



Groupe ActionLogement

**MANAGEMENT REPORT
AT THE ORDINARY AND EXTRAORDINARY
ANNUAL GENERAL MEETING**

FINANCIAL YEAR 2017:



in'li

Public limited company with Board of Directors and Supervisory Board
with capital of 479,373,550.50 euros

Registered offices: Tour Ariane - 5 place de la Pyramide - 92088 PARIS LA DEFENSE CEDEX

- 602 052 359 Trade and Companies Register of Nanterre – Siret 602 052 359 00018 -

A word from Viviane CHAINE-RIBEIRO, CEO of Action Logement Immobilier



The introduction of an intermediate housing strategy in the Île-de-France region and the creation of 'in'li is fully in line with Action Logement's strategic plan, implemented together with the government for 60 years to promote access to housing for employees.

The creation of a group of one million housing units in France, under the banner of Action Logement is, in fact, accompanied by the recognition of intermediate housing as a specific segment in the rental housing offer for company employees, middle-class households and young professionals, who are finding it increasingly difficult to find adequate housing in the Ile-de-France region.

So intermediate housing is one of Action Logement's main commitments: "Taking action for housing means doubling the production of intermediate housing in areas where there is a wide gap between rents in the social and private housing sectors."

So, Action Logement's aim is to produce 100,000 intermediate housing units in France, including 80,000 housing units in Ile-de-France, in order to meet an increasing demand from middle-class households and young professionals, taking into account the clearly insufficient current supply and the dynamism of this area which should be supported by enabling these employees to find accommodation.

In order to achieve this aim, Action Logement has entrusted in'li, its subsidiary dedicated to intermediate housing, and the result of the merger of RRP, Socalog and Immobilière ACL-PME in October 2017, with the task of producing 80,000 new intermediate housing units in the Ile-de-France region by 2025.

In this socially useful mission, in'li can count on Action Logement Immobilier's total support, as offering high-quality affordable housing is an issue of economic development for the regions and of well-being for employees.

Introduction



Benoist APPARU
Chairman of the Board of
Directors



Pierre BRAJEUX
Chairman of the
Supervisory Board



Jean-Jacques DENIZARD
Vice-Chairman of the
Supervisory Board

As market leader in the intermediate housing sector in the Ile-de-France region with a stock of 42,000 housing units throughout the region, we help middle-class employees and young professionals to find accommodation in order to promote the link between employment and housing, facilitate professional mobility and thus help to make the regions more attractive.

Our priority is to respond to the situation in areas of housing shortage, where open market rents make it impossible for a large number of employees to access private rented housing and where the gap between social and private housing rents is very large and is continuing to grow.

With the production of 80,000 new housing units in the Ile-de-France region, in areas of the greatest housing shortage (zones A bis and A) and in order to be near an employment catchment area and have access to numerous transport solutions linked to the development of Greater Paris, we want to provide a concrete response to the significant needs of employees in Ile-de-France, estimated at 150,000 housing units, taking the current supply into account.

This new offering, which will completely replace and double our stock, represents a substantial investment of 18 billion euros. They will be financed by Groupe Action Logement, in'li's own funds, the gradual sale of our stock in a secure manner for our tenants, with priority given to the latter, investors equity and through banking and bond debt.

This complete renewal of our housing stock is a wonderful opportunity to innovate and reinvent our approach through the adaptation of housing, taking into account the changes in the way Ile-de-France residents live, through the development of new services for tenants which make everyday life simpler, and the digitisation of customer relations in order to satisfy the desires of current and future tenants to have rapid responses to their concerns and to access our housing offer easily.

Finally, this is also an opportunity to strengthen solid partnerships which have been maintained with elected representatives for years, many of whom have fully understood the contribution intermediate housing makes to local housing policies, which regard social diversity as a priority.

Aware of the impact of our strategic plan at all levels of the company but also of its impact on our partners and tenants, we have organised specific in-house support for team members and suitable publicity material to present our project externally, to the politicians with whom we will consult in advance prior to any decision to sell, to our tenants, the majority of whom we hope will be able to

achieve ownership under advantageous conditions, and in'li's employees who are also the key to the success of this ambitious plan.

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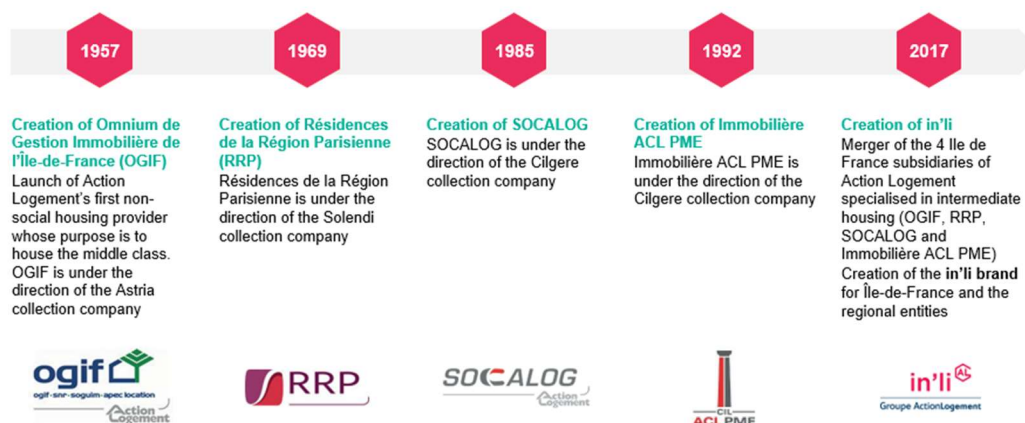
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I – ACTIVITY OF THE COMPANY

1) In'li: Groupe Action Logement's new subsidiary dedicated to intermediate housing

The introduction of an intermediate housing strategy in the Ile-de-France region and the creation of 'in'li in October 2017 is fully in line with Action Logement's strategic plan. In fact, the creation of a group of one million housing units in France, under the banner of Action Logement, is accompanied by the recognition of intermediate housing as a specific segment in the rental housing offer for company employees and middle-class households. The development of intermediate housing is also one of Action Logement's priority projects: **“Taking action for housing, means doubling the production of intermediate housing units in areas where there is a wide gap between rents in the social and private housing sectors.”** **The aim of Action Logement is to produce 100,000 intermediate housing units in France, 80,000 of which are in the Ile-de-France.**

To implement this objective, Action Logement Immobilier has brought together almost 42,000 housing units within a **new subsidiary, in'li**. So In'li is the largest intermediate housing provider in the Île-de-France.



The creation of in'li on the 2nd of October 2017, was accompanied by a reorganisation of teams and an IT migration at the beginning of January 2018.

So in'li took on an additional Property Department. Local teams are now organised into 4 Property Departments

- Property Department 92 - 95
- Property Department 75 - 78
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2) Decisive events of 2017

a) Change of governance and management mode

The Annual General Meeting held on the 29th of September 2017 decided to change the company's mode of governance and management and opted for **management by a Board of Directors and a Supervisory Board** with effect from Monday the 2nd of October 2017.

b) Increases in capital

Following the merger-absorption of the two civil property companies by OGIF, the SNR (New Residences Company) and the Bagnolet-Orteaux property company, approved by the Ordinary and Extraordinary Annual General Meeting held on the 21st of June 2017, the company's share capital was increased from 123,146,995.50 euros to 284,960,611.50 euros.

Following the merger-absorption of the three companies by OGIF, the RRP (Residences of the Paris Region), SOCALOG (Company for the Construction and Acquisition of Housing) and Immobilière ACL-PME, approved by the Ordinary and Extraordinary Annual General Meeting held on the 29th of September 2017, the company's share capital was increased from 284,960,611.50 euros to 462,372,378 euros.

The Extraordinary Annual General Meeting on the 28th of September 2017 decided to implement a **capital increase of a maximum amount of 17,124,903 euros by issuing 11,416,602 new shares of 1.50 euros each, with maintenance of preferential subscription rights, to be paid up in cash or by incorporation of receivables.** The RIVP (Paris public housing agency), with 782 new shares on an irreducible basis for the amount of 1,173 euros, fully paid up in cash and ACTION LOGEMENT IMMOBILIER (ALI), with 10,904,543 new shares on an irreducible basis, all for the amount of 16,999,999.50 euros.

After considering the matter on the 22nd of December 2017, the Board of Directors recorded the increase in capital thus achieved, for an amount of 17,001,172.50 euros representing 11,334,115 new shares. The company's capital was thus increased from 462,373,378 euros to 479,373,550.50 euros and is made up of 319,582,367 shares.

c) Introduction of CRM

The CRM easyware for customer relations and ad hoc organisation was set up on the 16th of October 2017 to enable us to respond to tenants' requests in the best way possible. Since the 8th of January 2018, this has involved in'li's full scope of activity.

Today, there is a unique telephone number and email address to receive requests from tenants. Around 1,000 calls and 200 emails are received every day by customer service.

The CRM allows us to integrate, follow up and log requests arriving via emails or telephone calls.

Customer service receives, identifies and processes Level 1 requests, based on a framework designed with the Property Department, the customer service department and rental experts. Requests considered to be Level 2 are transferred to team members who are "experts" in their field.

Today around 150 people use the CRM (customer service, Property Department, allocation department, debt recovery department, rentals department, social welfare department, and accident department).

Today customer service consists of a mixed team of 12 team members (from in'li and Acticall). This partnership allows us to recruit and test professionals in order to gradually increase our in-house team.

d) Noteworthy projects of 2017

January 2017 - Nogent sur Marne – 71 rue des Héros Nogentais

The scheme is located in the town centre of Nogent sur Marne, right next to the market square.

In'li acquired 13 off-plan rental housing units in a property scheme managed by CFD (Financial Company of the Dôme) and which will benefit from the Habitat et Environnement label.



André Martin (3AM agency)

July 2017 - Neuilly Ile de la Jatte

In'li acquired 31 off-plan housing units with a temporary usufruct of 17 years.

This scheme is based on a sustainable development approach, with the aim of obtaining the double certification of Qualitel et Habitat & Environnement BBC “Effinergie”.

The project will also benefit from the RT2012-20% label



DGM & Associés Agency

July 2017 – OGIF was appointed to carry out the Paris Reille (14th arrondissement) / Paris rue Jean Leclaire (17th arrondissement) project

This unusual site with its conventual building, its chapel and 4,000m² of green space, will be used for the development of around 180 new housing units and the relocation of a children’s home. This is a real development project run jointly with the City of Paris. In'li will also build the new Franciscan convent in the 17th arrondissement.



Cabinet AUP, François Digard

On the 15th of January 2018, in'li became the owner of this property complex.

October 2017 - Plateau de Saclay

In'li acquired 65 intermediate rent housing units off-plan in the forthcoming "Silicone Valley-French-style" cluster, from the property development group DReAM, VINCI Immobilier, Cogedim and Eiffage Immobilier.

The project will benefit from the NF Habitat HQE label and RT 2012-10% certification. Heating will be of the collective gas heating type.

A second instalment of 104 housing units will complete this project in 2018.



Lambert Lénack

November 2017 - Versailles – avenue de Saint Cloud

In this project which includes 3 buildings, in'li acquired, from Eiffage Immobilier, in building A, the ground floor, two other floors + loft, including 19 housing units, with a social rental usufruct of 25 years. This project is located in the heart of Versailles, not far from the Château, and near shops, schools and public transport.



Atelier Jean-Patrick Mallet

December 2017 – Start of the *Réinventer Paris Bains Douches* Castagnay project (15th arrondissement)

Occupied for a long time by an artists' collective, the *bains-douches* (shower baths) will be renovated and restored to accommodate a co-working space and 56 rooms on a shared accommodation basis. In'li will manage 17 shared accommodation rooms with an intermediate rent.



Red architectes

December 2017 – Start of the *Réinventer Paris Edison* project (13th arrondissement)

The Edison project includes 26 housing units, including 6 intermediate rental housing units and 2 social housing loan units, a childcare centre and communal areas (vegetable garden, meeting room...). It has been developed as part of the innovative "Reinventer Paris" call for projects in partnership with Loftissime. The works will begin in April 2018 with delivery planned for the end of 2019



Manuelle Gautrand Architecture

December 2017 – Acquisition of 172 housing units in Paris Mouchotte (14th arrondissement)

In a strong partnership with Gecina, in’li acquired 172 housing units in a building superbly located on the forecourt of Montparnasse Station, with direct access to the Jardin Atlantique. This building with its remarkable architecture was designed in the 1960s by Jean Dubuisson and is occupied by middle-income residents. It was therefore natural for in’li to acquire housing units which had not been previously reserved by the tenants, who had priority rights.



3) Our activities in 2017 in figures

- 41,067 housing units, including:
 - o 28,542 intermediate housing units
 - o 12,525 housing units commercialized under the Qwacio brand name
- 368 residential homes
- 274 shops

Divided amongst 818 property complexes in 204 communes

- Number of housing units produced (commitments)

Type	Number of housing units	Distribution
Land	286	7%
Off-plan	1391	83%
Densification	50	3%
Acquisition Improvement	229	7%
Totals	1956	100%

- 4,094 housing units allocated¹, of which 29.22% to under 30-year old people
- Number of tenants and composition by age bracket
 - o 5,899 new tenants: 4,316 adults and 1,583 children
 - 60.86% are in couples
 - 32.65% are single
 - 6.49% are single-parent families
 - 94.61% of tenants have a permanent or fixed term employment contract

¹ OGIF-SNR scope excluding new build projects

- €271 million in rents
- 2.80% vacancy rate
- 8.90% turnover rate
- €66.9M on improvement and renovation works
- €37.2M spent on maintenance of building stock
- 341 housing units sold, of which:
 - o 83 as separate units
 - o 258 in a block

4) Activity of subsidiaries and controlled companies

➤ SOGUIM

On 31/12/17, this E.U.R.L (Single shareholder limited liability company) with a capital of €225,000 held by in'li managed:

- in the capacity of manager (4 companies): 588 housing units and 940 m² of shops and business premises
- in the capacity of property manager, 6 housing units.

It ended the financial year on the 31st of December 2016 with a profit of €25,414.

The result for the financial year ended on the 31st of December 2017 was a loss of €2,355.

➤ PROPERTY COMPANY OF PUIITS MI-VILLE

In'li holds 138,450 company shares, representing 100% of the capital which stands at €211,065.66.

This company, which owns 143 housing units and 7 shops in Sannois (95), recorded a profit of €184,167 on the 31st of December 2016.

The result for the financial year ended on the 31st of December 2017 was a profit of €78,353.

➤ PROPERTY COMPANY OF RUISSEAU DES GAINS

In'li holds 72,120 company shares, representing 95.85% of the capital which stands at €112,875.

This company owns 92 housing units in LILAS (93).

On the 31st of December 2016 it recorded a profit of €236,329.

The result for the 2017 financial year was a profit of €250,315.

➤ SAMCEH

In'li holds 100 company shares in this company, representing 100% of the capital which stands at €1,500.

This company is no longer active nor has any property assets.

On the 31st of December 2016 it recorded a loss of €25,659.
The result for the 2017 financial year was a loss of €12,986.

II – COMPANY ACCOUNTS

1) Financial results and analysis of the situation

As the appendix to the annual accounts contains various items of information, we will confine ourselves in this part of the report to informing you of changes in the main figures in the balance sheet and of the profit and loss statement for the financial year.

Assets

	31 December 2017	change
Fixed assets	€ 2,773,425,697	+ € 1,638,703,613
- Intangible fixed assets:	€981,073	- €775, 694
- Tangible fixed assets:	€ 2,643,394,550	+ € 1,548,735,347

This increase, details of which are given in the Appendix, can be explained by the merger-absorption activities and by contributions of €1,214,115.880, by the increase in rental constructions and land for the amount of €327,893,458 with occupancies and improvement works, the increase for works in progress of €97,037, the book values of sales (- €25,144,166) and the provision for amortisation/depreciation for the financial year (-€68,768,689).

	31 December 2017	change
Financial assets:	€ 128,735,012	+ € 90,428,901

The increase mainly comes from the remuneration of contributions to the companies in'li Aura and in'li Grand Est (+ €78,708,902) and investments made in the companies I3F and Erigère (+€9,673,903).

	31 December 2017	change
Current assets:	€ 222,988,646	+ € 30,998,426
- Inventories and work in progress:	€ 20,517,934	+ € 11,646,701
- Trade receivables:	€ 43,742,161	+ € 10,543,911
- Other receivables:	€ 15,128,035	- € 3,105,505
- Cash on hand	€ 134,764,690	€ 5,953,837

The change in current assets is mainly linked to the two development projects in Saint Cyr and Paris entered into the accounts as stock (+ €11, 646, 701) and the rent receivables linked to merger-absorption activities.

Liabilities

	31 December 2017	change
Equity capital:	€ 1,561,255,250	+ € 893,803,635

The change corresponds to cash capital increases (+ €17,001,173) or increases linked to mergers (+ €339,225,382), to merger premiums and sums carried forward (+ €495,187,547) and the result for the financial year.

	31 December 2017	change
Provisions for liabilities and charges:	€ 29,991,907	+ € 5,657,859

The increase in provisions is explained by the increase in commitments to retirement bonuses (+ €3,721,361) and the different provisions for liabilities.

	31 December 2017	change
Liabilities:	€ 1,405,167,289	+ € 770,240,549
- Financial debts:	€ 1,315,848,091	+ € 767,571,140
- Short term debts:	€ 89,319,199	+ € 2,669,409

The change in financial debt is mainly explained by the taking out of new loans for the amount of €304,057,008, the loans assumed following merger operations representing €542,521,031, the loans transferred with contributions (- €11,433,158) and loan repayments (- €90,047,570)

Results

In 2017, in'li recorded a **net result of €33, 476, 284, an increase of €13, 350, 668 (+66%)** on the previous year which can be explained by the following:

- An operating result increase of €23,276,715 to €63,078,149 with the following main changes:
 - A turnover increase of €128,029,182 with, on the one hand, an increase in rents and fees of €108,431,950 and, on the other hand, an increase in advances on rental charges of €19, 597, 232.
 - Reversals of provisions up by €9,696,944, in particular for provisions for major maintenance work (€3,099,284) and write-downs of tenant accounts (€6,134,799) with standardisation of accounting methods with the acquired companies.
 - A rise in capitalised production of €8,582,836.
 - A rise in operating expenses of €122,782,643.
- A financial result reduced by €12,525,972 with the increase in financial debt.

- An extraordinary result up by €9,412,004 to €12,356,003 taking into account particularly the capital gains achieved (€9,281,066) on the sales of 341 housing units in 2017.

Financial situation

The decrease in cash levels of €5,252,421 to €123,558.432 € on the 31st of December 2017 was mainly linked to investments during the financial year. On the 31st of December 2017 cash levels corresponded to total cash on hand and marketable securities at €134,764,690 and a positive bank account balance of €11,206,258.

The increase in borrowings of €767,571,140 on the 31st of December 2017 compared to the end of the previous financial year revealed a debt ratio (borrowings/equity capital) which was slightly higher at 0.82 compared with 0.80 on the 31st of December 2016.

2) Proposal for appropriation of the result and distributable dividends

The result for the financial year ended on the 31st of December 2017 was a profit of €33,476,284, €20,692,989 of which we propose to appropriate to the legal reserve account , and €12,783,295 of which we propose to distribute as dividends, working out at €0.04 per share.

3) Non-deductible expenses: € 16,202

4) Supplier payment schedule

Not available

III – INFORMATION ON CAPITAL

Share capital

In 2017, capital increased by 17,001,172.50 euros and stood at 479,373,550.50 euros on the 31st of December 2017, consisting of 319,582,367 shares of €1.50 each.

On the 31st of December 2017, capital was divided between 2,268 shareholders, of which the main ones are:

Nom 1	Adresse 1	CP	Commune	Nb d'actions	Pourcentage de détention
ACTION LOGEMENT IMMOBILIER	66 avenue du Maine	75014	PARIS	305 756 006.40	95,6736%
ASTRIA DEVELOPPEMENT	1 square Chaptal	92309	LEVALLOIS-PERRET CEDEX	11 176 829.50	3,4973%
FINANCIERE HONEYWELL	2 rue de l'Avenir	88150	THAON-LES-VOSGES	144 784.30	0,0453%
CILGERE SERVICES	176 rue Montmartre	75002	PARIS	120 744.40	0,0378%
SOCIETE NATIONALE DE RADIODIFFUSION RADIO France	116, Avenue du President Kennedy	75786	PARIS CEDEX 16	66 285.00	0,0207%
KLEPIERRE	26 boulevard des Capucines	75009	PARIS	55 193.00	0,0173%
FIVES	3 rue Drouot	75009	PARIS	38 453.00	0,0120%
DES ATELIERS R. HALFTERMAYER	35, avenue Faiderbe	93100	MONTREUIL	30 912.00	0,0097%
Monsieur CARPENTIER DE CHANGY	20 rue de la Bienfaisance	75008	PARIS	28 686.00	0,0090%
PRYSMIAN CABLES ET SYSTEMES FRANCE	23 AV ARISTIDE BRIAND	89108	SENS CEDEX	26 264.00	0,0082%

No delegation of powers has been implemented in the matter of increases in capital.

IV - GOVERNANCE OF THE COMPANY

▪ Supervisory Board

The following are the members of the supervisory board, subject to their ratification by the next annual general meeting:

- Pierre BRAJEUX Chairman, Chairman of Medef 92
- Jean-Jacques DENIZARD Vice-Chairman, CFDT
- Jean-François GABILLA, Company Director
- Sandra BUES-PIQUET, Senior Executive with Veolia
- Philippe THEL, Senior Advisor BNP Paribas Real Estate
- Elsa BAGARRY, Notary
- Patricia GOMEZ-TALIMI, Company Director
- Bruno CANEPARO, Senior Executive with Aliasol
- Arthur MAGNUS, CPME Île-de-France until the 19th of April 2018, replaced by Xavier HESSE
- Jackie TROY, CPME Île-de-France
- Hervé MOREL, CFTC
- Action Logement Immobilier represented by M. Pascal LANDRIN

▪ Board of Directors

- Benoist APPARU, Chairman of the Board of Directors
- Antoine PINEL, Member of the Board of Directors, CEO
- Bruno DE LA LOGE, Member of the Board of Directors, Deputy CEO

The list of offices and duties fulfilled during the 2017 financial year in all companies by the corporate officers, members of the supervisory board and their representatives is provided in the supervisory board report on corporate governance, appended to this management report.

▪ Agreements relating to articles of the French Commercial Code

The list of agreements made relating to articles L225-86 and L225-88-1 of the French Commercial Code is given in the Supervisory Board report on corporate governance, appended to this management report.

▪ Remuneration of members of the Supervisory Board

The annual general meeting on the 29th of September 2017 decided that the members of the Supervisory Board would not be remunerated for their duties.

▪ Branches

The company had no branches during the financial year.

- **Staff**

Table of workforce at 31/12/2017

Status	Workforce on contracts			Full-time equivalent staff		
	Permanent contract	Fixed term contract	TOTAL	Permanent contract	Fixed term contract	TOTAL
Apprentices		7	7		7.0	7.0
Employees	35	9	44	34.5	9.0	43.5
Management	105	10	115	103.6	9.4	113.0
Executives	154	3	157	151.4	2.6	154.0
SUBTOTAL	294	29	323	289.5	28.0	317.5
Building employees	65		65	57.4		57.4
Concierge	263	9	272	262.0	9.0	271.0
SUBTOTAL	328	9	337	319.4	9.0	328.4
	622	38	660	608.9	37.0	645.9

Continual professional development

	31/12/17	31/12/16
Trainees	739	332
Total expenditure / payroll	3.4 %	3.03%

- **Risk management**

In order to strengthen our risk management system, a post dedicated to internal audit and risk management was created in October 2017. The incumbent will report to the Board of Directors and be responsible for the overall management of the system.

The Supervisory Board, through the work of the Audit Committee and tracking accounts, ensures that the in-house control and risk management systems are effective.

The Audit and Accounts Committee met 3 times in 2017, and examined:

- The accounts and the budget
- The internal audit plan
- The auditor's work plan and fees
- The measures for ensuring compliance with certain regulations

▪ **Corporate social responsibility approach**

Pursuant to methods for calculating the number of employees set out in article R225-104 of the French Commercial Code, which acts as a reference for the calculation of the staffing threshold mentioned in article L.225-102.1 of the French Commercial Code on the obligations to publish non-legal information, in'li employed fewer than 500 employees on permanent contracts on 31/12/2017. Consequently, it is not subject to the obligation of transparency in management reports with regards to social, environmental and societal information arising from the Grenelle law II of the 12th of July 2010, for the financial year ending 31/12/2017.

However, in'li wished to voluntarily subject itself to this obligation out of a concern to be transparent with its different stakeholders.

To this end, the firm of MAZARS, an independent third party organisation, checked that the information set out in article R225 - 105-1 of the French Commercial Code was present in the company's CSR report. This report is appended to the management report.

V - IMPORTANT EVENTS WHICH HAVE OCCURRED SINCE THE END OF THE FINANCIAL YEAR

- Bringing together of teams on the 8th of January 2018.
- Validation of the Strategic Plan by the Supervisory Board on the 18th of January 2018.
- Presentation of the Strategic Plan to employees and the press on the 23rd of January 2018.
- Move of registered offices on the 3rd of April 2018.

VI – FORESEEABLE CHANGES AND FUTURE PROSPECTS

As part of its strategic plan presented on the 23rd of January 2018, in'li, market leader in the Ile-de-France, set itself **the ambitious target of meeting more than 50% of unmet needs, in other words 80,000 new intermediate housing units by 2025.**

In order to achieve this target, in'li will rely on its current bases which largely cover the areas of the zones Abis and A and will seize the opportunities created by the Grand Paris Express station projects which will be built between now and 2030.

These new housing units will be produced:

- **50% in zone A bis and 50% in zone A,**

- **80% off- plan** (64,000 housing units) via:
 - o Framework agreements and partnerships with developers: 4,000 to 6,000 housing units per year
 - o Agreements with project development companies: 1,000 to 2,000 housing units per year
 - o Off-plan purchases of property in isolated units
- **and 20%** with direct oversight (16,000 housing units) thanks to:
 - o Densification potentials to produce 200 housing units per year
 - o Long term work with major landowners (RATP, SNCF, APHP) to produce 300 housing units per year
 - o The transformation of offices into housing: 300 housing units per year
 - o Development or co-development: 200 housing units per year
 - o Responses to consultations or competitions: 200 housing units per year
 - o Development of individual plots of land

This production plan represents an overall investment of around €18bn , **50% of which will be funded by equity and 50% by debt:**

- Action Logement will provide support by increasing in'li's capital;
- We will increase our total equity by the gradual sale to tenants of part of our housing stock;
- We will also call on external funding by taking on new banking partners and through bond financing;
- Part of our new production will be backed by institutional investors;
- Part of our production could be carried out with division of ownership rights.

As part of its business strategy, in'li has chosen to adopt a vigorous approach to innovation and digital transformation. Areas for innovation are many and will notably achieved by:

- **We have chosen to develop tools which will allow us to deal with our tenants more quickly and more ergonomically:** electronic signature of leases, paperless processes, virtual tours of apartments, digitised management of notices, authorisation and management of minor works, organisation of tenant visits, management of alerts in buildings, etc.... This process has already begun with the introduction of a CRM (Customer Relationship Management) tool, which has marked an important step in our ability to track and deal with tenants' requests with multichannel reception. It will continue with **the new marketing platform** to facilitate our future tenants' housing search, to whom we would also like to offer a mobile application to provide them with simple services: monitoring of account, payment of rent, exchange of information on an apartment block, management of complaints.
- We would also like to **develop new services for our tenants** in order to make their everyday life easier. At the end of March 2018, in partnership with *Jobbers*, we launched the first experimental on-line concierge service for all tenants. We will carry out a review of this first experiment in September.
- **In June 2018, our start-up incubator "in'li-lab" will welcome innovative companies selected via the call for projects launched in March 2018.** So discussions can begin between the teams of these start-ups and in'li's teams in order to develop products, services and applications... and thus help to **spread a spirit of innovation throughout the company.**
- **Finally, we wish, as contracting authority and lessor, to optimise the construction and management costs of buildings** in order to offer tenants new housing on the best sites while keeping rents affordable and charges low. This involves being innovative with methods of construction, encouraging a densification of the current housing stock, exploring new

solutions to improve thermal insulation and promote the economic management of energy in buildings, and investing in BIM (Business Information Modelling), in order to guarantee better design and effective management of works.