



FINANCIAL REPORT

2019

- Group overview
- CDC Habitat intermediate housing (consolidated accounts)
- CDC Habitat social
- SIDOM
- Maisons & Cités
- Adoma

GROUP OVERVIEW

GROWTH IN PORTFOLIO

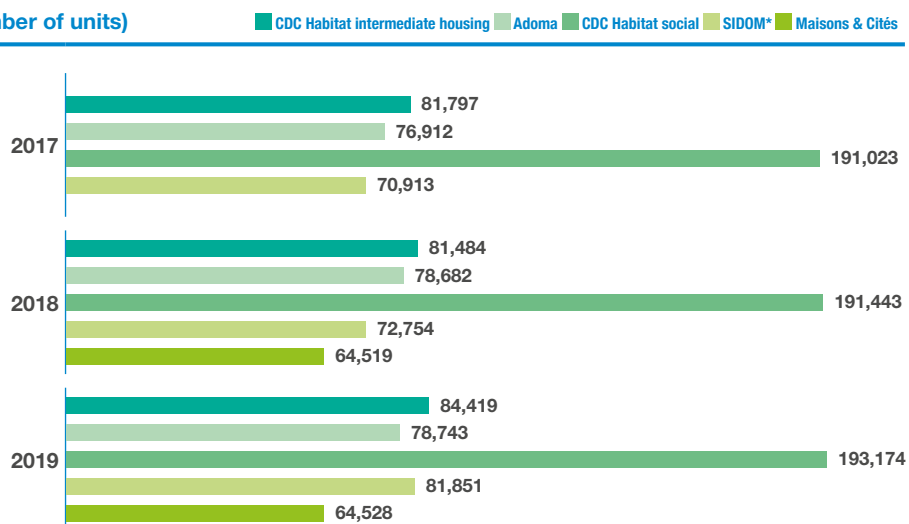
In 2019, CDC Habitat group's owned portfolio grew by 2.8%, notably due to the contribution of CDC real estate investment companies (SCI) by Caisse des Dépôts (2,385 units of housing, including 689 units already managed by CDC Habitat on 31 December 2018 in two real estate investment companies) and the acquisition of SEMADER in Reunion Island. The Group's managed portfolio grew 3% year-on-year (+ 14,990 units of housing).

At constant Group structure, the owned and managed portfolios grew by 0.7% and 1%, respectively, during the year (i.e., + 5,256 units) due to the combined impacts of the following:

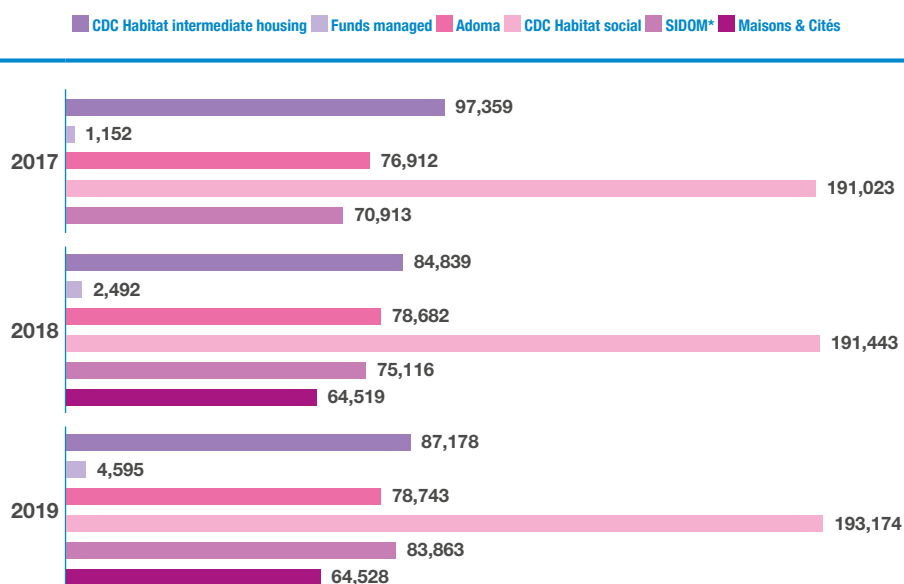
- delivery of 14,666* new units, including acquisitions and housing for first-time buyers;
- disposal of 4,320 units (including programmes for first-time buyers, excluding Adoma);
- demolition of 4,295 units;
- loss of management of 921 units;
- miscellaneous portfolio adjustments: + 126 units.

* excluding SOLINTER housing which is managed by an external property manager

Changes in owned portfolio (in number of units)



Changes in managed portfolio (in number of units)



* o/w SEMADER not included in BI 2019

NET RENTAL INCOME

Net rental income grew by 3.7% for the year to €2,584.2 million.

CDC Habitat intermediate housing reported a net rental income of €552.2 million, up 2.1% (or €11.5 million) for the year. This increase included:

- an €8 million (+ 1.5%) increase in rents driven by recent deliveries;
- a €4.1 million (+ 18.5%) increase in income from other activities attributable to the ramping up of the investment funds.

CDC Habitat social reported net rental income of €889.3 million in 2019, up 1.2% (or €10.7 million) on the back of acquisitions and new developments.

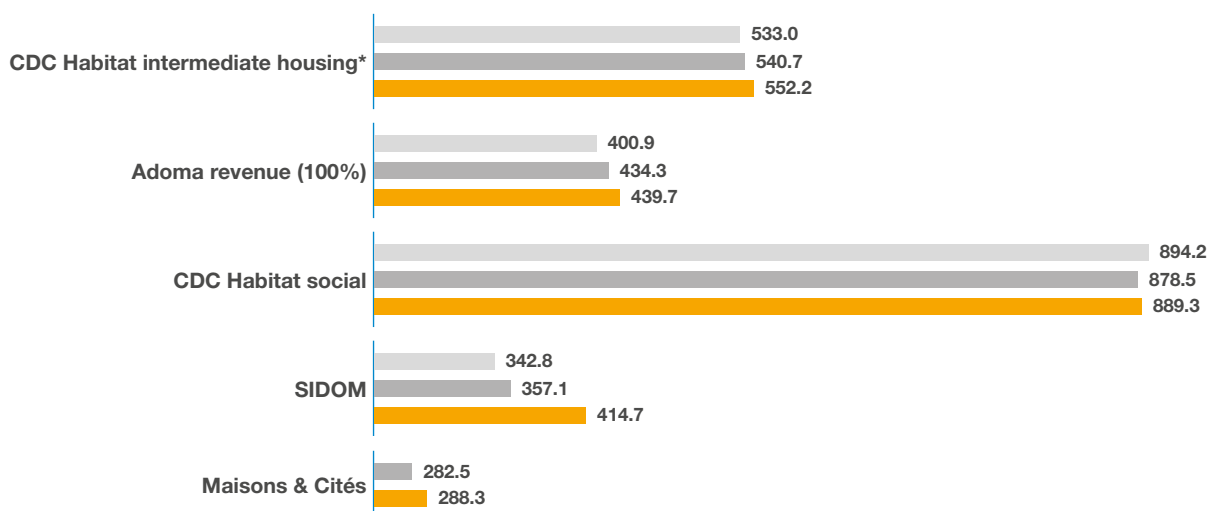
The SIDOM division's net rental income grew 16.1% (+ €57.6 million) over the year, including €44.1 million related to the consolidation of SEMADER in 2019. Excluding SEMADER, net rental income came in at €370.7 million, which was €13.6 million (or 3.8%) higher than in 2018.

Maisons & Cités generated net rental income of €288.3 million, an increase of 2%.

Adoma's revenue grew by 1.2% year-on-year to €439.7 million.

Net rental income and Adoma revenue (all figures in € million)

2017 2018 2019



*CDC Habitat intermediate housing, accounted for under IFRS. The other entities are accounted for under French Gaap.

HIGH LEVELS OF INVESTMENT

Portfolio development and investment work delivered for the year net of subsidies totalled €2.3 billion including an amount of €0.5 million for the contribution of CDC real estate investment companies (SCI), versus €1.8 billion in 2018 (up 29%).

Gross cash flow increased by €67 million (+ 15%) to €497 million and included €41 million reported by Adoma following the sale of its head office. This explains the year-on-year decrease in the Group's consolidated investment contribution ratio which came in at 22.1% (down 2.5 points).

Investments net of subsidies are still more than four times greater than gross cash flow.

Investment contribution ratio

(in €M)

	2017	2018	2019	Cumulative 2017/2019	YoY change 2019/2018
CDC HABITAT INTERMEDIATE HOUSING (excluding investments made on behalf of third parties)					
Investments net of subsidies	232.3	254.4	816.2	1,302.8	221%
Gross cash flow	43.9	69.1	54.2	167.2	-22%
INCR	18.9%	27.2%	6.6%	12.8%	-20.5
CDC HABITAT SOCIAL					
Investments net of subsidies	670.5	657.5	853.3	2,181.3	30%
Gross cash flow	186.1	203.6	226.5	616.2	11%
INCR	27.8%	31.0%	26.5%	28.3%	-4.4
ADOMA					
Investments net of subsidies	130.6	146.2	150.9	427.7	3%
Gross cash flow	44.5	53.8	94.1	192.4	75%
INCR	34.1%	36.8%	62.4%	45.0%	25.6
SIDOM					
Investments net of subsidies	263.6	256.4	247.9	767.9	-3%
Gross cash flow	19.9	48.9	66.9	135.6	37%
INCR	7.5%	19.1%	27.0%	17.7%	7.9
MAISONS & CITÉS					
Investments net of subsidies	-	437.7	183.5	621.2	-58%
Gross cash flow	-	55.3	55.4	110.7	0%
INCR	-	12.6%	30.2%	17.8%	17.5
GROUP					
Investments net of subsidies	1,297.0	1,752.2	2,251.7	5,301.0	29%
Gross cash flow	294.4	430.7	497.1	1,222.3	15%
INCR	22.7%	24.6%	22.1%	23.1%	-2.5

The Group Investment Contribution Ratio (INCR) is defined by the difference between:

- gross cash flow;
- investment for the period, net of subsidies received (at delivery).

For information, gross cash flow is calculated as:

Gross cash flow from operating activities - repayment of related principal and interest + cash proceeds on disposals

VERY EFFECTIVE MANAGEMENT

An overview of the Group's operating and financial ratios highlights the following developments:

- there has been a marked improvement in the re-let vacancy rate to 1.36%, compared to 1.68% in 2018 (i.e., down 0.32 points). Vacancy rates in CDC Habitat intermediate housing remain low and are constantly improving, while they have deteriorated slightly in CDC Habitat social;
- thanks to monitoring and support initiatives deployed at Group level, the proportion of bad debts in CDC Habitat intermediate housing, CDC Habitat social and Adoma is continuing to decline and remains at a satisfactory level. The SIDOM entities continue to be monitored very closely in spite of a marked improvement;
- the ratio of management costs/net rental income at Group level remained stable year-on-year at 25.9%. It rose slightly for CDC Habitat intermediate housing by 1.1 points, mainly reflecting the development of intermediate housing. Management costs for the emergency accommodation division were slightly lower (down 0.8 points), but remain high, reflecting the social support component of this activity;
- maintenance expenditure represented 11.0% of the Group's consolidated net rental income. The highest level of 14.4% was reported by Adoma. Recurring maintenance expenditure throughout the Group averaged €548/unit in 2019. The ratios of the emergency accommodation division, measured in proportion to net income, are higher due to the specific features of its portfolio;
- EBITDA and recurring operating income margin for 2019 remained at a comfortable 50.9%, a slight year-on-year improvement which can mainly be seen in Adoma and the SIDOM division (up 2.1 points for the two entities);
- the net debt/net rental income ratio rose throughout all entities, in line with the Group's major investment drive. It remained low for Adoma.

Operating data

	Group	CDC Habitat intermediate housing	CDC Habitat social	Adoma	SIDOM	Maisons & Cités
RENTAL MANAGEMENT						
Average vacancy rate on available units	1.36%	2.25%	1.30%	0.88%	1.85%	1.02%
2018 figures	1.68%	2.53%	1.22%	1.26%	2.34%	nd
Average vacancy rate on available units (> 1 month)	0.53%	1.47%	0.75%	nd	nd	0.56%
2018 figures	0.75%	1.74%	0.69%	nd	nd	0.68%
Bad debts	1.7%	0.9%	1.1%	1.2%	2.7%	1.7%
2018 figures	2.1%	0.7%	1.1%	1.2%	4.2%	1.7%
MANAGEMENT COSTS (AS A % OF NET RENTAL INCOME)						
	25.9%	26.6%	24.2%	32.7%	25.3%	25.4%
2018 figures	26.0%	25.5%	24.5%	33.5%	26.4%	24.7%
DEVELOPMENT/DISPOSALS						
New SOs/acquisition ratio	3.7%	5.7%	2.5%	6.8%	3.5%	0.6%
Disposal ratio	0.9%	1.4%	1.6%	0.1%	0.3%	0.3%
PROPERTY MANAGEMENT						
Maintenance/in € per equivalent housing unit	€548	€591	€576	€425	€548	€573
Maintenance/as % of net rental income	11.1%	9.0%	11.1%	14.4%	10.7%	12.7%
Ratio of renovation work/work to enhance neighbourhood quality	1.6%	2.6%	2.4%	0.0%	0.0%	2.1%

Financial data

	Group	CDC Habitat intermediate housing	CDC Habitat social	Adoma	SIDOM	Maisons & Cités
INCOME STATEMENT						
Net rental income or revenue (Adoma)	2,584.2	552.2	889.3	439.7	414.7	288.3
2018 figures	2,493	541	879	434	357	283
Recurring operating income or EBITDA/net rental income*	50.9%	53.4%	50.7%	39.2%	53.6%	52.0%
2018 figures	50.3%	53.0%	51.4%	37.1%	51.4%	50.9%
Gains on disposals/profit before tax**	71.4%	60.9%	87.8%	71.7%	38.4%	88.7%
2018 figures	72.6%	64.6%	86.1%	21.2%	43.1%	127.0%
Gains on disposals/recurring operating income or EBITDA	25.6%	25.7%	34.4%	49.6%	9.5%	7.9%
2018 figures	25.3%	27.2%	39.4%	6.4%	8.7%	9.5%
GROSS CASH FLOW/INV (INCR)	20.2%	27.2%	31.0%	36.8%	19.1%	12.6%
2018 figures	24.6%	27.2%	31.0%	36.8%	19.1%	12.6%
NET DEBT/NET RENTAL INCOME	6.9	6.6	7.9	3.1	8.8	4.6
2018 figures	6.6	6.0	7.7	2.7	8.6	4.6
GEARING (NET DEBT/EQUITY)	1.5	1.3	1.7	0.8	1.7	1.3
2018 figures	1.5	1.3	1.7	0.7	1.7	1.2
LTV (LOAN TO VALUE)	-	41.9%	43.3%	nd	nd	nd
2018 figures	-	43.6%	43.3%	nd	nd	nd
ANNUITIES/NET INCOME	46.7%	54.5%	50.5%	16.8%	48.9%	41.5%
2018 figures	47.1%	53.4%	53.5%	17.8%	nd	38.6%

* For CDC Habitat intermediate housing: recurring operating income excluding property development/(net rents + income from other activities);
CDC Habitat social: EBITDA/net income

** For CDC Habitat intermediate housing: gains on disposals/Profit before tax (adjusted for provisions booked for *Swaps*)

CDC HABITAT INTERMEDIATE HOUSING

(CONSOLIDATED
ACCOUNTS)

INCOME STATEMENT

CREDIT RATING

Fitch uses its public sector entities methodology and applies a top-down approach when rating CDC Habitat, i.e., its rating is based around that of its shareholder, Caisse des Dépôts et Consignations, whose rating is in turn dependent on that of the French State. CDC Habitat's rating factors in its financial and strategic integration within Caisse des Dépôts, as well as its key role in providing social housing at national level. Differences between CDC Habitat's and Caisse des Dépôts' ratings reflect the fact that intermediate housing does not benefit from the same institutional support as social housing (via CDC Habitat social).

As part of Fitch's annual ratings review, CDC Habitat's medium- and long-term rating was maintained at AA- with a stable outlook, i.e., one notch below Caisse des Dépôts' rating.

Highlights in 2019 included:

- **deployment of the Trajectoire 2022 project** and pooling of all resources and support functions within GIE Expertises et Supports (an inter-company partnership) together with the creation of inter-regional divisions;
- **a two-year extension to the government property lease**, adjusting the calculation of the fees payable by CDC Habitat to La Défense;
- **contribution of shares in CDC real estate investment companies (SCI)** during the year. Only two of these entities (SCI des Régions and SCI Mac Donald) have been fully consolidated by CDC Habitat from the contribution dates, respectively June and September 2019. The other real estate companies, not deemed significant enough, are not consolidated. They are accounted for as equity interests on CDC Habitat's balance sheet;
- **promulgation of the 2019 Finance Bill** resulting in:
 - an increase in the "basic" annual contribution rate for the social rental housing guarantee fund (CGLLS) from 2.2% to 2.8%, and an adjustment of the revaluation basis used;
 - a reform of the tax deductibility of financial charges, whereby 25% of the net financial charge will no longer be added back for tax purposes, generating an income tax saving of almost €5.2 million in 2019;
- **continued sustained development of intermediate housing:** at the end of 2019, the CDC Habitat/FLI/SOLINTER/ERAFF pipeline comprised over 35,000 units of housing, of which more than 24,000 had been validated by the Group Commitments Committee. Nearly 21,000 units of intermediate housing had been contractualised by the end of 2019 (signed preliminary reservation agreements and off-plan sales and deliveries);
- following a first round of funding in which €900 million was raised from 15 institutional investors in December 2018, the second and third closing of FLI 2 raised an additional €170 million and €173 million in 2019. FLI 2 should eventually finance the production of over 10,000 units of housing (80% intermediate housing and 20% student and senior residences);
- CDC Habitat has deployed a partnership approach with the creation of "CDC Habitat Partenaires", which aims to help consolidate the social housing sector. At the end of 2019, 23 partnerships had been set up, based either on protocol arrangements or shareholders' agreements (representing 234,000 housing units). Discussions are also in progress concerning 59 projects with social housing bodies (most are OPHs [public housing agencies] (25) and SEMs [semi-public social housing companies] (22)) representing a total of 480,000 units;
- CDC Habitat has set up a short-term commercial paper programme (NEU CP) for a maximum amount of €300 million and a new medium term note programme (NEU MTN) for a maximum amount of €200 million. Both programmes are designed to provide CDC Habitat with greater financial flexibility;
- the residual €200 million of the €400 million capital increase carried out in June 2017 was paid up in 2019.

CDC Habitat's scope of consolidation now includes the following entities:

- CDC Habitat, SAS Sainte-Barbe, AMPERE Gestion and ADESTIA. The SCI de Régions and SCI Mac Donald were added beginning of 2019 and are fully integrated and consolidated;
- Adoma (56.44% stake) and FLI (19.14% stake), are consolidated using the equity method.

This scope of consolidation is itself consolidated for accounting and tax purposes in the books of Caisse des Dépôts. CDC Habitat's Fitch rating applies to this same group of consolidated entities.

STRONG GROWTH IN EARNINGS

Consolidated profit for the year came in at €110.4 million, compared to €90.2 million for 2018.

Net income excluding property development (i.e., rental income + income from other activities) grew by €11.5 million to €552.2 million on the back of higher gross rental income (up €8 million) and income from other activities (up €4.1 million).

Operating expenses increased by €4.3 million to €258.3 million for the year. Following the Group's reorganisation, the cost structure has changed significantly. There has been an increase in amounts rebilled for personnel expenses and resources pooled within inter-company partnerships (GIE), matched by an increase in fees paid to those same partnerships.

Maintenance expenses represented 9% of net rental income and reflect the big overall commitment to maintenance.

The **property development margin** came in at €0.6 million, down on last year.

Recurring operating income rose by €6.9 million year-on-year to €294.5 million. Excluding the property development margin, recurring operating income was 53.2% of net income versus 53.0% in 2018.

Disposal gains accounted for 52% of pre-tax profit (€76.5 million), which was 12 points lower than in 2018.

Depreciation and amortisation, net of government grants and subsidies, increased by €6.2 million year-on-year to €170.9 million due to new buildings placed in service.

Net reversals of provisions on property totalled €6.8 million (€6.3 million in 2018), reflecting the reversal of provisions no longer required.

Adoma's contribution to consolidated profit increased to €37 million (up from €24.3 million in 2018), mainly due to the sale of the rue Cambronne head office.

FLI's contribution was virtually zero (i.e., net income of €0.2 million) and income from the first properties delivered still only has a marginal impact on fund earnings.

EBIT after share in net income of associates came in at €244.1 million, €23.9 million higher than in 2018.

Cost of net debt decreased by €5.3 million to €102.3 million in 2019 (down from €107.6 million in 2018), mainly as a result of the extension of CDC loans, termination of loan repayments for state-owned domains (domaniaux), and the impact of adjustments under IFRS.

We should note that, while changes in the fair value of derivatives do not automatically push up/decrease finance costs, they need to be analysed in terms of an opportunity cost/gain due to lower forecast interest rates.

The Group's interest rate hedging policy is to use interest rate swaps to insure the finance costs of Group entities over the very long term and is not intended to be used for speculative purposes.

Fair value adjustments to investments amounted to €5.4 million in 2019. First-time adoption of IFRS 9 in 2018 resulted in the recognition of income on the remeasurement of investments in RIVP and SCI Arquebusiers for €9.1 million and €0.4 million, respectively. In 2019, income on the remeasurement of investments in CDC Habitat social and SCI Arquebusiers amounted to €1 million and €4.4 million, respectively.

Profit before tax was €147.2 million versus €122.2 million in 2018, a year-on-year increase of €25 million.

The tax expense was €36.8 million, representing a limited year-on-year increase, due to lower amounts of disposal gains on subsidised housing sold in 2019 and the application as of 1 January 2019 of the reform of the tax deductibility of financial charges whereby 25% of the net financial charge is no longer added back to CDC Habitat's tax bill.

Consequently, return on equity (ROE) grew by 0.5 points to 4.6%.

CDC HABITAT INTERMEDIATE HOUSING (CONSOLIDATED ACCOUNTS)

Consolidated income statement Prepared under IFRS

(in €M)

	2018 (Reported)	2019 (Reported)	YoY change 2019/2018	YoY change 2019/2018 (%)
Gross rental income	525.6	533.6	8.0	1.5%
Loss on recoverable rental charges	-6.9	-7.5	-0.6	9.1%
Net rental income	518.7	526.1	7.4	1.4%
Income from other activities	22.1	26.1	4.1	18.5%
NET RENTAL INCOME	540.7	552.2	11.5	2.1%
Income from property development	4.9	5.8	0.9	18.6%
Cost of inventory	-4.0	-5.2	-1.2	31.2%
Property development margin	0.9	0.6	-0.3	-37.0%
Purchases consumed & external services	-59.2	-91.6	-32.4	54.8%
Maintenance	-54.0	-52.0	2.0	-3.7%
Taxes other than income taxes	-49.6	-54.4	-4.8	9.8%
Personnel expenses, discretionary and non-discretionary profit-sharing	-86.8	-63.3	23.5	-27.0%
Other operating income (expense)	-4.4	3.1	7.6	-169.9%
Total recurring expenses	-254.0	-258.3	-4.3	1.7%
RECURRING OPERATING INCOME	287.6	294.5	6.9	2.4%
Disposal gains on investment property	78.0	76.5	-1.6	-2.0%
EBITDA	365.7	371.0	5.3	1.5%
Depreciation and amortisation net of government grants and subsidies	-164.7	-170.9	-6.2	3.8%
Net (additions to) reversals of provisions	6.3	6.8	0.5	7.1%
EBIT BEFORE SHARE IN NET INCOME OF ASSOCIATES	207.3	206.9	-0.4	-0.2%
Share in net income of Adoma	12.6	36.9	24.3	192.4%
Share in net income of FLI	0.2	0.2	0.0	11.5%
Share in net income of associates	12.8	37.2	24.3	189.7%
EBIT AFTER SHARE IN NET INCOME OF ASSOCIATES	220.2	244.1	23.9	10.9%
Cost of gross debt	-120.5	-116.2	4.3	-3.5%
Income from cash and cash equivalents	11.5	12.4	0.9	8.1%
Fair value adjustments to derivatives	1.3	1.5	0.1	10.5%
Cost of net debt	-107.6	-102.3	5.3	-4.9%
Fair value adjustments to investments	9.7	5.4	-4.2	-43.7%
PROFIT BEFORE TAX	122.2	147.2	25.0	20.4%
Income tax expense	-32.0	-36.8	-4.7	14.8%
NET PROFIT	90.2	110.4	20.2	22.4%
Non-controlling interests	0.0	0.0	0.0	-100.0%
NET PROFIT ATTRIBUTABLE TO OWNERS	90.2	110.4	20.2	22.4%

	2018	2019
Recurring operating income (excluding property development margin)/net income (net rents + income from other activities)	53.0%	53.2%
Gains on disposals/profit before tax (excluding impact of swaps)	64.6%	52.5%
Gains on disposals/EBITDA	21.3%	20.6%
Gains on disposals/recurring operating income	27.1%	26.0%
Interest coverage ratio (ICR)	1.19	1.20
ROE	4.1%	4.6%

CONSOLIDATED ASSETS GREW BY NEARLY €1 BILLION

OVERVIEW OF THE GROUP'S BORROWINGS

In December 2018, the Supervisory Board authorised the Group to raise €129 million in new borrowings for 2019 by means of placements on the open market. This sum was raised in the following form:

- €20 million in the form of NSV-type bonds maturing in 20 years;
- €109 million in the form of two commercial paper and medium-term note programmes (NEU CP-NEU MTN) (€30 million over 3 years, €29 million over 8 years, €10 million over 10 years, €25 million over 12 years and €15 million over 30 years).

The weighted average interest rate on these borrowings is 1.01% at an average maturity of 12 years.

CDC Habitat also raised the following amounts in 2019:

- €100 million drawn down under a lending arrangement with the European Investment Bank (EIB);
- an €80 million bank loan to refinance the real estate investment companies (SCI) contributed by Caisse des Dépôts et Consignations and authorised by the Supervisory Board on 27 September 2019;
- €15 million in home-ownership loans and €11 million in collector/provident fund loans.

Sainte-Barbe contracted a €13.3 million, 15-year loan at 0.64% with Banque Postale to finance renovation work for 2019.

After taking into account the impact of hedging, the weighted average interest rate on CDC Habitat intermediate housing (consolidated accounts) borrowings was 2.76%.

Because no profits were distributed, the *gearing* ratio remained stable at 1.4. After fair value adjustments to derivatives it comes out at 1.3.

Because net asset values grew faster than the value of net debt, the *Real Estate Loan to Value* (RELTV) ratio declined slightly to 45.6%. The overall *Loan to Value* (LTV) ratio, which includes financial asset values, was down 1.7% to 41.9%.

IN ASSETS

Non-current assets grew by €832 million (+ 13.1%), mainly reflecting the combined effects of:

- a €410 million increase in **investment property**, driven by first-time consolidation of the real estate investment companies (SCI) contributed by Caisse des Dépôts et Consignations, and the value of new buildings placed in service which exceeded disposals and depreciation expense for the period;
- a €234.4 million increase in available-for-sale financial assets. This heading corresponds to non-consolidated investments owned directly by CDC Habitat or via ADESTIA. Of this increase, €229 million corresponds to acquisitions of equity interests during the period and to fair value adjustments made under IFRS 9 to investments in both CDC Habitat social (+ €1 million) and SCI Arquebusiers (+ €4 million);
- the €26 million increase in investments in associates (FLI and Adoma);
- the €137 million increase in **other non-current financial assets**, including a €112 million receivable (under IFRS 16) for subleases with non-consolidated entities;
- recognition of a deferred tax asset for an amount of €27.7 million (€19.5 million more than in 2018).

Current assets grew by €194 million in the year to 31 December 2019, reflecting the combined effects of:

- the increase in other current financial assets and cash balances (up €386 million) due to €200 million in capital paid up by Caisse des Dépôts and loans raised before expenditure was incurred (when the Service Order is issued).

Offset by:

- accounts receivable, which declined by €190 million, largely attributable to the €200 million in capital paid up by Caisse des Dépôts.

Assets held for sale declined by €28 million, including €30 million paid when Les Ellipses office premises were sold during the year.

IN EQUITY AND LIABILITIES

Equity grew by 10% or €229 million, thanks mainly to the increase in capital following the contribution of CDC real estate investment companies and the €110 million profit generated for the year. No dividend was paid in respect of prior-year profit and the entire amount was transferred to reserves.

Non-current liabilities grew by €488 million, in line with a €398 million increase in non-current borrowings (new borrowings net of repayments) and a €90 million increase in other non-current financial liabilities (mainly reflecting the impact of derivatives).

Current liabilities were €283 million, or **38.7% higher** year-on-year:

- **other current liabilities** grew by €69 million;
- current borrowings rose by €215 million to €706 million and included an amount of €107 million relating to the treatment of leases under IFRS 16.

Liabilities related to assets held for sale were €12 million lower, corresponding to borrowings allocated to block sales of property for which a sale agreement had been signed.

CDC HABITAT INTERMEDIATE HOUSING (CONSOLIDATED ACCOUNTS)

Balance sheet

(in €M)

	2018	2019	YoY change 2019/2018
ASSETS			
Intangible assets	5.6	4.3	-1.3
Investment property	4,950.7	5,360.7	410.0
Other non-current assets	24.3	30.6	6.3
Rental property	4,980.5	5,395.6	415.1
Available-for-sale financial assets	422.8	657.2	234.4
Investments in associates	399.9	425.9	26.0
Other financial assets	528.8	665.7	136.9
Deferred tax assets	8.2	27.7	19.5
Non-current financial assets	1,359.7	1,776.5	416.8
NON-CURRENT ASSETS	6,340.2	7,172.1	831.9
Cash and cash equivalents	706.4	1,092.3	385.9
Inventories	19.6	17.7	-1.9
Trade receivables	426.7	236.5	-190.2
CURRENT ASSETS	1,152.7	1,346.5	193.8
Assets held for sale	30.9	2.7	-28.2
TOTAL ASSETS	7,523.8	8,521.3	997.5
EQUITY AND LIABILITIES			
Share capital	893.5	933.3	39.8
Reserves	1,306.4	1,475.4	169.0
Net profit for the period	90.2	110.4	20.2
Equity attributable to owners of the parent	2,290.0	2,519.1	229.1
Non-controlling interests	0.0	0.0	0.0
TOTAL EQUITY	2,290.0	2,519.1	229.1
TOTAL PROVISIONS	28.9	38.7	9.8
Non-current borrowings	3,512.3	3,910.5	398.2
Other non-current financial liabilities	950.3	1,040.0	89.8
Deferred tax liabilities	0.0	0.0	0.0
NON-CURRENT LIABILITIES	4,462.6	4,950.5	487.9
Current provisions	18.1	16.9	-1.2
Current borrowings	491.7	706.2	214.5
Other current liabilities	219.8	289.1	69.3
CURRENT LIABILITIES	729.6	1,012.2	282.6
Liabilities related to assets held for sale	12.6	0.7	-11.9
TOTAL EQUITY AND LIABILITIES	7,523.8	8,521.3	997.5

Balance sheet ratios

	2018	2019	YoY change 2019/2018
Net debt* (€ million)	3,298	3,524	227
Gearing (net debt/equity)	1.4	1.4	0.0
Gearing (excluding impact of swaps)	1.3	1.3	-0.1
Net debt/income (statutory accounts)	6.0	6.6	0.6
Real Estate Loan to Value (RELTV)	46.5%	45.6%	-0.9%
Overall Loan to Value (LTV)	43.6%	41.9%	-1.7%

* Net debt = Borrowings (non-current + current) - Cash and cash equivalents.

FINANCING THE ACTIVITY

The different operations carried out in 2019 generated a funding surplus of €23 million versus a net funding requirements of €184 million in 2018. This reflects a number of factors:

- cash flow from operating activities decreased by €8.6 million to €171.4 million, which was below budget forecasts;
- principal repayments remained fairly stable for the year at €182 million;
- capital outlay for work on the housing portfolio declined slightly by €3.4 million to €18.7 million for the year;
- the €28.2 million increase in cash proceeds on disposals and the decrease in structural investment (down by €17.6 million after an exceptionally high amount in 2018 following the relocation of the Paris head office and roll-out of the vectorization application) helped finance the capital outlay required for development, which rose by an amount of €38 million to €102 million for the year;
- consequently, free cash flow before equity financing was €15.7 million, a year-on-year increase of €4.3 million;
- after factoring in the CDC Habitat social capital increase carried out by ADESTIA, repayment of current account advances granted to Adoma, acquisitions of equity interests totalling €128 million and the €200 million cash payment from Caisse des Dépôts (i.e., the balance of the €400 million capital increase), there was a funding surplus of €23 million for the year.

Free cash flow

(in €M)

	2018 (Reported)	2019 (Reported)
Cash flow from operating activities	180.0	171.4
Repayment of principal	-181.7	-182.2
Dividends received from FLI	0.8	2.2
Dividends received from VESTA	0.0	0.9
GROSS OPERATING CASH FLOW	-0.8	-7.7
Capital invested in renovation/enhancement/demolition	-22.1	-18.7
NET OPERATING CASH FLOW	-22.9	-26.4
Cash proceeds on disposals	118.0	146.2
Equity invested in development (new deliveries)	-64.1	-102.1
Equity invested in structural work	-19.6	-2.0
Other early repayments	0.0	0.0
FREE CASH FLOW BEFORE EQUITY FINANCING	11.4	15.7
Current account advances and CDC Habitat social capital increase	-9.4	-100.2
Acquisitions of equity interests	-286.0	-128.1
FREE CASH FLOW AFTER EQUITY FINANCING AND BEFORE CAPITAL INCREASE	-283.9	-212.6
Cash capital increase	100.0	200.0
Current account advances granted to/repaid by subsidiaries	0.0	36.0
FREE CASH FLOW AFTER EQUITY FINANCING	-183.9	23.4

CDC HABITAT

SOCIAL

Highlights for CDC Habitat social in 2019 included:

- the €151.8 million capital increase subscribed by ADESTIA (€100 million) and Action Logement (€51.8 million) to support CDC Habitat social's continued development;
- harmonisation of accounting practices and IT systems following the merger of the Group's 13 social housing entities into a single entity on 31 December 2018. By year-end, migration of the ULIS (formerly EFIDIS) application and merger of the IKOS environments used by the old social housing entities were completed;
- operational deployment of the Trajectoire 2022 project designed to restructure the CDC Habitat group by pooling resources between different Group entities: pooling of all central support functions within GIE Expertises et Supports (an inter-company partnership) and creation of six inter-regional divisions backed by GIEs with pooled regional or inter-regional development, project management and support functions.

INCOME STATEMENT

Net rental income grew by €10.7 million year-on-year to €889.3 million, mainly on the back of rental income increases due to properties delivered during the period (€20.1 million) and extra rents from the existing property portfolio (€10.6 million), less rents lost on properties sold (€14.6 million) and the €3.6 million reduction in rent supplements charged to better-off tenants (RLS).

The contribution margin declined by €1.9 million (0.3%) to €615.9 million, mainly due to:

- a €4.1 million increase in contribution payments into the social rental housing guarantee fund (CGLLS) in line with an increase in the basic rate from 2.2% to 2.8%;
- the €2.8 million increase in maintenance expenditure, which represented 11.1% of net rental income (stable year-on-year);
- a €5 million increase in French tax on developed property (TFPB) due to disposals of exempted properties and non-renewal of priority urban neighbourhood status (QPV) giving entitlement to tax relief.

General expenses declined by €1.2 million to €165.3 million, representing 18.6% of net rental income.

EBITDA was €450.5 million, a drop of €0.7 million (50.7% of net rental income).

EBIT came in at €162.2 million and was hit by the €7.7 million increase in depreciation charges related to new buildings placed in service and renovation work carried out.

Net financial expense was €1.5 million higher in 2019 as a result of the combined impact of a €1.4 million increase in financial expense and a €2.9 million drop in financial income (decrease in cash and cash equivalents and lower investments yields).

Disposals generated income of €155.2 million, a year-on-year decline of €21.3 million. Disposal gains accounted for 87.8% of net profit, up from 85.5% in 2018.

Non-recurring profit was €8.1 million higher, mainly due to the end of the equity pooling arrangement which generated an expense of €8 million in 2018.

Employee profit-sharing costs amounted to €9.3 million for the year, down €0.9 million, and taxes and levies were for a negative amount of €1.7 million, compared to a positive €3.2 million in 2018 (last year, the reversal of a provision related to the tax on sales generated a positive €4.4 million impact).

Consequently, **net profit** for the year came in at €176.8 million, a decrease of €29.6 million when compared with 2018.

Income statement

(in €M)

	2018	2019	YoY change 2019/2018	YoY change 2019/2018 (%)
NET RENTAL INCOME	878.5	889.3	10.7	1.2%
Fees paid	-23.3	-27.4	-4.1	17.6%
Maintenance	-96.3	-99.1	-2.8	2.9%
Local staff payroll	-24.8	-24.5	0.3	-1.1%
Property tax on rental housing stock	-92.3	-97.3	-5.0	5.4%
Other direct costs	-24.1	-25.1	-1.1	4.4%
CONTRIBUTION MARGIN	617.8	615.9	-1.9	-0.3%
Administrative staff payroll	-110.5	-111.1	-0.6	0.5%
Other indirect costs	-27.8	-19.9	7.9	-28.3%
Services	-28.3	-34.3	-6.0	-17.6%
GENERAL EXPENSES	-166.6	-165.3	1.2	-0.7%
EBITDA	451.2	450.5	-0.7	-0.1%
Depreciation and amortisation net of government grants & subsidies	-280.1	-287.9	-7.7	2.8%
Variance MR/PMRs	1.9	-0.5	-2.4	-124.7%
EBIT	173.0	162.2	-10.8	-6.2%
Financial expense	-153.3	-151.9	1.4	-0.9%
Financial income	10.6	7.7	-2.9	-27.3%
NET FINANCIAL EXPENSE	-142.7	-144.1	-1.5	1.0%
PROFIT FROM ORDINARY ACTIVITIES	30.3	17.9	-12.4	-40.9%
Profit from selling activity	176.5	155.2	-21.3	-12.1%
Non-recurring profit (loss)	6.6	14.7	8.1	123.3%
Employee profit-sharing	-10.1	-9.3	0.9	-8.4%
Income tax	3.2	-1.7	-4.8	-151.8%
NET PROFIT	206.4	176.8	-29.6	-14.3%

BALANCE SHEET

IN ASSETS:

- The €570.1 million increase in **non-current assets** was a result of:
 - deliveries of new buildings and acquisitions for an amount of €597.7 million;
 - new buildings placed in service after renovation work was carried out for an amount of €190.4 million;
 - an increase in property in production of €194.2 million;
 - an increase in IT-related expenditure of €21.9 million (including €8.9 million for combining the information systems and €9.9 million for the vectorization project).

Less negative amounts for:

- assets derecognised following disposal for an amount of €87 million;
- depreciation charges totalling €345 million.

- **Non-current financial assets** remained stable year-on-year at €10.1 million.

- **Cash and cash equivalents** at the end of 2019 amounted to €569 million net of amounts held in current accounts, a decrease of €167.1 million compared to 2018, due to lower amounts of new borrowings, partially offset by the increase in capital.

- **Trade accounts receivable** balances were €11.5 million lower than at the end of 2018.

IN EQUITY AND LIABILITIES:

- **Equity grew by €299.7 million** to €4,190.9 million, reflecting the combined impacts of:
 - CDC Habitat social's profit for the year totalling €176.8 million;
 - a capital increase of €151.8 million;
 - a €29.2 million decrease in subsidies and government grants;
 - €0.3 million in dividends paid out.
- **Borrowings** amounted to almost €7.6 billion, an increase of €83.3 million, mainly reflecting new borrowings of €462 million, less repayments of €341 million made during the period.

Balance sheet

(in €M)

	2018	2019	YoY change 2019/2018
ASSETS			
Rental property	9,657.2	10,035.6	378.4
Renovation and building work in-progress	1,087.1	1,281.4	194.2
Rental property	10,744.3	11,317.0	572.6
Owner-occupied property	27.5	25.0	-2.5
Non-current financial assets	10.2	10.1	0.0
NON-CURRENT ASSETS	10,782.0	11,352.1	570.1
Cash and cash equivalents	736.1	569.0	-167.1
Inventories	30.1	37.8	7.7
Trade receivables	449.7	438.1	-11.5
Deferred charges	0.2	0.2	0.0
CURRENT ASSETS	1,216.0	1,045.1	-170.9
TOTAL ASSETS	11,998.0	12,397.2	399.2
EQUITY AND LIABILITIES			
Capital and reserves	2,649.7	2,797.5	147.8
Profit (loss) for the period	-4.2	176.8	181.0
Government grants	1,245.7	1,216.5	-29.2
TOTAL EQUITY	3,891.2	4,190.9	299.7
PROVISIONS	87.7	88.8	1.1
Borrowings (outstanding principal)	7,449.7	7,543.0	93.2
Accrued interest on borrowings not yet due	59.2	49.5	-9.7
Compensating interest	0.4	0.1	-0.3
NON-CURRENT LIABILITIES	7,509.3	7,592.6	83.3
Current borrowings	494.4	510.7	16.3
Deferred income	15.5	14.3	-1.2
CURRENT LIABILITIES	509.8	525.0	15.1
TOTAL EQUITY AND LIABILITIES	11,998.0	12,397.2	399.2

Balance sheet ratios

	2018	2019
Net debt/net rental income	7.7	7.9
Net debt/rental property	63.0%	62.1%
Gearing (net debt/equity)	1.7	1.7
Cash on hand/number of months of rental income	10.1	7.7

Total assets grew by 3.2% (or by €399.2 million) in 2019.

FREE CASH FLOW

Cash flow from operating activities, which increased by €9 million to €306 million, was sufficient to fund principal repayments. Consequently, gross operating cash flow amounted to €27 million. Capital outlay required for work on the housing portfolio, for structural development and investment was covered by cash proceeds on disposals. Free cash flow before equity financing was €41 million, €20 million less than in 2018.

Free Cash Flow after equity financing amounted to €221 million – or €150 million more than in 2018 – mainly as a result of a capital increase of €151.8 million and €38.6 million in subsidised equity loans (PHBB).

Free cash flow	(in € thousands)	
	2018 (Reported)	2019 (Reported)
Cash flow from operating activities	297	306
Compensating interest	-1	-0
Repayment of principal (excluding early repayments)	-318	-279
GROSS OPERATING CASH FLOW	-22	27
Capital invested in renovation/enhancement/demolition	-51	-56
NET OPERATING CASH FLOW	-73	-29
Cash proceeds on disposals	226	207
Equity invested in development (new deliveries)	-71	-105
Equity invested in structural work	-4	-8
Other early repayments	-18	-24
FREE CASH FLOW BEFORE EQUITY FINANCING	61	41
Distributed dividends	-1	-0
Equity financing	12	180
FREE CASH FLOW AFTER EQUITY FINANCING	71	221

SIDOM

At the end of December 2019, CDC Habitat became the majority shareholder of SIG (51.29%), SIMAR (63.11%), SDR (53.3%), SIM (67.17%), SIMKO (81.98%) and SIGUY (98.1%) by acquiring the stakes previously held by the French government.

CDC Habitat acquired a 29.13% stake in the capital of SEMADER which owns a portfolio of 8,000 units of housing on Reunion Island.

The figures in the following financial statements are presented both without SEMADER, and with SEMADER in the final column. Year-on-year comparisons are at constant Group structure, i.e., before the consolidation of SEMADER.

INCOME STATEMENT

Net rental income grew by €13.6 million (3.8%) for the year (€10.3 million attributable to property delivered in 2018-2019 and nearly €1 million to a reduction in vacancy rates).

Maintenance expenses decreased in 2019, partly due to the postponement of work until 2020.

Rebilled services increased by an amount of €1.3 million, notably due to renegotiation of the Point-à-Pitre management agreement by SIG.

EBITDA came in at €200.9 million, which was 9.4% higher than last year. The ratio of EBITDA to net rental income was 54.2% (51.4% in 2018 and 51% in 2017).

EBIT amounted to €80.9 million, reflecting higher depreciation charges related to new buildings placed in service and renovation work carried out, partly offset by the reversal of a provision for major repairs after depreciation schedules were harmonised (5 years).

Net financial expense was €1.4 million higher in 2019 as a result of higher borrowings and lower investment income due to lower average cash balances held.

Profit from ordinary activities rose by €16.9 million to €46.2 million versus €29.2 million in 2018. All of the SIDOM entities turned a profit in 2019 whereas SDR made a loss in 2018.

Disposal gains increased by 31.4% on the year to €21 million (due in particular to the sale of land held in the books of SIG).

Net profit for the year came in at €53.3 million (versus €36.8 million in 2018) and this included a €4.4 million loss generated by SEMADER.

SEMADER generated a net loss of €4.4 million, which included €6.3 million in impairment expense related to accelerated depreciation for renovation work planned as part of the portfolio management strategy.

Income statement

(in €M)

	2018	2019	YoY change 2019/2018	YoY change 2019/2018 (%)	With SEMADER 2019
NET RENTAL INCOME	357.1	370.7	13.6	3.8%	414.7
Fees	-3.1	-3.3	-0.2	6.1%	-3.5
Maintenance	-42.3	-39.4	2.8	-6.7%	-44.4
Local non-recoverable payroll	-4.1	-4.2	-0.1	2.0%	-5.0
Property tax on developed property	-33.8	-35.0	-1.2	3.6%	-39.9
Other direct costs	-6.7	-7.6	-0.8	12.4%	-8.2
CONTRIBUTION MARGIN	267.2	281.3	14.1	5.3%	313.8
Administrative staff payroll	-68.4	-67.8	0.7	-1.0%	-77.8
Other indirect costs	-26.1	-25.8	0.3	-1.2%	-29.8
Services	4.5	5.9	1.3	30.0%	7.4
Own work capitalised	6.5	7.4	0.8	12.4%	8.5
GENERAL EXPENSES	-83.5	-80.3	3.2	-3.8%	-91.7
EBITDA	183.7	200.9	17.2	9.4%	222.2
Depreciation and amortisation net of government grants and subsidies	-122.5	-127.4	-4.9	4.0%	-141.3
Variance MR/PMRs	1.4	7.4	5.9	422.4%	7.8
EBIT	62.6	80.9	18.3	29.3%	88.7
Financial expense ⁽¹⁾	-52.6	-41.3	11.3	-21.5%	-45.0
Financial income ⁽¹⁾	19.2	6.5	-12.7	-66.2%	6.8
NET FINANCIAL EXPENSE	-33.4	-34.8	-1.4	4.2%	-38.2
PROFIT FROM ORDINARY ACTIVITIES	29.2	46.2	16.9	58.0%	50.5
Profit from selling activity	16.0	21.0	5.0	31.4%	21.5
Non-recurring profit (loss)	-6.8	-5.9	0.9	-12.8%	-14.9
Employee profit-sharing	-0.8	-1.5	-0.7	84.0%	-1.7
Income tax and other levies	-0.9	-2.0	-1.1	129.4%	-2.0
NET PROFIT	36.8	57.8	21.0	57.2%	53.3

(1) Beginning in 2019, financial expenses related to administrative entities are presented net of financial income.

In previous years, both the expense and the income appeared as separate items in financial expense and financial income.

BALANCE SHEET

Total assets grew by €805.5 million in 2019 after consolidation of SEMADER, and by €140.6 million at constant Group structure.

SEMADER's total assets amount to €664.9 million with a major impact on inventories (+ €59.9 million) due to its redevelopment work.

The following balance sheet is at constant Group structure (i.e., excluding consolidation of SEMADER).

Balance sheet				(in €M)
	2018	2019	YoY change 2019/2018	With SEMADER 2019
ASSETS				
Rental property	4,316.3	4,519.6	203.3	4,991.6
Renovation and building work in-progress	502.5	516.2	13.7	565.0
Rental property	4,818.8	5,035.8	217.0	5,556.6
Owner-occupied property	40.8	39.6	-1.3	41.7
Non-current financial assets	7.9	4.1	-3.8	11.5
NON-CURRENT ASSETS	4,867.5	5,079.5	212.0	5,609.8
Cash and cash equivalents	276.9	227.0	-49.9	252.1
Inventories	103.2	89.7	-13.4	149.6
Trade receivables	486.3	478.2	-8.1	527.8
TOTAL ASSETS	5,733.9	5,874.5	140.6	6,539.4
EQUITY AND LIABILITIES				
Capital and reserves	446.2	487.0	40.8	530.1
Profit (loss) for the period	36.8	57.8	21.0	53.3
Government grants	1,352.1	1,451.0	98.9	1,542.8
Tax-regulated reserves	1.5	0.0	-1.5	0.0
TOTAL EQUITY	1,836.6	1,995.9	159.2	2,126.2
PROVISIONS	110.5	108.3	-2.2	119.6
Borrowings (outstanding principal)	3,425.5	3,439.1	13.6	3,899.3
Accrued interest on borrowings not yet due	19.1	19.3	0.2	20.8
NON-CURRENT LIABILITIES	3,444.6	3,458.4	13.9	3,920.1
Current borrowings	263.1	262.7	-0.4	299.1
Deferred income	79.1	49.1	-29.9	74.3
TOTAL EQUITY AND LIABILITIES	5,733.9	5,874.5	140.6	6,539.4

The main changes in non-current assets (excluding depreciation charges and derecognition of components) were as follows:

- deliveries for the period, i.e., 1,535 units of new housing and 44 commercial units representing a total amount of €254 million;
- investment work for the period totalling €89 million;
- assets under construction, which increased by €14 million year-on-year.

Cash on hand totalled €227 million at the end of 2019 (down €49.9 million) and represented 7.3 months' worth of rental income. This decrease reflects a change in the policy for raising loans for construction work.

Equity grew by €159.2 million to €1,996 million, mainly reflecting:

- net profit of €57.8 million for the period;

- a capital increase of €4.2 million for SIM;
- a €98.9 million increase in subsidies and government grants;
- a €1.5 million decrease in tax-regulated reserves.

After including SEMADER, equity totals €2,126 million.

Debt amounts to €3.5 billion excluding SEMADER, and €3.9 billion once SEMADER is consolidated.

At constant Group structure, movements over the period reflected the following:

- €212.3 million in new borrowings for new developments, acquisitions and investment work;
- €135.6 million in repayments due;
- €63.2 million in early repayments, corresponding to GAIA long-term real estate loans and to pre-financing of tax credits.

Balance sheet ratios

	2018	2019	With SEMADER 2019
Net debt (in € million)	3,168	3,231	3,668
Net debt/net rental income	8.6	8.7	8.8
Net debt/rental property	65.8%	64.2%	66.0%
Gearing (net debt/equity)	1.7	1.6	1.7
ROE (net profit/equity) (excluding profit for the year)	2.0%	3.0%	2.6%
Cash on hand/number of months of rental income	9.3	7.3	7.3

Most ratios are either stable year-on-year or slightly improved, such as the net debt/net rental property ratio or ROE which reached 3%.

Only the ratio of cash to net rental income suffered a marked decline (7.3 months' worth of rental income versus 9.3 months in 2018) due to lower cash and cash equivalent balances, although the ratio remains at a high level overall.

The average ratios deteriorated slightly following consolidation of SEMADER.

FREE CASH FLOW

At constant Group structure, cash flow from operating activities was €18.1 million higher than in 2018, making it possible to fund principal repayments.

The SIDOM entities generated a positive gross operating cash flow of €38 million in 2019 (compared to + €16.1 million in 2018), this was however insufficient to cover capital invested in building work due to the high cost of building components.

Capital outlay required for structural development and investment and other early repayments (mostly GAIA loans) were covered by cash proceeds on disposals.

The net funding requirement before equity financing was €4.4 million.

After payment of the first tranche of equity financing of €5.2 million, the €4 million in capital paid up by SIGUY and the €4.2 million capital increase for SIM, free cash flow was €9 million.

SEMADER having received a current account advance of €10 million and a capital increase of €9 million, free cash flow amounts to €25.1 million once SEMADER is included.

Free cash flow

(in €M)

	2018	2019	With SEMADER 2019
Cash flow from operating activities	155.6	173.7	190.5
Repayment of principal (excluding early repayments)	-133.8	-135.6	-154.2
GROSS OPERATING CASH FLOW	21.9	38.0	36.3
Capital invested in renovation/enhancement work	-11.1	-14.3	-14.3
Equity invested in building components	-12.9	-32.2	-34.3
NET OPERATING CASH FLOW	-2.1	-8.5	-12.3
Cash proceeds on disposals (price - outstanding principal)	27.0	26.0	29.5
Equity invested in development work (new buildings and acquisitions)	7.0	-2.6	-2.8
Equity invested in structural work	-3.1	-2.6	-2.6
Acquisition-related costs	-0.2	0.0	0.0
Other early repayments	-5.6	-16.8	-19.1
FREE CASH FLOW	23.0	-4.4	-7.3
Additional resources – subsidised equity loans (PHBB)	5.7	5.2	15.2
Equity financing	2.0	8.2	17.2
FREE CASH FLOW AFTER EQUITY FINANCING	30.7	9.0	25.1

MAISONS & CITÉS

INCOME STATEMENT

Net rental income for the year grew by €5.6 million (2%) thanks in part to deliveries of new buildings. At the same time, the contribution margin was €8.9 million higher thanks to lower maintenance expenditure (down €2.4 million) and property tax on developed property (down €4.2 million). This was offset by a €2.5 million increase in fees paid, notably contribution payments into the social rental housing guarantee fund (CGLLS) for which the basic rate increased from 2.2% to 2.8%.

EBITDA only increased by a limited amount of €6.3 million to €150 million, reflecting the €2.7 million increase in general expenses. EBITDA represented 52% of net rental income.

EBIT was down 6.9% year-on-year to €23.5 million, impacted by an €8 million increase in depreciation expenses related to new buildings placed in service and renovation work.

Disposal gains decreased by an amount of €4.4 million, and **net profit** for the year grew by €0.9 million to €13.3 million.

Income statement

(in €M)

	2018	2019	YoY change 2019/2018	YoY change 2019/2018 (%)
NET RENTAL INCOME	282.7	288.3	5.6	2.0%
Fees paid	-3.4	-5.9	-2.5	75.4%
Maintenance	-39.0	-36.6	2.4	-6.2%
Property tax on developed property	-26.7	-22.5	4.2	-15.6%
Other direct costs	-5.4	-6.2	-0.7	13.3%
CONTRIBUTION MARGIN	208.1	217.1	8.9	4.3%
Payroll	-58.9	-57.2	1.6	-2.8%
Other indirect costs	-14.3	-15.7	-1.4	9.9%
Own work capitalised	8.8	5.9	-2.9	-33.0%
GENERAL EXPENSES	-64.4	-67.1	-2.7	4.2%
EBITDA	143.7	150.0	6.3	4.4%
Depreciation and amortisation net of government grants and subsidies	-118.5	-126.5	-8.0	6.7%
EBIT	25.2	23.5	-1.7	-6.9%
Financial expense	-26.3	-25.4	0.8	-3.2%
Financial income	1.8	2.9	1.1	58.7%
NET FINANCIAL EXPENSE	-24.4	-22.5	1.9	-7.8%
PROFIT FROM ORDINARY ACTIVITIES	0.8	0.9	0.2	22.3%
Profit from selling activity	16.2	11.8	-4.4	-26.9%
Non-recurring profit (loss)	-2.6	1.5	4.1	-158.9%
Income tax and other levies	-1.9	-1.0	1.0	-49.9%
NET PROFIT	12.4	13.3	0.9	7.0%

BALANCE SHEET

Total assets declined by 1.2% (or by €34.4 million) in 2019.

Rental property grew by €38.1 million thanks to deliveries of new buildings and renovation projects.

Cash on hand totalled €225.9 million at the end of 2019 and represented 9.4 months' worth of rental income.

Equity totalled €1,039.9 million on 31 December 2019, an increase of €2.3 million, reflecting an €11 million decrease in government grants offset by net profit for the year of €13.3 million.

The net debt/net rental income ratio remained stable at 4.6. The gearing ratio (net debt/equity) came out at 1.3.

Balance sheet		(in €M)		
	2018	2019	YoY change 2019/2018	
ASSETS	2,854.5	2,820.2	-34.4	
Rental property	2,272.4	2,294.4	22.1	
Renovation and building work in-progress	197.0	213.1	16.1	
Rental property	2,469.4	2,507.5	38.1	
Owner-occupied property	16.3	15.8	-0.5	
Non-current financial assets	7.5	5.0	-2.5	
NON-CURRENT ASSETS	2,493.2	2,528.3	35.1	
Cash and cash equivalents	277.5	225.9	-51.6	
Inventories	19.1	15.6	-3.6	
Trade receivables	64.7	50.4	-14.3	
CURRENT ASSETS	361.3	291.9	-69.4	
EQUITY AND LIABILITIES	2,854.5	2,820.2	-34.4	
Capital and reserves	853.5	865.9	12.4	
Profit (loss) for the period	12.4	13.3	0.9	
Government grants	171.7	160.7	-11.0	
TOTAL EQUITY	1,037.6	1,039.9	2.3	
PROVISIONS	9.8	11.1	1.4	
Borrowings (outstanding principal)	1,557.6	1,543.6	-14.0	
Accrued interest on borrowings not yet due	9.9	10.3	0.4	
NON-CURRENT LIABILITIES	1,567.5	1,553.9	-13.6	
Current borrowings	238.8	214.2	-24.6	
Deferred income	0.8	1.0	0.2	
CURRENT LIABILITIES	239.6	215.2	-24.4	

Balance sheet ratios	2018	2019
Net debt/net rental income	4.6	4.6
Net debt/rental property	0.5	0.5
Gearing (net debt/equity)	1.2	1.3
Cash on hand/number of months of rental income	11.8	9.4

FREE CASH FLOW

Cash flow generated by operating activities totalled €132.8 million and was insufficient to cover capital invested in building work, leaving a residual funding requirement of €4.6 million.

Cash proceeds on disposals (€17.2 million) were used to finance the capital outlay required for development work (€6.1 million).

Free cash flow after equity financing was €6.4 million.

Free cash flow	(in €M)	
	2018	2019
Cash flow from operating activities	123.2	132.8
Repayment of principal (excluding early repayments)	-87.2	-94.6
GROSS OPERATING CASH FLOW	36.0	38.2
Equity invested in building work	-40.8	-42.8
NET OPERATING CASH FLOW	-4.7	-4.6
Cash proceeds on disposals (price - outstanding principal)	19.3	17.2
Equity invested in development work (new buildings and acquisitions)	-12.3	-6.1
Equity invested in structural work	-2.4	0.0
Dividends	-10.2	0.0
FREE CASH FLOW	-10.4	6.4
Equity financing	150.0	0.0
FREE CASH FLOW AFTER EQUITY FINANCING	139.6	6.4

ADOMA

INCOME STATEMENT

Net profit grew by €38 million year-on-year, mainly on the back of higher disposal gains driven by the sale of Adoma's former head office (which generated a capital gain of €42.2 million).

EBIT was stable year-on-year at around €47 million (i.e., €46.6 million in 2019 versus €47.4 million in 2018). This was the result of the combined impacts of:

- a €9 million increase in operating income resulting from:
 - a €5.4 million increase in revenue following a revaluation of the French rent review index, while the property portfolio remained relatively stable;
 - a €2.0 million increase in operating subsidies.
- a €9.8 million increase in operating expenses attributable to:
 - an increase in depreciation, amortisation and provisions – net of reversals of provisions – of €13.5 million:
 - €6.5 million for recognition of a PMR (Provision for Major Repairs) beginning in 2019;
 - an additional €5.8 million in depreciation expenses related to new buildings placed in service.
 - a €3.7 million decrease in other operating expenses, including a drop of €2.7 million in bad debts;
 - a €2.5 million decrease in personnel expenses due to lower amounts of social charges;
 - an increase in lease expense following the sale of the old head office and leasing of offices in the Galaxie building (€4.5 million).

Non-recurring profit surged by €38.4 million year-on-year to €35 million, driven mainly by the €40.1 million jump in disposal gains from the sale of the head office.

Income statement

(in €M)

	2018 (Reported)	2019 (Reported)	YoY change 2019/2018	YoY change 2019/2018 (%)
REVENUE	434.3	439.7	5.4	1.2%
Own work capitalised	3.7	3.2	-0.6	-15.0%
Operating subsidy	15.4	17.5	2.0	13.2%
Reversal of provision for investment subsidy	14.2	15.5	1.2	8.6%
Other income	1.7	2.5	0.8	49.3%
OPERATING INCOME	469.3	478.3	9.0	1.9%
Water, electricity & heating	-54.4	-56.5	-2.1	3.9%
General maintenance (excluding major upkeep & repairs)	-23.1	-22.4	0.7	-2.9%
Building upkeep & cleaning	-25.2	-24.8	0.4	-1.6%
Major upkeep & repairs	-2.5	-1.8	0.7	-26.9%
Rent expense	-29.5	-34.2	-4.7	16.0%
Security and caretaking services	-9.1	-6.7	2.4	-26.1%
Other operating expenses	-36.1	-32.5	3.7	-10.2%
Taxes other than on income	-27.2	-26.9	0.3	-0.9%
Personnel expenses	-147.0	-144.5	2.5	-1.7%
Additions to/reversals of depreciation, amortisation and provisions	-67.9	-81.4	-13.5	19.9%
TOTAL OPERATING EXPENSES	-422.0	-431.7	-9.8	2.3%
OPERATING INCOME	47.4	46.6	-0.8	-1.7%
NET FINANCIAL EXPENSE	-8.9	-9.2	-0.3	3.4%
PROFIT FROM ORDINARY ACTIVITIES	38.4	37.3	-1.1	-2.9%
NON-RECURRING PROFIT (LOSS)	-3.4	35.0	38.4	-1132.7%
Income tax and employee profit-sharing	-9.7	-9.4	0.3	-3.1%
NET PROFIT	25.4	63.0	37.6	147.9%

All activities

(in €M (excluding ICP))

	2018 (Reported)	2019 (Reported)
Revenue	434.3	439.7
Fees and rents (including internally-billed fees)	298.9	310.6
EBITDA	100.2	108.8
EBITDA margin (EBITDA/Revenue)	23.10%	24.70%
EBITDA/fees and rents (including internally-billed fees)	33.50%	35.00%

BALANCE SHEET

Equity and advances (excluding government grants) represented 22% of the total balance sheet in 2019 (23% in 2018), following the repayment of the €50 million shareholder advance in late 2019.

Cash and cash equivalents totalled €157 million at the end of 2019 and comprised €167 million of cash less €10 million in short-term loans.

Long-term working capital, representing the difference between long term assets and long-term fixed assets, is a measure of surplus available resources. It fell from €142 million in 2018 to €116 million in 2019 as a result of lower amounts of new borrowings and subsidies in relation to investment.

Balance sheet

(in €M)

	2018	2019	YoY change 2019/2018
ASSETS			
Rental property	1,555.4	1,708.3	152.9
Rental property	1,555.4	1,708.3	152.9
Cash and cash equivalents	155.1	166.6	11.5
Trade receivables	173.3	167.1	-6.2
CURRENT ASSETS	328.3	333.7	5.3
TOTAL ASSETS	1,883.8	2,042.0	158.2
EQUITY AND LIABILITIES			
Capital and reserves	357.9	383.4	25.4
Profit (loss) for the period	25.4	63.0	37.6
Government grants	498.0	498.3	0.3
Other	50.2	0.1	-50.1
TOTAL EQUITY	931.5	944.7	13.2
Provisions for major repairs	-	6.5	6.5
Other provisions	29.8	31.6	1.8
PROVISIONS	29.8	38.1	8.3
Borrowings (outstanding principal)	752.1	867.9	115.8
NON-CURRENT LIABILITIES	752.1	867.9	115.8
Current borrowings	17.1	26.5	9.4
Other current liabilities	146.0	158.3	12.3
Deferred income	7.2	6.5	-0.7
CURRENT LIABILITIES	170.3	191.2	20.9
TOTAL EQUITY AND LIABILITIES	1,883.8	2,042.0	158.2

(in €M)

	Reported 2018	Reported 2019
Gross debt (a)	752	858
Cash and cash equivalents (b)	155	157
Net debt = (a) – (b) (1)	597	701
Equity (excluding subsidies) (c)	383	446
Shareholder loans (d)	50	0
Permanent equity = (c) + (d) (2)	433	446
NET DEBT/PERMANENT EQUITY = (1)/(2)	1.4	1.6
Total revenue (3)	434	440
NET DEBT/TOTAL REVENUE = (1)/(3)	1.4	1.6
Revenue from fees (including internally-billed fees) (4)	298.9	310.6
NET DEBT/REVENUE FROM FEES (INCLUDING INTERNALLY-BILLED FEES) = (1)/(4)	2.0	2.3

FREE CASH FLOW

Free cash flow after capital outlay required for investment totalled €65.4 million and included €50 million in proceeds on disposals.

This funding surplus made it possible to cover the repayment of current account advances of €50 million. Once these current account advances had been paid, free cash flow amounted to €15.4 million, a year-on-year increase of €8.6 million.

Free cash flow	(in €M)		
	2018	2019	2019 vs 2018
Cash flow from operating activities	85.8	96.4	10.6
Repayment of principal (excluding early repayments)	-35.2	-33.0	2.2
GROSS OPERATING CASH FLOW	50.6	63.4	12.8
Equity invested in building components (including moveable property)	-25.2	-29.4	-4.3
NET OPERATING CASH FLOW	25.4	33.9	8.5
Cash proceeds on disposals (price - outstanding principal)	9.7	50.0	40.3
Equity invested in development work (new buildings + acquisitions + restructuring)	-19.7	-14.4	5.3
Other early repayments	-10.4	-4.1	6.3
FREE CASH FLOW	5.0	65.4	60.4
Additional resources (shareholder loans/repayment of advances)	1.8	-50.0	-51.8
FREE CASH FLOW AFTER EQUITY FINANCING	6.7	15.4	8.6

CDC Habitat

CDC Habitat group, the Caisse des Dépôts' public interest real estate subsidiary, is France's largest social landlord, managing more than 510,000 units of housing. It offers an effective solution to the housing needs of the state, communities, large public institutions and citizens. Its business operates within the framework of the Banque des Territoires, created in 2018.

CDC Habitat group covers the entire lodging market, offering its tenants an adapted housing experience, meeting their needs and resources, whether for renting or buying (social, low-cost, intermediate and affordable housing; student and young worker accommodation; senior and multigenerational housing; nursing homes; low cost and social housing acquisition).

As one of France's major housing operators, CDC Habitat is committed to exercising its public service mission through an approach underpinned by Corporate Social Responsibility in its dealings with all stakeholders.

www.cdc-habitat.com



33 avenue Pierre Mendès France - 75013 Paris

Tél. : 01 55 03 30 00

www.cdc-habitat.com

