BUSINESS REVIEW
31 DECEMBER 2023

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Paris, 27 February 2024, 5.45 p.m. After review by the Supervisory Board, Management approved the consolidated financial statements for the 2023 financial year. Audits of the consolidated and individual financial statements (Altareit SCA) have been completed and the audit reports are in the process of being issued

1.1 Operational performance

1.1.1 Residential

Altareit is the second-largest residential developer in France[1]. The Group has a country-wide presence and has rolled out a comprehensive multi-product offering[2] based on brands with complementary positions to meet the structurally immense needs of the French market.

1.1.1.1 Adapting to the new cycle

A drastic change in cycle

Since June 2022, the rapid rise in interest rates combined with more restrictive policies by banks have radically deteriorated buyers' solvency. This crisis in demand exacerbated a pre-existing crisis of inflation in regulatory and construction costs, creating the conditions for a major real estate crisis.

An adjustment phase is necessary before the market returns to equilibrium. The Group intends to use this period to effect a profound transformation of its industrial model.

Rapid pro-active response

As earlier as late 2022, the Group realised the scale of the crisis and responded by drastically cutting the number of land acquisitions, which helped reducing its commitments.

2023 was dedicated to closing out the previous real estate cycle and to developing a new offer to be ready for the recovery. This strategy allowed the Group to start afresh on a clean slate and to redirect employees' work towards the future.

Operational activity was intense, with:

• **the accelerated sale of units under construction** from the previous cycle in both blocks and retail deals;

• **land acquisitions restricted to projects that fit the context**, resulting in a drastic reduction in the number of land acquired;

• **a review of the entire land portfolio** leading to the massive abandonment of projects (including dropping some land options) or to their redesign, and ultimately to the write-off of the corresponding study and land acquisition costs;

• **a reorganisation of the brand portfolio** to strengthen their market position;

• **the development of a "new generation"** low-carbon, affordable and profitable offer adapted to the new cycle, with the lands renegotiated or newly acquired.

1.1.1.2 Activity of the year

Focus on reducing the offer from the previous cycle

New orders[3]

Altareit has prioritised the sale of the offer under construction by adapting pricing policy, for retail and block sales.

New orders declined by -16% in value to €2,250 millions incl. Tax, and -20% by volume to 8,004 units in a market that contracted by -26%[4]. These units only relate to projects where land purchase decisions have already been made[5].

New orders	2023	%	2022	%	Chge
Individuals - Residential buyers	472	*21%*	707	*27%*	*-33%*
Individuals - Investment	649	*29%*	1,015	*38%*	*-36%*
Block sales	1,130	*50%*	945	*35%*	*+20%*
Total in value (€m incl. VAT)	**2,250**		**2,666**		**-16%**
Individuals - Residential buyers	1,458	*18%*	2,000	*20%*	*-27%*
Individuals - Investment	2,356	*30%*	3,590	*36%*	*-34%*
Block sales	4,190	*52%*	4,428	*44%*	*-5%*
Total in volume (units)	**8,004**		**10,017**		**-20%**

Block sales represent 52% of new orders (vs 44%). They are mainly composed of intermediate housing [6] (57%) and social housing (30%).

Individuals remain the Group's core target client. They accounted for half of sales despite a particularly unfavourable environment, especially in terms of access to credit.

Notarised sales

€m incl. VAT	2023	%	2022	%	Chge
Individuals	1,418	*62%*	1,943	*62%*	*-27%*
Block sales	857	*38%*	1,182	*38%*	*-27%*
Total	**2,275**		**3,125**		**-27%**

2023 saw a significant drop in the production of home loans (- 41%[7]), which made it hard to seal notarised sales.

Faced with this situation, the Group set up a system to support its customers throughout the acquisition process. This helped slowing down the fall in notarised sales, which amounted to €2,275 million (-27%) across all the Group's brands.

(1) Source: Classement des Promoteurs (developers ranking) published in July 2023 by Innovapresse.
(2) New housing all ranges (home ownership and investment, free, social, Intermediate rental housing), serviced residences, Malraux, historical monuments, land deficits, condominium, timber-frame housing CLT, renovation.
(3) 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.
(4) FPI France data published on 15 February 2024 - Year-on-year decrease in new orders down -26% in 2023 to 94,828 units (compared to an annual average of 146,269 sales between 2017 and 2023), of which -38.4% retail and +11.5% block sales.
(5) The Group also placed 1,420 additional units in 2023. But these are not included in the 8,004 units sold because they concern projects for which the building permit has not yet been obtained and the decision to acquire the land has not yet been made.
(6) Intermediate rental housing (LLI).
(7) Banque de France data (annual production of home loans to individuals (excluding renegotiations)).

Land acquisitions limited to projects fitting the current environment

In 2023, the Group only bought land corresponding to "on-market" projects. Land acquisitions were thus significantly reduced with 63 plots acquired in 2023, compared to 167 in 2022 (-59% in number of units).

In units	2023	2022	Chge
Land acquisitions	5,064	12,487	*-59%*

Combined with the sales of units under contruction of which the lands were already acquired by end of 2022, the slowdown in land acquisition in 2023 enabled reduction in Group's commitments and in the number of unsold units under construction from 3,500 units at the end of 2022 to around 1,500 units at the end of 2023 (-57%).

The 63 lands acquired in 2023 represent potential revenue of around €1.1 billion (excl. tax) over 5,064 units. These "on-market" transactions share the following characteristics:

• final building permits corresponding to an adapted design (size of the units, optimisation of surfaces, etc.);

• controlled land prices and secured works contracts;

• pricing schedules that have achieved a high pre-letting rate (signed block sales, retail sales without significant contingencies);

• satisfactory profitability given the risk profile.

Thorough review of the portfolio of land options[8]

In 2023, the Group conducted an comprehensive review of its land portfolio applying much more strict commitment criteria.

At 31 December 2022, the Group's portfolio of land options represented a potential 48,000 units. Out of this total:

• 5,800 units went into commercial launch in 2023;

• 13,200 units were permanently abandoned;

• 29,000 units correspond to land options retained or in the process of being renegotiated which are being extensively reworked (product design, commercial strategy, regional strategy, construction costs, land prices, carbon performance). Previously planned projects must be partially or fully reviewed to fit the new cycle.

This extended review of the land portfolio led to the write-off of a significant portion of inventoriable development costs previously recorded on the Group's balance sheet (see Financial performance).

At the end of this review:

• close to 90% of the development costs in inventory were written-off;

• the value of the lands in portfolio was adjusted down by roughly -30%, to match their recoverable value;

• the remaining offer from the previous cycle was ajusted to market price.

(8) The portfolio of land options consists of secured projects (through a preliminary sale agreement, almost all unilateral) that have not yet gone to commercial launch.

New organisation of the brand portfolio

The Group is structured around several well-known brands to cover all residential products.

In 2023, the Group restructured its brand portfolio to strengthen their respective market position, merging Woodeum and Pitch Immo, launching the Nohée brand (formerly Cogedim Club) in senior residences and creating Jouvence, dedicated to the renovation of existing residences for resale. The portfolio is now organised as follows:

• **Cogedim** is the Group's leading brand in terms of geographical coverage, product range depth and reputation. In 2024, for the second year running, Cogedim was ranked number one among the Top 200 customer relations by consulting firm The Human Consulting Group for Les Echos, all sectors combined;

• **Woodeum** (merged with Pitch Immo) is the French specialist in low-carbon real estate development due to its know-how on CLT (cross-laminated timber) timber frame technology but also to other low-carbon solutions that outperform current standards (RE2020/Level 2022);

• **Histoire & Patrimoine** is the expert brand in real estate renovation and rehabilitation, offering a range of products in Historical Monuments, Malraux Law properties and Real Estate Tax schemes;

• **Jouvence** is a new brand dedicated to the thermal, functional and aesthetic renovation of existing housing for resale;

• **Nohée** specialises in developing managed residences for active seniors. Nohée opened its 30th residence at the end of 2023 and aims to have 50 residences in operation by 2026;

• **Altarea Solutions & Services** is the service platform supporting the Group's customers and partners throughout their real estate project (sales promotion, financing, rental management, trustee services, etc.).

Accounting impacts in 2023

The strategy adopted by the Group (reducing commitments, review of the portfolio of land options, reorganisation of brands) resulted in the recognition, as a change in value, of a non-recurring accounting cost to settle the previous cycle in the Group's financial statements[9].

(9) See Financial results section.

Developing “new generation” offer

The scale of the crisis requires a profound change in product design to adapt to the new environment and mainly to the purchasing power of customers.

In 2023, the Group’s teams were redirected to the development of an affordable, low-carbon and profitable “new generation” offer, fitting the new cycle (design and carbon performance, optimisation of plans and unit size, commercial strategy, regional strategy, construction costs, land prices).

Supply(10) of these new products represented nearly 10,000 units in 2023. Given the lead time of the production cycle[11], this offer would only ramp up from the end of 2024 depending on market conditions.

Backlog

The backlog(12) at 1 January 2024 was €2.7 billion excl. tax, down -22% year-on-year.

(10) Signature of new land options.
(11) Signature of new land options.

(12) Revenue (excl. tax) from notarised sales to be recognised on a percentage-of-completion basis and individual and block new orders to be notarised.

1.1.2 **Business property (BP)**

Altareit manages Business Property projects with limited risk and in various manner due to its highly diversified skill set.

1.1.1.1 Multiple areas of expertise

In Offices, the Group operates nationwide[13]:

• as developer in off-plan sales, BEFA and PDCs, with a particularly strong position in the "turnkey" user market and DPM contracts[(14)];

• as developer/investor or co-investor for certain assets to be repositioned (before disposal);

• on a wide range of products: head offices, multi-occupant buildings, high-rise buildings, business and industrial premises, hotels, schools and campuses.

In Logistics, the Group operates:

• as a land and property developer and sometimes investor, to develop projects that meet increasingly demanding technical, regulatory and environmental challenges;

• both for the development of large platforms or hubs for distributors or e-commerce players, and in the urban logistics market for the last mile.

Greater or lesser fall in values depending on rental appeal

In 2023, the Business Property market was affected by a general decline in values due to the rise in interest rates, which affected all products.

The Office market has entered a lasting crisis, particularly in the peripheral locations of the Paris Region, even though rental demand remains strong in Paris and in certain regional cities. Whatever their location, office buildings are experiencing a marked increase in capitalisation rate with a strong dispersion. This increase is only partly offset by rent increases, which can only be applied in the best locations.

The Logistics market continues to be driven by strong demand from tenants and a scarcity effect, reflected in a sustained rise in rents. In the shorter term, the rise in capitalisation rates (of 50-75 bps) offsets the impact of rising rents on asset values.

In the development business (off-plan sales, PDC, DPM), the Group is focusing on its portfolio of low-risk secured projects and continues to source Office projects in major regional cities (Nantes, Bordeaux, Aix-Marseille, Lyon, Toulouse, Rennes, Lille, etc.).

In 2023, the Group reviewed the value of Landscape (La Défense), whoseamount is booked as a change in value as part of the non-recurring accounting cost booked in Property development. As a result, the residual risk on Landscape was reduced to zero.

1.1.1.2 Offices activity during the year

Despite the tough environment, the Group had dynamic operational activity in 2023 in all its markets (Grand Paris and Regions Offices, large-scale logistics, Urban logistics).

Offices/Grand Paris

• Signature of a 99-year emphyteutic lease with the French state for the acquisition and renovation of a complex at 185 rue Saint-Honoré (6,000 m², Paris 1st district) adjoining the Hôtel Regina.

• Start of three renovation projects (66,000 m²) *Louis Le Grand* (Paris 2nd arrondissement) in co-investment with JP Morgan Global Alternatives or *Valhubert,* the former headquarters of CACEIS (Paris 13th) for which the Group acts as delegated project manager.

• Progress on building sites for the future head office of Swiss Life in La Défense (18,100 m²) and the offices in Bobigny Cœur de Ville (9,800 m²), both to be delivered in 2024, as well as the building located at *26 Champs-Elysées* under DPM contract.

• Delivery of *Le Visionnaire* for L'Oréal located in its historic headquarters at 14 rue Royale (4,200 m², Paris 8th arrondissement) and launch of renovation work on the façade of its global headquarters in Clichy.

Offices/Regional cities

• Signatures of several off-plan sales for a total of 24,000 m², of which *Claystone* and *Urbanclay* in Toulouse sold respectively to Quaero Capital and Midi 2i for which the projects were launched this year. In Bordeaux Belvédère, the Group sold *Mokusaï* to the Mutualité Sociale Agricole de la Gironde. In the south, the Group signed a VEFA (Sale in Future State of Completion or off-plan sales) with Naval Group for a building within the *Technopole de la mer* in Ollioules and sold the future student *campus of ESSCA School of Management* located in Aix-en-Provence to La Caisse d'Epargne, through its subsidiary CEPAC Foncière.

• Launch of 42,000 m² of building sites, including the future Alstom Sud development centre in Aix-en-Provence, *Feel good* near Nantes in Orvault, where a first building was sold to the SMABTP at the end of 2022.

• Delivery of *Emlyon business school campus* in the Gerland district (20,000 m² with a capacity of 7,800 people and 9,000 m² of green spaces). Multifunctional, hybrid and adaptable, it meets the new uses of higher education and aims for HQE (Excellent), BREEAM (Very Good), OSMOZ and R2S certifications.

• Deliveries of 53,000 m² of offices including *Amazing Amazons* within the major Euronantes project (19,700 m²), two buildings in the Bordeaux Belvédère district (10,400 m²) or *Newton St Charles* in Marseille (9,700 m²).

(13) Central Business District (CBD) of Paris, the Paris Region and major regional cities.

(14) VEFA (off-plan sale), BEFA (off-plan lease), PDC (property development contract) and DPM (delegated project management).

1.1.1.3 Logistics activity during the year

Large-scale logistics

In Large-scale logistics, the Group acts as a developer with limited risk-taking. At 31 December 2023, sites under construction or delivered represented a total of 354,000 m². They are already fully let through long-term leases to leading tenants on the basis of rents that provide the Group with a return higher than the market rate observed for this type of product.

2023 was marked by:

• the takeover of 100% of the Bollène megahub[15] where the Group delivered warehouse no. 2 to its tenant Intermarché and let the whole of warehouse no. 3 to ID Logistics, Mutual Logistics and Gerflor, and construction work has begun;

• the delivery of the Hexabub Occitanie-La Méridienne in Béziers (50,000 m²) sold off-plan LIDL in 2022, and the delivery of the Puceul platform near Nantes (38,000 m²) leased to the Sofia group;

• the launch of work on the Ecoparc Cotière logistics platform in the Ain department (70,000 m²), of which 56,000 m² are let to Samse under a 12-year lease, of which 9 years are firm.

Urban logistics

After the successful conclusion of its first Parisian urban logistics project in 2022 (Reuilly), the Group announced late in 2023 the acquisition of a 7,600 m² platform currently leased and operated by DHL in Vitry-sur-Seine near the South Paris “peripherique” road. The plan is to carry out a renovation that meets three aims: resolving the building's energy and environmental challenges, achieving compliance with building standards and improving the efficiency and safety of DHL’s operations. The site benefits from an exceptional strategic location for last mile deliveries in the Paris Region.

(15) 260,000 m² developed in five tranches (including 50,000 m² for warehouse no. 2 and 95,000 m² for warehouse no. 3) bidding for BREAM certification.

1.2 Environmental performance

1.2.1 Taxonomy: new standard for environmental performance reporting

1.2.1.1 General principles

The Taxonomy Regulation[16] is a classification system for economic sectors to identify environmentally sustainable activities. It defines uniform criteria for each sector in the EU to assess their contribution to the six environmental objectives defined by the European Commission:

In 2023, non-financial companies published indicators taken directly from their 2022 accounts (revenue, Capex and Opex). They attribute for each the proportion eligible under the taxonomy **(eligibility rate**) as well as the proportion that meets the European environmental criteria (**alignment rate**) and social criteria (minimum social guarantees).

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

1.2.1.2 Eligibility of consolidated revenue

Eligibility of consolidated revenue

In 2023, 97.9% of Altareit[17] consolidated revenue 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"[18].

Revenue alignment criteria

Alignment analysis is carried out at asset level. To be considered aligned, each project or asset contributing to revenue must be screened for six families of environmental criteria[19]:

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

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

• Water: consumption/flow of buildings, management of water resources on building sites, impact on water resources and quality;

• Circular economy: reuse of materials, waste reduction at source and recovery, 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.

Revenue 44.7% aligned

The alignment rate was 44,7% of consolidated revenue in 2023 (vs 43.0% in 2022).

	Construction	Renovation	Ownership	Group
Aligned revenue (€ m)	1,090.5	5.3	0	1,095.8
% of consolidated revenue	*47.1%*	*4.3%*	*0%*	***44.7%***

The approach used to calculate the alignment is based on a preselection of projects/assets according to two items: their contribution to consolidated revenue (significant projects) and their potential for alignment (particularly in energy performance).

After reviewing the pre-screened candidates, 123 projects with comprehensive supporting documentation were considered aligned. They represent 44.7% of consolidated revenue for 2023, which is therefore aligned with the European taxonomy.

(16) 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.
(17) At 31 December 2023, consolidated revenue amounted to €2,450.8 million, of which €52.3 million (2.1%) not eligible for taxonomy (relating for example to trustee activities) and €2,398.5 million eligible (97.9%).
(18)Corresponds to Comet's activity within the Richelieu headquarters.
(19) One criterion of "substantial contribution" and five criteria of "do no significant harm" ("DNSH"). The number and nature of the criteria vary according to each activity, with a minimum number of two (a substantial contribution criterion and a DNSH criterion).

Specific action plans on certain criteria

Specific work was carried out on certain particularly demanding criteria:

• **Energy**: identification of aligned projects required a two-step approach. First, projects initiated before 2022 were screened to see if their energy performance was better than required by legislation at the time. Then, further life-cycle analyses (LCA) were carried out on this scope, to document full alignment with this criterion;

• **Circular economy**: the contractual commitment of subcontractors to recycle at least 70% of material waste was not considered sufficient to validate the criterion in full. Significant work was done to collect and review service providers' waste registers or reporting to ensure their contractual obligations were effectively being met. The strict application of this criterion has led to the exclusion of a significant number of projects, particularly renovation projects where this contractual practice is less widespread due to the lower generation of waste. The renovation activity is thus the one with the lowest alignment rate despite its essentially more virtuous approach in terms of this criterion;

• **Pollution**: compliance with this criterion requires not only documenting the application of the regulations in force by the Group and its suppliers, but also verifying that the Group does not market products containing "substances of very high concern" in concentrations greater than 0.1% as defined by the REACH regulation[20].

This requires suppliers to disclose whether the targeted products are present or not. The Group has ensured, by conducting a specific verification on a representative sample of products and materials used in the construction of its projects, that its suppliers do not use substances of "extremely concerning substances" at concentrations exceeding 0.1% as defined by REACH regulations. The verification of alert processes in the event of hazardous products carried out by a specialized firm proved satisfactory, thus allowing the criterion to be considered fully met.

1.2.2 **Carbon performance**

Altareit has developed carbon accounting for all of its activities, making it possible to monitor its carbon performance with the same rigour as its accounting performance. The Group now has a set of relevant indicators that enable it to set ambitious decarbonisation targets and measure them reliably over time.

1.2.2.1 **Altareit methodology**

Scope (scopes 1, 2 and 3)[21]

GHG emissions[22], in kilogrammes of CO_2 equivalent ($kgCO_2e$, simplified as "kg"), are classified in three categories (scopes):

• direct emissions (scope 1) cover all emissions associated with the consumption of fossil fuels (burning of fossil fuels, refilling of refrigerants, 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 reflect the Group's business lines:

• in **Property Development**, they are related to the *construction* and use of buildings;

- *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

Altareit has developed an accounting approach for 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 that contributed to revenue in 2023;

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

(20) Substances of Very High Concern (SVHC) on the candidate list (Article 59 and Articles 57 and 58) of the REACH Regulation (i.e. certain substances that are carcinogenic, mutagenic on germ cells, toxic for reproduction, persistent, bioaccumulative and toxic, very persistent and very bioaccumulative, endocrine disruptors, etc.).

(21) In accordance with the GHG 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).

(22) 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).

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

Corporate

Altareit accounts for ""Corporate" emissions based on the energy consumption of buildings (actual measurements). This consumption is then converted into greenhouse gas (GHG) emissions equivalent using a factor that varies depending on the carbon intensity of the energy consumed.

Corporate emissions mainly come from the energy consumption of the Group's headquarters and fuel consumption during business travel by its employees.

1.2.2.2 Results and analyses

Group carbon performance

In 2023, the Group's emissions (scopes 1, 2 and 3) represented 880 thousand tonnes, down -17,6% compared to 2022 (1,067 thousand tonnes) and -42,7% compared to 2019 (the benchmark year).

In thousands of tCO_2e	2023	2022	2019
Property	**876**	**1 065**	**1 533**
Residential	*760*	*914*	*1 041*
Business Property	*83*	*102*	*315*
Retail	*33*	*49*	*177*
Corporate	**4**	**2**	**3**
Group share	**880**	**1 067**	**1 536**
o/w Construction	*594*	*708*	*804*
o/w Use	*282*	*356*	*729*
o/w Corporate	*4*	*2*	*3*

Out of a total emission of 880 thousand tonnes, 282 thousand tonnes (i.e. 32%) correspond to emissions that have not yet occurred (share related to the future use of the buildings under construction).

Continuous improvement of carbon performance

Group GHG emissions *In thousands of tCO_2e*		*Chge*
2022 GHG emissions	**1,067**	
Scope effect (Woodeum, etc.)	+65	*+ 6%*
Property Development - volume effect	-144	*-13%*
Property Development - reduction in carbon intensity	-103	*-10%*
2023 GHG emissions	**880**	***-18%***

The -18% decrease in emissions in 2023 is mainly due to the decrease in development activity (volume effect) due to the real estate crisis (-144 thousand tonnes).

The Group's progress in decarbonisation has helped to reduce emissions by -103 thousand tonnes, thanks to the reduction in carbon intensity per unit area (the amount of carbon needed to build and use one square meter of real estate).

Carbon intensity per unit area: -9.6% in 2023

The average carbon intensity per unit area decreased by -9.6% to 1,298 kg/m² in 2023 (compared to 1,436 kg/m² in 2022).

This improvement in carbon intensity is linked to the exit from older, more carbon-intensive projects (average intensity of 1,512 kg/m²) and the integration of new, more efficient projects (average 1,173 kg/m²).

Economic carbon intensity

Economic carbon intensity can be defined as the amount of CO_2e required to generate one euro of revenue (grammes of CO_2e per euro or g/€). This indicator is particularly relevant for measuring the decoupling between economic value creation and GHG emissions, which is a fundamental principle of low carbon growth.

In gCO_2e /€	2023	2022	2019
Carbon intensity	**359**	391	533

In 2023, 359 grammes of CO_2 were emitted to generate one euro in revenue, i.e. 8.3% less than in 2022 (-33% compared to 2019).

1.3 2023 Consolidated results

The 2023 financial results of Altareit are marked by the real estate crisis, with a significant decrease in net income (FFO) by -83% compared to 2022, amounting to €23.0 million. This decline is characterized by:

• a limited contribution from the Residential sector, attributed to the implementation of an accelerated and proactive adaptation policy to the current context;

• no major transactions in the Office sector compared to 2022 (such as the Cyber Campus in MEE).

Altareit decided to close the previous cycle in its 2023 accounts. This is reflected in the recognition of an exceptional accounting charge for Property Development, as a change in value, of -€393.9 million euros[23], representing its market outlook.

Overall, the Group's net result is -€325.6 million in 2023.

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.	**2 246,8**	**204,0**	**–**	**–**	**2 450,8**	**–**	**2 450,8**
Change vs 31/12/2022	*(9)%*	*(21)%*	-	-	*(10)%*	-	*(10)%*
Net property income	124,9	20,5	–	-	145,4	(3,2)	142,2
External services	29,1	8,0	–	-	37,1	–	37,1
Net revenue	**154,0**	**28,5**	**–**	**–**	**182,5**	**(3,2)**	**179,4**
Change vs 31/12/2022	*(8)%*	*(17)%*	-	-	*(9)%*		*(11)%*
Production held in inventory	142,0	10,6	-	-	152,6	-	152,6
Operating expenses	(233,2)	(22,4)	(5,9)	(0,7)	(262,2)	(24,4)	(286,6)
Net overhead expenses	**(91,2)**	**(11,8)**	**(5,9)**	**(0,7)**	**(109,6)**	**(24,4)**	**(134,0)**
Share of equity-method affiliates	(0,0)	(7,6)	(0,6)	–	(8,3)	4,7	(3,6)
Depreciation and amortisation (IFRS 16)						(18,1)	
Other depreciation, amortisation and transaction cost						(16,4)	
Exceptional accounting expense for Property Development [(a)]						(393,9)	(393,9)
Operating income	**62,8**	**9,1**	**(6,5)**	**(0,7)**	**64,7**	**(451,3)**	**(386,6)**
Change vs 31/12/2022	*(60)%*	*(82)%*	-	-	*(69)%*		*na*
Net borrowing costs	(4,7)	(7,3)	-	-	(12,1)	(1,9)	(13,9)
Other financial results	(13,5)	(0,5)	-	-	(14,0)	(3,2)	(17,2)
Gains/losses in the value of financial	-	-	-	-	–	(17,2)	(17,2)
Corporate Income Tax	0,2	0,3	-	-	0,5	108,5	108,9
Net income	**44,8**	**1,5**	**(2,8)**	**(0,1)**	**39,1**	**(365,1)**	**(325,9)**
Non-controlling interests	(16,1)	–	–	–	(16,1)	16,5	0,4
Net income Group share	**28,7**	**1,5**	**(2,8)**	**(0,1)**	**23,0**	**(348,6)**	**(325,6)**
Change vs 31/12/2022	*(74)%*	*(95)%*			*(83)%*		
Diluted average number of shares					*1 748 351*		
Net income Group share per share					**13,16**		
Change vs 31/12/2022					*(83)%*		

(a) Including -€312.2 million recognized in net property income in the consolidated financial statements and the consolidated income statement by segment.

[23] *Figures before tax, i.e. -€293.4 million after tax.*

Residential

In €m	2023	2022	
Revenue by % of completion	2,217.7	2,458.5	*(10)%*
Cost of sales and other	(2,092.7)	(2,302.8)	
Net property income	**124.9**	**155.7**	*(20)%*
% of revenue	*5.6%*	*6.3%*	
External services	29.1	11.4	
Production held in inventory	142.0	221.0	
Operating expenses	(233.2)	(241.5)	
Contribution of EM associates	(0.0)	9.2	
Operating income FFO	**62.8**	**155.8**	*(60)%*
% of revenue	*2.8%*	*6.3%*	
Net borrowing costs	(4.7)	(8.6)	
Other financial results	(13.5)	(5.5)	
Corporate income taxes	0.2	(17.4)	
Non-controlling interests	(16.1)	(14.8)	
Net income FFO	**28.7**	**109.5**	*(74%)*

In the Residential sector, revenue (revenue recognized and external services) decreased by -9% to 2,246.8 million euros, primarily due to the drastic reduction in land acquisitions.

The operating income stood at 62.8 million euros (-60%). This decline is attributed to a volume effect (decrease in revenue and fees/production stored) combined with a rate effect (price decrease on ongoing projects). The operating margin rate[24] is 2.8% (compared to 6.3% in 2022).

The Residential FFO amounted to 28.7 million euros, a decrease of -74%.

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	2023	2022	
Revenue by % of completion	196.0	246.8	*(5)%*
Cost of sales and other	(175.5)	(224.5)	
Net property income	**20.5**	**22.4**	*(16)%*
% of revenue	*10.5%*	*9.1%*	
External services	8.0	11.9	
Production held in inventory	10.6	15.4	
Operating expenses	(22.4)	(31.9)	
Contribution of EM associates	(7.6)	34.2	
Operating income FFO	**9.1**	**52.0**	*(11)%*
% of revenue + ext. serv.	*4.5%*	*20.1%*	
Net borrowing costs	(7.3)	(6.5)	
Other financial results	(0.5)	(8.9)	
Corporate income taxes	0.3	(5.8)	
Non-controlling interests	–	–	
Net income FFO	**1.5**	**30.8**	*(21)%*

In Business Property, revenue decreased by -21% to 204 million euros.

The oprating income FFO amounted to 9.1 million euros, down by -82%. This result mainly comprises small-scale development operations, primarily in regional areas.

The net income FFO for Business Property amounted to 1.5 million euros, marking a decrease of -95%.

[24] *Operating income FFO as a percentage of consolidated revenue.*

Exceptional accounting expense in Property Development: -€393.9 million

The Company's General Management approved the 2023 financial statements in light of a persistently unfavourable environment and consequently ran an exhaustive and in-depth review of all Property Development projects and made the necessary write-downs to carrying amounts.

On the strength of its particularly solid financial structure, Altareit decided to close out the previous cycle in its 2023 financial statements and to recognise an exceptional charge in nature and amount.

This charge, totalling -€393.9 million before tax, breaks down as follows:

• -€190.2 million for study expenses and land depreciation related to the review of the Residential project portfolio;

• -€119.3 million for decreases in value on assets under construction or in the offering phase;

• -€37.4 million for partnership projects deemed risky;

• -€14.7 million for intangible assets related to brand restructuring;

• -€32.3 million mainly concentrated on Landscape in La Défense (in Business Property).

At the end of this review:
• approximately 90% of the research costs in inventories were expensed;
• the value of the land bank was adjusted by approximately -30%, to match their recovery value;
• the residual offer from the previous cycle was marked to market;
• the risk on Landscape (La Défense) was reduced to zero.

Each item was recognised according to its specific accounting method, in accordance with the Group's accounting principles and methods.

After tax, this charge was -€293.4 million.

1.4 Financial resources

Highlights of the year

In 2023, Altareit pursued its objectives of reducing the working capital requirement of its Property development activity, maintaining a contained net debt, and strengthening its long-term resources.

Since January 1, 2023, Altareit has signed or renegotiated €538 million in bank financing, including €383 million in RCF[(25)] (Revolving Credit Facility) and €155 million in 5-year Term loans.

These corporate bank credits now include a clause aligning consolidated revenue with the European Taxonomy[(26)] ("EU Taxonomy linked loan").

Available cash

At 31 December 2023, Altareit had available cash of €1,640 million (€2,074 million at 31 December 2022).

Available (€ millions)	Cash	Unused credit lines	Total
At Corporate level	508	969	1,477
At project level	82	81	163
Total	**590**	**1,050**	**1,640**

Unused credit lines amount to €653 million in RCF, with an average maturity now standing at 4 years and 4 months (compared to 3 years and 4 months), with no maturity before June 30, 2027. As of December 31, 2023, no RCF has been drawn.

Altareit already has liquidity, primarily in the form of placed cash, to repay its 2025 bond maturity.

Short and medium-term financing

The Group has one NEU CP programme[27] (maturity less than or equal to one year) and one NEU MTN [28] programme (maturity greater than one year). At the date of publication, the outstanding amount of these programmes was nil.

Net debt[(29)]

In €m	31/12/2023	31/12/2022
Corporate and bank debt	225	212
Credit markets	339	575
Debt on property development	141	158
Total gross debt	**705**	**945**
Cash and cash equivalents	(559)	(799)
Total net debt	**146**	**146**

As of December 31, 2023, Altareit's net debt remained stable at €146 million compared to the end of 2022. Gross debt was reduced by €240 million, notably with the full repayment of NEU CP and NEU MTN liabilities (€170 million and €52 million respectively at the end of 2022).

In 2023, Altareit acquired 100% ownership of Woodeum and completed two major acquisitions in Business Property (Paris Saint-Honoré and the large-scale logistics platform in Bollène).

Applicable covenants

The corporate debt is subject to the consolidated covenants of the Altarea Group, of which Altareit is a subsidiary at 99.85% (LTV ≤ 60%, ICR ≥ 2). As of the end of December 2023, the financial situation of the Group comfortably meets all the covenants stipulated in the various credit agreements.

Altarea's Covenant		31/12/2023	31/12/2022	Delta
LTV [(a)]	≤ 60%	28.7%	24.5%	+4.2%
ICR [(b)]	≥ 2.0 x	7.5x	13.0x	-5.5x

(a) LTV (Loan to Value) = Net bond and bank 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.

Furthermore, the Property development debt secured by projects is subject to specific covenants for each project.

Lastly, Altareit's gearing ratio[30] stands at 0.18x as of the end of December 2023, compared to 0.25x at the end of June 2023, and 0.13x at the end of December 2022."

Financial ratings

On 9 October 2023, S&P Global reiterated Altarea's BBB- investment grade rating, but lowered its outlook from "stable" to "negative", mainly due to the market environment. The linked rating of its development subsidiary Altareit was also confirmed.

Equity

Shareholders' equity for Altareit amounts to €807.1 million as of December 31, 2023, positioning Altareit as one of the most capitalized French developers."

(25) Bank loans: RCF (Revolving Credit Facilities) and Term loan.
(26) The Taxonomy Regulation (or European taxonomy) is a common classification system used throughout the European Union (EU) to identify economic activities considered as environmentally sustainable. It defines uniform criteria for each sector to assess their contribution to the EU environmental objectives.
(27) NEU CP (Negotiable European Commercial Paper).
(28) NEU MTN (Negotiable European Medium Term Note).
(29) Net bank and bond debt.
(30) Net bank and bond debt / consolidated equity.

Consolidated income statement by segment

(€ millions)	31/12/2023 Funds from operations (FFO)	31/12/2023 Changes in value, estimated expenses and transaction costs	31/12/2023 Total	31/12/2022 Funds from operations (FFO)	31/12/2022 Changes in value, estimated expenses and transaction costs	31/12/2022 Total
Revenue	2,217.7	–	2,217.7	2,458.5	–	2,458,5
Cost of sales and other expenses	(2,092,7)	(297,5)	(2,390,3)	(2,302,8)	(1,5)	(2,304,3)
Net property income	**124,9**	**(297,5)**	**(172,6)**	**155,7**	**(1,5)**	**154,2**
External services	29,1	–	29,1	11,4	–	11,4
Production held in inventory	142,0	–	142,0	221,0	–	221,0
Operating expenses	(233,2)	(19,8)	(253,0)	(241,5)	(19,9)	(261,4)
Net overhead expenses	**(62.1)**	**(19.8)**	**(81.9)**	**(9.1)**	**(19.9)**	**(28.9)**
Share of equity-method affiliates	**(0.0)**	**(3.7)**	**(3.7)**	**9.2**	**(1.0)**	**8.2**
Net depreciation. amortisation and provision	**–**	**(67.5)**	**(67.5)**	**–**	**(23.0)**	**(23.0)**
Transaction costs	**–**	**(0.0)**	**(0.0)**	**–**	**(0.5)**	**(0.5)**
OPERATING INCOME - RESIDENTIAL	**62.8**	**(388.6)**	**(325.8)**	**155.8**	**(45.9)**	**110.0**
Revenue	196.0	–	196.0	246.8	–	246.8
Cost of sales and other expenses	(175.5)	(17.9)	(193.4)	(224.5)	–	(224.5)
Net property income	**20.5**	**(17.9)**	**2.6**	**22.4**	**–**	**22.4**
External services	8.0	–	8.0	11.9	–	11.9
Production held in inventory	10.6	–	10.6	15.4	–	15.4
Operating expenses	(22.4)	(3.6)	(26.0)	(31.9)	(5.2)	(37.1)
Net overhead expenses	**(3.8)**	**(3.6)**	**(7.4)**	**(4.6)**	**(5.2)**	**(9.8)**
Share of equity-method affiliates	**(7.6)**	**10.1**	**2.5**	**34.2**	**0.2**	**34.4**
Net depreciation. amortisation and provision	**–**	**(47.1)**	**(47.1)**	**–**	**(1.0)**	**(1.0)**
Income/loss in the value of investment property	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**
OPERATING INCOME - BUSINESS PROPERTY	**9.1**	**(58.5)**	**(49.3)**	**52.0**	**(6,3)**	**45,7**
Net overhead expenses	**(5,9)**	**(1,0)**	**(6,9)**	**(0,9)**	**0,2**	**(0,7)**
Share of equity-method affiliates	**(0,6)**	**(1,7)**	**(2,4)**	**(0,2)**	**(0,2)**	**(0,4)**
Net depreciation. amortisation and provisions	**–**	**(1.4)**	**(1.4)**	**–**	**(0.5)**	**(0.5)**
Gains / losses on disposals of assets	**–**	**–**	**–**	**–**	**(10.3)**	**(10.3)**
NET DIVERSIFICATION INCOME	**(6.5)**	**(4.1)**	**(10.7)**	**(1.1)**	**(10.8)**	**(11.9)**
Others (Corporate)	(12.1)	(1.9)	(13.9)	(15.1)	6.1	(8.9)
OPERATING INCOME	(14.0)	–	(14.0)	(14.4)	–	(14.4)
Net borrowing costs	(12.1)	(1.9)	(13.9)	(15.1)	6.1	(8.9)
Other financial results	(14.0)	–	(14.0)	(14.4)	–	(14.4)
Change in value and income from disposal of financial instruments	–	(17.2)	(17.2)	–	2.0	2.0
Net gain/(loss) on disposal of investments	–	(3.2)	(3.2)	–	0.0	0.0
PROFIT BEFORE TAX	**38.7**	**(473.5)**	**(434.9)**	**176.3**	**(54.6)**	**121.8**
Corporate income tax	0.5	108.5	108.9	(23.3)	(9.3)	(32.5)
NET INCOME	**39.1**	**(365.1)**	**(325.9)**	**153.1**	**(63.8)**	**89.3**
Non-controlling interests	(16.1)	16.5	0.4	(14.8)	0.0	(14.8)
NET INCOME. GROUP SHARE	**23.0**	**(348.6)**	**(325.6)**	**138.2**	**(63.8)**	**74.4**
Diluted average number of shares	*1,748,351*			*1,748,412*		
NET EARNING PER SHARE (€/SHARE). GROUP SHARE	**13.16**			**79.07**		

Consolidated balance sheet

€millions	31/12/2023	31/12/2022
Non-current assets	**737.6**	**816.4**
Intangible assets	*340.2*	314.2
o/w Goodwill	*218.5*	*197.4*
o/w Brands	*115.0*	*105.4*
	3.6	*6.7*
o/w Other intangible assets	*3.1*	*4,6*
Property plant and equipment	24.0	*22,4*
Right-of-use on tangible and intangible fixed assets	123.8	137,7
Investment properties	*58.0*	57,7
o/w Investment properties in operation at fair value	*10.4*	*9,6*
o/w Investment properties under development and under construction at cost	*45.5*	*45,2*
o/w Right-of-use on Investment properties	*2.1*	*2,8*
Securities and investments in equity affiliates and unconsolidated interests	139.9	271,2
Loans and receivables (non-current)	28.6	13.3
Deferred tax assets	23.1	0.0
Current assets	**3,015.8**	**3,461.4**
Net inventories and work in progress	1,090.9	1,116.9
Contracts assets	536.0	723.1
Trade and other receivables	785.3	740.2
Income tax credit	17.3	0.7
Loans and receivables (current)	27.1	81.9
Cash and cash equivalents	559.2	798.6
TOTAL ASSETS	**3,753.4**	**4,277.7**
Equity	**807.1**	**1,145.0**
Equity attributable to Altareit SCA shareholders	**776.5**	**1,100.0**
Capital	2.6	2.6
Other paid-in capital	76.3	76.3
Reserves	1,023.2	946.7
Income associated with Altareit SCA shareholders	(325.6)	74.4
Equity attributable to minority shareholders of subsidiaries	**30.6**	**45.0**
Reserves associated with minority shareholders of subsidiaries	31.0	30.2
Other equity components. Subordinated Perpetual Notes	(0.4)	14.8
Non-current liabilities	**786.2**	**847.9**
Non-current borrowings and financial liabilities	727.4	753.5
o/w Bond issues	*333.6*	*336.9*
o/w Borrowings from lending establishments	*259.8*	*267.5*
o/w Negociable European Medium Term Note	–	–
o/w Advances from Group shareholders and partners	*0.3*	*0.1*
o/w Lease liabilities	*133.8*	*149.0*
Long-term provisions	56.2	18.0
Deposits and security interests received	1.5	0.4
Deferred tax liability	1.0	76.0
Current liabilities	**2,160.0**	**2,284.9**
Current borrowings and financial liabilities	337.9	553.2
o/w Bond issues	*4.8*	*5.7*
o/w Borrowings from lending establishments	*60.2*	*88.7*
o/w Negociable European Medium Term Note	–	*222.0*
o/w Bank overdrafts	*47.0*	*23.8*
o/w Advances from Group shareholders and partners	*207.6*	*194.9*
o/w Lease liabilities	*18.4*	*18.1*
Financial derivative instruments	0.7	0,0
Contracts liabilities	257.0	351.4
Trade and other payables	1,564.1	1,374.4
Tax due	0.4	5.8
TOTAL LIABILITIES	**3,753.4**	**4,277.7**