

Annual report 2020



in'li 

Groupe ActionLogement

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This is a free English translation of the 2020 in'li annual report. The report is originally issued in French and the English translation is solely provided for the convenience of English speaking reader.



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



80,000 units of new housing over the next 10 years



€18 billion invested over a ten-year period



762 employees



Almost 100,000 tenants

A message from our shareholder

ACTION LOGEMENT IMMOBILIER



11, Avenue de la Gare, Montigny-le-Bretonneux (Yvelines).



Our organisation demonstrated all of its resilience and our employees delivered on their commitment to social utility in the service of the local economy.



2020 was an unprecedented year due to the global pandemic that shook both the economic activity and social *modus operandi* of our country. Our organisations were severely tested and the timing of the 2020 local elections also added complexity to the mix.

To deal with this unprecedented situation, our local governance structures and teams stepped up to continue providing support day in, day out, to vulnerable tenants, businesses and local and regional bodies in especially challenging working conditions.

Our organisation demonstrated all of its resilience and our employees delivered on their commitment to social utility in the service of the local economy. In each of our entities, our governance structures demonstrated their sense of responsibility both to elected officials and economic stakeholders.

Despite the unusual circumstances, our results for 2020 were both exceptional and remarkable.

54% of housing allocated to employees in our social housing companies and over 75% in intermediate housing companies.

Exceptional with over 42,000 new accreditations obtained for social and intermediate housing and nearly 3,000 reservations for subsidized home ownership programmes. This demonstrates our ability to provide a wide range of solutions both in big cities and smaller-sized towns.

And remarkable with 54% of housing allocated to employees in our social housing companies and over 75% in intermediate housing companies. Action Logement Immobilier promotes more balanced neighbourhoods and towns with greater social mix. The progress made in selling off social housing is a testimony to our commitment to supporting residential opportunities for our tenants by leveraging the Group's assets. Our concerted efforts to restructure social housing reflect a new policy focused on external growth and partnerships underpinned by the local, trust-based relationships that have been forged by our subsidiaries over time.

In the name of the entire Action Logement Immobilier Board, I would like to say thank you for your unstinting commitment which continues to make Action Logement a bigger and a stronger group.

2021 has begun on a positive note with the amendment to the five-year agreement with the French State signed on 15 February last: in addition to our common goals of social utility and local and regional development, there will be a renewed focus on production, housing for first-time buyers, housing opportunities for young people and employees, and urban renewal.

In the face of the current economic and social crisis, we need to work together to succeed in all regions throughout the country and in the overseas departments. We will be playing a proactive role in the economic recovery and I know I can count on your unstinting support to help meet the objectives of the social partners in providing housing for employees.

Pierre ESPARBÈS,
Chairman of the Board of Directors, Action Logement Immobilier



Message from the Supervisory Board and Management Board

Pierre BRAJEUX
Chairman
of the Supervisory Board



Jean-Jacques DENIZARD
Vice-Chairman
of the Supervisory Board



Benoist APPARU
Chairman of the
Management Board



Antoine PINEL
Member of the
Management Board,
Chief Executive Officer



In 2020, in'li demonstrated all of its stability and agility in pursuit of its stated objective of building 80,000 new intermediate housing units to improve the living environment and access to housing for employees in the Paris region. This requires total commitment on the part of our teams who have continued to drive the Company forward throughout this unusual year which has been dominated by the health crisis.

2020, which already promised to be a challenging year for new house builds due to the local elections – and was even more difficult still because of the health crisis – ultimately delivered remarkable results. In the end, we were able to reserve 5,043 new units of intermediate housing with our partner developers – a figure that was well ahead of target and identical to last year.

The diversification of our financing arrangements that began in 2018 continued apace in 2020 with the creation of property development companies, notably Foncière Cronos. The enthusiasm of institutional investors for financing new intermediate housing projects demonstrates both the strength of the in'li business model and the renewed appetite for investing in residential property. These new property development companies in turn led to the creation of in'li Property Management, our third-party management subsidiary, staffed almost entirely by in'li people who have seized internal mobility opportunities.

Out on the front line, in'li employees remained totally committed throughout the year – including during lockdown – to maintaining contact and providing a friendly ear and a quality service for our tenants. The administrative teams were able to switch to teleworking to keep the activity going at full strength: marketing housing units, helping new tenants move in and keeping day-to-day operations running smoothly.

The property portfolio renovation programme was reorganised and some projects had to be postponed. However, the teams made the most of 2020 by launching several works contracts and this will boost the renovation and restructuring project pipeline over the next three years. Internal restructuring of the property portfolio along regional lines has reduced the number of property divisions from four to three, effective from 1st January 2021 and this new structure will be consolidated over the coming year. It will also play a key role in accelerating the Company's digital transformation: all employees out in the field will be equipped with the necessary resources for working remotely and a new web and mobile app will be deployed for our tenant customers from summer 2021.

KEY FIGURES FOR 2020



43,341
housing units
owned

€383 million
in rental income and
provisions o/w net rental
income: €308 million



€524 million
invested in new builds



762
employees



5,043 units of housing committed



€35 million
invested in improvement,
renovation and upkeep

707
units
delivered

Construction
began on
2,867
units

99.02%
recovery rate

3,442
incoming
tenants



7.28%
turnover rate



3.32%
marketable
vacancy rate

107
units sold



In'li, intermediate housing serving the public interest

OUR RESOURCES



FINANCIAL RESOURCES

- ◆ Rental income: **€308 million**
- ◆ Debt: LTV of **21.5%**
- ◆ S&P Global Ratings: **A**



IN-HOUSE EXPERTISE

- ◆ Number of employees: **762**, including **292** building caretakers
- ◆ Training budget: **3.8%** of total payroll



PRODUCTION OF INTERMEDIATE RENTAL HOUSING

- ◆ New units delivered: **707**
- ◆ Construction starts: **2,867**

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
43,341
units owned

DEVELOPMENT AND
PROJECT OWNERSHIP
5,043
housing units
committed in 2020

€35 million
invested in improvement,
renovation and upkeep

SALES
107
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

- Bettering French RT2012 energy performance targets by 10% for the new buildings;
- Energy consumption⁽¹⁾: 171.2 kWh/m²;
- Carbon footprint⁽²⁾: 29.8 kg eq CO₂/m²;
- Over 6 tonnes of paper recycled at administrative sites.

⁽¹⁾ Evaluation based on 261 different properties.

⁽²⁾ Footprint calculated based on 56% of energy performance assessments validated in 2020.

OUR RESULTS



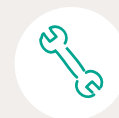
POPULATION OF HOUSING PORTFOLIO

- ◆ Number of people housed: nearly **100,000** tenants
- ◆ Occupancy rate: **96.68%**
- ◆ Incoming tenants: **3,442**, o/w:
 - ◆ **84%** are employees of PEEC-contributor companies
 - ◆ **42%** of tenants < 30 years old
 - ◆ **53%** management-grade employees



DISPOSALS

- ◆ **107** units sold, o/w 72 in block sales/35 in split sales
- ◆ Average sale price: **€234,000**
- ◆ Income from disposals: **€25.1 million**



PORTFOLIO MAINTENANCE

- ◆ Number of dwellings renovated: **704**
- ◆ Improvement and renovation work: **€23 million**
- ◆ Upkeep and renovation of housing portfolio: **€12 million**

Ownership structure

In'li's majority shareholder is Action Logement Immobilier (ALI), which owns 451,838,160 shares (or 90.51% of the share capital). Also, two wholly-owned ALI subsidiaries – Astria Développement and Cilgere Services – own 44,320,922 and 120,744 in'li shares, respectively (i.e., 8.88% and 0.02% of the share capital). This means that ALI owns 99.41% of in'li's share capital either directly or indirectly.

Another 2,273 shareholders, who are mainly the legacy of previous restructuring operations, own the remaining 0.59% 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 and to handle any requests.

In 2020, 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 in accordance with the Company's Articles of Association.

Share capital

The Combined General Meeting of 11 June 2020 approved an increase in capital for an amount of €135,480,598.50 through the issue of 90,320,399 new shares of €1.50 each. This share capital increase was duly completed on 5 August 2020.



▲
36, Rue Pasteur, Fontenay-sous-Bois (Val-de-Marne).





Overview of the Company and its business

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◀ 1-3, Rue Maurice Utrillo, Aulnay-sous-Bois (Seine-Saint-Denis).

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 based on income and annual income ceilings for new leases are as follows:

INCOME AND RENT CEILINGS

(in €)	2020		2021	
	Zone A bis ⁽¹⁾	Zone A	Zone A bis	Zone A
Single person	38,465	38,465	38,377	38,377
Couple	57,489	57,489	57,357	57,357
Single person or couple with one dependent	75,361	69,105	75,188	68,946
Single person or couple with two dependents	89,976	82,776	89,769	82,586
Single person or couple with three dependents	107,053	97,991	106,807	97,766
Single person or couple with four dependents	120,463	110,271	120,186	110,017
Increase per person starting from the fifth dependent	+13,421	+12,286	13,390	12,258

Rent ceilings per sq.m. (excluding charges) at 1st January 2020 were as follows:

(in euros/sq.m.)	2020		2021	
	Zone A bis ⁽¹⁾	Zone A	Zone A bis	Zone A
	17.43	12.95	17.55	13.04

⁽¹⁾ Zone A: most of the outer Paris suburbs, where rents and house prices are very high.

Zone A bis : 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.

To promote the development of intermediate housing, the following tax breaks are available:

- ◆ 10% VAT payable on acquisitions;
- ◆ exemption from French tax on developed property (TFPB) for a 20-year period.

Certain commitments must be given in exchange:

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

1.2 ACTIVITIES

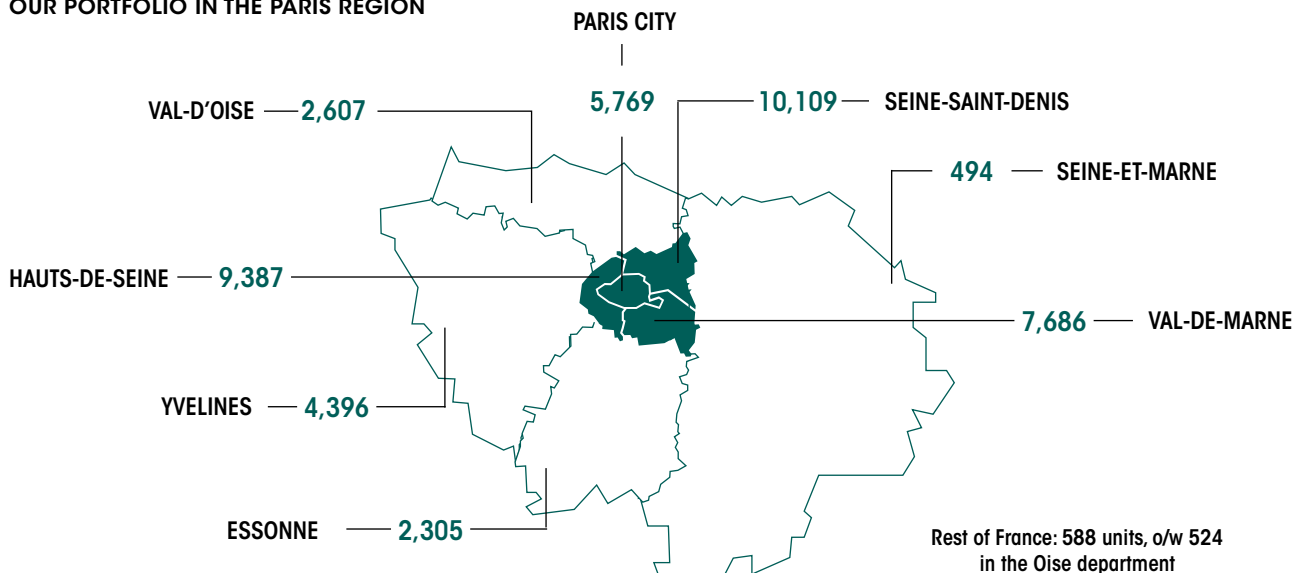
1.2.1 BREAKDOWN OF HOUSING PORTFOLIO

In'li's portfolio comprises 43,341 units of housing and collective accommodation almost all of which is located in the Paris region.

76% of the portfolio in terms of the number of units (and 83% 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.

- **98% of the portfolio (in value terms) is located in supply-constrained areas (i.e., zones A and A bis).**
- **Paris City and the Hauts-de-Seine department account for 52% of the total value of the real estate portfolio.**

OUR PORTFOLIO IN THE PARIS REGION



At 31 December 2020, Crédit Foncier Expertise estimated the appraised block value of in'li's portfolio at €8.7 billion and the appraised unit value at €11.2 billion (i.e., sale by unit rented at the market rental value). Both valuations exclude taxes and duties. The appraised block value grew by 4.3% year on year and by 4% on a like-for-like basis.

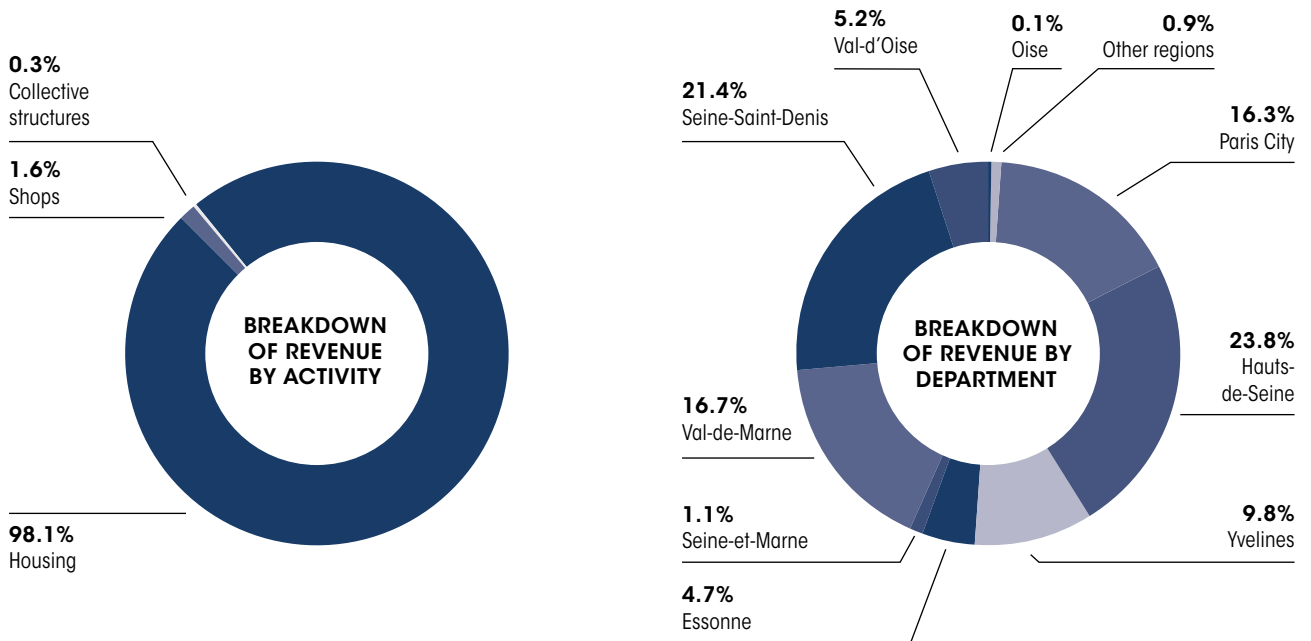
Assets located in the Paris region account for 99% of the value of in'li's property portfolio. The remainder comprise assets located outside the Paris region (mainly in the Oise department).

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 remained 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. The residential investment market grew by 41% in 2020 with an investment volume of €5.5 billion (source: Immostat).

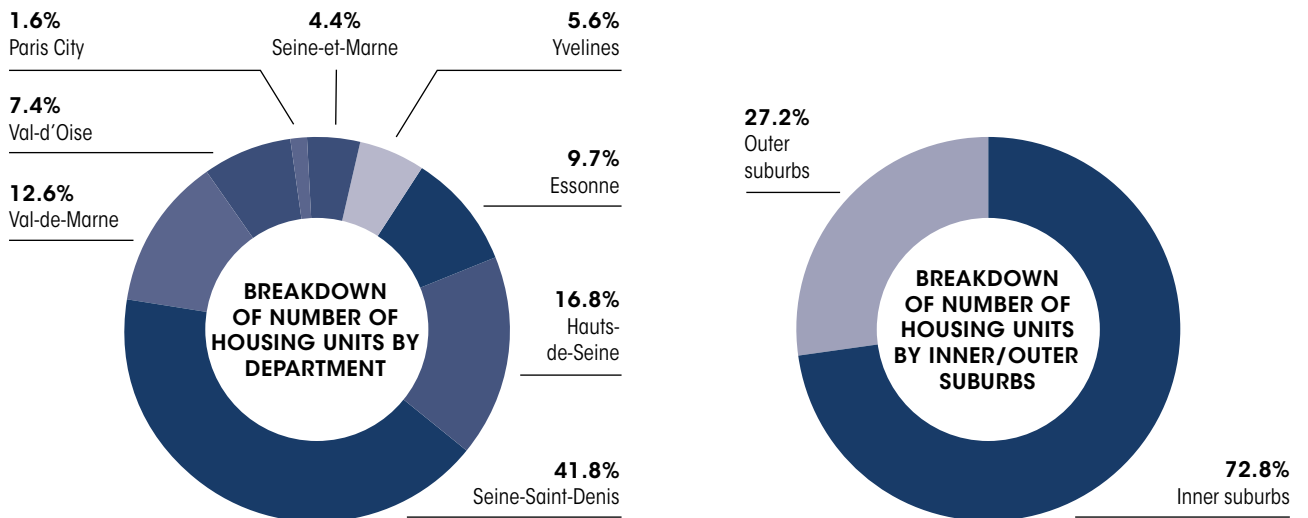
1.2.2 BREAKDOWN OF REVENUE BY ACTIVITY

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 5,043 housing units signed in 2020 (target: 4,500) 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) over the next 10 years. 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.⁽¹⁾

These new builds should meet around 50% of unsatisfied demand, which is currently estimated at between 150,000 and 200,000 units of housing⁽¹⁾.

In the three and a half years since in'li was created in October 2017, nearly 15,000 housing units have been signed. This has proved to be 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.).

For example, in 2020, in'li signed an agreement to convert offices located in Noisy-le-Grand in Seine-Saint-Denis department into an intermediate housing and coliving residence.

In the wake of its 2019 acquisition of a stake in the land redevelopment fund Terrae Optimae, in'li was able to reserve 125 units of free market and intermediate rental housing in the Fund's first operation in Clamart in Hauts-de-Seine department, which is scheduled for delivery at the end of 2023.

In'li has set a very ambitious target of 5,500 units for 2021 in spite of:

- ◆ the current health crisis;
- ◆ scarcity of supply (sharp drop in the number of building permits issued by local councils);
- ◆ stiffer competition due to the reappearance of major institutional investors in the Paris region housing market.

This target will be driven by new products to encourage intermediate first-time buyers (lease-to-buy, gradual ownership, etc.) and co-living arrangements, i.e., managed residences complete with amenities aimed at young working people and the middle classes.

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 21.5%, in'li's debt ratios were more than comfortable at end-2020 and it also has abundant liquidity of over €1.2 billion backed by €141 million in cash and cash equivalents and €1.1 billion in undrawn facilities at 31 December 2020.

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 independently of Action Logement by creating property development companies. The aim here is to get institutional investors to finance part of new production. The first two property development companies were formed in 2020 with top-ranking investor partners in the following operations:

- ◆ **APEC Résidence operation:** 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;
- ◆ **Cronos operation:** a partnership with AXA IMRA (Europe's No.1 real estate asset manager) to create a property development company, 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 19,000 units of new housing in around 10 years (including 4,000 units already identified and currently in development, plus 1,500 additional units of new housing per year).

⁽¹⁾ Source: Survey of intermediate housing by Institut d'Aménagement et d'Urbanisme Île-de-France (Institute of planning and urbanism for the Paris region) (March 2019). Territoires stratégiques pour le développement du segment intermédiaire en Île-de-France – Observatoire Régional de l'Habitat et de l'Hébergement (October 2019 report from a regional working group set up to study the development of intermediate housing in the Paris region).

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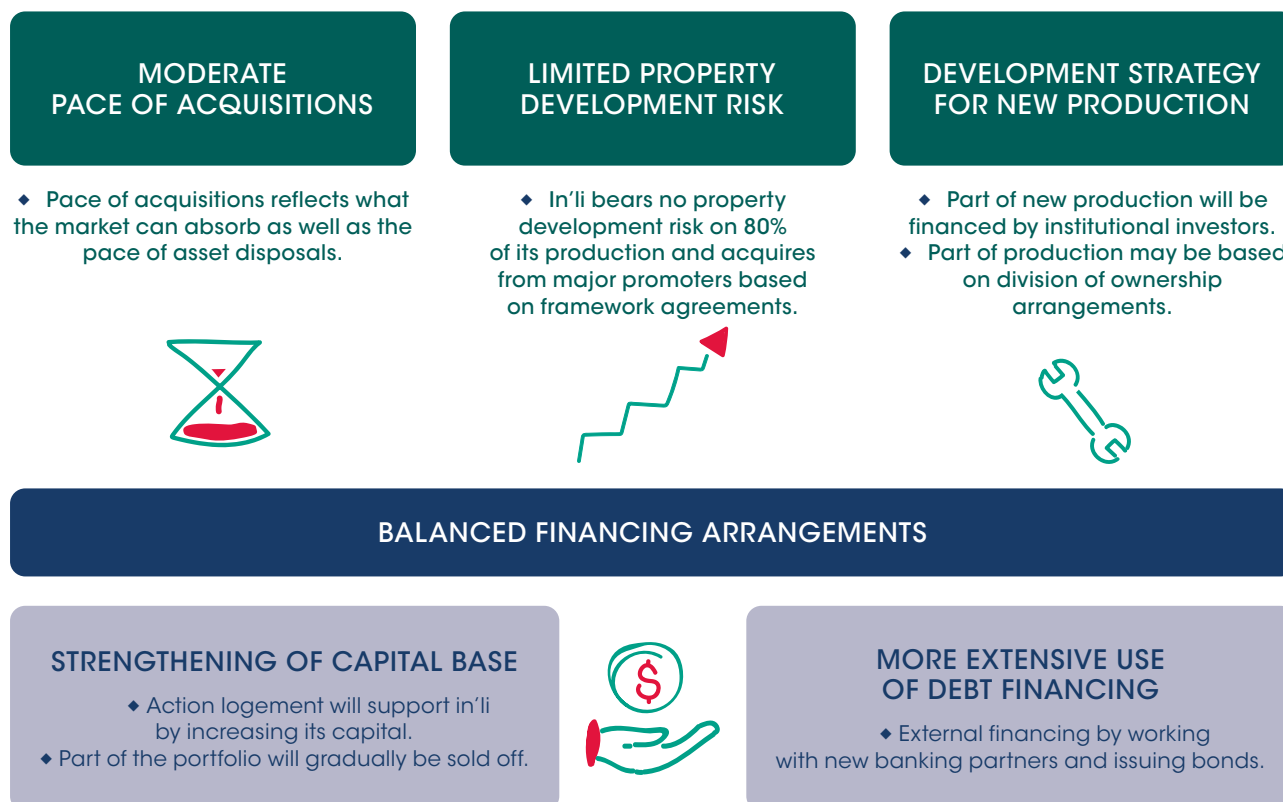
These two operations should make it possible to finance approximately 25,000 units of new housing over the next 10 years, that is around 30% of in'li's target of 80,000 units. Other partnerships are also in the pipeline.

Diversification of sources of financing:

- ◆ **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 obtain the approval of *Banque de France* for a commercial paper programme for a maximum amount of €500 million and subsequently completed its first commercial paper issue for an amount of €100 million in October 2020.
- ◆ **Financing from the European Investment Bank (EIB):** amendment to the financing agreement with the EIB to increase the amount of financing from €250 million to €310 million. This amendment is part of the EIB's effort to support the European economy and mitigate the impacts of the health crisis.

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.



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

Jean-François GABILLA

MEDEF (until 11 June 2020)

Sandra BUES-PIQUET

MEDEF

Philippe THEL

MEDEF

Marie-Pierre HURÉ

MEDEF

Patricia GOMEZ-TALIMI

MEDEF

Bruno CANEPARO

MEDEF

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

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

Patricia GOMEZ

Member

Bruno CANEPARO

Member

Investment Committee

Jean-Jacques DENIZARD

Chairman of the committee

Jean-François GABILLA

Member (until 11 June 2020)

Philippe THEL

Member

Jackie Xiaohua TROY

Member

Management Board

Benoist APPARU

Chairman of the Management Board

Antoine PINEL

Member of the Management Board, CEO



Supervisory Board: organisation and *modus operandi*:

- ◆ **composition:** in'li's Supervisory Board has eleven members, four of whom are women;
- ◆ **experience:** the Supervisory Board includes nine 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.

Concerning their professional activities:

- five members are company executives or senior managers;
- three members are consultants;
- two members perform operational or executive functions in trade union organisations;
- one member performs operational or executive functions in a private company working in the property sector.

- ◆ **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 59;
- ◆ **attendance:** ten of the eleven members have been on the Supervisory Board since in'li was created. In 2020, the attendance rate at Supervisory Board meetings was 67.3%;
- ◆ **frequency:** the Supervisory Board met five times in 2020, pursuant to a convening notice issued by the Chairman.

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
<ul style="list-style-type: none"> • Sandra BUES-PIQUET, Chairwoman of the committee • Action Logement Immobilier whose permanent representative is M. Pascal LANDRIN • Xavier HESSE 	<ul style="list-style-type: none"> • Jean-Jacques DENIZARD, Chairman of the committee • Jean-François GABILLA (until 11 June 2020) • Philippe THEL • Jackie Xiaohua TROY 	<ul style="list-style-type: none"> • Pierre BRAJEUX, Chairman of the committee • Jean-Jacques DENIZARD • Patricia GOMEZ • Bruno CANEPARO
4 MEETINGS HELD IN 2020	9 MEETINGS HELD IN 2020	2 MEETINGS HELD IN 2020
<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. 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. The organisation and functioning of the Management Board. 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:

- ♦ off-plan operations at Pontault-Combault with Plurial Novilia (7 units of housing), and at Villeparisis with Immobilière 3F (10 units of housing), approved by the Supervisory Board on 16 April 2020;
- ♦ off-plan operation at Le Pecq with Erigère (7 units of housing), approved by the Supervisory Board on 11 June 2020;

- ♦ acquisition of an underground area at Deuil-La-Barre with Seqens Accession, approved by the Supervisory Board on 15 October 2020;
- ♦ block sale of 15 units of housing at Herbiers to Podeliha, approved by the Supervisory Board on 10 December 2020.

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, Chief Executive Officer

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



Emmanuelle ROBIN-TEINTURIER
Deputy CEO
Resources and Digital Transformation



Stephan REIZER
Deputy CEO
Digital Transformation and Data Management



Barbara GRIZELJ
Deputy CEO
Job Transformation
Human Resources



Olivier DEBOST
Chief Financial Officer



Marie LEFEBVRE-SOUCÉ
Director of in'li Property Management



Éric LASCROMPRES
Development Department Director



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Executive Committee

Benoist APPARU
Chairman of the Management Board

Antoine PINEL
Member of the Management Board,
Chief Executive Officer

Corinne PIRLOT-FAGES
Advisor to the Management Board

Stéphanie CAULET
Deputy CEO – Clients & Assets division

Emmanuelle ROBIN-TEINTURIER,
Deputy CEO – Resources,
and Deputy CEO – Resources
and Digital Transformation
(since 1st December 2020)

Barbara GRIZELJ
Deputy CEO – Job Transformation/
Human Resources

Romain CRÉPEL
Deputy CEO – Investments
and Construction

Stephan REIZER
Deputy CEO – Digital Transformation
and Data Management
(until 1st December 2020)

Bénédicte LÉBOUCHER
Director of Marketing and Customer
Relations (Clients and Assets division)

Élisabeth LOTTEAU
Director of Rental Management
division (Clients and Assets division)

Stéphane MÉNARD
Technical Director – Property Portfolio
(Clients and Assets division)

Jérôme HERVIER
Property Director in Hauts-de-Seine
& Val d'Oise departments
(Clients and Assets division)

Patrick CEBULSKI
Property Director in Paris (City)
and Yvelines departments
(Clients and Assets division)

Johann SAUVAGE
Property Director in Oise and Seine-
Saint-Denis departments (Clients
and Assets division)

Franck TABOURET
Property Director in Seine-et-Marne,
Essonne and Val-de-Marne
departments (Clients and
Assets division)

Éric LASCROMPRES
Development Department Director
(Investments and Construction
division)

Laurent PALU
Investment Director (Investments
and Construction division)

Olivier DEBOST
Chief Financial Officer
(Resources division)

Razek LOUKKAF
Funding Department Director
(Resources division)

Nadège de BECQUEVORT
Audit and Risk Management Director
(Resources division)

Marie LEFEBVRE-SOUCÉ
Director of in'li Property Management

1.5.2 OUR TEAMS

Committed teams in pursuit of our objectives

At end-December 2020, in'li had a workforce of 762 people, of whom 711 were on permanent employment contracts. The workforce can be broken out between administrative and building support staff as follows:

- ◆ **62% administrative personnel**
(11% employee-grade; 18% supervisor-grade; 33% management-grade);
- ◆ **38% building personnel**
(6% building administrative staff; 32% building caretakers).

In'li continues to pursue the commitment enshrined in its gender equality agreement with:

- ◆ a gender equality index of 94/100;
- ◆ 45% of women on the Executive Committee at 31 December 2020;
- ◆ one out of every two managers is a woman.

In'li's gender equality index was 94/100 in 2020.

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:

- ◆ focusing on the quality of our work and our commitment;
- ◆ developing employability, new skills and career paths;
- ◆ engaging in inclusive social dialogue;
- ◆ constantly enhancing our risk prevention culture.

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 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 the property administration business, professionalising property management agencies, and putting building caretakers back at the heart of the customer relations strategy in the digital age.

In 2020, over 80 employees worked on collaborative cross-cutting projects.

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

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

A survey on remote working arrangements conducted at the end of last spring confirmed the enthusiasm for hybrid working arrangements and an amendment to our teleworking agreement was signed with the social partners in July 2020, allowing for up to two days of teleworking per week.

Targeted learning initiatives were deployed to help managers adapt to this new situation, including feedback on work during lockdown, a module on remote management techniques, and workshops on how to manage hybrid teams, etc.

We have also developed other ways of staying connected: our intranet was redesigned with a more collaborative focus and "live" online group meetings are organised for all employees on a regular basis.

We have had to review our skills development programme in the context of the health crisis but we were able to deploy 82% of our objective and half of this was achieved using remote learning.

Our plans to transform our workspaces into flex offices, which kicked off in May 2020, fit perfectly with this policy of teamwork and team learning and forging a strong culture of accountability and collaboration.

Our teams test their new smartphones.



Continuing to enhance our expertise, employability and professional career paths

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

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 18 hours training per permanent employee;
- ◆ 75% of employees took at least one training module;
- ◆ dedicated courses with more than 50 hours of learning on average to help people wishing to change job.

52 employees benefited from functional mobility opportunities, including 26 who are following certification programmes.

Also in 2020, 7 trainee caretakers and 20 people on work-study programmes were brought in and mentored by in'li teams.

Encouraging innovation through an "intrapreneurial" programme open to all

The in'li intrapreneurial programme promotes innovative in-house projects sponsored by intrapreneurs and supports people with ideas for start-ups. Three projects were supported this year: two in the innovative project category and one start-up. A brand new intrapreneur campaign is due to be launched in the spring of 2021.

3 intrapreneurs received support during the year.

Constantly enhancing our risk prevention culture

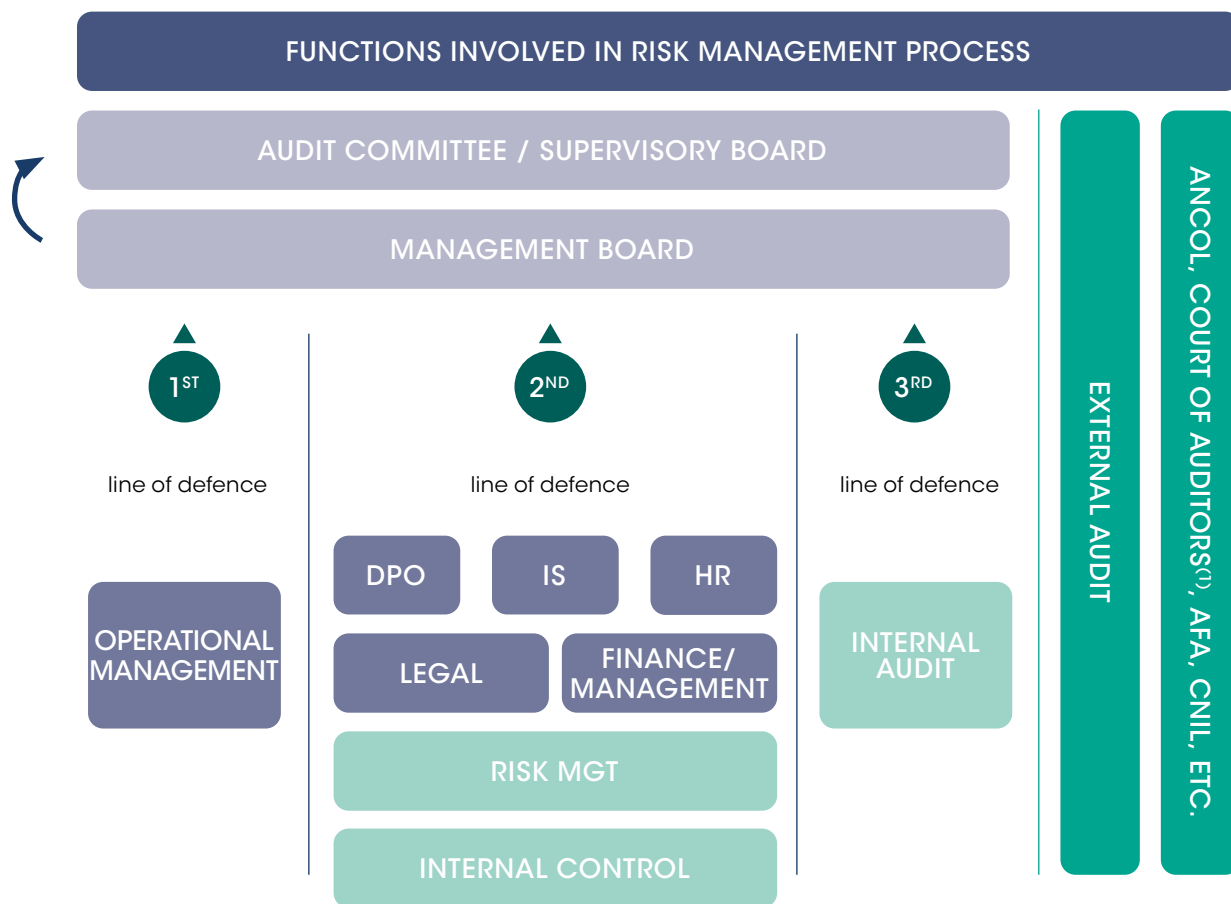
Regular meetings are held with the Health and Occupational Safety Committee to develop and deploy our Prevention & Safety roadmap and continue to improve working conditions and spread our culture of preventing occupational risks. Our occupational risk prevention training policy is diversified and renewed on a regular basis. Thanks to a digital partnership with APES, our real estate groups are monitored and any safety incidents are reported (ALI Tranquil). 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.

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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), and 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.

⁽¹⁾ French government oversight body (Cours des comptes)

In 2020, in'li began 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.

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.

In'li has set up 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. They are mapped and grouped into three categories: strategic risks, operational risks and risks related to support services. 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.

1.6.2 COMBATING FRAUD

In'li attaches huge importance to the fight against fraud and corruption and has been deploying a dynamic approach to identifying and dealing with fraud for a number of years.

This commitment goes beyond current regulations and is enshrined in the Company's values. It has culminated in the deployment of a structured fraud prevention, detection and processing system.

The fraud prevention process complies with the French "Sapin 2 Law" of 9 December 2016 (see developments on p.61. CSR performance, para.3.5 Compliance commitments) and covers corruption and unethical behaviour more generally. It starts with an assessment and analysis of risks based on the updated risk map from early 2021. The assessments help shape preventive measures, which are based around the Action Logement Group rules on ethics, a Code of Conduct and employee training and awareness-raising initiatives. In 2020, all of the Company's employees and directors were asked to complete an e-learning "compliance journey" comprising several different modules focused mostly on ethics. Moreover, all employees involved in housing allocation decisions have received classroom-based training in how to detect fake documents in housing applications.

Regular checks and analyses are performed to detect fraud, and any suspicions trigger investigations designed to highlight potential fraudulent acts. Strict sanctions are applied to perpetrators or accomplices.

In'li is also stepping up the segregation of duties and dual controls in its internal processes to minimise the possibility of fraud.



1.6.3 INFORMATION SYSTEMS SECURITY AND PERSONAL DATA PROTECTION

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

- ◆ a Data Protection Officer is tasked with ensuring that in'li complies with GDPR (see developments on p.61. CSR performance, para.3.5 Compliance commitments);
- ◆ aside from protecting personal data, IT security and cybersecurity in particular is a major priority. It is overseen by the Resources and Digital Transformation Division created on 1st December 2020, and by an IT Security Committee that meets on a quarterly basis. Twice a year, the Audit and Accounts Committee receives a report on the risks identified and any actions taken. A Chief Information Security Officer was appointed in 2020 to head up the Company's IT systems control policy;
- ◆ following an information systems security audit and penetration testing performed by an outside firm in late 2019, in'li has continued to make its IT systems more secure and aims to be compliant with the key requirements of ISO 270001 in 2021;
- ◆ the Company realises that IT systems security is closely bound up with user behaviour and awareness-raising initiatives were organised on a regular basis in 2020 to enhance in'li's internal IT security culture.

1.7 OWNERSHIP STRUCTURE

Share capital

The Company's share capital at 31 December 2020 was €748,811,607, made up of 499,207,738 with a par value of €1.50 each.

The capital is owned by 2,276 different shareholders and the ten biggest shareholders appear in the following table:

NAME OF SHAREHOLDER	NUMBER OF SHARES	% OWNERSHIP
ACTION LOGEMENT IMMOBILIER	451,838,160	90.511%
ASTRIA DEVELOPPEMENT*	44,320,922	8.878%
FINANCIERE HONEYWELL	144,784	0.029%
CILGERE SERVICES*	120,744	0.024%
ARANDA JIMENEZ Ramon	114,625	0.023%
MECI	114,625	0.023%
MODERNE DE MAÇONNERIE	98,250	0.020%
HI FI DELVALLEE	81,875	0.016%
NATIONALE DE RADIODIFFUSION (RADIO FRANCE)	66,285	0.013%
KLEPIERRE	55,193	0.011%

* Entities owned directly or indirectly by ALL.

The Combined General Meeting of 11 June 2020 approved an increase in share capital for an amount of €135,480,598.50, from €613,331,008.50 to €748,811,607,

through the issue of 90,320,399 new shares of €1.50 each. This share capital increase was duly completed on 5 August 2020.

1.8 DEVELOPMENT OPPORTUNITIES

1.8.1 DEPLOYMENT OF PROPERTY DEVELOPMENT COMPANIES

As part of its strategic plan to produce 80,000 units of new intermediate housing over the next 10 years, for a total investment of €18 billion, in'li has developed new financing arrangements and sought out new financial backers by creating two property development companies in which the Company has a 25% stake and institutional investors own the remaining 75%.

In 2020 (and on 15 January 2021 in the case of the second), two property development companies were created in which in'li has a 25% stake:

- ◆ APEC Résidence (for the existing portfolio) and APEC DEVELOPPEMENT (for the new build portfolio) in a structured partnership with PRIMONIAL (Capimmo) and Midi2i (which together hold 50%) and PRO BTP group (25%) that owns 330 units of existing housing and is planning the gradual acquisition of 336 units

of pre-identified new housing and a development programme that covers between 600 and 700 units every year;

- ◆ Foncière CRONOS in a structured partnership with AXA IMRA (75%) that owns approximately 5,900 units of existing housing and is planning the gradual acquisition of nearly 4,000 units of pre-identified new housing and a development programme that covers 1,500 units every year.

These two new structures are an important milestone in growing the intermediate housing offering in the Paris region as they will contribute around 2,200 additional units every year alongside in'li's existing efforts. By acting as referral agent and providing project management consultancy services for the two development companies, in'li will help ensure a uniform quality new housing offering.

1.8.2 REORGANISATION OF PROPERTY DIVISIONS

Due to the transfer of portfolio management services for Foncière Cronos to in'li Property Management, the property divisions needed to be reorganised to ensure more effective local management of our properties. The new organisation structure, effective from 1st January 2021, provided an opportunity to bring our customer relationship management closer to the teams out in the field and provide extra resources for managing our buildings held in joint ownership.

In'li's housing portfolio is now overseen by three divisions instead of four:

- ◆ DI Nord, covering the Oise, Seine-Saint-Denis and Val-d'Oise departments;
- ◆ DI Est, covering the Paris City, Seine-et-Marne, Essonne and Val-de-Marne departments;
- ◆ DI Ouest, covering the Yvelines and Hauts-de-Seine departments.

This geographical restructuring was accompanied by a functional reorganisation and a shift from a territorial to a business focus by setting up a local management department in charge of building management, and a rental management and customer relations department in charge of all lease-related matters, signature of lease agreements, pre-litigation and customer relations.

1.8.3 INTERMEDIATE RENT TO BUY

In the wake of its first two acquisitions of intermediate rent-to-buy operations, in'li acquired additional properties to be used in rent-to-buy schemes and it has set a target of 600 units of housing for 2021 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 housing rent for between 5 and 10 years together with an additional rent deposit 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 two operations of this sort are located at Viroflay and Bagneux. The Viroflay operation will be marketed in the second-half of 2021 and delivered in the first-half of 2022 while Bagneux will be marketed in the second-half of 2022 and delivery is scheduled for the first-half of 2023. Over the coming months, in'li will be developing other types of intermediate rent-to-buy products including a gradual purchase scheme.

- ▼ *The Mathurins rent to buy programme, Bagneux - Linkcity (Hauts-de-Seine).*



1.8.4 SPLIT SALES

In'li is continuing to implement its policy of split sales, giving priority to sitting tenants, and failing interest, to outside buyers at tenants' rotation. 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 between 6,000 and 8,000 units of housing up for sale.

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.

1.8.5 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 optimise its processes and forge closer ties with customers. This involves:

- ◆ stepping up the pace of computerisation and digitisation: generalised use of an in-house Electronic Document Management (EDM) system that complies with the Company's document classification and archiving policy, setting up datarooms, provision of the Digiposte service for tenants, use of electronic signature and a signature book;
- ◆ developing services and improving the user experience: standardising the user experience on different in'li sites (marketing platform, overhaul of the corporate website, tenant service platform, etc.), roll-out of an omni-channel and customer "selfcare" strategy (mobile apps for prospective and sitting tenants, chatbots, etc.);

- ◆ developing new resources: providing 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.), deploying technical asset management tools to track the preventative and corrective maintenance work carried out by our technical service providers;
- ◆ improving our back-office operations: optimising our data management processes, ERP, real-time indicators and developing a general digital and data-driven culture.

The IT Division is using these initiatives to continue improving our IT resources and the Company's overall performance. It uses digital transformation projects to 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.



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Comments on the financial year

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◀ 103, Avenue Gambetta, Bagnolet (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 43,341 units of intermediate housing, which includes:

- ◆ 42,897 family housing units;
- ◆ 444 units of collective accommodation.

In'li also owns and manages 292 commercial premises. The portfolio is spread throughout 874 groups of properties in 206 different municipalities.

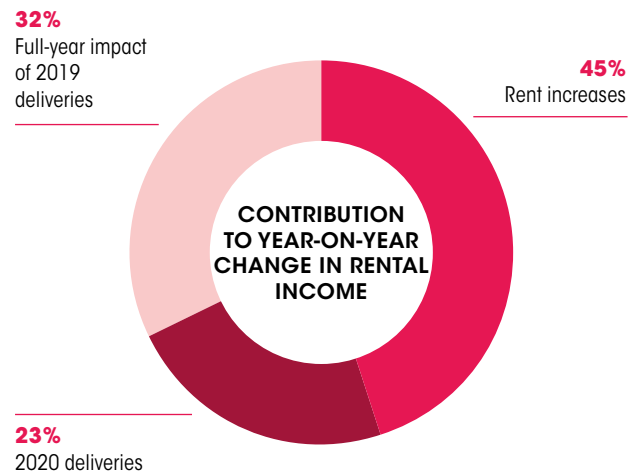
2.1.2 GOOD GROWTH IN RENTAL INCOME

Rental income increased by 4% (or €10.6 million) year on year. This increase was mainly attributable to:

- ◆ application of the 1.53% increase in the rent review index;
- ◆ rents from the 707 new housing units delivered in 2020;
- ◆ the full-year impact of new units delivered in 2019.

This increase was adversely impacted by a 0.52 point increase in financial vacancy when compared with 2019.

In'li managed to maintain the recovery rate at 99.2% in 2020.



2.1.3 RENT HOLIDAYS GIVEN TO BUSINESSES

In'li stepped up to provide support to its commercial tenants who were impacted by forced closures and an information campaign was organised right from the first lockdown.

To help out with the recovery, rent holidays were granted for rents due during the two periods of lockdown.

To date, in'li has granted rent holidays to 57 businesses for a total of €302,000 during the first lockdown. After the second series of restrictions in November, rent holiday requests were submitted for a total amount of €87,000.

2.1.4 A CONTAINED MARKETABLE VACANCY RATE

Letting activity was severely impacted by the sudden halt in visits during the first lockdown. However, the digitisation of customer services initiated in 2018 (submission of applications online to inli.fr, signature of paperless leases) made it possible to continue letting properties and allowing new tenants to move in.

The marketable vacancy rate was adversely impacted by the health crisis, mainly during the first six months of the year, before tailing off during the last quarter of 2020. The marketable vacancy rate was 3.32%, compared to 3.06% in 2019.

Tenant turnover remained largely stable year on year at 7.28%.

2.1.5 DYNAMIC LETTING ACTIVITY

Improving the performance of the letting activity was a key focus in 2020.

We fine-tuned our housing allocation policy and, with the help of Action Logement Service, we organised presentations to promote intermediate housing to PEEC-contributor businesses. This helped us achieve a rate of 85% of allocations to employees of PEEC-contributor businesses. To meet the needs of our tenant customers as effectively as possible, in'li used its housing allocation policy to make certain commitments:

- ◆ offering housing with rents that are around 15% below free market rates;
- ◆ helping people live closer to their place of work by developing housing near businesses and public transport used primarily by PEEC-contributor companies;
- ◆ supporting local government policy by offering municipalities access to the pre-marketing phase in order to house local people in programmes adapted to their needs;
- ◆ developing mobility opportunities for customers who need to be rehoused, especially due to disability, demolition of their previous dwelling, or requalification or major renovation work in their existing dwelling;
- ◆ supporting customers' residential trajectories by offering first-time buyer opportunities (as part of programmes to sell to sitting tenants, rent-to-buy or joint ownership programmes, etc.).

The letting process has also moved forward with the introduction of visits before final selection and the involvement of the property divisions in the tenant selection process.

Profile of new in'li tenants:

- 68%** are couples without children or living alone
- 32%** are couples with children
- 53%** of tenants are management-grade employees
- 41%** of tenants have employee-grade status
- 84%** of tenants are employees of PEEC-contributor businesses
- 42%** of tenants are under 30 years of age and
- 84%** are under 40
- 54%** of incoming tenants come from the private market and
- 12%** from social housing

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2.1.6 CONTINUATION OF DISPOSAL PROGRAMME

In'li continued to deploy its asset arbitrage policy in 2020:

- ◆ 107 housing units were sold including:

- 72 units in block sales;
- 35 units in split sales.

These disposals generated income of €25.1 million.

2.1.7 A TARGETED RENOVATION POLICY

Works programmes were severely disrupted in 2020, especially work in occupied housing. The Company used the period to launch consultation processes and studies in liaison with partner project owners and engineering consultants. Once business resumed in the second-half of 2020, the Company was able to invest €35 million in improvement, renovation and upkeep.

Works schedule

In'li used its ongoing analysis of the portfolio and consolidation of databases to prepare a multi-annual works schedule for the period 2020-2024. This programme – which totals €40 million a year over four years – gives priority to energy retrofits and work in the existing property portfolio.

To structure its asset management activity more effectively, in'li will prepare a Strategic Environmental Plan in the first-half of 2021 that will focus on both capital investment and operation and maintenance work for technical systems.

The development of an application for tracking technical management of the property portfolio will also make it easier to continue enhancing energy performance through improved monitoring of operational maintenance and technical system performance.

2.1.8 2020: A RECORD YEAR FOR INTERMEDIATE HOUSING DEVELOPMENT IN THE PARIS REGION

With 5,043 units committed in 2020, the target of 4,500 reservations and sale agreements was easily exceeded. This represents an investment of over €1.2 billion (a significant chunk of which will be made directly by the two property development companies, APEC and Cronos).

The strong growth achieved since the creation of in'li is underpinned by solid partnerships with major national players and a whole host of local partners. In 2020, in'li signed reservation agreements with more than 100 different property developers.

More specifically, commitments were given for 4,109 off-plan acquisitions, 739 as prime contractor on new

sites, 161 densification projects and 34 direct acquisitions of housing requiring work for conversion into coliving residences.

In 2020, the first coliving residences were opened in partnership with Colonies to house young working people.

67% of units committed are in zone A and 33% in zone A bis. Paris and the three departments comprising its inner suburbs (i.e., Hauts-de-Seine, Seine-Saint-Denis and Val-de-Marne) represent almost 73% of in'li's development pipeline, in phase with the needs of people living and working in the Paris region.

TYPE	2017	2018	2019	2020	SHARE
Land	286	366	769	739	15%
Off-plan	1,391	3,559	4,187	4,109	81%
Densification	50	144	66	161	3%
Acquisition & improvements	229	22	21	34	1%
TOTAL	1,956	4,091	5,043	5,043	100%

2.1.9 DIVERSIFICATION OF FINANCING SOLUTIONS

In'li continued to diversify its financing arrangements in 2020 through the following initiatives:

- ◆ **January 2020:** in'li got a rating upgrade from S&P Global Ratings in the wake of financial reporting by Action Logement (ALG) and Action Logement Immobilier (ALI), in'li's major shareholder. **In'li rating was raised from 'A- with a stable outlook', to 'A with a stable outlook', making in'li one of the European real estate players with the best S&P Global rating;**
- ◆ **March 2020:** in'li was given a short-term rating ('A-1') by S&P Global Ratings as part of a commercial paper programme for a maximum amount of €500 million. In'li subsequently completed its first commercial paper issue for an amount of €100 million in October 2020;
- ◆ **September 2020: long-term strategic partnership with Primonial REIM (€27 billion of assets under management), PRO BTP (social insurer in the French public works sector), and MIDI 2i (real estate managers and consultants) to acquire and develop intermediate housing in the Greater Paris region. This partnership is based around the sale of 75% of the shares in APEC Résidence (330 units of housing located in nine groups of properties) and the gradual acquisition of five intermediate housing buildings currently in development (336 units), all located in the Paris region (i.e., in Paris City, Courbevoie, Montrouge, Puteaux and Asnières).** the housing to be developed within the framework of this partnership will be pre-identified by in'li who will source the properties and provide project management consultancy services. They will also be vetted based on an acquisition scorecard prepared by Primonial REIM who will look after asset and fund management. In'li will be property manager for the entire portfolio via its subsidiary, in'li Property Management;
- ◆ **second-half of 2020: in'li and AXA IMRA teamed up to create the property development company Cronos to grow the intermediate housing offering in the Paris region. This 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 5,900 units of existing housing and nearly 4,000 units of new housing (either in development or under construction) at the transaction closing date.

With an annual production target of 1,500 units of new housing, Cronos is aiming to assemble a portfolio of 25,000 units of housing by 2030.

The portfolio will be managed by the subsidiary in'li Property Management and let out mostly to people working for companies with more than 10 employees. AXA IMRA – Real Assets will provide asset and fund management services. The housing to be developed within the framework of this partnership will be pre-identified by in'li who will source the properties and provide project management consultancy services.

The sheer size of this project makes it a benchmark in the European residential sector;

- ◆ **December 2020: amendment to the financing agreement with the European Investment Bank (EIB)** to increase the amount of financing from €250 million to €310 million.

In'li had a very strong balance sheet at 31 December 2020:

- ◆ **LTV ratio slightly higher** at 21.5% in phase with the Company's highly prudent financial policy;
- ◆ €141 million in cash and cash equivalents;
- ◆ undrawn facilities: €1.1 billion, including €750 million of the syndicated credit facility signed in 2018 (€50 million drawn down at 31 December 2020) and €310 million in EIB financing (undrawn at 31 December 2020);
- ◆ no significant repayment deadlines over the next five years.



2.1.10 INNOVATION

Since 1 September 2018, our incubator in'li Lab has been nurturing three new start-ups selected as part of a second call for projects launched in May 2020.

Once they arrive, start-ups begin working on a road map in tandem with in'li, performing full-scale testing of specific innovations over a twelve-month period. These innovations include:

- ◆ **simplified BIM (Building Information Modelling) and virtual visits with My Digital Buildings.**

Two experiments are currently in progress:

- building the BIM model for the new Fresnes residence to facilitate management, operation and maintenance;
- conducting virtual visits of apartments in the Fontenay-aux-Roses residence to help with letting.

Moreover, to develop a BIM approach at team level, in'li also hired a BIM Manager.

- ◆ **harvesting rain water with Vertuo.** Two experiments are in progress or in the design phase:

- redevelopment of a green space at the Aubervilliers Nouvelle-France residence to enhance its appearance, reduce upkeep expenses and cut water consumption;
- redevelopment of an "autonomous" green space at the Pantin Canal residence that corresponds more closely to what tenants would like.

- ◆ **collective self-supply with Enogrid:** A number of experiments conducted on this management platform in several Action Logement subsidiaries should make it possible to get around 30 similar-type projects up and running across the entire Group over the next three years.

Three new start-ups are being incubated in in'li Lab.

The in'li intrapreneurial programme, which harnesses the innovative entrepreneurial initiatives of employees, has also made it possible to partner a further three projects:

- ◆ **Altum:** solutions for densifying buildings held in joint or single ownership by building up in supply-constrained areas. The selection of Malakoff for the pilot programme provided a comprehensive analysis of the potential for densification and elevation in the area;



▲
*Christelle Maillot and Guillaume Lesage,
in'trapreneurs of the year for 2020.*

- ◆ **in'li to go:** electric vehicles in a car-sharing scheme in in'li residences. Testing of this new service will begin in June 2021 on the car park of the Paris Les Amandiers residence;
- ◆ **Art et Savoirs:** Creation of a cultural space in Morocco.

As in previous years, in'li was able to count on the financial support of Action Logement Immobilier in the area of innovation as part of the ALINOV call for projects. In 2020, both the Altum project and the future tenant service platform received awards.

Work also continued during the year on the *Cycle Terre* initiative sponsored by the town of Sevran and the Grand Paris Aménagement programme which in'li has been partnering since the programme was created.

A test site in the town of Alfortville began working with an innovative process that uses compressed mud bricks.



▲ 80-84, Avenue Marcel Sembat, Athis-Mons (Essonne).

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2.2 FLAGSHIP PROJECTS

In 2020, work began on 2,867 units of new housing.

NATURE OF WORK	2017	2018	2019	2020	SPLIT
Land	25	89	66	20	1%
Off-plan	1,470	1,383	3,449	2,760	96%
Densification	28	90		55	2%
Acquisition & improvements				32	1%
TOTAL	1,523	1,562	3,515	2,867	100%

In 2020, in'li delivered 707 units of new housing.

NATURE OF WORK	2017	2018	2019	2020	SPLIT
As prime contractor	123	92	43	0	
Off-plan	377	972	653	686	97%
Acquisition & improvements				21	3%
TOTAL	500	1,064	696	707	100%

The pandemic and its consequences severely impacted new starts and deliveries in 2020 and projects were pushed back by three months on average.

The delay in holding local elections also held up building permits and the start of building work.

A SELECTION OF SHOWCASE PROJECTS



◀ Architects – Dutilleul – Wilmotte & Associés
Developer – Woodeum
Number of units: 69.

Sylva - Meudon

This development is located in the Pointe de Trivaux eco-neighbourhood. It comprises 69 units of intermediate housing and the use of natural materials like solid timber help set it apart.



▲ Architects – Cabinet SUPD'AD
Developer – Prim'Arte
Number of units: 27.

Les jardins de Cyrano - Sannois

This residence comprises 27 units of intermediate housing close to the town centre, urban amenities and shops.



▲ Architects – Agence DH
Developer – Icade
Number of units: 36.

La passerelle - Le Vésinet (first operation between APEC Developpement/in'li Property Management)

This development comprises 36 units of intermediate housing. It is situated right by Le Vésinet – Le Pecq rapid transit station (line RER A) and close to schools and shops.



Opus One - Clichy

This residence is located in the new ZAC Espace Clichy neighbourhood, near to rapid transit line RER C and metro lines 13 and 14. It consists of 12 units of intermediate housing close to schools, a creche, cultural amenities and shops.

Architects – Pierre et Cédric Vigneron et Partenaires
 Developer – Eiffage Immobilier
 Number of units: 12.

Owner – In’li
 Property manager – Colonies
 Prime contractor – Posto29
 General contractor – SPEVC
 Number of coliving units: 10.



Architects – Alain Bourcier – Derbesse
 Delplanque
 Developer – Nexity
 Number of units: 22.

Le Quai Largo - L'Isle-Adam

This 22-unit intermediate housing programme is located next to rapid transit Line H, schools and sports amenities (swimming pool), shops and a riverside marina.



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Yves - Colombes (coliving)

This converted residence comprises 11 coliving units, each with a bedroom plus balcony, a kitchenette and WC. Residents also enjoy shared amenities: a living room, kitchen, home studio, laundry, two gardens and a barbecue area. The residence has a great location in Bagnolet close to metro line 3, shops and local amenities.



◀ Owner - In'li
 Property manager - Colonies
 Prime contractor - Posto29
 General contractor - SPEVC
 Number of coliving units: 11.

Moulin - Bagnolet (coliving)

This converted residence comprises 11 coliving units, each with a bedroom plus balcony, a kitchenette and WC. Residents also enjoy shared amenities: a living room, kitchen, home studio, laundry, two gardens and a barbecue area. The residence has a great location in Bagnolet close to metro line 3, shops and local amenities.

Jean Leclaire - Paris (house of the Franciscan missionaries of Mary)

In'li acted as prime contractor for the House of the Congregation of Franciscan Missionaries of Mary in the 17th district of Paris. The project involved transforming offices into residential housing and building up and extending the existing structure. It comprises private areas, offices and shared common areas offices together with a chapel, an oratory and a landscaped garden.

Owner - In'li
 Joint developer - Congregation of Franciscan missionaries of Mary and in'li
 General contractor - Demathieu Bard.
 Architects - AUP Architectes,
 François Digard
 Number of bedrooms: 30.



2.3 FINANCIAL OVERVIEW

2.3.1 RESULTS AND FINANCIAL POSITION

The different events that occurred during the financial year impacted the Company's balance sheet and income statement as follows:

Assets	31 DECEMBER 2020	YEAR-ON-YEAR CHANGE
Total non-current assets	€3,769,775,682	+€462,758,733
Intangible assets	€11,561,602	+€3,651,710
Property and equipment	€3,758,214,080	+€459,107,023

This increase is attributable to a €557,942,289 increase in rental property and land, with units made available for occupancy and improvement work, the book value of disposals and reversals (-€14,130,801), and net additions to depreciation and amortisation (-€86,933,082).

Non-current financial assets	31 DECEMBER 2020	YEAR-ON-YEAR CHANGE
	€116,296,211	-€37,492,487

The decrease was mainly due to the disposal of 75% of shares in APEC Résidence as part of the creation of the first property development company in partnership with Primonial, Midi2i and PRO BTP.

Total current assets	31 DECEMBER 2020	YEAR-ON-YEAR CHANGE
	€251,552,488	-€333,690,237
Inventories and work in progress	€11,139,166	-€6,513,962
Advances and prepaid trade receivables	€1,042,146	+€287,250
Trade receivables	€58,913,741	-€12,048,769
Other receivables	€34,986,156	€18,871,392
Cash and cash equivalents	€140,834,469	-€334,468,063
Prepaid expenses	€3,385,331	+€359,109
Loan issuing charges	€1,317,500	-€155,000

The decrease in current assets reflects lower amounts of cash and cash equivalents which were used to finance investments.

Equity and liabilities	31 DECEMBER 2020	YEAR-ON-YEAR CHANGE
Shareholders' equity	€1,955,120,385	+€158,364,303

The increase in shareholders' equity reflects the combined impacts of the capital increase subscribed by Action Logement Immobilier (+€135,480,599), dividends distributed in relation to income for 2019 (-€12,266,620), a decrease in additional paid-in capital (-€169,374), write-downs taken on investment grants (-€2,782,815) and net income for the period (+€38,102,513).

Provisions for contingencies and losses	31 DECEMBER 2020	YEAR-ON-YEAR CHANGE
	€29,974,874	-€2,873,947

The decrease in provisions is attributable to the write-back of provisions for merger-related taxes (-€1,555,347) and the release of a provision following the cancellation of a contract relating to a construction operation in Le Chesnay (-€1,061,868).

Liabilities	31 DECEMBER 2020	YEAR-ON-YEAR CHANGE
	€2,152,529,123	-€63,914,344
Financial liabilities	€2,015,834,882	-€199,194
Current liabilities	€136,694,241	-€63,715,150

The lower amount of current liabilities is mainly due to the conversion of a €65,000,000 current account advance from Action Logement Immobilier into an increase in share capital during the period.

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Results

In 2020, in'li reported net income of €38,102,513, a year-on-year decrease of €25,238,023 (-40%). This decrease was attributable to the combined impact of the following: An increase in operating income of €35,920,803 to €86,270,025. This increase reflects the change in accounting presentation in 2020 whereby disposals are recorded in recurring operating income. This change added €19,968,258 to operating income for the year, mainly corresponding to the gain on the disposal of 107 units of housing over the period.

This increase was mainly attributable to the following:

- ◆ a €14,800,080 increase in revenue to €401,977,329, mainly due to:
 - a €10,132,004 increase in rental income and charges;
 - billing and delivery of the Jean Leclair operation (Paris 17th district) for an amount of €16,102,592;
 - a drop of €11,354,637 in recoverable service and maintenance charges due to charges recoverable from property management agencies relating to previous periods which were recorded in 2019.
- ◆ a decline of €11,472,091 in capitalised production, due mainly to delivery of the Jean Leclair operation in Paris in December 2020;
- ◆ an increase of €38,338,370 in other income, mainly attributable to the recognition of €35,015,298 worth of disposals in operating income;
- ◆ a €713,055 increase in the amount of provisions released due to the reversal of provisions for merger-related taxes and provisions for bad debts on tenant arrears;

2.3.2 PROPOSED ALLOCATION OF NET INCOME AND DISTRIBUTION OF DIVIDENDS

The Company ended 2020 with net income of €38,102,513.05. The Annual General Meeting to be held in June 2021 will be asked to recommend the payment of a dividend of €0.03 per share for a total amount of €14,976,232.14, and to allocate an amount of €13,548,060.23 to the legal reserve and the balance of €9,578,220.68 to retained earnings.

- ◆ a €6,485,064 increase in operating expenses to €359,367,397, mainly driven by the €14,072,964 increase in other operating expense after the carrying amount of property sold was recorded under this heading (€15,047,040), and the €7,437,530 drop in other purchases and external expenses.

The drop in other purchases and external expenses can mainly be accounted for by the decline in charges paid to property management agencies as charges relating to previous periods were recorded in 2019 (-€12,884,508), and the increase in fees and charges for external personnel (+€4,855,700). Moreover, net additions to depreciation and amortisation increased by €1,641,246, and net additions to provisions declined by €2,040,189 during the year.

The €14,072,964 increase in other expenses is mainly attributable to the recognition of the carrying amount of property sold under this heading (€15,047,040).

- ◆ financial income rose by €12,707,339, thanks to dividends received from SCI APEC Résidence (€13,575,338) prior to the sale of 75% of the shares to PRIMONIAL (Capimmo), Midi2i and PRO BTP;
- ◆ recurring income for the year increased by €48,628,142.

Non-recurring income declined by €76,916,607 to €899,737 due to the gains generated on disposals in 2019.

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

Dividends paid out in previous years amounted to:

- ◆ 2019 = €12,266,620
- ◆ 2018 = €8,177,747
- ◆ 2017 = €12,783,295

2.4 ACTIVITY OF SUBSIDIARIES AND CONTROLLED ENTITIES

2.4.1 IN'LI PROPERTY MANAGEMENT (FORMERLY SOGUIM)

On 30 January 2020, SOGUIM (a subsidiary of in'li), which managed the SCI APEC RESIDENCE, changed its legal form and corporate name to in'li Property Management (in'li PM), a French *société par actions simplifiée* (simplified joint-stock company) with in'li as its sole shareholder.

It was essential for in'li to have a subsidiary specialised in property administration and third-party management services, particularly as part of its strategy to create property companies.

Operational deployment

After terminating the management contract with APEC Résidence and ending the agreement for the management of four dwellings, in'li Property Management - which is accredited to provide professional real estate management services in accordance with the Hoguet law - signed a management services agreement with APEC Résidence on 1 April 2020.

Following the sale of shares in APEC Résidence to PRIMONIAL (Capimmo), Midi2i and PRO BTP, a management services agreement was signed on 30 September 2020 between in'li Property Management and Primonial REIM, acting on behalf of APEC Résidence.

In'li Property Management will also sign a project ownership agreement with the property companies covering major works programmes and a caretaking services agreement. In'li Property Management with share capital of €225,000 is wholly owned by in'li. At 31 December 2020, it provides property management services for:

- ◆ 330 units of housing;
- ◆ 3 commercial premises.

2.4.2 APEC RÉSIDENCE

Following the sale of 134,823 shares to SCI PREIM APEC and BTP PREVOYANCE on 30 September 2020, in'li's stake in Apec Résidence has fallen to 25%.

This entity owns 330 units of housing located in nine groups of properties.

APEC Résidence ended 2020 with a net profit of €812,385.

The Company ended 2020 with a net loss of €569,676, mainly due to increased personnel expenses during the period and expenditure incurred to get the new property development companies up and running. It hired eight new employees to deal with the extra workload involved in managing the Foncière Cronos portfolio.

In'li Property Management has also signed a project ownership agreement with the property companies covering major works programmes and a caretaking services agreement.



▲
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 reported a net loss of €2,803 for 2020.



2.5 PROPERTY PORTFOLIO

2.5.1 PROPERTY PORTFOLIO VALUATION BY CREDIT FONCIER EXPERTISE (CFE)

In'li's property portfolio is valued every year at 31 December by an independent appraiser, Crédit Foncier Expertise (CFE). Each year, CFE 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.

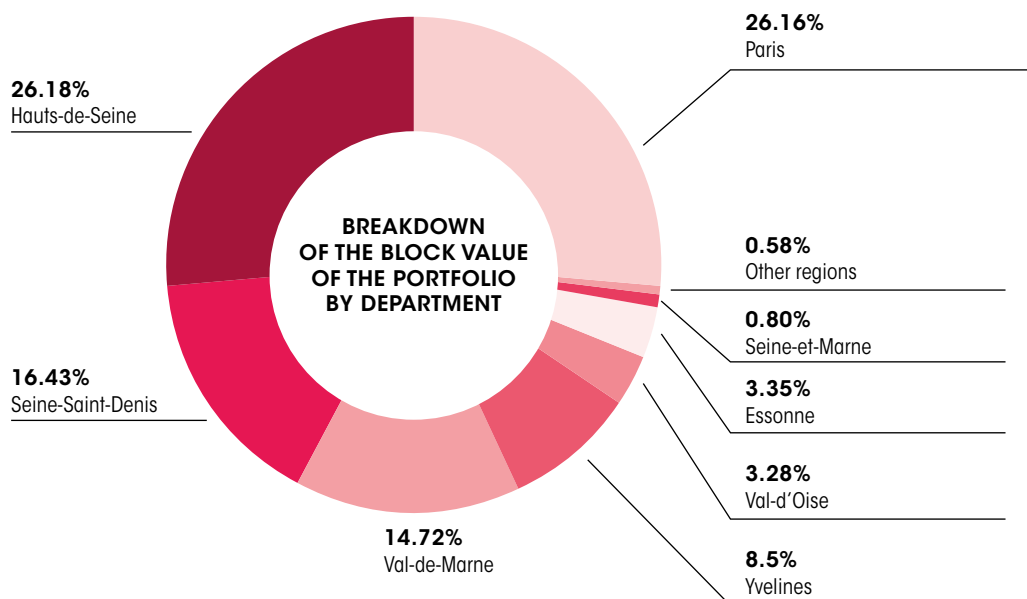
At 31 December 2020, the valuations were as follows:

APPRAISAL VALUE (EXCLUDING TAXES AND DUTIES)	31/12/2020	31/12/2019	YEAR-ON-YEAR CHANGE	CHANGE ON A LIKE-FOR-LIKE BASIS
value 1 = "block sale" value; based on continued use and current occupancy	€8.692 million	€8.334 million	+4.3%	+4.0%
value 2 = "unit sale" value; based on continued use and current occupancy	€9.726 million	€9.273 million	+4.9%	+4.5%
value 3 = "unit sale" value; rented at the market rental value	€11.246 million	€10.740 million	+4.7%	+4.2%

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;
- ♦ 98% of the portfolio is located in supply-constrained areas (i.e., zones A and A bis);
- ♦ Paris City and the Hauts-de-Seine department account for 52% of the value of the portfolio;
- ♦ residential property (dwellings, car parks, etc.) comprises 98.5% 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 increase in the value of the portfolio (+4.3% for the block value) is attributable to the following factors:

- ◆ an increase in the valuation on a like-for-like basis (+4% of the block value) related 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 increase in in'li's reporting scope with the addition of 592 units of housing.
- 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 41% in 2020 with an investment volume of €5.5 billion (source: Immostat).

2.6 SUBSEQUENT EVENTS

Closing of the Cronos operation: on 15 January 2021, in'li and AXA IMRA – Real Assets, acting on behalf of its clients, signed a long-term strategic partnership and set up a housing development company with the aim of building nearly 20,000 units of new intermediate housing over the next ten years to help meet the housing needs of young and middle-class people working in the Paris region.⁽¹⁾

On 15 January 2021, in'li contributed 5,900 units of existing housing to Foncière Cronos (62 assets) and nearly 4,000 units of new housing (either in development or under construction), which will eventually be financed by the development company. In'li's investment in Cronos was ceded to SAS Cronos, of which in'li transferred 75% to Saturne Habitat 2 (an AXA Group investment company) and the other 25% to a wholly-owned subsidiary, in'li Participations. The total portfolio value of the operation is around €2 billion. With an annual production target of 1,500 units of new housing for a total future investment of approximately €3.8 billion, Cronos is aiming to assemble a portfolio of over 25,000 units of housing by 2030. The portfolio is managed by the subsidiary in'li Property Management and let out mostly to people working for companies with more than 10 employees. AXA IMRA – Real Assets provides asset and fund management services and the development of the company has been entrusted to in'li in the form of an agreement to act as referral agent and provide project management consultancy services.

Signature of an agreement with the Paris regional government (Région Ile-de-France): on 2 February 2021, the Paris Region and in'li signed an agreement that formally documents their commitment to develop a new housing offering for carers and key workers in the health crisis. Under the agreement, the Paris Region will provide in'li with investment grants in exchange for the creation of intermediate rental housing.

Regional aid will cover up to €5,000 per dwelling, plus further subsidies of up to €1,000 for the most environmentally-exemplary operations in terms of energy performance, "green-building" and revegetation. In exchange, in'li will reduce rents by equivalent amounts, helping to cut the cost of housing for people on the front line in the unprecedented crisis we are experiencing. This concerted action between the Paris regional government and in'li will provide front-line workers with more affordable housing closer to their place of work.

To deal with the time lag required to build this housing and the urgent needs expressed by key workers themselves, in'li has committed to making the first 200 dwellings available as of now, pending delivery of the regional government-backed project.



⁽¹⁾ Intermediate housing requirements in the Paris region have been estimated at 280,000 units - Source : Observatoire Régional de l'Habitat et de l'Hébergement (Regional housing observatory) – October 2019.

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Non-financial performance statement

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◀ Rue Daniel Blervaque, Carrière-sous-Poissy (Yvelines).



▲ 9, Allée du clos des vignes, l'Étang-la-Ville (Yvelines).

PRESENTATION OF CSR STRATEGY

In 2020, in'li wished to bring its key CSR focuses into line with the strategic focuses of Action Logement Group and its own *raison d'être*, namely: "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."

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 driven by our efforts to develop intermediate housing, our business also has a strong social, environmental and ethical focus. Therefore, the purpose of this CSR policy review, which was initiated in 2020, was mainly to get some

perspective on the effectiveness of our strategy and step up our efforts by following clear guidelines in phase with our strategic focuses and rethinking the governance that underpins CSR oversight.

A CSR Steering Committee was set up in late 2020, bringing together representatives from the different divisions already involved in building CSR indicators. The Committee meets every month to strengthen communication between different activities and standardise in'li's CSR approach. The work culminated in 2021 with a reformulation of the main issues, key performance indicators and related objectives.

This work was presented to and approved by the Executive Committee at its meeting in February 2021. It sets out the five key CSR focuses contained in this report:

- ◆ developing an affordable new housing offering near public transport and employment hubs;
- ◆ guaranteeing a quality service for tenants;
- ◆ adapting jobs to the requirements of the sector and the expectations of employees;
- ◆ reducing our environmental footprint;
- ◆ committing to compliance.

This work will be fleshed out over the coming months. The CSR governance structure set up to deliver on these commitments is as follows:



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MAIN RISKS AND CHALLENGES

Methodology for identifying key CSR risks and challenges

Risk management is overseen by the Internal Audit and Risk Management department.

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 and the risk map is currently being updated and should be completed by June 2021.

In 2020, work on formulating a CSR strategy included a review performed by the Internal Audit and Risk Management department of CSR risks already identified in relation to the five key CSR focuses. This review did not identify any major new risks for this year. The manner in which our CSR focuses address our key CSR risks is presented in the following correspondence table.

Challenges and the associated risks deemed to be of major importance are tracked using **key performance indicators**. Some are still being finalised following exchanges between the CSR Committee and the Executive Committee and they will be reported at a later stage.

These key performance indicators (together with the related objectives) are set out in the following correspondence table and they appear in bold in the table of indicators in the Non-Financial Performance Statement covering the five key CSR focuses. They are accompanied by secondary indicators which are also tracked as part of in'li's CSR monitoring but are considered of less strategic importance.

Every year, our reporting process is audited by an independent third party verifier.



Correspondence table

CHALLENGES	CSR RISKS	KEY PERFORMANCE INDICATORS	OBJECTIVES	RESULTS FOR 2020	NFPS
DEVELOPING AN AFFORDABLE NEW HOUSING OFFERING NEAR DECISION CENTRES AND EMPLOYMENT HUBS					
Ensuring adequate territorial coverage of in'li's intermediate housing offering	Mismatch between housing requirements and their geographical location	No. of housing units operated (including new units)		43,341	3.1
		Number of units committed	> 5,000 year	5,043	3.1
		Geographical breakdown of housing units operated	Keeping over 95% in zones A bis and A	41% in zone A 56% in zone A bis	3.1
		Geographical breakdown of units signed	100% of housing units in supply-constrained areas (i.e., A bis and A) every year	67% in zone A 33% in zone A bis	3.1
		Number of new families housed		3,442	3.1
Ensuring that the in'li offering is identified and adapted to its target "company" customer base	Poor knowledge of the in'li offering by target "company employees"	Rate of allocation to company employees	75% of families housed every year	84%	3.1
GUARANTEEING A QUALITY SERVICE FOR TENANTS					
Developing two-way communication, dialogue and close customer ties	Customer dissatisfaction (tenants, businesses, buyers, etc.)	Overall tenant satisfaction rate	80% every year	74.1%	3.2
ADAPTING JOBS TO THE REQUIREMENTS OF THE SECTOR AND THE EXPECTATIONS OF EMPLOYEES					
Developing employee skills and opportunities on offer	Lack of employee opportunities for developing and learning	Proportion of employees who have received training		76%	3.3
		Average number of hours training per employee		18.6 hours/employee	3.3
		Number of employees who have benefited from functional mobility opportunities (incl. proportion trained in mobility)		52 functional mobility opportunities (86.5%)	3.3
Anticipating the needs of tomorrow by designing new jobs in phase with changing activities and helping employees transition towards new skills	Mismatch between jobs and changing requirements of the sector	Number of employees enrolled in certification programmes		26	3.3
Offering working conditions that match employee expectations	Deterioration in working conditions and the work environment	Results of the survey of wellness and telework conducted in May 2020		96% of respondents stated that morale is good 84% of respondents exchange with their manager several times a week 85% of respondents consider that their work resources and applications are appropriate	3.3

PAYING ATTENTION TO OUR CARBON FOOTPRINT					
Anticipating new environmental challenges and expectations	Non-compliance with shareholder expectations (local government, investors, users)	Average energy ⁽¹⁾ consumption/m ² /yr	120 kWh/m ² per year in 2030	171.2 kWh/m ²	3.4
		Emissions in ave equiv kilos of CO2 emissions ⁽²⁾ /m ² /year	15 kg eq CO ₂ /m ² per year in 2030	29.8kg eq CO ₂ /m ²	3.4
	Non-compliance with regulations and changes in the environmental performance of dwellings	Energy performance of housing portfolio	No housing with F or G energy label by end-2023	Label A: 1 (0.4%) Label B: 52 (19.9%) Label C: 61 (23.4%) Label D: 79 (30.3%) Label E: 57 (21.8%) Label F: 10 (3.8%) Label G: 1 (0.4%)	
COMMITTING TO COMPLIANCE					
Combating fraud and corruption, particularly with regard to allocation of housing	Unethical practices and breaches of ethics	Proportion of employees who have enrolled in and completed the Compliance module	100% over two years	67%	3.5
Guaranteeing protection of personal data	Breaches/leaks of personal data	Proportion of employees who have received personal data protection training	100% over two years	73%	3.5

⁽¹⁾ Evaluation based on 261 different properties.

⁽²⁾ Footprint calculated based on 56% of energy performance assessments validated in 2020.



3.1 DEVELOPING AN AFFORDABLE NEW HOUSING OFFERING NEAR DECISION CENTRES AND EMPLOYMENT HUBS

Our challenges and policies

Developing an affordable housing offering 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. 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 established.

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 rates." 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 we want to build and operate 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 75% of our housing to company employees and their families.

Our actions

Adequate territorial coverage

To support local development near decision centres – especially 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). 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 the Paris region, and more specifically in the Greater Paris area. As well as developing new housing, our approach to reclassifying existing properties helps develop our portfolio in a sustainable manner while continuing to ensure a pipeline of new housing through densification.

In 2020, three new building permits were issued for programmes in Gennevilliers, Epinay-sur-Seine and Clichy. These are new builds on land that already belongs to in'li.

An offer tailored to young and middle-class working people

In'li needs to ensure that its housing offering is identifiable by, and adapted to the needs of employees and young working people and helps them with opportunities for mobility. In'li aims to allocate housing primarily to the employees of PEEC-contributor businesses and it has set a target of allocating 75% of its housing to these employees and their families.

Commuting time is a major issue for in'li's target customer base of employees and young working people. Development projects therefore incorporate criteria for accessibility to public transport networks, with a commitment to housing in areas near existing or planned metro stations.

In terms of cost, in'li aims to charge rents that are on average 15% below market rates.

An innovative intermediate housing offering in phase with the requirements of the sector

In 2020, in'li continued developing new coliving solutions in smaller standalone properties with larger common areas. These products are ideally suited to the young working people that comprise part of in'li's core customer base. Two residences were delivered this year in Bagnolet and Colombes.

◀ 103, Rue du Docteur Roux, Livry-Gargan (Seine-Saint-Denis).

In 2020, in'li also launched a review of how to develop intermediate rent-to-buy products: Action Logement's investment programme has earmarked funding for rent-to-buy schemes. The objective over the coming years is to work on 600 units in 2021, 700 in 2022 and 800 in 2023 and the first units should be marketed in autumn 2021.

In 2020, in'li continued developing new coliving solutions in smaller standalone properties with larger common areas.

Concerted action with local stakeholders

In'li strives to work closely with local representatives and public authorities in the areas where it does business. It regularly attends meetings in town halls to exchange on current projects and housing may be allocated to local people in the pre-delivery phase by advertising it first in the local media.

When in'li is the project owner or prime contractor, regular consultations are held with residents and local people. This dialogue 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 helps us tailor our approach to each operation. The concertation process deployed by in'li has several objectives:

- ◆ onboarding local residents and tenants to the project by involving them in its 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 these sustainable over time.

PERFORMANCE INDICATORS	2019 RESULTS ⁽¹⁾	2020 RESULTS	OBJECTIVE
No. of housing units operated at 31 December including new units	42,749	43,341	
Number of units committed during the year	5,043	5,043	+ 5,000 per year
Geographical breakdown of housing units operated including new units		41% in zone A 56% in zone A bis ⁽²⁾	Maintaining > 95% of portfolio in zone A bis and A
Geographical breakdown of units signed	66% in zone A 34% in zone A bis	67% in zone A 33% in zone A bis	100 % in supply-constrained zones (zone A bis) every year
Number of families housed during the year	4,093	3,442	
Rate of allocation to employees of PEEC-contributor businesses (in % of families housed)	85%	84%	75%

⁽¹⁾ For some of these indicators, which are reported for the first time in the 2020 Non-Financial Information Statement, data for 2019 is not available.

⁽²⁾ 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).

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3.2 GUARANTEEING A QUALITY SERVICE FOR TENANTS



Our challenges and policies

The satisfaction of residents is a core part of in'li's mission. We are constantly striving to enhance our offering to provide greater comfort, accessibility and safety to people with reduced mobility. Our initiatives are designed to make communication between in'li and residents smoother and more straightforward so that their needs are catered to more effectively.

Our actions

Digitisation of the customer journey

Since it was established, in'li has sought to make as much of the prospective tenant journey as possible a digital one. This was apparent in 2018 when it set up a platform that consolidates in'li's entire housing offering (with the exception of Qwacio). Prospective tenants became active participants in the process by submitting their applications online and this direct access also means more equality between the employees of small and large companies.

In 2019, in'li took a bold step towards a "100% digital" process with the in'li LIB digital diary 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. In 2021, our aim is to offer a 100% digital process and to give prospective tenants the option of signing leases either physically or digitally.

For the Qwacio offering, which represented 16% of move-ins in 2020, digitisation of the housing allocation process will be launched in the first-half of 2021.

All tenants of both in'li and Qwacio have access to a digital safe where they may view their payment schedules. In July 2019, in'li launched a housing sale on the inli.fr website and physical signatures were still required in 2020. The aim for 2021 is to continue to digitise the sale process by setting up a platform that will bring together notaries, the Company and buyers.

Renovation of housing

Every year, in'li invests in upgrading and renovating its existing portfolio to address environmental issues and enhance tenant comfort.

The Company has a highly ambitious works schedule. Despite the slowdown due to the health crisis, €35 million was committed in 2020. The budget for 2021 has been increased to €77 million and it will be around €70 million a year from 2022 under a multi-annual programme. 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 and upgrading of common areas (especially halls and entrances to residences). A separate budget has been set aside for making around forty dwellings a year more suitable for the elderly and people with disabilities to enable them to continue living in their own homes.

To facilitate the demolition work that means families need to be rehoused, a mobility unit was created within in'li's social services unit. It has three key focuses designed to meet the needs of our customer-tenants:

- ◆ optimising collective rehousing programmes and mediation;
- ◆ supporting customer residential opportunities within in'li;
- ◆ continuing to provide social support for elderly or disabled people who need to be rehoused.



To bill tenants for the actual cost of heating, an experiment is currently in progress with KOCLIKO, a start-up incubated in in’li Lab: studies have been launched to test individual metering of heating costs using connected temperature sensors and thermostats in each dwelling. Fifty test dwellings were delivered in late 2020 and this will be followed by an analysis of consumption patterns over a two-year period to assess the benefits of this approach. 25 urban heating agreements are also up for renegotiation in 2021 and this should have a positive impact on tenants’ energy bills.

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. The objective in 2021 is to deploy an in-house app that enables caretakers or site managers to note tenant requests that they are unable to deal with and forward these to the appropriate service.

Given the current Covid-19 crisis, in’li has ramped up its outbound communications to maintain close ties with tenants. Telephone contact was made with the most vulnerable people and then followed up by building caretakers on the ground. Customers have been regularly informed about in’li’s arrangements during lockdown and given support in an effort to keep bad debts to a minimum.

In’li also wishes to provide its tenants with a safe, pleasant living environment. The ALI TRANQUIL app deployed as part of the “Tranquillity & Social cohesion” plan, was used to catalogue incidents, anti-social behaviour and delinquent acts affecting our Qwacio properties in the Seine-Saint-Denis department in the first-half of 2020. In 2021, it will be rolled out to around 30 groups of properties in the Paris region.

To monitor and improve service quality, tenant satisfaction is measured on an ad hoc or ongoing basis through surveys conducted by external service providers. In 2020, in’li commissioned a customer satisfaction survey covering a sample of 1,500 tenants (versus 1,000 in 2019). The findings point to significant improvements in tenant relations and communications. A survey targeting new residents who arrived in new housing in 2020 was launched in February 2021. To formally document its commitments and policies, in’li has begun to draft a Service Commitment Charter in conjunction with its regional sister companies, which will subsequently be translated into operational initiatives, indicators and objectives.

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PERFORMANCE INDICATORS	2019 RESULTS	2020 RESULTS	OBJECTIVE
Overall tenant satisfaction rate	71.1%	74.1%	80.0%

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

Our challenges and policies

To develop its offering, in'li needs to anticipate the needs of tomorrow by creating new types of jobs to keep pace with the expectations of our customers, changes in the Company and the objectives of our strategic plan. Constant technological innovation is also driving a continuous transformation of skills.

Honing our expertise and supporting employees' professional development are key planks in the Company's Human Resources policy.

In'li wants to offer a working environment that meets the expectations of its employees, particularly by being able to offer geographical and functional mobility opportunities, developing teleworking and a progressive diversity programme.

Our actions

Creating and helping employees transition to new jobs

In'li launched a manpower and skills planning process in 2019 focused on current transformation projects. It culminated in an event that brought together staff representative bodies, managers and employees to reflect upon the impact 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.).

This work is of critical importance in developing internal mobility opportunities and devising a Company-wide skills development programme. During 2020, 52 employees benefited from functional mobility opportunities. For example, 15 building caretakers took a newly-created certification programme to enable them to reach site manager level.

Developing skills and career paths

Employee training is the key focus of our HR policy. In 2020, over three-quarters of all employees benefited from training opportunities – an average of 18.6 hours training per employee. Those who enjoyed mobility opportunities also received tailored training with an average of 50 hours per person.

Supporting the development of managers and managerial skills is also a key in'li priority and actions in this sphere continued in 2020 despite the pandemic covid crisis:

- ◆ two Manager Clubs were organised, one remotely and one face-to-face. These are three-hour long themed workshops that bring managers together to share their experiences and practices. The two themes in the 2020 Clubs were feedback from teleworking experiences under lockdown and the induction of new hires into the workforce. All managers took part;
- ◆ communication and remote training helped managers deal with their own teams remotely.



▲ School for building superintendants and caretakers of Action Logement subsidiaries.

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 needs and 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 social integration and reconversion programmes to be building caretakers.

In 2020, 7 trainee caretakers were taken in and trained as part of in'li's teams.

Supporting innovative projects

In 2019, in'li launched 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.

Three projects were selected, focusing on densification by building up, electric vehicles in a car-sharing scheme in in'li residences, and the creation of an artistic and cultural space. The projects were supported and successfully completed in 2020 and a new campaign will be launched in 2021.

Lastly, as part of its skills and job development strategy, in'li encourages employees to participate in collaborative-type projects and in 2020, more than 80 employees were able to be part of in-house transversal projects.

Working together more effectively

2020 and the challenges of the pandemic provided an opportunity to consolidate our shared working practices and our action plan in line with employee perceptions of the direction in which the Company is moving. In'li teams demonstrated their considerable ability to adapt to teleworking as it was introduced on a massive scale in the wake of Covid-19. Based on the wishes expressed by employees in negotiations with the social partners, an agreement was signed allowing for up to two days of teleworking per week (versus one day previously). Employees may avail of this agreement to enhance their work-life balance once the situation has returned to normal after the health crisis.

There were also important milestones in other key projects and initiatives in 2020:

- ◆ roll out of a new intranet in April, which gave employees access to enhanced information quality. The intranet has a much more dynamic format with more links to the latest developments. The latest pandemic-related information is also available. The intranet editorial committee meets every month;
- ◆ improvement of the induction process, including a morning of orientation, redesign of the induction booklet, and a skills development path with obligatory training for a number of jobs;
- ◆ enhanced communications for in-house cross-cutting projects thanks to live webcasts jointly presented by a communications manager to maintain a direct link between people working remotely;
- ◆ organisation of inter-departmental fun events by video conference to strengthen social ties between employees (aerobics, kick-boxing, cooking classes, etc.).

In'li continued to foster dialogue with employees during the year with a survey that focused specifically on management of the Covid-19 crisis. There was a 77% participation rate and the survey included questions on the perception of telework and employee wellness.



- ◆ 96% of respondents stated that morale is good;
- ◆ 84% of respondents exchange with their manager several times a week;
- ◆ 85% of respondents consider that their work resources and applications are appropriate.

Dialogue with employee representative bodies also continued in 2020 with the emergence of new issues related to the crisis and a review of the redesign of offices and workspaces. This work was performed in the course of meetings with managers, teams and employee representatives to ensure that the new layout would be tailored as effectively as possible to the specific requirements of jobs and each team's needs.

In'li also continued its work to enhance diversity and combat discrimination in the workplace. The company's anti-discrimination culture is based around embracing diversity in all its forms (i.e., origin, disability, gender, age, etc.). In'li complied with its obligations to employ disabled workers in 2020.

To combat harassment in all its forms – especially sexual harassment – Central Economic and Social Committee and Company representatives have been trained to guide, inform and support employees in the fight against sexual harassment and sexist behaviour.

In line with its gender equality agreement, in'li continues to pursue its commitment to equal access to management positions, equal pay and appointing more women to technical functions.

Lastly, the Company restructured its safety policy during the year with the creation of three steering committees: the Safety Policy Committee, the Safety Committee 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.



PERFORMANCE INDICATORS	2019 RESULTS ⁽¹⁾	2020 RESULTS
Number of employees enrolled in certification programmes		26
Number of employees who benefited from functional mobility opportunities	26	52
<i>Proportion that received mobility-related training</i>		86.5%
Proportion of employees who have received training	73%	76%
Average number of hours training per employee	23 hours	18.6 hours
Participation rate in the commitment survey	80%	77%
Gender equality index	94/100	94/100
Number of trainee caretakers	8	7
<i>o/w hired after their period of training</i>		3
Number of work-study trainees	22	19
<i>o/w hired after their period of training</i>		3

⁽¹⁾ For some of these indicators, which are reported for the first time in the 2020 Non-Financial Information Statement, data for 2019 is not available

3.4 REDUCING OUR ENVIRONMENTAL FOOTPRINT



Our challenges and policies

Because housing is one of the big greenhouse gas emitters in France, building an energy-efficient 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 increasingly sensitive to environmental issues – and of investors and government as well. Environmental regulations are also increasingly stringent, driving us on to innovate, anticipate future obligations and provide housing that leaves the smallest possible environmental footprint.

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.

In'li is very proactive in this domain and has set targets for cutting greenhouse gas emissions in its property portfolio. The objective is to reduce energy consumption in the housing units we operate to below 120kWh/m² per year by 2030, equivalent to emissions of less than 15kg eq CO₂/m². We also wish to remove housing with the least energy-efficient labels (i.e., labels F or G) from the portfolio by end-2023.

Initiative: the “Cycle Terre” project



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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, healthy 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 known: 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 conducted a small-scale experiment in 2019 when it secured a building permit for a project in Alfortville. It used this process

for the first time by deploying two innovative approaches both in common areas and inside housing units:

- compressed earth bricks (CEB);
- rendering.

Thanks to the support of in’li, the general contractor was able to train one of its employees in how to handle materials for this project. Work kicked off in 2020 and in’li is continuing to work closely with Amaco on R&D for the different processes.

Actions taken

Actions taken in the existing portfolio

In 2020, in'li continued its drive to improve the environmental performance of its buildings with two key focuses: insulation work and energy supply sources.

Among the major renovation work carried out during the year, 360 dwellings were delivered after façade rendering and external thermal insulation or replacement of external joinery. We estimate that 70% of work over the next four years will help boost the energy performance of properties. In 2020, a review of this insulation work pointed to a gain of 0.5 kg CO₂/m² per year for collectively heated dwellings.

In'li's efforts to cut its carbon footprint also focus on the sources of the energy used to heat its buildings. At the present time, 100% of our dwellings are heated by gas, electricity or district heating networks. A feasibility study is currently in progress on replacing some 40 gas-fired boiler systems with district heating.

This ambitious work plan is also underpinned by a redefinition of our contractual relations with our suppliers, especially collective gas heating systems operators: we have included clauses in our contracts that give these operators an incentive to lower consumption. The basic principle involves fixing target consumption and breaking down where savings are to be made.

Actions taken in new operations

Sustainability is one of the key design focuses for new in'li buildings, both 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. Most calls for tender must better French RT 2012 energy performance targets by between 10% and 20% pending new RE 2020 guidelines and over half of all new programmes are certified NF Habitat or NF Habitat HQE or BEE+.

As part of the financing agreement with the European Investment Bank (EIB), in'li has committed to annual reporting and substantiation of energy savings made by the new programmes funded by the EIB loan.

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 development opportunities with rigorous environmental performance criteria (i.e., 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 2020, in'li took delivery of programmes in the eco-neighbourhoods of Mare Huguet (Rosny-sous-Bois) and Nanterre Université, and developments are in progress in other eco-neighbourhoods in Essonne, Hauts-de-Seine, Seine-Saint-Denis and Val-d'Oise.

PERFORMANCE INDICATORS ⁽¹⁾	2019 RESULTS ⁽²⁾	2020 RESULTS	TARGET
Average energy consumption/m ² /yr (kWh/m ²)	187	171.2	120 in 2030
Emissions in ave equiv kilos of CO ₂ emissions /m ² /year (kg CO ₂ eq/m ²)	36	29.8 kg eq CO ₂ /m ²	15 in 2030
Energy performance of housing portfolio (breakdown by energy label)		A: 1 (0.4%) B: 52 (19.9%) C: 61 (23.4%) D: 79 (30.3%) E: 57 (21.8%) F: 10 (3.8%) G: 1 (0.4%)	No housing with F or G energy label in 2023
Number of dwellings that benefited from insulation work	724	926	

⁽¹⁾ Results based on 435 properties with up-to-date energy performance assessments.

⁽²⁾ For some of these indicators, which are reported for the first time in the 2020 Non-Financial Information Statement, data for 2019 is not available.

3.5 COMPLIANCE COMMITMENTS

Our challenges and policies

As a key player in the intermediate housing sector, ethics are essential for in'li's business and future development and we are fully aware of the risks of corruption within the sector. Certain activities such as purchasing, the sale and allocation of housing and land acquisition are subject to a reinforced policy. In'li pays special attention to personal data protection within the scope of its drive to digitise its services.

Actions performed

Ethical business practices

In'li is hugely attentive to the problems involved in combating fraud, particularly corruption, and is striving to build a prevention system structured around the 3 pillars outlined in the most recent guidelines issued by the French Anti-Corruption Agency (AFA):

- top management's commitment to implementing an anti-corruption system, evidenced by the hiring of two people in 2021 dedicated to combating fraud and especially corruption;
- awareness of the risks of corruption, evidenced by the corruption risk map updated in early 2021;
- management of these risks through action plans built around a three-tier system based on prevention, awareness and detection-remediation.

In'li introduced or updated several key documents on ethics and compliance in 2020:

- in'li's internal rules – drafted in 2019 and introducing the notion of conflicts of interest – came into force in January 2020;
- a Code of Conduct, validated by the employee representative bodies at the end of 2019, applicable from early 2020;
- two procedures – one relating to the rules on gifts and invitations, and the other to conflicts of interest – were also drafted in 2019 to clarify the Code of Conduct. In early 2021, online forms were drawn up and circulated so that each employee can spontaneously declare any gifts received or possible conflicts of interest, and thus become an active player in the transparency process.

In'li's idea is to incorporate this documentation into a "Compliance module" for circulating compliance guidelines throughout the Company in a concrete manner. The module formally documents and consolidates a corpus of ethical guidelines, values and tips in the form of an e-learning course to boost awareness of ethics and the fight against corruption. The course went live in April 2020 and the aim is for all employees and administrators to have taken it by the end of 2021. At 31 December 2020, 509 of the 762 people enrolled in the Compliance module had completed it, i.e., 67% of all employees.

A diagnostic review was also performed by an outside firm in 2020 to help in'li 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. These actions will be deployed in the course of 2021. All third parties should be evaluated on a regular basis throughout the duration of the contract linking them with in'li.

Finally, to thwart attempts at fraud and corruption in the housing allocation process, the in'li Audit Committee approved the deployment of a system to detect, prevent and combat fraud organised in three areas: preventative actions, training and awareness-raising initiatives and ex-ante/ex-post detection. Repressive measures are also part of the anti-corruption arsenal. Two new people were hired in early 2021 to work on these areas.

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 imperative for in'li.

In 2019, in'li appointed a Data Protection Officer (DPO) 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 soon as possible – within a month at the latest – to any requests to exercise rights concerning personal data.

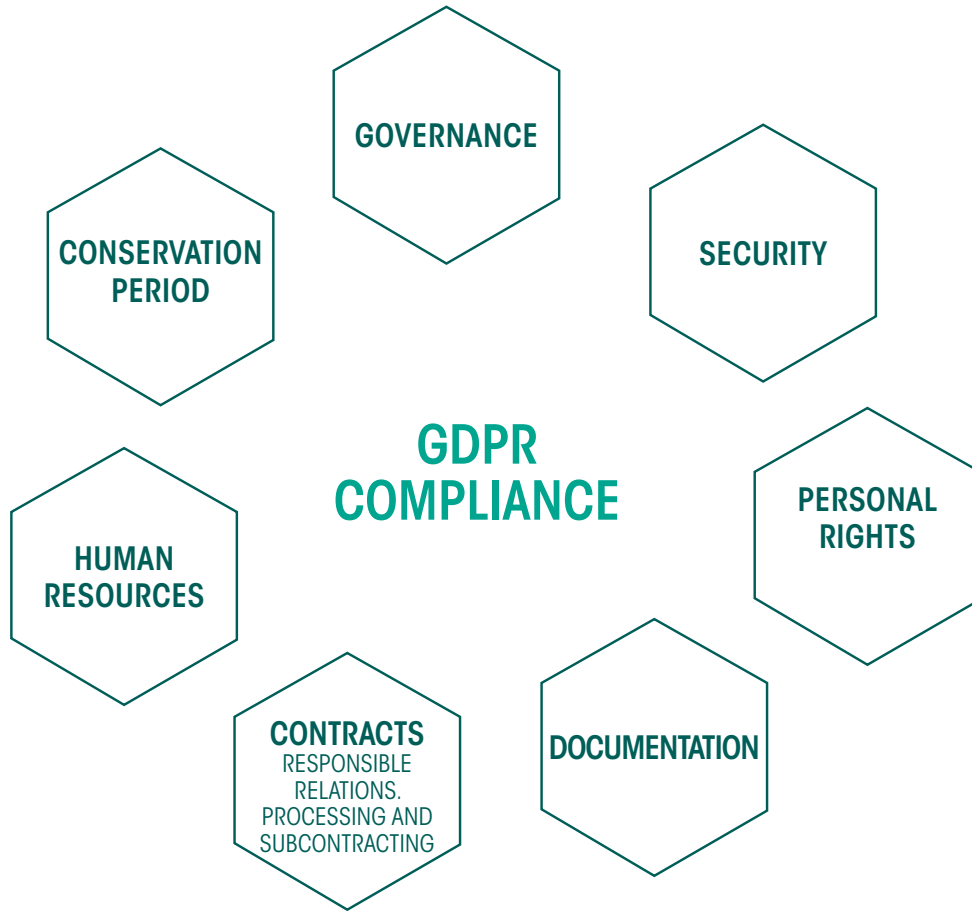
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The Data Protection Officer promotes compliance based around seven focuses outlined in a roadmap validated in June 2019 by the Audit and Accounts Committee. The roadmap is updated every year and progress is also tracked on an annual basis by the Management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

In 2020, an in-house employee data protection policy was drawn up and there is now an obligation to provide employees with information concerning this data. The policy was approved by the Central Economic and Social Committee elected representatives in 2020 and circulated to employees in 2021.

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

- ◆ "RGPD Attitude" (GDPR Attitude): a quarterly newsletter;
- ◆ "Parcours Conformité" (Compliance module): a 30 minute e-learning module dedicated to GDPR;
- ◆ a dedicated DP section in the quarterly newsletter sent out to tenants.

In 2020, 411 employees from nine different entities (Property Portfolio Technical Division, Business transformation & Human Resources, property divisions, Recovery department, Customer Relations department, and the Marketing and Sales department) took training courses on GDPR run by the Data Protection Officer.

PERFORMANCE INDICATORS	2019 RESULTS ⁽¹⁾	2020 RESULTS	OBJECTIVE
Proportion of employees who completed the Compliance module		67%	100%
Proportion of employees who have received training in personal data protection	11.5%	73%	100%

⁽¹⁾ For some of these indicators, which are reported for the first time in the 2020 Non-Financial Information Statement, data for 2019 is not available.

REPORT BY AN INDEPENDENT THIRD PARTY ON THE NON-FINANCIAL INFORMATION STATEMENT PRESENTED IN THE MANAGEMENT REPORT

For the year ended 31 December 2020

IN'LI
A COMPANY WITH SHARE CAPITAL OF €748,811,607
HEAD OFFICE: TOUR ARIANE, 5 PLACE DE LA PYRAMIDE,
LA DÉFENSE 9, 92 088 – FRANCE
REGISTERED IN THE FRENCH TRADE AND COMPANIES
REGISTER (RCS) UNDER NO. 602 052 359

This is a free translation into English of the independent third party'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 of in'li,

In our capacity as an independent third party and certified by COFRAC under number 3-1058 (whose scope is available at www.cofrac.fr), and member of the Mazars network, we hereby report to you on the non-financial information statement for the year ended 31 December 2020 (hereinafter the "Statement"), included in the Management Report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

The Company's responsibility

Pursuant to legal and regulatory requirements, the Supervisory Board is responsible for preparing the Statement, which must include a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome of said policies, including key performance indicators.

The Statement has been prepared in accordance with the Company's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the provisions 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 the applicable legal and regulatory requirements, ethical requirements and French professional standards.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the consistency of the Statement with the provisions of article R. 225-105 of the French 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 outcome of the policies, including key performance indicators, and the measures implemented in light of the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the Company's compliance with other applicable legal and regulatory provisions, in particular regarding duty of care and anti-corruption and tax evasion legislation, or the consistency of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional standards applicable in France to such engagements as well as with ISAE 3000⁽¹⁾:

- ◆ we obtained an understanding of the Company's activities and the related risks;
- ◆ we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- ◆ we verified that the Statement includes each category of labour and environmental information set out in Article L. 225-102-1;
- ◆ we verified that the Statement provides the information required under article R. 225-105 II when this is relevant in terms of the main risks and, when necessary, an explanation for the absence of the information required under article L. 225-102-1;

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⁽¹⁾ ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

- ◆ we verified that the Statement presents the business model and the principal risks associated with all the Company's activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- ◆ we referred to documentary sources and conducted interviews in order to:
 - assess the process used to select and confirm the principal risks together with the consistency of the outcomes and the key performance indicators used with respect to the principal risks and policies presented;
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important, which is presented in Appendix 1;
- ◆ for all of the non-financial risks disclosed, our work was performed 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 implemented by the Company to ensure the completeness and fairness of the Information;
- ◆ for the key performance indicators and other quantitative results 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.

All of this work was performed at central level and covered 100% of consolidated data selected for these tests;

- ◆ we assessed the overall consistency of the Statement based on our knowledge of the Company.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of four people over a four-week period between February and April 2021.

We conducted around a dozen interviews with the people responsible for preparing the Statement, notably from the Business Transformation, Audit and Risk, Property Portfolio, Investment and Construction and Customer Relations and Marketing divisions.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

The independent third party,
Mazars SAS

Paris La Défense, **21 April 2021**

Said
BENHAYOUNE

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Saïd BENHAYOUNE
Partner

Edwige REY
Partner CSR & Sustainable Development

APPENDIX 1: INFORMATION CONSIDERED TO BE THE MOST IMPORTANT

Qualitative information (measures and outcomes related to main risks)

- Housing requirements and their geographical location.
- Matching jobs and skills to the challenges of tomorrow.
- Work environment.
- Ethical practices, ethical guidelines, protection of personal data.

Quantitative indicators including key performance indicators

- Number of housing units operated (including new units).
- Number of housing units committed (including new units).
- Geographical breakdown of units committed (A, Abis, B1).
- Number of families housed.
- Rate of allocation to company employees (in % of families housed).
- Overall tenant satisfaction rate.
- % of respondents stating that morale is good.
- % of respondents who exchange with their manager several times a week.
- % of respondents who consider that their work resources and applications are appropriate.
- Proportion of employees who have received training.
- Average number of hours training per employee.
- Number of employees enrolled in certification programmes.
- Number of employees who have benefited from functional mobility opportunities / trained in this mobility.
- Average energy consumption/m²/yr.
- Emissions in average equivalent kilos of CO² emissions/m²/year.
- Energy performance of housing portfolio (breakdown by energy label).
- Proportion of employees who have enrolled in and completed the Compliance module (anti-corruption).
- Proportion of employees who have received personal data protection training.

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4.1 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4.1.1 BALANCE SHEET AT 31 DECEMBER 2020

Assets

HEADING	NOTES	GROSS AMOUNT	DEPRECIATION, AMORTISATION & PROVISIONS	31/12/2020	31/12/2019
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	2,049,052	657,593	609,297
Goodwill	4.4.1	1		1	1
Other	4.4.1	13,469,404	4,424,317	9,045,086	5,853,492
Intangible assets in progress	4.4.1	1,858,920		1,858,920	1,447,102
Advances and prepaid receivables					
PROPERTY AND EQUIPMENT					
Land	4.4.1	810,795,085	2,952,375	807,842,710	770,662,240
Buildings	4.4.1	3,082,011,590	1,137,564,874	1,944,446,715	1,876,952,311
Technical facilities, machinery & equipment	4.4.1	26,389,876	26,334,514	55,363	81,355
Other	4.4.1	14,465,384	6,203,552	8,261,831	9,589,947
Tangible assets in progress	4.4.1	997,601,087		997,601,087	641,821,201
Advances and prepaid receivables		6,376		6,376	
NON-CURRENT FINANCIAL ASSETS					
Investments in associates					
Other investments	4.4.2	104,898,876		104,898,876	145,525,137
Loans and advances to subsidiaries and affiliates	4.4.2	718,122		718,122	81,933
Long term portfolio securities					
Other long-term investments	4.4.2	6,301,633		6,301,633	4,151,940
Loans	4.4.2	15		15	15
Other non-current financial assets	4.4.2	4,377,565		4,377,565	4,029,673
TOTAL NON-CURRENT ASSETS		5,065,856,126	1,179,784,231	3,886,071,892	3,460,805,643
INVENTORIES AND WORK IN PROGRESS					
Raw materials, supplies	4.4.3	12,820,920	7,115,238	5,705,682	5,706,502
Production (in progress)	4.4.3	5,433,484		5,433,484	11,946,626
Services in production (in progress)					
Advances and prepayments on orders		1,042,146		1,042,146	754,896
RECEIVABLES					
Trade receivables	4.4.4	82,647,337	23,733,596	58,913,741	70,962,510
Other receivables	4.4.5	34,986,156		34,986,156	16,114,764
MARKETABLE SECURITIES					
Treasury shares					
Other securities	4.4.6	88,988,370	66,022	88,922,349	96,849,491
Cash instruments					
Cash and cash equivalents	4.4.6	51,846,099		51,846,099	378,409,215
Prepaid expenses	4.4.7	3,385,331		3,385,331	3,026,222
TOTAL CURRENT ASSETS		281,149,843	30,914,855	250,234,988	583,770,225
Deferred charges					
Bond redemption premiums to be amortized	4.4.8	1,317,500		1,317,500	1,472,500
Unrealized foreign exchange losses					
GRAND TOTAL		5,348,323,470	1,210,699,087	4,137,624,381	4,046,048,369

Equity and liabilities

HEADING	NOTES	31/12/2020	31/12/2019
Share capital	4.4.9	748,811,607	613,331,009
Additional paid-in capital	4.4.9	572,934,434	573,103,808
Revaluation reserve			
Legal reserve	4.4.9	61,333,100	61,333,100
Statutory or contractual reserves			
Regulated 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	66,946,886	15,872,970
Net profit or (loss) for the period	4.4.9	38,102,513	63,340,536
Investment grants and subsidies	4.4.9	40,067,246	42,850,061
Regulated provisions		92,755	92,755
TOTAL EQUITY		1,955,120,384	1,796,756,082
Provisions for liabilities	4.4.10	1,736,838	2,864,701
Provisions for charges	4.4.10	28,238,036	29,984,120
PROVISIONS FOR LIABILITIES AND CHARGES		29,974,874	32,848,821
NON-CURRENT BORROWINGS			
Other bonded debt	4.4.11	500,000,000	500,000,000
Borrowings from credit institutions	4.4.11	1,481,970,066	1,482,273,578
Miscellaneous borrowings and financial liabilities	4.4.11	33,864,816	33,760,498
Advances and prepayments received on orders in progress	4.4.12	24,349,634	28,562,318
OPERATING PAYABLES			
Trade payables	4.4.12	20,742,607	24,826,025
Tax and employee-related liabilities	4.4.12	25,181,536	32,672,677
SUNDRY PAYABLES			
Payables on fixed assets	4.4.12	15,813,900	21,687,291
Other payables	4.4.12	48,277,177	74,178,598
Deferred income	4.4.13	2,329,386	18,482,482
LIABILITIES		2,152,529,123	2,216,443,467
Unrealised foreign exchange gains			
GRAND TOTAL		4,137,624,381	4,046,048,369

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4.1.2 INCOME STATEMENT

HEADING	NOTES	31/12/2020	31/12/2019
Sale of goods			
Sale of property			
Sale of services		401,977,329	387,177,249
• o/w advances on service and maintenance charges: 2020 = €75,880,501 / 2019 = €87,235,138			
Net revenue	4.5.2	401,977,329	387,177,249
In-house production capitalised		(6,505,102)	4,966,989
Operating grants		64,974	38,521
Releases of amortisation and depreciation charges and provisions, expense transfers	4.5.4	3,528,541	2,815,486
Other income	4.5.5	46,571,680	8,233,310
Operating income		445,637,422	403,231,555
Purchases of raw materials and other supplies			
Change in inventories (raw materials)			
Other purchases and external expenses		147,863,742	155,301,272
Taxes other than income taxes		54,139,893	54,087,204
Wages and salaries		30,101,370	29,922,111
Social charges		16,348,317	16,331,692
ALLOCATIONS TO PROVISIONS			
On fixed assets: depreciation, amortisation and impairment	4.5.3	86,709,169	85,067,923
On fixed assets: provisions	4.5.3	223,914	
On current asset: provisions	4.5.3	1,868,926	2,737,349
Net additions to provisions for contingencies and losses	4.5.3	151,443	1,547,123
Other expenses	4.5.5	21,960,623	7,887,659
Operating expenses		359,367,397	352,882,333
OPERATING INCOME/(LOSS)		86,270,025	50,349,222
Income from investments in subsidiaries and affiliate			
Income from other marketable securities and receivables on non-current assets		14,095,838	62,308
Other interest and related income		877,257	875,232
Releases of amortisation and depreciation charges and provisions, expense transfers			
Foreign exchange gains			
Net income on sales of short-term investments		123,025	69,365
Financial income		15,096,120	1,006,905
Provisions for impairment of investments		177,196	121,326
Interest and similar charges		33,133,166	31,731,636
Exchange-rate losses			75,524
Net expenses on sales of short-term investments			
Financial expense		33,310,361	31,928,485
NET FINANCIAL INCOME/(EXPENSE)	4.5.6	(18,214,241)	(30,921,580)
CURRENT INCOME BEFORE TAX		68,055,784	19,427,642
Non-recurring income on management transactions		1,088,682	1,931,848
Non-recurring income on capital transactions		44,729,780	123,579,898
Releases of amortisation and depreciation charges and provisions, expense transfers		144,645	3,405
Total non-recurring income		45,963,107	125,515,151
Non-recurring expenses on management transactions		1,597,879	6,246,139
Non-recurring expenses on capital transactions		43,465,492	41,392,669
Non-recurring amortisation and depreciation charges and provisions			60,000
Total non-recurring expenses		45,063,370	47,698,807
NET NON-RECURRING INCOME (EXPENSE)	4.5.7	899,737	77,816,344
Employee profit-sharing			
Corporate tax expense	4.5.8	30,853,008	33,903,451
TOTAL INCOME		506,696,649	529,753,612
TOTAL EXPENSES		468,594,136	466,413,076
PROFIT [LOSS]		38,102,513	63,340,536

4.1.3 STATEMENT OF CASH FLOWS

HEADING (€ thousands)	31/12/2020	31/12/2019
Net income	38,103	63,341
Net depreciation, amortisation and impairment expense	87,086	85,147
Provisions for contingencies and losses and regulated provisions	-2,873	-1,211
Reversal of grants	-2,783	-3,660
Gains or losses on disposals of fixed assets, net of income tax	-12,479	-51,592
Tax impact of disposals of long-term investments	12,460	
Elimination of merger surplus		
GROSS OPERATING CASH FLOW	119,514	92,025
Inventories and work in progress	6,515	-4,969
Receivables and accruals	-4,810	5,195
Payables and accruals	-31,822	61
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES	89,397	92,312
INVESTING ACTIVITIES		
Expenditure on acquisitions of intangible assets	-2,052	-1,429
Expenditure on acquisitions of property and equipment	-569,125	-492,842
Expenditure on acquisitions of equity investments	-4,521	-4,125
Proceeds from borrowings	-1,028	-286
TOTAL ACQUISITIONS OF NON-CURRENT ASSETS	-576,726	-498,682
Proceeds from disposals of property and equipment and intangible assets	29,243	94,385
Proceeds from disposals of equity investments	29,487	
Repayment of loans granted	44	1,525
TOTAL PROCEEDS FROM DISPOSAL OF NON-CURRENT ASSETS	58,774	95,910
Impact of merger transactions		
NET CASH FLOW USED IN INVESTING ACTIVITIES	(517,952)	(402,772)
FINANCING ACTIVITIES		
Dividends paid	-12,196	-8,133
Increases in share capital and issue premiums	135,481	
New borrowings	103,369	634,470
Repayment of borrowings	-103,568	-268,382
Investment grants received	-21	379
Advances received	36,000	65,000
Advances repaid	-65,000	
NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES	94,065	423,334
<i>Change in cash and cash equivalents</i>	<i>-334,490</i>	<i>112,874</i>
Net cash and cash equivalents at start of year	475,259	362,385
Net cash and cash equivalents at end of year	140,769	475,259

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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;
- ◆ 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 between 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 2019 NET INCOME AND DISTRIBUTION OF DIVIDEND

In accordance with the decision of the Annual General Meeting of 11 June 2020, net income for the year ended 31 December 2019 for a total amount of €63,340,536, was allocated as follows: €51,073,916 was allocated to retained earnings and €12,266,620, or €0.03 per share, was paid out in dividends.

4.3.2 SHARE CAPITAL INCREASE

The Combined General Meeting of 11 June 2020 approved an increase in the Company's share capital for an amount of €135,480,598.50, from €613,331,008.50 to €748,811,607, through the issue of 90,320,399 new shares of € 1.50 each. This capital increase was fully subscribed by Action Logement Immobilier by offsetting an amount of €65,000,000 against a certain debt of a fixed amount that it held with the Company, and the payment of an amount of €70,480,598.50 in cash.

4.3.3 CHANGES IN ACCOUNTING METHODS OR PRESENTATION

Changes in accounting methods

None

Changes in presentation

In 2020, there was a change in the presentation of gains or losses on disposals of assets in portfolio owned directly by in'li.

From 2020 on, gains or losses on disposals and/or contributions of assets in portfolio will be presented in operating income and no longer in non-recurring income. This change in presentation arises from a change in the manner in which in'li operates its real estate assets and is intended to be a more effective reflection of the new strategic development plan which ramps up disposals of assets in order to finance new operations, particularly the plan to produce 80,000 units of new intermediate housing.

4.3.4 DISPOSALS

During 2020, in'li disposed of 143 units of housing:

- ◆ 54 units in Pessac in a block sale to in'li Sud-Ouest for an amount of €12,310k;
- ◆ 18 units in Cannes in a block sale to in'li Sud-Ouest for an amount of €2,800k;
- ◆ 35 single-housing units for an amount of €9,943k;

- ◆ one 36-unit property under construction in Le Vésinet sold to APEC Développement, for an amount of €9,932k;
- ◆ a plot of land for an amount of €30k.

These disposals generated pre-tax gains of €19,968k.

4.3.5 DELIVERIES AND ACQUISITIONS

27 new operations comprising a total of 707 new units of housing were completed in 2020. The capitalised construction and land costs for these operations totalled €165,341k. 25 operations were acquired off-plan and two operations as project owner. These operations are located in:

◆ COLOMBES

18, Rue René-Appéré
10 units of coliving accommodation

◆ BAGNOLET

15, Rue des Fossilons
11 units of coliving accommodation

◆ FONTENAY-SOUS-BOIS

56, Rue Pasteur
20 units

◆ SARCELLES

Route de Garges
18 units

◆ SURESNES

26, Rue Beauséjour
9 units

◆ VERSAILLES

52, Avenue de Saint-Cloud
19 units

◆ PARIS 19^e

35, Rue Archereau
11 units

◆ ATHIS-MONS

80, Avenue Marcel-Semhat
12 units

◆ LE KREMLIN-BICÊTRE

7, Rue Danton
10 units

◆ COLOMBES

122, Rue Gabriel-Péri
35 units

◆ BOIS-D'ARCY

74, Avenue Jean-Jaurès
36 units

◆ BOUGIVAL

Rue Yvan-Tourgueneff
47 units

◆ CLICHY

5, Rue Mozart
10 units

◆ BEZONS

31, Avenue Gabriel-Péri
50 units

◆ MONTIGNY-LE-BRETONNEUX

11, Avenue de la Gare
33 units

◆ ROSNY-SOUS-BOIS

Rue de la Mare-Huguet
97 units

◆ LIVRY-GARGAN

103, Rue du Docteur-Roux
48 units

◆ GAGNY

6, Rue Clémenceau
32 units

◆ LE PERREUX-SUR-MARNE

21, Rue du Bel-Air
23 units

◆ L'ÉTANG-LA-VILLE

Rue du Chancelier-Séguier
17 units

◆ BAGNOLET

103, Avenue Gambetta
17 units

◆ AULNAY-SOUS-BOIS

Rue Alfred-Sisley
16 units

◆ GARCHES

72, Rue du Colonel-de-Rochebrune
49 units

◆ CHAVILLE

42, Route du Pavé-des-Gardes
35 units

◆ HOUILLES

56, Rue Camille-Pelletan
14 units

◆ CARRIÈRES-SOUS-POISSY

Rue Daniel-Bliervaque
12 units

◆ NANTERRE

ZAC Seine-Arche
16 units

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Deliveries also included the House of the Franciscan Missionaries of Mary (30 units) in the 17th district of Paris, delivered in December and handed over to the congregation.

4.3.6 DISPOSAL OF SHARES IN APEC RÉSIDENCE

In September 2020, in'li and in'li Property Management together sold 75% of the shares in APEC Résidence to Primonial Capimmo & Midi2i (50%) and PRO BTP (25%) for a total amount of €41,947k. This operation generated a loss on disposal of €1,050k.

APEC Résidence owns nine buildings comprising 330 units of housing and 3 shops. This operation will lay the basis for a strategic partnership to produce intermediate housing as part of the Grand Paris development programme and five pre-identified operations are in the pipeline. In'li sold the first off-plan acquisition to APEC Développement on 30 December 2020.

4.3.7 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 real estate players 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.

4.3.8 FINANCING

In'li used its short-term rating to obtain the approval of Banque de France for a commercial paper programme for a maximum amount of €500 million and subsequently completed its first commercial paper issue for an amount of €100 million in October 2020.

It also signed an amendment to the financing agreement with the EIB to increase the amount of financing from €250 million to €310 million. This loan had not been drawn down at 31 December 2020.

4.3.9 OPERATIONS WITH ANRU (FRENCH URBAN RENEWAL AGENCY)

Two urban renewal operations in Epinay 04 and Saint-Denis 01 have now been completed and in December 2020, requests were sent to the ANRU for the outstanding balances due on grants for amounts of €2,293k and €6,051k, respectively. These amounts are recorded in off-balance sheet commitments.

4.3.10 COVID-19

2020 was dominated by the Covid-19 pandemic. During this period, in'li took appropriate measures to ensure the continuity of its business while protecting the health of its employees. Construction sites, which were temporarily shut down during the second quarter, have gradually resumed and deliveries have been completed with only limited delays and non-material impacts on revenues for 2020.

Following government orders to close non-essential businesses during the two lockdown periods, rent holidays were granted on commercial leases (€302k).

More generally, the other effects of the crisis on the financial statements mainly 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 extraordinary measures deployed to deal with it have not significantly impacted the Company's business or its results in 2020. Moreover, for the present, the French residential housing market (and particularly the market in the Paris region) has proved very resilient and there is absolutely no reason to doubt the Company's ability to continue as a going concern.

4.3.11 SUBSEQUENT EVENTS

On 15 January 2021, in'li and AXA IMRA 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.

As part of this agreement, in'li contributed 5,900 units of existing housing to Foncière Cronos (spread throughout 62 groups of properties) and more than 2,600 units of new housing under construction (another 1,400 units under construction should be sold subsequently). The value of the contributed assets totalled €1.2 billion. In'li holds a 25% stake in Foncière Cronos.

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 2020, 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	4,697,985	1,547,069	3 to 5 years
Usufruct (i.e., beneficial ownership) ⁽¹⁾	8,915,071	8,155,611	Term of beneficial ownership
Other intangible assets	2,562,994	0	3 to 5 years
Intangible assets in progress	1,858,920	1,858,920	
TOTAL	18,290,516	11,561,600	

⁽¹⁾ Corresponds to:

- usufruct on a 35-house operation in Saint-Cyr delivered in 2018.
- usufruct on 6 units of a 12-unit operation in Rueil-Malmaison delivered in 2015.
- usufruct on a 19-unit operation in Versailles delivered in 2020.



Non-current assets - Construction leases and administrative long leases

Under a construction lease, the owner sells 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 buildings 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 UNITS	START DATE	END DATE	TERM	RESIDUAL TERM
Pantin	68	01/09/1988	31/08/2058	70 years	38 years
Boulogne-Billancourt	38	29/06/1987	28/06/2039	52 years	19 years
Égly	178	08/07/1966	01/07/2036	70 years	16 years
Saint-Denis	100	28/10/1959	27/10/2057	99 years	37 years
Sceaux	33	25/01/1984	24/01/2049	65 years	28 years
Ablon-sur-Seine	18	12/11/1987	11/11/2057	70 years	37 years
Neuilly-sur-Seine	35	26/04/2013	25/04/2048	35 years	28 years
Levallois-Perret	24	13/12/1985	12/12/2025	40 years	5 years
Sceaux	offices	25/01/1984	24/01/2049	65 years	28 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, Crédit Foncier Expertise (CFE).

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 2020, the portfolio was measured using three different sets of assumptions. Depending on the assumption chosen, the valuations were as follows (excluding taxes and duties):

- ◆ **assumption 1** = "block sale" value; based on continued use and current occupancy: **€8,692 million**;
- ◆ **assumption 2** = "unit sale" value; based on continued use and current occupancy: **€9,726 million**;
- ◆ **assumption 3** = "unit sale" value; rented at the market rental value: **€11,246 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

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 Crédit Foncier Expertise.

When there is a prolonged and material unfavourable variance 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.

As the depreciation schedules of merged entities have been maintained, useful lives may be different in certain cases.

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Movements in property and equipment and intangible assets

(in €)	31/12/2019	ACQUISITIONS AND ADDITIONS TO CHARGES	DISPOSALS AND RELEASES	RECLASSIFI- CATIONS	31/12/2020
Intangible assets, (gross amount)	11,856,844	8,587		4,566,165	16,431,597
Land	773,312,172	940,103	-1,742,819	38,285,629	810,795,085
Rental property	2,775,116,181	3,343,797	-8,603,363	150,604,598	2,920,461,212
Improvement work	129,245,936		-6,223		129,239,713
Construction leases	31,189,123			1,121,542	32,310,665
Miscellaneous non-current assets ⁽¹⁾	42,132,973	205,830		-1,483,544	40,855,260
Intangible assets in progress	1,447,102	2,043,183		-1,631,365	1,858,920
Tangible assets in progress	641,821,200	553,346,804	-9,932,453	-187,634,464	997,601,087
Advances and downpayments on non-current assets	0	105,755	-99,380		6,376
TOTAL GROSS VALUE	4,406,121,531	559,994,059	-20,384,238	3,828,561	4,949,559,915
Amort./Prov. on intangible assets	-5,394,054	-1,334,862			-6,728,915
Deprec./prov. on rental property	-926,681,884	-82,980,986	5,025,635		-1,004,637,236
Deprec./prov. on improvement work	-123,691,060	-356,348	5,766		-124,041,644
Deprec./prov. on construction leases	-10,875,912	-962,456			-11,838,369
Deprec./prov. on miscellaneous non-current assets	-32,461,672	-1,298,430	1,222,036		-32,538,066
Deprec./prov. on property and equipment in progress					
TOTAL DEPRECIATION, AMORTISATION AND PROVISIONS	-1,099,104,582	-86,933,082	6,253,437	0	-1,179,784,231
CARRYING AMOUNT	3,307,016,949	473,060,977	-14,130,801	3,828,561	3,769,775,682

⁽¹⁾ Includes merger deficit of €5,541k.

Movements in gross values of fixed assets amount to €543,438k and were mainly attributable to increases in property under construction (€355,780k), rental property (€145,345k) and land (€37,483k) following acquisitions made over the period. Derecognised assets correspond to the disposal of housing mentioned 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 affiliate and security deposits.

(in €)	31/12/2019	INCREASE	DECREASE	RECLASSIFI- CATIONS	31/12/2020
NET NON-CURRENT FINANCIAL ASSETS	153,788,698	5,549,624	-43,042,111	0	116,296,211
Gross amounts	153,788,698	5,549,624	-43,042,111	0	116,296,211
Equity investments ⁽²⁾	145,525,137	2,371,000	-42,997,260	0	104,898,876
Other loans and receivables due from subsidiaries and affiliate ⁽³⁾	81,933	646,500	-10,312	0	718,122
Other long-term investments ⁽⁴⁾	4,151,940	2,150,000	-307	0	6,301,633
Other non-current financial assets (gross amounts) ⁽⁵⁾	4,029,688	382,124	-34,232	0	4,377,580
Impairment provisions	0	0	0	0	0
On equity investments	0	0	0	0	0
On other non-current financial assets (gross amounts)	0	0	0	0	0

⁽²⁾ The increase is attributable to the 25% stake acquired in SAS APEC Développement (€2,341k), and the 100% stake acquired in Foncière Cronos, Cronos and in'li Participations.

The decrease of €42,997k corresponds to the disposal of 75% of shares in APEC Résidence.

⁽³⁾ Used to record the balance of the amount paid to fund the working capital of GIE ASTRIMMO. The 2020 payment was made to Terrae Optimae.

⁽⁴⁾ The increase in this heading reflects the subscription to the capital increase of Terrae Optimae.

⁽⁵⁾ This heading is used to record working capital payments made to property management agencies (€2,556k) and the security deposit paid for the Tour Ariane premises (€1,108k).

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.

Land in inventory comprises:

- several plots in Chatou totalling 13,750 m² valued at €700,906, and a plot in Cannes valued at €350k;

- several plots in Domont totalling 868,720 m² valued at €11,736,730, and a 27,241 m² plot in Moisselles valued at €381,786k. Provisions of €6,758,121 and €355,969, respectively, have been accrued.

The property development in the 17th district of Paris was delivered in December 2020, which reduced inventories by an amount of €13,430,163.

Thirteen other property development projects are in progress for a total of €5,433,484.

(in €)	31/12/2019	INCREASE	DECREASE	RECLASSIFICATIONS	31/12/2020
INVENTORIES	17,653,128	6,918,091	-13,432,053	0	11,139,166
Land in inventory	12,814,770	6,150	0	0	12,820,920
Impairment of land in inventory	-7,108,268	-6,970	0	0	-7,115,238
Property development inventories	11,946,625	6,918,911	-13,432,053	0	5,433,484
Impairment of other inventories	0	0	0	0	0

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 2020 (€59,790k);
- adjustments to unbilled service and maintenance charges corresponding to the difference between prepaid charges called and actual final expenditure (€22,190k);

Other receivables primarily consist of:

- the balance due on the off-plan acquisition of the property development in Saint-Cyr (€294k) concluded in 2016, the sale of Energy Saving Certificates (€155k) and project development fees billed to Apec Résidence (€106k);
- in 2019, this heading included a receivable due on the sale of the Jean Leclaire operation in Paris (€16,103k) delivered in December 2020. This receivable settled the balance owed on a property located in Avenue Reille – Paris, acquired in 2018.

(in €)	31/12/2020	31/12/2019	Δ
TRADE RECEIVABLES, NET	58,913,741	70,962,509	-12,048,769
Rents owed by sitting tenants	31,992,340	30,143,442	1,848,898
Rents owed by former tenants	27,769,599	26,861,790	907,809
Rents owed by tenants covered by delegated management agreements	27,593	26,071	1,522
Service and maintenance charges to be regularised	22,190,557	19,606,977	2,583,580
Gross rents and other receivables	81,980,089	76,638,280	5,341,809
Provisions for impairment of rents owed by sitting tenants	-4,223,857	-3,956,512	-267,345
Provisions for impairment of rents owed by former tenants	-19,484,126	-18,410,916	-1,073,210
Provisions for impairment of rent and other receivables	-23,707,983	-22,367,428	-1,340,555
CARRYING AMOUNT OF RENT AND OTHER RECEIVABLES	58,272,107	54,270,852	4,001,254
Other trade receivables (gross amount)	667,247	16,718,527	-16,051,280
Provisions for impairment of other trade receivables	-25,613	-26,870	1,257
CARRYING AMOUNT OF OTHER TRADE RECEIVABLES	641,634	16,691,657	-16,050,023

All rent and other receivables are due in less than one year.

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 2020, the average non-recovery rate was 70.70% (67.50% at 31 December 2019), calculated based on arrears at the end of 2009, 2010, 2011, 2012, 2013 and 2014.

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 over a six-year period from 2015 to 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 27.01% at 31 December 2020 (25.92% at 31 December 2020).

The amount of the provision for impairment of rent receivables from tenants who are individual persons is €22,935,532.

Provisions for rent receivables from legal entities are calculated on a case-by-case basis. This provision stood at €772,450 at 31 December 2020. The total provision for impairment of rent receivables therefore stands at €23,707,983.

4.4.5 OTHER RECEIVABLES

(in €)	31/12/2020	31/12/2019	Δ
OTHER RECEIVABLES (NET)	34,986,156	16,114,764	18,871,392
Grants receivable ⁽¹⁾	691,770	671,250	20,520
Receivables on disposals of non-current assets	21,000	121,000	-100,000
Calls for funds from property management agencies & building ownership associations	6,801,831	5,233,912	1,567,919
Receivables from Group and associates ⁽²⁾	18,530,506	1,666,028	16,864,478
Tax and social security receivables	1,971,057	437,689	1,533,368
Other receivables (gross amount) ⁽³⁾	6,969,992	8,110,023	-1,140,031
Provision for impairment in value	0	-125,138	125,138

⁽¹⁾ Grants receivable to finance new programmes.

⁽²⁾ Receivables as associate or from Group entities, mostly consisting of an advance given to APEC Résidence for €3,431k, an advance given to APEC Développement for €1,738k, and an advance given to in'li Sud-Ouest for an amount of €12,677k.

⁽³⁾ 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".

(in €)	31/12/2020	31/12/2019	Δ
CASH AND CASH EQUIVALENTS	140,834,469	475,302,532	-334,468,063
Short-term investments	88,988,370	96,893,317	-7,904,947
Cash at bank and cash on hand	51,846,099	378,409,215	-326,563,116
Bank overdrafts (in liabilities)	0	17	-17
Net cash and cash equivalents	140,834,469	475,302,515	-334,468,046
Provision for impairment of investments	-66,022	-43,826	-22,196

4.4.7 PREPAID EXPENSES

(in €)	31/12/2020	31/12/2019	Δ	DUE IN < 1 YEAR	DUE IN 1 TO 5 YEARS	DUE IN > 5 YEARS
PREPAID EXPENSES	3,385,331	3,026,222	359,109	1,343,436	230,717	1,811,178

Prepaid expenses mainly include prepaid rent on the construction lease for the Neuilly-sur-Seine project with a termination date in 2048 (€2,118k) and first-quarter 2021 rent on the company's head office (€899k).

4.4.8 BOND ISSUING CHARGES

(in €)	31/12/2020	31/12/2019	Δ
BOND ISSUING CHARGES	1,317,500	1,472,500	-155,000

This concerns the €1,550k issue premium for the €500 million bond. It is amortised over the term of the bond, i.e. 10 years (from 2/7/2019 to 2/7/2029). The charge recorded for 2020 amounted to €155,000.

4.4.9 SHAREHOLDERS' EQUITY

At 31 December 2020, the Company's share capital comprised 499,207,738 shares each with a par value of €1.50.

(in €)	31/12/2019	INCREASES IN CAPITAL	ALLOCATION OF NET INCOME (LOSS) FOR 2019	NET INCOME (LOSS) FOR THE YEAR	OTHER MOVEMENTS	31/12/2020
EQUITY	1,796,756,082	135,480,599	0	38,102,513	-2,952,189	1,955,120,384
Share capital	613,331,009	135,480,599				748,811,607
Additional paid-in capital	573,103,808				-169,374	572,934,434
Reserves	488,164,943					488,164,943
Retained earnings	15,872,970		51,073,916			66,946,886
Net income (loss) for the year	63,340,536		-63,340,536	38,102,513		38,102,513
Investment grants and subsidies	42,850,061				-2,782,815	40,067,246
Regulated provisions	92,755					92,755
Dividends paid			12,266,620			

The capital increase was fully subscribed by Action Logement Immobilier by offsetting an amount of €65,000,000 against a receivable, and payment of an amount of €70,480,599 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.

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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* = 2.58%, PIME** = 2.27%, PIMG*** = 0.66%), employee wage growth (adm = 2.53%, PIME = 1.06%, PIMG = 1.32%), the discount rate (0.45%), and the payroll tax rate (adm = 61.80%, PIME = 53.66%, PIMG = 56.61%)*.

* adm : administrative staff.

** PIME : building support staff (employees).

*** PIMG : building support staff (caretakers).

The average retirement age used is 62.

At 31 December 2020, post-employment benefit commitments amounted to €11,965,710. A provision of €190,356 was released, bringing the provision for the amount not covered in the main defined benefit plan (retirement indemnities plan) to €5,144,320.

A new 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.

Length-of-service awards

At 31 December 2020, the provision for long-term commitments in relation to length-of-service amounted to €1,064,064.

(in €)	31/12/2019	SUSSCRIPTIONS	REVERSALS	31/12/2020	O/W AMOUNTS REVERSED FOR UTILISED PROVISIONS
PROVISIONS FOR CONTINGENCIES AND LOSSES	32,848,821	144,473	-3,018,421	29,974,874	-2,352,894
Provisions for retirement indemnities, pensions and long-service awards	6,399,121	0	-190,737	6,208,384	-190,737
Provisions for property taxes (mergers)	22,510,972	0	-1,555,348	20,955,625	-1,555,348
Provisions for ANRU charges	575,000	0	0	575,000	0
Other provisions for contingencies and losses ⁽¹⁾	3,363,728	144,473	-1,272,336	2,235,865	-606,809

⁽¹⁾ Other provisions for contingencies and losses mainly cover various legal disputes.

4.4.11 FINANCIAL LIABILITIES

Principles

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are included in the cost of that asset.

(in €)	31/12/2019	SUSSCRIPTIONS	REPAYMENTS	RECLASSIFICATIONS	31/12/2020
DEBT	2,016,034,076	103,369,174	-103,568,367	0	2,015,834,882
Bond issuance	500,000,000				500,000,000
PEEC loans	297,360,553	4,815,000	-30,664,791		271,510,762
CFF loans	112,182,511	976,752	-11,607,140		101,552,122
CDC loans	54,544,280	12,457,044	-1,277,909		65,723,416
Crédit Agricole loans	329,778,922	6,270,376	-15,108,958		320,940,340
Caisse d'Épargne loans	296,465,977	2,019,500	-14,342,352		284,143,125
Société Générale loans	49,553,377		-2,915,417		46,637,960
Revolving credit facility	0	50,000,000			50,000,000
Other borrowings	330,270,645	12,286,390	-12,714,409		329,842,626
Accrued interest	12,117,296	11,619,715	-12,117,296		11,619,715
Short-term borrowings	17		-17		0
Borrowings from credit institutions	1,982,273,580	100,444,777	-100,748,289	0	1,981,970,066
Security deposits	27,146,106	2,924,397	-2,366,063		27,704,440
Other	6,614,391		-454,015		6,160,376
Miscellaneous financial liabilities	33,760,498	2,924,397	-2,820,078	0	33,864,816

New borrowings to finance new projects amounted to €88,825k.

An amount of €50 million was drawn down under the €800 million syndicated credit facility (signed in 2018 with a consortium of French and international banks).

Borrowings and other financial liabilities repaid during the year amounted to €89,085k.

In'li's main banking partners are Caisse d'Épargne, Crédit Agricole, Action Logement and Banque Postale, who account for 56% of outstanding borrowings. However, this proportion should decrease over the coming years because:

- ◆ in'li will continue to diversify its financing sources through new bond issues;
- ◆ the drawdown of amounts under the financing agreement with the EIB will automatically reduce this proportion;
- ◆ in'li is busy developing relations with other banks.

FINANCIAL LIABILITIES BY MATURITY (in euros)	END-2020	BETWEEN 1 AND		
		< 1 YEAR	5 YEARS	> 5 YEARS
TOTAL FINANCIAL LIABILITIES	2,015,834,882	163,853,247	281,131,139	1,570,850,496
PEEC loans	271,510,762	17,284,822	70,646,515	183,579,425
CFF loans	101,552,122	6,328,429	19,796,079	75,427,614
CDC loans	65,723,416	1,397,862	5,466,465	58,859,089
Crédit Agricole loans	320,940,340	13,151,774	54,160,835	253,627,731
Caisse d'Épargne loans	284,143,125	14,206,978	58,566,018	211,370,128
Société Générale loans	46,637,960	3,632,474	11,692,756	31,312,729
Bond issuance	500,000,000			500,000,000
Revolving credit facility	50,000,000	50,000,000		
Other borrowings	329,842,626	18,105,704	59,072,406	252,664,516
Accrued interest on borrowings & long-term liabilities	11,619,715	11,619,715		
Bank accounts in credit	0	0		
Borrowings from credit institutions	1,981,970,066	135,727,759	279,401,074	1,566,841,233
Security deposits	27,704,440	27,704,440		
Other	6,160,376	421,048	1,730,065	4,009,264
Miscellaneous financial liabilities	33,864,817	28,125,488	1,730,065	4,009,264

TYPE OF INTEREST RATE	AMOUNT OUTSTANDING		%
Fixed	1,191,173,637	60.3%	
Indexed	785,337,090	39.7%	

At 31 December 2020, the duration of in'li's debt was 9 years and 8 months. There are no significant repayment deadlines over the next five years because 72% of outstanding debt is amortisable. The next significant repayment milestone is the €500 million bond due in 2029.

Concerning in'li's interest rate management policy:

- ◆ over 60% 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, and thus not directly subject to market fluctuation;
- ◆ 7% of debt are indexed to money market rates (Euribor, Eonia), and 2% is hedged by caps and collars.

This means that only 5% of in'li's floating-rate debt is actually exposed to a rise in interest rates.

4.4.12 CURRENT LIABILITIES

(in €)	31/12/2020	31/12/2019	Δ
TRADE PAYABLES	36,556,507	46,513,316	-9,956,809
Trade payables	20,742,607	24,826,025	-4,083,418
Amounts owed to property developers	15,813,900	21,687,291	-5,873,391
OTHER SHORT-TERM LIABILITIES	97,808,347	135,413,594	-37,605,247
Tenants and adjustments to charges with credit balances⁽¹⁾	24,349,634	28,562,318	-4,212,684
Tenants with credit balances	1,744,539	1,554,217	
Tenant charges to be regularised	22,605,095	27,008,101	
Employee-related liabilities⁽²⁾	11,995,448	11,635,151	360,297
Provision for paid leave and time saving accounts	7,226,281	6,429,066	
Provision for employee profit-sharing	1,873,047	2,083,186	
Other employee-related liabilities	2,896,120	3,122,899	
Tax liabilities	8,400,742	16,497,185	-8,096,443
Corporate income tax	0	8,872,955	
Value added tax	4,066,442	2,950,566	
Other tax-related liabilities	4,334,300	4,673,664	
Grants for operations with ANRU⁽³⁾	4,785,346	4,540,342	245,004
Sundry payables⁽⁴⁾	48,277,177	74,178,598	-25,901,421

⁽¹⁾ The amount of service and maintenance charge accounts in credit awaiting regularisation is €22,605k. This amount is partially offset by accounts in debit awaiting regularisation for an amount of €22,191k (Note 4.4.4).

⁽²⁾ Employee-related liabilities comprise the provision for paid leave and time saving accounts (€7,226k) and the provision for employee profit-sharing (including service fees and tax) for an amount of €1,873k.

⁽³⁾ Correspond mainly to advances received from the ANRU for programmes in Epinay and Saint-Denis.

⁽⁴⁾ 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%.
In 2019, this heading included a €65,000k advance from ALI which was used during the year to subscribe to in'li's share capital increase.

4.4.13 DEFERRED INCOME

(in €)	31/12/2020	31/12/2019	Δ	DUE IN < 1 YEAR	DUE IN 1 TO 5 YEARS	DUE IN > 5 YEARS
DEFERRED INCOME	2,329,386	18,482,482	-16,153,096	131,914	153,312	2,044,160
Construction lease payments 2011 to 2064						
SEQENS (FH)	2,248,576	2,299,680		51,104	153,312	2,044,160
Off-plan agreement - Paris - Jean Leclaire	0	16,102,592				
Other	80,810	80,210		80,810		

Concerns:

- ♦ advance lease payments from SEQENS (€2,249k) following an extension to an administrative long lease in 2010 on land located in the 20th district of Paris;
- ♦ the Paris - Jean Leclaire property development was delivered in December 2020 (€16,103k). The receivable was closed out and the corresponding income was recognised.

4.4.14 OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments at 31 December 2020 were as follows:

<i>(in thousands of euros)</i>	31/12/2020	31/12/2019
COMMITMENTS GIVEN		
Mortgages and lender's liens	931,707	937,507
Sureties	0	0
Signed acquisition agreements to be settled	61,924	41,532
Off-plan agreements to be settled	1,212,589	745,113
Share subscriptions ⁽¹⁾	28,725	30,875
Payment of loan ⁽¹⁾	14,354	15,000
TOTAL COMMITMENTS GIVEN	2,249,299	1,770,027
COMMITMENTS RECEIVED		
Bank guarantees and financial guarantees ⁽²⁾	27,869	19,015
Guarantees from suppliers	19,673	18,122
Loans receivable	1,076,497	1,114,168
Grants receivable (ANRU)	8,344	7,947
Off-plan builders' commitments to be settled	1,212,589	745,113
Signed sale agreements to be settled	4,510	6,723
TOTAL COMMITMENTS RECEIVED	2,349,482	1,911,088

⁽¹⁾ Commitment to subscribe to *Terrae Optimae* (see Note 4.4.2).

⁽²⁾ Bank guarantees for property reservation agreements.

4.4.15 BREAKDOWN OF ACCRUED EXPENSES AND INCOME RECEIVABLE

<i>(in thousands of euros)</i>	31/12/2020	31/12/2019
BREAKDOWN OF ACCRUED EXPENSES		
Borrowings and financial liabilities	11,620	12,117
Advances and downpayments	22,605	27,008
Payables on non-current assets	7,403	9,469
Trade payables	14,156	13,034
Tax and employee-related liabilities	11,540	12,370
Other payables	4,523	5,898
TOTAL ACCRUED EXPENSES	71,847	79,896
BREAKDOWN OF INCOME RECEIVABLE		
Trade receivables	20,088	18,446
Other receivables	3,352	3,202
Grants receivable	692	671
Marketable securities	396	449
TOTAL INCOME RECEIVABLE	24,528	22,768

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4.5 NOTES TO THE INCOME STATEMENT

4.5.1 CALCULATION OF INCOME

(in €)	31/12/2020	31/12/2019	Δ
Operating income/(loss)	86,270,026	50,349,222	35,920,804
Financial income (expense)	-18,214,241	-30,921,580	12,707,339
Net non-recurring income (expense)	899,736	77,816,344	-76,916,608
Corporate income tax expense	-30,853,008	-33,903,451	3,050,443
NET INCOME	38,102,513	63,340,536	-25,238,023

4.5.2 REVENUE

(in €)	31/12/2020	31/12/2019	Δ
REVENUE & REBILLABLE CHARGES	401,977,329	387,177,249	14,800,080
Rental income from dwellings	288,838,416	278,816,731	10,021,685
Rental income from parking spaces	13,844,190	13,208,932	635,258
Commercial and office lease income	5,006,222	5,537,028	-530,806
Household charges	798,142	792,275	5,867
Property development projects ⁽¹⁾	16,102,592	0	16,102,592
Other	1,507,266	1,587,145	-79,879
Rebillable service and maintenance charges	75,880,501	87,235,138	-11,354,637

⁽¹⁾ Delivery of the Jean Leclaire operation (Paris 17th arrondissement).

4.5.3 DEPRECIATION, AMORTISATION AND PROVISIONS

(in €)	31/12/2020	31/12/2019	Δ
ADDITIONS TO DEPR, AMORT & PROV	88,953,452	89,352,395	-398,943
Additions to depreciation/amortisation of fixed assets	86,709,169	85,067,923	1,641,246
Additions to provisions for impairment of fixed assets	223,914	0	223,914
Additions to provisions for impairment of rent receivables	1,868,926	2,637,349	-768,423
Additions to provisions for current assets	0	100,000	-100,000
Additions to other provisions ⁽²⁾	151,443	1,547,123	-1,395,680

⁽²⁾ Mainly comprises the following:
- provision for impairment of inventories: €7k;
- provision for sundry litigation: €144k.

4.5.4 RELEASES OF AMORTISATION AND DEPRECIATION CHARGES AND PROVISIONS

(in €)	31/12/2020	31/12/2019	Δ
RELEASES OF AMORTISATION AND DEPRECIATION CHARGES AND PROVISIONS	3,528,541	2,815,486	713,055
Releases of provisions for impairment of rent receivables	528,371	0	528,371
Releases of provisions for retirement benefits	190,356	930,016	-739,660
Releases of provisions for impairment of non-current assets	0	0	0
Releases of provisions for ANRU charges	0	0	0
Releases of other provisions ⁽³⁾	2,809,814	1,885,470	924,344
EXPENSE TRANSFERS	0	0	0

⁽³⁾ These consist mainly of:
- releases of provisions for tax following mergers (€1,555k);
- provisions for sundry litigation. .

4.5.5 OTHER OPERATING INCOME AND EXPENSES

(in €)	31/12/2020	31/12/2019	Δ
OTHER OPERATING INCOME	46,571,680	8,233,310	52,411,334
Proceeds from the disposal on investment property ⁽¹⁾	35,015,298	0	35,015,298
Positive adjustments to recoverable service and maintenance charges	9,222,769	5,342,911	3,879,858
Other income	2,333,613	2,890,399	-556,786
OTHER OPERATING EXPENSES	21,960,623	7,887,659	14,072,964
Carrying amount of investment property sold ⁽¹⁾	15,047,040	0	15,047,040
Negative adjustments to recoverable service and maintenance charges	4,424,893	2,901,901	1,522,992
Unrecoverable rent receivables	1,697,215	2,624,692	-927,477
Other expenses	791,475	2,361,066	-1,569,591

⁽¹⁾ As indicated in Note 4.3.4, disposals of investment property were recognised in operating income in 2020 and in non-recurring income in 2019. In 2020, disposals generated gains of €19,968k.

4.5.6 NET FINANCIAL INCOME (EXPENSE)

(in €)	31/12/2020	31/12/2019	Δ
FINANCIAL INCOME (EXPENSE)	-18,214,241	-30,921,580	12,707,339
Interest expense on rental operations	-32,582,842	-31,059,432	-1,523,410
Losses on equity interests	0	0	0
Other finance costs	-550,324	-672,204	121,880
Charges on sale of marketable securities	0	-75,524	75,524
Net (additions to) reversals of provisions	-177,196	-121,326	-55,870
Income from investments and share in net income of associates ⁽²⁾	14,095,838	62,307	14,033,531
Other income from investment of surplus cash	877,257	875,232	2,025
Income on sale of marketable securities	123,025	69,365	53,660

⁽²⁾ Mainly corresponds to the distribution of income from APEC Résidence (€13,575k), in'li AURA (€309k) and in'li Grand Est (€206k).

4.5.7 NET NON-RECURRING INCOME (EXPENSE)

(in €)	31/12/2020	31/12/2019	Δ
NET NON-RECURRING INCOME (EXPENSE)	899 736	77 816 344	- 76 916 608
Net income (loss) on disposal of non-current assets ⁽³⁾	- 467 924	78 527 601	- 78 995 525
Net income (loss) on disposal of securities ⁽⁴⁾	- 1 050 603	0	- 1 050 603
Claims expense	- 1 073 825	- 988 350	- 85 475
Net (additions to) reversals of provisions	144 645	- 56 595	201 240
Other non-recurring expenses ⁽⁵⁾	- 524 054	- 5 257 789	4 733 735
Non-recurring income from claims	947 031	1 046 549	- 99 518
Reversal of subsidies	2 782 815	3 659 628	- 876 813
Other non-recurring income ⁽⁶⁾	141 651	885 298	- 743 647

⁽³⁾ As indicated in Note 4.3.4, disposals of investment property are now recognised in operating income, which explains the year-on-year difference in this heading.

⁽⁴⁾ Mainly corresponds to the disposal of Apec Résidence shares.

⁽⁵⁾ This amount consists of:

- penalties paid by the Company following sundry legal disputes (€146k);
- early loan repayment penalties (€376k).

⁽⁶⁾ Comprises sundry indemnities and penalties paid to the Company.

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4.5.8 INCOME CORPORATE TAX

(in €)	31/12/2020	31/12/2019	Δ
TOTAL INCOME CORPORATE TAX	30,853,008	33,903,451	-3,050,443
Current tax	30,853,008	33,903,451	-3,050,443

Income tax on non-recurring items for 2020 totalled €288k and the portion attributable to other items amounted to €30,293k. The amount of tax on provisions reinstated for tax purposes in 2020 but deductible in 2021 amounted to €144,339. In'li was subject to a tax audit for fiscal years 2016, 2017 and 2018. The audit was completed in December 2020 and a provision of €272k was set aside based on the proposed tax reassessment notice.

4.6 OTHER DISCLOSURES

4.6.1 EXPENSES NON-DEDUCTIBLE FROM INCOME

Expenses non-deductible from income for tax purposes amounted to €28,421 in 2020.

4.6.2 INFORMATION CONCERNING CUSTOMER AND SUPPLIER PAYMENT TERMS

Article L.446-6-1 of 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	6,763	406	255	314	922
Total amounts of invoices concerned (€ thousands, including VAT)	12,875	1,150	107	30	243
Percentage of total amount of purchases for the period concerned (excluding VAT)	1.8%	0.2%	0.0%	0.0%	0,0%
Percentage of total amount of revenue for the period concerned (excluding VAT)	3.2%	0.3%	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		123			66
Total amounts of invoices concerned (€ thousands, including VAT)		526			1 092
Percentage of total amount of purchases for the period concerned (excluding VAT)		0.1%			0.2%
Percentage of total amount of revenue for the period concerned (excluding VAT)		0.1%			0.3%

(B) Invoices excluded from (A) concerning disputed payables or receivables or unrecorded invoices
Number of invoices excluded: none.

Total amounts of invoices concerned (including VAT): 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.

4.6.3 INCENTIVE BONUSES AND PROFIT-SHARING

<i>(in €)</i>	31/12/2020	31/12/2019	Δ
TOTAL	1,873,047	2,083,186	-210,139
Incentive bonuses	0	0	0
Profit-sharing	1,873,047	2,083,186	-210,139

The amount for profit-sharing of €1,873,047 includes the 20% "forfait social" (corporate social contribution) and payroll tax of 13%.

4.6.4 WORKFORCE AT 31 DECEMBER 2020

<i>(no. of employees)</i>	31/12/2020	31/12/2019	Δ
TOTAL WORKFORCE	761.5	737.3	24.2
Indefinite-term employment contracts – administrative personnel	432.5	400.6	31.9
Indefinite-term employment contracts – caretakers and building employees	278.4	294.5	-16.1
Fixed-term employment contracts – administrative personnel	24.6	32.8	-8.2
Fixed-term employment contracts – caretakers and building employees	6	5.4	0.6
Apprentices	20	4	16

* Full-Time Equivalents (FTE)

4.6.5 RELATED PARTY TRANSACTIONS

Transactions with related parties are generally carried out on an arm's length basis.

4.6.6 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 (formerly SOGUIM), 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, revenue, etc.

The joint venture is managed by in'li.

In 2020, in'li rebilled an amount of €1, 854,769 for services provided to other participants of in'li SUPPORTS.

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4.6.7 STATUTORY AUDITORS' FEES

Statutory Auditors' fees for auditing the Company's accounts recorded in the income statement amount to €188k.

- ♦ audit fees, statutory audit engagement = €127k;
- ♦ services other than statutory audit engagements = €61k.

4.6.8 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, SAS in'li Participations, SAS Foncière CRONOS and SAS CRONOS) 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 2020, the three subsidiaries together accounted for less than 1% of the total balance sheet, indebtedness and net non-current assets, net income and revenue.

4.6.9 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.

4.6.10 FIVE-YEAR FINANCIAL SUMMARY (ARTICLES 133, 135 AND 148 OF THE DECREE CONCERNING COMMERCIAL UNDERTAKINGS)

INDICATORS	2016	2017	2018	2019	2020
I - SHARE CAPITAL AT YEAR-END					
a) Share capital	123,146,996	479,373,551	613,331,009	613,331,009	748,811,607
b) Number of shares issued	82,097,997	319,582,367	408,887,339	408,887,339	499,207,738
II - OPERATIONS AND EARNINGS					
a) Revenue before tax	212,358,165	340,387,347	352,016,084	387,177,249	401,977,329
b) Income (loss) before tax, incentive bonuses and profit-sharing, depreciation, amortisation and provisions	70,272,204	117,708,597	151,687,151	186,042,003	156,286,030
c) Income (loss) after tax, incentive bonuses and profit-sharing, depreciation, amortisation and provisions	20,125,616	33,476,284	45,376,127	63,340,536	38,102,513
d) Incentive bonuses and profit-sharing for the year	1,472,289	2,084,730	1,091,879	2,083,186	1,873,047
III - EARNINGS PER SHARE (IN EUROS)					
a) Income (loss) after tax, incentive bonuses and profit-sharing, but before depreciation, amortisation and provisions	+0.68	+0.30	+0.31	+0.37	+0.25
b) Income (loss) after tax, incentive bonuses and profit-sharing, depreciation, amortisation and provisions	+0.25	+0.10	+0.11	+0.15	+0.08
IV - EMPLOYEES					
a) Number of employees	476	646	738	737	762
b) Total payroll for the period	16,466,491	24,264,980	27,585,464	29,922,111	30,101,370
c) Total employee and social benefits paid in the period	9,393,788	13,766,487	14,157,693	16,331,692	16,348,317

4.6.11 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						
SUBSIDIARY											
SAS IN'LI PROPERTY MANAGEMENT	225,000	528,314	100.00%	24,621	24,621			276,264	-569,676		31/12/2020
SNC SAMCEH	6,990	-2,779	100.00%	7,015	7,015			0	-2,803		31/12/2020
SAS IN'LI PARTICIPATIONS	1,000	10,000	100.00%	10,000	10,000			0	0		31/12/2020
SAS FONCIÈRE CRONOS	1,000	10,000	100.00%	10,000	10,000			0	0		31/12/2020
SAS CRONOS	1,000	10,000	100.00%	10,000	10,000			0	0		31/12/2020
ASSOCIATES											
SAS TERRAE OPTIMAE 1	16,515,800	-1,208,980	37.99%	6,275,000	6,275,000			0.00	-708,683		31/12/2020
SA IN'LI AURA	160,110,920	176,688,948	10.29%	48,759,459	48,759,459			57,351,891	10,300,929	309,041	31/12/2020
SA IN'LI GRAND EST	24,814,083	43,974,818	36.94%	34,401,695	34,401,695			13,909,938	435,992	206,217	31/12/2020
SAS APEC RÉSIDENCE	63,973,550	812,910	25.00%	14,338,160	14,338,160			3,545,249	812,385	13,575,339	31/12/2020
SAS APEC DÉVELOPPEMENT	9,041,287	9,034,464	25.00%	2,341,000	2,341,000			0	-6,823		31/12/2020
OTHER											
SA D'HLM ERIGÈRE	114,009,248	323,766,848	1.84%	4,673,482	4,673,482			110,978,644	16,908,310	5,228	31/12/2020
SA D'HLM IMMOBILIÈRE RHÔNE-ALPES	53,156,666	461,357,602	0.00%	14	14			114,289,660	20,378,581	4	31/12/2019
SA D'HLM 3F GRAND EST	151,469,000	64,166,000	0.00%	152	152			53,445,000	8,180,000	9	31/12/2019
SACICAP ENGAGEMENT POUR LA VIE ET LE LOGEMENT	18,500			19	19						
SEMCODA	46,256,100	466,204,885		152	152			329,240,904	29,388,363		31/12/2019
REAL ESTATE INVESTMENT COMPANIES (SCI) – FREEHOLD				230,350	230,350						
REAL ESTATE INVESTMENT COMPANIES (SCI) – JOINT OWNERSHIP				92,755	92,755						
SEMARELP	19,823,475	22,733,626	0.14%	15,275	15,275			65,688,766	705,853		31/12/2019
SAMIRAM	152,449			1,525	1,525						
SAEM CITY OF ROMBAS	239,050			9,818	9,818						
SCI SAINT-CHARLES	260,392	110,881		15	15			273,722	-51,857		31/12/2018
SCI MONTREUIL CHAUAUX				0,15	0,15						
TOTAL				111,200,508	111,200,508						

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4.7 PRESENTATION OF FINANCIAL STATEMENTS UNDER IFRS

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In'li is a French *Société Anonyme à Directoire et Conseil de surveillance* (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 43,341 units of housing. Virtually all of this portfolio is located in the Paris region and 76% of units (83% in value terms) are located in Paris City and in the inner suburbs.

The consolidated financial statements cover the period from 1st January 2019 to 31 December 2020.

4.7.1 1.1 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	31/12/2020	31/12/2019
Gross rental income	4.7.2.7.1	311,154	301,783
Building-related expenses	4.7.2.7.2	(98,389)	(110,569)
Income from recoverable rental charges	4.7.2.7.2	75,781	87,694
Recoverable rental charges	4.7.2.7.2	(79,818)	(90,929)
Net rental income		208,728	187,979
Income from property development		3,783	8,205
Cost of inventory		(4,468)	(7,120)
Property development margin		(685)	1,085
Income from other activities	4.7.2.7.3	1,435	1,353
Purchases consumed	4.7.2.7.3	(740)	(873)
Maintenance	4.7.2.7.3	(6,475)	(3,950)
External services	4.7.2.7.3	(22,019)	(10,235)
Taxes other than income taxes	4.7.2.7.3	(2,662)	(4,452)
Personnel expenses, incentive bonuses and profit-sharing	4.7.2.7.3	(33,845)	(32,976)
Other operating income	4.7.2.7.3	20,691	14,816
Other operating expense	4.7.2.7.3	(14,187)	(17,853)
RECURRING OPERATING INCOME		150,241	134,894
Gains on disposals of equity investments	4.7.2.7.4	5,094	
Gains on disposals of investment property	4.7.2.7.4	357	6,324
Fair value adjustments to investment property	4.7.2.7.5	73,688	(21,304)
OPERATING INCOME		229,380	119,914
Share in net income of associates		3,929	
OPERATING INCOME AFTER SHARE IN NET INCOME OF ASSOCIATES		233,309	119,914
Financial income		1,521	1,006
Financial expenses		(35,116)	(33,919)
NET FINANCIAL INCOME/(EXPENSE)	4.7.2.7.6	(33,595)	(32,913)
INCOME (LOSS) BEFORE TAX		199,714	87,001
Income tax expense	4.7.2.7.7	(47,236)	(74,615)
INCOME (LOSS) EXCLUDING NON-CONTROLLING INTERESTS		152,478	12,386
Attributable to non-controlling interests		(0)	1
NET PROFIT ATTRIBUTABLE TO OWNERS		152,478	12,387

(€ thousand)	Notes	31/12/2020	31/12/2019
NET INCOME (LOSS)		152,478	12,386
Gains (losses) on non-consolidated investments		(570)	12
Deferred tax on fair value adjustments to non-consolidated investments		142	(3)
Items that may not be recycled to profit or loss		(428)	9
TOTAL COMPREHENSIVE INCOME (LOSS)		152,051	12,395
Attributable to non-controlling interests		(0)	1
ATTRIBUTABLE TO OWNERS		152,051	12,394

4.7.1.2 CONSOLIDATED BALANCE SHEET

(€ thousand)	Notes	31/12/2020	31/12/2019	01/01/2019
NON-CURRENT ASSETS		8,158,980	7,691,852	8,418,804
Investment property		8,019,004	7,572,175	8,300,619
Investment properties measured at fair value	4.7.2.6.1	7,299,182	7,042,992	7,882,437
Investment properties measured at cost	4.7.2.6.1	719,822	529,183	418,182
Other property and equipment		20,900	21,297	22,789
Intangible assets		1,547	1,347	2,244
Non-current financial assets	4.7.2.6.2	101,332	97,033	93,152
Investments in associates		16,197		
CURRENT ASSETS		1,498,984	1,750,359	564,153
Assets held for sale	4.7.2.6.1	1,249,477	1,178,109	91,797
Inventories		11,139	7,392	5,705
Trade receivables	4.7.2.6.4	59,864	71,720	64,403
Other receivables		37,734	17,879	21,111
Current financial assets		21,593	23,593	36,373
Cash and cash equivalents	4.7.2.6.5	119,177	451,666	344,764
TOTAL ASSETS		9,657,964	9,442,211	8,982,957
Equity attributable to owners		6,052,952	5,778,158	5,773,463
Share capital		748,812	613,331	613,331
Additional paid-in capital		572,934	573,104	573,192
Consolidated reserves		4,578,729	4,579,336	4,540,456
Consolidated net profit (loss)		152,478	12,387	46,484
Non-controlling interests			18	19
TOTAL EQUITY	4.7.2.6.6	6,052,952	5,778,176	5,773,482
NON-CURRENT LIABILITIES		3,153,200	3,105,907	2,951,220
Non-current borrowings and financial liabilities	4.7.2.6.7	1,902,020	1,893,164	1,548,088
Non-current portion of borrowings relating to leases		9,714	9,280	11,481
Deferred tax liabilities	4.7.2.6.3	1,233,454	1,193,129	1,381,424
Non-current provisions	4.7.2.6.8	8,012	10,334	10,227
CURRENT LIABILITIES		451,811	558,128	258,255
Liabilities related to assets held for sale	4.7.2.6.1	231,727	294,775	19,119
Trade payables and other operating liabilities	4.7.2.6.10	60,218	75,975	88,149
Other operating liabilities				
Other payables		46,679	71,951	4,914
Current borrowings and financial liabilities	4.7.2.6.7	85,613	80,075	119,409
Current portion of borrowings relating to leases		2,255	2,201	699
Deferred tax liabilities - current portion	4.7.2.6.3	437	475	779
Tax and employee-related liabilities		23,875	32,673	24,671
Current provisions	4.7.2.6.8	1,007	3	515
TOTAL EQUITY AND LIABILITIES		9,657,964	9,442,211	8,982,957

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4.7.1.3 CONSOLIDATED STATEMENT OF CASH FLOWS

(€ thousand)	31/12/2020	31/12/2019
OPERATING ACTIVITIES		
Net income (loss)	152,478	12,387
Depreciation, amortisation and provisions	2,005	3,102
Share in net income of associates	(3,929)	
Disposal gains and losses	(2,022)	(702)
Gross cash flow from operating activities after cost of debt and tax	148,532	14,787
Fair value adjustments to investment property	(73,549)	21,214
Interest on borrowings	32,497	30,580
Corporate tax expense/benefit (incl. deferred tax)	47,236	74,615
Gross cash flow from operating activities before cost of debt and tax	154,716	141,196
Interest paid	(33,502)	(28,714)
Tax paid	(41,616)	(31,148)
Change in operating working capital		
Change in inventories	(3,747)	(1,687)
Change in trade payables and receivables	29,624	(4,320)
o/w Change in receivables	(8,301)	(5,391)
o/w Change in payables	37,925	1,071
Net cash flow generated from operating activities (A)	105,475	75,327
INVESTING ACTIVITIES		
Acquisitions of investment property	(554,252)	(496,262)
Acquisitions of financial assets	(19,377)	(3,629)
Disposals of investment property	35,015	119,920
Disposals of financial assets	44	1,525
Disposals of equity investments	41,947	
Movements in short-term investments	2,000	12,780
Net cash flow used in investing activities (B)	(494,623)	(365,666)
FINANCING ACTIVITIES		
Increases in capital	135,481	
Capitalisation of receivables	(65,000)	
Dividends paid	(12,270)	(8,178)
New borrowings	91,749	619,182
Repayment of borrowings	(95,142)	(258,741)
Advances received/repaid		65,000
Net cash flow generated from financing activities (C)	54,818	417,263
Impact of changes in accounting methods (D)	1,841	(2,269)
CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)	(332,489)	124,655
Net cash and cash equivalents at start of year	451,666	327,011
Net cash and cash equivalents at end of year	119,177	451,666

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 1st January 2019	613,331	573,192	4,586,940	5,773,463	19	5,773,482
Net income reported in the income statement			12,387	12,387	(1)	12,386
Other comprehensive income (loss)			9	9		9
Total comprehensive income reported in the income statement			12,396	12,396	(1)	12,395
Increases in capital						
Payment of dividends			(8,178)	(8,178)		(8,178)
Other movements		(88)	565	477		477
Equity at 31 December 2019	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	0	152,478
Other comprehensive income (loss)			(428)	(428)		(428)
Total comprehensive income reported in the income statement			152,050	152,050	0	152,051
Increases in capital	135,481			135,481		135,481
Payment of dividends			(12,267)	(12,267)		(12,267)
Changes in 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

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4.7.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.7.2.1 HIGHLIGHTS OF 2019 AND 2020

4.7.2.1.1 FIRST-TIME PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS UNDER IFRS

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).

These first consolidated financial statements have been prepared under IFRS and the interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union before the reporting date in accordance with European

directive 1606/2002/EC of 19 July 2002. The standards adopted by the European Commission may be consulted on the IASB's website at (<http://www.ifrs.org/issued-standards/list-of-standards/>). These consolidated financial statements have been prepared in accordance with IFRS 1 - First-time Adoption of International Financial Reporting Standards, and the date of transition is 1st January 2019.

4.7.2.1.2 IFRS 1: FIRST-TIME ADOPTION

To prepare the opening balance sheet, retrospective application of standards applicable at 31 December 2020 requires that:

- ◆ all of the assets and liabilities included in the opening balance sheet at 1st January 2019 qualify for recognition under IFRS;
- ◆ assets and liabilities are classified according to IFRS;
- ◆ assets and liabilities are measured according to IFRS;
- ◆ the impacts of adjustments are recognised in opening equity.

IFRS 1 grants certain limited optional exemptions:

- ◆ business combinations: non-restatement of business combinations that occurred before the transition date;
- ◆ fair value or revaluation as deemed cost: use of deemed cost for investment property appraised as of 31 December 2018;
- ◆ IFRS 16: the Group has elected to use the modified retrospective transition method, which consists in recognising a liability at the transition date equal to the amount of the discounted residual lease payments only, against a matching right-of-use asset adjusted for the amount of any prepayments or accrued lease expenses; all transition impacts have been recognised against a matching entry in equity. Among the simplifying measures provided for under IFRS 16, the Group has elected to exclude leases with a term of less than 12 months.

4.7.2.1.3 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).

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4.7.2.1.4 DISPOSAL OF A PORTION OF THE SHARES IN APEC RÉSIDENCE IN 2020

2020

Following the sale of 134,823 shares to SCI PREIM APEC and BTP PREVOYANCE on 30 September 2020, in'li's stake in Apec Résidence has fallen to 25%. This entity owns 330 units of housing located in nine groups of properties. This transaction generated a gain on disposal of €5.1 million in 2020. APEC Résidence is accounted for by the equity method as of 31 December 2020 (see Note 4.7.2.3.2).

2019

In accordance with IFRS 5, the assets and liabilities relating to APEC Résidence have been restated 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)	31/12/2019
NON-CURRENT ASSETS	(81,472)
Investment property	(81,441)
Investment properties measured at fair value	(81,254)
Investment properties measured at cost	(187)
Non-current financial assets	(31)
CURRENT ASSETS	81,472
Assets held for sale	84,078
Trade receivables	(337)
Cash and cash equivalents	(2,269)
TOTAL ASSETS	
NON-CURRENT LIABILITIES	(19,610)
Non-current borrowings and financial liabilities	(850)
Deferred tax liabilities	(18,760)
Non-current borrowings and financial liabilities	19,610
Liabilities related to assets held for sale	22,724
Trade payables and other operating liabilities	(507)
Trade payables	(1,895)
Other payables	(208)
Current borrowings and financial liabilities	(504)
TOTAL EQUITY AND LIABILITIES	

4.7.2.1.5 CRONOS OPERATION

As stated in Note 4.7.2.8.6, in accordance with IFRS 5, the buildings included in the Cronos operation 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)	31/12/2020	31/12/2019
NON-CURRENT ASSETS	(1,249,477)	(1,087,308)
Investment property	(1,249,477)	(1,087,308)
Investment properties measured at fair value	(1,249,477)	(974,670)
Investment properties measured at cost		(112,638)
CURRENT ASSETS	1,249,477	1,087,308
Assets held for sale	1,249,477	1,087,308
TOTAL ASSETS		
NON-CURRENT LIABILITIES	(226,213)	(266,897)
Non-current borrowings and financial liabilities	(25,282)	(38,833)
Deferred tax liabilities	(200,931)	(228,064)
CURRENT LIABILITIES	226,213	266,897
Liabilities related to assets held for sale	230,600	271,471
Trade payables and other operating liabilities	(3,851)	(3,861)
Current borrowings and financial liabilities	(536)	(713)
TOTAL EQUITY AND LIABILITIES		

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4.7.2.2 GENERAL CONSOLIDATION PRINCIPLES

4.7.2.2.1 INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements for the period ended 31 December 2020 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 2020

Standards, amendments and interpretations that were mandatory for reporting periods beginning on or after 1st January 2020

The standards, amendments and interpretations applicable for the first time at 31 December 2020 are:

- ◆ amendments to IFRS 3 — Definition of a business;
- ◆ amendments to IAS 1 and IAS 8 — Definition of the term “material”;
- ◆ amendments to IFRS 9, IAS 39 and IFRS 7 concerning “Interest rate benchmark reform”;
- ◆ amendments to the IFRS conceptual framework;
- ◆ amendment to IFRS 16 for “Covid-19-related rent concessions”.

Application of these standards did not have a material impact on the consolidated financial statements.

Standards, amendments and interpretations that were not mandatory for accounting periods beginning on or after 1st January 2020

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 1st January 2021:

- ◆ amendments to IFRS 4 — Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- ◆ amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 — Interest rate benchmark reform – Phase II.

Other standards awaiting adoption by the European Union:

- ◆ amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- ◆ IFRS 17 — Insurance Contracts;
- ◆ amendments to IAS 37 — Onerous Contracts — Cost of Fulfilling a Contract;
- ◆ amendments to IAS 16 — Property, Plant and Equipment: Proceeds before Intended Use.

In’li is currently analysing the potential impacts of these standards on the consolidated financial statements, however these impacts are not expected to be material.

4.7.2.2.3 ADJUSTMENTS TO SOCIAL FINANCIAL STATEMENTS

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 – ASSESSMENT 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 4.7.2.4.1.

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 4.7.2.4.1.

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4.7.2.2.6 IMPACTS OF THE COVID-19 PANDEMIC ON THE CONSOLIDATED FINANCIAL STATEMENTS

2020 was dominated by the Covid-19 pandemic. During this period, in'li took appropriate measures to ensure the continuity of its business while protecting the health of its employees. Construction sites, which were temporarily shut down during the second quarter, have gradually resumed and deliveries have been completed with only limited delays and non-material impacts on revenues for 2020.

More generally, the other effects of the crisis on the financial statements mainly 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 extraordinary measures deployed to deal with it have not significantly impacted the Company's business or its earnings in 2020. Moreover, for the present, the French residential housing market (and particularly the market in the Paris region) has proved very resilient and there is absolutely no reason to doubt the Group's ability to continue as a going concern.

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.

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 2020 is as follows:

Entity	"SIREN " [company database code no.]	31/12/2020 % holding	Consolidation method	31/12/2019 % holding
IN'LI	602,052,359	100%	Parent co.	100%
Change in control during the period				
APEC Résidence	333,542,892	25%	Parent co.	99,7%

FULL: fully consolidated

EQUITY: consolidated by the equity method

Non-consolidated entities

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.

Entity	31/12/2020 % holding
SAS in'li Property Management	100%
SNC SAMCEH	100%
SAS in'li Participations	100%
SAS Foncière Cronos	100%
SAS Cronos	100%
SAS TERRAE OPTIMAE 1	38%
SA in'li Aura	10%
SA in'li Grand Est	37%
SAS APEC DEVELOPPEMENT	25%
SA d'HLM ERIGERE	2%
SA d'HLM IMMOBILIERE RHONE-ALPES	0%
SA d'HLM 3F GRAND EST	0%
SACICAP engagé pour la vie et le logement	0%
SEMCODA	0%
SEMARELP	0%
SAMIRAM	0%
SAEM CITY OF ROMBAS	0%
SCI SAINT-CHARLES	0%
SCI Montreuil Chavaux	0%

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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.

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 4.1.2). In the consolidated financial statements, this is based on independent expert appraisals of the block value of buildings, excluding property transfer taxes (performed by Crédit Foncier Expertise at 31 December 2020 and 31 December 2019). 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 letting periods, any renovation work required and other miscellaneous costs.

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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 sales price 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.

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;
- ◆ 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.

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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 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). The net-of-tax amount of the receivable, less the security deposit, is written down as follows:

- ◆ departed tenants: 70.7% in 2020 and 67.5% in 2019;
- ◆ sitting tenants: 27.01% in 2020 and 25.92% in 2019.

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.

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 1st 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, 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.

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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, incentive bonuses, 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 TAXES

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 tax collection lags.

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 collection lags 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.

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.

4.7.2.5.2. 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.

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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 financing sources;
- ◆ 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.

4.7.2.5.5. OPERATIONAL RISKS

In'li is mainly exposed to the following operational risks:

Business development

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

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 (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

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.

Provisioning for recoverable rental charges and processing times for adjusting charges may put pressure on tenants.

To mitigate this risk, the Group created a Rental charges management unit in 2018. Moreover, allocating files between different property managers and monthly performance indicators are also used to track adjustments to service charges.

4.7.2.6 NOTES TO THE CONSOLIDATED BALANCE SHEET

4.7.2.6.1. INVESTMENT PROPERTY

Investment properties measured at fair value

(€ thousand)	IP at FV	Buildings held for sale	Total IP at FV
01/01/2019	7,882,437	91,797	7,974,234
Acquisitions and capitalised expenditure	2,112		2,112
Disposals and derecognised assets	(21,799)	(91,797)	(113,596)
Reclassifications and transfers between categories	(798,454)	1,062,648	264,194
Fair value adjustments	(21,304)		(21,304)
31/12/2019	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

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A. Breakdown of disposals

During 2020, in'li disposed of the following property:

- ♦ the Apec Résidence following the sale of 75% of the shares (see Note 4.7.2.1.4);
- ♦ 54 units in Pessac in a block sale to in'li Sud-Ouest for an amount of €12,310k;
- ♦ 18 units in Cannes in a block sale to in'li PACA for an amount of €2,800k;
- ♦ 35 single-housing units for an amount of €9,943k.

These disposals generated pre-tax gains of €357k.

B. Fair value adjustments

See Note 4.7.2.7.5 "Fair value adjustments to investment property".

C. Other movements

In 2019, transfers between categories mainly concerned the reclassification of buildings held for sale as part of the Cronos operation (see Note 4.7.2.1.5) and the APEC Résidence (see Note 4.7.2.1.4).

They also included assets reclassified between investment property at cost and investment property at fair value.

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 2020, 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
01/01/2019	418,182		418,182		418,182
Acquisitions and capitalised expenditure	493,569		493,569		493,569
Disposals and derecognised assets	(5,619)		(5,619)		(5,619)
Reclassifications and transfers between categories	(376,949)		(376,949)	112,825	(264,124)
Impairment/release of provisions					
31/12/2019	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					
31/12/2020	719,822		719,822		719,822

Assets measured at cost essentially comprise property under construction. No impairment was recognised at 1st January 2019, 31 December 2019 or 31 December 2020.

A. Acquisitions

In 2019 and 2020, acquisitions corresponded to expenditure on investment property under construction and buildings delivered during the period.

B. Disposals

Disposals in 2020 concerned a 36-unit property under construction in Vésinet sold to Apec Résidence for an amount of €9,932k.

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

(€ thousand)	31/12/2020	31/12/2019	01/01/2019
Buildings at fair value held for sale	1,249,477	1,062,648	91,797
Buildings at cost held for sale		112,825	
Other assets held for sale		2,636	
Total assets held for sale	1,249,477	1,178,109	91,797

Movements in buildings held for sale are presented in the table of movements in investment property (see Note 4.7.2.6.1). They mainly concern the Cronos operation and investment property related to the APEC Résidence (see Notes 4.7.2.1.5 and 4.7.2.1.4).

Liabilities held for sale at 31 December 2019 mainly comprise liabilities related to the Cronos operation for an amount of €271.5 million (see Note 4.7.2.1.5) and liabilities related to the APEC Résidence for an amount of €22.7 million (see Note 4.7.2.1.4).

Liabilities held for sale at 31 December 2020 mainly concern the Cronos operation (see 4.7.2.1.5).

4.7.2.6.2. FINANCIAL ASSETS

(€ thousand)	31/12/2020	31/12/2019	01/01/2019
Non-consolidated investments	97,561	93,450	89,503
Security deposits and guarantees	3,741	3,424	3,649
Other financial assets	30	159	0
Total (gross amount)	101,332	97,033	93,152
Impairment provisions			
Total (net amount)	101,332	97,033	93,152

Financial assets mainly consist of investments in subsidiaries and associates (see Note 4.7.2.3.1).

4.7.2.6.3. DEFERRED TAX ASSETS AND LIABILITIES

At 31 December 2020, net deferred tax (excluding deferred taxation on assets reclassified in accordance with IFRS 5) was a liability amounting to €1,233 million that mainly includes the tax effects of gains on investment property (including provisions for taxes).

(€ thousand)	01/01/2019	Change in income	Reclassifications	Other movements	31/12/2019	Change in income	Reclassifications	Other movements	31/12/2020
Total deferred tax assets									
Deferred tax liabilities on investment property	1,381,282	38,964	(228,027)		1,192,219	15,257	26,000	(0)	1,233,475
Other deferred tax liabilities	921	461		3	1,385	(827)		(142)	416
Total deferred tax liabilities	1,382,203	39,425	(228,027)	3	1,193,604	14,430	26,000	(142)	1,233,891
Total net deferred tax liabilities	(1,382,203)	(39,425)	228,027	(3)	(1,193,604)	(14,430)	(26,000)	142	(1,233,891)

4.7.2.6.4. TRADE RECEIVABLES

(€ thousand)	31/12/2020	31/12/2019	01/01/2019
Receivables from tenants	81,980	76,638	63,580
Other trade receivables	667	16,719	17,897
Suppliers with debit balance – Advances and prepayments	951	757	2,683
Total (gross amount)	83,598	94,114	84,160
Provisions for bad debts	(23,734)	(22,394)	(19,757)
Total (net amount)	59,864	71,720	64,403

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Receivables are recorded at face value and mainly comprise:

- ♦ outstanding rents and service and maintenance charges (€59,790k at 31 December 2020 and €57,323k at 31 December 2019);
- ♦ adjustments to unbilled service and maintenance charges corresponding to the difference between prepaid charges called and actual final expenditure (€22,191k at 31 December 2020 and €19,642k at 31 December 2019).

In 2018 and 2019, other trade receivables mostly consisted of the balance due on the off-plan acquisition of the Paris 17th district – Jean Leclair property (€16,103k).

Provisions are calculated in accordance with the Group's accounting policies (4.7.2.4.4).

4.7.2.6.5. CASH AND CASH EQUIVALENTS

(€ thousand)	31/12/2020	31/12/2019	01/01/2019
Available-for-sale money market securities	67,000	73,000	22,000
Cash at bank	52,242	378,562	322,693
Accrued interest on cash and cash equivalents	1	148	71
Total assets	119,243	451,710	344,764
Bank overdrafts		(0)	(17,753)
Total liabilities		(0)	(17,753)
Impairment of money market securities	(66)	(44)	
Net cash and cash equivalents at end of year	119,177	451,666	327,011

4.7.2.6.6. CONSOLIDATED EQUITY

See "Statement of changes in consolidated equity" in Note 4.7.1.4.

4.7.2.6.7. BORROWINGS AND FINANCIAL LIABILITIES

Financial liabilities by nature

(€ thousand)	31/12/2020	31/12/2019	01/01/2019
Bonded debt	497,617	497,337	
Bank borrowings	1,370,960	1,362,529	1,514,820
Security deposits	27,704	27,146	26,656
Other borrowings and credit facilities	5,739	6,152	6,612
Non-current borrowings and financial liabilities (over 1 year remaining)	1,902,020	1,893,164	1,548,088
Current borrowings	74,108	68,242	91,423
Other borrowings and credit facilities	421	429	760
Bank overdrafts	0	0	17,753
Accrued interest	11,084	11,404	9,473
Current borrowings and financial liabilities (less than 1 year remaining)	85,613	80,075	119,409
Net financial liabilities	1,987,633	1,973,239	1,667,497
Financial investments	(21,593)	(23,593)	(36,373)
Cash and cash equivalents	(119,177)	(451,666)	(344,764)
Net financial liabilities	1,846,863	1,497,981	1,286,360

Gross debt remained stable between 2019 and 2020 (slight increase of €12,786k). In July 2019, the Company contracted a €500 million bond.

Cash and cash equivalents decreased by €334,758k in 2020 in line with in'li's business development strategy.

At 31 December 2020 and 31 December 2019, no outstanding borrowings were recognised at fair value in accordance with the Group's accounting policies.

Details of bond

In 2019, in'li contracted a bond with the following features:

- ◆ nominal value: €500 million;
- ◆ format : senior unsecured;
- ◆ term: 10 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.

4.7.2.6.8. PROVISIONS

Provisions and other non-current liabilities are analysed in the table below.

(€ thousand)	31/12/2019	Additions	Reversals	Reversals (surplus provisions)	Other movements	31/12/2020
Provisions for contingencies and losses	3,935	144	(1,272)			2,807
Employee benefits	6,399		(191)		(1,004)	5,204
Non-current provisions	10,334	144	(1,463)		(1,004)	8,011
Provisions for contingencies and losses	3					3
Employee benefits					1,004	1,004
Current provisions	3				1,004	1,007
Total	10,337	144	(1,463)			9,019

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.

Changes in provisions between 1st January 2019 and 31 December 2019 may be broken down as follows:

(€ thousand)	01/01/2019	Additions	Reversals	Reversals (surplus provisions)	Other movements	31/12/2019
Provisions for contingencies and losses	2,921	1,583	(569)			3,935
Employee benefits	7 306	23	(930)			6,399
Non-current provisions	10,227	1,606	(1,499)			10,334
Provisions for contingencies and losses	515		(512)			3
Employee benefits						
Current provisions	515		(512)			3
Total	10,742	1,606	(2,011)			10,337

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4.7.2.6.9 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 = 2.58%, PIME = 2.27%, PIMG = 0.66%), employee wage growth (adm = 2.53%, PIME = 1.06%, PIMG = 1.32%), the discount rate (0.45%), and the payroll tax rate (adm = 61.80%, PIME = 53.66%, PIMG = 56.61%).

The average retirement age used is 62.

At 31 December 2020, post-employment benefit commitments amounted to €11,968k. A provision of €190k was released, bringing the provision for the amount not covered in the main defined benefit plan (retirement indemnities plan) to €5,144k.

Length-of-service awards

At 31 December 2020, the provision for long-term commitments in relation to length-of-service amounted to €1,064k.

4.7.2.6.10. TRADE PAYABLES

Changes in trade payables balances over the reported periods may be analysed as follows:

(€ thousand)	31/12/2020	31/12/2019	01/01/2019
Trade payables for goods and services	20,652	24,829	26,249
Amounts owed to property developers	15,814	21,687	25,253
Tenants with credit balances	1,744	1,554	2,032
Tenant charges to be regularised	22,605	27,008	33,209
Accrued credit notes			175
Off-plan		1,870	1,231
IFRS 16	(597)	(973)	
Trade accounts payable	60,218	75,975	88,149

4.7.2.6.11. RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

(€ thousand)	NBV at 31 December 2020	Amortised cost	Fair value through equity	Fair value through profit and loss	Fair value
Assets					
Financial assets	100,604	100,604	728		101,332
Trade receivables	59,864	59,864			59,864
Cash and cash equivalents	119,177	119,177			119,177
Total	279,645	279,645	728		280,373
Equity and liabilities					
Bond loan	497,617	497,617			497,617
Other	1,490,016	1,490,016			1,490,016
Trade accounts payable	60,218	60,218			60,218
Total	2,047,851	2,047,851			2,047,851

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)	Fair value at 31 December 2020			
	Total	Level 1	Level 2	Level 3
Investment property	8,548,659			8,548,659
Total assets	8,548,659			8,548,659
Total liabilities				

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4.7.2.7 NOTES TO THE CONSOLIDATED INCOME STATEMENT

4.7.2.7.1. GROSS RENTAL INCOME

Gross rental income may be analysed as follows:

(€ thousand)	2020	2019
Rental income from dwellings and related revenue	291,200	281,881
Rental income from parking spaces	14,010	13,425
Rental income from commercial and office leases	5,069	5,607
Gross rents	310,279	300,913
Other rental income	875	870
Gross rental income	311,154	301,783

The year-on-year increase was mainly attributable to:

- ◆ application of the 1.53% increase in the rent review index;
- ◆ rents from the 707 new housing units delivered in 2020 and the impact of new units delivered in 2019 which were only fully let out 2020.

This increase was adversely impacted by a 0.52 point increase in financial vacancy when compared with 2019.

4.7.2.7.2. 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)	2020	2019
Subcontracting and maintenance	18,279	21,114
Upkeep and repair work	26,942	30,016
Taxes and other levies	43,692	41,964
Personnel expenses	5,426	5,619
Other expenses	4,050	11,856
Building-related expenses	98,389	110,569
Fluids	29,013	29,080
Taxes and other levies	8,047	8,111
Personnel expenses	12,123	12,268
Other charges (including management agency fees)	30,635	41,470
Rebillable charges	79,818	90,929
Provisions for charges	(81,455)	(80,819)
Charges to be regularised	1,536	(10,705)
Charges on vacant properties	4,138	3,830
Charges rebilled	(75,781)	(87,694)
Net operating expenses	102,426	113,804

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 2020, disposals of investments mainly consisted of the sale of 75% of the shares in APEC Résidence (see 4.7.2.1.4). For disposals of investment property, see the breakdown provided in Note 4.7.2.6.1.

4.7.2.7.5. FAIR VALUE ADJUSTMENTS TO INVESTMENT PROPERTY

Fair value adjustments to investment property may be analysed as follows:

(€ thousand)	2020	2019
Investment property at fair value	68,838	(21,304)
Investment property at cost	4,851	
Total fair value adjustments	73,689	(21,304)

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 loan contracted in July 2019.

The average cost of debt drawn down was 1.6% for 2020.

(€ thousand)	2020	2019
Proceeds on disposal of short-term investments	123	69
Income from long-term investments	521	62
Miscellaneous interest income	61	
Other financial income	816	875
Financial income	1,521	1,006
Banking services	(1,535)	(1,765)
Charges on disposal of short-term investments		
Interest on bonded debt	(5,892)	(2,913)
Interest on borrowings from credit institutions	(26,963)	(28,297)
Miscellaneous interest expense	(95)	
Other finance costs	(457)	(750)
Provisions for impairment of financial assets	(22)	(43)
Financial expenses	(34,964)	(33,767)
Lease finance costs	(152)	(152)
Net financial expense	(33,595)	(32,913)

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4.7.2.7.7. CORPORATE TAXES

The tax expense for the period can be broken down as follows:

(€ thousand)	2020	2019
Income tax surcharge	(953)	(1,059)
Other tax	(273)	
Recurring tax	(1,226)	(1,059)
Income tax	(30,026)	(33,325)
Deferred tax	(15,985)	(40,232)
Non-recurring tax	(46,011)	(73,557)
Total tax expense	(47,236)	(74,615)

A reconciliation of the effective tax rate is provided in the following table:

Reconciliation of effective tax rate (€ thousand)	2020	2019
Net income	152,478	12,387
Income tax expense	(47,236)	(74,615)
Income before tax	199,714	87,001
Tax rate	32%	34%
Standard tax (amount)	(63,909)	(29,954)
Impact of share in net income of associates	1,257	
Standard tax adjusted to include share in net income of associates	(62,651)	(29,954)
Income tax expense	(47,236)	(74,615)
Tax-related differences	(15,415)	44,661
Re-estimate of deferred tax related to changes in tax rates	(25,534)	61,067
Permanent differences	(3,252)	(17,114)
Rollover relief	12,854	
Other movements	517	708
Explanations	(15,415)	44,661

4.7.2.8 OTHER DISCLOSURES

4.7.2.8.1. OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments at 31 December 2020 and at 31 December 2019 were as follows:

(€ thousand)	31/12/2020	31/12/2019
Mortgages and lender's liens	931,707	937,507
Signed acquisition agreements to be settled	61,924	41,532
Off-plan agreements to be settled	1,212,589	745,113
Share subscriptions ⁽¹⁾	28,725	30,875
Payment of loan ⁽¹⁾	14,354	15,000
Total commitments given	2,249,299	1,770,027
Bank guarantees and financial guarantees ⁽²⁾	27,869	19,015
Guarantees from suppliers	19,673	18,230
Available borrowings ⁽³⁾	1,076,497	1,114,168
Grants receivable (ANRU)	8,344	7,947
Off-plan builders' commitments	1,212,589	745,113
Signed sale agreements to be settled	4,510	6,723
Total commitments received	2,349,482	1,911,196

⁽¹⁾ Commitment to subscribe to the Terrae Optimae investment fund.

⁽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 €1,212,589k comprise reciprocal commitments given and received on reservation agreements with property developers to build over 5,000 units of housing. This is €467,476k higher than in 2019, reflecting the objective of producing 80,000 units of housing over the next 10 years.

4.7.2.8.2. RELATED PARTIES

The Companies main related parties are:

- ◆ the subsidiaries in'li PM, SAMCEH and APEC Résidence;
- ◆ the Chairman of the Management Board and the Chief Executive Officer;
- ◆ the parent company, Action Logement Immobilier, and Action Logement Groupe.

Material transactions mainly consist of a €65 million current account advance given by Action Logement Immobilier on 31 December 2019, and a current account advance of €36 million from Action Logement Immobilier dating from 31 December 2020.

All other related-party transactions were deemed non-material.

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4.7.2.8.3. HEADCOUNT

Average Group headcount may be broken down as follows:

Average headcount ⁽¹⁾	31/12/2020	31/12/2019
Management grade	239	215
Employee-grade and supervisor-grade	211	205
Building personnel	285	312
Apprentices	9	4
Total	744	736

⁽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 2019 and 2020 are disclosed in the following table:

Statutory Auditors' fees (€ thousand)	Mazars			
	2020		2019	
	Amount	%	Amount	%
Audit of the individual company and consolidated financial statements	127	68%	97	53%
Services other than statutory audit engagements	61	32%	85	47%
Total	188	100%	182	100%

4.7.2.8.6. SUBSEQUENT EVENTS

On 15 January 2021, in'li and AXA IMRA 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.

As part of this agreement, in'li contributed 5,900 units of existing housing to *Foncière Cronos* (spread throughout 62 groups of properties) and more than 2,600 units of new housing under construction. The value of the contributed assets totalled €1.2 billion. In'li will hold a 25% stake in *Foncière Cronos*.

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◀ 6, Rue Clémenceau, Gagny (Seine-Saint-Denis).

5.1 GOVERNANCE

The report on corporate governance was prepared in accordance with Article L.225-68 of the French Commercial Code. 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 THE 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 of the implementation of decisions taken.

The Supervisory Board also 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.

5.1.1.1 COMPOSITION

In'li's Supervisory Board has eleven members: 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.

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.

At 31 December 2020, the following people were members of the Supervisory Board:

- ◆ Pierre BRAJEUX, Chairman;
- ◆ Jean-Jacques DENIZARD, Vice Chairman;
- ◆ Action Logement Immobilier, represented by Pascal LANDRIN;
- ◆ Sandra BUES-PIQUET;
- ◆ Bruno CANEPARO;
- ◆ 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 2020.

The Annual General Meeting to be held on 10 June 2021 will be asked to renew the terms of office of Jackie Xiaohua TROY, Pierre BRAJEUX, Philippe THEL and Action Logement Immobilier (represented by Pascal LANDRIN) as members of the Supervisory Board for a three-year term to expire at the end of the Annual General Meeting in 2024 called to approve the financial statements for 2023.

5.1.1.2 MODUS OPERANDI

The Supervisory Board met five times in 2020, pursuant to a convening notice issued by the Chairman.

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 and restructuring operations more generally, signed off on the annual financial statements and the allocation of net income, and analysed the financial statements and quarterly results. The Board also approved the budget, the audit plan and the 2021 risk management plan.

The Supervisory Board deliberated on the creation of property companies with a view to achieving the objective of producing 80,000 units of intermediate housing.

It authorised a number of related-party agreements necessary for the conduct of business.

Diversity policy

The Supervisory Board comprises four women out of eleven members, three of whom also sit on one of the three Board committees. The Audit and Accounts Committee is chaired by a woman.

The search 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 involved in 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 fix the age limit and stipulate that the number of members over 70 years of age may not exceed one-third of all current members in office. Moreover, the number of Supervisory Board members over the age of 70 may not exceed 30% of all members. 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 the Group, notably the rules of procedure regarding the proportion of representatives of employers' organisations and trade unions. 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 Board and almost 40% of its members at 31 December 2020 were 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 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 internal Code of Ethics 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 second 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 Company 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 will expire at the General Meeting called to approve the financial statements for 2022:

- ◆ 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:

THE AUDIT AND ACCOUNTS COMMITTEE

Which examines the appropriateness of the methods used to prepare the 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 company financial statements, the relevance and consistency of the accounting methods used, the external audit process and the Company's internal control systems.

THE INVESTMENT COMMITTEE

Which reviews certain new investment projects within the scope of the development strategy presented by the Management Board. It is tasked with:

- 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.

THE APPOINTMENTS AND COMPENSATION COMMITTEE

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
<ul style="list-style-type: none"> • Sandra BUES-PIQUET, Chairwoman of the Committee • Action Logement Immobilier whose permanent representative is Pascal LANDRIN • Xavier HESSE 	<ul style="list-style-type: none"> • Jean-Jacques DENIZARD, Chairman of the Committee • Philippe THEL • Jackie Xiaohua TROY • Jean-François GABILLA (until 11 June 2020) 	<ul style="list-style-type: none"> • Pierre BRAJEUX, Chairman of the Committee • Jean-Jacques DENIZARD • Patricia GOMEZ • Bruno CANEPARO
4 MEETINGS HELD IN 2020	9 MEETINGS HELD IN 2020	2 MEETINGS HELD IN 2020
<p>The Audit and Accounts Committee met on 2 April, 2 June, 5 October and 30 November 2020 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 2021 budget, the audit plan and the fees of the Statutory Auditors with a view to their certification of the 2020 financial statements.</p>	<p>The Committee met at regular intervals over the past year on 11 February, 13 and 27 March, 13 May, 8 and 28 July, 15 September and 5 and 20 November 2020, to examine management reporting information concerning project ownership, commitment committees, development project arbitrage and decisions to dispose of properties (block sales and split sales).</p>	<p>The Committee met on 25 May 2020 and again on 16 December 2020. For 2020, based on the opinion of the Appointments and Compensation Committee of Action Logement Group and Action Logement Immobilier, in 'li's Appointments and Compensation Committee issued recommendations on the compensation of the members of the Management Board (in terms of basis of calculation and amount). In accordance with Article 16 of the Company's Articles of Association, the Supervisory Board meeting of 16 April 2020 subsequently approved the Committee's proposals. 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.</p>

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5.1.4 LIST OF DIRECTORSHIPS AND POSITIONS HELD IN ANY COMPANY

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 2020.

CORPORATE OFFICER	COMPANY NAME	OFFICE/POSITION HELD
MANAGEMENT BOARD		
Benoist APPARU	SA in'li	Chairman
	City of Châlons-en-Champagne	Mayor
Antoine PINEL	SA in'li	Chief Executive Officer, member of the Management Board
	SAS in'li Property Management	Chairman
	SAS APEC Résidence	Chairman (until 30/09/2020)
	SAS in'li Participations	Chairman (since 26/06/2020)
	SAS Cronos	Chairman (since 26/06/2020)
	SAS Foncière Cronos	Chairman (since 26/06/2020)
	SNC SAMCEH	Manager, permanent representative of in'li Property Management (until 11/06/2020)
	Association UDLI	Chairman, permanent representative of in'li
SUPERVISORY BOARD		
Pierre BRAJEUX	SA in'li	Chairman of the Supervisory Board
	SAS BRENNCORP	Chairman
	SAS TORANN-FRANCE	Chairman
	SAS NOVASCOTIA	Chairman (since 24/12/2020)
	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
	Jean-Jacques DENIZARD	SA in'li
CFDT		Housing officer
IFPImm (Financing institute for real estate professionals)		Director, representing the CFDT
Sandra BUES-PIQUET	SA in'li	Member of the Supervisory Board
	SA D'HLM IMMOBILIÈRE 3F	Director
	SA D'HLM SEQENS	Director
Philippe THEL	SA VEOLIA ENVIRONNEMENT	Corporate Real Estate Director
	SA in'li	Member of the Supervisory Board
	SA D'HLM SEQENS	Director
	SA CILGERE SERVICES	Director
	SAS PHT CONSEIL	Chairman
Marie-Pierre HURÉ	IFPImm (Financing institute for real estate professionals)	Chairman
	SA in'li	Member of the Supervisory Board
	Pôle Emploi (French government employment agency)	Alternate employer's representative
	MEDEF 92	General Secretary

CORPORATE OFFICER	COMPANY NAME	OFFICE/POSITION HELD
Patricia GOMEZ-TALIMI	SA in'li	Member of the Supervisory Board
	SCP PDGB	Partner & Lawyer
	<i>Conseil de prud'hommes</i> (Labour Relations Tribunal)	Presiding judge
	<i>Tribunal des affaires de sécurité sociale</i> (Social Security Tribunal)	Presiding judge
	APPI	Director
	ESAIP Angers	Member of the Supervisory Board
Bruno CANEPARO	SA in'li	Member of the Supervisory Board
	SARL ALIASOL	Manager
	SARL SEOWA	Manager
Xavier HESSE	SA in'li	Member of the Supervisory Board
	SAS FRANCEDUCKTOURS	Chairman
	EIRL PARISSPEED	Businessman
	<i>Réseau RIVALIS</i>	Independent consultant
Jackie Xiaohua TROY	SA in'li	Member of the Supervisory Board
	SARL <i>Société générale pour l'impression et la papeterie</i> (SOGIP)	Manager
	SCI BAMBOO	Manager
	SCI LISA	Manager
	SCI TROY-YAN	Manager
	CCI Paris Île-de-France	Elected member
	CPME Paris Île-de-France	Director
Pascal LANDRIN	SA in'li	Member of the Supervisory Board, permanent representative of Action Logement Immobilier
	SAEM of Maisons-Laffitte	Director, permanent representative of Action Logement Immobilier (since 7 September 2020)
	SA KONE	Regional Service Director
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 MEDITERRANEE	Economic and Social Committee representative
	SA D'HLM SOLLAR	Economic and Social Committee representative
	MUTLOG	Director
	MUTLOG GARANTIES	Director
Jean-François GABILLA	SA in'li	Member of the Supervisory Board (until 11 June 2020)
	SA D'HLM IMMOBILIÈRE 3F	Director
	SA D'HLM 3F SUD	Director
	SAS JFG CONSEIL ET DÉVELOPPEMENT	Chairman
	SASU LIGHTHOUSE REAL ESTATE ADVISORS	Chairman

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5.2 RELATED-PARTY AGREEMENTS FALLING WITHIN THE SCOPE OF ARTICLE L. 225-88-1 OF THE FRENCH COMMERCIAL CODE (CODE DE COMMERCE)

The Statutory Auditors 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. They will be submitted for approval at the Annual General Meeting to be held in June 2020.

No agreements were entered into, either directly or via an intermediary, between one of the corporate officers or a shareholder holding more than 10% of the voting rights in the entity, and another company in which the entity owns, directly or indirectly, more than half of the capital (Article L.225-37-4, 2° of the French Commercial Code).

The following agreements were authorised during the year:

- off-plan operations at Pontault-Combault with Plurial Novilia (7 units of housing), and at Villeparisis with Immobilière 3F (10 units of housing), approved by the Supervisory Board on 16 April 2020;

- off-plan operation at Le Pecq with Erigère (7 units of housing), approved by the Supervisory Board on 11 June 2020;
- acquisition of an underground area at Deuil-La-Barre with Seqens Accession, approved by the Supervisory Board on 15 October 2020;
- block sale of 15 units of housing at Les Herbiers to Podeliha, approved by the Supervisory Board on 10 December 2020.

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

Pursuant to article L. 225-68 al. 5 and 6 of the French Commercial Code (*Code de commerce*), the Supervisory Board performed the necessary checks and verifications on the financial statements for the year ended 31 December 2020 and examined the Management Board's management report submitted to it by the Management Board at the Supervisory Board meeting of 15 April 2020.

We have no specific observations to make in relation to either the Management Board's management report or the financial statements for the year ended 31 December 2020.

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.

Designed by CIMΔYA

English translation: Nollez Ink

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Eric Dauchelle, Gilles Targat, Linkcity Île-de-France



in'li 

Grpe ActionLogement