Press release *Paris, 28 February 2023, 5.45 p.m.*
2022 annual results

Growth in results
Robust financial structure
Altarea reiterates its confidence on its market and prospects

Altarea, leader in low carbon urban transformation

A comprehensive real estate offering serving the city and its users
€21.3bn pipeline (4.5 million m², 900 projects)

Residential: remarkable success with sales to individuals in a market down 26%[1]
- New orders down by 12% in value (individuals up by 1.4%, block sales down by 29%)
- Agile management of land commitments at the year-end

Retail: strong recovery, deployment of asset management strategy
- Increase in net rental income up by 19.2 %
- Assets under management up by 3.9 % to €5.5bn (up by 1.5 % at constant scope)

Business property: strong contribution in 2022
- Many transactions, all products, all territories
- Operating income: €110.4m (up by 47.1 %) driven by mega projects

Financial and environmental performance
- FFO[2]: up by 4.2 % to €275.4m, in line with guidance (down by 7.1 % per share after dilution[3])
- European taxonomy: revenue aligned[4] at 44 %, reduction in carbon intensity[5]
- LTV at 24.5%, cost of debt stable (1.82 %) and secured over 5 years

Dividend policy[6]

2022 dividend:	€10/share (up by 2.6%) with partial reinvestment option into shares[7]
Subsequent years:	pay-out ratio of 75% of FFO with a minimum dividend of €10/share with partial reinvestment option into shares[7]

Outlooks and guidance

In 2023, FFO should decline due to the lack of mega projects in Business property, the anticipated slowdown in real estate sales and the investments in new business

In the medium-term, organic growth potential is expected to bring the FFO to €325m-€375m[8], or up by 20% to 35% vs 2022

Limited financial risk, ability to seize additional opportunities

Paris, 28 February 2022, 5:45 p.m. Following review by the Supervisory Board, the Management has approved the consolidated financial statements for 2022. The audit procedures on the consolidated and individual financial statements (Altarea SCA) have been carried out and the audit reports relating to their certification are in the process of being issued.

1 The estimation of Altarea based on the data published by Fédération des Promoteurs Immobiliers (FPI) for the 9 first months of 2022.
2 Funds From Operations (FFO): net profit excluding changes in value, calculated expenses, transaction fees and changes in differed tax. Group share.
3 Or €13.34/share. Increase of +12% in the number of diluted shares due to the capital increases carried out in 2021.
4 As defined in European Taxonomy.
5 Quantity of CO_2 emission to generate one euro of revenue (360 grams in 2022).
6 Subjected to the approval of shareholders during the General Meeting and assuming there is no geopolitical, health or macroeconomic crisis.
7 Shareholders will be able to opt for either a 100% payment in cash or a 50% payment in cash and 50% in shares (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).
8 Taking into consideration of the higher corporate taxes, of the low-carbon transition and of the contribution of new businesses, assuming there is no geopolitical, health or macroeconomic crisis.

“ The year 2022 was marked by a double challenge in our strategic environment with the non-completion of the Primonial deal at the beginning of the year and the change in real estate cycle at the end of the year. In spite of that, Altarea reported a growth in FFO of 4.2% and a robust financial structure, and I would like to congratulate all of our teams, who once again face the new environment with agility, talent and commitment.

Altarea has a fundamentally optimistic view of its markets and its people. We are experiencing the beginning of a shift of real estate cycle and our Groupe is in a particularly good position to take the most of it, as we have done many times in the past. The roadmap we are sharing today goes from an initial phase of investment in new businesses, of adaptation to the new cycle, to the low-carbon transition. We estimate the FFO potential to reach €325m - €375m in the medium-term, or + 20% to + 35% compared to 2022, with limited financial risk. This trajectory is our best estimate of the Group’s organic growth potential to date and does not take into account our ability to seize additional opportunities, especially if the macroeconomic situation allows.

Our confidence in the low-carbon urban transformation market and in the ability of Altarea and its teams to outperform the market is strong, whatever the context. This is why Altarea will propose to all shareholders a dividend of €10 per share, up +2.6%, with an option for partial conversion into shares. Starting next year, the dividend payout will amount to 75% of the Group’s FFO, with a minimum of €10 per share and the option of partial conversion into shares will be renewed.“

Alain Taravella, Chairman and Founder of Altarea

ALTAREA: LEADER IN LOW CARBON URBAN TRANSFORMATION

With nearly 900 projects at the end of 2022, Altarea is developing the largest portfolio of real estate projects in France, representing potential value[9] of €21.3 billion across all product types.

Secured pipeline (by product)	*Surface area (m^2)*	*Potential value (€bn)*
Residential	2,963,500	15.7
Business Property	1,397,500	5.0
Retail	112,500	0.6
Total	4,473,500	21.3

These pipeline projects are carried out mostly in a "developer" model (development for sale). Almost all projects are managed under options that the Group can exercise based on prudential criteria adapted to each situation. More specifically, Altarea is the French leader in large urban projects with 21 large projects, which together represent €5.1 billion in value, 1,270,000 m² and 15,800 residential units.

Delivery of Issy Cœur de Ville

After delivering the Bezons Cœur de Ville[10], a 67,000 m² eco-district, and launching Bobigny Cœur de Ville[11], a 105,000 m² mixed-use pedestrian district, on 19 October Altarea inaugurated Issy Cœur de Ville, the largest private project in the Paris region of the last three years. This project is a wonderful illustration of the Group's expertise in low carbon urban transformation, with 73% of its energy needs met through renewable sources (photovoltaic panels on the roof and geothermal heating and cooling of buildings) and with 13,000 m² of green spaces, including a 7,000 m² urban forest, to combat urban heat islands.

New projects

In 2022, the pipeline was significantly enhanced with 8 large urban projects representing a potential value of €2.2 billion for 500,000 m² and 6,500 units, including in particular:

- the transformation of commercial assets in Nantes and Sartrouville into complete living spaces (in partnership with Carrefour);
- the rehabilitation/conversion of the Grands Moulins de Corbeil-Essonnes;
- the change in usage of an unoccupied office campus in Marly-le-Roi near Versailles;
- the development of a new residential area in Châtenay-Malabry on a former sports field;
- the Cité Internationale de la Gastronomie Paris-Rungis, which will open in 2027 and showcase the excellence of French gastronomy.

Acquisition of 100% stake in Woodeum

In early February 2023, Altarea acquired the remaining stake of Woodeum's capital, thus becoming the sole shareholder of the French's leading brand in low carbon solid wood residential property. Altarea intends to strengthen the resources granted to Woodeum and targets a potential of 1,500 to 2,000 units per year in the future.

9 Potential value = Market value at delivery date. Retail: potential market value including transfer duties of projects on delivery (net rental income capitalised at a market rate) at 100%, and revenue excl. tax for development projects. Residential: offer for sale + portfolio incl. VAT. Business property: potential market value excl. transfer duties on the date of disposal for investment projects (at 100%), amount excl. VAT of off-plan sales/PDCs for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised DPM fees, near stable year-on-year.
10 730 residential units, 10,000 m² of office space and 46 retail outlets and restaurants, delivered at the end of 2021.
11 1,100 residential units, 10,000 m² of office space, 30 retail outlets and public facilities (nursery, car park, green spaces) to be delivered by the end of 2023.

RESIDENTIAL: REMARKABLE SUCCESS WITH SALES TO INDIVIDUALS IN A MARKET DOWN 26%

A favorable market for most of the year

In a structurally undersupplied market affected by the return of inflation, residential real estate played its role as a safe heaven until the end of September. At that time, the demand was mainly driven by a client base of savers who still enjoyed favorable credit access conditions. During this period, Altarea have implemented a successful offering development policy, leading to + 6% new orders at the end of September.

Shift in demand towards year-end, adjustment of land commitment policy

From October onwards, the deterioration of economic context has ultimately affected the purchasing power for real estate of all customers: individual buyers of main residence, individual investors and institutional buyers (rise in interest rates, usury rate, maximum effort rate of 35% of income, inflation, geopolitical tensions).

Altarea has therefore implemented greater selectivity in its projects to prioritise the sale of ongoing programs. This policy has led to the postponement of certain commercial launches and land acquisitions initially planned for the end of 2022. Sales to institutional customers (traditionally high at the end of the year) where particularly affected, while sales to individuals resisted over the year (up 1.4% in value). The reduction in Altarea's new orders (-13% in number of units) should be viewed in the context of a -26% decline in the new housing market in 2022.

New orders	31/12/2022		31/12/2021		*Chge*
Individuals – Residential buyers	€707 m	*27%*	€667 m	*22%*	*+6%*
Individuals – Investment	€1,015 m	*38%*	€1,031 m	*34%*	*-2%*
Institutional investors – Block sales	€945 m	*35%*	€1,340 m	*44%*	*-29%*
Total in value (€m)	**€2,666 m**	***100%***	**€3,038 m**	***100%***	***-12%***
Individuals – Residential buyers	2,000 units	*20%*	1,945 units	*16%*	*+3%*
Individuals – Investment	3,590 units	*36%*	3,866 units	*34%*	*-7%*
Institutional investors – Block sales	4,428 units	*44%*	5,710 units	*50%*	*-22%*
Total in units	**10,017 units**	***100%***	**11,521 units**	***100%***	***-13%***

In 2022, the Altarea Group's brands continued to distinguish themselves by the excellence of their customer relations. Cogedim was awarded "Best customer service of the year" for the sixth year in a row and won the first place in the HCG-Les Echos' ranking of customer relations. These prices should be watched with the Group's performance with individual customers in 2022, which explains the Group's relative outperformance against the market.

Notarised sales have experienced a strong increase among individuals (+ 21%), particularly among those who had their financing in place and who wanted to take advantage of the last year of the Pinel tax reduction in its current form.

Notarised sales (incl. VAT, €m)	31/12/2022	30/12/2021	*Chge*
Total	**3,125**	**2,907**	**+7%**
o/w Individuals	*1,943*	*1,609*	*+21%*

Results affected by the context

Revenues are almost stable in 2022, with operating income down 15.6% to €151,6 million. This decrease is attributable to a deterioration in the business context at the end of the year, which led to an increase in the cost of operations (construction cost, labor cost, sales incentives).

(€ millions)	31/12/2022	31/12/2021	*Chge*
Revenue by % of completion	2,458.5	2,484.7	*-1.1%*
Operating income – Residential	**151.6**	**179.6**	***-15.6%***

RETAIL: STRONG RECOVERY, DEPLOYMENT OF ASSET MANAGEMENT STRATEGY

Strong recovery

The operational indicators for 2022 reflect both the continued normalisation of operations, the appropriate market position of the portfolio and the increased attractiveness for retailers and customers:

- **total tenants' revenue** to end-December 2022 was up +20% on a like-for-like basis compared to 2021 and up +4% versus 2019;
- total **footfall** over twelve months was up +18% year-on-year, driven in particular by the performances of CAP3000 and retail parks, and reached 91% of that seen in 2019;
- **leasing activity** is dynamic, with 367 new leases signed in France and Spain, representing guaranteed minimum rental income of €33.5 million, confirming the appeal of the centres under management, regardless of the retail format;
- the **financial occupancy rate** at 97.3%, has returned to what is considered as a normal level from the end of 2021, up +1.5 point vs its lowest level at the end of March 2021;
- the **collection rate** in 2022[12] reached 94.6%.

In total, the Group's net rental income amounted to €193.7 million (+ 19.2%).

France and International	(€ millions)	Chge
Net rental income at 31 December 2021	**162.5**	
Change in scope of consolidation	+2.4	*+1.5%*
Normalisation of operations	+24.3	*+15.0%*
Like-for-like change (o/w COVID impact)	+4.5	*+2.8%*
Net rental income at 31 December 2022	**193.7**	***+19.2%***

Deployment of asset management strategy

Altarea is carrying on an asset management strategy aiming to increase the volume of assets under management while limiting its capital exposure in Group share (around 43% of managed assets).

(€m, including transfer duties)	In %	31/12/2022	31/12/2021	Chge
Value of assets under management	**100%**	**5,483**	**5,275**	***+3.9%***
o/w third-party share	*57%*	*3,137*	*2,892*	
o/w Group share	*43%*	*2,346*	*2,383*	

The value of assets under management increased by + 3.9% this year (+ 1.5% at constant scope), due to the new property management contract awarded by Allianz Real Estate, for NICETOILE shopping centre, and to the signature of new contracts for convenience stores in recently delivered large urban projects[13].

In December, Altarea transferred the Flins and Ollioules shopping centres to MRM[14], for a total value of €90.4 million, paid partly in cash and partly in MRM shares. Following this transaction, Altarea holds nearly 16% of the share capital of MRM alongside SCOR (57% of capital).

Developments

Following the successful transformation of the Paris-Montparnasse train station, Altarea is leading a major project to restructure the retail spaces at the Paris-Austerlitz train station, which will eventually include nearly 20,000 m² of shops directly connected to the station. With the building permit now cleared of all appeals, Altarea and SNCF Gares & Connexions have signed the final agreements at the end of the year, allowing work to start in 2023.

12 Rents and charges collected as a percentage of rents and charges invoiced in mid-February 2023.
13 Issy Coeur de Ville, Bezons, Toulouse Aerospace, Massy Place du Grand Ouest.
14 MRM is a retail REIT specialised in retail real estate.

BUSINESS PROPERTY: STRONG CONTRIBUTION IN 2022

With a pipeline of €5.0 billion, Altarea is the leading Business Property developer in France not only by volume but also by the depth and the diversity of its offering. This year once more, activity was intense for all product categories developed (offices and logistics) throughout the country.

Pipeline at 31/12/2022	No.	Surface area (m²) at 100%	Potential value at 100% (€m excl. VAT)
Total	**59**	**1,397,500**	**5,006**
of which Offices	50	666,500	4,275
of which Logistics	9	731,000	731
of which Regions	46	1,069,000	2,218
of which Paris Region	13	328,200	2,788

Grand Paris

In the Paris Region, the Group had a particularly active year with:

- two iconic transactions: sale of Campus Cyber (Paris-la Défense) and disposal of remaining stake in Bridge, Orange's global headquarters in Issy-les-Moulineaux;
- the delivery of the Issy-Cœur de Ville office buildings to CNP Assurances. With the transfer of its headquarters, CNP Assurances freed up its historic headquarters located above the Montparnasse station, which will undergo a complete restructuring by Altarea over the coming years;
- the first leases signed for Landscape (Paris-la Défense);
- the start of work on Bellini (Paris-La Défense), the future headquarter of Swiss Life France;
- and the management of several new projects, including the refurbishment of the former CACEIS head office on behalf of Crédit Agricole Assurances.

After a year 2022 particularly intense in terms of transactions and deliveries, Altarea does not anticipate any significant contributions from major projects in 2023.

Regional cities

As the leading Business property developer in the Regions, Altarea was able to capitalise on its know-how to meet the expectations of this fast-growing market, with, in particular:

- the signature of numerous PDCs and off-plan sales (Lyon, Toulouse, Marseille, Aix-en-Provence, Béziers, etc.) for a total of 143,000 m²;
- the management of seven new projects (Aix-en-Provence, Nantes, Angers, Rennes, etc.) for a total of 170,000 m²;
- the delivery of several office buildings (in Mérignac near Bordeaux, Lyon, Aix-en-Provence, etc.) for a total of 31,000 m².

Acceleration in XXL logistics and urban logistics[15]

In a context of reindustrialisation, supply chain reorganisation and e-commerce development, the French logistics real estate market is experiencing unprecedented growth. In 2022, Altarea has signed many important operations in both large logistics platforms and urban logistics with:

- the launch of a new project at the gates of Lyon, Ecoparc Cotière, combining XXL logistics (50,000 m²) and business premises (20,000 m²) and the ongoing development of 8 other projects on the North-South axis and the Atlantic arc;
- the success of the first urban logistics project "La Manufacture de Reuilly" carried out in partnership with Corsalis Logistics Real Estate, involving the restructuring of a building in the heart of Paris that was leased to La Belle Vie (French leader in home shopping) and then sold to a fund managed by AEW.

15 Product operationally managed by the Altarea Commerce teams, according to a developer model.

FINANCIAL AND ENVIRONMENTAL PERFORMANCE

2022 FFO growth in line with the guidance (up by 4.2%)

Operating income reached €446.3 million (up by 10.2%), driven by the growth in Retail (up by 26.6%) and Business property (up by 47.1%), which more than offset the decline in Residential (down by 15.6%).

FFO[16] is up by 4.2% to €275.4 million, in line with the Group's guidance. In total, FFO Group share is €13.34 per share (down by 7.1% year-on-year), with the FFO growth being more than offset by the dilution linked to the 12.0% increase in the average number of diluted shares[17].

(€ millions)	Retail	Residential	Business Property	New businesses	Other	Funds from operations (FFO)	Changes in value, estimated expenses and transaction	TOTAL
Revenue	**241.5**	**2,469.7**	**301.9**	**-**	**0.1**	**3,013.2**	**-**	**3,013.2**
Change vs. 31/12/2021	*+11.4%*	*-1.1%*	*-4.1%*		*-*	*-0.5%*		*-0.5%*
Net rental income	193.7	-	-	-	-	193.7	-	193.7
Net property income	-	155.7	37.2	-	(0.0)	192.9	(2.8)	190.1
External services	31.3	11.1	11.9	-	0.1	54.4	-	54.4
Net income	**224.9**	**166.8**	**49.1**	**-**	**0.1**	**440.9**	**(2.8)**	**438.1**
Change vs. 31/12/2021	*+21.4%*	*-23.2%*	*+11.5%*			*-1.3%*		*-1.9%*
Own work capitalised and production	5.7	221.0	15.4	-	-	242.1	-	242.1
Operating expenses	(43.6)	(245.4)	(32.0)	(1.5)	(6.9)	(329.5)	(26.6)	(356.1)
Net overhead expenses	**(38.0)**	**(24.4)**	**(16.6)**	**(1.5)**	**(6.9)**	**(87.4)**	**(26.6)**	**(114.0)**
Share of equity-method affiliates	5.6	9.2	77.9	-		92.7	7.0	99.7
Income/loss on sale of assets Retail							2.3	2.3
Change in value, estimated expenses and transaction costs – Retail							27.6	27.6
Estimated expenses and transaction costs - Residential							(19.6)	(19.6)
Estimated expenses and transaction costs - Business Property							(1.3)	(1.3)
Other provisions Corporate							(14.6)	(14.6)
Operating income	**192.6**	**151.6**	**110.4**	**(1.5)**	**(6.8)**	**446.3**	**(36.1)**	**410.1**
Change vs. 31/12/2021	*+26.6%*	*-15.6%*	*+47.1%*	*-*	*-*	*+10.2%*		*+18.6%*
Net borrowing costs	(17.2)	(8.6)	(8.5)	-	-	(34.3)	10.5	(23.8)
Other financial results	(16.1)	(5.5)	(4.4)	-	-	(26.1)	(0.2)	(26.3)
Gains/losses in the value of financial	-	-	-	-	-	-	123.0	123.0
Gains or losses on disposals of equity	-	-	-	-	-	-	9.8	9.8
Corporate income tax	(0.9)	(16.1)	(18.2)	-	-	(35.2)	(33.1)	(68.3)
Net result	**158.3**	**121.4**	**79.3**	**(1.5)**	**(6.8)**	**350.6**	**73.9**	**424.5**
Non-controlling interests	(60.7)	(14.5)	0.0	-	-	(75.2)	(22.5)	(97.7)
Net income, Group share	**97.5**	**106.9**	**79.3**	**(1.5)**	**(6.8)**	**275.4**	**51.4**	**326.8**
Change vs. 31/12/2021	*+25.3%*	*-17.6%*	*+35.3%*	*-*	*-*	*+4.2%*		
Diluted average number of shares						*20,649,592*		
Net income, Group share per share						**13.34**		
Change vs. 31/12/2021						*-7.1%*		

European taxonomy

16 Funds from operations (FFO): net income excluding changes in value, estimated expenses, transaction costs and changes in deferred tax. Group share.
17 Creation of 3,017,432 shares in 2021 (capital increase, scrip dividend, Reuilly and FCPE).

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's environmental objectives. Each concerned company is required to publish a revenue by specifying the share concerned by this regulation (“eligibility”) and the share meeting the performance criteria set by the EU (“alignment”).

For Altarea, more than 98% of its consolidated revenue is eligible and 44% is aligned[18]. This performance, which is among the best of real estate players in France, reflects a corporate culture and an exemplary approach to environmental matters, particularly in terms of energy performance[19].

Carbon performance

In 2022, Altarea reviewed its carbon performance measurement methodology, particularly in Property Development. Carbon emissions are now calculated with the same principles and data, which are used to define the accounting revenue, on a "percentage-of-completion” basis. The Group thus has a set of relevant indicators that enable it to set ambitious decarbonisation targets and to measure them reliably over time.

In 2022, the Group’s emissions (scopes 1, 2 & 3) represented 1,085 thousand tons of CO_2 equivalent (tCO_2e), down - 3.4% compared to 2021 and - 30.6% compared to 2019. Property Development accounts for almost total emission of the Group, especially Residential Development, which accounts alone for 84% of the total. The REIT Retail division has insignificant level of emission, for the decarbonisation process was initiated since 2010 in this activity.

Carbon intensity (quantity of CO_2 required to generate one euro of revenue)

This indicator is relevant to measure the decoupling between the creation of economic value and greenhouse gas emissions, a fundamental principle of low carbon growth.

In grams of CO_2e /€	2022	2021	2020	2019
Carbon intensity	**360**	372	424	503

In 2022, Altarea reduced its carbon intensity by 3.2% vs 2021 (down by 28.4% vs 2019), illustrating the progressing decarbonisation of the activities of the Group.

Altarea also maintains its Green Star 5* status at GRESB for the 7th consecutive year and aims to become the benchmark for decarbonisation of the Property Development market.

18 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.
19 With 64% achievement of the taxonomy criterion “Energy/climate change mitigation” (substantial criterion).

Financial resources

Altarea had a robust financial structure, both in liquidity (€3 billion in available resources), and on the balance sheet with equity of nearly €3,960 billion (up by €416 million year-on-year) and a net debt of €1,555 million (down by €91 million).

	31/12/2022	31/12/2021	*Chge*
Net debt	€1,555 m	€1,646 m	*-€91 m*
LTV[20]	*24.5%*	*24.1%*	*+0.4 pt*
Net debt to EBITDA ratio[21]	3.5x	4.1x	*-0.6x*
ICR[22]	13.0x	8.2x	*+4.8x*
Average duration	4 years and 3 months	4 years and 6 months	*-3 months*
Liquidity	€2,971 m	€3,429 m	*-€458 m*
Cost of debt[23]	1.82%	1.80%	*+2 bps*

In 2022, Altarea, adapting to the new interest rates environment, has come up with a strategy of the optimisation of its financial resources and of dynamic management of its hedge by:

- reducing the gross debt (partial buyback of senior bonds for €317.5 million[24]) and cutting by half its outstanding negotiable commercial papers (€372 million at 31/12/2022);
- reinforcing the short and long-term resources with an increase in RCF volume of €275 million[25];
- improving internal cash pool;
- enhancing at end-2021/early 2022 the portfolio of hedges (increase in envelop and duration).

The restructuring of the interest rate hedging portfolio provides the Group a fixed rate hedged debt position of around €2 billion on average over a five-year horizon, then decreasing throughout time, securing therefore a particularly competitive financing cost over the long term. Altarea expects to maintain the average cost of its debt at close to current levels over this period.

The rating agency S&P Global confirmed its Investment Grade rating of the Group with a rating of BBB- and negative outlook.

20 Loan-to-Value (LTV): indebtedness ratio. Consolidated net debt from bonds and bank loans/Consolidated market value of Group assets.
21 FFO operating income over net debt from bonds and bank loans.
22 Interest cover ratio (ICR): Operating income/Net borrowing costs.
23 Average total cost including related fees (commitment fees, non-use fees, etc.).
24 Including €306.7 million on a total nominal amount of €331.5 million from 3 issuances: €120.3 million from Altarea July 2024, €161.2 million from Altareit July 2025 and €50 million from Altarea January 2028, completed by other buybacks for a total nominal amount of €10.8 million.
25 Revolving credit facilities.

PRIMONIAL

On 2 March 2022, Altarea informed the public that the acquisition of the Primonial Group could not be completed under the agreed conditions. Altarea considers that the Sellers did not comply with the provisions of the acquisition agreement entered into in July 2021, which has lapsed.

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

In their brief in response (conclusions en réplique) dated 21 November 2022 and 16 January 2023, the various groups of shareholders maintained and developed their argumentation. As it stands, the seller managers allege a damage of €118,988,650 and the investment funds allege a damage of €588,082,058.50.

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

As of the date of disclosure of the Group's financial statements, the proceedings are ongoing.

In agreement with the Group's advisors, the Group did not record any provision.

OUTLOOKS AND GUIDANCES

Altarea, a powerful and revolutionary model

The strength of Altarea's model sits fundamentally on the immense market of urban transformation, its depth has been continuously growing since decades (change in usage, fundamental housing needs, new locations, urban design recast, low carbon evolution, etc.).

To address this huge market, the Group has developed an operating system that is unique in France, enabling it to be the leader with the most comprehensive real estate offering, the expertise in highly specialized stills and recognised brands.

Above all, Altarea can count on the commitment of its 2,000 employees who embrace the 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.

A strategic roadmap fitting into a new cycle of real estate

Since more than 10 years, the continuous rise in price has been driven by falling interest rates. The rapid rise in interest rates throughout 2022 will put an end to this mechanism and, in the absence of any external event not yet identified, year 2023 (and very likely 2024 as well) should mark the bottom of the cycle for the real estate market (decline in volumes and values).

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

Low carbon urban transformation, the foundation of the growth

In Residential, Altarea estimates its potential at around 18,000 units depending on the cycle and will rely on a policy of expansion that is both territorial and multi-brand to increase its market share. Altarea is already working to create affordable, low carbon and innovative offers, which will require the adjustment of land prices.

In Retail, the Group intends to carry on its asset management strategy on existing assets, those to be created and those to be acquired in partnership according to opportunities.

In Business property, Altarea counts on an offer covering full range of products (office buildings, logistics, hotels) and all territories (the Paris region and other Regions). Le Groupe is currently building the financial and legal tools that will enable it to take advantage of a cycle that will be marked by the adjustment of market position and low carbon transformation of assets.

New businesses, growth surplus with limited risk

Real estate asset management, a strong belief

Altarea's strategic decision to develop real estate asset management through organic growth remains unchanged. A team has already been set up and will soon be significantly strengthened. In early February 2023, the AMF granted approval, with conditions precedent, for the creation of an asset management company, aiming to launch shortly a public fund business (asset conversion, real estate of new generation). The asset management activity to institutions will also follow, in keeping with the achievements and track record of Altarea.

New products around digital and renewable energy infrastructures

In 2022, Altarea has laid the foundations for two new product lines: small-scale data centres and the generation and distribution of low carbon electricity. These two products share the same challenges of land management and administrative uncertainties, areas in which Altarea has proven expertise. A team is being built with a combination of external hires and internal resources (mainly from Retail team) in order to take control of all the operational expertise and to build a pipeline. The first contributions are expected in the next four to five years within the framework of a "developer/asset manager" model.

In the long-term, these new businesses should contribute 10 to 15% of recurring operating income.

Guidances

Calendar and FFO potential

In 2023, le FFO would decline due to the lack of mega projects in Business property, the anticipated slowdown of Residential sales, and the investments in new businesses.

Years 2023 et 2024 will be dedicated to the new cycle adaptation, the low carbon transition and the new business' ramp-up.

In the medium-term, the organic growth potential is expected to bring the FFO to €325-375 million, or + 20% to + 35% (compared to 2022) taking into consideration the higher corporate taxes, the low carbon transition and the contribution of new businesses, assuming there is no geopolitical, health or macroeconomic crisis.

Low-carbon transition

European taxonomy: more than half of the revenue aligned[26] and reduction in carbon intensity.

Financial profile

Limited financial risk, ability to seize additional opportunities.

DIVIDEND POLICY

2023 dividend (for fiscal year 2022)

A dividend of €10.0/share (+ 2.6% vs 2021) will be proposed at the General Shareholders' Meeting of 8 June 2023, for the fiscal year 2022. Shareholders will also be proposed the partial conversion option. They will be free to choose between:

- a full payment in cash;
- 50% payment in share[27], and 50% in cash.

For the subsequent years[28]

A pay-out ratio of 75% of FFO with a minimum dividend of €10/share will be proposed, with the option of the partial conversion of the dividend into shares. Shareholders will be able to opt for:

- A full payment in cash;
- 50% payment in share[27], and 50% in cash.

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

Financial calendar 2023

First quarter 2023 revenue:	27 April 2023 (after trading)
Combined General Meeting:	8 June 2023 (10 a.m.)
Half-year results 2023:	27 July 2023 (after trading)

ABOUT ALTAREA – FR0000033219 - ALTA

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

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Disclaimer

26 At constant regulation.
27 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.
28 Subjected to the approval of shareholders during the General Meeting and assuming there is no geopolitical, health or macroeconomic crisis.

BUSINESS REVIEW
31 DECEMBER 2022

SUMMARY

1.1 Altarea: an unrivalled platform of skills to support low carbon urban transformation

A huge market

The urban transformation market, in which Altarea holds a leading position, is more than ever an immense market.

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

Altarea's know-how lies in developing low-carbon real estate products that integrate all these issues into a complex economic equation. The complementary nature of the Group's[29] 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.

Leading property developer in France

With nearly 900 projects secured at the end of 2022, Altarea is developing the largest portfolio of real estate projects in France representing potential value[30] of €21.3 billion across all product types.

Secured pipeline (by product)	Surface area (m²)(a)	Potential value (€ millions)(b)
Residential	2,963,500	15,725
Business Property	1,397,500	5,006
Retail	112,400	567
Total	**4,473,400**	**21,298**

(a) Retail: GLA m² created. Residential: SHAB offer for sale and portfolio. Business Property: floor space or surface area.

(b) Market value at delivery date. Retail: potential market value including transfer duties of projects on delivery (net rental income capitalised at a market rate) at 100%, and revenue excl. tax for development projects. Residential: offer for sale + portfolio incl. VAT. Business property: potential market value excl. transfer duties on the date of disposal for investment projects (at 100%), amount excl. tax of off-plan sales/PDC for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised delegated project management fees.

These pipeline projects are carried out mostly in a "developer" model (development for sale). Almost all projects are managed under options that the Group can exercise based on prudential criteria adapted to each situation.

French leader in large urban projects

The Group is managing 21 major urban renewal projects with a cumulative potential value of nearly €5.1 billion and a surface area of 1,270,000 m², including 15,800 residential units (including hotels and serviced residences).

These new neighborhoods, which are microcosms of the city in all its components, help counter the artificialisation of the soil through densification and the conversion of existing land.

Deliveries in 2022

After inaugurating the *Bezons Cœur de Ville*[31] eco-district at the beginning of the year and delivering the last phase of *Aerospace* in Toulouse, Altarea inaugurated in mid-October *Issy Cœur de Ville*, the largest private project in the Paris region of the last three years. This project is a wonderful illustration of the Group's expertise in urban transformation, with:

• an exemplary urban conversion of an old 3-hectare industrial wasteland into a fully pedestrianised mixed-use district open to the city and connected to public transport;

• a mixed-use neighbourhood comprising 12 real estate[32] properties spanning 105,000 m²;

• a new hub that will ultimately welcome 1,500 residents, 3,000 employees and over 3 million visitors each year;

• a low-carbon district with 73% of its energy needs met through renewable sources (geothermal heating and cooling of buildings, and photovoltaic panels on the roof) and 13,000 m² of green spaces, including a 7,000 m² urban forest, to combat urban heat islands;

• a neighbourhood certified to the highest standards (BiodiverCity, HQE, BREEAM) and a pilot project for WELL Community Standard certification in France.

New projects and upcoming deliveries

The Group started construction on *Bobigny Cœur de Ville*[33] in 2022,a 105,000 m² mixed-use pedestrian area that will be delivered in 2023. 2023 will also see the inauguration of three other projects (*Strasbourg-Fisher, Cœur Mougins* and *EuroNantes*) that are currently under construction.

Finally, in 2022, the pipeline was significantly enhanced (8 new projects for a potential value of €2.2 billion, 500,000 m² et 6,500 residential units), with deals including:

• the implementation of the partnership signed with Carrefour on two first urban development projects located in Nantes and Sartrouville which involve the transformation of existing commercial assets into complete living spaces;

[29] Cogedim, Pitch Immo, Histoire & Patrimoine, Severini, Woodeum, Altarea Commerce, Altarea Entreprise, Cogedim Club, Altarea Solutions et Services.

[30] Potential value = market value on delivery date (see details of the calculation in note (b) of the "Secured pipeline" table above.

[31] 67,000 m² comprising 730 residential units, 10,000 m² of office space and 46 retail outlets and restaurants, delivered at the end of 2021.

[32] 607 residential units including 156 intended for low-cost housing and 83 apartments as senior residences for Cogedim Club, 3 office buildings including the future headquarters of CNP Assurances, 17,000 m² of retail outlets and services (30 shops and restaurants, 1 UGC cinema, 1 school with 10 classrooms, 1 nursery equipped with 60 cots, 1 multi-purpose hall) and an innovative third place known as NIDA ("Nid d'idées d'avenir" meaning "Nest of ideas for the future"), offering spaces and a programme of creative and cultural activities and other events, designed for individuals and companies and open to all.

[33] 1,100 residential units, 10,000 m² of office space, 30 retail outlets and public facilities (nursery, car park, green spaces) to be delivered by the end of 2023.

• the tender won by Cogedim and Histoire & Patrimoine for the conversion of *Grands Moulins de Corbeil-Essonnes*, flagship for the local industrial heritage and owned by the Soufflet Group (acquired by InVivo). The project consists of 240 housing units, including 150 renovated housing units and 90 new housing units that will raise the height of the building. This residential program will offer an activities zone on the ground floor, with services and local shops: a restaurant, a café, an auction room, a heritage centre, public facilities for the City, a bicycle workshop and a third-place (business incubator/microbrewery) operated by the O'Sullivans Group;

• the development of three new projects in the Paris region illustrating the diversity and complexity of the projects developed by the Group, including:

- the conversion of an unoccupied office campus belonging to the investment fund Federa Limited and managed by STAM Europe in Marly-le-Roi, near Versailles, in a mixed-use neighbourhood of 45,000 m² which includes 570 residential units (vacant housing, social housing and senior residences), local services and training and co-working facilities,
- the conversion of a sports field into a new residential area of more than 400 units in Châtenay-Malabry,

• in December, winning the *Cité Internationale de la Gastronomie Paris-Rungis* call for projects, which will open in 2027. Pitch Immo will be in charge of the construction and management of this new 53,000 m² district, including more than 12,650 m² of buildings under a public service delegation that will host training workshops, museum and event spaces, which will showcase the excellence of French gastronomy.

1.2 OPERATIONAL PERFORMANCE

1.2.1 Retail

1.2.1.1 An Asset Management Strategy

The Group's strategy is to increase the volume of assets under management (€5.5 billion at end-2022) while holding stakes in certain assets (€2.3 billion in Group share). This strategy allows it to maximize the value of its operational expertise on the volumes under management, while optimising return on capital employed.

Value of managed assets

At 31/12/2022	%	Values (€ millions)[(a)]	*Change vs. 31/12/2021*
Assets under management	**100%**	**5,483**	**+3.9%**
o/w Third-party share	*57%*	*3,137*	*+8.5%*
o/w Group share	*43%*	*2,346*	*-1.5%*

[(a)] Appraisal value including transfer duties.

The value of assets under management (AUM) increased by +3.9% compared to 2021. New shopping centre and local asset management contracts offset asset outflows (MRM partnership[34] and loss of contracts). The year 2022 was marked by numerous new contracts, in particular for:

• the NICETOILE shopping centre, which consolidates the long-term partnership forged with Allianz Real Estate by extending it to a seventh asset;

• the convenience stores of large urban projects that came on stream this year (*Bezons Cœur de Ville*, *Issy Cœur de Ville*, *Toulouse Aerospace* and *Massy Place du Grand Ouest*), whose gain more than offset the loss of deux contracts (in Brest and Reims).

MRM/SCOR partnership

In July, SCOR, MRM and Altarea announced a partnership to accelerate the strategic development of MRM. In December, Altarea sold the Flins and Ollioules shopping centres to MRM for €90.4 million, paid partly in cash and partly in MRM shares. Following this transaction, Altarea holds nearly 16% of MRM's share capital.

Breakdown of AuM by type

At 100% (€ millions)	31/12/2022		31/12/2021	
Regional shopping centres	3,281	*60%*	3,079	*58%*
Travel retail	545	*10%*	554	*11%*
Retail parks	1,027	*19%*	964	*18%*
Convenience stores	630	*11%*	678	*13%*
Total AUM	**5,483**	*100%*	**5,275**	*100%*

Centre valuations

In 2022, real estate experts factored a slight increase in rental values, which was offset by the increase in property exit rates[35].

At 100%	31/12/2022	31/12/2021
Regional shopping centres	5.17%	5.01%
Retail parks	5.80%	5.70%
Convenience stores	5.90%	5.95%
Weighted average	**5.36%**	**5.24%**

In total, the value of the portfolio of shopping centres (at 100%) increased slightly on a like-for-like basis (+1.5% at €4,668 m).

1.2.1.2 Operations back to normal

The performance achieved over the year reflects both the continued normalisation of operations throughout the year despite the deterioration of the macroeconomic environment (inflation, energy costs, retailer failures[36]) and the appropriate market position of the portfolio, whose attractiveness has been strengthened for retailers and their customers with particularly strong performance in retail parks.

Retailers' revenue[37] and footfall[38]

2022	Chg. *vs.* 2021	Chg. *vs.* 2019
Revenue (incl. Tax)	+20%	+4.0%
Footfall	+18%	-9.0%

The habits adopted during the health crisis, combined with the rise in gasoline prices, are confirmed by a footfall that stabilised at 91% of the pre-COVID-19 levels and an average basket that has structurally increased.

Dynamic rental activity

At 100%	No. leases	New rent
France and International	300	27.1
Projects under management	67	6.4
Total	**367**	**33.5**

Rental activity remained strong with 367 leases signed and more than €33 million euros of minimum guaranteed rents, in line with the trend observed in 2021, regardless the retail format. Lease renewals are on average at levels close to the previous rent.

2022 was marked by the signings of anchor tenants at the Group's emblematic sites. Thus, in the coming months, CAP3000 will welcome the Pull&Bear and Bershka brands, in their new formats. Zara and Stradivarius will arrive at the *Toulon La Valette* site, replacing C&A.

[34] MRM is a listed player specialising in retail real estate.
[35] 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. NB: since the retail outlets are operated under concession, there is no capitalisation rate (full ownership rate equivalents are slightly below 5%).
[36] The brands that have recently gone into judicial liquidation (GoSport, Kookai, etc.) are not significant in the rental base (1.4% at 100% and 1.3% in group share).
[37] Cumulative change in retailers' revenue incl. VAT on a like-for-like basis from January to December in France and Spain, at constant surface area.
[38] 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.

Sports brands, which enjoyed strong momentum since the health crisis, are opening new stores or renewing their leases. For example, the arrivals of JD Sports at Qwartz and Espace Gramont, Decathlon at Le Parks with a brand-new format, and sportdirect.com at the Ruaudin site.

Finally, Altarea programmed *Issy Cœur de Ville*, which was fully leased at opening with an unprecedented offering of 30 local and national retailers across three areas: fashion and beauty, culture and leisure, catering, and food outlets. The neighborhood intends to attract local residents from Issy and customers from the nearby areas, with an estimated annual footfall of 3 million visitors.

Return to normative financial vacancy

At 100%	31/12/2022	31/12/2021	31/12 /2020
Financial vacancy	2.7%	2.9%	4.2%

Collection

The collection rate[39] has normalised and stands at 94.6% for the year to date of publication (compared to 94% in 2021). Note, however, that it is taking longer to achieve a normal recovery rate than before the health crisis.

Consolidated net rental income

France and International	€ millions	*Chge*
Net rental income at 31 December 2021	**162.5**	
Change in scope of consolidation	2.4	*+1.5%*
Normalisation of operations	24.3	*+15.0%*
Like-for-like change	4.5	*+2.8%*
Net rental income at 31 December 2022	**193.7**	***+19.2%***

Net rental income at end-2022 increased by +19.2% to €193.7 million and includes the following impacts:

• +€2.4 million full-year effect of 2021 deliveries, net of disposals;

• +€24.3 million related to the decrease in reliefs and provisions for bad debts (normalization of operations);

• +€4.5 million on a like-for-like basis, *i.e.* +2.8%, mainly due to the effect of indexation.

Lease expiration schedule

Lease end date	At 100% (€ millions)	% of total	3-year termination option	% of total
Past due	11.0	*4.3%*	11.0	*4.3%*
2022	3.9	*1.5%*	4.1	*1.6%*
2023	9.7	*3.8%*	34.0	*13.3%*
2024	15.7	*6.1%*	39.6	*15.5%*
2025	22.7	*8.9%*	40.6	*15.9%*
2026	31.3	*12.2%*	39.2	*15.3%*
2027	22.7	*8.9%*	24.0	*9.4%*
2028	19.5	*7.6%*	16.4	*6.4%*
2029	28.6	*11.2%*	7.8	*3.0%*
2030	24.7	*9.7%*	13.9	*5.4%*
2031	31.2	*12.2%*	6.4	*2.5%*
> 2031	34.9	*13.6%*	18.8	*7.3%*
Total	**255.9**	**100%**	**255.9**	**100%**

Environmental performance

Altarea has long been committed to a process of energy sobrity and transition for all of its commercial centers. In 2022, the Group announced the following:

• A reduction of -42.8% in primary energy consumption per m² compared to 2010, exceeding its reduction target of -40% between 2010 and 2030;

• 99% of the electricity supply for all owned sites is now from renewable energy sources. In addition, Altarea is increasing initiatives to develop a business of renewable energy production/distribution:

• Deployment of photovoltaic panels on operational centers (mainly car park shelters). The Group aims to develop 20 MW within 2 years. To date, 7 building permits have already been obtained (for 14 MW);

• Deployment of charging stations with the signature in April 2022 of a partnership with Electra, a French specialist in ultra-fast (150-300 kW) charging of electric vehicles. This partnership, taking the form of a joint venture, consists of equipping 19 commercial sites managed by the Group by 2024. In February 2023, the first charging stations were installed in the parking lot of Family Village in Aubergenville. Thanks to Electra's expertise in terms of installation, maintenance, and supervision of the charging network, these devices can then be deployed on all of the Group's real estate projects.

1.2.1.3 Development

Paris-Austerlitz station

Following the successful transformation of the Paris-Montparnasse train station, Altarea is leading a major project to restructure the retail spaces at the Paris-Austerlitz train station, which will eventually include nearly 20,000 m² of shops directly connected to the station.

With the building permit now cleared of all appeals, Altarea and SNCF Gares & Connexions have signed the final agreements at the end of the year, allowing work to start in 2023.

Convenience stores in large urban projects

Altarea develops local retail assets as part of its large urban projects intended to be sold and managed on behalf of third parties.

Altarea is actively working to market the units of the major urban projects that will be delivered in 2023, in particular Bordeaux Belvédère and Mougins, as well as on projects that started construction in 2022 (Bobigny Cœur de Ville).

[39] *Rents and charges collected compared to rents and charges invoiced (incl. Tax) to date.*

Assets under management at end-December 2022

Asset and type	No.	GLA (in m²)	Gross rents (€ millions)	Values (€ millions)	Group share	Value GS (€ 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)		30,900			25%	
La Corte Lombarda (Bellinzago, Italy)		21,200			25%	
NicEtoile (Nice)		17,300			0%	
Espace St Quentin (St Quentin en Yvelines)		28,000			0%	
Regional shopping centres	**10**	**423,000**	**165**	**3,281**		**1,470**
Paris-Montparnasse station		18,200			51%	
Gare de l'Est (Paris)		6,800			51%	
Italian railway stations (5 assets)		8,600			51%	
Oxygen (Belvédère 92)		2,900			100%	
Travel retail	**8**	**36,500**	**48**	**545**		**281**
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)		18,200			100%	
Marques Avenue (Aubergenville)		12,900			51%	
Pierrelaye		10,000			51%	
Carré de Soie (Lyon) – RP		51,000			50%	
Chamboucy		34,900			0%	
Retail parks	**13**	**338,500**	**55**	**1,027**		**487**
-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)		13,600			0%	
Toulon Grand Ciel		3,000			0%	
Convenience stores	**12**	**190,200**	**36**	**630**		**108**
Total assets under management	**43**	**988,200**	**305**	**5,483**		**2,346**

1.2.2 **Residential**

1.2.2.1 Strategy

Altarea is the second-largest residential developer in France[40]. The Group has structured itself to achieve potential sale of approximatly 18,000 units per year in the medium term depending on market conditions.

National geographic coverage

The Group has a national geographical coverage with particularly strong positions in major cities where it is a leader or co-leader. In recent years, it also develops its activity at a sustained pace in medium-sized cities, which offer new growth opportunities. These particularly dynamic territories are generally located along transportation axes connecting major cities or in coastal or border areas.

Almost all of the offer for sale and in the land portfolio are located in high-growth areas and are collective buildings with a very high level of certification (quality and/or environmental).

A multi-brand strategy

Complementary brands to cover the entire market

Cogedim ("healthy homes for healthy people") is the Group's leading brand in terms of geographic coverage, product range and brand awareness (Cogedim was awarded "Best customer service of the year" for the sixth consecutive year in early 2023). Cogedim's offer is built around ten commitments that prioritize health, well-being and the environment, with particular attention paid to air quality, neutral materials, reducing CO_2 emissions, energy savings, brightness, thermal and acoustic comfort. This offer is particularly in line with the new expectations of French people in terms of high-quality housing[41]. Cogedim is structured to reach potential annual sales of 10,000 to 11,000 units in the future.

Pitch Immo ("closer to go further") has a market position around four values: people at the heart (strengthening territorial coverage for greater proximity), local integration (tailor-made programs developed with local stakeholders), quality of life and CSR (outdoor spaces and green spaces, air quality, NF Habitat, HQE and Energy$^+$Carbon$^-$ certifications). The brands **Severini** (specializing in the Aquitaine region), and **Groupe XF** (Toulouse-based developer acquired in July 2022) in Occitanie, are operationally attached to it. In total, Pitch Immo has potential sales of 4,000 units per year.

Histoire & Patrimoine ("Historical places for your stories") is the Group's brand specialising in urban renovation and rehabilitation. The expertise of Histoire & Patrimoine focuses on historical buildings, exceptional architectures and historical urban sites to give them a second life. Histoire & Patrimoine has future potential sales of around 1,500 to 2,000 units per year.

Woodeum ("100% committed to the planet and your well-being") is a brand specialising in the construction of CLT solid wood and low-carbon housing. The construction technologies developed by Woodeum contribute to reduce the carbon footprint and construction nuisance of buildings, while offering exceptional comfort of use. Woodeum, a wholly owned subsidiary of Altarea since early 2023, is structured to reach potential sales of approximatly 1,500 to 2,000 annual units in the future.

Cogedim Club ("Family home spirit") is a brand specialising in the development of managed residences for active seniors, offering apartments for rent, with personalised services and activities, for the comfort and well-being of their residents.

The Group's various brands operate independently (own customers and products) while benefiting from the power of the Group embodied by the Altarea umbrella brand (strategy, finance, support).

A multi-product strategy

The Group provides adequate answer to requirements from all market segments and all customer types:

• High-end: products defined by high requirements in terms of location, architecture and quality;

• Middle and entry-level: programs designed to address the need of affordable housing for first-time buyers and investment, as well as meeting the needs of social landlords and institutional investors;

• Serviced Residences: Altarea designs residences for active seniors (without daily medical monitoring), tourist residences as well as student residences combining a central location and a range of à la carte services;

• Heritage rehabilitation products: under the Histoire & Patrimoine brand, the Group offers a range of products in Historical Monuments, Malraux Law properties and Real Estate Tax schemes;

• Sales in dismemberment of ownership: the Group is developing programs under a French Government policy known as social rental usufruct. They offer an alternative investment product for private investors, whilst meeting the needs of social housing in high-demand areas and thus provide alternative solutions to local communities;

• Timber housing development under the Woodeum brand, a reference player in carbon-free development in France.

The Group has also developed Altarea Solutions & Services, an internal platform of value-added services to support its customers and partners throughout their real estate projects (commercial support, financing brokerage, rental management, property management, etc.). At the end of 2022, the Group was already managing, as part of its property management activity, nearly 16,100 units in 382 buildings, and more than 6,650 units as part of its rental management offering.

[40] Source: Ranking of Developers 2022 carried out by Innovapresse which analyses and compares the volumes of activity, the number of housing units or square meters produced, or the equity and debt of the main property developers. It provides detailed figures, developer by developer, and outlines their projects and strategies.

[41] In 2021, Cogedim conducted a study with the OpinionWay institute entitled "The French, housing and health", the results of which are available on the altarea.com website, under the Newsroom section.

1.2.2.2 2022 environment

Adaptation of commercial policy and land commitments management to the context

Although the new residential market remains structurally under-supplied compared to needs in most large cities, it has been constrained since the beginning of 2022 by many unfavourable factors, both at the macroeconomic level (rise in interest rates, usury rate, maximum effort rate of 35% of income, inflation and purchasing power) and geopolitical level (war in Ukraine and energy shortages/tensions).

Access to financing, desire and purchasing power for real estate have eroded throughout the year, leading to a decline in sales in the last quarter, affecting all customer segments: private individuals in main residences, individual investors and institutional buyers.

As a result, Altarea, whose sales were still growing in the third quarter of 2022, has implemented greater selectivity in its projects to prioritize the sale of ongoing programs and the development of the most profitable projects. This policy has led to the postponement of certain commercial launches and land acquisitions initially planned for the end of 2022.

1.2.2.3 Activity of the year

Sourcing[42]

	2022	2021	Chge
In €m incl. VAT	6,381	5,502	+16%
In units	22,983	21,471	+7%

Procurements have increased by +16% in value (+7% in volume) compared to 2021, notably following the inclusion in the medium-term pipeline of several large urban projects (*Cité de la gastronomie* in Rungis, *Grands Moulins* in Corbeil-Essonnes, Marly-Le-Roy, etc.).

Building permits and land acquisitions

In units	2022	2021	Chge
Building permit applications	17,086	17,981	-5%
Building permits granted	14,052	12,057	+17%
Land acquisitions	12,487	11,523	+8%

Commercial launches (retail sales)

Launches	2022	2021	Chge
Units	7,864	7,241	+9%
No. projects	182	166	+10%

Deliveries and projects under construction

In 2022, more than 9,170 units were delivered under 152 programs (compared to 12,175 in 2021 under 155 programs).

At the end of 2022, 344 projects were under construction in France, for nearly 32,000 units.

New orders[43]

New orders	2022	%	2021	%	Chge
Individuals - Residential buyers	707	27%	667	22%	+6%
Individuals - Investment	1,015	38%	1,031	34%	-2%
Block sales	945	35%	1,340	44%	-29%
Total in value (€m incl. VAT)	**2,666**		**3,038**		**-12%**
Individuals - Residential buyers	2,000	20%	1,945	16%	+3%
Individuals - Investment	3,590	36%	3,866	34%	-7%
Block sales	4,428	44%	5,710	50%	-22%
Total in volume (units)	**10,017**		**11,521**		**-13%**

New orders, which were still increasing at the end of September 2022, are now down by 12% in value over the year, with strong disparities depending on the customer base:

• sales to Individuals have shown a very slight increase (+1.4% over the year), driven by first-time buyers;

• block sales recorded a decline of 29% in 2022, mainly due to the postponed land acquisitions at the endof theyear, which traditionally involve a high proportion of block sales.

New orders by product range

In units	2022	%	2021	%	Chge
Entry-level/mid-range	6,286	63%	7,072	61%	-11%
High-end	1,946	19%	2,280	20%	-15%
Serviced Residences	1,031	10%	1,397	12%	-26%
Renovation/Rehabilitation	754	8%	772	7%	-2%
Total	**10,017**		**11,521**		**-13%**

Notarised sales

€ millions incl. VAT	2022	%	2021	%	Chge
Individuals	1,943	62%	1,609	55%	+21%
Block sales	1,182	38%	1,298	45%	-9%
Total	**3,125**		**2,907**		**+7%**

Notarised sales have experienced a strong increase among Individuals (+21%), particularly those who had their financing in place and who wanted to take advantage of the last year of the Pinel tax reduction in its current form.

Stability in revenue by % of completion[44]

€ millions excl. VAT	2022	%	2021	%	Chge
Entry-level/mid-range	1,578	64%	1,595	64%	-1%
High-end	649	26%	667	27%	-3%
Serviced Residences	88	4%	95	4%	-7%
Renovation	143	6%	128	5%	+12%
Total	**2,459**		**2,485**		**-1%**

Revenue in % of completion is stable overall at €2,459 million (-1%). Histoire & Patrimoine, a brand specialized in historical buildings, achieved an excellent performance (+12%) in a more difficult context for residential development.

[42] Preliminary sale agreements for land, valued as residential new orders (incl. tax) or units.
[43] 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 (including Woodeum).

[44] Revenue by percentage-of-completion is calculated based on both percentage of sales realised (notarised sales) and the technical completion of the programmes (progress of construction sites).

1.2.2.4 Outlook

Project pipeline

The pipeline of projects under development is composed of:

• properties for sale[45] (units available for sale);

• the land portfolio, which includes projects secured under a preliminary sale agreement (most of which are unilateral) and not yet launched. They become properties for sale when commercial launches take place.

Potential revenue (€m incl. VAT)	31/12/2022	No. of month	31/12/2021	Chge
Properties for sale	2,234	10	1,742	+28%
Future offering	13,491	61	11,536	+17%
Pipeline	**15,725**	**71**	**13,278**	**+18%**
In no. of transactions	*815*		*715*	*+14%*
In no. of units	*52,920*		*48,200*	*+10%*
In m²	*2,963,500*		*2,699,200*	*+10%*

Backlog

Backlog is an advanced indicator of potential revenue, which includes:

• notarised sales, not yet recognised: units sale that have been regularised at the notary's office, to be recognised as revenue according to technical progress;

• new orders (units sold) that are not yet regularised.

€ millions excl. VAT	31/12/2022	31/12/2021	Chge
Notarised revenue not recognised	1,937	1,987	-3%
Revenues reserved but not notarised	1,555	1,733	-10%
Backlog	**3,491**	**3,720**	**-6%**
o/w equity-method (Group share)	*216*	*270*	*-20%*
Number of months	*17*	*18*	

Management of real estate commitments

Risks related to land commitments are assessed during Commitment Committees, which evaluate in particular the financial, legal, administrative, technical and commercial risks.

Each operation is subject to at least three committee reviews, which can be supplemented by update reviews, ensuring constant and regular monitoring of the life of the operations.

These procedures are applied across all subsidiaries and Property Development brands of the Group

End of 2022:

• 36% of units for sale relate to programs in which the land has not yet been acquired and for which the amounts committed mainly correspond to studies, advertising, and reservation fees (or guarantees) paid within the purchase agreement on the land;

• 64% of the offer is linked to programs for which the land is already acquired. The amount of finished products inventory is not significant (less than 1% of total offer).

In the current context, the Group has strengthened its prudential criteria via:

• the choice to prioritise unilateral preliminary sale agreements rather than bilateral sale and purchase agreements;

• an agreement required from the Commitments Committee at each stage of the operation;

• a high level of pre-commercialization required prior to the acquisition of the land, and whose level has been strengthened in 2022;

• the securing of work contracts as early as possible;

• the abandon or renegotiation of projects having generated inadequate pre-commercialization rates.

[45] *Value of units available for new orders.*

1.2.3 Business property

1.2.3.1 Strategy

A developer/investor/asset manager model

Altarea has significant operations in the Business property market with limited capital risk:

• mainly as a developer[46] in off-plan sales, off-plan leases and property development contracts (PDC), with a particularly strong position in the turnkey user market, or as a service provider under DPM contracts;

• as a co-investor, either directly or through AltaFund[47], for high-potential assets (prime location) in view of their sale once redevelopment has been completed[48].

The Group is systematically the developer of projects in which it is also co-investor and Manager[49].

Altarea can operate throughout the value creation chain, with a diversified revenue model: PDC margins, rent, capital gains and fees.

Regional strategy

The Group is structured to address two complementary markets:

• Grand Paris: in a context of land scarcity, Altarea works on capital-intensive projects (generally under partnership), or alternatively as a service provider to support large investors and users;

• Large regional cities: Altarea is involved in development projects (off-plan sales or PDCs), generally sourced via its regional Residential network which now extends to new regions (medium-sized cities generally located along transport axes connecting cities to each other).

A wide range of products

Altarea has an offer covering all commercial property products:

• offices: headquarters, multi-occupancy buildings, high-rise buildings, covering all sizes (from 1,500 m² to 70,000 m²), all ranges (from prime to opportunistic) and all regions;

• hotels: all categories (from 1 to 4 stars), up to 700 rooms, in city centres or near transport hubs, independently or as part of large mixed-use projects;

• campus and schools: on behalf of higher education institutions (Grandes Écoles) or vocational schools (private and public);

• logistics: XXL platforms for distributors or e-commerce players, urban logistics for the last mile.

All of the Group's operations incorporate the highest level of environmental requirements and low-carbon performance, as well as a modular approach that allows the conversion of use.

[46] *This development activity does not present any commercial risk: Altarea carries only a measured amount of technical risk.*
[47] *AltaFund is a discretionary investment fund of which Altarea is one of the contributors alongside leading institutional investors.*
[48] *Resold rented or not.*

1.2.3.2 Pipeline

As the leading business property developer in France[50], Altarea manages a portfolio of 59 projects with a potential value estimated at close to €5.0 billion at the end of 2022 (at 100%).

At 31/12/2022	No.	Surface area (m²) at 100%	Revenue excl. VAT (€m)	Potential value at 100% (€m excl. VAT)
Investments[(a)]	4	158,200	712	2,180
Off-plan sales / PDCs[(b)]	52	1,182,800	2,632	2,632
DPM[(c)]	3	56,500	194	194
Total	**59**	**1,397,500**	**3,538**	**5,006**
o/w Offices	50	666,500	2,807	4,275
o/w Logistics	9	731,000	731	731
o/w Regions	46	1,069,300	2,218	2,218
o/w Paris Region	13	328,200	1,320	2,788

(a) Potential value: market value excluding transfer duties at the date of sale, held directly or via AltaFund, at 100%.

(b) Projects intended for "100% external" customers only. Potential value: revenue (excl. VAT) from signed or estimated property development or off-plan sale contracts, at 100%.

(c) Revenue excl. VAT = Potential value: capitalised fees for delegated projects.

The investment operations consist of four projects with a potential value of nearly €2,180 million at 100% (€665 million Group share) and for a cost price of approximately €1,900 million at 100% (€567 million, Group share).

1.2.3.3 Activity of the year

Activity was intense for all product categories throughout the country.

Grand Paris

The Group has made significant progress, particularly in large investment projects:

• In July, the sale to La Française REM of the Campus Cyber in Paris-la Défense, a 26,500 m² office building designed for new professional uses and developed according to the highest environmental standards[51]. This rare asset offers a secure and indexed return (a 10-year lease was signed with a consortium bringing together public authorities and large private groups specialising in cybersecurity);

• the delivery of the three office buildings within the large mixed-use project Issy-Cœur de Ville, certified BEPOS (positive energy building) and intended to house the headquarters of the Caisse Nationale de Prévoyance (CNP) as from early 2023. This frees up the CNP's historic headquarters located above the Montparnasse station, owned by Altarea and Caisse des Dépôts, which will undergo a complete restructuring over the coming years;

[49] *Through marketing, sale, asset and fund management contracts.*
[50] *According to the Promoteurs 2022 ranking by Innovapresse (34th edition published in July 2022).*
[51] *NF HQE Exceptional, Effinergie+, Wiredscore Platinium, BREEAM "Excellent", Well Silver.*

• the sale to Crédit Agricole Assurances of the remaining 10% stake in Bridge, Orange's global headquarters in Issy-les-Moulineaux;

• the partial commercialisation of *Landscape* in La Défense to ManpowerGroup France, Vitogaz and Rubis Energie, thereby completing the largest transaction for a high-rise office building of the year;

• the start of the demolition work on the building located on the plot that will accommodate Bellini, the future headquarters of Swiss Life France in La Défense, acquired by Swiss Life Asset Managers at the end of 2021;

• the management of several new development projects, including the refurbishment of the former CACEIS headquarters in the immediate vicinity of the Paris-Austerlitz station for Crédit Agricole Assurances and *Le Central,* an office complex in the École polytechnique neighborhood in Palaiseau.

Regional cities

As the leading business property developer in the regions, Altarea has been able to capitalise on its know-how to meet the expectations of this fast-growing market. The year 2022 confirms this trend, with, in particular:

• the signing of numerous off-plan sales and PDCs:

- *KI* in Lyon (CPI), a mixed-use program of 29,400 m² combining retail, offices and residential units. Demolition work of the former CERA headquarters has started,
- *Hill Side* in Toulouse with Tivoli Capital, which will set up a Newton Offices coworking space in this building targeting a double NF HQE™ Bâtiments Tertiaires and BREEAM certification,
- *Porte Est* in Marseille with Erilia, a social enterprise for housing (ESH) and with SCPI Atlantique Mur Régions for a building intended to host INSEE,
- a mixed-use building in Aix-en-Provence with Groupama Immobilier which will house offices, R&D laboratories and industrial workshops for Alstom,

• the management of seven new projects (170,000 m²), including the new *ESSCA campus* in Aix-en-Provence and several office projects in the Grand-Ouest region totaling 36,000 m². One of thses projects is *Feel Good* in Nantes, which was already the subject of an off-plan deal with SMABTP at the end of the year, a mixed program in Angers *(Amytis)*, consisting of 150 housing units and 5,800 m² of offices or in Rennes (8,000 m² of offices and 150 housing units);

• the delivery of several office buildings, including:

- *#Community* Groupama's new campus in Mérignac near Bordeaux, sold to Atream,
- *La Tannerie* in the Gerland district in Lyon, sold to the interim group LIP at the end of 2020,
- as well as the first two buildings of the Vert Pomone project, a tertiary complex sold to SCPI Mur Régions, which will house the Esaip training centre and to the Nahema agency, a NATO subsidiary specialised in the development of military helicopter programs.

Logistics

In a context of reindustrialisation, supply chain reorganisation, and e-commerce development, the French logistics real estate market is experiencing unprecedented growth. The Group, active in this segment for nearly 20 years, is now strengthening its historical position in large logistics platforms on the one hand, and structuring its offer on the promising segment of urban logistics on the other hand with:

• the launch of a new project at the gates of Lyon, Ecoparc Cotière, combining XXL logistics (50,000 m²) and business premises (20,000 m²) and continuing development of the 8 other projects under development on the north-south axis and the Atlantic arc;

• the success of a first urban logistics project[52] "La Manufacture de Reuilly" carried out in partnership with Corsalis Logistics Real Estate, involving the restructuring of a building in the heart of Paris that was leased to La Belle Vie (French leader in home shopping) and then sold to a fund managed by AEW.

Building on this success, in early July Altarea took a stake in start-up Corsalis, as a way to build up the expertise of its in-house teams and accelerate the development of the pipeline, which to date comprises around ten projects located either within the Group's mixed-use projects or identified throught the development prospecting teams in Paris and other major cities.

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

Backlog

Backlog is composed of notarised sales, excl. VAT, yet to be recorded per the percentage-of-completion method, new orders excl. VAT, not yet notarised (signed property development contracts), and fees to be received from third parties on signed contracts.

(€ millions)	31/12/2022	31/12/2021	*Chge*
Off-plan, PDC	338	415	*-19%*
Fees (DPM)	11	10	*+10%*
Total	**349**	**425**	***-18%***

The backlog grew by €264 million of investments signed during the year, following the delivery of major investment projects in the Paris region (Issy Cœur de Ville, Bridge, Campus Cyber).

Commitments

(€ millions) Group share	Investment	Property Developm ent	Total
Already paid out	105	113	218
To be paid out	351	-	351
Total commitments	**456**	**113**	**569**

For investment projects, the Group's commitments correspond to the obligations of equity contributions in operations.

The vast majority of the remaining commitments still to be disbursed relate to the historic headquarters of CNP Assurances located above Paris-Montparnasse station (PRD project), held in a 50/50 partnership by Altarea and Caisse des Dépôts et Consignations.

This building will undergo a major restructuring in coming years. The corresponding investments will only be disbursed once all the administrative authorisations are obtained.

As for new developments, commitments are limited to the amount of studies for projects being arranged. Regarding projects under construction, financial commitments are covered by calls for funds (except for "en blanc" operations).

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Pipeline under development at the end of December 2022

	Surface area (m²)	Property Development Type	Revenue (€ millions excl. VAT)[a]	Potential value at 100% (€ millions excl. VAT)[b]	Progress[c]
Landscape (La Défense)	70,100	Invest			Partially delivered/Let
Bellini (La Défense)	18,100	Invest			Under construction/Sold
PRD-Montparnasse (Paris)	56,200	Invest			Secured
Louis le Grand	13,800	Invest			Secured
Investments (4 projects)	**158,200**		**712**	**2,180**	
Belvédère (Bordeaux)	50,100	off-plan sale			Under construction
EM Lyon Business School (Lyon)	29,400	PDC			Under construction
Amazing Amazones - EuroNantes (Nantes)	19,700	off-plan sale			Under construction
Villeurbanne	13,000	off-plan sale			Under construction
Unedic (Marseille)	11,900	off-plan sale			Under construction
Haute Borne (Villeneuve d'Ascq)	11,900	off-plan sale			Under construction
Bobigny-La Place	9,800	off-plan sale			Under construction
Adriana (Marseille)	9,700	off-plan sale			Under construction
Jolimont (Toulouse)	4,300	off-plan sale			Under construction
Les Milles (Aix-en-Provence)	20,000	off-plan sale			Secured
Other Office projects (33 projects)	*272,000*	*PDC/Off-plan*			*Secured*
Sub-total Offices	**451,800**		**1,901**		
Technoparc (Collegien - Greater Paris)	8,600	off-plan sale			Under construction
Hexahub Occitanie (Beziers)	50,400	PDC			Under construction
Ecoparc Cotière (Lyon)	70,000	off-plan sale			Secured
Hexahub Paris Region (Seine et Marne)	68,200	PDC			Secured
Puceul (Nantes)	37,600	Off-plan lease			Under construction
Other Logistics projects (4 projects)	*496,200*	*PDC/Off-plan*			*Secured*
Logistics sub-total	**731,000**		**731**		
"100% external" Property Development (52 projects)	**1,182,800**		**2,632**	**2,632**	
DPM (3 projects)	**56,500**	**DPM**	**194**	**194**	
Total Property Development portfolio (59 projects)	**1,397,500**		**3,538**	**5,006**	

(a) PDC/Off-plan: amount excluding tax of contracts signed or estimated at 100%. DPM: capitalised fees.

(b) Potential value: market value excluding project rights. Investments: potential value at disposal date for investment projects (at 100%). Projects intended for "100% external" customers (off- plan/PDC): amount excluding VAT of contracts signed or estimated (at 100%, or in proportion for projects under joint control). DPM: capitalised fees.

(c) Secured projects: projects either fully or partly authorised, where the land has been acquired or for which contracts have been exchanged, but on which construction has not yet begun.

1.3 Environmental performance: European taxonomy and carbon performance

1.3.1 Taxonomy: new standard for environmental performance reporting

1.3.1.1 General principles

The Taxonomy Regulation[53] (or European taxonomy) is a common classification system in 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's environmental objectives.

In 2022, non-financial companies must publish indicators taken directly from their accounts (revenue, Capex and Opex), indicating for each the proportion of eligible under the taxonomy (eligibility rate) as well as the proportion that meets the European environmental criteria (alignment rate).

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 accelerate the financing of the ecological transition.

1.3.1.2 Application to Altarea

Given its business activities, revenue is the most relevant accounting indicator for Altarea[54].

Eligibility of consolidated revenue

In 2022, more than 98% of Altarea's consolidated revenue[55] 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 Retail REIT.

Alignment calculation

To be considered sustainable ("aligned"), each project or asset contributing to Altarea's revenue must be screened for six environmental criteria[56]. For each criterion, high performance thresholds have been set, in particular for the "Energy" criterion, which is considered the area where the Group can make a "substantial contribution":

- Energy (mitigation of climate change), composed of four sub-criteria: primary energy consumption, airtightness and thermal integrity, life cycle analysis of a building (design, construction, operation) and energy management;

- Climate (adaptation to climate change): study of physical climate risks in the area of implementation and adaptation plan;

- Water: building water consumption/flow rate, water resource management on construction sites;

- Circular economy: reuse of materials, waste recovery, and 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.

A specific approach has been implemented for certain criteria to take into account particular situations (operational relevance, materiality thresholds, etc.). Significant work has also been done to document certain criteria as comprehensively as possible (life cycle assessment reports, construction site charter, etc.).

Alignment rate

The alignment rate reaches 44% of consolidated revenue in 2022.

(€ millions)	Construction	Renovation	Ownership	Group
Aligned activities	1,158	23	151	**1,331**
% of consolidated	*45%*	*12%*	*70%*	***44%***

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[53] 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.
[54] All performance indicators and full methodology will be presented in the DPEF chapter of the Universal Registration Document.
[55] In 2022, consolidated revenue was €3,013 million, of which €45 million (2%) was taxonomy ineligible (e.g. trustee activities) and €2,968 million was eligible (98%).
[56] One criterion of "substantial contribution" and five criteria of "do no significant harm" ("DNHS"). 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).

Performance by criterion

The alignment rate obtained for each criterion taken individually is high. It even reached 64% at Group level for the substantial criterion of Energy.

% of consolidated revenue	Construction	Renovation	Ownership	Group
Alignment rate	***45%***	***12%***	***70%***	***44%***
Energy	64%	77%	70%	**64%**
Climate	100%	77%	91%	**97%**
Water	88%	100%		**88%**
Circular economy	78%	21%		**74%**
Pollution prevention	90%	77%		**90%**
Biodiversity	100%			**100%**

The overall alignment rate is, however, reduced by the cumulative nature of the criteria: the failure to meet a single criterion invalidates the alignment of the analysed project.

An exemplary environmental approach

This performance reflects the exemplary approach by the Group, which is often a pioneer in environmental matters across all its activities:

Property Development

• anticipating and adopting more stringent energy and environmental regulations: *project developments prior to 2022 were already targeting energy consumption 10% lower than the regulatory requirements in Residential and at least 30% lower in Business property in the Paris Region*;

• systematic application for labels and certifications: *NF Habitat HQE, HQE "Very Good" and/or BREEAM® "Very Good" at least for office buildings*;

• generalisation of ambitious construction charters *(low nuisance, waste recovery, etc.)*;

• development of the quality of buildings built (modularity, multi-use, comfort, health, etc.) or managed: *for example, Cogedim has defined 10 commitments taking into account well-being, air quality, material neutrality, reduction of* CO_2 *emissions, energy savings, brightness, thermal and acoustic comfort in its residential programs*.

Retail REIT

• generalisation of *BREEAM In-Use* certification since 2015, deployment of biodiversity plans in 100% of managed shopping centres;

• systematic installation of building automation and control systems (BAS/BMS) in shopping centres;

• use of renewable electricity supply for 99% of shopping centres managed and owned in 2022;

• drive for energy savings at the REIT (as well as the Group headquarters): continuous decrease in energy consumption since 2010. This was achieved through the implementation of an energy master plan and an environmental management system for operations (EMS).

1.3.1.3 Action plans

Action plans and monitoring systems have been rolled out at each level of management, and the compensation system for employees and executives now includes the taxonomy in its objectives.

1.3.2 Carbon performance

In 2022, Altarea reviewed its carbon performance measurement methodology[57] in order to build an efficient management tool, particularly in Property Development. 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[58]

Scope (Scopes 1 & 2 & 3)

To comply with the GHG Protocol[59] Greenhouse Gas (GHG) emissions[60], expressed in kilograms of CO_2 equivalent ($kgCO_2e$), are classified into three categories (scopes):

• direct emissions (scope 1) cover all emissions that the company is directly responsible for (burning of fossil fuels, refilling of refrigerants fluids, 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 measured are determined by the Group's different business lines:

• in **Property Development**[61], they are related to the *construction* of the building and its *use* over a period of 50 years:

- *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

Carbon performance by percentage of completion

Altarea has developed a methodology for calculating its carbon performance "on a percentage-of-completion" based

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[57] Integration of the measurement principles of the new environmental regulations (mainly RE2020). Scope, comparability of financial years, audit trail.
[58] In the Extra-Financial Performance Statement (DPEF) section of its 2022 Universal Registration Document.
[59] 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).
[60] 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).
[61] On behalf of third parties.

on the same principles used to determine its accounting revenue.

A carbon footprint was calculated for each project contributing to revenue (541 projects in the year 2022) by taking the SHAB area and by applying an emission factor in $kgCO_2e/m^2$. This emission factor breaks down into one factor linked to the construction of the asset and another linked to its use over a period of 50 years.

Carbon emissions are booked at the same rate used to determine accounting revenue:

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

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

Emission factors

For projects for which the building permit was filed prior to 2022, the emission factors used (construction and use) depend on the nature of the asset (office, housing, retail, logistics, etc.) and the date the building permit was issued[62]. These emission factors were based on the ADEME and Carbone4 standards[63].

For projects for which the building permit was filed in 2022, the emission factors used (ICc for construction, ICe for use) are taken directly from the Life Cycle Assessments (LCA) performed building by building. These have been mandatory since 1 January 2022 for residential (RE2020) and since 1 July 2022 for the tertiary sector.

By way of illustration, the maximum emission factors applicable under the RE2020 (new housing) regulations are presented below.

New housing *in $kgCO_2e/m^2$*	**Construction** *(ICc)*	**Use** *(ICe)*	**TOTAL** *(ICg)*
Applicable from 2022	740	560	**1,300**
Applicable from 2025	650	260	**910**
Applicable from 2028	580	260	**840**
Applicable from 2031	490	260	**750**

The application of the RE2020 regulation should result in a long-term reduction in carbon emissions of -42% by 2031, with a rapid improvement in performance in use and more gradual improvement in construction, reflecting the greater complexity of implementation (availability of technical solutions, industrialisation of processes, absorption of additional costs, etc.) in the construction field.

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 based on the energy consumption of the common areas (actual measurements) and private areas (actual and estimated measurements). This consumption is then converted into carbon emission equivalent using a factor whose level fluctuates according to the carbon intensity of the energy consumed.

Corporate

Using the same principle as the REIT, 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.

1.3.2.2 Results and analyses

Carbon performance

In 2022, the Group's emissions (scopes 1, 2 & 3) represented 1,085 thousand tonnes of CO_2 equivalent (tCO_2e), down by 3.4% compared to 2021 and by 30.6% compared to 2019. Figures in the table below are expressed on a Group share basis (economic carbon[64]).

In thousands of tCO_2e	2019	2020	2021	2022
Property Development				
Residential	1,041	982	907	**914**
Business Property	315	203	139	**102**
Retail	195	100	71	**60**
REIT and Head office	12	7	7	**9**
Group in Q / P	**1,563**	**1,292**	**1,124**	**1,085**
o/w Construction	*822*	*757*	*765*	***720***
o/w Use	*729*	*528*	*352*	***356***
o/w REIT and Corporate	*12*	*7*	*7*	***9***

Out of a total emission of 1,085 thousand tCO_2e, 356 thousand tCO_2e (*i.e.* 33%) correspond to emissions that have not yet occured (share related to the future use of the buildings over a period of 50 years).

Analysis

The overall reduction in emissions between 2019 and 2022 is due to both a "volume effect" (deliveries of major office projects in the Paris region[65] and retail projects[66]) and a "rate effect" (reduction in the average emission factor of around 8% over the period).

Property Development accounts for almost all of the Group's emissions, particularly Residential Development, which alone accounts for 84% of the total. In 2022, emissions from this activity increased slightly (+0.8%), especially due to the growth of Histoire & Patrimoine and Pitch Immo with particularly dynamic activities.

REIT Retail has a low level of emissions. The decarbonisation of this activity was initiated in 2010 with a reduction of emissions by half over the period. This business line is now nearly carbon-neutral within this perimeter.

Carbon intensity

Carbon intensity can be defined as the amount of CO_2e required to generate one euro of revenue. As Altarea's carbon performance is based on the same data reference as its revenue, this indicator can be used to measure the decoupling between economic value creation and GHG emissions, which is a fundamental principle of low carbon growth.

[62] Assimilated at the date of acquisition of the land.
[63] By way of illustration, the emission factors used for Residential range from 942 $kgCO_2e/m^2$ in 2019 to 915 $kgCO_2e/m^2$ in 2021 (construction) and 637 $kgCO_2e/m^2$ in 2019 to 598 $kgCO_2e/m^2$ in 2021 (use).
[64] Emissions at 100% (managed carbon) represented 1,163 tCO_2e in 2022.
[65] PDC Richelieu, Kosmo, Bridge, Issy Coeur de Ville, Landscape …
[66] Development (CAP3000, Paris-Montparnasse train station, etc.) and on behalf of third parties (Issy Coeur de Ville, etc.)

In gCO_2e/€	2019	2020	2021	2022
Carbon intensity	503	424	372	**360**

Since 2019, Altarea has reduced its carbon intensity by 28.4% and by 3.2% in 2022, illustrating the ongoing decarbonisation of the Group's activities.

1.4 FINANCIAL PERFORMANCE

1.4.1 2022 consolidated results

In 2022, Altarea recorded a good financial performance despite the deterioration of the macroeconomic environment which impacted residential development. Operating income reached €446.3 million (up by 10.2%), driven by the growth of Retail (up by 26.6%) and Business property (up by 47.1%), which more than offset the decline of Residential (down by 15.6%).

Funds from operations (FFO[67]) increased by 4.2% to €275.4 million in line with the Group's guidance.

In total, FFO Group share amounted to €13.34/share (down by 7.1% year-on-year), with the FFO growth being more than offset by the dilution linked to the 12.0% increase in the average number of diluted shares[68].

(€ millions)	Retail	Residential	Business Property	New businesses	Other	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	**241.5**	**2,469.7**	**301.9**	**-**	**0.1**	**3,013.2**	**-**	**3,013.2**
Change vs. 31/12/2021	*+11.4%*	*-1.1%*	*-4.1%*		*-*	*-0.5%*		*-0.5%*
Net rental income	193.7	-	-	-	-	193.7	-	193.7
Net property income	-	155.7	37.2	-	(0.0)	192.9	(2.8)	190.1
External services	31.3	11.1	11.9	-	0.1	54.4	-	54.4
Net income	**224.9**	**166.8**	**49.1**	**-**	**0.1**	**440.9**	**(2.8)**	**438.1**
Change vs. 31/12/2021	*+21.4%*	*-23.2%*	*+11.5%*			*-1.3%*		*-1.9%*
Own work capitalised and production held in inventory	5.7	221.0	15.4	-	-	242.1	-	242.1
Operating expenses	(43.6)	(245.4)	(32.0)	(1.5)	(6.9)	(329.5)	(26.6)	(356.1)
Net overhead expenses	**(38.0)**	**(24.4)**	**(16.6)**	**(1.5)**	**(6.9)**	**(87.4)**	**(26.6)**	**(114.0)**
Share of equity-method affiliates	5.6	9.2	77.9	-		92.7	7.0	99.7
Income/loss on sale of assets Retail							2.3	2.3
Change in value, estimated expenses and transaction costs – Retail							27.6	27.6
Estimated expenses and transaction costs - Residential							(19.6)	(19.6)
Estimated expenses and transaction costs - Business Property							(1.3)	(1.3)
Other provisions Corporate							(14.6)	(14.6)
Operating income	**192.6**	**151.6**	**110.4**	**(1.5)**	**(6.8)**	**446.3**	**(36.1)**	**410.1**
Change vs. 31/12/2021	*+26.6%*	*-15.6%*	*+47.1%*	*-*	*-*	*+10.2%*	*(0.0)*	*18.6%*
Net borrowing costs	(17.2)	(8.6)	(8.5)	-	-	(34.3)	10.5	(23.8)
Other financial results	(16.1)	(5.5)	(4.4)	-	-	(26.1)	(0.2)	(26.3)
Gains/losses in the value of financial	-	-	-	-	-	-	123.0	123.0
Gains or losses on disposals of equity	-	-	-	-	-	-	9.8	9.8
Corporate income tax	(0.9)	(16.1)	(18.2)	-	-	(35.2)	(33.1)	(68.3)
Net result	**158.3**	**121.4**	**79.3**	**(1.5)**	**(6.8)**	**350.6**	**73.9**	**424.5**
Non-controlling interests	(60.7)	(14.5)	0.0	-	-	(75.2)	(22.5)	(97.7)
Net income, Group share	**97.5**	**106.9**	**79.3**	**(1.5)**	**(6.8)**	**275.4**	**51.4**	**326.8**
Change vs. 31/12/2021	*25.3%*	*-17.6%*	*35.3%*	*-*	*-*	*+4.2%*		
Diluted average number of shares						*20,649,592*		
Net income, Group share per share						**13.34**		
Change vs. 31/12/2021						*-7.1%*		

[67] *Funds from operations (FFO): net income excluding changes in value, estimated expenses, transaction costs and changes in deferred tax. Group share.*
[68] *Creation of 3,017,432 shares in 2021 (capital increase, scrip dividend, Reuilly and FCPE).*

Retail

(€ millions)	2022	2021	
Rental income	210.2	186.7	
Expenses (including bad debt)	(16.6)	(24.2)	
Net rental income	**193.7**	**162.5**	*+19.2%*
% of rental income	*92.1%*	*87.0%*	
External services	31.3	23.8	
Own work capitalised & production	5.7	8.6	
Operating expenses	(43.6)	(45.6)	
Contribution of EM associates	5.6	3.8	
Net property income	-	(1.0)	
Operating income – Retail	**192.6**	**152.1**	*+26.6%*
Net borrowing costs	(17.2)	(26.2)	
Other financial results	(16.1)	(13.0)	
Corporate income taxes	(0.9)	(1.5)	
Non-controlling interests	(60.7)	(33.5)	
FFO Retail	**97.5**	**77.9**	*+25.3%*

After three years of sanitary crisis, the normalization of operations is confirmed: net rental income are up by 19.2% mainly due to the reduction in reliefs and in provisions for bad debts, and the full-year effect of Paris-Montparnasse station delivery. Overall, the FFO Retail Group share increased by 25.3% to €97.5 million despite the nearly doubling of minorityg interests related to partnerships.

Residential

(€ millions)	2022	2021	
Revenue by % of completion	2,458.5	2,484.7	*-1.1%*
Cost of sales and other expenses	(2,302.8)	(2,280.7)	
Net property income	**155.7**	**204.0**	*-23.7%*
% of revenue	*6.3%*	*8.2%*	
External services	11.1	13.3	
Production held in inventory	221.0	177.7	
Operating expenses	(245.4)	(227.3)	
Contribution of EM associates	9.2	12.0	
Operating income – Residential	**151.6**	**179.6**	*-15.6%*
% of revenue	*6.2%*	*7.2%*	
Net borrowing costs	(8.6)	(13.4)	
Other financial results	(5,5)	(5.0)	
Corporate income taxes	(16.1)	(13.6)	
Non-controlling interests	(14.5)	(17.9)	
FFO Residential	**106.9**	**129.7**	*-17,6%*

The decrease in Residential operating income is due to the decline in the profitability of projects that contributed to 2022 revenue (almost stable at €2,458.5 million). This decrease is attributable to a deterioration in the business context at the end of the year, which led to an increase in the cost of operations (construction cost, labor cost, sales incentives). In total, FFO Residential fell by 17.6% to €106.9 million after taking into account the increase in taxes.

Business property (BP)

The revenue model of the Business property division is particularly diversified:

- net property income generated by development projects (PDC and off-plan sales);
- external services: DPM, asset management, leasing and performance fees;
- and contribution from equity-method affiliates: profits made on investment projects in partnership.

(€ millions)	2022	2021	
Revenue by % of completion	290.0	305.2	*-5.0%*
Cost of sales and other expenses	(252.9)	(271.0)	*-6.7%*
Net property income BP	**37.2**	**34.2**	*+8.7%*
% of revenue	*12.8%*	*11.2%*	
External services	11.9	9.8	
Production held in inventory	15.4	10.3	
Operating expenses	(32.0)	(26.2)	
Contribution of EM associates	77.9	46.9	
Operating income – BP	**110.4**	**75.0**	*+47.2%*
% of revenue +ext. serv.	*36.6%*	*23.8%*	
Net borrowing costs	(8.5)	(9.5)	
Other financial results	(4.4)	(2.2)	
Corporate income taxes	(18.2)	(4.9)	
Non-controlling interests	0.0	0.2	
FFO Business property	**79.3**	**58.6**	*+35.3%*

2022 was marked by a high level of activity, both in the Paris Region (disposal of 10% of Bridge, sale of Campus Cyber and the Manufacture de Reuilly in urban logistics) and in the regions. Operating income from Business Property was a record €110.4 million (up by 47.2%), and FFO was €79.3 million (up by 35.3%) after tax.

2022 Dividend

A dividend of €10.0/share will be proposed at the General Meeting of 8 June 2023, for the financial year 2022, up by 2.6% compared to 2021. A partial conversion option of the dividend into shares will also be offered to shareholders. They will be able to choose between:

- a 100% payment in cash;
- a 50% payment in shares and 50% in cash.

1.4.2 Net asset value (NAV)

Going concern NAV (fully diluted[69]) at €157.1/share (-0.3%)

NAV – GROUP	31/12/2022				31/12/2021	
	(€ millions)	Chge	€/share	Chge	(€ millions)	€/share
Consolidated equity, Group share	**2,375.2**	+6.2%	**116.6**	+5.8%	**2,236.2**	**110.2**
Other unrealised capital gains	459.5				874.3	
Deferred tax on the balance sheet for non-SIIC assets[(a)]	22.5				19.4	
Fixed-rate market value of debt	239.2				(34.7)	
Effective tax for unrealised capital gains on non-SIIC assets[(b)]	(14.7)				(26.6)	
Optimisation of transfer duties[(b)]	70.7				83.1	
Partners' share[(c)]	(18.5)				(18.5)	
NNNAV (NAV liquidation)	**3,133.8**	+0.0%	**153.8**	-0.4%	**3,133.2**	**154.4**
Estimated transfer duties and selling fees	66.6				62.4	
Partners' share[(c)]	(0.4)				(0.4)	
Going concern NAV (fully diluted)	**3,200.0**	+0.2%	**157.1**	-0.3%	**3,195.2**	**157.4**
Number of diluted shares:	*20,375,804*				*20,293,271*	

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

At 31 December 2022, Altarea has lowered the value of the Property Development Division in its NAV to align with the lower end of the valuation range to reflect the new context.

Change in NAV

Going concern NAV (fully diluted)	in €m	€/share
NAV 31 December 2021	**3,195.2**	**157.4**
Dividend	(199.8)	(9.75)
FFO Group share 2022	275.4	13.34
Property Development	(368.2)	(18.1)
Retail	16.2	0.8
Financial instruments and fixed-rate debt	391.5	19.2
IFRS 16	(14.6)	(0.7)
Deferred tax	(26.6)	(1.3)
Unrealised capital gains and losses recognised in profit or loss[(a)]	(22.9)	(1.1)
Other and transaction costs[(b)]	(46.2)	(2.8)
NAV 31 December 2022	**3,200.0**	**157.1**
vs. 31 December 2021	*+0,2%*	*-0,3%*

(a) Unrealised capital gains on Bridge and Issy Cœur de Ville.
(b) Of which "Primonial" costs incurred to date, AGM expenses, depreciation and amortisation and general partners' share.

[69] *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 basis

Asset valuation

Investment properties

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

Retail assets are assessed by Cushman & Wakefield and Jones Lang LaSalle. The breakdown of the valuation of the assets by experts is detailed below:

Appraiser	Portfolio	% of value, incl. transfer duties
Jones Lang LaSalle	France	44%
Cushman & Wakefield	France & International	54%
Other	France & International	2%

The appraisers use two methods:

• discounting cash flows (DCF method), including resale 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 based on a fixed 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 per year by external appraisers on annual closing: Retail Asset Management (Altarea France) is valued by Accuracy, the Property Development division (Residential and Business property) and the Business Property Investment division & Asset management division are valued by appraisers Accuracy and 8Advisory.

The method used by Accuracy uses 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 comparables.

8Advisory uses a multi-criteria DCF-based approach, an approach using multiples from listed peer Group and multiples from comparable transactions when these can be based on relevant transactions.

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

Financing strategy

Altarea had a very solid financial structure at the end of 2022, with significant liquidity (€3 billion in available resources), and a strong balance sheet, with shareholders' equity of nearly €4 billion (up by €416 million over the year), and net debt of €1,555 million (down by €91 million).

The rise in interest rates, which began in January 2022, accelerated starting in August. During this period, Altarea deployed a strategy of anticipation and adaptation to this new environment through a dynamic management of interest rate hedges and optimisation of its financial resources.

The Group's abundant liquidity at the end of 2021 (€3,429 million, including €499 million in cash at Corporate level) helped with the implementation of this strategy.

Gross debt was thus reduced by €763 million, mainly through the following operations:

• the successful launch of two public partial buyback offers on three outstanding senior bonds (Altarea July 2024, Altareit July 2025 and Altarea January 2028), paying a total of €306.7 to redeem a total nominal value of €331.5 million (respectively €120.3 million, €161.2 million and €50 million), plus buybacks over the course of the year of a total nominal amount of another €10.8 million;

• the early redemption of a €80 million term loan maturing in March 2023;

• a gradual reduction of the outstanding balance of negotiable commercial papers from €759 million at 31 December 2021 to €372 million at 31 December 2022.

In parallel, Altarea has strengthened its short-term and long-term resources:

• arrangement of five RCFs[70] for a total amount of €275 million and a five-year term loan of €10 million;

• improvement of the internal cash pool to optimise available cash at both corporate and property development levels, generating financial income whose full-year effect will only be felt in 2023.

With these operations, the Group was able to optimise its liquidity by proactively managing its liabilities on capital markets and so enhance its available cash as well as the volume and cost of its financial debt.

In addition, the Group strengthened consolidated equity by €9.3 million through an employee mutual fund (FCPE) which subscribed to a reserved capital increase (resulting in the creation of 82,533 new shares), thus demonstrating the commitment and confidence of employees.

Available cash

At 31 December 2022, Altarea had available cash of €2,971 million (€3,429 million at 31 December 2021).

At end-2022 available cash breaks down as follows:

Available (€ millions)	Cash	Unused credit facilities	Total
At Corporate level	446	1,449	1,895
At project level	720	356	1,076
Total	**1,166**	**1,805**	**2,971**

Unused credit lines at corporate level consist of €1,448.5 million in RCFs with an average maturity of two years and seven months, and two maturities totalling €175 million within the next 12 months.

As of the end of 2022, given the Group's liquidity position, no RCF has been drawn. The Group does not intend to draw on corporate RCFs in the short term.

Short and medium-term financing

The Group has two NEU CP programs[71] (maturity less than or equal to one year) and two NEU MTN programs[72] (maturity greater than one year) for Altarea and Altareit companies.

At the end of December 2022, given the increase in interest rates resulting in more expensive market borrowing costs, the total outstanding amount of these programs was reduced to €372 million, down €387 million from 31 December 2021, with an average maturity of four months, as follows:

(€ millions)	Neu CP	Neu MTN	Total
Altarea	80	70	**150**
Altareit	170	52	**222**
Total	**250**	**122**	**372**

70 Revolving credit facilities.

71 NEU CP (Negotiable European Commercial Paper).

72 NEU MTN (Negotiable European Medium Term Note).

Net debt[73]

Change in net debt in 2022

Net debt was down €(91) million to €1,555 million, a historically low level.

(€ millions)	
Net debt at 31 December 2021	**1,646**
Dividend	191
FFO 2022	(275)
Capex	43
Disposals & partnerships (railway stations, Bridge, etc.)	(330)
WCR Property Development	158
Acquisition of treasury shares	26
Compensation and financial instruments	93
Other	4
Net debt at 31 December 2022	**1,555**

The decrease in debt is mainly due to disinvestments and partnerships which have more than offset the increase in the Property Development WCR and other financial needs.

Net debt structure

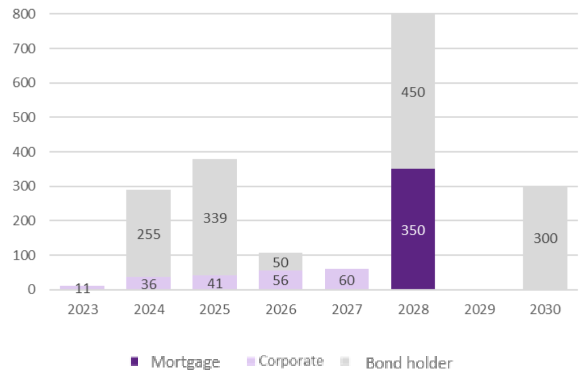
(€ millions)	31/12/2022	31/12/2021
Corporate and bank debt	213	276
Credit markets[a]	1,778	2,508
Mortgage debt	348	348
Debt on property development	168	138
Total gross debt	**2,507**	**3,270**
Cash and cash equivalents	(952)	(1,625)
Total net debt	**1,555**	**1,646**

(a) This amount includes bond debt and €372 million of NEU CP and NEU MTN as of 31 December 2022.

Average gross duration[74] is four years and three months, compared to four years and six months at 31 December 2021.

Long-term debt by maturity[75]

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



Following the bond buybacks and repayment in 2022 of an €80 million bank loan maturing in March 2023, there are no significant long-term debt maturities before 2024, and the bond maturities for 2024, 2025 and 2028 have been reduced.

The €350 million mortgage debt due in June 2026 is associated with CAP3000. With the exception of CAP3000, all of the Group's other consolidated assets are free of mortgage debt.

Cash available at the end of 2022 (€2,971 million) is more than sufficient to meet the Group's short-term needs (€53 million due in the first quarter 2023) and long-term needs, in particular its bond debt maturities.

Hedging: nominal amount and average rate

Between December 2021 and April 2022, Altarea strengthened its outstanding interest rate hedges by executing three interest rate swap programs (fixed-rate payer) expiring between June 2028 and December 2032 for a cumulative amount of €825 million.

It also cancelled, in 2022, €700 million in floating-rate swaps (floating-rate payer), expiring between July 2024 and January 2026.

This restructuring of the interest rate hedging portfolio gives the Group a fixed-rate hedged debt position of around €2 billion on average over a five-year horizon, and gradually decreasing over time, thereby securing a particularly competitive financing cost over this period.

At 31 December 2022, the interest rate hedging profile was as follows:

In progress at end	Fixed-rate debt	Floating-rate debt	Fixed rate hedges[a]	Fixed-rate position (€m)[b]	Average hedge ratio[c]
2023	1,393	193	763	2,156	0.42%
2024	1,139	157	1,288	2,427	0.39%
2025	800	116	1,288	2,088	0.39%
2026	750	60	1,088	1,838	0.39%
2027	750	-	1,088	1,838	0.34%
2028	300	-	1,088	1,388	0.58%

(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).

Altarea intends to continue this dynamic management in 2023 and seize any market opportunity to extend the average duration of its hedges.

Average cost of debt: 1.82%[76] (+2 bps)

The stability of the average cost of debt (*vs.* 1.80% at 31 December 2021), in the context of a sharp rise in interest rates, is the result of the dynamic management of the Group's debt, liquidity and swap portfolio.

Given the structure of its debt and its portfolio of financial instruments, Altarea expects to maintain its average cost of debt at levels close to the current level over a period of five years.

[73] *Net bank and bond debt.*
[74] *Excluding NEU CP, Property Development debt.*
[75] *Excluding NEU CP, NEU MTN, Property Development debt.*
[76] *Including related fees (commitment fees, non-use fees, etc.).*

Credit rating and covenants

On March 2022, the rating agency S&P Global confirmed Altarea's Investment Grade with a rating of BBB- and negative outlook.

Loan to Value (LTV)

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

As of 31 December 2022, it stands at 24.5% (24.1% as of 31 December 2021).

(€ millions)	31/12/2022	31/12/2021
Gross debt	2,507	3,271
Cash and cash equivalents	(952)	(1,626)
Consolidated net debt	**1,555**	**1,646**
Retail at value (FC)[(a)]	4,040	4,064
Retail at value (EM securities), other[(b)]	207	193
Investment properties valued at cost[(c)]	105	205
Business Property investments[(d)]	71	220
Enterprise value of Property Development	1,934	2,135
Market value of assets	**6,358**	**6,816**
LTV Ratio	**24.5%**	**24.1%**

(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 book value of investment properties in development valued at cost.

(d) Market value (including transfer taxes) of shares in equity method affiliates holding investments and other Office Property assets.

Net Debt to EBITDA ratio[77]

At 31 December 2022, the Net Debt to EBITDA ratio stood at 3.5x, compared with 4.1x at 31 December 2021.

Covenants

	Covenant	31/12/2022	31/12/2021	Delta
LTV[(a)]	≤ 60%	24.5%	24.1%	+0.4 pt
ICR[(b)]	≥ 2.0 x	13.0x	8.2x	+4.8x

(a) LTV (Loan to Value) = Net bond and bank debt/Restated value of assets including transfer duties.

(b) ICR (Interest Coverage Ratio) = Operating income restated/Net borrowing costs (column "Funds from operations").

At end-2022, the financial position of the Group fully satisfied all of the covenants of its various credit contracts.

[77] Trailing Operating income (FFO) over twelve months compared to net bond and bank debt.

Consolidated income statement by segment

	31/12/2022			31/12/2021		
(€ millions)	**Financial resources funds from operations (FFO)**	**Changes in value. estimated expenses and transaction costs**	**TOTAL**	**Financial resources funds from operations (FFO)**	**Changes in value. estimated expenses and transaction costs**	**TOTAL**
Rental income	210.2	-	210.2	186.7	-	186.7
Other expenses	(16.6)	-	(16.6)	(24.2)	-	(24.2)
Net rental income	**193.7**	**-**	**193.7**	**162.5**	**-**	**162.5**
External services	31.3	-	31.3	23.8	-	23.8
Own work capitalised and production held in inventory	5.7	-	5.7	8.6	-	8.6
Operating expenses	(43.6)	(5.3)	(49.0)	(45.6)	(6.7)	(52.4)
Net overhead expenses	**(6.7)**	**(5.3)**	**(12.0)**	**(13.2)**	**(6.7)**	**(20.0)**
Share of equity-method affiliates	**5.6**	**0.3**	**5.9**	**3.8**	**(3.0)**	**0.8**
Net depreciation, amortisation and provision	**-**	**(0.5)**	**(0.5)**	**-**	**(12.8)**	**(12.8)**
Income/loss on sale of assets	**-**	**1.0**	**1.0**	**(1.0)**	**(1.2)**	**(2.2)**
Income/loss in the value of investment property	**-**	**27.5**	**27.5**	**-**	**33.1**	**33.1**
Transaction costs	**-**	**0.6**	**0.6**	**-**	**(3.0)**	**(3.0)**
OPERATING INCOME - RETAIL	**192.6**	**23.5**	**216.1**	**152.1**	**6.4**	**158.4**
Revenue	2,458.5	-	2,458.5	2,484.7	-	2,484.7
Cost of sales and other expenses	(2,302.8)	(1.5)	(2,304.3)	(2,280.7)	-	(2,280.7)
Net property income	**155.7**	**(1.5)**	**154.2**	**204.0**	**-**	**204.0**
External services	11.1	-	11.1	13.3	-	13.3
Production held in inventory	221.0	-	221.0	177.7	-	177.7
Operating expenses	(245.4)	(19.9)	(265.3)	(227.3)	(20.9)	(248.1)
Net overhead expenses	**(13.3)**	**(19.9)**	**(33.1)**	**(36.3)**	**(20.9)**	**(57.2)**
Share of equity-method affiliates	**9.2**	**(1.0)**	**8.2**	**12.0**	**(0.6)**	**11.4**
Net depreciation, amortisation and provision	**-**	**(19.1)**	**(19.1)**	**-**	**(20.5)**	**(20.5)**
Transaction costs	**-**	**(0.5)**	**(0.5)**	**-**	**-**	**-**
OPERATING INCOME - RESIDENTIAL	**151.6**	**(42.0)**	**109.7**	**179.6**	**(42.0)**	**137.7**
Revenue	290.0	-	290.0	305.2	-	305.2
Cost of sales and other expenses	(252.9)	-	(252.9)	(271.0)	-	(271.0)
Net property income	**37.2**	**-**	**37.2**	**34.2**	**-**	**34.2**
External services	11.9	-	11.9	9.8	-	9.8
Production held in inventory	15.4	-	15.4	10.3	-	10.3
Operating expenses	(32.0)	(5.2)	(37.2)	(26.2)	(5.2)	(31.3)
Net overhead expenses	**(4.7)**	**(5.2)**	**(9.9)**	**(6.1)**	**(5.2)**	**(11.2)**
Share of equity-method affiliates	**77.9**	**7.7**	**85.6**	**46.9**	**(1.5)**	**45.3**
Net depreciation, amortisation and provision	**-**	**(1.0)**	**(1.0)**	**-**	**(1.0)**	**(1.0)**
Income/loss in the value of investment property	**-**	**(0.3)**	**(0.3)**	**-**	**2.0**	**2.0**
OPERATING INCOME - BUSINESS PROPERTY	**110.4**	**1.2**	**111.6**	**75.0**	**(5.7)**	**69.3**
New businesses	(1.5)	(0.2)	(1.7)	-	-	-
Other (corporate)	(6.8)	(18.7)	(25.5)	(1.8)	(17.9)	(19.7)
OPERATING INCOME	**446.3**	**(36.1)**	**410.1**	**404.9**	**(59.2)**	**345.8**
Net borrowing costs	(34.3)	10.5	(23.8)	(49.2)	(5.4)	(54.6)
Other financial results	(26.1)	(0.2)	(26.3)	(20.1)	(8.6)	(28.7)
Change in value and income from disposal of financial	-	123.0	123.0	-	5.7	5.7
Net gain/(loss) on disposal of investments	-	9.8	9.8	-	7.9	7.9
PROFIT BEFORE TAX	**385.8**	**107.0**	**492.8**	**335.7**	**(59.6)**	**276.1**
Corporate income tax	(35.2)	(33.1)	(68.3)	(20.1)	6.2	(13.9)
NET INCOME	**350.6**	**73.9**	**424.5**	**315.6**	**(53.4)**	**262.1**
Non-controlling interests	(75.2)	(22.5)	(97.7)	(51.2)	0.7	(50.5)
NET INCOME, GROUP SHARE	**275.4**	**51.4**	**326.8**	**264.4**	**(52.7)**	**211.6**
Diluted average number of shares	*20,649,592*	*20,649,592*	*20,649,592*	*18,424,086*	*18,424,086*	*18,424,086*
NET EARNING PER SHARE (€/SHARE) GROUP SHARE	**13.34**			**14.35**		

Consolidated balance sheet

(€ millions)	31/12/2022	31/12/2021
Non-current assets	**5,100.0**	**5,170.8**
Intangible assets	344.3	332.5
o/w Goodwill	*214.7*	*209.4*
o/w Brands	*105.4*	*105.4*
of which Customer relationships	*6.7*	*-*
o/w Other intangible assets	*17.4*	*17.7*
Property plant and equipment	25.2	27.8
Right-of-use on tangible and intangible fixed assets	123.1	128.4
Investment properties	4,087.4	4,176.8
o/w Investment properties in operation at fair value	*3,793.3*	*3,814.5*
o/w Investment properties under development and under construction at cost	*95.5*	*192.8*
o/w Right-of use on Investment properties	*198.6*	*169.6*
Securities and investments in equity affiliates	491.7	459.4
Non-current financial assets	20.3	22.0
Deferred taxes assets	8.0	24.1
Current assets	**3,987.7**	**4,188.5**
Net inventories and work in progress	1,159.3	922.6
Contract assets	723.1	714.1
Trade and other receivables	900.1	858.2
Income credit	3.2	19.5
Current financial assets	81.4	28.3
Derivative financial instruments	160.6	12.0
Cash and cash equivalents	952.3	1,625.5
Assets held for sale	7.8	8.3
TOTAL ASSETS	**9,087.7**	**9,359.4**

Equity	**3,959.5**	**3,543.6**
Equity attributable to Altarea SCA shareholders	**2,375.2**	**2,236.2**
Share capital	311.4	310.1
Other paid-in capital	395.0	513.9
Reserves	1,342.0	1,200.5
Income associated with Altarea SCA shareholders	326.8	211.6
Equity attributable to non-controlling interests in subsidiaries	**1,584.4**	**1,307.4**
Reserves associated with non-controlling interests in subsidiaries	1,263.2	1,033.4
Other equity components, Subordinated Perpetual Notes	223.5	223.5
Income associated with non-controlling interests in subsidiaries	97.7	50.5
Non-current liabilities	**2,612.0**	**3,036.5**
Non-current borrowings and financial liabilities	2,454.8	2,891.7
o/w Participating loans and advances from associates	*58.2*	*59.3*
o/w Bond issues	*1,385.2*	*1,723.2*
o/w Borrowings from credit establishments	*612.8*	*681.7*
o/w Negotiable European Medium-Term Note	*70.0*	*122.0*
o/w Lease liabilities	*132.2*	*138.2*
o/w Contractual fees on investment properties	*196.4*	*167.2*
Long-term provisions	35.5	36.8
Deposits and security interests received	39.3	38.7
Deferred tax liability	82.4	69.4
Current liabilities	**2,516.1**	**2,779.2**
Current borrowings and financial liabilities	547.4	838.5
o/w Bond issues	*22.0*	*26.2*
o/w Borrowings from credit establishments	*90.9*	*67.4*
o/w Negotiable European Commercial Paper	*302.0*	*637.0*
o/w Bank overdrafts	*24.2*	*13.6*
o/w Advances from Group shareholders and partners	*89.1*	*75.6*
o/w Lease liabilities	*16.6*	*16.1*
o/w Contractual fees on investment properties	*2.6*	*2.6*
Derivative financial instruments	0.0	16.7
Contract liabilities	351.4	168.1
Trade and other payables	1,611.1	1,740.6
Tax due	6.2	15.2
TOTAL LIABILITIES	**9,087.7**	**9,359.4**