Paris, 28 July 2022, 5.45 p.m.
Half-year results 2022

ALTAREA

Significant growth in FFO[1] expected for 2022
FFO H1 2022: +10.2%

Altarea, leader in urban transformation

A comprehensive real estate offering serving the city and its users
A €20.2 billion pipeline (4.3 million m², 830 projects)

Strong performance across all business lines

Residential: higher supply and sales, rising construction costs offset by price increases
Offer for sale: +13%
New orders: +9% in value (+2% in volume)
Stabilized operating margin[2] at 7.1%

Retail: operations back to normal
Collection rate[3] 93.5%, net rental income +33.5%
+38.4% increase in operating income

Business Property: success in all product ranges and territories
Emblematic transactions in Greater Paris
Ramp-up in the Regions and Urban Logistics
+30.0% increase in operating income

Financial results
Operating income[4]: +17.5% to €223.3 m
FFO Group Share: +10.2% to €130.1 m (-4.0% per share after dilution[5])
LTV: 24.2%
Secured cost of debt in the long-term

2022 guidance

For 2022, Altarea expects significant growth in FFO,
provided that the environment does not deteriorate further

Paris, 28 July 2022, 5.45 p.m. Following review by the Supervisory Board, the Management has approved the consolidated financial statements for half-year 2022. Limited review procedures have been completed. The Statutory Auditors' reports on the half-year financial information were issued without reservations.

[1] *Funds from operations (FFO): net profit excluding changes in value, estimated expenses, transaction fees and changes in differed tax. Group share.*
[2] *Operating income divided by revenue on a percentage-of-completion basis.*
[3] *Rents and charges collected compared to rents and charges invoiced (incl. Tax) to date.*
[4] *Operating income FFO: operating income before changes in value, estimated expenses, transaction costs and changes in deferred tax.*
[5] *Retail Partnerships (increase in non-controlling interests of -€12.1 million) and increase of +14.8% in the number of diluted shares related to the 2021 capital increases.*

“Altarea reported solid financial performance for the first half, with double-digit growth in FFO.

Despite a fairy difficult general environment, Altarea’s teams has shown their great agility and reacted in the best possible way across all our business lines. In Residential, we managed to improve our offering and offset the increase of construction costs by higher price. In Retail, we carried on our asset management strategy while operations are back to normal. In Business Property, we had many successful operations across all our product ranges and territories.

This performance does sit not only on the huge urban transformation market in which Altarea holds the leader position, but also and above all on our know-how and our mindset as a developer. Altarea already offers the most comprehensive range of real estate products in the market, furthermore we are in the process of extending it to other promising segments such as logistics in different forms and property infrastructure for low-carbon city. The portfolio of new products we are developing should start to bring their contribution from 2023 onwards.

However, we could not ignore the fact that we are operating in a difficult environment with a risk of further deterioration. But our previous experience tells us that Altarea has always been able to make a difference in those particular contexts. Therefore, we are vigilant and ready to face all types of situations that may occur, relying on our particularly strong financial resources.

Having said that, Altarea’s long-term outlook is fundamentally positive. It is driven by the combination of a growing market and the skills and expertise we have put together around our entrepreneur spirit. Regarding our financial performance, we are confident in Altarea’s capability to deliver significant FFO growth provided the environment does not deteriorate further."

Alain Taravella, Chairman and Founder of Altarea

ALTAREA: leader in urban transformation

With more than 830 projects at the end of June 2022, Altarea holds the largest portfolio of property projects in France, representing a potential value[6] of €20.2 billion in all categories of product. As the French leader in large mixed-use projects, Altarea is managing 15 major projects (€4.0 billion in potential value, 935,000 m² and 10,500 residential units), including Issy Coeur de Ville, the largest private building site in the Paris Region, to be delivered in the second half of 2022.

Secured pipeline (by product)	*Surface area (m²)*	*Potential value (€bn)*
Residential	2,671,100	13.8
Business Property	1,474,100	5.3
Retail	170,100	1.1
Total	4,315,300	20.2

Residential: growth in supply and new orders, construction costs increase offset

Supply ramped up, driven by new territories

The offer for sale at the end of June 2022 reached €1,971 million including VAT, up by +13% compared to the end of December 2021. The increase in supply reflects the work done at all stages of the production cycle.

	30/06/2022	30/06/2021	*Chge*
Supply (€m incl. VAT)	2,811	2,222	+27%
Building permits granted (units)	5,723	4,913	+16%
Commercial launches (units)	4,410	3,710	+17%

This growth was notably driven by new territories[7] with particularly strong momentum.

New orders: +9% by value (+2% by volume)

In a context marked by the return of inflation as well as economic and geopolitical instability, residential real estate, more than ever considered as a safe haven, sees its new orders up by 9% in value.

New orders	30/06/2022		30/06/2021		*Chge*
Individuals – Residential buyers	€421 m	*30%*	€321 m	*25%*	*+31%*
Individuals – Investment	€559 m	*40%*	€495 m	*38%*	*+13%*
Institutional investors - Block sales	€434 m	*30%*	€478 m	*37%*	*-9%*
Total in value	**€1,414 m**	***100%***	**€1,294 m**	***100%***	***+9%***
Individuals – Residential buyers	1,214 units	*24%*	934 units	*19%*	*+30%*
Individuals – Investment	1,998 units	*40%*	1,855 units	*38%*	*+8%*
Institutional investors - Block sales	1,818 units	*36%*	2,134 units	*43%*	*-15%*
Total in units	**5,030 units**	***100%***	**4,923 units**	***100%***	***+2%***

The half-year was marked by strong demand from Individuals (successful commercial launches with take-up rate of more than 12%) both from rental investors and buyers, the proportion of which increased this half-year.

Through an agile commercial mix management, the rising construction costs have been offset by price increases

The Group's strategy is to increase its revenues by managing the commercial mix (higher proportion of retail sales) and by optimizing the pricing policy whenever possible. This strategy enabled to offset the increase in construction costs, which averaged 5% to 7%, with differences from one region to another depending on the nature of contracted works. In total, the operating margin[8] stabilised at 7.1% compared to last year.

[6] Potential value = market value on delivery date. Retail: potential market value including transfer taxes of projects on delivery (net rents capitalized at a market rate) at 100%, and revenue excl. Tax for development projects. Residential: offer for sale +portfolio incl. VAT. Business property: potential market value excl. transfer duties on the date of disposal for investment projects (at 100%), amount excl. VAT of off-plan sales/PDCs for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised DPM fees, near stable year-on-year.
[7] Opening of offices in Tours, Rouen, Caen, Angers, Rennes, Dijon, Clermont-Ferrand, Mulhouse, Metz and expansion in Lille, Strasbourg, La Rochelle and Amiens.
8 Operating income divided by revenue on a percentage-of-completion basis.

Retail: operations back to normal

3.1% increase in the value of assets under management and a new property management contract NICETOILE

(€ millions)	In %	30/06/2022	31/12/2021	
Value of assets under management	**100%**	**5,437**	**5,275**	***+3.1%***
o/w third-party share	*55%*	*3,010*	*2,892*	*+4.1%*
o/w Group share	*45%*	*2,427*	*2,383*	*+1.8%*

The value of assets under management increased by +3.1%, due to the new property management contract awarded by Allianz Real Estate, for NICETOILE shopping centre. This contract allowed Altarea to reinforce its long-term partnership with this major institutional investor[9].

Net rental income in growth, collection rate back to normal, sharp decline of bad debts

Since 14 March 2022, all restrictive measures have been lifted, operations are turning back to normal. The performance of the shopping centres has strongly recovered in the first half of the year, with a clear increase in the average shopping basket value compared to the same period in 2019:

- retailer revenue now exceeds the level of the first half of 2019 (+3% in total and +4% excluding restaurants and leisure activities);
- rental activity remains very strong, 201 leases were signed with minimum guaranteed rent of €17.6 million, in line with the trend observed in 2021, regardless of the retail category;
- financial vacancies continued to decline and reached a level considered standard at 2.7% at the end of June 2022 (-0.9 points year-over-year);
- at 93.5%, the recovery rate[10] is also getting back to normal.

In total, net rental income increased by 33.5% year-over-year to €94.8 million.

France and International	€ millions	Chge
Net rental income at 30 June 2021	**71.0**	
Change in scope of consolidation	2.9	*+4.1%*
Back to normal operations	18.3	*+25.8%*
Like-for-like change	2.6	*+3.7%*[11]
Net rental income at 30 June 2022	**94.8**	***+33.5%***

Pipeline

Altarea is developing a retail pipeline with a potential value of €1.1 billion (170,000 m²), whose two main projects are Ferney-Voltaire near the Swiss border and Paris Austerlitz railway station. Regarding this last project, two cases have been brought on the same grounds before the Administrative Court of Appeal of Paris and a ruling on the appeal about the building permit is due in 2022.

New products

For several months, Altarea Commerce teams have been working on new products:

- urban logistics[12]: at end-March Altarea leased “La Manufacture de Reuilly” to La Belle Vie (French market leader of home food delivery). This historic building located in the heart of Paris’s 12th arrondissement underwent a major restructuring by Altarea Commerce in partnership with Corsalis Logistics Real Estate and was sold in June to a fund managed by AEW;
- renewable energies: in April Altarea Commerce signed a partnership with Electra, a French specialist of ultra-fast charger of electric vehicles. This partnership will take the form of a joint venture, aiming to provide 19 of the Group’s retail sites with electric charging points by 2024. With the know-how of Electra’s, these systems could then be deployed later to future real estate projects of the Group.

9 Partnership involving seven assets: Bercy Village, Toulouse Gramont, the Gare de l’Est shops, Espace Chanteraines in Gennevilliers, Avenue83 in Toulon La Valette, Espace Saint Quentin (78) since 2021 and NICETOILE.
10 Rents and charges collected compared to rents and charges invoiced (incl. Tax) to date.
11 Of which 2.4% linked to indexation.
12 Product operationally managed by the Altarea Commerce teams, according to a developer-type model, whose contribution (revenue and margin) is recognized in the “Business Property” segment.

Altarea, MRM and SCOR signed an agreement to accelerate MRM's strategic development

Subsequent to 30 June, Altarea signed a memorandum of understanding with SCOR and MRM[13] providing for the contribution, subject to certain conditions, of its Flins and Ollioules sites to MRM for €90.4 million. These contributions will be remunerated mainly in cash and in MRM shares so that Altarea will hold a stake of approximately 16% at the end of these transactions.

With this transaction, which constitutes a strategic agreement for the development of MRM and is expected to be completed by the end of the second half of 2022, Altarea would sell its last two shopping centres and invest in MRM alongside SCOR.

Business Property: success in all product ranges and territories

With a pipeline of more than €5.3 billion, Altarea is the leading Business Property developer in France not only by volume but also by the comprehensiveness and the diversity of its offering.

At 30/06/2022	No.	Surface area at 100% (m²)	Potential value at 100% (€ millions excl. VAT)
Developer-investor business	5	184,800	2,553
Property development of off-plan sales	55	1,232,800	2,602
DPM	3	56,500	194
Total	**63**	**1,474,100**	**5,349**
of which Offices	53	716,800	4,630
of which Logistics	10	757,300	719
of which Paris Region	46	1,064,600	2,096
of which Regions	17	409,500	3,254

Greater Paris

The Group has made significant progress in the Paris Region, mainly with:

- the sale to Crédit Agricole Assurances of remaining 10% stake in Bridge, Orange's global headquarters in Issy-les-Moulineaux (58,000 m²);
- the delivery of the first of the three office buildings intended to host the future head office of the Caisse Nationale de Prévoyance (CNP) as part of the large mixed-use project Issy Cœur de Ville;
- the management of two new development projects.

Regional cities

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. This first half-year confirmed this trend, with in particular:

- two projects sold (10,500 m² in total): a co-working space in the Jolimont building in Toulouse sold to Tivoli Capital and the head office of Erilia (ESH) as part of the Porte Est programme in Marseille;
- five new projects managed (135,000 m² in total): two projects in Aix-en-Provence (25,000 m²) including the new ESSCA campus and Ecoparc Cotière at the gateway to Lyon, a mixed logistics and premises project (70,000 m² in total);
- three deliveries (25,000 m² in total) including #Community the new Groupama campus (15,000 m²) in Mérignac near Bordeaux, sold to Atream, as well as the first two buildings of the Vert Pomone complex sold to SCPI Mur Régions.

[13] *MRM is a listed player specializing in retail real estate.*

Financial results

At first half 2022, Altarea recorded a solid financial performance with operating income up by 17.5% to €223.3 million, due to:

• the back to normal operations in Retail;

• the stabilized Residential operating margin at 7.1%, rising construction costs being offset by price increases;

• higher Business Property margin driven by the sale of Bridge, the ramp-up of activity in the Regions and urban logistics project.

FFO Group share increased by +10.2% to €130.1 million, amply absorbing the rise in non-controlling interests related to Retail partnerships and in corporate taxes.

In total, FFO Group share per share was €6.31 (-4.0%[14]) nearly offsetting the dilutive effect coming from +14.8% increase in the fully diluted number of shares[15].

(€ millions)	Retail	Residential	Business Property	Other (Corporate)	Funds from operations (FFO)	Changes in value, estimated expenses and transaction	TOTAL
Revenue	**110.5**	**1,147.4**	**164.6**	**0.1**	**1,422.5**	**–**	**1,422.5**
Change vs. 30/06/2021	*+14.2%*	*-5.1%*	*38.9%*	*n.a.*	*-0.1%*		*-0.1%*
Net rental income	94.8	–	–	–	94.8	–	94.8
Net property income	–	88.2	29.2	(0.0)	117.4	(0.4)	117.0
External services	9.1	7.1	4.9	0.1	21.1	–	21.1
Net income	**103.9**	**95.2**	**34.1**	**0.0**	**233.3**	**(0.4)**	**232.9**
Change vs. 30/06/2021	*+29.4%*	*-3.8%*	*2.4x*	*n.a.*	*20.6%*		
Own work capitalised and production held in inventory	4.9	89.0	5.3	–	99.2	–	99.2
Operating expenses	(21.3)	(108.1)	(11.1)	(8.5)	(149.0)	(13.4)	(162.4)
Net overhead expenses	**(16.3)**	**(19.2)**	**(5.8)**	**(8.5)**	**(49.8)**	**(13.4)**	**(63.2)**
Share of equity-method affiliates	2.1	4.3	33.4	*n.a.*	39.8	1.1	40.9
Income/loss on sale of assets Retail						0.0	0.0
Change in value, estimated expenses and transaction costs – Retail						48.2	48.2
Estimated expenses and transaction costs - Residential						(8.4)	(8.4)
Estimated expenses and transaction costs - Business Property						(0.8)	(0.8)
Other provisions Corporate						(16.4)	(16.4)
Operating income	**89.6**	**80.4**	**61.7**	**(8.5)**	**223.3**	**10.0**	**233.3**
Change vs. 30/06/2021	*+38.4%*	*-6.0%*	*+30.0%*	*n.a.*	*+17.5%*		
Net borrowing costs	(8.5)	(4.5)	(4.7)	–	(17.7)	7.9	(9.8)
Other financial results	(10.3)	(2.7)	(2.3)	–	(15.4)	–	(15.4)
Gains/losses in the value of financial instruments		–	–	–	–	73.8	73.8
Gains or losses on disposals of equity interests	–	–	–	–	–	8.8	8.8
Corporate income tax	(2.1)	(8.1)	(12.1)	–	(22.2)	(13.3)	(35.5)
Net income	**68.7**	**65.1**	**42.7**	**(8.5)**	**168.0**	**87.1**	**255.2**
Non-controlling interests	(28.7)	(9.3)	0.0	–	(38.0)	(18.6)	(56.6)
Net income, Group share	**40.1**	**55.8**	**42.7**	**(8.5)**	**130.1**	**68.5**	**198.6**
Change vs. 30/06/2021	*+36.5%*	*-9.9%*	*+23.9%*	*n.a.*	*+10.2%*		
Diluted average number of shares					*20,605,953*		
Net income, Group share per share					**6.31**		
Change vs. 30/06/2021					*-4.0%*		

14 After retrospective adjustment for the average number of shares in accordance with IAS 33 at 30 June 2021. The average number of shares reported at 30 June 2021 (17,479,992) has been adjusted to 17,946,437, equivalent to FFO per share at 30 June 2021 of €6.58 rather than the reported figure of €6.75.
15 Creation of 3,017,432 shares in 2021 (capital increase, scrip dividend, Reuilly and FCPE).

Financial resources: optimisation of liquidity, secured cost of debt in the long-term

During the first half of 2022, Altarea optimised its liquidity by partially purchasing back three bond issues with a nominal value of €270 million for €251.1 million and by early repaying a term loan. Altarea's debt ratios are particularly solid with a net debt stable at €1,682 m (+€36m).

	30/06/2022	31/12/2021	*Chge*
Net debt	€1,682 m	€1,646 m	*+€36 m*
LTV[16]	*24.2%*	*24.1%*	*+0.1 pt*
Net debt to EBITDA ratio[17]	3.8x	4.1x	*-0.3x*
ICR[18]	12.6x	8.2x	*+4.4x*
Debt maturity	4 years and 6 months	4 years and 6 months	*stable*
Liquidity	€2,970 m	€3,429 m	*-€459 m*
Cost of debt[19]	1.66%	1.80%	*-14 bps*

Given the composition of its debt, mainly made by bonds and the portfolio of financial instruments, Altarea expects to maintain the average cost of its debt at or very close to the current level over almost the next five years.

On 18 March 2022, the rating agency S&P Global confirmed the Investment Grade of the Altarea Group with a rating of BBB- with negative outlook.

Primonial

Given the non-completion of the Primonial acquisition, the Company and its indirect subsidiary Alta Percier were cited before the Paris Commercial Court by the different shareholder groups in New Primonial Holding 2 (parent of the Primonial Group) seeking compensation for their alleged damages. Altarea and Alta Percier plan to contest the complaints made, which they consider without merit, and to take all legal measures to, first, defend their legitimate interests and, second, hold Primonial shareholders liable and obtain compensation for the damages incurred by the Group. To this end, on 20 June 2022, Altarea and Alta Percier filed claims in response in a voluntary intervention before the Paris Commercial Court.
At the date of this press release, legal procedure is on-going.

2022 guidance

For 2022, Altarea expects significant growth in FFO, provided that the environment does not deteriorate further.

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

Financial calendar 2022
3rd quarter 2022 revenue: November 7, 2022 (after market close)

16 Loan-to-Value (LTV): indebtedness ratio. Consolidated net bond and bank debt/Consolidated market value of Group assets.
17 FFO Operating income over net bond and bank debt.
18 Interest coverage ratio (ICR): operating income/net borrowing costs.
19 Average total cost including related fees (commitment fees, CNU, etc.).

ABOUT ALTAREA – FR0000033219 - ALTA

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

FINANCE CONTACTS

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

Agnès Villeret – KOMODO
agnes.villeret@agence-komodo.com, tel.: +33 6 83 28 04 15

Pierre Perrodin, Deputy CFO
pperrodin@altarea.com, tel: + 33 (0) 6 43 34 57 13

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BUSINESS REVIEW

AT 30 JUNE 2022

CONTENTS

1. Altarea: an unrivalled platform of skills to support urban transformation

1.1 A huge market

The successive crises of recent years (health, environmental, social) have highlighted the need to thoroughly rethink the organisation and functioning of our cities. A great deal of real estate infrastructure has become obsolete and must be transformed to become more resilient (energy performance, reversibility, mixed use, new modes of consumption, etc.). Urban transformation is more than ever a vast and growing market.

Altarea's expertise lies in developing real estate products that integrate all these challenges into a complex economic equation. The complementary nature of the Group's operating brands[20] offers all the real estate portfolio solutions that enable cities to play a key role in their transformation, either at the level of a building or on the scale of entire neighbourhoods.

1.2 Leading property developer in France

Secured pipeline (by product)	Surface area (m²) (a)	Potential value (€millions) (b)
Residential	2,671,100	13,747
Business Property	1,474,100	5,349
Retail	170,100	1,100
TOTAL	**4,315,300**	**20,196**

(a) Retail: GLA m² created. Residential: SHAB offer for sale and portfolio. Business Property: floor space or surface area.
(b) Market value at delivery date. Retail: potential market value including transfer duties of projects on delivery (net rental income capitalized at a market rate) at 100%, and revenue excl. Tax for development projects. Residential: offer for sale + portfolio incl. VAT. Business property: potential market value excl. transfer duties on the date of disposal for investment projects (at 100%), amount excl. tax of off-plan sales/PDC for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised delegated project management fees.

With 830 secured projects under management at the end of June 2022, Altarea is developing the largest portfolio of real estate projects in France representing potential value[21] of €20.2 billion in all categories of product.

Altarea is the French market leader in large mixed-use projects. The Group is managing 15 major projects (€4.0 billion in potential value, 935,000 m² and 10,500 residential units), including Issy Cœur de Ville, which will be delivered in the 2nd half of 2022. These new urban centres, which are veritable condensed version of the city in all its components, avoid the artificialisation of the soil by densification and reconversion of brown field sites.

These pipeline projects are carried mostly in a "developer" business model (development for sale).

1.3 One of the most committed players in the real estate sector

The Group's CSR approach, "*Tous engagés!*" has been promoting an entrepreneurial vision of the sustainable city for several years, based on three convictions: working as a public interest partner for cities and regions; placing customers at the heart of actions in all business lines; capitalising on the excellence of talent.

• **GRESB[22]: Green Star 5* status confirmed, number 2 in European rankings.** A leading player in sustainable property in France and one of the companies most committed to ESG in its sector, Altarea has had its "Green Star" status with 5 stars confirmed. With a score of 94/100 (+4 points), the Group is second in its category in Europe and first in France.

• **Awarded Customer Service of the Year 2022 for the 5th consecutive year** since the creation of the "real estate development" category. This distinction rewards French companies that place the quality of customer relations at the centre of their concerns. The customer experience has become a hallmark of Cogedim, which this year launched its ten commitments promoting health, well-being and eco-responsibility for the construction of homes that take care of their residents.

• **Certified Top Employer 2022 for the 2nd consecutive year**. The "Top Employer" certification recognises Altarea's human resources policy. The Group's score increased by five points compared to 2020.

• **1st in the 2021 "Climate Champions" ranking by Challenges-Statista.** Altarea rose 13 places this year[23]. This performance validates the Group's strategic choices, which are closely focused on reducing its greenhouse gas (GHG) emissions. Since 2010, the Group has reduced emissions from its shopping centre portfolio by 67.3%. A leader in urban transformation, it has also reduced its energy consumption by 57.8% in and is increasingly using renewable electricity contracts.

[20] Cogedim, Pitch Immo, Histoire & Patrimoine, Severini, Woodeum, Altarea Commerce, Altarea Entreprise, Cogedim Club, Altarea Solutions et Services.
[21] Potential value = market value at delivery date. Retail: potential market value including transfer taxes of projects on delivery (net rents capitalised at a market rate) at 100%, and revenue excl. Tax for development projects. Residential: offer for sale + portfolio incl. VAT. Business property: potential market value excl. transfer duties on the date of disposal for investment projects (at 100%), amount excl. VAT of off-plan sales/PDCs for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised DPM fees, near stable year-on-year.
[22] GRESB (Global Real Estate Sustainability Benchmark) is an international body evaluating Environmental, Social and Governance (ESG) performance in the real estate sector. It carries out an annual assessment of players in the sector.
[23] Statista collected information for Challenges on the greenhouse gas emissions (scopes 1 & 2) of 75 companies, including 6 in the real estate sector and the entire CAC 40, for 2017 and 2020.

2. Business

2.1 Retail

2.1.1 AN ASSET MANAGEMENT STRATEGY

The Group's strategy is to increase the volume of stores under management (€5.4 billion at 30 June 2022) while holding interests in certain assets (€2.4 billion in Group share[24]). This strategy allows it to extract full value from its operational know-how for the volumes under management, while optimizing return on capital employed.

Value of assets under management (AuM) to date

	%	Value (€m) [(a)]	*Change vs. 31/12/2021*
Assets under management	**100%**	**5,437**	***+3.1%***
of which Third-party share	*55%*	*3,010*	*+4.1%*
o/w Group share	*45%*	*2,427*	*+1.8%*

[(a)] Appraisal value including transfer duties.

The value of assets under management increased by +3.1% vs end-2021, mainly driven by winning the property management for the NICETOILE shopping centre for Allianz Real Estate.

This 17,300 m² GLA asset is located in Nice's main high street and served by the new tramway. This centre welcomes nearly 12 million visitors per year thanks to its 100 brands offering a complete commercial offering (fashion, homeware, beauty, food shops and services) with flagship brands such as Maisons du Monde, Habitat, Nature & Découverte, C&A, Hollister, Lancel, Sephora, Rituals, Kusmi Tea, Courir and La Grande Récré.

This latest contract consolidates the long-term partnership between Allianz and Altarea which now covers seven assets[25].

Breakdown of AuM by type

At 100% (€ millions)	30/06/2022		31/12/2021	
Regional shopping centres	3,273	*60%*	3,079	*58%*
Travel retail	558	*10%*	554	*11%*
Retail parks	1,013	*19%*	964	*18%*
Convenience stores	593	*11%*	678	*13%*
Total assets under management	**5,437**	*100%*	**5,275**	*100%*

The value of convenience stores fell slightly following the loss in 2021 of the mandate to manage the Quartier Libre shopping centre (Pau).

Average property exit rates[26]

At 100%	30/06/2022	31/12/2021
Regional shopping centres	5.01%	5.01%
Retail parks	5.68%	5.70%
Convenience stores	5.91%	5.95%
Weighted average	**5.24%**	**5.24%**

2.1.2 OPERATIONS BACK TO NORMAL

Since 14 March 2022, all restrictive measures have been lifted, allowing operations to return to normal. Retailer revenue now exceeds that of the first half of 2019 (+3% at constant surface areas).

Retailers' revenue[27] and footfall[28]

H1 2022	Chg. vs. H1 2021	Chg. vs. H1 2019
Revenue (incl. Tax)	+31%	+3%
Footfall	+50%	-10%

The performance of the shopping centres recovered strongly in the first half of the year, with a clear increase in the average shopping basket compared to the comparable period of 2019.

Excluding restaurants and leisure, tenants' revenue increased by +4% over the half-year, driven by the performance of retail parks.

Dynamic leasing activity and fall in vacancies

At 100%	No. leases	New rent
France and International	153	13.6
Pipeline (o/w large mixed-use projects)	48	4.0
Total	**201**	**17.6**

Rental activity remained strong with 201 leases signed and more than €17.6 million in guaranteed minimum rents, in line with the trend observed in 2021, regardless of the retail format.

Highlights of the half-year:

• the strengthening of the high-end food offering for Corso at CAP3000 with an Alain Ducasse restaurant;

• the expansion of the gourmet offering in travel retail with Ladurée and La Maison du Chocolat in Paris-Montparnasse station and Pierre Hermé, Dalloyau and Prêt-à-Manger at Gare de l'Est;

• the imminent arrival of the Harry Potter-themed "Boutique aux Deux Broomsticks" concept store at Bercy Village, which will also offer Harry Potter-related merchandise, a boutique

[24] Post partnerships with Crédit Agricole Assurances.
[25] Bercy Village, Toulouse Gramont, the shops of the Gare de l'Est, the Espace Chanteraines in Gennevilliers, the Avenue83 in Toulon La Valette, the Espace Saint Quentin (78) since 2021 and NICETOILE since 1st July 2022.
[26] The exit rate (or "capitalisation rate") is used by appraisers to capitalise rents in the terminal period of their DCF models. It reflects the fundamental quality of the asset over the medium and long term. NB: since the retail outlets are operated under concession, there is no capitalisation rate (full ownership rate equivalents are slightly below 5%).
[27] Cumulative change in retailers' revenue incl. VAT on a like-for-like basis from January to June in France and Spain, at constant surface area.
[28] Cumulative change in the number of visitors, measured by Quantaflow for equipped shopping centres, and by counting cars for retail parks (excluding travel retail) from January to June, in France and Spain.

café open on an outdoor terrace and activities based around the theme of the young wizard (exhibitions, cosplays, etc.);

• the first SportsDirect online sales site in France in Ruaudin's Family Village;

• successful conclusion of the campaign to let convenience stores in Issy Cœur de Ville, where all retail spaces are now let.

Financial vacancies continued to decline and reached a level considered as normal at 2.7% at the end of June 2022 (-0.9 points year-on-year).

At 100%	30/06/2022	31/12/2021	30/06/2021
Financial vacancy	2.7%	2.9%	3.6%

Recovery rate

	H1 2022	H2 2021	H1 2021
Collection rate [a]	93.5%	93.3%	86.1%

[a] Rents and charges collected compared to rents and charges invoiced (incl. Tax) to date.

The recovery rate is back to normal at 93.5% as of the date of publication. Note, however, that it is taking longer to achieve a normal recovery rate than before COVID. For example, the recovery rate for the 1st quarter 2022 has increased by +2.2 points since the end of April (date of publication) and now stands at 93.8%. It is therefore probable that the recovery rate reported for the first half-year 2022 will improve further by the end of the year.

Consolidated net rental income

France and International	€m	Chge
Net rental income at 30 June 2021	**71.0**	
Change in scope of consolidation	2.9	*+4.1%*
Normalisation of operations	18.3	*+25.8%*
Like-for-like change	2.6	*+3.7%*
Net rental income at 30 June 2022	**94.8**	***+33.5%***

Net rental income at 30 June 2022 increased by +33.5% to €94.8 million and includes the following impacts:

• +€2.9 million full-year effect of deliveries in 2021;

• +€18.3 million related to the decrease in reliefs and provisions for bad debts;

• +€2.6 million on a like-for-like basis, i.e. +3.7% (o/w +2.4% for indexation).

2.1.2.1 PIPELINE AT 30 JUNE 2022

Retail

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

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

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

Pipeline Retail	GLA (in m²)	Potential value (€millions) [a]
Creations/expansions (4 projects)	85,100	811
Large mixed-use projects (10 projects)	85,000	289
Total	**170,100**	**1,100**

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

Altarea is developing four creation/expansion projects, of which the two main ones are Ferney-Voltaire near the Swiss border and the Paris Austerlitz train station. Regarding this last project, two cases have been brought on the same grounds before the Administrative Court of Appeal of Paris and a ruling on the appeal about the building permit is due in 2022.

New products

Capitalizing on their know-how in complex developments, Altarea Commerce's teams have extended their scope of action to new products, which should contribute significantly to the Group's results over the coming years, including:

• urban logistics[29]:

At end-March Altarea leased "La Manufacture de Reuilly" to La Belle Vie (French market leader in home shopping). This historic building is in the heart of Paris's 12th arrondissement and has undergone major redevelopment by Altarea Commerce, with the backing of Corsalis Logistics Real Estate. It was sold to a fund managed by AEW in June.

Building on this first successful experience, Altarea acquired a stake in Corsalis in early July, with which the Group intends to develop a pipeline of around ten last-mile logistics spaces, particularly in mixed-use urban projects by acquiring available sites, or creating new sites through its development business, in Paris and other major cities.

• renewable energies:

In April 2022, Altarea Commerce signed a partnership with Electra, a French specialist in ultra-fast charging (150-300 kW) of electric vehicles. This partnership will take the form of a joint venture, the objective of which is to equip 19 retail sites with charging stations by 2024. Thanks to Electra's know-how in terms of installation, maintenance and supervision of the charging network, these systems can then be rolled out across all of the Group's real estate projects.

[29] Operationally managed by Altarea Commerce teams on a developer-type model. Contribution to revenue and net income is recognised in "Business Property".

Altarea Commerce is also studying several new opportunities in renewable energies, which are particularly promising in terms of both profitability and carbon neutrality.

Altarea, MRM and SCOR signed an agreement to accelerate MRM's strategic development

Subsequent to 30 June, Altarea signed a memorandum of understanding with SCOR and MRM[30] providing for the contribution, subject to certain conditions, of its Flins and Ollioules sites to MRM for €90.4 million. These contributions will be remunerated mainly in cash and in MRM shares so that Altarea will hold a stake of approximately 16% at the end of these transactions.

With this transaction, which constitutes a strategic agreement for the development of MRM and is expected to be completed by the end of the second half of 2022, Altarea would sell its last two shopping centres and invest in MRM alongside SCOR.

Assets under management to date

Asset and type	No.	GLA (in m²)	Gross rents (€m)	Value (€m)	Group share	Value GS (€ millions)
CAP3000 (Nice)		105,600			33%	
Espace Gramont (Toulouse)		56,700			51%	
Avenue 83 (Toulon-La Valette)		53,500			51%	
Qwartz (Villeneuve-la-Garenne)		43,300			100%	
Sant Cugat (Barcelona, Spain)		43,000			100%	
Bercy Village (Paris)		23,500			51%	
Le Due Torri (Bergamo – Stezzano, Italy)		30,900			25%	
La Corte Lombarda (Bellinzago, Italy)		21,200			25%	
NicEtoile (Nice)		17,300			0%	
St Quentin (SQY)		28,000			0%	
Regional shopping centres	**10**	**325,600**	**163**	**3,273**		**1,464**
Montparnasse station - Phases 1, 2 & 3 (Paris)		18,200			51%	
Gare de l'Est (Paris)		6,800			51%	
Italian railway stations (5 assets)		8,600			51%	
Oxygen (Belvédère 92)		2,900			100%	
Travel retail	**8**	**36,500**	**48**	**558**		**287**
Family Village (Le Mans-Ruaudin)		30,500			51%	
Family Village (Limoges)		29,000			51%	
Family Village (Nîmes)		28,800			51%	
Les Portes de Brest Guipavas (Brest)		28,600			51%	
Family Village (Aubergenville)		27,800			51%	
Espace Chanteraines (Gennevilliers)		23,700			51%	
Thiais Village (Thiais)		22,800			51%	
Les Portes d'Ambresis (Villeparisis)		20,300			51%	
La Vigie (Strasbourg)		18,200			100%	
Marques Avenue A13 (Aubergenville)		12,900			51%	
Pierrelaye		10,000			51%	
Carré de Soie (Lyon) - RP		51,000			50%	
Chambourcy		34,900			0%	
Retail parks	**13**	**338,500**	**55**	**1,013**		**476**
-X% Massy		18,400			100%	
Les Essarts-Le-Roi		11,000			100%	
Flins		9,820			100%	
Grand Place (Lille)		8,300			100%	
Ollioules		3,280			100%	
Le Parks (Paris)		33,300			25%	
Reflets Compans (Toulouse)		14,000			25%	
Jas de Bouffan (Aix-en-Provence)		9,800			18%	
Grand'Tour (Bordeaux)		25,000			0%	
Jean Jaures (Brest)		18,000			0%	
Miscellaneous (2 assets)		10,400			N/A	
Convenience stores	**12**	**161,300**	**35**	**593**		**199**
Total assets under management	**43**	**861,900**	**300**	**5,437**		**2,427**

[30] *MRM is a listed player specializing in retail real estate.*

2.2 Residential

2.2.1 STRATEGY

Altarea is the second-largest residential developer in France[31] and the Group has structured itself to eventually sell a potential 18,000 units per year in the medium term.

National geographic coverage

The Group holds particularly strong positions in French major cities where it holds a leading or co-leading position. In recent years, it also develops its activity at a sustained pace in medium-sized cities, which offer new growth opportunities. These particularly dynamic territories are generally located along major intercity transport routes or in coastal or border areas.

Almost all of the offer for sale and the land portfolio are located in high-growth areas and multi-family buildings with a very high level of certification (quality and/or environmental).

A multi-brand strategy

Six complementary brands to cover the entire market

Cogedim ("healthy homes for healthy people") is the Group's leading brand in terms of geographic coverage, product lines and reputation (Cogedim has won "best customer service of the year" awards five times since 2018). Cogedim's offer is built around ten commitments to promote health, well-being and the environment, with particular attention paid to air quality, material neutrality and the reduction of CO_2 emissions, energy and lighting savings, and thermal and acoustic comfort. This offer is particularly in line with the new expectations of French people in terms of high-quality housing[32]. Cogedim is structured to reach a potential annual sales of 11,000 units in the future.

Pitch Immo ("closer to go further") has a market position around four values: people at the heart (improving the regional network for greater proximity), local integration (tailored programs developed with local stakeholders), quality of life and CSR (outdoor spaces and green spaces, air quality, and NF Habitat, HQE and Energy^{+}Carbon^{-} certifications). The brand **Severini** (specialised in the Aquitaine region) reports to Pitch Immo operationally. In total, Pitch Immo has potential sales of 4,000 units per year.

Histoire & Patrimoine ("Historical places for your stories") is the Group's brand specialising in renovation and urban restoration. The expertise of Histoire & Patrimoine focuses on historical buildings, exceptional architectures and historical urban sites to give them a second life. Histoire & Patrimoine has future potential sales of around 1,000 units per year.

Cogedim Club ("Family home spirit") is the brand specialising in the development and management of senior housing, offering apartments for rent, with personalised services and events, for the comfort and well-being of their occupants.

Woodeum ("100% committed to the planet and your well-being") is the brand specialising in the construction of CLT solid wood and low-carbon housing. The construction technologies developed by Woodeum contribute to reduce the carbon footprint and construction nuisance of buildings, while offering exceptional comfort of use. Woodeum is structured to reach potential sales of 2,000 annual units in the future.

The Group's various brands operate independently (own customers and products) while benefiting from the power of the Group and its umbrella brand Altarea (strategy, finance, other support).

A multi-product strategy

The Group provides adequate answer to requirements from all market segments and all customer types:

• High-end: products defined by demanding requirements in terms of location, architecture and quality;

• Entry-level and mid-range: programmes specifically designed to address the need for affordable housing for first-time buyers and the challenges facing social landlords, private investment and institutional investors;

• Serviced Residences: Altarea designs residences for active seniors (without daily medical supervision), tourist residences and student residences with city-centre locations and a range of à la carte services;

• Renovation of historical sites: under the Histoire & Patrimoine brand, the Group has a range of products for Historical Monuments, Malraux Law properties and Real Estate Tax schemes;

• Sales in dismemberment of ownership: the Group is developing programmes under a French Government policy known as social rental usufruct. This additional offering, whilst meeting the need for low-cost housing in high-demand areas and thereby helping out local communities, provides an alternative investment product for private investors;

• Timber housing development under the brand Woodeum, leader in carbon-free development in France and a 50%-owned subsidiary of the Group.

The Group has also developed Altarea Solutions & Services, an in-house value-added service platform to support its customers and partners through their real estate project (commercial support, financing brokerage, rental management, property management, etc.). At the end of June 2022, the Group was already managing, as part of its property management activity, more than 15,405 units spread over 373 buildings, and more than 6,330 units as part of its rental management offering.

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

[32] In September 2021, Cogedim conducted a study with the OpinionWay institute entitled "The French, housing and health", the results of which were published on 16 November 2021 and are available on the altarea.com website, under the Newsroom section.

2.2.2 ACTIVITY OF THE HALF-YEAR

Reconstitution of the offer for sale[33] in a context of sustained demand

The offer for sale at the end of June 2022 amounted to €1,971 million including tax, up by +13% compared to the end of December 2021.

The increase in the offer was made possible thanks to the work carried out at all stages of the production cycle (sales agreements, obtaining and clearing claims on building permits, and commercial launches).

Supply[34]

Supply	H1 2022	H1 2021	Chge
In €m incl. VAT	2,811	2,222	+27%
In units	9,878	9,253	+7%

Supply increased by +27% in value (+7% in volume) compared to the 1st half-year 2021.

This growth was mainly driven by the new territories (Angers, Tours, Caen, Rouen, etc.), confirming the effectiveness of the national coverage expansion strategy undertaken in 2021. Altarea opened offices in Tours, Rouen, Caen, Angers, Rennes, Dijon, Clermont-Ferrand, Mulhouse, Metz and strengthened its presence in Lille, Strasbourg, La Rochelle and Amiens. This strategy enables the firm to benefit from the favourable momentum of these regions.

Building permits and land acquisitions

In units	H1 2022	H1 2021	Chge
Building permit applications	8,118	6,211	+31%
Building permits granted	5,723	4,913	+16%
Land acquisitions	4,555	3,836	+19%

Commercial launches (retail sales)

Launches	H1 2022	H1 2021	Chge
In units	4,410	3,770	+17%
No. projects	103	82	+26%

New orders[35]

New orders increased by +9% in value (+2% in volume). In a context marked by the return of inflation and economic and geopolitical instability, residential real estate is more than ever confirming its status as a safe haven.

New orders	H1 2022	%	H1 2021	%	Chge
Individuals - Residential buyers	421	30%	321	25%	+31%
Individuals - Investment	560	40%	495	38%	+13%
Block sales	434	30%	478	37%	-9%
Total in value (€m)	**1,414**		**1,294**		**+9%**
Individuals - Residential buyers	1,214	24%	934	19%	+30%
Individuals - Investment	1,998	40%	1,855	38%	+8%
Block sales	1,818	36%	2,134	43%	-15%
Total in units	**5,030**		**4,923**		**+2%**

Highlights of the half-year:

• strong demand from Individuals (successful commercial launches with take-up rate of over 12%) from both rental investors and first-time buyers, the proportion of which increased this half-year;

• Institutional investors' continued strong appetite for residential products, whose profile appears to be particularly high-performance (vacant housing, intermediate rental housing and managed residences).

Demand for new housing continues to be driven by real estate fundamentals: demographic growth, level of available savings and changes in housing expectations.

New orders by product range

In units	H1 2022	%	H1 2021	%	Chge
Entry-level/mid-range	3,179	63%	2,879	58%	10%
High-end	928	18%	920	19%	1%
Serviced Residences	555	11%	719	15%	-23%
Renovation/Rehabilitation	369	7%	405	8%	-9%
Total	**5,031**		**4,923**		**+2%**

Notarised sales

€ millions incl. VAT	H1 2022	%	H1 2021	%	Chge
Individuals	765	62%	667	56%	+15%
Block sales	468	38%	534	44%	-12%
Total	**1,233**		**1,201**		**+3%**

Projects under construction

At the end of June 2022, 312 projects were under construction in France for nearly 27,500 units (+2% vs. H1 2021).

[33] *Value of units available for new orders.*
[34] *Preliminary sale agreements for land, valued as residential new orders (incl. tax) or units.*
[35] *New orders net of withdrawals, in euros, including VAT when expressed in value. Data at 100%, with the exception of operations under joint control which are reported in Group share (including Woodeum).*

Revenue by % of completion[36]

(€ millions excl. VAT)	H1 2022	%	H1 2021	%	Chge
Entry-level/mid-range	720	63%	741	62%	-3%
High-end	347	30%	403	33%	-14%
Serviced Residences	51	5%	36	3%	+42%
Renovation/Rehabilitation	22	2%	23	2%	-4%
TOTAL	**1,140**		**1,203**		**-5%**

Residential revenue by percentage of completion was down -5.2% on the first half 2021, mainly due to delays in block sales which will be completed in the second half of the year.

Management of the sales mix and operating margin[37]

In a context where construction costs were rising by an average of around 5% to 7%, Altarea's strategy was to increase its revenues by managing the commercial mix (higher proportion of retail sales) and optimizing its price list whenever possible.

Sales mix	H1 2022	H1 2021	H1 2020
Individuals	70%	63%	36%
Institutional investors	30%	37%	64%

Thanks to its commercial policy, Altarea was able to fully absorb the increase in construction costs in the first half of the year, keeping its operating margin constant at 7.1%.

2.2.3 OUTLOOK

Project pipeline

The pipeline of projects under development (+4%) is composed of:

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

• the land portfolio, which includes projects secured under a preliminary sale agreement (most of which are unilateral) before the commercial launch. They become properties for sale when they are launched on the market.

Potential revenue (€m incl. VAT)	30/06/2022	No. of month	31/12/2021	Chge
Properties for sale	1,971	17	1,742	+13%
Future offering	11,776	100	11,536	+2%
Pipeline	***13,747***	***117***	***13,278***	**+4%**
In no. of transactions	*755*		*715*	*+6%*
In no. of units	*47,700*		*48,200*	*-1%*
In m²	*2,671,100*		*2,699,200*	*-1%*

Backlog

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

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

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

€ millions excl. VAT	30/06/2022	31/12/2021	Chge
Notarised revenue not recognised	1,801	1,987	-9%
Revenues reserved but not notarised	1,915	1,733	+11%
Backlog	**3,716**	**3,720**	**0%**
o/w equity-method (Group share)	*226*	*270*	*ns*
Number of months	*19*	*18*	

Management of real estate commitments

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

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

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

End of June 2022:

• 49% of units for sale relate to projects in which the land has not yet been acquired and in which the amounts committed correspond to studies, advertising, and reservation fees (or guarantees) paid within the purchase agreement on land;

• 51% of the offer is linked to programmes in which the land is already acquired. The stock amount of finished products is not significant (2% of total offer).

This breakdown of operations by stage of completion reflects the criteria implemented by the Group:

• the choice to prioritise unilateral preliminary sale agreements rather than bilateral sale and purchase agreements;

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

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

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

[36] *Revenue by percentage-of-completion is calculated based on both percentage of sales realised (notarised sales) and the technical completion of the programmes (progress of construction sites).*

[37] *FFO as a percentage of revenue by percentage of completion.*

2.3 Business Property

2.3.1 STRATEGY

A developer/investor/asset manager model

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

• mainly as a developer[38] in off-plan sales, off-plan leases and property development contracts (PDC), with a particularly strong position in the turnkey user market, or as a service provider under DPM contracts;

• as a co-investor, either directly or through AltaFund[39], for high-potential assets (prime location) in view of their sale once redevelopment has been completed[40].

The Group is systematically the developer of projects in which it is also co-investor and Manager[41],

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

Regional strategy

The Group is structured to address two complementary markets:

• Grand Paris: in a context of high prices and scarcity of land, Altarea works on capital-intensive projects (generally under partnership), or alternatively as a service provider to support large investors and users;

• Large regional cities: Altarea is involved in development projects (off-plan sales or PDCs), generally "sourced" *via* its regional Residential network which now extends to new regions (medium-sized cities generally located along intercity transport routes).

A wide range of products

Altarea has an offer covering all commercial property products:

• offices: head offices, multi-occupant buildings, high-rise buildings, covering all sizes (from 1,500 m² to 70,000 m²), all ranges (from prime to opportunist) and all regions;

• hotels: all categories (from 1 to 4 stars), up to 700 rooms, in city centres or near transport hubs, independently or as part of large mixed-use projects;

• campus and school: on behalf of higher education institutions (Grandes Écoles) or vocational schools (private and public);

• logistics: XXL platforms for distributors or e-commerce players, multi-user hub, last mile urban logistics.

All of the Group's operations incorporate the highest level of environmental requirements and low-carbon performance, as well as a modular approach that allows easy conversion between uses.

2.3.2 PIPELINE

As the leading business property developer in France[42], Altarea manages a portfolio of 63 projects with a potential value estimated at more than €5.3 billion at the end of June 2022 (at 100%).

At 30/06/2022	No.	Surface area (m²) at 100%	Revenue excl. VAT (€m)	Potential value at 100% (€m excl. VAT)
Investments (a)	5	184,800	812	2,553
Property development of off-plan sales contracts (b)	55	1,232,800	2,602	2,602
DPM (c)	3	56,500	194	194
Total	**63**	**1,474,100**	**3,608**	**5,349**
o/w Offices	53	716,800	2,889	4,630
o/w Logistics	10	757,300	719	719
o/w Regions	46	1,064,600	2,096	2,096
o/w Paris Region	17	409,500	1,512	3,254

(a) Potential value: market value excluding transfer duties at the date of sale, held directly or via AltaFund, at 100%.

(b) Projects intended for "100% external" customers only. Potential value: revenue (excl. VAT) from signed or estimated property development or off-plan sale contracts, at 100%.

(c) Revenue excl. VAT = Potential value: capitalised fees for delegated projects.

The investment operations consist of five projects with a potential value of nearly €2,553 million at 100% (€1,082 million Group share) and for a cost price of approximately €2,017 million at 100% (€841 million, Group share).

[38] *This development activity does not present any commercial risk: Altarea carries only a measured amount of technical risk.*
[39] *AltaFund is a discretionary investment fund of which Altarea is one of the contributors alongside leading institutional investors.*
[40] *Resold rented or not.*
[41] *Through marketing, sale, asset and fund management contracts.*
[42] *According to the Promoteurs 2022 ranking by Innovapresse (34th edition published in July 2022).*

2.3.3 ACTIVITY OF THE HALF-YEAR

Activity was dynamic both in Grand Paris and in the Regions for all categories of products developed by the Group (offices, head offices, university campuses, logistics platforms, hotels, etc.).

Grand Paris

The Group has made significant progress, particularly in major investment projects, with:

• the sale to Crédit Agricole Assurances of the last 10% held in Bridge, Orange's global headquarters in Issy-les-Moulineaux (58,000 m²). This project, which is particularly representative of the Group's expertise in new-generation offices, is characterised by user comfort adapted to new ways of working and with exemplary energy efficiency;

• the delivery of the first of the three office buildings intended to house the future headquarters of the Caisse Nationale de Prévoyance (CNP) as part of the large mixed-use Issy-Cœur de Ville project, which will be fully delivered in the second half of 2022;

• management of two new property development projects:

- Le Central in Palaiseau (two buildings of 11,400 m² in total);
- the renovation of the former CACEIS head office near Paris-Austerlitz station on behalf of Crédit Agricole Assurances.

Regional cities

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 first half of 2022 confirmed this trend, with in particular:

• the signature of two off-plan sales (10,500 m² in total):

- a coworking space in the Jolimont building in Toulouse sold to Tivoli Capital;
- the head office of Erilia, a social enterprise for housing (ESH) forming part of Marseille's Porte Est programme;

• management of five new projects (135,000 m² in total), including two projects in Aix-en-Provence (25,000 m²) including the new ESSCA campus and the Ecoparc Cotières mixed logistics (50,000 m²) and business premises (20,000 m²) project at the gateway to Lyon, confirming the increase in the Group's expertise in this booming real estate sector;

• the delivery of three projects (25,000 m² in total), including:

- #Community Groupama's new campus (15,000 m²) in Mérignac near Bordeaux, sold to Atream. The bio-friendly "H" housing complex
- offers generous outdoor spaces (loggias, terraces, roof top) as well as the first "brown roof" concept in France: a fully green roof of 2,500 m², home to a host of local species. This project is also a pilot for the "Reuse Booster" programme, aimed at reusing raw materials in new construction;
- as well as the first two buildings of the Vert Pomone project, a tertiary complex sold to SCPI Mur Régions, a subsidiary of Banque Populaire du Grand Ouest, which will house the Esaip training centre and to the Nahema agency, a NATO subsidiary specialising in the development of military helicopter programmes.

Urban logistics[43]

At end-March Altarea leased "La Manufacture de Reuilly" to La Belle Vie (French market leader in home shopping). This historic building is in the heart of Paris's 12th arrondissement and has undergone major redevelopment by Altarea Commerce, with the backing of Corsalis Logistics Real Estate. It was sold to a fund managed by AEW in June.

Property Development backlog

Backlog is composed of notarised sales, excl. VAT, not yet recorded per the percentage-of-completion method, new orders excl. VAT, not yet notarised (signed property development contracts), and fees to be received from third parties on signed contracts.

(€ millions)	30/06/2022	31/12/2021	*Chge*
Off-plan, PDC	303	415	*-27%*
o/w equity-method	*35*	*53*	*-34%*
Fees (DPM)	10	10	*0%*
Total	**313**	**425**	***-26%***

The backlog was funded in the amount of €47 million by off-plan sales (VEFA) signed in the 1st half-year 2022.

Commitments

(€ millions) Group share	Investment	Scope	Total
Already paid out	124	85	209
o/w not let or not sold	*30*	-	-
To be paid out	126	-	126
o/w not let or not sold	*9*	-	-
Total	**250**	**85**	**335**

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

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

[43] *Operationally managed by Altarea Commerce teams on a developer-type model. Contribution to revenue and net income is recognised in "Business Property".*

Pipeline under development at 30 June 2022

	Surface area (m2)	Scope Type	Revenue (€m excl. VAT) [(a)]	Potential value at 100% (€m excl. VAT) [(b)]	Progress [(c)]
Landscape (La Défense)	70,100	Invest			On market
Tour Eria (La Défense)	26,600	Invest			Let
Bellini (La Défense)	18,100	Invest			Under construction/Sold
PRD-Montparnasse (Paris)	56,200	Invest			Secured/let
Louis le Grand	13,800	Invest			Secured
Investments (5 projects)	**184,800**		**812**	**2,553**	
Belvédère (Bordeaux)	50,100	Off-plan sale			Under construction
Cœur d'Orly (Orly)	30,700	PDC			Secured
EM Lyon Business School (Lyon)	29,400	PDC			Under construction
Coeur de Ville – Hugo Building (Issy-les-Mx)	25,700	PDC			Under construction
Amazing Amazones - EuroNantes (Nantes)	19,700	Off-plan sale			Under construction
Cœur de Ville - Leclerc (Issy-les-Mx)	7,400	PDC			Under construction
Bobigny-La Place	9,800	Off-plan sale			Under construction
Villeurbanne	13,000	Off-plan sale			Under construction
Unedic (Marseille)	11,900	Off-plan sale			Under construction
Adriana (Marseille)	9,700	Off-plan sale			Under construction
Jolimont (Toulouse)	4,300	Off-plan sale			Under construction
Les Milles (Aix-en-Provence)	20,000	Off-plan sale			Secured
Haute Borne (Villeneuve d'Ascq)	11,900	Off-plan sale			Secured
Other Office projects (32 projects)	*241 700*	*PDC/Off-plan*			*Secured*
Hexahub Occitanie (Beziers)	50,400	PDC			Under construction
Technoparc (Collegien - Greater Paris)	8,600	Off-plan sale			Under construction
Ecoparc Cotière (Lyon)	70,000	Off-plan sale			Secured
Hexahub Paris Region (Seine et Marne)	68,200	PDC			Secured
Puceul (Nantes)	37,600	Off-plan lease			Secured
Other Logistics projects (5 projects)	*522,500*	*PDC/Off-plan*			*Secured*
"100% external" property development (55 projects)	**1,232,800**		**2,602**	**2,602**	
DPM (3 projects)	**56,500**	**DPM**	**194**	**194**	
Total Property Development portfolio (63 projects)	**1,474,100**		**3,608**	**5,349**	

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

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

(c) Secured projects: projects either fully or partly authorised, where the land has been acquired or for which contracts have been exchanged, but on which construction has not yet begun.

3. Consolidated results

3.1 Consolidated results at 30 June 2022

At half-year 2022, Altarea posted a solid financial performance with operating income up +17.5% to €223.3 million, due to:

- normalisation of operations in Retail;
- maintenance of the operating margin[44] in Residential at 7.1%, so absorbing the increase in construction costs;
- increase in the Business Property driven by the sale of Bridge, ramp-up of activity in the Regions and urban logistics.

FFO[45] Group share increased by +10.2% to €130.1 million, largely absorbing the increase in non-controlling interests related to Retail partnerships and the increase in taxes.

In total, FFO Group share per share stood at €6.31 (-4.0%[46]) mainly offsetting the dilutive effect of the +14.8% increase in the fully diluted number of shares[47].

(€ millions)	Retail	Residential	Business Property	Other (Corporate)	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	**110.5**	**1,147.4**	**164.6**	**0.1**	**1,422.5**	**–**	**1,422.5**
Change vs. 30/06/2021	*+14.2%*	*-5.1%*	*38.9%*	*n.a.*	*-0.1%*		*-0.1%*
Net rental income	94.8	–	–	–	94.8	–	94.8
Net property income	–	88.2	29.2	(0.0)	117.4	(0.4)	117.0
External services	9.1	7.1	4.9	0.1	21.1	–	21.1
Net income	**103.9**	**95.2**	**34.1**	**0.0**	**233.3**	**(0.4)**	**232.9**
Change vs. 30/06/2021	*+29.4%*	*-3.8%*	*+142.2%*	*n.a.*	*20.6%*		
Own work capitalised and production held in inventory	4.9	89.0	5.3	–	99.2	–	99.2
Operating expenses	(21.3)	(108.1)	(11.1)	(8.5)	(149.0)	(13.4)	(162.4)
Net overhead expenses	**(16.3)**	**(19.2)**	**(5.8)**	**(8.5)**	**(49.8)**	**(13.4)**	**(63.2)**
Share of equity-method affiliates	2.1	4.3	33.4	*n.a.*	39.8	1.1	40.9
Income/loss on sale of assets Retail						0.0	0.0
Change in value, estimated expenses and transaction costs – Retail						48.2	48.2
Estimated expenses and transaction costs - Residential						(8.4)	(8.4)
Estimated expenses and transaction costs - Business Property						(0.8)	(0.8)
Other provisions Corporate						(16.4)	(16.4)
Operating income	**89.6**	**80.4**	**61.7**	**(8.5)**	**223.3**	**10.0**	**233.3**
Change vs. 30/06/2021	*+38.4%*	*-6.0%*	*+30.0%*	*n.a.*	*+17.5%*		
Net borrowing costs	(8.5)	(4.5)	(4.7)	–	(17.7)	7.9	(9.8)
Other financial results	(10.3)	(2.7)	(2.3)	–	(15.4)	–	(15.4)
Gains/losses in the value of financial instruments	–	–	–	–	–	73.8	73.8
Gains or losses on disposals of equity interests	–	–	–	–	–	8.8	8.8
Corporate income tax	(2.1)	(8.1)	(12.1)	–	(22.2)	(13.3)	(35.5)
Net income	**68.7**	**65.1**	**42.7**	**(8.5)**	**168.0**	**87.1**	**255.2**
Non-controlling interests	(28.7)	(9.3)	0.0	–	(38.0)	(18.6)	(56.6)
Net income, Group share	**40.1**	**55.8**	**42.7**	**(8.5)**	**130.1**	**68.5**	**198.6**
Change vs. 30/06/2021	*36.5%*	*-9.9%*	*23.9%*	*n.a.*	*+10.2%*		
Diluted average number of shares					*20,605,953*		
Net income, Group share per share					**6.31**		
Change vs. 30/06/2021					*-4.0%*		

[44] *Operating income divided by revenue on a percentage-of-completion basis.*
[45] *Funds from operations (FFO): net profit excluding changes in value, estimated expenses, transaction fees and changes in differed tax. Group share.*
[46] *After retrospective adjustment for the average number of shares in accordance with IAS 33 at 30 June 2021. The average number of shares reported at 30 June 2021 (17,479,992) has been adjusted to 17,946,437, equivalent to FFO per share at 30 June 2021 of €6.58 rather than the reported figure of €6.75.*
[47] *Creation of 3,017,432 shares in 2021 (capital increase, scrip dividend, Reuilly and FCPE).*

3.1.1 FFO

FFO Retail

(€ millions)	H1 2022	H1 2021	
Rental income	101.4	84.0	
Expenses (including bad debt)	(6.6)	(13.0)	
Net rental income	**94.8**	**71.0**	*+33.5%*
% of rental income	*93.5%*	*84.6%*	
External services	9.1	9.2	
Own work capitalised & production	4.9	6.1	
Operating expenses	(21.3)	(22.5)	
Contribution of EM associates	2.1	0.9	
Net property income	–	0.0	
Operating income – Retail	**89.6**	**64.8**	*+38.4%*
Net borrowing costs	(8.5)	(13.7)	
Other financial results	(10.3)	(4.9)	
Corporate income taxes	(2.1)	(1.5)	
Non-controlling interests	(28.7)	(15.2)	
FFO Retail	**40.1**	**29.4**	*+36.5%*

The sharp increase in net rental income (+€23.8 million) is due to the normalisation of operations (decrease in reliefs and provisions for bad debts) and the full-year impact of the delivery of the Paris Montparnasse station. Retail operating income increased by +38.4% year-on-year and FFO by +36.5%, despite the increase in non-controlling interests due to Retail partnerships in stations and retail parks (impact of -€12.1 million this half-year).

FFO Residential

(€ millions)	H1 2022	H1 2021	
Revenue by % of completion	1,140.3	1,203.4	*-5.2%*
Cost of sales and other expenses	(1,052.1)	(1,109.8)	
Net property income – Residential	**88.2**	**93.7**	*-5.8%*
% of revenue	*7.7%*	*7.8%*	
External services	7.1	5.3	
Production held in inventory	89.0	83.2	
Operating expenses	(108.1)	(101.0)	
Contribution of EM associates	4.3	4.4	
Operating income – Residential	**80.4**	**85.6**	*-6.0%*
% of revenue	*7.1%*	*7.1%*	
Net borrowing costs	(4.5)	(6.8)	
Other financial results	(2.7)	(2.3)	
Corporate income taxes	(8.1)	(6.2)	
Non-controlling interests	(9.3)	(8.4)	
FFO Residential	**55.8**	**61.9**	*-9.9%*

Residential revenue by percentage of completion was down -5.2% on the first half 2021, mainly due to delays in block sales which will be completed in the second half of the year.

Optimisation of the commercial mix (reorientation of sales towards Individuals) and the price list made it possible to absorb the increase in construction costs and so keep the operating margin stable at 7.1%.

FFO Business property

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

• net property income generated by development projects (PDC and off-plan sales);
• external services: DPM, asset management, leasing and performance (promote) fees;
• and contribution from equity-method affiliates: profits from partnership investments (Bridge during this half-year).

(€ millions)	H1 2022	H1 2021	
Revenue by % of completion	159.7	112.0	*+42.6%*
Cost of sales and other expenses	(130.4)	(104.3)	
Net property income – Business	**29.2**	**7.6**	*+282.2%*
% of revenue	*18.3%*	*6.8%*	
External services	4.9	6.4	
Production held in inventory	5.3	3.3	
Operating expenses	(11.1)	(10.1)	
Contribution of EM associates	33.4	40.2	
Operating income – Business	**61.7**	**47.5**	*+30.0%*
% of revenue + ext. serv.	*37.5%*	*40.1%*	
Net borrowing costs	(4.7)	(4.6)	
Other financial results	(2.3)	(1.6)	
Corporate income taxes	(12.1)	(6.9)	
Non-controlling interests	0.0	0.1	
FFO Business property	**42.7**	**34.5**	*+23.9%*

FFO Business Property (+€8.2 million, or +23.9%) includes the disposal of 10% of Bridge and the sale of the Manufacture de Reuilly in urban logistics, as well as the ramp-up of development projects in the Regions with high operational margin.

3.1.2 FFO GROUP SHARE PER SHARE

As of 30 June 2022, FFO Group share stood at €6.31 per share (-4.0% vs. June 2021). Altarea was able to largely offset the dilutive impact of the Retail partnerships[48] and the +14.8% increase in the number of diluted shares related to the capital increases in 2021[49].

[48] 51/49% shareholdings in a portfolio of nearly €1 billion of Retail Parks and stations signed with Crédit Agricole Assurance between the end of 2021 and the beginning of 2022, having an impact of -€12.1 million euros for the half-year (increase in non-controlling interests).
[49] Change in the number of shares over the period: creation of 3,017,432 shares (60,580 in respect of the FCPE, 482,385 in respect of the payment of the 2020 scrip dividend, 2,435,190 in respect of the cash capital increase with preferential subscription rights and 39,277 in respect of the acquisition of Reuilly) and retrospective correction of the average number of shares in application of IAS 33 as of 30 June 2021 to take into account the value of the preferential subscription rights equivalent to a free distribution to shareholders. The average number of shares reported at 30 June 2021 (17,479,992) has been adjusted to 17,946,437, equivalent to FFO per share at 30 June 2021 of €6.58 rather than the reported figure of €6.75.

3.2 Net asset value (NAV)

3.2.1 GOING CONCERN NAV (FULLY DILUTED[50]) AT €169.5/SHARE (+7.7%)

NAV – GROUP	30/06/2022				31/12/2021	
	€ millions	Chge	€/share	Chge	€ millions	€/share
Consolidated equity, Group share	**2,239.5**		**110.4**		**2,236.2**	**110.2**
Other unrealised capital gains	852.3				874.3	
Deferred tax on the balance sheet for non-SIIC assets (a)	21.2				19.4	
Fixed-rate market value of debt	235.4				(34.7)	
Effective tax for unrealised capital gains on non-SIIC assets (b)	(25.1)				(26.6)	
Optimisation of transfer duties (b)	71.1				83.1	
Partners' share (c)	(20.0)				(18.5)	
NNNAV (NAV liquidation)	**3,374.5**	+7.7%	**166.3**	+7.7%	**3,133.2**	**154.4**
Estimated transfer duties and selling fees	66.4				62.4	
Partners' share (c)	(0.4)				(0.4)	
Going concern NAV (fully diluted)	**3,440.4**	+7.7%	**169.5**	+7.7%	**3,195.2**	**157.4**
Number of diluted shares:	*20,293,271*				*20,293,271*	

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

At 30 June 2022, the unrealised gain of the Property Development division is unchanged compared to 31 December 2021, as the decrease in other unrealised capital gains is related to their recognition in equity during the half-year.

3.2.2 CHANGE IN GOING CONCERN NAV (FULLY DILUTED)

Going concern NAV (fully diluted)	€ millions	€/share	*Excluding the impact of fixed-rate debt* € millions	€/share
NAV 31 December 2021	**3,195.2**	**157.4**	**3,229.7**	**157.4**
Dividend	(199.8)	(9.75)	(199.8)	(9.75)
NAV at 31 December 2021 excluding dividend	**2,995.3**	**147.7**	**3,029.9**	**149.4**
FFO Group share H1 2022	130.1	6.31	130.1	6.31
Investment properties	39.3	1.9	39.3	1.9
Financial instruments and fixed-rate debt	342.4	16.9	72,2	3,6
IFRS 16	(8.3)	(0.4)	(8.3)	(0.4)
Deferred tax	(11.4)	(0.6)	(11.4)	(0.6)
Unrealised gains and losses recognised in profit or loss (a)	(20.5)	(1.0)	(20.5)	(1.0)
Other and transaction costs (b)	(26.5)	(1.3)	(26.5)	(1.3)
NAV 30 June 2022	**3,440.4**	**169.5**	**3,206.4**	**158.0**
vs. 31 December 2021 excl. dividend	*+14.9%*	*+14.8%*	*+5.8%*	*+5.8%*
vs. 31 December 2021	*+7.7%*	*+7.7%*	*-0.7%*	*-0.7%*

(a) Unrealised capital gains on Bridge and Issy Cœur de Ville
(b) Including costs incurred to date on the Primonial transaction, cost of free share programme, depreciation, change in the value of fixed-rate debt and partners' share

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

3.2.3 CALCULATION BASIS

Asset valuation

Investment properties

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

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

Appraiser	Assets	% of value, incl. transfer duties
Jones Lang LaSalle	France	46%
Cushman & Wakefield	France & International	50%
Other	France & International	4%

The appraisers use two methods:

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

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

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

Other assets

The unrealised capital gains on other assets consist of:

• the Residential and Business Property Development divisions (Cogedim, Pitch Immo, Histoire & Patrimoine and Severini);

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

• the Retail Asset Management (Altarea France) and Business Property (Altarea Entreprise Management) divisions.

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

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

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

Tax

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

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

Transfer taxes

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

Partners' share

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

4. Financial resources

4.1 Half-year highlights

During the first half of 2022, Altarea:

• redeemed early a €80 million term loan maturing in March 2023;

• successfully completed a partial buyback offer on three outstanding senior bonds (Altarea July 2024, Altareit July 2025 and Altarea January 2028), for a total nominal value €270 million (respectively €120.3 million, €99.6 million and €50 million) for €251.1 million. With this transaction, the Group was able to optimise its liquidity through proactive management of its liabilities on capital markets and so optimise its available cash and the volume and cost of its financial debt.

In addition, the Group strengthened consolidated equity by €9.3 million[51] as part of the employee FCPE, which subscribed to a reserved capital increase (resulting in the creation of 82,533 new shares), thus demonstrating the commitment and confidence of employees in the company.

4.2 Available cash

At 30 June 2022, Altarea had available cash of €2,970 million (€3,429 million at 31 December 2021).

During the second quarter, Altarea reduced the level of available cash (bond buyback, cancellation of credit lines, etc.) to optimise costs.

As of 30 June 2022, available cash is broken down as follows:

Available (€ millions)	Cash	Unused credit facilities	Total
At Corporate level	499	1,409	1,908
At project level	760	302	1,062
Total	**1,259**	**1,711**	**2,970**

Unused credit lines at corporate level consist of €1,388 million in RCFs[52] with an average maturity of three years, and a maturity of €75 million within the next 12 months.

As of 30 June 2022, given the Group's liquidity position, no RCF was drawn. The Group does not intend to draw on corporate RCFs for several months.

4.3 Short and medium-term financing

The Group has two NEU CP programmes[53] (issues up to one year) and two NEU MTN programmes[54] (issues in excess of one year) for the companies Altarea and Altareit.

As of 30 June 2022, the total outstanding was €531 million with an average maturity of eight months, with the following breakdown:

(€ millions)	Neu CP	Neu MTN	Total
Altarea	80	70	**150**
Altareit	289	92	**381**
Total	**369**	**162**	**531**

4.4 Net debt[55]

Change in debt at half-year 2022

(€ millions)	
Net debt at 31 December 2021	**1,646**
FFO Group share H1 2022	(130)
Net dividend	200
Capex	37
Disposals & partnerships (Infra funds, Bridge, etc.)	(264)
WCR Property Development	176
Other financial items	17
Net debt at 30 June 2022	**1,682**

Net debt structure

(€ millions)	30/06/2022	31/12/2021
Corporate and bank debt	190	276
Credit markets [(a)]	2,012	2,508
Mortgage debt	348	348
Debt on property development	154	138
Total gross debt	**2,704**	**3,270**
Cash and cash equivalents	(1,023)	(1,625)
Total net debt	**1,682**	**1,646**

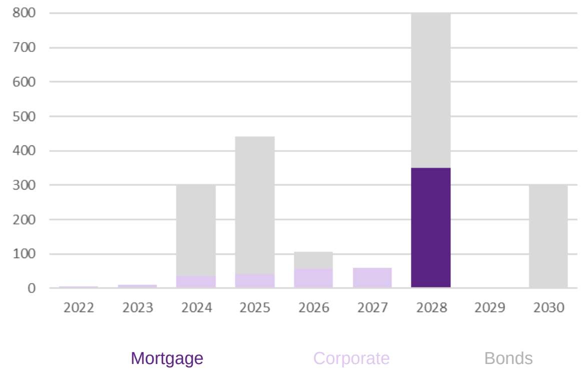
(a) This amount includes bond debt and €531 million of NEU CP and NEU MTN as of 30 June 2022.

Average gross duration[56] is four years and six months, unchanged compared to 31 December 2021.

[51] Or an average subscription of 3,168 Euros per employee subscribing.
[52] Revolving credit facilities (confirmed credit facilities), pro forma of additional lines signed before the publication date (RCF €235m).
[53] NEU CP (negotiable European commercial paper).
[54] NEU MTN (negotiable European medium term note).
[55] Net bank and bond debt.
[56] Excluding NEU CP, Property Development debt.

Long-term debt by maturity[57]

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



Following the transactions carried out in the 1st half-year 2022, there is now no long-term debt maturing before 2024, and bond maturities in 2024, 2025 and 2028 bonds have been reduced.

Hedging: nominal amount and average rate

The hedging profile of interest rate swaps is as follows:

In progress at end	Fixed-rate payer swaps (a)	Floating-rate payer swaps (a)	Fixed-rate debt (€m) (a)	Coverage rate (b)
2022	500	700	1,266	76%
2023	500	400	1,566	94%
2024	1,025	400	2,091	126%
2025	1,025	0	2,225	164%
2026	825	0	1,625	177%
2027	825	0	1,575	194%

After hedging, prorata consolidation.

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

In addition, the Group has €262.5 million in interest rate options (1% caps strike) maturing in 2028[58].

Average cost of debt: 1.66%[59] (-14 bps)

The decrease in the average cost of debt (vs. 1.80% at 31 December 2021) is the result of dynamic debt and swap portfolio management.

Given the structure of its debt, particularly bonds, and its portfolio of financial instruments, Altarea expects to maintain the average cost of its debt at levels close to the current level over a period of around five years.

4.5 Financial ratings and ratios

Credit rating

On 18 June 2022, the rating agency S&P Global confirmed its Investment Grade rating of the Altarea Group with a rating of BBB- and negative outlook.

Loan to Value (LTV)

The LTV ratio compares consolidated net bond and bank debt to the consolidated market value of Group assets.

As of 30 June 2022, it stands at 24.2% (24.1% as of 31 December 2021).

(€ millions)	30/06/2022	31/12/2021
Gross debt	2,704	3,271
Cash and cash equivalents	(1,023)	(1,626)
Consolidated net debt	**1,682**	**1,646**
Retail at value (FC) (a)	4,119	4,064
Retail at value (EM securities), other (b)	197	193
Investment properties valued at cost (c)	202	205
Business Property investments (d)	172	220
Enterprise value of Property Development	2,257	2,135
Market value of assets	**6,947**	**6,816**
LTV Ratio	**24.2%**	**24.1%**

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

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

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

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

Net Debt to EBITDA ratio[60]

At 30 June 2022, the Net Debt to EBITDA ratio stood at 3.8x, compared with 4.1x at 31 December 2021.

Covenants

	Covenant	30/06/2022	31/12/2021	Delta
LTV (a)	≤ 60%	24.2%	24.1%	+0.1 pt
ICR (b)	≥ 2.0 x	12.6x	8.2x	+4.4x

(a) LTV (Loan to Value) = Net bond and bank debt/Restated value of assets including transfer duties.

(b) ICR (Interest Coverage Ratio) = Operating income restated/Net borrowing costs (column "Funds from operations").

As of 30 June 2022 the financial position of the Group fully satisfied all of the covenants of its various credit contracts.

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

[58] *These Caps, backed by a mortgage loan for which they constitute a collateral, had a mark-to-market value of +€18 million at 30 June 2022.*

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

[60] *Trailing Operating income FFO over 12 months compared to net bond and bank debt.*

Consolidated income statement by segment

(€ millions)	30/06/2022 Funds from operations (FFO)	30/06/2022 Changes in value, estimated expenses and transaction costs	30/06/2022 Total	30/06/2021 Funds from operations (FFO)	30/06/2021 Changes in value, estimated expenses and transaction costs	30/06/2021 Total
Rental income	101.4	–	101.4	84.0	–	84.0
Other expenses	(6.6)	–	(6.6)	(13.0)	–	(13.0)
Net rental income	**94.8**	**–**	**94.8**	**71.0**	**–**	**71.0**
External services	9.1	–	9.1	9.2	–	9.2
Own work capitalised and production held in inventory	4.9	–	4.9	6.1	–	6.1
Operating expenses	(21.3)	(2.3)	(23.6)	(22.5)	(2.9)	(25.5)
Net overhead expenses	**(7.2)**	**(2.3)**	**(9.5)**	**(7.1)**	**(2.9)**	**(10.1)**
Share of equity-method affiliates	**2.1**	**1.4**	**3.5**	**0.9**	**(3.4)**	**(2.6)**
Net depreciation, amortisation and provisions	**–**	**0.2**	**0.2**	**–**	**(9.3)**	**(9.3)**
Income/loss on sale of assets	**–**	**(0.4)**	**(0.4)**	**0.0**	**(1.3)**	**(1.3)**
Income/loss in the value of investment property	**–**	**47.3**	**47.3**	**–**	**12.3**	**12.3**
Transaction costs	**–**	**0.8**	**0.8**	**–**	**(0.3)**	**(0.3)**
OPERATING INCOME - RETAIL	**89.6**	**46.9**	**136.6**	**64.8**	**(4.9)**	**59.8**
Revenue	1,140.3	–	1,140.3	1,203.4	–	1,203.4
Cost of sales and other expenses	(1,052.1)	–	(1,052.1)	(1,109.8)	–	(1,109.8)
Net property income	**88.2**	**–**	**88.2**	**93.7**	**–**	**93.7**
External services	7.1	–	7.1	5.3	–	5.3
Production held in inventory	89.0	–	89.0	83.2	–	83.2
Operating expenses	(108.1)	(9.3)	(117.4)	(101.0)	(7.6)	(108.6)
Net overhead expenses	**(12.1)**	**(9.3)**	**(21.4)**	**(12.5)**	**(7.6)**	**(20.1)**
Share of equity-method affiliates	**4.3**	**(0.4)**	**3.9**	**4.4**	**(0.2)**	**4.2**
Net depreciation, amortisation and provisions	**–**	**(8.4)**	**(8.4)**	**–**	**(10.7)**	**(10.7)**
Transaction costs	**–**	**–**	**–**	**–**	**–**	**–**
OPERATING INCOME - RESIDENTIAL	**80.4**	**(18.1)**	**62.3**	**85.6**	**(18.5)**	**67.1**
Revenue	159.7	–	159.7	112.0	–	112.0
Cost of sales and other expenses	(130.4)	–	(130.4)	(104.3)	–	(104.3)
Net property income	**29.2**	**–**	**29.2**	**7.6**	**–**	**7.6**
External services	4.9	–	4.9	6.4	–	6.4
Production held in inventory	5.3	–	5.3	3.3	–	3.3
Operating expenses	(11.1)	(2.0)	(13.2)	(10.1)	(1.9)	(12.0)
Net overhead expenses	**(0.9)**	**(2.0)**	**(2.9)**	**(0.3)**	**(1.9)**	**(2.3)**
Share of equity-method affiliates	**33.4**	**0.1**	**33.5**	**40.2**	**(0.3)**	**39.9**
Net depreciation, amortisation and provisions	**–**	**(0.8)**	**(0.8)**	**–**	**(0.9)**	**(0.9)**
Income/loss in the value of investment property	**–**	**–**	**–**	**–**	**1.6**	**1.6**
Transaction costs	–	–	–	–	–	–
OPERATING INCOME - BUSINESS PROPERTY	**61.7**	**(2.7)**	**59.0**	**47.5**	**(1.4)**	**46.1**
Others (Corporate)	(8.5)	(16.1)	(24.6)	(7.7)	(8.9)	(16.6)
OPERATING INCOME	**223.3**	**10.0**	**233.3**	**190.1**	**(33.7)**	**156.5**
Net borrowing costs	(17.7)	7.9	(9.8)	(25.2)	(2.8)	(28.0)
Other financial results	(15.4)	–	(15.4)	(8.8)	(5.7)	(14.5)
Change in value and income from disposal of financial	–	73.8	73.8	–	0.9	0.9
Net gain/(loss) on disposal of investments	–	8.8	8.8	–	0.3	0.3
PROFIT BEFORE TAX	**190.3**	**100.4**	**290.7**	**156.1**	**(41.0)**	**115.2**
Corporate income tax	(22.2)	(13.3)	(35.5)	(14.6)	13.9	(0.7)
NET INCOME	**168.0**	**87.1**	**255.2**	**141.5**	**(27.1)**	**114.4**
Non-controlling interests	(38.0)	(18.6)	(56.6)	(23.5)	12.6	(11.0)
NET INCOME, GROUP SHARE	**130.1**	**68.5**	**198.6**	**118.0**	**(14.5)**	**103.5**
Diluted average number of shares (a)	*20,605,953*	*20,605,953*	*20,605,953*	*17,946,437*	*17,946,437*	*17,946,437*
NET EARNINGS PER SHARE (€/SHARE) GROUP SHARE	**6.31**			**6.58**		

(a) 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.

Consolidated balance sheet

(€ millions)	30/06/2022	31/12/2021
Non-current assets	**5,094.0**	**5,170.8**
Intangible assets	331.8	332.5
o/w Goodwill	*209.4*	*209.4*
o/w Brands	*105.4*	*105.4*
o/w Other intangible assets	*17.1*	*17.7*
Property plant and equipment	26.2	27.8
Right-of-use on tangible and intangible fixed assets	127.8	128.4
Investment properties	4,140.1	4,176.8
o/w Investment properties in operation at fair value	*3,782.8*	*3,814.5*
o/w Investment properties under development and under construction at cost	*187.5*	*192.8*
o/w Right-of use on Investment properties	*169.8*	*169.6*
Securities and investments in equity affiliates	423.5	459.4
Non-current financial assets	27.8	22.0
Deferred taxes assets	16.7	24.1
Current assets	**3,793.0**	**4,188.5**
Net inventories and work in progress	1,046.8	922.6
Contract assets	676.8	714.1
Trade and other receivables	850.1	858.2
Income credit	10.2	19.5
Current assets	16.5	28.3
Derivative financial instruments	77.7	12.0
Cash and cash equivalents	1,022.8	1,625.5
Assets held for sale	92.0	8.3
TOTAL ASSETS	**8,887.0**	**9,359.4**

Equity	**3,784.5**	**3,543.6**
Equity attributable to Altarea SCA shareholders	**2,239.5**	**2,236.2**
Share capital	310.1	310.1
Other paid-in capital	387.0	513.9
Reserves	1,343.8	1,200.5
Income associated with Altarea SCA shareholders	198.6	211.6
Equity attributable to minority shareholders of subsidiaries	**1,545.1**	**1,307.4**
Reserves associated with minority shareholders of subsidiaries	1,265.0	1,033.4
Other equity components, Subordinated Perpetual Notes	223.5	223.5
Income associated with minority shareholders of subsidiaries	56.6	50.5
Non-current liabilities	**2,631.2**	**3,036.5**
Non-current borrowings and financial liabilities	2,494.2	2,891.7
o/w Participating loans and advances from associates	*57.5*	*59.3*
o/w Bond issues	*1,456.3*	*1,723.2*
o/w Borrowings from lending establishments	*590.8*	*681.7*
o/w Negotiable European Medium Term Note	*85.0*	*122.0*
o/w Lease liabilities	*137.0*	*138.2*
o/w Contractual fees on investment properties	*167.6*	*167.2*
Long-term provisions	32.9	36.8
Deposits and security interests received	38.4	38.7
Deferred tax liability	65.8	69.4
Current liabilities	**2,471.2**	**2,779.2**
Current borrowings and financial liabilities	661.8	838.5
o/w Bond issues	*24.6*	*26.2*
o/w Borrowings from lending establishments	*90.1*	*67.4*
o/w Negotiable European Commercial Paper	*446.0*	*637.0*
o/w Bank overdrafts	*11.6*	*13.6*
o/w Advances from Group shareholders and partners	*70.3*	*75.6*
o/w Lease liabilities	*16.6*	*16.1*
o/w Contractual fees on investment properties	*2.6*	*2.6*
Derivative financial instruments	0.5	16.7
Contract liabilities	219.1	168.1
Trade and other payables	1,580.5	1,740.6
Tax due	9.2	15.2
TOTAL LIABILITIES	**8,887.0**	**9,359.4**