Accuracy

Review of the 2024 results of French real estate developers and property companies

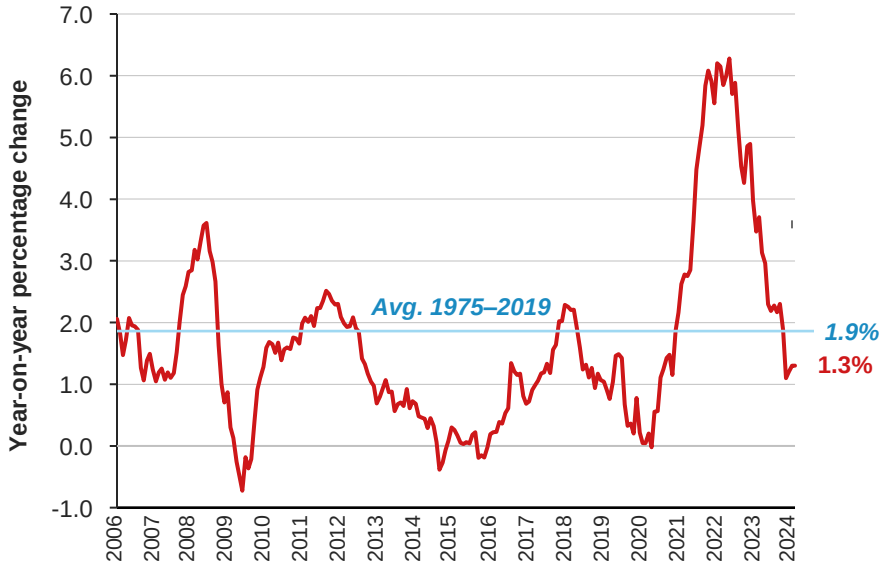
March 2025

Summary

Economic and financial news of 2024

In 2024, inflation is slowing but remains above the average pre-COVID levels

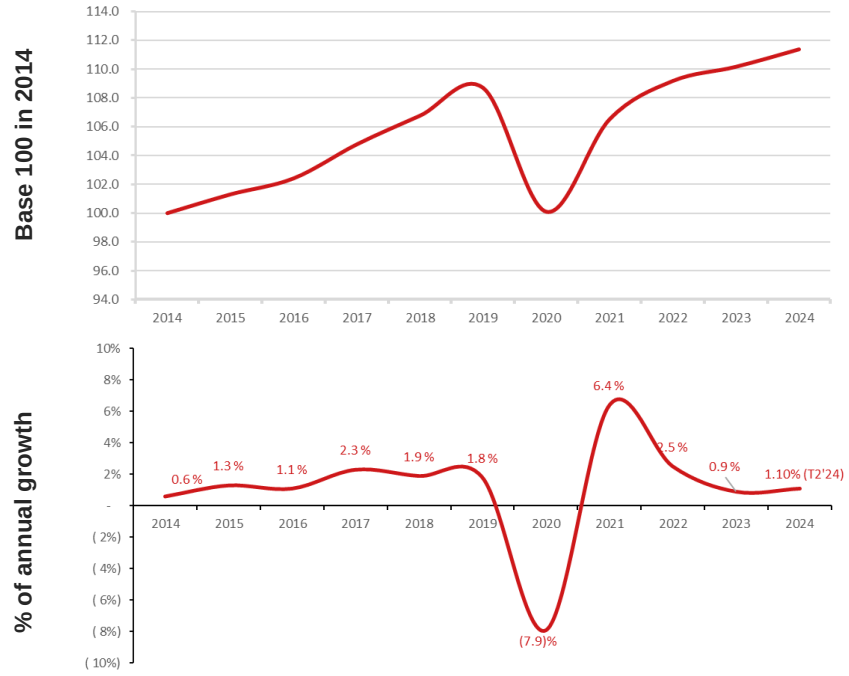
French Consumer Price Index
Year-on-year change from January 2006 to December 2024



Source: Insee – Consumer Price Index, December 2024.

- Annual inflation in France reaches 2.0%, with a significant decline between the first and second half of the year (3.1% in January vs 1.3% in December).
- This decrease primarily results from the sharp slowdown in energy prices.

Real GDP growth in France
(2014 – December 2024)



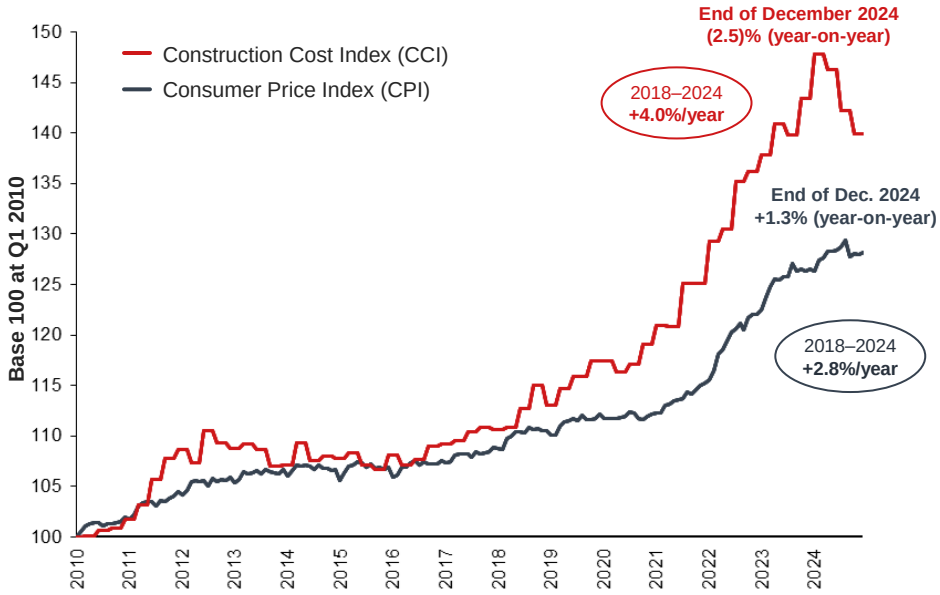
Source: Accuracy and Macrobond

- GDP growth in France reaches +1.1% in 2024, compared with 0.9% in 2023 and 2.5% in 2022.
- In 2024, the economy accelerates slightly, driven by external trade and the impact of the Olympic Games, despite weak household consumption and a decline in business investment.

Note: The Consumer Price Index (CPI) is the main tool used to measure inflation. It estimates the average change in the prices of goods and services consumed by households between two given periods.

While construction costs continue to rise, inflation supports the increase in tertiary rents

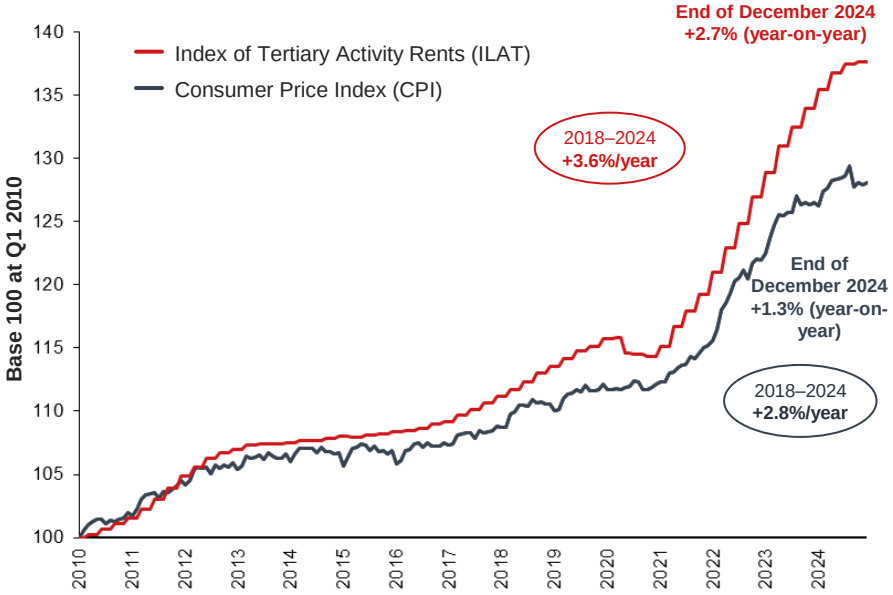
Comparative evolution of CPI and CCI
(2010 – Q4 2024)



Source: Insee, December 2024.

- The Construction Cost Index (CCI) decreased by 2.5% year-on-year at the end of December 2024, compared with 3.7% annual inflation at the end of December.
- The decline in the CCI is mainly driven by lower energy prices; however, it remains high versus the historical period due to rising construction material costs, transportation expenses and wage adjustments.
- Over 2018–2023, the CCI increased by an average of 4.0% per year, compared with average annual inflation of 2.5%.

Comparative evolution of CPI and ILAT
(2010 – Q4 2024)



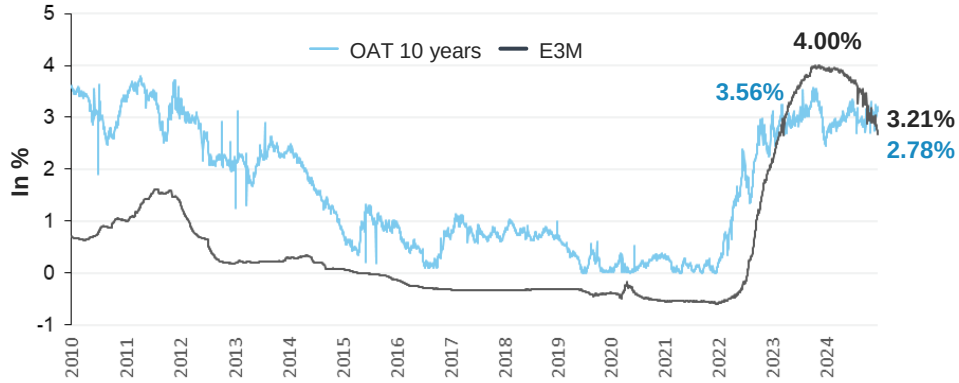
Source: Insee, December 2024.

- Inflation boosts tertiary rent indexing. At the end of December 2024, the ILAT is up by 2.7% year-on-year.
- Over 2018–2023, the ILAT increased by an average of 3.6% per year, compared with average annual inflation of 2.5%.

Note: The Consumer Price Index (CPI) is the main tool used to measure inflation. It estimates, between two given periods, the average variation in the prices of products consumed by households. The Construction Cost Index (CCI) measures the evolution of production prices in the construction of new buildings primarily used for non-community residential purposes in mainland France. The ILAT is the Index of Tertiary Activity Rents, which is calculated using three indices: the Consumer Price Index, the Construction Cost Index, and the Gross Domestic Product (GDP) index. The CPI is calculated monthly, while the CCI and the ILAT are calculated quarterly.

Interest rates remain high despite a decrease in 2024

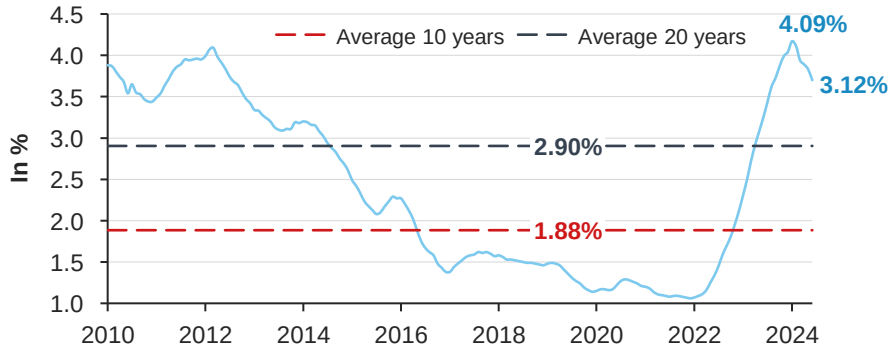
Evolution of interest rates: 10-year OAT and 3-month Euribor
from 2010 to December 2024



Note: Analysis period between 1 January 2010 and 31 December 2024
Source: Banque de France, ABC Bourse and S&P Capital IQ, December 2024.

- From the beginning of 2022, there was a sharp rise in key interest rates, a result of central banks tightening monetary policy to combat inflation.
- The 10-year OAT gained three points in two years, rising from nearly zero at the end of 2021 to 2.78% at the end of December 2024, with a peak of 3.56% in October 2023.
- However, the increase in the rate has been slowing, with Euribor stabilising at the end of 2023 and declining after a peak of 4% in October 2023. This is due to the decrease in central banks' key rates starting in 2024.
- The decline in the average rate began in early 2024 (an average of 10 basis points each month), bringing it below the symbolic 4% mark in February. In June 2024, the average rate for new loans (excluding renegotiations) stood at 3.70%, compared with 1.12% in January 2022, and 4.17% in January 2024, its highest point in the past decade.

Interest rates on home loans for individuals
from 2010 to December



Source: Banque de France, December 2024.

Impact of the change in mortgage interest rates

Loan amount possible for a monthly payment of €1,000

Term	Loan rate 3.00%	4.00%	Var.
10 years	€ 104,000	€ 99,000	(5)%
15 years	€ 145,000	€ 135,000	(7)%
20 years	€ 180,000	€ 165,000	(8)%
25 years	€ 211,000	€ 189,000	(10)%

Total cost of borrowing

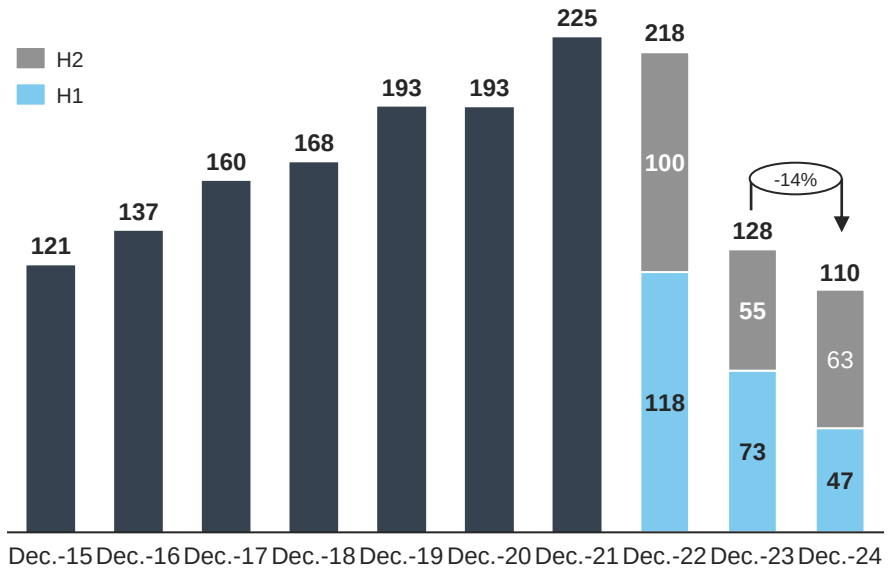
Term	Loan rate 3.00%	4.00%	Var.
10 years	€ 16,000	€ 21,000	31 %
15 years	€ 35,000	€ 45,000	29 %
20 years	€ 60,000	€ 75,000	25 %
25 years	€ 89,000	€ 111,000	25 %

Source: Accuracy

- For a monthly payment of €1,000 over a loan term of 25 years, the borrowable amount is €211,000 at a 3% interest rate, compared with €189,000 at a 4% interest rate. In addition, the total cost of the loan over its duration is 25% higher at a 4% interest rate compared with the 3% interest rate.

Mortage loans: the decline slows, with a strong recovery at the end of 2024

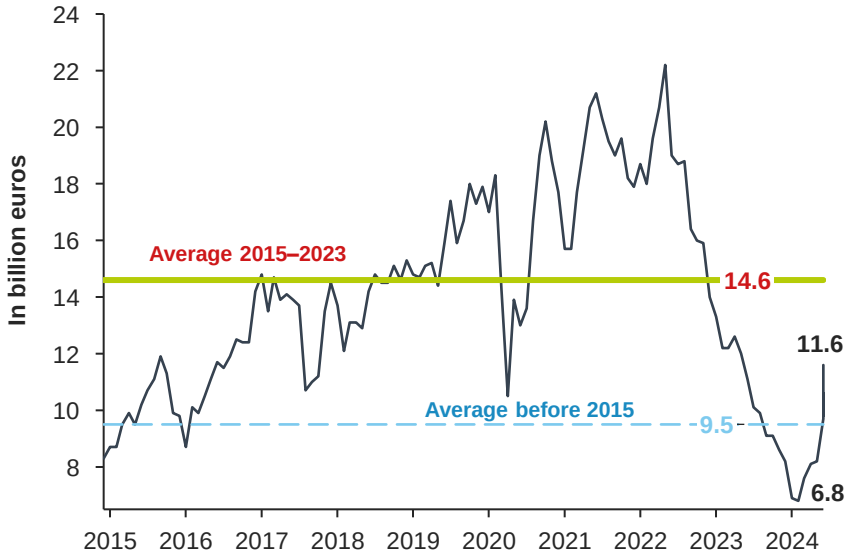
New housing loans for individuals
Annual production between 2015 and December 2024



Source: Banque de France, December 2024.

- At the end of 2024, the level of home loan production is down 14% compared with the same period last year.
- Home loan production rebounded in Q4 2024, partly driven by government measures expanding access to interest-free loans, marking a stronger recovery compared with late 2023.

New housing loans for individuals
Monthly production between 2015 and December 2024



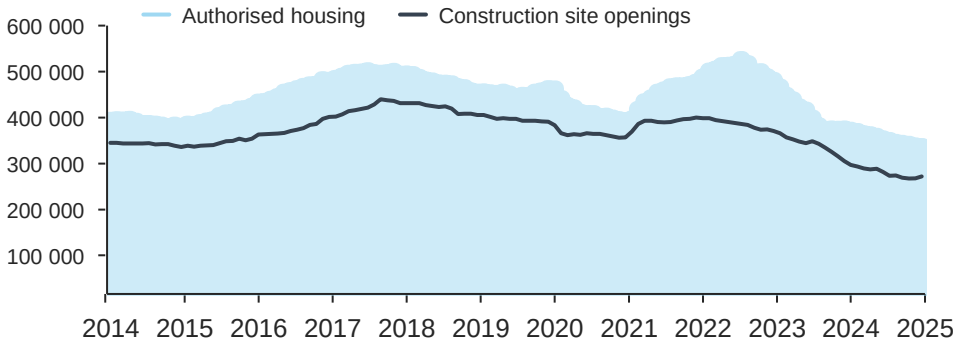
Source: Banque de France et S&P Capital IQ, December 2024.

- Monthly home loan production stands at €11.6bn at the end of December 2024. The lowest level since 2015 was reached in February 2024, at €6.8bn.

French developers: 2024 activity

Despite the decline in housing production indicators, a modest recovery emerges as construction site openings edge up by late 2024

Housing starts and building permits in France (rolling 12 months)



Source: Statinfo Housing, December 2024.

- From December 2023 to December 2024, 330,400 housing units (collective, individual and individual groups) were authorised for construction, i.e. 11% less than in the previous twelve months and 27% less than in the twelve months preceding the health crisis. This figure represents the lowest level since at least 2015.
- Year-on-year, construction site openings stood at 263,100 housing units in December 2024, down 11% compared with December 2023.
- The slowdown in permits is mainly linked to stricter regulations and planning permissions in certain regions, delaying certain projects.
- It is estimated that between 400,000 and 500,000 new housing units must be started annually to meet demographic changes.

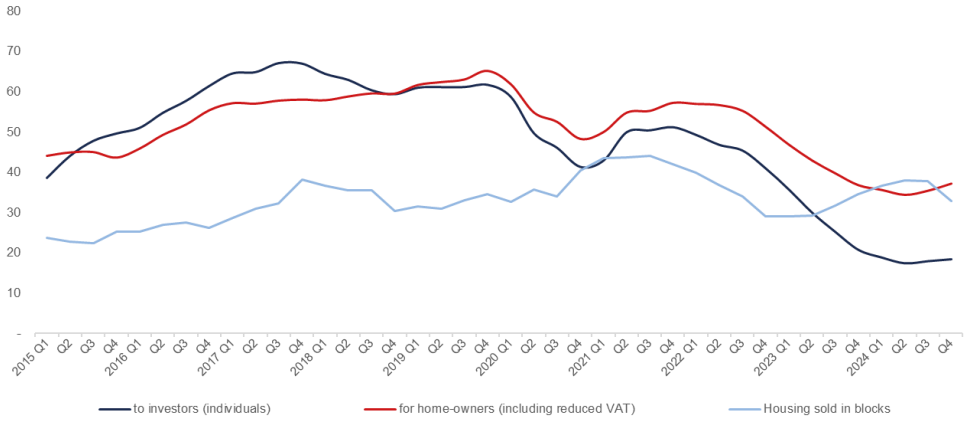
Commercial offer, sales and reservations

- Q4 2024 recorded the lowest bookings since 2015, with a decline of 3%.
- New housing offers in Q4 2024 continued to decline compared with Q4 2023. The fall in demand for housing and rising construction costs are weakening the financial balance of many projects, causing delays or cancellations in the transition to their operational phases and reducing commercial launches.
- Since its low point in Q1 2022, commercial housing supply initially increased in line with declining sales but began to shrink in 2023 as demand weakened more sharply than project initiations. The commercial supply of housing in Q4 2024 is composed of 42% housing in the project phase, 46% housing under construction and 12% housing delivered.
- The time taken to sell outstanding stocks peaked in Q2 2024 at 22.6 months before decreasing to 18.0 months in Q4 2024.

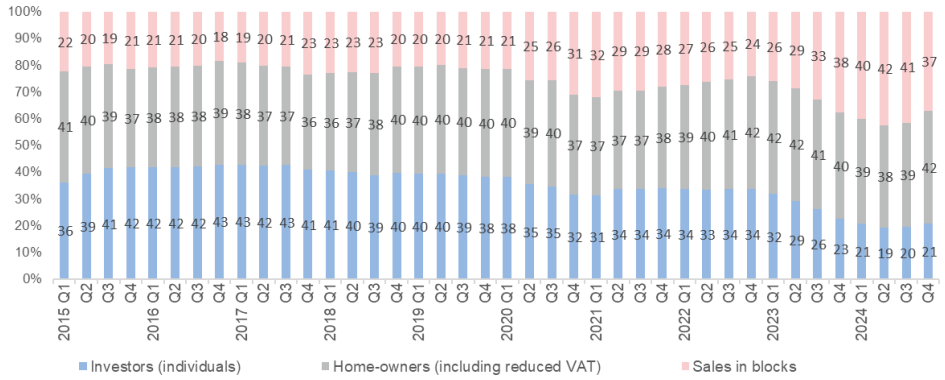
Source: FPI Real Estate Observatory, December 2024.

As interest rates have started to decrease, individual bookings are on the rise

Bookings by type of actor (12 rolling months)



Booking by type of actor in percentage



Source: FPI Real Estate Observatory, December 2024.

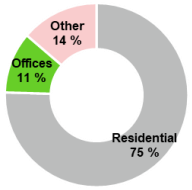
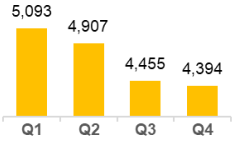
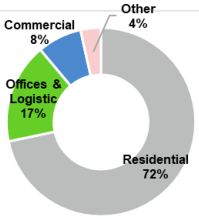
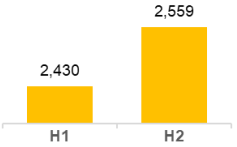
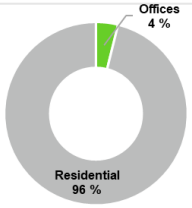
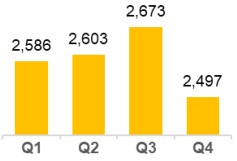
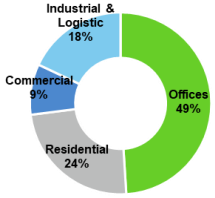
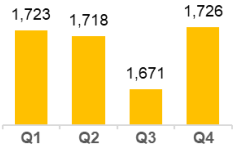
Rental investment

- In recent months, bookings have stabilised, mainly supported by growth in the number of home-owners in 2024, particularly driven by commercial incentives from developers, decreasing interest rates and the anticipation of the end of the Pinel tax scheme.
- Bookings were heavily affected by a fall in individual investors between 2021 and 2023. This decline ended in 2024 and started to rise slightly from Q2 2024.

Sales in blocks

- In the first quarters of 2024, block sales surged, accounting for around 55% of developers' transactions by year-end. This rise was driven by the withdrawal of individual investors, notably due to the announced end of the Pinel scheme, pushing developers to rely on institutional buyers to sustain activity.
- Since Q3 2024, block sales have experienced a drop in the number of bookings in contrast to the rise in individual investor and home-owner bookings.
- The housebuilding market in France is slowly recovering, which shifts the customer mix towards higher-margin retail customers instead of block sales.

Overall performance of French real-estate developers in FY24

Company	Last half-year growth (LFL) *July-Dec 2024*	FY24 revenue growth *(reported)*	FY24 revenue *(€bn)*	FY24 gross margin *(%)*	FY24 sales weight by category *(%)*	Last year share evolution *(%)*	Market cap. as of 02/04/25 *(€m)*	Backlog evolution *(€m)*
nexity	8.1%	(15.9)%	**3.3**	23.3%		(22.8)%	518.4	
ALTAREA	136.8%	5.4%	**2.7**	22.1%		20.5%	2,178	
KAUFMAN & BROAD	9.7%	(23.6)%	**1.1**	19.3%		8.5%	328.8	
ICADE	38.7%	(7.4)%	**1.4**	32.8%		(35.3)%	1,579	

Sources: Capital IQ, Annual Reports 2024
Note: Quarterly backlogs are currently unavailable for Altarea.

Quarterly overall performance (based on revenues) of France's leading real-estate developers for the 2022–2024 period

Company	2022				2023				2024			
	Jan/Mar	*April/Jun*	*Jul/Sept*	*Oct/Dec*	*Jan/Mar*	*April/Jun*	*Jul/Sept*	*Oct/Dec*	*Jan/Mar*	*April/Jun*	*Jul/Sept*	*Oct/Dec*
nexity	(13)%	3%	(2)%	(1)%	(0)%	7%	(8)%	(25)%	(14)%	(20)%	(3)%	(27)%
ALTAREA	1%	(1)%	(3)%	0%	(16)%	(9)%	(9)%	(8)%	4%	(11)%	(18)%	23%
KAUFMAN & BROAD	(2)%	(8)%	10%	9%	110%	(11)%	(25)%	(24)%	(61)%	(14)%	6%	15%
ICADE	6%	6%	(3)%	33%	(26)%	(5)%	(9)%	(9)%	12%	(8)%	(1)%	(14)%

Sources: Annual financial reports 2022–2024, quarter-to-quarter comparison (vs N-1)

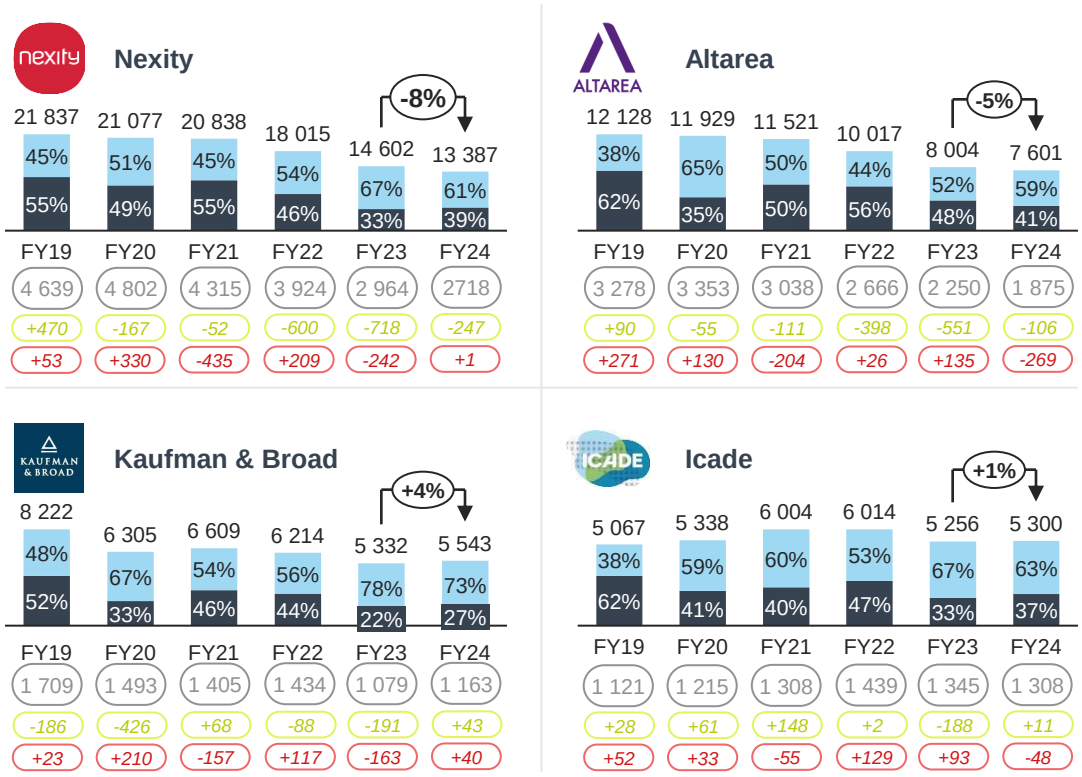
Quarterly overall share price evolution of France's leading real-estate developers for the 2022–2024 period

Company	2022				2023				2024			
	Jan/Mar	*April/Jun*	*Jul/Sept*	*Oct/Dec*	*Jan/Mar*	*April/Jun*	*Jul/Sept*	*Oct/Dec*	*Jan/Mar*	*April/Jun*	*Jul/Sept*	*Oct/Dec*
nexity	(21)%	(21)%	(18)%	28%	(15)%	(21)%	(25)%	23%	(44)%	(12)%	36%	6%
ALTAREA	(7)%	(15)%	(2)%	(1)%	(13)%	(12)%	(15)%	(7)%	(2)%	6%	(27)%	6%
KAUFMAN & BROAD	(19)%	(12)%	(22)%	32%	(0)%	(2)%	2%	11%	(10)%	(5)%	16%	(3)%
ICADE	(8)%	(23)%	(17)%	5%	5%	(12)%	(19)%	14%	(29)%	(9)%	15%	(14)%

Sources: S&P Capital IQ, quarter-to-quarter comparison

A strategy to lower pricing has helped reduce the decrease in bookings volume

Bookings - New housing (in number)



In 2024, French developers benefitted from the positive impact of the strategies implemented over the last two years, including lower pricing policies and a strong commercial focus on institutional investors. Additionally, declining interest rates and the phase-out of the Pinel tax incentive boosted individual sales.

While individual sales showed an encouraging trend, the slowdown in bulk transactions negatively affected overall booking volumes.

- **Nexity** reduced its negative volume impact between 2023 and 2024 from -€718m to -€247m through individual sales that had improved financing conditions, combined with an effective market and product offers.
- **Altarea (Pôle Promotion)** saw a decline in sales and volume, driven by low affordable housing supply, falling average prices to match the market, reduced investor demand, a strategic shift towards affordable and sustainable housing (through the Access programme), and the end of the Pinel system.
- **Kaufman & Broad** increased its bookings in €m through its volume sales and pricing effect, mainly due to individual sales whose share in the mix increased by +6% and +7% in volume.
- **Icade** bookings were driven by strong individual demand (+17%) boosted by lower interest rates, some individuals seeking to benefit from the Pinel system and the adaptation of its commercial offers to market needs. This offset the decrease of block sales (-7%).

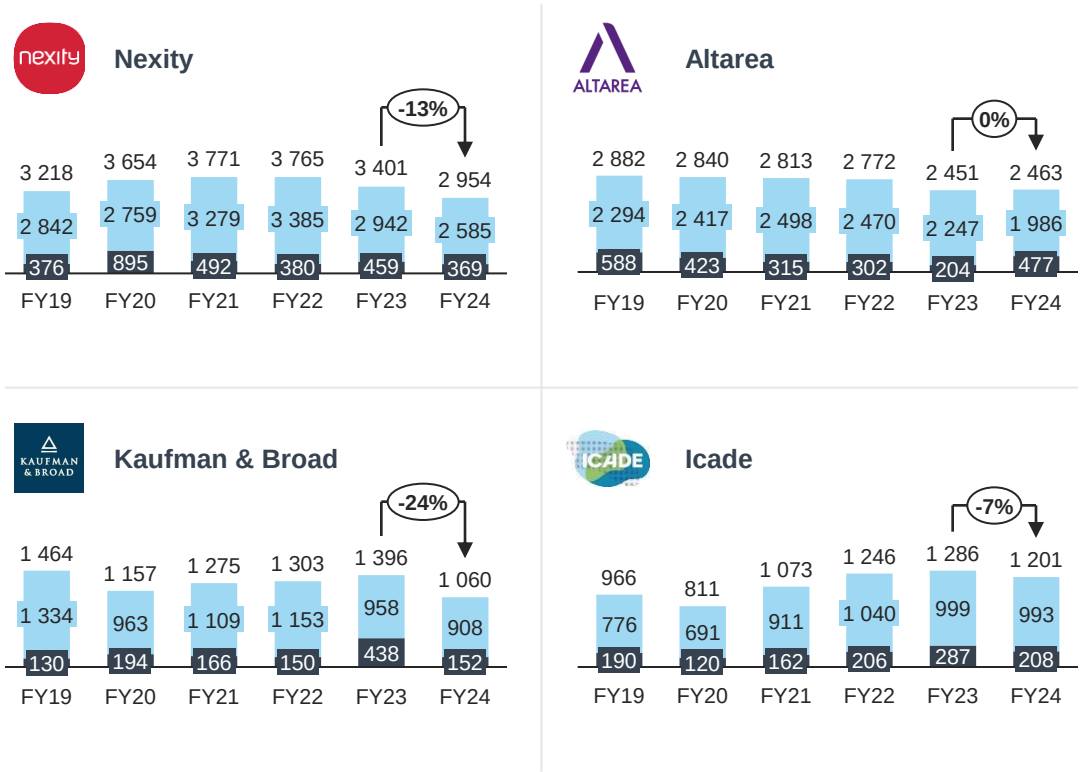
Legend:

Blocks sales | Individuals sales | XXX Bookings in €m incl. VAT | *XXX* Volume effect in €m incl. VAT | *XXX* Price effect in €m incl. VAT

Sources: Annual financial reports, press releases and annual results presentations.
Note: For Kaufman & Broad, closing of financial accounts takes place on 30 November and 31 May

Developers' revenues are still down in 2024, suppressed by the economic changes of the years 2022–2023

Revenues – French developers (in €m)

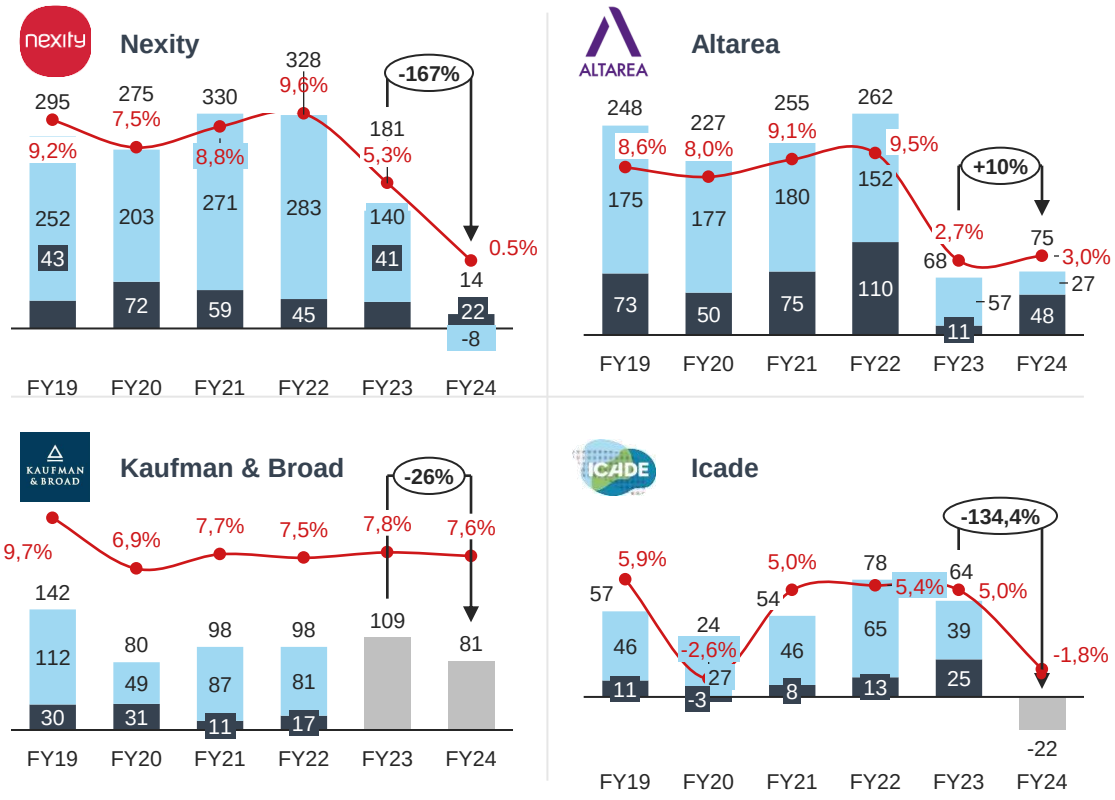


- **Nexity**'s revenue was down 13% in FY24 due to the slowdown in residential and commercial activity in a deteriorating environment (-12% and -20% respectively), as well as the lower recognition of revenue at achievement of large-scale commercial real estate projects.
- **Altarea**'s housing sales volumes reduced by -12% due to a stock clearance strategy to recover cash in order to support its development on low-carbon and profitable housing offers with a focus on the most profitable accommodation of 2–3 rooms, which are most appealing for individual and institutional investors. On the commercial side, Logistics transactions account for most of the growth of x2.3.
- The significant drop in **Kaufman & Broad**'s revenue in FY24 (-24%) was mainly due to the end of the Austerlitz commercial operation, a major office project that had contributed strongly to the previous year's revenues.
- **Icade** experienced a -7% decline in revenue due to the decline in the commercial activity of -27%, while the housing activity remained stable. This decrease is explained by the delivery of major office projects and the decrease in the volume of new signatures.

Sources: Annual financial reports, press releases and annual results presentations.
Note: For Kaufman & Broad, closing of financial accounts takes place on 30 November and 31 May

Developers' operating margins are affected by their old low-profitability portfolio, shifting towards more profitable projects

Operating margin – French developers
(in €m / in % achieved revenues)



Legend:
Housing | Commercial | Operating margin rate

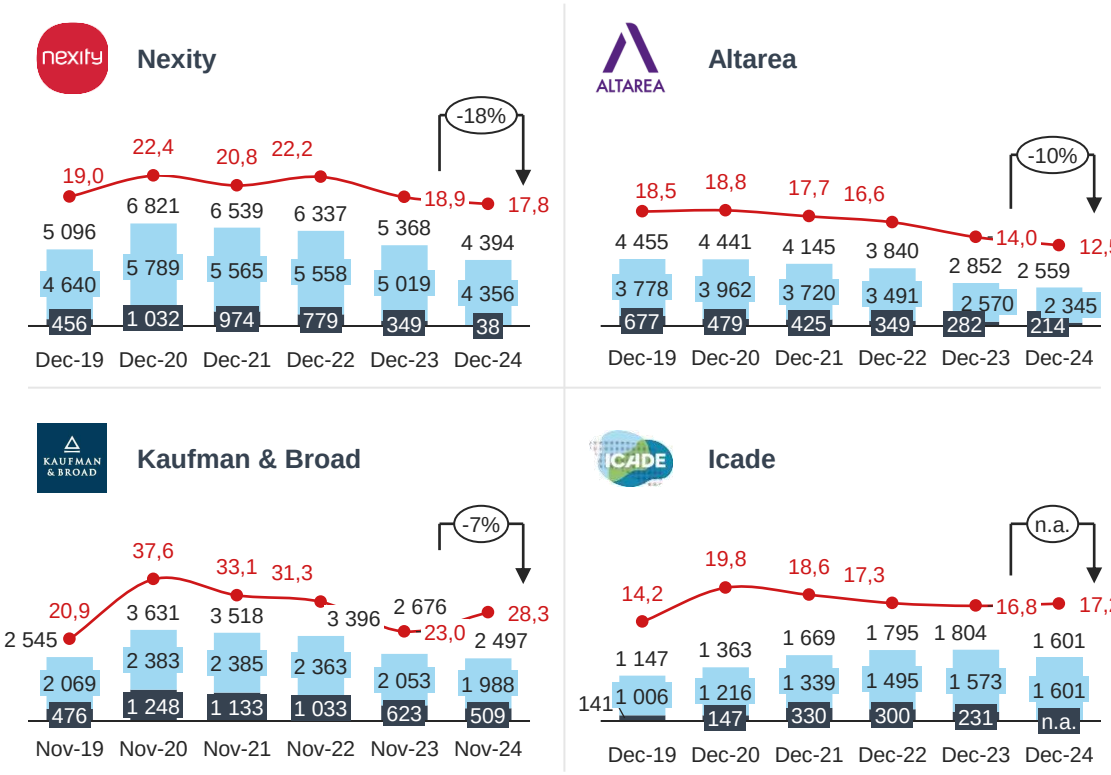
Sources: Annual financial reports, press releases and annual results presentations.
Note: For Kaufman & Broad, closing of financial accounts takes place on 30 November and 31 May

All players are committed to a strategy of stability/reduction of overheads.

- **Nexity:** Operating margin was affected over the year by the €(8)m offer adjustment offset by commercial operating margin of +€22m. This led to a positive operating margin of €14m. In the last two years, Nexity's margin has decreased by circa €170 million on its development projects (notably on aborted projects).
- **Altarea:** The €27m in housing is down sharply by -53% as a result of the contribution from operations from the previous cycle being recorded at low margins and consecutive impairment tests. This was offset by a €48m operating margin on commercial (vs €11m in FY23), mainly arising from significant logistics transactions and a sustained office activity out of Ile-de-France.
- **Kaufman & Broad:** The operating margin rate of 7.6% is in line with those of previous years and consistent with the strategic decision taken in 2018 to strengthen profitability rather than volume. However, the impact of the delivery of the Austerlitz commercial project is reflected in a €27m decrease in the operating margin, with no impact on the margin rate. Note that Kaufman & Broad did not communicate on the breakdown of operating margin between the housing and commercial activities. Kaufman & Broad successfully maintained its profitability and limited losses to under €50m over the past two years.
- **Icade:** The operating margin of the developer activity was strongly affected by the significant impairments recorded following the exhaustive review of the portfolio of operations, representing €85m of pre-tax impact on continuing operations. Amid a difficult market context, Icade incurred ~€60m in project-related losses, primarily due to delays and cancellations. Note, in FY24, Icade did not communicate on the breakdown of operating margin between the housing and commercial activities.

The level of backlog reflects a certain caution on the launch of new projects

Backlog – Order book (in €m / in months of activity)



- For **Nexity**, the backlog is down by 18% in 2024, compared with 2023, due to the termination of projects in its housing and commercial activities. Note, the 2024 backlog does not include the partnership with Carrefour (development of real estate projects on land adjacent to Carrefour stores) announced in 2023, which should eventually represent more than €2bn over ten years.
- The **Altarea** backlog fell to just over €2.6bn and represents c. 12.5 months of activity, a level that has been steadily declining since 2020. Altarea's backlog has almost halved over 6 years, showing the uncertainties about the market recovery.
- The trend is similar for **Kaufman & Broad**. After a peak at the end of 2020 driven by commercial real estate, the level of the order book fell to €2.5bn in 2024, resulting in particular from the decrease in the commercial backlog. Despite this decline, the backlog still represents more than two years of activity due to the refocus on projects with higher profitability.
- **Icade**, in 2024, seems to be taking the opposite view of its peers in the housing activity, with very slight growth of 1.8%, mainly thanks to institutional investors. Note that the group does not communicate on the split between its commercial and other activities, which total €124m in 2024. Nevertheless, this still suggests a fairly significant decrease in the commercial sector within the group's portfolio.

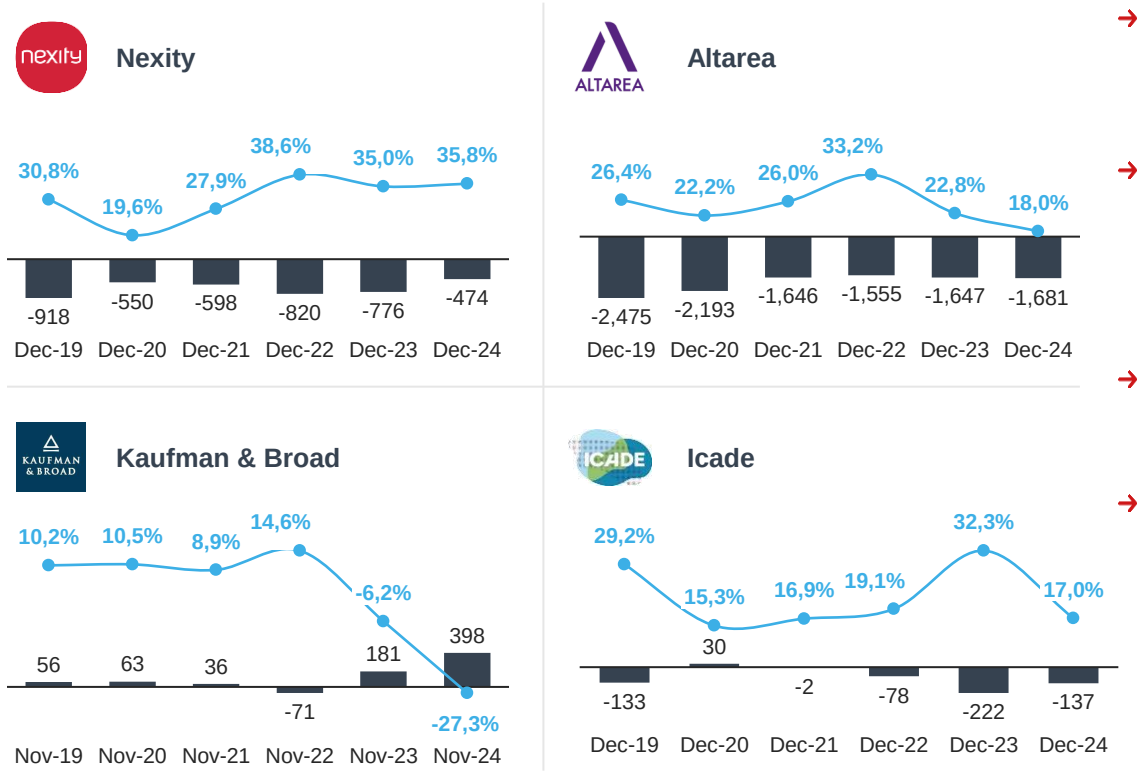
Legend:

Backlog - Housing | Backlog - Commercial | Backlog in months of activity

Sources: Annual financial reports, press releases and annual results presentations.
Notes: For Kaufman & Broad, closing of financial accounts takes place on 30 November and 31 May
The backlog in months of activity is calculated based on the last published revenue.

Nexity maintains a stable level of WCR as a % of sales, whereas its peers tend to reduce it

WCR (in % of rev.) **and net debt** (in €m)



- For **Nexity**, net debt consists of €673m in cash and €1.1bn in debts in 2024, with the sale of property administration activities for €435m enabling the group to reduce its level of debt. The transaction includes a six-year renewable strategic partnership to strengthen synergies with Nexity's development activities.
- **Altarea** saw its working capital and net debt slightly rise in FY24 after a policy of reducing commitments on housing development in 2023, which had caused the housing working capital to fall. As a reminder, the working capital as a % of turnover and net debt indicated opposite corresponds to that of the group (including in particular the real estate activity), rendering any comparison less relevant.
- The significant decrease in **Kaufman & Broad**'s working capital is mainly due to the disposal of inventories, resulting in a positive net cash position of €398m. Kaufman & Broad is historically the developer with the lowest level of WCR in our panel.
- **Icade**'s developer activity WCR in 2024 was down due to rigorous management of customer collections, the reduction in carrying operations, the selective launch of new projects, the control of unsold stock on completed programmes and the impact of impairments recorded in 2024.

Legend:

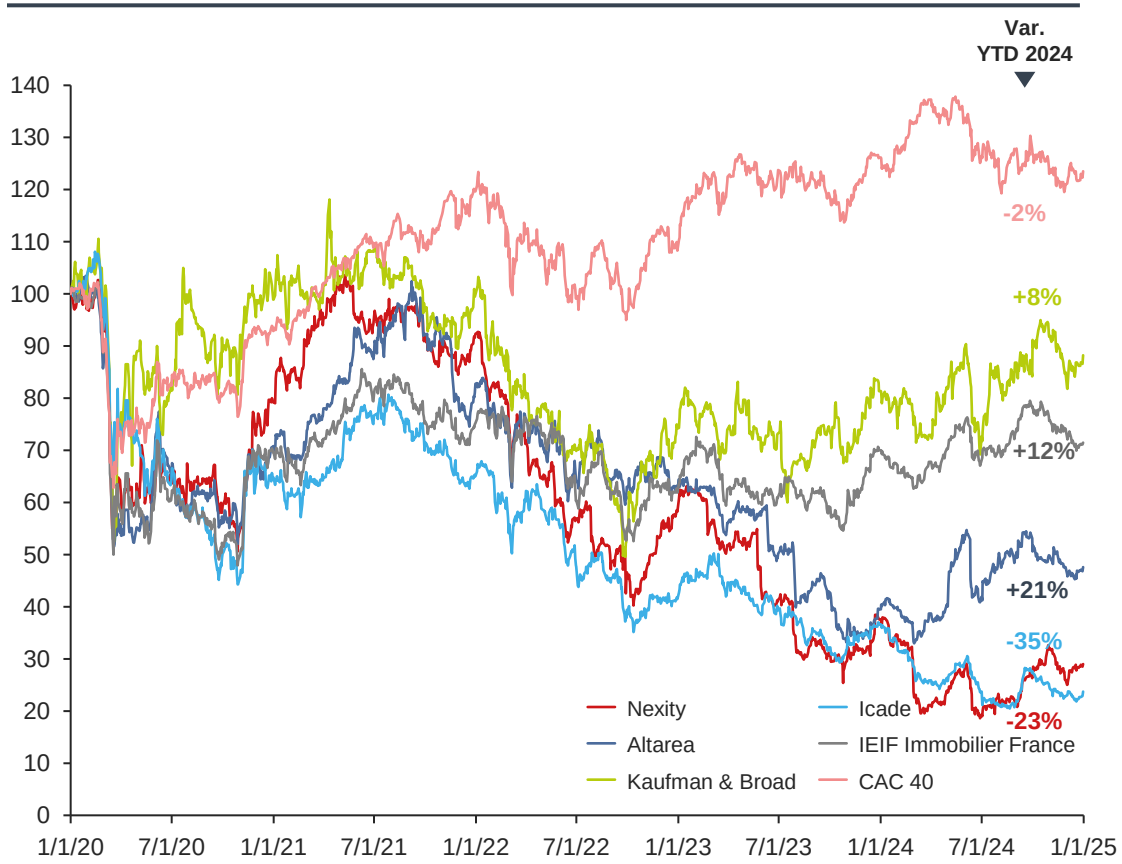
Net debt (excl. IFRS 16) — WCR as % of rev.

Sources: Annual financial reports, press releases and annual results presentations.
Notes: For Kaufman & Broad, closing of financial accounts takes place on 30 November and 31 May
WCR as a % of turnover is calculated on the basis of the latest published turnover.

Since the beginning of 2022, there has been a decrease in the share prices of developers compared with benchmark indices

Evolution of the share prices of the developers of the panel

Base 100 at 01/01/2020 | Analyses period: from 01/01/2020 to 31/12/2024



	Nexity	Kaufman & Broad	Altarea	Icade	IEIF Immobilier France	CAC 40
Variation						
Since 01/01/2024	-23%	+8%	+21%	-35%	+12%	-2%
2023	-38%	+12%	-39%	-13%	+11%	+14%
2022	-37%	-26%	-24%	-37%	-17%	-9%
2021	+17%	+0%	+19%	+3%	+10%	+28%
2020	-21%	-2%	-30%	-35%	-31%	-8%
Over the period	-71%	-12%	-52%	-76%	-22%	+23%
30d spread						
at 31/12/2024	13.2%	7.2%	6.6%	8.0%	0.0%	3.4%
at 1/1/2020	4.8%	8.6%	4.7%	5.1%	3.3%	3.6%

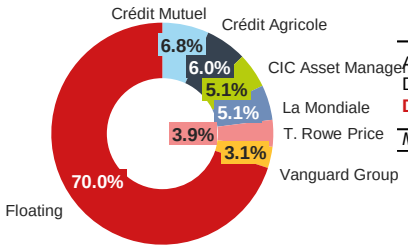
- In 2024, French real estate developers faced a notable decrease in share prices. Nexity experienced a sharp decline, affected by a severe sector-wide crisis, a workforce reduction plan, and the suspension of its dividend. Altarea (25.7% increase in FFO) and Kaufman & Broad (only (5.2)% on residential revenues) showed resilience, supported by solid year-end results. With continued pressure on the office segment, Icade saw a substantial decline in its share price.
- Real estate developers' shares fell by 20% on average over 2023 and by 29% on average since 1 January 2024. Since 2020, prices have fallen by more than 50% on average, even though the CAC 40 rose by 23% over the same period.

Sources: Capital IQ, news

Altarea and Kaufman & Broad maintain their dividend policy; Nexity does not pay a dividend due to an unfavourable result; Icade achieved remuneration per share of 17% (vs 11% LY)

Nexity — A-

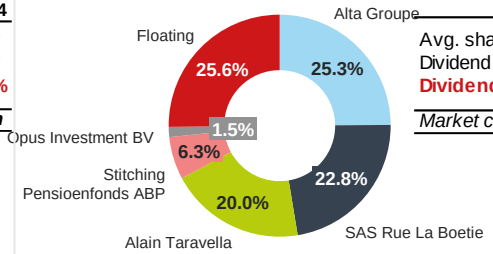
Shareholder(1)



	FY21	FY22	FY23	FY24
Avg. share price	41.47 €	27.38 €	19.34 €	11.71 €
Dividend (2)	2.00 €	2.50 €	2.50 €	- €
Dividend yield	**4.8%**	**9.1%**	**12.9%**	**0.0%**
Market cap. 31/12/2024 :				***€720m***

Altarea — BBB-

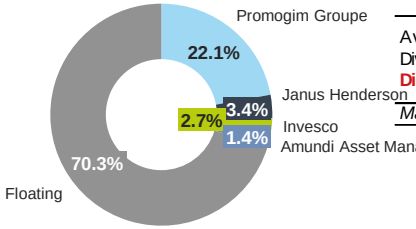
Shareholder(1)



	FY21	FY22	FY23	FY24
Avg. share price	171.41 €	141.30 €	101.02 €	91.23 €
Dividend (2)	9.50 €	9.75 €	10.00 €	8.00 €
Dividend yield	**5.5%**	**6.9%**	**9.9%**	**8.8%**
Market cap. 31/12/2024 :				***€2 110m***

Kaufman & Broad — BBB-

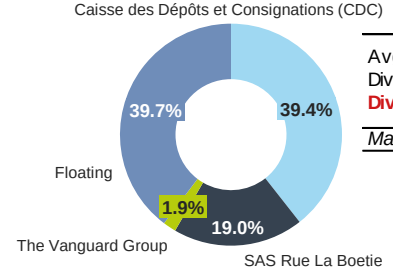
Shareholder(1)



	FY21	FY22	FY23	FY24
Avg. share price	37.40 €	27.32 €	27.31 €	30.57 €
Dividend (2)	1.85 €	1.95 €	2.40 €	2.40 €
Dividend yield	**4.9%**	**7.1%**	**8.8%**	**7.9%**
Market cap. 31/12/2024 :				***€677m***

Icade — BBB

Shareholder(1)



	FY21	FY22	FY23	FY24
Avg. share price	67.67 €	49.38 €	38.08 €	25.32 €
Dividend (2)	4.01 €	4.20 €	4.33 €	4.31 €
Dividend yield	**5.9%**	**8.5%**	**11.4%**	**17.0%**
Market cap. 31/12/2024 :				***€1 741m***

Sources: Annual reports; S&P Capital IQ
Notes: (1) Last known position on 07/03/2025 (2) Average of the rolling 12-month price

French property companies: 2024 activity

France remains in third place in real estate investment in Europe, with a slight increase

Commercial real estate investment

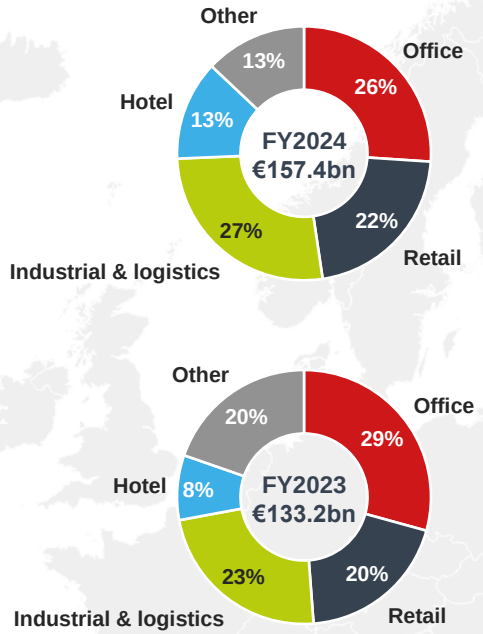
All asset classes in Europe – FY23 and FY24 (in €bn and in %)

	Rank		Investments in €bn			in % of total		
	FY2023	FY2024	FY2023	FY2024	*Variation*	FY2023	FY2024	*Variation*
United Kingdom	1	**1**	43.5	**50.3**	16 %	33 %	**32 %**	(0.7) pts
Germany	2	**2**	23.3	**25.9**	11 %	17 %	**16 %**	(1.0) pts
France	3	**3**	14.3	**15.1**	6 %	11 %	**10 %**	(1.1) pts
Italy	6	**4**	5.4	**9.4**	74 %	4 %	**6 %**	1.9 pts
Sweden	4	**5**	7.5	**8.7**	16 %	6 %	**6 %**	(0.1) pts
Spain	5	**6**	7.1	**8.7**	23 %	5 %	**6 %**	0.2 pts
Netherlands	7	**7**	4.5	**7.0**	56 %	3 %	**4 %**	1.1 pts
Norway	8	**8**	4.2	**6.4**	52 %	3 %	**4 %**	0.9 pts
Poland	12	**9**	2.0	**4.7**	135 %	2 %	**3 %**	1.5 pts
Denmark	9	**10**	2.4	**3.2**	33 %	2 %	**2 %**	0.2 pts
Belgium	11	**11**	2.2	**2.6**	18 %	2 %	**2 %**	0.0 pts
Portugal	15	**12**	1.6	**2.4**	50 %	1 %	**2 %**	0.3 pts
Ireland	16	**13**	1.4	**2.0**	43 %	1 %	**1 %**	0.2 pts
Austria	9	**14**	2.4	**1.8**	(25)%	2 %	**1 %**	(0.7) pts
Others	n.a.	**n.a.**	11.4	**9.2**	(19)%	9 %	**6 %**	(2.7) pts
Total			**133.2**	**157.4**	18 %	**100 %**	**100 %**	

- Investment volume in Europe in FY24 was up 18% compared with FY23, following a drop in investment volume in FY23 by 47%.
- Only Austria in the top-ranking countries continues to decline (-25%), while other countries tend to recover, growing at various paces.
- The main European countries in terms of real estate investment have maintained their positions, notably the United Kingdom, Germany and France, although France has the lowest growth of the top-ranking panel analysed at 6%.

Breakdown of investments by asset class

Commercial real estate in Europe – FY23 / FY24

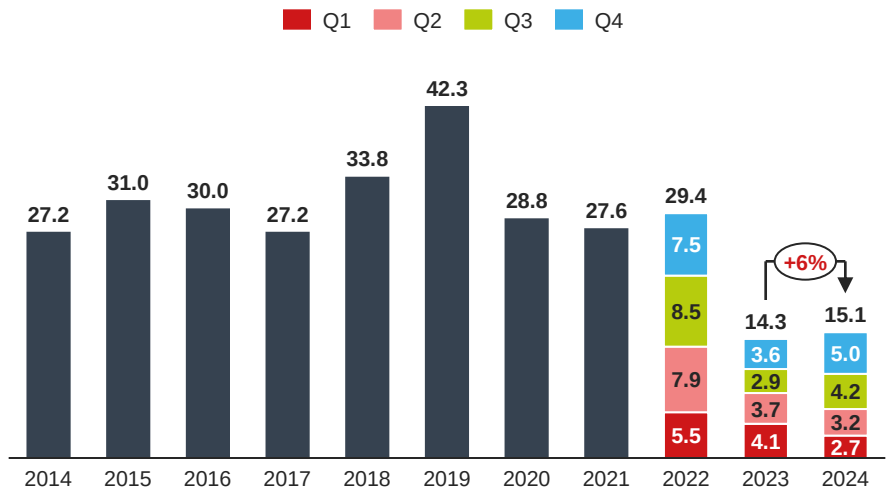


- Only offices show growth below that of the overall market at 5%, explaining the decreasing breakdown from 29% to 26%.
- Hotels have the best performing growth in this market, rising from €11bn to €20bn, showing a positive outlook for the industry.
- Finally, the Industrial & Logistics and Retail asset classes grew by 35% and 31% respectively.

Source: BNP Paribas Real Estate, February 2025.

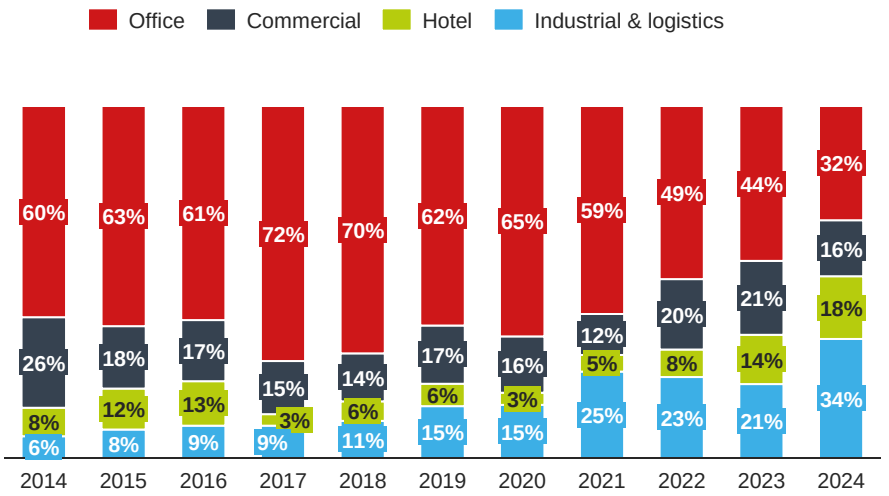
Commercial real estate: the second half of 2024 confirms the recovery of the sector

Commercial real estate investment
All asset classes in France – FY24 (in €bn)



- The year 2024 marks the recovery of real estate investments in France with growth of +6%, while 2023 saw a fall of more than half. The first half of 2024 was still struggling at €5.9bn (compared with €7.8bn for the same period in 2023), but it was in the second half of 2024 that the recovery was marked, amounting to €9.2bn (compared with €6.5bn for the same period in 2023).
- This recovery in the second half of the year was explained by an improvement in market conditions with the decreasing cost of debt.

Breakdown of investments by asset class
Commercial real estate in France – FY24

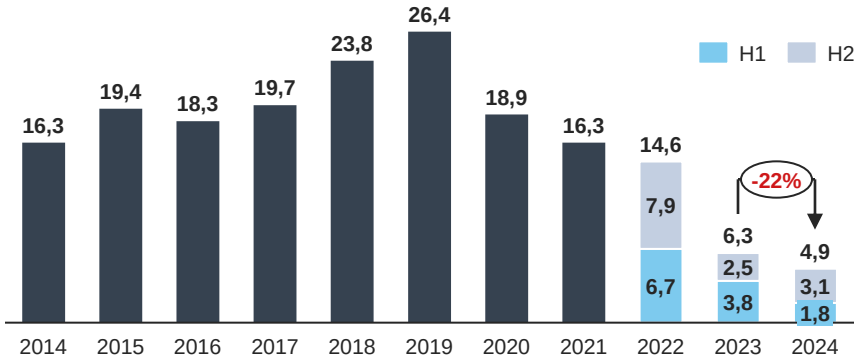


- Real estate investment in France encountered opposite trends between asset classes, mainly driven by industrial & logistics, whose share now represents 34%, to the detriment of the office sector, which has the largest decline to 32%.
- The industrial & logistics investment market grew strongly in 2024, now occupying a third of total investments, mainly driven by the signing of several large-scale portfolios.
- The hotel market also saw its share grow, reaching 18%, thanks to transactions in 3- and 4-star hotels, of which six were in excess of €100m.
- There was a sharp fall in the office investment market in 2024. This segment, which historically represented more than half of the market, now represents less than a third.
- The commercial segment, after accelerating in 2022 and 2023 to an investment market share of more than 20%, decreases to 16% in 2024, explained by transactions that were not completed by the end of 2024 and will therefore have a positive impact in 2025.

Source: BNP Paribas Real Estate, February 2025.

A two-speed restart: while the economy improved in 2024, asset classes that benefit from it staggered (1/2)

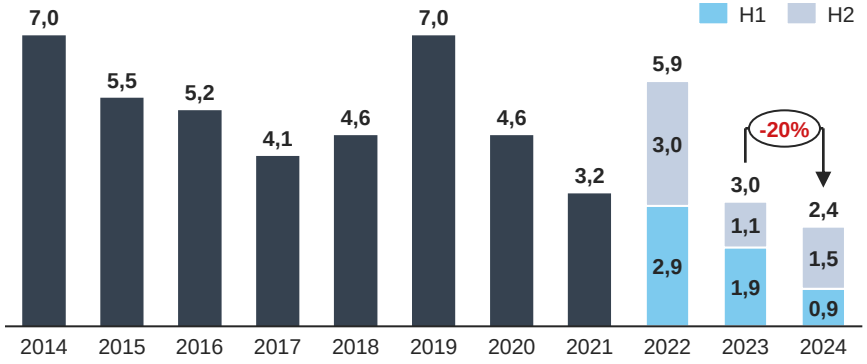
Office Investments - FY24 (in €bn)



- During H2 2024, €31.bn was invested in the office asset class, an increase of +24% vs H1 2024. However, the lower performance in H1 2024 affected the overall performance for the year, showing a decrease of -22%.
- In Ile-de-France, €3.4bn was invested, of which €2.4bn in H2 2024.
- In "*Régions"*, €1.5bn was invested, mainly in Lyon (€0.4m), followed by Aix/Marseille and Lille (each €0.2m). However, there were also significant decreases in Bordeaux (-€0.2m) and Toulouse (-€0.1m).

Notable transactions: Acquisition of 121 Boulevard Haussmann, Paris, by CDC Investissement Immobilier from Lazard Group; Ateliers Gaité offices in Paris by Swiss Life Asset Managers and Norges Bank Investment Management.

Commercial Investments - FY24 (in €bn)



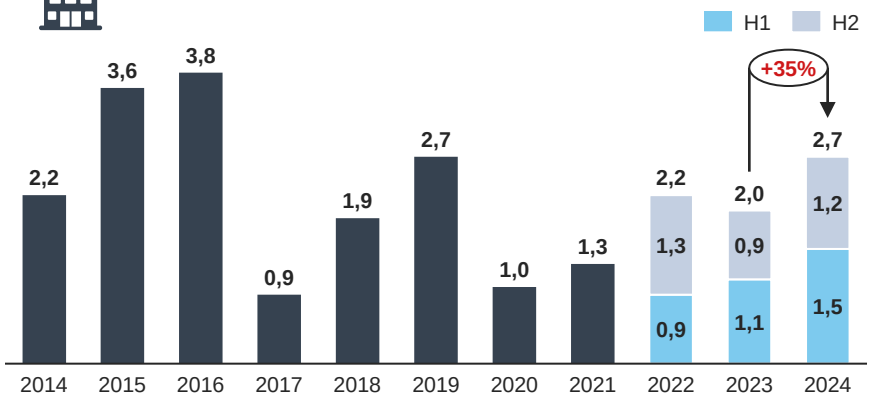
- The amount invested in 2024 reached €2.4bn, down 20% compared with 2023 and 52% compared with the ten-year average (€5.0bn).
- This decrease should be mitigated, while the first half of 2024 slowed by almost half compared with 2023, the second half of the year returned to growth with an investment amount of €1.5bn compared with €1.1bn for the same period in 2023.
- In addition, several major transactions that began at the end of 2024 were not completed by year-end and will be beneficial to investments in 2025.
- Peripheral retail particularly boosted the market, representing 56% of the total.

Notable transactions: Sofidy – Les Allées de Corneilles, Sodify – O'Parinor shopping mall, Blackstone – Mandarin Oriental shops (€148m) / Kering – via Monte Napoleone 11,800 m² (€1.3bn) / Kering & Ardian in Paris, France – JV

Source: BNP Paribas Real Estate, February 2025.

A two-speed restart: while the economy improved in 2024, asset classes that benefit from it staggered (2/2)

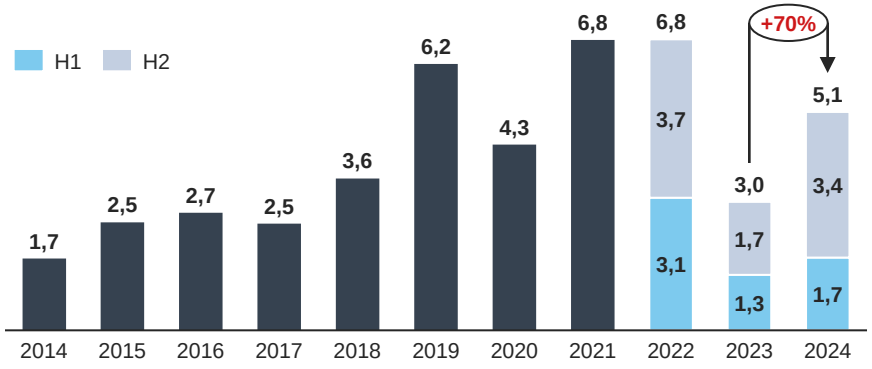
Hotel Investments - FY24 (in €bn)



- With €2.7bn invested in 2024, investment in the hotel sector continues to grow strongly (+35% compared with 2023), with a slight loss of momentum in the second half of the year (36% in H1 2024 vs 33% in H2 2024).
- The hotel market is mainly based on macro deals, including six transactions over €100m.
- Overall, 2024 is proving to be a very good year in the real estate investment mix, representing 18% of the amounts committed compared with less than 10% on average over the last 10 years.

Notable transactions: Hilton Hotel Paris Opera in Paris 8 (€240m) / Le Mandarin Oriental Hotel in Paris 1 (€205m)

Industrial & logistics Investments - FY24 (in €bn)



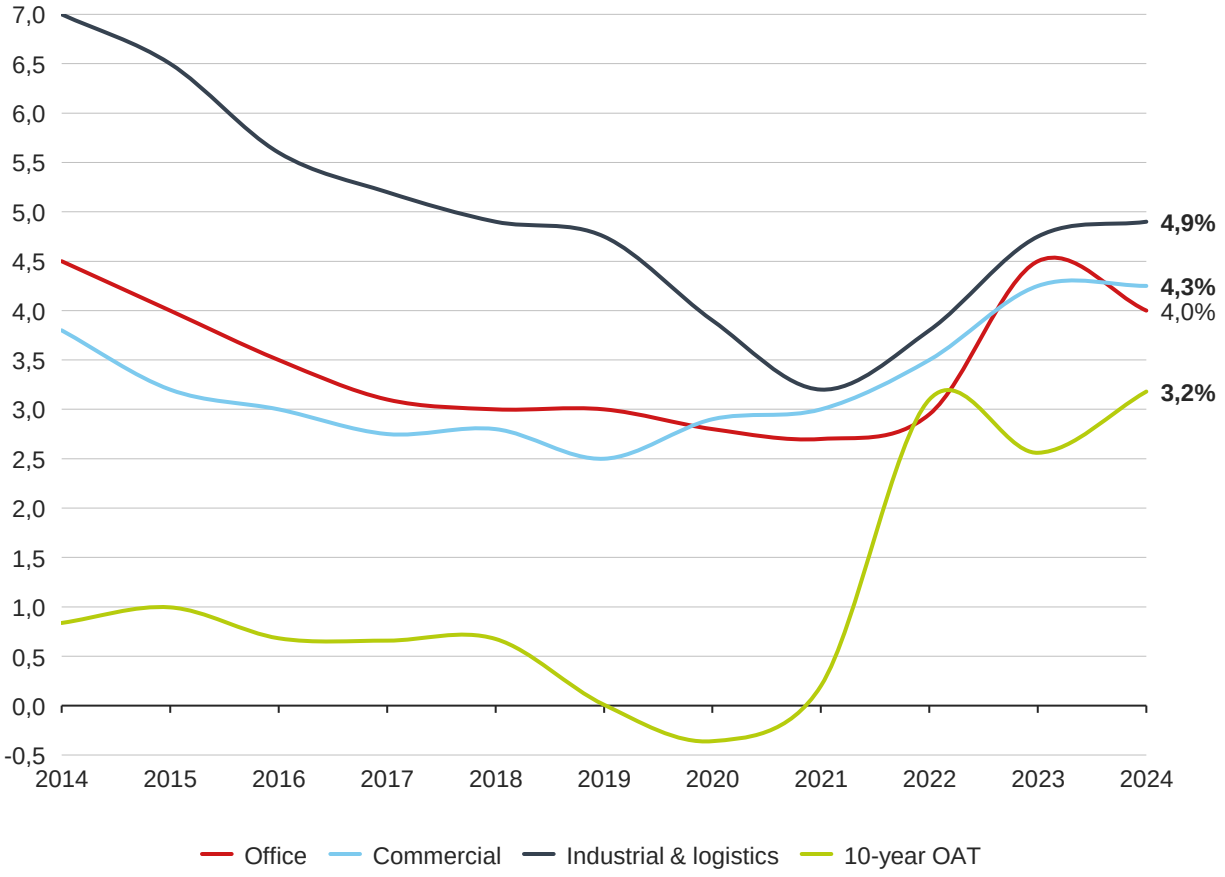
- Investments in Industrial & logistics amounted to €5.1bn in 2024, compared with €3.0bn in 2023.
- The market was driven in particular by the signing of several major portfolios, two of which sold for more than €300m.

Notable transactions: Montclair portfolio (€324m) / Warehouse in Compans (€82.5m) / Warehouses by WDP France from Altarea / Acquisitions in French regions by AB SAGAX (€136m)

Source: BNP Paribas Real Estate, February 2025.

Rising interest rates have compressed the risk premium of real estate assets vs the risk-free rate

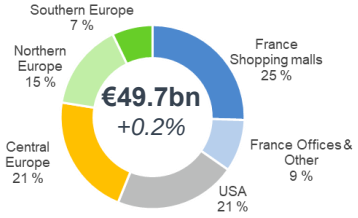
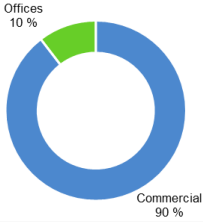
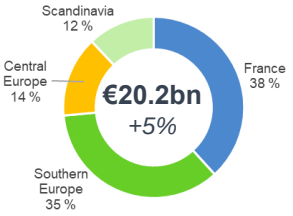
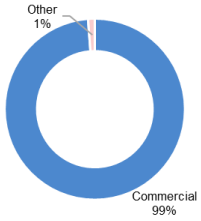
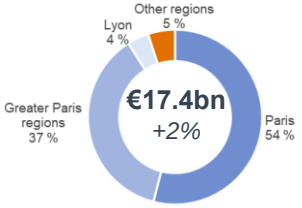
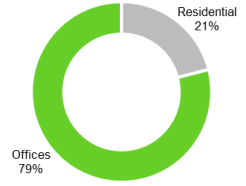
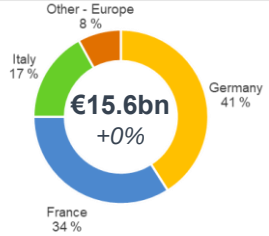
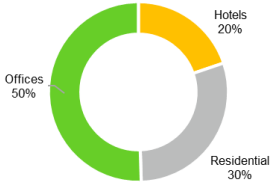
Comparative evolution of interest rates
"*Prime*" rate of return vs 10-year OAT rate



- Faced with rising interest rates, the market reacted with a decompression of capitalisation rates visible from the second half of 2021.
- In 2024, the prime rates of the different asset classes seemed to stabilise, indicating some consolidation of the market in the face of fluctuating economic conditions.
- At the same time, the 10-year OAT rose sharply, reaching 3.18% in 2024, compared with 2.56% a year earlier. This increase is largely attributable to macroeconomic uncertainties and unstable policies in 2024.
- The direct impact of this increase is the compression of the risk premium, which fell from 239 bps in 2023 to 133 bps at the end of 2024.
- Since 2014, the risk premium for real estate has been between 200 bps and 400 bps, depending on the asset class, due in particular to the low level of interest rates.
- The recent stabilisation of prime rates could indicate a renewed interest from investors, particularly those looking for assets such as hotels or prime residential properties, which tend to be more resilient to economic cycles. However, investors remain cautious, and their appetite is now more oriented towards assets offering a higher risk premium to compensate for rate volatility. In addition, the increase in OATs is putting pressure on investors who must adjust their financing strategies.

Source: BNP Paribas Real Estate, February 2025.

Overall performance of French property companies in FY24

Company	Last half-year growth (LFL) *July-Dec 2024*	FY24 growth *(reported)*	FY24 revenue (NOI) *(€bn)*	NAV per share Dec.-24 *Var Dec.23-24 (€)*	Dec.-24 Portfolio geographical split *(%)*	Market cap. as of 04/02/25 *(€bn)*	Last year share evol. *(%)*	FY24 sales weight by category *(%)*
UNIBAIL-RODAMCO-WESTFIELD	12%	13.9%	**2.3**	**144** *(2)%*		11.2	+8.7%	
KLEPIERRE	1%	10.2%	**1.1**	**36.7** *+8.9%*		8.9	+12.6%	
gecina	1%	76.2%	**0.64**	**157.6** *(0.5)%*		6.4	-17.8%	
	3%	9.8%	**0.68**	**79.8** *(5)%*		5.8	+0.2%	

Source: SP Capital IQ, Annual Reports 2024

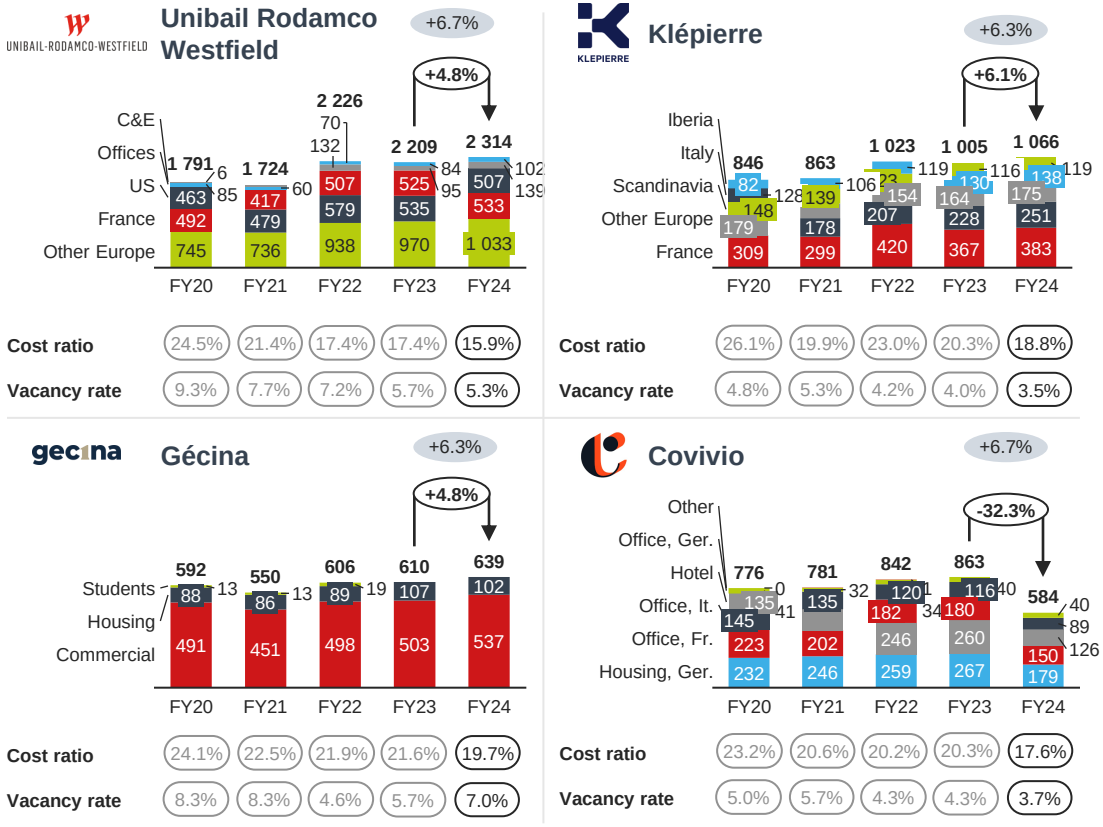
Semi-annual NAV per share of France's leading real-estate property companies for the 2022–2024 period

Company	2022		2023		2024	
	Jan/Jun	*Jul/Dec*	*Jan/Jun*	*Jul/Dec*	*Jan/Jun*	*Jul/Dec*
UNIBAIL-RODAMCO-WESTFIELD	2%	(5)%	(3)%	(3)%	(3)%	1%
KLEPIERRE	(2)%	1%	(2)%	(1)%	4%	5%
gecina	3%	(5)%	(7)%	(11)%	(1)%	1%
	3%	(3)%	(14)%	(8)%	(8)%	2%

Source: Annual financial reports 2022-2024, half-year-to-half-year comparison

Robust operational performance and record rental income define FY24 for French property companies

Net rental income (in €m)



- Following the significant decline in 2020 and 2021 due to the health crisis and rent support measures during lockdown periods, net rental income for **URW** and **Klépierre** returned to historical highs in FY24.
- In FY24, **URW's** net rental income increased by 4.8% (+6.8% at constant perimeter), driven by positive rent indexation and higher variable rents.
- **Klépierre's** net rental income reached c. €1.1bn, up 6.1% compared with FY23 (+6.3% like-for-like). This growth outpaced the company's panel thanks to higher occupancy rates, stronger collection rates, increased variable rents, and additional income from parking facilities and shopping centres.
- Gecina's net rental income grew by 4.8%, benefitting from a strong performance on a like-for-like basis (+6.3%). Additional rental income from the successful leasing of redevelopment projects totalling 49,000 sqm, including three fully leased office properties and an office-to-residential conversion, significantly supported rental income growth
- Covivio reported a decline in net rental income of 32.3%, mainly due to asset disposal programmes, particularly in offices. However, on a like-for-like basis, it showed an increase of 6.7%, mainly driven by (i) the hotel segment showing a recovery during the year, supported significantly by higher variable rents, and (ii) French offices as there was an improvement in occupancy rates and the group signed 176,200 sqm of new lettings and renewals in the office sector.

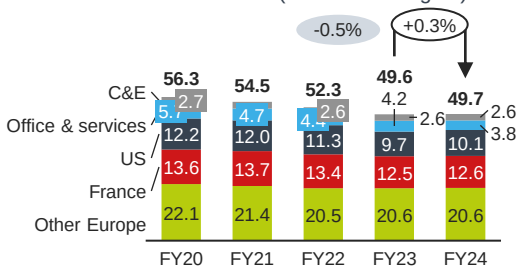
Legend: +xx% Like-for-like var.

Sources: Annual financial reports, press releases and annual results presentations.

Portfolio valuation shows contrasting growth

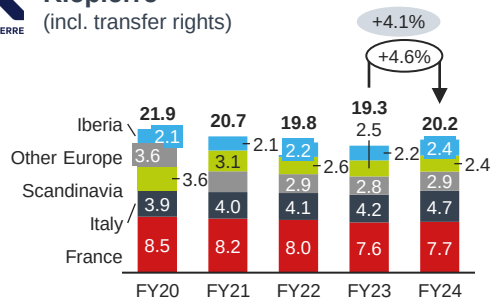
Valuation of assets under management (in €bn) | Incl. duties

Unibail Rodamco Westfield (incl. transfer rights)



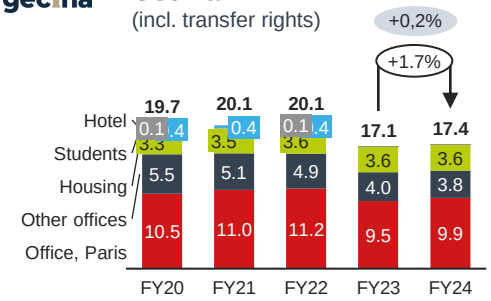
EPRA net yield	4.6%	4.1%	4.3%	4.9%	5.0%

Klépierre (incl. transfer rights)



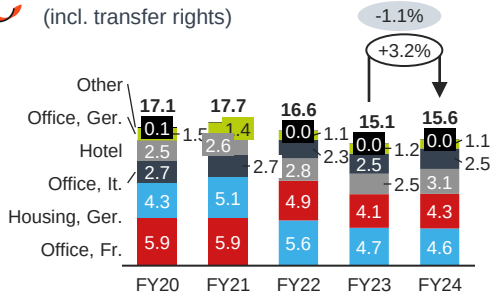
EPRA net yield	5.3%	5.2%	5.4%	5.9%	5.9%

Gécina (incl. transfer rights)



EPRA net yield	3.0%	2.9%	3.2%	3.9%	4.1%

Covivio (incl. transfer rights)



EPRA net yield	3.6%	3.5%	4.4%	3.9%	4.6%

Legend: +xx% Like-for-like var.

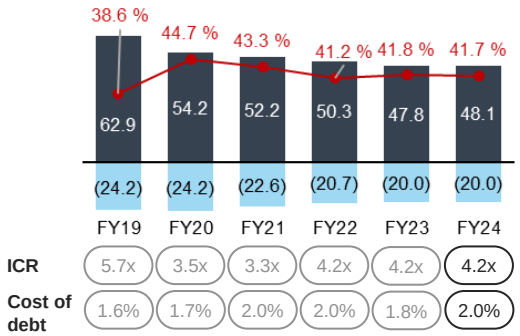
Sources: Annual financial reports, press releases and annual results presentations.

- **URW:** The market value of URW's assets increased by 0.3%. This slight increase is due to capital expenditure, acquisitions and transfers (€1.8bn), as well as the currency effect (€0.7bn), offset a revaluation of non-like-for-like assets (Westfield Hamburg-Überseequartier project) and shares (-€1.3bn), as well as disposals (-€0.9bn).
- **Klépierre:** The market value of Klépierre's portfolio increased by 4.6% compared with 31 December 2023. This increase is essentially linked to a positive cash-flow effect of 3.9%. The limited impact of cap rate movements reflects the resilience of prime shopping centres and the group's focus on southern Europe.
- **Gécina:** The market value of Gécina's portfolio, 79% of which corresponds to offices, was stable in 2024 on a like-for-like basis (+0.2%).
- **Covivio:** The market value recorded a 1.1% decrease in like-for-like asset values, driven by a -3.1% decline in offices. The variation reflects significant geographic differences, with stable values in France and Italy, while Germany experienced a sharper adjustment (-5.9%), largely due to a negative cap rate effect amid rising interest rates and investor selectivity in the German market.

The growth in the market value of assets leads to an improvement in the LTV ratio

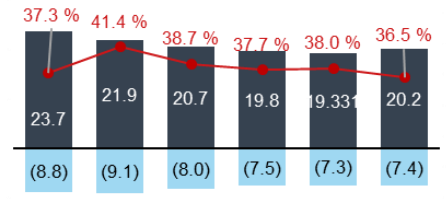
Main characteristics of debt

Unibail Rodamco Westfield



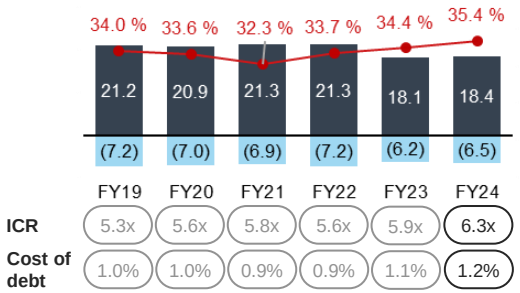
	FY19	FY20	FY21	FY22	FY23	FY24
ICR	5.7x	3.5x	3.3x	4.2x	4.2x	4.2x
Cost of debt	1.6%	1.7%	2.0%	2.0%	1.8%	2.0%

Klépierre



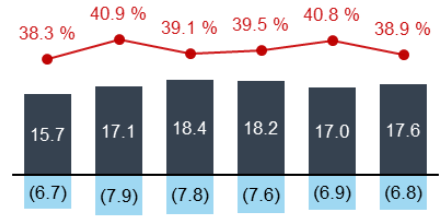
	FY19	FY20	FY21	FY22	FY23	FY24
ICR	8.0x	7.3x	8.3x	10.0x	8.4x	7.4x
Cost of debt	1.5%	1.2%	1.2%	1.3%	1.5%	1.7%

Gécina



	FY19	FY20	FY21	FY22	FY23	FY24
ICR	5.3x	5.6x	5.8x	5.6x	5.9x	6.3x
Cost of debt	1.0%	1.0%	0.9%	0.9%	1.1%	1.2%

Covivio



	FY19	FY20	FY21	FY22	FY23	FY24
ICR	5.7x	6.1x	6.7x	6.9x	6.4x	6.0x
Cost of debt	1.6%	1.3%	1.2%	1.2%	1.5%	1.7%

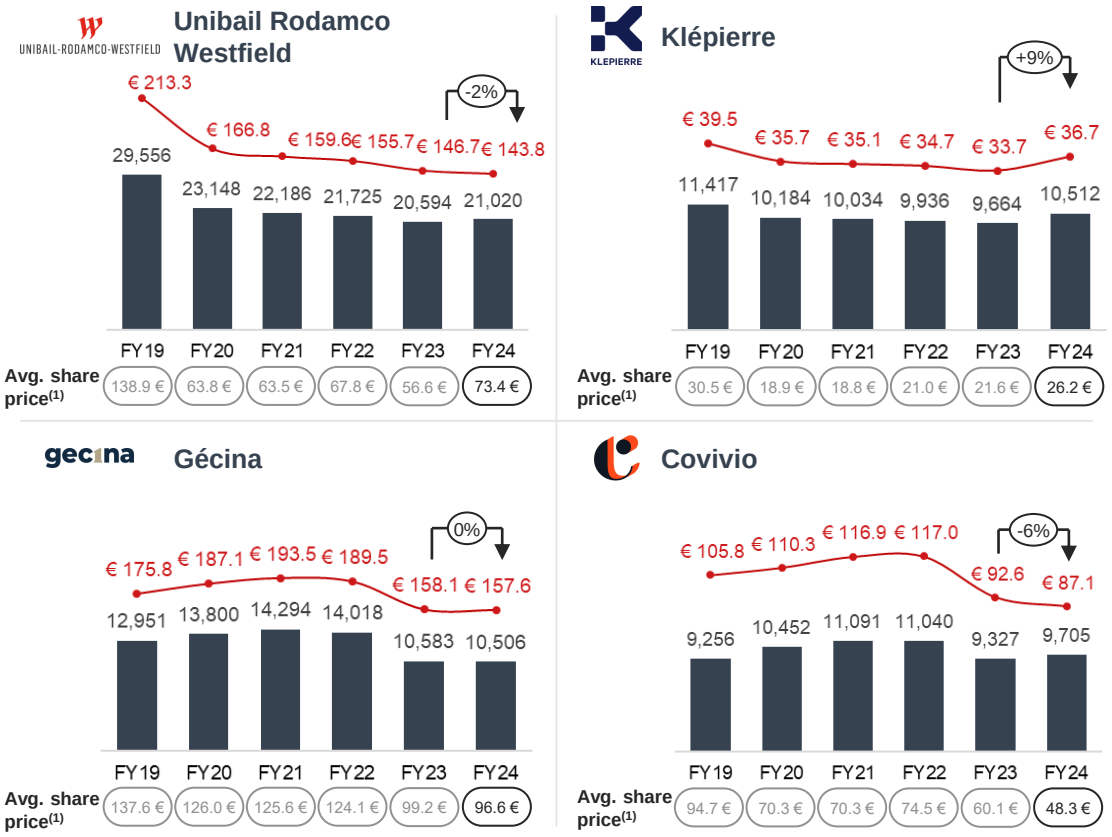
Legend: Asset value - share of group (DI, €bn) | Net debt (€bn) | LTV

Sources: Annual financial reports, press releases and annual results presentations.

- **URW's** LTV ratio decreased to 41.7% (from 41.8% at 31 December 2023), thanks to disposals in 2024 and a +0.6% increase in portfolio value.
- **Klépierre's** LTV level further improved to 36.5%, down 150 basis points compared with the end of 2023, driven by growth in portfolio value.
- A similar trend can be observed for **Covivio**, whose LTV ratio fell to 38.9%.
- **Gécina's** LTV ratio increased to 35.4% (versus 34.4% at 31 December 2023) due to an increase in net debt.
- Note, for the four real estate companies selected, the usual LTV covenant in debt agreements is generally set at 60% (and less than 2x for ICR).

In 2024, the NAV of real estate companies increases again, in line with asset value adjustments over the period

Reinvestment NAV (EPRA NRV)



Legend: EPRA NAV/NRV per share (€) EPRA NAV/NRV (€m)

Sources: Annual financial reports, press releases and annual results presentations.

Note: (1) Yearly average share price

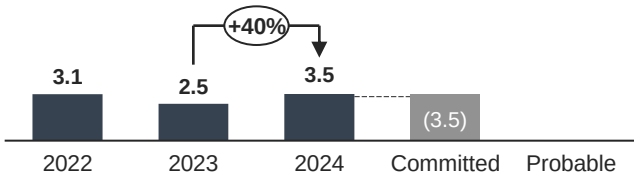
- The fall in **URW's** NAV per share is mainly due to the revaluation of the real estate portfolio, the depreciation of financial instruments due to interest rate changes and the impairment of goodwill. At the end of 2024, lower inflation and stabilising interest rates helped reduce pressure on the real estate market. Combined with successful asset management strategies (pipeline deliveries, growth in tenant sales), URW's NAV per share stabilised.
- For **Gécina**, the stabilisation of NAV per share reflects the stabilisation of asset values on a like-for-like basis. The change in value due to the rental effect and recurring income positively offset the dividend paid in the first half of 2024 and the change due to the interest rate effect.
- For **Klépierre**, the increase in NAV per share is mainly explained by the rise in the market value of the portfolio, primarily driven by positive cash flow and the ongoing recovery in shopping centre rents, especially in southern Europe. The company benefitted from both a higher occupancy rate and a stronger rental growth in its key markets. A positive cash flow effect (+3.9%) contributed to a portfolio value increase (+4.1%), which pushed up the NAV by the end of 2024.
- On a per-share basis, **Covivio's** reconstitution NAV fell due to the increase in the number of shares following the subscription by 77.5% of shareholders to the dividend payment in shares. This dilution effect resulted in a higher share count, which reduced the NAV per share despite a stable, even growing, overall asset value. At the end of 2024, supported by strong operating performance (revenues up +6.7% on a like-for-like basis), lower leverage ratios, recurring net income, NAV stabilised over the second half-year (+2%).

The project pipelines represent significant growth drivers for the coming years

UNIBAIL-RODAMCO-WESTFIELD

In €bn

Including Tour Triangle, Lightwell, Coppermaker square, Westfield Hamburg



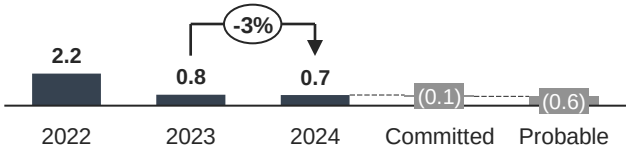
% of total pipeline	100%	100%	n.a.

The development pipeline mainly consists of the Westfield shopping centre under construction in Hamburg (to be delivered in April 2025), the Triangle Tower, the Coppermaker Square residential project in the UK, and the Lightwell project for the restructuring of the Galilée office building in La Défense.

KLEPIERRE

In €bn

Including Odysseum (Montpellier)



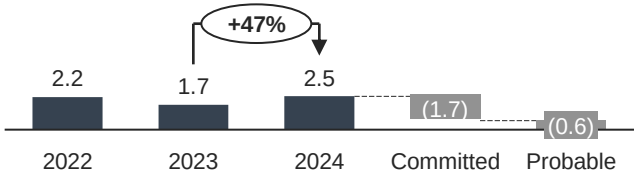
% of total pipeline	100%	13%	87%

The development projects are focused on the group's main areas of operation (France–Belgium, Italy, and the Netherlands). In Montpellier, the Odysseum shopping centre is undergoing an expansion project to accommodate new restaurant concepts and stores (including a Primark megastore). The delivery is scheduled for 2025.

gecina

In €bn

Including buildings Icône, Mondo and 35 Capucines (Paris), and project Carreau (Neuilly)

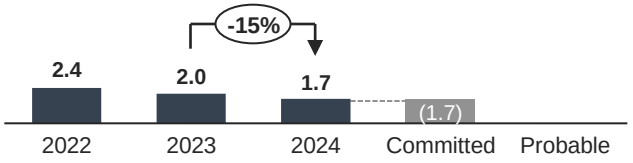


% of total pipeline	100%	68%	32%

The office projects currently under development are primarily concentrated in Paris and Neuilly, with an expected yield of around 6%. Additionally, nearly 30% of the committed pipeline consists of residential assets.

In €bn

Including Paris Grands Boulevards, Corte Italia, Alexanderplatz, etc.



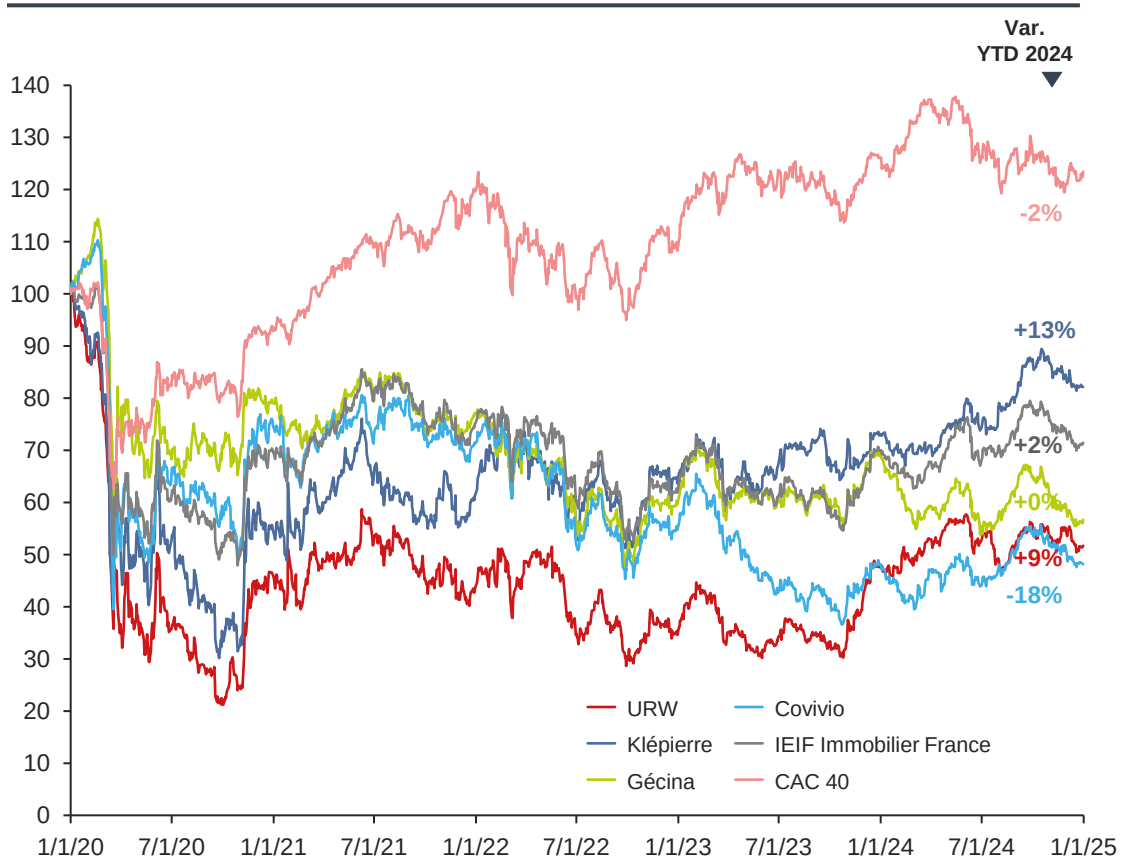
% of total pipeline	100%	100%	n.a.

The committed project pipeline is mainly located in the city centres of Paris, Milan, and Berlin, with a significant pre-letting rate of 46%. The target yield on office building developments is 5.5%.

Sources: Annual financial reports, press releases and annual results presentations.

In 2024, the stock market performance of real-estate companies is close to that of the CAC 40

Stock price evolution of the real estate companies in the panel
Base 100 on 01/01/2020 | Analysis period: from 01/01/2020 to 31/12/2024

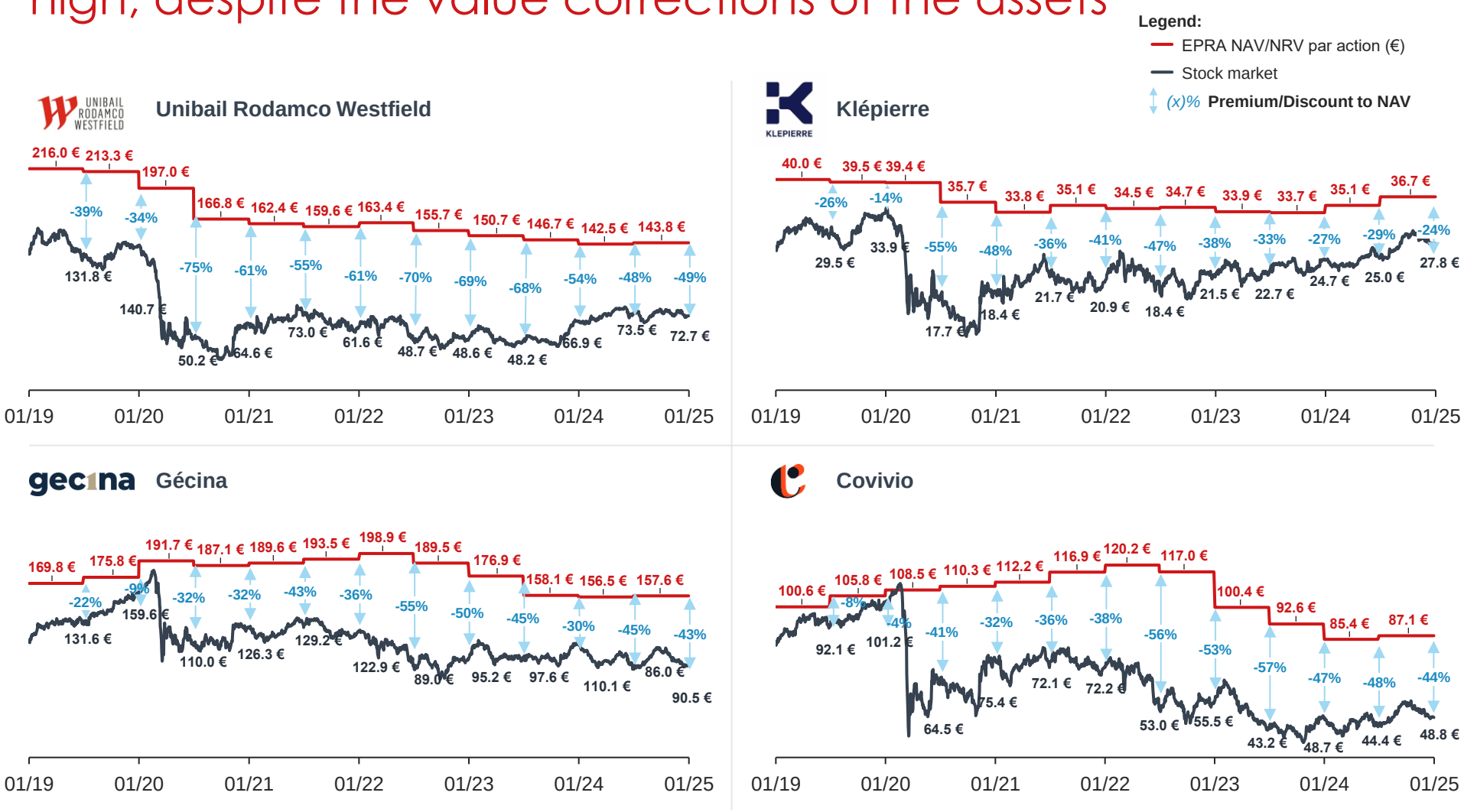


	URW	Klépierre	Gécina	Covivio	IEIF Immobilier	CAC 40
Variation						
Since 01/01/2024	+9%	+13%	+0%	-18%	+2%	-2%
2023	+33%	+12%	-13%	+14%	+11%	+14%
2022	-21%	+4%	-23%	-22%	-17%	-9%
2021	+1%	+16%	-3%	-2%	+10%	+28%
2020	-54%	-47%	-26%	-21%	-31%	-8%
Over the period	-48%	-18%	-52%	-43%	-29%	+23%
30d spread						
at 31/12/2024	7.3%	5.6%	6.9%	6.1%	5.1%	3.4%
at 1/1/2020	3.8%	5.0%	4.9%	4.4%	3.3%	3.6%

- Since 2020, stock market volatility has significantly increased due to an unprecedented accumulation of macroeconomic shocks over the past three years (health crisis, war in Ukraine, inflation, interest rate hikes, etc.).
- While the 30-day stock price volatility of the panel ranged between 3% and 5% on 1 January 2020, it now fluctuates between 3% and 7% as of the end of December 2024.
- Real estate stocks rose by an average of 1% in 2023 and have remained stable since 1 January 2024. Since early 2020 (before the health crisis), the stock prices of the companies in our panel have declined by an average of 38%, even as the CAC 40 has gained 23% over the same period.
- Overall, real estate stocks have shown greater resilience in 2024 compared with developers.

Sources: Capital IQ, press
Note: The stock prices presented have been calculated on a base of 100 for the purpose of comparability.

The discounts on the stock price relative to the NAV remain high, despite the value corrections of the assets

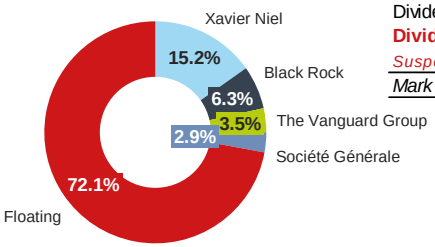


Sources: S&P Capital IQ, Semi-annual financial reports, Press releases and Semi-annual financial results presentations.

The real estate companies in our panel have generally maintained their distribution levels in value, with the return of dividends from URW

Unibail Rodamco Westfield — BBB+

Shareholder(1)



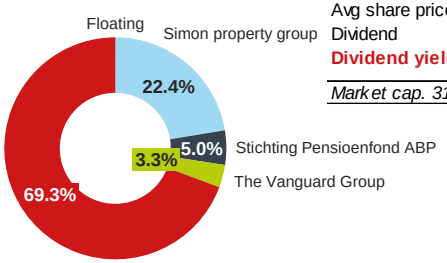
	FY21	FY22	FY23	FY24
Avg share price(2)	67.59 €	57.42 €	51.60 €	73.42 €
Dividend	- €	- €	- €	3.50 €
Dividend yield	**0.0%**	**0.0%**	**0.0%**	**4.8%**

Suspension of dividends for the 2020-23 financial years

Market cap. 31/12/2024 : ***€10,372m***

Klépierre — BBB+

Shareholder(1)

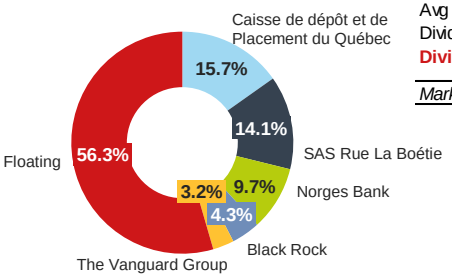


	FY21	FY22	FY23	FY24
Avg share price(2)	20.63 €	21.60 €	22.98 €	26.20 €
Dividend	1.00 €	1.70 €	1.75 €	1.85 €
Dividend yield	**4.8%**	**7.9%**	**7.6%**	**7.1%**

Market cap. 31/12/2024 : ***€7,938m***

Gécina — A-

Shareholder(1)

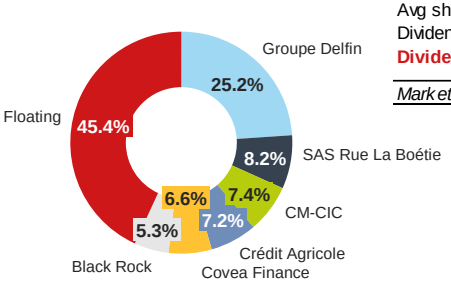


	FY21	FY22	FY23	FY24
Avg share price(2)	124.12 €	100.44 €	99.87 €	96.53 €
Dividend	5.30 €	5.30 €	5.30 €	5.45 €
Dividend yield	**4.3%**	**5.3%**	**5.3%**	**5.6%**

Market cap. 31/12/2024 : ***€6,687m***

Covivio — BBB+

Shareholder(1)



	FY21	FY22	FY23	FY24
Avg share price(2)	74.35 €	62.06 €	48.85 €	48.28 €
Dividend	3.60 €	3.75 €	3.75 €	3.50 €
Dividend yield	**4.8%**	**6.0%**	**7.7%**	**7.2%**

Market cap. 31/12/2024 : ***€5,403m***

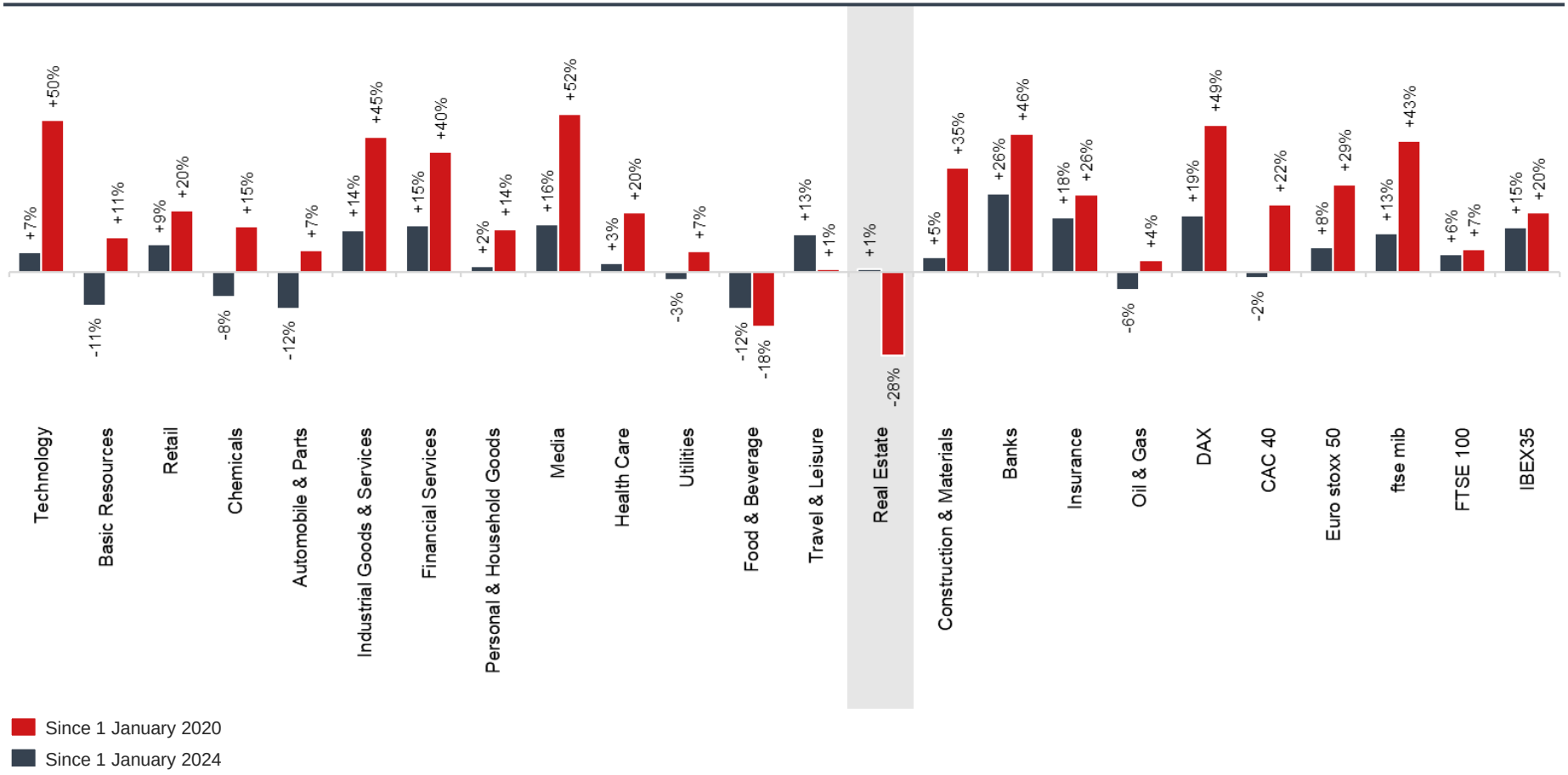
Sources: Annual and semi-annual reports ; S&P Capital IQ
Note (1) Latest known position as of 13/03/2025 (2) Average stock prices over the last 12 months

Appendices

A

Real estate stocks have underperformed the market since 2020

Stock price variations of Stoxx Europe 600 sector indices
(2020 – 2024)



Source: S&P Capital IQ
Note: Analysis period between 1 January 2020 and 31 December 2024.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