use Simonettes project in Champigny (14,000 m², including the Cité artisanale des Compagnons du Tour de France), and 8,400 m² for the Technopôle de la Mer in Ollioules;

• and the redevelopment of the head office of a major French business near Place de la Concorde in Paris, under Delegated project management.

Backlog[34] (off-plan, property development contracts and delegated project management)

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

32 New orders at 100%, with the exception of projects under joint control (equity-accounted) for which new orders are shown in Group share.
33 New orders in Group share, net of the amount of the PDA when the assets sold were covered by a PDA signed with the Group, so that the same amount is not counted twice for the same asset.

34 Backlog is composed of notarized sales, excl. tax, not yet recorded per the percent of completion method, new orders excl. tax, not yet notarized (signed property development contracts), and fees to be received from third parties on signed contracts.

4 investment projects under way

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

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

Group investment projects at 31 December 2019

Project	Group share	Surface area (m²)	Estimated rental income (€m) [(a)]	Cost price (€m) [(b)]	Potential value at 100% (€m excl. tax) [(c)]	Progress [(d)]
Landscape (La Défense)	15%	67,400				Under construction
Tour Eria (La Défense)	30%	25,000				Under construction
Cocktail (La Défense)	30%	18,100				Secured
Saussure (Paris)	100%	2,100				Secured
TOTAL at 100%	**23%[(e)]**	**112,600**	**56**	**902**	**1,108**	
o/w Group share			*13*	*217*	*260*	

(b) Gross rent before supporting measures.

(b) Including acquisition of land.

(c) Potential market value excluding project rights at the date of sale, held directly or via AltaFund.

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

(e) Weighted average of group share on cost price.

Commitments at 31 December 2019

On new developments, the Group's commitments are limited to the amount of studies for projects being arranged. For projects under construction, financial commitments are covered by calls for funds (except "blank" transactions).

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

At 31 December 2019, total commitments amounted €195 million in Group share, o/w €69 million not yet spent.

1.1. Consolidated results

1.2.1. Impacts of the application of IAS 23 and IFRS 16

Two changes in IFRS accounting standards impact the published consolidated statements for the financial year 2019.

IAS 23 – Borrowing Costs

The clarification of IAS 23 leads to entering interest expenses on development projects (previously recognised in inventory) under charges.

With compulsory retrospective application from 1 January 2018, this standard leads to reclassifications interest expenses between income statement lines, with an impact on the 2018 financial year which must be restated for comparison.

IFRS 16 – Leases

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

On the balance sheet, this standard leads to the recognition of an intangible asset corresponding to the value of the right-of-use of the leased asset, over the firm duration of the contract assets. In returm, a financial liability is recognized under the heading "Borrowings and financial liabilities".

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

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

Financial results presentation

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

• -€2.2 million in opening shareholders' equity at 1 January 2018;

• -€2.8 million of net income in Group share at 31 December 2018 (broken down into a negative impact of €3.6 million in Group share of FFO and a positive impact of €0.8 million in calculated expenses).

In addition, the application of IFRS 16 leads to a restatement of:

• +€0.1 million in opening shareholders' equity at 1 January 2019;

• -€1.5 million in net income, Group share at 31 December 2019 (broken down into +€24.2 million in FFO, Group share and -€25.7 million in depreciation and amortization.

1.2.2. Financial results

Altareit's 2019 consolidated revenue[35] amounted to €2,883.9 million, up +31.3% year-on-year (vs. 2018 published): +24.1% in Residential and +70.3% in Business Property.

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

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

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

35 *Revenue by % of completion and external services.*

FFO[36] Residential

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

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

- €25.8 million increase in the real estate margin ;

- €18.9 million improvement in the coverage of operating expenses.

FFO Business Property

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

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

• net property income: CPI and off-plan;

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

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

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

In 2018, the Group had recorded a performance fee (Promote) related to AltaFund operations (sale of Kosmo to Sogecap and advancement of Richelieu), amounting to €18.0 million.

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

1.2. Financial resources

S&P Global credit rating confirmed: BBB

On 25 September 2019, the S&P Global rating agency confirmed the "Investment Grade, BBB (stable outlook)" rating for Altareit, assigned at its first rating in June 2018.

S&P Global highlights Altareit's strong positioning. as a property developer in both residential and office segments (the company namely owns Cogedim). in a market where fundamentals and trends are credit supportive. The rating also reflects the significant improvement in debt ratios following the sale of Semmaris in 2018.

Considering the above and given its strong organic links with Altarea Group, Altareit is considered by S&P as a "core" subsidiary and benefits from the same credit quality as Altarea Group, a leading French retail REIT, which was also assigned a 'BBB' Investment grade rating with a stable outlook.

Net debt (bank and bond): €334 million

In €m	31/12/2019	31/12/2018
Corporate debt	148	108
Credit market	666	562
Property development and other debt	205	258
Gross bank debt	**1.019**	**928**
Cash and cash equivalents	(685)	(522)
Net debt (bond and bank)	**334**	**406**

The Group's net bond and bank debt amounted to €334 million at 31 December 2019, compared with €406 million at 31 December 2018 and €674 million at 31 December 2017 (before the sale of Semmaris at the end of July 2018).

ICR ratio[37]

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

Covenants

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

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

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

(a) LTV (Loan to Value) = Net debt/Restated value of assets including transfer duties. Altarea Group.

(b) ICR (Interest Coverage Ratio) = Operating income/Net borrowing costs (Funds from operations column). Altarea Group.

Altareit's gearing[38] was at 0.36x at 31 December 2019 (compared to 0,48x at 31 december 2018 restated).

Equity

Altareit's shareholders' equity stood at €918.0 million at December 31, 2019, vs €838.2 million as of December 31, 2018 restated, making Altareit one of the most highly capitalized French property developers.

37 ICR (Interest Coverage Ratio) = Operating income / Net borrowing costs

38 Net bond and bank debt / consolidated shareholders' equity.

Consolidated P&L at 31 December 2019

€millions	31/12/2019 Funds from operations (FFO)	31/12/2019 Changes in value. estimated expenses and transaction costs	31/12/2019 Total	31/12/2018 restated (1) Funds from operations (FFO)	31/12/2018 restated (1) Changes in value. estimated expenses and transaction costs	31/12/2018 restated (1) Total
Revenue	2 283.1	–	2 283.1	1 844.1	–	1 844.1
Cost of sales and other expenses	(2 075.4)	(0.6)	(2 076.0)	(1 662.3)	–	(1 662.3)
Net property income	**207.7**	**(0.6)**	**207.1**	**181.8**	**–**	**181.8**
External services	11.2	–	11.2	4.1	–	4.1
Production held in inventory	157.8	–	157.8	135.3	–	135.3
Operating expenses	(217.1)	(16.3)	(233.5)	(200.9)	(12.0)	(212.9)
Net overhead expenses	**(48.1)**	**(16.3)**	**(64.5)**	**(61.4)**	**(12.0)**	**(73.4)**
Share of equity-method affiliates	**18.1**	**(5.5)**	**12.6**	**12.5**	**19.1**	**31.7**
Net allowances for depreciation and impairment	**–**	**(18.3)**	**(18.3)**	**–**	**(4.1)**	**(4.1)**
Transaction costs	**–**	**(1.5)**	**(1.5)**	**–**	**(1.7)**	**(1.7)**
NET RESIDENTIAL INCOME	**177.7**	**(42.2)**	**135.5**	**133.0**	**1.3**	**134.3**
Revenue	577.0	–	577.0	317.7	–	317.7
Cost of sales and other expenses	(564.2)	–	(564.2)	(298.8)	–	(298.8)
Net property income	**12.9**	**–**	**12.9**	**18.9**	**–**	**18.9**
External services	10.9	–	10.9	27.5	–	27.5
Production held in inventory	24.7	–	24.7	20.0	–	20.0
Operating expenses	(34.9)	(3.7)	(38.6)	(47.1)	(2.4)	(49.6)
Net overhead expenses	**0.8**	**(3.7)**	**(2.9)**	**0.4**	**(2.4)**	**(2.0)**
Share of equity-method affiliates	**9.9**	**(3.0)**	**6.9**	**23.8**	**(3.0)**	**20.9**
Net depreciation. amortization and provisions	**–**	**(3.2)**	**(3.2)**	**–**	**(1.4)**	**(1.4)**
Net allowances for depreciation and impairment	**–**	**1.3**	**1.3**	**–**	**–**	**–**
BUSINESS PROPERTY INCOME	**23,5**	**(8,6)**	**15,0**	**43,1**	**(6,8)**	**36,3**
Rental income	1,6	–	1,6	–	–	–
Other expenses	(0,8)	–	(0,8)	–	–	–
Net rental income	**0,8**	**–**	**0,8**	**–**	**–**	**–**
External services	–	–	–	–	–	–
Operating expenses	4,7	–	4,7	1,5	–	1,5
Net overhead expenses	**4,7**	**–**	**4,7**	**1,5**	**–**	**1,5**
Share of equity-method affiliates	**0,2**	**(0,3)**	**(0,1)**	**5,0**	**(1,9)**	**3,1**
Net allowances for depreciation and impairment	**–**	**(5,1)**	**(5,1)**	**–**	**(1,1)**	**(1,1)**
Gains / losses on disposals of assets	**–**	**(1,2)**	**(1,2)**	**0,8**	**176,0**	**176,8**
Income/loss in the value of investment property	**–**	**1,0**	**1,0**	**–**	**–**	**–**
NET DIVERSIFICATION INCOME	**5,7**	**(5,6)**	**0,1**	**7,3**	**172,9**	**180,3**
Other (Corporate)	**(3,0)**	**(0,4)**	**(3,4)**	**(2,2)**	**–**	**(2,2)**
OPERATING INCOME	**204,0**	**(56,8)**	**147,2**	**181,2**	**167,5**	**348,7**
Net borrowing costs	**(20,4)**	**(1,3)**	**(21,8)**	**(17,1)**	**(1,9)**	**(19,0)**
Discounting of debt and receivables	**–**	**2,1**	**2,1**	**–**	**(0,2)**	**(0,2)**
Change in value and income from disposal of financial instruments	**–**	**(0,1)**	**(0,1)**	**–**	**(0,0)**	**(0,0)**
Proceeds from the disposal of investments	**–**	**(1,7)**	**(1,7)**	**–**	**(0,4)**	**(0,4)**
Dividend	**0,6**	**–**	**0,6**	**0,0**	**–**	**0,0**
PROFIT BEFORE TAX	**184,1**	**(57,9)**	**126,3**	**164,2**	**165,0**	**329,1**
Corporate income tax	**(4,7)**	**(26,2)**	**(30,9)**	**(7,8)**	**(37,5)**	**(45,2)**
NET INCOME	**179,4**	**(84,1)**	**95,3**	**156,4**	**127,5**	**283,9**
Minority shares	**(14,5)**	**0,2**	**(14,3)**	**(13,9)**	**0,0**	**(13,9)**
NET INCOME, Group share	**164,9**	**(83,9)**	**81,0**	**142,5**	**127,5**	**270,0**
Diluted average number of shares	**1 748 489**	**1 748 489**	**1 748 489**	**1 748 473**	**1 748 473**	**1 748 473**
NET INCOME PER SHARE (€/share), Group share	**94,3**	**(48,0)**	**46,3**	**81,5**	**72,9**	**154,4**

(1) Restated to take into account the clarification made to IAS 23 - Borrowing costs on the non-compounding of interest expenses relating to property development programmes.

Balance sheet at 31 December 2019

€millions	31/12/2019	31/12/2018 restated
Non-current assets	**667.5**	**589.7**
Intangible assets	303.1	284.2
o/w Goodwill	*192.1*	*178.6*
o/w Brands	*105.4*	*100.7*
o/w Other intangible assets	*5.0*	4.9
Property plant and equipment	18.9	18.2
Right-of-use on tangible and intangible fixed assets	21.7	–
Investment properties	31.1	37.6
o/w Investment properties in operation at fair value	*4.1*	–
o/w Investment properties under development and under construction at cost	*22.0*	*37.6*
o/w Right-of-use on Investment properties	*5.0*	–
Securities and investments in equity affiliates and unconsolidated interests	283.1	237.4
Loans and receivables (non-current)	8.4	8.3
Deferred tax assets	1.3	4.0
Current assets	**3 016.0**	**2 446.6**
Net inventories and work in progress	1 051.1	973.1
Contracts assets	564.9	444.4
Trade and other receivables	686.4	463.6
Income tax credit	6.4	11.2
Loans and receivables (current)	22.1	32.5
Cash and cash equivalents	685.0	521.9
TOTAL ASSETS	**3 683.5**	**3 036.3**
Equity	**918.0**	**838.2**
Equity attributable to Altareit SCA shareholders	**881.0**	**802.9**
Capital	2.6	2.6
Other paid-in capital	76.3	76.3
Reserves	721.1	454.0
Income associated with Altareit SCA shareholders	81.0	270.0
Equity attributable to minority shareholders of subsidiaries	**37.1**	**35.4**
Reserves associated with minority shareholders of subsidiaries	22.7	21.5
Other equity components. Subordinated Perpetual Notes	14.3	13.9
Non-current liabilities	**704.9**	**653.0**
Non-current borrowings and financial liabilities	652.5	628.7
o/w Bond issues	*345.7*	*345.0*
o/w Borrowings from lending establishments	*259.6*	*282.9*
o/w Negociable European Medium Term Note	*30.0*	–
o/w Lease liabilities	*2.8*	*0.7*
o/w Contractual fees on investment properties	*14.3*	–
Long-term provisions	19.2	16.4
Deposits and security interests received	2.1	1.2
Deferred tax liability	31.2	6.7
Current liabilities	**2 060.5**	**1 545.0**
Current borrowings and financial liabilities	478.6	375.8
o/w Bond issues	*5.1*	*5.1*
o/w Borrowings from lending establishments	*91.6*	*79.6*
o/w Negociable European Medium Term Note	*285.0*	*212.0*
o/w Bank overdrafts	*2.2*	*3.5*
o/w Advances from Group shareholders and partners	*82.5*	*75.6*
o/w Lease liabilities	*12.2*	–
Contracts liabilities	168.8	105.7
Trade and other payables	1 407.8	1 057.9
Tax due	5.3	5.5
TOTAL LIABILITIES	**3.224.9**	**3.036.3**