



Groupe ActionLogement

Investors presentation

June 18th 2019



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Agenda



1. in'li at a glance
2. Market overview and challenges
 1. in'li, a leading player in the intermediary housing
 2. in'li operates in Île-de-France, a tense market
3. in'li's portfolio
4. Strategic vision
5. Financial performance and perspectives
6. Credit highlights
7. Appendix

Today's speakers



Benoist Apparu

Chairman of the management board

Benoist Apparu joined the government in 2009 as Secretary of State for Housing and Urban Planning⁽¹⁾, and then became Minister Delegate for Housing⁽²⁾ in 2012. He joined Action Logement Group in May 2017 to lead the project of Intermediary Housing in Ile-de-France and becomes Chairman of the management board in October 2017.



Antoine Pinel

Member of the Management Board, CEO

Former Managing Director of OGIF, Antoine Pinel joined Action Logement Group in 2002 and began his career as an auditor and has held several positions in financial departments of major international groups.



Olivier Debost

CFO

Chief Financial Officer of the OGIF Group since 2003, Olivier Debost started his career in audit and consulting. He became Financial Director of in'li in 2017, following the merger of Action Logement's 4 intermediary housing subsidiaries located in Ile-de-France.

(1) Secrétaire d'État chargé du Logement et de l'Urbanisme

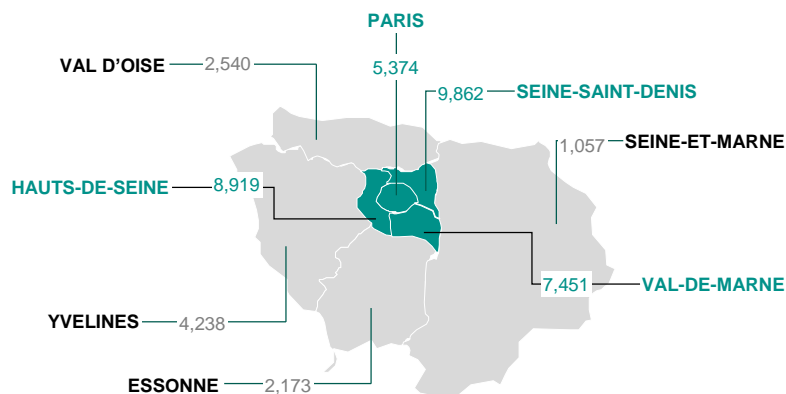
(2) Ministre délégué chargé du Logement



1

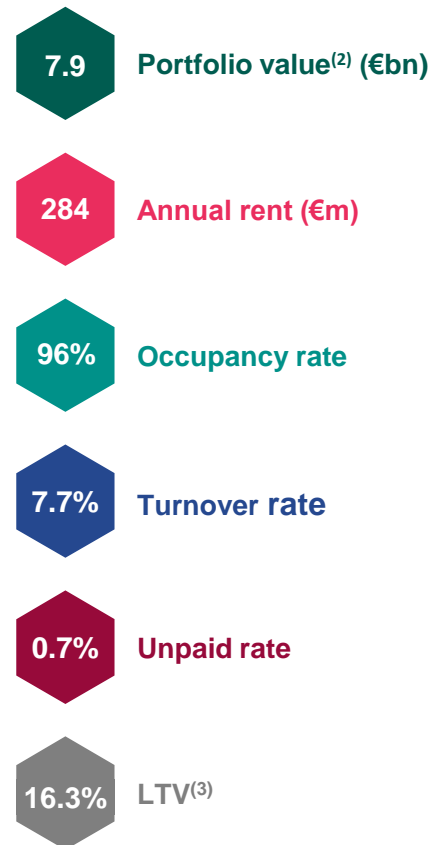
in'li at a glance

Key figures on in'li, leading player of the intermediary housing market in Île-de-France⁽¹⁾



REST OF FRANCE: 663 housing units of which 493 in the Oise department

- ✓ 42,277 housing units
- ✓ in'li's assets are almost exclusively located in the Île-de-France area where real estate properties are under pressure



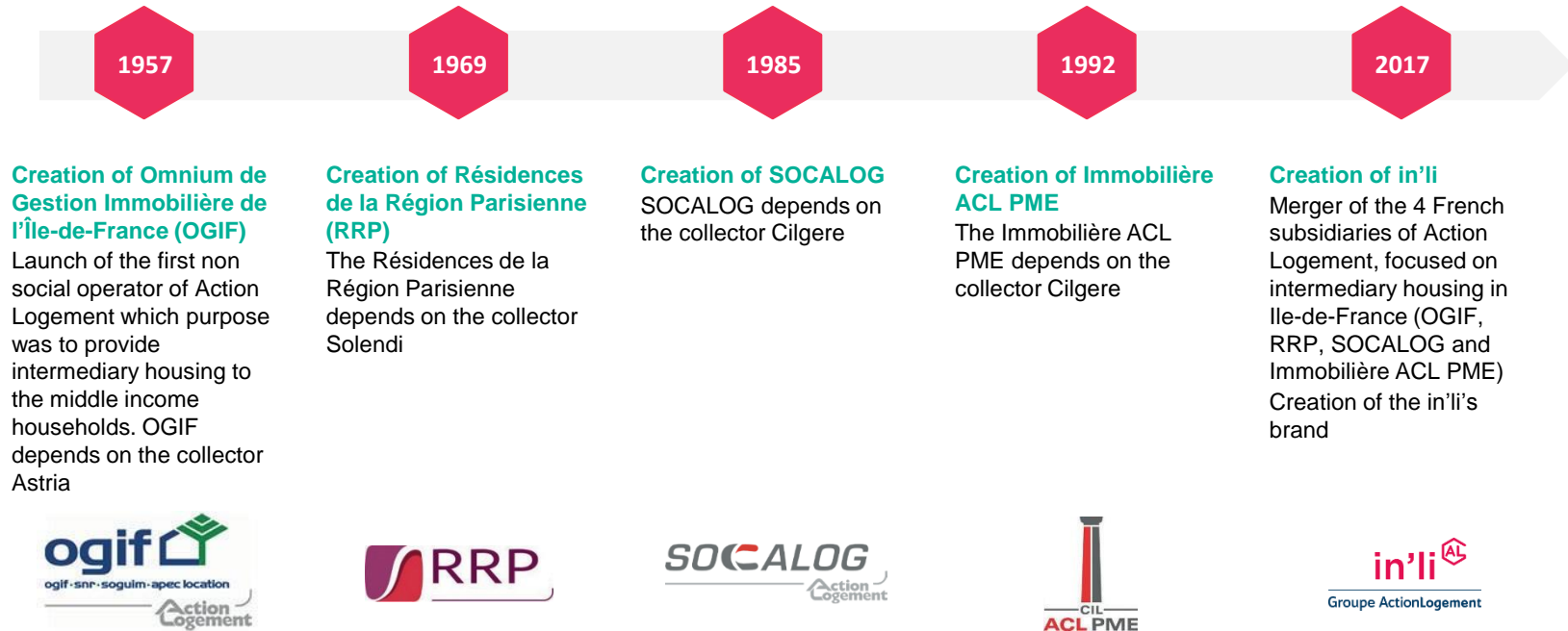
in'li, a real estate property owner with a resilient profile located in one of the most dynamic region in Europe

(1) Data as of 31/12/2018

(2) "portfolio block value (valeur en bloc), taking into account occupancy", valuation as of 31/12/2018, Crédit Foncier Expertise. in'li's portfolio value following "the "sale by lot" (vente par lot) approach, taking into account occupancy" is €8.8bn and in'li portfolio value following "the "sale by lot" (vente par lot) approach, assuming a lease at market rental value (valeur locative de marché)" is €10.1bn

(3) Adjusted LTV: Net financial debt / asset value, valued by Credit Foncier Expertise as of end December 2018 (block value (valeur en bloc), taking into account occupancy)

in'li was born in 2017 as the result of the merger of 4 entities of Action Logement



Creation of Omnium de Gestion Immobilière de l'Île-de-France (OGIF)

Launch of the first non social operator of Action Logement which purpose was to provide intermediary housing to the middle income households. OGIF depends on the collector Astria



Creation of Résidences de la Région Parisienne (RRP)

The Résidences de la Région Parisienne depends on the collector Solendi



Creation of SOCALOG

SOCALOG depends on the collector Cilgere



Creation of Immobilière ACL PME

The Immobilière ACL PME depends on the collector Cilgere



Creation of in'li

Merger of the 4 French subsidiaries of Action Logement, focused on intermediary housing in Ile-de-France (OGIF, RRP, SOCALOG and Immobilière ACL PME)
Creation of the in'li's brand

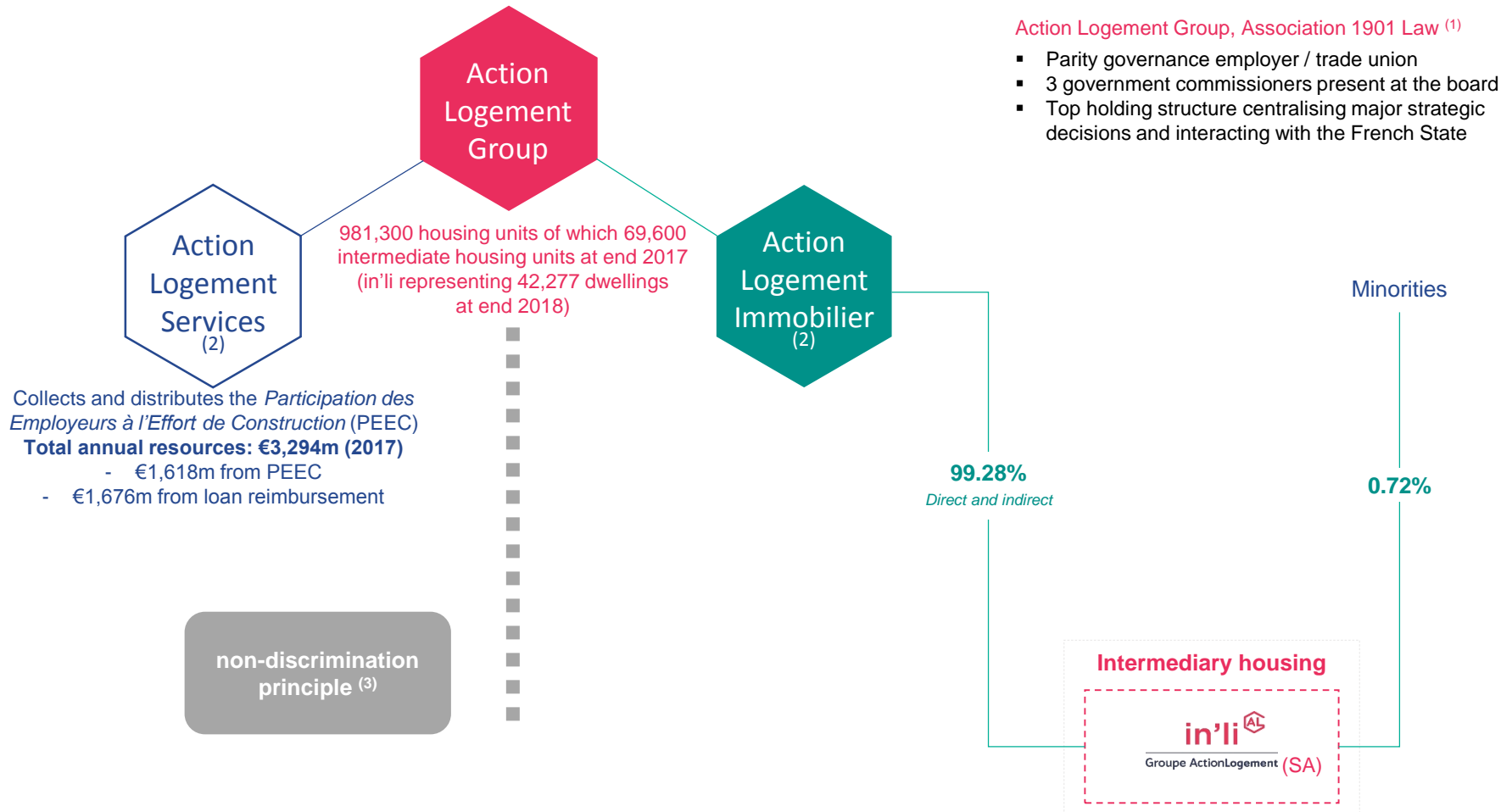


Objectives of the merger

- ♥ Centralisation of projects
- ♥ Decrease in costs
- ♥ Simplification
- ♥ Diversification of the sources of funds and access to capital markets

in'li, a subsidiary of Action Logement Group

A key player in the French housing policy



Action Logement Group, Association 1901 Law ⁽¹⁾

- Parity governance employer / trade union
- 3 government commissioners present at the board
- Top holding structure centralising major strategic decisions and interacting with the French State

(1) « Seule la loi peut prévoir sa dissolution, sa scission ou sa transformation. » (French Housing and Construction Code, Article L313-18)

(2) « Société par actions simplifiée » whose unique shareholder is Action Logement Group, French Housing and Construction Code, Article L313-19 et L313-20

(3) French Housing and Construction Code, Article L313-17-3

The intermediary housing, one of Action Logement's priorities, aside from the social housing (1/2)

in'li, a core subsidiary of Action Logement to realise the objectives set up for the intermediary housing



INTERMEDIARY HOUSING'S ACTIVITIES ARE DIFFERENT FROM SOCIAL HOUSING...

Housing subsidiaries
69,600 intermediary housing



A split decided by law

- The Social Housing Providers (*Entreprises Sociales pour l'Habitat*), cannot hold more than 10% of intermediary housing through dedicated subsidiaries that cannot raise private capital ⁽¹⁾

...AND ARE AT THE CENTER OF SEVEN PRIORITIES DEFINED IN 2017

- 1 Give credibility in 2017 to the objective to double production in 5 years
- 2 Achieve a programme of 100,000 intermediary housing units in 5 years⁽²⁾
- 3 Reinforce the link with pension funds
- 4 Materialise the objective of 1% sale of the social housing property
- 5 Develop partnership with local communities
- 6 Implement security tools
- 7 Refocus the activity on social housing

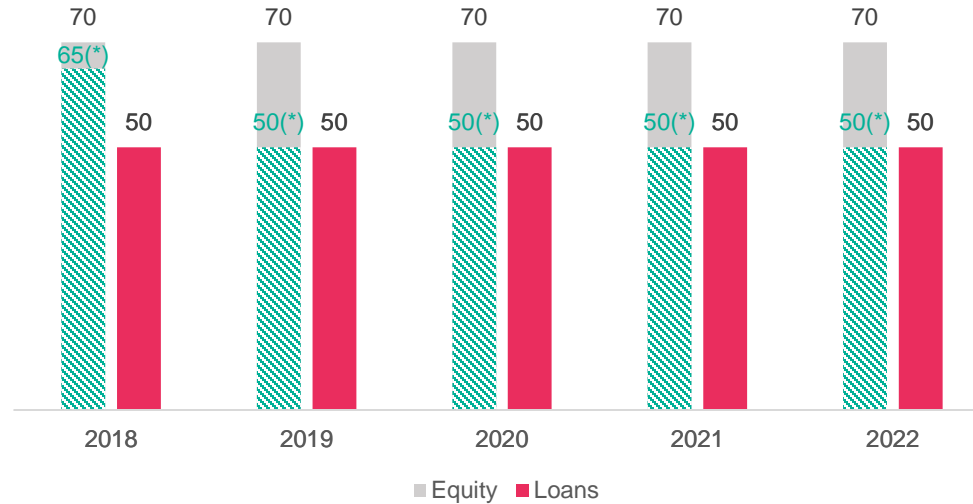
Source: Action Logement

(1) French Housing and Construction Code, art. L411-1 (v), art. L422-2 (v), art. L422-3 (v)

(2) 100,000 is the objective settled in 2017 for France as a whole; the operational objective recalculated in 2018 is 80,000 housing units for the Ile-de-France region in 10 years

The intermediary housing, one of Action Logement's priorities, different from the social housing (2/2)

€600m of financings dedicated to the intermediary housing across the 2018-2022 period

















(*) allocated or contemplated part for in'li

The 5-year agreement between the French State and Action Logement (*convention quinquennale*) will provide financings through loans or equity for the intermediary housing sector in France.

Source: the 5-year agreement between the French State and Action Logement (*convention quinquennale*) was signed on 16/01/2018 and covers the 2018-2022 period

in'li, a leading player in the intermediary housing in Île-de-France

MAIN ACTORS OF INTERMEDIARY HOUSING		MOTHER COMPANY		
ACTORS	HOUSING NUMBER IN THE ILE-DE-FRANCE AREA	ACTORS	INTERMEDIARY HOUSING NUMBER	SOCIAL HOUSING NUMBER
 Groupe ActionLogement	42,277		69,600	911,700
	22,366		87,000	407,000
	10,088		10,088	124,496
	3,000		7,660	90,000
	820		820	164,398
	- Created in June 2018		-	134,000
	-		7,937	64,013

More recently, different actors have entered the intermediary housing market like Group Arcade, Group Logement français, Elogie-Siemp, Semcoda, Polylogis, Vilogia, Valophis and RIVP. Their impact is for the time being limited.

Source: websites and corporate brochures

An experienced management team with a clear long-term vision

An enlarged management board compounded of real estate professionals

MANAGEMENT BOARD



**Benoist
APPARU**
Chairman

Benoist Apparu joined the government in 2009 as Secretary of State for Housing and Urban Planning⁽¹⁾, and then became Minister Delegate for Housing⁽²⁾ in 2012. He joined Action Logement Group in May 2017 to pilot the project of Intermediary Housing in Ile-de-France and becomes Chairman of the management board in October 2017.



**Antoine
PINEL**
Chief
Executive
Officer

Former Managing Director of OGIF, Antoine Pinel joined Action Logement Group in 2002 and began his career as an auditor and has held several positions in financial departments of major international groups.

ENLARGED MANAGEMENT BOARD



Stéphanie CAULET
Deputy CEO – Clients
& Portfolio



Romain CREPEL
Deputy CEO –
Investments &
Construction



**Emmanuelle
ROBIN-TEINTURIER**
Deputy CEO –
Resources



Barbara GRIZELJ
Deputy CEO –
Job Transformation



Stephan REIZER
Deputy CEO – Digital
Transformation and
Data Management



Eric LASCROMPES
Development
Department Director

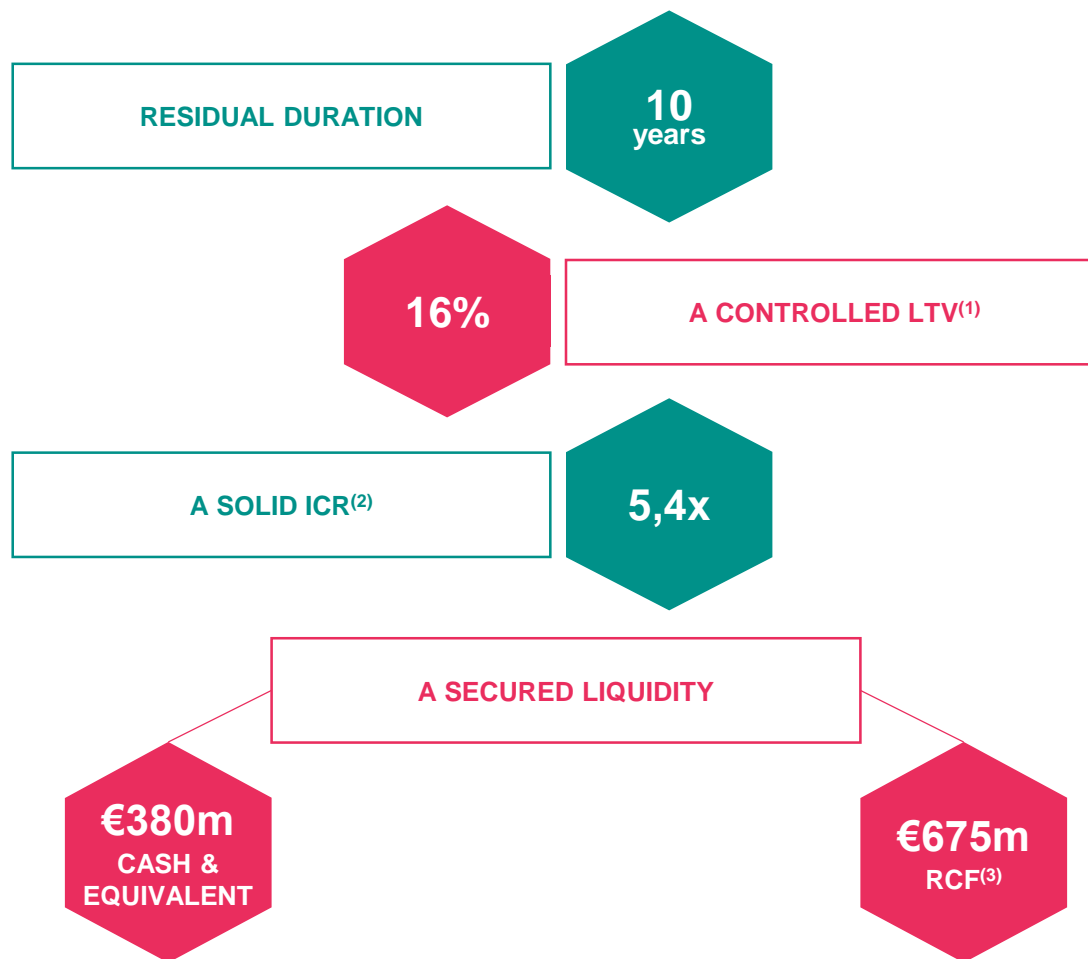


Olivier DEBOST
Chief Financial Officer

(1) Secrétaire d'État chargé du Logement et de l'Urbanisme

(2) Ministre délégué chargé du Logement

A cautious financial policy



Sources: in'li, audited accounts, data as of 31/12/2018

(1) Adjusted LTV: Net financial debt / asset value, valued by Credit Foncier Expertise as of end December 2018 (block value (valeur en bloc), taking into account occupancy)

(2) ICR: EBITDA / net cost of financial indebtedness

(3) Undrawn RCF as of end December 2018



2.1

Market overview and challenges

**IN'LI, A LEADING PLAYER
IN INTERMEDIARY
HOUSING**

in'li operates in Île-de-France, a tense market

The intermediary housing aims to meet employees' demand in areas under pressure

The rental intermediary housing park is estimated at around 200,000 units in Île-de-France



Defined by ordinance (2014) to promote the employment-housing link, facilitate professional mobility and thus contribute to enhance the attractiveness of territories:

Access to rental housing for middle-class employees and young workers excluded from social housing due to the level of their income

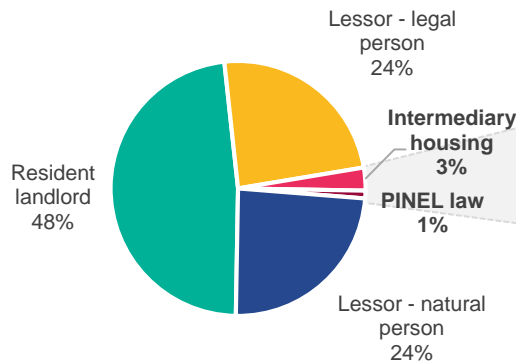
Focus on areas under pressure, especially in Île-de-France

Level of rents between those of the social park and those of the private park. Cap at 15 or 20% below market price

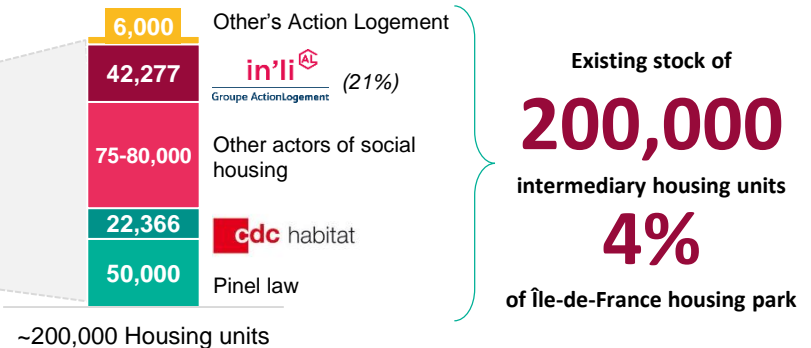
The existing intermediary housing units do not represent more than 0.7% of the French market, itself consisting of approximately 29.6 million housing units in 2017.

PRINCIPAL RESIDENCES PARK IN ÎLE-DE-FRANCE

BREAKDOWN BY TYPE OF 4.6M HOUSING UNITS



FOCUS ON INTERMEDIARY HOUSING

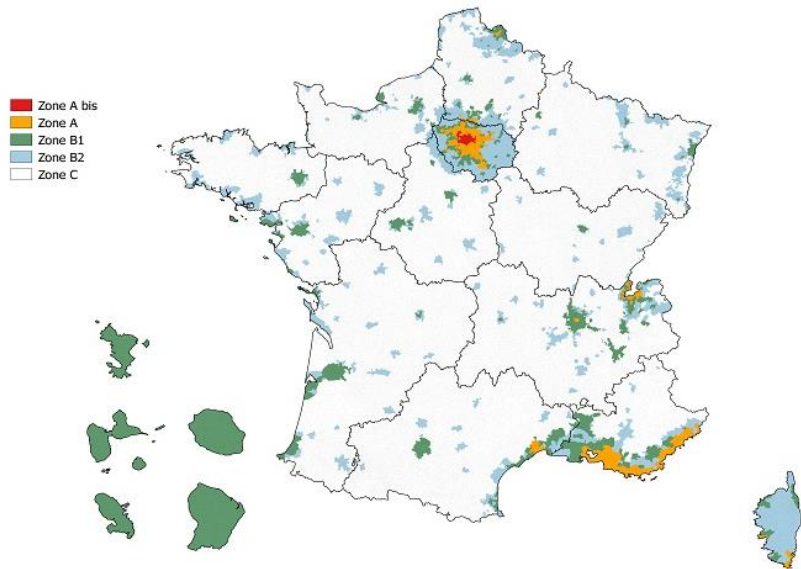


Source: Insee, Enquête Nationale Logement 2013, social rental park as of January 1st 2017, CFE

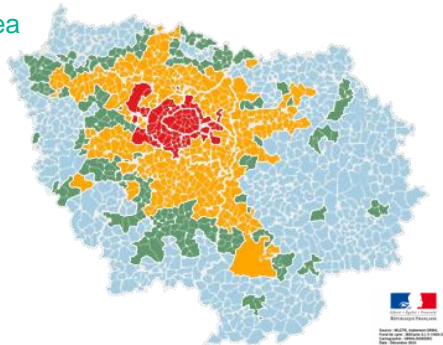
The intermediary housing only concerns dynamic residential markets

Favorable tax regime related to the status of intermediary housing concerns areas under pressure

HOUSING POLICY ZONES



Ile-de-France area



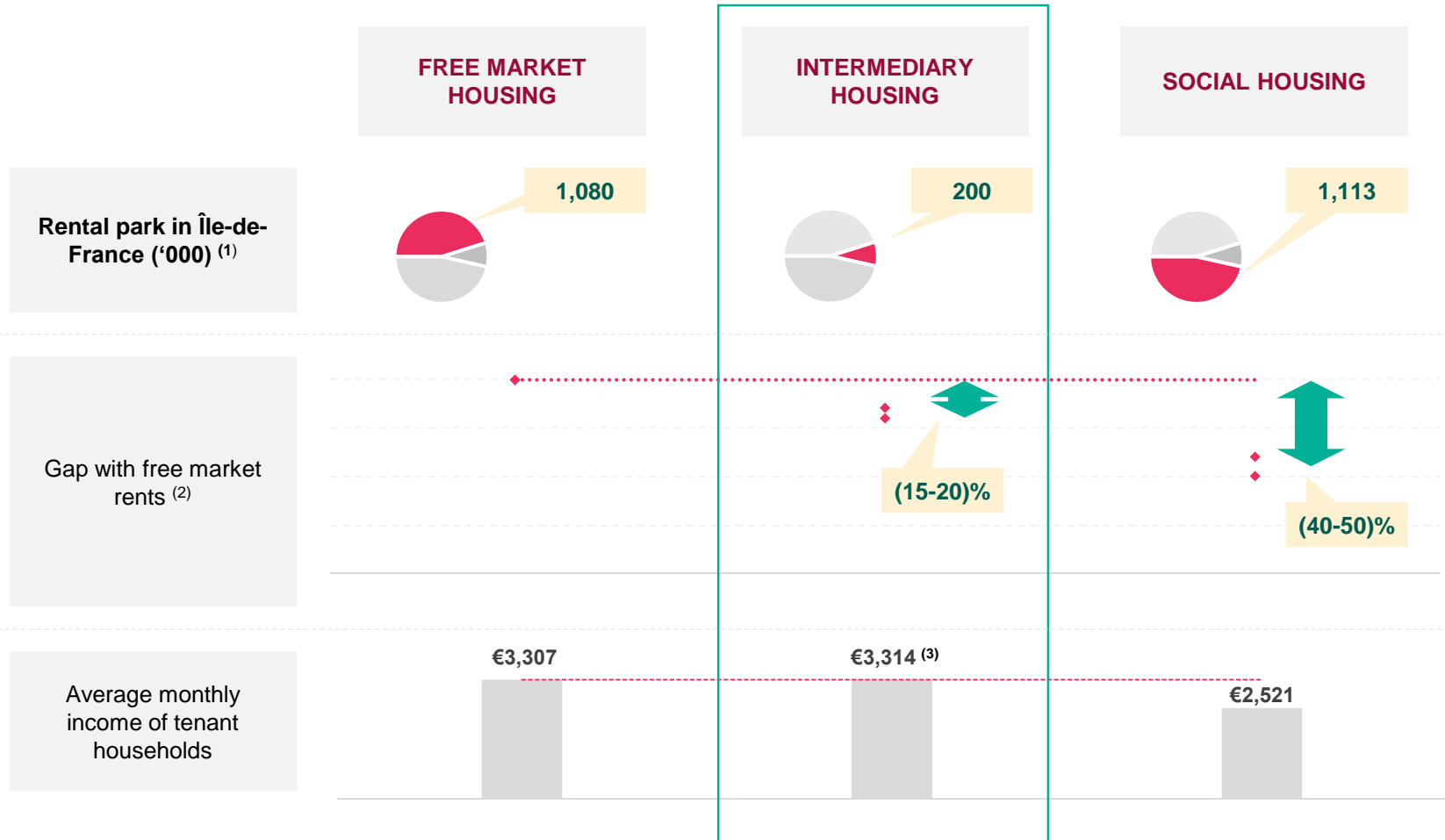
Since 2003, the government has defined five zones under pressure according to the local real estate market ⁽¹⁾:

- **Zone A bis**: Paris and 76 communes of Yvelines, Hauts de Seine, Seine-St-Denis, Val-de-Marne and Val-d'Oise
- **Zone A**: Parisian urban area, the French Riviera, the French part of the Geneva urban area, certain zones in Marseille, Montpellier, Lyon and Lille
- **Zone B1**: the central part of the other urban areas and French overseas
- **Zone B2**: other urban areas and Corsica
- **Zone C**: Rest of France

Only housing units located in zones A bis, A and B1 are eligible for the middle-income tax regime (see slide 18)

The intermediary housing combined strengths of the social housing and the free market

Rents are lower than market prices and tenants are better-off than social housing tenants



(1) INSEE, IAU Ile-de-France, March 2019, in'li estimations and Crédit Foncier Expertise for free market and intermediary housing. The intermediary housing includes the Pinel law (loi Pinel)

(2) Les conditions de logement en Île-de-France, 2017 edition from the survey Logement 2013, Institut d'aménagement et d'urbanisme Île-de-France

(3) Les conditions de logement en Île-de-France, OGIF key figures for intermediary housing

The intermediary housing : an attractive market for investors

LEGAL PROVISIONS AFFECTING SOCIAL HOUSING BUT NOT INTERMEDIARY HOUSING

- ♥ The 2018 Finance Act⁽¹⁾ includes two important elements affecting social housing but with no impact for in'li as pure player of the intermediary housing
- ♥ Intermediary housing companies, like in'li, are not affected by rent reduction measures

FAVORABLE TAX SYSTEM

- ♥ Depending on the type of housing, the operation and the zone,
 - ♥ The VAT tax is 10% for PLS⁽²⁾ and for LLI⁽³⁾
 - ♥ Exemption of property tax for a period of 20 years

ATTRACTIVE YIELD / RISK RATIO, ESPECIALLY FOR THE RESIDENTIAL IN ILE-DE-FRANCE

- ♥ Attractive yield
- ♥ Low rate of vacancy
- ♥ No technological risk identified in the medium term (unlike offices or stores)

Source: Crédit Foncier Expertise

(1) Art 126 from the law n° 2017-1837 as of December 30th 2017

(2) PLS: Prêt Locatif Social / Rental housing loans

(3) LLI: Logement Locatif Intermédiaire / intermediary housing



2.2

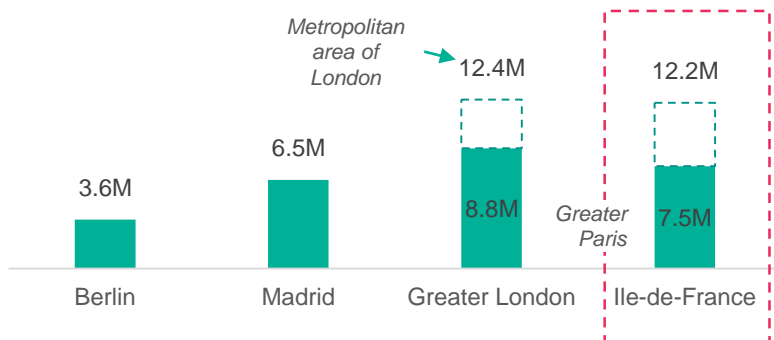
Market overview and challenges

in'li, a leading player in
intermediary housing

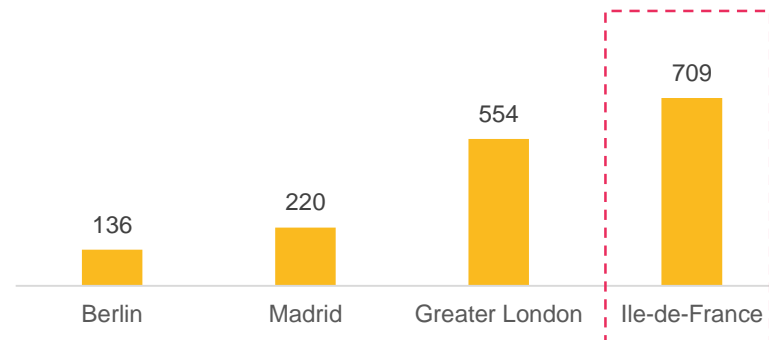
**IN'LI OPERATES IN ÎLE-
DE-FRANCE, A MARKET
UNDER PRESSURE**

Île-de-France, one of the richest regions in Europe

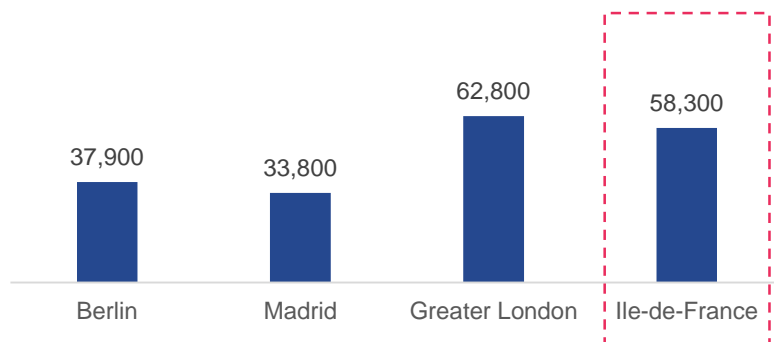
POPULATION - 2017



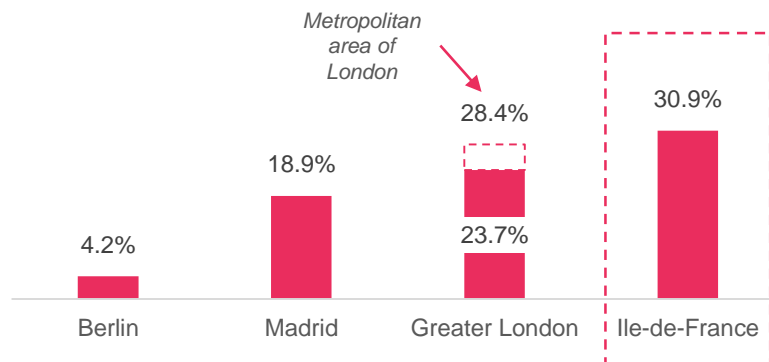
GDP (€BN)



PIB PER CAPITA (€)



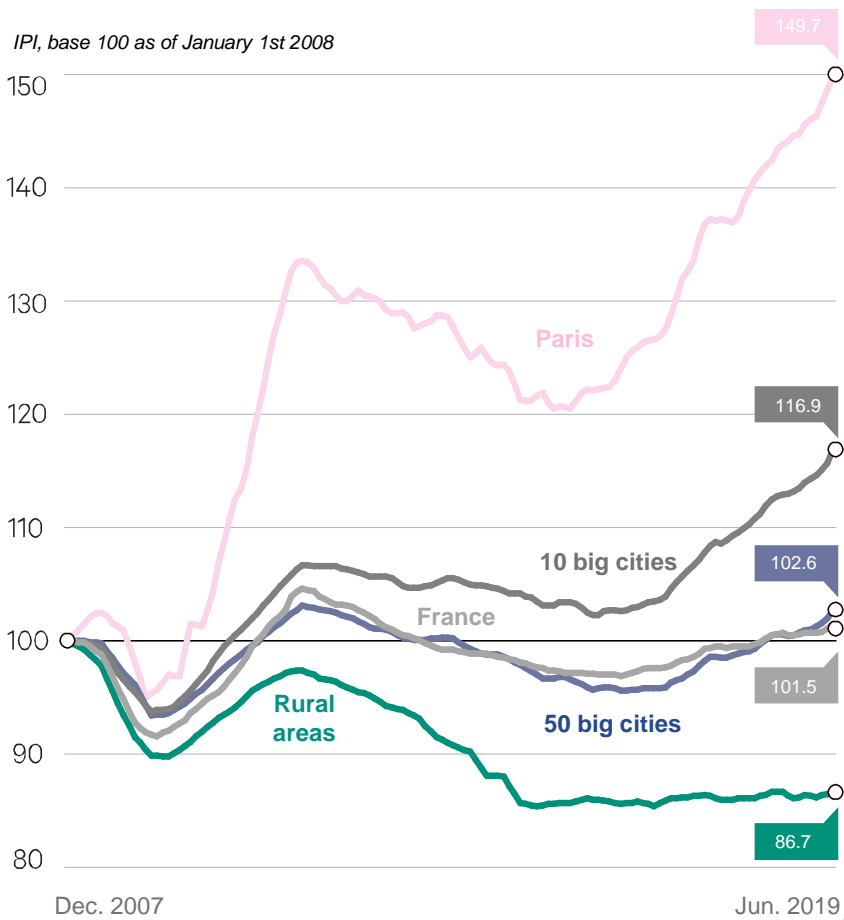
WEIGHT IN THE NATIONAL GDP



Source: Eurostat data at the end of 2017 (published in February 2019), GDP per Capita in 276 European regions, OECD for the London Metropolitan Area (2013 and 2014)

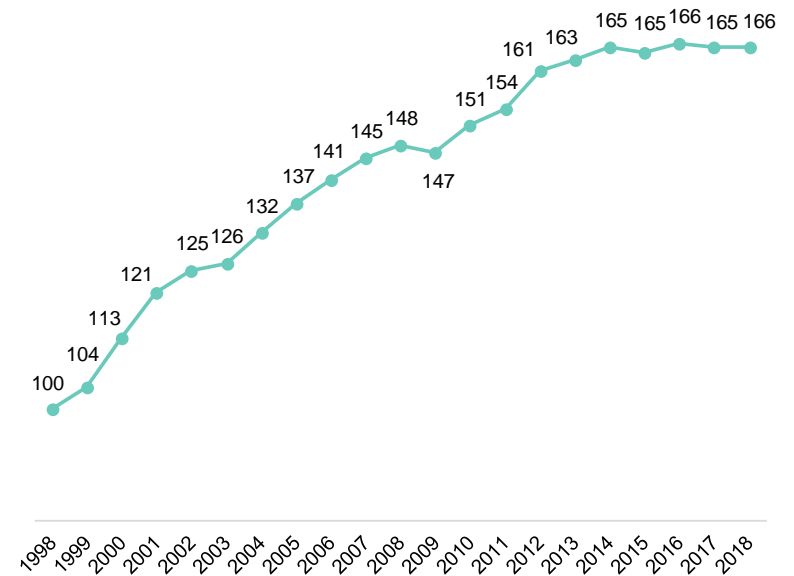
Île-de-France: solid fundamentals of the residential real estate market

EVOLUTION OF PRICES OF OLD HOMES



EVOLUTION OF THE MARKET RENT

Basis 100 = 1998



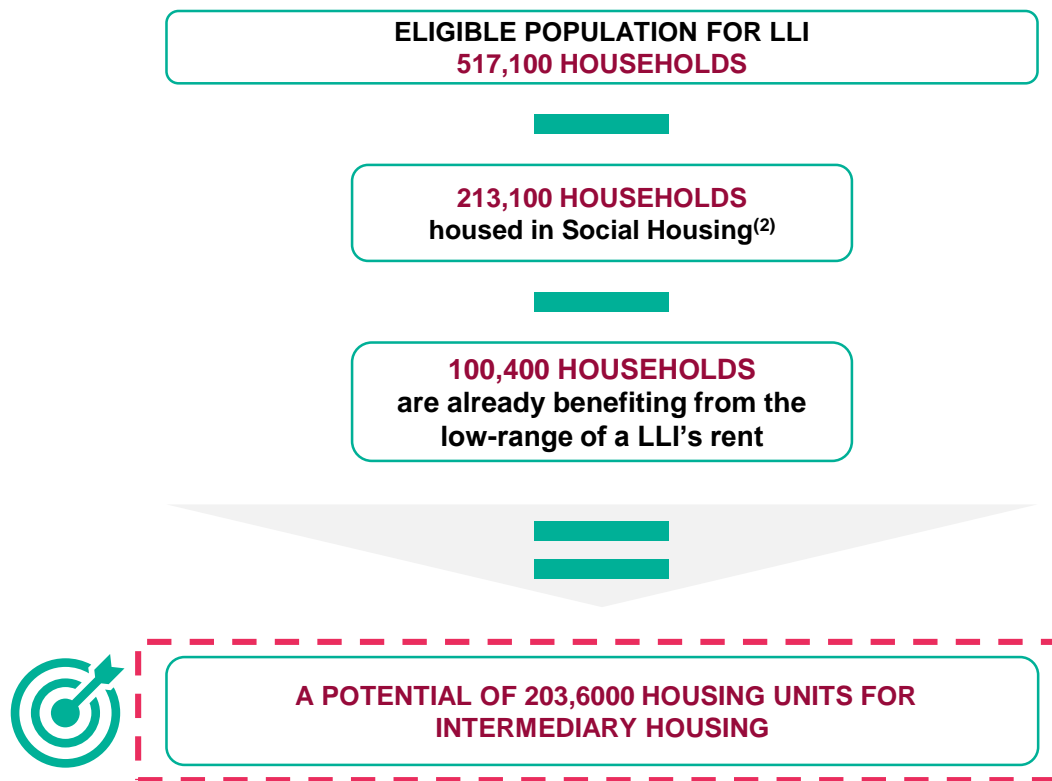
✓ Rents have been rising steadily since 1998 despite periods of economic turmoil

Source: Clameur, Insee, CGEDD, Les Echos

A potential of over 200,000 housing units in Île-de-France

in'li's 80,000 housing units program will not saturate the market

- 1,371,900 households in the Paris region have incomes between the ceilings of social housing PLUS ⁽¹⁾ and those of the intermediary housing:
- 804,300 households are already landlords
 - 50,500 households under free accommodation
 - **517,100 households eligible for Intermediary Rental Housing (*Logement Locatif Intermédiaire* - LLI)**



Sources: Institut d'Aménagement et d'Urbanisme Ile-de-France report on intermediary housing, March 2019

(1) Prêt locatif à usage social (Rental loan for social purposes)

(2) The limitation of the right to stay in the park if the caps on resources are exceeded could lead to population movements

3

in'li's portfolio



A portfolio of 42,277 housing units operating under two brands



- ♥ in'li: core brand corresponding to the strategic positioning of the Group
- ♥ Dedicated to young working people and middle income households
- ♥ Housing units: **29,505** (housing units average age: **34 years**)

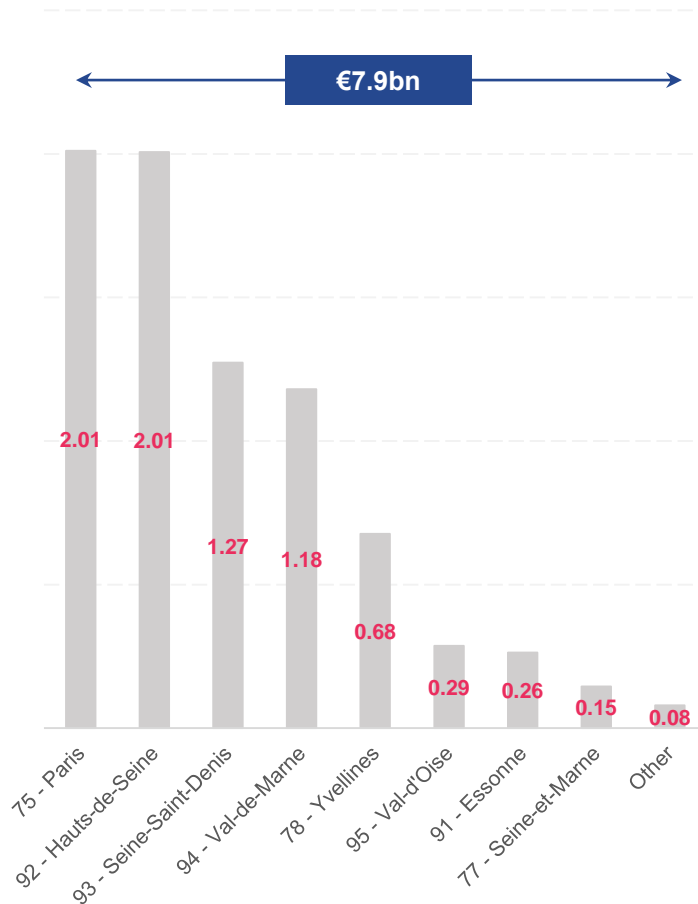
- ♥ in'li brand comprises of large buildings in areas that have not the priority in in'li's development strategy
- ♥ These assets, similar to social housing assets, are located in non-priority areas for in'li and are kept as it is a good source of cash flow
- ♥ Housing units: **12,772** (housing units average age: **52 years**)

 Only the in'li brand will continue to extend in the following years

Source: in'li, data as of end December 2018

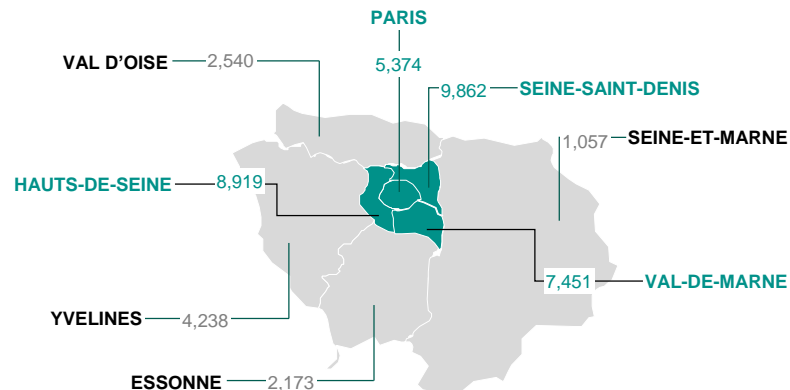
Portfolio located in the most dynamic and tense areas in Ile-de-France

VALUATION OF THE PORTFOLIO BY DEPARTMENT



DISTRIBUTION OF THE REAL ESTATE ASSETS

99% of in'li portfolio (in value) are located in Ile-de-France
51% of in'li portfolio (in value) are located in Paris and in Hauts-de-Seine



REST OF FRANCE: 663 housing units of which 493 in the Oise department

INFORMATION REGARDING PORTFOLIO VALUATION

« Block value », taking into account occupancy

✔ Value excluding transfer taxes: €7.9bn (+5.33% vs. end 2017)

« Sale by lot », taking into account occupancy

✔ Value excluding transfer taxes: €8.8bn

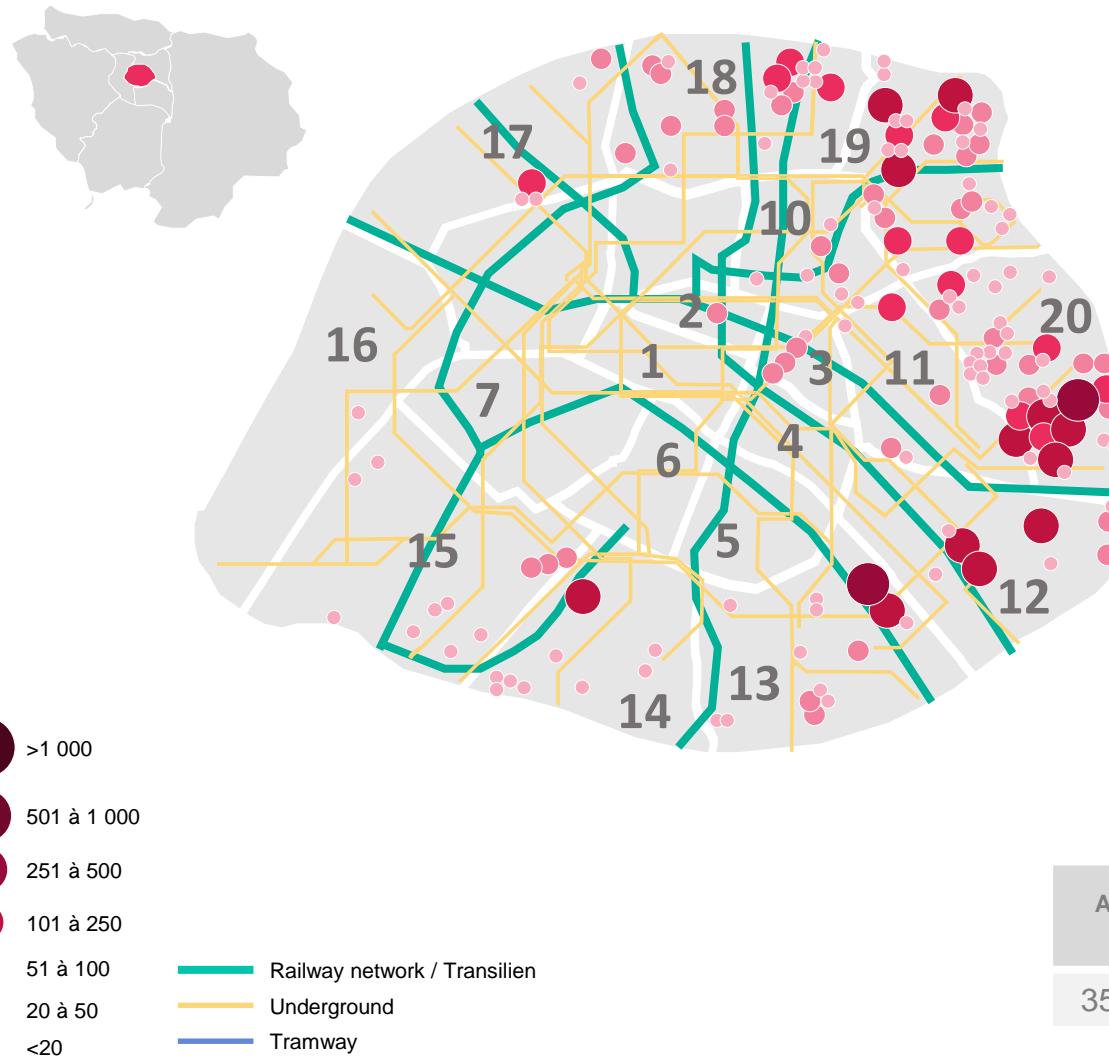
« Sale by lot », assuming a lease at MRV(*)

✔ Value excluding transfer taxes: €10.1bn

(*) MRV: Market Rental Value
Source: in'li's portfolio evaluation as of 31/12/2018, Crédit Foncier Expertise

75 – Paris: 5,374 units

13% of housing units / 25% of total portfolio



Bd Soult



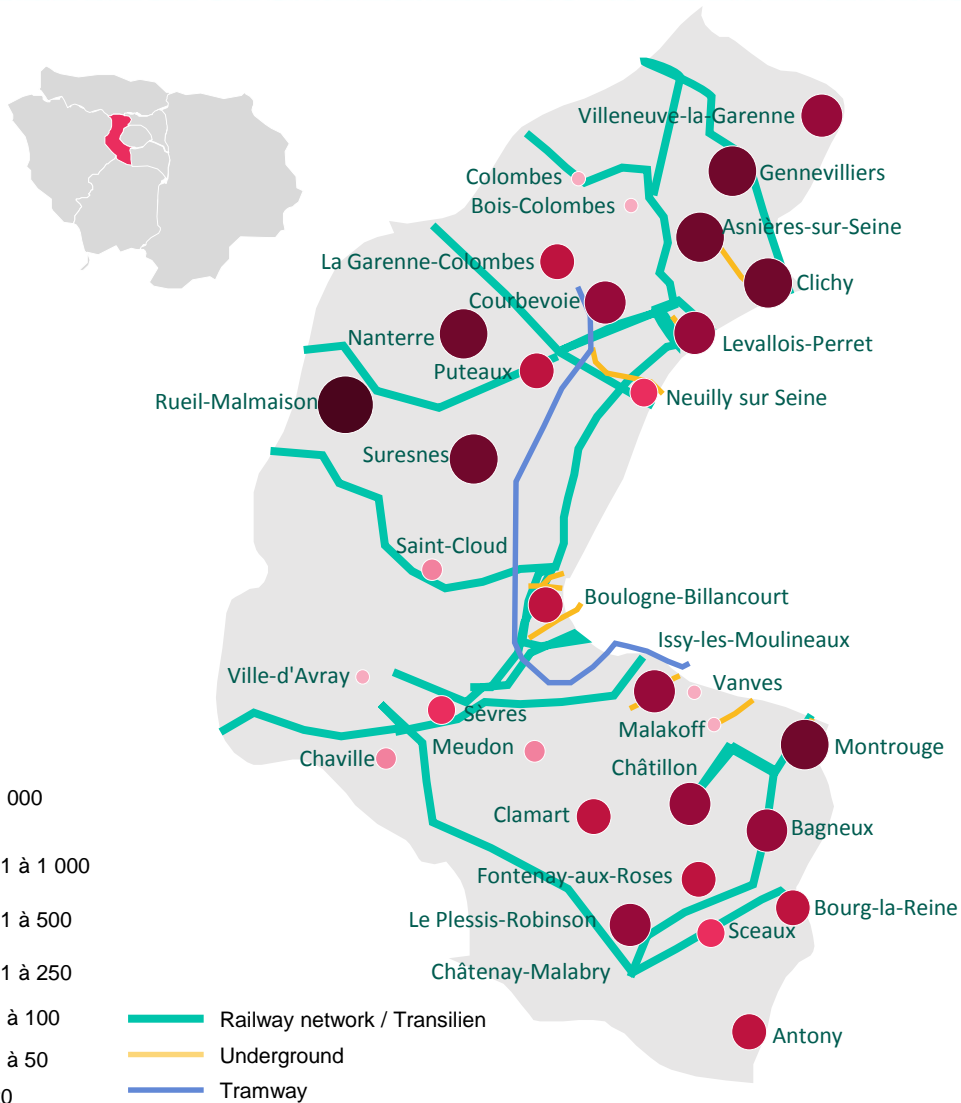
Batignolles

Average age	Rents reversionary potential ⁽¹⁾	Turnover rate	Occupancy rate
35 years	100%	7.3%	97.1%

(1) Versus market rents

92 – Hauts-de-Seine: 8,919 units

21% of housing units / 25% of total portfolio



Rueil-Malmaison



Suresnes

Average age	Rents reversionary potential ⁽¹⁾	Turnover rate	Occupancy rate
36 years	60%	8.9%	96.7%

(1) Versus market rents



4

Strategic plan

in'li will use a wide variety of instruments to maintain its financial balance



Target of **80,000** new intermediary housing units, in a balanced development model

A MODERATE PACE OF ACQUISITION

- The pace of acquisition takes into account the absorption capacity of the market and the pace of assets disposal



LIMITED PROMOTION RISK

- in'li does not carry any risk of promotion on 80% of its production and gets supplies from the main property developers through agreements framework



WAY OF DEVELOPING NEW PRODUCTION

- Part of the new production will be carried by institutional investors



A BALANCED FUNDING MODE

EQUITY REINFORCEMENT

- Action Logement will provide support by equity injection to in'li
- A part of in'li's portfolio will be gradually sold



ENLARGEMENT OF DEBT FINANCING

- External financing extended to new banking partners and bond financing

The strategic plan imposes a new business model for in'li

80,000 housing units at long-term, a potential for creating 37,200 housing units by 2023 (ie. 45%)

80,000

housing units at long-term

37,200

housing units on the horizon 2023



Equity from Action Logement

- Equity contribution is part of the five-year agreement (*convention quinquennale*)
- Assets owned and managed by in'li



Asset rotation

- New funds related to sale of a part of existing assets
- Reinvestment in new assets managed by in'li



Indebtedness capacity

- Within the limit of the prudential policy of in'li
- LTV 16.3% as of 31/12/2018
- Assets owned and managed by in'li



Investment funds

- SPV in which in'li will retain a minority stake
- Property management performed by in'li

19,100

housing units will be financed directly by in'li

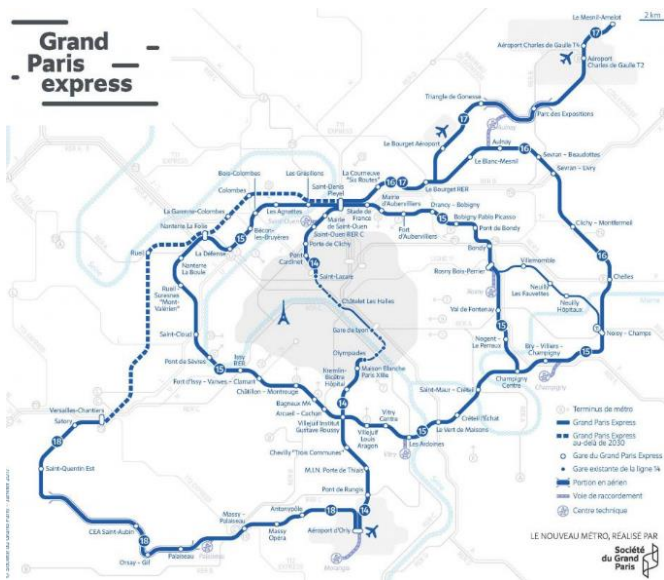
18,100

housing units will be financed by external investors

By 2023, in'li has already identified a potential for the creation of 37,200 housing units (approximately 45% of total production), with 19,100 housing units acquired directly by in'li and 18,100 housing units through off-balance sheet investment funds

A development policy centered on the *Grand Paris*

The railway stations network of the Grand Paris Express



Source: Société du Grand Paris

- ✓ Rely on the current locations of in'li which largely cover the territory of zones A bis and A in Ile-de-France
- ✓ Support the development of territories near the railway stations, including the 68 stations of the Grand Paris Express built by 2030
- ✓ Enhance the activities of in'li in the tense areas in Ile-de-France, and where in'li is currently less present



Objective: 50% in zone A bis and 50% in zone A



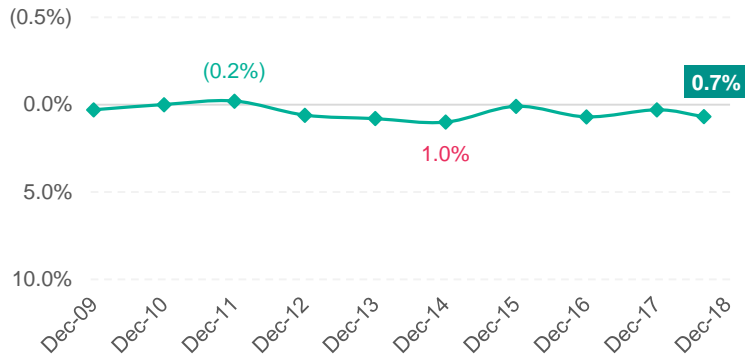
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Financial performance and perspectives

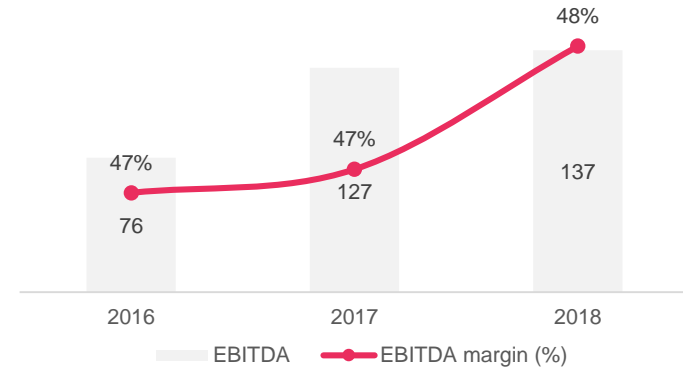
A conservative financial policy

A RIGOUROUS MANAGEMENT

UNPAID HISTORICAL

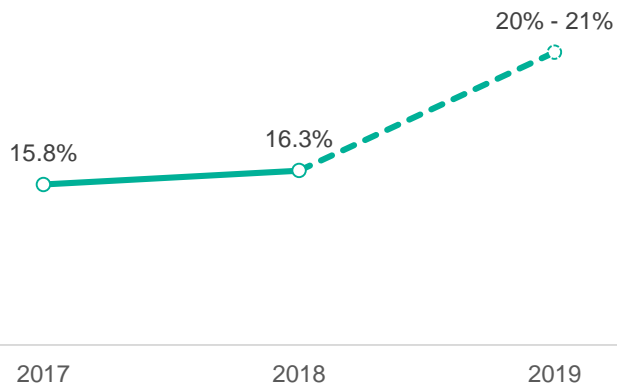


EBITDA & EBITDA MARGIN

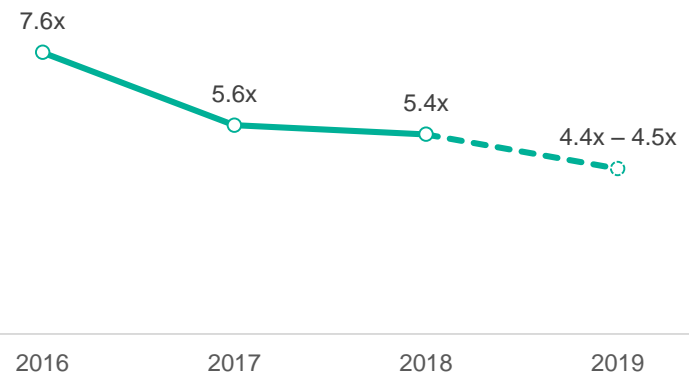


A PRUDENTIAL FINANCIAL POLICY

LTV ⁽¹⁾



ICR ⁽²⁾



Sources: in'li, audited accounts

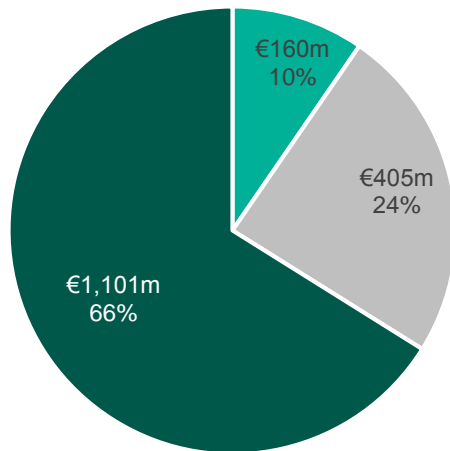
(1) Adjusted LTV: Net financial debt / asset value, valued by Credit foncier expertise as of end December 2018 (block value (valeur en bloc), taking into account occupancy); The first valuation of in'li's portfolio was made in December 2017; data not available for 2016

(2) ICR: EBITDA / net cost of financial indebtedness

Debt structure

DEBT MATURITY (IN €M) AS OF 31/12/2018

Gross financial debt at end 2018: €1,666m



■ < 1y ■ 1 to 5y ■ More than 5y

RESIDUAL DURATION: 10 YEARS

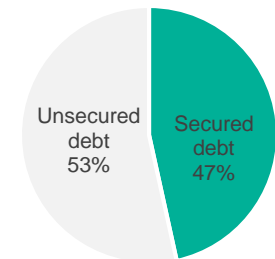
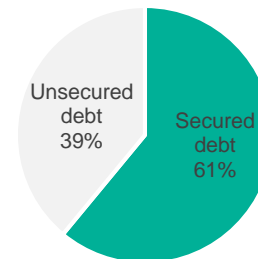
AVERAGE COST OF DEBT AS OF 31/12/2018

1.8%

DEBT DISTRIBUTION

At end 2018

After bond issuance⁽¹⁾



Sources: in'li, audited accounts

(1) Estimation based on the financial debt as of 31/12/2018 adjusted from the amount of public bond issuance

A BBB+ rating and positive outlook

S&P – note from May 22nd 2019

BBB+
stand
alone
rating

A robust business model

“We consider in’li’s business model and **cash-flow generation predictability as robust**, with the company renting housing units in undersupplied geographical areas and at below-market levels, ensuring high occupancy at all times.”

“Our view of in’li financial risk profile reflects the **company’s prudent and public financial policy** to maintain a **loan-to-value ratio below 35%-40%**, and our expectations of **EBITDA-interest-coverage of 3.0x-3.5x** over the next 24 months.”

“Ratings-adjusted debt to debt plus equity (fair value adjusted) was 16.2% at end-2018, and we expect it to remain below 25% over the next 24 months, which is **very low compared with the average in the industry (35%-50%)**”

The positive outlook reflects a potential upgrade of in’li within the coming 24 months, thanks to its link with Action Logement

Positive
outlook
related to
Action
Logement

“The **positive outlook** reflects our view that we may **upgrade in’li within the coming 24 months**, assuming that its parent Action Logement group and its key subsidiaries improve their financial reporting over this period and provide greater transparency regarding their financial performance, strategy, and governance.”

“We currently regard in’li as a **strategically important subsidiary of Action Logement group**. This points to our assessment that the group would likely **provide financial support to in’li** in the case of need.”

“We believe it is **highly unlikely that ALI will sell in’li.**”

Summarized Income Statement (2016-2018)

in'li - Income Statement			
€m	2016A	2017A	2018A
Net turnover	212	340	352
<i>Growth (%)</i>		60%	3%
o/w Rental income	163	271	284
o/w Recovery of rental charges	48	68	57
EBITDA	76	127	137
<i>EBITDA margin (%)</i>	47%	47%	48%
Reversals of depreciations and provisions, transfers of expenses	1	10	1
Allocations for amortisation and provisions for depreciation	(37)	(74)	(82)
EBIT	40	63	56
<i>EBIT margin (%)</i>	19%	19%	16%
Financial result	(10)	(23)	(11)
Extraordinary profit and loss	3	12	25
Income taxes	(13)	(19)	(25)
Result	20	33	45

NB: Audited accounts – French GAAP – data at historical costs

Main comments

- 1 The 60% increase of turnover between 2016 and 2017 is due to the merger of 4 French subsidiaries of Action Logement, focused on intermediary housing (OGIF, RRP, SOCALOG and Immobilière ACL PME), initiating the Group's new strategy
- 2 Extraordinary result is up to €25m mainly due to the capital gains recorded on the sales of 261 housing units and on the disposals of France Habitation and Immobilière 3F securities

Summarized Statement of Cash Flows (2016-2018)

in'li - Cash flow statement				
€m		2016A	2017A	2018A
Net income		20	33	45
D&A		33	59	76
Other		0	(9)	(35)
Gross self-financing margin		53	83	86
Change in WCR		9	(11)	22
Cash flow from operating activities		62	72	108
CAPEX ⁽¹⁾		(166)	(434)	(344)
Disposals ⁽²⁾	1	1	35	69
Cash flow from investing activities		(164)	(399)	(275)
Share capital increase	2	25	0 ⁽³⁾	65
Issuances of loans		114	309	438
Loan repayments		(23)	(93)	(107)
Distributed dividends	3	-	-	(3)
Other		2	(1)	(3)
Cash flow from financing activities		117	214	390
Change in net cash position		15	(112)	222
Opening cash position		114	129	124
Net cash from transfers and mergers		-	107	16
Bank borrowings		-	11	18
Closing cash position		129	135	380

NB: Audited accounts – French GAAP – data at historical costs

Sources: in'li

(1) Including acquisitions of shares, loans and advances and acquisition of others financial assets and other financial assets

(2) Including disposal of shares and reduction and proceeds from sales of investments

(3) in'li received the 2017 capital increase from ALI in advance in December 2016

(4) Annual dividend distributions is limited to 6% of the in'li's capital

Main comments

- 1 In 2018, the increase in disposals reflects mainly the sale of France Habitation and Immobilière 3F securities (€38m) and the disposals of 261 housing units
- 2 A capital increase of €65m has been realized in order to support in'li's development
- 3 in'li paid a €3m dividend in cash for the year 2018. Over the next years, dividend paid by in'li should continue to be limited⁽⁴⁾

Summarized Balance Sheet (2016-2018)

in'li - Balance Sheet				
€m		2016A	2017A	2018A
Intangible fixed assets		2	1	8
Tangible fixed assets	1	1,095	2,644	2,934
Financial assets	2	38	129	151
Fixed assets		1,135	2,773	3,093
Inventories and work in progress		9	26	15
Receivables		51	59	92
Cash and cash equivalents	3	129	135	380
Prepayments		3	3	3
Current assets		192	223	491
Total assets		1,327	2,996	3,584
Equity capital	4	667	1,561	1,745
Provisions for liabilities and charges		24	30	34
Financial debts		548	1,316	1,666
Other debts		74	78	120
Prepaid income		13	11	19
Total liabilities		1,327	2,996	3,584

NB: Audited accounts – French GAAP – data at historical costs

Main comments

- 1 The increase in tangible fixed assets (+€291m in 2018 vs. 2017) is explained by the increase in rental constructions and the acquisition of lands for €313m
- 2 The increase in financial assets (+€22m) in 2018 comes from Apec Résidence securities brought by Astria Développement partially compensated by the sale of France Habitation and Immobilière 3F securities to Action Logement Immobilier
- 3 The increase of cash (+€245m) is mainly related to the new borrowings and the increase in capital executed during the year
- 4 The increase in equity in 2018 comes mainly from the net result in 2018, the equity capital increase (€65m) realized during the year and the contribution of securities during mergers

Perspectives and main outlook

A supervised and controlled development plan

- ♥ An ambition of 80,000 new intermediary housing units over the next decade: 37,200 housing units identified by 2023 of which 19,100 are expected to be acquired directly by in'li for €4.3bn
- ♥ This development will respect a strict financial framework aiming at maintaining good financial structure needed to preserve in'li's current rating

A strong support of Action Logement in the long term

- ♥ in'li has the support of Action Logement over time (annual equity contribution of €50m as part of the *convention quinquennale*)

A strong commitment on the Investment Grade rating

- ♥ A rating Strong Investment Grade reflecting the quality of in'li's credit profile
- ♥ A strong involvement of the management to maintain its Investment Grade rating

Financial guidance based on a balanced development approach

- ♥ Diversification of the debt

35-40%
LTV objective



6

Credit highlights

Key investment highlights

2 AN IDEAL POSITIONING ON THE INTERMEDIARY HOUSING MARKET IN ÎLE-DE-FRANCE

- Portfolio located in **Île-de-France**
- **Low vacancy rates** and prices that resist to cyclical fluctuations
- ~ **200,000 homes missing** to satisfy demand for intermediate housing

3

A STRONG PORTFOLIO

- ~ **42,277 housing units** in the dynamic areas of Paris agglomeration, and a **portfolio valued at €7.9 billion** ⁽¹⁾
- **Vacancy rate of 4% - unpaid rate of 0.7%** (as of 31/12/2018)
- **A solid tenant base** (average incomes close to medians and rental duration of around 10 years)

1

A KEY PLAYER IN PUBLIC HOUSING POLICY

- **in'li is more than 99% owned by Action Logement**, an association created by the law managing both quasi-fiscal revenue collection and a park of c.20% of the social housing park in France
- **in'li pillar of Action Logement** in intermediary housing



Groupe ActionLogement

4

A CONTROLLED DEVELOPMENT POLICY, SUPPORTED BY AN EXPERIENCED MANAGEMENT

- **Target of 80,000 housing units in 10 years** (including 37,200 by 2023), which will, however, be adapted to the absorption capacities of the market
- **Limited property development risk:** 80% of acquisitions under the French Forward Sale Agreement Framework (VEFA) and contractual agreements with major French property developers
- **Financing of the program** through the sale of assets, the opening of funds to third-party investors and the equity financing of Action Logement
- **An experienced governance** with a long-term vision

5

A SOLID FINANCIAL SITUATION WITH CONSERVATIVE OBJECTIVES

- **LTV of 16.3%** as of 31/12/2018 - **Objective: 35-40%**
- A strong liquidity⁽²⁾: available credit line of €675 million (maturity date 2022) - €380 million cash & equivalent (including investments)
- **Debt duration > 10 years** (no significant maturity over the next 5 years)

(1) in'li's portfolio evaluation as of 31/12/2018, Crédit Foncier Expertise

(2) Data as of 31/12/2018

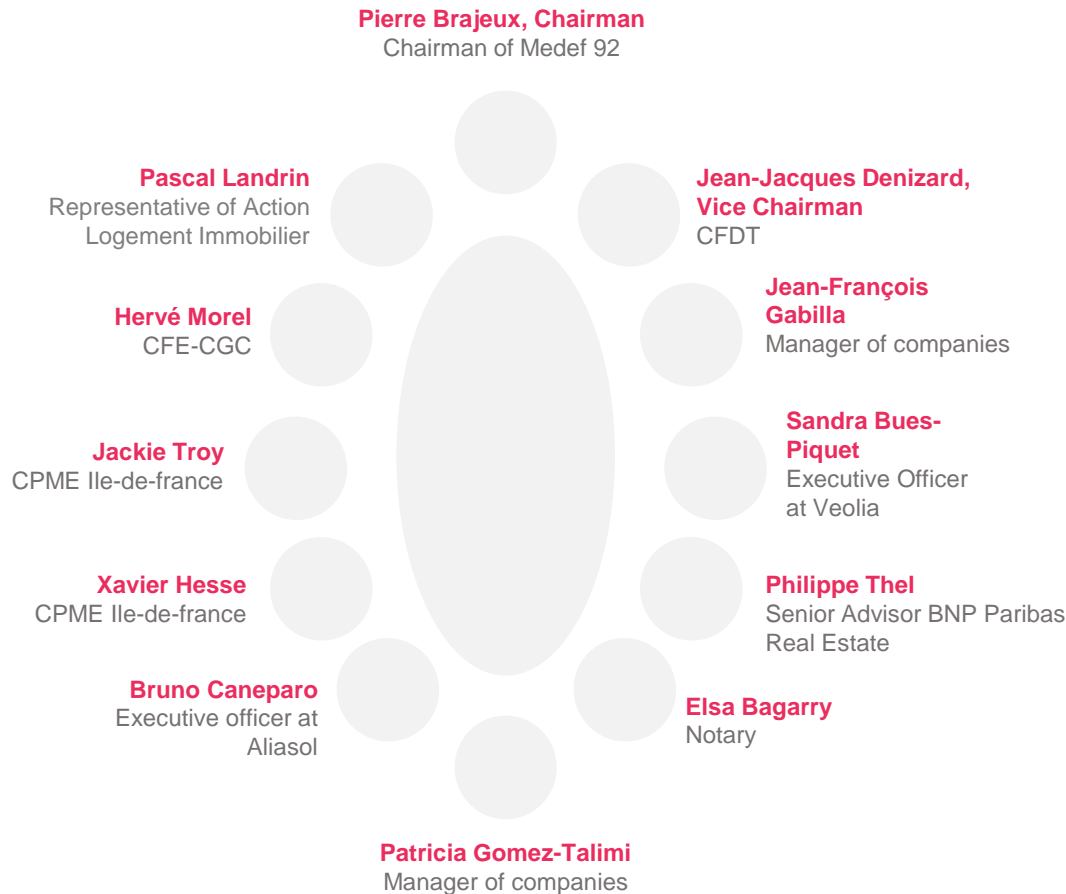


7

Appendix

An experienced management team with a long-term strategic vision

The Supervisory Board brings together a wide range of skills



- ✔ **Permanent monitoring and supervision of the management of the Company by the Supervisory Board**
- ✔ Assisted by 3 standing committees:
 - ✔ The audit committee
 - ✔ The appointments and compensation committee
 - ✔ The investment committee
- ✔ The Supervisory Board issues a preliminary opinion for the main decisions:
 - ✔ Operations that may affect the Company's strategy and change its financial structure or scope of activity
 - ✔ Issues of securities giving immediate or future access to the share capital of the Company
 - ✔ Disposals of buildings
 - ✔ Acquisitions, extensions or transfer of stakes in all companies created or to be created, exchanges, with or without cash, on goods, shares or securities, excluding treasury transactions
 - ✔ In case of disputes, treaties, compromises or transactions
- ✔ 3 year-term for members
 - ✔ Renewal by third every year

Detailed comparison with social housing and Pinel law

	PINEL HOUSING	INTERMEDIARY HOUSING	SOCIAL HOUSING
	200,000 housing units in Île-de-France in 2017		
Park	50,000 homes in Île-de-France in 2017 Law restricted to new real estate (newly built or renovated) in tense areas (A bis, A and B1)	150,000 housing units in Ile-de-France in 2017	Around 5.1m of rental housing in France in 2018 of which 22% in Ile-de-France, About 1.1m purely social housing in Île-de-France
Location	In tense areas , especially A and B1 ⁽¹⁾ : approx. 61% in B1 approx. 23% in A	In tense areas , especially A and A bis	Throughout the territory , quota of 20 to 25% of social housing required in the municipalities by 2025
Price gap with the market	Rents 10 to 20% below market prices , depending on the zones	Rents from 15 to 20% below market prices , depending on the zones	Rents up to 70% below market prices , depending on the zones
Resource cap ⁽²⁾	From approx. €44k to approx. €73k depending on the zones	PLS: from approx. €42k to approx. €59k depending on the zones LLI: from approx. €44k to approx. €73k depending on the zones ⁽³⁾	PLAI: approx. €20k to approx. €27k depending on the zones PLUS: approx. €33k to approx. €46k depending on the zones
Type of landlord	Private	Intermediary housing companies, social housing subsidiaries, investment funds	Social landlords (OPH, ESH)
Tax system	Depending on the leasing period, 12 to 21% of tax credit on the cost of rent (max €6,000 / year / taxable household ⁽⁴⁾)	Depending on the loan, the operation and the area, the VAT is reduced to 10%	VAT reduced to 10% ; compensation for property tax exemptions on built properties up to 25 years; corporate income tax exemption

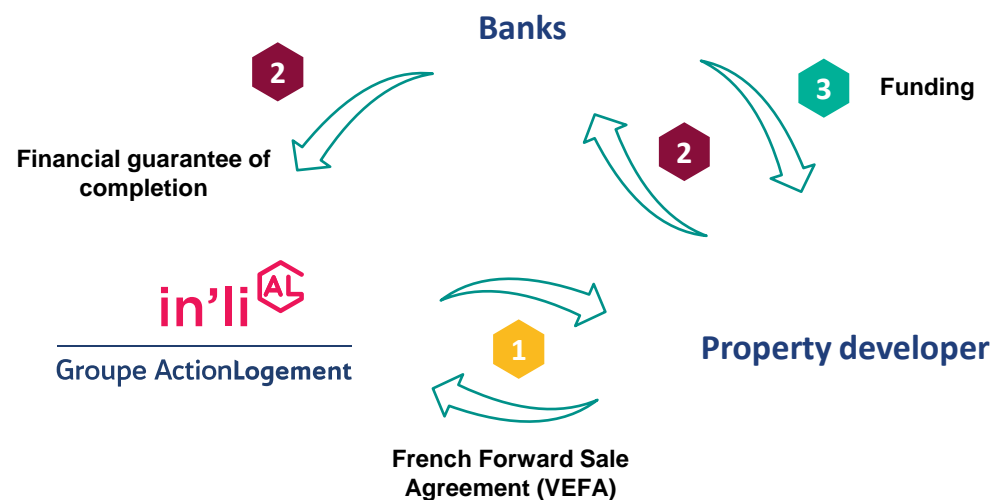
(1) Key figures as of 31/12/2015, according to the Housing Ministry (*Ministère du Logement*)

(2) Caps for a couple or single person with 1 dependent at 01/01/2018

(3) Caps applied to housing in LLI since 2015

(4) From 23 to 32% of tax credit in the DOM-TOM, capped at €18,000 per year and per tax household

The French environment of the property development limits the risks related to the acquisition of assets



1 French Forward Sale Agreement (« Vente en l'état futur d'achèvement ») 80% of the assets will be acquired through this agreement

- ✔ Property developer commitment to deliver the assets at a specified date and price
- ✔ **No property development risk or construction risk for in'li**

2 Financial guarantee of completion

- ✔ Obligation for property developer to obtain from banks or insurers a commitment to replace the developer in case of financial difficulty
- ✔ **No risk for in'li to be affected in case of difficulty of the property developer**
- ✔ *Moreover, in'li benefits from the ten-year completion guarantee (Garantie Financière d'Achèvement) against hidden defect*

3 Prudential rules of banks

- ✔ French banks ask property developer for a pre-marketing rate of at least 50% to grant their guarantee
- ✔ **in'li is able to buy programs from property developer with a significant discount (10% currently observed) because its bookings allow property developers to obtain funding and guarantees required to launch programs**

Limited property development risk

80% of housing units will be produced in VEFA⁽¹⁾

FRENCH FORWARD SALE AGREEMENT FRAMEWORK (VEFA)

80%

PROJECT MANAGEMENT (MAÎTRISE D'OUVRAGE DIRECTE)

20%

- ✓ Conclusion of **framework agreements with the property developers** and **development of specific partnerships** with the subsidiaries of construction companies



- ✓ **Capacity improvement projects** of existing properties
- ✓ **Transformation of offices into housing**
- ✓ **Large landowners**
- ✓ Other (call for tenders, co-promotion, participation in development projects, ...)

(1) Vente en Etat Futur d'Achèvement / French forward sale agreement framework

Recent acquisition examples through VEFA show the relevance of the model

LE VESINET



- ♥ Property developer: Icade
- ♥ City: Le Vésinet (zone Abis)
- ♥ 36 intermediary housing units
- ♥ Target rent: €14 / m² / months (discount of 13% compared to market rent)
- ♥ Purchase price: €4,780 HT / m² (discount of 24% compared to the free market price⁽¹⁾)
- ♥ Booking contract: S1 2017
- ♥ VEFA certificate: S1 2018
- ♥ Estimated delivery date: T3 2020

ASNIERES-SUR-SEINE



- ♥ Property developer: Eiffage Immobilier et Emerige
- ♥ City: Asnières-sur-Seine (zone Abis)
- ♥ 109 intermediary housing units
- ♥ Target rent: €14 / m² / mois (discount of 18% compared to market rent)
- ♥ Purchase price: €4,350 HT / m² (discount of 8% compared to the free market price⁽¹⁾)
- ♥ Booking contract: S2 2017
- ♥ VEFA certificate: S1 2018
- ♥ Estimated delivery date: T1 2021

In'li observes an average rental yield rate on acquired transactions of 3.7%

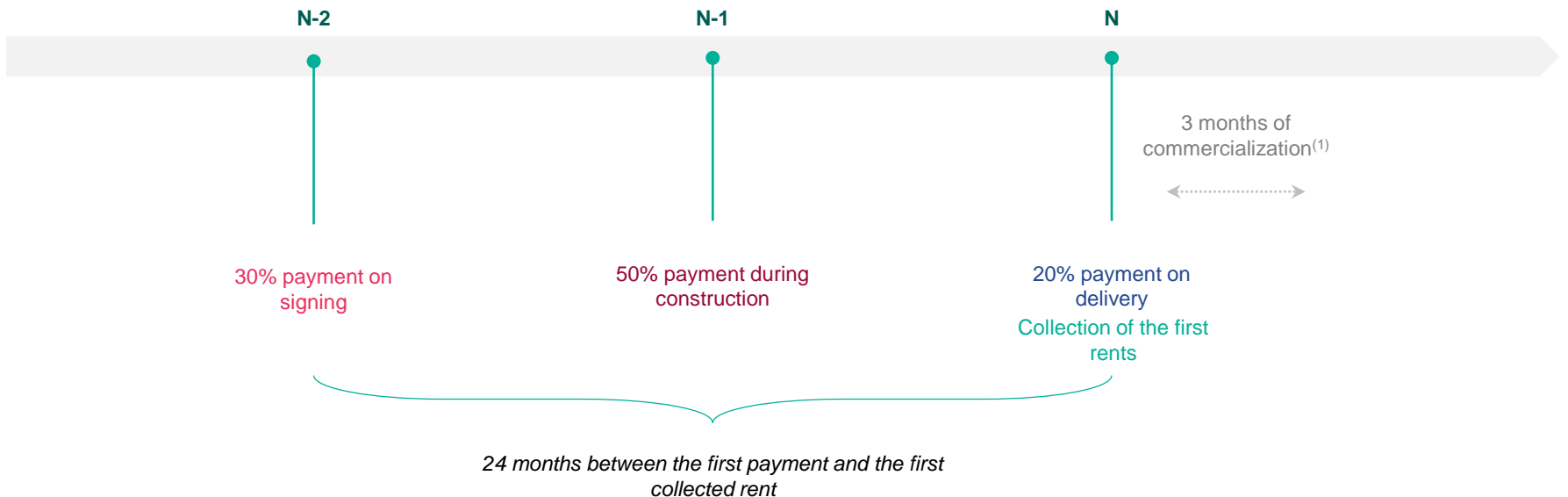
(1) Source: GRECAM

Payments are spread across the construction phase

CLASSIC CALENDAR OF A FRENCH FORWARD SALE AGREEMENT



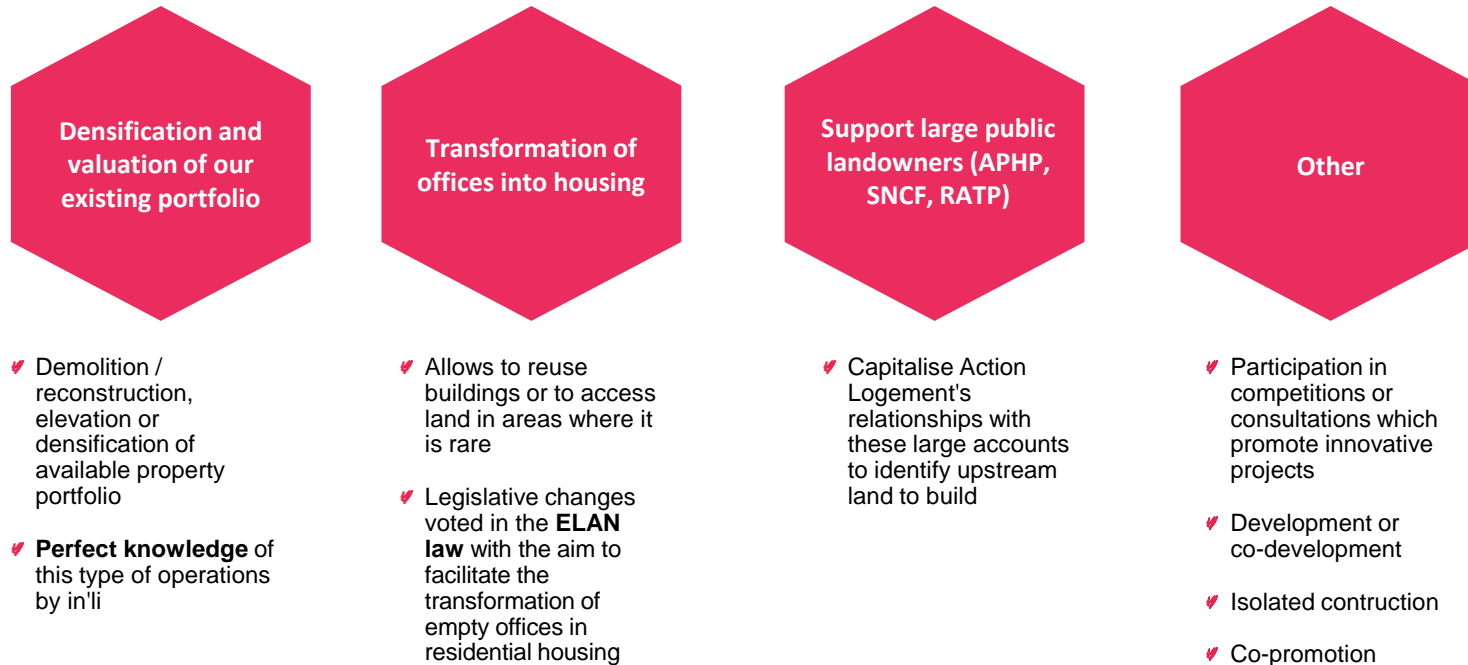
PAYMENT SCHEDULE



(1) Objective of commercialisation of 80% of housing in two months / 100% in three months

20% of production is provided by project management

Targeted operations with limited property development risk



Capitalise on the historical know-how of in'li for this type of operations

Capitalise on the strong relationships of in'li and Action Logement with local representatives to contribute to the development of their territories as illustrated recently⁽¹⁾

⁽¹⁾ Signature in July 2018 of the partnership protocol for intermediary housing between in'li / Action Logement and the Etablissement Public Territorial Paris Ouest La Défense (POLD) to facilitate the construction of 15,000 intermediary housing units in the 11 municipalities of this region

Some examples of direct projects management operations operations

Densification and valuation of our existing portfolio



- ♥ City: Alfortville - 94 (zone A)
- ♥ Address: 55-57 rue Marcel Bourdarias
- ♥ Construction of 52 housing units
- ♥ Architect: Agence Gérard de Cussac
- ♥ Filing of building permit: december 2018

Support large public landowners



- ♥ City: Puteaux - 92 (zone A bis)
- ♥ Address: 26 rue de Godefroy
- ♥ Landowner: Diocèse de Nanterre
- ♥ Construction of 35 housing units
- ♥ Architect: Agence Gérard de Cussac
- ♥ Filing of building permit: november 2018

Response to consultation



- ♥ City : Paris - 75014 (zone A bis)
- ♥ Address : 32 avenue de Reille
- ♥ Consultation launched by *Les Sœurs Franciscaines Missionnaires de Marie*, who owned the property of their congregation at "Village Reille" (75014) near Montsouris park
- ♥ Construction de 180 housing units
- ♥ Filing of building permit: june 2019