

ALTAREIT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2021

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1 Financial statements

Consolidated balance sheet

€ millions	Note	30/06/2021	31/12/2020
Non-current assets		796.2	753.4
Intangible assets	7.1	305.4	303.3
<i>o/w Goodwill</i>		192.1	192.1
<i>o/w Brands</i>		105.4	105.4
<i>o/w Other intangible assets</i>		7.9	5.8
Property, plant and equipment		24.9	24.1
Right-of-use on property, plant and equipment	7.2	133.3	139.4
Investment properties	7.3	90.9	32.8
<i>o/w Investment properties in operation at fair value</i>		8.5	6.5
<i>o/w Investment properties under development and under construction at cost</i>		78.5	22.0
<i>o/w Right-of use on Investment properties</i>		3.9	4.3
Securities and investments in equity affiliates	4.5	225.5	242.0
Non-current financial assets	4.6	13.3	9.8
Deferred taxes assets	5.3	3.0	2.0
Current assets		3,247.0	3,449.9
Net inventories and work in progress	7.4	867.0	845.9
Contract assets	7.4	682.0	741.2
Trade and other receivables	7.4	760.8	649.7
Income tax credit		6.2	5.5
Loans and receivables (current)	4.6	41.5	22.6
Cash and cash equivalents	6.2	889.6	1,185.1
TOTAL ASSETS		4,043.2	4,203.3
Equity		1,030.6	1,002.0
Equity attributable to Altarea SCA shareholders		971.4	949.8
Capital	6.1	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	6.2	949.0	978.4
<i>o/w Bond issues</i>		496.4	496.0
<i>o/w Borrowings from lending establishments</i>		264.6	301.5
<i>o/w Negotiable European Medium-Term Note</i>		40.0	25.0
<i>o/w Advances from Group shareholders and partners</i>		0.9	3.0
<i>o/w Lease liabilities</i>		147.2	152.9
Long-term provisions	6.3	16.6	16.3
Deposits and security interests received		1.5	1.4
Deferred tax liability	5.3	56.0	54.5
Current liabilities		1,989.6	2,150.8
Current borrowings and financial liabilities	6.2	400.7	473.9
<i>o/w Bond issues</i>		14.0	6.8
<i>o/w Borrowings from lending establishments</i>		20.7	58.4
<i>o/w Negotiable European Medium-Term Note</i>		280.0	314.0
<i>o/w Bank overdrafts</i>		2.5	3.9
<i>o/w Advances from Group shareholders and partners</i>		75.6	89.9
<i>o/w Lease liabilities</i>		8.1	0.9
Contract liabilities	7.4	166.1	177.3
Trade and other payables	7.4	1,413.1	1,488.4
Tax due		9.6	11.2
TOTAL LIABILITIES		4,043.2	4,203.3

Consolidated income statement

€ millions	Note	30/06/2021	31/12/2020	30/06/2020
Revenue		1,315.4	2,823.4	1,266.1
Cost of sales		(1,165.0)	(2,482.3)	(1,115.1)
Other income		(49.2)	(107.9)	(51.8)
Net charge to provisions for current assets		(0.0)	(9.3)	(0.0)
Amortisation of customer relationships		–	(0.6)	(0.3)
Net property income	5.1	101.2	223.3	98.8
External services		10.0	16.3	7.4
Own work capitalised and production held in inventory		86.6	176.9	81.9
Personnel costs		(85.9)	(169.5)	(85.7)
Other overhead expenses		(31.6)	(83.7)	(38.9)
Depreciation expenses on operating assets		(11.1)	(24.6)	(12.0)
Net overhead expenses		(32.1)	(84.7)	(47.3)
Other income and expenses		(2.0)	(1.7)	0.4
Depreciation/amortisation expenses		(0.0)	(1.7)	(2.4)
Transaction costs		(5.0)	(0.0)	–
Other		(7.0)	(3.5)	(1.9)
Results on disposals		–	(0.1)	(0.1)
Change in value of investment properties		1.6	1.7	–
Net impairment losses on other non-current assets		(1.0)	(0.2)	(0.0)
Net charge to provisions for risks and contingencies		(1.3)	2.5	0.3
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		61.3	139.1	49.7
Share in earnings of equity-method affiliates	4.5	0.7	14.3	5.8
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		62.0	153.4	55.5
Net borrowing costs	5.2	(11.4)	(20.8)	(8.5)
Financial expenses		(12.5)	(23.0)	(10.5)
Financial income		1.1	2.2	2.0
Other financial results	5.2	(5.8)	(8.0)	(2.3)
Change in value and income from disposal of financial instruments		0.0	1.1	0.6
Net gain/(loss) on disposal of investments		0.0	0.2	(0.2)
Profit before tax		44.9	125.8	45.1
Income tax	5.3	(11.7)	(35.4)	(12.6)
NET INCOME		33.2	90.4	32.5
o/w attributable to shareholders of Altareit SCA		24.8	69.4	22.7
o/w Net income attributable to minority interests in subsidiaries		8.4	21.0	9.9
Average number of non-diluted shares		1,748,424	1,748,409	1,748,438
Net income per share attributable to shareholders of Altareit SCA (€)	5.4	14.17	39.69	12.96
Diluted average number of shares		1,748,424	1,748,409	1,748,438
Diluted net income per share attributable to shareholders of Altareit SCA (€)	5.4	14.17	39.69	12.96

Other comprehensive income

€ millions	30/06/2021	31/12/2020	30/06/2020
NET INCOME	33.2	90.4	32.5
Actuarial differences on defined-benefit pension plans	1.3	0.5	0.8
o/w Taxes	(0.5)	(0.2)	(0.3)
Subtotal of comprehensive income items that may not be reclassified to profit or loss	1.3	0.5	0.8
OTHER ITEMS OF COMPREHENSIVE INCOME	1.3	0.5	0.8
CONSOLIDATED COMPREHENSIVE INCOME	34.4	90.9	33.3
o/w Net comprehensive income attributable to Altareit SCA shareholders	26.1	69.9	23.5
o/w Net comprehensive income attributable to minority interests in subsidiaries	8.4	21.0	9.9

Consolidated cash flows statement

€ millions	Note	30/06/2021	31/12/2020	30/06/2020
Cash flow from operating activities				
Net income		33.2	90.4	32.5
Elimination of income tax expense (income)	5.3	11.7	35.4	12.6
Elimination of net interest expense (income) and dividends	5.2	16.7	28.5	10.6
Net income before tax and before net interest expense (income)		61.6	154.3	55.8
Elimination of share in earnings of equity-method subsidiaries	4.5	(0.7)	(14.3)	(5.8)
Elimination of depreciation/amortisation and impairment		14.2	25.2	14.6
Elimination of value adjustments		(1.7)	(2.8)	(0.6)
Elimination of net gains/(losses) on disposals		(0.3)	(0.3)	0.3
Estimated income and expenses associated with share-based payments	6.1	(9.4)	(1.4)	(4.1)
Net cash flow		63.9	160.7	60.2
Tax paid		(12.1)	(7.1)	(2.1)
Impact of change in operational working capital requirement (WCR)	7.4	(154.6)	159.4	66.4
CASH FLOW FROM OPERATIONS		(102.8)	313.0	124.4
Cash flow from investment activities				
Net acquisitions of assets and capitalised expenditures		(7.8)	(18.0)	(10.9)
Gross investments in equity affiliates	4.5	(17.7)	(34.1)	(19.3)
Acquisitions of consolidated companies, net of cash acquired	4.3	16.7	(5.6)	0.0
Other changes in Group structure		(0.1)	–	–
Increase in loans and advances		(25.1)	(22.0)	(15.5)
Sale of non-current assets and reimbursement of advances and down payments		2.9	34.6	0.2
Disposals of equity affiliates	4.5	14.4	25.5	7.0
Disposals of consolidated companies, net of cash transferred		(0.1)	4.8	3.4
Reduction in loans and other financial investments		6.1	27.5	6.3
Dividends received		14.6	24.3	0.3
Interest income		1.5	2.6	2.2
CASH FLOW FROM INVESTMENT ACTIVITIES		5.4	39.6	(26.4)
Cash flow from financing activities				
Capital increase		(0.1)	0.0	(0.0)
Dividends paid to minority shareholders of subsidiaries		(0.1)	(5.0)	0.0
Issuance of debt and other financial liabilities	6.2	275.4	815.5	518.3
Repayment of borrowings and other financial liabilities	6.2	(459.9)	(626.8)	(291.6)
Repayment of lease liabilities	6.2	(1.4)	(10.1)	(9.7)
Net sales (purchases) of treasury shares		0.1	(0.1)	(0.0)
Net change in security deposits and guarantees received		(0.1)	(0.7)	(0.4)
Interest paid		(10.6)	(27.0)	(6.2)
CASH FLOW FROM FINANCING ACTIVITIES		(196.7)	145.8	210.4
Change in cash balance		(294.0)	498.4	308.5
Cash balance at the beginning of the year				
	6.2	1,181.2	682.8	682.8
Cash and cash equivalents		1,185.1	685.0	685.0
Bank overdrafts		(3.9)	(2.2)	(2.2)
Cash balance at period-end	6.2	887.2	1,181.2	991.3
Cash and cash equivalents		889.6	1,185.1	992.4
Bank overdrafts		(2.5)	(3.9)	(1.1)

Changes in consolidated equity

€ millions	Capital	Other paid-in capital	Reserves and retained earnings	Equity attributable to Altareit SCA shareholders	Equity attributable to minority shareholders of subsidiaries	Equity
At 1 January 2020	2.6	76.3	802.1	881.0	37.1	918.0
<i>Net Income</i>	–	–	22.7	22.7	9.9	32.5
<i>Actuarial difference relating to pension obligations</i>	–	–	0.8	0.8	0.0	0.8
Comprehensive income	–	–	23.5	23.5	9.9	33.3
<i>Dividend distribution</i>	–	–	0.0	0.0	0.0	0.0
<i>Capital increase</i>	–	–	–	–	0.0	0.0
<i>Measurement of Altarea SCA share-based payments</i>	–	–	(2.9)	(2.9)	0.0	(2.9)
<i>Impact of Altarea SCA's share buyback to be delivered to employees</i>	–	–	–	–	–	–
<i>Elimination of treasury shares</i>	–	–	(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)
Other	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
<i>Net Income</i>	–	–	46.7	46.7	11.1	57.9
<i>Actuarial difference relating to pension obligations</i>	–	–	(0.3)	(0.3)	(0.0)	(0.3)
Comprehensive income	–	–	46.5	46.5	11.1	57.6
<i>Dividend distribution</i>	–	–	(0.0)	(0.0)	(5.1)	(5.1)
<i>Capital increase</i>	–	–	–	–	0.0	0.0
<i>Measurement of Altarea SCA share-based payments</i>	–	–	1.9	1.9	0.0	1.9
<i>Impact of Altarea SCA's share buyback to be delivered to employees</i>	–	–	–	–	–	–
<i>Elimination of treasury shares</i>	–	–	(0.0)	(0.0)	–	(0.0)
Transactions with shareholders	–	–	1.9	1.9	(5.0)	(3.2)
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	–	–	–
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	0.0	0.0	(0.9)	(0.9)
Other	–	–	0.0	0.0	0.0	0.0
As of 31 December 2020	2.6	76.3	871.0	949.8	52.1	1,002.0
<i>Net Income</i>	–	–	24.8	24.8	8.4	33.2
<i>Actuarial difference relating to pension obligations</i>	–	–	1.3	1.3	–	1.3
Comprehensive income	–	–	26.1	26.1	8.4	34.4
<i>Dividend distribution</i>	–	–	–	–	(0.1)	(0.1)
<i>Capital increase</i>	–	–	–	–	0.0	0.0
<i>Measurement of share-based payments</i>	–	–	(6.8)	(6.8)	–	(6.8)
<i>Impact of Altarea SCA's share buyback to be delivered to employees</i>	–	–	–	–	–	–
<i>Elimination of treasury shares</i>	–	–	0.1	0.1	–	0.1
Transactions with shareholders	–	–	(6.8)	(6.8)	(0.1)	(6.8)
Changes in ownership interests without taking or losing control of subsidiaries	–	–	2.3	2.3	(1.2)	1.1
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	–	–
Other	–	–	(0.0)	(0.0)	(0.0)	(0.0)
As of 30 June 2021	2.6	76.3	892.6	971.4	59.2	1,030.6

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

2 Notes – Consolidated income statement by segment

€ millions	30/06/2021			31/12/2020			30/06/2020		
	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Revenue	1,203.4	–	1,203.4	2,406.9	–	2,406.9	1,069.5	–	1,069.5
Cost of sales and other expenses	(1,109.8)	–	(1,109.8)	(2,205.3)	(0.6)	(2,205.9)	(980.9)	(0.3)	(981.2)
Net property income	93.6	–	93.6	201.6	(0.6)	201.0	88.6	(0.3)	88.3
External services	5.4	–	5.4	10.1	–	10.1	4.7	–	4.7
Production held in inventory	83.2	–	83.2	163.0	–	163.0	76.3	–	76.3
Operating expenses	(99.1)	(7.6)	(106.6)	(207.3)	(12.6)	(219.9)	(99.3)	(6.6)	(105.9)
Net overhead expenses	(10.5)	(7.6)	(18.0)	(34.2)	(12.6)	(46.8)	(18.3)	(6.6)	(24.9)
Share of equity-method affiliates	4.4	(0.2)	4.2	10.8	(2.5)	8.3	3.9	(2.3)	1.6
Net depreciation, amortization and provisions	–	(13.1)	(13.1)	–	(22.9)	(22.9)	–	(10.8)	(10.8)
Transaction costs	–	–	–	–	(0.0)	(0.0)	–	–	–
OPERATING INCOME - RESIDENTIAL	87.6	(20.9)	66.7	178.1	(38.6)	139.5	74.2	(20.0)	54.2
Revenue	112.0	–	112.0	416.5	–	416.5	196.5	–	196.5
Cost of sales and other expenses	(104.4)	–	(104.4)	(394.2)	–	(394.2)	(186.0)	–	(186.0)
Net property income	7.6	–	7.6	22.3	–	22.3	10.5	–	10.5
External services	4.0	–	4.0	6.2	–	6.2	2.7	–	2.7
Production held in inventory	3.3	–	3.3	13.9	–	13.9	5.6	–	5.6
Operating expenses	(10.1)	(1.9)	(12.0)	(29.3)	(3.0)	(32.3)	(14.8)	(1.3)	(16.1)
Net overhead expenses	(2.7)	(1.9)	(4.6)	(9.2)	(3.0)	(12.2)	(6.6)	(1.3)	(7.9)
Share of equity-method affiliates	(4.1)	0.5	(3.6)	(0.3)	6.6	6.3	0.7	3.5	4.2
Net depreciation, amortization and provisions	–	(0.4)	(0.4)	–	(1.5)	(1.5)	–	(1.0)	(1.0)
Income/loss in the value of investment property	–	1.6	1.6	–	1.7	1.7	–	–	–
OPERATING INCOME - BUSINESS PROPERTY	0.8	(0.1)	0.7	12.8	3.8	16.7	4.7	1.2	5.9
Net overhead expenses	0.6	(0.8)	(0.2)	0.1	(1.0)	(0.9)	(0.8)	–	(0.8)
Share of equity-method affiliates	(0.0)	–	(0.0)	–	–	–	–	–	–
Net depreciation, amortization and provisions	–	(0.0)	(0.0)	–	0.3	0.3	–	(2.3)	(2.3)
Gains/losses on disposals of assets	–	–	–	–	(0.1)	(0.1)	–	(0.1)	(0.1)
OPERATING INCOME – DIVERSIFICATION	0.6	(0.8)	(0.2)	0.1	(0.8)	(0.7)	(0.8)	(2.4)	(3.2)
Other (Corporate)	(0.1)	(5.0)	(5.1)	(1.7)	(0.2)	(1.9)	(1.2)	(0.2)	(1.4)
OPERATING INCOME	88.8	(26.8)	62.0	189.3	(35.7)	153.6	76.9	(21.4)	55.5
Net borrowing costs	(10.5)	(0.9)	(11.4)	(18.7)	(2.1)	(20.8)	(7.3)	(1.2)	(8.5)
Other financial results	(5.8)	–	(5.8)	(8.0)	(0.0)	(8.0)	(2.3)	–	(2.3)
Change in value and income from disposal of financial instruments	–	0.0	0.0	–	1.1	1.1	–	0.6	0.6
Net gain/(loss) on disposal of investments	–	0.0	0.0	–	(0.0)	(0.0)	–	(0.2)	(0.2)
PROFIT BEFORE TAX	72.6	(27.7)	49.9	162.6	(36.8)	125.8	67.3	(22.1)	45.1
Corporate income tax	(10.0)	(1.7)	(11.7)	(13.9)	(21.5)	(35.4)	(4.1)	(8.5)	(12.6)
NET INCOME	62.6	(25.8)	36.8	148.7	(58.3)	90.4	63.1	(30.6)	32.5
Minority shares	(8.4)	(0.0)	(8.4)	(21.0)	(0.0)	(21.0)	(9.8)	(0.1)	(9.9)
NET INCOME, GROUP SHARE	54.2	(29.4)	24.8	127.7	(58.3)	69.4	53.4	(30.7)	22.7
Diluted average number of shares	1,748,424	1,748,424	1,748,424	1,748,409	1,748,409	1,748,409	1,748,438	1,748,438	1,748,438
NET INCOME PER SHARE (€/SHARE) GROUP SHARE	30.99	(16.81)	14.17	73.06	(33.37)	39.69	30.52	(17.56)	12.96

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.

3 Other information attached to the consolidated interim financial statements

Detailed contents of notes to consolidated interim financial statements

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NOTE 1 INFORMATION 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). The registered office is located at 87, rue de Richelieu in Paris (France).

Altareit is a significant player in the Residential and Business property segments, and has also full control over Cogedim, Pitch Promotion and Histoire & Patrimoine.

Altareit is 99.85%-controlled by the company Altarea, whose shares are admitted to trading on the regulated market Euronext Paris, Compartment A.

Altareit presents its financial statements and accompanying notes in millions of euros, to one decimal point.

The consolidated financial statements for the period ended 30 June 2021 were approved by the Management on 30 July 2021 having been reviewed by the Audit Committee and the Supervisory Board.

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 2021 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 2020, presented in the reference document filed with the AMF on 26 March 2021 under number D.21-0207.

The accounting principles adopted for preparation of the interim consolidated financial statements are in line with IFRS standards and interpretations from the IASB, as adopted by the European Union at 30 June 2021 and available at:

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

Accounting standards, interpretations and amendments applicable from the financial year beginning 1 January 2021:

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform (IBOR) – Phase 2

Standards and interpretations adopted early at 30 June 2021, whose application is mandatory for financial years starting on 1 July 2021 or later:

None.

Accounting standards and interpretations in effect at 1 January 2021 and mandatory after 30 June 2021:

None.

Other essential standards and interpretations released by the IASB approved in 2021 or not yet approved by the European Union:

- IFRS 17 – Insurance Contracts
- 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
- Amendment to IAS 1 – Classification of liabilities as current or non-current
- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
- Amendment to IFRS 16 – COVID 19-related rent concessions – Extension of the initial provisions until 30 June 2021
- Amendment to IAS 1 – Information to be provided on accounting methods
- Amendment to IAS 8 – Definition of an accounting estimate

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 2021 were made in the context of the COVID-19 economic and health crisis. The Group took into account reliable information available on the date the consolidated financial statements were drawn up in relation to the 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 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 31 December 2020 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 30 June 2021.

Measurements of other assets and liabilities

- Measurement of investment properties (see Notes 2.4.5 “Investment properties” and 7.3 “Investment properties”).
- The measurement of right-of-use assets and lease obligations (see Notes 2.4.18 “Leases” and 7.2 “Right-of-use on property, plant and equipment and intangible assets”).
- 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 “Management of financial risks”),

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”).

Non-current assets held for sale and discontinued operations

In accordance with the provisions of IFRS 5, the Group determines whether the criteria used to determine whether an asset or a group of assets should be classified as held for sale or if an operation is to be discontinued are met (see Note 2.4.6 “Non-current assets held for sale and discontinued operations”).

The paragraphs cited above and numbered 2.4.xx refer to the appendix to the consolidated financial statements for the year ended 31 December 2020.

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 the 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.

NOTE 3 INFORMATION ON OPERATING SEGMENTS

3.1 Balance sheet items by operating segment

As of 30 June 2021

<i>€ millions</i>	Residential	Business Property	Diversification	TOTAL
Operating assets and liabilities				
Intangible assets	283.5	21.5	0.3	305.4
Property, plant and equipment	24.9	0.0	(0.0)	24.9
Right-of-use on property, plant and equipment	133.3	0.0	–	133.3
Investment properties	–	35.6	55.3	90.9
Securities and investments in equity affiliates	156.1	67.6	1.9	225.5
Operational working capital requirement	670.0	61.7	0.9	732.6
Total operating assets and liabilities	1,267.8	186.4	58.4	1,512.5

As of 31 December 2020

<i>€ millions</i>	Residential	Business Property	Diversification	TOTAL
Operating assets and liabilities				
Intangible assets	281.8	21.5	0.0	303.3
Property, plant and equipment	23.3	–	0.8	24.1
Right-of-use on property, plant and equipment	139.3	0.0	–	139.4
Investment properties	–	32.8	–	32.8
Securities and investments in equity affiliates	157.7	82.5	1.9	242.0
Operational working capital requirement	517.2	55.8	0.1	573.1
Total operating assets and liabilities	1,119.3	192.6	2.8	1,314.6

3.2 Consolidated income statement by operating segment

See consolidated income statement by segment in the notes to the financial statements.

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

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

€ millions	30/06/2021			31/12/2020			30/06/2020		
	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Revenue	1,315.4	–	1,315.4	2,823.4	–	2,823.4	1,266.1	–	1,266.1
Cost of sales	(1,165.0)	–	(1,165.0)	(2,482.3)	(0.0)	(2,482.3)	(1,115.1)	–	(1,115.1)
Other income	(49.2)	–	(49.2)	(107.9)	–	(107.9)	(51.8)	–	(51.8)
Net charge to provisions for current assets	(0.0)	–	(0.0)	(9.3)	–	(9.3)	(0.0)	–	(0.0)
Amortisation of customer relationships	–	–	–	–	(0.6)	(0.6)	–	(0.3)	(0.3)
Net property income	101.2	–	101.2	223.9	(0.6)	223.3	99.1	(0.3)	98.8
External services	10.0	–	10.0	16.3	–	16.3	7.4	–	7.4
Own work capitalised and production held in inventory	86.6	–	86.6	176.9	–	176.9	81.9	–	81.9
Personnel costs	(78.6)	(7.3)	(85.9)	(160.7)	(8.8)	(169.5)	(80.5)	(5.2)	(85.7)
Other overhead expenses	(29.4)	(2.2)	(31.6)	(77.0)	(6.7)	(83.7)	(36.2)	(2.7)	(38.9)
Depreciation expenses on operating assets	–	(11.1)	(11.1)	–	(24.6)	(24.6)	–	(12.0)	(12.0)
Net overhead expenses	(11.5)	(20.6)	(32.1)	(44.5)	(40.2)	(84.7)	(27.5)	(19.9)	(47.3)
Other income and expenses	(1.2)	(0.8)	(2.0)	(0.5)	(1.2)	(1.7)	0.6	(0.2)	0.4
Depreciation/amortisation expenses	–	(0.0)	(0.0)	–	(1.7)	(1.7)	–	(2.4)	(2.4)
Transaction costs	–	(5.0)	(5.0)	–	(0.0)	(0.0)	–	–	–
Other	(1.2)	(5.8)	(7.0)	(0.5)	(3.0)	(3.5)	0.6	(2.6)	(1.9)
Results on disposals	–	–	–	–	(0.1)	(0.1)	–	(0.1)	(0.1)
Change in value of investment properties	–	1.6	1.6	–	1.7	1.7	–	–	–
Net impairment losses on other non-current assets	–	(1.0)	(1.0)	–	(0.2)	(0.2)	–	(0.0)	(0.0)
Net charge to provisions for risks and contingencies	–	(1.3)	(1.3)	–	2.5	2.5	–	0.3	0.3
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	88.5	(27.2)	61.3	178.9	(39.8)	139.1	72.3	(22.6)	49.7
Share in earnings of equity-method affiliates	0.3	0.3	0.7	10.2	4.1	14.3	4.6	1.2	5.8
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	88.8	(26.8)	62.0	189.1	(35.7)	153.4	76.9	(21.4)	55.5
Net borrowing costs	(10.5)	(0.9)	(11.4)	(18.7)	(2.1)	(20.8)	(7.3)	(1.2)	(8.5)
Financial expenses	(11.5)	(0.9)	(12.5)	(20.9)	(2.1)	(23.0)	(9.3)	(1.2)	(10.5)
Financial income	1.1	–	1.1	2.2	–	2.2	2.0	–	2.0
Other financial results	(5.8)	–	(5.8)	(8.0)	(0.0)	(8.0)	(2.3)	–	(2.3)
Change in value and income from disposal of financial instruments	–	0.0	0.0	–	1.1	1.1	–	0.6	0.6
Proceeds from the disposal of investments ^(a)	–	0.0	0.0	0.2	(0.0)	0.2	–	(0.2)	(0.2)
Profit before tax	72.6	(27.7)	44.9	162.6	(36.8)	125.8	67.3	(22.1)	45.1
Income tax	(10.0)	(1.7)	(11.7)	(13.9)	(21.5)	(35.4)	(4.1)	(8.5)	(12.6)
NET INCOME	62.6	(29.4)	36.8	148.7	(58.3)	90.4	63.1	(30.6)	32.5
o/w Net income attributable to Altareit SCA shareholders	54.2	(29.4)	24.8	127.7	(58.3)	69.4	53.4	(30.7)	22.7
o/w Net income attributable to minority interests in subsidiaries	8.4	0.0	8.4	21.0	0.0	21.0	9.8	0.1	9.9
Average number of non-diluted shares	1,748,424	1,748,424	1,748,424	1,748,409	1,748,409	1,748,409	1,748,438	1,748,438	1,748,438
Net income per share attributable to shareholders of Altareit SCA (€)	30.99	(16.81)	14.17	73.06	(33.37)	39.69	30.52	(17.56)	12.96
Diluted average number of shares	1,748,424	1,748,424	1,748,424	1,748,409	1,748,409	1,748,409	1,748,438	1,748,438	1,748,438
Diluted net income per share attributable to shareholders of Altareit SCA (€)	30.99	(16.81)	14.17	73.06	(33.37)	39.69	30.52	(17.56)	12.96

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.

(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

	30/06/2021					31/12/2020					30/06/2020				
	Residential	BP ⁽¹⁾	Div. ⁽²⁾	Other	TOTAL	Residential	BP ⁽¹⁾	Div. ⁽²⁾	Other	TOTAL	Residential	BP ⁽¹⁾	Div. ⁽²⁾	Other	TOTAL
<i>€ millions</i>															
Net property income	93.6	7.6	–	(0.1)	101.2	201.0	22.3	(0.0)	(0.1)	223.3	88.3	10.5	–	–	98.8
Net overhead expenses	(27.6)	(5.1)	–	0.6	(32.1)	(66.1)	(18.6)	–	–	(84.7)	(34.2)	(13.1)	–	–	(47.3)
Other	(1.5)	0.4	(0.2)	(5.7)	(7.0)	(3.9)	4.7	(2.4)	(1.9)	(3.5)	(1.4)	4.0	(3.1)	(1.4)	(1.9)
Results on disposals	–	–	–	–	–	–	–	(0.1)	–	(0.1)	–	–	(0.1)	–	(0.1)
Value adjustments	(1.0)	1.6	–	–	0.6	(0.2)	1.7	–	–	1.5	(0.0)	–	–	–	(0.0)
Net charge to provisions for risks	(1.1)	(0.3)	–	–	(1.3)	0.5	0.2	1.8	–	2.5	(0.0)	0.3	0.0	–	0.3
Share in earnings of equity-method affiliates	4.2	(3.6)	(0.0)	–	0.7	8.3	6.0	–	–	14.3	1.6	4.2	–	–	5.8
OPERATING INCOME (Consolidated income statement)	66.7	0.7	(0.2)	(5.1)	62.0	139.5	16.4	(0.7)	(1.9)	153.4	54.2	5.9	(3.2)	(1.4)	55.5
Reclassification of net gain/(loss) on disposal of investments							0.2			0.2					
OPERATING INCOME (Consolidated income statement by segment)	66.7	0.7	(0.2)	(5.1)	62.0	139.5	16.7	(0.7)	(1.9)	153.6	54.2	5.9	(3.2)	(1.4)	55.5

(1) IE: Business property
(2) Div.: Diversification

3.4 Revenue by geographical area

	30/06/2021			31/12/2020			30/06/2020		
	France	Other	Total	France	Other	Total	France	Other	Total
<i>€ millions</i>									
Revenue	1,203.4	–	1,203.4	2,406.9	–	2,406.9	1,069.5	–	1,069.5
External services	5.4	–	5.4	10.1	–	10.1	4.7	–	4.7
Residential	1,208.8	–	1,208.8	2,417.0	–	2,417.0	1,074.2	–	1,074.2
Revenue	112.0	–	112.0	416.5	–	416.5	196.5	–	196.5
External services	3.9	0.2	4.0	5.7	0.5	6.2	2.4	0.3	2.7
Business Property	115.8	0.2	116.0	422.2	0.5	422.7	199.0	0.3	199.2
Total revenue	1,325.2	0.2	1,325.4	2,839.2	0.5	2,839.7	1,273.2	0.3	1,273.4

The Altareit Group operates mainly in France as of 30 June 2021.

One client accounted for over 10% of the Group's revenue in the Residential segment, i.e. €548 million in 2020 and €263.5 million in 2021.

NOTE 4 KEY EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 Key events

The Group becomes the leading independent real estate manager and property developer

On 30 June 2021, the Group announced a major strategic operation aimed at accelerating the deployment of its integrated model across the entire real estate value chain by creating a group unrivaled in Europe, the leading independent real estate manager and property developer: the entry into exclusive negotiations with a view to the acquisition of 100% of the Primonial Group, the independent European leader in real estate savings and asset management. This two-stage transaction (60% in Q1 2022 and 40% in Q1 2024) was done at an enterprise value of €1.9 billion for the acquired scope¹.

This transaction strengthens the Group's expertise in the resilient and fast-growing real estate asset management market and complements its leadership in the urban transformation market.

Residential

Scarce supply in the first half of the year

At the beginning of 2021, activity 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 Individual customers, mainly as part of investment projects. As a result, for example, Histoire & Patrimoine had a record semester for new orders in its history.

New orders totaled 1.3 billion euros.

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).

Deliveries and ongoing projects

In the first half of the year, deliveries returned to their 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.

Dynamic commercial launches

In the first 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).

¹ Excluding a potential earn-out of a maximum of €225 million, payable in 2024, depending on the achievement of the business plan for 2022-2023.

Business property

New orders

In the first half-year 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) building in Villeurbanne. This building, to be delivered in early 2023, is aiming for HQE Excellent certification; Bureau Durable Grand Lyon and BREEAM Very Good certifications;
- the signing of a lease with the Cyber Campus for the Eria tower in La Défense.

Pipeline

At the end of June 2021, the Group's pipeline consisted of 62 transactions with a potential value estimated at €4.2 billion at 100%.

Deliveries

During the first half of 2021, the Group delivered 244,000 m² of office buildings (including 88,000 m² in the regions), including:

- three transactions² in Grand Paris: Bridge (Orange head office), and Landscape and Eria in La Défense, the entire of which is leased to Campus Cyber, a project initiated by the French State, which was looking for a central and functional location 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;
- the "Orange Tolosa" campus in Balma near Toulouse, which will bring together some 1,250 Group employees on a single site;
- three of the four buildings developed as part of the Quais des Caps project in the Bassins à Flot district of Bordeaux: Cap Leeuwin with a surface area of 5,500 m², a hotel with 124 rooms and a hotel residence, Cap Comorin and Cap de Bonne Espérance, which will include a UGC cinema this summer.

² Joint venture projects delivered remain in the pipeline until their transfer date (Eria and Landscape).

4.2 Consolidation scope

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

COMPANY	LEGAL FORM	SIREN		30/06/2021			31/12/2020		
				Method	Interest	Integration	Method	Interest	Integration
ALTAREIT	SCA	552091050	parent company	FC	100.0%	100.0%	FC	100.0%	100.0%
Residential									
COGEDIM RESIDENCES SERVICES	SNC	394648455	joint venture	EM	65.0%	65.0%	EM	65.0%	65.0%
ALTAREA COGEDIM IDF GRANDE METROPOLE	SNC	810928135		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA COGEDIM GRANDS PROJETS	SNC	810926519		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA COGEDIM REGIONS	SNC	810847905		FC	100.0%	100.0%	FC	100.0%	100.0%
SEVERINI	SNC	848899977		FC	100.0%	100.0%	FC	85.0%	100.0%
MARSEILLE MICHELET	SNC	792774382		FC	100.0%	100.0%	FC	100.0%	100.0%
COEUR MOUGINS	SNC	453830663		FC	100.0%	100.0%	FC	100.0%	100.0%
ISSY COEUR DE VILLE	SNC	830181079		FC	100.0%	100.0%	FC	100.0%	100.0%
ISSY COEUR DE VILLE COMMERCES	SNC	828184028		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA FAUBOURG	SASU	444560874		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA SOLUTION FINANCEMENT	SNC	504638784		FC	100.0%	100.0%	FC	100.0%	100.0%
HP	SAS	480309731		FC	100.0%	100.0%	FC	100.0%	100.0%
HISTOIRE ET PATRIMOINE DEVELOPPEMENT	SAS	480110931		FC	100.0%	100.0%	FC	100.0%	100.0%
HORIZONS	SNC	825208093		FC	100.0%	100.0%	FC	100.0%	100.0%
MERIMEE	SNC	849367016		FC	100.0%	100.0%	FC	100.0%	100.0%
PPP	SNC	530593748		FC	100.0%	100.0%	FC	72.0%	100.0%
PITCH PROMOTION	SAS	450042338		FC	100.0%	100.0%	FC	100.0%	100.0%
SEVRAN FREINVILLE	SCCV	801560079		FC	60.0%	100.0%	FC	60.0%	100.0%
MAGNANVILLE MARE PASLOUE	SCCV	823919287		FC	100.0%	100.0%	FC	100.0%	100.0%
ANDRESY CHATEAUBRIANT	SCCV	838432094		FC	75.0%	100.0%	FC	75.0%	100.0%
BEZONS CŒUR DE VILLE A1 & A2- LOGEMENTS	SCCV	819929845		FC	100.0%	100.0%	FC	100.0%	100.0%
GIF MOULON A4	SCCV	830886115		FC	25.0%	100.0%	FC	25.0%	100.0%
BOBIGNY COEUR DE VILLE	SNC	838941011		FC	100.0%	100.0%	FC	100.0%	100.0%
TOULOUSE TMA PLACE CENTRALE	SNC	821922564		FC	100.0%	100.0%	FC	100.0%	100.0%
PITCH PROMOTION	SASU	422989715		FC	100.0%	100.0%	FC	100.0%	100.0%
CARRIÈRES-SOUS-POISSY P7	SCCV	824114607	affiliate	EM	75.0%	75.0%	EM	75.0%	75.0%
ARTCHIPEL	SCCV	841150071		FC	100.0%	100.0%	FC	100.0%	100.0%
CLICHY ROGUET	SCCV	880090212		FC	51.0%	100.0%	FC	51.0%	100.0%
RUEIL HIGH GARDEN	SCCV	887670115		FC	60.0%	100.0%	FC	60.0%	100.0%
TOULOUSE ARÈNES ILOT 3.1 T1 and T2	SAS	814795779	affiliate	EM	40.0%	40.0%	EM	40.0%	40.0%
COGEDIM HAUTS DE FRANCE	SNC	420810475		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM GESTION	SNC	380375097		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM PARIS MÉTROPOLE	SNC	319293916		FC	100.0%	100.0%	FC	100.0%	100.0%
ASNIÈRES AULAGNIER	SARL	487631996	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
COGEDIM GRAND LYON	SNC	300795358		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM MEDITERRANEE	SNC	312347784		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM PROVENCE	SNC	442739413		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM GRENOBLE	SNC	418868584		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM SAVOIES-LEMAN	SNC	348145541		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM AQUITAINE	SNC	388620015		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM ATLANTIQUE	SNC	501734669		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM LANGUEDOC ROUSSILLON	SNC	532818085		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM	SASU	54500814		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC SURESNES MALON	SNC	832708663	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
SAS CLICHY BOREALES	SAS	879035939	affiliate	EM	30.0%	30.0%	NI	0.0%	0.0%
LYON LES MOTEURS	SNC	824866388		FC	100.0%	100.0%	FC	100.0%	100.0%
CALCADE DE MOUGINS	SNC	833132426		FC	51.0%	100.0%	FC	51.0%	100.0%
SNC PROVENCE L'ÉTOILE	SNC	501552947		FC	100.0%	100.0%	FC	100.0%	100.0%
HYRES L'AUFRENE	SCCV	834122335		FC	100.0%	100.0%	FC	100.0%	100.0%
JOINVILLE H. PINSON	SCCV	821764107		FC	50.1%	100.0%	FC	50.1%	100.0%
CRÉTEIL BOBILLLOT	SCCV	823592944		FC	80.0%	100.0%	FC	80.0%	100.0%
CHAMPIGNY ALEXANDRE FOURNY	SCCV	829377894		FC	50.1%	100.0%	FC	50.1%	100.0%
BOURGET LECLERC	SCCV	831267943		FC	51.0%	100.0%	FC	51.0%	100.0%
WOUDEUM RESIDENTIEL	SAS	807674775		EM	50.0%	50.0%	EM	50.0%	50.0%
COLOMBES BARBUSSE	SCCV	831268008		FC	51.0%	100.0%	FC	51.0%	100.0%
HORLOGE GASTON ROUSSEL	SCCV	832294664		FC	51.0%	100.0%	FC	51.0%	100.0%
ASNIERES 94 GRESILLONS	SCCV	849115258		FC	51.0%	100.0%	FC	51.0%	100.0%
CHATENAY ROBINSON 4 CHEMINS	SCCV	894910082		FC	50.1%	100.0%	NI	0.0%	0.0%
QUAI DE SEINE IN ALFORTVILLE	SCCV	803321942	joint venture	EM	49.0%	49.0%	EM	49.0%	49.0%
FAR ILOT C	SCCV	844494583	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
CROIX DE DAURADE	SCCV	829774173		FC	51.0%	100.0%	FC	51.0%	100.0%
Business Property									
ALTAREA COGEDIM ENTREPRISE PROMOTION	SNC	535056378		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA ENTREPRISE MANAGEMENT	SNC	534207386		FC	100.0%	100.0%	FC	100.0%	100.0%
AF INVESTCO ARAGO	SNC	494382351	affiliate	EM	30.1%	30.1%	EM	30.1%	30.1%
AF INVESTCO 4	SNC	798601936	affiliate	EM	8.3%	8.3%	EM	8.3%	8.3%
ALTA VAI HOLDCO A	SAS	424007425		FC	100.0%	100.0%	FC	100.0%	100.0%
PASCALHOLDCO	SPPICAV	809845951	affiliate	EM	15.1%	15.1%	EM	15.1%	15.1%
PASCALPROPCO	SASU	437929813	affiliate	EM	15.1%	15.1%	EM	15.1%	15.1%

4.3 Changes in consolidation scope

	31/12/2020	Acquisition	Creation	Sale	Absorption, dissolution, deconsolidation	Change in consolidation method	30/06/2021
<i>In number of companies</i>							
Fully consolidated subsidiaries	342	8	12		(11)	1	352
Joint ventures ^(a)	122		3		(2)	(1)	122
Affiliates	72	1		(1)	(5)		67
Total	536	9	15	(1)	(18)	-	541

(a) Companies accounted for using the equity method.

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

€ millions	30/06/2021	31/12/2020	30/06/2020
Investment in consolidated securities	(1.1)	(12.2)	(0.0)
Debt on acquisition of consolidated equity investments	-	3.6	-
Cash of acquired companies	17.9	2.9	0.0
Total	16.7	(5.6)	0.0

During the period, the Group acquired SNC Orgeval, which owns a building at cost.

4.4 Business combinations

The Group did not carry out business combinations during the year.

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	30/06/2021	31/12/2020
Equity-accounting value of joint ventures	54.6	53.3
Equity-accounting value of affiliated companies	11.0	27.7
Value of stake in equity-method affiliates	65.6	80.9
Receivables from joint ventures	48.5	52.7
Receivables from affiliated companies	111.4	108.4
Receivables from equity-method subsidiaries	159.9	161.1
Total securities and receivables in equity affiliates	225.5	242.0

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

€ millions	Joint ventures		Affiliates		30/06/2021		Joint ventures		Affiliates		31/12/2020		Joint ventures		Affiliates		30/06/2020	
Balance sheet items, group share:																		
Non-current assets	106.2	164.4	270.5	110.9	148.8	259.7	107.5	145.9	253.5									
Current assets	330.8	181.6	512.4	314.2	190.6	504.7	280.9	195.3	476.2									
Total Assets	437.0	346.0	782.9	425.1	339.3	764.4	388.4	341.2	729.7									
Non-current liabilities	62.7	172.5	235.2	75.4	156.6	232.0	82.2	158.0	240.2									
Current liabilities	319.7	162.4	482.1	296.4	155.0	451.5	244.1	148.7	392.8									
Total Liabilities	382.3	335.0	717.3	371.8	311.7	683.5	326.4	306.7	633.0									
Net assets (equity-accounting basis)	54.6	11.0	65.6	53.3	27.7	80.9	62.1	34.6	96.6									
Income statement items, group share:																		
Operating income	3.1	(0.0)	3.1	8.3	11.4	19.7	3.1	5.5	8.6									
Net borrowing costs	(0.7)	(1.9)	(2.5)	(1.2)	(4.7)	(5.9)	(0.8)	(2.8)	(3.6)									
Other financial results	(1.3)	(0.1)	(1.3)	(2.7)	(0.6)	(3.3)	(1.3)	(0.1)	(1.4)									
Change in value of hedging instruments	–	(0.0)	(0.0)	–	(0.0)	(0.0)	–	0.0	0.0									
Proceeds from the disposal of investments	–	–	–	0.0	(2.6)	(2.6)	–	–	–									
Net income before tax	1.2	(2.0)	(0.8)	4.4	3.4	7.8	1.0	2.6	3.6									
Corporate income tax	0.9	0.6	1.5	(0.8)	7.3	6.4	(0.8)	3.0	2.2									
Net income by equity method (after tax)	2.0	(1.4)	0.7	3.6	10.7	14.3	0.2	5.7	5.8									
Non-Group net income	–	(0.0)	(0.0)	–	(0.0)	(0.0)	–	–	–									
Net income, Group share	2.0	(1.4)	0.7	3.6	10.7	14.3	0.2	5.7	5.8									

Group revenue from joint ventures amounted to €13.3 million as of 30 June 2021, compared with €15.5 million as of 31 December 2020 and €7.3 million as of 30 June 2020.

Group revenue from affiliates amounted to €2.7 million as of 30 June 2021, compared with €5.6 million as of 31 December 2020 and €1.9 million as of 30 June 2020.

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

Commitments given

Cogedim Résidences Services undertook to pay rent in connection with the leasing of the Résidences Services Cogedim Club®. In the context of the application of IFRS 16, these contracts have been restated in the financial statements of the companies.

In exchange, Cogedim Résidences Services receives the lease payments of the sub-lessees, these continuing to be commitments.

In the case of property development activities for joint ventures, construction work completion guarantees and guarantees on forward payments for assets were given for €93.1 million and €1.5 million respectively as of 31 December 2020.

4.6 Current and non-current financial assets

As of 30 June 2021, current and non-current financial assets totalled €54.7 million and mainly comprise:

- deposits and guarantees paid on projects: €8.2 million;

- loans and receivables, recognised at amortised cost: €41.5 million.

NOTE 5 OUTCOME

5.1 Net property income

The Altareit Group's net property income stood at 101.2 million euros at 30 June 2021, compared with 98.8 million euros in June 2020, mainly due to Residential.

The Residential Backlog for fully integrated companies was €3,504 million at 30 June 2021.

The Business Property Development Backlog for fully integrated companies was €366 million at 30 June 2021.

5.2 Cost of net financial debt and other financial items

5.2.1 Cost of net financial debt

€ millions	30/06/2021	31/12/2020	30/06/2020
Bond and bank interest expenses	(11.5)	(20.7)	(9.2)
Interest on partners' advances	1.1	2.0	1.9
Other financial income and expenses	(0.1)	0.0	0.0
FFO financial income and expenses	(10.5)	(18.7)	(7.3)
Spreading of bond issue costs ^(a)	(0.9)	(2.1)	(1.2)
Net borrowing costs	(11.4)	(20.8)	(8.5)

(a) Deferral in accordance with the amortised cost method of the issue costs of borrowings 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 in particular to interest expenses on rental obligations or fees on investment properties.

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	30/06/2021	31/12/2020	30/06/2020
Tax due	(10.0)	(13.9)	(4.1)
Tax loss carry forwards and/or use of deferred losses	(9.6)	(17.7)	(9.8)
Valuation differences	–	0.2	0.1
Fair value of investment properties	(0.5)	(0.6)	(0.1)
Fair value of hedging instruments	(0.0)	(0.2)	(0.2)
Net property income on a percentage-of-completion basis	9.0	(5.2)	1.6
Other timing differences	(0.6)	2.1	(0.1)
Deferred tax	(1.7)	(21.5)	(8.5)
Total tax income (expense)	(11.7)	(35.4)	(12.6)

Effective tax rate

€ millions	30/06/2021	31/12/2020	30/06/2020
Pre-tax profit of consolidated companies	44.2	111.5	39.3
Group tax savings (expense)	(11.7)	(35.4)	(12.6)
Effective tax rate	(26.46)%	(31.77)%	(32.07)%
Tax rate in France	27.37%	28.92%	28.92%
Theoretical tax charge	(12.1)	(32.3)	(11.4)
Difference between theoretical and effective tax charge	0.4	(3.2)	(1.2)
Differences related to treatment of losses	1.1	(0.6)	(0.2)
Other permanent differences and rate differences	(0.7)	(2.6)	(1.0)

Deferred tax assets and liabilities

€ millions	30/06/2021	31/12/2020
Tax loss carry forwards	39.2	48.8
Valuation differences	(27.2)	(27.2)
Fair value of investment properties	(2.3)	(1.8)
Fair value of financial instruments	(0.2)	(0.2)
Net property income on a percentage-of-completion basis	(71.4)	(80.1)
Other timing differences	8.9	7.9
Net deferred tax on the balance sheet	(53.0)	(52.5)

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 27.37%, the rate determined by the French Finance Act, 2021.

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

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	30/06/2021	31/12/2020	30/06/2020
Numerator			
Net income, Group share	24.8	69.4	22.7
Denominator			
Weighted average number of shares before dilution	1,748,424	1,748,409	1,748,438
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	1,748,424	1,748,409	1,748,438
Net income per share, Group share (€)	14.17	39.69	12.96
Diluted net income per share, Group share (€)	14.17	39.69	12.96

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 2019	1,750,487	1.50	2,626,731^(a)
No change in 2020			
Number of shares outstanding at 31 December 2020	1,750,487	1.50	2,626,731^(a)
No changes over the period from 1 January to 30 June 2021			
Number of shares outstanding at 30 June 2021	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 recognised on the income statement for share-based payments is €6.6 million at 30 June 2021, compared with €4.5 million at 30 June 2020.

Free share grants

Award date	Number of rights awarded	Vesting date	Rights in circulation as at 31/12/2020	Awarded	Deliveries	Amendments to rights ^(a)	Rights in circulation as at 30/06/2021
Stock grant plans on Altarea							
20 July 2018	41,500 ^(b)	31 March 2021	28,585		(28,585)	–	
7 September 2018	14,800 ^(b)	31 March 2021	7,400		(7,400)	–	
3 December 2018	5,000 ^(b)	31 March 2021	2,000		(2,000)	–	
18 March 2019	9,461	12 March 2021	6,395		(6,285)	(110)	
19 March 2019	41,531	19 March 2022	20,532			418	20,950
6 June 2019	1,355	20 March 2022	1,220			(80)	1,140
18 December 2019	3,000 ^(b)	31 March 2021	2,400		(2,400)	–	
20 April 2020	38,885	20 April 2021	38,114		(37,665)	(449)	
21 April 2020	13,487	21 April 2022	13,259			(108)	13,151
22 April 2020	27,364	22 April 2023	26,251			(1,059)	25,192
30 April 2020	3,300	30 April 2021	3,000		(3,000)	–	
1 October 2020	41	1 October 2021	41			–	41
31 March 2021	93,605	1 April 2022		93,605		–	93,605
30 April 2021	45,125 ^(b)	31 March 2024		45,125		–	45,125
4 June 2021	27,500 ^(b)	31 March 2025		27,500		–	27,500
4 June 2021	44,000 ^(b)	31 March 2025		44,000		–	44,000
4 June 2021	14,000 ^(b)	31 March 2025		14,000		–	14,000
4 June 2021	24,000 ^(b)	31 March 2025		24,000		–	24,000
Total	447,954		149,197	248,230	(87,335)	(1,388)	308,704

(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 2021 for the 2020 financial year.

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

6.2 Net financial debt and guarantees

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

€ millions	31/12/2020	Cash flow	"Non-cash" change					30/06/2021
			Spreading of issue costs	Change in scope of consolidation	Update	Change in method	Reclassification	
Private bond investment (excluding accrued interest)	496.0	0.1	0.3	–	–	–	–	496.4
Negotiable European Commercial Paper and European Medium-Term Note	339.0	(19.0)	–	–	–	–	–	320.0
Bank borrowings, excluding accrued interest and overdrafts	358.8	(74.8)	0.6	(0.0)	–	–	–	284.6
Net bond and bank debt, excluding accrued interest and overdrafts	1,193.7	(93.7)	0.9	(0.0)	–	–	–	1,100.9
Accrued interest on bond and bank borrowings	7.9	6.7	–	–	–	–	–	14.6
Bond and bank debt, excluding overdrafts	1,201.6	(87.0)	0.9	(0.0)	–	–	–	1,115.6
Cash and cash equivalents	(1,185.1)	295.4	–	–	–	–	–	(889.6)
Bank overdrafts	3.9	(1.4)	–	–	–	–	–	2.5
Net cash	(1,181.2)	294.0	–	–	–	–	–	(887.2)
Net bond and bank debt	20.4	207.1	0.9	(0.0)	–	–	–	228.4
Group and partners' advances	92.9	(90.8)	–	74.3	–	–	(0.0)	76.4
Accrued interest on shareholders' advances	–	–	–	–	–	–	–	0.0
Lease liabilities	153.8	(1.4)	–	–	–	–	2.9	155.3
Net financial debt	267.2	114.8	0.9	74.3	–	–	2.9	460.1

6.2.1 Net financial bond and bank debt

Group net financial bond and bank debt amounted to €228.4 million at 30 June 2021, versus €20.4 million at 31 December 2020.

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

- borrowings from credit institutions amounting to €208.2 million compared with €208.2 million at 31 December 2020;
- bank financing of development operations for €76.3 million compared with €150.6 million at 31 December 2020.

During the period, the Group notably:

- reduced its issues of marketable securities (€19 million less over the year). 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;
- repaid €75 million of project finance.

All financing was not fully drawn at 30 June 2021.

The current account with Altarea SCA was €0.0 million at 30 June 2021, compared to €0 million at 31 December 2020.

Changes in scope are related to movements within the Group.

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	30/06/2021	31/12/2020
<3 months	77.7	88.3
3 to 6 months	60.9	150.2
6 to 9 months	177.7	66.7
9 to 12 months	0.9	78.0
Less than 1 year	317.1	383.1
At 2 years	136.7	152.9
At 3 years	103.9	44.1
At 4 years	41.0	66.0
At 5 years	525.0	539.9
1 to 5 years	806.5	802.8
More than 5 years	–	26.0
Issuance cost to be amortised	(5.6)	(6.4)
Total gross bond and bank debt	1,118.0	1,205.5

The portion of bond and bank debt at less than one year is reduced due to the maturity schedule of NEU-CP programmes.

Breakdown of bank and bond debt by guarantee

€ millions	30/06/2021	31/12/2020
Mortgage commitments	76.3	150.6
Moneylender lien	11.2	11.6
Pledging of receivables	–	–
Altarea SCA security deposit	200.0	200.0
Not Guaranteed	836.1	849.7
Total	1,123.6	1,211.9
Issuance cost to be amortised	(5.6)	(6.4)
Total gross bond and bank debt	1,118.0	1,205.5

Breakdown of bank and bond debt by interest rate

€ millions	Gross bond and bank debt		
	Variable rate	Fixed rate	Total
At 30 June 2021	607.7	510.4	1,118.0
At 31 December 2020	702.8	502.7	1,205.5

The market value of fixed rate debt stood at €535.0 million at 30 June 2021 compared to €537.1 million at 31 December 2020.

Schedule of future interest expenses

€ millions	30/06/2021	31/12/2020
<3 months	7.9	1.1
3 to 6 months	1.0	1.2
6 to 9 months	0.9	8.1
9 to 12 months	0.7	1.1
Less than 1 year	10.4	11.5
At 2 years	17.1	17.4
At 3 years	15.9	16.2
At 4 years	14.9	15.1
At 5 years	14.4	14.6
1 to 5 years	62.3	63.3

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 €155.3 million at 30 June 2021 versus €153.8 million at 30 December 2020.

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	30/06/2021	31/12/2020
<3 months	0.1	0.6
3 to 6 months	0.1	0.1
6 to 9 months	3.9	0.1
9 to 12 months	3.9	0.2
Less than 1 year	8.1	0.9
At 2 years	15.2	15.5
At 3 years	14.2	13.9
At 4 years	14.3	13.7
At 5 years	14.7	14.1
1 to 5 years	58.5	57.2
More than 5 years	88.7	95.7
Total lease liabilities	155.3	153.8

6.2.3 Items included in net debt in the cash flow statement

€ millions	Cash flow
Issuance of debt and other financial liabilities	275.4
Repayment of borrowings and other financial liabilities	(459.9)
Change in debt and other financial liabilities	(184.5)
Repayment of lease liabilities	(1.4)
Change in cash balance	(294.0)
Total change in net financial debt	(480.0)
Net bond and bank debt, excluding accrued interest and overdrafts	(93.7)
Net cash	(294.0)
Group and partners' advances	(90.8)
Lease liabilities	(1.4)
Total change in net financial debt	(480.0)

6.3 Provisions

€ millions	30/06/2021	31/12/2020
Provision for benefits payable at retirement	9.7	10.9
Other provisions	6.9	5.4
Total provisions	16.6	16.3

The 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. The main assumptions used when evaluating this commitment are turnover, the discount rate and the rate of salary increase: a change of +/- 0.25% in the last two criteria would not have any significant impact.

Other provisions primarily cover:

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

NOTE 7 ASSETS AND IMPAIRMENT TESTS

7.1 Goodwill and other intangible assets

€ millions	Gross values	Amortisation and/or impairment	30/06/2021	31/12/2020
Goodwill	435.8	(243.7)	192.1	192.1
Brands	105.4		105.4	105.4
Customer relationships	192.9	(192.9)	–	–
Software applications, patents and similar rights	27.4	(20.0)	7.4	5.6
Leasehold right	0.3	(0.0)	0.3	–
Other	0.2	(0.0)	0.2	0.2
Other intangible assets	27.9	(20.1)	7.9	5.8
TOTAL	762.0	(456.7)	305.4	303.3

€ millions	30/06/2021	31/12/2020
Net values at beginning of the period	303.3	303.1
Acquisitions of intangible assets	2.8	2.9
Disposals and write-offs	(0.0)	(2.2)
Changes in scope of consolidation and other	0.3	–
Net allowances for amortisation	(1.0)	(0.5)
Net values at the end of the period	305.4	303.3

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 Severini. These brands, for a total amount of €105.4 million, have an open-ended useful life and are therefore not amortised.

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

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

€ millions	Land and Constructions	Vehicles	Other	Net user fees	Depr./ Amort. Land and Constructions	Depr./ Amort. Vehicles	Depr. / Amort. Other	Total Depr./ Amort.	Net user fees
As of 31 December 2020	151.8	4.2	1.0	157.0	(14.7)	(2.2)	(0.7)	(17.7)	139.4
New contracts/Increases	2.6	0.6	–	3.2	(7.3)	(0.6)	(0.1)	(8.0)	(4.8)
Termination of contracts/Reversals	(3.1)	(0.8)	(0.3)	(4.3)	1.9	0.8	0.3	3.0	(1.3)
As of 30 June 2021	151.2	4.0	0.7	155.9	(20.1)	(2.0)	(0.5)	(22.6)	133.3

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.

7.3 Investment properties

Investment properties concern:

- office assets measured at cost;
- a shopping centre in Orgeval acquired in the first half of 2021;
- 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	30/06/2021	31/12/2020	Flows		
			Created by the business	Changes in consolidation scope and transfer	Change in consolidation method
Net inventories and work in progress	867.0	845.9	18.8	2.3	-
Contract assets	682.0	741.2	(59.4)	0.2	-
Net trade receivables	355.9	261.2	93.8	0.9	-
Other net operating receivables	403.2	386.8	13.2	3.1	-
Net trade and other operating receivables	759.1	648.0	107.0	4.1	-
Contract liabilities	(166.1)	(177.3)	11.2	-	-
Trade payables	(975.8)	(1,066.4)	91.2	(0.5)	-
Other operating payables	(433.6)	(418.3)	(14.2)	(1.1)	-
Trade payables and other operating liabilities	(1,409.4)	(1,484.7)	77.0	(1.6)	-
Operational WCR	732.6	573.1	154.6	4.9	-

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 method of some entities.

7.4.1 Inventories and work in progress

€ millions	Gross inventories	Impairment	Net inventories
As of 31 December 2020	867.6	(21.7)	845.9
Change	14.1	0.0	14.1
Increases	-	(1.9)	(1.9)
Reversals	-	6.6	6.6
Transfers to or from other categories	0.1	(0.1)	0.1
Change in scope of consolidation	1.8	0.4	2.2
As of 30 June 2021	883.6	(16.6)	867.0

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

7.4.2 Trade and other receivables

€ millions	30/06/2021	31/12/2020
Gross trade receivables	356.9	262.0
Opening impairment	(0.8)	(0.8)
Increases	(0.2)	0.0
Change in scope of consolidation	(0.2)	–
Reversals	0.2	–
Closing impairment	(1.0)	(0.8)
Net trade receivables	355.9	261.2
Advances and down payments paid	39.1	38.4
VAT receivables	279.2	263.2
Sundry debtors	26.0	25.3
Prepaid expenses	51.9	54.0
Principal accounts in debit	8.2	7.1
Total other gross operating receivables	404.4	388.0
Opening impairment	(1.1)	(2.9)
Increases	(0.2)	(0.3)
Reversals	0.1	2.0
Closing impairment	(1.2)	(1.1)
Net operating receivables	403.2	386.8
Trade receivables and other operating receivables	759.1	648.0
Receivables on sale of assets	1.7	1.7
Trade and other receivables	760.8	649.7

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 correspond primarily to compensation for loss of use paid 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.

Advances and down payments paid

7.4.3 Trade and other payables

€ millions	30/06/2021	31/12/2020
Trade payables and related accounts	975.8	1,066.4
Advances and down payments received from clients	1.6	0.4
VAT collected	272.2	274.3
Other tax and social security payables	33.2	33.4
Prepaid income	0.5	2.3
Other payables	117.9	100.7
Principal accounts in credit	8.2	7.1
Other operating payables	433.6	418.3
Amounts due on non-current assets	3.7	3.7
Trade and other payables	1,413.1	1,488.4

NOTE 8 MANAGEMENT OF FINANCIAL RISKS

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 2021

€ millions	Total carrying amount	Financial assets and liabilities carried at amortised cost			Financial assets and liabilities carried at fair value				
		Non-financial assets	Loans Receivables	Liabilities at amortised cost	Equity instruments	Assets and liabilities at fair value through profit and loss	Level 1 ^(a)	Level 2 ^(b)	Level 3 ^(c)
NON-CURRENT ASSETS	238.8	65.6	168.9	–	4.2	–	–	–	4.2
Securities and investments in equity affiliates	225.5	65.6	159.9	–	–	–	–	–	–
Non-current financial assets	13.3	–	9.0	–	4.2	–	–	–	4.2
CURRENT ASSETS	1,691.9	–	1,641.8	–	–	50.1	50.1	–	–
Trade and other receivables	760.8	–	760.8	–	–	–	–	–	–
Current financial assets	41.5	–	41.5	–	–	–	–	–	–
Cash and cash equivalents	889.6	–	839.5	–	–	50.1	50.1	–	–
NON-CURRENT LIABILITIES	950.4	–	–	950.4	–	–	–	–	–
Borrowings and financial liabilities	949.0	–	–	949.0	–	–	–	–	–
Deposits and security interests received	1.5	–	–	1.5	–	–	–	–	–
CURRENT LIABILITIES	1,813.8	–	–	1,813.8	–	0.0	–	0.0	–
Borrowings and financial liabilities	400.7	–	–	400.7	–	–	–	–	–
Trade and other payables	1,413.1	–	–	1,413.1	–	–	–	–	–

(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 consist of equity securities not consolidated at each acquisition. 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 break down 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 2021.

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

Management position

As of 30 June 2021

€ millions	30/06/2021	30/06/2022	30/06/2023	30/06/2024	30/06/2025	30/06/2026
Fixed-rate bond and bank loans	(510.4)	(496.4)	(496.4)	(496.4)	(496.4)	3.6
Floating-rate bank loans	(607.7)	(304.5)	(167.9)	(64.0)	(23.0)	2.0
Cash and cash equivalents (assets)	889.6	-	-	-	-	-
Net position before hedging	(228.4)	(800.9)	(664.3)	(560.4)	(519.4)	5.6
Swap	-	-	-	-	-	-
Collar	-	-	-	-	-	-
Cap	-	-	-	-	-	-
Total derivative financial instruments	-	-	-	-	-	-
Net position after hedging	(20.4)	(822.4)	(669.5)	(625.5)	(559.5)	(19.6)

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
30/06/2021	+50	+€0.2 million	-
	-50	-€0.1 million	-
31/12/2020	+50	+€1.4 million	-
	-50	-€0.9 million	-

8.3 Liquidity risk

Cash

The Group had a positive cash position of €889.6 million at 30 June 2021, compared to €1,185.1 million at 31 December 2020. 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 2021, the amount was €561.0 million.

On this date, €328.6 million is available at Group level, which also has an additional €513.6 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 (€500 million).

	Altarea Group covenants	30/06/2021	Consolidated Altareit covenants	30/06/2021
Loan To Value (LTV)				
Net bond and bank financial debt/re-assessed value of the Company's assets	<60%	33.9%		
Interest Cover Ratio (ICR)				
Operating income (FFO column or cash flow from operations)/Company's net borrowing cost (FFO column)	>2	7.5		
Leverage				
Gearing: Net financial debt/Equity			≤3.25	0.2
ICR: EBITDA/Net interest expenses			≥2	8.5

Counterparty risk

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

Currency risk

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

NOTE 9 RELATED PARTY TRANSACTIONS

Ownership structure of Altareit

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

(in percentage)	30/06/2021		31/12/2020	
	% share capital	% voting rights	% share capital	% voting rights
Altarea SCA	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 who have directors in common with the Company.

The main related parties of the Group are:

- Altarea, the Group's holding company, and its subsidiaries, particularly those providing services;
- Alafi 2, non-associate Manager of the Company, run and controlled by Mr Alain Taravella. He is the chairman of Alafi 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% of Altareit and Altarea France, which is 100%-controlled by Altarea, holds 0.11% of Altareit, while Alta Faubourg, 100%-controlled by Altareit, holds 0.11% of Altareit.

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

Altarea granted a joint surety on behalf of Altareit for an amount of €720 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.

In addition, new management fees agreements were set up in 2021 to compensate the services provided by Altareit and Altarea Management for the benefit of Group companies. The remuneration of these management fees was set by mutual agreement according to the cost of the services provided, in line with the market price.

€ millions	Alafi 2	Altarea and subsidiaries	30/06/2021	31/12/2020	30/06/2020
Non-current assets		1.2	1.2	0.0	0.1
Current assets	0.0	18.1	18.1	12.6	28.2
TOTAL ASSETS	0.0	19.3	19.3	12.6	28.3
Trade payables, current accounts and other liabilities	–	2.2	2.2	2.0	2.9
TOTAL	–	2.2	2.2	2.0	2.9

€ millions	Alafi 2	Altarea and subsidiaries	30/06/2021	31/12/2020	30/06/2020
Operating income	0.0	5.5	5.5	14.5	5.1
Operating expenses	(0.5)	(19.1)	(19.6)	(50.6)	(23.4)
OPERATING INCOME	(0.5)	(13.6)	(14.1)	(36.2)	(18.3)
Net borrowing costs	–	(1.0)	(1.0)	(1.5)	(0.6)
NET INCOME	(0.5)	(14.6)	(15.0)	(37.7)	(18.8)

Compensation of the Management Committee

In accordance with the Article 14 of the bylaws, Altareit pays the company Manager, Alafi 2.

Management fixed compensation is €1 million for the year.

Variable compensation is calculated in proportion to net income, Group share. It was zero as of 30 June 2021.

Both types of compensation were approved by the Shareholders' Meeting of 29 June 2021.

Compensation of the Group's salaried executives

€ millions	30/06/2021	31/12/2020	30/06/2020
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Gross salaries ^(a)	0.9	1.7	1.2
Social security contributions	0.4	0.6	0.4
Share-based payments ^(b)	1.2	2.1	0.9
<i>Number of shares delivered during the period</i>	20,721	2,886	2,330
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)	–	0.0	–
Employer contribution on bonus shares delivered	0.7	0.1	0.1
Post-employment benefit commitment	0.2	0.1	0.1

(a) Fixed and variable compensation.

(b) Charge calculated in accordance with IFRS 2.

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

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

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

<i>(in number of rights to Altarea SCA's free share grants)</i>	30/06/2021	31/12/2020	30/06/2020
Rights to Altarea SCA's free share grants	56,028	24,421	24,187

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 “Management of financial risks”.

All other material commitments are set out below:

€ millions	31/12/2020	30/06/2021	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	3.1	4.1	–	4.1	–
Commitments received relating to operating activities	7.8	8.1	7.8	–	0.3
Security deposits received in the context of the Hoguet Act (France)	7.8	7.8	7.8	–	–
Total	10.9	12.2	7.8	4.1	0.3
Commitments given					
Commitments given relating to financing (excl. borrowings)	–	–	–	–	–
Commitments given relating to Company acquisitions	37.0	33.8	1.8	32.1	–
Commitments given relating to operating activities	2,169.9	1,839.1	1,096.7	740.8	1.6
Construction work completion guarantees (given)	1,912.7	1,639.5	1,008.6	630.9	–
Guarantees given on forward payments for assets	190.0	135.7	68.2	67.4	–
Guarantees for loss of use	51.0	51.5	18.5	31.5	1.6
Other sureties and guarantees granted	16.2	12.4	1.4	11.0	–
Total	2,206.9	1,872.9	1,098.5	772.8	1.6

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 applies 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 €32.1 million (firm commitment for identified projects). The commitment changes 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

A rectification proposal concerning the registration fees related to the sale by Alta Faubourg of Semmaris shares in 2018 was received. As registration fees are guaranteed by Alta Faubourg, the risk, which amounts to €9.4 million in fees and late payment penalties, is borne by the Group. The company has strong arguments to contest the adjustment and does not envisage an outflow of financial resources. No provision was recognized at 30 June 2021.

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 EVENTS AFTER THE BALANCE SHEET DATE

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