Press release

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

ALTAREA

Revenue: +2.9% (+11,3% vs 2019)
FFO Group share[1]: +3.1% (+7,1% vs 2019)

Solid outlook driven by urban transformation and strengthened by the upcoming acquisition of Primonial

Residential: accelerated sales shift towards Individuals, increase in results

- New orders:	€1,293 million (-33%) for 4,923 units (-26%)
of which Individuals	*€816 million (+18%) for 2,789 units (+28%)*
- Revenue[2]:	€1,209 million (+12.5%)
- Operating income:	€85.6 million (+17.9%)

Retail: early signs of recovery after the 3rd lockdown in 18 months

- Tenant's revenue:	+8% over the half-year (+12% in June alone vs June 2019)
- Recovery in rental activity:	170 leases signed for €18 million
- Decrease in financial vacancies:	3.6% vs. 4.1% at 31 December 2020
- Stabilisation of asset values:	€4.6 billion (+0.3% on a like-for-like basis)
- Collection rate:	70,0%[3]
- Operating income:	€64.8 million (-13.9%)

Business property: sale of two towers in La Défense and strong activity in the Regions

- La Défense:	Rental of Eria (26,600 m²) at Campus Cyber
	Sale agreement for Bellini (18,100 m²) to Swiss Life
- Regions:	six new projects managed for a total of 54,400 m²
- Operating income:	€47.5 million (+42.0%)

Consolidated results: growth in revenue and FFO, enhanced financial structure

- Consolidated revenue:	€1,424.0 million (+2.9%)
- FFO[1]:	€118.0 million (+3.1%), i.e. €6.75/share (-1.1% vs 2020 et -1,7% vs 2019)
- LTV[4]:	33.9% (vs. 33.0% at the end of 2020)
- Liquidity:	€2.9 billion, no RCFs[5] drawn
- Success of the scrip dividend:	€75m raised (91.6% subscription rate)

2021 guidance confirmed

Altarea confirms the resumption of its FFO growth for the full year 2021, provided that the health situation does not deteriorate significantly, and retail rent collection progressively reverts to normal

Altarea to become the leading independent real estate investment manager and property developer[6]

- Signature of definitive agreements for the acquisition of the Primonial Group
- Strategic partnership in Retail with Crédit Agricole Assurances

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

[1] *Funds from operations (FFO): net profit excluding changes in value, calculated expenses, transaction fees and changes in differed tax.*
[2] *Revenue by % of completion basis (excluding external services).*
[3] *Rents and expenses collected (€110.1 million) compared to rent and expenses invoiced (€157.4 million) at the interim reporting date 2021 (71.8% in Group share).*
[4] *Loan-to-value ratio. Consolidated net (bank and bond) debt/Restated value of assets including transfer duties.*
[5] *Revolving credit facilities (confirmed credit authorisations).*
[6] *See press release of 30 June 2021, "Altarea enters into exclusive negotiations with the shareholders of Primonial Group to create an independent leader in real estate investment and property development", available at altarea.com.*

"*Altarea recorded a strong financial performance for the first half of the year, with revenue and FFO up. Growth in property development more than offset the decline in retail contribution, which was impacted by the health crisis and rents collection challenges. This performance epitomises the strategy initiated over the past year, during which Altarea's teams proved their agility and made it possible for our Company to emerge stronger.*

The upcoming Primonial acquisition will enable Altarea to benefit from a twofold growth dynamic: urban transformation, where Altarea has already a clear leadership, and real estate asset management, where Primonial is one of the largest and best-performing European players.
The urban transformation market is driven by changing uses in a post-Covid world and climate change challenges.
The savings market is structurally driven by a growing appetite for physical assets offering attractive yields and inflation-indexed incomes, amid a persistently low- but potentially inflationary- interest rate environment.

We are deeply confident in our short-, medium- and long-term outlooks for our markets are buoyant and Altarea holds leadership positions in both of them.

For 2021, Altarea confirms the resumption of its FFO growth for the full year 2021, the amount of which will depend on the health situation and its impact in retail in particular.

In the medium- and long-term, thanks to its unique positioning, its relevant model and its sound and robust financial position, Altarea is more than ever on the offensive in all its markets."

Alain Taravella, Chairman and Founder of Altarea

ALTAREA: a changing model

Today, leader in urban transformation

The dynamism of the urban transformation market is based on the need to thoroughly rethink the urban planning of major cities, whose real estate infrastructures must be transformed to become more resilient (energy performance, reversibility, mixed use, new consumption, etc.). The health crisis has amplified these needs and strengthened the fundamentals of a market that is more massive than ever.

Altarea's expertise lies in developing real estate products that integrate all these challenges into a complex economic equation. The complementary nature of the Group's[7] operating brands offer all the real estate portfolio solutions that enable cities to play a key role in their transformation, either at the level of a building or on the scale of entire neighbourhoods.

With more than 600 projects at the end of June 2021, Altarea manages the largest portfolio of property projects in France, representing a potential value[8] of nearly €19.4 billion in all categories of product.

Tomorrow, leading independent real estate manager and property developer

On 30 June, Altarea announced two major strategic operations aimed at accelerating the deployment of its integrated model across the entire property value chain by creating a group unrivaled in Europe with:

• The entry into exclusive negotiations for the acquisition of 100% of Primonial[9], leading independent European wealth and real estate asset manager, with more than €30 billion in real estate assets under management. Since the announcement, the Primonial employee representative bodies have approved the deal and the final agreements were signed on 23 July;

• The signing of a strategic partnership with Crédit Agricole Assurances[10] involving a billion euros in existing stores held by Altarea, through the creation of two joint ventures on two promising themes (retail parks and stores located in railway stations). Each joint venture will be 51% owned by Altarea and 49% by Crédit Agricole Assurances.

[7] Cogedim, Pitch Promotion, Histoire & Patrimoine, Severini, Woodeum, Altarea Commerce, Altarea Entreprise, Cogedim Club, Altarea Solutions et Services.

[8] Potential value = market value at delivery date. Retail: potential market value including transfer duties of projects on delivery (net rents capitalised at a market rate) at 100%, and revenue excluding tax for development projects. Residential: offer for sale + portfolio incl. Tax. 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 See press release of 30 June 2021, "Altarea enters into exclusive negotiations with the shareholders of Primonial Group to create an independent leader in real estate investment and property development", available at altarea.com.

10 See press release of 30 June 2021, "Altarea and Crédit Agricole Assurances announce new partnership covering retail assets worth €1 billion", available at altarea.com.

Residential: accelerated sales shift towards Individuals, increase in results

Reorientation of sales policy amid scarce supply

At the half-year, the Group has given priority to Individual customers whose new orders[11] increased 28% by number of units (+18% in value) driven in particular by rental investment.

Institutional investors, which accounted for 64% of sales a year ago (block sales), now represent only 37% in the first half of 2021. Amid a scarcity of supply, the Group has implemented a sales policy aimed at favouring margin over volume.

New orders	30/06/2021		30/06/2020		*Change*
Individuals	€816m	*63%*	€692m	*36%*	*+18%*
o/w rental investment	*€495m*		*€345m*		*+43%*
Institutional investors - Block sales	€478m	*37%*	€1,228m	*64%*	*-61%*
Total in value	**€1,244m**	***100%***	**€1,921m**	***100%***	***-33%***
Individuals	2,789 units	*57%*	2,184 units	*33%*	*+28%*
o/w rental investment	*1,855 units*		*1,238 units*		*+50%*
Institutional investors - Block sales	2,134 units	*43%*	4,483 units	*67%*	*-52%*
Total in units	**4,923 units**	***100%***	**6,667 units**	***100%***	***-26%***

Numerous commercial launches took place in June, although their impact on new orders for the first half was limited. Properties for sale should increase significantly during the third quarter and return to a normal level towards the end of the year.

After massively selling its production to institutional investors in 2020, Altarea is once again demonstrating its ability to reposition its commercial strategy quickly in order to adapt to market conditions.

Revenue

At the half-year point, revenue was up by +12.5%, driven by block sales made in 2020. Operating income increased by +17.9% thanks to a positive margin effect (cost reduction and good management of the client mix during the half-year).

Residential	30/06/2021	30/06/2020	*Change*
Revenue by % of completion	**€1,203m**	**€1,070m**	***+12.5%***
Residential operating income	*€85.6m*	**€72.6m**	*+17.9%*
As % of revenue	*7.1%*	*6.8%*	*+0.3 pt*

Backlog[12], pipeline and outlook

Residential	30/06/2021	31/12/2020	*Change*
Backlog (excl. tax)	**€3,734m**	**€3,962m**	*-5.8%*
Pipeline (incl. tax)[13]	**€12,720m** *57 months of revenue* *48,638 units*	**€12,798m** *46 months of revenue* *49,515 units*	*-0.6%*

Large mixed-use projects[14]: significant progress in Toulouse and Bobigny

During the first half of 2021, the Group launched the EcoQuartier[15] Guillaumet in Toulouse (101,000 m² with delivery scheduled for 2025) and completed the demolition of the former Bobigny 2 shopping centre to develop the Bobigny-Cœur de Ville district, a 104,000 m² flagship project in terms of energy transition and combating climate change.

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[11] New orders net of withdrawals, in euros, including VAT when expressed in value. New orders at 100%, with the exception of projects under joint control (including Woodeum).
[12] The backlog is a leading indicator of potential revenue, which includes revenue notarised not yet recognised (sold units pending notarisation to be booked in revenue according to technical progress) and units sold subject to completion (revenues reserved but not notarised).
[13] Potential revenue in €m including VAT (future offering and properties for sale).
[14] Altarea manages 13 large mixed-use projects representing a value of around €3.7 billion for nearly 910,000 m².
[15] The ÉcoQuartier label reflects the government's role in encouraging local authorities to undertake exemplary sustainable development projects in regional centres, and more specifically ecodistricts in cities with significant residential development programmes.

Retail: early signs of recovery after the 3rd lockdown in 18 months

Satisfactory operational performance despite restrictions having a greater impact than in the first half of 2020

Retailers' activity was severely disrupted by the numerous operating restrictions that were only lifted at the end of June (curfews, closures imposed depending on the size of the centres, the geographical area and the type of business). As a result, rent recovery rate receipts in the first half of 2021 was 70,0%[16]. This includes support measures (reductions granted or to be granted) for the period of operating restrictions.

Operating profit fell to €64.8m (-13.9%) almost exclusively due to the decrease in net rental income to €71million (-13.6%), notably reflecting €23 million in provisions for bad debts and reductions (compared to €13 million at 30 June 2020), broken down as follows:

- €6.4 million in provisions for bad debts;
- €14.0 million in reductions recognised in expenses for the period;
- €2.5 million in reductions timed to match the support measures granted in respect of 2020.

Despite these disruptions, positive signals have multiplied, particularly since the end of May, marking a real turning point after the trends seen for more than a year:

- increase in the average shopping basket with sales from retailers[17] up by +8% this semester and +12% in June 2021 alone versus June 2019;
- particularly dynamic leasing activity with 170 leases signed for €18.1 million in rents, an early sign of revived investment by retailers;
- financial vacancies down by -0.5 points to 3.6% at end-June 2021;
- stabilisation of the value of assets (+0.3% like-for-like).

Strengthening the asset management strategy

Continuing the roll-out in its asset management strategy, Altarea took over management[18] of the Espace Saint-Quentin shopping centre from Allianz Real Estate in May. The centre has a surface area of 60,000 m² and is located in Montigny-le-Bretonneux (Yvelines) city centre. The brief is to redevelop it and create a space for new online brands meeting modern customer expectations.

At 30 June 2021, Altarea managed a portfolio of 42 assets with a total value of €5.2 billion, of which the Group owns a €2.9 million share. Pro forma the partnership announced with Crédit Agricole Assurances, Altarea’s share of economic ownership is 44% (compared to 56% at 31 December 2020).

Deliveries

The Group opened all the stores in the last section of the Paris-Montparnasse station in mid-May as well as the “Corso” mall in Cap3000, thus finalising the restructuring of this leading asset in its catchment area.

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[16] Rents and expenses collected (€110.1 million) compared to rent and expenses invoiced (€157.4 million) at the interim reporting date 2021 (71.8% in Group share).
[17] Change in tenants‘ revenue incl. VAT on a like-for-like basis from January to June 2021vs 2020 in France.
[18] Altarea already manages 5 assets held in partnership with Allianz since 2013 (Bercy Village, Toulouse Gramont, the shops in Gare de l'Est station, the Espace Chanteraines in Gennevilliers, and Avenue83 in Toulon-La Valette).

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

A complete range in Business property

Altarea is the leading Business property developer in France thanks to[19] its wide range of products (multi-occupant offices, head offices, logistics platforms, hotels, universities, etc.) and its presence in the most dynamic regions (Paris Region and regional gateway cities).

Marketing of two towers in La Défense, with a total of 44,000 m²

In the first half of the year, the Group recorded two major successes at La Défense with the successful marketing of two towers:

- Signing of a lease for the Eria tower the entire 26,000 m² of which is leased to Campus Cyber, a project initiated by the French State, which was looking for a central and functional place to host public and private cybersecurity players;
- Signature of a sale agreement for Bellini with Swiss Life Asset Management, which will install the head office of Swiss Life France in this building of 18,000 m² in 2024.

Pipeline

During the half-year, Altarea rebuilt its office pipeline with a total of 68,300 m² with:

- Louis le Grand in Paris (13,900 m²), a joint venture with JP Morgan Global Alternatives;
- Be-Twin (22,700 m²), an investment project at the former head office of CERA in Lyon;
- Five other regional development projects (totaling 31,700 m²).

As of 30 June 2021, the Group was managing a pipeline with potential value of €5.6bn and a limited risk[20] in Group share.

At 30/06/2021	No.	Surface area (m²) at 100%	Potential value at 100% (€m) excl. VAT
Investment	9	527,600	3,539
Property developer (property development of off-plan sales contracts)	51	798,500	1,952
DPM	2	35,400	112
Total	**62**	**1,361,500**	**5,602**
of which Offices	*55*	*769,600*	*5,075*
of which Logistics	*7*	*591,900*	*527*
of which Paris Region	*18*	*479,600*	*3,775*
of which Regions	*44*	*881,900*	*1,827*

[19] *Every year, the Developer Rankings published by Innovapresse analyses and compares business volumes, the number of residential units or square metres of offices produced, and the financial results of the principal private property developers.*
[20] *The Group's share of commitments on unleased or unsold projects amounted to €63 million, of which less than €30 million remained to be spent.*

Consolidated results: growth in revenue and FFO

Altarea's revenue amounted to €1,424 million, up +2.9%. FFO increased by +5.0% to €190.1m, driven by Property Development activities:

- growth in Residential[21] (+€13.0 million) and Business property (+€14.0 million), which benefited as expected from the carried forward proceeds on disposal of 15% of Orange's head office in Issy-les-Moulineaux;
- fall in Retail operating income (-€10.5 million), impacted by the health crisis, whose impact in the first half of 2021 was greater than in the first half of 2020.

Overall, FFO Group share increased by +3.1% to €118.0 million. Per share FFO fell slightly to €6.75 (-1.1%) after the dilutive effect of the capital increases.

(€m)	Retail	Residential	Business Property	Other (Corporate)	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	**96.7**	**1,208.7**	**118.4**	**0.1**	**1,424.0**	**–**	**1,424.0**
Change vs. 30/06/2020	*(11.8)%*	*+12.5%*	*(40.6)%*	*n.a.*	*+2.9%*		*+2.9%*
Net rental income	71.0	–	–	–	71.0	–	71.0
Net property income	0.0	93.7	7.6	–	101.3	(0.0)	101.3
External services	9.2	5.3	6.4	0.1	21.0	–	21.0
Net revenue	**80.3**	**99.0**	**14.1**	**0.1**	**193.4**	**(0.0)**	**193.4**
Change vs. 30/06/2020	*(11.8)%*	*6.0%*	*7.6%*	*n.a.*	*(2.1)%*		
Own work capitalised and production held in inventory	6.1	83.2	3.3	–	92.7	–	92.7
Operating expenses	(22.5)	(101.0)	(10.1)	(7.8)	(141.5)	(11.5)	(153.0)
Net overhead expenses	**(16.4)**	**(17.8)**	**(6.8)**	**(7.8)**	**(48.8)**	**(11.5)**	**(60.3)**
Share of equity-method affiliates	0.9	4.4	40.2	*n.a.*	45.5	(3.9)	41.6
Income/loss on sale of assets Retail						(1.3)	(1.3)
Change in value, estimated expenses and transaction costs – Retail						2.8	2.8
Calculated expenses and transaction costs - Residential						(10.7)	(10.7)
Calculated expenses and transaction costs - Business Property						0.8	0.8
Other provisions Corporate						(9.8)	(9.8)
Operating income	**64.8**	**85.6**	**47.5**	**(7.7)**	**190.1**	**(33.7)**	**156.5**
Change vs. 30/06/2020	*(13.9)%*	*+17.9%*	*+42.0%*	*n.a.*	*+5.0%*		
Net borrowing costs	(13.7)	(6.8)	(4.6)	–	(25.2)	(2.8)	(28.0)
Other financial results	(4.9)	(2.3)	(1.6)	–	(8.8)	(5.7)	(14.5)
Gains/losses in the value of financial instruments	–	–	–	–	–	0.9	0.9
Proceeds from the disposal of investments	–	–	–	–	–	0.3	0.3
Corporate income tax	(1.5)	(6.2)	(6.9)	–	(14.6)	13.9	(0.7)
Net income	**44.6**	**70.3**	**34.4**	**(7.7)**	**141.5**	**(27.1)**	**114.4**
Non-controlling interests	(15.2)	(8.4)	0.1	–	(23.5)	12.6	(11.0)
Net income, Group share	**29.4**	**61.9**	**34.5**	**(7.7)**	**118.0**	**(14.5)**	**103.5**
Change vs. 30/06/2020	*(21.7)%*	*+18.1%*	*+64.0%*	*n.a.*	*+3.1%*		
Diluted average number of shares					*17,479,992*		
Net income, Group share per share					**6.75**		
Change vs. 30/06/2020					*(1.1)%*		

[21] *In order to better reflect the economic contribution of its managed residences business, Altarea decided to restate the positive impact of IFRS 16 on its contribution to FFO in H1 2020 in the amount of €3.7m, with a corresponding increase in Changes in value, calculated expenses and transaction costs, thus reducing FFO operating profit by the same amount. The restated H1 2020 Residential FFO operating profit is €72.6m.*

Going net asset value (NAV): €149.1 per share (+1.5% excl. dividend)

Diluted Going Concern NAV restated for the dividend was up by +1.5% to €149.1/share (-4.7% versus 31 December 2020 after taking into account the €9.50 dividend per share).

Going concern NAV (fully diluted)	in €m	€/share
NAV 31 December 2020	**2,702.7**	**156.4**
Dividend	(167.0)	(9.5)
NAV at 31 December 2020 excluding dividend	**2,535.7**	**146.9**
FFO Group share H1 2021	118.0	6.75
Change in capital gains	(12.6)	(0.7)
Financial instruments and fixed-rate debt	(27.2)	(1.6)
IFRS 16 [(a)]	(8.3)	(0.5)
Others [(b)]	(23.4)	(1.8)
NAV 30 June 2021	**2,582.2**	**149.1**
vs. 31 December 2020 excl. dividend	*+1.8%*	*+1.5%*
vs. 31 December 2020	*(4.5)%*	*(4.7)%*

(a) Depreciation of right-of-use assets.
(b) Of which deferred tax, D&A not including IFRS 16, contribution to free share grants, transaction fees, debt issuance expenses and partners' share.

As of 30 June 2021, the unrealised capital gain of the Property Development division is unchanged compared to 31 December 2020.

Enhanced financial structure

High liquidity: €2.9 billion

As of 30 June 2021, Altarea had available liquidity of almost €2.9 billion after repayment of €230 million in bond and refinancing of €350 million[22] of the Cap3000 mortgage debt.

Available (in €m)	Cash	Unused credit facilities	Total
At Corporate level	494	1,196	1,690
At project level	812	348	1,160
Total	**1,306**	**1,544**	**2,850**

Unused credit lines consist of €1,159 million of undrawn RCFs[23] with an average maturity of three years, and which the Group does not plan to use for several months.

Consolidated shareholders' equity strengthened by €149.4 million

The Group will have strengthened its consolidated shareholders' equity by €149.4 million through:

- the successful partial payment of the dividend in share (+€75.0 million) with a subscription rate of 91.6%, resulting in the creation of 482,385 new shares on 26 July;
- the capital increase by Alta Blue (Cap3000 partnership) in May (+€66.6 million recognised in minority equity);
- the FCPE[24] (employee mutual fund) which subscribed to a reserved capital increase (+€7.8 million) resulting in the creation of 60,580 new shares and testifying to the commitment and confidence of the Group's employees.

[22] *€400 million before refinancing.*
[23] *Revolving credit facilities (confirmed credit authorisations).*
[24] *Average subscription of €5,843 per employee subscribing.*

Strong credit ratios

	30/06/2021	31/12/2020	*Change*
Net debt	€2,281m	€2,193m	*+€88m*
LTV[25]	33.9%	33.0%	*+0.9%*
Net debt to EBITDA ratio[26]	6.0x	5.9x	*+0.1x*
ICR[27]	7.5x	7.3x	*+0.2x*
Debt maturity	5 years and 5 mths	5 years and 1 mth	*+4 mths*
Cost of debt[28]	1.79%	1.94%	*-0.15%*

2021 guidance confirmed

Provided that the health situation does not deteriorate significantly, and retail rent collection progressively reverts to normal, Altarea confirms the resumption of its FFO growth for the full year 2021.

A presentation is available for download on the Finance page of Altarea's website, in both French and English.

ABOUT ALTAREA – FR0000033219 - ALTA

Altarea is the leading property developer in France. As both a developer and an investor, the Group operates in the three main property markets (Retail, Residential and Business property), leading major mixed-use urban renewal projects in France. The Group has the required expertise in each sector to design, develop, market and manage made-to-measure property products. Listed in Compartment A of Euronext Paris.

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[25] *Loan-to-Value (LTV): indebtedness ratio. Consolidated net bond and bank debt/Consolidated market value of Group assets.*
[26] *FFO Operating income over net bond and bank debt.*
[27] *Interest coverage ratio (ICR): operating income/net borrowing costs.*
[28] *Average total cost including related fees (commitment fees, CNU, etc.).*

BUSINESS REVIEW
AT 30 JUNE 2021

CONTENTS

1.1 Business

1.1.1 Retail

Retailer activity still disrupted in H1 2021

Retailers' business continued to be disrupted until mid-May 2021. In France, measures restricting operations (curfews, closures depending on shopping centre size, region and type of retail store) affected up to 77% of the tenant base share before the six-week national lockdown imposed at the start of April.

Between 19 May, when lockdown measures started to ease, and 30 June, when all restrictions on opening were lifted, the strong recovery in consumption and massive return of customers again dynamised the performance of retailers in centres and the Group's rental business.

Significant improvement in operational performance

Retailer revenue[29] and footfall[30]

	Tenant's revenue (incl. VAT)	Footfall
French portfolio	+8%	(6)%
Benchmark France (CNCC)	*(19)%*	*(13)%*

While the number of visitors to the French portfolio has fallen slightly since the beginning of 2021 compared to the same period in 2020, the commercial momentum of the retailers in Altarea centres has increased significantly (+8% over the half-year). In June 2021, retailers' turnover will even increase by +12% compared to June 2019.

This change is due to both the increase in the average basket and the nature of the sites in operation at Altarea. Retail parks (30% of the portfolio by surface area) experienced fewer operating restrictions than in the first lockdown in 2020 (opening of DIY stores, pet shops, etc.). The shops in the stations are now reopened, which improves overall performance.

It should be noted that in May 2021 alone, footfall increased by +24% compared to May 2020, despite a lower number of opening days (13 days versus 21 days), confirming the catch-up effect by consumers at the end of the lockdown in April-May.

Dynamic leasing activity and fall in vacancies

Leasing activity has been dynamic since the beginning of the year, an early sign of revived investment by retailers (including restaurants and leisure activities). Almost 170 leases were signed for a minimum guaranteed rent of €18.1 million, both on existing sites and on recently delivered projects such as the Paris-Montparnasse station in mid-May, Corso at Cap3000 and mixed-use projects in development.

In consequence, financial vacancies fell to 3.6% at end-June 2021.

At 100%	30/06/2021	31/12/2020	30/06/2020
Financial vacancy	3.6%	4,1%	2.8%

Rent collection and negotiations with retailers

Over the half-year 2021, the rent recovery rate and charges was 70,0%[31].

In addition, the government has strengthened the aid in place for retailers banned from opening in 2021. The State covers 100% of the rents and charges for the retailers of the closed shopping centres from the date of closure, with the landlords being encouraged to support the retailers during the recovery period, subject to the proper execution of the contracts, for an amount equivalent to 30% of the rent and charges for the period of closure. Under this scheme, all reductions to be granted have been fully recognised as expenses for the period.

Consolidated net rental income

France and International	(€m)	*Change*
Net rental income at 30 June 2020	**82.2**	
o/w reductions and bad debts	*(13.0)*	
Disposals/partnerships	(2.4)	
Deliveries	3.3	
Additional impacts of the health crisis	(9.9)	
Others (variable rents, etc.)	(2.2)	
Net rental income at 30 June 2021	**71.0**	***(13.6)%***
o/w reductions and bad debts	*(23.0)*	

In the first half of the year, provisions for bad debts and reductions amounted to €23 million, of which:

• €6.4 million in provisions for bad debts;

• €14.0 million in reductions granted or likely to be granted, fully recognised as expenses for the period;

• €2.5 million in staggered reductions for support granted in 2020.

[29] Change in tenants' revenue incl. VAT on a like-for-like basis from January to June 2021vs 2020 in France
[30] Change in the number of visitors, measured by Quantaflow at shopping centres equipped with this technology, or by counting cars at retail parks (excluding travel retail) and CNCC data at the end of June, in France.
[31] Rents and expenses collected (€110.1 million) compared to rent and expenses invoiced (€157.4 million) at the interim reporting date 2021 (71.8% in Group share).

Portfolio valuation

Figures at 100%	No.	GLA (in m²)	Current gross rental income(€m)[d]	Appraisal value(€m)[e]
Controlled assets[a]	30	665,500	215.6	4,023
Equity assets[b]	6	161,600	38.5	618
Total portfolio assets	**36**	**827,100**	**254.2**	**4,641**
o/w Group share			***162.2***	**2,852**
Third-party management[c]	6	114,730	36.4	593
Total assets under management	**42**	**941,830**	**290.6**	**5,234**

[a] Assets in which Altarea holds shares and over which the Group exercises operational control. Fully consolidated in the consolidated financial statements.

[b] Assets in which Altarea is not the majority shareholder, but for which Altarea exercises joint operational control or a significant influence. Consolidated using the equity method in the consolidated financial statements.

[c] Assets held entirely by third parties who entrusted Altarea with a management mandate for an initial period of three to five years, renewable.

[d] Rental value of leases signed as at 1 July 2021.

[e] Appraisal value including transfer duties.

Continuing its asset management strategy, in May Altarea took over management[32] of the Espace Saint-Quentin shopping centre from Allianz Real Estate. The centre has a surface area of 60,000 m² and is located in Montigny-le-Bretonneux (Yvelines) city centre. The brief is redevelop it and create a space for new online brands meeting modern customer expectations.

At the end of June 2021, Altarea now manages a portfolio of 42 retail assets representing a total value of €5.2 billion.

Stabilisation of the value of assets under management at 100%

Portfolio value (€m)	At 100%	*Change*
As of 31 December 2020	4,617	
Change in value on a like-for-like basis	14	*+0.3%*
Others (including capex)	10	*+0.2%*
At 30 June 2021	**4,641**	***+0.5%***
Third-party management	593	
Asset under management	**5,234**	

On 30 June Altarea and Crédit Agricole Assurances announced the signing of a partnership for a total of €1 billion in assets, which will result in the creation of two joint ventures (Alta Retail parks and Alta Infrastructures for shops in stations) held 51% by Altarea, which will be in charge of management, and 49% by Crédit Agricole Assurances.

Change in the property exit rate[33]

The two tables below show property exit rates by asset type:

At 100%	30/06/2021	31/12/2020
Regional shopping centres	4.97%	4.93%
Retail parks	5.68%	5.70%
Convenience stores	6.14%	6.10%
Weighted average	**5.23%**	**5.18%**

NB: since the retail outlets are operated under concession, there is no capitalisation rate (full ownership rate equivalents are slightly below 5%).

[32] Altarea already manages 5 assets held in partnership with Allianz since 2013 (Bercy Village, Toulouse Gramont, the shops in Gare de l'Est station, the Espace Chanteraines in Gennevilliers, and Avenue83 in Toulon-La Valette).

[33] The exit rate (or "capitalisation rate") is used by appraisers to capitalise rents in the terminal period of their DCF models. It reflects the fundamental medium-to long-term quality of assets.

Portfolio and assets under management at 30 June 2021

Asset and type	GLA (in m²)	Gross rents (€m)	Value (€m)	Group share	Value GS (€m)
Cap 3000 (Nice)	105,600			33%	
Espace Gramont (Toulouse)	56,700			51%	
Avenue 83 (Toulon-La Valette)	53,500			51%	
Qwartz (Villeneuve-la-Garenne)	43,300			100%	
Sant Cugat (Barcelona, Spain)	43,000			100%	
Bercy Village (Paris)	23,500			51%	
Large shopping centres (6 assets)	**325,600**	**124**	**2,632**		**1,372**
Montparnasse station - Phases 1, 2 & 3 (Paris)*	18,200			100%	
Gare de l'Est (Paris)	6,800			51%	
Italian railway stations (5 assets)*	8,600			100%	
Oxygen (Belvédère 92)	2,900			100%	
Travel retail (8 assets)	**36,500**	**47**	**554**		**507**
Family Village (Le Mans-Ruaudin)*	30,500			100%	
Family Village (Limoges)*	29,000			100%	
Family Village (Nîmes)*	28,800			100%	
Les Portes de Brest Guipavas (Brest)*	28,600			100%	
Family Village (Aubergenville)*	27,800			100%	
Espace Chanteraines (Gennevilliers)	23,700			51%	
Thiais Village (Thiais)*	22,800			100%	
Les Portes d'Ambresis (Villeparisis)*	20,300			100%	
La Vigie (Strasbourg)	18,200			100%	
Marques Avenue A13 (Aubergenville)*	12,900			100%	
Pierrelaye*	10,000			100%	
Retail parks (11 assets)	**252,600**	**37**	**707**		**657**
-X% Massy	18,400			100%	
Grand Place (Lille)	8,300			100%	
Les Essarts-Le-Roi	11,000			100%	
Miscellaneous (2 assets)	13,100			100%	
Convenience stores (5 assets)	**50,800**	**9**	**130**		**130**
Jointly controlled assets [(a)] (30 assets)	**665,500**	**216**	**4,023**		**2,666**
Le Due Torri (Bergamo – Stezzano, Italy)	30,900			25%	
Corte Lombarda (Bellinzago, Italy)	21,200			25%	
Carré de Soie (Lyon)	51,000			50%	
Le Parks (Paris)	33,300			25%	
Reflets Compans (Toulouse)	14,000			25%	
Jas de Bouffan (Aix-en-Provence)	9,800			18%	
Miscellaneous	1,400			49%	
Equity assets [(b)] (6 assets)	**161,600**	**39**	**618**		**182**
Total portfolio assets (36 assets)	**827,100**	**254**	**4,641**		**2,852**
Third-party asset management [(c)](6 assets)	**114,730**	**36**	**593**		
Total assets under management (42 assets)	**941,830**	**291**	**5,234**		

[(a)] Assets in which Altarea holds shares and over which the Group exercises operational control. Fully consolidated in the consolidated financial statements.

[(b)] Assets in which Altarea is not the majority shareholder, but for which Altarea exercises joint operational control or a significant influence. Consolidated using the equity method in the consolidated financial statements

[(c)] Assets held entirely by third parties who entrusted Altarea with a management mandate for an initial period of three to five years, renewable.

[*] Assets affected by the Retail partnership with Crédit Agricole Assurances announced on 30 June 2021.

1.1.1.1 PIPELINE AT 30 JUNE 2021

The Group's pipeline is broken down into two types of projects:

• the development or expansion of assets under a fully-owned "investor" model or in partnership;

• the development of Retail assets in the context of large mixed-use projects intended to be sold under a "developer" model.

Pipeline Retail	GLA (in m²)	Potential value (€m) [(a)]
Creations/expansions (4 projects)	85,100	778
Large mixed-use projects (9 projects)	96,800	317
Total	**181,900**	**1,095**

[(a)] Retail - Creations/expansions: potential market value including duties on projects on delivery, at 100%. Retail component – Large Mixed-use projects: revenue excl. VAT or potential value including transfer duties.

"Retail – Creation/Expansion" pipeline		Group share	GLA (in m²) [(a)]	Rents gross (€m)	Invest net (€m) [(b)]	Yield	Potential value (€m) [(c)]	Progress
La Vigie (Strasbourg)	Expansion	100%	10,300					Secured
Aubergenville 2	Expansion	100%	1,500					Secured
Extensions (2)			**11,800**					
Paris-Austerlitz railway station	Creation	100%	25,200					Secured
Ferney-Voltaire (Geneva area)	Creation	100%	48,100					Secured
Creations (2)			**73,300**					
Total at 30 June 2021 (4 projects)			**85,100**	**50**	**589**	**8.4%**	**778**	

(a) Total GLA created (in m²). For renovation/expansion projects, figures represent additional GLA created.
(b) Total budget including financing expenses and internal costs.
(c) Potential market value inclusive of duties of the projects on delivery (net rental income capitalised at market rates).

Altarea expects the Paris-Austerlitz station project to launch in the second half of 2022. Two legal proceedings have been initiated on the same grounds before the Administrative Court of Appeal of Paris and a ruling is expected on the building permit appeal in 2022.

Given the health crisis, the Group will be taking a cautious approach to launching other pipeline projects.

As part of its diversification strategy, Altarea is developing an urban logistics offering, alongside its partner Corsalis Logistics Real Estate. A first logistics site is being developed in the Reuilly district in Paris covering a surface area of 4,500 m².

1.1.2 Residential

1.1.2.1 STRATEGY

Altarea is the second-largest residential developer in France[34] 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.

1.1.2.2 ACTIVITY IN THE FIRST HALF-YEAR

Scarce supply in the H1 2021

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 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[35]: € 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.

[34] 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.

[35] 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.

1.1.3 **Business property**

1.1.3.1 STRATEGY

An investor developer model

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

• principally as a developer[36] 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[37], for high-potential assets (*prime* location) in view of their sale once redevelopment has been completed[38].

The Group is systematically the developer of projects in which it is also co-investor and Manager[39].

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

In just a few years, Altarea has also become the leading Business property developer in the regions. Altarea 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.

[36] *This development activity does not present any commercial risk: Altarea carries only a measured amount of technical risk.*

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

[38] *Resold rented or not.*

1.1.3.2 H1 2021 ACTIVITY

New orders

At the half-year mark 2021, the Group has placed several transactions for nearly €118 million, including:

• the sale of 15% of the Bridge project to Crédit Agricole Assurances, which already held 75% of the building, leased to Orange and delivered in early 2021. Altarea plans to sell the remaining 10% at the start of 2022;

• 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;

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

In early July, Altarea 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 €5.6 billion at 100%.

At 30/06/2021	No.	Surface area (m²) at 100%	Revenue excl. VAT (€m)	Potential value at 100% (€m) excl. VAT
Investments[(a)]	9	527,600	682	3,539
Property development of off-plan sales contracts [(b)]	51	798,500	1,952	1,952
DPM[(c)]	2	35,400	112	112
Total	**62**	**1,361,500**	**2,746**	**5,602**
o//w Offices	55	769,600	2,313	5,075
o/w Logistics	7	591,900	433	527
o/w Paris Region	18	479,600	1,108	3,775
o/w Regions	44	881,900	1,638	1,827

(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.

[39] *Through marketing, sale, asset and fund management contracts.*

Deliveries

In the first half 2021, Altarea delivered 244,000 m² of service buildings (o/w 88,000 m² in the Regions), including:

• three joint-ventures[40] (for 155,000 m²) located in Grand Paris: Bridge (Orange head office), Landscape and Eria in La Défense, 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: the Louis le Grand project 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-venture (50%/50% with Patrizia).

[40] *Investment projects delivered remain in the pipeline until sold (Bridge, Eria and Landscape).*

Focus on Investment

As of 30 June 2021, the portfolio of investment projects, shared with leading institutional investors, consisted of nine transactions.

The cost price of these projects is €2.8 billion at 100% (€840 million excl. VAT, Group share) with a potential value of over €3.5 billion at 100% (€1,1 billion, Group share).

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	*48*	*31*	
Fees (DPM)	11	11	
Total	**425**	**479**	***(11)%***

Pipeline under development at 30 June 2021

	Surface area (m2)	Property Development Type	Revenue excl. VAT (€m)[a]	Potential value at 100% (€m) excl. VAT[b]	Progress[c]
Bridge (Issy-les-Moulineaux)	57,800	Invest			Delivered/let
Landscape (La Défense)	70,100	Invest			Delivered
Tour Eria (La Défense)	26,600	Invest			Delivered/let
Bellini (La Défense)	18,100	Invest			Secured/let
Bollène (Lyon)	260,000	Invest			Secured
PRD-Montparnasse (Paris)	56,200	Invest			Secured
Be-Twin/Cera (Lyon)	22,800	Invest			Secured
Louis le Grand	13,900	Invest			Secured
Saussure (Paris)	2,100	Invest			Secured
Investments (9 projects)	**527,600**		**682**	**3,539**	
Belvédère (Bordeaux)	50,000	Off-plan sale			Under construction
Coeur de Ville – Hugo Building (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
Other Office projects (35 projects)	*259,000*	*PDC/Off-plan*			
TCAM T2 (Seine et Marne)	5,300	Off-plan sale			Under construction
Technoparc (Collegien - Greater Paris)	11,800	Off-plan sale			Under construction
Hexahub Aquitaine (Bordeaux)	170,000	PDC			Secured
Hexahub Paris Region (Seine et Marne)	68,200	PDC			Secured
Other Logistics projects (2 projects)	*76,600*	*PDC/Off-plan*			
"100% external" Property Development (51 projects)	**798,500**		**1,952**	**1,952**	
DPM (2 projects)	**35,400**	DPM	**112**	**112**	
Total Property Development portfolio (62 projects)	**1,361,500**		**2,746**	**5,602**	

(a) PDC/Off-plan: amount excluding tax of contracts signed or estimated at 100%. DPM: capitalised fees.

(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: capitalised fees.

(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.

Commitments

In €m, Group share	Investment	Property Developm	Total
Already paid out	187	117	304
To be paid out	440	-	440
Total commitments	**627**	**117**	**744**

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

As of 30 June 2021, the Group's commitments on unleased or unsold investment projects amounted to €63 million, of which less than €30 million remained to be paid.

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

1.2 Consolidated results

1.2.1 Consolidated results at 30 June 2021

Altarea's revenue amounted to €1,424 million, up 2.9%, driven by Residential (+12.5%). FFO rose to €190.1 million (+5.0%), driven by Property Development activities:

• growth in Residential[41] (+€13.0 million) and Business property (+€14.0 million), which benefited as expected from the carried forward proceeds on disposal of 15% of Orange's head office in Issy-les-Moulineaux;

• fall in Retail operating income (-€10.5 million), impacted by the health crisis, whose impact in the first half of 2021 was greater than in the first half of 2020.

Overall, FFO Group share increased by 3.1% to €118.0 million. Per share FFO Group share fell slightly to €6.75 (-1.1%) after the dilutive effect of the capital increases.

(€m)	Retail	Residential	Business Property	Other (Corporate)	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	**96.7**	**1,208.7**	**118.4**	**0.1**	**1,424.0**	**–**	**1,424.0**
Change vs. 30/06/2020	*(11.8)%*	*+12.5%*	*(40.6)%*	*n.a.*	*+2.9%*		*+2.9%*
Net rental income	71.0	–	–	–	71.0	–	71.0
Net property income	0.0	93.7	7.6	–	101.3	(0.0)	101.3
External services	9.2	5.3	6.4	0.1	21.0	–	21.0
Net revenue	**80.3**	**99.0**	**14.1**	**0.1**	**193.4**	**(0.0)**	**193.4**
Change vs. 30/06/2020	*(11.8)%*	*6.0%*	*7.6%*	*n.a.*	*(2.1)%*		
Own work capitalised and production held in inventory	6.1	83.2	3.3	–	92.7	–	92.7
Operating expenses	(22.5)	(101.0)	(10.1)	(7.8)	(141.5)	(11.5)	(153.0)
Net overhead expenses	**(16.4)**	**(17.8)**	**(6.8)**	**(7.8)**	**(48.8)**	**(11.5)**	**(60.3)**
Share of equity-method affiliates	0.9	4.4	40.2	*n.a.*	45.5	(3.9)	41.6
Income/loss on sale of assets Retail						(1.3)	(1.3)
Change in value, estimated expenses and transaction costs – Retail						2.8	2.8
Calculated expenses and transaction costs - Residential						(10.7)	(10.7)
Calculated expenses and transaction costs - Business Property						0.8	0.8
Other provisions Corporate						(9.8)	(9.8)
Operating income	**64.8**	**85.6**	**47.5**	**(7.7)**	**190.1**	**(33.7)**	**156.5**
Change vs. 30/06/2020	*(13.9)%*	*+17.9%*	*+42.0%*	*n.a.*	*+5.0%*		
Net borrowing costs	(13.7)	(6.8)	(4.6)	–	(25.2)	(2.8)	(28.0)
Other financial results	(4.9)	(2.3)	(1.6)	–	(8.8)	(5.7)	(14.5)
Gains/losses in the value of financial instruments	–	–	–	–	–	0.9	0.9
Proceeds from the disposal of investments	–	–	–	–	–	0.3	0.3
Corporate income tax	(1.5)	(6.2)	(6.9)	–	(14.6)	13.9	(0.7)
Net income	**44.6**	**70.3**	**34.4**	**(7.7)**	**141.5**	**(27.1)**	**114.4**
Non-controlling interests	(15.2)	(8.4)	0.1	–	(23.5)	12.6	(11.0)
Net income, Group share	**29.4**	**61.9**	**34.5**	**(7.7)**	**118.0**	**(14.5)**	**103.5**
Change vs. 30/06/2020	*(21.7)%*	*+18.1%*	*+64.0%*	*n.a.*	*+3.1%*		
Diluted average number of shares					*17,479,992*		
Net income, Group share per share					**6.75**		
Change vs. 30/06/2020					*(1.1)%*		

[41] In order to better reflect the economic contribution of its managed residences business, Altarea decided to restate the positive impact of IFRS 16 on its contribution to FFO in H1 2020 in the amount of €3.7m, with a corresponding increase in Changes in value, calculated expenses and transaction costs, thus reducing FFO operating profit by the same amount. The restated H1 2020 Residential FFO operating profit is €72.6m.

1.2.1.1 FFO[42]

FFO Retail

(€m)	H1 2021	H1 2020	
Rental income	84.0	93.6	
Expenses (including bad debt)	(13.0)	(11.5)	
Net rental income	**71.0**	**82.2**	*(13.6)%*
% of rental income	*84.6%*	*87.8%*	
External services	9.2	8.4	
Own work capitalised & production	6.1	4.0	
Operating expenses	(22.5)	(21.5)	
Contribution of EM associates	0.9	1.7	
Net property income	0.0	0.4	
Operating income - Retail	**64.8**	**75.3**	*(13.9)%*
Net borrowing costs	(13.7)	(14.0)	
Other financial results	(4.9)	(2.2)	
Corporate income taxes	(1.5)	(2.7)	
Non-controlling interests	(15.2)	(18.8)	
FFO Retail	**29.4**	**37.5**	*(21.7)%*

The decrease in Retail FFO is mainly due to the decrease in net rental income of -€11.2 million, which is largely due to the rent reductions granted or likely to be granted during the first half-year (recognised as expenses for the period).

FFO Residential

(€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)	(980.8)	
Net property income	**93.7**	**88.7**	*5.7%*
% of revenue	*7.8%*	*8.3%*	
External services	5.3	4.7	
Production held in inventory	83.2	76.3	
Operating expenses	(101.0)	(100.9)	
Contribution of EM associates	4.4	3.8	
Operating income - Residential	**85.6**	**72.6**	*17.9%*
% of revenue	*7.1%*	*6.8%*	
Net borrowing costs	(6.8)	(5.9)	
Other financial results	(2.3)	(0.3)	
Corporate income taxes	(6.2)	(3.7)	
Non-controlling interests	(8.4)	(10.2)	
FFO Residential	**61.9**	**52.4**	*18.1%*

Over the half-year, growth in Residential percentage-of-completion revenue was +12.5% thanks to strong technical and commercial progress.

The increase in operating income (+17.9%) reflects both the control of overheads and the significant contribution of fees (production held in inventory). The Residential operating margin rose slightly to 7.1%. FFO Residential increased overall by 18.1% to €61.9 million.

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: profits made on partnership investment projects.

(€m)	H1 2021	H1 2020	
Revenue by % of completion	112.0	196.5	*(43.0)%*
Cost of sales and other expenses	(104.3)	(186.1)	
Net property income Business	**7.6**	**10.4**	*(26.6)%*
% of revenue	*6.8%*	*5,3%*	
External services	6.4	2.7	
Production held in inventory	3.3	5.6	
Operating expenses	(10.1)	(14.9)	
Contribution of EM associates	40.2	29.6	
Operating income – Business	**47.5**	**33.5**	*42.0%*
% of revenue + ext. serv.	*40.1%*	*16.8%*	
Net borrowing costs	(4.6)	(3.2)	
Other financial results	(1.6)	(0.3)	
Corporate income taxes	(6.9)	(9.1)	
Non-controlling interests	0.1	0.1	
FFO Business property	**34.5**	**21.0**	*64.0%*

Business Property FFO benefited, as expected, from the delayed results of developments initially scheduled for delivery in 2020. In addition, the Group sold 15% of Bridge this half-year (the remainder will be sold in the first quarter of 2022).

As a result, FFO Business property amounted to €34.5 million (more than the full year 2020), up by +64%.

FFO per share

FFO Group share stood at €6.75/share, stable year-on-year (€6.83/share at 30 June 2020, i.e. -1.1%), taking into account the dilutive effect of the 2019 scrip dividend and the capital increase reserved to the employee FCPE in 2020 (respectively 599,267 and 40,166 new shares created).

At 30 June 2021, the average number of diluted shares (on a pro rata basis) was 17,479,992, compared to 17,081,054 at the end of 2020 and 16,767,148 at 30 June 2020.

[42] *Funds from operations (FFO): net profit excluding changes in value, calculated expenses, transaction fees and changes in differed tax. Group share.*

1.2.2 Net asset value (NAV)

1.2.2.1 NET ASSET VALUE: GOING CONCERN NAV (FULLY DILUTED)[43] OF €149.1/SHARE

NAV – Group	30/06/2021				31/12/2020	
	(€m)	Chan	€/share	Chan	(€m)	€/share
Consolidated equity, Group share	**1,706.3**		**98.5**		**1,758.5**	**101.8**
Other unrealised capital gains	818.5				867.0	
Deferred tax on the balance sheet for non-SIIC assets[(a)]	18,2				20.9	
Fixed-rate market value of debt	(77.5)				(58.6)	
Effective tax for unrealised gains on non-SIIC assets[(b)]	(23.4)				(24,8)	
Optimisation of transfer duties[(b)]	98.1				166.2	
Partners' share[(c)]	(17.5)				(18.3)	
NNNAV (NAV liquidation)	**2,522.5**	(4.1)%	**145.7**	(4.4)%	**2,631.3**	**152.3**
Estimated transfer duties and selling fees	60.2				72.0	
Partners' share[(c)]	(0.5)				(0.5)	
Going concern NAV (fully diluted)	**2,582.2**	(4.5)%	**149.1**	(4.7)%	**2,702.7**	**156.4**
Number of diluted shares:	*17,315,116*				*17,275,839*	

(a) International assets.
(b) Depending on disposal structuring (asset deal or securities deal).
(c) Maximum dilution of 120,000 shares.

At 30 June 2021, the unrealised gain of the Property Development division is unchanged compared to 31 December 2020, as the decrease in other unrealised gains is related to their recognition in equity during the half-year.

1.2.2.2 CHANGE IN GOING CONCERN NAV (FULLY DILUTED)

Diluted Going Concern NAV restated for the dividend was up by 1.5% to €149.1/share (-4.7% versus 31 December 2020).

Going concern NAV (fully diluted)	in €m	€/share
NAV 31 December 2020	**2,702.7**	**156.4**
Dividend	(167.0)	(9.5)
NAV at 31 December 2020 excluding dividend	**2,535.7**	**146.9**
FFO Group share H1 2021	118.0	6.75
Change in capital gains	(12.6)	(0.7)
Financial instruments and fixed-rate debt	(27.2)	(1.6)
IFRS 16[(a)]	(8.3)	(0.5)
Others[(b)]	(23.4)	(1.8)
NAV 30 June 2021	**2,582.2**	**149.1**
vs. 31 December 2020 excl. dividend	*+1.8%*	*+1.5%*
vs. 31 December 2020	*(4.5)%*	*(4.7)%*

(a) Depreciation of right-of-use assets.
(b) Of which deferred tax, D&A not including IFRS 16, contribution to free share grants, transaction fees, debt issuance expenses and partners' share.

[43] *Market value of equity view of maintaining the Group's activity and considering the potential dilutive effect resulting from the partnership limited by shares (SCA) status.*

1.2.2.3 CALCULATION BASIS

Asset valuation

Investment properties

Property assets appear at their appraisal value in the Group's IFRS statements (Investment properties).

Retail assets are assessed by Cushman & Wakefield and Jones Lang LaSalle. The value of the portfolio breaks down by appraiser as follows:

Appraiser	Portfolio	% of value, incl. transfer duties
Jones Lang LaSalle	France & International	42%
Cushman & Wakefield	France & International	57%
CBRE	France	1%

The appraisers use two methods:

• discounting cash flows (DCF method), with resale value at the end of the period;

• capitalisation of net rental income, based on a rate of return that includes the site's characteristics and rental income (also including variable rent and market rent of vacant premises, adjusted for all charges incumbent upon the owner).

These valuations are conducted in accordance with the criteria set out in the *Red Book – Appraisal and Valuation Standards*, published by the Royal Institution of Chartered Surveyors. The surveyors' assignments were all carried out in accordance with the recommendations of the COB/AMF "Barthès de Ruyter working group" and comply fully with the instructions of the Appraisal Charter of Real Estate Valuation (Charte de l'Expertise en Évaluation Immobilière) updated in 2017. Surveyors are paid lump-sum compensation based on the size and complexity of the appraised properties. Compensation is therefore totally independent of the results of the valuation assessment.

Other assets

The unrealised capital gains on other assets consist of:

• the Residential and Business property development divisions (Cogedim, Pitch Promotion, Histoire & Patrimoine and Severini);

• the Business Property Investment division (AltaFund, Bridge and the Issy Cœur de Ville offices); and

• the Rental Management and Retail Property Development division (Altarea France).

These assets are appraised once per year by external appraisers on annual closing: Altarea France is valued by Accuracy, the Property Development division (Residential and Business property) and the Business Property Investment division are valued by appraisers Accuracy and 8Advisory.

The method used by Accuracy uses the discounted cash flow method (DCF) in conjunction with a terminal value based on normalised cash flow. Accuracy provides a range of values calculated using different scenarios. In addition to its DCF valuation, Accuracy also provides a valuation based on listed peer group comparables.

8Advisory uses a multi-criteria DCF-based approach, an approach using multiples from listed peer Group and multiples from comparable transactions when these can be based on relevant transactions.

Tax

Most of Altarea's Property Portfolio is not subject to capital gains tax under the SIIC regime. The exceptions are a limited number of assets which are not SIIC-eligible due to their ownership method, and assets owned outside France. For these assets, capital gains taxes on disposals are deducted directly from the consolidated financial statements at the standard tax rate in the host country, based on the difference between the market value and taxes value of the property assets.

Altarea took into account the ownership methods of non-SIIC assets to determine Going Concern NAV after tax, since the tax reflects the tax that would effectively be paid if the securities of the company were sold or if the assets were sold building by building.

Transfer taxes

Investment properties have been recognised in the IFRS consolidated financial statements at appraisal value excluding transfer taxes. To calculate Going Concern NAV, however, transfer duties were added back in the same amount. In Altarea's NNNAV, duties are deducted either on the basis of a transfer of securities or building by building based on the legal status of the organisation holding the asset.

Partners' share

The partners' share represents the maximum dilution provided for under the Group's Articles of Association in the case of liquidation by a partner (where the General Partner would be granted 120,000 shares).

1.3 Financial resources

1.3.1 Half-year highlights

During the first half of 2021, Altarea:

• refinanced the mortgage debt of Aldeta (Cap3000) in the amount of €350 million via a term loan in club deal format for a period of seven years;

• and reimbursed the Euro PP Altarea 05/2021 for €230 million.

As of 30 July 2021, the Group has also strengthened its consolidated shareholders' equity for a total amount of €149.4 million, of which:

- €75.0 million for the 2020 partial scrip dividend which was hugely successful, attracting a subscription rate of 91.59%, resulting in the creation of 482,385 new shares on 26 July;
- €66.6 million through the Alta Blue (Cap3000 partnership) capital increase, recognised in minority equity;
- €7.8 million[44] from the FCPE (employe mutual fund) which subscribed to a reserved capital increase (resulting in the creation of 60,580 new shares) testifying to the commitment of the Group's employees.

1.3.2 Available cash

As of 30 June 2021, Altarea had available liquidity of almost than €2.9 billion (compared to €3.4 billion as of 31 December 2020). The change takes into account the repayment of the Euro PP bond debt and the refinancing of the Cap3000 mortgage debt over the period.

Available (in €m)	Cash	Unused credit facilities	Total
At Corporate level	494	1,196	1,690
At project level	812	348	1,160
Total	**1,306**	**1,544**	**2,850**

Unused credit facilities amount to €1,159 million in RCFs[45], the average maturity of which is 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.

1.3.3 Short and medium-term financing

The Group has two NEU CP[46] programmes (issues up to one year) and two NEU MTN programmes[47] (issues in excess of one year) for the companies Altarea and Altareit. At 30 June 2021, the total amount outstanding was €893 million with an average maturity of 8.8 months, including €728 million in NEU CP and €165 million in the NEU MTN.

These short- and medium-term resources are fully covered by back-up lines.

1.3.4 Net debt[48]

Change at half-year 2021

(€m)	
Net debt at 31 December 2020	**2,192.6**
FFO Group share	(118.0)
Retail Investments	63.4
WCR Property Development	176.3
BP sale (Bridge)	(62.2)
Others	28.7
Net debt at 30 June 2021	**2,280.9**

Duration of long-term debt

Average duration is five years and five months[49], compared to five years and one month at 31 December 2020.

Net debt structure

(€m)	30/06/2021	31/12/2020
Corporate and bank debt	276	274
Credit markets[a]	2,646	2,628
Mortgage debt	350	401
Debt on property development	85	167
Total gross debt	**3,357**	**3,470**
Cash and cash equivalents	(1,076)	(1,277)
Total net debt	**2,281**	**2,193**

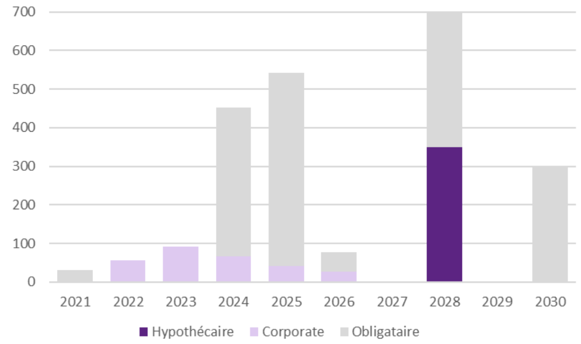
(€m)	Investor division	Developer division	Total
Corporate and bank debt	76	200	276
Credit markets[a]	1,816	830	2,646
Mortgage debt	350	–	350
Debt on Prop. dev. projects	-	85	85
Total gross debt	**2,242**	**1,115**	**3,357**
Cash and cash equivalents	(186)	(890)	(1,076)
Total net debt	**2,056**	**225**	**2,281**

(a) This amount includes bond debt and €893 million of NEU CP and NEU MTN.

[44] *Average subscription of €5,843 per employee subscribing.*
[45] *Revolving credit facilities (confirmed credit authorisations).*
[46] *NEU CP (Negotiable European Commercial Paper).*
[47] *NEU MTN (Negotiable European Medium Term Note).*
[48] *Net bank and bond debt.*
[49] *Excluding NEU CP, NEU MTN, property development debt.*

Maturity schedule for long-term debt by maturity[50]

The chart below (in €m) presents Group's debt by maturity.



Following the transactions in the first half-year 2021, the Group no longer has a significant due date before 2024.

Hedging: nominal amount and average rate

The following table sets out the hedging profile of interest rate swaps:

In progress at end	Fixed-rate payer swaps (a)	Floating-rate payer swaps (a)	Fixed-rate debt (€m) (a)	Coverage rate (b)
2021	500	700	1,536	76%
2022	500	700	1,536	78%
2023	500	700	1,536	81%
2024	500	300	1,550	103%
2025	-	300	550	66%
2026	-	-	800	92%

(a) Consolidation share.

(b) Annual coverage of long-term debt (excluding NEU CP, NEU MTM and property development debt).

In addition, the Group has €262.5 million in out-of-the-money interest rate options (caps), expiring in 2028.

Hedged debt represents an average of 81% of long-term debt over the period 2021/2026.

Average cost of debt: 1.79%[51] (-15 bps)

The reduction in the average cost of debt (1.94% as of 31 December 2020) is a result of the restructuring of the swap portfolio and the rotation of short-term debt.

1.3.5 Financial ratings or ratios

Investment Grade credit rating confirmed

On 30 June 2021, following the announcement of exclusive negotiations to acquire 100% of the Primonial Group and the signing of a Retail partnership with Crédit Agricole Assurances (51% Altarea, 49% CAA) on a billion euros of Altarea assets, the rating agency S&P Global confirmed its *Investment Grade* rating of the Altarea Group with a rating of BBB-, outlook negative.

Loan to Value (LTV)

The LTV ratio compares consolidated net bond and bank debt to the consolidated market value of Group assets. As of 30 June 2021, it stands at 33.9% (33.0% as of 31 December 2020).

(€m)	30/06/2021	31/12/2020
Gross debt	3,357	3,470
Cash and cash equivalents	(1,076)	(1,277)
Consolidated net debt	**2,281**	**2,193**
Retail at value (FC)(a)	4,023	3,982
Retail at value (EM securities), other(b)	176	212
Investment properties valued at cost(c)	230	213
Business Property investments(d)	214	276
Enterprise value of Property Development	2,078	1,969
Market value of assets	**6,721**	**6,651**
LTV Ratio	**33.9%**	**33.0%**

(a) Market value (including transfer taxes) of shopping centres in operation recognised according to the fully consolidated method.

(b) Market value (including transfer taxes) of shares of equity-method affiliates carrying shopping centres and other retail assets.

(c) Net book value of investment properties in development valued at cost.

(d) Market value (including transfer taxes) of shares in equity method affiliates holding investments and other Office Property assets.

Net Debt to EBITDA ratio[52]

As of 30 June 2021, the Net Debt to EBITDA ratio was 6.0x, compared with 5.4x on 30 June 2020.

Covenants

	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 restated/Net borrowing costs (column "Funds from operations").

As of 30 June 2021 the financial position of the Group fully satisfied all of the covenants of its various credit contracts.

[50] *Excluding NEU CP, NEU MTN, Property Development debt.*

[51] *Including related fees (commitment fees, non-use fees, etc.).*

[52] *Trailing FFO over twelve months compared to net bond and bank debt.*

Consolidated income statement by segment

	30/06/2021			30/06/2020		
(€ millions)	**Financial resources funds from operations (FFO)**	**Changes in value. estimated expenses and transaction costs**	**Total**	**Financial resources funds from operations (FFO)**	**Changes in value. estimated expenses and transaction costs**	**Total**
Rental income	84.0	–	84.0	93.6	–	93.6
Other expenses	(13.0)	–	(13.0)	(11.5)	–	(11.5)
Net rental income	**71.0**	**–**	**71.0**	**82.2**	**–**	**82.2**
External services	9.2	–	9.2	8.4	–	8.4
Own work capitalised and production held in inventory	6.1	–	6.1	4.0	–	4.0
Operating expenses	(22.5)	(2.9)	(25.5)	(21.5)	(1.5)	(23.0)
Net overhead expenses	**(7.1)**	**(2.9)**	**(10.1)**	**(9.0)**	**(1.5)**	**(10.5)**
Share of equity-method affiliates	**0.9**	**(3.4)**	**(2.6)**	**1.7**	**(5.7)**	**(4.0)**
Net allowances for depreciation and impairment	**–**	**(9.3)**	**(9.3)**	**–**	**(5.4)**	**(5.4)**
Income/loss on sale of assets	**0.0**	**(1.3)**	**(1.3)**	**0.4**	**(4.7)**	**(4.2)**
Income/loss in the value of investment property	**–**	**12.3**	**12.3**	**–**	**(284.9)**	**(284.9)**
Transaction costs	**–**	**(0.3)**	**(0.3)**	**–**	**(0.7)**	**(0.7)**
OPERATING INCOME - RETAIL	**64.8**	**(4.9)**	**59.8**	**75.3**	**(302.9)**	**(227.6)**
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)	(980.8)	(0.3)	(981.1)
Net property income	**93.7**	**–**	**93.7**	**88.7**	**(0.3)**	**88.4**
External services	5.3	–	5.3	4.7	–	4.7
Production held in inventory	83.2	–	83.2	76.3	–	76.3
Operating expenses	(101.0)	(7.6)	(108.6)	(100.9)	(6.6)	(107.5)
Net overhead expenses	**(12.5)**	**(7.6)**	**(20.1)**	**(19.9)**	**(6.6)**	**(26.5)**
Share of equity-method affiliates	**4.4**	**(0.2)**	**4.2**	**3.8**	**(2.2)**	**1.7**
Net allowances for depreciation and impairment	**–**	**(10.7)**	**(10.7)**	**–**	**(9.0)**	**(9.0)**
Transaction costs	**–**	**–**	**–**	**–**	**–**	**–**
OPERATING INCOME - RESIDENTIAL	**85.6**	**(18.5)**	**67.1**	**72.6**	**(18.1)**	**54.5**
Revenue	112.0	–	112.0	196.5	–	196.5
Cost of sales and other expenses	(104.3)	–	(104.3)	(186.1)	–	(186.1)
Net property income	**7.6**	**–**	**7.6**	**10.4**	**–**	**10.4**
External services	6.4	–	6.4	2.7	–	2.7
Production held in inventory	3.3	–	3.3	5.6	–	5.6
Operating expenses	(10.1)	(1.9)	(12.0)	(14.9)	(1.3)	(16.2)
Net overhead expenses	**(0.3)**	**(1.9)**	**(2.3)**	**(6.6)**	**(1.3)**	**(7.9)**
Share of equity-method affiliates	**40.2**	**(0.3)**	**39.9**	**29.6**	**14.2**	**43.8**
Net allowances for depreciation and impairment	**–**	**(0.9)**	**(0.9)**	**–**	**(0.9)**	**(0.9)**
Income/loss in the value of investment property	**–**	**1.6**	**1.6**	**–**	**–**	**–**
Transaction costs	–	–	–	–	–	–
OPERATING INCOME - BUSINESS PROPERTY	**47.5**	**(1.4)**	**46.1**	**33.5**	**11.9**	**45.4**
Others (Corporate)	(7.7)	(8.9)	(16.6)	(0.3)	(2.0)	(2.3)
OPERATING INCOME	**190.1**	**(33.7)**	**156.5**	**181.1**	**(311.1)**	**(130.0)**
Net borrowing costs	(25.2)	(2.8)	(28.0)	(23.2)	(4.1)	(27.3)
Other financial results	(8.8)	(5.7)	(14.5)	1.0	(4.2)	(3.2)
Change in value and income from disposal of financial	–	0.9	0.9	–	(49.1)	(49.1)
Net gain/(loss) on disposal of investments	–	0.3	0.3	–	–	(0.2)	(0.2)
PROFIT BEFORE TAX	**156.1**	**(41.0)**	**115.2**	**158.9**	**(368.7)**	**(209.8)**
Corporate income tax	(14.6)	13.9	(0.7)	(15.5)	(24.5)	(40.0)
NET INCOME	**141.5**	**(27.1)**	**114.4**	**143.4**	**(393.3)**	**(249.9)**
Non-controlling interests	(23.5)	12.6	(11.0)	(28.9)	144.0	115.0
NET INCOME. GROUP SHARE	**118.0**	**(14.5)**	**103.5**	**114.5**	**(249.3)**	**(134.8)**
Diluted average number of shares	*17,479,992*	*17,479,992*	*17,479,992*	*16,767,148*	*16,767,148*	*16,767,148*
NET INCOME PER SHARE (€/SHARE) GROUP SHARE	**6.75**			**6.83**		

(1) 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.

Consolidated balance sheet

(€ millions)	30/06/2021	31/12/2020
Non-current assets	**5,090.3**	**5,132.2**
Intangible assets	333.8	330.4
o/w Goodwill	*209.4*	*209.4*
o/w Brands	*105.4*	*105.4*
o/w Other intangible assets	*19.0*	*15.7*
Property. plant and equipment	27.3	26.1
Right-of-use on tangible and intangible fixed assets	134.0	140.3
Investment properties	4,092.8	4,024.6
o/w Investment properties in operation at fair value	*3,695.9*	*3,649.0*
o/w Investment properties under development and under construction at cost	*228.0*	*211.1*
o/w Right-of use on Investment properties	*168.9*	*164.6*
Securities and investments in equity affiliates	460.7	579.6
Non-current financial assets	16.1	12.6
Deferred taxes assets	25.7	18.5
Current assets	**3,741.5**	**3,817.8**
Net inventories and work in progress	874.8	859.3
Contract assets	682.0	741.2
Trade and other receivables	976.1	828.0
Income credit	11.7	11.4
Current assets	36.5	22.0
Derivative financial instruments	7.3	1.1
Cash and cash equivalents	1,075.9	1,277.5
Assets held for sale	77.4	77.4
TOTAL ASSETS	**8,831.8**	**8,950.0**
Equity	**2,729.1**	**2,716.7**
Equity attributable to Altarea SCA shareholders	**1,706.3**	**1,758.5**
Capital	264.7	264.0
Other paid-in capital	130.8	233.8
Reserves	1,207.2	1,568.5
Income associated with Altarea SCA shareholders	103.5	(307.7)
Equity attributable to minority shareholders of subsidiaries	**1,022.8**	**958.2**
Reserves associated with minority shareholders of subsidiaries	788.3	979.1
Other equity components. Subordinated Perpetual Notes	223.5	195.1
Income associated with minority shareholders of subsidiaries	11.0	(216.0)
Non-current liabilities	**3,018.7**	**2,630.5**
Non-current borrowings and financial liabilities	2,888.1	2,500.2
o/w Participating loans and advances from associates	*60.0*	*71.3*
o/w Bond issues	*1,721.8*	*1,720.4*
o/w Borrowings from lending establishments	*687.9*	*379.4*
o/w Negotiable European Medium Term Note	*110.0*	*25.0*
o/w Lease liabilities	*143.9*	*149.4*
o/w Contractual fees on investment properties	*164.5*	*154.8*
Long-term provisions	31.6	24.0
Deposits and security interests received	38.3	36.6
Deferred tax liability	60.7	69.7
Current liabilities	**3,084.1**	**3,602.8**
Current borrowings and financial liabilities	957.7	1,569.8
o/w Bond issues	*30.3*	*254.6*
o/w Borrowings from lending establishments	*21.0*	*458.9*
o/w Negotiable European Commercial Paper	*783.0*	*628.0*
o/w Bank overdrafts	*2.6*	*3.9*
o/w Advances from Group shareholders and partners	*90.5*	*199.4*
o/w Lease liabilities	*8.0*	*1.1*
o/w Contractual fees on investment properties	*22.3*	*24.0*
Derivative financial instruments	28.9	36.3
Contract liabilities	166.1	177.3
Trade and other payables	1,749.5	1,798.4
Tax due	14.9	21.0
Debts with Altarea SCA shareholders and minority shareholders of subsidiaries	167.0	0.0
TOTAL LIABILITIES	**8,831.8**	**8,950.0**