

Annual Report 2021



in'li 


Groupe ActionLogement



“ WE’RE REINVENTING INTERMEDIATE HOUSING In’li is number 1 in intermediate housing in the Paris region and is developing an offering that makes things considerably easier for young working people and middle-income earners. ”

▲ Rue du 8 Mai 1945, Sannois (Val-d’Oise).


779
EMPLOYEES


€18 BILLION
invested over a ten-year period


Almost
100,000 TENANTS


80,000 UNITS
OF NEW
intermediate housing
over the next 10 years

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www.inli.com

A message from our shareholder

ACTION LOGEMENT IMMOBILIER



▲ 23-25, Rue Mozart, Clichy (Hauts-de-Seine).

“ We have achieved
our target of doubling
production
in five years. ”

Our aim is a simple one: to support housing as a means of supporting employment and the professional mobility of employees throughout the country.

Our real estate subsidiaries continued to deploy all their efforts in 2021 in building and renovation programmes to support the recovery and local facilities in employment hubs.

While national production of social housing fell off considerably in 2021, the collective production of our real estate subsidiaries exceeded our already ambitious objectives. Our contribution to the production objective of 250,000 new builds in 2021 - 2022 is decisive and already highly significant: nearly 48,000 approvals have been secured for affordable housing in 2021, i.e. one-third of national production, representing added support for residential trajectories and a continued focus on housing the most vulnerable households. We have achieved our objective of doubling production in five years.

“ Our aim must remain
simple and resolute:
improving the day-to-day
lives of our tenants and
making employees even
more proud to belong to
Action Logement Group. ”

Action Logement Immobilier has consolidated its position as a major stakeholder in ensuring balanced neighbourhoods and cities and social diversity, borne out by the allocation of a majority of housing to employees and continued support for the revitalisation of town centres.

In view of this success, I would like to congratulate our local, voluntary, committed and proactive governance structures who continued to serve Action Logement Group's number one priority in 2021, namely catering to the needs of companies and local and regional bodies. I would like to pay tribute to the professionalism of our managers who work day in, day out with elected representatives and local partners to deliver increasingly sophisticated solutions adapted to everyday situations.

Lastly, I would like to thank everybody working in the real estate division for their unstinting commitment to serving our tenants and the regions. These are the people who really embody our social utility and I am fully aware that our results are really down to them.

This year, we need to continue to deploy our increasingly ambitious efforts in our upcoming dealings and negotiations with the Government. Production, energy retrofits, CSR strategy and modernisation are the key pillars of our future development to enable us to deliver qualitative and innovative housing solutions for employees. To achieve our aims, we will harness the successes of our regional subsidiaries in the service of the community.

In the face of the emerging challenges and issues that our subsidiaries, employees and partners have to contend with, our aim must remain simple and resolute: improving the day-to-day lives of our tenants and making employees even more proud to belong to Action Logement Group.

Frédéric CARRE,
Chairman of the Board
of Directors,
Action Logement
Immobilier



Message from the Supervisory Board and Management Board

Coming in the wake of 2020, dominated by the pandemic and local elections, 2021 was a year of recovery in the housing sector and in intermediate housing in particular. Firstly, the production of new intermediate housing is being driven by the growing interest of institutional investors, attracted by a stable and reliable residential market. At the same time, several key measures have given a new impetus to this category of housing. Following on from the self-approval procedure for intermediate housing introduced on 1 January 2021, the end of the exemption from French tax on developed property, replaced by a corporate income tax credit, should also convince local authorities of the benefits of intermediate housing in terms of the attractiveness of their territory. Finally, the removal of the obligation to build 25% of social housing in LLI (intermediate rental housing) programmes for municipalities complying with Urban Solidarity and Renewal quotas will also encourage the development of intermediate housing for young and middle-class working people.

More specifically, 2021 was dominated by the signature in January of the strategic partnership between in'li and AXA IMRA to create Foncière Cronos with the aim of building nearly 20,000 units of new intermediate housing over the next ten years. This operation was recognised by Real Estate Capital as the Sustainable Financing Deal of the Year in Europe and it was the largest residential transaction in 2021 with an asset value of approximately €2 billion. All of the property development company's existing and future housing units will be managed by in'li Property Management, the property management services subsidiary set up in 2020.

In the post-Covid environment, in'li also distinguished itself as a developer with nearly 5,300 housing units committed in 2021, reflecting the extent to which it has become a key stakeholder in this market segment.

As it continues its efforts to identify new levers to accelerate the production of affordable, energy-efficient and environmentally-friendly housing, in'li is becoming more committed to operations to convert offices into housing units and coliving-type developments that require less land, located close to public transport. These actions are fully in phase with in'li's CSR strategy. Indeed, we have a long-term vision built around a portfolio with a high social impact for our tenants and rents below free market rates, as well as a strong positive energy and environmental impact for both new and existing property, that benefits from an ambitious energy retrofitting policy.

With nearly 2,000 homes retrofitted in 2021 alone, we have enhanced the purchasing power of our tenants. We have also enabled over 5,000 families to find affordable housing in the Paris region.

In'li will be five years old in 2022. It will begin this new period with a change in management, still focused on the same objective, namely large-scale development of intermediate housing in Greater Paris for young and middle-class working families. To achieve our objectives, we know we can count on the full support of Action Logement Group, which will use the next five-year agreement with the French State to rally all of its forces around the production of this vital housing offering for working people in the Paris region and throughout the country.



KEY FIGURES FOR 2021



38,868
housing units
owned

€344 million
in rental income and
provisions o/w net rental
income: €279 million



€495 million
invested in new builds



779
employees



5,272 units of housing committed



€48 million
invested in improvement,
renovation and upkeep

1,484
units
delivered

3,455
construction
starts

99.7%
recovery rate

5,017
incoming
tenants



9.8%
turnover rate



3.3%
marketable
vacancy rate

84
units
sold



In'li, intermediate housing serving the public interest

OUR RESOURCES



FINANCIAL RESOURCES

- ◆ Rental income: **€279 million**
- ◆ Debt: LTV of **16.6%**
- ◆ Financial rating by S&P Global Ratings: **A**



IN-HOUSE EXPERTISE

- ◆ Number of employees: **779**, including **290** building caretakers
- ◆ Training budget: **3.8%** of total payroll



PRODUCTION OF INTERMEDIATE RENTAL HOUSING

- ◆ New units delivered: **1,484**
- ◆ Construction starts: **3,455**

OUR MISSION

Developing an intermediate housing offering that brings middle-class and young working people closer to their place of work, reinforces the employment-housing link and boosts regional attractiveness.

OUR AMBITION

+ 80,000 units of new intermediate housing in the Paris region over the next 10 years

OUR STRATEGY



Developing our existing property assets



Developing housing off balance sheet



Financing development from disposals



Managing and letting our housing

OUR ACTIVITIES

PORTFOLIO MANAGEMENT
38,868 housing units owned

INVESTMENT IN IMPROVEMENT, RENOVATION AND UPKEEP
€48 MILLION

DEVELOPMENT AND PROJECT OWNERSHIP
5,272 housing units committed in 2021

SALES
84 units sold

CREATING VALUE

For society

- ◆ Meeting intermediate housing requirements in the Paris region;
- ◆ Improving the quality of buildings and the living environment;
- ◆ Enhancing the residential trajectories of our tenants;
- ◆ Boosting the local economy;
- ◆ Facilitating technical and social innovation;
- ◆ Supporting urban renewal.

For the environment

- ◆ Meeting French RE 2020 energy performance targets for new buildings;
- ◆ Energy consumption⁽¹⁾: 140.6kWh/sq.m.;
- ◆ Carbon footprint⁽¹⁾: 32.3 kg equiv CO2/sq.m.

OUR RESULTS



POPULATION OF HOUSING PORTFOLIO

- ◆ Number of people housed: nearly **100,000** tenants
- ◆ Occupancy rate: **96.7%**
- ◆ Incoming tenant: **5,017**, o/w:
 - ◆ **82%** are employees of PEEC-contributor companies
 - ◆ **39%** < 30 years old
 - ◆ **43%** are management-grad



DISPOSALS (EXCLUDING SALE TO PROPERTY DEVELOPMENT COMPANIES)

- ◆ **84** units sold, o/w 15 in block sales / 69 in split sales
- ◆ Average split sale price: **€251,000**
- ◆ Income from disposals: **€18.1 million**



UPKEEP OF PORTFOLIO

- ◆ Improvement and renovation work: **€34 million**
- ◆ Upkeep and renovation of housing: **€14 million**

⁽¹⁾ In 2020, in'li estimated energy consumption per square metre based on the energy performance assessments (DPE) of 147 properties. In'li enlarged its database in 2021 and now has actual and estimated consumption data for 62% of its properties. Data gathering methods are explained in the methodological appendix and in the CSR Report.

Ownership structure

in'li's majority shareholder is Action Logement Immobilier (ALI), which owns 485,504,838 shares (or 91.13% of the share capital). Also, a wholly-owned ALI subsidiary – Astria Développement – owns 44,320,922 shares (i.e., 8.32% of the share capital). This means that ALI owns 99.45% of in'li's share capital either directly or indirectly.

Another 2,272 shareholders, who are mainly the legacy of previous restructuring operations, own the remaining 0.55% of in'li's capital.

Pursuant to Action Logement Group governance rules, the Chairman and Vice-Chairman of the Supervisory Board are each loaned one share.

The Company also provides its shareholders with free access to an external share account management service that manages their securities in fully-registered form. A dedicated team of experts helps shareholders to understand all issues relating to their shares.

In 2021, four share disposal procedures were organised for the benefit of Action Logement Immobilier, which acquired the shares in question subject to the prior authorisation of its Board of Directors and the in'li Supervisory Board, which must examine all requests from shareholders to dispose of shares.

Share capital

The Combined General Meeting of 10 June 2021 approved an increase in capital for an amount of €50,318,874 through the issue of 33,545,916 new shares of €1.50 each. This share capital increase was duly completed on 27 October 2021.



13, Avenue Paul Emile Victor, Neuilly-sur-seine (Hauts-de-Seine).



Overview of the Company and its business

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1.1 WHAT IS INTERMEDIATE HOUSING?

Special Intermediate Housing status was officially created in 2014. Intermediate housing is a specific segment of rental housing geared towards the middle classes and young working people living in supply-constrained areas. These groups are ineligible for social housing because they earn too much and they find it hard to get suitable housing on the open market: either rents are too high or they are forced into unsuitable accommodation that is too small or too far from their place of work.

With rents that are capped below market rents (15% lower on average), intermediate housing helps middle-class and young working people to get decent housing and improve their purchasing power, reinforces the employment-housing link and facilitates job mobility as a way of developing local and regional attractiveness. Access to intermediate housing is means-tested. Annual income ceilings for new leases are as follows:

INCOME AND RENT CEILINGS

(in €)	2021		2022	
	Zone A bis ⁽¹⁾	Zone A	Zone A bis	Zone A
1 - Single person	38,377	38,377	39,363	39,363
2 - Two people with no dependants excluding young households, or a single person with a disability	57,357	57,357	58,831	58,831
3 - Three people or a single person with a dependant, or a young household with no dependants, or two people at least one of whom has a disability	75,188	68,946	77,120	70,718
4 - Four people or a single person with two dependants, or three people at least one of whom has a disability	89,769	82,586	92,076	84,708
5 - Five people or a single person with three dependants, or four people at least one of whom has a disability	106,807	97,766	109,552	100,279
6 - Six people or a single person with four dependants, or five people at least one of whom has a disability	120,186	110,017	123,275	112,844
Additional person	13,390	12,258	13,734	12,573

Rent ceilings per sq.m. (excluding charges) at 1 January were as follows:

(in euros/sq.m.)	2021		2022	
	Zone A bis ⁽¹⁾	Zone A	Zone A bis	Zone A
	17.55	13.04	17.62	13.09

To promote the development of intermediate housing, it qualifies for the following tax breaks:

- ◆ 10% VAT payable on acquisitions;
- ◆ Exemption from French tax on developed property (TFPB) for a 20-year period. From 1 January 2023, this exemption will be replaced by an equivalent corporate income tax credit.

Certain commitments must be given in exchange:

- ◆ Application of rent and income ceilings;
- ◆ Building in the most supply-constrained areas (i.e., zones A/ Abis/B);
- ◆ A 10-year "lock-up" period for 50% of the units in a building, and 15 years for the remaining 50%

¹⁾ Zone A: most of the outer Paris suburbs, where rents and house prices are very high. Zone Abis: Paris City and 76 municipalities in the surrounding departments of Les Yvelines, Hauts-de-Seine, Seine-St-Denis, Val-de-Marne and Val-d'Oise.

1.2 ACTIVITIES

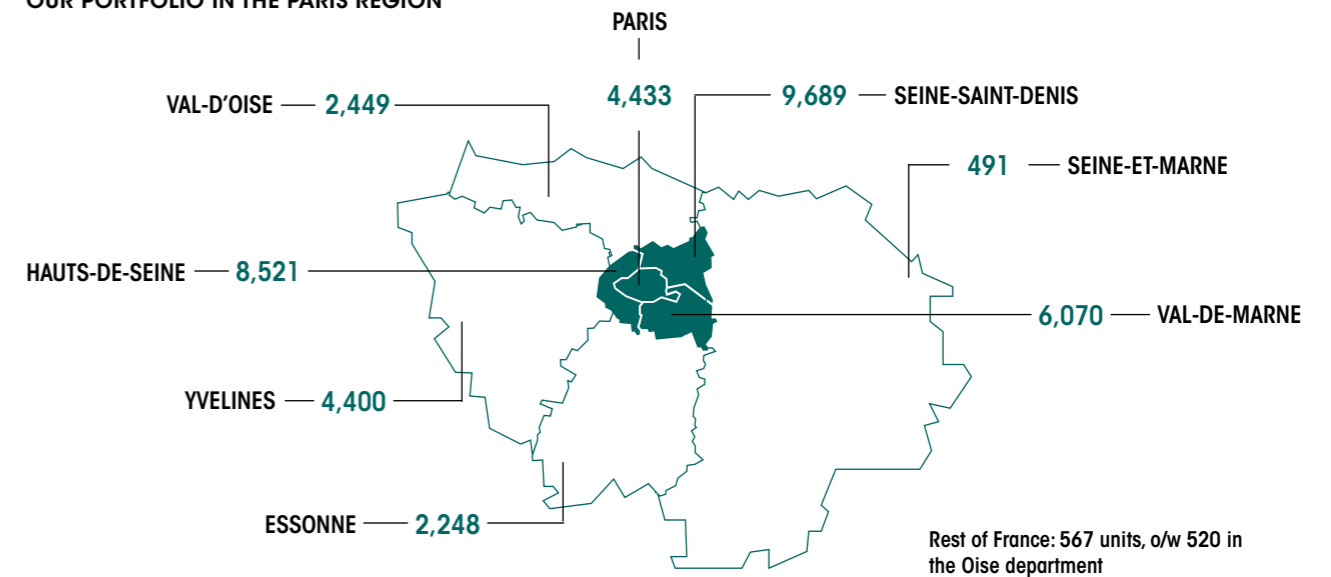
1.2.1 BREAKDOWN OF HOUSING PORTFOLIO

In'li's portfolio comprises 38,868 units of housing and collective accommodation almost all of which is located in the Paris region.

74% of the portfolio in terms of the number of units (and 81% in value terms) is located in Paris and its inner suburbs and the remainder in the outer Parisian suburbs, providing the Company with a quality portfolio that delivers a stable and resilient operating performance.

- ◆ **99% of the portfolio (in value terms) is located in supply-constrained areas (i.e., zones A and Abis).**
- ◆ **Paris City and the Hauts-de-Seine department account for 48% of the value of the real estate portfolio.**

OUR PORTFOLIO IN THE PARIS REGION



At 31 December 2021, *BPCE Expertises Immobilières* (formerly *Crédit Foncier Expertise*) estimated the appraised block value of in'li's portfolio at €7.9 billion and the appraised unit value at €10.2 billion (i.e., sale by unit rented at the market rental value). Both valuations exclude taxes and duties. The appraised block value fell by 8.8% year on year following the disposal of Cronos, but rose by 4.41% on a like-for-like basis.

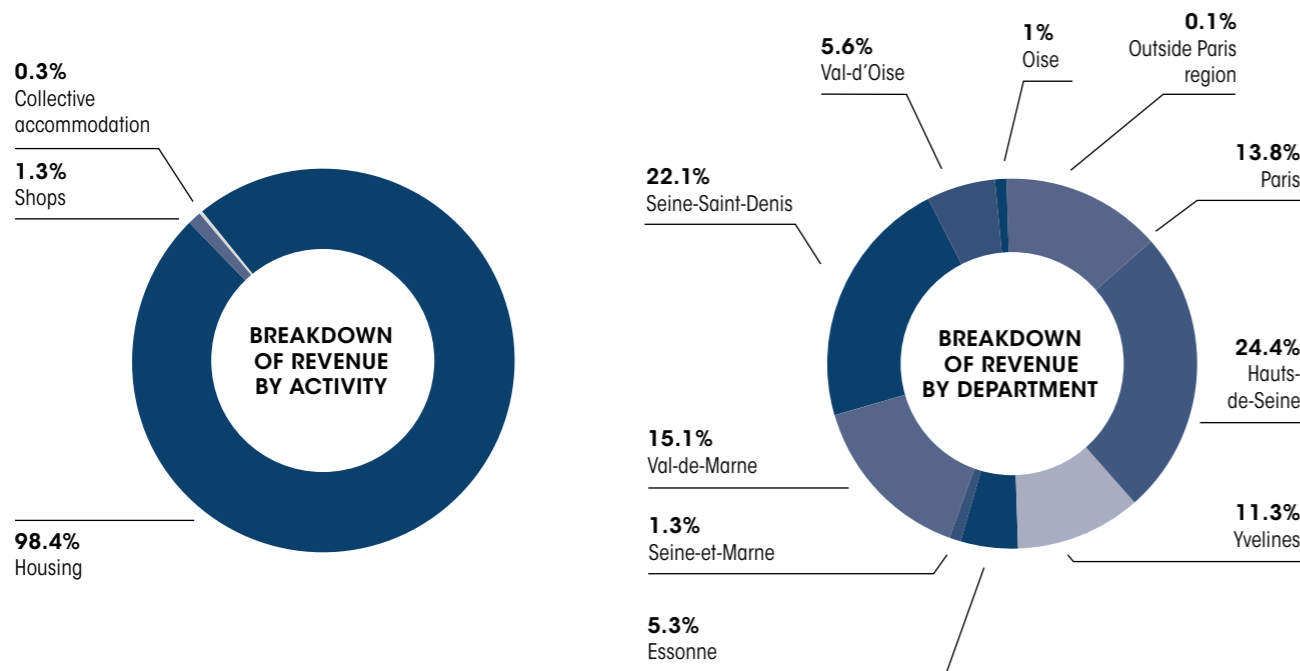
Assets located in the Paris region account for 99% of the value of in'li's property portfolio. The remainder comprise assets located outside the Paris region (mainly in the Oise department).

The increase in value on a like-for-like basis is mainly attributable to:

- ◆ **The continued rise in property prices per square metre** in all areas of the Paris region (i.e., Paris City and the inner and outer suburbs). Despite the health crisis, transaction volumes remain at high levels driven by low interest rates, high French household savings rates and residential housing's reputation as a traditional safe haven.
- ◆ **A slight drop in capitalisation rates on residential assets**, attributable to the growing interest of institutional investors and insufficient supply to satisfy the appetite of these investors.

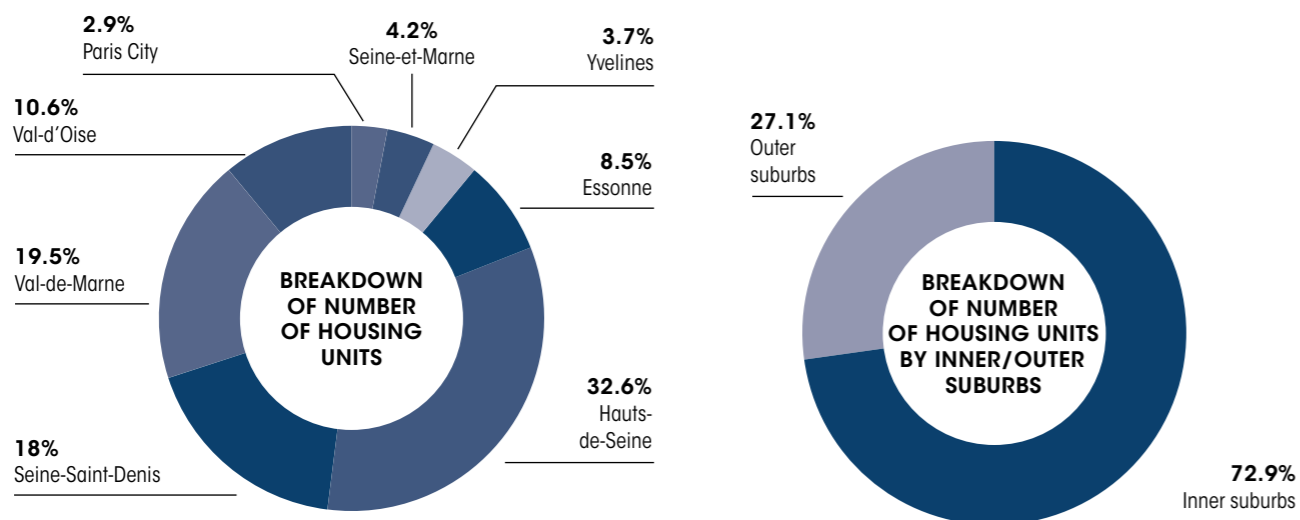
1.2.2 BREAKDOWN OF REVENUE BY ACTIVITY

Almost all revenue comes from letting out housing, most of which is located in Paris City and the inner Parisian suburbs.



1.2.3 CONTINUED STRONG GROWTH IN THE MOST SUPPLY-CONSTRAINED AREAS

The 5,272 housing units signed in 2021 are distributed geographically as follows:



1.3 DEVELOPMENT STRATEGY

In'li - no. 1 in intermediate housing in the Paris region - has set itself the ambitious target of building 80,000 units of new intermediate housing in supply-constrained areas (i.e., zones A and A bis).

The Company is only targeting areas in which there is a substantial gap between free market and social housing rents because this is where in'li can deliver maximum social utility. These new builds should meet around 50% of unsatisfied demand, which is currently estimated at between 160,000 and 280,000 units of housing⁽²⁾.

Since in'li was created in October 2017, nearly 20,000 housing units have been signed as part of a profitable development strategy, based around a combination of off-plan acquisitions (approximately 80%) and land development (consolidation of plots, densification of existing portfolio, replying to calls for tender, and conversion of offices into housing units, etc.).

This strategy was stepped up in 2021 with a focus on student accommodation and coliving-type developments, which are especially well suited to housing young working people in the most supply-constrained areas in the Paris region. For example, in'li committed to two large-scale developments in Orsay and Ivry-sur-Seine comprising 312 units of coliving accommodation and 142 units of student accommodation, respectively. The Orsay coliving programme is based around 39 houses, each comprising eight private units. Each complex will include semi-common areas (kitchens, lounges), common areas (work area, meeting room, sports room, living spaces), and common amenities (laundry room, storeroom, cleaning room, bike shed, etc.).

While the supply of new residential real estate plummeted during the health crisis, making it increasingly difficult for the middle classes and young working people to find accommodation, the French Government made intermediate rental housing programmes (LLI) much more attractive in the 2021 Finance Act, by abolishing the requirement for prior administrative approval from prefectures for development operations and extending its application to beneficial owners and to programmes in which premises not designated for residential purposes are converted into housing.

Taking up the proposals contained in the report issued by the French *Inspection Générale des Finances* and the *Conseil Général de l'Environnement et du Développement Durable* in April 2021, the 2022 Finance Law:

- ◆ Replaces the exemption from French tax on developed property with a corporate income tax credit for building operators. Local authorities will once again be able to reap the benefits of property tax revenues generated from the construction of new intermediate housing;
- ◆ Lowers the threshold for mandatory construction of social housing in intermediate rental housing operations (LLI) from 35% to 25%. This places the burden back on local authorities with less than 25% of social housing on their territory.

The Government and institutional operators intend to use these measures to finance 55,000 units of new intermediate housing between 2021 and 2023, i.e. an increase of 50% on the average of previous years. Action Logement signed a Memorandum of Understanding to develop intermediate housing with the French Government in November 2021.

In'li has set a very ambitious target of committing to 5,500 units in 2022 in spite of:

- ◆ The negative impacts of the pandemic;
- ◆ Scarcity of supply (sharp drop in the number of building permits issued, especially at commune level);
- ◆ Stiffer competition due to the reappearance of major institutional investors in the Paris region housing market.

This ambitious target will require new ideas for creating investment vehicles with institutional investor partners and innovative financing arrangements such as beneficial ownership under intermediate housing rental programmes and construction leases negotiated with Foncière de Transformation Immobilière, a subsidiary of Action Logement Group. It will also be driven by new products designed to encourage intermediate first-time buyers (lease-to-buy, gradual ownership, etc.) and managed residences (i.e., student accommodation and co-living).



⁽²⁾ "Développement de l'offre de logement locatif intermédiaire par les investisseurs institutionnels" (Growing the supply of intermediate rental housing by institutional investors), published by the *Inspection Générale des Finances* and *Conseil Général de l'Environnement et du Développement Durable* in April 2021.

New partnership: Agreement with AGARIM

On 26 July 2021, in'li signed a partnership agreement with AGARIM to jointly develop beneficial ownership under intermediate housing rental programmes. A pilot programme had already been deployed with this operator to assess the feasibility of this type of arrangement for financing intermediate housing in the most supply-constrained markets.

The in'li/AGARIM partnership aims to finance new housing over a five-year period and our partner will raise the funds needed to acquire bare ownership. The programme will be deployed in zone A bis supply-constrained areas.

1.4 FINANCING IN'LI'S DEVELOPMENT

In'li's strategic plan is underpinned by a strong balance sheet and the Company intends to pursue a very prudent financial policy.

With an LTV ratio of 16.6%, in'li's debt ratios were comfortable at end-2021 and it also has abundant liquidity of over €1,4 billion, backed by €497 million in cash and cash equivalents and €922.8 million in undrawn facilities at 31 December 2021.

In'li also uses a wide range of financial instruments to ensure a balanced financial profile.

Strengthening of capital:

- ◆ Support from Action Logement Immobilier through annual increases in share capital;
- ◆ Equity generated from an asset arbitrage process.

Disposal proceeds will be used to finance the production of new housing. Arbitrage will leverage:

- **Block sales** (e.g., the Cronos operation);
- **Split sales** (to sitting tenants on a priority or rotation basis).

Raising equity capital from outside Action Logement through the creation of development property companies.

The aim here is to get institutional investors to finance part of new production. In January 2021, the Cronos operation was signed in partnership with AXA IM Real Assets (Europe's No.1 real estate asset manager).

In'li now has two property development companies in partnership with top-ranking institutional investors:

- ◆ **Foncière APEC:** a long-term strategic partnership with Primonial REIM (a major French asset manager), PRO BTP and Midi2i to boost the supply of intermediate housing in the Paris region. In'li has held onto a 25% stake in this entity. In 2021, this property development company approved €138 million worth of new investments in intermediate housing in the Paris region (436 units of housing).

- ◆ **Foncière Cronos:** operation closed in January 2021 in partnership with AXA IM (Europe's No.1 real estate asset manager) to create a property development company, Foncière Cronos (in'li has a 25% stake), that will ramp up the production of new intermediate housing for middle-class and young working people in the Paris region. Cronos aims to produce 20,000 units of new housing over 10 years (including almost 4,000 units already identified and currently in development, plus 1,500 additional units of new housing per year). As well as the 4,000 units in development already identified at closing, additional investment in new intermediate housing in the Paris region of €265 million, (i.e., 840 units of housing) was approved in 2021. Management of the entity's housing units has also been entrusted to in'li Property Management.

Therefore, in 2021, these two property development companies were able to finance 5,000 units of new housing and over the next 10 years, this figure should rise to approximately 25,000 new units, or 30% of in'li's strategic plan to produce 80,000 units of new intermediate housing. Other partnerships are also in the pipeline.

Diversification of sources of funding:

- ◆ **Use of debt markets:** in'li intends to use its excellent rating (i.e., rated 'A' with a stable outlook by S&P Global Ratings since January 2020) to issue debt on a regular basis. Using the financial markets enables in'li to expand its lender base through access to international investors. In'li was given a short-term rating ('A-1') by S&P Global Ratings for the first time in 2020. It used this rating to validate a commercial paper programme for a maximum amount of €500 million with Banque de France. In'li subsequently reissued commercial paper on a regular basis in 2021 and the average outstanding amount over the year was €203 million. In'li also issued new bonds equivalent to the July 2019 bond issue for an amount of €99 million at a rate of 0.74%.
- ◆ **Financing from the European Investment Bank (EIB):** In'li has contracted a €310 million credit facility with the EIB. This funding had not been drawn down at 31 December 2021. It is part of the Juncker Plan to introduce energy performance criteria into the financing of housing.
- ◆ **Responsible financing:** In June 2021, In'li signed an amendment to the July 2018 syndicated revolving credit facility, extending the amount of the facility by €600 million over an additional four years for the purpose of securing its long-term liquidity. For the first time, the interest rate will be tied to the achievement of objectives in terms of the production of new affordable housing in supply-constrained areas (zones A bis and A), energy retrofits on existing properties and an improvement in the overall energy efficiency and carbon footprint of in'li's property portfolio. This amendment is fully in phase with the strong commitments made by in'li and Action Logement Group to support the energy and environmental transition in the housing sector and to produce new affordable housing in supply-constrained areas for young and middle-class working people.

In'li is deploying a rigorous financial policy that enables it to execute the Company's development plan with confidence:

- ◆ **Property development risk will be limited:** 80% of acquisitions will be from property developers through off-plan agreements (VEFA in French). These agreements protect buyers who receive a financial guarantee of completion from the banks, thus limiting the property development risk.
- ◆ **Development will be carefully tied to what the market can absorb** as well as to the pace of asset disposals. Maintaining a strong balance sheet will be the Company's overriding priority.



12, Impasse Rohri, Villejuif (Val-de-Marne).

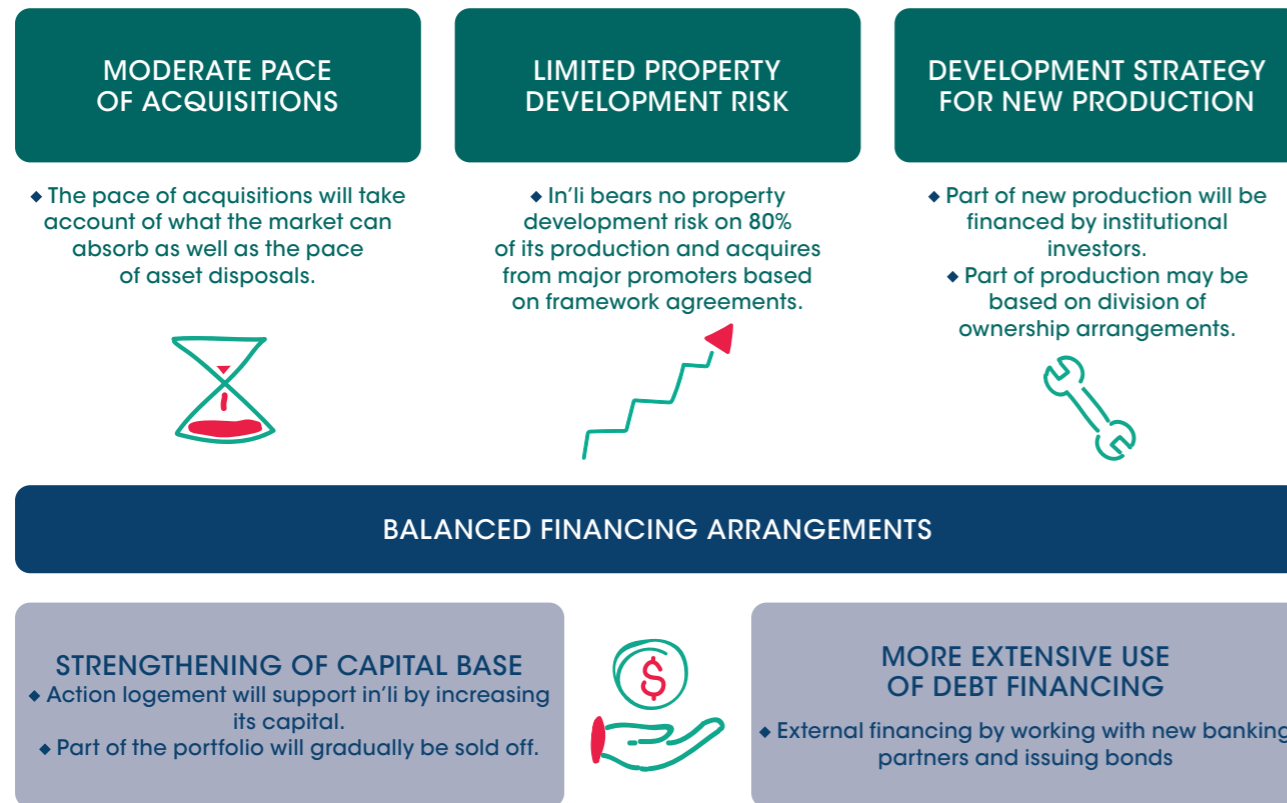
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1.5 ORGANISATION

1.5.1 COMMITTED AND EXPERIENCED GOVERNANCE

A committed Supervisory Board

The list of corporate offices and functions held in all companies by each of the corporate officers, members of the Supervisory Board and their representatives during the financial year is provided in the Supervisory Board Report on Corporate Governance.

The members of the governance bodies are:

Supervisory Board

Pierre BRAJEUX
 Chairman of the Board of Directors, MEDEF

Jean-Jacques DENIZARD
 Vice-Chairman of the Board of Directors, CFDT (until 14 October 2021)

Michel GOYER
 Vice-Chairman of the Supervisory Board, CFDT (since 14 October 2021)

Florence SOUSTRE GASSER
 MEDEF (since 10 June 2021)

Sandra BUES-PIQUET
 MEDEF

Philippe THEL
 MEDEF

Marie-Pierre HURÉ
 MEDEF

Patricia GOMEZ-TALIMI
 MEDEF

Bruno CANEPARO
 MEDEF (until 14 October 2021)

Xavier HESSE
 CPME

Jackie Xiaohua TROY
 CPME

Hervé MOREL
 CFTC

Action Logement Immobilier, represented by **Pascal LANDRIN** CFE-CGC

Audit and Accounts Committee

Sandra BUES-PIQUET
 Chairwoman of the committee

Michel GOYER
 Member (since 14 October 2021)

Xavier HESSE
 Member

Action Logement Immobilier, represented by **Pascal LANDRIN**, Member

Appointments and Compensation Committee:

Pierre BRAJEUX
 Chairman of the committee

Jean-Jacques DENIZARD
 Member (until 14 October 2021)

Michel GOYER
 Chairman of the committee (since 14 October 2021)

Patricia GOMEZ-TALIMI
 Member

Bruno CANEPARO
 Member (since 14 October 2021)

Investment Committee

Jean-Jacques DENIZARD
 Chairman of the committee (until 14 October 2021)

Michel GOYER
 Chairman of the committee (since 14 October 2021)

Philippe THEL
 Member

Jackie Xiaohua TROY
 Member

Management Board

Benoist APPARU
 Chairman of the Management Board

Antoine PINEL
 Member of the Management Board, CEO

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Supervisory Board: organisation and *modus operandi*

- ♦ **Composition:** in'li's Supervisory Board has eleven members, five of whom are women.
- ♦ **Experience:** the Supervisory Board includes eight representatives of employers' organisations, including the Chairman, and three trade union representatives, including the Vice-Chairman, all of whom have been appointed by the social partners.
- ♦ **Term of office:** each Supervisory Board member serves a three-year term. The terms of office of one-third of the members of the Supervisory Board are renewed every year, in accordance with the Company's Articles of Association.
- ♦ **Average age :** the average age of Supervisory Board members is 57.
- ♦ **Attendance:** seven of the eleven members have been on the Supervisory Board since in'li was created. In 2021, the attendance rate at Supervisory Board meetings was 83%.
- ♦ **Frequency:** the Supervisory Board met five times in 2021, pursuant to a convening notice issued by the Chairman, and the Chairman was consulted once in writing.

Concerning their professional activities:

- ♦ **6** members are company executives or senior managers;
- ♦ **2** members perform operational or executive functions in trade union organisations;
- ♦ **3** members perform operational or executive functions in a private company working in the property sector.

Organisation and *modus operandi* of the Board committees

Three Board Committees: the Audit and Accounts Committee, the Appointments and Compensation Committee and the Investment Committee are made up of members of the Supervisory Board. These committees have an advisory role and regularly report back to the Supervisory Board. Their *modus operandi* is set out in the Supervisory Board’s rules of procedure.

AUDIT AND ACCOUNTS COMMITTEE	INVESTMENT COMMITTEE	APPOINTMENTS AND COMPENSATION COMMITTEE
<p>Sandra BUES-PIQUET Chairwoman of the committee</p> <p>Michel GOYER (since 14 October 2021)</p> <p>Xavier HESSE Action Logement Immobilier, represented by Pascal LANDRIN</p>	<p>Jean-Jacques DENIZARD Chairman of the committee (until 14 October 2021)</p> <p>Michel GOYER Chairman of the committee (since 14 October 2021)</p> <p>Philippe THEL</p> <p>Jackie Xiaohua TROY</p>	<p>Pierre BRAJEUX Chairman of the committee</p> <p>Jean-Jacques DENIZARD (until 14 October 2021)</p> <p>Michel GOYER (since 14 October 2021)</p> <p>Patricia GOMEZ-TALIMI</p> <p>Bruno CANEPARO (until 14 October 2021)</p>
4 MEETINGS HELD IN 2021	5 MEETINGS HELD IN 2021	2 MEETINGS HELD IN 2021
<p>Examines the appropriateness of the methods used to prepare the parent company financial statements. Verifies that internal procedures for gathering and monitoring information have been correctly applied by examining the financial information provided after the accounts have been closed, the draft parent company financial statements, the relevance and consistency of the accounting methods used, the external audit process and the assessment of its effectiveness, and the Company’s internal control and risk management systems and internal audit work.</p>	<p>Reviews certain new investment projects and the development strategy presented by the Management Board and takes note of the findings. Reports at least once a year to the Supervisory Board on how this policy is being deployed. Issues a preliminary opinion to the Management Board concerning specific investments to be undertaken by in’li. Issues a preliminary opinion to the Supervisory Board concerning decisions to sell Company assets for material amounts (notably for block sales) and to create property development companies. Issues a preliminary opinion to the Supervisory Board concerning partnership ventures, equity investments and innovative financing arrangements.</p>	<p>Issues recommendations concerning the appointment of new members to the Supervisory and Management Boards and their compensation in light of governance rules applicable within Action Logement Group. the Supervisory Board appoints the members of the Management Board for the statutory three-year term, or renews their term of office if appropriate. Benoist APPARU and Antoine PINEL were appointed Chairman of the Management Board, and CEO and member of the Management Board, respectively, at the Supervisory Board meeting of 2 October 2017. Their terms of office were renewed at the Supervisory Board meeting of 11 June 2020. The Management Board is tasked with running the Company in a collegial manner. It has the broadest powers to act in the Company’s name under all circumstances within the scope of the corporate purpose and subject to the powers vested by the law.</p>

Related-party agreements

The list of related-party agreements or commitments falling within the scope of articles L.225-86 and L.225-88-1 of the French Commercial Code (*Code de commerce*) is provided in the Supervisory Board Report on Corporate Governance.

The following agreements were authorised during the year:

- ◆ Transfer of land tax charge to Seqens in Nanterre for 59 housing units, approved by the Supervisory Board meetings of 15 April and 10 June 2021;
- ◆ Acquisition of land tax charge from Seqens in Bagneux with a view to building 31 units of housing, approved by the Supervisory Board on 10 June 2021.
- ◆ Separation of joint ownership in favour of Seqens in Chesnay, approved by the Supervisory Board on 10 June 2021.

The following related-party agreements authorised in previous periods remained in force during the year:

- ◆ Agreement to make the support functions of the in’li Supports joint venture available to associates for certain specific projects, approved by the Supervisory Board on 20 December 2017;
- ◆ Agreement with GIE ASTRIMMO for the use of the ALIOP product, approved by the Supervisory Board on 10 September 2018.

An expanded Management Board comprising residential property professionals



Benoist APPARU
Chairman of the Management Board
Benoist Apparu took up a government appointment in 2009 as Secretary of State for Housing and Urban Planning, before becoming Minister of State for Housing in 2012. Benoist joined Action Logement Group in May 2017 to head up the intermediate housing programme in the Paris region and he was appointed Chairman of the Management Board in October 2017.



Antoine PINEL
Member of the Management Board, CEO
Antoine Pinel began his career as an auditor and held several positions in the Finance departments of major international groups. He is former Managing Director of OGIF, part of Action Logement Group.



Stéphanie CAULET
Deputy CEO
Clients & Assets division



Romain CRÉPEL
Deputy CEO
Investments and Construction



Barbara GRIZELJ
Deputy CEO
Job Transformation



Emmanuelle ROBIN-TEINTURIER
Deputy CEO
Resources and Digital Transformation



Éric LASCROMPES
Development Department Director



Marie LEFEBVRE-SOUCÉ
Chairwoman of in’li Property Management



Olivier DEBOST
Chief Financial Officer

Executive Committee

- | | | |
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| <p>Benoist APPARU
Chairman of the Management Board</p> <p>Antoine PINEL
Member of the Management Board, Chief Executive Officer</p> <p>Corinne PIRLOT-FAGES
Advisor to the Management Board</p> <p>Stéphanie CAULET
Deputy CEO – Clients & Assets division</p> <p>Emmanuelle ROBIN-TEINTURIER
Deputy CEO – Resources and Digital Transformation</p> <p>Barbara GRIZELJ
Deputy CEO – Job Transformation</p> <p>Romain CRÉPEL
Deputy CEO – Investments and Construction (from 1 September 2021)</p> | <p>Bénédicte LÉBOUCHER
Director of Marketing and Customer Relations (Clients and Assets division)</p> <p>Élisabeth LOTTEAU
Director of Rental Management division (Clients and Assets division)</p> <p>Stéphane MÉNARD
Technical Director – Property Portfolio (Clients and Assets division)</p> <p>Jérôme HERVIER
Property Director in Yvelines and Hauts-de-Seine departments (Clients and Assets division)</p> <p>Johann SAUVAGE
Property Director in Oise, Seine-Saint-Denis and Val d’Oise departments (Clients and Assets division)</p> <p>Franck TABOURET
Property Director in Paris City, Seine-et-Marne, Essonne and Val-de-Marne departments (Clients and Assets division)</p> | <p>Éric LASCROMPES
Development Department Director (Investments and Construction division)</p> <p>Laurent PALU
Investment Director (Investments and Construction division)</p> <p>Henri LECOURT
Sales and Joint Ownership Property Director (Clients and Assets division)</p> <p>Olivier DEBOST
Chief Financial Officer (Resources division)</p> <p>Razek LOUKKAF
Funding Department Director (Resources division)</p> <p>Nadège de BECQUEVORT
Audit and Risk Management Director (Resources division)</p> <p>Marie LEFEBVRE-SOUCÉ
Director of in’li Property Management, and CEO since 1 September 2021.</p> |
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1.5.2 OUR TEAMS

Committed teams in pursuit of our objectives

At end-December 2021, in'li had a workforce of 779 people, of whom 723 were on permanent employment contracts. The workforce can be broken out between administrative and building support staff as follows:

- ◆ **63% administrative personnel** (11% employee-grade; 18% supervisor-grade; 34% management-grade);
- ◆ **37% building personnel** (5% building administrative staff; 32% building caretakers).

173 new permanent employees joined the Company during the year to strengthen our teams across the board, especially in the areas of development and sales.

In'li continues its commitment to gender equality with:

- ◆ A gender equality index of 95/100;
- ◆ 43% of women on the Executive Committee at December 2021;
- ◆ One out of every two managers is a woman.

In'li's gender equality index is 95/100.

In order to meet the expectations of our customers and keep pace with our strategic plan and constant technological innovation, in'li is anticipating the needs of tomorrow by designing new jobs. Building career paths and consolidating our skills base are an essential component of our transformation strategy.

To recognise the commitment of everyone and support the teams in this transformation process, in'li's HR policy is underpinned by four key drivers:

- ◆ **Promoting the quality of work and commitment;**
- ◆ **Developing employability, new skills and career paths;**
- ◆ **Engaging in inclusive social dialogue;**
- ◆ **Our risk prevention culture.**

PROMOTING THE QUALITY OF WORK AND COMMITMENT

Onboarding employees to design the jobs of tomorrow and enhance the way we work

We encourage all employees to be stakeholders in our cross-cutting projects to help design and develop the jobs of the future, enhance our operations and achieve more effective teamwork. Joint working groups and oversight committees are set up for all major projects that impact our business.

Recent projects deployed by inter-departmental teams have focused on professionalising property management agencies and digital transformation of the building caretaker profession and putting this job back at the heart of the customer relations strategy.

Developing new ways of working and promoting enhanced work-life balance

Almost one out of every two administrative employees was using teleworking in early 2020 so the practice was already well established, however these arrangements were obviously ramped up once the pandemic hit and 100% of administrative personnel are now able to telework.

From September 2021 on, we were able to apply the amendment to our teleworking agreement, allowing for up to two days of teleworking per week. At present, 92% of eligible administrative employees have opted for flexible working arrangements (i.e., teleworking or "nomadism").

Work spaces at our head office were transformed into flex offices in June 2021, in phase with this policy of teamwork and team learning and a strong culture of accountability and collaboration.

In this context (i.e., teleworking, flex-office, etc.), in'li deployed considerable resources to help managers buy into these new ways of working and managing teams: live Teams, managers clubs focusing on "hybrid" management (face-to-face - remote), tailored training, etc.

A new employee satisfaction survey was conducted in June 2021 and confirmed the strong employee commitment and support for the Company's project.



Encouraging innovation through an "intrapreneurial" programme open to all

The in'li intrapreneurial programme promotes innovative in-house projects driven by intrapreneurs and supports people with ideas for start-ups.

A new intrapreneur campaign was launched in the spring of 2021 and two projects were selected:

- ◆ Communal gardens;
- ◆ Shared accommodation for seniors.

2 intrapreneurs received support during this year.

Promoting inclusiveness

This year, in'li conducted an information and awareness-raising campaign for all its employees as part of European Disability Employment Week. At the same time, in'li is continuing to pursue its commitment to hiring and helping people with disabilities to remain in the workforce and supporting employees in their efforts to obtain disability recognition.

DEVELOPING EMPLOYABILITY, NEW SKILLS AND CAREER PATHS

With an annual budget of nearly 4% of total payroll invested in skills development, in'li reiterated its commitment to training and developing employability for everyone.

- ◆ Average of 22 hours training per permanent employee;
- ◆ 79% of employees took at least one training module; dedicated courses with more than 30 hours of learning on average to help people wishing to change job.

> 16,000 hours of training were provided in 2021.

In 2021, tutors ensured that best practices were shared among colleagues and 39 work-study tutors helped the 20 new trainees who join in'li each year to develop the necessary skills in their respective areas.

49 employees benefited from functional mobility opportunities

"Pass Digital" is a certification process recognised at Action Logement level that helps caretakers get to grips with their new digital work tools and applications. This project comes in the wake of the negotiation of an agreement on changes in the building caretaker's job, signed unanimously by our trade union delegates.

Pass Digital Certification aims to transform the Company's digitalisation into an opportunity to re-examine, professionalise and showcase the job of building caretaker.

In 2021, the first intake of site managers also obtained certification. In total, 14 caretakers took part in this ambitious training programme and 11 obtained certification.





▲ Our team test their new applications.

ENGAGING IN INCLUSIVE SOCIAL DIALOGUE

In 2021, almost 80 meetings were organised with employee representative bodies.

CONSTANTLY ENHANCING OUR RISK PREVENTION CULTURE

In 2021, in'li streamlined its approach to Occupational Risk Prevention by digitalising the Consolidated Risk Assessment File (DUER) for building support staff.

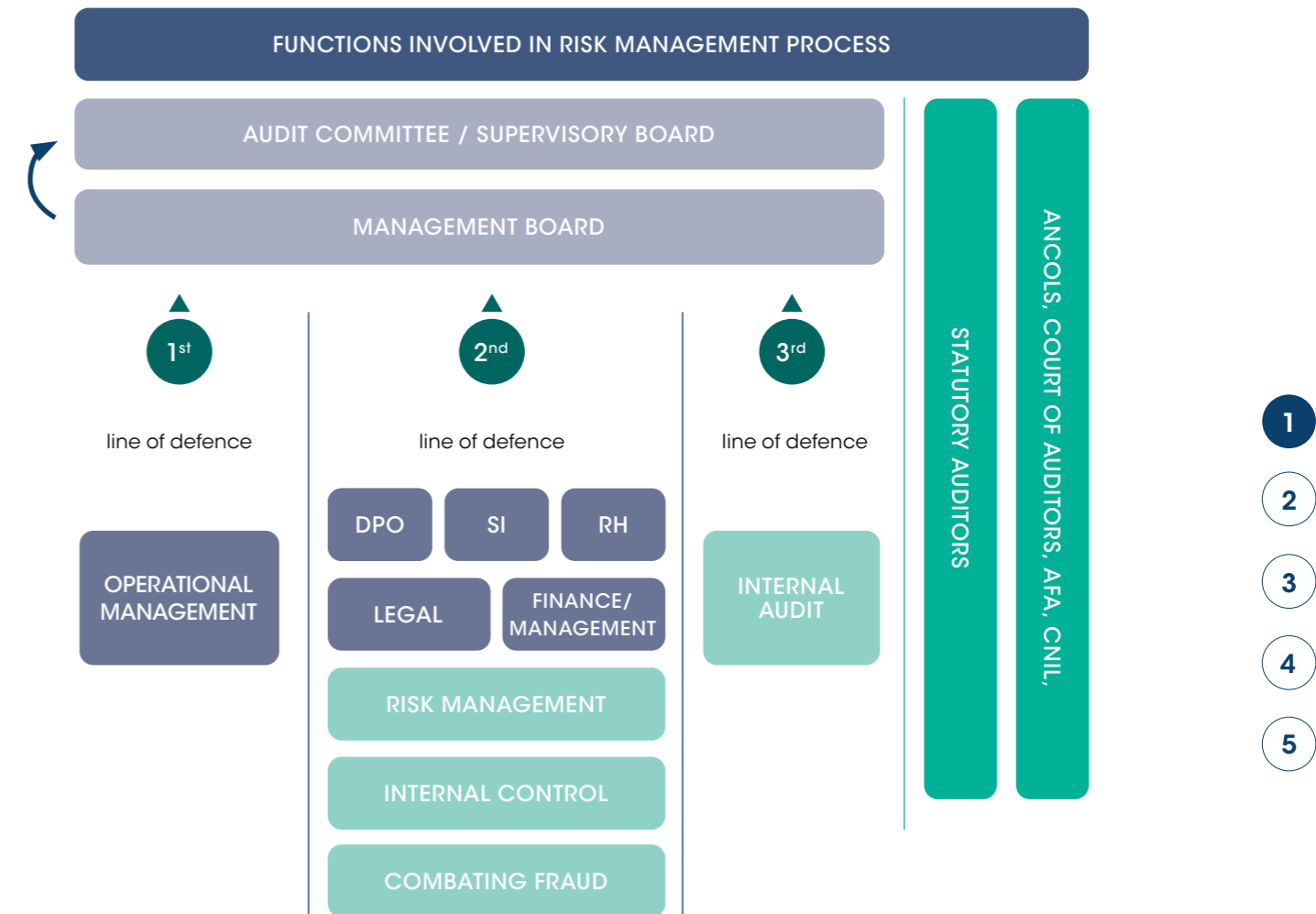
Regular meetings were held with the Health and Occupational Safety Committee to develop and deploy our Prevention & Safety roadmap and continue to improve working conditions and spread our culture of preventing occupational risks.

Our occupational risk prevention training policy is diversified and renewed on a regular basis. Thanks to a digital partnership with APES, our real estate groups are monitored and any safety incidents are reported using the new ALI Tranquil experimental app. Safety assessments are performed to get a precise picture of the safety environment at a given site in order to make the most appropriate recommendations.

1.6 RISK MANAGEMENT

1.6.1 STRUCTURE OF THE RISK MANAGEMENT PROCESS

Overview



Risk management

Our process is based on the framework developed by IFACI (French audit and internal control institute) and AMRAE (French risk management and assurance body), structured around "three lines of defence":

1. Controls are defined and implemented by line personnel:

The first line of defence is formed by line managers, who are responsible for assessing and mitigating risks, notably by deploying appropriate controls over the processes for which they are responsible.

2. The process is organised and coordinated by the second line of defence:

The second line of defence is formed by the functional departments tasked with coordinating the overall risk management process. Its purpose is to structure and maintain the business control processes, notably by:

- ◆ Helping line personnel to identify and assess the main risks that arise in their area of expertise;
- ◆ Helping line personnel to design more effective controls;
- ◆ Performing tests to ensure that the planned controls are actually performed and that they are effective.

In 2021, in'li continued formally documenting the system in order to clarify the controls within each process that help to mitigate the risks identified, and to round out controls when residual risks are deemed to be excessive. This work was used to identify key risks within each process, for which effectiveness testing will be performed in the first-half of 2022, so that the second line of defence ensures that the planned controls are effectively applied.

3. Independent assessment of the process is performed by the third line of defence:

As the third line of defence, the internal audit function deploys a risk-based approach to provide independent assurance to the Company's oversight bodies and to Executive Management. This assurance covers the effectiveness of the first two lines of defence and the organisation's overall governance.

The internal risk management process is underpinned by:

- ◆ A process-based approach;
- ◆ A corpus of ethical guidelines;
- ◆ A system of delegation of powers;
- ◆ A secure information system;
- ◆ Risk and control mapping.

1.6.2 SUMMARY OVERVIEW OF RISKS

In'li has adopted and deployed DIAGON'AL, a group-wide risk management application that allows the Company to structure the approach around its strategic focuses. In'li has implemented a dynamic process designed to highlight, assess and rank risks in order of importance. These evolving risks – which stem from both exogenous and endogenous factors – are constantly tracked and reassessed. Risks are mapped and ranked by the Internal Audit and Risk Management Department with the help of an external service provider, based on interviews with the various departments, its own expertise, and the results of audits and investigations conducted during the year.

They are mapped in order to inform management of major risks and to define the degree of control required to manage each risk. This map is the starting point for the internal control process, where the major risks are broken down into operational risks.

Once the risks have been identified, in'li determines the level of control and the control procedures that will enable it to deploy its strategy and conduct its business under secure conditions. These controls are constantly adjusted in line with evolving risks.

In'li has to contend with generic risks related to the economic and regulatory environment, generic risks inherent to the functioning of any company, and specific risks related to its activities.

These risks, which have historically been grouped into three categories (i.e., strategic risks, operational risks and support service risks), were redefined in 2021 and broken out into seven categories. Six of the risks identified in the risk map have been identified as major risks and are tracked especially closely: regular controls and actions are performed to reinforce control and prevent their occurrence. The following table sets out the main risks identified that could have a material impact on in'li's activity, financial situation or financial statements.



▲ 115-117, Route de maison, Chatou (Yvelines).

Risk overview and summary of major risks monitored on a priority basis

1. Risks related to the real estate market and external business environment:

- ◆ Risks related to climatic events or disruptions and pandemics;
- ◆ Risks related to the real estate market (rent levels, liquidity of assets, inflation, shortages, etc.);
- ◆ Risks related to changing trends and habits.

2. Risks related to governance strategy:

- ◆ Risks related to ethics and transparency;
- ◆ Risks related to the achievement of strategic objectives;
- ◆ Risks related to transformation management;
- ◆ Risks related to crisis management and business continuity.

3. Risks related to business and activity management:

- ◆ Risks related to development and building and renovation operations (major risk);
- ◆ Risks related to housing, building management and marketing;
- ◆ Risks related to property disposals;
- ◆ Risks related to inaccurate billing (major risk);
- ◆ Risks related to compliance and upgrading of buildings and dwellings;
- ◆ Health, safety and security risks;
- ◆ Human resources management risks;
- ◆ Risks related to supplier failure or sub-optimal procurement.

4. Risks related to information systems, data security and cybercrime:

- ◆ Risk of cyber-attack, data security and data reliability (major risk);
- ◆ Risk of interruption to information systems (major risk);
- ◆ Risk of information systems obsolescence;

5. Regulatory, compliance and enforcement risks:

- ◆ Risks related to regulatory developments and increasingly numerous and complex regulations;
- ◆ Risks related to compliance with internal rules and regulations;
- ◆ Risks of non-compliance with rules for public tenders (conflicts of interest, corruption, favouritism, work billed but not actually performed) (major risk);
- ◆ Risks of external, internal or mixed fraud, and non-compliance with regulations to prevent corruption (major risk).

6. Financial risks:

- ◆ Financing and liquidity risk;
- ◆ Risks related to the production of financial reporting information;
- ◆ Risks related to insurance.

7. Risks related to relations with stakeholders:

All major risks are covered by action plans designed to improve risk coverage by limiting the risk of occurrence or materiality and they are presented annually to the Audit Committee. Action plans are also drawn up for other risks when areas of weakness are detected (audits, internal or external controls, management initiatives) or for the purposes of improvement. At end-2021, 56 action plans had been integrated into the DIAGON'AL application and were being monitored by the Audit and Risk Management Department.

1.6.3 COMBATING FRAUD

In'li attaches huge importance to the fight against fraud and has been deploying a proactive approach to identifying and dealing with fraud for a number of years. This process and the actions undertaken is set out in section 3, CSR strategy report.

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1.6.4 INFORMATION SYSTEM SECURITY AND PERSONAL DATA PROTECTION

As cyber risks grow and applications become increasingly digitised, IT security and personal data protection have become major priorities for in’li:

- ◆ In’li continues to deploy measures to reinforce information systems security. The key measures taken are set out in section 3.6.2.4 of the CSR strategy report.

- ◆ A Data Protection Officer is tasked with ensuring that in’li complies with GDPR (see developments on p. 61 CSR Strategy Report, section 3.5 – Committing to compliance).
- ◆ Aside from protecting personal data, cybersecurity in particular is a major priority. It is overseen by the Resources and Digital Transformation Division and an IT Security Committee. Twice a year, the Audit and Accounts Committee receives a report on the risks identified and any actions taken. From an operational standpoint, a Chief Information Security Officer (CISO) was appointed in 2020 and will start reporting to the Audit and Risk Management department in the first-half of 2022.

1.7 OWNERSHIP STRUCTURE

Share capital

The Company’s share capital at 31 December 2021 was €799,130,481, made up of 532,753,654 shares with a par value of €1.50 each. The capital is owned by 2,274 different shareholders and the ten biggest shareholders appear in the following table:

NAME OF SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP
ACTION LOGEMENT IMMOBILIER	485,504,838	91.131%
ASTRIA DÉVELOPPEMENT*	44,320,922	8.319%
FINANCIÈRE HONEYWELL	144,784	0.027%
M. ARANDA JIMENEZ Ramon	114,625	0.022%
MECI	114,625	0.022%
MODERNE DE MAÇONNERIE	98,250	0.018%
HI FI DELVALLÉE	81,875	0.015%
NATIONALE DE RADIODIFFUSION (RADIO FRANCE)	66,285	0.012%
KLÉPIERRE	55,193	0.010%
FIVES	38,453	0.007%

*Entities owned directly or indirectly by Action Logement Immobilier.

The Combined General Meeting of 10 June 2021 approved an increase in share capital for an amount of €50,318,874, from €748,811,607 to €799,130,481, through the issue of 33,545,916 new shares of €1.50 each. This share capital increase was duly completed and recognised on 27 October 2021.

1.8 DEVELOPMENT OPPORTUNITIES

1.8.1 DEPLOYMENT OF CSR STRATEGY

As no. 1 in intermediate housing in the Paris region, in’li has made some major Corporate Social Responsibility (CSR) commitments as these issues form a central part of its *raison d’être* and corporate mission: “Growing the intermediate housing offering in order to bring young and middle-class people closer to their place of work and thus strengthening the employment-housing link and boosting regional attractiveness.”

In addition to the major societal impact of our activities underpinned by our efforts to develop intermediate housing, our business also has a strong social, environmental and ethical focus and oversight of these aspects is a key part of our activity.

Our holistic approach incorporates all of our stakeholders – tenants, employees, developers, local authorities, suppliers and investors – around five key CSR focuses that are in line with our strategic priorities and those of Action Logement Group.

Our long-term commitment is to offer more housing solutions with the following features:

- ◆ **A strong social** impact for our tenants with rents that are below free market rates and a portfolio located mostly in the main supply-constrained areas of the Greater Paris region;
- ◆ **Quality housing located close to public transport and employment hubs;**
- ◆ **Energy-efficient and environmentally friendly housing, reflected in an ambitious policy of renovating the existing housing portfolio** and the objective of producing **80,000 units of the most energy-efficient housing.**

In 2021 and early 2022, we stepped up the pace with the launch of a number of major projects, including:

- ◆ Updating in’li’s Environmental Strategy, an ambitious undertaking that will enable us to broaden the property portfolio mapping process, refine our carbon footprint and energy consumption reduction trajectories, optimise the environmental profile of buildings, and continue to deploy programmes in support of the ecological transition, etc.;
- ◆ Analysing the materiality of non-financial issues;
- ◆ Improving the quality of non-financial information and the inclusion of additional non-financial reporting indicators;
- ◆ Initiating an ESG rating process;
- ◆ Redefining CSR requirements *vis-à-vis* those of suppliers.

We will continue to deploy these priority projects, which are fully aligned with our CSR strategy, throughout 2022 and beyond.

1.8.2 THE COMPANY’S ONGOING DIGITAL TRANSFORMATION

As part of its overall business strategy, in’li has placed a strong focus on innovation and digital transformation to enhance its overall efficiency, forge closer ties with customers and improve the quality of the service it provides. This is achieved in the following manner:

A 100% digital customer journey

Since 2018, when the **inli.fr platform was created**, all of our housing for rent and for sale is let out directly using a quick and simple process that allows prospective tenants or buyers to control their application based on their budgetary, professional or family-related criteria.

A prospective tenant may apply for housing in five simple stages:

- ◆ By registering online and selecting one or a number of housing offers;
- ◆ By submitting a simplified online application;
- ◆ By making an appointment via the in’li Lib diary to visit the dwelling;
- ◆ By confirming their interest in the dwelling visited and providing the administrative documents needed to enable their application to be vetted;
- ◆ By signing the lease digitally.



In 2022, we will be rolling out a new platform – inli&moi – that enhances the customer journey by allowing each customer to easily access information or perform lease-related tasks (online consultation of balances, online payments, submission of an insurance certificate, etc.). New features will gradually be added to the platform throughout 2022.

Development of new applications to enhance overall efficiency and improve employee comfort at work

The development of new applications as part of the Company’s digital transformation, is also an opportunity to develop and enhance certain jobs, especially those of local staff (building caretakers, site managers, unit managers).

The **Mobility Tools Project (POM)**, for example, provides our employees on the ground with customised equipment (tablets, smartphones) and mobile apps (for ordering, consulting the housing portfolio, performing online inventories, tracking customer requests, etc.), involving them in all key stages of rental management – from when the tenant moves in, to the moment they leave. These changes are validated by the “Pass Digital” internal certification granted to employees.

2021 was also given over to preparing the **SIGTP** technical asset management application used to track the preventative and corrective maintenance work carried out by our technical service providers. This application makes it possible to:

- ◆ Track events, preventive and corrective interventions, breakdowns, alerts or critical situations (problems with equipment, work not performed, leaks, etc.) in real time;
- ◆ Track contract performance, service quality and the condition of the property;
- ◆ Receive real-time information about what is happening in the property portfolio;
- ◆ Enhance communication between tenants, service providers and employees (information concerning how equipment is working, submitting and tracking lease-related claims, making appointments online, tracking consumption, planning and scheduling work, etc.).

Thanks to these initiatives, and in liaison with the Company’s various business lines, the Information Systems Department is continuing to develop improved IT resources for the Company’s overall benefit. These digital transformation projects enhance the Company’s brand and employee comfort at work, the level of service provided to tenants, and the quality of relations with our suppliers and customers.

1.8.3 NEW PRODUCTION WITHIN PROPERTY DEVELOPMENT COMPANIES AND PAVING THE WAY FOR NEW PARTNERSHIPS WITH INSTITUTIONAL INVESTORS

Foncière Cronos and APEC property development companies made it possible to secure financing for 5,000 units of housing in 2021.

Cronos

Cronos had 4,000 units of housing in development (i.e., at preliminary reservation agreement or signed off-plan acquisition agreement stage) at closing (January 2021), to which must be added around 800 additional units which are part of a new pipeline validated by the property development company in the second-half of 2021.

APEC

In 2021, the property development company validated a pipeline of 436 new units for a total of €138 million.

In’li is directly responsible for developing these two property development companies under the terms of an agreement to act as referral agent and provide project management consultancy services for new builds, and it receives remuneration from the two entities based on this agreement.

In’li is also continuing to study possibilities for setting up new property development companies in partnership with institutional investors as part of its objective of boosting the supply of affordable housing.

1.8.4 INTERMEDIATE RENT TO BUY

In the wake of its first two acquisitions of intermediate rent to buy operations, in’li continued to acquire new properties to be used in rent to buy schemes. As these are still prototype operations, marketing is initially being entrusted to the expertise of external partners specialised in these types of sales. Based on feedback received, in’li could hope to achieve its target of 600 units of housing to be developed using this model. This type of offering targets middle class people who get an opportunity to “try out” the property before acquiring it at a preferential price. Tenants pay an intermediate below-market rent for between five and ten years that allows them to save up for the downpayment required for purchase.

At the end of this period, tenants may decide to exercise their option to buy the property. In’li then agrees to sell it back to the tenant at the preferential price it originally paid in a block acquisition transaction.

The first operation in Viroflay will be delivered in 2022 and let out at the same time, whereas the second operation in Bagneux, will be marketed in 2022 and delivered in 2023.



▲ Mathurins lease-to-buy programme, Bagneux - Linkcity (Hauts-de-Seine).

1.8.5 SPLIT SALES

In’li is continuing to implement its policy of split sales, giving priority to sitting tenants in rotation with outside buyers. To scale up this process, in’li has decided to use general contractors to provide the marketing, surveying, energy performance assessment, notary and building management services needed to put a minimum of 4,000 units of housing up for sale and they will be sold off in four successive campaigns.

Before the project was marketed, a customised “data-room” had to be set up to ensure that the operation ran smoothly. All of the work involved in setting up the data room was completed in-house in 2020. For the very first campaign, a data-room comprising 21,000 documents was prepared, paving the way for general contractors to begin their work.

In 2021, in’li launched the first three campaigns, corresponding to a volume of 3,700 units. Each of these campaigns follows a competitive bidding process, i.e. a first evaluation phase that requires general contractors to submit competing bids. A second phase allocates the properties to each contractor with a view to defining price scales and the selling process is launched in the third phase.

At the end of 2021, each campaign was progressing at a different pace. The first campaign will gradually be let out over the first-half of 2022 while campaign No. 2 will be let out in the second-half of 2022.

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◀ 39, Avenue Général de Gaulle, Bagnole (Seine-Saint-Denis).

2.1 HIGHLIGHTS

2.1.1 IN'LI – NO.1 INTERMEDIATE HOUSING PROPERTY OWNER AND MANAGER IN THE PARIS REGION

In'li owns and manages a portfolio of 38,868 units of intermediate housing, which includes:

- ♦ 38,093 family housing units;
- ♦ 775 units of collective accommodation.

In'li also owns and manages 238 stores and commercial premises. The portfolio is spread throughout 874 groups of properties in 204 different municipalities.

2.1.2 PROPERTY DEVELOPMENT COMPANIES

Foncière Cronos

On 15 January 2021, in'li set up Foncière Cronos in partnership with AXA IMRA to take charge of 5,863 units of existing housing and nearly 4,000 units of new housing. In'li has held onto a 25% stake in the new structure, which is managed by one of its wholly-owned subsidiaries, in'li Participations. The entity's housing units are managed by in'li Property Management, an in'li subsidiary. The creation of this property development company generated net income of €508 million in in'li's financial statements.

APEC Résidence

APEC Résidence, which was created in September 2020, paid out its first dividends in 2021. Based on its 25% stake in this property development company, in'li received €404,000 in dividends, including €203,000 for 2020, and an interim dividend of €201,000 for 2021. APEC Résidence's property is also managed by in'li Property Management, an in'li subsidiary.

2.1.3 LOWER RENTAL INCOME

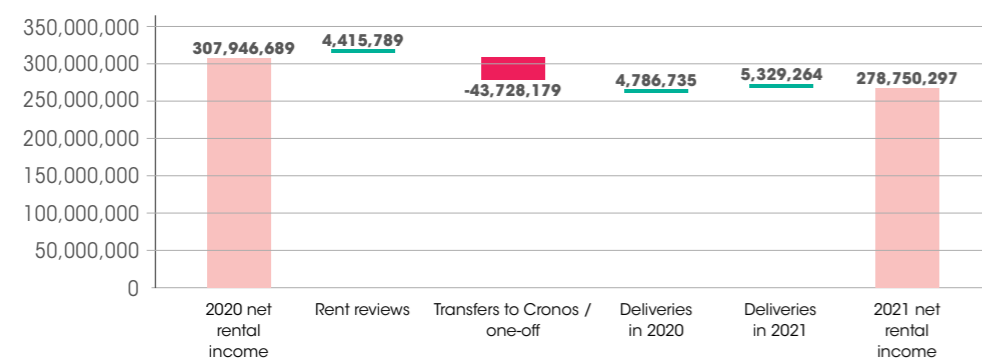
Rental income decreased by €29.2 million (or by 9.5%) year on year. This drop was mainly due to properties transferred to Cronos, representing lost rents of €39 million.

This decrease was offset by an increase in rents due to:

- ♦ Rent reviews driven by tenant turnover and application of the 0.66% increase in the rent review index;
- ♦ Deliveries received in 2020 included on a full-year basis;
- ♦ 1,484 units delivered in 2021.

In'li's recovery rate reached 99.7% in 2021.

YEAR-ON-YEAR CHANGE IN RENTAL INCOME (2020/2021)



2.1.4 RENT HOLIDAYS GIVEN TO BUSINESSES

Since the start of the pandemic, In'li has stepped up to provide support to its commercial tenants hit by administrative closures as part of lockdown measures. Rent holidays were granted for rents due during lockdown periods.

After the series of restrictions in Q4 2020, in'li granted rent holidays to nine businesses for a total of €57,000.

Because administrative closures of certain businesses continued into the first and second quarters of 2021, new rent holiday requests were submitted for a total amount of €61,000.

In'li made these new rent holidays contingent on debt repayment plans.

2.1.5 PROPERTY DEVELOPMENT FEES

Within the scope of partnerships negotiated by APEC and Cronos, in'li has been entrusted with sourcing and project management consultancy (PMC) services.

In'li is tasked with:

- ♦ Advising the property development companies and helping them to get development projects up and running;

- ♦ Tracking all new build programmes deployed by the development companies.

In 2021 in'li was paid €4.3 million by Foncière Cronos and €1.6 million by APEC for providing these services.

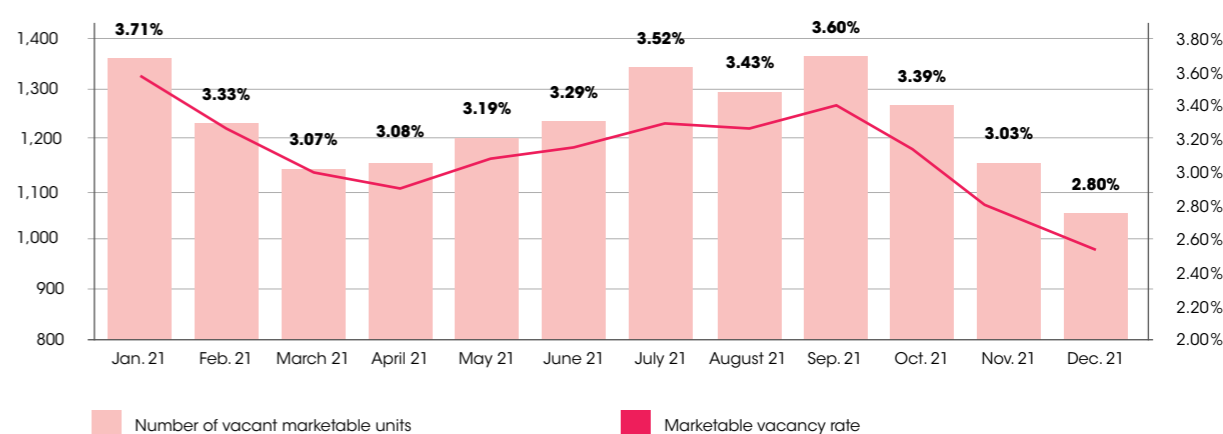
2.1.6 A LOWER MARKETABLE VACANCY RATE

Letting activity was brisk in 2021 and over 5,000 families were housed, particularly in new build programmes delivered during the year.

This dynamic letting activity helped to improve the vacancy rate despite a significant increase in tenant turnover, which reached 9.80% in 2021, and 1,484 new dwellings let out during the year. The marketable vacancy rate was 3.29%, compared to 3.32% in 2020.

In particular, there was a focus on getting the long-term vacancy rate down and the number of units in this category fell by half.

YEAR-ON-YEAR CHANGE IN MARKETABLE VACANCY RATE



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2.1.7 DYNAMIC LETTING ACTIVITY

The new organisation structure deployed since October 2020, which separates new letting activity, the in'li product range and the Qwacío product range, has generated efficiency gains by reducing both the time needed to let new properties out and our stock of vacant units, despite a tenant turnover rate of 9.8%.

To optimise letting activity, the Qwacío housing offering was published on www.inli.fr, making it possible to reverse the existing trend and reduce the stock of vacant Qwacío units by 30%.

However, certain types of housing require an extra communication effort, thence the importance of continuing to promote intermediate housing to the wider public. Webinars were organised to promote in'li housing in partnership with Action Logement Services for PEEC-contributor businesses and their employees. This helped us achieve a rate of 82% of allocations to employees of PEEC-contributor businesses.

Lastly, to speed up letting and unlock efficiency gains for prospective tenants, in'li has undertaken a study of the application vetting process.

This work has four main focuses:

- ◆ Criteria concerning the personal situation of the applicants to ensure that the accommodation is suitable in terms of the family's profile;
- ◆ Financial criteria to ensure eligibility for intermediate rental housing programmes (LLI);
- ◆ Location criteria to reinforce the employment-housing link;
- ◆ Criteria related to professional situation to support allocation to employees of PEEC-contributor businesses.

In'li also committed to supporting «key workers» in 2021, especially care workers – by signing an agreement with the Paris region to make housing available. This has made it possible to house 85 families.

Data concerning our incoming tenants:

- ◆ **Young households: 82% of tenants are under 40, and 39% are under 30 years of age;**
- ◆ **Mostly couples: 63%, o/w 50% are couples without children;**
- ◆ **Single people represent 37% of those housed;**
- ◆ **98% of families are working;**
- ◆ **43% have management-grade status and 47% have employee status;**
- ◆ **82% of successful tenant applicants are employees of PEEC-contributor businesses;**
- ◆ **53% of incoming tenants come from the private market; and**
- ◆ **14% from social housing.**

2.1.8 CONTINUATION OF DISPOSAL PROGRAMME (EXCLUDING TRANSFERS TO PROPERTY DEVELOPMENT COMPANIES)

In'li continued to deploy its asset arbitrage policy in 2021 and 84 units were sold off, including:

- ◆ 15 units located in the region, which in'li sold in block sales to a subsidiary of Action Logement;
- ◆ 69 single-housing units.

These disposals generated income of €18.1 million, which may be broken down as follows:

- ◆ €800,000 from block sales;
- ◆ €17.3 million from split sales.

2.1.9 A TARGETED RENOVATION POLICY

The Group continued the work began in 2020: a total of €48 million was spent on renovation in 2021, including €34 million on improvements and €14 million on renovating private areas.

The main objective of this major renovation work is to improve the energy and environmental performance of the buildings concerned.

As part of the environmental trajectory of in'li's property portfolio (see section 3.5) and the obligations laid down by the French Government (eradication of units of housing identified with an F or G – and subsequently E – energy label, reduction of energy consumption and carbon footprint), in'li aims to renovate nearly 12,000 housing units over the 2021/2025 period, including 9,000 units for which energy performance is a priority.

An Energy Strategy Plan (ESP) was also adopted in 2021 to tackle these issues. The final report – along with its priorities – will be presented in the first-half of 2022, setting out guidelines for the Company's technical and environmental initiatives.

Works schedule

The objective over the coming years is to schedule major renovation operations so that it is possible to assess all of the work that needs to be carried out at the same site in order to streamline the works programme and the costs per unit. The Qwacío brand was given priority in 2021 (by number of operations and units) in order to reposition these property groups competitively in terms of their quality and services.

The works plan also sets aside between €8 million and €10 million a year for investments in technical equipment. To target volumes and plan these operations more effectively, in'li has acquired an application (Oxand Siméo) that will enhance predictive management and optimise the relationship between cost, performance and risk.

Operation and maintenance

Technical management framework contracts were put out for tender in 2021. Contracts were awarded for lifts, security, automation, metering, green spaces and the upkeep of roof terraces, with the aim of reducing the number of contractors and increasing the scope of the work included in the contracts.

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2.1.10 COMMITMENTS

Commitments were given for 5,272 units of housing.

NATURE	2017	2018	2019	2020	2021	% BREAKDOWN
Land	286	366	769	739	1,006	19%
Off-plan	1,391	3,559	4,187	4,109	4,004	76%
Densification	50	144	66	161	30	1%
Acquisition & improvements	229	22	21	34	232	4%
TOTAL	1,956	4,091	5,043	5,043	5,272	100%

2.1.11 DIVERSIFIED FINANCING ARRANGEMENTS

In'li continued to diversify its financing arrangements in 2021 with the following initiatives:

- ♦ **January 2021:** in'li and Axa IMRA teamed up to create Foncière Cronos property development company to grow the intermediate housing offering in the Paris region. The operation closed on 15 January 2021.

This new property development company allowed in'li to leverage external funds to finance part of its new production. In'li holds onto a 25% stake in the new structure to which it contributed nearly 5,900 units of existing housing and 4,000 units of new housing (either in development or under construction) at the transaction closing date.

- ♦ **November 2021:** In'li also issued new bonds equivalent to the July 2019 bond issue for an amount of €99 million at a rate of 0.74%. This operation helped in'li to continue to keep its funding costs down.

Cronos and APEC property development companies helped secure financing for 5,000 units of intermediate housing.

After the transaction closed, Cronos validated an additional pipeline of new intermediate housing transactions for an amount of €265 million.

- ♦ **June 2021:** In'li signed an amendment to the July 2018 syndicated revolving credit facility, extending the amount of the facility by €600 million over an additional four years for the purpose of securing its long-term liquidity. For the first time, the interest rate will be tied to the achievement of objectives in terms of the production of new affordable housing in supply-constrained areas (zones A bis and A), energy retrofits on existing properties and an improvement in the overall energy efficiency and carbon footprint of in'li's property portfolio.

In'li had a strong balance sheet at 31 December 2021:

- ♦ **The LTV ratio dropped** to 16.6% in phase with the Company's highly prudent financial policy;
- ♦ €497 million in cash and cash equivalents;
- ♦ Undrawn facilities: €922.8 million, including €600 million of the syndicated credit facility renewed in June 2021 (undrawn at 31 December 2021) and €310 million in EIB financing (undrawn at 31 December 2021);
- ♦ No significant repayment milestones over the next five years.

2.1.12 INNOVATION

Throughout 2021, day-in, day-out, in'li was committed to supporting and accelerating the innovation component of its projects.

Innovation is focused on four priority areas:

- ♦ Building methods;
- ♦ Reducing energy consumption in our buildings;
- ♦ New living arrangements based on coliving and temporary accommodation;
- ♦ The digitalised customer experience and quality of service provided to tenants.

In concrete terms, we have attempted to integrate alternative low carbon materials (wood and raw earth) into our construction and densification projects as early as possible.

For example, as part of our partnership with Cycle Terre, in'li is pursuing its commitments by integrating raw earth into two of its projects:

- ♦ 52 housing design and builds in the commune of Alfortville. Raw earth is added in small layers for rendering. Delivery is scheduled for summer 2022.
- ♦ 42 new house builds in the 12th arrondissement of Paris. Raw earth is used to a greater extent in the inner portion of façades and on the walls of common areas.

We have also deployed technologies developed by Kocliko to reduce emissions from our buildings by optimising heating costs through individual metering, especially in major renovations such as those in Bagneux.

Pursuit and intensification of in'li Lab's activity

We kicked off a new incubation programme for the 3rd wave of startups at our incubator in'li Lab, created in 2018. It has already hosted around ten startups (i.e., Colivys, ContractChain, Enogrid, Keepen, Kocliko, Lokalok, My Digital Buildings, Syment and Vertuo).

In'li continued to work with a number of these in 2021.

Immediately they arrive, start-ups begin working with in'li, performing full-scale testing of specific innovations over a twelve-month period.

These innovations include:

- ♦ **BugSafe - a non-chemical alternative to bedbug treatment.** This startup markets a mechanical trap that identifies the presence of pests and stops them spreading within a building.
- ♦ **Urban furniture made from materials recycled and bio-sourced by KoMuT Studio.** This equipment is produced in the circular economy and has a low carbon impact. An experiment is currently being conducted with in'li to produce two container shelters made from recycled PET in a residence located in Bobigny. Meanwhile, the startup also conducts awareness campaigns about sorting and

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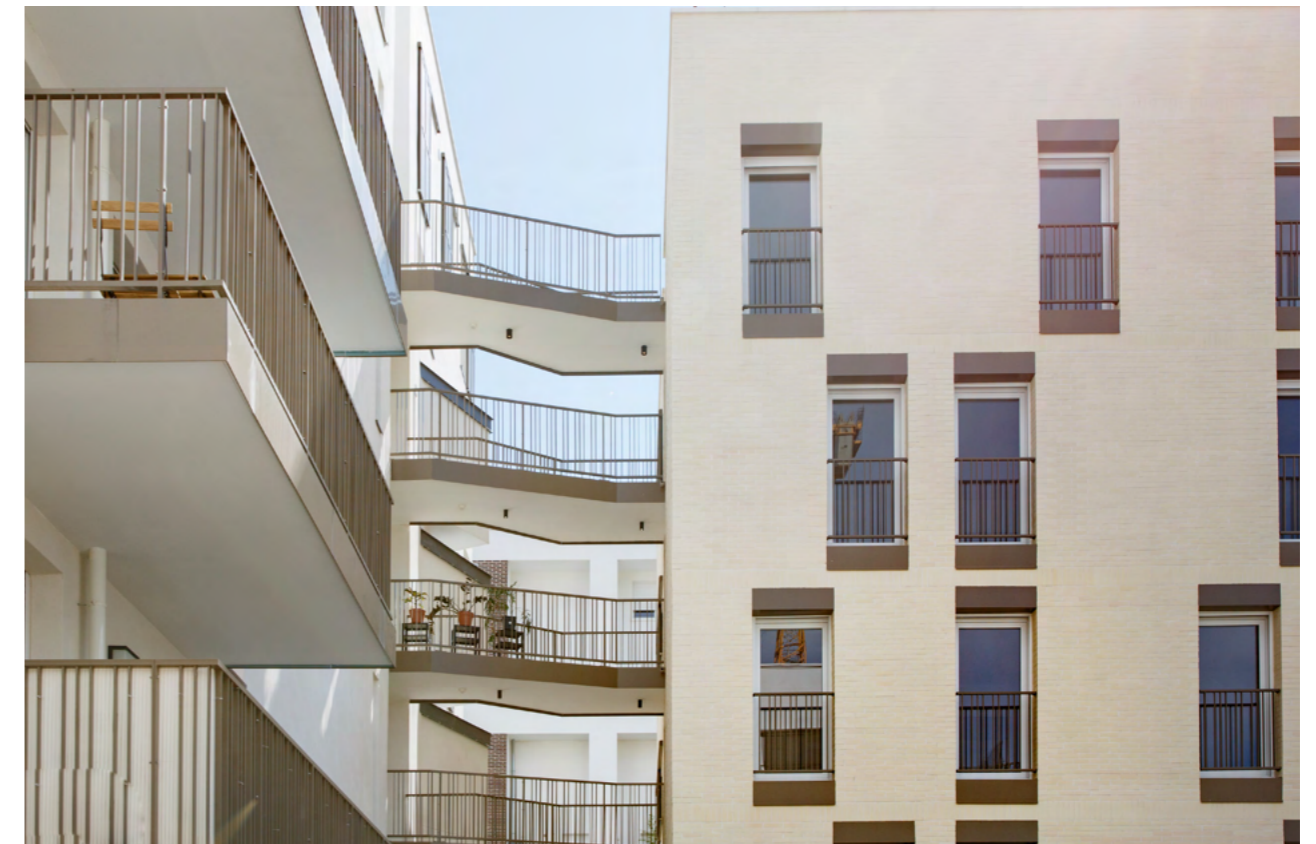
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▲ Our intake of startups incubated in 2021-2022.

- recycling materials for tenants and local residents.
- renovation operations.
- ◆ **Temporary occupation of vacant spaces with Liveo:** This startup transforms vacant spaces into temporary accommodation, which it subsequently makes available to specific groups such as young working people, medical staff or members of associations. This joint project reflects in'li's wish to make the best use possible of its vacant properties. It was initiated in 2021 with the signing of Paris City Council's charter for temporary and transitional occupation.
- ◆ **Better market analysis with Lokimo.** The startup's decision support platform analyses territories in detail and offers an overall view based on qualified indicators. The solution may be applied in several areas in in'li, notably in the Development and Investment, Customer Relations and Rental Management departments.
- ◆ **Simplified furniture management with Vestalis.** This startup simplifies the process of furnishing housing on behalf of in'li by offering a turnkey subscription-based service – from purchase to maintenance of furniture. It is currently furnishing courtyards and transitional housing for one of our
- ◆ **Educational gardens:** a project that aims to create communal educational gardens within in'li residences. It provides residents with outdoor spaces that are currently under-used and under-valued, while providing tenants with a beneficial activity.
- ◆ **Shared accommodation for seniors:** this project repurposes town houses to accommodate single people over 65 years of age, allowing them to escape from solitude while remaining independent. It aims to meet the growing demand for solutions for seniors by offering an alternative to care homes and senior residences.



▲ 5, Rue Rénée et André Charpentier, Athis-Mons (Essonne).

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2.2 FLAGSHIP PROJECTS

2.2.1 RESULTS OF DELIVERIES

2,300 units of housing were delivered in 2021, of which 1,484 remained within the in'li portfolio and 816 were transferred to the property development companies. In'li diversified its offering this year by delivering 331 units of student accommodation and 11 coliving units.

NATURE	2017	2018	2019	2020	2021 IN'LI	2021 (PROPERTY DEVELOPMENT COMPANIES MANAGED BY IN'LI PM)	TOTAL 2021	% BREAKDOWN
As prime contractor	123	92	43	0	15		15	1%
Densification					50	20	70	3%
Off-plan	377	972	653	686	1,408	796	2,204	96%
Acquisition & improvements				21	11		11	0%
TOTAL	500	1,064	696	707	1,484	816	2,300	100%

2.2.2 FLAGSHIP PROJECTS



◀ **Le Montevecchio**
Developer - Verrechia
Architect - Agence Bouvier
55 units of intermediate housing

Le Montevecchio - Rueil-Malmaison

This development is located in the new ZAC de l’Arsenal eco-neighbourhood in Rueil-Malmaison. It consists of 55 units of housing close to public amenities, shops and rapid suburban lines L and U. The arrival of metro line 15 will add to its attractiveness.



▲ **Nouvel Horizon**
Developer - PICHET
Architect - DDA Architecte
71 units

Zac de la Marine - Colombes

This 71-unit residence is located in ZAC de la Marine in Colombes. It is endowed with green spaces, shops and close to two stations along tramway line T2.



▲ **LINE**
Developer - COFFIM
Architect - MPA Architectes
331 units of student accommodation

LINE - Bagnolet

The residence comprises 331 units of student accommodation and is located in Bagnolet close to metro line 3, shops and local amenities. Residents can enjoy shared spaces, including a reception desk, gym, cafeteria, coworking areas, laundry room, bike shed and storage room.



◀ **Les jardins de Rodin**
Developer - COFFIM-EIFFAGE
Architect - Agence Laurent Fournet
109 units

Les Jardins de Rodin - Villiers-sur-Marne

This 109-unit residence is located in Villiers-sur-Marne, 1 km from the Town Hall, close to shops and services. It is accessible via RER A station at Noisy-le-Grand Mont d’Est.

Ornano - Saint Denis

This development comprises 71 units. It is located a stone’s throw from Carrefour Pleyel station on metro Line 13, close to schools, a sports complex and shops.

▶ **14 Ornano**
Developer - EIFFAGE-ENERGIE
Architect - Philippon Kalt Architectes Urbanistes
71 units

▼ **Résidence Notre-Dame**
Prime contractor - in’li
Architect - Archicréa
General contractor - Angevin Île-de-France
50 units



Résidence Notre-Dame Gare - Le Blanc Mesnil

This 50 unit housing programme is located just a few minutes from Blanc Mesnil town centre, not far from the future metro station on line 16 of Grand Paris Express. The project is part of the demolition- reconstruction of the Notre-Dame residence. This development also incorporates a new heat metering solution developed by in’li Lab startup Kocliko.



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2.3 FINANCIAL OVERVIEW

2.3.1 RESULTS AND FINANCIAL POSITION

In 2021, in'li reported net profit of €523,480,767, a year-on-year increase of €485,378,254, in line with the €680,225,187 jump in operating income to €766,495,213.

This increase was mainly attributable to the impact of the creation of Foncière Cronos on operating income, amounting to €716,348,008.

This increase was mainly attributable to the following:

- ♦ A €46,664,469 drop in revenue to €355,312,860. This decrease may be broken down as follows:
 - A €29,385,326 decrease in rental income and charges, mainly attributable to the derecognition by in'li of the 5,863 units of housing contributed to Foncière Cronos on 15 January 2021;
 - The absence of any billing for property development operations in 2021, compared to an amount of €16,102,592 for the prior year;
 - A €5,795,260 increase in sourcing and project management consultancy (PMC) services fees;
 - A drop of €9,524,125 in recoverable service and maintenance charges due to the scope effect of Foncière Cronos;
 - A €2,552,315 increase in other amounts billed.
- ♦ An increase of €7,273,425 in stored production, due mainly to the development programme billed and delivered in prior year;
- ♦ A €9,287,351 increase in the amount of provisions released due to the reversal of provisions previously taken on taxes on property transferred to Foncière Cronos and on retirement indemnities;

- ♦ A €1,784,994,739 increase in other operating income related to assets contributed when Foncière Cronos was created (up from €46,571,680 in 2020 to €1,831,566,419 in 2021);
- ♦ A €1,074,751,664 increase in operating expenses, mainly driven by the €1,089,231,220 increase in other operating expense after the carrying amount of assets contributed as part of the Cronos operation and Foncières Cronos was recorded under this heading, the increase in bad debts and the impact of adjustments to unbilled service and maintenance charges (which rose from €359,367,397 in 2020 to €1,434,119,061 in 2021).

The lower amounts reported for other external expenses, taxes and depreciation, amortisation and provisions, are all related to the scope effect of the 5,863 units of housing contributed to Foncière Cronos.

- ♦ Net financial income fell by €7,786,011 due to the €11,124,252 decrease in financial income and interest charges of €3,353,300;
- ♦ Recurring income for the year increased by €672,439,176;
- ♦ Net non-recurring income declined by €2,235,894, corresponding to a loss for the year of €1,336,158 as a result of the disposal of shares in APEC Résidence in 2020.

2.3.2 PROPOSED ALLOCATION OF NET INCOME AND DISTRIBUTION OF DIVIDENDS

The Company ended 2021 with net income of €523,480,767.01. The Annual General Meeting to be held in June 2022 will be asked to recommend the payment of a dividend of €0.03 per share for a total payout of €15,982,609.62, and to allocate an amount of €5,031,887.40 to the legal reserve and the balance of €502,466,269.99 to retained earnings.

2.3.3 AMOUNT OF DIVIDENDS PAID OVER THE PAST THREE YEARS (ARTICLE 243 BIS OF THE FRENCH GENERAL TAX CODE)

Dividends paid out over the last three years amounted to:

- ♦ **2020 = €14,976,232.14**
- ♦ **2019 = €12,266,620.17**
- ♦ **2018 = €8,177,746.78**

2.4 ACTIVITY OF SUBSIDIARIES AND CONTROLLED ENTITIES

2.4.1 IN'LI PARTICIPATIONS

In'li Participations is an Open-ended Predominantly Real Estate Investment Fund (*SPPICAV*) wholly owned by in'li. At 31 December 2021, its share capital totalled €182,357,202 and consisted of 17,600,094.46 shares. The entity reported a net profit of €19,615.95 for the year.

In'li Participations carries in'li's 25% stake in Cronos SAS, which owns 100% of Foncière Cronos SAS.

2.4.2 IN'LI PROPERTY MANAGEMENT

In'li Property Management is a wholly-owned subsidiary of in'li with share capital of €225,000. At 31 December 2021, it provides property management services for 7,005 units of housing, 816 of which were delivered during the year (+13% of the property portfolio).

The Company ended 2021 with a net loss of €194,732, mainly due to the volume of housing under management, which is not yet sufficient to absorb overheads, and to the IT expenses incurred to continue the entity's development.



▲ The in'li Property Management team.

2.4.3 SAMCEH

In'li holds 466 shares in this company, which represents 100% of its share capital of €6,990. This entity is no longer active and has no real estate assets. SAMCEH ended 2021 with a net loss of €2,997.

In 2022, changes should be made to this entity's by-laws to enable it to carry investments in real estate investment companies within the scope of a pilot gradual home purchase scheme in Blanc Mesnil.

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2.5 PROPERTY PORTFOLIO

2.5.1 PROPERTY PORTFOLIO VALUATION

In'li's property portfolio is valued every year at 31 December by an independent appraiser, BPCE Expertises Immobilières (formerly Crédit Foncier Expertise). Each year, BPCE Expertises Immobilières provides the Company with three different valuations:

- ♦ Value 1 = "block sale" value; based on continued use and current occupancy;
- ♦ Value 2 = "unit sale" value; based on continued use and current occupancy;
- ♦ Value 3 = "unit sale" value; rented at the market rental value.

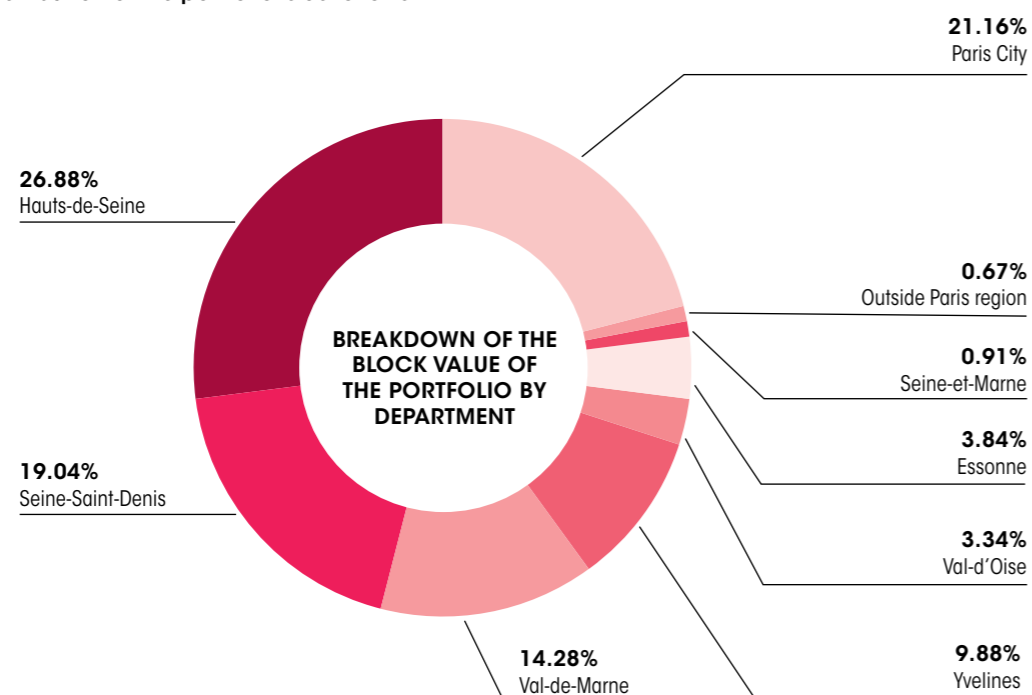
At 31 December 2021, the valuations were as follows:

APPRAISAL VALUE (EXCLUDING TAXES AND DUTIES)	31/12/2021	31/12/2020	YEAR-ON-YEAR CHANGE	CHANGE ON A LIKE-FOR-LIKE BASIS
value 1 = "block sale" value; based on continued use and current occupancy	€7.927 million	€8.692 million	- 8,8%	+ 4,4%
value 2 = "unit sale" value; based on continued use and current occupancy	€8.859 million	€9.726 million	- 8,9%	+ 4,3%
value 3 = "unit sale" value; rented at the market rental value	€10,216 million	€11,246 million	- 9,2%	+ 4,1%

If we examine the block value of the portfolio (value 1), we note that:

- ♦ Over 99% of the portfolio is located in the Paris region;
- ♦ 99% of the portfolio is located in supply-constrained areas (i.e., zones A and Abis);
- ♦ Paris City and the Hauts-de-Seine department account for 48% of the value of the portfolio;
- ♦ Residential property (dwellings, car parks, etc.) comprises 97% of the real estate portfolio, with the balance made up mostly of shops and offices.

The geographic distribution of the portfolio is as follows:



The decrease in the value of the portfolio (-8.8 % for the block sale value) is attributable to the following factors:

- ♦ A decrease of 4,473 in the number of units in the portfolio, attributable to the Cronos transaction;
- ♦ An increase in the valuation on a like-for-like basis (+4.4 % of the block sale value) related to:
 - the continued rise in property prices per square metre in the Paris region, especially in the inner and outer suburbs. Transaction volumes remain at high levels driven by low interest rates, high French household savings rates and residential housing's reputation as a traditional safe haven. Transaction volumes in the existing housing market in 2021 exceeded those of 2019 (i.e., the last year before the pandemic).

- ♦ A slight drop in capitalisation rates on residential assets, attributable to the growing interest of institutional investors and insufficient supply to satisfy the appetite of these investors. The residential investment market grew by an additional 7% in 2021 with an investment volume of €7.4 billion (source: Immostat).

2.6 SUBSEQUENT EVENTS

Changes in governance: on 1 January 2022, Damien Robert replaced Benoist Apparu as Chairman of the Management Board. Antoine Pinel remains as Chief Executive Officer and member of the Management Board. Three new members joined the Management Board, increasing the number of members to five. The three new members are Marie Lefebvre-Souce, CEO of in'li Property Management, Stéphanie Caulet, Deputy CEO - Clients & Assets division, and Emmanuelle Robin-Teinturier, Deputy CEO - Resources and Digital Transformation.

Situation in Ukraine: No material changes occurred in the Company's financial or commercial position between the end of the year and the date on which the financial statements were prepared. Nevertheless, the military operations in Ukraine that began on 24 February 2022, and the sanctions imposed against Russia by many states are affecting international groups and will have an impact on the global economy.

Although in'li has no direct exposure in Ukraine or Russia, these events could impact its performance or the valuation and liquidity of the property portfolio it owns indirectly or directly.

At the present time, these risks are not quantifiable and it is difficult to have any visibility over the medium or long-term impacts of the situation.



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CSR STRATEGY REPORT

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A message from the Management Board

As no. 1 in intermediate housing in the Paris region, in'li has made some major Corporate Social Responsibility (CSR) commitments as these issues form a central part of its corporate DNA. The Company has a long-term vision based around a property portfolio with the following characteristics:

- ◆ **A strong social impact** for our tenants with rents that are below free market rents and a portfolio located mostly in the main supply-constrained areas of the Greater Paris region.
- ◆ **Quality housing located close to public transport and employment hubs.**
- ◆ **Energy-efficient and environmentally friendly housing,** reflected in an **ambitious policy of renovating the existing housing portfolio** and the objective of producing **80,000 units of new energy-efficient housing.**



▲ Antoine Pinel, Member of the Board and CEO and Benoist Apparu, Chairman of the Management Board.

In'li has adopted a holistic approach that factors in the expectations of all of our stakeholders, including tenants, our employees, municipalities, developers, suppliers and lenders.

If you look at our corporate DNA, this global approach covering all areas of CSR is a perfectly natural one for in'li. Continuing our strong commitments in these areas will be one of the key factors in the Company's success in the years to come.

“A comprehensive impactful CSR strategy with a major social impact for our tenants.”

KEY FIGURES FOR 2021

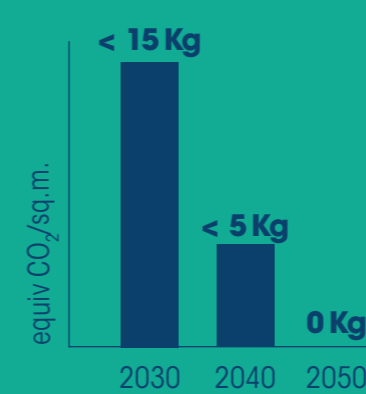
100% of housing committed in 2021 was located in supply-constrained areas



84% of the portfolio⁽¹⁾ is let out for at least 15% below market rents



CARBON NEUTRALITY OF IN'LI'S PROPERTY PORTFOLIO BY 2050⁽²⁾



ADDITIONAL PERFORMANCE INDICATORS (2021 results)



25% of building turnover contributes substantially to climate change mitigation

GENDER EQUALITY INDEX: 95/100

55% of management-grade employees are women

57% of managers are women

43% of Executive Committee members are women

88.2% capital expenditure that contributes to climate change mitigation

IN'LI IS GREENING ITS SOURCES OF FINANCE



2019
EIB Loan⁽³⁾ used exclusively to finance energy-efficient properties

2021
Sustainability-linked Revolving Credit Facility

Foncière Cronos, "Sustainable Financing Deal of the Year: Europe"
(Real Estate Capital Europe)

⁽¹⁾In value terms
⁽²⁾Scopes 1 and 2
⁽³⁾European Investment Bank

3.1 IN'LI'S CSR STRATEGY: AN INTEGRATED APPROACH AT THE HEART OF THE COMPANY'S BUSINESS MODEL AND GOVERNANCE

3.1.1 IN'LI'S CSR STRATEGY AND GOVERNANCE

3.1.1.1. KEY FOCUSES OF IN'LI'S CSR STRATEGY

Fully aware of the extent of the major environmental and social challenges (especially inclusion and combating poverty) and the need to provide a fitting response, in'li aims to make CSR an inherent part of the Company's strategy. This is why in'li has designed this approach around its own strategic focuses and those of Action Logement Group.

In'li's CSR strategy is driven first and foremost by our *raison d'être*, which reflects the Company's inherently societal mission.

In addition to the major societal impact of our activities, underpinned by our efforts to develop intermediate housing, our business also has a strong social, environmental and ethical focus and oversight of these aspects is a key part of our activity. The environmental dimension is also of crucial importance to the Company and this explains why our goal of providing more intermediate housing is based solely around **new housing with excellent environmental performance**.

“ Growing the intermediate housing offering in order to bring young and middle-class people closer to their place of work and thus strengthening the employment-housing link and boosting regional attractiveness. ”

This was the rationale for in'li's five key CSR focuses devised in 2020 in line with our strategic priorities. These focuses were subsequently reviewed and **approved by the Company's Management Board and Executive Committee**. They are underpinned by the following environmental, social, and governance pillars:



In 2021, we strengthened our CSR approach by **rounding out our five CSR focuses** to reflect changes in our business and the challenges we face as well as **the expectations of our stakeholders**. This report reflects this stronger approach, with, for example, the launch of major projects that structure our environmental strategy (see section 3.5.3), the completion of a non-financial materiality analysis, integration of in'li's exposure to climate change, and better quality information and the inclusion of additional non-financial reporting indicators.

This work to continually enhance our commitments and our CSR reporting is based primarily on the recommendations of our **CSR Steering Committee**, made up of internal correspondents who are specialists in the areas tackled within the scope of our CSR approach (see below).

The CSR Steering Committee is also concerned with incorporating best non-financial reporting practices into in'li's CSR reporting based on **sector-based reporting guidelines** applicable to our activities, such as the UN Sustainable Development Goals (SDGs) and GRI⁽⁴⁾ reporting guidelines. This report therefore presents our **contribution to Sustainable Development Goals** (see section 3.1.2.4) together with the **GRI correspondence table** which may be consulted in Appendix 3.

3.1.1.2. CSR GOVERNANCE

The **CSR Steering Committee** was established in 2020 and comprises representatives of the various departments involved in devising and implementing the Company's CSR strategy. It spearheads in'li's CSR strategy in liaison with the **Executive Committee** - which is in turn overseen by the Management Board - and coordinates the actions of all the business lines concerned within the Company.

The CSR Steering Committee meets on a regular basis and at least four times a year, to strengthen communication between the different business lines and implement in'li's CSR approach at corporate level. It reports to in'li's Executive Committee and Management Board on a regular basis to keep them abreast of the latest CSR developments and their main impacts on the Company, and the status of the main projects in progress, and to validate strategic objectives and review the results achieved.

The Committee's work culminated in 2021 with a reformulation and rounding out of the **main issues, key performance indicators and related objectives**.

All five of in'li's CSR focuses covered in this report were rounded out in 2021 with additional policies and actions, indicators and objectives. This continuous improvement strategy will continue over the coming years. **In 2022, in'li began the process of signing up to the United Nations Global Compact so that its CSR commitment is not just limited to Action Logement Group.**



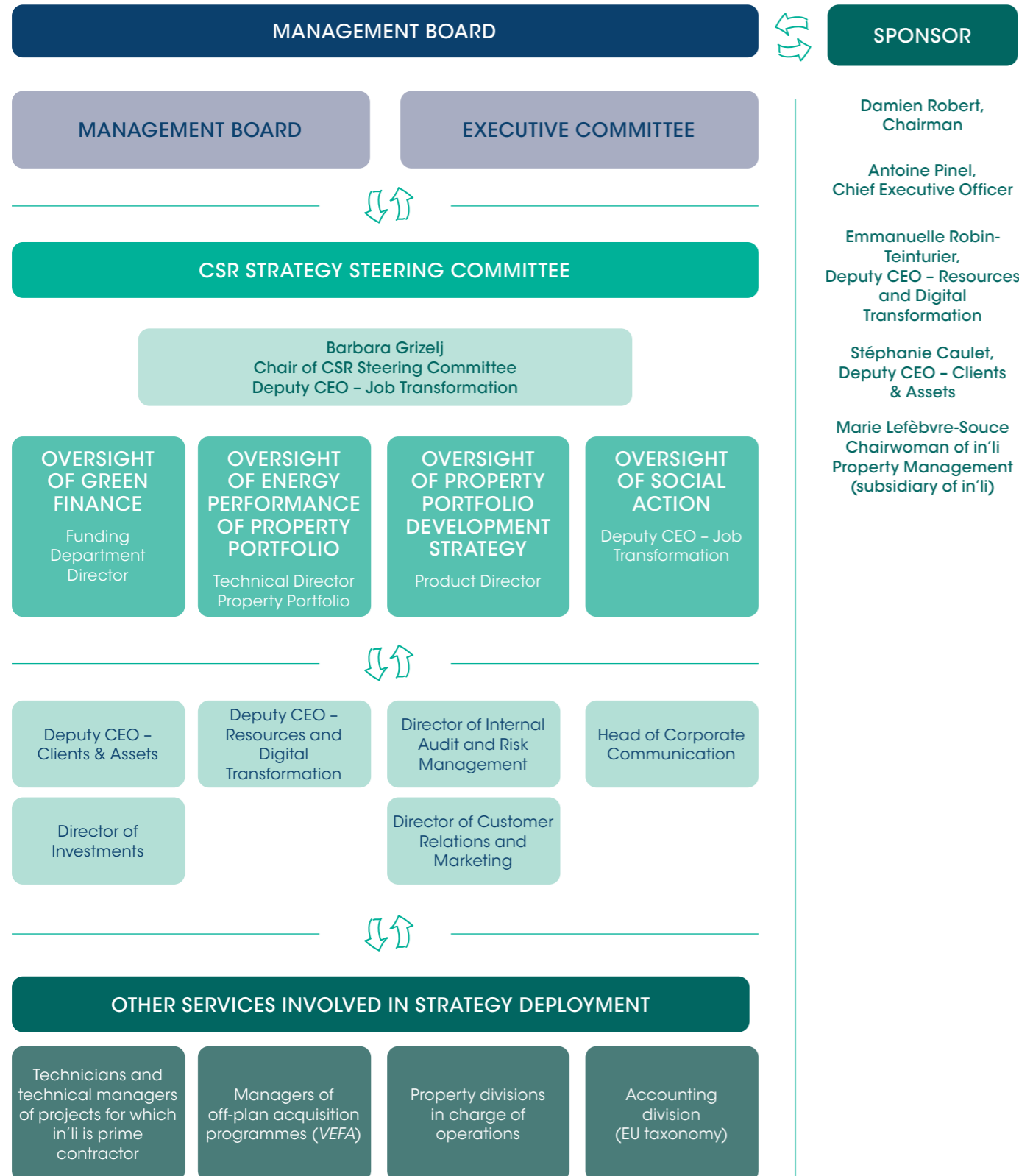
In 2021, this work mainly focused on:

- ◆ Deploying the tools needed to prepare the Company to tackle the challenges of climate change: mapping of the property portfolio, work on performance indicators, definition of carbon footprint and energy consumption reduction targets, etc.
- ◆ Consolidating in'li's social and societal impact, in particular to improve the pipeline of intermediate housing for our target customer base, notably by introducing new indicators (measuring rent discounts on our properties, gain in purchasing power for our tenants, profiles of incoming entrants). Data analysts have been hired over the past two years to carry out this work.
- ◆ Promoting awareness of CSR issues among in'li employees.

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⁽⁴⁾Global Reporting Initiative

The CSR governance structure set up by in'li to deliver on these commitments is as follows:



3.1.2. MAIN CSR RISKS AND CHALLENGES

The commitment of both the Management Board and our main shareholder, Action Logement Immobilier, to sustainable business activities is reflected in the continuous improvement of our CSR approach. This commitment also drove in'li to enhance its non-financial risk analysis in 2021.

3.1.2.1. METHODOLOGY FOR IDENTIFYING KEY NON-FINANCIAL RISKS AND CHALLENGES

Within in'li, both financial and non-financial risk management is overseen by the **Internal Audit and Risk Management department**. This oversight is underpinned by the following two actions:

1. Identifying the non-financial risks to which the Company may be exposed; and
2. A materiality analysis of the related issues.

When in'li was created, work began on mapping and ranking risks and a risk map was finalised in late 2018. In 2019, the risk analysis framework – including CSR risks – was reviewed for the purpose of the first bond issue. In'li's risk map was then updated in 2021 as part of an Action Logement initiative to deploy DIAGON'AL, a group-wide risk management application. DIAGON'AL may be used to document and archive all of the work involved in mapping (i.e., risk identification, assessment and ranking) and the associated action plans.

In'li has identified three types of non-financial risks which are detailed subsequently (in the summary table of key risks and indicators):

- ◆ **Environmental risks:**
 - Poor adaptation to stakeholders expectations (local governments, investors, users)
 - Transition risk: non-compliance with regulations and changes in the environmental performance of dwellings
- ◆ **Governance risks:**
 - Unethical practices and breaches of ethics
 - Breaches/leaks of personal data
- ◆ **Social risks:**
 - Mismatch between housing requirements and their geographical location
 - Poor knowledge of the in'li offering by target "company employees"
 - Customer dissatisfaction (tenants, buyers, businesses, etc.)
 - Lack of employee opportunities for developing and learning
 - Mismatch between jobs and changing requirements of the sector
 - Deterioration in working conditions and the work environment and loss of talent

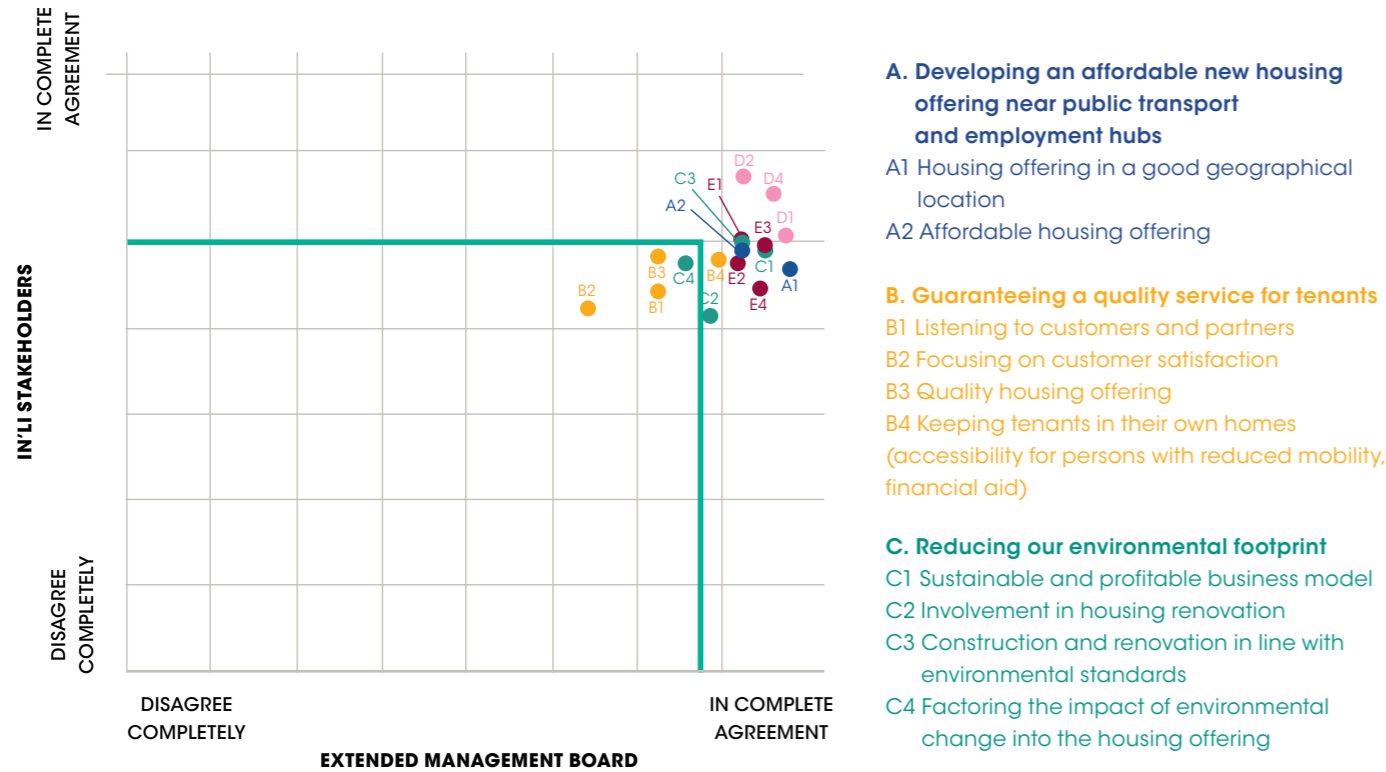
- ◆ **Environmental risks:**
 - Poor adaptation to stakeholders expectations (local governments, investors, users)
 - Transition risk: non-compliance with regulations and changes in the environmental performance of dwellings
- ◆ **Governance risks:**
 - Unethical practices and breaches of ethics
 - Breaches/leaks of personal data

The fit between our CSR focuses and our key non-financial risks is presented in the following summary table.

In'li performed a materiality analysis alongside the risk mapping process (see section 1.6.2 of the Annual Report) using a questionnaire sent out to the Company's extended Management Board, as well as to a sample of all stakeholders, i.e., tenants, employees, main shareholder, lenders, suppliers, developers, local authorities and partners from the in'li Lab start-up incubator. The questionnaire covered all of the issues identified as being key by in'li.

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The way respondents consider each of the themes addressed in the questionnaire is presented in the matrix below (the methodology used to consolidate the matrix is presented in Appendix 1):



This report details the policies and actions deployed in 2021 around the 18 key priorities presented in the matrix.

Of these 18 priorities, in'li has singled out four for special attention:

- ◆ Customer satisfaction;
- ◆ Listening to customers;
- ◆ Quality housing;
- ◆ Factoring environmental change into the housing offering.

3.1.2.2. TRACKING NON-FINANCIAL ISSUES

Challenges and the associated risks deemed to be of major importance are tracked using **key performance indicators**. These are regularly added to based on suggestions from the CSR Committee and the Executive Committee and sector-based CSR reporting guidelines (GRI, EU taxonomy etc.), as well as the expectations of both internal and external stakeholders.

These objectives are also summarised in the correspondence table below and developed in the following sections.

These **key indicators** are identified in the correspondence table and highlighted **in bold** in the table of indicators in this report. They are accompanied by secondary indicators which are also tracked as part of in'li's CSR monitoring but are considered less strategically important. Secondary indicators provide an additional perspective on our actions and commitments and most are accompanied by **objectives** that have been defined and validated by the Management Board and tracked by in'li teams as part of the CSR roadmap and various internal action plans and policies.

In accordance with current regulations⁽⁵⁾, reporting procedures for these indicators together with the data reported are audited every year by an independent third party verifier. The list of indicators audited together with the audit scope is presented in Appendix 2.



▲
10, Rue Ernest Luisetti, Athis-Mons (Essonne).

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⁽⁵⁾Non-Financial Reporting Directive 2014/95/EU transposed into French Law

3.1.2.3. SUMMARY TABLE OF IN'LI'S CSR ISSUES, RISKS, INDICATORS AND OBJECTIVES

CSR RISKS	CHALLENGES	KEY PERFORMANCE INDICATORS	RESULTS FOR 2020	RESULTS FOR 2021	Δ 2020/2021	OBJECTIVES	CSR STRATEGY REPORT
SOCIAL							
Mismatch between housing requirements and their geographical location	Ensuring adequate territorial coverage of in'li's intermediate housing offering	No. of affordable housing units operated (including new units)	43,341 (707)	38,868 (1,484)	-10.3 %		3.2.4
		Number of affordable units undertaken	5,043	5,272	+4.50 %	5,500 in 2022	3.2.4
		Geographical breakdown of affordable housing units operated (including new units)	41% in zone A 56% in zone A bis ⁽⁶⁾	42% in zone A 55% in zone A bis ⁽⁶⁾	+1 point in zone A -1 point in zone A bis ⁽⁶⁾	Over 95% of affordable housing units in supply-constrained areas (i.e., A bis et A) every year	3.2.4
		Geographical breakdown of affordable housing units undertaken	67% in zone A 33% in zone A bis	49% in zone A 51% in zone A bis	-18 points in zone A +18 points in zone A bis	100% of affordable housing units undertaken in supply-constrained areas (i.e., A bis et A) every year	3.2.4
		Number of families housed during the year	3,439 ⁽⁷⁾	5,017	+45.9%		3.2.4.
		Poor knowledge of the in'li offering by target "company employees"	Ensuring that the in'li offering is identified and adapted to its target "company" customer base	Rate of allocation to company employees of PEEC-contributor businesses	84%	82%	-2 points
Percentage of the value of the rental housing stock with a discount of at least 10%	92%			91%	-1 point		3.2.4
Percentage of the value of the rental housing stock with a discount of at least 15%	86%			83%	-3 points		3.2.4
Average salary of incoming households	Not available			€ 3,480 ⁽⁸⁾			3.2.4
Portion of incoming households eligible for intermediate housing	Not available			97% ⁽⁹⁾		> 95% every year ⁽¹⁰⁾	3.2.4
Average annual gain in purchasing power per household	Not available			€3,221			3.2.4
Customer dissatisfaction (tenants, businesses, buyers, etc.)	Developing two-way communication, dialogue and close customer ties	Overall tenant satisfaction rate	74.1%	66.7%	-7.4 points	80% every year	3.3.3.

⁽⁶⁾Since 2003, the French Government has defined five different types of residential zones based on the extent to which the local residential market is supply-constrained. Zones A and A bis are the most supply-constrained zones and they represent in'li's core target market. Certain units historically operated by in'li are located in zone B (notably in the Oise department or in a number of towns in zone B1 and B2).

⁽⁷⁾The figure of 3,439 has been certified by the independent third party verifier. The figure reported in the 2020 Non-Financial Information Statement contained an error which was corrected in the 2021 CSR Strategy Report.

⁽⁸⁾Indicator based on a sample of 85% of the 5,017 new incoming households in 2021.

⁽⁹⁾Indicator based on a sample of 77% of the 5,017 new incoming households in 2021.

⁽¹⁰⁾Regulatory analysis of Y-2 tax income of our new tenants must place 95% of them below the Intermediate Housing threshold.

CSR RISKS	CHALLENGES	KEY PERFORMANCE INDICATORS	RESULTS FOR 2020	RESULTS FOR 2021	Δ 2020/2021	OBJECTIVES	CSR STRATEGY REPORT
SOCIAL							
Lack of employee opportunities for developing and learning	Developing employee skills and opportunities on offer	Proportion of employees who have received training	76%	82.5%	+6.5 points	> 70% every year	3.4.4.
		Average number of hours training per employee	18.6 hours	21.4 hours	+15.1%	> 14 hours every year	3.4.4.
		Number of employees who have benefited from functional mobility opportunities (incl. proportion trained in mobility)	52 (o/w 86.5% were trained)	49 (o/w 96% were trained)	-5.8%	Training provided for 100% of mobility opportunities	3.4.4.
		Mismatch between jobs and changing requirements of the sector	Anticipating the needs of tomorrow by designing new jobs in phase with changing activities and helping employees transition towards new skills	Number of employees enrolled in certification programmes	26	16	-3.8%
Deterioration in working conditions and the work environment and loss of talent	Offering working conditions that match employee expectations			Turnover rate ⁽¹¹⁾	9%	13%	+4 points
		Gender equality index	94/100	95/100	+1 point	> 90 every year	3.4.4.
ENVIRONMENT							
Poor adaptation to stakeholders' expectations (local governments, investors, users)	Anticipating new environmental challenges and expectations	Average consumption of primary energy estimated in kWh/sq.m./year	Not available ⁽¹²⁾	140.6 kWh/sq.m./year		2030: < 95 kWh/sq.m./year	3.5.4
						2040: < 60 kWh/sq.m./year	
						2050: < 55 kWh/sq.m./year	
		Emissions estimated in equiv kilos Ave CO ₂ emissions /sq.m./year	Not available ⁽⁷⁾	32.3 equiv kg CO ₂ /sq.m./year		2030: < 15kg equiv CO ₂ /sq.m./year 2040: < 5 kg equiv CO ₂ /sq.m./year 2050: carbon neutrality	3.5.4

⁽¹¹⁾Defined as the separation rate for employees on indefinite-term employment contracts (excluding death, retirement and end of probationary period).

⁽¹²⁾In 2020, in'li estimated energy consumption per square metre based on the energy performance assessments (DPE) of 147 properties. In'li enlarged its database in 2021 and now has actual and estimated consumption data for 62% of its properties. Data gathering methods are explained in the methodological appendix. As the scope and methods were not comparable, data for 2020 were not reported.



CSR RISKS	CHALLENGES	KEY PERFORMANCE INDICATORS	RESULTS FOR 2020	RESULTS FOR 2021	Δ 2020/2021	OBJECTIVES	CSR STRATEGY REPORT	
ENVIRONMENT								
Transition risk: non-compliance with regulations and changes in the environmental performance of dwellings	Anticipating new environmental challenges and expectations	Eradication of very poorly insulated housing: number of units of housing identified with an F or G energy label	Not available	F energy label: 628 units G energy label: 221 units		End-2023: no units with an F or G energy label End-2030: no units with an E energy label ⁽¹³⁾	3.5.4	
		INDICATORS RELATED TO THE SUBSTANTIAL CONTRIBUTION OF IN'LI'S ACTIVITIES TO CLIMATE CHANGE MITIGATION						
		% building turnover that contributes to climate change mitigation	Not available	25.0% ⁽¹⁴⁾				3.1.2.5
		% capital investment that contributes to climate change mitigation	Not available	88.2% ⁽¹¹⁾				3.1.2.5
		% building operating expenditure that contributes to climate change mitigation ⁽¹⁵⁾	Not available	17.4% ⁽¹¹⁾			3.1.2.5	
GOVERNANCE								
Unethical practices and breaches of ethics	Combating fraud and corruption, particularly with regard to allocation of housing	Proportion of employees who have completed the Compliance module	67%	80 %	+13 points	100% at end-2021	3.6.3	

⁽¹³⁾Work delivered or in progress.

⁽¹⁴⁾Definition of these indicators available in the methodological index.

⁽¹⁵⁾Given the recent effective date of French Environmental Regulation 2020 (i.e., 1 January 2022), in'li does not yet have the visibility needed to set objectives for the substantial contribution of its assets to climate change mitigation.

3.1.2.4. IN'LI'S CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

In'li's *raison d'être* and position as No. 1 in intermediate housing in the Paris region mean that it has a positive impact on the economic and social fabric of the region. Our activities are perfectly in line with **a number of the UN Sustainable Development Goals (SDGs)**. These goals – to be achieved by 2030 – aim to tackle the major environmental and societal challenges that all stakeholders need to meet in order to build a more equitable, sustainable and responsible world together.

In'li has identified ten Sustainable Development Goals to which its commitments and actions contribute in a significant manner. It monitors key indicators and has set targets that enable it to track the deployment of the Group's CSR strategy over time.



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In'li's contribution to the SDGs will be analysed throughout this report, and the objectives associated with the pillars of CSR strategy will be outlined in the corresponding sub-sections.

3.1.2.5. FIRST-TIME APPLICATION OF EU TAXONOMY TO IN'LI'S ACTIVITIES

Regulation (EU) 2020/852 (**Taxonomy regulation**), adopted on 18 June 2020 by the European Parliament and Council, and effective from 1 January 2022, has introduced a system for classifying activities (**Taxonomy**) that establishes a common framework for European companies and investors to determine the part of their activities that may be considered to be sustainable. As in'li is a Public Interest Entity within the meaning of Article L.820-1, III of the French Commercial Code (*Code de commerce*), for the first time, the 2021 CSR Strategy Report includes **indicators concerning the eligibility of its activities**, as defined by

the Taxonomy regulation and its delegated acts for the first two climate objectives of mitigation and adaptation. These indicators highlight the **share of Taxonomy-eligible turnover, capital expenditure and operating expenditure** arising from products and/or services associated with economic activities deemed sustainable within the meaning of the Regulation and its delegated acts.

For non-financial entities, the Taxonomy regulation and its delegated acts require indicators concerning the Taxonomy alignment of their activities to be reported from 2022 on. To be considered as aligned, an activity must comply with the following technical screening criteria:

- 1. Make a substantial contribution to at least one of six environmental objectives;
- 2. Do no significant harm to any of the other five objectives;
- 3. Provide minimum social safeguards.

To reiterate its commitment to environmental protection and the fight against global warming, in'li has decided to go further than the regulations by reporting additional indicators for 2021 on turnover, capital expenditure and operating expenditure, based on the criteria of substantial contribution to climate change mitigation, required for alignment.

The analysis of eligibility and the criteria of substantial contribution of in'li's activities was based on a detailed analysis of all its activities, performed jointly by the departments of the Deputy CEO – Job Transformation, the Accounting and Finance department, and the Deputy CEO – Property Portfolio, and the Deputy CEO - Investment and Construction, with regard to:

- ◆ Delegated Climate Regulation of 4 June 2021 and annexes⁽¹⁶⁾, supplementing Regulation (EU) 2020/852 and specifying the technical screening criteria for determining under which conditions an economic activity may be deemed to contribute substantially to climate change mitigation or adaptation;

- ◆ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 specifying how to calculate KPIs and the content and presentation of information to be disclosed⁽¹⁷⁾;
- ◆ FAQ 2 published by the European Commission on 2 February 2022, clarifying certain definitions concerning the application of the Taxonomy Regulation⁽¹⁸⁾.

The methodological elements - definitions, assumptions and estimates - that enabled in'li to extract the eligibility and additional indicators are presented in Appendix 1. They will be adapted over time as the Taxonomy regulation is implemented and in order to reflect changes in technical screening criteria.

Determination of eligible activities within the meaning of the Taxonomy Regulation

The in'li activities deemed to be eligible with regard to the classification of economic activities under the Taxonomy Regulation were identified based on a comprehensive review of the activities within the Group's financial reporting scope. They are presented in the table below. Where in'li activities are deemed eligible under both the climate change mitigation and adaptation objective, it has been decided that these activities should be allocated to the mitigation objective.

ENVIRONMENTAL OBJECTIVE	ACTIVITY REFERRED TO BY EU TAXONOMY	DEFINITION OF ACTIVITY	CORRESPONDING IN'LI ACTIVITY	TAXONOMY INDICATORS
Climate change mitigation	7.1 Construction of new buildings	Development of building projects for residential and non-residential buildings [...] for later sale.	Property development projects.	Turnover, capital expenditure
	7.2 Renovation of existing buildings	Construction and civil engineering works or preparation thereof.	Renovation and restructuring work.	Capital expenditure, operating expenditure
	7.7 Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate.	Letting out housing, commercial and office property.	Turnover, capital expenditure, operating expenditure

⁽¹⁶⁾ [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PL_COM:C\(2021\)2800&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PL_COM:C(2021)2800&from=EN)

⁽¹⁷⁾ <https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32021R2178&from=EN>

⁽¹⁸⁾ https://ec.europa.eu/commission/presscorner/detail/en/qanda_22_712

Presentation of regulatory indicators concerning eligibility

Pursuant to Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, supplementing Regulation (EU) 2020/852, in'li calculated the indicators based on its existing processes and reporting systems and the assumptions used by the different departments involved in calculating Taxonomy indicators. These assumptions are presented in Appendix 1.

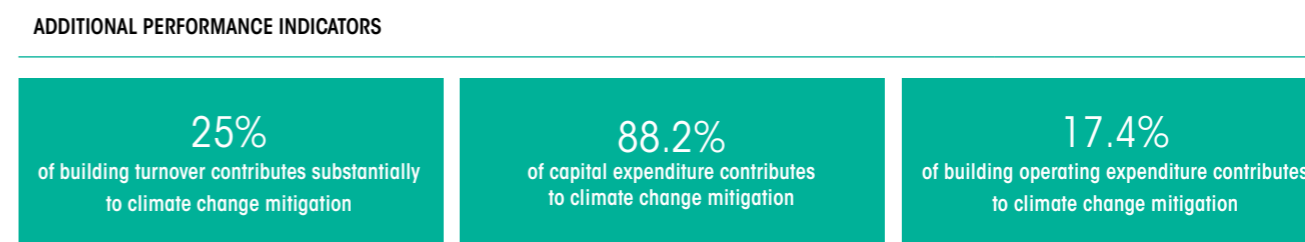
The financial information presented is taken from in'li's different management reporting applications and covers the entire financial reporting scope at 31 December 2021, i.e. excluding companies accounted for by the equity method. The consistency of this data with consolidated turnover, capital expenditure and operating expenditure within the meaning of the Taxonomy Regulation was analysed and verified jointly by the departments of the Deputy CEO – Job Transformation, the Accounting and Finance department, the Deputy CEO – Property Portfolio, and the Deputy CEO – Investment and Construction.

INDICATORS AT 31/12/2021	ELIGIBLE TURNOVER	ELIGIBLE CAPITAL EXPENDITURE	ELIGIBLE OPERATING EXPENDITURE
NUMERATOR (ELIGIBILITY)	€271.5 million	€549.3 million	€41.4 million
DENOMINATOR	€285.3 million	€551.9 million	€41.4 million
% ELIGIBLE FOR TAXONOMY	95.2%	99.5%	100.0%

Presentation of additional indicators concerning assets that contribute substantially to climate change mitigation

For 2021, in'li also wished to publish indicators relating to turnover, capital expenditure and operating expenditure, based on an analysis of the criteria of substantial contribution for eligible activities identified. This analysis covers neither the "Do No Significant Harm" nor the minimum social safeguards required under the Regulation to qualify for alignment. As regards the eligibility analysis

presented previously, the following financial information is taken from in'li's management reporting applications and has been cross-referenced where necessary with other databases, in particular those that provide environmental oversight of the Group's activities, to determine the compliance of each activity with the criteria of substantial contribution.



The criteria of substantial contribution and assumptions used are presented in Appendix 1. All eligible projects will be located in France and will comply with French labour and human rights legislation.



3.2 DEVELOPING AN AFFORDABLE NEW HOUSING OFFERING NEAR PUBLIC TRANSPORT AND EMPLOYMENT HUBS

3.2.1. CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Affordable housing offering near public transport in supply-constrained areas targeting young and middle-class working people



New innovative first-time buyer solutions for middle-class people (rent-to-buy)



- Guarantee of non-discrimination of tenants: each prospective tenant has the same chance of accessing decent housing based on an automated scorecard
- Partnerships with social integration associations (APES and Lazare) and a public interest cooperative (Plateau Urbain cooperative)



3.2.2. OUR CHALLENGES AND POLICIES

In'li has a public service mission. Indeed, developing **affordable housing units in supply-constrained areas is in'li's core business and raison d'être**. Intermediate housing helps businesses, employees and young working people looking for affordable housing near decision centres and employment hubs. Different studies have shown that there is currently a major shortage of intermediate housing in the Paris region with the potential demand for this type of housing in the region estimated at between 160,000 and 280,000 households⁽¹⁹⁾.

In'li's offering therefore has a major societal impact both for our tenants, who get access to **housing that is more adapted to their resources and needs**, and for the **attractiveness and socio-economic development of the areas in which we are present**. This is all the more important in an economic environment marked by the return of inflation and a continual rise in property prices in the Paris region. In'li's offering therefore boosts the purchasing power of our tenants.

Indeed, the production of intermediate housing appears in **second place on the list of Action Logement's ten commitments presented** in 2017: "Taking action for housing means doubling the production of intermediate housing in areas where there is a big gap between social housing and free market rents."

In'li's overriding objective is to build 80,000 units of new intermediate housing units over the next ten years in line with the Group's strategy. This means **a medium-term objective of approximately 8,000 units of new housing a year**, all of which in'li wants **to build and operate⁽²⁰⁾ in "supply-constrained" areas** (i.e., zones A bis and A, where the local residential market is under the most strain). Reinforcing the employment-housing link is also a central plank in our strategy: we have set a target of allocating at least **75% of our housing to company employees and their families**.

⁽¹⁹⁾April 2021 report by the Inspection Générale des Finances and Conseil Général de l'Environnement et du Développement Durable - "Développement de l'offre de logement locatif intermédiaire par les investisseurs institutionnels" (Growing the supply of intermediate rental housing using institutional investors)

⁽²⁰⁾In'li directly operates the properties it owns. Housing owned by property companies in which in'li holds a minority stake are operated by in'li PM, a wholly-owned subsidiary of in'li.

3.2.3. OUR ACTIONS

3.2.3.1. ADEQUATE TERRITORIAL COVERAGE

To support local development near decision centres – especially in the Greater Paris region – in'li's objective is to **build 100% of housing in supply-constrained areas (i.e., zones A and A bis) in order to have a stock of locally operated housing, more than 95% of which is located in supply-constrained areas**. We also target only those areas in which there is a substantial gap between free market and social housing rents.

The housing shortage is concentrated in Paris and the inner suburbs and in the Greater Paris region and these are the key territories being targeted by in'li for building new housing. Also, our strategy of reclassifying existing properties helps create new housing through densification while making our properties more sustainable in the longer term.

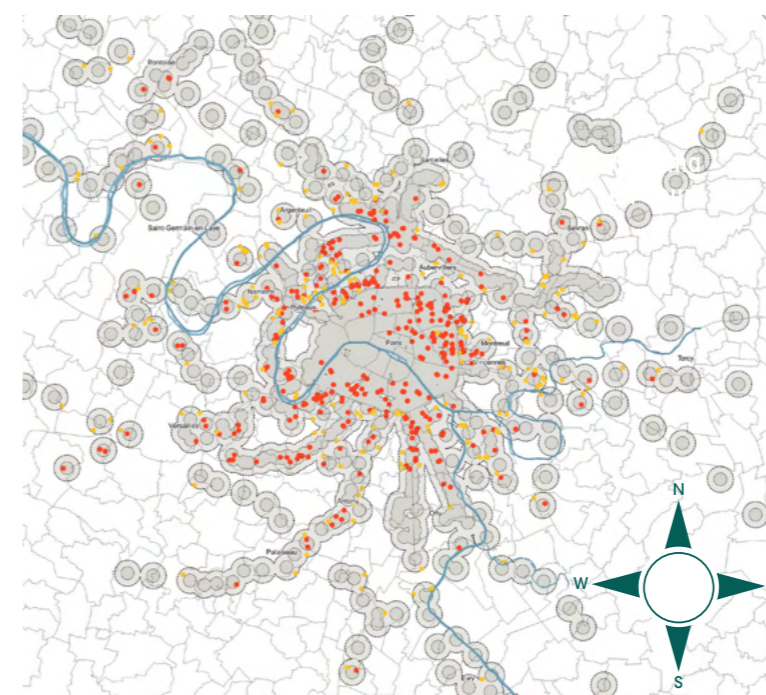
For example, in 2021, three new building permits were issued for programmes in Gennevilliers, Epinay and Clichy. These are new builds on land that already belongs to in'li (densification operations), representing a total of 167 housing units.

Lastly, **commuting time** is an important decision criterion for employees and young working people – a key part of in'li's target customer base – when choosing where to live. Development projects therefore incorporate **criteria for accessibility to public transport networks**, with a commitment to housing in areas near existing or planned rail transit stations. Enabling our tenants to get to work by public transport reduces their carbon footprint and enhances their quality of life.

Mapping of the property portfolio that began in 2021 confirmed the **proximity of the vast majority of in'li's portfolio to public transport**. Within the Paris region, **52% of in'li's properties are located less than 500 metres** from a rail or public transport station, and **79% are less than one kilometre away** (99% of the property portfolio is located less than two kilometres from a rail, metro or tramway station).

MAP OF IN'LI PROPERTIES IN RELATION TO THE PUBLIC TRANSPORT NETWORK:

79% located less than one kilometre away from a rail or public transport station



Location of in'li's buildings in relation to train stations and public transport stations in Ile-de-France Region

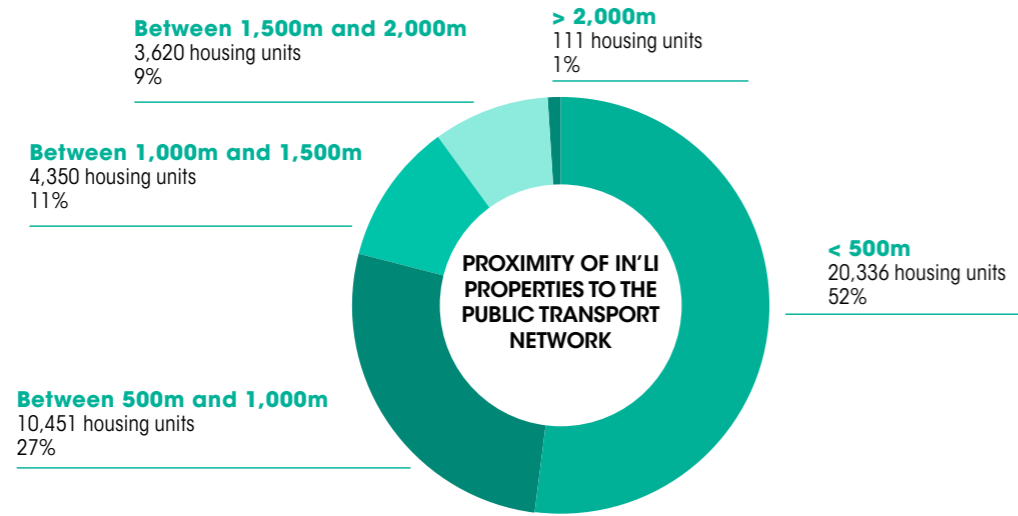
- In'li's buildings located within 500 meter of a train station or a public transport station in Ile-de-France Region
- In'li's buildings located within 500 meters to 1 kilometer of a train station or a public transport station in Ile-de-France Region

- 500 meter zone around a train station or a public transport station in Ile-de-France Region
- 1 kilometer zone around a train station or a public transport station in Ile-de-France Region

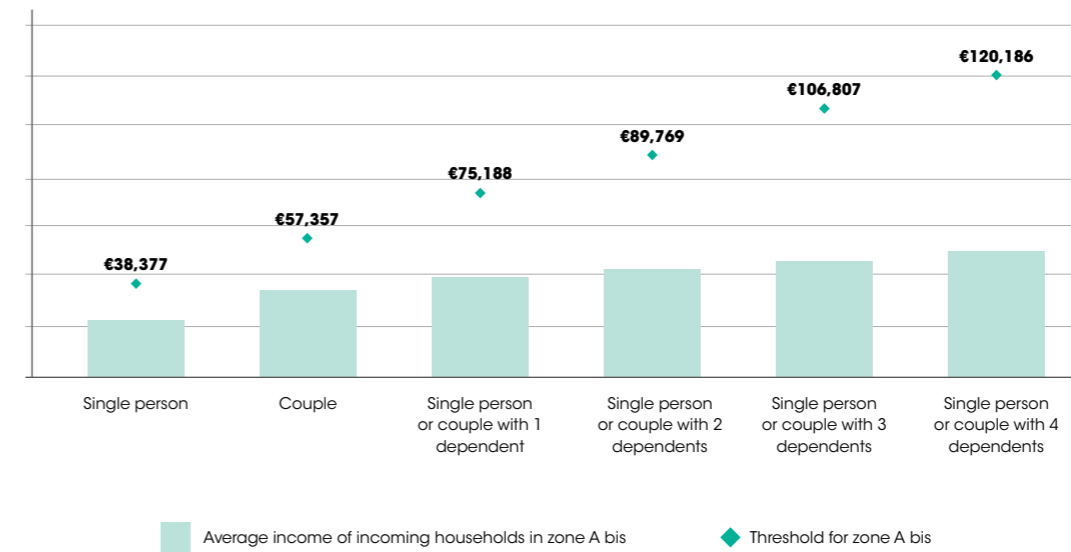
0 2.5 5 km

Sources: in'li, ALTEREA, cadastre
Production by ALTEREA (February 2022)





COMPARISON OF LLI INCOME CEILINGS AND AVERAGE Y-2 INCOME OF INCOMING TENANTS IN ZONE A BIS



3.2.3.2. AN OFFER TAILORED TO YOUNG AND MIDDLE-CLASS WORKING PEOPLE

In'li needs to ensure that its offering is adapted to the needs of employees and young working people – who badly need affordable housing – and our housing production therefore needs to provide a solution for their mobility requirements. In'li has set itself a target of allocating **75% of its housing to company employees and their families**. This goal was largely achieved in 2021, with **82% of housing allocated to company employees**.

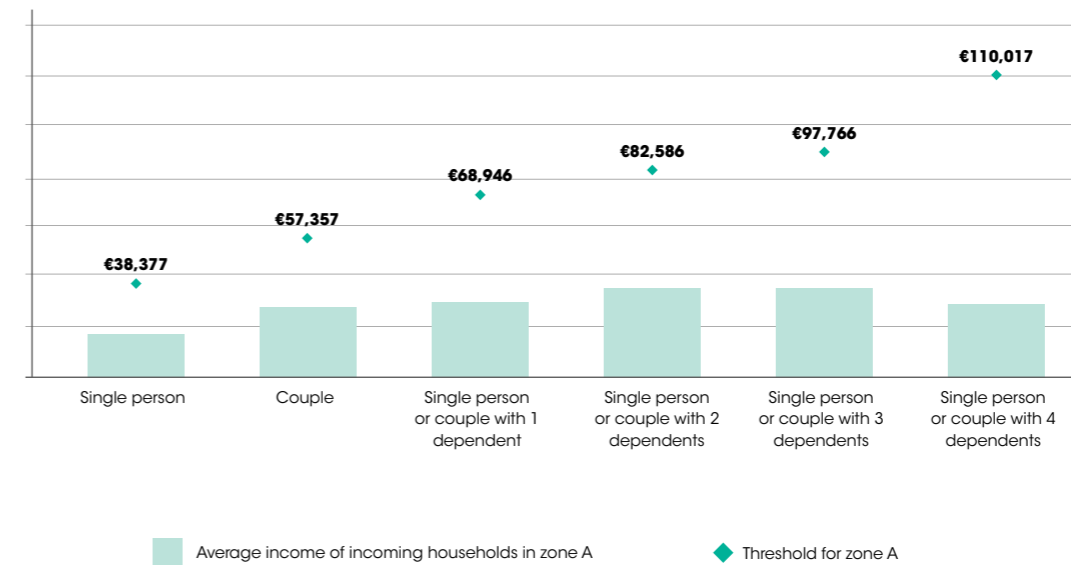
Accessibility is also a function of price, and this issue is factored into the Company's business model as **the vast majority of the rents that in'li charges on its properties are at least 15% to 20% below market rates. 83% of in'li's property (in value terms) is currently let out at a discount of over 15%, including 47% at a discount of over 30%.**

This discounted rent policy gives each tenant household an annual gain in purchasing power of €3,221, i.e. a gain of approximately €270 a month.

In'li also tracks the average income of incoming tenants, with the aim of giving priority to tenants eligible for **Intermediate housing rental status (LLI or Logement Locatif Intermédiaire in French)**⁽²¹⁾. Tenants are eligible for LLI if their income is below the ceilings defined annually by French ministerial decree based on composition of the household and zone (i.e., A bis, A, B1).

Comparing the average income of incoming tenants with LLI income ceilings reflects in'li's allocation policy and indeed, the average income of new tenant households tends to be well below LLI limits, especially in zone A.

COMPARISON OF LLI INCOME CEILINGS AND AVERAGE Y-2 INCOME OF INCOMING TENANTS IN ZONE A



⁽²¹⁾ The eligibility of each household for LLI is analysed according to its income in Y-2. Certain properties are not legally covered by the rent and income ceilings applicable to LLI, however in'li applies LLI rules across all of its properties.

3.2.3.3. SOCIAL SUPPORT TO HELP TENANTS STAY IN THEIR HOMES

In'li works hard to help keep vulnerable tenants, to whom it pays special attention, in their homes through the following measures:

- ◆ **Preventing arrears:** when the property is let out, in'li encourages prospective tenants to sign up to the Visale guarantee offered by Action Logement Services. In the event of payment incidents, in'li's social service department helps tenants who have got into difficulties, especially with managing their budget. If no guarantee exists, debt repayment plans are offered to tenants.
- ◆ **Fonds de Solidarité Logement** (Housing Solidarity Fund): this fund helps tenants that have fallen into difficulties due to a deterioration in their health or circumstances (elderly or disabled people or people who have lost their jobs). In'li vets applications before submitting them to the relevant department (which pays out compensation), thus facilitating the process for beneficiaries. In 2021, in'li helped with the payment of approximately €335,000 to more than 120 tenants from the *Fonds de Solidarité Logement*.
- ◆ **Convention signed with the Region:** in'li has signed an agreement with Région Île-de-France (i.e., the Greater Paris regional government) to make 200 units of housing available to "key workers" (e.g. nurses and carers) as part of measures to deal with the health crisis.
- ◆ **Charter for collectively rehousing people affected by demolition programmes:** between 2020 and 2021, in'li rehoused 91 of the 97 families concerned by the programme. In'li also pays for tenants' moving costs.

More generally, in'li is committed to working with associations and a cooperative organisation with social and/or sustainable goals:

- ◆ In'li is a member of **APES**, an association that works to provide social amenities that enhance the quality of the living environment, cohesion and social integration within the residences of its members. APES has initiated actions such as "*conciergerie séniors*" to promote seniors to work as building concierges and combat isolation among the elderly, or "Building caretaker school" which trains people in reconversion programmes to be building caretakers (see paragraph 3.4.3.2).
- ◆ In'li has entered into a partnership **with a public interest cooperative, Plateau Urbain**. Plateau Urbain provides the owners of properties awaiting renovation or new builds with possibilities for temporarily occupying the premises with socially and environmentally useful activities, such as emergency accommodation, cultural or craft activities, or restaurants open to the public. As part of the partnership agreement, in'li has made two sites located in Paris available to Plateau Urbain, for periods of 12 months and 15 months.
- ◆ Lastly, since 2021 in'li has been **corporate sponsor of Lazare**, an association that provides shared accommodation for people who used to be homeless and to young working people.



▲ "*Building caretaker school*" graduation with the APES association.

3.2.3.4 AN INNOVATIVE INTERMEDIATE HOUSING OFFERING IN PHASE WITH THE REQUIREMENTS OF THE SECTOR IN THE PARIS REGION

Co-living and student residences

In 2021, in'li continued developing **new managed residence type co-living or student accommodation** products featuring smaller individual units, combined with larger common areas (living room, kitchen, sports/video game rooms, co-working areas, etc.). These products are ideally suited to the young working people that comprise an important part of in'li's core customer base. An 11-unit House Project was delivered in 2021 in Issy-les-Moulineaux, and production on 2,247 units of student accommodation and co-living space kicked off in 2021. The "House co-living project" involved acquiring a very large house and dividing it into shared accommodation with ten or so bedrooms, common lounge-type areas, a cinema room, sports room, "chill out" room and work room. It is operated by a specialist property management company.

Going forward, in'li intends to continue developing this type of offering to meet the needs of young working people living in supply-constrained areas more effectively.



▲ Conti
Property manager – Colonies
27 bis, Rue Claude Bernard, Issy-les Moulineaux (Hauts-de-Seine)



▲ Rent to buy programme, Viroflay - Linkcity (Yvelines)

Rent-to-buy

In 2020, In'li also launched a review of **how to develop intermediate rent-to-buy products**. These arrangements enable middle-class families to rent with an option to purchase after five years at a price that is fixed when the tenants first move in, thus helping them side-step inflation in the property market.

172 units of housing were secured in 2021 under this programme. The aim is to secure 700 units under intermediate rent-to-buy arrangements in 2022, and 800 units in 2023. The first 18 units will be let out in the summer of 2022 in Viroflay, and a further 50 units will be let out in 2023 in Bagneux.

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3.2.3.5. CONCERTED ACTION WITH LOCAL STAKEHOLDERS

In'li initiated a **consultation process** with local residents as part of its densification and renovation projects, for the purpose of:

- ◆ **Onboarding local residents and tenants** to projects by involving them in their design;
- ◆ **Ensuring ongoing communication** and deploying actions to manage expectations;
- ◆ **Securing buy in from local residents and tenants for new spaces and project uses** to make them sustainable over time.

When in'li is the project owner or prime contractor, **regular consultations are held with residents and local people**. This dialogue mainly involves presenting the project and the involvement of APES, an urban social development association to which in'li belongs. **A communication / consultation handbook** has been prepared with the help of an independent mediator that allows us to tailor our approach to each operation. In 2021, seven densification or renovation projects were subject to concertation and the involvement of local residents.

In'li also strives **to work closely with local public authorities** in the areas in which it is present. In'li's Management Board participated in 78 meetings with local public authorities in 2021 for the purpose of discussing ongoing and future projects.



▲ Rue Adrien Froment, Drancy (Seine-Saint-Denis).

3.2.4. INDICATORS

The indicators that appear in bold are priority indicators for in'li. They are also presented in the summary table of key indicators (see section 3.1.2.3.).

PERFORMANCE INDICATORS	2020 RESULTS ⁽²²⁾	2021 RESULTS	OBJECTIVE
Number of affordable housing units operated at 31 December o/w new units	43,341 707	38,868 1,484	
Number of affordable housing units undertaken during the year	5,043	5,272	5,500 in 2022
Geographical breakdown of number of affordable housing units operated	41 % in zone A 56 % in zone A bis⁽²³⁾	42 % in zone A 55 % in zone A bis⁽²³⁾	Over 95% in zone A bis and zone A every year
% of properties located less than 1 km from a rail or public transport station	Not available	79%	
Geographical breakdown of affordable housing units undertaken	67 % in zone A 33 % in zone A bis	49 % in zone A 51 % in zone A bis	Over 100% in zone A bis and zone A every year
Number of families housed during the year	3,439⁽²⁴⁾	5,017	
Rate of allocation to employees of PEEC-contributor businesses (in % of families housed)	84 %	82 %	75 % each year
% incoming tenants < 40 years old	84%	82%	
Percentage of value of rental housing stock with a discount of at least 10%	92 %	91 %	
Percentage of value of rental housing stock with a discount of at least 15%	86 %	83 %	
Average monthly salary of incoming households	Not available	€3,480⁽²⁵⁾	
Average annual gain in purchasing power per household	Not available	€3,221	
% incoming households eligible for intermediate housing	Not available	97 %⁽²⁶⁾	> 95 %⁽²⁷⁾ each year

⁽²²⁾For some of these indicators which are reported for the first time in the 2021 CSR Strategy Report, data for 2020 is not available.

⁽²³⁾Certain units historically operated by in'li are located in zone B (notably in the Oise department or in a number of towns in zone B1 and B2).

⁽²⁴⁾The figure of 3,439 has been certified by the independent third-party verifier. The figure reported in the 2020 Non-Financial Information Statement contained an error which was corrected in the 2021 CSR Strategy Report.

⁽²⁵⁾Indicator based on a sample of 85% of the 5,017 new incoming households in 2021.

⁽²⁶⁾Indicator based on a sample of 77% of the 5,017 new incoming households in 2021.

⁽²⁷⁾The regulatory analysis of the Y-2 tax income of our new tenants must place 95% of them below the Intermediate Housing threshold.



3.3 GUARANTEEING A QUALITY SERVICE FOR TENANTS

3.3.1. OUR CHALLENGES AND POLICIES

For in'li's Management Board, tenant safety – both inside and outside the home – and satisfaction are the overriding concern.

With this in mind, in'li has a proactive policy of **optimal prevention of all risks** related to property, pest control or uncivil behaviour that may affect our tenants or service providers or local staff working at the properties. This policy is underpinned by collaboration between the Property divisions, which are in contact with our tenants, and the Property Portfolio Technical division, which is responsible for compliance and renovating the property portfolio. The latter division also incorporates recommendations made by the external auditors who regularly audit the property within the scope of its work plan, in accordance with current regulations in force.

Customer satisfaction is a key ongoing challenge that drives us to continuously enhance our offering and the services we provide. We focus our efforts on:

- ◆ **Making our properties accessible to people with reduced mobility;**
- ◆ **Renovating our property portfolio** to enhance the comfort of our tenants;
- ◆ **Maintaining security within our residences** by preventing property risks such as uncivil behaviour;
- ◆ **Facilitating simple and effective communication** between in'li and its customers in phase with end user needs and expectations.

In'li tracks customer satisfaction by **conducting one-off and more regular surveys**, including surveys of our newest tenants.

3.3.2. OUR ACTIONS

3.3.2.1. DIGITISATION OF CUSTOMER SERVICES

Since it was established, in'li has sought to make as much of the prospective tenant journey as possible a digital one with a view to making exchanges simpler and smoother.

This was apparent in the efforts deployed between 2018 and 2021 to set up **a platform that consolidates in'li's entire housing offering**. Prospective tenants became active participants in the process by submitting their applications online and this direct access also meant more equality between the employees of small and large companies. In 2021, **nearly 55,000 housing applicants created accounts on the platform and over 225,000 housing applications were submitted**.

A digital marketing services platform guarantees equal treatment of applicants through an automated scoring system, and therefore helps to combat discrimination. The platform has also improved knowledge of incoming tenants.

In 2019, in'li took a bold step towards a "100% digital" process with the in'li LIB digital diary that allows prospective tenants to book appointments to view properties, and the launch of a pilot programme for e-signature of leases in a secure space. This momentum continued in 2020 with the deployment of e-signatures for all in'li housing applications, dispensing with the need for future tenants to physically come and sign leases – a major consideration during the current Covid-19 crisis. Since 2021, **a 100% digital solution is systematically offered** to give prospective tenants the option of signing leases either physically or digitally.

It should be noted that property sales have also been digitised on the inli.fr website.

3.3.2.2. TENANT HEALTH, SAFETY AND COMFORT

Tenant comfort and risk prevention are top priorities for the Company. Aside from building maintenance, in'li commissions audits of its facilities and infrastructure in accordance with legislation, and ensures that maintenance is regularly carried out in compliance with current standards and labour regulations. Managing all of these risks is the responsibility of the office of the Deputy CEO – Clients & Assets based on the following two pillars:

Pillar 1: Maintaining a high level of building security

Building security is the responsibility of the Property Portfolio Technical division and the Property divisions, which provide a service to tenants on the ground. All the teams are available to tenants seven days a week. **In the event of an incident outside of working hours, tenants can contact the on-call service free of charge around the clock**, which triggers the interventions required based on the urgency of the situation. Incidents are documented by the on-call service and reported directly to local staff. In'li is currently working on automating flows of information between the on-call service provider and the Customer Relationship Management (CRM). Incidents dealt with during working hours are reported and documented by the customer service department and local staff in the CRM system. They are closed out once the incident has been resolved. In'li has initiated a project to use CRM data to map incidents, with a view to improving its intervention procedures.

The Technical Department ensures that the entire property portfolio complies with regulations and **oversees key security procedures. It commissions external auditors**, who provide detailed reports for each property containing recommendations for action, which are subsequently integrated into the works plan by the Technical Department. **These regular audits safeguard the health and safety of our tenants, the service providers who work in our buildings, and our local staff. They cover the physical integrity of the buildings, their amenities and plant health and quality standards, and include the following:**

- ◆ Search for termites;
- ◆ Exposure to lead and asbestos;
- ◆ The presence of legionella in water;
- ◆ Individual and collective heating installations;
- ◆ Prevention of fire risks;
- ◆ Lifts and automatic systems (e.g. automatic doors).

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Numerous training courses are provided for the people who work in the Property Portfolio Technical division and the Property divisions. In 2021, 2,678 hours of training (12% of the skills development programme) were devoted to health and safety training. This training is designed to protect our employees and boost their building safety management skills (examples of training modules include building safety: regulations and control, technical safety of property, lifts and automatic systems, etc.).

In'li also seeks to provide its tenants with a safe, pleasant living environment and this involves deploying and maintaining **video surveillance in 61 residences**, identified as priorities from a security perspective. Deployment will continue in 2022. Video surveillance scrupulously complies with the European Data Protection Regulation (GDPR).

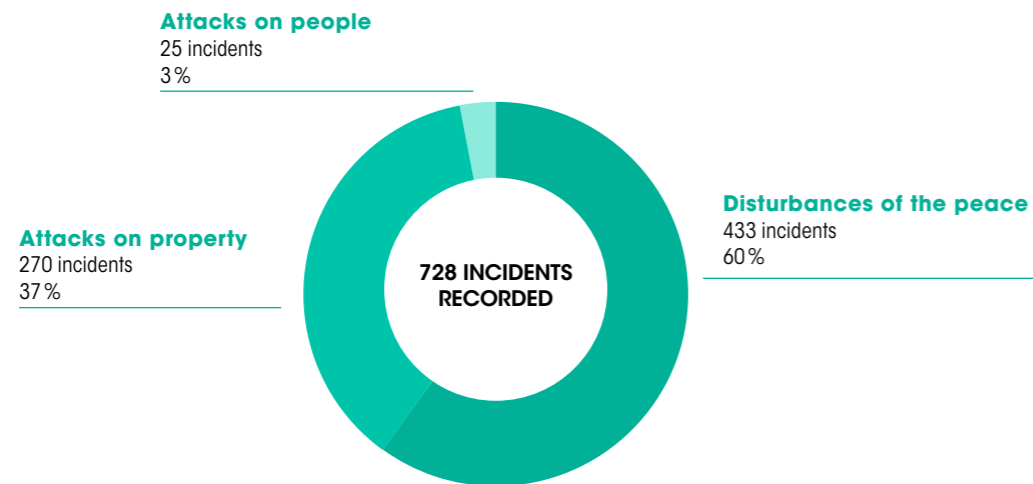
Local staff can also report all incidents and anti-social behaviour via ALI TRANQUIL, an application for recording incidents at the properties we manage. ALI TRANQUIL scrupulously complies with GDPR as the app does not accept any photos or text, which prevents personal data from being reported. It was deployed as part of the **"Tranquillity & Social cohesion" plan** across the entire QWACIO property portfolio in Seine-Saint-Denis in the first-half of 2020 and deployment continued in 2021 at another 30 residences. By the end of 2022, ALI TRANQUIL will cover all of in'li's properties in the Paris region (where 99% of its housing is located). In 2021, **48 building caretakers and 12 unit managers were trained to use the app**, which was used to report **728 incidents**.



The ALI TRANQUIL application.

This training taught users about the new application (ALI TRANQUIL) with the idea being that each building superintendent report and track incidents that occur on the sites within their area of responsibility. A summary of incidents reported by building caretakers is used to deploy action plans on two levels: at managerial level within the Company, or at Action Logement Immobilier group level if a given problem proves to be common to a number of properties in the same geographical area.

INCIDENTS REPORTED USING THE ALI TRANQUIL APPLICATION



This application will eventually make it possible to **map the level of security** at each property and obtain statistical objectivity through the comparison of different sites, in order to **deploy actions that are proportionate to the seriousness of the incidents noted**. These statistics also feed into exchanges with the partners who help in'li tackle security-related issues, including the police, municipalities and local associations. Finally, deployment of this app has made it possible to structure the support provided to the local staff directly concerned by incidents: building caretakers now have a procedure for each type of incident, detailing the actions that need to be taken immediately and the departments to which the incident should be reported.

To round out these measures, the Company also has a proactive policy of preventing anti-social behaviour and property damage through various actions: neighbourhood enhancement work, local initiatives, etc.

In addition to building security, in'li pays special attention to tenants in distress whose health and safety require urgent rehousing. More specifically, this process concerns:

- ◆ Victims of domestic violence or violence within their residence, especially after having reported incidents of anti-social behaviour;
- ◆ Tenants who have suffered a loss in income, or who occupy accommodation that is no longer suitable for their needs;
- ◆ People who were not ill or disabled when they arrived, but who now require accommodation adapted to a disability or illness. Elderly people are particularly concerned here.

In each of these three cases, in'li gives priority to rehousing after checking the veracity of the emergency situation, and it liaises with the social services to facilitate procedures for the tenants concerned. In 2021, in'li received 171 requests for emergency rehousing from tenants and offered 168 rehousing solutions. 63 households accepted in'li's proposal. **Disability, old age and illness are the main reasons why people need to be rehoused: they accounted for 53% of emergency rehousing in 2021.** Traumatic events occurring within the place of residence (domestic violence, assault, etc.) accounted for 21% of emergency rehousing in 2021.

Lastly, **assessing, monitoring and factoring in new risks** in terms of property safety and occupational hazards is performed throughout the year by the three committees dedicated to property and professional risk prevention, namely the **Safety Policy Committee**, the **Safety Committee** and the **Occupational Risk Prevention Committee**. They classify and rank the risks they identify to ensure the safety of properties and the people who live and work there (see section 3.4.3.4. on health, safety and the work environment).

Pillar 2: priority given to tenant comfort

Every year, in'li invests in **upgrading and renovating** its existing portfolio, which is essential for ensuring the comfort of its tenants and for tackling environmental issues.

The Company continues to deploy a highly ambitious works programme. It spent €48 million on renovation work in 2021. The budget for 2022 has been set at €65 million. The nature of the work depends on the needs identified: thermal insulation, replacement of plumbing and sanitary equipment, treatment of damp areas, installation of controlled ventilation systems, electrical rewiring, upgrading of heating systems, replacement of lifts or upgrading of common areas (especially halls and entrances to residences).



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3.3.2.3 IN'LI MAINTAINS ONGOING DIALOGUE AND CLOSE TIES WITH TENANTS

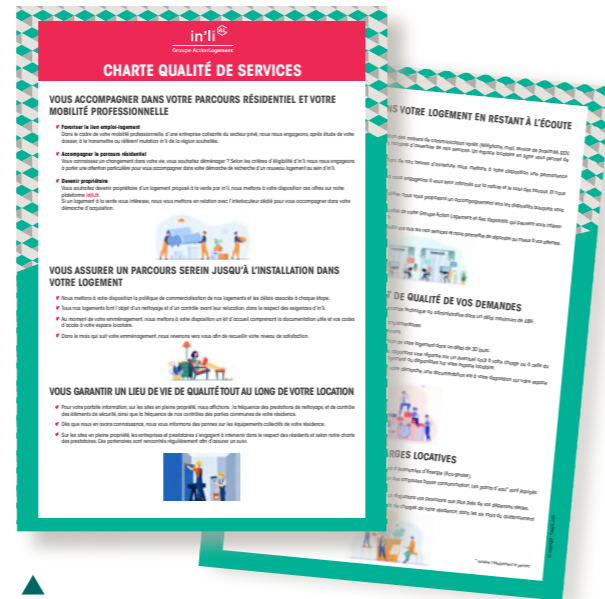
In'li wishes to foster quality, effective communication with residents by making **building caretakers or site managers** the "go to" people on the ground.

To monitor and improve service quality, in'li measures **tenant satisfaction** on an ad hoc or ongoing basis through **surveys conducted by external service providers**. In 2021, in'li commissioned a customer satisfaction survey covering a sample of 2,000 tenants (versus 1,500 in 2020), **indicating a tenant satisfaction rate of 67%**. The main point for improvement raised by tenants concerned exchanges with in'li and in particular the time taken to process tenants' requests. To remedy this issue, the Customer Relations division commissioned **a service provider specialising in customer relations** and, at the end of 2021 it launched a "Customer Satisfaction" action plan. Because customer satisfaction concerns all employees, the service provider will study how all of in'li departments work to identify areas for improvement. The action plan will be organised as follows:

- Deployment of the Service Quality Charter (detailed below);
- Deployment of the "in'li et moi" application enabling customers to search autonomously for information;
- Restructuring of the Customer Relations Department to process multi-channel queries more effectively;
- Upskilling employees in customer relations;
- Integrating building caretakers into the customer relations process;
- Redesigning administrative and marketing procedures;
- Development of the incident management module;
- Creation of Customer Relations Committees.

To formally document these commitments, in 2021, in'li – along with its regional sister companies (i.e., in'li companies in the regions) – began drafting a **Service Quality Charter** setting out its objectives, which will be broken down into operational actions in 2022, such as:

- Ensuring that incoming tenants are able to move in the best possible circumstances;
- Guaranteeing a quality living environment throughout the rental period;
- Facilitating the tenant rental environment;
- Ensuring quality processing of applications;
- Supporting residential trajectories and professional mobility;
- Helping to control rental charges.



Service Quality Charter

3.3.3. INDICATORS

The indicators that appear in bold are priority indicators for in'li. They are also presented in the table summarising key indicators (see section 3.1.2.3.).

PERFORMANCE INDICATORS	2020 RESULTS ⁽²⁸⁾	2021 RESULTS	OBJECTIVE
Overall tenant satisfaction rate	74.1%	66.7%	80% every year
Percentage of "100% digital" customer services offered	Not available	100%	100% every year
Percentage of "100% digital" customer services actually provided	Not available	82%	

⁽²⁸⁾ For some of these indicators which are reported for the first time in the 2021 CSR Strategy Report, data for 2020 is not available.

3.4 ADAPTING JOBS TO THE REQUIREMENTS OF THE SECTOR AND THE EXPECTATIONS OF EMPLOYEES

3.4.1. CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (SDGs)



Deployment of measures and amenities to promote employee well-being and health at work.



Actions and training courses for in'li employees that continually develop their skills.



Actions to promote gender equality and combat all forms of discrimination.



Encouraging an intrapreneurial approach by employees.

3.4.2. OUR CHALLENGES AND POLICIES

In'li's Human Resources policy is based around 4 pillars:

- Promoting **quality of work and commitment** for all employees underpinned by a **quality work environment. Diversity, openness and equal opportunities for all** are a key plank in this first pillar. We want to give all employees and candidates the same chances and opportunities and this is why we hire, promote and grant mobility opportunities based solely on candidates' skills.
- Engaging in **inclusive social dialogue. Continuous employee-management exchanges are a key part of in'li's corporate culture. The Company encourages its employees to provide constant feedback** both during the year and in their annual interview. As part of this process, the Job Transformation division and Communication department work together to organise events that are conducive to informal exchanges throughout the year. Formal dialogue is also part of the way the Company functions, through annual employee interviews, meetings of the Social and Economic Committee (CSE) and the Occupational health and safety commission (CSST).

- **Developing employability, new skills and career paths is a major focus for supporting the Company's transformation by anticipating the needs of our new business lines, the changing expectations of our customers and stakeholders, and technological innovations. Attracting and retaining qualified talent is also a real challenge in a tight job market.** In this context, in'li has to contend with a shortage of qualified employees, particularly in the digital sector (IT architects, IT project managers, etc.), in real estate development (property buyers, real estate development managers, etc.) and in project structuring (technical managers, etc.). To ensure that positions are filled as quickly as possible, in'li advertises its job offers, internships and work-study programmes on the most visible communication channels. In'li is also committed to being an attractive employer for its existing employees. In addition to providing a quality work environment, this attractiveness is underpinned by geographical and functional mobility and continuous learning opportunities for employees.
- Constantly enhancing our **occupational risk prevention culture. In'li goes way beyond regulatory requirements in this area;** the Occupational Health and Safety Commission (CSST), the Occupational Risk Prevention Committee and the Safety Committees within the property divisions meet quarterly and are supplemented by a Safety Policy Committee that meets twice a year with the Management Board. These bodies oversee the identification, prevention and monitoring of occupational and real estate risks.

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Attracting and retaining talent, consolidating our expertise, providing employee career support and preventing risks are key components of in'li's Human Resources policy.

These four pillars of Human Resources policy are in phase with the United Nations Global Compact (compliance with the ten principles of the Compact), which in'li applied to join in early 2022.

3.4.3. OUR ACTIONS

3.4.3.1. CREATING AND HELPING EMPLOYEES TRANSITION TO NEW JOBS

In recognition of the challenges inherent in the rapid transformation in its business lines, in'li launched **a manpower and skills planning process** in 2019 focused on current transformation projects. It culminated in an event that brought together employee representative bodies, managers and employees to identify the impacts that our projects will have on the businesses and to forge a common vision and vocabulary for future developments and the accompanying support (training, etc.).

All of the actions listed below within the scope of the transformation of our business enhance our ability **to attract and retain talent**. They allow us to provide **a rich and dynamic work environment** to people who wish to join us and to offer our employees **opportunities to grow** along with the Company.

To attract new talent, in'li uses the most visible as well as the most innovative online media. It created an **employer brand page** in 2021 on the "Welcome to the Jungle" website, a company that showcases the employer brand online, and highlights candidate experience, particularly among young graduates. With over 500,000 followers on LinkedIn, "Welcome to the Jungle" gives in'li access to a wide range of potential candidates and this boosts its presence on professional social networks. In'li's **partnership with Ecole Supérieure des Professions Immobilières (ESPI)** also gives it priority access to interns, under graduates on work-study programmes and young graduates specialising in real estate activities such as development, auditing, management or sustainable and innovative real estate. **In'li participates every year in the real estate jobs forum** aimed at potential candidates who have not yet finished their studies and young graduates in the real estate professions. The 2022 forum brought together around 80 recruiters and twenty or so schools specialising in real estate professions.

To remain an attractive employer, in'li encourages **internal, functional and geographic mobility** as an essential component of its skills development plan. For example, 14 building caretakers took a newly-created certification programme to enable them to reach site manager level and 11 of them obtained certification at the end of the programme.

During 2021, 49 employees benefited from functional mobility opportunities. Internal mobility opportunities are regularly circulated via the in'li intranet or the AL Job website. In'li employees may also avail of mobility opportunities provided by Action Logement Group.

Dialogue and cooperation also help develop careers, employees and in'li's attractiveness as an employer:

- ◆ Annual performance review interviews are both an opportunity to assess employees' performance over the past year and to identify their wishes and possibilities and career development perspectives. The interview process also sets aside time for exchange when the employee is invited to give feedback on the Company. They may also raise any subject or issue they consider appropriate with their manager.
- ◆ To provide the best possible support for new employees, in'li has set up a **tutoring system for building caretakers and trainees**. Tutors ensure that best practices are shared among colleagues and provide support for new caretakers (both those living in and out) during the first few days of their integration programme. In addition, the 39 work-study tutors partner the new trainees who join in'li each year and ensure they develop the necessary skills in their respective areas.

- ◆ Lastly, as part of its skills and career development strategy, in'li encourages employees to **participate in collaborative-type projects**. Examples include **how to professionalise property management agencies or changes and digital transformation in the job of building caretaker**. The latter programme is recognised at Action Logement Group level. It is known as "*Projet Pass Digital*" and aims to help caretakers get to grips with their new digital work tools and applications with a view to obtaining internal certification. This project comes in the wake of the negotiation of an agreement on changes in the building caretaker's job, signed unanimously by our trade union delegates.



▲
Action Logement Group "Best HR Practices" awards.

3.4.3.2. DEVELOPING SKILLS AND CAREER PATHS

Employee training is also a key focus of our HR policy. In 2021, **82.5% of employees benefited from training opportunities** – an average of **21 hours training per trained employee**. More specifically, 49 employees who enjoyed mobility opportunities also received tailored training with an average of 30 hours per person. Supporting the development of managers and managerial skills continued to be a priority in 2021. The key actions deployed included:

- ◆ **Three Manager Clubs** organised both remotely and face-to-face. These are three-hour long themed workshops that bring managers together to share their experiences and practices. The three themes featured in the 2021 Clubs were "Managing teams and activities in a hybrid operation", "Managing local teams" and "Being a manager in a context of extended remote working arrangements". All managers took part.
- ◆ Providing **systematic training to new managers based on the methods recommended by the French Institut d'Accompagnement Psychologique et de Ressources (IAPR)**, a psychological support and listening process that enables psycho-social risks to be more effectively anticipated, understood and managed. In 2021, in'li hired 21 new managers all of whom received this training.

The job of building caretaker is changing fast and in'li along with other Action Logement subsidiaries launched a "**Building caretaker school**" with the backing of APES.

It is designed to meet **fresh recruitment challenges and to recruit for these jobs on the ground at under-pressure sites. The project is part of a global strategy to improve the quality of neighbourhood life by providing training that creates sustainable local job opportunities**. At the same time, in'li is continuing its long-term partnerships with the *Franchir* and *Egérie* associations to train people in distressed situations or in social integration or reconversion programmes to be building caretakers.

In 2021, **three trainee caretakers** were taken in and trained as part of in'li's teams and **two of these caretakers were hired on indefinite-term employment contracts**.

2021 also provided opportunities **to support employees with the transformation of the business and the development of new activities** (e.g., property administration, property management agencies, etc.) via the deployment of numerous training initiatives. **More than 13,770 hours of training** were provided in 2021.

More generally, since 2019, in'li has been running an **intrapreneurial programme** open to all employees as part of its innovation strategy. The programme promotes innovative in-house projects and supports personal initiatives and people with ideas for start-ups. **Two projects were selected in 2021 that focused on communal gardens and shared accommodation for seniors**.

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3.4.3.3. WORK ORGANISATION AND SOCIAL DIALOGUE

The challenges of the pandemic since early 2020 provided an opportunity to consolidate our shared working practices and our work organisation action plan in line with employee expectations of the direction in which the Company should be moving.

In'li teams have adapted really well to teleworking arrangements since large-scale deployment in March 2020, with the collective objective of protecting everyone's health and safety in the context of the pandemic. Teleworking continued to be used intensively in 2021, in compliance with government recommendations and health restrictions, or the Company's teleworking agreement when working conditions returned to normal.

2020 also witnessed numerous initiatives to boost internal communications and maintain the link with employees working remotely with, for example, the deployment of a new intranet, improved processes for integrating new employees, more communication on cross-functional projects, and the organisation of convivial interdepartmental events by videoconference. **These initiatives were maintained in 2021** even though some face-to-face events have resumed. In addition to formal exchanges between management and employee representative bodies, the Management Board actively engages with employees through informal events, including:

- ◆ **Management Board "Teams"**: these remotely-organised events are open to all employees and enable the Management Board to speak directly to employees on various issues such as the Company's major strategic focuses, the results of the past quarter, the New Year message, etc. The Management Board answers questions put directly (anonymously or otherwise) by employees.
- ◆ **Meeting the Management Board**, either remotely or at specially organised breakfasts, health restrictions permitting. These events bring together a member of the Management Board, a director and around twenty employees to discuss key issues for the Company.

In'li continued to engage in continuous dialogue with employees in 2021 and it **organised an employee satisfaction survey** which registered **a participation rate of 58%**. The survey was based around a set of questions put to employees to assess whether or not they would recommend in'li as an employer, and to evaluate the commitment of employees, their understanding of the Company's strategy, their work/life balance and their satisfaction with career development prospects at in'li.

A lower participation rate than in 2020 can be explained by the topics covered and the context in which the survey was conducted: the 2020 questionnaire was sent out to employees during the unusual circumstances of the first lockdown and focused exclusively on teleworking and the extension of the Company's teleworking agreement.

The scores obtained from the satisfaction survey are relatively high, with the vast majority of questions getting **at least 70% favourable responses**. The strengths highlighted by employees included:

- ◆ **79%** of employees declared that they are **ready to commit to in'li's success**;
- ◆ **86%** of employees consider that they have **the right level of autonomy in their work**;
- ◆ **78%** of employees declared that their **work is meaningful for them**.

Following the survey, in'li integrated the points for improvement highlighted by employees into its 2022 action plan, including cross-cutting functional complementarity between departments. This theme will be integrated into the Manager Club in 2021-2022.

At a time when social ties are fraying and employees are more than ever looking for meaning and commitment in their jobs, these are very positive findings, and in'li intends to continue pursuing initiatives that provide recognition to employees and enhance two-way communication. The example that best illustrates our culture of exchange is the **"Jobs Meetings" initiative based around discussions between the Human Resources department and representatives of each business line** (prime contractors, programme managers, building staff, etc.) that focus on employees' concerns, how they perceive their jobs and their needs going forward.

Dialogue with employee representative bodies continued in 2021 with the signing of **two new agreements** on profit-sharing and how to move the job of building caretaker forward within in'li, bringing the total number of **collective agreements in force within the Company to fifteen**. **100% of employees are covered by existing collective bargaining agreements**.

Lastly, in'li continues to guarantee **freedom of expression, trade union freedom and freedom of association to all of its employees** in compliance with the basic principles of the International Labour Organisation.

3.4.3.4. HEALTH, SAFETY AND A QUALITY WORK ENVIRONMENT

Although most of in'li's businesses are not exposed to accident risks, the Company is highly proactive in terms of working conditions and the health and safety of its employees. In 2020, the Company's Safety Policy was consolidated with the creation of **three steering committees**: the Safety Policy Committee which meets in the presence of the Management Board, the Safety Committees set up within the property divisions, and the Occupational Risk Prevention Committee. These committees are tasked with ensuring the safety of people and property and preventing and mitigating the risks of accidents at work or occupational illnesses.

For ease of comparison and to make everyone's role clearer, extensive work was carried out in 2021 in liaison with the Occupational Health and Safety Commission (CSST) to **digitise our Consolidated Risk Assessment File for 2021**. In'li updates this file every year by type of occupational risk and work unit in accordance with the relevant regulations, providing an overview of safety guidelines and re-evaluating professional risks with regard to the prevention initiatives deployed. This document was produced with the help of external consultants specialised in occupational risk prevention for the purpose of getting an impartial external perspective on the Company's occupational risks. The Consolidated Risk Assessment File was circulated to all Company employees by e-mail and may be consulted on In'li's intranet.

Other concrete initiatives were also deployed in 2021 to meet health and occupational safety challenges, including:

- ◆ **2,678 hours of regulatory and non-regulatory occupational health and safety training** provided to all employees in 2021, covering first aid, prevention of risks related to physical activities (for local staff) or authorisations required for technical amenities (e.g., for caretakers and managers of programmes where the Company is prime contractor). In accordance with regulations, in'li organises **mandatory occupational risk training for the employees concerned** (especially around authorisations required for technical amenities and risks related to physical activities);
- ◆ A quarterly review by the **Occupational Risk Prevention Committee** that analyses occupational risk trends and how to develop our key actions;
- ◆ Updating of **Occupational Health and Safety procedures** (procedure in the event of external aggression, support procedure, etc.), all available on the intranet;

- ◆ **Communication of the latest health bulletin during the pandemic** and continuous updating of the company's **Business Continuity Plan**. Sixteen memos were sent out to all employees to remind them of the rules to be followed and any changes in health protocols;
- ◆ Design of a specific **safety-related event**, soon to be conducted with managers and employees;
- ◆ Reworking and updating of the **occupational risk handbook for use by all employees**, shared during meetings of the Safety Committees set up within the property divisions.

The bodies tasked with monitoring risks continued their work in 2021:

- ◆ The **Occupational Health, Safety and Working Conditions Commission**, comprising the Human Resources Department and elected staff representatives, met five times;
- ◆ The **Occupational Risk Prevention Committee**, in which the Human Resources Department and a representative of each business line participate, met once a quarter;
- ◆ The **Safety Committees set up within the property divisions**, tasked with preventing property and occupational risks, especially those related to physical activities, also met on a quarterly basis;
- ◆ Finally, two **Safety Policy Committee** meetings were held in the presence of the Management Board.

Aside from health and safety issues, in'li also attaches huge importance to wellness in the workplace and employee expectations in this regard.

To **promote good work-life balance**, in'li has long offered all eligible employees (depending on the type of work they carry out) the possibility of working **flexible hours**, which allows them to avoid rush hour on public transport. Teleworking also contributes to employee well-being and a **teleworking agreement for two days a week was signed in 2020** (the previous arrangement was one day a week), in line with the wishes expressed by employees and negotiations with the social partners. It has been offered to all eligible employees. This agreement applies when the health situation permits and **helps to promote a better work-life balance**. The vast majority of administrative employees (88%) are eligible for teleworking or "nomadism"-type arrangements and **92% have opted for these types of flexible working methods**. These are very popular arrangements and 210 employees telework two days a week.

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▲ In'li employees at the opening of our new-look head office.

In'li pays just as much attention to ensuring a quality work environment. The very first **Quality of Life at Work Week was organised in 2021** and featured around ten awareness-raising activities involving over 100 employees (events included webinars on first aid and disconnection and digital uses). In'li also continued to organise events that contribute to the quality of life at work in 2021, including:

- ◆ **Team seminars:** these half-day seminars aim to stimulate informal exchanges within each team. The activities undertaken are chosen by the manager (sport, escape games, museum visits, etc.).
- ◆ **Celebrations organised around the redevelopment of head office.** As part of its growth and development, in'li has expanded and renovated its headquarters, providing employees with more convivial work spaces, encouraging exchanges between teams and enhancing the quality of life at work.
- ◆ **Sports events** – in'li's football team plays in the BTP-Immobilier championship.

3.4.3.5. DIVERSITY, EQUALITY AND INCLUSION

As a leading player in affordable housing for the middle classes in the Paris region and a socially responsible company, combating discrimination is part of in'li's DNA and this culture is promoted by the Management Board. These issues are regularly discussed at extended Management Board level in the presence of the Deputy CEO responsible for Job Transformation who also oversees the Company's CSR strategy.

Combating inequality has long been one of top management's priorities. **The appointment of the new Management Board in December 2021, made up of 60% of women, was a perfect illustration of this commitment.** The new-look Management Board took office on 1 January 2022.

In accordance with International Labour Organisation (ILO) principles and French law, in'li refuses all forms of discrimination both within the Company and towards any person (i.e., tenants, candidates, suppliers etc.). In'li's corporate culture is underpinned by **the acceptance of diversity in all its forms** (ethnic origin, disability, gender, sexual orientation, religion, age, political opinions, social origin, etc.).

“
The Company intends to turn these differences into a strength, while respecting the opinions of everyone.
”
(Article 11 of in'li's internal regulations)

In'li therefore deploys a series of actions designed to combat discrimination, including:

- ◆ **Prohibiting all forms of discrimination in in'li's internal regulations** which all new employees must sign up to. Four articles in particular aim to protect all employees, trainees, candidates, interns or trainees from all forms of sexual or psychological harassment, sexist behaviour or discrimination. This prohibition on discrimination also protects any employee who reports or witnesses such behaviour. Sanctions for misconduct range from a written warning to dismissal. In the event of serious accusations, the employee concerned may be suspended in order to protect the alleged victim;

- ◆ The **appointment of two correspondents** as part of the fight against sexual harassment and gender-based violence, one of whom is an employee and the other a member of the Social and Economic Committee. They received special training in 2020 and are now available to guide, inform and support employees whenever necessary.

- ◆ Compliance with the **principle of non-discrimination in recruitment** constantly features in awareness-raising initiatives targeting managers via Human Resources correspondents who are responsible for ensuring that the recruitment process and the choice of candidates is **based solely on skills**. A Manager Club session in early 2020 headed up by an external expert was dedicated to "Recruiting effectively together" and helped raise awareness of non-discrimination in recruitment among all of our managers. This initiative will be repeated in 2022. **In'li's recruitment policy also considers issues of disability.** To give all candidates an equal chance, regardless of their disability, in'li's offices are accessible to people with reduced mobility and any candidate suffering from a disability and/or a long-term illness may be assured that in'li will provide them with suitably adapted facilities.

- ◆ **A week of awareness-raising initiatives for all employees on how to integrate people with disabilities.** In partnership with Action Logement Immobilier, in'li organised this week around two issues: recognising disability and recruiting people with disabilities. For one whole week, all employees had access to various activities by e-mail and dedicated platforms:

- Info-graphics on preconceived ideas about disability
- A quiz that each employee could use to test themselves and improve their knowledge of disability
- A presentation given by French paralympic judo champion Sandrine Martinet
- Communication to all employees of practical information, such as the support provided by in'li to employees with disabilities

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- ◆ In'li's principles of equality and inclusion extend to digital inclusion, which helps to boost employability. In'li ensures that its employees are systematically trained to use new tools. The objective is twofold: enabling employees to feel more comfortable when using new digital tools and applications both at work and in their personal lives. In'li has provided digitalisation job training and support to all of its building caretakers as part of the "Digital Pass Project" (see section 3.4.3.1.). **This initiative was rewarded with the "2021 digital inclusion prize" from the French Association of HR managers (ANDRH).**

Aside from in-house initiatives, in'li has also deployed a **process for handling tenant applications** and information provided by prospective tenants via the inli.fr marketing support platform in compliance with European Data Protection Regulations (GDPR). **All data processed on the platform is objective information and an automatic score is assigned to each applicant, thus avoiding any form of discrimination and ensuring equal treatment of applications.**

In'li pays special attention to gender equality within the Company. Balanced representation of women in positions of high responsibility is a reflection of this focus. Of employees on permanent contracts:

- ◆ 55% of management-grade employees are women;
- ◆ 57% of managers are women;
- ◆ 43% of Executive Committee members are women.

In'li is also pursuing its commitment to equality in access to management positions, equal pay and feminisation of technical positions, through salary increases in the event of gender-based discrepancies and anti-harassment awareness-raising initiatives. As part of mandatory annual negotiations, there is a special focus on gender equality, with the aim of reducing any discrepancies that may exist by profession. The results for 2021 are very conclusive in this respect as **the average pay differential between men and women is 3%, an improvement of 1 point compared to 2020. This helped drive up the gender equality index to 95/100 in 2021, an increase of 1 point compared to 2020. In'li outperforms most French companies with over 50 employees, which had an average gender equality index of 86/100 in 2021⁽²⁹⁾, 9 points lower than in'li's index.**

3.4.4. INDICATORS

The indicators that appear in bold are priority indicators for in'li. They are also presented in the summary table of key indicators (see section 3.1.2.3.).

⁽²⁹⁾ Source: French Ministry of Labour, Employment and Professional Integration

In'li is also striving for equality in maternity leave and the development of paternity leave. In 2021, **16 women left on maternity leave** within the company (some of this leave ends in 2022), representing a total of 1,427 days of maternity leave. **100% of fathers who registered the birth of a child opted to take paternity leave**, representing a total of 13 paternity leaves in 2021, or 216 days over the year.

Lastly, in'li is also striving to **integrate and employ people with disabilities**. Human Resources managers support employees in their efforts to obtain disability recognition.

As proof of in'li's work in this area, in 2021 the Company deployed a number of e-mail **campaigns to raise awareness** among all employees (newsletters, awareness videos, "handi-pursuit" game). In'li also works with sheltered employment structures that get adults with disabilities working in a professional activity while providing them with medical, social and educational support. In particular, in'li worked with "Les fourneaux de Marthe et Matthieu" to organise events and it purchased "inclusive masks" from APF France Handicap, an association that defends and represents people with disabilities through a number of sheltered employment structures throughout its network.

PERFORMANCE INDICATORS	2020 RESULTS ⁽³⁰⁾	2021 RESULTS	OBJECTIVE
Number of employees enrolled in certification programmes	26	16	> 5 every year
Number of employees who benefited from functional mobility opportunities	52	49	
Proportion that received mobility-related training	86.5%	95.92%	100% every year
Proportion of employees who have received training	76%	82.5%	> 70% every year
Average number of hours training per trained employee	18.6	21.4	> 14
Total number of hours training	10,788.5	13,770.5	12,500 every year
Participation rate in the commitment survey	77%	58%	> 50% every year
% of employees who declared that their work is meaningful for them	Not available	78%	> 70% every two years
% of administrative employees eligible for teleworking or "nomadism"-type arrangements	Not available	88%	
% of eligible administrative employees who have opted for flexible working arrangements (teleworking or "nomadism")	Not available	92%	
Gender equality index	94/100	95/100	> 90 every year
Average gender pay gap	4%	3%	
Executive Committee members - average F/M fixed salary (permanent contracts) ⁽³⁰⁾	95%	94%	
Managers excluding Executive Committee members - average F/M fixed salary (permanent contracts) ⁽³¹⁾	86%	88%	
Non-managers - Average F/M fixed salary (permanent contracts) ⁽³¹⁾	102.0%	101.5%	
% of employees who received a salary increase after returning from maternity leave	100%	100%	
Number of new collective bargaining agreements signed	4	4	≥ 4 each
% of women on permanent contracts among:			
Management-grade employees	56%	55%	
Executive Committee members	43%	43%	
Managers	57%	57%	
Number of trainee caretakers	7	3	
Number of work-study trainees	19	25	
Number of career evaluations performed every six years	Not available	100%	100% every year
% of employees covered by collective bargaining agreements	100%	100%	100% every year
Number of new collective bargaining agreements signed	3	2	
Number of collective bargaining agreements in force	14	15	
Turnover rate⁽³²⁾	9%	1%	< 10% every year
Number of paternity leaves	15	13	
Number of maternity leaves	12	16	
Number of parental leaves	2	1	
% employees with a disability	6.0%	5.4%	6% each
Average full-time equivalent number of employees with a disability	26.3	23.8	
Correspondents trained to deal with sexual harassment and sexist behaviour	2	2	

⁽³⁰⁾ For some of these indicators which are reported for the first time in the 2021 CSR Strategy Report, data for 2020 is not available.

⁽³¹⁾ Indefinite-term contracts.

⁽³²⁾ Defined as the separation rate for employees on indefinite-term employment contracts (excluding death, retirement and end of probationary period)

3.5 REDUCING OUR ENVIRONMENTAL FOOTPRINT

3.5.1. CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (SDGS)



Investments in sustainable and energy-efficient buildings in supply-constrained areas.



Optimising energy performance of the housing stock and contributing to tenant comfort and well-being.



Commitments to reduce greenhouse gas emissions to combat climate change.

3.5.2. OUR CHALLENGES AND POLICIES

As with Action Logement Group as a whole, **environmental goals form one of the pillars of in'li's CSR policy at the heart of the Company's strategic plan. This is one of the key points on the roadmap communicated by Action Logement Immobilier, our shareholder, to all of its real estate companies, including in'li.**

This major goal, supported at in'li Management Board level, is underpinned by two main pillars:

- ◆ **An ambitious policy of retrofitting existing properties.** Renovation is a major challenge and will be reflected in the eradication of very poorly-insulated housing. The corresponding work plan will have beneficial environmental and social impacts by reducing tenant energy bills.
- ◆ **A policy of increasing the supply of intermediate housing based solely on new energy-efficient housing.**

By deploying these two pillars, in'li aims to make its properties carbon neutral by 2050 and to reduce its energy consumption by over 60%, in accordance with the Paris Climate Agreement and the French National Low Carbon Strategy (SNBC).

The Management Board's commitment to improving the energy performance of our properties and reducing their carbon footprint is reflected in the targets set out below. Indeed, **the Board has factored in the potential physical risks related to climate change, as well as potential transition risks. It has therefore adopted a proactive environmental strategy to stay ahead of future regulations.** Moreover, a growing proportion of the housing being developed by in'li will be earmarked for investors who are both committed and demanding in terms of building energy performance. Therefore, **the environmental strategy of the entire Group is moving forward and becoming more ambitious.**

As a leader in its market, in'li is eager to ensure the sustainability of its properties and their seamless integration into their surrounding environment.

Because housing is one of the big greenhouse gas emitters in France, the energy and ecological efficiency of our property portfolio is both a major environmental issue and part of in'li's *raison d'être*. Indeed, our intermediate housing offering must factor in the **increasingly high expectations of residents** – who are more and more sensitive to environmental issues – **and of investors and government as well.** In'li has structured its environmental strategy around the expectations of its stakeholders. To meet the challenges of climate change, in'li is going way beyond **existing regulations:** for a number of years now, our development policy requires that most of our new operations exceed French RT 2012 energy performance targets by between 10% and 20%. For existing properties, our energy retrofit plan aims to eliminate all housing with a F or G energy label from a portfolio by end-2023, and all housing with a E energy label by a end of 2030, i.e. four years before the mandatory regulatory deadline of end-2034.

Moreover, cutting energy consumption has a direct impact on residents, both in terms of thermal comfort and affordable heating costs. This means that improving energy performance actually helps provide a higher quality service to our tenants as well as boosting their purchasing power.

In'li is fully aware of the role it needs to play in protecting the environment and combating global warming and it has taken a proactive approach to these issues. It is tracking the carbon footprint of its activities much more closely by setting targets for reducing energy consumption and greenhouse gas emissions across its entire property portfolio. The Company has even decided to go beyond the roadmap drawn up by its main shareholder, Action Logement Immobilier.

The objective is now to reduce primary energy consumption in the housing units we operate to below 95kWh/sq.m. per year by 2030, equivalent to emissions of less than 15kg eq CO₂/sq.m. In'li has also extended its energy and carbon trajectory out to 2050, by which time the company aims to achieve carbon neutrality for its entire property portfolio and primary energy consumption of less than 55 kWh per sq.m. per year.

3.5.3. OUR ACTIONS

3.5.3.1. IN'LI'S ENVIRONMENTAL STRATEGY

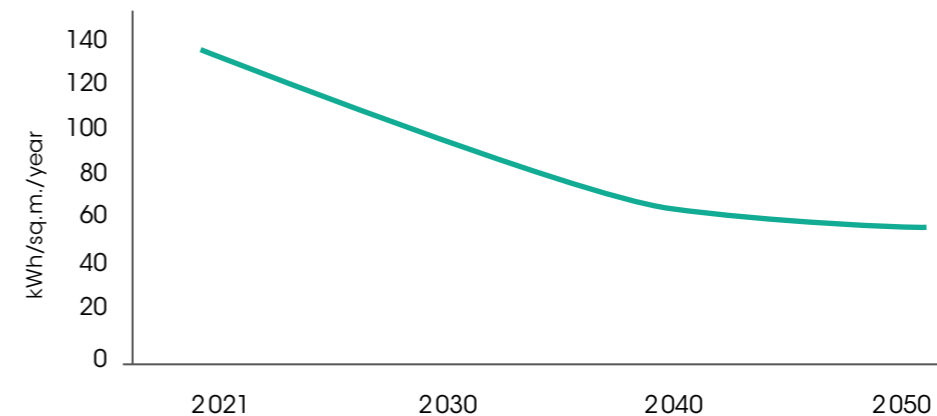
An ambitious project to **update in'li's Environmental Strategy** was launched in 2021 with the help of a specialised outside research office to map our property portfolio, refine our path to reducing CO₂ emissions from our properties, optimise the environmental profile of buildings, and continue to deploy programmes in support of the ecological transition.

The first initiatives of our Environmental Strategy in 2021 were as follows:

- ◆ Analysis of certification and labels based on the environment applicable to our businesses, properties and projects;
- ◆ Benchmarking of CSR strategies and best practices in our sector;
- ◆ Improving the collection of data on energy consumption, greenhouse gas emissions and water consumption. This updated and expanded database will enable more effective management of the strategy by tracking energy consumption and GHG emissions.

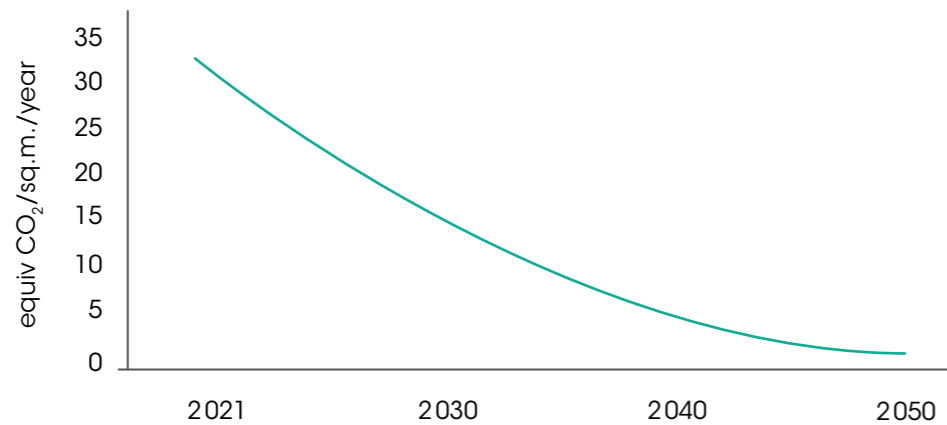
This work has clarified our objectives in terms of energy performance and greenhouse gas emissions and helped us to make the following commitments:

IN'LI AIMS TO REDUCE PRIMARY ENERGY CONSUMPTION IN ITS BUILDINGS BY OVER 60% BY 2050



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CARBON NEUTRALITY OF THE PROPERTY PORTFOLIO BY 2050



These commitments cover scope 1 and 2 energy performance and average CO₂ emissions from in’li properties. The methodology used to plot this trajectory is presented in Appendix 1.

Every year, in’li will compare the trajectory laid down against the actual energy consumption and carbon emissions of its properties, via quarterly monitoring of properties and an annual assessment of energy consumption and energy gains from the work carried out. Annual consolidation of consumption data for the portfolio as a whole will be overseen by an external research office selected by in’li, specialised in the energy transition in the real estate sector.

3.5.3.2. MANAGING THE CARBON FOOTPRINT AND CUTTING GREENHOUSE GAS EMISSIONS

To manage the environmental performance of its housing more effectively, in’li undertook a comprehensive diagnostic review of its properties in 2021 to update the energy performance assessment of its portfolio.

Consequently, in 2021, in’li continued investing in improving the environmental performance of its properties with two main focuses: performing **insulation work** and transitioning to **less carbon-intensive energy sources**.

In 2021, **1,925 housing units underwent deep energy retrofits**, combining façade rendering and external thermal insulation with the replacement of external joinery. This insulation work has a major positive impact on energy consumption in our buildings, and it is our main lever for reducing emissions. In 2021, it drove **an improvement of more than 30% in the energy performance of the 1,068 units of housing concerned**.

To programme these retrofits, in’li uses the **Energy Saving Certificates** allocated to it on a regular basis, proof of its effectiveness in improving energy efficiency. These certificates allow in’li to benefit from public authority subsidies for energy retrofits through multi-annual partnerships with specialist service providers and to reduce the cost of the work that it carries out. In particular, partnerships in pipe lagging and low floor insulation exceeded the annual savings target (€1.5 million including tax for 2021), with total savings of €2 million (including tax) at year-end.

In’li’s retrofit programme will continue to be rolled out over the coming years with certain properties being targeted based on the results of their energy performance assessments. Energy retrofits are subject to diagnostic analyses highlighting the expected energy efficiency gains from the operation. We estimate that **70% of work over the next four years will help boost the energy performance of properties**. Work generated in 2021 generated savings of 1,069 equivalent tons CO₂ /year.

In’li’s efforts to cut its carbon footprint also focus on the sources of the energy used to heat its buildings. 100% of our dwellings are heated by gas, electricity or district heating networks. In’li’s goal is to transition to the least carbon-intensive energy sources and, where possible, towards self-supply of properties, especially in terms of heating. With a view to decarbonising its energy sources, in’li has identified 44 properties close to urban heating networks to which they will gradually be connected over the coming years.

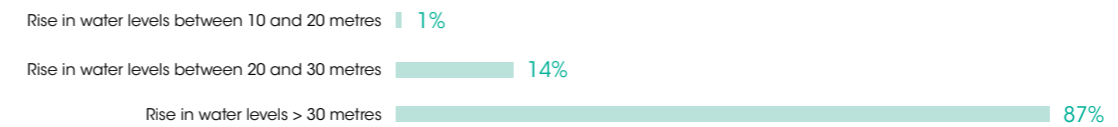
Lastly, in 2021, in’li commissioned a research office to **map its property portfolio, highlighting exposure to climate change risks**. Two physical risks were analysed:

- ◆ Risk of rising water levels;
- ◆ Risk of heat waves.

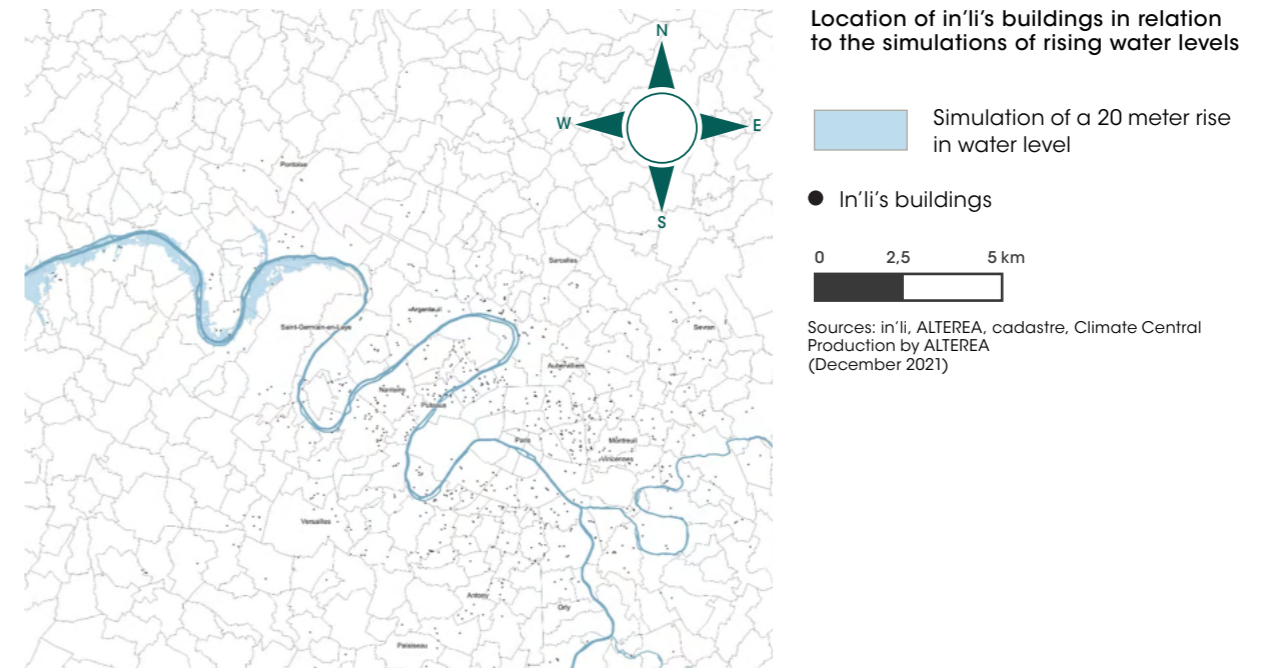
Mapping indicates that the exposure of in’li properties to the risk of rising water levels is very low. As the following graph shows, if the rise in water levels remains below 10 metres, none of the properties owned by in’li as of 31 December 2021 are exposed to this risk. In the event of a rise in water levels of between 10 and 20 metres, only 1% of in’li’s assets would be affected.

But none of the scenarios currently envisaged by the Intergovernmental Panel on Climate Change (IPCC) predicts a rise in water levels of more than 1 metre, and this scenario corresponds to a median probability of global warming of 4°C by 2100 (the most pessimistic RCP 8.5 scenario). Consequently, even the most pessimistic scenarios currently envisaged by the IPCC do not require adaptation to the risk of rising water levels.

PORTION OF HOUSING AFFECTED BY RISING WATER LEVELS



SIMULATION OF A 20-METRE RISE IN WATER LEVELS ACROSS IN’LI’S PROPERTY PORTFOLIO

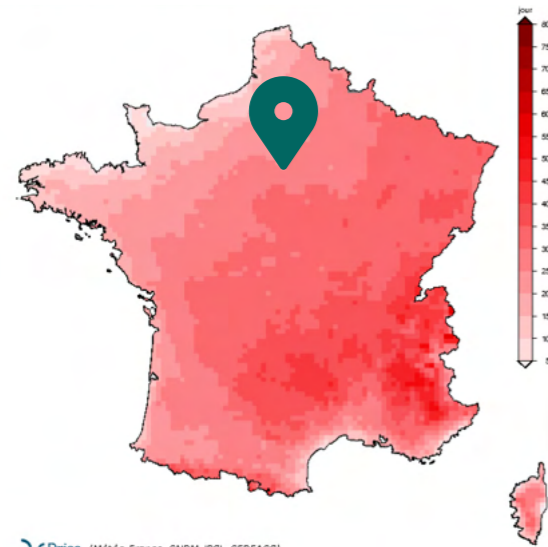


Global warming has also driven in’li to consider the risk of heatwaves to which its properties could be exposed. The following maps present the heatwaves expected to occur between 2041 and 2070, corresponding to the IPCC’s intermediate scenario (i.e., RCP 4.5 scenario), which simulates a median temperature rise of 2.1°C⁽³³⁾ in 2100.

⁽³³⁾Source: “New DRIAS 2020 climate projections for mainland France”

HEATWAVES IN FRANCE

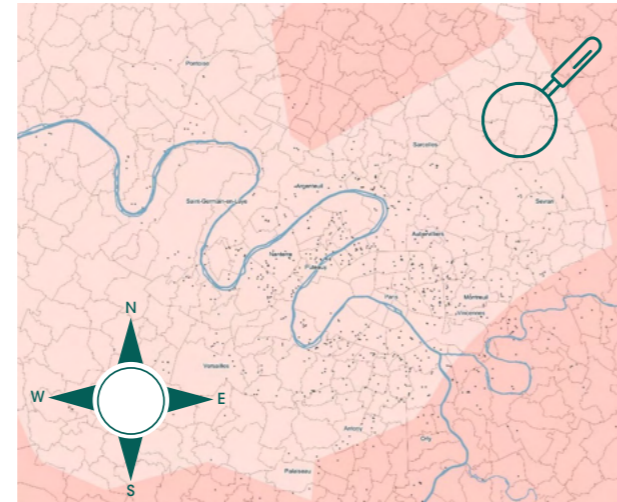
Number of heat wave days RCP4.5: Scenario considering the implementation of a climate policy aimed at stabilizing CO₂ concentrations



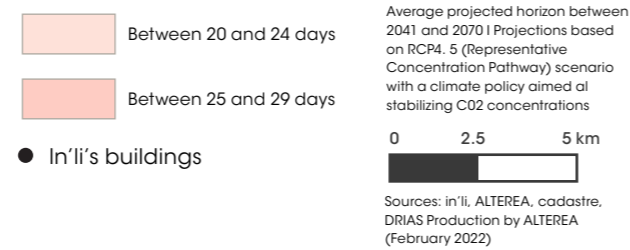
©Drias (Météo-France, CNRM, IPSL, CERFACS)
Medium Term (2041-2070) - Annual average
DRIAS-2020: models CNRM-CM5 / ALADIN 63: correction ADAMONT

FOCUS ON THE PARIS REGION

Location of in'li's buildings in relation to projected heat waves in the medium term



Number of heat wave days (maximum temperature more than 5° C above normal for at least 5 consecutive days).



Under this scenario, between 2041 and 2070, most of in'li's properties would be exposed to 20 – 24 days of heatwaves each year as defined in the legend above, i.e., a relatively short period. Indeed, as shown on the map above, which simulates this same scenario for the whole of France, the Paris region is much less exposed to heatwaves than most other regions of the country.

The insulation work that in'li is currently carrying out on its properties enhances the comfort of tenants during heatwaves. In'li will continue to monitor this risk and take all necessary measures to ensure the comfort and health of its tenants should this scenario be borne out over the coming years.

3.5.3.3. SUSTAINABLE PRODUCTS AND SERVICES

In'li's Environmental Strategy is also intended to cover the environmental footprint of our properties and projects. We aim to use this approach to boost our investments in new energy-efficient buildings so that they constitute an ever-increasing share of our portfolio.

Sustainability is already one of the key design focuses for new in'li buildings in terms of energy and materials performance and management of resources.

For several years now, In'li has been deploying a policy based around technical outperformance in new building programmes. Calls for tender **must exceed French RT 2012 energy performance targets by between 10% and 20%** pending new RE 2020 guidelines, and over **half of all new programmes undertaken in 2021 are certified NF Habitat or NF Habitat HQE or BEE+**.

In the different **phases of building work**, in'li constantly strives to cut its carbon footprint by getting suppliers to **consider reusing materials and extending their useful life**. This policy is also enshrined in calls for tenders where in'li outsources prime contractorship, which is the case with 80% of new projects.

INITIATIVE: THE "CYCLE TERRE" PROJECT

The Grand Paris Express programme generates some 400 million tonnes of excavated material, making this a major economic challenge in its own right. In 2019, in'li signed an agreement as part of the *Cycle Terre* initiative sponsored by the town of Sevran and the Grand Paris Aménagement programme, to use natural and unpolluted earth excavated from Grand Paris construction sites in new programmes where In'li is the project owner.

"*Cycle Terre*" is about transforming excavated earth into natural, wholesome construction materials and limiting the ecological impact and footprint of this major regional project, while also freeing up building materials as resources become increasingly scarce.

One-third of the world's population lives in mud constructions yet this material is barely used by French and European building professionals. The qualities of this material are well-renowned: it provides remarkable thermal inertia and humidity control, it is a healthy, non-polluting, biodegradable and recyclable product with a carbon footprint that is close to zero. In'li wanted to experiment with this process on a smaller scale from 2019 on a project located in Alfortville and in 2021 it continued the experiment within the scope of a building permit currently being processed in the 12th *arrondissement* of Paris. The operation comprises a 100% solid stone façade as well as mud-based materials as part of future programmes, and more specifically:

- ◆ Inner lining of housing façades made from extruded earth panels;
- ◆ Partitions between rooms and living rooms made from extruded clay panels + earth rendering;
- ◆ Common areas made from earth rendering.

Lastly, **in'li's focus on developing its production in eco-neighbourhoods** is directly in line with its sustainable development objectives. Indeed, these neighbourhoods offer major development opportunities with **rigorous environmental performance criteria** (i.e., close to public transport, recycling of waste, "green-building", etc.) and ensure both **social and functional diversity** through the presence of housing, shops and public amenities. In 2021, in'li committed to **686 units of housing in eco-neighbourhoods**, including 127 units in Bondy in the Latrre de Tassigny eco-neighbourhood, and 312 co-living units in Orsay, in the Moulon eco-neighbourhood right in the heart of the Paris-Saclay tech cluster. This eco-neighbourhood will comprise 40% higher education and research building programmes, 23% economic activities, 31% student and family housing, and 6% shops and services.



▲ Visit to the Cycle Terre factory in Sevran.

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3.5.3.4. INITIATIVES TO INCLUDE TENANTS AND RAISE THEIR AWARENESS OF OUR ENVIRONMENTAL APPROACH

None of the actions deployed by in'li to reduce the environmental impact of our programmes and properties can achieve conclusive results **without tenant buy-in to the process**. Consequently, in'li is implementing a number of initiatives covering, for example, the renovation of housing in liaison with tenants to improve their energy performance, and a number of awareness-raising actions.

REDUCING ENERGY CONSUMPTION

In 2021, **partnerships were signed with Elax** (specialists in hot water and sanitary tanks) and Tiko (electric radiator specialists) **to test technical solutions** that make regulation easier depending on needs, and consequently reduce energy consumption for tenants. Based on feedback and validation of assumptions regarding savings, economic modelling scenarios will be drawn up to enable deployment of these solutions in the future.

EcEAUnome programme. This project involves the free distribution of water-saving kits beginning from March 2022, initially on properties located in Seine-Saint-Denis. An assessment of the project's actual impact on water consumption can be performed after the kits have been in use for a year.

COMMUNAL GARDEN INTRAPRENEURIAL PROGRAMME

As part of efforts to raise tenant awareness of environmental issues, this project aims to **enable our tenants to use green spaces** within their residence as shared and educational gardens. When in'li has a circumscribed and accessible green space, this project makes it possible to provide or let out green spaces to residents for a nominal sum for gardening, growing vegetables, discovering and showcasing the basic principles of biodiversity, or just enjoying an outdoor space. It is part of an inter-generational objective of sharing between neighbours to encourage more exchanges within our residences and making our tenants responsible for their living space.

3.5.3.5. GREENING OUR FUNDING

In'li has been engaged in a process of greening its financing since 2019. It began with the signing of a loan with **the European Investment Bank (EIB)** that is **100% dedicated to the financing of energy efficient property**: minimum RT 2012-10% energy performance targets, or RE 2020 guidelines once they come into force.

More recently, as part of the process of setting up **Foncière Cronos in partnership with Axa Investment Managers**, in'li helped negotiate the **inaugural €800 million funding** of Foncière Cronos, **a 100% responsible investment**. Bringing together 12 leading banks, this loan made Foncière Cronos the **first big property company in Europe to be wholly financed by a responsible mortgage loan**. This loan was recognised as the **"2021 Sustainable Financing Deal of the Year: Europe by Real Estate Capital Europe"**, the reference in real estate financing.

Lastly, in June 2021, in'li refinanced its **€600 million Revolving Credit Facility (RCF) and for the first time, ESG criteria were factored in**. The interest rate is indexed to the achievement of specific objectives in terms of:

- ◆ The **production of new affordable housing** in supply-constrained areas (i.e., zones A and A bis);
- ◆ **Energy retrofits** on existing properties;
- ◆ **Improving the overall carbon footprint and energy performance** of property owned by in'li.

3.5.4. INDICATORS

The indicators that appear in bold are priority indicators for in'li. They are also presented in the summary table of key indicators (see section 3.1.2.3.).

PERFORMANCE INDICATORS	2020 RESULTS ⁽³⁴⁾	2021 RESULTS	OBJECTIVE
			2030: < 95
Average estimated consumption of primary energy (kWh/sq.m.)⁽³⁵⁾	Not available ⁽³⁴⁾	140.6	2040: < 60
			2050: < 55
			2030: < 15 kg
Emissions estimated in ave equiv kilos of CO₂ emissions (kg CO₂eq/sq.m.)⁽³⁵⁾	Not available ⁽³⁴⁾	32.3	2040: < 5 kg
			2050: carbon neutrality
Eradication of very poorly-insulated housing: number of units of housing identified with an F or G energy label	Not available	F energy label: 628 units G energy label: 221 units	No housing with F or G energy label in 2023
			No units with an E energy label in 2030⁽³⁷⁾
% number of units that contribute substantially to climate change mitigation ⁽³⁸⁾	Not available	22%	
Number of households that benefited from improved energy efficiency	926	1,925	1,507 in 2022
Emissions avoided by work carried out in equivalent tons of CO ₂	Not available	1,069 equivalent tons of CO ₂ /year	399 equivalent tons of CO ₂ /year through 2026
Energy savings achieved in MWh thanks to energy retrofits	Not available	4,286 MWh/year (EF)	1,356 MWh/year
Number of households that benefited from > 30% improvement in energy efficiency	Not available	1,068	750 units/year
% housing renovated with BBC Rénovation label, aiming for at least energy label C	Not available	18%	25% every year
Amount of investment dedicated to energy retrofits and achieving > 30% improvement in energy efficiency	Not available	€2.4 million	

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⁽³⁴⁾For some of these indicators which are reported for the first time in the 2021 CSR Strategy Report, data for 2020 is not available.

⁽³⁵⁾Scopes 1 et 2.

⁽³⁶⁾In 2020, in'li estimated energy consumption per square metre of its portfolio based on energy performance assessments (DPE) of 147 properties. In'li enlarged its database in 2021 and now has actual and estimated consumption data for 62% of its properties. Data gathering methods are explained in the methodological appendix. As the scope and methods were not comparable, data for 2020 were not reported.

⁽³⁷⁾Work delivered or in the process of completion.

⁽³⁸⁾Within the meaning of the technical screening criterion, "substantial contribution to climate change mitigation" of EU Taxonomy presented in the methodological appendix.

3.6 GUARANTEEING ETHICAL BUSINESS PRACTICES AND STRIVING FOR ETHICAL CORPORATE GOVERNANCE

3.6.1. OUR CHALLENGES AND POLICIES

Business ethics are a major concern shared both by our shareholder Action Logement Immobilier and by in'li itself. Conscious that we operate in an especially exposed sector, in'li strives for unwavering exemplarity in ethics, compliance (GDPR, the French Sapin II law that deals with transparency), and combating all types of fraud. We are committed to a process of continuous improvement in reinforcing control over our activities and the effectiveness of our internal control systems.

These commitments are supported at the highest levels of the Company, by our shareholder Action Logement Immobilier, as well as by the Supervisory Board, Management Board and the entire Executive Committee.

For in'li, ethics are an essential condition for running the business and its future development. In'li is fully aware that some of its activities, such as procurement, land acquisition and housing allocation, are particularly exposed to the risk of corruption. These activities are subject to reinforced processes, including training and awareness-raising initiatives, applications for detecting fraudulent practices, and controls aimed at identifying and rooting out any fraud.

The Management Board is strongly committed to deploying a strict ethical framework. All rules (charters, codes, procedures) are vetted by the Management Board and Audit Committee, submitted to the Executive Committee and then circulated to all employees.

3.6.2. ACTIONS TAKEN

3.6.2.1. BUSINESS ETHICS PROGRAMME AND PROMOTION OF AN ANTI-FRAUD CULTURE

Ethics-based governance and the adoption of a number of documents committing employees and/or directors in matters of ethics and the fight against fraud reflect the desire to root the Company's development in values of integrity. Convinced that compliance and combating fraud require strong action, in'li is committed to day-to-day initiatives to spread this culture via its directors, employees specialised in these subjects and the Company's managers more broadly. In'li has also deployed tools and carried out numerous communication and awareness-raising initiatives.

- ◆ **Action Logement has set up an Ethics Committee** which reports to the Action Logement Group Board of Directors. This Committee has drawn up a **Group Ethics Charter** structured around expected values and behaviour to guide employees in their day-to-day routines.
- ◆ The latest version of in'li's **internal regulations** dating from January 2020, requires employees to observe an ethical attitude and behaviour when carrying out their professional duties. In particular, **it covers fraud and corruption prevention, conflicts of interest, confidentiality obligations regarding information held, and the prevention of discriminatory behaviour and harassment.**

- ◆ The **Code of Conduct**, validated by staff representative bodies and appended to the internal regulations, **sets out the different types of behaviour prohibited** as being likely to constitute acts of corruption. It reflects management's firm commitment to a proactive approach to corruption prevention and detection. **Disciplinary sanctions are explicitly provided for behaviour that fails to comply** with the ethical requirements outlined in the code.
- ◆ The **stock market ethics charter**, which is also appended to the internal regulations, sets out the obligations regarding the possession and communication of inside information and the risk of insider trading.
- ◆ Two procedures – one relating to **rules on gifts and invitations**, and the other to **conflicts of interest** – were also drafted in 2019 to address these issues. Furthermore, **online forms for declaring gifts or conflicts of interest** were drawn up in 2021 and circulated so that each employee can declare any gifts received or possible conflicts of interest and thus become an active player in the transparency process.

- ◆ **A digital application was rolled out in 2021 to help staff from the marketing department identify fraudulent documents.** If any such documents are detected, they are submitted to the Compliance Department for analysis and follow-up of any actions to be taken.
- ◆ In'li encourages all stakeholders **to flag up any unethical behaviour** and has set up an **internal whistleblowing process** at several different levels:
 - The first, at Action Logement Group level, is based on a platform for collecting this type of information known as "WhistleB": <https://report.whistleb.com/fr/groupeactionlogement>. This channel places an intermediary between in'li and the whistleblower. Alerts are received by Action Logement Immobilier's Risk Audit and Internal Control department and may be handled directly by our shareholder or by in'li, depending on the issue.
 - At in'li level, there are three possible channels:
 - **Direct line manager** level or a higher level if necessary;
 - **Internal Audit and Risk Management department**;
 - The **Customer Service department** for tenants, which then passes the request on to the Internal Audit and Risk Management department.

In 2021, the Internal Audit and Risk Management Department received **more than ten alerts, both from inside and outside** the Company, on a variety of matters, including corruption, breaches of public procurement regulations, security breaches, payment fraud and identity theft. Their severity was limited in view of the sums of money involved. **All were investigated and resulted in criminal prosecution or sanctions applied by the Human Resources Department (four complaints filed by in'li in 2021, as an extension of the investigations carried out following the alerts received).** It should be noted that the number of alerts and cases of proven fraud are a reflection of in'li's eagerness to identify them and the human and material resources deployed to this end.

All alerts are handled **speedily and confidentially, regardless of the language in which the alert is made.** The in'li and Action Logement Immobilier employees who deal with questions of ethics undertake **to respect confidentiality** and protect personal data.

All whistleblowers have the **right to remain anonymous**, however, in'li does encourage people to identify themselves to facilitate the analysis of the situation and the conduct of investigations.

Employees who report possible breaches in good faith may under no circumstances be penalised, even if the facts turn out to be inaccurate or do not lead to any subsequent investigation.

When an employee questions the ethics of a situation, they are encouraged to structure their declaration around a number of questions designed to separate ethically responsible acts and, in the event of any doubts, consult their line manager or the Audit and Risk Management department.

In'li has opted to integrate the key elements of business ethics documentation into a **"Compliance Pathway"** deployed for the first time in April 2020, whose objective is to provide a concrete reminder of the rules of compliance throughout the Company. The "Pathway" formally documents a series of rules, values and benchmarks that all employees must understand, with a view to ensuring **continuous and maximum vigilance at every level of the organisation**. It includes an e-learning module or face-to-face training in **awareness of ethics and the fight against corruption**. All new hires must complete this training within a few months.

For the initial launch of this **"Compliance Pathway"**, in'li aimed to have all employees (including trainees and people on work-study programmes) and directors complete the Pathway by the end of 2021. As of 31 December 2021, 610 current employees had completed it, i.e. 80% of current employees (excluding those on fixed-term contracts of less than three months).

Lastly, in'li reiterates that under French law and regulations, **facilitation payments** consisting of direct or indirect undue remuneration to a public official in exchange for the completion of administrative formalities which should be obtained through normal legal channels, **are strictly prohibited.**

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In'li also undertakes **not to make any contribution to political parties** in any form whatsoever, in accordance with French laws and regulations. The Company's financial statements attest that **no payments were made to any political party**. In'li also prohibits all employees from engaging in politics in the name of the Company. **In'li's ethics preclude it from having recourse to lobbying companies.**



▲ Compliance Pathway certificate awarded to employees.

3.6.2.2. COMBATING FRAUD AND CORRUPTION

COMBATING FRAUD AND THE FRENCH SAPIN II LAW

In'li combats fraud in the broadest sense of the term, understood as intentionally deceiving a person or legal entity to obtain an illegitimate benefit, or circumventing legal obligations or organisational rules. Fraudulent behaviour implies a deliberate intention and concealment of their actions by the perpetrator. Corruption is a type of fraud involving two people: a "briber" and a "bribee". For the briber, it consists in granting a benefit to a person (the bribee) so that they either perform / do not perform an act that falls within their brief.

The fraud prevention process complies with the French "Sapin II Law" of 9 December 2016 and deals with all categories of fraud (misappropriation of assets, corruption, etc.). In'li is committed to developing a prevention system structured around the 3 pillars contained in the latest recommendations of the French Anti-Corruption Agency (AFA):

- ◆ A strong **commitment by Management**, reflected in particular in the creation of a department dedicated to combating fraud and the **recruitment in 2021 of two experienced employees** dedicated to the fight against fraud and corruption. This department's brief extends well beyond mere compliance with regulations to develop the Company's **anti-fraud strategy** and to implement it operationally via a structured fraud prevention, detection and processing system.
- ◆ An **in-depth understanding of the risks of corruption**, reflected in a corruption risk map updated on an as-needed basis and comprehensively reviewed every three years in line with a precise methodological approach: risk identification, evaluation ranking and action plans. The update performed in 2021 confirmed previously identified risks and highlighted a couple of risks that had not been identified as serious in the previous version, namely, subletting of parking spaces and bribery of elected officials in exchange for administrative favours.

The nine most serious corruption risks are listed in the table below:

RISK	
	1 Corruption of an employee during the housing allocation process
➤	2 Corruption by a tenant outside of the housing allocation process (unpaid rent, modification of rent amount, arrivals/departures, etc.)
➤	3 Sub-letting of parking spaces
	4 Price fixing – Split sales
	5 Price fixing – Block sales
➤	6 Corruption of an employee by a supplier
	7 Conflicts of interest, or passive corruption of a property developer
	8 Collusion between a business finder and an in'li employee
➤	9 Bribery of elected officials in exchange for administrative favours
➤	Risk not identified in the 2018 mapping process
➤	Risk involving scenarios not identified in the 2018 mapping process

- ◆ **Management of these risks** via the deployment of measures and procedures adapted to the risks they seek to control. Pursuant to the requirements of the Sapin II Law, the process is structured around three components: prevention, awareness and detection-remediation;
- ◆ The **Code of conduct** sets out the applicable rules and behaviour to be prohibited or encouraged, as mentioned previously;
- ◆ **Raising awareness and training employees:** since 2020, all of the Company's employees and directors must complete an e-learning "Compliance Pathway" comprising several different modules focused mostly on ethics.

In 2021, nearly 200 local staff (i.e., caretakers, site managers and sector managers) received awareness training in fraud and corruption risks from the audit teams. These face-to-face exchanges were also used to enhance the relations between local staff and anti-fraud teams and to encourage feedback to facilitate the identification of potential cases of fraud.

In 2021, all employees involved in housing allocation decisions received classroom-based training in how to detect fake documents in housing applications.

- ◆ **Structuring internal control** by formally documenting operational risks and resources allocated to controlling each operational process, identifying key controls and building control plans for each process. The system is constantly evolving; in particular, any shortcomings identified during investigations or audits performed by the Internal Audit and Risk Management department result in an action plan that includes measures to enhance risk coverage.
- ◆ **Periodic accounting controls** using a data analysis application that generates key controls performed on the computerized accounting entries file (FEC). This file is subsequently audited by the statutory auditors and the French tax authorities. Automated analysis of this file highlights atypical accounting entries that may indicate fraud or corruption.

- ◆ In 2021, in'li teamed up with an outside firm to create a **structured third-party vetting system** to identify risky third parties and assess the related level of risk. Depending on the results, more or less extensive due diligence work is then carried out. A screening application will also be used for projects that require a more in-depth assessment. All third parties should be evaluated on a regular basis throughout the duration of the contract linking them with in'li. Roll-out will take place in 2022.

INVESTIGATIONS

Regular checks and analyses are performed to detect fraud, and any suspicions trigger investigations designed to highlight potential fraudulent acts. In 2021, the anti-fraud division carried out investigations in numerous areas such as acts of corruption, fraud in housing applications, attempted intrusion into information systems, billing of fictitious services and conflicts of interest with suppliers.

Each investigation gives rise to a detailed report that can be produced in court, specifying the facts observed, the *modus operandi*, the people involved and the financial implications. Each file includes evidence substantiating the allegations.

SPECIFIC ACTIONS TO COMBAT FRAUD IN THE HOUSING ALLOCATION PROCESS

- ♦ Fraud within the housing allocation process is a major risk. In 2021, nearly 500 applications were identified as fraudulent and removed from the allocation process.
- ♦ A digital tool was developed and rolled out in 2021 to help the marketing department structure the approach to identifying fraudulent documents in housing applications. It also promotes a cross-cutting approach with the Internal Audit and Risk Management department, which is notified via the app once a fraudulent application is detected. These reports enable the anti-fraud division to perform investigations to identify links between fraudulent application files and uncover the networks involved. In 2021, almost three quarters of fraudulent applications were linked to a single network. The Internal Audit and Risk Management department also performs checks to detect fraud that may not have been spotted at the application stage and resulted in a lease being signed.
- ♦ This desire to combat fraud is accompanied by a policy of firm actions and repressive sanctions. Any lease signed on the basis of fraudulent documents is subject to a termination procedure, initially on an amicable basis and then legally. In 2021, 19 such procedures were initiated. Complaints are also filed when the context and content of the applications justify this. In 2021, in the course of its control procedures, in'li filed five criminal complaints over fraud in the housing application process.

The investigations subsequently consist of an analysis of the control failures that prevented the fraud from being detected or mitigated, and give rise to remediation actions designed to strengthen controls over processes. Strict sanctions are applied to perpetrators or their accomplices. In 2021, investigations focused on four employees, two of whom had already left the company at the time of the investigations, and two who were subject to disciplinary measures.

ACTIONS TO PREVENT CONFLICTS OF INTEREST

A conflict of interest situation arises when the independent, impartial and objective exercise of a person's duties is likely to be compromised by an interest that is distinct from the interest the person in question is supposed to defend in the course of their duties. In 2021, two undeclared potential or actual conflicts of interest involving employees were identified.

In'li has decided to implement an action plan to prevent hidden conflicts of interest. The plan will include:

- ♦ A recap of the definition of a conflict of interest and the existing procedure;
- ♦ Awareness-raising sessions for the most exposed staff;
- ♦ An obligation for all employees in a potential conflict of interest situation to contact their line manager or the human resources department so that the situation is treated in a completely transparent manner;
- ♦ A declaration of the situation on online forms;
- ♦ Systematic declarations when employees are hired.

Sanctions in the event of conflicts of interest are already provided for in in'li's internal regulations and Code of conduct.

To ensure the effectiveness of these actions, the Internal Audit and Risk Management department will perform a series of controls in 2022 to identify potential undeclared conflicts of interest.

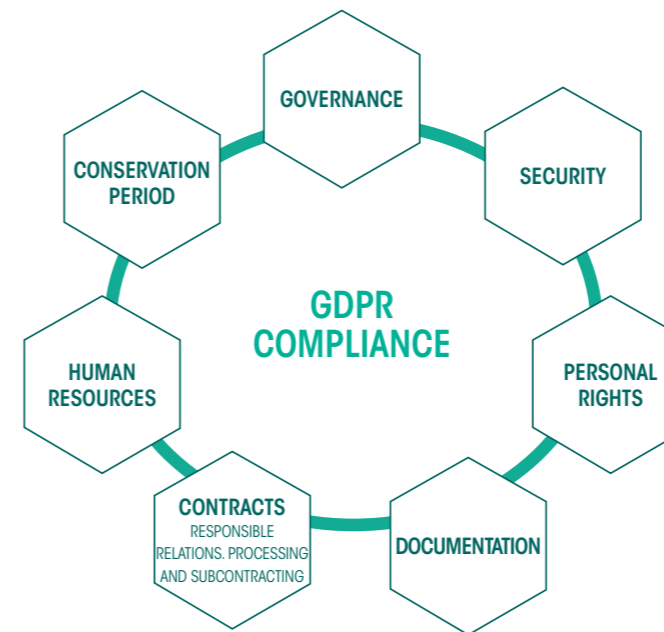
Action Logement Immobilier has also initiated a groupwide approach aimed at boosting awareness and preventing conflicts of interest among directors, whereby all future directors must now act in a completely transparent manner by declaring their professional activities, mandates and investments.

3.6.2.3. PERSONAL DATA PROTECTION

Protecting personal data is a transparent means of winning the trust of our prospects, customers and employees. Amidst the profusion of data flows and digital tools, personal data protection has become a major priority for in'li.

In'li appointed a Data Protection Officer (DPO) in 2019 to ensure that the Company is complying with the European Data Protection Regulation (GDPR). With the help of the DPO and the support of all employees, in'li is committed to:

- ♦ Fostering a culture of compliance among all employees, notably through regular communications, awareness-raising memoranda, and classroom training;
- ♦ Complying with the basic principles of personal data protection;
- ♦ Factoring personal data protection into projects from the outset;
- ♦ Informing those concerned of how their personal data is gathered and processed in a transparent manner;
- ♦ Responding as rapidly as possible – within a month at the latest – to any requests to exercise rights concerning personal data.



The Data Protection Officer promotes compliance based around seven projects set out in a roadmap validated in June 2019 by the Executive Committee and the Audit and Accounts Committee. The roadmap is updated every year and progress is also tracked on an annual basis by the Management Board.

All employees have access to the relevant documents drafted by the Data Protection Officer, which may be consulted via the intranet (communications, texts and guidelines, procedures, policies, etc).

Finally, several awareness-raising initiatives were organised throughout the year, including:

- ♦ *RGPD Attitud'* (GDPR Attitude): a quarterly newsletter sent out by the Management Board to all employees;
- ♦ *Parcours Compliance* (Compliance Pathway): an e-learning module that focuses on GDPR obligations and best practices. All in'li employees must complete the Pathway.

In addition, 103 employees (excluding caretakers) in 10 departments (Collection, Charges, Property Portfolio Technical division, Contracts, Rental Management Expertise, Legal Affairs, the Rental Management departments at La Défense and Vincennes, Insurance and Customer Relations) received special GDPR awareness training in 2021 given by the Deputy Data Protection Officer.

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"GDPR Attitude" sent quarterly to in'li's employees.

3.6.2.4. CYBERSECURITY MEASURES

Because of In'li's rapid growth, the digitalisation of internal processes, the health crisis, and the increasing number of cyber-attacks at national level, **a robust Information Systems Security strategy needs to be deployed.**

- ◆ As a means to this end, in late 2021, in'li decided to **take the Chief Information Security Officer (CISO) position back in house** and an appointment is planned for the first-half of 2022. The CISO will report to the Audit and Risk Management department and work closely with the IT department.
- ◆ A **Strategic Information Security Committee**, comprising the Management Board, the IT department and the Audit and Risk Management Department meets twice a year to **validate information security strategic focuses and monitor the action plans**. A presentation on information risk management is also **given to the Audit Committee each year**.
- ◆ In H1 2021, in'li teamed up with an outside services provider to **identify and rank its information security imperatives and the IS risks were mapped** in Q1 2022.
- ◆ The Information Systems Department has decided to beef up its own security by creating **a collegial body, the Change Committees**, that meet weekly to overview various new cybersecurity solutions. Any proposed solution must first be validated by this body, which includes the Information Systems Director, the Data Director, the Infrastructure Director and the Data and IS architects.

- ◆ To guarantee effective **access rights management**, in early 2021, in'li deployed a new application dedicated to managing employees logging on and off, as well as granting and deleting IT authorisations associated with employees' functions. Moreover, a comprehensive **review of authorisations** for the main Enterprise Resource Planning (ERP) tool, IKOS, was carried out in the second-half of 2021, to realign IT authorisations with business profiles and ensure effective segregation of tasks.

Lastly, as employees may be directly exposed to cyber risks, the Information Systems Department regularly sends all employees cyber security reminders.



3.6.3. INDICATORS

The indicators that appear in bold are priority indicators for in'li. They are also presented in the summary table of key indicators (see section 3.1.2.3.).

PERFORMANCE INDICATORS	2020 RESULTS ⁽³⁹⁾	2021 RESULTS	OBJECTIVE
Proportion of employees who completed the Compliance Pathway module	67%	80%	100% at end-2021
Proportion of employees who have received personal data protection training ⁽³⁹⁾	100%	100%	100% at end-2021

⁽³⁹⁾ Via internal regulations, internal policy, in-house poster campaigns, quarterly bulletins, specific awareness training given by the DPO, the DPO's intranet, or the Compliance Path.

APPENDICES

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APPENDIX 3 Elements required under the French Commercial Code (<i>code de commerce</i>)	P115
APPENDIX 4 GRI correspondence table	P116



APPENDICES

APPENDIX 1: METHODOLOGICAL NOTE

Period covered

The information disclosed in the Non-Financial Performance Statement covers the financial year, which runs from 1 January to 31 December.

Reporting scope

The data reported concerns in'li and the reporting scope is as follows:

- ◆ Social indicators: reporting covers all of in'li's workforce.
- ◆ Environmental indicators: reporting covers all property owned by in'li unless otherwise stated in the Non-Financial Performance Statement or the following sections. It excludes the impacts of in'li's offices.

Data gathering techniques

The management indicators are produced and verified by the various departments concerned and the management control department based on data available in the information systems.

Specific features of individual indicators

Indicators related to the housing offering:

Indicators related to the number of housing units in operation correspond to the number of family housing units and managed residences (coliving, student residences, sheltered accommodation, etc.) owned by in'li at 31 December.

The number of housing units undertaken during the year corresponds to the number of housing unit starts committed to by in'li's development teams, regardless of whether they subsequently remain in in'li's property portfolio or are transferred to property development companies in which in'li holds minority interests (i.e., APEC and Foncière Cronos).

The number of families housed corresponds to the number of families who moved into a housing unit during the year.

Service quality indicators:

Tenant satisfaction was measured based on a survey conducted by an external service provider on a representative sample of the portfolio and the population housed by in'li, comprising 2,000 tenants.

Social indicators:

Social indicators are tracked by the Job Transformation department and calculated based on the Company's total workforce.

The percentage of employees trained corresponds to the number of employees who have received training during the year, divided by the number of employees present in the workforce at 31 December.

Environmental indicators:

The energy and environmental trajectory of in'li's property portfolio includes scopes 1 and 2. This trajectory was performed in two stages:

◆ Diagnostic phase

This first phase consists of cross-checking property data (consolidated at 31/12/2021) with energy consumption data for 2020 (gas, district heating network and electricity). For this first year, in'li's target was to have complete data for 60% of properties.

Consumption data gathered for 2020 covered 50% of properties. To round out these items, the diagnostic phase continued with segmentation of actual data collected, based on:

- Type of heating: heating management, whether collective or individual heating, is the responsibility of either the user or the operator. Tenants with individual heating pay closer attention to their energy bills
- Energy source: gas-fired systems or centralised district heating networks are managed by the operator. Electric systems (individual systems) may be controlled by each tenant. Electric heating systems generally have similar energy performance to gas or district heating systems (but to the detriment of comfort)
- Year of construction of property: the building method is related to the year of construction. Pre-war buildings are mostly built in brick, with elaborate façade cladding. Buildings dating from the 1970s are made of concrete and begin to incorporate insulation. Buildings built after 2012 comply with French RT 2012 energy performance targets and have a high building performance. Therefore, year of construction provides an indication of the building's performance

This segmentation work increased data completeness to 62% of the property portfolio (24,109 units), i.e. a statistically reliable sample, making it possible to continue the analysis and establish the environmental trajectory of in'li's property portfolio.

◆ Building the trajectory

In'li has built its trajectory in accordance with the National Low Carbon Strategy and Action Logement Group's objectives. The trajectory factors in the following:

- For energy retrofits of existing properties: 750 housing units retrofitted per year through 2026, then 500 units a year through 2030, with an annual renovation budget that remains stable over time
- For new buildings: reinforcement of French thermal and environmental standards with each passing decade, until carbon neutrality is achieved in 2050

Identification of housing within the portfolio with an F or G energy label:

For sites with an old energy performance assessment (pre-July 2021), the following changes have been applied to the values of the assessments performed to estimate the energy label under the new regulation:

- ◆ Additional usages: old assessments are presented with three uses (Heating, Hot water, Cooling) whereas new assessments have five uses (add Lighting and Auxiliaries).
- According to its database, built up in the course of the numerous missions it has carried out in the sector, the external research office commissioned by in'li has added a fixed share of consumption linked to the two additional "Lighting and Auxiliaries" uses of up to 15 kWhpe/sq.m. on each assessment.
- ◆ Modification of the PE (primary energy) /FE (final energy) conversion coefficient: for electrical energy, the new regulations have lowered the PE/FE conversion coefficient from 2.58 to 2.3.
- ◆ Change in energy carbon content: for all energies, carbon content (taken from the Ademe database) has evolved and been factored in to update estimated carbon emissions in kg eq CO₂/sq.m.
- ◆ Regulatory changes to the rule for assigning the property energy label: whereas the old regulation was based on two labels (one for energy, one for carbon), the new regulation is based on a single label: the most unfavourable value between the energy label and the carbon label will be used.

- ◆ Regulatory changes to label thresholds: it should be noted that energy and carbon label threshold values have changed between the two regulations.

- ◆ For example, under the new regulation, energy label C includes properties that consume between 110 kWhpe/sq.m. and 180 kWhpe/sq.m. for the energy portion, and emit between 11 kg eq CO₂/sq.m. and 30 kg eq CO₂/sq.m. for the carbon portion. Under the old regulation, energy label C included properties that consumed between 91 kWhpe/sq.m. and 150 kWhpe/sq.m. for the energy portion, and emitted between 11 kg eq CO₂/sq.m. and 20 kg eq CO₂/sq.m. for the carbon portion.

Compliance indicators:

The target population for completing the Compliance Pathway corresponds to employees on indefinite-term employment contracts, employees on fixed-term contracts of more than three months and people on work-study programmes at 31 December. The proportion of employees who have completed the "Compliance Pathway" corresponds to the number of employees present – excluding those on fixed-term contracts of less than three months – who have obtained internal "Compliance" certification (on ethics, internal regulations, GDPR) divided by the number of employees present in the workforce at 31 December.

Taxonomy-eligible indicators and additional indicators that comply with the criteria for making a substantial contribution to climate change mitigation:

Carve-out of financial aggregates was subject to a three-step assessment process:

- ◆ Carve-out of financial aggregates for the denominators of Taxonomy indicators;
- ◆ Carve-out of financial aggregates for the numerators of Taxonomy-eligible indicators;
- ◆ Carve-out of financial aggregates for numerators for compliance with the criteria for making a substantial contribution to climate change mitigation.

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◆ **Carve-out of financial aggregates for denominators of Taxonomy indicators**

The denominator of the ratio relating to turnover within the meaning of EU Taxonomy, for an amount of **€285.3 million**, is presented net, excluding the impact of rebillable service and maintenance charges. Furthermore, for this financial year, turnover does not include other operating income related to property development although this may be included in future financial years. Indeed, in'li sometimes heads up certain programmes, intended for sale, which are therefore Taxonomy-eligible. Conveyancing costs and fees for sourcing operations on behalf of development property companies in which in'li holds an equity investment (APEC and Foncière Cronos) are also included in the denominator for turnover.

The denominator of the ratio relating to capital expenditure within the meaning of EU Taxonomy, for an amount of **€551.9 million**, corresponds to all acquisitions of property, plant and equipment and intangible assets during the year (including assets in progress), as well as leased vehicles, property and securities within the meaning of IFRS 16.

The denominator of the ratio relating to operating expenditure within the meaning of EU Taxonomy, for an amount of **€41.4 million**, corresponds to the Taxonomy definition of operating expenditure: direct non-capitalised costs relating to maintenance and other direct expenditure relating to the day-to-day servicing of assets of property, plant and equipment by the company or sub-contractors and short-term leases.

◆ **Carve-out of financial aggregates for numerators of Taxonomy-eligible indicators**

The numerator of the ratio relating to eligible turnover corresponds to turnover that can be allocated either to activity 7.1 Construction of new buildings, or activity 7.7 Acquisition and ownership of buildings. This eligible turnover corresponds to the turnover denominator adjusted for rents related to terraces, land, gardens and garages (excluding rental of parking spaces for which the distinction cannot be made and which have therefore been included), as these rents are not related to buildings with a roof and walls in which energy is used to regulate the inside temperature. The eligible turnover numerator also includes conveyancing costs and fees for sourcing operations on behalf of development property companies in which in'li holds an equity investment.

The numerator of the ratio relating to eligible capital expenditure corresponds to the denominator of Taxonomy-eligible capital expenditure. Most property purchases are made on an off-plan basis (in French: *VEFA – Vente en l'Etat Futur d'Achèvement*) where the price of the land is inseparable from the price of the asset. The denominator therefore includes all expenditure related to off-plan acquisitions. For the relatively few operations where in'li is the project owner or prime contractor, for first-time application this year, in'li did not exclude expenditure related to land purchases.

The numerator of the ratio relating to eligible operating expenditure corresponds to the denominator of Taxonomy-eligible operating expenditure in full, as these expenses are all related to buildings owned by in'li and do not concern car parks or other assets excluded from eligible turnover. For first-time application this year, in view of their non-material amount, the denominator also includes expenditure for maintenance of green spaces and land.

◆ **Carve-out of financial aggregates for numerators for compliance with the criteria for making a substantial contribution to climate change mitigation**

The indicators presented on an additional basis have been carved out in line with the following substantial contribution criteria:

- The numerator of the ratio relating to turnover that contributes substantially to climate change mitigation was carved out by comparing, building by building, rents and primary energy consumption (PE), taking a threshold of 150 kWhpe/sq.m/year (including this limit) to circumscribe the top 15% most efficient buildings in France. For in'li, this threshold consists in aligning with the Taxonomy guide issued by the *Observatoire de l'Immobilier Durable*⁽⁴⁰⁾, in the absence of any further information concerning the interpretation of the regulations. Based on the same methodology, sourcing and conveyancing fees for real estate companies have been included in the numerator of the ratio relating to turnover that contributes substantially to climate change mitigation. This turnover is broken down on a transaction-by-transaction basis, which highlights the contribution of these revenues based on the energy performance of each transaction to which the fees relate.

⁽⁴⁰⁾<https://www.taloen.fr/ressources/17a91ba7-945d-4c4d-abdb-c6468a81c5a4>.

◆ **For the numerator of the ratio relating to capital expenditure that contributes substantially to climate change mitigation:**

- It includes new construction capital expenditure that complies with French RT 2012 energy performance targets for building permits submitted before 31 December 2020, and with RT 2012-10% energy performance targets for building permits submitted between 1 January 2021 and 31 December 2021.
- It includes capital expenditure related to energy retrofits that achieve a reduction of at least 30% in a building's primary energy consumption. This data was extracted by the Property Portfolio Technical division.
- ◆ The numerator of the ratio relating to operating expenditure that contributes substantially to climate change mitigation was carved out by comparing, building by building, operating expenditure and primary energy consumption, taking a threshold of 150 kWhpe/sq.m/year (including this limit) to circumscribe the top 15% most efficient buildings in France.

Therefore, the substantial contribution criteria analysed do not cover airtightness and thermal integrity testing or the analysis of global warming potential mentioned for activity 7.1 Construction of new buildings.

Methodological note concerning the materiality analysis of non-financial issues

Identification of internal and external stakeholders and consultation

Eight stakeholder types were selected and interviewed to reflect the composition of in'li's main stakeholders:

- ◆ Customers (tenants)
- ◆ Suppliers
- ◆ Local authorities
- ◆ Property developers
- ◆ Shareholder
- ◆ Employees
- ◆ Lenders
- ◆ Start-ups

These stakeholders were grouped into three categories: partners (suppliers, local authorities, property developers, lenders, start-ups), tenants and employees.

⁽⁴¹⁾18 questions for stakeholders.

⁽⁴²⁾Two questions related to two pillars.

⁽⁴³⁾Of which only 3 were put to employees.

Survey methodology:

◆ **Stakeholders**

Stakeholders were invited to evaluate each issue through 15 questions⁽⁴¹⁾ concerning the five pillars of in'li's CSR strategy, as follows:

Pillar	NUMBER OF QUESTIONS ⁽⁴²⁾
1. Developing an affordable new housing offering near public transport and employment hubs	2
2. Guaranteeing a quality service for tenants	4
3. Adapting jobs to the requirements of the sector and the expectations of employees	4 ⁽⁴³⁾
4. Reducing our environmental footprint	4
5. Guaranteeing ethical business practices and striving for ethical corporate governance	4

For each question, respondents were asked to give their view of in'li's performance on each item.

In total, 936 people responded to the survey: 127 partners (3% of those surveyed in this category), 304 employees (43% of those surveyed in this category) and 506 tenants (18% of those surveyed in this category).

Organisation of the survey and analysis of the results were entrusted to an external service provider specialised in this area to ensure the confidentiality of the responses and representativeness of the sample selected.

◆ **Management**

Members of the extended Management Board, representing senior management and the various functions of the Company, were questioned using the same questionnaire as that presented to the stakeholders.

Consolidation method:

To prepare the materiality matrix, the representativeness of the stakeholders was weighted based on each stakeholder's level of influence with and dependence on in'li.



APPENDIX 2: INDEPENDENT THIRD PARTY REPORT

Report by the independent third party on the verification of the non-financial statement included on a voluntary basis in the management report

For the year ended 2021

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our capacity as independent third party, member of the Mazars network of one of the company's Statutory Auditors of in'li (hereinafter "Company") and accredited by COFRAC Inspection under number 3-1058 (scope of accreditation available on www.cofrac.fr), we have performed work to provide a reasoned opinion on the historical information (observed and extrapolated, hereinafter the "Information") of the non-financial performance statement (hereinafter the "Statement"), prepared in accordance with the Company's procedures (hereinafter the "Guidelines") for the financial year ended 2021, presented in the management report of the Company in application of the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the Commercial Code.

Conclusion

Based on the procedures we performed, as described in the "Nature and scope of our work" and the evidence we collected, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Reasonable assurance report on selected information

For the information selected by the Company¹, we have carried out, at the Company's request and on a voluntary basis, work of the same nature as that described in the paragraph "Nature and scope of the work" above for the key performance indicators and for the other quantitative results that we considered to be the most important. This work was carried out in greater depth, particularly in terms of the number of tests.

The selected sample thus represents 100% of the information selected identified.

We are convinced that this work allows us to express reasonable assurance on the information selected by the Company

¹ Geographical breakdown of affordable housing units undertaken; Average consumption of primary energy estimated in kWh/sq.m./year; Number of households that benefited from > 30% improvement in energy efficiency



▲
7-9, Rue des Mathurins, Bagneux, (Haut-de-Seine).

Conclusion

In our opinion, the information selected by the Company has been established, in all material respects, in accordance with the Guidelines.

Preparation of the non-financial performance statement

The lack of a commonly used framework or established practice on which to base the assessment and evaluation of information allows for the use of alternative accepted methodologies that may affect comparability between entities and over time. The Statement has been prepared in accordance with the Guidelines, the main elements of which are presented in the Statement.

Restrictions due to the preparation of the Information

The Information may contain inherent uncertainty about the state of scientific or economic knowledge and the quality of external data used. Some of the Information is dependent on the methodological choices, assumptions and/or estimates made in preparing the Information.

The Company's responsibility

The Board of Directors is responsible for:

- selecting or setting appropriate criteria for the provision of the Information;
- preparing the Statement with reference to legal and regulatory requirements, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators and also, the Information required by Article 8 of Regulation (EU) 2020/852 (EU Taxonomy);
- and implementing internal control procedures deemed necessary to preparation of information, free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the Company's Guidelines as referred to above.

Responsibility of the Independent Third Party

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the Information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

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However, it is not our responsibility to comment on the Company's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

This is not our responsibility to express an opinion on:

- the Company's compliance with other applicable legal and regulatory requirements (in particular with regard to the Information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the due diligence plan and the fight against corruption and tax evasion);
- the truthfulness of the Information provided for in Article 8 of Regulation (EU) 2020/852 (EU Taxonomy);
- the compliance of products and services with applicable regulations.

Regulatory provisions and applicable professional standards

The work described below was performed with reference to the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000².

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional.

Means and resources

Our work was carried out by a team of 2 people between January and March 2022 and took a total of 4 weeks.

We called on our specialists in sustainable development and social responsibility to assist us in our work. We conducted some 10 interviews with the people responsible for preparing the Statement, representing in particular Business Transformation, Audit and Risks, Real Estate Technical, Investment and Construction, Customer Relations and Data Protection Departments.

Nature and scope of our work

We planned and performed our work considering the risks of significant misstatement of the Information.

² ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

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We are convinced that the procedures we have carried out in the exercise of our professional judgment enable us to provide a limited assurance conclusion:

- we obtained an understanding of the Company's activity and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- we verified that the Statement provides the Information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the Information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with the Company's activity, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and;
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1. Our work was carried out at central level;
- we obtained an understanding of internal control and risk management procedures the Company has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work covers between 100% of the consolidated data relating to the key performance indicators selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of the Company.

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The procedures performed for a moderate assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional doctrine of the *Compagnie nationale des commissaires aux comptes*. Indeed, the procedures performed for reasonable assurance required more comprehensive verification work.

French original signed by:

Independent Verifier

Mazars SAS

Paris-La Défense, May the 23rd, 2022

Saïd BENHAYOUNE

Partner

Tristan MOURRE

Partner, Sustainability department

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Appendix 1: Information considered most important

- Number of affordable housing units operated (including new units)
- Number of affordable units undertaken
- Number of families housed during the year
- Rate of allocation to company employees
- Percentage of the value of the rental housing stock with a discount of at least 15%
- Average salary of incoming households
- Portion of incoming household eligible for intermediate housing
- Average annual gain in purchasing power per household
- Overall tenant satisfaction rate
- Proportion of employees who have received training
- Average number of hours training per employee trained
- Number of employees who have benefited from functional mobility opportunities (incl. proportion trained in mobility)
- Turnover rate
- Average kilos equiv. CO₂ emissions/sq.m./year
- Eradication of very poorly insulated housing: number of units of housing identified with an F or G energy label
- Number of households that benefited from improved energy efficiency
- % housing renovated with “BBC Rénovation label”, aiming for at least energy label C

APPENDIX 3: ELEMENTS REQUIRED UNDER THE FRENCH COMMERCIAL CODE (CODE DE COMMERCE)

ISSUE	SECTION	PAGE
ELEMENTS COMPRISING THE NON-FINANCIAL PERFORMANCE STATEMENT		
Business plan	In'li: intermediate housing serving the public interest	8
Main non-financial risks	3.1.2	57
MANDATORY THEMES SET OUT IN ARTICLE L. 225-102-1		
	3.2	66
Social consequences of the activity	3.3	74
	3.4	79
Environmental consequences of the activity	3.5	88
	3.6.2.1	96
The fight against corruption	3.6.2.2	98
The climate change impacts of the Company's activity and uses of the goods and services it produces	3.5.3	89
Societal commitments to the circular economy	3.5.3.3	93
Collective bargaining agreements concluded within the Company and their impact on the Company's economic performance and on employee working conditions	3.4.3.3	82
Actions to combat discrimination and promote diversity	3.4.3.5	85
Societal commitments to combat food waste	N/A: in'li is not concerned by this theme	N/A
	3.2.3.3	70
Measures taken in favour of disabled people	3.3.2.2.2	77
	3.4.3.5	85
Societal commitments to combat food poverty	N/A: in'li is not concerned by this theme	N/A
Societal commitments in favour of animal welfare	N/A: in'li is not concerned by this theme	N/A
Societal commitments in favour of responsible, fair and sustainable food	N/A: in'li is not concerned by this theme	N/A
	3.1.1.1	54
	3.2.3.1	67
Societal commitments to sustainable development	3.2.3.2	68
	3.2.3.3	70
	3.2.3.5	72
Actions to promote physical activity and sport	N/A: in'li is not concerned by this theme	N/A

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APPENDIX 4: GRI CORRESPONDENCE TABLE

GRI STANDARD	DISCLOSURE CONTENT	DESCRIPTION	SECTION NO. OR OMISSION
GRI 101: General disclosures			
GRI 102: General Disclosures			
Profile of the organisation			
	102-1	Name of the organisation	Business model - In'li: intermediate housing serving the public interest
	102-2	Activities, brands, products and services	Business model - In'li: intermediate housing serving the public interest 1.2 Activities
	102-3	Location of headquarters	1.2 Activities 4.7 Presentation of the financial statements under IFRS
	102-4	Location of operations	1.2 Activities 1.2.1 Breakdown of housing portfolio
	102-5	Ownership and legal form	Business model - In'li: intermediate housing serving the public interest Ownership structure Share capital 4.6.12 List of subsidiaries and associates
	102-6	Markets served	Business model - In'li: intermediate housing serving the public interest 1.2 Activities
	102-7	Scale of the organisation	Introduction Key figures for 2021 Business model - In'li: intermediate housing serving the public interest
	102-8	Information on employees and other workers	1.5 Organisation 1.5.2 Our teams
	102-9	Supply chain	Not mentioned
	102-10	Significant changes to the organisation and its supply chain	1.5 Organisation 1.5.1 Committed and experienced governance 1.5.2 Our teams 1.8 Development opportunities 2.1 Highlights
	102-11	Precautionary principle or approach	1.6 Risk management
	102-12	External initiatives	2.1.12 Innovation
	102-13	Membership of associations	3. CSR Strategy Report 3.2 Developing an affordable new housing offering near decision centres and employment hubs 3.4. Adapting jobs to the requirements of the sector and the expectations of employees

GRI STANDARD	DISCLOSURE CONTENT	DESCRIPTION	SECTION NO. OR OMISSION
Strategy			
	102-14	Statement from senior decision-maker	A message from our shareholder
	102-15	Key impacts, risks, and opportunities	1.3 Development strategy 1.6 Risk management 1.8 Development opportunities 3. CSR Strategy Report 3.1.2 Main CSR risks and challenges 3.1.2.1 Methodology for identifying key non-financial risks and challenges 3.1.2.3 Summary table of in'li's CSR issues, risks, indicators and objectives 3.1.2.4 In'li's contribution to Sustainable Development Goals
Ethics and integrity			
	102-16	Values, principles, standards, and norms of behaviour	Business model - In'li: intermediate housing serving the public interest 3. CSR Strategy Report 3.6 Guaranteeing ethical business practices and striving for ethical corporate governance
Governance			
	102-18	Governance structure	1.5 Organisation 1.5.1 Committed and experienced governance 5.1 Governance
Stakeholder involvement			
	102-40	List of stakeholder groups	3. CSR Strategy Report 3.1.2.1 Methodology for identifying key non-financial risks and challenges
	102-41	Collective bargaining agreements	1.5.2 Our teams 4.4.10 Provisions for contingencies and losses - Post-employment benefits 3. CSR strategy report 3.4 Adapting jobs to the requirements of the sector and the expectations of employees
	102-42	Identifying and selecting stakeholders	1.5.2 Our teams 3. CSR Strategy Report 3.1.2.1 Methodology for identifying key non-financial risks and challenges 3.2 Developing an affordable new housing offering near decision centres and employment hubs
	102-43	Approach to stakeholder engagement	1.5.2 Our teams 3. CSR Strategy Report 3.1.2.1 Methodology for identifying key non-financial risks and challenges 3.2 Developing an affordable new housing offering near decision centres and employment hubs
	102-44	Key topics and concerns raised	1.6.3 Combating fraud 1.6.4 Information system security and personal data protection 3. CSR Strategy Report 3.1.2 Main CSR risks and challenges 3.1.2.1 Methodology for identifying key non-financial risks and challenges 3.1.2.3 Summary table of in'li's CSR issues, risks, indicators and objectives

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GRI STANDARD	DISCLOSURE CONTENT	DESCRIPTION	SECTION NO. OR OMISSION
Reporting practices			
	102-45	Entities included in the consolidated financial statements	4.7.2.3 Scope of consolidation
	102-46	Defining report content and topic Boundaries	3. CSR Strategy Report 3.1.2.1 Methodology for identifying key non-financial risks and challenges Appendix 1: Methodological Note
	102-47	List of material topics	3. CSR Strategy Report 3.1.1 in'li's CSR strategy and governance 3.1.1.1 Key focuses of In'li's CSR strategy 3.1.2.1 Methodology for identifying key non-financial risks and challenges 3.1.2.3 Summary table of in'li's CSR issues, risks, indicators and objectives
	102-48	Restatements of information	3. CSR Strategy Report Appendix 1: Methodological Note
	102-49	Changes in reporting	3. CSR Strategy Report 3.1.1.1 Key focuses of In'li's CSR strategy Appendix 1: Methodological Note
	102-50	Reporting period	3. CSR Strategy Report Appendix 1: Methodological Note
	102-51	Date of most recent report	The last report was published in June 2021
	102-52	Reporting cycle	3. CSR Strategy Report Appendix 1: Methodological Note
	102-53	Contact point for questions regarding the report	Not mentioned
	102-54	Claims of reporting in accordance with the GRI Standards	3. CSR Strategy Report 3.1.1 in'li's CSR strategy and governance 3.1.1.1 Key focuses of In'li's CSR strategy 3.1.2.1 Methodology for identifying key non-financial risks and challenges
	102-55	GRI content index	This correspondence table
	102-56	External assurance	Appendix 2: Independent third party report

GRI STANDARD	DISCLOSURE CONTENT	DESCRIPTION	SECTION NO. OR OMISSION
Specific disclosures			
GRI 200: Economic guidelines			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	3. CSR Strategy Report 3.1.1.1. Key focuses of in'li's CSR strategy 3.1.2 Main risks and challenges
	103-2	The management approach and its component	1.3 Development strategy 1.4 Funding in'li's development 1.6 Risk management 1.7 Ownership structure 1.8 Development opportunities 3. CSR Strategy Report 3.1.1.2. CSR Governance 3.2 Developing an affordable new housing offering near decision centres and employment hubs
	103-3	Evaluation of the management approach	1.3 Development strategy 1.4 Funding in'li's development 1.6 Risk management 1.7 Ownership structure 1.8 Development opportunities 3. CSR Strategy Report 3.1.1.2. CSR Governance 3.2 Developing an affordable new housing offering near decision centres and employment hubs
Economic performance			
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	2.3 Financial overview
	201-2	Financial implications and other risks and opportunities due to climate change	2.1.12 Innovation 4.7.2.5.5 Operating risk
	201-4	Financial assistance received from government	2.6 Subsequent events 4.7.2.4.13 Government grants 4.3.7 Financing
Market presence			
GRI 202: Market presence	202-2	Proportion of senior management hired from the local community	Not mentioned
Indirect Economic Impacts			
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Not mentioned
	203-2	Significant indirect economic impacts	Not mentioned
Procurement Practices			
GRI 204: Procurement Practices – 2016	204-1	Proportion of spending on local suppliers	Not mentioned

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GRI STANDARD	DISCLOSURE CONTENT	DESCRIPTION	SECTION NO. OR OMISSION
Anti-Corruption			
GRI 205: Anti-Corruption	205-1	Operations assessed for risks related to corruption	1.6 Risk management 1.6.3 Combating fraud 4.7.2.5.4 Risk of fraud or corruption 3. CSR Strategy Report 3.6 Guaranteeing ethical business practices and striving for ethical corporate governance
	205-2	Communication and training about anti-corruption policies and procedures	1.6.3 Combating fraud 3. CSR Strategy Report 3.6 Guaranteeing ethical business practices and striving for ethical corporate governance
	205-3	Confirmed incidents of corruption and actions taken	3. CSR strategy report 3.6.2.1. Business ethics programme and promotion of an anti-fraud culture
Anti-competitive behaviour			
GRI 206: Anti-competitive behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	3. CSR Strategy Report 3.6.2.1. Business ethics programme and promotion of an anti-fraud culture
Taxes			
GRI 207: Taxes	207-1	Approach to tax	4.5.8 Income tax 4.6.2 Expenses non-deductible from income 4.7.2.4.11 Taxes
	207-2	Tax governance, control, and risk management	4.7.2.5.4 Risk of fraud or corruption
GRI 300: Environmental standards			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	3. CSR Strategy Report 3.1.1.1. Key focuses of in'li's CSR strategy 3.1.2 Main risks and challenges 3.5 Reducing our environmental footprint
	103-2	The management approach and its component	1.6 Risk management 1.8 Development opportunities 3. CSR Strategy Report 3.1.1.2. CSR Governance 3.5 Reducing our environmental footprint
	103-3	Evaluation of the management approach	1.6 Risk management 1.8 Development opportunities 3. CSR Strategy Report 3.1.1.2. CSR Governance 3.5 Reducing our environmental footprint 3.5.3 Our actions 3.5.4 Indicators

Materials			
GRI 301: Materials	301-1	Materials used by weight or volume	Not applicable
	301-2	Recycled input materials used	Initiative: the "Cycle Terre" project
	301-3	Reclaimed products and their packaging materials	Initiative: the "Cycle Terre" project
Energy			
GRI 302: Energy	302-1	Energy consumption within the organization	3. CSR Strategy Report 3.5 Reducing our environmental footprint
	302-3	Energy intensity	3. CSR Strategy Report 3.5 Reducing our environmental footprint
	302-4	Reduction of energy consumption	3. CSR Strategy Report 3.5 Reducing our environmental footprint
	302-5	Reductions in energy requirements of products and services	3. CSR Strategy Report 3.5 Reducing our environmental footprint
Water and effluents			
GRI 303: Water and effluents	303-1	Interactions with water as a shared resource	Not mentioned
	303-2	Water sources significantly affected by withdrawal of water	Not applicable
	303-3	Water recycled and reused	Not applicable
	303-4	Water withdrawal	Not applicable
	303-5	Water consumption	Not mentioned
Biodiversity			
GRI 304: Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	Not mentioned
	304-03	Habitats protected or restored	Not mentioned
Emissions			
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	3. CSR Strategy Report 3.5 Reducing our environmental footprint
	305-2	Energy indirect (Scope 2) GHG emissions	3. CSR Strategy Report 3.5 Reducing our environmental footprint
	305-3	Other indirect (Scope 3) GHG emissions	Not mentioned
	305-4	GHG emissions intensity	3. CSR Strategy Report 3.5 Reducing our environmental footprint
	305-5	Reduction of GHG emissions	3. CSR Strategy Report 3.5 Reducing our environmental footprint
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not applicable

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GRI STANDARD	DISCLOSURE CONTENT	DESCRIPTION	SECTION NO. OR OMISSION
Waste			
GRI 306: Waste	306-1	Water discharge by quality and destination	Not mentioned
	306-2	Waste by type and disposal method	Not mentioned
	306-3	Significant spills	Not mentioned
	306-4	Transport of hazardous waste	Not mentioned
	306-5	Water bodies affected by water discharges and / or runoff	Not mentioned
Environmental Compliance			
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	3. CSR Strategy Report 3.5 Reducing our environmental footprint 3.6 Guaranteeing ethical business practices and striving for ethical corporate governance
Supplier Environmental Assessment			
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Not mentioned
	308-2	Negative environmental impacts in the supply chain and actions taken	Not mentioned
GRI 400: Social disclosures			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	3. CSR Strategy Report 3.1.1.1. Key focuses of in'li's CSR strategy 3.1.2 Main CSR risks and challenges 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	103-2	The management approach and its component	1.5.2. Our teams 1.6 Risk management 1.8 Development opportunities 3. CSR Strategy Report 3.1.1.2. CSR Governance 3.2.3.2. An offer tailored to young and middle-class working people 3.2.3.3. Social support to help tenants stay in their homes 3.3 Guaranteeing a quality service for tenants 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	103-3	Evaluation of the management approach	1.5.2. Our teams 1.6 Risk management 1.8 Development opportunities 3. CSR Strategy Report 3.1.1.2. CSR Governance 3.2.3.2. An offer tailored to young and middle-class working people 3.2.3.3. Social support to help tenants stay in their homes 3.2.4 Indicators 3.3 Guaranteeing a quality service for tenants 3.4. Adapting jobs to the requirements of the sector and the expectations of employees 3.4.4 Indicators

GRI STANDARD	DISCLOSURE CONTENT	DESCRIPTION	SECTION NO. OR OMISSION
Employment			
GRI 401: Employment	401-1	New employee hires and employee turnover	3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not mentioned
	401-3	Parental leave	3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
Occupational health and safety			
GRI 403: Occupational health and safety	403-1	Occupational health and safety management system	1.5.2 Our teams 3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-2	Hazard identification, risk assessment, and incident investigation	1.5.2 Our teams 3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-3	Occupational health services	1.5.2 Our teams 3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-4	Worker participation, consultation, and communication on occupational health and safety	1.5.2 Our teams 3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-5	Worker training on occupational health and safety	1.5.2 Our teams 3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-6	Promotion of worker health	1.5.2 Our teams 3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-8	Workers covered by an occupational health and safety management system	1.5.2 Our teams 3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-9	Work-related injuries	Not mentioned
	403-10	Work-related ill health	Not mentioned
Training and education			
GRI 404: Training and education	404-1	Average hours of training per year per employee	1.5.2 Our teams 3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	404-2	Programs for upgrading employee skills and transition assistance programs	1.5.2 Our teams 3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	404-3	Percentage of employees receiving regular performance and career development reviews	3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees 3.4.4. Indicators

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GRI STANDARD	DISCLOSURE CONTENT	DESCRIPTION	SECTION NO. OR OMISSION
Diversity and equal opportunity			
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees 5.1.1.2 Modus operandi
	405-2	Ratio of basic salary and remuneration of women to men	3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees 3.4.4. Indicators
Non-discrimination			
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
Freedom of association and collective bargaining			
GRI 407: Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3. CSR Strategy Report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
Child Labour			
GRI 408: Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour	Not applicable
Forced or compulsory labour			
GRI 409: Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Not applicable
Security practices			
GRI 410: Security practices	410-1	Security personnel trained in human rights policies or procedures	Not mentioned
Human rights assessment			
GRI 412: Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	Not mentioned
	412-2	Employee training on human rights policies or procedures	Not mentioned
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not mentioned

GRI STANDARD	DISCLOSURE CONTENT	DESCRIPTION	SECTION NO. OR OMISSION
Local communities			
GRI 413: Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	2.1.7 Dynamic letting activity 3. CSR Strategy Report 3.2.3.3. Social support to help tenants stay in their homes 3.2.3.5. Concerted action with local stakeholders 3.4.3.2. Developing skills and career paths
	413-2	Operations with significant actual and potential negative impacts on local communities	Not mentioned
Supplier social assessment			
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	Not mentioned
	414-2	Negative social impacts in the supply chain and actions taken	Not mentioned
Public policy			
GRI 415: Public policy	415-1	Political contributions	3. CSR Strategy Report 3.6.2.1 Business ethics programme and promotion of an anti-fraud culture
Customer health and safety			
GRI 416: Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	3. CSR Strategy Report 3.3 Guaranteeing a quality service for tenants
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not mentioned
Marketing and labelling			
GRI 417: Marketing and labelling	417-1	Requirements for product and service information and labelling	Not applicable
	417-2	Incidents of non-compliance concerning product and service information and labelling	Not applicable
	417-3	Incidents of non-compliance concerning marketing communications	Not applicable
Customer privacy			
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not mentioned
Socio-economic compliance			
GRI 419: Socio-economic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	3. CSR Strategy Report 3.6 Guaranteeing ethical business practices and striving for ethical corporate governance

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◀ 35, Rue Archereau, Paris (Seine).

4.1 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4.1.1 BALANCE SHEET AT 31 DECEMBER 2021

ASSETS					
HEADING	NOTES	GROSS AMOUNT	DEPRECIATION, AMORTISATION & PROVISIONS	31/12/2021	31/12/2020
INTANGIBLE ASSETS					
Start-up costs	4.4.1	255,546	255,546		
Research and development costs					
Concessions, patents and similar rights	4.4.1	2,706,646	2,320,758	385,888	657,593
Goodwill	4.4.1	1		1	1
Other	4.4.1	20,721,065	3,513,276	17,207,789	9,045,086
Intangible assets in progress	4.4.1	2,773,179		2,773,179	1,858,920
Advances and downpayments					
PROPERTY AND EQUIPMENT					
Land	4.4.1	802,252,243	2,207,263	800,044,979	807,842,710
Buildings	4.4.1	2,989,863,834	1,064,308,280	1,925,555,554	1,944,446,715
Technical facilities, machinery & equipment	4.4.1	20,692,774	20,652,835	39,939	55,363
Other	4.4.1	14,835,818	6,213,134	8,622,684	8,261,831
Property and equipment in progress	4.4.1	852,309,434		852,309,434	997,601,087
Advances and downpayments					6,376
NON-CURRENT FINANCIAL ASSETS					
Investments in associates					
Other investments	4.4.2	301,625,811		301,625,811	104,898,876
Loans and advances to subsidiaries and affiliates	4.4.2	74,470		74,470	718,122
Long term portfolio securities					
Other long-term investments	4.4.2	25,109		25,109	6,301,633
Loans	4.4.2			15	15
Other non-current financial assets	4.4.2	4,535,082		4,535,082	4,377,565
TOTAL NON-CURRENT ASSETS		5,012,671,011	1,099,471,093	3,913,199,918	3,886,071,892
INVENTORIES AND WORK IN PROGRESS					
Raw materials, supplies	4.4.3	12,823,929	7,118,247	5,705,682	5,705,682
Property in production (in progress)	4.4.3	2,711,024		2,711,024	5,433,484
Services in production (in progress)					
Advances and prepayments on orders		202,983		202,983	1,042,146
RECEIVABLES					
Trade receivables	4.4.4	77,677,437	24,208,967	53,468,470	58,913,741
Other receivables	4.4.5	83,900,926		83,900,926	34,986,156
MARKETABLE SECURITIES					
Treasury shares					
Other securities	4.4.6	234,815,063	103,276	234,711,787	88,922,349
Cash instruments					
Cash and cash equivalents	4.4.6	262,335,924		262,335,924	51,846,099
Prepaid expenses	4.4.7	3,468,560		3,468,560	3,385,331
TOTAL CURRENT ASSETS		677,935,845	31,430,490	646,505,355	250,234,988
Deferred charges					
Loan redemption premiums to be amortised	4.4.8	1,162,500		1,162,500	1,317,500
Unrealized foreign exchange losses					
GRAND TOTAL		5,691,769,356	1,130,901,583	4,560,867,773	4,137,624,381

Equity and liabilities

HEADING	NOTES	31/12/2021	31/12/2020
Share capital	4.4.9	799,130,481	748,811,607
Additional paid-in capital	4.4.9	572,934,434	572,934,434
Revaluation reserve			
Legal reserve	4.4.9	74,881,161	61,333,100
Statutory or contractual reserves			
Untaxed reserves	4.4.9	4,582,904	4,582,904
Other reserves	4.4.9	422,248,939	422,248,939
Retained earnings	4.4.9	76,525,106	66,946,886
NET PROFIT OR (LOSS) FOR THE PERIOD	4.4.9	523,480,767	38,102,513
Investment grants and subsidies	4.4.9	35,668,879	40,067,246
Regulated provisions		113,434	92,755
TOTAL EQUITY		2,509,566,105	1,955,120,384
Provisions for contingencies	4.4.10	1,641,419	1,736,838
Provisions for losses	4.4.10	15,929,220	28,238,036
PROVISIONS FOR CONTINGENCIES AND LOSSES		17,570,639	29,974,874
NON-CURRENT BORROWINGS			
Other bonded debt	4.4.11	599,000,000	500,000,000
Borrowings from credit institutions	4.4.11	1,222,210,456	1,481,970,066
Miscellaneous borrowings and financial liabilities	4.4.11	30,710,463	33,864,816
Advances and prepayments received on orders in progress	4.4.12	25,102,895	24,349,634
OPERATING PAYABLES			
Trade payables	4.4.12	23,167,420	20,742,607
Tax and employee-related liabilities	4.4.12	47,787,930	25,181,536
SUNDRY PAYABLES			
Payables on non-current assets	4.4.12	26,660,595	15,813,900
Other payables	4.4.12	48,787,918	48,277,177
Deferred income	4.4.13	10,303,352	2,329,386
LIABILITIES		2,033,731,029	2,152,529,123
Unrealised foreign exchange gains			
GRAND TOTAL		4,560,867,773	4,137,624,381

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4.1.2 INCOME STATEMENT

HEADING	NOTES	31/12/2021	31/12/2020
Sale of goods			
Sale of property			
Sale of services		355,312,860	401,977,329
- o/w advances on service and maintenance charges		66,356,376	75,880,501
NET REVENUE	4.5.2	335,312,860	401,977,329
In-house production capitalised		768,323	(6,505,102)
Operating grants		150,779	64,974
Releases of amortisation and depreciation charges and provisions, expense transfers	4.5.4	12,815,892	3,528,541
Other income	4.5.5	1,831,566,419	46,571,680
Operating income		2,200,614,273	445,637,422
Purchases of raw materials and other supplies			
Change in inventories (raw materials)			
Other purchases and external expenses		142,700,081	147,863,742
Taxes other than income taxes		48,442,072	54,139,893
Wages and salaries		31,061,097	30,101,370
Social charges		16,766,051	16,348,317
ALLOCATIONS TO PROVISIONS			
On non-current assets: depreciation, amortisation and impairment	4.5.3	82,908,305	86,709,169
On non-current assets: provisions	4.5.3	156,169	223,914
On current assets: provisions	4.5.3	476,233	1,868,926
Net additions to provisions for contingencies and losses	4.5.3	417,209	151,443
Other expenses	4.5.5	1,111,191,843	21,960,623
OPERATING EXPENSES		1,434,119,061	359,367,397
OPERATING INCOME/(LOSS)		766,495,213	86,270,025
Income from investments in subsidiaries and affiliates			
Income from other marketable securities and receivables on non-current assets		867,659	14,095,838
Other interest and related income		3,104,210	877,257
Releases of Amortisation and depreciation charges and provisions, expense transfers			
Foreign exchange gains			
Net income on sales of short-term investments			123,025
FINANCIAL INCOME		3,971,869	15,096,120
Provisions for impairment of investments		192,255	177,196
Interest and similar charges		29,779,866	33,133,166
Foreign exchange losses			
Net expenses on sales of short-term investments			
FINANCIAL EXPENSE		29,972,120	33,310,361
NET FINANCIAL INCOME/(EXPENSE)	4.5.6	(26,000,252)	(18,214,241)
CURRENT INCOME BEFORE TAX		740,494,961	68,055,784
Non-recurring income on management transactions		1,054,403	1,088,682
Non-recurring income on capital transactions		2,532,257	44,729,780
Releases of amortisation and depreciation charges and provisions, expense transfers		3,405	144,645
TOTAL NON-RECURRING INCOME		3,590,066	45,963,107
Non-recurring expenses on management transactions		2,859,738	1,597,879
Non-recurring expenses on capital transactions		2,045,807	43,465,492
Non-recurring amortisation and depreciation charges and provisions		20,679	
TOTAL NON-RECURRING EXPENSES		4,926,224	45,063,370
NET NON-RECURRING INCOME (EXPENSE)	4.5.7	(1,336,158)	899,737
Employee profit-sharing		7,152,643	
Corporate income tax	4.5.8	208,525,393	30,853,008
TOTAL INCOME		2,208,176,208	506,696,649
TOTAL EXPENSES		1,684,695,441	468,594,136
PROFIT (LOSS)		523,480,767	38,102,513

4.1.3 STATEMENT OF CASH FLOWS

HEADING	31/12/2021	31/12/2020
NET INCOME	523,481	38,103
Net depreciation, amortisation and impairment expense	83,219	87,086
Provisions for contingencies and losses and regulated provisions	-12,385	-2,873
Reversal of grants	-5,206	-2,783
Gains or losses on disposals of non-current assets, net of income tax	-722,147	-18,351
Tax impact of disposals of long-term investments	205,162	18,332
Elimination of merger surplus		
GROSS OPERATING CASH FLOW	72,124	119,514
Inventories and work in progress	-459	6,515
Receivables and accruals	-29,179	-4,810
Payables and accruals	32,469	-31,822
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES	74,955	89,397
INVESTING ACTIVITIES		
Expenditure on acquisitions of intangible assets	-2,421	-2,052
Expenditure on acquisitions of property and equipment	-536,390	-569,125
Expenditure on acquisitions of equity investments	-203,986	-4,521
Proceeds from borrowings	-290	-1,028
TOTAL ACQUISITIONS OF NON-CURRENT ASSETS	-743,087	-576,726
Proceeds from disposals of property and equipment and intangible assets	1,150,749	29,243
Proceeds from disposals of equity investments		29,487
Repayment of loans granted	776	44
TOTAL PROCEEDS FROM DISPOSAL OF NON-CURRENT ASSETS	1,151,525	58,774
Impact of merger transactions		
NET CASH FLOW GENERATED FROM (USED IN) INVESTING ACTIVITIES	408,438	(517,952)
FINANCING ACTIVITIES		
Dividends paid	-14,907	-12,196
Increases in share capital and issue premiums	50,318	135,481
New borrowings	124,004	103,369
Repayment of borrowings	-287,926	-103,568
Investment grants received	1,387	-21
Advances received		36,000
Advances repaid		-65,000
NET CASH FLOW GENERATED FROM (USED IN) FINANCING ACTIVITIES	(127,124)	94,065
CHANGE IN CASH AND CASH EQUIVALENTS	356,270	-334,490
Net cash and cash equivalents at start of year	140,769	475,259
Net cash and cash equivalents at end of year	497,039	140,769

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4.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company financial statements are prepared in accordance with French generally accepted accounting principles based on the General Chart of Accounts as set out in ANC Regulation No. 2020-09 of 4 December 2020 issued by the French accounting standards authority (*Autorité des Normes Comptables*) amending ANC Regulation No. 2014-03.

The usual accounting conventions have been applied in compliance with the principle of prudence and:

- ◆ The going concern principle;
- ◆ The accrual basis principle;
- ◆ And the consistency principle.

Only material information is disclosed.

The basic method used to value items recorded in the accounting books is the historical cost method, with the exception of contributions recorded during the merger into OGIF (now known as in'li) of 34 limited property companies between 1973 and 1975, contributions in kind made by SIF DU LOGIS MODERNE to OGIF (now known as in'li) in 1998 and 1999, contributions recorded during the merger of SICB in 2007 and five real estate investment companies (SCIs) located in the Oise department in 2010, contributions recorded during the merger of SLP in 2016, and contributions recorded during the merger of the Ruisseau des Gains real estate investment company (SCI) in 2018.

4.3 SIGNIFICANT EVENTS OF THE YEAR AND SUBSEQUENT EVENTS

4.3.1 ALLOCATION OF 2020 NET INCOME AND DISTRIBUTION OF DIVIDEND

In accordance with the decision of the Annual General Meeting of 10 June 2021, net income for the year ended 31 December 2020 for a total amount of €38,102,513 was allocated as follows: €9,578,221 was allocated to retained earnings, €13,548,060 was allocated to the legal reserve and €14,976,232, or €0.03 per share, was paid out in dividends.

4.3.2 SHARE CAPITAL INCREASE

The Combined General Meeting of 10 June 2021 approved an increase in share capital for an amount of €50,318,874, from €748,811,607 to €799,130,481, through the issue of 33,545,916 new shares of €1.5 each.

This capital increase was fully subscribed by Action Logement Immobilier by means of a payment in cash.

4.3.3 CHANGES IN ACCOUNTING METHODS

Changes in accounting methods

None

Changes in presentation

None

4.3.4 DISPOSALS

Since 2020, gains or losses on disposals and/or contributions of assets in portfolio have been presented in operating income and no longer in non-recurring income. This presentation is intended to provide a more accurate reflection of the manner in which real estate assets are operated under in'li's strategic development plan which provides for regular disposals of assets in order to finance new operations, particularly the plan to produce 80,000 units of new housing.

- ◆ 15 units in Les Herbiers in a block sale to PODELIHA for an amount of €800k;
- ◆ 69 single-housing units for an amount of €17,299k;
- ◆ Land at Chatenay Malabry for an amount of €2,400k;
- ◆ 4 off-plan operations ceded to APEC Développement;
- ◆ Representing 300 units of housing for an amount of €63,451k.

These disposals generated pre-tax gains of €18,128k.

During 2021, aside from housing contributed to Foncière Cronos, in'li disposed of 84 units of housing:

4.3.5 DELIVERIES AND ACQUISITIONS

40 new operations comprising a total of 1,484 new units of housing were completed in 2021. The capitalised construction and land costs for these operations totalled €294,061k. These operations are located in:

◆ ISSY LES MOULINEAUX

C. Bernard
11 units of coliving accommodation.

◆ TRAPPES

J. Curie
10 units of off-plan housing

◆ BLANC MESNIL

Notre Dame
50 housing units

◆ VILLIERS SUR MARNE

Prunais
109 units of off-plan housing

◆ SÈVRES

Pavé des Gardes
15 housing units

◆ VILLEPINTE

Auguste Blanqui
12 units of off-plan housing

◆ VITRY SUR SEINE

Gabriel Péri
26 units of off-plan housing

◆ SANNOIS

8 mai 45
27 units of off-plan housing

◆ RUEIL MALMAISON

Arsenal
55 units of off-plan housing

◆ BAGNOLET

Général de Gaulle
45 units of off-plan housing

◆ MONTESSON

Martial Marigné
15 units of off-plan housing

◆ CHAMPIGNY

R. Marittimo
39 units of off-plan housing

◆ BAGNOLET

Gl. De Gaulle
331 units of student accommodation

◆ CHATOU

route Maisons Lafitte
23 units of off-plan housing

◆ NEUILLY SUR SEINE

Paul Emile Victor
31 units of off-plan housing (beneficial ownership)

◆ LIVRY GARGAN

Docteur Herpin
23 units of off-plan housing

◆ MARLY LE ROI

Champs des oiseaux
39 units of off-plan housing

◆ GAGNY

Chemin de Meaux
66 units of off-plan housing

◆ SAINT-DENIS

Boulevard d'Ornano
71 units of off-plan housing

◆ VILLEJUIF

Rohri
9 units of off-plan housing

◆ MEUDON

Paul Demange
38 units of off-plan housing

◆ NEUILLY SUR MARNE

Thoumoux
20 units of off-plan housing

◆ VILLEPINTE

Pépinrière
17 units of off-plan housing

◆ CLICHY

Mozart
12 units of off-plan housing

◆ VILLEPINTE

R. Ballanger
10 units of off-plan housing

◆ GAGNY

Aristide Briand
11 units of off-plan housing

◆ ATHIS-MONS

Rue nouvelle
54 units of off-plan housing

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◆ **LIVRY GARGAN**

Jean Jaurès
16 units of off-plan housing

◆ **L'ISLE ADAM**

Paul Thoureau
22 units of off-plan housing

◆ **DRANCY**

Adrien Froment
16 units of off-plan housing

◆ **BEZONS**

Saint Just
41 units of off-plan housing

◆ **VILLEJUIF**

Maxime Gorki
20 units of off-plan housing

◆ **COLOMBES**

Champy
71 units of off-plan housing

◆ **RUEIL MALMAISON**

Plateau
31 units of off-plan housing
(beneficial ownership)

◆ **FRESNES**

Montjean
38 units of off-plan housing

◆ **ALFORTVILLE**

Boulevard Carnot
7 units of off-plan housing

◆ **ACHÈRES**

C. Jenatzy
15 units of off-plan housing

◆ **VILLIERS SUR MARNE**

11 novembre
5 units of off-plan housing

◆ **COLOMBES**

G. Peri
17 units of off-plan housing

◆ **LE BLANC MESNIL**

Pasteur
16 units of off-plan housing

4.3.6 IN-KIND CONTRIBUTION OF ASSETS TO FONCIÈRE CRONOS

On 15 January 2021, in'li and AXA signed a long-term strategic partnership agreement to produce 20,000 units of new intermediate housing in the Paris region over the next ten years. This agreement was part of in'li's strategic plan to develop 80,000 units of new intermediate housing in supply-constrained areas of the Paris region over the next 10 years.

It came about as a result of three operations carried out on 15 January 2021:

- ◆ Mixed contribution in kind of 62 existing properties and 52 properties in development under off-plan agreements by in'li to Foncière Cronos [phase 1]. The value of the contributed assets totalled €1.2 billion. Following the increase in Foncière Cronos's capital resulting from the asset contribution, Foncière Cronos was allocated share capital of €62,100,167, divided into 62,100,167 shares with a nominal value of €1 each, all of which were owned in full by in'li.
- ◆ Contribution in kind of all the shares in Foncière Cronos to a holding company, Cronos, of which in'li is the sole shareholder [phase 2].

- ◆ 75% of the shares in Cronos were then ceded to Saturne Habitat 2, a company belonging to the AXA group, under the terms of a Memorandum of understanding signed on 29 July 2020, and subsequently amended on 3 December 2020 and on 17 December 2020 [phase 3].
- ◆ Contribution in kind by in'li to in'li Participations of its 25% stake in Cronos, i.e. 14,584,983 fully paid-up shares [phase 4]. In addition to this contribution of assets, on 24 June 2021, in'li ceded nine off-plan real estate programmes currently in development to Foncière Cronos for an amount of €30,291,000 (excluding VAT).

4.3.7 FINANCING

Following its first bond issue for an amount of €500 million in 2019, in'li organised a new €99 million public bond issue in November 2021. As for the first issue, the bond matures on 2 July 2029. The real interest rate is 0.74%, compared to 1.125% in 2019. The operation was arranged by NATIXIS and settlement/delivery and listing on the Euronext Paris bond market took place on 9 November 2021.

4.3.8 OPERATIONS WITH ANRU (FRENCH URBAN RENEWAL AGENCY)

Two urban renewal operations at Epinay 04 and Saint Denis 01 have now been completed and requests have been sent to ANRU for the outstanding balances due on grants for amounts of €1,510k and €3,177k, respectively. These amounts are recorded in off-balance sheet commitments.

4.3.9 COVID-19

Just like 2020, 2021 was also dominated by the Covid-19 pandemic. Throughout this period, as the pandemic spread, in'li took appropriate measures to ensure the continuity of its business while protecting the health of its employees. These measures did not have a material impact on either in'li's programmes, activities or revenue in 2021.

Following government orders to close non-essential businesses during the two lockdown periods, rent holidays were granted on commercial leases (€61k).

More generally, the other effects of the crisis on the financial statements concern movements in rents and recovery of arrears, the valuation and liquidity of real estate assets and investments, and liquidity. For in'li as a whole, the consequences of the pandemic and the exceptional measures deployed to deal with it have not significantly impacted the Company's business or its earnings in 2021. Moreover, for the present, the French residential housing market (and particularly the market in the Paris region) has not been impacted and there is absolutely no reason to doubt the Group's ability to continue as a going concern.

4.3.10 SUBSEQUENT EVENTS

Governance

On 1 January 2022, the composition of the Management Board changed following the resignation of Benoist Apparu. He was replaced as Chairman of the Management Board by Damien Robert. Antoine Pinel remains as Chief Executive Officer and member of the Management Board. Marie Lefebvre- Souce, CEO of in'li Property Management, Stéphanie Caulet, Deputy CEO – Clients & Assets division, and Emmanuelle Robin-Teinturier, Deputy CEO – Resources and Digital Transformation, joined the Management Board, which now comprises five members.

Situation in Ukraine

No material changes occurred in the Company's financial or commercial position between the end of the year and the date on which the financial statements were prepared.

Nevertheless, the military operations in Ukraine that began on 24 February 2022, and the sanctions imposed against Russia by many states are affecting international groups and will have an impact on the global economy.

Although in'li has no direct exposure in Ukraine or Russia, these events could impact its performance or the valuation and liquidity of the property portfolio it owns indirectly or directly. At the present time, these risks are not quantifiable and it is difficult to have any visibility over the medium or long-term impacts of the situation.

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4.4 NOTES TO THE BALANCE SHEET

4.4.1 NON-CURRENT ASSETS

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, controlled by an entity as a result of past events from which future economic benefits are expected to flow to the entity. It is identifiable when it is separable or arises from contractual or other legal rights.

Intangible assets are stated at cost (purchase price plus any ancillary expenses) and amortised over their expected useful life using the straight-line method. At 31 December 2021, intangible assets mainly consisted of:

INTANGIBLE ASSETS	GROSS AMOUNT	CARRYING AMOUNT	USEFUL LIFE
Start-up costs	255,546	0	1 year
Software, licenses and capitalised IT development costs	5,644,572	1,696,816	3 to 5 years
Usufruct (i.e., beneficial ownership) ⁽¹⁾	17,163,575	15,896,861	term of beneficial ownership
Other intangible assets	619,565	1	3 to 5 years
Intangible assets in progress	2,773,179	2,773,179	
TOTAL	26,456,437	20,366,857	

⁽¹⁾Corresponds to:

- usufruct on 6 units of a 12-unit operation in Rueil Malmaison delivered in 2015.
- usufruct on a 35-house operation in Saint Cyr delivered in 2018.
- usufruct on a 19-unit operation in Versailles delivered in 2020.
- usufruct on a 31-unit operation in Neuilly sur seine delivered in 2021.
- usufruct on a 31-unit operation in Rueil-Malmaison delivered in 2021.

Non-current assets – Construction leases and administrative long leases

Under a construction lease, the owner cedes the use of the land to a lessee who, in return, undertakes to build on and maintain the lessor's land in good condition for the entire term of the lease.

Over the term of the lease, in'li has a real, freely transferable property right. When the lease expires, ownership of the building reverts to the lessor.

Buildings held on a non-freehold basis are broken down by component in the same way as buildings held in freehold, with the exception of the building structure, which is depreciated over the construction lease term.

The Company's capitalised leases are as follows:

AREA	NUMBER OF HOUSING UNIT	START DATE	END DATE	TERM	RESIDUAL TERM
Pantin	68	01/09/1988	31/08/2058	70 years	37 years
Boulogne-Billancourt	38	29/06/1987	28/06/2039	52 years	18 years
Égly	178	08/07/1966	01/07/2036	70 years	15 years
Saint-Denis	100	28/10/1959	27/10/2057	99 years	36 years
Sceaux	33	25/01/1984	24/01/2049	65 years	27 years
Ablon-sur-Seine	18	12/11/1987	11/11/2057	70 years	36 years
Neuilly-sur-Seine	35	26/04/2013	25/04/2048	35 years	27 years
Levallois-Perret	24	13/12/1985	12/12/2025	40 years	4 years
Sceaux	offices	25/01/1984	24/01/2049	65 years	27 years

Non-current assets – Investment property

Investment property is property (land or buildings) held to earn rentals.

Land is stated at cost (purchase price plus any ancillary expenses). For off-plan acquisitions, the value of land is calculated using a price scale for each different locality. Buildings are measured at cost plus notarial fees and registration fees, or at their transfer value and broken down by component. The allocation basis follows the guidelines and recommendations of the French Scientific and Technical Centre for Building (CSTB) for social housing companies (ESH).

When components are renovated and/or upgraded, the components initially recorded in non-current assets are derecognised.

Depreciation of buildings

For new buildings, expenses are allocated based on actual costs when these can be determined. If this is not possible – for off-plan acquisitions and acquisitions from old property portfolios for example – expenses are allocated based on the CSTB table below.

COMPONENT	USEFUL LIVES	ALLOCATIVE KEYS: COLLECTIVE HOUSING	ALLOCATIVE KEYS: STANDALONE HOUSING
Lifts	15 years	2.80%	
Collective heating systems	25 years	3.20%	
Standalone heating systems	15 years	3.20%	3.20%
External joinery	25 years	3.30%	5.40%
Waterproofing work	15 years	1.10%	
Rendering	15 years	2.10%	2.70%
Electricity	25 years	5.20%	4.20%
Plumbing	25 years	4.60%	3.70%
Structure	50 years	remainder	remainder

Reconstruction and improvement work on roads and amenities, neighbourhood enhancement and redevelopment of outdoor spaces are capitalised under "Outdoor spaces" and written down over 20 years.

The useful lives of buildings from mergers that took place in previous periods have not been amended. Consequently, the structure component is depreciated over a period of between 40 and 60 years. New property is written down over 50 years.

Valuation of investment property

In'li's property portfolio is valued every year by an independent real estate appraiser, BPCE Expertises Immobilières.

The appraiser calculates the market value of each property at the reporting date. The market value is the most likely price obtainable on the market at the valuation date under reasonable conditions.

At 31 December 2021, the portfolio was measured using three different sets of assumptions. Depending on the assumption chosen, the valuations were as follows (excluding taxes and duties):

Provision for impairment of investment property

In'li carries out impairment testing by comparing the net book value of the buildings of each operation with the valuations performed by BPCE Expertises Immobilières.

When there is a prolonged and material unfavourable difference between the appraisal value (excluding taxes and duties) and the net book value (net of investment grants) for a given real estate operation, an impairment loss provision is recognised for the difference.

		12/2021	12/2020	12/2020 (LIKE-FOR-LIKE BASIS)
Assumption 1	"block sale" value; based on continued use and current occupancy	€7,927 million	€8,692 million	€7,612 million
Assumption 2	"unit sale" value; based on continued use and current occupancy	€8,859 million	€9,726 million	€8,513 million
Assumption 3	"unit sale" value; rented at the market rental value	€10,216 million	€11,246 million	€9,827 million

Other property and equipment

Other property and equipment is depreciated using the straight-line method. It includes the following:

OTHER PROPERTY AND EQUIPMENT	USEFUL LIFE
Technical facilities	10 to 20 years
Machinery & equipment	5 years
Fixtures and fittings	10 years
Transport equipment	5 years
Office and IT equipment	5 years
Office furniture	5 years

As the depreciation schedules of merged entities have been maintained, useful lives may be different in certain cases.

Movements in property and equipment and intangible assets

(in €)	12/2020	ACQUISITIONS AND ADDITIONS TO CHARGES	DISPOSALS AND RELEASES	ASSETS CONTRIB. TO FONCIÈRE CRONOS	RECLASSIFICATIONS	12/2021
Intangible assets (gross amount)	16,431,597			-1,943,430	9,195,091	23,683,258
Land	810,795,085		-859,798	-72,745,206	65,062,160	802,252,243
Rental property	2,920,461,212		-5,562,591	-297,304,421	235,571,538	2,853,165,738
Improvement work	129,239,713		-34,889	-24,930,154		104,274,670
Construction leases	32,310,665				112,761	32,423,426
Miscellaneous non-current assets ⁽²⁾	40,855,260	445,683	-2,475,557	-7,215,912	3,919,118	35,528,592
Intangible assets in progress	1,858,920	2,420,561			-1,506,302	2,773,179
Property and equipment in progress	997,601,087	546,789,270	-63,274,636	-309,689,036	-319,117,251	852,309,434
Advances and downpayments on non-current assets	6,376		-6,376			
TOTAL GROSS VALUE	4,949,559,915	549,655,514	-72,213,847	-713,828,158	-6,762,885	4,706,410,540
Amort./Prov. on intangible assets	-6,728,915	-1,304,094		1,943,430		-6,089,580
Deprec./prov. on rental property	-1,004,637,236	-78,958,134	3,540,799	126,494,166		-953,560,405
Deprec./prov. on improvement work	-124,041,644	-292,455	31,083	24,172,242		-100,130,774
Deprec./prov. on construction leases	-11,838,369	-985,996				-12,824,365
Deprec./prov. on miscellaneous non-current assets	-32,538,066	-1,523,795	769,508	6,426,385		-26,865,969
Deprec./prov. on property and equipment in progress						
TOTAL DEPRECIATION, AMORTISATION AND PROVISIONS	-1,179,784,231	-83,064,474	4,341,390	159,036,222		-1,099,471,093
CARRYING AMOUNT	3,769,775,682	466,591,040	-67,872,457	-554,791,936	-6,762,885	3,606,939,447

⁽²⁾includes merger deficit of €4,300k.

The assets contributed to SAS Foncière CRONOS comprise 62 existing properties and 52 properties in development under off-plan agreements plus work in progress on the existing property portfolio for an amount of €3,318k.

Gross values of fixed assets decreased by an amount of €243,149k mainly as a result of assets contributed to Foncière CRONOS (-€713,828k), partially offset by new builds for rent (€235,572k) and land (€65,062k) following deliveries made during the period.

Derecognised assets correspond to the disposal of housing referred to in Note 4.3.4 and the replacement of components.

4.4.2. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are stated at cost (purchase price plus any ancillary expenses) or at their transfer value. If necessary, a provision for impairment is recognised.

Non-current financial assets mainly comprise equity investments, loans and advances to subsidiaries and affiliates and security deposits.

(in €)	12/2020	INCREASE	CONTRIB. TO CRONOS	DECREASE	RECLASSIFICATIONS	12/2021
NET NON-CURRENT FINANCIAL ASSETS	116,296,211	44,911,872	145,829,823	-777,435		306,260,471
Gross amounts	116,296,211	44,911,872	145,829,823	-777,435		306,260,471
Equity investments ⁽³⁾	104,898,876	44,622,131	145,829,823	-19	6,275,000	301,625,811
Other loans and receivables due from subsidiaries and affiliates ⁽⁴⁾	718,122	2,848		-646,500		74,470
Other long-term investments ⁽⁵⁾	6,301,633			-1,524	-6,275,000	25,109
Other non-current financial assets (gross amounts) ⁽⁶⁾	4,377,580	286,893		-129,392	0	4,535,082
Impairment provisions	0	0	0	0	0	0
on equity investments	0	0	0	0	0	0
on other non-current financial assets (gross amounts)	0	0	0	0	0	0

⁽³⁾ Contributions to Cronos: in 'li's 25% stake in Foncière Cronos arising from in-kind contributions is carried by in 'li Participations and represents an amount of €145,829k.

⁽⁴⁾ The increase in equity investment corresponds to the increase in the share capital of APEC Développement (€8,119k) and of in 'li Participations (€36,501k).

⁽⁵⁾ Used to record the balance of the amount paid to fund the working capital of GIE ASTRIMMO. The €646,500 loan granted to Terrae Optimae in 2020 has been repaid.

⁽⁶⁾ The units in the Terrae Optimae investment fund to convert offices into housing units have been reclassified as equity investments.

⁽⁶⁾ This heading is used to record working capital payments made to property management agencies (€2,031k) and the security deposit paid for the Tour Ariane premises (€1,165k).

4.4.3 INVENTORIES AND WORK IN PROGRESS

Buildings used in commercial property development are recognised in inventories at their acquisition or full cost. If there is an indication that the future resale value may be impaired, an impairment loss is recognised for the difference. Any provision for the impairment of land values is calculated based on their expert appraisal value.

Seven other property development projects are in progress for a total of €2,711,024. No new operations were launched in 2021.

Property under construction was reclassified following in 'li's decision to manage the operations concerned directly.

Land in inventory comprises:

- ◆ Several plots in Chatou totalling 13,750 sq.m. valued at €700,906, and a plot in Cannes valued at €350k;
- ◆ Several plots in Domont totalling 868,720 sq.m valued at €11,739,614, and a 27,241 sq.m plot in Moisselles valued at €381,911. Provisions of €6,761,005 and €356,094, respectively, have been accrued.

(in €)	12/2020	INCREASE	DECREASE	RECLASSIFICATIONS	12/2021
INVENTORIES	11,139,166	765,314		-3,487,774	8,416,706
Land in inventory	12,820,920	3,009			12,823,929
Impairment of land in inventory	-7,115,238	-3,009			-7,118,247
Property development inventories	5,433,484	765,314		-3,487,774	2,711,024
Impairment of other inventories					

4.4.4 RENT AND OTHER RECEIVABLES

Receivables are recorded at face value.

Rent receivables comprise:

- Outstanding rents and service and maintenance charges at 31 December 2021 (€53,845k);
- Adjustments to unbilled service and maintenance charges corresponding to the difference between prepaid charges called and actual final expenditure (€18,107k).

Other receivables primarily consist of:

- The balance due on the off-plan sales of three property developments located in Viroflay, Montreuil and Villeparisis for a total of €3,856k. The outstanding balances are paid up on a percentage of completion basis.
- Accrued project management consultancy fees payable by FoncièreCRONOS and Apec Développement (€1,406k).

(in €)	12/2021	12/2020	Δ
TRADE RECEIVABLES, NET	53,468,470	58,913,741	-5,445,271
Rents owed by sitting tenants	27,378,154	31,992,340	-4,614,186
Rents owed by former tenants	26,438,055	27,769,599	-1,331,544
Rents owed by tenants covered by delegated management agreements	28,737	27,593	1,144
Service and maintenance charges to be regularised	18,107,214	22,190,557	-4,083,343
Gross rents and other receivables	71,952,160	81,980,089	-10,027,929
Provisions for impairment of rents owed by sitting tenants	-4,283,391	-4,223,857	-59,534
Provisions for impairment of rents owed by former tenants	-19,900,825	-19,484,126	-416,699
Provisions for impairment of rent and other receivables	-24,184,216	-23,707,983	-476,233
CARRYING AMOUNT OF RENT AND OTHER RECEIVABLES	47,767,944	58,272,107	-10,504,162
Other trade receivables (gross amount)	5,725,276	667,247	5,058,029
Provisions for impairment of other trade receivables	-24,751	-25,613	862
CARRYING AMOUNT OF OTHER TRADE RECEIVABLES	5,700,525	641,634	5,058,891

Rent receivables are due in less than one year.

Other receivables due in less than one year amount to €4,015,930 and those due in one to five years amount to €1,709,346.

Provision for impairment of rent receivables

The provision for impairment of rent receivables is calculated using a statistical method based on the non-recovery rates for rent arrears due from sitting tenants and from former tenants (i.e., tenants who have vacated the property).

For tenants who have vacated the property, the non-recovery rate has been analysed over a six-year period following the departure of the tenants in question. At 31 December 2021, the average non-recovery rate was 75.00% (70.70% at 31 December 2020), calculated based on arrears at the end of 2010, 2011, 2012, 2013, 2014 and 2015.

For sitting tenants, the percentage of people who were in arrears and who left their properties without paying off these arrears was calculated. It corresponds to the ratio of the total amount of arrears on the date the tenants left to the average amount of arrears of sitting tenants, calculated based on arrears between 2016 and 2021. It came out at 42.3% at 31 December 2021 versus 38.2% in 2020.

The rate obtained was then multiplied by the non-recovery rate for arrears due from former tenants to determine the coverage rate for the arrears of sitting tenants. This rate came out at 31.73% at 31 December 2021 (27.01% at 31 December 2020).

The amount of the provision for impairment of rent receivables from tenants who are individual persons is €23,061,615.

Provisions for rent receivables from legal entities are calculated on a case-by-case basis. This provision stood at €1,122,601 at 31 December 2021. The total provision for impairment of rent receivables therefore stands at €24,184,216.

4.4.5 OTHER RECEIVABLES

(in €)	12/2021	12/2020	Δ
OTHER RECEIVABLES (NET)	83,900,926	34,986,156	48,914,770
Grants receivable ⁽⁷⁾	84,318	691,770	-607,452
Receivables on disposals of non-current assets	2,456,582	21,000	2,435,582
Calls for funds from property management agencies & building ownership associations	5,963,711	6,801,831	-838,120
Receivables from Group and associates ⁽⁸⁾	62,039,306	18,530,506	43,508,800
Tax and social security receivables	1,366,267	1,971,057	-604,790
Other receivables (gross amount) ⁽⁹⁾	11,990,742	6,969,992	5,020,750
Provision for impairment in value			

⁽⁷⁾ Grants receivable to finance new programmes.

⁽⁸⁾ Receivables as associate or from Group entities, mostly consisting of an advance given to Apec Résidence for €3,482k, an advance given to Apec Développement for €5,562k, and an advance given to in'li Participations for an amount of €38,415k.

⁽⁹⁾ Other receivables (gross amount) mainly concern miscellaneous income receivable, amounts rebilled for the in'li SUPPORTS joint venture and miscellaneous receivables.

All receivables are due in less than one year.

4.4.6 CASH AND CASH EQUIVALENTS (INCLUDING MARKETABLE SECURITIES)

Short-term investments are stated in the balance sheet at cost. A provision for impairment loss is recognised if their disposal value is less than their carrying amount.

Bank overdrafts are stated in current liabilities in "Borrowings from credit institutions". ⁽¹⁰⁾

(in €)	12/2021	12/2020	Δ
CASH AND CASH EQUIVALENTS	497,150,987	140,834,469	356,316,518
Short-term investments	234,815,063	88,988,370	145,826,693
Cash at bank and cash on hand	262,335,924	51,846,099	210,489,825
Bank overdrafts (in liabilities)	-8,692		-8,692
Net cash and cash equivalents	497,142,295	140,834,469	356,307,826
Provision for impairment of investments	-103,276	-66,022	-37,254

4.4.7 PREPAID EXPENSES

(in €)	12/2021	12/2020	Δ	DUE IN < 1 YEAR	DUE IN 1 TO 5 YEARS	DUE IN > 5 YEARS
PREPAID EXPENSES	3,468,560	3,385,331	83,229	1,473,685	260,602	1,734,273

Prepaid expenses mainly include prepaid rent on the construction lease for the Neuilly-sur-Seine project with a termination date in 2048 (€2,042k) and first-quarter 2022 rent on Tour Ariane (€1,141k).

4.4.8 BOND ISSUING CHARGES

(in €)	12/2021	12/2020	Δ
BOND ISSUING CHARGES	1,162,500	1,317,500	-155,000

This concerns the €1,550k issue premium for the €500,000 bond loan. It is amortised over the term of the loan, i.e. 10 years (from 2/7/2019 to 2/7/2029). The charge recorded for 2021 amounted to €155,000.

4.4.9 SHAREHOLDERS' EQUITY

At 31 December 2021, the Company's share capital comprised 532,753,654 shares each with a par value of €1.50.

(in €)	12/2020	SHARE CAPITAL INCREASE	ALLOCATION OF NET INCOME (LOSS) FOR 2020	NET INCOME (LOSS) FOR THE YEAR	OTHER MOVEMENTS	12/2021
EQUITY	1,955,120,384	50,318,874		523,480,767	-4,377,688	2,509,566,105
Share capital	748,811,607	50,318,874				799,130,481
Additional paid-in capital	572,934,434					572,934,434
Reserves	488,164,943		13,548,060			501,713,004
Retained earnings	66,946,886		9,578,221			76,525,106
Net income (loss) for the year	38,102,513		-38,102,513	523,480,767		523,480,767
Investment grants and subsidies	40,067,246				-4,398,367	35,668,879
Regulated provisions	92,755				20,679	113,434
Dividends distributed			14,976,232			

The capital increase of €50,318,874 was fully subscribed by Action Logement Immobilier in cash.

Grants

Grants used to finance depreciable fixed assets are written back to profit and loss on a straight-line basis over the useful life of the depreciable fixed asset concerned.

4.4.10 PROVISIONS FOR CONTINGENCIES AND LOSSES

Post-employment benefits

Post-employment benefits for employees are mostly covered by an externally managed defined benefit pension plan. A provision is recognised for any amounts not covered.

The amount of post-employment benefit commitments is calculated based on various criteria that are reviewed annually, including the employee turnover rate (adm = 2.96%, PIME = 2.63%, PIMG = 1.08%), employee wage growth (adm = 2.61%, PIME = 1.32%, PIMG = 1.57%), the discount rate (0.89%), and the payroll tax rate (adm = 61.44%, PIME = 53.16%, PIMG = 55.84%).

The average retirement age used is 62.

At 31 December 2021, post-employment benefit commitments amounted to €10,049,384. A provision of €2,049,517 was released, bringing the provision for the amount not covered in the main defined benefit plan (retirement indemnities plan) to €3,094,803.

A collective bargaining agreement concerning employee status was signed in October 2018 that impacts the calculation of retirement benefits. Consequently, "a closed group" was set up for employees who meet certain age and length of service criteria.

* adm: administrative staff
** PIME: building support staff (employees)
*** PIMG: building support staff (caretakers)

Length-of-service awards

At 31 December 2021, the provision for length-of-service amounted to €874,329.

(in €)	12/2020	ADDITIONS	REVERSALS	12/2021	O/W AMOUNTS REVERSED FOR UTILISED PROVISIONS
PROVISIONS FOR CONTINGENCIES AND LOSSES	29,974,874	414,200	-12,818,435	17,570,639	-11,613,992
Prov for retirement indemnities, pensions and long-service awards ⁽¹⁰⁾	6,208,384		-2,239,252	3,969,132	-789,619
Provisions for property taxes (mergers) ⁽¹¹⁾	20,955,625		-10,217,564	10,738,061	-10,217,564
Provisions for ANRU charges	575,000	148,000		723,000	
Other provisions for contingencies and losses ⁽¹²⁾	2,235,865	266,200	-361,619	2,140,446	-606,809

⁽¹⁰⁾ The provision for retirement indemnities decreased by an amount of €2,050k, due mainly to the transfer of employees to in'li PM. The amount paid into an external savings fund totalled €6,955k.

⁽¹¹⁾ Provisions for property taxes fell by an amount of €10,217k following the contribution of assets to Foncière CRONOS.

⁽¹²⁾ Other provisions for contingencies and losses mainly cover various legal disputes.

4.4.11 FINANCIAL LIABILITIES

Borrowings costs directly attributable to the acquisition or construction of a qualifying asset are included in the cost of that asset.

(in €)	12/2020	ADDITIONS	REPAYMENTS	ASSETS CONTRIBUTED TO FONCIÈRE CRONOS	12/2021
FINANCIAL LIABILITIES	2,015,834,882	124,011,153	-275,661,501	-12,263,616	1,851,920,919
Bond issuance	500,000,000	99,000,000			599,000,000
PEEC loans	271,510,762	1,590,000	-56,022,292		217,078,470
CFF loans	101,552,122		-26,458,191		75,093,931
CDC loans	65,723,416	3,033,408	-1,426,108		67,330,716
Crédit Agricole loans	320,940,340		-26,641,730	-11,511,426	282,787,184
Caisse d'Épargne loans	284,143,125	4,805,042	-51,592,516		237,355,651
Société Générale loans	46,637,960		-24,672,671		21,965,289
Renewable loan facilities	50,000,000		-50,000,000		0
Other borrowings	329,842,626	805,853	-20,098,460	-752,190	309,797,829
Accrued interest	11,619,715	10,792,695	-11,619,716		10,792,694
Short-term borrowings		8,692			8,692
Borrowings from credit institutions	1,981,970,066	120,035,690	-268,531,684	-12,263,616	1,821,210,456
Security deposits	27,704,440	3,975,463	-6,530,624		25,149,279
Other	6,160,376		-599,193		5,561,183
Miscellaneous financial liabilities	33,864,816	3,975,463	-7,129,817		30,710,463

New borrowings to finance new projects amounted to €109,234k. These included a new €99,000k bond issue paid down in November 2021 at a real interest rate of 0.74%.

Borrowings and other financial liabilities repaid during the year amounted to €257,511k, including an amount of €50 million under the syndicated credit facility.

Borrowings on assets ceded to Foncière Cronos were transferred onto the books of Foncière Cronos for an amount of €12,264k.

Moreover, the engagement contracted under the syndicated credit facility signed in 2018 with a consortium of French and international banks was reduced from €800 million to €600 million.

In'li's main banking partners are Caisse d'Épargne, Crédit Agricole, Action Logement and Banque Postale, who account for 51% of outstanding borrowings, down 5% year on year due to:

- ♦ The €99 million bond issue paid down in November 2021;
- ♦ Early loan repayments in 2021 totalling €155 million.

FINANCIAL LIABILITIES BY MATURITY (IN EUROS)	END-2021	BETWEEN 1 AND 5 YEARS		
		< 1 YEAR		> 5 YEARS
TOTAL FINANCIAL LIABILITIES	1,851,920,918	71,932,025	244,741,419	1,535,247,473
PEEC loans	217,078,470	13,367,146	53,589,966	150,121,358
CFF loans	75,093,931	3,859,665	13,264,564	57,969,702
CDC loans	67,330,716	1,467,405	5,990,929	59,872,382
Crédit Agricole loans	282,787,184	12,278,756	49,003,530	221,504,898
Caisse d'Épargne loans	237,355,651	13,440,342	55,762,910	168,152,399
Société Générale loans	21,965,289	1,849,125	4,884,830	15,231,333
Bond issuance	599,000,000			599,000,000
Renewable loan facilities				
Other borrowings	309,797,829	14,462,913	60,597,805	234,737,111
Accrued interest on borrowings & long-term liabilities	10,792,694			
Bank accounts in credit	8,692	8,692		
Borrowings from credit institutions	1,821,210,456	71,526,738	243,094,534	1,506,589,184
Security deposits	25,149,279	25,149,279		25,149,279
Other	5,561,183	405,287	1,646,885	3,509,011
Miscellaneous financial liabilities	30,710,463	405,287	1,646,885	28,658,290

TYPE OF INTEREST RATE	AMOUNT OUTSTANDING		%
Fixed	1,239,136,872		68.2%
Indexed	576,833,381		31.8%

At 31 December 2021, the average maturity of in'li's debt was 9 years and 4 months. There are no significant repayment deadlines over the next five years because 67% of outstanding debt is amortisable. The next significant repayment milestone is €599 million of bonded debt due in 2029.

Concerning in'li's interest rate management policy:

- ◆ Over 68% of debt is at fixed rates;
- ◆ Nearly one-third of the debt is indexed to the interest rate paid to holders of French passbook savings accounts (Livret A). Although this is a variable rate, it is regulated by the French State, which is not directly subject to market trends;
- ◆ 3% of debt is indexed to variable monetary rates (Euribor, Eonia), and 1% is hedged by caps and collars.

This means that only 2% of in'li's debt is at variable rates and actually exposed to a rise in interest rates.

4.4.12 CURRENT LIABILITIES

(in €)	12/2021	12/2020	Δ
TRADE PAYABLES	49,828,015	36,556,507	13,271,508
Trade payables	23,167,420	20,742,607	2,424,813
Amounts owed to property developers	26,660,595	15,813,900	10,846,695
OTHER SHORT-TERM LIABILITIES	121,678,743	97,808,347	23,870,395
TENANTS AND ADJUSTMENTS TO CHARGES WITH CREDIT BALANCES ⁽¹³⁾	25,102,895	24,349,634	753,261
Tenants with credit balances	1,979,532	1,744,539	
Service and maintenance charges to be adjusted	23,123,363	22,605,095	
EMPLOYEE-RELATED LIABILITIES	19,617,031	11,995,448	7,621,583
Provision for paid leave and time saving accounts	7,075,859	7,226,281	
Provision for employee profit-sharing + charges	9,396,530		
Provision for incentive bonuses + charges		1,873,047	
Other employee-related liabilities	3,144,642	2,896,120	
Tax liabilities	23,123,519	8,400,742	14,722,777
Corporate income tax	5,988,940		
Value added tax	8,058,354	4,066,442	
Other tax-related liabilities	9,076,225	4,334,300	
Grants for operations with ANRU ⁽¹⁴⁾	5,047,379	4,785,346	262,033
Sundry payables ⁽¹⁵⁾	48,787,918	48,277,177	510,741

⁽¹³⁾ The amount of service and maintenance charge accounts in credit awaiting regularisation is €25,103k. This amount is partially offset by accounts in debit awaiting regularisation for an amount of €18,207k (Note 4.4.4).

⁽¹⁴⁾ Correspond mainly to advances received from the ANRU for programmes in Epinay and Saint Denis.

⁽¹⁵⁾ Action Logement Immobilier paid over a current account advance of €36,000k at end-December 2020. This amount may be used to subscribe to an increase in in'li's share capital in 2023. It has been granted at the interest rate paid on Livret A passbook accounts - 175 basis points with a floor of 0%.

4.4.13 DEFERRED INCOME

(in €)	12/2021	12/2020	Δ	DUE IN < 1 YEAR	DUE IN 1 TO 5 YEARS	DUE IN > 5 YEARS
DEFERRED INCOME	10,303,352	2,329,386	7,973,966	508,407	6,894,766	2,900,179
Construction lease payments 2011 to 2064 - SEQENS	2,197,472	2,248,576		51,104	153,312	1,993,056
Off-plan agreement - 22 units of housing in Montreuil	3,431,115				3,431,115	
Off-plan agreement - 10 units of housing in Villeparisis	1,403,683				1,403,683	
Off-plan agreement - 4 units of housing in Viroflay	422,400				422,400	
Deferred interest rate differential on €99 million bond issue	2,767,872			376,493	1,484,256	
Other	80,810	80,810		80,810		

Concerns:

- ◆ Advance lease payments from SEQENS (€2,197k) following an extension to an administrative long lease in 2010 on land located in the 20th arrondissement of Paris;
- ◆ Three property developments contractualised in 2021.

4.4.14 OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments at 31 December 2021 were as follows:

<i>(in thousands of euros)</i>	12/2021	12/2020
COMMITMENTS GIVEN		
Mortgages and lender's liens	816,010	931,707
Sureties		
Signed acquisition agreements to be settled	66,482	61,924
Off-plan agreements to be settled	825,810	1,212,589
Share subscriptions ⁽¹⁶⁾	26,675	28,725
Payment of loan ⁽¹⁶⁾	14,354	14,354
TOTAL COMMITMENTS GIVEN	1,749,331	2,249,299
COMMITMENTS RECEIVED		
Bank guarantees and financial guarantees ⁽¹⁷⁾	15,672	27,869
Guarantees from suppliers	20,475	19,673
Loans receivable	922,815	1,076,497
Grants receivable (ANRU)	4,687	8,344
Off-plan builders' commitments	825,810	1,212,589
Signed sale agreements to be settled	3,444	4,510
TOTAL COMMITMENTS RECEIVED	1,792,903	2,349,482

⁽¹⁶⁾ Commitment to subscribe to the Terrae Optimae land development fund to convert offices into housing units (see Note 4.4.2).

⁽¹⁷⁾ Bank guarantees for property reservation agreements.

4.4.15 BREAKDOWN OF ACCRUED EXPENSES AND INCOME RECEIVABLE

<i>(in thousands of euros)</i>	12/2021	12/2020
BREAKDOWN OF ACCRUED EXPENSES		
Borrowings and financial liabilities	10,793	11,620
Advances and downpayments	23,073	22,605
Payables on non-current assets	8,890	7,403
Trade payables	15,636	14,156
Tax and employee-related liabilities	20,230	11,540
Other payables	2,875	4,523
TOTAL ACCRUED EXPENSES	81,497	71,847
BREAKDOWN OF INCOME RECEIVABLE		
Trade receivables	18,368	20,088
Other receivables	5,127	3,352
Grants receivable	113	692
Marketable securities	223	396
TOTAL INCOME RECEIVABLE	23,831	24,528

4.5 NOTES TO THE INCOME STATEMENT

4.5.1 CALCULATION OF INCOME

<i>(in €)</i>	12/2021	12/2020	Δ
Operating income/(loss)	766,495,213	86,270,026	680,225,187
Financial income (expense)	-26,000,252	-18,214,241	-7,786,011
Net non-recurring income (expense)	-1,336,158	899,736	-2,235,894
Employee profit-sharing	-7,152,643		-7,152,643
Corporate income tax expense	-208,525,393	-30,853,008	-177,672,385
NET PROFIT	523,480,767	38,102,513	485,378,254

4.5.2 REVENUE

<i>(in €)</i>	12/2021	12/2020	Δ
REVENUE & REBILLABLE CHARGES	355,312,860	401,977,329	-46,664,469
Rental income from dwellings	260,648,292	288,838,416	-28,190,124
Rental income from parking spaces	13,187,206	13,844,190	-656,984
Commercial and office lease income	4,465,446	5,006,222	-540,776
Household charges	800,700	798,142	2,558
Property development projects ⁽¹⁸⁾		16,102,592	-16,102,592
Fees	5,891,400	96,140	5,795,260
Other	3,963,441	1,411,126	2,552,315
Rebillable service and maintenance charges	66,356,376	75,880,501	-9,524,125

⁽¹⁸⁾ No operations delivered in 2021 (Jean Leclair operation in Paris 17th arrondissement delivered in 2020).

The €29,388k drop in revenue in 2021 is attributable to properties contributed to Foncière CRONOS on 15 January 2021. Under the terms of agreements entered into with Foncière CRONOS and APEC Développement, in'li is paid finders' fees as well as project management fees and fees for monitoring new builds.

These fees amounted to €5,891k in 2021: €4,269k billed to Foncière CRONOS and €1,622k billed to APEC Développement.

4.5.3 DEPRECIATION, AMORTISATION AND PROVISIONS

<i>(in €)</i>	12/2021	12/2020	Δ
ADDITIONS TO DEPR, AMORT & PROV	83,957,916	88,953,452	-4,995,536
Additions to depreciation/amortisation of non-current assets	82,908,305	86,709,169	-3,800,864
Additions to provisions for impairment of non-current assets	156,169	223,914	-67,745
Additions to provisions for impairment of rent receivables	476,233	1,868,926	-1,392,693
Additions to provisions for current assets			
Additions to other provisions ⁽¹⁹⁾	417,209	151,443	265,766

⁽¹⁹⁾ Mainly comprises the following:

- provision for impairment of inventories: €3k

- provision for sundry litigation: €266k and losses on completion of the ANRU programmes in Epinay and Saint Denis: €148k.

4.5.4 RELEASES OF AMORTISATION AND DEPRECIATION CHARGES AND PROVISIONS

(in €)	12/2021	12/2020	Δ
RELEASES OF AMORTISATION AND DEPRECIATION CHARGES AND PROVISIONS	12,815,892	3,528,541	9,287,351
Releases of provisions for impairment of rent receivables		528,371	-528,371
Releases of provisions for retirement benefits	2,049,517	190,356	1,859,161
Releases of provisions for impairment of non-current assets			
Releases of provisions for taxes	10,217,564	1,555,347	8,662,217
Releases of other provisions ⁽²⁰⁾	548,811	1,254,467	-705,656
EXPENSE TRANSFERS			

⁽²⁰⁾ These consist mainly of:

- releases of provisions for long-service awards: €190k
- provisions for sundry litigation.

4.5.5 OTHER OPERATING INCOME AND EXPENSES

(in €)	12/2021	12/2020	Δ
OTHER OPERATING INCOME	1,831,566,419	46,571,680	1,784,994,739
Proceeds from disposal of investment property ⁽²¹⁾	1,363,718,515	35,015,298	1,328,703,217
Proceeds from sale of equity investments ⁽²²⁾	456,256,649		456,256,649
Positive adjustments to recoverable service and maintenance charges	5,284,403	9,222,769	-3,938,366
Other income	6,306,852	2,333,613	3,973,239
OTHER OPERATING EXPENSES	1,111,191,843	21,960,623	1,089,231,220
Carrying amount of investment property sold ⁽²¹⁾	620,613,767	15,047,040	605,566,727
Carrying amount of equity investments sold ⁽²²⁾	475,161,853		475,161,853
Negative adjustments to recoverable service and maintenance charges	9,036,277	4,424,893	4,611,384
Unrecoverable rent receivables ⁽²⁴⁾	4,968,120	1,697,215	3,270,905
Other expenses	1,411,827	791,475	620,352

⁽²¹⁾ As indicated in Note 4.3.4, disposals of investment property were recognised in operating income. In 2021, these disposals generated gains of €743,105k.

Capital gains on properties contributed to Foncière Cronos amounted to €724,977k.

⁽²²⁾ Operations involving equity investments correspond to gains on the transfer of Foncière Cronos shares to Cronos, and the transfer of 75% of Cronos shares to Saturne Habitat. These operations generated losses on disposal of €18,905k.

⁽²³⁾ Other income rose €3,973k when compared to 2020, mainly as a result of:

- the release of grants received in previous years on properties ceded to Foncière Cronos for an amount of €2,674k;
- an increase of €1,075k in amounts rebilled by the in'li Supports joint venture.

⁽²⁴⁾ An in-depth review of rent receivables was carried out to clear out accounts where this was necessary in order to proceed with the recovery of outstanding amounts.

This heading also includes a loss of €659k on the sale of rent receivables to Foncière Cronos. These receivables were valued based on the age of the debt.

4.5.6 NET FINANCIAL INCOME (EXPENSE)

(in €)	12/2021	12/2020	Δ
FINANCIAL INCOME (EXPENSE)	-26,000,252	-18,214,241	-7,786,011
Interest expense on rental operations	-29,068,939	-32,582,842	3,513,903
Losses on equity interests			
Other finance costs	-710,927	-550,324	-160,603
Charges on sale of marketable securities			
Net (additions to) reversals of provisions	-192,255	-177,196	-15,059
Income from investments and share in net income of associates ⁽²⁵⁾	867,659	14,095,838	-13,228,179
Other income from investment of surplus cash	3,104,210	877,257	2,226,953
Income on sale of marketable securities		123,025	-123,025

⁽²⁵⁾ Mainly corresponds to the distribution of income from APEC Résidence (€404k), in'li AURA (€268k) and in'li Grand Est (€183k). The lower amount this year is attributable to the distribution of the retained earnings of APEC Résidence for an amount of €12,460k in the prior period.

4.5.7 NET NON-RECURRING INCOME (EXPENSE)

(in €)	12/2021	12/2020	Δ
NET NON-RECURRING INCOME (EXPENSE)	-1,336,158	899,736	-2,235,894
Net income (loss) on disposal of non-current assets ⁽²⁶⁾	-2,043,749	-467,924	-1,575,825
Net income (loss) on disposal of securities	-1,559	-1,050,603	1,049,044
Claims expense	-800,446	-1,073,825	273,379
Net (additions to) reversals of provisions	-17,274	144,645	-161,919
Other non-recurring expenses ⁽²⁷⁾	-2,059,291	-524,054	-1,535,237
Non-recurring income from claims	957,515	947,031	10,484
Reversal of grants	2,531,757	2,782,815	-251,058
Other non-recurring income ⁽²⁸⁾	96,888	141,651	-44,763

⁽²⁶⁾ Corresponds to properties derecognised after the replacement of components.

⁽²⁷⁾ Mainly comprises early loan repayment penalties.

⁽²⁸⁾ Comprises sundry indemnities and penalties paid to the Company.

4.5.8 CORPORATE INCOME TAX

(in €)	12/2021	12/2020	Δ
TOTAL CORPORATE INCOME TAX	208,525,393	30,853,008	177,672,385
Current tax	208,525,393	30,853,008	177,672,385

All corporate income tax for 2021 was attributable to recurring items.

The amount of tax on provisions reinstated for tax purposes in 2021 but deductible in 2022 amounted to €2,669,320.

4.6 OTHER DISCLOSURES

4.6.1 FINANCIAL RATING

As part of its mission of building 80,000 units of new intermediate housing in supply-constrained areas of the Paris region over the next 10 years, in'li applied for a financial rating in 2019.

In January 2020, Standard & Poor's Global Ratings assigned it a rating of 'A' with a stable outlook, making in'li one of the European property developers with the best S&P Global rating.

Since it was first assigned a rating in November 2019, in'li has gone from 'BBB+' to 'A', which is a vindication of its business model as well as a testimony to Action Logement Immobilier's very strong medium-term outlook.

In'li was given a short-term rating ('A-1') by S&P Global Ratings for the first time in 2020.

These ratings were confirmed by Standard & Poor's Global Ratings in their publication dated 2 December 2021.

4.6.2 EXPENSES NON-DEDUCTIBLE FROM INCOME

Expenses non-deductible from income for tax purposes amounted to €30,334 in 2021.

4.6.3 INFORMATION CONCERNING CUSTOMER AND SUPPLIER PAYMENT TERMS

The French Commercial Code only covers business-to-business payment terms and does not deal with business-to-customer relations. Consequently, disclosures concerning civil claims with individuals have been excluded from the following tables, pending clarification from the legal affairs commission of the CNCC (French Institute of Statutory Auditors) on this subject.

ARTICLE D.441.6: INVOICES RECEIVED AND DUE FOR PAYMENT BUT NOT SETTLED AT THE REPORTING DATE

(A)Number of days outstanding	0 days (approx.)	1 - 30 days	31 - 60 days	61 - 90 days	> 91 days
Number of invoices concerned ⁽²⁹⁾	NA	NA	NA	NA	NA
Total amounts of invoices concerned (€ thousands, including VAT)	22,752	857	-56	-66	453
Percentage of total amount of purchases for the period concerned (excluding VAT)	3.3%	0.1%	0.0%	0.0%	0.1%
Percentage of total amount of revenue for the period concerned (excluding VAT)	6.4%	0.2%	0.0%	0.0%	0.1%

ARTICLE D.441.6: INVOICES ISSUED AND DUE FOR PAYMENT BUT NOT SETTLED AT THE REPORTING DATE

(A)Number of days outstanding	0 days (approx.)	1 - 30 days	31 - 60 days	61 - 90 days	> 91 days
Number of invoices concerned		370			133
Total amounts of invoices concerned (€ thousands, including VAT)		530			766
Percentage of total amount of purchases for the period concerned (excluding VAT)		0.1%			0.1%
Percentage of total amount of revenue for the period concerned (excluding VAT)		0.1%			0.2%

^(B) Invoices excluded from (A) concerning disputed payables or unrecorded invoices. Number of invoices excluded: None

Total amounts of invoices concerned (€ thousands): None

^(C) Payment terms of reference used (contractual or legal - Article L. 441-6 or Article L. 443-1 of the French Commercial Code).

Payment terms used to calculate late payment interest: legal.

⁽²⁹⁾ An aged analysis of outstanding invoices is not available from our management system.

4.6.4 INCENTIVE BONUSES AND PROFIT-SHARING

(in €)	12/2021	12/2020	Δ
Incentive bonuses	7,152,643	1,873,047	5,279,596
Profit-sharing		1,873,047	-1,873,047

Employee profit-sharing amounted to €7,152,643. When these amounts are paid directly to employees, the 20% "forfait social" (corporate social contribution) and payroll tax of 13% are due. The Company recorded an expense of €2,243,887 in this regard.

4.6.5 WORKFORCE* AT 31 DECEMBER 2021

(no. of employees)	12/2021	12/2020	Δ
TOTAL WORKFORCE	769.4	753.5	15.9
Indefinite-term employment contracts – administrative personnel	441.4	424.5	16.9
Indefinite-term employment contracts – caretakers and building employees	273.6	278.4	-4.8
Fixed-term employment contracts – administrative personnel	17.6	24.6	-7.0
Fixed-term employment contracts – caretakers and building employees	9.8	6.0	3.8
Apprentices	27.0	20.0	7.0

* Full-Time Equivalents (FTE).

Caretakers and building employees rebilled to in'li PM represented 53.1 FTE's at 31 December 2021.

4.6.6 RELATED PARTY TRANSACTIONS

Transactions with related parties are generally carried out on an arm's length basis.

4.6.7 IN'LI SUPPORTS JOINT VENTURE

Joint ventures are governed by articles 1871 to 1872-2 of the French Civil Code. They have no separate legal identity.

The participants in in'li SUPPORTS are in'li, in'li Property Management, in'li AURA, in'li Grand-Est, in'li Sud-Ouest and in'li PACA.

The purpose of this entity is to manage support functions, particularly human resources, accounting, financial services, legal services, administrative services, general resources, IT services, communication, rental management support services and strategic consulting.

Internal expenditure is allocated between the participants based on several criteria: the number of housing units under management during the period, time spent, headcount and revenue.

The joint venture is managed by in'li.

In 2021, in'li rebilled an amount of €2,927,311 for services provided by in'li SUPPORTS.

4.6.8 STATUTORY AUDITORS' FEES

Statutory Auditors' fees recorded in the income statement amount to €146k, consisting of:

- ♦ Audit fees, statutory audit engagement = €103k;
- ♦ Services other than statutory audit engagements = €43k.

4.6.9 CONSOLIDATION

The financial statements of in'li are consolidated by Action Logement Immobilier.

In'li does not prepare consolidated financial statements for the subsidiaries it controls (i.e., in'li PM, SAMCEH and SAS in'li Participations) due to the non-material nature of these subsidiaries, both individually and collectively.

The fact that these subsidiaries are not consolidated has no material impact on in'li's results. For example, in 2021, the three subsidiaries together accounted for less than 1% of the total balance sheet, indebtedness, net non-current assets and net income, and 2% of revenue.

4.6.10 SENIOR EXECUTIVE COMPENSATION

Because these disclosures would make it possible to identify, directly or indirectly, the individual situations of members of the Company's management bodies, this information is not disclosed as authorised by Article 833-17 of the French General Chart of Accounts.

4.6.11 FIVE-YEAR FINANCIAL SUMMARY (ARTICLES 133, 135 AND 148 OF THE DECREE CONCERNING COMMERCIAL UNDERTAKINGS)

INDICATORS (in euros)	2017	2018	2019	2020	2021
I - SHARE CAPITAL AT YEAR-END					
a) Share capital	479,373,551	613,331,009	613,331,009	748,811,607	799,130,481
b) Number of shares issued	319,582,367	408,887,339	408,887,339	499,207,738	532,753,654
II - OPERATIONS AND EARNINGS					
a) Revenue before tax	340,387,347	352,016,084	387,177,249	401,977,329	355,312,860
b) Income (loss) before tax, incentive bonuses and profit-sharing, depreciation, amortisation and provisions	117,708,597	151,687,151	186,042,003	156,286,030	810,510,356
c) Income (loss) after tax, incentive bonuses and	33,476,284	45,376,127	63,340,536	38,102,513	523,480,767
d) Incentive bonuses and profit-sharing for the year	2,084,730	1,091,879	2,083,186	1,873,047	7,152,643
III - EARNINGS PER SHARE (IN EUROS)					
a) Income (loss) after tax, incentive bonuses and profit-sharing, but before depreciation, amortisation and provisions	+ 0.30	+ 0.31	+ 0.37	+ 0.25	+ 1.12
b) Income (loss) after tax, incentive bonuses and profit-sharing, depreciation, amortisation and provisions	+ 0.10	+ 0.11	+ 0.15	+ 0.08	+ 0.98
IV - EMPLOYEES					
a) Number of employees	646	738	737	761	716
b) Total payroll for the period	24,264,980	27,585,464	29,922,111	30,101,370	31,061,097
c) Total employee and social benefits paid in the period	13,766,487	14,157,693	16,331,692	16,348,317	16,766,051

4.6.12 LIST OF SUBSIDIARIES AND ASSOCIATES

	SHARE CAPITAL	EQUITY OTHER THAN CAPITAL	% OWNERSHIP	CARRYING AMOUNT OF INVESTMENT		OUTSTANDING LOANS AND ADVANCES GRANTED BY THE COMPANY	GUARANTEES GIVEN BY THE COMPANY	NET REVENUE (MOST RECENT REPORTING PERIOD)	INCOME/ (LOSS) (MOST RECENT REPORTING PERIOD)	DIVIDENDS RECEIVED BY THE COMPANY	INFORMATION FOR THE PERIOD ENDED:
				GROSS	NET						
SUBSIDIARIES											
SAS in'li Property Management	225,000	333,582	100.00%	24,621	24,621			7,051,159	-194,732		31/12/2021
SNC SAMCEH	6,990	-2,973	100.00%	7,015	7,015				-2,997		31/12/2021
SPPICAV in'li Participations	182,357,202	58,886,662	100.00%	182,360,852	182,360,852				19,616		31/12/2021
ASSOCIATES											
SAS TERRAE OPTIMAE 1	16,515,800	355,599	37.99%	6,275,000	6,275,000				1,564,579		31/12/2021
SA in'li Aura	166,409,348	194,844,315	9.90%	48,759,459	48,759,459			55,397,452	20,651,590	267,902	31/12/2021
SA in'li Grand Est	27,814,078	45,469,096	34.00%	34,401,695	34,401,695			14,281,399	2,180,867	183,304	31/12/2021
SAS APEC RESIDENCE	69,400,154	898,750	25.00%	14,338,160	14,338,160			3,537,056	1,702,604	404,253	31/12/2021
SAS APEC DEVELOPPEMENT	48,650,690	-250,168	25.00%	10,460,353	10,460,353				-220,469		31/12/2021
SCCV PARIS REILLE	5,000		35.00%	1,750	1,750						31/12/2020
OTHER											
SA d'HLM ERIGERE	114,009,248	323,766,848	1.84%	4,673,482	4,673,482			110,978,644	16,908,310	12,192	31/12/2020
SA d'HLM IMMOBILIERE RHONE-ALPES	57,761,316	482,226,818	0.00%	14	14			115,841,597	24,030,182	4	31/12/2020
SA d'HLM 3F GRAND EST	151,469,000	68,829,000	0.00%	152	152			53,981,000	6,487,000	5	31/12/2020
SEMCODA	46,256,100	511,781,774		152	152			309,212,806	50,551,308		31/12/2020
SEMARELP	19,823,475	24,233,987	0.14%	15,275	15,275			6,351,356	1,483,153		31/12/2020
SAEM VILLE DE ROMBAS	239,066	1,867,103		9,818	9,818			1,056,803	-1,665		31/12/2020
SCI SAINT-CHARLES	260,392	110,881		15	15			273,722	-51,857		31/12/2018
SCI Montreuil Chavaux	1,000	-29,664		0.15	0.15				-4,670		31/12/2018
Real estate investment companies (SCI) – freehold				230,350	230,350						
Real estate investment companies (SCI) – joint ownership				92,755	92,755						
TOTAL				301,650,919	301,650,919					867,659	

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4.7 CONSOLIDATED FINANCIAL STATEMENTS

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NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2021

In'li is a French *Société Anonyme à Directoire et Conseil de surveillance* (French limited company with a Supervisory Board and a Management Board), which is 90.5%-owned by Action Logement Immobilier (ALI). It is registered in the Trade and Companies Register (RCS) under no. 602 052 359 and headquartered at Tour Ariane, 5 place de la Pyramide - 92800 - Puteaux - France.

The in'li Group is the biggest intermediate housing landlord in the Paris region and manages a portfolio of 38,868 units of housing. Virtually all of this portfolio is located in the Paris region and 74% of units (81% in value terms) are located in Paris City and in the inner suburbs.

The consolidated financial statements cover the period from 1 January 2021 to 31 December 2021.

4.7.1 CONSOLIDATED FINANCIAL STATEMENTS

The financial statements are presented in thousands of euros and amounts may be rounded up or down.

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4.7.1.1 CONSOLIDATED INCOME STATEMENT

(€ thousand)	Notes	31/12/2021	31/12/2020
Gross rental income	4.7.2.7.1	279,399	311,154
Building-related expenses	4.7.2.7.2	(97,243)	(98,389)
Income from recoverable rental charges	4.7.2.7.2	65,401	75,781
Recoverable rental charges	4.7.2.7.2	(69,098)	(79,818)
Net rental income		178,459	208,728
Income from property development			3,783
Cost of inventory			(4,468)
Property development margin			(685)
Income from other activities		9,558	1,435
Purchases consumed	4.7.2.7.3	(594)	(740)
Maintenance	4.7.2.7.3	(5,406)	(6,475)
External services	4.7.2.7.3	(22,439)	(22,019)
Taxes other than income taxes	4.7.2.7.3	(3,637)	(2,662)
Personnel expenses, incentive bonuses and profit-sharing	4.7.2.7.3	(42,778)	(33,845)
Other operating income	4.7.2.7.3	24,663	20,691
Other operating expense	4.7.2.7.3	(24,312)	(14,187)
RECURRING OPERATING INCOME		113,514	150,241
Gains on disposals of equity investments	4.7.2.7.4	(18,905)	5,094
Gains on disposals of investment property	4.7.2.7.4	(1,916)	357
Fair value adjustments to investment property	4.7.2.7.5	303,366	73,688
OPERATING INCOME		396,059	229,380
Share in net income of associates	4.7.2.6.3	46,606	3,929
OPERATING INCOME AFTER SHARE IN NET INCOME OF ASSOCIATES		442,665	233,309
Financial income		3,328	1,521
Financial expenses		(30,319)	(35,116)
NET FINANCIAL INCOME/(EXPENSE)	4.7.2.7.6	(26,991)	(33,595)
INCOME (LOSS) BEFORE TAX		415,674	199,714
Income tax expense	4.7.2.7.7	(99,844)	(47,236)
INCOME (LOSS) INCLUDING NON-CONTROLLING INTERESTS		315,830	152,478
Attributable to non-controlling interests			
NET PROFIT ATTRIBUTABLE TO OWNERS		315,830	152,478

(€ thousand)	Notes	31/12/2021	31/12/2020
NET INCOME (LOSS)		315,830	152,478
Gains (losses) on non-consolidated investments		194	(570)
Deferred tax on fair value adjustments to non-consolidated investments		(49)	142
Actuarial gains and losses on post-employment plans		515	
Items that may not be recycled to profit or loss		660	(428)
TOTAL COMPREHENSIVE INCOME (LOSS)		316,490	152,051
Attributable to non-controlling interests			
ATTRIBUTABLE TO OWNERS		316,490	152,051

4.7.1.2 CONSOLIDATED BALANCE SHEET

(€ thousand)	Notes	31/12/2021	31/12/2020
NON-CURRENT ASSETS		9,034,037	8,158,980
Investment property	4.7.2.6.1	8,677,764	8,019,004
Investment properties measured at fair value		7,825,455	7,299,182
Investment properties measured at cost		852,309	719,822
Other property and equipment		19,566	20,900
Intangible assets		3,752	1,547
Non-current financial assets	4.7.2.6.2	99,313	101,332
Investments in associates		233,642	16,197
CURRENT ASSETS		732,566	1,498,984
Assets held for sale	4.7.2.6.1	65,000	1,249,477
Inventories		8,417	11,139
Trade receivables	4.7.2.6.5	53,618	59,864
Other receivables		107,811	37,734
Non-current financial assets		21,593	21,593
Cash and cash equivalents	4.7.2.6.6	476,127	119,177
TOTAL ASSETS		9,766,603	9,657,964
Equity attributable to owners	4.7.2.6.7	6,405,929	6,052,952
Share capital		799,130	748,812
Additional paid-in capital		572,934	572,934
Consolidated reserves		4,718,035	4,578,729
Consolidated net profit (loss)		315,830	152,478
NON-CURRENT LIABILITIES		3,013,341	3,153,200
Non-current borrowings and financial liabilities	4.7.2.6.8	1,700,086	1,902,020
Non-current portion of borrowings relating to leases		6,669	9,714
Deferred tax liabilities	4.7.2.6.4	1,301,483	1,233,454
Non-current provisions	4.7.2.6.9	5,103	8,012
CURRENT LIABILITIES		347,333	451,811
Liabilities related to assets held for sale	4.7.2.6.1	16,162	231,727
Trade payables and other operating liabilities	4.7.2.6.11	74,277	60,218
Other payables		58,589	46,679
Current borrowings and financial liabilities	4.7.2.6.8	146,448	85,613
Current portion of borrowings relating to leases		3,044	2,255
Deferred tax liabilities - current portion	4.7.2.6.4	285	437
Tax and employee-related liabilities		47,313	23,875
Current provisions	4.7.2.6.9	1,215	1,007
TOTAL EQUITY AND LIABILITIES		9,766,603	9,657,964

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4.7.1.3 CONSOLIDATED STATEMENT OF CASH FLOWS

(€ thousand)	31/12/2021	31/12/2020
OPERATING ACTIVITIES		
Net profit (loss)	315,830	152,478
Depreciation, amortisation and provisions	(6,836)	2,005
Share in net income of associates	(46,606)	(3,929)
Disposal gains and losses	20,695	(2,022)
Gross cash flow from operating activities after cost of debt and tax	283,083	148,532
Fair value adjustments to investment property	(303,385)	(73,549)
Interest on borrowings	28,802	32,497
Corporate income tax expense/benefit (incl. deferred tax)	99,844	47,236
Gross cash flow from operating activities before cost of debt and tax	108,344	154,716
Interest paid	(29,629)	(33,502)
Taxes paid	(201,598)	(41,616)
Change in operating working capital		
Change in inventories	(459)	(3,747)
Change in trade payables and receivables	42,019	29,624
o/w change in receivables	4,785	(8,301)
o/w change in payables	37,234	37,925
Net cash flow generated from/(used in) operating activities (A)	(81,323)	105,475
INVESTING ACTIVITIES		
Acquisitions of intangible assets	(2,421)	(209)
Acquisitions of investment property	(547,235)	(554,252)
Acquisitions of financial assets	(679,912)	(19,377)
Disposals of investment property	1,363,719	35,015
Disposals of financial assets	776	44
Disposals of equity investments		41,947
Movements in short-term investments		2,000
Impact of changes in scope of consolidation and in cash and cash equivalents	456,266	
Net cash flow generated from/(used in) investing activities (B)	591,193	(494,623)
FINANCING ACTIVITIES		
Increases in capital	27,199	135,481
Capitalisation of receivables		(65,000)
Dividends paid	(14,573)	(12,270)
New borrowings	109,234	91,749
Repayment of borrowings	(274,780)	(95,142)
Advances received/repaid		
Net cash flow generated from/(used in) financing activities (C)	(152,920)	54,818
Impact of changes in accounting methods (D)		1,841
CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)	356,950	(332,489)
Net cash and cash equivalents at start of year	119,177	451,666
Net cash and cash equivalents at end of year	476,127	119,177

4.7.1.4 STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(€ thousand)	Share capital	Additional paid-in capital	Consolidated reserves	Equity attributable to owners	Non-controlling interests	Total equity
Equity at 1 January 2020	613,331	573,104	4,591,723	5,778,158	18	5,778,176
Net income reported in the income statement			152,478	152,478		152,478
Other comprehensive income (loss)			(428)	(428)		(428)
Total comprehensive income reported in the income statement			152,050	152,050		152,050
Increases in capital	135,481			135,481		135,481
Payment of dividends			(12,267)	(12,267)		(12,267)
Scope of consolidation			54	54	(19)	35
Other movements		(170)	(353)	(523)		(523)
Equity at 31 December 2020	748,812	572,934	4,731,207	6,052,952		6,052,952
Net income reported in the income statement			315,830	315,830		315,830
Other comprehensive income (loss)			660	660		660
Total comprehensive income reported in the income statement			316,490	316,490		316,490
Increases in capital	50,318			50,318		50,318
Payment of dividends			(14,573)	(14,573)		(14,573)
Changes in scope of consolidation						
Other movements			743	743		743
Equity at 31 December 2021	799,130	572,934	5,033,866	6,405,929		6,405,929

4.7.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.7.2.1 HIGHLIGHTS

4.7.2.1.1 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Presentation of the balance sheet

Items are broken out into their current and non-current portions.

Non-current assets have maturities of greater than 12 months and mainly comprise intangible assets, investment property, non-consolidated investments, investments accounted for by the equity method, derivatives, other non-current financial assets and deferred tax assets.

Current assets comprise assets held for sale or for consumption in the course of the Group's business cycle such as inventories and work in progress, trade accounts receivable and cash and cash equivalents. Non-current liabilities include the portion of bank debt, derivatives and other borrowings with maturities of greater than one year and deferred tax liabilities.

Current liabilities consist of all operating liabilities and the portion of debt that falls due within 12 months of the reporting date. Current liabilities also include bank overdrafts.

Presentation of the income statement

The income statement is presented by type of income or expense and broken down as follows:

- ◆ **Recurring operating income**
Recurring operating income comprises all income and expenses generated by the Group's main cash-generating units (CGUs) and all of its other businesses before net disposal gains or losses on equity interests and investment property and fair value adjustments to investment property.
- ◆ **Operating income**
Operating income comprises recurring operating income and net disposal gains or losses on equity interests and investment property and fair value adjustments to investment property. Operating income comprises all income and expenses generated by the Group's main cash-generating units (CGUs) and all of its other businesses that are not related to investing or financing activities.
- ◆ **Operating income after share in net income of associates**
In accordance with Recommendation 2013-01 issued by France's accounting standards setter (Autorité des Normes Comptables) on 4 April 2013, "Share in net income of associates" is now presented as part of "Operating income".
- ◆ **Net financial income (expense)**
Net financial income (expense) consists of all items that comprise net debt for the reporting period. Fair value adjustments to non-consolidated investments are included in net financial income (expense).

4.7.2.1.2 IN-KIND CONTRIBUTION OF ASSETS TO FONCIÈRE CRONOS

On 15 January 2021, in'li and AXA signed a long-term strategic partnership agreement to produce 20,000 units of new intermediate housing in the Paris region over the next ten years.

This agreement was part of in'li's strategic plan to develop 80,000 units of new intermediate housing in supply-constrained areas of the Paris region over the next 10 years.

It came about as a result of three operations carried out on 15 January 2021:

- ◆ Mixed contribution in kind of 62 existing properties and 52 properties in development under off-plan agreements by in'li to Foncière Cronos [phase 1]. The value of the contributed assets totalled €1.2 billion. Following the increase in Foncière Cronos's capital resulting from the asset contribution, Foncière Cronos was allocated share capital of €62,100,167, divided into 62,100,167 shares with a nominal value of €1 each, all of which were owned in full by in'li.

- ◆ Contribution in kind of all the shares in Foncière Cronos to a holding company, Cronos, of which in'li is the sole shareholder [phase 2]. Following the increase in Cronos's capital resulting from the asset contribution, Cronos was allocated share capital of €58,339,929, divided into 58,339,929 shares with a nominal value of €1 each, all of which were owned in full by the Contributor.

- ◆ 75% of the shares in Cronos were then ceded to Saturne Habitat 2, a company belonging to the AXA group, under the terms of a Memorandum of understanding signed on 29 July 2020, and subsequently amended on 3 December 2020 and on 17 December 2020 [phase 3];

- ◆ Contribution in kind by in'li to in'li Participations of its 25% stake in Cronos, i.e. 14,584,983 fully paid-up shares [phase 4].

In addition to this contribution of assets, on 24 June 2021, in'li ceded nine off-plan real estate programmes currently in development to Foncière Cronos for an amount of €30,291,000 (excluding VAT).

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4.7.2.2 GENERAL CONSOLIDATION PRINCIPLES

In view of its reporting requirements *vis-à-vis* its financial partners, in'li has elected to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

4.7.2.2.1 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The consolidated financial statements for the period ended 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union before the reporting date, in accordance with European directive 1606/2002/EC of 19 July 2002.

4.7.2.2.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE FOR THE FIRST TIME WITHIN THE EUROPEAN UNION AT 31 DECEMBER 2021

Standards, amendments and interpretations that were mandatory for accounting periods beginning on or after 1 January 2021.

The new standards, amendments and interpretations applicable for accounting periods beginning on or after 1 January 2021 did not have a material impact on in'li's consolidated financial statements at 31 December 2021. These standards were the following:

- ◆ Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16— Phase 2: Interest rate benchmark reform (Phase I was early adopted by the Group as of 1 January 2019; Phase II focuses on the impacts on the financial statements when an existing interest rate benchmark is replaced with an alternative benchmark interest rate, i.e. replacement issues);
- ◆ IAS 19: allocation of defined benefit plan expenses;
- ◆ Amendments to IFRS 4 — extension of exemption on applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (not applicable within the Group);
- ◆ The amendment to IFRS 16 for "covid-19-related rent concessions", which was extended beyond 30 June 2021, has not been applied by the Group due to the nature of its business.

Application of these standards did not have a material impact on the consolidated financial statements.

The following standards, amendments and interpretations adopted but mandatory for subsequent periods, or awaiting adoption by the European Union, were not early adopted due to the non-material impact they are expected to have on the consolidated financial statements:

Mandatory for reporting periods beginning on or after 1 January 2022:

- ◆ Amendments to IAS 37 — Onerous Contracts — Cost of Fulfilling a Contract;
- ◆ Amendments to IFRS 3 — Amendments to the IFRS conceptual framework;
- ◆ The IFRS annual improvements 2018-2020 cycle concerning IFRS 9, IFRS 16 and IAS 41;
- ◆ Amendments to IAS 16 — Property, Plant and Equipment: Proceeds before Intended Use.

Other standards awaiting adoption by the European Union:

- ◆ Amendments to IAS 1 — Classification of liabilities as current or non-current and liabilities subject to covenants;
- ◆ Amendments to IAS 1 and IFRS Practice Statement 2: material accounting policy information;
- ◆ Amendments to IAS 8 — Definition of changes in accounting methods;
- ◆ IFRS 17 — Insurance Contracts;
- ◆ Amendments to IAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

4.7.2.2.3 ADJUSTMENTS TO COMPANY-ONLY ACCOUNTS

The accounting policies applied by entities included within the scope of consolidation are restated to bring them into line with the Group's policies and all entities have a 31 December year-end.

4.7.2.2.4. INTER-COMPANY TRANSACTIONS

Inter-company transactions and any disposal gains or losses between Group entities are eliminated in consolidation.

4.7.2.2.5 MEASUREMENT BASIS – ASSESSMENTS AND USE OF ESTIMATES

The preparation of the Group's consolidated financial statements involves making certain estimates and assumptions that are revised regularly and based on both historical data and other factors, including reasonable forecasts of future events in light of present circumstances. The estimates that could significantly affect the carrying value of assets and liabilities during the following reporting period are analysed below.

The fair value of the property portfolio (whether held for short- or long-term investment purposes) is determined essentially based on independent expert appraisals as described in Note 4.7.2.4.11.

The method used to measure the fair value of non-consolidated equity investments in subsidiaries is disclosed in Note 4.7.2.4.2.

Measurement of provisions for employee benefits is described in notes 4.7.2.4.8 and 4.7.2.4.10. The basis for determining fair value in accordance with IFRS 13 is described in Note 4.7.2.4.

4.7.2.2.6 IMPACTS OF THE COVID-19 PANDEMIC ON THE CONSOLIDATED FINANCIAL STATEMENTS

Just like 2020, 2021 was also dominated by the Covid-19 pandemic. Throughout this period, as the pandemic spread, in'li took appropriate measures to ensure the continuity of its business while protecting the health of its employees. These measures did not have a material impact on either in'li's programmes, activities or revenue in 2021.

Following government orders to close non-essential businesses during the two lockdown periods, rent holidays were granted on commercial leases (€61k).

More generally, the other effects of the crisis on the financial statements concern movements in rents and recovery of arrears, the valuation and liquidity of real estate assets and investments, and liquidity. For in'li as a whole, the consequences of the pandemic and the exceptional measures deployed to deal with it have not significantly impacted the Company's business or its earnings in 2021. Moreover, for the present, the French residential housing market (and particularly the market in the Paris region) has not been impacted.

4.7.2.2.7 SEGMENT REPORTING

The Group only reports one operating segment for the following reasons:

- ◆ The vast majority of its activities are concentrated in a single business segment, i.e., the management of property consisting primarily of housing used for rental purposes held in freehold or on a non-freehold basis;
- ◆ The Group's entire property portfolio is located in France, mainly in the Paris region.

This business segment is used for management reporting purposes and the chief operating decision maker is the Management Board.

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4.7.2.3 SCOPE OF CONSOLIDATION

4.7.2.3.1 CONSOLIDATION METHODS

The Group consolidates all entities over which it exercises exclusive control, significant influence or joint control, either directly or indirectly.

Under IFRS 10, an investor is deemed to control an investee when the investor has exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of these returns.

The consolidation method used depends on the nature of the control:

- ◆ Exclusive control: full consolidation method;
- ◆ Joint control, which involves the contractually agreed sharing of control over an operation, only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control. Entities are classified as joint operations or joint ventures based on the rights and obligations of the parties involved.
- A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the

liabilities, relating to the arrangement. Each party recognises its rights to the assets and obligations for the liabilities, as well as its rights to the corresponding revenues and obligations for the corresponding expenses;

- A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are accounted for by the equity method.

Entities over which the Group exercises significant influence are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee without exercising exclusive or joint control over these decisions. It is deemed to exist when the Group holds 20% or more of the voting rights in the investee, either directly or indirectly, unless it can clearly be shown that the Group does not exercise significant influence.

4.7.2.3.2 SCOPE OF CONSOLIDATION

The Group's scope of consolidation at 31 December 2021 is as follows:

Entity	SIREN [company database code no.]	31/12/2021		31/12/2020	
		% control	Consolidation method	% control	Consolidation method
IN'LI	602 052 359	100%	Parent co.	100%	Parent co.
IN'LI Participations	884 854 175	100%	FULL	100%	Not consolidated
APEC Résidence	333 542 892	25%	EQUITY	25%	EQUITY
APEC développement	892 072 687	25%	EQUITY	25%	Not consolidated
Cronos	884 845 405	25%	EQUITY	25%	Not consolidated

FULL: fully consolidated;
EQUITY: consolidated by the equity method

4.7.2.3.3 BUSINESS COMBINATIONS

Business combinations are accounted for in accordance with Revised IFRS 3.

When determining whether a transaction is a business combination under IFRS 3, the Group determines whether an integrated set of activities has been acquired in addition to the real estate. Examples of the criteria used include the number of real estate assets owned, the scope of the processes acquired or the acquiree's autonomy. The cost of a business combination corresponds to the fair value of the assets and liabilities contributed or equity instruments given in exchange for the acquiree. Goodwill is recognised in assets for the excess of the cost of the acquisition over the Group's share in the net fair value of the acquiree's identifiable assets after adjusting for the impact of deferred taxation. Any negative goodwill is recognised directly in profit or loss. Costs directly attributable to the acquisition are expensed directly.

Under Revised IFRS 3, allocation of the purchase price to assets and liabilities acquired must be finalised within 12 months of the acquisition date. Any adjustments must be related to circumstances that existed at the acquisition date. Beyond this 12 month period, any additional cost must be expensed to profit or loss for the period unless the matching entry is to an equity instrument.

In the case of multi-step acquisitions, the previously-held equity interest is remeasured at fair value if and when control is acquired. The difference between the fair value and carrying amount of this equity interest is recognised directly in profit or loss.

A gain or loss on disposal must be recognised for any change in interest that results in a loss of control over an entity and the interest retained must be remeasured at fair value through profit or loss.

Operations that do not affect control (acquisition of additional stakes or disposals) only result in a reallocation of equity between Group and non-Group share without any impact on earnings and/or adjustment to goodwill.

Measurement and impairment of goodwill

Goodwill is measured at cost less any accumulated impairment losses. In accordance with IAS 36, goodwill is tested for impairment at least once a year or if there is an indication that the assets may be impaired. For impairment testing purposes, assets are allocated to cash-generating units (CGUs), defined as the smallest group of identifiable assets that generates cash inflows that are largely independent of the cash inflows of other groups of assets. An impairment loss is recognised if a CGU's estimated recoverable amount is lower than its carrying amount. Impairment losses recognised on goodwill may not be reversed subsequently.

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4.7.2.4 ACCOUNTING METHODS

4.7.2.4.1. PROPERTY PORTFOLIO

Investment property (IAS 40)

Property held on a long-term basis and leased to third parties under operating leases and/or held for capital appreciation purposes is deemed to be investment property. Investment property is stated at cost, including acquisition-related costs and transfer taxes.

In'li has elected to measure investment properties at fair value in accordance with IFRS 13 (see Note 4.7.2.4). In the consolidated financial statements, this is based on independent expert appraisals of the block value of buildings, excluding property transfer taxes (performed by BPCE Expertises Immobilières at 31 December 2021 and 31 December 2020). The Group's property portfolio is measured from a long-term ownership perspective each 31 December and includes capitalised building work. Expert appraisals are performed in accordance with the rules of the profession of real estate appraisers, based on the fair value of each asset, in accordance with the guidelines set out in the real estate appraisal charter. In'li uses independent appraisals to measure all of its assets and fair value adjustments to investment property are recognised in the income statement. Consequently, these buildings are not depreciated. Fair value adjustments to each building are calculated as follows:

- ◆ Market value Year Y – (market value Year Y-1 + building work and other changes in capitalised items in Year Y).

Investment property under construction or in development is recognised at fair value when this can be measured reliably. In'li considers that the fair value can be measured reliably when there is no major uncertainty concerning building prices. When fair value cannot be measured reliably, the building is recognised at its most recent known value plus any costs capitalised over the period.

Appraisal methodology

Each property is valued separately by an independent appraiser, however, all appraisers use the same methods outlined below. The appraisers' brief is to value the buildings net of taxes and duties. This is in line with the position of Afrexim (French Association of Property Valuation Firms), which recommends using the following rates:

- ◆ 1.8% for legal fees and services, for buildings subject to VAT;
- ◆ 6.9% to 7.5% for costs and transfer taxes for other buildings.

The asset is measured at its fair market value, which is the price that would be paid by knowledgeable, willing parties under arm's length conditions, without considering questions of financing at the measurement date. The value recognised in the consolidated financial statements excludes taxes and duties.

Residential housing

The fair block value of each asset is calculated as the simple arithmetic average of the two following methods: the direct comparison method and the income capitalisation approach. If these two methods give very different results, the expert may determine the most appropriate value:

- ◆ Direct comparison method: this involves comparing the property with transactions for similar-type properties in terms of their nature and location at dates close to the valuation date;
- ◆ Income capitalisation method: this method involves determining existing or potential rents and capitalising them based on the yield expected by an investor for a similar-type asset. Income is generally determined based on annual gross rents or market rental value. For occupied properties, the expert must analyse the legal, financial and rental market conditions lease by lease. For vacant properties, the market rental value is used, after adjusting for reletting periods, any renovation work required and other miscellaneous costs.

Fair Value Measurement (IFRS 13)

The Group applies IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 sets out the following three-level measurement hierarchy for the inputs used in the valuation process:

- ◆ **Level 1:** inputs are (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ◆ **Level 2:** inputs are inputs that are observable for the asset or liability, either directly or indirectly in active markets;
- ◆ **Level 3:** inputs are unobservable inputs for the asset or liability.

The fair value measurement hierarchy ranks measurement inputs in order of importance, it does not rank the measurement techniques actually used. In the event that inputs from different levels are used, the resulting fair value is classified at the same level as the lowest-ranked input use.

Investment property

Measurement at fair value must reflect the asset's highest and best use. Measuring buildings at their fair value requires the use of different measurement techniques that use observable and unobservable inputs that have been subject to certain adjustments. Consequently, the Group's property portfolio is deemed to be measured based on level 3-type inputs under the IFRS 13 fair value measurement hierarchy, even though certain level 2 inputs are used.

Property and equipment (IAS 16)

Property and equipment consist mainly of technical facilities, office improvements and furniture. They are measured at historical cost and depreciated over periods of between five and twenty years using the straight-line method.

Assets held for sale (IFRS 5)

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, states that a non-current asset must be classified as held for sale if it represents a separate major line of business and its carrying amount will be recovered principally through a sale transaction instead of through continuing use. The sale must be highly probable and this is deemed to be the case if the following three conditions are met:

- ◆ Management is committed to a plan to sell;
- ◆ The asset is being actively marketed for sale at a sale price that is reasonable in relation to its fair value;
- ◆ The sale is highly probable within 12 months (subject to limited exceptions).

When the sale covers an asset or group of assets that the entity intends to dispose of in a single transaction, these assets are presented on a separate line in the balance sheet in "Assets held for sale" and measured at the lower of their carrying amount and fair value, based on the promise to sell or purchase offer, less costs to sell and any residual claims related to deferred commercial benefits under IFRS 16. Any related liabilities are also presented on a separate line in "Liabilities related to assets held for sale".

Intangible assets (IAS 38)

An intangible asset is an identifiable non-monetary asset without physical substance, controlled by an entity as a result of past events from which future economic benefits are expected to flow to the entity. It is identifiable when it is separable or arises from contractual or other legal rights. Intangible assets are stated at cost (purchase price plus any ancillary expenses) and amortised over their expected useful life using the straight-line method.

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4.7.2.4.2. EQUITY INVESTMENTS

Non-consolidated entities

Under IFRS 9, measurement at fair value has been reinforced. The asset must be measured at fair value either:

- ◆ Through profit or loss; or through other comprehensive income but may not be reclassified to profit or loss (potential gains and losses during the asset holding period or actual gains or losses at disposal are never recognised in profit or loss).

The Group has classified its investment portfolio on this basis and its investments are measured at fair value through Other Comprehensive Income, with the exception of investments in entities with activities that are dissimilar to the Group's main businesses and/or with limited investment terms.

The following bases are used for fair value measurement:

- ◆ The fair value of social housing entities is equal to at most, the acquisition cost of the shares, plus interest for each year preceding their disposal calculated at the interest rate paid to holders of passbook savings accounts plus 1.5 points, less any dividends paid over the same period (Article 423-4 of the French building and housing code (*Code de la construction et de l'habitation*)).
- ◆ Entities operating partially or entirely in the unregulated market are measured on a case-by-case basis by taking their actual economic value or based on share in net assets.

Fair value adjustments are presented on a separate line of the income statement and in the consolidated statement of changes in equity.

Breakdown of non-consolidated equity investments whose gross carrying amount is greater than 1% of in'li's share capital.

Equity investment	Share capital	Equity other than capital	% control	Gross carrying amount of shares	Impairment	Net carrying amount of shares	Choice of revaluation method
SAS in'li Property Management	225	334	100%	25	0	25	FVOCI
SNC SAMCEH	7	(3)	100%	7	0	7	FVOCI
SAS TERRAE OPTIMAE 1	16,516	356	38%	6,275	0	6,275	FVOCI
SCCV PARIS REILLE	5	0	35%	2	0	2	FVOCI
SA in'li Grand Est	27,814	45,469	34%	34,402	0	34,402	FVOCI
SA in'li Aura	166,409	194,844	10%	48,759	0	48,759	FVOCI
SA d'HLM ERIGERE	114,009	323,767	2%	4,673	0	4,673	FVOCI
SA d'HLM IMMOBILIERE RHONE-ALPES	57,761	482,227	0%	0	0	0	FVOCI
SA d'HLM 3F GRAND EST	151,469	68,829	0%	0	0	0	FVOCI
SEMCODA	46,256	511,782	0%	0	0	0	FVOCI
SEMARELP	19,823	24,234	0%	15	0	15	FVOCI
SAEM VILLE DE ROMBAS	239	1,867	0%	10	0	10	FVOCI
SCI SAIN-CHARLES	260	111	0%	0	0	0	FVOCI
SCI Montreuil Chavaux	1	(29)	0%	0	0	0	FVOCI
Real estate investment companies (SCI) – freehold			0%	230	0	230	FVPL
Real estate investment companies (SCI) – joint ownership			0%	93	0	93	FVPL

Non-consolidated entities are either dormant companies and / or companies in liquidation, or entities that would not have a material impact on the Group's line items, either individually or collectively.

Other financial assets

Loans, receivables and other financial instruments are measured at amortised cost using the effective interest rate. Any risk of non-recovery or default is recognised in profit or loss.

Impairment loss provisions are calculated using the new expected credit loss model under IFRS 9 and recognised in unrealised losses in profit or loss.

4.7.2.4.3 INVENTORIES (IAS 2), BUILDING CONTRACTS AND OFF-PLAN SALES (IFRS 15)

Buildings that are related to commercial property development or acquired subject to French tax treatment applicable to estate agents, with a view to being resold in the near term are recognised in inventories at cost. They are tested for impairment once there is an indication that the assets may be impaired. If an indication of impairment exists and the estimated recoverable amount is less than the carrying amount, an impairment loss is recognised for the difference.

The cost of building contracts and off-plan sales is equal to costs directly attributable to the contract (including the cost of land) plus borrowing costs through to completion of the work.

Marketing fees are expensed directly. If it becomes probable that total project costs will exceed total revenue, the Group recognises a provision for loss on completion in profit or loss for the period.

Partial payments received for these contracts before completion of the corresponding work are recorded as prepayments in liabilities.

4.7.2.4.4 TRADE RECEIVABLES

Rent receivables are recognised for the initial amount of the invoice less any provisions for doubtful receivables, which are recognised in building-related expenses. Rent receivables are stated at amortised cost. Impairment losses are calculated using the simplified approach permitted under IFRS 9. Expected credit losses are calculated based on the Group's historical bad debts over the term of the receivables. Rent receivables for which receipts have been issued are systematically written down based on how long they are overdue and the situation of the tenants in question (i.e., sitting / departed tenants and ordinary tenants / tenants in dispute). Departed tenants: 75% in 2021 and 70.7% in 2020;

The net-of-tax amount of the receivable, less the security deposit, is written down as follows:

- ◆ **Departed tenants:** 75% in 2021 and 70.7% in 2020;
- ◆ **Sitting tenants:** 31.73% in 2021 and 27.01% in 2020, and provisions for doubtful receivables are adjusted on a case-by-case basis.

4.7.2.4.5 CASH AND CASH EQUIVALENTS

Cash consists of cash at bank and demand deposits. Cash equivalents are highly liquid, short-term investments that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. They are held to meet the Group's short-term liquidity requirements.

Cash and money market funds are disclosed at fair value and any adjustments are recognised in profit or loss.

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4.7.2.4.6 LEASES (IFRS 16)

The Group has elected to use the modified retrospective transition method in accordance with IFRS 16. Leases covered by the standard mainly relate to the head office and division leases. Leases with a term of less than 12 months, or for which the underlying asset is of low value are not covered by the standard.

Therefore, the Group recognises the following items on its balance sheet:

- ◆ **In liabilities**, under "Non-current and current portion of borrowings relating to leases", a financial liability for residual lease payments, discounted at a rate the Group would have had to pay over a term equivalent to the lease terms;
- ◆ **In assets**, under "Other property and equipment", right-of-use assets, depreciated on a straight-line basis from the inception of the leases. As of 1 January 2019, the effect of retrospective depreciation is recognized under equity.

In the income statement, rents and fees paid are replaced by:

- ◆ **Depreciation and provisions on right-of-use assets**, recognised in Other operating expense over the lease term;
- ◆ **A financial expense**, equal to the portion of interest included in lease payments in addition to the principal repaid to reduce the debt.

The right-of-use asset consists of the initial measurement of the lease liability, lease incentives, direct costs incurred and any future renovation expenses.

IAS 36 – Impairment of Assets should be applied to right-of-use assets to calculate any accumulated impairment losses.

4.7.2.4.7 FINANCIAL LIABILITIES (IAS 32, IFRS 9 AND IFRS 16)

Financial liabilities mostly comprise a bond loan, bank borrowings, lines of credit and security deposits. Medium- and long-term lines of credit may be drawn down over variable periods. Successive drawdowns are recognised in the financial statements at their nominal value and the residual borrowing capacity is recorded as an off-balance sheet commitment received.

Long-term bonds are stated at their amortized cost (net of transaction costs) using the effective interest rate method.

Security deposits are treated as long-term liabilities in view of residential lease terms and are not discounted.

4.7.2.4.8 LONG-TERM, NON-FINANCIAL PROVISIONS AND LIABILITIES

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognised when the Group has a present obligation (legal or constructive) to a third party, arising from a past event, and when it is probable or certain that this obligation will result in an outflow of resources to that third party, without at least equivalent consideration from said third party. Provisions are reviewed at each reporting date and brought into line with current assessments.

4.7.2.4.9 IMPAIRMENT OF ASSETS (IAS 36)

Assets are tested for impairment once there is an indication that they may be impaired and at least once a year in the case of intangible assets with indefinite useful lives and right-of-use assets recognised under IFRS 16. Impairment testing involves comparing the carrying amount and the recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised when the carrying amount of an asset exceeds its fair value.

4.7.2.4.10 EMPLOYEE BENEFITS

Under Revised IAS 19, all of a company's commitments to its employees must be recognised (i.e., present and future, legal or constructive, remuneration or benefits in kind). Benefit expense must be recognised during the period in which the corresponding rights vest.

Short-term benefits

Short-term benefits (i.e., salaries, paid leave, social security contributions, profit-sharing incentives, etc.), which fall due within twelve months of the end of the period in which employees provided the corresponding services, are recognized as "Accrued expenses" and appear in the balance sheet under "Tax and employee-related liabilities".

Post-employment benefits

Pension plans are either defined contribution plans or defined benefit plans.

Under defined contribution plans, the employer's obligation is limited to the payment of a contribution and there is no commitment in respect of the level of benefits paid. The contributions paid by the employer are recorded as expenses in the period.

Under defined benefit plans, the employer has a legal or constructive commitment to pay a defined amount or level of benefit and assumes this risk into the medium or long term. A provision is recognised in liabilities to cover all of these post-employment benefits and remeasured on a regular basis by independent actuaries using the projected unit credit method, which factors in demographic assumptions, early retirements, wage increases, and discounting and inflation rates.

A provision is set aside for defined benefit retirement indemnities based on the net present value of future benefits. Actuarial gains and losses are recognised in Other Comprehensive Income in accordance with Revised IAS 19.

Long-term benefits

Long-term benefits are benefits paid to employees more than 12 months after the end of the period in which they provided the corresponding services. The basis of measurement is identical to that used for post-employment benefits. The provision for length-of-service awards is deemed to be a long-term benefit.

4.7.2.4.11 CORPORATE INCOME TAX

IAS 12 distinguishes between current and deferred taxes. Current tax is the amount of income tax due on the taxable profit or loss for the period. Deferred tax liabilities are taxes on income payable in future periods due to taxable temporary differences.

Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Standard tax treatment

Current tax is determined based on tax rates applicable to Group entities.

Deferred tax assets and liabilities

Deferred taxes result from temporary differences between the carrying amount of assets and liabilities and their tax base. Deferred tax assets are recognised for tax loss carryforwards when it is probable that future taxable profit will be available against which these losses can be utilised.

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4.7.2.4.12 REVENUE AND RECEIVABLES

Gross rental income

Rental income generated by operating leases mainly comprises housing rental income as well as some office rental income. This revenue is recognised on a straight-line basis over the fixed term of the leases along with any specific provisions or advantages (rent-free periods, step rents, lease rights, etc.) without adjusting for inflation. The benchmark period is the first fixed lease term.

Property development (building contracts and off-plan sales)

Income from property development is recognised on a percentage-of-completion basis. The portion recognised during the period corresponds to estimated final forecast revenue multiplied by the cumulative percentage of completion at the reporting date (including the cost of land in accordance with IFRS 15), less revenue recognised in prior periods for the operations already in construction at the beginning of the period. Only revenue for plots sold is recognised on a percentage-of-completion basis and the recognition period begins on the date on which the notarial deed is signed.

4.7.2.4.13 SUBSIDIES AND GOVERNMENT GRANTS

The Group recognises subsidies and government grants received in the course of its business in income in the period in which they are granted.

4.7.2.5 RISK EXPOSURE

4.7.2.5.1 INTEREST RATE RISK

The Group operates a centralised hedging policy run from a single department – the Financing Department. In'li's policy seeks to limit the impact of changes in interest rates on its earnings and consequently, most of its debt is at fixed rates. For its new financing programmes, the Company will continue to prioritise fixed-rate borrowings, especially through new bond issues.

Floating-rate borrowings are mostly loans indexed to the interest rate paid to holders of Livret A passbook savings accounts (nearly one-third of debt), which is regulated by the French government.

4.7.5.2. COUNTERPARTY RISK

As part of its counterparty risk management, in'li is especially attentive to the quality of the banks in which it holds deposits. It favours banks with excellent ratings from the established rating agencies.

In'li is constantly seeking to expand its banking partner base to minimise and diversify counterparty risk.

4.7.2.5.3 LIQUIDITY RISK

The Group's liquidity risk management process is structured around the following four pillars:

- ◆ Managing loan maturities and the Company's debt maturity profile;
- ◆ Ensuring constant availability of credit;
- ◆ Diversified sources of funding;
- ◆ Cash and investment management: the Company favours secure liquid investments that offer capital guarantees.

Moreover, most of in'li's debt comprises amortisable loans and there are no significant repayment deadlines over the next five years.

4.7.2.5.4 RISK OF FRAUD OR CORRUPTION

In'li has incorporated fraud prevention and anti-corruption procedures into its internal control process in three different ways:

- ◆ A risk mapping process was deployed for the first time in 2018 by the Internal Audit and Risk Management department;
- ◆ E-learning awareness-raising initiatives in the form of a Compliance module and publication of a Code of Conduct;
- ◆ The Group began drawing up internal control guidelines in 2020 that will provide more effective risk management and control plans tailored to each operational process.

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4.7.2.5.5 OPERATIONAL RISKS

In'li is mainly exposed to the following operational risks:

Business development risk

- ♦ **The Group's capacity to maintain a sufficient level of equity.**
In'li's strategic plan involves diversifying its financing arrangements (i.e., bond loans, loans from the EIB, etc.), freeing up equity through unit or block disposals, forging partnerships with institutional investors by creating property development companies and receiving equity contributions from Action Logement Immobilier, its strategic shareholder.
- ♦ **Meeting delivery deadlines and controlling costs.**
To avoid late deliveries and financial overruns, dedicated reporting systems have been deployed to oversee construction operations and the percentage of completion of off-plan operations.

Property portfolio risk

- ♦ **Boosting investment in the energy transition.**
To achieve the energy efficiency targets that in'li has set for its housing portfolio, all properties with F or G energy labels (i.e., the worst ratings) will get energy retrofits by 2023.
This investment will reduce service and maintenance charges and generate Energy Saving Certificates that may be traded on the market.
- ♦ **Setting objectives in terms of block and split sales of property.**
To help it achieve its property disposal targets, in'li has set up data rooms to house all of the technical, lease-related and legal documentation relating to the real estate groups concerned by the sales. Split sales campaigns will also be organised along with general contractors.

Rental management risk

- ♦ **Unoccupied housing units may result in significant amounts of lost revenue.**
Vacancy rates are tracked on a regular basis through periodic management reviews and rent arbitrage strategies may also be discussed if necessary at regularly-held rent committees.

4.7.2.6 THE CONSOLIDATED BALANCE SHEET

4.7.2.6.1 INVESTMENT PROPERTY

In'li's property portfolio is valued every year by an independent real estate appraiser, BPCE Expertises Immobilières (formerly Crédit Foncier Expertise). The appraiser calculates the market value of each property at the reporting date. The market value is the most likely price obtainable on the market at the valuation date under reasonable conditions. At 31 December 2021, the portfolio was measured using three different sets of assumptions. Depending on the assumption chosen, the valuations were as follows (excluding taxes and duties):

(€ thousand)	12/2021	12/2020	12/2020 (like-for-like basis)
assumption 1 = "block sale" value; based on continued use and current occupancy	€7,927 million	€8,692 million	€7,612 million
assumption 2 = "unit sale" value; based on continued use and current occupancy	€8,859 million	€9,726 million	€8,513 million
assumption 3 = "unit sale" value; rented at the market rental value	€10,216 million	€11,246 million	€9,827 million

Investment property is measured at fair value under assumption 1.

Investment properties measured at fair value

(€ thousand)	Investment property at fair value	Buildings held for sale	Total investment property at fair value
01/01/2020	7,042,992	1,062,648	8,105,640
Acquisitions and capitalised expenditure	7,639	205	7,845
Disposals and derecognised assets	(18,002)	(88,303)	(106,306)
Reclassifications and transfers between categories	190,012	277,780	467,792
Fair value adjustments	76,541	(2,852)	73,689
31/12/2020	7,299,182	1,249,477	8,548,659
Acquisitions and capitalised expenditure	8,217		8,217
Disposals and derecognised assets	(16,585)	(1,249,477)	(1,266,062)
Reclassifications and transfers between categories	231,275	65,000	296,275
Fair value adjustments	303,366		303,366
31/12/2021	7,825,455	65,000	7,890,455

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A. Breakdown of disposals (excluding the Cronos operation)

During 2021, in'li disposed of the following property:

- ◆ 15 units in Les Herbiers in a block sale to PODELIHA for an amount of €800k;
- ◆ 69 single-housing units for an amount of €17,299k.
- ◆ Land at Chatenay Malabry for an amount of €2,400k;
- ◆ 4 off-plan operations ceded to APEC Développement representing 300 units of housing for an amount of €63,451k.

These disposals generated pre-tax gains of €1,214k.

B. Detail of disposals of Rue de Bourcy buildings

In accordance with IFRS 5, the Rue de Bourcy buildings together with the related liabilities are presented on a separate line of the consolidated balance sheet under "Assets held for sale" and "Liabilities related to assets held for sale".

The impacts of this presentation are as follows:

(€ thousand)	31/12/2021
NON-CURRENT ASSETS	(65,000)
Investment properties	(65,000)
Investment properties measured at fair value	(65,000)
Investment properties measured at cost	
CURRENT ASSETS	65,000
Assets held for sale	65,000
TOTAL ASSETS	
NON-CURRENT LIABILITIES	(16,158)
Borrowings and financial liabilities	(826)
Deferred tax liabilities	(15,332)
CURRENT LIABILITIES	16,158
Liabilities related to assets held for sale	16,162
Trade payables and other operating liabilities	(4)
Other payables	
Current borrowings and financial liabilities	
TOTAL EQUITY AND LIABILITIES	

C. Fair value adjustments

See Note 7.5 "Fair value adjustments to investment property".

◆ Valuation assumptions and sensitivity

In view of the scarcity of publicly-available data, the complexity involved in measuring real estate assets and the fact that appraisers use confidential Group tenancy schedules for valuation purposes, in'li considers classification based on level 3-type inputs to be the most appropriate. Furthermore, experts use unobservable inputs such as assumptions concerning rent increases or capitalisation rates to determine the fair values of in'li's assets.

As of 31 December 2021, 100% of the property portfolio operated by the Group had been subject to an external appraisal.

Investment properties measured at cost

(€ thousand)	Gross amounts	Impairment provisions	Total IP at cost	Buildings held for sale	Total IP at cost
31 December 2019	529,183		529,183	112,825	642,008
Acquisitions and capitalised expenditure	393,519		393,519	165,142	558,661
Disposals and derecognised assets	(9,933)		(9,933)	(187)	(10,120)
Reclassifications and transfers between categories	(192,947)		(192,947)	(277,780)	(470,727)
Impairment/release of provisions					
31 December 2020	719,822		719,822		719,822
Acquisitions and capitalised expenditure	546,789		546,789		546,789
Disposals and derecognised assets	(99,637)		(99,637)		(99,637)
Reclassifications and transfers between categories	(314,665)		(314,665)		(314,665)
Impairment/release of provisions					
31 December 2021	852,309		852,309		852,309

Assets measured at cost essentially comprise property under construction. No impairment was recognised at 31 December 2020 or at 31 December 2021.

A. Acquisitions

In 2020 and 2021, acquisitions corresponded to expenditure on investment property under construction and buildings delivered during the period.

B. Disposals

Disposals in 2021 concerned 4 off-plan operations representing 300 units of housing ceded to Apec Résidence for an amount of €63,451k.

C. Other movements

Reclassifications concerned investment property at cost transferred to investment property at fair value during the period.

Assets and liabilities held for sale (IFRS 5)

(€ thousand)	31/12/2021	31/12/2020
Buildings at fair value held for sale	65,000	1,249,477
Buildings at cost held for sale		
Other assets held for sale		
Total assets held for sale	65,000	1,249,477

(€ thousand)	31/12/2021	31/12/2020
Borrowings and financial liabilities	826	25,818
Deferred tax liabilities	15,332	202,058
Trade payables and other operating liabilities	4	3,851
Total liabilities held for sale	16,162	231,727

Liabilities held for sale at 31 December 2021 mainly concern the buildings at rue de Bourcy.

4.7.2.6.2 FINANCIAL ASSETS

(€ thousand)	31/12/2021	31/12/2020
Non-consolidated investments	95,414	97,561
Security deposits and guarantees	3,899	3,741
Other financial assets		30
Total (gross amount)	99,313	101,332
Impairment provisions		
Total (net amount)	99,313	101,332

Financial assets mainly consist of investments in subsidiaries and associates (see Note 4.7.2.4.2).

4.7.2.6.3 INVESTMENTS IN ASSOCIATES

Following the contribution of assets to Foncière Cronos on 15 January 2021, in'li Participations, a wholly-owned subsidiary of in'li, owns 25% of Cronos, which itself owns 100% of Foncière Cronos. Consequently, Cronos was consolidated for the first time in 2021. In'li's share in Cronos's net income totalled €43,900k and was mainly attributable to unrealised gains on Foncière Cronos shares.

At 31 December 2021, in'li's real estate portfolio was composed of 74 properties currently in operation, comprising 6,339 units of housing, and 63 off-plan programmes under construction representing 3,168 units. These properties have been valued at €1,833 million (excluding taxes and duties).

(€ thousand)	APEC Résidence		APEC Développement		Cronos	
	2021	2020	2021	2020	2021	2020
Summary balance sheet						
Property portfolio	95,250	89,970	70,349			
Other assets	3,554	2,553	336		1,116,891	
Total assets	98,804	92,523	70,685		1,116,891	
Equity	68,943	64,786	46,644		818,983	
Borrowings	20,755	17,637	22,248		237,960	
Other liabilities and deferred taxes	9,107	10,100	1,794		59,948	
Total liabilities and equity	98,804	92,523	70,685		1,116,891	
Net profit (loss)	5,773	15,717	5,053		175,599	
% control	25%	25%	25%	0%	25%	0%
Share in income of associates	1,443	3,929	1,263		43,900	
Equity	68,943	64,786	46,644		818,983	
% control	25%	25%	25%	0%	25%	0%
Investments in associates	17,236	16,197	11,661		204,746	

(€ thousand)	2021	2020
TOTAL SHARE IN NET INCOME OF ASSOCIATES	46,606	3,929
TOTAL INVESTMENTS IN ASSOCIATES	233,642	16,197

4.7.2.6.4 DEFERRED TAX ASSETS AND LIABILITIES

At 31 December 2021, net deferred tax (excluding deferred taxation on assets reclassified in accordance with IFRS 5) was a liability amounting to €1,302 million that mainly includes the tax effects of gains on investment property (including provisions for taxes).

(€ thousand)	01/01/2020	Change in income	Reclassifications	Other movements	31/12/2020	Change in income	Reclassifications	Other movements	31/12/2021
Total deferred tax assets									
Deferred tax liabilities on investment property	1,192,219	15,257	26,000		1,233,475	(108,632)	186,727		1,311,570
Other deferred tax liabilities	1,385	(827)		(142)	416	(49)		(10,169)	(9,802)
Total deferred tax liabilities	1,193,604	14,430	26,000	(142)	1,233,891	(108,681)	186,727	(10,169)	1,301,768
Total net deferred tax liabilities	(1,193,604)	(14,430)	(26,000)	142	(1,233,891)	108,681	(186,727)	10,169	(1,301,768)

4.7.2.6.5 TRADE RECEIVABLES

(€ thousand)	31/12/2021	31/12/2020
Receivables from tenants	71,901	81,980
Other trade receivables	5,725	667
Suppliers with debit balance – Advances and prepayments	201	951
Total (gross amount)	77,827	83,598
Provisions for bad debts	(24,209)	(23,734)
Total (net amount)	53,618	59,864

Receivables are recorded at face value and mainly comprise:

- ◆ Outstanding rents and service and maintenance charges (€53,845k at 31 December 2021 and €59,790k at 31 December 2020);
- ◆ Adjustments to unbilled service and maintenance charges corresponding to the difference between prepaid charges called and actual final expenditure (€18,107k at 31 December 2021 and €22,191k at 31 December 2020).

Provisions are calculated in accordance with the Group's accounting policies (see Note 4.4).

4.7.2.6.6 CASH AND CASH EQUIVALENTS

(€ thousand)	31/12/2021	31/12/2020
Available-for-sale money market securities	213,000	67,000
Cash at bank	263,230	52,242
Accrued interest on cash and cash equivalents		1
Total assets	476,230	119,243
Bank overdrafts		
Total liabilities		
Impairment of money market securities	(103)	(66)
Net cash and cash equivalents at end of year	476,127	119,177

Cash and cash equivalents increased by €356,950k in 2021 due to the assets contributed to Foncière Cronos.

4.7.2.6.7 CONSOLIDATED EQUITY

See "Statement of changes in consolidated equity" in Note 4.7.1.4.

4.7.2.6.8 BORROWINGS AND FINANCIAL LIABILITIES

Financial liabilities by nature

(€ thousand)	31/12/2021	31/12/2020
Bonded debt	594,022	497,617
Bank borrowings	1,076,180	1,370,960
Security deposits	25,149	27,704
Other borrowings and credit facilities	4,735	5,739
Non-current borrowings and financial liabilities (over 1 year remaining)	1,700,086	1,902,020
Current borrowings (less than 1 year remaining)	134,834	74,108
Other borrowings and credit facilities	826	421
Bank overdrafts		
Accrued interest	10,788	11,084
Current borrowings and financial liabilities (less than 1 year remaining)	146,448	85,613
Net financial liabilities	1,846,534	1,987,633
Financial investments	(21,593)	(21,593)
Cash and cash equivalents	(476,127)	(119,177)
Net financial liabilities	1,348,814	1,846,863

In 2021, the Company contracted a €99 million bond loan (see Note 6.8.2)

Details of bond loan

In 2021, in'li contracted a bond loan with the following features:

- ◆ **Nominal value:** 99M€;
- ◆ **Format:** senior unsecured Fixed Rate Notes;
- ◆ **Term: 7 years:** (matures on 2 July 2029);
- ◆ **Repayment profile:** bullet payment;
- ◆ **Coupon:** 1.125%;
- ◆ **Listing:** Euronext Paris;
- ◆ **Covenant:** secured debt ratio;
- ◆ **Purpose:** to finance the general requirements of the business.

4.7.2.6.9 PROVISIONS

Provisions and other non-current liabilities are analysed in the following table:

(€ thousand)	31/12/2020	Additions	Reversals	Other movements	31/12/2021
Provisions for contingencies and losses	2,807	414	(362)	(721)	2,138
Employee benefits	5,204		(1,724)	(515)	2,965
Non-current provisions	8,011	414	(2,086)	(1,236)	5,103
Provisions for contingencies and losses	3			723	726
Employee benefits	1,004		(515)		489
Current provisions	1,007		(515)	723	1,215
Total	9,019	414	(2,601)	(513)	6,319

Determining provisions for contingencies and losses requires the use of estimates and assumptions produced by management based on information or situations that existed at the reporting date – which may turn out to be different from reality – and the use of judgement.

4.7.2.6.10 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Post-employment benefits

Post-employment benefits for employees are mostly covered by an externally managed defined benefit pension plan. A provision is recognised for any amounts not covered.

The amount of post-employment benefit commitments is calculated based on various criteria that are reviewed annually, including the employee turnover rate (adm = 2.96%, PIME = 2.63%, PIMG = 1.08%), employee wage growth (adm = 2.61%, PIME = 1.32%, PIMG = 1.57%), the discount rate (0.89%), and the payroll tax rate (adm = 61.44%, PIME = 53.16%, PIMG = 55.84%). The average retirement age used is 62.

Under the new IFRIC interpretation, employee benefit obligations at 1 January 2020 fell by €515k. This change in accounting method was recognised against a matching entry in equity.

In addition, a provision for the year-on-year difference of €2,049k was released, bringing the provision for the amount not covered in the main defined benefit plan (retirement indemnities plan) to €2,579k.

Length-of-service awards

At 31 December 2021, the provision for long-term commitments in relation to length-of-service amounted to €874k.

4.7.2.6.11 TRADE PAYABLES

Changes in trade payables balances over the reported periods may be analysed as follows:

(€ thousand)	31/12/2021	31/12/2020
Trade payables for goods and services	40,961	20,652
Amounts owed to property developers	8,890	15,814
Tenants with credit balances	1,980	1,744
Service and maintenance charges to be adjusted	23,073	22,605
IFRS 16	(627)	(597)
Trade accounts payable	74,277	60,218

4.7.2.6.12 RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

(€ thousand)	NBV at 31/12/2021	Amortised cost	Fair value through equity	Fair value through profit and loss	Fair value
Assets					
Financial assets	99,119	99,119	194		99,313
Trade receivables	53,618	53,618			53,618
Cash and cash equivalents	476,127	476,127			476,127
Total	628,864	628,864	194		629,058
Equity and liabilities					
Bond loan	594,022	594,022			594,022
Other	1,252,512	1,252,512			1,252,512
Trade accounts payable	74,226	74,226			74,226
Total	1,920,760	1,920,760			1,920,760

Breakdown by level of financial assets and liabilities at fair value

Under IFRS 13, the different techniques used to measure financial instruments must be ranked. It sets out the following categories:

- ◆ Level 1: financial instruments traded on an active market;
- ◆ Level 2: financial instruments whose fair value is measured by comparison with observable market transactions for similar-type instruments (i.e., no modification or restructuring) or using variables based only on observable market data
- ◆ Level 3: financial instruments whose fair value is calculated wholly or partly from estimates that are not based on observable market transactions for similar-type instruments (i.e., no modification or restructuring) or observable market data.

(€ thousand)	Total	Level 1	Level 2	Level 3
Investment property	7,890,455			7,890,455
Total assets	7,890,455			7,890,455
Total liabilities and equity				

4.7.2.7. THE CONSOLIDATED INCOME STATEMENT

4.7.2.7.1 GROSS RENTAL INCOME

Gross rental income may be analysed as follows:

(€ thousand)	2021	2020
Rental income from dwellings and related revenue	260,648	291,200
Rental income from parking spaces	13,187	14,010
Rental income from commercial and office leases	4,465	5,069
Gross rents	278,301	310,279
Other rental income	1,098	875
Gross rental income	279,399	311,154

The year-on-year decrease was mainly attributable to properties disposed of in 2021 (especially "Cronos") and to the 3.35% increase in financial vacancy when compared with 2020.

The decrease in revenue was partly offset by:

- ◆ Application of the 0.66% increase in the rent review index to rents from the 1,484 new housing units delivered in 2021; and
- ◆ The impact of new units delivered in 2020 which were only let out in 2021.

4.7.2.7 OPERATING EXPENSES

Operating expenses consist of:

- ◆ Charges for which the owner is liable, work-related expenditure, any litigation costs and property management costs;
- ◆ The rebillable portion of service and maintenance charges by nature that must be paid by the Group, mostly for vacant properties.

(€ thousand)	2021	2020
Subcontracting and maintenance	14,643	18,279
Upkeep and repair work	33,312	26,942
Taxes and other levies	37,573	43,692
Personnel expenses	6,592	5,426
Other expenses	5,123	4,050
Building-related expenses	97,243	98,389
Fluids	24,050	29,013
Taxes and other levies	7,233	8,047
Personnel expenses	5,619	12,123
Other charges (including management agency fees)	32,197	30,635
Rebillable charges	69,098	79,818
Provisions for charges	(70,697)	(81,455)
Charges to be regularised	1,591	1,536
Charges on vacant properties	3,705	4,138
Charges rebilled	(65,401)	(75,781)
Net operating expenses	100,940	102,426

4.7.2.7.3 OVERHEADS

Overheads mostly consist of personnel expenses, fees paid by the Company and headquarters operating costs (maintenance, IT, insurance, advertising costs, etc.).

Personnel expenses relate to the Company's employees, with the exception of building personnel who are included in building charges. Certain personnel expenses and management fees are reclassified to building charges, depending on their nature.

4.7.2.7.4 PROCEEDS ON DISPOSALS

In 2021, disposals of investments mainly consisted of the sale of 100% of the shares in Foncière Cronos and 75% of the shares in Cronos. For disposals of investment property, see the breakdown provided in Notes 6.1.1 and 6.1.2.

4.7.2.7.5 FAIR VALUE ADJUSTMENTS TO INVESTMENT PROPERTY

Fair value adjustments to investment property may be analysed as follows:

(€ thousand)	2021	2020
Investment properties measured at fair value	303,366	68,838
Investment property at cost		4,851
Total fair value adjustments	303,366	73,689

Fair value hierarchy:

Residential property	«Block» value per m ²		Discount rate DCF		Rate of return	
	Min	Max	Min	Max	Min	Max
Paris	3,712	10,909	1.9	5.5	0.3	3.8
Seine-Saint-Denis	1,441	8,037	3.4	8.3	1.8	6.6
Hauts-de-Seine	1,360	9,813	2.4	7.7	0.8	6.1
Val-de-marne	1,956	7,315	2.9	7.0	1.3	5.6
Yvelines	852	7,591	2.2	8.4	0.6	6.8
Val-d'Oise	355	4,570	4.5	9.6	2.4	8.0
Essonne	902	4,318	4.7	7.7	3.1	6.3
Seine-et-Marne	1,702	3,390	4.1	8.1	2.6	6.4
Other departments	78	2,679	3.9	18.3	2.3	16.7

In accordance with IFRS 13, the above table discloses the ranges of the main unobservable inputs (Level 3 inputs) used by real estate appraisers.

4.7.2.7.6 NET FINANCIAL INCOME (EXPENSE)

Net financial income (expense) mostly consists of interest payable on borrowings from credit institutions and interest on the bond loans contracted in July 2019 and November 2021.

(€ thousand)	2021	2020
Proceeds on disposal of short-term investments		123
Income from long-term investments	60	521
Miscellaneous interest income	736	61
Other financial income	2,533	816
Financial income	3,329	1,521
Banking Services	(118)	(1,535)
Interest on bonded debt	(6,289)	(5,892)
Interest on borrowings from credit institutions	(22,780)	(26,963)
Miscellaneous interest expense	(270)	(95)
Other finance costs	(730)	(457)
Provisions for impairment of financial assets	16	(22)
Financial expenses	(30,171)	(34,964)
Lease finance costs	(149)	(152)
Net financial expense	(26,991)	(33,595)

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4.7.2.7.7 CORPORATE INCOME TAX

The tax expense for the period can be broken down as follows:

(€ thousand)	2021	2020
Income tax surcharge	(6,645)	(953)
Other		(273)
Corporate income tax	(201,880)	(30,026)
Deferred taxes	108,681	(15,985)
Total tax expense	(99,844)	(47,236)

A reconciliation of the effective tax rate is provided in the following table:

Reconciliation of the effective tax rate (€ thousand)	2021	2020
Net profit (loss)	315,830	152,478
Income tax expense	(99,844)	(47,236)
Income before tax	415,674	199,714
Tax rate	28%	32%
Standard tax (amount)	(118,068)	(63,909)
Impact of share in net income of associates	13,238	1,257
Standard tax adjusted to include share in net income of associates	(104,830)	(62,651)
Income tax expense	(99,844)	(47,236)
Tax-related differences	(4,986)	(15,415)
Re-estimate of deferred tax related to changes in tax rates		(25,534)
Permanent differences	(5,027)	(3,252)
Rollover relief		12,854
Other movements	40	517
Explanations	(4,987)	(15,415)

4.7.2.8 OTHER DISCLOSURES

4.7.2.8.1 OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments at 31 December 2021 and at 31 December 2020 were as follows:

(€ thousand)	31/12/2021	31/12/2020
Mortgages and lender's liens	816,010	931,707
Signed acquisition agreements to be settled	66,482	61,924
Off-plan agreements to be settled	825,810	1,212,589
Share subscriptions ⁽¹⁾	26,675	28,725
Payment of loan ⁽¹⁾	14,354	14,354
Total commitments given	1,749,331	2,249,299
Bank guarantees and financial guarantees ⁽²⁾	15,672	27,869
Guarantees from suppliers	20,475	19,673
Available borrowings ⁽³⁾	922,815	1,076,497
Grants receivable (ANRU)	4,687	8,344
Off-plan builders' commitments	825,810	1,212,589
Signed sale agreements to be settled	3,444	4,510
Total commitments received	1,792,903	2,349,482

⁽¹⁾ Commitment to subscribe to the Terrae Optimae land development fund to convert offices into housing units.

⁽²⁾ Bank guarantees for property reservation agreements.

⁽³⁾ Mainly comprising the RCF for €750 million and €310 million in EIB financing.

Off-plan commitments totalling €825,810k comprise reciprocal commitments given and received on reservation agreements with property developers to build almost 4,000 units of housing. They decreased by €386,779k when compared to 2021.

4.7.2.8.2 RELATED PARTIES

The Company's parent, Action Logement, complies with the notion of a "government-related entity" under Revised IAS 24 and in'li avails of the reporting exemption provided under paragraph 25 of the standard.

The Companies main related parties are:

- ◆ The subsidiaries
 - In'li PM: rebilling of amounts of €3.2 million and a €0.5 million cash advance;
 - APEC Développement: current account advance of €5.5 million and accrued interest receivable of €0.02 million;
 - APEC Résidence: current account advance of €3.4 million and accrued interest receivable of €0.05 million;
 - In'li Participations: current account advance of €38.0 million and accrued interest receivable of €0.4 million;
- ◆ The Chairman of the Management Board and the Chief Executive Officer;
- ◆ The parent company, Action Logement Immobilier, which has given the Company a current account advance of €36.0 million, and Action Logement Group;
- ◆ All other related-party transactions were deemed non-material.

4.7.2.8.3 HEADCOUNT

Average Group headcount may be broken down as follows:

Average headcount ⁽¹⁾	31/12/2021	31/12/2020
Management grade	257	239
Employee-grade and supervisor-grade	193	211
Building personnel	280	285
Apprentices	24	9
Total	754	744

⁽¹⁾ Average headcount including part-time staff

4.7.2.8.4 SENIOR EXECUTIVE COMPENSATION

Because these disclosures would make it possible to identify, directly or indirectly, the individual situations of members of the Company's management bodies, this information is not disclosed.

4.7.2.8.5 STATUTORY AUDITORS' FEES

Statutory Auditors' fees for auditing the Company-only and the consolidated accounts and for non-statutory audit engagements for 2020 and 2021 are disclosed in the following table:

Statutory Auditors' fees (€ thousand)	Mazars			
	2021		2020	
	Amount	%	Amount	%
Audit of the individual company and consolidated financial statements	103	71%	127	68%
Services other than statutory audit engagements	43	29%	61	32%
Total	146	100%	188	100%

4.7.2.8.6 SUBSEQUENT EVENTS

Changes in governance

Changes in governance: on 1 January 2022, Damien Robert replaced Benoist Apparu as Chairman of the Management Board. Antoine Pinel remains as Chief Executive Officer and member of the Management Board. Three new members joined the Management Board, increasing the number of members to five. The three new members are Marie Lefebvre- Souce, CEO of in'li Property Management, Stéphanie Caulet, Deputy CEO - Clients & Assets division, and Emmanuelle Robin-Teinturier, Deputy CEO - Resources and Digital Transformation.

Situation in Ukraine

No material changes occurred in the Company's financial or commercial position between the end of the year and the date on which the financial statements were prepared. Nevertheless, the military operations in Ukraine that began on 24 February 2022, and the sanctions imposed against Russia by many states are affecting international groups and will have an impact on the global economy. Potential impacts include:

- ◆ Freezing of assets and restrictions in certain sectors, such as the financial, aerospace and energy sectors.
- ◆ Impacts on economic activity:
 - Production and distribution difficulties affecting sales, disruption of the supply and production chains and the value of certain assets, either directly or via subsidiaries in Ukraine;
 - In terms of financing, the situation of Russian and Ukrainian banks could lead to liquidity problems for some entities;
 - For financial service providers, especially credit and insurance services, direct risks from exposures in Ukraine and Russia, as well as indirect risks from the impact of the conflict on other clients of these institutions, are very likely to increase.

Although in'li has no direct exposure in Ukraine or Russia, these events could impact its performance or the valuation and liquidity of the property portfolio it owns indirectly or directly.

At the present time, these risks are not quantifiable and it is difficult to have any visibility over the medium or long-term impacts of the situation.



Report on corporate governance

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◀ 15, chemin des prunais, Villiers-sur-Marne (Val-de-Marne).

5.1 GOVERNANCE

The report on corporate governance was prepared in accordance with Article L.225-68 of the French Commercial Code (*Code de commerce*). Every year, the Board of Directors prepares a report for the purpose of presenting to the shareholders, at the General Meeting called to deliberate upon all matters relating to the financial statements for the previous year, information relating to the Company's corporate governance, notably the composition and organisation of its Supervisory Board.

5.1.1 SUPERVISORY BOARD

Missions

The Supervisory Board's organisation and operating procedures are set out in the Company's Articles of Association and in the Board's own rules of procedure. At its meeting of 14 November 2017, the Supervisory Board unanimously adopted rules of procedure setting out the composition, organisation and operation of the Board, as well as its relations with the Management Board. The Supervisory Board's rules of procedure are reviewed on a regular basis and amended as appropriate to keep them in line with the Company's organisational structure and the regulatory environment more generally. The Company's Supervisory Board exercises ongoing control over the management of in'li by its Management Board. As such, it performs all controls and checks and issues all opinions that it considers appropriate within its remit concerning:

- ♦ The documents and disclosures provided by the Management Board, for which it assesses the regularity, relevance and reliability;
- ♦ The financial statements and the reliability and consistency of the accounting principles and methods used to prepare the Company's financial statements and results presented by the Management Board, as well as the resources deployed for this purpose by the Statutory Auditors;

- ♦ The appropriateness of the strategic choices and acts of management of the Management Board;
- ♦ Monitoring the implementation of decisions taken.

The Supervisory Board exercises the specific powers conferred on it by law, which are listed in the Articles of Association. It also authorises the Management Board to perform transactions that require its prior authorisation. Lastly, the Supervisory Board monitors the implementation of decisions taken.

Three Board committees: the Audit and Accounts Committee, the Appointments and Compensation Committee and the Investment Committee are made up of members of the Supervisory Board. These committees have an advisory role and regularly report back to the Supervisory Board. Their *modus operandi* is set out in the Supervisory Board's rules of procedure.

Composition and *modus operandi*

The members of the Supervisory Board are appointed or reappointed by the General Shareholders' Meeting. In the event of a vacancy – due to death or resignation – of one or more seats on the Board, the Supervisory Board may make appointments between two General Meetings. These provisional appointments must subsequently be ratified at the next General Meeting.

At 31 December 2021, the following people were members of the Supervisory Board:

- Pierre Brajeux, Chairman
- Michel Goyer, Vice-Chairman
- Action Logement Immobilier, represented by Pascal Landrin
- Sandra Bues-Piquet
- Florence Soustre Gasser
- Patricia Gomez-Talimi
- Xavier Hesse
- Marie-Pierre Huré
- Hervé Morel
- Philippe Thel
- Jackie Xiaohua Troy

The members of the Supervisory Board are not paid for their services. The General Meeting of 29 September 2017 decided that the members of the Supervisory Board would not be remunerated for their services and this principle continued to be applied in 2021.

The Annual General Meeting to be held on 9 June 2022 will be asked to renew the terms of office of Michel Goyer, Marie-Pierre Hure, Patricia Gomez-Talimi and Hervé Morel as members of the Supervisory Board for a three-year term to expire at the end of the Annual General Meeting in 2025 called to approve the financial statements for 2024.

5.1.1.2 MODUS OPERANDI

The Supervisory Board met five times in 2021, pursuant to a convening notice issued by the Chairman, and the Chairman was consulted once in writing.

It deliberated on the deployment of the Company's strategic plan, took arbitrage decisions concerning the property portfolio, approved decisions concerning the Company's capital, signed off on the annual financial statements and the allocation of net income, and analysed the financial statements and quarterly results. The Board approved the budget, the audit plan and the 2022 risk management plan.

The Supervisory Board also deliberated on a plan to boost access to home ownership and the organisation of an employee share-ownership scheme.

It authorised a number of related-party agreements necessary for the conduct of business.

Diversity policy

The Supervisory Board comprises five women out of eleven members, three of who also sit on one of the three Board committees. The Audit and Accounts Committee is chaired by a woman.

The quest for gender balance is also apparent in senior management and three of the four deputy CEOs are women. The members of the Supervisory Board are chosen for their expertise, their wide-ranging experience, their willingness to be a part of defining and implementing corporate and subsidiary company strategy, and the contribution they can make to the work of the Board. The Company's Articles of Association stipulate that the proportion of members over 70 years of age may not exceed 30% of all current members in office. If this proportion is exceeded, the oldest member of the Supervisory Board – with the exception of the Chairman – must leave office at the end of the next Ordinary General Meeting.

The composition of the Supervisory Board also takes account of governance rules in force within the Company and Action Logement Group, notably the rules of procedure regarding the proportion of representatives of employers' organisations and trade unions.

Because the composition of the Supervisory Board had been incomplete since 14 October 2021, the Annual General Meeting to be held on 9 June 2022 will also be asked to appoint Mr Philippe Amram (MEDEF representative) as a new member of the Board, for an initial one-year term to expire at the end of the Annual General Meeting in 2023 called to approve the financial statements for 2022, in order to renew the terms of office of one-third of Board members as provided for in the Company's Articles of Association.

For example, the Chairman is selected from among the natural person representatives of employers' organisations, and the Vice Chairman is selected from among the natural person representatives of trade unions.

There is a constant search for diversity within the Executive Committee and 43% of its members are women.

Ethics – Preventing conflicts of interest

Each member of the Supervisory Board is bound to perform their duties in good faith, in the manner they consider most appropriate for promoting the interests of the Company and with due care and prudence in the exercise of such a mission.

Each member of the Supervisory Board undertakes, in all circumstances, to maintain their freedom of analysis, judgement, decision-making and action and to reject any direct or indirect pressure that may be exerted upon them.

The Supervisory Board's rules of procedure contain an anti-corruption code which stipulates that each member of the Supervisory Board must act in all circumstances in the Company's general interest. Each member must inform the Supervisory Board of any actual or potential conflict of interest that may concern them directly or indirectly.

A Code of Ethics drawn up at Action Logement Group level applies to all Group managers and employees. It sets out commitments to business ethics and guides behaviour and best practices. A Group Ethics Committee has been set up to deal with issues relating to ethics and to examine cases submitted to it based on the Group's charter.

A stock market ethics charter applicable to all the Company's managers and employees was also introduced following the Company's inaugural bond issue. Its purpose is to raise awareness among employees of the legal requirements in relation to holding, communicating and making use of certain information about the Company known as insider information, the rules applicable to certain sensitive information and trading in the Company's securities, and the preventive measures and administrative and/or criminal sanctions applicable in the event that said rules are breached.

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5.1.2 MANAGEMENT BOARD

Composition

The composition and workings of the Management Board are governed by specific rules of procedure.

The composition of the Management Board was approved by the Supervisory Board at its meeting of 20 June 2018. The three-year terms of office of the two members of the Management Board, renewed at the Supervisory Board meeting of 11 June 2020, will expire in June 2023:

- ♦ Benoist Apparu, Chairman of the Management Board;
- ♦ Antoine Pinel, Chief Executive Officer, member of the Management Board.

Modus operandi

The Management Board is tasked with running the Company in a collegial manner.

It has the broadest powers to act in the Company's name under all circumstances, within the scope of the corporate purpose and subject to the powers vested by the law. The Management Board adopts a collegial approach,

without any specific division of management tasks among its members.

It sets out general guidelines and supports strategic initiatives for the Company's different activities, determines the structure and management oversight, defines the objectives and resources needed to deploy operations, and, more generally, deliberates on the most important issues concerning the management of the Company.

The Management Board meets as often as necessary to deliberate upon general policy and approve key projects. It reports to the Supervisory Board. Once every quarter it submits a report to the Board outlining key events and developments, focusing in particular on the Company's strategic policy, key business indicators, internal audit and risk management and in'li's new organisation structure based around new applications and business lines.

5.1.3 BOARD COMMITTEES

By a decision of 14 November 2017, the Supervisory Board set up three standing committees and defined the main duties of each committee as follows:

AUDIT AND ACCOUNTS COMMITTEE	INVESTMENT COMMITTEE	APPOINTMENTS AND COMPENSATION COMMITTEE
Examines the appropriateness of the methods used to prepare the parent company financial statements and verifies that internal procedures for gathering and monitoring information have been correctly applied by examining the financial information provided after the accounts have been closed, the draft parent company financial statements, the relevance and consistency of the accounting methods used, the external audit process and the Company's internal control systems.	Reviews certain new investment projects within the scope of the development strategy presented by the Management Board. The Committee is tasked with: <ul style="list-style-type: none"> • Being kept informed by the Management Board of the deployment of in'li's investment policy in accordance with the strategic plan and, in particular, of the terms and conditions of the investments; • Reporting at least once a year to the Supervisory Board on how this policy is being deployed; • Issuing a preliminary opinion to the Management Board concerning specific investments to be undertaken by in'li; • Issuing a preliminary opinion to the Supervisory Board concerning decisions to sell Company assets for material amounts; • Issuing a preliminary opinion to the Supervisory Board in respect of joint ventures, equity investments and innovative or more traditional forms of financing that are directly related to in'li's corporate purpose, and, more generally, reviewing and issuing opinions on any matter requested by the Supervisory Board. 	Issues recommendations concerning the appointment of new members to the Supervisory and Management Boards and their compensation.

Each committee has a maximum of four members, appointed from among the members of the Supervisory Board. They are appointed for their term of office on the Supervisory Board and the rules for appointment are based on Action Logement Immobilier guidelines for non-social housing subsidiaries.

AUDIT AND ACCOUNTS COMMITTEE	INVESTMENT COMMITTEE	APPOINTMENTS AND COMPENSATION COMMITTEE
<p>Sandra BUES-PIQUET Chairwoman of the Committee</p> <p>Michel GOYER (since 14 October 2021)</p> <p>Action Logement Immobilier, whose permanent representative is</p> <p>Pascal LANDRIN</p> <p>Xavier HESSE</p>	<p>Jean-Jacques DENIZARD Chairman of the Committee (until 14 October 2021)</p> <p>Michel GOYER Chairman of the committee (since 14 October 2021)</p> <p>Philippe THEL</p> <p>Jackie Xiaohua TROY</p>	<p>Pierre BRAJEUX Chairman of the Committee</p> <p>Jean-Jacques DENIZARD (until 14 October 2021)</p> <p>Michel GOYER (since 14 October 2021)</p> <p>Patricia GOMEZ-TALIMI</p> <p>Bruno CANEPARO (until 14 October 2021)</p>
4 MEETINGS HELD IN 2021	5 MEETINGS HELD IN 2021	2 MEETINGS HELD IN 2021
The Audit and Accounts Committee met on 6 April, 31 May, 4 October and 29 November 2021 to review and deliberate upon the following: the annual financial statements and projected management accounts, the Company's financing policy and structuring of the property development companies, the work performed in relation to audit, risk management, internal control and combating fraud, the Company's 2022 budget, the audit plan and the fees of the Statutory Auditors with a view to their certification of the 2021 financial statements.	The Committee met at regular intervals over the past year on 3 March, 19 May, 1 September, 13 October and 9 December 2021 to examine management reporting information concerning project ownership, development project arbitrage, and decisions to dispose of properties (block sales and split sales).	The Committee met at regular intervals over the past year on 3 March, 19 May, 1 September, 13 October and 9 December 2021 to examine management reporting information concerning project ownership, development project arbitrage, and decisions to dispose of properties (block sales and split sales). For information, these decisions were also approved by the Board of Directors of Action Logement Immobilier, which vets the appointment of all corporate officers within, its subsidiaries in accordance with its Articles of Association, and deliberates on their compensation.



5.1.4 LIST OF DIRECTORSHIPS AND POSITIONS HELD IN ALL COMPANIES

Pursuant to Article L.225-37-4 of the French Commercial Code, here is a list of all directorships and positions held by each corporate officer in the Company during 2021.

CORPORATE OFFICER	COMPANY NAME	OFFICE/POSITION HELD
MANAGEMENT BOARD		
M. Benoist APPARU	SA in'li	Chairman
	Town of Châlons-en-Champagne	Mayor
M. Antoine PINEL	SA in'li	Chief Executive Officer, member of Management Board
	SAS in'li Property Management Association UDLI Chairman, permanent representative of in'li	Chairman (until 1 September 2021)
SUPERVISORY BOARD		
M. Pierre BRAJEUX	SA in'li	Chairman of the Supervisory Board
	SAS BRENNCORP	Chairman
	SAS TORANN-FRANCE	Chairman
	SAS NOVASCOTIA	Chairman
	SARL ASGARTH CONSULTANTS	Manager
	SARL VIGILANE	Manager
	SARL FERGUS AUTORITÉ	Manager
	SCI VOLFONI	Manager
	SCI BERETTO	Manager
	SCI WILLSDORF	Manager
	Association Horizon Santé Travail	Director
	MEDEF 92	Director (Secretary)
	MEDEF Île-de-France	Director
	M. Michel GOYER	SA in'li
CFDT HTR trades union (hotel, catering & restaurant section – Paris region)		Regional Secretary
<i>Tribunal judiciaire de Paris</i> (Paris Court of Justice)		Presiding judge
SAS AREAS SERVICES		Sales outlet manager
Mme Sandra BUES-PIQUET		SA in'li
	SA D'HLM IMMOBILIÈRE 3F	Director
	SA D'HLM SEQENS	Director
	SA VEOLIA ENVIRONNEMENT	Corporate Real Estate Director
Mme Florence SOUSTRE-GASSER	SA in'li	Member of the Supervisory Board (since 10 October 2021)
	SAS PRAXILAB	Chairwoman
	Association EMCC FRANCE	Chairwoman
	SIMACS	Director
M. Philippe THEL	SA in'li	Member of the Supervisory Board
	SA D'HLM SEQENS	Director
	SA CILGERE SERVICES	Director (until 22 October 2021)
	SAS PHT CONSEIL	Chairwoman
	IFPImm (Financing institute for real estate professionals)	Chairwoman
Mme Marie-Pierre HURÉ	SA in'li	Member of the Supervisory Board
	Joint labour/management organization	Alternate employer's representative

CORPORATE OFFICER	COMPANY NAME	OFFICE/POSITION HELD
	Social dialogue observatory (Hauts-de-Seine (92))	Lead employer's representative
	MEDEF 92	General Secretary
Mme Patricia GOMEZ-TALIMI	SA in'li	Member of the Supervisory Board
	SCP PDGB	Partner & Lawyer
	<i>Conseil de prud'hommes</i>	Presiding judge
	<i>Tribunal des affaires de sécurité sociale</i>	Presiding judge
	APPI	Director
M. Xavier HESSE	ESAIP Angers	Member of the Supervisory Board
	SA in'li	Member of the Supervisory Board
	SAS FRANCEDUCKTOURS	Chairman
	SAS PARISDUCKTOUR	Chairman
Mme Jackie Xiaohua TROY	EIRL PARISSPEED	Businessman
	Réseau RIVALIS	Independent consultant
	SA in'li	Member of the Supervisory Board
	<i>SARL Société générale pour l'impression et la papeterie (SOGIP)</i>	Manager
	SCI BAMBOO	Manager
M. Pascal LANDRIN	SCI LISA	Manager
	SCI TROY-YAN	Manager
	CCI Paris Île-de-France	Elected member
	CPME Paris Île-de-France	Director
	SA in'li	Membre du Conseil de surveillance , permanent representative of Action Logement Immobilier
	SAEM de Maisons-Laffitte	Director, permanent representative of Action Logement Immobilier
	SA KONE	Regional Service Director
M. Hervé MOREL	SA in'li	Member of the Supervisory Board
	SA D'HLM 1001 VIES HABITAT	Head of group insurance and public procurement
	SA D'HLM 1001 VIES HABITAT	Economic and Social Committee representative
	SA D'HLM LOGIS FAMILIAL	Economic and Social Committee representative
	SA D'HLM LOGIS FAMILIAL VAROIS	Economic and Social Committee representative
	SA D'HLM LOGIS MÉDITERRANÉE	Economic and Social Committee representative
	SA D'HLM SOLLAR	Economic and Social Committee representative
	Mutuelle MUTLOG	Director
	Mutuelle MUTLOG GARANTIES	Director
M. Jean-Jacques DENIZARD	SA in'li	Member of the Supervisory Board (until 10 October 2021)
	CFDT	Housing officer
	<i>Association pour le Logement des Jeunes Travailleurs (ALJT)</i>	Director, representing the CFDT
M. Bruno CANEPARO	SA in'li	Member of the Supervisory Board (until 10 October 2021)
	SARL ALIASOL	Manager
	SARL SEOWA	Manager

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5.2 RELATED-PARTY AGREEMENTS FALLING WITHIN THE SCOPE OF ARTICLE L. 225-88-1

The Statutory Auditor's special report on related-party agreements and commitments falling within the scope of articles L.225-86 and L.225-88-1 of the French Commercial Code covers related-party agreements authorised during the period and agreements authorised in previous periods that remained in force during the year. The Supervisory Board approved the agreements listed in this report and they will be submitted for approval at the Annual General Meeting to be held in June 2022.

The following agreements were authorised during the year:

- ♦ Transfer of land tax charge to Seqens in Nanterre for 59 housing units, approved by the Supervisory Board meetings of 15 April and 10 June 2021;
- ♦ Acquisition of land tax charge from Seqens in Bagneux with a view to building 31 units of housing, approved by the Supervisory Board on 10 June 2021;
- ♦ Separation of joint ownership in favour of Seqens in Chesnay, approved by the Supervisory Board on 10 June 2021.

The following related-party agreements authorised in previous periods remained in force during the year:

- ♦ Agreement to make the support functions of the in'li Supports joint venture available to associates for certain specific projects, approved by the Supervisory Board on 20 December 2017;
- ♦ Agreement with GIE ASTRIMMO for the use of the ALIOP product, approved by the Supervisory Board on 10 September 2018.

5.2.1 DELEGATION OF AUTHORITY TO INCREASE THE COMPANY'S SHARE CAPITAL

The Combined General Meeting of 10 June 2021 entrusted the Management Board with all necessary powers, with the option of sub-delegation, to increase the Company's capital by an amount of €50,318,874. The Board noted that this operation had been duly completed and recognised on 27 October 2021.

5.2.2 OBSERVATIONS OF THE SUPERVISORY BOARD CONCERNING THE MANAGEMENT REPORT PREPARED BY THE MANAGEMENT BOARD AND THE FINANCIAL STATEMENTS FOR THE YEAR

The Supervisory Board has no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

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