



Groupe ActionLogement

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

**2018 FINANCIAL YEAR**



in'li

Public limited company with Board of Directors and Supervisory Board  
with capital of 613,331,008.50 euros

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

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## **A word from Pierre ESPARBÈS, CEO of Action Logement Immobilier**



Throughout the past year, thanks to the commitment of each of its 63 main subsidiaries (Social Housing Companies and intermediate housing), Action Logement Immobilier was able to continue its efforts in construction and developed innovative initiatives in order to succeed in its primary mission: to provide concrete answers on a daily basis to the requirements of employees, businesses and regions in terms of housing.

We know all about the requirements of employees: low-income working households need affordable housing which is high-quality, energy-efficient and near their place of work in order to provide them with a pleasant living environment.

The requirements of businesses have equally been identified: the link between employment and housing has been firmly established.

We analyse the requirements of the regions minutely in all their complexity, through our organisations which are on an appropriate scale and thus allow us to support local politicians in their regional development requirements.

These three elements combined form the backbone of our work, always dictated by our social utility and our mission to act in the general interest.

In 2019, our ambition, supported by Social Partners, is to expand our efforts in construction, in particular through the measures set out in the five-year agreement signed with the State 18 months ago and by taking advantage of schemes offered by the Voluntary Investment Plan, to the tune of 9 billion euros, made public on the 10th of January. All of Action Logement's subsidiaries have been mobilised to translate this ambition into concrete action. This also involves being imaginative and innovative in order to offer new answers to the issues of social housing, by taking better account of the imperative of sustainable development and by proposing original solutions such as the construction of intergenerational housing complexes. We also commit ourselves to stepping up our efforts in the field of renovation, without forgetting the rental housing challenge posed by the demands linked to professional mobility and training.

As outlined by the Elan law, Action Logement Immobilier's group of subsidiaries will also continue with one sole aim: to put in place the most suitable and effective network in order to meet the requirements of our fellow citizens.

Attentive to the need for housing in all its diversity, and based on the ground as far as possible, Action Logement Immobilier and all of its subsidiaries are determined to provide concrete, sustainable solutions for the benefit of our fellow citizens and economic activities.



## Introduction



**Benoist APPARU**  
Chairman of the  
Board of Directors



**Antoine Pinel**  
CEO



**Pierre BRAJEUX**  
Chairman of the  
Supervisory Board



**Jean-Jacques  
DENIZARD**  
Vice-Chairman of the  
Supervisory Board

Like all the subsidiaries of the Action Logement Group, we strive daily to meet the housing requirements of company employees with three priorities: to promote the employment-housing link, facilitate professional mobility and thus help to make regions more attractive.

With one specific role for in'li: to offer affordable housing on a vast scale to young professionals and middle-class employees in the Ile-de-France region.

Indeed, in our region, due to the huge increase in private sector rents, these communities are struggling more and more, as they are too “rich” for social housing, and not rich enough to afford suitable private sector housing.

In order to respond to this particularly significant need in the areas of the Ile-de-France region with the greatest housing shortage, in'li has set itself the target of producing 80,000 new intermediate housing units in the next 10 years in order to meet 50% of requirements. This represents an overall investment of 18 billion euros.

In the past year, all team members have rallied to respond fully to this ambition by implementing structural projects:

- the setting up of the *inli.fr* marketing platform in order to offer our housing units directly to applicants,
- the rating of the company in order to seek finance on the bond market,
- the creation of in'li Lab to work with start-ups in order to launch new services for the benefit of our customers,
- the signing of 21 agreements with developers and strengthened partnerships with more than 150 of them which has allowed us to commit to 4091 housing units, which is the number of intermediate housing units produced in previous years by all housing stakeholders in the Ile-de-France region,
- the expansion of the sales department in order to facilitate the sale of housing to sitting tenants,
- the creation of a property development company, of which in'li will be a 25% shareholder, in order to find new sources of finance from institutional investors and above all in order to retain the right to market housing units.

The first results are encouraging and support our intention to reinvent our model in order to speed up access to intermediate housing which responds to a profound social need and will change the lives of numerous employees in the Ile-de-France region.

## **I – ACTIVITY OF THE COMPANY**

### **1) Reorganisation of in'li with the creation of five general sub-committees**

Following validation by the Supervisory Board Meeting of the 20th of June 2018, the new Senior Management structure was put in place on the 1st of July 2018 with the creation of 5 sub-committees:

- Three operational committees
  - o “Investments and Construction”,
  - o “Customers and Assets”,
  - o “Resources”.
- and two Transformation committees
  - o “Business Transformation”,
  - o “Digital Change and Innovation”.

Due to the scale of the Company and the complexity of the tasks it carries out, the Board of Directors decided to introduce delegation and sub-delegation of powers within the Company, and rules of procedure for the delegations effective from the beginning of 2019.

### **2) Highlights of 2018**

#### **a) Change in articles of association**

The formalities and publications following the mergers have been finalised.

As a continuation of measures taken to simplify intermediate housing entities managed directly or indirectly by in'li, different mergers and contributions were implemented:

- Merger-absorption of the companies, SCI (civil property company) of Puits-Mi-Ville (143 housing units in Sannois), civil property company of Ruisseau des Gains (91 housing units in Lilas) and SIRUL (property company of the Lyon Urban Region) (142 housing units in the Ile-de-France region),
- Contribution of the securities of the civil property company Apec Résidences (Titre V Company with 330 housing units in the Ile-de-France region) held by Astria Développement in return for an increase in in'li's capital.
- Acquisition of 2 buildings for cash belonging to Faly (Cachan, Rueil-Malmaison).

These operations were approved by the Extraordinary Annual General Meeting of the 27th of September 2018.

#### **b) Capital Increases**

Following the merger-absorption of the public limited company SIRUL by in'li, approved by the Ordinary and Extraordinary Annual General Meeting held on the 20th of June 2018, the company's share capital was increased from €479,373,550.50 to €490,092,220.50 .

Following distribution of dividends, with exercise of the option between payment of the dividend in cash or in shares, approved by the Ordinary and Extraordinary Annual General Meeting held on the

20th of June 2018, the Company's capital was increased from €490,092,220.50 euros to €498,298,368 euros.

Following the merger-absorption of the public limited company Ruisseau des Gains, and the transfer of the securities of Apec Résidence, two operations approved by the Extraordinary Annual General Meeting held on the 27th of September 2018, the company's share capital was increased from €498,289,368 to €548,330,515.50.

The Ordinary and Extraordinary Annual General Meeting of the 20th of June 2018 decided to carry out a capital increase of a maximum amount of €67,941,885 by issuing 45,294,590 new shares of €1.5 each, with maintenance of preferential subscription rights, to be paid up in cash or by incorporation of receivables. In the main proceedings, the shareholder who subscribed by offset of receivables was ACTION LOGEMENT IMMOBILIER with 39,771,666 shares on an irreducible basis and 3,561,667 shares on a reducible basis.

After considering the matter on the 21st of December 2018, the Board of Directors recorded the increase in capital thus achieved, for the amount of €65,000,493 representing 43,333,662 new shares. The company's capital was thus increased from €548,330,515.50 euros to €613,331,008.50 and consists of 408,887,339 shares.

c) Strategic plan:

a. Rescheduling of the business plan

The Business Plan was rescheduled to take account of the Group's latest decisions:

- 10 year plan,
- structuring of property development companies,
- review of sales plan following the decision not to sell the Qwacio housing units with the exception of property complexes for which consultations have already begun or negotiations held with local authorities in order to obtain compensations which will allow us to develop a new housing offer.

b. Rating and funding of the strategic plan

One of the main issues of in'li's strategic plan is to finance its development plan through debt to private investors or by direct investment.

The rating process linked to the management of the strategic plan and the necessity to diversify in'li's funding sources was begun last July with the launch of a call for tenders which led to the selection of two rating agencies: Standard &Poors and Moody's.

The presentations to the rating agencies took place on the 10th and 12th of December 2018 with the issuing of a confidential rating by each of them in February 2019.

Concerning the search for finance in the form of debt, several actions have been taken:

- Continuation of discussions with the EIB which would be ready to grant an initial funding instalment of €250M in 2019.

- Continuation of discussions with the Caisse des Dépôts et Consignations in order to develop a financing package based on savings funds with the aim of streamlining the arrangement of borrowings.
- Setting up of a syndicated credit facility of €800M in July 2018.

d) Marketing of housing

The marketing platform inli.fr came into operation on the 18th of June 2018. It enables us to publish intermediate rental housing vacancies online and interested clients can also apply online. Since June, this marketing platform has met with great success as 60,011 accounts have been created and 17,000 housing applications are permanently active on the platform.

In six months, 4140 application files were submitted for review and 4,004 accepted, including 3,449 via the in'li platform, over 2018 as a whole. 78% of applicants come from contributing companies (81% since July 2018).

After a few months, the first feedback allowed us to introduce changes to the marketing process, including:

- the division of commercial portfolios into sectors,
- the rolling out of a planning tool online for making appointments from March 2019,
- the automation of applications sorting from March 2019,
- the development of electronic signing of leases during the first half of 2019
- the development of automatic notifications directed to customers during their online experience to support each stage,

At the same time as the public advertising campaign which will be delivered during the first half of 2019, a marketing review will be carried out, taking account of data protection regulations, in order to define the targeted messages and push alerts sent to our different customers logging onto the platform.

e) Valuation of all assets

Between July and October 2018, all of in'li's property holdings (1762 buildings) were valued by Crédit Foncier Expertise. This appraisal required the unloading of more than 11,000 documents in data rooms created for this purpose.



f) The most outstanding projects of 2018

**April 2018 – Gagny**

In'li signed a reservation contract for 110 intermediate housing units with the property developers Eiffage Immobilier and Coffim. The Art Deco style apartment block is located in an exceptional natural and wooded environment with a vegetable garden in the centre of the plot.



Alain Coupel Architecture

This is the first contract in a long series since a commitment was made to create no fewer than 335 housing units in Gagny in 2018.

**September 2018 - Massy**

At the intersection of a large transport hub (TGV, RER B and RER C station), in'li is delivering 112 housing units with the property developer DReAM.



SOA Architectes

A remarkable feature: houses sited on the roofs with beautiful shared garden spaces accessible to all.

**September 2018 – Vitry sur Seine**

On land already occupied by 160 housing units, completely refurbished at the same time, in'li is directly overseeing the creation of 3 small blocks each with 15 housing units. “Le bois habité” also

includes a large green space and 130 trees planted in an area of more than 1.3 hectares.

In September 2018, in'li delivered these housing units to 45 new tenants.



Agence VEA, Julien Fortier-Durand

### **June 2018 - Chatou**

The successful transformation of former office blocks into housing. In June 2018 in'li took delivery of 54 intermediate housing units in Chatou from the property developer Quadral Promotion.



Michel Atyasse

### November 2018 - Bagnolet

In Bagnolet, in'li has reserved 45 intermediate housing units from Coffim and Eiffage Immobilier in the “Line” programme on the outskirts of Paris.

In 2018, an agreement was signed with Eiffage Immobilier for a total of 432 housing units and one for 279 with Coffim.

No fewer than 21 partnership agreements were signed in 2018 with major developers to speed up the development of intermediate housing in the next five years.



MP&A, Christian Marina

### December 2018 – first in Europe!

The first project implemented with the start-up ContractChain, sited in the in'li Lab: : for the first time in'li signed a 7-page blockchain contract document.

Beginning of works with the Angevin company on 50 intermediate housing units right next to the future Greater Paris Express station of Blanc Mesnil.



ArchiCrea (Benigno Real Perez)

### December 2018 - Plateau de Saclay

In'li initiated work on 107 intermediate rent housing units in the forthcoming “Silicone Valley-French-style” cluster, during the signing of an off-plan agreement with the property development group DReAM, VINCI Immobilier, Cogedim and Eiffage Immobilier.

This programme completes the first instalment of 65 housing units already launched in 2017.



g) Innovation

Since the beginning of July 2018, our incubator has been home to the six start-ups selected during a call for projects launched in March 2018.

The start-ups have been able to work on a shared roadmap with in'li in order to launch “life-size” test operations allowing us to move forward together in the different innovative fields proposed by these “young shoots”:

- co-living with MyRedBlanket,
- a housing exchange forum for tenants with Lokalok,
- an apartment security system with Keepen,
- a blockchain solution to speed up contract signing and make it more secure with ContractChain,
- a communications hub for tenants but also for prospective customers seeking housing to rent or buy with Syment,
- energy optimisation with Koclisko

At the same time as this very practical work carried out with start-ups, we received funding from ALI (personalised housing support) as part of the ALINOV call for projects.

### 3) Our activities in 2018 in figures

- 42,925 units managed, including:
  - 42,277 housing units:
    - 29,505 intermediate housing units
    - 12,772 housing units commercialized under the Qwacio brand name
  - o 280 shops
  - o 368 collective housing units

Divided amongst 843 property complexes in 216 communes

- Number of housing units produced (commitments)

Type	2017	2018	Distribution
Land	286	366	9 %
Off-plan	1,391	3,559	87 %
Densification	50	144	3 %
Acquisition and Improvement	229	22	1%
<b>Totals</b>	<b>1,956</b>	<b>4,091</b>	<b>100 %</b>

**2018, a record year for the development of intermediate housing in the Ile-de-France region**

With 4,091 housing units booked in 2018, the target of 3,600 reservations has been far exceeded and corresponds to the number of intermediate housing units produced in previous years by stakeholders as a whole. This represents an investment of more than 900 million euros.

This strong growth is due in particular to the 21 framework agreements concluded with the major property developers, for a volume of 6,100 housing units per year for the next 5 years and to partnerships agreed with regional and local authorities.

To break it down, 3,559 housing units were off-plan, 366 with direct oversight, 144 as densification projects and 22 as direct purchases.

The aim is to allow company employees to find accommodation in order to promote the link between employment and housing, facilitate professional mobility and help to make the regions more attractive. So, the priority is to respond to the situation in areas of housing shortage where the level of open market rents makes it impossible for a large number of middle-class employees and young professionals to access private rented housing. To this end, 64% of these housing units are in zone A and 36% in zone Abis.

In 2019 the production of housing units will increase again, in order to achieve its ambitious target, and in'li has planned for a gradual upsurge in housing reservations: 4,500 in 2019, 5,470 in 2020 and 7,000 in 2021.

- Start of works – new constructions

Type	2017	2018	Distribution
Land	25	89	6 %
Off-plan	1,470	1,383	88 %
Densification	28	90	6 %
<b>Totals</b>	<b>1,523</b>	<b>1,562</b>	<b>100 %</b>

- Delivery of housing units

Type	2017	2018	Distribution
Land	123	92	9 %
Off-plan	377	972	91 %
<b>Totals</b>	<b>500</b>	<b>1,064</b>	<b>100 %</b>

- 4,017 housing units rented: 37% of applicants were under 30 years of age (compared with 29.22% in 2017).
- Number of tenants and composition by age bracket
  - o 8,531 new tenants including 2,044 children ( compared with 5,899 new tenants and 1,583 children in 2017).

- 51 % are couples
  - 40 % are single
  - 7 % are single-parent families
  - 98 % of tenants have a permanent or fixed term employment contract
- €284 million in rents received (compared with €271 million in 2017)
  - 3.93% vacancy rate (compared with 2.80% in 2017)
  - 7.74 % turnover rate ( compared with 8.90% in 2017)
  - €59.2 million of improvement and renovation works (compared with €66.9 million in 2017)
  - €28.5 million spent on maintenance of housing stock (compared with €37.2 million in 2017)
  - 261 housing units sold (compared with 341 housing units sold in 2017), including:
    - 99 as separate units
    - 162 in a block

#### 4) Activity of subsidiaries and controlled companies

##### ➤ SOGUIM

On the 31st of December 2018, 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 (2 companies: APEC RESIDENCE and the Bd DE L'EUROPE civil property company): 330 housing units and 1 commercial premises
- in the capacity of property manager: 4 housing units.

It ended the financial year on the 31st of December 2017 with a loss of €2,355.

The result for the financial year ended on the 31st of December 2018 was a profit of €37,237.

##### ➤ 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).

This company was acquired by in'li on the 1st of June 2018.

On the 31st of December 2017 it recorded a profit of €250,315.

The result for the 2018 financial year ending on the 30th of May 2018 was a profit of €126.778.

##### ➤ APEC RESIDENCE

Following the contribution by Astria to in'li of company shares held in the company Apec Résidence, in'li holds 179,782 shares, making 99.87% of the share capital which stands at €2,740,655.

This company owns 330 housing units in 9 property complexes.

On the 31st of December 2017 it recorded a profit of €1,022,840.  
The result for the 2018 financial year was a profit of €1,108,392.

➤ **SAMCEH**

In'li holds 466 company shares in this company, representing 100% of the capital which stands at €6,990.

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

On the 31st of December 2017 it recorded a loss of €12,986.  
The result for the 2018 financial year was a loss of €3,628.

## 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

	<b>31 December 2018</b>	<b>variance</b>
Fixed assets	€3,093,022,654	+ €319,596,957
- Intangible fixed assets:	€7,898,483	+ € 6,904,529
- Tangible fixed assets:	€2,934,220,881	+ €290,524,152

This increase, details of which are given in the Appendix, can be explained by the merger-absorption activities and by contributions of €43,601,829, by the increase in rental constructions and land for the amount of €340,747,059 with occupancies and improvement works, the book values of disposals and reversals (- €11,023,610) and the allocation for amortisation/depreciation for the financial year (-€ 78,387,588).

	<b>31 December 2018</b>	<b>variance</b>
Financial assets:	€150,903,287	+ €22,168,275

This change mainly comes from the contribution of Apec Résidence securities by Astria Développement (+ €57,335,418) and the sale of France Habitation and Immobilière 3F securities to Action Logement Immobilier (€35,000,000).

	<b>31 December 2018</b>	<b>variance</b>
Current assets:	€490,828,179	+ €267,879,533
- Inventories and work in progress:	€12,686,138	- €7,831,796
- Advances and prepayments:	€ 2,742,364	- €2,597,210
- Trade receivables:	€61,530,599	+ €17,788,439
- Other receivables:	€30,691,759	+ €15,563,724
- Cash on hand	€380,138,380	+ € 245,373,690
- Prepayments	€ 3,078,940	- € 417,313

The change in current assets is mainly linked to the increase in cash on hand with the mobilisation of borrowings on projects agreed in 2017 and the revolving line of credit (€125M), the €65M increase in capital, the increase in trade receivables with two off plan sales in Saint Cyr l'Ecole and Paris (€17.5M) and the impact of rental charges to be settled.

## Liabilities

	<b>31 December 2018</b>	<b>change</b>
Equity capital:	€1,745,299,240 €	+€184,043,990

The change corresponds to cash capital increases (+ € 65,000,493) or increases linked to mergers (+ € 60,759,818), to merger premiums, reserves and sums carried forward (+ € 12,907,552) and the result for the financial year.

	<b>31 December 2018</b>	<b>change</b>
Provisions for liabilities and charges:	€34,060,470	+ €4,068,663

The increase in provisions is explained by the increase in provisions for tax linked to the mergers of the financial year (+ € 3,777,492) and the different provisions for liabilities.

	<b>31 December 2018</b>	<b>change</b>
Liabilities:	€1,804,531,122	+ €399,363,833
- Financial debts:	€1,666,145,442	+ €350,297,352
- Short term debts:	€138,385,680	+ €49,066,481



The change in financial debt is mainly explained by the taking out of new loans for the amount of € 431,917,901, the loans assumed following merger-absorption operations representing €12,862,119 and loan repayments (- € 102,520,704)

## Results

In 2018, in'li recorded a **net result of €45, 376, 127, an increase of €11,899,843 (+66%)** on the previous year which can be explained by the following elements:

- A fall in operating result of €6,691,555 to €56,386,594 with the following main changes:
  - An increase in turnover of €11,628,737 with an increase in rents and commercial rents of €13,187,075, the invoicing of the Saint Cyr l'Ecole off-plan project for €8,903,519 and a reduction of advances on rental charges of €10,461,856.
  - A reduction in capitalised production of €14,553,114, mainly linked to the delivery of the Saint Cyr l'Ecole project, offset by progress on the rue Jean Leclaire project in Paris.
  - Reversals of provisions down by €8,859,455 on account of the standardisation of accounting methods carried out in 2017 for major maintenance provisions, and the depreciations of tenant accounts of the acquired companies (€9,234,083).
    - A reduction in operating expenses of €5,483,819 mainly explained by the impact of the three monthly billing of tenants for water based an individual consumption (- €6,406,210).
- A financial result up by €12,038,212 with merger surpluses recognised as financial income in connection with the absorptions of the civil property companies of Puits Mi-Ville and Ruisseau des Gains (€14,921,124).
- An extraordinary result up by €12,175,504 to €24,531,507 particularly on account of the capital gains recorded on the sales of 261 housing units in 2018 (€19,763,573) and the capital gains on the disposals of France Habitation securities to 13F (€2,557,609).

## Financial situation

The increase in cash levels of €238,826,767 to reach €362,385,199 on the 31st of December 2018 is mainly linked to the mobilisation of borrowings and the increase in capital during the financial year.

The increase in borrowings of €350,297,352 on the 31st of December 2018 compared to the end of the previous financial year revealed a debt ratio (borrowings/equity capital) which was higher at 0.94 compared with 0.82 on the 31st of December 2017. The ratio of net borrowings from cash on the basis of evaluations updated on the 31st of December 2018 (LTV or Loan to Value Ratio) stands at 16%.

## 2) Proposal for appropriation of the result and distributable dividends

The result for the financial year ended on the 31st of December 2018 was a profit of €45,376,127, €28,325,411 of which we propose to allocate to the legal reserve, €8,177,746.78 to distribute as dividends, at the rate of €0.02 per share, with the balance of €8,872,969 carried forward.

### 3) Non-deductible expenses: €13,922

### 4) Payment periods for suppliers and customers

With regard to payment periods, article 446-6-1 of the French Commercial Code only covers relationships between professionals, consequently excluding relationships between professionals and private individuals. Hence, information on civil debts of private individuals has been excluded from the tables presented below, while awaiting the decision of the Legal Studies Commission of the CNCC (national auditing body) to whom this subject has been referred.

	Article D. 441 I. -1 Invoices received but unpaid at end of financial year which are overdue						Article D. 441 I. -2 Invoices issued and unpaid at end of financial year which are overdue					
	0 days (information)	1 to 30 days	31 to 60 days	51 to 90 days	91 days or more	Total (1 day or more)	0 days (information)	1 to 30 days	31 to 60 days	51 to 90 days	91 days or more	Total (1 day or more)
<b>Overdue payment categories</b>												
Number of invoices concerned	10,718	233	239	0	2,029		62			25		
Total amount of the invoices concerned in €K (before or after tax)	26,888	979	1,137	0	1,675		248			204		
Percentage of total purchases' amount (before or after tax)	5.8	0.2	0.3	0	0.4		0.05			0.04		
Percentage of turnover (before or after tax) of the financial year	7.6	0.3	0.3	0	0.5		0.07			0.06		
<b>(B) Invoices not included in (A) relating to disputed or unaccounted for debts and receivables</b>												
Number of invoices not included	None											
Total amount of invoices not included (in €K)	None											
<b>(C) Reference payment terms used (contractual or legal terms – article L 441-5 or article L 443-1 of the French Commercial Code</b>												
Payment terms used to calculate overdue payments:	Legal											

## III – INFORMATION ON CAPITAL

### Share capital

In 2018, capital increased by €133,957,458 and stood at €613,331,008.50 on the 31st of December 2018, consisting of 408,887,339 shares of €1.50 each.

On the 31st of December 2018, capital was divided between 2279 shareholders, of which the main ones are:

Name of shareholder	Number of shares held	Holding percentage
ACTION LOGEMENT IMMOBILIER	361,506,663	88.41%
ASTRIA DEVELOPPEMENT	44,320,922	10.83%
FINANCIERE HONEYWELL	144,784	0.035%
CILGERE SERVICES	120,744	0.029%

MECI	114,625	0.028%
ARANDA JIMENEZ	114,625	0.028%
MODERNE DE MACONNERIE	98,250	0.024%
HI FI DELVALLEE	81,875	0.020%
NATIONALE DE RADIODIFFUSION RADIO FRANCE	66,285	0.016%
KLEPIERRE	55,193	0.013%

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
- Xavier HESSE, CPME Île-de-France
- 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

The list of offices and duties fulfilled during the 2018 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**

As a reminder, the annual general meeting of the 29th of September 2017 decided that the members of the Supervisory Board would not be remunerated for their duties; this principle was applied during the 2018 financial year.

##### ▪ **Branches**

The company had no branches during the financial year.

▪ **Staff**

Table of workforce at 31/12/2018:

Status	Workforce on contracts			Full-time equivalent staff		
	Permanent contract	Fixed term contract	TOTAL	Permanent contract	Fixed term contract	TOTAL
Apprentices		4	4		4.0	4.0
Employees	45	28	73	44.0	28.0	72.0
Management	132	5	137	128.5	5.0	133.5
Executives	205	1	206	200.4	1.0	201.4
<b>SUBTOTAL</b>	<b>382</b>	<b>38</b>	<b>420</b>	<b>372.9</b>	<b>38.0</b>	<b>410.90</b>
Building employees	62		62	54.5		54.5
Concierge	274	4	278	272.5	4.0	276.5
<b>SUBTOTAL</b>	<b>336</b>	<b>4</b>	<b>340</b>	<b>327.0</b>	<b>4.0</b>	<b>331.0</b>
	<b>718</b>	<b>42</b>	<b>760</b>	<b>699.9</b>	<b>42.0</b>	<b>741.9</b>

As a comparison, in 2017 the total workforce on contracts stood at 622 on permanent contracts and 38 on fixed-term contracts (total 660). The total full-time equivalent workforce stood at 608.9 on permanent contracts and 37 on fixed-term contracts (total 645.9).

**Continual professional development**

	31/12/2018	31/12/2017
Trainees	941	593
Total expenditure / payroll	3.16%	3.04%

▪ **Risk management**

Risk is managed by the Resources Sub Committee in line with the guidance given by Action Logement Immobilier's Audit, Risk and Internal Control Department.

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 4 times in 2018**, and examined:

- The accounts and the budget
- Risk mapping
- The internal audit and risk management plan, and the main associated tasks

- The auditor’s work plan and fees
- Matters having a significant impact on accounts or presenting specific risks, in particular:
  - Financing policy and methods, as well as the process of financial rating
  - The guiding principle for investors’ funds
  - Measures for ensuring compliance with certain regulations. In particular:
    - measures put in place for complying with RGPD ( General Data Protection Regulations), including the appointment of a Data Protection Officer.
    - the restructuring of the procurement function, within the Resources Sub Committee
  - Putting in place of a structured system for delegations of authority
  - Monitoring of ISO 9001 quality certification

- **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 more than 500 employees on permanent contracts on 31/12/2018. In’li is subject to an obligation of transparency in the management report, with regard to social, environmental and societal information, arising from the Grenelle law II of the 12th of July 2010, for the financial year ending 31/12/2018.

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, which is appended to the management report.

- **Statement of non-financial performance**

This report is appended to the management report.

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

- Introduction of new procurement rules linked to the contracting authority
- Obtaining of rating from the agencies Standard & Poor Global Ratings and Moody's
- Preparation of the inaugural bond issue which will be launched during June 2019.
- Launch of preparatory work for the establishment of a property development company with the aim of issuing an invitation for bids from investors at the beginning of 2020.
- Signing of the sale agreement for the former registered offices in Levallois-Perret.
- Management by in’li’s Customer Relations Department of in’li AURA customer calls and incorporation of in’li AURA’s housing offer on the marketing platform.

## **VI – FORESEEABLE CHANGE AND FUTURE PROSPECTS**

As part of its strategic plan which aims to produce 80,000 new intermediate housing units in the next 10 years, for an overall investment of **€18 billion**, in'li will organise new financing tools and call on new financial backers:

- Bond issues the first of which will take place in June 2019 for a target amount of €500M;
- The use of loans from the EIB and the CDC;
- The creation of development sites, 25% of which will be owned by in'li and 75% by institutional investors;

In addition, in order to ensure optimal access to land, which is particularly rare and expensive in the highest housing shortage areas of the Ile-de-France region, in'li will help to establish land reserve tools and undertake several projects for converting offices into housing.

8,000 housing units will be put on the market for sale by unit, with prior selection by a European call for tenders, of 4 groups of professionals referred to as "Ensembleurs", composed of a marketing expert, a notary, a diagnostician, a land surveyor, a building standards office and a property management company. The call for tenders will be published during April 2019. The contract planned to last for 4 years will be awarded at the end of the first half of 2019.

Finally, as part of its business strategy, in'li has chosen to adopt a vigorous approach to innovation and digital transformation:

- **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.... We also wish to offer a communication hub to provide them with simple services: monitoring of accounts, payment of rent, exchange of information on an apartment block, management of complaints.
- **In July 2018, our start-up incubator "in'li-lab" welcomed six innovative companies selected via the call for projects launched in March 2018.** So, discussions began 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 densification of the current housing stock, exploring new solutions in order 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.