ALTAREA

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

CONTENTS

1 Financial statements

Consolidated balance sheet

(€ millions)	Note	30/06/2023	31/12/2022
Non-current assets		**5,112.2**	**5,100.0**
Intangible assets	7.2	380.3	344.3
o/w Goodwill		*253.8*	*214.7*
o/w Brands		*105.4*	*105.4*
o/w Customer relationships		*5.2*	*6.7*
o/w Other intangible assets		*15.9*	*17.4*
Property, plant and equipment		28.2	25.2
Right-of-use on tangible and intangible fixed assets	7.3	124.3	123.1
Investment properties	7.1	4,105.1	4,087.4
o/w Investment properties in operation at fair value		*3,795.7*	*3,793.3*
o/w Investment properties under development and under construction at cost		*105.6*	*95.5*
o/w Right-of use on Investment properties		*203.8*	*198.6*
Securities and investments in equity affiliates	4.5	442.7	491.7
Non-current financial assets	4.6	21.0	20.3
Deferred taxes assets	5.3	10.5	8.0
Current assets		**3,731.5**	**3,987.7**
Net inventories and work in progress	7.4	1,345.7	1,159.3
Contract assets	7.4	596.3	723.1
Trade and other receivables	7.4	956.4	900.1
Income credit		18.2	3.2
Current financial assets	4.6	37.1	81.4
Derivative financial instruments	8	151.8	160.6
Cash and cash equivalents	6.2	625.1	952.3
Assets held for sale	7.1	0.8	7.8
TOTAL ASSETS		**8,843.7**	**9,087.7**
Equity		**3,724.4**	**3,959.5**
Equity attributable to Altarea SCA shareholders		**2,165.3**	**2,375.2**
Share capital	6.1	311.4	311.4
Other paid-in capital		391.7	395.0
Reserves		1,480.1	1,342.0
Income associated with Altarea SCA shareholders		(17.8)	326.8
Equity attributable to non-controlling interests in subsidiaries		**1,559.1**	**1,584.4**
Reserves associated with non-controlling interests in subsidiaries		1,299.0	1,263.2
Other equity components, Subordinated Perpetual Notes		223.5	223.5
Income associated with non-controlling interests in subsidiaries		36.6	97.7
Non-current liabilities		**2,507.7**	**2,612.0**
Non-current borrowings and financial liabilities	6.2	2,371.6	2,454.8
o/w Participating loans and advances from associates		*60.9*	*58.2*
o/w Bond issues		*1,382.3*	*1,385.2*
o/w Borrowings from credit establishments		*595.4*	*612.8*
o/w Negotiable European Medium-Term Note		-	*70.0*
o/w Lease liabilities		*131.7*	*132.2*
o/w Contractual fees on investment properties		*201.2*	*196.4*
Long-term provisions	6.3	30.0	35.5
Deposits and security interests received		41.2	39.3
Deferred tax liability	5.3	64.9	82.4
Current liabilities		**2,611.7**	**2,516.1**
Current borrowings and financial liabilities	6.2	421.7	547.4
o/w Bond issues		*23.3*	*22.0*
o/w Borrowings from credit establishments		*79.0*	*90.9*
o/w Negotiable European Commercial Paper		*150.0*	*302.0*
o/w Bank overdrafts		*48.1*	*24.2*
o/w Advances from Group shareholders and partners		*100.3*	*89.1*
o/w Lease liabilities		*18.0*	*16.6*
o/w Contractual fees on investment properties		*3.1*	*2.6*
Derivative financial instruments	8	0.0	0.0
Contract liabilities	7.4	359.7	351.4
Trade and other payables	7.4	1,622.3	1,611.1
Tax due		1.0	6.2
Amounts due to Altarea SCA shareholders and minority shareholders of subsidiaries	6.1	207.0	0.0
TOTAL LIABILITIES		**8,843.7**	**9,087.7**

Statement of consolidated comprehensive income

(€ millions)	Note	30/06/2023	31/12/2022	30/06/2022
Rental income		111.4	210.2	101.4
Property expenses		(2.4)	(3.6)	(2.0)
Unrecoverable rental expenses		(5.5)	(10.4)	(6.0)
Expenses re-invoiced to tenants		*31.1*	*58.8*	*29.0*
Rental expenses		*(36.6)*	*(69.3)*	*(35.0)*
Other expenses		0.3	(0.3)	0.1
Net charge to provisions for current assets		(5.9)	(2.3)	1.4
Net rental income	5.1	**98.0**	**193.7**	**94.8**
Revenue		1,111.6	2,748.6	1,300.0
Cost of sales		(1,010.8)	(2,418.6)	(1,126.5)
Selling expenses		(47.8)	(104.2)	(48.2)
Net charge to provisions for current assets		(7.8)	(34.2)	(8.3)
Amortisation of customer relationships		(1.5)	(1.5)	-
Net property income	5.1	**43.7**	**190.1**	**117.0**
External services		27.0	54.4	21.1
Own work capitalised and production held in inventory		67.9	242.1	99.2
Personnel costs		(109.4)	(271.1)	(122.7)
Other overhead expenses		(43.2)	(78.3)	(36.2)
Depreciation expenses on operating assets		(14.5)	(29.0)	(14.3)
Net overhead expenses		**(72.1)**	**(81.9)**	**(52.9)**
Other income and expenses		(4.3)	(6.7)	(3.5)
Depreciation expenses		(0.3)	(0.1)	(0.0)
Transaction costs		(2.1)	(14.5)	(12.0)
Others		**(6.7)**	**(21.3)**	**(15.5)**
Proceeds from disposal of investment assets		(2.9)	76.5	0.5
Carrying amount of assets sold		(0.8)	(74.2)	(0.5)
Net gain/(loss) on disposal of investment assets		**(3.7)**	**2.3**	**0.0**
Change in value of investment properties	7.1	(5.6)	45.8	47.3
Net impairment losses on investment properties measured at cost		-	(18.7)	-
Net impairment losses on other non-current assets		(0.1)	0.2	0.5
Net charge to provisions for risks and contingencies		4.7	0.3	1.2
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**58.2**	**310.4**	**192.4**
Share in earnings of equity-method affiliates	4.5	(7.7)	71.0	12.1
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**50.5**	**381.4**	**204.5**
Net borrowing costs	5.2	(22.3)	(23.8)	(9.8)
Financial expenses		*(36.1)*	*(41.4)*	*(17.0)*
Financial income		*13.8*	*17.5*	*7.2*
Other financial results	5.2	(16.2)	(26.3)	(15.4)
Change in value and income from disposal of financial instruments	5.2	(10.1)	123.0	73.8
Net gain/(loss) on disposal of investments		(4.5)	38.5	37.7
Profit before tax		**(2.7)**	**492.8**	**290.7**
Corporate income tax	5.3	21.5	(68.3)	(35.5)
NET INCOME		**18.8**	**424.5**	**255.2**
o/w Attributable to shareholders of Altarea SCA		**(17.8)**	**326.8**	**198.6**
o/w Attributable to non-controlling interests in subsidiaries		36.6	97.7	56.6
Average number of non-diluted shares		20,226,680	20,158,331	20,119,215
Net earnings per share attributable to shareholders of Altarea SCA (€)	5.4	**(0.88)**	**16.21**	**9.87**
Diluted average number of shares		20,743,548	20,649,592	20,605,953
Diluted net earnings per share attributable to shareholders of Altarea SCA (€)	5.4	**(0.86)**	**15.83**	**9.64**

Other comprehensive income

(€ millions)	30/06/2023	31/12/2022	30/06/2022
NET INCOME	**18.8**	**424.5**	**255.2**
Actuarial differences on defined-benefit pension plans	1.1	3.0	2.9
o/w Taxes	*(0.3)*	*(0.8)*	*(0.7)*
Subtotal of comprehensive income items that may not be reclassified to profit	**1.1**	**3.0**	**2.9**
OTHER COMPREHENSIVE INCOME	**1.1**	**3.0**	**2.9**
CONSOLIDATED COMPREHENSIVE INCOME	**19.9**	**427.5**	**258.1**
o/w Net comprehensive income attributable to Altarea SCA shareholders	(16.7)	329.8	201.5
o/w Net comprehensive income attributable to non-controlling interests in subsidiaries	36.6	97.7	56.6

Consolidated cash flows statement

(€ millions)	Note	30/06/2023	31/12/2022	30/06/2022
Cash flow from operating activities				
Total consolidated net income		**18.8**	**424.5**	**255.2**
Elimination of income tax expense (income)	5.3	(21.5)	68.3	35.5
Elimination of net interest expense (income) and dividends	5.2	38.5	50.0	24.9
Net income before tax and before net interest expense (income)		**35.8**	**542.8**	**315.6**
Elimination of share in earnings of equity-method affiliates	4.5	7.7	(71.0)	(12.1)
Elimination of depreciation and impairment		12.2	31.4	13.6
Elimination of value adjustments	7.1/5.2	15.7	(150.2)	(121.0)
Elimination of net gains/(losses) on disposals(1)		8.2	(40.3)	(37.8)
Estimated income and expenses associated with share-based payments	6.1	12.1	25.1	12.9
Net cash flow		**91.8**	**337.7**	**171.2**
Tax paid		(19.4)	(34.6)	(25.5)
Impact of change in operational working capital requirement (WCR)	7.4	41.4	(106.3)	(127.5)
CASH FLOW FROM OPERATIONS		**113.8**	**196.7**	**18.2**
Cash flow from investment activities				
Net acquisitions of assets and capitalised expenditures	7.1	(20.9)	(42.9)	(37.0)
Gross investments in equity affiliates	4.5	(77.7)	(97.9)	(49.9)
Acquisitions of consolidated companies, net of cash acquired		5.4	(3.7)	5.5
Other changes in Group structure		(3.3)	6.1	(0.0)
Increase in loans and advances		(18.2)	(13.8)	(7.6)
Sale of non-current assets and reimbursement of advances and down payments(1)		(2.8)	58.7	2.9
Disposals of equity affiliates	4.5	10.7	80.5	36.7
Disposals of consolidated companies, net of cash transferred	4.3	0.2	113.3	108.0
Reduction in loans and other financial investments		21.7	64.4	37.0
Net change in investments and derivative financial instruments	5.2	37.4	(92.7)	(11.0)
Dividends received		34.1	34.7	33.7
Interest income on loans		19.9	23.4	9.2
CASH FLOW FROM INVESTMENT ACTIVITIES		**6.5**	**130.0**	**127.5**
Cash flow from financing activities				
Capital increase(2)		(0.0)	9.3	(0.1)
Share of non-controlling interests in the capital increase of subsidiaries(3)		-	140.2	140.1
Dividends paid to Altarea SCA shareholders	6.1	(0.0)	(199.8)	(199.8)
Dividends paid to minority shareholders of subsidiaries		(40.3)	(23.2)	(21.3)
Issuance of borrowings and other financial liabilities	6.2	163.0	430.3	590.5
Repayment of borrowings and other financial liabilities	6.2	(537.7)	(1,254.3)	(1,200.0)
Repayment of lease liabilities	6.2	(8.8)	(19.9)	(9.7)
Net sales (purchases) of treasury shares	6.1	(1.7)	(26.3)	(15.0)
Net change in security deposits and guarantees received		1.8	0.9	(0.3)
Interest paid on financial debts		(47.5)	(67.7)	(30.8)
CASH FLOW FROM FINANCING ACTIVITIES		**(471.4)**	**(1,010,6)**	**(746.4)**
CHANGE IN CASH BALANCE		**(351.0)**	**(683.9)**	**(600.7)**
Cash balance at the beginning of the year	**6.2**	**928.1**	**1,612.0**	**1,612.0**
Cash and cash equivalents		952.3	1,625.5	1,625.5
Bank overdrafts		(24.2)	(13.6)	(13.6)
Cash balance at period-end	**6.2**	**577.1**	**928.1**	**1,011.3**
Cash and cash equivalents		625.1	952.3	1,022.8
Bank overdrafts		(48.1)	(24.2)	(11.6)

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

(2) See Changes in consolidated equity.

(3) In 2022, the Crédit Agricole Assurance group also bought into several stations *via* a reserved capital increase and sale of shares.

Changes in consolidated equity

(€ millions)	Share capital	Other paid-in capital	Elimination of treasury shares	Reserves and retained earnings	Equity attributable to Altarea SCA shareholders	Equity attributable to non-controlling interests in subsidiaries	Equity
At 1 January 2022	**310.1**	**513.9**	**(33.8)**	**1,446.0**	**2,236.2**	**1,307.4**	**3,543.6**
Net Income	-	-	-	*198.6*	***198.6***	*56.6*	***255.2***
Actuarial difference relating to pension obligations	-	-	-	*2.9*	***2.9***	*0.0*	***2.9***
Translation differences	-	-	-	-	-	-	-
Comprehensive income	-	-	-	201.5	**201.5**	56.6	**258.1**
Dividend distribution	-	*(126.9)*	-	*(72.9)*	***(199.8)***	*(31.1)*	***(230.9)***
Capital increase	-	-	-	*(0.0)*	***(0.0)***	*0.0*	***0.0***
Subordinated Perpetual Notes	-	-	-	-	-	-	-
Measurement of share-based payments	-	-	-	*9.6*	***9.6***	*0.0*	***9.6***
Elimination of treasury shares	-	-	*14.7*	*(22.0)*	***(7.3)***	-	***(7.3)***
Transactions with shareholders	-	(126.9)	14.7	(85.2)	**(197.5)**	(31.1)	**(228.6)**
Changes in ownership interests without taking or losing control of subsidiaries	-	-	-	(1.0)	**(1.0)**	212.2[(a)]	**211.2**
Changes in ownership interests associated with taking or losing control of subsidiaries	-	-	-	-	-	-	-
Others	(0.0)	-	-	0.2	**0.2**	(0.0)	**0.2**
At 30 June 2022	**310.1**	**387.0**	**(19.1)**	**1,561.5**	**2,239.5**	**1,545.1**	**3,784.5**
Net Income	-	-	-	*128.2*	***128.2***	*41.1*	***169.3***
Actuarial difference relating to pension obligations	-	-	-	*0.1*	***0.1***	*0.0*	***0.1***
Comprehensive income	-	-	-	128.3	**128.3**	41.1	**169.4**
Dividend distribution	-	-	-	*(0.0)*	***(0.0)***	*(1.9)*	***(1.9)***
Capital increase	*1.3*	*8.0*	-	*(0.0)*	***9.3***	*0.1*	***9.3***
Measurement of share-based payments	-	-	-	*9.2*	***9.2***	*(0.0)*	***9.2***
Elimination of treasury shares	-	-	*(11.4)*	*0.0*	***(11.4)***	-	***(11.4)***
Transactions with shareholders	1.3	8.0	(11.4)	9.2	**7.1**	(1.8)	**5.3**
Changes in ownership interests without taking or losing control of subsidiaries	-	-	-	0.1	**0.1**	0.2	**0.3**
Changes in ownership interests associated with taking or losing control of subsidiaries	-	-	-	-	-	-	**(0.0)**
Others	-	-	-	0.2	**0.2**	(0.3)	**(0.1)**
At 31 December 2022	**311.4**	**395.0**	**(30.5)**	**1,699.3**	**2,375.2**	**1,584.4**	**3,959.5**
Net Income	-	-	-	*(17.8)*	***(17.8)***	*36.6*	***18.8***
Actuarial difference relating to pension obligations	-	-	-	*1.1*	***1.1***	*0.0*	***1.1***
Comprehensive income	-	-	-	(16.7)	**(16.7)**	36.6	**19.9**
Dividend distribution	-	*(3.3)*	-	*(202.7)*	***(206.0)***	*(61.8)*	***(267.8)***
Capital increase	-	-	-	*0.0*	***0.0***	*0.0*	***0.0***
Measurement of share-based payments	-	-	-	*9.1*	***9.1***	*(0.0)*	***9.1***
Elimination of treasury shares	-	-	*18.9*	*(15.3)*	***3.6***	-	***3.6***
Transactions with shareholders	-	(3.3)	18.9	(208.9)	**(193.3)**	(61.8)	**(255.1)**
Changes in ownership interests without taking or losing control of subsidiaries	-	-	-	-	-	- (a)	-
Changes in ownership interests associated with taking or losing control of subsidiaries	-	-	-	(0.1)	**(0.1)**	(0.1)	**(0.2)**
Others	-	-	-	0.3	**0.3**	(0.0)	**0.2**
At 30 June 2023	**311.4**	**391.7**	**(11.6)**	**1,473.9**	**2,165.3**	**1,559.1**	**3,724.4**

(a) Impact of the Crédit Agricole Assurance's buying into Montparnasse stations and several Italian stations, which resulted in an increase in the share of non-controlling interests of €212.2 million, including the capital increase reserved to non-controlling shareholders for €140.1 million.

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

Notes – Consolidated income statement by segment

(€ millions)	30/06/2023 Funds from operations (FFO)	30/06/2023 Changes in value, estimated expenses and transaction costs	30/06/2023 Total	31/12/2022 Funds from operations (FFO)	31/12/2022 Changes in value, estimated expenses and transaction costs	31/12/2022 Total	30/06/2022 Funds from operations (FFO)	30/06/2022 Changes in value, estimated expenses and transaction costs	30/06/2022 Total
Rental income	111.4	-	111.4	210.2	-	210.2	101.4	-	101.4
Other expenses	(13.4)	-	(13.4)	(16.6)	-	(16.6)	(6.6)	-	(6.6)
Net rental income	**98.0**	**-**	**98.0**	**193.7**	**-**	**193.7**	**94.8**	**-**	**94.8**
External services	12.9	-	12.9	31.3	-	31.3	9.1	-	9.1
Own work capitalised and production held in inventory	0.9	-	0.9	5.7	-	5.7	4.9	-	4.9
Operating expenses	(20.3)	(3.2)	(23.5)	(43.6)	(5.3)	(49.0)	(21.3)	(2.3)	(23.6)
Net overhead expenses	**(6.4)**	**(3.2)**	**(9.7)**	**(6.7)**	**(5.3)**	**(12.0)**	**(7.2)**	**(2.3)**	**(9.5)**
Share of equity-method affiliates	**2.1**	**(2.9)**	**(0.8)**	**5.6**	**0.3**	**5.9**	**2.1**	**1.4**	**3.5**
Net depreciation, amortisation and provision	**-**	**3.5**	**3.5**	**-**	**(0.5)**	**(0.5)**	**-**	**0.2**	**0.2**
Income/loss on sale of assets	**-**	**(4.1)**	**(4.1)**	**-**	**1.0**	**1.0**	**-**	**(0.4)**	**(0.4)**
Income/loss in the value of investment property	**-**	**(5.6)**	**(5.6)**	**-**	**27.5**	**27.5**	**-**	**47.3**	**47.3**
Transaction costs	**-**	**-**	**-**	**-**	**0.6**	**0.6**	**-**	**0.8**	**0.8**
OPERATING INCOME - RETAIL	**93.7**	**(12.4)**	**81.3**	**192.6**	**23.5**	**216.1**	**89.6**	**46.9**	**136.6**
Revenue	1,001.4	-	1,001.4	2,458.5	-	2,458.5	1,140.3	-	1,140.3
Cost of sales and other expenses	(968.2)	(1.5)	(969.7)	(2,302.8)	(1.5)	(2,304.3)	(1,052.1)	-	(1,052.1)
Net property income	**33.2**	**(1.5)**	**31.7**	**155.7**	**(1.5)**	**154.2**	**88.2**	**-**	**88.2**
External services	8.0	-	8.0	11.1	-	11.1	7.1	-	7.1
Production held in inventory	62.8	-	62.8	221.0	-	221.0	89.0	-	89.0
Operating expenses	(98.3)	(6.3)	(104.6)	(245.4)	(19.9)	(265.3)	(108.1)	(9.3)	(117.4)
Net overhead expenses	**(27.5)**	**(6.3)**	**(33.8)**	**(13.3)**	**(19.9)**	**(33.1)**	**(12.1)**	**(9.3)**	**(21.4)**
Share of equity-method affiliates	**(0.2)**	**(2.6)**	**(2.8)**	**9.2**	**(1.0)**	**8.2**	**4.3**	**(0.4)**	**3.9**
Net depreciation, amortisation and provision	**-**	**(8.6)**	**(8.6)**	**-**	**(19.1)**	**(19.1)**	**-**	**(8.4)**	**(8.4)**
Transaction costs	**-**	**(0.0)**	**(0.0)**	**-**	**(0.5)**	**(0.5)**	**-**	**-**	**-**
OPERATING INCOME - RESIDENTIAL	**5.5**	**(19.1)**	**(13.6)**	**151.6**	**(42.0)**	**109.7**	**80.4**	**(18.1)**	**62.3**
Revenue	110.2	-	110.2	290.0	-	290.0	159.7	-	159.7
Cost of sales and other expenses	(97.8)	-	(97.8)	(252.9)	-	(252.9)	(130.4)	-	(130.4)
Net property income	**12.5**	**-**	**12.5**	**37.2**	**-**	**37.2**	**29.2**	**-**	**29.2**
External services	6.0	-	6.0	11.9	-	11.9	4.9	-	4.9
Production held in inventory	4.4	-	4.4	15.4	-	15.4	5.3	-	5.3
Operating expenses	(7.8)	(1.7)	(9.4)	(32.0)	(5.2)	(37.2)	(11.1)	(2.0)	(13.2)
Net overhead expenses	**2.7**	**(1.7)**	**1.0**	**(4.7)**	**(5.2)**	**(9.9)**	**(0.9)**	**(2.0)**	**(2.9)**
Share of equity-method affiliates	**(4.0)**	**(0.0)**	**(4.1)**	**77.9**	**7.7**	**85.6**	**33.4**	**0.1**	**33.5**
Net depreciation, amortisation and provision	**-**	**(0.3)**	**(0.3)**	**-**	**(1.0)**	**(1.0)**	**-**	**(0.8)**	**(0.8)**
Income/loss in the value of investment property	**-**	**-**	**-**	**-**	**(0.3)**	**(0.3)**	**-**	**-**	**-**
Transaction costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.0**	**-**
OPERATING INCOME - BUSINESS PROPERTY	**11.1**	**(2.0)**	**9.1**	**110.4**	**1.2**	**111.6**	**61.7**	**(2.7)**	**59.0**
New businesses	**(3.0)**	**(0.1)**	**(3.2)**	**(1.5)**	**(0.2)**	**(1.7)**	**-**	**-**	**-**
Others (Corporate)	**(14.9)**	**(8.2)**	**(23.1)**	**(6.8)**	**(18.7)**	**(25.5)**	**(8.5)**	**(16.1)**	**(24.6)**
OPERATING INCOME	**92.4**	**(41.8)**	**50.5**	**446.3**	**(36.1)**	**410.1**	**223.3**	**10.0**	**233.3**
Net borrowing costs	**(20.0)**	**(2.3)**	**(22.3)**	**(34.3)**	**10.5**	**(23.8)**	**(17.7)**	**7.9**	**(9.8)**
Other financial results	**(14.9)**	**(1.3)**	**(16.2)**	**(26.1)**	**(0.2)**	**(26.3)**	**(15.4)**	**-**	**(15.4)**
Change in value and income from disposal of financial instruments	**-**	**(10.1)**	**(10.1)**	**-**	**123.0**	**123.0**	**-**	**73.8**	**73.8**
Net gain/(loss) on disposal of investments	**-**	**(4.5)**	**(4.5)**	**-**	**9.8**	**9.8**	**-**	**8.8**	**8.8**
PROFIT BEFORE TAX	**57.5**	**(60.2)**	**(2.7)**	**385.8**	**107.0**	**492.8**	**190.3**	**100.4**	**290.7**
Corporate income tax	**0.3**	**21.2**	**21.5**	**(35.2)**	**(33.1)**	**(68.3)**	**(22.2)**	**(13.3)**	**(35.5)**
NET INCOME	**57.8**	**(39.0)**	**18.8**	**350.6**	**73.9**	**424.5**	**168.0**	**87.1**	**255.2**
Non-controlling interests	**(36.1)**	**(0.5)**	**(36.6)**	**(75.2)**	**(22.5)**	**(97.7)**	**(38.0)**	**(18.6)**	**(56.6)**
NET INCOME, GROUP SHARE	**21.7**	**(39.5)**	**(17.8)**	**275.4**	**51.4**	**326.8**	**130.1**	**68.5**	**198.6**
Diluted average number of shares	*20,743,548*	*20,743,548*	*20,743,548*	*20,649,592*	*20,649,592*	*20,649,592*	*20,605,953*	*20,605,953*	*20,605,953*
NET EARNINGS PER SHARE (€/SHARE), GROUP SHARE	**1.05**	**(1.90)**	**(0.86)**	**13.34**	**2.49**	**15.83**	**6.31**	**3.33**	**9.64**

3 Other information attached to the interim consolidated financial statements

Detailed summary of the notes to the interim consolidated financial statements

NOTE 1 COMPANY INFORMATION

Altarea is a *Société en Commandite par Actions* (a French partnership limited by shares), the shares of which are traded on the Euronext Paris regulated market, Compartment A. The registered office is located at 87 rue de Richelieu in Paris (France).

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

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

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

Altarea controls the company NR21, whose shares are admitted to trading on the regulated market Euronext Paris, Compartment C.

The consolidated financial statements for the period ended 30 June 2023 were approved by the Management on 27 July 2023 having been examined by the Audit Committee and the Supervisory Board.

NOTE 2 ACCOUNTING PRINCIPLES AND METHODS

2.1 The Company's accounting framework and presentation of the financial statements

2.1.1 Accounting standards

The Altarea Group's consolidated half-yearly financial statements to 30 June 2023 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 2022, presented in the registration document filed with the AMF on 24 March 2023 under number D.23-0151.

The accounting principles used in the preparation of the consolidated half-yearly financial statements are compliant with the IASB's (International Accounting Standards Board) IFRS standards and interpretations as adopted by the European Union as at 30 June 2023 and available on the website of the European Commission.

Accounting standards, interpretations and amendments applicable as from the financial year beginning on 1 January 2023:

- IFRS 17 - Insurance contracts (replacing IFRS 4) and amendments to IFRS 17 - First-time adoption of IFRS 17 and IFRS 9, comparative information: This standard IFRS 17 and its amendments are not applicable to the Group;
- Amendment to IAS 1 - Presentation of Financial Statements - Practice Statement 2 - Disclosure of material accounting policy information;
- Amendment to IAS 8 – Definition of accounting estimates;
- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;

These amendments have no significant impact for the Group.

Accounting standards and interpretations adopted early as at 30 June 2023, whose application is mandatory for financial years starting on or after 1 July 2023:

None

Accounting standards and interpretations published and mandatory after 30 June 2023:

- Amendment to IAS 12 – International Tax Reform, Pillar 2 Model Rules;
- Amendments to IAS 1 – Classification of liabilities as current or non-current;
- Amendments to IAS 1 – Non-current debt with covenants;

These amendments are currently being analysed and will have no significant impact on the Group.

Other essential standards and interpretations adopted by the IASB approved in 2023 or not yet approved by the European Union:

- Amendment to IAS 7 and IFRS 7 – Reverse factoring, Supplier financing arrangements;
- Amendments to IFRS 16 – Lease liability in a sale and leaseback.

2.1.2 Other principles for presenting the financial statements

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

Transactions eliminated in the consolidated financial statements

Balance sheet balances and income and expenses arising from intragroup transactions are eliminated when the consolidated financial statements are prepared.

Balance sheet classification

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

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

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

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

2.2 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 investment properties (see Notes 2.3.5 "Investment properties" and 7.1 "Investment properties").

The methodologies used by the appraisers are identical to those used for the previous financial year and take into account changes in market data in a complex and volatile economic environment, marked by continuing inflation and rising interest rates.

Their reports state that the context described above is a source of uncertainty for the investment property markets.

- measurement of trade receivables (see Notes 2.3.10 "Financial assets and liabilities" and 7.4.2 "Trade and other operating receivables"),
- measurement of net property income and services using the percentage-of-completion method (see Note 2.3.17 "Revenue and revenue-related expenses"),

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.

- measurement of goodwill and brands (see Note 2.3.7 "Monitoring the value of non-current assets (excluding financial assets and investment property) and losses of value" and 7.2 "Intangible assets and goodwill").

And less significantly,

- measurement of share-based payments (see Notes 2.3.12 "Share-based payments" and 6.1 "Equity"),
- measurement of financial instruments (see Note 8 "Financial risk management").

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 2.3.18 "Leases", 7.3 "Right-of-use on tangible and intangible fixed assets" and 7.1 "Investment properties"),
- measurement of deferred tax assets (see Notes 2.3.16 "Taxes" and 5.3 "Corporate income Tax"),
- measurement of provisions (see Note 2.3.15 "Provisions and contingent liabilities" and see Note 6.3 "Provisions"),
- 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 in accordance with IFRS 5 (see Note 2.3.6 "Non-current assets held for sale and discontinued operations" and 7.1 "Investment properties").

The notes listed above and numbered 2.4.xx refer to the notes to the consolidated financial statements for the financial year ended 31 December 2022.

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

In the Retail business, the analysis of key indicators, using data collected from all our assets, is used to manage CSR performance and define action plans aimed at achieving ambitious energy targets. These actions have been translated into specific operational measures that have been incorporated into the works and renovation budgets for each centre. Since 2011, investments made at our property sites have included climate change issues, with energy consumption targets that meet the expectations of the tertiary sector decree.

On the property development side, the budgets used to calculate sales on a percentage-of-completion basis systematically include the costs of improving their energy performance, in accordance with the regulations in force at the time of filing for planning permission (notably RE 2020).

The Group's current exposure to the short-term consequences of regulation and climate change is therefore well managed and has no significant impact on the financial statements.

NOTE 3 INFORMATION ON OPERATING SEGMENTS

3.1 Balance sheet items by operating segment

At 30 June 2023

(€ millions)	Retail	Residential	Business Property	New businesses	Others	TOTAL
Operating assets and liabilities						
Intangible assets	18.8	325.6	21.5	2.2	12.2	**380.3**
Property, plant and equipment	5.5	20.5	0.0	0.0	2.2	**28.2**
Right-of-use on tangible and intangible fixed assets	0.2	123.9	0.1	-	0.1	**124.3**
Investment properties	4,093.9	(1.3)	12.5	-	-	**4,105.1**
Securities and investments in equity affiliates	155.2	120.4	167.2	(0.0)	-	**442.7**
Operational working capital requirement	47.3	799.6	186.4	-	(16.9)	**1,016.4**
Total operating assets and liabilities	**4,321.0**	**1,388.8**	**387.6**	**2.2**	**(2.4)**	**6,097.2**

At 31 December 2022

(€ millions)	Retail	Residential	Business Property	New businesses	Others	TOTAL
Operating assets and liabilities						
Intangible assets	17.7	290.2	21.5	2.2	12.7	344.3
Property, plant and equipment	0.7	22.4	0.0	0.0	2.2	25.2
Right-of-use on tangible and intangible fixed assets	0.2	122.8	0.1	-	0.1	123.1
Investment properties	4,074.8	0.1	12.5	-	-	4,087.4
Securities and investments in equity affiliates	158.2	179.2	154.3	(0.0)	-	491.7
Operational working capital requirement	49.8	865.0	24.4	0.1	(19.1)	920.2
Total operating assets and liabilities	**4,301.5**	**1,479.5**	**212.8**	**2.2**	**(4.1)**	**5,991.9**

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

	30/06/2023			31/12/2022			30/06/2022		
(€ millions)	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Total
Rental income	111.4	-	111.4	210.2	-	210.2	101.4	-	101.4
Property expenses	(2.4)	-	(2.4)	(3.6)	-	(3.6)	(2.0)	-	(2.0)
Unrecoverable rental expenses	(5.5)	-	(5.5)	(10.4)	-	(10.4)	(6.0)	-	(6.0)
Expenses re-invoiced to tenants	*31.1*	-	*31.1*	*58.8*	-	*58.8*	-	-	-
Rental expenses	*(36.6)*	-	*(36.6)*	*(69.2)*	-	*(69.2)*	*(6.0)*	-	*(6.0)*
Other expenses	0.3	-	0.3	(0.3)	-	(0.3)	0.1	-	0.1
Net charge to provisions for current assets	(5.9)	-	(5.9)	(2.3)	-	(2.3)	1.4	-	1.4
Net rental income	**98.0**	**-**	**98.0**	**193.7**	**-**	**193.7**	**94.8**	**-**	**94.8**
Revenue	1,111.6	-	1,111.6	2,748.6	-	2,748.6	1,300.0	-	1,300.0
Cost of sales	(1,010.7)	(0.1)	(1,010.8)	(2,417.9)	(0.6)	(2,418.6)	(1,126.0)	(0.5)	(1,126.5)
Selling expenses	(47.8)	(0.0)	(47.8)	(104.2)	-	(104.2)	(48.2)	(0.0)	(48.2)
Net charge to provisions for current assets	(7.5)	(0.3)	(7.8)	(33.6)	(0.6)	(34.2)	(8.4)	0.1	(8.3)
Amortisation of customer relationships	-	(1.5)	(1.5)	-	(1.5)	(1.5)	-	-	-
Net property income	**45.6**	**(1.9)**	**43.7**	**192.9**	**(2.8)**	**190.1**	**117.4**	**(0.4)**	**117.0**
External services	27.0	-	27.0	54.4	-	54.4	21.1	-	21.1
Own work capitalised and production held in inventory	67.9	-	67.9	242.1	-	242.1	99.2	-	99.2
Personnel costs	(97.0)	(12.5)	(109.4)	(244.4)	(26.7)	(271.1)	(108.9)	(13.8)	(122.7)
Other overhead expenses	(43.4)	0.2	(43.2)	(78.5)	0.1	(78.3)	(36.3)	0.1	(36.2)
Depreciation expenses on operating assets	-	(14.5)	(14.5)	-	(29.0)	(29.0)	-	(14.3)	(14.3)
Net overhead expenses	**(45.4)**	**(26.7)**	**(72.1)**	**(26.3)**	**(55.6)**	**(81.9)**	**(24.8)**	**(28.1)**	**(52.9)**
Other income and expenses	(3.7)	(0.6)	(4.3)	(6.7)	(0.0)	(6.7)	(3.9)	0.4	(3.5)
Depreciation expenses	-	(0.3)	(0.3)	-	(0.1)	(0.1)	-	(0.0)	(0.0)
Transaction costs	(0.0)	(2.1)	(2.1)	-	(14.5)	(14.5)	-	(12.0)	(12.0)
Others	**(3.7)**	**(3.0)**	**(6.7)**	**(6.7)**	**(14.6)**	**(21.3)**	**(3.9)**	**(11.6)**	**(15.5)**
Proceeds from disposal of investment assets	-	(2.9)	(2.9)	-	76.5	76.5	-	0.5	0.5
Carrying amount of assets sold	-	(0.8)	(0.8)	-	(74.2)	(74.2)	-	(0.5)	(0.5)
Net gain/(loss) on disposal of investment assets	**-**	**(3.7)**	**(3.7)**	**-**	**2.3**	**2.3**	**-**	**0.0**	**0.0**
Change in value of investment properties	-	(5.6)	(5.6)	-	45.8	45.8	-	47.3	47.3
Net impairment losses on investment properties measured at cost	-	-	-	-	(18.7)	(18.7)	-	-	-
Net impairment losses on other non-current assets	-	(0.1)	(0.1)	-	0.2	0.2	-	0.5	0.5
Net charge to provisions for risks and contingencies	-	4.7	4.7	-	0.3	0.3	-	1.2	1.2
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**94.5**	**(36.3)**	**58.2**	**353.5**	**(43.1)**	**310.4**	**183.5**	**8.9**	**192.4**
Share in earnings of equity-method affiliates	(2.1)	(5.6)	(7.7)	64.0	7.0	71.0	10.9	1.1	12.1
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**92.4**	**(41.8)**	**50.5**	**417.5**	**(36.1)**	**381.4**	**194.5**	**10.0**	**204.5**
Net borrowing costs	(20.0)	(2.3)	(22.3)	(34.3)	10.5	(23.8)	(17.7)	7.9	(9.8)
Financial expenses	*(33.8)*	*(2.3)*	*(36.1)*	*(51.9)*	*10.5*	*(41.4)*	*(24.9)*	*7.9*	*(17.0)*
Financial income	*13.8*	-	*13.8*	*17.5*	-	*17.5*	*7.2*	-	*7.2*
Other financial results	(14.9)	(1.3)	(16.2)	(26.1)	(0.2)	(26.3)	(15.4)	-	(15.4)
Change in value and income from disposal of financial instruments	-	(10.1)	(10.1)	-	123.0	123.0	-	73.8	73.8
Gains or losses on disposals of equity interests[a]	-	(4.5)	(4.5)	28.7	9.8	38.5	28.9	8.8	37.7
Profit before tax	**57.5**	**(60.2)**	**(2.7)**	**385.8**	**107.0**	**492.8**	**190.3**	**100.4**	**290.7**
Corporate income tax	0.3	21.2	21.5	(35.2)	(33.1)	(68.3)	(22.2)	(13.3)	(35.5)
NET INCOME	**57.8**	**(39.0)**	**18.8**	**350.6**	**73.9**	**424.5**	**168.0**	**87.1**	**255.2**
o/w Attributable to Altarea SCA shareholders	**21.7**	**(39.5)**	**(17.8)**	**275.4**	**51.4**	**326.8**	**130.1**	**68.5**	**198.6**
o/w Attributable to non-controlling interests in subsidiaries	(36.1)	(0.5)	(36.6)	(75.2)	(22.5)	(97.7)	(38.0)	(18.6)	(56.6)
Average number of non-diluted shares	20,226,680	20,226,680	20,226,680	20,158,331	20,158,331	20,158,331	20,119,215	20,119,215	20,119,215
Net earnings per share attributable to shareholders of Altarea SCA (€)	**1.07**	**(1.95)**	**(0.88)**	**13.66**	**2.55**	**16.21**	**6.47**	**3.41**	**9.87**
Diluted average number of shares	20,743,548	20,743,548	20,743,548	20,649,592	20,649,592	20,649,592	20,605,953	20,605,953	20,605,953
Diluted net earnings per share attributable to shareholders of Altarea SCA (€)	**1.05**	**(1.90)**	**(0.86)**	**13.34**	**2.49**	**15.83**	**6.31**	**3.33**	**9.64**

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

3.3.2 Reconciliation of operating income between the two income statements

(€ millions)	30/06/2023						31/12/2022						30/06/2022				
	Retail	Resi-dential	BP[(1)]	New activi-ties	Others	TOTAL	Retail	Reside ntial	BP[(1)]	New activi-ties	Others	TOTAL	Retail	Resi-dential	BP[(1)]	Others	TOTAL
Net rental income	98.0	-	-	-	-	98.0	193.7	-	-	-	-	193.7	94.8	-	-	-	94.8
Net property income	(0.4)	31.7	12.4	-	(0.0)	43.7	(1.3)	154.2	37.2	-	(0.0)	190.1	(0.4)	88.2	29.2	(0.0)	117.0
Net overhead expenses	(8.0)	(41.6)	0.7	(2.9)	(20.4)	(72.1)	(10.2)	(50.3)	(10.9)	(1.6)	(8.9)	(81.9)	(8.6)	(29.5)	(3.5)	(11.2)	(52.9)
Others	(2.7)	(1.0)	(0.0)	(0.3)	(2.6)	(6.7)	(3.1)	(1.7)	0.4	(0.1)	(16.7)	(21.3)	(1.1)	(1.0)	0.2	(13.6)	(15.5)
Net gain/(loss) on disposal of investment assets	(3.7)	-	-	-	-	(3.7)	2.3	-	-	-	-	2.3	0.0	-	0.0	-	0.0
Value adjustments	(5.6)	0.0	-	-	(0.1)	(5.7)	27.5	0.1	(0.3)	-	-	27.3	47.3	0.5	0.0	-	47.8
Net charge to provisions for risks and contingencies	4.5	0.2	0.1	-	(0.0)	4.7	1.3	(0.8)	(0.4)	(0.0)	0.2	0.3	1.1	0.2	(0.4)	0.3	1.2
Share in earnings of equity-method affiliates	(0.8)	(2.8)	(4.1)	(0.0)	-	(7.7)	5.9	8.2	56.9	(0.0)	-	71.0	3.5	3.9	4.7	-	12.1
OPERATING INCOME (Statement of consolidated comprehensive income)	**81.3**	**(13.6)**	**9.1**	**(3.2)**	**(23.1)**	**50.5**	**216.1**	**109.7**	**82.8**	**(1.7)**	**(25.5)**	**381.4**	**136.6**	**62.3**	**30.2**	**(24.6)**	**204.5**
Reclassification of net gain/(loss) on disposal of investments			-			**-**			28.7			**28.7**			28.9		**28.9**
OPERATING INCOME (Consolidated income statement by segment)	**81.3**	**(13.6)**	**9.1**	**(3.2)**	**(23.1)**	**50.5**	**216.1**	**109.7**	**111.6**	**(1.7)**	**(25.5)**	**410.1**	**136.6**	**62.3**	**59.0**	**(24.6)**	**233.3**

(1) BP: Business Property.

3.4 Revenue by geographical region and operating segment

By geographical region

(€ millions)	30/06/2023					31/12/2022					30/06/2022				
	France	Italy	Spain	Others	Total	France	Italy	Spain	Others	Total	France	Italy	Spain	Others	Total
Rental income	100.7	3.9	6.8	-	111.4	191.4	6.2	12.6	-	210.2	92.4	3.0	6.0	-	101.4
External services	11.7	1.0	0.1	-	12.9	29.4	1.5	0.3	-	31.3	8.3	0.7	0.1	-	9.1
Property development revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail	**112.5**	**5.0**	**6.9**	**-**	**124.3**	**220.8**	**7.7**	**12.9**	**-**	**241.5**	**100.7**	**3.7**	**6.1**	**-**	**110.5**
Revenue	1,001.4	-	-	-	1,001.4	2,458.5	-	-	-	2,458.5	1,140.3	-	-	-	1,140.3
External services	8.0	-	-	-	8.0	11.1	-	-	-	11.1	7.1	-	-	-	7.1
Residential	**1,009.4**	**-**	**-**	**-**	**1,009.4**	**2,469.7**	**-**	**-**	**-**	**2,469.7**	**1,147.4**	**-**	**-**	**-**	**1,147.4**
Revenue	110.2	-	-	-	110.2	290.0	-	-	-	290.0	159.7	-	-	-	159.7
External services	5.8	-	-	0.3	6.0	11.4	-	-	0.5	11.9	4.6	-	-	0.2	4.9
Business Property	**116.0**	**-**	**-**	**0.3**	**116.2**	**301.4**	**-**	**-**	**0.5**	**301.9**	**164.3**	**-**	**-**	**0.2**	**164.6**
Others (Corporate)	0.0	-	-	-	0.0	0.1	-	-	-	0.1	0.1	-	-	-	0.1
TOTAL	**1,237.9**	**5.0**	**6.9**	**0.3**	**1,250.1**	**2,992.0**	**7.7**	**12.9**	**0.5**	**3,013.2**	**1,412.4**	**3.7**	**6.1**	**0.2**	**1,422.5**

The Altarea Group operates mainly in France, Italy and Spain in 2023, as in 2022.

One client accounted for more than 10% of the Group's revenue in the Residential sector, *i.e.*, €166.6 million in 2023 and €414.1 million in 2022.

NOTE 4 MAJOR EVENTS AND CHANGES TO THE SCOPE OF CONSOLIDATION

4.1 Major events

A medium-term strategic roadmap for a new real estate cycle

During the previous cycle (2008-2022), the continuous increase in values was driven by the fall in interest rates. The rapid rise in interest rates throughout 2022 will put an end to this mechanism and, in the absence of any external event not yet identified, year 2023 (and very likely 2024 as well) should mark the bottom of the cycle for the real estate market (decline in volumes and values).

Given the immensity of the needs, Altarea is firmly convinced that this situation will only be temporary and that this change of cycle will allow the best capitalised players to make the most of it.

In February 2023, Altarea presented its medium-term strategic roadmap for the business areas focused on achieving low-carbon urban transformation (Residential, Retail and Business Property) and the roll-out of new activities.

At the presentation of the strategic roadmap, Altarea announced the roll-out of new activities (Asset Management, Photovoltaic, Data Centres), new growth vectors at limited risk.

Retail

Operational performance

CAP3000, voted best shopping centre in the world[1], continues to ramp up with record footfall up 38% to the end of May 2023, and tenants' revenue up 19% since the beginning of the year.

L'Avenue 83 in La Valette du Var also posted a remarkable outperformance. This asset, developed by the Group, has become the main driver of Europe's top shopping location[2] by footfall. Its Pathé cinema is now the 5th busiest cine complex in France.

At the end of June 2023, France was hit by urban riots and social media calls for looting of shops. The performance of the centres managed by the Group was only slightly impacted by these events thanks to the mobilisation of the teams and coordination with the police, who were able to limit damage and allow retailers to reopen during the summer sales.

Development

Altarea launched work on a major project to restructure the retail spaces at Paris-Austerlitz station in H1 2023, which will eventually include nearly 25,000 m² of shops directly connected to the station. The marketing phase is due to start in the first half of 2024.

On 22 June 2023, Altarea signed a Temporary Occupancy Agreement for the renewal and development of the commercial offering of the Paris Est rail station. Paris Est station will be transformed to incorporate new uses and an international dimension (co-working spaces, unique catering and retail offerings, new façade). Work is due to start at the end of summer 2024 for delivery at the end of 2026, coinciding with the arrival of the Charles De Gaulle Express (CDG Express) which will link Paris Est to Roissy Charles de Gaulle airport in 20 minutes.

Residential

The end of a real estate cycle

At the end of 2022, France entered a real estate crisis triggered by the sudden rise in interest rates marking the end of a 14-year cycle (2008-2022). The new residential market is going through an adjustment phase that should last at least until 2024, when a new equilibrium should emerge.

New market conditions

Although the new housing market remains structurally under-supplied relative to need in most major cities, selling prices need to adjust to the property purchasing power of individual and institutional investors.

At the beginning of June, the French Government announced, through its National Council for the Refoundation of Housing, an initial series of measures to address the issues affecting the sector: promoting access to home ownership (interest-free loans, real solidarity lease, usury rate, etc.), promoting access to renting (intermediate housing, Visale guarantee), supporting the building and renovation of social housing (block investment plan of 47,000 units by CDC Habitat and Action Logement), reinvigorating home-building by lifting administrative blockages (building permits in high-pressure areas, national programme for the urban renewal of large brownfield sites in urban areas) and boosting energy-saving renovations in the private portfolio. These measures should only have a limited impact on the market and its development in 2023.

Activity in the half-year

Block sales, particularly those involving CDC Habitat, partly offset the decline in sales to individuals, who nonetheless remain the majority of the Group's sales.

Commitments policy

Since end-2022, the Group has revised its its commitment policy.

During the half-year, the Group focused on unloading products on land already acquired at the cost of a large drop in selling prices, both retail and block.

At the same time, land acquisitions were reduced, as most of the projects they related to no longer matched the new market conditions. Thus, only 20 sites were acquired in H1 2023, compared to 49 sites in H1 2022.

This policy has made it possible to significantly reduce the corresponding commitments.

The sharp fall in the contribution from Residential over the first half of the year is directly linked to the Group's voluntary policy.

1 World's "Best Shopping Centre" (MIPIM Awards 2022).

2 Source: Mytraffic study of footfall in commercial areas in Europe.

Also, having owned 50% of Woodeum's capital since July 2019, Altarea purchased the remainder from WO2 Holding on 21 February 2023, making it the sole shareholder of France's leading brand in low-carbon solid wood residential property. Against a backdrop of climate change and evolving regulations, this acquisition confirms Altarea's ambition to accelerate its transition to low-carbon housing by strengthening Woodeum's resources to pursue its growth trend.

Business Property

Activity in the half-year

• Signature of a 99-year long-term lease with the French State for the renovation of a real estate complex at 185 rue Saint-Honoré in Paris 1st district, adjoining the Hôtel Régina;

• Delivery of the François Dalle space, a new training centre for the L'Oréal group in its former headquarters at 14 rue Royale (Paris 8th district);

• Signature of several off-plan sales, including one with Midi 2i (subsidiary of Caisse d'Epargne de Midi-Pyrénées) on a building in the Toulouse Guillaumet eco-district and one with Caisse Mutualité Sociale Agricole de la Gironde (MSA) for the Mokusaï office building in the Bordeaux Belvédère district;

• Delivery of offices (Amazing Amazones in the Euronantes mixed-use neighbourhood, Block G in Villeurbanne and the first two office buildings in Bordeaux Belvédère).

In XXL Logistics, the Group took 100% control of the Bollène HUB[3] project previously held at 50%. This project made major progress with the launch of works on warehouses No. 2 and No. 3. The latter is now fully let following the signature of two new off-plan leases (with Mutual Logistics and Gerflor) following the lease with ID Logistics at the end of 2022.

The Group continues to build a pipeline of urban logistics operations[4] after the success of a first project "La Manufacture de Reuilly" leased and sold in 2022.

Primonial

On 2 March 2022, Altarea informed the public that the acquisition of the Primonial Group could not be completed on the terms agreed. Altarea considers that the Vendors failed to comply with the provisions of the acquisition protocol signed in July 2021, which has now lapsed.

Following the non-completion of the acquisition of Primonial, the Sellers (various groups of shareholders of Primonial (investment funds and managers)) summoned the Company and its indirect subsidiary, Alta Percier, before the Commercial Court of Paris - in order to obtain compensation for the damage they allegedly suffered. Altarea and Alta Percier challenge such claims, which they believe are groundless. On the contrary, Altarea and Alta Percier consider that the Sellers are responsible for the failure to complete the transaction. Altarea is asking that they be ordered to pay damages in respect of the losses suffered by the Group. To this end, Altarea and Alta Percier filed a brief in response (*conclusions en réponse*) and in voluntary intervention (*intervention volontaire*) before the Commercial Court of Paris on 20 June 2022.

In their brief in response (*conclusions en réplique*) dated 21 November 2022 and 16 January 2023, the various groups of Primonial shareholders reviewed their argumentation. As it stands, the seller Managers allege a damage of €119 million and the investment funds allege a damage of €588 million.

Based on the Sellers' claims, Altarea maintains its position that it has no liability in this respect, as the failure to complete the transaction was, in its view, caused by the Sellers, so that they cannot claim damages that are groundless and unjustified in view of the factual and legal elements.

Altarea filed new reply submissions in July 2023, developing its arguments and increasing the amount of its claim for compensation against the Primonial Sellers to approximately €330 million. At the date of publication of the Group's interim consolidated financial statements, the proceedings are ongoing and, in agreement with its advisors, the Group did not record any provision.

[3] *260,000 m² XXL platform developed in five tranches located north of Avignon and applying for BREEAM certification.*

[4] *Product operationally managed by the Altarea Retail teams, according to a developer-type model.*

4.2 Scope

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

				30/06/2023			31/12/2022		
COMPANY	LEGAL FORM	SIREN		Method	Interest	Integration	Method	Interest	Integration
ALTAREA	SCA	335480877	parent company	FC	100.0%	100.0%	FC	100.0%	100.0%
Retail France									
ALTAREA FRANCE	SCA	324814219		FC	100.0%	100.0%	FC	100.0%	100.0%
NR 21	SCA	335480877		FC	96.8%	100.0%	FC	96.8%	100.0%
FONDS PROXIMITÉ	SNC	348024050	affiliate	EM	25.0%	25.0%	EM	25.0%	25.0%
MRM	SCA	311765762	joint venture	EM	15.9%	15.9%	EM	15.9%	15.9%
ALDETA	SASU	311765762		FC	33.3%	100.0%	FC	33.3%	100.0%
ALTA BLUE	SAS	522193796		FC	33.3%	100.0%	FC	33.3%	100.0%
ALTAREA PROMOTION COMMERCE	SNC	420490948		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA CRP AUBERGENVILLE	SNC	451226328		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA AUSTERLITZ	SNC	812196616		FC	100.0%	100.0%	FC	100.0%	100.0%
BERCY VILLAGE	SCI	384987517		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CARRÉ DE SOIE	SCI	449231463	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
FONCIERE CEZANNE MATIGNON	SNC	348024050		FC	100.0%	100.0%	FC	100.0%	100.0%
FONCIERE ALTAREA	SASU	353900699		FC	100.0%	100.0%	FC	100.0%	100.0%
SOCIETE D'AMENAGEMENT DE LA GARE DE L'EST	SNC	481104420		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CRP GENNEVILLIERS	SNC	488541228		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA GRAMONT	SAS	795254952		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CRP GUIPAVAS	SNC	451282628		FC	51.0%	100.0%	FC	51.0%	100.0%
LIMOGES INVEST	SCI	488237546		FC	50.9%	100.0%	FC	50.9%	100.0%
SNC MACDONALD COMMERCES	SNC	524049244	affiliate	EM	25.0%	25.0%	EM	25.0%	25.0%
ALTAREA MANAGEMENT	SNC	509105375		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA-MONTPARNASSE	SNC	524049244		FC	51.0%	100.0%	FC	51.0%	100.0%
LES VIGNOLES RETAIL PARK	SNC	512086117		FC	51.0%	100.0%	FC	51.0%	100.0%
OPCI ALTA COMMERCE EUROPE	SPPICAV	882460082	joint venture	EM	29.9%	29.9%	EM	29.9%	29.9%
ALTA QWARTZ	SNC	433806726		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA CRP RUAUDIN	SNC	451248892		FC	51.0%	100.0%	FC	51.0%	100.0%
TECI ET CIE	SNC	333784767		FC	51.0%	100.0%	FC	51.0%	100.0%
THIAIS SHOPPING CENTRE	SNC	479873234		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CRP LA VALETTE	SNC	494539687		FC	51.0%	100.0%	FC	51.0%	100.0%
Retail Italy									
ALTAGARES	SRL	N/A		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTAREA ITALIA	SRL	N/A		FC	100.0%	100.0%	FC	100.0%	100.0%
Retail Spain									
ALTAREA ESPANA	SRL	N/A		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA PATRIMAE	SRL	N/A		FC	100.0%	100.0%	FC	100.0%	100.0%
Residential									
ALTAREIT	SCA	552091050		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM RESIDENCES SERVICES	SNC	394648455	joint venture	EM	64.9%	65.0%	EM	64.9%	65.0%
ALTAREA COGEDIM IDF GRANDE METROPOLE	SNC	810928135		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA COGEDIM GRANDS PROJETS	SNC	810926519		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA COGEDIM REGIONS	SNC	810847905		FC	99.9%	100.0%	FC	99.9%	100.0%
SEVERINI	SNC	848899977		FC	99.9%	100.0%	FC	99.9%	100.0%
XF Investment	SAS	507488815		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTA FAUBOURG	SASU	444560874		FC	99.9%	100.0%	FC	99.9%	100.0%
PITCH PROMOTION	SAS	450042338		FC	99.9%	100.0%	FC	99.9%	100.0%
WATT	SNC	812030302		FC	99.9%	100.0%	FC	99.9%	100.0%
MARSEILLE MICHELET	SNC	792774382		FC	99.9%	100.0%	FC	99.9%	100.0%
COEUR MOUGINS	SNC	453830663		FC	99.9%	100.0%	FC	99.9%	100.0%
ISSY COEUR DE VILLE	SNC	830181079		FC	99.9%	100.0%	FC	99.9%	100.0%
BORDEAUX EB4AL	SCCV	835299835	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
HP	SAS	480309731		FC	99.9%	100.0%	FC	99.9%	100.0%
HISTOIRE ET PATRIMOINE DEVELOPPEMENT	SAS	480110931		FC	99.9%	100.0%	FC	99.9%	100.0%
MERIMEE	SNC	849367016		FC	99.9%	100.0%	FC	99.9%	100.0%
HISTOIRE ET PATRIMOINE PROMOTION	SASU	792751992		FC	99.9%	100.0%	FC	99.9%	100.0%
BEZONS CŒUR DE VILLE A1 & A2-LOGEMENTS	SCCV	819929845		FC	99.9%	100.0%	FC	99.9%	100.0%
BOBIGNY COEUR DE VILLE	SNC	838941011		FC	99.9%	100.0%	FC	99.9%	100.0%
BORDEAUX EB2b	SCCV	834833352	affiliate	EM	49.9%	50.0%	EM	49.9%	50.0%
MEUDON – PAUL DEMANGE	SCCV	853608511		FC	99.9%	100.0%	IN	0.0%	0.0%
WOODEUM RESIDENTIAL	SAS	807674775		FC	99.9%	100.0%	IN	0.0%	0.0%
MEUDON – PAUL DEMANGE	SCCV	853608511	joint venture	IN	0.0%	0.0%	EM	49.9%	50.0%
WOODEUM RESIDENTIAL	SAS	807674775	joint venture	IN	0.0%	0.0%	EM	49.9%	50.0%
PITCH IMMO	SASU	422989715		FC	99.9%	100.0%	FC	99.9%	100.0%
CF 60000	SNC	CF 60000		FC	99.9%	100.0%	FC	99.9%	100.0%
ARTCHIPEL	SCCV	841150071		FC	99.9%	100.0%	FC	99.9%	100.0%
CLICHY ROGUET	SCCV	880090212		FC	50.9%	100.0%	FC	50.9%	100.0%
RUEIL HIGH GARDEN	SCCV	887670115		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM HAUTS DE FRANCE	SNC	420810475		FC	99.9%	100.0%	FC	99.9%	100.0%

COMPANY	LEGAL FORM	SIREN		30/06/2023 Method	Interest	Integration	31/12/2022 Method	Interest	Integration
COGEDIM GESTION	SNC	380375097		FC	99.9%	100.0%	FC	99.9%	100.0%
COVALENS	SNC	309021277		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM PARIS METROPOLE	SNC	319293916		FC	99.9%	100.0%	FC	99.9%	100.0%
ASNIERES AULAGNIER	SARL	487631996	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
COGEDIM GRAND LYON	SNC	300795358		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM MEDITERRANEE	SNC	312347784		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM PROVENCE	SNC	442739413		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM MIDI-PYRÉNÉES	SNC	447553207		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM GRENOBLE	SNC	418868584		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM SAVOIES-LEMAN	SNC	348145541		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM AQUITAINE	SNC	388620015		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM ATLANTIQUE	SNC	501734669		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM LANGUEDOC ROUSSILLON	SNC	532818085		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM EST	SNC	419461546		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM	SASU	54500814		FC	99.9%	100.0%	FC	99.9%	100.0%
SAS CLICHY BOREALES	SAS	879035939	affiliate	EM	30.0%	30.0%	EM	30.0%	30.0%
CLICHY 33 LANDY	SAS	898926308		FC	50.0%	100.0%	FC	50.0%	100.0%
LYON 8 RUE CROIX BARRET	SCCV	849097522		FC	59.9%	100.0%	FC	59.9%	100.0%
COGIMO	SAS	962502068		FC	99.9%	100.0%	FC	99.9%	100.0%
HORLOGE GASTON ROUSSEL	SCCV	832294664		FC	50.9%	100.0%	FC	50.9%	100.0%
61-75 PARIS AVENUE DE FRANCE	SCCV	830917100	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
LA GARENNE COLOMBES FOCH	SCCV	835014135		FC	50.0%	100.0%	FC	50.0%	100.0%
ISSY JEANNE D'ARC	SNC	850443508		FC	50.0%	100.0%	FC	50.0%	100.0%
ROMAINVILLE ROUSSEAU	SCCV	852604909		FC	50.9%	100.0%	FC	50.9%	100.0%
ISSY GUYNEMER	SNC	891166209		FC	50.9%	100.0%	FC	50.9%	100.0%
SAINT MAUR CONDE	SCCV	897792156		FC	69.9%	100.0%	FC	69.9%	100.0%
Business Property									
ALTAREA COGEDIM ENTREPRISE PROMOTION	SNC	535056378		FC	99.9%	100.0%	FC	99.9%	100.0%
PRD MONTPARNASSE 2	SCI	852712439	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
PRD MONTPARNASSE 3	SCI	852712587	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
AF INVESTCO 7	SNC	798601936	affiliate	EM	30.1%	30.1%	EM	30.1%	30.1%
B2 B3	SCCV	852921899	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
ALTA VAI HOLDCO A	SAS	424007425		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC PROPCO ALTA PYRAMIDES	SNC	949047005		FC	99.9%	100.0%	IN	0.0%	0.0%
FONCIERE ALTAREA MONTPARNASSE	SNC	847726650		FC	100.0%	100.0%	FC	100.0%	100.0%
PASCALHOLDCO	SPPICAV	809845951	affiliate	EM	15.0%	15.1%	EM	15.0%	15.1%
PASCALPROPCO	SASU	437929813	affiliate	EM	15.0%	15.1%	EM	15.0%	15.1%
PRD MONTPARNASSE	SCI	844634758	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
SAS 42 DERUELLE	SAS	920333127	joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%

4.3 Changes in consolidation scope

In number of companies	31/12/2022	Acquisition	Creation	Sale	Absorption, dissolution, deconsolidation	Change in consolidation method	30/06/2023
Fully consolidated subsidiaries	482	3	30		(6)	41	550
Joint ventures[(a)]	142	1	5		(7)	(40)	101
Affiliates[(a)]	76	-	3		(7)	(1)	71
Total	**700**	**4**	**38**	**-**	**(20)**	**-**	**722**

(a) Companies accounted for using the equity method.

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

(€ millions)	30/06/2023	31/12/2022	30/06/2022
Investments in consolidated securities	(12.2)	(15.2)	(0.6)
Liabilities on acquisition of consolidated participating interests	0.0	-	-
Cash of acquired companies	17.6	11.4	6.2
Total	**5.4**	**(3.7)**	**5.5**

During the half-year, the Group acquired the remaining 50% stake in Woodeum on 21 February 2023. The Group thus becomes the sole shareholder of France's leading brand in low-carbon solid wood residential property. Woodeum is therefore fully consolidated from this date (previously accounted for using the equity method).

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

During the half-year, the Group did not make any disposals.

4.4 Business combinations

On 21 February, Altarea, *via* its Alta Faubourg subsidiary, acquired the remaining stake in Woodeum's capital, France's leading brand in low carbon solid wood residential property.

Woodeum thus becomes a wholly-owned subsidiary of the Group.

Woodeum is now fully consolidated (previously accounted for under the equity method) and its commercial performance is reported in the Residential business segment.

In accordance with IFRS 3 "Business combinations", this takeover resulted in the recognition at fair value of the stake previously held by the Group (impact on "Gains and losses on disposals of investments").

At 30 June 2023, €37.9 million of goodwill on acquisition was recognised in the financial statements.
In accordance with IFRS, the Group has 12 months post-acquisition to allocate the acquisition price to identifiable assets and liabilities.

The consolidated group contributed €30.7 million to Group revenue in H1 2023

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)	30/06/2023	31/12/2022
Equity-accounting value of joint ventures	**87.7**	134.5
Equity-accounting value of affiliated companies	**57,5**	69.7
Value of stake in equity-method affiliates	**145.2**	**204.2**
Receivables from joint ventures	**194.4**	176.3
Receivables from affiliated companies	**103.1**	111.2
Receivables from equity-method subsidiaries	**297.5**	**287.5**
Total securities and receivables in equity affiliates	**442.7**	**491.7**

At 30 June 2023, the decrease in the equity method value of joint ventures is mainly due to the acquisition of a 100% stake in Woodeum, which is now fully consolidated.

Receivables from joint ventures and receivables from affiliates relating to Property Development come to €271.4 million.

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

(€ millions)	*Joint ventures*	*Affiliates*	30/06/2023	*Joint ventures*	*Affiliates*	31/12/2022	*Joint ventures*	*Affiliates*	30/06/2022
Balance sheet items, Group share:									
Non-current assets	265.2	81.0	346.2	416.9	193.9	610.8	401.6	237.8	639.4
Current assets	496.0	297.2	793.2	468.8	224.8	693.7	371.9	209.7	581.5
Total Assets	**761.2**	**378.3**	**1,139.5**	**885.8**	**418.7**	**1,304.5**	**773.4**	**447.5**	**1,220.9**
Non-current liabilities	164.0	123.0	286.9	147.1	160.5	307.5	143.8	210.6	354.4
Current liabilities	509.6	197.7	707.3	604.2	188.5	792.7	541.3	195.7	737.0
Total Liabilities	**673.5**	**320.7**	**994.2**	**751.2**	**349.0**	**1,100.2**	**685.1**	**406.3**	**1,091.4**
Net assets (equity-accounting basis)	**87.7**	**57.5**	**145.2**	**134.5**	**69.7**	**204.2**	**88.3**	**41.2**	**129.5**
Share of income statement items, Group share:									
Operating income	**1.8**	**(1.7)**	**0.2**	**22.3**	**40.9**	**63.2**	**12.5**	**0.6**	**13.2**
Net borrowing costs	(2.3)	(3.2)	(5.5)	(4.0)	(4.5)	(8.5)	(1.7)	(2.2)	(3.9)
Other financial results	(1.6)	(0.0)	(1.6)	(2.3)	(0.2)	(2.5)	(1.6)	(0.1)	(1.7)
Change in value of hedging instruments	(0.0)	(0.1)	(0.1)	1.8	2.0	3.7	1.1	0.8	1.8
Proceeds from the disposal of investments	-	-	-	0.0	(0.0)	0.0	-	-	-
Net income before tax	**(2.2)**	**(5.0)**	**(7.2)**	**17.8**	**38.2**	**56.0**	**10.3**	**(0.9)**	**9.4**
Corporate income tax	(0.3)	(0.2)	(0.5)	15.3	(0.3)	15.0	2.0	0.7	2.7
Net income by equity method (after tax)	**(2.5)**	**(5.2)**	**(7.7)**	**33.1**	**37.9**	**71.0**	**12.3**	**(0.2)**	**12.1**
Non-Group net income	-	-	-	(0.0)	(0.0)	(0.1)	(0.0)	0.0	(0.0)
Net income, Group share	(2.5)	(5.2)	(7.7)	33.1	37.9	71.0	12.3	(0.2)	12.1

Joint ventures and associates are not individually significant for the purposes of presenting the financial information on an aggregate basis.

Group revenues from joint ventures amount to €2.4 million at 30 June 2023, compared with €1.8 million at 30 June 2022 and €5.2 million at 31 December 2022.

Revenue from Group affiliates amounted to €2.4 million at 30 June 2023, compared with €3.8 million at 30 June 2022 and €9.6 million at 31 December 2022.

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

Commitments given

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

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

Financial guarantees for the completion of works were given as part of the property development activity, and amounted to a share of €76.3 million at 30 June 2023.

Commitments received

As of 30 June 2023, the main commitments received by the joint ventures relate to security deposits received from tenants in the amount of €2.6 million.

4.6 Current and non-current financial assets

At 30 June 2023, current and non-current financial assets amounted to €58.1 million, compared with €101.7 million at 31 December 2022, and consist mainly of:

- non-consolidated securities (mainly "current"): €8.6 million,
- deposits and guarantees paid on projects: €14.3 million, compared with €14.6 million for 2022,
- loans and receivables, recognised at amortised cost: €35.2 million, compared with €20.6 million for 2022.

NOTE 5 RESULT

5.1 Operating income

5.1.1 Net rental income

Net rental income amounted to €98.0 million in 2023, compared to €94.8 million in the first half of 2022, *i.e.* an increase of 3.3%.

5.1.2 Net property income

The Group's net property income stood at €43.7 million in 2023 compared to €117.0 million at June 2022.

The Residential Backlog of the fully-consolidated companies stands at €3,255 million at 30 June 2023.

The Business Property Development Backlog of the fully-consolidated companies is €274 million at 30 June 2023.

5.2 Cost of net financial debt and other financial items

5.2.1 Cost of net financial debt

(€ millions)	30/06/2023	31/12/2022	30/06/2022
Bond and bank interest expenses	(32.8)	(47.4)	(21.6)
Interest on partners' advances	3.2	4.5	1.7
Interest rate on hedging instruments	6.6	6.1	2.2
Other financial income and expenses	3.1	2.5	(0.1)
FFO financial income and expenses	**(20.0)**	**(34.3)**	**(17.7)**
Spreading of bond issue costs and other estimated expenses[a]	(2.3)	10.5	7.9
Net borrowing costs	**(22.3)**	**(23.8)**	**(9.8)**

(a) Relates mainly to the deferral in accordance with the amortised cost method of the issue costs of borrowings and bond issue premiums in accordance with IFRS 9 for -€2.3 million (-€6.9 million at 31 December 2022 and -€4.2 million at 30 June 2022 and the gain on the bond buyback (amount lower than par value)).

The average cost of debt is the ratio of the total financial costs of short- and long-term financial instruments including related fees (commitment fees, non-use fees, etc.) to the average debt for the period. The Group's average cost of debt (excluding the impact of IFRS 16) was 2.67% at 30 June 2023, compared with 1.82% at 31 December 2022.

5.2.2 Other financial results

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

5.2.3 Impact of result of financial instruments

This item consists of a net expense of €10.1 million, mainly related to -€5.2 million in changes in the value of interest rate hedging instruments (compared to +83.7 million at 30 June 2022 and +€166.9 million at 31 December 2022).

5.3 Corporate income tax

Analysis of tax expense

Tax expense is analysed as follows:

(€ millions)	30/06/2023	31/12/2022	30/06/2022
Tax due	**0.3**	**(35.2)**	**(22.2)**
Tax loss carry forwards and/or use of deferred losses	(0.3)	(24.5)	(1.8)
Valuation differences	0.4	0.4	-
Fair value of investment properties	(0.8)	(5.3)	(2.8)
Fair value of hedging instruments	1.5	(0.2)	0.1
Income by percentage of completion	19.9	(6.3)	(2.9)
Other timing differences	0.6	2.8	(5.9)
Deferred tax	**21.2**	**(33.1)**	**(13.3)**
Total tax income (expense)	**21.5**	**(68.3)**	**(35.5)**

Effective tax rate

(€ millions)	30/06/2023	31/12/2022	30/06/2022
Pre-tax profit of consolidated companies	**5.0**	**421.8**	**278.6**
Group tax savings (expense)	**21.5**	**(68.3)**	**(35.5)**
Effective tax rate	**426.75%**	**-16.19%**	**-12.74%**
Tax rate in France	25.83%	25.83%	25.83%
Theoretical tax charge	**(1.3)**	**(108.9)**	**(72.0)**
Difference between theoretical and effective tax charge	**22.8**	**40.7**	**36.5**
Differences related to entities' SIIC status	0.6	51.5	28.8
Differences related to treatment of losses	(1.0)	0.7	6.7
Other permanent differences and rate differences	23.2	(11.6)	1.0

Deferred tax assets and liabilities

(€ millions)	30/06/2023	31/12/2022
Tax loss carry forwards	37.5	37.8
Valuation differences	(28.6)	(29.0)
Fair value of investment properties	(25.1)	(24.3)
Fair value of financial instruments	0.6	(0.4)
Income by percentage of completion	(49.1)	(69.2)
Other timing differences	10.4	10.5
Net deferred tax on the balance sheet	**(54.4)**	**(74.5)**

As at 30 June 2023, the Group had unrecognised tax loss carry-forwards of €441.4 million (basis), as compared with €399.0 million for the year ending 31 December 2022.

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

Deferred taxes relating to the activation of tax losses mainly relate to losses recognised in the tax consolidation group Altareit and losses partially activated in the taxable sector of some SIIC companies.

Deferred taxes are calculated (for French companies, which make up most of the Group's scope) at the rate of 25.83%, the rate set by the French Finance Act.

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 earnings 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.

In 2023, as in 2022, the dilution arose only from the granting of rights to free shares in Altarea SCA to Group employees.

(€ millions)	30/06/2023	31/12/2022	30/06/2022
Numerator			
Net income, Group share	(17.8)	326.8	198.6
Denominator			
Weighted average number of shares before dilution	20,226,680	20,158,331	20,119,215
Effect of potentially dilutive shares			
Stock options	*0*	*0*	*0*
Rights to free share grants	*516,868*	*491,261*	*486,738*
Total potential dilutive effect	516,868	491,261	486,738
Weighted diluted average number of shares	20,743,548	20,649,592	20,605,953
NET INCOME, GROUP SHARE, UNDILUTED PER SHARE (€)	**(0.88)**	**16.21**	**9.87**
NET INCOME, GROUP SHARE, DILUTED PER SHARE (€)	**(0.86)**	**15.83**	**9.64**

NOTE 6 **LIABILITIES**

6.1 Equity

6.1.1 Share capital, share-based payments and treasury shares

CAPITAL

Altarea SCA share capital (in €)

In number of shares and in €	Number of shares	Nominal	Share Capital
Number of shares outstanding at 31 December 2021	**20,293,271**	**15.28**	**310,089,359**
Share capital increase reserved for Mutual Funds	82,533	15.28	1,261,104
Number of shares outstanding at 31 December 2022	**20,375,804**	**15.28**	**311,350,463**
Number of shares outstanding at 30 June 2023	**20,375,804**	**15.28**	**311,350,463**

Capital management

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

SHARE-BASED PAYMENTS

The gross expense recognised on the income statement for share-based payments is €12.1 million at 30 June 2023, compared with €12.9 million at 30 June 2022.

No stock option plan is underway as at 30 June 2023.

Free share grants

Award date	Number of rights awarded	Vesting date	Rights in circulation as at 31/12/2022	Awarded	Deliveries	Amendments to rights (a)	Rights in circulation as at 30/06/2023
Share grant plans on Altarea shares							
22 April 2020	45,325	22 April 2023	37,576		(37,515)	(61)	-
30 April 2021	73,050 (b)	31 March 2024	65,489			(20,404)	45,085
4 June 2021	32,000 (b)	31 March 2025	32,000			-	32,000
4 June 2021	27,500 (b)	31 March 2025	21,122			-	21,122
4 June 2021	45,500 (b)	31 March 2025	13,050			(900)	12,150
4 June 2021	14,000 (b)	31 March 2025	12,750			-	12,750
4 June 2021	23,700 (b)	31 March 2025	6,727			-	6,727
4 June 2021	30,000 (b)	31 March 2025	15,654			-	15,654
1 September 2021	600	1 September 2024	600			-	600
1 October 2021	2,000	30 March 2023	2,000		(2,000)		-
1 February 2022	275 (b)	1 March 2023	275		(275)		-
1 March 2022	14,000	31 March 2025	14,000			(750)	13,250
31 March 2022	99,947	1 April 2023	98,532		(98,223)	(309)	-
31 March 2022	31,872	1 April 2024	31,565			(230)	31,335
31 March 2022	73,725 (b)	1 April 2024	71,525			(21,946)	49,579
30 April 2022	3,250 (b)	31 March 2025	975				975
30 April 2022	1,250 (b)	31 March 2025	1,250				1,250
1 June 2022	300	1 June 2023	300		(300)		-
25 July 2022	250	24 July 2023	250				250
25 July 2022	150	24 July 2024	150				150
12 September 2022	6,000 (b)	31 March 2027	6,000				6,000
12 September 2022	40,000 (b)	31 March 2029	40,000				40,000
1 October 2022	1,500 (b)	31 March 2025	1,500				1,500
2 November 2022	1,300	2 November 2023	1,300				1,300
5 January 2023	1,500 (b)	31 March 2029		1,500			1,500
31 March 2023	106,277	1 April 2024		106,277		(64)	106,213
31 March 2023	30,668	1 April 2025		30,668			30,668
31 March 2023	73,240 (b)	1 April 2025		73,770		(530)	73,240
30 April 2023	2,525	30 April 2024		2,525			2,525
30 April 2023	41,000 (b)	31 March 2028		41,000			41,000
30 April 2023	41,000 (b)	31 March 2033		41,000			41,000
Total	**863,507**		**474,590**	**296,740**	**(138,313)**	**(45,194)**	**587,823**

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

Valuation parameters for new free share grants

	30/06/2023
Dividend rate	6.0%
Risk-free interest rate	2.3% to 3.3%

TREASURY SHARES

The acquisition cost of treasury shares was €11.6 million at 30 June 2023 for 92,032 shares (including 85,304 shares intended for allotment to employees under free share grant or stock option plans and 6,728 shares allocated to a liquidity contract), compared with €30.5 million at 31 December 2022 for 214,091 shares (including 211,729 shares intended for allotment to employees under free share grant or stock option plans and 2,362 shares allocated to a liquidity contract). Treasury shares are eliminated and offset directly in equity.

In addition, a net loss on disposal and/or free share grants of treasury shares to Company employees was recognised directly in equity in the amount of -€20.2 million before tax at 30 June 2023 (-€15.3 million after tax) compared with -€29.1 million at 31 December 2022 (-€22.0 million after tax).

The negative impact on cash flow from purchases and disposals over the period comes to -€1.7 million at 30 June 2023 compared with -€26.3 million at 31 December 2022.

6.1.2 Dividends proposed and paid

Dividends paid

(€ millions)	30/06/2023	31/12/2022
Paid in current year in respect of previous year:		
Dividend per share (€)	*10.00*	*9.75*
Payment to shareholders of the Altarea Group	203.0	196.9
Proportional payment to the general partner (1.5%)	3.0	3.0
Total	**206.0**	**199.8**
Offer to convert dividends into shares:		
Subscription price (€)		
Total amount of conversion into shares		
Rate of conversion of dividends into shares on the 50% option		

The payment of a dividend of €10.0 per share was approved at the Shareholders' Meeting of 8 June 2023, for the 2022 financial year.

A partial conversion option of the dividend into shares was also offered to shareholders. They can choose between:

- a 100% payment in cash;

- 50% payment as scrip dividend, and 50% in cash.

The results of the option period were approved on 4 July 2023, and constitute a post-closing event. The option of payment of the dividend in shares took place on 4 July through the creation of 335,334 new shares for an amount of €32.1 millions.

6.2 Net financial debt and guarantees

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

(€ millions)	31/12/2022	Cash flow	"Non-cash" change					30/06/2023
			Spreading of issue costs	Change in scope of consolidation	Discounting	Change in method	Reclassification	
Bond issues (excluding accrued interest)	1,385.2	(3.4)	0.6	-	-	-	-	1,382.3
Short- and medium-term negotiable securities	372.0	(222.0)	-	-	-	-	-	150.0
Bank borrowings, excluding accrued interest and overdrafts	699.5	(86.9)	1.8	53.8	0.0	-	-	668.2
Net bond and bank debt, excluding accrued interest and overdrafts	**2,456.7**	**(312.4)**	**2.3**	**53.8**	**0.0**	**-**	**-**	**2,200.5**
Accrued interest on bond and bank borrowings	26.1	3.3	-	0.1	-	-	-	29.5
Bond and bank debt, excluding overdrafts	**2,482.8**	**(309.1)**	**2.3**	**53.9**	**0.0**	**-**	**-**	**2,230.0**
Cash and cash equivalents	(952.3)	327.1	-	-	-	(0.0)	-	(625.1)
Bank overdrafts	24.2	23.9	-	-	-	-	-	48.1
Net cash	**(928.1)**	**351.0**	**-**	**-**	**-**	**(0.0)**	**-**	**(577.1)**
Net bond and bank debt	**1,554.7**	**41.9**	**2.3**	**53.9**	**0.0**	**(0.0)**	**-**	**1,652,9**
Equity loans and Group and partners' advances	146.6	(41.9)	-	53.1	-	-	1.1	160.1
Accrued interest on shareholders' advances	0.8	2.7	-	-	-	(1.2)	(1.1)	1.1
Lease liabilities	148.8	(9.0)	-	-	-	-	9.9	149.7
Contractual fees on investment properties	199.0	0.2	-	-	-	-	5.0	204.3
Net financial debt	**2,049.9**	**(6.1)**	**2.3**	**107.0**	**0.0**	**(0.0)**	**14.9**	**2,168.1**

(*) of which allocation of income to related current accounts for €20.5 million

6.2.1 Net financial bond and bank debt

Group net financial bond and bank debt amounts to €1,652.9 million at 30 June 2023, compared with €1,554.7 million at 31 December 2022.

During the half-year, the Group:

- used part of its liquidity to reduce its gross debt,
- increased its issue of medium-term and short-term negotiable securities (over €222 million). The Group continued, to a lesser extent, to make use of short- and medium-term resources *via* NEU-CP (issues up to one year) and NEU-MTN (issues in excess of one year) programmes.

Changes in the scope of consolidation are largely due to the takeover of Woodeum and SCI Logistique Bollène.

At 30 June 2023, no revolving loan had been drawn down.

Borrowing costs are analysed in the note on earnings.

Net cash

Net cash amounted to €577.1 million, including cash equivalents (mainly term accounts – for €66.3 million) which are recorded at their fair value at each reporting date.

Breakdown of bank and bond debt by maturity

(€ millions)	30/06/2023	31/12/2022
< 3 months	160.4	400.8
3 to 6 months	13.1	3.3
6 to 9 months	20.8	27.9
9 to 12 months	106.0	7.0
At less than 1 year	**300.3**	**439.0**
At 2 years	353.8	414.0
At 3 years	427.0	402.9
At 4 years	50.2	106.5
At 5 years	860.0	60.0
1 to 5 years	**1,691.0**	**983.4**
More than 5 years	**297.1**	**1,096.7**
Issuance cost to be amortised	(10.4)	(12.1)
Total gross bond and bank debt	**2,278.0**	**2,507.0**

The decrease in the portion of bond and bank debt at less than one year is mainly due to the decrease in negotiable securities and their maturity schedule. The portion between one and five years increased as the 2028 bond issue is now due in five years, reducing the portion at more than five years).

Schedule of future interest expenses

(€ millions)	30/06/2023	31/12/2022
< 3 months	0.3	4.2
3 to 6 months	(3.2)	3.6
6 to 9 months	8.9	15.9
9 to 12 months	(9.2)	(0.8)
At less than 1 year	**(3.3)**	**23.0**
At 2 years	14.3	22.1
At 3 years	19.6	14.7
At 4 years	12.0	7.2
At 5 years	10.6	10.4
1 to 5 years	**56.5**	**54.5**

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

Breakdown of bank and bond debt by guarantee

(€ millions)	30/06/2023	31/12/2022
Mortgages	350.0	350.0
Mortgage commitments	100.0	131.8
Moneylender lien	-	9.9
Altarea SCA security deposit	193.0	204.0
Not guaranteed	1,645.5	1,823.4
Total	**2,288.5**	**2,519.1**
Issuance cost to be amortised	(10.4)	(12.1)
Total gross bond and bank debt	**2,278.0**	**2,507.0**

Mortgages are given as collateral for the financing or refinancing of investment properties. Mortgage commitments and the lender's lien mainly concern Property Development activities.

Breakdown of bank and bond debt by interest rate

	Gross bond and bank debt		
(€ millions)	Variable rate	Fixed rate	Total
At 30 June 2023	870.6	1,407.4	2,278.0
At 31 December 2022	1,093.8	1,413.2	2,507.0

The market value of fixed-rate debt stands at €1,181.0 million at 30 June 2023, compared with €1,168.1 million at 31 December 2022.

6.2.2 Lease liabilities

Lease liabilities are debts mainly relating to real estate leases and vehicle leases (respectively for the premises occupied and the vehicles used by Group employees).
The sum of these liabilities totals €149.7 million at 30 June 2023, compared with €148.8 million at 31 December 2022. They are to be seen in light of the right-of-use assets on tangible and intangible assets.

6.2.3 Contractual fees on Investment properties

Contractual fees on investment properties, which are economically different in nature from rental obligations, concern debts relating to temporary occupancy authorisations and construction leases on retail assets (mainly stations).
The value of these fees amounts to €204.3 million as at 30 June 2023, compared to €199.0 million at 31 December 2022, with regard to the rights-of-use relating to investment properties (income-generating assets). The increase is mainly due to the signing of an amendment to the Temporary Occupancy Authorisation for the Paris-Est station.

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

(€ millions)	30/06/2023	31/12/2022
< 3 months	7.7	4.8
3 to 6 months	4.7	4.8
6 to 9 months	4.3	4.7
9 to 12 months	4.3	5.0
At less than 1 year	**21.0**	**19.3**
At 2 years	13.8	18.9
At 3 years	16.2	18.5
At 4 years	16.7	19.0
At 5 years	16.8	17.2
1 to 5 years	**63.4**	**73.6**
More than 5 years	**269.4**	**255.0**
Total lease liabilities and contractual fees on investment properties	**353.9**	**347.9**

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

(€ millions)	Cash flow
Issuance of borrowings and other financial liabilities	163.0
Repayment of borrowings and other financial liabilities	(537.7)
Change in borrowing and other financial liabilities	**(374.8)**
Repayment of lease liabilities	(8.8)
Change in cash balance	(351.0)
Total change in net financial debt (TFT)	**(734.6)**
Net bond and bank debt, excluding accrued interest and overdrafts	(312.4)
Net cash	(351.0)
Equity loans and Group and partners' advances	(41.9)
Lease liabilities	(9.0)
Contractual fees on investment properties	0.2
Allocation of income to shareholder current accounts	(20.5)
Total change in net financial debt	**(734.6)**

6.3 Provisions

(€ millions)	30/06/2023	31/12/2022
Provision for benefits payable at retirement	13.3	14.0
Other provisions	16.8	21.5
Total provisions	**30.0**	**35.5**

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

The valuation of retirement bonuses at 30 June 2023 takes into account the amended Social Security Financing Act, promulgated on 14 April 2023 and published in the Official Journal of 15 April 2023. This reform has no significant impact on the Group's provision.

Other provisions primarily cover:

- repayment risk on rental guarantees granted upon the disposal (in part or in whole) of non-current assets;
- the risk of disputes arising from construction operations;
- the risk of the failure of certain co-developer;
- as well as estimates of residual risks involving completed programmes (litigation, ten-year guarantee, definitive general statement, etc.).

NOTE 7 ASSETS AND IMPAIRMENT TESTS

7.1 Investment properties

(€ millions)	Investment properties measured at fair value	Investment properties measured at cost	Investment properties right-of-use	Assets held for sale	Total Investment properties
At 31 December 2022	**3,793.3**	**95.5**	**198.6**	**7.8**	**4,095.1**
Subsequent investments and expenditures	12.3	3.1	-	-	15.4
Change in spread of incentives to buyers	(3.4)	-	-	-	(3.4)
Disposals/repayment of down payments made	(0.8)	-	-	-	(0.8)
Net impairment/project discontinuation	-	-	-	-	-
Transfers to assets held for sale or to or from other categories	0.1	7.0	-	(7.0)	0.1
New right-of-use assets and indexation	-	-	5.0	-	5.0
Change in fair value	(5.7)	-	0.1	-	(5.6)
Change in scope of consolidation	-	-	-	-	-
At 31 December 2023	**3,795.7**	**105.6**	**203.8**	**0.8**	**4,105.8**

At 31 December 2022, no interest expenses have been capitalised for projects under development and construction.

Investment properties at fair value

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

Investment properties valued at cost

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

There were no major events during the half-year. One asset, classified as assets held for sale at 31 December 2022, was reclassified as assets under development, as the preliminary sale agreement was annulled.

Rights of use on Investment properties

The right-of-use assets on investment properties correspond to the valuation under IFRS 16 of the temporary occupancy authorisation contracts for investment properties. They meet the definition of investment properties and are measured using the fair value model. Subsequently, they are valued at the amount equal to the debt presented on the line of the balance sheet “Contractual fees on investment properties”.

Value Measurement – IFRS 13

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

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

		Initial capitalisation rate	Rent in € per m²	Discount rate	Capitalisation rate at exit	AAGR of net rental income
		a	b	c	d	e
France	Maximum	8.4%	1,492	8.9%	7.4%	8.0%
	Minimum	3.6%	35	4.7%	4.0%	1.4%
	Weighted average	**5.2%**	**390**	**6.7%**	**5.2%**	**3.1%**

a - The initial capitalisation rate is the net rental income relative to the appraisal value excluding transfer duties.
b - Annual average rent (minimum guaranteed rent plus variable rent) per asset and m².
c - Rate used to discount the future cash flows.
d - Rate used to capitalise the revenue in the exit year in order to calculate the asset’s exit value.
e - Average Annual Growth Rate of net rental income.

Based on a Group weighted average capitalisation rate, a +0.25% increase in capitalisation rates would lead to a reduction of -€123.9 million in the value of investment properties (-4.02%), while a -0.25% decrease in capitalisation rates would increase the value of investment properties by €137.7 million (+4.47%).

Breakdown of the portfolio measured at fair value by asset type

(€ millions)	30/06/2023	31/12/2022
Regional shopping centres	2,512.0	2,522.2
Travel retail	516.0	512.5
Retail parks	714.2	704.2
Others	53.6	54.4
TOTAL	**3,795.7**	**3,793.3**

Investment working capital requirement

(€ millions)	Receivables on fixed assets	Amounts due on non-current assets	Investment WCR
At 31 December 2022	**0.8**	**(101.0)**	**(100.2)**
Variations	(0.2)	0.5	0.3
Present value adjustment	-	-	-
Transfers	(0.1)	(0.0)	(0.1)
Change in scope of consolidation	-	(0.0)	(0.0)
At 30 June 2023	**0.5**	**(100.6)**	**(100.0)**
Change in WCR at 30 June 2023	**(0.2)**	**0.5**	**0.3**

Net acquisitions of assets and capitalised expenditures

(€ millions)	30/06/2023	31/12/2022	30/06/2022
Type of non-current assets acquired:			
Intangible assets	(2.1)	(6.8)	(2.8)
Property, plant and equipment	(6.4)	(2.5)	(1.2)
Investment properties	(12.5)	(33.6)	(33.0)
Total	**(20.9)**	**(42.9)**	**(37.0)**

7.2 Goodwill and other intangible assets

(€ millions)	Gross values	Amortisation and/or impairment	30/06/2023	31/12/2022
Goodwill	**494.3**	**(240.6)**	**253.8**	**214.7**
Brands	**105.4**	**-**	**105.4**	**105.4**
Customer relationships	**201.2**	**(195.9)**	**5.2**	**6.7**
Software applications, patents and similar rights	71.3	(55.7)	15.5	17.0
Leasehold right	0.3	-	0.3	0.3
Others	0.2	(0.1)	0.1	0.1
Other intangible assets	**71.8**	**(55.8)**	**15.9**	**17.4**
TOTAL	**872.7**	**(492.3)**	**380.3**	**344.3**

(€ millions)	30/06/2023	31/12/2022
Net values at beginning of the period	**344.3**	**332.5**
Acquisitions of intangible assets	2.1	6.8
Disposals and write-offs	-	(0.0)
Changes in scope of consolidation and other	39.1	13.6
Net allowances for depreciation	(5.1)	(8.4)
Net values at the end of the period	**380.3**	**344.3**

Goodwill generated by Property Development and Brands

Goodwill relates to the various acquisitions made by the Group.

The Group owns several brands measured at a total value of €105.4 million. These brands have an indefinite useful life and are therefore not amortised.

The deterioration in the property environment that was already apparent at the end of 2022 continued throughout the first half of the year. Rising interest rates and increasing financing difficulties have had a marked impact on the residential market. The new housing market is going through an adjustment phase that should last until 2024, until a new equilibrium is reached.

The Group has carried out specific impairment tests at 30 June 2023 for its property development activities.

The impairment tests at 30 June 2023 were carried out using the same methodology as that applied at the year-end, taking into account the context.

They resulted in valuations of economic assets that were still higher than their carrying amounts at 30 June 2023.

As a result, no impairment needs to be recognised.

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

(€ millions)	Land and Constructions	Vehicles	Others	Gross rights of use	Depr. Land and Constructions	Depr. Vehicles	Depr. Others	Depreciations	Net rights of use
At 31 December 2022	**160.8**	**5.0**	**0.2**	**166.0**	**(40.5)**	**(2.2)**	**(0.2)**	**(42.8)**	**123.1**
New contracts/Increases	8.2	1.7	-	9.9	(7.7)	(0.8)	(0.0)	(8.5)	1.3
Contract terminations/Reversals	(16.5)	(0.6)	(0.2)	(17.3)	1.7	0.5	0.2	2.3	(14.9)
At 30 June 2023	**167.8**	**6.0**	**0.0**	**173.8**	**(47.0)**	**(2.5)**	**(0.0)**	**(49.5)**	**124.3**

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). 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:

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

7.4 Operational working capital requirement

Summary of components of operational working capital requirement

(€ millions)	30/06/2023	31/12/2022	Flows		
			Created by the business	Changes in consolidation scope and transfer	Change in consolidation method
Net inventories and work in progress	**1,345.7**	**1,159.3**	**50.7**	**135.7**	**-**
Contract assets	**596.3**	**723.1**	**(302.7)**	**176.0**	**-**
Net trade receivables	353.3	347.1	(15.0)	21.2	-
Other operating receivables net	602.6	552.2	22.7	27.7	0.0
Trade and other operating receivables net	**955.9**	**899.3**	**7.6**	**48.9**	**0.0**
Contract liabilities	**(359.7)**	**(351.4)**	**(8.3)**	**-**	**-**
Trade payables	(977.7)	(935.9)	11.2	(52.9)	-
Other operating payables	(544.1)	(574.2)	200.2	(170.0)	(0.0)
Trade payables and other operating liabilities	**(1,521.8)**	**(1,510.1)**	**211.3**	**(223.0)**	**(0.0)**
Operational WCR	**1,016.4**	**920.2**	**(41.4)**	**137.6**	**0.0**

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

Changes in scope and transfers are mainly related to the takeover of Woodeum and the takeover of SCI Logistique Bollène.

7.4.1 Inventories and pipeline products

(€ millions)	Gross inventories	Impairment	Net inventories
At 31 December 2022	**1,185.7**	**(26.4)**	**1,159.3**
Change	54.0	(0.0)	54.0
Increases	-	(5.5)	(5.5)
Reversals	-	2.2	2.2
Transfers to or from other categories	0.2	-	0.2
Change in scope of consolidation	135.6	(0.1)	135.5
At 30 June 2023	**1,375.4**	**(29.7)**	**1,345.7**

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

Changes in scope are mainly related to the takeover of Woodeum and the takeover of SCI Logistique Bollène.

7.4.2 Trade and other receivables

(€ millions)	30/06/2023	31/12/2022
Gross trade receivables	**399.6**	**390.2**
Opening impairment	**(43.0)**	**(43.9)**
Increases	(11.1)	(15.6)
Change in scope of consolidation	-	0.4
Reclassification	0.2	-
Reversals	7.6	15.8
Other changes	(0.0)	0.3
Closing impairment	**(46.4)**	**(43.0)**
Net trade receivables	**353.3**	**347.1**
Advances and down payments paid	51.2	50.1
VAT receivables	379.0	340.5
Sundry debtors	56.4	48.6
Prepaid expenses	76.7	70.7
Principal accounts in debit	40.6	43.9
Total other operating receivables gross	**604.0**	**553.8**
Opening impairment	**(1.6)**	**(1.0)**
Increases	(0.1)	(1.2)
Reversals	0.2	0.6
Closing impairment	**(1.4)**	**(1.6)**
Net operating receivables	**602.6**	**552.2**
Trade receivables and other operating receivables	**955.9**	**899.3**
Receivables on sale of assets	0.5	0.8
Trade and other receivables	**956.4**	**900.1**

Trade receivables

The Group carries out a case-by-case analysis to assess the credit risk of its tenants in centres in operation, and to write down, if necessary, the receivables of tenants where there is evidence that the Company will not be able to collect all amounts due.
Trade receivables related to the Property Development business result from the transformation of contract assets (into receivables) as funds are called from customers under the Group's unconditional right to receive cash.

Advances and down payments paid

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

Principal accounts in debit

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

7.4.3 Trade and other payables

(€ millions)	30/06/2023	31/12/2022
Trade payables and related accounts	**977.7**	**935.9**
Advances and down payments received from clients	11.9	20.2
VAT collected	283.4	302.7
Other tax and social security payables	58.3	77.9
Prepaid income	16.8	15.5
Other payables	133.2	114.1
Principal accounts in credit	40.4	43.8
Other operating payables	**544.1**	**574.2**
Amounts due on non-current assets	100.6	101.0
Trade and other payables	**1,622.3**	**1,611.1**

Payables on acquisition of assets

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

NOTE 8 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.

As the Group does not carry out any transactions in foreign currencies, it is not subject to currency risk.

8.1 Carrying amount of financial instruments by category

At 30 June 2023

			Financial assets and liabilities carried at amortised cost		Financial assets and liabilities carried at fair value				
(€ millions)	Total carrying amount	Non-financial assets	Loans Receivables	Liabilities at amortised cost	Equity instruments	Assets and liabilities at fair value through profit and loss	*Level 1 (a)*	*Level 2 (b)*	*Level 3 (c)*
NON-CURRENT ASSETS	**463.8**	**145.2**	**316.9**	**-**	**1.7**	**-**	**-**	**-**	**1.7**
Securities and investments in equity affiliates	442.7	145.2	297.5	-	-	-	-	-	-
Non-current financial assets	21.0	-	19.3	-	1.7	-	-	-	1.7
CURRENT ASSETS	**1,770.4**	**-**	**941.5**	**-**	**-**	**225.9**	**7.0**	**218.8**	**-**
Trade and other receivables	956.4	-	353.3	-	-	-	-	-	-
Current financial assets	37.1	-	30.1	-	-	7.0	7.0	-	-
Derivative financial instruments	151.8	-	-	-	-	151.8	-	151.8	-
Cash and cash equivalents	625.1	-	558.1	-	-	67.0	-	67.0	-
NON-CURRENT LIABILITIES	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Borrowings and financial liabilities	2,371.6	-	-	2,371.6	-	-	-	-	-
Deposits and security interests received	41.2	-	-	41.2	-	-	-	-	-
CURRENT LIABILITIES	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Borrowings and financial liabilities	421.7	-	-	421.7	-	-	-	-	-
Derivative financial instruments	0.0	-	-	-	-	0.0	-	0.0	-
Trade and other payables	1,622.3	-	-	1,622.3	-	-	-	-	-
Amounts due to Altarea SCA shareholders	207.0	-	-	207.0	-	-	-	-	-

(a) Financial instruments listed on an active market.
(b) Financial instruments whose fair value is determined using valuation techniques based on observable market inputs.
(c) Financial instruments whose fair value (in whole or in part) is based on non-observable inputs.

Equity instruments mainly comprise equity securities of non-consolidated companies. At each acquisition, an analysis is carried out to determine the Group's management intention, and therefore its accounting method (change in value through income or by OCI).
Cash and cash equivalents breakdown between cash presented under receivables and marketable securities presented as financial assets within Level 1 of the fair value hierarchy.

8.2 Interest rate risk

The Group is exposed to market risk, particularly with regard to interest rate risk. The Group uses a number of financial instruments to cope with this risk. The Group holds a portfolio of swaps and caps designed to hedge the overall interest rate risk on all its financing.

The objective is to reduce, where it deems appropriate, fluctuations in cash flows linked to changes in interest rates.

Derivative instruments are measured and recognised at fair value in the balance sheet based on external valuations. Changes in the fair value of derivative instruments are always recognised in income. The Group has not opted for hedge accounting.

The Group mainly uses credit markets.

Position in derivative financial instruments

(€ millions)	30/06/2023	31/12/2022
Interest-rate swaps	122.5	126.7
Interest-rate caps	27.4	28.4
Accrued interest not yet due	1.9	5.5
Total	**151.8**	**160.6**

Derivatives are valued by discounting future cash flows estimated according to interest rate curves at 30 June 2023.

Maturity schedule of derivative financial instruments (notional amounts)

At 30 June 2023

(€ millions)	30/06/2023	30/06/2024	30/06/2025	30/06/2026	30/06/2027	30/06/2028
ALTAREA – pay fixed – swap	800.0	1,025.0	1,025.0	825.0	825.0	825.0
ALTAREA – pay floating rate – swap	-	-	-	-	-	-
ALTAREA – cap	262.5	262.5	262.5	262.5	262.5	262.5
Total	**1,062.5**	**1,287.5**	**1,287.5**	**1,087.5**	**1,087.5**	**1,087.5**
Average hedge ratio	0.37%	0.36%	0.37%	0.38%	0.38%	0.55%

Management position

At 30 June 2023

(€ millions)	30/06/2023	30/06/2024	30/06/2025	30/06/2026	30/06/2027	30/06/2028
Fixed-rate bond and bank loans	(1,407.4)	(1,383.5)	(1,128.2)	(793.1)	(742.9)	(286.7)
Floating-rate bank loans	(870.6)	(594.2)	(495.7)	(403.8)	(403.8)	-
Cash and cash equivalents (assets)	625.1	-	-	-	-	-
Net position before hedging	**(1,652.9)**	**(1,977.7)**	**(1,623.9)**	**(1,196.9)**	**(1,146.7)**	**(286.7)**
Swap	800.0	1,025.0	1,025.0	825.0	825.0	825.0
Cap	262.5	262.5	262.5	262.5	262.5	262.5
Total derivative financial instruments	**1,062.5**	**1,287.5**	**1,287.5**	**1,087.5**	**1,087.5**	**1,087.5**
Net position after hedging	**(590.4)**	**(690.2)**	**(336.4)**	**(109.4)**	**(59.2)**	**800.8**

Analysis of interest-rate sensitivity:

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

	Increase/decrease in interest rates	Impact of the gain (-) or loss (+) on pre-tax	Impact on the value of the portfolio of the financial instruments
30/06/2023	+50 bps -50 bps	-€0.6 million +€0.6 million	+€28.5 million -€29.5 million
31/12/2022	+50 bps -50 bps	+€0.1 million -€0.6 million	+€30.1 million -€31.2 million

8.3 Liquidity risk

CASH

The Group maintained significant access to liquidity, accompanied by good conditions.

The Group had a positive cash position of €625.1 million at 30 June 2023, compared to €952.3 million at 31 December 2022. This represents its main tool for management of liquidity risk (see Note 6.2.1 "Net financial bond and bank debt").

Part of this cash is available to meet the requirements of the subsidiaries that carry it: at 30 June 2023 this totalled €294.7 million.

As of the same date, €330.5 million in cash is available at Group level.

The Group can also draw down an additional €1,342.5 million (in the form of unused confirmed corporate credit lines not allocated to development projects or operations), to use without restriction.

FINANCIAL COVENANTS AND RATIOS

The Group is also required to comply with a certain number of financial covenants that contribute to the monitoring and management of the Group's financial risks.

The covenants with which the Group must comply concern the listed corporate bond and banking loans, for €1,248 million.

The bond issue subscribed for by Altareit SCA (€334.5 million) is subject to leverage covenants.

They are listed below:

	Altarea Group covenants	30/06/2023	Consolidated Altareit covenants	30/06/2023
Loan To Value (LTV)				
Net bond and bank financial debt/re-assessed value of the Company's assets	< 60%	25.9%		
Interest Cover Ratio (ICR)				
Operating income (FFO column or cash flow from operations)/Company's net borrowing cost (FFO column) (on a rolling 12-month basis)	> 2	8.6		
Leverage				
Gearing: Net financial debt/Equity			≤ 3.25	0.3
ICR: EBITDA/Net interest expenses (on a rolling 12-month basis)			≥ 2	8.6

At 30 June 2023, the Company is meeting all its covenants. In the highly likely event that certain debt may be required to be partially repaid at a subsequent date, the amount of these repayments would be recognised under current liabilities until the maturity date.

COUNTERPARTY RISK

In the course of its business, the Group is exposed to two main categories of counterparty: financial institutions and tenants.

With regard to financial institutions, credit and/or counterparty risks relate to cash and cash equivalents, derivatives arranged to hedge interest rate risk, and the banking institutions with which these products are arranged.

To limit this risk, the Group only arranges hedging with leading financial institutions. The selected vehicles have a very limited risk profile and are monitored.

With regard to tenants, the Group believes it has no significant exposure to credit risk due to its diversified portfolio of tenants. In the Retail business, tenants also provide financial guarantees, mainly in the form of security deposits, on signing lease agreements.

NOTE 9 RELATED PARTY TRANSACTIONS

Ownership structure of Altarea SCA

As a percentage	30/06/2023		31/12/2022	
	% share capital and theoretical voting rights	% actual voting rights	% share capital and theoretical voting rights	% actual voting rights
Extended Concert[a]	45.01	45.22	45.00	45.48
Crédit Agricole Assurances Group	24.53	24.64	24.56	24.82
APG (ABP)	7.06	7.09	7.06	7.14
Opus Investment BV[b]	1.62	1.62	1.62	1.63
Treasury Shares	0.45	-	1.05	-
Public + employee investment mutual fund	21.33	21.42	20.71	20.93
Total	**100.00**	**100.00**	**100.00**	**100.00**

(a) The controlling group of Alain Taravella (comprising the companies he controls and the members of his family), Jacques Nicolet (including the company he controls), and Jacques Ehrmann, acting in concert.

(b) Directed and controlled by Christian de Gournay, and the shares held by him.

Related party transactions

The Group's main related parties are the companies controlled by Alain Taravella, founding Chairman of the Group, which hold stakes in Altarea: AltaGroupe, AltaPatrimoine and Altager.

The Company is managed by Altafi 2, which is controlled and chaired by Alain Taravella. Jacques Ehrmann is Chief Executive Officer of Altafi 2.

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

Coordinating services provided to the Company

In order to formalise the services habitually provided to Altarea by AltaGroupe, the coordinating holding Company, and to spell out the services provided by the latter, a coordination agreement was signed in 2017, in which the previously applied conditions were unchanged. A new coordination agreement, which replaces the previous one, was signed in 2022 between AltaGroupe, on the one hand, and Altarea, *inter alii*, on the other.

Assistance services and rebilling by the Company and its subsidiaries

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

Assets and liabilities toward related parties

	Altafi 2 SAS		
(€ millions)	30/06/2023	31/12/2022	30/06/2022
Trade and other receivables	0.2	0.3	0.3
TOTAL ASSETS	**0.2**	**0.3**	**0.3**
Trade and other payables[a]	0.4	0.8	0.9
TOTAL LIABILITIES	**0.4**	**0.8**	**0.9**

(a) Corresponds to Management's variable compensation.

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

Compensations of the Management

Management compensation is received entirely by Altafi 2 in the form of fees[5].

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

The fixed remuneration of Management in respect of Altarea and Altareit is €0.9 million for the half-year.

The annual variable compensation of the Management potentially payable by Altarea is based partly on FFO, Group share, for the financial year and partly on the Company's achievement of non-financial objectives related to the climate. The amount paid by Altareit 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.

For information purposes, it stood at €0.4 million at 30 June 2023.

The total amount of fixed and variable compensation that may be paid to the Managing Partners by Altarea and Altareit for the 2023 financial year is capped at €3.5 million (compared to €4 million in 2022).

[5] Alain Taravella, as Co-Manager in a personal capacity of Altarea until 12 December 2022 (Altafi 2, chaired by Alain Taravella continues to be Co-Manager of Altarea), received no compensation from Altarea or its subsidiaries during the year. He receives compensation from a holding company that he controls that holds a stake in Altarea.

Compensation of the Group's senior executives

(€ millions)	30/06/2023	31/12/2022	30/06/2022
Gross wages[(a)]	2.5	4.1	2.0
Social security contributions	1.0	1.7	0.9
Share-based payments[(b)]	3.9	8.7	3.9
Number of shares delivered during the period	*22,391*	*30,558*	*30,558*
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 free shares delivered	0.5	0.9	0.9
Post-employment benefit commitment	0.7	0.7	0.7

(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 contributions.

In number of rights on equity in circulation	30/06/2023	31/12/2022	30/06/2022
Rights to Altarea SCA's free shares grants	153,406	142,231	142,231

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

NOTE 10 GROUP COMMITMENTS AND CONTINGENT LIABILITIES

10.1 Off-balance sheet commitments

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

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

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

In addition, the Company has received commitments from banks for unused credit lines, which are described in Note 8.3 "Liquidity risk".

All other material commitments are set out below:

(€ millions)	31/12/2022	30/06/2023	Less than 1 year	From 1 to 5 years	More than 5 years
Commitments received					
Commitments received relating to financing (excl. borrowings)	**-**	**-**	**-**	**-**	**-**
Commitments received relating to Company acquisitions	**11.9**	**10.9**	**2.1**	**3.3**	**5.5**
Commitments received relating to operating activities	**123.8**	**128.7**	**104.5**	**7.7**	**16.5**
Security deposits received in the context of the Hoguet Act (France)	96.7	101.3	101.3	-	-
Security deposits received from tenants	24.3	24.6	1.9	7.7	15.0
Payment guarantees received from customers	1.5	1.5	-	-	1.5
Other commitments received relating to operating activities	1.3	1.3	1.3	-	-
Total	**135.6**	**139.5**	**106.5**	**11.0**	**22.0**
Commitments given					
Commitments given relating to financing (excl. borrowings)	**11.0**	**11.0**	**5.0**	**6.0**	**-**
Commitments given relating to Company acquisitions	**48.6**	**44.1**	**-**	**44.1**	**-**
Commitments given relating to operating activities	**2,220.1**	**2,199.0**	**920.4**	**1,251.8**	**26.7**
Construction work completion guarantees (given)	1,885.3	1,919.3	804.3	1,115.0	-
Guarantees given on forward payments for assets	225.8	156.4	49.0	107.4	-
Guarantees for loss of use	43.5	67.1	44.9	20.4	1.7
Other sureties and guarantees granted	65.5	56.2	22.2	9.0	25.0
Total	**2,279.7**	**2,254.1**	**925.4**	**1,301.9**	**26.7**

Commitments received

COMMITMENTS RECEIVED RELATING TO ACQUISITIONS/DISPOSALS

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

As part of its acquisition of the developer XF, the Group received a liability guarantee from the sellers in the amount of €2.3 million expiring at the end of July 2025.

COMMITMENTS RECEIVED RELATING TO OPERATING ACTIVITIES

- **Security deposits**

Under France's "Hoguet Act", the Group holds security deposits received specialist bodies in an amount of €101.3 million as a guarantee covering its real estate management and trading activities.

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

- **Payment guarantees received from customers**

The Group receives customer payment guarantees issued by financial institutions to guarantee sums payable by the customer. They mainly relate to Retail and 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 FINANCING ACTIVITIES

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

The main commitments concern:

- undertaking to subscribe for the capital of companies comprising the AltaFund investment fund in the amount of €9.1 million (firm commitment for identified projects);

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

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

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

COMMITMENTS GIVEN RELATING TO OPERATING ACTIVITIES

- **Construction work completion guarantees**

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

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

- **Guarantees on forward payments for assets**

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

- **Minimum future rents to be received**

As part of its Property Development business, 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 given mainly relate to the Group's involvement in AltaFund, its Business Property real estate investment fund, and guarantees given as part of its development activity.

Reciprocal commitments

Notably in the ordinary course of its Property Development business, the Group enters into reciprocal commitments to ensure the REIT control of future projects. The Group signs bilateral sales agreements with landowners: the owner undertakes to sell its land and the Group commits to buy it if all conditions precedent (administrative and/ or marketing) are met.

Other commitments

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

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

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

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

Minimum future rents to be received

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

(€ millions)	30/06/2023	31/12/2022
Less than 1 year	264.4	202.0
Between 1 and 5 years	443.0	469.4
More than 5 years	158.2	208.3
Guaranteed minimum rent	**865.6**	**879.8**

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

10.2 Contingent liabilities

The Group is not subject to any significant proposed adjustments as of 30 June 2023.

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.

Regarding the Primonial litigation, in agreement with its advisors, no provision has been recorded by the Group (see Note 4.1 "Major events").

NOTE 11 POST-CLOSING EVENTS

There were no major events subsequent to the closing date and prior to the approval date of the financial statements