

CDC HABITAT GROUP

Consolidated financial statements for the year ended 31 December 2021

This is a free translation into English of the consolidated financial statements of CDC Habitat Group prepared in the French language and is provided solely for the convenience of English-speaking readers.

The translation reflects the most recent developments in IFRSs.

These consolidated financial statements and the notes thereto should be read in conjunction with, and construed in accordance with French law and professional accounting standards applicable in France.

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CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT	Notes	2021	2020
Gross rental income		570.7	548.8
Income from recoverable rental charges		81.7	76.6
Recoverable rental charges		-89.3	-84.5
Net rental income		563.2	540.9
Income from property development		2.0	2.1
Cost of inventory		-1.8	-2.3
Property development margin		0.2	-0.3
Income from other activities		34.6	29.4
Purchases consumed		-3.1	-2.2
Maintenance		-57.7	-55.3
External services		-112.6	-88.1
Taxes other than income taxes		-60.8	-55.3
Personnel expenses, discretionary and non-discretionary profit-sharing		-76.5	-72.4
Other operating income	6.22	10.2	30.1
Other operating expense	6.23	-15.6	-11.5
RECURRING OPERATING INCOME		281.9	315.4
Disposal gains on investment property		155.0	108.7
GROSS OPERATING INCOME		437.0	424.1
Depreciation and amortisation net of government grants and subsidies		-193.5	-181.1
Net (additions to) reversals of provisions		0.0	1.1
Net disposal gains (losses)		0.0	0.0
OPERATING INCOME		243.5	244.1
Share in net income of associates	6.27	14.0	24.7
OPERATING INCOME AFTER SHARE IN NET INCOME OF ASSOCIATES		257.4	268.7
Cost of gross debt	6.24	-115.6	-115.6
Income from cash and cash equivalents	6.25	43.9	16.7
Fair value adjustments to derivatives		4.8	0.0
Cost of net debt		-66.9	-98.9
Fair value adjustments to non-consolidated investments		10.8	1.5
PROFIT BEFORE TAX		201.4	171.3
Income tax expense	6.26	-49.9	-38.1
NET PROFIT		151.5	133.3
Non-controlling interests			
NET PROFIT ATTRIBUTABLE TO OWNERS		151.5	133.3
Earnings per share (€)		7.00 €	6.16 €
Diluted earnings per share (€)		7.00 €	6.16 €
Statement of comprehensive income		2021	2020
Net income reported in the income statement		151.5	133.3
<i>Items that may be recycled subsequently to profit or loss</i>			
Available-for-sale financial assets		0.0	0.0
Cash flow hedges		119.8	-31.0
Fair value adjustments recognised directly in equity		122.3	-28.4
Instruments not qualifying for hedge accounting transferred to profit or loss		-2.4	-2.6
Tax on items that may be recycled to profit or loss		-28.9	7.5
<i>Items that will not be recycled subsequently to profit or loss</i>			
Actuarial gains and losses on employee benefits		2.4	-2.9
Revaluation of buildings following merger of real estate investment companies (SCIs)		0.0	0.8
Tax on items that will not be recycled to profit or loss		-0.2	1.1
Total comprehensive income (loss) recognised in equity		93.2	-24.6
o/w recycled to profit or loss		2.4	2.6
Total comprehensive income (loss) for the period		244.7	108.7
Attributable to non-controlling interests		0.0	0.0
Attributable to owners		244.7	108.7

CONSOLIDATED BALANCE SHEET

ASSETS	Notes	2021	2020
Intangible assets	6.1	8.5	3.2
Owner-occupied property and equipment	6.1	27.9	29.1
Investment property	6.1	6,851.6	6,659.5
Investments in associates	6.2	463.5	441.2
Non-current financial assets	6.3	927.4	802.6
Derivatives	6.18	373.0	558.2
Other non-current financial assets	6.4	131.1	127.3
Deferred tax assets	6.5	1.0	24.4
NON-CURRENT ASSETS		8,784.0	8,645.5
Inventories and work in progress	6.6	50.1	19.7
Trade receivables	6.7	189.0	187.9
Current tax assets	6.8	0.5	0.0
Sundry receivables	6.9	456.9	825.2
Current financial assets	6.10	127.5	127.1
Other current financial assets	6.11	0.1	0.1
Cash and cash equivalents	6.12	1,003.6	960.1
CURRENT ASSETS		1,827.7	2,120.2
Assets held for sale	6.13	1,069.5	0.0
TOTAL ASSETS		11,681.2	10,765.7
EQUITY AND LIABILITIES	Notes	2021	2020
Share capital		2,163.3	2,163.3
Additional paid-in capital		291.0	248.6
Consolidated reserves		1,644.8	1,603.8
Revaluation reserve		-198.1	-291.2
Attributable net profit		151.5	133.3
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	6.14	4,052.5	3,857.8
Non-controlling interests			
TOTAL EQUITY	6.14	4,052.5	3,857.8
Non-current provisions	6.15	47.2	45.2
Non-current borrowings	6.16	4,680.8	4,181.0
Other non-current financial liabilities	6.17	137.2	152.1
Derivatives	6.18	630.3	929.0
Deferred tax liabilities	6.5	0.0	0.0
NON-CURRENT LIABILITIES		5,495.5	5,307.4
Current provisions	6.15	9.5	10.1
Current borrowings	6.16	1,040.6	1,221.6
Trade accounts payable	6.19	87.4	85.0
Current tax liabilities	6.20	6.1	1.8
Sundry payables	6.21	417.8	281.9
CURRENT LIABILITIES		1,561.4	1,600.5
Liabilities related to assets held for sale	6.13	571.8	0.0
TOTAL EQUITY AND LIABILITIES		11,681.2	10,765.7

CONSOLIDATED STATEMENT OF CASH FLOWS

	2021	2020
NET PROFIT FOR THE PERIOD	151.5	133.3
Net depreciation, amortisation and impairment expense	194.6	173.0
Impact of fair value adjustments and effective interest rate	-2.5	7.6
Other non-cash income and expenses	-1.0	-53.2
Disposal gains or losses	-155.0	-108.7
Interest income or expense on sales of consolidated investments	0.0	0.0
Share in net income of associates	-14.0	-24.7
Dividends received	-0.4	0.1
Receivables written off and bad debts	2.8	2.0
Gross cash flow from operating activities after cost of debt and tax	176.0	129.4
Cost of net debt	66.9	98.9
Current and deferred tax expense	49.8	38.1
Gross cash flow from operating activities before cost of debt and tax	292.7	266.3
Cost of debt net of interest income and expense	-1.4	-6.4
Net change in trade accounts receivable and payable	-29.2	3.9
Employee benefit obligation	4.8	8.6
Tax paid	-50.4	-26.0
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES (a)	216.5	246.5
Expenditure on acquisitions of investment property	-1,372.9	-1,259.0
Proceeds from disposals of investment property	258.7	201.4
Expenditure on acquisitions of equity investments	-181.8	-211.7
Proceeds from disposals of equity investments	0.0	0.0
Impact of changes in scope of consolidation - mergers	0.0	-55.8
Impact of changes in scope of consolidation - disposals	0.0	0.0
Proceeds and expenses related to disposals	0.0	0.0
Dividends received	5.5	5.2
Interest income received	-8.9	6.8
Proceeds from other securities held for long-term investment	52.6	-85.0
Cash in for financial claims	0.0	0.3
Cash out for financial claims	-20.9	0.0
NET CASH FLOW USED IN INVESTING ACTIVITIES (b)	-1,267.7	-1,397.8
Share capital subscriptions received from shareholders	369.0	479.7
<i>o/w paid up by the parent</i>	369.0	479.7
<i>o/w paid up by non-controlling interests</i>	0.0	0.0
New borrowings and debt	869.6	1,182.2
Repayment of borrowings and debt	-168.4	-273.2
Change in other financial liabilities	0.9	-1.7
Gross interest paid	-100.3	-123.5
Change in sundry receivables and payables	-4.5	-58.1
Dividends paid	-50.0	0.0
NET CASH FLOW GENERATED FROM FINANCING ACTIVITIES (c)	916.3	1,205.5
Reclassification of accrued interest on term deposits to cash and cash equivalents (d)		
Reclassification from current account to non-consolidated equity investments (e)		
Change in cash and cash equivalents (I) = (a) + (b) + (c) + (d) + (e)	-134.9	54.2
Net cash and cash equivalents at start of year (A)	791.2	737.0
Net cash and cash equivalents at end of year (B)	656.3	791.2
Change in cash and cash equivalents (1) (II) = (B) - (A)	-134.9	54.2

(1) cash and cash equivalents are stated net of short-term bank loans and overdrafts (note 6.12)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Number of shares	Share capital	Consolidated reserves	Equity attributable to owners	Non- controlling interests	Total equity
At 31 December 2019	9,333,016	933.3	1,585.7	2,519.2	0.0	2,519.2
Capital increase (1)	12,300,000	1,230.0	0.0	1,230.0		1,230.0
Fair value adjustments to derivatives (2)			-21.8	-21.8		-21.8
Revaluation of buildings following merger of real estate investment companies (SCIs)			0.7	0.7		0.7
Derivatives recycled to profit or loss			-1.8	-1.8		-1.8
Actuarial gains and losses on post-employment benefits			-1.8	-1.8		-1.8
Fair value adjustments to non-consolidated investments			0.0	0.0		0.0
Total amount of adjustments recognised directly in reserves			-24.6	-24.6		-24.6
Net profit for the year ended 31 December 2020			133.3	133.3		133.3
Total comprehensive income for the year ended 31 December 2020			108.7	108.7		108.7
Dividends paid						0.0
At 31 December 2020	21,633,016	2,163.3	1,694.4	3,857.8	0.0	3,857.8
Capital increase (1)				0.0		0.0
Fair value adjustments to derivatives (2)			92.7	92.7		92.7
Derivatives recycled to profit or loss			-1.7	-1.7		-1.7
Actuarial gains and losses on post-employment benefits			2.2	2.2		2.2
Fair value adjustments to non-consolidated investments			0.0	0.0		0.0
Total amount of adjustments recognised directly in reserves			93.2	93.2		93.2
Net profit for the year ended 31 December 2021			151.5	151.5		151.5
Total comprehensive income for the year ended 31 December 2021			244.7	244.7		244.7
Dividends paid			-50.0	-50.0		-50.0
At 31 December 2021	21,633,016	2,163.3	1,889.2	4,052.5	0.0	4,052.5

(1) Capital increase fully subscribed by Caisse des Dépôts

(2) Recognition in equity of the effective portion of fair value adjustments to derivatives

(3) The General Shareholders' Meeting held on 15 December 2021 voted to pay a special dividend of €50 million out of reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CDC Habitat is a French *société anonyme d'économie mixte* (semi-public limited company) with a Supervisory Board and a Management Board. It is 99.99%-owned by Caisse des Dépôts et Consignations (CDC). CDC Habitat is registered in the Paris Trade and Companies Register (RCS) under no. 470 801 168 and its new head office is located at 33 avenue Pierre Mendès France-75013 Paris – France.

The CDC Habitat Group is France's biggest landlord and manages a portfolio of nearly 532,000 units of housing. This includes:

- over 101,000 units managed by its consolidated entities specialised principally in intermediate housing and contractual affordable housing (CDC Habitat and Sainte Barbe);
- over 351,000 units of social housing:
 - 196,000 units managed via its subsidiary CDC Habitat Social;
 - 90,000 units managed by eight real estate companies in French Overseas Departments (*Sociétés Immobilières d'Outre-Mer*);
 - 65,000 units managed via its subsidiary Maisons & Cités in the Hauts de France region of northern France; and
- almost 80,000 units of emergency accommodation operated by its subsidiary ADOMA.

The consolidated financial statements cover the period from 1 January to 31 December 2021.

These consolidated financial statements were approved by the Management Board on 8 March 2022.

1. Basis of preparation of the consolidated financial statements

Unless indicated otherwise, all amounts are presented in millions of euros and rounded out to one decimal place. The Group does not carry out any transactions denominated in a foreign currency.

1.1 Presentation of the balance sheet

Items are broken out into their current and non-current portions.

Non-current assets have maturities of greater than 12 months and mainly comprise intangible assets, investment property, non-consolidated investments, investments accounted for by the equity method, derivatives, other non-current financial assets and deferred tax assets.

Current assets comprise assets held for sale or for consumption in the course of the Group's business cycle such as inventories and work in progress, trade accounts receivable and cash and cash equivalents.

Non-current liabilities include the portion of bank debt, derivatives and other borrowings with maturities of greater than one year and deferred tax liabilities.

Current liabilities consist of all operating liabilities and the portion of debt that falls due within 12 months of the reporting date. Current liabilities also include bank overdrafts.

1.2 Presentation of the income statement

The income statement is presented by type of income or expense and broken down as follows:

Recurring operating income and Gross operating income

Recurring operating income comprises all income and expenses generated by the Group's main cash-generating units (CGUs) and all of its other businesses before:

- net disposal gains or losses on investment property (*), and
- net depreciation and amortisation expense and government grants related to investment property.

(*) amount net of the related marketing fees and work required.

The Group uses this indicator to calculate financial ratios and to analyse financial data (Recurring operating income/Revenue).

Gross operating income is equal to Recurring operating income plus net disposal gains or losses on investment property.

Operating income

Operating income comprises all income and expenses generated by the Group's main cash-generating units (CGUs) and all of its other businesses that are not related to investing or financing activities.

Operating income after share in net income of associates

In accordance with Recommendation 2013-01 issued by France's accounting standards setter (*Autorité des Normes Comptables*) on 4 April 2013, "Share in net income of associates" is now presented as part of "Operating income".

Cost of net debt

Cost of net debt comprises the sum of the following items for the reporting period:

Cost of gross debt, consisting of:

- all bank borrowings carried in liabilities (both the current and non-current portion, including short-term bank loans and overdrafts);
- all other borrowings (current and non-current portion).

Income from cash and cash equivalents comprises interest income net of interest expense on investments in money market funds, dividends received, share in net income of associates, and net financial income (expense) from the Group's cash pooling agreement.

Cost of net debt is the sum of cost of gross debt, change in fair value of derivatives and income from cash and cash equivalents.

Fair value adjustments to non-consolidated investments

Fair value adjustments to non-consolidated investments correspond to unrealised gains and losses on these assets in light of their fair value recorded following the adoption of IFRS 9.

2. Significant events of the year

Covid-19 health crisis

During the extremely challenging period of the Covid-19 pandemic, CDC Habitat Group took appropriate measures to ensure the continuity of its business while protecting the health of its employees. Construction sites continued in activity and deliveries remained largely on schedule with only very limited delays and non-material impacts on revenues for 2021.

The other effects of the crisis on the consolidated financial statements mainly concern movements in rents and recovery of arrears, the valuation and liquidity of real estate assets and investments, and liquidity.

For the CDC Habitat Group as a whole, the consequences of the pandemic and the extraordinary measures deployed to deal with it have not significantly impacted the Company's business or its results in 2021. Moreover, for the present, the French residential housing market has proved very resilient and there is absolutely no reason to doubt the Company's ability to continue as a going concern.

Increase in the capital of CDC Habitat

The Extraordinary General Meeting of 30 June 2020 approved a €1,230 million share capital increase for cash through the issue of 12,300,000 new shares with a par value of €100 each, of which €479.7 million had been paid up at end-2020. After another €369 million was paid up during the period, the unpaid capital balance at end-2021 stood at €381.3 million, and this amount was duly paid up on 17 February 2022.

Dividends

The General Shareholders' Meeting held on 15 December 2021 voted to pay a special dividend of €50 million out of reserves.

Changes in CDC Habitat's real estate portfolio

- Construction starts

CDC Habitat began work on 7,126 new builds in 2021, plus 5,418 new builds for third parties.

• Intermediate housing

The development of intermediate housing continued apace in 2021 with a total of 5,547 Service Orders, including 2,760 direct new builds and 2,787 new builds for third parties.

At end-2021, 26,780 intermediate housing Service Orders had been issued by all of the investment vehicles, including 10,492 direct new builds and 16,288 new builds for third parties.

• "VEFA 40 000" stimulus plan

In 2020, CDC Habitat launched a major programme to support the construction and housing sector based around a call for projects to build 40,000 units of contractual, affordable, intermediate and social housing. At end-2021, 21,611 Service Orders had been issued since the beginning of the stimulus plan, including:

- 14,123 units of contractual, affordable housing (of which, 10,541 direct new builds and 3,582 new builds for third parties);
- 4,325 units of intermediate housing (2,649 direct new builds and 1,676 new builds for third parties);
- 3,163 units of social housing (1,499 units for CDC Habitat Social, 1,435 units for SIDOM and 229 units for Maisons & Cités).

- Deliveries

CDC Habitat delivered 5,811 units of new housing in 2021:

- 1,423 units of intermediate housing,
- 1,573 family housing units outside of the intermediate housing sector,
- 2,815 units as part of its management activities for third parties.

- Agreement to sell a real estate portfolio to the Lamartine fund

On 23 December 2021, a Memorandum of understanding was signed between CDC Habitat and CNP Assurances covering the sale of 85% of the units in SCI Lamartine, which are 99.99%-owned by CDC Habitat at end-December 2021. The sale is scheduled to take place in 2022 and the following operations will be carried out beforehand:

- CDC Habitat will transfer a real estate portfolio to SCI Lamartine and SCI Milly by means of a contribution and sale agreement;
- CDC Habitat will transfer the 99.99%-owned shares in SCI Milly to SCI Lamartine.

The sale of 85% of the capital of SCI Lamartine was completed on 4 March 2022.

For information, in view of their non-material impact on the consolidated financial statements of CDC habitat at 31 December 2021, SCI Lamartine and SCI Milly are non-consolidated entities.

This operation comes under IFRS 5 and consequently, the following items were reclassified in the consolidated financial statements at 31 December 2021:

- assets held for sale: €1,070 million;
- liabilities related to assets held for sale: €572 million.

Changes in equity investments

Acquisitions

- acquisition of a 21.5% stake in SEMCODA to be held by ADESTIA;
- acquisition of an additional stake in SA d'HLM Habitat Perpignan Méditerranée, taking ADESTIA's total stake to 33.5%;
- acquisition of an additional stake in Foncière Méditrine, increasing the total stake owned by the Group to 39.7%;
- acquisition of an additional stake in Résidences de l'Orléanais (SAEM), taking ADESTIA's total stake to 11.6%;
- acquisition of an additional stake in Habitat Garonne, taking ADESTIA's total stake to 100%;
- acquisition of an additional stake in Sarreguemines taking ADESTIA's total stake to 30.4%;
- acquisition of an additional stake in Montélimar Habitat, taking ADESTIA's total stake to 24.0%;
- acquisition of additional stakes in a number of semi-public social housing companies (*SEM*) and *ESH* social housing companies for a total amount of €13 million;
- increase in capital carried out by ADESTIA on behalf of CDC Action Copropriétés, bringing its stake in this entity to €15 million (wholly-owned);

Disposal of investments

Shares in RIVP were sold in October 2021 for a selling price of €53 million, generating a capital gain of €13 million in the consolidated financial statements, given the revaluations to non-consolidated investments booked in previous periods under IFRS 9 for an amount of €9 million.

Merger of real estate investment companies (SCIs)

Merger of four of the 42 real estate investment companies contributed by CDC in 2019 (for information, 27 real estate investment companies were merged in 2020), corresponding to cancellation of the book value of the shares for an amount of €0.8 million.

The related accounting treatment under IFRS is described in Note 4.10, Non-consolidated equity investments.

Property portfolio divestment programme

CDC Habitat and Sainte-Barbe continued to implement their asset disposal programmes in line with plan.

Human Resources

Aside from the complexity involved in introducing social distancing and remote working arrangements, collective bargaining continued both at *UES* and Group level. Five agreements were signed, which is a testimony to the vitality of labour relations within the Group:

Agreements negotiated within the scope of the CDC Habitat Economic and Social Group (UES):

- agreement on the application of the Group teleworking agreement of 15 March 2021 at the CDC Habitat Economic and Social Group meeting of 16 June 2021;
- amendment No.2 to the non-discretionary profit-sharing scheme applicable within the CDC Habitat Economic and Social Group, dated 22 June 2021;
- memorandum of understanding concerning mandatory annual negotiations within the CDC Habitat Economic and Social Group - For the 2022 period from 19 October 2021.

Agreements negotiated for the Group as a whole:

- CDC Habitat Group teleworking agreement of 15 March 2021;
- agreement of 15 June 2021 concerning the CDC Habitat Group Disability policy;

Energy transition plan

As climate change is already underway, it is important to deploy adaptation strategies alongside mitigation initiatives (Energy Strategy Plan).

In 2020, CDC Habitat committed to developing a climate change adaptation strategy that will provide its standards and guidelines with a resilience focus.

In 2021, the Group's Resilience Performance Assessment methodology and tools were subject to large-scale testing. Sixty properties were analysed in the different regional entities and the assessments helped identify buildings with poor climate resilience and come up with solutions for improvement.

Financing

The Consolidated entities raised an additional €840 million of debt over the period (CDC Habitat +€824 million / Sainte-Barbe +€16 million). The financing solutions used were as follows: €300 million in medium term notes (NEU MTN), a €300 million term loan, €220 million worth of private placements, €16 million in bank debt and 4€ million worth of loans at regulated rates of interest.

During the year, CDC Habitat raised the limit for its commercial paper programme (NEU CP) from 1 to 12 months to a maximum amount of €1,500 million, and the limit on its medium-term note programme (NEU MTN) to a maximum amount of €700 million. Both programmes are designed to diversify CDC Habitat's types of financing.

The average cash balance held by the Consolidated division during the period was €1,080 million and the average yield on cash balances came out at 0.82%. This performance was largely due to significant balances held in long-term deposits.

CDC Habitat's rating was confirmed at AA-, i.e., one notch below our shareholder and sponsor (CDC). This rating is a reflection of the support provided by CDC as well as the financial strength of CDC Habitat.

3. Valuation principles

3.1 Accounting standards

In accordance with European directive 1606/2002/EC of 19 July 2002, the consolidated financial statements of CDC Habitat and its subsidiaries ("the Group") for 2021 have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union before 31 December 2021.

The standards adopted by the European Commission may be consulted on the IASB's website at (<http://www.ifrs.org/issued-standards/list-of-standards/>).

International Accounting Standards include IFRSs (International Financial Reporting Standards) and IASs (International Accounting Standards) as well as the related interpretations (SICs and IFRICs).

The standards, amendments and interpretations applicable for the first time at 31 December 2021 are:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 — phase 2: Interest rate benchmark reform (Phase I was early adopted by the Group as of 1 January 2019; Phase II focuses on the impacts on the financial statements when an existing interest rate benchmark is replaced with an alternative benchmark interest rate, i.e. replacement issues);
- IAS 19 — allocation of defined benefit plan expenses (not applicable within the Group);
- Amendments to IFRS 4 — extension of exemption on applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (not applicable within the Group);

The amendment to IFRS 16 for "covid-19-related rent concessions", which was extended beyond 30 June 2021, has not been applied by the Group due to the nature of its business.

The following standards, amendments and interpretations adopted but mandatory for subsequent periods, or awaiting adoption by the European Union, were not early adopted due to the non-material impact they are expected to have on the consolidated financial statements:

- Mandatory for reporting periods beginning on or after 1 January 2022:
 - Amendments to IAS 37 — Onerous Contracts — Cost of Fulfilling a Contract;
 - Amendments to IFRS 3 — Amendments to the IFRS conceptual framework;
 - The IFRS annual improvements 2018-2020 cycle concerning IFRS 9, IFRS 16 and IAS 41;
 - Amendments to IAS 16 — Property, Plant and Equipment: Proceeds before Intended Use.
- Other standards awaiting adoption by the European Union:
 - Amendments to IAS 1 — Classification of liabilities as current or non-current and liabilities subject to covenants;
 - Amendments to IAS 1 and IFRS Practice Statement 2: material accounting policy information;
 - Amendments to IAS 8 — Definition of changes in accounting methods;
 - IFRS 17 — Insurance Contracts;
 - Amendments to IAS 12 — deferred tax related to assets and liabilities arising from a single transaction.

3.2 Consolidation methods

All entities, over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated. Entities over which the Group exercises significant influence and jointly-controlled companies are accounted for by the equity method.

3.3 Scope of consolidation

The Group's scope of consolidation at 31 December 2021 comprises the following six entities:

Entity	Legal form	2021		2020	Head Office:
		Consolidation method	% control	% control	
CDC Habitat	parent	FULL	100%	100%	33 avenue Pierre Mendes France 75013 Paris – France
Sainte Barbe SAS	subsidiary	FULL	100%	100%	Avenue Emile Huchet 57800 FREYMING-MERLEBACH - France
ADOMA SAEM	subsidiary	EQUITY	56.44%	56.44%	33 avenue Pierre Mendes France 75013 Paris – France
FLI	subsidiary	EQUITY	19.14%	19.14%	33 avenue Pierre Mendes France 75013 Paris – France
Ampere Gestion	subsidiary	FULL	100%	100%	33 avenue Pierre Mendes France 75013 Paris – France
Adestia	subsidiary	FULL	100%	100%	33 avenue Pierre Mendes France 75013 Paris – France

FULL: fully consolidated / EQUITY: equity method / NC: Not consolidated

Consolidation method used for ADOMA

Despite CDC Habitat's majority stake in this entity, and in view of the existence of a shareholders' agreement, it is not deemed to exercise control within the meaning of IFRS 10. Instead, ADOMA is treated as a joint-venture within the meaning of Revised IAS 28.

Companies excluded from the scope of consolidation

- CDC Habitat Social is excluded from the scope of consolidation. Although Adestia is its strategic shareholder from a legal standpoint, its exposure to the earnings of *ESH* social housing companies (*Entreprise Sociale pour l'Habitat*) is severely constrained by the French building and housing code (*Code de la construction et de l'habitation*) (i.e., annual dividend entitlement is capped at the nominal amount of shares multiplied by the interest rate payable on Livret A passbook accounts plus a fixed margin; limit on the disposal price of shares, etc.). Consequently, Adestia has a very limited ability to influence the earnings of CDC Habitat Social and its relative exposure in terms of the latter's total

earnings is non-material. Therefore, Adestia does not control CDC Habitat Social within the meaning of IFRS 10.

- In view of their similarities with ESH social housing companies in terms of the cap on distributable profits, the *SIDOM* entities (*Société Immobilière d'Outre-Mer* – French Overseas Department real estate companies) are not included in the scope of consolidation.

Consequently, shares and interests in these entities are recognised in “Non-current financial assets”.

3.4 Consolidation adjustments and intercompany transactions

Accounting policies are applied throughout the Group in a consistent manner and all entities have a 31 December year-end.

Inter-company transactions and any disposal gains or losses between Group entities are eliminated in consolidation.

3.5 Business combinations (Revised IFRS 3)

The cost of the business combination corresponds to the fair value of the assets and liabilities contributed or equity instruments given in exchange for the acquiree. Goodwill is recognised in assets for the excess of the cost of the acquisition over the Group's share in the net fair value of the acquiree's identifiable assets after adjusting for the impact of deferred taxation. Any negative goodwill is recognised directly in profit or loss. IFRS 3 does not apply to the acquisition of an asset or a group of assets that does not constitute a business. The cost of such a transaction will be allocated to individual identifiable assets and liabilities based on their fair values and will not give rise to the recognition of any goodwill.

3.6 Segment reporting (IFRS 8)

The Group only reports one operating segment for the following reasons:

- the vast majority of its activities are concentrated in a single business segment, i.e., the management of property consisting primarily of housing used for rental purposes held in freehold or on a non-freehold basis, and a much smaller commercial property activity;
- the Group's entire property portfolio is located in France.

This business segment is used for management reporting purposes and the chief operating decision maker is the Management Board.

3.7 Fair Value Measurement (IFRS 13)

The Group applies IFRS 13. This standard provides a single framework for measuring fair value based on the notion of disposal price. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

It sets out the following three-level measurement hierarchy:

- Level 1 inputs (unadjusted quoted prices) are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value measurement hierarchy ranks measurement inputs in order of importance, it does not rank the measurement techniques actually used. In the event that inputs from different levels are used, the resulting fair value is classified at the same level as the lowest-ranked input used.

Investment property

Measurement at fair value must reflect the asset's highest and best use.

CDC Habitat has not identified any alternative use (in the event of reconversion of the asset, for example), that would result in a fair value that is greater than that measured according to the asset's current use.

Measuring buildings at their fair value requires the use of different measurement techniques (see section 4.4) that use observable and unobservable inputs that have been subject to certain adjustments.

Consequently, the Group's property portfolio is deemed to be measured based on Level 3-type inputs.

Financial instruments

IFRS 13 requires that counterparty credit risk and CDC Habitat's own credit risk is factored into the measurement of financial assets and liabilities at fair value. Credit risk is based on Moody's historical default rates applied to bad debt recovery rates.

In the measurement of derivative instruments, credit risk is deemed to be a component of the ineffective portion of effectiveness testing. The impact of recommended adjustments under IFRS 13 on the consolidated financial statements at 31 December was not material.

The measurement of derivatives based on the measurement hierarchy is disclosed in Note 6.18.6.

4. Accounting policies - measurement

4.1 Intangible assets (IAS 38)

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

Intangible assets with determinable useful lives are amortised using the straight-line method over the asset's expected useful life.

These intangible assets, comprising leases on managed property, are amortised over the lease term.

4.2 Property and equipment (IAS 16)

Owner-occupied property and equipment consists mainly of office improvements and furniture. They are measured at historical cost and depreciated over periods of between five and twenty years using the straight-line method.

4.3 Investment property (IAS 40)

Property held on a long-term basis and leased to third parties under operating leases and/or held for capital appreciation purposes is deemed to be investment property.

The Group has elected to measure investment properties using the cost model.

Investment property is property (land or buildings) held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.

This category includes buildings under construction or buildings being refitted for subsequent use as investment property as well as advances paid on such property.

In accordance with IAS 40, investment property is measured using the cost model, i.e., cost less accumulated depreciation and any accumulated impairment losses.

The cost of investment property includes:

- the purchase price as per the sale agreement or cost of construction, including non-refundable taxes, less any trade or cash discounts;
- the cost of renovation work;
- any directly attributable expenditure required to prepare the property for rental in line with the use intended by management. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs;
- the cost involved in bringing the property into line with safety and environmental regulations;
- capitalised borrowing costs (see Note 4.8).

The gross carrying amount is broken out into separate components, each with its own useful life.

Each investment property is depreciated over its expected useful life using the straight-line method, with the exception of land which is not depreciated. These periods are as follows:

- new buildings and recent acquisitions: 40 years for the shell and between 15 and 25 years for the other components;
- acquisitions of old property: 30 years for the shell and between 12 and 20 years for the other components;
- renovation work: 15, 25 or 40 years, depending on the component.

In accordance with IAS 36, investment property is tested for impairment when recent events or changes in the market or internal sources of information indicate that the asset may be impaired.

In accordance with the amendment to IAS 40, investment property may only be transferred to another category if:

- the building complies (or ceases to comply) with the definition of investment property;
- the change of use is substantiated by audit evidence (e.g., marketing initiatives that coincide with a decision of the Group Commitments Committee to change a building's use).

4.4 Asset measurement and impairment testing (IAS 36)

IAS 36 requires entities to test goodwill and finite-lived intangible assets for impairment at least once a year and to test other non-financial, non-current assets such as investment property if there is an indication that the assets may be impaired.

An indication of impairment may take the form of a significant decline in the assets' market value and/or a significant change in the technological, economic or legal environment.

An impairment loss provision is recognised when the recoverable amount of an asset is less than its carrying amount.

Basis for determining impairment of intangible assets and other property and equipment

These assets are tested individually or with other groups of assets when they do not generate cash flows that are independent of the cash inflows of other assets or groups of assets.

If an indication of impairment no longer exists or diminishes and an asset's recoverable amount once again exceeds its carrying amount, impairment previously recognised on property and equipment and intangible assets may be reversed.

Basis for determining impairment of investment property

The recoverable amount of investment property is the higher of its fair value less costs to sell and its value in use. Fair value is the net market value determined by expert valuations. Value in use is equal to the value of future income expected from these assets discounted to present value.

If an indication of impairment exists and the estimated recoverable amount is less than the carrying amount, an impairment loss is recognised for the difference. This will alter the asset's depreciable basis and may change its depreciation schedule.

If an indication of impairment no longer exists or diminishes and an investment property's recoverable amount once again exceeds its carrying amount, impairment previously recognised may be reversed. The carrying amount after the impairment reversal is capped at the amount net of accumulated depreciation that would have been determined had the impairment not been recognised previously.

Measurement of housing portfolio

Every year, the Group's investment property portfolio is subject to an external or in-house expert appraisal of its value:

Use of an external expert appraiser

- buildings with an estimated market value greater than or equal to €10 million in Y-1, or buildings earmarked for a block sale in Y+1 are subject to an on-site appraisal;
- for buildings with a market value of between €5 million and €10 million in Y-1, an expert value opinion is issued every two years. In the year in which an expert opinion is not issued, the previous year's valuation is used.

Internal evaluation

The rest of the portfolio is valued based on a methodology developed in-house:

- an in-house expert appraisal is performed on buildings with a market value of less than €5 million in Y-1 by taking the median value generated by capitalising rents, market comparisons and discounting future cash flows to present value;
- buildings that have been capitalised for less than three years are valued at their carrying amount less any grants and subsidies received.

Basis for determining the fair value of buildings

Three methods are commonly used to appraise the fair value of property:

- comparisons based on data collected internally or by the French *Chambre des notaires* (or Callon);
- capitalisation of gross rents (or yield methods);
- discounting future cash flows from the property concerned to present value.

The fair value is also a function of the probable method of disposal and a block sale is used as the default assumption when appraising market values.

These methods are applied both for external appraisals and in-house valuations performed by the Group where the estimated market value is equal to the median value for the three methods. External appraisals are entrusted to the firm of Cushman&Wakefield which has signed up to the real estate appraisal charter drafted under the auspices of *Institut Français de l'Expertise Immobilières* (French institute of property appraisers). The estimated market value is generally equal to the average value under the three methods.

4.5 Leases (IFRS 16)

On 1 January 2019, the Group began applying IFRS 16, which sets out the guidelines for accounting for, measuring and reporting leases. It requires lessees to recognise leases directly in the balance sheet using a single model, without distinguishing between finance and operating leases.

A lease implies (i) the existence of an identified asset, and (ii) control by the Group of a right of use over this asset. The Group recognises control over a right-of-use asset when it enjoys substantially all of the rewards related to the asset over the lease term and may decide the purpose and manner for which the asset will be used.

The Group's leases are sublet to its – mostly non-consolidated – subsidiaries (mainly *GIEs* [inter-company partnerships]).

The intermediate lessor must recognise two separate leases:

- the head lease for which they are the lessee. The intermediate lessor must recognise the right-of-use asset granted under the head lease in accordance with IFRS 16 for the lessees.
- the sublease for which they are the lessor. They must classify it as an operating lease or a financial lease as of the sublease inception date, by referring to the right-of-use asset under the head lease (and not to the underlying asset leased from the lessor under the head lease):

As lessee

The asset is recognised in property and equipment with a matching entry in financial liabilities. It is measured at the lower of the fair value of the leased asset or the value of minimum lease payments discounted to present value.

At the lease inception date, the Group recognises:

- a debt (= a lease liability), corresponding to the present value of future lease payments from inception through to the end of the lease term, comprising fixed rents and, where applicable, sums payable for exercising options or residual value guarantees, discounted at the Group's marginal borrowing rate; and
- an asset representing the right to use the underlying asset over the lease term (= right to use the leased asset, recognised in fixed assets), initially measured at the amount of the debt recognised as a liability. Any amounts already paid by the lessee, lease set-up costs and future renovation expenses are added to this amount.

The Group then records interest on the lease liability and the depreciation expense on the right-of-use asset separately. Once it has been measured initially, the lease liability is recorded using a technique similar to amortised cost at the effective interest rate. This results in an interest charge that corresponds to the application of the initial discount rate to the amount of debt brought forward at the beginning of the period. Lease payments made by the Group are deducted from the amount of the liability. The right-of-use asset is depreciated and written down, respectively, in accordance with IAS 16 – Property, Plant and Equipment, and IAS 36 – Impairment of Assets. Depreciation schedules may not exceed the lease term unless the Group intends to become owner of the underlying asset.

As lessor

At the sublease inception date, the Group recognises:

- For operating leases, the right-of-use asset arising from the head lease is kept on the intermediate lessor's balance sheet and income from subleasing the asset is recorded in profit or loss over the sublease term, in principle on a straight-line basis.
- If the sublease is classified as a finance lease:
 - the right-of-use asset under the head lease is derecognised;
 - a receivable is recorded for a value equal to the net investment in the sublease;
 - any difference between the right-of-use asset and the net investment in the sublease is recorded in profit and loss;
 - the lease liability (under the head lease) is kept in liabilities.

Consequently, the receivable (i.e., the net investment in the sublease) and the lease liability under the head lease may not be offset.

At end-2021, the Group applied the following optional exemptions:

- exemptions for short-term leases of less than 12 months for certain categories of assets;
- exemptions for leases of low-value assets (replacement cost of less than \$5,000).

The right-of-use asset, lease liability and receivable are presented on different lines of the balance sheet.

The Group reassesses lease liabilities after certain events (e.g., lease term, a change in future lease payments resulting from a change in an index or rate used to determine payments). The lease liability will then be adjusted against a matching adjustment to the right-of-use asset.

4.6 Administrative long leases

The Group has acquired a property portfolio from the French State, public bodies and local and regional authorities on long leases with a maximum 99-year term. At inception of the lease, these agreements generally provide for balancing cash payments.

These operations and the balancing payments are analysed lease by lease in order to determine the most appropriate treatment under IFRS.

4.7 Treatment of government grants and subsidies (IAS 20)

The Group accounts for subsidies and government grants received in the course of its business as follows:

- investment subsidies are deducted from the value of the related assets and taken to profit or loss based on the depreciation schedule;
- subsidies received from institutions entitled to a reserved portion of an estate are recognised in rental income and amortised over the term of the reservation agreement.

4.8 Borrowing costs (IAS 23)

Borrowings costs directly attributable to the construction or production of a qualifying asset are included in the cost of that asset through completion of the work.

The amount of borrowing costs included in the value of an asset is determined as follows:

- when funds are borrowed to build a specific qualifying asset, the borrowing costs eligible for capitalisation are the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings;
- when funds are borrowed to build a number of qualifying assets, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on said assets. This capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining the qualifying assets. The amount of borrowing costs capitalised during a period shall not exceed the amount of borrowing costs incurred during that period net of any investment income.

4.9 Assets held for sale (IFRS 5)

An asset (or disposal group) is classified in assets held for sale if:

- the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); and
- its sale is highly probable within one year.

In the Group's case, block sales of property subject to a sale agreement at the reporting date are classified as assets held for sale.

The accounting treatment is as follows:

- the asset (or disposal group) available for sale is measured at the lower of its carrying amount and fair value less costs to sell;
- the asset is no longer depreciated once it has been reclassified;

- liabilities related to the asset (or disposal group) classified as held for sale, are presented separately in the balance sheet.

4.10 Non-consolidated equity investments (IFRS 9)

Under IFRS 9, measurement at fair value has been reinforced. The asset must be measured at fair value either:

- through profit or loss; or
- through other comprehensive income but may not be reclassified to profit or loss (potential gains and losses during the asset holding period or actual gains or losses at disposal are never recognised in profit or loss).

The Group has classified its investment portfolio on this basis and most of its investments are measured at fair value through profit or loss, with the exception of investments in entities with activities that are dissimilar to the Group's main businesses. The following bases are used for fair value measurement:

- the fair value of social housing entities owned by ADESTIA (see Scope of consolidation) is equal to at most, the acquisition cost of the shares, plus interest for each year preceding their disposal calculated at the interest rate paid to holders of passbook savings accounts plus 1.5 points, less any dividends paid over the same period (Article 423-4 of the French building and housing code (*Code de la construction et de l'habitation*));
- for semi-public social housing companies: although the disposal price is not regulated by the French building and housing code (*CCH*), restrictions on the distribution of dividends are identical to those for social housing entities. Therefore, by analogy, the fair value of semi-public social housing companies (*SEMs*) may be calculated using the method for measuring social housing entities (*ESHs*) described above;
- entities operating partially or entirely in the unregulated market are measured on a case-by-case basis by taking their actual economic value.

Fair value adjustments are presented on a separate line of the income statement (see Note 1.2) and in the consolidated statement of changes in equity.

Non-consolidated equity investments whose gross carrying amount is greater than 1% of CDC Habitat's share capital:

Equity investment	Share capital	Non-share capital equity	% control	Gross carrying amount of shares	Impairment	Net carrying amount of shares	Revaluation adjustments - IFRS 9	Other adjustments (2)	Choice of revaluation method	Revalued net carrying amount
CDC HABITAT SOCIAL 33, Avenue Pierre Mendès France, 75013 Paris - France Registered in the Trade and Companies Register (RCS) under no. 552 046 484	163.9	4,244.5	66%	159.0	0.0	159.0	3.0	0.0	FVPL	162.1
SEMCODA (1) 50, rue du Pavillon, 01000 Bourg-en-Bresse - France Registered in the Trade and Companies Register (RCS) under no. 759 200 751	46.3	511.8	22%	37.9	0.0	37.9	0.0	0.0	FVPL	37.9
HABITAT PERPIGNAN MEDITERRANEE SAS (1) 35, Boulevard Saint Assisclé, 66000 Perpignan - France Registered in the Trade and Companies Register (RCS) under no. 882 650 864	1.7	141.2	34%	34.0	0.0	34.0	0.0	0.0	FVPL	34.0
FONCIERE MEDITRINE 33, avenue Pierre Mendès France, 75013 Paris - France Registered in the Trade and Companies Register (RCS) under no. 889 274 478	60.5	2.0	40%	25.3	0.0	25.3	0.0	0.0	FVPL	25.3
MAISONS ET CITE 167, rue des foulons-59500 – Douai - France Registered in the Trade and Companies Register (RCS) under no. 334 654 035	679.7	577.5	34%	150.2	0.0	150.2	0.0	0.0	FVPL	150.2
Société Immobilière de la Martinique Petit Paradis - 97 233 SCHOELCHER Registered in the Trade and Companies Register (RCS) under no. 303 188 528	70.0	83.4	63%	41.9	0.0	41.9	0.0	0.0	FVPL	41.9
Société Immobilière du Département de la Réunion 12 Rue Félix Guyon - 97 400 St Denis Registered in the Trade and Companies Register (RCS) under no. 310 863 592	125.0	28.7	53%	31.3	0.0	31.3	0.0	0.0	FVPL	31.3
Société Immobilière de Kourou 33 Avenue Jean Jaures 97310 Kourou Registered in the Trade and Companies Register (RCS) under no. 305 934 606	49.3	57.1	82%	55.9	0.0	55.9	0.0	0.0	FVPL	55.9
SEMADER 52, Route des Sables - 97 427 L'etang Sale Registered in the Trade and Companies Register (RCS) under no. 332 824 242	38.0	22.6	57%	22.1	0.0	22.1	0.0	0.0	FVPL	22.1
OPPCI JUNO 33, Avenue Pierre Mendès France, 75013 Paris - France Registered in the Paris Trade and Companies Register (RCS) under no. 844 060 475	457.8	55.9	20%	87.0	0.0	87.0	8.9	0.0	FVPL	95.9
LRYE (1) 145 Rue Yves Le Coz RP 1124 - 78 011 Versailles Cedex - France Registered in the Trade and Companies Register (RCS) under no. 308 435 460	427.9	215.7	46%	100.0	0.0	100.0	0.0	0.0	FVPL	100.0
Other shares revalued through Other Comprehensive Income				1.3	-0.5	0.8	0.0	0.0	FVOCI	0.8
Other shares revalued at FVPL (including non-consolidated real estate investment companies)				167.8	0.0	167.8	1.1	1.1	FVPL	170.04
Total				913.7	-0.5	913.2	13.0	1.1		927.4

(1) Data at 31 December 2020.

(2) Revaluation of merged real estate investment companies (SCI)

4.11 Other financial assets (IFRS 9)

These financial assets are classified and measured as follows under IFRS 9:

Nature of asset	Intended use (IFRS 9)	Impact of fair value adjustments
Loans and advances to subsidiaries and associates	Collect contractual cash flows	Amortised cost
Employee loans	Collect contractual cash flows	Amortised cost
Security deposits and guarantees	Collect contractual cash flows	Amortised cost
UCITS*	Collect contractual cash flows	Fair value through profit or loss

* UCITS presented here do not comply with the criteria for classification as cash and cash equivalents

Impairment loss provisions are calculated using the new expected credit loss model under IFRS 9 and recognised in unrealised losses in profit or loss.

4.12 Inventories (IAS 2), building contracts and off-plan sales (IFRS 15)

Buildings that are related to commercial property development or acquired with a view to being resold in the near term are recognised in inventories at cost. A provision for impairment loss is recognised if their expert appraisal value is less than their carrying amount.

The cost of building contracts and off-plan sales is equal to costs directly attributable to the contract (including the cost of land) plus borrowing costs through to completion of the work. Marketing fees are expensed directly. If it becomes probable that total project costs will exceed total revenue, the Group recognises a provision for loss on completion in profit or loss for the period.

Partial payments received for these contracts before completion of the corresponding work are recorded as prepayments in liabilities.

4.13 Trade accounts receivable (IFRS 9)

Rent receivables for which receipts have been issued are recognised for the initial amount of the invoice less any provisions for bad debts, calculated using the simplified approach permitted under IFRS 9 for rent and trade receivables. This impairment loss model based on expected credit losses involves calculating impairment from historic customer default rates observed over time, adjusted for forecast estimates.

Impairment provisions are calculated using historical operating data that make it possible to differentiate provisions based on:

- how long receivables have been overdue;
- the situation of the tenants (i.e., present / departed / ordinary tenants / in dispute).

4.14 Cash and cash equivalents (IFRS 9)

Cash consists of cash at bank and demand deposits. Cash equivalents comprise money market funds and investments with maturities of less than three months, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value, held to meet the Group's short-term liquidity requirements. Cash and money market funds are disclosed at fair value and any adjustments are recognised in profit or loss.

Receivables from non-consolidated subsidiaries arising from the Group's cash pooling agreement are disclosed at amortised cost.

4.15 Provisions (IAS 37)

A provision is recognised when the Group has a present obligation to a third party arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits and whose amount may be measured with sufficient reliability. In the case of obligations with maturities of over one year, the provision is discounted to present value and the related impacts are recognised in financial income (expense).

All types of risks – especially operating and financial risks – are tracked on a regular basis to determine the amounts of the appropriate provisions.

4.16 Employee benefits (IAS 19)

Pensions and length-of-service awards

Pensions and other post-employment benefits consist of retirement benefits and jubilees provided for in the French National Collective Bargaining Agreement for Real Estate companies and in Group-wide agreements.

Pension plans and other post-employment benefits treated as defined benefit plans (i.e., the Group guarantees to pay a defined amount or level of benefit) are recognised in liabilities based on an actuarial analysis of the Group's benefit obligation at the reporting date, less the fair value of the related plan assets. Payments made under defined contribution plans (i.e., the Group's obligation is limited to the amount of the contributions paid) are recognised as an expense in the current period.

The provision set aside in the consolidated accounts is calculated using the projected unit credit method and includes the related social charges. The benefit obligation is calculated based on the cost of service at the measurement date assuming unenforced retirement at between 63 and 65, depending on socio-professional category.

Actuarial gains and losses reflect distortions between assumptions used and actual experience or changes in the assumptions used to calculate the benefit obligation and related plan assets, i.e.:

- employee turnover,
- rate of salary increase,
- discount rate,
- mortality tables,
- return on plan assets.

All actuarial gains and losses are recognised in equity in accordance with Revised IAS 19.

A provision is accrued for length-of-service awards over a given employee's period of employment. It is determined for each employee grade based on the probability of employees actually reaching the required length of service and the provision is discounted to present value at the reporting date.

On 24 May last, the IASB ratified a decision taken by the IFRS Interpretations Committee in April 2021 concerning the allocation of service costs associated with defined benefit pension plans with the following features:

- vesting of benefits is contingent on the employee being employed by the entity when they reach retirement age (e.g., 62).
- the amount of benefits depends on the length of employee service; and
- the amount is capped at a specified number of consecutive years of service (e.g., 16).

The scope of application of this decision concerns all plans with the three features described above, regardless of the nature of the benefits (i.e., retirement benefits, healthcare benefits, top-up pension scheme, etc.).

The impact of this change will be recorded in retained earnings.

Because the applicable pension plan has none of the three afore-mentioned features, the amendment has no impact on the consolidated financial statements of CDC Habitat.

Discretionary profit-sharing

The employee profit-sharing provision is calculated based on the Group's branch agreement currently in force.

4.17 Financial liabilities (IFRS 9)

After initial recognition, interest-bearing borrowings and other financial liabilities are remeasured at amortised cost using the effective interest rate of the loan. Arrangement fees and issuance costs impact the initial carrying amount and these are deferred over the loan term using the effective interest rate.

Interest-free long-term advances received from institutions entitled to a reserved portion of an estate and repayable over variable terms of up to 50 years have been remeasured at fair value using the average effective interest rate on borrowings.

Security deposits are considered current liabilities and are not discounted to present value.

Income from reservation agreements in consideration for fixed-term housing reservation rights granted to third parties is deferred over the term of the agreement and treated as either other non-current financial liabilities (non-current portion - maturing in over one year) or sundry payables (current portion – maturing in under one year).

4.18 Derivative instruments (IFRS 9)

The Group uses derivative instruments to hedge its exposure to fluctuations in interest rates. The Group's financial risk management policies together with the methods used to determine the fair values of derivative instruments are disclosed in Note 5 "Management of financial risk".

Derivatives are recognised at their fair value and used to hedge variable-rate borrowings against interest rate risk (hedging of future cash flows). The Group uses hedge accounting when the contract complies with the requisite conditions in terms of documentation and hedge effectiveness (before the fact and retrospectively).

If derivatives qualify for hedge accounting, changes in the fair value of the effective portion of the hedge are recognised directly in equity net of tax. The ineffective portion is recognised in profit or loss immediately during the period. Gains or losses accumulated in equity are recycled to the income statement (in the same heading as the hedged item) over the periods in which the hedged cash flows impact earnings.

If derivatives do not qualify for hedge accounting, changes in fair value are recognised directly in profit or loss for the period.

The amendments to IFRS 9, IAS 39 and IFRS 7 concerning "Interest rate benchmark reform – Phase I" were early adopted by the Group as of 1 January 2019. Phase II was adopted with effect from 1 January 2021 (mandatory application).

4.19 Related party transactions (Revised IAS 24)

As a 99.99%-owned subsidiary of Caisse des Dépôts et Consignations, the Group avails of the exemption from disclosure requirements in relation to transactions and related outstanding balances with government-related entities.

Transactions with related parties are disclosed in Note 7.6.

4.20 Revenue and receivables

Gross rental income (including financial rents) – IFRS 16

Rental income generated by operating leases mainly comprises housing rental income as well as some office rental income. This revenue is recognised on a straight-line basis over the fixed term of the leases along with any specific provisions or advantages (rent-free periods, step rents, lease rights, etc.) without adjusting for inflation. The benchmark period is the first fixed lease term.

The framework management agreements signed with public or private third parties are analysed as follows on a case-by-case basis to ascertain whether they qualify as operating or finance leases under IFRS 16:

- Operating lease revenue is recognised as described above.
- Finance lease revenue (CDC Habitat as lessor) is broken out into:
 - the portion corresponding to the rendering of services (rental management, major upkeep and repairs, day-to-day operation, etc.), which is recognised under income from other activities in accordance with IFRS 15; and
 - the portion corresponding to repayment of the investment, which is broken down into repayment of principal and offset against the corresponding payable, and repayment of interest which is recognised in income from other activities.

Property development (building contracts and off-plan sales) – IFRS 15

Income from property development is recognised on a percentage-of-completion basis. The portion recognised during the period corresponds to estimated final forecast revenue multiplied by the cumulative percentage of completion at the reporting date (including the cost of land in accordance with IFRS 15), less revenue recognised in prior periods for the operations already in construction at the beginning of the period. Only revenue for plots sold is recognised on a percentage-of-completion basis and the recognition period begins on the date on which the notarial deed is signed.

Income from other activities – IFRS 15

Income from other activities essentially comprises the following:

- services rendered and resources provided to non-consolidated subsidiaries;
- services rendered under framework management agreements (see Note 4.20.1);
- the portion corresponding to repayment of a receivable under finance leases (see Note 4.20.1).

4.21 Income taxes (IAS 12)

Income tax expense is recognised in profit or loss, except for tax on items recognised directly in equity.

The Group has not elected to file a consolidated tax return under French group relief rules.

Standard tax treatment

Current tax is determined based on tax rates applicable to Group entities and to operations not covered by the special tax treatment available to semi-public companies (*SEMs*).

Special tax treatment available to French semi-public companies (SEMs)

Pursuant to Article 207-1-4° of the French Tax Code, amended by Article 44-II and III of the Amending Finance Law of 2005, semi-public companies (*Sociétés d'Economie Mixte*) covered by Article L.481-1-1 of the French building and housing code (*Code de la construction et de l'habitation*) are exempted from income tax on the portion of their income generated on social housing. This tax treatment applies only to CDC Habitat and to ADOMA.

Deferred taxes

Deferred taxes are recognised using the liability method for temporary differences between the carrying amount of assets and liabilities and their tax base. Under this method, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred taxes are calculated at the level of each tax entity and deferred tax assets and liabilities for the same entity may be offset. Deferred tax assets are recognised only when it is probable that sufficient taxable profits will be available to permit their recovery.

4.22 Measurement basis – Assessment and use of estimates

The preparation of the Group's consolidated financial statements involves making certain estimates and assumptions that are revised regularly and based on both historical data and other factors, including reasonable forecasts of future events in light of present circumstances. The estimates that could significantly affect the carrying value of assets and liabilities during the following reporting period are analysed below.

The fair value of financial instruments that are not traded on an organised market (e.g., derivatives traded over the counter) is determined using valuation techniques.

The Group applies the methods and assumptions that it deems to be most appropriate, based mainly on market conditions at the reporting date. The actual disposal value of these instruments may be very different to the reported amount.

The fair value of the property portfolio (whether held for short- or long-term investment purposes) is determined essentially based on independent expert appraisals as described in Note 4.4.

The method used to measure the fair value of non-consolidated equity investments in subsidiaries is disclosed in Note 4.10.

Measurement of provisions for employee benefits is described in Notes 4.15 and 4.16.

The basis for determining fair value in accordance with IFRS 13 is described in Note 3.7.

5. Financial and operational risk management

5.1 Interest rate risk

Interest rates and financing levels are an essential component in the Group's property operations and particular attention is paid to this risk and the impact of changes in interest rates on earnings.

Variable-rates (at Euribor and the interest rate payable on Livret A passbook accounts) are combined with an interest rate hedging policy that must be validated by the Management Board.

Borrowings indexed to Euribor are hedged for 100% of their outstanding amount using long-term swaps and options. Livret A outstandings are hedged for a maximum of 50% of their value. Deferred hedges may be set up for medium-term loans if necessary.

CDC Habitat began using the financial markets in 2012 to meet its financing needs, mostly using fixed-rate debt. When coupons are linked to interest rates, the Group uses interest rate hedges to manage the related risk. In certain cases, notably when rent indexation is determined at the inception of an operation, CDC Habitat may pre-finance investment projects that have been validated by senior management.

The coupons are hedged using interest rate hedges and the related derivatives qualify for hedge accounting.

The Group operates a centralised hedging policy run from a single department.

5.2 Liquidity risk

As most of CDC Habitat's debt consists of amortisable loans, there are no breaks in its debt maturity profile in the immediate future.

Due to the growth in bullet loans, CDC Habitat defines the size and maturities of its annual financing programme in order to maintain maturities equivalent to those under amortisable financing.

CDC Habitat negotiated short-term credit facilities with a banking consortium and commercial paper and medium term note programmes (NEU CP-NEU MTN) to provide financing for property development projects and asset acquisitions. These short-term drawdown facilities have been designed to meet project development costs as well as any possible changes in outstanding deposit balances centralised by the Group under cash pooling arrangements.

The Group's treasury management function is run from a single platform and this makes it easier to secure and manage.

5.3 Counterparty risk

The Group monitors its investments very carefully. It is especially attentive to the quality of the banks in which it holds deposits and tracks their credit ratings closely. Virtually all term deposits are placed with counterparties or banking groups that are also long-term lenders for investment projects.

All such counterparty risks are detailed in the Liquidity charter approved by the Group's governance structures and CDC Habitat submits a half-yearly risk report to the CDC's Risk Management department. All of these financial indicators are also provided to the Group's sole shareholder on a quarterly basis as part of the Caisse des Dépôts Group's capital adequacy reporting framework.

5.4 Operational risk

CDC Habitat is mainly exposed to the following operational risks:

▪ **Business development**

- The Group's capacity to maintain a sufficient level of equity to enable it to achieve its development objectives. Financial simulations are used to assess the impact of regulatory changes on equity levels and to seek out the financing necessary to maintain a balance in the Group's operations (support measures taken by our shareholder, new financing, etc.) and limit the impact on consolidated equity;
- Meeting delivery deadlines and controlling costs. To avoid late deliveries and financial overruns, dedicated reporting systems have been deployed. Moreover, construction operations are closely tracked in "Target Monitoring meetings" and validated by special committees. Finally, quality markers have been laid down (Project Management Quality Marker) in order to secure renovation development work.

▪ **Property portfolio**

- Rising upkeep and maintenance costs and compliance requirements (fire safety, asbestos, lead, lifts, accessibility for disabled people, energy efficiency standards, etc.) that push up building costs together with the need to maintain a constant regulatory watch. To cover these costs, the Group raises *ad hoc* financing (e.g., Energy Saving Certificates) and organises information seminars (day-long seminars on development, project and portfolio management, etc.);
- Setting objectives in terms of block and split sales of property due to the wait-and-see attitude on the markets and buyers' difficulties in obtaining long-term financing. To overcome this risk, performance indicators are used to track operations in liaison with the person responsible for overseeing property sales in each entity. Moreover, the creation of an Arbitrage Committee in 2020 has helped optimise the property selling process.

▪ **Rental management**

- Unoccupied housing in outlying regions may result in significant amounts of lost revenue. Guidelines for monitoring all sensitive properties are included in the annual property arbitration and review process which may result in either disposals or lowering of rents to bring them into line with the local rental market;
- Risk of increases in overdue balances. For information, a drive to recover overdue receivables was launched by the Rental Management division in September 2019 throughout CDC Habitat that involves chasing up queries that have generated alerts in close concertation with the agencies. At the present time, although there has been a decrease in bad debts, this risk continues to be closely monitored in view of current circumstances. A working group has also been set up to study arrears of higher rents;
- Provisioning for recoverable rental charges and processing times for adjusting charges may put pressure on tenants. To mitigate this risk, the Group has centralised the service that manages rental charges. The teams also prepare schedules for budgets and performance indicators with regularly updated information on adjustments to charges in order to avoid lengthy delays;
- The increase in the volume of deliveries generates problems on a number of levels, delaying the start of the pre-marketing phase (meetings to prepare for leasing out the properties, creation of the portfolio, setting rents and service charge budgets, etc.). Network Management has deployed an action plan.

▪ **Failure in the management and organisation of an IT transition project**

Certain types of IT project may have a major impact on the business. This was the case with the project to merge the different IKOS environments that kicked off on 1 January 2020.

Possibilities for improved structuring of the levels at which risky projects are managed have been identified for more effective change management throughout the project. In 2022, controls will be performed on five projects whose indicators have slipped.

- **Tax matters**

- A continued deterioration in the tax environment (VAT, income tax, social contributions, etc.) could negatively impact current financing operations even though such impacts are staggered over time. To counteract these trends, the Group anticipates developments and keeps tabs on potential changes while seeking to foster intelligent dialogue either directly or through professional bodies.

- **Non-compliance / Anti-corruption processes**

CDC Habitat has incorporated anti-money laundering and countering the financing of terrorism (AML/CFT – 5th EU directive) and corruption (the “Sapin II Law” of December 2016) into its internal control process in three different ways:

- By incorporating risk prevention into the operational risk mapping process, the Group's procedural guidelines and rules on ethics. An anti-corruption policy was circulated to all Group employees at the end of 2021, detailing the Group's commitment to conducting its business in an ethical manner, explaining and describing prohibited behaviour, and providing guidelines to be adopted when faced with risky situations;
- Raising awareness among all Group employees of the fight to stamp out money laundering, the financing of terrorism, fraud and corruption via e-learning modules on the learning platform;
- Organising workshops with internal control correspondents to devise periodic controls designed to comply with regulatory obligations to combat fraud, money laundering and corruption. This work has been used to draft operating guidelines for making accounting control procedures compliant and identifying risky operations. A new application has also been introduced to automate accounting controls as well as a specific control plan enabling the Group to be compliant with Article 17, section II-8° of the Sapin II law.

6. Notes to the consolidated financial statements

6.1 Property and equipment and intangible assets

GROSS VALUE							
	2021	Mergers	Additions	Disposals	Additional Govt. grants	Transfers between accounts	2020
Investment property	8,844.9	26.2	1,532.7	-169.3	-1.1	-1,184.6	8,641.0
Intangible assets	13.1		6.5				6.6
Owner-occupied property and equipment	68.5		2.1				66.4
Assets held for sale (IFRS 5)	1,184.7					1,184.6	0.0
TOTAL GROSS VALUE	10,111.2	26.2	1,541.3	-169.3	-1.1	0.0	8,714.1

DEPRECIATION, AMORTISATION AND IMPAIRMENT							
	2021	Mergers	Additions	Reversals	Release of govt. grants	Transfers between accounts	2020
Investment property	-1,993.0	-5.8	-200.1	76.1	2.9	115.1	-1,981.1
Intangible assets	-4.6		-1.2				-3.4
Owner-occupied property and equipment	-40.7		-3.3				-37.4
Assets held for sale (IFRS 5)	-115.2					-115.1	0.0
TOTAL DEPRECIATION AND AMORTISATION	-2,153.4	-5.8	-204.6	76.1	2.9	0.0	-2,022.0
TOTAL IMPAIRMENT	-0.3						-0.3

NET BOOK VALUE							
	2021	Mergers	Additions	Disposals	Release of govt. grants	Transfers between accounts	2020
Investment property	6,851.6	20.4	1,332.6	-93.3	1.9	-1,069.5	6,659.5
Intangible assets	8.5		5.3			0.0	3.2
Owner-occupied property and equipment	27.9	0.0	-1.2			0.0	29.1
Assets held for sale (IFRS 5)	1,069.5					1,069.5	0.0
NET BOOK VALUE	7,957.5	20.4	1,336.7	-93.3	1.9	0.0	6,691.8

FAIR VALUE OF INVESTMENT PROPERTY

	2021	2020
Net book value (1)	7,921.1	6,659.5
Fair value (1)	10,946.5	9,413.8
Unrealised gain	3,025.4	2,754.3

(1) Net book value and fair value include property held for sale (IFRS 5)

FAIR VALUE HIERARCHY

Residential property	"Block" value per m²		Discount rate (DCF)		Rate of return	
	Min	Max	Min	Max	Min	Max
Paris / Greater Paris region	613 €	8,663 €	3.50%	6.00%	3.00%	6.50%
Rest of France	338 €	4,679 €	3.90%	10.00%	4.50%	10.00%

In accordance with IFRS 13, the above table discloses the ranges of the main unobservable inputs (Level 3 inputs) used by real estate appraisers.

RIGHT-OF-USE ASSETS (IFRS 16)

On 1 January 2019, the Group began applying IFRS 16 - Leases. Movements in right-of-use assets and lease assets/liabilities over the period may be broken down as follows:

	1 January 2021 under IFRS 16	Movements during the year	Depreciation expense over the period	31 December 2021
Right-of-use asset (1)	7.6	-		7.6
Depreciation (1)	1.4	-	0.8	2.2
Total right-of-use assets related to leases - net carrying amount	6.2	-	0.8	5.4

	1 January 2021 under IFRS 16	Movements during the year	Repayment of principal during the year	31 December 2021	Current portion	Non-current portion
Receivable against assets covered by subleases (1)	100.5	-	12.0	88.6	6.5	82.1
Lease liabilities (1)	107.1	-	12.8	94.3	7.1	87.2

(1) Concerns Rives de France and Galaxie premises

6.2 Investments in associates

The following data is presented on a 100% ownership basis in the reporting format (IFRS) used by ADOMA and FLI, the only entities accounted for using the equity method at the present time.

	ADOMA		FLI	
Summary balance sheet	2021	2020	2021	2020
Property portfolio	1,377.6	1,300.3	1,441.6	1,272.3
Other assets	333.8	324.5	182.2	382.0
Total assets	1,711.3	1,624.8	1,623.8	1,654.3
Equity	499.9	458.7	947.8	951.7
Borrowings	955.5	888.0	512.4	453.5
Other liabilities	255.9	278.1	163.6	249.1
Total liabilities and equity	1,711.3	1,624.8	1,623.8	1,654.3
Net profit	24.6	42.8	0.5	2.6
% control	56.44%	56.44%	19.14%	19.14%
Share in income of associates	13.9	24.2	0.1	0.5
Equity	499.9	458.7	947.8	951.7
% control	56.44%	56.44%	19.14%	19.14%
INVESTMENTS IN ASSOCIATES	282.1	258.9	181.4	182.3
	2021	2020		
TOTAL SHARE IN NET INCOME OF ASSOCIATES	14.0	24.7		
TOTAL INVESTMENTS IN ASSOCIATES	463.5	441.1		

Changes in fair value of investments in associates

CHANGES IN FAIR VALUE OF INVESTMENTS IN ASSOCIATES	TOTAL share in CDC H (A) + (B)	ADOMA		FLI	
		Net book assets (100% of shares)	CDC H share 56.44% (A)	Net book assets (100% of shares)	CDC H share 19.14% (B)
Fair value at 31.12.2020	441.2	458.7	258.9	951.7	182.3
Net income for 2021 under IFRS	14.0	24.6	13.9	0.5	0.1
Dividends paid in 2021	-5.2	0.0	0.0	-27.0	-5.2
Gains and losses recognised in equity under IFRS	13.6	16.7	9.4	22.5	4.2
Fair value at 31.12.2021	463.5	499.9	282.1	947.8	181.4

6.3 Non-current financial assets

GROSS VALUE	2021	Changes in scope of consolidation	Disposal	Acquisition / Increase	2020
Non-consolidated equity investments (1)	914.3	-0.8	-30.7	154.5	791.2
Fair value adjustments - IFRS 9 (1)	13.1		-9.1	10.8	11.4
Loans and advances to non-consolidated entities – FVPL	0.0				0.0
TOTAL GROSS VALUE	927.4	-0.8	-39.8	165.4	802.6

(1) these included the acquisition of equity interests totalling €155 million (mainly consisting of a €38 million stake in SEMCODA, a €34 million stake in Perpignan Habitat Méditerranée, an €18 million stake in SPPICAV Foncière Méditerranée, a €12 million stake in Résidences de l'Orléanais, an additional €10 million stake in CDC Habitat Action Copropriétés, a €10 million stake in Montélimar Habitat, a €10 million stake in SA Garonne, a €10 million stake in Sarreguemines, and €13 million in other equity investments); a negative amount of €40 million for the sale of shares in RIVP (including €9.1 million related to IFRS 9); €11 million in fair value adjustments to equity investments (in JUNO, CDC HS, Hestia); and a negative amount of €1 million for securities cancelled following the merger of real estate investment companies.

IMPAIRMENT	2021	Changes in scope of consolidation	Reversals	Additions	2020
Provision for impairment	0.0		0	0.0	0.0
TOTAL IMPAIRMENT	0.0	0.0	0.0	0.0	0.0
NET BOOK VALUE	927.4	-0.8	-39.8	165.4	802.6

6.4 Other non-current financial assets

	2021	2020
Loans and advances to subsidiaries and associates	24.5	14.2
Medium- and long-term loans	9.9	9.4
Other long-term receivables	96.7	103.7
TOTAL	131.1	127.3

6.5 Deferred tax assets

	2021	2020
DT / Timing differences	12.5	12.1
DT / Cash flow hedges	66.8	96.0
DT/ Valuation variances	-13.0	-20.2
DT / Capitalisation of acquisition and borrowing costs	-47.2	-40.6
DT/ FV of debt	-9.8	-11.0
DT / Other IFRS adjustments	-8.3	-11.9
Net deferred tax asset (liability)	1.0	24.4

6.6 Inventories and work in progress

	Gross 2021	Impairment 2021 (1)	Net 2021	Net 2020
Property in production (in progress)	50.6	-0.5	50.1	19.7
Property	0.0	0.0	0.0	0.0
TOTAL	50.6	-0.5	50.1	19.7
(1) o/w charge for the period of		0.0		
(1) o/w reversal for the period of		0.0		

6.7 Trade receivables

	Gross 2021	Impairment 2021 (1)	Net 2021	Net 2020
Prepayments	29.4		29.4	25.9
Receivables from tenants (1)	68.9	-23.9	44.9	46.4
Receivables from property development transactions	102.7		102.7	108.2
Receivables for management services for third parties	12.0		12.0	7.4
TOTAL	212.9	-23.9	189.0	187.9
(1) o/w charge for the period of		-8.4		
(1) o/w reversal for the period of		4.0		
(1) o/w newly-consolidated		0		

6.8 Current tax assets

	2021	2020
Current tax assets	0.5	0.0
TOTAL	0.5	0.0

6.9 Sundry receivables

	Gross 2021	Impairment 2021 (1)	Net 2021	Net 2020
Unpaid portion of capital increase	381.3		381.3	750.0
Sundry and unbilled receivables	15.1	-1.0	14.1	18.1
Accrued government grants and subsidies	15.6		15.6	20.2
Tax receivables	12.3		12.3	5.3
Receivables on disposals of property	3.0		3.0	2.5
Miscellaneous receivables	27.3	-1.5	25.8	23.2
Prepaid expenses	4.8		4.8	6.0
TOTAL	459.4	-2.5	456.9	825.2
(1) o/w charge for the period of		-0.3		
(1) o/w reversal for the period of		0.5		

6.10 Current financial assets

	2021	2020
Negotiable debt instruments	125.0	125.0
Fair value adjustments to current financial assets (accrued interest)	2.5	2.1
TOTAL	127.5	127.1

6.11 Other current financial assets

	2021	2020
Short-term loans	0.1	0.1
TOTAL	0.1	0.1

6.12 Cash and cash equivalents

	2021	2020
Group cash pooling agreement – debit position	217.3	184.4
Mutual funds and other short-term investments (<3 months)	496.0	545.0
Cash at bank	290.3	230.7
TOTAL cash and cash equivalents (in ASSETS)	1,003.6	960.1
Group cash pooling agreement – credit position	256.4	164.4
Bank overdrafts	91.0	4.4
TOTAL cash (in LIABILITIES)	347.4	168.8
NET CASH AND CASH EQUIVALENTS	656.3	791.3

6.13 Assets held for sale and liabilities related to assets held for sale

	2021	2020
Investment property held for sale	1,184.7	0.0
Investment grants and subsidies	0.0	0.0
Cumulative amortisation and depreciation charges	-115.2	0.0
Provisions	0.0	0.0
TOTAL Assets held for sale	1,069.5	0.0
Borrowings / assets held for sale	571.8	0.0
TOTAL Liabilities related to assets held for sale	571.8	0.0

6.14 Equity

Information regarding changes in equity is disclosed in “CONSOLIDATED STATEMENT OF CHANGES IN EQUITY”.

At 31 December 2021, share capital amounted to €2,163.3 million, comprising 21,633,016 shares of 100 euros each.

Breakdown of share capital	2021	2020
Share capital	2,163.3	2,163.3
Additional paid-in capital	140.0	139.6
Legal reserves	151.1	109.1
Revaluation reserve	2.7	2.7
Other reserves - Actuarial gains and losses on post-employment benefits -	14.1	- 14.4
Tax-driven provisions	-	-
Other reserves	-	-
Retained earnings	340.7	329.3
Reserves	1,301.3	1,271.8
Unrealised gains and losses on FV adjustments through OCI	- 183.9	- 276.8
Profit for the period	151.5	133.3
Equity	4,052.5	3,857.8

6.15 Non-current and current provisions

NON-CURRENT PROVISIONS

	2021	Additions	Reversals	Impact on equity	2020
Retirement benefits	40.5	4.4	-2.7	0.4	38.4
Jubilees and other long-service benefits	3.6	0.1	-0.14		3.7
Other employee benefit expense	0.3	0.3	-0.4		0.3
Non-current risks	2.8	0.5	-0.5		2.8
TOTAL NON-CURRENT PROVISIONS	47.2	5.3	-3.7	0.4	45.2

CURRENT PROVISIONS

	2021	Additions	Reversals	Impact on equity	2020
Risks related to investment property	4.0	0.3	0.0		3.7
Current risks	5.5		-0.9		6.4
TOTAL CURRENT PROVISIONS	9.5	0.3	-0.9	0.0	10.1

6.16 Non-current and current borrowings

6.16.1 Net debt

	Contractual amount	FV adjustment	2021	2020
Non-current borrowings (1)	4,738.1	-57.3	4,680.8	4,181.0
Current borrowings (1)	1,041.9	-1.3	1,040.6	1,221.6
Gross debt	5,780.1	-58.6	5,721.4	5,402.6
Current financial assets	125.0	2.5	127.5	127.1
Other current financial assets	0.1		0.1	0.1
Cash and cash equivalents	1,001.1	2.5	1,003.6	960.1
Net debt	4,653.9	-63.6	4,590.2	4,315.2

(1) o/w a leasing liability related to IFRS 16

6.16.2 Debt profile by maturity

	< 1 year	> 1 year	2021	2020
Borrowings from credit institutions		4,366.1	4,366.1	3,854.3
Other borrowings and debt		227.5	227.5	232.4
Non-current leasing liabilities		87.2	87.2	94.3
Non-current borrowings	0.0	4,680.8	4,680.8	4,181.0
Borrowings from credit institutions (1)	656.8		656.8	1,016.4
Other borrowings and debt	29.3		29.3	23.5
Group cash pooling agreement – credit position	256.4		256.4	164.5
Bank overdrafts	91.0		91.0	4.4
Current leasing liabilities	7.1		7.1	12.8
Current borrowings	1,040.6	0.0	1,040.6	1,221.6
TOTAL GROSS DEBT	1,040.6	4,680.8	5,721.4	5,402.6

(1) o/w accrued interest 83.0 74.2

6.16.3 Impact of changes in borrowings on statement of cash flows

	2021	Cash flows	Non cash movements					2020
			Transfers	Capitalised borrowing costs	Newly-consolidated	Evaluation of early repayment indemnities	Fair value adjustments	
Non-current borrowings (1)	4,593.6	662.7	-170.5		8.6		6.1	4,086.7
Current borrowings (2)	686.1	47.4	-401.3					1,039.9
Liabilities related to assets held for sale	571.8		571.8					0.0
TOTAL GROSS DEBT	5,851.5	710.1	0.0	0.0	8.6	0.0	6.1	5,126.6

(1) excl. non-current leasing liability accounts (right-of-use asset) totaling €87.2 million

(2) excluding current account balances of €256.4 million, bank overdrafts of €91 million and current leasing liabilities of €7.1 million in 2021 (€164.5 million, €4.4 million and €12.8 million, respectively in 2020)

Sums received from shareholders	369.0
Changes in security deposits and guarantees received	0.0
Changes in miscellaneous receivables and payables	-3.7
Gross interest paid (excl. accrued interest)	-109.1
Dividends paid	-50.0
TOTAL CASH FLOW GENERATED FROM FINANCING ACTIVITIES	916.3

6.17 Other non-current financial liabilities

	2021	2020
Security deposits and guarantees received	34.2	32.4
Uncalled, unpaid capital	53.1	78.0
Other liabilities and deferred income	49.9	41.7
Other non-current financial liabilities	137.2	152.1

6.18 Derivatives

6.18.1 Presentation of derivative instruments in the balance sheet

	2021	2020
Consolidated division, excluding ESHs – net position	-257.3	-370.9
<i>Derivative instruments in assets</i>	5.5	4.1
<i>Derivative instruments in liabilities</i>	262.8	375.0
ESH division – net trading position on hedging operations carried on behalf of Group entities	0.0	0.0
<i>Derivative instruments in assets</i>	367.5	554.1
<i>Derivative instruments in liabilities</i>	367.5	554.1
Consolidated Group position - net	-257.3	-370.8
<i>Derivative instruments in assets</i>	373.0	558.2
<i>Derivative instruments in liabilities</i>	630.3	929.0

6.18.2 Table of interest rate hedges

Type	Initial notional amount	Current notional amount	Value of hedges
CAPs	72.8	4.0	0.2
Livret A passbook accounts	193.0	193.0	-16.7
SWAPs	2,239.9	1,386.2	-240.8
TOTAL hedges	2,505.7	1,583.2	-257.3

6.18.3 Fair value adjustments to derivatives

	FV adj. for 2021 in equity	FV adj. for 2021 in profit or loss	2021	2020
Interest rate swaps qualifying as hedging instruments (1)	108.7		108.7	-22.9
Interest rate swaps not qualifying as hedging instruments		4.8	4.8	0.0
Total financial instruments	108.7	4.8	113.5	-22.9

(1) Excluding swaps contracted for Adoma and FLI which are accounted for using the equity method, net of deferred taxation and restructured derivatives recycled to profit or loss

6.18.4 Notional current amount by maturity of derivative instrument

	Due within 1 year	1 to 5 years	over 5 years	2021	2020
Derivative portfolio at 31 December					
Fixed-rate payer swaps	48.1	344.5	993.6	1,386.2	1,473.4
Interest-rate options	0.4	3.6		4.0	4.4
Variable rate against variable rate swaps	0.0	103.0	90.0	193.0	193.0
Total	48.5	451.1	1,083.6	1,583.2	1,670.8
Derivative portfolio with deferred impact					
Fixed-rate payer swaps				0.0	0.0
Total	0.0	0.0	0.0	0.0	0.0
TOTAL	48.5	451.1	1,083.6	1,583.2	1,670.8

Hedging relationships covered by the "Interest rate benchmark reform"

	31.12.2021			
	Assets	Liabilities	Notional amount	Fair value adjustments used to calculate ineffectiveness
<i>(in millions of euros)</i>				
Interest rate hedges				
Foreign currency hedges				
Equity derivatives				
Other derivatives				
Fair value hedges				
Interest rate hedges	5.5	271.1	1,583.2	113.5
Foreign currency hedges				
Equity derivatives				
Other derivatives				
Cash flow hedges	5.5	271.1	1,583.2	113.5
Net investment hedges in foreign currency				
Total hedging derivative instruments	5.5	271.1	1,583.2	113.5

6.18.5 Analysis of debt after hedging

	Classification of debt		2021
	Fixed rate	Variable rate	
Borrowings (excluding IFRS 5)	3,263.9	1,750.1	5,014.0
Interest-free debt	256.7		256.7
Leases	17.7		17.7
Capitalised borrowing costs	-8.8		-8.8
Lease liabilities	94.4		94.4
Group cash pooling agreement – credit position		256.4	256.4
Bank overdrafts		91.0	91.0
GROSS DEBT BEFORE HEDGING	3,624.0	2,097.5	5,721.4
Hedging of variable-rate debt at fixed rates (borrowings)	1,226.3	-1,226.3	0.0
Hedging of <i>Livret A</i> debt at fixed rates (borrowings)	163.0	-163.0	0.0
NET DEBT AFTER HEDGING	5,013.3	708.2	5,721.4
Term deposits and other investments	496.0	0.0	496.0
Group cash pooling agreement – debit position		217.3	217.3
Bank current account		290.3	290.3
TOTAL CURRENT FINANCIAL ASSETS AND CASH	496.0	507.6	1,003.6
NET DEBT AFTER HEDGING	4,517.3	200.6	4,717.9

Recognition of financial assets and liabilities

	Note	Classification	NBV 2021	Fair value
Non-current financial assets	6.3	Fair value through profit or loss (1)	926.6	926.6
		Fair value through equity (not to be recycled subsequently to P&L) (2)	0.8	0.8
Other non-current financial assets	6.4	Amortised cost	131.1	131.1
Group non-current derivative instruments	6.18	Cash flow hedges (3)	5.5	5.5
Other receivables	6.7 to 6.9	Amortised cost	646.4	646.4
Current financial assets	6.7 to 6.9	Fair value through profit or loss	127.5	127.5
Other current financial assets	6.11	Amortised cost	0.1	0.1
Cash and cash equivalents	6.12	Fair value through profit or loss / amortised cost	1,003.6	1,003.6
TOTAL FINANCIAL ASSETS			2,841.6	2,841.6
Non-current borrowings	6.16	Amortised cost	4,680.8	4,680.8
Other non-current financial liabilities	6.17	Amortised cost	137.2	137.2
Group non-current derivative instruments (3)	6.18	Cash flow hedges	262.8	262.8
Current borrowings	6.16	Amortised cost	1,040.6	1,040.6
Other liabilities	6.19 to 6.21	Amortised cost	511.4	511.4
TOTAL FINANCIAL LIABILITIES			6,632.8	6,632.8

(1) o/w non-consolidated equity investments for an amount of €913.5 million, Fair value adjustments under IFRS 9 for an amount of €13.1 million

(2) o/w non-consolidated equity investments with a carrying amount of €0.8 million

(3) net of hedging carried out on behalf of the ESH division

6.18.6 Fair value hierarchy for measuring financial instruments

The criteria used for measuring the fair value of financial instruments were disclosed in Note 3.7. The hierarchy may be summarised as follows:

- Level 1: quoted on an active market
- Level 2: measured using observable inputs
- Level 3: measured using non-observable inputs

	2021			2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Available-for-sale financial assets			927.4			802.6
Derivative instruments		373.0			558.2	
Other current financial assets	127.5			127.1		
Cash and cash equivalents	0.0			0.0		
Liabilities						
Derivative instruments		630.3			929.0	

6.19 Trade accounts payable

	2021	2020
Trade accounts payable	3.2	8.8
Unbilled trade payables	61.1	51.2
Prepaid trade receivables	23.2	25.0
TOTAL TRADE PAYABLES	87.4	85.0

6.20 Current tax liabilities

	2021	2020
Current tax liabilities	6.1	1.8
TOTAL	6.1	1.8

6.21 Sundry payables

	2021	2020
Tax and social security liabilities	77.8	67.3
Amounts owed to property developers	230.3	103.9
Miscellaneous payables	71.3	72.6
Deferred income	38.4	38.1
TOTAL	417.8	281.9

6.22 Other operating income

	2021	2020
Other operating income	6.2	26.2
Reversal of provisions taken on trade receivables	4.0	3.9
Reversal of provisions taken on other operating income and expenses	0.0	0.0
TOTAL	10.2	30.1

6.23 Other operating expense

	2021	2020
Royalties and patent fees	-1.3	-1.7
Other operating expense	-5.9	-4.7
Additions to provisions taken on trade receivables	-8.4	-5.1
Additions to provisions taken on other operating income and expenses	0.0	0.0
TOTAL	-15.6	-11.5

6.24 Cost of gross debt

	2021	2020
Interest on borrowings from credit institutions	-111.9	-113.6
Interest on net lease liabilities	-0.1	-1.7
Fair value adjustments to debt at preferential rates	-6.1	-6.4
Restructured derivatives recycled to profit or loss	2.4	2.6
Other debt-related expenses (gross)	0.1	3.5
TOTAL	-115.6	-115.6

6.25 Income from cash and cash equivalents

	2021	2020
Income from marketable securities with maturities of less than three months	6.6	7.3
Income on disposal of marketable securities	0.0	0.0
Financial charges on cash pooling agreement	-2.8	-2.4
Financial income from cash pooling agreement	21.2	11.0
Dividends received and share in income of associates	5.5	5.2
Fair value adjustments to current financial assets and cash and cash equivalents	0.4	-4.4
Gains on disposal of equity instruments	13.0	0.0
TOTAL	43.9	16.7

6.26 Income tax expense

	2021	2020
Income tax expense	-54.0	-27.0
Deferred income tax benefit (expense)	4.1	-11.1
TOTAL	-49.9	-38.1

Tax proof

	2021	2020
Net profit	151.5	133.3
Current tax	-54.0	-27.0
Deferred tax benefit (expense)	4.1	-11.1
Profit before tax	201.4	171.3
Share in net income of associates	14.0	24.7
Profit before tax and share in net income of associates	187.4	146.7
Theoretical tax expense (1)	-53.2	-47.0
Permanent differences	3.2	9.2
Variable carryforwards	0.0	0.0
Other	0.1	-0.3
Actual tax expense	-49.9	-38.1

(1) Theoretical tax rate of 28.41% in 2021

6.27 Share in net income of associates

	2021	2020
Share in net income of associates	14.0	24.7
Reversal of negative goodwill on investments in associates		
TOTAL	14.0	24.7

7. Other disclosures

7.1 Off-balance sheet commitments

	2021	2020
Commitments given	2,576.8	2,042.8
Endorsements and sureties given	345.7	345.0
Pledges given on securities	0.0	0.0
Commitments relating to off-plan sales	1,839.8	1,313.3
Secured debt and mortgages registered as collateral	322.7	310.6
Other commitments given	68.6	73.8
Commitments received	377.1	379.8
Pledges and guarantees received	153.0	157.1
Financing commitments received	220.0	220.0
Bank guarantees for building contracts	4.1	2.6

7.2 Disclosures concerning leases

7.2.1 Finance and operating leases (as lessor)

Lease type

<i>Category of tenants</i>	<i>Conditions of renewal or purchase</i>	<i>Indexation clauses</i>	<i>Lease term</i>
Dwellings	Tacit renewal or renewal proposition	Rent review index (IRL)	3 to 6 years
Gendarmerie-type lease (leased by the Group)	Lease renewal	Construction cost index	6 to 9 years
EDF lease	Renewable once by tacit renewal	Construction cost index	12 years, renewable after 6 years
Ecole Polytechnique lease (leased by the Group)	Non-renewable	Rent review index (IRL)	29 years
Public property-type lease	Non-renewable	Varies from lease to lease	variable depending on lease (between 25 and 35 years)

Minimum rents (1)

<i>(€ million)</i>	2021	2020
Received during the period	131.4	128.5
Receivable in under 1 year	125.2	123.3
Receivable in 1 to 5 years	402.4	423.6
Receivable in over 5 years	127.8	148.2
TOTAL	786.8	823.6

(1) Excluding dwellings

7.2.2 Finance and operating leases (as lessee)

Lease type

<i>Category of tenants</i>	<i>Conditions of renewal or purchase</i>	<i>Indexation clauses</i>	<i>Lease term</i>
Gendarmerie-type lease (premises put at the Group's disposal by local authorities)	Non-renewable	Not applicable	variable (maximum 99 years)
Ecole Polytechnique lease (premises put at the Group's disposal by the State)	Non-renewable	Not applicable	29 years
Public property-type lease	Non-renewable	Varies from lease to lease	variable depending on lease (between 25 and 35 years)

Net book value of property

	2021	2020
Gendarmerie-type leases	553.4	570.5
Ecole Polytechnique lease	23.0	24.6
Public property-type leases	102.6	102.9
Total	679.0	698.0

7.3 Employee benefit obligations**7.3.1 In relation to retirement benefits****Change in projected benefit obligation**

	2021	2020
Projected benefit obligation at start of year	38.3	32.2
Current service cost	4.6	3.5
Interest cost for the period	0.1	0.2
Benefits paid	-1.7	-1.0
Actuarial gains and losses for the period	-0.9	3.5
Effect of changes in scope of consolidation & other	0.1	0.0
Projected benefit obligation at end of year	40.5	38.3

Employee benefit plan expense recognised in the income statement

	2021	2020
Current service cost	4.6	3.5
Interest cost for the period	0.1	0.2
TOTAL	4.7	3.7

The projected benefit obligation is discounted at a rate based on the yield on blue chip corporate bonds with similar maturities to iBoXX€ Corporate AA 10+ bonds at the reporting date, i.e., 0.87% at 31 December 2021.

The estimated sensitivity of the benefit obligation to a 1% change in the discount rate is shown in the following table:

Parameters	+/-1% change	Retirement benefit		
		oblig.	variance (€M)	variance (%)
Discount rate	-1	45.3	-4.8	-10.5%
Discount rate	1	35.4	5.1	14.4%
Turnover	-1	42.1	-1.6	-3.8%
Turnover	1	35.3	5.2	14.7%
Revaluation rate	-1	35.4	5.1	14.4%
Revaluation rate	1	46.0	-5.5	-11.9%

7.3.2 In relation to length-of-service awards

The Group measures and recognises its long-term commitments in relation to length-of-service awards using similar assumptions to those used for other post-employment benefits. Length-of-service award commitments recognised on the balance sheet at 31 December 2021 total €3.7 million (see 6.15 0

Non-current and current provisions).

7.4 Headcount at the reporting date

	2021	2020
Management grade	924	879
Non-management grade	1,036	969
TOTAL	1,960	1,848

7.5 Statutory Auditors' fees

	2021	2020
Mazars	0.2	0.3
PricewaterhouseCoopers Audit	0.2	0.2
Other audit firms		
Total - statutory audit engagements	0.4	0.5
Mazars		
PricewaterhouseCoopers Audit		
Other audit firms		
Services other than statutory audit engagements	0.0	0.0
TOTAL	0.4	0.5

7.6 Related party-transactions and senior executive compensation

The Group's parent, CDC, complies with the notion of a "government-related entity" under Revised IAS 24 and CDC Habitat avails of the reporting exemption provided under paragraph 25 of the standard.

7.6.1 Relations with the parent company

Relations with the parent mainly concern bank loans granted under arm's length conditions and guarantees provided to either CDC Habitat or one of its subsidiaries.

	2021	2020
Uncalled subscribed capital	0.0	0.0
Bank current account	0.0	5.0
Miscellaneous non-operating receivables	380.3	750.3
Borrowings - Caisse des dépôts et consignations	-12.8	-15.8
Operating income/(loss)	0.0	0.0
Financial income (expense)	0.0	0.0
Endorsements and sureties given	-28.7	-40.6
Pledges and guarantees received	93.1	96.9
RELATIONS WITH CDC – BALANCE SHEET (1)	367.5	739.5
RELATIONS WITH CDC – INCOME STATEMENT (2)	0.0	0.0
RELATIONS WITH CDC –OFF BALANCE SHEET (3)	64.4	56.3

(1) "+asset / - liability", (2) "+ income / - expense", (3) "+ received / - given"

7.6.2 Relations with consolidated entities

These mainly concern the Group cash pooling agreement, secondment of personnel and provision of premises and on-site facilities, and guarantees provided to subsidiaries.

	2021	2020
Loans and advances to consolidated companies	3.3	3.7
Group cash pooling agreement – in B/S assets	0.0	0.0
Group cash pooling agreement – in B/S liabilities	232.4	91.3
Sundry receivables	7.1	11.4
Other non-current financial liabilities	0.0	2.3
Sundry payables	5.2	4.8
Operating profit/(loss)	-12.5	-11.3
Net financial income (expense) from cash management facilities	-0.1	-0.3
RELATIONS WITH CONSOLIDATED ENTITIES – BALANCE SHEET (1)	248.0	113.5
RELATIONS WITH CONSOLIDATED ENTITIES – INCOME STATEMENT (2)	-12.6	-11.6

(1) "+asset / - liability", (2) "+ income / - expense";

7.6.3 Relations with ESHs (social housing companies)

These mainly concern the Group cash pooling agreement and the provision of debt hedging services.

	2021	2020
Group cash pooling agreement – in B/S assets	0.0	0.0
Group cash pooling agreement – in B/S liabilities	-31.3	-39.2
Net financial income (expense) from cash management facilities	-0.1	-0.1
Derivative instruments - Assets	367.5	554.1
Derivative instruments - Liabilities	367.5	554.1
RELATIONS WITH ESHs – BALANCE SHEET (1)	703.8	1,068.9
RELATIONS WITH ESHs – INCOME STATEMENT (2)	-0.1	-0.1

(1) "+asset / - liability", (2) "+ income / - expense";

7.6.4 Senior executive compensation

Total remuneration paid to Management Board and Supervisory Board members in 2021 amounted to €1.6 million.

7.7 Subsequent events

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