



FINANCIAL REPORT 2020

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

GROUP **OVERVIEW**

2020 was dominated by the Covid-19 pandemic. This extraordinary event required rapid and unprecedented adaptation of business operations, organisation and support measures for the sectors hardest hit by mandatory lockdowns and closures. It severely weakened the financial situation of the most vulnerable households.

The CDC Habitat group quickly adapted to these unprecedented circumstances from an operational perspective:

- generalisation of teleworking arrangements and provision of equipment throughout lockdown to all employees for whom this was possible, adapting the organisation for functions requiring a physical presence and general roll-out of measures to protect employees (bulk orders of protective materials placed at the beginning of the first lockdown);
- financial and social support provided to the most vulnerable tenants;
- rent holidays were granted to commercial tenants forced to cease trading.

At end-2020, the impact of the pandemic on the Group's results remained relatively marginal despite the halt in letting/reletting activity during the first lockdown. However, the proportion of bad debts continues to be tracked closely as the consequences of the deteriorating financial situation of the most vulnerable households may take time to emerge.

The halt in construction work during the first lockdown has pushed back new builds.

To support the construction and housing sector which was severely hit by the pandemic, CDC Habitat, in Spring 2020, launched a call for projects to build 40,000 units of off-plan housing, including 21,300 units of contractual affordable housing (12,800 financed directly by CDC Habitat out of its own resources and 8,500 by third-party investors) ; 9,900 units of intermediate housing (funded by third-party investors) and 10,000 units of social housing (including 6,200 units in French overseas departments). The following targets were set at the end of 2020:

Off-plan acquisitions in large cities:

- 100,000 units of housing marketed by developers;
- 35,800 units of reserved housing, including 20,300 units of contractual affordable housing, 10,800 units of intermediate rental housing and 4,700 units of social rental housing;
- nearly 10,000 off-plan sale agreements signed for contractual affordable and intermediate rental housing.

Off-plan acquisitions in French overseas departments:

- 11,600 units of housing proposed;
- over 6,000 units of housing selected (approved by senior management or under review).

GROWTH IN PORTFOLIO

In 2020, CDC Habitat group's owned portfolio grew by 2.3% (+ 11,159 units) and the managed portfolio increased by 2.6% (+ 13,238 units), due to:

1. The impact of changes in scope of consolidation and specific acquisitions among:

- acquisition of the property portfolio of APAVOU, comprising 2,601 units of housing on Reunion Island ;
- consolidation of SODIAC after a stake was acquired by CDC Habitat (4,141 units at 31/12/2020).

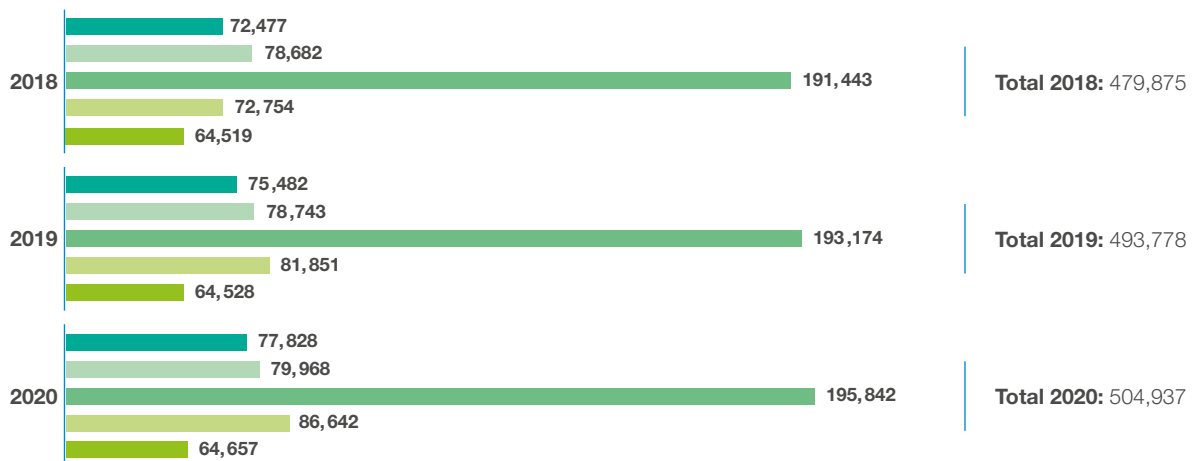
2. At constant Group structure, the owned and managed portfolios grew by 0.9% and 1.3%, respectively, during the year (i.e., + 6,449 units) due to the combined impacts including the following:

- delivery of 14,971* new units, including acquisitions and housing for first-time buyers;
- disposal of 4,954 units, including programmes for first-time buyer;
- demolition of 2,612 units.

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

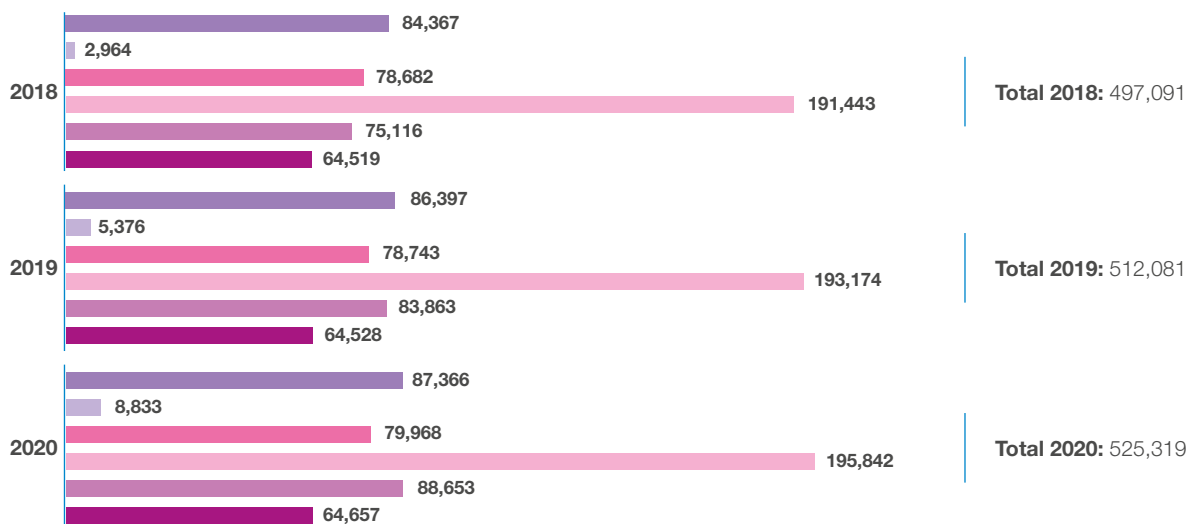
Changes in owned portfolio in number of units

■ CDC Habitat + Sainte-Barbe + CDC Habitat Action copropriétés ■ Adoma
■ CDC Habitat social ■ SIDOM* ■ Maisons & Cités



Changes in managed portfolio in number of units

■ CDC Habitat + Sainte-Barbe + CDC Habitat Action copropriétés ■ Funds managed ■ Adoma ■ CDC Habitat social ■ SIDOM* ■ Maisons & Cités



* SIDOM: excluding shops owned (2,240 at end-2020)

NET RENTAL INCOME

Net rental income grew by 2.8 % for the year to €2,655.8 million.

The **CDC Habitat intermediate housing (consolidated accounts)** reported net rental income of €570.3 million, up + 3.3% (or €18.1 million) for the year. This increase included:

- gross rental income, which grew by €15.2 million (up 2.8%), mostly due to first-time consolidation of real estate investment companies (SCI) and APAVOU (which added €13.3 million);
- a €3.3 million (up 12.5%) increase in income from other activities to €29.4 million, attributable to the growth in management fees from third parties on the back of the ramping up of investment fund activity.

CDC Habitat social reported net rental income of €890.8 million in 2020, which was fairly stable year on year (up 0.2% or €1.4 million). This reflected the combined impact of acquisitions and new builds, partially offset by increases in rent supplements.

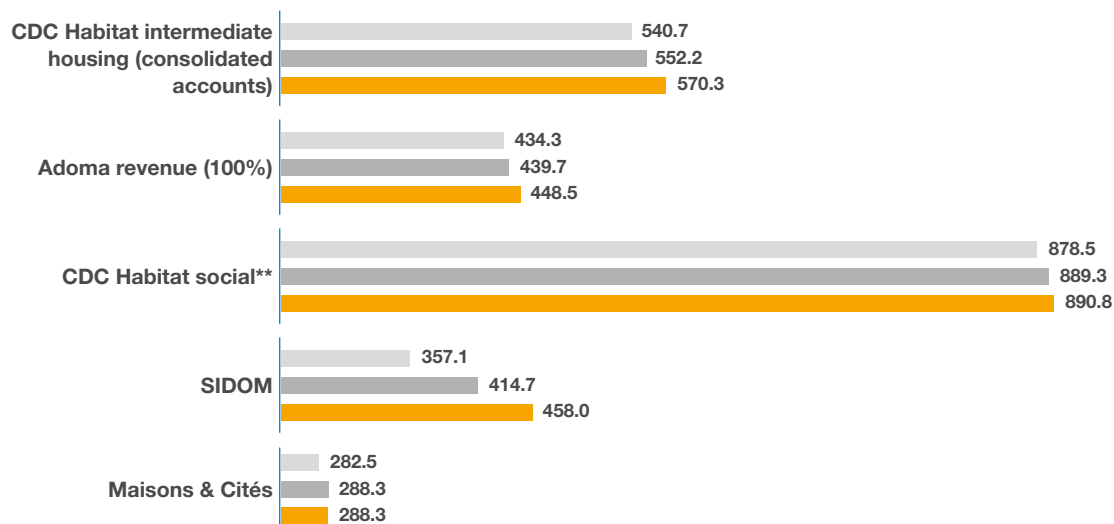
The **SIDOM division's** net rental income grew by 10.4% (+ €43.2 million) over the year, including €24.8 million related to the consolidation of SODIAC in 2020. Excluding SODIAC, net rental income grew by €18.5 million (or + 4.5%) on the back of 2019 and 2020 deliveries (+ €9.8 million) and rent indexation (+ €6 million).

Maisons & Cités generated net rental income of €288.3 million, which was stable when compared to 2019.

Adoma's revenue grew by 2.0% year-on-year to €448.5 million.

Net rental income and Adoma revenue (€ million)

■ 2018 ■ 2019 ■ 2020



*CDC Habitat's consolidated financial statements are prepared under IFRS. The other entities are accounted for under French Gaap

** o/w €0.1 million reported in 2020 for Centre Loire Habitat and Garonne Habitat

HIGH LEVELS OF INVESTMENT

The investment contribution ratio (INCR) is equal to:

- gross cash flow divided by
- 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

Investments net of subsidies are more than three times greater than gross cash flow (investments at delivery, excluding management on behalf of third parties).

Investment contribution ratio (INCR)

(in €M)

	2018	2019	2020	Cumulative 2018/2020	YoY change 2020/2019
CDC HABITAT + SAINTE-BARBE + CDC HABITAT ACTION COPROPRIÉTÉS (excluding investments made on behalf of third parties)					
Investments net of subsidies	254.4	816.2	531.8	1,602.3	-35%
Gross cash flow	69.1	54.2	132.5	255.8	144%
INCR	27.2%	6.6%	24.9%	16.0%	18.3
CDC HABITAT SOCIAL					
Investments net of subsidies	657.5	853.3	754.4	2,265.2	-12%
Gross cash flow	203.6	226.5	190.8	620.9	-16%
INCR	31.0%	26.5%	25.3%	27.4%	-1.3
ADOMA					
Investments net of subsidies	146.2	150.9	164.6	461.7	9%
Gross cash flow	53.8	94.1	67.5	215.4	-28%
INCR	36.8%	62.4%	41.0%	46.7%	-21.4
SIDOM					
Investments net of subsidies	256.4	247.9	251.0	755.3	1%
Gross cash flow	48.9	66.9	60.3	176.1	-10%
INCR	19.1%	27.0%	24.0%	23.3%	-2.9
MAISONS & CITÉS					
Investments net of subsidies	437.7	183.5	174.6	795.8	-5%
Gross cash flow	55.3	55.4	85.5	196.2	54%
INCR	12.6%	30.2%	49.0%	24.7%	18.8
GROUP					
Investments net of subsidies	1,752.2	2,251.7	1,876.3	5,880.2	-17%
Gross cash flow	430.7	497.1	536.6	1,464.4	8%
INCR	24.6%	22.1%	28.6%	24.9%	6.5

VERY EFFECTIVE MANAGEMENT

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

- a deterioration in the relet vacancy rate to 1.63% (up by 0.27 points), compared to 1.36% in 2019, i.e., a return to 2018 levels. This deterioration was especially marked at CDC Habitat intermediate housing (consolidated accounts) level and in CDC Habitat social;
- monitoring and support initiatives deployed at Group level have helped to keep bad debts at a satisfactory level. Ratios for SIDOM entities improved in 2020 and continue to be tracked very closely;
- the ratio of management costs/net rental income at Group level remained stable year-on-year at 26.0%. It edged up slightly for the CDC Habitat intermediate housing (consolidated accounts) (by 0.7 points). Management costs for the emergency accommodation division were slightly lower (down 0.7 points), but remain high, reflecting the social support component of this activity;
- maintenance expenditure represented 10.6% of the Group's consolidated net rental income, a drop of 0.4 points. The highest level of 15.7% was reported by Adoma. Recurring maintenance expenditure throughout the Group averaged €530/unit in 2020. 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 at end-2020 remained at a comfortable 52.4%, reflecting year-on-year improvements across all entities;
- the net debt/net rental income ratio was stable in all entities and it remained low for Adoma.

Operating data

	Group	CDC Habitat intermediate housing (consolidated accounts)	CDC Habitat social	Adoma	SIDOM	Maisons & Cités
RENTAL MANAGEMENT						
Average vacancy rate on available units	1.63%	2.69%	1.71%	1.01%	1.63%	0.76%
For information 2019	1.36%	2.25%	1.30%	0.88%	1.85%	1.02%
Average vacancy rate on available units (> 1 month)	1.14%	1.83%	1.11%	nd.	nd.	0.31%
For information 2019	0.53%	1.47%	0.75%	nd.	nd.	0.56%
Bad debts	1.6%	1.2%	1.1%	1.6%	2.4%	1.5%
For information 2019	1.7%	0.9%	1.1%	1.2%	2.7%	1.7%
MANAGEMENT COSTS (AS A % OF NET RENTAL INCOME)	26.0%	27.3%	25.0%	32.0%	24.6%	23.3%
For information 2019	25.9%	26.6%	24.2%	32.7%	25.3%	25.4%
DEVELOPMENT/DISPOSALS						
New SOs/acquisition ratio	4.9%	16.8%	2.6%	4.2%	2.7%	1.0%
Disposal ratio	1.1%	2.7%	1.0%	0.8%	0.3%	0.4%
PROPERTY MANAGEMENT						
Maintenance/in € per equivalent housing unit	€530	€609	€505	€479	€588	€488
Maintenance/as % of net rental income	10.6%	9.0%	9.9%	15.7%	11.0%	10.8%
Ratio of renovation work/work to enhance neighbourhood quality	1.8%	2.5%	1.6%	0.0%	1.7%	3.5%

GROUP OVERVIEW

Financial data

	Groupe	CDC Habitat intermediate housing (consolidated accounts)	CDC Habitat social	Adoma	SIDOM	Maisons & Cités
INCOME STATEMENT						
Net rental income or revenue (Adoma)	2,655.8	570.3	890.8	448.5	458.0	288.3
For information 2019	2,584.2	552.2	889.3	439.7	414.7	288.3
Recurring operating income or EBITDA/net rental income*	52.4%	55.3%	51.5%	41.2%	54.0%	56.5%
For information 2019	50.9%	53.4%	50.7%	39.2%	53.6%	52.0%
Gains on disposals/profit before tax**	57.8%	63.4%	78.1%	35.8%	28.2%	39.6%
For information 2019	67.9%	51.6%	87.8%	71.7%	38.4%	88.7%
Gains on disposals/recurring operating income or EBITDA	20.3%	34.5%	22.6%	15.0%	8.0%	8.5%
For information 2019	25.6%	25.7%	34.4%	49.6%	9.5%	7.9%
GROSS CASH FLOW/INV (INCR)	28.6%	6.6%	26.5%	62.4%	27.0%	30.2%
For information 2019	22.1%	27.2%	31.0%	36.8%	19.1%	12.6%
NET DEBT/NET RENTAL INCOME	7.2	7.8	7.9	3.2	8.8	4.5
For information 2019	6.9	6.6	7.9	3.1	8.8	4.6
GEARING (NET DEBT/EQUITY)	1.4	1.0	1.7	0.8	1.7	1.2
For information 2019	1.5	1.3	1.7	0.8	1.7	1.3
LTV (LOAN TO VALUE)	-	42.9%	40.1%	nc	nc	nc
For information 2019	-	41.9%	41.2%	nc	nc	nc
ANNUITIES/NET INCOME	41.2%	48.0%	49.6%	17.2%	30.9%	39.1%
For information 2019	46.7%	54.5%	50.5%	16.8%	nc	41.5%

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

** For CDC Habitat intermediate housing (consolidated accounts): 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, whose rating is in turn dependent on that of the French State. CDC Habitat's rating factors in its financial and strategic integration within CDC, as well as its key role in providing social housing at national level. Differences between CDC Habitat's and CDC's 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 negative outlook, i.e., one notch below CDC's rating.

Highlights in 2020 and business environment:

- **In 2020, CDC Habitat continued to take part in the restructuring of the French social support sector.** It entered into new partnership agreements and acquired stakes in operators within the sector. At end-2020, 35 partnership agreements had been signed, representing nearly 315,000 units of housing for a provisional budget of €430 million (of which €307 million has already been committed). This process will be actively pursued into 2021. Within the scope of these partnerships, CDC Habitat has also created two intermediate rental housing subsidiaries in liaison with Les Résidences Yvelines Essonne and Perpignan Habitat, and two social housing entities. Ysalia Centre Loire Habitat and Ysalia Garonne Habitat, by contributing part of CDC Habitat social's property portfolio (mostly family housing).
- **CDC increased CDC Habitat's share capital** by €1.23 billion last spring to help with the recovery in the construction sector (40,000 units of off-plan housing, support for social housing bodies), €480 million had been called up at end-2020.
- In 2019, CDC had contributed shares in 42 real estate investment companies (SCIs) to CDC Habitat. In 2020 the situation of these entities changed as follows:
 - 2 entities were fully consolidated in the books of CDC Habitat from their contribution date and merged on 30 September 2020;
 - 25 entities were not consolidated in the books of CDC Habitat and were merged on 30 September 2020;
 - 15 entities had not been merged at 31 December 2020.

■ Renewal of the SOLINTER framework agreement:

After four years, the first framework arrangement for property management services, rental property marketing services and asset administrative, technical accounting and financial management services, coordinated by SAS Solinter Actif 1, expired on 1 February 2020.

In early 2020, Solinter Actifs 1 put out a call to tender to renew the framework agreement. As with the previous arrangement, this will take the form of a multi-contractor framework agreement for subsequent contracts.

At the end of the selection process, CDC Habitat secured a five-year contract as Property Manager for the four geographical zones included within the tender and covering the entire country.

■ Acquisition by CDC Habitat of the property portfolio formerly owned by APAVOU on Reunion Island:

In 2020, as part of the liquidation of APAVOU, CDC Habitat acquired its property portfolio on Reunion Island (2,601 units of housing at 31 December 2020). The portfolio will be managed by GIE Outre-Mer (an inter-company partnership for managing assets in French overseas departments).

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

- CDC Habitat, SAS Sainte-Barbe, AMPERE Gestion and ADESTIA, SCI de Régions and SCI Mac Donald were included through 30 September 2020, at which point they were merged into CDC Habitat and fully consolidated;
- Adoma (56.44% stake) and FLI (19.14% stake), 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 €133.3 million, compared to €110.4 million for 2019.

Net rental income excluding property development (i.e., net rents + income from other activities) grew by €18.1 million to €570.3 million on the back of higher gross rental income (up €15.2 million) and income from other activities (up €3.3 million).

Operating expenses decreased by €3.6 million to €254.7 million for the year. This drop was mainly attributable to the €15.5 million increase in other operating income (non-recurring items, including offsetting surpluses of €8.5 million on the current accounts of the real estate investment companies (SCIs), partially offset by the €9 million increase in personnel expenses, mainly driven by the full-year impact of people hired in 2019 and 2020.

Maintenance expenses represented 9% of net rental income.

The **property development margin** came out at a negative amount of €0.3 million due to write-offs taken on an operation.

Recurring operating income rose by €20.8 million year-on-year to €315.4 million. Excluding the property development margin, recurring operating income was 55.3% of net income vs 53.2% in 2019.

Disposal gains accounted for 63.4% of pre-tax profit (€108.7 million), which was 11 points higher than in 2019.

Depreciation and amortisation net of government grants and subsidies increased by €10.3 million year-on-year to €181.1 million due to new buildings placed in service.

Net reversals of provisions on property totalled €1.1 million (€6.8 million in 2019), reflecting the reversal of provisions no longer required.

Adoma's contribution to consolidated profit decreased to €24.1 million. This was 12.8 million less than in 2019, which included a non-recurring gain on the sale of the rue Cambronne head office.

FLI only contributed a small amount of €0.5 million to net income as 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 €268.7 million, €24.7 million higher than in 2019.

Cost of net debt decreased by €3.5 million to €98.8 million in 2020 (down from €102.3 million in 2019), because of the increase in dividends received and interest received on property developers' calls for funds. This income was offset by negative fair value adjustments to derivatives.

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.

Positive fair value adjustments to investments amounted to €1.5 million in 2020. Revaluation of shares in CDC Habitat social and the merged non-consolidated real estate investment companies (*SC/s*) resulted in the recognition of income of €1.2 million and €0.3 million, respectively, compared with an amount of €5.4 million recognised in 2019 (on CDC Habitat and SCI Arquebusiers).

Profit before tax was €171.4 million vs €147.2 million in 2019, a year-on-year increase of €24.2 million.

The **tax expense** was €38.1 million, a small increase of €1.3 million when compared to 2019. For information, the share in the net income of Adoma is exempted from income tax.

Consequently, **Return On Equity (ROE)** declined by 1.0 point to 3.6%.

CDC HABITAT INTERMEDIATE HOUSING (CONSOLIDATED ACCOUNTS)

Consolidated income statement, prepared under IFRS

(in €M)

	2019	2020	YoY change 2020/2019 €	YoY change 2020/2019 %
Gross rental income	533.6	548.8	15.2	2.8%
Loss on recoverable rental charges	-7.5	-7.9	-0.4	4.8%
Net rental income	526.1	540.9	14.8	2.8%
Income from other activities	26.1	29.4	3.3	12.5%
NET RENTAL INCOME	552.2	570.3	18.1	3.3%
Income from property development	5.8	2.1	-3.7	-64.5%
Cost of inventory	-5.2	-2.3	2.9	-55.5%
Property development margin	0.6	-0.3	-0.8	-146.8%
Purchases consumed & external services	-91.6	-90.2	1.4	-1.5%
Maintenance	-52.0	-55.3	-3.3	6.4%
Taxes other than income taxes	-54.4	-55.3	-0.9	1.7%
Personnel expenses, discretionary and non-discretionary profit-sharing	-63.3	-72.4	-9.0	14.2%
Other operating income (expense)	3.1	18.6	15.5	497.3%
Total recurring expenses	-258.3	-254.7	3.6	-1.4%
RECURRING OPERATING INCOME	294.5	315.4	20.8	7.1%
Disposal gains on investment property	76.5	108.7	32.3	42.2%
EBITDA	371.0	424.1	53.1	14.3%
Depreciation and amortisation net of government grants and subsidies	-170.9	-181.1	-10.3	6.0%
Net (additions to) reversals of provisions	6.8	1.1	-5.6	-83.2%
Net disposal gains (losses)	0.0	0.0	0.0	-
Impairment losses on intangible assets	0.0	0.0	0.0	-
EBIT BEFORE SHARE IN NET INCOME OF ASSOCIATES	206.9	244.1	37.2	18.0%
Share in net income of associates	37.2	24.7	-12.5	-33.7%
EBIT AFTER SHARE IN NET INCOME OF ASSOCIATES	244.1	268.7	24.7	10.1%
Cost of gross debt	-116.2	-115.6	0.6	-0.5%
Income from cash and cash equivalents	12.4	16.7	4.3	34.8%
Fair value adjustments to derivatives	1.5	0.0	-1.5	-97.4%
Cost of net debt	-102.3	-98.8	3.5	-3.4%
Fair value adjustments to investments	5.4	1.5	-4.0	-73.0%
PROFIT BEFORE TAX	147.2	171.4	24.2	16.4%
Income tax expense	-36.8	-38.1	-1.3	3.6%
NET PROFIT	110.4	133.3	22.9	20.7%
Non-controlling interests	0.0	0.0	0.0	
NET PROFIT ATTRIBUTABLE TO OWNERS	110.4	133.3	22.9	20.7%

	2019	2020
Recurring operating income (excluding property development margin)/net income (net rents + income from other activities)	53.2%	55.3%
Gains on disposals/profit before tax (excluding impact of swaps)	52.5%	63.4%
Gains on disposals/EBITDA	20.6%	25.6%
Gains on disposals/recurring operating income	26.0%	34.5%
Interest coverage ratio (ICR)	1.20	1.23
ROE	4.6%	3.6%

CONSOLIDATED ASSETS GREW BY OVER €2 BILLION

OVERVIEW OF THE GROUP'S BORROWINGS

In December 2019, the Supervisory Board authorised the Group to raise €502 million in new borrowings for 2020 by means of placements on the open market. Ultimately, €391 million was raised:

In €	2020 BS	Authorised by the Supervisory Board on 18/12/19
Business development	72 M	117 M
APAVOU	133 M	133 M
Refinancing of real estate investment companies (SCIs)	146 M	210 M
Work	40 M	42 M
Total 2020 interest-free loans	391 M	502 M

- five commercial paper and medium-term note programmes (NEU CP-NEU MTN) for an amount of €164 million, borrowed for periods of between 16 and 27 years;

- seven bank loans totalling €227 million for periods of between 12 and 18 years.

The weighted average interest rate on these new borrowings is 0.86% at an average maturity of 17 years.

CDC Habitat also raised the following amounts in 2020:

- €100 million drawn down under a lending arrangement with the European Investment Bank (EIB);

- €26 million in home-ownership loans and €3 million in collector/provident fund loans.

Sainte-Barbe contracted a €14 million loan over a 15-year span at 0.52% with Banque Postale to finance renovation work for 2020.

After taking into account the impact of hedging, the weighted average interest rate on CDC Habitat intermediate housing (consolidated accounts) borrowings is 2.56% (compared to 2.76% in 2019).

Due to the €1,230 million share capital increase in 2020, the gearing ratio decreased from 1.4 in 2019 to 1.1 in 2020. After fair value adjustments to derivatives, it comes out at 1.0.

Because of the increase in net debt, the real estate Loan to Value (RELTV) ratio increased slightly to 47.4%. The overall Loan to Value (LTV) ratio, which includes fair value adjustments to non-consolidated investments, grew by nearly 2 points to 42.9%.

IN ASSETS

Non-current assets grew by €1,473.4 million (+ 20.5%), mainly reflecting the combined effects of:

- a €1,298.8 million increase in **investment property**, mainly driven by new work in-progress (effects of the stimulus plan) and new buildings placed in service which exceeded disposals and depreciation expenses for the period;
- a €145.4 million increase in **available-for-sale financial assets**. This heading corresponds to non-consolidated investments owned directly by CDC Habitat or via ADESTIA. This increase reflects acquisitions of equity interests during the period for an amount of €185 million, partially offset by a negative amount of €41 million for cancelled securities following the merger of 25 non-consolidated real estate investment companies;
- the €15.3 million increase in **investments in associates** (FLI and Adoma);
- the €19.8 million increase in **other non-current financial assets**, mainly tied to the growth in derivative instruments in assets;
- recognition of a deferred tax asset for an amount of €24.4 million (€3.3 million less than in 2019).

Current assets grew by €773.7 million, thanks to higher amounts of accounts receivable (+ €776.7 million), including the €750 million in uncalled capital subscribed by CDC.

Assets held for sale decreased by €2.7 million. As of 31 December 2020, there were no outstanding sales agreements. Therefore, no assets were classified under this heading.

IN EQUITY AND LIABILITIES

Equity grew by + 53.1% or €1,338.7 million, thanks mainly to the increase in capital subscribed by CDC (+ €1,230 million) and the €133 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 €311.6 million, in line with a €270.5 million increase in non-current borrowings (new borrowings net of repayments) and a €41.1 million increase in other non-current financial liabilities (mainly reflecting the impact of derivatives).

Current liabilities were €588.3 million, or + 58.1% higher year-on-year:

- **current borrowings** grew by €513.3 million to €1,221.6 million, mainly due to the €650 million increase in the commercial paper programme (NEU CP);
- **other current liabilities** grew by €79.7 million, including an amount of €41 million owed to property developers.

Liabilities held for sale decreased by €0.7 million. There were no outstanding sales agreements at the end of the reporting period and no assets were classified under this heading.

CDC HABITAT INTERMEDIATE HOUSING (CONSOLIDATED ACCOUNTS)

Balance sheet

(in €M)

	2018	2019	2020	YoY change 2020/2019
ASSETS				
Intangible assets	5.6	4.3	3.2	-1.1
Investment property	4,950.7	5,360.7	6,659.5	1,298.8
Other non-current assets	24.3	30.6	29.1	-1.5
Rental property	4,980.5	5,395.6	6,691.8	1,296.2
Available-for-sale financial assets	422.8	657.2	802.6	145.4
Investments in associates	399.9	425.9	441.2	15.3
Other financial assets	528.8	665.7	685.5	19.8
Deferred tax assets	8.2	27.7	24.4	-3.3
Non-current financial assets	1,359.7	1,776.5	1,953.7	177.2
NON-CURRENT ASSETS	6,340.2	7,172.1	8,645.5	1,473.4
Cash and cash equivalents	706.4	1,092.3	1,087.3	-5.0
Inventories	19.6	17.7	19.7	2.0
Trade receivables	426.7	236.5	1,013.2	776.7
CURRENT ASSETS	1,152.7	1,346.5	2,120.2	773.7
Assets held for sale	30.9	2.7	0.0	-2.7
TOTAL ASSETS	7,523.8	8,521.3	10,765.7	2,244.4
EQUITY AND LIABILITIES				
Share capital	893.5	933.3	2,163.3	1,230.0
Reserves	1,306.4	1,475.4	1,561.2	85.8
Net profit for the period	90.2	110.4	133.3	22.9
Equity attributable to owners of the parent	2,290.0	2,519.1	3,857.8	1,338.7
Non-controlling interests	0.0	0.0	0.0	0.0
TOTAL EQUITY	2,290.0	2,519.1	3,857.8	1,338.7
TOTAL PROVISIONS	28.9	38.7	45.2	6.5
Non-current borrowings	3,512.3	3,910.5	4,181.0	270.5
Other non-current financial liabilities	950.3	1,040.0	1,081.1	41.1
Deferred tax liabilities	0.0	0.0	0.0	0.0
NON-CURRENT LIABILITIES	4,462.6	4,950.5	5,262.1	311.6
Current provisions	18.1	16.9	10.1	-6.8
Current borrowings	491.7	706.2	1,221.6	515.3
Other current liabilities	219.8	289.1	368.8	79.7
CURRENT LIABILITIES	729.6	1,012.2	1,600.5	588.3
Liabilities related to assets held for sale	12.6	0.7	0.0	-0.7
TOTAL EQUITY AND LIABILITIES	7,523.8	8,521.3	10,765.7	2,244.4

Balance sheet ratios

	2019	2020	YoY change 2020/2019
Net debt (€ million)	3,524	4,315	791
Gearing (net debt/equity)	1.4	1.1	-0.3
Gearing (excluding impact of swaps)	1.3	1.0	-0.2
Net debt/income (statutory accounts)	6.6	7.8	1.2
Overall Loan to value (LTV)	41.9%	42.9%	1.1%
Real estate borrowings/EBO	8.98	9.76	0.78

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

FINANCING THE ACTIVITY

The various operations carried out in 2020 generated a funding surplus of €184.9 million vs a net funding requirement of €19.5 million in 2019. This €204 million increase reflects several factors:

- cash generated by operating activities decreased by €10.5 million to €160.9 million;
- principal repayments for the year decreased by €25.7 million;
- the capital outlay required for work on the housing portfolio was down slightly year-on-year by €2.3 million;
- cash proceeds on disposal increased by €36.5 million; equity invested in development work rose by €86.9 million, due mainly to the recognition of €55.1 million in acquisition costs related to the “VEFA 40 000” stimulus plan.

Consequently, free cash flow before equity financing was €17.6 million, a drop of €35.4 million on the 2019 figure.

After factoring in acquisitions of equity interests and repayment of current account advances totalling €210.8 million and €66.4 million, respectively, and the cash payment of €479.7 received from CDC (i.e., the amount of the €1,230 million capital increase paid up in 2020), there was a funding surplus of €184.9 million for the year.

Free cash flow

(in €M)

	2019	2020
Cash flow from operating activities	171.4	160.9
Repayment of principal	-180.1	-154.4
Dividends received from FLI	2.2	5.2
Dividends received from VESTA	0.9	1.7
Dividends received from other investments	0.0	3.5
GROSS OPERATING CASH FLOW	-5.6	16.9
Capital invested in renovation/enhancement/demolition (calculated at delivery)	-18.7	-16.5
NET OPERATING CASH FLOW	-24.3	0.5
Cash proceeds on disposals	146.2	182.7
Equity invested in development (at delivery)	-102.1	-188.9
Equity invested in major projects	0.0	-9.5
Equity invested in structural work	-2.0	-2.0
Other early repayments	0.0	-0.3
FREE CASH FLOW BEFORE EQUITY FINANCING	17.8	-17.6
Acquisitions of equity interests	-228.3	-210.8
FREE CASH FLOW AFTER EQUITY FINANCING AND BEFORE TRANSFERS TO RESERVES AND CAPITAL INCREASE	-210.4	-228.4
Cash capital increase	200.0	479.7
Current account advances granted to/repaid by subsidiaries	-9.1	-66.4
FREE CASH FLOW AFTER EQUITY FINANCING AND BEFORE TRANSFERS TO RESERVES	-19.5	184.9

CDC HABITAT SOCIAL

Highlights in 2020 and business environment:

- reduction in rent supplements charged to better-off tenants (RLS): the Government decision of 30 September 2020 reduced rent supplements with effect from 1 October 2020 through 31 December 2020, in order to limit the annual cost of the programme to €1.3 billion, as provided for in the agreement with social housing operators;
- CDC Habitat social was involved in the plan to bail out housing associations experiencing financial difficulties, via the signature of emergency agreements with public authorities to acquire and renovate housing. During 2020, eight agreements were signed and 23 properties acquired (Mulhouse Coteaux, Toulouse Mirail, Marseille Métropole, Bagnolet, etc.);
- two new entities were acquired within the scope of regional agreements: Ysalia Habitat Garonne and Ysalia Centre Loire Habitat. CDC Habitat social contributed assets (2,686 units of mostly family housing) to these entities and ceded its shares in Ysalia Centre Loire Habitat to ADESTIA at the end of 2020. The shares in Ysalia Habitat Garonne should be ceded in the course of 2021.

INCOME STATEMENT

Net rental income grew by €1.4 million year-on-year to €890.7 million, mainly on the back of rental income increases of €8.2 million due to properties delivered during the period (€21 million), higher rents from the existing property portfolio (€9 million), less rents lost on properties sold (€9 million) and the €12 million reduction in rent supplements charged to better-off tenants (RLS). Increases in bad debts and unrecoverable rental charges of €3 million and €2.6 million, respectively, also reduced rental income.

The contribution margin grew by €15.9 million (or 2.6%) to €631.8 million, mainly due to:

- a decrease in the basic annual contribution rate for the social rental housing guarantee fund (*CGLLS*) of €7.3 million after the reduction in the effective rate was raised (1.417 in 2020 vs 1.09 in 2019);
- a €10.6 million drop in maintenance costs to €88.5 million, i.e., 9.9% of net rental income;
- a €3.2 million increase in property taxes due to disposals of exempted properties and the omission of certain longstanding exemptions as well as exemptions from French Tax on Developed Property (*FTDP*) (following the merger of the 13 former social housing entities) for which adjustment requests will be submitted in 2021.

General expenses increased by €7.9 million to €173.2 million, representing 19.4% of net rental income.

EBITDA was €458.6 million, a rise of €8.0 million (51.5% of net rental income).

EBIT came in at €159.4 million and was hit by the €10.8 million increase in depreciation charges related to new buildings placed in service and renovation work carried out.

Net financial expense was €148.1, which was €4 million higher than in 2019, as a result of the combined impact of a €0.9 million increase in financial expenses and a €3.1 million drop in financial income (decrease in cash and cash equivalents and lower investments yields).

Disposals generated income of €103.7 million on the sale of 1,725 units of housing, which was €51.5 million less than in 2019. Disposal gains accounted for 78.1% of net profit vs 87.8% in 2019.

Non-recurring profit grew by €14.1 million year-on-year, mainly due to the €13 million gain generated on the assets contributed to set up the Ysalia Garonne Habitat social housing entity.

Employee profit-sharing costs amounted to €9.5 million for the year and taxes and levies totalled €1.2 million.

Consequently, **net profit** for the year came in at €132.7 million, a decrease of €44.1 million when compared with 2019.

Income statement

(in €M)

	2019	2020	YoY change 2020/2019 €	YoY change 2020/2019 %
NET RENTAL INCOME	889.3	890.7	1.4	0.2%
Fees paid	-27.4	-20.0	7.3	-26.8%
Maintenance	-99.1	-88.5	10.6	-10.7%
Local staff payroll	-24.5	-25.8	-1.3	5.1%
Property tax on rental housing stock	-97.3	-100.5	-3.2	3.3%
Other direct costs	-25.1	-24.1	1.0	-4.0%
CONTRIBUTION MARGIN	615.9	631.8	15.9	2.6%
Administrative staff payroll	-111.1	-116.6	-5.6	5.0%
Other indirect costs	-19.9	-18.5	1.4	-7.0%
Services	-34.3	-38.1	-3.7	10.8%
GENERAL EXPENSES	-165.3	-173.2	-7.9	4.8%
EBITDA	450.5	458.6	8.0	1.8%
Depreciation and amortisation (net of government grants & subsidies)	-287.9	-297.4	-9.5	3.3%
Variance MR/PMRs	-0.5	-1.8	-1.3	274.6%
EBIT	162.2	159.4	-2.8	-1.7%
Financial expense	-151.9	-152.8	-0.9	0.6%
Financial income	7.7	4.6	-3.1	-39.9%
NET FINANCIAL EXPENSE	-144.1	-148.1	-4.0	2.8%
PROFIT FROM ORDINARY ACTIVITIES	17.9	11.0	-6.9	-38.6%
Profit from selling activity	155.2	103.7	-51.5	-33.2%
Non-recurring profit (loss)	14.7	28.7	14.1	96.0%
Employee profit-sharing	-9.3	-9.5	-0.2	1.9%
Income tax	-1.7	-1.2	0.5	-28.7%
NET PROFIT	176.8	132.7	-44.1	-24.9%

BALANCE SHEET

IN ASSETS

- The €251.6 million increase in **rental property** was a result of the combined impact of:
 - deliveries of new buildings and acquisitions for an amount of €426 million;
 - completion of building work (renovation and replacement of components) totalling €81 million;
 - an increase in property in production of €229 million;
 - assets derecognised following disposal for a negative amount of €131 million;
 - depreciation charges totalling €353 million.

- The €5.9 million increase in **owner-occupied** property.

- **Non-current financial assets** grew by €9.6 million year-on-year, in line with the assets contributed to set up the Ysalia Garonne Habitat social housing entity, offset by the equity investments which will be ceded to ADESTIA in 2021.

- CDC Habitat social's **cash and cash equivalents** at end-2020 amounted to €669 million (net of amounts held in current accounts), a year-on-year increase of €100 million, mainly due to €150 million drawn down on short-term lines of credit.

- **Trade accounts receivable** balances grew by €60.5 million, thanks to increases in grants receivable (€24 million), current account balances (€15 million) and advances and prepayments (€22 million).

IN EQUITY AND LIABILITIES

- **Equity grew by €124.0 million** to €4,314.9 million, reflecting the combined impacts of:
 - CDC Habitat social's profit for the year totalling €132.7 million;
 - a €5 million decrease in subsidies and government grants;
 - €4 million in dividends paid out.

- **Borrowings** amounted to €7.8 billion, an increase of €237.2 million, mainly reflecting new borrowings of €439 million, less repayments of €372 million made during the period and short-term credit facilities of €150 million.

- **Other liabilities grew by €71.4 million** and included: €24 million increase in tenants with credit balances, an additional €16 million in borrowings from inter-company partnerships and an additional €30 million in accounts payable.

Balance sheet

(in €M)

	2019	2020	YoY change 2020/2019
ASSETS			
Rental property	10,035.6	10,058.6	23.0
Renovation and building work in-progress	1,281.4	1,509.9	228.5
Rental property	11,317.0	11,568.5	251.6
Owner-occupied property	25.0	30.9	5.9
Non-current financial assets	10.1	19.7	9.6
NON-CURRENT ASSETS	11,352.1	11,619.1	267.0
Cash and cash equivalents	569.0	669.3	100.3
Inventories	37.8	47.7	9.9
Trade receivables	438.1	498.6	60.5
Deferred charges	0.2	0.2	0.0
CURRENT ASSETS	1,045.1	1,215.7	170.6
TOTAL ASSETS	12,397.2	12,834.8	437.6
EQUITY AND LIABILITIES			
Capital and reserves	2,797.5	2,970.6	173.1
Profit (loss) for the period	176.8	132.7	-44.1
Government grants	1,216.5	1,211.5	-5.0
TOTAL EQUITY	4,190.9	4,314.9	124.0
PROVISIONS	88.8	92.7	3.9
Borrowings (outstanding principal)	7,543.0	7,786.5	243.6
Accrued interest on borrowings not yet due	49.5	43.2	-6.3
Compensating interest	0.1	0.1	0.0
NON-CURRENT LIABILITIES	7,592.6	7,829.8	237.2
Current liabilities	510.7	582.1	71.4
Deferred income	14.3	15.3	1.0
CURRENT LIABILITIES	525.0	597.3	72.3
TOTAL EQUITY AND LIABILITIES	12,397.2	12,834.8	437.6

Balance sheet ratios

	2019	2020
Net debt/net rental income	7.9	8.0
Net debt/rental property	62.1%	61.9%
Gearing (net debt/equity)	1.7	1.7
Cash on hand/number of months of rental income	7.7	9.0
Net debt/EBITDA + Fin income + Income from disposals	11.4	12.6
EBITDA + Financial income + Income from disposals/annuities	1.4	1.3
Net debt/EBITDA	15.6	15.6

Total assets grew by 3.5% (or by €437.6 million) in 2020.

FREE CASH FLOW

Cash flow from operating activities, which increased by €26 million to €332 million, was sufficient to fund principal repayments and capital outlay required for work on the housing portfolio. Capital outlay required for structural development and investment is covered by cash proceeds on disposals. Free cash flow before equity financing was €37 million, €4 million less than in 2019.

Free Cash Flow after equity financing amounted to €39 million, or €182 million less than in 2019, which benefited from the impact of a capital increase of €151.8 million.

Free Cash Flow

(in €M)

	2019	2020
Cash flow from operating activities	306	332
Compensating interest	-0	0
Repayment of principal (excluding early repayments)	-279	-270
GROSS OPERATING CASH FLOW	27	62
Capital invested in renovation/enhancement/demolition	-56	-62
NET OPERATING CASH FLOW	-29	0
Cash proceeds on disposals	207	128
Equity invested in development (new deliveries)	-105	-86
Equity invested in structural work	-8	-6
Other early repayments	-24	-1
Acquisitions (-) or disposals (+) of equity investments	0	1
FREE CASH FLOW BEFORE EQUITY FINANCING	41	37
Distributed dividends	-0	-4
Equity financing	180	6
FREE CASH FLOW AFTER EQUITY FINANCING	221	39

SIDOM

In 2020, CDC Habitat carried out the following operations:

- payment of a current account advance of €20 million and subscription to the €15 million increase in the capital of SODIAC in July 2020, raising its stake to 57.75%;
- capital increase of €6 million and buyback of CDC's stake in SEMADER, thus increasing its stake from 26.7% to 57.28%.

To provide a meaningful basis of comparison, the following financial statements do not include SODIAC. The figures for SODIAC are included in a separate column.

INCOME STATEMENT

Net rental income rose by 4.5% for the year to €18.5 million, including €9.8 million generated by new buildings delivered in 2019-2020 and €7.4 million in higher rents from the existing property portfolio, following the revaluation of the French rent review index in 2020.

Maintenance expenses increased by €4.2 million year-on-year, reflecting work carried out to qualify for exemptions from French tax on developed property (TFPB) and expenditure to lower vacancy rates.

Property taxes were €1.3 million (or 3.3% higher) due to disposals of exempted properties.

Other indirect costs increased by €2.5 million, mainly due to a €0.9 million drop in fees due to the effects of the pandemic. Rebilled services decreased by €1.6 million, notably because of lower amounts billed for redevelopment work.

EBITDA came in at €234.6 million, which was 5.6% higher than last year, and represented 54.2% of net rental income (53.6% in 2019).

EBIT came in at €83.5 million, reflecting increases in depreciation charges related to new buildings placed in service and renovation work carried out. The €7.4 million drop in the Provision for major repairs (PMR) reflects the fact that 2019 was favourably impacted by the reversal of a provision after depreciation schedules were harmonised (5 years) across all SIDOM entities.

The net financial expense decreased by €1.2 million, mainly due to disposals of non-strategic equity investments by SIDR, generating gains of €2.4 million.

Profit from ordinary activities declined by €4 million to €46.5 million (vs €50.5 million in 2019). All of the SIDOM entities turned a profit in 2020, as was the case in 2019.

Disposal gains decreased by 13.7% to €18.5 million and were mainly generated by SIDR, SIM and SIG, which accounted for 74% of sales.

Net profit for the year came in at €71.4 million (vs €53.3 million in 2019); if the results of SODIAC are factored in, the net profit of the SIDOM entities was €68.6 million.

SODIAC generated a net loss of €2.8 million for the year, including a non-recurring loss of €5 million relating to the accrual of a contingency provision.

Income statement

(in €M)

	2019	2020	YoY change 2020/2019 €	YoY change 2020/2019 %	With SODIAC 2020
NET RENTAL INCOME	414.7	433.2	18.5	4.5%	458.0
Fees	-3.5	-4.1	-0.6	17.8%	-4.1
Maintenance	-44.4	-48.6	-4.2	9.4%	-50.5
Local non-recoverable payroll	-5.0	-5.0	0.0	-0.5%	-5.0
Property tax on developed property	-39.9	-41.2	-1.3	3.3%	-43.3
Other direct costs	-8.2	-7.9	0.3	-3.8%	-8.3
CONTRIBUTION MARGIN	313.8	326.5	12.7	4.0%	346.8
Administrative staff payroll	-77.8	-78.4	-0.6	0.7%	-84.8
Other indirect costs	-29.8	-27.3	2.5	-8.4%	-29.3
Services	7.4	5.8	-1.6	-21.5%	6.4
Own work capitalised	8.5	8.0	-0.6	-6.8%	8.3
GENERAL EXPENSES	-91.7	-91.9	-0.2	0.3%	-99.5
EBITDA	222.2	234.6	12.5	5.6%	247.3
Depreciation and amortisation net of government grants and subsidies	-141.3	-151.5	-10.3	7.3%	-160.8
Variance MR/PMRs	7.8	0.4	-7.4	-95.0%	0.6
EBIT	88.7	83.5	-5.2	-5.8%	87.1
Financial expense	-45.0	-42.1	2.8	-6.3%	-46.0
Financial income	6.8	5.1	-1.7	-24.8%	5.5
NET FINANCIAL EXPENSE	-38.2	-37.0	1.2	-3.0%	-40.5
PROFIT FROM ORDINARY ACTIVITIES	50.5	46.5	-4.0	-8.0%	46.7
Profit from selling activity	21.5	18.5	-2.9	-13.7%	20.6
Non-recurring profit (loss)	-14.9	12.7	27.6	-185.2%	7.8
Employee profit-sharing	-1.7	-3.9	-2.2	133.3%	-3.9
Income tax and other levies	-2.0	-2.4	-0.4	17.4%	-2.5
NET PROFIT	53.3	71.4	18.1	33.9%	68.6

BALANCE SHEET

Total assets grew by €591.8 million in 2020 after consolidation of SODIAC, and by €104.5 million at constant Group structure.

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

Balance sheet	(in €M)			
	2019	2020	YoY change 2020/2019	With SODIAC 2020
ASSETS				
Rental property	4,991.6	4,976.8	-14.8	5,382.9
Renovation and building work in-progress	565.0	662.6	97.7	684.8
Rental property	5,556.6	5,639.4	82.8	6,067.7
Owner-occupied property	41.7	43.3	1.6	43.5
Non-current financial assets	11.5	9.7	-1.9	9.8
NON-CURRENT ASSETS	5,609.8	5,692.4	82.6	6,121.0
Cash and cash equivalents	252.1	238.6	-13.6	234.8
Inventories	149.6	153.2	3.6	175.3
Trade receivables	527.8	559.7	31.9	600.1
TOTAL ASSETS	6,539.4	6,643.9	104.5	7,131.2
EQUITY AND LIABILITIES				
Capital and reserves	530.1	589.8	59.8	615.8
Profit (loss) for the period	53.3	71.4	18.1	68.6
Government grants	1,542.8	1,596.0	53.2	1,680.2
Tax-regulated reserves	0.0	0.0	0.0	0.0
TOTAL EQUITY	2,126.2	2,257.3	131.1	2,364.6
PROVISIONS				
	119.6	102.7	-17.0	109.3
Borrowings (outstanding principal)	3,899.3	3,908.1	8.8	4,246.0
Accrued interest on borrowings not yet due	20.8	17.8	-3.0	19.4
NON-CURRENT LIABILITIES	3,920.1	3,925.9	5.8	4,265.4
Current borrowings	299.1	284.9	-14.3	303.6
Deferred income	74.3	73.1	-1.2	88.3
TOTAL EQUITY AND LIABILITIES	6,539.4	6,643.9	104.5	7,131.2

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

- deliveries for the period, i.e., 1,414 units of new housing, 24 commercial units and 14 acquisitions, representing a total amount of €240 million;
- investment work for the period totalling €101 million;
- assets under construction, which increased by an amount of €98 million year-on-year;
- assets derecognised following disposal for a negative amount of €11 million.

Cash on hand totalled €238.6 million at end-2020 (down €13.6 million) and represented 6.6 months' worth of rental income. This decrease reflects a change in the policy for raising loans for construction work.

Equity grew by €131.1 million to €2,257.3 million, mainly reflecting:

- net profit of €71.4 million for the period;
- a capital increase of €6 million for SEMADER;
- the €53.2 million increase in subsidies and government grants (offset by an amount of €75 million in tax exemptions for SIG).

After including SODIAC, equity totals €2,364.6 million.

Debt amounts to €3.9 billion excluding SODIAC, and €4.3 billion once SODIAC is consolidated. At constant Group structure, movements over the period reflected the following:

- €242.0 million in new borrowings for new builds, acquisitions and investment and redevelopment work;
- €168.5 million in repayments due;
- €71.3 million in early repayments, mostly corresponding to pre-financing of tax credits.

Balance sheet ratios

	2019	2020	With SODIAC 2020
Net debt (in € million)	3,668	3,687	4,031
Net debt/net rental income	8.8	8.5	8.8
Net debt/rental property	66.0%	65.4%	66.4%
Gearing (net debt/equity)	1.7	1.6	1.7
ROE (Net profit/equity) (excluding profit for the year)	2.6%	3.3%	3.0%
Cash on hand/number of months of rental income	7.3	6.6	6.2

Most debt ratios are slightly improved year-on-year, such as the net debt/net rental property ratio or ROE which reached 3.3%. The only ratio to decline was cash to net rental income (6.6 months' worth of rental income vs 7.3 months in 2019) due to lower cash and cash equivalent balances, although the ratio remains at a normal level overall.

The average ratios deteriorated slightly following consolidation of SODIAC.

FREE CASH FLOW

At constant Group structure, cash flow from operating activities was €5.3 million higher than in 2019, making it possible to fund principal repayments.

The SIDOM entities generated positive gross operating cash flow of €38 million in 2020 (€1.7 million more than in 2019), however, this was 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 surplus before equity financing was €0.7 million.

After payment of the first tranche of equity financing of €3.8 million and the €6 million increase in the capital of SEMADER, free cash flow was €10.5 million.

As SODIAC received a current account advance of €20 million and a capital increase of €15 million, free cash flow amounts to €41.9 million once SODIAC is included.

Operating cash flow	(in €M)		
	2019	2020	With SODIAC 2020
Cash flow from operating activities	190.5	195.8	205.3
Repayment of principal (excluding early repayments)	-154.2	-157.8	-170.9
GROSS OPERATING CASH FLOW	36.3	38.0	34.3
Capital invested in renovation/enhancement work	-14.3	-9.0	-9.2
Equity invested in building components	-34.3	-46.1	-46.1
NET OPERATING CASH FLOW	-12.3	-17.1	-21.0
Cash proceeds on disposals (price - outstanding principal)	29.5	25.7	26.0
Equity invested in development work (new buildings and acquisitions)	-2.8	-2.3	-2.3
Equity invested in structural work	-2.6	-2.3	-2.3
Acquisition-related costs	0.0	0.0	0.0
Other early repayments	-19.1	-3.3	-3.3
FREE CASH FLOW	-7.3	0.7	-2.8
Additional resources – subsidised equity loans (PHBB)	15.2	3.8	23.8
Equity financing	17.2	6.0	21.0
FREE CASH FLOW AFTER EQUITY FINANCING	25.1	10.5	41.9

MAISONS & CITÉS

INCOME STATEMENT

Net rental income was stable year-on-year.

The contribution margin grew by €6.5 million thanks to the decrease in maintenance expenditure (down €5.4 million, mainly due to the pandemic) and in fees paid (€2.7 million decrease in contribution payments into the social rental housing guarantee fund (CGLLS)), partially offset by the €1.1 million increase in property taxes.

EBITDA increased by €12.9 million to €162.9 million, reflecting the €1.3 million decrease in general expenses, and represented 56.5% of net rental income (vs 52% in 2019).

After the impact of depreciation, amortisation and provisions, net of government grants, which increased by €5.1 million in line with new buildings placed in service and renovation work carried out, EBIT grew 33.2% year-on-year to €31.3 million.

Disposal gains decreased by an amount of €2 million.

There was a big €11.8 million increase in non-recurring profit for the year to €13.3 million, mainly due to the settlement of tax disputes (+ €4.4 million) and lower demolition costs (+ €5 million) because of work that was postponed due to the pandemic.

Net profit for the year rose by €21.6 million to €34.9 million.

Income statement	(in €M)			
	2019	2020	YoY change 2020/2019 €	YoY change 2020/2019 %
NET RENTAL INCOME	288.3	288.3	0.0	0.0%
Fees paid	-5.9	-3.3	2.7	-44.8%
Maintenance	-36.6	-31.2	5.4	-14.7%
Property tax on developed property	-22.5	-23.6	-1.1	4.8%
Other direct costs	-6.2	-6.6	-0.4	7.0%
CONTRIBUTION MARGIN	217.1	223.6	6.5	3.0%
Payroll	-57.2	-51.6	5.7	-9.9%
Other indirect costs	-15.7	-19.2	-3.4	21.9%
Own work capitalised	5.9	5.0	-0.9	-15.3%
GENERAL EXPENSES	-67.1	-65.8	1.3	-2.0%
EBITDA	150.0	162.9	12.9	8.6%
Depreciation and amortisation net of government grants & subsidies	-126.5	-131.6	-5.1	4.0%
EBIT	23.5	31.3	7.8	33.2%
Financial expense	-25.4	-24.3	1.2	-4.6%
Financial income	2.9	2.1	-0.8	-27.9%
NET FINANCIAL EXPENSE	-22.5	-22.2	0.4	-1.6%
PROFIT FROM ORDINARY ACTIVITIES	0.9	9.1	8.2	870.3%
Profit from selling activity	11.8	13.8	2.0	17.0%
Non-recurring profit (loss)	1.5	13.3	11.8	774.8%
Income tax and other levies	-1.0	-1.3	-0.4	38.1%
NET PROFIT	13.3	34.9	21.6	162.0%

BALANCE SHEET

Total assets increased by 2.8% (or by €77.9 million) in 2020.

Rental property grew by €13.6 million thanks to deliveries of new buildings and renovation projects.

Cash on hand totalled €293.8 million at end-2020 and represented 12.2 months' worth of rental income.

Equity totalled €1,070.8 million at 31 December 2020, a year-on-year increase of €30.9 million, reflecting the net profit for the year of €34.9 million, offset by the €4 million decrease in government grants.

The net debt/net rental income ratio remained stable at 4.5 and the gearing ratio (net debt/equity) improved slightly to 1.2 (vs 1.3 in 2019).

Balance sheet	(in €M)		
	2019	2020	YoY change 2020/2019
ASSETS	2,819.4	2,897.3	77.9
Rental property	2,309.7	2,272.2	-37.4
Renovation and building work in-progress	195.8	246.9	51.1
Rental property	2,505.5	2,519.1	13.6
Owner-occupied property	17.8	16.1	-1.7
Non-current financial assets	5.0	5.0	0.0
NON-CURRENT ASSETS	2,528.3	2,540.2	11.9
Cash and cash equivalents	226.6	293.8	67.2
Inventories	16.1	17.3	1.2
Grants receivable	16.8	22.6	5.8
Trade receivables	31.7	23.3	-8.3
CURRENT ASSETS	291.2	357.1	65.9
EQUITY AND LIABILITIES	2,819.4	2,897.3	77.9
Capital and reserves	865.9	879.2	13.3
Profit (loss) for the period	13.3	34.9	21.6
Government grants	160.7	156.7	-4.0
TOTAL EQUITY	1,039.9	1,070.8	30.9
PROVISIONS	12.3	7.2	-5.2
Borrowings (outstanding principal)	1,524.2	1,593.6	69.4
Accrued interest on borrowings not yet due	10.3	9.8	-0.5
NON-CURRENT LIABILITIES	1,534.5	1,603.4	68.9
Current borrowings	231.2	214.8	-16.4
Deferred income	1.4	1.0	-0.3
CURRENT LIABILITIES	232.6	215.9	-16.7

Balance sheet ratios	2019	2020
Net debt/net rental income	4.5	4.5
Net debt/rental property	0.5	0.5
Gearing (net debt/equity)	1.3	1.2
Cash on hand/number of months of rental income	9.4	12.2

FREE CASH FLOW

Cash generated by operating activities grew by €22.7 million to €155.6 million, up from €132.8 million in 2019.

Gross operating cash flow of €67.2 million was sufficient to cover capital invested in building work (leaving a surplus of €35.2 million, compared to a residual funding requirement of €4.6 million in 2019).

Cash proceeds on disposals (€18.6 million) covered all of the capital outlay required for structural development and investment (€14.8 million).

Free cash flow after equity financing was €39.1 million.

Free cash flow	(in €M)	
	2019	2020
Cash flow from operating activities	132.8	155.6
Repayment of principal (excluding early repayments)	-94.6	-88.4
GROSS OPERATING CASH FLOW	38.2	67.2
Equity invested in renovation/enhancement work	-22.6	-23.6
Equity invested in building components	-20.2	-8.4
NET OPERATING CASH FLOW	-4.6	35.2
Cash proceeds on disposals (price - outstanding principal)	17.2	18.6
Equity invested in development work (new buildings and acquisitions)	-6.1	-12.6
Equity invested in structural work	-0.3	-2.2
Dividends	0.0	0.0
FREE CASH FLOW	6.1	39.1
Equity financing	0.0	0.0
FREE CASH FLOW AFTER EQUITY FINANCING	6.1	39.1

ADOMA

INCOME STATEMENT

Net profit decreased by €20.8 million year-on-year. The entity generated a large amount of non-recurring income in 2019 on the sale of Adoma's former head office (generating a capital gain of €42.2 million), which helps to explain the drop in net profit in 2020.

When adjusted for non-recurring income in 2019, net profit grew by €21.4 million.

EBIT increased by €6.8 million to €53.3 million in 2020, up from €46.6 million in 2019, due to the combined impacts of:

- a €13.1 million increase in operating income resulting from:
 - a €8.8 million increase in revenue driven by growth of 1.6% in the property portfolio and a revaluation of the French rent review index;
 - a €4.1 million increase in operating subsidies attributable in particular to subsidies covering part of the additional accommodation costs related to Covid, and payment of the outstanding amount of FAMI subsidies (emergency shelter and migration and integration fund) covering the 2016-2019 period.

- a €6.3 million increase in operating expenses attributable to:
 - a €4.1 million increase in personnel expenses due to higher headcount, special pandemic payments, the introduction of a new holiday bonus and higher balances on time saving accounts;
 - a €5.2 million increase in current expenditure on upkeep and other operating expenses, which were greatly impacted by the health crisis (personal protective equipment);
 - a drop of €5.1 million in water, electricity and urban heating expenses;
 - a decrease in depreciation, amortisation and provisions – net of reversals of provisions – of €2.3 million, attributable to the drop in the Provision for major repairs (PMR) (one-off reversal in the 2019 accounts), despite the additional depreciation expense generated by renovation work and new builds and additional provisions for post-employment benefits, length-of-service awards and bad debts, resulting from higher arrears linked to the pandemic.

Income statement

(in €M)

	2019	2020	YoY change 2020/2019 €	YoY change 2020/2019 %
REVENUE	439.7	448.5	8.8	2.0%
Own work capitalised	3.2	2.5	-0.7	-20.8%
Operating subsidy	17.5	21.6	4.1	23.7%
Reversal of provision for investment subsidy	15.5	16.6	1.1	7.3%
Other income	2.5	2.2	-0.3	-10.7%
OPERATING INCOME	478.3	491.4	13.1	2.7%
Water, electricity & heating	-56.5	-51.4	5.0	-8.9%
General maintenance (excluding major upkeep & repairs)	-22.4	-27.1	-4.7	20.7%
Building upkeep & cleaning	-24.8	-26.3	-1.5	6.2%
Major upkeep & repairs	-1.8	-2.5	-0.6	34.3%
Rent expense	-34.2	-33.9	0.4	-1.1%
Security and caretaking services	-6.7	-7.8	-1.0	15.5%
Other operating expenses	-32.5	-33.0	-0.6	1.8%
Taxes other than on income	-26.9	-28.4	-1.5	5.6%
Personnel expenses	-144.5	-148.5	-4.1	2.8%
Additions to/reversals of depreciation, amortisation and provisions	-81.4	-79.1	2.3	-2.8%
TOTAL OPERATING EXPENSES	-431.7	-438.1	-6.3	1.5%
EBIT	46.6	53.3	6.8	14.5%
NET FINANCIAL EXPENSE	-9.2	-9.7	-0.5	5.4%
PROFIT FROM ORDINARY ACTIVITIES	37.3	43.6	6.3	16.8%
NON-RECURRING PROFIT (LOSS)	35.0	6.4	-28.6	-81.8%
Income tax and employee profit-sharing	-9.4	-7.8	1.6	-16.6%
NET PROFIT	63.0	42.2	-20.8	-33.1%

All activities

(in €M excluding PCI)

	2019	2020
Revenue	439.7	448.5
Fees and rents (including internally-billed fees)	310.6	319.9
EBITDA	108.8	113.5
EBITDA margin (EBITDA/revenue)	24.70%	25.31%
EBITDA/fees and rents (including internally-billed fees)	35.0%	35.49%

BALANCE SHEET

Equity and advances (excluding government grants) represented 23% of the total balance sheet, vs 22% in 2019.

Cash and cash equivalents totalling €152 million at end-2020 were stable when compared to balance of €157 million at end-2019.

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 2019 to €132 million in 2020 as a result of lower amounts of new borrowings and subsidies in relation to investment. For information, the project ownership business suffered a slowdown in 2020 due to the pandemic.

Balance sheet	(in €M)		
	2019	2020	YoY change 2020/2019
ASSETS			
Rental property	1,708.3	1,814.6	106.3
Rental property	1,708.3	1,814.6	106.3
Cash and cash equivalents	166.6	151.9	-14.7
Trade receivables	167.1	178.1	11.0
CURRENT ASSETS	333.7	330.0	-3.6
TOTAL ASSETS	2,042.0	2,144.6	102.6
EQUITY AND LIABILITIES			
Capital and reserves	383.4	446.3	63.0
Profit (loss) for the period	63.0	42.2	-20.8
Government grants	498.3	513.6	15.3
Other	0.1	0.1	0.0
TOTAL EQUITY	944.7	1,002.2	57.5
Provisions for major repairs	6.5	6.7	0.2
Other provisions	31.6	35.1	3.5
PROVISIONS	38.1	41.8	3.7
Borrowings (outstanding principal)	867.9	902.1	34.2
NON-CURRENT LIABILITIES	867.9	902.1	34.2
Current borrowings	26.5	34.8	8.3
Other current liabilities	158.3	158.2	-0.1
Deferred income	6.5	5.5	-1.0
CURRENT LIABILITIES	191.2	198.4	7.2
TOTAL EQUITY AND LIABILITIES	2,042.0	2,144.6	102.6

	(in €M, excluding ICP)	
	2019	2020
Gross debt (a)	858	902
Cash and cash equivalents (b)	157	152
Net debt = (a) – (b) (1)	701	750
Equity (excluding subsidies) (c)	446	489
Shareholder loans (d)	0	0
Permanent equity = (c) + (d) (2)	446	489
NET DEBT/PERMANENT EQUITY = (1)/(2)	1.6	1.5
Total revenue (3)	440	448.5
NET DEBT/TOTAL REVENUE = (1)/(3)	1.6	1.7
Revenue from fees (including internally-billed fees) (4)	310.6	319.9
NET DEBT/REVENUE FROM FEES (INCLUDING INTERNALLY-BILLED FEES) = (1)/(4)	2.3	2.3

FREE CASH FLOW

Gross cash flow from operating activities grew by an amount of €5.4 million, from €96.4 million in 2019 to €101.8 million at end-2020.

Free cash flow after capital outlay required for investment totalled €32.4 million and included €20.9 million in proceeds on disposals.

Free cash flow amounted to €32.4 million, €17.0 million higher than in 2019, which was impacted by the repayment of current account advances approved by the shareholders (CDC Habitat, the French government).

Free cash flow

(in €M)

	2019	2020	YoY change 2020/2019 €
Cash flow from operating activities	96.4	101.8	5.4
Repayment of principal (excluding early repayments)	-33.0	-35.6	-2.5
GROSS OPERATING CASH FLOW	63.4	66.3	2.9
Equity invested in building components (including moveable property)	-29.4	-33.3	-3.8
NET OPERATING CASH FLOW	33.9	33.0	-0.9
Cash proceeds on disposals (price - outstanding principal)	50.0	20.9	-29.1
Equity invested in development work (new buildings + acquisitions + restructuring)	-14.4	-16.1	-1.7
Other early repayments	-4.1	-5.4	-1.3
FREE CASH FLOW	65.4	32.4	-33.0
Additional resources (shareholder loans/repayment of advances)	-50.0	0.0	50.0
FREE CASH FLOW AFTER EQUITY FINANCING	15.4	32.4	17.0

CDC Habitat

CDC Habitat group, the Caisse des Dépôts' public interest real estate subsidiary, is France's largest social landlord, managing more than 525,000 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.

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