



A strong business resumption, especially in Residential Urban transformation: a market with unchanged fundamentals Strong liquidity

First-quarter 2020 operating indicators on an upper trajectory

- Residential new orders: €637 million (+2.0%)
- Consolidated revenue: €504.7 million in limited decline (-6.0%) despite 15 days of lockdown

Impact of the lockdown on Property Development

- Residential: halt of building sites and notarial deeds
- Business property: significant delays on all building sites

A strong business resumption

- Resumption of work on 100% of building sites
- Sale of 3,500 housing units to CDC Habitat for €825 million excluding VAT¹
- Strong resumption of signatures of notarial deeds
- Increased interest of individuals and institutional investors in residential

Altareit strong liquidity: a major asset

- Liquidity available as of June 30, 2020: €2.3bn (€1.2bn in cash and €1.1bn in drawing rights)²
- No RCF³ line of credit drawn before several months

Unaudited data as of 31 March 2020

¹ And €1.0bn including VAT.

² Liquidity available at Group Altarea level: €3.3bn (€1.4bn in cash, €1.9bn in drawing rights). Altareit is a 99.85% subsidiary of Altarea Group

³ Revolving credit facilities (confirmed credit authorizations). Indicator at Group level.

I. First-quarter 2020 operating data and impacts of the health crisis on businesses

RESIDENTIAL

First-quarter 2020 commercial activity

Altareit started 2020 with buoyant commercial momentum following on from 2019, with strong demand from both individuals and institutional investors.

Despite the decline in commercial contacts (closure of sales offices and networks from 16 March) and the delays on block sales scheduled for late March, the first-quarter commercial performance reflects this momentum, with a revenue growth of +2% in value.

New orders (incl. tax)	31/03/2020		31/03/2019		Change
Individuals - Residential buyers	€252m	40%	€217m	35%	+17%
Individuals - Investment	€241m	38%	€223m	35%	+8%
Block sales	€143m	22%	€187m	30%	-24%
Total in value	€637m		€627m		+2%
Individuals - Residential buyers	668 units	33%	632 units	24%	+6%
Individuals - Investment	873 units	43%	911 units	34%	-4%
Block sales	496 units	24%	1,108 units	42%	-55%
Total in units	2,037 units		2,651 units		-23%

Impact of lockdown

Commercial activity

Throughout the lockdown period, commercial activity continued at a relatively brisk pace given the context, with new orders running at roughly 30-40% of their normal level. The Group made full use of its digital tools, and notably e-booking, which enables online sales to be contracted under secure conditions.

However, notarised sales ground pretty much to a total halt despite the decree allowing notaries to sign deeds remotely.

Work in progress

Except for around 15 operations, all building sites (approximately 300) were shut down between the end of March and the end of April.

The lockdown will thus have a significant impact on revenue by percentage of completion, as the shutdown of the construction sites and notarised sales has blocked both technical and commercial progress rates.

Resumption of commercial and operational activity

CDC Habitat agreements

On 30 April 2020, Altareit signed an agreement with CDC Habitat, acting on behalf of its own funds as well as those of other residential investors. This major agreement concerns the sale of approximately 3,500 units representing a revenue of €825 million at 100% (excluding tax)⁴, the majority of which relates to programmes for which the land has already been acquired. €576m (excluding tax) have already been notarised during the second quarter of 2020.

On top of that comes €43 million of sales by Woodeum, leader in carbon-free development in France and a 50%-owned subsidiary of the Group.

⁴ And €1.0bn including VAT distributed across 170 projects.

Including the sales from this agreement, the Residential backlog amounted to €4.8 billion excluding tax as of 31 March 2020, the equivalent of 2.1 years of revenue in 2019.

In €m	31/03/2020	31/12/2019	Change
Backlog (excl. tax) <i>proforma of the CDC agreements</i>	€4,821m	€3,778m	+28%

Discussions are also underway with CDC Habitat on a significant additional portfolio (more than 2,000 units) on operations in the process of being set up, as well as with other institutional investors.

Notarised signature campaign

The resumption of notarized activity (and therefore the progress of revenue) is very strong since the ease of lockdown, both with individual and institutional investors (particularly for the regularisation of agreements with CDC Habitat).

Resumption of work on building sites

Work has been gradually resuming on building sites since mid-April, in compliance with the rules laid down in the OPPBTP guidelines. To date, work has resumed on all construction sites.

Overall, the impact of the lockdown should result in a significant deferral of revenue, partially offset by higher sales to institutional investors (CDC Habitat and others).

Outlook

In a particularly uncertain environment, residential is more than ever a safe haven for owners, a value in use for occupants, and an attractive asset class for individual and institutional investors.

Altareit expects to see increased demand for residential property, where the pre-existing shortage has grown during the lockdown period (halt of building sites, postponement of municipal elections and administrative authorisations).

Continued commercial activity during the lockdown period confirms interest for:

- new modular housing (additional areas and adaptable spaces, outdoor areas – terraces, shared gardens) for first-time home buyers, and
- property investment for individuals, given that interest rates on loans remain attractive despite a slight increase.

A comprehensive player in urban transformation, Altareit has fundamental confidence in the residential segment, and is still aiming in the mid-term to develop 18,000 to 20,000 housing units a year. The fundamentals of the new housing market are more promising than ever: strong demand from individuals and institutional investors, accelerated change in uses, higher expectations in terms of energy performance, against a structural shortage of suitable products.

BUSINESS PROPERTY

Impact of the lockdown

The main impact of the lockdown was the shutdown of the majority of building sites, with the exception of Bridge in Issy-les-Moulineaux (future headquarters of Orange) and Altareit's future headquarters on rue de Richelieu, where work was slowed down but never stopped.

Since mid-April, work has resumed on all projects but at a slower pace and in compliance with the rules set out in the OPPBTP guidelines, the main consequence being the postponement of delivery dates and the deferral of results, notably from 2020 to 2021.

Richelieu headquarters has been delivered in early June, and the Group's teams moved in in late June.

Outlook

New expectations are emerging, which the Group is anticipating with the help of the Altareit Entrepise Studio (internal R&D unit) and which are already being deployed on current projects:

- offices “where you'd be better off than at home”: flawless connections, cybersecurity, acoustic comfort, fibre optics for each workstation;
- consideration of health factors: outside spaces added, high-performance ventilation systems combined with secure window openings;
- flexibility and modularity of spaces;
- organisation of buildings to allow extended working hours;
- opening towards the city with the development of urban proximity on the ground floor of office developments; etc.

Demand for new space is also expected to remain strong in the major gateway cities, where the Group is particularly well established.

II. Financial information

Altareit's first-quarter 2020 revenue

Consolidated first-quarter 2020 revenue amounted to €504.7 million, with a decline limited to -6.0%.

In €m (excl. tax)	Q1 2020	Q1 2019	Change
Revenue by % completion	384.2	433.0	
External services	2.7	1.8	
Residential	386.9	434.8	-11.0%
Revenue by % completion	116.7	101.0	
External services	1.1	1.0	
Business property	117.8	102.0	+15.4%
Altareit's revenue	504.7	536.8	-6.0%

In Residential, revenue by percentage of completion was heavily impacted by the halt of building sites and notarised sales, which blocked both technical and commercial progress rates.

Business property revenue was boosted by the contribution of major operations early in the year.

High liquidity situation

The Group entered the Covid-19 crisis in a sound financial position. As of 30 June 2020, Altareit available cash and cash equivalents amounted to €2.3bn.

ALTAREIT In €m, as of 30 June 2020	Cash	Unused credit facilities	TOTAL
Available at Group level	554	490	1,044
Available at project level	605	655	1,260
TOTAL	1,159	1,145	2,304

Given the Group cash position and the maintenance of short-term market access, no RCFs are currently drawn at Group level, and Altareit has no plans to draw on them in the coming months. Altareit specifies that it is compliant with all of its covenants to date.

Altareit's Net debt

As of 30 June 2020, Altareit net financial debt⁵ amounted to circa €246 million, vs. €334 million as of 31 December 2019.

III. General Shareholders' Meeting and dividend

The Company's General meeting has been held on 19 May 2020. No dividend was proposed during this meeting and all the resolutions were adopted.

ABOUT ALTAREIT – FR0000039216 - AREIT

A 99.85% subsidiary of the Altarea Group, Altareit is a pure player in property development in France. Thanks to its unique multi-product expertise, Altareit is a pioneer in mixed-use projects in French gateway cities. Altareit has the know-how in each sector required to design, develop, commercialise and manage made-to-measure real estate products. Altareit is listed in compartment B of Euronext Paris.

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⁵ Borrowings from lending establishments and bond issues net of cash and cash equivalents