Press release

Paris, 27 February 2024, 5.45 p.m.
2023 annual results

Altarea implements its roadmap with strong will and determination, and reaffirms the confidence in its outlook

The strategic roadmap of Altarea includes two years of adaptation to the change of cycle (2023 and 2024), followed by three years of ramping-up in urban transformation activities and the new businesses.

Strong performance from the Retail

- Tenant's revenue +7.0%, Footfall +3.0%
- Net rental income €204.8 million (+6.0% like-for-like), Occupancy rate 97.3%

Significant reduction in commitments in Residential

- Accelerated sale of existing offer (reservations €2.2 billion, -16%[(1)])
- Drastic reduction in land acquisitions (-59%)
- Recovery of €346 million in cash (Residential WCR at 16.7% of revenue)

Investments in historical activities, new businesses and decarbonisation

- New-generation Residential offer, affordable, low-carbon, profitable
- High potential projects in Logistics and in Retail
- New businesses (Data Center, Asset Management, Photovoltaic)
- Reduction in greenhouse gas (GHG) emissions by 16%

Assumed shortfall in FFO[(2)] (recurring net income) at €101,2 million (vs €275,4 million)

Proactive adjustment of values in Property development

- Changes in value[(3)] of Property development -€448,8 million before tax
- NIGS[(4)] -€472,9 million including changes in value, lower Net Asset Value (115.7 €/s, -26.3%)

Financial strength

- A REIT financial structure (72% of employed capital[5])
- Solid ratios (LTV[6] 28.7%, ICR[7] 7.5x), almost stable net debt[(8)] (€1.6 billion)
- Strong liquidity (€2.4 billion) covering debt maturities over next 4 years
- Signing of €1.3 billion financing agreements taxonomy-linked (maturities in 2028 and beyond)

Dividend proposed for year 2023: €8.00 per share with options between 100% payment in cash or 25% in cash and 75% in shares (submitted for approval at the General Meeting on June 5, 2024).

Outlooks[9]

- Increase in 2024 FFO, the extent of which will depend on the macroeconomic environment
- 4-year FFO objective: exceed the previous cycle's peak (>€300 million).

Paris, 27 February 2024, 5.45 p.m. After review by the Supervisory Board, Management approved the consolidated financial statements for the 2023 financial year. Audits of the consolidated and individual financial statements (Altarea SCA) have been completed and the audit reports are in the process of being issued

(1) This represents a decrease of -20% in volume, in a new housing market down by -26% (source FPI, Frédération des Promoteurs Immobiliers).
(2) Funds From Operations (FFO): net profit excluding changes in value, calculated expenses, transaction fees and changes in differed tax. Groupe share.
(3) See chapter "Financial and Environmental Performance" later in the press release.
(4) Net income Groupe share.
(5) €4.2 billion out of €5.7 billion (see the Loan to Value (LTV) ratio calculation table in the Business review).
(6)Loan To Value: Net bond and bank debt consolidated reported to the consolidated market value of the Group's assets (bank covenant definition).
(7) Interest Coverage Ratio : Operating income / Cost of net debt (column "Current cash flow from operations") (bank covenant definition).
(8) Bank and bond debt.
(9) Unless there is further deterioration in the macroeconomic, geopolitical, sanitory, or regulatory environment.

"The real estate crisis triggered by the rise in interest rates in 2022 marks the end of a cycle that will have lasted nearly 15 years. This crisis is particularly strong and no sector of real estate is spared. With our experiences, we believed it was necessary to act with clear-headedness and determination by assuming the crisis could last.

In 2023, Altarea remained extremely disciplined and strict in managing its commitments and executing its roadmap. In an environment where all real estate assets are subjected to value adjustment, we have focused on the reinforcement of Groupe financial strength by reducing capital employed in Property development business and relying on our solid financial structure largely owing to Retail REIT.

Altarea will dedicate the year 2024 to restoring the profitability of Property development, which will take advantage of a redesigned Residential offering and adjusted values. The contribution of new businesses is expected to remain unsignificant, though the Group's results will still be mainly driven by Retail. The debt will be maintained at current level, except for potential external growth. The 2024 FFO is expected to increase, the extend of which will depend on the macroeconomic environment, thus the year 2023 markes a low point. At the end of the adaptation period to cycle change, Altarea anticipates a ramp-up of its FFO, which should, within a four-year timeframe, exceed 300 million of euros.

The strength of our Group lies in our complex operational expertise, and our goal is to take the leading positions in markets that are deep and require strong expertise: new housing, retail, and logistics infrastructure, transformation and decarbonisation of real estate assets, digital infrastructure, and renewable energies. More than ever, our ambition is to reinforce our leading postion on this huge low-carbon urban transformation market.

We are fundamentally confident in Altarea's strategy and prospects. Our Group is funded on determination, led by experienced management, and formed by engaged teams. Should market conditions improve, especially with easier access to credit of individuals, Altarea will leverage its financial strength to accelerate its development in Residential or to seize opportunities in both its historical activities and new businesses."

Alain Taravella, Chairman and Founder of Altarea

I – ALTAREA: IMPLEMENTING ITS ROADMAP

Altarea's strategic roadmap presented a year ago included two years of adaptation to the change of real estate cycle (2023 and 2024) and three years of ramping-up in both the historical activities and the new businesses.

Altarea's performance in 2023 should therefore be seen in light of its strategic roadmap, of which this is the year one.

Excellent performance of the Retail, significant reduction in commitments in Residential and Business Property

The Retail is back to the performance levels that have not been seen for more than a decade: all operational indicators are very favourable (tenants' revenue, footfall, occupancy rate, rents). The high quality of the assets managed by the Group allowed to make the most of an inflationary environment.

In Residential, 2023 saw intense operational activity: accelerated sale of existing offer, drastic reduction in land acquisitions, through review of the portfolio of land options and balance sheet values. This strategy, along with assumed accounting impact, has enabled the Group to recover significant capital by reducing the Residential working capital requirement (WCR), to start a new journey on a renewed basis and to turn the work of the teams toward the future.

In Business property, the office development activity remained strong in the Regions and Altarea has continued to develop in logistics and on some high-potential office sites in Paris. The exposure to previous-cycle offices was drastically reduced in the Paris Region and the associated accounting values have been adjusted accordingly.

Investing in historical activities, new businesses and decarbonisation

In Residential, development teams are now focusing on developing an affordable, decarbonised, and profitable "new generation" offering. A profound change in the design of housing is indeed necessary to adapt to the new context, primarily to the purchasing power of customers. This offering, still limited in volume, will gain momentum from late 2024.

The capital recovered from Residential has allowed Altarea to fund other activities without increasing the Group's debt. Altarea thus continued to invest in 2023: on high-potential projects in Logistics and Retail, on decarbonisation and on new businesses (data centers, asset management, photovoltaics).

Particularly strong visibility on liquidity

Altarea already has the liquidity it needs, mainly as placed cash, to meet its bond maturities in 2024 and 2025. Significant work was done in 2023 to extend its bank loan maturities to 2028 and beyond. The cost of debt being also secured, the Group has strong visibility on its liquidity over the entire duration of its roadmap.

II – OPERATIONAL PERFORMANCE

RETAIL: the Group's financial backbone

Retail REIT represents more than 72% of the Group's capital employed[(10)]. Over the recent period, this activity has shown great resilience with very favourable operational outlook.

Excellent operational performance by the shopping centre assets

Altarea manages a shopping centre portfolio worth €5,232 million[(11)]. Over past years, the Group has pursued a strategy of selecting the most promising formats (large shopping centres, travel retail, retail parks, convenience stores) and currently manages 43 particularly high-performing centres, mostly owned in partnership with leading institutional investors[(12)].

In 2023, stores have returned to levels of operational performance unseen for more than a decade:

- **tenants' revenue** improved by 7%, with **footfall** up by 3%;
- **rental demand** is strong and dynamic with 370 leases signed for annual rent totalling €34.2 million, with notable commercial success in CAP3000, Paris-Montparnasse station and Avenue 83 in Toulon-La Valette, but also in shops located in the new neighbourhoods developed by the Group (Mougins, Bordeaux Belvédère, Toulouse Montaudran, Bobigny Cœur de Ville);
- **financial vacancy** stands at 2.7%, which is an optimal level;
- **collection rates[(13)]** reach 96.3%, (vs 94.6% in 2022);
- **net rental income** (€204.8 million) outperformed indexation with an increase of +6.0% on a like-for-like basis, driven by the ramp-up of CAP3000 and the Paris-Montparnasse station.

	In €m	Chge
Rental income at 31/12/2022	193.7	
Change in scope of consolidation	-0.5	*-0.3%*
Like-for-like change	+11.6	*+6.0%*
o/w indexation	*+9.3*	*+4.8%*
Rental income at 31/12/2023	**204.8**	***+5.8%***

Values impacted by the increase in property exit rates

The value of Retail assets fell -4.6% year-on-year as rising rents only partially offset a widespread increase on property exit rates[(14)], up +56 bps in one year (5.92% vs. 5.36%) for the assets managed by Altarea.

Development in Retail Parks and stations

In September, Altarea inaugurated the new extension of 10,000 m² to the **Strasbourg - La Vigie** centre, doubling the size of this retail park, which is particularly high-performing and attractive to tenants. This site was equipped with 2,400 m² of photovoltaic panels on the roof.

After the successful transformation of the Paris-Montparnasse station, Altarea began work on the future shops of the **Paris-Austerlitz station** (25,000 m²), the marketing of which will begin in 2024, and signed deals with Gares & Connexions to renew and develop the commercial offering of the **Paris-Est station**, which will be completely transformed.

(10) See the LTV table in the Business Review that follows.
(11) Figures at 100% including transfer duties.
(12) Portfolio of €5,232 million, of which 43% held by the Group and 57% by partners.
(13) Rents and charges collected compared to rents and charges invoiced at the publication date.
(14) The exit rate (or "capitalisation rate") is used by appraisers to capitalise rents in the terminal period of their DCF models. It reflects the fundamental quality of the asset over the medium and long term.

RESIDENTIAL: Significant reduction in commitments

Residential development represents circa 19% of the Group's capital employed[15]. There is a structural need for new housing in France and Altarea has faith in the long-term prospects of this huge market. However, since June 2022, the rapid rise in interest rates combined with more restrictive policies by banks have radically deteriorated buyers' solvency. This shortfall in demand exacerbated a pre-existing pressure of inflation in costs and regulations, creating the conditions for a deep real estate crisis.

In 2023, Altarea prioritised a rapid reduction in commitments, which allowed for the recovery of nearly €346 million in cash[16]. The teams' efforts were also turned toward the future with a thorough review of land portfolio and the development of a "new generation" offer.

Accelerated sale of units from previous cycle

New orders were down to €2,250 million taxes included (-16% in value) and to 8,004 units[17] (-20% in volume) versus a French market contracted by 26%[18]. New orders for the year mainly concern units from the previous cycle (offer under construction before the end of 2022). This performance was achieved due to appropriate pricing policy, for both retail and block sales.

Individuals remain the Group's target client. They accounted for half of sales despite difficulties in accessing credit. A specific customer support system was put in place, which enabled the Group to slowdown the decrease in notarised sales to €2,275 million (-27%), compared with the -41%[19] decrease in housing credit generation.

Drastic reduction in land acquisitions and recovery of €346 million in cash

In 2023, the Group only acquired lands for "on-market" projects, which meant 63 plots[20] in 2023 compared to 167 in 2022 (-59% in number of plots). These "on-market" projects all share an adapted design, controlled land price, secured construction contracts, and pricing schedules that allow for a high pre-lets rate and satisfactory profitability.

Combined with the sale of the units from the previous cycle, the slowdown in land acquisitions in 2023 enabled significant reduction in Group's working capital requirement and in the numbers of unsold units under construction from 3,500 at the end of 2022 to around 1,500 at the end of 2023 (-57%).

The Residential Working Capital Requirement (WCR) was thus reduced to 16.7% of revenue, helping the Group to recover €346 million in cash.

Thorough review of land portfolio

In parallel with the reduction of its commitments, Altarea carried out a comprehensive review of its entire pipeline of projects from the previous cycle.

At 31 December 2022, the Group had a portfolio of land options of up to 48,000 units. Of these, 5,800 units were launched in 2023, 13,200 units were definitely abandoned and 29,000 units are being extensively redesigned[21] to fit the new cycle.

At the end of this review, nearly 90% of the inventoriable development costs were written off and the value of the lands was depreciated by approximately -30%.

(15) See the LTV table in the Business Review that follows.
(16) Financial WCR corresponding to the Group's net cash recovery.
(17) The Group placed an additional 1,420 additional units in 2023 which are not included in the 8,004 units sold because they concern projects for which the building permit has not yet been obtained and the decision to acquire the land has not yet been made.
(18) FPI data (94,828 units in 2023 vs. 128,194 in 2022).
(19) Banque de France data (annual production of home loans to individuals (excluding renegotiations)).
(20) These lands represent a potential revenue of €1.1 billion excluding tax, for 5,064 units.
(21) Product design, commercial strategy, regional strategy, construction costs, land prices, carbon performance.

New organisation of the brand portfolio

In 2023, Altarea restructured its brand portfolio to strengthen their respective positions, merging **Woodeum** and Pitch Immo to create the leader in low-carbon[22] real estate development (timber CLT), launching **Nohée** (formerly Cogedim Club) for senior residences and creating **Jouvence**, a brand dedicated to thermal, functional and aesthetic renovation of existing housing for resale.

The Group is therefore ready to attack the new cycle in tandem with **Cogedim**, which is the Group's leading brand by geographical footprint, depth of product range and reputation, and **Histoire & Patrimoine**, with its expertise in real estate renovations and refurbishments.

Assumed impact on 2023 financial statements

The Group's adaptation strategy to the cycle change (reduction in commitments, review of land options and land portfolio, brand organisation) resulted in the recognition, in Property development activity and as a change in value, of a non-reccuring accounting cost of -€448.8 million[(23)], with exceptional character considering both its nature and value.

Development of "new generation" offer

In 2023, the Group's teams were refocused on developing an affordable, low-carbon and profitable "new generation" offer, adapted to the new cycle (design and carbon performance, optimisation of plans and unit size, commercial strategy, regional strategy, construction costs, land prices).

Supply[(24)] of these new products represented close to 10,000 units in 2023. Given the lead time of the production cycle[(25)], this offer will ramp up from the end of 2024 depending on market conditions.

(22) Including CLT wood and other low-carbon solutions that outperform the current standards RE2020 level 2022.
(23) Figures before tax (-€348.3 million after tax), for Residential and Business property.
(24) Signature of new land options.
(25) Signature of the land option, design of the programme, filing/obtaining of building permits, commercial launch, land acquisition, construction and delivery.

BUSINESS PROPERTY: Sustained activity in Regions and in Logistics, reduction of exposure to Offices in the Paris Region

Business property represents circa 4% of the Group's capital employed(26), same for Logistics (4%).

The Office market has entered into a crisis that could last, particularly in the peripheral locations of the Paris Region, even though rental demand remains strong in Paris and in certain regional cities.

The Logistics market continues to be driven by strong demand from tenants and a scarcity effect, leading to a sustained rise in rents. In the shorter term, however, the rise in capitalisation rates offsets the impact of rents' increase on asset values.

Office activity driven by regional campuses and service provision in Paris

In regional cities, Altarea is successfully developing in the education sector: after the delivery of the Emlyon business school campus in the Lyon Gerland district (20,000 m²), the Group signed the ESSCA campus project and launched Development Centre project for Alstom Sud, both in Aix-en-Provence. The Group continues to source office projects with attractive contribution and moderate risk in major regional cities (Nantes, Bordeaux, Aix-Marseille, Lyon, Toulouse, Rennes, Lille, etc.).

The Services activity remained strong in Paris, with several ongoing construction sites (Madeleine, Louis le Grand, 26 Champs-Elysées) and the delivery of Le Visionnaire building for L'Oréal in its historic headquarters at 14 rue Royale (4 200 m², Paris 8th district). The Group has also acquired a real estate complex for renovation at 185 rue Saint-Honoré (6 000 m², Paris 1st district).

Reduction of exposure to Offices in the Paris Region

Altarea's exposure to Offices risk is restricted to PRD Montparnasse, to a few non-controlling interests (especially Landscape in La Défense) and to project St-Honoré (Paris). In 2023, the Group was led to adjust the values[27] of Landscape (La Défense) and PRD Montparnasse. The remaining risk on Landscape has been reduced to zero and economic exposure to PRD Montparnasse is at a conservative level, in line with the policy adopted in Residential.

Large-scale and urban logistics

At 31 December 2023, large platform projects under construction or delivered represented a total of 354,000 m². They are already fully let through long-term leases to major tenants. These assets are developped on the basis of higher yield than market rates: the Group built thus a significant inventory of assets that it can monetize according to opportunities and balance sheet management objectives.

The year was marked by progress in the Bollène megahub(28) (in the Vaucluse), with the delivery of warehouse No. 2 to Intermarché (55,500 m²) and with the full offer for lease of warehouse No. 3 (95,000 m²) whose work has begun. The Group's also leased and began the works of the EcoParc Cotière (70,000 m²) in the Ain department and delivered the platforms of Béziers (50,000 m²) and Puceul near Nantes (38,000 m²).

The Group continues to develop in Urban Logistics with the acquisition for transformation of a 7,600 m² platform leased and operated by DHL located in Vitry-sur-Seine close to the "périphérique" in the south of Paris.

(26) See the LTV table in the Business Review that follows.
(27) The provisions for Landscape and PRD Montparnasse are included in the non-recurring accounting cost booked as a change in value in Property development.
(28) A hub 260 000 m² developed in five buildings, of which the Group took full control in 2023.

NEW BUSINESSES – Significant milestones

On the occasion of the presentation of its strategic roadmap, Altarea announced its move into some new businesses (data centers, asset management, photovoltaics) which all saw significant progress this year.

Data Center, the infrastructure at the heart of the digital city

Altarea's ambition is to develop eco-responsible data centers with heat recovery for urban heating and cooling networks. These medium-sized sites (between 3 MW and 20 MW) will host servers close to their users. The Group is working on around fifteen potential locations in main French cities (Paris, Lyon, Marseille, Toulouse, Nantes) and has started work on its first two sites which are due to open in early 2025:

- at Val de Rueil near Rouen, a refurbishment project covering 7,000 m² of surface area for a total target power of 10 MW;
- at Noyal-sur-Vilaine near Rennes on 1,000 m² for a target power of 3 MW.

Depending on the opportunities and specific situations, considering the strong development of needs related to the use of Generative Artificial Intelligence, the Group may have to develop hyperscale data centers for storage or computing (power greater than 20 MW) in partnership with major clients.

Asset management: launch of a first retail SCPI and a real estate credit platform in partnership with Tikehau Capital[29]

Altarea Investment Managers[30]launched at the end of 2023, Alta Convictions, a fund (SCPI) with exposure to the new real estate cycle, without any pre-crisis inventory or financing and based on diversified investment themes. The first investments have been commited, with a focus on Retail.

In 2023, Altarea also launched a real estate credit platform, called ATREC, in partnership with Tikehau Capital which aims for a size of €1 billion including a commitment from its sponsors of €200 million (€100 million each). A first deal was closed in 2023 and a major pipeline is under study.

Photovoltaics: creation of a pipeline, conclusion of a strategic partnership

Altarea is working on 1 000 MWp[31] of photovoltaic projects of all kinds, out of which 400 MWp are under control (exclusive or secured agreements). Altarea believes it can develop at least 500 MWp over several years under a "developer/asset manager" model and was operationally organised for.

A highlight of the year was the signing of a strategic partnership with one of the main French agricultural cooperatives, which could represent the completion of several dozen projects.

(29) Tikehau Capital is a long-standing partner of Altarea and one of France's leading asset managers of private debt with €38 billion assets under management, out of which €15 billion in this segment.
(30) Altarea Investment Managers is an asset management company to which AMF authorisation was granted in April 2023.
(31) Watt-peak: theoretical maximum power at the peak of production.

III - FINANCIAL AND ENVIRONMENTAL PERFORMANCE

2023 FFO in line with earlier announcements, affected by the real estate crisis in Property development

As announced, the 2023 recurring net result (FFO)[32] is in sharp decrease to €101.2 million (vs. €275.4 million in 2022), with:

- a high-performing Retail generating increasing net rental income;
- a limited contribution from Residential, as a consequence of accelerated and voluntary adaptation policy to the context;
- a lack of major projects in Offices, as announced.

Relying on its particularly solid financial structure and in accordance with its own vision of market, Altarea has decided to record, in Property development and as a change in value, a non-recurring accounting cost of -€448.8 million (-€348.3 million after tax). In total, the Group's net profit amounts to -€472.9 million for a consolidated revenue of €2,712.3 million (down 10%).

In €m	Group	Retail	Residential	Business Property	New businesses	Others
Consolidated Revenue	**2,712.3**	**259.0**	**2,247.1**	**204.0**	**2.1**	**0.1**
Change vs 31/12/2022	***-10%***	*+7%*	*-9%*	*-32%*		
Operating income (FFO)	**248.1**	**195.5**	**56.8**	**10.5**	**(10.4)**	**(4.3)**
	-44%	*+2%*	*-63%*	*-91%*		
Net borrowing costs	(33.0)					
Other financial results	(30.8)					
Corporate income tax	0.1					
Non-controlling interests	(83.1)					
FFO, Group share	**101.2**					
Change vs 31/12/2022	***-63%***					
Changes in value Retail (Groupe share) [33]	(114.3)					
Non-recurring accounting cost for Property Development [34]	(448.8)					
Other changes in value[35]	(11.0)					
Net income, Group share	**(472.9)**					

Environmental performance: improvement of all indicators

- **48.1% of Group revenue is aligned with the European taxonomy[36]** (vs 44.0% in 2022). The methodology used for the calculation of alignment rate and the result was reviewed by the Statutory Auditors[37] of the Group, which issued an opinion, one year earlier than regulatory requirements[38].
- **The carbon footprint[39] fell by -16%[40]** to 910 thousand tonnes CO_2 equivalent. This decrease is partly due to the reduction in the Property Development activity (volume effect) but also to the progress the Group made in decarbonising operations with a reduction in the carbon intensity per unit area[41] (rate effect) from 1,440 kg/m² to 1,299 kg/m² in one year (-9.8%).
- **Economic carbon intensity[42] fell by -6.8%**to 336 g/€ of revenue (compared to 360 g/€ in 2022), illustrating the Group's commitment to disconnect the economic value creation from GHG emissions.

(32) Funds from operations (FFO): net income excluding changes in value, estimated expenses, transaction costs and changes in deferred tax. Group share.
(33) Changes in value of Retail: full integration impact -€194.1 million, equity method -€22.4 million and minority interests +€102.2 million, see the Business Review
(34) Non-recurring accounting cost for Property Development before tax (cf 2023 consolidated results of the Business Review).
(35) Changes in value of financial instruments: -€72.8 million, Deferred tax: €114.3 million, Depreciation and transaction fees: -€29.4 million, Minority interests and others: - €23.1 million.
(36) The Taxonomy Regulation (or European taxonomy) is a common classification system used throughout the European Union (EU) to identify economic activities considered as environmentally sustainable.
(37) The E&Y firm issued a limited assurance report at the time of the 2023 closing of the financial statements.
(38) This regulatory obligation, initially planned for 2023, was postponed by one year under the CSRD Directive on taxonomy.
(39) Scopes 1, 2 and 3. For the carbon accounting methodology, and in particular the "percentage-of-completion" carbon accounting methodology for Property Development, see the Business Review.
(40) Reduction of -42% compared to 2019, the benchmark year.
(41) Amount of carbon needed to build and use one square meter of real estate.
(42) Quantity of CO_2e emitted to generate one euro of revenue (grammes of CO_2e per euro or g/€).

A REIT financial structure

The majority of Altarea's balance sheet is allocated to its Retail REIT which accounts for nearly 72% of employed capital as of the end of 2023. Additionally, the Group has entered the phase of the market cycle turnaround with a highly capitalized financial structure, allowing it to proactively adjust the value of Property Development without fundamentally altering the strength of its balance sheet[43], which remains essentially that of a REIT company.

Capital employed in market values *in €million*	**2023**		**2022**	
Residential (Property development)	1,110	*19%*	1,605	*25%*
Business property	267	*5%*	291	*5%*
Logistic	210	*4%*	109	*2%*
Retail REIT	4,157	*72%*	4,353	*68%*
TOTAL Consolidated Capital Employed	**5,744**	***100%***	**6,358**	***100%***
Economic Equity [44]	3,871	*67%*	4,784	*75%*
Net bond and bank debt	1,647	*28,7%*	1,555	*24,5%*
Other liabilities[45]	226	*4%*	19	*1%*
TOTAL Consolidated Resources	**5,744**	***100%***	**6,358**	***100%***

The variation in the value of Property Development primarily impacted Altarea's diluted Going Concern Net Asset Value (NAV)[46], which stands at €115.7 per share (down by -26.3%).

Net debt under control and secured[47], robust ratios and strong financial visibility on liquidity over the entire duration of the roadmap

Altarea has a particularly solid financial situation with liquidity of €2.4 billion[48], net debt almost stable at €1,6 million and secured at a competitive cost (2.15%) until 2028.

The Group's financial ratios are particularly robust with an LTV[49] of 28.7% and an ICR[50] at 7.5x, largely meeting the Group's covenants (respectively ≤ 60%, and ≥ 2.0x).

Altarea continued to invest in high-potential projects (Retail, Logistics, Office, decarbonisation) and significantly reduced its Residential commitments (recovery of €346 million cash by reducing WCR).

In €m		
Net debt at 31 December 2022	**1,555**	
Dividend paid in 2023	+172	
2023 FFO Group Share	-101	
Residential WCR	-346	
Capex Retail	+77	
Capex Offices	+93	
Capex Logistics	+83	
Decarbonisation (Woodeum, Jouvence)	+86	
Others	+28	
Net debt at 31 December 2023	**1,647**	*+ € 92m*

During the year, Altarea signed or renegotiated nearly €1,348 million[51] bank financing, extending its banking loan maturities to 2028 or beyond[52]. All these new financings include a clause of alignment with the Taxonomy.

(43) The adjustment in the value of Property Development after tax represents 8.5% of the opening consolidated equity (-€348.3m out of €3,959.5m).
(44) Diluted Going concern NAV: €2.399 billion and Minority Equity: €1.472 billion.
(45) IFRS 16 debt, net associated current accounts, net financial instruments, and others...
(46) Market value of equity in a going concern perspective taking into account the potential dilution associated with the status of a partnership limited by shares.
(47) Bank and bonds debt, net of cash, cash equivalents and other liquid assets.
(48) €782 million in cash and €1,628 million in authorised bank facilities not used.
(49) Loan To Value: Net bond and bank debt consolidated reported to the consolidated market value of the Group's assets (bank covenant definition).
(50) Interest Coverage Ratio: Operating income / Cost of net debt (column "Current cash flow from operations") (bank covenant definition).
(51) €1,133 million in RCF and Term Loans and €215 million in mortgage loans. Bond maturities: Altarea 2024 - €255 million and Altareit 2025 - €335 million.
(52) 84% of RCF lines have a maturity date in 2028 and beyond.

Altarea already has enough liquidity (mainly as placed cash) covering its bond maturities in 2024 and 2025(53). No RCF lines have been drawn and the NeuCP and NeuMTN (short and medium-term commercial paper) programmes have been reduced to zero.

On 9 October 2023, S&P Global reiterated Altarea's BBB-, investment grade rating, but lowered its outlook from "stable" to "negative", mainly due to the market environment. The rating of its development subsidiary Altareit was also confirmed.

Dividend

The dividend proposed for year 2023 (54) is €8.00 per share. Shareholders will be able to opt for either a full payment in cash or a 25% payment in cash and 75% in shares(55).
AltaGroupe (A. Taravella family) and its affiliates on one side, Crédit Agricole Assurances and its affiliates on the other, have committed to take the full payment of the proposed dividend in shares. Together, these shareholders represent nearly 69% of Altarea's capital.

For the fiscal year 2024, the amount of the dividend and its distribution modalities will depend on the pace of implementation of the roadmap, Altarea's results, and its financial position.

Outlook

Altarea will dedicate the year 2024 to restoring the profitability of Property development activity, which will take advantage of a redesigned residential offering and adjusted values. The contribution of new businesses is expected to remain unsignificant, though the Group's results will still be mainly driven by Retail. The debt will be maintained at current level, except for potential external growth. The 2024 FFO is expected to grow, the extend of which will depend on the macroeconomic environment.

At the end of the adaptation period to cycle change, Altarea anticipates an increase of its FFO, which should, within a four-year timeframe, exceed €300 million.

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

Indicative financial calendar 2024

First quarter 2024 revenue: 30 April 2024 (after trading)
Combined General Shareholders' Meeting: 5 June 2024 (11 am)
Dividend schedule for 2023:

- June 11: Dividend detachment
- June 13 to June 25 (inclusive): Option period for dividend payment in shares
- July 5: Payment/delivery of new shares

Half-year results 2023: 30 July 2024 (after trading)

ABOUT ALTAREA - FR0000033219 - ALTA

Altarea is the French leader in low-carbon urban transformation, with the most comprehensive real estate offering to serve the city and its users. In each of its activities, the Group has all the expertise and recognised brands needed to design, develop, market and manage tailor-made real estate products. Altarea is listed in compartment A of Euronext Paris.

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(53) Bond maturities: Altarea 2024 of €255 million and Altareit 2025 of €335 million.
(54) Subject to the approval by shareholders at the General Meeting of June 5,2024, called to approve the 2023 financial statements.
(55) The new shares will be issued at a price of at least 90% of the average of the first trading prices in the twenty trading sessions preceding the day of the General Meeting, reduced by the amount of the dividend per share and rounded to the nearest one-euro cent.

BUSINESS REVIEW
31 DECEMBER 2023

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1.1 Altarea, an unrivalled platform of skills dedicated to low-carbon urban transformation

Altarea, a unique business model

The strength of Altarea's model sits fundamentally on the immense market of urban transformation driven in particular by changes in usage, fundamental housing needs, urban design recast and low carbon evolution.

To address this huge market, the Group has developed an operating system that is unique in France, enabling it to act with the most comprehensive real estate offering, the expertise in highly specialised stills and recognised brands. Above all, Altarea can count on the commitment of its employees who embrace Altarea's values of high standards, innovation and performance. The Company's business plan is based on a strong corporate commitment around the content of work, the sense of common social benefits as well as the value creation and sharing.

Urban transformation, the engine of growth

The urban transformation market, in which Altarea holds a leading position, is more than ever an immense market, for which the technical, administrative, financial, and environmental entry barriers are high and are becoming stricter (Net Zero Artificialization, Energy Performance Diagnosis, Tertiary Decree, RE 2020, Taxonomy, etc.).

The successive crises of recent years (health, environmental, social) have highlighted the need to thoroughly rethink the organisation and functioning of our cities. Many real estate infrastructures have become obsolete and have to be transformed to adapt to both the changes in use that now affect almost all real estate products, and to climate change (energy efficiency).

In the context of a real estate crisis, Altarea's expertise lies in continuing to develop low-carbon real estate products that integrate all these challenges into an even more complex economic equation. The complementary nature of the Group's operating brands covers all the real estate portfolio solutions that enable cities to play a key role in their transformation, either through successive touches or on the scale of entire neighbourhoods.

In 2023, the Group drastically revised its project portfolio, which amounted to approximately 14 billion euros by the end of the year, encompassing all products. The largest part of this project portfolio concerns Housing, with an ever-growing demand of 39,000 units under development, a significant portion of which is undergoing redefinition.

Additionally, it includes just over 800,000 m² of logistics projects with nearly €800 million of potential value. Nearly half of this is already leased to leading tenants through long-term leases, providing the Group with a reservoir of value that it can monetize as needed.

Furthermore, the Group manages a portfolio of major urban renewal projects that are emblematic of low-carbon urban transformation, covering a potential 1 million m² of space across all products.

In 2023, Altarea will have notably:

• delivered 3 major urban projects (EuroNantes, Strasbourg-Fisher, and Cœur Mougins), together representing 110,000 m² (including 1,300 residential units), as well as the first phases of the Bordeaux Belvédère and Toulouse Guillaumet neighborhoods (residential units, offices, and public facilities);

• signed the protocol for the Gastronomy District Paris-Rungis, an eco-district in close proximity to the Rungis International Market and connected to the future extension of metro line 14;

• initiated the construction of the low-carbon district Carré Rabelais in Tours and continued construction on projects such as the Bobigny City Center (1,200 residential units, around thirty shops, a 10,000 m² office building, and a public cinema with six screens), which is scheduled for completion in the end of 2024.

A strategic roadmap embedded in the new real estate cycle

The real estate crisis triggered by the rise in interest rates in 2022 marks the end of a cycle that lasted nearly 15 years. This crisis is particularly severe, and no sector of the real estate market is spared.

However, given the enormity of the needs, Altarea holds a strong conviction that this situation will be temporary and that this change in cycle will allow the most capitalized actors to make the most of it.

Altarea has set a medium-term roadmap based on:

• its activities serving low-carbon urban transformation (Residential, Retail, Logistics, Office). In this domain, the Retail property segment confirms its operational resilience now that the Covid crisis has passed, while the Residential development has entered a crisis requiring a re-engineering of the entire housing production cycle to develop new affordable, profitable, and decarbonized products.

• and on the deployment of new businesses to capitalize on its expertise in other real estate asset classes (digital infrastructures with data center, real estate asset management and photovoltaic infrastructures, etc.).

The sequencing of this strategic roadmap incorporates two years of adaptation to the change in cycle (2023 and 2024), followed by three years of ramp-up in low-carbon urban transformation activities and new businesses.

In 2023, Altarea remained extremely disciplined and strict in managing its commitments and executing its roadmap. In an environment where all real estate assets are subjected to value adjustment, the Group has focused on the reinforcement of its strength by reducing capital employed in Property development business and relying on its solid financial structure largely owing to Retail REIT.

Altarea will dedicate the year 2024 to restoring the profitability of Property development, which will take advantage of a redesigned Residential offering and adjusted values. The contribution of new businesses is expected to remain unsignificant, though the Group's results will still be mainly driven by Retail. The debt will be maintained at current level, except for potential external growth. The 2024 FFO[56] is expected to increase, the extend of which will depend on the macroeconomic environment, thus the year 2023 markes a low point. At the end of the adaptation period to cycle change, Altarea anticipates a ramp-up of its FFO, which should, within a four-year timeframe, exceed 300 million of euros.

(56) *Unless there is further deterioration in the macroeconomic, geopolitical, sanitory, or regulatory environment.*

1.2 OPERATIONAL PERFORMANCE

1.2.1 Retail

Retail REIT, Altarea's historical activity, represents more than 72% of the Group's capital employed[57], with a volume of assets under management of €5.2 billion at the end of 2023, generating €317 million in recurring revenues[58].

1.2.1.1 The Group's financial backbone

In recent years, shopping centres have undergone a profound transformation of their model, which has enabled them to emerge stronger from sanitary crisis and return to an excellent operational performance.

Altarea has pursued a strategy of selecting the most promising formats (large shopping centres, travel retail, retail parks, convenience stores) and currently manages a portfolio of 43 particularly high-performancing shopping centres.

At 100% (€ millions)	31/12/2023		31/12/2022	
Regional shopping centres	3,094	*59%*	3,281	*60%*
Travel retail	537	*10%*	545	*10%*
Retail parks	997	*19%*	1,027	*19%*
Convenience stores	605	*12%*	630	*11%*
Total assets under	**5,233**	*100%*	**5,483**	*100%*

These assets are mainly held in partnerships with leading institutional investors. This strategy allows it to extend the value of its operational expertise on the volumes under management, while optimising return on capital employed.

1.2.1.2 Excellent operating performance

Retailers' revenue[59] and footfall[60] rise

At end December 2023 (12 months)	Chg. vs 2022
Revenue (incl. Tax)	+7%
Footfall	+3%

All retail types performed well on these two indicators, testifying to both the attractiveness of the sites and the quality of the tenants.

Financial vacancy at optimal level

At 100%	31/12/2023	31/12/2022	31/12/2021
Financial vacancy	2.7%	2.7%	2.9%

Financial vacancy rate is 2.7%, a level considered optimal[61].

Dynamic rental activity

At 100%	No. of leases	Annual contracted rent
France and International	370	€34.2 million

Rental activity remained dynamic in 2023, driven by demand from leading brands attracted by the quality of the Group's assets:

• the ongoing ramp-up of CAP3000, with especially the new openings by Zara, Nike, Normal and Aroma Zone and the arrival of hairstylist Jean Marc Joubert and pastry maker Philippe Tayac in the luxury and designers section of Le Corso;

• growing performance of the Paris-Montparnasse station, which benefited this year from the enhancement of its catering offer with the introduction of the latest McDonald's concept (straight into the chain's Top 3 in France) and arrival of two other international retailers;

• confirmation of L'Avenue 83 (La Valette du Var) as the anchor for Europe's premium commercial area with the success of the new Bershka and Zara concepts;

• successful introduction of Action in Jas de Bouffan (Aix-en-Provence), which increased footfall and benefited all retailers, ahead of the upcoming openings of JDSports and the replacement of the hypermarket Géant # hyper frais ;

• strengthening of Bercy Village's leisure offer with the opening of "L'Horizon de Kheops", a unique immersive expedition that is fun, educational and a treat for the senses;

• numerous local shops signed up for the new neighbourhoods developed by the Group (Mougins, Bordeaux Belvédère, Toulouse Aerospace) and for the repositioning assets managed on behalf of Allianz (particularly Nyx and Levi's at NicEtoile and JDSport and Furet du Nord in Saint-Quentin).

Consolidated net rental income

France and International	In €m	*Chge*
Net rental income at 31 December 2022	**193.7**	
Change in scope of consolidation	(0.5)	*(0.3)%*
Like-for-like change	11.6	*+6.0%*
o/w indexation	*9.3*	*+4.8%*
Net rental income at 31 December 2023	**204.8**	***+ 5.8%***

Net rental income at the end of 2023 increased by 6.0% on a like-for-like basis, illustrating the ability of the Group's retail outlets to outperform indexation (+4.8%). At the date of publication, the recovery rate[62] was 96.3% (94.6% in 2022).

(57) €4,157 million compared to €5,744 million (see calculation table of the Loan to Value (LTV) ratio in the Business report).
(58) Figures at 100% (€2.2 billion in assets for €137 million in gross rental income, Group share).
(59) Cumulative change in retailers' revenue incl. VAT on a like-for-like basis from January to December in France and Spain.
(60) Cumulative change in the number of visitors, measured by Quantaflow for equipped shopping centres, and by counting cars for retail parks (excluding travel retail) from January to December, in France and Spain.
(61) Of the units released following insolvency proceedings in 2023, only six were still being relet at the end of December 2023.
(62) Rents and charges collected compared to rents and charges invoiced (incl. tax) to publication date, 60-day figures.

Value of assets under management (AuM)

In a general context of drop in value, the increase in rents only partially offset the increase in property exit rates[63] (average +56 bps to 5.92%). The value of Retail assets fell - 4.6% year-on-year.

At 31/12/2023	%	Values (€ millions)[a]	*Change vs. 31/12/2022*
AuM	**100%**	**5,232**	**-4.6%**
o/w Third-party share	*57%*	*2,992*	*-4.6%*
o/w Group share	*43%*	*2,240*	*-4.5%*

[a] Appraisal value including transfer duties.

At 100%	31/12/2023	31/12/2022
Regional shopping centres	5.76%	5.17%
Retail parks	6.31%	5.80%
Convenience stores	6.18%	5.90%
Weighted average	**5.92%**	**5.36%**

1.2.1.3 Development

Altarea is one of France's leading retail developers with recognised expertise in the top-performing formats: travel retail for footfall, retail parks for value for money and local shops for value in use appreciated by all customers.

In 2023, Altarea made significant progress on several of its development projects:

Paris-Austerlitz station

After the successful transformation of the Paris-Montparnasse station, Altarea started work on a major project to restructure the retail spaces at Paris-Austerlitz station in H1, which will eventually include nearly 25,000 m² of shops directly connected to the station. The marketing phase should begin in 2025.

Paris-Est station

Altarea and Gares & Connexions also signed the agreements to renovate and develop the retail space in Paris-Est station, which will be completely transformed (new facade, co-working, catering, innovative shops).

Delivery of the La Vigie retail park (Strasbourg)

After 4 years of work to restructure the site and build a 10,000 m² extension, this centre has almost doubled in size. In addition to the anchor stores already present (Intersport, Conforama, etc.), it welcomed Boulanger, Fabrique de Styles and brands such as Naumy (low-cost ready-to-wear for women), BasicFit and the Alsace chain Mise au Green. The site also has 2,400 m² of photovoltaic panels on the roof.

Bobigny Cœur de Ville

On the site of the former Bobigny2 shopping centre built on a slab in 1974, Altarea is developing a new 2.7-hectare neighbourhood comprising 1,200 residential units, an office building, a six-screen cinema and around 30 shops and service outlets. The 14,000 m² commercial programme envisages an average-sized food court (2,500 m²), food shops and restaurants around a central landscaped square of more than 1,700 m², services (La Poste, hairstylist, optician, pharmacy, laundromat, etc.), a fitness room and three Social and Solidarity Economy (SSE) brands recruited after a call for expressions of interest. The delivery is scheduled for the end of 2024.

Cité de la Gastronomie

In 2022, Altarea won the tender for projects held by the Syndicat Mixte of Cité de la Gastronomie Paris-Rungis, a future mixed-use district located near the Rungis National Interest Market which will include a food hall, a cultural space and a training campus, around a common theme of gastronomy. Marketing began in 2023 and the district is scheduled to open in 2028.

Enox 2 (Gennevilliers)

In September, Altarea signed an off-plan agreement with BNP Paribas REIM France to develop a 1,600 m² food park that will complete the Enox retail park offering at the end of 2024. Altarea has already let the four cells to four of the Bertrand Franchise Group's major retailers (Burger King, Au Bureau, Volfoni and Pitaya). Enox 2 is aiming for BREEAM Very Good certification.

Installation of electric charging stations

As part of the partnership signed in early 2022 with Electra, a French specialist in ultra-fast charging (150-300 kW), Altarea is continuing to roll out charging stations in the car parks of its commercial sites. At the end of 2023, five centres already had charging points out of the 19 planned.

(63) The exit rate (or "capitalisation rate") is used by appraisers to capitalise rents in the terminal period of their DCF models. It reflects the fundamental quality of the asset over the medium and long term.

Assets under management at end-December 2023

Asset and type	No.	GLA (in m²)	Gross rents (€ m)	Value (€ m)	Group share	GS Value (€ millions)
CAP3000 (Nice)		105,600			33%	
Espace Gramont (Toulouse)		56,700			51%	
Avenue 83 (Toulon-La Valette)		53,500			51%	
Qwartz (Villeneuve-la-Garenne)		43,300			100%	
Sant Cugat (Barcelona, Spain)		43,000			100%	
Bercy Village (Paris)		23,500			51%	
Le Due Torri (Bergamo – Stezzano, Italy)		44,300			25%	
La Corte Lombarda (Bellinzago, Italy)		21,200			25%	
Espace St Quentin (St Quentin en Yvelines)		28,000			0%	
NicEtoile (Nice)		17,300			0%	
Regional shopping centres	**10**	**436,400**	**168**	**3,094**		**1,375**
Montparnasse station (Paris)		18,200			51%	
Gare de l'Est (Paris)		7,300			51%	
Italian railway stations (5 assets)		8,600			51%	
Oxygen (Belvédère 92)		2,900			100%	
Travel retail	**8**	**37,000**	**53**	**537**		**277**
Family Village (Le Mans-Ruaudin)		30,500			51%	
Family Village (Limoges)		29,000			51%	
Family Village (Nîmes)		28,800			51%	
Les Portes de Brest Guipavas (Brest)		28,600			51%	
Family Village (Aubergenville)		27,800			51%	
Espace Chanteraines (Gennevilliers)		23,700			51%	
Thiais Village (Thiais)		22,800			51%	
Les Portes d'Ambresis (Villeparisis)		20,300			51%	
La Vigie (Strasbourg)		27,100			100%	
Marques Avenue (Aubergenville)		12,900			51%	
Pierrelaye		10,000			51%	
Carré de Soie (Lyon) – RP		51,000			50%	
Chambourcy		34,900			0%	
Retail parks	**13**	**347,400**	**59**	**997**		**485**
-X% (Massy)		18,400			100%	
Les Essarts-Le-Roi		11,000			100%	
Grand Place (Lille)		8,300			100%	
Le Parks (Paris)		33,300			25%	
Reflets Compans (Toulouse)		14,000			25%	
Jas de Bouffan (Aix-en-Provence)		9,800			18%	
Grand'Tour (Bordeaux)		25,000			0%	
Issy Cœur de Ville		24,200			0%	
Bezons Cœur de Ville		14,500			0%	
Toulouse Aérospace		15,100			0%	
Place du Grand Ouest (Massy)		16,900			0%	
Toulon Grand Ciel		3,000			0%	
Convenience stores	**12**	**194,900**	**38**	**605**		**103**
Total assets under management	**43**	**1 015 700**	**317**	**5,232**	**43%**	**2,240**

1.2.2 Residential

Altarea is the second-largest residential developer in France[64]. The Group has a country-wide presence and has rolled out a comprehensive multi-product offering[65] based on brands with complementary positions to meet the structurally immense needs of the French market.

1.2.2.1 Adapting to the new cycle

A drastic change in cycle

Since June 2022, the rapid rise in interest rates combined with more restrictive policies by banks have radically deteriorated buyers' solvency. This crisis in demand exacerbated a pre-existing crisis of inflation in regulatory and construction costs, creating the conditions for a major real estate crisis.

An adjustment phase is necessary before the market finds a new balance. Altarea intends to use this period to perform a deep transformation of its industrial model.

Rapid pro-active response

As earlier as late 2022, Altarea realised the scale of the crisis and responded by drastically cutting the number of land acquisitions, which helped reducing its commitments.

2023 was dedicated to closing out the previous real estate cycle and to developing a new offer to be ready for the recovery. This strategy allowed Altarea to start afresh on a clean slate and to redirect employees' work towards the future.

Operational activity was intense, with:

• **the accelerated sale of units under construction** from the previous cycle in both blocks and retail deals;

• **land acquisitions restricted to projects that fit the context**, resulting in a drastic reduction in the number of land acquired;

• **a review of the entire land portfolio** leading to the massive abandonment of projects (including dropping some land options) or to their redesign, and ultimately to the write-off of the corresponding study and land acquisition costs;

• **a reorganisation of the brand portfolio** to strengthen their market position;

• **the development of a "new generation"** low-carbon, affordable and profitable offer adapted to the new cycle, with the lands renegotiated or newly acquired.

1.2.2.2 Activity of the year

Focus on reducing the offer from the previous cycle

New orders[66]

Altarea has prioritised the sale of the offer under construction by adapting pricing policy, for retail and block sales.

New orders declined by -16% in value to €2,250 millions incl. tax, and -20% in volume to 8,004 units in a market that contracted by -26%[67]. These units only relate to projects where land purchase decisions have already been made[68].

New orders	2023	%	2022	%	Chge
Individuals - Residential buyers	472	21%	707	27%	(33)%
Individuals - Investment	649	29%	1,015	38%	(36)%
Block sales	1,130	50%	945	35%	+20%
Total in value (€m incl. VAT)	**2,250**		**2,666**		**(16)%**
Individuals - Residential buyers	1,458	18%	2,000	20%	(27)%
Individuals - Investment	2,356	30%	3,590	36%	(34)%
Block sales	4,190	52%	4,428	44%	(5)%
Total in volume (units)	**8,004**		**10,017**		**(20)%**

Block sales represent 52% of new orders (vs 44%). They are mainly composed of intermediate housing[69] (57%) and social housing (30%).

Individuals remain the Group's core target client. They accounted for half of sales despite a particularly unfavourable environment, especially in terms of access to credit.

Notarised sales

€m incl. VAT	2023	%	2022	%	Chge
Individuals	1,418	62%	1,943	62%	(27)%
Block sales	857	38%	1,182	38%	(27)%
Total	**2,275**		**3,125**		**(27)%**

2023 saw a significant drop in the production of home loans (-41%[70]), which made it hard to seal notarised sales.

Faced with this situation, the Group set up a system to support its customers throughout the acquisition process. This helped slowing down the fall in notarised sales, which amounted to €2,275 million (-27%) across all the Group's brands.

(64) Source: Classement des Promoteurs (developers ranking) published in July 2023 by Innovapresse.
(65) New housing all ranges (home ownership and investment, free, social, Intermediate rental housing), serviced residences, Malraux, historical monuments, land deficits, condominium, timber-frame housing CLT, renovation.
(66) New orders net of withdrawals, in euros, including VAT when expressed in value. Data at 100%, with the exception of operations under joint control which are reported in Group share.
(67) FPI France data published on 15 February 2024 - Year-on-year decrease in new orders down -26% in 2023 to 94,828 units (compared to an annual average of 146,269 sales between 2017 and 2023), of which -38.4% retail and +11.5% block sales.
(68) The Group also placed 1,420 additional units in 2023. But these are not included in the 8,004 units sold because they concern projects for which the building permit has not yet been obtained and the decision to acquire the land has not yet been made.
(69) Intermediate rental housing (LLI).
(70) Banque de France data (annual production of home loans to individuals (excluding renegotiations)).

Land acquisitions limited to projects fitting the current environment

In 2023, the Group only bought land corresponding to "on-market" projects. Land acquisitions were thus significantly reduced with 63 plots acquired in 2023, compared to 167 in 2022 (-59% in number of units).

In units	2023	2022	Chge
Land acquisitions	5,064	12,487	(59)%

Combined with the sales of units under contruction of which the lands were already acquired by end of 2022, the slowdown in land acquisition in 2023 enabled reduction in Group's commitments and in the number of unsold units under construction from 3,500 units at the end of 2022 to around 1,500 units at the end of 2023 (-57%).

The 63 lands acquired in 2023 represent potential revenue of around €1.1 billion (excl. tax) over 5,064 units. These "on-market" transactions share the following characteristics:

• final building permits corresponding to an adapted design (size of the units, optimisation of surfaces, etc.);

• controlled land prices and secured works contracts;

• pricing schedules that have achieved a high pre-letting rate (signed block sales, retail sales without significant contingencies);

• satisfactory profitability given the risk profile.

Thorough review of the portfolio of land options[71]

In 2023, Altarea conducted an comprehensive review of its land portfolio applying much more strict commitment criteria.

At 31 December 2022, the Group's portfolio of land options represented a potential 48,000 units. Out of this total:

• 5,800 units went into commercial launch in 2023;

• 13,200 units were permanently abandoned;

• 29,000 units correspond to land options retained or in the process of being renegotiated which are being extensively reworked (product design, commercial strategy, regional strategy, construction costs, land prices, carbon performance). Previously planned projects must be partially or fully reviewed to fit the new cycle.

This extended review of the land portfolio led to the write-off of a significant portion of inventoriable development costs previously recorded on the Group's balance sheet (see Financial performance).

At the end of this review:

• close to 90% of the development costs in inventory were written-off;

• the value of the lands in portfolio was adjusted down by roughly -30%, to match their recoverable value;

• the remaining offer from the previous cycle was ajusted to market price.

(71) The portfolio of land options consists of secured projects (through a preliminary sale agreement, almost all unilateral) that have not yet gone to commercial launch.

New organisation of the brand portfolio

Altarea is structured around several well-known brands to cover all residential products. The brands have operational independance (customers, products) but are supported by the power of the Group under Altarea umbrella brand (strategy, commitments, finances, support functions).

In 2023, Altarea restructured its brand portfolio to strengthen their respective market position, merging Woodeum and Pitch Immo, launching the Nohée brand (formerly Cogedim Club©) in senior residences and creating Jouvence, dedicated to the renovation of existing residences for resale. The portfolio is now organised as follows:

• **Cogedim** is the Group's leading brand in terms of geographical coverage, product range depth and reputation. In 2024, for the second year running, Cogedim was ranked number one among the Top 200 customer relations by consulting firm The Human Consulting Group for Les Echos, all sectors combined;

• **Woodeum** (merged with Pitch Immo) is the French specialist in low-carbon real estate development due to its know-how on CLT (cross-laminated timber) timber frame technology but also to other low-carbon solutions that outperform current standards (RE2020/Level 2022);

• **Histoire & Patrimoine** is the expert brand in real estate renovation and rehabilitation, offering a range of products in Historical Monuments, Malraux Law properties and Real Estate Tax schemes;

• **Jouvence** is a new brand dedicated to the thermal, functional and aesthetic renovation of existing housing for resale;

• **Nohée** specialises in developing managed residences for active seniors. Nohée opened its 30th residence at the end of 2023 and aims to have 50 residences in operation by 2026;

• **Altarea Solutions & Services** is the service platform supporting the Group's customers and partners throughout their real estate project (sales promotion, financing, rental management, trustee services, etc.).

Accounting impacts in 2023

The strategy adopted by the Group (reducing commitments, review of the portfolio of land options, reorganisation of brands) resulted in the recognition, as a change in value, of a non-recurring accounting cost to settle the previous cycle in the Group's financial statements[72].

(72) See Financial performance section.

Developing "new generation" offer

The scale of the crisis requires a profound change in product design to adapt to the new environment and mainly to the purchasing power of customers.

In 2023, the Group's teams were redirected to the development of an affordable, low-carbon and profitable "new generation" offer, fitting the new cycle (design and carbon performance, optimisation of plans and unit size, commercial strategy, regional strategy, construction costs, land prices).

Supply[(73)] of these new products represented nearly 10,000 units in 2023. Given the lead time of the production cycle[74], this offer would only ramp up from the end of 2024 depending on market conditions.

Outlook

Altarea's objective is to be ready for the recovery, with a completely revised industrial model (offer and market position). The year 2024 will be built on:

• the sale of the last units from the previous cycle, which should continue to affect margins;

• the start of construction work on projects with land acquired in 2023, with satisfactory profitability but limited volumes;

• the launch of the "new generation" offer from the end of 2024 at a pace depending on market trends.

The backlog[(75)] at 1 January 2024 was €2.7 billion excl. tax, down -22% year-on-year. The Group's 2024 revenue should decline to a greater or lesser extent depending on the number and the timing in acquiring the lands of "new generation".

(73) Signature of the land option, design of the programme, filing/obtaining of building permits, commercial launch, land acquisition, construction and delivery.
(74) Signature of new land options.

(75) Revenue (excl. tax) from notarised sales to be recognised on a percentage-of-completion basis and individual and block new orders to be notarised.

1.2.3 Business property (BP)

Altarea manages Business Property projects with limited risk and in various manner due to its highly diversified skill set.

1.2.3.1 Multiple areas of expertise

In Offices, the Group operates nationwide[76]:

• as developer in off-plan sales, BEFA and PDCs, with a particularly strong position in the "turnkey" user market and DPM contracts[(77)];

• as developer/investor or co-investor for certain assets to be repositioned (before disposal);

• on a wide range of products: head offices, multi-occupant buildings, high-rise buildings, business and industrial premises, hotels, schools and campuses.

In Logistics, the Group operates:

• as a land and property developer and sometimes investor, to develop projects that meet increasingly demanding technical, regulatory and environmental challenges;

• both for the development of large platforms or hubs for distributors or e-commerce players, and in the urban logistics market[(78)] for the last mile.

Greater or lesser fall in values depending on rental appeal

In 2023, the Business Property market was affected by a general decline in values due to the rise in interest rates, which affected all products.

The Office market has entered a lasting crisis, particularly in the peripheral locations of the Paris Region, even though rental demand remains strong in Paris and in certain regional cities. Whatever their location, office buildings are experiencing a marked increase in capitalisation rate with a strong dispersion. This increase is only partly offset by rent increases, which can only be applied in the best locations.

The Logistics market continues to be driven by strong demand from tenants and a scarcity effect, reflected in a sustained rise in rents. In the shorter term, the rise in capitalisation rates (of 50-75 bps) offsets the impact of rising rents on asset values.

Altarea's exposure to Business Property risk is concentrated in PRD Montparnasse, in a few non-controlling interests (especially Landscape in la Défense) and in project St-Honoré (Paris). In 2023, the Group reviewed the values of Landscape building (La Défense) and PRD Montparnasse project whose amount is booked as a change in value as part of the non-recurring accounting cost booked in Property development activity. At the end of this review, Landscape's remaining risk has been reduced to zero and economic exposure on PRD Montparnasse is was brought down to market value.

In the development business (off-plan sales, PDC, DPM), the Group is focusing on its portfolio of low-risk secured projects and continues to source Office projects in major regional cities (Nantes, Bordeaux, Aix-Marseille, Lyon, Toulouse, Rennes, Lille, etc.).

1.2.3.2 Offices activity during the year

Despite the tough environment, Altarea had dynamic operational activity in 2023 in all its markets (Grand Paris and Regions Offices, large-scale logistics, Urban logistics).

Offices/Grand Paris

• Signature of a 99-year emphyteutic lease with the French state for the acquisition and renovation of a complex at 185 rue Saint-Honoré (6,000 m², Paris 1st district) adjoining the Hôtel Regina.

• Start of three renovation projects (66,000 m²) *Louis Le Grand* (Paris 2nd arrondissement) in co-investment with JP Morgan Global Alternatives or *Valhubert,* the former headquarters of CACEIS (Paris 13th) for which the Group acts as delegated project manager.

• Progress on building sites for the future head office of Swiss Life in La Défense (18,100 m²) and the offices in Bobigny Cœur de Ville (9,800 m²), both to be delivered in 2024, as well as the building located at *26 Champs-Elysées* under DPM contract.

• Delivery of *Le Visionnaire* for L'Oréal located in its historic headquarters at 14 rue Royale (4,200 m², Paris 8th arrondissement) and launch of renovation work on the façade of its global headquarters in Clichy.

Offices/Regional cities

• Signatures of several off-plan sales for a total of 24,000 m², of which *Claystone* and *Urbanclay* in Toulouse sold respectively to Quaero Capital and Midi 2i for which the projects were launched this year. In Bordeaux Belvédère, the Group sold *Mokusaï* to the Mutualité Sociale Agricole de la Gironde. In the south, the Group signed a VEFA (Sale in Future State of Completion or off-plan sales) with Naval Group for a building within the *Technopole de la mer* in Ollioules and sold the future student *campus of ESSCA School of Management* located in Aix-en-Provence to La Caisse d'Epargne, through its subsidiary CEPAC Foncière.

• Launch of 42,000 m² of building sites, including the future Alstom Sud development centre in Aix-en-Provence, *Feel good* near Nantes in Orvault, where a first building was sold to the SMABTP at the end of 2022.

• Delivery of *Emlyon business school campus* in the Gerland district (20,000 m² with a capacity of 7,800 people and 9,000 m² of green spaces). Multifunctional, hybrid and adaptable, it meets the new uses of higher education and aims for HQE (Excellent), BREEAM (Very Good), OSMOZ and R2S certifications.

• Deliveries of 53,000 m² of offices including *Amazing Amazons* within the major Euronantes project (19,700 m²),

(76) Central Business District (CBD) of Paris, the Paris Region and major regional cities.
(77) VEFA (off-plan sale), BEFA (off-plan lease), PDC (property development contract) and DPM (delegated project management).

(78) Product operationally managed by the Altarea Retail teams, according to a developer-type model.

two buildings in the Bordeaux Belvédère district (10,400 m²) or *Newton St Charles* in Marseille (9,700 m²).

1.2.3.3 Logistics activity during the year

Large-scale logistics

In Large-scale logistics, the Group acts as a developer with limited risk-taking. At 31 December 2023, sites under construction or delivered represented a total of 354,000 m². They are already fully let through long-term leases to leading tenants on the basis of rents that provide the Group with a return higher than the market rate observed for this type of product.

2023 was marked by:

• the takeover of 100% of the Bollène megahub[(79)] where the Group delivered warehouse no. 2 to its tenant Intermarché and let the whole of warehouse no. 3 to ID Logistics, Mutual Logistics and Gerflor, and construction work has begun;

• the delivery of the Hexabub Occitanie-La Méridienne in Béziers (50,000 m²) sold off-plan LIDL in 2022, and the delivery of the Puceul platform near Nantes (38,000 m²) leased to the Sofia group;

• the launch of work on the Ecoparc Cotière logistics platform in the Ain department (70,000 m²), of which 56,000 m² are let to Samse under a 12-year lease, of which 9 years are firm.

Urban logistics

After the successful conclusion of its first Parisian urban logistics project in 2022 (Reuilly), Altarea announced late in 2023 the acquisition of a 7,600 m² platform currently leased and operated by DHL in Vitry-sur-Seine near the South Paris "peripherique" road. The plan is to carry out a renovation that meets three aims: resolving the building's energy and environmental challenges, achieving compliance with building standards and improving the efficiency and safety of DHL's operations. The site benefits from an exceptional strategic location for last mile deliveries in the Paris Region.

(79) 260,000 m² developed in five tranches (including 50,000 m² for warehouse no. 2 and 95,000 m² for warehouse no. 3) bidding for BREAM certification.

1.2.4 New businesses

On the occasion of the presentation of its strategic roadmap, Altarea announced its move into some new businesses (data centers, asset management, photovoltaics) which all saw significant progress this year.

1.2.4.1 Data centers, the infrastructure at the heart of the digital city

Demand for data centers is growing strongly in France, driven by the digitisation of the economy, the rise of artificial intelligence and the desire of many players to relocate their data storage within the country. The current installed base suffers particularly from a major shortage of eco-responsible data centers (self-generation and energy recovery, connection with district heating networks, etc.).

Altarea's ambition is to develop eco-responsible data centers with heat recovery for urban heating and cooling networks. These medium-sized sites (between 3 MW and 20 MW) will host servers near their users and guarantee connectivity, high performance, high security and high availability. The Group has now set up a team operating under the NDC (Nation Data Center) brand and is working on around fifteen potential locations in leading French cities (Paris, Lyon, Marseille, Toulouse, Nantes).

In 2023, the Group launched work on its first two sites for openings in early 2025:

• in Val de Rueil near Rouen, a refurbishment project covering 7,000 m² of floor space for a total target power of 10 MW;

• in Noyal-sur-Vilaine, near Rennes, covering 1,000 m² for a target power of 3 MW.

Depending on the opportunities and specific situations, considering the strong development of needs related to the use of Generative Artificial Intelligence, the Group may have to develop hyperscale data centers for storage or computing (power greater than 20 MW) in partnership with major clients.

1.2.4.2 Asset management

Altarea Investment Managers: launch of a first consumer real estate fund

The asset management company Altarea Investment Managers was licensed in April 2023 by the Autorité des Marchés Financiers and now has a full team in asset management. Altarea Investment Managers aims to gradually extend its distribution agreements to the retail segment with IFAs and networks, and to develop a comprehensive range of real estate investment vehicles.

A first retail fund was launched in late 2023: the SCPI Alta Convictions positioned for the new real estate cycle, with no pre-crisis inventory or financing. It is developing a diversified theme and has made its first investments, with its first assets focused on Retail.

ATREC: Real Estate credit platform in partnership with Tikehau Capital[80]

In 2023, Altarea announced the creation of a real estate credit platform in partnership with Tikehau Capital. This fund, called ATREC (Altarea Tikehau Real Estate Credit), is targeting €1 billion in capital, including a commitment of €200 million from its sponsors (€100 million each).

This platform capitalises on Tikehau Capital and Altarea's complementary expertise in private credit and real estate assets, helping investors to identify the most attractive investment opportunities through unique access to the Groups' pipelines and strong networks.

The fund will offer a huge range of flexible solutions, primarily targeting the financing of assets (offices, retail, industrial assets, residential, logistics and hotels) and traditional real estate companies through junior, mezzanine or single-tranche debt instruments. A first deal was closed by the end of 2023 and a significant pipeline of possibilities is being studied confirming the relevance of this strategy.

1.2.4.3 Photovoltaics

Decarbonisation of the French Economy should significantly increase demand for photovoltaic infrastructures. This demand should be around 100 peak gigawatts (GWp) by 2050[81] (compared to an existing installed base of 16 GWp), which means doubling the current rate of new generation development to 7 GWp annually (from 2.4 GWp in 2022).

Altarea believes it will be able to develop 500 MWp over many years under a "developer/asset manager" model, which will allow it to make the necessary investments with a financial structure under control.

Altarea has now set up a dedicated team of around twenty employees with a mix of internal and external recruitment, who are aiming to quickly build a pipeline of diversified projects[82].

Strategic partnerships in agrivoltaics

Altarea is negotiating strategic partnerships with major players in the French agricultural sector to co-develop photovoltaic projects (ground-based and agrivoltaic power plants). A first ambitious partnership contract was signed, which may eventually represent the completion of several dozen projects.

Pipeline

Altarea is working on 1 000 MWp of photovoltaic projects of all kinds, of which 400 MWp are under control. 165 MWp have already been secured, of which 30 MWp have building permits, and the first revenues are expected by the end of 2024.

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(80) Tikehau Capital is a long-standing partner of Altarea and one of France's leading asset managers of private debt with €38 billion under management, including €15 billion in this segment.
(81) Report on RTE's energy futures 2050.

(82) Shopping centre shelters, large roofing structures for offices and warehouses, anthropised sites (quarries, brownfield, waste sites, abandoned sites, etc.) and agrivoltaics.

1.3 Environmental performance

1.3.1 Taxonomy: new standard for environmental performance reporting

1.3.1.1 General principles

The Taxonomy Regulation[83] is a classification system for economic sectors to identify environmentally sustainable activities. It defines uniform criteria for each sector in the EU to assess their contribution to the six environmental objectives defined by the European Commission:

In 2023, non-financial companies published indicators taken directly from their 2022 accounts (revenue, Capex and Opex). They attribute for each the proportion eligible under the taxonomy **(eligibility rate)** as well as the proportion that meets the European environmental criteria (**alignment rate**) and social criteria (minimum social guarantees).

From 2024, financial companies will in turn have to publish the share of their investments that finance sustainable economic activities aligned with the taxonomy, the Green Asset Ratio (GAR). Financial institutions with a high GAR should eventually benefit from a more favourable framework for their activities, as the goal pursued by the European Union is to drive funding towards the ecological transition.

1.3.1.2 Eligibility of consolidated revenue

Eligibility of consolidated revenue

In 2023, 97.2% of Altarea's[84] consolidated revenue related to the following activities which are European taxonomy eligible:

- "Construction of new buildings" at Property Development;
- "Renovation of existing buildings", notably at Histoire & Patrimoine;
- "Acquisition and ownership of buildings", notably in the Retail REIT.

Revenue alignment criteria

Alignment analysis is carried out at asset level[85]. To be considered aligned, each project or asset contributing to revenue must be screened for six families of environmental criteria[86]:

- Climate change mitigation (Energy), composed of four sub-criteria: primary energy consumption, airtightness and thermal integrity, life cycle analysis of a building (design, construction, operation and demolition) and energy management;
- Climate change adaptation (Climate): study of physical climate risks in the area of implementation and adaptation plan;
- Water: consumption/flow of buildings, management of water resources on building sites, impact on water resources and quality;
- Circular economy: reuse of materials, waste reduction at source and recovery, building design and construction techniques promoting circularity;
- Pollution prevention: no use of polluting/hazardous/carcinogenic products, soil pollution, noise pollution, emissions of polluting particles and gases;
- Biodiversity: assessment of the impact on the environment and non-buildable areas.

Revenue 48.1% aligned

The alignment rate was 48,1% of consolidated revenue in 2023 (vs 44.0% in 2022).

	Construction	Renovation	Ownership	Group
Aligned revenue (€ m)	1,092.8	5.3	205.7	1,303.7
% of consolidated revenue	*47.2%*	*4.3%*	*78.3%*	***48.1%***

The approach used to calculate the alignment is based on a preselection of projects/assets according to two items: their contribution to consolidated revenue (significant projects) and their potential for alignment (particularly in energy performance).

After reviewing the pre-screened candidates, 141 projects with comprehensive supporting documentation were considered aligned. They represent 48.1% of consolidated revenue for 2023, which is therefore aligned with the European taxonomy.

(83) Taxonomy Regulation (EU) 2020/852, Delegated Regulation (EU) 2021/2139 ("Climate") of 4 June 2021 specifying the classification of sustainable activities, Regulation (EU) 2021/2178 ("Article 8") of 6 July 2021, specifying the reporting obligations of companies to comply with the taxonomy and the complementary delegated regulation (EU) 2022/1214 ("Climate and Article 8") of 9 March 2022.

(84) At 31 December 2023, consolidated revenue amounted to €2,712.3 million, of which €75 million (2.8%) not eligible for taxonomy (relating for example to trustee activities) and €2,637.1 million eligible (97.2%).

(85) This corresponds to a project (building or group of buildings) for the development and to a centre managed, co-managed or owned by the REIT.

(86) One criterion of "substantial contribution" and five criteria of "do no significant harm" ("DNSH"). The number and nature of the criteria vary according to each activity, with a minimum number of two (a substantial contribution criterion and a DNSH criterion).

1.3.1.3 Measuring environmental performance at the heart of Altarea's model

A pioneering culture

Altarea is a pioneer in measuring environmental performance. In particular, Altarea was one of the first French real estate companies to include the taxonomy in its roadmap at its Annual General Meeting (*Say on Climate"*[(87)], with **an objective of more than half of the revenue aligned.**

Its taxonomic performance is now published quarterly according to the same schedule as for regulated information.

Mobilisation of the entire Company

Significant resources have been deployed to deliver digitised collection, control and standardised referencing of more than 5,000 documents to justify the alignment of the programmes concerned and create a reliable audit trail. The entire operational decision-making chain was mobilised on this issue, which made it possible to achieve a high level of alignment from the first publication, while identifying areas for improvement that were the subject of specific action plans.

Finally, a number of targets for alignment with the taxonomy have been included in the compensation of employees[(88)] and in that of the General Management of the Group[(89)].

The Group has also set itself a revenue target that is mostly aligned in the long term.

Specific action plans on certain criteria

Specific work was carried out on certain particularly demanding criteria:

• **Energy**: identification of aligned projects required a two-step approach. First, projects initiated before 2022 were screened to see if their energy performance was better than required by legislation at the time. Then, further life-cycle analyses (LCA) were carried out on this scope, to document full alignment with this criterion;

• **Circular economy**: the contractual commitment of subcontractors to recycle at least 70% of material waste was not considered sufficient to validate the criterion in full. Significant work was done to collect and review service providers' waste registers or reporting to ensure their contractual obligations were effectively being met. The strict application of this criterion has led to the exclusion of a significant number of projects, particularly renovation projects where this contractual practice is less widespread due to the lower generation of waste. The renovation activity is thus the one with the lowest alignment rate despite its essentially more virtuous approach in terms of this criterion;

• **Pollution**: compliance with this criterion requires not only documenting the application of the regulations in force by the Group and its suppliers, but also verifying that the Group does not market products containing "substances of very high concern" in concentrations greater than 0.1% as defined by the REACH regulation[(90)].

This requires suppliers to disclose whether the targeted products are present or not. The Group has ensured, by conducting a specific verification on a representative sample of products and materials used in the construction of its projects, that its suppliers do not use substances of "extremely concerning substances" at concentrations exceeding 0.1% as defined by REACH regulations. The verification of alert processes in the event of hazardous products carried out by a specialized firm proved satisfactory, thus allowing the criterion to be considered fully met.

Opinion of the Statutory Auditors, one year ahead of the regulatory obligation

The methodology for calculating the alignment with the taxonomy and its results were the subject of a limited assurance opinion by E&Y, Group's Statutory Auditors. Issuing this report one year ahead of the regulatory obligation[91] demontrates Altarea Group's ability to work together with its auditors to resolve the complex issues raised by this new regulation.

Integration of the European Taxonomy criteria into the Altarea Group's corporate financing

In July 2023, Altarea signed a five-year €200 million corporate bank loan with Crédit Agricole Corporate and Investment Bank, including for the first time a clause aligning revenue with the European taxonomy that may result in a bonus (or penalty) margin based on performance.

Following this, Altarea has since signed or renegotiated from nearly €1,348 million of financing including a Taxonomy alignment clause allowing it to postpone almost all of its bank maturities to 2028 or beyond (see Financial resources).

Altarea's environmental performance, measured through the Taxonomy, is thus a decisive asset for continuing to access financial resources on favourable terms despite the context of the real estate crisis and the tightening of credit grant.

(87) Altarea was one of the nine French companies (source: Bilan du "Say on Climate" 2023 published by the Forum for Responsible Investment) to have submitted a "Say on Climate" resolution at its last Shareholders' Meeting.

(88) In particular through the Group Incentive Agreement.

(89) An objective of aligning consolidated revenue has been included in the variable compensation of the Management for the 2023 financial year. This resolution was approved by the shareholders at the Shareholders' Meeting of 8 June 2023 ("Say on Pay" resolution).

(90) Substances of Very High Concern (SVHC) on the candidate list (Article 59 and Articles 57 and 58) of the REACH Regulation (i.e. certain substances that are carcinogenic, mutagenic on germ cells, toxic for reproduction, persistent, bioaccumulative and toxic, very persistent and very bioaccumulative, endocrine disruptors, etc.).

(91) This regulatory obligation, initially planned for 2023, was postponed by one year under the CSRD Directive on taxonomy.

1.3.2 Carbon performance

Altarea has developed carbon accounting for all of its activities, making it possible to monitor its carbon performance with the same rigour as its accounting performance. The Group now has a set of relevant indicators that enable it to set ambitious decarbonisation targets and measure them reliably over time.

1.3.2.1 Altarea methodology

Scope (scopes 1, 2 and 3)[92]

GHG emissions[93], in kilogrammes of CO_2 equivalent ($kgCO_2e$, simplified as "kg"), are classified in three categories (scopes):

• direct emissions (scope 1) cover all emissions associated with the consumption of fossil fuels (burning of fossil fuels, refilling of refrigerants, etc.);

• indirect emissions associated with energy (scope 2) represent emissions related to electricity consumption or heating and cooling networks;

• other indirect emissions (scope 3) represent all the other emissions from activities on which the overall company's activities depend (purchases of goods & services, travel, freight, fixed assets, etc.).

For Altarea, the GHG emissions reflect the Group's business lines:

• in **Property Development**[94], they are related to the *construction* and use of buildings;

- *construction*: materials (including their transport), construction site and equipment, as well as maintenance and recycling,
- *use*: energy consumed by the occupants of the built asset, over a period of 50 years,

• in **Retail REIT** they correspond to the energy consumed (common and private areas);

• in the **Corporate** division, they relate to carbon emitted by the Group's employees in the course of their work (premises and travel).

Property Development

Altarea has developed an accounting approach for its carbon performance "on a percentage-of-completion" based on the same principles used to determine its accounting revenue:

• a carbon footprint was calculated for each project that contributed to revenue in 2023;

• construction-related emissions are recognised on a pro rata basis according to technical progress (excluding land) of each project;

• emissions related to the use of the asset are recognised on a pro rata basis according to commercial progress of each project.

REIT

The scope used covers all assets under management (whether wholly owned, proportionally owned or managed on behalf of third parties).

The Retail REIT's carbon performance is determined for energy based on the consumption of the common areas (actual measurements) and private areas (actual and estimated measurements). This consumption is then converted into GHG emission equivalent using a factor whose level fluctuates according to the carbon intensity of the energy consumed.

Scope 3 calculated for the REIT was enhanced this year to add certain categories of emissions[95] where the Group has direct influence (waste treatment in particular).

The Group does not include emissions related to visitor transport on which it has no direct influence. For information, they represented 185 thousand tonnes in 2023[96] .

Corporate

Altarea records "Corporate" emissions, which mainly come from the energy consumption of the Group's head offices and the fuel consumption during business travel by its employees.

(92) In accordance with the GHG international protocol proposing a framework for measuring, accounting and managing greenhouse gas emissions from private and public sector activities developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

(93) GHGs are gases in the atmosphere (carbon dioxide, nitrous oxide, methane, ozone, etc.) that absorb infrared radiation and redistribute it in the form of radiation that helps to retain solar heat (greenhouse effect).
(94) On behalf of third parties.
(95) Addition of nine categories among the fifteen listed by the GHG Protocol.
(96) In Group share. In 2022, they were 164 thousand tCO_2e.

1.3.2.2 Results and analyses

Group carbon performance[97]

In 2023, the Group's emissions (scopes 1, 2 and 3) represented 910 thousand tonnes, down -16% compared to 2022 (1,085 thousand tonnes) and -42% compared to 2019 (the benchmark year).

In thousands of tCO_2e	2023	2022	2019
Property Development	**884**	**1,076**	**1,551**
Residential	*760*	*914*	*1,041*
Business Property	*82*	*102*	*315*
Retail	*42*	*60*	*195*
REIT and Head office	**26**	**9**	**12**
Group share	**910**	**1,085**	**1,563**
o/w Construction	*602*	*720*	*822*
o/w Use	*282*	*356*	*729*
o/w REIT and Corporate	*26*	*9*	*12*

Property Development accounts for the vast majority of the Group's emissions (96%), and most of this (84%) is generated by Residential Development.

REIT Retail has a low level of emissions. The decarbonisation process for this activity was initiated in 2010. The increase observed this year is due to the extension of the concept of scope 3 (waste in particular).

Out of a total emission of 910 thousand tonnes, 282 thousand tonnes (i.e. 31%) correspond to emissions that have not yet occurred (share related to the future use of the buildings under construction).

Continuous improvement of carbon performance

Group GHG emissions *In thousands of tCO_2e*		***Chge***
2022 GHG emissions	**1,085**	
Scope effect (Woodeum, etc.)	65	*+ 6%*
Scope 3 adjustment Retail REIT	16	*+1%*
Property Development - volume effect	-144	*-13%*
Property Development - reduction in carbon intensity	-112	*-10%*
2023 GHG emissions	**910**	***-16%***

The -16% decrease in emissions in 2023 is mainly due to the decrease in development activity (volume effect) due to the real estate crisis (-144 thousand tonnes).

The Group's progress in decarbonisation has helped to reduce emissions by -112 thousand tonnes, thanks to the reduction in carbon intensity per unit area (the amount of carbon needed to build and use one square meter of real estate).

Carbon intensity per unit area: -9.8% in 2023

The average carbon intensity per unit area decreased by -9.8% to 1,299 kg/m² in 2023 (compared to 1,440 kg/m² in 2022).

This improvement in carbon intensity is linked to the exit from older, more carbon-intensive projects (average intensity of 1,512 kg/m²) and the integration of new, more efficient projects (average 1,173 kg/m²).

By 2035, the Group aims to reduce its intensity per unit area by 50% compared to 2019, the benchmark year (1,553 kg/ m²).

Economic carbon intensity

Economic carbon intensity can be defined as the amount of CO_2e required to generate one euro of revenue (grammes of CO_2e per euro or g/€). This indicator is particularly relevant for measuring the decoupling between economic value creation and GHG emissions, which is a fundamental principle of low carbon growth.

In gCO_2e /€	2023	2022	2019
Carbon intensity	**335**	360	503

In 2023, 335 grammes of GHG were emitted to generate one euro in revenue, i.e. 6.8% less than in 2022 (-33.4% compared to 2019).

(97) Group share (economic carbon). Emissions at 100% (managed carbon) represented 966 tCO_2e in 2023 (vs 1,163 in 2022).

1.4 FINANCIAL PERFORMANCE

1.4.1 2023 consolidated results

Altarea was one of the first real estate companies to address the crisis in its strategic roadmap presented a year ago. This roadmap allows for two years of adaptation to the change in the real estate cycle (2023 and 2024) and three years of ramping-up, in both its historical activities and in New businesses.

As announced, the 2023 net recurring result (FFO)[98] is affected by the real estate crisis with a sharp fall (-63% compared to 2022) to €101.2 million, composed of:

- a strong performance from the Retail, which is more than ever the Group's financial backbone, with increasing net rental income;
- a limited contribution from Residential, as a consequence of the policy to voluntarily accelerate the adaptation to the context;
- an expected absence of major operations in the Office compared to previous years.

Endowed with a particularly solid financial structure, Altarea decided to settle the previous cycle in its 2023 financial statements. This resulted in the booking of a non-recurring accounting cost for Property Development of -€448.8 million[99], as a change in value, which reflects Altarea's vision of Property Development market. In total, the net income Group share rose to -€472.9 million.

In €m	Retail	Residential	Business Property	New businesses	Other (corporate)	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	**259.0**	**2,247.1**	**204.0**	**2.1**	**0.1**	**2,712.3**	**-**	**2,712.3**
Change vs. 31/12/2022	*+7%*	*-9%*	*-32%*	*-*	*-5%*	*-10%*	*-*	*-10%*
Net rental income	204.8	-	-	-	-	204.8	-	204.8
Net property income	0.5	124.8	20.6	(0.3)	(0.0)	145.5	(3.2)	142.3
External services	25.0	29.0	8.0	0.0	0.1	62.0	-	62.0
Net income	**230.3**	**153.9**	**28.6**	**(0.3)**	**0.1**	**412.6**	**(3.2)**	**409.2**
Own work capitalised and production held in	1.8	142.0	10.8	(0.1)	-	154.4	-	154.4
Operating expenses	(42.0)	(238.9)	(20.0)	(9.6)	(4.4)	(314.9)	(26.2)	(341.1)
Net overhead expenses	**(40.2)**	**(96.9)**	**(9.2)**	**(9.7)**	**(4.4)**	**(160.5)**	**(26.2)**	**(186.6)**
Share of equity-method affiliates	5.4	(0.0)	(8.9)	(0.3)	-	(3.8)	(22.4)	(26.3)
Value creation – Retail							(194.1)	(194.1)
Depreciation and amortisation (IFRS 16)							(18.3)	(18.3)
Other deprec., amort. and transaction costs							(11.1)	(11.1)
Exceptional accounting expense for Property Development [(a)]							(448.8)	(448.8)
Operating income	**195.5**	**56.8**	**10.5**	**(10.4)**	**(4.3)**	**248.1**	**(724.1)**	**(476.0)**
Change vs. 31/12/2022	*+1.5%*	*-63%*	*-91%*	*-*	*-*	*-44%*		
Net borrowing costs	(21.9)	(4.3)	(6.8)	-	-	(33.0)	(5.1)	(38.2)
Other financial results	(19.1)	(11.2)	(0.4)	-	2	(30.8)	(2.8)	(33.5)
Discounting of payables and receivables						-	0.4	0.4
Gains/losses in the value of fin. instruments						-	(72.8)	(72.8)
Gains or losses on disposals of equity interests						-	(2.8)	(2.8)
Corporate income tax	(0.4)	0.2	0.3	-	-	0.1	114.3	114.4
Net result	**154.1**	**41.4**	**3.5**	**(10.4)**	**(4.3)**	**184.4**	**(692.9)**	**(508.6)**
Non-controlling interests [(b)]	(67.8)	(15.5)	0.1	-	-	(83.1)	118.8	35.7
Net income, Group share	**86.3**	**26.0**	**3.6**	**(10.4)**	**(4.3)**	**101.2**	**(574.1)**	**(472.9)**
Change vs. 31/12/2022	*-12%*	*-76%*	*-95%*			*-63%*		
Diluted average number of shares						*20,949,836*		
Net income, Group share per share						**4.83**		
Change vs. 31/12/2022						*-64%*		

(a) Including -€318.1 million recognised in net property income in the consolidated financial statements and in the consolidated income statement by segment.
(b) Retail represents €102.2 million out of the €118.8 million in changes in non-controlling assets values.

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(98) Funds from operations (FFO): net income excluding changes in value, estimated expenses, transaction costs and changes in deferred tax. Group share.
(99) Figure before tax. After tax, the amount is -€348.3 million.

Net recurring result (FFO): €101.2 million

Revenue: €2,712.3 million (-10%)

Revenue amounted to €2,712.3 million, down -10%(100):

• **Retail** revenue increased by +7% to €259 million (including €204.8 million in net rental income, +5.8%), driven by the ramp-up of CAP3000 and the Paris-Montparnasse station;

• **Residential** revenue fell by -9% to €2,247.1 million, mainly due to the drastic reduction in land acquisitions;

• **Business Property** revenue decreased by -32% to €204 million given the lack of major Office projects compared to 2022.

Operating income FFO: €248.1 million (-44%)

Operating income FFO is €248.1 million, down -44%:

• **Retail** operating income was €195.5 million, up +1.5%, as the growth in rents more than offset the decrease in development fees;

• **Residential** operating income was €56.8 million, down - 63%. This decrease is linked to a volume effect (decrease in revenue and own work capitalised/production held in inventory) combined with a rate effect (prices decrease on programmes under construction). Operating profit %(101) rose to 2.5% (compared to 6.3% in 2022);

• **Business Property** operating income was €10.5 million, down -91%. This was generated from small-scale Property development projects, mainly in the Regions;

• New businesses generated negative operating income of - €10.4 million.

The total Operating profit %(102) for the Group was 9.1% compared to 14.8% in 2022.

FFO: €101.2 million (-64%)

The Group's FFO amounted to €101.2 million, down -64%.

Financing expenses (net borrowing costs of -€33 million and other financial income of -€30.8 million) were relatively stable and tax expense was almost zero.

(100) On a like-for-like basis (excluding Woodeum, consolidated during the year), revenue amounted to €2,611.9 million (-13%).
(101) Operating income FFO in relation to Residential revenue.
(102) Operating income FFO as a percentage of consolidated Group revenue.

Non-recurring accounting cost in Property Development: -€448.8 million

The Company's General Management approved the 2023 financial statements in view of an enduring unfavourable environment and was led to revisit Property Development values downward after comprehensive and thorough reviews of programmes.

Endowed with a particularly solid financial structure, Altarea decided to settle the previous cycle in its 2023 books by recognising a non-recurring accounting cost as a change in value.

This cost, totalling -€448.8 million before tax, can be broken down as follows[103]:

• -€192.9 million write-down of research expenses and land cost after the portfolio review of Residential programme;

• -€119.3 million decreases in value on offer and assets under construction;

• -€37.4 million depreciation on projects in partnership at risk;

• -€14.7 million depreciation of intangible assets related to brand reorgansation;

• -€84.5 million related to two Office operations in Paris region (Landscape in La Défense and PRD project in Montparnasse).

At the end of this review:
• approximately 90% of the development costs in inventories were expensed;
• the value of the lands was adjusted by roughly -30%, to match their recovery value;
• the residual offer from the previous cycle was marked to market;
• the risk on Landscape (La Défense) was reduced to zero, and the economic exposure to PRD Montparnasse has been brought down to market level.

Each item was recognised according to its specific accounting method, in accordance with the Group's accounting principles and methods.

After tax, this non-recurring acounting cost was - €348.3 million.

103 Please refer to the notes to the financial statements in the 2023 Consolidated Accounts, available on altarea.com, under the finance section.

1.4.2 Net asset value (NAV)

1.4.2.1 Going concern NAV (fully diluted[104]) at €115.7/share (-26.3%)

NAV – GROUP	31/12/2023 In €m	Chge	€/share	Chge	31/12/2022 In €m	€/share
Consolidated equity, Group share	**1,747.5**	-26.4%	**84.3**	-27.7%	**2,375.2**	**116.6**
Other unrealised capital gains	355.4				459.5	
Deferred tax on the balance sheet for non-SIIC assets[a]	22.4				22.5	
Fixed-rate market value of debt	167.6				239.2	
Effective tax for unrealised capital gains on non-SIIC	(11.7)				(14.7)	
Optimisation of transfer duties[b]	68.6				70.7	
General partners' share[c]	(13.5)				(18.5)	
NNNAV (NAV liquidation)	**2,336.3**	-25.4%	**112.7**	-26.7%	**3,133.8**	**153.8**
Estimated transfer duties and selling fees	63.4				66.6	
General partners' share[c]	(0.4)				(0.4)	
Going concern NAV (fully diluted)	**2,399.3**	-25.0%	**115.7**	-26.3%	**3,200.0**	**157.1**
Number of diluted shares:	*20,736,822*				*20,375,804*	

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

To determine the value of the Property Development activity in its NAV, Altarea used the low value range appraised by Accuracy (see paragraph "Asset valuations" below).

1.4.2.2 Change in NAV

Going concern NAV (fully diluted)	in € m	€/share
NAV 31 December 2022	**3,200.0**	**157.1**
Dividend	(171.7)	(10.0)
FFO Group share 2023	101.2	4.8
Value creation – Retail	(88.2)	(4.3)
Value creation – Property Development	(458.5)	(22.1)
Financial instruments and fixed-rate debt	(146.8)	(7.1)
IFRS 16	(21.0)	(1.0)
Other and transaction costs[a]	(15.7)	(1.7)
NAV 31 December 2023	**2,399.3**	**115.7**
vs. 31 December 2022	*-25.0%*	*-26.3%*

(a) Including free shares, depreciation and amortisation, share of equity-method affiliates at market value, General Partners' share

The decrease in NAV is mainly due to the -€458.5 million fall in the value of Property Development, which is composed of:
- -€348.3 million booked in 2023 accounting results;
- -€110.2 million fall in intangible assets (decrease in unrealised capital gains).

The value of Property Development has been adjusted in the NAV downward by -€826.7 million over the last two years (-€458.5 million in 2023 and -€368.2 million in 2022).

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

Calculation principles

Asset valuation

Investment properties

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

Retail assets are valued by multiple appraisers. The breakdown of the valuation of the assets by experts is detailed below:

Appraiser	Portfolio	% of value, incl. transfer duties
Jones Lang LaSalle	France	30%
Cushman & Wakefield	France & International	34%
CBRE	France & International	34%
Others	France & International	2%

The appraisers use two methods:

• discounted cash flow (DCF method), including exit value at the end of the period;

• capitalisation of net rental income, based on a yield rate that takes into account the site's characteristics and rental income (including variable rent and market rent of vacant premises, adjusted for all charges borne by the owner).

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

Other assets

The unrealised capital gains on other assets consist of:

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

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

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

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

Tax

Because of its SIIC status, most of Altarea's assets are not subject to capital gains tax, with the exception of a limited number of assets which are not SIIC-eligible due to their ownership structure, and of assets owned outside France. For these assets, capital gains taxes on disposals are deducted directly from the consolidated financial statements at the standard tax rate in the host country, based on the difference between the market value and taxes value of the property assets.

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

Transfer taxes

In the IFRS consolidated financial statements, investment properties are recognised at fair value excluding transfer taxes. To calculate Going Concern NAV, however, transfer duties were added back in the same amount. In Altarea's NNNAV, duties are deducted either based on a transfer of shares or on a building by building basis depending on the legal structure that holds the asset.

General partners' share

The share of general partners represents the maximum dilution provided for under the Group's Articles of Association in the event of liquidation of the limited partnership (where the general partner would be granted 120,000 shares).

1.4.3 Financial resources

A solid financial structure

Altarea entered the real estate crisis with a particularly solid financial structure, which is reflected in its indicators at the end of 2023:

• liquidity of €2.4 billion;

• net debt almost stable at €1,647 million;

• competitive cost of debt at 2.15% and secured until 2028;

• robust financial ratios (LTV 28.7%, ICR 7.5x).

Altarea already has enough liquidity, partly as placed cash, to meet its bond maturities in 2024 and 2025. At the date of publication, the Group has signed or renegotiated close to €1,348 million bank financing to extend the financial resources to 2028 and beyond[(105)]. No RCF lines[(106)] have been drawn down and the NEU CP and NEU MTN (short- and medium-term commercial paper) programmes have been reduced to zero.

1.4.3.1 Highlights of the year

2023 was marked by:

• significant work on bank financing for a total of €1,348 million:

- renegotiation/extension of almost all bank credit lines for €1,133 million maturing in 2028 and beyond;
- setting up of €215 million in 7-year mortgage loans on two Retail assets[(107)];
- integration of a clause of European Taxonomy[(108)] alignment on all loans arranged or renegotiated[(109)].

• net debt almost stable at €1,647 million (+€92 million) due to proactive management of Residential WCR (-€346 million).

Available cash

At 31 December 2023, Altarea had available cash of €2,410 million (€2,971 million at 31 December 2022).

Available (€ millions)	Cash	Unused credit lines	Total
At Corporate level	673	1,547	2,220
At project level	109	81	190
Total	**782**	**1,628**	**2,410**

Unused corporate credit lines consist in RCFs, none of which were drawn down at the date of publication.

Short and medium-term financing

The Group has two NEU CP programmes[110] (maturity less than or equal to one year) and two NEU MTN [111] programmes (maturity greater than one year) for Altarea and Altareit. At the date of publication, the outstanding amount of these programmes was nil.

1.4.3.2 Net debt[(112)]

Change in net debt in 2023

At the end of 2023, net debt was almost stable at €1,647 million, compared with €1,555 million at the end of 2022.

In €m	
Net debt at 31 December 2022	**1,555**
Dividend	172
FFO 2023	(101)
Residential WCR	(346)
Capex Retail	77
Capex Offices	93
Capex Logistics	83
Decarbonisation (Woodeum, Jouvence)	86
Others	28
Net debt at 31 December 2023	**1,647**

During the year, Altarea sharply reduced its Residential WCR and continued to invest in its other business lines.

Net debt structure

In €m	31/12/2023	31/12/2022
Corporate and bank debt	247	213
Credit markets	1,496	1,778
Mortgage debt	473	348
Debt on property development	144	168
Total gross debt	**2,360**	**2,507**
Cash and cash equivalents	(713)	(952)
Total net debt	**1,647**	**1,555**

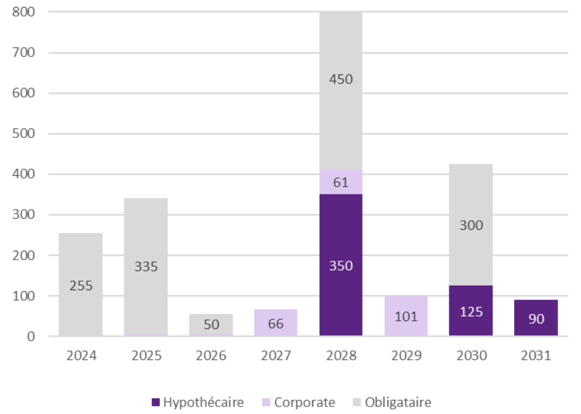
Gross debt was reduced by €147 million following the repayment of the Group's short-term debt (NEU CP, NEU MTN).

At 31 December 2023, the average gross debt duration[113] is 3 years and 6 months, compared to 4 years and 3 months at 31 December 2022. After taking into account the liquidity available in the form of placed cash to meet payment maturities in 2024 and 2025, the effective duration of the debt is 4 years and 5 months.

(105) 84 % due in 2028 and beyond.
(106) Bank loans: RCF (Revolving Credit Facilities) and Term loan.
(107) Of which €90 million finalized in early 2024 (Sant Cugat).
(108) The Taxonomy Regulation (or European taxonomy) is a common classification system used throughout the European Union (EU) to identify economic activities considered as environmentally sustainable. It defines uniform criteria for each sector to assess their contribution to the EU environmental objectives.
(109) These loans now include a clause aligning consolidated revenue with the European Taxonomy ("EU Taxonomy linked loan"). The two mortgage loans are also "Green" within the meaning of the "Green Loan Principals" issued by the Loan Market Association, the financed assets being aligned with the European Taxonomy.
(110) NEU CP (Negotiable European Commercial Paper).
(111) NEU MTN (Negotiable European Medium Term Note).
(112) Net bank and bond debt.
(113) Excluding NEU CP, Property Development debt.

Long-term debt by maturity[114]

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



The next significant maturities concern the Altarea 2024 and Altareit 2025 bonds, which are already covered by available liquidity, partly in the form of placed cash (mainly generated by the set-up of recent mortgage financing).

Mortgage debts are set up on three large shopping centres: CAP3000 (St-Laurent du Var, €350 million maturing in June 2028[115]), Qwartz (Villeneuve-la-Garenne, €125 million maturing in December 2030) and Sant Cugat (Barcelona, €90 million maturing in February 2031 signed in early 2024). All the Group's other consolidated assets are mortgage-free.

Hedging: nominal and average rate

At 31 December 2023, Altarea had a fixed-rate hedged debt position of around €2 billion for an average period of 3 years, decreasing thereafter over time, therefore securing a cost of debt particularly competitive over this period.

Outstanding at year-end	Fixed-rate debt	Floating-rate debt	Fixed rate hedges[(a)]	Fixed-rate position (€m)[(b)]	Average hedge ratio[(c)]
2024	1,135	557	1,413	2,547	0.46%
2025	800	550	1,213	2,013	0.48%
2026	750	533	1,138	1,888	0.50%
2027	750	477	1,138	1,888	0.50%
2028	300	125	650	950	0.82%
2029	300	125	650	950	0.82%

(a) Interest rate swaps and caps.
(b) After hedging, prorata consolidation.
(c) Average hedging rate and average swap rate on fixed-rate debt (mid-swap rate at the pricing date of each bond, excluding credit spreads).

Average cost of debt: 2.15% (+33 bps)

The Group's average cost of debt increased slightly mainly due to the decrease in outstanding short-term growth debt (NEU CP and NEU MTN), issued at particularly low cost (mix effect related to the reduction in gross debt).

Loan to Value (LTV)

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

In €m	31/12/2023	31/12/2022
Gross debt	2,360	2,507
Cash and cash equivalents	(713)	(952)
Consolidated net debt	**1,647**	**1,555**
Retail at value (FC)[(a)]	3,861	4,040
Retail at value (EM securities), other[(b)]	185	207
Investment properties valued at cost[(c)]	110	105
Business Property investments[(d)]	121	71
Enterprise value of Property Development[(e)]	1,466	1,934
Market value of assets	**5,744**	**6,358**
LTV Ratio	**28.7%**	**24.5%**

(a) Market value (including transfer taxes) of shopping centres in operation recognised according to the fully consolidated method.
(b) Market value (including transfer taxes) of shares of equity-method affiliates carrying shopping centres and other retail assets.
(c) Net carrying amount of investment properties in development valued at cost.
(d) Market value (including transfer taxes) of shares in equity affiliates holding investments and other Business Property assets.
(e) Including Logistics €210 million, Offices €146 million, and Residential €1,110 million.

The Retail REIT represents 72.5% of capital employed (€4,157 million out of €5,744 million), the Residential development 19.3%, the Business property development 4.5%, and the Logistics 3.7%.

Net debt ratios

At 31 December 2023, the Net Debt to EBITDA[116] ratio stood at 6.6x, compared with 3.5x at 31 December 2022.

The Net Debt/Net Debt + Equity ratio was 33.8% (compared to 28.2% at 31 December 2022).

Neither of these two ratios constitutes a bank covenant for the Group.

Bank covenants

	Covenant	31/12/2023	31/12/2022	Delta
LTV [(a)]	≤ 60%	28.7%	24.5%	+4.2%
ICR [(b)]	≥ 2.0 x	7.5x	13.0x	-5.5x

(a) LTV (Loan to Value) = Net bond and bank debt/Restated value of assets including transfer duties.
(b) ICR (Interest Coverage Ratio) = Operating income /Net borrowing costs (column "Funds from operations"). On a rolling 12-month basis.

At end of 2023, the financial position of the Group largely satisfied all of the covenants of its various credit contracts.

Financial ratings

On 9 October 2023, S&P Global reiterated Altarea's BBB- investment grade rating, but lowered its outlook from "stable" to "negative", mainly due to the market environment. The linked rating of its development subsidiary Altareit was also confirmed.

(114) At date of publication and excluding short-term Property development financing. Compared to the schedule as of December 31, 2023, €170 million of Term loans have been deferred to 2028 and beyond.

(115) Centre owned in partnership for which Altarea's exposure is 33.3%.
(116) Net bond and bank debt/12-month rolling FFO operating income.

Consolidated income statement by segment

(€ millions)	31/12/2023 Funds from operations (FFO)	31/12/2023 Changes in value, estimated expenses and transaction costs	31/12/2023 Total	31/12/2022 Funds from operations (FFO)	31/12/2022 Changes in value, estimated expenses and transaction costs	31/12/2022 Total
Rental income	231.8	-	231.8	210.2	-	210.2
Other expenses	(27.0)	-	(27.0)	(16.6)	-	(16.6)
Net rental income	**204.8**	**-**	**204.8**	**193.7**	**-**	**193.7**
External services	25.0	-	25.0	31.3	-	31.3
Own work capitalised and production held in inventory	1.8	-	1.8	5.7	-	5.7
Operating expenses	(42.0)	(5.7)	(47.7)	(43.6)	(5.3)	(49.0)
Net overhead expenses	**(15.3)**	**(5.7)**	**(20.9)**	**(6.7)**	**(5.3)**	**(12.0)**
Share of equity-method affiliates	**5.4**	**(19.2)**	**(13.8)**	**5.6**	**0.3**	**5.9**
Net depreciation, amortisation and provision	**-**	**1.2**	**1.2**	**-**	**(0.5)**	**(0.5)**
Income/loss on sale of assets	**0.5**	**(3.7)**	**(3.2)**	**-**	**1.0**	**1.0**
Income/loss in the value of investment property	**-**	**(190.4)**	**(190.4)**	**-**	**27.5**	**27.5**
Transaction costs	**-**	**-**	**-**	**-**	**0.6**	**0.6**
OPERATING INCOME - RETAIL	**195.5**	**(217.7)**	**(22.3)**	**192.6**	**23.5**	**216.1**
Revenue	2,218.1	-	2,218.1	2,458.5	-	2,458.5
Cost of sales and other expenses	2,093.3	(300.2)	2,393.6	2,302.8	(1.5)	2,304.3
Net property income	**124.8**	**(300.2)**	**(175.4)**	**155.7**	**(1.5)**	**154.2**
External services	29.0	-	29.0	11.1	-	11.1
Production held in inventory	142.0	-	142.0	221.0	-	221.0
Operating expenses	(238.9)	(19.8)	(258.7)	(245.4)	(19.9)	(265.3)
Net overhead expenses	**(67.9)**	**(19.8)**	**(87.7)**	**(13.3)**	**(19.9)**	**(33.1)**
Share of equity-method affiliates	**(0.0)**	**(3.7)**	**(3.7)**	**9.2**	**(1.0)**	**8.2**
Net depreciation, amortisation and provision	**-**	**(63.2)**	**(63.2)**	**-**	**(19.1)**	**(19.1)**
Transaction costs	**-**	**(0.0)**	**(0.0)**	**-**	**(0.5)**	**(0.5)**
OPERATING INCOME - RESIDENTIAL	**56.8**	**(386.9)**	**(330.1)**	**151.6**	**(42.0)**	**109.7**
Revenue	196.0	-	196.0	290.0	-	290.0
Cost of sales and other expenses	(175.4)	(17.9)	(193.3)	(252.9)	-	(252.9)
Net property income	**20.6**	**(17.9)**	**2.7**	**37.2**	**-**	**37.2**
External services	8.0	-	8.0	11.9	-	11.9
Production held in inventory	10.8	-	10.8	15.4	-	15.4
Operating expenses	(20.0)	(3.6)	(23.6)	(32.0)	(5.2)	(37.2)
Net overhead expenses	**(1.2)**	**(3.6)**	**(4.8)**	**(4.7)**	**(5.2)**	**(9.9)**
Share of equity-method affiliates	**(8.9)**	**(42.0)**	**(50.9)**	**77.9**	**7.7**	**85.6**
Net depreciation, amortisation and provision	**-**	**(47.3)**	**(47.3)**	**-**	**(1.0)**	**(1.0)**
Income/loss in the value of investment property	**-**	**-**	**-**	**-**	**(0.3)**	**(0.3)**
Transaction costs	**-**	**-**	**-**	**-**	**-**	**-**
OPERATING INCOME - BUSINESS PROPERTY	**10.5**	**(110.8)**	**(100.3)**	**110.4**	**1.2**	**111.6**
New businesses	(10.4)	(0.3)	(10.7)	(1.5)	(0.2)	(1.7)
Other (corporate)	(4.3)	(8.4)	(12.7)	(1.8)	(17.9)	(19.7)
OPERATING INCOME	**248.1**	**(724.1)**	**(476.0)**	**446.3**	**(36.1)**	**410.1**
Net borrowing costs	(33.0)	(5.1)	(38.2)	(34.3)	10.5	(23.8)
Other financial results	(30.8)	(2.8)	(33.5)	(26.1)	(0.2)	(26.3)
Discounting of payables and receivables	-	0.4	0.4	-	-	-
Change in value and income from disposal of financial instruments	-	(72.8)	(72.8)	-	123.0	123.0
Net gain/(loss) on disposal of investments	-	(2.8)	(2.8)	-	9.8	9.8
PROFIT BEFORE TAX	**184.3**	**(807.2)**	**(622.9)**	**385.8**	**107.0**	**492.8**
Corporate income tax	0.1	114.3	114.4	(35.2)	(33.1)	(68.3)
NET INCOME	**184.4**	**(692.9)**	**(508.6)**	**350.6**	**73.9**	**424.5**
Non-controlling interests	(83.1)	118.8	35.7	(75.2)	(22.5)	(97.7)
NET INCOME, GROUP SHARE	**101.2**	**(574.1)**	**(472.9)**	**275.4**	**51.4**	**326.8**
Diluted average number of shares	*20,949,836*	*20,949,836*	*20,949,836*	*20,649,592*	*20,649,592*	*20,649,592*
NET EARNING PER SHARE (€/SHARE), GROUP SHARE	**4.83**	**(27.41)**	**(22.57)**	**13.34**	**2.5**	**15.83**

Consolidated balance sheet

(€ millions)	31/12/2023	31/12/2022
Non-current assets	**4,865.2**	**5,100.0**
Intangible assets	369.5	344.3
o/w Goodwill	*235.8*	*214.7*
o/w Brands	*115.0*	*105.4*
o/w Customer relationships	*3.6*	*6.7*
o/w Other intangible assets	*15.1*	*17.4*
Property plant and equipment	26.5	25.2
Right-of-use on tangible and intangible fixed assets	120.6	123.1
Investment properties	3,948.6	4,087.4
o/w Investment properties in operation at fair value	*3,617.2*	*3,793.3*
o/w Investment properties under development and under construction at cost	*114.7*	*95.5*
o/w Right-of use on Investment properties	*216.7*	*198.6*
Securities and investments in equity affiliates	327.1	491.7
Non-current financial assets	35.6	20.3
Deferred taxes assets	37.3	8.0
Current assets	**3,471.9**	**3,987.7**
Net inventories and work in progress	1,140.6	1,159.3
Contract assets	536.0	723.1
Trade and other receivables	930.2	900.1
Income credit	23.8	3.2
Current financial assets	25.8	81.4
Derivative financial instruments	101.7	160.6
Cash and cash equivalents	713.1	952.3
Assets held for sale	0.8	7.8
TOTAL ASSETS	**8,337.1**	**9,087.7**
Equity	**3,219.6**	**3.959.5**
Equity attributable to Altarea SCA shareholders	**1,747.5**	**2,375.2**
Share capital	316.9	311.4
Other paid-in capital	420.4	395.0
Reserves	1,483.2	1,342.0
Income associated with Altarea SCA shareholders	(472.9)	326.8
Equity attributable to non-controlling interests in subsidiaries	**1,472.1**	**1,584.4**
Reserves associated with non-controlling interests in subsidiaries	1,284.2	1,263.2
Other equity components, Subordinated Perpetual Notes	223.5	223.5
Income associated with non-controlling interests in subsidiaries	(35.7)	97.7
Non-current liabilities	**2,375.6**	**2,612.0**
Non-current borrowings and financial liabilities	2,254.8	2,454.8
o/w Participating loans and advances from associates	*60.4*	*58.2*
o/w Bond issues	*1,128.7*	*1,385.2*
o/w Borrowings from credit establishments	*726.5*	*612.8*
o/w Negotiable European Medium-Term Note	-	*70.0*
o/w Lease liabilities	*126.3*	*132.2*
o/w Contractual fees on investment properties	*212.9*	*196.4*
Long-term provisions	68.7	35.5
Deposits and security interests received	44.6	39.3
Deferred tax liability	7.5	82.4
Current liabilities	**2,742.0**	**2,516.1**
Current borrowings and financial liabilities	637.7	547.4
o/w Bond issues	*275.5*	*22.0*
o/w Borrowings from credit establishments	*89.6*	*90.9*
o/w Negotiable European Commercial Paper	*92.2*	*302.0*
o/w Bank overdrafts	*47.7*	*24.2*
o/w Advances from Group shareholders and partners	*108.7*	*89.1*
o/w Lease liabilities	*19.6*	*16.6*
o/w Contractual fees on investment properties	*4.4*	*2.6*
Derivative financial instruments	32.0	0.0
Contract liabilities	257.0	351.4
Trade and other payables	1,814.7	1,611.1
Tax due	0.6	6.2
TOTAL LIABILITIES	**8,337.1**	**9,087.7**