

ALTAREIT

CONSOLIDATED INTERIM SUMMARISED FINANCIAL STATEMENTS AT 30 JUNE 2020

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1 Financial statements

Consolidated balance sheet

€ millions	Note	30/06/2020	31/12/2019 restated
Non-current assets		814.4	667.5
Intangible assets	7.1	304.3	303.1
<i>o/w Goodwill</i>		192.1	192.1
<i>o/w Brands</i>		105.4	105.4
<i>o/w Client relations</i>		0.3	0.6
<i>o/w Other intangible assets</i>		6.5	5.0
Property, plant and equipment		20.5	18.9
Right-of-use on property, plant and equipment	7.2	150.2	21.7
Investment properties	7.3	31.1	31.1
<i>o/w Investment properties in operation at fair value</i>		4.4	4.1
<i>o/w Investment properties under development and under construction at cost</i>		22.0	22.0
<i>o/w Right-of use on Investment properties</i>		4.6	5.0
Securities and investments in equity affiliates	4.5	261.5	249.5
Non-current financial assets	4.6	43.7	41.9
Deferred tax assets	5.3	3.2	1.3
Current assets		3,130.7	3,016.0
Net inventories and work in progress	7.4	835.8	1,051.1
Contract assets	7.4	606.6	564.9
Trade and other receivables	7.4	657.2	686.4
Income tax credit		2.8	6.4
Current financial assets	4.6	35.8	22.1
Cash and cash equivalents	6.2	992.4	685.0
TOTAL ASSETS		3,945.1	3,683.5
Equity		947.5	918.0
Equity attributable to Altareit SCA shareholders		901.5	881.0
Capital	6.1	2.6	2.6
Other paid-in capital		76.3	76.3
Reserves		799.9	721.1
Income associated with Altareit SCA shareholders		22.7	81.0
Equity attributable to minority shareholders of subsidiaries		46.1	37.1
Reserves associated with minority shareholders of subsidiaries		36.2	22.7
Income associated with minority shareholders of subsidiaries		9.9	14.3
Non-current liabilities		911.6	704.9
Non-current borrowings and financial liabilities	6.2	849.9	652.5
<i>o/w Bond issues</i>		346.1	345.7
<i>o/w Borrowings from lending establishments</i>		298.4	259.6
<i>o/w Negotiable European Medium Term Note</i>		55.0	30.0
<i>o/w Advances from Group shareholders and partners</i>		3.3	2.8
<i>o/w Lease obligations</i>		147.1	14.3
Long-term provisions	6.3	18.0	19.2
Deposits and security interests received		1.8	2.1
Deferred tax liability	5.3	41.9	31.2
Current liabilities		2,086.0	2,060.5
Current borrowings and financial liabilities	6.2	641.3	478.6
<i>o/w Bond issues</i>		10.1	5.1
<i>o/w Borrowings from lending establishments</i>		86.0	91.6
<i>o/w Negotiable European Commercial Paper</i>		439.0	285.0
<i>o/w Bank overdrafts</i>		1.1	2.2
<i>o/w Advances from Group shareholders and partners</i>		95.8	82.5
<i>o/w Lease obligations</i>		9.2	12.2
Contract liabilities	7.4	198.2	168.8
Trade and other payables	7.4	1,242.8	1,407.8
Tax due		3.7	5.3
TOTAL LIABILITIES		3,945.1	3,683.5

Restated, at 31 December 2019, for the change in presentation of Current and non-current financial assets (see section 2.4 Change in presentation).

Consolidated income statement

€ millions	Note	30/06/2020	31/12/2019 restated	30/06/2019 restated
Rental income		–	1.6	1.0
Unrecoverable rental expenses		–	(0.8)	(0.5)
Net rental income	5.1	–	0.8	0.6
Revenue		1,266.1	2,860.2	1,153.9
Cost of sales		(1,115.1)	(2,477.9)	(984.4)
Other income		(51.8)	(132.7)	(55.9)
Net charge to provisions for current assets		(0.0)	(29.7)	(7.4)
Amortisation of customer relationships		(0.3)	(0.6)	–
Net property income	5.1	98.8	219.3	106.3
External services		7.4	22.1	12.1
Own work capitalised and production held in inventory		81.9	182.5	63.2
Personnel costs		(85.7)	(182.5)	(89.4)
Other overhead expenses		(38.9)	(87.8)	(39.0)
Depreciation expenses on operating assets		(12.0)	(20.0)	(9.9)
Net overhead expenses		(47.3)	(85.7)	(63.1)
Other income and expenses		0.4	0.2	0.4
Depreciation expenses		(2.4)	(5.0)	(2.2)
Transaction costs		–	(1.5)	(0.8)
Others		(1.9)	(6.3)	(2.7)
Income from disposal of investment assets		(0.1)	(1.2)	–
Change in value of investment properties		–	2.3	2.0
Net impairment losses on other non-current assets		(0.0)	(0.5)	(0.0)
Net charge to provisions for risks and contingencies		0.3	(1.0)	0.1
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		49.7	127.8	43.1
Share in earnings of equity-method affiliates	4.5	5.8	16.6	6.1
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		55.5	144.4	49.2
Net borrowing costs	5.2	(8.5)	(17.8)	(9.0)
Financial expenses		(10.5)	(21.7)	(11.1)
Financial income		2.0	3.9	2.1
Other financial results	5.2	(2.3)	(3.4)	(1.1)
Change in value and income from disposal of financial instruments		0.6	(0.1)	(0.0)
Discounting of debt and receivables		–	2.1	(0.1)
Net gain/(loss) on disposal of investments		(0.2)	1.0	1.1
Profit before tax		45.1	126.3	40.1
Income tax	5.3	(12.6)	(30.9)	(9.2)
NET INCOME		32.5	95.3	30.9
o/w attributable to shareholders of Altareit SCA		22.7	81.0	22.0
o/w Net income attributable to minority interests in subsidiaries		9.9	14.3	8.9
Average number of non-diluted shares		1,748,438	1,748,489	1,748,475
Net income per share attributable to shareholders of Altareit SCA (€)	5.4	12.96	46.31	12.56
Diluted average number of shares		1,748,438	1,748,489	1,748,475
Diluted net income per share attributable to shareholders of Altareit SCA (€)	5.4	12.96	46.31	12.56

Restated, at 31 December 2019 and at 30 June 2019, for the change in presentation of Net borrowing costs (see section 2.4 Change in presentation).

Other comprehensive income

€ millions	30/06/2020	31/12/2019	30/06/2019
NET INCOME	32.5	95.3	30.9
Actuarial differences on defined-benefit pension plans	0.8	(0.5)	(0.5)
o/w Taxes	(0.3)	0.2	0.2
Subtotal of comprehensive income items that may not be reclassified to profit or loss	0.8	(0.5)	(0.5)
OTHER ITEMS OF COMPREHENSIVE INCOME	0.8	(0.5)	(0.5)
CONSOLIDATED COMPREHENSIVE INCOME	33.3	94.8	30.4
o/w Net comprehensive income attributable to Altareit SCA shareholders	23.5	80.5	21.5
o/w Net comprehensive income attributable to minority interests in subsidiaries	9.9	14.3	8.9

Consolidated cash flows statement

€ millions	Note	30/06/2020	31/12/2019 restated	30/06/2019 restated
Cash flow from operating activities				
Net income		32.5	95.3	30.9
Elimination of income tax expense (income)	5.3	12.6	30.9	9.2
Elimination of net interest expenses and dividends (income)	5.2	10.6	20.9	10.0
Net income before tax and before net interest expense (income)		55.8	147.1	50.1
Elimination of share in earnings of equity-method subsidiaries	4.5	(5.8)	(16.6)	(6.1)
Elimination of depreciation and impairment		14.6	26.3	11.6
Elimination of value adjustments		(0.6)	(2.9)	(1.9)
Elimination of net gains/(losses) on disposals		0.3	1.0	(1.0)
Estimated income and expenses associated with share-based payments	6.1	(4.1)	(3.5)	(8.7)
Net cash flow		60.2	151.4	43.9
Tax paid		(2.1)	0.2	(2.7)
Impact of change in operational working capital requirement (WCR)	7.4	66.4	24.0	2.5
CASH FLOW FROM OPERATIONS		124.4	175.6	43.8
Cash flow from investment activities				
Net acquisitions of assets and capitalised expenditures		(10.9)	(6.1)	(3.3)
Gross investments in equity-method subsidiaries and non-consolidated investments	4.5	(19.3)	(83.0)	(16.6)
Acquisitions of consolidated companies, net of cash acquired	4.3	0.0	(16.2)	(16.1)
Other changes in Group structure		—	2.2	—
Increase in loans and advances		(15.5)	(11.5)	(6.5)
Sale of non-current assets and reimbursement of advances and down payments		0.2	33.5	0.0
Disposals of holdings in equity-method subsidiaries and non-consolidated investments	4.5	7.0	21.4	12.4
Disposals of consolidated companies, net of cash transferred		3.4	2.2	0.0
Reduction in loans and other financial investments		6.3	34.0	8.0
Dividends received		0.3	14.7	(1.6)
Interest income		2.2	4.3	2.2
CASH FLOW FROM INVESTMENT ACTIVITIES		(26.4)	(4.5)	(21.6)
Cash flow from financing activities				
Minority interests share in capital increases in subsidiaries		—	—	—
Capital increase		(0.0)	(0.0)	(0.0)
Dividends paid to Altareit SCA shareholders		0.0	—	—
Dividends paid to minority shareholders of subsidiaries		0.0	(12.4)	(0.0)
Issuance of debt and other financial liabilities	6.2	518.3	555.9	385.0
Repayment of borrowings and other financial liabilities	6.2	(291.6)	(504.9)	(314.7)
Repayment of lease liabilities	6.2	(9.7)	(20.2)	(9.6)
Net sales (purchases) of treasury shares		(0.0)	0.0	0.1
Net change in security deposits and guarantees received		(0.4)	0.8	0.7
Interest paid		(6.2)	(26.0)	(8.7)
CASH FLOW FROM FINANCING ACTIVITIES		210.4	(6.7)	52.7
Change in cash balance		308.5	164.4	74.9
<i>Restated, at 31 December 2019 and at 30 June 2019, for the change in presentation of Net borrowing costs (see section 2.4 Change in presentation).</i>				
Cash balance at the beginning of the year	6.2	682.8	518.4	518.4
Cash and cash equivalents		685.0	521.9	521.9
Bank overdrafts		(2.2)	(3.5)	(3.5)
Cash balance at period-end	6.2	991.3	682.8	593.3
Cash and cash equivalents		992.4	685.0	595.0
Bank overdrafts		(1.1)	(2.2)	(1.7)

Consolidated statement of changes in equity

€ millions	Capital	Other paid-in capital	Reserves and retained earnings	Equity attributable to Altarea SCA shareholders	Equity attributable to minority shareholders of subsidiaries	Equity
As of 1 January 2019	2.6	76.3	724.0	802.9	35.4	838.2
Impact of first-time application of IFRS 16 on the opening balances	–	–	0.1	0.1	0.0	0.1
Net Income	–	–	22.0	22.0	8.9	30.9
Actuarial difference relating to pension obligations	–	–	(0.5)	(0.5)	(0.0)	(0.5)
Comprehensive income	–	–	21.5	21.5	8.9	30.4
Dividend distribution	–	–	(0.0)	(0.0)	(0.0)	(0.0)
Capital increase	–	–	0.0	0.0	0.0	0.0
Measurement of Altarea SCA share-based payments	–	–	3.3	3.3	0.0	3.3
Impact of Altarea SCA's share buyback to be delivered to employees	–	–	(9.3)	(9.3)	–	(9.3)
Elimination of treasury shares	–	–	0.0	0.0	–	0.0
Transactions with shareholders	–	–	(5.9)	(5.9)	(0.0)	(5.9)
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	–	(0.2)	(0.2)
Changes in ownership interests associated with taking or losing control of subsidiaries	0.0	–	0.0	0.0	1.8	1.8
Others	0.0	(0.0)	0.0	0.0	(0.1)	(0.1)
As of 30 June 2019	2.6	76.3	739.6	818.5	45.8	864.3
Net Income	–	–	59.0	59.0	5.4	64.4
Actuarial difference relating to pension obligations	–	–	0.0	0.0	(0.0)	0.0
Comprehensive income	–	–	59.0	59.0	5.4	64.4
Dividend distribution	–	–	0.0	0.0	(12.4)	(12.4)
Capital increase	–	–	0.0	0.0	0.0	0.0
Measurement of Altarea SCA share-based payments	–	–	3.9	3.9	(0.0)	3.9
Impact of Altarea SCA's share buyback to be delivered to employees	–	–	(0.4)	(0.4)	–	(0.4)
Elimination of treasury shares	–	–	(0.0)	(0.0)	–	(0.0)
Transactions with shareholders	–	–	3.4	3.4	(12.4)	(8.9)
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	–	0.1	0.1
Changes in ownership interests associated with taking or losing control of subsidiaries	(0.0)	–	(0.0)	(0.0)	(1.8)	(1.8)
Others	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
As of 31 December 2019	2.6	76.3	802.1	881.0	37.1	918.0
Net Income	–	–	22.7	22.7	9.9	32.5
Actuarial difference relating to pension obligations	–	–	0.8	0.8	0.0	0.8
Comprehensive income	–	–	23.5	23.5	9.9	33.3
Dividend distribution	–	–	0.0	0.0	0.0	0.0
Capital increase	–	–	–	–	0.0	0.0
Measurement of Altarea SCA share-based payments	–	–	(2.9)	(2.9)	0.0	(2.9)
Impact of Altarea SCA's share buyback to be delivered to employees	–	–	–	–	–	–
Elimination of treasury shares	–	–	(0.0)	(0.0)	–	(0.0)
Transactions with shareholders	–	–	(3.0)	(3.0)	0.0	(2.9)
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	–	(0.9)	(0.9)
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	–	(0.0)
Others	0.0	0.0	(0.0)	(0.0)	0.0	0.0
As of 30 June 2020	2.6	76.3	822.7	901.5	46.1	947.5

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

2 Notes – Consolidated income statement by segment

€ millions	30/06/2020			31/12/2019 restated			30/06/2019 restated		
	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	1,069.5	–	1,069.5	2,283.1	–	2,283.1	893.9	–	893.9
Cost of sales and other expenses	(980.9)	(0.3)	(981.2)	(2,075.4)	(0.6)	(2,076.0)	(805.8)	–	(805.8)
Net property income	88.6	(0.3)	88.3	207.7	(0.6)	207.1	88.1	–	88.1
External services	4.7	–	4.7	11.2	–	11.2	5.3	–	5.3
Production held in inventory	76.3	–	76.3	157.8	–	157.8	58.2	–	58.2
Operating expenses	(99.3)	(6.6)	(105.9)	(217.1)	(16.3)	(233.5)	(105.1)	(7.0)	(112.1)
Net overhead expenses	(18.3)	(6.6)	(24.9)	(48.1)	(16.3)	(64.5)	(41.6)	(7.0)	(48.6)
Share of equity-method affiliates	7.6	(5.9)	1.6	18.1	(5.5)	12.6	9.4	(2.6)	6.8
Net allowances for depreciation and impairment	–	(10.8)	(10.8)	–	(18.3)	(18.3)	–	(8.6)	(8.6)
Transaction costs	–	–	–	–	(1.5)	(1.5)	–	(0.8)	(0.8)
OPERATING INCOME - RESIDENTIAL	77.9	(23.6)	54.2	177.7	(42.2)	135.5	55.9	(19.0)	36.9
Revenue	196.5	–	196.5	577.0	–	577.0	260.0	–	260.0
Cost of sales and other expenses	(186.0)	–	(186.0)	(564.2)	–	(564.2)	(241.8)	–	(241.8)
Net property income	10.5	–	10.5	12.9	–	12.9	18.2	–	18.2
External services	2.7	–	2.7	10.9	–	10.9	6.7	–	6.7
Production held in inventory	5.6	–	5.6	24.7	–	24.7	5.0	–	5.0
Operating expenses	(14.8)	(1.3)	(16.1)	(34.9)	(3.7)	(38.6)	(15.4)	(1.6)	(16.9)
Net overhead expenses	(6.6)	(1.3)	(7.9)	0.8	(3.7)	(2.9)	(3.6)	(1.6)	(5.2)
Share of equity-method affiliates	0.7	3.5	4.2	9.9	(3.0)	6.9	2.4	(0.4)	1.9
Net allowances for depreciation and impairment	–	(1.0)	(1.0)	–	(3.2)	(3.2)	–	(1.3)	(1.3)
Income/loss in the value of investment property	–	–	–	–	1.3	1.3	–	–	–
OPERATING INCOME - BUSINESS PROPERTY	4.7	1.2	5.9	23.5	(8.6)	15.0	17.0	(3.3)	13.7
Rental income	–	–	–	1.6	–	1.6	1.0	–	1.0
Other expenses	–	–	–	(0.8)	–	(0.8)	(0.5)	–	(0.5)
Net rental income	–	–	–	0.8	–	0.8	0.6	–	0.6
External services	–	–	–	–	–	–	–	–	–
Operating expenses	(0.8)	–	(0.8)	4.7	–	4.7	2.1	–	2.1
Net overhead expenses	(0.8)	–	(0.8)	4.7	–	4.7	2.1	–	2.1
Share of equity-method affiliates	–	–	–	0.2	(0.3)	(0.1)	(0.0)	0.0	(0.0)
Net allowances for depreciation and impairment	–	(2.3)	(2.3)	–	(5.1)	(5.1)	–	(2.2)	(2.2)
Gains / losses on disposals of assets	–	(0.1)	(0.1)	–	(1.2)	(1.2)	–	(0.0)	(0.0)
Income/loss in the value of investment property	–	–	–	–	1.0	1.0	–	2.0	2.0
OPERATING INCOME – DIVERSIFICATION	(0.8)	(2.4)	(3.2)	5.7	(5.6)	0.1	2.7	(0.2)	2.5
Other (Corporate)	(1.2)	(0.2)	(1.4)	(3.0)	(0.4)	(3.4)	(1.0)	(0.2)	(1.2)
OPERATING INCOME	80.6	(25.0)	55.5	204.0	(56.8)	147.2	74.5	(22.6)	51.9
Net borrowing costs	(7.3)	(1.2)	(8.5)	(16.4)	(1.3)	(17.8)	(8.3)	(0.7)	(9.0)
Other financial results	(2.3)	–	(2.3)	(3.4)	–	(3.4)	(1.1)	–	(1.1)
Discounting of debt and receivables	–	–	–	–	2.1	2.1	–	(0.1)	(0.1)
Change in value and income from disposal of financial instruments	–	0.6	0.6	–	(0.1)	(0.1)	–	(0.0)	(0.0)
Net gain/(loss) on disposal of investments	–	(0.2)	(0.2)	–	(1.7)	(1.7)	–	(1.6)	(1.6)
PROFIT BEFORE TAX	70.9	(25.8)	45.1	184.1	(57.9)	126.3	65.1	(25.0)	40.1
Corporate income tax	(4.1)	(8.5)	(12.6)	(4.7)	(26.2)	(30.9)	(2.5)	(6.7)	(9.2)
NET INCOME	66.8	(34.3)	32.5	179.4	(84.1)	95.3	62.6	(31.7)	30.9
Non-controlling interests	(9.8)	(0.1)	(9.9)	(14.5)	0.2	(14.3)	(9.0)	0.1	(8.9)
NET INCOME. Group share	57.0	(34.4)	22.7	164.9	(83.9)	81.0	53.6	(31.6)	22.0
Diluted average number of shares	1,748,438	1,748,438	1,748,438	1,748,489	1,748,489	1,748,489	1,748,475	1,748,475	1,748,475
NET INCOME, GROUP SHARE PER SHARE	32.61	(19.66)	12.96	94.30	(47.99)	46.31	30.63	(18.08)	12.56

Restated, at 31 December 2019 and at 30 June 2019, for the change in presentation of Net borrowing costs (see section 2.4 Change in presentation).

3 Other information attached to the interim consolidated financial statements

Detailed contents of notes to interim consolidated financial statements

Note 1	About the company	Erreur ! Signet non défini.
Note 2	Accounting principles and methods	Erreur ! Signet non défini.
2.1	Accounting standards applied by the Company	Erreur ! Signet non défini.
2.2	Main estimations and judgements	Erreur ! Signet non défini.
2.3	Other principles for presenting the financial statements	Erreur ! Signet non défini.
2.4	Changes in presentation of net borrowing costs	Erreur ! Signet non défini.
Note 3	Information on operating segments	Erreur ! Signet non défini.
3.1	Balance sheet items by operating segment	Erreur ! Signet non défini.
3.2	Consolidated income statement by operating segment	Erreur ! Signet non défini.
3.3	Reconciliation of the consolidated income statement and of the consolidated income statement by operating segment	Erreur ! Signet non défini.
3.4	Revenue by geographical area	Erreur ! Signet non défini.
Note 4	Major events and changes in the scope of consolidation	Erreur ! Signet non défini.
4.1	Major events	Erreur ! Signet non défini.
4.2	Consolidation scope	Erreur ! Signet non défini.
4.3	Changes in consolidation scope	Erreur ! Signet non défini.
4.4	Business combinations	Erreur ! Signet non défini.
4.5	Securities and investments in equity affiliates	Erreur ! Signet non défini.
4.6	Current and non-current financial assets	Erreur ! Signet non défini.
Note 5	Income	Erreur ! Signet non défini.
5.1	Operating income	Erreur ! Signet non défini.
5.2	Cost of net financial debt and other financial items	Erreur ! Signet non défini.
5.3	Income tax	Erreur ! Signet non défini.
5.4	Earnings per share	Erreur ! Signet non défini.
Note 6	Liabilities	Erreur ! Signet non défini.
6.1	Equity	Erreur ! Signet non défini.
6.2	Net financial debt and guarantees	Erreur ! Signet non défini.
6.3	Provisions	Erreur ! Signet non défini.
Note 7	Assets and impairment tests	Erreur ! Signet non défini.
7.1	Intangible assets and goodwill	Erreur ! Signet non défini.
7.2	Right-of-use on property, plant and equipment	Erreur ! Signet non défini.
7.3	Investment properties	Erreur ! Signet non défini.
7.4	Operational working capital requirement	Erreur ! Signet non défini.
Note 8	Financial risk management	Erreur ! Signet non défini.
8.1	Carrying amount of financial instruments by category	Erreur ! Signet non défini.
8.2	Interest rate risk	Erreur ! Signet non défini.
8.3	Liquidity risk	Erreur ! Signet non défini.
Note 9	Related party transactions	Erreur ! Signet non défini.
Note 10	Group commitments and contingent liabilities	Erreur ! Signet non défini.
10.1	Off-balance sheet commitments	Erreur ! Signet non défini.
10.2	Contingent liabilities	Erreur ! Signet non défini.
Note 11	Post-closing events	Erreur ! Signet non défini.

NOTE 1 ABOUT THE COMPANY

Altareit is a “société en commandite par actions” (a French partnership limited by shares), the shares of which are traded on the Euronext Paris regulated market, (Compartment B). Its registered office is located at 87 rue de Richelieu in Paris.

Altareit is a significant player in the Residential and Business property, which controls notably 100% of Cogedim, Pitch Promotion and Histoire & Patrimoine.

NOTE 2 ACCOUNTING PRINCIPLES AND METHODS

2.1 Accounting standards applied by the Company

Altareit Group's consolidated half-yearly financial statements for the period ending 30 June 2020 have been prepared in accordance with IAS 34 "Interim financial information". As these are condensed financial statements, they do not include all of the information required under IFRS standards for annual financial statements and should be read in conjunction with the consolidated financial statements of the Altareit Group for the financial year ended 31 December 2019, presented in the reference document filed with the AMF on 30 March 2020 under number D.20-0212.

The accounting principles used to prepare the half-yearly consolidated financial statements are consistent with the IASB's IFRS standards and interpretations as adopted by the European Union as of 30 June 2020 and available on the site:

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

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

- Amendment to IFRS 3 – New definition of a business
- Amendments to IAS 1 and IAS 8 – Definition of materiality in the financial statements
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform (IBOR) – Phase 1
- Amendments to references within the IFRS standards' conceptual framework
- IFRIC decision on lease term (IFRS 16).

Standards and interpretations adopted early at 30 June 2020, whose application is mandatory for financial years starting on 1 July 2020 or later:

None.

Accounting standards and interpretations in effect at 1 January 2020 and mandatory after 30 June 2020:

None.

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

- IFRS 17 – Insurance Contracts

Altareit is 99.85% 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 period ended 30 June 2020 were approved by the Management on 6 August 2020 having been reviewed by the Audit Committee and the Supervisory Board.

- Amendment to IFRS 16 - Covid-related rent concessions
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform (IBOR) – Phase 2
- Amendment to IAS 1 – Classification of liabilities as current or non-current
- Annual improvements to IFRS - 2018-2020 cycle - (IFRS 1, IFRS 9, IAS 41, IFRS 16)
- Amendment to IFRS 3 – Updating a reference to the conceptual framework
- Amendment to IAS 16 – Accounting for revenue earned before an asset is ready for its intended use
- Amendment to IAS 37 – Onerous contracts - costs of fulfilling a contract.

2.2 Main estimations and judgements

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

The accounting estimates for the financial statements at 30 June 2020 were made in the context of an economic and health crisis (Covid) resulting in a climate of uncertainty. The Group took into account reliable information available on the date the condensed consolidated financial statements were drawn up in relation to impact of this crisis.

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

Measurement of intangible assets not subject to amortisation

- Measurement of goodwill and brands (see note 2.4.7 “Monitoring the value of non-current assets (excluding financial assets and investment property) and losses of value” and 7.1 “Intangible assets and goodwill”).

Goodwill and other intangible assets with an indeterminate life (such as brands) are tested for impairment at least once a year and more frequently if there is an indication of loss of value identified (events or circumstances, internal or external, indicating that a reduction in value may have occurred).

The value of assets (and certain associated liabilities) on the balance sheet, when they are directly related or attributable to cash generating units (CGUs) or groups of CGUs including intangible assets (such as brands) and goodwill, if applicable, is compared to the recoverable amount of the CGU or group of CGUs, defined as the higher of the sale price net of any costs that may be incurred for the sale, and value in use. A CGU is the smallest identifiable group of assets (property programme) that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The economic consequences of the Covid crisis do not represent, at the closing of interim financial statements, any indication of potential impairment of the CGUs or groups of CGUs.

Impairment tests carried out at December 31, 2019 show that the discounted cash flow values (DCF method) are significantly higher than the value of the CGUs or groups of CGUs. As such, the Group did not carry out any specific impairment tests at June 30, 2020.

Measurements of other assets and liabilities

- Measurement of investment properties (see Notes 2.4.5 "Investment properties" and 7.3 "Investment properties").

According to IAS 40, investment properties are held to earn rentals or for capital appreciation or both.

The investment properties held by the Group are primarily offices and hotels. No evidence of impairment was identified as of 30 June 2020.

- Measurement of rights of use and lease liabilities (see section 2.5 "Changes in methods in 2019"),
- Measurement of inventories (see Note 2.4.8 "Inventories"),
- Measurement of deferred tax assets (see Notes 2.4.16 "Taxes" and 5.3 "Income tax"),
- Measurement of share-based payments (see Notes 2.4.12 "Share-based payments" and 6.1 "Equity"),

- Measurement of financial instruments (see Note 8 "Financial risk management"),

Operating income estimates

- Measurement of net property income and services using the percentage-of-completion method (see Note 2.4.17 "Revenue and revenue-related expenses"),

The paragraphs cited above and numbered 2.4.xx refer to the appendix to the consolidated financial statements for the year ended December 31, 2019.

2.3 Other principles for presenting the financial statements

Transactions eliminated in the consolidated financial statements

Balance sheet balances and income and expenses arising from internal transactions and dividends are eliminated, according to consolidation method, when the consolidated financial statements are prepared.

Balance sheet classification

In accordance with IAS 1, the Company presents its assets and liabilities by distinguishing between current and non-current items.

Assets which must be realised, consumed or disposed of within the scope of the normal operating cycle or within 12 months following closure, are classed as "current assets", as well as the assets held with a view to disposal and cash or cash equivalents. All other assets are classified as "non-current assets".

Liabilities which have to be paid within the scope of the normal operating cycle or within 12 months following closure are classified as "current liabilities", as well as the share of provisions arising from the normal operating cycle of the activity concerned due in less than one year.

Deferred taxes are always shown as non-current assets or liabilities.

2.4 Changes in presentation of net borrowing costs

2.4.1 Net borrowing costs

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

€ millions	31/12/2019 published	Impact	31/12/2019 restated	30/06/2019 published	Impact	30/06/2019 restated
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	144.4	–	144.4	49.2	–	49.2
Net borrowing costs	(21.8)	4.0	(17.8)	(10.7)	1.7	(9.0)
Financial expenses	(25.7)	4.0	(21.7)	(12.7)	1.7	(11.1)
Financial income	3.9	(0.0)	3.9	2.1	(0.0)	2.1
Other financial results	–	(3.4)	(3.4)	–	(1.1)	(1.1)
Change in value and income from disposal of financial instruments	(0.1)	–	(0.1)	(0.0)	–	(0.0)
Discounting of debt and receivables	2.1	–	2.1	(0.1)	–	(0.1)
Net gain/(loss) on disposal of investments	1.0	–	1.0	1.1	–	1.1
Dividends	0.6	(0.6)	–	0.5	(0.5)	–
Profit before tax	126.3	–	126.3	40.1	–	40.1
Income tax	(30.9)	–	(30.9)	(9.2)	–	(9.2)
NET INCOME	95.3	–	95.3	30.9	–	30.9
o/w attributable to shareholders of Altareit SCA	81.0	–	81.0	22.0	–	22.0
o/w Net income attributable to minority interests in subsidiaries	14.3	–	14.3	8.9	–	8.9

2.4.2 Financial and non-financial assets

The Group has opted to present under a separate line securities and investments in equity affiliates since 1 January 2020. The financial statements dated 31 December 2019 have been restated to reflect this. As of 31 December 2019, non-consolidated securities have been reclassified as Non-current financial assets totalling €33.6 million.

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

NOTE 3 INFORMATION ON OPERATING SEGMENTS

3.1 Balance sheet items by operating segment

As of 30 June 2020

<i>€ millions</i>	Residential	Business Property	Diversification	TOTAL
Operating assets and liabilities				
Intangible assets	282.8	21.5	0.0	304.3
Property, plant and equipment	19.5	–	1.0	20.5
Right-of-use on property, plant and equipment	147.0	0.0	3.2	150.2
Investment properties	–	31.1	0.0	31.1
Securities and receivables in equity affiliates	172.0	87.6	1.9	261.5
Operational working capital requirement	654.4	6.9	(4.4)	657.0
Total operating assets and liabilities	1,275.7	147.1	1.8	1,424.5

As of 31 December 2019 restated

<i>€ millions</i>	Residential	Business Property	Diversification	TOTAL
Operating assets and liabilities				
Intangible assets	281.6	21.5	0.0	303.1
Property, plant and equipment	13.5	4.4	1.0	18.9
Right-of-use on property, plant and equipment	16.4	–	5.4	21.7
Investment properties	–	31.1	–	31.1
Securities and receivables in equity affiliates	170.6	77.0	1.9	249.5
Operational working capital requirement	773.4	(46.8)	(5.7)	721.0
Total operating assets and liabilities	1,255.5	87.2	2.6	1,345.3

3.2 Consolidated income statement by operating segment

See consolidated income statement by segment in the financial statements.

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

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

€ millions	30/06/2020			31/12/2019 restated			30/06/2019 restated		
	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
Rental income	—	—	—	1.6	—	1.6	1.0	—	1.0
Unrecoverable rental expenses	—	—	—	(0.8)	—	(0.8)	(0.5)	—	(0.5)
Net rental income	—	—	—	0.8	—	0.8	0.6	—	0.6
Revenue	1,266.1	—	1,266.1	2,860.2	—	2,860.2	1,153.9	—	1,153.9
Cost of sales	(1,115.1)	—	(1,115.1)	(2,477.9)	—	(2,477.9)	(984.4)	—	(984.4)
Other income	(51.8)	—	(51.8)	(132.6)	(0.0)	(132.7)	(55.9)	(0.0)	(55.9)
Net charge to provisions for current assets	(0.0)	—	(0.0)	(29.7)	—	(29.7)	(7.4)	(0.0)	(7.4)
Amortisation of customer relationships	—	(0.3)	(0.3)	—	(0.6)	(0.6)	—	—	—
Net property income	99.1	(0.3)	98.8	220.0	(0.6)	219.3	106.3	(0.0)	106.3
External services	7.4	—	7.4	22.1	—	22.1	12.1	—	12.1
Own work capitalised and production held in inventory	81.9	—	81.9	182.5	—	182.5	63.2	—	63.2
Personnel costs	(80.5)	(5.2)	(85.7)	(168.3)	(14.3)	(182.5)	(83.2)	(6.3)	(89.4)
Other overhead expenses	(36.2)	(2.7)	(38.9)	(81.4)	(6.4)	(87.8)	(36.7)	(2.3)	(39.0)
Depreciation expenses on operating assets	—	(12.0)	(12.0)	—	(20.0)	(20.0)	—	(9.9)	(9.9)
Net overhead expenses	(27.5)	(19.9)	(47.3)	(45.0)	(40.7)	(85.7)	(44.6)	(18.5)	(63.1)
Other income and expenses	0.6	(0.2)	0.4	(0.0)	0.2	0.2	0.5	(0.2)	0.4
Depreciation expenses	—	(2.4)	(2.4)	—	(5.0)	(5.0)	—	(2.2)	(2.2)
Transaction costs	—	—	—	—	(1.5)	(1.5)	—	(0.8)	(0.8)
Others	0.6	(2.6)	(1.9)	(0.0)	(6.3)	(6.3)	0.5	(3.2)	(2.7)
Income from disposal of investment assets	—	(0.1)	(0.1)	—	(1.2)	(1.2)	—	—	—
Change in value of investment properties	—	—	—	—	2.3	2.3	—	2.0	2.0
Net impairment losses on other non-current assets	—	(0.0)	(0.0)	—	(0.5)	(0.5)	—	(0.0)	(0.0)
Net charge to provisions for risks and contingencies	—	0.3	0.3	—	(1.0)	(1.0)	—	0.1	0.1
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	72.3	(22.6)	49.7	175.7	(48.0)	127.8	62.7	(19.6)	43.1
Share in earnings of equity-method affiliates	8.3	(2.5)	5.8	25.5	(8.9)	16.6	9.1	(3.0)	6.1
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	80.6	(25.0)	55.5	201.3	(56.8)	144.4	71.8	(22.6)	49.2
Net borrowing costs	(7.3)	(1.2)	(8.5)	(16.4)	(1.3)	(17.8)	(8.3)	(0.7)	(9.0)
Financial expenses	(9.3)	(1.2)	(10.5)	(20.4)	(1.3)	(21.7)	(10.4)	(0.7)	(11.1)
Financial income	2.0	—	2.0	3.9	—	3.9	2.1	—	2.1
Other financial results	(2.3)	—	(2.3)	(3.4)	—	(3.4)	(1.1)	—	(1.1)
Change in value and income from disposal of financial instruments	—	0.6	0.6	—	(0.1)	(0.1)	—	(0.0)	(0.0)
Discounting of debt and receivables	—	—	—	—	2.1	2.1	—	(0.1)	(0.1)
Proceeds from the disposal of investments ^(a)	—	(0.2)	(0.2)	2.7	(1.7)	1.0	2.7	(1.6)	1.1
Profit before tax	70.9	(25.8)	45.1	184.1	(57.9)	126.3	65.1	(25.0)	40.1
Income tax	(4.1)	(8.5)	(12.6)	(4.7)	(26.2)	(30.9)	(2.5)	(6.7)	(9.2)
NET INCOME	66.8	(34.3)	32.5	179.4	(84.1)	95.3	62.6	(31.7)	30.9
o/w Net income attributable to Altareit SCA shareholders	57.0	(34.4)	22.7	164.9	(83.9)	81.0	53.6	(31.6)	22.0
o/w Net income attributable to minority interests in	9.8	0.1	9.9	14.5	(0.2)	14.3	9.0	(0.1)	8.9
Average number of non-diluted shares	1,748,438	1,748,438	1,748,438	1,748,489	1,748,489	1,748,489	1,748,475	1,748,475	1,748,475
Net income per share attributable to shareholders of Altareit SCA (€)	32.61	(19.66)	12.96	94.30	(47.99)	46.31	30.63	(18.08)	12.56
Diluted average number of shares	1,748,438	1,748,438	1,748,438	1,748,489	1,748,489	1,748,489	1,748,475	1,748,475	1,748,475
Diluted net income per share attributable to shareholders of Altareit SCA (€)	32.61	(19.66)	12.96	94.30	(47.99)	46.31	30.63	(18.08)	12.56

Restated, at 31 December 2019 and at 30 June 2019, for the change in presentation of Net borrowing costs (see section 2.4 Change in presentation).

(a) Gains or losses on disposals of equity interests were reallocated to each of the activities concerned by the gains or losses when it relates to an investment previously fully consolidated or a share of the equity-method affiliates when the equity disposed of was previously in an equity-method company.

3.3.2 Reconciliation of operating income between the two income statements

As of 30 June 2020

	Residential	Business Property	Diversification	Other (Corporate)	TOTAL
<i>€ millions</i>					
Net property income	88.3	10.5	–	–	98.8
Net overhead expenses	(34.2)	(13.1)	–	–	(47.3)
Others	(1.4)	4.0	(3.1)	(1.4)	(1.9)
Results on disposals	(0.0)	–	–	–	(0.0)
Net charge to provisions for risks and contingencies	(0.0)	0.3	0.0	–	0.3
Share in earnings of equity-method affiliates	1.6	4.2	–	–	5.8
OPERATING INCOME (Consolidated income statement)	54.2	5.9	(3.2)	(1.4)	55.5
Reclassification of net gain/(loss) on disposal of investments	–	–	–	–	–
OPERATING INCOME (Consolidated income statement by segment)	54.2	5.9	(3.2)	(1.4)	55.5

As of 31 December 2019

	Residential	Business Property	Diversification	Other (Corporate)	TOTAL
<i>€ millions</i>					
Net rental income	–	–	0.8	–	0.8
Net property income	207.1	12.9	(0.0)	(0.6)	219.3
Net overhead expenses	(79.6)	(6.1)	–	–	(85.7)
Others	(3.7)	0.1	0.1	(2.8)	(6.3)
Income from disposal of investment assets	–	–	(1.2)	–	(1.2)
Value adjustments	(0.5)	1.3	1.0	–	1.9
Net charge to provisions for risks and contingencies	(0.5)	(0.1)	(0.4)	–	(1.0)
Share in earnings of equity-method affiliates	12.6	4.2	(0.1)	–	16.6
OPERATING INCOME (Consolidated income statement)	135.5	12.2	0.1	(3.4)	144.4
Reclassification of net gain/(loss) on disposal of investments	–	2.7	–	–	2.7
OPERATING INCOME (Consolidated income statement by segment)	135.5	14.9	0.1	(3.4)	147.2

As of 30 June 2019

	Residential	Business Property	Diversification	Other (Corporate)	TOTAL
<i>€ millions</i>					
Net property income	88.1	18.2	(0.0)	–	106.3
Net overhead expenses	(56.8)	(6.3)	–	–	(63.1)
Others	(1.3)	(0.2)	0.1	(1.2)	(2.7)
Value adjustments	(0.0)	(0.0)	2.0	–	2.0
Net charge to provisions for risks and contingencies	0.1	0.0	(0.1)	–	0.1
Share in earnings of equity-method affiliates	6.8	(0.8)	(0.0)	–	6.1
OPERATING INCOME (Consolidated income statement)	36.9	10.9	2.5	(1.2)	49.2
Reclassification of net gain/(loss) on disposal of investments	–	2.7	–	–	2.7
OPERATING INCOME (Consolidated income statement by segment)	36.9	13.7	2.5	(1.2)	51.9

3.4 Revenue by geographical area

€ millions	30/06/2020			31/12/2019			30/06/2019		
	France	Others	Total	France	Others	Total	France	Others	Total
Revenue	1,069.5	–	1,069.5	2,283.1	–	2,283.1	893.9	–	893.9
External services	4.7	–	4.7	11.2	–	11.2	5.3	–	5.3
Residential	1,074.2	–	1,074.2	2,294.3	–	2,294.3	899.2	–	899.2
Revenue	196.5	–	196.5	577.0	–	577.0	260.0	–	260.0
External services	2.4	0.3	2.7	10.4	0.5	10.9	6.5	0.3	6.7
Business Property	199.0	0.3	199.2	587.4	0.5	587.9	266.4	0.3	266.7
Revenue	–	–	–	1.6	–	1.6	1.0	–	1.0
Diversification	–	–	–	1.6	–	1.6	1.0	–	1.0
Total revenue	1,273.2	0.3	1,273.4	2,883.3	0.5	2,883.9	1,166.7	0.3	1,167.0

In 2020, one client accounted for over 10% of the Group's revenue, i.e. €325 million in the Residential segment

NOTE 4 KEY EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 Key events

Residential

Impact of lockdown on activity in the first half

Despite the decline in commercial contacts during lockdown (closure of sales offices and networks from 16 March) the work of staff helped to keep sales at 30% of normal level for individuals sales.

The Group made full use of its digital tools, and notably e-bookings, which enables online sales to be contracted under secure conditions.

However, notarised sales came to a near standstill, despite the decree allowing deeds to be signed remotely, the impact of which was relatively marginal. These recovered strongly from mid-May onwards.

In parallel, almost all of the 300 construction sites were closed between the end of March and mid-April.

Agreements with major institutional investors.

At the end of April, Altarea and CDC Habitat¹ signed an agreement concerning the sale of around 3,500 units for €825 million excluding tax² at 100%. This agreement, which mainly concerns programmes at the "Building Permit Obtained" stage, was regularised by 70% at the end of June and nearly 80% at the end of July.

On top of that comes €72 million in sales by Woodeum, a 50%-owned subsidiary of the Group.

In all, reservations totalled €1,921 million, up +30%.

Business Property

Impact of lockdown on activity in the first half

The main impact of the lockdown was the shutdown of the majority of building sites. Work was slowed down, but never stopped, for Bridge in Issy-les-Moulineaux (future headquarters of Orange) and Altarea's future headquarters on rue de Richelieu. Since mid-April, work has been gradually resuming at a slower pace and in compliance with the rules set out in the OPPBTP guidelines, the main consequence being the postponement of delivery dates and the deferral of results, notably from 2020 to 2021.

New orders

In the first half of 2020, the Group invested €88 million in Paris and Regional cities, including the off-plan sale of 9,700 m² of offices as part of the large mixed-use project, Bobigny-La Place.

Given lockdown, the pipeline slightly changed in the half-year under review, the biggest change being due to the delivery of the "Richelieu" building.

Deliveries

The restructuring work at Altarea's new head office at 87 rue de Richelieu in Paris was completed during the first half despite the confinement, and the Group's 1,300 Paris Region employees gradually moved there in June 2020.

¹ Acting on behalf of its own funds as well as those of other residential investors.

² i.e. €1 billion including VAT.

4.2 Consolidation scope

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

			30/06/2020			31/12/2019		
COMPANY	Siren		Method	Interest	Consolidation	Method	Interest	Consolidation
ALTAREIT SCA	552091050	parent company	FC	100.0%	100.0%	FC	100.0%	100.0%
Residential								
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%
CŒUR MOUGINS SNC	453830663		FC	100.0%	100.0%	FC	100.0%	100.0%
ISSY CŒUR DE VILLE SNC	830181079		FC	100.0%	100.0%	FC	100.0%	100.0%
ISSY CŒUR DE VILLE COMMERCE SNC	828184028		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA FAUBOURG SAS	444560874		FC	100.0%	100.0%	FC	100.0%	100.0%
HP SAS IG	480309731		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC HORIZONS IG	825208093		FC	100.0%	100.0%	FC	100.0%	100.0%
Altarea Cogedim ZAC VLS (SNC)	811910447		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC VITROLLES LION3	811038363		FC	100.0%	100.0%	FC	100.0%	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 ARGENTEUIL SARRAZIN	822894432		FC	51.0%	100.0%	FC	51.0%	100.0%
SCCV SAINT-CYR LA FAVORITE	824331060		FC	80.0%	100.0%	FC	80.0%	100.0%
SCCV BEZONS CŒUR DE VILLE A1 & A2- LOGEMENTS	819929845		FC	100.0%	100.0%	FC	100.0%	100.0%
SCCV GIF MOULON A4	830886115		FC	25.0%	100.0%	FC	25.0%	100.0%
SNC BOBIGNY CŒUR DE VILLE	838941011		FC	100.0%	100.0%	FC	100.0%	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 ARTCHIPEL	841150071		FC	100.0%	100.0%	FC	100.0%	100.0%
SCCV CLICHY ROGUET	880090212		FC	51.0%	100.0%	NC	0.0%	0.0%
SCCV ANTONY HARMONY 2	818587438	joint venture	EA	51.0%	51.0%	EA	51.0%	51.0%
SCCV ZAC RIVE GAUCHE LOT 4	804129864	affiliate	EA	50.0%	50.0%	EA	50.0%	50.0%
SCCV BAGNOLET ALLENDE	821889151	affiliate	EA	49.0%	49.0%	EA	49.0%	49.0%
SCCV ILOT 2B SUD	810249797	joint venture	EA	45.0%	45.0%	EA	45.0%	45.0%
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 COGEDIM PARIS MÉTROPOLE	319293916		FC	100.0%	100.0%	FC	100.0%	100.0%
SARL ASNIERES AULAGNIER	487631996	joint venture	EA	50.0%	50.0%	EA	50.0%	50.0%
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 LANGUEDOC ROUSSILLON	532818085		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	EA	50.0%	50.0%	EA	50.0%	50.0%
SAS BAGNEUX 116	839324175		FC	51.0%	100.0%	FC	51.0%	100.0%
SNC LYON LES MOTEURS	824866388		FC	100.0%	100.0%	FC	100.0%	100.0%
SCCV PARIS CAMPAGNE PREMIÈRE	530706936		FC	51.0%	100.0%	FC	51.0%	100.0%
SCCV BOBIGNY PARIS	812846525		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 JOINVILLE H.PINSON	821764107		FC	50.1%	100.0%	FC	50.1%	100.0%
SCCV CHAMPIGNY ALEXANDRE FOURNY	829377894		FC	50.1%	100.0%	FC	50.1%	100.0%
SCCV 61-75 PARIS AVENUE DE FRANCE	830917100	joint venture	EA	50.0%	50.0%	EA	50.0%	50.0%
SCCV SURESNES BMV	834261497		FC	50.1%	100.0%	FC	50.1%	100.0%
SCCV ASNIERES 94 GRESILLONS	849115258		FC	51.0%	100.0%	FC	51.0%	100.0%
SCCV CROIX DE DAURADE	829774173		FC	51.0%	100.0%	FC	51.0%	100.0%
SEVERINI	499459204		FC	85.0%	100.0%	FC	85.0%	100.0%
WOODEUM RÉSIDENTIEL SAS (IS)	807674775		EA	50.0%	50.0%	EA	50.0%	50.0%
Business Property								
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%
AF INVESTCO ARAGO (SNC)	494382351	affiliate	EA	30.1%	30.1%	EA	30.1%	30.1%
ALTA VAI HOLDCO A (ex Salle wagram, ex theatre de l'empire)	424007425		FC	100.0%	100.0%	FC	100.0%	100.0%
PASCALPROPSCO (SAS)	437929813	affiliate	EA	15.1%	15.1%	EA	15.1%	15.1%
SCCV RUEIL LE LUMIERE	822728473	affiliate	EA	20.0%	20.0%	EA	20.0%	20.0%
SNC ISSY CŒUR DE VILLE PROMOTION BUREAUX	829845536		FC	51.0%	100.0%	FC	51.0%	100.0%

4.3 Changes in consolidation scope

	31/12/2019	Acquisition	Creation	Sale	Absorption, dissolution, deconsolidation	Change in consolidation method	30/06/2020
<i>In number of companies</i>							
Fully consolidated subsidiaries	330	-	13	(1)	(16)	-	326
Joint ventures ^(a)	118	-	6	-	(5)	-	119
Affiliates ^(a)	76	1	1	(1)	(5)	-	72
Total	524	1	20	(2)	(26)	-	517

(a) Companies accounted for using the equity method.

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

The Group did not complete any major acquisitions or disposals in this period.

4.4 Business combinations

The Group did not complete any business combinations in the period.

4.5 Securities and investments in equity affiliates

In application of IFRS 10, 11 and 12, the following are recognised under securities and receivables on equity

affiliates, investments in joint ventures and associated companies, including receivables from these holdings.

4.5.1 Equity-accounting value of joint ventures and affiliates and related receivables

€ millions	30/06/2020	31/12/2019
Equity-accounting value of joint ventures	62.1	63.1
Equity-accounting value of affiliated companies	34.6	27.3
Value of stake in equity-method affiliates	96.6	90.4
Receivables from joint ventures	47.5	43.3
Receivables from affiliated companies	117.4	115.8
Receivables from equity-method subsidiaries	164.8	159.2
Total securities and receivables in equity affiliates	261.5	249.5

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

€ millions	30/06/2020		31/12/2019		30/06/2019	
	Joint ventures	Affiliates	Joint ventures	Affiliates	Joint ventures	Affiliates
Balance sheet items, group share:						
Non-current assets	107.5	145.9	253.5	107.4	139.1	246.5
Current assets	280.9	195.3	476.2	290.3	246.1	536.4
Total Assets	388.4	341.2	729.7	397.6	385.2	782.8
Non-current liabilities	82.2	158.0	240.2	87.9	158.1	246.1
Current liabilities	244.1	148.7	392.8	246.6	199.7	446.4
Total Liabilities	326.4	306.7	633.0	334.6	357.9	692.5
Net assets (equity-accounting basis)	62.1	34.6	96.6	63.1	27.3	90.4
Income statement items, group share:						
Operating income	3.1	5.6	8.6	10.5	15.9	26.4
Net borrowing costs	(0.8)	(2.8)	(3.6)	(1.1)	(5.2)	(8.8)
Other financial results	(1.3)	(0.1)	(1.4)	(2.3)	(0.2)	(2.5)
Change in value of hedging	-	0.0	0.0	-	(0.1)	(0.1)
Net income before tax	1.0	2.6	3.6	7.1	10.5	17.5
Corporate income tax	(0.8)	3.0	2.2	1.1	(2.0)	(0.9)
Net income after tax, Group share	0.2	5.7	5.8	8.2	8.5	16.6
Non-Group net income	-	(0.0)	(0.0)	-	-	-
Net income, Group share	0.2	5.7	5.8	8.2	8.5	16.6

Group revenues from joint ventures amounted to €7.3 million as of 30 June 2020, compared with €58.6 million as of 31 December 2019, and €2.6 million as of 30 June 2019.

Group revenues from associates amounted to €1.9 million as of 30 June 2020, compared with €11.7 million as of 31 December 2019, and €6.0 millions as of 30 June 2019.

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

Commitments given

Cogedim Résidences Services committed to paying rent in the context of leasing the Cogedim Club® serviced residences. In the context of the application of IFRS 16, these contracts have been restated in the financial statements of the companies.

In return, Cogedim Résidences Services receives rent from sub-tenants. This rent continues to be presented as liabilities.

In the case of property development activities for joint ventures, construction work completion guarantees and guarantees on forward payments for assets were given for €63.4 million and €1.9 million respectively as of 30 June 2020.

4.6 Current and non-current financial assets

As of 30 June 2020, current and non-current financial assets totalled €79.5 million and mainly comprise:

- non-consolidated securities totalling €36.5 million.
At each reporting date, non-consolidated participating interests are measured at fair value either through profit or loss or as available for sale. In the case of shares in listed companies, this fair value is measured on the basis of the stock exchange price on the reporting date in

question. For unlisted securities, if the fair value cannot be reliably determined, the securities are kept at their initial fair value on the balance sheet, the best estimation of which is the acquisition cost plus transaction costs.

- Security deposits and guarantees paid for projects, totalling €8.0 million,
- Loans and receivables, at amortised cost, totalling €35.0 million.

NOTE 5 INCOME

5.1 Operating income

5.1.1 Net rental income

Net rental income stood at €0.6 million at 30 June 2019 and corresponds to the income from the operation of the Reflets Compans shopping mall located in Toulouse, an asset sold at the end of 2019.

5.1.2 Net property income

As of 30 June 2020, the Altareit Group's net property income totalled €98.8 million, versus €106.3 million in June 2019, with the slump affecting mainly business property.

The Residential Backlog for fully integrated companies was €3,946 million at 30 June 2020.

The Business property Backlog for fully integrated companies was €479 million at 30 June 2020.

5.2 Cost of net financial debt and other financial items

5.2.1 Cost of net financial debt

€ millions	30/06/2020	31/12/2019 restated	30/06/2019 restated
Bond and bank interest expenses	(9.2)	(20.2)	(10.1)
Interest on partners' advances	1.9	3.8	1.8
Other financial income and expenses	0.0	(0.0)	(0.0)
FFO financial income and expenses	(7.3)	(16.4)	(8.3)
Spreading of bond issue costs ^(a)	(1.2)	(1.3)	(0.7)
NET BORROWING COSTS	(8.5)	(17.8)	(9.0)

(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 amortising issuance costs in accordance with IFRS 9.

5.2.2 Other financial results

Other financial results correspond mainly to interest expenses on lease liabilities or contractual fees on investment properties (see Section 2.4 Changes in presentation).

5.3 Income tax

Analysis of tax expense

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

€ millions	30/06/2020	31/12/2019	30/06/2019
Tax due	(4.1)	(4.7)	(2.5)
Tax loss carry forwards and/or use of deferred losses	(9.8)	(19.0)	(4.5)
Valuation differences	0.1	0.2	–
Fair value of investment properties	(0.1)	(0.5)	(0.8)
Fair value of hedging instruments	(0.2)	0.0	0.0
Net property income on a percentage-of-completion basis	1.6	(7.1)	(1.7)
Other timing differences	(0.1)	0.2	0.4
Deferred tax	(8.5)	(26.2)	(6.7)
Total tax income (expense)	(12.6)	(30.9)	(9.2)

Effective tax rate

€ millions	30/06/2020	31/12/2019	30/06/2019
Pre-tax profit of consolidated companies	39.3	109.6	34.0
Group tax savings (expense)	(12.6)	(30.9)	(9.2)
Effective tax rate	(32.07)%	(28.24)%	(26.98)%
Tax rate in France	28.92%	32.02%	32.02%
Theoretical tax charge	(11.4)	(35.1)	(10.9)
Difference between theoretical and effective tax charge	(1.2)	4.1	1.7
Differences related to treatment of losses	(0.2)	(1.9)	(0.5)
Other permanent differences and rate differences	(1.0)	6.0	2.2

Deferred tax assets and liabilities

€ millions	30/06/2020	31/12/2019
Tax loss carry forwards	56.8	66.5
Valuation differences	(27.3)	(27.4)
Fair value of investment properties	(1.3)	(1.2)
Fair value of financial instruments	(0.2)	0.0
Net property income on a percentage-of-completion basis	(66.9)	(68.1)
Other timing differences	0.1	0.2
Net deferred tax on the balance sheet	(38.8)	(29.9)

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

Deferred tax is calculated at the rate of 28.92%, the rate determined by the French Finance Act, 2020.

The Finance Act provides for a gradual decrease in the rate of corporate income tax, which would be set at 27.37% in 2021, 25.83% in 2021, and 25.83% from 1 January 2022.

To anticipate the effect of these future reductions after 2020, a discount was applied to the tax calculated based on the items the Group does not expect to be cleared before this date.

5.4 Earnings per share

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

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

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

€ millions	30/06/2020	31/12/2019	30/06/2019
Numerator			
Net income, Group share	22.7	81.0	22.0
Denominator			
Weighted average number of shares before dilution	1,748,438	1,748,489	1,748,475
Effect of potentially dilutive shares			
<i>Stock options</i>	–	–	–
<i>Rights to free share grants</i>	–	–	–
Total potential dilutive effect	–	–	–
Weighted diluted average number of shares	1,748,438	1,748,489	1,748,475
Net income per share attributable to Group shareholders (€)	12.96	46.31	12.56
Diluted net income per share attributable to Group shareholders (€)	12.96	46.31	12.56

NOTE 6 LIABILITIES

6.1 Equity

6.1.1 Capital, share-based payments and treasury shares

Capital (€)

<i>In number of shares and in €</i>	Number of shares	Nominal	Share capital
Number of shares outstanding at 31 December 2018	1,750,487	1.50	2,626,731(a)
No change in 2019			
Number of shares outstanding at 31 December 2019	1,750,487	1.50	2,626,731(a)
No changes over the period from 1 January 2020 to 30 June 2020			
Number of shares outstanding at 30 June 2020	1,750,487	1.50	2,626,731(a)

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

Capital management

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

Share-based payments

Payments in shares are transactions based on the value of the securities of Altarea SCA, a listed company which controls Altareit. Payment can be made in equity instruments or in cash; however, plans for Altarea SCA shares will be settled exclusively in shares.

The gross expense recorded on the income statement for share-based payments was €4.5 million as of 30 June 2020 compared to €4.9 million in the first half of 2019.

Free share grants

Award date	Number of rights awarded	Vesting date	Rights in circulation as at 31/12/2019	Awarded	Deliveries	Amendments to rights(a)	Rights in circulation as at 30/06/2020
Stock grant plans on Altarea							
21 February 2018	7,916	21 February 2020	7,424		(7,219)	(205)	
2 March 2018	18,504 (b)	2 March 2020	15,735		(15,170)	(565)	
30 March 2018	3,419	30 March 2020	3,419		(3,419)	–	
20 July 2018	41,500 (b)	31 March 2021	41,500			(3,000)	38,500
7 September 2018	14,800 (b)	31 March 2021	14,800			–	14,800
3 December 2018	5,000 (b)	31 March 2021	5,000			–	5,000
15 March 2019	29,069	15 March 2020	18,449		(17,966)	(483)	
18 March 2019	9,461	18 March 2021	6,712			(135)	6,577
19 March 2019	41,531	19 March 2022	22,595			(1,015)	21,580
6 June 2019	1,355	20 March 2022	1,355			(135)	1,220
18 December 2019	3,000 (b)	31 March 2021	3,000			–	3,000
20 April 2020	36,885	20 April 2021		36,885		–	36,885
21 April 2020	13,487	21 April 2022		13,487		–	13,487
22 April 2020	27,364	22 April 2023		27,564		(200)	27,364
30 April 2020	3,300	30 April 2021		3,300		–	3,300
Total	256,591		139,989	81,236	(43,774)	(5,738)	171,713

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

(b) Plans subject to performance criteria.

Treasury shares

Treasury shares are eliminated and offset directly in equity.

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

6.1.2 Dividends proposed and paid

No dividend was distributed in 2020 for the 2019 financial year.

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

6.2 Net financial debt and guarantees

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

€ millions	31/12/2019	Cash flow	"Non-cash" change					30/06/2020
			Spreading of issue costs	Change in scope of consolidation	Present value adjustment	Change in method	Reclassification	
Private bond investment (excluding accrued interest)	345.7	0.0	0.3	–	–	–	–	346.1
Negotiable European Commercial Paper and European Medium Term Note	315.0	179.0	–	–	–	–	–	494.0
Bank borrowings, excluding accrued interest and overdrafts	350.5	36.3	0.9	(4.5)	–	–	–	383.2
Net bond and bank debt, excluding accrued interest and overdrafts	1,011.2	215.3	1.2	(4.5)	–	–	–	1,223.3
Accrued interest on bond and bank borrowings	5.8	5.5	–	–	–	–	–	11.4
Bond and bank debt, excluding overdrafts	1,017.1	220.8	1.2	(4.5)	–	–	–	1,234.6
Cash and cash equivalents	(685.0)	(307.4)	–	–	–	–	–	(992.4)
Bank overdrafts	2.2	(1.1)	–	–	–	–	–	1.1
Net cash	(682.8)	(308.5)	–	–	–	–	–	(991.3)
Net bond and bank debt	334.3	(87.7)	1.2	(4.5)	–	–	–	243.3
Group and partners' advances	85.3	11.4	–	2.4	–	–	–	99.1
Accrued interest on shareholders' advances	–	–	–	–	–	–	–	(0.0)
Lease liabilities	26.5	(9.7)	–	–	–	–	139.5	156.3
Net financial debt	446.1	(86.0)	1.2	(2.0)	–	–	139.5	498.7

6.2.1 Net financial bond and bank debt

Group net financial bond and bank debt amounted to €243.3 million at 30 June 2020, versus €334.3 million at 31 December 2019.

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

- borrowings from credit institutions amounting to €208.4 million compared with €165.0 million at 31 December 2019;
- bank financing of development operations for €174.7 million compared with €185.5 million at 31 December 2019.

During the period, the Group notably:

- Introduced or extended term loans granted for €120 million;
- Introduced or extended the possibility of drawing on revolving credit facilities totalling €270 million
- Increased its issues of Negotiable European Medium Term Notes (over €179 million). The Group continued to use short-term or medium-term resources via NEU-CP (issues up to one year) and NEU-MTN (issues beyond one year) programmes.

All financing was not fully drawn at 30 June 2020

The current account with Altarea SCA was €0.0 million at 30 June 2019, compared to €0.1 million at 31 December 2019.

Changes in scope are related to movement in Property Development.

Borrowing costs are analysed in the note on earnings.

Net cash

Marketable securities classified as cash equivalents are recognised (for an amount that is not significant at Group level) at fair value at each reporting date.

Breakdown of bank and bond debt by maturity

€ millions	30/06/2020	31/12/2019
< 3 months	204.0	185.8
3 to 6 months	77.7	65.3
6 to 9 months	86.6	112.1
9 to 12 months	167.9	20.6
Less than 1 year	536.2	383.9
At 2 years	123.4	126.4
At 3 years	100.7	76.9
At 4 years	66.0	15.9
At 5 years	41.0	68.0
1-5 years	331.1	287.2
More than 5 years	374.2	352.4
Issuance cost to be amortised	(5.8)	(4.3)
Total gross bond and bank debt	1,235.7	1,019.3

The increase in the portion of bond and bank debt due in less than one year is attributable to the increase in Negotiable European Commercial Paper and their maturity schedule.

Breakdown of bank and bond debt by guarantee

€ millions	30/06/2020	31/12/2019
Mortgage commitments	173.5	184.3
Moneylender lien	13.3	13.7
Pledging of receivables	–	–
Altarea SCA security deposit	200.0	150.0
Not guaranteed	854.7	675.6
Total	1,241.5	1,023.6
Issuance cost to be amortised	(5.8)	(4.3)
Total gross bond and bank debt	1,235.7	1,019.3

Breakdown of bank and bond debt by interest rate

€ millions	Gross bond and bank debt		
	Variable rate	Fixed rate	Total
As of 30 June 2020	879.5	356.2	1,235.7
As of 31 December 2019	668.5	350.8	1,019.3

The market value of fixed rate debt stood at €366.8 million at 30 June 2020 compared to €382.0 million at 31 December 2019.

Schedule of future interest expenses

€ millions	30/06/2020	31/12/2019
< 3 months	1.2	1.2
3 to 6 months	1.2	1.2
6 to 9 months	1.1	6.2
9 to 12 months	1.0	1.1
Less than 1 year	4.5	9.7
At 2 years	12.9	13.4
At 3 years	11.7	11.9
At 4 years	10.8	11.2
At 5 years	10.1	10.3
1-5 years	45.6	46.8

These future interest expenses concern borrowings and financial instruments and are presented exclusive of accrued interest not payable.

6.2.2 Lease liabilities

Lease liabilities are debts mainly relating to real estate leases and vehicle leases (respectively for the premises occupied and the vehicles used by Group employees) and the debt reclassified from the old finance lease contract.

These liabilities totalled €156.3 million at 30 June 2020 versus €26.5 million at 31 December 2019. The increase is essentially due to the coming into effect of the lease on the Group's new head office at rue de Richelieu in Paris. These obligations should be compared with the rights of use on property, plant and equipment and the rights of use on investment properties.

Breakdown of lease liabilities by maturity

€ millions	30/06/2020	31/12/2019
< 3 months	2.9	4.8
3 to 6 months	2.6	2.7
6 to 9 months	2.5	2.3
9 to 12 months	1.3	2.3
Less than 1 year	9.2	12.2
At 2 years	7.9	5.2
At 3 years	14.3	2.9
At 4 years	13.4	1.5
At 5 years	13.9	1.3
1-5 years	49.4	10.9
More than 5 years	97.7	3.4
Total lease liabilities	156.3	26.5

6.2.3 Items included in net debt in the cash flow statement

€ millions	Cash flow
Issuance of debt and other financial liabilities	518.3
Repayment of borrowings and other financial liabilities	(291.6)
Change in debt and other financial liabilities	226.7
Repayment of lease liabilities	(9.7)
Change in cash balance	308.5
Total change in net financial debt	525.5
Net bond and bank debt, excluding accrued interest and overdrafts	215.3
Net cash	308.5
Group and partners' advances	11.4
Lease liabilities	(9.7)
Total change in net financial debt	525.5

6.3 Provisions

€ millions	30/06/2020	31/12/2019
Provision for benefits payable at retirement	10.3	11.2
Other provisions	7.7	8.0
Tot	18.0	19.2

Provision for benefits payable at retirement was measured, as in previous financial years, by an external actuary. Valuation and accounting principles are detailed in the accounting principles and methods of the Company, see Note 2.4.14. "Employee benefits". The main assumptions used when evaluating this commitment are turnover, the discount rate and the rate of salary increase: a change of +/- 0.25% in the last two criteria would not have any significant impact.

Other provisions primarily cover:

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

NOTE 7 ASSETS AND IMPAIRMENT TESTS

7.1 Intangible assets and goodwill

€ millions	Gross values	Amortisation and/or impairment	30/06/2020	31/12/2019
Goodwill	435.8	(243.7)	192.1	192.1
Brands	105.4		105.4	105.4
Customer relationships	192.9	(192.6)	0.3	0.6
Software applications, patents and similar rights	24.4	(18.1)	6.4	4.9
Leasehold right	2.2	(2.2)	–	–
Others	0.2	(0.0)	0.2	0.2
Other intangible assets	26.8	(20.3)	6.5	5.0
TOTAL	760.9	(456.6)	304.3	303.1

€ millions	30/06/2020	31/12/2019
Net values at beginning of the period	303.1	284.2
Acquisitions of intangible assets	2.5	1.9
Disposals and write-offs	–	(0.0)
Changes in scope of consolidation and other	–	19.5
Net allowances for depreciation	(1.3)	(2.5)
Net values at the end of the period	304.3	303.1

Goodwill

The monitoring of business indicators for the Residential and Business property segments did not reveal any evidence of impairment for these activities.

Brands

The Group owns the following brands: Cogedim, Pitch Promotion, Histoire & Patrimoine and since early 2019, Severini. These brands, for a total amount of €105.4 million, have an open-ended useful life and are therefore not amortised.

No depreciation was recorded during the first half of the year.

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

€ millions	Land and Buildings	Vehicles	Others	Net user fees	Depreciation Land and Buildings	Depreciation on Vehicles	Depreciation on Others	Total Depreciation	Net user fees
As of 31 December 2019	43.1	3.3	1.6	48.0	(23.9)	(1.5)	(0.8)	(26.2)	21.7
New contracts/Increases	138.6	0.8	–	139.4	(10.0)	(0.6)	(0.2)	(10.9)	128.6
Termination of contracts/Reversals	(13.6)	(0.1)	(0.2)	(13.9)	13.6	0.1	0.2	13.9	(0.0)
As of 30 June 2020	168.1	4.0	1.4	173.5	(20.4)	(2.0)	(0.9)	(23.3)	150.2

Those Group companies having signed rental contracts within the scope of IFRS 16 – Leases, record as assets on the balance sheet, in the form of the right-of-use asset, all leases (mainly leases for premises used by Group employees, vehicle leasing) in exchange for a lease liabilities. The term used corresponds to the fixed period of the commitment as well as to any optional periods for which there is a reasonable expectation of these being exercised.

The increase over the period is essentially due to coming into effect of the lease on the Group's new head office at rue de Richelieu in Paris.

7.3 Investment properties

Investment properties concern:

- office assets measured at cost,
- and a right to use investment properties of a credit leasing agreement previously posted under IAS 17 in investment properties at cost and now valued according to IFRS 16.

7.4 Operational working capital requirement

Summary of components of operational working capital requirement

€ millions	30/06/2020	31/12/2019	Flows		
			Created by the business	Changes in consolidation scope and transfer	Change in consolidation method
Net inventories and work in progress	835.8	1,051.1	(219.9)	4.6	–
Contract assets	606.6	564.9	43.5	(1.7)	–
Net trade receivables	286.3	257.6	28.7	(0.0)	–
Other operating receivables net	369.2	424.0	(53.3)	(1.4)	–
Trade and other operating receivables net	655.5	681.5	(24.6)	(1.4)	–
Contract liabilities	(198.2)	(168.8)	(29.4)	–	–
Trade payables	(816.3)	(1,001.3)	184.5	0.5	–
Other operating payables	(426.5)	(406.4)	(20.5)	0.4	–
Trade payables and other operating liabilities	(1,242.8)	(1,407.8)	164.1	0.9	–
Operational WCR	657.0	721.0	(66.4)	2.4	–

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

The changes in the consolidation scope are related to the change in consolidation (deconsolidation) method of some entities.

7.4.1 Inventories and work in progress

€ millions	Gross inventories	Impairment	Net inventories
As of 31 December 2019	1,075.8	(24.7)	1,051.1
Change	(223.6)	(0.0)	(223.6)
Increases	–	(2.8)	(2.8)
Reversals	–	6.5	6.5
Transfers to or from other categories	0.2	1.2	1.4
Change in scope of consolidation	3.1	0.1	3.2
As of 30 June 2020	855.5	(19.7)	835.8

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

7.4.2 Trade and other receivables

€ millions	30/06/2020	31/12/2019
Gross trade receivables	287.1	258.4
Opening impairment	(0.8)	(0.8)
Increases	0.0	0.0
Change in scope of consolidation	–	(0.1)
Reversals	–	0.1
Closing impairment	(0.8)	(0.8)
Net trade receivables	286.3	257.6
Advances and down payments paid	51.0	54.1
VAT receivables	231.5	293.9
Sundry debtors	29.8	23.4
Prepaid expenses	52.4	50.2
Principal accounts in debit	7.5	5.2
Total other operating receivables gross	372.1	426.8
Opening impairment	(2.9)	(0.3)
Increases	(0.0)	(2.6)
Change in scope of consolidation	–	(0.1)
Reversals	0.0	0.2
Closing impairment	(2.9)	(2.9)
Net operating receivables	369.2	424.0
Trade receivables and other operating receivables	655.5	681.5
Receivables on sale of assets	1.7	4.9
Trade and other receivables	657.2	686.4

Trade receivables

Receivables on off-plan sales are recorded inclusive of all taxes and represent revenues on a percentage-of-completion basis less receipts received from customers.

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.

7.4.3 Trade and other payables

€ millions	30/06/2020	31/12/2019
Trade payables and related accounts	816.3	1,001.3
Advances and down payments received from clients	3.2	2.2
VAT collected	290.6	261.2
Other tax and social security payables	34.0	44.3
Prepaid income	1.6	1.7
Other payables	89.7	91.8
Principal accounts in credit	7.5	5.2
Other operating payables	426.5	406.4
Amounts due on non-current assets	0.0	0.1
Trade and other payables	1,242.8	1,407.8

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

As of 30 June 2020

€ millions	Total carrying amount	No-financial assets	Financial assets and liabilities carried at amortised cost		Equity instruments	Financial assets and liabilities carried at fair value			
			Loans Receivables	Liabilities at amortised cost		Assets and liabilities at fair value through profit or loss	Level 1 (a)	Level 2 (b)	Level 3 (c)
NON-CURRENT ASSETS	305.1	96.6	173.9	–	34.7	–	–	–	34.7
Securities and investments in equity affiliates	261.5	96.6	164.8	–	–	–	–	–	–
Non-current financial assets	43.7	–	9.0	–	34.7	–	–	–	34.7
CURRENT ASSETS	1,685.4	–	1,653.5	–	1.8	30.1	31.9	–	–
Trade and other receivables	657.2	–	657.2	–	–	–	–	–	–
Current financial assets	35.8	–	34.0	–	1.8	–	1.8	–	–
Derivative financial instruments	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	992.4	–	962.3	–	–	30.1	30.1	–	–
NON-CURRENT LIABILITIES	851.6	–	–	851.6	–	–	–	–	–
Borrowings and financial liabilities	849.9	–	–	849.9	–	–	–	–	–
Deposits and security interests received	1.8	–	–	1.8	–	–	–	–	–
CURRENT LIABILITIES	1,884.1	–	–	1,884.1	0.0	–	0.0	–	–
Borrowings and financial liabilities	641.3	–	–	641.3	–	–	–	–	–
Derivative financial instruments	0.0	–	–	–	0.0	–	0.0	–	–
Trade and other payables	1,242.8	–	–	1,242.8	–	–	–	–	–

(a) Financial instruments listed on an active market.

(b) Financial instruments whose fair value is determined using valuation techniques based on observable market inputs.

(c) Financial instruments whose fair value (in whole or in part) is based on non-observable inputs.

Equity instruments mainly comprise equity securities of non-consolidated companies. At each acquisition an analysis is carried out to determine the Group's management intention, and therefore its accounting method (value change through profit and loss or OCI).

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

The Group holds swaps and caps designed to hedge against interest rate risk on its variable rate financial debts.

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

In compliance with IFRS 13, these instruments are measured by considering the credit valuation adjustment (CVA) when positive, and the debit valuation adjustment (DVA) when negative. This adjustment measures, by application on each cash flow date of the valuation of a probability of default, the counterparty risk defined as an obligation to replace a

hedging operation at the market rate in force following a default by one of the counterparties. CVA, calculated for a given counterparty, considers the probability of default for this counterparty. DVA, based on the Company's credit risk, corresponds to the counterparty's exposure to loss in the event of the Company's default.

Derivatives were valued by discounting future cash flows estimated according to interest rate curves at 30 June 2020.

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

Management position

As of 30 June 2020

€ millions	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024	30/06/2025
Fixed-rate bond and bank loans	(356.2)	(346.1)	(346.1)	(346.1)	(346.1)	(346.1)
Floating-rate bank loans	(879.5)	(353.4)	(230.0)	(129.2)	(63.2)	(22.2)
Cash and cash equivalents (assets)	992.4	—	—	—	—	—
Net position before hedging	(243.3)	(699.5)	(576.1)	(475.3)	(409.3)	(368.3)
Swap	—	—	—	—	—	—
Collar	—	—	—	—	—	—
Cap	—	—	—	—	—	—
Total derivative financial instruments	—	—	—	—	—	—
Net position after hedging	(243.3)	(699.5)	(576.1)	(475.3)	(409.3)	(368.3)

Analysis of interest-rate sensitivity

The following table shows the interest-rate sensitivity (including the effect of hedging instruments) of the entire

portfolio of floating-rate borrowings from credit institutions and derivative instruments.

	Increase/decrease in interest rates	Impact of the gain or loss on pre-tax profit	Impact on the value of the portfolio of the financial instruments
30/06/2020	+50	-€(0.5) million	-
	-50	+€1.0 million	-
31/12/2019	+50	-€(1.0) million	-
	-50	+€1.7 million	-

8.3 Liquidity risk

Cash

The Group had a positive cash position of €992.4 million at 30 June 2020, compared to €685.0 million at 31 December 2019. This represents its main tool for management of liquidity risk.

Some of this cash is available to the subsidiaries that carry it: at 30 June 2020, the amount was €493.7 million.

On this date, 498.7 million is available at Group level, which also has an additional €470 million of cash available (in the form of unused confirmed corporate credit lines).

Covenants

As part of the Altarea Group, some covenants relate to consolidated indicators of Altarea.

The covenants with which the Group must comply concern the listed corporate bond and banking loans, for €200 million.

The bond loan subscribed by Altareit SCA is also subject to leverage covenants (€350 million).

	Altarea Group covenants	30/06/2020	Consolidated Altareit covenants	30/06/2020
Loan To Value (LTV)				
Net bond and bank financial debt/re-assessed value of the Company's assets	< 60%	33.4%		
Interest Cover Ratio (ICR)				
Operating income (FFO column or cash flow from operations)/Company's net borrowing cost (FFO column)	> 2	8.0		
Leverage				
Gearing: Net financial debt/Equity			≤ 3.25	0.3
ICR: EBITDA/Net interest expenses			≥ 2	11.0

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.

Ownership structure of Altareit

Ownership of the Company's shares and voting rights is as follows:

(in percentage)	30/06/2020 % capital	30/06/2020 % voting rights	31/12/2019 % capital	31/12/2019 % voting rights
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	—
<i>Altarea Group controlling</i>	<i>99.85</i>	<i>99.86</i>	<i>99.85</i>	<i>99.86</i>
Treasury shares	0.01	—	0.01	—
Public float	0.14	0.14	0.14	0.14
Total	100.0	100.0	100.0	100.0

* Treasury shares

Related party transactions

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

The main related parties 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, run and controlled by Mr Alain Taravella. He is the chairman of Altafi 2. Mr Jacques Ehrmann is its Chief Executive Officer;
- Companies of the founding shareholders who hold shares in Altarea: AltaGroupe, AltaPatrimoine and Altager, controlled by Mr Alain Taravella.

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

Transactions with these related parties come either from services provided by the Group to related parties or from financing transactions (current accounts and guarantees). The amounts invoiced by the Altareit Group to the related parties are at normal market conditions. In 2019, they also relate to the sale of land as part of the large Issy-Cœur de ville mixed project.

Altarea granted a joint surety on behalf of Altareit for an amount of €653 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	30/06/2020	31/12/2019	30/06/2019
Non-current assets	—	0.1	0.1	0.1	0.1
Current assets	0.0	28.2	28.2	14.4	9.6
TOTAL ASSETS	0.0	28.3	28.3	14.5	9.7
Trade payables, current accounts and other liabilities	—	2.9	2.9	5.8	2.0
TOTAL	—	2.9	2.9	5.8	2.0

€ millions	Altafi 2	Altarea and subsidiaries	30/06/2020	31/12/2019	30/06/2019
Operating income	0.0	5.1	5.1	57.7	6.0
Operating expenses	(0.5)	(22.9)	(23.4)	(47.3)	(21.0)
OPERATING INCOME	(0.5)	(17.8)	(18.3)	10.4	(15.0)
Net borrowing costs	—	(0.6)	(0.6)	(0.9)	(0.5)
NET INCOME	(0.5)	(18.3)	(18.8)	9.5	(15.5)

Compensations of the Management Committee

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

	Altafi 2 SAS		
€ millions	30/06/2020	31/12/2019	30/06/2019
Fixed Management compensation	0.5	1.0	0.5
TOTAL	0.5	0.6	0.5

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

Compensation of the Group's salaried executives

€ millions	30/06/2020	31/12/2019	30/06/2019
Gross salaries ^(a)	1.2	1.5	0.9
Social security contributions	0.4	0.5	0.3
Share-based payments ^(b)	0.9	1.8	0.9
Number of shares delivered during the period	2,330	9,816	9,816
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)	–	–	–
Employer contribution for free share grants	0.1	0.5	0.2
Loans	–	–	–
Post-employment benefit commitment	0.1	0.1	0.1

(a) Fixed and variable compensation.

(b) Expense 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)	30/06/2020	31/12/2019	30/06/2019
Rights to Altarea SCA's free share grants	24,187	25,833	25,833
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 risks management”.

All other material commitments are set out below:

€ millions	31/12/2019	30/06/2020	less than 1 year	1 to 5 years	more than 5 years
Commitments received					
Commitments received relating to financing (excl. borrowings)	–	–	–	–	–
Commitments received relating to Company acquisitions	2.0	2.0	–	2.0	–
Commitments received relating to operating activities	7.8	7.8	7.8	–	–
Security deposits received under the Hoguet Act (France)	7.8	7.8	7.8	–	–
Payment guarantees received from customers	–	–	–	–	–
Total	9.8	9.8	7.8	2.0	–
Commitments given					
Commitments given relating to financing (excl. borrowings)	–	–	–	–	–
Commitments given relating to Company acquisitions	44.3	39.5	–	39.5	–
Commitments given relating to operating activities	2,139.3	1,917.1	639.3	1,273.4	4.4
Construction work completion guarantees (given)	1,909.7	1,697.2	550.1	1,147.0	–
Guarantees given on forward payments for assets	189.4	170.2	57.8	110.6	1.8
Guarantees for loss of use	38.9	47.7	29.9	15.2	2.5
Other sureties and guarantees granted	1.3	2.1	1.5	0.5	–
Total	2,183.6	1,956.6	639.3	1,312.9	4.4

Commitments received

Commitments received relating to acquisitions/disposals

The Group benefits from liability guarantee(s) obtained in the context of the acquisition of subsidiaries and shareholdings. It thus received a maximum commitment of €2 million given by the sellers of Severini, the developer. This commitment guarantees any loss suffered by the Group related to the business activity and whose cause or origin is prior to 31 March 2018, and this until 31 December 2025 inclusive.

The Group and Woodeum Holding arranged a potential liquidity of their securities and secured the Group's ability to buy the balance of the shares not held, should it so wish. The Group has moreover received representations and warranties in the context of this investment.

Commitments received relating to operating activities

Security deposits

Under France's Hoguet Act, the Group holds security deposits received from specialist bodies guaranteeing its activities.

Payment guarantees received from customers

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

Other commitments received

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

Commitments given

Commitments given relating to acquisitions

The main commitments concern an undertaking to subscribe for the capital of companies comprising the AltaFund investment fund in the amount of €37.2 million (firm commitment for identified projects). The commitment change depending on subscriptions and/or redemptions during the period.

Otherwise, the Group can make representations and warranties or contingent consideration when disposing of shares in subsidiaries and affiliates.

Commitments given relating to operating activities

Construction work completion guarantees

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

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

Guarantees on forward payments for assets

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

Guarantees for loss of use

As part of its Property Development activities, the Group signs preliminary sales agreements with landowners, the execution of which is subject to conditions precedent, including conditions relating to obtaining administrative authorisations. In return for their undertakings, landowners receive compensation for loss of use, which takes the form of an advance (carried on the asset side of the balance sheet) or a surety (an off-balance sheet liability). The Group undertakes to pay the compensation for loss of use if it

decides not to buy the land when the conditions precedent are met.

Other sureties and guarantees granted

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

Reciprocal commitments

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

Other commitments

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

The Group has also a future offering consisting of unilateral preliminary sales agreements.

The amount of these commitments is shown in the Business Review.

10.2 Contingent liabilities

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

NOTE 11 **POST-CLOSING EVENTS**

No major events occurred subsequent to the closing date and prior to the preparation of the financial statements.