



Altarea rolls out its roadmap 2023 outlook updated

Retail: outstanding operating performance

Tenant's revenue up sharply: +8.0 %

High occupancy rate: 97.2%

Rental income (9M): €169.5 million, up by 7.4% on a like-for-like basis (indexation included)

Residential: accelerated repositioning to the new cycle

New orders (9M) down 14% in value terms in a market contracting by roughly 35%¹

Steady disposal of units originated in the previous cycle

In-depth review of the land option portfolio

Development of a "new generation" offering that is low-carbon, affordable and profitable

Business property: implementing ongoing projects

Imminent delivery of the emlyon campus (20,000 m²)

In-line progresses in logistics and offices in Regions

New businesses (asset management, photovoltaics, datacenters,...)

Major agreements under finalisation

Launching of several projects

Financials: solid balance sheet, a strength for Altarea

Consolidated 9M revenue: €1,815.5 million (-11.1%), 47.1% aligned with the EU Taxonomy

Net debt² at €2,044 million, strong liquidity of €2,211 million

2023 updated outlook

Guidance: FFO³ is expected to decline sharply compared to 2022, but to outperform significantly the H1 trend

Dividend⁴: €8.00 per share with an optional component in shares representing 75% of its amount⁵

AltaGroupe (A. Taravella's family) and its affiliates on one hand, Crédit Agricole Assurances and its affiliates on the other, committed to opting for the full payment of the proposed dividend in shares. Together, these shareholders represent nearly 69% of Altarea's capital.

*Publication of the 2023 annual results on Tuesday **February 27, 2024** after market close
Presentation Meeting on February 28*

Data as of September 30, 2023, unaudited

¹ FPI (Fédération des Promoteurs Immobiliers) datas: -34.3% in Q1 2023, -30.2% in Q2 2023. Data for Q3 (published on 16 November 2023) are expected to fall sharply.

² Bank and bonds debt, net of cash, cash equivalents and other liquid assets.

³ Funds from operations (FFO): net income, Group share (i.e. attributable to equity holders of the parent company) exclusive of changes in value, estimated expenses and transaction costs.

⁴ Submitted to the vote of shareholders at the General Meeting called to approve the 2023 financial statements and assuming there is no further deterioration of the geopolitical, health or macroeconomic environment.

⁵ 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.

"In an increasingly challenging environment, Altarea has been rolling out its roadmap: adapting to the real estate crisis and reducing commitments on the one hand, preparing a new generation offering for the recovery in property development and expanding into new business lines on the other hand.

In residential and business property development, we have lowered commitments originated in the previous cycle, with drastically reduced land acquisitions since the start of the year, which will impact our 2023 results. An in-depth review is also under way to align the values that will be recorded in our consolidated annual accounts in order to reflect our views on the market perspectives. In the meantime, Altarea is working on a new generation offering fully adapted to the new context. This new offering will be low-carbon, affordable and profitable for a contribution starting as early as next year. With this new offering, we aim to achieve a satisfying level of profitability but with probably lower volumes than in the past.

In retail, Altarea is experiencing one of its best years ever, driven by an inflationary environment. Our asset portfolio is more than ever the Group's financial backbone, with an outstanding operating performance that will only partially offset the weak contribution from property development in 2023.

Altarea expects its 2023 FFO to decline sharply compared to 2022, but to outperform the H1 trend significantly.

The dividend to be proposed at the General Meeting in 2024 will now be €8.00 per share with an optional component in shares representing 75% of its amount, assuming there is no further deterioration related to geopolitical, health, or macroeconomic environment.

My family group, on one hand, Crédit Agricole Assurances and its affiliates, on the other, committed to opting for the full payment of the proposed dividend in shares. Together, these shareholders represent nearly 69% of Altarea's capital.

With the support of its two main shareholders, Altarea can thus preserve its ability to absorb the impact of a deep crisis and also to invest in the future, especially in new businesses."

Alain Taravella, Chairman and Founder of Altarea

I – REVENUE AND BUSINESS REVIEW

9-month consolidated revenue: €1,815.5 million (-11.1%)

Altarea's consolidated revenue⁶ for the nine months to 30 September 2023 stood at €1,815.5 million, down 11.1%, directly linked to the decline in property development. The alignment rate with the EU Taxonomy of the 9-month consolidated revenue was 47.1% (44.0% for FY 2022).

€m	Q1 2023	Q2 2023	Q3 2023	9m 2023	Q1 2022	Q2 2022	Q3 2022	9m 2022	Chg. vs 2022
Rental income	54.3	57.1	58.1	169.5	50.3	51.1	51.8	153.2	+10.6%
External services	5.9	7.1	5.5	18.5	4.6	4.6	16.4	25.5	-27.5%
Property development	-	-	2.0	2.0	-	-	-	-	-
Retail	60.2	64.2	65.6	189.9	54.8	55.7	68.2	178.7	+6.3%
Revenue (% of completion)	441.6	559.8	463.5	1,464.9	549.9	590.4	490.3	1,630.6	-10.2%
External services	4.1	3.9	3.1	11.1	3.2	3.9	3.6	10.6	+5.1%
Residential	445.7	563.6	466.8	1,476.1	553.0	594.3	493.9	1,641.2	-10.1%
Revenue (% of completion)	49.0	61.2	32.7	142.9	51.9	107.8	55.1	214.8	-33.5%
External services	1.5	4.6	0.6	6.6	1.5	3.4	3.5	8.3	-20.8%
Business Property	50.5	65.8	33.3	149.5	53.4	111.2	58.6	223.1	-33.0%
Consolidated revenue	556.3	693.6	565.5	1,815.5	661.2	761.1	620.6	2,043.1	-11.1%

Retail: outstanding operating performance

- **Tenant's revenue** rose by 8%⁷, with footfall up by 4%. All types of retail posted good performances (major shopping centres, railway stations and retail parks);
- **Leasing activity** is strong and dynamic, with 280 leases signed since the start of the year, representing a minimum guaranteed rent of €25.0 million. The Zara and Bershka banners recently installed at Avenue 83 in Toulon are attracting record footfall, as is the new Zara concept recently inaugurated at CAP3000;
- **Financial vacancy** is at a record low, with a financial occupancy rate of 97.3%;
- **Collection rate** was 94%, stable compared with last year;
- **IFRS rental income** came to €169.5 million, up 7.4% on a like-for-like basis⁸ (including 4.4% indexation).

At 30/09 (9-month)	€m	Chge
Rental income 2022	153.2	
Change in scope of consolidation	(3.8)	-2.5%
Non-recurring items ^(a)	+8.8	+5.7%
Like-for-like change	+11.3	+7.4%
<i>o/w indexation</i>	<i>+6.7</i>	<i>+4.4%</i>
Rental income 2023	169.5	+10.6%

(a) Catch-up of variable rents, mainly Covid relief.

In early September, Altarea inaugurated a 10,000 m² extension to the Strasbourg - La Vigie centre. The centre is equipped with 2,400 m² of photovoltaic shading systems.

⁶ Altareit, a 99.85%-owned subsidiary specialising in property development, generated revenue of €1,626.3 million in the first 9 months of the financial year (down 10.7% compared with end-September 2022).

⁷ Sales on a like-for-like basis.

⁸ Disposals of Flins and Ollioules galleries to MRM in December 2022 and opening of the La Vigie extension in September 2023.

Residential: accelerated repositioning to the new cycle

Since the beginning of the year, Altarea has been focusing on the sales of the previous cycle's units and the development of a "new generation" low-carbon, affordable, and profitable offering tailored to the new cycle.

- **new orders**⁹ have only decreased by 14% in value (17% in volume), in a French market that contracted by roughly 35%¹⁰. The increase in block sales (up 23%) has partially offset the decline in retail sales, especially among individual investors. Block sales include more intermediate housing units, with an average unit price higher than social housing units;

New orders (9-month)	30/09/2023		30/09/2022		Change
Individuals – Residential buyers	424	25%	564	28%	-25%
Individuals – Investment	524	30%	798	40%	-34%
Institutional investors – Block sales	774	45%	632	32%	+23%
Total in value (incl. VAT)	1,722		1,993		-14%
Individuals – Residential buyers	1,298	21%	1,606	22%	-19%
Individuals – Investment	1,927	32%	2,885	40%	-33%
Institutional investors – Block sales	2,844	47%	2,788	38%	+2%
Total in units	6,069		7,279		-17%

- **Notarised sales (9-month)** fell by 25% to €1,310 million (4,382 lots) due to low block sales closing during the 3rd quarter (to be compared with the 40%¹¹ drop in mortgage loans production in France);
- **Commercial launches** were halved¹² in a context of slow retail sales and withdrawal rates exceeding 30%;
- **Land acquisitions** have been drastically reduced, with 30 plots acquired since the start of the year¹³, mainly related to full block sales.

The retail sales offering has been reduced by -30% over the year to 4,410 units, as a result of the reduction in the Group's commitments during the real estate crisis.

Altarea is currently completing an in-depth review of its land option portfolio. The commitment criteria (product design, decarbonisation, commercial strategy, territorial strategy, construction costs and land prices) having been significantly tightened, exceptionally, a large portion of land options, not adapted to the new cycle, could be abandoned by the end of the year.

At the same time, Altarea's is developing a "new generation" offering that is low-carbon, affordable and profitable, adapted to the new cycle, but whose contribution to 2023 results will be limited. Supplies¹⁴ corresponding to this "new generation" offering represented around 6,900 units by the end of September 2023, their translation into sales should gradually contribute to restoring profitability from 2024.

Business property: committed to ongoing projects execution

- The **emlyon business school campus**, which will cover 20,000 m² in the Gerland district in Lyon, is in the delivery phase;
- Warehouses n°2 of the **Bollène logistics platform**¹⁵ has been delivered to its tenant, Intermarché, and the construction of Warehouse n°3 is underway;

⁹ 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.

¹⁰ FPI (Fédération des Promoteurs Immobiliers) datas: -34.3% in Q1 2023, -30.2% in Q2 2023. Data for Q3 (published on 16 November 2023) are expected to fall sharply.

¹¹ Over the first 8 months of the year (source: Banque de France).

¹² i.e. 3,164 units vs 6,311 units (-50%).

¹³ Compared with 71 plots (5,462 units) over the same period in 2022.

¹⁴ Signature of new land options.

¹⁵ XXL platform of 260,000 m² developed in 5 phases and located to the north of Avignon.

- In the Paris region, the two main projects concern the office component of the **Bobigny Cœur de Ville** urban project and of the future **Swiss Life headquarters** in France at La Défense, both to be delivered in 2024;
- Construction has begun on two major office projects in Paris (Valhubert and Madeleine) in which the Group is involved as a delegated project manager;
- In addition, the Group recorded **€68 million in new orders** in Regions since the beginning of the year, including the signing in the 3rd quarter of two VEFA (Sales in Future State of Completion) for the Claystone building (5,500 m²) in Toulouse with Quaero Capital and for a 6,800 m² building in Ollioules with Naval Group (co-promotion project).

New businesses (asset management, photovoltaics, datacenters,...)

In the past quarter, Altarea has made significant progress in all of its new line of activities, including:

- Ongoing finalization of **key agreements**: real estate debt funds, agrivoltaics;
- Several **launches of projects** or dedicated vehicles: datacenters, real estate asset management, refurbishment and sale of existing housing units (particularly energy-inefficient ones).

II - FINANCIAL POSITION

Net debt at €2,044 million, liquidity at €2,211 million

At 30 September 2023, Altarea's **net debt**¹⁶ stood at €2,044 million, up €385 million on 30 June 2023¹⁷. This increase is mainly due to the payment of the cash dividend (€172 million), the increase in Residential WCR (low regularisation of block sales during the 3rd quarter), and continued investments in the Group's other business lines.

Available liquidity at end-September 2023 totalled €2,211 million, including €586 million in cash and cash equivalents and €1,622 million in undrawn credit lines (including €1,216 million in undrawn RCFs¹⁸). Outstanding commercial paper (NeuCP) was virtually nil at 30 September.

On October 9, 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.

Altarea has become the first French property company to **incorporate EU Taxonomy criteria into its corporate financing**. Altarea has signed a €200 million 5-year corporate bank loan with Crédit Agricole Corporate and Investment Bank, which for the first time includes an EU Taxonomy performance ("EU Taxonomy linked loan"). The Group aims to align 100% of its corporate bank loans to the EU Taxonomy performance.

¹⁶ Bank and bonds debt, net of cash, cash equivalents and other liquid assets.

¹⁷ Up €322 million compared with 30/09/2022.

¹⁸ Revolving credit facilities.

III. OUTLOOK

Altarea rolls out its roadmap

Presented at the beginning of 2023, this roadmap consists in two years of investment and adaptation to the new cycle, followed by the ramp-up of new businesses and the resumption of property development on a renewed foundation. The repositioning to the new cycle is taking place in a more challenging environment than anticipated, but Altarea is maintaining its long-term ambitions.

During this repositioning phase, Altarea will reallocate capital across its various business lines and can rely on its solid balance sheet and its retail asset base, which forms its financial backbone. The Group aims to preserve its financial strength, which is its main asset for navigating this phase of the cycle while continuing to invest for the future.

When the time comes, Altarea will leverage its financial strength to seize opportunities and accelerate its transformation.

FFO guidance and dividend for 2023

Altarea expects to achieve an annual FFO in 2023 in sharp decline compared to 2022 but significantly better than the trend in the first half of 2023.

The dividend¹⁹ will now be €8.00 per share with an optional component in shares representing 75% of its amount²⁰.

AltaGroupe (A. Taravella family) and its affiliates on one side, and Crédit Agricole Assurances and its affiliates on the other side, committed to opting for the full payment of the proposed dividend in shares. Together, these shareholders represent nearly 69% of Altarea's capital.

Financial calendar 2024

2023 annual results: **February 27, 2024** (after market close) - Meeting & Webcast on February 28, 2024

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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¹⁹ Submitted to the vote of shareholders at the General Meeting called to approve the 2023 financial statements and assuming there is no further deterioration of the geopolitical, health or macroeconomic environment.

²⁰ 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.