

ALTAREA

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

SUMMARY

1	FINANCIAL STATEMENTS	3
2	NOTES – CONSOLIDATED INCOME STATEMENT BY SEGMENT.....	8
3	OTHER INFORMATION ATTACHED TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	9

1 Financial statements

Consolidated balance sheet

(€ millions)	Note	31/12/2021	31/12/2020
Non-current assets		5,170.8	5,132.2
Intangible assets	7.2	332,5	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>		17,7	15,7
Property, plant and equipment		27,8	26,1
Right-of-use on tangible and intangible fixed assets	7.3	128,4	140,3
Investment properties	7.1	4,176.8	4,024.6
<i>o/w Investment properties in operation at fair value</i>		3,814.5	3,649.0
<i>o/w Investment properties under development and under construction at cost</i>		192,8	211,1
<i>o/w Right-of use on Investment properties</i>		169,6	164,6
Securities and investments in equity affiliates	4.5	459,4	579,6
Non-current financial assets	4.6	22,0	12,6
Deferred taxes assets	5.3	24,1	18,5
Current assets		4,188.5	3,817.8
Net inventories and work in progress	7.4	922,6	859,3
Contract assets	7.4	714,1	741,2
Trade and other receivables	7.4	858,2	828,0
Income credit		19,5	11,4
Current assets	4.6	28,3	22,0
Derivative financial instruments	8	12,0	1,1
Cash and cash equivalents	6.2	1 625,5	1 277,5
Assets held for sale	7.1	8,3	77,4
TOTAL ASSETS		9 359,4	8 950,0
Equity		3,543.6	2,716.7
Equity attributable to Altarea SCA shareholders		2,236.2	1,758.5
Share capital	6.1	310,1	264,0
Other paid-in capital		513,9	233,8
Reserves		1,200.5	1,568.5
Income associated with Altarea SCA shareholders		211,6	(307,7)
Equity attributable to minority shareholders of subsidiaries		1 307,4	958,2
Reserves associated with minority shareholders of subsidiaries		1 033.4	979.1
Other equity components, Subordinated Perpetual Notes		223.5	195.1
Income associated with minority shareholders of subsidiaries		50,5	(216,0)
Non-current liabilities		3,036.5	2,630.5
Non-current borrowings and financial liabilities	6.2	2,891.7	2,500.2
<i>o/w Participating loans and advances from associates</i>		59,3	71,3
<i>o/w Bond issues</i>		1,723.2	1,720.4
<i>o/w Borrowings from lending establishments</i>		681,7	379,4
<i>o/w Negotiable European Medium Term Note</i>		122,0	25,0
<i>o/w Lease liabilities</i>		138,2	149,4
<i>o/w Contractual fees on investment properties</i>		167,2	154,8
Long-term provisions	6.3	36,8	24,0
Deposits and security interests received		38,7	36,6
Deferred tax liability	5.3	69,4	69,7
Current liabilities		2,779.2	3,602.8
Current borrowings and financial liabilities	6.2	838,5	1569.8
<i>o/w Bond issues</i>		26,2	254,6
<i>o/w Borrowings from lending establishments</i>		67,4	458,9
<i>o/w Negotiable European Commercial Paper</i>		637,0	628,0
<i>o/w Bank overdrafts</i>		13,6	3,9
<i>o/w Advances from Group shareholders and partners</i>		75,6	199,4
<i>o/w Lease liabilities</i>		16,1	1,1
<i>o/w Contractual fees on investment properties</i>		2,6	24,0
Derivative financial instruments	8	16,7	36,3
Contract liabilities	7.4	168,1	177,3
Trade and other payables	7.4	1,740.6	1,798.4
Tax due		15,2	21,0
TOTAL LIABILITIES		9 359,4	8 950,0

Statement of consolidated comprehensive income

(€ millions)	Note	31/12/2021	31/12/2020
Rental income		186,7	184,9
Property expenses		(1,9)	(1,9)
Unrecoverable rental expenses		(8,9)	(8,7)
Expenses re-invoiced to tenants		55,1	53,4
Rental expenses		(64,0)	(62,2)
Other expenses		(1,6)	1,2
Net charge to provisions for current assets		(11,8)	(16,1)
Net rental income	5.1	162,5	159,3
Revenue		2,796.2	2,837.0
Cost of sales		(2,446.5)	(2,496.4)
Other income		(102,4)	(107,0)
Net charge to provisions for current assets		(10,1)	(9,2)
Amortisation of customer relationships		–	(0,6)
Net property income	5.1	237,2	223,8
External services		46,9	34,3
Own work capitalised and production held in inventory		196,6	182,5
Personnel costs		(253,6)	(225,3)
Other overhead expenses		(68,1)	(71,5)
Depreciation expenses on operating assets		(29,5)	(31,8)
Net overhead expenses		(107,6)	(111,9)
Other income and expenses		(9,8)	0,4
Depreciation expenses		(0,2)	(1,9)
Transaction costs		(14,9)	(2,3)
Others		(24,9)	(3,8)
Proceeds from disposal of investment assets		8,9	380,3
Carrying amount of assets sold		(10,2)	(385,0)
Net gain/(loss) on disposal of investment assets		(1,3)	(4,7)
Change in value of investment properties	7.1	39,9	(580,7)
Net impairment losses on investment properties measured at cost		(4,8)	(59,8)
Net impairment losses on other non-current assets		(1,2)	(0,1)
Net charge to provisions for risks and contingencies		(11,5)	1,6
Impairment of goodwill		–	(1,0)
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		288,3	(377,4)
Share in earnings of equity-method affiliates	4.5	19,1	50,2
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		307,4	(327,2)
Net borrowing costs	5.2	(54,6)	(68,8)
Financial expenses		(68,5)	(75,8)
Financial income		13,9	7,0
Other financial results	5.2	(28,7)	(17,1)
Change in value and income from disposal of financial instruments	5.2	5,7	(56,5)
Net gain/(loss) on disposal of investments		46,2	0,8
Profit before tax		276,1	(468,8)
Corporate income tax	5.3	(13,9)	(54,9)
NET INCOME		262,1	(523,8)
o/w attributable to shareholders of Altarea SCA		211,6	(307,7)
o/w attributable to minority interests in subsidiaries		50,5	(216,0)
Average number of undiluted shares ^(a)		18 024 260	17 308 818
Net Income per share attributable to shareholders of Altarea SCA (€)	5.4	11,74	(17,78)
Diluted average number of shares ^(a)		18 424 086	17 539 018
Diluted net income per share attributable to shareholders of Altarea SCA (€)	5.4	11,49	(17,55)

(a) In accordance with IAS 33, the weighted average number of shares (diluted and undiluted) is retrospectively adjusted to take into account the capital increase with preferential subscription rights that took place in December 2021.

Other comprehensive income

(€ millions)	31/12/2021	31/12/2020
NET INCOME	262,1	(523,8)
Actuarial differences on defined-benefit pension plans ^(a)	3,2	0,3
o/w Taxes	(0,7)	(0,2)
Subtotal of comprehensive income items that may not be reclassified to profit	3,2	0,3
OTHER COMPREHENSIVE INCOME	3,2	0,3
CONSOLIDATED COMPREHENSIVE INCOME	265,3	(523,5)
o/w Net comprehensive income attributable to Altarea SCA shareholders	214,8	(307,4)
o/w Net comprehensive income attributable to minority interests in subsidiaries	50,5	(216,0)

(a) Actuarial differences are impacted by the inclusion of changes in interest rates and the Group's common social base.

Consolidated cash flows statement

(€ millions)	Note	31/12/2021	31/12/2020
Cash flow from operating activities			
Net income		262,1	(523,8)
Elimination of corporate income tax expense (income)	5.3	13,9	54,9
Elimination of net interest expense (income) and dividends	5.2	83,1	85,5
Net income before tax and before net interest expense (income)		359,2	(383,3)
Elimination of share in earnings of equity-method subsidiaries	4.5	(19,1)	(50,2)
Elimination of depreciation and impairment		47,6	34,9
Elimination of value adjustments	7.1/5.2	(40,8)	697,0
Elimination of net gains/(losses) ¹ on disposals		(45,1)	3,7
Estimated income and expenses associated with share-based payments	6.1	23,4	12,5
Net cash flow		325,2	314,6
Tax paid		(34,7)	(13,7)
Impact of change in operational working capital requirement (WCR)	7.4	(76,5)	144,0
CASH FLOW FROM OPERATIONS		214,0	444,9
Cash flow from investment activities			
Net acquisitions of assets and capitalised expenditures	7.1	(106,6)	(125,7)
Gross investments in equity affiliates	4.5	(59,3)	(79,9)
Acquisitions of consolidated companies, net of cash acquired	4.3	(17,7)	(6,0)
Other changes in Group structure		0,2	2,0
Increase in loans and advances		(35,9)	(146,8)
Sale of non-current assets and reimbursement of advances and down payments ¹		12,0	340,1
Disposals of equity affiliates	4.5	67,1	47,3
Disposals of consolidated companies, net of cash transferred	4.3	134,2	4,8
Reduction in loans and other financial investments		21,4	28,4
Net change in investments and derivative financial instruments	5.2	(18,2)	(72,8)
Dividends received		125,3	34,2
Interest income on loans		8,8	7,5
CASH FLOW FROM INVESTMENT ACTIVITIES		131,3	33,2
Cash flow from financing activities			
Capital increase ²		357,9	7,6
Subordinated Perpetual Notes ³		28,4	–
Share of minority interests in the capital increase of subsidiaries ⁴		211,3	–
Dividends paid to Altarea SCA shareholders	6.1	(91,0)	(90,0)
Dividends paid to minority shareholders of subsidiaries		(25,5)	(10,9)
Issuance of borrowings and other financial liabilities	6.2	1,564,2	1,827,0
Repayment of borrowings and other financial liabilities	6.2	(1,914,8)	(1,667,5)
Repayment of lease liabilities	6.2	(17,8)	(6,3)
Net sales (purchases) of treasury shares	6.1	(31,3)	(5,9)
Net change in security deposits and guarantees received		2,0	(0,2)
Interest paid on financial debts		(90,4)	(86,0)
CASH FLOW FROM FINANCING ACTIVITIES		(6,9)	(32,0)
CHANGE IN CASH BALANCE		338,4	446,1
Cash balance at the beginning of the year	6.2	1 273,6	827,5
Cash and cash equivalents		1 277,5	830,2
Bank overdrafts		(3,9)	(2,7)
Cash balance at period-end	6.2	1,612,0	1 273,6
Cash and cash equivalents		1 625,5	1 277,5
Bank overdrafts		(13,6)	(3,9)

(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) See Changes in consolidated equity.

(3) This is the additional subscription of Subordinated Perpetual Notes subscribed by a non-controlling shareholder of a subsidiary.

(4) This relates to the minority shareholders' subscriptions to the capital increase of subsidiary Alta Blue, which owns the Cap 3000 shopping centre via its subsidiary Aldeta, and Crédit Agricole Assurance Group's investment in several centres, via a reserved capital increase and sale of shares.

Changes in consolidated equity

(€ millions)	Share 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>	–	–	–	(307,7)	(307,7)	(216,0)	(523,8)
<i>Actuarial difference relating to pension obligations</i>	–	–	–	0,3	0,3	(0,0)	0,3
Comprehensive income	–	–	–	(307,4)	(307,4)	(216,0)	(523,5)
<i>Dividend distribution</i>	–	(138,1)	–	(13,2)	(151,4)	(19,5)	(170,9)
<i>Capital increase</i>	8,8	60,2	–	(0,0)	68,9	0,0	69,0
<i>Measurement of share-based payments</i>	–	–	–	9,1	9,1	0,0	9,1
<i>Elimination of treasury shares</i>	–	–	9,2	(10,9)	(1,8)	–	(1,8)
Transactions with shareholders	8,8	(78,0)	9,2	(15,1)	(75,1)	(19,5)	(94,6)
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	(3,6)	(3,6)	2,6	(0,9)
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	–	–	–
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>	–	–	–	211,6	211,6	50,5	262,1
<i>Actuarial difference relating to pension obligations</i>	–	–	–	3,2	3,2	0,0	3,2
Comprehensive income	–	–	–	214,8	214,8	50,5	265,3
<i>Dividend distribution</i>	–	(106,7)	–	(59,4)	(166,1)	(25,4)	(191,5)
<i>Capital increase</i>	46,1	386,8	–	0,0	432,9 ^(a)	38,3 ^(b)	471,2
<i>Subordinated Perpetual Notes</i>	–	–	–	–	–	28,4 ^(c)	28,4
<i>Measurement of share-based payments</i>	–	–	–	17,4	17,4	0,0	17,4
<i>Elimination of treasury shares</i>	–	–	(9,8)	(15,9)	(25,7)	–	(25,7)
Transactions with shareholders	46,1	280,1	(9,8)	(57,9)	258,5	41,3	299,8
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	2,6	2,6	257,1 ^(d)	259,6
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	–	–	–
Others	0,0	–	–	1,8	1,8	0,4	2,2
As of 31 December 2021	310,1	513,9	(33,8)	1,446,0	2 236,2	1 307,4	3 543,6

(a): Capital increase linked to the FCPE and option for payment of the dividend in shares for €82.8 million; Altarea SCA capital increase related to the Reully transaction for an amount of €5.2 million; and capital increase of 10 December 2021 for €344.9 million.

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

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

(d): Impact of the acquisition of Crédit Agricole Assurance in the capital of several retail parks, which resulted in an increase in the share of minority interests of €258.5 million, including the capital increase reserved to minority shareholders for €172.7 million.

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

2 Notes – Consolidated income statement by segment

	31/12/2021			31/12/2020		
	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
<i>(€ millions)</i>						
Rental income	186,7	–	186,7	184,9	–	184,9
Other expenses	(24,2)	–	(24,2)	(25,6)	–	(25,6)
Net rental income	162,5	–	162,5	159,3	–	159,3
External services	23,8	–	23,8	17,9	–	17,9
Own work capitalised and production held in inventory	8,6	–	8,6	5,6	–	5,6
Operating expenses	(45,6)	(6,7)	(52,4)	(38,0)	(5,1)	(43,1)
Net overhead expenses	(13,2)	(6,7)	(20,0)	(14,5)	(5,1)	(19,6)
Share of equity-method affiliates	3,8	(3,0)	0,8	3,4	(15,8)	(12,4)
Net allowances for depreciation and impairment	–	(12,8)	(12,8)	–	(4,0)	(4,0)
Income/loss on sale of assets	(1,0)	(1,2)	(2,2)	0,1	(4,6)	(4,6)
Income/loss in the value of investment property	–	33,1	33,1	–	(642,1)	(642,1)
Transaction costs	–	(3,0)	(3,0)	–	(1,6)	(1,6)
OPERATING INCOME - RETAIL	152,1	6,4	158,4	148,2	(673,3)	(525,1)
Revenue	2 484,7	–	2 484,7	2 406,9	–	2 406,9
Cost of sales and other expenses	(2 280,7)	–	(2 280,7)	(2,204,5)	(0,6)	(2,205,1)
Net property income	204,0	–	204,0	202,3	(0,6)	201,7
External services	13,3	–	13,3	10,1	–	10,1
Production held in inventory	177,7	–	177,7	163,0	–	163,0
Operating expenses	(227,3)	(20,9)	(248,1)	(209,1)	(12,6)	(221,7)
Net overhead expenses	(36,3)	(20,9)	(57,2)	(36,1)	(12,6)	(48,6)
Share of equity-method affiliates	12,0	(0,6)	11,4	10,8	(2,5)	8,3
Net allowances for depreciation and impairment	–	(20,5)	(20,5)	–	(19,0)	(19,0)
Transaction costs	–	–	–	–	(0,0)	(0,0)
OPERATING INCOME - RESIDENTIAL	179,6	(42,0)	137,7	177,0	(34,7)	142,3
Revenue	305,2	–	305,2	416,5	–	416,5
Cost of sales and other expenses	(271,0)	–	(271,0)	(394,5)	–	(394,5)
Net property income	34,2	–	34,2	22,0	–	22,0
External services	9,8	–	9,8	6,2	–	6,2
Production held in inventory	10,3	–	10,3	13,9	–	13,9
Operating expenses	(26,2)	(5,2)	(31,3)	(29,4)	(3,0)	(32,4)
Net overhead expenses	(6,1)	(5,2)	(11,2)	(9,3)	(3,0)	(12,3)
Share of equity-method affiliates	46,9	(1,5)	45,3	37,6	17,0	54,6
Net allowances for depreciation and impairment	–	(1,0)	(1,0)	–	(1,4)	(1,4)
Income/loss in the value of investment property	–	2,0	2,0	–	1,7	1,7
Transaction costs	–	–	–	–	–	–
OPERATING INCOME - BUSINESS PROPERTY	75,0	(5,7)	69,3	50,3	14,3	64,6
Others (Corporate)	(1,8)	(17,9)	(19,7)	(4,0)	(4,3)	(8,3)
OPERATING INCOME	404,9	(59,2)	345,8	371,6	(698,0)	(326,4)
Net borrowing costs	(49,2)	(5,4)	(54,6)	(50,6)	(18,2)	(68,8)
Other financial results	(20,1)	(8,6)	(28,7)	(7,7)	(9,5)	(17,1)
Change in value and income from disposal of financial instruments	–	5,7	5,7	–	(56,5)	(56,5)
Net gain/(loss) on disposal of investments	–	7,9	7,9	–	(0,0)	(0,0)
PROFIT BEFORE TAX	335,7	(59,6)	276,1	313,3	(782,2)	(468,8)
Corporate income tax	(20,1)	6,2	(13,9)	(26,6)	(28,4)	(54,9)
NET INCOME	315,6	(53,4)	262,1	286,8	(810,5)	(523,8)
Non-controlling interests	(51,2)	0,7	(50,5)	(56,5)	272,5	216,0
NET INCOME. GROUP SHARE	264,4	(52,7)	211,6	230,3	(538,1)	(307,7)
<i>Diluted average number of shares ^(a)</i>	18 424 086	18 424 086	18 424 086	17 539 018	17 539 018	17 539 018
NET INCOME PER SHARE (€/SHARE) GROUP SHARE	14,35	(2,86)	11,49	13,13	(30,68)	(17,55)

(a) In accordance with IAS 33, the weighted average number of shares (diluted and undiluted) is retrospectively adjusted to take into account the capital increase with preferential subscription rights that took place in December 2021.

3 Other information attached to the consolidated financial statements

Detailed summary of the notes to the consolidated financial statements

Note 1	Company information	10
Note 2	Accounting principles and methods	10
2.1	Accounting standards applied by the Company	10
2.2	Main estimations and judgements	11
2.3	Other principles for presenting the financial statements	12
2.4	Accounting principles and methods of the Company	12
Note 3	Information on operating segments.....	24
3.1	Balance sheet items by operating segment.....	24
3.2	Consolidated income statement by operating segment	24
3.3	Reconciliation of the statement of consolidated comprehensive income and of the consolidated income statement by segment.....	25
3.4	Revenue by geographical region and operating segment	26
Note 4	Major events and changes in the scope of consolidation	27
4.1	Major events	27
4.2	Consolidation scope.....	29
4.3	Changes in consolidation scope.....	31
4.4	Business combinations	31
4.5	Securities and investments in equity affiliates	32
4.6	Current and non-current financial assets.....	33
Note 5	Net income.....	34
5.1	Operating income	34
5.2	Cost of net financial debt and other financial items	34
5.3	Corporate income tax.....	35
5.4	Earnings per share.....	36
Note 6	Liabilities	37
6.1	Equity.....	37
6.2	Net financial debt and guarantees.....	39
6.3	Provisions	40
Note 7	Assets and impairment tests	42
7.1	Investment properties.....	42
7.2	Goodwill and other intangible assets.....	44
7.3	Right-of-use on tangible and intangible fixed assets	44
7.4	Operational working capital requirement	45
Note 8	Financial risk management	48
8.1	Carrying amount of financial instruments by category	48
8.2	Interest rate risk	49
8.3	Liquidity risk	51
Note 9	Related party transactions	52
Note 10	Group commitments and contingent liabilities.....	54
10.1	Off-balance sheet commitments.....	54
10.2	Contingent liabilities	56
Note 11	Events after the closing date.....	56
Note 12	Statutory Auditors' fees	57

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 investor, the Group is present in the three main real estate markets (Retail, Residential and Business property), making it the leader in 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 year ended 31 December 2021 were approved by the Management on 22 February 2022 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 accounting principles used in the preparation of the consolidated financial statements for the year are compliant with the IASB's IFRS standards and interpretations as adopted by the European Union as at 31 December 2021 and available on the following website:

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

The accounting principles adopted on 31 December 2021 are the same as those used for the consolidated financial statements at 31 December 2020, with the exception of changes to the standards and interpretations adopted by the European Union applicable at 1 January 2021.

The information relating to the financial year ended 31 December 2020, presented in the Universal Registration Document filed with the AMF on 19 March 2021 under number D.21-0158 is incorporated by reference.

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
- Amendment to IFRS 16 - Rent concessions - Extension of the initial provisions

These amendments have no impact for the Group.

- IFRIC decision on cloud computing: configuration and adaptation costs (no impact for the Group)
- IFRIC decision on the allocation of benefits to periods of service (IAS 19): For all defined benefit plans whose benefits are:
 - Subject to the employee's presence at the retirement age,
 - Depending on the employee's length of service at that retirement age,
 - Capped at a specified number of consecutive years of service,

the IFRIC recommends the straight-line allocation of benefits over the entire period preceding the retirement age up to the moment the cap is reached, i.e. starting at the date at which each year of service counts toward the accumulation benefits (previously the allocation was made on a straight-line basis over the employee's entire period of employment, i.e. from the date of hiring to the date of retirement). The accounting methods for actuarial gains and losses and past service costs remain unchanged.

This decision has no material impact on the Group's financial statements.

Accounting standards and interpretations adopted as early as at 31 December 2021, whose application is mandatory for periods starting on 1 January 2022 or later:

None

Accounting standards and interpretations published and mandatory after 31 December 2021:

- Amendment to IAS 37 - Clarifying costs to include when assessing whether a contract is onerous.
- Amendment of IFRS 3 - Amendment of the conceptual framework
- Annual improvements to IFRS - 2018-2020 cycle (IFRS 1, IFRS 9, IAS 41, IFRS 16)
- Amendment to IAS 16 – Recognition of revenue generated before commissioning

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

- Amendment to IAS 1 – Classification of liabilities as current or non-current
- Amendment to IAS 1 – Presentation of Financial Statements
- Amendment to IAS 8 - Definition of an accounting estimate.
- Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction
- Amendment to IFRS 17 - Insurance contracts

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 31 December 2021 were made in the context of the COVID-19 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").

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 year 2020, with the inclusion of the following clauses on the current context:

Jones Lang LaSalle:

"The pandemic and the measures taken to combat COVID-19 continue to affect economies and property markets around the world. However, at the valuation date, some property markets have reopened and transaction volumes and other relevant activities are returning to levels where there is a sufficiently market activity on which to base valuations. As a result, and for the avoidance of doubt, our valuation is not signalled as subject to a "material valuation uncertainty" as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. This explanatory note has been included to ensure transparency and to provide further information on the market environment in which the value opinion was prepared. Given the rapid changes that market conditions may undergo in response to changes in the management or future spread of COVID-19, we stress the importance of the valuation date.

Given the unknowns on the future impact that COVID-19 could have on the real estate market, as well as on the operational practices of investors, users and operators, and on temporary or permanent changes in behaviour, we recommend that you regularly update the appraisals

contained in this report. In this context, it is important to keep in mind that the definition of Market Value requires that the buyer and the seller act "knowledgeably, prudently and without compulsion".

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 "Corporate 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 net rental income (see Notes 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").

Climate risks

Given the limited exposure of the Group to the consequences of climate change in short term, they have no significant impact on the financial statements.

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.

2.4 Accounting principles and methods of the Company

2.4.1 Equity investments of the Company and consolidation methods

For consolidation, the following standards apply:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of interests in other entities
- IAS 28 – Investments in associates and joint ventures.

IFRS 10 defines control as follows: “An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee”. The Company has power over an investee when it has existing substantive rights that give it the current ability to direct the relevant activities, defined as activities that significantly affect the investee’s returns.

The assessment of control as per IFRS 10 requiring significant judgement, the Company has developed a framework for analysing the governance of the entities related to the Company, particularly when there are partnership situations governed by broad contractual arrangements, and including, when appropriate, the shareholder structure, articles of association, shareholder pacts, commitments to buy and to sell, the regulatory governance framework, etc. It also takes account of events

and circumstances associated to each entity, in assessing the ability of the Company to lead the relevant activities of this entities.

In this regard, within the limit of the protective rights granted to the JV partners:

- Altablue and Aldeta, jointly held along with two other institutional partners, are considered to be controlled by the Group. These companies hold the Cap 3000 shopping centre located near Nice.
- Alta Crp Gennevilliers, Alta Crp La Valette, Alta Gramont, Toulouse Gramont, Bercy Village and Société d’aménagement de la Gare de l’Est, jointly held with another institutional partner, are considered to be controlled by the Group.
- the companies Alta Crp Aubergenville, Alta Crp Guipavas, Limoges Invest, Retail Park les Vignobles, Alta Crp Ruaudin, Centre Commercial de Thiais, TECI et Compagnie, Alta Pierrelaye, have been jointly held with an institutional partner since December 2021 and are still considered to be controlled by the Group.

In accordance with IFRS 10, *ad hoc entities* are consolidated when, in substance, the relation between the Company and the entity is such that the Company is considered to exercise control over the latter.

Controlled entities

Controlled subsidiaries are fully consolidated. All intra-group balances and transactions as well as income and expense from internal transactions and dividends are eliminated.

Any modification in the Company’s interest in a subsidiary not resulting in a loss of control is recognised in equity. If the Company loses the control over a subsidiary, the assets and liabilities and equity of this former subsidiary are derecognised. Any gain or loss resulting from this loss of control is recognised in profit or loss. Any Interest retained in the former subsidiary is recognised at fair value on the date of loss of control according to the recognition method required under IFRS 11, IAS 28 or IFRS 9.

Entities subject to joint control

According to IFRS 11, companies are subject to joint control when important decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint control may be exercised through joint operation or a joint venture. According to IFRS 11, the joint operation is distinguished by the existence of directly held rights to certain assets and direct obligations for certain liabilities of the entity, whereas the joint venture confers a right to the entity’s net assets. For joint operations, the Company records, in its accounts, the assets, liabilities, income and expenses relating to its interests in the joint operation. For joint ventures, the Company’s interest in the entity’s net assets is recognised according to the equity method described in IAS 28.

Investments in joint operations or joint ventures are presented in accordance with IFRS 12.

Entities subject to significant influence

In accordance with IAS 28, the equity method also applies to all associates in which the Company exercises a significant influence without possessing control, which is considered to exist when the percentage of voting rights held is greater than or equal to 20%. Each investment is analysed, regardless of the percentage of interest held, taking into account the facts and circumstances in order to determine if the Company has a significant influence, including, when appropriate, articles of association, shareholder pacts, commitments to buy and to sell, and other relevant matters.

According to the equity method, the Company's interest in the associate is initially recognised at the acquisition cost of its proportionate share of the investee's net assets, which is then increased or decreased to reflect changes subsequent to the acquisition. Goodwill arising on an associate, if unimpaired, is included in the carrying amount of the investment. The Group's proportionate share of the entity's profit or loss for the period is shown under the "Share in earnings of equity-method affiliates" line item in the income statement. These investments are presented in the balance sheet under "Securities and investments in equity-method affiliates and non-consolidated interests" with the corresponding investment-related receivables.

The financial statements of associates are prepared for the same accounting period as those for the parent company. If necessary, corrections are made to achieve consistency with the Group's accounting policies.

Investments in associates are presented in accordance with IFRS 12.

2.4.2 Business combinations and goodwill

Business combinations are accounted for in accordance with the acquisition method of IFRS 3 as amended: upon initial consolidation of an entity of which the Group has acquired control, the assets and liabilities as well as identifiable contingent liabilities are recognised at their fair value at the acquisition date. Intangible assets are specifically identified whenever they are separable from the acquired entity or result from legal or contractual rights. Therefore, when control of an entity is acquired, the difference between the acquisition cost and the acquirer's proportionate interest in the fair value of the entity's identifiable assets, liabilities and contingent liabilities at the acquisition date is classified as goodwill representing future economic benefits resulting from assets that are not individually identified and separately recognised. The acquisition cost is the amount of the consideration transferred including, where applicable, any price supplements at their fair value. Costs directly related to the acquisition are recorded as an expense for the period they were incurred.

Goodwill :

- goodwill is recognised on the balance sheet and must be tested for impairment at least once a year;
- negative goodwill is recognised directly in income.

The standard allows a period of 12 months from the acquisition date for final measurement of the acquisition; any adjustments and measurements made must reflect facts and

circumstances that existed as of the acquisition date. As such, after the measurement period, any contingent consideration is recognised in net income for the year unless it is in the form of an equity instrument.

Acquisitions or disposals of securities in an entity that remains controlled before and after these transactions are now considered as transactions between shareholders recognised directly in equity: they have no effect on either goodwill or income. In the event of loss of control, the residual interest is measured at fair value and the gain or loss on disposal is recognised in the income statement.

On an exceptional basis, acquisitions of isolated assets carried out through the purchase of shares in a company, the sole purpose of which is to hold assets are recognised in accordance with IAS 40 – Investment Property, or IAS 2 – Inventories.

2.4.3 Intangible assets

The Group's intangible assets consist essentially of software, brands and customer relationships.

In accordance with IAS 38 :

- acquired or created software is recognised at cost and amortised over its useful life, which is generally between one year and five years,
- brands that meet the definition of intangible assets and were acquired separately or as a result of business combination are valued and their useful life estimated. Once they reach the end of this life they are amortised over its duration. If the useful life cannot be determined, they are tested for impairment where evidence of such impairment exists.
The Cogedim, Pitch Promotion, Histoire & Patrimoine and Severini brands, which have an indefinite useful life, are thus not amortised.
- customer relationship assets, which result from the identification of intangible assets acquired from property developers, are subject to amortization at the rate at which the acquired order backlog is filled or, for the portion relating to acquired purchase options or those that can be amortised on a straight-line basis, at the rate at which development programmes are launched.
Other customer relationships (customer relationships on regular contracts, contractual relationships) can also be identified during business combinations and their value and estimated life are analysed on a case-by-case basis.

2.4.4 Property, plant and equipment

Property, plant and equipment correspond primarily to general plant, transport equipment, office equipment and IT equipment. In accordance with IAS 16, these items are recognised at cost and depreciated over their useful life, estimated to be between 5 and 10 years. No other significant component of these assets has been identified.

2.4.5 Investment properties

According to IAS 40, investment properties are held to earn rentals or for capital appreciation or both.

The investment properties held by the Group are primarily shopping centres and, to a lesser extent, offices.

The Group's investment properties portfolio consists of properties in operation and properties under development or construction on a proprietary basis.

In accordance with IAS 40, the Group has opted for the fair value model. On that basis, investment properties are measured at fair value in accordance with IFRS 13 – “Fair value measurement” whenever this can be reliably determined. Otherwise, they are recorded at cost and are tested for impairment at least once per year and where evidence of impairment exists.

The fair value of investment properties used by Management is based on the facts and circumstances taking into account their purpose. With this objective, Management uses external appraisals giving values inclusive of duties less the amount of duties corresponding to transfer taxes and expenses. These duties have been estimated at 6.9% in France (except in the Paris region (Île-de-France) where they are set at 7.5%), at 5.5% in Italy and 3.0% in Spain.

Since 30 June 2015, external measurement of Altarea Group assets is assigned to Cushman & Wakefield, CBRE (in France, Italy and Spain) and Jones Lang Lasalle (in France).

All sites are visited by the appraisers first when assets enter the portfolio and subsequently every few years in rotation or when a specific event affecting an asset requires it.

The appraisers use two methods:

- a method based on discounting projected cash flows over ten years, taking into account the resale value at the end of the period determined by capitalizing net rental income. The appraisers have often preferred results obtained using this method,
- a method based on capitalizing net rental income: the appraiser applies a yield rate reflecting the characteristics of the site (area, competition, rental potential, etc.) to the rental income (comprising the guaranteed minimum rental, the variable rental and the market rental of the vacant units) restated for all the charges borne by the owner. The second method is used to validate the results obtained from the first method.

Rental income takes into account:

- the changes in rentals that should be applied on renewals (lease expiries, change of tenants, etc.),
- the normative vacancy rate,
- the impact of future rental gains resulting from the letting of vacant units,
- the increase in rental income from stepped rents, and
- a delinquency rate.

The valuation of investment properties at fair value is in line with the COB/AMF “Barthès de Ruyter working group” and complies fully with the instructions of the Appraisal Charter of Real Estate Valuation (Charte de l'Expertise en Évaluation Immobilière) updated in 2017. In addition, appraisers refer to the *RICS Appraisal and Valuation Standards* published by the Royal Institute of Chartered Surveyors Red Book.

Investment properties at fair value

Investment properties in operation are systematically measured at fair value.

At 31 December 2021, an external appraisal was performed on all assets in operation.

Each time an exchange value exists for one of the Group's buildings, set in connection with a potential transaction between knowledgeable and willing parties in an arm's length transaction, the Company will use its own judgement to choose between this value and that of the appraiser.

Investment properties under construction (IPUC) have been included within the scope of IAS 40. They are measured at fair value in accordance with the IFRS 13 guide when the criteria predefined by the Company are met.

The Company believes that a property under construction can be reliably measured at fair value if most of the uncertainties affecting the determination of fair value have been lifted or if the project completion date is in the near future.

All three of the following conditions must be met to ensure a reliable estimate of the fair value of a property under construction:

- all administrative authorisations needed to carry out the development project have been obtained,
- construction contracts have been signed and work has begun, and
- the letting rate is high and allows for a reasonable assessment of the value creation attached to the property under construction.

Accordingly, investment properties under development and construction are measured either at cost or at fair value:

- properties under development before land is purchased are measured at cost,
- land not yet built is measured at cost, and
- properties under construction are measured at cost or at fair value in accordance with the above criteria; if the delivery date for a property is close to the closing date, the property is measured at fair value, unless otherwise estimated.

The fair value of properties under construction measured at fair value is determined on the basis of independent appraisals. The appraiser values the asset as if it were fully complete, taking account of market conditions at the date of valuation and the specific characteristics of the property. Expenses not yet incurred at the account closing date are deducted from this value.

The difference between the fair value of investment properties measured at fair value from one period to the next is recognised in the income statement under the heading “Change in value of investment properties”.

Investment properties valued at cost

In addition to the acquisition price of the land, the costs incurred for the development and construction of properties are capitalized from the start of the programme, as of the development phase (prospecting, preparation: replying to

tenders and pre-letting prior to the signing of preliminary property sales agreements; administrative phase: obtaining authorizations, if necessary with the signing of preliminary property purchase agreements), once there is reasonable assurance that administrative authorizations will be obtained.

These investments concern expenses that can be capitalized, including pre-letting fees, fees within the Group, early termination fees, financial vacancy rate, and interest expenses (under IAS 23 - note that a delay in the start of construction or when the construction period is unusually long, management assesses on a case-by-case basis the validity of temporarily stopping the capitalization of interest expenses or internal fees incurred).

For the investment properties recorded at cost, an impairment test is carried out at least once a year or as soon as there are signs of impairment.

Their projected value is determined on the basis of internal five-year business plans that are reviewed by management at regular intervals. The methods used are rental income capitalization or discounted cash flow.

The recoverable amount of these assets, which are still recognised at cost, is assessed by comparison with the cost price on completion and with the calculate value of expected future cash flows for the Company. If the recoverable amount is lower than the cost price on completion, an impairment loss in the form of a provision for impairment is recognised in the income statement under "Impairment losses on investment properties measured at cost" and in the consolidated income statement by segment under "Income/loss on the value of investment property".

2.4.6 Non-current assets held for sale and discontinued operations

In accordance with IFRS 5, a non-current asset is classified as "held for sale" if its carrying amount is to be recovered primarily through a sale transaction rather than through ongoing use.

This is the case if the asset is available for immediate sale in its current state, subject only to the usual and customary conditions for the sale of such an asset, and if its sale is highly probable.

Indications of a high probability of sale include the existence of a plan by Group management to sell the asset and an active programme to find a buyer and close a sale within the following 12 months. The management assesses the situations. When at the closing date there is a preliminary sales agreement or a firm commitment, the property is systematically included in assets held for sale.

The asset is measured at the lower of their net carrying amount and their fair value. The agreed amount is reduced by the costs of disposal.

For an operation to be considered discontinued, the Company determines, according to the facts and circumstances, whether or not there exists a single and coordinated plan to dispose of a major line of business or geographical area of operations.

2.4.7 Re-measurement of non-current assets (other than financial assets and investment properties) and impairment losses

In accordance with IAS 36, depreciable property, plant and equipment and amortizable intangible assets are tested for impairment whenever an internal or external indication of impairment is detected.

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.

Goodwill impairment testing is performed at the level of cash-generating units (CGUs) or, where applicable, groups of CGUs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

To perform this test, the net carrying amount of assets directly related to or assignable to the CGUs or groups of CGUs, including intangible assets and goodwill, is compared with the recoverable amount of these same CGUs or groups of CGUs., defined as the higher of the fair value (the sale price net of costs likely to be incurred to make the sale) and their value in use.

The value in use of the CGU or the grouping of several CGUs is determined using a multi-criteria method (which uses the higher of value in use and fair value) which is mainly based on the discounted cash flow method (DCF) supported by stock-market comparison and transaction multiple methods.

The basic principles of the DCF method are:

- estimated cash flow (before tax) are derived from business plans generally covering five-year periods drawn up by Group management,
- the discount rate determined on the basis of a weighted average cost of capital, and
- terminal value is calculated as the sum to infinity of the discounted cash flows, which are determined on the basis of a normalized cash flow and a growth rate for the business line concerned. This assumed growth rate must be consistent with the growth potential of the markets in which the activity is conducted, as well as with the entity's competitive position in those markets.

The multiples approach via market comparables is based on determining a sample of comparable listed companies, for which a multiple is calculated and reapplied to those aggregates considered relevant.

The multiples approach via comparable transactions is based on selecting a panel of transactions in comparable companies and reapplying these to the aggregates considered relevant.

An impairment loss is recognised, if applicable, if the net carrying amount of the assets directly related to or attributable to the CGUs or groups of CGUs is higher than the recoverable amount of the CGU or group of CGUs, and is written off in priority against goodwill (irreversible loss), then against other intangible assets and property, plant and

equipment on a pro rata basis for their carrying amount (reversible loss).

Brands are tested individually. Their recoverable amount is determined using the royalty method. An impairment loss is recognised, if applicable, if the net book value of the brand is greater than its recoverable amount (reversible).

Sensitivity tables are created for all impairment tests carried out.

2.4.8 Inventories

Inventories relate to:

- programmes for third-party property development and the portion of shopping center developments not intended to be held in Altea's portfolio (hypermarket building shells, parking facilities, etc.), and
- programmes where their nature or specific administrative situation prompts a decision to classify them as inventory (dealer's stock) or where a final decision to hold them in the portfolio has not been made.

In accordance with the clarification of IAS 23 (in 2019) for the financial year, the interest expenses which can be allocated to programmes are no longer incorporated into inventories connected with off-plan sales (VEFA) transactions or with Property Development Contract (PDC) transactions. These inventories are in a position to be sold quickly and therefore no time is necessary for its development; the stored asset is therefore in saleable condition. Allocated interest expenses are recognised directly as expenses.

Inventories are carried at cost price, less the portion of the cost price recognised on a percentage-of-completion basis for off-plan sales or property development contract transactions. The cost price includes:

- the acquisition cost of land,
- construction costs (including VRD),
- all technical and programme management fees, whether internal or external to the Group, and
- related expenses associated directly with the construction programme.

Generally speaking, whenever the net realizable value of inventories and work in progress is less than the cost price, impairment losses are recognised.

2.4.9 Contractual Assets or Liabilities

Further to the application of IFRS 15, the Group records a contract asset or liability in the statement of financial position in the context of the recording of contracts in the accounts on the percentage-of-completion method. The asset or liability corresponds to the amount generated by the ordinary activities based on off-plan sales or property development contracts, aggregated to date, for which the obligation to provide a service is fulfilled on a progressive basis, net of any client payments received to date. These are to a certain extent receivables not yet due, corresponding to any advances between collected calls for funds and the actual percentage of completion at the closing date. Within the statement of the financial position, the service is as follows:

- "Contract assets", if the receivables calculated on percentage of completion are greater than collected calls for funds,
- "Contract liabilities", if the receivables calculated on percentage of completion are less than collected calls for funds.

2.4.10 Financial assets and liabilities

The Group has elected not to apply the hedge accounting proposed in IFRS 9.

Application principles for IAS 32, IFRS 9 and IFRS 7 are as follows:

Measurement and recognition of financial assets and liabilities

- Trade and other receivables are measured at face value less any allowances for impairment. In accordance with IFRS 9, with regard to impairment, the Group applies a model based on expected losses, (expected credit losses based on the useful life of the receivables, itself based on the experience of the Group's historic credit losses) to its trade receivables (mainly Retail business).
- Receivables relating to participating interests in equity-method affiliates are classified in the balance sheet under "Securities and receivables on equity-method affiliates". For the Property Development transactions, receivables from companies accounted for by the equity method have a short collection period (in relation to the operating cycle of the Development). For Retail transactions, these receivables have a longer maturity in relation to the holding period of the underlying asset.
- Current financial assets mainly concern current account advances to minority shareholders of consolidated companies or deconsolidated companies. They are carried at amortised cost. Non current financial assets mainly concern non consolidated securities, as a result of analyses presented in the Note 2.4.1. They are recorded at fair value through the income statement.
- Equity instruments mainly comprise equity securities of non-consolidated companies. For the shares of listed companies, this fair value is determined on the basis of estimation including, where necessary, the market indicators on the closing date. They are recognised as at fair value through profit or loss if they are held for trading; otherwise, they are recognised at fair value in non-recyclable other comprehensive income (changes in fair value are registered in a separate equity line item under "other comprehensive income"). For unlisted securities, if the fair value cannot be reliably determined at each closing, they remain in the balance sheet at their initial fair value, i.e. at purchase price increased by transaction costs, adjusted by any gains or losses of value determined by an analysis of the proportionate share of the equity held.
At each acquisition of equity securities, a similar analysis will be carried out to determine the Group's management intention.
- Deposits and securities paid concern deposits paid on projects. They are the offsetting amount of security deposits paid into escrow accounts by shopping centre

tenants (deposits and securities not discounted) and/or, guarantee deposits paid for buildings occupied by the Group.

- Derivative financial instruments (assets and liabilities) are considered as being held for trading. They are measured at fair value. The change in fair value of derivatives is recognised in the income statement (Line “Change in value and income from disposal of financial instruments”).
- Cash as defined in IAS 7 includes liquid assets in bank current accounts and holdings in deposit accounts that are redeemable or tradeable in the very short term (i.e. initial maturity of less than three months) and carry no significant risk of loss of value through fluctuations in interest rates. These deposits accounts are carried on the balance sheet at fair value. Their changes in the fair value are recognised in income, with a corresponding adjustment to cash. Cash must be available immediately for the needs of the Group or its subsidiaries.
- All borrowings and interest-bearing liabilities are initially recognised at fair value, less directly attributable transaction costs. Thereafter, they are carried at amortised cost using the effective interest rate method (presented in the income statements, line “Net borrowing costs”). Initial effective interest rates are determined by an actuary. In the event of renegotiation of financial liabilities contracts recognised at amortised cost, an analyse is conduct on a case-by-case basis. If quantitative and qualitative tests lead to the conclusion that there is no substantial change to the contractual cash flows, the Group will maintain the original initial effective interest rate and adjust the amortised cost of the liability in question, against the result.

Determination of the fair value of financial instruments (other than interest-bearing debt)

Financial assets and liabilities are initially recognised at the fair value of the price paid, including acquisition-related costs. After initial recognition, such assets and liabilities are recognised at fair value, estimated from observable and unobservable inputs availables.

For financial assets and liabilities such as OTC derivatives, swaps, caps, etc. that are traded on active markets (market composed of numerous transactions, continuously displayed and traded prices), fair value is estimated by an actuary using commonly accepted models and in compliance with guidance from IFRS 13 – “Fair value measurement.” A mathematical model is used to bring together calculation methods based on recognised financial theories. This takes into account the measurement of credit risk (or risk of default) of Altarea vis-à-vis its bank counterparties and the risk of its counterparties vis-à-vis Altarea (Credit Value Adjustment/Debit Value Adjustment). The Group applies the default probability calculation method used by the secondary market (according to estimated bond spreads of its counterparties).

The financial liabilities coming from a business combination are valued at fair value at the end of each period, based on the best estimate of the amount payable, discounted at market rates.

The realizable value of financial instruments may differ from the fair value calculated at the closing date of each financial year.

2.4.11 Equity

Equity represents the residual value of assets, after liabilities have been deducted.

Issuance costs for equity securities including merger-related costs are deducted from the proceeds of the issue.

An instrument is an equity instrument if the instrument includes no contractual obligation to deliver cash or another financial asset, or to exchange assets or liabilities with another entity under conditions unfavourable to the issuer. On that basis, the Subordinated Perpetual Notes (TSDI) issued by Altarea SCA are equity instruments.

Own equity instruments that have been bought back (treasury shares) are deducted from equity. No gain or loss is recognised in income when own equity instruments of the Company are purchased, sold, issued or cancelled.

2.4.12 Share-based payments

Share-based payments are transactions based on the value of the securities of the issuing company: stock options, free share allocation rights and company savings plans (PEE).

These rights may be settled in equity instruments or cash: in the Group, all plans concerning Altarea shares must be settled in equity instruments.

In accordance with the provisions of IFRS 2, share-based payments to corporate officers or employees of Altarea (in compensation for their roles as corporate officers or employees of Altarea) or Group companies are accounted for in the financial statements as follows: the fair value of the equity instrument awarded is recognised in the income statement as a personnel cost, with a corresponding increase in equity if the plan is to be settled in equity instruments, or in a liability if the plan is to be settled in cash.

This personnel cost representing the benefit granted (corresponding to the fair value of the services rendered by the employees in their role as employees) is valued by an actuary at the award date using the binomial Cox-Ross-Rubinstein mathematical model and the Monte Carlo method calculated on the basis of a turnover determined over the last three years. This model is adapted to suit plans that provide for a vesting period and a lock-up period. The expense is spread over the vesting period. Share grant plans and employee investment plans are measured on the basis of market value.

2.4.13 Earnings per share

Net income per share (in €)

Basic earnings per share is calculated by dividing net income (Group share) by the weighted average number of ordinary shares in issue during the period.

Diluted net income per share (in €)

Diluted earnings per share is calculated by dividing net income (Group share) by the weighted average number of

ordinary shares in issue adjusted for the dilutive effects of the options during the period.

The dilutive effect is calculated according to the “share buyback” method. Under this method, the funds received from the exercise of options are assumed to be applied first to repurchasing own shares at the market price. The market price is taken to be the volume-weighted average of average monthly prices of Altarea shares. The theoretical number of shares repurchased at this market price is subtracted from the total number of shares produced by the exercise of options. The number calculated using this method is then added to the average number of shares in issue to produce the denominator.

Potential ordinary shares shall be treated as dilutive if the conversion in ordinary share implies a reduction in the result per share.

2.4.14 Employee benefits

In accordance with IAS 19 and amendments adopted by the European Union in June 2012, employee benefits are recognised under “personnel costs” in the income statement, with the exception of liability (or asset) revaluations recognised directly in equity and recorded in “Other comprehensive income.”

Post-employment benefits

Benefits payable at retirement are paid to employees at the time of retirement based on length of service (capped according to the scales defined in the agreements applied by the Group) and their salary at retirement age. These benefits are part of the defined benefits plan, a plan to which the employer is formally or implicitly committed in an amount or a level of benefits and therefore bears the risk in the medium or long term.

A provision is recorded in the liabilities to cover all these pension commitments. It is regularly valued by independent actuaries according to the projected credit unit method and represents the probable present value of the vested rights taking into account salary increases until retirement, collective and company agreements, the probability of retirement and the probability of survival.

The formula for the past service obligation can be broken down as follows:

Past service cost = (benefit rights acquired by the employee) × (probability that the entity will pay the benefits) × (discounting to present value) × (payroll tax coefficient) × (length of service to date/length of service at retirement).

The provision is recognised and spread over the last few years of service of the employee until they reach the cap, taking into account any intermediate levels that apply.

The main assumptions used for estimating the pension obligation are as follows:

- Discount rate: Rate of return on AA-rated corporate bonds (euro zone) with maturities of more than 10 years. The Group uses the Iboxx rate which stands at 0.80%.
- Mortality table: Women’s Table (TF) and Men’s Table (TH) 2000-2002,

- Reason for departure: depending on local laws and for France, voluntary retirement on the date of eligibility for full pension benefits,
- Turnover: annual average turnover observed over the last 3 years, standing at between 4% and 10% depending on branch and age Group,
- Long-term salary adjustment rate (including inflation): 2.2%.

Actuarial gains and losses and valuation adjustments are recorded directly in equity under “other comprehensive income.”

The amount of the obligation determined using this method is then reduced by the value of any assets held to cover it (not applicable in this case).

Other post-employment benefits

These benefits are offered under defined-contribution pension plans. As such, the Group has no obligation except to pay its share of contributions. The expense corresponding to contributions paid is recognised in the income statement as incurred.

Severance pay

Where applicable, payments for termination of an employment contract are provisioned on the basis of the collective agreement.

Short-term benefits

Short-term benefits include in particular an incentive agreement for employees to share in the profit recorded by their economic and social unit, signed by the service companies of the Group that are members of the economic and social unit, and the works council. Benefits also include an employee profit-sharing plan applicable to the profit of the economic and social unit as required under French common law.

Short-term employee benefits including those arising from these profit-sharing plans are expensed as incurred.

2.4.15 Provisions and contingent liabilities

In accordance with IAS 37, a provision is recognised when an obligation to a third party will result in a likely outflow of resources without any equivalent benefits being received in consideration, and when the amount required to settle the obligation can be reliably estimated. The provision is maintained as long as the timing and amount of the outflow of resources are not known with precision.

In general, these provisions are not linked to the Group’s normal operating cycle. Provisions are discounted when appropriate using a pre-tax rate of return that reflects the risks specific to the liability.

Non-current provisions consist mainly of provisions arising from litigation between the Group and third parties or from rent guarantees.

Contingent liabilities correspond to :

- possible obligations, that arise from past events and of which the existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the company ; or
- present obligations, that arise from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or because the amount of the obligation cannot be measured with sufficient reliability.

These contingent liabilities are not recognised on the balance sheet. A disclosure is made in the notes unless the amounts at stake can reasonably be expected to be small.

2.4.16 Corporate income tax

Following its decision to adopt the SIIC tax status, the Group is subject to a specific tax regime:

- a SIIC (retail REIT) sector comprising the Group companies that have elected to adopt SIIC tax status and are therefore exempt from income tax on their ordinary profits and gains on disposal,
- a taxable sector comprising those companies that cannot elect to adopt SIIC status.

Income taxes are recognised in accordance with IAS 12.

From the time that SIIC tax status was adopted, deferred taxes are calculated for companies without such status and on the taxable profits of companies in the SIIC sector. They are recognised on all timing differences between the carrying amounts of assets and liabilities and their values for tax purposes, and on tax loss carry forwards, using the liability method.

Deferred tax assets and liabilities are measured using the liability method at the tax rates expected to apply when the asset will be realized or the liability settled, on the basis of known tax rates at the closing date.

Since 31 December 2016, the Group has applied the gradual and programmed reduction in the rate in its consolidated financial statements in accordance with the Finance Act in force.

Deferred tax assets are reassessed at each closing date and are recognised where it is likely that future taxable profits will allow their recovery based on a business plan for tax purposes prepared by management for a reasonable period.

Deferred taxes in the balance sheet are presented in a net position at the level of each tax consolidation group, as either an asset or a liability in the consolidated balance sheet.

Taxes on items recognised directly in equity are also recognised in equity, not in the income statement.

2.4.17 Revenue and revenue-related expenses

Net rental income comprises: rental income and other net rental income less land expenses, non-recovered service charges, other charges and net allowances to provisions for impairment for bad debts.

Rental income includes gross rental income, including the effects of spreading stepped rents over the non-cancellable lease term, rent holidays and other benefits granted by contract to the lessee by the lessor, and notably reductions granted during the lease term.

In accordance with IFRS 16 :

- This rental income is recognised on a straight-line basis for the entire term of the lease. The Group therefore retains substantially all the risks and rewards incidental to ownership of its investment properties,
- contingent rent amounts (stepped rents, rent holidays and other benefits granted to lessees) are recognised on a straight-line basis over the firm lease term, which is understood as the period during which the lessee has no right to cancel. These amounts therefore increase or reduce rental income for the period,
- Initial lease payments received as a lump sum by the lessor are analysed as additional rent. As such, entry fees are spread on a straight-line basis over the fixed term of the lease,
- Termination fees are charged to tenants when they terminate the lease before the end of the contract term. These fees are accounted for as part of the lease agreement that was terminated and are taken to income in the year they are recognised.

When the lessor terminates a lease before its term, the lessor pays a termination fee to the tenant in place.

If payment of an early termination fee enables performance of the asset to be enhanced (such as by replacing a tenant, increasing the rent and thereby the value of the asset), this expenditure may be capitalized. If not, this expenditure is expensed as incurred.

If an early termination fee is paid as part of major renovation or reconstruction work on a building that requires tenants to leave, this expenditure is capitalized and included in the cost price of the asset under development or redevelopment.

- the reductions granted are of two types:
 - assistance granted in the context of renegotiations, without any consideration, is recognised as an exceptional rent reduction in rental income; and
 - assistance granted in the context of renegotiations, with modification of the contract (usually extensions of the lease term, etc.) are spread on a straight-line basis in accordance with IFRS 16 and deducted from rental income.

Land expenses correspond to the variable amounts of fees for temporary occupancy permits and construction leases. These variable amounts do not fall within the scope of IFRS 16.

Non-recovered rental expenses are expenses normally passed on to tenants (rental expenses, local taxes, etc.), but for which the owner is still liable due to their ceiling or the vacancy of rental floor areas.

Other expenses include the lessor's contributions to the centers' marketing, non-capitalized construction work not

passed on to the tenants, rental management fees on certain leases.

Net property income is the difference between revenues and cost of sales, selling expenses and net allowances for impairment on bad debt and inventories.

It corresponds primarily to the net property income on the Residential and Business property sectors, plus the net property income on sales of projects related to the development business in the Retail sector.

For property development activities, the net property income is recognised in the Group's financial statements using the percentage-of-completion method.

All property development/off-plan sales and property development contract transactions are concerned by this method.

For these programmes, revenue from notarized sales is recognised, in accordance with IFRS 15 "Revenue from contracts with customers", in proportion to the percentage of completion of the programmes, measured by the total percentage of costs directly related to construction (including the cost of land) incurred in comparison to the total forecast budget (updated at each closing date) combined with the percentage of sales realized determined relative to budget total sales.

The event giving rise to recognition of percentage-of-completion revenue is thus the purchase of the land combined with the signature of deeds of sale (notarized sales).

Net property income on property development projects is measured according to the percentage-of-completion method based on the following criteria:

- project recorded by the other party to the contract,
- existence of documented projections reliable enough to provide a sound estimate of the overall economics of the transaction (selling price, stage of completion of construction work, no risk of non-completion).

Losses on "new projects" are included in net property income.

Net overhead expenses correspond to income and expense items inherent in the business of the Group's service companies.

For each operating segment, income includes payments for services provided to third parties, such as delegated project management fees related to Property Development activities, rental management fees (syndicate agent, co-ownership management), and fees for marketing and other services, internal management fees (after elimination of inter-company profit margins – see note on investment properties or inventories).

Expenses includes personnel costs, overhead costs (miscellaneous fees, operating expenses, etc. excluding fixed rent paid which has now been re-stated in accordance with IFRS 16), as well as depreciation of operating assets. Capitalized production and production held in inventory is deducted from this amount.

Other income and expenses relate to Group companies that are not service providers. They mainly correspond to

overhead costs and miscellaneous management fee income. Amortization of intangible assets and depreciation of property, plant and equipment other than assets in operation are included in this line item.

2.4.18 Leases

Since the 1 January 2019, the Group applies IFRS 16 - Leases.

Leases in the financial statements with the Company as lessor

For landlords, IFRS 16 maintains the distinction between finance and operating leases. Accordingly, in the consolidated financial statements where the Group acts as lessor:

- rental income generated by operating leases concerns rent paid on properties/centres in operation, and
- going forward, all expenses re-invoiced to tenants, excluded from the revenue, are presented as a specific item in the income statement.

Leases in the financial statements with the Company as lessee

Under IFRS 16, lessees will no longer distinguish between finance lease contracts and operating lease contracts.

For all leases defined as "lease agreements", this standard requires to recognise a right-of-use asset in the balance sheet statement of the tenants (as non-current assets) and a corresponding lease liability (as financial liabilities).

Leases entered into by the Group lying within the field of application of the standard mainly concern two types of leases which are financially fundamentally different:

- property leases (the Group leases its offices in the majority of cities where it operates) and vehicle leases
- Temporary Occupation Authorizations for stations and Construction Leases for some of its Retail assets.

Temporary Occupation Authorizations are covered by IFRS 16. The Group is the occupying party and, therefore, the agreement grants the Group certain rights regarding the work, constructions and real estate facilities. Under IFRS 16, fixed fees are restated over the term of the contracts.

The key assumptions used to calculate the debt and therefore the right of use are the term of the contracts and the rate:

- terms correspond to the fixed period of the commitment, taking into account any optional periods for which there is a reasonable expectation of these being exercised,
- discount rates applied when a contract comes into effect are based on the incremental debt ratio of each company carrying a contract. These rates are determined on the effective date of new contract.

The presentation in the Group's financial statements is as follows:

- on the balance sheet, an asset is recorded in the form of a right-of-use asset in exchange for a liability corresponding to the rent. The Group therefore

acknowledges a right-of-use on tangible and intangible fixed assets (connected to its property and vehicle lease agreements) as consideration for its lease liabilities; and a right-of-use for investment property (notably in relation to Temporary Occupation Authorizations) in exchange on the contractual fees on investment properties,

- in the income statement, rents from office and vehicle leases (previously recorded under operating expenses) are replaced by charges for depreciation of the right-of-use assets and by interest charges; land charges (AOT, BAC royalties), are replaced by changes in the value of investment properties and interest charges. Leases and rental fees entered at 31 December correspond mainly to variable rent due under certain lease agreements and to rental expenses (which, in accordance with the application of the standard, are not restated),
- on the cash flow statement, cash flows related to financing activities are impacted by the repayment of lease obligations and contractual fees on investment properties (within a single item “Repayment of lease liabilities”) and interest expenses.

The change in amounts reflects new contracts or the end of contracts during the period. Moreover, during the lifetime of the agreement, lease liability and right-of-use asset may vary based on changes in the rent index defined in the leases. The main indexes are: the French national construction costs index, the French office rent index, the French commercial rent index and the French benchmark rent index.

2.4.19 Gain (loss) on the disposal of investment assets

The gain or loss on disposal of investment properties is the difference between:

- the net price received less selling costs and estimated provisions for rent guarantees granted, and
- the fair value of property sold recognised at the previous closing date.

2.4.20 Adjustment to value of investment properties

Adjustments to the value of each property measured at fair value are recognised in the income statement under “Change in value of investment properties” and are determined as follows:

Market value excluding transfer duties at the end of the period (taking into account the impact of stepped rents and rent holidays as measured by the appraiser) minus [Market value at the end of the previous period if the property was measured at fair value or cost of the property is marked to market for the first time + amount of construction work and expenses eligible for capitalization during the year + effect of deferral period for stepped rents and rent holidays net of the deferral of initial lease payments].

Moreover, impairment losses on each property measured at cost are recognised in the income statement under “Net impairment of investment properties measured at cost”.

2.4.21 Borrowing costs or costs of interest-bearing liabilities

In accordance with IAS 23, borrowing costs directly attributable to the construction of qualifying assets are included in the cost of these assets. Interest expenses continue to be allocated to buildings under development and construction over the construction period of the asset if they meet the definition of a “qualifying assets”.

Where there is a significant delay in the construction project, Management may decide, if the delay is unusually long, not to capitalize the interest expenses attributable any longer. Management estimates the date at which the capitalization of interest expenses may resume.

The cost of net financial debt includes interest incurred on borrowings including the amortization of issuance expenses, and other financial liabilities, income from loans and advances to participating interests, gains on sale of marketable securities and the impact of interest-rate swaps used as interest-rate hedges.

Other financial results include expenses related to rental obligations and contractual fees on investment properties.

2.4.22 Discounting of payables and receivables

This line item shows the combined effect of discounting payables and receivables due in more than one year to present value.

2.4.23 Cash flow statement

The cash flow statement is presented using the indirect method permitted under IAS 7. Tax expense is shown as a single item in cash flows from operating activities. Interest paid is shown in cash flows from financing activities, and interest received is shown in cash flows from investing activities. Dividends paid are classified as cash flows from financing activities.

2.4.24 Operating segments

IFRS 8 – “Operating segments” requires the presentation of operating segments to reflect the Company’s organisation and internal reporting system, which is presented in compliance with IFRS recognition and measurement principles. An operating segment represents an activity of the Company that incurs income and expenses and whose operating income is regularly reviewed by the Company’s Management on the one hand and its operational managers on the other. Each segment has isolated financial information.

The Company’s internal reporting is based on an analysis of the period’s results in accordance with:

- Funds from operations (FFO¹),
- changes in value (unrealized or realized), estimated expenses, and transaction costs.

According to these analytical criteria, operating income, including earnings from equity affiliates, is monitored on an operating segment basis.

¹ Funds From Operations.

In addition to operating income, asset book values (and certain related liabilities) are monitored by operating segment when they are directly related or can be allocated to a sector. They are considered economic assets of the sector in question.

The Company has the following operating segments:

- Retail: shopping centres completed or under development,
- Residential: residential property development,
- Business property: the property development, services and investment business.

Items under "Others (Corporate)" allow reconciliation of various reporting indicators with accounting indicators.

Borrowing costs, changes in the value of financial instruments and gains and losses from their disposal, taxes, and earnings from minority interests are not allocated directly by sector. Balance-sheet items such as financial assets and liabilities cannot be allocated, nor can deferred-tax assets corresponding to the recognition of tax losses.

As part of the Group's current operations:

1. Funds from operations (FFO)

FFO measures the creation of wealth available for distribution through net income (Group share of FFO). Funds from operations are defined as net income, Group share (i.e. attributable to equity holders of the parent company), exclusive of changes in value, estimated expenses, and transaction costs.

The main aggregates of the funds from operations monitored by the Group for internal reporting purposes are:

- net income of the segment, including impairment of current assets:
 - Retail : net rental income
 - Residential and Business property: net property income;
- Net overhead expenses, which bring together all services that absorb part of the overheads and operating costs, including personnel costs, other operating expenses, other segment income and expenses and expenses covered by reversals of used provisions (including the restatement of fixed rents following application of IFRS 16 – Leases).
- Share of funds from joint ventures or associates' operations.

Net borrowing costs are the net borrowing costs excluding calculated expenses which correspond in particular to the spreading of bond issue costs (shown in changes in value, estimated expenses and transaction fees).

Other financial results mainly correspond to expenses related to rental obligations and contractual fees on investment properties.

Tax (FFO) is the tax due for the period excluding deferred taxes and excluding tax due relating to changes in value (exit tax, etc.).

2. Changes in value, estimated expenses, and transaction costs

These changes in value measure the value created or realized by the Company during the period.

The relevant indicator for monitoring value is the change in going concern net asset value, to which funds from operations contribute. This management indicator is presented in detail in the business review

The main aggregates of the funds from operations monitored by the Group in internal reports are:

- **Changes in value** which concern gains and losses from the Retail sector:
 - from asset disposals, and where applicable, extraordinary payments received and equivalent in economic terms to the value of the asset sold,
 - from the value of investment properties, including value adjustments for properties measured at fair value (including right-of-use assets) or held for sale as well as impairment losses of properties measured at cost.
- **Estimated expenses** include :
 - expenses or net allowances for the period related to share-based payments or other benefits granted to employees,
 - allowances for depreciation and amortization net of reversals for non-current assets other than investment properties, including allowances relating to intangible assets or goodwill identified during business combinations, and right-of-use relating to tangible and intangible assets,
 - allowances for non-current provisions net of used or unused reversals.
- **Transaction costs** include fees and other non-recurring expenses incurred from corporate development projects that are ineligible for capitalization (e.g. expenses incurred from business combinations or equity investments, whether completed or not) or that are ineligible for inclusion under issuance costs (e.g. certain commissions incurred from capital management). Income and expenses outside the Company's going concerns are also included.

Also presented are **changes in value and income from disposal of** financial instruments representing adjustments in the value of financial instruments measured at fair value as well as the effect of discounting debt and receivables. Results from the disposal of financial instruments represent the balance for amounts incurred in the period from restructuring or cancelling financial instruments.

3. Minority interests' line

The line relating to minority interests corresponds to the share of net income attributable to minority shareholders of subsidiaries divided between the share of the funds from operations (FFO) and the share attributable to minority shareholders of subsidiaries of changes in value, estimated expenses, transaction costs and deferred tax.

In the case of exceptional transactions, contracts are specifically analysed and the indicators presented above may in some cases be adjusted, i.e. reclassified to match the presentations in internal reports for greater clarity.

NOTE 3 INFORMATION ON OPERATING SEGMENTS

3.1 Balance sheet items by operating segment

As of 31 December 2021

<i>(€ millions)</i>	Retail	Residential	Business Property	Others	TOTAL
Operating assets and liabilities					
Intangible assets	18,0	282,3	21,5	10,6	332,5
Property, plant and equipment	0,7	24,7	–	2,3	27,8
Right-of-use on tangible and intangible fixed assets	0,3	127,9	0,1	0,1	128,4
Investment properties	4 140,6	0,2	36,0	–	4 176,8
Securities and investments in equity affiliates	121,9	170,7	166,8	–	459,4
Operational working capital requirement	58,7	682,0	13,1	(23,2)	730,6
Total operating assets and liabilities	4340,2	1,288,0	237,5	(10,2)	5 855,5

As of 31 December 2020

<i>(€ millions)</i>	Retail	Residential	Business Property	Others	TOTAL
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)	31/12/2021			31/12/2020		
	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
Rental income	186,7	–	186,7	184,9	–	184,9
Property expenses	(1,9)	–	(1,9)	(1,9)	–	(1,9)
Unrecoverable rental expenses	(8,9)	–	(8,9)	(8,7)	–	(8,7)
Expenses re-invoiced to tenants	55,1	–	55,1	53,4	–	53,4
Rental expenses	(64,0)	–	(64,0)	(62,2)	–	(62,2)
Other expenses	(1,6)	–	(1,6)	1,2	–	1,2
Net charge to provisions for current assets	(11,8)	–	(11,8)	(16,1)	–	(16,1)
Net rental income	162,5	–	162,5	159,3	–	159,3
Revenue	2 796,2	0,0	2 796,2	2 837,0	–	2 837,0
Cost of sales	(2,446,4)	(0,1)	(2,446,5)	(2 496,4)	0,0	(2 496,4)
Other income	(102,4)	(0,0)	(102,4)	(107,0)	–	(107,0)
Net charge to provisions for current assets	(10,3)	0,2	(10,1)	(9,3)	0,0	(9,2)
Amortisation of customer relationships	–	–	–	–	(0,6)	(0,6)
Net property income	237,1	0,1	237,2	224,3	(0,6)	223,8
External services	46,9	–	46,9	34,3	–	34,3
Own work capitalised and production held in inventory	196,6	–	196,6	182,5	–	182,5
Personnel costs	(223,9)	(29,7)	(253,6)	(210,9)	(14,5)	(225,3)
Other overhead expenses	(68,0)	(0,0)	(68,1)	(71,7)	0,2	(71,5)
Depreciation expenses on operating assets	–	(29,5)	(29,5)	–	(31,8)	(31,8)
Net overhead expenses	(48,4)	(59,3)	(107,6)	(65,8)	(46,2)	(111,9)
Other income and expenses	(9,0)	(0,9)	(9,8)	1,9	(1,5)	0,4
Depreciation expenses	–	(0,2)	(0,2)	–	(1,9)	(1,9)
Transaction costs	–	(14,9)	(14,9)	–	(2,3)	(2,3)
Others	(9,0)	(15,9)	(24,9)	1,9	(5,8)	(3,8)
Proceeds from disposal of investment assets	–	8,9	8,9	–	380,3	380,3
Carrying amount of assets sold	–	(10,2)	(10,2)	–	(385,0)	(385,0)
Net gain/(loss) on disposal of investment assets	–	(1,3)	(1,3)	–	(4,7)	(4,7)
Change in value of investment properties	–	39,9	39,9	–	(580,7)	(580,7)
Net impairment losses on investment properties measured at cost	–	(4,8)	(4,8)	–	(59,8)	(59,8)
Net impairment losses on other non-current assets	–	(1,2)	(1,2)	–	(0,1)	(0,1)
Net charge to provisions for risks and contingencies	–	(11,5)	(11,5)	–	1,6	1,6
Impairment of goodwill	–	–	–	–	(1,0)	(1,0)
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	342,3	(54,0)	288,3	319,8	(697,2)	(377,4)
Share in earnings of equity-method affiliates	24,3	(5,2)	19,1	51,6	(1,3)	50,2
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	366,6	(59,2)	307,4	371,4	(698,6)	(327,2)
Net borrowing costs	(49,2)	(5,4)	(54,6)	(50,6)	(18,2)	(68,8)
Financial expenses	(63,1)	(5,4)	(68,5)	(57,6)	(18,2)	(75,8)
Financial income	13,9	–	13,9	7,0	–	7,0
Other financial results	(20,1)	(8,6)	(28,7)	(7,7)	(9,5)	(17,1)
Change in value and income from disposal of financial instruments	–	5,7	5,7	–	(56,5)	(56,5)
Proceeds from the disposal of investments (a)	38,3	7,9	46,2	0,2	0,6	0,8
Profit before tax	335,7	(59,6)	276,1	313,3	(782,2)	(468,8)
Corporate income tax	(20,1)	6,2	(13,9)	(26,6)	(28,4)	(54,9)
NET INCOME	315,6	(53,4)	262,1	286,8	(810,5)	(523,8)
o/w Net income attributable to Altarea SCA shareholders	264,4	(52,7)	211,6	230,3	(538,1)	(307,7)
o/w Net income attributable to minority interests in subsidiaries	(51,2)	0,7	(50,5)	(56,5)	272,5	216,0
Average number of undiluted shares	18 024 260	18 024 260	18 024 260	17 308 818	17 308 818	17 308 818
Basic net income per share attributable to shareholders of Altarea SCA (€)	14,67	(2,93)	11,74	13,31	(31,09)	(17,78)
Diluted average number of shares (b)	18 424 086	18 424 086	18 424 086	17 539 018	17 539 018	17 539 018
Diluted net income per share attributable to shareholders of Altarea SCA	14,35	(2,86)	11,49	13,13	(30,68)	(17,55)

(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.

(b) Pursuant to IAS 33, the weighted average number of shares (diluted and non-diluted) is retrospectively adjusted to take into account the capital increase with preferential subscription rights held in December 2021.

3.3.2 Reconciliation of operating income between the two income statements

	31/12/2021					31/12/2020				
	Retail	Residential	BP ⁽¹⁾	Others	TOTAL	Retail	Residential	BP ⁽¹⁾	Others	TOTAL
<i>(€ millions)</i>										
Net rental income	162,5	–	–	–	162,5	159,3	–	–	–	159,3
Net property income	(0,9)	204,0	34,2	(0,1)	237,2	0,1	201,7	22,0	(0,1)	223,8
Net overhead expenses	(15,6)	(72,3)	(13,4)	(6,3)	(107,6)	(21,6)	(63,8)	(18,6)	(7,9)	(111,9)
Others	(9,5)	(5,4)	1,4	(11,3)	(24,9)	(3,8)	(4,2)	4,7	(0,6)	(3,8)
Net gain/(loss) on disposal of investment assets	(1,3)	–	–	–	(1,3)	(4,7)	–	–	–	(4,7)
Value adjustments	33,1	(1,2)	2,0	–	33,9	(642,1)	(0,2)	1,7	–	(640,7)
Net charge to provisions for risks and	(10,6)	(1,1)	(0,2)	0,3	(11,5)	(0,5)	0,6	0,2	0,3	0,6
Share in earnings of equity-method affiliates	0,8	11,4	7,0	–	19,1	(12,4)	8,3	54,3	–	50,2
OPERATING INCOME (Statement of consolidated comprehensive income)	158,4	135,4	31,0	(17,4)	307,4	(525,7)	142,3	64,4	(8,3)	(327,2)
Reclassification of net gain/(loss) on disposal of investments			38,3		38,3	0,6		0,2		0,8
OPERATING INCOME (Consolidated income statement by segment)	158,4	137,7	69,3	(19,7)	345,8	(525,1)	142,3	64,6	(8,3)	(326,4)

(1) BP: Business property

3.4 Revenue by geographical region and operating segment

By geographical region

	31/12/2021					31/12/2020				
	France	Italy	Spain	Others	Total	France	Italy	Spain	Others	Total
<i>(€ millions)</i>										
Rental income	170,8	6,3	9,5	–	186,7	166,7	7,9	10,3	–	184,9
External services	22,2	1,3	0,3	–	23,8	16,7	1,0	0,3	–	17,9
Property development	0,0	6,4	–	–	6,4	–	13,6	–	–	13,6
Retail	193,0	14,0	9,8	–	216,8	183,5	22,5	10,5	–	216,4
Revenue	2 484,7	–	–	–	2 484,7	2 406,9	–	–	–	2 406,9
External services	13,3	–	–	–	13,3	10,1	–	–	–	10,1
Residential	2 498,0	–	–	–	2 498,0	2 416,9	–	–	–	2 416,9
Revenue	305,2	–	–	–	305,2	416,5	–	–	–	416,5
External services	9,3	–	–	0,4	9,8	5,7	–	–	0,5	6,2
Business Property	314,5	–	–	0,4	314,9	422,2	–	–	0,5	422,7
Others (Corporate)	0,1	–	–	–	0,1	0,1	–	–	–	0,1
TOTAL	3 005,6	14,0	9,8	0,4	3,029.8	3,022.7	22,5	10,5	0,5	3,056.2

The Altarea Group operates mainly in France, Italy and Spain in 2021, as 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 €489.5 million in 2021.

NOTE 4 MAJOR EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 Major events

Contemplated acquisition of Primonial, the leading independent European wealth and real estate asset manager

On 30 June 2021, Altarea entered into exclusive negotiations with Primonial group shareholders (Bridgepoint, Latour Capital and Societe Generale Assurances) and its management, for a potential two-step acquisition, through a subsidiary, of the Primonial group.

Following the favourable opinion of the employee representative bodies of the relevant companies of the Primonial group, issued on 6 July 2021, a sale and investment agreement relating to the Acquisition was entered into on 23 July 2021.

The scope of the acquisition includes the real estate asset management activities (€32.4 billion in real estate assets under management at 31 December 2021 and gross property inflows of €4.0 billion in 2021, up by 72%) and distribution, and as well as a minority stake of 15% in La Financière de l'Echiquier² (LFDE).

When the conditions precedent will be satisfied, the acquisition will be carried out in two stages, with the acquisition of a first controlling interest corresponding to 60% of Primonial's share capital during the {t1} {/t1} first quarter of 2022 ("Block 1"), followed by the acquisition of the remaining 40% ("Block 2"), this second phase taking place during the first {t2} {/t2} quarter of 2024. The Group incurred approximately €12 million in transaction costs during the reporting period.

Retail

Partnerships with Crédit Agricole Assurances for a total of €1.0 billion in retail

These partnerships, which are shared 51% Altarea and 49% Crédit Agricole Assurances, relate to two types of long-term performing assets: nine retail parks³ (signed in December 2021) and six retail outlets, the Paris-Montparnasse station and five Italian railway stations⁴ (finalised in early 2022).

Dynamic leasing activity and fall in vacancies

Leasing activity was dynamic throughout 2021, including leases on restaurants and leisure facilities:

- 330 leases were signed for a guaranteed minimum rent of €33 million, both for sites in operation and for projects under development (including retail space in large mixed-use projects). Leases that have been renewed or re-let have been almost stable;
- vacancies fell sharply and stood at 2.9% at the end of 2021 (-1.3 points over one year).

² Asset manager of UCITS financial products (equities, debt, structured products).

³ Les Portes de Brest Guipavas, Family Village Costières Sud in Nîmes, Family Village Les Hunaudières in Le Mans-Ruaudin, Les Portes d'Ambresis in Villeparisis, Castorama in Pierrelaye, Thiais Village in

Residential

In 2021, Altarea reoriented its commercial policy towards Individuals in a context of scarcity of supply.

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 commercial strategy focusing on block sales in 2020, which reduced available supply. The supply shortage gradually eased, particularly at the end of the year, thanks to the work carried out on all stages of the production cycle and the development of new regions (medium-sized cities located along transport routes or in coastal or border areas benefiting from favourable momentum).

In 2021, Altarea redirected the available offering towards Individuals, whose new orders increased by +27% in value (+42% for rental investment). Most sales were again to Individuals while sales to Institutionals fell back almost to pre-crisis levels.

This commercial strategy has enabled Altarea to increase the average margin of operations launched this year despite inflation affecting the cost price of projects.

Business Property

After a year in 2020 marked by delays in deliveries and delays in certain projects due to the health situation and a wait-and-see attitude by operators in the face of the development of remote working, 2021 shows a strong recovery in activity at all levels of the production cycle, in Grand Paris and in the regions, and for all product categories developed by the Group (offices, head offices, university campuses, logistics platforms, hotels, etc.).

Grand Paris

The Group has made significant progress, notably with:

- the sale of a 15% stake in Bridge to Crédit Agricole Assurances. This 58,000 m² building delivered in March 2021 is fully leased to Orange and constitutes its global head office. Altarea still holds 10% of this emblematic asset, which will be sold in 2022;
- and in Paris - La Défense: the sale of Bellini (18,000 m²) to Swiss Life Asset Management and the leasing of Eria (26,000 m²) to Campus Cyber.

Regions

As ^{the} leading business property developer in the regions, Altarea has been able to capitalise on its know-how to meet the expectations of this fast-growing market. The year 2021 confirms this trend, with in particular:

- three projects sold: a 50,000 m² logistics platform in Béziers, a 15,000 m² office building in Mérygnac near

Thiais, Family Village in Limoges, Family Village and Le Village de Marques in Aubergenville.

⁴ Milan-Porte Garibaldi, Rome-Ostiense, Turin-Porte Susa, Padua, Naples-Afragola.

Bordeaux for Groupama, and a 6,000 m² building for Le Sytral in Villeurbanne,

- eight new projects secured: two office projects in Lyon, three projects in Aix-en-Provence and three logistics projects in Nantes and Angers;
- eight deliveries (totalling 125,000 m² of offices, campuses and hotels in Nantes, Marseille, Toulouse, Bordeaux, etc.);
- and the launch of the building site for the future EM Lyon Business School campus covering 30,000 m² in the Gerland district in the heart of the city's 7th arrondissement.

- €7.8 million⁵ for the employee mutual fund which subscribed to a reserved capital increase (resulting in the creation of 60,580 new shares) testifying to the commitment of the Group's employees.

€1.15 billion of new finance

During the year 2021, the Group raised €1.15 billion of new long-term financing with an average maturity of seven years. This new financing includes:

- the mortgage refinancing of CAP3000, in the amount of €350 million, via a Green Loan in club deal format for a period of seven years;
- the signature by Altarea on 7 October 2021 of an €800 million syndicated bank loan for seven years with BNP Paribas, Crédit Agricole CIB, Natixis, Societe Generale, Banco Sabadell, BECM, China Construction Bank, HSBC and La Banque Postale. Altarea would be the principal borrower, but this credit will not be drawn down until the acquisition of Primonial. The latter will sign up to the loan agreement on the day the contract takes effect thus taking on the associated commitments as final borrower, with Altarea remaining as surety and 100% guarantor of all obligations related to this loan.

Strengthening of the equity

The Group strengthened its consolidated equity for a total amount of €758 million, of which:

- €344.9 million (net of fees) via the capital increase of Altarea (issue premium included) with preferential subscription rights, resulting in the issue of 2,435,190 new shares at a subscription price of €143.75;
- an increase in minority interests of €258.5 million following the acquisition of a stake in several retail parks by Crédit Agricole Assurance;
- €75.0 million for the 2020 partial scrip dividend which was hugely successful, attracting a subscription rate of 91.59%, resulting in the creation of 482,385 new shares on 26 July;
- €66.6 million through the Alta Blue (Cap3000 partnership) capital increase, recognised in minority equity;
- €5.2 million for the acquisition of the Reuilly urban logistics site (Paris 12th arrondissement) partially paid in securities;

⁵ 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		31/12/2021			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	420762775		FC	100.0%	100.0%	IN	0.0%	0.0%
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	51.0%	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	51.0%	100.0%	FC	100.0%	100.0%
LIMOGES INVEST	SCI	488237546		FC	50.9%	100.0%	FC	100.0%	100.0%
SNC MACDONALD COMMERCES	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-MONT-PARNASSE	SNC	524049244		FC	100.0%	100.0%	FC	100.0%	100.0%
LES VIGNOLES RETAIL PARK	SNC	512086117		FC	51.0%	100.0%	FC	100.0%	100.0%
OPCI ALTA COMMERCE EUROPE	SPPICAV		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	51.0%	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%
SEVERINI	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 COMMERCES	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%
HISTOIRE ET PATRIMOINE PARTENARIATS	SASU	452727985		FC	99.9%	100.0%	FC	99.9%	100.0%
HISTOIRE ET PATRIMOINE PROMOTION	SASU	792751992		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA COGEDIM ZAC VLS	SNC	811910447		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%
POISSY BEL ISLE	SCCV	880172317	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
BEZONS COEUR DE VILLE A1 & A2-LOGEMENTS	SCCV	819 929 845		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%
WR PARTICIPATIONS	SCI	821453826	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
MEUDON - PAUL DEMANGE	SCCV	853608511	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
CLICHY - PETIT	SCCV	853 646 503	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%

Companies	LEGAL FORM	SIREN		31/12/2021			31/12/2020		
				Method	Interest	Integration	Method	Interest	Integration
PITCH IMMO	SASU	422989715		FC	99.9%	100.0%	FC	99.9%	100.0%
O FIL DU BOIS	SCCV	838713055	affiliate	EM	48.9%	49.0%	EM	48.9%	49.0%
LOGNES ENVERGURE	SCCV	840897847	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
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%
MB TRANSACTIONS	SASU	425039138		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM GESTION	SNC	380375097		FC	99.9%	100.0%	FC	99.9%	100.0%
COVALENS	SNC	309021277		FC	99.9%	100.0%	FC	99.9%	100.0%
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 MIDI-PYRENEES	SNC	447553207		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 BAGNEUX 116	SAS	839324175		FC	50.9%	100.0%	FC	50.9%	100.0%
SAS CLICHY BOREALES	SAS	879035939	affiliate	EM	30.0%	30.0%	IN	0.0%	0.0%
AIX HYPPODROME	SCCV	852642040		FC	79.9%	100.0%	FC	79.9%	100.0%
RESPIRE	SCCV	807582267		FC	89.9%	100.0%	FC	89.9%	100.0%
LYON 8 RUE CROIX BARRET	SCCV	849097522		FC	59.9%	100.0%	FC	59.9%	100.0%
LYON LES MOTEURS	SNC	824866388		FC	99.9%	100.0%	FC	99.9%	100.0%
COGIMO	SAS	962502068		FC	99.9%	100.0%	FC	99.9%	100.0%
CHIN HAUT CAREI	SCCV	829544303		FC	59.9%	100.0%	FC	59.9%	100.0%
CALCADE DE MOUGINS	SNC	833132426		FC	50.9%	100.0%	FC	50.9%	100.0%
LE TOUQUET DUBOC	SCCV	812050870	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
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%
CLICHY ROSE GUERIN	SCCV	885139188		FC	40.7%	100.0%	FC	40.7%	100.0%
WOODEUM RESIDENTIAL	SAS	807674775		EM	50.0%	50.0%	EM	50.0%	50.0%
LA GARENNE CHATEAU	SCCV	822309753		FC	59.9%	100.0%	FC	59.9%	100.0%
PIERRE BEREGOVOY	SCCV	829581651		FC	54.9%	100.0%	FC	54.9%	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%
HORLOGE GASTON ROUSSEL	SCCV	832294664		FC	50.9%	100.0%	FC	50.9%	100.0%
61-75 PARIS AVENUE DE FRANCE	SCCV	830917100	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
SURESNES BMW	SCCV	834261497		FC	50.0%	100.0%	FC	50.0%	100.0%
ISSY POPLARS	SCCV	838686236		FC	64.9%	100.0%	FC	64.9%	100.0%
MONTREUIL D'ALEMBERT	SCCV	841085210		FC	99.9%	100.0%	FC	99.9%	100.0%
ASNIERES 94 GRESILLONS	SCCV	849115258		FC	50.9%	100.0%	FC	50.9%	100.0%
ISSY JEANNE D'ARC	SNC	850443508		FC	50.9%	100.0%	FC	50.9%	100.0%
ROMAINVILLE ROUSSEAU	SCCV	852604909		FC	50.9%	100.0%	FC	50.9%	100.0%
ISSY GUYNEMER	SNC	891166209		FC	50.9%	100.0%	FC	50.9%	100.0%
SAINT MAUR CONDE	SCCV	897792156		FC	69.9%	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%
PRD MONTPARNASSE 2	SCI	852712439	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
PRD MONTPARNASSE 3	SCI	852712587	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
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 5	SNC	798601936	affiliate	EM	30.1%	30.1%	EM	30.1%	30.1%
AF INVESTCO 7	SNC	798601936	affiliate	EM	30.1%	30.1%	EM	30.1%	30.1%
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 PONT	SCI	804865996	joint venture	ME	10.0%	10.0%	ME	25.0%	25.0%
PASCALHOLDCO	SPPICAV	809845951	affiliate	ME	15.0%	15.1%	ME	15.0%	15.1%
PASCALPROPOCO	SASU	437929813	affiliate	ME	15.0%	15.1%	ME	15.0%	15.1%
PRD MONTPARNASSE	SCI	844634758	joint venture	ME	50.0%	50.0%	ME	50.0%	50.0%
P11 DU BASSIN N°2	SCCV	812107217	affiliate	ME	49.9%	50.0%	ME	49.9%	50.0%
BALMA CAMPUS WALLIS	SCCV	840457881	joint venture	ME	50.0%	50.1%	ME	50.0%	50.1%
ISSY COEUR DE VILLE PROMOTION BUREAUX	SNC	829845536		IG	99.9%	100.0%	IG	99.9%	100.0%

4.3 Changes in consolidation scope

	31/12/2020	Acquisition	Creation	Sale	Absorption, dissolution, deconsolidation	Change in consolidation method	31/12/2021
<i>(in number of companies)</i>							
Fully consolidated	436	11	35		(42)	1	441
Joint ventures ^(a)	138	1	11		(7)	(1)	142
Affiliates ^(a)	78		2	(2)	(7)	-	71
Total	652	12	48	(2)	(56)	-	654

(a) Companies accounted for using the equity method.

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

<i>(€ millions)</i>	31/12/2021	31/12/2020
Investments in consolidated securities	(17,6)	(12,6)
Liabilities on acquisition of consolidated participating interests	-	3,6
Cash of acquired companies	(0,1)	2,9
Total	(17,7)	(6,0)

During the financial 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

During the year,

- the Group sold 15% of the Bridge project to Crédit Agricole Assurances, which already held 75% of the building, leased to Orange and delivered in early 2021. Altea plans to sell the remaining 10% in 2022;
- the Group signed a partnership agreement with Crédit Agricole Assurances in December 2021 concerning eight Retail Parks and one Village de Marques. The joint ventures are now 51% owned by the Group. The partner acquired a stake in the companies through a reserved capital increase in each of them, and the acquisition of shares (hence sale of shares by the Group). The relevant activities are controlled by the Group. The Group appoints three members of the Strategic Board and the partner appoints two. Accordingly, in accordance with governance principles, the Group controls each of these companies, which are therefore fully consolidated.

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)	31/12/2021	31/12/2020
Equity-accounting value of joint ventures	104,8	102,7
Equity-accounting value of affiliated companies	44,0	152,7
Value of stake in equity-method affiliates	148,8	255,4
Receivables from joint ventures	191,7	209,7
Receivables from affiliated companies	118,9	114,5
Receivables from equity-method subsidiaries	310,6	324,2
Total securities and receivables in equity affiliates	459,4	579,6

As of 31 December 2021, the decrease in the equity method value of associates is mainly due to dividend payments.

Receivables from joint ventures and receivables from affiliates relating to Property Development come to €273,6 million.

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

(€ millions)	Joint ventures	Affiliates	31/12/2021	Joint ventures	Affiliates	31/12/2020
Balance sheet items, Group share:						
Non-current assets	397.2	226.7	623.9	379,4	204.5	583.9
Current assets	453.4	250.0	703.5	500.7	310.7	811.4
Total Assets	850.6	476.7	1 327.3	880.1	515.2	1395.3
Non-current liabilities	178,9	201,9	380,8	199,1	177,6	376,7
Current liabilities	566,9	230,9	797,8	578,3	184,9	763,2
Total Liabilities	745,8	432,7	1178,5	777,4	362,5	1139,9
Net assets (equity-accounting basis)	104,8	44,0	148,8	102,7	152,7	255,4
Share of income statement items, Group share:						
Operating income	26,2	3,6	29,7	17,5	36,2	53,8
Net borrowing costs	(3,7)	(4,2)	(7,9)	(3,9)	(3,2)	(7,0)
Other financial results	(0,9)	(0,5)	(1,3)	(2,7)	(2,5)	(5,2)
Change in value of hedging instruments	0,5	0,2	0,7	(0,1)	(0,2)	(0,3)
Proceeds from the disposal of investments	–	–	–	0,0	(18,4)	(18,4)
Net income before tax	22,1	(0,9)	21,2	10,9	11,9	22,8
Corporate income tax	(1,8)	(0,2)	(2,0)	(3,7)	31,1	27,4
Net income by equity method (after tax)	20,3	(1,1)	19,1	7,2	43,0	50,2
Non-Group net income	(0,0)	0,0	(0,0)	(0,0)	(0,0)	(0,0)
Net income, Group share	20,3	(1,1)	19,1	7,2	43,0	50,2

Group revenue from joint ventures amounted to €21.2 million for the year to 31 December 2021, compared with €16.3 million for 2020.

Group revenue from affiliates amounted to €7.8 million for the year to 31 December 2021, compared with €6.8 million for 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.

Financial guarantees for the completion of works were given as part of the property development activity, and amounted to a share of €76.4 million at 31 December 2021.

Commitments received

As of 31 December 2021, the main commitments received by the joint ventures relate to security deposits received from tenants in the amount of €2.6 million.

4.6 Current and non-current financial assets

At 31 December 2021, current and non-current financial assets amounted to €50.3 million, compared with €34.6 million for 2020, and consist mainly of:

- deposits and guarantees paid on projects: €14.9 million, compared with 8.4 million for 2020,
- loans and receivables, recognised at amortised cost: €30.9 million, compared with 22.8 million for 2020.

NOTE 5 NET INCOME

5.1 Operating income

5.1.1 Net rental income

Net rental income includes rental income, land expenses, non-recovered service charges, other expenses and net allowances for impairment for bad debts. COVID-related write-offs and write-downs of receivables affect this item.

During the year, provisions for bad debts and reliefs related to the health crisis amounted to €28.5 million, including:

- €12.5 million in reductions granted in 2021 recognised in expenses for the period,
- €4.2 million of deferred payments corresponding to the impact on 2021 of the renegotiations in 2020 spread over the residual term of the leases;
- €11.8 million in provisions for bad debts;

Net rental income amounted to €162.5 million in 2021, compared to €159.3 million in 2020, i.e. a decrease of 2.0%.

5.1.2 Net property income

The Group's net property income stood at €237.2 million in 2021 compared to €223.8 million in 2020, i.e. an increase of 6.0%.

The Residential Backlog of the fully-consolidated companies was €3,450 million at 31 December 2021.

The Business Property Development Backlog of the fully-consolidated companies was €372 million at 31 December 2021.

5.2 Cost of net financial debt and other financial items

5.2.1 Cost of net financial debt

(€ millions)	31/12/2021	31/12/2020
Bond and bank interest expenses	(55.6)	(55.0)
Interest on partners' advances	3,9	3,6
Interest rate on hedging instruments	2,6	(0,5)
Capitalised interest expenses	-	1,5
Other financial income and expenses	(0.0)	(0,1)
FFO financial income and expenses	(49,2)	(50,6)
Spreading of bond issue costs and other estimated expenses ^(a)	(5,4)	(18,2)
Net borrowing costs	(54,6)	(68,8)

(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 -€5.4 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 average cost of the debt includes all fees generated by both short-term and long-term financing instruments (such as commitment fees, non-utilisation fees, ...) divided by the average value of the debt of given period. The Group cost (excluding the impact of IFRS 16) amounts to 1.80% as at 31 December 2021, 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 €5.7 million, of which -€12.7 million related to compensation payments (paid or pending) on financial instruments (compared to -€78.2 million as of 31 December 2020) and €18.4 million in change in fair value of interest rate hedging instruments (compared to -€67.3 million as of 31 December 2020).

5.3 Corporate income tax

Analysis of tax expense

Tax expense is analysed as follows:

(€ millions)	31/12/2021	31/12/2020
Tax due	(20,1)	(26,6)
Tax loss carry forwards and/or use of deferred losses	(16.7)	(50,6)
Valuation differences	0.0	0,2
Fair value of investment properties	0,7	22.9
Fair value of hedging instruments	0.0	(0,2)
Income by percentage of completion	13.7	(5,2)
Other timing differences	8.4	4,6
Deferred tax	6.2	(28,4)
Total income (expense) tax	(13.9)	(54,9)

Effective tax rate

(€ millions)	31/12/2021	31/12/2020
Pre-tax profit of consolidated companies	256.9	(519.1)
Group tax savings (expense)	(13.9)	(54,9)
Effective tax rate	(5.42)%	10.58%
Tax rate in France	27.37%	28.92%
Theoretical tax charge	(70.3)	150.1
Difference between theoretical and effective tax charge	56.4	(205.0)
Differences related to entities' SIIC status	27.0	(192.0)
Differences related to treatment of losses	3,5	(5,8)
Other permanent differences and rate differences	25.8	(7.3)

Deferred tax assets and liabilities

(€ millions)	31/12/2021	31/12/2020
Tax loss carry forwards	62.3	78.9
Valuation differences	(27.2)	(35.3)
Fair value of investment properties	(19.4)	(19.9)
Fair value of financial instruments	(0.2)	(0.2)
Income by % of completion	(61.9)	(74.0)
Other timing differences	1.1	(0.8)
Net deferred tax on the balance sheet	(45.4)	(51.2)

As at 31 December 2021, the Group had unrecognised tax loss carry-forwards of €403.2 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 activation of tax losses mainly relate to losses recognised in the tax consolidation group Altareit and losses partially activated in the taxable sector of some SIIC' companies.

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

of 25.83%, the rate set by the Finance Act for 2022, and not at the rate of 27.37% applicable in 2021.

Proposed tax reassessment :

Altarea SCA received proposed tax adjustments relating to the financial years 2017, 2018 and 2019. All the potential financial consequences have been recognised with the exception of certain disputed adjustments which total €0.9 million.

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.

The average number of shares in 2020 was adjusted to take into account the capital increase carried out in December 2021 with preferential subscription rights (PSR) in accordance with IAS 33. The preferential subscription right is treated as a value distributed free of charge to shareholders.

The adjustment coefficient is based on the ratio between the value of the share before detachment of the preferential subscription right and the value of the share ex this right. This coefficient was applied until the date of the capital increase.

The average number of undiluted shares reported as 16,850,855 in 2020 is adjusted to 17,308,818, which corresponds to an undiluted net earnings per share of -€17.78 instead of -€18.26 published.

The published average number of diluted shares for 2020 is adjusted from 17,081,054 reported to 17,539,018, which corresponds to a diluted 2020 net earnings per share of -€17.55 instead of -€18.02 published.

(€ millions)	31/12/2021	31/12/2020
Numerator		
Net income, Group share	211,6	(307,7)
Denominator		
Weighted average number of shares before dilution	18 024 260	17 308 818
Effect of potentially dilutive shares		
<i>Stock options</i>	0	0
<i>Rights to free share grants</i>	399 826	230 199
Total potential dilutive effect	399 826	230 199
Weighted diluted average number of shares	18 424 086	17 539 018
NET INCOME, GROUP SHARE, UNDILUTED PER SHARE (€)	11,74	(17,78)
NET INCOME, GROUP SHARE, DILUTED PER SHARE (€)	11,49	(17,55)

NOTE 6 LIABILITIES

6.1 Equity

6.1.1 Share capital, share-based payments and treasury shares

SHARE 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 part-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
Share capital increase reserved for SCI VDE Reuilly shareholders	39 277	15.28	600 153
Share capital increase via the part-conversion of dividends into shares	60 580	15.28	925 662
Share capital increase reserved for Mutual Funds	482 385	15.28	7,370,843
Share capital increase of 10 December 2021	2 435 190	15.28	37,209,703
Number of shares outstanding at 31 December 2021	20 293 271	15.28	310 089 359

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 recorded on the income statement for share-based payments was €23.4 million at 31 December 2021 compared to €12.5 million in 2020.

No stock option plans were in force at 31 December 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 at 31/12/2021
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			(2 983)	34 364
6 June 2019	1 355	20 March 2022	1,220			(80)	1140
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			(448)	17 963
22 April 2020	45,325	22 April 2023	43 952			(3078)	40 874
23 April 2020	1 000	23 April 2021	1 000		(1000)	-	
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	1 April 2022		121 080		(2418)	118 662
31 March 2021	10 000	1 April 2022		10 000		-	10 000
30 April 2021	73 050 (b)	31 March 2024		73 050		(2 005)	71 045
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	45 500 (b)	31 March 2025		45 500		-	45 500
4 June 2021	14,000 (b)	31 March 2025		14 000		-	14 000
4 June 2021	23 700 (b)	31 March 2025		23 700		-	23 700
4 June 2021	30,000 (b)	31 March 2025		30 000		-	30 000
1 September 2021	600	1 September 2023		600		-	600
1 October 2021	2 000	30 March 2023		2 000		-	2 000
Total	651 979		244,075	379 430	(119,800)	(12 357)	491 348

(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

	31/12/2021
Dividend rate	6.0%
Risk-free interest rate	0.0%

TREASURY SHARES

The acquisition cost of treasury shares was €33.8 million at 31 December 2021 for 205,406 shares (including 204,799 shares intended for allotment to employees under free share grant or stock option plans and 607 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 31 December 2021 (-€15.9 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 came to -€31.3 million at 31 December 2021 compared to -€5.9 million at 31 December 2020.

6.1.2 Dividends proposed and paid

Dividends paid

(€ millions)	31/12/2021	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 Altea Group	163.6	149.1
Proportional payment to the general partner (1.5%)	2,5	2,3
Total	166.1	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%

Proposed payment in respect of 2021:

A dividend of €9.75/share will be proposed to the General Shareholders' Meeting called to vote upon the approval of the accounts for the financial year ending December 31, 2021.

Shareholders will also be offered the option to partially convert the dividend into shares. They will be free to choose between:

- a full payment in cash;
- a payment of 50% in shares, and 50% in cash.

6.2 Net financial debt and guarantees

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

(<i>€ millions</i>)	31/12/2020	Cash flow	"Non-cash" change					31/12/2021
			Spreading of issue costs	Change in scope of consolidation	Update	Change in method	Reclassification	
Bonds (excluding accrued interest)	1,950.4	(228.5)	1,4	–	–	–	–	1,723.2
Short and medium term negotiable securities	653.0	106.0	–	–	–	–	–	759.0
Bank borrowings, excluding accrued interest and overdrafts	836.4	(94.0)	4,0	(0.0)	–	–	–	746.4
Net bond and bank debt, excluding accrued interest and overdrafts	3 439.7	(216,5)	5,4	(0.0)	–	–	–	3,228.6
Accrued interest on bond and bank borrowings	26.5	2.5	–	–	–	–	–	29.0
Bond and bank debt, excluding overdrafts	3 466.2	(214.0)	5,4	(0.0)	–	–	–	3 257.6
Cash and cash equivalents	(1 277.5)	(348.0)	–	–	–	0.0	–	(1,625.5)
Bank overdrafts	3,9	9,7	–	–	–	–	–	13,6
Net cash	(1 273.6)	(338.4)	–	–	–	0.0	–	(1,612.0)
Net bond and bank debt	2,192.6	(552.4)	5,4	(0.0)	–	0.0	–	1,645.6
Equity loans and Group and partners' advances	270.0	(134,1)	–	(1,7)	–	–	(0,0)	134,2
Accrued interest on shareholders' advances	0,7	0,0	–	–	–	(0,0)	–	0,7
Lease liabilities	150.4	(2,3)	–	–	–	–	6,1	154,3
Contractual fees on investment properties	178.8	(15,5)	–	–	–	–	6,6	169,9
Net financial debt	2,792.5	(704.3)	5,4	(1,7)	–	0.0	12,7	2,104,7

6.2.1 Net financial bond and bank debt

Group net financial bond and bank debt amounted to €1,645.6 million at 31 December 2021 compared to €2,192.6 million at 31 December 2020.

During the financial year, 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, as the mortgage debt of €400 million is extinguished,
- repaid the €230 million Euro PP which matured in May 2021,
- increased its issue of medium-term and short-term negotiable securities (over €106 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.

At 31 December 2021, no revolving loan had been drawn down.

Borrowing costs are analysed in the note on earnings.

Net cash

Net cash amounts to €1,612.0 million, of which cash equivalents (mainly time deposit accounts for €50.3 million) are recorded at fair value at each closing date.

Breakdown of bank and bond debt by maturity

(<i>€ millions</i>)	31/12/2021	31/12/2020
< 3 months	366.3	271.9
3 to 6 months	170.2	894.2
6 to 9 months	114.2	91.7
9 to 12 months	93.8	88.0
At less than 1 year	744.6	1,345.8
At 2 years	209.1	153.0
At 3 years	541.8	124.2
At 4 years	540.2	451.6
At 5 years	106.1	540.0
1 to 5 years	1,397.3	1,268.7
More than 5 years	1,144.9	869.8
Issuance cost to be amortised	(15,6)	(14,2)
Total gross bond and bank debt	3 271,1	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

(<i>€ millions</i>)	31/12/2021	31/12/2020
Mortgages	350.0	400.0
Mortgage commitments	114.4	150.6
Moneylender lien	10,8	11,6
Altarea SCA security deposit	200,0	200,0
Not guaranteed	2,611.6	2 722.1
Total	3286.8	3 484.3
Issuance cost to be amortised	(15,6)	(14,2)
Total gross bond and bank debt	3 271,1	3 470,1

Mortgages are given as collateral for the financing or refinancing of investment properties. Mortgage commitments

and the lender's lien mainly concern Property Development activities.

Breakdown of bank and bond debt by interest rate

(€ millions)	Gross bond and bank debt		
	Variable rate	Fixed rate	Total
As of 31 December 2021	1,521.9	1,749.3	3 271,1
As of 31 December 2020	1,495.2	1 974.9	3 470,1

The market value of fixed rate debt stood at €1,789.4 million at 31 December 2021 compared to €2,050.9 million at 31 December 2020.

Schedule of future interest expenses

(€ millions)	31/12/2021	31/12/2020
< 3 months	3,9	3,7
3 to 6 months	4,9	9,0
6 to 9 months	17,5	14,1
9 to 12 months	6,0	4,9
At less than 1 year	32,3	31,7
At 2 years	52,9	49,4
At 3 years	52,1	47,0
At 4 years	41,5	45,4
At 5 years	19,7	37,0
1 to 5 years	166,2	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).

These liabilities amounted to €154.3 million at 31 December 2021 compared to €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).

They amounted to €169.9 million at 31 December 2021 compared to €178.8 million at 31 December 2020 and are to be seen in light of the right-of-use assets on investment properties (assets that generate income).

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

(€ millions)	31/12/2021	31/12/2020
< 3 months	4,6	2,5
3 to 6 months	4,6	1,7
6 to 9 months	4,6	19,9
9 to 12 months	4,9	0,9
At less than 1 year	18,7	25,1
At 2 years	17,2	17,7
At 3 years	17,0	16,1
At 4 years	16,9	15,8
At 5 years	18,0	16,2
1 to 5 years	69,1	65,9
More than 5 years	236,4	238,4
Total lease liabilities and contractual fees on investment properties	324,2	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	1,564,2
Repayment of borrowings and other financial liabilities	(1 914,8)
Change in borrowing and other financial liabilities	(350,6)
Repayment of lease liabilities	(17,8)
Change in cash balance	338,4
Total change in net financial debt (TFT)	(30,0)
Net bond and bank debt, excluding accrued interest and overdrafts	(216,5)
Net cash	338,4
Equity loans and Group and partners' advances	(134,1)
Lease liabilities	(2,3)
Contractual fees on investment properties	(15,5)
Total change in net financial debt	(30,0)

6.3 Provisions

(€ millions)	31/12/2021	31/12/2020
Provision for benefits payable at retirement	16,2	14,9
Other provisions	20,6	9,1
Total provisions	36,8	24,0

The provision for post-employment benefits was valued 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:

- repayment risk on rental guarantees granted upon the disposal (in part or in whole) of non-current assets;
- 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	40.5	15.6	–	–	56.1
Change in spread of incentives to buyers	1,5	–	–	–	1,5
Disposals/repayment of down payments made	(0,2)	(10,0)	–	–	(10,2)
Net impairment/project discontinuation	–	(4,8)	–	–	(4,8)
Transfers to assets held for sale or to or from other categories	82.2	(37.9)	–	(69.1)	(24.8)
New right-of-use assets and indexation	–	–	6,6	–	6,6
Change in fair value	41,4	–	(1,6)	–	39,9
Change in scope of consolidation	–	18,7	–	–	18,7
As of 31 December 2021	3 814,5	192,8	169,6	8,3	4 185.1

As of 31 December 2021, no interest expenses have been capitalised for projects under development and construction.

Investment properties at fair value

The main movements concern changes in 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 a logistics asset located at 80-98 rue de Reuilly, in Paris. In the last quarter, the nature of the project concerning this asset was modified and the asset was transferred to inventory.

The Group reviewed all of its ongoing projects and recorded impairment charges where it deemed necessary.

Rights of use on Investment properties

The right-of-use assets on investment properties (measured at fair value) correspond to the valuation under IFRS 16 of the temporary occupancy authorisation contracts for investment properties.

The New right-of-use assets line includes the signing of an amendment to a Temporary Occupation Authorisation (AOT) agreement, 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	10.0%	679	8.1%	7.0%	4.5%
	Minimum	4.1%	41	5.2%	3.8%	1.3%
	Weighted average	5,1%	403	6.4%	5,1%	3.0%

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 flow.

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 -€143.6 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 €193.7 million (+6.0%).

Breakdown of the portfolio measured at fair value by asset type

(€ millions)	31/12/2021	31/12/2020
Regional shopping centres	2,480.8	2,489.0
Travel retail	520.9	442.6
Retail parks	677.2	625.0
Others	135.5	92.4
TOTAL	3 814,5	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	(2,1)	31,7	29,6
Present value adjustment	–	–	–
Transfers	–	3,5	3,5
Change in scope of consolidation	–	0,0	0,0
As of 31 December 2021	0,2	(144.7)	(144.5)
Change in WCR at 31 December 2021	(2,1)	31,7	29,6

Net acquisitions of assets and capitalised expenditures

(€ millions)	31/12/2021	31/12/2020
Type of non-current assets acquired:		
Intangible assets	(9.6)	(7.2)
Property, plant and equipment	(7.6)	(17.0)
Investment properties	(89.4)	(101.5)
Total	(106,6)	(125,7)

7.2 Goodwill and other intangible assets

(€ millions)	Gross values	Amortisation and/or impairment	31/12/2021	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	62.2	(44,9)	17,3	15,3
Leasehold right	0,3	(0,0)	0,3	0,3
Others	0,1	(0,0)	0,1	0,1
Other intangible assets	62.6	(44,9)	17,7	15,7
TOTAL	810.8	(478.4)	332,5	330,4

(€ millions)	31/12/2021	31/12/2020
Net values at beginning of the period	330,4	331,4
Acquisitions of intangible assets	9,6	7,2
Disposals and write-offs	(1,5)	(2,2)
Changes in scope of consolidation and other	–	1,0
Net allowances for depreciation	(6,1)	(6,9)
Net values at the end of the period	332,5	330,4

Goodwill

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

Impairment tests were carried out on the basis of business assumptions in light of economic forecasts; these assumptions are based on the historical data on Property Development.

The main assumptions used to calculate the enterprise value are as follows:

- the discount rate is 9.0%;
- the unrestricted cash flow within the horizon of the business plan is based on hypotheses relating to the volume of business and operating margin which includes the financial and market assumptions known as of the date of compilation;
- the perpetual growth rate is 1.5%.

At 31 December 2021, on the basis of these assumptions, the fair value of the economic assets in the Residential and Business property segments are greater than their net book value. No impairment needs to be recorded in the financial statements.

Sensitivity of +/-1% on the discount rate and of +/-0,5% on the perpetual growth rate, would lead to valuations of the economic assets for the Residential segment and the Business property segment which remain greater than their book value as at 31 December 2021.

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.

The brands were tested and no impairment was recognised as of 31 December 2021.

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

(€ millions)	Land and Constructions	Vehicles	Others	Gross right-of-use	Amort. Land and Constructions	Amort. Vehicles	Amort. Others	Amort.	Net right-of-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	4,5	2,0	0,0	6,5	(14,8)	(1,3)	(0,7)	(16,9)	(10,4)
Contract terminations/Reversals	(3,5)	(2,0)	(2,4)	(7,8)	2,1	1,8	2,4	6,3	(1,5)
As of 31 December 2021	153.2	4,7	0,8	158.7	(27,6)	(2,0)	(0,6)	(30,3)	128,4

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)	31/12/2021	31/12/2020	Flows		
			Created by the business	Changes in consolidation scope and transfer	Change in consolidation method
Net inventories and work in progress	922,6	859,3	36,8	26,5	–
Contract assets	714,1	741,2	(27,0)	(0,1)	–
Net trade receivables	340,7	334,7	5,8	0,2	–
Other operating receivables net	517,4	491,1	22,4	3,8	0,0
Trade and other operating receivables net	858,0	825,8	28,2	4,0	0,0
Contract liabilities	(168,1)	(177,3)	9,2	–	–
Trade payables	(1,008.6)	(1,094.4)	92.5	(6.8)	(0.0)
Other operating payables	(587.3)	(524.1)	(63.3)	0,1	0,0
Trade payables and other operating liabilities	(1,595.9)	(1,618.5)	29.2	(6.6)	0,0
Operational WCR	730,6	630,4	76.5	23.7	0,0

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 business.

Changes in scope and transfers are mainly related to movements within the Retail business: transfers of assets from investment properties to inventories were made following changes in the nature of projects.

7.4.1 Inventories and pipeline products

(€ millions)	Gross inventories	Impairment	Net inventories
At 1 January 2020	1,089.2	(24.7)	1,064.5
Change	(237,3)	0,0	(237,3)
Increases	–	(6,7)	(6,7)
Reversals	–	9,7	9,7
Transfers to or from other categories	20,0	(0,1)	19,9
Change in scope of consolidation	9,1	0,1	9,2
As of 31 December 2020	881.0	(21.7)	859,3
Change	31,6	(0,3)	31,3
Increases	–	(4,5)	(4,5)
Reversals	–	10,0	10,0
Transfers to or from other categories	24,4	(0,1)	24,3
Change in scope of consolidation	2,2	(0,0)	2,1
As of 31 December 2021	939.1	(16.5)	922,6

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

Changes in scope are mainly related to changes in scope within the Property Development business and asset transfers (investment properties to inventories) are due to changes in the nature of projects.

7.4.2 Trade and other receivables

(€ millions)	31/12/2021	31/12/2020
Gross trade receivables	384,6	371,5
Opening impairment	(36,8)	(23,5)
Increases	(31,5)	(17,0)
Change in scope of consolidation	–	(0,2)
Reversals	24,3	3,7
Other changes	0,0	0,1
Closing impairment	(43,9)	(36,8)
Net trade receivables	340,7	334,7
Advances and down payments paid	43,1	41,4
VAT receivables	343,2	318,8
Sundry debtors	32,1	34,2
Prepaid expenses	52,9	65,1
Principal accounts in debit	47,1	32,8
Total other operating receivables gross	518,3	492,2
Opening impairment	(1,1)	(2,9)
Increases	(0,2)	(0,3)
Reclassification	0,0	(0,0)
Reversals	0,3	2,0
Closing impairment	(1,0)	(1,1)
Net operating receivables	517,4	491,1
Trade receivables and other operating receivables	858,0	825,8
Receivables on sale of assets	0,2	2,2
Trade and other receivables	858,2	828,0

Detail of trade receivables due:

(€ millions)	31/12/2021
Total gross trade receivables	384,6
Impairment of trade receivables	(43,9)
Total net trade receivables	340,7
Trade accounts to be invoiced	(29,1)
Receivables lagging completion	(103,0)
Trade accounts receivable due	208,5

(€ millions)	Total	On time	At 30 days	At 60 days	At 90 days	More than 90 days
Trade accounts receivable due	208,5	96,5	1,0	27,9	13,7	69,5

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 31 December 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

<i>(€ millions)</i>	31/12/2021	31/12/2020
Trade payables and related accounts	1,008.6	1,094.4
Advances and down payments received from clients	23.4	36.8
VAT collected	321.8	300.7
Other tax and social security payables	63.6	43.7
Prepaid income	10.0	7.2
Other payables	121.4	102.9
Principal accounts in credit	47.2	32.9
Other operating payables	587.3	524.1
Amounts due on non-current assets	144.7	179.9
Trade and other payables	1 740,6	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

As of 31 December 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	481.4	148,8	328.1	–	4,5	–	–	–	4,5
Securities and investments in equity affiliates	459,4	148,8	310,6	–	–	–	–	–	–
Non-current financial assets	22,0	–	17,5	–	4,5	–	–	–	4,5
CURRENT ASSETS	2,524.1	–	2,461.8	–	–	62,3	50,3	12,0	–
Trade and other receivables	858,2	–	858,2	–	–	–	–	–	–
Current assets	28,3	–	28,3	–	–	–	–	–	–
Derivative financial instruments	12,0	–	–	–	–	12,0	–	12,0	–
Cash and cash equivalents	1 625,5	–	1 575,3	–	–	50,3	50,3	–	–
NON-CURRENT LIABILITIES	2 930,3	–	–	2 930,3	–	–	–	–	–
Borrowings and financial liabilities	2 891,7	–	–	2 891,7	–	–	–	–	–
Deposits and security interests received	38,7	–	–	38,7	–	–	–	–	–
CURRENT LIABILITIES	2,595.9	–	–	2,579.2	–	16,7	–	16,7	–
Borrowings and financial liabilities	838,5	–	–	838,5	–	–	–	–	–
Derivative financial instruments	16,7	–	–	–	–	16,7	–	16,7	–
Trade and other payables	1 740,6	–	–	1 740,6	–	–	–	–	–

(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.

As of 31 December 2020

Financial assets and liabilities carried at amortised	Financial assets and liabilities carried at amortised			Financial assets and liabilities carried at fair value					
	Total carrying amount	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)
(€ millions)									
NON-CURRENT ASSETS	592.2	255,4	333,4	–	3,4	–	–	–	3,4
Securities and investments in equity affiliates	579,6	255,4	324,2	–	–	–	–	–	–
Non-current financial assets	12,6	–	9,2	–	3,4	–	–	–	3,4
CURRENT ASSETS	2 128,6	–	2,067,1	–	–	61,5	60,4	1,1	–
Trade and other receivables	828,0	–	828,0	–	–	–	–	–	–
Current assets	22,0	–	22,0	–	–	–	–	–	–
Derivative financial instruments	1,1	–	–	–	–	1,1	–	1,1	–
Cash and cash equivalents	1 277,5	–	1 217,1	–	–	60,4	60,4	–	–
NON-CURRENT LIABILITIES	2 536,8	–	–	2 536,8	–	–	–	–	–
Borrowings and financial liabilities	2 500,2	–	–	2 500,2	–	–	–	–	–
Deposits and security interests received	36,6	–	–	36,6	–	–	–	–	–
CURRENT LIABILITIES	3 404,5	–	–	3 368,2	–	36,3	–	36,3	–
Borrowings and financial liabilities	1 569,8	–	–	1 569,8	–	–	–	–	–
Derivative financial instruments	36,3	–	–	–	–	36,3	–	36,3	–
Trade and other payables	1 798,4	–	–	1 798,4	–	–	–	–	–

(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 mainly uses credit markets. The increasing use of fixed-coupon bonds has changed the hedging strategy in recent years.

In December 2021, the Group executed a €525 million rate swap program in anticipation of the increase in the debt volume.

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 change in fair value of derivative financial instruments has no significant impact on the net result of the period.

Position in derivative financial instruments

(€ millions)	31/12/2021	31/12/2020
Interest-rate swaps	(16.6)	(30.2)
Interest-rate caps	4,9	–
Accrued interest not yet due	7.1	0,5
Premiums and balances outstanding	–	(5.5)
Total	(4,7)	(35.2)

Derivatives were valued by discounting future cash flows estimated according to interest rate curves at 31 December 2021.

Maturity schedule of derivative financial instruments (notional amounts)

As of 31 December 2021

(€ millions)	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025	31/12/2026
ALTAREA – pay fixed – swap	500,0	500,0	1 025,0	1 025,0	525,0	525,0
ALTAREA – pay floating rate – swap	700,0	700,0	700,0	300,0	300,0	–
ALTAREA– cap	262,5	262,5	262,5	262,5	262,5	262,5
Total	1 462,5	1 462,5	1 987,5	1 587,5	1 087,5	787,5
Average hedge ratio	0,19%	0,19%	0,17%	0,13%	(0,30)%	0,10%

As of 31 December 2020

(€ millions)	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
ALTAREA – pay fixed – swap	750,0	500,0	500,0	500,0	500,0	–
ALTAREA – pay floating rate – swap	400,0	400,0	400,0	400,0	–	–
ALTAREA– cap	75,0	–	–	–	–	–
Total	1 225,0	900,0	900,0	900,0	500,0	–
Average hedge ratio	0,35%	0,35%	0,35%	0,35%	0,31%	0,00%

Management position

As of 31 December 2021

(€ millions)	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025	31/12/2026
Fixed-rate bond and bank loans	(1,749.3)	(1,722.9)	(1,722.8)	(1,337.2)	(837.1)	(787.0)
Floating-rate bank loans	(1,521.9)	(803.6)	(594.5)	(438.4)	(398.3)	(342.3)
Cash and cash equivalents (assets)	1 625,5	–	–	–	–	–
Net position before hedging	(1,645.6)	(2,526.5)	(2,317.4)	(1,775.6)	(1,235.4)	(1,129.3)
Swap	1 200,0	1 200,0	1,725.0	1,325.0	825.0	525,0
Cap	262,5	262,5	262,5	262,5	262,5	262,5
Total derivative financial instruments	1 462,5	1 462,5	1 987,5	1 587,5	1 087,5	787,5
Net position after hedging	(183.1)	(1,064.0)	(329.9)	(188.1)	(147.9)	(341.8)

As of 31 December 2020

(€ millions)	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Fixed-rate bond and bank loans	(1 974.9)	(1,720.3)	(1,720.2)	(1,720.1)	(1,334.5)	(834.4)
Floating-rate bank loans	(1,495.2)	(404.1)	(251.2)	(127.1)	(61.1)	(21.3)
Cash and cash equivalents (assets)	1 277,5	–	–	–	–	–
Net position before hedging	(2,192.6)	(2,124.4)	(1 971.4)	(1,847.2)	(1,395.6)	(855.6)
Swap	1,150.0	900,0	900,0	900,0	500,0	–
Cap	75,0	–	–	–	–	–
Total derivative financial instruments	1 225,0	900,0	900,0	900,0	500,0	–
Net position after hedging	(967.6)	(1,224.4)	(1,071.4)	(947.2)	(895.6)	(855,6)

Analysis of interest-rate sensitivity

The following table shows the interest-rate sensitivity (including the effect of hedging instruments) of the entire portfolio of floating-rate borrowings from credit institutions and derivative instruments.

	Increase/decrease in interest rates	Impact of the gain (-) or loss (+) on pre-tax	Impact on the value of the portfolio of the financial instruments
31/12/2021	+50 bps	+€2.5 million	+€16.0 million
	-50 bps	-€2.3 million	-€15.9 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 €1,625.5 million at 31 December 2021, compared to €1,277.5 million at 31 December 2020. This represents its main tool for management of liquidity risk (see Note 6.2.1 "Net financial bond and bank debt").

Part of this cash is available for the subsidiaries that carry it: as of 31 December 2021, this cash amounted to €553.3 million.

On this date, €1,072.2 million in cash is available at Group level. The Group also has €1,159 million of additional available cash and cash equivalents (in committed corporate credit facilities unused and 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	31/12/2021	Consolidated Altareit covenants	31/12/2021
Loan To Value (LTV)				
Net bond and bank financial debt/re-assessed value of the Company's assets	<60%	24.1%		
Interest Cover Ratio (ICR)				
Operating income (FFO column or cash flow from operations)/Company's net borrowing cost (FFO column)	> 2	8.2		
Leverage				
Gearing: Net financial debt/Equity			≤ 3.25	(0,1)
ICR: EBITDA/Net interest expenses			≥ 2	9.9

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 31 December 2021, the Company met 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 would be 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	31/12/2021	31/12/2021	31/12/2020	31/12/2020
	% share capital	% voting rights	% share capital	% voting rights
Founding shareholders and the expanded	44.93	45.39	45.85	46.22
Crédit Agricole Assurances	24.66	24.91	24.74	24.94
ABP	7.09	7.16	8.27	8.34
Opus Investment BV ^(b)	1.62	1.64	1.49	1.50
Treasury shares	1.01	–	0.81	–
Public + employee investment mutual fund	20.69	20.90	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 Management 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 €0.2 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	
	31/12/2021	31/12/2020
Trade and other receivables	0.1	0.0
TOTAL ASSETS	0.1	0.0
Trade and other payables ^(a)	1.0	0.0
TOTAL LIABILITIES	1.0	0.0

(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 for Altarea, and in proportion to net income, Group share, for Altareit.

It stood at €1.2 million at 31 December 2021.

Compensation of the Group's senior executives

(€ millions)	31/12/2021	31/12/2020
Gross wages ^(a)	4,0	4,2
Social security contributions	1,7	1,6
Share-based payments ^(b)	7,5	4,1
Number of shares delivered during the period	34 293	6 963
Post-employment benefits ^(c)	0,0	0,0
Other short- or long-term benefits and compensation ^(d)	0,0	0,0
Termination indemnities ^(e)	–	0,0
Employer contribution on free shares delivered	1,1	0,2
Post-employment benefit commitment	0,8	0,3

(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.

In number of rights on equity in circulation	31/12/2021	31/12/2020
Rights to Altarea SCA's free shares grants	159 603	67 603

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 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	31/12/2021	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	168,4	100,6	51,3	16,5
Security deposits received in the context of the Hoguet Act (France)	87,9	87,9	87,9	–	–
Security deposits received from tenants	20,4	23,9	0,3	8,6	15,0
Payment guarantees received from customers	44,6	44,6	0,4	42,7	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	11,8	11,8	–	–
Total	174,8	178,9	101,6	55,4	22,0
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	68,7	1,8	66,9	–
Commitments given relating to operating activities	2 306,7	2,213,9	972,5	1 203,8	37,5
Construction work completion guarantees (given)	1,965,7	1,928,0	838,4	1,085,8	3,9
Guarantees given on forward payments for assets	235,8	170,8	93,6	77,1	–
Guarantees for loss of use	51,0	61,1	38,8	19,9	2,4
Other sureties and guarantees granted	54,3	54,0	1,8	21,0	31,2
Total	2,391,2	2 293,6	979,3	1 276,7	37,5

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**

In compliance with the “Hoguet Act”, the Group holds security deposits received from specialist bodies in an amount of €87.9 million as a guarantee covering its property 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).

In addition, the Group has secured a syndicated loan of €800 million with a pool of partner banks, which will be drawn down on the day of the Primonial acquisition.

Commitments given

COMMITMENTS GIVEN RELATING TO FINANCING ACTIVITIES

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 €31.9 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 owner undertakes to sell its land and the Group commits to buy it if all conditions precedent (administrative and/or marketing) 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)	31/12/2021	31/12/2020
Less than one year	193.4	124.0
Between 1 and 5 years	489.4	214.3
More than 5 years	225.6	169.1
Guaranteed minimum rent	908.4	507.4

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

10.2 Contingent liabilities

A rectification proposal regarding the registration fees related to the sale by Alta Faubourg of Semmaris shares in 2018 was received. As registration fees are guaranteed by Alta Faubourg, the risk, which amounts to €9.4 million in fees and late payment penalties, is borne by the Group. The company has strong arguments to contest the adjustment and does not envisage an outflow of financial resources. No provision was therefore taken at 31 December 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 "Corporate income tax" or 6.3 "Provisions").

NOTE 11 EVENTS AFTER THE CLOSING DATE

The Group signed a partnership agreement with Crédit Agricole Assurances for the creation of the Alta Infrastructure fund, which covers the shops at the Paris-Montparnasse station and five Italian stations owned by Altarea.

NOTE 12 STATUTORY AUDITORS' FEES

(€ millions)	E&Y				Grant Thornton				Others				Total			
	Amount		%		Amount		%		Amount		%		Amount		%	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Statutory audit, certification, examination of individual and consolidated financial statements																
- Altarea SCA	0.3	0.3	15%	19%	0.3	0,3	27%	37%	–	–	0%	0%	0.6	0.6	18%	22%
- Fully consolidated subsidiaries	1.3	1.1	56%	74%	0,4	0,5	36%	59%	0.1	0.3	100%	100%	1.7	1.9	51%	73%
Services other than the certification of the financial statements																
- Altarea SCA	0.4	0.0	16%	0%	0.4	0.0	37%	0%	–	–	0%	0%	0.8	0.0	22%	0%
- Fully consolidated subsidiaries	0.3	0.1	13%	6%	0.0	0.0	0%	3%	(0.0)	0.0	0%	0%	0.3	0.1	9%	5%
Total	2.3	1,5	100%	100%	1.1	0,8	100%	100%	0.1	0.3	100%	100%	3.4	2.6	100%	100%