

# CDC Habitat

The affirmation reflects Fitch Ratings’ view that support from France (AA-/Negative) would be ‘Extremely Likely’ in case of need, as reflected in a support score of 40 (out of a maximum 60) under Fitch’s government-related entities (GRE) rating criteria. This, coupled with an unchanged Standalone Credit Profile (SCP) of ‘a-’, three notches away from France’s rating, results in CDC Habitat’s ratings being equalised with those of the sovereign. The Negative Outlook reflects that on the sovereign.

We link CDC Habitat directly to the state as we consider its main shareholder, Caisse des Depots et Consignations (CDC, AA-/Negative), to be a pass-through for the state. CDC Habitat acts on behalf of the state and fulfils public service missions.

## Key Rating Drivers

**Support Score Assessment ‘Extremely Likely’:** Fitch views support from France to CDC Habitat as ‘Extremely Likely’ in case of need, as reflected in a support score of 40 (out of a maximum 60) under our GRE criteria.

**Responsibility to Support:** Both decision-making and oversight and precedents of support are assessed at ‘Very Strong’, reflecting the tight control over CDC Habitat exercised by the state via CDC, as well as by the National Agency for the Monitoring of Social Housing (ANCOLS). It also reflects the consistent support CDC Habitat has received, including waived dividend payments in 2014-2023 (except a one-off dividend in 2021), as well as equity contributions (namely EUR1.37 billion in 2020-2022 and a EUR650 million capital increase over 2023-2026).

**Incentive to Support:** Both preservation of government policy role and contagion risk are assessed at ‘Strong’. Fitch believes a CDC Habitat default would temporarily compromise the provision of an important government activity (affordable housing), with significant political repercussions for the government. CDC Habitat is a high-profile developer for the government and Fitch believes a default by the company would have a significant impact on borrowing costs for other French GREs, including CDC, and the social housing sector.

**Standalone Credit Profile ‘a-’:** CDC Habitat’s SCP is a combination of a ‘Stronger’ Risk profile and a financial profile at the lower end of the ‘bbb’ category.

**Risk Profile ‘Stronger’:** The risk profile reflects a combination of ‘Stronger’ assessments for revenue, expenditure, and liabilities and liquidities risks.

**Financial Profile ‘bbb’:** Our rating case expects CDC Habitat’s leverage to be slightly above 12x on average in 2024-2028, at the higher end of the ‘bb’ category (2023: 12.4x). This will be balanced by a loan-to-value (LTV) ratio of close to 50% on average in 2024-2028 (2023: 43%), at the higher end of the ‘bbb’ category’, allowing us to position the financial profile at the lower end of the ‘bbb’ category.

We expect EBITDA (including disposal gains on property) to be close to EUR690 million by 2028 (2023: EUR480 million) under our rating case. We estimate CDC Habitat’s capex will be more than EUR1.4 billion a year on average in 2024-2028. As a result, net adjusted debt will increase to EUR8.2 billion by end-2028, from EUR5.9 billion at end-2023, under our rating case.

## Ratings

### Foreign Currency

Long-Term IDR	AA-
Short-Term IDR	F1+

### Local Currency

Long-Term IDR	AA-
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### Outlooks

Long-Term Foreign-Currency IDR	Negative
Long-Term Local-Currency IDR	Negative

### Debt Ratings

Senior Unsecured Debt - Long-Term Rating	AA-
Senior Unsecured Debt - Short-Term Rating	F1+

## Issuer Profile Summary

CDC Habitat is one of France’s largest social and intermediate housing providers, managing a portfolio of almost 527,000 units at end-2023. It is the main housing subsidiary of CDC. Fitch only rates CDC Habitat’s consolidated division (close to 109,000 units managed at end-2023), which includes intermediate housing but excludes social housing.

## Financial Data Summary

(EURm)	2023	2028rc
Net adjusted debt/EBITDA (x)	12.4	12.0
Loan to value (%)	43.1	48.6
EBITDA/gross interest coverage (x)	2.9	2.6
Operating revenue	820	1,092
EBITDA	480	689
Net adjusted debt	5,944	8,248
Total assets	13,666	-

rc: Fitch’s rating-case scenario  
Source: Fitch Ratings, Fitch Solutions, CDC Habitat

## Applicable Criteria

[Government-Related Entities Rating Criteria \(July 2024\)](#)

[Public Policy Revenue-Supported Entities Rating Criteria \(January 2024\)](#)

## Related Research

[France \(November 2024\)](#)

[Sovereign Downgrade Had a Widespread Impact on French Agency, Subnational Ratings \(June 2023\)](#)

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## Rating Synopsis

### CDC Habitat Rating Derivation

Summary		Stylized Notching Guideline Table								Government LT IDR	GRE SCP	GRE LT IDR
Government LT IDR	AA-	Supportscore	>=45	35-42.5	30-32.5	20-25	15	12.5	<=10	AAA	aaa	AAA
GRE Standalone Credit Profile (SCP)	a-	Distance	SCP > IDR	S-A/Cap	S-A/Cap	S-A/Cap	S-A/Cap	S-A/Cap	S-A/Cap	AA+	aa+	AA+
Support category	Extremely likely	0	0	0	0	S-A	S-A	S-A	S-A	AA	aa	AA
Notching expression	Equalised	-1	0	0	0	+1/S-A	S-A	S-A	S-A	AA-	aa-	AA-
Single equalisation factor	No	-2	0	0	0	+1	S-A	S-A	S-A	A+	a+	A+
GRE LTIDR	AA-	-3	0	0	-1	+1	S-A	S-A	S-A	A	a	A
GRE Key Risk Factors and Support Score		-4	0	-1	-2	+1	S-A	S-A	S-A	A-	a-	A-
Responsibility to support	20	-5	0	-1	-2	+2	+1	S-A	S-A	BBB+	bbb+	BBB+
Decision making and oversight	Very Strong	-6	0	-1	-2	+3	+2	+1	S-A	BBB	bbb	BBB
Precedents of support	Very Strong	-7	0	-1	-2	+4	+2	+1	S-A	BBB-	bbb-	BBB-
Incentives to support	20	-8	0	-1	-2	+4	+3	+1	S-A	BB+	bb+	BB+
Preservation of government policy role	Strong	-9	0	-1	-2	+5	+3	+1	S-A	BB	bb	BB
Contagion risk	Strong	-10	0	-2	-3	+5	+3	+1	S-A	BB-	bb-	BB-
Support score	40 (max 60)	Note: Refer to the GRE criteria for further details								B+	b+	B+
Standalone Credit Profile		Risk profile			Financial profile					B	b	B
Risk profile	Stronger	Stronger	aaaor aa	a	bbb	bb	b			B-	b-	B-
Revenue risk	Stronger	High Midrange	aaa	aa	a	bbb	bb	b		CCC+	ccc+	CCC+
Expenditure risk	Stronger	Midrange		aaa	aa	a	bbb	bb or below		CCC	ccc	CCC
Liabilities and liquidity risk	Stronger	Low Midrange			aaa	aa	a	bbb or below		CCC-	ccc-	CCC-
Financial profile	bbb	Weaker				aaa	aa	a or below		CC	cc	CC
Qualitative factors adjustments	Neutral	Vulnerable					aaa	aa or below		C	c	C
GRE SCP	a-	Suggested analytical outcome	aaa	aa	a	bbb	bb	b		RD	rd	RD
										D	d	D

## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

A revision of the sovereign Outlook to Stable would result in similar action on CDC Habitat, all else being equal.

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A downgrade could result from a sovereign downgrade. A downgrade could also result from weaker assessments of the responsibility-to-support or incentive-to-support factors, leading to a score of below 35 points under our GRE criteria. A downgrade could also result from the leverage ratio exceeding 16x on a sustained basis, provided that LTV remains unchanged.

## Issuer Profile

The CDC Habitat group is one of France's largest providers of social and intermediate housing. It managed nearly 527,000 units at end-2023. It is a general housing subsidiary of CDC, a fully state-owned and state-controlled special public agency (établissement spécial – a type of établissement public, or EP).

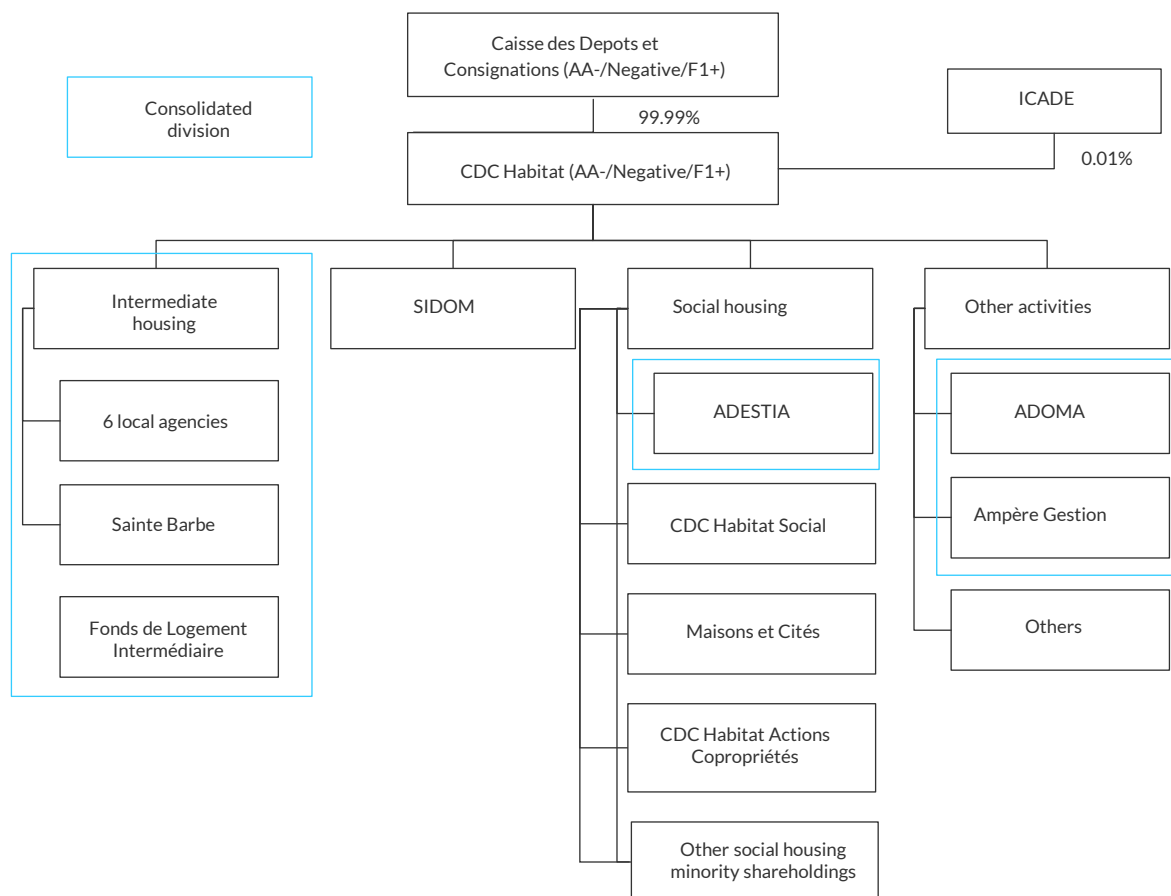
The group consists of two main divisions, which produce separate financial accounts:

- The consolidated division, CDC Habitat (consolidated into the CDC group), comprises CDC Habitat and its private subsidiaries. It focuses on intermediate rental housing (except ADOMA, which manages housing for the most vulnerable), and accounts for 34% of the group's total stock (190,929 units, 81,884 of which are managed by ADOMA) and is in part for civil servants or public officials.
- The social housing division (not consolidated into CDC Habitat's or CDC's accounts) includes CDC Habitat Social, SIDOM (sociétés immobilières d'outre-mer – overseas France real-estate companies) and Maisons et Cités S.A., in which CDC Habitat had a 49% stake since January 2023. The social housing division manages 363,527 units, or 66% of CDC Habitat's total managed stock. This division adheres to HLM regulation (habitation à loyer modéré) for subsidised, rent-controlled, low-income housing. Its long-term debt is mainly provided by CDC (78%) and fully guaranteed by local and regional governments.

Fitch rates only CDC Habitat's consolidated division, including CDC Habitat, Sainte-Barbe SAS and Ampère Gestion, which are consolidated using the full consolidation method of accounting, while ADOMA, SCI LAMARTINE (BBB+/Stable) and FLI (Fonds de Logement Intermédiaire – intermediate housing fund) are consolidated using the equity method of accounting. CDC Habitat Social is not consolidated into CDC Habitat's accounts.

In 2021, CDC Habitat set up an SCI (société civile immobilière, a real-estate company), SCI LAMARTINE, to which it transferred 7,600 dwellings (comprising 76% of non-regulated and 24% of intermediate housing units) worth EUR2.4 billion. In March 2022, 85% of the shares in SCI were sold to CNP Assurances SA (A/Negative). CDC Habitat retains a minority stake (15%) and management of the transferred dwellings against a management fee.

### Organisation Structure at End-2023



Source: Fitch Ratings, Fitch Solutions, CDC Habitat

## Support Rating Factors

### Summary

Responsibility to support		Incentives to support		Support score	Support category
Decision making and oversight	Precedents of support	Preservation of government policy role	Contagion risk		
Very Strong	Very Strong	Strong	Strong	40 (max 60)	Extremely likely

Source: Fitch Ratings

### Decision Making and Oversight

CDC Habitat is tightly controlled by the state via its main shareholder, CDC (99.99%). CDC Habitat provides quarterly detailed reporting on debt and liquidity to CDC. Investments above EUR100 million require prior approval from CDC's commitment committee and those above EUR25 million approval from CDC Habitat's supervisory board, which includes eight CDC representatives. CDC Habitat is also subject to control by ANCOLS, which ensures legal compliance, correct usage of public subsidies, internal controls and following of national social housing conventions. ANCOLS submits a formal notice to fix deficiencies if it identifies any, and can impose financial sanctions.

CDC Habitat is a semi-public limited liability company that is 99.99% owned by the state via CDC. More than 80% of CDC Habitat's long-term debt at end-2023 had an ownership clause whereby if the state or a public-sector entity's

equity in CDC Habitat falls below 51%, the latter's debt would become due. We consider CDC as a pass-through for the state as it acts on behalf of it and fulfils public service missions, and we link CDC Habitat directly to the state.

### Precedents of Support

CDC Habitat has consistently received support from the state through CDC, including waived dividend payments in 2014-2023 (except a one-off dividend in 2021) and equity contributions (namely EUR1.37 billion in 2020-2022). In 2023, CDC also approved a EUR650 million capital increase to be cashed in over 2023-2026 to support CDC Habitat's efforts under a housing and construction sector support plan announced in 2023. This has allowed CDC Habitat to maintain a sufficiently strong financial profile.

Waiving dividend payments is a measure of state support for CDC Habitat, as it is required to transfer half of its net profits to CDC and record this in its consolidated accounts, under net profit-sharing arrangements between CDC and its subsidiaries.

CDC Habitat's status as a semi-public limited liability company owned by a public entity (société anonyme d'économie mixte) does not imply a direct liability transfer based solely on the status, such as for établissements publics. Fitch believes the ownership structure and proximity to the state would imply a liability transfer to the state or a public entity designated by the state in case of dissolution.

### Preservation of Government Policy Role

Fitch believes a CDC Habitat default would temporarily compromise the provision of affordable housing, an important government activity, with significant political repercussions for the government. Its involvement in the state's intermediate housing stimulus plan makes CDC Habitat one of the country's most active developers, notably in high-demand areas such as the Ile-de-France region (AA-/Negative).

CDC Habitat has a public commitment at the group level to build more than 205,000 new dwellings in 2024-2033. In 2023, it announced its participation in an additional housing sector support plan agreed with CDC, consisting of 12,000 new intermediate and 5,000 new social dwellings for a total investment of more than EUR3 billion. CDC Habitat's portfolio would then be close to 648,000 units, of which more than 133,000 would be managed under the consolidated perimeter, reinforcing its position as one of France's largest social housing landlords.

### Contagion Risk

CDC Habitat is a regular issuer on the capital markets through its EUR2 billion NeuMTN and EUR1.5 billion NeuCP programmes. Fitch does not consider CDC Habitat a core government entity for the French state due to its relative independence. However, it is high profile for its government and Fitch believes that a default by CDC Habitat would have a significant impact on borrowing costs for other French GREs, including CDC, and the social housing sector.

## Standalone Credit Profile Assessment

CDC Habitat's SCP is a combination of a 'Stronger' Risk profile and a financial profile at the lower end of the 'bbb' category.

### Risk Profile Assessment

#### Summary

Revenue risk	Expenditure risk	Liabilities and liquidity risk	Operating environment score	Risk profile
Stronger	Stronger	Stronger	aa	Stronger

Source: Fitch Ratings

Fitch assesses CDC Habitat's risk profile at 'Stronger', reflecting the combination of assessments:

#### Revenue Risk: Stronger

The high demand that CDC Habitat benefits from is a key feature of its business and is driven by demographic pressures in urban areas and undersupply of affordable housing. As a result, CDC Habitat has stable and highly predictable revenue, which is not likely to decline in an economic downturn. Flexibility to adjust rents on its dwellings is limited by the French building and housing codes' regulation. Intermediate housing rents are set 15%-20% below market, and rent is restricted for 20 years. Rent increases can be performed only once a year and are subject to a reglementary cap.

The demand for rent-controlled housing remains high and constant in France, driven by rising real-estate prices in urban areas. CDC Habitat's diverse portfolio included around 527,000 dwellings throughout France at end-2023. Its largest exposure is in Ile-de-France, where demand is especially high.

We attribute a higher weight to 'Stronger' demand than to 'Midrange' pricing characteristics. CDC Habitat's limited ability to adjust rents is mitigated by its good record of operating expenditure control. Fitch expects this to allow the company to collect sufficient revenue to recover at least inflationary increases in costs through higher rents, and to cover commodity price volatility.

Intermediate dwellings are leased to eligible households with incomes below certain thresholds in exchange for tax benefits for the property owner – reduced VAT for all dwellings, property tax exemption for 20 years for dwellings constructed before 1 January 2023 and income tax credit for 20 years for dwellings built after this date.

Unlike other Fitch-rated pure social housing providers, CDC Habitat's operating income is not partly secured by housing benefits that social housing providers receive on behalf of their tenants, due to its tenants' relatively stronger socioeconomic profile. It is also more dependent on the sale of dwellings to fund development, with gains on asset sales averaging 21% of its net operating revenue in 2019-2023, excluding 2022, compared with French social housing providers.

### Revenue Breakdown Excluding Non-Cash Items, 2023

	(EURm)	% of operating revenue
Net rents	581	71
Gain on asset sales	171	21
Other operating revenue	68	8
<b>Operating revenue</b>	<b>820</b>	<b>100</b>
Interest revenue	94	-
Capital revenue	251	-
Memo: Non-cash operating revenue	0	-

Source: Fitch Ratings, Fitch Solutions, CDC Habitat

### Expenditure Risk: Stronger

CDC Habitat has well-identified cost drivers with low potential volatility. Cash operating expenditure in 2023 was mainly composed of staff costs (17%), outsourced services (41%), taxes paid (19%) and maintenance costs (15%). It also has a large capex programme, cashing out close to EUR1.9 billion of capex in 2023, which may be scaled down if necessary. This allows CDC Habitat significant flexibility in timing its main costs. The entity has a comprehensive multi-year investment plan that is regularly updated and tightly controlled. The group plans to build more than 205,000 units in 2024-2033, of which 70,000 would be managed under the consolidated perimeter.

CDC Habitat does not depend on scarce or volatile resources, and is able to manage its assets with its existing resources. Its main constraint is the availability and price of land to ensure the smooth running of its investment programme. The share of personnel costs decreased in 2023 due to outsourcing.

### Expenditure Breakdown Excluding Non-Cash Items, 2023

	(EURm)	% of operating expenditure
Staff costs	60	17
Tax paid	64	19
Maintenance costs	52	15
Outsourced services	139	41
Other operating expenditure	27	8
<b>Operating expenditure</b>	<b>341</b>	<b>100</b>
Interest expenditure	166	-
Capital expenditure	1,860	-
Memo: Non-cash operating expenditure	218	-

Source: Fitch Ratings, Fitch Solutions, CDC Habitat

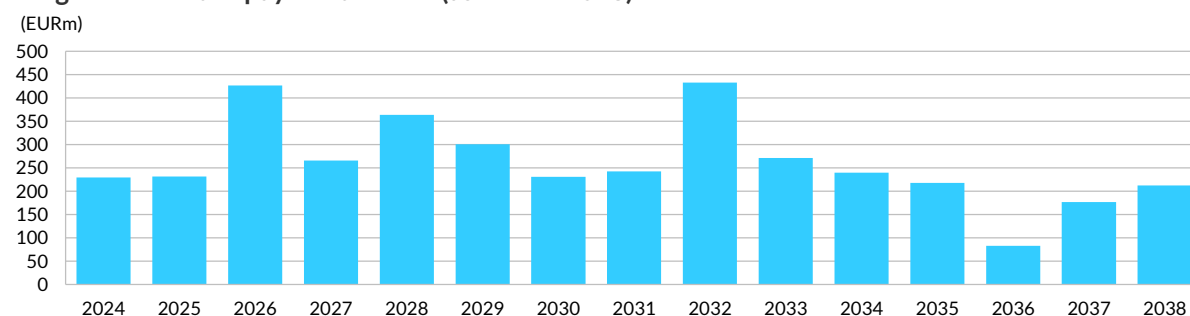
### Liabilities and Liquidity Risk: Stronger

Fitch views CDC Habitat's debt as low risk. At end-2023, 88% of total debt was fixed rate after hedging, while the remainder was variable rate and mostly linked to state-regulated account Livret A. The weighted-average life of long-term debt was 10 years and the debt amortisation schedule is fairly balanced with peaks in 2026 and 2032 of more than EUR400 million.

CDC Habitat has abundant access to liquidity through CDC and commercial banks. The consolidated division's unrestricted cash position was close to EUR1.3 billion at end-2023. CDC Habitat also had a NeuCP programme of EUR1.5 billion secured by EUR710 million in undrawn committed credit facilities.

Off-balance-sheet liabilities were substantial at EUR1.7 billion at end-2023, close to the end-2022 level. These liabilities tend to increase when new construction commitments are taken on and decline when the contracts start being executed.

### Long-Term Debt Repayment Profile (as of End-2023)



Source: Fitch Ratings, CDC Habitat

### Debt and Liquidity Analysis

	End-2023
Total debt (EURm)	7,209
Cash and liquidity available for debt service (EURm)	1,265
Undrawn committed credit lines (EURm)	710
Debt in foreign currency (% of total debt)	0.0
Debt at floating interest rates (% total debt)	12.1
Short-term debt (% of total debt)	30.8
Issued debt (% of total debt)	63.9
Apparent cost of debt (%)	2.4
Weighted-average life of debt (years)	10.2

Source: Fitch Ratings, Fitch Solutions, CDC Habitat

### Financial Profile Assessment

Our rating case expects CDC Habitat's leverage to be slightly above 12x on average in 2024-2028, at the higher end of the 'bb' category (2023: 12.4x). This will be balanced by an LTV ratio of close to 50% on average in 2024-2028 (2023: 43%), at the higher end of the 'bbb' category, allowing us to position the financial profile at the lower end of the 'bbb' category. Gross interest coverage will be 2.6x by 2028 (2023: 2.9x).

### Low Weight to DSCR

The debt service coverage ratio (DSCR) will be 0.4x on average in 2024-2028 (2023: 0.3x). We give low weight to it as CDC Habitat has a structurally low DSCR, driven by its business model that includes pre-financing of dwelling construction with short-term debt and refinancing it with long-term debt later. We believe the low DSCR does not constitute additional risk but is a structural business feature.

### EBITDA to Rise by 2028

EBITDA decreased in 2023 to EUR480 million from EUR829 million in 2022 due to an absence of exceptional gains on disposal proceeds from SCI LAMARTINE that brought CDC Habitat an additional EUR504 million in 2022. We expect EBITDA, including disposal gains on property, to be close to EUR690 million by 2028. We expect the EBITDA margin to exceed 60% by 2028 (58% in 2023), driven by the entity's development plan and sound cost management, as well as the increased efficiency of dwellings.

### High Capex Leading to Debt Increase

We estimate CDC Habitat's capex will be more than EUR1.4 billion a year on average in 2024-2028, driven by a housing sector support plan announced in May 2023. As a result, net adjusted debt will increase to EUR8.2 billion by end-2028, from EUR5.9 billion at end-2023, under our rating case.



## Loan to Value Factored in

We see CDC Habitat as a “balance sheet” type of issuer, as it can sell housing units to pay off its debt, and we factor in the LTV ratio in our assessment. CDC Habitat can sell its dwellings freely, but in order to keep the fiscal advantages it receives from the state, it needs to keep 50% of a housing unit or a building for at least 10 years post-construction; and the remaining 50% of a housing unit or a building for at least 15 years post-construction. It can freely dispose of its dwellings with no negative fiscal impact after the 15 years.

CDC Habitat annually conducts robust and prudent valuations of its portfolio. Fitch incorporates the entity's projection on the investment value of its portfolio, including housing, land and share value, but stresses it by 5% in the rating case. In calculating LTV, we take into account the Fitch-calculated net adjusted debt value.

## Revised Fiscal Advantage for Intermediate Housing

The state has replaced a property tax exemption with an income tax credit for intermediate dwellings constructed after 1 January 2023. This lowers CDC Habitat's EBITDA, all else being equal, as it is now subject to property tax for new dwellings. However, the negative impact should be limited in the next five years due to a low proportion of newly constructed dwellings in the total dwelling stock.

## Financial Profile Guidance Table

	Primary Metric		Secondary Metrics		
	Leverage Ratio (x)	Loan to Value Ratio (%)	Debt Service Coverage Ratio (x)	Gross Interest Coverage Ratio (x)	Liquidity Coverage Ratio (x)
aaa	$X \leq 0$	$X \leq 20$	$X \geq 3$	$X \geq 10$	$X \geq 5$
aa	$0 < X \leq 4$	$20 < X \leq 40$	$2 \leq X < 3$	$6 \leq X < 10$	$3 \leq X < 5$
a	$4 < X \leq 8$	$40 < X \leq 50$	$1.4 \leq X < 2$	$4 \leq X < 6$	$1.8 \leq X < 3$
bbb	$8 < X \leq 12$	<b><math>50 &lt; X \leq 60</math></b>	$1 \leq X < 1.4$	<b><math>2 \leq X &lt; 4</math></b>	$1.2 \leq X < 1.8$
bb	<b><math>12 &lt; X \leq 18</math></b>	$60 < X \leq 80$	$0.6 \leq X < 1$	$1 \leq X < 2$	<b><math>0.8 \leq X &lt; 1.2</math></b>
b	$X > 18$	$X > 80$	<b><math>X &lt; 0.6</math></b>	$X < 1$	$X < 0.8$

Note: Yellow highlights show metric ranges applicable to Issuer  
Source: Fitch Ratings

## Fitch's Base and Rating Cases - Main Assumptions and Outcomes

Assumptions	2019-2023 Average	2024 - 2028 Average	
		Base Case	Rating Case
Operating revenue growth (%)	5.1	6.5	5.9
Operating expenditure growth (%)	4.8	3.4	3.4
Net capital expenditure (average per year, EURm)	-912	-769	-769
Apparent cost of debt, 2023 (%)	2.4	2.7	2.7

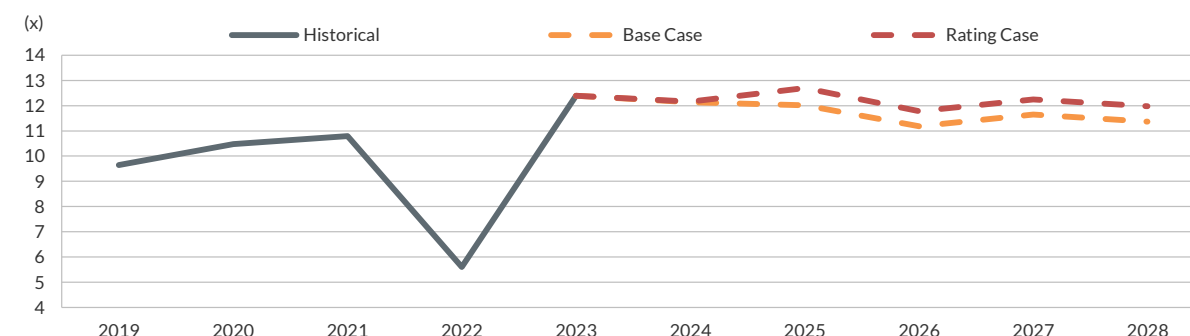
Outcomes	2023	2028	
		Base Case	Rating Case
EBITDA (EURm)	480	721	689
Net adjusted debt (EURm)	5,944	8,201	8,248
Net adjusted debt/EBITDA (x)	12.4	11.4	12.0

Note: Historical and scenario data exclude non-cash items

Source: Fitch Ratings, Fitch Solutions, CDC Habitat

The main stressed assumption in our rating case includes lower rent starting from 2025 (99% of the base case), lower gains from investment property sales (90% of the base case), additional stress on interest expenses (15% more for variable-rate debt) and a stress on the investment value of the property (95% of the base case).

## Net Adjusted Debt/EBITDA - Fitch's Base and Rating Case Scenarios



Source: Fitch Ratings, Fitch Solutions, CDC Habitat

## Debt Ratings

CDC Habitat's senior unsecured debt ratings are in line with its IDRs.

## Peer Analysis

### Peer Comparison

	Risk Profile	Financial Profile	SCP	Support Category	Notching Expression	LT IDR
CDC Habitat	Stronger	bbb	a-	Extremely likely	Equalised	AA-/Neg
Sia Habitat	Stronger	bbb	a-	Very likely	Top-down - 1	A+/Sta
Action Logement Immobilier	Stronger	b	bb+	Virtually certain	Equalised	AA-/Neg
HOWOGE Wohnungsbaugesellschaft mbH	Stronger	bb	bbb+	Strong expectations	Bottom up + 4	AA-/Sta
Hemso Fastighets AB	Stronger	bb	bbb+	Strong expectations	Bottom up + 4	AA-/Sta
A2Dominion Housing Group Limited	Stronger	bbb	a-	Strong expectations	Bottom up + 1	A/Neg

Source: Fitch Ratings, Fitch Solutions, CDC Habitat

CDC Habitat has a higher GRE score than most French social housing providers due to its proximity to the state and the higher likelihood of timely support. However, its GRE score is slightly below that of Action Logement Immobilier (ALI), reflecting ALI's higher number of dwellings and focus on social housing that has a higher social importance than the intermediate housing CDC Habitat focuses on. This results in a support category of 'Extremely Likely' for CDC Habitat, against 'Virtually Certain' for ALI.

CDC Habitat's SCP of 'a-' is the same as that of Sia Habitat and reflects their comparable leverage, but CDC Habitat has a higher IDR given the higher expected support ('Extremely Likely' vs. 'Very Likely'). CDC Habitat has the same SCP as A2Dominion Housing Group, but a higher IDR due to higher expected support ('Extremely Likely' vs. 'Strong Expectations').

CDC Habitat compares well with HOWOGE Wohnungsbaugesellschaft mbH and Hemso Fastighets AB, since LTV factors into their financial profile assessment and SCP positioning. Their ratings are also comparable, with the exception of a Negative Outlook on CDC Habitat reflecting that on France, as HOWOGE and Hemso are on Stable Outlooks. The different rating approach for HOWOGE and Hemso (bottom-up +4 vs. equalised for CDC Habitat) reflects the lower expectation of state support from Germany (AAA/Stable) to Howoge and from Sweden (AAA/Stable) to Hemso, compared with that from France to CDC Habitat.

## ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.



## Appendix A: Financial Data

### CDC Habitat

(EURm)	2019	2020	2021	2022	2023
<b>Income statement</b>					
Operating revenue	640	709	763	1,161	820
Operating expenditure	-428	-463	-509	-553	-559
Interest revenue	12	17	44	22	94
Interest expenditure	-115	-116	-111	-112	-166
Other non-operating items	37	25	14	2	11
Taxation	-37	-38	-50	-125	-38
Profit (loss) after tax	110	133	151	395	162
Memo: Transfers and grants from public sector	0	0	0	0	0
<b>Balance sheet summary</b>					
Long-term assets	7,172	8,646	8,784	10,049	11,527
Stock	18	20	50	59	49
Trade debtors	184	188	189	187	205
Other current assets	105	952	1,654	86	620
Total cash, liquid investments, sinking funds	1,043	960	1,004	1,767	1,265
Total assets	8,521	10,766	11,681	12,147	13,666
Long-term liabilities	5,007	5,319	6,083	5,233	5,431
Trade creditors	67	85	87	89	85
Other short term liabilities	928	1,504	1,458	2,000	2,541
Charter capital	1,154	2,412	2,454	2,675	3,339
Reserves and retained earnings	1,365	1,446	1,598	2,150	2,270
Minority interests	0	0	0	0	0
Liabilities and equity	8,521	10,766	11,681	12,147	13,666
Net equity	2,519	3,858	4,053	4,825	5,609
<b>Debt statement</b>					
Short-term debt	706	1,222	1,041	1,595	2,217
Long-term debt	3,911	4,181	4,681	4,824	4,992
Total debt	4,617	5,403	5,721	6,419	7,209
Other Fitch-classified debt	0	0	0	0	0
Adjusted debt	4,617	5,403	5,721	6,419	7,209
Unrestricted cash, liquid investments, sinking funds	1,043	960	1,004	1,767	1,265
Net adjusted debt	3,574	4,443	4,718	4,652	5,944
Memo: Investment value of the portfolio (Fitch assessment)	8,379	9,384	11,832	12,693	13,807
<b>EBITDA reconciliation</b>					
Operating balance	212	246	254	608	262
+ Depreciation	166	180	183	179	218
+ Provision and impairments	-7	-1	0	42	0
+/- Other non-cash operating expenditures/revenues	0	0	0	0	0
= EBITDA	371	424	437	829	480

Source: Fitch Ratings, Fitch Solutions, CDC Habitat

## Appendix B: Financial Ratios

### CDC Habitat

	2019	2020	2021	2022	2023
<b>Income statement ratios</b>					
Operating revenue annual growth (%)	1.2	10.8	7.7	52.1	-29.3
Operating expenditure annual growth (%)	3.0	8.2	9.9	8.6	1.0
EBITDA/operating revenue (%)	57.9	59.8	57.2	71.4	58.5
Personnel costs/operating expenditure (%)	23.5	25.4	23.4	21.9	17.5
Total transfers from public sector/operating revenue and ad-hoc transfers (%)	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet ratios</b>					
Current assets/adjusted debt (%)	29.2	39.2	50.6	32.7	29.7
Current assets/total assets (%)	15.8	19.7	24.8	17.3	15.7
Total assets/adjusted debt (%)	184.6	199.3	204.2	189.2	189.6
Return on equity (%)	4.4	3.5	3.7	8.2	2.9
Return on assets (%)	1.3	1.2	1.3	3.2	1.2
<b>Debt and liquidity ratios</b>					
Net adjusted debt/EBITDA (x)	9.6	10.5	10.8	5.6	12.4
Loan to value (%)	42.7	47.3	39.9	36.6	43.1
EBITDA/debt service coverage (x)	0.6	0.5	0.3	0.7	0.3
EBITDA/gross interest coverage (x)	3.2	3.7	3.9	7.4	2.9
Liquidity coverage ratio (x)	1.7	1.7	1.1	1.8	1.3
Net adjusted debt/operating revenue (%)	558.4	626.8	618.2	400.7	724.5
Net adjusted debt/equity (%)	141.9	115.2	116.4	96.4	106.0
Debt in foreign currency/total debt (%)	0.0	0.0	0.0	0.0	0.0
Debt at floating interest rates/total debt (%)	15.0	14.6	13.5	5.1	12.1
Short-term debt/total debt (%)	15.3	22.6	18.2	24.8	30.8
Issued debt/total debt (%)	39.8	37.4	44.1	47.8	63.9

Source: Fitch Ratings, Fitch Solutions, CDC Habitat

## Appendix C: Fitch's Rating-Case Scenario

### CDC Habitat

(EURm)	2024rc	2025rc	2026rc	2027rc	2028rc
<b>Cash-adjusted income statement</b>					
Operating revenue	918	994	1,066	1,064	1,092
Operating revenue annual growth (%)	11.9	8.3	7.2	-0.2	2.7
Operating expenditure	-345	-365	-379	-389	-403
Operating expenditure annual growth (%)	1.4	5.7	3.7	2.9	3.6
EBITDA	573	629	687	674	689
Interest revenue	100	81	84	68	73
Interest expenditure	-205	-223	-248	-258	-267
Financial balance	-105	-142	-164	-191	-194
Net capital expenditure	-1,275	-1,455	-471	-394	-248
Capital injection and other cash-items	100	270	202	84	82
Dividend paid	-52	-38	-38	-55	-51
Other cash items (net)	-256	-294	-328	-274	-269
Net debt movement	1,015	1,030	112	156	-9
Change in cash	0	0	0	0	0
<b>Debt and liquidity</b>					
Adjusted debt	8,224	9,254	9,366	9,522	9,513
Memo: Non-cash movement in adjusted debt	0	0	0	0	0
Unrestricted cash	1,265	1,265	1,265	1,265	1,265
Net adjusted debt	6,959	7,989	8,101	8,257	8,248
<b>Financial and liquidity ratios</b>					
Net adjusted debt/EBITDA (x)	12.2	12.7	11.8	12.2	12.0
Loan to value (%)	48.7	50.9	50.3	50.0	48.6
EBITDA/debt service coverage (x)	0.2	0.3	0.4	0.5	0.6
EBITDA/gross interest coverage (x)	2.8	2.8	2.8	2.6	2.6
Liquidity coverage ratio (x)	0.8	0.9	1.1	1.5	1.9

rc - Fitch's rating-case scenario: a through-the-cycle scenario that incorporates a combination of revenue, cost or financial risk stresses  
Source: Fitch Ratings, Fitch Solutions, CDC Habitat

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