2019 Revenue[1] of 1 273 million, up +9.1%
Decrease in net debt[2] (-€87m)

Residential: strong step-up in activity as the lockdown ends
- Resumption of work on building sites in early May, brisk pace in June
- New orders: €1,921 million incl. VAT (+30%) and 6,667 units (+25%)
- Notarised sales: €1,883 million (+94%)
- Revenue[1]: 1,074.2 million (+20%)
- Pipeline: €13.4 billion (+5%)

Business property: delays in delivery
- Delivery of Orange's future headquarters in Issy-les-Moulineaux postponed to 2021
- Delivery of Richelieu, Group's new headquarters

Half-year results

- Revenue[1]:	€1,373.4 million (+9%)
- Recurring operating income[3]:	€80.6 million (+8%)
- Net income, Group share[4]:	€57.0 million (+6.5%)
- Gearing[5]:	0.26x (vs 0.36x at 31 December 2019)

Paris, August 6th 2020, 5:45 pm. Following review by the Supervisory Board, Management approved the half-year financial statements ended 30 June 2020. The Auditors' certification report is issued with no reservations.

ABOUT ALTAREIT - FR0000039216 - AREIT

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

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1Consolidated net bank and bond debt: €247m (-€87m vs. €334m at December 31, 2019).
2 Revenue by % of completion and external services.
3 Corresponds to the operating income in the Funds From Operations (FFO) column of the analytical income statement.
4 Corresponds to the net income in the Current operating cash flow (FFO) column of the analytical income statement. Group share.
5 Net bank and bond debt / consolidated shareholders' equity.

BUSINESS REVIEW

AT 30 JUNE 2020

CONTENTS

1.1 A pure player in property development in France

A resilient model

A 99.85% subsidiary of the Altarea Group, Altareit offers a skills platform covering all asset classes (residential, retail, offices, logistics, hotels, serviced residences, etc.), in order to respond effectively and comprehensively to the challenges of urban transformation[6].

Residential: Altareit, as 2nd largest French residential developer, aims to sell 18,000 to 20,000 unit per year at term.

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

• as a property developer[7] for external customers with a particularly strong position on the turnkey users market,

• as a medium-term developer-investor in assets with a strong potential (prime location) to be redeveloped pending sale (via AltaFund[8]).

A unique positionning

Over the years, the Group has built up a unique platform of in order to respond effectively and comprehensively to the challenges of urban transformation :

- the concentration of populations, activities and wealth within major large gateway cities, which is now covering new territories, constituting new real estate markets;

- the inadequacy of real estate infrastructures, which must be rethought to meet the challenges of densification. This phenomenon is behind the boom in major mixed-use urban redevelopment projects, which constitute a particularly dynamic market segment. As of June 30, 2020, Altareit managed 10 major mixed-use projects (for nearly 761,000 m² and 8,000 residential units) with a potential value of €3.0 billion.

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

The very core of Altareit's know-how consists of developing mixed real estate products that factor these challenges into a complex economic equation, giving it access to the huge urban transformation market.

At the end of June 2020, Altareit has secured a huge portfolio of projects of more than 4.3 million m² with a potential value of more than 17.4 billion euros.

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

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

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

1.1.1 Residential

STRATEGY

As France's 2nd biggest residential developer[9], Altareit has a long-term target of 18,000 to 20,000 units sold per year.

An efficient geographical strategy

The Group's geographical strategy aims to hold strong positions in the most dynamic gateway cities[10], where the need for residential units is the highest. As such, the entirely of the Group's property for sale and its land portfolio is located within high-demand areas.

A multi-brand and multi-product strategy

The various Group brands (Cogedim, Pitch Promotion, Histoire & Patrimoine, Woodeum, Severini and Cogedim Club) enjoy operational autonomy whilst benefiting from the power of the Group embodied by the Altareit umbrella brand (strategy, finance, support, etc.).

The Group thus provides a well-judged response in all market segments for all customer types:

• High-end: products defined by demanding requirements in terms of location, architecture and quality;

• Entry-level and mid-range: programmes specifically designed to address:

- the need for affordable housing both for first-time buyers (secured prices), private investment and institutio;

- the challenges facing social landlords;

• Serviced Residences: in particular, under the Cogedim Club® brand, Altareit is currently developing a serviced residences concept for senior citizens, combining city-centre locations with a range of a la carte services;

• Renovation of historical sites: under the Histoire & Patrimoine brand, the Group has a range of products for Historical Monuments, Malraux Law properties and Real Estate Tax schemes;

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

• Timber housing development under the brand Woodeum, leader in carbon-free development in France and a 50%-owned subsidiary of the Group.

Customers are at the core of the process

The Group sets itself apart by the close attention it pays to customers' expectations when developing its product ranges. As such, for three years running Cogedim has been awarded Customer Service of the Year for the standard of service and quality of its customer relations.

BUSINESS IN THE PERIOD

Impact of lockdown on business in first half

Despite the decline in commercial contacts (closure of sales offices from 16 March) the commitment of teams has helped to keep commercial activity at around 30% of normal level for Individuals sales.

The Group made full use of its digital tools, and notably e-booking, 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 has been relatively marginal. These recovered strongly from mid-May onwards.

Meanwhile, nearly all of the 300 construction sites were closed between late March and mid-May.

Agreements with major institutional investors

At the end of April, the Group and CDC Habitat[11] signed an initial agreement for the sale of around 3,500 units for €825 million excl. VAT[12] at 100%. This agreement, which mainly concerns programmes at the "Building Permit Obtained" stage, was regularised[13] 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.

At the end of July, the Group signed a second agreement with CDC Habitat for just over 1,070 units totalling €186.5 million excl. VAT, which will be regularised between late 2020 and early 2021.

New orders[14]: €1,921 million (+30%)

New orders	H1 2020		H1 2019		Change
Individuals - Residential	347	€m	503	€m	*(31)%*
Individuals - Investment	345	€m	589	€m	*(41)%*
Block sales	1,228	€m	390	€m	*x3.1*
Total in value (incl. VAT)	**1,921**	**€m**	**1,482**	**€m**	**+30%**
o/w equity-method (Group share)	*92*	*€m*	*75*	*€m*	*+23%*
Individuals - Residential	946	unit	1,438	unit	*(34)%*
Individuals - Investment	1,238	unit	2,285	unit	*(46)%*
Block sales	4,483	unit	1,613	unit	*x2.8*
Total in units	**6,667**	**unit**	**5,336**	**unit**	**+25%**

[9] *Source: Developer Rankings produced by Innovapresse which analyses and compares business volumes, the number of residential units or square metres of offices produced, and the financial results of the principal private property developers. The 31st edition in June 2019 included 60 of the main players in the sector.*

[10] *Grand Paris, Métropole Nice Côte d'Azur, Marseille-Aix-Toulon, Grand Lyon, Toulouse Métropole, Grenoble-Annecy, Nantes Métropole, Bordeaux Métropole, Métropole européenne de Lille, Eurométropole de Strasbourg, Montpellier Méditerranée Métropole, Rennes Métropole.*

[11] *Acting on behalf of its own funds as well as those of other residential investors.*

[12] *And €1.0 billion including VAT.*

[13] *Of the €825m excluding VAT, €574m was regularized before the end of June, and €76m in July. The balance is made up of units that can be regularized by the end of the year.*

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

Notarised sales: €1,883 million (+94%)

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

A notarial sale campaign took place in June when clients and notary offices were barely out of lockdown and the notary offices had a still reduced capacity to record transactions.

Sales almost doubled over the first half of the year, and increased by 23% excluding the impact of the first CDC Habitat agreement.

€m incl. VAT	H1 2020	%	H1 2019	%	Change
Entry-level/mid-range	1,168	62%	637	34%	+83%
High-end	641	34%	242	13%	x2.6
Serviced Residences	40	2%	53	3%	(25)%
Renovation/Rehabilitation	34	2%	41	2%	(17)%
Total	**1,883**		**973**		**+94%**

As such, the sale campaign was very strong:

• both individuals clients with €809 million in sales in the period, i.e. a similar level as in 2019 (€799 million);

• and institutional clients with €1,074 million in sales (versus €174 million in 2019), including, in particular, €689 million in sales under CDC Habitat agreement signed in April.

Project under construction

Work resumed on the 300 projects under construction from the beginning of May. By June, 100% of the construction sites had resumed at a steady pace.

In the first half, the Group delivered 54 operations (3,914 units) and 285 sites are under construction at the end of June.

Revenue by % of completion

Revenue by percentage of completion is calculated based on both percentage of sales realised (notarised sales) and the completion of the programmes (progress of construction sites).

The mobilization of the Group's working team on notarised sales largely offset delays to the technical work progress made at construction sites. This explains the sharp increase in revenue in this half-year, which amounted €1,070 million (+20%), despite the sanitary crisis.

In €m (excl. VAT)	H1 2020	%	H1 2019	%	Change
Entry-level/mid-range	729	68%	646	72%	+13%
High-end	303	28%	202	23%	+50%
Serviced Residences	16	1%	29	3%	(45)%
Renovation/Rehabilitation	21	2%	17	2%	+24%
Total	**1,070**		**894**		**+20%**

Backlog: €4,205 million (+11%)

The backlog corresponds to the revenue excl. VAT not yet recognised in previous sales. It is divided in two:

• Backlog on notarised sales: revenue on a percentage-of-completion basis. There are no commercial risks related to this part of the backlog.

• Backlog on reserved (not yet sold): revenue from sales to be regularised. There is a commercial risk related to this part (customer withdrawal).

In €m (excl. VAT)	30/06/2020	31/12/2019	Change
Notarised revenue not recognised	2,188	1,722	+27%
Revenues reserved but not notarised	2,017	2,057	(2)%
Backlog	**4,205**	**3,778**	**+11%**
o/w equity-method (Group share)	*259*	*258*	*ns*
Number of months	*21*	*20*	

Backlog grew by +11% in the first half to €4,205 million. It also improved in terms of quality, with a strong increase in "backlog on notarised sales" (+27% to €2,188 million).

Properties for sale[15] and future offering:[16]

€m incl. VAT of potential revenue	30/06/2020	No. of months	31/12/2019	Change
Properties for sale	1,784	6	2,104	(15)%
Future offering	11,641	38	10,659	+9%
Pipeline	***13,425***	***43***	***12,764***	**+5%**
In no. of units	*51,240*		*48,885*	*+5%*
In m²	*2,870,000*		*2,737,600*	*+5%*

In the first half of the year, the offer for sale was impacted by strong growth and reservations combined with the delay and commercial launches.

Despite selectivity on new operations, the future offering grew by +9%. It will help to increase the offer for sale in the coming months.

Overall, the Residential pipeline grew by +5%.

Risk management

As of 30 June 2020, the Group's properties for sale amounted to almost €1.8 billion incl. VAT (equi. six months of activity), with the following breakdown according to the stage of completion of the programmes:

in €m	Project not yet started	Project under construction	In stock	Total
Amounts committed excl. VAT	**193**	**811**	**23**	**1,028**
Of which already paid out (a)	*193*	*380*	*23*	*597*
Properties for sale incl. VAT (b)	**444**	**1,294**	**45**	**1,784**
In %	*25%*	*73%*	*2%*	*100%*
o/w to be delivered	*in 2020*	*50*		
	in 2021	*164*		
	≥ 2022	*1 088*		

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

15 Units available for sale (incl. VAT value, or number count).

16 Future offering consisting of secured projects (through an option on the land, mostly in unilateral form) whose launch has not yet occurred (value including tax of potential revenue when expressed in euros).

Management of real estate commitments

25% of sales related to programmes whose construction has not yet been launched and for which the amounts committed correspond essentially to studies, advertising, and reservation fees (or guarantees) paid within the purchase agreement on land, and most recently the cost of land.

73% of the offer is currently under construction, including a limited share (€50 million or less than 3% of total properties for sale) representing units to be delivered by the end of 2020.

The stock amount of finished products is not significant (2% of total offer).

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

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

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

• strong pre-commercialisation required when acquiring land;

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

1.1.2 Business propertyStrategy

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

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

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

The Group is anticipating the new expectations of users and investors with the help of the internal R&D unit:

• "better than at home" offices: high-speed connections for each workstation (fibre-optic networks), cybersecurity, optimal acoustic comfort and other advantages you cannot find at home;

• consideration of health factors: addition of outside spaces added (terraces), high-performance ventilation systems combined with secured window openings;

• flexibility and modularity of spaces;

• organisation to allow extended working hours;

• opening towards the city with the development of convinience stores on the ground floor, etc.

Altareit will be in position to support new user requests while taking advantage of its liquidity and strong balance sheet to seize opportunities for asset redevelpment in a completely new context.

An investor developer model

Altareit undertakes significant operations in the Business property market with a controlled risk:

• as a developer[17] in off-plan sales, off-plan leases and property development contracts (PDC), with a particularly strong position on the turnkey users market, or as a service provider under delegated project management contracts;

• as an investor, either directly or through AltaFund[18], for high-potential assets (prime location) in view of their sale once redevelopment has been completed[19].

The Group is systematically the developer of projects in which it is also co-investor and Manager[20].

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

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

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

19 Resold rented or not.

20 Through marketing, sale, asset and fund management contracts.

A dual diversification strategy

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

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

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

Product type and quality

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

The Logistics investment fund, created in late 2017 by Pitch Promotion, has enabled Altareit to become a major stakeholder in the logistics market in France, with nearly 640,000 m² under development at June 2020 (12% of the pipeline by potential value).

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

1.1.2.1 BUSINESS IN THE PERIOD

Impact of the Covid pandemic on business

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 gradually resumed 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 in regional cities, including the off-plan sale of office space of the Bobigny-La Place mixed-use project (9,700 m²).

Pipeline

67 projects under development

At 30/06/2019	No.	Surface area (m²) at 100%	Revenue excl VAT (€m)	Potential value at 100% (€m excl. VAT)
Investments [(a)]	4	112,600	428	963
Property developer[(b)]	61	1,319,200	3,008	3,008
o/w Offices	*53*	*680,800*	*2,543*	*2,543*
o/w Logistics	*8*	*638,400*	*465*	*465*
DPM [(c)]	2	5 200	39	39
Total	**67**	**1 437 000**	**3 475**	**4 010**

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

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.

The Group also delivered a number of projects in the regions, including the hotel Okko 4* in Toulon and the headquarters of Enedis Limousin in Parc Ester Technopole in Limoges.

Supply

During the first half of 2020, the Group signed several projects in regional cities totalling 34,000 m², including a 11,000 m² building for Unedic in Marseille.

Focus on investments

At end-June 2020, the Group is developing 4 investment projects shared with leading institutional investors.

The cost price of these projects is €797 million at 100% (€174 million excl. VAT, Group share) with a potential value of over €963 million (estimated sale price), i.e. an expected gain of about €162 million, Group share.

Backlog[21]

in €m	30/06/2020	31/12/2019	*Change*
Off-plan, PDC	537	668	*(20)%*
o/w equity-method (Group share)	*58*	*73*	-
Fees (DPM)	9	9	-
Total	**546**	**677**	***(19)%***

Commitments at 30 June 2020

For investmentment projects, the Group's commitments correspond to the obligations of equity contributions in operations.

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

At June 30, 2020, the Group's level of commitment in Business property, on projects that are not yet rented or sold amounts to less than €100 million, Group share.

21 Backlog (Residential and Property offices) is composed of notarised sales, excl. VAT, not yet recorded per the percent of completion method, new orders excl. VAT, not yet notarised (signed property development contracts), and fees to be received from third parties on signed contracts.

Details of the pipeline at 30 June 2020

	Type	Surface area (m²)	Revenue excl. VAT (€m) [a]	Potential value at 100% (€m excl. VAT) [b]	Progress [c]
Landscape (La Défense)	PDC	67,400			Under construction
Tour Eria (La Défense)	PDC	25,000			Under construction
Cocktail (La Défense)	PDC	18,100			Secured
Saussure (Paris)	DPM	2,100			Secured
Investment projects (4 developments)		**112,600**	**428**	**963**	
Bridge (Issy-les-Moulineaux)	PDC	57,900			Under construction/leased
Bassins à Flot (Bordeaux)	Off-plan sales	49,500			Under construction
Convergence (Rueil Malmaison)	Off-plan sales	25,400			Under construction
Orange (Lyon)	PDC	25,900			Under construction
Coeur de Ville - Hugo Building (Issy-les-Mx)	PDC	25,700			Under construction
Coeur de Ville - Leclerc & Vernet buildings	PDC	15,200			Under construction
Other Office projects (11 transactions)	*PDC/Off-plan*	*100,400*			*Under construction*
Belvédère (Bordeaux)	Off-plan sales	50,000			Under construction
Amazing Amazones (Nantes)	Off-plan sales	19,700			Secured
EM Lyon Business School (Lyon)	PDC	29,400			Secured
Other Office projects (33 transactions)	*PDC/Off-plan*	*225,500*			*Secured*
Hexahub Atlantique (Nantes)	PDC	46,400			Under construction
Other Logistics projects (2 projects)	*PDC/Off-plan*	*62,200*			*Under construction*
Other Logistics projects (5 projects)	*PDC/Off-plan*	*529,800*			*Secured*
“100% external” projects (61 transactions)		**1,319,200**	**3,008**	**3,008**	
Total investment / Off-plan sales / PDC (65 projects)		**1,431,800**	**3,436**	**3,971**	
Delegated project management portfolio (2 projects)		**5,200**	**39**	**39**	
Total Property Development Portfolio (67 projects)		**1,437,000**	**3,472**	**5,073**	

(a) PDC/Off-plan sales: amount excl. VAT of signed or estimated contracts, at 100%. Delegated project management contracts: fees capitalised.

(b) Investments potential market value excluding transfer duties on the date of disposal for investment projects (at 100%), amount (excl. VAT) of VEFA/CPI contracts signed or estimated for the other development programmes (at 100%, or Group share for jointly owned projects). Delegated project management contracts: fees capitalised.

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

1.2 Consolidated results

Altareit's consolidated revenue[22] amounted to €1,273.4 million at 30 June, up +9.1% year-on-year, driven by strong growth in Residential (+19.5%).

The recurring operating income (FFO) increased to €80.6 million (+8.1%).

Net income (FFO), Group share, amounted to €57.0 million (+6.5%), i.e. €32.61 per share.

In €m	Residential	Business property	Diversification	Other Corporate	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue and ext. services.	**1,074.2**	**199.2**	**–**	**–**	**1,273.4**	**–**	**1,273.4**
Change vs 30/06/2019	*+19.5%*	*(25.3)%*	*na*	*na*	*+9.1%*		*+9.1%*
Net rental income	-	-	–	-	–	–	–
Net property income	88.6	10.5	-	–	99.1	(0.3)	98.8
External services	4.7	2.7	–	–	7.4	–	7.4
Net revenue	**93.3**	**13.2**	**–**	**–**	**106.5**	**(0.3)**	**106.2**
Change vs 30/06/2019	*(0.1)%*	*(47.1)%*	*na*	*na*	*(10.5)%*		*(10.7)%*
Production held in inventory	76.3	5.6	–	–	81.9	–	81.9
Operating expenses	(99.3)	(14.8)	(0.8)	(1.2)	(116.1)	(8.1)	(124.2)
Net overhead expenses	**(23.0)**	**(9.3)**	**(0.8)**	**(1.2)**	**(34.2)**	**(8.1)**	**(42.3)**
Share of equity-method affiliates	7.6	0.7	–		8.3	(2.5)	5.8
Income/loss on sale of assets - Diversification						(0.1)	(0.1)
Income/loss in the value of investment property						–	–
Calculated expenses and transaction costs					-	(14.1)	(14.1)
Résultat opérationnel	**77.9**	**4.7**	**(0.8)**	**(1.2)**	**80.6**	**(25.0)**	**55.5**
Change vs 30/06/2019	*+39.4%*	*(72.4)%*	*na*	*na*	*+8.1%*		*+7.0%*
Net borrowing costs	(4.1)	(3.2)	(0.0)	–	(7.3)	(1.2)	(8.5)
Other financial results	(1.1)	(0.2)	(0.1)	(0.9)	(2.3)	–	(2.3)
Gains/losses in the value of financial instruments	–	–	–	–	–	0.6	0.6
Results from the disposal of shareholdings	–	–	–	–	–	(0.2)	(0.2)
Corporate Income Tax	(3.9)	(0.2)	-	–	(4.1)	(8.5)	(12.6)
Net income	**68.7**	**1.1**	**(0.9)**	**(2.1)**	**66.8**	**(34.3)**	**32.5**
Non-controlling interests	(10.2)	0.4	0.0	–	(9.8)	(0.1)	(9.9)
Net income. Group share	**58.6**	**1.5**	**(0.9)**	**(2.1)**	**57.0**	**(34.4)**	**22.7**
Change vs 30/06/2019	*+59.2%*	*(90.1)%*	*na*	*na*	*+6.5%*		
Diluted average number of shares					*1 748 438*		
Net income. Group share per share					**32.61**		
Change vs 30/06/2019					*+6.5%*		

22 Revenue by % of completion and external services.

FFO[23] Residential

in €m	H1 2020	H1 2019	
Revenue by % of completion	1069.5	893.9	*+19.6%*
Cost of sales and other expenses	(980.9)	(805.8)	
Net property income Residential	**88.6**	**88.1**	*+0.6%*
% of revenue	*8.3%*	*9.8%*	
External services	4.7	5.3	
Production held in inventory	76.3	58.2	
Operating expenses	(99.3)	(105.1)	
Contribution of EM associates	7.6	9.4	
Operating income – Residential	**77.9**	**55.9**	*+39.4%*
% of revenue	*7.3%*	*6.3%*	
Net borrowing costs	(4.1)	(8.3)	
Other financial results	(1.1)	–	
Corporate income tax	(3.9)	(1.9)	
Non-controlling interests	(10.2)	(9.0)	
FFO Residential	**58.6**	**36.8**	*+59.2%*

In terms of Residential, revenue by percentage of completion is up sharply (+19,6%): indeed the commercial percentage of completion related to regularisations has largely offset delayed technical work progresss resulting from construction site closures during lockdown.

The decrease in net property income margins is a result of changes to the product mix, with a larger proportion of block sales (lower margins).

The increase in operating income reflects both the Group's control of overheads and the significant contribution of fees from the regularisation of block sales (production held in inventory).

FFO Business Property

in €m	H1 2020	H1 2019	
Revenue by % of completion	196.5	260.0	*(24.4)%*
Cost of sales and other expenses	(186.0)	(241.8)	
Net property income Business	**10.5**	**18.2**	*(42.2)%*
% of revenue	*5.4%*	*7.0%*	
External services	2.7	6.7	
Production held in inventory	5.6	5.0	
Operating expenses	(14.8)	(15.4)	
Contribution of EM associates	0.7	2.4	
Operating income - Business property	**4.7**	**17.0**	*(72.4)%*
% of revenue + ext. serv. prov.	*2.3%*	*6.4%*	
Net borrowing costs	(3.2)	(1.4)	
Other financial results	(0.2)		
Corporate income tax	(0.2)	(0.7)	
Non-controlling interests	0.4	0.0	
FFO Business property	**1.5**	**14.9**	*na*

In terms of Business property, revenue from PDA and off-plan sales was significantly affected by the closure of construction sites during lockdown.

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

1.3 Financial resources

€520 million in long-term financing

Since 1 January 2020, the Group put in place €520 million in new long-term financing.

in €m	RCF	Loan term	Total banks	Bond holder (a)	Total
New money	237	70	307	80	387
Expansion	83	50	133	-	133
Total	**320**	**120**	**440**	**80**	**520**

(a) Tap in July 2020 on the Altareit 07/2025 bond, bearing a fixed coupon of 2.875%.

Liquidity: €2.3 billion

As of 30 June 2020, available cash and cash equivalents amounted to €2,347 million (compared with €1,772 million as of 31 December 2019), breaking down as follows:

Available (in €m)	Cash	Unused credit facilities	Total
At Group level	554	490	1,044
At project level	609	694	1,303
Total	**1,163**	**1,184**	**2,347**

Unused credit facilities amount to €490 million RCF[24] the average maturity of which is 4.0 years, with no maturities within the coming 24 months.

Given the Group's liquidity and the continued access to the market in the short-term, as of 30 June 2020 no RCF was drawn. The Group has no plans to draw on them in the coming months.

Short and medium-term financing

At June 30, 2020, Altareit had a NEU CP programme[25] of €409.0 million (maturing within 1 year) and a NEU MTN programme[26] of €85.0 million (maturing over 1 year).

Net debt down: - €87 million

in €m	30/06/2020	31/12/2019
Bank loan terms	200	148
RCF	–	–
Credit markets (a)	850	666
Debt on property development	189	205
Total gross debt	**1,239**	**1,019**
Cash and cash equivalents	(992)	(685)
Total net debt	**247**	**334**

As of 30 June 2020, the Group's net financial debt stood at €247 million, down €87 million compared with 31 December 2019.

BBB credit rating

S&P Global awarded the “BBB, negative outlook” financial rating for both Altarea and Altareit, the listed subsidiary operating the Group's development activities.

ICR ratio[27]

At 30 June 2020, the ICR ratio was 11x, compared with 10x at 31 December 2019.

Covenants

A 99.85% subsidiary of the Altarea Group, Altareit’s corporate debt is subject to Altarea’s consolidated covenants (LTV<60%. ICR>2). Altarea complies with these covenants with significant room (LTV at 33.4% and ICR at 8.0x).

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

	Covenant	30/06/2020	31/12/2019	Delta
LTV (a)	≤ 60%	33.4%	33.2%	+0.2 pt
ICR (b)	≥ 2.0 x	8.0x	7.3x	(0.7x)

(a) LTV (Loan to Value) = Net bond and bank debt/Restated value of assets including transfer duties.
(b) ICR (Interest-Coverage-Ratio) = Operating income/Net borrowing costs (column "Funds from operations").

Altareit’s gearing[28] was at 0.26x at 31 June 2020 (compared to 0.36x at 31 December 2019).

Equity

Altareit's shareholders' equity stood at €947.5 million at 30 June, 2019, vs €918.0 million as of 31 December, 2019, making Altareit one of the most highly capitalised French developers.

24 Revolving credit facilities (confirmed credit authorisations).
25 NEU CP (Negotiable European Commercial Paper).
26 NEU MTN (Negotiable EUropean Medium Term Note).

27 ICR (Interest Coverage Ratio) = Operating income / Net borrowing costs
28 Net bond and bank debt / consolidated shareholders’ equity.

Consolidated P&L

	30/062020			31/12/2019 restated*		
€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
Revenue	1 069,5	–	1 069,5	893,9	–	893,9
Cost of sales and other expenses	(980,9)	(0,3)	(981,2)	(805,8)	–	(805,8)
Net property income	**88,6**	**(0,3)**	**88,3**	88,1	–	88,1
External services	4,7	–	4,7	5,3	–	5,3
Production held in inventory	76,3	–	76,3	58,2	–	58,2
Operating expenses	(99,3)	(6,6)	(105,9)	(105,1)	(7,0)	(112,1)
Net overhead expenses	**(18,3)**	**(6,6)**	**(24,9)**	(41,6)	(7,0)	(48,6)
Share of equity-method affiliates	**7,6**	**(5,9)**	**1,6**	9,4	(2,6)	6,8
Net allowances for depreciation and impairment	**–**	**(10,8)**	**(10,8)**	–	(8,6)	(8,6)
Transaction costs	**–**	**–**	**–**	–	(0,8)	(0,8)
NET RESIDENTIAL INCOME	1 069,5	–	1 069,5	893,9	–	893,9
Revenue	196,5	–	196,5	260,0	–	260,0
Cost of sales and other expenses	(186,0)	–	(186,0)	(241,8)	–	(241,8)
Net property income	**10,5**	**–**	**10,5**	18,2	–	18,2
External services	2,7	–	2,7	6,7	–	6,7
Production held in inventory	5,6	–	5,6	5,0	–	5,0
Operating expenses	(14,8)	(1,3)	(16,1)	(15,4)	(1,6)	(16,9)
Net overhead expenses	**(6,6)**	**(1,3)**	**(7,9)**	(3,6)	(1,6)	(5,2)
Share of equity-method affiliates	**0,7**	**3,5**	**4,2**	2,4	(0,4)	1,9
Net depreciation. amortization and provisions	**–**	**(1,0)**	**(1,0)**	–	(1,3)	(1,3)
Net allowances for depreciation and impairment	**–**	**–**	**–**	–	–	–
BUSINESS PROPERTY INCOME	**4,7**	**1,2**	**5,9**	**17,0**	**(3,3)**	**13,7**
Rental income	–	–	–	1,0	–	1,0
Other expenses	–	–	–	(0,5)	–	(0,5)
Net rental income	**–**	**–**	**–**	**0,6**	**–**	**0,6**
External services	–	–	–	–	–	–
Operating expenses	(0,8)	–	(0,8)	2,1	–	2,1
Net overhead expenses	**(0,8)**	**–**	**(0,8)**	**2,1**	**–**	**2,1**
Share of equity-method affiliates	**–**	**–**	**–**	**(0,0)**	**0,0**	**(0,0)**
Net allowances for depreciation and impairment	**–**	**(2,3)**	**(2,3)**	**–**	**(2,2)**	**(2,2)**
Gains / losses on disposals of assets	**–**	**(0,1)**	**(0,1)**	**–**	**(0,0)**	**(0,0)**
Income/loss in the value of investment property	**–**	**–**	**–**	**–**	**2,0**	**2,0**
NET DIVERSIFICATION INCOME	**(0,8)**	**(2,4)**	**(3,2)**	**2,7**	**(0,2)**	**2,5**
Other (Corporate)	**(1,2)**	**(0,2)**	**(1,4)**	**(1,0)**	**(0,2)**	**(1,2)**
OPERATING INCOME	**80,6**	**(25,0)**	**55,5**	**74,5**	**(22,6)**	**51,9**
Net borrowing costs	**(7,3)**	**(1,2)**	**(8,5)**	**(8,3)**	**(0,7)**	**(9,0)**
Others financial results	**(2,3)**	**–**	**(2,3)**	**(1,1)**	**–**	**(1,1)**
Discounting of debt and receivables	**–**	**–**	**–**	**–**	**(0,1)**	**(0,1)**
Change in value and income from disposal of financial instruments	**–**	**0,6**	**0,6**	**–**	**(0,0)**	**(0,0)**
Proceeds from the disposal of investments	**–**	**(0,2)**	**(0,2)**	**–**	**(1,6)**	**(1,6)**
PROFIT BEFORE TAX	**70,9**	**(25,8)**	**45,1**	**65,1**	**(25,0)**	**40,1**
Corporate income tax	**(4,1)**	**(8,5)**	**(12,6)**	**(2,5)**	**(6,7)**	**(9,2)**
NET INCOME	**66,8**	**(34,3)**	**32,5**	**62,6**	**(31,7)**	**30,9**
Minority shares	**(9,8)**	**(0,1)**	**(9,9)**	**(9,0)**	**0,1**	**(8,9)**
NET INCOME, Group share	**57,0**	**(34,4)**	**22,7**	**53,6**	**(31,6)**	**22,0**
Diluted average number of shares	*1 748 438*			*1 748 475*		
NET INCOME PER SHARE (€/share), Group share	**32,61**			**30,6**		

* Restated on 30 June 2019 to take into account changes to the presentation of borrowing costs.

Balance sheet

€millions	30/06/2020	31/12/2019 restated*
Non-current assets	**814,4**	**667.5**
Intangible assets	304,3	303.1
o/w Goodwill	*192,1*	*192.1*
o/w Brands	*105,4*	*105.4*
o/w Other intangible assets	*0,3*	*5.0*
Property plant and equipment	*6,5*	18.9
Right-of-use on tangible and intangible fixed assets	20,5	21.7
Investment properties	150,2	31.1
o/w Investment properties in operation at fair value	31,1	*4.1*
o/w Investment properties under development and under construction at cost	*4,4*	*22.0*
o/w Right-of-use on Investment properties	*22,0*	*5.0*
Securities and investments in equity affiliates and unconsolidated interests	*4,6*	283.1
Loans and receivables (non-current)	261,5	8.4
Deferred tax assets	43,7	1.3
Current assets	**3 130,7**	**3 016.0**
Net inventories and work in progress	835,8	1 051.1
Contracts assets	606,6	564.9
Trade and other receivables	657,2	686.4
Income tax credit	2,8	6.4
Loans and receivables (current)	35,8	22.1
Cash and cash equivalents	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	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
Other equity components. Subordinated Perpetual Notes	9,9	14.3
Non-current liabilities	**911.6**	**704.9**
Non-current borrowings and financial liabilities	849.9	652.5
o/w Bond issues	*346.1*	*345.7*
o/w Borrowings from lending establishments	*298.4*	*259.6*
o/w Negociable European Medium Term Note	*55.0*	*30.0*
o/w Lease liabilities	*3.3*	*2.8*
o/w Contractual fees on investment properties	*147.1*	*14.3*
Long-term provisions	18.0	19.2
Deposits and security interests received	1.8	2.1
Deferred tax liability	41.9	31.2
Current liabilities	**2,086.0**	**2 060.5**
Current borrowings and financial liabilities	641.3	478.6
o/w Bond issues	*10.1*	*5.1*
o/w Borrowings from lending establishments	*86.0*	*91.6*
o/w Negociable European Medium Term Note	*439.0*	*285.0*
o/w Bank overdrafts	*1.1*	*2.2*
o/w Advances from Group shareholders and partners	*95.8*	*82.5*
o/w Lease liabilities	*9.2*	*12.2*
Contracts liabilities	198.2	168.8
Trade and other payables	1,242.8	1 407.8
Tax due	3.7	5.3
TOTAL LIABILITIES	**3,945.1**	**3.224.9**

*Restated at December 31, 2019 for the change in presentation of current and non-current financial assets.