



Business driven by the urban transformation market

Altarea, leader in urban transformation

A comprehensive real estate offering serving the city and its users
A €19.4 bn pipeline¹ (4.3 million m², 800 projects)

Major progress on large mixed-use projects

“Cœur de ville” delivered in Bezons (65,000 m²), construction in Bobigny (100,000 m²) launched
New projects in the Regions (Rouen, Tours, Annecy)

Residential supply rebuilt amid persistently strong demand

Supply ramped up, particularly in new regional markets
Priority given to Individuals with new orders up +28%
Agile monitoring of activity in a context of inflation

Multiple value-creating transactions in Business Property

Sale of the remainder of Orange’s head office; offices sold off-plan in the Regions
Lease of the Group’s first urban logistics project in Paris’s 12th arrondissement

Retail business gets back to normal

Retailer sales back to 2019 levels
Net rental income up, collection rate near normal, sharp decline in bad debts

Financial performance

Consolidated revenue up to €661.2 m (+0.9% vs 2021 and +11.6% vs 2019)
Net debt down to €1,518 m (-€128 m vs 31/12/2021 and -€798 m over 12 months)
Strong liquidity at €3,035 m

Annual General Meeting on 24 May 2022

Proposed dividend for 2021: €9.75/share (+2.6% vs 2020)
Change in payment terms: dividend to be paid fully in cash on 31 May 2022

Outlook

Given the non-completion of the acquisition of the Primonial group, Altarea modifies the guidance announced on 22 February 2022

Considering the first quarter performance, Altarea expects its 2022 operating profit to be significantly higher than 2021 and 2019, unless the macroeconomic and geopolitical context deteriorates further

By 2025, Altarea is targeting FFO² per share of around €18, mainly generated by organic growth

Unaudited data as of 31 March 2022

¹ Potential value at end-December 2021. Potential value = market value at delivery date. Retail: potential market value including transfer duties of projects on delivery (net rents capitalised at a market rate) at 100%, and revenue excluding tax for development projects. Residential: offer for sale + portfolio incl. VAT. Business property: potential market value excl. transfer duties on the date of disposal for investment projects (at 100%), amount excl. VAT of off-plan sales/PDCs for the other development programmes (at 100%, or Group share for jointly owned projects), and capitalised DPM fees, near stable year-on-year.

² Funds from operations (FFO): net profit excluding changes in value, calculated expenses, transaction fees and changes in deferred tax.

“Since the beginning of the year, Altarea has taken full advantage of the booming urban transformation market, in which it holds undisputed leadership positions with its comprehensive offering and wide product ranges. Operational successes achieved in each of our business lines make us confident about our outlooks, while remaining vigilant as to the changes in the environment.

In an inflationary context, driven by the consequences of the war in Ukraine, Altarea has already hardened its criteria in terms of land commitments and project launches. We note, however, that demand remains strong from all customers, with real estate playing its full role as a safe haven in times of crisis. More than ever, Altarea is proactive in terms of risk management, and will make the most of its agility and ability to seize opportunities in a market that remains favourably oriented.

Altarea remains confident in its long-term outlooks, which are fundamentally based on the urban transformation market. Given the non-completion of the acquisition of the Primonial group, we modify the guidance announced on 22 February. Considering the first quarter performance, we expect its 2022 operating profit to be significantly higher than 2021 and 2019, unless the macroeconomic and geopolitical context deteriorates further. By 2025, we are targeting FFO per share of around €18, mainly generated by organic growth.

Altarea's financial structure is particularly sound, with historically low net debt and abundant liquidity. As a result, and given the absence of any significant acquisition in the short term, Altarea will propose to the next Annual General Meeting of Shareholders the payment of the annual dividend entirely in cash.”

Alain Taravella, Chairman and Founder of Altarea

Residential: supply rebuilt amid persistently strong demand

Supply ramped up, particularly in new regional markets

Over the quarter, Altarea intensified its efforts to increase supply, which rose to 5,795 units, +25% vs 2021 and +29% vs 2019. Growth was mainly driven by the new territories which contributed nearly a quarter of Q1 supply (Angers, Tours, Caen, Amiens, etc.).

In units	31/03/2022	31/03/2021	31/03/2020	31/03/2019
Supply	5,795	4,623	4,032	4,480

In addition to these development successes, Altarea has succeeded in speeding up times to market, with, in particular, an increase in building permits granting.

In units	31/03/2022	31/03/2021	
Building permits granted	2,323	1,933	+20%
Land bought	2,600	1,446	+80%
Commercial launch (individuals only)	1,753	924	+90%

Priority given to Individuals with new orders up +28%

Despite a clear rise in supply, demand cannot be fully met. In this context, Altarea has pro-actively given priority to Individual investors. First-quarter sales were stable in value terms but with a radically changed mix: new orders from Individual investors grew +28% to represent 75% of sales (against 58% in 2021), so recovering to pre-Covid levels.

New orders	31/03/2022	31/03/2021		31/03/2019
In value (incl. VAT)	€588m	€587m	+0%	€627m
o/w Individual investors	€439m	€343m	+28%	€440m
o/w Institutional investors	€149m	€245m	-39%	€187m
In volume (units)	1,944 units	2,121 units	-8%	2,651 units
o/w Individual investors	1,445 units	1,144 units	+26%	1,543 units
o/w Institutional investors	499 units	977 units	-49%	1,108 units

Outlook: Agile monitoring of activity in a context of inflation

In an environment dominated by resurgent inflation and supply chain disruptions, commercial mix management is a lever for steering the Group's profitability. Real estate is playing its role as a safe-haven asset, particularly for Individual investors. Altarea is therefore focusing its offer on this customer segment, even though Institutional demand remains strong. With the supply now regularly replenished, Altarea intends to pursue this strategy over the coming months. In the short term, Altarea can rely on a near-stable backlog³ of €3,650 million (-1.9% vs end-2021), representing around 1.5 times 2021 Residential revenue.

³ The backlog is a leading indicator of potential revenue, which includes revenue from sold units and those subject to completion to be booked in revenue according to technical progress.

Business Property: value-creating transactions

Offices

Paris region: full disposal of Orange's global headquarters

During the first quarter 2022, Altarea sold to Crédit Agricole Assurances its remaining 10% stake in Bridge, Orange's global headquarters in Issy-les-Moulineaux (58,000 m²). This project is particularly representative of the Group's expertise in new-generation offices, characterised by user comfort adapted to new ways of working and with exemplary energy efficiency.

Regions: two off-plan sales⁴

In the Regions, Altarea has agreed a third off-plan sale with Tivoli capital, to develop a 4,200 m² co-working space in the Jolimont building in Toulouse, and another in Marseille with Erilia, a social housing enterprise (SHE) which will move its head office into 6,200 m² of the Porte Est project by 2024.

Logistics

Logistics platform off-plan lease⁵

Altarea Logistique has signed an off-plan lease with Logeos covering 25,000 m² out of a total 38,000 m² in a future multi-user logistics platform located on the link road between Nantes and Rennes, confirming the Group's growing expertise in this fast-growing real estate sector.

Urban logistics

At the end of March Altarea signed an agreement to let the *Manufacture de Reuilly* building. This project, located in the heart of the 12th arrondissement of Paris, is the first urban logistics site to be developed by the Group.

Outlook

With a pipeline of nearly €5 billion, Altarea is France's leading Business Property developer not only by volume but also by the depth and diversity of its offering. Business Property should continue to contribute significantly to Group profits in the future.

Retail: business gets back to normal

Retailer sales: back to 2019 levels

In the first quarter of 2022, tenant's revenue returned to their level of 2019⁶ despite lower footfall⁷. The end of Covid restrictions⁸ since mid-March should help restaurants and leisure activities, the sectors hardest hit by these measures.

CAP3000 won the world's "Best shopping centre" award at the MIPIM Awards 2022⁹

CAP3000, the emblematic shopping centre on the Côte d'Azur, has once again been rewarded for its sea-front extension and its catering & lifestyle offering. This exceptional site, certified BREEAM "Excellent", is also the first shopping centre in the world to earn the BiodiverCity label.

⁴ In French, VEFA (vente en l'état futur d'achèvement).

⁵ In French, BEFA (bail en l'état futur d'achèvement).

⁶ +1,0% vs 2019 (at constant surface area, excluding restaurants and leisure activities). Cumulative data from January to March.

⁷ Footfall from January to March 2022 was down 14% on the same period 2019 at a constant surface area basis.

⁸ Mask-wearing and vaccine passports.

⁹ The MIPIM (Marché International des professionnels de l'Immobilier) Awards reward the world's most exciting real estate projects each year.

Net rental income up, collection rate near normal, sharp decline in bad debts

The Group's net rental income (IFRS) for the first quarter 2022, was €50.3 million, up +5.9% of which +4% due to scope effects. The collection rate is 91.6%¹⁰. Excluding catering and leisure activities, the rate stood at 94.1%, close to pre-Covid levels. As a result of this improvement, bad debts fell sharply, which should have a significantly favourable impact on net rental income for the first half 2022 (lower bad debts provisions).

Outlook

In an inflationary environment, Altarea expects a recovery in tenants' revenue, with increased differentiation by sector and retail concept. Demand from brands remains strong and the financial vacancy rate is nearly back to pre-crisis levels. As a result, rent levels should start growing again, thanks in part to the effect of rent indexation¹¹.

Financial performance

First-quarter 2022 revenue: €661.2 million (+0.9% vs. 2021 and +11.6% vs. 2019)

In €m (excl. tax)	Q1 2022	Q1 2021	Change 22/21	Q1 2020	Q1 2019
Revenue by % of completion	549.9	535.5	+2.7%	384.2	433.0
External services	3.2	2.4	-	2.7	1.8
Residential	553.0	537.8	+2.8%	386.9	434.8
Revenue by % of completion	51.9	59.5	-12.9%	116.7	101.0
External services	1.5	3.9	-	1.1	1.0
Business Property	53.4	63.5	-15.9%	117.8	102.0
Rental income	50.3	47.5	+5.9%	51.4	49.1
External services	4.6	4.7	-	4.2	6.6
Revenue by % of completion	-	1.6	-	6.0	-
Retail	54.8	53.8	+2.1%	61.6	55.7
Revenue	661.2	655.1	+0.9%	566.2	592.5

Consolidated first-quarter 2022 revenue amounted to €661.2 million (+0.9%):

- Residential: revenue growth (+2.8%) reflects healthy sales and technical progress,
- Business Property: the fall in revenue (-15.9%) is linked to the change in business mix (PDCs for large Paris projects delivered in 2021, increasing contribution of new projects in the Regions). The sale of the remaining stake of Bridge will be booked as a contribution by equity-method affiliates in the half-year financial statements,
- Retail: rental income grew +5.9%, of which +4% was linked to scope effects.

Reduction in net debt and strong liquidity

On 31 March 2022, net debt¹² was €1,518 million, down €128 million vs 31 December 2021. This fall was in large part due to the signature in February 2022 of the Alta Infrastructures partnership specialising in retail outlets at European rail stations with Crédit Agricole Assurances.

Over 12 months, net debt has fallen by €798 million. As a reminder, Altarea's consolidated LTV¹³ was 24.1% at 31 December 2021.

¹⁰ €77.1 million received out of €84.2 million in rents and charges billed (including VAT).

¹¹ There were changes to the way the French official retail rent index - Indice de Loyers Commerciaux (ILC) - is calculated. It is now composed 75% by the consumer price index (IPCL) and 25% by the construction cost index (ICC), giving an increase of +2.42% for the rolling annual inflation to end-2021.

¹² Bank and bond debt.

¹³ Loan-to-Value (LTV): indebtedness ratio. Consolidated net bond and bank debt/Consolidated market value of Group assets.

At end-March 2022, the Group had €3,035 million in liquidity¹⁴ (+€365 m vs 31/12/2021). This cash position is notably linked to retail partnerships signed in 2021 and in 2022, and to the €350 million capital increase in December 2021, transactions realised in the view of the acquisition of Primonial Group.

Given the cash position and the absence of any significant external growth in the short term, Altarea will propose to its shareholders to pay the 2021 dividend fully in cash (*see next paragraph "Annual General Meeting"*).

On 18 March 2022 the S&P Global ratings agency confirmed the rating Investment Grade, BBB-, with a negative outlook.

Primonial¹⁵

On 2 March 2022, Altarea informed the public that the acquisition of the Primonial Group could not be completed on the terms agreed. In the course of reviewing the legal documentation, some elements of which were only disclosed on 25 February 2022, Altarea found that the conditions precedent agreed for the acquisition of the Primonial Group on 2 March 2022 had not been met, due to non-respect - in substance, form and deadlines - of the provisions of the acquisition protocol signed in July 2021, which has lapsed following the failure to complete the prior operations required by the protocol.

Given the non-completion of the Primonial acquisition, the Company and its indirect subsidiary Alta Percier were cited before the Paris Commercial Court by the different shareholder groups in New Primonial Holding 2 (parent of the Primonial Group) seeking compensation for their alleged damages. Altarea and Alta Percier plan to contest the complaints made, which they consider without merit, and to take all legal measures to, first, defend their legitimate interests and, second, hold Primonial shareholders liable and obtain compensation for the damages incurred by the Group.

At the date of this press release, legal procedure is on-going.

Annual General Meeting - Changes in payment terms

Following the Supervisory Board meeting held today, it was decided to change the terms of payment of the annual dividend:

- the dividend proposed in respect of financial year 2021 is unchanged at €9.75/share (vs €9.50 last year),
- the dividend will be paid fully in cash (the option to take part-payment in shares is cancelled),
- the payment date is now set at 31 May 2022 (vs 28 June initially) with an ex-dividend date on 27 May.

The agenda item and draft resolutions published in the BALO (French official state bulletin) on 15 April 2022 will be amended accordingly.

These proposals will be submitted to the shareholders for approval at the Annual General Meeting on 24 May 2022, to be held at 11:00 a.m. at the Group's headquarter.

¹⁴ Of which €688 million cash at corporate level, €1,196 million undrawn facilities, and €1,151 million at project level. Figures are exclusive of Neu CP (treasury notes) which stood at €559 million at end-March.

¹⁵ Please refer to the original text in French for more strict legal terms.

Financial calendar 2022

- Annual General Meeting: 24 May 2022 (11 a.m.)
- 2021 Dividend:
 - o 27 May 2022: Ex-dividend date
 - o 31 May 2022: Payment of dividend in cash
- Half-year results 2022: 28 July 2022 (after market close)

ABOUT ALTAREA – FR0000033219 - ALTA

Altarea is the leading property developer in France. As both a developer and investor, the Group is present in the three main real estate markets (retail, housing and commercial property), making it the leader in major mixed-use urban renewal projects in France. For each of its activities, the Group has all the know-how required to design, develop, market and manage tailor-made real estate products. Listed in Compartment A of Euronext Paris and a component of the SBF 120 index.

FINANCE CONTACTS

Eric Dumas, Chief Financial Officer
edumas@altarea.com, tel.: + 33 1 44 95 51 42

Agnès Villeret - KOMODO
agnes.villeret@agence-komodo.com, tel.: +33 6 83 28 04 15

Pierre Perrodin, Deputy CFO
pperrodin@altarea.com, tel.: +33 6 43 34 57 13

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