Press release

*2022 annual results*
*Paris, February 28th, 2023, 5:45 pm*

ALTAREIT

**Residential: notable success with individuals in a market down 26%**[1]

New orders down 12% in value (Retail sales up by 1,4%, Block sales down by 29%)
Agile management of land commitments at the year-end
Operating income: €155.8m (down by 15.3% compared to 2021)

**Business property: strong contribution in 2022**

Many transactions, all products, all territories
Operating income: €52m (x2.5 compared to 2021)

**Financial results**

Revenue[2]: €2,729 m (down by 3.0%)
Recurring operating income[3]: €205.8 m (up by 0.2%)
Net income, Group share[4]: €138.2 m (up by 1.8%)
Net Debt[5]: €146 m (vs net cash €107 m in 2021)
Gearing[6]: 0.13x (vs 0.10x on 31 December 2021)

*Following review by the Supervisory Board, Management approved the annual 2022 consolidated financial statements. The audit procedures on financial statements have been carried out, and the audit reports relating to their certification are being issued.*

## *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 A of Euronext Paris.

## FINANCE CONTACTS

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*1 The estimation of Altarea based on the data published by Fédération des Promoteurs Immobiliers (FPI) for the first 9 months of 2022.*
*2 Revenue by % of completion basis (including external services).*
*3 Corresponds to the operating income in the Funds From Operations (FFO) column of the analytical income statement.*
*4 Corresponds to the net income in the Current operating cash flow (FFO) column of the analytical income statement. Group share.*
*5 Net bank and bond debt.*
*6 Net bank and bond debt / consolidated shareholders' equity.*

# BUSINESS REVIEW

## 31 DECEMBER 2022

## Agenda

# 1.1 A pure player in low carbon property development in France

A 99.85% subsidiary of the Altarea Group, Altareit offers a skills platform covering all asset classes (residential, retail, offices, logistics, hotels, serviced residences, etc.), in order to respond effectively and comprehensively to the challenges of urban transformation.

Residential: Altareit is now the second-biggest developer in France[7], structured to be able to reach a potential of 18,000 units sold per year.

Business property: Altareit has developed a unique model that enables it to operate in a highly significant manner and with moderate risk on this market:

• as a property developer[8] for external customers with a particularly strong position on the turnkey users market,

• as a medium-term developer-investor in assets with a strong potential (prime location) to be redeveloped pending sale (via AltaFund[9]).

## A unique positionning

Over the years, the Group has built up a unique platform of real estate skills for low-carbon urban transformation

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

Altareit'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[10] 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.

## Pipeline

At the end of 2022, Altareit has secured a huge portfolio of nearly 870 projects of more than 4.4 million m² with a potential value of more than 20.2 billion euros[11].

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

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

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

## Primonial

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

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

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

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

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

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

*7 Source: 2022 Ranking of Developers carried out by Innovapresse which analyses and compares the volumes of activity, the number of housing units or square meters produced, or the equity and debt of the main property developers. It provides detailed figures, developer by developer, and outlines their projects and strategies.*
*8 This development activity does not present any commercial risk: Altareit carries only a measured amount of technical risk.*
*9 AltaFund is a discretionary investment fund, created in 2011, of which Altareit is one of the contributors alongside leading institutional investors.*
*10 Cogedim, Pitch Immo, Histoire & Patrimoine, Severini, Woodeum, Altarea Logistique, Altarea Entreprise, Cogedim Club, Altarea Solutions and Services.*
*11 Potential value = market value at delivery dateResidential: offer for sale + portfolio incl. VAT. Business property: potential market value excl. transfer duties on the date of disposal for investment projects (at 100%), amount excl. VAT of off-plan sales/PDCs for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised DPM fees.*

# 1.2 Operational performance

## 1.2.1 Residential

### 1.2.1.1 Strategy

Altareit is the second-largest residential developer in France[12]. The Group has structured itself to achieve potential sale of approximatly 18,000 units per year in the medium term depending on market conditions

#### National geographic coverage

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

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

#### A multi-brand strategy

**Complementary brands to cover the entire market**

**Cogedim** ("healthy homes for healthy people") is the Group's leading brand in terms of geographic coverage, product range and brand awareness (Cogedim was awarded "Best customer service of the year" for the for the sixth consecutive year in early 2023). Cogedim's offer is built around ten commitments that prioritize health, well-being and the environment, with particular attention paid to air quality, neutral materials, reducing $CO_2$ emissions, energy savings, brightness, thermal and acoustic comfort. This offer is particularly in line with the new expectations of French people in terms of high-quality housing[13]. Cogedim is structured to reach potential annual sales of 10,000 to 11,000 units in the future.

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

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

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

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

#### A multi-product strategy

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

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

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

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

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

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

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

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

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

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

### 1.2.1.2 2022 environment

#### Adaptation of commercial policy and land commitments management to the context

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

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

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

### 1.2.1.3 Activity of the year

#### Sourcing[14]

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

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

#### Building permits and land acquisitions

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

#### Commercial launches (retail sales)

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

#### Deliveries and projects under construction

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

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

#### New orders[15]

| New orders | 2022 | % | 2021 | % | Chge |
|---|---|---|---|---|---|
| Individuals - Residential buyers | 707 | *27%* | 667 | *22%* | *+6%* |
| Individuals - Investment | 1,015 | *38%* | 1,031 | *34%* | *-2%* |
| Block sales | 945 | *35%* | 1,340 | *44%* | *-29%* |
| **Total in value (€m incl. VAT)** | **2,666** | | **3,038** | | **-12%** |
| Individuals - Residential buyers | 2,000 | *20%* | 1,945 | *16%* | *+3%* |
| Individuals - Investment | 3,590 | *36%* | 3,866 | *34%* | *-7%* |
| Block sales | 4,428 | *44%* | 5,710 | *50%* | *-22%* |
| **Total in volume (units)** | **10,018** | | **11,521** | | **-13%** |

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

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

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

#### New orders by product range

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

#### Notarised sales

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

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

#### Stability in revenue by % of completion[16]

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

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

*[14] Preliminary sale agreements for land, valued as residential new orders (incl. tax) or units.*

*[15] 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).*

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

### 1.2.1.4 Outlook

#### Project pipeline

The pipeline of projects under development is composed of:

• properties for sale[17] (units available for sale);

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

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

#### Backlog

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

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

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

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

#### Management of real estate commitments

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

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

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

End of 2022:

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

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

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

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

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

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

• the securing of work contracts as early as possible;

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

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

## 1.2.2 Business property

### 1.2.2.1 Strategy

#### A developer/investor/asset manager model

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

• mainly as a developer[18] in off-plan sales, off-plan leases and property development contracts (PDC), with a particularly strong position in the turnkey user market, or as a service provider under DPM contracts;

• as a co-investor, either directly or through AltaFund[19], for high-potential assets (prime location) in view of their sale once redevelopment has been completed[20].

The Group is systematically the developer of projects in which it is also co-investor and Manager[21].

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

#### Regional strategy

The Group is structured to address two complementary markets:

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

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

#### A wide range of products

Altareit 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.

### 1.2.2.2 Pipeline

As the leading business property developer in France22, Altarea manages a portfolio of 59 projects with a potential value estimated at close to €5.0 billion at the end of 2022 (at 100%).

| At 31/12/2022 | No. | Surface area (m²) at 100% | Revenue excl. VAT (€m) | Potential value at 100% (€m excl. VAT) |
|---|---|---|---|---|
| Investments[(a)] | 3 | 102,000 | 361 | 1,189 |
| Off-plan sales / PDCs[(b)] | 53 | 1,239,00 | 2,983 | 2,983 |
| DPM[(c)] | 3 | 56,500 | 194 | 194 |
| **Total** | **59** | **1,397,50** | **3,538** | **4,366** |
| o/w Offices | 50 | 666,500 | 2,807 | 3,635 |
| o/w Logistics | 9 | 731,000 | 731 | 731 |
| o/w Regions | 46 | 1,069,30 | 2,218 | 2,218 |
| o/w Paris Region | 13 | 328,200 | 1,320 | 2,148 |

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

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

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

### 1.2.2.3 Activity of the year

Activity was intense for all product categories throughout the country.

**Grand Paris**

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

• in July, the sale to La Française REM of the Campus Cyber in Paris-la Défense, a 26,500 m² office building designed for new professional uses and developed according to the highest environmental standards[23]. This rare asset offers a secure and indexed return (a 10-year lease was signed with a consortium bringing together public authorities and large private groups specialising in cybersecurity);

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

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

*[18] This development activity does not present any commercial risk: Altarea carries only a measured amount of technical risk.*

*[19] AltaFund is a discretionary investment fund, created in 2011, of which Altarea is one of the contributors alongside leading institutional investors.*

*[20] Resold rented or not.*

*[21] Through marketing, sale, asset and fund management contracts.*

*[22] According to the Promoteurs 2022 ranking by Innovapresse (34th edition published in July 2022).*

*[23] NF HQE Exceptional, Effinergie+, Wiredscore Platinium, BREEAM "Excellent", Well Silver.*

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

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

### Regional cities

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

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

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

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

• the delivery of several office buildings, including:

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

### Logistics

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

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

• the success of a first urban logistics project[24] "La Manufacture de Reuilly" carried out in partnership with Corsalis Logistics Real Estate, involving the restructuring of a building in the heart of Paris that was leased to La Belle Vie (French leader in home shopping) and then sold to a fund managed by AEW.

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

### Backlog

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

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

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

**Pipeline under development at the end of December 2022**

| | Surface area (m²) | Property Development Type | Property Development Revenue (€ millions | Potential value at 100% (€ millions excl. VAT) (b) | Progress(c) |
|---|---|---|---|---|---|
| Landscape (La Défense) | 70,100 | Invest | | | Partially delivered/Let |
| Bellini (La Défense) | 18,100 | Invest | | | Under |
| Louis le Grand | 13,800 | Invest | | | Secured |
| **Investments (3 projects)** | **102,000** | | **361** | **1,189** | |
| Belvédère (Bordeaux) | 50,100 | off-plan sale | | | Under construction |
| EM Lyon Business School (Lyon) | 29,400 | PDC | | | Under construction |
| Amazing Amazones - EuroNantes (Nantes) | 19,700 | off-plan sale | | | Under construction |
| Villeurbanne | 13,000 | off-plan sale | | | Under construction |
| Unedic (Marseille) | 11,900 | off-plan sale | | | Under construction |
| Haute Borne (Villeneuve d'Ascq) | 11,900 | off-plan sale | | | Under construction |
| Bobigny-La Place | 9,800 | off-plan sale | | | Under construction |
| Adriana (Marseille) | 9,700 | off-plan sale | | | Under construction |
| Jolimont (Toulouse) | 4,300 | off-plan sale | | | Under construction |
| PRD-Montparnasse (Paris) | 56,200 | PDC | | | Secured |
| Les Milles (Aix-en-Provence) | 20,000 | off-plan sale | | | Secured |
| *Other Office projects (33 projects)* | *272,000* | *PDC/OPS* | | | *Secured* |
| **Sub-total Offices** | **508,000** | | **2,252** | | |
| Technoparc (Collégien - Grand Paris) | 8,600 | off-plan sale | | | Under construction |
| Hexahub Occitanie (Beziers) | 50,400 | PDC | | | Under construction |
| Ecoparc Cotière (Lyon) | 70,000 | off-plan sale | | | Secured |
| Hexahub Ile-de-France (Seine et Marne) | 68,200 | PDC | | | Secured |
| Puceul (Nantes) | 37,600 | off-plan lease | | | Under construction |
| *Other Logistics projects (4 projects)* | *496,200* | *PDC/OPS* | | | *Secured* |
| **Logistics sub-total** | **731,000** | | **731** | | |
| **“100% external” Property Development (53 projects)** | **1,239,000** | | **2,983** | **2,983** | |
| **DPM (3 projects)** | **56,500** | MOD | **194** | **194** | |
| **Total Property Development portfolio (59 projects)** | **1,397,500** | | **3,538** | **4,366** | |

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

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

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

# 1.3 Environmental performance: European taxonomy and carbon performance

## 1.3.1 Taxonomy: new standard for environmental performance reporting

### 1.3.1.1 General principles

The Taxonomy Regulation[25] (or European taxonomy) is a common classification system int the European Union (EU) to identify economic activities considered as environmentally sustainable. It defines uniform criteria for each sector to assess their contribution to the EU's environmental objectives.

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

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

#### 1.3.1.2 Application to Altareit

Given its business activities, revenue is the most relevant accounting indicator for the Group[26].

**Eligibility of consolidated revenue**

In 2022, more than 99% of Altareit's consolidated revenue[27] related to the following activities which are European taxonomy eligible:

- "Construction of new buildings" at Property Development;
- "Renovation of existing buildings", notably at Histoire & Patrimoine;
- "Acquisition and ownership of buildings"[28].

**Alignment calculation**

To be considered sustainable ("aligned"), each project or asset contributing to Altarea's revenue must be screened for six environmental criteria[29]. For each criterion, high performance thresholds have been set, in particular for the "Energy" criterion, which is considered the area where the Group can make a "substantial contribution":

- Energy (mitigation of climate change), composed of four sub-criteria: primary energy consumption, airtightness and thermal integrity, life cycle analysis of a building (design, construction, operation) and energy management;
- Climate (adaptation to climate change): study of physical climate risks in the area of implementation and adaptation plan;
- Water: building water consumption/flow rate, water resource management on construction sites;
- Circular economy: reuse of materials, waste recovery, and building design and construction techniques promoting circularity;
- Pollution prevention: no use of polluting/hazardous/ carcinogenic products, soil pollution, noise pollution, emissions of polluting particles and gases;
- Biodiversity: assessment of the impact on the environment and non-buildable areas.

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

**Alignment rate**

The alignment rate reaches 43% of consolidated revenue in 2022.

| (€ millions) | Construction | Renovation | Ownership | Group |
|---|---|---|---|---|
| **Aligned activities** | 1,158 | 23 | 4 | **1,184** |
| *% of consolidated* | *45%* | *16%* | *100%* | ***43%*** |

**Performance details by criterion**

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

| *% of consolidated revenue* | Construction | Renovation | Ownership | Group |
|---|---|---|---|---|
| **Alignment rate** | ***45%*** | ***16%*** | ***100%*** | ***43%*** |
| Energy | 64% | 100% | 100% | **64%** |
| Climate | 100% | 100% | 100% | **100%** |
| Water | 88% | 100% | | **88%** |
| Circular economy | 78% | 28% | | **76%** |
| Pollution | 90% | 100% | | **91%** |
| 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.

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*[25] Taxonomy Regulation (EU) 2020/852, Delegated Regulation (EU) 2021/2139 ("Climate") of 4 June 2021 specifying the classification of sustainable activities, Regulation (EU) 2021/2178 ("Article 8") of 6 July 2021, specifying the reporting obligations of companies to comply with the taxonomy and the complementary delegated regulation (EU) 2022/1214 ("Climate and Article 8") of 9 March 2022.*
*[26] All performance indicators and full methodology will be presented in the DPEF chapter of the Universal Registration Document.*
*[27] In 2022, consolidated revenue was €2,729 million, of which €18 m (0.7%) was taxonomy ineligible (e.g. trustee activities) and €2,711 m was eligible (99%).*
*[28] Corresponds to "Comet" based in the Richelieu building.*
*[29] One criterion of "substantial contribution" and five criteria of "do no significant harm" ("DNHS"). The number and nature of the criteria vary according to each activity, with a minimum number of two (a substantial contribution criterion and a DNSH criterion).*

### An exemplary environmental approach

This performance reflects the exemplary approach by the Group, which is often a pioneer in environmental matters in Property Development

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

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

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

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

### 1.3.1.3 Guidance

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

## 1.3.2 Carbon performance

In 2022, Altareit revieweded its carbon performance measurement methodology[30] in order to build an efficient management tool, particularly in Property Development. The Group now has a set ofrelevant indicators that enable it to set ambitious decarbonisation targets and measure them reliably over time.

### 1.3.2.1 Altareit methodology[31]

#### Scope (Scopes 1 & 2 & 3)

To comply with the GHG Protocol[32] Greenhouse Gas (GHG) emissions[33], expressed in kilograms of $CO_2$ equivalent ($kgCO_2e$), are classified into three categories (scopes):

• direct emissions (scope 1) cover all emissions that the company is directly responsible for (burning of fossil fuels, refilling of refrigerants fluids, etc.);

• indirect emissions associated with energy (scope 2) represent emissions related to electricity consumption or heating and cooling networks;

• other indirect emissions (scope 3) represent all the other emissions from activities on which the overall company's activities depend (purchases of goods & services, travel, freight, fixed assets, etc.).

For Altareit, the GHG emissions measured are determined as follows:

• in **Property Development**[34], they are related to the *construction* of the building and its *use* over a period of 50 years:

- *construction*: materials (including their transport), construction site and equipment, as well as maintenance and recycling,
- *use*: energy consumed by the occupants of the built asset, over a period of 50 years,

• in the **Corporate division**, they relate to carbon emitted by the Group's employees in the course of their work (premises and travel).

#### Property Development

***Carbon performance by percentage of completion***

The Group has developed a methodology for calculating its carbon performance "on a percentage-of-completion" based on the same principles used to determine its accounting revenue.

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

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

• construction-related emissions are recognised on a pro rata basis according to technical progress[35] (excluding land);

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

***Emission factors***

For projects for which the building permit was filed prior to 2022, the emission factors used (construction and use) depend on the nature of the asset (office, housing, retail, logistics, etc.) and the date the building permit was issued[36]. These emission factors were based on the ADEME and Carbone4 standards[37].

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

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

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[30] *Integration of the measurement principles of the new environmental regulations (mainly RE2020). Scope, comparability of financial years, audit trail.*
[31] *In the Extra-Financial Performance Statement (DPEF) section of its 2022 Universal Registration Document.*
[32] *International protocol proposing a framework for measuring, accounting and managing greenhouse gas emissions from private and public sector activities developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).*
[33] *GHGs are gases in the atmosphere (carbon dioxide, nitrous oxide, methane, ozone, etc.) that absorb infrared radiation and redistribute it in the form of radiation that helps to retain solar heat (greenhouse effect).*
[34] *On behalf of third parties.*
[35] *Technical progress off-site.*
[36] *Assimilated at the date of acquisition of the land.*
[37] *By way of illustration, the emission factors used for Residential range from 942 $kgCO_2e/m^2$ in 2019 to 915 $kgCO_2e/m^2$ in 2021 (construction) and 637 $kgCO_2e/m^2$ in 2019 to 598 $kgCO_2e/m^2$ in 2021 (use).*

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

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

### Corporate

"Corporate" emissions are calculated from the energy consumption of buildings (real measurements). This consumption is then converted into carbon emission equivalents using a factor whose level fluctuates depending on the carbon content of the energy consumed.

Corporate emissions are mainly due to the energy consumption of the Group's headquarters and the fuel consumption of its employees during business trips.

## 1.3.2.2 Results and analyses

### Carbon performance

In 2022, the Group's emissions (scopes 1, 2 & 3) represented 1,067 thousand of tonnes of $CO_2$ equivalent ($tCO_2e$), down by 4.6% compared to 2021 and by 30.5% compared to 2019. Figures in the table below are expressed in Group share (economic carbon[38]).

| In thousands of $tCO_2e$ | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| **Property** | | | | |
| Residential | 1,041 | 982 | 907 | **914** |
| Business Property | 315 | 203 | 139 | **102** |
| Retail | 177 | 93 | 70 | **49** |
| **Corporate** | 3 | 2 | 2 | **2** |
| **Group in Q / P** | **1,536** | **1,281** | **1,118** | **1,067** |
| *o/w Construction* | *804* | *750* | *764* | ***708*** |
| *o/w Use* | *729* | *529* | *352* | ***356*** |
| *o/w Corporate* | *3* | *2* | *2* | ***2*** |

Out of a total emission of 1,067 thousand $tCO_2e$, 356 thousand $tCO_2e$ (*i.e.* 33%) correspond to emissions that have not yet taken place (share relating to the future use of the buildings over a period of 50 years).

### Analysis

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

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

### Carbon intensity

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

| In $gCO_2e$/€ | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Carbon intensity | 532 | 451 | 398 | **391** |

Since 2019, the Group has reduced its carbon intensity by 26.6% and by 1.7% in 2022, illustrating the ongoing decarbonisation of the property development business.

[38] *Emissions at 100% (managed carbon) represented 1,123 $tCO_2e$ in 2022.*

# 1.4 Consolidated results

In 2022, Altareit recorded a good financial performance despite the deterioration of the macroeconomic context that impacted the Residential. Consolidated revenue[39] at 31 December 2022 amounted to €2.7 billion, down slightly (-3.0%).

Operating income (FFO[40]) is stable at €205.8 million, with the growth in commercial property (+148.5%) more than offsetting the decline in Residential (-15.3%).

Recurring net income (FFO), Group share, rose by 1.8% to €138.2 million, or €79.1 per share (+1.8%).

| In €m | Residential | Business property | Diversification | Other Corporate | Funds from operations (FFO) | Changes in value, estimated expenses and transaction costs | TOTAL |
|---|---|---|---|---|---|---|---|
| **Revenue and ext. services.** | **2,469.9** | **258.7** | **–** | **–** | **2,728.6** | **–** | **2,728.6** |
| *Change vs 31/12/2021* | *-1.1%* | *-17.2%* | - | - | *-3.0%* | - | *-3.0%* |
| Net rental income | - | - | - | - | | | |
| Net property income | 155.7 | 22.4 | – | - | 178.1 | – | 178.1 |
| External services | 11.4 | 11.9 | – | - | 23.3 | – | 23.3 |
| **Net revenue** | **167.1** | **34.2** | **–** | **–** | **201.3** | **–** | **201.3** |
| *Change vs 31/12/2021* | *-23.1%* | *-17.6%* | - | - | *-22.5%* | | *-22.5%* |
| Production held in inventory | 221.0 | 15.4 | - | - | 236.5 | - | 236.5 |
| Operating expenses | (241.5) | (31.9) | (0.9) | (1.0) | (275.2) | (24.9) | (300.1) |
| **Net overhead expenses** | **(20.4)** | **(16.5)** | **(0.9)** | **(1.0)** | **(38.8)** | **(24.9)** | **(63.7)** |
| Share of equity-method affiliates | 9.2 | 34.2 | (0.2) | – | 43.2 | (1.0) | 42.2 |
| Estimated expenses and transaction costs | | | | | | (23.5) | (23.5) |
| Calculated expenses and transaction costs - Residential | | | | | | (1.0) | (1.0) |
| Calculated expenses and transaction costs - Business Property | | | | | | (10.8) | (10.8) |
| Other | | | | | | 0.2 | 0.2 |
| **Operating income** | **155.8** | **52.0** | **(1.1)** | **(1.0)** | **205.8** | **(62.7)** | **143.0** |
| *Change vs 31/12/2021* | *-15.3%* | *+148.5%* | - | - | *+0.2%* | | *-6.0%* |
| Net borrowing costs | (8.6) | (6.5) | - | - | (15.1) | 6.1 | (8.9) |
| Other financial results | (5.5) | (8.9) | - | - | (14.4) | 0.0 | (14.3) |
| Gains/losses in the value of financial | - | - | - | - | – | 2.0 | 2.0 |
| Corporate Income Tax | (17.4) | (5.8) | - | - | (23.3) | (9.3) | (32.5) |
| **Net income** | **124.3** | **30.8** | **(1.1)** | **(1.0)** | **153.1** | **(63.8)** | **89.3** |
| Non-controlling interests | (14.8) | – | – | – | (14.8) | 0.0 | (14.8) |
| **Net income Group share** | **109.5** | **38.8** | **(1.1)** | **(1.0)** | **138.2** | **(63.8)** | **74.4** |
| *Change vs 31/12/2021* | *-14.1%* | *X3.8%* | | | *+1.8%* | | |
| *Diluted average number of shares* | | | | | *1,748,412* | | |
| **Net income Group share per share** | | | | | **79.07** | | |
| *Change vs 31/12/2021* | | | | | *+1.8%* | | |

[39] *Revenue by % of completion basis (excluding external services).*
[40] *Funds From Operations: net income excluding changes in value, estimated expenses, transaction costs and changes in deferred tax. Group share.*

## Residential

| In €m | 2022 | 2021 | |
|---|---|---|---|
| Revenue by % of completion | 2,458.5 | 2,484.7 | *-1.1%* |
| Cost of sales and other | (2,302.8) | (2,280.9) | |
| **Net property income -** | **155,7** | **203.8** | *-23.6%* |
| *% of revenue* | *6.3%* | *8.2%* | |
| External services | 11.4 | 13.4 | |
| Production held in inventory | 221.0 | 177.7 | |
| Operating expenses | (241.5) | (222.9) | |
| Contribution of EM associates | 9.2 | 12.0 | |
| **Operating income - Residential** | **155.8** | **184.0** | *-15.3%* |
| *% of revenue* | *6.3%* | *7.4%* | |
| Net borrowing costs | (8.6) | (12.8) | |
| Other financial results | (5.5) | (8.2) | |
| Corporate income taxes | (17.4) | (17.8) | |
| Non-controlling interests | (14.8) | (17.8) | |
| **FFO Residential** | **109.5** | **127.4** | *-14.1%* |

The decrease in Residential operating income is due to the decline in the profitability of projects that contributed to 2022 revenue (almost stable at €2,458.5 million). This decrease is attributable to a deterioration in the business context at the end of the year, which led to an increase in the cost of operations (construction cost, labor cost, sales incentives). In total, Residential FFO fell by 14.1% to €109.5 million.

## Business Property

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

• net property income generated by development projects (PDC and Off-plan sales);

• external services: DPM, asset management, leasing and performance fees;

• and contribution from equity-method affiliates: income made on partnership investment projects.

| In €m | 2022 | 2021 | |
|---|---|---|---|
| Revenue by % of completion | 246.8 | 305.2 | *-19.1%* |
| Cost of sales and other | (224.5) | (271.0) | |
| **Net property income - BP** | **22.4** | **34.2** | *-34.6%* |
| *% of revenue* | *9.1%* | *11.2%* | |
| External services | 11.9 | 7.4 | |
| Production held in inventory | 15.4 | 10.3 | |
| Operating expenses | (31.9) | (26.0) | |
| Contribution of EM associates | 34.2 | (4.9) | |
| **Operating income – BP** | **52.0** | **20.9** | *x2.5* |
| *% of revenue + ext. serv.* | *20.1%* | *6.7%* | |
| Net borrowing costs | (6.5) | (8.0) | |
| Other financial results | (8.9) | (2.7) | |
| Corporate income taxes | (5.8) | (1.8) | |
| Non-controlling interests | – | (0.2) | |
| **FFO Business Property** | **30.8** | **8.2** | *X3.8* |

2022 was marked by a high level of activity, both in the Paris Region (sale of Campus Cyber and the Manufacture de Reuilly in urban logistics) and in the regions. Operating income from Business Property was a record 52 million (x 2.5 compared to 2021), and FFO of €30.8 million (x 3.8) after tax.

# 1.5 Financial resources

## Liquidity

At 31 December 2022, Altareit had available liquidity of €2,074 million (vs €2,409 million at 31 December 2021), broken down as follows:

| Available (in €m) | Cash | Unused credit facilities | Total |
|---|---|---|---|
| At Corporate level | 370 | 794 | 1,164 |
| At project level | 558 | 352 | 910 |
| **Total** | **928** | **1,146** | **2,074** |

Unused credit facilities amount to €783 million RCF[41], the average maturity of which is 3 years and 4 months, with no maturity coming due within the next 12 months.

Given the Group's liquidity situation on the one hand, and the maintenance of short-term access to the market on the other, no RCFs was drawn. The Group does not plan to use them in the short term.

## Short and medium-term financing

As of 31 December 2022, Altareit has a NEU CP[42] programme of €170 million and a NEU MTN[43] programme of €52 million.

The total outstanding amounted to €222 million with an average maturity of 2 months.

## Net debt

| In €m | 31/12/2022 | 31/12/2021 |
|---|---|---|
| Bank term loans | 212 | 198 |
| Credit markets [(a)] | 575 | 913 |
| Property Development debt | 158 | 138 |
| **Gross bank and bond debt** | **945** | **1,249** |
| Cash and cash equivalents | (799) | (1,355) |
| **Net bank and bond debt** | 146 | **(107)** |

*(a) This amount includes bond debt and €222 million from NEU CP and NEU MTN.*

## Credit rating

On 18 March 2022, the rating agency S&P Global confirmed its Investment Grade rating of Altarea Group and Altareit at BBB- with negative outlook.

## ICR (interest cover ratio)[44]

Altareit's ICR stood at 13.7x, compared with 9.9x at 31 December 2021.

## Covenants

The corporate debt is subject to the consolidated covenants of Altarea Group, of which Altareit is a 99.85% subsidiary (LTV ≤ 60%, ICR ≥ 2). Altarea meets these covenants with considerable headroom.

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

*(a) LTV (Loan to Value) = Net debt/Restated value of assets including transfer duties.*
*(b) ICR (Interest Coverage Ratio) = Operating income/Net borrowing costs (column "Funds from operations").*

In addition, project-backed property development debt has specific covenants for each project.

Finally, Altareit's gearing[45] was 0.13x at the end of December 2022 compared to 0.10x at 31 December 2021.

## Equity

Altareit's shareholders 'equity amounted to €1,145 million at 31 December 2022, making Altareit one of the most capitalized French developers.

*[41] Revolving credit facilities (confirmed credit authorisations).*
*[42] NEU CP (Negotiable European Commercial Paper).*
*[43] NEU MTN (Negotiable European Medium-Term Note).*
*[44] ICR = Net FFO borrowing costs as a proportion of FFO.*
*[45] Net bond and bank debt as a proportion of consolidated equity.*

## Consolidated P&L

| €millions | 31/12/2022 Funds from operations (FFO) | 31/12/2022 Changes in value. estimated expenses and transaction costs | 31/12/2022 Total | 31/12/2021 Funds from operations (FFO) | 31/12/2021 Changes in value. estimated expenses and transaction costs | 31/12/2021 Total |
|---|---|---|---|---|---|---|
| Revenue | 2,458.5 | – | 2,458.5 | 2,484.7 | – | 2,484.7 |
| Cost of sales and other expenses | (2,302.8) | (1.5) | (2,304.3) | (2,280.9) | – | (2,280.9) |
| **Net property income** | **155.7** | **(1.5)** | **154.2** | **203.8** | **–** | **203.8** |
| External services | 11.4 | – | 11.4 | 13.4 | – | 13.4 |
| Production held in inventory | 221.0 | – | 221.0 | 177.7 | – | 177.7 |
| Operating expenses | (241.5) | (19.9) | (261.4) | (222.9) | (20.9) | (243.8) |
| **Net overhead expenses** | **(9.1)** | **(19.9)** | **(28.9)** | **(31.8)** | **(20.9)** | **(52.7)** |
| **Share of equity-method affiliates** | **9.2** | **(1.0)** | **8.2** | **12.0** | **(0.6)** | **11.4** |
| **Net allowances for depreciation and impairment** | **–** | **(23.0)** | **(23.0)** | **–** | **(24.6)** | **(24.6)** |
| **Transaction costs** | **–** | **(0.5)** | **(0.5)** | **–** | **–** | **–** |
| **NET RESIDENTIAL INCOME** | **155.8** | **(45.9)** | **110.0** | **184.0** | **(46.1)** | **137.9** |
| Revenue | 246.8 | – | 246.8 | 305.2 | – | 305.2 |
| Cost of sales and other expenses | (224.5) | – | (224.5) | (271.0) | – | (271.0) |
| **Net property income** | **22.4** | **–** | **22.4** | **34.2** | **–** | **34.2** |
| External services | 11.9 | – | 11.9 | 7.4 | – | 7.4 |
| Production held in inventory | 15.4 | – | 15.4 | 10.3 | – | 10.3 |
| Operating expenses | (31.9) | (5.2) | (37.1) | (26.0) | (5.2) | (31.2) |
| **Net overhead expenses** | **(4.6)** | **(5.2)** | **(9.8)** | **(8.3)** | **(5.2)** | **(13.5)** |
| **Share of equity-method affiliates** | **34.2** | **0.2** | **34.4** | **(4.9)** | **(0.3)** | **(5.2)** |
| **Net depreciation. amortization and provisions** | **–** | **(1.0)** | **(1.0)** | **–** | **(0.3)** | **(0.3)** |
| **Net allowances for depreciation and impairment** | **–** | **(0.3)** | **(0.3)** | **–** | **2.0** | **2.0** |
| **BUSINESS PROPERTY INCOME** | **52.0** | **(6.3)** | **45.7** | **20.9** | **(3.8)** | **17.2** |
| **Net overhead expenses** | **(0.9)** | **0.2** | **(0.7)** | **1.0** | **(0.9)** | **0.1** |
| **Share of equity-method affiliates** | **(0.2)** | **(0.2)** | **(0.4)** | **(0.0)** | **–** | **(0.0)** |
| **Net allowances for depreciation and impairment** | **–** | **(0.5)** | **(0.5)** | **–** | **(0.0)** | **(0.0)** |
| **Gains / losses on disposals of assets** | **–** | **(10.3)** | **(10.3)** | **–** | **–** | **–** |
| **NET DIVERSIFICATION INCOME** | **(1.1)** | **(10.8)** | **(11.9)** | **1.0** | **(0.9)** | **0.1** |
| Other (Corporate) | (1.0) | 0.2 | (0.8) | (0.7) | (2.3) | (3.0) |
| **OPERATING INCOME** | **205.8** | **(62.7)** | **143.0** | **205.2** | **(53.1)** | **152.2** |
| Net borrowing costs | (15.1) | 6.1 | (8.9) | (20.8) | (1.8) | (22.6) |
| Other financial results | (14.4) | – | (14.4) | (10.9) | – | (10.9) |
| Change in value and income from disposal of financial instruments | – | 2.0 | 2.0 | – | – | – |
| Proceeds from the disposal of investments | – | 0.0 | 0.0 | – | 0.2 | 0.2 |
| **PROFIT BEFORE TAX** | **176.3** | **(54.6)** | **121.8** | **173.5** | **(54.7)** | **118.8** |
| Corporate income tax | (23.3) | (9.3) | (32.5) | (19.7) | (8.9) | (28.6) |
| **NET INCOME** | **153.1** | **(63.8)** | **89.3** | 153.9 | (63.6) | 90.3 |
| Minority shares | (14.8) | 0.0 | (14.8) | (18.0) | 0.0 | (18.0) |
| **NET INCOME. Group share** | **138.2** | **(63.8)** | **74.4** | **135.9** | **(63.6)** | **72.2** |
| *Diluted average number of shares* | *1,748,412* | *1,748,412* | *1,748,412* | *1,748,440* | *1,748,440* | *1,748,440* |
| **NET INCOME PER SHARE (€/share). Group share** | **79.07** | **(36.5)** | **42.57** | **77.70** | **(36.39)** | **41.32** |

## Balance sheet

| €millions | 31/12/2022 | 31/12/2021 |
|---|---|---|
| **Non-current assets** | **816.4** | **803.9** |
| Intangible assets | 314.2 | 304.1 |
| *o/w Goodwill* | *197.4* | *192.1* |
| *o/w Brands* | *105.4* | *105.4* |
| | *6,7* | - |
| *o/w Other intangible assets* | *4,6* | *6.7* |
| Property plant and equipment | *22,4* | *24.7* |
| Right-of-use on tangible and intangible fixed assets | 137,7 | 128.0 |
| Investment properties | 57,7 | 91.5 |
| *o/w Investment properties in operation at fair value* | *9,6* | *9.2* |
| *o/w Investment properties under development and under construction at cost* | *45,2* | *78.7* |
| *o/w Right-of-use on Investment properties* | *2,8* | *3.5* |
| Securities and investments in equity affiliates and unconsolidated interests | 271,2 | 239.2 |
| Loans and receivables (non-current) | 13.3 | 15.1 |
| Deferred tax assets | 0.0 | 1.2 |
| **Current assets** | **3,461.4** | **3,679.7** |
| Net inventories and work in progress | 1,116.9 | 883.4 |
| Contracts assets | 723.1 | 714.1 |
| Trade and other receivables | 740.2 | 690.0 |
| Income tax credit | 0.7 | 7.8 |
| Loans and receivables (current) | 81.9 | 29.0 |
| Cash and cash equivalents | 798.6 | 1,355.4 |
| **TOTAL ASSETS** | **4,277.7** | **4,483.6** |
| **Equity** | **1,145.0** | **1,079.3** |
| **Equity attributable to Altareit SCA shareholders** | **1,100.0** | **1,026.1** |
| Capital | 2.6 | 2.6 |
| Other paid-in capital | 76.3 | 76.3 |
| Reserves | 946.7 | 874.9 |
| Income associated with Altareit SCA shareholders | 74.4 | 72.2 |
| **Equity attributable to minority shareholders of subsidiaries** | **45.0** | **53.2** |
| Reserves associated with minority shareholders of subsidiaries | 30.2 | 35.2 |
| Other equity components. Subordinated Perpetual Notes | 14.8 | 18.0 |
| **Non-current liabilities** | **847.9** | **1,030.5** |
| Non-current borrowings and financial liabilities | 753.5 | 947.9 |
| *o/w Bond issues* | *336.9* | *496.8* |
| *o/w Borrowings from lending establishments* | *267.5* | *257.5* |
| *o/w Negociable European Medium Term Note* | – | *52.0* |
| *o/w Advances from Group shareholders and partners* | *0.1* | *0.4* |
| *o/w Lease liabilities* | *149.0* | *141.3* |
| Long-term provisions | 18.0 | 17.1 |
| Deposits and security interests received | 0.4 | 0.6 |
| Deferred tax liability | 76.0 | 64.9 |
| **Current liabilities** | **2,284.9** | **2,373.8** |
| Current borrowings and financial liabilities | 553.2 | 746.8 |
| *o/w Bond issues* | *5.7* | *7.3* |
| *o/w Borrowings from lending establishments* | *88.7* | *65.6* |
| *o/w Negociable European Medium Term Note* | *222.0* | *357.0* |
| *o/w Bank overdrafts* | *23.8* | *12.3* |
| *o/w Advances from Group shareholders and partners* | *194.9* | *288.2* |
| *o/w Lease liabilities* | *18.1* | *16.5* |
| Contracts liabilities | 351.4 | 168.1 |
| Trade and other payables | 1,374.4 | 1,443.9 |
| Tax due | 5.8 | 14.9 |
| **TOTAL LIABILITIES** | **4,277.7** | **4,483.6** |