BUSINESS REVIEW

30 JUNE 2023

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[1], thanks to its portfolio of brands with complementary positioning.

Business property (Offices & Logistics): 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[2] 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.

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 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.

Primonial

No major progress has been made in the on-going litigation during the first half. In agreement with its advisers, the Group did not record any provision.

1 Source: 35th Ranking of Developers carried out by Innovapresse in July 2023 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.

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

1.2 Operational performance

1.2.1 Residential

1.2.1.1 Strategy

Altareit is the second-largest residential developer in France[3]. 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.).

1.2.1.2 2023 environment

The end of a real estate cycle

At the end of 2022, France entered a real estate crisis triggered by the sudden rise in interest rates marking 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, when a new equilibrium should emerge.

New market conditions

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

At the beginning of June, the French Government announced, through its National Council for the Refoundation of Housing, an initial series of measures to address the issues affecting the sector: promoting access to home ownership (interest-free loans, real solidarity lease, usury rate, etc.), promoting access to renting

3 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.

(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), reinvigorating home-building by lifting administrative blockages (building permits in high-pressure areas, national programme for the urban renewal of large brownfield sites in urban areas) and boosting energy-saving renovations in the private portfolio. These measures should only have a limited impact on the market and its development in 2023.

1.2.1.3 Activity in the half-year

New orders[4]

New orders for the half-year were down -7% in value (-12% in volume), in a French market that contracted by around -35%[5].

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.	**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%[6] 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 its efforts on selling off the land it had already acquired, in return for a significant reduction in selling prices, both for retail and block sales.

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.

Design of a new generation offering

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 profitable will gradually gain momentum over coming quarters.

4 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).

5 REIT data: -34.3% in Q1 2023.
6 Compared to H1 2022; Banque de France estimate.
14 Decline of -43% in supply of land acquired to 1,941 units vs. end-2022.

1.2.2 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[7] 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[8].

The Group is systematically the developer of projects in which it is also co-investor and manager[9].

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.

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

At the end of June 2023, Altareit 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 (€m)	Potential value at 100% (€m excl. VAT)
Investments[a]	5	113,000	492	1,177
Off-plan sales / PDCs[b]	53	1,227,000	2,822	2,822
DPM[c]	1	19,000	91	91
Total	**59**	**1,359,000**	**3,405**	**4,090**
o/w Offices	*47*	*616,400*	*2,533*	*3,218*
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*	*1,972*

(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 in the half-year

Greater Paris

• Signature of a 99 years 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.

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

8 Resold rented or not.

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

• delivery of 52,700 m² of offices (*Amazing Amazones* in the Euronantes mixed-use neighbourhood, *Block 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[10] 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 signing 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[11] after the success of a first project “La Manufacture de Reuilly” leased and sold in financial year 2022.

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.

10 260,000 m² XXL platform developed in five tranches located north of Avignon and applying for BREEAM certification.

11 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[12] (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 have published 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[13].

Eligibility of consolidated revenue

As of 30 June 2023, 99.6% of Altareit's consolidated revenue[14] related to the following activities which are European taxonomy eligible:

- "Construction of new buildings" at Property Development;
- "Renovation of existing buildings", notably Histoire&Patrimoine;
- "Acquisition and ownership of buildings"[15].

Alignment calculation

To be considered sustainable ("aligned"), each project or asset contributing to Altarea's revenue must be screened for six environmental criteria[16]. 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[17]: 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.

Alignment rate

The alignment rate reaches 45% of consolidated revenue at 30 June 2023.

(€ millions)	Construction	Renovation	Group
Aligned activities	501	3	**504**
% of revenue	*46%*	*15%*	***45%***

Performance details 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 revenue	Construction	Renovation	Group
Alignment rate	***46%***	***15%***	***45%***
Energy	74%	99%	**74%**
Climate	96%	50%	**94%**
Water	65%	100%	**66%**
Circular economy	57%	16%	**57%**
Pollution[17]	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.

12 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.
13 All performance indicators and full methodology is available in the DPEF chapter of the 2022 Universal Registration Document.
14 As of 30 June 2023, consolidated revenue was €1,126 million, of which €10 m (1%) was taxonomy ineligible (e.g. trustee activities) and €1 116m was eligible (99%).
15 Corresponds to "Comet" based in the Richelieu building. Not analysed at 30 June 2023.
16 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).
17 Following the publication of the EU Taxonomy Delegated Acts FAQ on 13 June 2023, the DNSH Pollution (5a) is currently being analysed.

1.4 H1 2023 consolidated results

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.	**1,009.5**	**116.2**	**–**	**–**	**1,125.8**	**–**	**1,125.8**
Change vs 30/06/2022	*-12%*	*-4%*	-	-	*-11%*	-	*-11%*
Net property income	33.2	12.4	–	-	45.6	–	45.6
External services	8.1	6.0	–	-	14.2	–	14.2
Net revenue	**41.3**	**18.4**	**–**	**–**	**59.8**	**–**	**59.8**
Change vs 30/06/2022	*-56.7%*	*-6.2%*	-	-	*-48%*		*-48%*
Production held in inventory	62.8	4.4	-	-	67.2	-	67.2
Operating expenses	(95.0)	(8.5)	(2.6)	(0.0)	(106.1)	(8.5)	(114.6)
Net overhead expenses	**(32.2)**	**(4.1)**	**(2.6)**	**(0.0)**	**(39.0)**	**(8.5)**	**(47.4)**
Share of equity-method affiliates	(0.2)	(3.7)	(0.2)	–	(4.0)	(4.3)	(8.3)
Calculated expenses and transaction costs - Residential					-	(10.9)	(10.9)
Calculated expenses and transaction costs - Business Property					-	(0.3)	(0.3)
Calculated expenses and transaction costs - Diversification					-	(0.3)	(0.3)
Other					-	(0.1)	(0.1)
Operating income	**8.9**	**10.7**	**(2.8)**	**(0.0)**	**16.8**	**(25.9)**	**(9.1)**
Change vs 30/06/2022	*-89%*	*-11%*	-	-	*-82%*		*na*
Net borrowing costs	(3.2)	(1.1)	-	-	(3.6)	(0.8)	(4.4)
Other financial results	(4.6)	(2.0)	-	-	(6.6)	(4.5)	(11.2)
Gains/losses in the value of financial	-	-	-	-	–	(5.0)	(5.0)
Corporate Income Tax	1.4	(0.8)	-	-	0.6	22.6	23.2
Net income	**2.5**	**6.8**	**(2.8)**	**(0.1)**	**7.2**	**(13.6)**	**(6.4)**
Non-controlling interests	(4.1)	–	–	–	(4.1)	0.0	(4.1)
Net income Group share	**(1.6)**	**6.8**	**(2.8)**	**(0.1)**	**3.1**	**(13.6)**	**(10.5)**
Change vs 30/06/2022	*na*	*-21%*			*-95%*		*na*
Diluted average number of shares					*1 748 376*		
Net income Group share per share					**1.76**		
Change vs 30/06/2022					*-95%*		

In the first half of 2023, consolidated revenue[18] came to €1,125.8 million, reflecting the contraction in Residential business.

Operating income (FFO[19]) was €16.8 million (compared with €94 million in the first half of 2022), and recurring net income (FFO) Group share was €3.1 million (compared with €57.9 million in the first half of 2022).

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

Residential

In €m	H1 2023	H1 2022	
Revenue by % of completion	1001.4	1,140.3	*-12%*
Cost of sales and other	(968.2)	(1,052.0)	
Net property income	**33.2**	**88.3**	*-62%*
% of revenue	*3%*	*8%*	
External services	8.1	7.1	
Production held in inventory	62.8	89.0	
Operating expenses	(95.0)	(106.2)	
Contribution of EM associates	(0.2)	4.3	
Operating income - Residential	**8.9**	**82.6**	*-89%*
% of revenue	*1%*	*7%*	
Net borrowing costs	(3.2)	(7.1)	
Other financial results	(4.6)	(6.1)	
Corporate income taxes	1.4	(10.4)	
Non-controlling interests	(4.1)	(9.2)	
FFO Residential	**(1.6)**	**49.9**	*na*

Residential operating income for the first half of 2023 was €8.9m, down €73.7m. This fall reflects the voluntary policy of reducing commitments driven by the Group:

- fall in selling prices:
  - percentage of completion effect: -€15.0m (recognised as operations are completed);
  - one-off[20]: -€33.8m (non-recurring impact recognised on a one-off basis);
- reduction in land acquisitions:
  - volume effect: -€10.8m (lower sales and corresponding margins);
  - fee effect: -€14.1m.

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	H1 2023	H1 2022	
Revenue by % of completion	110.2	116.5	*-5%*
Cost of sales and other	(97.8)	(101.7)	
Net property income	**12.4**	**14.8**	*-16%*
% of revenue	*11%*	*13%*	
External services	6.0	4.9	
Production held in inventory	4.4	5.3	
Operating expenses	(8.5)	(11.0)	
Contribution of EM associates	(3.7)	(2.0)	
Operating income	**10.7**	**12.0**	*-11%*
% of revenue + ext. serv.	*9%*	*10%*	
Net borrowing costs	(1.1)	(1.0)	
Other financial results	(2.0)	(0.9)	
Corporate income taxes	(0.8)	(1.5)	
Non-controlling interests	–	-	
FFO Business Property	**6.8**	**8.6**	*-21%*

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

1.5 Financial resources

Liquidity

As of 30 June 2023, Altareit had available liquidity of €1,778 million (compared to €2,074 million at 31 December 2022), broken down as follows:

Available (in €m)	Cash	Unused credit facilities	Total
At Corporate level	175	795	970
At project level	409	399	808
Total	**584**	**1,194**	**1,778**

Unused credit lines amount to €776 million RCFs[21] with an average maturity of 3 years and 1 month, with no maturities coming due within the next 12 months.AS of 30 June 2023, no RCF's are drawn.

Short and medium-term financing

At 30 June 2023, Altareit has a NEU CP[22] (maturity less than or equal to one year) programme of €40 million and a NEU MTN[23] (maturity greater than one year) programme of €15 million. The total outstanding amounted to € 55 million with an average maturity of 2 months.

Net debt

In €m	30/06/2023	31/12/2022
Bank term loans	192	212
Credit markets [(a)]	399	575
Property Development debt	180	158
Gross bank and bond debt	**771**	**945**
Cash and cash equivalents	(483)	(799)
Net bank and bond debt	289	146

(a) This amount includes bond debt and €55 million from NEU CP and NEU MTN.

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)

The Residential WCR decreased by €143 million, in line with the commitments policy.

Credit rating

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

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

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

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

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

Finally, Altareit's gearing[24] was 0.25x at the June 2023 compared to 0.13x at 31 December 2022.

Equity

Altareit's shareholders 'equity amounted to €1,136 million at 30 June 2023, making Altareit one of the most capitalized French developers.

21 Revolving credit facilities (confirmed credit authorisations) pro forma for credit lines signed before the publication date (RCF €75m).
22 NEU CP (Negotiable European Commercial Paper).
23 NEU MTN (Negotiable European Medium-Term Note).
24 Net bond and bank debt as a proportion of consolidated equity.

Consolidated P&L

€ millions	30/06/2023 Funds from operations (FFO)	30/06/2023 Changes in value, estimated expenses and transaction costs	30/06/2023 Total	31/12/2022 Funds from operations (FFO)	31/12/2022 Changes in value. estimated expenses and transaction costs	31/12/2022 Total
Revenue	1,001.4	-	1,001.4	1,140.3	-	1,140.3
Cost of sales and other expenses	(968.2)	(1.5)	(969.8)	(1,052.0)	-	(1,052.0)
Net property income	**33.2**	**(1.5)**	**31.6**	**88.3**	**-**	**88.3**
External services	8.1	-	8.1	7.1	-	7.1
Production held in inventory	62.8	-	62.8	89.0	-	89.0
Operating expenses	(95.0)	(6.3)	(101.3)	(106.2)	(9.3)	(115.5)
Net overhead expenses	**(24.1)**	**(6.3)**	**(30.4)**	**(10.1)**	**(9.3)**	**(19.3)**
Share of equity-method affiliates	**(0.2)**	**(2.6)**	**(2.8)**	**4.3**	**(0.4)**	**3.9**
Net depreciation, amortisation and provisions	**-**	**(10.9)**	**(10.9)**	**-**	**(10.3)**	**(10.3)**
Transaction costs	**-**	**(0.0)**	**(0.0)**	**-**	**-**	**-**
NET RESIDENTIAL INCOME	**8.9**	**(21.3)**	**(12.5)**	**82.6**	**(20.0)**	**62.5**
Revenue	110.2	-	110.2	116.5	-	116.5
Cost of sales and other expenses	(97.8)	-	(97.8)	(101.7)	-	(101.7)
Net property income	**12.4**	**-**	**12.4**	**14.8**	**-**	**14.8**
External services	6.0	-	6.0	4.9	-	4.9
Production held in inventory	4.4	-	4.4	5.3	-	5.3
Operating expenses	(8.5)	(1.7)	(10.2)	(11.0)	(2.0)	(13.0)
Net overhead expenses	**1.9**	**(1.7)**	**0.2**	**(0.8)**	**(2.0)**	**(2.8)**
Share of equity-method affiliates	**(3.7)**	**(0.0)**	**(3.7)**	**(2.0)**	**(0.1)**	**(2.2)**
Net depreciation, amortisation and provisions	**-**	**(0.3)**	**(0.3)**	**-**	**(0.8)**	**(0.8)**
Income/loss in the value of investment property	**-**	**-**	**-**	**-**	**-**	**-**
BUSINESS PROPERTY INCOME	**10.7**	**(2.0)**	**8.7**	**12.0**	**(3.0)**	**9.0**
Net overhead expenses	**(2.6)**	**(0.5)**	**(3.1)**	**(0.1)**	**0.4**	**0.3**
Share of equity-method affiliates	**(0.2)**	**(1.6)**	**(1.8)**	**(0.1)**	**(0.1)**	**(0.2)**
Net depreciation, amortisation and provisions	**-**	**(0.3)**	**(0.3)**	**-**	**-**	**-**
Gains / losses on disposals of assets	**-**	**-**	**-**	**-**	**(0.0)**	**(0.0)**
NET DIVERSIFICATION INCOME	**(2.8)**	**(2.4)**	**(5.2)**	**(0.2)**	**0.3**	**0.1**
Others (Corporate)	(0.0)	(0.1)	(0.1)	(0.3)	0.2	(0.1)
OPERATING INCOME	**16.8**	**(25.9)**	**(9.1)**	**94.0**	**(22.5)**	**71.5**
Net borrowing costs	(3.6)	(0.8)	(4.4)	(8.1)	2.4	(5.8)
Other financial results	(6.6)	-	(6.6)	(7.0)	-	(7.0)
Change in value and income from disposal of financial instruments	-	(5.0)	(5.0)	-	1.0	1.0
Net gain/(loss) on disposal of investments	-	(4.5)	(4.5)	-	(0.5)	(0.5)
PROFIT BEFORE TAX	**6.5**	**(36.2)**	**(29.7)**	**78.9**	**(19.6)**	**59.3**
Corporate income tax	0.6	22.6	23.2	(11.9)	(2.4)	(14.2)
NET INCOME	**7.2**	**(13.6)**	**(6.4)**	**67.1**	**(22.0)**	**45.0**
Non-controlling interests	(4.1)	0.0	(4.1)	(9.2)	0.0	(9.2)
NET INCOME, GROUP SHARE	**3.1**	**(13.6)**	**(10.5)**	**57.9**	**(22.0)**	**35.9**
Diluted average number of shares	*1,748,376*			*1,748,420*		
NET INCOME PER SHARE (€/SHARE), GROUP SHARE	**1.76**			**33.12**		

Balance sheet

€millions	30/06/2023	31/12/2022
Non-current assets	**761.6**	**816.4**
Intangible assets	350.9	314.2
o/w Goodwill	*236.5*	*197.4*
o/w Brands	*105.4*	*105.4*
o/w Customer relationships	*5.2*	*6,7*
o/w Other intangible assets	*3.7*	*4,6*
Property plant and equipment	25.6	22,4
Right-of-use on tangible and intangible fixed assets	127.8	137,7
Investment properties	57.8	57,7
o/w Investment properties in operation at fair value	*10.0*	*9,6*
o/w Investment properties under development and under construction at cost	*45.3*	*45,2*
o/w Right-of-use on Investment properties	*2.5*	*2,8*
Securities and investments in equity affiliates and unconsolidated interests	182.9	271,2
Loans and receivables (non-current)	14.0	13.3
Deferred tax assets	2.7	0.0
Current assets	**3,241.8**	**3,461.4**
Net inventories and work in progress	1,300.2	1,116.9
Contracts assets	596.3	723.1
Trade and other receivables	811.5	740.2
Income tax credit	11.5	0.7
Loans and receivables (current)	39.7	81.9
Cash and cash equivalents	482.5	798.6
TOTAL ASSETS	**4,003.4**	**4,277.7**
Equity	**1,135.9**	**1,145.0**
Equity attributable to Altareit SCA shareholders	**1,086.9**	**1,100.0**
Capital	2.6	2.6
Other paid-in capital	76.3	76.3
Reserves	1,018.6	946.7
Income associated with Altareit SCA shareholders	(10.5)	74.4
Equity attributable to minority shareholders of subsidiaries	**49.0**	**45.0**
Reserves associated with minority shareholders of subsidiaries	44.9	30.2
Other equity components. Subordinated Perpetual Notes	4.1	14.8
Non-current liabilities	**798.4**	**847.9**
Non-current borrowings and financial liabilities	721.6	753.5
o/w Bond issues	*333.3*	*336.9*
o/w Borrowings from lending establishments	*249.5*	*267.5*
o/w Negociable European Medium-Term Note	–	–
o/w Advances from Group shareholders and partners	*0.7*	*0.1*
o/w Lease liabilities	*138.2*	*149.0*
Long-term provisions	17.5	18.0
Deposits and security interests received	0.6	0.4
Deferred tax liability	58.7	76.0
Current liabilities	**2,069.1**	**2,284.9**
Current borrowings and financial liabilities	319.1	553.2
o/w Bond issues	*10.6*	*5.7*
o/w Borrowings from lending establishments	*75.8*	*88.7*
o/w Negociable European Medium-Term Note	*55.0*	*222.0*
o/w Bank overdrafts	*47.4*	*23.8*
o/w Advances from Group shareholders and partners	*112.4*	*194.9*
o/w Lease liabilities	*18.0*	*18.1*
Contracts liabilities	359.7	351.4
Trade and other payables	1,389.7	1,374.4
Tax due	0.6	5.8
TOTAL LIABILITIES	**4,003.4**	**4,277.7**