ALTAREIT

CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023

CONTENTS

1 Financial statements

Consolidated balance sheet

(€ millions)	Note	31/12/2023	31/12/2022
Non-current assets		**737.6**	**816.4**
Intangible assets	7.1	340.2	314.2
o/w Goodwill		*218.5*	*197.4*
o/w Brands		*115.0*	*105.4*
o/w Customer relationships		*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	7.2	123.8	137.7
Investment properties	7.3	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	4.5	139.9	271.2
Non-current financial assets	4.6	28.6	13.3
Deferred taxes assets	5.3	23.1	0.0
Current assets		**3,015.8**	**3,461.4**
Trade and other receivables	7.4	1,090.9	1,116.9
Income credit	7.4	536.0	723.1
Current financial assets	7.4	785.3	740.2
Net inventories and work in progress		17.3	0.7
Contract assets	4.6	27.1	81.9
Cash and cash equivalents	6.2	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**
Share capital	6.1	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 non-controlling interests in subsidiaries		**30.6**	**45.0**
Reserves associated with non-controlling interests in subsidiaries		31.0	30.2
Income associated with non-controlling interests in subsidiaries		(0.4)	14.8
Non-current liabilities		**786.2**	**847.9**
Non-current borrowings and financial liabilities	6.2	727.4	753.5
o/w Bond issues		*333.6*	*336.9*
o/w Borrowings from credit establishments		*259.8*	*267.5*
o/w Negotiable European Medium-Term Note		–	–
o/w Participating loans and advances from associates		*0.3*	*0.1*
o/w Lease liabilities		*133.8*	*149.0*
Long-term provisions	6.3	56.2	18.0
Deposits and security interests received		1.5	0.4
Deferred tax liability	5.3	1.0	76.0
Current liabilities		**2,160.0**	**2,284.9**
Current borrowings and financial liabilities	6.2	337.9	553.2
o/w Bond issues		*4.8*	*5.7*
o/w Borrowings from credit establishments		*60.2*	*88.7*
o/w Negotiable European Commercial Paper		–	*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*
Derivative financial instruments	9	0.7	*0.0*
Contract liabilities	7.4	257.0	351.4
Trade and other payables	7.4	1,564.1	1,374.4
Tax due		0.4	5.8
TOTAL LIABILITIES		**3,753.4**	**4,277.7**

Statement of consolidated comprehensive income

(€ millions)	Note	31/12/2023	31/12/2022
Net rental income	5.1	**–**	**–**
Revenue		2,413.7	2,705.4
Cost of sales		(2,248.6)	(2,389.5)
Other income		(89.3)	(104.3)
Net charge to provisions for current assets		(239.9)	(33.6)
Amortisation of customer relationships		(5.9)	(1.5)
Net property income	5.1	**(170.0)**	**176.6**
External services		38.3	24.4
Own work capitalised and production held in inventory		152.5	236.5
Personnel costs		(177.9)	(199.9)
Other overhead expenses		(105.4)	(98.3)
Depreciation expenses on operating assets		(23.3)	(22.9)
Net overhead expenses		**(115.9)**	**(60.1)**
Other income and expenses		(4.3)	(3.1)
Depreciation expenses		(1.6)	(0.5)
Transaction costs		(0.0)	(0.2)
Others		**(5.9)**	**(3.9)**
Change in value of investment properties		–	(0.3)
Net impairment losses on investment properties measured at cost		–	(10.3)
Net impairment losses on other non-current assets		(54.6)	0.1
Net charge to provisions		(36.6)	(1.3)
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY AFFILIATES		**(383.0)**	**100.8**
Share in earnings of equity affiliates	4.5	(3.6)	42.2
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY AFFILIATES		**(386.6)**	**143.0**
Net borrowing costs	5.2	(13.9)	(8.9)
Financial expenses		*(27.1)*	*(14.9)*
Financial income		*13.1*	*5.9*
Other financial results	5.2	(14.0)	(14.4)
Change in value and income from disposal of financial instruments		(17.2)	2.0
Net gain/(loss) on disposal of investments		(3.2)	0.0
Profit before tax		**(434.9)**	**121.8**
Corporate income tax	5.3	108.9	(32.5)
NET INCOME		**(325.9)**	**89.3**
o/w Attributable to shareholders of Altareit SCA		**(325.6)**	**74.4**
o/w Attributable to non-controlling interests in subsidiaries		(0.4)	14.8
Average number of non-diluted shares		*1,748,351*	*1,748,412*
Net earnings per share attributable to shareholders of Altareit SCA (€)	5.4	**(186.21)**	**42.57**
Diluted average number of shares		*1,748,351*	*1,748,412*
Diluted net earnings per share attributable to shareholders of Altareit SCA (€)	5.4	**(186.21)**	**42.57**

Other comprehensive income

(€ millions)	31/12/2023	31/12/2022
NET INCOME	**(325.9)**	**89.3**
Actuarial differences on defined-benefit pension plans	0.5	2.0
o/w Taxes	*(0.2)*	*(0.7)*
Subtotal of comprehensive income items that may not be reclassified to profit	0.5	2.0
OTHER COMPREHENSIVE INCOME	**0.5**	**2.0**
CONSOLIDATED COMPREHENSIVE INCOME	**(325.4)**	**91.3**
o/w Net comprehensive income attributable to Altareit SCA shareholders	(325.0)	76.4
o/w Net comprehensive income attributable to non-controlling interests in subsidiaries	(0.4)	14.8

Consolidated cash flows statement

(€ millions)	Note	31/12/2023	31/12/2022
Cash flow from operating activities			
Total consolidated net income		**(325.9)**	**89,3**
Elimination of income tax expense (income)	5.3	(108.9)	32,5
Elimination of net interest expense (income) and dividends	5.2	27.9	23,0
Net income before tax and before net interest expense (income)		**(407.0)**	**144,8**
Elimination of share in earnings of equity-method affiliates	4.5	3.6	(42,2)
Elimination of depreciation and impairment		123.5	26,7
Elimination of value adjustments		17.2	8,6
Elimination of net gains/(losses) on disposals[a]		3.3	1,0
Estimated income and expenses associated with share-based payments	6.1	1.0	(3,7)
Net cash flow		**(258.4)**	**135,1**
Tax paid		(21.0)	(25,5)
Impact of change in operational working capital requirement (WCR)	7.4	392.0	(126,2)
CASH FLOW FROM OPERATIONS		**112.6**	**(16,6)**
Cash flow from investment activities			
Net acquisitions of assets and capitalised expenditures		(0.9)	(1,8)
Gross investments in equity affiliates	4.5	(72.0)	(87,0)
Acquisitions of consolidated companies, net of cash acquired	4.3	4.8	(3,7)
Other changes in Group structure		0.2	6,1
Increase in loans and advances		(28.4)	(13,1)
Sale of non-current assets and reimbursement of advances and down payments		2.6	3,5
Disposals of equity affiliates	4.5	50.3	52,6
Disposals of consolidated companies, net of cash transferred		(0.2)	(0,5)
Reduction in loans and other financial investments		21.9	47,6
Net change in investments and derivative financial instruments		35.5	(46,9)
Dividends received		33.9	16,5
Interest income on loans		15.8	6,1
CASH FLOW FROM INVESTMENT ACTIVITIES		**63.6**	**(20,5)**
Cash flow from financing activities			
Share of non-controlling interests in the capital increase of subsidiaries		0.1	0,1
Capital increase		–	–
Dividends paid to minority shareholders of subsidiaries		(14.1)	(22,5)
Issuance of borrowings and other financial liabilities	6.2	125.9	216,4
Repayment of borrowings and other financial liabilities	6.2	(488.4)	(680,8)
Repayment of lease liabilities	6.2	(19.8)	(17,7)
Net sales (purchases) of treasury shares		(0.1)	(0,0)
Net change in security deposits and guarantees received		1.1	(0,2)
Interest paid on financial debts		(43.4)	(26,6)
CASH FLOW FROM FINANCING ACTIVITIES		**(438.8)**	**(531,2)**
CHANGE IN CASH BALANCE		**(262.6)**	**(568,3)**
Cash balance at the beginning of the year	**6.2**	**774.8**	**1,343.1**
Cash and cash equivalents		798.6	1,355.4
Bank overdrafts		(23.8)	(12.3)
Cash balance at period-end	**6.2**	**512.3**	**774.8**
Cash and cash equivalents		559.2	798.6
Bank overdrafts		(47.0)	(23.8)

Changes in consolidated equity

(€ millions)	Share capital	Other paid-in capital	Reserves and retained earnings	Equity attributable to Altareit SCA shareholders	Equity attributable to non-controlling interests in subsidiaries	Equity
As of 1 January 2022	**2.6**	**76.3**	**947.3**	**1,026.1**	**53.2**	**1,079.3**
Net Income	–	–	*74.4*	*74.4*	*14.8*	***89.3***
Actuarial difference relating to pension obligations	–	–	*2.0*	***2.0***	–	***2.0***
Comprehensive income	–	–	76.4	**76.4**	14.8	**91.3**
Dividend distribution	–	–	*(0.0)*	***(0.0)***	*(22.5)*	***(22.5)***
Capital increase	–	–	*(0.0)*	***(0.0)***	*0.1*	***0.1***
Equity-based payment valuation for Altarea SCA	–	–	*(2.6)*	***(2.6)***	–	***(2.6)***
Impact of the repurchase of Altarea SCA company shares to be delivered to employees	–	–	–	–	–	–
Elimination of treasury shares	–	–	–	–	–	–
Transactions with shareholders	–	–	(2.6)	**(2.6)**	(22.4)	**(24.9)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	0.1	**0.1**	(0.4)	**(0.3)**
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	–	–
Others	–	–	(0.1)	**(0.1)**	(0.3)	**(0.4)**
As of 31 December 2022	**2.6**	**76.3**	**1,021.2**	**1,100.0**	**45.0**	**1,145.0**
Net Income	–	–	*(325.6)*	***(325.6)***	*(0.4)*	***(325.9)***
Actuarial difference relating to pension obligations	–	–	*0.5*	***0.5***	–	***0.5***
Comprehensive income	–	–	(325.0)	**(325.0)**	(0.4)	**(325.4)**
Dividend distribution	–	–	–	–	*(14.1)*	***(14.1)***
Capital increase	–	–	*0.0*	***0.0***	*0.0*	***0.0***
Measurement of share-based payments	–	–	*0.8*	***0.8***	–	***0.8***
Elimination of treasury shares	–	–	*(0.1)*	***(0.1)***	–	***(0.1)***
Transactions with shareholders	–	–	0.7	**0.7**	(14.1)	**(13.4)**
Changes in ownership interests without taking or losing control of subsidiaries	–	–	0.2	**0.2**	0.1	**0.3**
Changes in ownership interests associated with taking or losing control of subsidiaries	–	–	–	–	–	–
Others	0.0	0.0	0.7	**0.7**	(0.0)	**0.7**
As of 31 December 2023	**2.6**	**76.3**	**697.8**	**776.5**	**30.6**	**807.1**

The notes constitute an integral part of the consolidated financial statements.

Notes – Consolidated income statement by segment

(€ millions)	31/12/2023 Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs	Funds from operations (FFO)	31/12/2022 Changes in value, estimated expenses and transaction costs	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs
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 provision	**–**	**(1.4)**	**(1.4)**	**–**	**(0.5)**	**(0.5)**
Income/loss in the value of investment property	**–**	**–**	**–**	**–**	**(10.3)**	**(10.3)**
OPERATING INCOME - DIVERSIFICATION	**(6.5)**	**(4.1)**	**(10.7)**	**(1.1)**	**(10.8)**	**(11.9)**
Others (Corporate)	**(0.7)**	**(0.1)**	**(0.7)**	**(1.0)**	**0.2**	**(0.8)**
OPERATING INCOME	**64.7**	**(451.3)**	**(386.6)**	**205.8**	**(62.7)**	**143.0**
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*	*1,748,351*	*1,748,351*	*1,748,412*	*1,748,412*	*1,748,412*
NET EARNING PER SHARE (€/SHARE), GROUP SHARE	**13.16**	**(199.36)**	**(186.21)**	**79.07**	**(36.50)**	**42.57**

In accordance with the principles described in note 2.3.20 "Operating Segments" of the accounting principles and in line with internal reporting, certain expenses, deemed exceptional due to their nature and amount, have been reclassified under the column "Changes in values, calculated charges, transaction fees." These expenses are detailed in note 4.1 « Significant Events ».

3 Other information attached to the consolidated financial statements

Detailed summary of the notes to the consolidated financial statements

NOTE 1 COMPANY INFORMATION

Altareit is a Société en Commandite par Actions (a French partnership limited by shares), the shares of which are traded on the Euronext Paris regulated market, Compartment A. The registered office is located at 87 rue de Richelieu in Paris (France).

Altareit is a significant player in the real estate development and corporate real estate promotion sectors, holding 100% ownership of developers such as Cogedim, Pitch Immo, and Histoire & Patrimoine.

Altareit is 99.85% owned by the Altarea group, whose shares are listed on the regulated market Euronext Paris, compartment A.

The consolidated financial statements for the year ended 31 December 2023 were approved by the Management on 27 February 2024 having been examined by the Supervisory Board.

NOTE 2 ACCOUNTING PRINCIPLES AND METHODS

2.1 The Company's accounting framework and presentation of the financial statements

2.1.1 Accounting standards

The accounting principles used in the preparation of the consolidated financial statements for the year are compliant with the IASB's (International Accounting Standards Board) IFRS standards and interpretations as adopted by the European Union as at 31 December 2023 and available on the website of the European Commission.

The accounting principles adopted on 31 December 2023 are the same as those used for the consolidated fifinancial statements at 31 December 2022, with the exception of changes to the standards and interpretations adopted by the European Union applicable at 1 January 2023.

Accounting standards, interpretations and amendments applicable as from the financial year beginning on 1 January 2023:

- IFRS 17 - Insurance contracts (replacing IFRS 4) and amendments to IFRS 17 - Initial application of IFRS 17 and IFRS 9, Comparative Information.

IFRS 17 and its amendments are not applicable to the Group;

- Amendments to IAS 1 – Disclosure of material accounting policy information;
- Amendments to IAS 8 – Definition of accounting estimates;
- amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;

These amendments have no significant impact on the Group.

- Amendments to IAS 12 - International Tax Reform - Pillar 2 Model Rules

The Group falls within the scope of application of the new GLOBE rules and the global minimum tax of 15% (Pillar 2) transposed, via a European Union directive (2022/2523) of 14 December 2022, into French law in the French General Tax Code by Article 33 of the Finance Act for 2024. These new rules came into force on 1 January 2024. Preparatory work is under way, in particular to define the legal scope of the new Pillar 2 rules and identify the necessary data points. The Group does not expect any significant impact.

Accounting standards and interpretations adopted early at 31 December 2023, whose application is mandatory for periods starting on or after 1 January 2024 or later:

None

Accounting standards and interpretations published and mandatory after 31 December 2023:

- Amendment to IAS 1 – Classification of liabilities as current or non-current. Non-current liabilities with covenants;
- Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements;
- Amendments to IFRS 16 – Lease liability in a sale and leaseback.

These amendments are currently being analysed.

Other essential standards and interpretations adopted by the IASB approved in 2023 or not yet approved by the European Union:

- Amendments to IAS 21 - Effects of Changes in Foreign Exchange Rates.

In the absence of foreign currency transactions within the Group, this amendment will have no impact on the Group.

2.1.2 Other principles for presenting the financial statements

Altareit presents its financial statements and accompanying notes in millions of euros, to one decimal point.

Transactions eliminated in the consolidated financial statements

Balance sheet balances and income and expenses arising from intragroup transactions are eliminated when the consolidated financial statements are prepared.

Balance sheet classification

In accordance with IAS 1, the Company presents its assets and liabilities by distinguishing between current and non-current items.

Assets which must be realised, consumed or disposed of within the scope of the normal operating cycle or within 12 months following closure, are classed as "current assets", as well as the assets held with a view to disposal and cash or cash equivalents. All other assets are classified as "non-current assets".

Liabilities which have to be paid within the scope of the normal operating cycle or within 12 months following closure are classified as "current liabilities", as well as the share of provisions arising from the normal operating cycle of the activity concerned due in less than one year.

Deferred taxes are always shown as non-current assets or liabilities.

2.2 Main estimations and judgements

The preparation of the consolidated financial statements requires the use of estimates and assumptions by the Group's management to determine the value of certain assets and liabilities, and of certain income and expenses, as well as concerning the information given in the notes to the financial statements.

Management reviews its estimates and assumptions on a regular basis using its past experience and various other factors deemed reasonable in the circumstances.

The actual results may differ significantly from these estimates depending on changes in the various assumptions and performance conditions.

The accounting estimates made by the Group were made in the context of the real estate crisis. This crisis triggered by the rise in interest rates marks the end of a cycle that lasted nearly 15 years.

The main estimates made by the Group concerned the following measurements:

- measurement of net property income and services using the percentage-of-completion method (see Note 2.3.17 "Revenue and revenue-related expenses");
- the valuation of inventories and work-in-progress (see notes 2.3.8 "Inventories" and 7.4.1 "Inventories and work-in-progress"),
- measurement of goodwill and brands (please see Note 2.3.7 "Monitoring the value of non-current assets (excluding financial assets and investment properties) and losses of value" and 7.2 "Goodwill and other intangible assets").

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

2023 saw intense operational activity in Property Development: accelerated sales to rundown the existing offer, drastic reduction in land acquisitions, in-depth review of the portfolio of options on land and balance sheet values.

An exhaustive review of the land bank led to the expensing of almost all research costs carried on the balance sheet and adjustments to the value of the land bank.

In 2023, the Group reorganised its brand portfolio to strengthen their respective positioning.

The Group has, taken into account the reliable information available to it at the date of preparation of the consolidated financial statements regarding the impacts of these situations reflecting its vision of the market.

And less significantly:

- measurement of share-based payments (see Notes 2.3.12 "Share-based payments" and 6.1 "Equity"),
- measurement of financial instruments (see Note 8 "Financial risk management").
- measurement of investment properties (see Notes 2.3.5 "Investment properties" and 7.1 "Investment properties").

In addition to the use of estimates, the Group's management has applied its judgement in the following cases:

- measurement of rights of use, lease liabilities and contractual fees on investment property (see notes 2.3.18 "Leases", 7.3 "Right-of-use on tangible and intangible fixed assets" and 7.1 "Investment properties"),
- measurement and use of deferred tax assets (see Notes 2.3.16 "Taxes" and 5.3 "Corporate income tax"),
- measurement of provisions (see Notes 2.3.15 "Provisions and contingent liabilities" and 6.3 "Provisions"),
- whether or not the criteria to identify an asset or group of assets as held for sale or whether an operation is intended to be discontinued in accordance with IFRS 5 (see Note 2.3.6 "Non-current assets held for sale and discontinued operations" and 7.1 "Investment properties").

The Group's financial statements also take into account, based on current knowledge and practices, **the issues of climate change and sustainable development.**

The budgets used to determine the revenue per percentage-of-completion systematically include the costs related to the improvement of their energy performance in accordance with the regulations in force at the time of filing of the building permits (in particular RE2020).

Regarding the adaptation of constructions to climate change, in 2018, the Group commissioned a study to analyze the exposure of its activities to the effects of climate change, including one dedicated to real estate promotion of housing in France. Several risks were analyzed: Heatwaves, Droughts, Land movements, Floods, Intense precipitation, Storms, and Marine submersion for all regional locations. The conclusions of this study allowed each brand to take specific actions to secure and address the most systematic risks (heat, droughts, intense precipitation & floods, and Clay Shrink-Swell). The costs related to these actions are included in the operation budgets.

Additionally, the Group is also working on constructing buildings that are either more resource-efficient, adaptable, or flexible, or more easily dismantled to facilitate reuse and recycling. The associated costs are also integrated into the real estate margin of the operations.

In addition, all new financing arrangements put in place by the Group in 2023 include a Taxonomy alignment clause

2.3 Accounting principles and methods of the Company

2.3.1 Equity investments of the Company and consolidation methods

For consolidation, the following standards apply:

- IFRS 10 – Consolidated financial statements
- IFRS 11 – Joint arrangements
- IFRS 12 – Disclosure of interests in other entities
- IAS 28 – Investments in associates and joint ventures

IFRS 10 defines control as follows: "An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". The Company has power over an investee when it has existing substantive rights that give it the current ability to direct the relevant activities, defined as activities that significantly affect the investee's returns.

As the assessment of control in accordance with IFRS 10 requires a significant amount of judgement, the Company has developed a framework for analysing the governance of entities related to the Company, particularly when there are partnership situations governed by broad contractual arrangements including, where applicable, the shareholding structure, Articles of Association, shareholder pacts, purchase and sale agreements, the regulatory governance framework, etc. The facts and circumstances of each entity are also taken into account to assess the Company's ability to direct the relevant activities of these entities.

In accordance with IFRS 10, ad hoc entities are consolidated when, in substance, the relation between the Company and the entity is such that the Company is considered to exercise control over the latter.

Controlled entities

Controlled subsidiaries are fully consolidated. All intragroup balances and transactions as well as income and expense from internal transactions and dividends are eliminated.

Any modification in the Company's interest in a subsidiary not resulting in a loss of control is recognised in equity. If the Company loses the control over a subsidiary, the assets and liabilities and equity of this former subsidiary are derecognised. Any gain or loss resulting from this loss of control is recognised in profit or loss. Any Interest retained in the former subsidiary is recognised at fair value on the date of loss of control according to the recognition method required under IFRS 11, IAS 28 or IFRS 9.

Entities subject to joint control

According to IFRS 11, companies are subject to joint control when important decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint control may be exercised through joint operation or a joint venture. According to IFRS 11, the joint operation is distinguished by the existence of directly held rights to certain assets and direct obligations for certain liabilities of the entity, whereas the joint venture confers a right to the entity's net assets. For joint operations, the Company records, in its accounts, the assets, liabilities, income and expenses relating to its interests in the joint operation. For joint ventures, the Company's interest in the entity's net assets is recognised according to the equity method described in IAS 28.

Investments in joint operations or joint ventures are presented in accordance with IFRS 12.

Entities subject to significant influence

In accordance with IAS 28, the equity method also applies to all associates in which the Company exercises a significant influence without possessing control, which is considered to exist when the percentage of voting rights held is greater than or equal to 20%. Each investment is analysed, regardless of the percentage of interest held, taking into account the facts and circumstances in order to determine if the Company has a significant influence, including, when appropriate, Articles of Association, shareholder pacts, commitments to buy and to sell, and other relevant matters.

According to the equity method, the Company's interest in the associate is initially recognised at the acquisition cost of its proportionate share of the investee's net assets, which is then increased or decreased to reflect changes subsequent to the acquisition. Goodwill arising on an associate, if unimpaired, is included in the carrying amount of the investment. The Group's proportionate share of the entity's profit or loss for the period is shown under the "Share in earnings of equity-method affiliates" line item in the income statement. These investments are presented in the balance sheet under "Securities and investments in equity-method affiliates and non-consolidated interests" with the corresponding investment-related receivables.

The financial statements of associates are prepared for the same accounting period as those for the parent company. If necessary, corrections are made to achieve consistency with the Group's accounting policies.

Investments in associates are presented in accordance with IFRS 12.

2.3.2 Business combinations and goodwill

Business combinations are accounted for in accordance with the acquisition method of IFRS 3 as amended: upon initial consolidation of an entity of which the Group has acquired control, the assets and liabilities as well as identifiable contingent liabilities are recognised at their fair value at the acquisition date. Intangible assets are specifically identified whenever they are separable from the acquired entity or result from legal or contractual rights. Therefore, when control of an entity is acquired, the difference between the acquisition cost and the acquirer's proportionate interest in the fair value of the entity's identifiable assets, liabilities and contingent liabilities at the acquisition date is classified as goodwill representing future economic benefits resulting from assets that are not individually identified and separately recognised. The acquisition cost is the amount of the consideration transferred including, where applicable, any price supplements at their fair value. Costs directly related to the acquisition are recorded as an expense for the period they were incurred.

Goodwill:

- goodwill is recognised on the balance sheet and must be tested for impairment at least once a year,
- negative goodwill is recognised directly in income.

The standard allows a period of 12 months from the acquisition date for final measurement of the acquisition; any adjustments and measurements made must reflect facts and circumstances that existed as of the acquisition date. As such, after the measurement period, any contingent consideration is recognised in net income for the year unless it is in the form of an equity instrument.

Acquisitions or disposals of securities in an entity that remains controlled before and after these transactions are now considered as transactions between shareholders recognised directly in equity: they have no effect on either goodwill or income. In the event of loss of control, the residual interest is measured at fair value and the gain or loss on disposal is recognised in the income statement.

On an exceptional basis, acquisitions of isolated assets carried out through the purchase of shares in a company, the sole purpose of which is to hold assets are recognised in accordance with IAS 40 – Investment Property, or IAS 2 – Inventories.

2.3.3 Intangible assets

The Group's intangible assets consist essentially of software, brands and customer relationships.

In accordance with IAS 38:

- acquired or created software is recognised at cost and amortised over its useful life, which is generally between 1 and 5 years,
- brands that meet the definition of intangible assets and were acquired separately or as a result of business combination are valued and their useful life estimated. Once they reach the end of this life they are amortised over its duration. If the useful life cannot be determined, they are tested for impairment where evidence of such impairment exists.
- customer relationship assets, which result from the identification of intangible assets acquired from property developers, are subject to amortisation at the rate at which the acquired order backlog is filled or, for the portion relating to acquired purchase options or those that can be amortised on a straight-line basis (i.e. duration relative to the normative operating cycle of the realization of a real estate program), at the rate at which development programmes are launched.
  Other customer relationships (customer relationships on regular contracts, contractual relationships) can also be identified during business combinations and their value and estimated life are analysed on a case-by-case basis.

2.3.4 Property plant and equipment

Property, plant and equipment correspond primarily to general plant, transport equipment, office equipment and IT equipment. In accordance with IAS 16, these items are recognised at cost and depreciated over their useful life, estimated to be between 5 and 10 years. No other significant component of these assets has been identified.

2.3.5 Investment properties

According to IAS 40, investment properties are held to earn rentals or for capital appreciation or both.

The investment properties held by the Group are primarily shopping centres and, to a lesser extent, offices.

In accordance with IAS 40, the Group has opted for the fair value model. On that basis, investment properties are measured at fair value in accordance with IFRS 13 "Fair value measurement" whenever this can be reliably determined. Otherwise, they are recorded at cost and are tested for impairment at least once per year and where evidence of impairment exists.

If the situation arises, the income statement records for the period:

- Adjustments in the value of each property assessed at fair value under the line "Changes in fair value of investment properties," and,
- Impairment losses of each property assessed at cost under the line "Net impairment losses of investment properties assessed at cost.

2.3.6 Non-current assets held for sale and discontinued operations

In accordance with IFRS 5, a non-current asset is classified as "held for sale" if its carrying amount is to be recovered primarily through a sale transaction rather than through ongoing use.

This is the case if the asset is available for immediate sale in its current state, subject only to the usual and customary conditions for the sale of such an asset, and if its sale is highly probable.

Indications of a high probability of sale include the existence of a plan by Group management to sell the asset and an active programme to find a buyer and close a sale within the following 12 months. The management assesses the situations. When at the closing date there is a preliminary sales agreement or a firm commitment, the property is systematically included in assets held for sale.

The asset is measured at the lower of their net carrying amount and their fair value. The agreed amount is reduced by the costs of disposal.

For an operation to be considered discontinued, the Company determines, according to the facts and circumstances, whether or not there exists a single and coordinated plan to dispose of a major line of business or geographical area of operations.

2.3.7 Remeasurement of non-current assets (other than financial assets and investment properties) and impairment losses

In accordance with IAS 36, depreciable property, plant and equipment and amortisable intangible assets are tested for impairment whenever an internal or external indication of impairment is detected.

Goodwill and other intangible assets with an indeterminate life (such as brands) are tested for impairment at least once a year or more frequently if internal or external events or circumstances indicate that their value may have declined.

Goodwill is tested for impairment at each cash-generating units (CGUs) or, where applicable, groups of CGUs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
To carry out this test, the net carrying amount of the assets directly related or allocated to the CGUs or groups of CGUs, including intangible assets and goodwill, is compared with the recoverable amount of these same CGUs or groups of CGUs, defined as the higher of the fair value (sale price net of costs likely to be incurred to make the sale) and their value in use.

The value in use of the CGU or the grouping of several CGUs is determined using a multi-criteria method (which uses the higher of value in use and fair value) which is mainly based on the discounted cash flow method (DCF) supported by stock-market comparison and transaction multiple methods.

The basic principles of the DCF method are:

- estimated cash flow (before tax) is derived from business plans generally covering five-year periods drawn up by Group management,
- the discount rate is determined on the basis of weighted average cost of capital, and
- terminal value is calculated as the sum to infinity of the discounted cash flows, which are determined on the basis of a normalised cash flow and a growth rate for the business line concerned. This assumed growth rate must be consistent with the growth potential of the markets in which the activity is conducted, as well as with the entity's competitive position in those markets.

The multiples approach via market comparables is based on determining a sample of comparable listed companies, for which a multiple is calculated and reapplied to those aggregates considered relevant.

The multiples approach via comparable transactions is based on selecting a panel of transactions in comparable companies and reapplying these to the aggregates considered relevant.

An impairment loss is recognised, if applicable, if the net carrying amount of the assets directly related to or attributable to the CGUs or groups of CGUs is higher than the recoverable amount of the CGU or group of CGUs and is written off in priority against goodwill (irreversible loss), then against other intangible assets and property, plant and equipment on a pro rata basis for their carrying amount (reversible loss).

Brands are tested individually. Their recoverable amount is determined using the royalty method. An impairment loss is recognised, if applicable, if the net book value of the brand is greater than its recoverable amount (reversible).

Sensitivity tables are created for all impairment tests carried out.

2.3.8 Inventories

Inventories relate to:

- Programmes of property development projects (i) on behalf of third parties, and
- programmes where their nature or specific administrative situation prompts a decision to classify them as inventory (dealer's stock) or where a final decision to hold them in the portfolio has not been made.

In accordance with the clarification of IAS 23 (in 2019) for the financial year, the interest expenses which can be allocated to programmes are no longer incorporated into inventories connected with off-plan sales (VEFA) transactions or with property development contract (PDC) transactions. These inventories are in a position to be sold quickly and therefore no time is necessary for its development; the stored asset is therefore in saleable condition. Allocated interest expenses are recognised directly as expenses.

Inventories are carried at cost price, less the portion of the cost price recognised on a percentage-of-completion basis for off-plan sales or property development contract transactions. The cost price includes:

- the acquisition cost of land,
- construction costs (including roads and infrastructure work),
- all technical and programme management fees, whether internal or external to the Group, and
- related expenses associated directly with the construction programme.

Generally speaking, whenever the net realisable value of inventories and work in progress is less than the cost price, impairment losses are recognised.

2.3.9 Contract assets or liabilities

Further to the application of IFRS 15, the Group records a contract asset or liability in the statement of financial position in the context of the recording of contracts in the accounts on the percentage-of-completion method. The asset or liability corresponds to the amount generated by the ordinary activities based on off-plan sales or property development contracts, aggregated to date, for which the obligation to provide a service is fulfilled on a progressive basis, net of any client payments received to date. These are to a certain extent receivables not yet due, corresponding to any advances between collected calls for funds and the actual percentage of completion at the closing date. Within the statement of the financial position, the service is as follows:

- "Contract assets", if the receivables calculated on percentage of completion are greater than collected calls for funds,
- "Contract liabilities", if the receivables calculated on percentage of completion are less than collected calls for funds.

2.3.10 Financial assets and liabilities

The Group has chosen not to apply hedge accounting: the provisions of IAS 39 therefore apply in accordance with the transitional provisions of IFRS 9.

Application principles for IAS 32, IFRS 9 and IFRS 7 are as follows:

Measurement and recognition of financial assets and liabilities

- Trade and other receivables are measured at face value less any allowances for impairment. In accordance with IFRS 9, with regard to impairment, the Group applies a model based on expected losses, (expected credit losses based on the useful life of the receivables, itself based on the experience of the Group's historic credit losses) to its trade receivables (mainly Retail business).
- Receivables relating to participating interests in equity affiliates are classified in the balance sheet under "Securities and receivables on equity-method affiliates". For the Property Development transactions, receivables from companies accounted for by the equity method have a short collection period (in relation to the operating cycle of the Development). For Retail transactions, these receivables have a longer maturity in relation to the holding period of the underlying asset.
- Current financial assets mainly concern current account advances to minority shareholders of consolidated companies or deconsolidated companies. They are recognised at amortised cost. Non-current financial assets mainly concern securities not consolidated. They are recognised at fair value through profit or loss.
- Equity instruments mainly comprise equity securities of non-consolidated companies. For the shares of listed companies, their fair value is determined on the basis of estimation including, where necessary, the market indicators on the closing date. They are recognised as at fair value through profit or loss if they are held for trading; optionally, they may also be recognised at fair value in non-recyclable other comprehensive income (changes in fair value are registered in a separate equity line item under "other comprehensive income"). For unlisted securities, if the fair value cannot be reliably determined at each closing, they remain in the balance sheet at their initial fair value, i.e. at purchase price increased by transaction costs, adjusted by any gains or losses of value determined by an analysis of the proportionate share of the equity held.
  At each acquisition of equity securities, a similar analysis will be carried out to determine the Group's management intention.
- Derivative financial instruments (assets and liabilities) are considered as being held for trading. They are measured at fair value. The change in fair value of derivatives is recognised in the income statement (Line "Change in value and income from disposal of financial instruments").
- Cash as defined in IAS 7 includes liquid assets in bank current accounts and holdings in deposit accounts that are redeemable or tradable in the very short term (i.e. initial maturity of less than three months) and carry no significant risk of loss of value through fluctuations in interest rates. These deposits accounts are carried on the balance sheet at fair value. Their changes in the fair value are recognised in income, with a corresponding adjustment to cash. Cash must be available immediately for the needs of the Group or its subsidiaries.
- All borrowings and interest-bearing liabilities are initially recognised at fair value, less directly attributable transaction costs. Thereafter, they are carried at amortised cost using the effective interest rate method (presented in the income statements, line "Net borrowing costs"). Initial effective interest rates are determined by an actuary. In the event of renegotiation of financial liability contracts recognised at amortised cost; a study is carried out on a case-by-case basis to determine whether the renegotiation leads to a substantial change in the financial liability and therefore its derecognition or, alternatively, the maintenance of the financial liability on the balance sheet and the adjustment of its amortised cost through profit or loss.

Determination of the fair value of financial instruments (other than interest-bearing debt)

Financial assets and liabilities are initially recognised at the fair value of the price paid, including acquisition-related costs. After initial recognition, assets and liabilities are measured at fair value, estimated from the observable and unobservable inputs available.

For financial assets and liabilities such as OTC derivatives, swaps, caps, etc. that are traded on active markets (market composed of numerous transactions, continuously displayed and traded prices), fair value is estimated by an actuary using commonly accepted models and in compliance with guidance from IFRS 13 "Fair value measurement." A mathematical model is used to bring together calculation methods based on recognised financial theories. This takes into account the measurement of credit risk (or risk of default) of Altarea vis-à-vis its bank counterparties and the risk of its counterparties vis-à-vis Altarea (Credit Value Adjustment/Debit Value Adjustment). The Group applies the default probability calculation method used by the secondary market (according to estimated bond spreads of its counterparties).

Financial liabilities related to business combinations are measured at fair value at each reporting date based on the best estimate of the amounts to be paid discounted at the market rate.

The realisable value of financial instruments may differ from the fair value calculated at the closing date of each financial year.

2.3.11 Equity

Equity represents the residual value of assets, after liabilities have been deducted.

Issuance costs for equity securities including merger-related costs are deducted from the proceeds of the issue.

Own equity instruments that have been bought back (treasury shares) are deducted from equity. No gain or loss is recognised in income when own equity instruments of the Company are purchased, sold, issued or cancelled.

2.3.12 Share-based payments

Share-based payments are transactions based on the value of the securities of the issuing company: stock options, free share allocation rights and company savings plans (PEE).

These rights may be settled in equity instruments or cash: in the Group, all plans concerning Altarea shares must be settled in equity instruments.

In accordance with the provisions of IFRS 2, share-based payments to corporate officers or employees of Altarea (in compensation for their roles as corporate officers or employees of Altarea) or Group companies are accounted for in the financial statements as follows: the fair value of the equity instrument awarded is recognised in the income statement as a personnel cost, with a corresponding increase in equity if the plan is to be settled in equity instruments, or in a liability if the plan is to be settled in cash.

This personnel cost representing the benefit granted (corresponding to the fair value of the services rendered by the employees in their role as employees) is valued by an actuary at the award date using the binomial Cox-Ross-Rubinstein mathematical model and the Monte Carlo method calculated on the basis of a turnover determined over the last three years. This model is adapted to suit plans that provide for a vesting period and a lock-up period. The expense is spread over the vesting period. Share grant plans and employee investment plans are measured on the basis of market value.

2.3.13 Earnings per share

Undiluted net income per share (in €)

Undiluted net income per share is calculated by dividing net income (Group share) by the weighted average number of ordinary shares in issue during the period.

Diluted net income per share (in €)

Diluted net income per share is calculated by dividing net income (Group share) by the weighted average number of ordinary shares in issue adjusted for the dilutive effects of the options during the period.

The dilutive effect is calculated according to the "share buyback" method. Under this method, the funds received from the exercise of options are assumed to be applied first to repurchasing own shares at the market price. The market price is taken to be the volume-weighted average of average monthly prices of Altarea shares. The theoretical number of shares repurchased at this market price is subtracted from the total number of shares produced by the exercise of options. The number calculated using this method is then added to the average number of shares in issue to produce the denominator.

Potential ordinary shares shall be treated as dilutive if the conversion in ordinary share implies a reduction in the result per share.

2.3.14 Employee benefits

In accordance with IAS 19 and amendments, employee benefits are recognised under "Personnel costs" in the income statement, with the exception of liability (or asset) revaluations recognised directly in equity and recorded in "Other comprehensive income".

Post-employment benefits

Benefits payable at retirement are paid to employees at the time of retirement based on length of service (capped according to the scales defined in the agreements applied by the Group) and their salary at retirement age. These benefits are part of the defined benefits plan, a plan to which the employer is formally or implicitly committed in an amount or a level of benefits and therefore bears the risk in the medium or long term.

A provision is recorded in the liabilities to cover all these pension commitments. It is regularly valued by independent actuaries according to the projected credit unit method and represents the probable present value of the vested rights taking into account salary increases until retirement, collective and Company agreements, the probability of retirement and the probability of survival.

The formula for the past service obligation can be broken down as follows:

Past service cost = (benefit rights acquired by the employee) X ✕(probability that the entity will pay the benefits) X✕ (discounting to present value) X ✕(payroll tax coefficient) X ✕(length of service to date/length of service at retirement).

The provision is recognised and spread over the last few years of service of the employee until they reach the cap, taking into account any intermediate levels that apply.

The main assumptions used for estimating the pension obligation are as follows:

- discount rate: Rate of return on AA-rated corporate bonds *(euro zone)* with maturities of more than 10 years. The Group uses the Iboxx rate which stands at 3.40%,
- Mortality table: Women's Table (TF) and Men's Table (TH) 2000-2002,
- Reason for departure: depending on local laws and for France, voluntary retirement on the date of eligibility for full pension benefits,
- Turnover: annual average turnover observed over the last 3 years, standing at between 4.75% and 7.40% depending on branch and age group,
- Long-term salary adjustment rate (including inflation): 2.70%.

Actuarial gains and losses and valuation adjustments are recorded directly in equity under "other comprehensive income".

The amount of the obligation determined using this method is then reduced by the value of any assets held to cover it (not applicable in this case).

Other post-employment benefits

These benefits are offered under defined-contribution pension plans. As such, the Group has no obligation except to pay its share of contributions. The expense corresponding to contributions paid is recognised in the income statement as incurred.

Severance pay

Where applicable, payments for termination of an employment contract are provisioned on the basis of the collective agreement.

Short-term benefits

Short-term benefits include in particular an incentive agreement for employees to share in the profit recorded by their economic and social unit, signed by the service companies of the Group that are members of the economic and social unit, and the works council. Benefits also include an employee profit-sharing plan applicable to the profit of the economic and social unit as required under French common law.

Short-term employee benefits including those arising from these profit-sharing plans are expensed as incurred.

2.3.15 Provisions and contingent liabilities

In accordance with IAS 37, a provision is recognised when an obligation to a third party will result in a likely outflow of resources without any equivalent benefits being received in consideration, and when the amount required to settle the obligation can be reliably estimated. The provision is maintained as long as the timing and amount of the outflow of resources are not known with precision.

In general, these provisions are not linked to the Group's normal operating cycle. Provisions are discounted when appropriate using a pre-tax yield on cost that reflects the risks specific to the liability.

Non-current provisions consist mainly of provisions arising from litigation between the Group and third parties or from rent guarantees.

Contingent liabilities correspond to:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or, because the amount of the obligation cannot be measured with sufficient reliability.

These contingent liabilities are not recognised on the balance sheet. A disclosure is made in the notes unless the amounts at stake can reasonably be expected to be small.

2.3.16 Corporate income tax

Income taxes are recognised in accordance with IAS 12.

The Group is subject to regular taxation.

Deferred tax assets and liabilities are measured using the liability method at the tax rates expected to apply when the asset will be realised or the liability settled, on the basis of known tax rates at the closing date.
Since 31 December 2016, the Group has applied the gradual and programmed reduction in the rate in its consolidated financial statements in accordance with the Finance Act in force.

Deferred tax assets are reassessed at each closing date and are recognised where it is likely that future taxable profits will allow their recovery based on a business plan for tax purposes prepared by management for a reasonable period.

Deferred taxes in the balance sheet are presented in a net position at the level of each tax consolidation group, as either an asset or a liability in the consolidated balance sheet.

Taxes on items recognised directly in equity are also recognised in equity, not in the income statement.

2.3.17 Revenue and revenue-related expenses

Net property income is the difference between revenues and cost of sales, selling expenses and net allowances for impairment on bad debt and inventories.

It corresponds primarily to the net property income on the Residential and Business property sectors, plus the net property income on sales of projects related to the development business in the Retail sector.

For property development activities, the net property income is recognised in the Group's financial statements using the percentage-of-completion method.

All property development/off-plan sales and property development contract transactions are concerned by this method.

For these programmes, revenue from notarised sales is recognised, in accordance with IFRS 15 "Revenue from contracts with customers", in proportion to the percentage of completion of the programmes, measured by the total percentage of costs directly related to construction (including the cost of land) incurred in comparison to the total forecast budget (updated at each closing date) combined with the percentage of sales realised determined relative to budget total sales.

The event giving rise to recognition of percentage-of-completion revenue is thus the purchase of the land combined with the signature of deeds of sale (notarised sales).

Net property income on property development projects is measured according to the percentage-of-completion method based on the following criteria:

- project recorded by the other party to the contract,
- existence of documented projections reliable enough to provide a sound estimate of the overall economics of the transaction (selling price, stage of completion of construction work, no risk of noncompletion).

Losses on "new projects" are included in net property income.

Net overhead expenses correspond to income and expense items inherent in the business of the Group's service companies.

For each operating segment, income includes payments for services provided to third parties, such as delegated project management fees related to Property Development activities, rental management fees (syndicate agent, co-ownership management), and fees for marketing and other services, internal management fees (after elimination of intercompany profit margins – see note on investment properties or inventories).

Expenses includes personnel costs, overhead costs (miscellaneous fees, operating expenses, etc. excluding fixed rent paid which has now been restated in accordance with IFRS 16), as well as depreciation of operating assets. Capitalised production and production held in inventory is deducted from this amount.

Other income and expenses relate to Group companies that are not service providers. They mainly correspond to overhead costs and miscellaneous management fee income. Amortisation of intangible assets and depreciation of property, plant and equipment other than assets in operation are included in this line item.

2.3.18 Leases

Since the 1 January 2019, the Group applies IFRS 16 – Leases.

Leases in the financial statements with the Company as lessee

Under IFRS 16, tenants will no longer distinguish between finance lease contracts and operating lease contracts.

For all leases defined as "rental contracts", this standard requires to recognise a right-of-use asset in the balance sheet statement of the tenants (as non-current assets) and a corresponding lease liability (as financial liabilities).

Leases entered into by the Group lying within the field of application of the standard mainly concern:

- property leases (the Group leases its offices in the majority of cities where it operates) and,
- vehicle leases.

The key assumptions used to calculate the debt and therefore the right of use are the term of the contracts and the rate:

- terms correspond to the fixed period of the commitment, taking into account any optional periods for which there is a reasonable expectation of these being exercised,
- discount rates applied when a contract comes into effect are based on the incremental debt ratio of each company carrying a contract. These rates are determined on the effective date of new contract.

The Group applies one of the exemptions proposed by the standard, on short-term leases (less than 12 months) which are not restated.

The presentation in the Group's financial statements is as follows:

- on the balance sheet, an asset is recorded in the form of a right-of-use asset in exchange for a liability corresponding to the rent. The Group therefore acknowledges a right-of-use on tangible and intangible fixed assets (connected to its property and vehicle lease agreements) as consideration for its lease liabilities; and a right-of-use for investment properties (notably in relation to Temporary Occupation Authorisations) in exchange on the contractual fees on investment properties,

- in the income statement, rents from office and vehicle leases (previously recorded under operating expenses) are replaced by charges for depreciation of the right-of-use assets and by interest charges; land charges (AOT, BAC royalties), are replaced by changes in the value of investment properties and interest charges. Leases and rental fees entered at 31 December correspond mainly to variable rent due under certain lease agreements and to rental expenses (which, in accordance with the application of the standard, are not restated),
- on the cash flow statement, cash flows related to financing activities are impacted by the repayment of lease obligations and contractual fees on investment properties (within a single item "Repayment of lease liabilities") and interest expenses.

The change in amounts reflects new contracts or the end of contracts during the period. Moreover, during the lifetime of the agreement, lease liability and right-of-use asset may vary based on changes in the rent index defined in the leases. The main indexes are: the French national construction costs index, the French office rent index, the French commercial rent index and the French benchmark rent index.

2.3.19 Borrowing costs or costs of interest-bearing liabilities

The cost of net financial debt includes interest incurred on borrowings including the amortisation of issuance expenses, and other financial liabilities, income from loans and advances to participating interests, gains on sale of marketable securities and the impact of interest-rate swaps used as interest-rate hedges.

Other financial results include expenses related to rental obligations and contractual fees on investment properties.

2.3.20 Cash flow statement

The cash flow statement is presented using the indirect method permitted under IAS 7. Tax expense is shown as a single item in cash flows from operating activities. Interest paid is shown in cash flows from financing activities, and interest received is shown in cash flows from investing activities. Dividends paid are classified as cash flows from financing activities.

2.3.21 Operating segments

IFRS 8 "Operating segments" requires the presentation of operating segments to reflect the Company's organisation and internal reporting system. An operating segment represents an activity of the Company that incurs income and expenses and whose operating income is regularly reviewed by the Company's Management on the one hand and its operational Managers on the other. Each segment prepares its own separate financial information.

The Company's internal reporting is based on an analysis of the period's results in accordance with:

- funds from operations (FFO),[1]
- changes in value (unrealised or realised), estimated expenses, and transaction costs.

According to these analytical criteria, operating income, including earnings from equity affiliates, is monitored on an operating segment basis.

Asset book values (and certain related liabilities) are monitored by operating segment when they are directly related or can be allocated to a sector. They are considered economic assets of the sector in question.The Company has the following operating segments:

- Residential: residential property development,
- Business property: the property development, services and investment business,and
- Diversification.

Items under "Others (Corporate)" allow reconciliation of various reporting indicators with accounting indicators.

Borrowing costs, changes in the value of financial instruments and gains and losses from their disposal, taxes, and earnings from non-controlling interests are not allocated directly by sector. Balance-sheet items such as financial assets and liabilities cannot be allocated, nor can deferred-tax assets corresponding to the recognition of tax losses.

<u>As part of the Group's current operations:</u>

1. Funds from operations (FFO)

FFO measures the creation of wealth available for distribution through net income (Group share of FFO). Funds from operations are defined as net income, Group share (i.e. attributable to equity holders of the parent company), exclusive of changes in value, estimated expenses, and transaction costs.

The main aggregates of the **funds from operations** monitored by the Group for internal reporting purposes are:

- The net margin for net sectoral products including current asset impairments for Residential and Commercial Real Estate.
- Net overhead expenses, which bring together all services that absorb part of the overheads and operating costs, including personnel costs, other operating expenses, other segment income and expenses and expenses covered by reversals of used provisions (including the restatement of fixed rents following application of IFRS 16 – Leases);

[1] *Funds from Operations.*

- Share of funds from joint ventures or associates' operations.

Net borrowing costs are the net borrowing costs excluding estimated expenses which correspond in particular to the spreading of bond issue costs (shown in changes in value, estimated expenses and transaction fees).

- Other financial results mainly correspond to expenses related to rental obligations.

Tax (FFO) is the tax due for the period excluding deferred taxes and excluding tax due relating to changes in value (exit tax, etc.).

2. Changes in value, estimated expenses, and transaction costs

These changes in value measure the value created or realised by the Company during the period.

The relevant indicator for monitoring value is the Net income.

The main operational aggregates monitored by the Group in internal reports are:

- **estimated expenses** include:
  - expenses or net allowances for the period related to share-based payments or other benefits granted to employees,
  - allowances for depreciation and amortisation net of reversals for non-current assets other than investment properties, including allowances relating to intangible assets or goodwill identified during business combinations, and right-of-use relating to tangible and intangible assets,
  - allowances for non-current provisions net of used or unused reversals.
- **transaction costs include fees and other non-**recurring expenses incurred from corporate development projects that are ineligible for capitalisation (e.g. expenses incurred from business combinations or equity investments, whether completed or not) or that are ineligible for inclusion under issuance costs (e.g. certain commissions incurred from capital management). Income and expenses outside the Company's going concerns are also included.

Also presented **are changes in value and income from disposal of** financial instruments representing adjustments in the value of financial instruments measured at fair value as well as the effect of discounting debt and receivables. Results from the disposal of financial instruments represent the balance for amounts incurred in the period from restructuring or cancelling financial instruments.

3. Non-controlling interests

The line relating to non-controlling interests corresponds to the share of net income attributable to minority shareholders of subsidiaries divided between the share of the funds from operations (FFO) and the share attributable to minority shareholders of subsidiaries of changes in value, estimated expenses, transaction costs and deferred tax.

In the case of exceptional transactions, the contracts are specifically analysed, and the indicators presented above may in some cases be adjusted, i.e. reclassified to match their internal reporting presentation for greater clarity.

NOTE 3 INFORMATION ON OPERATING SEGMENTS

3.1 Balance sheet items by operating segment

As of 31 December 2023

(€ millions)	Residential	Business Property	Diversification	TOTAL
Operating assets and liabilities				
Intangible assets	314.9	21.5	3.7	**340.2**
Property plant and equipment	18.9	0.0	5.0	**24.0**
Right-of-use on tangible and intangible fixed assets	120.2	0.1	3.5	**123.8**
Investment properties	–	12.5	45.5	**58.0**
Securities and investments in equity affiliates	89.9	46.3	3.7	**139.9**
Operational working capital requirement	359.6	240.5	0.5	**600.6**
Total operating assets and liabilities	**903.6**	**320.8**	**62.0**	**1,286.4**

As of 31 December 2022

(€ millions)	Residential	Business Property	Diversification	TOTAL
Operating assets and liabilities				
Intangible assets	290.2	21.5	2.5	**314.2**
Property plant and equipment	22.4	0.0	0.0	**22.4**
Right-of-use on tangible and intangible fixed assets	122.8	0.1	14.8	**137.7**
Investment properties	–	12.5	45.2	**57.7**
Securities and investments in equity affiliates	179.0	83.1	9.1	**271.2**
Operational working capital requirement	839.1	19.4	(0.6)	**858.0**
Total operating assets and liabilities	**1,453.4**	**136.6**	**71.0**	**1,661.0**

3.2 Consolidated income statement by operating segment

See consolidated income statement by segment in the notes to the financial statements.

3.3 Reconciliation of the statement of consolidated comprehensive income and of the consolidated income statement by segment

3.3.1 Statement of comprehensive income with the same breakdown as the income statement by segment

	31/12/2023			31/12/2022		
(€ millions)	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)	Funds from operations (FFO)	Changes in value, estimated expenses and transaction costs (chg. val.)
Net rental income	**–**	**–**	**–**	**–**	**–**	**–**
Revenue	2,413.7	–	2,413.7	2,705.4	–	2,705.4
Cost of sales	(2,129.3)	(119.3)	(2,248.6)	(2,389.5)	–	(2,389.5)
Other income	(89.3)	0.0	(89.3)	(104.3)	–	(104.3)
Net charge to provisions for current assets	(49.6)	(190.2)	(239.9)	(33.6)	–	(33.6)
Amortisation of customer relationships	–	(5.9)	(5.9)	–	(1.5)	(1.5)
Net property income	**145.4**	**(315.4)**	**(170.0)**	**178.1**	**(1.5)**	**176.6**
External services	38.3	–	38.3	24.4	–	24.4
Own work capitalised and production held in inventory	152.5	–	152.5	236.5	–	236.5
Personnel costs	(160.7)	(17.3)	(177.9)	(182.8)	(17.1)	(199.9)
Other overhead expenses	(98.3)	(7.1)	(105.4)	(90.1)	(8.2)	(98.3)
Depreciation expenses on operating assets	–	(23.3)	(23.3)	–	(22.9)	(22.9)
Net overhead expenses	**(68.2)**	**(47.7)**	**(115.9)**	**(12.0)**	**(48.2)**	**(60.1)**
Other income and expenses	(4.2)	(0.1)	(4.3)	(3.6)	0.4	(3.1)
Depreciation expenses	–	(1.6)	(1.6)	–	(0.5)	(0.5)
Transaction costs	–	(0.0)	(0.0)	–	(0.2)	(0.2)
Others	**(4.2)**	**(1.7)**	**(5.9)**	**(3.6)**	**(0.3)**	**(3.9)**
Change in value of investment properties	–	–	–	–	(0.3)	(0.3)
Net impairment losses on investment properties measured at cost	–	–	–	–	(10.3)	(10.3)
Net impairment losses on other non-current assets	–	(54.6)	(54.6)	–	0.1	0.1
Net charge to provisions	–	(36.6)	(36.6)	–	(1.3)	(1.3)
OPERATING INCOME BEFORE THE SHARE OF NET INCOME OF EQUITY AFFILIATES	**73.0**	**(456.0)**	**(383.0)**	**162.5**	**(61.7)**	**100.8**
Share in earnings of equity-method affiliates	(8.3)	4.7	(3.6)	43.2	(1.0)	42.2
OPERATING INCOME AFTER THE SHARE OF NET INCOME OF EQUITY AFFILIATES	**64.7**	**(451.3)**	**(386.6)**	**205.8**	**(62.7)**	**143.0**
Net borrowing costs	(12.1)	(1.9)	(13.9)	(15.1)	6.1	(8.9)
Financial expenses	*(25.2)*	*(1.9)*	*(27.1)*	*(21.0)*	*6.1*	*(14.9)*
Financial income	*13.1*	*–*	*13.1*	*5.9*	*–*	*5.9*
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
Gains or losses on disposals of equity interests	–	(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**
o/w Attributable to Altareit SCA shareholders	**23.0**	**(348.6)**	**(325.6)**	**138.2**	**(63.8)**	**74.4**
o/w Attributable to non-controlling interests in subsidiaries	(16.1)	16.5	0.4	(14.8)	0.0	(14.8)
Average number of non-diluted shares	1,748,351	1,748,351	1,748,351	1,748,412	1,748,412	1,748,412
Net earnings per share attributable to shareholders of Altareit SCA (€)	**13.16**	**(199.36)**	**(186.21)**	**79.07**	**(36.50)**	**42.57**
Diluted average number of shares	1,748,351	1,748,351	1,748,351	1,748,412	1,748,412	1,748,412
Diluted earnings per share attributable to shareholders of Altareit SCA (€)	**13.16**	**(199.36)**	**(186.21)**	**79.07**	**(36.50)**	**42.57**

3.3.2 Reconciliation of operating income between the two income statements

(€ millions)	31/12/2023					31/12/2022				
	Residential	BP [1]	Div. [2]	Others	TOTAL	Residential	BP [1]	Div. [2]	Others	TOTAL
Net property income	(172.6)	2.6	0.0	(0.0)	(170.0)	154.2	22.4	–	(0.0)	176.6
Net overhead expenses	(102.9)	(7.8)	(6.3)	1.1	(115.9)	(49.2)	(10.9	(1.1)	1.1	(60.1)
Others	(2.0)	(0.1)	(2.0)	(1.8)	(5.9)	(2.4)	0.5	(0.1)	(1.9)	(3.9)
Value adjustments	(11.8)	(42.7)	–	(0.1)	(54.6)	0.1	(0.3)	(10.3)	(0.0)	(10.4)
Net charge to provisions for risks and contingencies	(32.7)	(3.9)	–	(0.0)	(36.6)	(0.9)	(0.4)	–	–	(1.3)
Share in earnings of equity-method affiliates	(3.7)	2.5	(2.4)	–	(3.6)	8.2	34.4	(0.4)	–	42.2
OPERATING INCOME	**(325.8)**	**(49.3)**	**(10.7)**	**(0.7)**	**(386.6)**	**110.0**	**45.7**	**(11.9)**	**(0.8)**	**143.0**

(1) BP: Business property (2) Div. : Diversification

3.4 Revenue by geographical region and operating segment

(€ millions)	31/12/2023			31/12/2022		
	France	Others	Total	France	Others	Total
Revenue	2,217.7	–	2,217.7	2,458.5	–	2,458.5
External services	29.1	–	29.1	11.4	–	11.4
Residential	**2,246.8**	**–**	**2,246.8**	**2,469.9**	**–**	**2,469.9**
Revenue	196.0	–	196.0	246.8	–	246.8
External services	8.0	(0.0)	8.0	11.4	0.5	11.9
Business Property	**204.0**	**(0.0)**	**204.0**	**258.2**	**0.5**	**258.7**
Others	1.1	–	1.1	1.1	–	1.1
Total	**2,451.9**	**(0.0)**	**2,451.9**	**2,729.3**	**0.5**	**2,729.8**

The Group operates mainly in France in 2023, as in 2022.

One client accounted for more than 10% of the group's revenue in the Residential sector, i.e., €359.7 million in 2023 and €414.1 million in 2022.

NOTE 4 MAJOR EVENTS AND CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 Major events

The real estate crisis triggered by the rise in interest rates in 2022 marks the end of a cycle that will have lasted nearly 15 years. As expected, this has impacted the 2023 results, which were determined by:

• a lack of major Business property developments;

• a limited contribution from Residential, which had rolled out a policy of accelerated and proactive adaptation to the environment;

On the strength of a solid financial structure (highly capitalised balance sheet, high-performing Retail business), the Group decided to close the previous cycle in its 2023 financial statements and to record as a change in value an exceptional accounting charge due to its nature and amount following a comprehensive and thorough review of all Promotion accounting values by its Management.

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

• -190.2 million euros for study fees and land depreciation charges resulting from the review of the Housing project portfolio (refer to note 5.1 "Operating Result");

• -119.3 million euros for the decrease in value of assets under construction or on offer (refer to note 5.1 "Operating Result");

• -37.4 million euros for projects in partnerships deemed at risk (refer to note 6.3 "Provisions");

• -14.7 million euros for intangible assets related to brand reorganization (refer to note 7.2 "Intangible Assets and Goodwill"); and to note 5.1 "Operating Result");

• -32.3 million euros mainly concentrated on the operations Landscape in La Défense (refer to note 4.5 "Equity securities and loans to companies accounted for by the equity method").

Net income Group share amounts to -€325.6 million.

Residential

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

2023 saw intense operational activity in Residential with:

• the accelerated sell-off of offer under construction during the previous cycle in blocks and retail deals;

• land purchases restricted to projects that matched the environment, resulting in a drastic reduction in the number of land acquired. In 2023, the Group only bought land corresponding to “on-market” projects. Land acquisitions were significantly reduced with 63 sites acquired in 2023, compared to 167 in 2022. Combined with the sale of land already acquired at the end of 2022, the slowdown in land acquisitions in 2023 made it possible to reduce the Group’s commitments.

• a review of the entire land portfolio leading to the massive abandonment of projects (including the dropping of some land options) or their repositioning, and ultimately to the abandonment of the corresponding study costs or land depreciation.

This strategy and its accounting consequences has enabled the Group to recover significant capital by reducing Residential WCR, to start again from new and to reorient the work of the teams towards the future.

Housing design needs to be rethought to suit the new environment and, above all, the purchasing power of customers. Development teams have been refocused on developing an affordable, low-carbon and profitable “next-generation” offering, adapted to the new cycle (design and carbon performance, optimisation of plans and lot sizes, commercial strategy, local strategy, construction costs, land prices). Given the length of the production cycle[2], this offering should only be ramped up from the end of 2024, depending on market conditions.

In 2023, Altareit restructured **its brand portfolio** to strengthen their respective positions, merging Woodeum and Pitch Immo to create the leader in low-carbon real estate development (timber CLT), launching the Nohée brand (formerly Cogedim Club) for senior residences and creating Jouvence, to renovate poorly insulated "thermal strainers".

Business Property

In Business property, the office development activity remained strong in the Regions and Altarea has continued to develop in logistics and on certain high-potential office sites in Paris.

Office exposure from the previous cycle was drastically reduced in the Paris region and book values adjusted accordingly. In 2023, the Group revalued the Landscape (La Défense) projects: residual risk has been reduced to zero.

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.

[2] Signature of the land option, design of the programme, filing/obtaining of building permits, commercial launch, land acquisition, construction and delivery.

The Logistics market continues to be driven by strong demand from tenants and a scarcity effect, reflected in a sustained rise in rents. Shorter term, however, the rise in capitalisation rates is driving values downward.

In the property development business (off-plan sales, PDCs, DPMs), the Group focused on its portfolio of low-risk managed projects.

Activity of the year

In regional cities, Altarea is successfully developing in the field of education: after delivering the Emlyon business school campus in the Gerland district, the Group agreed the ESSCA campus project and launched the Alstom project in Aix-en-Provence.

In Offices, the Services business remained strong in Paris, with several projects under construction (Madeleine, Louis le Grand) and the delivery of a training centre for L'Oréal in its historic headquarters at 14 rue Royale in Paris's 8th arrondissement. The Group has also acquired a real estate complex for renovation at 185 rue Saint-Honoré, Paris 1st arrondissement.

In Great logistics, the Group acts as a developer with limited risk-taking. At 31 December 2023, the sites under construction or delivered were already fully let on long-term leases to leading tenants at rents that ensure the Group an above-market yield for this type of product.

Further progress was made on the Bollène megahub[3] during the year, with the delivery of warehouse No. 2 to Intermarché and the full marketing of warehouse No. 3, on which work has begun. The Group's other great platform projects also made favourable progress with the leasing of the EcoParc Cotière in the Ain department and the delivery of the Béziers and Puceul platforms near Nantes.

The Group also continues to develop in Urban Logistics with the acquisition for transformation of a platform leased and operated by DHL located in Vitry-sur-Seine near the southern Paris ring road.

Primonial

On 2 March 2022, Altarea informed the public that the acquisition of the Primonial Group could not be completed on the terms agreed. Altarea considers that the Vendors failed to comply with the provisions of the acquisition protocol signed in July 2021, which has now 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 is asking that they be ordered to pay damages in respect of the losses suffered by the Group. To this end, on 20 June 2022, Altarea and Alta Percier filed claims in response in a voluntary intervention before the Paris Commercial Court.

In their claims in response of 21 November 2022 and 16 January 2023, the Primonial shareholder groups revised their pleadings, claiming damages of €119 for the Manager vendors and €588 for the investment funds.

Altarea, having studied all the counter-claims, maintains its position that it has no liability as, it argues, the failure to complete the transaction was attributable to the vendors, and that they therefore cannot claim for damages that are wholly unfounded and without merit in fact and in law.

Altarea filed new claims in response in July 2023, developing its arguments and increasing the amount of its claim against Primonial's vendors to approximately €330 million. The Primonial vendors have not yet replied and no hearing on the merits of the case has been scheduled.

At the publication date of the Group's annual financial statements, the case is ongoing and, in agreement with its legal advisors, no provision has been recorded by the Group.

[3] 260,000 m² developed in five tranches of which the Group took full control in 2023.

4.2 Scope

The main companies within the scope of consolidation, selected by revenue and total assets criteria, are as follows:

COMPANY	LEGAL FORM	SIREN		31/12/2023 Method	31/12/2023 Interest	31/12/2023 Integration	31/12/2022 Method	31/12/2022 Interest	31/12/2022 Integration
ALTAREIT	SCA	552091050	parent company	FC	100.0%	100.0%	FC	100.0%	100.0%
Residential									
COGEDIM RESIDENCES SERVICES	SNC	394648455	joint venture	EM	65.0%	65.0%	EM	65.0%	65.0%
ALTAREA COGEDIM IDF GRANDE METROPOLE	SNC	810928135		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA COGEDIM GRANDS PROJETS	SNC	810926519		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTAREA COGEDIM REGIONS	SNC	810847905		FC	100.0%	100.0%	FC	100.0%	100.0%
SEVERINI	SNC	848899977		FC	100.0%	100.0%	FC	100.0%	100.0%
XF Investment	SAS	507488815		FC	100.0%	100.0%	FC	100.0%	100.0%
ALTA FAUBOURG	SASU	444560874		FC	100.0%	100.0%	FC	100.0%	100.0%
PITCH PROMOTION	SAS	450042338		FC	100.0%	100.0%	FC	100.0%	100.0%
WATT	SNC	812030302		FC	100.0%	100.0%	FC	100.0%	100.0%
MARSEILLE MICHELET	SNC	792774382		FC	100.0%	100.0%	FC	100.0%	100.0%
COEUR MOUGINS	SNC	453830663		FC	100.0%	100.0%	FC	100.0%	100.0%
ISSY COEUR DE VILLE	SNC	830181079		FC	100.0%	100.0%	FC	100.0%	100.0%
BORDEAUX EB4AL	SCCV	835299835	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
BORDEAUX ET1	SCCV	835300096	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
HP	SAS	480309731		FC	100.0%	100.0%	FC	100.0%	100.0%
HISTOIRE ET PATRIMOINE DEVELOPPEMENT	SAS	480110931		FC	100.0%	100.0%	FC	100.0%	100.0%
MERIMEE	SNC	849367016		FC	100.0%	100.0%	FC	100.0%	100.0%
HISTOIRE ET PATRIMOINE PARTENARIATS	SASU	452727985		FC	100.0%	100.0%	FC	100.0%	100.0%
HISTOIRE ET PATRIMOINE PROMOTION	SASU	792751992		FC	100.0%	100.0%	FC	100.0%	100.0%
HISTOIRE ET PATRIMOINE RENOVATION	SAS	394203509		FC	100.0%	100.0%	FC	100.0%	100.0%
TOURS DE L'ECHO DU BOIS	SCCV	882809080		FC	65.0%	100.0%	FC	65.0%	100.0%
BEZONS A3	SNC	880172317		FC	100.0%	100.0%	FC	100.0%	100.0%
CORMEILLES SEINE PARIS II	SCCV	919597468		FC	70.0%	100.0%	FC	70.0%	100.0%
BEZONS COEUR DE VILLE A1 & A2- LOGEMENTS	SCCV	819929845		FC	100.0%	100.0%	FC	100.0%	100.0%
BOBIGNY COEUR DE VILLE	SNC	838941011		FC	100.0%	100.0%	FC	100.0%	100.0%
BORDEAUX EB2b	SCCV	834833352	affiliate	EM	50.0%	50.0%	EM	50.0%	50.0%
BOULOGNE-D'AGUESSEAU	SCCV	905135786		FC	100.0%	100.0%	EM	50.0%	50.0%
RUEIL ARSENAL LOT A2	SCCV	907596704		FC	100.0%	100.0%	EM	50.0%	50.0%
WOODEUM RESIDENTIEL	SAS	807674775		FC	100.0%	100.0%	EM	50.0%	50.0%
PITCH IMMO	SASU	422989715		FC	100.0%	100.0%	FC	100.0%	100.0%
ADN CLOT BEY	SAS	841150071		FC	100.0%	100.0%	FC	75.0%	100.0%
ARTCHIPEL	SCCV	841150071		FC	100.0%	100.0%	FC	100.0%	100.0%
DEODAT	SCCV	879171502		FC	51.0%	100.0%	FC	51.0%	100.0%
CLICHY ROGUET	SCCV	880090212		FC	51.0%	100.0%	FC	51.0%	100.0%
ROLLAND PETIT	SCCV	881927164		FC	51.0%	100.0%	FC	51.0%	100.0%
RUEIL HIGH GARDEN	SCCV	887670115		FC	100.0%	100.0%	FC	100.0%	100.0%
BONDOUFLE ZAC DU GRAND PARC IG	SCCV	889279592		FC	51.0%	100.0%	FC	51.0%	100.0%
BRUGES TERREFORTS	SCCV	892 811 696		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM HAUTS DE FRANCE	SNC	420810475		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM GESTION	SNC	380375097		FC	100.0%	100.0%	FC	100.0%	100.0%
COVALENS	SNC	309021277		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM PARIS METROPOLE	SNC	319293916		FC	100.0%	100.0%	FC	100.0%	100.0%
ASNIERES AULAGNIER	SARL	487631996	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
COGEDIM GRAND LYON	SNC	300795358		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM MEDITERRANEE	SNC	312347784		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM PROVENCE	SNC	442739413		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM MIDI-PYRENEES	SNC	447553207		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM GRENOBLE	SNC	418868584		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM SAVOIES-LEMAN	SNC	348145541		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM AQUITAINE	SNC	388620015		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM ATLANTIQUE	SNC	501734669		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM LANGUEDOC ROUSSILLON	SNC	532818085		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM EST	SNC	419461546		FC	100.0%	100.0%	FC	100.0%	100.0%
COGEDIM	SASU	54500814		FC	100.0%	100.0%	FC	100.0%	100.0%
PARC DE FONTBELLEAU	SCCV	842493934		FC	51.0%	100.0%	FC	51.0%	100.0%
SAS CLICHY BOREALES	SAS	879035939	affiliate	EM	30.0%	30.0%	EM	30.0%	30.0%
CLICHY 33 LANDY	SAS	898926308		FC	50.1%	100.0%	FC	50.1%	100.0%
CLICHY 35 LANDY	SAS	908542772		FC	50.1%	100.0%	FC	50.1%	100.0%
MEYLAN PLM 1	SCCV	879562213		FC	55.0%	100.0%	FC	55.0%	100.0%
AIX HYPPODROME	SCCV	852642040		FC	80.0%	100.0%	FC	80.0%	100.0%
LYON 8 RUE CROIX BARRET	SCCV	849097522		FC	60.0%	100.0%	FC	60.0%	100.0%
LYON LES MOTEURS	SNC	824866388		FC	100.0%	100.0%	FC	100.0%	100.0%
COGIMO	SAS	962502068		FC	100.0%	100.0%	FC	100.0%	100.0%
HYRES JEAN MOULIN	SCCV	834036519		FC	100.0%	100.0%	FC	66.0%	100.0%
OLLIOULES SAINT ROCH 1	SCCV	901760520		FC	51.0%	100.0%	FC	51.0%	100.0%
CLICHY ROSE GUERIN	SCCV	885139188		FC	40.8%	100.0%	FC	40.8%	100.0%
HORLOGE GASTON ROUSSEL	SCCV	832294664		FC	51.0%	100.0%	FC	51.0%	100.0%
61-75 PARIS AVENUE DE FRANCE	SCCV	830917100	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
LA GARENNE COLOMBES FOCH	SCCV	835014135		FC	50.1%	100.0%	FC	50.1%	100.0%
ISSY JEANNE D'ARC	SNC	850443508		FC	50.1%	100.0%	FC	50.1%	100.0%
ROMAINVILLE ROUSSEAU	SCCV	852604909		FC	51.0%	100.0%	FC	51.0%	100.0%
NOGENT 150 STRASBOURG	SCCV	887617967		FC	50.1%	100.0%	FC	50.1%	100.0%
ISSY GUYNEMER	SNC	891166209		FC	51.0%	100.0%	FC	51.0%	100.0%
BONDY TASSIGNY	SNC	892127432		FC	100.0%	100.0%	FC	100.0%	100.0%
CHATENAY ROBINSON 4 CHEMINS	SCCV	894910082		FC	50.1%	100.0%	FC	50.1%	100.0%
SAINT MAUR CONDE	SCCV	897792156		FC	70.0%	100.0%	FC	70.0%	100.0%
MAISONS ALFORT MARTIGNY 18	SCCV	901641621		FC	70.0%	100.0%	FC	70.0%	100.0%
SCCV ASNIERES - 77 RUE DES BAS	SCCV	910066919		FC	51.0%	100.0%	FC	51.0%	100.0%
Business Property									
ALTAREA COGEDIM ENTREPRISE PROMOTION	SNC	535056378		FC	100.0%	100.0%	FC	100.0%	100.0%
AF INVESTCO 7	SNC	798601936	affiliate	EM	30.1%	30.1%	EM	30.1%	30.1%
ALTA VAI HOLDCO A	SAS	424007425		FC	100.0%	100.0%	FC	100.0%	100.0%
SNC PROPCO ALTA PYRAMIDES	SNC	949047005		FC	75.0%	100.0%	NI	0.0%	0.0%
PASCALHOLDCO	SPPICAV	809845951	affiliate	EM	30.1%	30.1%	EM	15.1%	15.1%
PASCALPROPCO	SASU	437929813	affiliate	EM	30.1%	30.1%	EM	15.1%	15.1%
SAS 42 DERUELLE	SAS	920333127	joint venture	EM	50.0%	50.0%	EM	50.0%	50.0%
SCI FLF BEZIERS	SCI	835282922		FC	100.0%	100.0%	FC	100.0%	100.0%
SAS COGEDIM OFFICE PARTNERS	SAS	491380101		FC	100.0%	100.0%	NI	0.0%	0.0%
SAS COP BAGNEUX	SASU	491969952		FC	100.0%	100.0%	NI	0.0%	0.0%
LOGISTIQUE BOLLENE	SNC	815193065		FC	100.0%	100.0%	EM	50.0%	50.0%

The complete list of companies in the scope is available on request from the Investor Relations Department: investors@altarea.com.

4.3 Changes in consolidation scope

In number of companies	31/12/2022	Acquisition	Creation	Sale	Absorption, dissolution, deconsolidation	Change in consolidation method	31/12/2023
Fully consolidated subsidiaries	398	8	41		(22)	41	466
Joint ventures[(a)]	128	1	7		(7)	(40)	89
Affiliates[(a)]	70	–	4		(7)	(1)	66
Total	**596**	**9**	**52**	**–**	**(36)**	**–**	**621**

(a) Companies accounted for using the equity method.

Detail of net acquisitions of consolidated companies, net of cash

(€ millions)	31/12/2023	31/12/2022
Investments in consolidated securities	(21.6)	(15.2)
Liabilities on acquisition of consolidated participating interests	0.6	–
Cash of acquired companies	25.9	11.4
Total	**4.8**	**(3.7)**

During the year, on 21 February 2023, the Group acquired the remaining 50% of Woodeum's share capital. This made the Group sole shareholder of the leading brand in France for low-carbon residential real estate in solid timber. Woodeum is therefore fully consolidated from this date (previously accounted for using the equity method).

4.4 Business combinations

On 21 February 2023, the Group, via its subsidiary Alta Faubourg, acquired the remaining share capital of Woodeum, France's leading brand in low-carbon residential real estate in solid timber.

Woodeum thus becomes a wholly-owned subsidiary of the Group.

Woodeum is now fully consolidated (previously accounted for under the equity method) with its commercial performance reported under the Residential business segment.

In accordance with IFRS 3 "Business combinations", following this takeover the Group's previous holding was recognised at fair value (effect on income reported under "Gains or losses on disposals of equity interests").

Assets and liabilities assumed by the Company were measured at fair value. When these amounts were recognised in the statement of financial position at the acquisition date, €44.2 million in intangible assets and goodwill was recognised.

Goodwill has been allocated to the Group's Residential business segment and is definitive.

The consolidated Group contributes €100.4 million in Group revenue as of 31 December 2023.

4.5 Securities and investments in equity affiliates

In application of IFRS 10, 11 and 12, the following are recognised under securities and receivables on equity affiliates, investments in joint ventures and associated companies, including receivables from these holdings.

4.5.1 Equity-accounting value of joint ventures and affiliates and related receivables

(€ millions)	31/12/2023	31/12/2022
Equity-accounting value of joint ventures	24.4	52.4
Equity-accounting value of affiliated companies	3.6	28.6
Value of stake in equity-method affiliates	**28.0**	**81.0**
Receivables from joint ventures	40.6	84.6
Receivables from affiliated companies	71.3	105.6
Receivables from equity-method subsidiaries	**111.9**	**190.2**
Total securities and receivables in equity affiliates	**139.9**	**271.2**

At 31 December 2023, the decrease in "Securities and investments in equity affiliates" is mainly due to:

- the acquisition of a 100% stake in Woodeum, now fully consolidated,

- the disposal of the Tour Eria,

- and the evolution of equity invested in the Landscape project in La Défense (the risk associated with this operation is thus reduced to zero in the Group's accounts as of December 31, 2023, impacting the line "Net impairment losses on other non-current assets" in the statement of comprehensive income and the line "Net provisions for depreciation and impairment" in Business Property in the Analytical Income Statement appendix).

4.5.2 Main balance sheet and income statement items of joint ventures and affiliates

(€ millions)	*Joint venture*	*Affiliates*	31/12/2023	*Joint venture*	*Affiliates*	31/12/2022
Balance sheet items, Group share:						
Non-current assets	110.6	4.1	114.7	143.0	138.3	281.3
Current assets	252.3	291.6	543.9	343.3	173.7	517.0
Total Assets	**362.9**	**295.7**	**658.6**	**486.3**	**312.0**	**798.4**
Non-current liabilities	113.5	134.0	247.5	101.4	140.1	241.5
Current liabilities	225.1	159.0	384.1	332.5	143.3	475.8
Total Liabilities	**338.5**	**293.0**	**631.5**	**433.9**	**283.4**	**717.4**
Net assets (equity-accounting basis)	**24.4**	**3.6**	**28.0**	**52.4**	**28.6**	**81.0**
Share of income statement items, Group share:						
Operating income	**3.1**	**11.4**	**14.5**	**12.0**	**39.1**	**51.2**
Net borrowing costs	(2.2)	(10.1)	(12.3)	(1.5)	(4.2)	(5.7)
Other financial results	(5.2)	0.0	(5.2)	(3.8)	(0.2)	(4.0)
Proceeds from the disposal of investments	–	–	–	0.0	–	0.0
Net income before tax	**(4.3)**	**0.6**	**(3.7)**	**6.8**	**35.7**	**42.4**
Corporate income tax	0.7	(0.6)	0.1	0.0	(0.3)	(0.2)
Net income by equity method (after tax)	**(3.6)**	**0.0**	**(3.6)**	**6.8**	**35.4**	**42.2**
Non-Group net income	–	0.0	0.0	(0.0)	0.0	(0.0)
Net income, Group share	(3.6)	0.0	(3.6)	6.8	35.4	42.2

Group revenue from joint ventures amounted to €3.8 million, compared with €3.9 million for the year to 31 December 2022.

Group revenue from affiliates amounted to €4.5 million, compared to €8.2 million for the year to 31 December 2022.

4.5.3 Commitments given or received in connection with joint ventures (in Group share)

Commitments given

Cogedim Résidences Services undertook to pay rent in connection with the leasing of the Résidences Services Cogedim Club®. In the context of the application of IFRS 16, these contracts have been restated in the financial statements of the companies.

In exchange, Cogedim Résidences Services receives the lease payments of the sub-lessees, these continuing to be commitments.

Financial guarantees for the completion of works were given as part of the property development activity, and amounted to a share of €11.5 million at 31 December 2023.

4.6 Current and non-current financial assets

At 31 December 2023, current and non-current financial assets amounted to €55.7 million, compared with €95.2 million at 31 December 2022, and consist mainly of:

- non-consolidated securities (mainly “current”): €21.1 million compared with €49.3 million for 2022,
- deposits and guarantees paid on projects: €4.4 million, compared with €8.3 million for 2022,
- loans and receivables, recognised at amortised cost: €28.9 million, compared with €21.6 million for 2022.

NOTE 5 RESULT

5.1 Net property income

The Group's net property income was a negative €170.0 million in 2023 compared to a positive €176.6 million in 2022.

This item includes a one-off accounting expense of €312.2 million, corresponding to

- €190.2 million in write-downs of research costs and land bank following the review of the Residential and Business property development project portfolio,
- a €119.3 million decline in the price of projects under construction or under offer,
- a €2.7 million reduction in intangible assets related to the brand restructuring.

The Residential Backlog of the fully-consolidated companies was €2,570 million at 31 December 2023.

The Business property development backlog of the fully-consolidated companies was €282 million at 31 December 2023.

5.2 Cost of net financial debt and other financial items

5.2.1 Cost of net financial debt

(€ millions)	31/12/2023	31/12/2022
Bond and bank interest expenses	(22.5)	(20.3)
Interest on partners' advances	2.0	2.7
Interest rate on hedging instruments	4.5	–
Other financial income and expenses	4.0	2.5
FFO financial income and expenses	**(12.1)**	**(15.1)**
Spreading of bond issue costs and other estimated expenses[(a)]	(1.9)	6.1
Net borrowing costs	**(13.9)**	**(8.9)**

(a) Deferral according to the amortized cost method of issuance costs of borrowings in accordance with IFRS 9 for 2023 (and the gain on the bond buyback (amount lower than par value) for 2022).

The interest charges on borrowings from credit institutions include the impact of spreading issuance costs according to the amortized cost method in accordance with IFRS 9.

5.2.2 Other financial results

Other financial results correspond in particular to interest expenses on rental obligations or royalties on investment properties.

5.2.3 Impact of result of financial instruments

This item consists of a net expense of €17.2 million, mainly related to -€511.4 million in changes in the value of interest rate hedging instruments.

5.3 Corporate income tax

Analysis of tax expense

The tax expense is analyzed as follows (distribution between current and deferred taxes and breakdown by nature of deferred tax):

(€ millions)	31/12/2023	31/12/2022
Tax due	**0.5**	**(23.3)**
	28.3	(12.2)
Tax loss carry forwards and/or use of deferred losses	4.6	0.4
Valuation differences	(0.8)	(0.7)
Fair value of investment properties	1.0	(0.2)
Fair value of hedging instruments	32.5	(6.2)
Income by percentage of completion	42.9	9.7
Deferred tax	**108.5**	**(9.3)**
Total tax income (expense)	**108.9**	**(32.5)**

Effective tax rate

(€ millions)	31/12/2023	31/12/2022
Pre-tax profit of consolidated companies	**(431.3)**	**79.5**
Group tax savings (expense)	**108.9**	**(32.5)**
Effective tax rate	**(25.25)%**	**(40.88)%**
Tax rate in France	25.83%	25.83%
Theoretical tax charge	**111.4**	**(20.5)**
Difference between theoretical and effective tax charge	**(2.5)**	**(12.0)**
Differences related to treatment of losses	–	–
Other permanent differences and rate differences	(2.5)	(12.0)

Deferred tax assets and liabilities

(€ millions)	31/12/2023	31/12/2022
Tax loss carry forwards	45.6	17.3
Valuation differences	(30.6)	(29.0)
Fair value of investment properties	(4.5)	(3.7)
Fair value of financial instruments	0.2	(0.4)
Income by percentage of completion	(35.4)	(68.0)
Other timing differences	46.8	7.6
Net deferred tax on the balance sheet	**22.1**	**(76.0)**

Deferred taxes relating to valuation differences correspond primarily to the brands held by the Group.

Deferred taxes relating to the activation of tax losses mainly relate to losses recognised in the tax consolidation group Altareit.

Deferred taxes are calculated at the rate of 25.83%, the rate set by the French Finance Act.

5.4 Earnings per share

Undiluted net income per share and diluted net income per share are defined in Note 2.3.13 “Net earnings per share”.

Potential shares are treated as dilutive if their potential conversion into common shares would result in a decrease in earnings per share.

(€ millions)	31/12/2023	31/12/2022
Numerator		
Net income, Group share	(325.6)	74.4
Denominator		
Weighted average number of shares before dilution	1,748,351	1,748,412
Effect of potentially dilutive shares		
Stock options	–	–
Rights to free share grants	–	–
Total potential dilutive effect	–	–
Weighted diluted average number of	1,748,351	1,748,412
NET INCOME, GROUP SHARE, UNDILUTED PER SHARE (€)	**(186.21)**	**42.57**
NET INCOME, GROUP SHARE, DILUTED PER SHARE (€)	**(186.21)**	**42.57**

NOTE 6 LIABILITIES

6.1 Equity

6.1.1 Share capital, share-based payments and treasury shares

Share capital (in €)

In number of shares and in €	Number of shares	Nominal	Share Capital
Number of shares outstanding at 31 December 2021	**1,750,487**	**1.50**	**2,626,731(a)**
No changes during the fiscal year.			
Number of shares outstanding at 31 December 2022	**1,750,487**	**1.50**	**2,626,731(a)**
No changes during the fiscal year.			
Number of shares outstanding at 31 December 2023	**1,750,487**	**1.50**	**2,626,731(a)**

(a) The share capital includes an amount of €1,000 corresponding to the nominal value of the 10 shares allocated to the managing partner.

Capital management

The aim of the Group's capital management is to ensure liquidity and optimise its capital structure.

SHARE-BASED PAYMENTS

Share-based payments are transactions based on the value of Altarea SCA's securities, a listed company that controls Altareit. Settlement can be made in equity instruments or in cash; however, plans related to Altarea SCA's shares will be exclusively settled in shares.

The gross expense recorded on the income statement for share-based payments was €14.1 million at 31 December 2023 compared to €16.0 million in 2022.

Free share grants

Award date	Number of rights awarded	Vesting date	Rights in circulation as at 31/12/2022	Awarded	Deliveries	Amendments to rights (a)	Rights in circulation as at 31/12/2023
Share grant plans on shares							
22 April 2020	27,364	22 April 2023	20,940		(20,924)	(16)	–
30 April 2021	45,125 (b)	31 March 2024	37,628			(17,435)	20,193
4 June 2021	27,500 (b)	31 March 2025	21,122			(12,872)	8,250
4 June 2021	45,500 (b)	31 March 2025	12,208			(900)	11,308
4 June 2021	14,000 (b)	31 March 2025	12,750			–	12,750
4 June 2021	23,700 (b)	31 March 2025	3,995			(790)	3,205
1 March 2022	14,000 (b)	31 March 2025	14,000			(10,025)	3,975
31 March 2022	66,931	1 April 2023	66,164		(65,743)	(421)	–
31 March 2022	20,983	1 April 2024	20,748			(393)	20,355
31 March 2022	47,890 (b)	1 April 2024	46,265			(21,402)	24,863
30 April 2022	3,250 (b)	31 March 2025	975			–	975
30 April 2022	1,250 (b)	31 March 2025	1,250				1,250
25 July 2022	98 (d)	24 July 2024		98			98
12 September 2022	6,000 (b)	31 March 2027	6,000				6,000
12 September 2022	40,000 (b)	31 March 2029	40,000				40,000
1 October 2022	1,500 (b)	31 March 2025	1,500			(1,050)	450
2 November 2022	900	2 November 2023	900		(800)	(100)	–
5 January 2023	1,500 (b)	31 March 2029		1,500			1,500
31 March 2023	72,774	1 April 2024		72,774		(540)	72,234
31 March 2023	20,940	1 April 2025		20,940			20,940
31 March 2023	48,280 (b)	1 April 2025		48,280		(12,720)	35,560
30 April 2023	2,525	30 April 2024		2,525			2,525
30 April 2023	41,000 (b)	31 March 2028		41,000			41,000
30 April 2023	41,000 (b)	31 March 2033		41,000			41,000
1 September 2023	6,600 (b)	30 June 2029		6,600			6,600
1 September 2023	250	1 September 2024		250			250
1 September 2023	250	1 September 2025		250			250
Total	**621,060**		**306,445**	**235,217**	**(87,467)**	**(78,664)**	**375,531**

(a) Rights cancelled for reasons of departure, transfer, lack of certainty that performance criteria have been met or changes in plan terms.
(b) Plans subject to performance criteria.

TREASURY SHARES

Treasury shares are eliminated through direct offsetting in equity.

6.1.2 Dividends proposed and paid

No dividends were distributed in 2023 for the fiscal year 2022.

No dividends were distributed in 2022 for the fiscal year 2021.

6.2 Net financial debt and guarantees

Current and non-current borrowings and financial liabilities, and net cash

(€ millions)	31/12/2022	Cash flow	"Non-cash" change					31/12/2023
			Spreading of issue costs	Change in scope of consolidation	Present value adjustment	Change in method	Reclassification	
Bond issues (excluding accrued interest)	336.9	(3.8)	0.5	–	–	–	–	333.6
Short- and medium-term negotiable securities	222.0	(222.0)	–	–	–	–	–	–
Bank borrowings, excluding accrued interest and overdrafts	354.0	(92.8)	1.4	53.8	0.1	–	–	316.5
Net bond and bank debt, excluding accrued interest and overdrafts	**913.0**	**(318.6)**	**1.9**	**53.8**	**0.1**	**–**	**–**	**650.1**
Accrued interest on bond and bank borrowings	7.8	0.1	–	0.3	–	–	–	8.2
Bond and bank debt, excluding overdrafts	**920.8**	**(318.5)**	**1.9**	**54.1**	**0.1**	**–**	**–**	**658.3**
Cash and cash equivalents	(798.6)	239.4	–	–	–	–	–	(559.2)
Bank overdrafts	23.8	23.2	–	–	–	–	–	47.0
Net cash	**(774.8)**	**262.6**	**–**	**–**	**–**	**–**	**–**	**(512.3)**
Net bank and bond debt	**146.0**	**(55.9)**	**1.9**	**54.1**	**0.1**	**–**	**–**	**146.1**
Accrued interest on shareholders' advances	195.0	(43.9)	–	54.9	–	(0.0)	(0.0)	206.0
Lease liabilities	0.0	2.0	–	–	–	–	–	2.0
Contractual fees on investment properties	167.2	(19.8)	–	–	–	–	4.8	152.1
Net financial debt	**508.2**	**(117.7)**	**1.9**	**108.9**	**–**	**(0.0)**	**4.8**	**506.1**

6.2.1 Net financial bond and bank debt

Group net financial bond and bank debt amounted to €146.1 million at 31 December 2023 compared to €146.0 million at 31 December 2022.

Bank borrowings, excluding accrued interest and overdrafts, consist notably of:

- Borrowings from credit institutions amounting to €233.7 million, compared to €216.4 million as of December 31, 2022.
- Bank financing for development operations amounting to €82.8 million, compared to €137.7 million as of December 31, 2022.

During the financial year, the Group notably:

- reduced to zero its issuances of negociable securities (a decrease of €222.0 million for the fiscal year). The Group stop to use short- and medium-term resources via NEU-CP (issues up to one year) and NEU-MTN (issues in excess of one year) programmes.

Changes in the scope of consolidation are largely due to the takeover of Woodeum and SNC Logistique Bollène.

Not all financings are fully drawn as of December 31, 2023.

The current account payable to Altarea SCA amounts to €114.2 million as of December 31, 2023, compared to €112.2 million as of December 31, 2022.

Borrowing costs are analysed in the note on earnings.

Net cash

Net cash amounted to €512.3 million, including cash equivalents (mainly term accounts – for €35.4 million) which are recorded at their fair value at each reporting date.

Breakdown of bank and bond debt by maturity

(€ millions)	31/12/2023	31/12/2022
< 3 months	76.5	302.0
3 to 6 months	4.8	3.2
6 to 9 months	8.6	27.9
9 to 12 months	22.0	7.0
At less than 1 year	**111.9**	**340.2**
At 2 years	418.6	89.2
At 3 years	63.2	402.8
At 4 years	60.0	56.4
At 5 years	55.0	60.0
1 to 5 years	**596.9**	**608.4**
More than five years	**–**	**–**
Issuance cost to be amortised	(3.5)	(4.0)
Total gross bond and bank debt	**705.3**	**944.6**

The portion of short-term bond and bank debt decreases due to the schedule of NEU-CP programs.

Schedule of future interest expenses

(€ millions)	31/12/2023	31/12/2022
< 3 months	2.2	2.3
3 to 6 months	(1.6)	2.4
6 to 9 months	4.3	8.3
9 to 12 months	(1.2)	2.4
At less than 1 year	**3.7**	**15.3**
At 2 years	4.3	16.3
At 3 years	(1.2)	12.8
At 4 years	8.1	0.0
At 5 years	2.1	4.8
1 to 5 years	**11.9**	**33.9**

These future interest expenses concern borrowings and financial instruments and are presented exclusive of accrued interest not payable.

Breakdown of bank and bond debt by guarantee

(€ millions)	31/12/2023	31/12/2022
Mortgage commitments	82.8	131.8
Moneylender lien	3.3	9.9
Altarea SCA security deposit	223.0	204.0
Not guaranteed	399.7	602.9
Total	**708.8**	**948.6**
Issuance cost to be amortised	(3.5)	(4.0)
Total gross bond and bank debt	**705.3**	**944.6**

Breakdown of bank and bond debt by interest rate

	Gross bond and bank debt		
(€ millions)	Variable rate	Variable rate	Total
As of 31 December 2023	365.4	339.8	705.3
As of 31 December 2022	600.1	344.5	944.6

The market value of fixed rate debt stood at €325.5 million at 31 December 2023 compared to €304.0 million at 31 December 2022.

6.2.2 Lease liabilities

Lease liabilities are debts mainly relating to real estate leases and vehicle leases (respectively for the premises occupied and the vehicles used by Group employees), and the reclassified debt from the former finance lease contract.

These liabilities amounted to €152.1 million at 31 December 2023 compared to €167.1 million at 31 December 2022.

They are to be seen in light of the right-of-use assets on tangible and intangible assets.

Breakdown by maturity of lease liabilities

(€ millions)	31/12/2023	31/12/2022
< 3 months	3.3	4.6
3 to 6 months	5.0	4.6
6 to 9 months	5.1	4.5
9 to 12 months	5.0	4.5
At less than 1 year	**18.4**	**18.1**
At 2 years	21.6	18.0
At 3 years	19.1	17.7
At 4 years	16.7	18.3
At 5 years	17.1	16.5
1 to 5 years	**74.4**	**70.5**
More than five years	**59.3**	**78.6**
Total lease liabilities	**152.1**	**167.1**

6.2.3 Elements of net debt set out in the cash flow table

(€ millions)	Cash flow
Issuance of borrowings and other financial liabilities	125.9
Repayment of borrowings and other financial liabilities	(488.4)
Change in borrowing and other financial liabilities	**(362.5)**
Repayment of lease liabilities	(19.8)
Change in cash balance	(262.6)
Total change in net financial debt (CFT)	**(644.9)**
Net bond and bank debt, excluding accrued interest and overdrafts	(318.6)
Net cash	(262.6)
Equity loans and Group and partners' advances	(43.9)
Lease liabilities	(19.8)
Total change in net financial debt	**(644.9)**

6.3 Provisions

(€ millions)	31/12/2023	31/12/2022
Provision for benefits payable at retirement	9.4	8.9
Other provisions	46.8	9.1
Total provisions	**56.2**	**18.0**

The provision for post-employment benefits was valued by an external actuary. The valuation and accounting principles are detailed in the Company's accounting principles and methods. The main assumptions used to assess the commitment are the staff turnover rate, the discount rate and the salary increase rate: a variation of +/- 0.25% of these last two criteria would not result in no significant impact.

The valuation of retirement benefits at 31 December 2023 takes into account the amended French Social Security Financing Act, promulgated on 14 April 2023 and published in the Official Journal of 15 April 2023. This reform has no significant impact on the Group's provision.

In addition, in view of the applicable collective bargaining agreement, the Court of Cassation's decision of September 2023 on paid leave has no impact on the Group's financial statements.

Other provisions primarily cover:

- the risk of disputes arising from construction operations,
- the risk of default by certain co-developers, particularly given the current real estate crisis (especially in the current context of the real estate crisis, the Group recorded provisions of 37.4 million euros for projects in partnerships deemed at risk),
- as well as estimates of residual risks involving completed programmes (litigation, ten-year guarantee, definitive general statement, etc.

NOTE 7 ASSETS AND IMPAIRMENT TESTS

7.1 Goodwill and other intangible assets

(€ millions)	Gross values	Amortisation and/or impairment	31/12/2023	31/12/2022
Goodwill	**462.2**	**(243.7)**	**218.5**	**197.4**
Brands	**127.0**	**(12.0)**	**115.0**	**105.4**
Customer relationships	**203.9**	**(200.3)**	**3.6**	**6.7**
Software applications, patents and similar rights	28.0	(25.4)	2.6	4.1
Leasehold right	0.3	(0.0)	0.3	0.3
Others	0.3	(0.1)	0.2	0.2
Other intangible assets	**28.7**	**(25.5)**	**3.1**	**4.6**
TOTAL	**821.7**	**(481.5)**	**340.2**	**314.2**

(€ millions)	31/12/2023	31/12/2022
Net values at beginning of the period	**314.2**	**304.1**
Acquisitions of intangible assets	0.2	0.1
Disposals and write-offs	(0.0)	(0.0)
Changes in scope of consolidation and other	45.4	13.6
Net allowances for depreciation	(19.6)	(3.5)
Net values at the end of the period	**340.2**	**314.2**

Goodwill generated by the Property Development business

Goodwill relates to the various acquisitions made by the Group.

As indicated in notes 2.3.7 "Monitoring the value of non-current assets (excluding financial assets and investment property) and impairment losses", and in the absence of fair value less costs to sell available at the balance sheet date, the recoverable amount of cash-generating units (CGUs) is determined on the basis of their value in use.

The recoverable amount of each group of assets tested was compared with its value in use, defined as the sum of discounted future net cash flows, determined by an independent expert as part of the annual closing.

Cash flows have been determined on the basis of business plans drawn up over a period of 5 years by the operational and financial managers of a CGU or group of CGUs. The main assumptions used in these business plans (in particular, the volume of operations under construction and identified operations, and the volume and target margin rate on completion of Residential operations) have been presented to and approved by the Managing Partners on the basis of macro-economic forecasts for the sector and the Group's future strategy.

This business plan takes into account a sharp cycle change linked to the ongoing real estate crisis (demand crisis coupled with inflation in construction costs). It forecasts an adjustment phase during the years 2024-2025 before the market regains its balance, a period the Group intends to leverage to undergo a profound transformation of its industrial model (offering and model) and work on the sourcing and structuring of "next-generation" operations, affordable, decarbonized, and profitable, which will be launched from the end of 2024. This new model is expected to reach its full capacity by 2028.

The main assumptions used to calculate the enterprise values of these businesses are as follows:

- the discount rate is between 9.25% and 9.75%,
- free cash flows over the business plan horizon are based on business volume and operating margin assumptions that take into account known economic and market assumptions at the date of preparation (see above);
- the perpetual growth rate is equal to 2.25%.

At 31 December 2023, based on the assumptions described above, the fair values of the economic assets of the Residential and Business Property segments exceeded their net book values. No impairment was therefore recognized as of December 31, 2023.

A sensitivity of + or - 1% to the discount rate and + or - 0.25% to the perpetual growth rate would result in the valuation of the economic assets of the Residential and Business Property sectors still being higher than their carrying amounts at 31 December 2023.

The discount rate leading to a value equal to the net book value of the CGUs, all else being equal, would be 14.5%. Similarly, the perpetual growth rate leading to a value equal to the net book value, all else being equal, would be -10%. Finally, the terminal EBITDA margin rate leading to a value equal to the net book value, all else being equal, would be 3%.

Brands

The Group owns several brands measured at a total value of €115.0 million.

Impairment tests taking into account potential changes in the useful life were conducted, based on an assessment by an independent expert. The consequences of these tests were considered in the consolidated accounts as of December 31, 2023, with some resulting in impairment (approximately 12 million euros recorded in the statement of comprehensive income under the line "Net impairment losses on other non-current assets" and in the detailed income statement note under the lines "Net depreciation and provisions"). Furthermore, sensitivity tests on the values of other brands do not present a risk of impairment (+/- 1% on the discount rate, +/- 0.1% on the royalty rate).

7.2 Right-of-use on tangible and intangible fixed assets

(€ millions)	Land and Constructions	Vehicles	Others	Gross rights to use	Amort./ Dep. Land and Constructions	Amort./ Dep. Vehicles	Amort./ Dep. Others	Amort. (€ thousands)	Net rights to use
As of 31 December 2022	**175.7**	**4.6**	**0.2**	**180.5**	**(40.7)**	**(2.0)**	**(0.2)**	**(42.9)**	**137.7**
New contracts/Increases	17.5	2.6	–	20.2	(16.8)	(1.7)	(0.0)	(18.5)	1.7
Contract terminations/Reversals	(18.3)	(1.1)	(0.2)	(19.5)	3.0	0.8	0.2	4.0	(15.5)
As of 31 December 2023	**175.0**	**6.2**	**0.0**	**181.2**	**(54.5)**	**(2.9)**	**(0.0)**	**(57.4)**	**123.8**

The assets recognised in respect of right-of-use property leases mainly concern the leases of premises occupied by the Group's employees, and vehicle leases.

These assets are initially measured at cost with a corresponding lease liability (see Note 6.2). They are amortised on a straight-line basis over the reasonably certain lease term.

The lease term used for each contract corresponds to the reasonably certain lease term, i.e. the non-cancellable period adjusted for early termination options that the Group is reasonably certain not to exercise and extension options the Group is reasonably certain to exercise.

The changes are related to the signing of new property leases and/or the revision of contracts such as:

- changes to the rental contract,
- increase or decrease in the lease term or the amount of rents indexed to an index or rate.

7.3 Investment properties

Investment properties include:

- A shopping center in Orgeval, assessed at cost,
- and a right-of-use on investment properties from a lease previously accounted for under IAS 17 as investment properties at cost and now valued according to IFRS 16.

7.4 Operational working capital requirement (WCR)

Summary of components of operational working capital requirement

(€ millions)	31/12/2023	31/12/2022	Flows: Created by the business	Flows: Changes in consolidation scope and transfer	Flows: Change in consolidation method
Net inventories and work in progress	**1,090.9**	**1,116.9**	**(158.3)**	**132.2**	**–**
Contract assets	**536.0**	**723.1**	**(370.3)**	**183.3**	**–**
Net trade receivables	286.7	303.5	(41.3)	24.5	–
Other operating receivables net	498.4	436.5	(40.2)	102.1	–
Trade and other receivables net	**785.2**	**740.0**	**(81.5)**	**126.6**	**–**
Contract liabilities	**(257.0)**	**(351.4)**	**94.4**	**–**	**–**
Trade payables	(1,086.5)	(904.5)	(129.3)	(52.6)	–
Other operating payables	(467.9)	(466.2)	253.0	(254.8)	–
Trade payables and other operating liabilities	**(1,554.5)**	**(1,370.7)**	**123.7**	**(307.4)**	**–**
Operational WCR	**600.6**	**858.0**	**(392.0)**	**134.7**	**–**

Note: Presentation excludes receivables and liabilities on the sale or acquisition of fixed assets.

The decrease in working capital requirement is primarily related to the Residential activity.
Changes in the scope of consolidation and transfers are mainly related to the takeovers of Woodeum and SNC Logistique Bollène.

7.4.1 Inventories and pipeline products

(€ millions)	Gross inventories	Impairment	Net inventories
As of 1 January 2022	**899.9**	**(16.5)**	**883.4**
Change	187.3	0.6	187.8
Increases	–	(18.3)	(18.3)
Reversals	–	7.4	7.4
Transfers to or from other categories	23.7	0.5	24.2
Change in scope of consolidation	32.4	–	32.4
As of 31 December 2022	**1,143.3**	**(26.4)**	**1,116.9**
Change	(67.8)	(0.0)	(67.8)
Increases	–	(92.9)	(92.9)
Reversals	–	2.5	2.5
Transfers to or from other categories	0.2	–	0.2
Change in scope of consolidation	131.9	0.1	132.0
As of 31 December 2023	**1,207.6**	**(116.7)**	**1,090.9**

The change in inventories and work-in-progress is mainly due to the change in the Group's Property Development business, including the study costs and depreciation in land bank following the review of the project portfolio.

Changes in the scope of consolidation are mainly related to the takeovers of Woodeum and SNC Logistique Bollène.

7.4.2 Trade and other receivables

(€ millions)	31/12/2023	31/12/2022
Gross trade receivables	**288.2**	**304.8**
Opening impairment	**(1.3)**	**(1.3)**
Increases	(0.2)	(0.2)
Change in scope of consolidation	(0.0)	0.1
Reversals	0.0	0.1
Closing impairment	**(1.5)**	**(1.3)**
Net trade receivables	**286.7**	**303.5**
Advances and down payments paid	48.4	45.9
VAT receivables	347.1	295.5
Sundry debtors	39.6	29.3
Prepaid expenses	53.9	58.5
Principal accounts in debit	20.3	8.8
Total other operating receivables gross	**509.3**	**438.1**
Opening impairment	**(1.6)**	**(1.0)**
Increases	(9.5)	(1.2)
Reversals	0.2	0.6
Other change	–	0.0
Closing impairment	**(10.8)**	**(1.6)**
Net operating receivables	**498.4**	**436.5**
Trade receivables and other operating receivables	**785.2**	**740.0**
Receivables on sale of assets	0.2	0.2
Trade and other receivables	**785.3**	**740.2**

Detail of trade receivables due

(€ millions)	31/12/2023
Total gross trade receivables	**288.2**
Impairment of trade receivables	(1.5)
Total net trade receivables	**286.7**
Trade accounts to be invoiced	(43.0)
Non eligibles clients	(69.2)
Trade accounts receivable due	**174.6**

(€ millions)	Total	On time	At 30 days	At 60 days	At 90 days	More than 90 days
Trade accounts receivable due	**174.6**	115.1	–	31.9	2.4	25.1

Trade receivables

The Group carries out a case-by-case analysis to assess the credit risk of its tenants in centres in operation, and to write down, if necessary, the receivables of tenants where there is evidence that the Company will not be able to collect all amounts due.

Trade receivables related to the Property Development business result from the transformation of contract assets (into receivables) as funds are called from customers under the Group's unconditional right to receive cash.

Advances and down payments paid

Advances and down payments correspond primarily to compensation for loss of use paid by the Group to the sellers of land when preliminary sales agreements are signed (for those not covered by guarantees) as part of its Property development business. They are offset against the price to be paid on completion of the purchase.

Charges for the period of €9.5 million mainly relate to the impairment of fixed asset indemnities paid as part of the review of the Residential property portfolio.

7.4.3 Trade and other payables

(€ millions)	31/12/2023	31/12/2022
Trade payables and related accounts	**1,086.5**	**904.5**
Advances and down payments received from clients	0.8	3.6
VAT collected	254.1	281.4
Other tax and social security payables	37.2	56.9
Prepaid income	7.6	2.7
Other payables	148.7	112.8
Principal accounts in credit	19.7	8.8
Other operating payables	**467.9**	**466.2**
Amounts due on non-current assets	9.6	3.7
Trade and other payables	**1,564.1**	**1,374.4**

Other payables

Other liabilities increased to €148.7 million compared to €112.8 million in 2022. This change is mainly due to:

- the 100% consolidation of Woodeum for € 8.9 million,
- the guarantees for loss of use which the Group deemed it would have to pay if the project was abandoned for €9.3 million,
- an increase in performance guarantees and miscellaneous retentions.

NOTE 8 MANAGEMENT OF FINANCIAL RISKS

The Group is exposed to the following risks as part of its operational and financing activities: interest rate risk, liquidity risk, counterparty risk and currency risk.

As the Group does not carry out any transactions in foreign currencies, it is not subject to currency risk.

8.1 Carrying amount of financial instruments by category

As of 31 December 2023

			Financial assets and liabilities carried at amortised cost		Financial assets and liabilities carried at fair value				
(€ millions)	Total carrying amount	Non-financial assets	Loans Receivables	Liabilities at amortised cost	Equity instruments	Assets and liabilities at fair value through profit and loss	*Level 1 (a)*	*Level 2 (b)*	*Level 3 (c)*
NON-CURRENT ASSETS	**168.5**	**28.0**	**119.4**	**–**	**–**	**21.1**	**–**	***21.1***	**–**
Securities and investments in equity affiliates	139.9	28.0	111.9	–	–	–	–	–	–
Non-current financial assets	28.6	–	7.5	–	–	21.1	–	*21.1*	–
CURRENT ASSETS	**1,371.7**	**–**	**1,336.3**	**–**	**–**	**35.4**	***35.4***	**–**	**–**
Trade and other receivables	785.3	–	785.3	–	–	–	–	–	–
Current financial assets	27.1	–	27.1	–	–	–	–	–	–
Cash and cash equivalents	559.2	–	523.9	–	–	35.4	*35.4*	–	–
NON-CURRENT LIABILITIES	**729.0**	**–**	**–**	**729.0**	**–**	**–**	**–**	**–**	**–**
Borrowings and financial liabilities	727.4	–	–	727.4	–	–	–	–	–
Deposits and security interests received	1.5	–	–	1.5	–	–	–	–	–
CURRENT LIABILITIES	**1,902.7**	**–**	**–**	**1,902.0**	**–**	**0.7**	**–**	***0.7***	**–**
Borrowings and financial liabilities	337.9	–	–	337.9	–	–	–	–	–
Derivative financial instruments	0.7	–	–	–	–	0.7	–	*0.7*	–
Trade and other payables	1,564.1	–	–	1,564.1	–	–	–	–	–

(a) Financial instruments listed on an active market.
(b) Financial instruments whose fair value is determined using valuation techniques based on observable market inputs.
(c) Financial instruments whose fair value (in whole or in part) is based on non-observable inputs.

Equity instruments mainly comprise equity securities of non-consolidated companies. At each acquisition, an analysis is carried out to determine the Group's management intention, and therefore its accounting method (change in value through income or by OCI).
Cash and cash equivalents breakdown between cash presented under receivables and marketable securities presented as financial assets within Level 1 of the fair value hierarchy.

As of 31 December 2022

			Financial assets and liabilities carried at amortised cost		Financial assets and liabilities carried at fair value				
(€ millions)	Total carrying amount	Non-financial assets	Loans Receivables	Liabilities at amortised cost	Equity instruments	Assets and liabilities at fair value through profit and loss	*Level 1 (a)*	*Level 2 (b)*	*Level 3 (c)*
NON-CURRENT ASSETS	**284.5**	**81.0**	**201.9**	**–**	**1.6**	**–**	**–**	**–**	**1.6**
Securities and investments in equity affiliates	271.2	81.0	190.2	–	–	–	–	–	
Non-current financial assets	13.3	–	11.7	–	1.6	–	–	–	1.6
CURRENT ASSETS	**1,620.7**	**–**	**1,571.9**	**–**	**–**	**48.1**	**48.1**	**–**	**–**
Trade and other receivables	740.2	–	740.2	–	–	–	–	–	–
Current financial assets	81.9	–	33.7	–	–	48.1	48.1	–	–
Derivative financial instruments	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	798.6	–	798.0	–	–	–	–	–	–
NON-CURRENT LIABILITIES	**753.9**	**–**	**–**	**753.9**	**–**	**–**	**–**	**–**	**–**
Borrowings and financial liabilities	753.5	–	–	753.5	–	–	–	–	–
Deposits and security interests received	0.4	–	–	0.4	–	–	–	–	–
CURRENT LIABILITIES	**1,927.7**	**–**	**–**	**1,927.7**	**–**	**0.0**	**–**	**0.0**	**–**
Borrowings and financial liabilities	553.2	–	–	553.2	–	–	–	–	–
Derivative financial instruments	0.0	–	–	–	–	0.0	–	0.0	–
Trade and other payables	1,374.4	–	–	1,374.4	–	–	–	–	–

(a) Financial instruments listed on an active market.
(b) Financial instruments whose fair value is determined using valuation techniques based on observable market inputs.
(c) Financial instruments whose fair value (in whole or in part) is based on non-observable inputs.

Equity instruments mainly comprise equity securities of non-consolidated companies. At each acquisition, an analysis is carried out to determine the Group's management intention, and therefore its accounting method (change in value through income or by OCI).
Cash and cash equivalents breakdown between cash presented under receivables and marketable securities presented as financial assets within Level 1 of the fair value hierarchy.

8.2 Interest rate risk

The Group holds a portfolio of swaps designed to hedge against interest rate risk on its financial debts.

Derivative instruments are measured and recognised at fair value in the balance sheet based on external valuations. Changes in the fair value of derivative instruments are always recognised in income. The Group has not opted for hedge accounting.

The derivative instruments were valued by discounting estimated future cash flows based on the interest rate curve as of December 31, 2023.

Position in derivative financial instruments

(€ millions)	31/12/2023	31/12/2022
Interest-rate swaps	(0.7)	–
Total	**(0.7)**	**–**

Maturity schedule of derivative financial instruments (notional amounts)

(€ millions)	31/12/2023	31/12/2024	31/12/2025	31/12/2026	31/12/2027	31/12/2028
ALTAREIT pay fixed – swap	–	–	–	–	–	–
ALTAREIT pay fixed – swaption	500.0	–	–	–	–	–
ALTAREIT pay fixed – cap	–	–	–	–	–	–
Total	**500.0**	**–**	**–**	**–**	**–**	**–**
Average hedge ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Management position

As of 31 December 2023

(€ millions)	31/12/2023	31/122024	31/12/2025	31/12/2026	31/12/2027	31/12/2028
Fixed-rate bond and bank loans	(339.8)	(334.5)	(0.4)	(0.0)	0.0	0.0
Floating-rate bank loans	(365.4)	(258.9)	(174.3)	(111.4)	(51.4)	–
Cash and cash equivalents (assets)	559.2	–	–	–	–	–
Net position before hedging	**(146.1)**	**(593.4)**	**(174.7)**	**(111.5)**	**(51.4)**	**0.0**
Swap	–	–	–	–	–	–
Swaption	500.0	–	–	–	–	–
Cap	–	–	–	–	–	–
Total derivative financial instruments	**500.0**	**–**	**–**	**–**	**–**	**–**
Net position after hedging	**353.9**	**(593.4)**	**(174.7)**	**(111.5)**	**(51.4)**	**0.0**

As of 31 December 2022

(€ millions)	31/12/2022	31/12/2023	31/12/2024	31/12/2025	31/12/2026	31/12/2027
Fixed-rate bond and bank loans	(344.5)	(338.3)	(337.7)	(0.3)	(0.1)	(0.0)
Floating-rate bank loans	(600.1)	(266.1)	(176.9)	(110.1)	(53.8)	–
Cash and cash equivalents (assets)	798.6	–	–	–	–	–
Net position before hedging	**(146.0)**	**(604.4)**	**(514.7)**	**(110.4)**	**(53.8)**	**(0.0)**
Swap	–	–	–	–	–	–
Cap	–	–	–	–	–	–
Total derivative financial instruments	**–**	**–**	**–**	**–**	**–**	**–**
Net position after hedging	**(146.0)**	**(604.4)**	**(514.7)**	**(110.4)**	**(53.8)**	**(0.0)**

Analysis of interest-rate sensitivity

The following table shows the interest-rate sensitivity (including the effect of hedging instruments) of the entire portfolio of floating-rate borrowings from credit establishments and derivative instruments.

	Increase/decrease in interest rates	Impact of the gain (-) or loss (+) on pre-tax	Impact on the value of the portfolio of the financial instruments
31/12/2023	+50 bps -50 bps	-€0.6 million +€0.9 million	- -
31/12/2022	+50 bps -50 bps	-€1.4 million +€1.1 million	- -

8.3 Liquidity risk

Cash

The Group had a positive cash position of €559.2 million at 31 December 2023, compared to €798.6 million at 31 December 2022. This represents its main tool for management of liquidity risk (see Note 6.2.1 "Net financial bond and bank debt").

In 2023, an automated Group cash-pooling scheme was set up for almost the entire scope of consolidation (including partner companies). Thus, almost all of the cash on the balance sheet is available for the Group's operations.

At 31 December 2023, the Group can also draw down an additional €795 million (in the form of unused confirmed corporate credit lines not allocated to development projects or operations), to use without restriction.

Covenants

Due to its affiliation with the Altarea Group, some covenants are related to consolidated indicators of the latter.

The covenants with which the Group must comply concern the listed corporate bond and bank loans, for €223 million.

The bond issue subscribed for by Altareit SCA (€334.5 million) is subject to leverage covenants.

	Altarea Group covenants	31/12/2023	Consolidated Altareit covenants	31/12/2023
Loan To Value (LTV)				
Net bond and bank financial debt/re-assessed value of the Company's assets	< 60%	28.7%		
Interest Cover Ratio (ICR)				
Operating income (FFO column or cash flow from operations)/Company's net borrowing costs (FFO column)	> 2	7.5		
Leverage				
Gearing: Net financial debt/Equity			≤ 3.25	0.2
ICR: EBITDA/Net interest expenses			≥ 2	5.4

Counterparty risk

In the course of its business, the Group is exposed to two main categories of counterparty: financial institutions and tenants.

With regard to financial institutions, credit and/or counterparty risks relate to cash and cash equivalents, derivatives arranged to hedge interest rate risk, and the banking institutions with which these products are arranged.

To limit this risk, the Group only arranges hedging with leading financial institutions. The selected vehicles have a very limited risk profile and are monitored.

NOTE 9 RELATED PARTY TRANSACTIONS

Ownership structure of Altareit

As a percentage	31/12/2023 % share capital and theoretical voting rights	31/12/2023 % actual voting rights	31/12/2022 % share capital and theoretical voting rights	31/12/2022 % actual voting rights
Altarea	99.63	99.76	99.63	99.75
Altarea France	0.11	0.11	0.11	0.11
Alta Faubourg *	0.11	–	0.11	–
Group Altarea	*99.85*	*99.87*	*99.85*	*99.86*
Treasury Shares	0.02	–	0.01	–
Public	0.13	0.13	0.14	0.14
Total	**100.0**	**100.0**	**100.0**	**100.0**

** Treasury shares, the voting rights attached to which cannot be exercised in the general meeting in accordance with the provisions of Article L.233-31 of the Commercial Code.*

Related party transactions

The related parties, in this particular case, are understood to be legal entities whose executives are shared with those of the Company.

The main related parties identified by the Group are:

- Altarea (the controlling holding company of the Altarea group, of which the Company is a part) and its subsidiaries, including service providers.
- Companies controlled by Mr. Alain Taravella (founder and president of the Altarea group) and his family, who hold stakes in Altarea: AltaGroupe, Alta Patrimoine, and Altager.
- Altafi 2, a non-shareholder manager of the Company, chaired by Mr. Alain Taravella and wholly owned by AltaGroupe. Mr. Jacques Ehrmann is the CEO of Altafi 2.

Transactions with these related parties mainly involve services provided by the Altareit group to related parties or financing transactions (current accounts and guarantees). The amounts billed by the Altareit group to related parties are at normal market conditions.

Altarea has provided personal guarantees (including co-signing and standalone guarantees) on behalf of Altareit (and its subsidiaries) for an amount of up to a total of 1,018.5 million euros. Additionally, Altarea has directly invested 50% in the company AF Investco 4 for the restructuring of a building alongside the investment fund Altafund, in which Altareit also invests. As a result, Altareit indirectly holds 8.35% of the capital of AF Investco 4.

To formalize the services usually provided to Altareit by Altarea as the holding company, and to specify the services performed by Altarea, an animation agreement was concluded in 2017, with the previously applied conditions remaining unchanged. Additionally, an animation agreement was concluded in 2022 between AltaGroupe on one hand, and Altarea, Altareit, and their subsidiaries and sub-subsidiaries on the other.

Furthermore, management fee agreements have been established to remunerate the services provided by Altareit and Altarea Management (a subsidiary of Altarea) to the Group's companies. The remuneration for these management fees has been mutually agreed upon based on the cost of the services provided and is in line with market prices.

(€ millions)	Altafi 2	Altarea and subsidiaries	31/12/2023	31/12/2022
Non-current assets	–	3.7	3.7	3.1
Current assets	0.1	27.1	27.2	28.8
TOTAL ASSETS	**0.1**	**30.7**	**30.8**	**31.9**
Trade payables, current accounts, and other liabilities (a)	0.5	145.7	146.1	125.4
TOTAL LIABILITIES	**0.5**	**145.7**	**146.1**	**125.4**

(a) Primarily, the current account between Altareit SCA and Altarea SCA.

(€ millions)	Altafi 2	Altarea and subsidiaries	31/12/2023	31/12/2022
Operating income	0.1	16.0	16.1	10.9
Operation expenses	(1.3)	(61.8)	(63.1)	(63.6)
Operating result	**(1.2)**	**(45.8)**	**(47.0)**	**(52.7)**
Net financial cost	–	(4.0)	(4.0)	(2.1)
Net result	**(1.2)**	**(49.8)**	**(51.0)**	**(54.8)**

Compensations of the Management

Management compensation is received entirely by Altafi 2 in the form of fees.

The fixed remuneration of Management is €0.9 million for 2023.

The annual variable remuneration that may be paid is partly calculated proportionally to the consolidated net profit, Group's share, for the fiscal year beyond a certain predetermined threshold. Additionally, another portion is contingent on achieving extra-financial objectives related to climate and human resources. As an indicative figure, it amounts to approximately 0.4 million euros as of December 31, 2023. These remuneration components were set by the Supervisory Board in accordance with the remuneration policy approved by the general meeting on June 8, 2023.

Compensation of the Group's senior executives

(€ millions)	31/12/2023	31/12/2022
Gross wages[(a)]	1.8	1.1
Social security contributions	0.8	0.5
Share-based payments[(b)]	3.1	2.2
Number of shares delivered during the period	6 649	6 036
Post-employment benefits[(c)]	0.0	0.0
Other short- or long-term benefits and compensation[(d)]	0.0	0.0
Termination indemnities[(e)]	–	–
Employer contribution on free shares delivered	0.2	0.2
Post-employment benefit commitment	0.3	0.1

(a) Fixed and variable compensation.

(b) Charge calculated in accordance with IFRS 2.

(c) Pension service cost according to IAS 19, life insurance and medical care.

(d) Benefits in kind, directors' fees and other compensation vested but payable in the future (short- or long-term).

(e) Post-employment benefits, including social security costs.

In number of rights on equity in circulation	31/12/2023	31/12/2022
Rights to Altarea SCA's free shares grants	62,432	43,371

The information presented relates to the remuneration and benefits allocated to the key employees of the Group. It does not include the remuneration of the Management and that of the Chairman and members of the Supervisory Board.

NOTE 10 GROUP COMMITMENTS AND CONTINGENT LIABILITIES

10.1 Off-balance sheet commitments

The main commitments given by the Group are mortgages and mortgage commitments made to secure loans or lines of credit from credit establishments.

Pledges of securities and undertakings not to sell or assign ownership units are also made by the Company to secure certain loans.

These commitments appear in Note 6.2 “Net financial debt and guarantees”.

In addition, the Company has received commitments from banks for unused credit lines, which are described in Note 8.3 “Liquidity risk”.

All other material commitments are set out below:

(€ millions)	31/12/2022	31/12/2023	Less than 1 year	From one to five years	More than five years
Commitments received					
Commitments received relating to financing (excl.	**–**	**–**	**–**	**–**	**–**
Commitments received relating to Company acquisitions	**6.4**	**5.4**	**1.1**	**4.3**	**–**
Commitments received relating to operating activities	**12.9**	**12.8**	**12.6**	**0.1**	**0.0**
Security deposits received in the context of the Hoguet Act (France)	12.6	12.6	**12.6**	**–**	**–**
Security deposits received from tenants	0.3	0.2	**–**	**0.1**	**0.0**
Total	**19.3**	**18.1**	**13.7**	**4.4**	**0.0**
Commitments given					
Commitments given relating to financing (excl. borrowings)	**–**	**–**	**–**	**–**	**–**
Commitments given relating to Company acquisitions	**13.6**	**3.5**	**0.3**	**3.2**	**–**
Commitments given relating to operating activities	**2,028.2**	**1,931.6**	**1,139.5**	**790.6**	**1.5**
Construction work completion guarantees (given)	1,809.9	1,730.1	1,061.0	669.1	–
Guarantees given on forward payments for assets	156.9	118.9	37.4	80.5	1.0
Guarantees for loss of use	43.5	81.0	40.9	39.6	0.5
Other sureties and guarantees granted	18.0	1.5	0.0	1.5	–
Total	**2,041.8**	**1,935.1**	**1,139.8**	**793.7**	**1.5**

Commitments received

COMMITMENTS RECEIVED RELATING TO ACQUISITIONS/DISPOSALS

As part of its acquisition of the developer Severini, the Group received a commitment from the sellers to guarantee it until 31 January 2025 against any damage or loss up to €2 million, incurred by the Group as a result of the business activities, with a cause or origin predating 31 March 2018.

As part of its acquisition of the developer XF, the Group received a liability guarantee from the sellers in the amount of €2.3 million expiring at the end of July 2025.

COMMITMENTS RECEIVED RELATING TO OPERATING ACTIVITIES

- **Security deposits**

Under the Hoguet Law, the Group benefits from guarantees received from specialized organizations as security for its real estate management and transaction activities.

Commitments given

COMMITMENTS MADE RELATED TO PERIMETER TRANSACTION

The main commitment, amounting to 3.5 million euros (firm commitment for identified transactions), is a commitment to subscribe to the capital of companies forming the AltaFund investment fund. The commitment varies based on subscriptions and/or redemptions during the period. Additionally, the Group may provide guarantees for liabilities or price adjustments in the sale of shares of subsidiaries and investments.

COMMITMENTS GIVEN RELATING TO OPERATING ACTIVITIES

- **Construction work completion guarantees**

Completion guarantees are given to customers as part of off-plan sales and are provided on behalf of Group companies by financial institutions, mutual guarantee organisations or insurance companies. They are reported in the amount of risk borne by the financial institution that issued the guarantee.

In return, Group companies give financial institutions a promise of mortgage security and an undertaking not to sell ownership units.

- **Guarantees on forward payments for assets**

These guarantees mainly cover purchases of land or buildings for the Property Development business.

- **Guarantees for loss of use**

As part of its Property Development activities, the Group signs preliminary sales agreements with landowners, the execution of which is subject to conditions precedent, including conditions relating to obtaining administrative authorisations. In return for their undertakings, landowners receive compensation for loss of use, which takes the form of an advance (carried on the asset side of the balance sheet) or a surety (an off-balance sheet commitment). The Group undertakes to pay the compensation for loss of use if it decides not to buy the land when the conditions precedent are met.

Other commitments and guarantees

Other commitments and guarantees provided primarily include guarantees given to companies in the context of signing construction contracts.

Reciprocal commitments

Notably in the ordinary course of its Property Development activities, the Group enters into reciprocal commitments to ensure the REIT control of future projects. The Group signs bilateral sales agreements with landowners: the owner undertakes to sell its land and the Group commits to buy it if all conditions precedent (administrative and/or marketing) are met.

Other commitments

in the conduct of its Residential property development, the Group signs new orders (or preliminary sales agreements) with its customers, the execution of which depends on whether the customers meet the conditions precedent, particularly with respect to their ability to secure financing.

As part of its Property Development business, the Group has a future offering consisting of unilateral preliminary sales agreements.

The amount of these commitments is shown in the business review.

10.2 Contingent liabilities

The Group is not subject to any significant rectification proposal as of 31 December 2023

No other new litigation or governmental, legal, or arbitration proceedings that are likely to have significant effects on the Company's financial position or profitability arose in the period, other than those for which a provision has been recognised (see Note 6.3 "Provisions") or for which the case is ongoing.

Regarding the Primonial litigation, in agreement with its advisors, no provision has been recorded by the Group (see note 4.1 "Major events").

NOTE 11 POST-CLOSING EVENTS

There were no major events after the closing date and prior to the approval date of the financial statements.

NOTE 12 APPOINTMENT OF STATUTORY AUDITORS

(€ millions)	EY				Grant Thornton				Mazars				Autres				Total			
	Amount		%		Amount		%		Amount		%		Amount		%		Amount		%	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Statutory audit, certification, examination of individual and consolidated financial statements																				
- Altareit SCA	0.3	0.3	33%	36%	–	0.3	0%	66%	0.3	–	28%	0%	–	–	0%	0%	0.5	0.5	27%	34%
- Fully consolidated subsidiaries	0.5	0.5	65%	63%	0.0	0.1	100%	14%	0.6	0.4	71%	100%	0.1	0.1	90%	100%	1.3	1.0	70%	62%
Services other than the certification of the financial statements																				
- Altareit SCA	–	0.0	0%	1%	–	0.1	0%	20%	–	–	0%	0%	–	–	0%	0%	–	0.1	0%	5%
- Fully consolidated subsidiaries	0.0	–	2%	0%	–	–	0%	0%	0.0	–	1%	0%	0.0	–	10%	0%	0.0	–	2%	0%
Total	**0.8**	**0.8**	**100%**	**100%**	**0.0**	**0.4**	**100%**	**100%**	**0.9**	**0.4**	**100%**	**100%**	**0.2**	**0.1**	**100%**	**100%**	**1.9**	**1.6**	**100%**	**100%**