Press release

Half-year results 2021
Paris, 30 July 2021, 5.45 p.m.

Revenue: €1.3bn (+4.1%)
Net income FFO Group share: €54.2m (+1.5%)

Residential: offer refocused on Individuals, earnings growth

New orders:	€1,293m (-33%) for 4,923 units (-26%)
of which Individuals	*€816m (+18%) for 2,789 units (+28%)*
Operating income :	€87.6 million (+18%)

Business Property: marketing of two towers in La Défense and strong activity in the Regions

La Défense:	Eria (26,600 m²) let to Campus Cyber
	Sale agreement on Bellini (18,100 m²) to Swiss Life
Regions:	six new secured projects with a total of 54,400 m²

Consolidated results

- Revenue[1]:	€1,325.4 million (+4.1%) driven by Residential (+13%)
- Operating income:	€88.8 million (+15.5%)
- Net income FFO Group share[2]:	€54.2 million (+1.5%), after tax increase
- Net debt[3]:	€228 million (€20 million at end-2020)
- Gearing[4]:	0.22x (vs 0.02x at end-2020)

Paris, 30 July 2021, 5.45 p.m. Following review by the Supervisory Board, the Management has approved the consolidated financial statements for the first half-year 2021. Limited review procedures have been completed. The Statutory Auditors' reports on the half-year financial information were issued without reservations.

ABOUT ALTAREIT - FR0000039216 - AREIT

A wholly-owned subsidiary of the Altarea group, Altareit is a pure player in Property Development in France. Its unique expertise in multi-product development makes it a leading player in large mixed-use projects in French cities. Altareit has all the know-how needed to design, develop, market and manage bespoke real estate products. Altareit is listed on Compartment B of Euronext Paris.

FINANCE CONTACTS

Eric Dumas, Chief Financial Officer
edumas@altarea.com, tel: + 33 1 44 95 51 42

Pierre Perrodin, Deputy Chief Financial Officer
pperrodin@altarea.com, tel: + 33 6 43 34 57 13

1 Revenue by % of completion basis (excluding external services).
2 Corresponds to the net income Group share Funds from operations (FFO) column of the consolidated income statement.
3 Consolidated net bank and bond debt.
4 Net bond and bank debt/consolidated shareholders' equity.

BUSINESS REVIEW

30 JUNE 2021

SOMMAIRE

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.

Residential: Altareit is now the second-biggest developer in France[5], structured to be able to reach a potential of 18,000 units sold per year depending on market conditions.

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[6] 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[7]).

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, 2021, Altareit managed 13 major mixed-use projects (for nearly 910,000 m²) with a value of €3.7 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.

With more than 600 projects at the end of June 2021, Altareit has secured a huge portfolio of projects of more than 4.2 million m² with a potential value[8] of more than €17.3 billion[9] in all product categories.

[5] Source: Ranking of Developers carried out by Innovapresse which analyses and compares the volumes of activity, the number of housing units or square meters produced, or the equity and debt of the main property developers. It provides detailed figures, developer by developer, and outlines their projects and strategies.
[6] This development activity does not present any commercial risk: Altareit carries only a measured amount of technical risk.
[7] AltaFund is a discretionary investment fund, created in 2011, of which Altareit is one of the contributors alongside leading institutional investors.
[8] Potential value = market value on delivery date. Residential: offer for sale + portfolio incl. VAT. Business property: potential market value excl. transfer duties on the date of disposal for investment projects (at 100%), amount excl. VAT of off-plan sales/PDCs for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised DPM fees, near stable year-on-year.
[9] Pipeline excluding the Group's backlog exceeding €4.2 bn.

1.1.1 Residential

1.1.1.1 STRATEGY

Altarea is the second-largest residential developer in France[10] and the Group has structured itself to eventually sell a potential 18,000 units per year.

The Group's development strategy aims to hold strong positions in the most dynamic regions, in large and also medium-sized cities, where the need for housing is the greatest.

Almost all of the property for sale and the land portfolio are located in "high-demand" areas and concern multi-household buildings with very high quality and/or environmental certification.

In addition, to meet the changing expectations of the French public in terms of housing (comfort, teleworking space, outdoor spaces), Cogedim, the Group's main brand, has launched its "goods that feel good" range around the world, consisting of ten commitments to health, well-being and the environment, with particular attention paid to air quality, carbon neutral materials, reduction of CO_2 emissions, energy savings, lighting and thermal and acoustic comfort.

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 Altarea 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 institution; the challenges facing social landlords;

• Serviced residences: Altarea is currently developing this type of offering, particularly under the Cogedim Club brand for active 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 dismemberment of ownership: the Group is developing programmes under a French Government policy known as social rental usufruct. This additional offering, whilst 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.

The Group has also developed Altarea Solutions & Services, an in-house value-added service platform to support its customers and partners throughout their project.

1.1.1.2 ACTIVITY IN THE FIRST HALF-YEAR

Scarce supply in H1 2021

At the beginning of 2021, turnover continued to be held back by delays in bringing projects to market, as a result of the COVID-19 pandemic, longer lead times in obtaining building permits and the strategy of block sales to Institutional investors in 2020. In the first half of the year, the Group prioritised Individuals, which represented 63% of sales by value at the end of June 2021, mainly as part of investment projects. For example, Histoire & Patrimoine recorded the best half-year of new orders in its history.

New orders[11]: € 1.3bn

New orders	H1 2021	%	H1 2020	%	Chge
Individuals - Residential buyers	€321m	25%	€347m	18%	(7)%
Individuals - Investment	€495m	38%	€345m	18%	43%
Bloc sales	€478m	37%	€1,228m	64%	(61)%
Total in value	**€1,294m**		**€1,921m**		**(33)%**
o/w equity-method (Group share)	*€56m*		*€92m*		*(39)%*
Individuals - Residential buyers	934	19%	946	14%	(1)%
Individuals - Investment	1,855	38%	1,238	19%	50%
Bloc sales	2,134	43%	4,483	67%	(52)%
Total in units	**4,923**		**6,667**		**(26)%**

This situation should improve in the coming semesters thanks to:

• the gradual increase in the pace of sales;

• the confirmed appetite of Institutional investors for real assets (classic housing and managed residences);

• the return of demand from Individuals (successful commercial launches and increase in sales, particularly in rental investment). Demand for new housing remains more than ever driven by the fundamentals of real estate, which is a safe haven in a context of low interest rates: demographic growth, the level of available savings post-COVID and changes in housing expectations.

[10] Source: Ranking of Developers 2021 carried out by Innovapresse which analyses and compares the volumes of activity, the number of housing units or square meters produced, or the equity and debt of the main property developers. It provides detailed figures, developer by developer, and outlines their projects and strategies.

[11] New orders net of withdrawals, in euros, including VAT when expressed in value. Data at 100%, with the exception of operations under joint control which are reported in Group share (including Woodeum).

New orders by product range

In units	H1 2021	%	H1 2020	%	Chge
Entry-level/mid-range	2,879	58%	4,657	70%	(38)%
High-end	920	19%	1,657	25%	(44)%
Serviced Residences	719	15%	146	2%	x5
Renovation/Rehabilitation	405	8%	207	3%	x2
Total	**4,923**		**6,667**		**(26)%**

Notarised sales: €1.2bn

€m incl. VAT	H1 2021	%	H1 2020	%	Chge
Individuals	667	56%	809	43%	(18)%
Bloc sales	534	44%	1,074	57%	(50)%
Total	**1,201**		**1,883**		**(36)%**

Notarised sales were strong in the first half 2021, despite the change in the client mix towards Individuals, whose financing arrangements and the small-scale nature of the transactions push back completion dates.

Deliveries and projects under construction

In the first half of the year, deliveries returned to thier pre-sanitary crisis pace, with more than 5,475 units delivered during the half-year (compared with 3,900 in the first half of 2020) and more than 26,840 units are under construction at the end of June 2021.

Revenue by % of completion: € 1.2bn

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).

In €m (excl. VAT)	H1 2021	%	H1 2020	%	Chge
Entry-level/mid-range	741	62%	729	68%	+2%
High-end	403	33%	303	28%	+33%
Serviced Residences	36	3%	16	1%	x2.3
Renovation/Rehabilitation	23	2%	21	2%	+10%
Total	**1,203**		**1,070**		**+13%**

Over the half-year, percentage-of-completion revenue growth was +13% thanks to strong technical and commercial progress.

Outlooks

Dynamic commercial launches

At the half-year 2021, particularly in the second quarter, the pace of launches is picking up again with 82 new projects (3,770 units), compared to 110 projects for the full year of 2020 (5,300 units).

Backlog: €3.7bn

Backlog is a leading indicator of potential revenue, which includes:

• notarised sales, not yet recognised: units that have been regularised at the notary's office, to be recognised as revenue according to technical progress;

• new orders (units sold) that are not yet regularised.

In €m (excl. VAT)	30/06/2021	31/12/2020	Change
Notarised revenue not recognised	2,002	2,252	(11)%
Revenues reserved but not notarised	1,732	1,709	1%
Backlog	**3,734**	**3,962**	**(6)%**
o/w equity-method (Group share)	*230*	*324*	*ns*
Number of months	*18*	*20*	

Properties for sale and future offering

The pipeline of projects under development is composed of:

• properties for sale (units available for sale); and

• the land portfolio, which includes projects secured under a sale agreement (most of which are unilateral) and whose launch has not yet taken place. These become properties for sale when they are launched on the market.

Potential revenue (€m incl. VAT)	30/06/2021	No. of months	31/12/2020	Change
Properties for sale	1,790	8	1,563	15%
Future offering	10,930	49	11,235	(3)%
Pipeline	***12,720***	***57***	***12,798***	**(0.6)%**
In no. of units	*48,638*		*49,515*	*(2)%*
In m²	*2,723,700*		*2,772,800*	*(2)%*

The Group's pipeline remains high with more than 48,000 units under development for nearly €12.7 billion in revenue including tax.

Property for sale grew by +15% at the end of June 2021 thanks to the resumption of commercial launches in the second quarter.

Management of real estate commitments

The risks relating to real estate commitments are assessed during Commitments Committee meetings, which assess in particular the financial, legal, administrative, technical and commercial risks.

Each transaction undergoes at least three committee reviews, which may be supplemented by update reviews, ensuring constant and regular monitoring of the transactions.

These procedures are applied to all of the Group's subsidiaries and Property Development brands.

End of June 2021:

• 64% of units for sale relate to projects for which the land has not yet been acquired and for which the amounts committed correspond essentially to studies, advertising, and reservation fees (or guarantees) paid within the purchase agreement on land;

• 36% of the offer concerns programs for which the land is currently acquired. 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;

• agreement required from the Commitments Committee at each stage of the transaction;

• strong pre-letting required prior to the acquisition of the land;

• abandonment or renegotiation of projects having generated inadequate pre-letting rates.

1.1.2 Business property

1.1.2.1 STRATEGY

An investor developer model

Altareit has significant operations in the Business property market with limited capital risk:

• principally as a developer[12] in off-plan sales, off-plan leases and property development contracts (PDC), with a particularly strong position on the turnkey user market, or as a service provider under DPM contracts;

• as a co-investor, either directly or through AltaFund[13], for high-potential assets (*prime* location) in view of their sale once redevelopment has been completed[14].

The Group is systematically the developer of projects in which it is also co-investor and Manager[15].

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

A dual diversification strategy

Geographic 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, Altarea works on capital-intensive projects (generally in partnership), or alternatively as a service provider to support large investors and users;

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

In just a few years, the Group has also become the leading Business property developer in the regions. It has been able to capitalise on its know-how to meet the expectations of this fall-back market for companies located in the Paris region, which share the same demand for products focused on working comfort and high-quality facilities (connectivity, collaborative spaces, etc.).

Product strategy

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

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

1.1.2.2 H1 2021 ACTIVITY

New orders

At the half-year mark 2021, the Group has placed several transactions for nearly €80 million, including:

• the sale to Systral (Syndicat Mixte des Transports pour le Rhône et l'Agglomération Lyonnaise) of a 6,000 m² office building in Villeurbanne. This building, which is deliverable at the start of 2023, is targeting HQE certification at level Excellent; Bureau Durable Grand Lyon and BREEAM Very Good certification;

• the signing of a lease with Campus Cyber for the Eria tower in La Défense.

In early July, the Group announced that it had signed a sale agreement for Bellini (La Défense) with Swiss Life Asset Management, which will install the head office of Swiss Life France in this 18,000 m² building with its iconic architecture in 2024.

Pipeline

62 projects in development

At end-June 2021, the Group's pipeline consisted of 62 projects with an estimated potential value of €4.2 billion.

It includes 7 projects, shared with leading institutional investors, consisted of nine transactions with a potential value of over €1.8 billion at 100% (€510 million, Group share).

At 30/06/2021	No.	Surface area (m²) at 100%	Revenue excl. VAT (€m)	Potential value at 100% (€m excl. VAT)
Investments [(a)]	7	413,600	366	1,842
Property development of off-plan sales contracts [(b)]	53	902,500	2,268	2,268
Delegated project management [(c)]	2	35,400	112	112
Total	**62**	**1 351,500**	**2,746**	**4,222**
o/w Regions	*44*	*881,900*	*1,638*	*1,827*
o/w Offices	*55*	*769,900*	*2,313*	*3,695*
o/w Logistics	*7*	*591,900*	*433*	*527*

(a) Potential value: market value excluding transfer duties at the date of sale, held directly or via AltaFund.
(b) Projects intended for "100% external" customers only. Potential value: revenue (excl. 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.

[12] *This development activity does not present any commercial risk: Altarea carries only a measured amount of technical risk.*
[13] *AltaFund is a discretionary investment fund, created in 2011, of which Altarea is one of the contributors alongside leading institutional investors.*
[14] *Resold rented or not.*
[15] *Through marketing, sale, asset and fund management contracts.*

Deliveries

In the first half 2021, Altareit delivered 244,000 m² s (o/w 88,000 m² in the Regions), including:

• three projects (for 155,000 m²) located in Grand Paris: Bridge (Orange head office), Landscape and Eria in La Défense[16], the entire 26,000 m² of which is leased to Campus Cyber, a project initiated by the French State, which was looking for a project, a central and functional place to host public and private cybersecurity players;

• Eknow, in Nantes, an office building already sold to BNP Paribas REIM and which will host the regional teams of Generali Vie, Keyence and Siemens. This building is the first phase of a 16,000 m² mixed-use project, also developing 5,000 m² of vacant housing units and a youth hostel, to be delivered at the end of 2021;

• the "Orange Tolosa" campus in Balma near Toulouse, which will bring together some 1,250 Group employees on a single site. The building built on a former logistics platform has benefited from a nature-friendly approach, and has been certified HQE® Commercial buildings. Connected and communicating, the campus is in the process of being awarded the Effinergie + and R2S level 2-star certification, offering comfortable and dynamic workspaces bathed in natural light;

• three of the four buildings developed under the Quais des Caps project in the Bassins à Flot district of Bordeaux: Cap Leeuwin with 5,500 m² of office space, a 124-room hotel and hotel residence, Cap Comorin and Cap de Bonne Espérance, which will welcome a UGC cinema this summer.

Supply

During the first half-year 2021, the Group integrated seven new projects:

• five off-plan sales in the Regions;

• and two joint-ventures projects : "Louis le Grand" in Paris, in partnership with JP Morgan Global Alternatives, which consists of the redevelopment of seven office buildings totalling 14,000 m² and the Be-Twin project, which aims to transform the former head office of the Caisse d'Epargne Rhône-Alpes (CERA) in Lyon Part-Dieu into a 50-metre high 31,000 m² mixed-use building with 22,000 m² of offices, 100 housing units on the top floors and shops on the streetfront.

In addition, the logistics project under way in Bollène near Lyon (260,000 m²) has been reclassified as a joint-ventures project (50%/50% with Patrizia).

Backlog

Backlog (Business Property) is composed of notarised sales, excl. VAT, not yet recorded per the percentage-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.

(€m)	30/06/2021	31/12/2020	*Chge*
Off-plan, PDC	414	468	
o/w equity-method (Group share)	*48*	*31*	
Fees (DPM)	11	11	
Total	**425**	**479**	***(11)%***

[16] Investment projects delivered remain in the pipeline until sold (Eria and Landscape).

Pipeline under development as of 30 June 2021

	Surface area (m²)	Property Development Type	Property Development Revenue excl. VAT (€m) (a)	Potential value at 100% (€m) excl. VAT (b)	Progress (c)
Landscape (La Défense)	70,100	Invest.			Delivered/leased
Tour Eria (La Défense)	26,600	Invest.			Delivered/leased
Bellini (La Défense)	18,100	Invest			Secured/leased
Bollène (Lyon)	260,000	Invest			Secured
Be-Twin/Cera (Lyon)	22,800	Invest			Secured
Louis le Grand	13,900	Invest			Secured
Saussure (Paris)	2,100	Invest.			Secured
Investments (7 projects)	**413,600**		**366**	**1,842**	
Bridge (Issy-les-Moulineaux)	57,800	Off-plan sale			Under construction
Belvédère (Bordeaux)	50,000	Off-plan sale			Under construction
Coeur de Ville - Hugo (Issy-les-Mx)	25,700	PDC			Under construction
Amazing Amazones - EuroNantes (Nantes)	19,100	Off-plan sale			Under construction
Aerospace - Phase A (Toulouse)	13,500	Off-plan sale			Under construction
Coeur de Ville - Leclerc & Vernet (Issy-les-Mx)	15,200	PDC			Under construction
Bobigny-La Place	9,800	Off-plan sale			Under construction
Bassins à Flot (Bordeaux)	9,400	Off-plan sale			Under construction
Gravity (Lyon)	4,800	Off-plan sale			Under construction
Cœur d'Orly (Orly)	30,700	PDC			Secured
EM Lyon Business School (Lyon)	29,400	PDC			Secured
PRD-Montparnasse (Paris)	56,200	Off-plan sale			Secured
Other Office projects (35 projects)	*311,000*	*PDC/Off-plan*			*Secured*
TCAM T2 (Seine et Marne)	5,300	PDC			Under construction
Technoparc (Collegien - Greater Paris)	11,800	Off-plan sale			Under construction
Hexahub Paris Region(Seine et Marne)	68,200	PDC			Secured
Hexahub Aquitaine (Bordeaux)	170,000	PDC			Secured
Other Logistics projects (2 projects)	*76,600*	*PDC/Off-plan*			*Secured*
"100% external" property development (53 projects)	**902,500**		**2,268**	**2,268**	
DPM (2 projects)	**35,400**	DPM	**112**	**112**	
Total Property Development portfolio (62 projects)	**1,351,500**		**2,746**	**4,222**	

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

(b) Potential value: market value excluding project rights. Investments: potential value at disposal date for investment projects (at 100%). Projects intended for "100% external" customers (Off-plan/PDC): amount excluding VAT of contracts signed or estimated (at 100%, or in proportion for projects under joint control). DPM: 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

Consolidated revenue[17] as of 30 June 2021 of €1,325.4 million, up 4.1% driven by the growth in Residential (+12.6%) which offset the dip in Business Property activity.

Operating income (FFO) increased by +15.5% to €88.8 million, driven by the increase in Residential operating income[18] (€+13.4 million).

Recurring net income (FFO) Group share was €54.2 million euros, an increase of +1.5%, after the rise in tax to €10.0 million (from €4.1 million in first-half 2020). Recurring net income (FFO) per share was €30.99 (+1.5%).

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	**1,209.4**	**116.0**	**–**	**–**	**1,325.4**		**1,325.4**
Change vs 30/06/2020	*+12.6%*	*-41.8%*	*Na*	*Na*	*+4.1%*		*+4.1%*
Net rental income							
Net property income	93.6	7.6	–	(0.1)	101.2		101.2
External services	5.4	4.0	–	0.6	10.0	–	10.0
Net revenue	**99.0**	**11.6**	**–**	**0.5**	**111.2**	**(0.0)**	**111.2**
Change vs 30/06/2020	*+6.1%*	*-11.8%*	*Na*	*Na*	*+4.4%*		*+4.7%*
Own work capitalised and production held in inventory	83.2	3.3			86.6		86.6
Operating expenses	(99.1)	(10.1)	0.6	(0.7)	(109.2)	(10.3)	(119.5)
Net overhead expenses	**(15.8)**	**(6.8)**	**0.6**	**(0.7)**	**(22.7)**	**(10.3)**	**(32.9)**
Share of equity-method affiliates	4.4	(4.1)	(0.0)	–	0.3	0.3	0.7
Estimated expenses and transaction costs – Residential						(13.1)	(13.1)
Change in value, estimated expenses and transaction costs – Business property						1.2	1.2
Change in value, estimated expenses and transaction costs –Diversification						(0.0)	(0.0)
Other						(5.0)	(5.0)
Operating income	**87.6**	**0.8**	**0.6**	**(0.1)**	**88.8**	**(26.8)**	**62.0**
Change vs 30/06/2020	*+18.0%*	*-82.6%*	*Na*	*Na*	+15.5%		*+11.6%*
Net borrowing costs	(9.7)	(0.8)	0.0	–	(10.5)	(0.9)	(11.4)
Other financial results	(5.7)	(0.1)	–	–	(5.8)	–	(5.8)
Gains/losses in the value of financial instruments	–	–	–	–	–	0.0	0.0
Proceeds from the disposal of investments	–	–	–	–	–	0.0	0.0
Corporate income tax	(10.0)	(0.0)	–	–	(10.0)	(1.7)	(11.7)
Net income	**62.2**	**(0.0)**	**0.6**	**(0.1)**	**62.6**	**(29.4)**	**33.2**
Minority shares	(8.4)	(0.0)	–	–	(8.4)	(0.0)	(8.4)
Net income, Group share	**53.8**	**(0.1)**	**0.6**	**(0.1)**	**54.2**	**(29.4)**	**24.8**
Change vs 30/06/2020	*-2.0%*	*Na*	*Na*	*Na*	+1.5%		
Diluted average number of shares					*1,748,424*		
Net income, Group share per share					**30.99**		
Change vs 30/06/2020					+1.5%		

[17] Revenue by % of completion basis (including external services).
[18] In order to best reflect the economic contribution of its managed residences business, Altareit decided to restate the positive impact of IFRS 16 on its contribution to the recurring net income (FFO) at 30 June 2021, for an amount of €-3.7 million euros in exchange for the increase in Changes in value, estimated expenses and transaction costs, thus reducing FFO operating income accordingly. The Residential operating income (FFO) as of 30 June 2020 thus stood at €74.2 million.

FFO Residential

in €m	H1 2021	H1 2020	
Revenue by % of completion	1,203.4	1,069.5	*+12.5%*
Cost of sales and other expenses	(1,109.8)	(980.9)	
Net property income Residential	**93.6**	**88.6**	*+5.7%*
% of revenue	*7.8%*	*8.3%*	
External services	5.4	4.7	
Production held in inventory	83.2	76.3	
Operating expenses	(99.1)	(99.3)	
Contribution of EM associates	4.4	3.9	
Operating income - Residential	**87.6**	**74.2**	*+18.0%*
% of revenue	*7.3%*	*6.9%*	
Net borrowing costs	(9.7)	(4.1)	
Other financial results	(5.7)	(1.1)	
Corporate income taxes	(10.0)	(3.9)	
Minority shares	(8.4)	(10.2)	
FFO Residential	**53.8**	**54.9**	*-2.0%*

Residential revenue by percentage of completion grew by 12.5% over the half-year thanks to strong technical and commercial progress.

The growth in operating income (+18.0%) reflects both the control of overheads and the significant contribution of fees (production held in inventory).

FFO Business Property

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

• net property income generated by development projects (PDC and Off-plan sales);

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

• and contribution from equity-method associates: results made on partnership investment projects.

in €m	H1 2021	H1 2020	
Revenue by % of completion	112.0	196.5	*-43.0%*
Cost of sales and other expenses	(104.4)	(186.0)	
Net property income Business	**7.6**	**10.5**	*-27.7%*
% of revenue	*6.8%*	*5.4%*	
External services	4.0	2.7	
Production held in inventory	3.3	5.6	
Operating expenses	(10.1)	(14.8)	
Contribution of EM associates	(4.1)	0.7	
Operating income - Business Property	**0.8**	**4.7**	*-82.4%*
% of revenue + ext. serv. prov.	*0.7%*	*2.3%*	
Net borrowing costs	(0.8)	(3.2)	
Other financial results	(0.1)	(0.2)	
Corporate income taxes	(0.0)	(0.2)	
Minority shares	(0.0)	0.4	
FFO Business Property	**(0.1)**	**1.5**	*na*

1.3 Financial resources

Liquidity: €1.8 billion

As of 30 June 2021, liquidity amounted to €1,832 million (compared with €2,454 million as of 31 December 2020), breaking down as follows:

Available (in €m)	Cash	Unused credit facilities	Total
At Corporate level	402	534	936
At project level	643	253	896
Total	**1,045**	**787**	**1,832**

Unused credit facilities amount to €514 million RCFs[19], the average maturity of which is 3.3 years, with no maturities within the coming 12 months.

Given the Group's liquidity and the continued access to the market in the short-term, as of 30 June 2021 no RCF was drawn. The Group has no plans to draw on them in the coming months.

Short-and medium-term financing

As of 30 June 2021, Altareit has a NEU CP programme[20] (maturity of up to one year) of €225 million and a NEU MTN[21] programme (maturity of more than one year) of €95 million.

The total outstanding was €320 million with an average maturity of 7.4 months.

[19] Revolving credit facilities (confirmed credit authorisations).
[20] NEU CP (Negotiable European Commercial Paper).
[21] NEU MTN (Negotiable European Medium Term Note).

Net debt: €228 million

in €m	30/06/2021	31/12/2020
Corporate and bank debt	203	197
Credit market a)	830	842
Debt on property development prog.	85	167
Total gross debt	**1,118**	**1,206**
Cash and cash equivalents	(890)	(1,185)
Total net debt	**228**	**20**

This amount includes bond debt and €320 million of NEU CP and NEU MTN programmes.

BBB credit rating

On 30 June 2021, following the announcement by Altarea of its proposed acquisition of the Primonial group, which will be carried out by an Altareit subsidiary[22], the rating agency S&P Global confirmed the Investment Grade financial rating for Altarea and Altareit at BBB-, outlook negative.

ICR ratio[23]

At 30 June 2021, Altareit's ICR (interest cover ratio) was 8.5x, compared with 10.1x at December 31 2020.

Covenants

A 99.85%-controlled subsidiary of the Altarea Group, Altareit's corporate debt is subject to Altarea's consolidated covenants (LTV ≤60%, ICR ≥2). Altarea meets them with considerable leeway.

	Covenant	30/06/2021	31/12/2020	Delta
LTV(a)	≤ 60%	33.9%	33.0%	+0.9 pt
ICR(b)	≥ 2.0 x	7.5x	7.3x	+0.2x

(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 ("Funds from operations" column). Group Altarea.

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

Altareit's gearing[24] was at 0.22x at 30 June 2021 (compared to 0.02x at 31 December 2020).

Equity

Altareit's shareholders' equity stood at €1,030 million at 30 June, 2021, making Altareit one of the most highly capitalised French developers.

[22] See press release published on 30 June 2021 "Altarea becomes the leading independent real estate manager and property developer", available on altarea.com.
[23] ICR (Interest Coverage Ratio) = Operating income/Net borrowing costs.
[24] Net bond and bank debt/consolidated shareholders' equity.

Consolidated income statement by segment

€ millions	30/06/2021 Financial resources Funds from operations (FFO)	30/06/2021 Changes in value, estimated expenses and transaction costs	30/06/2021 Total	30/06/2020 Financial resources Funds from operations (FFO)	30/06/2020 Changes in value, estimated expenses and transaction costs	30/06/2020 Total
Revenue	1,203.4	–	1,203.4	1,069.5	–	1,069.5
Cost of sales and other expenses	(1,109.8)	–	(1,109.8)	(980.9)	(0.3)	(981.2)
Net property income	**93.6**	**–**	**93.6**	**88.6**	**(0.3)**	**88.3**
External services	5.4	–	5.4	4.7	–	4.7
Production held in inventory	83.2	–	83.2	76.3	–	76.3
Operating expenses	(99.1)	(7.6)	(106.6)	(99.3)	(6.6)	(105.9)
Net overhead expenses	**(10.5)**	**(7.6)**	**(18.0)**	**(18.3)**	**(6.6)**	**(24.9)**
Share of equity-method affiliates	**4.4**	**(0.2)**	**4.2**	**3.9**	**(2.3)**	**1.6**
Net depreciation. amortization and provisions	**–**	**(13.1)**	**(13.1)**	**–**	**(10.8)**	**(10.8)**
Transaction costs	**–**	**–**	**–**	**–**	**–**	**–**
OPERATING INCOME – RESIDENTIAL	**87.6**	**(20.9)**	**66.7**	**74.2**	**(20.0)**	**54.2**
Revenue	112.0	–	112.0	196.5	–	196.5
Cost of sales and other expenses	(104.4)	–	(104.4)	(186.0)	–	(186.0)
Net property income	**7.6**	**–**	**7.6**	**10.5**	**–**	**10.5**
External services	4.0	–	4.0	2.7	–	2.7
Production held in inventory	3.3	–	3.3	5.6	–	5.6
Operating expenses	(10.1)	(1.9)	(12.0)	(14.8)	(1.3)	(16.1)
Net overhead expenses	**(2.7)**	**(1.9)**	**(4.6)**	**(6.6)**	**(1.3)**	**(7.9)**
Share of equity-method affiliates	**(4.1)**	**0.5**	**(3.6)**	**0.7**	**3.5**	**4.2**
Net depreciation. amortization and provisions	**–**	**(0.4)**	**(0.4)**	**–**	**(1.0)**	**(1.0)**
Income/loss in the value of investment property	**–**	**1.6**	**1.6**	**–**	**–**	**–**
OPERATING INCOME – BUSINESS PROPERTY	**0.8**	**(0.1)**	**0.7**	**4.7**	**1.2**	**5.9**
Net overhead expenses	**0.6**	**(0.8)**	**(0.2)**	**(0.8)**	**–**	**(0.8)**
Share of equity-method affiliates	**(0.0)**	**–**	**(0.0)**	**–**	**–**	**–**
Net depreciation. amortization and provisions	**–**	**(0.0)**	**(0.0)**	**–**	**(2.3)**	**(2.3)**
Gains/losses on disposals of assets	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
OPERATING INCOME – DIVERSIFICATION	**0.6**	**(0.8)**	**(0.2)**	**(0.8)**	**(2.4)**	**(3.2)**
Other (Corporate)	(0.1)	(5.0)	(5.1)	(1.2)	(0.2)	(1.4)
OPERATING INCOME	**88.8**	**(26.8)**	**62.0**	**76.9**	**(21.4)**	**55.5**
Net borrowing costs	(10.5)	(0.9)	(11.4)	(7.3)	(1.2)	(8.5)
Other financial results	(5.8)	–	(5.8)	(2.3)	–	(2.3)
Change in value and income from disposal of financial instruments	–	0.0	0.0	–	0.6	0.6
Net gain/(loss) on disposal of investments	–	0.0	0.0	–	(0.2)	(0.2)
PROFIT BEFORE TAX	**72.6**	**(27.7)**	**44.9**	**67.3**	**(22.1)**	**45.1**
Corporate income tax	(10.0)	(1.7)	(11.7)	(4.1)	(8.5)	(12.6)
NET INCOME	**62.6**	**(29.4)**	**33.2**	**63.1**	**(30.6)**	**32.5**
Minority shares	(8.4)	(0.0)	(8.4)	(9.8)	(0.1)	(9.9)
NET INCOME. GROUP SHARE	**54.2**	**(29.4)**	**28.4**	**53.4**	**(30.7)**	**22.7**
Diluted average number of shares	*1,748,424*	*1,748,424*	*1,748,424*	*1,748,438*	*1,748,438*	*1,748,438*
NET INCOME PER SHARE (€/SHARE) GROUP SHARE	**30.99**	**(16.8)**	**14.17**	**30.52**	**(17.6)**	**13.0**

Concerning the share of equity-method affiliates, IFRS 16 restatement's impact is fully presented in changes in value, particularly for the Cogedim Résidences Services activity.

Balance sheet

€ millions	30/06/2021	31/12/2020
Non-current assets	**796.2**	**753.4**
Intangible assets	*305.4*	*303.3*
o/w Goodwill	*192.1*	*192.1*
o/w Brands	*105.4*	*105.4*
o/w Other intangible assets	7.9	5.8
Property, plant and equipment	24.9	24.1
Right-of-use on property, plant and equipment	133.3	139.4
Investment properties	*90.9*	*32.8*
o/w Investment properties in operation at fair value	*8.5*	*6.5*
o/w Investment properties under development and under construction at cost	*78.5*	*22.0*
o/w Right-of use on Investment properties	3.9	4.3
Securities and investments in equity affiliates	225.5	242.0
Non-current financial assets	13.3	9.8
Deferred taxes assets	3.0	2.0
Current assets	**3,247.0**	**3,449.9**
Net inventories and work in progress	867.0	845.9
Contract assets	682.0	741.2
Trade and other receivables	760.8	649.7
Income tax credit	6.2	5.5
Loans and receivables (current)	41.5	22.6
Cash and cash equivalents	889.6	1,185.1
TOTAL ASSETS	**4,043.2**	**4,203.3**
Equity	**1,030.6**	**1,002.0**
Equity attributable to Altareit SCA shareholders	**971.4**	**949.8**
Capital	2.6	2.6
Other paid-in capital	76.3	76.3
Reserves	867.7	801.6
Income associated with Altareit SCA shareholders	24.8	69.4
Equity attributable to minority shareholders of subsidiaries	**59.2**	**52.1**
Reserves associated with minority shareholders of subsidiaries	50.9	31.1
Income associated with minority shareholders of subsidiaries	8.4	21.0
Non-current liabilities	**1,023.0**	**1,050.6**
Non-current borrowings and financial liabilities	949.0	978.4
o/w Bond issues	*496.4*	*496.0*
o/w Borrowings from lending establishments	*264.6*	*301.5*
o/w Negotiable European Medium-Term Note	*40.0*	*25.0*
o/w Advances from Group shareholders and partners	*0.9*	*3.0*
o/w Lease liabilities	*147.2*	*152.9*
Long-term provisions	16.6	16.3
Deposits and security interests received	1.5	1.4
Deferred tax liability	56.0	54.5
Current liabilities	**1,989.6**	**2,150.8**
Current borrowings and financial liabilities	400.7	473.9
o/w Bond issues	*14.0*	*6.8*
o/w Borrowings from lending establishments	*20.7*	*58.4*
o/w Negotiable European Medium-Term Note	*280.0*	*314.0*
o/w Bank overdrafts	*2.5*	*3.9*
o/w Advances from Group shareholders and partners	*75.6*	*89.9*
o/w Lease liabilities	*8.1*	*0.9*
Contract liabilities	166.1	177.3
Trade and other payables	1,413.1	1,488.4
Tax due	9.6	11.2
TOTAL LIABILITIES	**4,043.2**	**4,203.3**