



9-month revenue: €2.1 billion (up 10.5%)

Residential: growth in the 3rd quarter, in line with post-lockdown recovery

- New orders¹ (9-month): €2,407 million (+13%) for 8,520 units (+9%)
- Notarised sales² (9-month): €2,612 million (+68%)
- Revenue³ (9-month): €1,651 million (+21%)

Retail: encouraging return to normal potentially suspended

- Retailer sales for the 3rd quarter: +1.2%⁴
- Net rental income (9-month): €140.8 million (down 7.4%, o/w -6.4% "Covid impact")
- Good progress in negotiations with retailers
- Once again, only essential businesses can stay open

Business Property: good resumption in business

- New orders (9-month): €138.6 million
- Building sites: good progress, but only partly offsetting delays in the spring
- Delivery of Danone headquarters in Rueil-Malmaison (92) in early October
- Numerous operations under discussion, particularly in the Regions

Consolidated financial indicators: performance in challenging times

- 9-month revenue: €2,099 million (+10.5%), +15.4% in Q3
- Net debt⁵: €2,429.2 million (-€46.1 million vs. 31/12/2019)
- Strong liquidity: €3,149 million at 30 September 2020, no RCFs⁶ drawn

Return of lockdown

- Impact on FFO in the latter part of 2020 hard to gauge
 - Resumption of growth in FFO in 2021. Precise timing depending on the stabilisation of the health situation
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Unaudited data as at 30 September 2020

¹ New orders net of withdrawals, in euros including VAT when expressed in value. New orders at 100%, with the exception of projects under joint control (Group share of placements, including Woodeum).

² Client's definitive commitment is legally materialised upon the notarial signature, which regularises a reservation contract (depending on the stage of technical progress, client pays between 30% to 100% of the price at the notarial signature).

³ Revenue by percentage of completion (technical and commercial) and external services.

⁴ On a like-for-like basis, in July, August and September on the French scope (+1.0% including Sant Cugat shopping centre in Spain).

⁵ Consolidated bank and bond net debt.

⁶ Revolving credit facilities.

“With revenue up more than 10% and debt down since the beginning of the year, Altarea has demonstrated its ability to come through an unprecedented crisis. Nine-month absolute performance is impressive; nine-month relative performance still more so.

Before the resurgence of the Covid-19 epidemic, Altarea was on a growth path at least in line with its objectives set last August, namely FFO for the second half of 2020 at the same level as that of the first half of 2020 and a resumption of growth in FFO from 2021.

However, the resurgence of the Covid-19 epidemic and the new period of lockdown announced on 29 October is likely to have an impact on FFO in the latter part of 2020 that is hard to quantify at this stage. However, it does not call into question the principle of a resumption of Altarea’s growth in 2021, the precise timing of which will depend on the stabilisation of the health situation. Altarea’s strengths and growth potential remain intact”.

Alain Taravella, Chairman and Founder of Altarea

I. BUSINESS REVIEW

RESIDENTIAL

New orders⁷: €2,407 million (+13%) for 8,520 units (+9%)

New orders grew 13% in value terms, driven by institutional investors. In particular, the Group signed two agreements with CDC Habitat for the sale of 4,570 units for a total of €1,031.5 million (excl. tax):

- the 1st agreement (3,500 units, €825m excl. tax) mainly consists of programmes at "Building Permit delivered" stage, 80% of which was regularised at the end of September,
- the 2nd agreement (1,070 units, €186.5m excl. tax) will be regularised between late 2020 and early 2021.

New orders	30/09/2020		30/09/2019		Change
Individuals - Residential buyers	€489m	20%	€737m	35%	-34%
Individuals - Investment	€510m	21%	€811m	38%	-37%
Institutional investors - Block sales	€1,407m	59%	€586m	27%	+140%
TOTAL in value (incl. tax)	€2,407m		€2,134m		+13%
Individuals - Residential buyers	1,292 units	15%	2,124 units	27%	-39%
Individuals - Investment	1,796 units	21%	3,152 units	41%	-43%
Institutional investors - Block sales	5,433 units	64%	2,509 units	32%	+117%
TOTAL in units	8,520 units		7,784 units		+9%

During the 3rd quarter, Altarea transferred a significant part of its residential offer from Individuals to Institutional investors. Thanks to this strategic move, Altarea was able to offset the delays due to the tightening of access to credit for Individuals, and maintain the pace of regularisations.

Notarised sales over 9 months: €2,612 million⁸ (+68%)

During the 3rd quarter, the Group regularised nearly €729m (incl. tax), compared with €580m in the 3rd quarter of 2019 (+26%). Since the beginning of the year, notarised sales have thus increased by 68% in value (+47% in volume).

Notarised sales (incl. tax)	30/09/2020	30/09/2019	Change
Individuals	€1,305m	€1,183m	+10%
Institutional investors	€1,307m	€369m	x3.5
Total in value	€2,612m	€1,553m	+68%

Residential revenue⁹ up 21% to €1,651 million

	30/09/2020	30/09/2019	Change
Revenue (excl. tax)	€1,651m	€1,365m	+21%

In the first half of the year, the team's mobilization on notarised sales largely offset the delay in the technical progress of the building sites. In the 3rd quarter, technical progress resumed at its normal pace.

Backlog

Backlog is a leading indicator of potential revenue, which includes:

- Notarised sales, not yet recognised: units that have been regularised at the notary's office, to be recognised as revenue according to technical progress,
- New orders (units sold) that are not yet regularised.

⁷ New orders net of withdrawals, in euros including VAT when expressed in value. New orders at 100%, with the exception of projects under joint control (Group share, including Woodeum).

⁸ Client's definitive commitment is legally materialised upon the notarial signature, which regularises a reservation contract.

⁹ Revenue by percentage of completion + external services (ie €7.3m at 30/09/2020 and €7.7m at 30/09/2019). Revenue by percentage of completion is recognised on the basis of both commercial progress (notarised sales) and technical progress (progress of building sites).

	30/09/2020	31/12/2019	Change
Notarised sales, not yet recognised	€2,174m	€1,722m	+26%
New orders (units sold), not yet regularised	€1,829m	€2,057m	-11%
Backlog (excl. tax)	€4,004m	€3,778m	+6%

The 26% increase in the "Notarised sales, not yet recognised" component of the backlog reflects the growth in notarised sales (commercial progress), which will feed through to revenue by percentage of completion in the coming semesters.

Return of lockdown: a much more muted impact than in spring

The lockdown measures announced by the Government on 29 October 2020 are expected to have much more muted short-term consequences than those imposed last spring. Building sites remain open and notary offices continue to operate, albeit with reduced capacity. That said, it is too early to assess the possible impact in the final part of the year, which is generally a very active period in the residential property development sector.

RETAIL

Shopping centres performance: retailer sales and footfall

During the third quarter of 2020, retailer sales were favourably oriented with like-for-like growth of 1.2%¹⁰ compared with the same period in 2019. But: 1/ the growth path was mainly being driven by household equipment, while Restaurants & Leisure declined, 2/ retail parks clearly outperformed (+ 11.8%), while travel retail (-12.8%) suffered, mainly from the decline in traveller and tourist numbers.

In the 3rd quarter, footfall was 90% of last year's level, confirming the structural increase in the average basket.

Gross rental income (IFRS)

IFRS Gross rental income amounted to €140.8m for the first nine months of the year, down €11.3m (-7.4%), including a €9.8m (-6.4%) "Covid impact", which broke down as:

- a -€1.8m impact on sales-based rents and specialty leasing,
- a -€7.1m¹¹ impact from waivers granted to tenants and recognised directly as an expense,
- a -€0.9m impact related to the straight-line amortization of rent abatements¹² for unpaid 2nd-quarter rents where agreements have been reached with tenants.

Excluding "Covid impact", gross rental income fell by €1.5m¹³, primarily due to a scope effect (disposals offset deliveries and rent indexation over the period).

Rent collection and negotiations with retailers

Since the beginning of the year, Altarea invoiced €183.3m¹⁴ and collected €132.9m (72%), broken down as follows:

- 1st quarter: 96%,
- 2nd quarter: 41%,
- 3rd quarter: 81%.

Concerning the 3rd quarter, rents to be recovered mainly concern travel retail (hit by the decline in traffic) as well as Restaurants & Leisure (subject to specific restrictions).

¹⁰ On a like-for-like basis, in July, August and September on the French scope (+1.0% including Sant Cugat shopping centre in Spain).

¹¹ Waivers granted to the smallest retailers, travel retail tenants and other medium-sized companies.

¹² Spread over the firm term of the leases, in accordance with IFRS 16.

¹³ Net of deliveries and disposals for the period.

¹⁴ Rents and charges excluding VAT, scope France excluding Spain.

Altarea has been engaged in discussions with tenants, generally resulting in the waiver of a portion of unrecovered rents from the 2nd-quarter in exchange for compensation (extension of lease terms, review of rental values, etc.). To date, agreements have been reached with 71% of the tenants as part of a long-term partnership relationship.

When negotiations result in contractual amendments to the leases, their characteristics are (on average) as follows:

- an extension of the lease term by 2.4 years,
- an increase in rental value of +1.0%,
- in return for support equivalent to 2.1 months of rent (taken mainly from unrecovered 2nd-quarter invoicing).

Operation of non-essential businesses suspended again

The lockdown measures announced by the Government on 29 October 2020 came just as the businesses managed by Altarea had entered a period of gradual normalisation in a context that remained difficult for many retailers.

To date, it would appear that more retailers have decided to keep trading, with nearly 300 shops open (out of a total of around 1,300¹⁵ managed), more than double the number observed during the spring.

At this stage, it is too early to quantify the impact of the new period of lockdown on the collection of rents for the 4th-quarter or the outcome of ongoing discussions concerning the recovery of sums due, in particular for the 2nd-quarter. In this regard, the Government, in conjunction with professional lessor and retailer bodies, is reviewing a number of support measures aimed at mitigating the impact of the second period of lockdown.

BUSINESS PROPERTY

New orders

Since the beginning of the year, the Group has signed a total of €138.6m in new orders, including a delegated project management (DPM) deal in the very centre of Paris and two off-plan sales in Nantes and Toulouse signed during the 3rd quarter.

Deliveries

At the end of October, Altarea delivered "Convergence", Danone's new headquarters in Rueil-Malmaison, which is NF HQE Bâtiments Tertiaires certified, and will soon deliver a 46,000 m² logistics platform near Nantes to Lidl.

Bridge, Orange's future headquarters in Issy-les-Moulineaux, will be delivered in the first quarter of 2021. The building has just been awarded the WiredScore "Platinum" label, the top level of distinction for digital connectivity.

Pipeline

Numerous operations are under advanced discussion both in the Paris region (DPM, rental events, etc.) and in the Regions (turnkey projects, off-plan sales, etc.).

¹⁵ France scope.

II. FINANCIAL OVERVIEW

9-month revenue: €2.1 billion (up 10.5%)

In €m	Q1 2020	Q2 2020	Q3 2020	TOTAL 9-mth 2020	Q1 2019	Q2 2019	Q3 2019	TOTAL 9-mth 2019	Q3 2020/ Q3 2019	9-mth 2020 /9-mth 2019
Rental income	51.4	42.3	47.2	140.8	49.1	52.9	50.2	152.1	-6.0%	-7.4%
External services	4.2	4.3	4.2	12.7	6.6	4.8	4.7	16.0	-9.0%	-20.6%
Property development	6.0	1.6	2.0	9.6	-	-	-	-	-	-
Retail	61.6	48.2	53.4	163.2	55.7	57.6	54.8	168.2	-2.6%	-3.0%
Revenue (% of completion)	384.2	685.3	574.5	1 644.0	433.0	460.9	463.3	1 357.2	+24.0%	+21.1%
External services	2.7	2.0	2.6	7.3	1.8	3.5	2.4	7.7	+8.3%	-5.4%
Residential	386.9	687.3	577.1	1 651.3	434.8	464.4	465.7	1 365.0	+23.9%	+21.0%
Revenue (% of completion)	116.7	79.8	84.7	281.2	101.0	159.0	98.5	358.5	-14.0%	-21.5%
External services	1.1	1.6	0.9	3.6	1.0	5.7	1.3	8.0	-29.2%	-55.3%
Business property	117.8	81.5	85.6	284.8	102.0	164.7	99.8	366.5	-14.2%	-22.3%
Revenue	566.2	817.0	716.1	2,099.3	592.5	686.8	620.4	1,899.6	+15.4%	+10.5%

Consolidated 9-month revenue amounted to €2,099,3 million, up 10.5% year-on-year, driven by Residential development. Business property revenue was down due to the delivery of some PDAs (including Richelieu), which contributed heavily to 2019 revenue, and the delay in some major projects (PDAs and off-plan sales).

Financial structure: strong liquidity and decrease in net debt

Available liquidity exceeded €3.1 billion

As of 30 September 2020, available cash and cash equivalents amount to €3,149 million (compared with €2,659 million as of 31 December 2019), breaking down as follows:

In €m	Cash	Unused credit facilities	TOTAL 30/09/2020	TOTAL 31/12/2019
At Group level	644	1,202	1,846	1,281
At project level	640	663	1,303	1,378
TOTAL	1,284	1,865	3,149	2,659

All RCF¹⁶ lines remain undrawn, with an average maturity of 4 years (and none due before H2 2022). Total short and medium-term financing amounts to €843.5 million (average maturity of 5.3 months).

Liquidity available at group level amply covers all bank and bond maturities until at least the end of 2023.

Net Debt¹⁷: €2,429.2 million

Net debt at 30 September was down by €46.1 million compared to 31 December 2019 and virtually stable compared to 30 June 2020 (+€57.2 million after payment of the 2019 dividend in July).

ABOUT ALTAREA – FR0000033219 - ALTA

Altarea is the leading property developer in France. As both a developer and an investor, the Group operates in the three main property markets (Retail, Residential and Business property), leading major mixed-use urban renewal projects in France. The Group has the required expertise in each sector to design, develop, market and manage made-to-measure property products. In Retail, Altarea managed assets of €5.3 billion (€3.0 billion in Group share) as of 30 June 2020. Altarea is listed in Compartment A of Euronext Paris.

¹⁶ Revolving credit facilities (confirmed credit authorisations).

¹⁷ Bank and bond debt, net of cash, cash equivalents and other similar items.

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