ALTAREA

CONSOLIDATED INTERIM SUMMARISED FINANCIAL STATEMENTS AT 30 JUNE 2020

CONTENTS

1 Financial statements

Consolidated balance sheet

(€ millions)	Note	30/06/2020	31/12/2019 restated
Non-current assets		**5,555.4**	**5,455.4**
Intangible assets	7.2	333.0	331.4
o/w Goodwill		*209.4*	*209.4*
o/w Brands		*105.4*	*105.4*
o/w Client relations		*0.3*	*0.6*
o/w Other intangible assets		*17.9*	*16.1*
Property plant and equipment		22.3	20.9
Right-of-use on tangible and intangible fixed assets	7.3	151.5	23.4
Investment properties	7.1	4,373.4	4,472.1
o/w Investment properties in operation at fair value		*3,946.9*	*3,826.2*
o/w Investment properties under development and under construction at cost		*260.7*	*509.3*
o/w Right-of use on Investment properties		*165.8*	*136.7*
Securities and investments in equity affiliates	4.5	609.5	532.1
Non-current financial assets	4.6	46.3	44.3
Deferred tax assets	5.3	19.5	31.2
Current assets		**3,558.4**	**3,632.4**
Net inventories and work in progress	7.4	849.2	1,064.5
Contract assets	7.4	606.6	564.9
Trade and other receivables	7.4	833.5	799.9
Income tax credit		4.9	9.4
Current financial assets	4.6	77.1	27.3
Derivative financial instruments	8	1.8	1.2
Cash and cash equivalents	6.2	1,185.2	830.2
Assets held for sale		0.0	335.0
TOTAL ASSETS		**9,113.7**	**9,087.9**
Equity		**2,938.5**	**3,335.5**
Equity attributable to Altarea SCA shareholders		**1,859.8**	**2,144.4**
Capital	6.1	255.2	255.2
Other paid-in capital		171.4	311.8
Reserves		1,568.0	1,343.8
Income associated with Altarea SCA shareholders		(134.8)	233.7
Equity attributable to minority shareholders of subsidiaries		**1,078.7**	**1,191.1**
Reserves associated with minority shareholders of subsidiaries		998.7	994.2
Other equity components, Subordinated Perpetual Notes		195.1	195.1
Income associated with minority shareholders of subsidiaries		(115.0)	1.8
Non-current liabilities		**2,539.3**	**2,823.7**
Non-current borrowings and financial liabilities	6.2	2,414.0	2,708.5
o/w Participating loans and advances from associates		*78.9*	*77.9*
o/w Bond issues		*1,384.9*	*1,613.5*
o/w Borrowings from lending establishments		*580.8*	*837.5*
o/w Negotiable European Medium Term Note		*55.0*	*30.0*
o/w Lease liabilities		*143.5*	*11.1*
o/w Contractual fees on investment properties		*170.9*	*138.5*
Long-term provisions	6.3	25.3	25.1
Deposits and security interests received		34.6	36.7
Deferred tax liability	5.3	65.4	53.4
Current liabilities		**3,636.0**	**2,928.6**
Current borrowings and financial liabilities	6.2	1,741.9	1,016.0
o/w Bond issues		*257.1*	*16.9*
o/w Borrowings from lending establishments		*488.6*	*95.4*
o/w Negotiable European Short Term Note		*788.5*	*709.5*
o/w Bank overdrafts		*2.2*	*2.7*
o/w Advances from Group shareholders and partners		*190.7*	*174.4*
o/w Lease liabilities		*9.4*	*12.1*
o/w Contractual fees on investment properties		*5.4*	*4.9*
Derivative financial instruments	8	35.5	98.2
Contract liabilities	7.4	198.2	168.8
Trade and other payables	7.4	1,506.0	1,639.6
Tax due		11.1	6.1
Debts with Altarea SCA shareholders	6.1	151.4	0.0
TOTAL LIABILITIES		**9,113.7**	**9,087.9**

Restated at 31 December 2019 for the change in presentation of Current and non-current financial assets (see section 2.4 Change in presentation).

Statement of consolidated comprehensive income

(€ millions)	Note	30/06/2020	31/12/2019 restated	30/06/2019 restated
Rental income		93.6	208.4	101.9
Property expenses		(0.7)	(2.5)	(1.1)
Unrecoverable rental expenses		(4.4)	(10.1)	(5.4)
Expenses re-invoiced to tenants		*26.7*	*60.3*	*30.0*
Rental expenses		*(31.1)*	*(70.4)*	*(35.4)*
Other expenses		(0.6)	0.1	(0.2)
Net charge to provisions for current assets		(5.8)	(5.0)	(2.7)
Net rental income	5.1	**82.2**	**190.8**	**92.6**
Revenue		1,273.7	2,860.2	1,153.9
Cost of sales		(1,122.5)	(2,479.0)	(985.3)
Other income		(51.6)	(132.1)	(55.9)
Net charge to provisions for current assets		(0.0)	(29.7)	(7.3)
Amortisation of customer relationships		(0.3)	(0.6)	–
Net property income	5.1	**99.2**	**218.8**	**105.4**
External services		15.9	41.2	23.4
Own work capitalised and production held in inventory		85.9	189.0	66.3
Personnel costs		(111.5)	(237.4)	(116.4)
Other overhead expenses		(34.1)	(87.2)	(38.1)
Depreciation expenses on operating assets		(15.6)	(23.9)	(12.6)
Net overhead expenses		**(59.3)**	**(118.2)**	**(77.4)**
Other income and expenses		0.5	(0.4)	0.4
Depreciation expenses		(2.5)	(5.4)	(2.5)
Transaction costs		(0.7)	(2.9)	(1.5)
Others		**(2.7)**	**(8.6)**	**(3.6)**
Proceeds from disposal of investment assets		380.4	172.7	1.1
Carrying amount of assets sold		(385.0)	(173.1)	–
Net charge to provisions for risks and contingencies		–	0.8	1.5
Net gain/(loss) on disposal of investment assets		**(4.7)**	**0.3**	**2.6**
Change in value of investment properties	7.1	(259.9)	86.1	43.2
Net impairment losses on investment properties measured at cost		(25.1)	(13.6)	–
Net impairment losses on other non-current assets		0.1	(0.5)	(0.0)
Net charge to provisions for risks and contingencies		(0.9)	(1.9)	(0.0)
Goodwill impairment		(1.0)	–	–
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**(172.1)**	**353.2**	**162.8**
Share in earnings of equity-method affiliates	4.5	41.5	59.2	16.8
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES		**(130.6)**	**412.4**	**179.6**
Net borrowing costs	5.2	(27.3)	(61.7)	(28.2)
Financial expenses		*(31.7)*	*(71.9)*	*(33.0)*
Financial income		*4.4*	*10.2*	*4.8*
Other financial results	5.2	(3.2)	(16.2)	(6.8)
Change in value and income from disposal of financial instruments	5.2	(49.1)	(65.2)	(60.3)
Discounting of debt and receivables		–	2.1	(0.0)
Net gain/(loss) on disposal of investments		0.4	1.1	1.1
Profit before tax		**(209.8)**	**272.4**	**85.4**
Income tax	5.3	(40.0)	(36.9)	(13.6)
NET INCOME		**(249.9)**	**235.5**	**71.8**
o/w attributable to shareholders of Altarea SCA		**(134.8)**	**233.7**	**79.8**
o/w attributable to minority interests in subsidiaries		(115.0)	1.8	(8.0)
Average number of non-diluted shares		16,559,453	16,203,050	15,872,788
Net Income per share attributable to shareholders of Altarea SCA (€)	5.4	**(8.14)**	**14.42**	**5.03**
Diluted average number of shares		16,767,148	16,393,265	16,049,167
Diluted net income per share attributable to shareholders of Altarea SCA (€)	5.4	**(8.04)**	**14.26**	**4.97**

Restated at 31 December 2019 and 30 June 2019, for the change in presentation of Borrowing costs (see section 2.4 Change in presentation).

Other comprehensive income

(€ millions)	30/06/2020	31/12/2019	30/06/2019
NET INCOME	**(249.9)**	**235.5**	**71.8**
Actuarial differences on defined-benefit pension plans	0.9	(0.7)	(0.7)
o/w Taxes	*(0.3)*	*0.2*	*0.3*
Subtotal of comprehensive income items that may not be reclassified to profit or loss	**0.9**	**(0.7)**	**(0.7)**
OTHER COMPREHENSIVE INCOME	**0.9**	**(0.7)**	**(0.7)**
CONSOLIDATED COMPREHENSIVE INCOME	**(249.0)**	**234.8**	**71.1**
o/w Net comprehensive income attributable to Altarea SCA shareholders	(133.9)	233.0	79.0
o/w Net comprehensive income attributable to minority interests in subsidiaries	(115.0)	1.8	(8.0)

Consolidated cash flows statement

(€ millions)	Note	30/06/2020	31/12/2019 restated	30/06/2019 restated
Cash flow from operating activities				
Net income		**(249.9)**	**235.5**	**71.8**
Elimination of income tax expense (income)	5.3	40.0	36.9	13.6
Elimination of net interest expense (income) and dividends	5.2	30.2	77.5	34.8
Net income before tax and before net interest expense (income)		**(179.6)**	**350.0**	**120.2**
Elimination of share in earnings of equity-method subsidiaries	4.5	(41.5)	(59.2)	(16.8)
Elimination of depreciation and impairment		20.6	32.6	14.8
Elimination of value adjustments	7.1/5.2	333.9	(7.9)	17.2
Elimination of net gains/(losses) on disposals[a]		4.3	(0.9)	(3.7)
Estimated income and expenses associated with share-based payments	6.1	6.6	14.7	7.2
Net cash flow		**144.4**	**329.3**	**139.0**
Tax paid		(6.0)	(1.3)	(3.5)
Impact of change in operational working capital requirement (WCR)	7.4	47.3	10.3	(3.1)
CASH FLOW FROM OPERATIONS		**185.8**	**338.3**	**132.4**
Cash flow from investment activities				
Net acquisitions of assets and capitalised expenditures	7.1	(81.7)	(192.0)	(101.4)
Gross investments in equity-method subsidiaries and non-consolidated investments	4.5	(62.6)	(212.1)	(41.9)
Acquisitions of consolidated companies, net of cash acquired		0.0	(62.9)	(61.6)
Other changes in Group structure		2.0	7.1	–
Increase in loans and advances		(141.3)	(12.2)	(7.3)
Sale of non-current assets and reimbursement of advances and down payments[a]		270.7	217.3	1.1
Disposals of holdings in equity-method subsidiaries and non-consolidated investments	4.5	19.7	26.5	13.4
Disposals of consolidated companies, net of cash transferred		3.4	8.3	0.0
Reduction in loans and other financial investments		6.3	34.4	8.2
Net change in investments and derivative financial instruments	5.2	(71.6)	(35.8)	0.1
Dividends received		7.0	44.5	(3.5)
Interest income		4.0	22.0	4.8
CASH FLOW FROM INVESTMENT ACTIVITIES		**(43.9)**	**(154.8)**	**(188.2)**
Cash flow from financing activities				
Capital increase		(0.0)	5.7	–
Dividends paid to Altarea SCA shareholders	6.1	–	(111.8)	0.0
Dividends paid to minority shareholders of subsidiaries		(0.0)	(48.0)	(22.9)
Issuance of debt and other financial liabilities	6.2	1,060.4	1,891.3	643.0
Repayment of borrowings and other financial liabilities	6.2	(805.8)	(1,662.0)	(453.8)
Repayment of lease liabilities	6.2	(8.0)	(22.7)	(9.3)
Net sales (purchases) of treasury shares	6.1	(4.8)	0.4	0.1
Net change in security deposits and guarantees received		(2.1)	3.8	2.3
Interest paid on financial liabilities		(25.9)	(87.8)	(31.4)
CASH FLOW FROM FINANCING ACTIVITIES		**213.6**	**(31.0)**	**128.1**
CHANGE IN CASH BALANCE		**355.5**	**152.4**	**72.3**

Restated at 31 December 2019 and 30 June 2019, for the change in presentation of Borrowing costs (see section 2.4 Change in presentation).

Cash balance at the beginning of the year	**6.2**	**827.5**	**675.0**	**675.0**
Cash and cash equivalents		830.2	678.5	678.5
Bank overdrafts		(2.7)	(3.5)	(3.5)
Cash balance at period-end	**6.2**	**1,183.0**	**827.5**	**747.4**
Cash and cash equivalents		1,185.2	830.2	749.1
Bank overdrafts		(2.2)	(2.7)	(1.7)

(a) 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.

Consolidated statement of changes in equity

(€ millions)	Capital	Other paid-in capital	Elimination of treasury shares	Reserves and retained earnings	Equity attributable to Altarea SCA shareholders	Equity attributable to minority shareholders of subsidiaries	Equity
As of 1 January 2019	**245.4**	**407.9**	**(54.6)**	**1,401.4**	**2,000.1**	**1,229.3**	**3,229.4**
Impact of first-time application of IFRS 16 on the opening balances				0.3	**0.3**	(0.0)	**0.3**
Net Income	*–*	*–*	*–*	*79.8*	***79.8***	*(8.0)*	***71.8***
Actuarial difference relating to pension obligations	*–*	*–*	*–*	*(0.7)*	***(0.7)***	*(0.0)*	***(0.7)***
Comprehensive income	–	–	–	79.0	**79.0**	(8.0)	**71.1**
Dividend distribution	*–*	*(185.8)*	*–*	*(19.8)*	***(205.7)***	*(15.0)*	***(220.6)***
Capital increase	*9.2*	*84.7*	*–*	*0.0*	***93.8***	*0.0*	***93.8***
Measurement of share-based payments	*–*	*–*	*–*	*4.9*	***4.9***	*0.0*	***4.9***
Elimination of treasury shares	*–*	*–*	*21.2*	*(14.3)*	***6.9***	*–*	***6.9***
Transactions with shareholders	9.2	(101.2)	21.2	(29.2)	**(100.1)**	(14.9)	**(115.0)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	(0.0)	**(0.0)**	(0.2)	**(0.2)**
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	(0.0)	**(0.0)**	1.8	**1.8**
Others	(0.0)	0.0	–	0.1	**0.1**	0.1	**(0.0)**
As of 30 June 2019	**254.6**	**306.7**	**(33.4)**	**1,451.6**	**1,979.5**	**1,207.9**	**3,187.3**
Net Income	*–*	*–*	*–*	*153.9*	***153.9***	*9.8*	***163.7***
Actuarial difference relating to pension obligations	*–*	*–*	*–*	*0.1*	***0.1***	*(0.0)*	***0.1***
Comprehensive income	–	–	–	154.0	**154.0**	9.8	**163.7**
Dividend distribution	*–*	*–*	*–*	*0.0*	***0.0***	*(25.1)*	***(25.1)***
Capital increase	*0.6*	*5.1*	*–*	*(0.0)*	***5.7*** *(a)*	*0.0*	***5.7***
Measurement of share-based payments	*–*	*–*	*–*	*5.6*	***5.6***	*0.0*	***5.6***
Elimination of treasury shares	*–*	*–*	*0.3*	*(0.6)*	***(0.3)***	*–*	***(0.3)***
Transactions with shareholders	0.6	5.1	0.3	5.0	**11.0**	(25.0)	**(14.1)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	(0.0)	**(0.0)**	0.4	**0.4**
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	0.0	**0.0**	(1.9)	**(1.9)**
Others	0.0	(0.0)	–	(0.0)	**(0.0)**	(0.0)	**(0.0)**
As of 31 December 2019	**255.2**	**311.8**	**(33.1)**	**1,610.6**	**2,144.4**	**1,191.1**	**3,335.5**
Net Income	*–*	*–*	*–*	*(134.8)*	***(134.8)***	*(115.0)*	***(249.9)***
Actuarial difference relating to pension obligations	*–*	*–*	*–*	*0.9*	***0.9***	*0.0*	***0.9***
Comprehensive income	–	–	–	(133.9)	**(133.9)**	(115.0)	**(249.0)**
Dividend distribution	*–*	*(140.4)*	*–*	*(11.0)*	***(151.4)***	*(0.0)*	***(151.4)***
Capital increase	*–*	*–*	*–*	*0.0*	***0.0***	*0.0*	***0.0***
Measurement of share-based payments	*–*	*–*	*–*	*4.7*	***4.7***	*0.0*	***4.7***
Elimination of treasury shares	*–*	*–*	*10.1*	*(10.6)*	***(0.5)***	*–*	***(0.5)***
Transactions with shareholders	–	(140.4)	10.1	(16.9)	**(147.2)**	(0.0)	**(147.2)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	–	(3.6)	**(3.6)**	2.7	**(0.9)**
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	**–**	–	**0.0**
Others	–	–	–	0.0	**0.0**	(0.0)	**0.0**
As of 30 June 2020	**255.2**	**171.4**	**(23.0)**	**1,456.2**	**1,859.8**	**1,078.7**	**2,938.5**

(a): Altarea SCA capital increase by partial conversion into shares of the dividend distributed in 2019 (option on 50% of the highest dividend).

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

2 Notes – Consolidated income statement by segment

(€ millions)	30/06/2020 Funds from operations (FFO)	30/06/2020 Changes in value, estimated expenses and transaction costs	30/06/2020 Total	31/12/2019 restated Funds from operations (FFO)	31/12/2019 restated Changes in value, estimated expenses and transaction costs	31/12/2019 restated Total	30/06/2019 restated Funds from operations (FFO)	30/06/2019 restated Changes in value, estimated expenses and transaction costs	30/06/2019 restated Total
Rental income	93.6	–	93.6	208.4	–	208.4	101.9	–	101.9
Other expenses	(11.5)	–	(11.5)	(17.6)	–	(17.6)	(9.3)	–	(9.3)
Net rental income	**82.2**	**–**	**82.2**	**190.8**	**–**	**190.8**	**92.6**	**–**	**92.6**
External services	8.4	–	8.4	19.0	–	19.0	11.3	–	11.3
Own work capitalised and production held in inventory	4.0	–	4.0	6.5	–	6.5	3.1	–	3.1
Operating expenses	(21.5)	(1.5)	(23.0)	(42.6)	(3.2)	(45.8)	(21.8)	(1.7)	(23.5)
Net overhead expenses	**(9.0)**	**(1.5)**	**(10.5)**	**(17.1)**	**(3.2)**	**(20.3)**	**(7.4)**	**(1.7)**	**(9.1)**
Share of equity-method affiliates	**1.7**	**(5.7)**	**(4.0)**	**6.0**	**(6.4)**	**(0.3)**	**3.4**	**(2.3)**	**1.1**
Net allowances for depreciation and impairment	**–**	**(5.4)**	**(5.4)**	**–**	**(7.7)**	**(7.7)**	**–**	**(2.8)**	**(2.8)**
Income/loss on sale of assets	**0.4**	**(4.7)**	**(4.2)**	**–**	**0.7**	**0.7**	**–**	**2.7**	**2.7**
Income/loss in the value of investment property	**–**	**(284.9)**	**(284.9)**	**–**	**71.1**	**71.1**	**–**	**43.2**	**43.2**
Transaction costs	**–**	**(0.7)**	**(0.7)**	**–**	**(1.2)**	**(1.2)**	**–**	**(0.4)**	**(0.4)**
OPERATING INCOME - RETAIL	**75.3**	**(302.9)**	**(227.6)**	**179.8**	**53.4**	**233.2**	**88.6**	**38.6**	**127.2**
Revenue	1,069.5	–	1,069.5	2,283.1	–	2,283.1	893.9	–	893.9
Cost of sales and other expenses	(980.8)	(0.3)	(981.1)	(2,075.0)	(0.6)	(2,075.6)	(805.9)	–	(805.9)
Net property income	**88.7**	**(0.3)**	**88.4**	**208.1**	**(0.6)**	**207.5**	**88.0**	**–**	**88.0**
External services	4.7	–	4.7	11.2	–	11.2	5.3	–	5.3
Production held in inventory	76.3	–	76.3	157.8	–	157.8	58.2	–	58.2
Operating expenses	(100.9)	(6.6)	(107.5)	(220.0)	(16.3)	(236.4)	(105.0)	(7.0)	(111.9)
Net overhead expenses	**(19.9)**	**(6.6)**	**(26.5)**	**(51.0)**	**(16.3)**	**(67.4)**	**(41.5)**	**(7.0)**	**(48.5)**
Share of equity-method affiliates	**7.5**	**(5.9)**	**1.7**	**18.2**	**(5.5)**	**12.7**	**9.4**	**2.6**	**6.9**
Net allowances for depreciation and impairment	**–**	**(9.0)**	**(9.0)**	**–**	**(15.1)**	**(15.1)**	**–**	**(8.6)**	**(8.6)**
Transaction costs	**–**	**–**	**–**	**–**	**(1.5)**	**(1.5)**	**–**	**(0.8)**	**(0.8)**
OPERATING INCOME - RESIDENTIAL	**76.3**	**(21.8)**	**54.5**	**175.3**	**(39.0)**	**136.3**	**56.0**	**(18.9)**	**37.1**
Revenue	196.5	–	196.5	577.0	–	577.0	260.0	–	260.0
Cost of sales and other expenses	(186.1)	–	(186.1)	(565.1)	–	(565.1)	(242.6)	–	(242.6)
Net property income	**10.4**	**–**	**10.4**	**11.9**	**–**	**11.9**	**17.4**	**–**	**17.4**
External services	2.7	–	2.7	10.9	–	10.9	6.7	–	6.7
Production held in inventory	5.6	–	5.6	24.7	–	24.7	5.0	–	5.0
Operating expenses	(14.9)	(1.3)	(16.2)	(35.1)	(3.7)	(38.8)	(15.4)	(1.6)	(16.9)
Net overhead expenses	**(6.6)**	**(1.3)**	**(7.9)**	**0.6**	**(3.7)**	**(3.1)**	**(3.6)**	**(1.6)**	**(5.2)**
Share of equity-method affiliates	**29.6**	**14.2**	**43.8**	**60.2**	**(10.6)**	**49.6**	**14.7**	**(3.1)**	**11.6**
Net allowances for depreciation and impairment	**–**	**(0.9)**	**(0.9)**	**–**	**(3.0)**	**(3.0)**	**–**	**(1.3)**	**(1.3)**
Income/loss in the value of investment property	**–**	**–**	**–**	**–**	**1.3**	**1.3**	**–**	**–**	**–**
Transaction costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
OPERATING INCOME - BUSINESS PROPERTY	**33.5**	**11.9**	**45.4**	**72.6**	**(15.9)**	**56.7**	**28.4**	**(6.0)**	**22.4**
Others (Corporate)	**(0.3)**	**(2.0)**	**(2.3)**	**(9.4)**	**(1.3)**	**(10.7)**	**(3.1)**	**(1.2)**	**(4.3)**
OPERATING INCOME	**184.7**	**(314.8)**	**(130.0)**	**418.4**	**(2.9)**	**415.5**	**169.9**	**12.5**	**182.3**
Net borrowing costs	**(23.2)**	**(4.1)**	**(27.3)**	**(46.9)**	**(14.8)**	**(61.7)**	**(24.7)**	**(3.5)**	**(28.2)**
Other financial results	**1.0**	**(4.2)**	**(3.2)**	**(9.7)**	**(6.5)**	**(16.2)**	**(3.7)**	**(3.1)**	**(6.8)**
Discounting of debt and receivables	**–**	**–**	**–**	**–**	**2.1**	**2.1**	**–**	**(0.0)**	**(0.0)**
Change in value and income from disposal of financial instruments	**–**	**(49.1)**	**(49.1)**	**–**	**(65.2)**	**(65.2)**	**–**	**(60.3)**	**(60.3)**
Net gain/(loss) on disposal of investments	**–**	**(0.2)**	**(0.2)**	**–**	**(1.9)**	**(1.9)**	**–**	**(1.6)**	**(1.6)**
PROFIT BEFORE TAX	**162.6**	**(372.4)**	**(209.8)**	**361.8**	**(89.3)**	**272.4**	**141.5**	**(56.0)**	**85.4**
Corporate income tax	**(15.5)**	**(24.5)**	**(40.0)**	**(7.1)**	**(29.8)**	**(36.9)**	**(2.3)**	**(11.3)**	**(13.6)**
NET INCOME	**147.1**	**(396.9)**	**(249.9)**	**354.7**	**(119.2)**	**235.5**	**139.1**	**(67.3)**	**71.8**
Non-controlling interests	**(28.9)**	**144.0**	**115.0**	**(55.9)**	**54.1**	**(1.8)**	**(28.9)**	**36.9**	**8.0**
NET INCOME, GROUP SHARE	**118.2**	**(253.0)**	**(134.8)**	**298.8**	**(65.1)**	**233.7**	**110.2**	**(30.5)**	**79.8**
Diluted average number of shares	*16,767,148*	*16,767,148*	*16,767,148*	*16,393,265*	*16,393,265*	*16,393,265*	*16,049,167*	*16,049,167*	*16,049,167*
NET INCOME PER SHARE (€/SHARE) GROUP SHARE	**7.05**	**(15.09)**	**(8.04)**	**18.23**	**(3.97)**	**14.26**	**6.87**	**(1.90)**	**4.97**

Restated at 31 December 2019 and 30 June 2019, for the change in presentation of Borrowing costs (see section 2.4 Change in presentation).

3 Other information attached to the interim consolidated financial statements

Detailed contents of the Notes to the interim consolidated financial statements

NOTE 1 INFORMATION CONCERNING THE COMPANY

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 head office is located at 87, Rue de Richelieu in Paris.

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

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

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

Altarea's financial statements and notes to the financial statements are expressed in millions of euros.

The consolidated financial statements for the period ended 30 June 2020 were approved by the Management on 6 August 2020 having been examined by the Audit Committee and the Supervisory Board.

NOTE 2 ACCOUNTING PRINCIPLES AND METHODS

2.1 Accounting standards applied by the Company

The Altarea group's consolidated half-yearly financial statements to 30 June 2020 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 2019, presented in the registration document filed with the AMF on 23 March 2020 under number D.20-0158.

The accounting principles used in the preparation of the consolidated half-yearly financial statements are compliant with the IASB's IFRS standards and interpretations as adopted by the European Union as at 30 June 2020 and available on the following website:

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

Accounting standards, interpretations and amendments applicable as from the financial year beginning on 1 January 2020:

- Amendment to IFRS 3 – New definition of a business
- Amendments to IAS 1 and IAS 8 – Definition of materiality in financial statements
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform (IBOR) - Phase 1
- Amendments to references within the standards' conceptual framework
- IFRIC decision on IFRS 16 lease term.

Accounting standards and interpretations adopted early as at 30 June 2020, whose application is mandatory for financial years starting on or after 1 January 2020:

None.

Accounting standards and interpretations in effect at 1 January 2020 and mandatory after 30 June 2020:

None.

Other essential standards and interpretations released by the IASB approved in 2020 or not yet approved by the European Union:

- IFRS 17 – Insurance Contracts
- Amendment to IFRS 16 – Covid-19 related rent concessions
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform (IBOR) - Phase 2
- Amendment to IAS 1 – Classification of liabilities as current or non-current
- Annual improvements to IFRS - 2018-2020 cycle (IFRS 1, IFRS 9, IAS 41, IFRS 16)
- Amendment to IFRS 3 - Updates to references within the standards' conceptual framework
- Amendment to IAS 16 - Proceeds before intended use
- Amendment to IAS 37 - Onerous contracts - cost of fulfilling a contract.

2.2 Main estimations and judgements

Management reviews its estimates and assumptions on a regular basis using its past experience and various other factors deemed reasonable in the circumstances. These estimates represent the basis for its assessment of the carrying amount of income or the classification of expense items and assets and liabilities. They have an impact on the amount of income and expense items and on the carrying amount of assets and liabilities. It is conceivable that the actual amounts may subsequently differ from the estimates adopted.

The accounting estimates for the financial statements to 30 June 2020 were calculated in the context of an economic and public health crisis (Covid), creating a climate of uncertainty. The Group has taken into account reliable information available to it as at the date of preparation of the condensed consolidated financial statements in terms of the impacts of this crisis.

The main items that require estimates at the closing date based on assumptions about the future, and for which there is significant risk of a material change in value from that recorded on the balance sheet, concern the following:

Measurement of intangible assets not subject to amortisation

- Measurement of goodwill and brands (please see note 2.4.7 "Monitoring the value of non-current assets (excluding financial assets and investment property) and losses of value" and 7.2 "Intangible assets and goodwill").

Goodwill and other intangible assets with an indeterminate life (such as brands) are tested for impairment at least once a year or more frequently if internal or external events or circumstances indicate that their value may have declined.

The value of assets (and certain associated liabilities) on the balance sheet, when they are directly related or attributable to cash generating units (CGUs) or groups of CGUs including intangible assets (such as brands) and goodwill, if applicable, is compared to the recoverable amount of the CGU or group of CGUs, defined as the higher of the sale price net of any costs that may be incurred for the sale, and value in use. A CGU is the smallest identifiable group of assets (property programme) that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

At the close of the accounting period, the economic consequences of the Covid crisis do not represent any indication of a potential loss in value of a CGUs or groups of CGUs.

Impairment tests carried out at December 31, 2019 show that the discounted cash flow values (DCF method) are significantly higher than the value of the CGUs or groups of CGUs. Accordingly, the Group did not perform any specific impairment tests at June 30, 2020.

Measurements of other assets and liabilities

- Measurement of investment properties (see Notes 2.4.5 "Investment properties" and 7.1 "Investment properties"):

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

The fair value of investment properties used by Management is based on the facts and circumstances taking into account their purpose. With this objective, Management uses external appraisals (twice per year, as part of the preparation of the half-yearly and annual consolidated financial statements) giving values inclusive of duties less the amount of duties corresponding to transfer taxes and expenses.

The properties are systematically inspected by experts for all assets in the portfolio and by multi-year rotation or when required due to a specific event affecting an asset. In the context of the Covid health crisis, planned inspections have exceptionally been postponed to the second half of 2020.

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

Appraisers Cushman & Wakefield and Jones Lang LaSalle (which has been carrying out valuations for the Group since 2015) use two methods:

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

The methodology applied by the appraisers is identical to that applied for FY 2019 with the inclusion of the clauses below on the context of the crisis linked to the Coronavirus epidemic:

Jones Lang LaSalle:

"The Coronavirus (COVID-19) epidemic, declared by the World Health Organisation as a "global pandemic" on 11 March 2020, has impacted the global financial markets. Numerous countries have implemented restrictions on travel and movement, including whole population lockdowns. All activity sectors have been affected as has the property sector in particular.

In the context of this valuation, we believe that the comparable market data available to us pre-date these events and therefore do not constitute a reliable basis on which to base our valuation (market or rental) at this stage of the health and economic crisis.

In fact, the (social, political, health, economic, etc.) impacts linked to COVID-19 are exceptional, meaning that we are faced with a series of unprecedented circumstances on which to base an opinion. Our valuation(s) is/are therefore carried out on the basis of "material valuation uncertainty", as explained in the RICS Valuation Global Standards' VPGA 10 document. As a result, our assessment is subject to potential impacts on the real estate market, which are uncertain at this stage. It is therefore pertinent that all parties affected by this study take note of the various reservations outlined in our expert reports.

Generally speaking, in times of uncertainty, the liquidity of assets may be impacted, fewer transaction references are available and the market lacks visibility. Even if the fundamentals of the French business property market remain sound, we cannot exclude the potential of a contagion effect on the investment market or rental business (in value and/or volume) over the short term.

As at the date of our report, the number of transactions agreed since the start of this pandemic is not yet sufficient for us to draw reliable conclusions vis-à-vis the impact, where applicable, of this new financial climate on the property investment market and on rate of return in particular."

Cushman & Wakefield (C&W):

"The Coronavirus (COVID-19) epidemic, declared by the World Health Organisation as a "global pandemic" on 11 March 2020, has impacted the global financial markets. Numerous countries have implemented restrictions on travel and movement.

Marked activity has been affected in multiple sectors. As at the date of valuation, C&W considers that less weight should attributed to prior market comparables in the valuation. In light of the responses to COVID-19, C&W faces a series of unprecedented circumstances on which to base its valuation.

The valuation is therefore based on "material valuation uncertainty" in accordance with standards VPS 3 and VPGA 10 of the RICS Red Book Global. Therefore, less certainty - and a higher degree of caution - should be assigned to the valuation than would normally be the case. Given the unknown future impact that COVID-19 could have on the property market, C&W recommends that the Client regularly reviews the valuation of its property assets.

To avoid any doubt, the insertion of the "material valuation uncertainty" clause above does not mean that the valuation is not reliable. It is used to bring clarity and transparency to the parties, in a professional manner, to the fact that - in the current extraordinary circumstances - there is less certainty attached to the valuation than would otherwise be the case.

Properties of which the value depends on operating income, such as hotels, restaurants and bars, as well as healthcare establishments and student residences, may see a more significant impact to their value compared to other asset classes. It is therefore recommended that the valuations of these assets are reviewed more regularly than those of other types of asset. With regard to hotels, there is a risk of a decline in profitability (and therefore potentially in value) triggered by a drop in occupancy rates, particularly where hotels rely heavily on tourism and corporate events.

- Measurement of inventories (see Note 2.4.8 “Inventories”);
- Measurement of deferred tax assets (see Notes 2.4.16 “Taxes” and 5.3 “Income Tax”);
- Measurement of share-based payments (see Notes 2.4.12 “Share-based payments” and 6.1 “Equity”);
- Measurement of right-of-use, lease liabilities and contractual fees on investment properties;
- Measurement of financial instruments (see Note 8 “Management of financial risks”).

Operating income estimates

- Measurement of net property income and services using the percentage-of-completion method (see Note 2.4.17 “Revenue and revenue-related expenses”).

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 2019.

2.3 Other principles for presenting the financial statements

Transactions eliminated in the consolidated financial statements

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

Balance sheet classification

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

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

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

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

2.4 Changes in presentation introduced in 2020

2.4.1 Net borrowing costs

In order to improve the clarity of its net borrowing costs, the Group has decided to isolate on a specific line "Other financial results" in particular expenses related to lease liabilities and contractual fees on investment properties.

(€ millions)	31/12/2019 published	Impact	31/12/2019 restated	30/06/2019 published	Impact	30/06/2019 restated
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**412.4**	**–**	**412.4**	**179.6**	**–**	**179.6**
Net borrowing costs	(78.5)	16.8	(61.7)	(35.5)	7.3	(28.2)
Financial expenses	*(89.5)*	*17.6*	*(71.9)*	*(41.1)*	*8.1*	*(33.0)*
Financial income	*11.0*	*(0.9)*	*10.2*	*5.6*	*(0.8)*	*4.8*
Other financial results	–	(16.2)	(16.2)	–	(6.8)	(6.8)
Change in value and income from disposal of financial instruments	(65.2)	–	(65.2)	(60.3)	–	(60.3)
Discounting of debt and receivables	2.1	–	2.1	(0.0)	–	(0.0)
Net gain/(loss) on disposal of investments	1.1	–	1.1	1.1	–	1.1
Dividends	0.6	(0.6)	–	0.5	(0.5)	–
Profit before tax	**272.4**	**–**	**272.4**	**85.4**	**–**	**85.4**
Income tax	(36.9)	–	(36.9)	(13.6)	–	(13.6)
NET INCOME	**235.5**	**–**	**235.5**	**71.8**	**–**	**71.8**
o/w attributable to shareholders of Altarea SCA	**233.7**	**–**	**233.7**	**79.8**	**–**	**79.8**
o/w attributable to minority interests in subsidiaries	1.8		1.8	(8.0)		(8.0)

2.4.2 Current and non-current financial assets

The Group has chosen to present under a separate heading the securities and investments in equity affiliates with effect from 1 January 2020. The financial statements to 31 December 2019 have therefore been restated. At 31 December 2019, non-consolidated securities were reclassified to Non-current financial assets in the amount of €33.6 million.

The "Non-current financial assets" and "Current financial assets" headings incorporate the historic "Non-current loans and receivables" and "Loans and receivables (current)" headings.

NOTE 3 INFORMATION ON OPERATING SEGMENTS

3.1 Balance sheet items by operating segment

As of 30 June 2020

(€ millions)	Retail	Residential	Business Property	Others	TOTAL
Operating assets and liabilities					
Intangible assets	18.3	282.8	21.5	10.3	**333.0**
Property plant and equipment	1.8	19.5	–	1.0	**22.3**
Right-of-use on tangible and intangible fixed assets	3.7	147.0	0.0	0.8	**151.5**
Investment properties	4,342.3	–	31.1	–	**4,373.4**
Securities and investments in equity affiliates	122.9	172.0	314.6	–	**609.5**
Operational working capital requirement	47.8	668.8	13.0	(11.9)	**717.7**
Total operating assets and liabilities	**4,536.8**	**1,290.1**	**380.1**	**0.3**	**6,207.3**

As of 31 December 2019 – restated

(€ millions)	Retail	Residential	Business Property	Others	TOTAL
Operating assets and liabilities					
Intangible assets	18.0	281.6	21.5	10.3	**331.4**
Property plant and equipment	1.7	13.5	4.4	1.3	**20.9**
Right-of-use on tangible and intangible fixed assets	5.9	16.4	–	1.1	**23.4**
Investment properties	4,441.1	–	31.1	–	**4,472.1**
Securities and investments in equity affiliates	85.0	170.7	276.4	–	**532.1**
Operational working capital requirement	23.6	787.6	(40.8)	(9.9)	**760.5**
Total operating assets and liabilities	**4,575.3**	**1,269.7**	**292.6**	**2.8**	**6,140.4**

3.2 Consolidated income statement by operating segment

See consolidated income statement by segment in the financial statements.

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

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

(€ millions)	30/06/2020			31/12/2019 restated			30/06/2019 restated		
	Funds from operations (FFO)	**Changes in value, estimated expenses and transaction costs**	**Total**	**Funds from operations (FFO)**	**Changes in value, estimated expenses and transaction costs**	**Total**	**Funds from operations (FFO)**	**Changes in value, estimated expenses and transaction costs**	**Total**
Rental income	93.6	–	93.6	208.4	–	208.4	101.9	–	101.9
Property expenses	(0.7)	–	(0.7)	(2.5)	–	(2.5)	(1.1)	–	(1.1)
Unrecoverable rental expenses	(4.4)	–	(4.4)	(10.1)	–	(10.1)	(5.4)	–	(5.4)
Expenses re-invoiced to tenants	*26.7*	–	*26.7*	*60.3*	–	*60.3*	*30.0*	–	*30.0*
Rental expenses	*(31.1)*	–	*(31.1)*	*(70.4)*	–	*(70.4)*	*(35.4)*	–	*(35.4)*
Other expenses	(0.6)	–	(0.6)	0.1	–	0.1	(0.2)	–	(0.2)
Net charge to provisions for current assets	(5.8)	–	(5.8)	(5.0)	–	(5.0)	(2.7)	–	(2.7)
Net rental income	**82.2**	**–**	**82.2**	**190.8**	**–**	**190.8**	**92.6**	**–**	**92.6**
Revenue	1,273.7	–	1,273.7	2,860.2	–	2,860.2	1,153.9	–	1,153.9
Cost of sales	(1,122.5)	–	(1,122.5)	(2,479.0)	0.0	(2,479.0)	(985.3)	–	(985.3)
Other income	(51.6)	–	(51.6)	(132.1)	(0.0)	(132.1)	(55.9)	(0.0)	(55.9)
Net charge to provisions for current assets	(0.0)	–	(0.0)	(29.7)	0.0	(29.7)	(7.4)	0.1	(7.3)
Amortisation of customer relationships	–	(0.3)	(0.3)	–	(0.6)	(0.6)	–	–	–
Net property income	**99.5**	**(0.3)**	**99.2**	**219.4**	**(0.6)**	**218.8**	**105.4**	**0.0**	**105.4**
External services	15.9	–	15.9	41.2	–	41.2	23.4	–	23.4
Own work capitalised and production held in inventory	85.9	–	85.9	189.0	–	189.0	66.3	–	66.3
Personnel costs	(104.0)	(7.5)	(111.5)	(218.0)	(19.3)	(237.4)	(107.6)	(8.8)	(116.4)
Other overhead expenses	(34.3)	0.2	(34.1)	(87.7)	0.4	(87.2)	(38.3)	0.2	(38.1)
Depreciation expenses on operating assets	–	(15.6)	(15.6)	–	(23.9)	(23.9)	–	(12.6)	(12.6)
Net overhead expenses	**(36.4)**	**(22.9)**	**(59.3)**	**(75.5)**	**(42.8)**	**(118.2)**	**(56.2)**	**(21.2)**	**(77.4)**
Other income and expenses	0.7	(0.2)	0.5	(0.8)	0.5	(0.4)	0.6	(0.2)	0.4
Depreciation expenses	–	(2.5)	(2.5)	–	(5.4)	(5.4)	–	(2.5)	(2.5)
Transaction costs	–	(0.7)	(0.7)	–	(2.9)	(2.9)	–	(1.5)	(1.5)
Others	**0.7**	**(3.4)**	**(2.7)**	**(0.8)**	**(7.8)**	**(8.6)**	**0.6**	**(4.2)**	**(3.6)**
Proceeds from disposal of investment assets	–	380.4	380.4	–	172.7	172.7	–	1.1	1.1
Carrying amount of assets sold	–	(385.0)	(385.0)	–	(173.1)	(173.1)	–	–	–
Net charge to provisions for risks and contingencies	–	–	–	–	0.8	0.8	–	1.5	1.5
Net gain/(loss) on disposal of investment assets	**–**	**(4.7)**	**(4.7)**	**–**	**0.3**	**0.3**	**–**	**2.6**	**2.6**
Change in value of investment properties	–	(259.9)	(259.9)	–	86.1	86.1	–	43.2	43.2
Net impairment losses on investment properties measured at cost	–	(25.1)	(25.1)	–	(13.6)	(13.6)	–	–	–
Net impairment losses on other non-current assets	–	0.1	0.1	–	(0.5)	(0.5)	–	(0.0)	(0.0)
Net charge to provisions for risks and contingencies	–	(0.9)	(0.9)	–	(1.9)	(1.9)	–	(0.0)	(0.0)
Impairment of goodwill	–	(1.0)	(1.0)	–	–	–	–	–	–
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**145.9**	**(318.0)**	**(172.1)**	**334.0**	**19.2**	**353.2**	**142.4**	**20.5**	**162.8**
Share in earnings of equity-method affiliates	38.8	2.6	41.5	81.7	(22.5)	59.2	24.8	(8.0)	16.8
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY-METHOD AFFILIATES	**184.7**	**(315.4)**	**(130.6)**	**415.7**	**(3.3)**	**412.4**	**167.1**	**12.5**	**179.6**
Net borrowing costs	(23.2)	(4.1)	(27.3)	(46.9)	(14.8)	(61.7)	(24.7)	(3.5)	(28.2)
Financial expenses	*(27.6)*	*(4.1)*	*(31.7)*	*(57.0)*	*(14.8)*	*(71.9)*	*(29.5)*	*(3.5)*	*(33.0)*
Financial income	*4.4*	–	*4.4*	*10.2*	–	*10.2*	*4.8*	–	*4.8*
Other financial results	1.0	(4.2)	(3.2)	(9.7)	(6.5)	(16.2)	(3.7)	(3.1)	(6.8)
Discounting of debt and receivables	–	–	–	–	2.1	2.1	–	(0.0)	(0.0)
Change in value and income from disposal of financial instruments	–	(49.1)	(49.1)	–	(65.2)	(65.2)	–	(60.3)	(60.3)
Proceeds from the disposal of investments[a]	–	0.4	0.4	2.7	(1.6)	1.1	2.7	(1.6)	1.1
Profit before tax	**162.6**	**(372.4)**	**(209.8)**	**361.8**	**(89.3)**	**272.4**	**141.5**	**(56.0)**	**85.4**
Income tax	(15.5)	(24.5)	(40.0)	(7.1)	(29.8)	(36.9)	(2.3)	(11.3)	(13.6)
NET INCOME	**147.1**	**(396.9)**	**(249.9)**	**354.7**	**(119.2)**	**235.5**	**139.1**	**(67.3)**	**71.8**
o/w Net income attributable to Altarea SCA shareholders	**118.2**	**(253.0)**	**(134.8)**	**298.8**	**(65.1)**	**233.7**	**110.2**	**(30.5)**	**79.8**
o/w Net income attributable to minority interests in subsidiaries	(28.9)	144.0	115.0	(55.9)	54.1	(1.8)	(28.9)	36.9	8.0
Average number of non-diluted shares	16,559,453	16,559,453	16,559,453	16,203,050	16,203,050	16,203,050	15,872,788	15,872,788	15,872,788
Net Income per share attributable to shareholders of Altarea SCA (€)	**7.14**	**(15.28)**	**(8.14)**	**18.44**	**(4.02)**	**14.42**	**6.95**	**(1.92)**	**5.03**
Diluted average number of shares	16,767,148	16,767,148	16,767,148	16,393,265	16,393,265	16,393,265	16,049,167	16,049,167	16,049,167
Diluted net income per share attributable to shareholders of Altarea SCA (€)	**7.05**	**(15.09)**	**(8.04)**	**18.23**	**(3.97)**	**14.26**	**6.87**	**(1.90)**	**4.97**

Restated at 31 December 2019 and 30 June 2019, for the change in presentation of Borrowing costs (see section 2.4 Change in presentation).

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

As of 30 June 2020

(€ millions)	Retail	Residential	Business Property	Others (Corporate)	TOTAL
Net rental income	82.2	–	–	–	**82.2**
Net property income	0.4	88.4	10.4	–	**99.2**
Net overhead expenses	(9.4)	(34.2)	(13.1)	2.6	**(59.3)**
Others	(5.4)	(1.3)	4.0	0.0	**(2.7)**
Net gain/(loss) on disposal of investment assets	(4.7)	–	–	–	**(4.7)**
Value adjustments	(284.9)	(0.0)	–	–	**(284.9)**
Net charge to provisions for risks and contingencies	(2.5)	0.0	0.3	0.3	**(1.9)**
Share in earnings of equity-method affiliates	(4.0)	1.7	43.8	–	**41.5**
OPERATING INCOME (Consolidated statement of comprehensive income)	**(228.2)**	**54.5**	**45.4**	**(2.3)**	**(130.6)**
Reclassification of net gain/(loss) on disposal of investments	0.6	–	–	–	**0.6**
OPERATING INCOME (Consolidated income statement by segment)	**(227.6)**	**54.5**	**45.4**	**(2.3)**	**(130.0)**

As of 31 December 2019

(€ millions)	Retail	Residential	Business Property	Others (Corporate)	TOTAL
Net rental income	190.8	–	–	–	**190.8**
Net property income	0.0	207.5	11.9	(0.6)	**218.8**
Net overhead expenses	(23.4)	(80.9)	(4.9)	(8.9)	**(118.1)**
Others	(5.2)	(2.2)	(1.1)	(0.2)	**(8.7)**
Net gain/(loss) on disposal of investment assets	0.3	–	–	–	**0.3**
Value adjustments	71.1	(0.5)	1.3	–	**72.0**
Net charge to provisions for risks and contingencies	(0.5)	(0.4)	0.1	(0.9)	**(1.9)**
Share in earnings of equity-method affiliates	(0.3)	12.7	46.9	–	**59.2**
OPERATING INCOME (Consolidated statement of comprehensive income)	**232.8**	**136.3**	**54.0**	**(10.7)**	**412.4**
Reclassification of net gain/(loss) on disposal of investments	0.3	–	2.7	–	**3.1**
OPERATING INCOME (Consolidated income statement by segment)	**233.2**	**136.3**	**56.7**	**(10.7)**	**415.5**

As of 30 June 2019

(€ millions)	Retail	Residential	Business Property	Others (Corporate)	TOTAL
Net rental income	92.6	–	–	–	**92.6**
Net property income	0.0	88.0	17.4	–	**105.4**
Net overhead expenses	(10.3)	(57.3)	(5.8)	(4.0)	**(77.4)**
Others	(1.9)	(0.6)	(0.8)	(0.3)	**(3.6)**
Net gain/(loss) on disposal of investment assets	2.6	–	–	–	**2.6**
Value adjustments	43.2	(0.0)	(0.0)	–	**43.2**
Net charge to provisions for risks and contingencies	0.1	0.1	0.0	–	**0.0**
Share in earnings of equity-method affiliates	1.1	6.9	8.8	–	**16.8**
OPERATING INCOME (Consolidated statement of comprehensive income)	**127.2**	**37.1**	**19.6**	**(4.3)**	**179.6**
Reclassification of net gain/(loss) on disposal of investments	–	–	2.7	–	**2.7**
OPERATING INCOME (Consolidated income statement by segment)	**127.2**	**37.1**	**22.4**	**(4.3)**	**182.3**

3.4 Revenue by geographical area and operating segment

By geographical area

(€ millions)	30/06/2020 France	Italy	Spain	Others	Total	31/12/2019 France	Italy	Spain	Others	Total	30/06/2019 France	Italy	Spain	Others	Total
Rental income	82.2	5.8	5.7	–	93.6	178.1	19.9	10.4	–	208.4	87.1	9.7	5.1	–	101.9
External services	8.0	0.3	0.1	–	8.4	18.5	0.3	0.3	–	19.0	11.1	0.1	0.1	–	11.3
Revenue from net property income	–	7.6	–	–	7.6	–	–	–	–	–	–	–	–	–	–
Retail	**90.2**	**13.7**	**5.8**	**–**	**109.7**	**196.6**	**20.2**	**10.6**	**–**	**227.5**	**98.2**	**9.9**	**5.2**	**–**	**113.3**
Revenue	1,069.5	–	–	–	1,069.5	2,283.1	–	–	–	2,283.1	893.9	–	–	–	893.9
External services	4.7	–	–	–	4.7	11.2	–	–	–	11.2	5.3	–	–	–	5.3
Residential	**1,074.2**	**–**	**–**	**–**	**1,074.2**	**2,294.4**	**–**	**–**	**–**	**2,294.4**	**899.2**	**–**	**–**	**–**	**899.2**
Revenue	196.5	–	–	–	196.5	577.0	–	–	–	577.0	260.0	–	–	–	260.0
External services	2.4	–	–	0.3	2.7	10.4	–	–	0.5	10.9	6.5	–	–	0.3	6.7
Business Property	**199.0**	**–**	**–**	**0.3**	**199.2**	**587.4**	**–**	**–**	**0.5**	**587.9**	**266.4**	**–**	**–**	**0.3**	**266.7**
Others (Corporate)	0.1	–	–	–	0.1	0.1	–	–	–	0.1	0.1	–	–	–	0.1
TOTAL	**1,363.4**	**13.7**	**5.8**	**0.3**	**1,383.2**	**3,078.5**	**20.2**	**10.6**	**0.5**	**3,109.8**	**1,263.9**	**9.9**	**5.2**	**0.3**	**1,279.3**

In 2020, one client represented more than 10% of the Group's revenue, i.e. €325 million in the Residential sector.

NOTE 4 KEY EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 Key events

Retail

Impact of the pandemic on the centres' businesses

The centres managed by Altarea applied the lockdown measures in place from mid-March in France:

- until 11 May: centres remained open to allow essential businesses to continue operating. The public reception facilities have been resized to limit operating costs, while maintaining the safety and the comfort of the customer's experience;
- from 11 May: resumption of activity in all the stores in the Group's centres (excluding restaurants and cinemas) ;
- from 22 June: all centres were able to welcome the public, including Cinemas, cafés and restaurants.

Altarea has offered a support system for medium-sized companies, in a partnership approach with the Group, for the smallest chains (SC), Altarea has agreed to waive three months' rent in accordance with the agreements reached by the main lessors' federations.

For travel retail's tenants, Altarea has agreed to waive one and a half months' rent in accordance with the system set up by the concession-granting authority (Gare et Connexions).

These support have a direct impact on net rental income as of June 30, 2020.

Sale of assets

At the start of March 2020, Altarea finalized the transaction at the end of 2019 concerning the Alta Commerces Europe Fund (sale of Due Torri to Stezzano and La Corte Lombarda to Bellinzago in Italy). This operation leads to the deconsolidation of the assets acquired by the fund.

Project under construction

In the first half of 2020, the Group delivered San Cugat extension, to welcome Decathlon and Primark over 5,000 m² recognised as fair value in the Group's financials statements the final phase of Cap3000 extension (Corso) which was already leased at 70%, and whose complete opening is due in 2021.

The Paris-Montparnasse railway station renovation project is entering its third and final phase.

Residential

Impact of lockdown on activity in the first half

Despite the decline in commercial contacts during lockdown (closure of sales offices and networks from 16 March) the work of staff helped to keep sales at 30% of normal level for individuals sales.

The Group made full use of its digital tools, and notably e-booking, which enables online sales to be contracted under secure conditions.

However, notarised sales came to a near standstill, despite the decree allowing deeds to be signed remotely, the impact of which was relatively marginal. These recovered strongly from mid-May onwards.

In parallel, almost all of the 300 construction sites were closed between the end of March and mid-April.

Agreements with major institutional investors.

At the end of April, Altarea and CDC Habitat[1] signed an agreement concerning the sale of around 3,500 units for €825 million excluding tax[2] at 100%. This agreement, which mainly concerns programmes at the "Building Permit Obtained" stage, was regularised by 70% at the end of June and nearly 80% at the end of July.

On top of that comes €72 million in sales by Woodeum, a 50%-owned subsidiary of the Group.

In all, reservations totalled €1,921 million, up +30%.

Business Property

Impact of lockdown on activity in the first half

The main impact of the lockdown was the shutdown of the majority of building sites. Work was slowed down, but never stopped, for Bridge in Issy-les-Moulineaux (future headquarters of Orange) and Altarea's future headquarters on rue de Richelieu.

Since mid-April, work has been gradually resuming at a slower pace and in compliance with the rules set out in the OPPBTP guidelines, the main consequence being the postponement of delivery dates and the deferral of results, notably from 2020 to 2021.

New orders

In the first half of 2020, the Group invested €88 million in Paris and Regional cities, including the off-plan sale of 9,700 m² of offices as part of the large mixed-use project, Bobigny-La Place.

Given lockdown, the pipeline slightly changed in the half-year under review, the biggest change being due to the delivery of the "Richelieu" building.

[1] *Acting on behalf of its own funds as well as those of other residential investors.*

[2] *i.e. €1 billion including VAT.*

Deliveries

The restructuring work at Altarea's new head office at 87 rue de Richelieu in Paris was completed during the first half despite the confinement, and the Group's 1,300 Paris Region employees gradually moved there in June 2020.

Equity bolstered

The General Shareholders' Meeting of 30 June 2020, held behind closed doors, approved the payment of a dividend of €9.00/share and offered shareholders the choice between payment fully in cash, or half in shares and half in cash.

With a subscription rate of 82.28%, the success of the option for the partial payment of the dividend in shares has enabled the Group to strengthen its equity by €61.4 million through the creation of 508,199 new shares.

In addition, the Group's employee investment fund (FCPE) subscribed for a reserved capital increase of €7.6 million[3], thereby demonstrating the commitment of Altarea's employees.

[3] *Average subscription of €5,110 per employee subscribing*

4.2 Consolidation scope

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

			30/06/2020			31/12/2019		
COMPANIES	SIREN		Method	Interest	Consolidation	Method	Interest	Consolidation
ALTAREA SCA	335480877	Parent company	FC	100.0%	100.0%	FC	100.0%	100.0%
Retail France								
ALTAREA FRANCE	324814219		FC	100.0%	100.0%	FC	100.0%	100.0%
FONDS PROXIMITÉ SNC	348024050	affiliate	EM	25.0%	25.0%	EM	25.0%	25.0%
ALDETA SAS	311765762		FC	33.3%	100.0%	FC	33.3%	100.0%
ALTA BLUE SAS	522193796		FC	33.3%	100.0%	FC	33.3%	100.0%
ALTAREA PROMOTION COMMERCE SNC	420490948		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA CRP AUBERGENVILLE SNC	451226328		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA AUSTERLITZ SNC	812196616		FC	100.0%	100.0%	FC	100.0%	100.0%
BERCY VILLAGE SCI	384987517		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA 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%
FONCIÈRE ALTAREA SAS	353900699		FC	100.0%	100.0%	FC	100.0%	100.0%
Société d'Aménagement de la GARE de L'EST SNC	481104420		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CRP GENNEVILLIERS SNC	488541228		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA GRAMONT SAS	795254952		FC	51.0%	100.0%	FC	51.0%	100.0%
ALTA CRP GUIPAVAS SNC	451282628		FC	100.0%	100.0%	FC	100.0%	100.0%
LIMOGES INVEST SCI	488237546		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC MACDONALD COMMERCES	524049244	affiliate	EM	25.0%	25.0%	EM	25.0%	25.0%
ALTAREA MANAGEMENT	509105375		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA-MONTPARNASSE SNC	524049244		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC RETAIL PARK LES VIGNOLES	512086117		FC	100.0%	100.0%	FC	100.0%	100.0%
OPCI Alta Commerce Europe	NA	Joint venture	EM	29.9%	29.9%	NC	0.0%	0.0%
ALTA ORGEVAL SNC	795338441		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA QWARTZ	433806726		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA CRP RUAUDIN SNC	451248892		FC	100.0%	100.0%	FC	100.0%	100.0%
Centre Commercial de THIAIS SNC	479873234		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA CRP LA VALETTE SNC	494539687		FC	51.0%	100.0%	FC	51.0%	100.0%
NR21	335480877		FC	84.4%	100.0%	FC	84.4%	100.0%
Retail Italy								
ALTAGARES SRL	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA ITALIA SRL	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
Retail Spain								
ALTAREA ESPAÑA S.L	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA PATRIMAE S.L	NA		FC	100.0%	100.0%	FC	100.0%	100.0%
Residential								
ALTAREIT SCA	552091050		FC	99.9%	100.0%	FC	99.9%	100.0%
Altarea Cogedim IDF Grande Métropole	810928135		FC	99.9%	100.0%	FC	99.9%	100.0%
Altarea Cogedim Grands Projets	810926519		FC	99.9%	100.0%	FC	99.9%	100.0%
Altarea Cogedim Régions	810847905		FC	99.9%	100.0%	FC	99.9%	100.0%
MARSEILLE MICHELET SNC	792774382		FC	99.9%	100.0%	FC	99.9%	100.0%
CŒUR MOUGINS SNC	453830663		FC	99.9%	100.0%	FC	99.9%	100.0%
ISSY CŒUR DE VILLE SNC	830181079		FC	99.9%	100.0%	FC	99.9%	100.0%
ISSY CŒUR DE VILLE COMMERCES SNC	828184028		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREIT SCA	552091050		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTA FAUBOURG SAS	444560874		FC	99.9%	100.0%	FC	99.9%	100.0%
HP SAS IG	480309731		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC HORIZONS IG	825208093		FC	99.9%	100.0%	FC	99.9%	100.0%
Altarea Cogedim ZAC VLS (SNC)	811910447		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC VITROLLES LION3	811038363		FC	99.9%	100.0%	FC	99.9%	100.0%
PITCH PROMOTION SAS (ex Alta Favart SAS)	450042338		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV SEVRAN FREINVILLE	801560079		FC	59.9%	100.0%	FC	59.9%	100.0%
SCCV ARGENTEUIL SARRAZIN	822894432		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV SAINT-CYR LA FAVORITE	824331060		FC	79.9%	100.0%	FC	79.9%	100.0%
SCCV BEZONS CŒUR DE VILLE A1 & A2- LOGEMENTS	819929845		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV GIF MOULON A4	830886115		FC	25.0%	100.0%	FC	25.0%	100.0%
SNC BOBIGNY COEUR DE VILLE	838941011		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC TOULOUSE TMA PLACE CENTRALE	821922564		FC	99.9%	100.0%	FC	99.9%	100.0%
PITCH PROMOTION SNC	422989715		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV ARTCHIPEL	841150071		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV CLICHY ROGUET	880090212		FC	50.9%	100.0%	NC	0.0%	0.0%
SCCV ANTONY HARMONY 2	818587438	Joint venture	EM	50.9%	51.0%	EM	50.9%	51.0%
SCCV ZAC RIVE GAUCHE LOT 4	804129864	affiliate	EM	49.9%	50.0%	EM	49.9%	50.0%
SCCV BAGNOLET ALLENDE	821889151	affiliate	EM	48.9%	49.0%	EM	48.9%	49.0%
SCCV ILOT 2B SUD	810249797	Joint venture	EM	44.9%	45.0%	EM	44.9%	45.0%
SAS MB TRANSACTIONS	425039138		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM GESTION	380375097		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM PARIS MÉTROPOLE	319293916		FC	99.9%	100.0%	FC	99.9%	100.0%
SARL ASNIERES AULAGNIER	487631996	Joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%

COMPANIES	SIREN		30/06/2020 Method	30/06/2020 Interest	30/06/2020 Consolidation	31/12/2019 Method	31/12/2019 Interest	31/12/2019 Consolidation
SNC COGEDIM GRAND LYON	300795358		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM MEDITERRANEE	312347784		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM PROVENCE	442739413		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM MIDI-PYRENEES	447553207		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM AQUITAINE	388620015		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM ATLANTIQUE	501734669		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC COGEDIM LANGUEDOC ROUSSILLON	532818085		FC	99.9%	100.0%	FC	99.9%	100.0%
COGEDIM SAS	54500814		FC	99.9%	100.0%	FC	99.9%	100.0%
SNC SURESNES MALON	832708663	Joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
SAS BAGNEUX 116	839324175		FC	50.9%	100.0%	FC	50.9%	100.0%
SNC LYON LES MOTEURS	824866388		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV PARIS CAMPAGNE PREMIÈRE	530706936		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV BOBIGNY PARIS	812846525		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV RUEIL BONAPARTE MANET	817961196		FC	99.9%	100.0%	FC	99.9%	100.0%
SCCV JOINVILLE H.PINSON	821764107		FC	50.0%	100.0%	FC	50.0%	100.0%
SCCV CHAMPIGNY ALEXANDRE FOURNY	829377894		FC	50.0%	100.0%	FC	50.0%	100.0%
SCCV 61-75 PARIS AVENUE DE FRANCE	830917100	Joint venture	EM	49.9%	50.0%	EM	49.9%	50.0%
SCCV SURESNES BMV	834261497		FC	50.0%	100.0%	FC	50.0%	100.0%
SCCV ASNIERES 94 GRESILLONS	849115258		FC	50.9%	100.0%	FC	50.9%	100.0%
SCCV CROIX DE DAURADE	829774173		FC	50.9%	100.0%	FC	50.9%	100.0%
SEVERINI	499459204		FC	85.0%	100.0%	FC	85.0%	100.0%
WOODEUM RÉSIDENTIEL SAS (IS)	807674775		EM	50.0%	50.0%	EM	50.0%	50.0%
Business Property								
ALTAREA COGEDIM ENTREPRISE PROMOTION SNC	535056378		FC	99.9%	100.0%	FC	99.9%	100.0%
ALTAREA COGEDIM ENTREPRISE ASSET MANAGEMENT SNC	534207386		FC	99.9%	100.0%	FC	99.9%	100.0%
AF INVESTCO ARAGO (SNC)	494382351	affiliate	EM	30.1%	30.1%	EM	30.1%	30.1%
AF INVESTCO 4 (Snc)	798601936	affiliate	EM	58.3%	58.4%	EM	58.3%	58.4%
SCCV B1	ONGOING	Joint venture	EM	33.3%	33.3%	EM	33.3%	33.3%
SCCV B2 B3	ONGOING	Joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
ALTA VAI HOLDCO A (formerly Salle Wagram, formerly Theatre de l'Empire)	424007425		FC	99.9%	100.0%	FC	99.9%	100.0%
FONCIERE ALTAREA MONTPARNASSE	847726650		FC	100.0%	100.0%	FC	100.0%	100.0%
ISSY PONT SCI	804865996	Joint venture	EM	25.0%	25.0%	EM	25.0%	25.0%
PASCALPROPCO (SAS)	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%
SCCV RUEIL LE LUMIÈRE	822728473	affiliate	EM	20.0%	20.0%	EM	20.0%	20.0%
SNC ISSY CŒUR DE VILLE PROMOTION BUREAUX	829845536		FC	99.9%	100.0%	FC	50.9%	100.0%

4.3 Changes in consolidation scope

(in number of companies)	31/12/2019	Acquisition	Creation	Sale	Absorption, dissolution, deconsolidation	Change in consolidation method	30/06/2020
Fully consolidated subsidiaries	424	-	13	(1)	(17)	1	420
Joint ventures[(a)]	134	-	7	-	(5)	(1)	135
Affiliates[(a)]	82	1	1	(1)	(5)	-	78
Total	**640**	**1**	**21**	**-**	**(27)**	**-**	**633**

(a) Companies accounted for using the equity method.

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

(€ millions)	30/06/2020	31/12/2019	30/06/2019
Investments in consolidated securities	(0.4)	(56.9)	(55.5)
Liabilities on acquisition of consolidated participating interests	0.4	(12.4)	(12.4)
Cash of acquired companies	0.0	6.4	6.4
Total	**0.0**	**(62.9)**	**(61.6)**

Over the course of the half-year, the Group did not make any significant acquisitions.

In 2019, the Group acquired 85% of the share capital of residential property developer Severini, the operation of five Italian railway stations, and NR 21, a company listed on Euronext Paris (compartment C).

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

Over the course of the half-year, the Group did not complete any significant sales of companies.

4.4 Business combinations

The Group did not performe any business combinations during the first half of the year.

4.5 Securities and investments in equity affiliates

In application of IFRS 10, 11 and 12, the following are recognised under securities and receivables on equity affiliates, investments in joint ventures and associated companies, including receivables from these holdings.

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

(€ millions)	30/06/2020	31/12/2019
Equity-accounting value of joint ventures	**115.8**	90.3
Equity-accounting value of affiliated companies	**158.8**	120.5
Value of stake in equity-method affiliates	**274.6**	**210.8**
Receivables from joint ventures	**211.8**	200.2
Receivables from affiliated companies	**123.1**	121.1
Receivables from equity-method subsidiaries	**334.9**	**321.3**
Total securities and receivables in equity affiliates	**609.5**	**532.1**

As of 30 June 2020, the increase in the equity-accounting value of affiliated companies is notably linked to the completion of the redevelopment work at Altarea's new head office during the first half of 2020.

As of 30 June 2020, the increase in the equity-accounting value of joint ventures is mainly linked to Altarea's subscription to the Alta Commerce Europe fund.

Receivables from joint ventures and receivables from associated companies relating to Property operations come to €323.5 million.

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

(€ millions)	*Joint ventures*	*Affiliates*	30/06/2020	*Joint ventures*	*Affiliates*	31/12/2019	*Joint ventures*	*Affiliates*	30/06/2019
Balance sheet items, Group share:									
Non-current assets	380.0	203.7	583.8	340.8	199.3	540.2	155.0	231.3	386.2
Current assets	454.4	323.4	777.8	453.7	375.5	829.2	271.8	314.6	586.4
Total Assets	**834.4**	**527.1**	**1,361.5**	**794.5**	**574.9**	**1,369.4**	**426.8**	**545.8**	**972.6**
Non-current liabilities	208.6	179.2	387.8	205.2	203.3	408.5	147.9	205.8	353.8
Current liabilities	510.0	189.1	699.1	499.1	251.1	750.2	216.1	226.4	442.5
Total Liabilities	**718.6**	**368.3**	**1,086.9**	**704.3**	**454.4**	**1,158.6**	**364.1**	**432.3**	**796.3**
Net assets (equity-accounting basis)	**115.8**	**158.8**	**274.6**	**90.3**	**120.5**	**210.8**	**62.7**	**113.6**	**176.3**
Share of income statement items, Group share:									
Operating income	**11.1**	**13.4**	**24.5**	**42.5**	**43.8**	**86.3**	**1.1**	**25.8**	**26.8**
Net borrowing costs	(2.1)	(3.0)	(5.1)	(2.9)	(6.0)	(8.8)	(0.9)	(3.3)	(4.2)
Other financial results	(1.3)	0.1	(1.4)	(2.4)	(0.2)	2.6	(1.1)	0.1	(1.2)
Change in value of hedging instruments	0.1	(0.2)	(0.3)	(0.6)	(1.2)	(1.8)	(0.7)	(1.0)	(1.7)
Proceeds from the disposal of investments	–	–	–	1.6	–	1.6	1.6	–	1.6
Net income before tax	**7.5**	**10.1**	**17.6**	**38.2**	**36.5**	**74.7**	**0.1**	**21.4**	**21.3**
Corporate income tax	(3.0)	26.8	23.8	(9.7)	(5.8)	(15.5)	0.1	(4.7)	(4.5)
Net income after tax, Group share	**4.5**	**37.0**	**41.5**	**28.5**	**30.7**	**59.2**	**0.0**	**16.8**	**16.8**
Non-Group net income	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net income, Group share	4.5	37.0	41.5	28.5	30.7	59.2	0.0	16.8	16.8

Group revenues from joint ventures amount to €7.7 million at 30 June 2020, compared with €60.0 million at 31 December 2019 and €3.3 million at 30 June 2019.

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

Commitments given

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

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

Construction work completion guarantees and guarantees on forward payments for assets were given in connection with the property development business, for Group shares of €141.8 and €2.3 million respectively at 30 June 2020, compared with €63.4 and €1.9 million in 2019.

Commitments received

As of 30 June 2020, the main commitments received by the joint ventures relate to security deposits received from tenants in the amount €0.2 million.

Group revenues from affiliates amount to €2.4 million at 30 June 2020, compared with €12.2 million at 31 December 2019 and €6.2 million at 30 June 2019.

4.6 Current and non-current financial assets

As of 30 June 2020, current and non-current financial assets total €123.4 million and are predominantly comprised of:

- non-consolidated securities of €74.9 million.
  At each reporting period, non-consolidated participating interests are measured at fair value through income or equity. In the case of shares in listed companies, fair value is determined on the basis of the share price as at the closing date. For non-listed securities, if fair value cannot reliably be determined, the securities are recognised on the balance sheet at their initial fair value, the best estimate of which is the acquisition cost plus any transaction costs;
- deposits and guarantees paid in relation to projects, for a total of €10.4 million;
- loans and receivables, recognised at amortised cost, for €38.2 million.

NOTE 5 INCOME

5.1 Operating income

5.1.1 Net rental income

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

Net rental income stands at €82.2 million for the first half of 2020, compared with €92.6 million for the first half of 2019, a decrease of 11.3%.

5.1.2 Net property income

The Group's net property income stands at €99.2 million in June 2020, compared with €105.4 million in June 2019, representing a decrease of €6.2 million (-5.9%).

The Residential Backlog of the fully-consolidated companies stands at €3,946 million at 30 June 2020.

The Property Development Backlog of the fully-consolidated companies is €479 million at 30 June 2020.

5.2 Cost of net financial debt and other financial items

5.2.1 Cost of net financial debt

(€ millions)	30/06/2020	31/12/2019 restated	30/06/2019 restated
Bond and bank interest expenses	(26.8)	(53.9)	(26.8)
Interest on partners' advances	2.7	4.1	(1.6)
Interest rate on hedging instruments	(0.6)	(2.8)	(2.2)
Capitalised interest expenses	1.5	5.8	2.7
Other financial income and expenses	(0.1)	(0.0)	(0.1)
FFO financial income and expenses	**(23.2)**	**(46.9)**	**(24.7)**
Spreading of bond issue costs and other estimated expenses[a]	(4.1)	(14.8)	(3.5)
NET BORROWING COSTS	**(27.3)**	**(61.7)**	**(28.2)**

(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 -€4.1 million.

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

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

The Group's average cost of debt (excluding the impact of IFRS 16) is 1.91% as at 30 June 2020, including related fees, compared with 2.21% as at 31 December 2019.

5.2.2 Other financial results

Other financial results correspond notably to interest expenses on lease liabilities or fees on investment properties (see section 2.4 Change in presentation).

5.2.3 Impact of result of financial instruments

This item is mainly a net expense of -€49.1 million, of which -€72.7 million related to compensation payments on financial instruments (compared to -€6.2 million as of June 30, 2019) and €63.6 million in change in fair value of interest rate hedges (compared to -€54 million as of June 30, 2019).

5.3 Income tax

Analysis of tax expense

Tax expense is analysed as follows:

(€ millions)	30/06/2020	31/12/2019	30/06/2019
Tax due	**(15.5)**	**(7.1)**	**(2.3)**
Tax loss carry forwards and/or use of deferred losses	(42.5)	(6.9)	(4.3)
Valuation differences	0.1	0.2	–
Fair value of investment properties	22.0	(15.1)	(3.8)
Fair value of hedging instruments	(0.2)	0.0	0.0
Net property income on a percentage-of-completion basis	3.0	(7.1)	(1.7)
Other timing differences	(7.0)	(0.9)	(1.5)
Deferred tax	**(24.5)**	**(29.8)**	**(11.3)**
Total tax income (expense)	**(40.0)**	**(36.9)**	**(13.6)**

Effective tax rate

(€ millions)	30/06/2020	31/12/2019	30/06/2019
Pre-tax profit of consolidated companies	**(251.3)**	**213.2**	**68.6**
Group tax savings (expense)	**(40.0)**	**(36.9)**	**(13.6)**
Effective tax rate	**15.92%**	**(17.32)%**	**(19.83)%**
Tax rate in France	28.92%	32.02%	32.02%
Theoretical tax charge	**72.7**	**(68.3)**	**(22.0)**
Difference between theoretical and effective tax charge	**(112.7)**	**31.4**	**8.4**
Differences related to entities' SIIC status	(101.7)	13.1	6.6
Differences related to treatment of losses	(4.3)	11.2	(5.0)
Other permanent differences and rate differences	(6.8)	7.1	6.7

Deferred tax assets and liabilities

(€ millions)	30/06/2020	31/12/2019
Tax loss carry forwards	87.0	129.5
Valuation differences	(35.4)	(35.5)
Fair value of investment properties	(20.9)	(43.0)
Fair value of financial instruments	(0.2)	(0.0)
Net property income on a percentage-of-completion basis	(65.4)	(68.1)
Other timing differences	(11.0)	(5.2)
Net deferred tax on the balance sheet	**(45.9)**	**(22.2)**

As at 30 June 2020, the Group had unrecognised tax loss carry-forwards of €412.7 million (basis), as compared with €398.5 million for the year ending 31 December 2019.

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

Deferred taxes relating to the recognition of tax losses are primarily for losses recognised in the Altareit tax group, and for losses part-recognised in the taxable sector of Altarea SCA and Foncière Altarea.

Deferred taxes are calculated (for French companies which are part of the Group's main consolidation scope) at the rate of 28.92%, the rate set by the Finance Act for 2020, and not at the rate of 32.02% applicable in 2019.

The Finance Act provides for a gradual decrease in the rate of corporate income tax, which would be set at 27.37% in 2021 and 25.83% from 1 January 2022.

To anticipate the effect of these future reductions after 2020, a discount was applied to the tax calculated based on the items the Group does not expect to be cleared before this date.

The Group has no material fiscal disputes outstanding at 30 June 2020.

5.4 Earnings per share

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

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

As in 2019, the dilution arose only from the granting of rights to free shares in Altarea SCA to Group employees or corporate officers.

(€ millions)	30/06/2020	31/12/2019	30/06/2019
Numerator			
Net income, Group share	(134.8)	233.7	79.8
Denominator			
Weighted average number of shares before dilution	16,559,453	16,203,050	15,872,788
Effect of potentially dilutive shares			
Stock options	*0*	*0*	*0*
Rights to free share grants	*207,695*	*190,215*	*176,379*
Total potential dilutive effect	207,695	190,215	176,379
Weighted diluted average number of shares	16,767,148	16,393,265	16,049,167
NET INCOME PER SHARE ATTRIBUTABLE TO GROUP SHAREHOLDERS (in €)	**(8.14)**	**14.42**	**5.03**
DILUTED NET INCOME PER SHARE ATTRIBUTABLE TO GROUP SHAREHOLDERS (in €)	**(8.04)**	**14.26**	**4.97**

NOTE 6 LIABILITIES

6.1 Equity

6.1.1 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 2018	**16,061,329**	**15.28**	**245,425,285**
Share capital increase via the conversion of dividends into shares	599,267	15.28	9,156,800
Share capital increase reserved for Mutual Funds	40,166	15.28	613,736
Number of shares outstanding at 31 December 2019	**16,700,762**	**15.28**	**255,195,822**
Number of shares issued as at 30 June 2020	**16,700,762**	**15.28**	**255,195,822**

Capital management

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

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

SHARE-BASED PAYMENTS

The gross expense recognised on the income statement for share-based payments is €6.6 million at 30 June 2020, compared with €7.3 million at 30 June 2019.

No stock option plan is underway as at 30 June 2020.

Award date	Number of rights awarded	Vesting date	Rights in circulation as at 31/12/2019	Awarded	Deliveries	Amendments to rights (a)	Rights in circulation as at 30/06/2020
Share grant plans on Altarea shares							
21 February 2018	12,424	21 February 2020	11,704		(11,512)	(192)	–
2 March 2018	33,129 (b)	2 March 2020	29,595		(28,574)	(1,021)	–
30 March 2018	4,327	30 March 2020	4,177		(4,177)	–	–
20 July 2018	41,500 (b)	31 March 2021	41,500			(3,000)	38,500
7 September 2018	14,800 (b)	31 March 2021	14,800			–	14,800
25 September 2018	1,000	31 March 2020	1,000		(1,000)	–	–
3 December 2018	5,000 (b)	31 March 2021	5,000			–	5,000
19 December 2018	1,850 (b)	31 March 2020	1,850		(1,850)	–	–
19 December 2018	2,000 (b)	31 March 2021	2,000			–	2,000
15 March 2019	28,804	15 March 2020	28,557		(27,976)	(581)	–
18 March 2019	9,461	18 March 2021	9,337			(118)	9,219
19 March 2019	41,531	19 March 2022	40,219			(1,480)	38,739
6 June 2019	1,355	20 March 2022	1,355			–	1,355
18 October 2019	2,000	30 March 2021	2,000			–	2,000
21 October 2019	20,000 (b)	30 March 2022	20,000			–	20,000
18 December 2019	3,000 (b)	31 March 2021	3,000			–	3,000
10 January 2020	1,300	10 January 2021		1,300		–	1,300
20 April 2020	56,809	20 April 2021		56,809		–	56,809
21 April 2020	18,479	21 April 2022		18,479		–	18,479
22 April 2020	45,325	22 April 2023		45,325		–	45,325
23 April 2020	1,000	23 April 2021		1,000		–	1,000
24 April 2020	2,000	24 April 2022		2,000		–	2,000
30 April 2020	4,900	30 April 2021		4,900		–	4,900
Total	**351,994**		**216,094**	**129,813**	**(75,089)**	**(6,392)**	**264,426**

(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

	30/06/2020
Dividend rate	6.0%
Expected volatility[(a)]	17.41% for Altarea share price and 9.96% for IEIF Immobilier France index
Risk-free interest rate	0.0%
Model used	Binomial Cox-Ross-Rubinstein model/Monte Carlo method[(a)]

[(a)] Only for plans subject to performance criteria.

Treasury shares

The acquisition cost of treasury shares was €23.0 million at 30 June 2020 for 132,572 shares (including 130,203 shares intended for allotment to employees under free share grant or stock option plans and 2,369 shares allocated to a liquidity contract), compared with €33.1 million at 31 December 2019 for 166 408 shares (including 166,408 shares intended for allotment to employees under free share grant or stock option plans and 733 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 -€14.3 million before tax at 30 June 2020 (-€10.6 million after tax) compared with -€21.0 million at 31 December 2019 (-€15.0 million before tax).

The negative impact on cash flow from purchases and disposals over the period comes to -€4.8 million at 30 June 2020 compared with +€0.4 million at 31 December 2019.

6.1.2 Dividends proposed and paid

Dividends paid

(€ millions)	30/06/2020	31/12/2019
Paid in current year in respect of previous year:		
Dividend per share (in euros)	*9.00*	*12.75*
Payment to shareholders of the Altarea Group	149.1	202.6
Proportional payment to the general partner (1.5%)	2.3	3.0
Total	**151.4**	**205.6**
Offer to convert dividends into shares:		
Subscription price (in euros)		*156.55*
Total amount of conversion into shares		**93.8**
Rate of conversion of dividends into shares on the 50% option		*92.63%*

The payment of a dividend of €9.0 per share (equal to a downward adjustment of 30% on the amount initially planned) was approved at the General Shareholders' Meeting of 30 June 2020, for the 2019 financial year.

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

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

The option period ran from 8 to 20 July 2020 and constitutes a post-closing event. The payment of the scrip dividend option was subscribed at the rate of 82.28% of all outstanding shares and resulted in the creation of 508,199 new shares.

The payment of the dividend in cash took place on 24 July 2020 and amounted to €87.7 million.

6.2 Net financial debt and guarantees

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

(€ millions)	31/12/2019	Cash flow	"Non-cash" change					30/06/2020
			Spreading of issue costs	Change in scope of consolidation	Present value adjustment	Change in method	Reclassification	
Bonds (excluding accrued interest)	1,613.5	0.9	0.6	–	–	–	–	1,614.9
Negotiable European Commercial Paper and European Medium-Term Notes	739.5	104.0	–	–	–	–	–	843.5
Bank borrowings, excluding accrued interest and overdrafts	931.0	136.8	3.5	(4.5)	–	–	–	1,067.0
Net bond and bank debt, excluding accrued interest and overdrafts	**3,284.0**	**241.7**	**4.1**	**(4.5)**	**–**	**–**	**–**	**3,525.3**
Accrued interest on bond and bank borrowings	18.8	10.7	–	0.0	–	–	–	29.5
Bond and bank debt, excluding overdrafts	**3,302.8**	**252.3**	**4.1**	**(4.4)**	**–**	**–**	**–**	**3,554.8**
Cash and cash equivalents	(830.2)	(355.0)	–	–	–	–	–	(1,185.2)
Bank overdrafts	2.7	(0.5)	–	–	–	–	–	2.2
Net cash	**(827.5)**	**(355.5)**	**–**	**–**	**–**	**–**	**–**	**(1,183.0)**
Net bond and bank debt	**2,475.3**	**(103.2)**	**4.1**	**(4.4)**	**–**	**–**	**–**	**2,371.9**
Equity loans and Group and partners' advances	246.6	12.9	–	3.5	–	–	–	263.0
Accrued interest on shareholders' advances	5.7	0.9	–	–	–	–	–	6.6
Lease liabilities	23.2	(9.8)	–	–	–	–	139.5	152.9
Contractual fees on investment properties	143.4	1.8	–	–	–	–	31.2	176.3
Net financial debt	**2,894.3**	**(97.5)**	**4.1**	**(0.9)**	**–**	**(0.0)**	**170.7**	**2,970.7**

6.2.1 Net financial bond and bank debt

Group net financial bond and bank debt amounts to €2,371.9 million at 30 June 2020, compared with €2,475.3 million at 31 December 2019.

During the period, the Group notably:

- put in place or extended fixed-term loans totalling 120 million;
- put in place or extended the drawdown potential for revolving credits totalling €420 million;
- increased its issue of medium-term and short-term negotiable notes (over €104 million). The Group continues to make use of short- and medium-term resources via NEU-CP (issues up to one year) and NEU-MTN (issues in excess of one year) programmes.

All financing is not fully drawn as at 30 June 2020.

The changes in scope of consolidation mainly relate to movements within the Property Development business.

Borrowing costs are analysed in the note on earnings.

Net cash

Marketable securities classified as cash equivalents (non-material amount at Group level) are recorded at fair value for each reporting period (see section 2.4.10 - Accounting principles and methods in the Notes to the consolidated financial statements for the financial year ended 31 December 2019).

Breakdown of bank and bond debt by maturity

(€ millions)	30/06/2020	31/12/2019
< 3 months	358.9	429.5
3 to 6 months	128.7	192.1
6 to 9 months	187.1	127.7
9 to 12 months	862.5	75.2
At less than 1 year	**1,537.2**	**824.5**
At 2 years	125.7	653.7
At 3 years	183.0	79.2
At 4 years	68.3	98.2
At 5 years	543.3	570.3
1 to 5 years	**920.3**	**1,401.4**
More than 5 years	**1,115.3**	**1,097.0**
Issuance cost to be amortised	(15.9)	(15.1)
Total gross bond and bank debt	**3,557.1**	**3,305.5**

The increase in the portion of bond and bank debt due in less than one year is due to the increase in negotiable paper and their maturity, the expiry of the Cap3000 mortgage debt, and the maturity of the bonds issued by Altarea in 2014.

Breakdown of bank and bond debt by guarantee

(€ millions)	30/06/2020	31/12/2019
Mortgages	609.1	506.0
Mortgage commitments	173.5	184.3
Moneylender lien	13.3	13.7
Pledging of receivables	–	–
Altarea SCA security deposit	200.0	150.0
Not Guaranteed	2,577.1	2,466.6
Total	**3,572.9**	**3,323.4**
Issuance cost to be amortised	(15.9)	(15.1)
Total gross bond and bank debt	**3,557.1**	**3,305.5**

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

Breakdown of bank and bond debt by interest rate

(€ millions)	Gross bond and bank debt		
	Variable rate	Fixed rate	Total
At 30 June 2020	1,846.8	1,710.3	3,557.1
At 31 December 2019	1,606.3	1,699.2	3,305.5

The market value of fixed-rate debt stands at €1,696.6 million at 30 June 2020, compared with €1,783.5 million at 31 December 2019.

Schedule of future interest expenses

(€ millions)	30/06/2020	31/12/2019
< 3 months	2.2	4.2
3 to 6 months	5.1	10.5
6 to 9 months	11.2	17.3
9 to 12 months	13.1	8.8
At less than 1 year	**31.6**	**40.8**
At 2 years	45.3	68.5
At 3 years	44.3	57.6
At 4 years	42.4	54.7
At 5 years	40.4	49.5
1 to 5 years	**172.4**	**230.4**

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

6.2.2 Lease liabilities

Lease liabilities are debts mainly relating to real estate leases and vehicle leases (respectively for the premises occupied and the vehicles used by Group employees).

The sum of these liabilities totals €152.9 million at 30 June 2020, compared with €23.2 million at 31 December 2019. The increase is mainly due to the coming into effect of the lease on the Group's new head office at Rue de Richelieu in Paris. These obligations relate to rights-of-use on property plant and equipment and intangible assets

6.2.3 Contractual fees on Investment properties

Contractual fees on investment properties, which are fundamentally different from lease liabilities, concern debts relating to temporary occupation authorisations and construction leases on retail assets (mainly railway stations). The value of these fees amounts to €176.3 million as at 30 June 2020, compared to €143.4 million at 31 December 2019, with regard to the rights-of-use relating to investment properties (income-generating assets).

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

(€ millions)	30/06/2020	31/12/2019
< 3 months	3.5	4.6
3 to 6 months	4.5	4.3
6 to 9 months	4.0	3.9
9 to 12 months	2.8	4.2
At less than 1 year	**14.9**	**17.1**
At 2 years	30.3	30.0
At 3 years	16.4	4.9
At 4 years	15.5	3.4
At 5 years	15.9	3.1
1 to 5 years	**78.2**	**41.4**
More than 5 years	**236.2**	**108.1**
Total lease liabilities and contractual fees on investment properties	**329.2**	**166.6**

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

(€ millions)	Cash flow
Issuance of borrowings and other financial liabilities	1,060.4
Repayment of borrowings and other financial liabilities	(805.8)
Change in borrowings and other financial liabilities	**254.5**
Repayment of lease liabilities	(8.0)
Change in cash balance	355.5
Total change in net financial debt (TFT)	**602.0**
Net bond and bank debt, excluding accrued interest and overdrafts	241.7
Net cash	355.5
Equity loans and Group and partners' advances	12.9
Lease liabilities	(9.8)
Contractual fees on investment properties	1.8
Allocation of income to shareholder current accounts	0.0
Total change in net financial debt	**602.0**

6.3 Provisions

(€ millions)	30/06/2020	31/12/2019
Provision for benefits payable at retirement	13.7	14.5
Other provisions	11.6	10.6
TOTAL PROVISIONS	**25.3**	**25.1**

Provision for benefits payable at retirement was measured, as in previous financial years, by an external actuary. The valuation and accounting principles are detailed in the Company's accounting principles and methods, note 2.4.14 "Employee benefits" in the appendix to the consolidated financial statements as at 31 December 2019. The main assumptions used when evaluating this commitment are staff turnover, the discount rate and the rate of salary increase: a change of +/- 0.25% in the latter two criteria would not have any significant impact.

Other provisions primarily cover:

- the risk of disputes arising from construction operations;
- the risk of the failure of certain co-developer;
- as well as estimates of residual risks involving completed programmes (litigation, ten-year guarantee, definitive general statement, etc.).

NOTE 7 ASSETS AND IMPAIRMENT TESTS

7.1 Investment properties

(€ millions)	Investment properties Measured at fair value	Measured at cost	right-of-use	Assets held for sale	Total Investment properties
At 31 December 2019	**3,826.2**	**509.3**	**136.7**	**335.0**	**4,807.2**
Subsequent investments and expenditures	9.0	54.0	–	–	63.0
Change in spread of incentives to buyers	1.8	–	–	–	1.8
Disposals/repayment of down payments made	–	–	–	(226.9)	(226.9)
Net impairment/project discontinuation	–	(25.1)	–	–	(25.1)
Transfers to assets held for sale or to or from other categories	367.7	(277.6)	–	(108.2)	(18.0)
New right-of-use asset	–	–	31.2	–	31.2
Change in fair value	(257.7)	–	(2.1)	–	(259.8)
Change in method	–	–	–	–	–
Change in scope of consolidation	–	–	–	–	–
At 30 June 2020	**3,946.9**	**260.7**	**165.8**	**0.0**	**4,373.4**

At 30 June 2020, interest expenses amounting to €1.5 million were capitalised in respect of projects under development and construction.

Investment properties at fair value

The primary movements concern:

- the sale of Italian shopping centres Le Due Torri and Le Corte Lombarda;
- the transfer to investment properties at fair value of the Flins, Ollioules and Les Essarts centres (projects previously presented under IFRS 5);
- switch to fair value of the extension at the Cap 3000 centre in Saint-Laurent-du-Var;
- changes in fair value of shopping centres in operation.

Investment properties valued at cost

Assets under development and construction recorded at cost mainly concern the development projects at the Paris stations and shopping centre redevelopments in France. All assets associated with Cap3000 are now classified as investment properties at fair value.

The Group has reviewed all of its ongoing projects and has recorded impairment for those it deems necessary in respect of the ongoing public health crisis.

Rights of use on Investment properties

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

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

The New right-of-use heading includes the phase 3 of Montparnasse, as well as the indexation of existing contracts.

Value Measurement – IFRS 13

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

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

		Initial capitalisation rate	Rent in € per m²	Present value adjustment	Capitalisation rate at exit	Average annual growth rate of net rental income
		a	b	c	d	e
France	Maximum	6.9%	735	7.6%	6.6%	8.0%
	Minimum	3.4%	41	5.2%	3.6%	1.3%
	Weighted average	**4.6%**	**399**	**6.1%**	**4.6%**	**3.6%**

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 -€174.1 million in the value of investment properties (-5.2%), while a -0.25% decrease in capitalisation rates would increase the value of investment properties by €203.5 million (+6.1%).

Breakdown of the portfolio measured at fair value by asset type

(€ millions)	30/06/2020	31/12/2019
Regional shopping centres	2,649.7	2,611.4
Travel retail	457.0	449.3
Retail parks	652.9	673.4
Others	187.3	92.0
TOTAL	**3,946.9**	**3,826.2**

Investment working capital requirement

(€ millions)	Receivables on fixed assets	Amounts due on non-current assets	Investment WCR
At 31 December 2019	**5.6**	**(145.1)**	**(139.6)**
Variations	(3.1)	2.2	(0.9)
Present value adjustment	–	–	–
Transfers	–	16.0	16.0
Change in scope of consolidation	–	0.0	0.0
At 30 June 2020	**2.4**	**(126.9)**	**(124.5)**
Change in WCR at 30 June 2020	**(3.1)**	**2.2**	**(0.9)**

Net acquisitions of assets and capitalised expenditures

(€ millions)	30/06/2020	31/12/2019	30/06/2019
Type of non-current assets acquired:			
Intangible assets	(5.6)	(1.1)	(3.6)
Property plant and equipment	(8.8)	(4.9)	(2.4)
Investment properties	(67.3)	(185.9)	(95.4)
Total	**(81.7)**	**(192.0)**	**(101.4)**

7.2 Goodwill and other intangible assets

(€ millions)	Gross values	Amortisation and/or impairment	30/06/2020	31/12/2019
Goodwill	**449.9**	**(240.6)**	**209.4**	**209.4**
Brands	**105.4**	**–**	**105.4**	**105.4**
Customer relationships	**192.9**	**(192.6)**	**0.3**	**0.6**
Software applications, patents and similar rights	52.6	(35.1)	17.6	15.7
Leasehold Right	2.5	(2.2)	0.3	0.3
Others	0.1	(0.0)	0.0	0.0
Other intangible assets	**55.2**	**(37.3)**	**17.9**	**16.1**
TOTAL	**803.4**	**(470.4)**	**333.0**	**331.4**

(€ millions)	30/06/2020	31/12/2019
Net values at beginning of the period	**331.4**	**313.7**
Acquisitions of intangible assets	5.6	1.1
Disposals and write-offs	(0.0)	(0.0)
Changes in scope of consolidation and other	1.0	21.1
Net allowances for depreciation	(5.0)	(4.5)
Net values at the end of the period	**333.0**	**331.4**

Goodwill generated by the Property Development business

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

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

Brands

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

No impairment loss was identified this semester.

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

(€ millions)	Land and Constructions	Vehicles	Others	Gross rights to use	Amort. & depr. Land and Constructions	Amort. & depr. Vehicles	Amort. & depr. Others	Total amortisation & depreciation	Net rights to use
At 31 December 2019	**43.4**	**3.7**	**3.9**	**51.1**	**(24.0)**	**(1.7)**	**(2.0)**	**(27.8)**	**23.4**
New contracts/Increases	138.7	0.9	0.0	139.5	(10.0)	(0.7)	(0.5)	(11.3)	128.2
Contract terminations/Reversals	(13.6)	(0.2)	(0.2)	(14.0)	13.6	0.2	0.2	13.9	(0.0)
At 30 June 2020	**168.5**	**4.4**	**3.8**	**176.7**	**(20.5)**	**(2.2)**	**(2.4)**	**(25.1)**	**151.5**

Those Group companies having signed rental contracts within the scope of IFRS 16 – Leases, record as assets on the balance sheet, in the form of the right-of-use asset, all leases (mainly leases for premises used by Group employees, vehicle leasing) in exchange for a lease liabilities.

The term used corresponds to the fixed period of the commitment as well as to any optional periods for which there is a reasonable expectation of these being exercised.

The increase during the half-year is mainly due to the start of the lease on the Group's new head office at Rue de Richelieu in Paris.

7.4 Operational working capital requirement

Summary of components of operational working capital requirement

(€ millions)	30/06/2020	31/12/2019	Flows		
			Created by the business	Changes in consolidation scope and transfer	Change in consolidation method
Net inventories and work in progress	**849.2**	**1,064.5**	**(238.1)**	**22.8**	**–**
Contract assets	**606.6**	**564.9**	**43.5**	**(1.7)**	**–**
Net trade receivables	373.2	296.8	76.4	0.0	–
Other operating receivables net	457.8	497.5	(38.3)	(1.4)	–
Trade and other operating receivables net	**831.1**	**794.3**	**38.1**	**(1.3)**	**–**
Contract liabilities	**(198.2)**	**(168.8)**	**(29.4)**	**–**	**–**
Trade payables	(860.1)	(1,019.6)	175.0	(15.5)	(0.0)
Other operating payables	(510.9)	(474.8)	(36.5)	0.3	–
Trade payables and other operating liabilities	**(1,371.1)**	**(1,494.5)**	**138.6**	**(15.2)**	**(0.0)**
Operational WCR	**717.7**	**760.5**	**(47.3)**	**4.5**	**(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 sector.

The changes in scope of consolidation are mainly related to movements within the Property Development business.

7.4.1 Inventories and pipeline products

(€ millions)	Gross inventories	Impairment	Net inventories
At 31 December 2019	**1,089.2**	**(24.7)**	**1,064.5**
Change	(241.8)	(0.0)	(241.8)
Increases	–	(2.8)	(2.8)
Reversals	–	6.5	6.5
Transfers to or from other categories	18.4	1.2	19.6
Change in scope of consolidation	3.1	0.1	3.2
At 30 June 2020	**869.0**	**(19.7)**	**849.2**

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

The changes in scope of consolidation are mainly related to movements within the Property Development business.

7.4.2 Trade and other receivables

(€ millions)	30/06/2020	31/12/2019
Gross trade receivables	**401.6**	**320.3**
Opening impairment	**(23.5)**	**(20.6)**
Increases	(6.6)	(7.2)
Change in scope of consolidation	(0.2)	0.1
Reversals	1.7	4.3
Other changes	0.2	0.0
Closing impairment	**(28.4)**	**(23.5)**
Net trade receivables	**373.2**	**296.8**
Advances and down payments paid	56.0	50.8
VAT receivables	281.4	339.2
Sundry debtors	38.8	30.5
Prepaid expenses	63.9	53.8
Principal accounts in debit	20.5	26.1
Total other operating receivables gross	**460.7**	**500.4**
Opening impairment	**(2.9)**	**(0.3)**
Increases	(0.0)	2.6
Change in scope of consolidation	–	0.1
Reversals	0.0	0.2
Closing impairment	**(2.9)**	**(2.9)**
Net operating receivables	**457.8**	**497.5**
Trade receivables and other operating receivables	**831.1**	**794.3**
Receivables on sale of assets	2.4	5.6
Trade and other receivables	**833.5**	**799.9**

The Group carried out analyses on a case-by-case basis to assess the credit risk of its tenants in centres in operation, and depreciates, if necessary, the receivables of tenants on which a risk of non-recovery has been identified. At 30 June, depreciations came to €6.6 million, including in particular impairment losses related to the Covid impact.

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

Advances and down payments paid

Advances and down payments correspond primarily to compensation for loss of use paid by Cogedim 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)	30/06/2020	31/12/2019
Trade payables and related accounts	**860.1**	**1,019.6**
Advances and down payments received from clients	19.8	7.1
VAT collected	314.4	275.3
Other tax and social security payables	55.5	57.1
Prepaid income	8.4	8.1
Other payables	92.3	101.1
Principal accounts in credit	20.5	26.1
Other operating payables	**510.9**	**474.8**
Amounts due on non-current assets	126.9	145.1
Trade and other payables	**1,497.9**	**1,639.6**

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.

8.1 Carrying value of financial instruments by category

At 30 June 2020

			Financial assets and liabilities carried at amortised		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 income	*Level 1 (a)*	*Level 2 (b)*	*Level 3 (c)*
NON-CURRENT ASSETS	**655.8**	**274.6**	**346.3**	**–**	**34.8**	**–**	**–**	**–**	**34.8**
Securities and investments in equity affiliates	609.5	274.6	334.9	–	–	–	–	–	–
Non-current financial assets	46.3	–	11.5	–	34.8				34.8
CURRENT ASSETS	**2,097.6**	**–**	**2,019.5**	**–**	**40.0**	**38.2**	**76.3**	**1.8**	**–**
Trade and other receivables	833.5	–	833.5	–	–	–	–	–	–
Current financial assets	77.1	–	37.1	–	40.0		40.0	–	–
Derivative financial instruments	1.8	–	–	–	–	1.8	–	1.8	–
Cash and cash equivalents	1,185.2	–	1,148.9	–	–	36.3	36.3	–	–
NON-CURRENT LIABILITIES	**2,448.6**	**–**	**–**	**2,448.6**	**–**	**–**	**–**	**–**	**–**
Borrowings and financial liabilities	2,414.0	–	–	2,414.0	–	–	–	–	–
Deposits and security interests received	34.6	–	–	34.6	–	–	–	–	–
CURRENT LIABILITIES	**3,426.7**	**–**	**–**	**3,391.2**	**–**	**35.5**	**–**	**35.5**	**–**
Borrowings and financial liabilities	1,741.9	–	–	1,741.9	–	–	–	–	–
Derivative financial instruments	35.5	–	–	–	–	35.5	–	35.5	–
Trade and other payables	1,497.9	–	–	1,497.9	–	–	–	–	–
Debts with Altarea SCA shareholders	151.4	–	–	151.4	–	–	–	–	–

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

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

8.2 Interest rate risk

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

The Group has been financed either through the mortgage markets or the bank lending markets (revolving loans or term loans). The financings were concluded at variable rates and then hedged in the form of swaps or caps.
For a few years now, the Group has completely modified this financing structure, with recourse now being mainly to the lending markets. This modification to the financial methods used and the increasing recourse to fixed-rate bonds have changed the previous hedging strategy.

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

In compliance with IFRS 13, these instruments are measured by considering the credit valuation adjustment (CVA) when positive, and the debit valuation adjustment (DVA) when negative. This adjustment measures, by application on each cash flow date of the valuation of a probability of default, the counterparty risk defined as an obligation to replace a hedging operation at the market rate in force following the default by one of the counterparties. CVA, calculated for a given counterparty, considers the probability of default for this counterparty. DVA, based on the Company's credit risk, corresponds to the counterparty's exposure to loss in the event of the Company's default.

The resulting impact is a positive change in the fair value of derivative financial instruments of €2.2 million on net income for the period.

Position in derivative financial instruments

(€ millions)	30/06/2020	31/12/2019
Interest-rate swaps	(33.9)	(97.5)
Interest-rate caps	0.0	0.0
Accrued interest not yet due	1.4	0.4
Total	**(33.7)**	**(97.0)**

Derivatives are valued by discounting future cash flows estimated according to interest rate curves at 30 June 2020.

Maturity schedule of derivative financial instruments (notional amounts)

At 30 June 2020

(€ millions)	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024	30/06/2025
ALTAREA – pay fixed – swap	633.8	582.9	582.1	581.2	580.3	479.4
ALTAREA – pay floating rate – swap	450.0	400.0	400.0	400.0	400.0	–
ALTAREA – pay fixed – collar	–	–	–	–	–	–
ALTAREA – pay fixed – cap	75.0	–	–	–	–	–
Total	**1,158.8**	**982.9**	**982.1**	**981.2**	**980.3**	**479.4**
Average hedge ratio	0.30%	0.60%	0.60%	0.60%	0.60%	0.52%

Management position

At 30 June 2020

(€ millions)	30/06/2020	30/06/2021	30/06/2022	30/06/2023	30/06/2024	30/06/2025
Fixed-rate bond and bank loans	(1,710.3)	(1,452.2)	(1,451.4)	(1,450.5)	(1,449.7)	(948.9)
Floating-rate bank loans	(1,846.8)	(567.6)	(442.8)	(260.6)	(193.1)	(150.6)
Cash and cash equivalents (assets)	1,185.2	–	–	–	–	–
Net position before hedging	**(2,371.9)**	**(2,019.8)**	**(1,894.1)**	**(1,711.1)**	**(1,642.8)**	**(1,099.5)**
Swap	1,083.8	982.9	982.1	981.2	980.3	479.4
Collar	–	–	–	–	–	–
Cap	75.0	–	–	–	–	–
Total derivative financial instruments	**1,158.8**	**982.9**	**982.1**	**981.2**	**980.3**	**479.4**
Net position after hedging	**(1,213.0)**	**(1,036.9)**	**(912.1)**	**(729.9)**	**(662.5)**	**(620.1)**

Analysis of interest-rate sensitivity:

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

	Increase/decrease in interest rates	Impact of the gain or loss on pre-tax profit	Impact on the value of the portfolio of the financial instruments
30/06/2020	+50 bps -50 bps	+€0,6 million -€0,5 million	+€8,0 million -€8,3 million
31/12/2019	+50 bps -50 bps	+€2.2 million -€2,1 million	+€32,8 million -€34,0 million

8.3 Liquidity risk

CASH

The Group had a positive cash position of €1,185.2 million at 30 June 2020, compared to €830.2 million at 31 December 2019. This represents its main tool for management of liquidity risk.

Part of this cash is available to the subsidiaries that carry it: for an amount of €521 million at 30 June.

On this date, €662.2 million in cash is available at Group level. The Group also has €1,115 million of additional available cash and cash equivalents (in confirmed corporate credit lines that had not been used and were not assigned to projects).

COVENANTS

The covenants with which the Group must comply concern the listed corporate bond and banking loans, for €1,560 million.

The bond issue subscribed for by Altareit SCA (€350 million) is subject to leverage covenants.

	Altarea Group covenants	30/06/2020	Altarea Group covenants	30/06/2020
Loan To Value (LTV)				
Net bond and bank financial debt/re-assessed value of the Company's assets	< 60%	33.4%		
Interest Cover Ratio (ICR)				
Operating income (FFO column or cash flow from operations)/Company's net borrowing cost (FFO column)	> 2	8.0		
Leverage				
Gearing: Net financial debt/Equity			≤ 3.25	0.3
ICR: EBITDA/Net interest expenses			≥ 2	11.0

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

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

At 30 June 2020, the Company is meeting all its covenants. In the highly likely event that certain mortgage debt may be required to be partially repaid at a subsequent date, the amount of these repayments is recognised under current liabilities until the maturity date.

COUNTERPARTY RISK

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

CURRENCY RISK

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

NOTE 9 RELATED PARTY TRANSACTIONS

Ownership structure of Altarea SCA

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

As a percentage	30/06/2020 % share capital	30/06/2020 % voting rights	31/12/2019 % share capital	31/12/2019 % voting rights
Founding shareholders and the expanded concert party[(a)]	45,74	46,10	45,76	46,22
Crédit Agricole Assurances	24,68	24,88	24,68	24,93
ABP	8,25	8,31	8,25	8,33
Opus Investment BV[(b)]	1,43	1,44	1,33	1,34
Treasury shares	0,79	–	1,00	–
Public + employee investment mutual fund	19,11	19,26	18,98	19,17
Total	**100.00**	**100.00**	**100.00**	**100.00**

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

(b) And related parties.

Related party transactions

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

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

The company is managed by Alain Taravella in a personal capacity and Altafi 2 and Atlas which are controlled by him. Alain Taravella is also Chairman of Altafi 2 and Atlas. Jacques Ehrmann is Chief Executive Officer of Altafi 2.

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

Coordinating services provided to the Company

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

Assistance services and rebilling by the Company and its subsidiaries

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

Assets and liabilities toward related parties

	Altafi 2 SAS		
(€ millions)	30/06/2020	31/12/2019	30/06/2019
Trade and other receivables	0.1	0.0	0.0
TOTAL ASSETS	**0.1**	**0.0**	**0.0**
Trade and other payables[(a)]	1.9	1.2	0.8
TOTAL LIABILITIES	**1.9**	**1.2**	**0.8**

(a) Corresponds to Management's variable compensation.

Compensations of the Management Committee

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

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

Management's fixed compensation in respect of Altarea and Altareit is €2 million per year.

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

It is €0.3 million at 30 June 2020.

Management has decided, in light of the exceptional circumstances associated with the Covid-19 pandemic, to waive part of its compensation in 2020 and 2021: 30% of its variable compensation payable in 2020 in respect of 2019 FFO, and all variable compensation payable in 2021 in respect of 2020 FFO. This was approved by the General Shareholders' Meeting on 30 June 2020.

Compensations of the Chairman of the Supervisory Board

Christian de Gournay, in his capacity as Chairman of Altarea's Supervisory Board, received in 2019 gross compensation which is included in the compensation paid to the Group's main Managers stated hereafter.

Compensation of the Group's senior executives

(€ millions)	30/06/2020	31/12/2019	30/06/2019
Gross salaries[(a)]	2.5	3.8	2.0
Social security contributions	0.9	1.5	0.8
Share-based payments[(b)]	1.9	4.1	1.9
Number of shares delivered during the period	*7,228*	*20,009*	*20,009*
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 for free share grants	0.2	1.1	0.4
Loans	–	–	–
Post-employment benefit commitment	0.4	0.4	0.3

(a) Fixed and variable compensation.

(b) Charge calculated in accordance with IFRS 2.

(c) Pension service cost according to IAS 19, life insurance and medical care.

(d) Benefits in kind, directors' fees and other compensation vested but payable in the future (short- or long-term).

Post-employment benefits, including social security costs.

In number of rights on equity in circulation	30/06/2020	31/12/2019	30/06/2019
Rights to Altarea SCA's free share grants	53,752	72,489	50,489
Altarea share subscription warrants	–	–	–
Stock options on Altarea shares	–	–	–

The information set out refers to compensation and benefits granted to (i) corporate officers in respect of offices held in subsidiaries, (ii) the Chairman of the Supervisory Board and (iii) the main salaried executives in the Group.

NOTE 10 GROUP COMMITMENTS AND CONTINGENT LIABILITIES

10.1 Off-balance sheet commitments

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

Pledges of securities, assignments of receivables (intra-group loans, interest rate hedges, VAT, insurance policies, etc.) and undertakings not to sell or assign ownership units are also made by the Company to secure certain loans.

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

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

All other material commitments are set out below:

(€ millions)	31/12/2019	30/06/2020	Less than one year	One to five years	More than five years
Commitments received					
Commitments received relating to financing (excl. borrowings)	**–**	**–**	**–**	**–**	**–**
Commitments received relating to Company acquisitions	**8.5**	**8.5**	**–**	**3.0**	**5.5**
Commitments received relating to operating activities	**170.5**	**165.8**	**90.8**	**59.2**	**15.8**
Security deposits received in the context of the Hoguet Act (France)	89.4	89.4	89.4	–	–
Security deposits received from tenants	25.6	20.9	1.4	5.3	14.2
Payment guarantees received from customers	44.6	44.6	–	43.1	1.5
Unilateral land sale undertakings received and other commitments	0.3	0.3	–	0.3	–
Other commitments received relating to operating activities	10.7	10.5	–	10.5	0.0
Total	**179.0**	**174.3**	**90.8**	**62.2**	**21.3**
Commitments given					
Commitments given relating to financing (excl. borrowings)	**11.0**	**11.0**	**5.0**	**–**	**6.0**
Commitments given relating to Company acquisitions	**80.7**	**75.9**	**1.5**	**74.5**	**–**
Commitments given relating to operating activities	**2,206.2**	**2,059.9**	**677.9**	**1,341.8**	**40.2**
Construction work completion guarantees (given)	1,932.3	1,758.9	550.1	1,204.8	3.9
Guarantees given on forward payments for assets	193.7	213.5	95.0	116.7	1.8
Guarantees for loss of use	40.3	47.7	29.9	15.2	2.5
Other sureties and guarantees granted	39.9	39.8	2.9	5.0	31.9
Total	**2,297.9**	**2,146.8**	**684.4**	**1,416.3**	**46.2**

Commitments received

COMMITMENTS RECEIVED RELATING TO ACQUISITIONS/DISPOSALS

As part of its acquisition of the developer Severini, the Group also received a commitment from the sellers that it shall be entitled for compensation in the amount of up to €2 million until 31 January 2025 inclusive, for any damage or loss originating from the business activities incurred by the Group with a cause or origin predating 31 March 2018.

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

COMMITMENTS RECEIVED RELATING TO OPERATING ACTIVITIES

- **Security deposits**

Under France’s “Hoguet Act”, the Group holds security deposits received specialist bodies in an amount of €89.4 million as a guarantee covering its real estate management and trading activities.

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

- **Payment guarantees received from customers**

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

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

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

- **Other commitments received**

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

Commitments given

COMMITMENTS GIVEN RELATING TO FINANCING ACTIVITIES

Altarea provided guarantees of €11 million to cover overdraft facilities granted to its subsidiaries.

COMMITMENTS GIVEN RELATING TO ACQUISITIONS

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

The main commitments concern:

- undertaking to subscribe for the capital of companies comprising the AltaFund investment fund in the amount of €37.2 million (firm commitment for identified projects);
- liability guarantees of €35 million given following the disposal of miscellaneous assets.

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

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

COMMITMENTS GIVEN RELATING TO OPERATING ACTIVITIES

- **Construction work completion guarantees**

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

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

- **Guarantees on forward payments for assets**

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

- **Guarantees for loss of use**

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

- **Other sureties and guarantees granted**

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

Reciprocal commitments

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

Other commitments

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

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

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

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

Minimum future rents to be received

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

(€ millions)	30/06/2020	31/12/2019
Less than one year	152.6	187.3
Between 1 and 5 years	322.0	416.9
More than 5 years	167.4	185.0
Guaranteed minimum rent	**642.1**	**789.2**

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

10.2 Contingent liabilities

No new litigation or governmental, legal, or arbitration proceedings that are likely to have significant effects on the Company's financial position or profitability arose in the period, other than those for which a provision has been recognised (see Note 6.3 "Provisions") or that have been effectively challenged or are being challenged by the Company (see Note 5.3 "Income tax" or 6.3 "Provisions").

NOTE 11 POST-CLOSING EVENTS

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