

ALTAREA

CONSOLIDATED INTERIM SUMMARISED 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		5,090.3	5,132.2
Intangible assets	7.2	333.8	330.4
<i>o/w Goodwill</i>		209.4	209.4
<i>o/w Brands</i>		105.4	105.4
<i>o/w Other intangible assets</i>		19.0	15.7
Property, plant and equipment		27.3	26.1
Right-of-use on tangible and intangible fixed assets	7.3	134.0	140.3
Investment properties	7.1	4,092.8	4,024.6
<i>o/w Investment properties in operation at fair value</i>		3,695.9	3,649.0
<i>o/w Investment properties under development and under construction at cost</i>		228.0	211.1
<i>o/w Right-of use on Investment properties</i>		168.9	164.6
Securities and investments in equity affiliates	4.5	460.7	579.6
Non-current financial assets	4.6	16.1	12.6
Deferred taxes assets	5.3	25.7	18.5
Current assets		3,741.5	3,817.8
Net inventories and work in progress	7.4	874.8	859.3
Contract assets	7.4	682.0	741.2
Trade and other receivables	7.4	976.1	828.0
Income credit		11.7	11.4
Current assets	4.6	36.5	22.0
Derivative financial instruments	8	7.3	1.1
Cash and cash equivalents	6.2	1,075.9	1,277.5
Assets held for sale	7.1	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	6.1	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	6.2	2,888.1	2,500.2
<i>o/w Participating loans and advances from associates</i>		60.0	71.3
<i>o/w Bond issues</i>		1,721.8	1,720.4
<i>o/w Borrowings from lending establishments</i>		687.9	379.4
<i>o/w Negotiable European Medium Term Note</i>		110.0	25.0
<i>o/w Lease liabilities</i>		143.9	149.4
<i>o/w Contractual fees on investment properties</i>		164.5	154.8
Long-term provisions	6.3	31.6	24.0
Deposits and security interests received		38.3	36.6
Deferred tax liability	5.3	60.7	69.7
Current liabilities		3,084.1	3,602.8
Current borrowings and financial liabilities	6.2	957.7	1,569.8
<i>o/w Bond issues</i>		30.3	254.6
<i>o/w Borrowings from lending establishments</i>		21.0	458.9
<i>o/w Negotiable European Commercial Paper</i>		783.0	628.0
<i>o/w Bank overdrafts</i>		2.6	3.9
<i>o/w Advances from Group shareholders and partners</i>		90.5	199.4
<i>o/w Lease liabilities</i>		8.0	1.1
<i>o/w Contractual fees on investment properties</i>		22.3	24.0
Derivative financial instruments	8	28.9	36.3
Contract liabilities	7.4	166.1	177.3
Trade and other payables	7.4	1,744.5	1,798.4
Tax due		14.9	21.0
Debts with Altarea SCA shareholders	6.1	167.0	0.0
TOTAL LIABILITIES		8,831.8	8,950.0

Statement of consolidated comprehensive income

(€ millions)	Note	30/06/2021	31/12/2020	30/06/2020
Rental income		84.0	184.9	93.6
Property expenses		(0.8)	(1.9)	(0.7)
Unrecoverable rental expenses		(4.5)	(8.7)	(4.4)
<i>Expenses re-invoiced to tenants</i>		32.4	53.4	26.7
<i>Rental expenses</i>		(36.9)	(62.2)	(31.1)
Other expenses		(1.2)	1.2	(0.6)
Net charge to provisions for current assets		(6.4)	(16.1)	(5.8)
Net rental income	5.1	71.0	159.3	82.2
Revenue		1,318.9	2,837.0	1,273.7
Cost of sales		(1,168.6)	(2,496.4)	(1,122.5)
Other income		(49.0)	(107.0)	(51.6)
Net charge to provisions for current assets		(0.1)	(9.2)	(0.0)
Amortisation of customer relationships		–	(0.6)	(0.3)
Net property income	5.1	101.3	223.8	99.2
External services		21.0	34.3	15.9
Own work capitalised and production held in inventory		92.7	182.5	85.9
Personnel costs		(116.9)	(225.3)	(111.5)
Other overhead expenses		(30.9)	(71.5)	(34.1)
Depreciation expenses on operating assets		(14.7)	(31.8)	(15.6)
Net overhead expenses		(48.8)	(111.9)	(59.3)
Other income and expenses		(5.1)	0.4	0.5
Depreciation expenses		(0.1)	(1.9)	(2.5)
Transaction costs		(5.9)	(2.3)	(0.7)
Others		(11.2)	(3.8)	(2.7)
Proceeds from disposal of investment assets		4.2	380.3	380.4
Carrying amount of assets sold		(5.6)	(385.0)	(385.0)
Net gain/(loss) on disposal of investment assets		(1.4)	(4.7)	(4.7)
Change in value of investment properties	7.1	17.9	(580.7)	(259.9)
Net impairment losses on investment properties measured at cost		(4.0)	(59.8)	(25.1)
Net impairment losses on other non-current assets		(1.0)	(0.1)	0.1
Net charge to provisions for risks and contingencies		(9.0)	1.6	(0.9)
Impairment of goodwill		–	(1.0)	(1.0)
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		114.9	(377.4)	(172.1)
Share in earnings of equity-method affiliates	4.5	3.2	50.2	41.5
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		118.1	(327.2)	(130.6)
Net borrowing costs	5.2	(28.0)	(68.8)	(27.3)
<i>Financial expenses</i>		(34.9)	(75.8)	(31.7)
<i>Financial income</i>		6.9	7.0	4.4
Other financial results	5.2	(14.5)	(17.1)	(3.2)
Change in value and income from disposal of financial instruments	5.2	0.9	(56.5)	(49.1)
Net gain/(loss) on disposal of investments		38.6	0.8	0.4
Profit before tax		115.2	(468.8)	(209.8)
Income tax	5.3	(0.7)	(54.9)	(40.0)
NET INCOME		114.4	(523.8)	(249.9)
o/w attributable to shareholders of Altarea SCA		107.1	(307.7)	(134.8)
o/w Attributable to minority interests in subsidiaries		11.0	(216.0)	(115.0)
Average number of non-diluted shares		17,170,633	16,850,855	16,559,453
Net Income per share attributable to shareholders of Altarea SCA (€)	5.4	6.03	(18.26)	(8.14)
Diluted average number of shares		17,479,992	17,081,054	16,767,148
Diluted net income per share attributable to shareholders of Altarea SCA (€)	5.4	5.92	(18.02)	(8.04)

Other comprehensive income

(€ millions)	30/06/2021	31/12/2020	30/06/2020
NET INCOME	114.4	(523.8)	(249.9)
Actuarial differences on defined-benefit pension plans	1.7	0.3	0.9
o/w Taxes	(0.5)	(0.2)	(0.3)
Subtotal of comprehensive income items that may not be reclassified to profit	1.7	0.3	0.9
OTHER COMPREHENSIVE INCOME	1.7	0.3	0.9
CONSOLIDATED COMPREHENSIVE INCOME	116.2	(523.5)	(249.0)
o/w Net comprehensive income attributable to Altarea SCA shareholders	105.2	(307.4)	(133.9)
o/w Net comprehensive income attributable to minority interests in subsidiaries	11.0	(216.0)	(115.0)

Consolidated cash flows statement

(€ millions)	Note	30/06/2021	31/12/2020	30/06/2020
Cash flow from operating activities				
Net income		114.4	(523.8)	(249.9)
Elimination of income tax expense (income)	5.3	0.7	54.9	40.0
Elimination of net interest expense (income) and dividends	5.2	42.0	85.5	30.2
Net income before tax and before net interest expense (income)		157.2	(383.3)	(179.6)
Elimination of share in earnings of equity-method subsidiaries	4.5	(3.2)	(50.2)	(41.5)
Elimination of depreciation and impairment		25.7	34.9	20.6
Elimination of value adjustments	7.1/5.2	(14.9)	697.0	333.9
Elimination of net gains/(losses) on disposals ⁽¹⁾		(37.6)	3.7	4.3
Estimated income and expenses associated with share-based payments	6.1	9.7	12.5	6.6
Net cash flow		136.9	314.6	144.4
Tax paid		(20.9)	(13.7)	(6.0)
Impact of change in operational working capital requirement (WCR)	7.4	(161.9)	144.0	47.3
CASH FLOW FROM OPERATIONS		(45.9)	444.9	185.8
Cash flow from investment activities				
Net acquisitions of assets and capitalised expenditures	7.1	(50.1)	(125.7)	(81.7)
Gross investments in equity affiliates	4.5	(29.5)	(79.9)	(62.6)
Acquisitions of consolidated companies, net of cash acquired	4.3	(16.8)	(6.0)	0.0
Other changes in Group structure		(0.1)	2.0	2.0
Increase in loans and advances		(20.3)	(146.8)	(141.3)
Sale of non-current assets and reimbursement of advances and down payments ⁽¹⁾		7.2	340.1	270.7
Disposals of equity affiliates	4.5	39.3	47.3	19.7
Disposals of consolidated companies, net of cash transferred	4.3	39.2	4.8	3.4
Reduction in loans and other financial investments		6.1	28.4	6.3
Net change in investments and derivative financial instruments	5.2	(8.4)	(72.8)	(71.6)
Dividends received		106.4	34.2	7.0
Interest income		3.6	7.5	4.0
CASH FLOW FROM INVESTMENT ACTIVITIES		76.6	33.2	(43.9)
Cash flow from financing activities				
Capital increase		5.2	7.6	–
Subordinated Perpetual Notes ⁽²⁾		28.4	–	–
Share of minority interests in the capital increase of subsidiaries ⁽³⁾		38.2	–	(0.0)
Dividends paid to Altarea SCA shareholders	6.1	(0.0)	(90.0)	–
Dividends paid to minority shareholders of subsidiaries		(11.7)	(10.9)	(0.0)
Issuance of borrowings and other financial liabilities	6.2	1,059.4	1,827.0	1,060.4
Repayment of borrowings and other financial liabilities	6.2	(1,299.8)	(1,667.5)	(805.8)
Repayment of lease liabilities	6.2	1.7	(6.3)	(8.0)
Net sales (purchases) of treasury shares	6.1	(11.6)	(5.9)	(4.8)
Net change in security deposits and guarantees received		1.6	(0.2)	(2.1)
Interest paid		(42.3)	(86.0)	(25.9)
CASH FLOW FROM FINANCING ACTIVITIES		(231.0)	(32.0)	213.6
CHANGE IN CASH BALANCE		(200.3)	446.1	355.5
Cash balance at the beginning of the year				
Cash balance at the beginning of the year	6.2	1,273.6	827.5	827.5
Cash and cash equivalents		1,277.5	830.2	830.2
Bank overdrafts		(3.9)	(2.7)	(2.7)
Cash balance at period-end	6.2	1,073.3	1,273.6	1,183.0
Cash and cash equivalents		1,075.9	1,277.5	1,185.2
Bank overdrafts		(2.6)	(3.9)	(2.2)

(1) Proceeds on disposals included in the calculation of net cash flow are presented net of transaction costs. Likewise, disposals of property assets are presented net of transaction costs in the cash flow from investment activities.

(2) These are Subordinated Perpetual Notes issued by Altarea SCA and subscribed by APG.

(3) This is the share subscribed by the minority shareholders in the capital increase of the subsidiary Alta Blue which, via its subsidiary Aldeta, owns the Cap 3000 shopping centre.

Changes in consolidated equity

(€ millions)	Capital	Other paid-in capital	Elimination of treasury shares	Reserves and retained earnings	Equity attributable to Altarea SCA shareholders	Equity attributable to minority shareholders of subsidiaries	Equity
At 1 January 2020	255.2	311.8	(33.1)	1,610.6	2,144.4	1,191.1	3,335.5
<i>Net Income</i>	–	–	–	(134.8)	(134.8)	(115.0)	(249.9)
<i>Actuarial difference relating to pension obligations</i>	–	–	–	0.9	0.9	0.0	0.9
Comprehensive income	–	–	–	(133.9)	(133.9)	(115.0)	(249.0)
<i>Dividend distribution</i>	–	(140.4)	–	(11.0)	(151.4)	(0.0)	(151.4)
<i>Capital increase</i>	–	–	–	0.0	0.0	0.0	0.0
<i>Measurement of share-based payments</i>	–	–	–	4.7	4.7	0.0	4.7
<i>Elimination of treasury shares</i>	–	–	10.1	(10.6)	(0.5)	–	(0.5)
Transactions with shareholders	–	(140.4)	10.1	(16.9)	(147.2)	(0.0)	(147.2)
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	(3.6)	(3.6)	2.7	(0.9)
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	–	–	0.0
Others	–	–	–	0.0	0.0	(0.0)	0.0
At 30 June 2020	255.2	171.4	(23.0)	1,456.2	1,859.8	1,078.7	2,938.5
<i>Net Income</i>	–	–	–	(172.9)	(172.9)	(101.0)	(273.9)
<i>Actuarial difference relating to pension obligations</i>	–	–	–	(0.6)	(0.6)	(0.0)	(0.6)
Comprehensive income	–	–	–	(173.5)	(173.5)	(101.0)	(274.5)
<i>Dividend distribution</i>	–	2.2	–	(2.2)	0.0	(19.5)	(19.5)
<i>Capital increase</i>	8.8	60.2	–	(0.0)	68.9	0.0	68.9
<i>Measurement of share-based payments</i>	–	–	–	4.3	4.3	0.0	4.3
<i>Elimination of treasury shares</i>	–	–	(0.9)	(0.3)	(1.2)	–	(1.2)
Transactions with shareholders	8.8	62.4	(0.9)	1.8	72.0	(19.5)	52.5
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	(0.0)	(0.0)	(0.0)	(0.0)
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	–	–	(0.0)
Others	–	–	–	0.2	0.2	0.0	0.2
As of 31 December 2020	264.0	233.8	(23.9)	1,284.7	1,758.5	958.2	2,716.7
<i>Net Income</i>	–	–	–	103.5	103.5	11.0	114.4
<i>Actuarial difference relating to pension obligations</i>	–	–	–	1.7	1.7	0.0	1.7
Comprehensive income	–	–	–	105.2	105.2	11.0	116.2
<i>Dividend distribution</i>	–	(107.6)	–	(59.4)	(167.0)	(11.7)	(178.6)
<i>Capital increase</i>	0.8	4.6	–	(0.2)	5.2 ^(a)	38.2 ^(b)	43.5
<i>Undated subordinated notes</i>	–	–	–	–	–	28.4 ^(c)	28.4
<i>Measurement of share-based payments</i>	–	–	–	7.1	7.1	0.0	7.1
<i>Elimination of treasury shares</i>	–	–	9.8	(15.6)	(5.8)	–	(5.8)
Transactions with shareholders	0.8	(103.0)	9.8	(68.0)	(160.4)	55.0	(105.4)
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	2.4	2.4	(1.3)	1.1
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	–	–	0.0
Others	0.0	0.0	–	0.6	0.6	(0.0)	0.5
At 30 June 2021	264.7	130.8	(14.1)	1,328.5	1,706.3	1,022.8	2,729.1

(a): Capital increase in Altarea SCA related to the Reuilly transaction

(b): The share of minority interests in the capital increase of the subsidiary Altblue.

(c): Additional subscription of Undated Subordinated Notes recognised in equity attributable to a minority shareholder of a subsidiary.

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

2 Notes – Consolidated income statement by segment

	30/06/2021			31/12/2020			30/06/2020		
	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	Financial resources funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
<i>(€ millions)</i>									
Rental income	84.0	–	84.0	184.9	–	184.9	93.6	–	93.6
Other expenses	(13.0)	–	(13.0)	(25.6)	–	(25.6)	(11.5)	–	(11.5)
Net rental income	71.0	–	71.0	159.3	–	159.3	82.2	–	82.2
External services	9.2	–	9.2	17.9	–	17.9	8.4	–	8.4
Own work capitalised and production held in inventory	6.1	–	6.1	5.6	–	5.6	4.0	–	4.0
Operating expenses	(22.5)	(2.9)	(25.5)	(38.0)	(5.1)	(43.1)	(21.5)	(1.5)	(23.0)
Net overhead expenses	(7.1)	(2.9)	(10.1)	(14.5)	(5.1)	(19.6)	(9.0)	(1.5)	(10.5)
Share of equity-method affiliates	0.9	(3.4)	(2.6)	3.4	(15.8)	(12.4)	1.7	(5.7)	(4.0)
Net allowances for depreciation and impairment	–	(9.3)	(9.3)	–	(4.0)	(4.0)	–	(5.4)	(5.4)
Income/loss on sale of assets	0.0	(1.3)	(1.3)	0.1	(4.6)	(4.6)	0.4	(4.7)	(4.2)
Income/loss in the value of investment property	–	12.3	12.3	–	(642.1)	(642.1)	–	(284.9)	(284.9)
Transaction costs	–	(0.3)	(0.3)	–	(1.6)	(1.6)	–	(0.7)	(0.7)
OPERATING INCOME - RETAIL	64.8	(4.9)	59.8	148.2	(673.3)	(525.1)	75.3	(302.9)	(227.6)
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)	(2,204.5)	(0.6)	(2,205.1)	(980.8)	(0.3)	(981.1)
Net property income	93.7	–	93.7	202.3	(0.6)	201.7	88.7	(0.3)	88.4
External services	5.3	–	5.3	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	(101.0)	(7.6)	(108.6)	(209.1)	(12.6)	(221.7)	(100.9)	(6.6)	(107.5)
Net overhead expenses	(12.5)	(7.6)	(20.1)	(36.1)	(12.6)	(48.6)	(19.9)	(6.6)	(26.5)
Share of equity-method affiliates	4.4	(0.2)	4.2	10.8	(2.5)	8.3	3.8	(2.2)	1.7
Net allowances for depreciation and impairment	–	(10.7)	(10.7)	–	(19.0)	(19.0)	–	(9.0)	(9.0)
Transaction costs	–	–	–	–	(0.0)	(0.0)	–	–	–
OPERATING INCOME - RESIDENTIAL	85.6	(18.5)	67.1	177.0	(34.7)	142.3	72.6	(18.1)	54.5
Revenue	112.0	–	112.0	416.5	–	416.5	196.5	–	196.5
Cost of sales and other expenses	(104.3)	–	(104.3)	(394.5)	–	(394.5)	(186.1)	–	(186.1)
Net property income	7.6	–	7.6	22.0	–	22.0	10.4	–	10.4
External services	6.4	–	6.4	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)	(29.4)	(3.0)	(32.4)	(14.9)	(1.3)	(16.2)
Net overhead expenses	(0.3)	(1.9)	(2.3)	(9.3)	(3.0)	(12.3)	(6.6)	(1.3)	(7.9)
Share of equity-method affiliates	40.2	(0.3)	39.9	37.6	17.0	54.6	29.6	14.2	43.8
Net allowances for depreciation and impairment	–	(0.9)	(0.9)	–	(1.4)	(1.4)	–	(0.9)	(0.9)
Income/loss in the value of investment property	–	1.6	1.6	–	1.7	1.7	–	–	–
Transaction costs	–	–	–	–	–	–	–	–	–
OPERATING INCOME - BUSINESS PROPERTY	47.5	(1.4)	46.1	50.3	14.3	64.6	33.5	11.9	45.4
Others (Corporate)	(7.7)	(8.9)	(16.6)	(4.0)	(4.3)	(8.3)	(0.3)	(2.0)	(2.3)
OPERATING INCOME	190.1	(33.7)	156.5	371.6	(698.0)	(326.4)	181.1	(311.1)	(130.0)
Net borrowing costs	(25.2)	(2.8)	(28.0)	(50.6)	(18.2)	(68.8)	(23.2)	(4.1)	(27.3)
Other financial results	(8.8)	(5.7)	(14.5)	(7.7)	(9.5)	(17.1)	1.0	(4.2)	(3.2)
Change in value and income from disposal of financial instruments	–	0.9	0.9	–	(56.5)	(56.5)	–	(49.1)	(49.1)
Net gain/(loss) on disposal of investments	–	0.3	0.3	–	(0.0)	(0.0)	–	(0.2)	(0.2)
PROFIT BEFORE Tax	156.1	(41.0)	115.2	313.3	(782.2)	(468.8)	158.9	(368.7)	(209.8)
Corporate income tax	(14.6)	13.9	(0.7)	(26.6)	(28.4)	(54.9)	(15.5)	(24.5)	(40.0)
NET INCOME	141.5	(27.1)	114.4	286.8	(810.5)	(523.8)	143.4	(393.3)	(249.9)
Non-controlling interests	(23.5)	12.6	(11.0)	(56.5)	272.5	216.0	(28.9)	144.0	115.0
NET INCOME, GROUP SHARE	118.0	(14.5)	103.5	230.3	(538.1)	(307.7)	114.5	(249.3)	(134.8)
<i>Diluted average number of shares</i>	<i>17,479,992</i>	<i>17,479,992</i>	<i>17,479,992</i>	<i>17,081,054</i>	<i>17,081,054</i>	<i>17,081,054</i>	<i>16,767,148</i>	<i>16,767,148</i>	<i>16,767,148</i>
NET INCOME PER SHARE (€/SHARE) GROUP SHARE	6.75	(0.83)	5.92	13.48	(31.50)	(18.02)	6.83	(14.87)	(8.04)

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

3 Other information attached to the interim consolidated financial statements

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NOTE 1 COMPANY INFORMATION

Altarea 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 A). The registered office is located at 87 rue de Richelieu in Paris (France).

Altarea chose the SIIC corporate form (Société d'Investissement Immobilier Cotée) as of 1 January 2005.

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, manage and exploit made-to-measure property products.

Altarea controls the company Altareit, whose shares are admitted to trading on the regulated market Euronext Paris, Compartment B.

Altarea 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 examined by the Audit Committee and the Supervisory Board.

NOTE 2 ACCOUNTING PRINCIPLES AND METHODS

2.1 Accounting standards applied by the Company

The Altarea group's consolidated half-yearly financial statements to 30 June 2021 were prepared in compliance with IAS 34 "Interim financial reporting". The condensed financial statements do not include all of the information required by the IFRS guidelines for annual financial statements and should be read in conjunction with the Altarea group's consolidated financial statements for the financial year ended 31 December 2020, presented in the registration document filed with the AMF on 19 March 2021 under number D.21-0158.

The accounting principles used in the preparation of the consolidated half-yearly financial statements are compliant with the IASB's IFRS standards and interpretations as adopted by the European Union as at 30 June 2021 and available on the following website:

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

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

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

Accounting standards and interpretations adopted early as at 30 June 2021, whose application is mandatory for financial years starting on or after 1 July 2021:

None

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

None

Other essential standards and interpretations adopted 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 - Updates to references within the standards' conceptual framework
- Amendment to IAS 16 - Proceeds before intended use
- Amendment to IAS 37 – Costs to be taken into account to recognise a provision for onerous contracts
- 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-related rent concessions - extension of the initial provisions until 30 June 2021
- Amendment to IAS 1 – Presentation of Financial Statements
- Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors

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 has taken into account reliable information available to it at the date of preparation of the consolidated financial statements regarding 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 (please see note 2.4.7 "Monitoring the value of non-current assets (excluding financial assets and investment property) and losses of value" and 7.2 "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 or more frequently if internal or external events or circumstances indicate that their value may have declined.

At the close of the accounting period, the economic consequences of the Covid crisis do not represent any indication of a potential loss in value of a 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. Accordingly, the Group did not perform 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 7.1 "Investment properties"):

The methodologies used by appraisers are identical to those used for the inclusion of the following clauses on the current context:

Jones Lang LaSalle:

"The coronavirus (COVID-19) epidemic, declared a "Global pandemic" by the World Health Organisation on 11 March 2020, has inevitably affected various aspects of daily life as well as the global economy. Property markets are experiencing significantly low levels of trading and liquidity. However, in France, at the valuation date, we consider that there is a sufficient amount of relevant market information on which to base value assessments for the assets in your portfolio.

Given the uncertain future impact that COVID-19 could have on the property market with many business practices and behaviours needing to change temporarily or permanently, we recommend that you keep the assessments contained in this report under frequent review."

Cushman & Wakefield (C&W):

"The coronavirus (COVID-19) epidemic, declared a "Global pandemic" by the World Health Organisation on 11 March 2020, continues to affect economies and real estate markets worldwide. However, as of the valuation date, the real estate markets are back for the most part, with sufficient transaction volumes and market data on which to base our value opinion. Therefore - and for the avoidance of doubt - our valuation is not presented as being subject to "significant valuation uncertainty" as defined by VPS 3 and VPGA 10 of the RICS Global Valuation Standards."

- Measurement of trade receivables (see notes 2.4.10 "Financial assets and liabilities" and 7.4.2 "Trade and other operating receivables");
- 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 rights of use, lease liabilities and contractual fees on investment property (see notes 2.4.18 "Leases", 7.3 "Right-of-use on tangible and intangible fixed assets" and 7.1 "Investment properties");
- Measurement of financial instruments (see Note 8 "Financial risk management").

Operating income estimates

- Measurement of net property income and services using the percentage-of-completion method (see Note 2.4.17 "Revenue and revenue-related expenses").
- Measurement of l'évaluation des loyers nets (see Note 2.4.17 "Revenue and revenue-related expenses" and 5.1.1 "Net rental income").

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" and 7.1 "Investment properties").

The notes listed above and numbered 2.4.xx refer to the notes to the consolidated financial statements for the financial 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 intragroup transactions are eliminated 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

At 30 June 2021

	Retail	Residential	Business Property	Others	TOTAL
<i>(€ millions)</i>					
Operating assets and liabilities					
Intangible assets	18.2	283.5	21.5	10.6	333.8
Property, plant and equipment	0.7	24.9	0.0	1.7	27.3
Right-of-use on tangible and intangible fixed assets	0.4	133.3	0.0	0.3	134.0
Investment properties	4,057.2	–	35.6	–	4,092.8
Securities and investments in equity affiliates	118.4	156.1	186.1	–	460.7
Operational working capital requirement	45.6	682.0	67.2	(9.8)	785.0
Total operating assets and liabilities	4,240.5	1,279.8	310.5	2.8	5,833.5

As of 31 December 2020

	Retail	Residential	Business Property	Others	TOTAL
<i>(€ millions)</i>					
Operating assets and liabilities					
Intangible assets	18.2	281.8	21.5	8.9	330.4
Property, plant and equipment	1.5	23.3	–	1.3	26.1
Right-of-use on tangible and intangible fixed assets	0.4	139.3	0.0	0.6	140.3
Investment properties	3,991.8	–	32.8	–	4,024.6
Securities and investments in equity affiliates	117.2	157.8	304.7	–	579.6
Operational working capital requirement	46.8	534.3	61.8	(12.5)	630.4
Total operating assets and liabilities	4,176.0	1,136.5	420.7	(1.6)	5,731.5

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 (chg. val.)	Total
Rental income	84.0	–	84.0	184.9	–	184.9	93.6	–	93.6
Property expenses	(0.8)	–	(0.8)	(1.9)	–	(1.9)	(0.7)	–	(0.7)
Unrecoverable rental expenses	(4.5)	–	(4.5)	(8.7)	–	(8.7)	(4.4)	–	(4.4)
Expenses re-invoiced to tenants	32.4	–	32.4	53.4	–	53.4	26.7	–	26.7
Rental expenses	(36.9)	–	(36.9)	(62.2)	–	(62.2)	(31.1)	–	(31.1)
Other expenses	(1.2)	–	(1.2)	1.2	–	1.2	(0.6)	–	(0.6)
Net charge to provisions for current assets	(6.4)	–	(6.4)	(16.1)	–	(16.1)	(5.8)	–	(5.8)
Net rental income	71.0	–	71.0	159.3	–	159.3	82.2	–	82.2
Revenue	1,318.9	–	1,318.9	2,837.0	–	2,837.0	1,273.7	–	1,273.7
Cost of sales	(1,168.6)	–	(1,168.6)	(2,496.4)	0.0	(2,496.4)	(1,122.5)	–	(1,122.5)
Other income	(49.0)	(0.0)	(49.0)	(107.0)	–	(107.0)	(51.6)	–	(51.6)
Net charge to provisions for current assets	(0.1)	–	(0.1)	(9.3)	0.0	(9.2)	(0.0)	–	(0.0)
Amortisation of customer relationships	–	–	–	–	(0.6)	(0.6)	–	(0.3)	(0.3)
Net property income	101.3	(0.0)	101.3	224.3	(0.6)	223.8	99.5	(0.3)	99.2
External services	21.0	–	21.0	34.3	–	34.3	15.9	–	15.9
Own work capitalised and production held in inventory	92.7	–	92.7	182.5	–	182.5	85.9	–	85.9
Personnel costs	(106.2)	(10.8)	(116.9)	(210.9)	(14.5)	(225.3)	(104.0)	(7.5)	(111.5)
Other overhead expenses	(30.9)	0.0	(30.9)	(71.7)	0.2	(71.5)	(34.3)	0.2	(34.1)
Depreciation expenses on operating assets	–	(14.7)	(14.7)	–	(31.8)	(31.8)	–	(15.6)	(15.6)
Net overhead expenses	(23.3)	(25.5)	(48.8)	(65.8)	(46.2)	(111.9)	(36.4)	(22.9)	(59.3)
Other income and expenses	(4.3)	(0.8)	(5.1)	1.9	(1.5)	0.4	0.7	(0.2)	0.5
Depreciation expenses	–	(0.1)	(0.1)	–	(1.9)	(1.9)	–	(2.5)	(2.5)
Transaction costs	–	(5.9)	(5.9)	–	(2.3)	(2.3)	–	(0.7)	(0.7)
Others	(4.3)	(6.8)	(11.2)	1.9	(5.8)	(3.8)	0.7	(3.4)	(2.7)
Proceeds from disposal of investment assets	–	4.2	4.2	–	380.3	380.3	–	380.4	380.4
Carrying amount of assets sold	–	(5.6)	(5.6)	–	(385.0)	(385.0)	–	(385.0)	(385.0)
Net gain/(loss) on disposal of investment assets	–	(1.4)	(1.4)	–	(4.7)	(4.7)	–	(4.7)	(4.7)
Change in value of investment properties	–	17.9	17.9	–	(580.7)	(580.7)	–	(259.9)	(259.9)
Net impairment losses on investment properties measured at cost	–	(4.0)	(4.0)	–	(59.8)	(59.8)	–	(25.1)	(25.1)
Net impairment losses on other non-current assets	–	(1.0)	(1.0)	–	(0.1)	(0.1)	–	0.1	0.1
Net charge to provisions for risks and contingencies	–	(9.0)	(9.0)	–	1.6	1.6	–	(0.9)	(0.9)
Impairment of goodwill	–	–	–	–	(1.0)	(1.0)	–	(1.0)	(1.0)
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	144.6	(29.8)	114.9	319.8	(697.2)	(377.4)	145.9	(318.0)	(172.1)
Share in earnings of equity-method affiliates	7.1	(3.9)	3.2	51.6	(1.3)	50.2	35.1	6.3	41.5
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	151.8	(33.7)	118.1	371.4	(698.6)	(327.2)	181.1	(311.7)	(130.6)
Net borrowing costs	(25.2)	(2.8)	(28.0)	(50.6)	(18.2)	(68.8)	(23.2)	(4.1)	(27.3)
Financial expenses	(32.1)	(2.8)	(34.9)	(57.6)	(18.2)	(75.8)	(27.6)	(4.1)	(31.7)
Financial income	6.9	–	6.9	7.0	–	7.0	4.4	–	4.4
Other financial results	(8.8)	(5.7)	(14.5)	(7.7)	(9.5)	(17.1)	1.0	(4.2)	(3.2)
Change in value and income from disposal of financial instruments	–	0.9	0.9	–	(56.5)	(56.5)	–	(49.1)	(49.1)
Proceeds from the disposal of investments ^(a)	38.3	0.3	38.6	0.2	0.6	0.8	–	0.4	0.4
Profit before tax	156.1	(41.0)	115.2	313.3	(782.2)	(468.8)	158.9	(368.7)	(209.8)
Income tax	(14.6)	13.9	(0.7)	(26.6)	(28.4)	(54.9)	(15.5)	(24.5)	(40.0)
NET INCOME	141.5	(27.1)	114.4	286.8	(810.5)	(523.8)	143.4	(393.3)	(249.9)
o/w Net income attributable to Altarea SCA shareholders	118.0	(14.5)	103.5	230.3	(538.1)	(307.7)	114.5	(249.3)	(134.8)
o/w Net income attributable to minority interests in subsidiaries	(23.5)	12.6	(11.0)	(56.5)	272.5	216.0	(28.9)	144.0	115.0
Average number of non-diluted shares	17,170,633	17,170,633	17,170,633	16,850,855	16,850,855	16,850,855	16,559,453	16,559,453	16,559,453
Basic net income per share attributable to shareholders of Altarea SCA (€)	6.87	(0.85)	6.03	13.67	(31.93)	(18.26)	6.91	(15.05)	(8.14)
Diluted average number of shares	17,479,992	17,479,992	17,479,992	17,081,054	17,081,054	17,081,054	16,767,148	16,767,148	16,767,148
Diluted net income per share attributable to shareholders of Altarea SCA (€)	6.75	(0.83)	5.92	13.48	(31.50)	(18.02)	6.83	(14.87)	(8.04)

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 have been 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				
	Retail	Residential	BP (1)	Others	TOTAL	Retail	Residential	BP (1)	Others	TOTAL	Retail	Residential	BP (1)	Others	TOTAL
<i>(€ millions)</i>															
Net rental income	71.0	–	–	–	71.0	159.3	–	–	–	159.3	82.2	–	–	–	82.2
Net property income	(0.0)	93.7	7.6	(0.1)	101.3	0.1	201.7	22.0	(0.1)	223.8	0.4	88.4	10.4	–	99.2
Net overhead expenses	(7.9)	(27.2)	(3.2)	(10.5)	(48.8)	(21.6)	(63.8)	(18.6)	(7.9)	(111.9)	(9.4)	(34.2)	(13.1)	(2.6)	(59.3)
Others	(3.8)	(1.5)	0.4	(6.3)	(11.2)	(3.8)	(4.2)	4.7	(0.6)	(3.8)	(5.4)	(1.3)	4.0	0.0	(2.7)
Net gain/(loss) on disposal of investment assets	(1.3)	–	–	(0.1)	(1.4)	(4.7)	–	–	–	(4.7)	(4.7)	–	–	–	(4.7)
Value adjustments	12.3	(1.0)	1.6	–	13.0	(642.1)	(0.2)	1.7	–	(640.7)	(284.9)	(0.0)	–	–	(284.9)
Net charge to provisions for risks and contingencies	(7.9)	(1.1)	(0.3)	0.3	(9.0)	(0.5)	0.6	0.2	0.3	0.6	(2.5)	0.0	0.3	0.3	(1.9)
Share in earnings of equity-method affiliates	(2.6)	4.2	1.6	–	3.2	(12.4)	8.3	54.3	–	50.2	(4.0)	1.7	43.8	–	41.5
OPERATING INCOME (Statement of consolidated comprehensive income)	59.8	67.1	7.8	(16.6)	118.1	(525.7)	142.3	64.4	(8.3)	(327.2)	(228.2)	54.5	45.4	(2.3)	(130.6)
Reclassification of net gain/(loss) on disposal of investments			38.3		38.3	0.6		0.2		0.8	0.6				0.6
OPERATING INCOME (Consolidated income statement by segment)	59.8	67.1	46.1	(16.6)	156.5	(525.1)	142.3	64.6	(8.3)	(326.4)	(227.6)	54.5	45.4	(2.3)	(130.0)

(1) BP: Business property

3.4 Revenue by geographical region and operating segment

By geographical region

	30/06/2021					31/12/2020					30/06/2020				
	France	Italy	Spain	Others	Total	France	Italy	Spain	Others	Total	France	Italy	Spain	Others	Total
<i>(€ millions)</i>															
Rental income	77.4	1.7	4.9	–	84.0	166.7	7.9	10.3	–	184.9	82.2	5.8	5.7	–	93.6
External services	8.5	0.6	0.1	–	9.2	16.7	1.0	0.3	–	17.9	8.0	0.3	0.1	–	8.4
Property development	–	3.5	–	–	3.5	–	13.6	–	–	13.6	–	7.6	–	–	7.6
Retail	85.9	5.8	5.0	–	96.7	183.5	22.5	10.5	–	216.4	90.2	13.7	5.8	–	109.7
Revenue	1,203.4	–	–	–	1,203.4	2,406.9	–	–	–	2,406.9	1,069.5	–	–	–	1,069.5
External services	5.3	–	–	–	5.3	10.1	–	–	–	10.1	4.7	–	–	–	4.7
Residential	1,208.7	–	–	–	1,208.7	2,416.9	–	–	–	2,416.9	1,074.2	–	–	–	1,074.2
Revenue	112.0	–	–	–	112.0	416.5	–	–	–	416.5	196.5	–	–	–	196.5
External services	6.3	–	–	0.2	6.4	5.7	–	–	0.5	6.2	2.4	–	–	0.3	2.7
Business Property	118.2	–	–	0.2	118.4	422.2	–	–	0.5	422.7	199.0	–	–	0.3	199.2
Others (Corporate)	0.1	–	–	–	0.1	0.1	–	–	–	0.1	0.1	–	–	–	0.1
TOTAL	1,412.9	5.8	5.0	0.2	1,424.0	3,022.7	22.5	10.5	0.5	3,056.2	1,363.4	13.7	5.8	0.3	1,383.2

The Altarea Group operates mainly in France, Italy and Spain in 2021, as in 2020.

In 2020, one client accounted for more than 10% of the Group's revenue in the Residential sector, i.e., €548 million in 2020 and €263.5 million in 2021.

NOTE 4 **SIGNIFICANT EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION**

4.1 **Major events**

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

On 30 June 2021, Altarea announced two major strategic operations to step up the roll-out of its integrated business model across the entire real estate value chain by forming an independent leader in Europe in real estate investment and property development.

- the entry into exclusive negotiations for the acquisition of 100% of the Primonial Group, Europe's leading independent real estate savings and asset manager. This was a two-stage transaction (60% in Q1 2022 and 40% in Q1 2024) was done at an enterprise value of €1.9 billion on the scope acquired¹:

A deal designed to bolster Altarea's expertise in the resilient and fast-growing real estate asset management market and to enhance its existing leadership on the urban transformation market.

- the signing of a strategic partnership with Crédit Agricole Assurances 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), both 51% owned by Altarea and 49% by Crédit Agricole Assurances;

This transaction forms part of Altarea's retail asset management strategy.

Retail

Retailer activity still disrupted in the first half of 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.

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, both on existing sites and on projects recently delivered such as the Paris-Montparnasse station in mid-May, Corso at Cap3000 and mixed-use projects under development.

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

Negotiations with retailers

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 retailers during the recovery period, subject to the proper execution of contracts, for an amount equivalent to 30% of the rent and charges for the period disclosure. Under this scheme, all reductions to be granted have been fully recognised as expenses for the period.

Residential

Scarce supply in the first semester

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, mainly as part of investment projects. For example, Histoire & Patrimoine recorded its best half-year of reservations in its history.

New orders totaled €1.3 billion.

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

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).

¹ Excluding potential additional fees of up to €225 million, payable in 2024, depending on the achievement of the 2022-2023 business plan.

Business Property

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 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.

Pipeline

At end-June 2021, the Group's pipeline consisted of 62 projects with an estimated potential value of €5.6 billion.

Deliveries

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

- three co-investment operations² located in Grand Paris: Bridge (Orange head office), 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 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;
- 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 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.

Capital increase

The General Shareholders' Meeting of 29 June 2021 approved the payment of a dividend of €9.50/share and offered shareholders the choice between payment fully in cash, or half in securities and half in cash.

The Group strengthened its consolidated shareholders' equity for a total amount of €163 million, of which:

- €88.6 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 for the employee mutual fund³ 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.

² Joint ventures projects delivered remain in the pipeline until transferred (Bridge, Eria and Landscape).

³ Average subscription of €5,843 per employee subscribing.

4.2 Consolidation scope

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

COMPANIES	LEGAL FORM	SIREN		30/06/2021			31/12/2020		
				Method	Interest	Integration	Method	Interest	Integration
ALTAREA	SCA	335480877	Parent company	FC	100.0%	100.0%	FC	100.0%	100.0%
Retail France									
ALTAREA FRANCE	SCA	324814219		FC	100.0%	100.0%	FC	100.0%	100.0%
NR 21	SCA	335480877		FC	96.8%	100.0%	FC	84.4%	100.0%
FONDS PROXIMITE	SNC	348024050	Affiliate	EM	25.0%	25.0%	EM	25.0%	25.0%
80-98 RUE DE REUILLY	SCI			FC	100.0%	100.0%			
ALDETA	SASU	311765762		FC	33.3%	100.0%	FC	33.3%	100.0%
ALTA BLUE	SAS	522193796		FC	33.3%	100.0%	FC	33.3%	100.0%
ALTAREA PROMOTION COMMERCE	SNC	420490948		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA CRP AUBERGENVILLE	SNC	451226328		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA AUSTERLITZ	SNC	812196616		FC	100.0%	100.0%	FC	100.0%	100.0%
BERCY VILLAGE	SCI	384987517		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CARRE DE SOIE	SCI	449231463	Joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
FONCIERE CEZANNE MATIGNON	SNC	348024050		FC	100.0%	100.0%	FC	100.0%	100.0%
FONCIERE ALTAREA	SASU	353900699		FC	100.0%	100.0%	FC	100.0%	100.0%
SOCIETE D'AMENAGEMENT DE LA GARE DE L'EST	SNC	481104420		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CRP GENNEVILLIERS	SNC	488541228		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA GRAMONT	SAS	795254952		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CRP GUIPAVAS	SNC	451282628		FC	100.0%	100.0%	FC	100.0%	100.0%
LIMOGES INVEST	SCI	488237546		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC MACDONALD COMMERCE	SNC	524049244	Affiliate	EM	25.0%	25.0%	EM	25.0%	25.0%
ALTAREA MANAGEMENT	SNC	509105375		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA-MONTPARNASSE	SNC	524049244		FC	100.0%	100.0%	FC	100.0%	100.0%
LES VIGNOLES RETAIL PARK	SNC	512086117		FC	100.0%	100.0%	FC	100.0%	100.0%
OPCI ALTA COMMERCE EUROPE	SPPICAV	420762775	Joint venture	EM	29.9%	29.9%	EM	29.9%	29.9%
ALTA ORGEVAL	SNC	795338441		FC	99.9%	100.0%	FC	100.0%	100.0%
ALTA QWARTZ	SNC	433806726		FC	100.0%	100.0%	FC	100.0%	100.0%
THIAIS SHOPPING CENTRE	SNC	479873234		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA CRP LA VALETTE	SNC	494539687		FC	51.0%	100.0%	FC	51.0%	100.0%
Retail Italy									
ALTAGARES	SRL	N/A		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA ITALIA	SRL	N/A		FC	100.0%	100.0%	FC	100.0%	100.0%
Retail Spain									
ALTAREA ESPANA	SRL	N/A		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA PATRIMAE	SRL	N/A		FC	100.0%	100.0%	FC	100.0%	100.0%
Residential									
ALTAREIT	SCA	552091050		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM RESIDENCES SERVICES	SNC	394648455	Joint venture	EM	64.9%	65.0%	EM	64.9%	65.0%
ALTAREA COGEDIM IDF GRANDE METROPOLE	SNC	810928135		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA COGEDIM GRANDS PROJETS	SNC	810926519		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA COGEDIM REGIONS	SNC	810847905		FC	99.9%	100.0%	FC	99.9%	100.0%
SEVERIN	SNC	848899977		FC	99.9%	100.0%	FC	84.9%	100.0%
MARSEILLE MICHELET	SNC	792774382		FC	99.9%	100.0%	FC	99.9%	100.0%
COEUR MOUGINS	SNC	453830663		FC	99.9%	100.0%	FC	99.9%	100.0%
ISSY COEUR DE VILLE	SNC	830181079		FC	99.9%	100.0%	FC	99.9%	100.0%
ISSY COEUR DE VILLE COMMERCE	SNC	828184028		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTA FAUBOURG	SASU	444560874		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA SOLUTION FINANCEMENT	SNC	504638784		FC	99.9%	100.0%	FC	99.9%	100.0%
HP	SAS	480309731		FC	99.9%	100.0%	FC	99.9%	100.0%
HISTOIRE ET PATRIMOINE DEVELOPPEMENT	SAS	480110931		FC	99.9%	100.0%	FC	99.9%	100.0%
HORIZONS	SNC	825208093		FC	99.9%	100.0%	FC	99.9%	100.0%
MERIMEE	SNC	849367016		FC	99.9%	100.0%	FC	99.9%	100.0%
PPP	SNC	530593748		FC	99.9%	100.0%	FC	71.9%	100.0%
PITCH PROMOTION	SAS	450042338		FC	99.9%	100.0%	FC	99.9%	100.0%
SEVRAN FREINVILLE	SCCV	801560079		FC	59.9%	100.0%	FC	59.9%	100.0%
MAGNANVILLE MARE PASLOUE	SCCV	823919287		FC	99.9%	100.0%	FC	99.9%	100.0%
ANDRESY CHATEAUBRIANT	SCCV	838432094		FC	74.9%	100.0%	FC	74.9%	100.0%
BEZONS COEUR DE VILLE A1 & A2-LOGEMENTS	SCCV	819929845		FC	99.9%	100.0%	FC	99.9%	100.0%
GIF MOULON A4	SCCV	830886115		FC	25.0%	100.0%	FC	25.0%	100.0%
BOBIGNY COEUR DE VILLE	SNC	838941011		FC	99.9%	100.0%	FC	99.9%	100.0%
TOULOUSE TMA PLACE CENTRALE	SNC	821922564		FC	99.9%	100.0%	FC	99.9%	100.0%
QUARRIES-SOUS-POISSY P7	SCCV	824114607	Affiliate	EM	74.9%	75.0%	EM	74.9%	75.0%
ARTCHIPEL	SCCV	841150071		FC	99.9%	100.0%	FC	99.9%	100.0%
CLICHY ROGUET	SCCV	880090212		FC	50.9%	100.0%	FC	50.9%	100.0%
RUEIL HIGH GARDEN	SCCV	887670115		FC	59.9%	100.0%	FC	59.9%	100.0%
TOULOUSE ARENES ILOT 3.1 T1 and T2	SAS	814795779	Affiliate	EM	39.9%	40.0%	EM	39.9%	40.0%
COGEDIM HAUTS DE FRANCE	SNC	420810475		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM GESTION	SNC	380375097		FC	99.9%	100.0%	FC	99.9%	100.0%

COMPANIES	LEGAL FORM	SIREN		30/06/2021			31/12/2020		
				Method	Interest	Integration	Method	Interest	Integration
COGEDIM PARIS METROPOLE	SNC	319293916		FC	99,9%	100,0%	FC	99,9%	100,0%
ASNIERES AULAGNIER	SARL	487631996	Joint venture	EM	49,9%	50,0%	EM	49,9%	50,0%
COGEDIM GRAND LYON	SNC	300795358		FC	99,9%	100,0%	FC	99,9%	100,0%
COGEDIM MEDITERRANEE	SNC	312347784		FC	99,9%	100,0%	FC	99,9%	100,0%
COGEDIM PROVENCE	SNC	442739413		FC	99,9%	100,0%	FC	99,9%	100,0%
COGEDIM GRENOBLE	SNC	418868584		FC	99,9%	100,0%	FC	99,9%	100,0%
COGEDIM SAVOIES-LEMAN	SNC	348145541		FC	99,9%	100,0%	FC	99,9%	100,0%
COGEDIM AQUITAINE	SNC	388620015		FC	99,9%	100,0%	FC	99,9%	100,0%
COGEDIM ATLANTIQUE	SNC	501734669		FC	99,9%	100,0%	FC	99,9%	100,0%
COGEDIM LANGUEDOC ROUSSILLON	SNC	532818085		FC	99,9%	100,0%	FC	99,9%	100,0%
COGEDIM	SASU	54500814		FC	99,9%	100,0%	FC	99,9%	100,0%
SNC SURESNES MALON	SNC	832708663	Joint venture	EM	49,9%	50,0%	EM	49,9%	50,0%
SAS CLICHY BOREALES	SAS	879035939	Affiliate	EM	30,0%	30,0%	IN	0,0%	0,0%
LYON LES MOTEURS	SNC	824866388		FC	99,9%	100,0%	FC	99,9%	100,0%
LYON LES MOTEURS	SNC	899326516		FC	50,9%	100,0%	IN	0,0%	0,0%
CALCADE DE MOUGINS	SNC	833132426		FC	50,9%	100,0%	FC	50,9%	100,0%
SNC PROVENCE L'ÉTOILE	SNC	501552947		FC	99,9%	100,0%	FC	99,9%	100,0%
HYRES L'AUFRENE	SCCV	834122335		FC	99,9%	100,0%	FC	99,9%	100,0%
JOINVILLE H. PINSON	SCCV	821764107		FC	50,0%	100,0%	FC	50,0%	100,0%
CRETEIL BOBILLOT	SCCV	823592944		FC	79,9%	100,0%	FC	79,9%	100,0%
CHAMPIGNY ALEXANDRE FOURNY	SCCV	829377894		FC	50,0%	100,0%	FC	50,0%	100,0%
BOURGET LECLERC	SCCV	831267943		FC	50,9%	100,0%	FC	50,9%	100,0%
COLOMBES BARBUSSE	SCCV	831268008		FC	50,9%	100,0%	FC	50,9%	100,0%
HORLOGE GASTON ROUSSEL	SCCV	832294664		FC	50,9%	100,0%	FC	50,9%	100,0%
SEVERIN	SNC	499459204		FC	85,0%	100,0%	FC	85,0%	100,0%
WOODEUM RESIDENTIAL	SAS	807674775		EM	50,0%	50,0%	EM	50,0%	50,0%
ASNIERES 94 GRESILLONS	SCCV	849115258		FC	50,9%	100,0%	FC	50,9%	100,0%
CHATENAY ROBINSON 4 CHEMINS	SCCV	894910082		FC	50,0%	100,0%	IN	0,0%	0,0%
QUAI DE SEINE IN ALFORTVILLE	SCCV	803321942	Joint venture	EM	48,9%	49,0%	EM	48,9%	49,0%
CROIX DE DAURADE	SCCV	829774173		FC	50,9%	100,0%	FC	50,9%	100,0%
Business Property									
ALTAREA COGEDIM ENTREPRISE PROMOTION	SNC	535056378		FC	99,9%	100,0%	FC	99,9%	100,0%
ALTAREA ENTREPRISE MANAGEMENT	SNC	534207386		FC	99,9%	100,0%	FC	99,9%	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	58,3%	58,4%	EM	58,3%	58,4%
B1	SCCV	853715829	Joint venture	EM	33,3%	33,3%	EM	33,3%	33,3%
B2 B3	SCCV	852921899	Joint venture	EM	50,0%	50,0%	EM	50,0%	50,0%
ALTA VAI HOLDCO A	SAS	424007425		FC	99,9%	100,0%	FC	99,9%	100,0%
FONCIERE ALTAREA MONTPARNASSE	SNC	847726650		FC	100,0%	100,0%	FC	100,0%	100,0%
ISSY HOLDING COEUR DE VILLE	SCI	832901383		FC	66,7%	100,0%	FC	66,7%	100,0%
ISSY PONT	SCI	804865996	Joint venture	EM	10,0%	10,0%	EM	25,0%	25,0%
PASCALHOLDCO	SPPICAV	809 845 951	Affiliate	EM	15,0%	15,1%	EM	15,0%	15,1%
PASCALPROPCO	SASU	437929813	Affiliate	EM	15,0%	15,1%	EM	15,0%	15,1%
PRD MONTPARNASSE	SCI	844634758	Joint venture	EM	50,0%	50,0%	EM	50,0%	50,0%
BALMA CAMPUS WALLIS	SCCV	840457881	Joint venture	EM	50,0%	50,1%	EM	50,0%	50,1%
ISSY COEUR DE VILLE PROMOTION BUREAUX	SNC	829845536		FC	99,9%	100,0%	FC	99,9%	100,0%

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	436	10	11		(11)	1	447
Joint ventures ^(a)	138		3		(2)	(1)	138
Affiliates ^(a)	78	1		(1)	(5)	-	73
Total	652	11	14	(1)	(18)	-	658

(a) Companies accounted for using the equity method.

4.3.1 Detail of net acquisitions of consolidated companies, net of cash

<i>(€ millions)</i>	30/06/2021	31/12/2020	30/06/2020
Investments in consolidated securities	(17.6)	(12.6)	(0.4)
Liabilities on acquisition of consolidated participating interests	0.9	3.6	0.4
Cash of acquired companies	(0.1)	2.9	0.0
Total	(16.8)	(6.0)	0.0

During the half-year, the Group bought the securities of a company in a logistics site in Paris.

4.3.2 Detail of disposals of consolidated companies, net of cash disposed of

The Group complete 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.

4.4 Business combinations

The Group did not carry out any 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	102.7	102.7
Equity-accounting value of affiliated companies	48.1	152.7
Value of stake in equity-method affiliates	150.8	255.4
Receivables from joint ventures	192.4	209.7
Receivables from affiliated companies	117.5	114.5
Receivables from equity-method subsidiaries	309.9	324.2
Total securities and receivables in equity affiliates	460.7	579.6

As of 30 June 2021, the decrease in the equity method of associates is mainly due to dividends.

Receivables from joint ventures and receivables from associates relating to Property Development come to €274.1 million.

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	374.2	219.7	593.8	379.4	204.5	583.9	380.0	203.7	583.8
Current assets	461.3	228.4	689.7	500.7	310.7	811.4	454.4	323.4	777.8
Total Assets	835.5	448.0	1,283.5	880.1	515.2	1,395.3	834.4	527.1	1,361.5
Non-current liabilities	147.5	193.3	340.8	199.1	177.6	376.7	208.6	179.2	387.8
Current liabilities	585.3	206.7	792.0	578.3	184.9	763.2	510.0	189.1	699.1
Total Liabilities	732.8	400.0	1,132.7	777.4	362.5	1,139.9	718.6	368.3	1,086.9
Net assets (equity-accounting basis)	102.7	48.1	150.8	102.7	152.7	255.4	115.8	158.8	274.6
Share of income statement items, Group share:									
Operating income	8.2	0.0	8.2	17.5	36.2	53.8	11.1	13.4	24.5
Net borrowing costs	(1.9)	(2.0)	(3.9)	(3.9)	(3.2)	(7.0)	(2.1)	(3.0)	(5.1)
Other financial results	(1.3)	(0.1)	(1.4)	(2.7)	(2.5)	(5.2)	(1.3)	(0.1)	(1.4)
Change in value of hedging instruments	0.2	0.1	0.3	(0.1)	(0.2)	(0.3)	(0.1)	(0.2)	(0.3)
Proceeds from the disposal of investments	–	–	–	0.0	(18.4)	(18.4)	–	–	–
Net income before tax	5.3	(2.0)	3.3	10.9	11.9	22.8	7.5	10.1	17.6
Corporate income tax	(0.6)	0.6	(0.1)	(3.7)	31.1	27.4	(3.0)	26.8	23.8
Net income by equity method (after tax)	4.7	(1.4)	3.2	7.2	43.0	50.2	4.5	37.0	41.5
Non-Group net income	(0.0)	0.0	0.0	(0.0)	(0.0)	(0.0)	0.0	(0.0)	(0.0)
Net income, Group share	4.7	(1.4)	3.2	7.2	43.0	50.2	4.5	37.0	41.5

Group revenues from joint ventures amount to €16.5 million at 30 June 2021, compared with €16.3 million at 31 December 2020 and €7.7 million at 30 June 2020.

Group revenues from affiliates amount to €3.8 million at 30 June 2021, compared with €6.8 million at 31 December 2020 and €2.4 million at 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.

Construction work completion guarantees and guarantees on forward payments for assets were given in connection with the property development business, for Group shares of €93.1 and €1.5 million respectively at 30 June 2021, compared with €223.7 and €2.0 million in 2020.

Commitments received

As of 30 June 2021, the main commitments received by the joint ventures relate to security deposits received from tenants in the amount €2.5 million (compared with 0.2 million euros in 2020).

4.6 Current and non-current financial assets

As of 30 June 2021, current and non-current financial assets total €52.6 million and are predominantly comprised of:

- deposits and guarantees paid on projects: €10.7 million;
- loans and receivables, recognised at amortised cost: €37.4 million.

NOTE 5 NET INCOME

5.1 Operating income

5.1.1 Net rental income

Net rental income includes all the expenses relative to the assets (lessor's contributions to marketing costs and the cost of non-capitalised works not reinvoiced to tenants). This includes rental income and other net rental income less land expenses, non-recovered service charges, other charges and net allowances for impairment for bad debts. COVID-related write-offs and write-downs of receivables affect this item.

In the first half of the year, provisions for bad debts and reliefs related to the health crisis amounted to €23 million, including:

- €6.4 million of 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 relief for support granted in 2020.

Net rental income amounted to €71.0 million in 2021, compared to €82.2 million in 2020, i.e. a decrease of 13.6%.

5.1.2 Net property income

The Group's net property income stood at €101.3 million in 2021 compared to €99.2 million in 2020, i.e. an increase of 2.1%.

The Residential Backlog of the fully-consolidated companies stands at €3,504 million at 30 June 2021.

The Property Development Backlog of the fully-consolidated companies is €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	(27.3)	(55.0)	(26.8)
Interest on partners' advances	2.0	3.6	2.7
Interest rate on hedging instruments	0.2	(0.5)	(0.6)
Capitalised interest expenses	–	1.5	1.5
Other financial income and expenses	(0.0)	(0.1)	(0.1)
FFO financial income and expenses	(25.2)	(50.6)	(23.2)
Spreading of bond issue costs and other estimated expenses ^(a)	(2.8)	(18.2)	(4.1)
Net borrowing costs	(28.0)	(68.8)	(27.3)

(a) Relates mainly to the deferral in accordance with the amortised cost method of the issue costs of borrowings and bond issue premiums in accordance with IFRS 9 for -€2.8 million.

Capitalised interest expenses relate only to companies carrying an asset under development or construction (traditional malls) and are deducted from interest paid to credit institutions.

The capitalisation rate used to determine the amounts of borrowing costs that may be included in the carrying amount of assets is the interest rate on financing assigned specifically to asset development or, if there is no specific financing, to the average cost of debt borne by the Company and not assigned specifically to another purpose.

The Group's average cost of debt (excluding the impact of IFRS 16) is 1.79% as at 30 June 2021, including related fees, compared with 1.94% as at 31 December 2020.

5.2.2 Other financial results

Other financial results correspond in particular to interest expenses on rental obligations or royalties on investment properties.

5.2.3 Impact of result of financial instruments

This item is mainly a net expense of €0.9 million, of which -€12.7 million related to compensation payments (paid or pending) on financial instruments (compared to -€72.7 million as of 30 June 2020) and €13.6 million in change in fair value of interest rate hedging instruments (compared to -€63.6 million as of 30 June 2020).

5.3 Income tax

Analysis of tax expense

Tax expense is analysed as follows:

(€ millions)	30/06/2021	31/12/2020	30/06/2020
Tax due	(14.6)	(26.6)	(15.5)
Tax loss carry forwards and/or use of deferred losses	(7.4)	(50.6)	(42.5)
Valuation differences	–	0.2	0.1
Fair value of investment properties	2.9	22.9	22.0
Fair value of hedging instruments	(0.0)	(0.2)	(0.2)
Net property income on a percentage-of-completion basis	8.8	(5.2)	3.0
Other timing differences	9.7	4.6	(7.0)
Deferred tax	13.9	(28.4)	(24.5)
Total tax income (expense)	(2.1)	(54.9)	(40.0)

Effective tax rate

(€ millions)	30/06/2021	31/12/2020	30/06/2020
Pre-tax profit of consolidated companies	111.9	(519.1)	(251.3)
Group tax savings (expense)	(0.7)	(54.9)	(40.0)
Effective tax rate	(1.78)%	10.58%	15.92%
Tax rate in France	27.37%	28.92%	28.92%
Theoretical tax charge	(30.6)	150.1	72.7
Difference between theoretical and effective tax charge	29.9	(205.0)	(112.7)
Differences related to entities' SIIC status	4.7	(192.0)	(101.7)
Differences related to treatment of losses	4.6	(5.8)	(4.3)
Other permanent differences and rate differences	20.6	(7.3)	(6.8)

Deferred tax assets and liabilities

(€ millions)	30/06/2021	31/12/2020
Tax loss carry forwards	71.5	78.9
Valuation differences	(27.2)	(35.3)
Fair value of investment properties	(17.1)	(19.9)
Fair value of financial instruments	(0.2)	(0.2)
Net property income on a percentage-of-completion basis	(65.4)	(74.0)
Other timing differences	3.6	(0.8)
Net deferred tax on the balance sheet	(35.0)	(51.2)

As at 30 June 2021, the Group had unrecognised tax loss carry-forwards of €414.5 million (basis), as compared with €425.5 million for the year ending 31 December 2020.

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, and for losses part-recognised in the taxable sector of Altarea SCA and Foncière Altarea SAS.

Deferred taxes are calculated (for French companies which are part of the Group's main consolidation scope) at the rate

of 27.37%, the rate set by the Finance Act for 2021, and not at the rate of 28.92% applicable in 2020.

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.

To anticipate the impact of this forthcoming decrease, a discount was applied to the tax calculated on items the Group does not expect to be cleared before this date.

Correction proposals:

Altarea SCA was the subject of an adjustment proposal concerning the VAT for the financial year 2017 in the amount of €0.3 million. Based on advice taken, the company disputes the reassessment and does not envisage an outflow of financial resources. No provisions was therefore taken at 30 June 2021.

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.

As in 2020, the dilution arose only from the granting of rights to free shares in Altarea SCA to Group employees.

(€ millions)	30/06/2021	31/12/2020	30/06/2020
Numerator			
Net income, Group share	103.5	(307.7)	(134.8)
Denominator			
Weighted average number of shares before dilution	17,170,633	16,850,855	16,559,453
Effect of potentially dilutive shares			
<i>Stock options</i>	0	0	0
<i>Rights to free share grants</i>	309,359	230,199	207,695
Total potential dilutive effect	309,359	230,199	207,695
Weighted diluted average number of shares	17,479,992	17,081,054	16,767,148
BASIC NET INCOME PER SHARE OF ALTAREA SCA SHAREHOLDERS (in €)	6.03	(18.26)	(8.14)
DILUTED NET INCOME PER SHARE OF ALTAREA SCA SHAREHOLDERS (in €)	5.92	(18.02)	(8.04)

NOTE 6 LIABILITIES

6.1 Equity

6.1.1 Capital, share-based payments and treasury shares

CAPITAL

Altarea SCA share capital (in euros)

<i>In number of shares and in €</i>	Number of shares	Nominal	Share capital
Number of shares outstanding at 31 December 2019	16,700,762	15.28	255,195,822
Share capital increase via the conversion of dividends into shares	508,199	15.28	7,765,281
Share capital increase reserved for Mutual Funds	66,878	15.28	1,021,896
Number of shares outstanding at 31 December 2020	17,275,839	15.28	263,982,998
Capital increase reserved for SCI VDE Reully shareholders	39,277	15.28	600,153
Number of shares outstanding as at 30 June 2021	17,315,116	15.28	264,583,151

Capital management

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

The Company's policy is to maintain its LTV (Loan to Value) ratio at around 40%, excluding temporarily exceeding that level or exceptional transactions. The corporate loan agreement clauses specifically stipulate that the Group must maintain an LTV ratio below 60%.

SHARE-BASED PAYMENTS

The gross expense recognised on the income statement for share-based payments is €9.7 million at 30 June 2021, compared with €6.6 million at 30 June 2020.

No stock option plan is underway as at 30 June 2021.

Free share grants

Award date	Number of rights awarded	Vesting date	Rights in circulation at 31/12/2020	Awarded	Deliveries	Amendments to rights (a)	Rights in circulation as at 30/06/2021
Share grant plans on Altarea shares							
20 July 2018	41,500 (b)	31 March 2021	30,800		(30,800)	–	
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)	–	
19 December 2018	2,000 (b)	31 March 2021	2,000		(2,000)	–	
18 March 2019	9,461	12 March 2021	9,079		(8,837)	(242)	
19 March 2019	41,531	19 March 2022	37,347			232	37,579
6 June 2019	1,355	20 March 2022	1,220			(80)	1,140
18 October 2019	2,000	30 March 2021	2,000		(2,000)	–	
21 October 2019	20,000 (b)	30 March 2022	20,000			–	20,000
18 December 2019	3,000 (b)	31 March 2021	2,400		(2,400)	–	
10 January 2020	1,300	10 January 2021	1,300		(1,300)	–	
20 April 2020	58,809	20 April 2021	58,477		(57,374)	(1,103)	
21 April 2020	18,479	21 April 2022	18,411			(412)	17,999
22 April 2020	45,325	22 April 2023	43,952			(1,505)	42,447
23 April 2020	1,000	23 April 2021	1,000		(1,000)	–	
24 April 2020	2,000	24 April 2022	2,000			–	2,000
30 April 2020	4,900	30 April 2021	4,600		(4,600)	–	
1 October 2020	89	1 October 2021	89			–	89
31 March 2021	121,080	1er avril 2022		121,080		–	121,080
31 March 2021	10,000	1er avril 2022		10,000		–	10,000
30 April 2021	73,050 (b)	31 March 2024		73,050		–	73,050
4 June 2021	32,000 (b)	31 March 2025		32,000		–	32,000
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
4 June 2021	30,000 (b)	31 March 2025		30,000		–	30,000
Total	648,179		244,075	375,630	(119,711)	(3,110)	496,884

(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.

Valuation parameters for new free share grants

	30/06/2021
Dividend rate	6,0%
Risk-free interest rate	0,0%

TREASURY SHARES

The acquisition cost of treasury shares was €13.1 million at 30 June 2021 for 95,159 shares (including 93,191 shares intended for allotment to employees under free share grant or stock option plans and 1,968 shares allocated to a liquidity contract), compared with €23.9 million at 31 December 2020 for 139,322 shares (including 139,095 shares intended for allotment to employees under free share grant or stock option plans and 227 shares allocated to a liquidity contract). Treasury shares are eliminated and offset directly in equity.

In addition, a net loss on disposal and/or free share grants of treasury shares to Company employees was recognised directly in equity in the amount of -€21.5 million before tax at 30 June 2021 (-€15.6 million after tax) compared with -€15.0 million at 31 December 2020 (-€10.9 million before tax).

The negative impact on cash flow from purchases and disposals over the period comes to -€11.6 million at 30 June 2021 compared with -€5.9 million at 31 December 2020.

6.1.2 Dividends proposed and paid

Dividends paid

(€ millions)	30/06/2021	31/12/2020
Paid in current year in respect of previous year:		
<i>Dividend per share (€)</i>	9.50	9.00
Payment to shareholders of the Altarea Group	164.5	149.1
Proportional payment to the general partner (1.5%)	2.5	2.3
Total	167.0	151.4
Offer to convert dividends into shares:		
<i>Subscription price (€)</i>	155.51	120.79
Total amount of conversion into shares	88.6	61.4
<i>Rate of conversion of dividends into shares on the 50% option</i>	91.59%	82.28%

The payment of a dividend of 9.50 euros per share was approved at the General Shareholders' Meeting of 29 June 2021, for the financial year 2020.

Shareholders were also given the option to partially convert the dividend into shares. They can choose between:

- full payment in cash;
- 50% in share, and 50% in cash.

The option period ran from 7 to 20 July 2021 and constitutes a post-closing event. The payment of the scrip dividend option was subscribed at the rate of 91.59% of all outstanding shares and resulted in the creation of 482,385 new shares.

The payment of the dividend in cash took place on 26 July 2021 and amounted to €88.6 million.

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	
Bonds (excluding accrued interest)	1,950.4	(229.3)	0.7	–	–	–	–	1,721.8
Short and medium term negotiable securities	653.0	240.0	–	–	–	–	–	893.0
Bank borrowings, excluding accrued interest and overdrafts	836.4	(130.4)	2.1	(0.0)	–	–	–	708.0
Net bond and bank debt, excluding accrued interest and overdrafts	3,439.7	(119.7)	2.8	(0.0)	–	–	–	3,322.9
Accrued interest on bond and bank borrowings	26.5	4.8	–	–	–	–	–	31.3
Bond and bank debt, excluding overdrafts	3,466.2	(114.9)	2.8	(0.0)	–	–	–	3,354.1
Cash and cash equivalents	(1,277.5)	201.6	–	–	–	0.0	–	(1,075.9)
Bank overdrafts	3.9	(1.3)	–	–	–	–	–	2.6
Net cash	(1,273.6)	200.3	–	–	–	0.0	–	(1,073.3)
Net bond and bank debt	2,192.6	85.4	2.8	(0.0)	–	0.0	–	2,280.9
Equity loans and Group and partners' advances	270.0	(120.8)	–	0.6	–	–	(0.0)	149.8
Accrued interest on shareholders' advances	0.7	0.0	–	–	–	(0.0)	–	0.7
Lease liabilities	150.4	(1.5)	–	–	–	–	2.9	151.8
Contractual fees on investment properties	178.8	3.2	–	–	–	–	4.8	186.8
Net financial debt	2,792.5	(33.7)	2.8	0.6	–	0.0	7.7	2,769.9

6.2.1 Net financial bond and bank debt

Group net financial bond and bank debt amounts to €2,280.9 million at 30 June 2021, compared with €2,192.6 million at 31 December 2020.

During the period, the Group notably:

- refinanced the mortgage debt of Aldeta (Cap3000) in the amount of €350 million with a term loan with a maturity of seven years (having repaid the mortgage debt of €400 million which had reached maturity),
- repaid the €230 million Euro PP which matured in May 2021,
- increased its issue of medium-term and short-term negotiable securities (over €240 million). The Group continued to make use of short- and medium-term resources via NEU-CP (issues up to one year) and NEU-MTN (issues in excess of one year) programmes.

All financing is not fully drawn as at 30 June 2021.

Borrowing costs are analysed in the note on earnings.

Net cash

Marketable securities classified as cash equivalents (non-material amount at Group level) are recorded at fair value for each reporting period (see section 2.4.10 - Accounting principles and methods in the Notes to the consolidated financial statements for the financial year ended 31 December 2020).

Breakdown of bank and bond debt by maturity

("€ millions)	30/06/2021	31/12/2020
< 3 months	149.5	271.9
3 to 6 months	228.9	894.2
6 to 9 months	457.7	91.7
9 to 12 months	0.9	88.0
At less than 1 year	836.9	1,345.8
At 2 years	216.8	153.0
At 3 years	174.0	124.2
At 4 years	426.6	451.6
At 5 years	525.1	540.0
1 to 5 years	1,342.4	1,268.7
More than 5 years	1,194.3	869.8
Issuance cost to be amortised	(17.0)	(14.2)
Total gross bond and bank debt	3,356.7	3,470.1

The decrease in the portion of bond and bank debt due in less than one year is mainly explained by the reduction in mortgage debt on Cap 3000 and by the maturing of bonds issued by Altarea in 2014. The portion at more than five years increased following the refinancing of the mortgage debt on Cap 3000.

Breakdown of bank and bond debt by guarantee

("€ millions)	30/06/2021	31/12/2020
Mortgages	350.0	400.0
Mortgage commitments	76.3	150.6
Moneylender lien	11.2	11.6
Altarea SCA security deposit	200.0	200.0
Not guaranteed	2,736.2	2,722.1
Total	3,373.7	3,484.3
Issuance cost to be amortised	(17.0)	(14.2)
Total gross bond and bank debt	3,356.7	3,470.1

Mortgages are given as guarantees for financing or refinancing of shopping centres. Mortgage commitments and the lender's lien mainly concern Property Development activities.

Breakdown of bank and bond debt by interest rate

Gross bond and bank debt			
(€ millions)	Variable rate	Fixed rate	Total
At 30 June 2021	1,604.7	1,752.0	3,356.7
As of 31 December 2020	1,495.2	1,974.9	3,470.1

The market value of fixed-rate debt stands at €1,817.7 million at 30 June 2021, compared with €2,050.9 million at 31 December 2020.

Schedule of future interest expenses

(€ millions)	30/06/2021	31/12/2020
< 3 months	13.1	3.7
3 to 6 months	5.3	9.0
6 to 9 months	12.3	14.1
9 to 12 months	4.7	4.9
At less than 1 year	35.4	31.7
At 2 years	53.5	49.4
At 3 years	51.8	47.0
At 4 years	50.9	45.4
At 5 years	38.5	37.0
1 to 5 years	194.7	178.7

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).

The sum of these liabilities totals €151.8 million at 30 June 2021, compared with €150.4 million at 31 December 2020. They seen in light of the right-of-use assets on tangible and intangible assets.

6.2.3 Contractual fees on Investment properties

Contractual fees on investment properties, which are economically different in nature from rental obligations, concern debts relating to temporary occupancy authorisations and construction leases on retail assets (mainly stations).

The value of these fees amounts to €186.8 million as at 30 June 2021, compared to €178.8 million at 31 December 2020, with regard to the rights-of-use relating to investment properties (income-generating assets).

6.2.4 Breakdown by due date for lease liabilities and contractual fees on investment properties

(€ millions)	30/06/2021	31/12/2020
< 3 months	20.7	2.5
3 to 6 months	0.9	1.7
6 to 9 months	4.3	19.9
9 to 12 months	4.2	0.9
At less than 1 year	30.2	25.1
At 2 years	17.3	17.7
At 3 years	16.3	16.1
At 4 years	16.3	15.8
At 5 years	16.8	16.2
1 to 5 years	66.8	65.9
More than 5 years	241.7	238.4
Total lease liabilities and contractual fees on investment properties	338.6	329.3

6.2.5 Elements of net debt set out in the cash flow table

(€ millions)	Cash flow
Issuance of borrowings and other financial liabilities	1,059.4
Repayment of borrowings and other financial liabilities	(1,299.8)
Change in borrowing and other financial liabilities	(240.4)
Repayment of lease liabilities	1.7
Change in cash balance	(200.3)
Total change in net financial debt (TFT)	(439.1)
Net bond and bank debt, excluding accrued interest and overdrafts	(119.7)
Net cash	(200.3)
Equity loans and Group and partners' advances	(120.8)
Lease liabilities	(1.5)
Contractual fees on investment properties	3.2
Allocation of income to shareholder current accounts	0.1
Total change in net financial debt	(439.1)

6.3 Provisions

(€ millions)	30/06/2021	31/12/2020
Provision for benefits payable at retirement	13.5	14.9
Other provisions	18.1	9.1
TOTAL PROVISIONS	31.6	24.0

Provision for benefits payable at retirement was measured, as in previous financial years, by an external actuary. The valuation and accounting principles are detailed in the Company's accounting principles and methods. The main assumptions used to assess the commitment are the staff turnover rate, the discount rate and the salary increase rate: a variation of +/-0.25% of these last two criteria would not result in no significant impact.

Other provisions primarily cover:

- the repayment risk on rental guarantees granted on the sale (in part or in full) of shopping centres, recorded the period;
- the risk of disputes arising from construction operations;
- the risk of the failure of certain co-developer;
- 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 Investment properties

(€ millions)	Investment properties			Assets held for sale	Total Investment properties
	Measured at fair value	Measured at cost	right-of-use		
As of 31 December 2020	3,649.0	211.1	164.6	77.4	4,102.0
Subsequent investments and expenditures	27.5	2.9	–	–	30.4
Change in spread of incentives to buyers	1.0	–	–	(0.2)	0.8
Disposals/repayment of down payments made	–	(5.6)	(0.0)	–	(5.6)
Net impairment/project discontinuation	–	(4.8)	–	–	(4.8)
Transfers to assets held for sale or to or from other categories	0.2	5.6	–	–	5.8
New right-of-use asset	–	–	4.8	–	4.8
Change in fair value	18.2	–	(0.5)	0.2	17.9
Change in scope of consolidation	–	18.8	–	–	18.8
At 30 June 2021	3,695.9	228.0	168.9	77.4	4,170.2

As of 30 June 2021, no interest expenses have been capitalised for projects under development and construction.

Investment properties at fair value

The main movements concern changes in the fair value of shopping centres in operation.

Investment properties valued at cost

The assets under development and under construction recognised at cost mainly concern the development and redevelopment projects of shopping centres in France.

During the first half of the year, the Group acquired SCI 80-98 rue de Reuilly, which owns a single logistics asset, measured at cost in the consolidated financial statements of 30 June 2021.

The Group reviewed all of its ongoing projects and recorded impairment charges where it deemed necessary in view of the current health crisis.

Rights of use on Investment properties

The right-of-use asset relating to the Investment properties correspond to the valuation in accordance with IFRS 16:

- temporary occupation authorisation contracts for Investment properties, and
- previous leasing agreements recorded in the accounts under IAS 17 as investment property at fair value and at cost.

The New right-of-use assets line includes the signing of an amendment to the agreement on Montparnasse, as well as the indexation of existing contracts.

Value Measurement – IFRS 13

In accordance with IFRS 13 – “Fair Value Measurement” and the EPRA’s recommendation on IFRS 13, “EPRA Position Paper on IFRS 13 – *Fair Value Measurement and Illustrative Disclosures*, February 2013”, the Group chose to present additional parameters used to determine the fair value of its property portfolio.

The Altarea Cogedim Group considered that classifying its assets in level 3 was most appropriate. This treatment reflects the primarily unobservable nature of the data used in the assessments, such as rents from rental statements, capitalisation rates and average annual growth rate of rents. The tables below thus present a number of quantitative parameters used to determine the fair value of the property portfolio. These parameters apply only to shopping centres controlled exclusively by the Group (and therefore do not include assets accounted for under the equity method) and which are measured at fair value by the expert appraisers.

		Initial capitalisation rate	Rent in € per m ²	Discount rate	Capitalisation rate at exit	AAGR of net rental income
		a	b	c	d	e
France	Maximum	8.0%	671	8.0%	7.0%	6.9%
	Minimum	4.1%	41	5.3%	3.8%	1.2%
	Weighted average	5.0%	385	6.4%	5.0%	3.2%

a - The initial capitalisation rate is the net rental income relative to the appraisal value excluding transfer duties.

b - Annual average rent (minimum guaranteed rent plus variable rent) per asset and m².

c - Rate used to discount the future cash flows.

d - Rate used to capitalise the revenue in the exit year in order to calculate the asset's exit value.

e - Average Annual Growth Rate of net rental income.

Based on a Group weighted average capitalisation rate, a +0.25% increase in capitalisation rates would lead to a reduction of -€138.0 million in the value of investment properties (-4.4%), while a -0.25% decrease in capitalisation rates would increase the value of investment properties by €187.0 million (+6.0%).

Breakdown of the portfolio measured at fair value by asset type

(€ millions)	30/06/2021	31/12/2020
Regional shopping centres	2,465.3	2,489.0
Travel retail	521.5	442.6
Retail parks	616.8	625.0
Others	92.3	92.4
TOTAL	3,695.9	3,649.0

Investment working capital requirement

(€ millions)	Receivables on fixed assets	Amounts due on non-current assets	Investment WCR
As of 31 December 2020	2.2	(179.9)	(177.6)
Variations	(0.5)	6.9	6.3
Present value adjustment	–	–	–
Transfers	–	3.5	3.5
Change in scope of consolidation	–	(0.0)	(0.0)
At 30 June 2021	1.7	(169.5)	(167.8)
Change in WCR at 30 June 2021	(0.5)	6.9	6.3

Net acquisitions of assets and capitalised expenditures

(€ millions)	30/06/2021	31/12/2020	30/06/2020
Type of non-current assets acquired:			
Intangible assets	(7.2)	(7.2)	(5.6)
Property, plant and equipment	(4.5)	(17.0)	(8.8)
Investment properties	(38.4)	(101.5)	(67.3)
Total	(50.1)	(125.7)	(81.7)

7.2 Goodwill and other intangible assets

(€ millions)	Gross values	Amortisation and/or impairment	30/06/2021	31/12/2020
Goodwill	449.9	(240.6)	209.4	209.4
Brands	105.4	–	105.4	105.4
Customer relationships	192.9	(192.9)	–	–
Software applications, patents and similar rights	61.2	(42.6)	18.6	15.3
Leasehold right	0.3	(0.0)	0.3	0.3
Others	0.1	(0.0)	0.1	0.1
Other intangible assets	61.7	(42.6)	19.0	15.7
TOTAL	809.9	(476.1)	333.8	330.4

(€ millions)	30/06/2021	31/12/2020
Net values at beginning of the period	330.4	331.4
Acquisitions of intangible assets	7.2	7.2
Disposals and write-offs	(0.0)	(2.2)
Changes in scope of consolidation and other	–	1.0
Net allowances for depreciation	(3.8)	(6.9)
Net values at the end of the period	333.8	330.4

Goodwill generated by the Property Development business

Goodwill is mainly acquisitions of Cogedim, Pitch Promotion and Histoire & Patrimoine.

The monitoring of business indicators for Property development segments did not reveal any evidence of impairment.

Brands

The Group owns the following brands: Cogedim, Pitch Promotion, Histoire & Patrimoine and Severini. These brands, of a total value of €105.4 million, have an indefinite useful life and are thus not amortised.

No impairment loss was identified this semester.

7.3 Right-of-use on tangible and intangible fixed assets

(€ millions)	Land and Constructi ons	Vehicles	Others	Gross rights to use	Dep. Land and Constructi ons	Dep. Vehicles	Dep. Others	Depr./Amort	Net rights to use
As of 31 December 2020	152.1	4.7	3.1	159.9	(14.8)	(2.5)	(2.3)	(19.6)	140.3
New contracts/Increases	2.6	0.6	0.0	3.3	(7.3)	(0.7)	(0.4)	(8.4)	(5.1)
Contract terminations/Reversals	(3.1)	(0.9)	(0.4)	(4.4)	1.9	0.8	0.4	3.1	(1.3)
At 30 June 2021	151.6	4.5	2.8	158.8	(20.3)	(2.3)	(2.3)	(24.9)	134.0

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.

7.4 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	874.8	859.3	18.8	(3.3)	–
Contract assets	682.0	741.2	(59.4)	0.2	–
Net trade receivables	463.3	334.7	128.4	0.2	–
Other operating receivables net	511.1	491.1	16.9	3.1	0.1
Trade and other operating receivables net	974.4	825.8	145.3	3.3	0.1
Contract liabilities	(166.1)	(177.3)	11.2	–	–
Trade payables	(1,013.4)	(1,094.4)	87.7	(6.7)	(0.0)
Other operating payables	(566.6)	(524.1)	(41.6)	(0.8)	0.0
Trade payables and other operating liabilities	(1,580.0)	(1,618.5)	46.0	(7.5)	0.0
Operational WCR	785.0	630.4	161.9	(7.4)	0.1

The Group's operational working capital requirement (excluding receivables and payables on the sale or acquisition of fixed assets) is essentially linked to the Property Development sector.

Changes in scope and transfer are mainly related to movements within the Retail activity.

7.4.1 Inventories and pipeline products

(€ millions)	Gross inventories	Impairment	Net inventories
As of 31 December 2020	881.0	(21.7)	859.3
Change	14.1	0.0	14.1
Increases	–	(1.9)	(1.9)
Reversals	–	6.6	6.6
Transfers to or from other categories	(5.5)	(0.1)	(5.5)
Change in scope of consolidation	1.8	0.4	2.2
At 30 June 2021	891.4	(16.6)	874.8

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

Changes in scope and/or transfers are mainly related to changes in scope within the Property Development business.

7.4.2 Trade and other receivables

(€ millions)	30/06/2021	31/12/2020
Gross trade receivables	505.3	371.5
Opening impairment	(36.8)	(23.5)
Increases	(27.1)	(17.0)
Change in scope of consolidation	–	(0.2)
Reversals	22.2	3.7
Other changes	(0.2)	0.1
Closing impairment	(42.0)	(36.8)
Net trade receivables	463.3	334.7
Advances and down payments paid	43.4	41.4
VAT receivables	335.6	318.8
Sundry debtors	35.3	34.2
Prepaid expenses	58.0	65.1
Principal accounts in debit	40.0	32.8
Total other operating receivables gross	512.3	492.2
Opening impairment	(1.1)	(2.9)
Increases	(0.2)	(0.3)
Reclassification	–	(0.0)
Reversals	0.1	2.0
Closing impairment	(1.2)	(1.1)
Net operating receivables	511.1	491.1
Trade receivables and other operating receivables	974.4	825.8
Receivables on sale of assets	1.7	2.2
Trade and other receivables	976.1	828.0

Trade receivables

The Group carries out a case-by-case analysis to assess the credit risk of its tenants in centres in operation, and to write down, if necessary, the receivables of tenants where there is evidence that the Company will not be able to collect all amounts due.

In the context of the COVID-19 crisis, the Group has created a special monitoring process for trade receivables in the Retail business.

As of 30 June 2021, the change in net impairment of trade receivables is linked to the impact of COVID-19.

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

Advances and down payments paid

Advances and down payments correspond primarily to compensation for loss of use paid by the Group 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.

Principal accounts in debit

As part of its property management business and real estate transactions, the Group presents the cash balance it manages for third parties on its balance sheet.

7.4.3 Trade and other payables

(€ millions)	30/06/2021	31/12/2020
Trade payables and related accounts	1,013.4	1,094.4
Advances and down payments received from clients	37.7	36.8
VAT collected	301.9	300.7
Other tax and social security payables	59.6	43.7
Prepaid income	8.7	7.2
Other payables	118.4	102.9
Principal accounts in credit	40.4	32.9
Other operating payables	561.6	524.1
Amounts due on non-current assets	169.5	179.9
Trade and other payables	1,749.5	1,798.4

Payables on acquisition of assets

Payables on acquisition of assets correspond mainly to debts to suppliers for shopping centres just completed or under development.

NOTE 8 FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks as part of its operational and financing activities: interest rate risk, liquidity risk, counterparty risk and currency risk.

8.1 Carrying amount of financial instruments by category

At 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	476.8	150.8	321.5	–	4.5	–	–	–	4.5
Securities and investments in equity affiliates	460.7	150.8	309.9	–	–	–	–	–	–
Non-current financial assets	16.1	–	11.6	–	4.5	–	–	–	4.5
CURRENT ASSETS	2,095.7	–	2,033.8	–	–	61.9	54.6	7.3	–
Trade and other receivables	976.1	–	976.1	–	–	–	–	–	–
Current assets	36.5	–	36.5	–	–	–	–	–	–
Derivative financial instruments	7.3	–	–	–	–	7.3	–	7.3	–
Cash and cash equivalents	1,075.9	–	1,021.3	–	–	54.6	54.6	–	–
NON-CURRENT LIABILITIES	2,926.4	–	–	2,926.4	–	–	–	–	–
Borrowings and financial liabilities	2,888.1	–	–	2,888.1	–	–	–	–	–
Deposits and security interests received	38.3	–	–	38.3	–	–	–	–	–
CURRENT LIABILITIES	2,903.0	–	–	2,874.1	–	28.9	–	28.9	–
Borrowings and financial liabilities	957.7	–	–	957.7	–	–	–	–	–
Derivative financial instruments	28.9	–	–	–	–	28.9	–	28.9	–
Trade and other payables	1,749.5	–	–	1,749.5	–	–	–	–	–
Debts with Altarea SCA shareholders	167.0	–	–	167.0	–	–	–	–	–

(a) Financial instruments listed on an active market.

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

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

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

Cash and cash equivalents breakdown between cash presented under receivables and marketable securities presented as financial assets within Level 1 of the fair value hierarchy.

8.2 Interest rate risk

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

The Group has been financed either through the mortgage markets or the bank lending markets (revolving loans or term loans). The financings were concluded at variable rates and then hedged in the form of swaps or caps.

For a few years now, the Group has completely modified this financing structure, with recourse now being mainly to the lending markets. This modification to the financial methods used and the increasing recourse to fixed-rate bonds have changed the previous hedging strategy.

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 the 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.

The resulting impact is a positive change in the fair value of derivative financial instruments of €0.3 million on net income for the period.

Position in derivative financial instruments

(€ millions)	30/06/2021	31/12/2020
Interest-rate swaps	(19.1)	(30.2)
Interest-rate caps	2.5	–
Accrued interest not yet due	4.8	0.5
Premiums and balances outstanding	(9.8)	(5.5)
Total	(21.6)	(35.2)

Derivatives are valued by discounting future cash flows estimated according to interest rate curves at 30 June 2021.

Maturity schedule of derivative financial instruments (notional amounts)

At 30 June 2021

(€ millions)	30/06/2021	30/06/2022	30/06/2023	30/06/2024	30/06/2025	30/06/2026
ALTAREA – pay fixed – swap	500.0	500.0	500.0	500.0	400.0	–
ALTAREA – pay floating rate – swap	700.0	700.0	700.0	700.0	300.0	–
ALTAREA – pay fixed – collar	–	–	–	–	–	–
ALTAREA – pay fixed – cap	262.5	262.5	262.5	262.5	262.5	262.5
Total	1,462.5	1,462.5	1,462.5	1,462.5	962.5	262.5
Average hedge ratio	0.19%	0.19%	0.19%	0.19%	0.09%	0.11%

Management position

At 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	(1,752.0)	(1,721.5)	(1,721.4)	(1,721.3)	(1,335.7)	(835.6)
Floating-rate bank loans	(1,604.7)	(798.2)	(581.6)	(407.7)	(366.7)	(341.7)
Cash and cash equivalents (assets)	1,075.9	–	–	–	–	–
Net position before hedging	(2,280.9)	(2,519.8)	(2,303.0)	(2,129.0)	(1,702.4)	(1,177.3)
Swap	1,200.0	1,200.0	1,200.0	1,200.0	700.0	–
Collar	–	–	–	–	–	–
Cap	262.5	262.5	262.5	262.5	262.5	262.5
Total derivative financial instruments	1,462.5	1,462.5	1,462.5	1,462.5	962.5	262.5
Net position after hedging	(818.4)	(1,057.3)	(840.5)	(666.5)	(739.9)	(914.8)

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	Impact on the value of the portfolio of the financial instruments
30/06/2021	+50 bps	+€1.6 million	-0.0 million euros
	-50 bps	-€1.5 million	+€0.9 million
31/12/2020	+50 bps	+€1.3 million	+€6.3 million
	-50 bps	-€1.6 million	-€6.5 million

8.3 Liquidity risk

CASH

The Group had a positive cash position of €1,075.9 million at 30 June 2021, compared to €1,277.5 million at 31 December 2020. This represents its main tool for management of liquidity risk.

Part of this cash is available to the subsidiaries that carry it: for an amount of €574.7 million at 30 June.

On this date, €501.2 million in cash is available at Group level. The Group also has €1,159 million of additional

available cash and cash equivalents (in confirmed corporate credit lines that had not been used and were not assigned to projects).

COVENANTS

The covenants with which the Group must comply concern the listed corporate bond and banking loans, for €1,515 million.

The bond issue subscribed for by Altareit SCA (€500 million) is subject to leverage covenants.

	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

The covenants specific to mortgage loans to finance shopping centres in operation:

- DSCR = net rental income of the Company/cost of net financial debt plus principal repayment; normally 1.50 (or a lower ratio);
- LTV ratio in operation phase = Loan To Value = Company net debt/Company net asset value is normally < 60%;
- the covenants specific to mortgage loans for shopping centres under development or redevelopment may be more restrictive than to loans for centres in operation, within the limit of the following values: DSCR > 2.0 and LTV < 60%.

At 30 June 2021, the Company is meeting all its covenants. In the highly likely event that certain mortgage debt may be required to be partially repaid at a subsequent date, the amount of these repayments is recognised under current liabilities until the maturity date.

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 Altarea SCA

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

As a percentage	30/06/2021		31/12/2020	
	% share capital	% voting rights	% share capital	% voting rights
Founding shareholders and the expanded concert party ^(a)	45.78	46.03	45.85	46.22
Crédit Agricole Assurances	24.69	24.82	24.74	24.94
ABP	8.25	8.30	8.27	8.34
Opus Investment BV ^(b)	1.48	1.49	1.49	1.50
Treasury shares	0.55	–	0.81	–
Public + employee investment mutual fund	19.25	19.36	18.84	19.00
Total	100.00	100.00	100.00	100.00

(a) The founding shareholders, Alain Taravella and his family, Jacques Nicolet and the CEO of Altafi 2, Jacques Ehrmann, acting in concert.

(b) And related parties.

Related party transactions

The main related parties are the companies of one of the founding shareholders that own a stake in Altarea:

- AltaGroupe, AltaPatrimoine and Altager, controlled by Alain Taravella.

The Company is managed by Alain Taravella personally and by the companies Altafi 2 and Atlas which he controls. Alain Taravella is also Chairman of Altafi 2 and Atlas. Jacques Ehrmann is Chief Executive Officer of Altafi 2.

Transactions with these related parties mainly relate to services rendered by the aforementioned Managers and to a lesser extent services and rebillings by the Company to AltaGroupe and its subsidiaries.

Coordinating services provided to the Company

In order to formalise the services habitually provided to Altarea by AltaGroupe, 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.

Assistance services and rebilling by the Company and its subsidiaries

Assistance services and rebilling of rents and other items are recognised as a deduction from other company overhead costs in the amount of €0.1 million. Services invoiced to related parties by the Altarea Group are invoiced on an arm's length basis.

Assets and liabilities toward related parties

(€ millions)	Altafi 2 SAS		
	30/06/2021	31/12/2020	30/06/2020
Trade and other receivables	0.1	0.0	0,1
TOTAL ASSETS	0.1	0.0	0,1
Trade and other payables ^(a)	0.5	0.0	1,9
TOTAL LIABILITIES	0.5	0.0	1,9

(a) Corresponds to Management's variable compensation.

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

Compensations of the Management Committee

Alain Taravella does not personally receive any compensation from Altarea or its subsidiaries for his co-management position. In fact, it is entirely paid to the company Altafi 2. Alain Taravella receives compensation from a holding company which has a stake in Altarea.

No share-based compensation or other short-term or long-term or other forms of compensation were paid by Altarea or its subsidiaries to the Management.

The fixed remuneration of Management in respect of Altarea and Altareit is €2 million for the year.

The variable Management compensation is calculated in proportion to net income (FFO), Group share, and with the Company's GRESB rating.

It is €0.4 million at 30 June 2021.

Compensation of the Group's senior executives

(€ millions)	30/06/2021	31/12/2020	30/06/2020
Gross wages ^(a)	2.0	4.2	2.5
Social security contributions	0.9	1.6	0.9
Share-based payments ^(b)	2.8	4.1	1.9
<i>Number of shares delivered during the period</i>	34,293	6,963	7,228
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	0.0	–
Employer contribution on bonus shares delivered	1.1	0.2	0.2
Post-employment benefit commitment	0.5	0.3	0.4

(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 on equity in circulation</i>	30/06/2021	31/12/2020	30/06/2020
Rights to Altarea SCA's free share grants	161,653	67,603	53,752

The information presented relates to the compensation and benefits granted (i) to executive corporate officers for offices held in subsidiaries and (ii) to the Group's main salaried executives.

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 8.3 “Liquidity risk”.

All other material commitments are set out below:

(€ millions)	31/12/2020	30/06/2021	Less than one year	From one to five years	More than five years
Commitments received					
Commitments received relating to financing (excl. borrowings)	–	–	–	–	–
Commitments received relating to Company acquisitions	9.6	10.6	1.0	4.1	5.5
Commitments received relating to operating activities	165.3	170.5	134.4	20.1	16.0
Security deposits received in the context of the Hoguet Act (France)	87.9	87.9	87.9	–	–
Security deposits received from tenants	20.4	25.5	1.9	9.2	14.5
Payment guarantees received from customers	44.6	44.6	42.7	0.4	1.5
Unilateral land sale undertakings received and other commitments	0.3	0.3	0.3	–	–
Other commitments received relating to operating activities	12.2	12.2	1.7	10.5	0.0
Total	174.8	181.0	135.4	24.2	21.5
Commitments given					
Commitments given relating to financing (excl. borrowings)	11.0	11.0	5.0	6.0	–
Commitments given relating to Company acquisitions	73.4	68.8	1.8	67.1	–
Commitments given relating to operating activities	2,306.7	1,957.6	1,135.0	785.9	36.7
Construction work completion guarantees (given)	1,965.7	1,692.4	1,017.1	671.4	3.9
Guarantees given on forward payments for assets	235.8	167.2	96.8	70.4	–
Guarantees for loss of use	51.0	51.5	18.5	31.5	1.6
Other sureties and guarantees granted	54.3	46.5	2.6	12.6	31.2
Total	2,391.2	2,037.4	1,141.7	859.0	36.7

Commitments received

COMMITMENTS RECEIVED RELATING TO ACQUISITIONS/DISPOSALS

As part of its acquisition of the developer Severini, the Group received a commitment from the sellers to guarantee it until 31 January 2025 against any damage or loss up to €2 million, incurred by the Group as a result of the business activities, with a cause or origin predating 31 March 2018.

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 specialist bodies in an amount of €87.9 million as a guarantee covering its real estate management and trading activities.

The Group also receives security deposits from its tenants to guarantee that they will pay their rent.

- **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 Retail and Office property development projects.

- **Unilateral land sale undertakings received and other commitments**

Other guarantees received consist mainly of commitments received from property sellers.

- **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 Group makes representations and warranties or contingent consideration when disposing of shares in subsidiaries and affiliates. When the Group considers that it is probable that there will be a cash outlay under the terms of these guarantees, it sets aside allowances to provisions and their amount is re-assessed at each closing date.

The main commitments concern:

- 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);
- liability guarantees of €35 million given following the disposal of miscellaneous assets.

The shares of Altablue, Aldeta, Alta Crp Gennevilliers, Alta Crp La Valette, Alta Gramont, Toulouse Gramont, Bercy Village and Société d'Aménagement de la Gare de l'Est as well as assets held by these companies, are for a limited period subject to conditions for sale contingent on the agreement of each of the partners of these companies.

As part of the Crédit Agricole Assurances agreements, the Group has signed a certain number of legal undertakings that restrict the liquidity of its shareholding under certain conditions.

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 or buildings 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 the Group's involvement in AltaFund, the office property investment fund, the sureties granted in connection with its property development activity, as well as the REIT business in Italy for guarantees granted by companies to the Italian government regarding their VAT position.

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: the 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 proprietary shopping centre development business, Altarea has made commitments to invest in projects initiated and controlled by the Company.

Moreover, 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.

As part of its Property Development business, the Group has a future offering consisting of unilateral preliminary sales agreements.

The amount of these commitments is shown in the business review.

Minimum future rents to be received

The total of minimum future rents to be received under non-cancellable rental agreements over the period amounted to:

(€ millions)	30/06/2021	31/12/2020
Less than one year	185.2	124.0
Between 1 and 5 years	443.2	214.3
More than 5 years	187.3	169.1
Guaranteed minimum rent	815.6	507.4

Rents receivable relate mainly to shopping centres owned by the Group.

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 provisions was therefore taken at 30 June 2021.

No other 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.