



Strong discipline in managing the cycle Revenue: €556.3m (-15.9%)

Altarea, leader in low-carbon urban transformation

A comprehensive real estate offering serving the city and its users

Residential: adapting to new market conditions

Drop in new orders (-18% in value and -21% in volume)
Multiplied commercial efforts dedicated to Individual buyers
Review of the property portfolio and commitment criteria

Retail: a good first quarter performance

Tenants' revenue: +9%
Financial occupancy rate at 97.1%
Rental income: +8.1%

Business property: activity meeting the expectations

Paris inner city: delivery for L'Oréal and new project rue des Pyramides
Regions: signing of an off-plan sale within the Toulouse Guillaumet major urban project
XXL Logistics: successful leasing campaign for the Bollène Hub

Financial and environmental performance

Consolidated revenue: €556.3m (-15.9% vs Q1 2022)
Revenue aligned with European taxonomy at 46.9%
Investment Grade financial rating upgraded by S&P Global¹
Available liquidity: €2.5 bn

Annual general meeting on 8 June 2023

Proposed dividend for 2022: €10/share (+2.6%) paid on 4 July
Open period for partial reinvestment option into shares from 14 to 23 June 2023 inclusive

Data as at 31 March 2023 unaudited

"The downward real estate cycle that has begun in the fall of 2022 could last from 12 to 24 months, depending on the response of the public authorities to address the residential crisis. Altarea is applying with great discipline the management principles adapted to the context and can rely on a solid financial structure to get through this cycle, continue to invest for the medium term and seize opportunities. Altarea confirms that it expects a decrease in its 2023 FFO due to the lack of mega projects in Business Property and a proven deterioration in Residential sales. The extend of which will depend primarily on the evolution of the residential market over the coming months.

Alain Taravella, Chairman and Founder of Altarea

¹ BBB- outlook stable vs outlook negative.

RESIDENTIAL: adapting to new market conditions

Drop in new orders² (-18% in value)

The decline in demand started in Q4 2022 was confirmed this quarter for all client types, with new orders down -18% in value (-21% in volume).

New orders	Q1 2023		Q2 2022		Chge
Individuals – First time buyers	€188 m	39%	€207 m	35%	-9%
Individuals – Investment	€161 m	34%	€232 m	40%	-31%
Institutional investors – Block sales	€130 m	27%	€149 m	25%	-13%
Total in value (€m)	€479 m	100%	€588 m	100%	-18%
Individuals – First time buyers	537 units	35%	589 units	30%	-9%
Individuals – Investment	586 units	38%	856 units	44%	-21%
Institutional investors – Block sales	405 units	27%	499 units	26%	-19%
Total in units	1,528 units	100%	1,944 units	100%	-21%

January and February saw a significant drop, whereas the new orders almost held in March 2023 vs March 2022, particularly among first-time buyers who have benefited from the commercial efforts put in place by the Group.

Multiplied commercial efforts to Individual buyers

Since the end of 2022, the Group has been focusing on demand from Individuals whose appetite for residential remains but who are facing difficulties in financing. To restore their borrowing capacity, Altarea has introduced multiple targeted commercial efforts:

- lower monthly payments for first-time buyers;
- covering part of the personal contribution for Individual investors;
- adjustment of selling prices whenever necessary.

These efforts will have an impact on the profitability of ongoing programmes but will enable the Group to preserve all its financial leeway while gaining market share towards Individuals.

Review of the property portfolio and commitment criteria

Since the end of 2022, the Group is reviewing its portfolio of land options (approximately 45,000 units). The commitment criteria have been tightened and each parameter is concerned:

- design (building plan, construction feasibility, unit size, etc.);
- commercial strategy (price scale, commercial mix, distribution, launch schedule);
- territorial strategy (metropolises / new territories);
- cost price excluding land (construction works, commercial efforts, financial costs, decarbonation);
- systematic price renegotiations of lands under option.

The objective is to be able to design a low-carbon and affordable offer, in line with the new market conditions, even if it means giving up some operations. In the meantime, Altarea should only acquire a limited number of lands and the Group therefore expects a very significantly reduced contribution of Residential to its results in 2023, particularly in the first semester.

² New orders net of withdrawals. 100% data (including Woodeum as of 1 January 2023), except for operations under joint control (including Woodeum at 50% in 2022).

RETAIL: a good first quarter performance

Good operational performance

Operational indicators for the first quarter of 2023 confirm the relevance of the market position of the assets under management and their attractiveness:

- tenant's revenues increased +9% in all types of centres (large shopping/leisure centres, retail parks, railway station retail spaces and convenience stores);
- footfall up +6% compared with Q1 2022, driven in particular by the ramp-up of CAP3000 and shopping/leisure centres, and a clear upturn in the restaurant and leisure activities, and particularly in cinemas, which reinforced the attractiveness during the first quarter;
- leasing activity is dynamic with 93 new leases signed during the quarter for a minimum guaranteed rent of €7.8 million, enabling the group to maintain a financial occupancy rate at 97.1%.

Overall, the Group's IFRS rental income amounted to €54.3 million up +8.1% vs Q1 2022. At constant scope of consolidation (2022 Flins and Ollioules disposals included), rental income rose by 11.6%, including an indexation effect of +3.5%.

On-going ramp-up for CAP3000

Elected "best shopping centre in the world" in 2022³, CAP3000 has confirmed its attractiveness two years after the completion of the last phase of its transformation. The centre, which is still in the ramp-up phase, is further expanding with the forthcoming openings on of the biggest Zara store in France (3,000 m²), an Etam flagship store, a bookstore covering more than 500 m² and a Normal shop, a Danish soft-discount brand.

BUSINESS PROPERTY: activity meeting expectations

Paris inner city: delivery of an iconic asset for L'Oréal and new renovation project rue des Pyramides

Activity in the first quarter in Paris was marked by:

- the delivery of the François Dalle space, a new training centre for the L'Oréal group in its former headquarters at 14 rue Royale (Paris 8th district);
- the signature of an 99 years emphyteutic lease with the State for the renovation of a complex with 6,700m² of floor space located rue des Pyramides (Paris 1st district) and adjoining the Hôtel Regina.

Regional cities: signature of an off-plan sale (VEFA⁴) in the Toulouse Guillaumet major urban project

Altarea has signed an off-plan sales with Midi Foncière (a subsidiary of the Caisse d'Epargne de Midi-Pyrénées) for a 3,000 m² building in the Toulouse Guillaumet eco-district.

XXL Logistics: successful leasing for the Bollène Hub

Altarea Logistique is pursuing the development of the Bollène logistics hub (North of Avignon), totalling 260,000 m² spread over five warehouses aiming for BREEAM certification, with the following achievements during the quarter:

- the construction on the 55,500 m² warehouse No. 2, which is already 100% leased;
- the 100% letting of the 95,000 m² warehouse No. 3 following the signature of 3 off-plan lease (BEFA⁵); the construction of which has started.

³ MIPIM Awards 2022.

⁴ Vente en l'Etat Futur d'Achèvement.

⁵ Bail en l'Etat Futur d'Achèvement.

FINANCIAL AND ENVIRONMENTAL PERFORMANCE

Q1 2023 revenue: €556.3 million (-15.9% vs. Q1 2022)

In the first quarter of 2023, the Group's consolidated revenue fell by 15.9% to €556.3m, mainly driven by the shortfall in Residential activity, since there has been almost no land acquisition during this period.

In €m (excl. tax)	Q1 2023	Q1 2022	Change 23/22
Revenue by % of completion	441.6	549.9	-19.7%
External services	4.1	3.2	+27.9%
Residential	445.7	553.0	-19.4%
Revenue by % of completion	49.0	51.9	-5.5%
External services	1.5	1.5	-1.8%
Business Property	50.5	53.4	-5.4%
Rental income	54.3	50.3	+8.1%
External services	5.9	4.6	+27.9%
Retail	60.2	54.8	+9.8%
Revenue	556.3	661.2	-15.9%

European taxonomy

In the first quarter of 2023, 98.6% of the consolidated revenue for the period is eligible for taxonomy and 46.9% is aligned⁶ (vs 44.0% in 2022).

Extremely strong financial position, S&P Global upgrades the Group's rating to BBB-, stable outlook

As at 31 March 2023, Altarea showed a net debt position⁷ at €1,700m (+€145m vs December 2022). During the period, the Group used part of its abundant liquidity to reduce its gross debt by €303m, thereby optimising future financial costs. In particular, the Group cut the outstanding Neu CP to zero and didn't draw on any RCF. After these operations, available liquidities⁸ represent €2,541m vs €2,971m as at 31 December 2022.

On 20 March 2023, the rating agency S&P Global has raised the rating outlook from "negative" to "stable" for Altarea and Altareit, its subsidiary specialised in low-carbon real estate development.

Terms and schedule of 2022 dividend (to be paid in 2023)

A dividend of €10.0/share (+2.6% vs 2021) will be proposed at the General Shareholders' Meeting on 8 June 2023, which will meet at 11:00 a.m. at the Group's headquarters. A partial conversion option of the dividend into shares will also be offered to shareholders. They will be free to choose between:

- a full payment in cash;
- 50% payment in share⁹, and 50% in cash.

The key dividend schedules-dates are as follows:

- 12 June 2023: Ex-dividend date;
- 14 June to 23 June inclusive: Option period for payment of the dividend in shares;
- 4 July 2023: Payment of the dividend in cash and delivery of the new shares.

⁶ Based on a comprehensive analysis of all projects contributing to consolidated revenue and meeting the six criteria applicable to the Group's activity: Energy (climate change mitigation), Climate (adaptation to climate change), Water, Circular economy, Pollution and Biodiversity.

⁷ Bank and bound debt.

⁸ Cash and cash-equivalent (marketable securities, certificates of deposit, credit balances) plus drawing rights on bank credits (RCF, overdraft facility).

⁹ With a 10% discount to the average opening share price of the 20 trading days preceding the General Meeting and after the deduction of the dividend value.

Financial calendar 2023
Annual General Meeting:
Half-year results 2023:

Thursday 8 June 2023 (11 a.m.)
Thursday 27 July 2023 (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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