cdc habitat

FINANCIAL REPORT 2022

Group overview

CDC Habitat intermediate housing (consolidated accounts)

CDC Habitat social

SIDOM

Maisons & Cités

Adoma

A COMMITTED GROUP

BANQUE des TERRITOIRES

Caisse des Dépôts GROUPE

Group **overview**

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Economic overview

The current economic environment has resulted in a deterioration in operating and investment conditions driven by a number of cyclical factors:

- a sharp rise in inflation, especially in the cost of energy (electricity, gas, oil, etc.) and building materials, although the situation in France is more favourable than in Europe as a whole (i.e., 5.3% inflation in December vs. 9.2% in the euro zone) thanks to the electricity tariff shield mechanism designed to limit the rise in energy prices. The French law relating to purchasing power enacted during the summer of 2022 also caps the rent review index (IRL) at 3.5% between Q3 2022 and Q2 2023.
- to mitigate the impact of rising energy costs on the most vulnerable tenants, the Group has created an Energy Solidarity Fund with a budget of €1 million for CDC Habitat social and €0.15 million for CDC Habitat. This will be deployed in the form of reductions in advances on rental charges billed to tenants.
- rising interest rates: three successive increases in the ECB refinancing rate, which rose to 2% at the end of December 2022; increase in interest rates paid on Livret A passbook savings accounts to 1% in February and 2% in August 2022 (and then 3% on 1 February 2023);
- rapidly rising building costs, with a 6.8% increase in France's BT01 national construction index (in the year to November).

The current economic climate and the lack of medium-term market visibility are hitting residential property yields and causing investors to adopt a wait-and-see attitude which, in CDC Habitat's case, is reflected in lower investment from funds:

- it is estimated that investment in residential property in France fell by 22% in 2022 compared to the previous year, with an acceleration of the trend in the final quarter (-40%);
- reservations with property developers were also down 30% and cancellation rates were up 15% year on year. In the block sales market, the decline in reservations was limited to 15%.

Problems with materials supplies, rising building costs and difficulties recruiting qualified workers are hampering the launch or progress of building projects and causing delays in programmes.

Lamartine Fund: structuring and sale/contribution of assets

The Lamartine fund was restructured in the first quarter of 2022 and, as of 31 December 2022, 85% was owned by CNP Assurances and 15% by CDC Habitat.

As part of this process, the following successive operations were carried out:

- transfer of a real estate portfolio by CDC Habitat to SCI Lamartine and SCI Milly by means of a contribution and sale agreement;
- CDC Habitat transferred its shares in SCI Milly to SCI Lamartine;
- sale of 85% of the capital of SCI Lamartine by CDC Habitat to CNP Assurances.

These operations covered a property comprising 8,200 housing units valued at €2.5 billion.

Mainstreaming the French Law on Energy and the Climate into the Group's business model

The Group is integrating the impacts of the French Law on Energy and the Climate into its production processes, with the aim of:

- boosting new housing production – particularly social and affordable housing – in supply-constrained areas;
- accelerating land conversion while limiting urban sprawl;
- supporting national and local urban development policy.

16 projects representing a potential of 3,419 housing units were validated in 2022, with the aim of moving up the land management and production chain using various investment vehicles/financing arrangements:

- 11 projects headed up by CDC Habitat or CDC Habitat social using property management or co-development operations, representing a potential of 1,707 housing units, of which 522 units of social rental housing (LLS), 22 units of solidarity lease-type arrangements (BRS) and 133 units of intermediate rental housing/contractual affordable housing (LLI/LAC) were validated during 2022,
- The creation of two new funds to free up land for housing production:
  - Fonds Hab'Initio, bringing together 6 institutional investors, including CDC Habitat, with investment capacity of €250 million, which will focus on small and medium-sized land development operations. At end-2022, 4 new projects had been earmarked for this fund, representing 1,350 units of housing, including 316 units of social housing and 153 intermediate housing units (the remainder consist of traditional programmes for first-time buyers);
  - Fonds Champlain, in which CDC Habitat partners up with Invanhoé Cambridge, with an investment capacity of €500 million over 15 years. This fund will target large-scale land conversion operations and will therefore finance traditional property development as well as programmes to convert offices, hotels or warehouses into housing.
- At the end of 2022, Frey, CDC and CDC Habitat teamed up to create a joint property company to convert commercial real estate on the outskirts of cities. Its first project was approved at Montigny-lès-Cormeilles (*département* 95) representing a potential of 362 units of new housing.

Energy and ecological transition plan

- The Group is continuing its programme of energy retrofits to existing properties. At the end of 2022, the average energy consumption of the portfolio assessed within the framework of the Group's Energy Strategy Plan (ESP) was 134 kWhep/m²/year (~energy label C) and average greenhouse gas emissions (GHG) were 22 kgCO_2/m²/year (~energy label D).
- In 2022, CDC Habitat rounded out its commitments by deploying an energy savings plan across the existing portfolio to tackle the big increases in energy costs and the risks of supply disruption.
- As part of its partnership with CDC Biodiversité, the Group also remains fully committed to Nature 2050, a long-term initiative in which CDC Habitat supports projects that aim to preserve or reconstitute natural areas, ecological networks, forests and farmland (covering 262,500 m², including 30,000 m² added in 2022 to offset soil sealing in housing programmes).
- As well as mitigation initiatives included in the Energy Strategy Plan, since 2020 CDC Habitat has been committed to developing a climate change adaptation strategy that will provide its standards and guidelines with a resilience focus. 25 new Resilience Performance Assessments were performed during the year as part of renovation programmes and the SIG mapping support process, which makes it possible to visualise territorial exposure by municipality, by hazard and by criticality, property by property, was delivered in 2022 for CDC Habitat and CDC Habitat social.

Partners

In 2022, CDC Habitat Group continued to partner the restructuring of the French social housing sector. It entered into new partnership agreements and acquired stakes in operators within the sector. At end-2022, 40 partnership agreements had been signed (including 9 in 2022), representing over 323,000 units of housing for a commitment of €394 million (out of a provisional budget of €562 million). This process will be actively pursued into 2023.

In the course of 2022, CDC Habitat acquired 10% of the capital held by the municipality of Kourou in SIMKO, increasing the Group's stake from 82% to 92%.

Changes to the territorial organisation structure: creation of multi-party CDC Habitat/CDC Habitat social agencies

This project has three focuses:

- structuring the CDC Habitat and CDC Habitat social networks around a multi-party model with a territorial and local focus organised between the intermediate and social housing divisions;
- finalising the structure of the Legal Affairs Department within the Inter-regional division, already initiated as part of the Trajectoire 2022 project;
- setting up a centralised platform to manage recoverable rental charges.

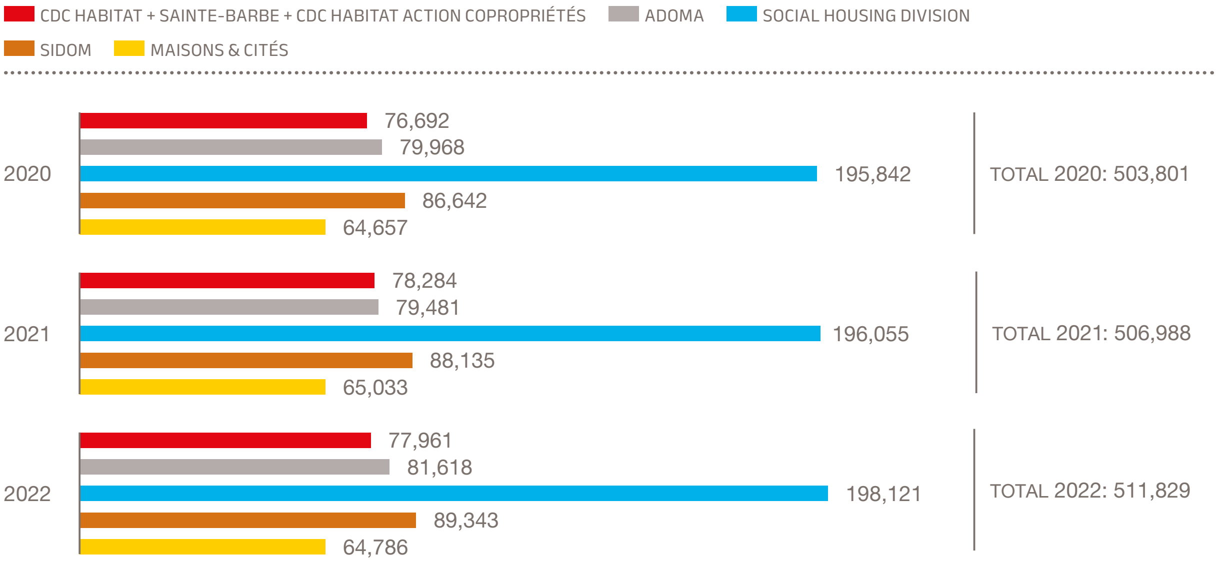
The multi-party project was deployed in June 2022 throughout the inter-regional divisions outside the Paris region, following a year of preparatory work and network reorganisation support; 800 employees were involved, 100 seminars were organised, IT migration took place in mid-June following successive iterations, 27 multi-party agencies were created by consolidating the CDC Habitat and CDC Habitat social agencies, creation of a centralised service charges platform, and reorganisation of the litigation process.

1. GROWTH IN PORTFOLIO

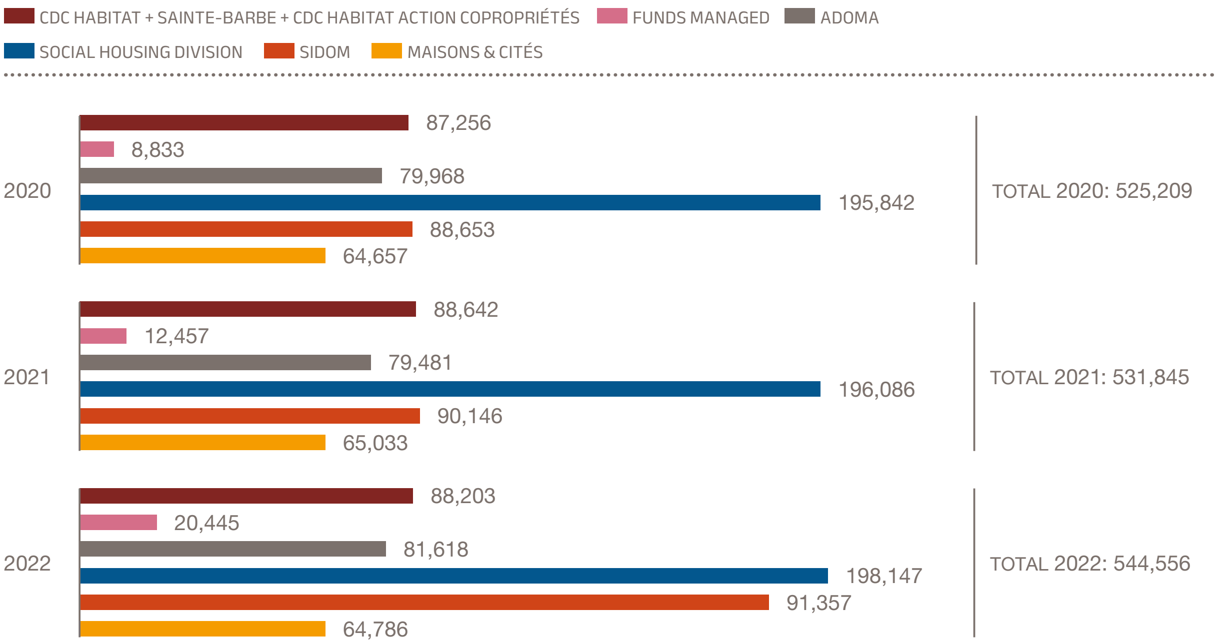
In 2022, CDC Habitat Group's owned portfolio grew by 1.0% to 511,829 units, reflecting the following movements:

- delivery of 13,389 new units (excluding deliveries to funds, commercial premises and property development for M&C and SIDOM),
- disposal of 6,677 units (excluding property development),
- demolition of 1,593 units, mostly belonging to Adoma (990 units),
- miscellaneous movements and the loss of management of 216 units.

CHANGES IN OWNED PORTFOLIO (IN NUMBER OF UNITS)



CHANGES IN MANAGED PORTFOLIO (IN NUMBER OF UNITS)



2. NET RENTAL INCOME

Net rental income grew by 1.5 % for the year to €2,781.5 million.

The **Consolidated division** reported net rental income of €591.3 million, down 1.1% (or by €6.5 million) for the year:

- gross rental income declined by €15.4 million, reflecting the impact of sales (down €42.4 million, including a negative amount of €32.6 million related to the Lamartine operation), offset by new deliveries (+€26.5 million) and higher rents from CDC Habitat's existing property portfolio (up €2.6 million/lower vacancy rate);
- income from other activities grew by €8.9 million to €43.5 million, thanks to strong growth in management fees from third parties.

The **Social housing division** reported net rental income of €938.1 million in 2022, 2.2% or €20.6 million higher than in 2021, under the combined impacts of:

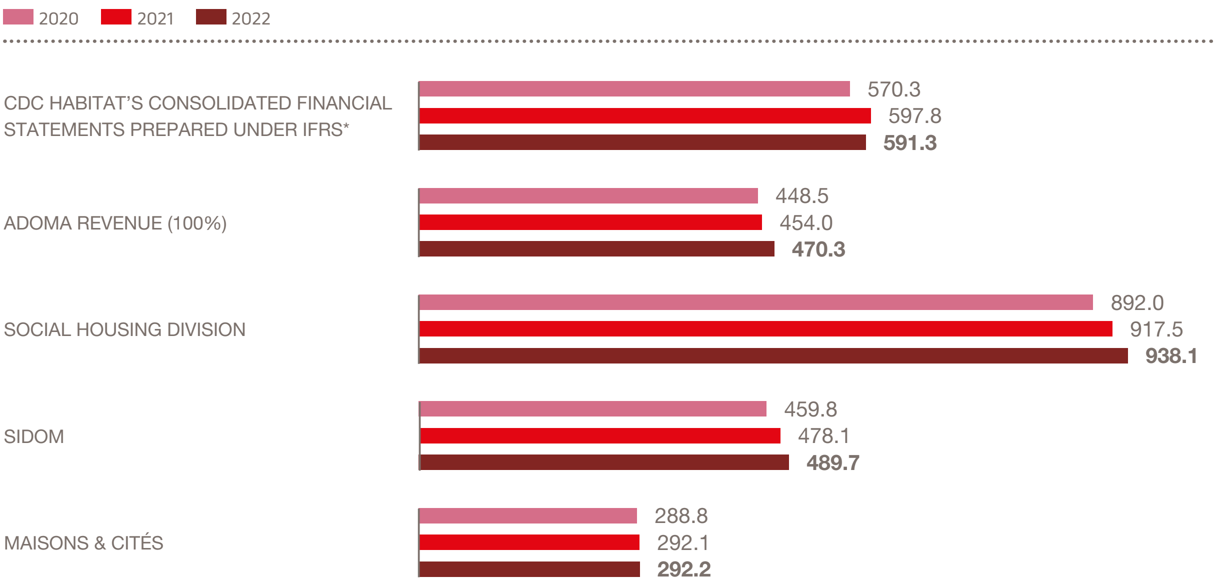
- the €17.3 million increase in net rental income, including €19.9 million related to acquisitions and new builds, higher rents from the existing property portfolio (€7.8 million), units sold off (negative €8.0 million), the end of management contracts (negative €1.3 million), and rent supplements charged to better-off tenants (negative €1.1 million);
- a €0.8 million increase in reservation agreements;
- a €2.4 million increase in non-rental income (fees from construction-sale real estate companies [SCCV], project management consultancy fees, etc.).

The **SIDOM** division's income grew by €11.6 million to €489.7 million, mainly due to the €13.4 million increase in rental income (including €12.3 million for new deliveries) and a negative amount of €3.8 million due to an increase in bad debts.

Maisons & Cités generated net rental income of €292.2 million, which was stable when compared to 2021 (up €0.1 million).

Adoma's revenue grew by 3.6% year on year to €470.3 million thanks to an increase in accommodation for housing people from Ukraine (+€11 million) and higher external fees (+€4 million).

NET RENTAL INCOME AND ADOMA REVENUE (€ MILLION)



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

3. INVESTMENT OUTLAY

INVESTMENTS IN SOs BY STRUCTURE CDC HABITAT GROUP (€ MILLION)

	REPORTED 2020	REPORTED 2021	REPORTED 2022	CUMULATIVE 2020/2022
INVESTMENT IN DEVELOPMENT (€ MILLION)				
CDC Habitat + STB + CDC Action copropriétés	2,742.5	1,596.0	1,132.6	5,471.0
Funds managed	1,316.3	1,354.3	340,7	3,011.2
Adoma	196.9	206.2	210,8	613.9
Social housing division	477.4	646.1	509,9	1,633.4
SIDOM	349.9	568.0	492,9	1,410.7
Maisons & Cités	92.7	117.0	103,5	313.1
CDC HABITAT GROUP	5,175.6	4,487.5	2,790.4	12,453.4
INVESTMENT IN WORK ON THE EXISTING PORTFOLIO (€ MILLION)				
CDC Habitat + STB + CDC Action copropriétés	66.8	93.3	72.4	232.5
Adoma	31.2	32.8	40.7	104.7
Social housing division	144.9	160.8	184.2	489.8
SIDOM	88.3	120.4	68.7	277.3
Maisons & Cités	193.5	292.3	277.5	763.2
TOTAL CDC HABITAT GROUP	524.7	699.5	643.4	1,867.6
TOTAL INVESTMENT IN SOs				
CDC Habitat + STB + CDC Action copropriétés	2,809.3	1,689.3	1,205.0	5,703.5
Funds managed	1,316.3	1,354.3	340.7	3,011.2
Adoma	228.1	239.0	251.5	718.6
Social housing division	622.3	806.8	694.1	2,123.2
SIDOM	438.2	688.3	561.6	1,688.1
Maisons & Cités	286.1	409.3	381.0	1,076.4
TOTAL CDC HABITAT GROUP	5,700.3	5,187.0	3,433.8	14,321.0

4. EFFICIENT MANAGEMENT

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

- The Group's relet vacancy rate declined by 0.11 points to 1.76%, compared to 1.87% in 2021. This drop was more pronounced for CDC Habitat social and MEECAM (reflecting measures to reduce reletting periods and the time required to let out new deliveries) and for CDC Habitat.
- Bad debts rose across all Group entities (1.93% versus 1.50% in 2021), with the exception of CDC Habitat. The economic climate is undermining the situation of the poorest households and this is beginning to be reflected at the end of the year in the indicators for social housing and emergency accommodation.
- The average ratio of management costs/net rental income came in at 28.4%, up by 0.6 points for the Group as a whole, however the ratio actually declined for CDC Habitat and Maisons & Cités.
- Maintenance expenditure represented 10.9% of the Group's consolidated net rental income, a decrease of 0.3 points. The highest level of 16.0% was reported by Adoma. Recurring maintenance expenditure throughout the Group averaged €544/unit in 2022. The ratios of the emergency accommodation division measured in proportion to net income are higher due to the specific features of its portfolio.
- The average EBITDA and recurring operating income margin at end-2022 was 44.9%. This was down year on year for all entities apart from Maisons & Cités, with big differences between entities.
- The net debt / net rental income ratio declined by 0.5 points across all Group entities. It remained low for Adoma and declined by 2.1 points for Maisons & Cités.

OPERATING DATA (EXCL. YSALIA HABITAT GARONNE AND YSALIA CENTRE LOIRE HABITAT)	GROUP	CDC HABITAT CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER IFRS	SOCIAL HOUSING DIVISION	ADOMA	SIDOM	MAISONS & CITÉS
RENTAL MANAGEMENT						
Average vacancy rate on available units	1.76%	3.09%	1.37%	1.18%	1.59%	1.10%
For info. 2021	1.87%	3.20%	1.77%	1.16%	1.41%	1.14%
Average vacancy rate on available units (> 1 month)	1.16%	2.17%	0.79%	nd	nd	0.60%
For info. 2021	1.37%	2.29%	1.13%	nd	nd	0.66%
Bad debts	1.93%	0.98%	1.32%	1.87%	3.41%	1.30%
For info. 2021	1.5%	1.19%	1.01%	1.49%	2.36%	1.29%
MANAGEMENT COSTS (AS A % OF NET RENTAL INCOME)	28.4%	30.8%	27.6%	37.3%	25.3%	23.5%
For info. 2021	27.8%	32.5%	26.1%	33.5%	24.0%	25.2%
PROPERTY MANAGEMENT						
Maintenance /in € per equiv. housing unit	€544	€638	€526	€472	€565	€548
For info. 2021	€557	€631	€545	€473	€590	€558
Maintenance / as % of net rental income	10.9%	9.3%	10.6%	16.0%	10.2%	12.0%
For info. 2021	11.2%	9.1%	11.1%	15.6%	10.8%	12.3%

FINANCIAL DATA	GROUP	CDC HABITAT CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER IFRS	SOCIAL HOUSING DIVISION	ADOMA	SIDOM	MAISONS & CITÉS
INCOME STATEMENT						
Net rental income or revenue (Adoma)	2,781.5	591.3	938.1	470.3	489.7	292.2
For info. 2021	2,739.5	597.8	917.5	454.0	478.1	292.1
Recurring operating income or EBITDA / Net rental income*	44.9%	46.9%	47.7%	34.8%	53.4%	54.5%
For info. 2021	46.0%	47.1%	49.5%	40.7%	54.5%	52.7%
Gains on disposals / Profit before tax**	95.9%	106.7%	85.3%	61.6%	31.7%	54.4%
For info. 2021	70.2%	78.8%	93.5%	22.4%	26.6%	67.8%
Gains on disposals / Recurring operating income or EBITDA	54.6%	197.1%	22.3%	2.7%	5.9%	8.7%
For info. 2021	23.8%	55.0%	23.0%	5.0%	7.1%	10.9%
NET DEBT / NET RENTAL INCOME	7.5	8.3	8.2	3.9	8.5	5.1
For info. 2021	8.0	9.0	8.3	3.4	8.6	7.2
GEARING (NET DEBT / EQUITY)	1.3	1.0	1.6	0.8	1.5	1.1
For info. 2021	1.6	1.2	2.4	0.8	1.5	1.9
LTV (LOAN TO VALUE)***	-	37.3%	37.9%	ND	ND	ND
For info. 2021	-	42.9%	40.1%	nd	nd	nd
ANNUITIES / NET INCOME	44.4%	53.7%	46.2%	18.8%	45.7%	39.6%
For info. 2021	41.1%	48.2%	48.9%	17.9%	32.1%	36.5%

* For CDC Habitat consolidated financial statements: recurring operating income excluding property development / (net rents + income from other activities);
Other entities: EBITDA / Net income
** For CDC Habitat consolidated financial statements: gains on disposals / Profit before tax (adjusted for provisions booked for Swaps)
*** The Social housing division only concerns CDC Habitat social and MEECAM (excl. Ysalia Habitat Garonne and Ysalia Centre Loire Habitat).

CDC Habitat intermediate housing (consolidated accounts)

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Strengthening of CDC Habitat's equity

The share capital increase subscribed to by CDC in favour of CDC Habitat in 2020 as part of the stimulus plan was settled in 2022 with a cash payment of €381 million. An additional €140 million capital increase to support the social housing sector (CDC Habitat social and partners) was subscribed by CDC and paid up in May 2022.

End of mandate to manage the property portfolio of the French Ministry of the Armed Forces

With effect from 1 January 2023, CDC Habitat has been replaced as manager of the Ministry of Defence's portfolio of 8,888 housing units by the concession operator appointed at the beginning of 2022 following a call for tenders. The handover phase and transmission of information to the new concession operator took place during 2022.

Recognition of impairment on 35 isolated assets

Under IAS 36, the Group must test its assets – including its investment property – for impairment at least once a year.

Indications of impairment may be attributable to events, changes in the technological, economic or legal environment, or internal factors that may significantly reduce the asset's market value.

As part of the annual programme to measure the value of CDC Habitat's investment properties, an indication of impairment was identified in a specific part of the Group's business with high vacancy rates.

An impairment loss was recognised for a total of €42.3 million for the 35 assets concerned under "Net (additions to) reversals of provisions" in total comprehensive income for 2022.

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

- CDC Habitat, SAS Sainte-Barbe, AMPERE and Adestia, all of which are fully consolidated;
- Adoma (56.44% stake), FLI (19.14% stake) and Lamartine (15% stake), consolidated using the equity method.

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

Crédit rating

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

Following Fitch's most recent annual ratings review in May 2023, CDC Habitat was assigned a favourable AA- medium- and long-term rating with a stable outlook.

1. INCOME STATEMENT

Consolidated profit for 2022 came in at €394.7 million, compared to €151.5 million for 2021.

Net rents declined by €15.4 million, including €12.8 million in gross rents, due to the fact that disposals exceeded new deliveries for the period (disposals to the Lamartine fund), and a negative amount of €2.8 million in losses on unrecoverable rental charges. Income from other activities, essentially comprising fees from third parties, grew by €9.0 million (ramping up of investment fund activity, particularly fund and property management fees).

The property development margin came out at €1.7 million, up €1.5 million year on year, mainly due to the sale of a car park and land in Dijon at end-2022.

Operating expenses fell by €2.2 million to €313.8 million for the year. This slight drop was mainly attributable to:

- the €1.2 million decrease in **maintenance expenses**, including -€0.6 million on major repairs covered by provisions, and -€0.7 million relating to expenditure anticipated in 2021;
- **personnel expenses, discretionary and non-discretionary profit-sharing**, which decreased by €3.9 million;
- the €3.2 million increase in net (non-recurring) operating expense, of which €1.7 million related to demolition, €1.1 million to a provision for unsettled claims (notably for structural damage), and a decrease of €0.6 million in sales of Energy Saving Certificates.

Recurring operating income was €279.1 million compared to €282.0 million in 2021. Excluding the property development margin, recurring operating income was 46.9% of net income versus 47.1% in 2021.

Disposal gains (€550.3 million, €395.3 million higher than 2021) represented 106.7% of pre-tax profit. The Lamartine operation generated gains on disposals of properties of €472 million and gains on disposal of equity investments of €32.3 million in 2022.

Depreciation and amortisation net of government grants and subsidies increased by €42.5 million year on year to €236.0 million due to a provision for depreciation recorded on 35 specific properties.

Share in net income of associates declined by €12.4 million to €1.6 million and included a drop of €11.3 million for Adoma (due mainly to higher energy costs) and a negative amount of €1.2 million for the Lamartine Fund due to set-up costs recorded in 2022 (CDC Habitat share = 15%).

Cost of gross debt rose by €0.2 million for the year. **Income from cash and cash equivalents** fell by €21.9 million year on year, including negative amounts of €16 million attributable to term deposits sold off (balancing cash payment).

Positive fair value adjustments to investments amounted to €14.5 million in 2022, mainly attributable to the remeasurement of the investment in Juno.

Profit before tax was €519.8 million, versus €201.4 million in 2021, a year on year increase of €318.4 million.

The tax expense was €125.1 million, €75.2 million higher than in 2021 and includes income of €9 million attributable to a favourable decision in an ongoing tax dispute.

CONSOLIDATED INCOME STATEMENT PREPARED UNDER IFRS (€ MILLIONS)	REPORTED 2021	REPORTED 2022	REPORTED 2022/2021 €	REPORTED 2022/2021 %
Gross rental income	570.7	558.1	-12.6	-2.2%
Loss on recoverable rental charges	-7.5	-10.3	-2.8	37.4%
Net rents	**563.2**	**547.8**	**-15.4**	**-2.7%**
Income from other activities	**34.6**	**43.5**	**8.9**	**25.7%**
NET RENTAL INCOME	597.8	591.3	-6.5	-1.1%
Income from property development	2.0	12.7	10.7	533.6%
Cost of inventory	-1.8	-11.0	-9.2	510.6%
Property development margin	**0.2**	**1.7**	**1.5**	**740.4%**
Purchases consumed & external services	-115.6	-115.2	0.4	-0.4%
Maintenance	-57.7	-56.5	1.2	-2.0%
Taxes other than income taxes	-60.8	-60.9	-0.1	0.1%
Personnel expenses, discretionary and non-discretionary profit-sharing	-76.5	-72.6	3.9	-5.1%
Other operating income (expense)	-5.4	-8.6	-3.2	60.0%
Total recurring expenses	**-316.0**	**-313.8**	**2.2**	**-0.7%**
RECURRING OPERATING INCOME	282.0	279.1	-2.9	-1.0%
Disposal gains on investment property	155.0	550.3	395.3	255.0%
EBITDA	437.0	829.4	392.4	89.8%
Depreciation and amortisation net of government grants and subsidies	-193.5	-236.0	-42.5	22.0%
EBIT BEFORE SHARE IN NET INCOME OF ASSOCIATES	243.5	593.4	349.9	143.7%
Share in net income of associates	14.0	1.6	-12.4	-88.2%
EBIT AFTER SHARE IN NET INCOME OF ASSOCIATES	257.5	595.1	337.6	131.1%
Cost of gross debt	-115.6	-115.8	-0.2	0.2%
Income from cash and cash equivalents	43.9	22.0	-21.9	-49.9%
Fair value adjustments to derivatives	4.8	4.1	-0.7	-15.1%
Cost of net debt	**-66.9**	**-89.8**	**-22.9**	**34.2%**
Fair value adjustments to investments	10.8	14.5	3.7	33.9%
PROFIT BEFORE TAX	201.4	519.8	318.4	158.1%
Income tax expense	-49.9	-125.1	-75.2	150.7%
NET PROFIT	151.5	394.7	243.2	160.5%
Non-controlling interests	0.0	0.0	0.0	
NET PROFIT ATTRIBUTABLE TO OWNERS	151.5	394.7	243.2	160.5%

	2021	2022
Recurring operating income (excluding property development margin) / net income (net rents + income from other activities)	47.1%	46.9%
Gains on disposals / Profit before tax (excluding impact of swaps)	**78.8%**	**106.7%**
Gains on disposals / EBITDA	35.5%	66.3%
Gains on disposals / Recurring operating income	**55.0%**	**197.1%**
Interest coverage ratio (ICR)	2.44	2.41

2. BALANCE SHEET

In assets

Non-current assets grew by €1,265.5 million (+16.7%), including a €1,144.1 million increase in investment property. This growth was attributable to the combined effects of:

- deliveries for the period amounting to €1,362 million;
- reversal of assets reclassified under IFRS 5 for an amount of €1,070 million (Lamartine assets held for sale);
- €1,061 million in disposals, of which €975 million for Lamartine properties;
- depreciation charges totalling €185 million;
- asset write downs totalling €42 million.

Current assets increased by €270 million for the year, reflecting the combined impact of a €636.8 million increase in cash and cash equivalents and a €375.2 million decrease in trade accounts receivable (negative €381 million relating to the balance of the 2020 capital increase paid up during the year).

There were no **Assets held for sale** in 2022. For information, assets held for sale in 2021 related to the Lamartine project for an amount of €1,069.5 million.

In equity and liabilities

Equity grew by €772.7 million (+19.1%) to €4,825.2 million.

Non-current liabilities decreased in 2022 (down €271.0 million), reflecting a €143.2 million increase in non-current borrowings, offset by a €457.3 million decrease in other non-current financial liabilities (negative €531 million in derivative instruments in liabilities related to positive fair value adjustments and +€79 million on the unpaid capital balance to be paid up by the partners).

Current liabilities were €545.2 million, or 34.9% higher year on year, including a €553.9 million increase in current borrowings which totalled €1,594.5 million.

This increase was attributable to +€324 million in new borrowings, +€572 million reclassified under IFRS 5 and negative €274 million in repayments, as part of the borrowings allocated to Lamartine properties were kept on the books and reallocated to other properties.

Debt ratios improved considerably year on year thanks to the disposal of the Lamartine properties.

BALANCE SHEET RATIOS	2021	2022	Δ 2022/2021
Net debt (€ million)	5,162	4,650	-512
Gearing (net debt / equity)	1.3	1	-0.3
Gearing (excluding impact of swaps)	1.2	1	-0.2
Net debt/income (statutory accounts)	9.0	8.3	-0.7
Loan to value (LTV)	42.3%	35.6%	-6.7%
Real estate borrowings / EBO	11.46	5.45	-6.01

Overview of the Group's borrowings

In December 2021, the Supervisory Board authorised the Group to raise €450 million in new borrowings for 2022 by means of placements on the open market. Financing levels were adjusted downwards by an amount of €276 million:

- two commercial paper and medium-term note programmes (NEU CP-NEU MTN) for an amount of €41 million, borrowed over 11 years,
- four NSV-type bonds for an amount of €235 million, borrowed for periods of between 16 and 25 years.

The weighted average interest rate on the new borrowings of €276 million is 2.3% at an average maturity of 19 years.

Another €35 million was raised in other forms (a €9 million bank loan for Sainte–Barbe, a €15 million bank loan for CDC Habitat and €11 million in other borrowings).

After taking into account the impact of hedging, the weighted average interest rate on Consolidated division borrowings is 2.15% (7 basis points lower than in 2021).

The gearing ratio decreased from 1.3 in 2021 to 0.964 in 2022 in line with debt. After fair value adjustments to derivatives it comes out at 0.971.

The overall Loan to Value (LTV) ratio, which includes fair value adjustments to non-consolidated investments (including investments in associates), fell to 35.6%.

BALANCE SHEET (€ MILLION)	REPORTED 2020	REPORTED 2021	REPORTED 2022	Δ 2022/2021
ASSETS				
Intangible assets	3.2	8.5	13.8	5.3
Investment property	6,659.5	6,851.6	7,995.7	1,144.1
Other non-current assets	29.1	27.9	25.9	-2.0
Rental property	**6,691.8**	**6,888.0**	**8,035.5**	**1,147.5**
Available-for-sale financial assets	802.6	927.4	1,218.2	290.8
Investments in associates	441.2	463.5	579.7	116.2
Other financial assets	685.5	504.1	215.7	-288.3
Deferred tax assets	24.4	1.0	0.3	-0.7
Non-current financial assets	**1,953.7**	**1,896.0**	**2,014.0**	**118.0**
NON-CURRENT FINANCIAL ASSETS	8,645.5	8,784.0	10,049.5	1,265.5
Cash and cash equivalents	1,087.3	1,131.2	1,768.0	636.8
Inventories	19.7	50.1	58.5	8.4
Trade receivables	1,013.2	646.4	271.2	-375.2
CURRENT ASSETS	2,120.2	1,827.8	2,097.8	270.0
Assets held for sale	0.0	1,069.5	0.0	-1,069.5
TOTAL ASSETS	10,765.7	11,681.3	12,147.3	466.0
EQUITY AND LIABILITIES				
Share capital	2,163.3	2,163.3	2,303.3	140.0
Reserves	1,561.2	1,737.7	2,127.2	389.6
Net profit for the period	133.3	151.5	394.7	243.1
Equity attributable to owners of the parent	**3,857.8**	**4,052.5**	**4,825.2**	**772.7**
Non-controlling interests	0.0	0.0	0.0	0.0
TOTAL EQUITY	3,857.8	4,052.5	4,825.2	772.7
TOTAL PROVISIONS	45.2	47.2	37.2	-10.1
Non-current borrowings	4,181.0	4,680.8	4,824.0	143.2
Other non-current financial liabilities	1,081.1	767.4	310.1	-457.3
Deferred tax liabilities	0.0	0.0	43.2	43.2
NON-CURRENT LIABILITIES	5,262.1	5,448.3	5,177.3	-271.0
Current provisions	10.1	9.5	12.1	2.6
Current borrowings	1,221.6	1,040.6	1,594.5	553.9
Other current liabilities	368.8	511.3	500.1	-11.2
CURRENT LIABILITIES	1,600.5	1,561.4	2,106.7	545.2
Liabilities related to assets held for sale	0.0	571.8		-571.8
TOTAL EQUITY AND LIABILITIES	10,765.7	11,681.2	12,147.3	466.0

3. FINANCING THE ACTIVITY

The various operations carried out in 2022 generated a funding surplus of €787.1 million, compared to a surplus of €46.8 million in 2021. This €740.3 million increase reflects a number of factors:

Sources (+€1,440 million):

- cash proceeds on disposals totalling €1,164.8 million, which increased by €918.5 million year on year due to disposals to the Lamartine fund in 2022;
- cash payments of €521.3 million received from CDC (i.e., the balance of the €381 million capital increase of 2020, plus the €140 million capital increase of 2022 which was paid up in full).

Uses (+€700 million):

- capital outlay required for development (including major projects) of €462.6 million, which was €122.1 million higher than in 2021, in line with the higher number of properties delivered during the year (+1,444 units);
- acquisitions of equity interests and payment of current account advances of €271.2 million, an increase of €113.7 million on 2021, including €64.7 million for the Lamartine Fund and €77.2 million for CDC Habitat Social (capital increase);
- cash flow from operating activities, which decreased by €114.8 million to €42.1 million, reflecting the €101 million tax expense borne by CDC Habitat on disposal gains generated by the Lamartine project;
- increase in principal repayments of €23.4 million.

FINANCING THE ACTIVITY (€ MILLION)	REPORTED 2021	REPORTED 2022	Δ 2022/2021
Cash flow from operating activities	**156.9**	**42.1**	**-114.8**
Repayment of principal	-159.6	-183.1	-23.4
Dividends received / Equity interest	10.8	10.1	-0.7
GROSS OPERATING CASH FLOW	8.1	-130.9	-139.0
Capital invested in renov/enhancement/demolition (calculated at delivery)	-22.9	-24.5	-1.5
NET OPERATING CASH FLOW	-14.8	-155.4	-140.6
Cash proceeds on disposals	246.3	1 164.8	918.5
Equity invested in development (at delivery)	-300.4	-433.3	-132.9
Equity invested in major projects	-40.1	-29.3	10.8
Equity invested in structural work	-2.1	-1.6	0.6
Other early repayments	-3.7	-8.3	-4.6
FREE CASH FLOW BEFORE EQUITY FINANCING	-114.8	537.0	651.8
Acquisitions of equity interests	-122.6	-339.7	-217.0
Distributed dividends	-50.0	0.0	50.0
FREE CASH FLOW AFTER EQUITY FINANCING AND BEFORE TRANSFERS TO RESERVES AND CAPITAL INCREASE	-287.4	197.3	484.7
Cash capital increase	369.0	521.3	152.3
Current account advances granted to/repaid by subsidiaries	-34.8	68.5	103.3
FREE CASH FLOW AFTER EQUITY FINANCING	46.8	787.1	740.3

CDC Habitat
social

3

Contribution of assets and acquisition of a stake in MEECAM

The Extraordinary General Meeting of CDC Habitat social held on 30 September 2022 approved the partial contribution of assets to MEECAM. This consisted of the entire autonomous branch comprising 4,049 units of student accommodation and 22 units of caretakers' accommodation, operated under the «STUDEFI» brand, representing net assets of €94 million. The operation was backdated to take effect from 1 January 2022.

Adestia subsequently transferred its stake in MEECAM to CDC Habitat social, which became MEECAM's sole shareholder.

Share capital increase

In 2022, CDC Habitat social carried out a share capital increase of €117.2 million, taken up by Adestia and Action Logement Immobilier for amounts of €77.2 million and €40 million, respectively, increasing its share capital to €281.1 million.

Renegotiation of debt

€1.1 billion in outstanding principal of CDC Habitat social's debt with Banque des Territoires was renegotiated in 2022 out of total borrowings of €7.8 billion (at 31 December 2021). The main adjustments concerned lower margins, a switch to fixed rates of interest and longer amortisation periods.

1. INCOME STATEMENT

Net rental income came in at €928.5 million, a year-on-year increase of €18.1 million, mainly attributable to higher rental income due to new properties delivered.

The contribution margin grew by €10.7 million to €661.6 million, mainly due to:

- the €2.4 million decrease in maintenance expenditure to €99.5 million, or 10.7% of net rental income, in the wake of 2021 when costs were pushed up by expenditure that had been postponed during the pandemic;
- a €3.7 million increase in local non-recoverable payroll, driven by various components of remuneration policy and differences in recovery rates;
- the end of exemption from French tax on developed property (*TFPB*) for an amount of €3.6 million and an increase in tax on vacant dwellings amounting to €0.3 million;
- the €1.2 million increase in routine operating management costs (studies carried out for *ANRU* programmes, expenditure for deploying new consultation procedures and organising tenant representative elections) and the €1.1 million increase in insurance expenses.

Non-rental income came in at €3.2 million, a year-on-year increase of €2.4 million, driven mainly by the increase in project management consultancy fees (€1.2 million) and fees from construction-sale real estate companies [*SCCV*] (€1.0 million).

Indirect charges increased by €19.1 million to €219.7 million, representing 23.6% of net rental income, due to increases in recruitment and services provided by inter-company partnerships.

EBITDA was €451.1 million, a decrease of €5.9 million (47.8% of net rental income).

After deducting depreciation, amortisation and provisions (€323.6 million), EBIT came out at €121.3 million, a year-on-year decline of €17.1 million.

Net financial expense was €120.5 million, which was €18.3 million lower than in 2021, as a result of the combined impact of a €12.9 million decrease in financial charges (lower cost of hedging and a switch to a positive impact following the increase in interest rates) and a €5.4 million increase in financial income (increase in the average cash balance and higher investment yields).

Disposals generated income of €99.6 million, a year-on-year decline of €3.9 million. Disposal gains accounted for 89.5% of net profit versus 93.5% in 2021.

Non-recurring profit increased by €26.0 million, notably due to the impact of the reversal of grants following the partial contribution of assets to MEECAM (€23.7 million).

Losses generated by demolitions were €13.5 million, a year-on-year drop of €15.5 million.

Employee profit-sharing costs amounted to €16.0 million for the year, an increase of €7.3 million, driven by higher Group earnings.

Consequently, **net profit** for the year came in at €111.3 million.

INCOME STATEMENT (€ MILLION)	REPORTED 2021	REPORTED 2022 CDC HABITAT SOCIAL + MEECAM	Δ 2022/2021 EN M€	Δ 2022/2021 EN %
Rental income	**910.4**	**928.5**	**18.1**	**2%**
Maintenance	-101.9	-99.5	2.4	-2%
Local non-recoverable payroll	-23.3	-26.9	-3.7	16%
Taxes on rental housing stock	-104.6	-108.5	-3.9	4%
Other direct costs	-29.7	-32.0	-2.3	8%
Direct costs	**-259.5**	**-266.9**	**-7.5**	**3%**
CONTRIBUTION MARGIN	650.9	661.6	10.7	2%
Non-rental income	**0.8**	**3.2**	**2.4**	**318%**
Admin staff payroll, net of amounts rebilled	-63.1	-56.0	7.0	-11%
Taxes and contributions	-16.2	-19.3	-3.1	19%
Other direct costs, net of amounts rebilled	-16.9	-14.3	2.6	-15%
GIE Supports et Territoriaux (inter-company partnerships)	-104.5	-130.1	-25.5	24%
Indirect costs	**-200.7**	**-219.7**	**-19.1**	**9%**
EBITDA	451.0	445.1	-5.9	-1%
Depreciation and amortisation net of government grants	-311.7	-323.6	-11.9	4%
Variance MR / PMRs	-0.9	-0.2	0.8	-80%
EBIT	138.4	121.3	-17.1	-12%
Financial expense	-142.7	-129.8	12.9	-9%
Financial income	3.9	9.3	5.4	137%
Net financial income (expense)	**-138.8**	**-120.5**	**18.3**	**-13%**
Acquisition-related costs	-0.1	0.0	0.1	-78%
PROFIT FROM ORDINARY ACTIVITIES	-0.5	0.9	1.3	-277%
Net profit on disposals	103.5	99.6	-3.9	-4%
Other non-recurring profit (loss)	14.4	40.3	26.0	180%
Demolition ANRU and non-ANRU programmes	2.0	-13.5	-15.5	-780%
PROFIT BEFORE TAX	119.4	127.3	7.9	7%
Employee profit-sharing	-8.7	-16.0	-7.3	83%
Income tax	0.0	0.0	0.0	
NET PROFIT	110.7	111.3	0.6	1%

NB: The income statement presented here combines the results of CDC Habitat and MEECAM to allow comparison between financial years. Net profit calculated on this basis was stable year on year and amounted to €111.3 million: €109.5 million for CDC Habitat social and €1.7 million for MEECAM.

2. BALANCE SHEET

Total assets grew by 2.7% or by €350 million year on year.

In assets:

- The €7 million decrease in **rental property** was a result of the combined impact of:
  - capital expenditure, new builds and acquisitions for an amount of €665 million;
  - depreciation charges totalling €371 million;
  - disposal of housing for a negative amount of €36 million;
  - the partial contribution of assets to MEECAM for a negative amount of €265 million.
- **Non-current financial assets** grew by €98 million year on year, following the partial contribution of assets of €96 million (with the matching entry in equity interests) and loans and advances to MEECAM totalling €2 million.
- CDC Habitat social's **cash and cash equivalents** at end-2022 amounted to €735 million, which was €289 million higher than at end-2021.
- **Inventories and trade accounts receivable** fell by €26 million to €603 million.

In equity and liabilities:

- **Equity grew by €203 million** to €4,611 million, reflecting:
  - CDC Habitat social's profit for the year totalling €110 million (excluding MEECAM's profit);
  - a capital increase of €117 million;
  - a €21 million drop in subsidies and government grants;
  - €3 million in dividends paid out.
- **Borrowings** amounted to €8,210 million, an increase of €162 million, mainly reflecting new borrowings of €525 million and a €170 million increase in short-term borrowings, less repayments of €541 million made during the period.
- **Other liabilities declined by €27 million.**

BALANCE SHEET (€ MILLION)

	REPORTED 2021	REPORTED 2022	Δ 2022/2021
ASSETS			
Uncalled subscribed capital	**0**	**0**	**0**
Rental property	10,778	10,730	-49
Renovation and building work in-progress	1,248	1,290	42
Total rental property	**12,029**	**12,019**	**-7**
Owner-occupied property	42	38	-4
Non-current financial assets	10	108	98
NON-CURRENT ASSETS	12,078	12,165	87
Cash and cash equivalents	**446**	**735**	**289**
Inventories and trade accounts receivable	**629**	**603**	**-26**
TOTAL ASSETS	13,153	13,503	350
EQUITY AND LIABILITIES			
Capital and reserves	3,100	3,325	225
Profit (loss) for the period	111	110	-1
Subsidies and government grants	1,198	1,177	-21
Regulated provisions	0	0	0
TOTAL EQUITY	4,408	4,611	203
Provisions for contingencies and losses	**99**	**100**	**1**
Borrowings	**8,047**	**8,210**	**162**
Other payables	**573**	**547**	**-27**
PCA renewal of conventions	**24**	**35**	**11**
TOTAL EQUITY AND LIABILITIES	13,153	13,503	350

BALANCE SHEET RATIOS (€ MILLION)

	REPORTED 2021	REPORTED 2022
NET DEBT	7,602	7,475
Net debt / net rental income	8.3	8.2
Net debt / rental property	0.7	0.7
Gearing (net debt / equity)	1.7	1.6
ROE	2.6%	2.4%
LTV	39.3%	37.5%
Cash on hand / number of months of rental income	5.9	9.6
Annuities / Net income (%)	48.9%	46.3%
Spread (EBITDA/Rental income - Annuities/Net income)	0.6%	1.3%

3. FREE CASH FLOW AT DELIVERY

The various operations carried out in 2022 generated a net funding surplus of €6 million compared to a funding requirement of €65 million in 2021. This €71 million improvement reflects a number of factors:

- a €59 million decrease in capital invested in building work in line with lower deliveries of new properties (especially renovation work);
- a capital increase of €117 million;
- a €10 million decrease in cash flow from operating activities;
- a €28 million increase in early repayments (excluding sales), due to repayment of over-funded borrowings and measures to optimise debt;
- acquisitions of equity interests and related advances of €2 million (including €1.5 million for the MEECAM advance) in 2022, compared to €10 million for the transfer of Ysalia Garonne shares in 2021 (a negative variance of €12 million);
- no “Equity financing” payment in 2022, compared to €47 million in 2021 (subsidised equity loans – PHBB).

Capital outlay generated by development and principal repayments were stable year on year.

FREE CASH FLOW AT DELIVERY (€ MILLION)	RÉEL 2021	RÉEL 2022	Δ 2022/2021
Cash flow from operating activities	**339**	**329**	**-10**
Compensating interest	0	0	0
Repayment of principal (excl. early repayments)	-301	-306	-5
GROSS OPERATING CASH FLOW	38	23	-15
Capital invested in renov/enhancement/demolition	-108	-49	59
NET OPERATING CASH FLOW	-70	-26	44
Cash proceeds on disposals	110	108	-3
Equity invested in development (new deliveries)	-142	-145	-4
Equity invested in structural work	-6	-1	6
Other early repayments	-12	-40	-28
Acquisitions (-) or disposals (+) of equity investments	10	-2	-12
Distributed dividends	-3	-3	0
FREE CASH FLOW	-112	-109	3
Cash capital increase	0	117	117
Equity financing	47	0	-47
Current account advance	0	-2	-2
FREE CASH FLOW AFTER EQUITY FINANCING	-65	6	71

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1. INCOME STATEMENT

Rental income increased by €9.8 million year on year, reflecting higher rents for an amount of €13.4 million, less bad debts (€3.7 million in additional provisions).

Maintenance expenses declined by a moderate €1.5 million (-2.9%) million and represented 10.2% of net rental income (vs. 10.7% in 2021).

Property taxes were €2.6 million higher (or +5.6%) due to disposals of exempted properties.

Other direct costs increased by €1.7 million.

Indirect charges rose by an amount of €5.8 million (o/w €3.2 million for the inter-company partnerships and €2.5 million in other indirect charges).

EBITDA came in at €261.7 million, which was 0.4% higher than last year and represented 53.4% of net rental income (54.3% in 2021).

EBIT came in at €83.6 million, reflecting increases in depreciation charges related partly to changes in useful lives used to depreciate components, with an average period of 32 years (part of the programme to harmonise depreciation periods across the CDC Habitat Group).

Net financial expense was €10.8 million higher in 2022 as a result of higher rates paid on Livret A passbook savings accounts.

Profit from ordinary activities declined by €18.3 million to €34.1 million (versus €52.4 million in 2022).

Disposals generated gains of €15.5 million, down 16.5% year on year due to the impact of sales of low-margin rent-to-buy housing (PSLA loans) to SEMADER.

The increase in employee profit sharing reflects the impact of higher group earnings.

Net profit for the year came in at €47.6 million compared to €67.2 million in 2021.

INCOME STATEMENT (€ MILLION)	REPORTED 2021	REPORTED 2022	Δ 2022/2021 EN M€	Δ 2022/2021 EN %
Rental income*	**476.0**	**485.8**	**9.8**	**2.1%**
Maintenance	-51.6	-50.1	1.5	-2.9%
Local non-recoverable payroll	-5.2	-5.4	-0.2	4.4%
Taxes on rental housing stock	-45.4	-48.0	-2.6	5.6%
Other direct costs	-9.9	-11.6	-1.7	17.1%
Direct costs	**-112.1**	**-115.0**	**-3.0**	**2.7%**
CONTRIBUTION MARGIN	363.9	370.8	6.8	1.9%
Non-rental income	**4.0**	**3.9**	**-0.1**	**-2.5%**
Admin staff payroll, net of amounts rebilled	-69.4	-69.1	0.3	-0.4%
Taxes and contributions	-5.7	-6.1	-0.4	7.7%
Other direct costs, net of amounts rebilled	-12.1	-14.6	-2.5	20.3%
GIE Supports et Territoriaux (inter-company partnerships)**	-20.0	-23.1	-3.2	15.9%
Indirect costs	**-107.2**	**-113.0**	**-5.8**	**5.4%**
EBITDA	260.7	261.7	0.9	0.4%
Depreciation and amortisation net of government grants	-170.1	-176.2	-6.1	3.6%
Variance MR / PMRs	0.4	-1.9	-2.3	-558.3%
EBIT	91.1	83.6	-7.5	-8.2%
Financial expense	-42.3	-57.0	-14.7	34.7%
Financial income	3.7	7.5	3.9	105.6%
Net financial income (expense)	**-38.7**	**-49.5**	**-10.8**	**28.0%**
Acquisition-related costs	0.0	0.0	0.0	
PROFIT FROM ORDINARY ACTIVITIES	52.4	34.1	-18.3	-35.0%
Net profit on disposals	18.5	15.5	-3.0	-16.5%
Other non-recurring profit (loss)	2.3	4.4	2.1	92.0%
Demolition ANRU and non-ANRU programmes	-1.5	1.2	2.7	-180.2%
PROFIT BEFORE TAX	71.7	55.1	-16.6	-23.1%
Employee profit-sharing	-2.2	-6.4	-4.2	196.1%
Income tax	-2.4	-1.2	1.2	-50.3%
NET PROFIT	67.2	47.6	-19.6	-29.2%

* Rental income = Rents + rent supplements + operating exps + bad debts + losses on unrecoverable rental charges

** Property management fees for APAVOU billed to SIDR (€1.8 million) were reclassified to non-rental charges in 2022 (with pro-forma in 2021)

2. BALANCE SHEET

BALANCE SHEET (€ MILLION)	REPORTED 2021	REPORTED 2022	Δ 2022/2021
ASSETS			
Land	631	678	46.2
Rental property	5,068.0	5,057.3	-10.8
Renovation and building work in-progress	661.1	813.1	152.0
Total rental property	**6,360.5**	**6,547.9**	**187.4**
Owner-occupied property	41.4	38.1	-3.3
Non-current financial assets	9.2	9.7	0.5
Non-current assets	**6,411.0**	**6,595.7**	**184.7**
Cash and cash equivalents	232.1	257.2	25.1
Inventories	148.3	145.6	-2.7
Grants receivable	524.8	540.7	15.9
Trade receivables	160.9	182.6	21.8
TOTAL ASSETS	7,477.1	7,721.8	244.7
EQUITY AND LIABILITIES			
Capital and reserves	685.9	753.1	67.2
Profit (loss) for the period	67.2	47.6	-19.6
Government subsidies and grants	1,912.2	2,020.0	107.8
Total equity	**2,665.3**	**2,820.7**	**155.4**
Provisions for contingencies and losses	103.5	107.4	3.9
Non-current borrowings	4,345.3	4,435.4	90.1
Other payables	305.7	304.9	-0.8
PCA renewal of conventions	57.2	53.4	-3.8
TOTAL EQUITY AND LIABILITIES	7,477.1	7,721.8	244.7

Total assets grew by €244.7 million in 2022 to €7,721.8 million.

BALANCE SHEET RATIOS (€ MILLION)	REPORTED 2021	REPORTED 2022	Δ 2022/2021
NET DEBT	4 113	4 178	65
Net debt / net income*	8.6	8.5	0.0
Net debt / rental property	64.7%	63.8%	-0.9%
Gearing (net debt / equity)	1.5	1.5	-0.1
ROE	2.6%	1.7%	-0.9%
Cash on hand / number of months of rental income	5.8	6.3	0.5

* Net income = Net rental income + Non-rental income

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

- deliveries and acquisitions for the period totalling €242.1 million,
- investment work for the period totalling €68.7 million,
- assets under construction, which increased by an amount of €152 million year on year.

Cash on hand totalled €257.2 million at end-2022 (up €25.1 million) and represented 6.3 months' worth of rental income.

Grants receivable amounted to €540.7 million, a year-on-year increase of €15.9 million due to the large number of Service Orders issued in 2022 (new builds were subsidised to the tune of 44% and building work was subsidised at 13%).

Equity grew by €155.4 million to €2,820.7 million, reflecting:

- net profit of €47.6 million for the period,
- a €107.8 million increase in subsidies and government grants.

Debt amounted to €4.4 billion at end-2022, reflecting the following movements:

- €360 million in new borrowings for new developments, acquisitions and investment work;
- €180 million in repayments due;
- €97 million in early repayments, mostly corresponding to SIMKO (€31 million) for the repayment of tax credits, and to SIDR (€39 million) as part of the renegotiation of debt (other than that contracted with Banque des Territoires) at fixed rates;

There was a major renegotiation of debt (mostly with Banque des Territoires) in 2022 covering an amount of €356 million.

The net debt / net rental income and gearing ratios were stable year on year.

Return on equity (ROE) was down by 0.9 points due to the big increase in subsidies and government grants in equity.

The cash to net rental income ratio rose by 0.5 months year on year to 6.3 months' worth of rental income.

3. FREE CASH FLOW

Free cash flow was €6.6 million in 2022, a year-on-year decrease of €0.8 million, mainly due to higher finance costs.

The SIDOM entities generated positive gross operating cash flow of €36.4 million in 2022 (€3.2 million less than in 2021), however this was insufficient to cover capital invested in building work due to the higher cost of building components.

Capital outlay required for structural development and investment and other early repayments were covered by cash proceeds on disposals. Cash proceeds on disposals amounted to €33.7 million, an increase of €7.3 million on 2021, mainly due to the sale of land to SIGUY (ZAC Saint Maurice [mixed development zone]) and the sale of rent-to-buy housing to SEMADER for which early repayment will be made in 2023.

In 2022, early repayments amounted to €7.6 million, including €3.3 million to SIMAR and €0.8 million to SIG as part of the renegotiation of debt, and €2 million to SODIAC for the sale of rent-to-buy housing.

FREE CASH FLOW (€ MILLION)	REPORTED 2021	REPORTED 2022	Δ 2022/2021
Cash flow from operating activities	**221.7**	**216.0**	**-5.7**
Repayment of principal	-182.0	-179.6	2.5
GROSS OPERATING CASH FLOW	39.6	36.4	-3.2
Capital invested in renov/enhancement work	-7.9	-8.7	-0.8
Equity invested in building components	-42.4	-39.8	2.6
NET OPERATING CASH FLOW	-10.6	-12.0	-1.4
Cash proceeds on disposals	26.4	33.7	7.3
Equity invested in development	-3.5	-4.6	-1.1
Equity invested in structural work	-3.0	-2.8	0.2
Other repayments	-1.9	-7.6	-5.7
FREE CASH FLOW	7.4	6.6	-0.8
Current account advances	0.0	0.0	0.0
Cash capital increase	0.0	0.0	0.0
FREE CASH FLOW AFTER EQUITY FINANCING	7.4	6.6	-0.8

Maisons & Cités

5

1. INCOME STATEMENT

Net profit for the year was up slightly by €0.7 million to €25.5 million.

Net rental income was stable for the year at €292 million: increases in rents were largely offset by higher losses on recoverable rental charges.

Maintenance expenses were €0.8 million lower than in 2021.

Indirect charges dropped by €4.2 million, reflecting the €1.3 million decrease in personnel expenses (increase in amounts rebilled for personnel provided), the €1.9 million increase in capitalised production, and the €0.9 million drop in miscellaneous fees.

EBITDA rose by €5.1 million to €159.2 million and the ratio of EBITDA to net rental income was 54.5% (versus 52.7% in 2021).

After the impact of depreciation, amortisation and provisions (net of subsidies and government grants), which were stable year on year, **EBIT** came in at €28.4 million (2021: €22.4 million).

Disposal gains were down by €3 million, principally reflecting the lower property development margin.

Non-recurring profit decreased by €3.2 million for the year.

INCOME STATEMENT (€ MILLION)	REPORTED 2021	REPORTED 2022	Δ 2022/2021 EN M€	Δ 2022/2021 EN %
Rental income*	**292.0**	**292.0**	**0.1**	**0%**
Maintenance	-36.0	-35.2	0.8	-2%
Local non-recoverable payroll	0.0	0.0	0.0	
Taxes on rental housing stock	-23.9	-24.8	-0.9	4%
Other direct costs	-6.8	-5.9	0.9	-14%
Direct costs	**-66.7**	**-65.8**	**0.9**	**-1%**
CONTRIBUTION MARGIN	225.3	226.2	0.9	0%
Non-rental income	**0.1**	**0.1**	**0.1**	**66%**
Admin staff payroll, net of amounts rebilled	-55.2	-53.9	1.3	-2%
Taxes and contributions	-4.5	-4.3	0.2	-5%
Autres coûts indirects	-16.2	-15.3	0.8	-5%
Autres refacturations internes de frais	4.6	6.6	1.9	42%
Other direct costs, net of amounts rebilled	-11.5	-8.8	2.8	-24%
GIE Supports et Territoriaux (inter-company partnerships)	-0.1	-0.2	-0.1	128%
Indirect costs	**-71.3**	**-67.2**	**4.2**	**-6%**
EBITDA	154.0	159.2	5.1	3%
Depreciation and amortisation net of government grants	-131.6	-130.8	0.8	-1%
Variance MR / PMRs	0.0	0.0	0.0	
EBIT	22.4	28.4	6.0	27%
Financial expense	-25.0	-28.2	-3.2	13%
Financial income	2.1	6.2	4.1	197%
Net financial income (expense)	**-22.9**	**-22.1**	**0.9**	**-4%**
Acquisition-related costs	0.0	0.0	0.0	
PROFIT FROM ORDINARY ACTIVITIES	-0.5	6.3	6.8	-1,250%
Net profit on disposals	16.8	13.9	-3.0	-18%
Other non-recurring profit (loss)	14.2	11.1	-3.2	-22%
Demolition ANRU and non-ANRU programmes	-5.8	-5.7	0.0	-1%
PROFIT BEFORE TAX	24.7	25.5	0.7	3%
Employee profit-sharing	0.0	0.0	0.0	
Income tax	0.0	0.0	0.0	
NET PROFIT	24.7	25.5	0.7	3%

* Rental income = Rents + rent supplements + operating exps + bad debts + losses on unrecoverable rental charges

	2021	2022		
Maintenance / Net income*	12.3%	12.0%	-0.3%	-2.2%
General expenses / Net income	22.9%	21.5%	-1.4%	-5.9%
Management costs / Net income	25.2%	23.5%	-1.7%	-6.7%
Gains on disposals / Net income	68.1%	54.4%	-13.7%	-20.1%
ICR = EBITDA / Finance costs	6.16	5.64	-0.52	-0.08
EBITDA / Net income	52.7%	54.5%	1.7%	3.3%

* Net income = Net rental income + Non-rental income

2. BALANCE SHEET

Total assets grew by 8% or by €243.2 million year on year.

Total rental property grew by €146.8 million in line with major increases in renovation programmes in-progress and new builds.

Cash on hand increased by €41.7 million over the period to €390.6 million and represented 14.8 months' worth of rental income. Higher cash balances were attributable to the postponement of operations and subscription to Banque des Territoires equity securities.

Equity grew by €212.3 million to €1,342.1 million, mainly reflecting the €160.3 million increase in subsidies (inclusion of ERBM subsidies).

The net debt / net rental income ratio was up by 0.4 points to 5.1. The gearing ratio (net debt / equity) remained stable at 1.1.

BALANCE SHEET (€ MILLION)	REPORTED 2021	REPORTED 2022	Δ 2022/2021
ASSETS			
Uncalled subscribed capital	0	0	0
Rental property	2,361.1	2,403.7	42.6
Renovation and building work in-progress	238.0	342.2	104.2
Total rental property	2,599.1	2,745.9	146.8
Owner-occupied property	16.5	14.3	-2.1
Non-current financial assets	5.1	12.0	6.9
Non-current assets	**2,620.6**	**2,772.2**	**151.5**
Cash and cash equivalents	318.9	360.6	41.7
Inventories and trade accounts receivable	91.4	141.3	50.0
TOTAL ASSETS	3,030.9	3,274.1	243.2
EQUITY AND LIABILITIES			
Capital and reserves	914.1	940.3	26.2
Profit (loss) for the period	24.7	25.5	0.7
Subsidies and government grants	191.0	351.4	160.3
Regulated provisions	0.0	25.0	25.0
Total equity	**1,129.9**	**1,342.1**	**212.3**
Provisions for contingencies and losses	10.1	10.5	0.4
Non-current borrowings	1,691.4	1,839.3	147.9
Other payables	191.1	74.3	-116.8
PCA renewal of conventions	8.4	7.9	-0.5
TOTAL EQUITY AND LIABILITIES	3,030.9	3,274.1	243.2

BALANCE SHEET RATIOS (€ MILLION)	REPORTED 2021	REPORTED 2022	Δ 2022/2021
NET DEBT	1,372	1,479	106
Net debt / net rental income	4.7	5.1	0.4
Net debt / rental property	58%	62%	3.4%
Gearing (net debt / equity)	1.2	1.1	-0.1
ROE	2,2%	1,9%	-0,3%
Cash on hand / number of months of rental income	13.1	14.8	1.7

3. FREE CASH FLOW

Free cash flow in 2022 amounted to €37.8 million, up €44.6 million year on year, mainly due to additional equity financing of €43.6 million.

This equity financing mainly consisted of €25 million worth of equity securities in Banque des Territoires. The amount for 2021 included the €18.6 million used up out of the total amount of €150 million in subsidies for ERBM operations. These subsidies are now included in the operational finance programme.

FREE CASH FLOW (€ MILLION)	REPORTED 2021	REPORTED 2022	Δ 2022/2021
Cash flow from operating activities	**144.5**	**144.0**	**-0.5**
Repayment of principal	-81.7	-87.6	-5.9
GROSS OPERATING CASH FLOW	62.8	56.4	-6.4
Equity invested in building work	-51.6	-44.0	7.7
NET OPERATING CASH FLOW	11.2	12.4	1.3
Cash proceeds on disposals	19.6	13.4	-6.3
Equity invested in development	-15.9	-7.6	8.4
Equity invested in structural work	-2.3	-0.3	2.0
Other repayments	-0.8	-5.2	-4.4
FREE CASH FLOW BEFORE EQUITY FINANCING	11.8	12.8	1.0
Equity financing	-18.6	25.0	43.6
FREE CASH FLOW AFTER EQUITY FINANCING	-6.8	37.8	44.6

Adoma

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1. INCOME STATEMENT

Net profit declined by €21.1 million year on year to €3.6 million.

EBIT was €13.3 million lower than in 2021 (i.e., €33.6 million in 2022 versus €46.9 million in 2021), mainly reflecting:

- a €25.1 million increase in operating income that included a €16.3 million increase in revenue and €8.8 million in operating subsidies.
- a €38.4 million increase in operating expenses attributable to:
  - a €14.3 million increase in personnel expenses (new hires, increase in non-discretionary profit-sharing in 2022, value distribution bonus);
  - an increase of €10.9 million in water and heating expenses due to higher energy prices;
  - a €1 million drop in taxes and other levies due to the cancellation of the French tax on developed property (TFPB);
- non-recurring profit was down by €4.8 million year on year, mainly reflecting lower gains on disposals and the release of an impairment provision in 2021 following disposal of the assets.

INCOME STATEMENT (€ MILLION)	REPORTED 2021	REPORTED 2022	Δ 2022/2021 EN M€	Δ 2022/2021 EN %
REVENUE	454.0	470.3	16.3%	4%
Own work capitalised	3.4	3.3	-0.1	-2%
Operating subsidy	21.0	29.8	8.8	42%
Reversal of prov. for investment subsidy	17.1	17.9	0.8	5%
Energy Certificates	1.9	1.1	-0.8	-41%
Operating income	**497.3**	**522.4**	**25.1**	**5%**
Water, electricity & heating	-56.3	-67.2	-10.9	19%
General maintenance (excluding major upkeep & repairs)	-27.0	-27.9	-0.9	4%
Building upkeep & cleaning	-24.2	-23.9	0.3	-1%
Major upkeep & repairs	-2.9	-2.3	0.6	-20%
Rent expense	-33.1	-36.0	-2.9	9%
Security and caretaking services	-8.0	-8.4	-0.3	4%
Other operating expenses	-39.0	-42.8	-3.8	10%
Taxes other than on income	-25.5	-24.5	1.0	-4%
Personnel expenses	-154.0	-168.3	-14.3	9%
Additions to/reversals of depreciation, amortisation and provisions	-80.6	-87.5	-6.9	9%
Total operating expenses	**-450.4**	**-488.8**	**-38.4**	**9%**
EBIT	46.9	33.6	-13.3	-28%
NET FINANCIAL EXPENSE	-9.7	-6.0	3.7	-38%
PROFIT FROM ORDINARY ACTIVITIES	37.2	27.6	-9.6	-26%
NON-RECURRING PROFIT (LOSS)	-5.0	-9.7	-4.8	97%
Income tax and employee profit-sharing	-7.6	-14.3	-6.7	89%
NET PROFIT	24.7	3.6	-21.1	-85%

ALL ACTIVITIES IN €M EXCLUDING PCI	2021	2022	Δ 2022/2021 EN M€
Revenue	454.0	470.3	16.3
Fees and rents (including internally-billed fees)	323.4	331.5	8.1
EBITDA	**110.1**	**102.3**	**-7.8**
EBITDA margin (EBITDA/Revenue)	24%	22%	-2.5%
EBITDA / Fees and rents (including internally-billed fees)	34%	31%	-3.2%

2. BALANCE SHEET

Total assets grew by €224.5 million year on year to €2,485.4 million.

Equity (excluding government grants) represented 21% of the total balance sheet, which was down slightly in comparison to 2021 (23%).

Cash and cash equivalents totalled €196.8 million at end-2022, which was €27.7 million higher than at end-2021.

Net debt rose by €107 million due to a €135 million increase in borrowings, partly offset by a €27.7 million increase in cash and cash equivalents.

Ratios of debt to revenue and to fees and rents edged up slightly by 0.2 and 0.3 points respectively, to 1.9 and 2.7.

BALANCE SHEET (€ MILLION)	REPORTED 2021	REPORTED 2022	Δ 2022/2021
ASSETS			
Rental property	1,922.1	2,065.3	143.2
Rental property	**1,922.1**	**2,065.3**	**143.2**
Cash and cash equivalents	169.1	196.8	27.7
Inventories	0.0	0.0	0.0
Trade accounts receivable	59.8	87.9	28.2
Accrued subsidies receivable	110.0	135.5	25.5
Current assets	**338.8**	**420.2**	**81.4**
TOTAL ASSETS	2,260.9	2,485.4	224.5
EQUITY AND LIABILITIES			
Capital and reserves	488.5	515.9	27.4
Profit (loss) for the period	24.7	3.6	-21.1
Subsidies and government grants	543.9	592.0	48.1
Other	0.1	0.1	0.0
Total equity	**1,057.2**	**1,111.6**	**54.3**
Provisions for contingencies and losses	6.6	7.0	0.4
Other provisions	38.2	40.1	1.9
Provisions	**44.8**	**47.1**	**2.3**
Borrowings (principal)	967.1	1,102.1	135.0
Non-current liabilities	**967.1**	**1,102.1**	**135.0**
Current borrowings	34.2	35.3	1.1
Other payables	151.6	183.7	32.1
PCA renewal of conventions	6.0	5.7	-0.3
Current liabilities	**191.8**	**224.7**	**32.9**
TOTAL EQUITY AND LIABILITIES	2,260.9	2,485.4	224.5

BALANCE SHEET RATIOS (€ MILLION)	REPORTED 2021	REPORTED 2022	Δ 2022/2021
NET DEBT	798.0	905.3	107.3
Equity (excl. subsidies) (1)	513.3	519.6	6.3
Advances to shareholders (2)	0	0	0
Permanent equity (1) + (2)	**513.3**	**519.6**	**6.3**
Net debt / Permanent equity	1.6	1.7	0.2
Net debt / Revenue	1.8	1.9	0.2
Net debt / Revenue and fees (including internally-billed fees)	2.5	2.7	0.3

3. FREE CASH FLOW

Free cash flow was €25.4 million in 2022, a year-on-year increase of €11.4 million.

Net operating cash flow came out at €43.4 million, €8.0 million higher than last year, mainly attributable to a €19.3 million decrease in equity invested in building components due to the receipt of the entire amount of the €40 million CEB loan (Council of Europe Development Bank) in 2022 (versus €20 million received in 2021). This positive impact was offset by lower amounts of cash generated by operating activities (in line with lower EBITDA).

Cash proceeds on disposals fell by half (i.e., €4.6 million compared to €10.3 million in 2022) due to lower volumes of disposals.

Free cash flow (i.e., surplus cash after disposals, equity invested in development and early repayments) came out at €25.4 million.

FREE CASH FLOW (€ MILLION)	REPORTED 2021	REPORTED 2022	Δ 2022/2021
Cash flow from operating activities	**96.8**	**87.7**	**-9.2**
Repayment of principal	-37.8	-39.9	-2.1
GROSS OPERATING CASH FLOW	59.0	47.7	-11.3
Equity invested in building components (including moveable property)	-23.6	-4.3	19.3
NET OPERATING CASH FLOW	35.4	43.4	8.0
Cash proceeds on disposals	10.3	4.6	-5.7
Equity invested in development	-6.7	-18.5	-11.8
Other early repayments	-25.0	-4.1	20.9
FREE CASH FLOW	13.9	25.4	11.4
Equity financing	0.0	0.0	0.0
FREE CASH FLOW AFTER EQUITY FINANCING	13.9	25.4	11.4

CDC HABITAT

CDC Habitat Group, Caisse des Dépôts' public interest global real estate operator, and operator of Banque des Territoires, is one of France's major housing players with a portfolio of nearly 545,000 units of housing throughout the country and in the overseas departments.

The Group strives to provide solutions adapted to people's needs throughout their lives, regardless of their circumstances. It offers a wide range of solutions, covering all different types of residential housing: social housing and emergency accommodation, intermediate and affordable housing, accommodation for students and young working people, senior and intergenerational residences, free-market and subsidized home ownership programmes.

With a solid presence throughout the country via its six inter-regional entities and various subsidiaries, CDC Habitat provides customised solutions to problems faced by local authorities. As a public interest global real estate operator, CDC Habitat performs its public service mission based on Corporate Social Responsibility in its dealings with all stakeholders.

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