Altarea embraces the new cycle relying on its financial strength

Excellent performance in Retail
Commitments lowered in Residential with consequences on results
Rolling out investments in other business lines
Maintaining capability to seize opportunities

Retail REIT: the Group's financial backbone

€5.5 bn assets under management (stable at constant scope)
Tenants' revenue: +8.0%
Net rental income +5.0% at constant scope
Financial vacancy 2.7%

Residential: commitments lowered with consequences on results

Appropriate commitments policy given the context
WCR improvement of €143m, decline in operating income
Reservations -7% in value in a market down 35%[1]
Developing "new generation" offer: low-carbon, affordable and cost-effective

Business Property: lack of contribution from major projects

Good commercial activity in the Regions
Major progress on the Bollène XXL logistics project

New businesses: significant milestones

Asset Management: creation of a €1 bn real estate debt fund in partnership
Photovoltaics: setting up the organisation, 1 GWp pipeline targeted

Finance: maintaining the capability to seize opportunities

Revenue: €1,250.1 m (-12%), 48% aligned with European taxonomy
FFO[2]: €21.7 m (-83%)
Robust financial structure: LTV 25.9%, available liquidity €2.5 bn
Upgraded financial rating by S&P Global to BBB-, stable outlook

Publication of financial information for the 3rd quarter of 2023 on 7 November 2023 (after market)

Paris, 27 July 2023, 5.45 p.m. Following review by the Supervisory Board, the Management has approved the consolidated financial statements for the half-year ended 30 June 2023. Limited review procedures have been completed. The Statutory Auditors' reports on the financial information will be issued without reservations on 28 July 2023..

1 FPI (Fédération des Promoteurs Immobiliers), Q1 2023 data.
2 Funds from operations (FFO): net income excluding changes in value, estimated expenses, transaction costs and changes in deferred tax. Group share.

“Altarea delivered a first-half financial performance in line with earlier announcement, marked by the lack of major projects in Business Property and a very low contribution from Residential. The Retail is back to the levels of performance not seen since a decade and is more than ever the Group's financial backbone.

The deterioration of the property market, which was already perceived by the end of year 2022, accelerated throughout the first half of the year. Rising interest rates and increasing difficulties to access the credit had a sharp impact on real estate, which magnitude varies depending on the asset class. The residential market is clearly experiencing the downturn especially in volumes and this adjustment phase is likely to last over several quarters. The business property market in the Paris region is undergoing a more fundamental crisis, while rental values in the logistics and retails remain favourably oriented.

Under such a context, Altarea is rolling out its transformation strategy through the rebalanced allocation of its capital employed:

During the first half of the year, Altarea has reduced its working capital requirements in the residential acknowledging the consequences of a strong decline in results. The new housing market is undergoing profound changes, and it is wise to reduce the Group's exposure during this adjustment phase and to prepare for the future markets, which fundamentals will be very different. Tomorrow's new housing market will be low-carbon and affordable, with transaction volumes definitely and structurally lower than in the past, against increasing proportion of refurbishments. Altarea's teams are already working on all these issues, and we have set each of our brands ambitious targets in this area. In the short term, we need to focus on reducing the units available for sale which were mostly designed in previous cycle. We also need to be very selective on our commitments, which will affect our results. The diversification of its business model and its financial strength grant Altarea the ability to afford the consequence of this more aggressive policy.

The reduction in capital employed in Residential enables us to maintain a robust financial structure while continuing to invest in other businesses. Altarea currently prioritises organic growth, particularly in its new businesses. We are determined to enter in the huge photovoltaic infrastructure market. We have also launched several initiatives in terms of managed funds, particularly in property debt. All these initiatives negatively affect the Group's short-term results, but our experience teaches us that betting on skills and know-how are rewarding long-term investments.

On the second half 2023, the Group will remain very focused on managing the change in real estate cycle and implementing its operational roadmap. When the time comes, Altarea will count on its financial strength to seize opportunities to accelerate its transformation.

Alain Taravella, Chairman and Founder of Altarea

I - LOW-CARBON URBAN TRANSFORMATION - REVIEW OF ACTIVITIES

RETAIL: THE GROUP'S FINANCIAL BACKBONE

Retail accounts for most of the Group's long-term capital employed. Over the recent period, this business has shown great resilience with very favourable operational outlook. Retail gives Altarea a solid financial backbone to get through the adjustment phase faced by its property development business.

A high-performance portfolio: stable values in a context of rising rates

Altarea's strategy is to increase the volume of assets under management (€5.5 billion at end-June 2023) while holding stakes in selected assets (€2.3 billion in Group share). This strategy allows it to maximise the value of its operational expertise on the volumes under management, while optimising return on capital employed.

(€m, including transfer duties)	In %	30/06/2023	31/12/2022	*Chge*
Value of assets under management	**100%**	**5,457**	**5,483**	***-0.5%***
o/w third-party share	*57%*	*3,117*	*3,137*	*-0.7%*
o/w Group share	*43%*	*2,340*	*2,346*	*-0.2%*

AuM values is quite stable on a like-for-like basis. The increase of 20 bps in property exit rate[3] (5.56% on average) has been balanced by the positive impact of indexation and the completion of value-creating transactions.

Well-oriented operational indicators

Retail as an asset class is back to performance levels not seen for more than a decade. Shopping centres, which faced a structural crisis before any other asset classes, have undergone a profound transformation of their business model, which is now bearing fruit:

- total **tenants' revenue** to end-June 2023 was up +8% on a like-for-like basis compared to end-June 2022;
- total **footfall** over the first six months was up +5% *versus* H1 2022, driven in particular by the performances of CAP3000 and retail parks;
- the **financial vacancy rate** is close to historical lows at 2.7%;
- **leasing activity** is dynamic, with 190 new leases signed, representing guaranteed minimum rental income of €16., confirming the appeal of the centres under management, regardless of the retail format;
- **collection rate** was 93.0% to date for the first half (*compared to* 95.3% for FY 2022). The struggles of some textile/clothing brands had almost no impact on the performance of the centres managed by Altarea[4].

Like-for-like growth in net rental income (+5.0%)

France and International	(€ millions)	Chge
Net rental income at 30 June 2022	**94.8**	
Change in scope of consolidation[5]	(1.6)	*-1.7%*
Like-for-like change	4.8	*+5.0%*
Of which indexation	*4.2*	*+4.4%*
Net rental income at 30 June 2023	**98.0**	***+3.3%***

Net rental income at the end of June 2023 increased by +5.0% on a like-for-like basis, illustrating the ability of the Group's assets to outperform indexation.

3 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 Group's assets over the medium and long term. NB: as travel retail outlets are operated under concessions, there is no capitalisation rate (full ownership equivalent rates are around 5%).

4 The Group is marginally exposed to insolvency proceedings, affecting less than 2% of its gross rents (in Group share).

5 In 2022, Altarea completed the contribution of the Flins and Ollioules shopping centres to MRM, a retail REIT (SIIC) specialising in commercial real estate and became a shareholder with a 16% stake in MRM alongside SCOR (57%).

Accelerated development in station retail (Paris-Austerlitz and Paris-Est stations)

After the successful transformation of Paris-Montparnasse station, Altarea started renovation this half-year in Paris-Austerlitz station. The commercialisation of the retail spaces over 25,000 m² directly connected to the station will start in 2024.

Altarea and Gares & Connexions also signed the agreements to renovate and develop the retail space in Paris-Est station, which will be completely transformed (new facade, co-working, catering, innovative shops). Work is due to start at the end of summer 2024 for delivery at the end of 2026, coinciding with the arrival of the Charles De Gaulle Express shuttle which will link Paris-Est to Roissy Charles de Gaulle airport in 20 minutes.

RESIDENTIAL: COMMITMENTS LOWERED WITH CONSEQUENCES ON RESULTS

Appropriate commitments policy given the context

The new housing market is going through an adjustment phase that should last up to 2024, until a new balance is reached. In this context, the Group has adapted its commitment management policy to prioritise the lower working capital requirement (WCR).

Meanwhile, the Group focused the effort on the reduction of backlog (units not sold with land already acquired) against significant price discount, in both retail and block sale.

During the half-year, land acquisitions declined drastically: only 20 lands (1,756 units) were acquired in H1 2023, compared to 49 lands (4,555 units) in H1 2022.

This policy made it possible to significantly downsize commitments and improve the WCR by €143 million.

Reducing the units available for sale

The adjustment in selling prices slowed down the decline in new orders for the half-year to -7% in value in a French market that contracted by around -35%[6].

New orders	30/06/2023		30/06/2022		*Chge*
Individuals – Residential buyers	359	*27%*	421	*30%*	*-15%*
Individuals – Investment	391	*30%*	560	*40%*	*-30%*
Institutional investors – Block sales	562	*43%*	434	*30%*	*+29%*
Total in value (incl. VAT)	**1,311**		**1,414**		***-7%***
Individuals – Residential buyers	1,060	*24%*	1,214	*24%*	*-13%*
Individuals – Investment	1,439	*33%*	1,998	*40%*	*-28%*
Institutional investors – Block sales	1,916	*43%*	1,818	*36%*	*+5%*
Total in units	**4,415**		**5,030**		***-12%***

Block sales, particularly those to CDC Habitat, partly offset the decline in sales to individuals, which remains above half of the Group's sales (57% of the total).

Notarised sales were down by -26% in the context of the shortfall in the issuance of mortgages in France (-42%[7] across all residential markets).

Notarised sales (incl. VAT, €m)	30/06/2023	30/06/2022	*Chge*
Total	***915***	***1,233***	***-26%***
o/w Individuals	*590*	*765*	*-23%*
o/w block sales	*326*	*468*	*-30%*

First-time individual buyers still desire to buy, but are constrained by the difficulties of accessing mortgages, resulting in a slower conversion from order to notarised sale[8].

6 FPI (Fédération des Promoteurs Immobiliers) for Q1 2023.
7 Vs H1 2022; Banque de 'rance' estimates.
8 Conversion of a new order (purchase option) into a notarised document, contractually committing the customer to the purchase.

Contribution of Residential, reflecting Altarea's vision of the market

(€ millions)	30/06/2023	30/06/2022	*Chge*
Revenue by % of completion	€1,009.4 m	€1,147.4 m	*-12.0%*
Net property income	**€33.2 m**	**€88.2 m**	***-62.3%***
Net property margin	*3.3%*	*7.7%*	*-4.4 pt.*
Operating income – Residential	**€5.5m**	**€80.4 m**	***-€74.9m***

Altarea expects the Residential market to undergo a major correction in both prices and volumes in 2023. All the projects operating budgets have been aligned with this vision, resulting in a €74.9m decline in the Residential operating income, broken down as follows:

- -€49.4m[9] due to lower prices (selling prices, sales incentives, support measures);
- -€25.6m due to a reduction in land acquisitions (volume effect).

Developing "new generation" offer

While reducing its backlog from the previous cycle, the Group launched an in-depth review of its land portfolio. All its commitment criteria have been significantly tightened (product design, commercial strategy, regional strategy, construction costs and land prices). A low-carbon, affordable and cost-effective "new generation" offer should gradually gain momentum over coming quarters.

Creating the French leader in low-carbon property development

Following the takeover of 100% of Woodeum[10] in early 2023, the Group announced a merger project with his subsidiary Pitch Immo to create the French leader in low-carbon real estate development. The new entity will benefit from both Woodeum's technological lead in low-carbon property development and Pitch Immo's local footprint and network.

BUSINESS PROPERTY: LACK OF CONTRIBUTION FROM MAJOR PROJECTS

Altarea has operations in the Business Property[11] market (Offices and Logistics) with limited capital risk.

Dynamic activity in the Regions

In the Regions (44 operations), the market is driven by user demand which remains strong. Projects are generally small and developed under a limited risk "developer" model.

In the Regions, activity has remained dynamic throughout the whole production cycle with:

- management of two new office projects covering 16,200 m² (St Genis Laval near Lyon and Vernon);
- the signing of several off-plan sales for 13,000 m² (Toulouse Guillaumet and Bordeaux Belvédère);
- the start of work on 42,000 m² of projects (Aix-en-Provence, Toulouse and Nantes);
- the delivery of 52,700 m² of offices (Euronantes, Villeurbanne and Bordeaux Belvédère).

Limited exposure to Greater Paris region

In Grand Paris, the office market is facing a crisis that is both structural (remote work, energy efficiency) and cyclical (real estate values).

Altarea is conducting 15 projects, out of which 6 as investor or co-investor, with as main projects the restructurings of the former CNP Assurances head office above Paris-Montparnasse station and of the rue Saint-Honoré in Paris's 1rst arrondissement, whose contract was signed this half-year. At the end of June, the Group is exposed to limited risk of Office Market.

9 Including a one-off, non-recurring impact of €33.8m in H1 2023.
10 Woodeum is the French specialist in low-carbon real estate development thanks to its expertise in CLT (cross-laminated timber) technology.
11 Offices, hotels, campuses, XXL logistics platforms and urban logistics.

Major progress on the Bollène XXL logistics project[12]

The Group acquired 100% control of the Bollène HUB project, previously owned at 50%. This project made major progress with the start of work on warehouses No. 2 (55,500 m² fully let to Intermarché) and No. 3 (95,000 m²). The latter is now fully let following the signature of two new off-plan leases (with Mutual Logistics and Gerflor) in addition to that with ID Logistics signed at the end of 2022.

II - NEW BUSINESSES: SIGNIFICANT MILESTONES

At the presentation of its strategic roadmap last February, Altarea announced its move into some new business lines (asset management, data centres and photovoltaics). During the half-year, the Group made significant progress on two of them.

ASSET MANAGEMENT

Altarea Investment Managers

On 13 April Altarea was granted AMF approval to its asset management company Altarea Investment Managers. The team set up internally was strengthened by two external experienced professionals. The aim is to launch a first retail fund by the end of the year, positioned in the new real estate cycle, without pre-crisis backlog or financing.

Real Estate Credit platform in partnership with Tikehau Capital[13]

On 1 June, Altarea announced the creation of a real estate debt platform in partnership with Tikehau Capital. This fund is targeting €1 billion equity (including €200 million from its sponsors) and will finance a wide range of real estate assets, primarily aiming at the financing of real estate assets or companies via junior, mezzanine or whole loan debt instruments.

PHOTOVOLTAICS: SETTING UP THE ORGANISATION, 1 GWP PIPELINE TARGETED

A huge market

Decarbonisation of the French Economy should significantly increase the demand for PV generated solar power. This demand has been estimated at around 100 GWp by 2050 (compared to an existing installed base of 16 GWp), which means doubling the current rate of new generation development to 5 GWp annually (from 2.4 GWp in 2022). Eventually, PV generation would become the leading source of electricity in the French generation mix[14].

Setting up the organisation

Altarea has now set up a dedicated team hired both internally and externally. Many of them are deployed in the Regions where they can count on local support from Group brands. The aim is to create a pipeline of diversified projects: shopping centre shelters, large roofing structures for offices and warehouses, anthropised sites (quarries, brownfield, waste sites, abandoned sites, etc.) and agrivoltaics.

Strategic partnerships in agrivoltaics

Altarea is negotiating several strategic partnerships with major players in the French agricultural sector to co-develop photovoltaic projects (ground-based and agrivoltaic power plants). It is also looking into tactical acquisitions that could accelerate the internalisation of operational skills in both development and operations of solar infrastructures.

12 260,000 m² XXL platform developed in five tranches located north of Avignon and applying for BREEAM certification.

13 Tikehau Capital is a long-standing partner of Altarea and one of France's leading asset managers of private debt with €38 billion under management, including €15 billion in this segment.

14 Belfort speech (by President Macron on Energy policy) of 10 February 2022: 100 GWp of PV solar power, 90 GW of nuclear, 40 GW of offshore wind, 18 GWp of onshore wind by 2050.

Pipeline and schedule

Over the next few years, Altarea believes it will be able to develop at least 1 GWp under a “developer/asset manager” model, which will allow it to make the necessary investments with a financial structure under control. Projects identified to date represent around 400 MWp (on around 700 ha), out of which 100 MWp already secured. The first revenues are expected by the end of 2024.

III - FINANCIAL PERFORMANCE AND TAXONOMY

Half-year results 2023

Funds from operations (FFO[15]) in the first half of 2023 recorded:

- an excellent performance from Retail, whose net rental income rose sharply on a like-for-like basis;
- a limited contribution from Business property, due to the lack of major projects;
- the Residential results heavily affected by the reduction in commitments.

In total, FFO Group share was €21.7 million (*vs.* €130.1m in H1 2022), *i.e.* €1.05 per share (*vs.* €6.31/share).

(€ millions)	Retail	Residential	Business Property	New businesses	Others	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	**124.3**	**1,009.4**	**116.2**	**–**	**0.1**	**1,250.1**	**–**	**1,250.1**
Change vs. 30/06/2022	*+13%*	*-12%*	*-29%*		*-*	*-12%*		*-12%*
Net rental income	98.0	–	–	–	–	98.0	–	98.0
Net property income	–	33.2	12.4	–	(0.0)	45.6	(1.9)	43.7
External services	12.9	8.0	6.0	–	0.1	27.0	–	27.0
Net income	**110.9**	**41.2**	**18.4**	**–**	**0.0**	**170.6**	**(1.9)**	**168.7**
Change vs. 30/06/2022	*+6.7%*	*-57%*	*-46%*			*-27%*		*-28%*
Own work capitalised and production held in inventory	0.9	62.8	4.4	(0.1)	–	67.9	–	67.9
Operating expenses	(20.3)	(98.3)	(7.8)	(2.9)	(14.9)	(144.1)	(13.0)	(157.1)
Net overhead expenses	**(19.4)**	**(35.5)**	**(3.4)**	**(3.0)**	**(14.9)**	**(76.2)**	**(13.0)**	**(89.2)**
Share of equity-method affiliates	2.1	(0.2)	(4.0)	-		(2.1)	(5.6)	(7.7)
Income/loss on sale of assets Retail							-	-
Change in value, estimated expenses and transaction costs – Retail							(6.0)	(6.0)
Estimated expenses and transaction costs - Residential							(8.7)	(8.7)
Estimated expenses and transaction costs - Business Property							(0.3)	(0.3)
Other provisions Corporate							(2.0)	(2.0)
Operating income	**93.7**	**5,5**	**11,1**	**(3.0)**	**(5.2)**	**92.4**	**(41.8)**	**50.5**
Change vs. 30/06/2022	*+4.5%*	*-93%*	*-82%*	*-*	*-*	*-59%*	*-*	*-78%*
Net borrowing costs	(8.0)	(6,0)	(6,0)	-	-	(20.0)	(2.3)	(22.3)
Other financial results	(9.5)	(3,8)	(1,6)	-	-	(14.9)	(1.3)	(16.2)
Gains/losses in the value of fin. Instr.	-	–	–	-	-	-	(10.1)	(10.1)
Gains or losses on disposals of equity interests	-	–	–	-	-	-	(4.5)	(4.5)
Corporate income tax	(0.3)	1,4	(0,7)	-	-	0.3	21.2	21.5
Net result	**75.8**	**(3,0)**	**2,8**	**(3.0)**	**(5.2)**	**57.8**	**(39.0)**	**18.8**
Non-controlling interests	(32.2)	(3,9)	0,0	-	-	(36.1)	(0.5)	(36.6)
Net income, Group share	**43.7**	**(6,9)**	**2,8**	**(3.0)**	**(5.2)**	**21.7**	**(39.5)**	**(17.8)**
Change vs. 30/06/2022	*+9%*	*N/A*	*-98%*	*-*	*-*	*-83%*		
Diluted average number of shares						*20,743,548*		
Net income, Group share per share						**1.05**		
Change vs. 30/06/2022						*-83%*		

15 Funds from operations (FFO): net income excluding changes in value, estimated expenses, transaction costs and changes in deferred tax. Group share.

European taxonomy

In H1 2023, 48% of the consolidated revenue for the period is aligned[16] with the European taxonomy (44% in 2022).

Financial resources: a particularly active half-year

During the half-year, the Group worked on its liabilities in a context of drastically different interest rates, with:

- a reduction in gross debt (€-229 million) to optimise interest expenses;
- a €34.1 million strengthened consolidated shareholders' equity (partial payment of 2022 dividend in shares and FCPE);
- the signature of the first corporate loan aligned with the European Taxonomy criteria ("EU Green Loan") with the target to convert all of its corporate credit lines over the coming months.

Financial ressources: net debt[17] contained at €1,653 million

During the first half, Altarea reduced its Residential commitments, pursuing investment in other business lines and maintaining its capability to seize opportunities.

(€ millions)	
Net debt at 31 December 2022	**1,555**
FFO Group share H1 2023	(22)
Acquisitions (Woodeum, St-Honoré, Bollène)	180
Capex Retail and Business Property Retail	103
Residential WCR	(143)
Compensation and financial instruments	(10)
Others	(10)
Net debt at 30 June 2023	**1,653**

	30/06/2023	31/12/2022	*Chge*
Net debt	€1,653 m	€1,555 m	*€+98m*
LTV[18]	*25.9%*	*24.5%*	*1.4 pt*
Net debt to EBITDA ratio[19]	5.2x	3.5x	*+1.7x*
ICR[20]	8.6x	13.0x	*-4.4x*
Average duration[21]	4 years and 3 months	4 years and 3 months	-
Liquidity	€2,590 m	€2,971 m	*€-381 m*
Cost of debt[22]	2.30%	1.82%	*+48 bps*

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

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

Primonial

No major progress has been made in the on-going litigation during the first half. In agreement with its advisers, no reserve has been recorded by the Groupe.

16 See the environmental performance section in the business report appended to this press release.
17 Bank and bond debt.
18 Loan-to-Value (LTV): indebtedness ratio. Consolidated net debt from bonds and bank loans/Consolidated market value of Group assets.
19 FFO operating income over net debt from bonds and bank loans.
20 Interest cover ratio (ICR): Operating income/Net borrowing costs.
21 A date of publication.
22 Average total cost including related fees (commitment fees, non-use fees, etc.).

OUTLOOK FOR THE SECOND HALF OF 2023

In the second half of 2023, Altarea will pursue the policy implemented since end of 2022:

- building on the recurrence and the resilience of its Retail portfolio;

- maintaining a high level of financial discipline in Property development (lower commitments and working capital requirements);

- while continuing to invest in the new-generation offer in Residential and New Businesses.

The Group aims to maintain its financial strength, which will allow to get through the adjustment phase to the new cycle and to seize the opportunities that will be brought to the most capitalised players.

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

Financial calendar 2023

3rd quarter 2023 revenue:	7 November 2023 (after market close)

ABOUT ALTAREA – FR0000033219 - ALTA

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

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BUSINESS REVIEW

30 JUNE 2023

CONTENTS

1.1 Altarea, leader in low-carbon urban transformation

Altarea, a unique business model

The strength of Altarea's model sits fundamentally on the immense market of urban transformation driven in particular by changes in usage, fundamental housing needs, urban design recast and low carbon evolution. To address this huge market, the Group has developed an operating system that is unique in France, enabling it to be the leader with the most comprehensive real estate offering, the expertise in highly specialised stills and recognised brands. Above all, Altarea can count on the commitment of its 2,000 employees who embrace Altarea's values of high standards, innovation and performance. The Company's business plan is based on a strong corporate commitment around the content of work, the sense of common social benefits as well as the value creation and sharing.

A medium strategic roadmap for a new real estate cycle

During the previous cycle (2008-2022), the continuous increase in values was driven by the fall in 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.

In February 2023, Altarea presented its medium-term strategic roadmap for the business areas focused on achieving low-carbon urban transformation (Residential, Retail and Business Property) and the roll-out of new activities.

1.1.1 Low-carbon urban transformation: leadership in the foundation of growth

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. Many real estate infrastructures have become obsolete and have to be transformed to adapt to both the changes in use that now affect almost all real estate products, and to climate change (energy efficiency).

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 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.

French leader in large urban projects

The Group manages a portfolio of major urban renewal projects that are emblematic of low-carbon urban transformation, covering a potential 1.2 million m² of space across all products.

In the first half of 2023, Altarea broke ground on the Carré Rabelais low-carbon district in Tours and delivered the first tranches of the Bordeaux Belvédère and Toulouse Guillaumet districts. In June, the Group signed the protocol relating to the Paris Rungis *Quartier de la Gastronomie*, the eco-district next to Rungis's International Market connected to the future extension of Metro line 14.

In 2023, the Group is due to deliver 3 large urban projects (*Euronantes, Strasbourg-Fisher,* and *Cœur Mougins*) which together comprise 110,000 m² of space (including 1,300 residential units).

1.1.2 New businesses, growth surplus at limited risk

At the presentation of the strategic roadmap, Altarea announced the roll-out of new activities that could open up new growth vectors at limited risk. In the first half-year, there have been several steps forward in three development areas:

Asset management: development around two investment strategies

Real estate investment funds: Altarea Investment Managers

On 13 April Altarea was granted AMF approval for its asset management company Altarea Investment Managers. Since the start of the year the team set up internally has been strengthened by two experienced professionals from outside the Group.

The aim is to launch a first mass-market fund by the end of the year positioned for the new real estate cycle, with no pre-crisis portfolio or financing, and simultaneously develop an activity of asset management and support for Institutional investors.

Real Estate Credit platform

On 1 June, Altarea announced the creation of a real estate credit platform in partnership with Tikehau Capital[23]. This fund has a target size of €1 billion and sponsors have already committed €200 million.

This fund will fund a wide range of real estate assets (office, retail, industrial, residential, logistics and hospitality). The platform will offer a huge range of flexible solutions, primarily targeting the financing of assets or traditional real estate companies through junior, mezzanine or single-tranche debt instruments. This platform will capitalise on Tikehau Capital and Altarea's complementary expertise in private credit and real estate assets, helping investors to identify the most attractive investment opportunities through unique access to the Groups' pipelines and strong networks.

Photovoltaics: setting up the organisation and building a pipeline

A huge market

Decarbonisation of the French Economy should significantly increase demand for solar energy infrastructures. This demand has been estimated at around 100 peak gigawatts (GWp) by 2050 (compared to an existing installed base of 16 GWp), which means doubling the current rate of new generation development to 5 GWp annually (from 2.4 GWp in 2022). Eventually, solar energy generation would overtake nuclear as the leading source of electricity in the French energy mix [24].

Setting up the organisation

Altarea has now set up a dedicated team hired both internally and externally. Many of them are deployed in the Regions where they can count on local support from Group brands. The aim is to create a pipeline of diversified projects: shopping centre shelters, large roofing structures for offices and warehouses, anthropised sites (quarries, brownfield, waste sites, abandoned sites, etc.) and agrivoltaics.

Strategic partnerships in agrivoltaics

Altarea is negotiating several strategic partnerships with major players in the French agricultural sector to co-develop photovoltaic projects (ground-based and agrivoltaic power plants). It is also looking into tactical acquisitions that could accelerate the internalisation of operational skills in both development and operations.

Pipeline and schedule

Over the next few years, Altarea believes it will be able to develop at least 1 GWp under a "developer/asset manager" model, which will allow it to make the necessary investments with a financial structure under control.

Projects identified to date represent around 400 MWp (on around 700 ha), out of which 100 MWp already secured. The first revenues are expected by the end of 2024.

23 Tikehau Capital is a long-standing partner of Altarea and one of France's leading asset managers of private debt with €38 billion under management, including €15 billion in this segment.
24 Belfort speech of 10 February 2022: 100 GWp of PV solar power, 90 GW of nuclear, 40 GW of offshore wind, 18 GWp of onshore wind by 2050.

Data Centre, infrastructure for the city of tomorrow

The data centre market is growing strongly in France due to the desire of many players to relocate their data storage within the country. The current installed base suffers from a major shortage of eco-responsible data centres (self-generation and energy recovery, connection with district heating networks, etc.).

Altarea's strategy is to create a network of co-located, sovereign, local and eco-responsible data centres, serving the main French cities (Paris, Lyon, Marseille, Toulouse, Nantes).

The Group has already set up a team operating under the NDC brand and has built a pipeline of around ten small sites and is also working on a few large-scale projects.

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 the end of June 2023) while holding stakes in certain assets (€2.3 billion in Group share). This strategy allows it to maximise the value of its operational expertise on the volumes under management, while optimising return on capital employed.

Value of assets under management (AuM)

At 30/06/2023	%	Values (€ millions)[(a)]	*Change vs. 31/12/2022*
AuM	**100%**	**5,457**	**-0.5%**
o/w Third-party share	*57%*	*3,117*	*-0.7%*
o/w Group share	*43%*	*2,340*	*-0.2%*

[(a)] Appraisal value including transfer duties.

Breakdown of AuM by type

At 100% (€ millions)	30/06/2023		31/12/2022	
Regional shopping centres	3,241	*59%*	3,281	*60%*
Travel retail	549	*10%*	545	*10%*
Retail parks	1,040	*19%*	1,027	*19%*
Convenience stores	627	*12%*	630	*11%*
Total assets under management	**5,457**	*100%*	**5,483**	*100%*

Centre valuations

The relative stability of values despite the increase in property exit rate[25] is explained by the positive impact of indexation and the completion of value-creating transactions.

At 100%	30/06/2023	31/12/2022
Regional shopping centres	5.38%	5.17%
Retail parks	5.99%	5.80%
Convenience stores	5.96%	5.90%
Weighted average	**5.56%**	**5.36%**

1.2.1.2 Operational performance

The Group demonstrates the strong positioning of its sites under management with greater attractiveness and improved operational indicators.

Retailers' revenue[26] and footfall[27]

End of June 2023	Chge vs. H1 2022
Revenue (incl. Tax)	+8.0%
Footfall	+5.0%

CAP3000, voted best shopping centre in the world[28], continues to ramp up with record footfall up 38% to the end of May 2023, and tenants' revenue up 19% since the beginning of the year. The site's unique location and premium positioning enable it to hold unique events that generate cash flow, including the Beach Festival, held at the end of June by the municipality of Saint-Laurent-du-Var, with events, concerts and various matches (rugby, tennis, volleyball) on the beach facing the centre.

L'Avenue 83 in La Valette du Var also posted a remarkable outperformance. This asset, developed by the Group, has become the main driver of Europe's top shopping location[29] by footfall. Its Pathé cinema is now the 5th busiest cine complex in France. In 2023, the Bershka and Zara brands chose to locate there following a rental restructuring.

At end-June 2023, France was hit by urban riots and social media calls for looting of shops. The performance of the centres managed by the Group was only slightly impacted by these events thanks to the mobilisation of the teams and coordination with the police, which enabled the impact to be limited and the sales period to continue under good conditions.

Dynamic rental activity

At 100%	No. of leases	New rent
France and International	190	€16.3 m

Rental activity remains strong across all retail formats. The Group carried out several structuring transactions this half-year and signed numerous renewals, proof of the confidence and performance of the retailers already present. Pop-up retail is particularly dynamic, as evidenced by the volume of lease extensions, several of which have been transformed into commercial leases, particularly for CAP3000 (Millet, 14 Eyes et North brands).

Lastly, the half-year was marked by significant contract signings for convenience stores developed as part of mixed-use projects (Bobigny, Bordeaux Belvédère).

25 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 Group's assets over the medium and long term. NB: as travel retail outlets are operated under concessions, there is no capitalisation rate (full ownership equivalent rates are around 5%).

26 Cumulative change in retailers' revenue incl. VAT on a like-for-like basis from January to June in France and Spain, at constant surface area.
27 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 June, in France and Spain.
28 World's "Best Shopping Center" (MIPIM Awards 2022).
29 Source: Mytraffic study of footfall in commercial areas in Europe.

Financial vacancy

At 100%	30/06/2023	31/12/2022	31/12/2021
Financial vacancy	2.7%	2.7%	2.9%

The financial vacancy rate was 2.7%, considered a normative minimum level.

Collection rate

	H1 2023	2022
Recovery rate[(a)]	93.0%	95.3%

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

The time to achieve a normative collection rate has been structurally longer since the COVID crisis. The collection rate has normalised to 93.0% for the year to the date of publication compared to 95.3% in 2022.

The Group is marginally exposed to insolvency proceedings, affecting less than 2% of its gross rents[30]. Given the strong appeal of the sites managed and their very low vacancy rate, the units occupied by these brands are either taken back or quickly relet to a pre-identified prospect.

Consolidated net rental income

France and International	In €m	*Chge*
Net rental income at 30 June 2022	**94.8**	
Change in scope of consolidation	(1.6)	*-1.7%*
Like-for-like change	4.8	*+5.0%*
o/w indexation	*4.2*	*+4.4%*
Net rental income at 30 June 2023	**98.0**	***+3.3%***

Net rental income at the end of June 2023 increased by 5.0% on a like-for-like basis, illustrating the ability of the Group's retail outlets to outperform indexation.

1.2.1.3 Development

Paris-Austerlitz station

After the successful transformation of the Paris-Montparnasse station, Altarea started work on a major project to restructure the retail spaces at Paris-Austerlitz station in H1 2023, which will eventually include nearly 25,000 m^2 of shops directly connected to the station.

The commercialisation phase is due to start in the first half of 2024.

Gare de Paris-Est

On 22 June 2023, Altarea signed a Temporary Occupancy Agreement for the renewal and development of the commercial offering of the Paris-Est railstation.

Paris-Est station will be renovated to incorporate new usage and an international dimension (co-working spaces, unique catering and retail offerings, new facade).

Work is due to start at the end of summer 2024 and the delivery at the end of 2026, coinciding with the arrival of the Charles De Gaulle Express (CDG Express) which will link Paris-Est to Roissy Charles de Gaulle airport in 20 minutes.

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.

Our expertise covers all phases of operations, from design, obtaining administrative authorisations, operational monitoring, marketing, disposal and finally management of retail spaces.

Altarea is actively working to market the shopping spaces in the major urban projects, in particular Bordeaux Belvédère and Mougins, as well as on projects that started construction in 2022 (Bobigny Cœur de Ville, Toulouse CEAT).

Installation of electric charging stations

Following the signature in April 2022 of a joint venture partnership with Electra, a French specialist in ultra-fast charging (150-300 kW). 19 retail sites managed by the Group should be equipped with charging stations by 2024. To date, the first facilities have been rolled out in the car parks of the Aubergenville and Ruaudin Family Villages.

With Electra's expertise in terms of installation, maintenance, and supervision of the charging network, these devices can then be deployed on many of the Group's projects.

30 In Group share.

Assets under management at end-June 2023

Asset and type	No.	GLA (in m²)	Gross rents (€ millions)	Values (€ millions)	Group share	GS Value (€ millions)
CAP3000 (Nice)		105,600			33%	
Espace Gramont (Toulouse)		56,700			51%	
Avenue 83 (Toulon-La Valette)		53,500			51%	
Qwartz (Villeneuve-la-Garenne)		43,300			100%	
Sant Cugat (Barcelona, Spain)		43,000			100%	
Bercy Village (Paris)		23,500			51%	
Le Due Torri (Bergamo – Stezzano, Italy)		30,900			25%	
La Corte Lombarda (Bellinzago, Italy)		21,200			25%	
Espace St Quentin (St Quentin en Yvelines)		175,600			0%	
NicEtoile (Nice)		17,300			0%	
Regional shopping centres	**10**	**570,600**	**167**	**3,241**		**1,455**
Montparnasse station (Paris)		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**	**49**	**549**		**283**
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%	
Chambourcy		34,900			0%	
Retail parks	**13**	**338,500**	**57**	**1,040**		**496**
-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**	**627**		**107**
Total assets under management	**43**	**1,135,800**	**309**	**5,457**	**43%**	**2,340**

1.2.2 Residential

1.2.2.1 Strategy

Altarea is the second-largest residential developer in France[31]. Its strategy for building market share is based on the strength and complementarity of its brand portfolio, the breadth of its product range and its nationwide geographical coverage.

A multi-brand strategy

Complementary brands to cover the entire market

Cogedim 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 prioritise 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.

Histoire & Patrimoine specialises in real estate renovation and rehabilitation. Histoire & Patrimoine enjoys recognised know-how in giving a second life to historic buildings or exceptional urban and architectural heritage sites. It will now apply its expertise to renovate energy-leaking buildings known as 'heat sieves' under its *Jouvence* brand.

Woodeum is the French specialist in low-carbon real estate development thanks to its expertise in CLT (cross-laminated timber) technology. Following its 100% takeover in early 2023, the Group announced it would merge with **Pitch Immo** to create the French leader in low-carbon real estate development. The merged company will benefit from both Woodeum's technological lead and Pitch Immo's local footprint and network.

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, commitments, 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: programmes 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 renovation products: Historical Monuments, Malraux act and real-estate tax;

• Renovation of existing homes to upgrade Energy Performance Ratings to a minimum of D;

• Condominium sales: Social Rental Usufruct programmes that offer an alternative investment product for private investors, whilst meeting the needs of social housing in high-demand areas and thus providing alternative solutions to local authorities.

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.).

31 Source: 35th Developers' Ranking of July 2023 by Innovapresse which analyses and compares the volumes of activity, the number of housing units or square meters produced and the equity and debt of the main property developers. It provides detailed figures, developer by developer, and outlines their projects and strategies.

1.2.2.2 2023 environment

The end of a real estate cycle

At the end of 2022, a real estate crisis started in France, triggered by a sharp rise in interest rates, this marked the end of a 14-year cycle (2008-2022). The new residential market is undergoing an adjustment phase likely to last until at least 2024, the time where a new balance is reached.

New market conditions

Although the new housing market remains structurally under-supplied vs requirements in most major cities, selling prices need to be adjusted to fit the property purchasing power of individuals and institutional investors.

At the beginning of June, the French Government announced, through its National Council for Housing Reform, a number of measures to address the issues affecting the sector: promoting access to home ownership (interest-free loans, solidarity land lease, usury rate, etc.), promoting access to renting (intermediate housing, Visale guarantee), supporting the building and renovation of social housing (block investment plan of 47,000 units by CDC Habitat and Action Logement), increasing the residential production volume by lifting administrative obstructions (building permits in tight-housing areas, national programme for the urban renewal of large brownfield sites in urban areas) and boosting energy-saving renovations in private portfolio. These measures should only have limited impact on the market and its development in 2023.

1.2.2.3 Activity in the half-year

New orders[32]

New orders for the half-year were down -7% in value (-12% in volume), in a French market that contracted by around - 35%[33].

New orders	H1 2023	%	H1 2022	%	Chge
Individuals - Residential buyers	359	27%	421	30%	-15%
Individuals - Investment	391	30%	560	40%	-30%
Block sales	562	43%	434	30%	+29%
Total in value (€m incl. VAT)	**1,311**		**1,414**		**-7%**
Individuals - Residential buyers	1,060	24%	1,214	24%	-13%
Individuals - Investment	1,439	33%	1,998	40%	-28%
Block sales	1,916	43%	1,818	36%	+5%
Total in volume (units)	**4,415**		**5,030**		**-12%**

Block sales, particularly those made with CDC Habitat, partly offset the decline in sales to individuals, who nonetheless still make up most of Group sales (57%).

Notarised sales

€m incl. VAT	H1 2023	%	H1 2022	%	Chge
Individuals	590	64%	765	62%	-23%
Block sales	326	36%	468	38%	-30%
Total	**915**		**1,233**		**-26%**

Notarised sales to private individuals were down by -23% and should be seen in light of the squeeze on home loans in France (-42%[34] across all residential markets).

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.

At 30 June, the backlog stands at €3,387 million, virtually unchanged from the end of 2022 (-3%), representing 18 months of activity.

Management of commitments

Since end-2022, the Group has revised its commitment policy.

During the first half of the year, the Group focused on unloading products on land already acquired at the cost of a significant reduction in selling prices, both retail and block.

At the same time, land acquisitions were drastically reduced, as most of the projects they related to no longer matched the new market conditions. Thus, only 20 sites (1,756 units) were acquired in H1 2023, compared to 49 sites (4,555 units) in the H1 2022.

This commitment policy resulted in a significant reduction in the corresponding commitments, thereby reducing the Residential division's working capital requirement by €143 million.

The sharp fall in the contribution from Residential over the first half of the year is directly linked to the Group's voluntary policy.

Developing "new generation" offer

The Group also initiated an in-depth review of its land portfolio by significantly tightening all its commitment criteria (product design, commercial strategy, regional strategy, construction costs and land prices). This "new generation" offer, which is low carbon, affordable and cost-effective will gradually gain momentum over coming quarters.

32 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).
33 REIT data: -34.3% in Q1 2023.

34 Compared to H1 2022; Banque de France estimate.
14 Decline of -43% in supply of land acquired to 1,941 units vs. end-2022.

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[35] 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, for high-potential assets (prime location) in view of their sale once redevelopment has been completed[36].

The Group is systematically the developer of projects in which it is also co-investor and manager[37].

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.

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.

35 This development activity does not present any commercial risk: Altarea carries only a measured amount of technical risk.

36 Resold rented or not.

37 Through marketing, sale, asset and fund management contracts.

1.2.3.2 Pipeline

At the end of June 2023, Altarea was managing a portfolio of 59 projects, which was highly diversified both in terms of type (office/logistics) and location (Ile-de-France/Regions).

At 30/06/2023	No.	Surface area (m²) at 100%	Revenue excl. VAT (€ million)	Potential value at 100% (€ millions excl. VAT)
Investments[(a)]	6	168,600	844	2,168
Off-plan sales/PDCs[(b)]	52	1,171,400	2,470	2,470
DPM[(c)]	1	19,000	91	91
Total	**59**	**1,359,000**	**3,405**	**4,729**
o/w Offices	47	616,400	2,533	3,857
o/w Logistics	12	742,600	872	872
o/w Regions	44	1,028,700	2,118	2,118
o/w Paris Region	15	330,300	1,287	2,611

(a) Potential value: market value excluding transfer duties at the date of sale, 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.

1.2.3.3 Activity in the half-year

Greater Paris

• Signature of a 99-year emphyteutic lease with the French state for the renovation of a complex at 185 rue Saint-Honoré (Paris 1st district) adjoining the Hôtel Regina;

• delivery of the François Dalle space, a new training centre for the L'Oréal group in its former headquarters at 14 rue Royale (Paris 8th district).

Regional cities

• Signature of several off-plan sales (13,000 m²), including one with Midi 2i (subsidiary of Caisse d'Epargne de Midi-Pyrénées) on a 3,000 m² building in the Toulouse Guillaumet eco-district and one with Caisse Mutualité Sociale Agricole de la Gironde (MSA) for the Mokusaï office building in the Bordeaux Belvédère district;

• management of two new office projects (16,200 m²) in St Genis Laval near Lyon and in Vernon;

• launch of several projects (42,000 m² in total), including:

- the new Alstom Sud development centre, in the Plan d'Aillane ZAC in Aix-en-Provence, sold to Groupama Immobilier.
- two office blocks in the new Toulouse Guillaumet district;
- *Feel good* near Nantes in Orvault, where a first building was sold to the SMABTP at the end of 2022.

• delivery of 52,700 m² of offices (*Amazing Amazones* in the Euronantes mixed-use neighbourhood, *Ilôt G* in Villeurbanne and the first two office buildings in Bordeaux Belvédère).

Logistics

In XXL Logistics, the Group took 100% control of the Bollène HUB[38] project previously held at 50%. This project made major progress with the start of work on warehouses No. 2 (55,500 m² fully let to Intermarché) and No. 3 (95,000 m²), which is now fully let following the signature of two new off-plan leases (with Mutual Logistics and Gerflor) following the one with ID Logistics at the end of 2022.

The Group continues to build a pipeline of urban logistics operations[39] after the success of a first project "La Manufacture de Reuilly" leased and sold in financial year 2022.

Business property 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)	30/06/2023	31/12/2022	*Chge*
Off-plan, PDC	265	338	*(22)%*
Fees (DPM)	9	11	*(18)%*
Total	**274**	**349**	***(21)%***

The backlog was funded in the amount of €31.5 million by new off-plan sales (VEFA) signed in the half-year.

Commitments

(€ millions) Group share	Investment	Property Development	Total
Already committed	220	154	374
Not yet committed	370	-	370
Total commitments	**590**	**154**	**744**

For investment projects, the remaining commitments mainly concern the restructuring of CNP Assurances'historic headquarters of located above Paris-Montparnasse station (PRD project), held in a 50/50 partnership by Altarea and Caisse des Dépôts et Consignations. These investments are subject to obtaining all the necessary administrative authorisations.

For property development projects, commitments are limited to the cost of studies for projects under development. For projects under construction, the costs already committed mainly correspond to the Bollène logistics hub which will be sold once developed.

38 260,000 m² XXL platform developed in five tranches located north of Avignon and applying for BREEAM certification.

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

1.3 Environmental performance

1.3.1 Taxonomy: new standard for environmental performance reporting

1.3.1.1 General principles

The Taxonomy Regulation[40] (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.

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

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

1.3.1.2 Application to Altarea

Given its business activities, revenue is the most relevant accounting indicator for the Group[41].

Eligibility of consolidated revenue

At 30 June 2023, 99.6% of Altarea's consolidated revenue related[42] to the following activities, which are European taxonomy eligible:

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

Alignment calculation

To be considered sustainable (aligned), each project or asset contributing to revenue must be screened for six environmental criteria[43]. 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[44]: 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.

Any changes made to the analysis criteria will be applied to new projects for which the permit application date is after the publication of the regulatory texts or FAQs, and will therefore not be applied retroactively to current multi-year projects.

In the first half of 2023, significant work was carried out to complete the documentation on certain criteria, particularly for waste recycling. The Group has also deployed a specific information system to simplify management of the documentation required for Taxonomy analysis.

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

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44 Following the publication of the EU Taxonomy Delegated Acts FAQ on 13 June 2023, the DNSH Pollution (5a) is currently being analysed.

Alignment rate

The alignment rate was 48% of consolidated revenue at 30 June 2023.

(€ millions)	Construction	Renovation	Ownership	Group
Aligned activities	501	3	96	600
% of consolidated revenue	*46%*	*15%*	*76%*	***48%***

Performance by criterion

The alignment rate obtained for each criterion taken individually is high. It even reached 74% at Group level for the substantial criterion of Energy.

% of consolidated revenue	Construction	Renovation	Ownership	Group
Alignment rate	***46%***	***15%***	***76%***	***48%***
Energy	74%	99%	72%	**74%**
Climate	96%	50%	84%	**94%**
Water	65%	100%		**66%**
Circular economy	57%	16%		**57%**
Pollution[45]	88%	99%		**88%**
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.

45 Following the publication of the EU Taxonomy Delegated Acts FAQ on 13 June 2023, the DNSH Pollution (5a) is currently being analysed.

1.4 FINANCIAL PERFORMANCE

1.4.1 Half-year results 2023

Funds from operations (FFO[46]) in the first half of 2023 included:

- an excellent performance from Retail, whose net rental income rose sharply on a like-for-like basis;
- a limited contribution from Business property, due to the lack of major projects;
- the Residential results heavily affected by the reduction in commitments.

In total, FFO Group share was €21.7 million (compared to €130.1 million in H1 2022), *i.e.* €1.05 per share (compared to €6.31 per share).

(€ millions)	Retail	Residential	Business Property	New businesses	Others	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	TOTAL
Revenue	**124.3**	**1,009.4**	**116.2**	**-**	**0.1**	**1,250.1**	**-**	**1,250.1**
Change vs. 30/06/2022	*+13%*	*-12%*	*-29%*		*-*	*-12%*		*-12%*
Net rental income	98.0	-	-	-	-	98.0	-	98.0
Net property income	-	33.2	12.4	-	(0.0)	45.6	(1.9)	43.7
External services	12.9	8.0	6.0	-	0.1	27.0	-	27.0
Net income	**110.9**	**41.2**	**18.4**	**-**	**0.0**	**170.6**	**(1.9)**	**168.7**
Change vs. 30/06/2022	*+6.7%*	*-57%*	*-46%*			*-27%*		*-28%*
Own work capitalised and production held in inventory	0.9	62.8	4.4	(0.1)	-	67.9	-	67.9
Operating expenses	(20.3)	(98.3)	(7.8)	(2.9)	(14.9)	(144.1)	(13.0)	(157.1)
Net overhead expenses	**(19.4)**	**(35.5)**	**(3.4)**	**(3.0)**	**(14.9)**	**(76.2)**	**(13.0)**	**(89.2)**
Share of equity-method affiliates	2.1	(0.2)	(4.0)	-		(2.1)	(5.6)	(7.7)
Income/loss on sale of assets Retail							-	-
Change in value, estimated expenses and transaction costs – Retail							(6.0)	(6.0)
Estimated expenses and transaction costs - Residential							(8.7)	(8.7)
Estimated expenses and transaction costs - Business Property							(0.3)	(0.3)
Other provisions Corporate							(2.0)	(2.0)
Operating income	**93.7**	**5.5**	**11.1**	**(3.0)**	**(14.9)**	**92.4**	**(41.8)**	**50.5**
Change vs. 30/06/2022	*+4.5%*	*-93%*	*-82%*	*-*	*-*	*-59%*	*-*	*-78%*
Net borrowing costs	(8.0)	(6.0)	(6.0)	-	-	(20.0)	(2.3)	(22.3)
Other financial results	(9.5)	(3.8)	(1.6)	-	-	(14.9)	(1.3)	(16.2)
Gains/losses in the value of financial instruments	-	-	-	-	-	-	(10.1)	(10.1)
Gains or losses on disposals of equity	-	-	-	-	-	-	(4.5)	(4.5)
Corporate income tax	(0.3)	1.4	(0.7)	-	-	0.3	21.2	21.5
Net result	**75.8**	**(3.0)**	**2.8**	**(3.0)**	**(14.9)**	**57.8**	**(39.0)**	**18.8**
Non-controlling interests	(32.2)	(3.9)	0.0	–	–	(36.1)	(0.5)	(36.6)
Net income, Group share	**43.7**	**(6.9)**	**2.8**	**(3.0)**	**(14.9)**	**21.7**	**(39.5)**	**(17.8)**
Change vs. 30/06/2022	*+9%*	*N/A*	*-93%*	*-*	*-*	*-83%*		
Diluted average number of shares						*20,743,548*		
Net income, Group share per share						**1.05**		
Change vs. 30/06/2022						*-83%*		

45 Funds from operations (FFO): net income excluding changes in value, estimated expenses, transaction costs and changes in deferred tax. Group share.

Retail

(€ millions)	H1 2023	H1 2022	
Rental income	111.4	101.4	
Expenses (including bad debt)	(13.4)	(6.6)	
Net rental income	**98.0**	**94.8**	*+3%*
% of rental income	*88%*	*93%*	
External services	12.9	9.1	
Own work capitalised & production	0.9	4.9	
Operating expenses	(20.3)	(21.3)	
Contribution of EM associates	2.1	2.1	
Operating income – Retail	**93.7**	**89.6**	*+5%*
Net borrowing costs	(8.0)	(8.5)	
Other financial results	(9.5)	(10.3)	
Corporate income taxes	(0.3)	(2.1)	
Non-controlling interests	(32.2)	(28.7)	
FFO Retail	**43.7**	**40.1**	*+9%*

Retail operating income was driven by NRI growth on a like-for-like basis.

Residential

(€ millions)	H1 2023	H1 2022	
Revenue by % of completion	1,001.4	1,140.3	*-11%*
Cost of sales and other expenses	(968.2)	(1,052.1)	
Net property income	**33.2**	**88.2**	*-62%*
% of revenue	*3%*	*8%*	
External services	8.0	7.1	
Production held in inventory	62.8	89.0	
Operating expenses	(98.3)	(108.1)	
Contribution of EM associates	(0.2)	4.3	
Operating income – Residential	**5.5**	**80.4**	*-93%*
% of revenue	*1%*	*7%*	
Net borrowing costs	(6.0)	(4.5)	
Other financial results	(3.8)	(2.7)	
Corporate income taxes	1.4	(8.1)	
Non-controlling interests	(3.9)	(9.3)	
FFO Residential	**(6.9)**	**55.8**	*N/A*

Residential operating income for the first half of 2023 was €5.5m, down €74.9m. This fall reflects the voluntary policy of reducing commitments driven by the Group:

- drop in selling prices:
  - percentage of completion effect: - €15.6m (recognised as operations are completed);
  - non-recurring[47]: -€33.8m (catch-up impact recognised on a one-off basis);
- reduction in land acquisitions:
  - volume effect: -€10.1m (lower sales and corresponding margins) ;
  - fee effect: -€15.4m.

Business property (BP)

(€ millions)	H1 2023	H1 2022	
Revenue by % of completion	110.2	159.7	*-31%*
Cost of sales and other expenses	(97.8)	(130.4)	
Net property income BP	**12.4**	**29.2**	*-57%*
% of revenue	*11%*	*18%*	
External services	6.0	4.9	
Production held in inventory	4.4	5.3	
Operating expenses	(7.8)	(11.1)	
Contribution of EM associates	(4.0)	33.4	
Operating income – BP	**11.1**	**61.7**	*-82%*
% of revenue + ext. serv.	*10%*	*37%*	
Net borrowing costs	(6.0)	(4.7)	
Other financial results	(1.6)	(2.3)	
Corporate income taxes	(0.7)	(12.1)	
Non-controlling interests	0.0	-	
FFO Business property	**2.8**	**42.7**	*-98%*

Compared to 2022, marked by a historic level of activity, the first half of 2023 did not record any contributions from major projects.

47 Corresponding to the downward adjustment of previously recognised percentage-of-completion margins.

1.4.2 Net asset value (NAV)

Going concern NAV[48] (fully diluted) at €146.0/share (-7.0%)

NAV – GROUP	30/06/2023				31/12/2022	
	(€ millions)	Chge	€/share	Chge	(€ millions)	€/share
Consolidated equity, Group share	**2,165.3**	-8.8%	**106.3**	-8.8%	**2,375.2**	**116.6**
Other unrealised capital gains	461.4				459.5	
Deferred tax on the balance sheet for non-SIIC assets[a]	22.8				22.5	
Fixed-rate market value of debt	220.6				239.2	
Effective tax for unrealised capital gains on non-SIIC	(14.6)				(14.7)	
Optimisation of transfer duties[b]	93.4				70.7	
General partners' share[c]	(17.3)				(18.5)	
NNNAV (NAV liquidation)	**2,931.6**	-6.5%	**143.9**	-6.5%	**3,133.8**	**153.8**
Estimated transfer duties and selling fees	44.1				66.6	
General partners' share[c]	(0.3)				(0.4)	
Going concern NAV (fully diluted)	**2,975.4**	-7.0%	**146.0**	-7.0%	**3,200.0**	**157.1**
Number of diluted shares:	*20,375,804*				*20,375,804*	

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

Change in NAV

Going concern NAV (fully diluted)	(€ millions)	€/share
NAV 31 December 2022	**3,200.0**	**157.1**
Dividend	(206.0)	(10.0)
NAV at 31 December 2022 excluding dividend	**2,994.0**	**147.1**
FFO Group share H1 2023	21.7	1.05
Investment properties	(9.6)	(0.5)
Financial instruments and fixed-rate debt	(30.5)	(1.5)
IFRS 16	(8.3)	(0.4)
Deferred tax	22.1	1.1
Other and transaction costs[a]	(14.1)	(0.8)
NAV 30 June 2023	**2,975.4**	**146.0**
vs. 31 December 2022 excl. dividend	*-0.6%*	*-0.7%*
vs. 31 December 2022	*-7.0%*	*-7.0%*

(a) Of which "Primonial" costs incurred to date, AGM expenses, depreciation and amortisation and general partners' share.

48 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%
Others	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 comparable.

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

Half-year highlights

During the half-year, the Group worked to optimise its liabilities in a context of drastically different rates from previous years.

Reduction of gross debt

The Group used part of its abundant liquidity to reduce its gross debt by €229 million and optimise its interest expenses.

Financial ratings upgraded by S&P Global

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

First corporate loan aligned with European Taxonomy principles (“EU Green Loan”)

In June 2023, the Group took the initiative with its banks to introduce environmental goals aligned with the European Taxonomy in its financing[49]. In July, the Group arranged its first “EU Green Loan” and plans to convert all of its corporate credit lines in the coming months.

Shareholders' equity reinforcement

The Group also strengthened its consolidated equity by €34.1 million as a result of:

• partial payment of 2022 dividend in shares for €32.1 million (resulting in the creation of 335,334 new shares on 4 July);

• the employees’ FCPE subscribing to a €2.1 million reserved capital increase (resulting in the creation of 25,684 new shares).

Available cash

At 30 June 2023, Altarea had available cash of €2,590 million (€2,971 million at 31 December 2022), mainly due to the reduction in gross debt.

At the end of June 2023 available cash breaks down as follows:

Available (€ millions)	Cash	Unused credit lines	Total
At Corporate level	241	1,371	1,612
At project level	579	399	978
Total	**820**	**1,770**	**2,590**

Unused corporate credit lines consist in RCFs, none of which were drawn down at 30 June 2023. At the end of July, the RCF envelope had been increased to €1,446 million, with an average maturity of 3 years and 9 months.

Short and medium-term financing

The Group has two NEU CP[50] programmes (maturity less than or equal to one year) and two NEU MTN[51] programmes (maturity greater than one year) for Altarea and Altareit.

At the end of June 2023, the total outstanding amount of these programmes was €150 million (€372 million at 31 December 2022), with an average maturity of five months.

Net debt[52]

Change in debt at half-year 2023

Net debt was up €98 million to €1,653 million, compared to €1,555 million at 31 December 2022.

(€ millions)	
Net debt at 31 December 2022	**1,555**
FFO Group share H1 2023	(22)
Acquisitions (Woodeum, Saint-Honoré, Bollène)	180
Capex Retail and Business Property	103
Residential WCR	(143)
Compensation and financial instruments	(10)
Others	(10)
Net debt at 30 June 2023	**1,653**

The half-year was marked by the 100% takeover of Woodeum and by two major acquisitions in Business Property (Paris Saint-Honoré and the Bollène XXL logistics platform) for a total of €180 million.

Capex was focused on projects in Retail (Strasbourg La Vigie, Paris-Austerlitz station) and in Business Property (mainly PRD Montparnasse) for a cumulative €103 million.

The Residential WCR improved by €143 million as a result of tightened commitment policy.

Net debt structure

(€ millions)	30/06/2023	31/12/2022
Corporate and bank debt	192	213
Credit markets[a]	1,556	1,778
Mortgage debt	349	348
Debt on property development	180	168
Total gross debt	**2,278**	**2,507**
Cash and cash equivalents	(625)	(952)
Total net debt	**1,653**	**1,555**

(a) This amount includes bond debt and €150 million NEU CP and NEU MTN.

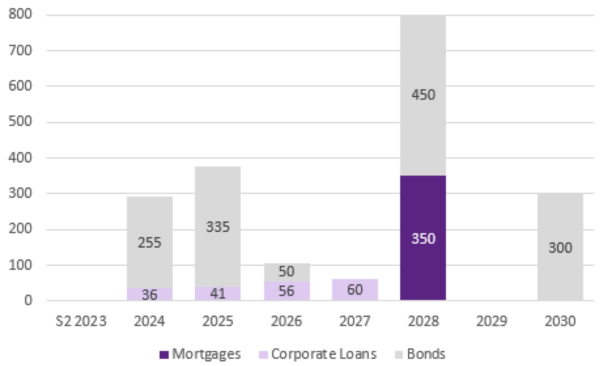
Average gross duration[53] is four years and three months, unchanged compared to 31 December 2022.

49 The Taxonomy Regulation (or European taxonomy) is a common classification system used throughout the European Union (EU) to identify economic activities considered as environmentally sustainable. It defines uniform criteria for each sector to assess their contribution to the EU environmental objectives.50 NEU CP (Negotiable European Commercial Paper).

50 NEU CP (Negotiable European Commercial Paper).
51 NEU MTN (Negotiable European Medium Term Note).
52 Net bank and bond debt.
53 Excluding NEU CP, Property Development debt.

Long-term debt by maturity[54]

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



The next significant maturities (Altarea 2024 and Altareit 2025 bonds) are amply covered by Altarea's current liquidity position.

The €350 million mortgage debt due in June 2028 is associated with CAP3000. All the Group's other consolidated assets are mortgage-free.

Hedging: nominal amount and average rate

Altarea has a fixed-rate hedged debt position of around €2 billion for an average period of four years, decreasing thereafter over time, locking in particularly favourable financing costs over this period. At 30 June 2023, 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	1,389	193	763	2,156	0.42%
2024	1,135	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).

Average cost of debt: 2.30%

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

Loan to Value (LTV)

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

(€ millions)	30/06/2023	31/12/2022
Gross debt	2,278	2,507
Cash and cash equivalents	(625)	(952)
Consolidated net debt	**1,653**	**1,555**
Retail at value (FC)[(a)]	4,052	4,040
Retail at value (EM securities), other[(b)]	205	207
Investment properties valued at cost[(c)]	101	105
Business Property investments[(d)]	177	71
Enterprise value of Property Development	1,843	1,934
Market value of assets	**6,379**	**6,358**
LTV Ratio	**25.9%**	**24.5%**

(a) Market value (including transfer taxes) of shopping centres in operation recognised according to the fully consolidated method.
(b) Market value (including transfer taxes) of shares of equity-method affiliates carrying shopping centres and other retail assets.
(c) Net carrying amount of investment properties in development valued at cost.
(d) Market value (including transfer taxes) of shares in equity method affiliates holding investments and other Business Property assets.

Net Debt to EBITDA ratio[55]

At 30 June 2023, the Net Debt to EBITDA ratio stood at 5.2x, compared with 3.5x at 31 December 2022.

Covenants

	Covenant	30/06/2023	31/12/2022	Delta
LTV[(a)]	≤ 60%	25.9%	24.5%	+1.4 pt.
ICR[(b)]	≥ 2.0 x	8.6x	13.0x	-4.4x

(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"). On a rolling 12-month basis.

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

54 Excluding NEU CP, NEU MTN, Property Development debt.

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

Consolidated income statement by segment

	30/06/2023			30/06/2022		
(€ millions)	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Total
Rental income	111.4	-	111.4	101.4	-	101.4
Other expenses	(13.4)	-	(13.4)	(6.6)	-	(6.6)
Net rental income	**98.0**	**-**	**98.0**	**94.8**	**-**	**94.8**
External services	12.9	-	12.9	9.1	-	9.1
Own work capitalised and production held in inventory	0.9	-	0.9	4.9	-	4.9
Operating expenses	(20.3)	(3.2)	(23.5)	(21.3)	(2.3)	(23.6)
Net overhead expenses	**(6.4)**	**(3.2)**	**(9.7)**	**(7.2)**	**(2.3)**	**(9.5)**
Share of equity-method affiliates	**2.1**	**(2.9)**	**(0.8)**	**2.1**	**1.4**	**3.5**
Net depreciation, amortisation and provision	**-**	**3.5**	**3.5**	**-**	**0.2**	**0.2**
Income/loss on sale of assets	**-**	**(4.1)**	**(4.1)**	**-**	**(0.4)**	**(0.4)**
Income/loss in the value of investment property	**-**	**(5.6)**	**(5.6)**	**-**	**47.3**	**47.3**
Transaction costs	**-**	**-**	**-**	**-**	**0.8**	**0.8**
OPERATING INCOME - RETAIL	**93.7**	**(12.4)**	**81.3**	**89.6**	**46.9**	**136.6**
Revenue	1,001.4	-	1,001.4	1,140.3	-	1,140.3
Cost of sales and other expenses	(968.2)	(1.5)	(969.7)	(1,052.1)	-	(1,052.1)
Net property income	**33.2**	**(1.5)**	**31.7**	**88.2**	**-**	**88.2**
External services	8.0	-	8.0	7.1	-	7.1
Production held in inventory	62.8	-	62.8	89.0	-	89.0
Operating expenses	(98.3)	(6.3)	(104.6)	(108.1)	(9.3)	(117.4)
Net overhead expenses	**(27.5)**	**(6.3)**	**(33.8)**	**(12.1)**	**(9.3)**	**(21.4)**
Share of equity-method affiliates	**(0.2)**	**(2.6)**	**(2.8)**	**4.3**	**(0.4)**	**3.9**
Net depreciation, amortisation and provision	**-**	**(8.6)**	**(8.6)**	**-**	**(8.4)**	**(8.4)**
Transaction costs	**-**	**(0.0)**	**(0.0)**	**-**	**-**	**-**
OPERATING INCOME - RESIDENTIAL	**5.5**	**(19.1)**	**(13.6)**	**80.4**	**(18.1)**	**62.3**
Revenue	110.2	-	110.2	159.7	-	159.7
Cost of sales and other expenses	(97.8)	-	(97.8)	(130.4)	-	(130.4)
Net property income	**12.5**	**-**	**12.5**	**29.2**	**-**	**29.2**
External services	6.0	-	6.0	4.9	-	4.9
Production held in inventory	4.4	-	4.4	5.3	-	5.3
Operating expenses	(7,8)	(1,7)	(9,4)	(11.1)	(2.0)	(13.2)
Net overhead expenses	**2,7**	**(1,7)**	**1,0**	**(0.9)**	**(2.0)**	**(2.9)**
Share of equity-method affiliates	**(4.0)**	**(0.0)**	**(4.1)**	**33.4**	**0.1**	**33.5**
Net depreciation, amortisation and provision	**-**	**(0.3)**	**(0.3)**	**-**	**(0.8)**	**(0.8)**
Income/loss in the value of investment property	**-**	**-**	**-**	**-**	**-**	**-**
Transaction costs	**-**	**-**	**-**	**-**	**0.0**	**-**
OPERATING INCOME - BUSINESS PROPERTY	**11,1**	**(2,0)**	**9,1**	**61.7**	**(2.7)**	**59.0**
New businesses	(3,0)	(0,1)	(3,2)	-	-	-
Other (corporate)	(14,9)	(8,2)	(23.1)	(8.5)	(16.1)	(24.6)
OPERATING INCOME	**92.4**	**(41.8)**	**50.5**	**223.3**	**10.0**	**233.3**
Net borrowing costs	(20.0)	(2.3)	(22.3)	(17.7)	7.9	(9.8)
Other financial results	(14.9)	(1.3)	(16.2)	(15.4)	-	(15.4)
Change in value and income from disposal of financial instruments	-	(10.1)	(10.1)	-	73.8	73.8
Net gain/(loss) on disposal of investments	-	(4.5)	(4.5)	-	8.8	8.8
PROFIT BEFORE TAX	**57.5**	**(60.2)**	**(2.7)**	**190.3**	**100.4**	**290.7**
Corporate income tax	0.3	21.2	21.5	(22.2)	(13.3)	(35.5)
NET INCOME	**57.8**	**(39.0)**	**18.8**	**168.0**	**87.1**	**255.2**
Non-controlling interests	(36.1)	(0.5)	(36.6)	(38.0)	(18.6)	(56.6)
NET INCOME, GROUP SHARE	**21.7**	**(39.5)**	**(17.8)**	**130.1**	**68.5**	**198.6**
Diluted average number of shares	*20,743,548*			*20,605,953*		
NET EARNING PER SHARE (€/SHARE), GROUP SHARE	**1.05**			**6.31**		

Consolidated balance sheet

(€ millions)	30/06/2023	31/12/2022
Non-current assets	**5,112.2**	**5,100.0**
Intangible assets	380.3	344.3
o/w Goodwill	*253.8*	*214.7*
o/w Brands	*105.4*	*105.4*
o/w Customer relationships	*5.2*	*6.7*
o/w Other intangible assets	*15.9*	*17.4*
Property plant and equipment	28.2	25.2
Right-of-use on tangible and intangible fixed assets	124.3	123.1
Investment properties	4,105.1	4,087.4
o/w Investment properties in operation at fair value	*3,795.7*	*3,793.3*
o/w Investment properties under development and under construction at cost	*105.6*	*95.5*
o/w Right-of use on Investment properties	*203.8*	*198.6*
Securities and investments in equity affiliates	442.7	491.7
Non-current financial assets	21.0	20.3
Deferred taxes assets	10.5	8.0
Current assets	**3,731.5**	**3,987.7**
Net inventories and work in progress	1,345.7	1,159.3
Contract assets	596.3	723.1
Trade and other receivables	956.4	900.1
Income credit	18.2	3.2
Current financial assets	37.1	81.4
Derivative financial instruments	151.8	160.6
Cash and cash equivalents	625.1	952.3
Assets held for sale	0.8	7.8
TOTAL ASSETS	**8,843.7**	**9,087.7**

Equity	**3,724.4**	**3,959.5**
Equity attributable to Altarea SCA shareholders	**2,165.3**	**2,375.2**
Share capital	311.4	311.4
Other paid-in capital	391.7	395.0
Reserves	1,480.1	1,342.0
Income associated with Altarea SCA shareholders	(17.8)	326.8
Equity attributable to non-controlling interests in subsidiaries	**1,559.1**	**1,584.4**
Reserves associated with non-controlling interests in subsidiaries	1,299.0	1,263.2
Other equity components, Subordinated Perpetual Notes	223.5	223.5
Income associated with non-controlling interests in subsidiaries	36.6	97.7
Non-current liabilities	**2,507.7**	**2,612.0**
Non-current borrowings and financial liabilities	2,371.6	2,454.8
o/w Participating loans and advances from associates	*60.9*	*58.2*
o/w Bond issues	*1,382.3*	*1,385.2*
o/w Borrowings from credit establishments	*595.4*	*612.8*
o/w Negotiable European Medium-Term Note	*-*	*70.0*
o/w Lease liabilities	*131.7*	*132.2*
o/w Contractual fees on investment properties	*201.2*	*196.4*
Long-term provisions	30.0	35.5
Deposits and security interests received	41.2	39.3
Deferred tax liability	64.9	82.4
Current liabilities	**2,611.7**	**2,516.1**
Current borrowings and financial liabilities	421.7	547.4
o/w Bond issues	*23.3*	*22.0*
o/w Borrowings from credit establishments	*79.0*	*90.9*
o/w Negotiable European Commercial Paper	*150.0*	*302.0*
o/w Bank overdrafts	*48.1*	*24.2*
o/w Advances from Group shareholders and partners	*100.3*	*89.1*
o/w Lease liabilities	*18.0*	*16.6*
o/w Contractual fees on investment properties	*3.1*	*2.6*
Derivative financial instruments	0.0	0.0
Contract liabilities	359.7	351.4
Trade and other payables	1,622.3	1,611.1
Tax due	1.0	6.2
Amounts due to Altarea SCA shareholders & minority interest of subsidiaries	207.0	0.0
TOTAL LIABILITIES	**8,843.7**	**9,087.7**