ALTAREIT

CONSOLIDATED HALF-YEAR
FINANCIAL STATEMENTS RESUMED
AT 30 JUNE 2018

CONTENTS

1 Consolidated statement of comprehensive income

€millions	Note	30/06/2018	31/12/2017	30/06/2017
Revenue		970.4	1,706.6	798.6
Cost of sales		(836.3)	(1,459.1)	(679.5)
Selling expenses		(43.4)	(81.5)	(37.7)
Net charge to provisions for current assets		(1.0)	(14.3)	(1.7)
Amortisation of customer relationships		–	(5.5)	(2.8)
NET PROPERTY INCOME	5.1	**89.7**	**146.2**	**77.0**
External services		23.0	17.0	5.0
Own work capitalised and production held in inventory		69.9	160.0	72.2
Personnel costs		(72.6)	(147.1)	(73.7)
Other overhead expenses		(43.6)	(75.8)	(36.5)
Depreciation expense on operating assets		(2.6)	(3.6)	(1.6)
Net overhead expenses		**(25.9)**	**(49.5)**	**(34.6)**
Other income and expenses		(2.3)	(3.5)	(2.2)
Depreciation expenses		(0.4)	(0.8)	(0.4)
Transaction costs		(0.8)	(0.6)	(0.3)
OTHER		**(3.5)**	**(4.9)**	**(3.0)**
Net impairment losses on other non-current assets		0.0	0.4	0.2
Net charge to provisions for risks and contingencies		(0.9)	1.0	0.6
Operating income before the share of net income of equity-method affiliates		**59.4**	**93.2**	**40.2**
Share in earnings of equity-method affiliates	4.4	5.0	34.5	14.4
Operating income after the share of net income of equity-method affiliates		**64.3**	**127.7**	**54.7**
Net borrowing costs	5.2	(4.5)	(10.3)	(5.0)
Financial expenses		(6.8)	(17.3)	(9.9)
Financial income		2.3	7.0	4.9
Change in value and income from disposal of financial instruments	5.2	(0.0)	(2.9)	(2.9)
Discounting of debt and receivables		(0.1)	(0.2)	(0.1)
Proceeds from the disposal of investments		23.5	0.1	(0.2)
Dividend		0.0	0.2	0.1
Profit before tax		**83.3**	**114.7**	**46.5**
Income tax	5.3	(24.0)	(27.1)	(11.3)
Net income		**59.3**	**87.6**	**35.2**
of which attributable to shareholders of Altareit SCA		**51.7**	**79.5**	**31.8**
of which attributable to minority interests in subsidiaries		7.6	8.1	3.4
Diluted average number of shares		1,748,434	1,748,486	1,748,528
Net income per share attributable to shareholders of Altareit SCA (€)	5.4	**29.57**	**45.45**	**18.19**
Diluted average number of shares		1,748,434	1,748,486	1,748 528
Diluted net income per share attributable to shareholders of Altareit SCA (€)	5.4	**29.57**	**45.45**	**18.19**

OTHER ITEMS OF COMPREHENSIVE INCOME

€millions	30/06/2018	31/12/2017	30/06/2017
NET INCOME	**59,3**	**87,6**	**59,3**
Actuarial differences on defined-benefit pension plans	0,1	(0,3)	0,1
o/w Taxes	*(0,0)*	*0,2*	*(0,0)*
Subtotal of comprehensive income items that may not be reclassified to profit or loss	0,1	(0,3)	0,1
OTHER ITEMS OF COMPREHENSIVE INCOME	**0,1**	**(0,3)**	**0,1**
COMPREHENSIVE INCOME	**59,4**	**87,2**	**59,4**
o/w Net comprehensive income attributable to Altareit SCA shareholders	51,8	79,1	51,8
o/w Net comprehensive income attributable to minority interests in subsidiaries	7,6	8,1	7,6

2 Consolidated statement of financial position

€millions	*Note*	30/06/2018	31/12/2017
NON-CURRENT ASSETS		**642.5**	**693.8**
Intangible assets	7.1	234.2	233.7
o/w Goodwill		*139.6*	*139.6*
o/w Brands		*89.9*	*89.9*
o/w Client relations		–	–
o/w Other intangible assets		*4.7*	*4.2*
Property plant and equipment		17.8	15.6
Investment properties		38.3	38.3
Securities and investments in equity affiliates and unconsolidated interests	4.4	321.1	338.0
Loans and receivables (non-current)		6.6	6.8
Deferred tax assets	5.3	24.5	61.3
CURRENT ASSETS		**2,220.4**	**2,260.0**
Net inventories and work in progress	7.3	839.5	1 275.4
Trade and other receivables	7.3	879.1	510.6
Income tax credit		1.3	8.2
Loans and receivables (current)		8.4	13.0
Derivative financial instruments	8	–	–
Cash and cash equivalents	6.2	492.1	452.8
TOTAL ASSETS		**2,862.9**	**2,953.8**
EQUITY		**608.0**	**502.3**
Equity attributable to Altareit SCA shareholders		**581.7**	**487.8**
Capital	6.1	2.6	2.6
Other paid-in capital		76.3	76.3
Reserves		451.2	329.4
Income associated with Altareit SCA shareholders		51.7	79.5
Equity attributable to minority shareholders of subsidiaries		**26.3**	**14.5**
Reserves associated with minority shareholders of subsidiaries		18.7	6.4
Income associated with minority shareholders of subsidiaries		7.6	8.1
NON-CURRENT LIABILITIES		**552.5**	**585.4**
Non-current borrowings and financial liabilities	6.2	530.9	569.6
o/w Borrowings from lending establishments		*529.9*	*569.2*
o/w Advances from Group and shareholders		*0.9*	*0.5*
Long-term provisions	6.3	15.6	14.6
Deposits and security interests received		1.1	1.0
Deferred tax liability	5.3	4.9	0.2
CURRENT LIABILITIES		**1,702.5**	**1,866.2**
Current borrowings and financial liabilities	6.2	692.5	609.4
o/w Borrowings from lending establishments (excluding overdrafts)		*86.1*	*87.9*
o/w Treasury notes		*529.5*	*468.9*
o/w Bank overdrafts		*7.1*	*0.8*
o/w Advances from Group shareholders and partners		*69.8*	*51.8*
Derivative financial instruments	8	0.0	0.0
Accounts payable and other operating liabilities	7.3	1,009.5	1,249.8
Tax due		0.5	7.0
TOTAL LIABILITIES		**2,862.9**	**2,953.8**

3 Consolidated statement of cash flows

€millions	Note	30/06/2018	31/12/2017	30/06/2017
Cash flow from operating activities				
Net income from continuing operations		**59.3**	**87.6**	**35.2**
Elimination of income tax expense (income)	5.3	24.0	27.1	11.3
Elimination of net interest expense (income)		4.4	10.3	5.0
Net income before tax and before net interest expense (income)		**87.7**	**125.0**	**51.5**
Elimination of share in earnings of equity-method subsidiaries	4.4	(5.0)	(34.5)	(14.4)
Elimination of depreciation and impairment		4.0	9.0	4.3
Elimination of value adjustments		0.1	3.1	3.0
Elimination of net gains/(losses) on disposals		(23.4)	0.0	0.2
Elimination of dividend income		(0.0)	(0.2)	(0.1)
Estimated income and expenses associated with share-based payments	6.1	(5.4)	2.4	(2.2)
Net cash flow from continuing operations		**58.0**	**104.7**	**42.4**
Tax paid		(3.7)	(0.3)	2.0
Impact of change in operational working capital requirement (WCR)	7.3	(82.4)	(82.8)	(140.1)
CASH FLOW FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS		**(28.2)**	**21.7**	**(95.8)**
Cash flow from investment activities				
Net acquisitions of assets and capitalised expenditures		(5.6)	(7.6)	(3.7)
Gross investments in equity-method subsidiaries and non-consolidated investments		(20.5)	(100.3)	(47.9)
Acquisitions of consolidated companies, net of cash acquired		(8.2)	(0.0)	(0.0)
Other changes in Group structure		2.0	0.7	0.9
Increase in loans and advances		(3.1)	(4.6)	(3.8)
Sale of non-current assets and reimbursement of advances and down payments		(0.0)	0.4	(0.2)
Disposals of holdings in equity-method subsidiaries and non-consolidated investments		36.8	22.8	12.1
Disposals of consolidated companies, net of cash transferred	4.3	21.6	(0.0)	–
Reduction in loans and other financial investments		8.4	3.3	8.6
Net change in investments and derivative financial instruments		(0.0)	–	–
Dividends received		5.9	18.3	11.3
Interest income		3.2	11.4	8.8
CASH FLOW FROM INVESTMENT ACTIVITIES OF CONTINUING OPERATIONS		**40.5**	**(55.8)**	**(13.7)**
Cash flow from financing activities				
Minority interests share in capital increases in subsidiaries		–	0.8	–
Capital increase		0.0	–	0.0
Dividends paid to Altareit SCA shareholders		–	–	–
Dividends paid to minority shareholders of subsidiaries		(0.0)	(2.8)	(3.3)
Issuance of debt and other financial liabilities	6.2	444.9	1,400.7	750.3
Repayment of borrowings and other financial liabilities	6.2	(418.4)	(1,143.0)	(580.5)
Net sales (purchases) of treasury shares		0.0	(0.0)	0.0
Net change in security deposits and guarantees received		0.1	0.0	(0.0)
Interest paid		(6.1)	(20.7)	(13.5)
CASH FLOW FROM FINANCING ACTIVITIES OF CONTINUING OPERATIONS		**20.6**	**235.0**	**153.0**
CHANGE IN CASH BALANCE		**33.0**	**200.9**	**43.6**
Cash balance at the beginning of the year	**6.2**	**452.0**	**251.1**	**251.1**
Cash and cash equivalents		452.8	253.1	253.1
Bank overdrafts		(0.8)	(2.0)	(2.0)
Cash balance at period-end	**6.2**	**485.0**	**452.0**	**294.6**
Cash and cash equivalents		492.1	452.8	301.4
Bank overdrafts		(7.1)	(0.8)	(6.8)

4 Consolidated statement of changes in equity

€millions	Capital	Other paid-in capital	Reserves and retained earnings	Equity attributable to Altareit SCA shareholders	Equity attributable to minority shareholders of subsidiaries	Total Equity
At 1st January 2017	**2.6**	**76.3**	**328.2**	**407.1**	**8.4**	**415.5**
Net income	–	–	*31.8*	***31.8***	*3.4*	***35.2***
Actuarial difference relating to pension obligations	–	–	*0.1*	***0.1***	*(0.0)*	***0.1***
Comprehensive income	–	–	31.9	**31.9**	3.4	**35.3**
Dividend distribution	–	–	*0.0*	***0.0***	*(3.3)*	***(3.3)***
Capital increase	*0.0*	–	*0.0*	***0.0***	*0.0*	***0.0***
Measurement of share-based payments	–	–	*4.0*	***4.0***	–	***4.0***
Impact of Altarea SCA's share buyback to be delivered to employees	–	–	*(5.4)*	***(5.4)***	–	***(5.4)***
Elimination of treasury shares	–	–	*0.0*	***0.0***	–	***0.0***
Transactions with shareholders	0.0	–	(1.4)	**(1.4)**	(3.3)	**(4.7)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	(0.0)	**(0.0)**	–	**(0.0)**
Changes in ownership interests associated with taking or losing control of subsidiaries	0.0	(0.0)	–	**0.0**	(0.0)	**(0.0)**
Other	(0.0)	0.0	0.0	**0.0**	(0.0)	**(0.0)**
At 30 June 2017	**2.6**	**76.3**	**358.7**	**437.5**	**8.5**	**446.1**
Net income	–	–	*47.7*	***47.7***	*4.7*	***52.3***
Actuarial difference relating to pension obligations	–	–	*(0.4)*	***(0.4)***	*0.0*	***(0.4)***
Comprehensive income	–	–	47.3	**47.3**	4.7	**52.0**
Dividend distribution	–	–	*(0.0)*	***(0.0)***	*0.5*	***0.5***
Capital increase	*(0.0)*	–	*(0.0)*	***(0.0)***	*0.8*	***0.8***
Measurement of share-based payments	–	–	*3.4*	***3.4***	–	***3.4***
Impact of Altarea SCA's share buyback to be delivered	–	–	*(0.4)*	***(0.4)***	–	***(0.4)***
Elimination of treasury shares	–	–	*(0.0)*	***(0.0)***	–	***(0.0)***
Transactions with shareholders	(0.0)	–	2.9	**2.9**	1.3	**4.3**
Changes in ownership interests without taking or losing	–	–	0.0	**0.0**	–	**0.0**
Changes in ownership interests associated with taking or	(0.0)	0.0	0.0	**0.0**	(0.0)	**(0.0)**
Other	(0.0)	(0.0)	(0.0)	**(0.0)**	0.0	**(0.0)**
At 31 December 2017	**2.6**	**76.3**	**408.9**	**487.8**	**14.5**	**502.3**
Impact of first-time application of IFRS 15 on the opening balances	–	–	45.7	**45.7**	5.2	**51.0**
Net income	–	–	*51.7*	***51.7***	*7.6*	***59.3***
Actuarial difference relating to pension obligations	–	–	*0.1*	***0.1***	–	***0.1***
Comprehensive income	–	–	51.8	**51.8**	7.6	**59.4**
Dividend distribution	–	–	–	–	*(0.0)*	***(0.0)***
Capital increase	–	–	–	–	*0.0*	***0.0***
Measurement of share-based payments	–	–	*3.8*	***3.8***	–	***3.8***
Elimination of treasury shares	–	–	*(7.3)*	***(7.3)***	–	***(7.3)***
Transactions with shareholders	–	–	*0.0*	***0.0***	–	***0.0***
Changes in ownership interests without taking or losing control of subsidiaries	–	–	(3.5)	**(3.5)**	0.0	**(3.5)**
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	(0.8)	**(0.8)**
Others	0.0	–	0.0	**0.0**	(0.3)	**(0.3)**
At 30 June 2018	**2.6**	**76.3**	**502.9**	**581.7**	**26.3**	**608.0**

5 Consolidated income statement by segment

€millions	30/06/2018 Funds from operations (FFO)	30/06/2018 Changes in value, estimated expenses and transaction costs	30/06/2018 TOTAL	31/12/2017 Funds from operations (FFO)	31/12/2017 Changes in value, estimated expenses and transaction costs	31/12/2017 TOTAL	30/06/2017 Funds from operations (FFO)	30/06/2017 Changes in value, estimated expenses and transaction costs	30/06/2017 TOTAL
Revenue	797.8	–	797.8	1,419.0	–	1,419.0	640.2	–	640.2
Cost of sales and other expenses	(717.9)	–	(717.9)	(1,289.3)	(2.9)	(1,292.1)	(578.3)	(1.4)	(579.7)
Net property income	**79.9**	**–**	**79.9**	**129.7**	**(2.9)**	**126.9**	**61.9**	**(1.4)**	**60.5**
External services	0.7	–	0.7	2.0	–	2.0	0.6	–	0.6
Production held in inventory	60.5	–	60.5	138.0	–	138.0	61.6	–	61.6
Operating expenses	(94.7)	(5.0)	(99.7)	(174.8)	(9.9)	(184.7)	(87.3)	(5.1)	(92.4)
Net overhead expenses	**(33.4)**	**(5.0)**	**(38.4)**	**(34.8)**	**(9.9)**	**(44.7)**	**(25.1)**	**(5.1)**	**(30.1)**
Share of equity-method affiliates	**4.2**	**(1.3)**	**2.9**	**21.2**	**(0.2)**	**21.0**	**4.0**	**1.1**	**5.1**
Net allowances for depreciation and impairment	**–**	**(3.1)**	**(3.1)**	**–**	**(1.8)**	**(1.8)**	**–**	**(0.7)**	**(0.7)**
Transaction costs	**–**	**(0.8)**	**(0.8)**	**–**	**(0.6)**	**(0.6)**	**–**	**(0.3)**	**(0.3)**
NET RESIDENTIAL INCOME	**50.7**	**(10.3)**	**40.4**	**116.2**	**(15.5)**	**100.7**	**40.8**	**(6.4)**	**34.4**
Revenue	169.5	–	169.5	285.6	–	285.6	156.4	–	156.4
Cost of sales and other expenses	(160.6)	–	(160.6)	(260.5)	(2.7)	(263.2)	(139.3)	(1.3)	(140.6)
Net property income	**8.9**	**–**	**8.9**	**25.1**	**(2.7)**	**22.5**	**17.1**	**(1.3)**	**15.8**
External services	22.3	–	22.3	15.0	–	15.0	4.3	–	4.3
Production held in inventory	9.4	–	9.4	22.0	–	22.0	10.6	–	10.6
Operating expenses	(19.1)	(0.9)	(20.1)	(38.9)	(1.8)	(40.8)	(18.1)	(1.2)	(19.4)
Net overhead expenses	**12.5**	**(0.9)**	**11.6**	**(1.9)**	**(1.8)**	**(3.8)**	**(3.2)**	**(1.2)**	**(4.4)**
Share of equity-method affiliates	**22.5**	**(0.1)**	**22.4**	**4.7**	**2.2**	**6.9**	**4.6**	**1.8**	**6.4**
Net allowances for depreciation and impairment	**–**	**(0.4)**	**(0.4)**	**–**	**(0.4)**	**(0.4)**	**–**	**(0.1)**	**(0.1)**
Transaction costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
NET OFFICE INCOME	**44.0**	**(1.4)**	**42.5**	**27.9**	**(2.6)**	**25.2**	**18.5**	**(0.9)**	**17.6**
Operating expenses	1.3	–	1.3	(0.9)	–	(0.9)	(0.7)	–	(0.7)
Net overhead expenses	**1.3**	**–**	**1.3**	**(0.9)**	**–**	**(0.9)**	**(0.7)**	**–**	**(0.7)**
Share of equity-method affiliates	**5.0**	**(1.9)**	**3.1**	**9.6**	**(3.0)**	**6.6**	**4.6**	**(1.7)**	**2.9**
Net allowances for depreciation and impairment	**–**	**(0.3)**	**(0.3)**	**–**	**(4.4)**	**(4.4)**	**–**	**(0.3)**	**(0.3)**
Income/loss on sale of assets	**0.8**	**–**	**0.8**	**0.4**	**–**	**0.4**	**0.7**	**–**	**0.7**
NET DIVERSIFICATION INCOME	**7.1**	**(2.2)**	**4.9**	**9.1**	**(7.3)**	**1.7**	**4.6**	**(2.0)**	**2.6**
Other	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
OPERATING INCOME	**101.7**	**(13.9)**	**87.8**	**153.1**	**(25.4)**	**127.7**	**63.9**	**(9.3)**	**54.7**
Net borrowing costs	**(4.0)**	**(0.5)**	**(4.5)**	**(9.3)**	**(0.9)**	**(10.3)**	**(4.5)**	**(0.5)**	**(5.0)**
Discounting of debt and receivables	**–**	**(0.1)**	**(0.1)**	**–**	**(0.2)**	**(0.2)**	**–**	**(0.1)**	**(0.1)**
Change in value and income from disposal of financial instruments	**–**	**(0.0)**	**(0.0)**	**–**	**(2.9)**	**(2.9)**	**–**	**(2.9)**	**(2.9)**
Proceeds from the disposal of investments	**–**	**0.0**	**0.0**	**–**	**0.1**	**0.1**	**–**	**(0.2)**	**(0.2)**
Dividend	**0.0**	**–**	**0.0**	**0.2**	**–**	**0.2**	**0.1**	**–**	**0.1**
PROFIT BEFORE TAX	**97.8**	**(14.5)**	**83.3**	**144.0**	**(29.4)**	**114.7**	**59.5**	**(13.0)**	**46.5**
Corporate income tax	(4.1)	(19.9)	(24.0)	(5.6)	(21.5)	(27.1)	(2.9)	(8.4)	(11.3)
NET RESULT	**93.7**	**(34.4)**	**59.3**	**138.4**	**(50.8)**	**87.6**	**56.6**	**(21.4)**	**35.2**
Non-controlling interests	**(8.2)**	**0.7**	**(7.6)**	**(8.6)**	**0.5**	**(8.1)**	**(3.7)**	**0.3**	**(3.4)**
NET INCOME, GROUP SHARE	**85.5**	**(33.7)**	**51.7**	**129.8**	**(50.3)**	**79.5**	**52.9**	**(21.1)**	**31.8**
Diluted average number of shares	*1 ,748 ,434*	*1 ,748 ,434*	*1 ,748 ,434*	*1 ,748 ,486*	*1,748, 486*	*1 ,748 ,486*	*1 ,748 ,528*	*1 ,748 ,528*	*1 ,748 ,528*
NET INCOME PER SHARE (€/share), GROUP SHARE	**48.87**	**(19.30)**	**29.57**	**74.25**	**(28.80)**	**45.45**	**30.27**	**(12.08)**	**18.19**

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

6 Notes to the consolidated half-year financial statements

Detailed summary of notes to consolidated half-year resumed financial statements

NOTE 1 INFORMATION CONCERNING THE COMPANY

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

Altareit is a significant player in the Housing and Office Development, which controls 100% of Cogedim and Pitch Promotion.

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

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

The consolidated financial statements for the half-year 30 June 2018 were approved by the Management on 26 July 2018 having been examined by the Audit Committee and the Supervisory Board.

NOTE 2 ACCOUNTING PRINCIPLES AND METHODS

2.1 Accounting standards applied by the Company

The consolidated half-year financial statements of the Altareit Group at 30 June 2018 were prepared in accordance with IAS 34 – "Interim Financial Reporting". As these are summary financial statements, they do not include all of the information required by the IFRS for the annual financial statements and must be read together with the Altarea Group's consolidated financial statements for the financial year closed on 31 December 2017, which are presented in the Registration Document filed with the AMF on 15 March 2018 under number D.18-0136.

The accounting principles retained for the preparation of the consolidated half-year financial statements comply with the IFRS standards and interpretations of the IASB as adopted by the European Union at 30 June 2018 and available at:

http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

Standards, interpretations and amendments applicable from the financial year starting 1 January 2018 (subject to their approval by the European Union):

- IFRIC 22 interpretation – Foreign Currency Transactions and Advance Consideration
- IAS 40 – Investment Property
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions
- Modification of IFRS 4 – Applying IFRS 9 – Financial instruments with IFRS 4
- IFRS 15 – Revenue from Contracts with Customers and Clarification of IFRS 15
- IFRS 9 – Financial instruments
- Annual improvements to IFRS (2014-2016)

Standards and interpretations applied early at 30 June 2018, whose application is mandatory for financial years starting on or after 1 July 2018:

None.

Accounting standards and interpretations in effect at 1 January 2018 and mandatory after 30 June 2018:

- **IFRS 16 – Leases**

On 31 October 2017 the European Union adopted IFRS 16, whose application is mandatory for financial years starting on or after 1 January 2019 (early adoption being possible). This standard abandons the existing distinction between finance and operating leases. The effect will be that for all leases previously considered as operating leases the right to use the leased asset will be recognised in the lessee's balance sheet against a financial liability to pay rentals.

The impact assessment of this new standard is underway. The Group initiated a census of leases and their main conditions. The terms of first application have not yet been defined by the Group.

- Amendments to IFRS 9 – Prepayment Features with Negative Compensation

Other essential standards and interpretations published by the IASB but not yet approved by the European Union:

- IFRS 17 – Insurance Contracts
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and entities accounted for by the equity method
- Amendments to IAS 28 – Investments in Associates and Joint Ventures
- Annual improvements to IFRS (2015-2017)
- New IFRS conceptual framework.

2.2 Use of estimates

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

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

Measurement of intangible assets not subject to amortisation

- measurement of goodwill and brands related to Cogedim, acquired in 2007, and Pitch Promotion, acquired in February

2016 (see Notes 2.3.8, “Re-measurement of non-current assets (other than financial assets and investment properties) and impairment losses”, and 7.1, “Intangible assets and goodwill”);

Measurements of other assets and liabilities

- measurement of investment properties (see Notes 2.3.6 “Investment properties” and 7.2 “Investment properties”),

- measurement of inventories (see Notes 2.3.9 “Inventories” and 7.3.1 “Inventories and work in progress”),

- measurement of deferred tax assets (see Notes 2.3.17 “Taxes” and 5.3 “Tax on Income”); note that the Group has applied the cut in tax rates programmed by the Finance Act currently in force since 31 December 2016,

- measurement of share-based payments (see Notes 6.1 “Equity” and 2.3.13 “Share-based payments”);

Operating income estimates

- measurement of net property income and services using the percentage-of-completion method (see Note 2.3.18 “Revenue and revenue-related expenses”).

Non-current assets held for sale and discontinued operations

In accordance with the provisions of IFRS 5, the Group determines whether the criteria used to determine whether an asset or a group of assets should be classified as held for sale or if an operation is to be discontinued are met (see Note 2.3.7 “Non-current assets held for sale and discontinued operations”).

The notes numbered 2.3.xx cited above refer to the notes to the consolidated financial statements for the financial year ended 31 December 2017.

2.3 Changes in methods in 2018

2.3.1 IFRS 15 - Revenue from contracts with customers

On 22 September 2016, the European Union adopted IFRS 15, and on 31 October 2017 it adopted the corresponding clarifications. The Group did not apply this standard early as at 1 January 2017. It is mandatory from 1 January 2018.

The Group chose to implement it starting on 1 January 2018 under the modified-retrospective approach. The cumulative effects of the transition are therefore included in equity at the opening of this financial year, i.e. on 1 January 2018. Therefore, the Group's financial statements presented in comparison with those of the period were not restated. However, the main aggregates of the consolidated half-year financial statements are presented below as they would have been presented under IAS 18/IAS 11 (income statement by operating segment and operational working capital requirement).

The implementation of IFRS 15 was the result of a dedicated project within the Group, since all type of contracts concluded with customers were reviewed.

The main impacts on the Group's financial statements relates to revenue from real estate development sold off-plan or under property development agreements. Application of the standard preserves the recognition of percentage-of-completion revenues for projects where control of the promised asset is transferred gradually over the lifetime of the project. However, the methods for measuring the transfer of control (percentage of completion) change. The whole cost price is now be included in the calculation, including land-related costs.

The method applied results in assessing the revenue and the net property income more rapidly than previously.

The event giving rise to recognition of percentage-of-completion revenue is thus the purchase of the land combined with the signature of deeds of sale (notarised sales).

2.3.2 IFRS 9 - Financial instruments

On 22 November 2016 the European Union adopted IFRS 9, whose application is mandatory, retrospectively, for financial years starting on or after 1 January 2018.This Standard defines new principles for the classification and measurement of financial instruments, impairments of financial assets for credit risks and hedge accounting.

The Group decided to implement this on profit or loss of hedge accounting but not to implement the hedge accounting proposed by IFRS 9, as was already the case for IAS 39.

The principles of application of IFRS 9 did not have any impact on the classification of financial assets and liabilities within the Group.

With respect to valuation, under IFRS 9, all borrowings and interest-bearing liabilities are initially recognised at the fair value less directly attributable transaction costs. Thereafter, they are carried at amortised cost using the effective interest rate method. Initial effective interest rates are determined by an actuary. In the event of renegotiation of financial liabilities contracts recognised at amortised cost, if quantitative and qualitative tests lead to the conclusion that there is no substantial change to the contractual cash flows, the Group will maintain the original initial effective interest rate and adjust the amortised cost of the liability in question, against the result. These applicable principles have no material impact on the retrospective treatment of change in past debt.

In addition, given the nature of its activities, the methods used to determine the impairment of the Group's receivables fall under the scope of IFRS 9, which introduces a model based on expected losses (versus the model of proven losses). Given its practices, the Group has not been required to revise its receivables impairment methodology and has no impact to recognise.

2.3.3 Impact of the application of IFRS 15 on the opening balance sheet at 1 January 2018

€millions	31/12/2017 Published	IFRS 15 Impact	01/01/2018 *Opening*
NON-CURRENT ASSETS	**693,8**	**(19,2)**	**674,7**
Intangible assets	233,7	–	233,7
Tangible assets	15,6	–	*15,6*
Investment properties	38,3	–	*38,3*
Securities and investments in equity affiliates and unconsolidated interests	338,0	3,7	*341,8*
Loans and receivables (non-current)	6,8	–	*6,8*
Deferred tax assets	61,3	(22,9)	*38,4*
CURRENT ASSETS	**2 260,0**	**(238,6)**	**2 021,4**
Net inventories and work in progress	1 275,4	(503,2)	772,2
Trade and other receivables	510,6	264,6	*775,2*
Income tax credit	8,2	–	*8,2*
Loans and receivables (current)	13,0	–	*13,0*
Derivative financial instruments	–	–	–
Cash and cash equivalents	452,8	–	*452,8*
TOTAL ASSETS	**2 953,8**	**(257,8)**	**2 696,0**
EQUITY	**502,3**	**51,0**	**553,2**
Equity attributable to Altareit SCA shareholders	**487,8**	**45,7**	**533,5**
Capital	2,6	–	*2,6*
Other paid-in capital	76,3	–	*76,3*
Reserves	329,4	34,6	*364,0*
Income associated with Altareit SCA shareholders	79,5	11,2	*90,6*
Equity attributable to minority shareholders of subsidiaries	**14,5**	**5,2**	**19,7**
Reserves associated with minority shareholders of subsidiaries	6,4	2,0	*8,4*
Income associated with minority shareholders of subsidiaries	8,1	3,3	*11,4*
NON-CURRENT LIABILITIES	**585,4**	**(0,2)**	**585,1**
Non-current borrowings and financial liabilities	569,6	–	569,6
Long-term provisions	14,6	–	*14,6*
Deposits and security interests received	1,0	–	*1,0*
Deferred tax liability	0,2	(0,2)	*(0,1)*
CURRENT LIABILITIES	**1 866,2**	**(308,5)**	**1 557,7**
Current borrowings and financial liabilities	609,4	–	*609,4*
Derivative financial instruments	0,0	–	*0,0*
Accounts payable and other operating liabilities	1 249,8	(308,5)	*941,3*
Tax due	7,0	–	*7,0*
TOTAL LIABILITIES	**2 953,8**	**(257,8)**	**2 696,0**

2.3.4 Presentation of the income statement by segment and the Operational Working Capital Requirement at 30 June 2018 (IFRS 15 versus the old standards (IAS 11 and IAS 18))

Income statement

	30/06/2018			Impact IFRS 15			30/06/2018 - Ancienne méthode		
€millions	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	797.8	–	797.8	(39.2)	–	(39.2)	837.0	–	837.0
Cost of sales and other expenses	(717.9)	–	(717.9)	36.1	–	36.1	(753.9)	–	(753.9)
Net property income	**79.9**	**–**	**79.9**	**(3.2)**	**–**	**(3.2)**	**83.0**	**–**	**83.0**
External services	0.7	–	0.7	–	–	–	0.7	–	0.7
Production held in inventory	60.5	–	60.5	–	–	–	60.5	–	60.5
Operating expenses	(94.7)	(5.0)	(99.7)	–	–	–	(94.7)	(5.0)	(99.7)
Net overhead expenses	**(33.4)**	**(5.0)**	**(38.4)**	**–**	**–**	**–**	**(33.4)**	**(5.0)**	**(38.4)**
Share of equity-method affiliates	**4.2**	**(1.3)**	**2.9**	**2.0**	**(0.8)**	**1.2**	**2.2**	**(0.5)**	**1.6**
Net allowances for depreciation and impairment	**–**	**(3.1)**	**(3.1)**	**–**	**–**	**–**	**–**	**(3.1)**	**(3.1)**
Transaction costs	**–**	**(0.8)**	**(0.8)**	**–**	**–**	**–**	**–**	**(0.8)**	**(0.8)**
NET RESIDENTIAL INCOME	**50.7**	**(10.3)**	**40.4**	**(1.1)**	**(0.8)**	**(1.9)**	**51.8**	**(9.5)**	**42.3**
Revenue	169.5	–	169.5	32.7	–	32.7	136.9	–	136.9
Cost of sales and other expenses	(160.6)	–	(160.6)	(32.5)	–	(32.5)	(128.1)	–	(128.1)
Net property income	**8.9**	**–**	**8.9**	**0.2**	**–**	**0.2**	**8.8**	**–**	**8.8**
External services	22.3	–	22.3	–	–	–	22.3	–	22.3
Production held in inventory	9.4	–	9.4	–	–	–	9.4	–	9.4
Operating expenses	(19.1)	(0.9)	(20.1)	–	–	–	(19.1)	(0.9)	(20.1)
Net overhead expenses	**12.5**	**(0.9)**	**11.6**	**–**	**–**	**–**	**12.5**	**(0.9)**	**11.6**
Share of equity-method affiliates	**22.5**	**(0.1)**	**22.4**	**(0.2)**	**0.1**	**(0.1)**	**22.7**	**(0.2)**	**22.6**
Net allowances for depreciation and impairment	**–**	**(0.4)**	**(0.4)**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**
Transaction costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
NET OFFICE INCOME	**44.0**	**(1.4)**	**42.5**	**(0.1)**	**0.1**	**0.0**	**44.0**	**(1.5)**	**42.5**
NET DIVERSIFICATION INCOME	**7.1**	**(2.2)**	**4.9**	**–**	**–**	**–**	**7.1**	**(2.2)**	**4.9**
Other	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
OPERATING INCOME	**101.7**	**(13.9)**	**87.8**	**(1.2)**	**(0.7)**	**(1.9)**	**102.9**	**(13.2)**	**89.7**
Net borrowing costs	**(4.0)**	**(0.5)**	**(4.5)**	**–**	**–**	**–**	**(4.0)**	**(0.5)**	**(4.5)**
Discounting of debt and receivables	**–**	**(0.1)**	**(0.1)**	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Change in value and income from disposal of financial instruments	**–**	**(0.0)**	**(0.0)**	**–**	**–**	**–**	**–**	**(0.0)**	**(0.0)**
Proceeds from the disposal of investments	**–**	**0.0**	**0.0**	**–**	**–**	**–**	**–**	**0.0**	**0.0**
Dividend	**0.0**	**–**	**0.0**	**–**	**–**	**–**	**0.0**	**–**	**0.0**
PROFIT BEFORE TAX	**97.8**	**(14.5)**	**83.3**	**(1.2)**	**(0.7)**	**(1.9)**	**99.0**	**(13.8)**	**85.2**
Corporate income tax	(4.1)	(19.9)	(24.0)	–	1.3	1.3	(4.1)	(21.2)	(25.3)
OPERATING INCOME	**93.7**	**(34.4)**	**59.3**	**(1.2)**	**0.6**	**(0.6)**	**94.9**	**(35.0)**	**59.9**
Net borrowing costs	**(8.2)**	**0.7**	**(7.6)**	**(0.4)**	**0.0**	**(0.4)**	**(7.8)**	**0.6**	**(7.2)**
NET INCOME. GROUP SHARE	**85.5**	**(33.7)**	**51.7**	**(1.6)**	**0.6**	**(1.0)**	**87.0**	**(34.4)**	**52.7**
Diluted average number of shares	*1,748,434*	*1,748,434*	*1,748,434*	*1,748,486*	*1,748,486*	*1,748,486*	*1,748,486*	*1,748,486*	*1,748,486*
NET INCOME PER SHARE (€/share). GROUP SHARE	**48.87**	**(19.30)**	**29.57**	**(0.91)**	**0.36**	**(0.55)**	**49.78**	**(19.66)**	**30.12**

Operational Working Capital Requirement

€millions	30/06/2018	IFRS 15 Impact	30/06/2018 Former Method
Net inventories and work in progress	**839.5**	**521.2**	**1,360.7**
Net trade receivables	528.4	(319.7)	208.6
Other operating receivables net	343.1	23.6	366.7
Trade and other operating receivables net	**871.5**	**(296.1)**	**575.4**
Trade payables	(655.4)	2.0	(653.5)
Other operating payables	(343.2)	(294.0)	(637.1)
Trade payables and other operating liabilities	**(998.6)**	**(292.0)**	**(1 290.6)**
Operational WCR	**712.4**	**(66.9)**	**645.5**

NOTE 3 INFORMATION ON OPERATING SEGMENTS

3.1 Balance sheet items by operating segment

At 30 June 2018

€millions	Residential	Office	Diversification	TOTAL
Operating assets and liabilities				
Intangible assets	212.7	21.5	–	**234.2**
Property plant and equipment	11.4	4.9	1.4	**17.8**
Investment properties	–	38.3	–	**38.3**
Securities and receivables in equity affiliates and unconsolidated interests	154.6	90.4	76.1	**321.1**
Operational working capital requirement	674.3	38.6	(0.6)	**712.4**
Total operating assets and liabilities	**1,053.1**	**193.7**	**77.0**	**1,323.8**

At 31 December 2017

€millions	Logement	Bureau	Diversification	TOTAL
Operating assets and liabilities				
Intangible assets	212.2	21.5	–	**233.7**
Property plant and equipment	9.5	5.0	1.1	**15.6**
Investment properties	–	38.3	–	**38.3**
Securities and receivables in equity affiliates and unconsolidated interests	160.5	100.8	76.7	**338.0**
Operational working capital requirement	546.8	(1.7)	1.8	**546.9**
Total operating assets and liabilities	**929.0**	**163.9**	**79.6**	**1,172.6**

3.2 Consolidated income statement by operating segment

See consolidated income statement by segment in the financial statements.

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

€millions	30/06/2018 Funds from operations (FFO)	30/06/2018 Changes in value, estimated expenses and transaction costs	30/06/2018 TOTAL	31/12/2017 Funds from operations (FFO)	31/12/2017 Changes in value, estimated expenses and transaction costs	31/12/2017 TOTAL	30/06/2017 Funds from operations (FFO)	30/06/2017 Changes in value, estimated expenses and transaction costs	30/06/2017 TOTAL
Revenue	970.4	–	970.4	1,706.6	–	1 706.6	798.6	–	798.6
Cost of sales	(836.3)	–	(836.3)	(1,459.1)	–	(1,459.1)	(679.5)	–	(679.5)
Selling expenses	(43.4)	–	(43.4)	(81.5)	–	(81.5)	(37.7)	–	(37.7)
Net charge to provisions for current assets	(1.0)	–	(1.0)	(10.7)	(3.6)	(14.3)	(1.7)	–	(1.7)
Amortisation of customer relationships	–	–	–	–	(5.5)	(5.5)	–	(2.8)	(2.8)
NET PROPERTY INCOME	**89.7**	**–**	**89.7**	**155.3**	**(9.1)**	**146.2**	**79.7**	**(2.8)**	**77.0**
External services	23.0	–	23.0	17.0	–	17.0	5.0	–	5.0
Own work capitalised and production held in inventory	69.9	–	69.9	160.0	–	160.0	72.2	–	72.2
Personnel costs	(66.7)	(5.9)	(72.6)	(135.4)	(11.7)	(147.1)	(67.4)	(6.3)	(73.7)
Other overhead expenses	(43.6)	–	(43.6)	(75.8)	–	(75.8)	(36.5)	–	(36.5)
Depreciation expenses on operating assets	–	(2.6)	(2.6)	–	(3.6)	(3.6)	–	(1.6)	(1.6)
NET OVERHEAD EXPENSES	**(17.3)**	**(8.5)**	**(25.9)**	**(34.2)**	**(15.3)**	**(49.5)**	**(26.7)**	**(7.9)**	**(34.6)**
Other income and expenses	(2.3)	–	(2.3)	(3.5)	–	(3.5)	(2.2)	–	(2.2)
Depreciation expenses	–	(0.4)	(0.4)	–	(0.8)	(0.8)	–	(0.4)	(0.4)
Transaction costs	–	(0.8)	(0.8)	–	(0.6)	(0.6)	–	(0.3)	(0.3)
OTHER	**(2.3)**	**(1.2)**	**(3.5)**	**(3.5)**	**(1.5)**	**(4.9)**	**(2.2)**	**(0.7)**	**(3.0)**
Change in value of investment properties	–	0.0	0.0	–	0.4	0.4	–	0.2	0.2
Net charge to provisions for risks and contingencies	–	(0.9)	(0.9)	–	1.0	1.0	–	0.6	0.6
Operating income before the share of net income of equity-method affiliates	**70.0**	**(10.6)**	**59.4**	**117.6**	**(24.5)**	**93.2**	**50.8**	**(10.6)**	**40.2**
Share in earnings of equity-method affiliates	8.3	(3.3)	5.0	35.5	(1.0)	34.5	13.2	1.3	14.4
Operating income after the share of net income of equity-method affiliates	**78.3**	**(13.9)**	**64.3**	**153.1**	**(25.4)**	**127.7**	**63.9**	**(9.3)**	**54.7**
Net borrowing costs	(4.0)	(0.5)	(4.5)	(9.3)	(0.9)	(10.3)	(4.5)	(0.5)	(5.0)
Financial expenses	(6.3)	(0.5)	(6.8)	(16.4)	(0.9)	(17.3)	(9.4)	(0.5)	(9.9)
Financial income	2.3	–	2.3	7.0	–	7.0	4.9	–	4.9
Change in value and income from disposal of financial instruments	–	(0.0)	(0.0)	–	(2.9)	(2.9)	–	(2.9)	(2.9)
Discounting of debt and receivables	–	(0.1)	(0.1)	–	(0.2)	(0.2)	–	(0.1)	(0.1)
Net gain/(loss) on disposal of investments	23.5	0.0	23.5	–	0.1	0.1	–	(0.2)	(0.2)
Dividend	0.0	–	0.0	0.2	–	0.2	0.1	–	0.1
Profits before tax	**97.8**	**(14.5)**	**83.3**	**144.0**	**(29.4)**	**114.7**	**59.5**	**(13.0)**	**46.5**
Income tax	(4.1)	(19.9)	(24.0)	(5.6)	(21.5)	(27.1)	(2.9)	(8.4)	(11.3)
Tax due	(4.1)	–	(4.1)	(5.6)	–	(5.6)	(2.9)	–	(2.9)
Deferred tax	–	(19.9)	(19.9)	–	(21.5)	(21.5)	–	(8.4)	(8.4)
Net income	**93.7**	**(34.4)**	**59.3**	**138.4**	**(50.8)**	**87.6**	**56.6**	**(21.4)**	**35.2**
o/w Net income attributable to Altareit SCA shareholders	**85.5**	**(33.7)**	**51.7**	**129.8**	**(50.3)**	**79.5**	**52.9**	**(21.1)**	**31.8**
o/w Net income attributable to minority interests in subsidiaries	8.2	(0.7)	7.6	8.6	(0.5)	8.1	3.7	(0.3)	3.4
Diluted average number of shares	1,748 434	1,748,434	1,748,434	1,748,486	1,748,486	1,748,486	1,748,528	1 748,528	1,748,528
Net income per share attributable to shareholders of Altareit SCA (€)	**48.87**	**(19.30)**	**29.57**	**74.25**	**(28.80)**	**45.45**	**30.27**	**(12.08)**	**18.19**
Diluted average number of shares	1,748,434	1,748,434	1,748,434	1,748,486	1,748,486	1,748,486	1,748,528	1,748,528	1,748,528
Diluted net income per share attributable to shareholders of Altareit SCA (€)	**48.87**	**(19.30)**	**29.57**	**74.25**	**(28.80)**	**45.45**	**30.27**	**(12.08)**	**18.19**

3.4 Revenue by geographical region and operating segment

€millions	30/06/2018			31/12/2017			30/06/2017		
	France	Other	Total	France	Other	Total	France	Other	Total
Revenue	797.8	–	797.8	1 419.0	–	1 419.0	640.2	–	640.2
External services	0.7	–	0.7	2.0	–	2.0	0.6	–	0.6
Residential	**798.5**	**–**	**798.5**	**1 421.0**	**–**	**1 421.0**	**640.8**	**–**	**640.8**
Revenue	169.5	–	169.5	285.6	–	285.6	156.4	–	156.4
External services	22.0	0.3	22.3	14.4	0.6	15.0	4.1	0.2	4.3
Office	**191.5**	**0.3**	**191.8**	**300.1**	**0.6**	**300.7**	**160.5**	**0.2**	**160.8**
Revenue	3.1	–	3.1	2.0	–	2.0	2.0	–	–
Diversification	**3.1**	**–**	**3.1**	**2.0**	**–**	**2.0**	**2.0**	**–**	**2.0**
Total Revenue	**993.1**	**0.3**	**993.4**	**1,723.0**	**0.6**	**1,723.6**	**803.3**	**0.2**	**803.5**

In the first semester of 2018, no single client accounted for more than 10% of the Group's revenues.

The application of IFRS15 on the 1st of january has no impact on the revenue by geographical segment.

NOTE 4 MAJOR EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 Major events

First S&P Global credit rating: BBB

The rating agency gave to the Group Altarea Cogedim an Investment Grade, BBB rating in June, with a stable outlook.

With this rating, S&P Global emphasises the Group's business model: it is both an investor and developer of retail properties and property developer in France.

In addition, S&P underlines the low cost of debt and a moderated financial leverage effect. The stable outlook of the rating represents the high return expected on revenue for the next 24 months; thanks to a very high quality of the assets and to a growing backlog of new developing projects, in a well-oriented French residential market.

S&P Global also gave Altareit, the listed subsidiary holding the property development activities, a BBB rating, with a stable outlook.

A new large mixed-use projects won in Nice

In the first half of 2018, the Group confirmed its position as the French leader in urban renewal projects by winning in January, the "Joia Méridia" project in Nice. This new quarter of 73,500 m² will offer 800 housing units, 8,000 m² of hotels and resort accommodation, 4,700 m² of retail and local services, 2,900 m² of tertiary space and a car-park with over 1,200 places;

Residential: 5,207 lots sold (+8%)

In the first half, the Group recorded good retail performances in a still buoyant market. With 5,207 units sold, reservations for new housing increased by 8% year-on-year. The total value was nearly €1.3 billion (+7% year-on-year).

Office : dynamic pipeline and majors signatures

Thanks to its mixed developer/ medium-term investor model in Office, the Group manages 55 projects including some of the most iconic ones in of Grand Paris reinforcing its leadership on this market.

Thanks to its mixed developer/medium-term investor model in Office, the Group manages 55 projects including some of the most iconic schemes in Grand Paris, reinforcing the Group’s leadership status in this market. There are potential projects worth €4.6 billion in the pipeline.

Contracts signed by the Group during the first half of 2018 include:

• the sale to Sogecap (Société Générale Insurance) of the Kosmo building in Neuilly-sur-Seine, the future global headquarters of Parfums Christian Dior, which will be delivered at the end of the year, 17% of which was held by the Group through AltaFund.

• a new PDA for the restructuring of the CB3 tower in La Défense;

• a off-plan lease with Danone for the Convergence building in Rueil-Malmaison, which will become the group's largest headquarters worldwide in 2020

4.2 Périmètre

Les principales sociétés du périmètre, sélectionnées selon des critères de chiffre d'affaires et de total actif, sont les suivantes :

			30/06/2018			31/12/2017		
COMPANY	SIREN		Method	Interest	Consolidation	Method	Interest	Consolidation
ALTAREIT SCA	552091050	Parent Company	FC	100,0%	100,0%	FC	100,0%	100,0%
Diversification								
SEMMARIS	662012491	affiliate	EM	33,3%	33,3%	EM	33,3%	33,3%
Logement								
Altarea Cogedim IDF Grande Métropole	810928135		FC	100,0%	100,0%	FC	100,0%	100,0%
Altarea Cogedim Grands Projets	810926519		FC	100,0%	100,0%	FC	100,0%	100,0%
Altarea Cogedim Régions	810847905		FC	100,0%	100,0%	FC	100,0%	100,0%
MARSEILLE MICHELET SNC	792774382		FC	100,0%	100,0%	FC	100,0%	100,0%
ALTA FAUBOURG SAS	444560874		FC	100,0%	100,0%	FC	100,0%	100,0%
HISTOIRE ET PATRIMOINE SAS	480309731	affiliate	EM	55,6%	55,6%	EM	55,6%	55,6%
ALBATROS SNC	803307354	affiliate	EM	46,2%	46,2%	EM	46,2%	46,2%
Altarea Cogedim ZAC VLS (SNC)	811910447		FC	100,0%	100,0%	FC	100,0%	100,0%
SCCV LES JARDINS DE LA SOIE	820825578		FC	90,0%	100,0%	FC	90,0%	100,0%
PITCH PROMOTION SAS (ex Alta Favart SAS)	450042338		FC	100,0%	100,0%	FC	100,0%	100,0%
SCCV SEVRAN FREINVILLE	801560079		FC	60,0%	100,0%	FC	60,0%	100,0%
SCCV SAINT CYR COEUR DE PLAINE	813335148		FC	80,0%	100,0%	FC	80,0%	100,0%
SCCV MONTMAGNY COEUR DE VILLE	813523875		FC	100,0%	100,0%	FC	100,0%	100,0%
SCCV BEZONS COEUR DE VILLE A1 & A2- LOGEMENTS	819929845		FC	92,5%	100,0%	FC	92,5%	100,0%
SCCV GIF MOULON A4	830886115		FC	25,0%	100,0%	FC	25,0%	100,0%
SNC TOULOUSE TMA PLACE CENTRALE	821922564		FC	100,0%	100,0%	FC	100,0%	100,0%
PITCH PROMOTION SNC	422989715		FC	100,0%	100,0%	FC	100,0%	100,0%
SCCV ROMAINVILLE NEO PARC	798508263	affiliate	EM	51,0%	51,0%	EM	51,0%	51,0%
SCCV LIEUSAINT LOTS 3 ET 4	808319206	affiliate	EM	51,0%	51,0%	EM	51,0%	51,0%
SCCV DOMAINE PARISIS T1	798065959	affiliate	EM	50,0%	50,0%	EM	50,0%	50,0%
SCCV LE CLEM	811758242		FC	99,9%	100,0%	FC	99,9%	100,0%
SCCV LACASSAGNE BRICKS	817783749	affiliate	EM	51,0%	51,0%	EM	51,0%	51,0%
SCCV ISTRES TRIGANCE ILOT A2	812621324		FC	100,0%	100,0%	FC	100,0%	100,0%
SCCV LORMONT LA LISIERE	813250388	affiliate	EM	50,0%	50,0%	EM	50,0%	50,0%
SCCV POISSY - 7 RUE DES CAPUCINES	812346948	affiliate	EM	50,1%	50,1%	EM	50,1%	50,1%
SCCV CAP AU SUD 2015	812481224		FC	100,0%	100,0%	FC	100,0%	100,0%
SCCV BAGNOLET ALLENDE	821889151	affiliate	EM	49,0%	49,0%	EM	49,0%	49,0%
SAS MB TRANSACTIONS	425039138		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC COGEDIM GESTION	380375097		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC COVALENS	309021277		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC COGEDIM PARIS METROPOLE	319293916		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC CORESI	380373035		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC COGEDIM GRAND LYON	300795358		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC COGEDIM MEDITERRANEE	312347784		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC COGEDIM PROVENCE	442739413		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC COGEDIM MIDI-PYRENEES	447553207		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC COGEDIM GRENOBLE	418868584		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC COGEDIM SAVOIES-LEMAN	348145541		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC COGEDIM AQUITAINE	388620015		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC COGEDIM ATLANTIQUE	501734669		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC COGEDIM EST	419461546		FC	100,0%	100,0%	FC	100,0%	100,0%
COGEDIM SAS	54500814		FC	100,0%	100,0%	FC	100,0%	100,0%
SNC SURESNES MALON	832708663	joint venture	EM	50,0%	50,0%	EM	50,0%	50,0%
SCCV ANNEMASSE FOSSARD	803779438		FC	80,0%	100,0%	FC	80,0%	100,0%
SCCV RADOIRE ORDET	808870323		FC	80,0%	100,0%	FC	80,0%	100,0%
SNC PROVENCE L'ETOILE	501552947		FC	100,0%	100,0%	FC	100,0%	100,0%
SCCV CONFIDENCE GARLABAN	814343893		FC	70,0%	100,0%	FC	70,0%	100,0%
SCCV PARIS CAMPAGNE PREMIERE	530706936		FC	51,0%	100,0%	FC	51,0%	100,0%
SCCV PANTIN MEHUL	807671656		FC	51,0%	100,0%	FC	51,0%	100,0%
SCCV PORTE DE DESMONT	811049626	joint venture	EM	50,0%	50,0%	EM	50,0%	50,0%
SCCV BOBIGNY PARIS	812846525		FC	51,0%	100,0%	FC	51,0%	100,0%
SCCV ALFORTVILLE MANDELA	814412391		FC	51,0%	100,0%	FC	51,0%	100,0%
SCCV JOINVILLE PARIS LIBERTE	814629655		FC	51,0%	100,0%	FC	51,0%	100,0%
SCCV RUEIL BONAPARTE MANET	817961196		FC	100,0%	100,0%	FC	100,0%	100,0%
SCCV CHAMPIGNY LA BOULONNERIE	819546185		FC	100,0%	100,0%	FC	100,0%	100,0%
SCCV BAGNEUX BOURG LA REINE	820201341		FC	100,0%	100,0%	FC	100,0%	100,0%
SCCV JOINVILLE H.PINSON	821764107		FC	50,1%	100,0%	FC	50,1%	100,0%
SCCV STRASBOURG RUE DE COLMAR	822392262		FC	85,0%	100,0%	FC	85,0%	100,0%
Bureau								
ALTAREA COGEDIM ENTREPRISE PROMOTION SNC	535056378		FC	100,0%	100,0%	FC	100,0%	100,0%
ALTAREA COGEDIM ENTREPRISE ASSET MANAGEMENT SNC	534207386		FC	100,0%	100,0%	FC	100,0%	100,0%
ACEP INVEST 2 CDG NEUILLY / EX ACEP INVEST 4	794194274	affiliate	NI	0,0%	0,0%	EM	16,7%	16,7%
AF INVESTCO ARAGO (SNC)	494382351	affiliate	EM	30,1%	30,1%	EM	30,1%	30,1%
AF INVESTCO 4 (Snc)	798601936	affiliate	EM	8,3%	8,3%	EM	8,3%	8,3%
ALTA VAI HOLDCO A (ex Salle wagram, ex theatre de l'empire)	424007425		FC	100,0%	100,0%	FC	100,0%	100,0%
ALTAFUND General Partner sarl	NA		FC	100,0%	100,0%	FC	100,0%	100,0%
PASCALPROPCO (SAS)	437929813	affiliate	EM	15,1%	15,1%	EM	15,1%	15,1%
SNC 118 RUE DE TOCQUEVILLE	804088219	affiliate	EM	50,0%	50,0%	EM	50,0%	50,0%
SNC COGEDIM ENTREPRISE	424932903		FC	100,0%	100,0%	FC	100,0%	100,0%

4.3 Changes in consolidation scope

(in number of companies)	31/12/2017	Acquisition	Creation	Sale	Absorption, dissolution, deconsolidation	Change in consolidation method	30/06/2018
Fully consolidated subsidiaries	272	1	10		(9)	2	276
Joint ventures *	81		8		(1)	(2)	86
Associates *	103	1	4	(3)	(1)		104
Total	**456**	**2**	**22**	**(3)**	**(11)**	**–**	**466**

* Companies accounted for using the equity method

Detail of disposals of consolidated companies, net of cash disposed of

Over the period, the Group sold the Kosmo office building located in Neuilly-sur-Seine to Sogecap (Société Générale Insurance), project of which 17% was held by the Group through AltaFund.

4.4 Securities and investments in equity affiliates and unconsolidated interests

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

4.4.1 Equity-accounting value of joint ventures and associates and related receivables

€millions	30/06/2018	31/12/2017
Equity-accounting value of joint ventures	**29.5**	27.2
Equity-accounting value of affiliated companies	**125.9**	124.5
Value of stake in equity-method affiliates	**155.4**	**151.7**
Non-consolidated securities	**1.2**	**1.1**
Receivables from joint ventures	**38.2**	43.3
Receivables from affiliated companies	**126.3**	141.9
Receivables from equity-method subsidiaries and non-consolidated interests	**164.5**	**185.2**
Total securities and receivables from equity affiliates and unconsolidated interests	**321.1**	**338.0**

4.4.2 Main balance sheet and income statement items of joint ventures and associates

€millions	Joint ventures	Affiliates	30/06/2018	Joint ventures	Affiliates	31/12/2017	Joint ventures	Affiliates	30/06/2017
Balance sheet items, Group share:									
Non-current assets	4.0	239.8	243.8	5.7	270.2	275.9	4.2	222.7	226.9
Current assets	172.5	263.7	436.2	161.0	276.4	437.5	140.6	245.2	385.9
Total Assets	**176.5**	**503.5**	**680.0**	**166.7**	**546.6**	**713.3**	**144.8**	**468.0**	**612.8**
Non-current liabilities	11.0	162.5	173.5	19.4	185.7	205.1	11.9	134.2	146.1
Current liabilities	136.1	215.1	351.2	120.1	236.3	356.5	115.7	217.4	333.0
Total Liabilities	**147.0**	**377.6**	**524.6**	**139.5**	**422.1**	**561.6**	**127.6**	**351.5**	**479.1**
Net assets (equity-accounting basis)	**29.5**	**125.9**	**155.4**	**27.2**	**124.5**	**151.7**	**17.2**	**116.4**	**133.7**
Income statement items, Group share:									
Operating income	**3.7**	**4.7**	**8.4**	**11.1**	**29.0**	**40.1**	**5.4**	**8.5**	**13.9**
Net borrowing costs	(0.1)	(0.7)	(0.9)	(0.2)	(0.1)	(0.3)	(0.1)	(0.9)	(1.0)
Change in value of hedging instruments	–	(0.2)	(0.2)	–	(0.1)	(0.1)	–	(0.0)	(0.0)
Proceeds from the disposal of investments	–	–	–	–	0.0	0.0	–	–	–
Dividend	–	–	–	–	0.2	0.2	–	0.2	0.2
Net income before tax	**3.6**	**3.8**	**7.4**	**10.9**	**29.1**	**40.0**	**5.3**	**7.8**	**13.1**
Corporate income tax	(1.2)	(1.2)	(2.4)	2.4	(7.9)	(5.5)	2.4	(1.1)	1.3
Net income after tax, Group share	**2.4**	**2.6**	**5.0**	**13.3**	**21.2**	**34.5**	**7.7**	**6.7**	**14.4**
Non-Group net result	–	(0.0)	(0.0)	–	0.0	0.0	–	(0.0)	(0.0)
Net income, Group share	2.4	2.6	5.0	13.3	21.2	34.5	7.7	6.7	14.4

Group revenues from joint ventures amounted to €3,6 million at 30 June 2018, compared with €10,6 million at 31 December 2017 and €5,3 million at 30 June 2017.

Group revenues from associates amounted to €20,3 million at 30 June 2018 compared to €16,0 million at 31 December 2017 and €3,9 million at 30 June 2017.

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

Commitments given

Cogedim Résidences Services undertook to pay rent in connection with the leasing of the Résidences Services Cogedim Club®. In exchange, Cogedim Résidences Services receives the lease payments of the sub-lessees.

Completion guarantees were given in connection with property development activities, for a Group share in the amount of €28.7 million.

NOTE 5 NET INCOME

5.1 Operating income

Net rental income of Altareit was €89,7 million at 30 June 2018, compared to €77,0 million at the first semester 2017.

The +€12,7 million growth is mainly due to Residential Operating Income.

5.2 Cost of net financial debt and other financial items

5.2.1 Cost of net financial debt

€millions	30/06/2018	31/12/2017	30/06/2017
Bond and bank interest expenses	(8.4)	(20.2)	(11.9)
Interest on partners' advances	0.0	(0.1)	(0.0)
Interest rate on hedging instruments	0.0	(0.0)	(0.0)
Non-use fees	(0.3)	(0.5)	(0.2)
Other financial expenses	(1.8)	(3.5)	(1.4)
Capitalised interest expenses	4.2	7.9	4.1
FFO financial expenses	**(6.3)**	**(16.4)**	**(9.4)**
Interest on partners' advances	2.2	3.3	1.3
Other interest income	0.1	0.2	0.0
Interest income on bank current accounts	–	3.5	3.5
FFO financial income	**2.3**	**7.0**	**4.9**
FFO NET BORROWING COSTS	**(4.0)**	**(9.3)**	**(4.5)**
Spreading of bond issue costs and other estimated charges(1)	(0.5)	(0.9)	(0.5)
Estimated financial expenses	**(0.5)**	**(0.9)**	**(0.5)**
NET BORROWING COSTS	**(4.5)**	**(10.3)**	**(5.0)**

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

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

Capitalised interest expenses relate only to companies carrying an asset under development or construction (shopping centres and Residential and Office operating segments) and are deducted from interest paid to credit institutions.

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

5.2.2 Impact of result of financial instruments

Changes in value of financial instruments and gains and losses on their disposal resulted in net expense of €(0,0) million at 30 June 2018 compared to €(2,9) million at 30 June 2017. This corresponds to the changes in value of interest rate hedging instruments.

5.3 Income Tax

Analysis of tax expense

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

€millions	30/06/2018	31/12/2017	30/06/2017
Tax due	**(4.1)**	**(5.6)**	**(2.9)**
Tax loss carry forwards and/or use of deferred losses	(10.7)	(20.2)	(0.6)
Valuation differences	–	4.7	1.0
Fair value of hedging instruments	(0.0)	1.0	1.0
Net property income on a percentage-of-completion basis	(3.1)	(7.1)	(7.8)
Other timing differences	(6.0)	0.1	(2.0)
Deferred tax	**(19.9)**	**(21.5)**	**(8.4)**
Total tax income (expense)	**(24.0)**	**(27.1)**	**(11.3)**

Effective tax rate

€millions	30/06/2018	31/12/2017	30/06/2017
Pre-tax profit of consolidated companies	**78.3**	**80.1**	**32.0**
Group tax savings (expense)	**(24.0)**	**(27.1)**	**(11.3)**
Effective tax rate	**(30.63)%**	**(33.79)%**	**(35.12)%**
Tax rate in France	34.43%	34.43%	34.43%
Theoretical tax charge	**(27.0)**	**(27.6)**	**(11.0)**
Difference between theoretical and effective tax charge	**3.0**	**0.5**	**(0.2)**
Differences related to treatment of losses	(0.4)	4.3	5.8
Other permanent differences and rate differences	3.4	(3.8)	(6.1)

Differences related to the treatment of losses correspond to the tax expense for unrecognised losses incurred in the period and/or to tax savings from the use or recognition of a previously unrecognised loss.

Deferred tax assets and liabilities

€millions	30/06/2018	31/12/2017
Tax loss carry forwards	99.2	109.9
Valuation differences	(23.2)	(23.2)
Fair value of investment properties	–	–
Fair value of financial instruments	(0.0)	0.0
Net property income on a percentage-of-completion basis	(52.3)	(25.7)
Other timing differences	(4.1)	0.2
Net deferred tax on the balance sheet	**19.6**	**61.2**

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

Deferred taxes are calculated at the rate of 34.43%, as currently applicable in France. The 2018 Finance Act provides for a gradual decrease in the rate of corporate income tax, which would be set at 32.02% in 2019, 28.92% in 2020, 27.37% in 2021 and 25.83% as of 1 January 2022.

Accordingly, a discount was applied to the tax calculated based on the items the Group does not expect to be cleared before this date, namely on the one hand part of the Cogedim and Pitch trademarks (deferred tax liability), and on the other a fraction of the loss carry-forwards recognised but unused in Alta-Faubourg and Cogedim (deferred tax assets).

5.4 Earnings per share

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

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

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

€millions	30/06/2018	31/12/2017	30/06/2017
Numerator			
Net income, Group share	51.7	79.5	31.8
Denominator			
Weighted average number of shares before dilution	1,748,434	1,748,486	1,748,528
Effect of potentially dilutive shares			
Stock options	–	–	–
Rights to free share grants	–	–	–
Total potential dilutive effect	–	–	–
Weighted diluted average number of shares	1,748,434	1,748,486	1,748,528
Basic net income per share, Group share (in €)	**29.57**	**45.45**	**18.19**
Diluted net income per share, Group share (in €)	**29.57**	**45.45**	**18.19**

NOTE 6 LIABILITIES

6.1 Equity

6.1.1 Capital, share-based payments and treasury shares

Capital (in €)

In number of shares and in €	Number of shares	Nominal	Share capital
Number of shares outstanding at 31 December 2016	**1 750 487**	**1,50**	**2 626 731 (*)**
Conversion of dividends into shares			
Number of shares outstanding at 31 December 2017	**1 750 487**	**1,50**	**2 626 731 (*)**
no change over the 2018 financial year			
Number of shares outstanding at 30 June 2018	**1 750 487**	**1,50**	**2 626 731 (*)**

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

Capital management

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

Share based payments

Share based payments are transactions based on the value of securities of Altarea SCA, listed company that controls Altareit. Payment may be in equity or cash instruments, however plans for Altarea SCA will be settled exclusively in shares.

The gross expense recorded on the income statement for share-based payments was €(5.7) million at 30 June 2018 2 compared to €(11.2) million at 31 December 2017.

Free share grants

Award date	Number of rights awarded	Vesting date	Rights in circulation as at 31/12/2016	Awarded	Delivery	Amendments to rights [(a)]	Rights in circulation as at 30/06/2018
Stock grant plans on Altareit							
31 march 2016	18,550	31 march 2018	16,832		(16,531)	(301)	
19 october 2016	2,000	30 march 2018	2,000		(2,000)		
10 november 2016	3,334	30 march 2018	3,334		(3,334)		
10 november 2016	3,500(b)	11 april 2019	3,500			(2,000)	1,500
14 december 2016	21,585(b)	10 april 2019	20,792			(1,050)	19,742
15 december 2016	19,170	1 february 2018	18,101		(17,587)	(514)	
16 december 2016	23,079	1 february 2018	22,421		(22,192)	(229)	
23 march 2017	537	23 march 2018	537		(537)		
6 april 2017	11,500(b)	30 april 2019	11,500				1, 500
13 july 2017	3,310	13 july 2018	3,075			(190)	2,885
15 february 2018	28,695	15 february 2019		21,040		(435)	20,605
19 february 2018	32,473	19 february 2019		21,591		(171)	21,420
21 february 2018	12,424	21 february 2020		7,916		(5)	7,911
2 march 2018	33,129(b)	2 march 2020		18,504			18,504
6 march 2018	3,430	6 march 2019		2,705		(500)	2,205
28 march 2018	1,410	28 march 2019		750			750
29 march 2018	8,453	29 march 2019		4,837			4,837
30 march 2018	4,327	30 march 2020		3,419			3,419
Total	**230,906**		**102,092**	**80,762**	**(62,180)**	**(5,396)**	**115,278**

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

Actions propres

Treasury shares are eliminated and offset directly in equity.

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

6.1.2 Dividends proposed and paid

No dividend was distributed over 2017.
No dividend was distributed over 2018.

6.2 Net financial debt and guarantees

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

€millions	31/12/2017	Cash flow	"Non cash" change				30/06/2018
			Spreading of issue costs	Change in scope of consolidation	Present value adjustment	Other impacts	
Treasury bills	468.9	60.6	–	–	–	–	529.5
Bank borrowings, excluding accrued interest and overdrafts	656.2	(49.3)	0.5	7.6	–	–	614.9
Net bond and bank debt, excluding accrued interest and overdrafts	**1,125.1**	**11.3**	**0.5**	**7.6**	**–**	**–**	**1,144.4**
Accrued interest on bond and bank borrowings	0.9	0.2	–	0.0	–	–	1.1
BOND AND BANK DEBT, EXCLUDING OVERDRAFTS	**1,126.0**	**11.5**	**0.5**	**7.6**	**–**	**–**	**1,145.5**
Cash and cash equivalents	(452.8)	(37.2)	–	(2.0)	–	0.0	(492.1)
Bank overdrafts	0.8	6.3	–	(0.0)	–	–	7.1
Net cash	**(452.0)**	**(30.9)**	**–**	**(2.0)**	**–**	**0.0**	**(485.0)**
NET BOND AND BANK DEBT	**673.9**	**(19.4)**	**0.5**	**5.6**	**–**	**0.0**	**660.5**
Equity loans and Group and partners' advances	52.3	15.3	–	3.2	–	–	70.8
Accrued interest on shareholders' advances	–	–	–	–	–	–	–
NET FINANCIAL DEBT	**726.2**	**(4.2)**	**0.5**	**8.8**	**–**	**0.0**	**731.3**

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

- borrowings from credit institutions amounting to €366.3 million compared with €364.7 million at December 31, 2017,
- bank financing of Promotion operations for €242.9 million compared with €285.4 million as of December 31, 2017.

During the half-year, the Group notably:

- continued issuing treasury notes (more than €60.6 million during the period).

All financing was not fully drawn at 30 June 2018.

The current account with Altarea SCA amounted to €0,1 million at 30 June 2018 versus zero million at December 31, 2017.

Note that the Group, via its subsidiary Altareit, successfully placed an inaugural rated bond issue of €350 million with European investors. The issue was settled after the closing of the financial statements (2 July).

The changes in the consolidation scope are mainly related to movements in the Property Development sector.

Borrowing costs are analysed in the note on earnings.

Net Cash

Marketable securities classified as cash equivalents are recognised at fair value at each reporting date.

Breakdown of bank and bond debt by maturity

€millions	30/06/2018	31/12/2017
< 3 months	162.2	121.9
3 to 6 months	256.7	181.9
6 to 9 months	147.2	136.5
9 to 12 months	56.5	117.3
Under 1 year	**622.7**	**557.6**
At 2 years	192.2	169.8
At 3 years	266.0	308.9
At 4 years	6.5	26.9
At 5 years	62.4	51.3
1 to 5 years	**527.1**	**556.8**
More than 5 years	**4.8**	**14.8**
Issuance cost to be amortised	(2.0)	(2.4)
Total gross bond and bank debt	**1,152.6**	**1,126.7**

The increase in the portion under one year of bank debt is attributable to the increase in treasury notes.

Breakdown of bank and bond debt by guarantee

€millions	30/06/2018	31/12/2017
Mortgage commitments	236.3	278.1
Moneylender lien	26.0	25.6
Pledging of receivables	5.7	6.0
Pledging of securities	235.0	235.0
Altareit SCA security deposit	109.0	109.0
Not Guaranteed	542.5	475.5
Total	**1 154.6**	**1 129.1**
Issuance cost to be amortised	(2.0)	(2.4)
TOTAL GROSS BOND AND BANK	**1 152.6**	**1 126.7**

Mortgage commitments and the lender's lien mainly concern Property Development activities. Pledges of securities and sureties are guarantees given for specific financing.

Schedule of future interest expenses

€millions	30/06/2018	31/12/2017
< 3 months	2.5	2.6
3 to 6 months	2.5	2.7
6 to 9 months	2.3	2.6
9 to 12 months	2.3	2.5
Less than 1 year	**9.5**	**10.5**
2 years	7.7	8.2
3 years	4.2	6.9
4 years	1.3	1.6
5 years	0.5	0.9
1 to 5 years	**13.7**	**17.7**

These future interest expenses concern borrowings and financial instruments.

6.3 Provisions

€millions	30/06/2018	31/12/2017
Provision for benefits payable at retirement	7.6	7.5
Other provisions	8.0	7.1
Total Provisions	**15.6**	**14.6**

Provision for benefits payable at retirement was measured, as in previous financial years, by an external actuary. Valuation and accounting principles are detailed in the accounting principles and methods of the Company, § 2.3.15. The main assumptions used when evaluating this commitment are turnover, the discount rate and the rate of salary increase: a change of +/- 0.25% in the last two criteria would not have any significant impact.

Other provisions primarily cover:

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

NOTE 7 ASSETS AND IMPAIRMENT TESTS

7.1 Goodwill and other intangible assets

€millions	Gross values	Amortisation and/or impairment	30/06/2018	31/12/2017
Goodwill	**383,3**	**(243,7)**	**139,6**	**139,6**
Brands	**89,9**		**89,9**	**89,9**
Customer relationships	**191,7**	**(191,7)**	**–**	**–**
Software applications, patents and similar rights	18,3	(13,7)	4,6	4,1
Leasehold Right	2,2	(2,2)	–	–
Other	0,2	(0,0)	0,2	0,2
Other intangible assets	**20,6**	**(15,9)**	**4,7**	**4,2**
TOTAL	**685,6**	**(451,4)**	**234,2**	**233,7**

€millions	30/06/2018	31/12/2017
Net values at beginning of the period	**233,7**	**238,7**
Acquisitions of intangible assets	1,4	1,9
Disposals and write-offs	(0,0)	(0,1)
Changes in scope of consolidation and other	0,0	–
Change in consolidation method		
Net allowances for depreciation	(0,9)	(6,8)
Net values at the end of the period	**234,2**	**233,7**

The brands relate to the Cogedim brand, and the Pitch Promotion brand acquired with the controlling interest taken in the property developer on 26 February 2016. These brands are an indefinite life intangible asset, and therefore not subject to amortisation.

Goodwill relates to the goodwill history of Cogedim and that concerning the acquisition of Pitch Promotion.

Goodwill from the acquisition of Cogedim and Pitch Promotion and Brands

Goodwill recognised in the acquisition of Cogedim and Pitch Promotion thus remains unchanged at €139.6 million and €89.9 million.

7.2 Investment properties

Investment properties concerned offices asset, which are recorded at cost.

7.3 Operational working capital requirement

Summary of components of operational working capital requirement

€millions	30/06/2018	31/12/2017	Flows		
			Created by the business	Changes in consolidation scope and transfer	Changes in accounting method
Net inventories and work in progress	**839.5**	**1 275.4**	**55.1**	**12.2**	**(503.2)**
Net trade receivables	528.4	189.4	38.3	(3.9)	304.5
Other operating receivables net	343.1	321.0	62.4	(0.5)	(39.8)
Trade and other operating receivables net	**871.5**	**510.4**	**100.7**	**(4.4)**	**264.6**
Trade payables	(655.4)	(496.3)	(128.8)	(0.3)	(30.0)
Other operating payables	(343.2)	(742.7)	55.4	5.7	338.5
Trade payables and other operating liabilities	**(998.6)**	**(1,239.0)**	**(73.5)**	**5.5**	**308.5**
Operational WCR	**712.4**	**546.9**	**82.4**	**13.3**	**69.9**

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

The changes in the consolidation scope are mainly related to movements in the Property Development sector.
The change in the accounting method is linked to the application of IFRS 15 as of 1 January 2018. The amounts correspond to the impact at opening.

7.3.1 Inventories and pipeline products

€millions	Gross inventories	Impairment	Net inventories
At 31 December 2017	**1,283.1**	**(7.7)**	**1,275.4**
Change in methods	(503.2)	–	(503.2)
Change	54.6	(0.0)	54.6
Allowance	–	(0.9)	(0.9)
Reversal	–	1.4	1.4
Transfers to or from other categories	0.3	0.0	0.3
Change in scope of consolidation	11.9	0.1	12.0
At 30 June 2018	**846.7**	**(7.1)**	**839.5**

The change in inventories is mainly due to changes in the Group's Property Development business.
The changes in the consolidation scope are mainly related to movements in the Property Development sector.
The change in method is related to the implementation of IFRS 15 at 1 January 2018.

7.3.2 Trade and other receivables

€millions	30/06/2018	31/12/2017
Gross trade and related receivables	**529.5**	**190.5**
Opening impairment	**(1.1)**	**(0.7)**
Allowance	(0.1)	(0.4)
Reversal	0.0	–
Other changes	–	0.0
Closing impairment	–	0.0
	(1.1)	**(1.1)**
Advances and down payments paid	**528.4**	**189.4**
VAT receivables	35.7	28.0
Sundry debtors	235.6	198.1
Prepaid expenses	42.9	46.4
Principal accounts in debit	29.2	48.9
Total other operating receivables gross	**343.5**	**321.4**
Opening impairment	**(0.4)**	**(4.3)**
Allowance	–	(0.5)
Reclassification	–	(0.1)
Reversal	–	4.5
Closing impairment	**(0.4)**	**(0.4)**
Net operating receivables	**343.1**	**321.0**
Trade and other operating receivables	**871.5**	**510.4**
Receivables on sale of assets	7.7	0.2
Trade and other operating receivables	**879.1**	**510.6**

Advances and down payments paid

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

7.3.3 Accounts payable and other operating liabilities

€millions	30/06/2018	31/12/2017
TRADE PAYABLES AND RELATED ACCOUNTS	**655.4**	**496.3**
Advances and down payments received from clients	50.4	551.5
VAT collected	192.7	80.4
Other tax and social security payables	30.1	41.7
Prepaid income	1.3	0.9
Other payables	68.7	68.2
Other operating payables	**343.2**	**742.7**
Amounts due on non-current assets	10.9	10.8
Accounts payable and other operating liabilities	**1 009.5**	**1 249.8**

Advances and down payments received from clients

Part payments received on property programme, before the corresponding work has been carried out, are accounted for on the liabilities side under advances and payments on account received (using the percentage of completion method). The significant variation over the period is mainly due to IFRS 15 implementation effective on 1 January 2018 and its impact on opening balance sheet.

NOTE 8 **FINANCIAL RISK MANAGEMENT**

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

8.1 Carrying amount of financial instruments by category

At 30 June 2018

			Actifs et passifs financiers évalués au coût amorti		Actifs et passifs financiers évalués à la juste valeur				
€millions	Valeur totale au bilan	Actifs non financiers	Prêts Créances	Dettes au coût amorti	Actifs disponibles à la vente	Actifs et passifs à la juste valeur par résultat	*Niveau1 **	*Niveau 2 ***	*Niveau 3 ****
NON-CURRENT ASSETS	**327.7**	**156.6**	**171.1**	**–**	**–**	**–**	**–**	**–**	**–**
Securities and investments in equity affiliates and unconsolidated interests	321.1	156.6	164.5	–	–	–	–	–	–
Loans and receivables (non-current)	6.6	–	6.6	–	–	–	–	–	–
CURRENT ASSETS	**1,379.6**	**–**	**1 352.6**	**–**	**–**	**26.9**	**26.9**	**–**	**–**
Trade and other receivables	879.1	–	879.1	–	–	–	–	–	–
Loans and receivables (current)	8.4	–	8.4	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	492.1	–	465.1	–	–	26.9	26.9	–	–
NON-CURRENT LIABILITIES	**532.0**	**–**	**–**	**532.0**	**–**	**–**	**–**	**–**	**–**
Borrowings and financial liabilities	530.9	–	–	530.9	–	–	–	–	–
Deposits and security interests received	1.1	–	–	1.1	–	–	–	–	–
CURRENT LIABILITIES	**1,702.0**	**–**	**–**	**1,702.0**	**–**	**0.0**	**–**	**0.0**	**–**
Borrowings and financial liabilities	692.5	–	–	692.5	–	–	–	–	–
Derivative financial instruments	0.0	–	–	–	–	0.0	–	0.0	–
Accounts payable and other operating liabilities	1 009.5	–	–	1 009.5	–	–	–	–	–

** Financial instruments listed on an active market.*
*** Financial instruments whose fair value is determined using valuation techniques based on observable market inputs.*
**** Financial instruments whose fair value (in whole or in part) is based on non-observable inputs.*

Non-consolidated securities classified as assets available for sale are measured at their fair value, previously determined on the basis of their net worth, without determining valuation assumptions.
Cash and cash equivalents breakdown between cash presented under receivables and marketable securities presented as financial assets within Level 1 of the fair value hierarchy.

8.2 Interest rate risk

Altarea holds a portfolio of swaps and caps designed to hedge against interest rate risk on its variable rate financial debts.

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

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

These instruments have been evaluated by a DCF method based on interest rate trend at 30 June 2018.

These same instruments are owned by Group's societies consolidated according to the ME method

Management position:

At 30 June 2018

€millions	June 2018	June 2019	June 2020	June 2021	June 2022	June 2023
Fixed-rate bond and bank loans	–	–	–	–	–	–
Floating-rate bank loans	(1,152.6)	(529.9)	(337.7)	(71.7)	(65.2)	(2.8)
Cash and cash equivalents (assets)	492.1	–	–	–	–	–
Net position before hedging	**(660.5)**	**(529.9)**	**(337.7)**	**(71.7)**	**(65.2)**	**(2.8)**
Swap	–	–	–	–	–	–
Collar	–	–	–	–	–	–
Cap	–	–	–	–	–	–
Total derivative financial instruments	**–**	**–**	**–**	**–**	**–**	**–**
Net position after hedging	**(660,5)**	**(529,9)**	**(337,7)**	**(71,7)**	**(65,2)**	**(2,8)**

Analysis of interest-rate sensitivity:

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

	Increase/decrease in interest rates	Impact of the gain or loss on pre-tax profit	Impact on the value of the financial instruments portfolio
30/06/2018	+50 -50	- 0.7 million + 0.8 million	- -
31/12/2017	+50 -50	- 1.4 million + 1.6 million	+0.0 million -0.0 million

8.3 Liquidity risk

Cash

The Group had a positive cash position of €492.1 million at 30 June 2018, compared to €452.8 million at 31 December 2017. This represents its main tool for management of liquidity risk.

Part of this cash is classified as non-available to the Group, but is available to the subsidiaries that carry it: at 30 June 2018, the amount of this restricted cash was €279.8 million.

On this date, in addition to the available cash of €212.2 million, the Group also had €164.9 million of additional available cash and cash equivalents (in confirmed corporate credit lines that had not been used).

Covenants

Since Altareit is affiliated to Altarea Cogedim, some of the disclosed covenants are relatives to consolidated indicators of Altarea Cogedim.

The covenants with which the Group must comply concern the listed corporate banking credits, for €344 million.

The bank credit subscribed by Cogedim SAS is also subject to leverage covenants.

	Altarea Group covenants	30/06/18	Consolidated Cogedim covenants	30/06/18
Loan To Value (LTV)				
Net bond and bank financial debt/re-assessed value of the Company's assets	< 60%	38.5%		
Interest Cover Ratio (ICR)				
Operating income (FFO column or cash flow from operations)/Company's net borrowing cost (FFO column)	> 2	9.0		
Leverage				
Leverage: Net financial Debt/EBITDA			≤ 5	1.9
Gearing: Net financial debt/Equity			≤ 3	0.4
ICR: EBITDA/Net interest expenses			≥ 2	6.1

Counterparty risk

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

Currency risk

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

NOTE 9 RELATED PARTY TRANSACTIONS

Ownership structure of Altareit

Ownership of Altareit's shares and voting right is as follows :

En pourcentage	30/06/2018 % capital	30/06/2018 % droit de vote	31/12/2017 % capital	31/12/2017 % droit de vote
Altarea	99.63	99.75	99.63	99.75
Altarea France	0.11	0.11	0.11	0.11
Alta Faubourg *	0.11	–	0.11	–
Altarea group controlling	*99.85*	*99.86*	*99.85*	*99.86*
Auto-contrôle	0.01	–	0.01	–
Public	0.14	0.14	0.14	0.14
Total	**100.0**	**100.0**	**100.0**	**100.0**

** Treasury shares*

Related party transactions

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

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

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

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

Transactions with these related parties come either from services provided by the Group to related parties or from financing transactions (current accounts and guarantees). The amounts invoiced by the Altareit group to the related parties are at normal market conditions.

Altarea holds, under various loans, a joint surety of €275 million on behalf of Cogedim and carries a joint surety of €100 million on behalf of Alta Faubourg. Altarea granted a joint surety on behalf of Altareit for an amount of €242 million. In addition, Altarea has directly invested 50% in AF Investco 4 for the redevelopment of a building alongside the Altafund investment fund in which Altareit holds a 16.7% stake.

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

€millions	Altafi 2	Altarea and subsidiaries	30/06/2018	31/12/2017	30/06/2017
Non-current assets	**0.0**	0.1	0.1	0.1	**0.2**
Current assets		2.5	2.5	1.4	**6.2**
TOTAL ASSETS	**0.0**	**2.6**	**2.6**	**1.5**	**6.4**
Trade, current account and other payables	**–**	10.9	10.9	4.0	**111.2**
TOTAL	**–**	**10.9**	**10.9**	**4.0**	**111.2**

€millions	Altafi 2	Altarea and subsidi	30/06/2018	31/12/2017	30/06/2017
Operating revenues	0,0	2,2	2,2	10,8	**5,0**
Operating expenses	(0,3)	(18,6)	(18,9)	(29,1)	**(14,0)**
Operating Income	**(0,3)**	**(16,5)**	**(16,7)**	**(18,3)**	**(9,0)**
Net borrowing costs	–	(1,7)	(1,7)	(3,2)	(1,1)
Net Income	**(0,3)**	**(18,1)**	**(18,4)**	**(21,5)**	**(10,1)**

Compensation of the founding shareholder-managers

In accordance with article 14 of the bylaws, Altareit pays the management of Altafi 2 represented by Alain Taravella. In this respect, the following expense was recognized:

	Altafi 2 SAS		
€millions	30/06/2018	31/12/2017	30/06/2017
Fixed Management compensation	0.3	0.6	0.3
TOTAL	**0.3**	**0.6**	**0.3**

Compensation of the Group's salaried executives

€millions	30/06/2018	31/12/2017	30/06/2017
Gross salaries[a]	0,9	1,4	0,8
Social security contributions	0,3	0,5	0,3
Share-based payments[b]	0,7	1,7	0,8
Number of shares delivered during the period	7 712	4 954	4 954
Post-employment benefits[c]	0,0	0,0	0,0
Other short- or long-term benefits and compensation[d]	0,0	0,0	0,0
Termination indemnities[e]			
20% employer contribution for free share grants	0,3	0,4	0,2
Loans			
Post-employment benefit commitment	0,1	0,1	0,0

(a) Fixed and variable compensation; variable compensation corresponds to the variable parts.

(b) Charge calculated in accordance with IFRS 2.

(c) Pension service cost according to IAS 19, life insurance and medical care.

(d) Benefits in kind, directors' fees and other compensation vested but payable in the future (short- or long-term).

(e) Post-employment benefits, including social security costs.

In number of rights to Altarea SCA's free share grants	30/06/2018	31/12/2017	30/06/2017
Rights to Altarea SCA's free share grants	15 656	21 934	21 934
Altarea share subscription warrants	–	–	–
Stock options on Altarea shares	–	–	–

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

NOTE 10 GROUP COMMITMENTS AND CONTINGENT LIABILITIES

10.1 Off-balance sheet commitments

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

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

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

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

All other material commitments are set out below :

€millions	31/12/2017	30/06/2018	Less than 1 year	1-5 years	More than 5 years
Commitments received					
Commitments received relating to financing (excl. borrowings)	**–**	**–**	**–**	**–**	**–**
Commitments received relating to company acquisitions	**14.3**	**14.3**	**12.0**	**–**	**2.3**
Commitments received relating to operating activities	**5.4**	**–**	**–**	**–**	**–**
Payment guarantees received from customers	5.4	–	–	–	–
Total	**19.8**	**14.3**	**12.0**	**–**	**2.3**
Commitments given					
Commitments given relating to financing (excl. borrowings)	**–**	**–**	**–**	**–**	**–**
Commitments given relating to company acquisitions	**57.2**	**59.7**	**–**	**59.2**	**0.5**
Commitments given relating to operating activities	**1,075.7**	**1 112.0**	**518.0**	**591.9**	**2.2**
Construction work completion guarantees (given)	983.8	1 002.4	468.7	533.7	–
Guarantees given on forward payments for assets	37.5	46.6	11.5	33.3	1.8
Guarantees for loss of use	38.8	44.9	27.3	17.3	0.3
Other sureties and guarantees granted	15.6	18.1	10.5	7.6	0.0
Total	**1,32.8**	**1,171.7**	**518.0**	**651.1**	**2.7**

Commitments received

Commitments received relating to acquisitions/disposals

Altareit and Majhip hold reciprocal put and call options for the balance of Histoire &

Patrimoine shares still held by Majhip. These options are exercisable for 45-day periods starting from the date the financial statements are approved for the years ended 31 December 2017 and 2018. Altarea has also been given representations and warranties in connection with this acquisition.

The Group also received a commitment from Pitch Promotion’s sellers that it shall be entitled for compensation in the amount of up to €12 million until 31 December 2018, for any damage or loss originating from the business activities incurred by the Group with a cause or origin predating 31 March 2015.

Commitments received relating to operating activities

Payment guarantees received from customers

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

Other commitments received

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

Commitments given

Commitments given relating to acquisitions

The main commitments concern an undertaking to subscribe for the capital of companies comprising the AltaFund investment fund in the amount of €56.2 million (firm commitment for identified projects). The commitment change depending on subscriptions and/or redemptions during the period.

The Group committed to pay contingent consideration to Pitch Promotion Group as part of the acquisition that took place on 26 February 2016.

The Group can grant indemnification commitments or earnout in case of disposals of investments relate to the Group's consolidated subsidiaries.

Commitments given relating to operating activities

Construction work completion guarantees

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

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

Guarantees on forward payments for assets

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

Guarantees for loss of use

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

Other sureties and guarantees granted

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

Reciprocal commitments

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

Other commitments

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

The Group has a future offering consisting of unilateral preliminary sales agreements. The amount of these commitments is shown in the business review.

Minimum future rents to be paid

The total of minimum future rents payable under non-cancellable operating leases over the period amounted to:

	30/06/2018	31/12/2017
Under 1 year	17.0	16.5
Between 1 and 5 years	13.8	14.3
More than 5 years	–	0.1
Minimum future rents to be paid	**30.8**	**30.9**

Rents to be paid concern:

- offices leased by the Group for its own operations;
- rents to be paid to the owner of the hotel building on Avenue de Wagram in Paris.

Lastly, the Group has announced its future headquarters at the Richelieu building, Paris second arrondissement, for which it has signed an off-plan lease. It should take effect in the second half of 2019.

10.2 Contingent liabilities

No new litigation or governmental, legal, or arbitration proceedings that are likely to have significant effects on the Company’s financial position or profitability arose in 2017 other than those for which a provision has been recognised (see Note 6.3 “Provisions”) or that have been effectively challenged or are being challenged by the Company (see Note 5.3 “Income tax” or 6.3 “Provisions”).

NOTE 11 **POST-CLOSING EVENTS**

The Group, via its subsidiary Altareit, carried out the placement of a rated bond issue with European investors on 25 June 2018. The income from this issue will be used for general financing needs and will strengthen the Group's financing structure by extending its debt maturity. This issue was in the amount of €350 million for seven years with a 2.875% coupon. Settlement was made after the end of the periode.

Following these ratings, Altareit announced on 25 June that it was placing an inaugural bond issue in the amount of €350 million, with a maturity of seven years and a fixed annual coupon of 2.875%.

Altareit also becomes the first French developer to carry out a public bond issue. The issue will enable the company to finance its general needs and, notably, to refinance existing credit facilities while extending the average duration of its debt.

This bond issue will not have any impact on the financial statements at 30 June, as settlement occurred on 2 July.

On 17 July 2018, the Group acquired the balance of the capital of Histoire & Patrimoine, specialist in urban renovation and restoration.

As of the second half of 2018, Histoire & Patrimoine will be consolidated by full integration (equity method before) and its comercial results will be integrated to the property development activity.