

ALTAREIT

SUMMARY INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2022

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1 Financial statements

Consolidated balance sheet

€millions	Note	30/06/2022	31/12/2021
Non-current assets		795.6	803.9
Intangible assets	7.1	303.1	304.1
o/w Goodwill		192.1	192.1
o/w Brands		105.4	105.4
o/w Other intangible assets		5.6	6.7
Property, plant and equipment		23.3	24.7
Right-of-use on tangible and intangible fixed assets	7.2	127.5	128.0
Investment properties	7.3	91.5	91.5
o/w Investment properties in operation at fair value		9.6	9.2
o/w Investment properties under development and under construction at cost		78.7	78.7
o/w Right-of-use on Investment properties		3.2	3.5
Securities and investments in equity affiliates	4.5	229.5	239.2
Non-current financial assets	4.6	20.4	15.1
Deferred taxes assets	5.3	0.3	1.2
Current assets		3,282.3	3,679.7
Net inventories and work in progress	7.4	1,021.0	883.4
Contract assets	7.4	676.8	714.1
Trade and other receivables	7.4	690.6	690.0
Income credit		6.5	7.8
Current financial assets	4.6	17.1	29.0
Cash and cash equivalents	6.2	870.3	1,355.4
TOTAL ASSETS		4,077.9	4,483.6
Equity		1,096.7	1,079.3
Equity attributable to Altareit SCA shareholders		1,055.5	1,026.1
Share capital	6.1	2.6	2.6
Other paid-in capital		76.3	76.3
Reserves		940.7	874.9
Income associated with Altareit SCA shareholders		35.9	72.2
Equity attributable to minority shareholders of subsidiaries		41.2	53.2
Reserves associated with minority interests in subsidiaries		32.0	35.2
Income associated with minority interests in subsidiaries		9.2	18.0
Non-current liabilities		880.9	1,030.5
Non-current borrowings and financial liabilities	6.2	800.2	947.9
o/w Bond issues		398.2	496.8
o/w Borrowings from lending establishments		246.4	257.5
o/w Negotiable European Medium Term Note		15.0	52.0
o/w Advances from Group shareholders and partners		0.9	0.4
o/w Lease liabilities		139.8	141.3
Long-term provisions	6.3	15.5	17.1
Deposits and security interests received		0.3	0.6
Deferred tax liability	5.3	64.9	64.9
Current liabilities		2,100.3	2,373.8
Current borrowings and financial liabilities	6.2	556.5	746.8
o/w Bond issues		11.6	7.3
o/w Borrowings from lending establishments		89.1	65.6
o/w Negotiable European Commercial Paper		366.0	357.0
o/w Bank overdrafts		11.1	12.3
o/w Advances from Group shareholders and partners		61.6	288.2
o/w Lease liabilities		17.1	16.5
Contract liabilities	7.4	219.1	168.1
Trade and other payables	7.4	1,315.7	1,443.9
Tax due		9.0	14.9
TOTAL LIABILITIES		4,077.9	4,483.6

Statement of consolidated comprehensive income

€millions	Note	30/06/2022	31/12/2021	30/06/2021
Revenue		1,256.8	2,789.8	1,315.4
Cost of sales		(1,097.1)	(2,438.9)	(1,165.0)
Other income		(48.2)	(102.7)	(49.2)
Net charge to provisions for current assets		(8.4)	(10.3)	(0.0)
Net property income	5.1	103.1	237.9	101.2
External services		12.6	21.9	10.0
Own work capitalised and production held in inventory		94.3	188.0	86.6
Personnel costs		(90.7)	(186.4)	(85.9)
Other overhead expenses		(36.9)	(87.4)	(31.6)
Depreciation expenses on operating assets		(11.3)	(22.5)	(11.1)
Net overhead expenses		(32.0)	(86.4)	(32.1)
Other income and expenses		(1.5)	(2.7)	(2.0)
Depreciation expenses		(0.0)	(0.1)	(0.0)
Transaction costs		0.2	(2.3)	(5.0)
Others		(1.2)	(5.1)	(7.0)
Change in value of investment properties		–	2.0	1.6
Net impairment losses on other non-current assets		0.5	(1.2)	(1.0)
Net charge to provisions for risks and contingencies		(0.3)	(1.2)	(1.3)
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		70.0	146.0	61.3
Share in earnings of equity-method affiliates	4.5	1.6	6.2	0.7
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		71.5	152.2	62.0
Net borrowing costs	5.2	(5.8)	(22.6)	(11.4)
Financial expenses		(7.3)	(25.0)	(12.5)
Financial income		1.5	2.3	1.1
Other financial results	5.2	(7.0)	(10.9)	(5.8)
Change in value and income from disposal of financial instruments		1.0	–	0.0
Net gain/(loss) on disposal of investments		(0.5)	0.2	0.0
Profit before tax		59.3	118.8	44.9
Corporate income tax	5.3	(14.2)	(28.6)	(11.7)
NET INCOME		45.0	90.3	33.2
o/w Attributable to shareholders of Altareit SCA		35.9	72.2	24.8
o/w Attributable to minority interests in subsidiaries		9.2	18.0	8.4
Average number of non-diluted shares		1,748,420	1,748,440	1,748,424
Net income per share attributable to shareholders of Altareit SCA (€)	5.4	20.53	41.32	14.17
Diluted average number of shares		1,748,420	1,748,440	1,748,424
Diluted net income per share attributable to shareholders of Altareit SCA (€)	5.4	20.53	41.32	14.17

Other comprehensive income

€millions	30/06/2022	31/12/2021	30/06/2021
NET INCOME	45.0	90.3	33.2
Actuarial differences on defined-benefit pension plans	1.8	2.1	1.3
o/w Taxes	(0.6)	(0.7)	(0.5)
Subtotal of comprehensive income items that may not be reclassified to profit	1.8	2.1	1.3
OTHER COMPREHENSIVE INCOME	1.8	2.1	1.3
CONSOLIDATED COMPREHENSIVE INCOME	46.9	92.4	34.4
o/w Net comprehensive income attributable to Altareit SCA shareholders	37.7	74.3	26.1
o/w Net comprehensive income attributable to minority interests in subsidiaries	9.2	18.0	8.4

Consolidated cash flows statement

€millions	Note	30/06/2022	31/12/2021	30/06/2021
Cash flow from operating activities				
Net income		45.0	90.3	33.2
Elimination of income tax expense (income)	5.3	14.2	28.6	11.7
Elimination of net interest expense (income) and dividends	5.2	12.4	33.4	16.7
Net income before tax and before net interest expense (income)		71.7	152.3	61.6
Elimination of share in earnings of equity-method affiliates	4.5	(1.6)	(6.2)	(0.7)
Elimination of depreciation and impairment		11.7	27.4	14.2
Elimination of value adjustments		(1.0)	(2.0)	(1.7)
Elimination of net gains/(losses) on disposals		0.4	(0.4)	(0.3)
Estimated income and expenses associated with share-based payments	6.1	(11.3)	(0.7)	(9.4)
Net cash flow		70.0	170.3	63.9
Tax paid		(16.5)	(18.1)	(12.1)
Impact of change in operational working capital requirement (WCR)	7.4	(152.6)	(100.7)	(154.6)
OPERATING CASH FLOW		(99.1)	51.5	(102.8)
Cash flow from investment activities				
Net acquisitions of assets and capitalised expenditures		(0.8)	(9.9)	(7.8)
Gross investments in equity affiliates	4.5	(31.4)	(48.1)	(17.7)
Acquisitions of consolidated companies, net of cash acquired	4.3	5.5	16.7	16.7
Other changes in Group structure		(0.0)	0.2	(0.1)
Increase in loans and advances		(22.6)	(31.7)	(25.1)
Sale of non-current assets and reimbursement of advances and down payments		2.9	3.1	2.9
Disposals of equity affiliates	4.5	13.9	27.4	14.4
Disposals of consolidated companies, net of cash transferred		(0.3)	1.8	(0.1)
Reduction in loans and other financial investments		36.8	20.8	6.1
Dividends received		15.6	23.7	14.6
Interest income on loans		1.7	3.2	1.5
CASH FLOW FROM INVESTMENT ACTIVITIES		21.3	7.3	5.4
Cash flow from financing activities				
Share of minority interests in the capital increase of subsidiaries		–	0.4	–
Capital increase		(0.1)	–	(0.1)
Dividends paid to minority shareholders of subsidiaries		(20.6)	(16.1)	(0.1)
Issuance of borrowings and other financial liabilities	6.2	269.2	701.4	275.4
Repayment of borrowings and other financial liabilities	6.2	(637.6)	(544.8)	(459.9)
Repayment of lease liabilities	6.2	(8.7)	(2.1)	(1.4)
Net sales (purchases) of treasury shares		0.0	0.0	0.1
Net change in security deposits and guarantees received		(0.3)	(1.0)	(0.1)
Interest paid on financial debts		(8.0)	(34.8)	(10.6)
CASH FLOW FROM FINANCING ACTIVITIES		(406.1)	103.0	(196.7)
Change in cash balance		(483.9)	161.9	(294.0)
Cash balance at the beginning of the year				
	6.2	1,343.1	1,181.2	1,181.2
Cash and cash equivalents		1,355.4	1,185.1	1,185.1
Bank overdrafts		(12.3)	(3.9)	(3.9)
Cash balance at period-end	6.2	859.2	1,343.1	887.2
Cash and cash equivalents		870.3	1,355.4	889.6
Bank overdrafts		(11.1)	(12.3)	(2.5)

Changes in consolidated equity

€millions	Share capital	Other paid-in capital	Reserves and retained earnings	Equity attributable to Altareit SCA shareholders	Equity attributable to minority shareholders of subsidiaries	Equity
At 1 January 2021	2.6	76.3	871.0	949.8	52.1	1,002.0
Net Income	-	-	24.8	24.8	8.4	33.2
Actuarial difference relating to pension obligations	-	-	1.3	1.3	-	1.3
Translation differences	-	-	-	-	-	-
Comprehensive income	-	-	26.1	26.1	8.4	34.4
Dividend distribution	-	-	-	-	(0.1)	(0.1)
Capital increase	-	-	-	-	0.0	0.0
Measurement of share-based payments Altarea SCA	-	-	(6.8)	(6.8)	-	(6.8)
Elimination of treasury shares	-	-	0.1	0.1	-	0.1
Transactions with shareholders	-	-	(6.8)	(6.8)	(0.1)	(6.8)
Changes in ownership interests without taking or losing control of subsidiaries	-	-	2.3	2.3	(1.2)	1.1
Changes in ownership interests associated with taking or losing control of subsidiaries	-	-	-	-	-	-
Change in method	-	-	-	-	-	-
Others	-	-	(0.0)	(0.0)	(0.0)	(0.0)
At 30 June 2021	2.6	76.3	892.6	971.4	59.2	1,030.6
Net Income	-	-	47.5	47.5	9.6	57.1
Actuarial difference relating to pension obligations	-	-	0.8	0.8	-	0.8
Comprehensive income	-	-	48.3	48.3	9.6	57.9
Dividend distribution	-	-	-	-	(16.0)	(16.0)
Capital increase	-	-	-	-	0.0	0.0
Measurement of share-based payments Altarea SCA	-	-	6.3	6.3	-	6.3
Elimination of treasury shares	-	-	(0.0)	(0.0)	-	(0.0)
Transactions with shareholders	-	-	6.3	6.3	(16.0)	(9.7)
Changes in ownership interests without taking or losing control of subsidiaries	-	-	0.1	0.1	(0.1)	0.1
Changes in ownership interests associated with taking or losing control of subsidiaries	-	-	-	-	-	-
Others	-	-	0.0	0.0	0.4	0.4
At 31 December 2021	2.6	76.3	947.2	1,026.1	53.2	1,079.3
Net Income	-	-	35.9	35.9	9.2	45.0
Actuarial difference relating to pension obligations	-	-	1.8	1.8	-	1.8
Comprehensive income	-	-	37.7	37.7	9.2	46.9
Dividend distribution	-	-	-	-	(20.6)	(20.6)
Capital increase	-	-	-	-	0.0	0.0
Measurement of share-based payments	-	-	(8.3)	(8.3)	-	(8.3)
Elimination of treasury shares	-	-	0.0	0.0	-	0.0
Transactions with shareholders	-	-	(8.3)	(8.3)	(20.6)	(28.9)
Changes in ownership interests without taking or losing control of subsidiaries	-	-	(0.0)	(0.0)	(0.6)	(0.6)
Changes in ownership interests associated with taking or losing control of subsidiaries	-	-	-	-	-	0.0
Others	-	-	0.0	0.0	0.0	0.0
At 30 June 2022	2.6	76.3	976.7	1,055.5	41.2	1,096.7

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

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Notes – Consolidated income statement by segment

€millions	30/06/2022			31/12/2021			30/06/2021		
	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Revenue	1,140.3	–	1,140.3	2,484.7	–	2,484.7	1,203.4	–	1,203.4
Cost of sales and other expenses	(1,052.0)	–	(1,052.0)	(2,280.9)	–	(2,280.9)	(1,109.8)	–	(1,109.8)
Net property income	88.3	–	88.3	203.8	–	203.8	93.6	–	93.6
External services	7.1	–	7.1	13.4	–	13.4	5.4	–	5.4
Production held in inventory	89.0	–	89.0	177.7	–	177.7	83.2	–	83.2
Operating expenses	(106.2)	(9.3)	(115.5)	(222.9)	(20.9)	(243.8)	(99.1)	(7.6)	(106.6)
Net overhead expenses	(10.1)	(9.3)	(19.3)	(31.8)	(20.9)	(52.7)	(10.5)	(7.6)	(18.0)
Share of equity-method affiliates	4.3	(0.4)	3.9	12.0	(0.6)	11.4	4.4	(0.2)	4.2
Net allowances for depreciation and impairment	–	(10.3)	(10.3)	–	(24.6)	(24.6)	–	(13.1)	(13.1)
Transaction costs	–	–	–	–	–	–	–	–	–
OPERATING INCOME - RESIDENTIAL	82.6	(20.0)	62.5	184.0	(46.1)	137.9	87.6	(20.9)	66.7
Revenue	116.5	–	116.5	305.2	–	305.2	112.0	–	112.0
Cost of sales and other expenses	(101.7)	–	(101.7)	(271.0)	–	(271.0)	(104.4)	–	(104.4)
Net property income	14.8	–	14.8	34.2	–	34.2	7.6	–	7.6
External services	4.9	–	4.9	7.4	–	7.4	4.0	–	4.0
Production held in inventory	5.3	–	5.3	10.3	–	10.3	3.3	–	3.3
Operating expenses	(11.0)	(2.0)	(13.0)	(26.0)	(5.2)	(31.2)	(10.1)	(1.9)	(12.0)
Net overhead expenses	(0.8)	(2.0)	(2.8)	(8.3)	(5.2)	(13.5)	(2.7)	(1.9)	(4.6)
Share of equity-method affiliates	(2.0)	(0.1)	(2.2)	(4.9)	(0.3)	(5.2)	4.1	0.5	(3.6)
Net allowances for depreciation and impairment	–	(0.8)	(0.8)	–	(0.3)	(0.3)	–	(0.4)	(0.4)
Income/loss in the value of investment property	–	–	–	–	2.0	2.0	–	1.6	1.6
OPERATING INCOME - BUSINESS PROPERTY	12.0	(3.0)	9.0	20.9	(3.8)	17.2	0.8	(0.1)	0.7
Net overhead expenses	(0.1)	0.4	0.3	1.0	(0.9)	0.1	0.6	(0.8)	(0.2)
Share of equity-method affiliates	(0.1)	(0.1)	(0.2)	(0.0)	–	(0.0)	(0.0)	–	(0.0)
Net allowances for depreciation and impairment	–	–	–	–	(0.0)	(0.0)	–	(0.0)	(0.0)
Gains / losses on disposals of assets	–	(0.0)	(0.0)	–	–	–	–	–	–
OPERATING INCOME - DIVERSIFICATION	(0.2)	0.3	0.1	1.0	(0.9)	0.1	0.6	(0.8)	(0.2)
Others (Corporate)	(0.3)	0.2	(0.1)	(0.7)	(2.3)	(3.0)	(0.1)	(5.0)	(5.1)
OPERATING INCOME	94.0	(22.5)	71.5	205.2	(53.1)	152.2	88.8	(26.8)	62.0
Net borrowing costs	(8.1)	2.4	(5.8)	(20.8)	(1.8)	(22.6)	(10.5)	(0.9)	(11.4)
Other financial results	(7.0)	–	(7.0)	(10.9)	–	(10.9)	(5.8)	–	(5.8)
Change in value and income from disposal of financial instruments	–	1.0	1.0	–	–	–	–	0.0	0.0
Net gain/(loss) on disposal of investments	–	(0.5)	(0.5)	–	0.2	0.2	–	0.0	0.0
PROFIT BEFORE TAX	78.9	(19.6)	59.3	173.5	(54.7)	118.8	72.6	(27.7)	44.9
Corporate income tax	(11.9)	(2.4)	(14.2)	(19.7)	(8.9)	(28.6)	(10.0)	(1.7)	(11.7)
NET INCOME	67.1	(22.0)	45.0	153.9	(63.6)	90.3	62.6	(29.4)	33.2
Non-controlling interests	(9.2)	0.0	(9.2)	(18.0)	0.0	(18.0)	(8.4)	(0.0)	(8.4)
NET INCOME, GROUP SHARE	57.9	(22.0)	35.9	135.9	(63.6)	72.2	54.2	(29.4)	24.8
<i>Diluted average number of shares</i>	1,748,420	1,748,420	1,748,420	1,748,440	1,748,440	1,748,440	1,748,424	1,748,424	1,748,424
NET INCOME PER SHARE (€/SHARE), GROUP SHARE	33.12	(12.60)	20.53	77.70	(36.39)	41.32	30.99	(16.81)	14.17

3 Other information attached to the interim consolidated financial statements

Detailed contents of notes to consolidated interim financial statements

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NOTE 1 COMPANY INFORMATION

Altareit is a *société en commandite par actions* (a French partnership limited by shares), the shares of which are traded on the Euronext Paris regulated market, (Compartment B). The registered office is located at 87, rue de Richelieu in Paris (France).

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

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

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

The consolidated financial statements for the period ended 30 June 2022 were approved by the Management on 28 July 2022 having been examined by the Supervisory Board.

NOTE 2 ACCOUNTING PRINCIPLES AND METHODS

2.1 Accounting standards applied by the Company

Altareit Group's consolidated half-yearly financial statements to 30 June 2022 were prepared in compliance with IAS 34 "Interim financial reporting". The condensed financial statements do not include all of the information required by the IFRS guidelines for annual financial statements and should be read in conjunction with the Altarea Group's consolidated financial statements for the financial year ended 31 December 2021, presented in the registration document filed with the AMF on 29 April 2022 under number D.22-0396.

The accounting principles used in the preparation of the consolidated half-yearly financial statements are compliant with the IASB's IFRS standards (International Accounting Standards Board) and interpretations as adopted by the European Union as at 30 June 2022 and available on the European Commission website.

Accounting standards, interpretations and amendments applicable as from the financial year beginning on 1 January 2022:

- Amendments to IFRS 3 - Change in the conceptual framework;
- Amendments to IAS 16 - Proceeds before intended use;
- Amendments to IAS 37 - Costs to be taken into account to recognise a provision for onerous contracts;
- Annual improvements to IFRS – 2018-2020 cycle (IFRS 1, IFRS 9, IAS 41, IFRS 16)

These amendments have no impact for the Group.

Accounting standards and interpretations adopted early as at 30 June 2022, whose application is mandatory for financial years starting on or after 1 July 2022:

None.

Accounting standards and interpretations published and mandatory after 30 June 2022:

- Amendment to IAS 8 – Definition of an accounting estimate;
- Amendment to IAS 1 – Presentation of Financial Statements;
- IFRS 17 - Insurance contracts (replacing IFRS 4). This standard is not applicable to the Group.

Other essential standards and interpretations adopted by the IASB approved in 2022 or not yet approved by the European Union:

- Amendment to IAS 1 – Classification of liabilities as current or non-current;
- Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction.

2.2 Main estimations and judgements

The preparation of the consolidated financial statements requires the use of estimates and assumptions by the Group's management to determine the value of certain assets and liabilities, and of certain income and expenses, as well as concerning the information given in the notes to the financial statements.

Management reviews its estimates and assumptions on a regular basis using its past experience and various other factors deemed reasonable in the circumstances.

The actual results may differ significantly from these estimates depending on changes in the various assumptions and performance conditions.

The main estimates made by the Group concerned the following measurements:

- 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 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 7.1 "Intangible assets and goodwill").

And less significantly,

- Measurement of share-based payments (see Notes 2.4.12 "Share-based payments" and 6.1 "Equity").
- Measurement of financial instruments (see Note 8 "Financial risk management"),
- measurement of investment properties (see Notes 2.4.5 "Investment properties" and 7.3 "Investment properties");

The accounting estimates made by the Group were made in the context of the economic and financial conditions (inflation, rising interest rates, war in Ukraine, etc.).

The Group has taken into account the reliable information available to it at the date of preparation of the consolidated financial statements regarding the impacts of these situations.

In addition to the use of estimates, the Group's management has applied its judgement in the following cases:

- Measurement of rights of use, lease liabilities and contractual fees on investment property (see Notes 2.4.18 "Rental contracts", 7.3 "Right-of-use on tangible and intangible fixed assets" and 7.1 "Investment properties");
- Measurement of deferred tax assets (see Notes 2.4.16 "Taxes" and 5.3 "Corporate income Tax").
- Whether or not the criteria to identify an asset or group of assets as held for sale or whether an operation is intended to be discontinued are met in accordance with IFRS 5 (see Note 2.4.6 "Non-current assets held for sale and discontinued operations" and 7.1 "Investment properties").

The Group's financial statements also take into account, based on current knowledge and practices, the issues of climate change and sustainable development.

Mitigating climate change and resilience to these changes are among the priorities in the Group's CSR strategy. In 2021, the Group strengthened its commitment to the fight against climate change with two key areas of decarbonisation of its activities:

- for portfolio assets, Altarea is aiming for carbon neutrality by 2030 (Scopes 1 and 2);
- for Business property and Residential development projects, Altarea is committed to a low-carbon city, in particular by producing residential units that is half as carbon intensive by 2031 as in 2021 (Scope 3).

The Group's current exposure to the consequences of short-term climate change is limited. Consequently, at this stage, the data has not significantly impacted the financial statements.

The notes listed above and numbered 2.4.xx refer to the notes to the consolidated financial statements for the financial year ended 31 December 2021.

2.3 Other principles for presenting the financial statements

Transactions eliminated in the consolidated financial statements

Balance sheet balances and income and expenses arising from internal transactions and dividends are eliminated, according to the consolidation method, when the consolidated financial statements are prepared.

Balance sheet classification

In accordance with IAS 1, the Company presents its assets and liabilities by distinguishing between current and non-current items.

Assets which must be realised, consumed or disposed of within the scope of the normal operating cycle or within 12 months following closure, are classed as "current assets", as well as the assets held with a view to disposal and cash or cash equivalents. All other assets are classified as "non-current assets".

Liabilities which have to be paid within the scope of the normal operating cycle or within 12 months following closure are classified as "current liabilities", as well as the share of provisions arising from the normal operating cycle of the activity concerned due in less than one year.

Deferred taxes are always shown as non-current assets or liabilities.

NOTE 3 INFORMATION ON OPERATING SEGMENTS

3.1 Balance sheet items by operating segment

At 30 June 2022

<i>€millions</i>	Residential	Business property	Diversification	TOTAL
Operating assets and liabilities				
Intangible assets	281.3	21.5	0.3	303.1
Property, plant and equipment	23.3	–	(0.0)	23.3
Right-of-use on tangible and intangible fixed assets	127.4	0.1	–	127.5
Investment properties	–	36.2	55.3	91.5
Securities and investments in equity affiliates	159.1	66.6	3.8	229.5
Operational working capital requirement	823.1	34.1	0.0	857.2
Total operating assets and liabilities	1,414.2	158.4	59.4	1,632.1

At 31 December 2021

<i>€millions</i>	Residential	Business property	Diversification	TOTAL
Operating assets and liabilities				
Intangible assets	282.3	21.5	0.3	304.1
Property, plant and equipment	24.7	–	–	24.7
Right-of-use on tangible and intangible fixed assets	127.9	0.1	–	128.0
Investment properties	–	36.2	55.3	91.5
Securities and investments in equity affiliates	170.7	66.7	1.9	239.2
Operational working capital requirement	670.4	7.9	0.7	679.0
Total operating assets and liabilities	1,276.0	132.4	58.2	1,466.6

3.2 Consolidated income statement by operating segment

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

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

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

€millions	30/06/2022			31/12/2021			30/06/2021		
	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Revenue	1,256.8	–	1,256.8	2,789.8	0.0	2,789.8	1,315.4	–	1,315.4
Cost of sales	(1,097.1)	(0.0)	(1,097.1)	(2,438.9)	–	(2,438.9)	(1,165.0)	–	(1,165.0)
Other income	(48.2)	(0.0)	(48.2)	(102.7)	–	(102.7)	(49.2)	–	(49.2)
Net charge to provisions for current assets	(8.4)	–	(8.4)	(10.3)	–	(10.3)	(0.0)	–	(0.0)
Net property income	103.1	(0.0)	103.1	237.9	0.0	237.9	101.2	–	101.2
External services	12.6	–	12.6	21.9	–	21.9	10.0	–	10.0
Own work capitalised and production held in inventory	94.3	–	94.3	188.0	–	188.0	86.6	–	86.6
Personnel costs	(81.7)	(9.0)	(90.7)	(167.9)	(18.5)	(186.4)	(78.6)	(7.3)	(85.9)
Other overhead expenses	(34.6)	(2.4)	(36.9)	(79.9)	(7.5)	(87.4)	(29.4)	(2.2)	(31.6)
Depreciation expenses on operating assets	–	(11.3)	(11.3)	–	(22.5)	(22.5)	–	(11.1)	(11.1)
Net overhead expenses	(9.4)	(22.6)	(32.0)	(37.9)	(48.5)	(86.4)	(11.5)	(20.6)	(32.1)
Other income and expenses	(1.9)	0.4	(1.5)	(1.9)	(0.9)	(2.7)	(1.2)	(0.8)	(2.0)
Depreciation expenses	–	(0.0)	(0.0)	–	(0.1)	(0.1)	–	(0.0)	(0.0)
Transaction costs	–	0.2	0.2	–	(2.3)	(2.3)	–	(5.0)	(5.0)
Others	(1.9)	0.7	(1.2)	(1.9)	(3.2)	(5.1)	(1.2)	(5.8)	(7.0)
Change in value of investment properties	–	–	–	–	2.0	2.0	–	1.6	1.6
Net impairment losses on other non-current assets	–	0.5	0.5	–	(1.2)	(1.2)	–	(1.0)	(1.0)
Net charge to provisions for risks and contingencies	–	(0.3)	(0.3)	–	(1.2)	(1.2)	–	(1.3)	(1.3)
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	91.8	(21.8)	70.0	198.2	(52.2)	146.0	88.5	(27.2)	61.3
Share in earnings of equity-method affiliates	2.3	(0.7)	1.6	7.1	(0.9)	6.2	0.3	0.3	0.7
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	94.0	(22.5)	71.5	205.2	(53.1)	152.2	88.8	(26.8)	62.0
Net borrowing costs	(8.1)	2.4	(5.8)	(20.8)	(1.8)	(22.6)	(10.5)	(0.9)	(11.4)
Financial expenses	(9.7)	2.4	(7.3)	(23.1)	(1.8)	(25.0)	(11.5)	(0.9)	(12.5)
Financial income	1.5	–	1.5	2.3	–	2.3	1.1	–	1.1
Other financial results	(7.0)	–	(7.0)	(10.9)	–	(10.9)	(5.8)	–	(5.8)
Change in value and income from disposal of financial instruments	–	1.0	1.0	–	–	–	–	0.0	0.0
Net gain/(loss) on disposal of investments ^(a)	–	(0.5)	(0.5)	–	0.2	0.2	–	0.0	0.0
Profit before tax	78.9	(19.6)	59.3	173.5	(54.7)	118.8	72.6	(27.7)	44.9
Corporate income tax	(11.9)	(2.4)	(14.2)	(19.7)	(8.9)	(28.6)	(10.0)	(1.7)	(11.7)
NET INCOME	67.1	(22.0)	45.0	153.9	(63.6)	90.3	62.6	(29.4)	33.2
o/w Net income attributable to Altareit SCA shareholders	57.9	(22.0)	35.9	135.9	(63.6)	72.2	54.2	(29.4)	24.8
o/w Net income attributable to minority shareholders of	(9.2)	0.0	(9.2)	(18.0)	0.0	(18.0)	(8.4)	(0.0)	(8.4)
Average number of non-diluted shares	1,748,420	1,748,420	1,748,420	1,748,440	1,748,440	1,748,440	1,748,424	1,748,424	1,748,424
Net earnings per share attributable to shareholders of Altareit SCA (€)	33.12	(12.60)	20.53	77.70	(36.39)	41.32	30.99	(16.81)	14.17
Diluted average number of shares	1,748,420	1,748,420	1,748,420	1,748,440	1,748,440	1,748,440	1,748,424	1,748,424	1,748,424
Diluted net earnings per share attributable to shareholders of Altareit SCA (€)	33.12	(12.60)	20.53	77.70	(36.39)	41.32	30.99	(16.81)	14.17

(a) Gains or losses on disposals of equity interests were reallocated to each of the activities concerned by the gains or losses when it relates to an investment previously fully consolidated or a share of the equity-method affiliates, when the equity disposed of was previously in an equity-method company.

3.3.2 Reconciliation of operating income between the two income statements

	30/06/2022					31/12/2021					30/06/2021				
	Residential	BP (1)	Div. (2)	Others	TOTAL	Residential	BP (1)	Div. (2)	Others	TOTAL	Residential	BP (1)	Div. (2)	Others	TOTAL
<i>€millions</i>															
Net property income	88.3	14.8	(0.0)	(0.0)	103.1	203.8	34.2	0.0	(0.1)	237.9	93.6	7.6	–	(0.1)	101.2
Net overhead expenses	(29.1)	(3.5)	–	0.6	(32.0)	(72.5)	(15.0)	(0.0)	1.1	(86.4)	(27.6)	(5.1)	–	0.6	(32.1)
Others	(1.2)	0.3	0.3	(0.6)	(1.2)	(2.5)	1.4	0.1	(4.0)	(5.1)	(1.5)	0.4	(0.2)	(5.7)	(7.0)
Value adjustments	0.5	0.0	–	–	0.5	(1.2)	2.0	–	–	0.8	(1.0)	1.6	–	–	0.6
Net charge to provisions for risks and contingencies	0.2	(0.4)	–	–	(0.3)	(1.1)	(0.2)	–	–	(1.2)	(1.1)	(0.3)	–	–	(1.3)
Share in earnings of equity-method affiliates	3.9	(2.2)	(0.2)	–	1.6	11.4	(5.2)	(0.0)	–	6.2	4.2	(3.6)	(0.0)	–	0.7
OPERATING INCOME (Statement of consolidated comprehensive income)	62.5	9.0	0.1	(0.1)	71.5	137.9	17.2	0.1	(3.0)	152.2	66.7	0.7	(0.2)	(5.1)	62.0
Reclassification of net gain/(loss) on disposal of investments															
OPERATING INCOME (Consolidated income statement by segment)	62.5	9.0	0.1	(0.1)	71.5	137.9	17.2	0.1	(3.0)	152.2	66.7	0.7	(0.2)	(5.1)	62.0

(1) BP: Business Property (2) Div.: Diversification

3.4 Revenue by geographical region and operating segment

	30/06/2022			31/12/2021			30/06/2021		
	France	Others	Total	France	Others	Total	France	Others	Total
<i>€millions</i>									
Revenue	1,140.3	–	1,140.3	2,484.7	–	2,484.7	1,203.4	–	1,203.4
External services	7.1	–	7.1	13.4	–	13.4	5.4	–	5.4
Residential	1,147.5	–	1,147.5	2,498.1	–	2,498.1	1,208.8	–	1,208.8
Revenue	116.5	–	116.5	305.2	–	305.2	112.0	–	112.0
External services	4.6	0.2	4.9	6.9	0.4	7.4	3.9	0.2	4.0
Business Property	121.1	0.2	121.3	312.1	0.4	312.5	115.8	0.2	116.0
Others	0.6	–	0.6	1.1	–	1.1	–	–	–
Total	1,269.1	0.2	1,269.4	2,811.3	0.4	2,811.7	1,325.2	0.2	1,325.4

The Altareit Group operates mainly in France in 2022, as in 2021.

One client accounted for more than 10% of the Group's revenue in the Residential sector, *i.e.*, €213 million in 2022 and €489.5 million in 2021.

NOTE 4 MAJOR EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 Major events

Business Property

Grand Paris

In the Paris region, the Group made significant progress, delivering the first of 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

Buyback of a bond issue

Altareit successfully completed a tender offer for the existing senior bond issue (Altareit July 2025), for a total amount of €99.6 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.

Primonial

On 2 March 2022, Altarea informed the public that the acquisition of the Primonial Group could not be completed on the terms agreed. In the course of reviewing the legal documentation, some elements of which were only disclosed on 25 February 2022, Altarea found that the conditions precedent agreed for the acquisition of the Primonial Group on 2 March 2022 had not been met, due to non-respect - in substance, form and deadlines - of the provisions of the acquisition protocol signed in July 2021, which has lapsed following the failure to complete the prior operations required by the protocol.

Given the non-completion of the Primonial acquisition, Altarea and Alta Percier, indirect subsidiary of Altareit, and so of Altarea, 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.

On the date of publication of the Group's interim consolidated financial statements, the case is ongoing.

4.2 Scope

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

COMPANY	LEGAL FORM	SIREN		30/06/2022			31/12/2021		
				Method	Interest	Integration	Method	Interest	Integration
ALTAREIT	SCA	552091050	parent company	FC	100.0%	100.0%	FC	100.0%	100.0%
Residential									
COGEDIM RESIDENCES SERVICES	SNC	394648455	joint venture	EM	65.0%	65.0%	EM	65.0%	65.0%
ALTAREA COGEDIM IDF GRANDE METROPOLE	SNC	810928135		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA COGEDIM GRANDS PROJETS	SNC	810926519		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA COGEDIM REGIONS	SNC	810847905		FC	100.0%	100.0%	FC	100.0%	100.0%
FINANCIERE SPL	SAS	499459204		FC	100.0%	100.0%	FC	100.0%	100.0%
SEVERINI	SNC	848899977		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA FAUBOURG	SASU	444560874		FC	100.0%	100.0%	FC	100.0%	100.0%
PITCH PROMOTION	SAS	450042338		FC	100.0%	100.0%	FC	100.0%	100.0%
MARSEILLE MICHELET	SNC	792774382		FC	100.0%	100.0%	FC	100.0%	100.0%
COEUR MOUGINS	SNC	453830663		FC	100.0%	100.0%	FC	100.0%	100.0%
ISSY COEUR DE VILLE	SNC	830181079		FC	100.0%	100.0%	FC	100.0%	100.0%
ISSY COEUR DE VILLE COMMERCES	SNC	828184028		FC	100.0%	100.0%	FC	100.0%	100.0%
HP	SAS	480309731		FC	100.0%	100.0%	FC	100.0%	100.0%
HISTOIRE ET PATRIMOINE DEVELOPPEMENT	SAS	480110931		FC	100.0%	100.0%	FC	100.0%	100.0%
MERIMEE	SNC	849367016		FC	100.0%	100.0%	FC	100.0%	100.0%
HISTOIRE ET PATRIMOINE PROMOTION	SASU	792751992		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA COGEDIM ZAC VLS	SNC	811910447		FC	100.0%	100.0%	FC	100.0%	100.0%
BEZONS CŒUR DE VILLE A1 & A2- LOGEMENTS	SCCV	819929845		FC	100.0%	100.0%	FC	100.0%	100.0%
GIF MOULON A4	SCCV	830886115		FC	25.0%	100.0%	FC	25.0%	100.0%
BOBIGNY COEUR DE VILLE	SNC	838941011		FC	100.0%	100.0%	FC	100.0%	100.0%
SCCV GARENNE FERRY FAUVELLES	SCCV	894504083	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
PITCH IMMO	SASU	422989715		FC	100.0%	100.0%	FC	100.0%	100.0%
PIN BALMA CHATEAU CAMAS	SCCV	821556230	joint venture	EM	55.0%	55.0%	EM	55.0%	55.0%
ARTCHIPEL	SCCV	841150071		FC	100.0%	100.0%	FC	100.0%	100.0%
CLICHY ROGUET	SCCV	880090212		FC	51.0%	100.0%	FC	51.0%	100.0%
RUEIL HIGH GARDEN	SCCV	887670115		FC	100.0%	100.0%	FC	60.0%	100.0%
LE CLOS DES VIGNES	SCCV	884097114		FC	51.0%	100.0%	FC	51.0%	100.0%
COGEDIM HAUTS DE FRANCE	SNC	420810475		FC	100.0%	100.0%	FC	100.0%	100.0%
MB TRANSACTIONS	SASU	425039138		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM GESTION	SNC	380375097		FC	100.0%	100.0%	FC	100.0%	100.0%
COVALENS	SNC	309021277		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM PARIS MÉTROPOLE	SNC	319293916		FC	100.0%	100.0%	FC	100.0%	100.0%
ASNIÈRES AULAGNIER	SARL	487631996	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
COGEDIM GRAND LYON	SNC	300795358		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM MEDITERRANEE	SNC	312347784		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM PROVENCE	SNC	442739413		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM MIDI-PYRENEES	SNC	447553207		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM GRENOBLE	SNC	418868584		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM SAVOIES-LEMAN	SNC	348145541		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM AQUITAINE	SNC	388620015		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM ATLANTIQUE	SNC	501734669		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM LANGUEDOC ROUSSILLON	SNC	532818085		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM	SASU	54500814		FC	100.0%	100.0%	FC	100.0%	100.0%
SAS CLICHY BOREALES	SAS	879035939	affiliate	EM	30.0%	30.0%	EM	30.0%	30.0%
CLICHY 33 LANDY	SAS	898926308		FC	50.1%	100.0%	FC	50.1%	100.0%
LYON LES MOTEURS	SNC	824866388		FC	100.0%	100.0%	FC	100.0%	100.0%
COGIMO	SAS	962502068		FC	100.0%	100.0%	FC	100.0%	100.0%
MENTION HAUT CAREI	SCCV	829544303		FC	60.0%	100.0%	FC	60.0%	100.0%
CALCADE DE MOUGINS	SNC	833132426		FC	51.0%	100.0%	FC	51.0%	100.0%
WOODEUM RESIDENTIEL	SAS	807674775		EM	50.0%	50.0%	EM	50.0%	50.0%
61-75 PARIS AVENUE DE FRANCE	SCCV	830917100	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
NEUILLY GALLIENI	SCCV	839954377		FC	70.0%	100.0%	FC	70.0%	100.0%
LES PANTINOISES LOT 6	SCCV	840317309		FC	50.1%	100.0%	FC	50.1%	100.0%
ROMAINVILLE ROUSSEAU	SCCV	852604909		FC	51.0%	100.0%	FC	51.0%	100.0%
ISSY GUYNEMER	SNC	891166209		FC	51.0%	100.0%	FC	51.0%	100.0%
BONDY TASSIGNY	SNC	892127432		FC	70.0%	100.0%	FC	70.0%	100.0%
CLICHY RUE DU 19 MARS 1962	SNC	903468148		FC	50.1%	100.0%	FC	50.1%	100.0%
Business property									
ALTAREA COGEDIM ENTREPRISE PROMOTION	SNC	535056378		FC	100.0%	100.0%	FC	100.0%	100.0%
AF INVESTCO ARAGO	SNC	494382351	affiliate	EM	30.1%	30.1%	EM	30.1%	30.1%
AF INVESTCO 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%
ALTA VAI HOLDCO A	SAS	424007425		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAFUND GENERAL PARTNER	SARL	N/A		FC	100.0%	100.0%	FC	100.0%	100.0%
PASCALHOLDCO	SPPICAV	809845951	affiliate	EM	15.1%	15.1%	EM	15.1%	15.1%
PASCALPROPOCO	SASU	437929813	affiliate	EM	15.1%	15.1%	EM	15.1%	15.1%
ISSY COEUR DE VILLE PROMOTION BUREAUX	SNC	829845536		FC	51.0%	100.0%	FC	51.0%	100.0%

4.3 Changes in consolidation scope

	31/12/2021	Acquisition	Creation	Sale	Absorption, dissolution, deconsolidation	Change in consolidation method	30/06/2022
<i>In number of companies</i>							
Fully-consolidated subsidiaries	355		7		(15)	4	351
Joint ventures ^(a)	126				(4)	(4)	118
Affiliates ^(a)	65		2				67
Total	546	-	9	-	(19)	-	536

(a) Companies accounted for using the equity method.

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

€millions	30/06/2022	31/12/2021	30/06/2021
Investments in consolidated securities	(0.6)	(1.1)	(1.1)
Liabilities on acquisition of consolidated participating interests	-	-	-
Cash of acquired companies	6.2	17.9	17.9
Total	5.5	16.7	16.7

The Group did not make any significant acquisitions, during the half-year.

4.4 Business combinations

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

4.5 Securities and investments in equity affiliates

In application of IFRS 10, 11 and 12, the following are recognised under securities and receivables on equity

affiliates, investments in joint ventures and associated companies, including receivables from these holdings.

4.5.1 Equity-accounting value of joint ventures and affiliates and related receivables

€millions	30/06/2022	31/12/2021
Equity-accounting value of joint ventures	48.6	57.4
Equity-accounting value of affiliated companies	1.4	5.8
Value of stake in equity-method affiliates	50.0	63.2
Receivables from joint ventures	56.9	62.9
Receivables from affiliated companies	122.6	113.1
Receivables from equity-method subsidiaries	179.5	176.0
Total shares and receivables on investments in associates and joint ventures	229.5	239.2

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

€millions	30/06/2022		31/12/2021		30/06/2021	
	Joint ventures	Affiliates	Joint ventures	Affiliates	Joint ventures	Affiliates
Balance sheet items, Group share:						
Non-current assets	132.3	180.8	313.1	128.8	171.0	270.5
Current assets	277.8	160.0	437.8	313.1	203.6	516.7
Total assets	410.1	340.8	750.9	441.9	374.6	816.5
Non-current liabilities	85.7	188.5	274.2	89.1	181.2	270.3
Current liabilities	275.8	150.9	426.7	295.4	187.6	483.0
Total liabilities	361.5	339.4	700.9	384.5	368.8	753.3
Net assets (equity-accounting basis)	48.6	1.4	50.0	57.4	5.8	63.2
Income statement items, Group share:						
Operating income	6.4	0.1	6.4	11.9	2.3	14.2
Net borrowing costs	(0.7)	(2.0)	(2.7)	(1.4)	(3.9)	(5.3)
Other financial results	(1.6)	(0.1)	(1.7)	(2.6)	(0.5)	(3.1)
Proceeds from the disposal of investments	–	–	–	–	–	–
Net income before tax	4.1	(1.9)	2.2	7.8	(2.0)	5.8
Corporate income tax	(0.9)	0.3	(0.6)	0.6	(0.2)	0.4
Net income by equity method (after tax)	3.2	(1.6)	1.6	8.4	(2.2)	6.2
Non-Group net income	–	(0.0)	(0.0)	(0.0)	0.0	(0.0)
Net income, Group share	3.2	(1.6)	1.6	8.4	(2.2)	6.2

Group revenues from joint ventures amounted to €1.3 million as of 30 June 2022, compared with €17.4 million as of 31 December 2021 and €13.3 million as of 30 June 2021.

Group revenues from affiliates amount to €3.0 million as of 30 June 2022, compared with €5.3 million as of 31 December 2021 and €2.7 million as of 30 June 2021.

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

Commitments given

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

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

In the case of property development activities for joint ventures, construction work completion guarantees were given for €45.0 million at 30 June 2022.

4.6 Current and non-current financial assets

As of 30 June 2022, current and non-current financial assets amounted to €37.5 million (compared with €44.0 million at 31 December 2021) and consist mainly of:

- deposits and guarantees paid on projects: €8.4 million (vs €8.3 million in 31 December 2021);
- long-term investments for an amount of €7.1 million,

At each reporting date, non-consolidated equity investments are measured at fair value, either through profit or loss or equity. For the shares of listed companies,

this fair value is determined on the basis of the stock market price on the closing date in question. For unlisted securities, if the fair value cannot be reliably determined, the securities are carried on the balance sheet at initial fair value, the best estimate of which is acquisition cost plus transaction costs;

- loans and receivables, recognised at amortised cost: €19.4 million (vs €31.5 million at 31 December 2021).

NOTE 5 RESULT

5.1 Net property income

The Altareit Group's net property income at 30 June 2022 was €103.1 million, compared with €101.2 million at half-year 2021, i.e. an increase of 1.9%.

The Residential Backlog of the fully-consolidated companies stands at €3,490 million at 30 June 2022.

The Business Property Development Backlog of the fully-consolidated companies is €278 million at 30 June 2022.

5.2 Cost of net financial debt and other financial items

5.2.1 Cost of net financial debt

€millions	30/06/2022	31/12/2021	30/06/2021
Bond and bank interest expenses	(9.3)	(23.1)	(11.5)
Interest on partners' advances	1.3	2.3	1.1
Other financial income and expenses	(0.1)	(0.0)	(0.1)
FFO financial income and expenses	(8.1)	(20.8)	(10.5)
Deferral of the issue costs of borrowings and other estimated expenses ^(a)	2.4	(1.8)	(0.9)
Net borrowing costs	(5.8)	(22.6)	(12.5)

(a) Deferral in accordance with the amortised cost method of the issue costs of borrowings in accordance with IFRS 9, and the gain on the bond buyback (amount lower than par value).

Interest costs on loans from credit establishments include the effect of amortising issuance costs in accordance with IFRS 9.

5.2.2 Other financial results

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

5.3 Corporate income tax

Analysis of tax expense

Tax expense is analysed as follows (breakdown between current and deferred taxes, breakdown by nature of deferred tax):

€millions	30/06/2022	31/12/2021	30/06/2021
Tax due	(11.9)	(19.7)	(10.0)
Tax loss carry forwards and/or use of deferred losses	(2.4)	(19.2)	(9.6)
Valuation differences	–	0.0	–
Fair value of investment properties	(0.4)	(1.2)	(0.5)
Fair value of hedging instruments	0.1	0.0	(0.0)
Income by percentage of completion	(2.9)	14.3	9.0
Other timing differences	3.2	(2.8)	(0.6)
Deferred tax	(2.4)	(8.9)	(1.7)
Total tax income (expense)	(14.2)	(28.6)	(11.7)

Effective tax rate

€millions	30/06/2022	31/12/2021	30/06/2021
Pre-tax profit of consolidated companies	57.7	112.6	44.2
Group tax savings (expense)	(14.2)	(28.6)	(11.7)
Effective tax rate	(24.67)%	(25.38)%	(26.46)%
Tax rate in France	25.83%	27.37%	27.37%
Theoretical tax charge	(14.9)	(30.8)	(12.1)
Difference between theoretical and effective tax charge	0.7	2.2	0.4
Differences related to treatment of losses	–	(1.0)	1.1
Other permanent differences and rate differences	0.7	3.3	(0.7)

Deferred tax assets and liabilities

€millions	30/06/2022	31/12/2021
Tax loss carry forwards	27.1	29.6
Valuation differences	(27.2)	(27.2)
Fair value of investment properties	(3.4)	(3.0)
Fair value of financial instruments	(0.0)	(0.2)
Income by percentage of completion	(64.2)	(60.8)
Other timing differences	3.1	(2.1)
Net deferred tax on the balance sheet	(64.6)	(63.7)

Deferred taxes relating to valuation differences correspond primarily to the brands held by the Group.

Deferred taxes relating to the activation of tax losses are primarily for losses recognised in the Altareit tax group.

Deferred tax is calculated at the rate of 25.83%, the rate determined by the French Finance Act, 2022.

5.4 Earnings per share

Net earnings per share (basic earnings per share) is the net income (Group share) compared to the weighted average number of shares in issue during the period, less the weighted average number of treasury shares.

To calculate the diluted net income per share, the weighted average number of shares in issue is adjusted to take into account the potentially dilutive effect of all equity instruments issued by the Company.

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

€millions	30/06/2022	31/12/2021	30/06/2021
Numerator			
Net income, Group share	35.9	72.2	24.8
Denominator			
Weighted average number of shares before dilution	1,748,420	1,748,440	1,748,424
Effect of potentially dilutive shares			
<i>Stock options</i>	–	–	–
<i>Rights to free share grants</i>	–	–	–
Total potential dilutive effect	–	–	–
Weighted diluted average number of shares	1,748,420	1,748,440	1,748,424
Diluted net income per share, Group share (€)	20.53	41.32	14.17
Diluted net income per share, Group share (€)	20.53	41.32	14.17

NOTE 6 LIABILITIES

6.1 Equity

6.1.1 Capital, share-based payments and treasury shares

Capital (€)

<i>In number of shares and in €</i>	Number of shares	Nominal	Share capital
Number of shares outstanding at 31 December 2020	1,750,487	1.50	2,626,731(a)
No change in 2021			
Number of shares outstanding at 31 December 2021	1,750,487	1.50	2,626,731(a)
No changes over the period from 1 January to 30 June 2022			
Number of shares outstanding at 30 June 2022	1,750,487	1.50	2,626,731(a)

Share capital includes an amount of €1,000 which corresponds to the nominal value of the 10 shares attributed to the managing general partner.

Capital management

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

Share-based payments

Payments in shares are transactions based on the value of the securities of Altarea SCA, a listed company which controls Altareit. Payment can be made in equity instruments or in cash; however, plans for Altarea SCA shares will be settled exclusively in shares.

The gross expense recognised on the income statement for share-based payments is €8.4 million in June 2022, compared with €6.6 million in June 2021.

Free share grants

Award date	Number of rights awarded	Vesting date	Rights in circulation at 31/12/2021	Awarded	Deliveries	Amendments to rights (a)	Rights in circulation at 30/06/2022
Stock grant plans on Altarea							
19 March 2019	41,531	19 March 2022	18,452		(17,513)	(939)	
6 June 2019	1,355	20 March 2022	1,140		(940)	(200)	
21 April 2020	13,487	21 April 2022	13,168		(12,584)	(584)	
22 April 2020	27,364	22 April 2023	23,880			(2,179)	21,701
31 March 2021	93,605	1 April 2022	90,278		(87,240)	(3,038)	
30 April 2021	45,125 (b)	31 March 2024	42,588			(3,039)	39,549
4 June 2021	27,500 (b)	31 March 2025	27,500			–	27,500
4 June 2021	45,500 (b)	31 March 2025	42,693			–	42,693
4 June 2021	14,000 (b)	31 March 2025	14,000			(1,250)	12,750
4 June 2021	23,700 (b)	31 March 2025	14,684			(1,500)	13,184
1 March 2022	14,000 (b)	31 March 2025		14,000		–	14,000
31 March 2022	66,931	1 April 2023		66,931		–	66,931
31 March 2022	20,983	1 April 2024		20,983		–	20,983
31 March 2022	47,890 (b)	1 April 2024		47,890		–	47,890
30 April 2022	3,250	31 March 2025		3,250		–	3,250
30 April 2022	1,250	31 March 2025		1,250		–	1,250
Total	487,471		149,197	154,304	(118,277)	(12,729)	311,681

(a) Rights cancelled for reasons of departure, transfer, lack of certainty that performance criteria have been met or changes in plan terms.

(b) Plans subject to performance criteria.

Treasury shares

Treasury shares are eliminated and offset directly in equity.

6.1.2 Dividends proposed and paid

No dividend was distributed in 2022 for the 2021 financial year.

No dividend was distributed in 2021 for the 2020 financial year.

6.2 Net financial debt and guarantees

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

€millions	31/12/2021	Cash flow	"Non-cash" change					30/06/2022
			Spreading of issue costs	Change in scope of consolidation	Update	Change in method	Reclassification	
Private bond investment (excluding accrued interest)	496.8	(99.3)	0.7	–	–	–	–	398.2
Short and medium term negotiable securities	409.0	(28.0)	–	–	–	–	–	381.0
Bank borrowings, excluding accrued interest and overdrafts	322.5	0.3	0.8	11.0	–	–	–	334.6
Net bond and bank debt, excluding accrued interest and overdrafts	1,228.3	(127.0)	1.5	11.0	–	–	–	1,113.8
Accrued interest on bond and bank borrowings	7.9	4.7	–	0.0	–	–	–	12.5
Bond and bank debt, excluding overdrafts	1,236.1	(122.3)	1.5	11.0	–	–	–	1,126.3
Cash and cash equivalents	(1,355.4)	485.1	–	–	–	–	(0.0)	(870.3)
Bank overdrafts	12.3	(1.2)	–	–	–	–	–	11.1
Net cash	(1,343.1)	483.9	–	–	–	–	(0.0)	(859.2)
Net bond and bank debt	(107.0)	361.6	1.5	11.0	–	–	(0.0)	267.1
Group and partners' advances	288.6	(241.4)	–	15.3	–	–	(0.0)	62.4
Accrued interest on shareholders' advances	0.0	0.0	–	–	–	–	–	0.0
Lease liabilities	157.7	(8.7)	–	–	–	–	7.8	156.8
Net financial debt	339.3	111.5	1.5	26.3	–	–	7.8	486.4

6.2.1 Net financial bond and bank debt

Group net financial bond and bank debt amounted to €267.1 million at 30 June 2022, versus –€107.0 million at 31 December 2021.

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

- borrowings from credit establishments amounting to €202.1 million compared with €208.1 million at 31 December 2021;
- bank financing of development operations for €132.5 million compared with €114.4 million at 31 December 2021.

During the half-year, the Group:

- reduced its issues of negotiable securities (€28 million less over the year). The Group continued to use short-term or medium-term resources *via* NEU-CP (issues up to one year) and NEU-MTN (issues beyond one year) programmes);
- acquired through a public offer launched in June 2022, €99.6 million in Altareit bonds due July 2025 with a coupon of 2.875%.

All financing was not fully drawn at 30 June 2022.

Current account liabilities with Altarea SCA were zero at 30 June 2022, and amounted to €219.5 million at 31 December 2021.

The changes in the consolidation scope are notably related to the change in consolidation method of some entities.

Borrowing costs are analysed in the note on earnings.

Net cash

Net cash amounted to €859.2 million, including cash equivalents (mainly term accounts - for €50.1 million) which are recorded at their fair value at each reporting date.

Breakdown of bank and bond debt by maturity

€millions	30/06/2022	31/12/2021
< 3 months	142.9	138.9
3 to 6 months	260.2	95.2
6 to 9 months	73.5	114.2
9 to 12 months	1.2	93.8
At less than 1 year	477.9	442.1
At 2 years	125.4	129.0
At 3 years	69.1	86.2
At 4 years	468.9	540.1
At 5 years	–	56.0
1 to 5 years	663.4	811.3
More than 5 years	–	–
Issuance cost to be amortised	(3.8)	(5.0)
Total gross bond and bank debt	1,137.4	1,248.5

The portion of bond and bank debt at less than one year increased due to the maturity schedule of NEU-CP programmes. The portion between one and five years decreased following the bond issue buyback.

Breakdown of bank and bond debt by guarantee

€millions	30/06/2022	31/12/2021
Mortgage commitments	132.5	114.4
Moneylender lien	10.3	10.8
Altarea SCA security deposit	194.0	200.0
Not guaranteed	804.5	928.3
Total	1,141.3	1,253.5
Issuance cost to be amortised	(3.8)	(5.0)
Total gross bond and bank debt	1,137.4	1,248.5

Breakdown of bank and bond debt by interest rate

€millions	Gross bond and bank debt		Total
	Variable rate	Fixed rate	
At 30 June 2022	727.6	409.8	1,137.4
At 31 December 2021	744.4	504.1	1,248.5

The market value of fixed rate debt stood at €368.4 million at 30 June 2022 compared to €534.0 million at 31 December 2021.

Schedule of future interest expenses

€millions	30/06/2022	31/12/2021
< 3 months	1.0	1.0
3 to 6 months	1.3	0.9
6 to 9 months	1.3	8.4
9 to 12 months	1.2	0.9
At less than 1 year	4.9	11.2
At 2 years	15.1	17.4
At 3 years	12.4	15.6
At 4 years	11.6	14.7
At 5 years	-	-
1 to 5 years	39.1	47.6

These future interest expenses concern borrowings and financial instruments, and are presented exclusive of accrued interest not payable.

6.2.2 Lease liabilities

Lease liabilities are debts mainly relating to real estate leases and vehicle leases (respectively for the premises occupied and the vehicles used by Group employees) and the debt reclassified from the old finance lease contract.

These liabilities totalled €156.8 million at 30 June 2022 versus €157.7 million at 31 December 2021.

These obligations should be compared with the rights of use on property, plant and equipment and the rights of use on investment properties.

Breakdown of lease liabilities by maturity

€millions	30/06/2022	31/12/2021
< 3 months	4.3	4.2
3 to 6 months	4.4	4.1
6 to 9 months	4.1	4.1
9 to 12 months	4.2	4.1
At less than 1 year	17.1	16.5
At 2 years	16.2	15.2
At 3 years	16.1	14.9
At 4 years	15.7	14.8
At 5 years	15.9	15.9
1 to 5 years	64.0	60.8
More than 5 years	75.8	80.5
Total lease liabilities	156.8	157.7

6.2.3 Items included in net debt in the cash flow statement

€millions	Cash flow
Issuance of borrowings and other financial liabilities	269.2
Repayment of borrowings and other financial liabilities	(637.6)
Change in borrowing and other financial liabilities	(368.4)
Repayment of lease liabilities	(8.7)
Change in cash balance	(483.9)
Total change in net financial debt	(861.0)
Net bond and bank debt, excluding accrued interest and overdrafts	(127.0)
Net cash	(483.9)
Group and partners' advances	(241.4)
Lease liabilities	(8.7)
Total change in net financial debt	(861.0)

6.3 Provisions

€millions	30/06/2022	31/12/2021
Provision for benefits payable at retirement	8.6	10.4
Other provisions	6.9	6.7
Total provisions	15.5	17.1

The provision for post-employment benefits was measured, as in previous financial years, by an external actuary. The valuation and accounting principles are detailed in the Company's accounting principles and methods. The main assumptions used when evaluating this commitment are turnover, the discount rate and the rate of salary increase: a change of +/- 0.25% in the last two criteria would not have any significant impact.

Other provisions primarily cover:

- the risk of disputes arising from construction operations;
- the risk of the failure of certain 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 Intangible assets and goodwill

€millions	Gross values	Depr./Amort. and/or impairment	30/06/2022	31/12/2021
Goodwill	435.8	(243.7)	192.1	192.1
Brands	105.4		105.4	105.4
Customer relationships	192.9	(192.9)	–	–
Software applications, patents and similar rights	27.4	(22.3)	5.1	6.2
Leasehold right	0.3		0.3	0.3
Others	0.2	(0.0)	0.2	0.2
Other intangible assets	27.9	(22.3)	5.6	6.6
TOTAL	762.0	(458.9)	303.1	304.1

€millions	30/06/2022	31/12/2021
Net values at beginning of the period	304.1	303.3
Acquisitions of intangible assets	0.1	2.7
Disposals and write-offs	(0.0)	(0.0)
Changes in scope of consolidation and other	–	0.3
Net allowances for depreciation	(1.1)	(2.1)
Net values at the end of the period	303.1	304.1

Goodwill

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

Brands

The Group owns the following brands: Cogedim, Pitch Immo, Histoire & Patrimoine and, since early 2019, Severini. These brands, for a total amount of €105.4 million, have an open-ended useful life and are therefore not amortised.

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

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

€millions	Land and Constructions	Vehicles	Others	Gross right-of-use	Amort. Land and Constructions	Amort. Vehicles	Amort. Others	Total depreciation	Net right-of-use
At 31 December 2021	152.8	4.2	0.7	157.6	(27.3)	(1.7)	(0.6)	(29.6)	128.0
New contracts/Increases	6.9	0.9	–	7.8	(7.5)	(0.6)	(0.1)	(8.2)	(0.4)
Termination of contracts/Reversals	(0.2)	(0.7)	(0.4)	(1.3)	0.1	0.6	0.4	1.1	(0.1)
At 30 June 2022	159.5	4.4	0.3	164.2	(34.7)	(1.8)	(0.2)	(36.7)	127.5

The assets recognised in respect of right-of-use property leases mainly concern the leases of premises occupied by the Group's employees, and vehicle leases.

These assets are initially measured at cost with a corresponding lease liability (see Note 6.2.2). They are amortised on a straight-line basis over the reasonably certain lease term.

The lease term used for each contract corresponds to the reasonably certain lease term, *i.e.* the non-cancellable period adjusted for early termination options that the Group is

reasonably certain not to exercise and extension options the Group is reasonably certain to exercise.

The changes are related to the signing of new property leases and/or the revision of contracts such as:

- a change in the rental contract,
- increase or decrease in the lease term or the amount of rents indexed to an index or rate.

7.3 Investment properties

Investment properties concern:

- office assets measured at cost;
- a shopping centre in Orgeval,

- and a right to use investment properties of a credit leasing agreement previously posted under IAS 17 in investment properties at cost and now valued according to IFRS 16.

7.4 Operational working capital requirement

Summary of components of operational working capital requirement

€millions	30/06/2022	31/12/2021	Flows		
			Created by the business	Changes in consolidation scope and transfer	Change in consolidation method
Net inventories and work in progress	1,021.0	883.4	111.0	26.6	-
Contract assets	676.8	714.1	(58.2)	21.0	-
Net trade receivables	283.3	285.5	(6.9)	4.6	-
Other operating receivables net	407.2	404.3	(0.4)	2.7	-
Trade and other operating receivables net	690.4	689.9	(7.3)	7.4	-
Contract liabilities	(219.1)	(168.1)	(51.0)	-	-
Trade payables	(877.6)	(967.4)	96.1	(5.7)	-
Other operating payables	(434.4)	(472.8)	62.0	(23.6)	-
Trade payables and other operating liabilities	(1,312.0)	(1,440.2)	158.1	(29.3)	-
Operational WCR	857.2	679.0	152.6	25.7	-

NB: presentation excluding payables and receivables on the sale or acquisition of fixed assets.

The changes in the consolidation scope are related to the change in consolidation method of some entities.

7.4.1 Inventories and work in progress

€millions	Gross inventories	Impairment	Net inventories
At 31 December 2021	899.9	(16.5)	883.4
Change	115.6	(0.0)	115.6
Increases	-	(8.9)	(8.9)
Reversals	-	4.2	4.2
Transfers to or from other categories	0.1	-	0.1
Change in scope of consolidation	26.5	-	26.5
At 30 June 2022	1,042.2	(21.2)	1,021.0

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

The changes in the consolidation scope are related to the change in consolidation method of some entities.

7.4.2 Trade and other receivables

€millions	30/06/2022	31/12/2021
Gross trade receivables	284.5	286.8
Opening impairment	(1.3)	(0.8)
Increases	(0.2)	(0.5)
Change in scope of consolidation	0.1	(0.2)
Reversals	0.2	0.2
Closing impairment	(1.2)	(1.3)
Net trade receivables	283.3	285.5
Advances and down payments paid	39.4	36.9
VAT receivables	272.9	290.7
Sundry debtors	37.3	23.2
Prepaid expenses	51.1	45.9
Principal accounts in debit	7.8	8.6
Total other operating receivables gross	408.5	405.3
Opening impairment	(1.0)	(1.1)
Increases	(0.5)	(0.2)
Reversals	0.0	0.3
Closing impairment	(1.4)	(1.0)
Net operating receivables	407.2	404.3
Trade receivables and other operating receivables	690.4	689.9
Receivables on sale of assets	0.2	0.2
Trade and other receivables	690.6	690.0

Trade receivables

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

Advances and down payments paid

Advances and down payments correspond primarily to compensation for loss of use paid to the sellers of land when preliminary sales agreements are signed (for those not covered by guarantees) as part of its property development business. They are offset against the price to be paid on completion of the purchase.

7.4.3 Trade and other payables

€millions	30/06/2022	31/12/2021
Trade payables and related accounts	877.6	967.4
Advances and down payments received from clients	1.1	0.8
VAT collected	251.6	294.2
Other tax and social security payables	40.2	47.5
Prepaid income	3.4	2.6
Other payables	130.3	119.2
Principal accounts in credit	7.8	8.6
Other operating payables	434.4	472.8
Amounts due on non-current assets	3.7	3.7
Trade and other payables	1,315.7	1,443.9

NOTE 8 MANAGEMENT OF FINANCIAL RISKS

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

8.1 Carrying amount of financial instruments by category

At 30 June 2022

€millions	Total carrying amount	Non-financial assets	Financial assets and liabilities carried at amortised cost		Financial assets and liabilities carried at fair value				
			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	249.9	50.0	197.6	–	2.4	–	–	–	2.4
Securities and investments in equity affiliates	229.5	50.0	179.5	–	–	–	–	–	–
Non-current financial assets	20.4	–	18.1	–	2.4	–	–	–	2.4
CURRENT ASSETS	1,578.0	–	1,527.9	–	–	50.1	50.1	–	–
Trade and other receivables	690.6	–	690.6	–	–	–	–	–	–
Current financial assets	17.1	–	17.1	–	–	–	–	–	–
Cash and cash equivalents	870.3	–	820.2	–	–	50.1	50.1	–	–
NON-CURRENT LIABILITIES	800.5	–	–	800.5	–	–	–	–	–
Borrowings and financial liabilities	800.2	–	–	800.2	–	–	–	–	–
Deposits and security interests received	0.3	–	–	0.3	–	–	–	–	–
CURRENT LIABILITIES	1,872.2	–	–	1,872.2	–	0.0	–	0.0	–
Borrowings and financial liabilities	556.5	–	–	556.5	–	–	–	–	–
Trade and other payables	1,315.7	–	–	1,315.7	–	–	–	–	–

(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 (value change through profit and loss or 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 swaps and caps designed to hedge against interest rate risk on its variable rate financial debts.

The Group has not opted for the hedge accounting available under IFRS 9. Derivatives are carried at fair value.

Derivatives are valued by discounting future cash flows estimated according to interest rate curves at 30 June 2022.

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

Management position

At 30 June 2022

€millions	30/06/2022	30/06/2023	30/06/2024	30/06/2025	30/06/2026	30/06/2027
Fixed-rate bond and bank loans	(409.8)	(398.2)	(398.2)	(400.4)	–	–
Floating-rate bank loans	(727.6)	(261.4)	(136.0)	(66.9)	–	–
Cash and cash equivalents (assets)	870.3	–	–	–	–	–
Net position before hedging	(267.1)	(659.6)	(534.1)	(467.3)	–	–
Swap	–	–	–	–	–	–
Cap	–	–	–	–	–	–
Total derivative financial instruments	–	–	–	–	–	–
Net position after hedging	(267.1)	(659.6)	(534.1)	(467.3)	0.0	–

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 profit before tax	Impact on the value of the portfolio of the financial instruments
30/06/2022	+50	-€0.3 million	-
	-50	+€0.2 million	-
31/12/2021	+50	-€0.3 million	-
	-50	+€0.3 million	-

8.3 Liquidity risk

Cash

The Group's balance sheet assets amounted to €870.3 million at 30 June 2022, compared with €1,355.4 million at 31 December 2021, which constitute the first tools for managing liquidity risk (see Note 6.2.1 "Net financial bond and bank debt").

Some of this cash is available to the subsidiaries that carry it: at 30 June 2022, the amount was €348.5 million.

On this date, €521.8 million is available at Group level, which also has an additional €507.5 million of cash available (in the form of unused confirmed corporate credit lines).

Covenants

As part of the Altarea Group, some covenants relate to consolidated indicators of Altarea.

The covenants with which the Group must comply concern the corporate bank loans for €194 million.

The bond loan subscribed by Altareit SCA is also subject to leverage covenants (€400.4 million).

	Altarea Group covenants	30/06/2022	Consolidate d Altareit covenants	30/06/2022
Loan To Value (LTV)				
Net bond and bank financial debt/re-assessed value of the Company's assets	< 60%	24.2%		
Interest Cover Ratio (ICR)				
Operating income (FFO column or cash flow from operations)/Company's net borrowing cost (FFO column)	> 2	12.6		
Leverage				
Gearing: Net financial debt/Equity			≤ 3.25	0.2
ICR: EBITDA/Net interest expenses			≥ 2	11.6

Counterparty risk

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

Currency risk

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

NOTE 9 RELATED PARTY TRANSACTIONS

Ownership structure of Altareit

(in percentage)	30/06/2022		31/12/2021	
	% share capital and theoretical voting rights	% actual voting rights	% share capital and theoretical voting rights	% actual voting rights
Altarea	99.63	99.75	99.63	99.75
Altarea France	0.11	0.11	0.11	0.11
Alta Faubourg *	0.11	–	0.11	–
<i>Altarea Group controlling</i>	<i>99.85</i>	<i>99.86</i>	<i>99.85</i>	<i>99.86</i>
Treasury shares	0.01	–	0.01	–
Public	0.14	0.14	0.14	0.14
Total	100.0	100.0	100.0	100.0

* Treasury shares

Related party transactions

The related parties are legal entities whose directors are common with those of the Company.

The main related parties of the Group are:

- Altarea, the Group's holding company, and its subsidiaries, particularly those providing services;
- Altafi 2, non-associate Manager of the Company, run and controlled by Mr Alain Taravella. He is the chairman of Altafi 2. Mr Jacques Ehrmann is its Chief Executive Officer;
- Companies of the founding shareholders who hold shares in Altarea: AltaGroupe, AltaPatrimoine and Altager, controlled by Mr Alain Taravella.

Altarea owns 99.63% of capital and voting rights in Altareit directly, while Altarea France, 100%-controlled by Altarea, and Alta Faubourg, 100%-controlled by Altareit, own 0.11% of Altareit each.

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

Altarea granted personal guarantees (notably, sureties and stand-alone guarantees) on behalf of Altareit for an amount of up to €713.8 million. In addition, Altarea has directly invested 50% in AF Investco 4 for the redevelopment of a building alongside the AltaFund investment fund in which Altareit holds a 16.7% stake.

In order to formalise the services habitually provided to Altareit by Altarea, the coordinating holding company, and to spell out the services provided by the latter, a coordination agreement was signed in 2017. The previous conditions remain unchanged.

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

€millions	Altafi 2	Altarea and subsidiaries	30/06/2022	31/12/2021	30/06/2021
Non-current	–	3.0	3.0	3.0	1.2
Current assets	0.3	16.8	17.1	18.3	18.1
TOTAL ASSETS	0.3	19.8	20.1	21.2	19.3
Trade payables, current accounts and other liabilities ^(a)	0.0	12.2	12.3	228.5	2.2
TOTAL LIABILITIES	0.0	12.2	12.3	228.5	2.2

(a) Mainly the current account between Altareit SCA and Altarea SCA.

€millions	Altafi 2	Altarea and subsidiaries	30/06/2022	31/12/2021	30/06/2021
Operating income	0.0	5.3	5.3	10.8	5.5
Operating expenses	(0.9)	(20.4)	(21.4)	(61.1)	(19.6)
OPERATING INCOME	(0.9)	(15.1)	(16.0)	(50.3)	(14.1)
Net borrowing costs	–	(1.0)	(1.0)	(1.9)	(1.0)
NET INCOME	(0.9)	(16.2)	(17.0)	(52.2)	(15.0)

Compensations of the Management Committee

In accordance with Article 14 of the Articles of Association, Altareit pays fees to the Managing Partner, Altafi 2.

Management fixed compensation is €0.9 million for the year.

The annual variable compensation that may be paid is based partly on the consolidated net income, Group share, for the financial year, above a pre-set threshold and partly on the achievement of non-financial objectives related to the climate and human resources. As an indication, it totalled €0.5 million in 2022. Both types of compensation were approved by the General Shareholders' Meeting of 29 June 2021.

Compensation of the Group's salaried executives

€millions	30/06/2022	31/12/2021	30/06/2021
Gross wages ^(a)	0.6	1.6	0.9
Social security contributions	0.2	0.7	0.4
Share-based payments ^(b)	1.0	3.0	1.2
Number of shares delivered during the period	6,036	20,721	20,721
Post-employment benefits ^(c)	0.0	0.0	0.0
Other short- or long-term benefits and compensation ^(d)	0.0	0.0	0.0
Termination indemnities ^(e)	–	–	–
Employer contribution on bonus shares delivered	0.2	0.7	0.7
Post-employment benefit commitment	0.1	0.2	0.2

(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 to Altarea SCA's free share grants	30/06/2022	31/12/2021	30/06/2021
Rights to Altarea SCA's free share grants	43,371	53,978	56,028

The information above refers to compensation and benefits granted to the main salaried executives in the Group. It does not include the compensation of the Founding Shareholder-Managers and of the Chairman and members of the Supervisory Board.

NOTE 10 GROUP COMMITMENTS AND CONTINGENT LIABILITIES

10.1 Off-balance sheet commitments

The main commitments given by the Group are mortgages and mortgage commitments made to secure loans or lines of credit from credit institutions.

Pledges of securities and undertakings not to sell or assign ownership units are also made by the Company to secure certain loans.

These commitments appear in Note 6.2 “Net financial debt and guarantees”.

In addition, the Company has received commitments from banks for unused credit lines, which are described in Note 8 “Management on financial risk”.

All other material commitments are set out below:

€millions	31/12/2021	30/06/2022	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	4.1	4.1	–	4.1	–
Commitments received relating to operating activities	8.1	12.9	12.6	0.3	0.0
Security deposits received in the context of the Hoguet Act (France)	7.8	12.6	12.6	–	–
Security deposits received from tenants	0.3	0.3	–	0.3	0.0
Total	12.1	17.0	12.6	4.3	0.0
Commitments given					
Commitments given relating to financing (excl. borrowings)	–	–	–	–	–
Commitments given relating to Company acquisitions	33.7	22.0	–	22.0	–
Commitments given relating to operating activities	2,111.9	1,856.1	860.3	993.5	2.3
Construction work completion guarantees (given)	1,883.6	1,610.9	676.7	934.2	–
Guarantees given on forward payments for assets	155.8	160.1	128.6	31.5	–
Guarantees for loss of use	61.1	62.8	40.8	19.7	2.3
Other sureties and guarantees granted	11.4	22.3	14.3	8.0	–
Total	2,145.6	1,878.1	860.3	1,015.5	2.3

Commitments received

Commitments received relating to acquisitions/disposals

The Group benefits from liability guarantee(s) obtained in the context of the acquisition of subsidiaries and shareholdings. It thus received a maximum commitment of €2 million given by the sellers of Severini, the developer. This commitment guarantees any loss suffered by the Group related to the business activity and whose cause or origin is prior to 31 March 2018, and applies until 31 December 2025 inclusive.

The Group and Woodeum Holding arranged a potential liquidity of their securities and secured the Group’s ability to buy the balance of the shares not held, should it so wish. The Group has moreover received representations and warranties in the context of this investment.

Commitments received relating to operating activities

Security deposits

Under France’s Hoguet Act, the Group holds security deposits received from specialist bodies guaranteeing its activities.

Payment guarantees received from customers

The Group receives customer payment guarantees issued by financial institutions to guarantee sums payable by the customer. They mainly relate to Business property development projects.

Other commitments received

In its Property Development business, the Group receives deposits on construction contracts from contractors to cover holdbacks (up to 5% of the amount of the contract – non-costed commitment).

Commitments given

Commitments given relating to acquisitions

The main commitments concern an undertaking to subscribe for the capital of companies comprising the AltaFund investment fund in the amount of €22.0 million (firm commitment for identified projects). The commitment changes depending on subscriptions and/or redemptions during the period.

Otherwise, the Group can make representations and warranties or contingent consideration when disposing of shares in subsidiaries and affiliates.

Commitments given relating to operating activities

Construction work completion guarantees

Completion guarantees are given to customers as part of off-plan sales and are provided on behalf of Group companies by financial institutions, mutual guarantee organisations or insurance companies. They are reported in the amount of risk borne by the financial institution that issued the guarantee.

In return, Group companies give financial institutions a promise of mortgage security and an undertaking not to sell ownership units.

Guarantees on forward payments for assets

These guarantees mainly cover purchases of land for the Property Development business.

Guarantees for loss of use

As part of its Property Development activities, the Group signs preliminary sales agreements with landowners, the execution of which is subject to conditions precedent, including conditions relating to obtaining administrative authorisations. In return for their undertakings, landowners receive compensation for loss of use, which takes the form of an advance (carried on the asset side of the balance sheet) or a surety (an off-balance sheet liability). The Group undertakes to pay the compensation for loss of use if it decides not to buy the land when the conditions precedent are met.

Other sureties and guarantees granted

The other sureties and guarantees granted relate primarily to guarantees given to contractors at the signing of works contracts.

Reciprocal commitments

Notably in the ordinary course of its Property Development activities, the Group enters into reciprocal commitments to

ensure the REIT control of future projects. The Group signs bilateral sales agreements with landowners: owners undertake to sell their land and the Group commits to buy it if the (administrative and/or marketing) conditions precedent are met.

Other commitments

In the conduct of its Residential property development, the Group signs reservation contracts (or preliminary sales agreements) with its customers, the execution of which depends on whether the customers meet the conditions precedent, particularly with respect to their ability to secure financing.

The Group has also a future offering consisting of unilateral preliminary sales agreements.

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

10.2 Contingent liabilities

Correction proposals concerning the registration fees related to the sale by Alta Faubourg of the Semmaris shares in 2018 and 2020 were received in 2021 and 2022.

As registration fees are guaranteed by Alta Faubourg, the risk, which amounts to €11.0 million in fees and late payment penalties, is borne by the Group.

The company has strong arguments to contest the adjustment and does not envisage an outflow of financial resources.

No provisions was therefore taken at 30 June 2022.

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 for which the case is ongoing (see Note 4.1 "Major events").

NOTE 11 EVENTS AFTER THE CLOSING DATE

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