



2022

Annual report

in'li 

Groupe ActionLogement



We're reinventing intermediate housing

In'li is number 1 in intermediate housing in the Paris region and is developing an offering that makes things considerably easier for young working people and middle-income earners.



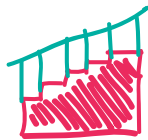


Juvisy-sur-Orge (91)
6, rue Hoche



828

employees



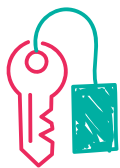
€20 billion

invested over a ten-year period



80,000

units of new intermediate
housing over the next 10 years



Nearly

100,000 tenants

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Gagny (93)
12, rue du Clos Félix

A message from **Action Logement Immobilier**

In 2022, we remained firmly focused on our *raison d'être*: supporting housing as a means of supporting employment and the professional mobility of employees throughout the country.

And our real estate subsidiaries continued to deploy all their efforts in 2022 in building and renovation programmes to support the recovery and local facilities in employment hubs. Although circumstances have been unfavourable for property development, with the energy crisis and the war in Ukraine – and their economic impact on households and businesses – the collective production of our property subsidiaries remained dynamic with 43,044 approvals secured for affordable housing. After achieving our objective of doubling production in 5 years in 2021, we confirmed our high level of production in 2022, maintaining our contribution to the collective effort with one-third of national housing production. With these new builds and 110,000 units of housing allocated in 2022, the subsidiaries are working resolutely to provide residential opportunities, paying special attention to vulnerable and less well-off households.

Action Logement Immobilier has reaffirmed its position as a major stakeholder in ensuring balanced neighbourhoods and cities and social diversity, borne out by the allocation of a majority of housing to employees and continued support for the revitalisation of town centres. This mission helps to guide us in the midst of the current uncertainty.

I would like to congratulate our local, voluntary, committed and proactive governance structures, which continued to serve Action Logement Group's number one priority in 2022, namely serving the needs of businesses and local and regional bodies. And I would once again like to pay tribute to the professionalism of our managers who work day in, day out with elected representatives and local partners to deliver increasingly sophisticated solutions adapted to everyday situations. Lastly, I would like to thank every-

body working in the real estate division for their unstinting commitment to serving our tenants and the regions. These are the people who really embody our social utility and I am fully aware that our results are really down to them.

At the end of 2022, our Group unveiled its highly ambitious decarbonisation plan to serve the ecological transition that is so vital to our country and our business. This plan will be deployed over the coming years by our subsidiaries, which have bolstered our commitments through their tried and tested experiments and their remarkable capacity for innovation. We know that we can count on them to come up with environmentally friendly solutions and to improve the energy performance of the property portfolio through dedicated investment and targeted actions to reduce energy consumption.

In the face of the emerging challenges and concerns that our subsidiaries, employees and partners have to contend with, our aim must remain straightforward and resolute: improving the day-to-day lives of our tenants and making our employees even prouder to be part of Action Logement Group.

Frédéric CARRÉ,

**Chairman of the Board of Directors,
Action Logement Immobilier**





MESSAGE FROM THE SUPERVISORY BOARD AND MANAGEMENT BOARD



Taking action for housing means doubling the production of intermediate housing in areas where there is a big gap between social housing and free market rates⁽¹⁾.



This was the commitment given by Action Logement in 2016, culminating in the creation of in'li, with the mission of building 100,000 units of new intermediate housing in France, including 80,000 in the Paris region.

This commitment was accompanied by the recognition of intermediate housing as a specific segment of rental housing geared towards the middle classes and young working people and it was reaffirmed by Action Logement Group in the protocol agreement it signed with the French Government in November 2021. The Group is aiming to finance 29,000 units of new intermediate housing between 2021 and 2023. **Despite these efforts over the past 5 years, the shortage**

of intermediate housing has continued to grow in the face of ever-increasing demand, estimated at between 160,000 and 280,000⁽²⁾ units of housing for the Paris region.

As you will see in this report, all of in'li's teams have been working efficiently and resolutely in 2022 to grow our offering, renovate our portfolio and enhance our customer relations.

The economic and social context changed considerably in 2022. Inflation in property prices and rents, combined with difficulties in producing new builds in the Paris region, increased competition from other real estate operators, the repositioning of institutional investors in the residential sector, and the impact of climate change on the property sector, all constitute challenges that led in'li to revamp its business model.

This is why in 2022, after four years of existence, in'li has drawn up Part 2 of the Strategic Plan launched in 2018 to renew its ambitions in terms of environmental and social challenges and trace out its roadmap for the next ten years, by placing social and environmental responsibility at the heart of its business model.

Source: Public report by the Inspection Générale des Finances (IGF) - Développement de l'offre de logement locatif intermédiaire par les investisseurs institutionnels

(1) Source: "Our 10 commitments", published by Action Logement Group in December 2016

(2) Source: "Territoires stratégiques pour le développement du segment intermédiaire en Île-de-France" – ORHH (October 2019 report from a regional working group set up to study the development of intermediate housing in the Paris region) "Développement de l'offre de logement locatif intermédiaire par les investisseurs institutionnels", (Public report by the Inspection Générale des Finances (IGF) - published in April 2021)

KEY FIGURES FOR 2022



40,216
housing units
under ownership

€295 million
in rental income
and provisions

€572 million
invested
in new builds



828
employees



3,232
units of housing
committed



€54 million
invested in improvement,
renovation and upkeep



3,353
units delivered



3,006
construction
starts



99.03 %
recovery rate



4,884
incoming
tenants



9.5 %
turnover rate



2.7%
marketable
vacancy rate



258
units sold

IN'LI: AFFORDABLE AND SUSTAINABLE HOUSING

Our resources

OUR FINANCIAL RESOURCES

- ▶ Rental income: €295 million
- ▶ Debt: LTV of 19.7%
- ▶ Financial rating – S&P Global Ratings: Stable outlook

IN-HOUSE EXPERTISE

- ▶ Number of employees: 828, including 295 local personnel
- ▶ Training budget: 3,5% of total payroll

PRODUCTION OF INTERMEDIATE RENTAL HOUSING

- ▶ New units delivered: 3,353, o/w 1,567 for in'li
- ▶ Construction starts: 3,006

Our mission



Developing an intermediate housing offering that brings middle-class and young working people closer to their place of work, reinforces the employment-housing link and boosts regional attractiveness.

Our ambition



+ 80,000

units of new intermediate housing in the Paris region over the next 10 years

Our strategy



Developing our existing property assets



Financing development from disposals



Developing housing off balance sheet



Managing and letting our housing

Our results

POPULATION OF HOUSING PORTFOLIO

- ▶ Number of people housed
 - Nearly 100,000 tenants
 - Occupancy rate: 97.3%
- ▶ Incoming tenants: 4,886, o/w
 - 81% are employees of PEEC-contributor companies
 - 41% < 30 years old
 - 45% have management-grade status

DISPOSALS

- ▶ Number of disposals in 2022: 258 units sold, o/w 224 in block sales (sale of Boucry residence in the 18th arrondissement of Paris) and 34 in split sales.
- ▶ Average split sale price: €291,000
- ▶ Proceeds from disposals in 2022: €75 million

UPKEEP OF PORTFOLIO

- ▶ Improvement and renovation work: €40.2 million
- ▶ Upkeep and renovation of housing: €14.3 million

15 parc Jacques Chirac,
Reuil Malmaison (92).

Our activities

PORTFOLIO MANAGEMENT:

40,216
housing units
under ownership

INVESTMENT IN IMPROVEMENT, RENOVATION AND UPKEEP:

€54 million

DEVELOPMENT AND PROJECT OWNERSHIP:

3,232
housing units
committed
in 2022

SALES:

258
units sold

Creating value

FOR SOCIETY

- ▶ Meeting intermediate housing requirements in the Paris region;
- ▶ Improving the quality of buildings and the living environment;
- ▶ Enhancing the residential trajectories of our tenants;
- ▶ Boosting the local economy;
- ▶ Facilitating technical and social innovation;
- ▶ Supporting urban renewal.

FOR THE ENVIRONMENT

- ▶ Meeting French RE 2020 energy performance targets for new buildings;
- ▶ Energy consumption: 151.5 kWh/sq.m./year⁽¹⁾
- ▶ Carbon footprint: 31.7 kg equiv CO2/sq.m./year⁽¹⁾

(1) In'li has continued to improve its database when compared to 2021. In 2022, in'li had actual and estimated consumption data for 74% of its properties. Data gathering methods are explained in the methodological appendix and in the CSR Report.



^
Taverny (95)
Chemin des Grandes Plantes

OWNERSHIP STRUCTURE

In'li's majority shareholder is Action Logement Immobilier (ALI), which owns 563,150,281 shares (or 99.48% of the share capital). Another 2,263 shareholders, who are mainly legacy shareholders from previous restructuring operations, own the remainder of in'li's capital. Pursuant to Action Logement Group governance rules, the Chairman and Vice-Chairman of the Supervisory Board are each loaned one share.

The Company also provides its shareholders with free access to an external share account management service that manages their securities in fully-registered form.

A dedicated team of experts helps shareholders to understand all issues relating to their shares. In 2022, three share disposal procedures were organised for the benefit of Action Logement Immobilier, which acquired the shares in question subject to the prior authorisation of its Board of Directors and the in'li Supervisory Board, which must examine all requests from shareholders to dispose of shares.





SHARE CAPITAL

The Combined General Meeting of 9 June 2022 approved an increase in capital for an amount of €49,975,608 through the issue of 33,317,072 new shares of €1.50 each. This share capital increase was duly completed on 8 September 2022.





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Rueil-Malmaison (92)
12 rue du Plateau



Overview of in'li and its organisation

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1.1 What is intermediate housing?

Special Intermediate Housing status was officially created in 2014. Intermediate housing is a specific segment of rental housing geared towards the middle classes and young working people living in supply-constrained areas. These groups are ineligible for social housing because they earn too much and they find it hard to get suitable housing on the open market: either rents are too high or they are forced into unsuitable accommodation that is too small or too far from their place of work.

With rents that are capped below market rents (15% lower on average), intermediate housing helps middle-class and young working people to get decent housing and improve their purchasing power, reinforces the employment-housing link and facilitates job mobility as a way of developing local and regional attractiveness.

Access to intermediate housing is means-tested. Annual income ceilings for new leases are as follows:

HOUSEHOLD CATEGORY	2022		2023 ⁽¹⁾	
	Zone Abis ⁽²⁾	Zone A	Zone Abis	Zone A
1 - Single person	39,363 €	39,363 €	41,855 €	41,855 €
2 - Two people with no dependants excluding young households, or a single person with a disability	58,831 €	58,831 €	62,555 €	62,555 €
3 - Three people or a single person with a dependant, or a young household with no dependants, or two people at least one of whom has a disability	77,120 €	70,718 €	82,002 €	75,194 €
4 - Four people or a single person with two dependants, or three people at least one of whom has a disability	92,076 €	84,708 €	97,904 €	90,070 €
5 - Five people or a single person with three dependants, or four people at least one of whom has a disability	109,552 €	100,279 €	116,487 €	106,627 €
6 - Six people or a single person with four dependants, or five people at least one of whom has a disability	123,275 €	112,844 €	131,078 €	119,987 €
Additional person	+ 13,734 €	+ 12,573 €	14,603 €	13,369 €

Rent ceilings per sq.m. (excluding charges) at 1 January were as follows:

RENT CEILINGS	2022		2023 ⁽¹⁾	
	Zone Abis ⁽²⁾	Zone A	Zone Abis	Zone A
In euros per sq.m. and per month	17.62€	13.09€	18.25 €	13.56 €

To promote the development of intermediate housing, it qualifies for the following tax breaks:

- ▶ 10% VAT payable on acquisitions;
- ▶ A corporate income tax credit, which has replaced exemption from French tax on developed property (TFPB).

Certain commitments must be given in exchange:

- ▶ Application of rent and income ceilings;
- ▶ Building in the most supply-constrained areas (i.e., zones A/ Abis/B);
- ▶ A 10-year “lock-up” period for 50% of the units in a building, and 15 years for the remaining 50%.

(1) Pending the 2023 French government decree

(2) Zone A: most of the outer Paris suburbs, where rents and house prices are very high. Zone Abis: Paris City and 76 municipalities in the surrounding departments of Les Yvelines, Hauts-de-Seine, Seine-St-Denis, Val-de-Marne and Val-d’Oise.

1.2 Activities

1.2.1 In'li – No.1 intermediate housing property owner and manager in the Paris region

In'li owns and manages a portfolio of 40,216 units of intermediate housing, which includes:

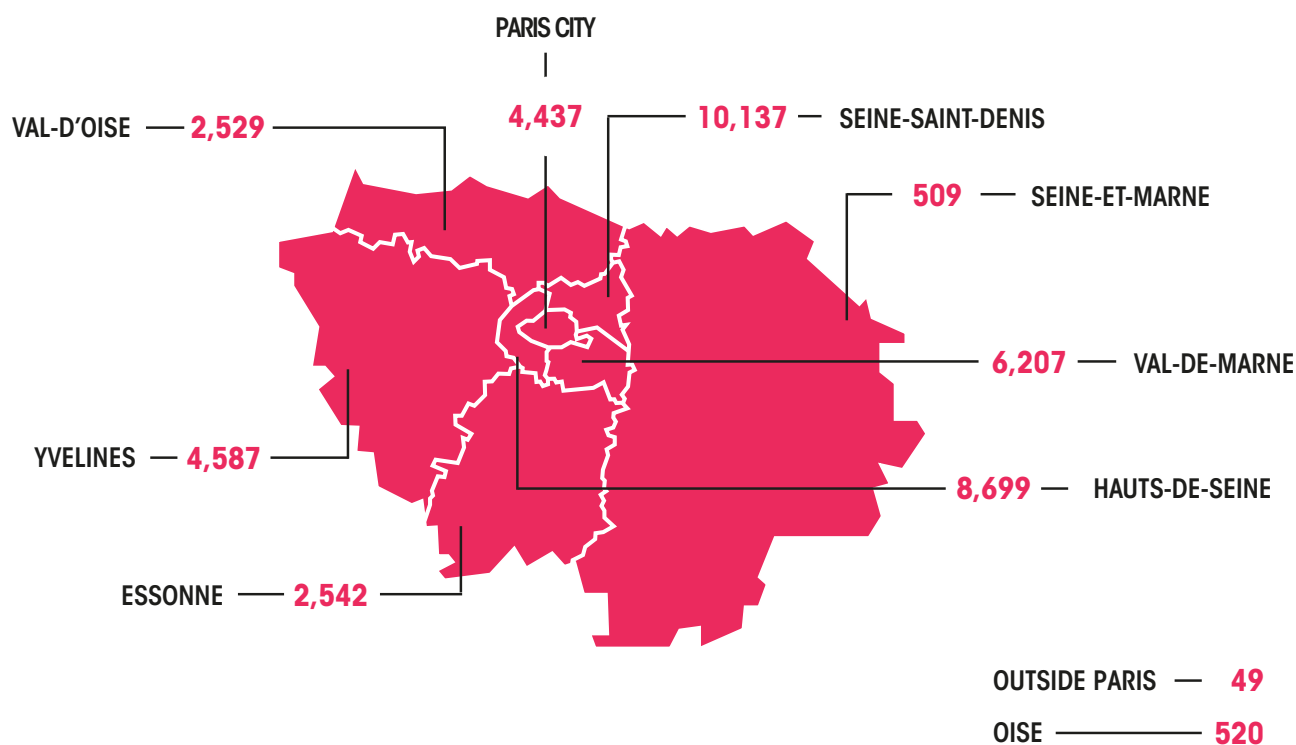
- ▶ 39,101 family housing units
- ▶ 1,115 units of collective accommodation

In'li also owns and manages 240 stores and commercial premises.

The portfolio is spread throughout 878 groups of properties in 226 different municipalities, almost all of which is located in the Paris region.

73% of the portfolio in terms of the number of units (and 81% in value terms) is located in Paris and its inner suburbs and the remainder in the outer Parisian suburbs, providing the Company with a quality portfolio that delivers a stable and resilient operating performance.

- ▶ 99% of the portfolio (in value terms) is located in supply-constrained areas (i.e., zones A and Abis).
- ▶ Paris City and the Hauts-de-Seine department account for 47% of the value of the portfolio.

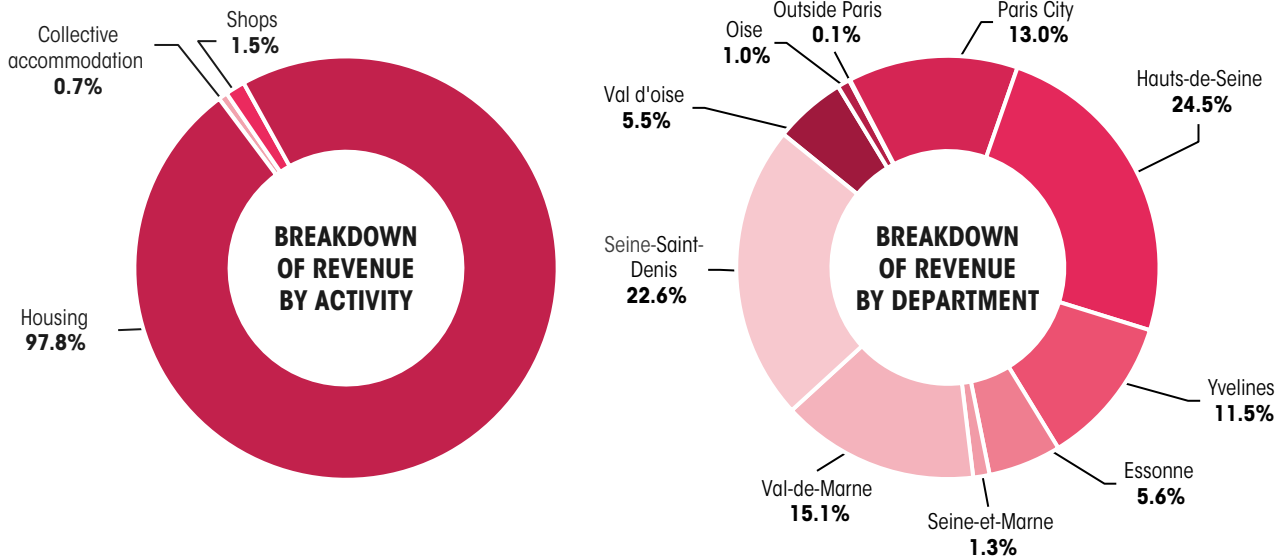


At 31 December 2022, BPCE Expertises Immobilières (formerly Crédit Foncier Expertise) estimated the appraised block value of in'li's portfolio at €7.88 billion and the appraised unit value at €9.2 billion (i.e., sale by unit rented at the market rental value). Both valuations exclude taxes and duties. The appraised block value decreased by 0.60% year on year, and by 3.52% on a like-for-like basis due to the general rise in returns, which negatively impacts the block values of properties.

Assets located in the Paris region account for 99% of the value of in'li's property portfolio. The remainder comprise assets located outside the Paris region (mainly in the Oise department).

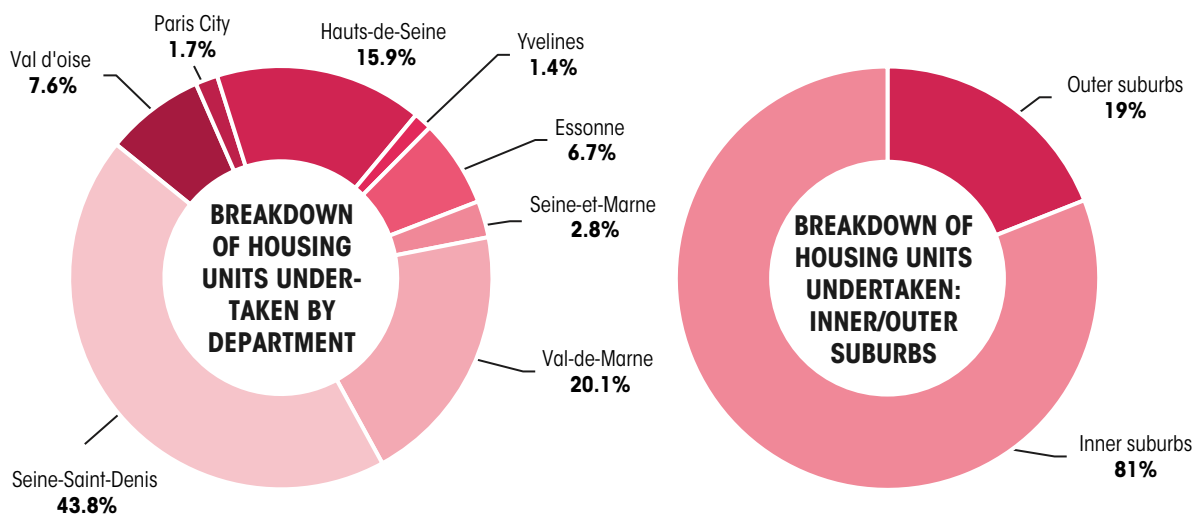
1.2.2 Breakdown of revenue by activity

Almost all revenue comes from letting out housing, most of which is located in Paris City and the inner Parisian suburbs.



1.2.3 Continued strong growth in the most supply-constrained areas

The 3,232 housing units signed in 2022 are distributed geographically as follows:



1.3 Development strategy

In'li – No. 1 in intermediate housing in the Paris region – has set itself the ambitious target of building 80,000 units of new intermediate housing in supply-constrained areas (i.e., zones A and A bis). The Company is only targeting areas in which there is a substantial gap between free market and social housing rents because this is where in'li can deliver maximum social utility.

These new builds should meet around 50% of unsatisfied demand, which is currently estimated at between 160,000 and 280,000 units of housing.



^
Livry-Gargan (93)
103 av Aristide Briand

Since in'li was created in October 2017, nearly 20,000 housing units have been signed as part of a profitable development strategy, based around a combination of off-plan acquisitions (approximately 80%) and land development (consolidation of plots, densification of existing portfolio, replying to calls for tender, and conversion of offices into housing units, etc.).

^
Villepinte (93)
10 av de Sully

In'li's development strategy in 2022 reflected three major developments during the year.

- ▶ Changes introduced in the 2022 Finance Law, which replaced the exemption from French tax on developed property with a corporate income tax credit, and lowering of the social housing threshold that requires municipalities to incorporate a certain percentage of social housing into intermediate rental housing operations.

These changes have boosted the acceptability of intermediate rental housing at municipal level. The development of in'li and its property partnerships is underpinned by intermediate rental housing and in 2022, more than 75% of the commitments of in'li and its partners were for housing with Intermediate housing rental status (LLI).

After 2021, and numerous ventures in coliving accommodation, in'li wished to pause for reflection and get some initial feedback. While we are aware that coliving meets a demand from company employees, in'li now wishes to structure its intermediate coliving offer.

- ▶ The introduction of the new French Environmental Regulation 2020 (RE 2020) on 1 January 2022. This new regulation is perfectly in line with in'li's CSR commitments and it applies to operations for which building permits have been submitted after 1 January 2022.

For project ownership / prime contractorship operations, and in accordance with the Company's carbon strategy, in'li's strategy has been to anticipate RE 2020 regulation requirements for a portion of the building permits submitted in 2022.

Off-plan operations proposed by developers in the first half of the year complied with the previous energy performance regulation - RT2012.

- ▶ Inflation in building costs and the sharp rise in interest rates. 2022 witnessed a sharp rise in inflation, especially in building costs. Beginning from the spring of 2022, interest rates rose to 2.5% in just a few months. These unforeseeable macro-economic factors have had a strong impact on our development strategy.

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2023 will again be impacted by interest rates that are significantly higher than those of recent years. After a year in which in'li committed to 3,074 housing units, down on initial objectives, the Company has decided to be ambitious in view of current economic conditions, by committing to a further 3,600 units of housing.

This slowdown will make it possible to fine-tune experiments in different types of intermediate rent-to-buy operations.

In'li will also develop its intermediate coliving offer for young people working for companies.

With the experience it has acquired in getting coliving operations up and running, In'li wishes to develop a family housing offering with additional services. These developments comprise family housing and the buildings also have common areas that may be used by all of the building's inhabitants, and services such as a laundry, a coworking space, a gym, a kitchen area with a space for community dinners, a common living room, a play area for children, etc.

In'li aims to develop a management and service offering adapted to these types of properties.

1.4 Funding in'li's development

In'li's strategic plan is underpinned by a strong balance sheet and the Company intends to pursue a very prudent financial policy. With an LTV ratio of 19.7%, in'li's debt ratios were more than comfortable at end-2022 and it also has abundant liquidity of over €1.3 billion backed by €409 million in cash and cash equivalents and €885.1 billion in undrawn facilities at 31 December 2022.

In'li also uses a wide range of financial instruments to ensure a balanced financial profile.

Strengthening of capital:

- ▶ Support from Action Logement Immobilier through annual increases in share capital;
- ▶ Equity generated from an asset arbitrage process. Disposal proceeds will be used to finance the production of new housing. Arbitrage will leverage:
 - > **Block sales** (e.g., the Cronos operation);
 - > **Split sales** (to sitting tenants on a priority or rotation basis).

Issy-les-Moulineaux (92) - Bd Rodin





Margency (95) - av Georges Pompidou

Raising equity independently of Action Logement by creating property development companies

The aim here is to get institutional investors to finance part of new production.

2022 witnessed the creation of RésiCoffim (signature in July 2022, and closing in January 2023) in partnership with AG2R LA MONDIALE and BNP Paribas REIM as investors, and Coffim as developer.

This partnership reflects the wish of three real estate players to invest an initial amount of €120 million of equity in the Paris region in new energy-efficient residential properties that include a high proportion of intermediate housing apartments.

RésiCOFFIM aims to acquire programmes developed by COFFIM, a national property development group, in the Paris region.

In'li now has three property development companies in partnership with top-ranking institutional investors:

- ▶ **Foncière APEC:** a long-term strategic partnership with Primonial REIM (a major building society), PRO BTP and Midi2i to boost the supply of intermediate housing in the Paris region. In'li has held onto a 25% stake in this entity. At the end of 2022, this property development company was managing a portfolio of 714 units of intermediate housing. The management of the entity's housing units has been entrusted to in'li Property Management.

- ▶ **Foncière Cronos:** operation closed in January 2021 in partnership with AXA IM (Europe's No.1 real estate asset manager) to create a property development company, Foncière Cronos (in'li has a 25% stake), that will ramp up the production of new intermediate housing for middle-class and young working people in the Paris region. Cronos aims to produce almost 20,000 units of new housing over 10 years (including almost 4,000 units already identified and currently in development, plus 1,500 additional units of new housing per year). At the end of 2022, this property development company was managing a portfolio of 8,216 units of intermediate housing. The management of the entity's housing units has also been entrusted to in'li Property Management.
- ▶ **RésiCOFFIM:** unlike the two other property companies, this entity will only focus on new housing. A first property was already subject to a reservation agreement in 2022 and the fund is aiming for a big year of growth in 2023.

Diversification of sources of funding:

- ▶ **Use of debt markets:** in'li intends to use its excellent rating (i.e., rated 'A' with a stable outlook by S&P Global Ratings since January 2020) to issue debt on a regular basis. Using the financial markets enables in'li to expand its lender base through access to international investors. In'li has also been awarded a good short-term rating (A-1 by S&P Global Ratings), allowing it to issue Neu CP (i.e., Negotiable European Commercial Paper), as part of a €500 million programme, validated by Banque de France.
- ▶ **Funding from the European Investment Bank (EIB):** In'li has contracted a €310 million credit facility with the EIB and €238 million had been drawn down at 31 December 2022. It is part of the Juncker Plan to introduce energy performance criteria into the financing of housing.

- ▶ **Bank financing:** In 2022, in'li signed €400 million worth of bank financing indexed to the Company's CSR performance in the following formats:
 - > Two revolving credit facilities for a total amount of €210 million. These two new facilities are on top of the existing €600 million syndicated revolving credit facility and they will help strengthen the Company's liquidity. Interest rates on all of the revolving credit lines are tied to the achievement of objectives in terms of the production of new affordable housing in supply-constrained areas (zones A bis and A), energy retrofits on existing properties and an improvement in the overall energy efficiency and carbon footprint of in'li's property portfolio.
 - > A €190 million 6-year mortgage-backed loan contracted with HSBC Continental Europe. Interest rates are tied to the achievement of both social and environmental objectives: boosting the purchasing power of in'li tenants, energy retrofits on existing properties and an improvement in the overall energy efficiency and carbon footprint of in'li's property portfolio.

These different financing arrangements are fully in line with the strong commitments of in'li and Action Logement Group to the energy and environmental transition in the housing sector and the production of new affordable housing in supply-constrained areas for young and middle-class working people.

In'li is deploying a rigorous financial policy that enables it to execute the Company's development plan with confidence:

- ▶ **Property development risk will be limited:** 80% of acquisitions will be from property developers through off-plan agreements (VEFA in French). These agreements protect buyers who receive a financial guarantee of completion from the banks, thus limiting the property development risk.
- ▶ **Development will be carefully tied to what the market can absorb** as well as to the pace of asset disposals. Maintaining a strong balance sheet will be the Company's overriding priority.



MODERATE PACE OF ACQUISITIONS

The pace of acquisitions will take account of what the market can absorb as well as the pace of asset disposals.

LIMITED PROPERTY DEVELOPMENT RISK

in'li bears no property development risk on 80% of its production and deals with major promoters based on framework agreements

BASIS FOR DEVELOPING NEW PRODUCTION

Part of new production will be borne by institutional investors.
Part of new production is based on division of ownership arrangements.



Balanced financing arrangements

STRENGTHENING OF CAPITAL BASE

- ▶ Action Logement will support in'li by increasing its capital.
- ▶ Part of the portfolio will gradually be sold off.

MORE EXTENSIVE USE OF DEBT

- ▶ External financing by working with new banking partners and issuing bonds.

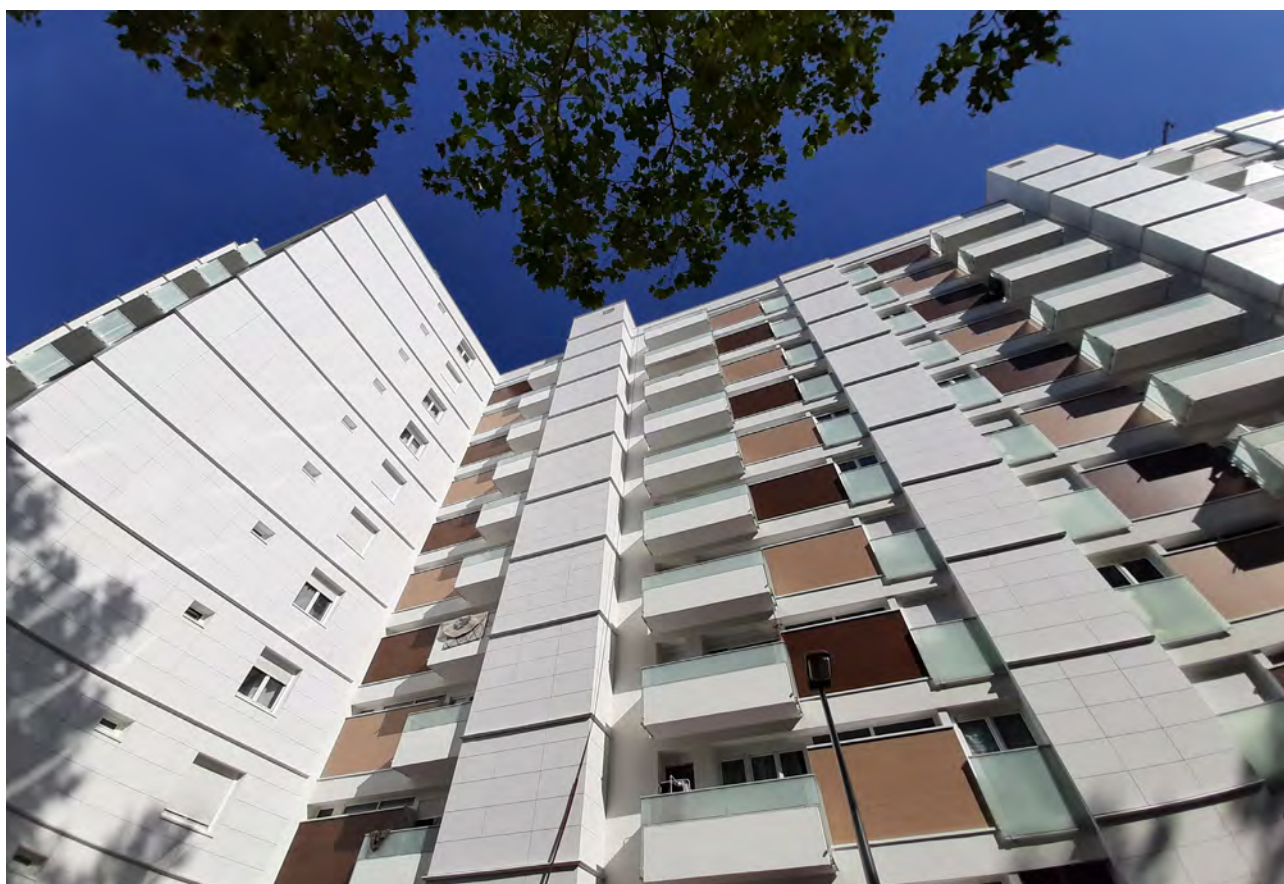
1.5 Ownership structure

The Company's share capital at 31 December 2022 was €849,106,089, made up of 566,070,726 shares with a par value of € 1.50 each. The capital is owned by 2,266 different shareholders and the ten biggest shareholders appear in the following table:

NAME OF SHAREHOLDER	No. of shares	% of capital
Action Logement Immobilier	563,150,281	99,48
Financiere Honeywell	926	0,00
MECI	114,625	0,02
Aranda jimenez	114,625	0,02
Moderne de Maconnerie	98,250	0,02
Hi Di Delvallee	81,875	0,01
Nationale de Radiodiffusion	66,285	0,01
Klepierre	55,193	0,01
Fives	38,453	0,01
Des ateliers R. Halftermayer	30,912	0,01
Other shareholders	2,319,301	0,41
TOTAL	566,070,726	100,00

The Combined General Meeting of 9 June 2022 approved an increase in capital for an amount of €49,975,608 through the issue of 33,317,072 new shares of €1.50 each. This share capital increase was duly completed on 8 September 2022.

Renovation of the residence at Asnières-sur-Seine



1.6 Organisation

1.6.1 Committed and experienced governance

A COMMITTED SUPERVISORY BOARD

The list of corporate offices and functions held in all companies by each of the corporate officers, members of the Supervisory Board and their representatives during the financial year is provided in the Supervisory Board Report on Corporate Governance.

The members of the governance bodies are:

Supervisory Board

Pierre BRAJEUX

Chairman of the committee, MEDEF

Michel GOYER

Vice-Chairman of the Supervisory Board, CFDT

Florence SOUSTRE GASSER

MEDEF

Philippe AMRAM

MEDEF (since 9 June 2022)

Sandra BUES-PIQUET

MEDEF

Philippe THEL

MEDEF

Marie-Pierre HURÉ

MEDEF

Patricia GOMEZ-TALIMI

MEDEF

Xavier HESSE

CPME

Jackie Xiaohua TROY

CPME

Hervé MOREL

CFTC

Action Logement Immobilier,
represented by **Pascal LANDRIN**
CFE-CGC

Audit and Accounts Committee

Sandra BUES-PIQUET

Chairwoman of the Committee

Michel GOYER

Member

Xavier HESSE

Member

Action Logement Immobilier,
represented by **Pascal LANDRIN**,
Member

Appointments and Compensation Committee

Pierre BRAJEUX

Chairman of the Committee

Michel GOYER

Member

Patricia GOMEZ

Member

Investment Committee

Michel GOYER

Chairman of the Committee

Philippe THEL

Member

Jackie Xiaohua TROY

Member

Management Board (new Board appointed on 1 January 2022)



Damien ROBERT

Chairman of the Management Board



Antoine PINEL

Member of the Management Board
Chief Executive Officer



Emmanuelle ROBIN-TEINTURIER

Member



Stéphanie CAULET

Member



Marie LEFEBVRE-SOUCE

Member

SUPERVISORY BOARD: ORGANISATION AND MODUS OPERANDI

- ▶ **Composition:** in'li's Supervisory Board has twelve members, five of whom are women.
- ▶ **Experience:** the Supervisory Board includes nine representatives of employers organisations, including the Chairman, and three trade union representatives, including the Vice-Chairman, all of whom have been appointed by the social partners.
- ▶ **Term of office:** each Supervisory Board member serves a three-year term. The terms of office of one-third of the members of the Supervisory Board are renewed every year, in accordance with the Company's Articles of Association.
- ▶ **Average age:** the average age of Supervisory Board members is 58.

- ▶ **Attendance:** seven of the twelve members have been on the Supervisory Board since in'li was created. In 2022 the attendance rate at Supervisory Board meetings was 61%.
- ▶ **Frequency:** the Supervisory Board met four times in 2022, pursuant to a convening notice issued by the Chairman.

CONCERNING THEIR PROFESSIONAL ACTIVITIES:

- ▶ **6** members are company executives or senior managers;
- ▶ **3** members perform operational or executive functions in trade union organisations;
- ▶ **3** members perform operational or executive functions in a private company working in the property sector.

ORGANISATION AND MODUS OPERANDI OF THE BOARD COMMITTEES

Three Board committees: the Audit and Accounts Committee, the Appointments and Compensation Committee and the Investment Committee are made up of members of the Supervisory Board. These committees have an advisory role and regularly report back to the Supervisory Board. Their modus operandi is set out in the Supervisory Board's rules of procedure.

Audit and Accounts Committee

Sandra BUES-PIQUET
Chairwoman of the Committee

Michel GOYER

Xavier Hesse

Action Logement Immobilier,
represented by **Pascal LANDRIN**

4 MEETINGS HELD IN 2022

Examines the appropriateness of the methods used to prepare the parent company financial statements.

Verifies that internal procedures for gathering and monitoring information have been correctly applied by examining the financial information provided after the accounts have been closed, the draft parent company financial statements, the relevance and consistency of the accounting methods used, the external audit process and the assessment of its effectiveness, and the Company's internal control and risk management systems and internal audit work.

Investment Committee

Michel GOYER
Chairman of the Committee

Philippe THEL

Jackie Xiaohua TROY

4 MEETINGS HELD IN 2022

Reviews certain new investment projects and the development strategy presented by the Management Board. Reports at least once a year to the Supervisory Board on how this policy is being deployed.

Issues a preliminary opinion to the Management Board concerning specific investments to be undertaken by in'li. Issues a preliminary opinion to the Supervisory Board concerning decisions to sell Company assets for material amounts (notably for block sales) and to create property development companies. Issues a preliminary opinion to the Supervisory Board concerning partnership ventures, equity investments and innovative financing arrangements.

Appointments and Compensation Committee

Pierre BRAJEUX
Chairman of the Committee

Michel GOYER

Patricia GOMEZ-TALIMI

1 MEETING HELD IN 2022

Issues recommendations concerning the appointment of new members to the Supervisory and Management Boards and their compensation in light of governance rules applicable within Action Logement Group.

The Supervisory Board appoints the members of the Management Board for the statutory three-year term, or renews their term of office if appropriate.

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RELATED-PARTY AGREEMENTS

The list of related-party agreements or commitments falling within the scope of articles L.225-86 and L.225-88-1 of the French Commercial Code (Code de commerce) is provided in the Supervisory Board Report on Corporate Governance.

The following agreements were authorised during the year:

- ▶ Separation of joint ownership in favour of Seqens in Chesnay, approved by the Supervisory Board on 14 April 2022.
- ▶ A block sale of property in Maisons-Alfort to Seqens (a social housing subsidiary of Action Logement Immobilier), authorised by the Supervisory Board on 13 October 2022;
- ▶ Off-plan sale to Seqens in Chilly-Mazarin, authorised by the Supervisory Board on 8 December 2022;
- ▶ A block sale of property in Villetaneuse to Seqens, approved by the Supervisory Board on 8 December 2022.

The following related-party agreements authorised in previous periods remained in force during the year:

- ▶ Agreement to make the support functions of the in'li Supports joint venture available to associates for certain specific projects, approved by the Supervisory Board on 20 December 2017.
- ▶ Agreement with GIE ASTRIMMO for the use of the ALIOP product, approved by the Supervisory Board on 10 September 2018.

Executive Committee

Damien ROBERT

Chairman of the Management Board

Antoine PINEL

Member of the Management Board,
Chief Executive Officer

Corinne PIRLOT-FAGES

Advisor to the Management Board

Stéphanie CAULET

Member of the Management Board,
Deputy CEO – Clients & Assets
division

Emmanuelle ROBIN-TEINTURIER

Member of the Management Board,
Deputy CEO – Resources and Digital
Transformation

Marie LEFEBVRE-SOUCÉ

Member of the Management
Board, Director of in'li Property
Management

Nadège de BECQUEVORT

Head of Audit and Risk Management

Philippe BAMAS

Deputy CEO – Investment &
Construction

Yassine BELAÏDI

Sales and Joint Ownership Property
Director

Marie CHARVET MERCIER

Digital Transformation

Olivier DEBOST

Chief Financial Office

Jérôme HERVIER

Property Director in La Défense

Eric LASCROMPES

Head of Development / Structuring

Bénédicte LÉBOUCHER

Director of Customer Relations
and Marketing

Laetitia LEFAS

Director of Human Resources

Elisabeth LOTTEAU

Director of Rental Management
division

Razek LOUKKAF

Funding Department Director

Stéphane MENARD

Technical Director – Property
Portfolio Technical division

Laurent PALU

Investment Director

Thierry DI RENZO

in'li PM

Johann SAUVAGE

Property Director – Northern sector

Franck TABOURET

Property Director – Eastern sector

1.6.2 Our teams

COMMITTED TEAMS IN PURSUIT OF OUR OBJECTIVES

At end-December 2022, in'li had a workforce of 828 people, of whom 763 were on permanent employment contracts. The workforce can be broken out between administrative and building support staff as follows:

- ▶ **64% administrative personnel** (11% employee-grade; 18% supervisor-grade; 35% management-grade);
- ▶ **36% building personnel** (4% building administrative staff; 32% building caretakers).

200 new permanent employees joined the Company during the year to strengthen our teams across the board.

In'li continues its commitment to gender equality with:

- ▶ A gender equality index of 95/100;
- ▶ 41% of women on the Executive Committee at 31 December 2022;
- ▶ One out of every two managers is a woman.



In'li's gender equality index is 95/100.



In order to meet the expectations of our customers and keep pace with our strategic plan and constant technological innovation, in'li is anticipating the needs of tomorrow by designing new jobs. Building career paths and consolidating our skills base are an essential component of our transformation strategy.

To recognise the commitment of everyone and support the teams in this transformation process, in'li's HR policy is underpinned by four key drivers:

- ▶ Promoting the quality of work and commitment;
- ▶ Developing employability, new skills and career paths;
- ▶ Engaging in inclusive social dialogue;
- ▶ Constantly enhancing our risk prevention culture.

PROMOTING THE QUALITY OF WORK AND COMMITMENT

Onboarding employees to design the jobs of tomorrow and enhance the way we work

We encourage all employees to be stakeholders in our cross-cutting projects to help design and develop the jobs of the future, enhance our operations and achieve more effective teamwork. Joint working groups and oversight committees are set up for all major projects that impact our business.

Recent collaborative projects deployed by inter-departmental teams have focused on professionalising property management agencies and digital transformation of the building caretaker profession and putting this job back at the heart of the customer relations strategy.

Developing new ways of working and promoting enhanced work-life balance

As the sector undergoes a major transformation, in'li is especially committed to helping managers buy into these new working and teambuilding methods.

A new employee satisfaction survey was conducted in October 2022 and confirmed the strong employee commitment and support for the Company's project.

75%

of employees declared that they are ready to commit to in'li's success

82%

of employees consider that they have the right level of autonomy in their work

71%

of employees declared that their work is meaningful for them

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Promoting inclusiveness

This year, in'li launched a diagnostic assessment of disability in partnership with AGEFIP to analyse our HR practices in terms of disability in three areas: recruitment, retention and internal/external communication. At the same time, in'li is continuing to help people with disabilities and supporting employees in their efforts to obtain disability recognition.

DEVELOPING EMPLOYABILITY, NEW SKILLS AND CAREER PATHS

With an annual budget of nearly 3.5% of total payroll invested in skills development, in'li reiterated its commitment to training and developing employability for everyone.

- ▶ Average of 19.5 hours training per permanent employee;
- ▶ 77% of employees took at least one training module,
- ▶ Dedicated courses with more than 30 hours of learning on average to help people wishing to change job.

In 2022, 26% of training was given by in-house trainers. This ensured that the employees of in'li and in'li PM Economic and Social Group (UES) have the necessary skills in their respective areas.

55

employees benefited from functional mobility opportunities.

+ 12,500 hours

of training were provided in 2022.



< A meeting to discuss the Pass-Digital project



< Initiation to vital first-aid techniques

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“Pass Digital” is a certification process recognised at Action Logement level that helps caretakers get to grips with their new digital work tools and applications. This project comes in the wake of the negotiation of an agreement on changes in the building caretaker’s job, signed unanimously by our trade union delegates.

Certification Pass Digital aims to transform the Company’s digitalisation into an opportunity to reorganise, professionalise and showcase the job of building caretaker.

In 2022, a second intake of site managers also obtained certification. In total, 10 caretakers are taking part in this ambitious training programme which ends in September 2023.

ENGAGING IN INCLUSIVE SOCIAL DIALOGUE

In 2022, almost 50 meetings were organised with employee representative bodies.

CONSTANTLY ENHANCING OUR RISK PREVENTION CULTURE

In 2022, in’li continued to streamline its approach to occupational risk prevention. Following on from the digitalisation of the Consolidated Risk Assessment File (DUER), in’li deployed a complementary process aimed at analysing occupational risks at its properties in greater detail via the introduction of digital safety sheets that must be completed by building staff and managers at dedicated review meetings.

Regular meetings were held with the Health and Occupational Safety Committee to develop and deploy our Prevention & Safety roadmap and continue to improve working conditions and spread our culture of preventing occupational risks.

Our occupational risk prevention training policy is diversified and updated on a regular basis. Thanks to a digital partnership with APES, our real estate groups are now monitored and any safety incidents are reported using the new ALI Tranquil experimental app. Safety assessments are performed to get a precise picture of the safety environment at a given site in order to make the most appropriate recommendations.



^
Viroflay (78)
3 av de Versailles

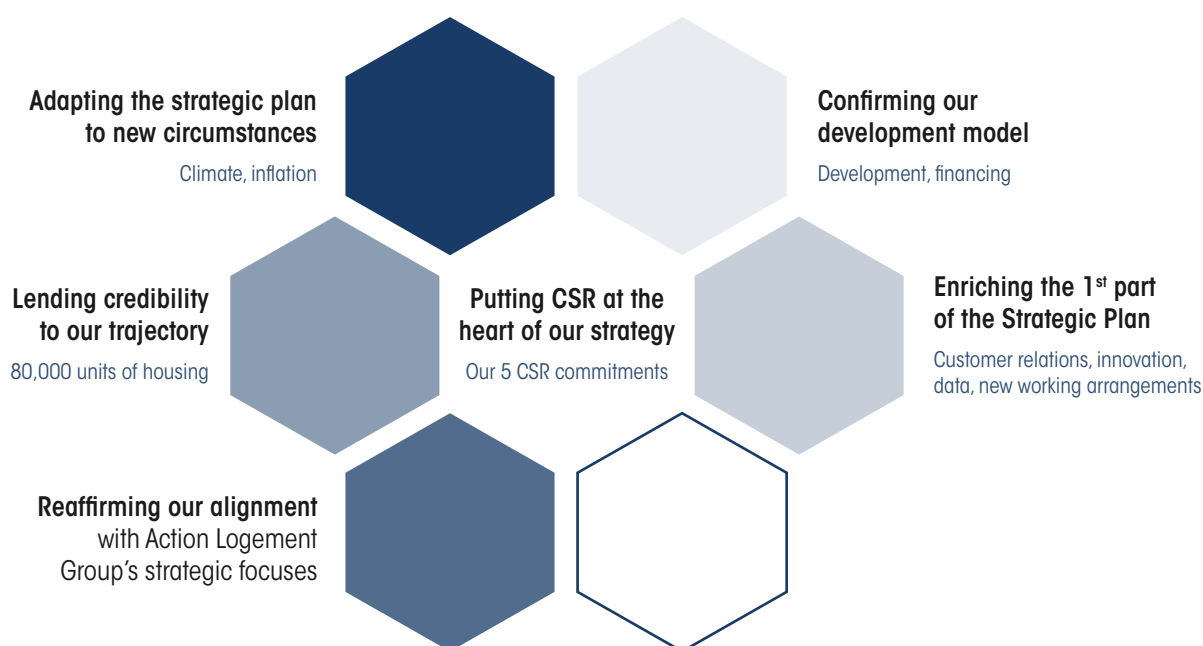
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2.1 Deployment of the second part of the Strategic Plan

The second part of our strategic plan outlines the path over the next 10 years to revamp our portfolio by massively developing a new offering of affordable and sustainable housing. This is perfectly in line with the Group's strategy of meeting the needs of young and middle-class working people.

Objective of Part 2



THE STRATEGIC PLAN DRAWS UP A ROADMAP FOR THE NEXT 10 YEARS, BASED ON 5 MAJOR FOCUSES:

1. Developing, to achieve our long-term objective of building 80,000 new intermediate housing units and continuing to be No.1 in intermediate housing in the Paris region
2. Financing: consolidating our partnership-based model (via the creation of real estate companies) to fund the growth and renovation of our residential property portfolio
3. Overseeing, to improve our rental management and customer relations processes while preserving our financial capability
4. Innovating in favour of low-carbon and more accessible housing
5. Teaming up with other intermediate housing stakeholders to strengthen national strategy for this type of housing in supply-constrained areas

2.2 A CSR rating that showcases in'li's performance

in'li requested its first CSR rating in 2022 from Sustainalytics, one of the world leaders in ESG risk analysis. Based on Sustainalytics' methodology, in'li's level of CSR risk is considered low, making it one of the best rated companies in the world (i.e., 229 out of 15,634 companies - 2nd percentile - rated across the world for all sectors as of 10 January 2023).

This rating also makes in'li one of the 100 best rated real estate companies in the world as in'li ranked 59th out of the 1,072 companies rated in the real estate sector (6th percentile).

This excellent rating is recognition of the sustainable nature of in'li's businesses, particularly the strong social impact of its properties for its tenants, which sets the Company apart from other players in the sector.

2.3 An efficient property management and letting activity

2.3.1 Property portfolio

PROPERTY PORTFOLIO VALUATION

In'li's property portfolio is valued every year at 31 December by an independent appraiser, BPCE Expertises Immobilières (formerly Crédit Foncier Expertise).

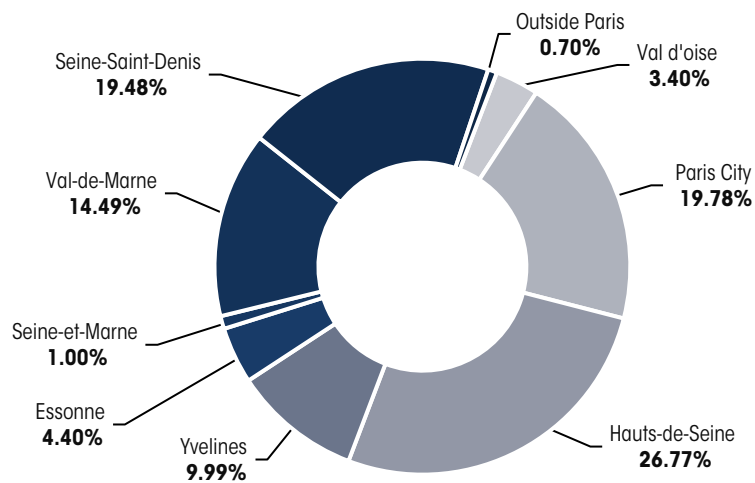
Each year, BPCE Expertises Immobilières provides the Company with three different valuations:

APPRAISAL VALUE (EXCLUDING TAXES AND DUTIES)	31/12/2022	31/12/2021	year-on-year change	Change on a like-for-like basis
value 1 = "block sale" value; based on continued use and current occupancy	€7.879 million	€7.927 million	-0.60%	-3.50%
value 2 = "unit sale" value; based on continued use and current occupancy	€9.106 million	€8.859 million	2.80%	-0.20%
value 3 = "unit sale" value; rented at the market rental value	€10.972 million	€10.216 million	7.40%	4.35%

If we examine the block value of the portfolio (value 1), we note that:

- ▶ Over 99% of the portfolio is located in the Paris region;
- ▶ 99% of the portfolio is located in supply-constrained areas (i.e., zones A and Abis); Paris City and the Hauts-de-Seine department account for 46% of the value of the portfolio;
- ▶ Residential property (dwellings, car parks, etc.) comprises almost 99% of the real estate portfolio, with the balance made up mostly of shops and offices.

The geographic distribution of the portfolio is as follows:



The 0.61% decrease in the value of the portfolio for the block sale value is attributable to the 3.52% decrease in the value on a like-for-like basis, offset by the 3.2% growth in the portfolio following the delivery of 1,567 new units and the disposal of 258 units.

2.3.2 Dynamic disposal activity

In'li continued to deploy its property selling strategy in 2022 in two forms: split sales, primarily to its existing tenants, and block sales of properties. At the end of the year, 258 units had been sold, including 34 single units sold both to people looking for quality housing at an affordable price who may or may not have been in'li tenants, and 224 units located in Paris, sold in a block sale to Régie Immobilière de la Ville de Paris (RIVP).

These disposals generated income of €75 million, which may be broken down as follows: €65 million from the block sale and €10 million from split sales.

€65 million
from block sales

€10 million
from split sales

SPLIT SALES

Providing home ownership possibilities through split sales (priority given to existing in'li tenants or to outside buyers on a rotation basis) is one of in'li's strong commitments.

In 2022, 34 households were able to become homeowners through split property sales. At the same time, the Property sales department organised the first four meetings with tenants for Campaign 1 to be organised in Bois-Colombes, Issy-les-Moulineaux and Châtillon. A first sale agreement was also signed to acquire a property in Bois-Colombes and the title deed will be signed in the first quarter of 2023.

2.3.3 A targeted renovation policy

In'li continued to invest in improving the energy performance of existing properties. The budget set aside over the past two years has been maintained at €38 million (out of the €54 million earmarked for renovation work).

Building a pathway to carbon neutrality and the strategic energy plan mean that in'li must be able to control performance, technical facilities and solutions for controlling consumption at all of its properties.

Most operations undertaken in 2022 concerned renovations with reclassification of the building shell and upgrading of the technical equipment used for heating and hot water.

Improving performance has also been targeted as a priority in the 2022 works schedule for so-called "energy slums", i.e., properties rated F or G. In'li has committed to starting work on these properties by the end of 2023 at the latest. In 2022, planning also began on renovating properties with an E label in order to meet the same environmental requirements, but with a deadline of 2030.

Operational maintenance is becoming increasingly important in the day-to-day management of properties. In 2022, as well as renewing certain framework contracts (Routine maintenance / Upkeep and renovation of housing, individual boiler maintenance, maintenance of controlled ventilation systems), solutions were analysed for enhancing management and control over our technical facilities.

These solutions are part of the drive to reduce energy consumption and the related costs for our tenants.

WORKS SCHEDULE

As was the case last year, financial commitments for 2022 were maintained at a high level of €70 million spread over 120 operations. These investments may be broken down into €54 million for renovation work, €9 million for replacing technical equipment, and €7 million for major repairs, which include upgrades to housing.

For operations that concern energy performance, internal energy retrofits are studied, making it possible to assess the overall work that needs to be carried out on a given property and thus upgrade all components of the building. Properties renovated in this way will not need any major work for several years.

Large housing projects (i.e., with more than 200 dwellings) are also analysed in a specific way. The 1960s architecture of these housing estates has, over time, led to major structural and waterproofing problems. It is therefore necessary to programme major renovations for these properties where a level of performance equivalent to C or even B energy labels can still be achieved.

A project management and tracking solution is currently being deployed, which will enable monthly monitoring of works schedules, commitments and disbursements, as well as more accurate oversight of workload planning for employees.

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2.3.4 Dynamic rental management

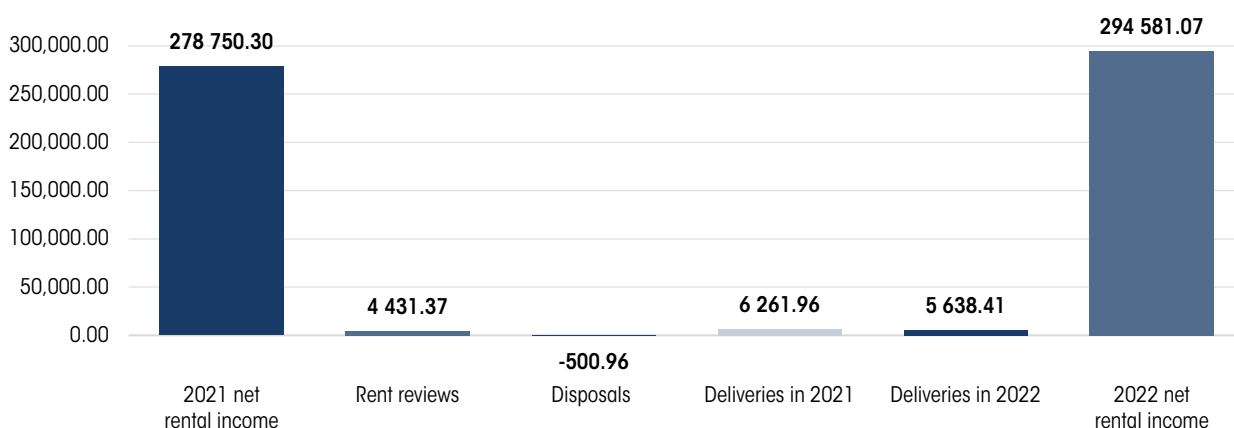
HIGHER RENTAL INCOME

Rental income increased by 6% (or by €16.1 million) year on year. This increase was mainly due to:

- ▶ Rent reviews driven by tenant turnover and the application of the 0.42% increase in the rent review index;
- ▶ The full-year impact of properties delivered in 2021;
- ▶ The delivery of 1,567 new units in 2022.

The recovery rate for 2022 remained very good overall although it was down slightly year on year: to 99.03% (compared to 99.7% in 2021).

YEAR-ON-YEAR CHANGE IN RENTAL INCOME (€ THOUSANDS)



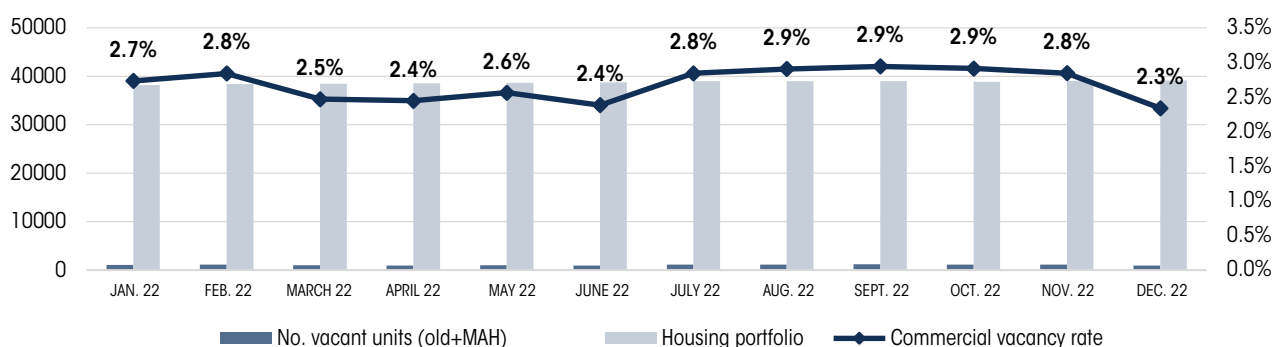
A LOWER MARKETABLE VACANCY RATE

Letting activity was brisk in 2022 and over 4,900 families were housed, particularly in new build programmes delivered during the year.

This dynamic letting activity helped to improve the vacancy rate despite persistently high tenant turnover of 9.50% in 2022, and 1,567 new dwellings let out during the year. The marketable vacancy rate was 2.69%, compared to 3.29% in 2021.

In particular, there was a focus on getting the long-term vacancy rate down and the number of units in this category fell by half.

YEAR-ON-YEAR CHANGE IN MARKETABLE VACANCY RATE 2022





>
Vigneux-sur-Seine (91)
7 rue Molière

DYNAMIC LETTING

The new organisation structure deployed since October 2020, which separates new letting activity, the in'li product range and the Qwacio product range, has generated efficiency gains by reducing both the time needed to let new properties out and our stock of vacant units, despite a tenant turnover rate of 9.5%.

To optimise letting activity, the Qwacio housing offering continued to be posted on www.inli.fr, making it possible to reverse the existing trend and reduce the stock of vacant Qwacio units by achieving a marketable vacancy rate of 1.03% at the end of December.

However, certain types of housing require an extra communication effort, thence the importance of continuing to promote intermediate housing to the wider public. Webinars were organised to promote in'li housing in partnership with Action Logement Services for PEEC-contributor businesses and their employees. This helped us achieve a rate of 81% of allocations to employees of PEEC-contributor businesses.

Lastly, to speed up letting and unlock efficiency gains for prospective tenants, in'li began automatically rating applications in Q4, 2022.

Four broad criteria were added:

- ▶ Criteria concerning the personal situation of the applicants to ensure that the accommodation is suitable in terms of the family's profile;
- ▶ Financial criteria to ensure eligibility for intermediate rental housing programmes (LLI);
- ▶ Location criteria to reinforce the employment-housing link;
- ▶ Criteria related to professional situation to support allocation to employees of PEEC-contributor businesses.

In'li also committed to supporting "key workers" in 2022, especially care workers – by replying to a call for expressions of interest from the Paris public hospital authority (APHP) to make housing available.

Data concerning our incoming tenants:

- ▶ Young households: 82% of tenants are under 40, and 41% are under 30 years of age;
- ▶ Mostly couples: 56%
- ▶ -Single people represent 44% of those housed;
- ▶ -98% of families are working;
- ▶ -45% have management-grade status and 46% have employee status;
- ▶ 81% of successful tenants are employees of PEEC-contributor businesses;
- ▶ 53% of incoming tenants come from the private market; and
- ▶ 15% from social housing.

2.3.5 Development of new production within the property development companies and paving the way for new partnerships with institutional investors

High inflation and the sharp rise in interest rates has slowed down the development of the Company's property partnership strategy. The business model for these partnerships is based on financing using bank debt. Given the rise in interest rates, the use of bank debt is no longer appropriate, which makes the financing of operations more expensive and reduces their profitability.

Nevertheless, these partnerships have been very active in providing project management consultancy services for operations already underway.

Cronos

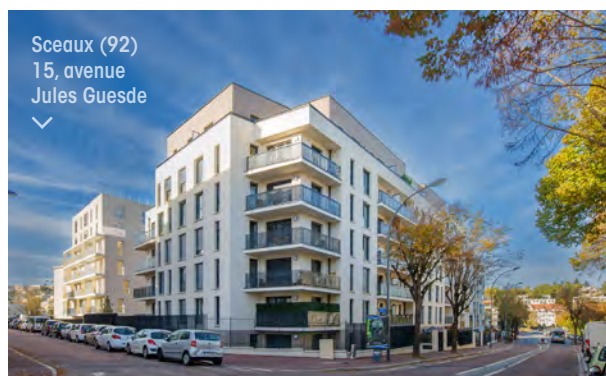
Cronos had a busy year in 2022 with the delivery of 1,786 housing units. In addition, Service Orders were issued for several operations representing 457 housing units.

New commitments were heavily constrained by the change in French energy performance regulations on 1 January 2022 and by the sharp rise in interest rates beginning from May 2022.

Complying with Cronos' business model has required a significant increase in the gross profitability criterion of the operations proposed.

The rise in interest rates forced in'li to raise the gross profitability criteria for committed operations, which explains the lower overall volume of commitments in 2022 compared with previous years. For these same reasons, Foncière Cronos limited its commitments to 127 housing units in 2022.

Consequently, Cronos' new commitments were limited to three operations representing 127 housing units.



APEC

The first production pipeline of 436 housing units in new builds, validated by APEC in 2021, is being developed and headed up by In'li. A first 48-unit operation in Gagny was delivered and sold to APEC in September 2022.

Due to market trends, the second development pipeline could not be validated by APEC in 2022. In'li is working closely with APEC's investor partners to identify and validate a new pipeline that meets the new market conditions.

In'li is directly responsible for developing these two property development companies - CRONOS and APEC - under the terms of an agreement to act as referral agent and provide project management consultancy services for new builds and it receives remuneration from the two entities based on this agreement.

PROPERTY DEVELOPMENT FEES

Within the scope of partnerships negotiated by APEC and Cronos, in'li has been entrusted with sourcing and project management consultancy (PMC) services.

In'li is tasked with:

- ▶ Advising the property development companies and helping them to get development projects up and running;
- ▶ Tracking all new build programmes deployed by the development companies.

In 2022, in'li was paid €3,016k by Foncière Cronos and €199k by APEC for providing these services.

2.3.6 Diversified financing arrangements

In'li continued to diversify its financing arrangements in 2022 with the following initiatives:

- ▶ The creation of RésiCoffim property company, in partnership with AG2R LA MONDIALE and BNP Paribas REIM as investors, and Coffim as developer.
- ▶ €400 million in new financing:
 - > €210 million in new revolving credit facilities
 - > A €190 million mortgage-backed loan contracted with HSBC Continental Europe

Interest rates on the €400 million in new financing are tied to the achievement of both social and environmental objectives.

In'li had a strong balance sheet at 31 December 2022:

- ▶ The LTV ratio was 19.7%, in phase with the Company's highly prudent financial policy;
- ▶ €409 million in cash and cash equivalents;
- ▶ Undrawn facilities: €885 million, including €810 million under the revolving credit facility, and €72 million in EIB financing (undrawn at 31 December 2022);
- ▶ No significant repayment deadlines over the next five years.

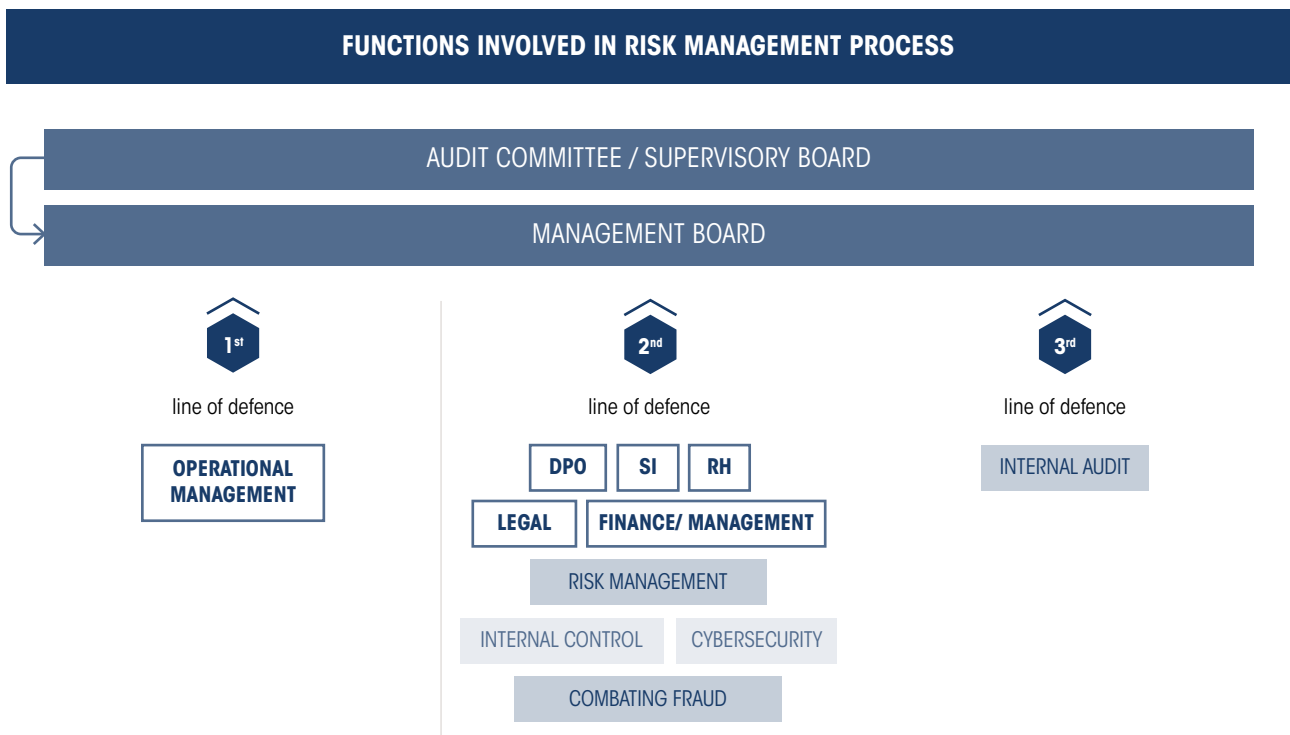
2.3.7 Stronger fraud risk management

1. 1 - A CONTEXT OF INCREASED RISK

In an environment marked by numerous uncertainties (i.e., geopolitical risks, inflation, energy prices, supply problems, health crisis, etc.) and by wholesale changes in lifestyles and working methods, in'li is continuing to reinforce its risk management system. Cyber risks are constantly increasing, with more and more attacks. The appointment of a Chief Information Security Officer (CISO) in 2022 will ensure day-to-day oversight and help foster a cyber security culture. Climate change remains a huge challenge, accompanied by major regulatory changes. Lastly, digitalisation is continuing apace with the ultimate aim of efficiency, control and customer satisfaction.

2. STRUCTURE OF THE RISK MANAGEMENT PROCESS

Overview



Our process is based on the framework developed by IFACI (French audit and internal control institute) and AMRAE (French risk management and assurance body), structured around “three lines of defence”:

A. Controls are defined and implemented by line personnel:

The first line of defence is formed by line managers, who are responsible for assessing and mitigating risks, notably by deploying appropriate controls over the processes for which they are responsible.

B. The process is organised and coordinated by the second line of defence:

The second line of defence is formed by the functional departments tasked with coordinating the overall risk management process. Its purpose is to structure and maintain the business control processes, notably by:

- ▶ Helping line personnel to identify and assess the main risks that arise in their area of expertise;
- ▶ Helping line personnel to design more effective controls;
- ▶ Performing tests to ensure that the planned controls are actually performed and that they are effective.

3. SUMMARY OVERVIEW OF RISKS

The risk management approach is underpinned by Action Logement Group guidelines and structured by a group-wide application called DIAGON’AL.

In’li has implemented a dynamic process designed to highlight, assess and rank risks in order of importance. These evolving risks – which stem from both exogenous and endogenous factors – are constantly tracked and reassessed. Risks are mapped and ranked by the Internal Audit and Risk Management Department with the help of an external service provider, based on interviews with the various departments, its own expertise, and the results of audits and investigations conducted during the year.

They are mapped in order to inform management of major risks and to define the degree of control required to manage each risk. This map is the starting point for the internal control process, where the major risks are broken down into operational risks.

Once the risks have been identified, in’li determines the level of control and the control procedures that will enable it to deploy its strategy and conduct its business under secure conditions. These controls are constantly adjusted in line with evolving risks.

In 2022, in’li continued formally documenting the system in order to clarify the controls within each process that help to mitigate the risks identified, and to round out controls when residual risks are deemed to be excessive.

This work was used to identify key risks within each process, for which effectiveness testing was performed in 2022, so that the second line of defence ensures that the planned controls are effectively applied.

C. Independent assessment of the process is performed by the third line of defence:

As the third line of defence, the internal audit function deploys a risk-based approach to provide independent assurance to the Company’s oversight bodies and to Executive Management. This assurance covers the effectiveness of the first two lines of defence and the organisation’s overall governance.

The internal risk management process is underpinned by:

- ▶ A process-based approach;
- ▶ A corpus of ethical guidelines and a culture of “zero tolerance”;
- ▶ A system of delegation of powers;
- ▶ A secure information system;
- ▶ Risk and control mapping.

In’li has to contend with generic risks related to the economic and regulatory environment, generic risks inherent to the functioning of any company, and specific risks related to its activities.

These risks are organised around seven categories. Six of the risks identified in the risk map have been identified as major risks and are tracked especially closely: regular controls and actions are performed to reinforce control and prevent their occurrence. The following table sets out the main risks identified that could have a material impact on in’li’s activity, financial situation or financial statements.





Risk overview and summary of major risks monitored on a priority basis

- ▶ **1 - Risks related to the real estate market and external business environment:**
 - > Risks related to climatic events or disruptions and pandemics;
 - > Risks related to the real estate market (rent levels, liquidity of assets, inflation, shortages, energy, etc.);
 - > Risks related to changing trends and habits.
- ▶ **2 - Risks related to governance strategy:**
 - > Risks related to the achievement of strategic objectives;
 - > Risks related to transformation management;
 - > Risks related to crisis management and business continuity.
- ▶ **3 - Risks related to business and activity management:**
 - > Risks related to development and building and renovation operations (major risk);
 - > Risks related to occupancy management and rental management (day-to-day management of buildings);
 - > Risks related to property disposals;
 - > Risks related to inaccurate billing (major risk);
 - > Risks related to marketing and vacancy
 - > Risks of non-recovery of rent arrears
 - > Risks related to compliance and upgrading of buildings and dwellings;
 - > Health, safety and security risks;
 - > Human resources management risks;
 - > Risks related to supplier failure or sub-optimal procurement.
- ▶ **4 - Risks related to Information Systems, data security and cybercrime:**
 - > Risks related to information systems security (major risk);
 - > Risks related to information systems performance (major risk);
 - > Risks related to data governance (existence, reliability, processing, etc.)
- ▶ **5 - Regulatory, compliance and enforcement risks:**
 - > Risks related to regulatory developments and increasingly numerous and complex regulations;
 - > Risks related to compliance with internal rules and regulations;
 - > Risks related to compliance with internal rules and regulations;
 - > Risks related to fraud or unethical behaviour
- ▶ **6 - Financial risks:**
 - > Risks related to financing
 - > Risks related to liquidity
 - > Risks related to the production of financial information
 - > Risks related to insurance.
- ▶ **7 - Risks related to relations with stakeholders:**
 - > All major risks are covered by action plans designed to improve risk coverage by limiting the risk of occurrence or materiality and they are presented annually to the Audit Committee. Action plans are also drawn up for other risks when areas of weakness are detected (audits, internal or external controls, management initiatives) or for the purposes of improvement. 25 action plans were deployed in 2022 and 11 of these had been completed. At end-2022, 49 action plans had been integrated into the DIAGON'AL application and were being monitored by the Audit and Risk Management Department.

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4. COMBATING FRAUD

In'li attaches huge importance to the fight against fraud and has been deploying a proactive approach to identifying and dealing with fraud for a number of years. This process and the actions undertaken are set out in section 3 – CSR Strategy Report.

5. INFORMATION SYSTEM SECURITY AND PERSONAL DATA PROTECTION

As cyber risks grow and applications become increasingly digitised, IT security and personal data protection have become major priorities for in'li:

A Data Protection Officer (DPO) is tasked with ensuring that in'li complies with GDPR (see developments. CSR Strategy Report, section 3.6.2.3 Committing to compliance).

Aside from protecting personal data, IT security and cybersecurity in particular is a major priority. It is overseen by the Digital Transformation and Data Management Division and tracked by an IT Security Committee which meets twice a year and includes all the members of the Management

Board, as well as by a weekly IS Committee, which has a more operational focus.

Twice a year, the Audit and Accounts Committee receives a report on the risks identified and any actions taken. On an operational level, a Chief Information Security Officer (CISO) joined the Audit, Internal Control, Anti-Fraud and Cybersecurity department in April 2022.

In'li continues to deploy measures to reinforce information systems security. The key measures are disclosed in section 3.6.2.4 of the CSR strategy Report.

2.4 Real estate operations in 2022

2.4.1 Results of deliveries

In 2022, 3,353 units of housing were delivered, up 45% on 2021, including 1,567 for in'li, 1,738 for Cronos and 48 for APEC.

TYPE	2017	2018	2019	2020	2021	2022 IN'LI	2022 Property companies managed by In'li PM	TOTAL 2022	Breakdown (%)
As prime contractor	123	92	43	21	26	71	0	71	2%
Densification	0	0	0	0	50	80	0	80	2%
Off-plan	541	972	653	736	1408	1393	1786	3179	95%
Acquisition & improvements						23	0	23	1%
TOTAL	664	1064	696	757	1484	1567	1786	3353	100%

2.4.2 Operations undertaken and delivered

In'li committed to 3,232 housing units this year.

The following operations give an idea of some of these commitments.

CLICHY (92) Boulevard Victor Hugo

In'li signed an off-plan agreement with NOVAXIA to build 108 units of intermediate rental housing in three buildings, to be used for dwellings, shops and parking spaces, between three and nine stories high (not including the ground floor). Delivery is scheduled for summer 2025.

ARCHITECTS: DGM ET ASSOCIÉS



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BAGNEUX (92) Avenue Henri Barbusse

Beside the Bagneux - Lucie Aubrac metro station (lines 4 and 15)

In'li signed an off-plan agreement with Linkcity to acquire 70 housing units in the real estate development that will overlook the new Bagneux station, which will be served by lines 4 and 15. These 70 units have been acquired by Foncière CRONOS. The project will be delivered in May 2024.

This operation is a reflection of In'li's wish to develop an intermediate rental housing offer near to rail transport.

ARCHITECT: AMELLER DUBOIS

TAVERNY (95) 22, bis Chemin des Grandes Plantes

In October 2022, WOODEUM delivered 45 intermediate rental housing units on behalf of in'li. This is a flagship operation. It is a wooden construction, certified BBCA - i.e., a low carbon building. This building anticipates the 2028 effective date of French Environmental Regulation 2020 (RE2020).



As prime contractor, we are developing densification operations on existing properties. This activity may be illustrated by two examples.

In'li is also involved in developing coliving and student residence projects that help to meet the strong demand for this type of housing and accommodation.



ALFORTVILLE (94)
55, rue Marcel Boudarillat

In'li project management teams have delivered 52 housing units (39 intermediate rental housing programmes (LLI) and 13 units of PLS-type housing) in the immediate vicinity of a property that has undergone a major renovation programme.

In'li is also involved in developing coliving and student residence projects that help to meet the strong demand for this type of housing and accommodation.

In December 2022, in'li signed a four-party partnership agreement with the Town of Nanterre.

ADIM-SERGIC-in'li for the construction of a 640-unit property comprising coliving and student residences.

This is a flagship project in terms of reducing carbon emissions as it is the biggest project in the Paris region to convert offices into housing.

Delivery is scheduled for September 2025.



2.5 Financial overview

2.5.1 Results and financial position

- ▶ In 2022, in'li reported net profit of €49,856,548, a year-on-year decrease of €473,624,219, in line with the €674,431,104 drop in operating income to €92,064,109. This decrease was mainly attributable to the impact of the creation of Foncière Cronos on operating income for 2021.
- ▶ **This decrease was mainly attributable to the following:**
 - > A €15,739,135 increase in revenue to €371,051,995. This increase may be broken down as follows:
 - > A €15,723,106 increase in rental income and charges, mainly attributable to rent reviews and the delivery of 1,567 units of housing during the period;
 - > A €2,676,377 decrease in sourcing and project management consultancy (PMC) services fees;
 - > An increase of €2,026,412 in recoverable service and maintenance charges;
 - > A €665,994 increase in other amounts billed;
 - > An increase of €1,154,839 in capitalised production;
 - > A €8,923,740 decrease in the amount of provisions released in light of the reversal of provisions in 2021 previously taken on taxes on property transferred to Foncière Cronos;
 - > A €1,708,800,566 decrease in other operating income related to assets contributed when Foncière Cronos was created in 2021;
 - > A €1,026,467,852 decrease in operating expenses, mainly driven by the €1,051,030,535 decrease in other operating expense after the carrying amount of assets contributed as part of the Foncières Cronos operation in 2021 was recorded under this heading, the €12,103,715 increase in depreciation, amortisation and provisions, and the increase in purchases and external expenses amounting to €9,202,970;
 - > Net financial income fell by €3,031,928 due to the €3,912,138 increase in interest charges;
 - > Recurring income for the year fell by €677,463,032 to €63,031,929.
 - > Net non-recurring income grew by €1,540,919, corresponding to a non-recurring profit for the year of €204,761, reflecting lower amounts of disposals in 2022 and amounts reimbursed following an inspection by the URSSAF (French social security and family benefit contributions agency).

2.5.2 Proposed allocation of net income and distribution of dividends

The Company ended 2022 with net income of €49,856,548.48. The Annual General Meeting to be held in May 2022 will be asked to recommend the payment of a dividend of €0.03 per share for a total payout of €16,982,121.78, and to allocate an amount of €4,997,560.80 to the legal reserve and the balance of €27,876,865.90 to retained earnings.

2.5.3 Amount of dividends paid over the past three years

(ARTICLE 243 BIS OF THE FRENCH GENERAL TAX CODE)

Dividends paid out over the last three years amounted to:

- ▶ 2021 = **€15,982,609.62**
- ▶ 2020 = **€14,976,232.14**
- ▶ 2019 = **€12,266,620.17**

2.6 Activity of subsidiaries and controlled entities

2.6.1 In'li participations

In'li Participations is an Open-ended Predominantly Real Estate Investment Fund (SPPICAV) wholly owned by in'li. At 31 December 2022, its share capital totalled €182,360,760.13 and consisted of 17,600,094.46 shares. The entity reported a net profit of €210,831.65 for the year.

In'li Participations carries in'li's 25% stake in Cronos SAS, which owns 100% of Foncière Cronos SAS.

2.6.2 In'li Property Management

In'li Property Management is a wholly-owned subsidiary of in'li with share capital of €225,000. At 31 December 2022, it provides property management services for 8,930 units of housing, 1,737 of which were delivered during the year (+27% of the property portfolio). The Company ended 2022 with a net profit of €194,732, mainly attributable to a reduction in IT expenses over the period.

2.6.3 Résid'access

In'li holds 253,384 shares in this company, which represents 100% of its share capital of €3,800,760. This company owns a 30 unit real estate development currently being built in Blanc-Mesnil. Résid'access ended 2022 with a net loss of €7,441,70.

2.7 Commitments and outlook

2.7.1 CSR Strategy – the cornerstone of in'li's strategic plan

As No. 1 in intermediate housing in the Paris region, in'li has made some major Corporate Social Responsibility (CSR) commitments as these issues form a central part of its raison d'être and corporate mission: "Growing the intermediate housing offering in order to bring young and middle-class people closer to their place of work and thus strengthening the employment-housing link and boosting regional attractiveness."

In addition to the major societal impact of our activities underpinned by our efforts to develop intermediate housing, our business also has a strong social, environmental and ethical focus and oversight of these aspects is a key part of our activity.

Our holistic approach incorporates all of our stakeholders – tenants, employees, developers, local authorities, suppliers and investors – around five key CSR focuses that are in line with our strategic priorities and those of Action Logement Group.

Our long-term commitment is to offer more housing solutions with the following features:

- ▶ A strong social impact for our tenants with rents that are below free market rates and access to properties located mostly in the main supply-constrained areas of the Greater Paris region.
- ▶ Quality housing located close to public transport and employment hubs;
- ▶ Energy-efficient and environmentally friendly housing, reflected in an ambitious policy of renovating the existing housing portfolio and the goal of producing 80,000 units of new housing with excellent environmental performance.



The implementation of in'li's CSR strategy is bearing fruit and the results are there to be seen on the ground. In'li was audited in 2022 by the CSR rating agency, Sustainalytics. The level of ESG risk was deemed to be low, making in'li one of the best rated property companies in the world on ESG metrics.



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We will continue to deploy these priority projects, which are fully aligned with our CSR strategy, throughout 2023 and beyond.

Our CSR strategy is described in detail in Section 3 of this report.

2.7.2 The Company's ongoing digital transformation

As part of its overall business strategy, in'li has placed a strong focus on innovation and digital transformation to enable the company to boost its overall efficiency, forge ties with its customers and improve the quality of the service provided. This is achieved in the following manner:

A 100% digital customer journey

Since 2018, when the inli.fr platform was created, all of our housing for rent and for sale is let out directly using a quick and simple process that allows prospective tenants or buyers to fine-tune their applications based on their budgetary, professional or family-related criteria.

A prospective tenant may apply for housing in just five simple steps:

- ▶ By registering online and selecting one or a number of housing offers;
- ▶ By submitting a simplified online application;
- ▶ By making an appointment via the in'li Lib diary to visit the dwelling;
- ▶ By confirming their interest in the dwelling visited and providing the administrative documents needed for their application to be vetted;
- ▶ By signing the lease digitally.

In 2022, we enhanced the inli.fr platform with a new automated applications rating system, which processes applications faster, providing a more rapid letting service for the benefit of tenants.

DEVELOPMENT OF NEW APPLICATIONS TO ENHANCE OVERALL EFFICIENCY AND IMPROVE EMPLOYEE COMFORT AT WORK

The development of new applications as part of the Company's digital transformation, is also an opportunity to develop and enhance certain jobs, especially those of local staff (building caretakers, site managers, unit managers).

The Mobility Tools Project (POM), for example, provides our employees on the ground with customised equipment (tablets, smartphones) and mobile apps (for ordering, consulting the housing portfolio, performing online inventories, tracking customer requests, etc.), involving them in all key stages of rental management – from when the tenant moves in, to the moment they leave. These changes are validated by the "Pass Digital" internal certification which employees will be able to obtain from the first quarter of 2023.

2022 was also devoted to strengthening data governance to anticipate the creation and development of new services and to grow the business. This approach creates value by:

- ▶ Ensuring unified and centralised data (on properties, suppliers, customers, employees, etc.): more information of a satisfactory quality that facilitates interoperability between systems.
- ▶ Optimising processes through more effective data processing, limiting interfaces, etc.
- ▶ Generating productivity gains by streamlining and accelerating data collection, consolidation, provision and feedback
- ▶ Facilitating corporate data governance, the creation of new activities and processes

Thanks to these initiatives, and in liaison with the Company's various business lines, the Information Systems Department is continuing to develop improved IT resources for the Company's overall benefit. These digital transformation projects enhance the Company's brand and employee comfort at work, the level of service provided to tenants, and the quality of relations with our suppliers and customers.

2.7.3 Innovation accompanying In'li's CSR strategy

During the year, in'li continued its commitment to innovating within the Company. In'li teams have focused on several priority themes, including: controlling consumption, services to tenants, new living arrangements and biodiversity.

In'li teams are committed to deploying appropriate solutions to help our tenants control their energy consumption more effectively:

- ▶ The installation of temperature sensors in our dwellings to facilitate individual metering of heating costs and a better understanding of heating energy patterns in our properties.
- ▶ The installation of sensors on electric radiators combined with remote control solutions to reduce our tenants' electricity consumption.

In'li has continued its efforts to deploy low-carbon building solutions, especially through its partnership with Cycle Terre, a producer of raw earth-based construction materials.

At the same time, in'li has partnered with Vertuo, a graduate of the in'li LAB, to create a garden that is self-sufficient in water at a residence in Pantin. The plant containers installed there can go for 45 days without water, and provide residents with vegetation and shade in the event of high temperatures.

Lastly, in'li has stepped up its efforts to digitise its property portfolio by intensifying its BIM strategy by creating digital twins at a number of existing properties.

ACHIEVEMENTS OF IN'LI LAB

In'li LAB has been partnering innovation through its incubation programme since its creation in 2018. In 2022, in'li LAB hosted a new startup as part of its COIAB programme while continuing to work with the 5 startups it began incubating in 2021.

Over the past 12 months, in'li LAB startups have been able to test their solutions in partnership with in'li:

- ▶ **BugSafe**, which offers a non-chemical alternative for treating bedbugs, has set its traps in courtesy dwellings as well as in several in'li residences.
- ▶ **KoMuT Studio**, which produces urban furniture from recycled PET, produced container shelters for a residence in Bobigny. The operation was accompanied by a campaign to raise awareness about sorting waste and recycling in partnership with the Terravox association.
- ▶ **Liveo**, a transitional urbanism company, helped in'li to rent out old vacant offices and worked on a transitional urban planning project in the town of Epinay as part of a redevelopment project.
- ▶ **Lokimo**: in liaison with in'li's development teams, Lokimo has co-designed a solution aimed at facilitating market studies, which are essential for making investment decisions.
- ▶ **Vestalis** has developed a customised furniture rental service for in'li, which has been deployed in courtesy dwellings and transitional accommodation as part of renovation projects in occupied housing.

The in'li intrapreneurial programme, which supports the innovative entrepreneurial initiatives of employees, also made it possible to partner two projects in 2022:

- ▶ Educational gardens: a project that aims to create communal educational gardens within in'li residences.
- ▶ Shared accommodation for seniors: this project repurposes town houses to accommodate single people over 65 years of age, allowing them to escape from solitude while remaining independent.

2.7.4 Intermediate rent to buy

After two years spent acquiring intermediate housing units, in'li has delivered its first property leasing operation in the town of Viroflay. Marketing of this 18-unit programme began in October 2022 and has been entrusted to Quadral, a company with recognised expertise in this type of sale.

In April 2022, in'li delivered its first property leasing operation in the town of Viroflay. Marketing of this 18-unit programme began in October 2022 and has been entrusted to Quadral, a company with recognised expertise in this type of sale. The property leasing offering has generated a certain amount of interest and several prospects have visited the residence, although they have not yet signed the lease-to-buy agreement. An initial review of this operation will be conducted in mid-2023.

2.8 Subsequent events

2.8.1 Résicoffim

As indicated in Section 1.4 on financing development, in'li and its partners - AGLM Immo, and Pierre Impact - have created a new property partnership to develop new housing in supply-constrained areas. RésiCOFFIM committed to its first operation for 43 intermediate rental housing units located in Clamart in February 2023. This new property company will develop new housing programmes in partnership with Coffim, a major property developer in the Paris region.

2.8.2 Tightening of credit

Given the high level of inflation and the five interest rate hikes decided upon by the European Central Bank between July 2022 and February 2023, financing conditions for our investments have become much less favourable and we are witnessing an inversion of the interest rate curve with short and medium term rates that are actually higher than long and very long term interest rates.

Furthermore, with 23% of our debt indexed to the interest rate paid to holders of French passbook savings accounts (Livret A), the increase in the interest paid on these accounts will impact our interest charges.

These different developments will force us to continue to diversify our sources of financing and to reduce the pace of our development.

3



CSR Strategy Report

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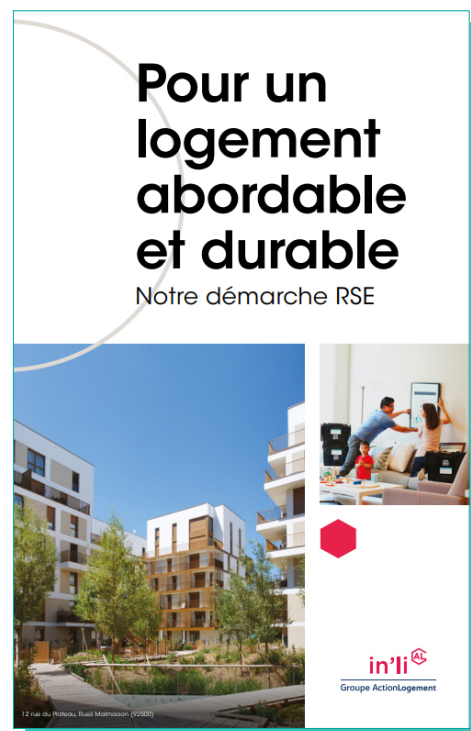
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A MESSAGE FROM THE MANAGEMENT BOARD

In'li is no.1 in intermediate housing in the Paris region and it also wishes to be a pioneer in Corporate Social Responsibility (CSR) by making this a key part of its strategy. This approach factors in the expectations of all of our stakeholders, including tenants, our employees, municipalities, central government, developers, suppliers, lenders and our shareholders.

It is based on four priority focuses:

- ▶ Quality housing located close to public transport and employment hubs to enable people to live closer to their place of work;
- ▶ Energy-efficient and environmentally friendly housing thanks to an accelerated development policy aimed at producing 80,000 new energy-efficient homes, combined with an ambitious policy of retrofitting existing properties.
- ▶ Having a strong social impact for our tenants based on below-market rents that increased purchasing power by 12.5% in 2022.
- ▶ Structured committed governance that works to get all of our stakeholders on board through flagship initiatives such as joining the UN Global Compact or improving our rankings with rating agencies.



*In'li's CSR strategy:
an integrated
approach at the heart
of the Company's
business model
and governance.*



KEY FIGURES FOR 2022



90%

of the property portfolio⁽¹⁾ is let out at more than 10% below the market rate, with an average discount of 33.5% compared to the market rate⁽²⁾



100%

of housing undertaken in 2022 was in supply-constrained areas

EU Taxonomy

80.3%

Ratio relating to CapEx : 80.3% of capital expenditure related to EU taxonomy-aligned economic activities



28%

Ratio relating to OpEx : 28% of operating expenditure related to EU taxonomy-aligned economic activities

35.3%

Ratio relating to turnover : 35.3 % of turnover generated from EU taxonomy-aligned economic activities



Carbon neutrality of the property portfolio by 2050⁽³⁾

< 15 Kg
equiv CO₂/sq.m.



2030

2040

2050

< 5 Kg
equiv CO₂/
sq.m./year

< 0 Kg
eq CO₂/m²



Gender equality index :

95/100



53%

of management-grade employees are women



55%

of managers are women



41%

of Executive Committee members are women

In'li is continuing the process of greening its financing

2019

EIB loan⁽⁴⁾ 100% dedicated to financing energy-efficient property

2021

– Sustainability linked Revolving Credit Facility
– Foncière Cronos, "Sustainable Financing Deal of the Year : Europe" (Real Estate Capital Europe)

2022

Signature of €400 million worth of Sustainability linked loans



(1) Value at 31/12/2022. Source: BPCE Expertises Immobilières

(2) Source: BPCE Expertises Immobilières

(3) Scopes 1 and 2

3.1 In'li's CSR strategy: an integrated approach at the heart of the Company's business model and governance

3.1.1 In'li's CSR strategy and governance

3.1.1.1 KEY FOCUSES OF IN'LI'S CSR STRATEGY

Fully aware of the extent of the major environmental and social challenges (especially inclusion and combating poverty) and the need to provide a fitting response, in'li aims to make CSR an inherent part of the Company's strategy by aligning its own strategic focuses with those of Action Logement Group.

In'li's CSR strategy is underpinned first and foremost by its raison d'être, which reflects the Company's inherently societal mission:



Growing the sustainable intermediate housing offering in order to bring young and middle-class people closer to their place of work and thus strengthening the employment-housing link and boosting regional attractiveness.



In addition to the major societal impact of our activities underpinned by our efforts to develop intermediate housing, our business also has a strong social, environmental and ethical focus and oversight of these aspects is a key part of our activity. From an environmental perspective, in'li's goal of providing more intermediate housing is based solely around new housing with excellent environmental performance.

In'li's five key CSR focuses, devised in 2020 in line with our strategic priorities, were reviewed and approved by the Company's Management Board and Executive Committee. They are underpinned by the following environmental, social, and governance pillars:

1

Providing an affordable new housing offering near public transport and employment hubs

2

Guaranteeing a quality service for tenants

3

Adapting jobs to the requirements of the sector and the expectations of employees

4

Reducing our environmental footprint

5

Guaranteeing ethical business practices and striving for ethical corporate governance

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In 2021, we strengthened our CSR approach by launching major projects such as defining our environmental strategy, non-financial materiality analysis, identification of in'li's exposure to climate change, and improving the quality of our non-financial reporting.

This process was stepped up in 2022 when in'li signed up to the United Nations Global Compact. Moreover, in 2022, in the second part of its strategic plan, in'li reiterated its position as a leader in affordable and sustainable housing. This second part will be broken down into action plans and roadmaps to be deployed in 2023 and 2024.

The objectives of this second part are many and varied but the main ones consist of:

- ▶ Putting CSR at the heart of our strategic plan
- ▶ Adapting the strategic plan to a new reality
- ▶ Confirming our business development model
- ▶ Reaffirming our alignment with the focuses of Action Logement Group

The CSR commitments made in the second part of our CSR strategy are in line with work already carried out by in'li on its main challenges (i.e., adaptable and affordable housing, environmental footprint, customer expectations, compliance and ethics, and adapting jobs to the expectations of our employees), and reaffirming the objectives of the first part of the strategic plan while continuing to align with Action Logement's CSR policy.

To achieve these objectives, the second part of the strategic plan is structured around 5 major focuses:

- ▶ **Developing:** to produce affordable, energy-efficient and environmentally-friendly housing.
- ▶ **Financing:** to double the supply of intermediate housing and pursue our diversified financing model.
- ▶ **Overseeing:** to improve the environmental and energy performance of the portfolio, improve customer satisfaction, target prospects more effectively and improve operational and financial performance.

- ▶ **Innovating:** to differentiate.
- ▶ **Getting everyone on board:** to cooperate more effectively in the interests of national development of intermediate housing.

More specifically, in'li is committed to decarbonising its portfolio before 2050 through structural concrete and measurable initiatives, in the interest of its tenants and the areas in which its properties are located.

This will be achieved thanks to major retrofits to existing housing and the implementation of bold actions for new housing. In'li aims to develop new gas-free housing from 2023 onwards, with a significant proportion outperforming French RE 2020 energy performance requirements by at least 10%.

Indeed, RE 2020 environmental regulations aim to reduce the carbon footprint of new buildings by:

- ▶ improving their energy performance, especially through better insulation;
- ▶ performing life cycle analyses that factor in all of the building's emissions;
- ▶ building housing that is adapted to future climate conditions, for example by offering enhanced protection from heatwaves.

All of in'li's new projects as project owner or prime contractor comply with this regulation and many projects committed from the second-half of 2022 on already comply with requirements imposed for 2025. Of the off-plan housing developments, most of those committed in the first-half of 2022 concern building permits submitted before 1 January 2022. From the second-half of 2022 on, most housing undertaken will be aligned with French RE 2020 environmental regulations.

Rueil-Malmaison (92)
Rue Lionel Terray



The implementation of in'li's CSR strategy is bearing fruit and the results are there to be seen on the ground. In'li was audited in 2022 by the CSR rating agency, Sustainalytics. The level of ESG risk was deemed to be low, making in'li one of the best rated property companies in the world on ESG metrics. The rating agency recognised the sustainable nature of in'li's properties based on its below-market rental offering and its commitment to decarbonisation.

As a result of this rating, in'li received the following two awards from Sustainalytics in early 2023:

- ▶ The ESG Industry Top Rated award for the real estate sector
- ▶ The ESG Industry Top Rated award across all sectors for all of Europe.



These Awards are a testimony to the robustness of in'li's CSR strategy and strategic focuses.

3.1.1.2 CSR GOVERNANCE

The CSR Steering Committee was established in 2020 and comprises representatives of the various departments involved in devising and implementing the Company's CSR strategy. It spearheads in'li's CSR strategy in liaison with the Executive Committee – which is in turn overseen by the Management Board – and coordinates the actions of all the business lines concerned within the Company.

The CSR Steering Committee meets regularly and at least four times a year to strengthen communication between the different business lines and standardise in'li's CSR approach at corporate level. It reports to in'li's Executive Committee and Management Board on a regular basis to keep them abreast of the latest CSR developments and their impacts on the Company, and the status of the main projects in progress, and to validate strategic objectives and review the results achieved.

This work to continually enhance our commitments and our CSR reporting is based primarily on the recommendations of our CSR Steering Committee, made up of internal correspondents who are specialists in the areas tackled within the scope of our CSR approach (see below).

The CSR Steering Committee is also concerned with incorporating best non-financial reporting practices into in'li's CSR reporting based on sector-based reporting guidelines applicable to our activities, such as the UN Sustainable Development Goals (SDGs) and GRI ⁽¹⁾ reporting guidelines. This report therefore presents our contribution to Sustainable Development Goals (see section 3.1.2.4) together with the GRI correspondence table which may be consulted in Appendix 4.

In'li's commitment to affordable and sustainable housing together with its actions are presented in the Company's CSR handbook which is freely available on our website. This summarises our CSR strategy, our five key CSR focuses and the key performance indicators related to these. This handbook tackles our key challenges and perspectives as a leader in intermediate housing and is intended for all of our stakeholders.

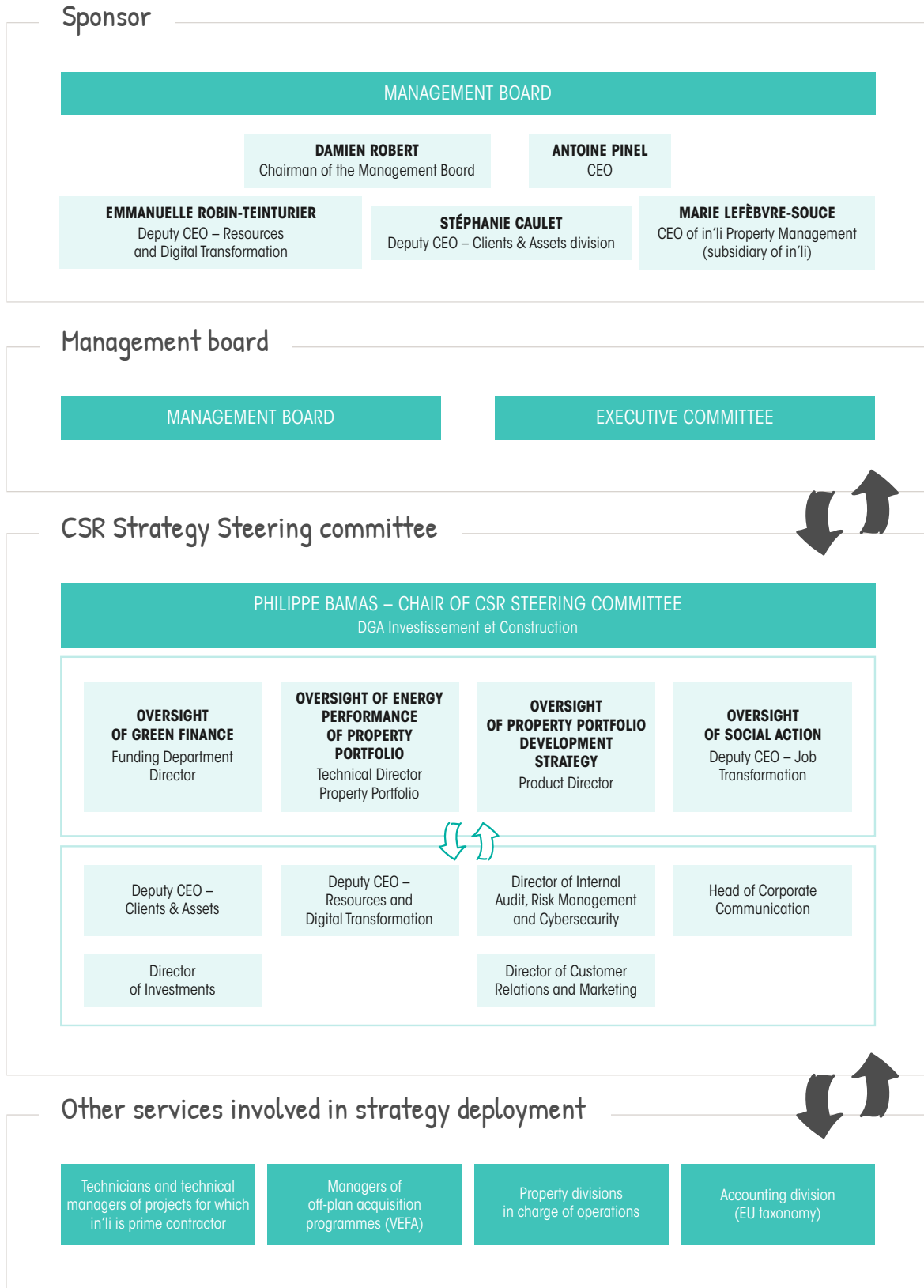
In 2022, this work mainly focused on:

- ▶ Deploying the tools needed to prepare the Company to tackle the challenges of climate change: mapping of the property portfolio, working on performance indicators,
- ▶ Promoting awareness of CSR issues among in'li employees, At the first partner forum, employees learnt about the activities of in'li's partner associations: Lazare, Plateau Urbain and APES.
- ▶ Drafting in'li's CSR handbook (<https://inli.com/sites/default/files/medias/file/2022/11/LIVRET%20RSE%20INLI.pdf>)
- ▶ Deployment of an energy saving plan
- ▶ Searching for innovative solutions for tracking energy consumption
- ▶ Review of carbon footprint with Action Logement Immobilier

(1) Global Reporting Initiative

Lastly, in'li regularly organises awareness-raising initiatives for all employees. The Company participated in European Sustainable Development Week in September 2022 and all employees were encouraged to get involved through various webinars given by sustainable development experts on various topics: carbon neutrality, anti-food waste measures, responsible digital technology and innovating for the ecological transition.

The CSR governance structure set up by in'li is as follows:



3.1.2 Main CSR risks and challenges

The commitment of both the Management Board and our main shareholder, Action Logement Immobilier to sustainable business activities is reflected in the continuous improvement of our CSR approach and regularly enhancing our non-financial risk analyses.

3.1.2.1 METHODOLOGY FOR IDENTIFYING KEY NON-FINANCIAL RISKS AND CHALLENGES

Within in'li, both financial and non-financial risk management is overseen by the Audit, Internal Control, Anti-Fraud and Cybersecurity department. This oversight is underpinned by the following two actions:

1. Identifying the non-financial risks to which the Company may be exposed; and
2. A materiality analysis of non-financial issues

When in'li was created, work began on mapping and ranking risks and a risk map was finalised in 2018. In'li's risk map was subsequently updated in 2019 to include CSR risks as part of the Company's inaugural bond issue, and then in 2021 as part of Action Logement's initiative to deploy DIAGON'AL, a group-wide risk management application. DIAGON'AL may be used to document and archive all of the work involved in mapping (i.e., risk identification, assessment and ranking) and the associated action plans.

In'li has identified three types of non-financial risks which are detailed below in the summary table of key risks and indicators:

- ▶ **Social risks:**
 - > Mismatch between housing requirements and their geographical location
 - > Poor knowledge of the in'li offering by target "company employees"
 - > Customer dissatisfaction (tenants, businesses, buyers, etc.)
 - > Lack of employee opportunities for developing and learning
 - > Mismatch between jobs and changing requirements of the sector
 - > Deterioration in working conditions and the work environment and loss of talent

- ▶ **Environmental risks:**

- > Poor adaptation to shareholder expectations (local government, investors, users)
- > Transition risk: non-compliance with regulations and changes in the environmental performance of dwellings

- ▶ **Governance risks:**

- > Unethical practices and breaches of ethics
- > Breaches/leaks of personal data

The fit between our CSR focuses and our key non-financial risks is presented in the following summary table.

In'li performed a materiality analysis of non-financial risks in late 2021 and early 2022, alongside the risk mapping process (see section 2.3.7 of the Annual Report) using a questionnaire sent out to the Company's extended Management Board, as well as to a sample of key stakeholders, i.e., tenants, employees, main shareholder, lenders, suppliers, developers, local authorities and partners from the in'li Lab start-up incubator. The questionnaire covered all of the issues identified as being key by in'li.

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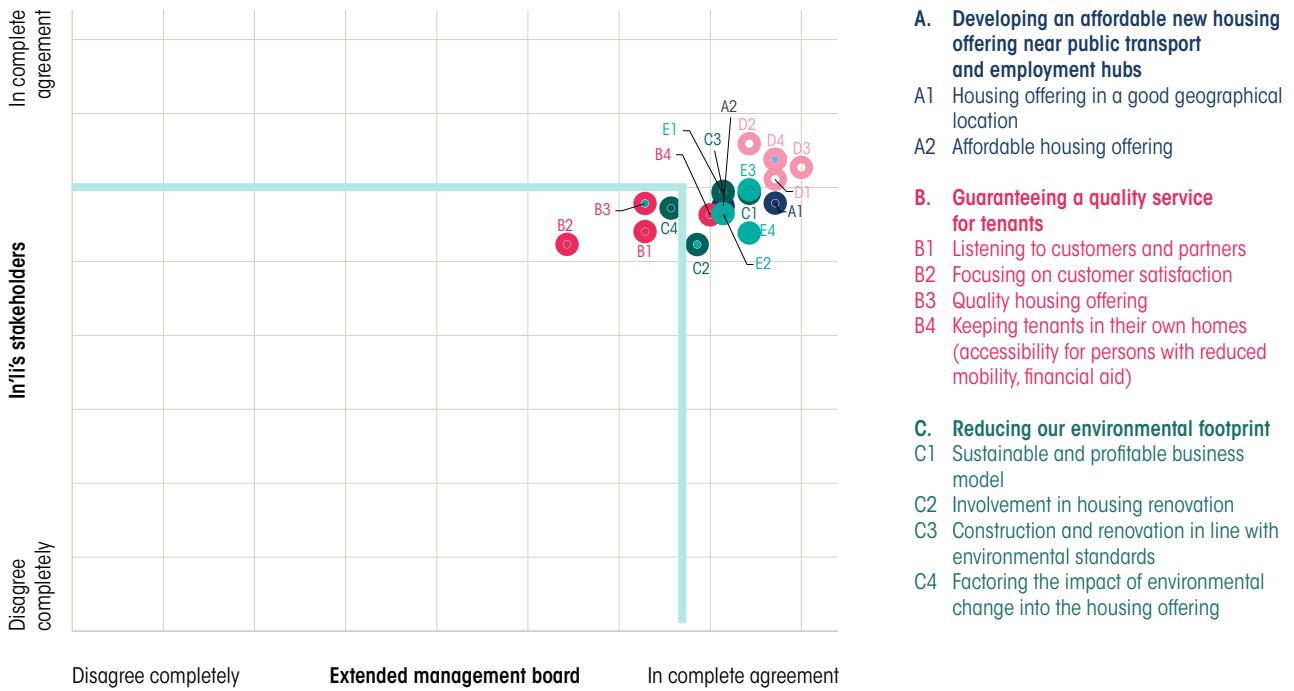
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The importance attached by the respondents to each of the themes addressed in the questionnaire is presented in the matrix below (the methodology used to consolidate the matrix is presented in Appendix 1):



This report details the policies and actions deployed in 2022 around the 18 key priorities presented in the matrix. Of these 18 priorities, in'li has singled out four for special attention:

- ▶ Customer satisfaction
- ▶ Listening to customers
- ▶ Quality housing
- ▶ Factoring environmental change into the housing offering

3.1.2.2 TRACKING NON-FINANCIAL ISSUES

Challenges and the associated risks deemed to be of major importance are tracked using key performance indicators. These are regularly added to based on suggestions from the CSR Committee and the Executive Committee and sector-based CSR reporting guidelines (GRI, EU taxonomy etc.), as well as the expectations of both internal and external stakeholders.

These key indicators are identified in the correspondence table and highlighted in bold in the table of indicators in this report. They are accompanied by secondary indicators which are also tracked as part of In'li's CSR monitoring but are considered of less strategic importance.

Secondary indicators provide an additional perspective on our actions and commitments and most are accompanied by objectives that have been defined and validated by the Management Board and tracked by in'li teams as part of the CSR roadmap and various internal action plans and policies. These objectives are also summarised in the correspondence table below and developed in the following sections.

In accordance with current regulations ⁽¹⁾, reporting procedures for these indicators together with the data reported are audited every year by an independent third party verifier. The list of indicators audited together with the audit scope is presented in Appendix 2.

(1) Non Financial Reporting Directive 2014/95/EU transposed into French Law

3.1.2.3 SUMMARY TABLE OF IN'LI'S CSR ISSUES, RISKS, INDICATORS AND OBJECTIVES

CSR risks	Challenges	Key performance indicators	Results for 2021	Results for 2022	Δ 2020/2021	Objectives	Section in NFPS
CSR PILLAR: SOCIAL							
	Ensuring adequate territorial coverage of in'li's intermediate housing offering	No. of affordable housing units operated (including new units)	38,868	40,216	3.50%	-	3.2.4.
			1,484	1,567			
		Number of affordable units undertaken	5,272	3,232	-38.70%	5,500 in 2022	3.2.4.
		Geographical breakdown of affordable housing units operated (including new units)	42% in zone A 51% in zone A bis ⁽¹⁾	43% in zone A 54% in zone A bis ⁽¹⁾	+1 point in zone A -1 point in zone A bis	Over 95% of affordable housing units in supply-constrained areas (i.e., A bis et A) every year	3.2.4.
		Geographical breakdown of affordable housing units undertaken	49% in zone A and 51% in zone A bis	50% in zone A 50% in zone A bis	+1 point in zone A -1 point in zone A bis		
		Number of families housed during the year	5,017	4,884	-2.70%	-	3.2.4.

(1) Since 2003, the French Government has defined five different types of residential zones based on the extent to which the local residential market is supply-constrained. Zones A and A bis are the most supply-constrained zones and they represent in'li's core target market. Certain units historically operated by in'li are located in zone B (notably in the Oise department or in a number of towns in zone B1 and B2).

CSR risks	Challenges	Key performance indicators	Results for 2021	Results for 2022	Δ 2020/2021	Objectives	Section in NFPS
Poor knowledge of the in'li offering by target "company employees"	Ensuring that the in'li offering is identified and adapted to its target "company" customer base	Rate of allocation to company employees	82%	81%	-1 point	75% of families housed every year	3.2.4.
		Percentage of the value of the rental housing stock with a discount of at least 10%	91%	90%	-1 point	-	3.2.4.
		Percentage of the value of the rental housing stock with a discount of at least 15%	83%	80%	-3 points	-	3.2.4.
		Average salary of incoming households	€3,480	€3,518 ⁽¹⁾	+1.1%	-	3.2.4.
		Portion of incoming household eligible for intermediate housing	99.5%	99.5% ⁽¹⁾	+2.2 points	> 95% each year ⁽²⁾	3.2.4.
		Average annual gain in purchasing power per household	3,221€	3,623 €	+12.5%	-	3.2.4.
Customer dissatisfaction (tenants, businesses, buyers, etc.)	Developing two-way communication, dialogue and close customer ties	Overall tenant satisfaction rate	66.7%	70%	+3.3 points	80% every year	3.3.3.
Lack of employee opportunities for developing and learning	Developing employee skills and opportunities on offer	Proportion of employees who have received training	82.5%	77.2%	-5.3 points	> 70% every year	3.4.4.
		Average number of hours training per employee	21.4 hours	19.5 hours	-1.9 hours	> 14 hours every year	3.4.4.
		Number of employees who have benefited from functional mobility opportunities (incl. proportion trained in mobility)	49 (o/w 96% were trained)	55 (o/w 65.5% were trained)	+12.2%	Training provided for 100% of mobility opportunities	3.4.4.
Mismatch between jobs and changing requirements of the sector	Anticipating the needs of tomorrow by designing new jobs in phase with changing activities and helping employees transition towards new skills	Number of employees enrolled in certification programmes	16	18	-	-	3.4.4.
Deterioration in working conditions and the work environment and loss of talent	Offering working conditions that match employee expectations	Turnover rate ⁽³⁾	13%	12%	-1 point	< 10% every year	3.4.4.
		Gender equality index	95/100	95/100	-	> 90 every year	3.4.4.

(1) Indicator based on a sample of 92% of the 4884 new incoming households in 2022.

(2) The regulatory analysis of the Y-2 tax income of our new tenants must place 95% of them below the Intermediate Housing threshold.

(3) Defined as the separation rate for employees on indefinite-term employment contracts (excluding death, retirement and end of probationary period).

CSR risks	Challenges	Key performance indicators	Results for 2021	Results for 2022	Δ 2020/2021	Objectives	Section in NFPS
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CSR PILLAR: ENVIRONMENT

Poor adaptation to shareholder expectations (local government, investors, users)		Average consumption of primary energy estimated in kWh/sq.m./year ⁽¹⁾	< 140.6 kWh/sq.m./year	151.5 kWh/sq.m./year	+7.8%	2030: < 95 kWh/sq.m./year	3.5.4.
						2040: < 60 kWh/sq.m./year	
						2050: <55 kWh/sq.m./year	
	Anticipating new environmental challenges and expectations	Emissions estimated in equivalent Ave CO ₂ emissions / sq.m./year	32.3 equiv kg CO ₂ /sq.m./year	31.7 equiv kg CO ₂ /sq.m./year	-1.9%	2030: < 15kg equiv CO ₂ /sq.m./year	3.5.4.
2040: < 5 kg equiv CO ₂ /sq.m./year							
2050: carbon neutrality							
Transition risk: non-compliance with regulations and changes in the environmental performance of dwellings		Eradication of very poorly insulated housing: number of units of housing identified with an F or G energy label	F energy label: 628 units G energy label: 221 units	F energy label: 526 units G energy label: 155 units	F energy label: -102 units G energy label: -66 units	End-2023: no units with an F or G energy label End-2030: no units with an E energy label ⁽³⁾	3.5.4.
EU taxonomy-related indicators ⁽²⁾							
		% of Turnover generated from EU taxonomy-aligned activities	25% ⁽³⁾	35.3%	+10.3 points	-	3.1.2.5.
		% of capital expenditure related to EU taxonomy-aligned activities	88.2% ⁽⁵⁾	80.3%	-7.9 points	-	3.1.2.5.
		% of operating expenditure related to EU taxonomy-aligned economic activities	17.4% ⁽⁵⁾	28%	+10.6 points	-	3.1.2.5.

CSR PILLAR: GOVERNANCE

Unethical practices and breaches of ethics	Combating fraud and corruption, particularly with regard to allocation of housing	Proportion of employees who have completed the Compliance module	80%	87.60%	+ 7.6 points	100%	3.6.3.
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(1) Scopes 1 and 2

(2) The definition of these indicators is available in the methodological appendix

(3) Given the recent effective date of French Environmental Regulation 2020 (i.e., 1 January 2022), in'li does not yet have the visibility needed to set objectives for the substantial contribution of its assets to climate change mitigation

3.1.2.4 IN'LI'S CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

In'li's *raison d'être* and position as No. 1 in intermediate housing in the Paris region mean that it has a positive impact on the economic and social fabric of the region. Our activities are perfectly in line with a number of the UN Sustainable Development Goals (SDGs). These goals – to be achieved by 2030 – aim to tackle the major environmental and societal challenges that all stakeholders need to meet in order to build a more equitable, sustainable and responsible world together.

In'li has identified ten Sustainable Development Goals to which its commitments and actions contribute in a significant manner. It monitors key indicators and has set targets that enable it to track the deployment of the Group's CSR strategy over time.



In'li's contribution to the SDGs will be analysed throughout this report, and the objectives associated with the pillars of CSR strategy will be outlined in the corresponding sub-sections.

3.1.2.5 APPLICATION OF EU TAXONOMY TO IN'LI'S ACTIVITIES

Overview

FRAMEWORK AND REQUIREMENTS OF GREEN EU TAXONOMY

Regulation (EU) 2020/852 (Taxonomy regulation), adopted on 18 June 2020 by the European Parliament and Council, and effective from 1 January 2022, has introduced a system for classifying activities (Taxonomy) that establishes a common framework for European companies and investors to determine the part of their activities that may be considered to be sustainable. As in'li is a Public Interest Entity within the meaning of Article L.820-1, III of the French Commercial Code (Code de commerce), for the first time, the 2021 Non-Financial Information Statement included indicators concerning the eligibility and pre-alignment of its activities (substantial contribution only), as defined by the Taxonomy regulation and its delegated acts for the first two climate objectives of mitigation and adaptation. These indicators highlighted the share of Taxonomy-eligible and pre-aligned turnover, capital expenditure (CapEx) and operating expenditure (OpEx) arising from products and/or services

associated with economic activities deemed sustainable within the meaning of the Regulation and its delegated acts.

For the 2022 reporting period, the Taxonomy regulation and its delegated acts provide for reporting of indicators concerning the Taxonomy alignment of the activities of non-financial entities. To be considered as aligned, an activity must comply with the following technical screening criteria: (1) make a substantial contribution to at least one of six environmental objectives, (2) do no significant harm to any of the other five objectives, and (3) provide minimum social safeguards.

The Taxonomy alignment of in'li's activities was performed based on a detailed analysis of all of its activities with regard to:

- ▶ Delegated Climate Regulation of 4 June 2021 and annexes ⁽¹⁾, supplementing Regulation (EU) 2020/852 and specifying the technical screening criteria for determining under which conditions an economic activity may be deemed to contribute substantially to climate change mitigation or adaptation (Delegated Climate Regulation);
- ▶ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 specifying how to calculate ratios and the content and presentation of information to be disclosed ⁽²⁾;
- ▶ (Delegated Regulation Article 8);
- ▶ FAQ 2 published by the European Commission on 2 February 2022, clarifying certain definitions concerning the application of the Taxonomy Regulation ⁽³⁾.
- ▶ Climate FAQs ⁽⁴⁾ and Article 8 ⁽⁵⁾ published by the European Commission on 19 December 2022, dealing with the understanding and interpretation of certain technical screening criteria of the Delegated Climate Regulation and the narrative information to be published concerning the Article 8 Delegated Act.

[LINK WITH IN'LI GROUP CSR STRATEGY](#)

In'li's activities are largely covered by EU Taxonomy, as evidenced by the proportion of eligible Turnover, CapEx and OpEx of 95.1%, 93.4% and 100%, respectively. The Taxonomy regulation therefore fully reflects in'li's commitment to protecting the environment and combating global warming set out in:

- ▶ Part 2 of the Strategic Plan of June 2022, attesting to in'li's proactive approach to positioning itself as an influential player in sustainable development and low-carbon construction;
- ▶ Its CSR handbook which sets out the Company's commitments in terms of the environmental performance and decarbonisation objectives of its property portfolio;

- ▶ Action Logement Group's development plan, which, beginning from 2023, goes beyond regulatory requirements by developing certain new housing operations that anticipate the effective date of French Environmental Regulation 2020 and, beginning from 2025, by developing certain operations that anticipate the effective date of environmental regulations in force.

Evaluation and methodology

ORGANISATION AND SOURCES OF INFORMATION

To calculate Taxonomy indicators, in'li set up a dedicated internal working group, composed of members of the Investment and Construction Department, Financing Department, Accounting and Finance Department and Property Portfolio Technical Department. This committee analysed the eligibility and alignment of the Group's activities based on:

- ▶ Delegated Climate Regulation and Article 8, and their annexes
- ▶ Taxonomy-related FAQs published by the European Commission
- ▶ Financial information taken from the Group's information systems at the end of the reporting period, having been analysed and approved by the Finance Department to ensure its consistency with consolidated Turnover, OpEx and CapEx reported for 2022;
- ▶ Technical information relating to each inli activity: technical specifications provided by building/renovation service providers, technical descriptions, etc.
- ▶ The report drawn up by a Second Party Opinion (SPO) mandated by in'li to evaluate their Green Financing Framework with regard to EU Taxonomy, based on internal documents.
- ▶ The details of methodological information are presented in the methodological annex.

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(1) *Delegated Climate Regulation of 4 June 2021 and annexes*

(2) *Delegated Regulation of 6 July 2021 and annexes*

(3) *FAQ 2 of the European Commission of 2 February 2022*

(4) *Climate FAQs of 19 December 2022*

(5) *FAQ Article 8 of 19 December 2022*

DEFINITION OF INDICATORS

Taxonomy indicators (ratios for Turnover, CapEx and OpEx) have been calculated according to the strict definition provided in the Article 8 Delegated Act of the taxonomy regulation.

Net Turnover, CapEx and OpEx are based on financial information taken from in'li's financial reporting systems (consolidated data) and checked by the Accounting and Finance Department.

Moreover, the underlying data for each financial flow (Net Turnover, CapEx and OpEx) was identified with a sufficient level of granularity for a technical evaluation (at building level for activities 7.1, 7.2, 7.7). The indicators were therefore calculated based on existing information, without having to use proxy data or pro rata calculations. This availability of data greatly limits the risk of double counting.

TURNOVER

The denominator of the ratio relating to Turnover within the meaning of EU Taxonomy, corresponds to in'li's net Turnover, i.e. the revenue from goods and services sold, excluding the impact of rebillable service charges, to avoid double counting of these charges, i.e. €299 million.

CAPEX

The denominator of the ratio relating to capital expenditure within the meaning of EU Taxonomy, corresponds to all acquisitions of property and equipment during the reporting period, as well as leased vehicles, property and securities within the meaning of IFRS16, i.e. €633 million.

OPEX

The denominator of the ratio relating to operating expenditure within the meaning of EU Taxonomy corresponds to direct non-capitalised costs relating to maintenance and other direct expenditure relating to the day-to-day servicing of assets of property, plant and equipment by the company or sub-contractors and short-term leases, i.e. €39 million.

Evaluation technique

TAXONOMY-ELIGIBILITY

In'li's Taxonomy-eligible activities are the following:

- ▶ The lease activities (Rents, Occupancy fees, Prepaid charges) are Taxonomy-eligible under category "7.7 Acquisition and ownership of buildings", excluding the lease of terraces, balconies and car parks if these can be isolated.
- ▶ Property development projects:
 - > If intended for sale, property development is Taxonomy-eligible. Development projects for which the building permit was submitted after 31 December 2020, fall under activity "7.1 Construction of new buildings". Development transactions for which the building permit was submitted before 1 January 2021 fall under activity "7.7 Acquisition and ownership of buildings", as specified in FAQ 106 published by the European Commission on 19 December 2022.
 - > If intended for exercising ownership (renting), the activity may fall under either category "7.1 Construction of new buildings" or category "7.7 Acquisition and ownership of buildings", as stipulated in FAQs 144 and 147, published by the European Commission on 19 December 2022. In'li has opted to include these activities in category "7.7 Acquisition and ownership of buildings".
- ▶ Renovation and refurbishment of buildings falls under activity "7.2 Renovation of existing buildings".
- ▶ The Acquisition & improvements activity, consisting of acquiring a property and carrying out major renovation work with the aim of changing its final use (e.g., converting offices into housing or standalone housing into co-living units) is part of the process of acquiring a property with a view to exercising ownership (rental). As such, and with regard to FAQ 144 on the European Commission's Climate Delegated Act indicating that an activity in the acquisition process may be categorised under "7.7 Acquisition and ownership of buildings", we consider that the "Acquisition & improvements" activity is Taxonomy-eligible under category "7.7 Acquisition and ownership of buildings".
- ▶ In'li receives fees for holding equity investments in property companies. In'li provides project management consultancy (PMC) services on behalf of these property companies (finders' fees, project management fees and fees for monitoring new builds) and these fees are included in the cost of real estate assets. This activity may therefore be considered part of the acquisition process, and Taxonomy-eligible under category "7.7 Acquisition and ownership of buildings".

Concerning the cash flows taken into account, the following elements have been considered:

- ▶ Letting out office property (IFRS16) is Taxonomy-eligible under category "7.7 Acquisition and ownership of buildings".
- ▶ Rental of service vehicles is Taxonomy-eligible under category "6.5 Transport by motorbikes, passenger cars and light commercial vehicles".

The different activities identified as Taxonomy-eligible, based on the descriptions provided in the Climate Delegated Act are summarised below.

TABLE 1 IN'LI'S TAXONOMY-ELIGIBLE ACTIVITIES

Environmental objective	Activity referred to by EU Taxonomy	EU Taxonomy definition of activity	Corresponding in'li activity	Taxonomy indicators
Climate change mitigation	7.1 Construction of new buildings	Development of building projects for residential and non-residential buildings [...] for later sale.	Property development projects to be offered for sale	Turnover Capital expenditure"
	7.2 Renovation of existing buildings	Construction and civil engineering works or preparation thereof	Renovation and restructuring work.	Capital expenditure
	7.7 Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate	Property development projects to be offered for sale Letting out housing, commercial and office property. "Acquisition & improvement" activities Letting out office property (IFRS16) Fees for holding equity investments in property companies	Turnover, Capital expenditure, Operating expenditure
	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Purchase, financing, renting, leasing and operation of vehicles designated	Leasing vehicles (IFRS16)	Eligible Capital expenditure

Analysis of substantial contribution and DNSH criteria

For each category of activity, the assessment was performed as follows:

1. Assessment of the substantial contribution of each eligible activity
2. Assessment of DNSH criteria for the activities that comply with the substantial contribution criteria
3. Verification that Generic criteria for DNSH (adaptation) apply to the activities identified
4. Review of minimum social benefits

Activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles

In'li leases a fleet of service vehicles on a long-term lease.

Substantial contribution

It has not been possible to demonstrate that these activities comply with Taxonomy criteria in terms of Substantial Contribution and DNSH, insofar as they are not considered to be aligned with EU taxonomy.

DO NO SIGNIFICANT HARM (DNSH):

Because this activity does not comply with Substantial Contribution criteria, DNSH criteria were not assessed for service vehicles. Consequently, they are deemed to be non-compliant.

Activity 7.1 Construction of new buildings

This concerns property development: building projects to be offered for sale.



SUBSTANTIAL CONTRIBUTION

Construction of new buildings for which:

- 1.** Primary Energy Demand, which defines the energy performance of the new building, is at least 10% lower than the threshold set for Nearly-Zero Energy Buildings under national measures to implement Directive 2010/31/EU of the European Parliament and Council. Energy performance shall be certified by an energy performance certification.
- 2.** For buildings with a floorspace of more than 5,000 m² after completion, the resulting building shall be tested for air tightness and thermal integrity, and any variance from performance levels established during the design phase or deficiencies in the building envelope shall be communicated to the investors and customers. Alternatively, if robust and traceable quality control processes are deployed during construction, these are an acceptable alternative to thermal integrity testing.
- 3.** For buildings with a floorspace greater than 5,000 m², the global warming potential (GWP) throughout the building life-cycle resulting from construction has been calculated for each stage in the life-cycle and is communicated to investors and clients upon request

Certain buildings comply with the NZEB - 10% threshold (which corresponds to French RT 2012 – 10% and RE 2020 energy performance regulations). In addition, air tightness tests have been performed, demonstrating certain standards of performance in terms of a building's energy efficiency.

For 2022, this activity does not include any buildings with a floorspace of greater than 5,000 m², so in'li is not concerned at present by the life cycle analysis of its buildings or by thermal integrity tests.

DO NO SIGNIFICANT HARM (DNSH)

DNSH – Adaptation: See Generic criteria for DNSH on page 68

DNSH – Water:

It has been demonstrated using technical descriptions provided during construction that the buildings comply with the following criteria:

- No.1** Wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min;
- No.3** WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres;
- No.4** Urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre.

Moreover, quantitative and qualitative risks to water have been factored into the construction process in accordance with French and European environmental regulations (EU Water Framework Directive and Environmental Impact Assessment Directive) and with Appendix B of the Climate Delegated Act.

However, it could not be demonstrated that buildings comply with the following criterion:

No.2 Showers have a maximum water flow of 8 litres/min;

A large proportion of in'li's new programmes are certified NF Habitat HQE, however requirements for this certification indicate minimum flow rates greater than 8 litres/minute. In'li will work to comply with this criterion in its new projects.

DNSH – Circular economy:

Construction waste is systematically managed so as to maximise reuse and recycling:

In'li hereby confirms that its buildings comply with relevant EU legislation such as the Waste Framework Directive, which stipulates that by 2020 at least 70% of non-hazardous construction and demolition waste (by weight) must be prepared for reuse, recycling or other types of recovery. Disassembling buildings is not yet regulated in France, however, it is indirectly covered by local legislation on combating climate change and building resilience to the effects of climate change. In'li hereby confirms that the buildings included within this framework comply with Article 224 of French Law No. 2021-1104 of 22 August 2021, as of the application date, which permits the extension of existing buildings provided that they can be disassembled.

In 2022, 223 units of housing undertaken by in'li in eco-neighbourhoods met the highest "green-building" standards (i.e. NF Habitat and NF Habitat HQE certification) underpinned by rigorous environmental performance criteria covering waste management, flexibility and disassembly.

DNSH – Pollution:

In'li hereby confirms that its buildings located in France comply with European and national requirements applicable to hazardous chemicals and pollutants. Moreover, in'li's Property Portfolio Technical Department regularly uses the services of independent third party verifiers to ensure that all buildings comply with applicable regulations. The buildings are located in France, where there are regulations concerning noise, dust and pollutant emissions during construction or maintenance work. In'li's buildings comply with Article R1336-10 of the French Health Code and Article L122-1 of the French Environmental Code as well as sanitary regulations at departmental level, and all corresponding measures are taken. In'li hereby confirms that its buildings located in France comply with EU legislation (Directive No. 1907/2006) and national legislation (Article L125-6/L556-3/R556-1/R555-6 of the French Environmental Code) covering chemical products and pollutants.

DNSH – Biodiversity:

All of in'li's construction activities are located in urban areas. The building permits issued by the relevant authorities attest to compliance with terrestrial biodiversity criteria.

In'li hereby confirms that the buildings in its portfolio comply with French legislation concerning construction in areas of natural wildlife listed by ministerial order.

In accordance with current regulations, in'li's real estate programmes are subject, where applicable, to an Environmental Impact Assessment (EIA) submitted along with the building permit application. This study assesses the potential impacts of the property development programme on fauna and flora and presents mitigation and compensation measures.

Activity 7.2 Renovation of existing buildings

In'li renovates existing buildings in accordance with the regulatory definition.

SUBSTANTIAL CONTRIBUTION

All Taxonomy-aligned renovation work identified generates a reduction in primary energy consumption of at least 30%, as certified by an external energy performance assessment.

DO NO SIGNIFICANT HARM (DNSH)

DNSH – Adaptation: See Generic criteria for DNSH on page 68

DNSH – Water: In'li's energy renovation work included does not contain water installations (i.e., taps, flushing cisterns). Consequently, activity 7.2 is not concerned with DNSH – Water for reporting in 2022.

DNSH – Circular economy: See 7.1

DNSH – Pollution: See 7.1

DNSH – Biodiversity: Not applicable



Activity 7.7 Acquisition and ownership of buildings

In'li is involved in letting out housing, construction of new buildings and acquisition & improvement with a view to exercising ownership over the acquired property.

SUBSTANTIAL CONTRIBUTION

The criteria for making a substantial contribution to climate change mitigation for building ownership activities are as follows:

1. For buildings built before 31 December 2020, an energy performance certificate of at least class A is required. If not, the building is among the top 15% most energy-efficient buildings in the national or regional stock of properties in terms of operational primary energy consumption, which is demonstrated by providing the appropriate proof. At a minimum, this involved comparing the performance of the property concerned with the performance of the national or regional stock of real estate built before 31 December 2020 and distinguishing between residential and non-residential buildings.
2. Buildings built after 31 December 2020 must comply with the criteria specified in section 7.1 of this Annex that are relevant at the time of acquisition.
3. Large non-residential buildings (with effective rated output for heating systems, combined space heating and ventilation systems, air conditioning systems or combined air conditioning and ventilation systems exceeding 290 kW) are operated efficiently through energy performance monitoring and assessment.

For buildings for which the building permit was submitted before 31 December 2020, the assessment consisted in noting an A label on the energy performance assessment, or primary energy consumption below the top 15% ceiling defined by the French Government, i.e. less than 135 Kwh/m²/year (see methodological appendix).

For buildings for which the building permit was submitted after this date, the primary energy demand, measured by the building's energy performance, was compared to the the French NZEB-10% threshold (equivalent to RT2012 regulations -10%), given that since RE2020 regulations came into force on 1 January 2022, the French government has stated that application of this new standard automatically means compliance with NZEB-10%.

At 31 December 2022, in'li does not own any buildings with a floorspace of greater than 5,000 m², so it is not concerned by the life cycle analysis of its buildings or by thermal integrity tests.

In'li does not own any large non-residential buildings.

DNSH – Adaptation: See Generic criteria for DNSH on page 68

DNSH – Water, Circular Economy, Pollution and Biodiversity: Not applicable

Generic criteria for DNSH

DNSH – Adaptation

In 2021, in'li commissioned a research office to conduct an assessment of potential physical climate risks to its building portfolio, based on the geographical location of buildings. In'li will conduct regular assessments of these risks, including for new property programmes it acquires, based on advances in climate change research. In'li's property portfolio is concentrated in the Paris region. Therefore the analysis of climate change risks with regard to Appendix A of Delegated Regulation (EU) 2021/2139 of 4 June 2021 concerns the risks to which the Paris region is exposed. Among the list of potential risks, two were identified by the research agency as having a potentially significant impact on the Paris region and therefore on in'li's properties: the risk of rising water levels and the risk of heat waves. Heatwave scenarios are modelled through 2050 and 2070. The assessment shows that the portfolio has low risk exposure to both rising water levels and heatwaves. Regarding in'li's exposure to the risk of rising water levels of less than 10 metres, none of the properties owned by in'li at 31 December 2022 are exposed to this risk, based on the map drawn up by the Climate Central research institute. It should be noted that none of the scenarios currently envisaged by the IPCC (Intergovernmental

Panel on Climate Change) foresees a rise in water levels of more than one metre. Consequently, at the present time, in'li does not need to implement any adaptation solutions. Concerning the risk of heatwaves, the map drawn up as part of the DRIAS project shows that the Paris region is only marginally exposed to this risk, i.e., between 20 and 24 days per year between 2041 and 2070 based on the IPCC's RCP 4.5 scenario. The insulation work that in'li is currently carrying out enhances the comfort of tenants during heatwaves. In'li will continue to explore solutions in the event of physical risks to the buildings in its portfolio. As the assessment concludes that the portfolio is exposed to a low risk, in'li does not need to implement any further adaptation solutions at present. Moreover, in'li's buildings comply with French regulations on natural risks in line with the National Adaptation Plans drawn up by the French Government. In'li is working to document the integration of IPCC scenarios more effectively and it also has insurance covering climate risks.

Analysing minimum safeguards (MS)

In order for its activities to be considered as Taxonomy-aligned, an entity must implement procedures "to align with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights enshrined in the eight fundamental conventions cited in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights (Article 18 of the Taxonomy Regulation).

TABLE 2 IN'LI POLICIES AND PROCEDURES REGARDING MINIMUM SAFEGUARD CRITERION

Criteria	Detailed criteria	In'li policies and procedures
Due Diligence on Human Rights	The Company has deployed an adequate human rights due diligence process, as outlined in UN Guiding Principles and the OECD Guidelines for Multinational Enterprises.	Notice to property developers Quality of Life at Work Policy Occupational Health and Safety Policy Human Resources Policy Whistleblowing procedure Internal regulations NFPS FY21
Anti-corruption procedures	The company has introduced anti-corruption processes	Group Code of Conduct/Ethics Corruption risk mapping Conflict of interest management plan Anti-corruption policy Anti-fraud guidelines Procedures for compliance with the Sapin II law <i>Parcours Compliance</i> (Compliance Pathway) must be completed by each employee
Fiscal governance	Tax governance and compliance are considered key elements of oversight, and adequate tax risk management strategies and processes have been put in place.	Group tax policy and procedures Statement on tax compliance and compliance with economic sanctions in the DEU
Free competition procedures	The Company makes its employees aware of the importance of complying with all applicable competition laws and regulations.	Code of conduct Public Procurement Code (formally documented) Standard public procurement clauses

To date, in'li has not been convicted of any charges related to corruption, tax, anti-trust or human rights issues. There are a number of procedures within the company and in contractual documents that bind it to its partners.

Results

RESULTS OF TAXONOMY-ELIGIBILITY AND ALIGNMENT FOR 2022

TABLE 3 REGULATORY SCHEDULE TAXONOMY RELATING TO TURNOVER

(in €)				Substantial contribution						DNSH											
Economic activities (1)	Code (s) (2)	Total Turnover (3)	% Turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of aligned Turnover in Year Y (18)	Proportion of aligned Turnover in Year Y-1 (19)	Category (enabling activity) (20)	Category (transition activity) (21)	
A. TAXONOMY-ELIGIBLE ACTIVITES																					
A.1. Environmentally sustainable economic activities (Taxonomy-aligned)																					
Acquisition and ownership of buildings	7.7	105,366,722 €	35.3%	100%	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	N/A	N/A	N/A	Yes	35.3%	-	-	-	
Turnover from environmentally sustainable economic activities (aligned) (A.1.)		105,366,722 €	35.3%	100%													35.3%				
A.2. Activities that are Taxonomy-eligible but not environmentally sustainable (not aligned)																					
Construction of new buildings	7.1	2,934,969 €	1%																		
Acquisition and ownership of buildings	7.7	175,655,574 €	58.8%																		
Turnover from activities that are Taxonomy-eligible but not environmentally sustainable (non-aligned) (A.1.)		178,590,543 €	59.8%																		
TOTAL (A.1. + A.2.)		283,957,266 €	95.1%																		
A. NON-TAXONOMY-ELIGIBLE ACTIVITES																					
Turnover from activities that are not Taxonomy-eligible (B.)		14,586,982 €	4.9%																		
TOTAL (A. + B.)		298,544,248 €	100%																		

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TABLE 4 REGULATORY SCHEDULE TAXONOMY RELATING TO CAPEX

(in €)				Substantial contribution										DNSH							
Economic activities (1)	Code (2)	Total Capital expenditure (3)	% Capital expenditure (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of aligned Capex in Year Y (18)	Proportion of aligned Capex in Year Y-1 (19)	Category (enabling activity) (20)	Category (transition activity) (21)	
A. TAXONOMY-ELIGIBLE ACTIVITES																					
A.1. Environmentally sustainable economic activities (Taxonomy-aligned)																					
Renovation of existing buildings	7.2	4,495,088 €	0.7%	100%	N/A	N/A	N/A	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	0.7%	-	-	-	
Acquisition and ownership of buildings	7.7	504,426,882 €	79.6%	100%	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	N/A	N/A	N/A	Yes	79.6%	-	-	-	
Capex on environmentally sustainable economic activities (aligned) (A.1.)		508,921,870 €	80.3%	100%													80.3%				
A.2. Activities that are Taxonomy-eligible but not environmentally sustainable (not aligned)																					
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	322,145 €	0.1%																		
Construction of new buildings	7.1	6,561,573 €	1%																		
Renovation of existing buildings	7.2	34,623,157 €	5.5%																		
Acquisition and ownership of buildings	7.7	41,427,046 €	6.5%																		
Capex from activities that are Taxonomy-eligible but not environmentally sustainable (non-aligned) (A.1.)		82,933,921 €	13.1%																		
TOTAL (A.1. + A.2.)		591,855,891 €	93.4%																		
A. NON-TAXONOMY-ELIGIBLE ACTIVITES																					
Capex from activities that are not Taxonomy-eligible (B.)		41,560,408 €	6.6%																		
TOTAL (A. + B.)		633,416,299 €	100%																		

TABLE 5 REGULATORY SCHEDULE TAXONOMY RELATING TO OPEX

(in €)

Economic activities (1)	Code (s) (2)	Total operating expenditure (3)	% operating expenditure (4)	Substantial contribution						DNSH										
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of aligned Opex in YearY (18)	Proportion of aligned Opex in YearY-1 (19)	Category (enabling activity) (20)	Category (transition activity) (21)
A. TAXONOMY-ELIGIBLE ACTIVITES																				
A.1. Environmentally sustainable economic activities (Taxonomy-aligned)																				
Acquisition and ownership of buildings	7.7	10,968,515 €	28%	100%	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	N/A	N/A	N/A	Yes	28%	-	-	-
Opex on environmentally sustainable economic activities (aligned) (A.1.)		10,968,515 €	28%	100%													28%			
A.2. Activities that are Taxonomy-eligible but not environmentally sustainable (not aligned)																				
Acquisition and ownership of buildings	7.7	28,169,061 €	72%																	
Opex from activities that are Taxonomy-eligible but not environmentally sustainable (non-aligned) (A.1.)		28,169,061 €	72%																	
TOTAL (A.1. + A.2.)		39,137,577 €	100%																	
A. NON-TAXONOMY-ELIGIBLE ACTIVITES																				
Opex from activities that are not Taxonomy-eligible (B.)		0 €	0%																	
TOTAL (A. + B.)		39,137,577 €	100%																	

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Year-on-year change

CHANGE IN TAXONOMY ALIGNMENT AND ELIGIBILITY

Turnover

The ratio relating to eligible net turnover is virtually unchanged in 2021 and 2022: i.e., 95.2% and 95.1%, respectively.

The ratio of eligible net pre-aligned turnover (substantial contribution only) was 25.0% in 2021. The ratio of aligned net turnover was 35.3% in 2022. This increase reflects the growing share of in'li's Turnover generated from assets considered to be sustainable under green EU Taxonomy as they are deemed to contribute substantially to climate change mitigation. This 10.3 point increase is mainly linked to new assets delivered during 2022, whose performances are aligned with EU Taxonomy.

CapEx

The ratio relating to eligible CapEx dropped from 99.5% in 2021 to 93.4% in 2022. The 6.1 point drop is attributable to the addition of land purchases to the denominator, which had not been included in 2021. This adjustment is in line with the recommendations of the Independent Third Party Verifier and the Statutory Auditors.

The ratio of pre-aligned CapEx (substantial contribution only) was 88.2% in 2021. The ratio of aligned CapEx was 80.3% in 2022. The 7.9 point drop is attributable to the addition of land purchases to the denominator (see above), and to a lesser extent, by the more stringent alignment process (i.e., substantial contribution, DNSH, MSS) compared to pre-alignment (substantial contribution only). For example, all 7.1 activities are deemed to be non-aligned because compliance with one of the DNSH criteria related to water could not be demonstrated for new buildings (see section on water flow in showers). However, CapEx relating to category 7.1 activities only represented 1% of total CapEx.

OpEx

The ratio of eligible Opex was unchanged between 2021 and 2022: 100%.

The ratio of pre-aligned OpEx (substantial contribution only) was 17.4% in 2021. The ratio of aligned OpEx was 28.0% in 2022. This change is in line with the change in aligned net turnover which also grew by 10 points year on year.

Changes in methodology

Certain activities initially identified in category 7.1 have been reclassified to 7.7, as indicated in FAQs No. 144 and No. 147 published by the European Commission on 19 December 2022, as they are part of the building acquisition process. As a result, the portion of eligible and aligned CA, CapEx and OpEx of new building construction activities (7.1) has automatically fallen and that of activity 7.7 has risen. Acquisition and ownership of buildings.

Outlook

CHANGES IN TAXONOMY RATIOS

As stated previously, in'li has placed sustainable development at the heart of its strategy and is working hard to promote an energy and carbon-efficient real estate sector. In line with changes in French regulations on the energy performance of housing, it is therefore expected that the buildings built and owned by in'li will be increasingly energy efficient and cleaner. As a result, the proportion of future Taxonomy-aligned Turnover, CapEx and OpEx associated with sustainable buildings is expected to increase over time.

STRENGTHENING OF TAXONOMY ASSESSMENT AND REPORTING METHODOLOGY

In'li began preparing for the application of EU Taxonomy in 2021. The Company set up a governance structure dedicated to Taxonomy reporting, supported by specialists on various topics (climate and thermal risks, social/societal issues, etc.). The Company has begun to integrate certain Taxonomy criteria into contractual clauses with its business partners in order to optimise collection of the information needed to assess alignment. This work will continue with increased demands being made of partners and an increase in the number of employees who have been trained and made aware of environmental issues in the real estate sector.



In'li's future investments will factor in Taxonomy-related criteria. This is both an environmental and an economic performance metric. Eco-design, energy efficiency and comfort will make it possible to provide tenants with attractive housing that complies with the best market practices in terms of energy and the ecological transition.

For information, Action Logement Group's Decarbonisation Plan is committed to: ⁽¹⁾

- ▶ Owning a portfolio of 100% C-rated properties by 2030, and therefore to invest in renovating all D, E, F and G-rated housing over the next 8 years, i.e. 340,000 units of housing.
- ▶ Obtaining the French eco-label BBC Rénovation (label B) for 33% of its energy retrofits in mainland France by 2023.

3.2 Providing an affordable new housing offering near public transport and employment hubs

3.2.1 Contribution to Sustainable Development Goals (SDGs)



Affordable housing offering near public transport in supply-constrained areas targeting young and middle-class people



New innovative first-time buyer solutions for middle-class people



Guarantee of non-discrimination of tenants: each prospective tenant has the same chance of accessing decent housing based on an automated scorecard and partnerships with social integration associations and a public interest cooperative.

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(1) *Action Logement Decarbonisation Plan*

3.2.2 Our challenges and policies

Because it offers affordable housing units in supply-constrained areas, In'li has a public service mission. Indeed, intermediate housing helps businesses, employees and young working people looking for affordable housing near decision centres and employment hubs. Different studies have shown that there is currently a major shortage of intermediate housing in the Paris region with the potential demand estimated at between 160,000 and 280,000 households ⁽¹⁾.

In'li's offering therefore has a major societal impact both for our tenants, who get access to housing that is more adapted to their resources and needs, and for the attractiveness and socio-economic development of the areas in which we are present. This is all the more important in an economic environment marked by inflation and a continual rise in rents in the Paris region. In'li's offering therefore boosts the purchasing power of our tenants.

Indeed, the production of intermediate housing appears in second place on the list of Action Logement's ten commitments presented in 2017: "Taking action for housing means doubling the production of intermediate housing in areas where there is a big gap between social housing and free market rates."

In'li's overriding objective is to build 80,000 units of new intermediate housing units over the next ten years in line with the Group's strategy. This means ambitious targets for the new housing that in'li wants to build and operate ⁽²⁾ in "supply-constrained" areas (i.e., in zones A bis and A, where the local residential market is under the most strain). Reinforcing the employment-housing link is also a central plank in our strategy: we have set a target of allocating at least 75% of our housing to company employees and their families.

3.2.3 Our actions

3.2.3.1 ADEQUATE TERRITORIAL COVERAGE

To support local development near decision centres – especially in the Greater Paris region – in'li's goal is to build 100% of housing in supply-constrained areas (i.e., zones A and A bis) in order to have a stock of locally operated housing, more than 95% of which is located in supply-constrained areas. In'li targets only those areas in which there is a substantial gap between free market and social housing rents.

The housing shortage is concentrated largely in Paris City and the inner suburbs and in the Greater Paris region more generally, and these are the key territories being targeted by in'li for building new housing. Also, our strategy of densifying existing properties helps create new housing while making our properties more sustainable in the longer term.

For example, in 2022, three new building permits were issued for programmes in Le-Blanc-Mesnil, Paris and Aubervilliers. These are new builds on land that already belongs to in'li (densification operations), representing a total of 384 housing units.

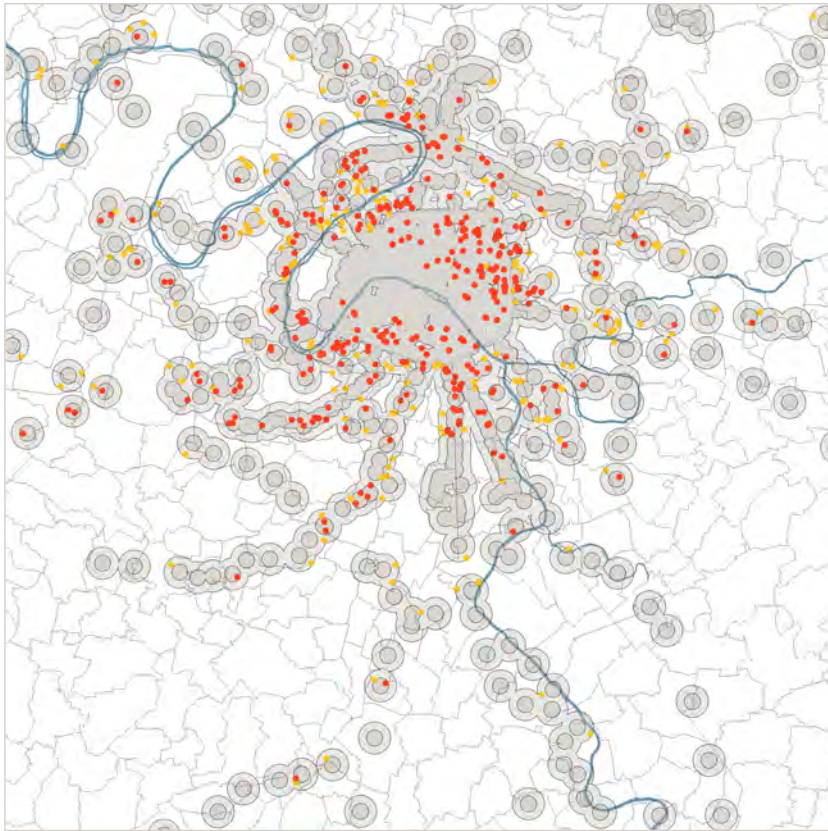
Lastly, commuting time is an important decision criterion for employees and young working people – a key part of in'li's target customer base – when choosing where to live. Development projects therefore incorporate **criteria for accessibility to public transport networks**, with a commitment to housing in areas near existing or planned rail transit stations. Enabling our tenants to get to work by public transport also reduces their carbon footprint and enhances their quality of life.

Mapping of the property portfolio has confirmed the proximity of most of in'li's portfolio to public transport. Within the Paris region, 50% of in'li's properties are located less than 500 metres from a rail or public transport station (52% in 2021), and 78% are less than one kilometre away (79% in 2021). 99% of in'li's property portfolio is located less than two kilometres from a rail, metro or tramway station (99% in 2021).

(1) April 2021 report by the Inspection Générale des Finances and Conseil Général de l'Environnement et du Développement Durable – "Développement de l'offre de logement locatif intermédiaire par les investisseurs institutionnels" (Growing the supply of intermediate rental housing by institutional investors)

(2) In'li directly operates the properties it owns. Housing owned by property companies in which in'li holds a minority stake are operated by in'li PM, a wholly-owned subsidiary of in'li.

Map of in'li properties in relation to the public transport network: 78% located less than one kilometre away from a rail or public transport station



LOCATION OF IN'LI'S BUILDINGS IN RELATION TO TRAIN STATIONS AND PUBLIC TRANSPORT STATIONS IN PARIS REGION

- In'li buildings located within 500 meters of a train station or a public transport station in Paris Region
- In'li buildings located within 500 meters to 1 kilometer of a train station or a public transport station in Paris Region
- ▨ 500 meters zone around a train station or a public transport station in Paris Region
- ▨ 1 kilometer zone around a train station or a public transport station in Paris Region

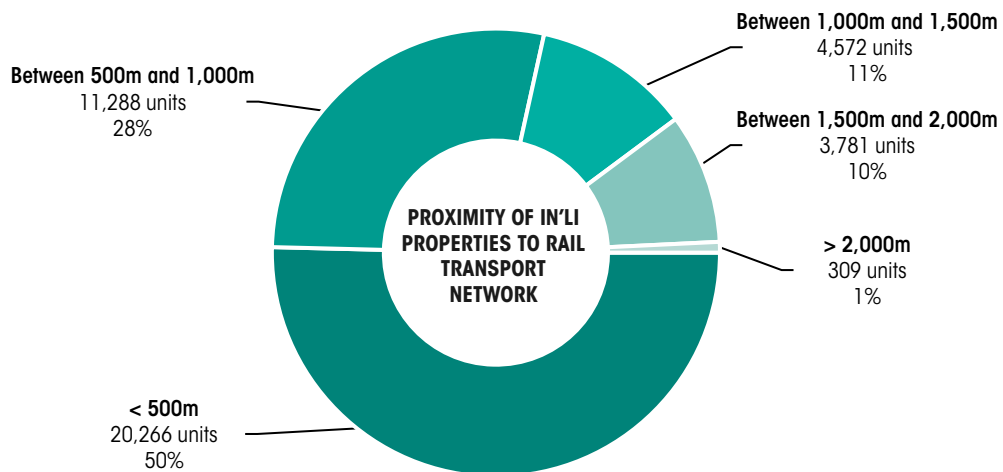


Source: In'li, ALTEREA, CADASTRE, Climate Central

Production by Alterea (february 2023)



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3.2.3.2 AN OFFER TAILORED TO YOUNG AND MIDDLE-CLASS WORKING PEOPLE

One of in’li’s major challenges is to ensure that its offering is adapted to the needs of employees and young working people – who badly need affordable housing. It has therefore set a target of allocating 75% of its housing to company employees and their families. This goal was largely achieved in 2022, with 81% of housing allocated to company employees.

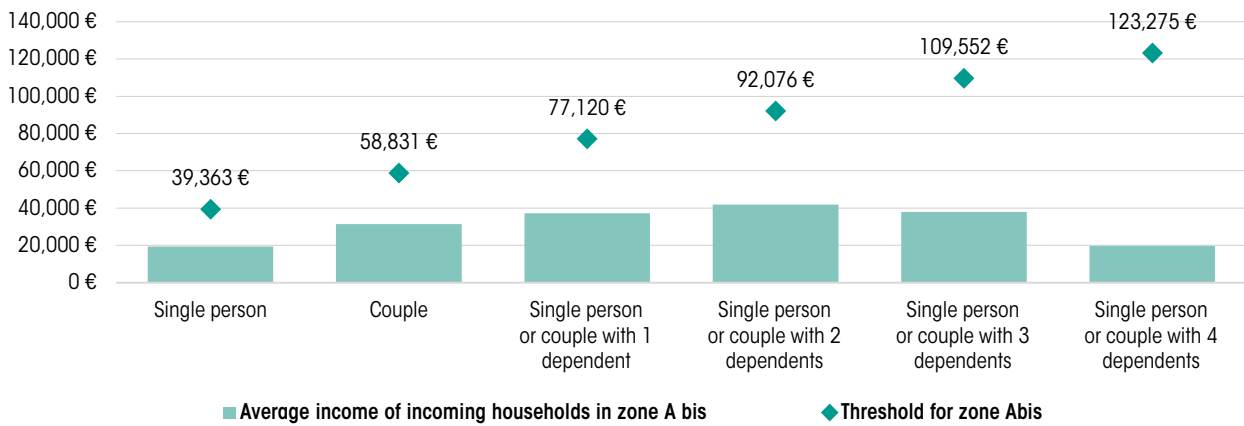
Accessibility is also a function of price, and this issue has been factored into the Company’s business model as the vast majority of the rents that in’li charges on its properties are at least 15% to 20% below market rates. 90% of in’li’s property (in value terms) is currently let out at more than 10% below the market rate, with an average discount of 33.5% compared to the market rate.

This discounted rent policy gives each tenant household an annual gain in purchasing power of €3,623, i.e. a gain of approximately €302 a month.

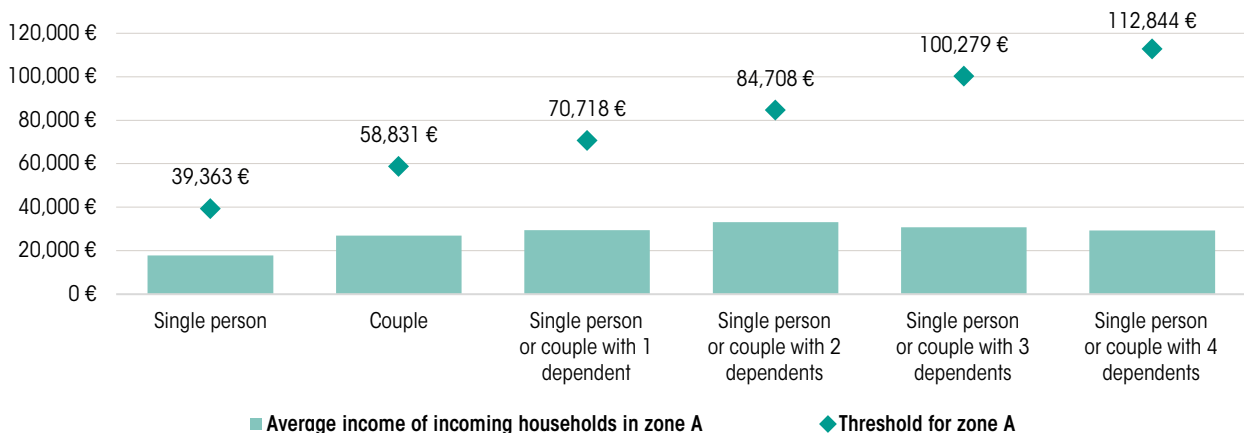
In’li also tracks the average income of incoming tenants, with the aim of giving priority to tenants eligible for Intermediate housing rental status (LLI or Logement Locatif Intermédiaire in French) ⁽¹⁾. Tenants are eligible for LLI status if their Y-2 income is below the ceilings defined annually by French ministerial decree and calculated based on household composition and zone (i.e., A bis, A, B1).

Comparing the average income of incoming tenants with LLI income ceilings reflects in’li’s allocation policy and indeed, the average income of new tenant households tends to be well below LLI limits, especially in zone A.

COMPARISON OF LLI INCOME CEILINGS AND AVERAGE Y-2 INCOME OF INCOMING TENANTS IN ZONE A BIS



COMPARISON OF LLI INCOME CEILINGS AND AVERAGE Y-2 INCOME OF INCOMING TENANTS IN ZONE A



(1) The eligibility of each household for LLI is analysed according to its income in Y-2. Certain properties are not legally covered by the rent and income ceilings applicable to LLI, however, in’li applies LLI rules across all of its properties.

3.2.3.3 SOCIAL SUPPORT TO HELP TENANTS STAY IN THEIR HOMES

In'li works hard to help keep the most vulnerable tenants – to whom it pays special attention – in their homes through the following measures:

- ▶ Preventing arrears: when the property is let out, in'li encourages prospective tenants to sign up to the Visale guarantee offered by Action Logement Services. In the event of payment incidents, in'li's social service department helps tenants who have got into difficulties, especially with managing their budget. If no guarantee exists, debt repayment plans are offered to tenants.

Fonds de Solidarité Logement (Housing Solidarity Fund): this fund helps tenants that have fallen into difficulties due to a deterioration in their health or circumstances (elderly or disabled people or people who have lost their jobs). In'li vets applications before submitting them to the relevant department (which pays out compensation), thus facilitating the process for beneficiaries. In 2022, in'li helped with the payment of approximately €339,000 to 135 tenants from the Fonds de Solidarité Logement.

Charter for collectively rehousing people affected by demolition programmes: in 2022, in'li rehoused 24 families concerned by the programme. In'li also pays for tenants' moving costs.

- ▶ In'li also helps tenants who need to be rehoused for social reasons, and 59 tenants have been rehoused in these circumstances.
- ▶ Support is provided to help ageing tenants stay in their homes by adapting their accommodation. For example, 46 tenants have received help to adapt their bathrooms.

More generally, in'li works with associations with social and/or sustainable goals:

- ▶ In'li is a member of APES, an association that works to provide social amenities, that enhance the quality of the living environment, cohesion and social integration within the residences of its members. APES has initiated actions such as "conciergerie séniors" to encourage seniors to work as building concierges and combat isolation among the elderly, or "école des gardiens" which trains people in reconversion programmes to be building caretakers (see paragraph 3.4.3.2.).
- ▶ In'li is a member of a public interest cooperative – Plateau Urbain – and has also forged a partnership with this association. Plateau Urbain provides the owners of properties awaiting renovation with possibilities for temporarily occupying the premises with socially and environmentally useful activities, such as emergency accommodation, cultural or craft activities, or restaurants open to the public. As part of the partnership agreement, in'li has made two sites located in Paris available to Plateau Urbain, for periods of 12 months and 36 months.

Lastly, since 2021, in'li has been corporate sponsor of Lazare, an association that provides shared accommodation to people who used to be homeless and to young working people.

APES participates in the partner forum



3.2.3.4 AN INNOVATIVE OFFERING IN PHASE WITH THE REQUIREMENTS OF THE SECTOR IN THE PARIS REGION

Co-living and student residences

In 2022, in'li continued developing new managed residence type co-living or student accommodation products featuring smaller individual units, combined with larger common areas (living room, kitchen, sports/video games rooms, co-working areas, etc.), in phase with the expectations of young working people, especially in supply-constrained areas.

Five House Project-type residences were delivered in 2022 in Bois-Colombes, Cachan, Montreuil, Romainville and Suresnes, representing 51 units of new housing. The "House co-living project" involves acquiring a very large house and dividing it into shared accommodation with ten or so bedrooms, common lounge-type areas, a cinema room, sports room, "chill out" room and work room. It is operated by a specialist property management company.

In 2022, two House Project-type residences were launched in Colombes and Vanves comprising 70 units in several different houses.

In 2022, two more traditional coliving operations were undertaken in Bezons and Ivry comprising a total of 303 units.

Rent to buy

In 2022, In'li launched the first intermediate rent to buy experiment. These arrangements enable middle-class families to rent with an option to purchase after five years at a price that is fixed when the tenants first move in, thus helping them side-step inflation in the property market.

In 2022, in'li deliberately limited its commitment to rent-to-buy type operations and only committed to one 12-unit operation in Eragny. Intermediate rent to buy operations are essentially intended to cater to demand, however, before committing to a big number of such operations, in'li wishes to get some feedback which will allow it to fine-tune the business model.

The first 18 units were let out in the autumn of 2022 in Viroflay. A decision will be taken in the first-half of 2023 concerning intermediate rent-to-buy objectives over the next five years.

3.2.3.5 CONCERTED ACTION WITH LOCAL STAKEHOLDERS

In'li initiated a consultation process with local residents as part of its densification and renovation projects, for the purpose of:

- ▶ Onboarding local residents and tenants to projects by involving them in their design;
- ▶ Ensuring ongoing communication and deploying actions to manage expectations;
- ▶ Securing buy in from local residents and tenants for new spaces and project uses to make them sustainable over time.

When in'li is the project owner or prime contractor, regular consultations are held with residents and local people. This dialogue involves presenting the project and, in certain cases, the involvement of APES, an urban social development association to which in'li belongs. A communication/consultation handbook has been prepared with the help of an independent mediator that allows us to tailor our approach to each operation. In 2022, five densification or renovation projects were subject to concertation and the involvement of local residents before the building permit application was submitted.

In'li also strives to **work closely with local representatives and public authorities** in the areas in which it is present. In'li's Management Board participated in 71 meetings with local representatives in 2022 to present in'li's intermediate rental housing offering and discuss its strategy for local development and for ongoing and future projects.

3.2.4 Indicators

The indicators that appear in bold are priority indicators for in'li. They are also presented in the summary table of key indicators (see section 3.1.2.3.).

PERFORMANCE INDICATORS	2021 results	2022 results	Objective
Number of affordable housing units operated at 31 December	38,868	40,216	-
o/w new units	1,484	1,567	-
Number of affordable housing units undertaken during the year	5,272	3,232	5,500 in 2022
Geographical breakdown of number of affordable housing units operated	42% in zone A 55% in zone A bis	43% in zone A 54% in zone A bis	Over 95% in zone A bis and zone A every year
% of properties located less than 1 km from a rail or public transport station	79%	78%	-
Geographical breakdown of affordable housing units undertaken	49% in zone A 51% in zone A bis	50% in zone A 50% in zone A bis	Over 100% in zone A bis and zone A every year
Number of families housed during the year	5,017	4,886	-
Rate of allocation to employees of PEEC-contributor businesses (in% of families housed)	82%	81%	75% every year
% incoming tenants < 40 years old	82%	82%	-
Percentage of value of rental housing stock with a discount of at least 10%	91%	90%	-
Percentage of value of rental housing stock with a discount of at least 15%	83%	80%	-
Average monthly salary of incoming households	3,480 €	3,518 €	
Average annual gain in purchasing power per household	3,221 €	3,623 €	
% incoming households eligible for intermediate housing	97.3%	99.5% ⁽¹⁾	>95% ⁽²⁾ each year

(1) Indicator based on a sample of 92% of the 4884 new incoming households in 2022.

(2) The regulatory analysis of the Y-2 tax income of our new tenants must place 95% of them below the Intermediate Housing threshold.

3.3 Guaranteeing a quality service for tenants

3.3.1 Our challenges and policies

Customer satisfaction is a key ongoing challenge that drives us to continuously enhance our offering and the services we provide. In'li's joint initiatives are organised around a number of focuses:

- ▶ Making our properties accessible to people with reduced mobility,
- ▶ Renovating our property portfolio to enhance the comfort of our tenants,
- ▶ Maintaining security within our residences by preventing property risks such as uncivil behaviour,
- ▶ Facilitating simple and effective communication between in'li and its customers in phase with end user needs and expectations.

In'li tracks customer satisfaction by conducting one-off and more regular surveys, including surveys of our newest tenants with the aim of enhancing service quality and bringing them into line with what customers expect.

In'li's Management Board pays special attention to the safety of our tenants, both inside and outside their homes.

With this in mind, in'li has a proactive policy of optimal prevention of all risks related to property – including pest control or uncivil behaviour – that may affect our tenants. This policy is underpinned by collaboration between the Property divisions, which are in constant contact with our tenants, and the Property Portfolio Technical division, which is responsible for compliance and renovating the property portfolio. The latter division also incorporates recommendations made by the external auditors who regularly audit the property into its work plan, in accordance with current regulations in force.

3.3.2 Our actions

3.3.2.1 DIGITISATION OF CUSTOMER SERVICES

Since it was established, in'li has sought to make as much of the prospective tenant journey as possible a digital one with a view to making exchanges simpler and smoother.

This was apparent in the efforts deployed between 2018 and 2021 to set up a platform that consolidates in'li's entire housing offering and enables prospective tenants to be active participants in the process by submitting their applications online. This direct access also means more equality between employees from all types of business, by making offers accessible to all employees – from both large and small companies. In 2022, the offer available on the platform was extended to include QWACIO branded accommodation and co-living-type accommodation. During the year, around 38,140 applicants registered on the platform and submitted a total of 266,534 applications. A digital marketing services platform guarantees equal treatment of applicants through an automated applications rating system, therefore helping to combat discrimination. This rating system evolved in 2022 to enable existing in'li tenants to gain additional points in order to be given priority in housing allocation. Adding this criterion does not discriminate in any way against other prospective tenants as the allocation of housing to existing in'li tenant frees up other housing to which other applicants get access.

Work to harmonise income calculation criteria also took place in the last quarter of 2022. Its deployment was handled by our marketing team at the end of 2022 and will continue into the first-half of 2023 with a "re-awareness" campaign for the teams and quarterly monitoring and control of deployment. This is to ensure equal treatment of applicants and consistency in the calculation of their income.

Since 2019, in'li has been working towards a "100% digital" customer journey with the deployment of e-signatures for all in'li housing applications. During 2022, approximately 90% of leases were signed electronically.

Since 2021, a 100% digital solution is systematically offered to give prospective tenants the option of signing leases either physically or digitally. Deployment of this 100% digital customer journey continued apace in 2022, achieving a satisfaction rate of 81% in the satisfaction survey given to incoming tenants.

It should be noted that property sales have also been digitised on the inli.fr website.

3.3.2.2 TENANT HEALTH, SAFETY AND COMFORT

Tenant comfort and risk prevention are top priorities for the Company. Aside from building maintenance, in'li commissions audits of its facilities and infrastructure in accordance with legislation, and ensures that maintenance is regularly carried out in compliance with current standards and labour regulations. Managing all of these risks is the responsibility of the office of the Deputy CEO – Clients & Assets which comprises the Property Portfolio Technical division and three Property divisions. These divisions are organised around the following two pillars.

Pillar 1: Maintaining a high level of building security

Building security is the responsibility of the Property Portfolio Technical division and the Property divisions, which provide a service to tenants on the ground. An on-call service is provided by in'li employees during the day, and by a service provider in the evening and at weekends, 7 days a week. In the event of an incident outside of working hours, tenants can contact the on-call service free of charge around the clock, which triggers the interventions required based on the urgency of the situation. Incidents are documented by the on-call service and reported directly to local staff.

Since 2022, information flow between the on-call service provider and in'li Customer Relationship Management (CRM) have been automated and daily incident reports are integrated into the CRM system in the form of requests.

Incidents dealt with during working hours are reported and documented by the customer service department and local staff in the CRM system. They are closed out once the incident has been resolved. A project which aims to use this data to map incidents and improve intervention procedures will be finalised in the second-half of 2023.

The Property Portfolio Technical Department ensures that the entire property portfolio complies with regulations. It oversees key security procedures and commissions external auditors, who provide detailed reports for each property containing recommendations for action, which are subsequently integrated into the works plan by the Technical Department. These regular audits ensure the safety of our tenants, the service providers who work in our buildings, and our local staff. They cover the physical integrity of the buildings, their amenities and plant health and quality standards, and include the following:

- ▶ Search for termites,
- ▶ Exposure to lead and asbestos,
- ▶ The presence of legionella in water,
- ▶ Individual and collective heating installations,
- ▶ Prevention of fire risks,
- ▶ Lifts and automatic systems (e.g. automatic doors).

Clichy (92) – 30, Rue Alexandre Antonini

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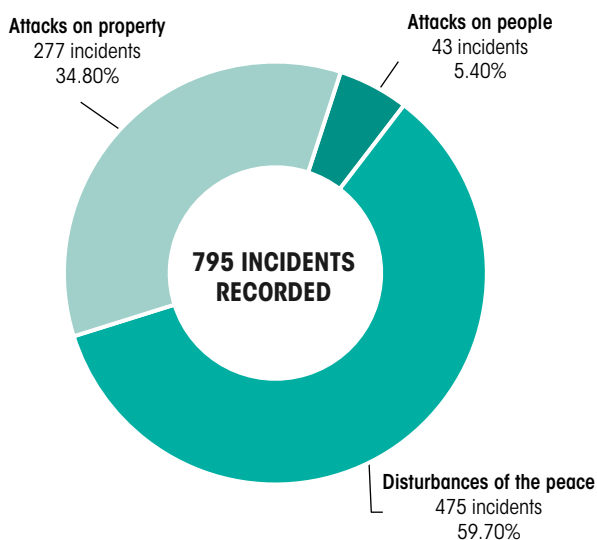
During 2022, in'li also rolled out the "SOWELL" application project, enabling local teams to dematerialise safety monitoring, increase the level of monitoring and ensure the reliability and follow-up of information in the app.

Numerous health and safety training courses are provided for the people who work in the Property Portfolio Technical division and the Property divisions (roof access, use of scaffolding, etc.): in 2022, 2,264 hours of training (18% of the skills development programme) were devoted to health and safety training. This training is designed to protect our employees and boost their building safety management skills (examples of building safety training modules include regulations and control, technical safety of property, lifts and automatic systems, etc.).

In'li also seeks to provide its tenants with a safe, pleasant living environment and this involves deploying and maintaining video surveillance and/or videoprotection. This deployment will be completed in around 40 targeted residences by late 2023. Video surveillance scrupulously complies with the European Data Protection Regulation (GDPR).

Local staff, i.e., site managers, sector managers and caretakers, can also report all incidents and anti-social behaviour via ALI TRANQUIL, an application for recording incidents at the properties we manage. ALI TRANQUIL scrupulously complies with GDPR as the app does not accept any photos or text, which prevents personal data from being reported. The app was deployed as part of the "Tranquillity & Social cohesion" plan across the entire QWACIO property portfolio in Seine-Saint-Denis in 2020, and extended to another 73 residences in 2022 (30 in 2021). Since early 2023, ALI TRANQUIL covers all of in'li's properties in the Paris region (where 99% of its housing is located). In 2022, 33 building caretakers and 14 unit managers were trained to use the app, which was used to report 795 incidents.

INCIDENTS REPORTED USING THE ALI TRANQUIL APPLICATION



This application now makes it possible to map the level of security at each property and gather statistics that can be used to coordinate actions that are proportionate to the seriousness of the incidents noted. These statistics also feed into exchanges with the partners who help in'li tackle security-related issues, including the police, municipalities and local associations. Finally, this app has made it possible to structure the support provided to the local staff directly concerned by incidents: building caretakers now have a procedure for each type of incident, detailing the actions that need to be taken immediately and the departments to which the incident should be reported.

To round out these measures, the Company also coordinates a proactive policy of preventing anti-social behaviour and property damage through various actions: neighbourhood enhancement work, local initiatives, etc.

In addition to building security, in'li pays special attention to tenants in distress whose health and safety require urgent rehousing. More specifically, this process concerns:

- ▶ Victims of domestic violence or violence within their residence, especially after having reported incidents of anti-social behaviour,
- ▶ Tenants who have suffered a loss in income, or who occupy accommodation that is no longer suitable for their needs,
- ▶ People who were not ill or disabled when they arrived, but who now require accommodation adapted to a disability or illness. Elderly people are particularly concerned here.

In each of these three cases, in'li gives priority to rehousing after checking the veracity of the emergency situation, and it liaises with the social services to facilitate procedures for the tenants concerned. In 2022, in'li received 151 requests for rehousing on medical social grounds from tenants and it offered 142 rehousing solutions. 59 households accepted in'li's proposal. Disability, old age and illness are the main reasons why people need to be rehoused: they accounted for 37% of rehousing on medical social grounds in 2022. Traumatic events occurring within the place of residence (domestic violence, assault, etc.) accounted for 12% of rehousing on medical social grounds in 2022.

Lastly, assessing, monitoring and factoring in new risks in terms of property safety and occupational hazards is performed throughout the year by the three committees dedicated to property and professional risk prevention, namely the Safety Policy Committee, the Safety Committee and the Occupational Risk Prevention Committee. They classify and rank the risks they identify to ensure the safety of properties and the people who live and work there (see section 3.4.3.4. on health, safety and the work environment).

Pillar 2: priority given to tenant comfort

Every year, in'li invests in upgrading and renovating its existing portfolio, which is essential for ensuring the comfort of its tenants and for tackling environmental issues.

In 2022, in'li invested €42.3 million in building upgrades that will significantly improve the quality of the housing concerned and the budget for 2023 has been increased to €69 million. The nature of the work depends on the needs identified: thermal insulation, replacement of plumbing and sanitary equipment, treatment of damp areas, installation of controlled ventilation systems, electrical rewiring, upgrading of heating systems, replacement of lifts or upgrading of common areas (especially halls and entrances to residences). For 2022, a specific budget of €3.2 million was earmarked for renovating the interior of dwellings (especially kitchen fittings and upgrading of wet rooms).

3.3.2.3 IN'LI MAINTAINS ONGOING DIALOGUE AND CLOSE TIES WITH TENANTS

In'li wishes to foster quality, effective communication with residents by making building caretakers, site managers and Customer Relations Department staff the "go to" people on the ground.

To monitor and improve service quality, in'li measures tenant satisfaction on an ad hoc or ongoing basis through surveys conducted by external service providers. In 2022, in'li commissioned a customer satisfaction survey covering a sample of 2,500 tenants (versus 2,000 in 2021), indicating a tenant satisfaction rate of 70%. The main sources of satisfaction were the size of dwellings, their facilities, value for money and the quality of the work and repairs carried out by the companies contracted by in'li.

The main source of dissatisfaction mentioned by tenants concerned the obsolescence of facilities in QWACIO properties. This point had also been noted by the group prior to the survey, and renovation projects, mainly in Seine-Saint-Denis and Val d'Oise, have already been programmed for 2023. The first project will cover more than 600 housing units.

In 2022, following the results of the 2021 survey, which highlighted the difficulties in exchanges with in'li, and in particular the time taken to process tenants' requests, in'li sought to take appropriate measures. The "Customer Satisfaction" action plan was deployed in 2022 via the following initiatives:

- ▶ Reorganisation of the Customer Relations Department (CRD) and upskilling of customer relations personnel and caretakers:
- ▶ Boosting numbers at the CRD;
 - > Training of CRD employees in one of four themes to boost their technical, administrative, commercial or digital skills;
 - > Establishing cross-functionality between the business lines to serve customers more effectively: all new CRD personnel spend time in the property divisions and vice versa;

▶ Gaining a better understanding of multi-channel requests:

- > From 2023, there will be a single number for contacting caretakers (automatic redirection to the right caretaker);
- > Service for making an appointment with "Level 2" people (e.g. the Recovery department) if a "Level 1" person (caretaker) is unable to provide information to a customer;
- > Improved processing of enquiries from prospects by providing a dedicated service for handling commercial, technical and administrative questions using staff trained to provide detailed answers.
- > Updating or deleting of obsolete telephone numbers in the Yellow Pages;
- > Focusing on in'li's contactability and e-reputation with an Afnor-certified partner to make it easier for customers to contact in'li and find relevant information on the offers provided.

All of these initiatives have helped to increase customer satisfaction (up by 3 points between 2021 and 2022).

A second satisfaction survey was carried out by in'li in 2022 among incoming tenants who arrived in new housing in 2021. 85% of respondents especially appreciated the marketing and letting process, and in particular the paperless procedures, the accuracy of the information provided and the location of the residences.

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3.3.3 Indicators

The indicators that appear in bold are priority indicators for in'li. They are also presented in the summary table of key indicators (see section 3.1.2.3.).

PERFORMANCE INDICATORS	2021 results	2022 results	Objective
Overall tenant satisfaction rate	67%	70%	80% every year
Percentage of "100% digital" customer services offered	100%	100%	100% every year
Percentage of "100% digital" customer services actually provided	82%	94.62%	-

3.4 Adapting jobs to the requirements of the sector and the expectations of employees

3.4.1 Contribution to Sustainable Development Goals (SDGs)



Deployment of measures and amenities to promote employee well-being and health at work



Actions and training courses for in'li employees that continually develop their skills



Actions to promote gender equality and combat all forms of discrimination



Encouraging an intrapreneurial approach by employees

3.4.2 Our challenges and policies

In'li's Human Resources policy is based around 4 pillars:

- 1. Developing employability, new skills and career paths for supporting the Company's transformation by anticipating the needs of our new business lines.** Attracting and retaining qualified talent is also a real challenge in a tight job market that exposes in'li to the risk of a shortage of qualified employees, particularly in the digital sector and in project development, given the rapidly changing expectations of our customers and stakeholders and the technological innovations taking place across our businesses (see sections 3.4.3.1. and 3.4.3.2.).
- 2. Engaging in inclusive social dialogue.** Continuous employee-management exchanges are a key part of in'li's corporate culture. Formal dialogue is also part of the way the Company functions, through employee satisfaction surveys, annual employee interviews, meetings of the Social and Economic Committee (CSE) and the Occupational Health And Safety Commission (CSST). As part of this process, the Job Transformation division and Communication department work together to organise regular events that are conducive to informal exchanges (see section 3.4.3.3.).
- 3. Constantly enhancing our occupational risk prevention culture.** In'li has gone way beyond regulatory requirements in this area by setting up bodies to oversee the identification, prevention and monitoring of occupational and real estate risks: the Occupational Health and Safety Commission (CSST), the Occupational Risk Prevention Committee and the Safety Committees within the property divisions, supplemented by a Safety Policy Committee that meets twice a year with the Management Board (see section 3.4.3.4.).
- 4; Promoting a quality work environment and commitment for all employees.** Diversity, openness and equal opportunities for all are a key component of this pillar. We want to give all employees and candidates the same chances and opportunities and this is why we hire, promote and grant mobility opportunities based solely on candidates' skills (see section 3.4.3.5.).

These four pillars of Human Resources policy are in phase with the United Nations Global Compact (compliance with the ten principles of the Compact), which in'li officially signed up to in 2022.

3.4.3 Our actions

3.4.3.1 CREATING AND HELPING EMPLOYEES TRANSITION TO NEW JOBS

Faced with the rapid transformation in its business lines, In'li has launched a manpower and skills planning process focused on current transformation projects. This culminated in an event that brought together employee representative bodies, managers and employees to identify the impacts that our projects will have on the different businesses and anticipate the support that will be required (hiring, training, etc.).

To attract new talent, in'li uses the most visible as well as the most innovative online media. It created an employer brand page in 2021 on the "Welcome to the Jungle" website. With more than 500,000 followers on LinkedIn, this site promotes the employer brand online and highlights the candidate experience. It gives access to a broad range of potential candidates and strengthens in'li's presence on professional networks, especially among young graduates. Statistics for 2022 show that in'li's job offers have generated a very satisfactory rate of engagement. In'li also modernised its job offering in 2022 to attract new talent by stressing the aspects of social utility and innovation.

In'li's partnership with Ecole Supérieure des Professions Immobilières (ESPI) provides it with another channel of access to interns, under graduates on work-study programmes and young graduates specialising in real estate activities

such as development, auditing, management or sustainable and innovative real estate. In'li also participates every year in the real estate jobs forum, a flagship event for prospective candidates and young graduates hoping to work in the sector. The 2022 forum brought together around 80 recruiters and twenty or so schools specialising in real estate professions.

In'li is using these actions to continue to recruit work-study students, in line with the priorities of Senior Management. In 2022, 28 new work-study students were welcomed, in addition to the 20 already working in the Company, with the aim of offering them a permanent position at the end of their work-study programme.

To remain an attractive employer and to strengthen employee loyalty, in'li encourages internal mobility especially through tailored training and development programmes and developing commitment through collaborative projects.

First, internal mobility: functional mobility is an essential part of any skills development programme. For example, 10 building caretakers participated in in'li's second certification programme to enable them to reach site manager level. In 2021, 16 building caretakers took the course and 14 of them obtained certification at the end of the programme.

During 2022, 55 employees benefited from functional mobility opportunities. Internal mobility offers are regularly circulated via the in'li intranet or the ALjob website and In'li employees may also avail of mobility opportunities provided by Action Logement group. In'li has also introduced a co-optation policy with bonus in 2022 to strengthen its talent retention policy and deal with the challenges of a shortage of candidates.

Helping employees transition to new jobs is a second lever for attracting talent and promoting the in'li employer brand, based in particular on:

1. The annual performance review interview provides an opportunity to assess employees' performance over the past year. The process also sets aside time for exchanging and the employee is invited to give feedback on the Company. The annual review process is rounded out by a professional interview to discuss the employee's career path, the training completed and their plans for the future, and to identify an employee's wish to move to new positions.
2. In'li has set up a tutoring system for building caretakers and trainees to provide the best possible support for new hires. Tutors ensure that best practices are shared among colleagues and provide support for new care-

3.4.3.2 DEVELOPING SKILLS AND CAREER PATHS

Employee training is another key focus of our HR policy. In 2022, 77.2% of employees benefited from training opportunities – an average of 19.5 hours training per employee. More specifically, 66.5% of the 55 employees who enjoyed mobility opportunities also received tailored training with an average of 36 hours per person.

Supporting the development of managers and managerial skills remained a priority in 2022. The key actions deployed included:

- ▶ The organisation of five "Manager Clubs" – themed workshops that bring managers together to share their experiences and practices. The five themes featured in the 2022 Clubs were "managers and time", "the role of the local manager in risk prevention", "recovering service charges", "recruitment" and "employment contracts for caretakers, disciplinary procedures and onboarding new people". All managers took part in at least one club. Providing systematic training to new managers based on the methods recommended by the French *Institut d'Accompagnement Psychologique et de Ressources* (IAPR), a psychological support and listening process that enables psychosocial risks to be more effectively anticipated, understood and managed. In 2022, in'li hired 10 new managers, all of whom received this training.

takers during the first few days of their integration programme. The work-study tutors partner the new trainees who join in'li each year and ensure they develop the necessary skills in their respective areas.

Lastly, as part of its skills and career development strategy, in'li encourages employees to participate in collaborative-type projects. The main projects include professionalisation of Property Managers, the Customer Relations Department, property management agencies and the development and digital transformation of the building caretaker profession. This project, which is recognised at Action Logement Group level, is known as "Projet Outils Mobilité" and aims to help caretakers get to grips with their new digital work tools and applications with a view to obtaining internal certification. This project comes in the wake of the negotiation of an agreement on changes in the building caretaker's job, signed unanimously by our trade union delegates.

There were several key recruitments in the Human Resources team in 2022 with a view to deploying HR policy: expansion of the recruitment team, hiring of a new Human Resources correspondent, etc. The aim is to be more responsive and to reduce hiring times in what is a very competitive job market across all of our businesses.

The job of building caretaker is changing fast and in'li is working with other Action Logement subsidiaries and APES on the "Building caretaker school" project, which has the dual objective of meeting recruitment needs for building caretakers and hiring near sites where there is high demand. Caretakers also benefit from a new in-house training course on joint property ownership arrangements to boost their skills on three levels: inputting and signing order forms, customer relations and pre-qualification of housing units. This course was developed in 2022 and will be deployed in 2023. At the same time, in'li is continuing its long-term partnerships with the Franchir and Egérie associations to train people in distressed situations or in social integration or reconversion programmes to be building caretakers.

In 2022, six trainee caretakers were taken in and trained as part of in'li's teams and two of these caretakers were hired on indefinite-term employment contracts.

2022 also provided opportunities to support employees with the transformation of the business and the development of new activities (e.g., property administration, property management agencies, etc.) via the deployment of numerous training initiatives. In'li is able to leverage an extensive network of trainers; a total of 26% of training courses are run internally by Company employees. In-house training enables various themes to be addressed and encourage exchanges between employees and managers.

For example, a training course focusing on rental management policy was developed this year for credit controllers and rental management personnel to boost expertise in eviction procedures, problems between neighbours, overindebtedness, marriage and leases. Over 12,500 hours of training were provided in 2022.

More generally, since 2019, in'li has been running an intrapreneurial programme open to all employees as part of its innovation strategy. The programme promotes innovative in-house projects and supports personal initiatives and people with ideas for start-ups.

3.4.3.3 WORK ORGANISATION AND SOCIAL DIALOGUE

In'li continued to engage in ongoing dialogue with employees in 2022 and it organised an employee satisfaction survey which registered a participation rate of 74%. The survey was based around a set of questions put to employees to assess whether or not they would recommend in'li as an employer, and to evaluate the commitment of employees, their understanding of the Company's strategy, their work/life balance and their satisfaction with career development prospects at in'li.

The scores obtained from the satisfaction survey are relatively high, with the vast majority of questions getting at least 74% favourable responses. The strengths highlighted by employees included:

- ▶ 75% of employees declared that they are ready to commit to in'li's success;
- ▶ 81% of employees feel that they have the right level of autonomy in their work;
- ▶ 71% of employees declared that their work is meaningful for them.

Following the survey, in'li integrated the points for improvement highlighted by employees into its 2023 action plan, including cross-cutting complementarity between departments.

In the wake of the pandemic, at a time when social ties are fraying and employees are more than ever looking for meaning and commitment in their jobs, these are very positive findings.

In'li intends to continue pursuing initiatives that provide recognition to employees and enhance two-way communication. The example that best illustrates our culture of exchange is the "Jobs Meetings" initiative based around discussions between the HR department and representatives of each business line (prime contractors, site

managers, rental management personnel, building staff, etc.) that focus on employees' concerns, how they perceive their jobs and their needs going forward.

Concerning dialogue with employee representative bodies, after two new agreements on profit-sharing and how to move the job of building caretaker forward within in'li were signed in 2021, **four new agreements were signed in 2022: an agreement on extending the mandates of elected representatives, 1 agreement and 1 amendment on profit-sharing, and an agreement on mandatory annual negotiations.** In'li now has 17 collective bargaining agreements and 100% of employees are covered by existing collective bargaining agreements.

In addition to formal exchanges between management and employee representative bodies, the Management Board actively engages with employees through informal events, including:

- ▶ The "live Teams" meetings with the Management Board. These remotely-organised events are open to all employees and enable the Management Board to speak directly to employees on various issues such as the Company's major strategic focuses or the results of the past quarter, etc. The Management Board answers questions put directly (anonymously or otherwise) by employees.
- ▶ Meeting the Management Board at specially organised breakfasts. These events bring together a member of the Management Board, a director and around twenty employees to discuss strategy and key issues for the Company.

Lastly, in'li continues to guarantee freedom of expression, trade union freedom and freedom of association to all of its employees in compliance with the basic principles of the International Labour Organisation.

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3.4.3.4 HEALTH, SAFETY AND A QUALITY WORK ENVIRONMENT

Although most of in'li's businesses are not exposed to accident risks, the Company is highly proactive in terms of working conditions and the health and safety of its employees.

The Company's Safety Policy was consolidated in 2020 with the creation of three steering committees: the Safety Policy Committee which meets in the presence of the Management Board, the Safety Committees set up within the property divisions, and the Occupational Risk Prevention Committee. These committees are tasked with ensuring the safety of people and property and preventing and mitigating the risks of accidents at work or occupational illnesses.

For ease of comparison and to make everyone's role clearer, in 2021 in'li streamlined its approach to Occupational Risk Prevention by digitalising the Consolidated Risk Assessment File (DUER). This file is updated every year in accordance with regulations and may now be accessed via the intranet. In'li maintained this momentum in 2022 by completing a major ten-year study of accident rates (2012-2022), which has highlighted the most prevalent occupational risks and the solutions for mitigating them.

Other concrete initiatives were also deployed in 2022 to meet health and occupational safety challenges, including:

- ▶ 2,264 hours of regulatory and non-regulatory occupational health and safety training provided to all employees covering first aid (approx. 100 employees received training), prevention of risks related to physical activities (for local staff) or authorisations required for technical amenities (e.g., for caretakers and managers of programmes where the Company is prime contractor). In accordance with regulations, in'li organises mandatory occupational risk training for the employees concerned. Training open to all in'li employees on the themes of first aid and road safety was organised to coincide with World Health and Safety Day on 28 April last.
- ▶ The deployment of digital safety sheets at each property to identify specific occupational risks at each site based around exchanges between building staff and their manager. By using the Consolidated Risk Assessment File (DUER) of the in'li-in'li PM Economic and Social Group (UES), these safety sheets make it possible to define a clear OHS action plan at Company level and at each property.
- ▶ Updating of Occupational Health and Safety procedures (procedure in the event of external aggression, support procedure, etc.), all available on the intranet;
- ▶ A Manager Club focusing on the role and responsibility of the local manager in preventing specific occupational risks to building caretakers. This club, known as "Manager Preventor", also recaps on procedures to be followed in the event of an accident or aggression and shares best practices and reflexes;
- ▶ Work to support caretakers in the event of aggression: a review of procedures and communication with

managers and the property divisions has been carried out to standardise support and follow-up procedures in the event of an incident.

The bodies tasked with monitoring risks continued their work in 2022:

- ▶ The Occupational Health, Safety and Working Conditions Commission, comprising the Human Resources Department and elected staff representatives, met four times;
- ▶ The Occupational Risk Prevention Committee, in which the Human Resources Department and a representative of each business line participate, met each quarter to analyse occupational risk trends and how to develop our key actions.
- ▶ The Safety Committees set up within the property divisions, tasked with preventing property and occupational risks, especially those related to physical activities, also met on a quarterly basis;
- ▶ Finally, two Safety Policy Committee meetings were held in the presence of the Management Board.

Aside from health and safety issues, in'li also attaches huge importance to wellness in the workplace and employee expectations in this regard.

A teleworking agreement for two days a week was signed in 2021, in line with the wishes expressed by employees and negotiations with the social partners. It is available to all employees and helps to promote a better work-life balance. The vast majority of administrative employees (99%) are eligible for teleworking or "nomadism" and 95% have opted for these types of flexible working methods. These are very popular arrangements and 90% employees telework two days a week.

More generally, to promote good work-life balance, in'li has long offered all eligible employees (depending on the type of work they carry out) the possibility of working flexible hours.

In'li pays just as much attention to ensuring a quality work environment. Negotiations began in 2022 with a view to signing a Quality of Life at Work agreement in 2023.

In'li again organised a Quality of Life at Work Week in June 2022, featuring awareness-raising activities involving over 100 employees (events included workshops on wellness at work and awareness-raising sessions with health and safety professionals, conferences focusing on the theme of performance and work addiction).

In'li continued to organise events dedicated to quality of life at work in 2022, including team-building seminars aimed at stimulating informal exchanges within each team through activities chosen by the team manager (sport, escape games, museum visits, etc.) or sporting events (the in'li football team plays in the BTP-Immobilier League).

3.4.3.5 DIVERSITY, EQUALITY AND INCLUSION

As a leading player in affordable housing for the middle classes in the Paris region and a socially responsible company, combating discrimination is part of in'li's DNA.

This culture is promoted by the Management Board which has made combating inequality one of its key priorities. These issues are regularly discussed at extended Management Board level in the presence of the Deputy CEO responsible for Job Transformation. The appointment of the new Management Board, which took office on 1 January 2022, is a perfect illustration of this proactive approach as 60% of its members are women.

In accordance with International Labour Organisation (ILO) principles and French law, in'li forbids all forms of discrimination both within the Company and towards any person (i.e., tenants, candidates, suppliers etc.). In'li's corporate culture is underpinned by the acceptance of diversity in all its forms (ethnic origin, disability, gender, sexual orientation, religion, age, political opinions, social origin, etc.).



The Company intends to turn these differences into a strength, while respecting the opinions of everyone

(Article 11 of in'li's internal regulations).



Prohibition of all forms of discrimination is enshrined in in'li's internal regulations which all new employees must sign. Four articles in particular aim to protect all employees, trainees, candidates, interns or trainees from all forms of sexual or psychological harassment, sexist behaviour or discrimination.

In addition to in-house initiatives, in'li has also deployed a process for handling tenant applications and information provided by prospective tenants via the inli.fr marketing support platform in compliance with European Data Protection Regulations (GDPR). An automatic score is assigned to each applicant, thus avoiding any form of discrimination and ensuring equal treatment of candidates.

In'li pays special attention to gender equality within the Company. Balanced representation of women in positions of high responsibility is a reflection of this focus. Of employees on permanent contracts:

53%
of management-grade employees are women

55%
of managers are women

41%
of Executive Committee members are women

This prohibition on discrimination also protects any employee who reports or witnesses such behaviour.

In'li therefore deploys a range of actions designed to combat discrimination, including:

- ▶ The appointment of two correspondents as part of the fight against sexual harassment and gender-based violence, one of whom is an employee and the other a member of the Social and Economic Committee. The correspondents are available to guide, inform and support employees whenever necessary. They are systematically provided with training as soon as they are appointed.
- ▶ Compliance with the principle of non-discrimination in recruitment constantly features in awareness-raising initiatives targeting managers via Human Resources correspondents who are responsible for ensuring that the recruitment process and the choice of candidates is based solely on skills.
- ▶ In'li's recruitment policy also deals with issues of disability. To give all candidates an equal chance, in'li's offices are accessible to people with reduced mobility and any candidate suffering from a disability and/or a long-term illness may be assured that in'li will provide them with suitably adapted facilities.
- ▶ The deployment of digital inclusion initiatives helps to bolster employability. In'li ensures that its employees are systematically trained to use new tools with a twofold objective: enabling employees to feel more comfortable when using new digital tools and applications both at work and in their personal lives. In'li has provided digitalisation job training and support to all of its building caretakers as part of the "Mobility Apps Project" (see section 3.4.3.1.).
- ▶ A partnership was established in 2022 with a company specialised in sheltered employment to hire people who have become isolated from the job market. Prospective employees are organised in pairs with a tutor on the job to assess whether they can be recruited subsequently.

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In'li is also pursuing its commitment to equality in access to management positions, equal pay and feminisation of technical positions, through salary increases in the event of gender-based discrepancies and anti-harassment awareness-raising initiatives.

As part of mandatory annual negotiations, there is a special focus on gender equality, with the aim of reducing any discrepancies that may exist by profession. The results for 2022 are very conclusive in this respect as the average pay differential between men and women is 2%, an improvement of 1 point compared to 2021. This helped to keep the gender equality index at 95/100 in 2022, the same as in 2021. This means that in'li outperforms most French companies with over 50 employees, which had an average gender equality index of 86/100 in 2022 ⁽¹⁾, 9 points lower than in'li's index.

In'li is also striving for equality in maternity leave and the development of paternity leave. In 2022, 15 women left on maternity leave within the company, representing a total of 1,682 days

of maternity leave. 100% of fathers who registered the birth of a child opted to take paternity leave, representing a total of 24 paternity leaves in 2022, or 450 days over the year. In'li also anticipated the payment in full of paternity leave, which was extended in 2022.

In'li is striving to integrate and employ people with disabilities. As evidence of the growing awareness of this issue, an assessment was carried out in 2022 among all in'li employees of their perception and awareness of disability. It was followed up by an action plan with the support of Agefiph, focusing on recruitment policy and taking on people with disabilities. In'li wishes to be more proactive in this area by assisting managers with recruitment and by broadening recruitment briefs to include other profiles and experience.

Lastly, in'li regularly works with sheltered employment structures such as "Les fourneaux de Marthe et Matthieu" to organise events.



(1) Source: French Ministry of Labour, Employment and Professional Integration

3.4.4 Indicators

The indicators that appear in bold are priority indicators for in'li. They are also presented in the summary table of key indicators (see section 3.1.2.3.).

PERFORMANCE INDICATORS	2021 results	2022 results	Objective
Number of employees enrolled in certification programmes	16	18	> 5 every year
Number of employees who benefited from functional mobility opportunities	49	55	-
Proportion that received mobility-related training	95.9%	65.5%	100% every year
Proportion of employees who have received training	82.5%	77.2%	> 70% every year
Average number of hours training per employee	21.4	19.5	> 14 each year
Total number of hours training	13,771	12,497	12,500 every year
Participation rate in the commitment survey	58%	74%	> 50% every year
% of employees who declared that their work is meaningful for them	78%	71%	> 70% every two years
% of administrative employees eligible for teleworking or "nomadism"-type arrangements	88%	84%	-
% of eligible administrative employees who have opted for flexible working arrangements (teleworking or "nomadism")	92%	86%	-
Gender equality index	95/100	95/100	> 90 every year
Average gender pay gap	3%	2%	-
Executive Committee members - average F/M fixed salary (permanent contracts)	94%	92%	-
Managers excluding Executive Committee members - average F/M fixed salary (permanent contracts)	88%	96%	-
Non-managers - Average F/M fixed salary (permanent contracts)	101.5%	101.5%	-
% of employees who received a salary increase after returning from maternity leave	100%	100%	-
Number of women among the ten highest-paid employees	4	4	≥ 4 each year
% of women on permanent contracts among:			
> management grade employees	55%	53%	-
> Executive Committee members	43%	41%	-
> managers	57%	55%	-
Number of trainee caretakers	3	3	-
Number of work-study trainees	25	28	-
Number of career evaluations performed every six years	100%	0% ⁽¹⁾	100% every year
% of employees covered by collective bargaining agreements	100%	100%	100% every year
Number of collective bargaining agreements	2	4	-
Number of collective bargaining agreements in force	15	17	-
Turnover rate ⁽²⁾	13%	12%	< 10% every year
Number of paternity leaves	13	24	-
Number of maternity leaves	16	15	-
Number of parental leaves	1	5	-
% employees with a disability	5.4%	5%	6% each year
Average full-time equivalent number of employees with a disability	23.8	26.5	-
Correspondents trained to deal with sexual harassment and sexist behaviour	2	2	-

(1) The number of employees concerned is very low: 17 in 2022, or 2% of the workforce

(2) Defined as the separation rate for employees on indefinite-term employment contracts (excluding death, retirement and end of probationary period)

3.5 Reducing our environmental footprint

3.5.1 Contribution to Sustainable Development Goals (SDGs)



Investments in sustainable and energy-efficient buildings in supply-constrained areas



Optimising energy performance of the housing stock and contributing to tenant comfort and well-being



Commitments to reduce greenhouse gas emissions to combat climate change

3.5.2 Our challenges and policies

The energy efficiency of housing represents a strategic national environmental challenge, as housing is one of the main emitters of greenhouse gases in France. For in'li, an environmentally efficient intermediate housing offering must factor in the increasingly high expectations of residents – who are more and more sensitive to environmental issues – and of investors and the government as well.

Environmental goals therefore form one of the pillars of in'li's CSR policy at the heart of the Company's – and Action Logement Group's – strategic plan. They are one of the key points on the roadmap communicated by Action Logement Immobilier, our shareholder, to all of its real estate companies, including in'li.

This overriding goal – supported at in'li Management Board level – is underpinned by the objectives presented below, which reflect in'li's analysis of the potential physical and transition risks related to climate change, as well as the adoption of a proactive environmental strategy that anticipates future regulations. It is underpinned by two main pillars:

- ▶ An ambitious policy of retrofitting existing properties, involving the eradicating of very poorly insulated housing and generating beneficial environmental and social impacts by reducing tenant energy bills.
- ▶ A policy of increasing the supply of intermediate housing based solely on new energy-efficient housing.

By deploying these two pillars, in'li aims to make its properties carbon neutral by 2050 and to reduce its energy consumption by over 60%, in accordance with the Paris Climate Agreement and the French National Low Carbon Strategy (SNBC).

Indeed, in'li is committed to going beyond existing regulations: for a number of years now, our development policy requires that most of our new builds exceed French RT 2012 energy performance targets by between 10% and 20%, and certain operations anticipate the limits set out in RE2020 regulations, in line with the goals of Action Logement Group. Certain operations are already being developed in line with the 2025 threshold of French Environmental Regulation 2020 and there is also a Positive Energy building in the pipeline. For existing properties, our energy retrofit plan will make it possible to eliminate all housing with the F or G energy label from the portfolio by end-2023, and all housing with the E energy label by the end of 2030, i.e. four years before the mandatory regulatory deadline of end-2034.

At the same time, In'li is managing the carbon footprint of its activities in a much stricter way and setting targets for cutting energy consumption and greenhouse gas emissions linked to its property portfolio that go beyond those set by Action Logement Immobilier:

- ▶ The objective is now to reduce primary energy consumption in the housing units we operate to below 95kWh/sq.m. per year by 2030, and greenhouse gas emissions to less than 15 kg eq CO₂/sq.m.
- ▶ In'li is aiming for carbon neutrality of its property portfolio by 2050 and primary energy consumption of less than 55 kWh per sq.m. per year.

At the same time, a growing proportion of the housing being developed by in'li will be earmarked for investors who are both committed and demanding in terms of building energy performance.

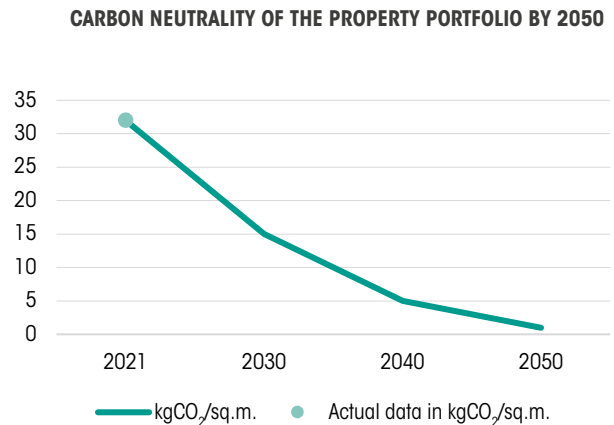
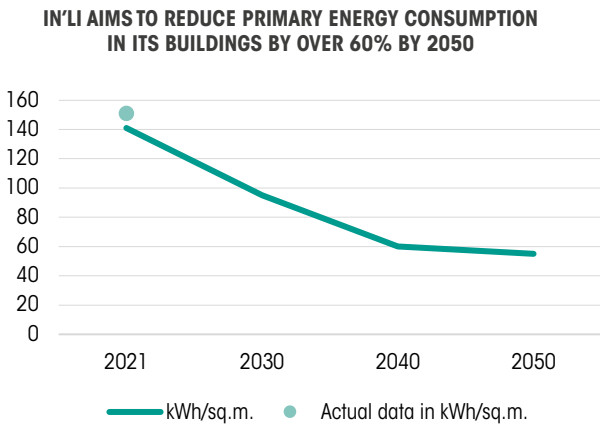
Aside from the challenges for in'li itself, cutting energy consumption has a direct impact on residents, both in terms of thermal comfort and affordable heating costs. Improving energy performance actually helps provide a higher quality service to our tenants as well as boosting their purchasing power.

3.5.3 Our actions

3.5.3.1 IN'LI'S ENVIRONMENTAL STRATEGY

An ambitious project to update in'li's Environmental Strategy was launched in 2021 and continued into 2022. With the help of a specialised outside research office, in'li was able to map its property portfolio, optimise the environmental profile of buildings and improve the collection of environmental data for its properties (energy consumption, greenhouse gas emissions and water consumption) among other key actions.

In particular, this work has enabled us to refine our long-term ambitions in terms of energy performance and GHG emissions, and to make the following commitments:



These commitments cover energy performance and average CO₂ emissions from in'li properties (scopes 1 and 2). The methodology used to plot this trajectory is presented in Appendix 1.

Every year, in'li will compare the trajectory laid down against the actual energy consumption and carbon emissions of its properties, via quarterly monitoring of properties and an annual assessment of energy consumption and energy gains from the work carried out. Annual consolidation of consumption data for the portfolio as a whole will be overseen by an external research office selected by in'li, specialised in the energy transition in the real estate sector.

The 2021 Non-Financial Performance Statement (NFPS) set the following targets for 2022:

- ▶ Average consumption for the portfolio of 141 kWh per sq.m. of living area
- ▶ Average greenhouse gas emissions of 32 kgCO₂/per sq.m. of living area

Following the collection and analysis of actual consumption data, the following results were obtained:

- ▶ Average consumption for the portfolio of 151.5 kWh per sq.m. of living area
- ▶ Average greenhouse gas emissions of 31.7 kgCO₂/per sq.m. of living area

The variance between the trajectory and actual consumption data can be explained by several factors:

- ▶ The actual pace of asset disposals / acquisitions was not that expected and reported in the 2021 NFPS:
 - > The portfolio increased by 1,334 units.
 - > 251 units were not sold and 101 units were not acquired, which prevented an overall improvement in the performance of the property portfolio (as the old portfolio was less efficient than the new one)
- ▶ Electricity consumption increased on average by 33% between 2020 and 2021. This was due to:
 - > A milder year in 2020 than 2021, resulting in an increase in consumption
 - > The type of electrical equipment, which is less efficient in more extreme temperatures (than other technologies)

In 2022, in'li continued to deploy its environmental strategy

3.5.3.2 MANAGING THE CARBON FOOTPRINT AND CUTTING GREENHOUSE GAS EMISSIONS

To manage the environmental performance of its housing more effectively, in'li undertook a comprehensive diagnostic review of its properties in 2021 to update the energy performance assessment of its portfolio.

In 2022, this process was used to renew almost 240 environmental performance assessments and should enable in'li to build an accurate map of the energy performance of its portfolio in the first quarter of 2023. To date, 612 properties (37,400 units) have been assessed out of a total of 896 properties corresponding to 40,216 units. Within this reporting scope, in'li has improved the knowledge of this data from 70% in 2021 to 93% in 2022.

An ambitious renovation programme

In'li earmarks a substantial annual budget of around €70 million for retrofits and renovation, including €38 million to improve the energy performance of its properties. To stay on the path to carbon neutrality that in'li has committed to as part of its environmental strategy, at least 1,000 dwellings will have to be renovated each year.

In 2022, 1,908 housing units underwent major renovation works – including 1,537 units with enhanced energy performance – combining façade rendering and External Thermal Insulation with the replacement of external joinery. This insulation work has a major positive impact on energy consumption in buildings, and it is our main lever for reducing emissions. In 2022, it drove an improvement of more than 30% in the energy performance of the 454 units of housing concerned.

To programme these retrofits, in'li uses Energy Saving Certificates, which allow it to benefit from public authority subsidies for energy retrofits through multi-annual partnerships with specialist service providers. This reduces the cost of the work that it carries out, particularly in pipe lagging

based around the following main actions, which are detailed in this section:

- ▶ Continuation of the energy performance assessment of the property portfolio,
- ▶ Eradication of F and G labels in 2023 (start of work) and programming of all properties with an E label,
- ▶ Building the pathway to get close to carbon neutrality by 2040 and to reach it by 2050
- ▶ Continuation of the energy retrofit programme for housing, with the aim of renovating 1,500 units of housing every year, including 1,000 units for which improving energy performance is a priority.
- ▶ Deployment of energy saving solutions,
- ▶ Continuation of studies to move away from gas to carbon-light solutions.

To do this, in'li uses the Oxand Simeo application, a predictive asset management solution that assesses the state of the portfolio and its energy performance. The Company eventually plans to deploy Citron energy data consolidation software to report the properties' actual consumption data and to visualise the related emissions in real time.

In 2022, in'li continued to invest in improving the environmental performance of its properties with two main focuses: performing renovation and insulation work, and transitioning to less carbon-intensive energy sources.

and low floor insulation for which the works programme continued through the end of the first-half of 2022. This generated annual savings totalling €1 million, including VAT.

The renovation programme takes place over several years and targets properties identified based on the results of their energy performance assessments. Energy retrofits are subject to diagnostic analyses highlighting the expected energy efficiency gains from the operation. We estimate that 70% of operations over the next four years will help boost the energy performance of properties.

In 2022, the work carried out generated savings of 1,699 equivalent tons of CO₂/year. The vast majority of major renovation operations have made it possible to obtain a B energy label. Therefore, for these large-scale operations, in'li has exceeded Action Logement's initial objective of obtaining C labels for its entire housing stock.

Moreover, in'li announced the launch of a new innovative operation in 2022: a 96 housing-unit building that will achieve carbon neutrality 30 years ahead of the deadline set out in European regulations. It will be the first positive energy retrofit in Europe, meaning an energy bill of zero for most of its tenants. The project, which is currently in the design phase, will use high performance materials and new energy production solutions, such as digital boilers, computerised radiators and the installation of wind turbines and photovoltaic panels on the roof.

Developing carbon-light sources of energy

In'li's efforts to cut its carbon footprint also focus on the sources of the energy used to heat its buildings.

In'li's goal is to transition to the least carbon-intensive energy sources and to eventually stop using natural gas in its properties. This decision was taken by the in'li Management Board in 2022 for environmental, economic and safety reasons.

To achieve these objectives, in'li has mapped all of the residences and properties that use collective gas heating systems as well as their actual consumption in order to identify the largest consumers and target actions accordingly.

With a view to using less carbon-intensive energy sources, and in light of events in 2022, in'li updated its studies of urban heating networks this year. Two new residences were connected to district heating systems in 2022 and three more operations are underway. In'li has identified 10 properties close to urban heating networks to which they will gradually be connected over the coming years. In 2022, in'li had replaced a total of 10% of its natural gas consumption with green gas. The company also plans, where possible, to move towards self-supply of properties, especially in terms of heating.

When renewing its energy contracts, in'li negotiates advantageous conditions for its tenants, especially through dynamic and more environmentally-friendly purchasing strategies. For example, it is setting up remote management platforms for all of its energy contracts to enable operators to control and regulate equipment while reducing travel requirements. In'li also strives to improve the contracts it offers to tenants by adding services at no extra cost to them.

Since early 2022, we have given priority to operations that use less carbon-intensive sources of energy in new builds. Consequently, the number of investments in operations that will be powered by local heating networks, using low-carbon energy sources, has increased from 27% to 29% of the number of housing units undertaken between 2021 and 2022. Investments in gas-powered operations were eradicated in late autumn 2022.

For project ownership / prime contractorship operations, certain operations are already aligned with the 2025 threshold of French Environmental Regulation 2020, which is focused primarily on less carbon-intensive sources of energy.

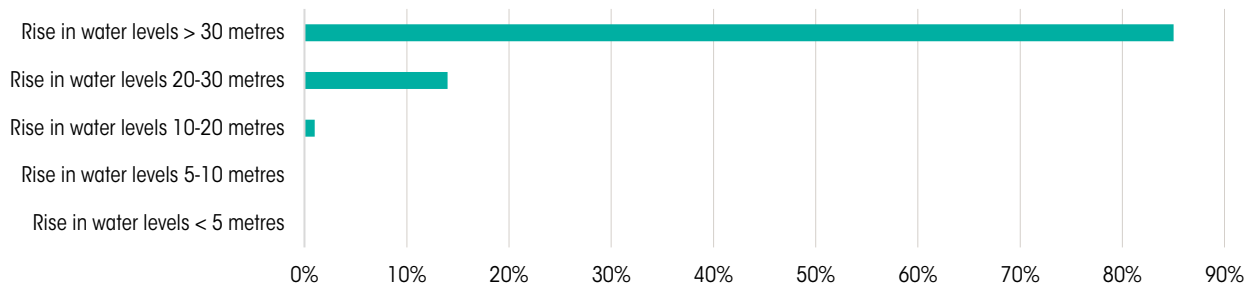
3.5.3.3 EXPOSURE TO CLIMATE CHANGE RISKS

In 2021, in'li commissioned a research office to map its property portfolio, highlighting exposure to climate change risks. Two physical risks were analysed:

- ▶ Risk of rising water levels
- ▶ Risk of heat waves

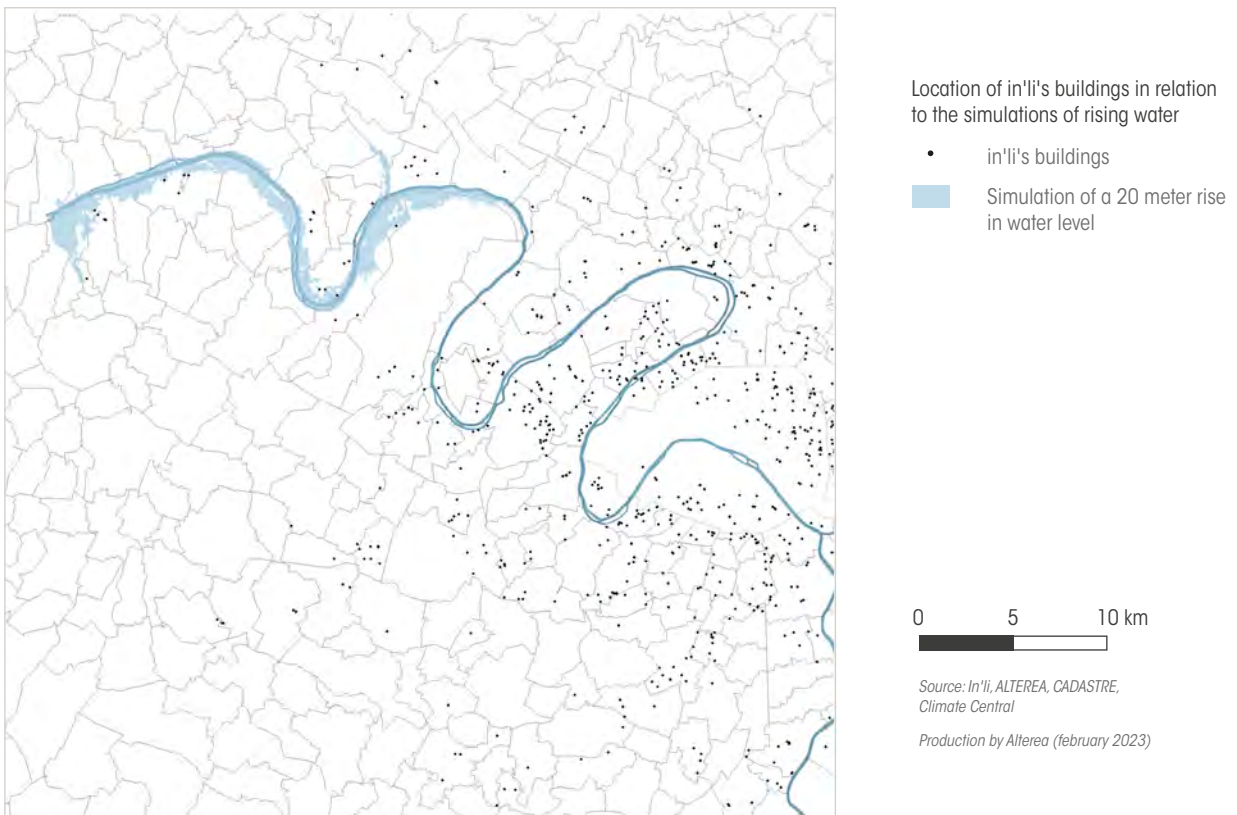
Mapping indicates that the exposure of in'li properties to the risk of rising water levels is very low. As the following graph shows, if the rise in water levels remains below 10 metres, none of the properties owned by in'li at 31 December 2022 are exposed to this risk. In the event of a rise in water levels of between 10 and 20 metres, only 1% of in'li's assets would be affected. But none of the scenarios currently envisaged by the Intergovernmental Panel on Climate Change (IPCC) predicts a rise in water levels of more than 1 metre, and this scenario corresponds to a median probability of global warming of 4°C by 2100 (the most pessimistic RCP 8.5 scenario). Consequently, even the most pessimistic scenarios currently envisaged by the IPCC do not require adaptation to the risk of rising water levels.

PORTION OF HOUSING AFFECTED BY RISING WATER LEVELS



Number of dwellings affected by rising water levels

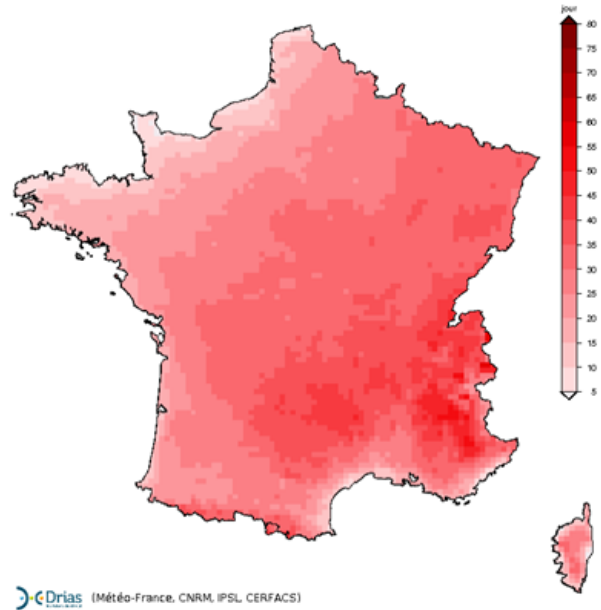
SIMULATION OF A RISE IN WATER LEVELS ACROSS IN'LI'S PROPERTY PORTFOLIO



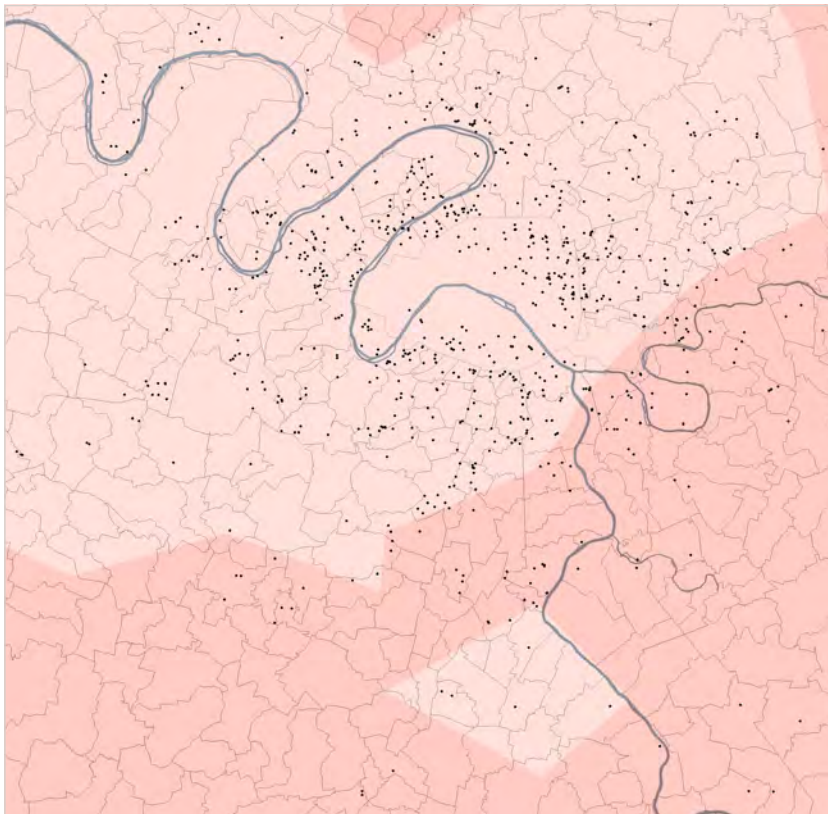
HEATWAVES IN FRANCE

Global warming has also driven in'li to consider the risk of heatwaves to which its properties could be exposed. The following maps present the heatwaves expected to occur between 2041 and 2070, corresponding to the IPCC's intermediate scenario (i.e., RCP 4.5 scenario), which simulates a median temperature rise of 2.1°C⁽¹⁾ in 2100.

(1) Source: "Les nouvelles projections climatiques de référence DRIAS 2020 pour la Métropole"



Focus on the Paris Region:



LOCATION OF IN'LI'S BUILDINGS IN RELATION TO PROJECTED HEAT WAVES IN THE MEDIUM TERM

- in'li's buildings

Number of heat wave days (maximum temperature more than 5°C above normal for at least 5 consecutive days)

- between 20 and 24 days
- between 25 and 29 days

0 5 10 km

Source: In'li, ALTEREA, CADASTRE, Climate Central

Production by Alterea (february 2023)



Under this scenario, between 2041 and 2070, most of in'li's properties would be exposed to 20 – 24 days of heatwaves each year as defined in the legend above, i.e., a relatively short period. Indeed, as shown on the map below which simulates this same scenario for the whole of France, the Paris region is much less exposed to heatwaves than most other regions of the country.

The insulation work that in'li is currently carrying out on its properties enhances the comfort of tenants during heatwaves. In'li will continue to monitor this risk and take all necessary measures to ensure the comfort and health of its tenants should this scenario be borne out over the coming years.

3.5.3.4 SUSTAINABLE PRODUCTS AND SERVICES

In'li's Environmental Strategy is also intended to cover the environmental footprint of our properties and projects. We aim to use this approach to boost our investments in new energy-efficient buildings so that they constitute an ever-increasing share of our portfolio.

Sustainability is already one of the key design focuses for new in'li buildings in terms of energy and materials performance and management of resources.

For several years now, In'li has been deploying a policy based around technical outperformance in new building programmes. Calls for tender must exceed French RT 2012 energy performance targets by between 10% and 20% pending new RT 2020 guidelines and over half of all new programmes undertaken in 2022 are certified NF Habitat or NF Habitat HQE or labelled BEE+.

In the different phases of building work, in'li constantly strives to cut its carbon footprint by getting suppliers to consider reusing materials and extending their useful life.

Initiative: the "Cycle Terre" project

The Grand Paris Express programme generates some 400 million tonnes of excavated material, making this a major economic challenge in its own right. In 2019, in'li signed an agreement as part of the Cycle Terre initiative sponsored by the town of Sevran and the Grand Paris Aménagement programme, to use natural and unpolluted earth excavated from Grand Paris construction sites in new programmes where In'li is the project owner. "Cycle Terre" is about transforming excavated earth into natural, wholesome construction materials and limiting the ecological impact and footprint of this major regional project, while also freeing up building materials as resources become increasingly scarce.

One-third of the world's population lives in mud constructions and the qualities of this material are well-renowned: it provides excellent thermal inertia and humidity control, it is a healthy, non-polluting, biodegradable and recyclable product with a carbon footprint that is close to zero. However, this material is barely used by French and European building professionals. In'li wanted to experiment with this process on a smaller scale on a project located in Alfortville which was delivered in autumn 2022.

In the Alfortville project, raw earth was used in the walls of the common areas and the community centre. Due to the need to obtain an ATEX technical experimentation assessment in order to use a technique not described in Unified Technical Documents, this material could not be used for partition walls. In'li plans to obtain an ATEX assessment for the operation described below in Paris.

In 2022 it continued the experiment within the scope of a building permit obtained for a project in the 12th arrondissement of Paris. The operation comprises a 100% solid stone façade as well as mud-based materials as part of future programmes, and more specifically:

- ▶ Inner lining of housing façades made from extruded earth panels;
- ▶ Partitions between bedrooms and living rooms made from extruded clay panels + earth rendering;
- ▶ Common areas made from earth rendering.

Initiative: a first positive energy building in Gentilly

In 2022, in'li initiated studies on the rue Raspail project in Gentilly to build a BEPOS-labelled positive energy building. It will produce more energy than it consumes. Reducing a building's energy footprint requires bioclimatic architecture and the installation of efficient thermal and electrical equipment. The building permit for this project will be submitted in the first-quarter of 2023.

111, avenue Raspail, Gentilly (94) - 40 logements
Architecte Cabinet ITAR



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Lastly, in'li's focus on developing new builds in eco-neighbourhoods is directly in line with its sustainable development objectives. Indeed, these neighbourhoods offer major development opportunities with rigorous environmental performance criteria (i.e., close to public transport, recycling of waste, "green-building" techniques, etc.) and ensure both social and functional diversity through the presence of housing, shops and public amenities.

In 2022, in'li committed to 40 housing units in Chelles in the Gendarme Castermant ZAC (mixed development zones), part of the Lattre de Tassigny eco-neighbourhood right in the heart of the Paris-Saclay tech cluster. This eco-neighbourhood will comprise 40% higher education and research building programmes, 23% business activities, 31% student and family accommodation, and 6% shops and services.

Moreover, as part of its off-plan acquisition programme, in'li committed to 223 units of housing in seven eco-neighbourhoods in 2022 and this type of operation now accounts for 7% of its total housing commitments.

3.5.3.5 INITIATIVES TO INCLUDE TENANTS AND RAISE THEIR AWARENESS OF OUR ENVIRONMENTAL APPROACH

The actions deployed by in'li to reduce the environmental impact of our programmes and properties cannot achieve conclusive results without tenant buy-in to the process. Consequently, in'li is implementing a number of initiatives covering, for example, the renovation of housing in liaison with tenants to improve their energy performance, and a number of awareness-raising actions.

Reducing energy consumption

Since 2021, in'li has been deploying solutions at certain properties to ensure more efficient management of our facilities, improve their performance and reduce energy consumption for in'li and its tenants. Following pilot testing and analysis of data and results, in'li has decided to deploy these solutions on a permanent basis at its residences. Each one represents an energy saving solution and they include the following:

- ▶ **Elax**, a connected thermostat that can be installed on electric water heaters to reduce their consumption by an average of 20% – and tenants' energy bills by €108/year;
- ▶ **Tikko**, a remotely controlled technology for electric radiators that allows tenants to reduce their consumption by at least 15%;
- ▶ **Kocliko**, a customised "sensor + software" solution for allocating heating costs and optimising energy performance, which will be installed in 2023 and will generate gains of between 10% and 35%, depending on the equipment performance;
- ▶ **Homey's**, a solution for analysing electricity contracts in common areas.

These solutions make it possible to regulate consumption more effectively in terms of operation and maintenance, and for tenants to manage their own heating consumption more effectively, which in turn means extra purchasing power for them.

The first experiments and feedback took place in 2022. The roll-out programme for these solutions will be drawn up in the first quarter of 2023 for the first series of deployments, scheduled for the second quarter of 2023.

The modifications to technical specifications will be made in the first quarter of 2023 to enable deployment of these innovative solutions when new operations are delivered.

Environmental projects within residences

In 2022, in'li introduced a number of initiatives into its residences to promote sustainable development. For example, after deployment at two properties, in'li decided to systematically integrate the Vertuo solution into neighbourhood enhancement work. These are urban plant modules that eliminate the need for watering by capturing and storing rainwater, thus saving water resources and reducing the cost of green spaces for tenants. In addition, in'li has tested container shelters made of recycled plastic in partnership with a start-up incubated at its Lab.

Lastly, when analysing service offers for the upkeep of its residences, in'li factors in environmental criteria such as type of vehicle fleet or use of environmentally friendly products for maintenance of green spaces.

3.5.3.6 GREENING OUR FUNDING

In'li has been engaged in a process of greening its financing since 2019. It began with the signing of a loan with the European Investment Bank (EIB) that is 100% dedicated to the financing of energy efficient property: minimum RT 2012-10% energy performance targets, or RE 2020 guidelines once they come into force. Moreover, all housing financed by the EIB comprises intermediate housing in supply-constrained areas (zones A and A bis) near public transport.

More recently, in 2022, in'li signed €400 million worth of bank financing indexed to the Company's CSR performance. The main social and environmental performance criteria are:

- ▶ Production of affordable new housing in supply-constrained areas (i.e., zones A and A bis)
- ▶ Energy retrofits on existing properties
- ▶ Improving the overall carbon footprint and energy performance of property owned by in'li
- ▶ A gain in purchasing power for tenants

These different financing arrangements are fully in line with the strong commitments of in'li and Action Logement Group to the energy and environmental transition in the housing sector and the production of new affordable housing in supply-constrained areas for young and middle-class working people.

3.5.4 Indicators

The indicators that appear in bold are priority indicators for in'li. They are also presented in the summary table of key indicators (see section 3.1.2.3.).

PERFORMANCE INDICATORS	2021 results	2022 results	Objective
Average estimated consumption of primary energy (kWh/sq.m.) ⁽¹⁾	140.6	151.5 ⁽²⁾	2030: < 95 2040: < 60 2050: < 55
Emissions estimated in ave equiv kilos of CO2 emissions (kg CO2eq/sq.m.) ⁽¹⁾	32.3	31.7	2030: < 15 kg 2040: < 5 kg 2050: carbon neutrality
Eradication of very poorly insulated housing: number of units of housing identified with an F or G energy label	F energy label: 628 units	F energy label: 526 units	Eradication of F and G labels in 2023 (work service orders signed)
	G energy label: 221 units	G energy label: 155 units	No units with an E energy label in 2030 ⁽³⁾
% number of units that contribute substantially to climate change mitigation ⁽⁴⁾	22%	35.3%	-
Number of households that benefited from improved energy efficiency	1,925	1,537	1,507 in 2022
Emissions avoided by work carried out in equivalent tons of CO2/year	1,069	1,699	399 equivalent tons of CO2 /year through 2026
Energy savings achieved in MWh thanks to energy retrofits – in MWh/year (EF)	4,286	4,288	1,356 MWh/year through 2026
Number of households that benefited from > 30% improvement in energy efficiency	1,068	454	750 units/year
% housing renovated with BBC R�novation label, aiming for at least energy label C	18%	37%	25% every year
Amount of investment dedicated to energy retrofits and achieving > 30% improvement in energy efficiency	�2.4 million	�4.5 million	-

(1) Scopes 1 and 2

(2) In 2022, In'li had actual and estimated consumption data for 74% of its properties (62% in 2021). Data gathering methods are explained in the methodological appendix.

(3) Work delivered or in the process of completion

(4) Within the meaning of the technical screening criterion, "substantial contribution to climate change mitigation" of EU Taxonomy presented in the methodological appendix

3.6 Guaranteeing ethical business practices and striving for ethical corporate governance

3.6.1 Our challenges and policies

Business ethics are a major concern shared both by our shareholder Action Logement Immobilier and by in'li itself. Conscious that we operate in an especially exposed sector, in'li strives for unwavering exemplarity in ethics, compliance (covering GDPR and the French Sapin II law that deals with transparency), and combating all types of fraud. We are committed to a process of continuous improvement in reinforcing control over our activities and the effectiveness of our internal control systems.

These commitments are supported at the highest levels of the Company, by our shareholder Action Logement Immobilier, as well as by the Supervisory Board, Management Board and the Executive Committee.

For in'li, ethics are an essential condition for running the business and its future development. In'li is fully aware that some of its activities, such as procurement, land acquisition and housing allocation, are particularly exposed to the risk of corruption. These activities are subject to reinforced processes, including training and awareness-raising initiatives, applications for detecting fraudulent practices, and controls aimed at identifying and rooting out any fraud.

The Management Board is strongly committed to deploying a strict ethical framework. All rules (charters, codes, procedures) are vetted by the Management Board and Audit Committee, submitted to the Executive Committee and then circulated to all employees.

3.6.2 Actions taken

3.6.2.1 BUSINESS ETHICS PROGRAMME AND PROMOTION OF AN ANTI-FRAUD CULTURE

Ethics-based governance and the adoption of a number of documents committing employees and/or directors in matters of ethics and the fight against fraud reflect the desire to root the Company's development in values of integrity. Convinced that compliance and combating fraud require strong action, in'li is committed to day-to-day initiatives to spread this culture via its directors, employees specialised in these subjects and the Company's managers more broadly. In order to do this, In'li has deployed tools and it carries out numerous communication and awareness-raising initiatives.

At Group level, Action Logement has set up an Ethics Committee which reports to the Action Logement Group Board of Directors. This Committee has drawn up a Group Ethics Charter structured around expected values and behaviour to guide employees in their day-to-day routines. It may be called upon by subsidiaries to deal with issues that cannot be decided at entity level.

In addition to the Group Ethics Charter, in'li has drafted several other charters, codes and procedures that frame the Company's compliance and ethics processes:

- ▶ The Code of Conduct, validated by staff representative bodies and appended to the internal regulations, sets out the different types of behaviour prohibited as being likely to constitute acts of corruption. It reflects management's firm commitment to a proactive approach to corruption prevention and detection. Disciplinary sanctions are explicitly provided for behaviour that fails to comply with the ethical requirements outlined in the code.

- ▶ The stock market ethics charter, which is also appended to the internal regulations, sets out the obligations regarding the possession and communication of inside information and the risk of insider trading.
- ▶ Two procedures – one relating to rules on gifts and invitations and the other to conflicts of interest – were also drafted in 2019 to address these issues. Furthermore, online forms for declaring gifts or conflicts of interest were drawn up in 2021 and circulated so that each employee can declare any gifts received or possible conflicts of interest and thus become an active player in the transparency process.

To combat external fraud, a digital tool was developed and rolled out in 2021 to help the marketing department structure the approach to identifying fraudulent documents included in applications. In 2022, this cross-functional tool, which may be used by the Marketing Department and the Audit, Internal Control, Anti-Fraud and Cybersecurity department, became an integral part of the process for identifying and monitoring fraud in the housing allocation process. It ensures file traceability and provides the starting point for taking action against fraudster applicants.

In'li also encourages all stakeholders to flag up any unethical behaviour and has set up an internal whistleblowing process at several different levels:

The first, at Action Logement Group level, is based on a platform for collecting this type of information known as "WhistleB": <https://report.whistleb.com/fr/groupeactionlogement>. This channel places an intermediary between in'li and the whistleblower. Alerts are received by Action Logement's Risk Audit and Internal Control department and may be handled directly by our shareholder or by in'li, depending on the issue.

At in'li level, there are three possible channels: direct line manager level or a higher level if necessary; the Audit, Internal Control, Anti-Fraud and Cybersecurity department; or the Customer Service department for tenants. In the first-half of 2023, an application will be rolled out to facilitate alerts sent to in'li, enhance traceability and guarantee anonymity.

In 2021, the Audit, Internal Control, Anti-Fraud and Cybersecurity department received more than ten alerts, both from inside and outside the Company, on a variety of matters, including corruption, breaches of public procurement regulations, conflict of interest situations, housing allocation fraud, and payment fraud, etc. Their severity was limited in view of the sums of money involved. All were investigated and resulted in criminal prosecution or sanctions applied by the Human Resources Department. It should be noted that the number of alerts and cases of proven fraud are a reflection of in'li's eagerness to identify them and the human and material resources deployed to this end.

All alerts are handled speedily and confidentially, regardless of the language in which the alert is made. The in'li and Action Logement Immobilier employees who deal with questions of ethics undertake to respect confidentiality and protect personal data.

All whistleblowers have the right to remain anonymous, however, in'li does encourage people to identify themselves to facilitate the analysis of the situation and the conduct of investigations. Employees who report possible breaches in good faith may under no circumstances be penalised, even if the facts turn out to be inaccurate or do not lead to any subsequent investigation.

3.6.2.2 COMBATING FRAUD AND CORRUPTION

Combating fraud and the French Sapin II Law

In'li combats fraud in the broadest sense of the term, understood as intentionally deceiving a person or legal entity to obtain an illegitimate benefit, or circumventing legal obligations or organisational rules.

The fraud prevention process complies with the French "Sapin II Law" of 9 December 2016 and deals with all categories of fraud and not just corruption. In'li is committed to developing a prevention system structured around the 3 pillars contained in the latest recommendations of the French Anti-Corruption Agency (AFA):

1. A strong commitment by Management, reflected in particular in the creation of a department dedicated to combating fraud and the recruitment in 2021 of two experienced employees dedicated to the fight against fraud and corruption. This department's brief extends well beyond mere compliance with regulations and in 2022 it included developing the Company's anti-fraud strategy and implementing it operationally via a structured fraud prevention, detection and processing system.

When an employee questions the ethics of a situation, they are encouraged to structure their declaration around a number of questions designed to separate ethically responsible acts and, in the event of any doubts, consult their line manager or the Audit, Internal Control, Anti-Fraud and Cybersecurity department.

In'li has opted to integrate the key elements of business ethics documentation into a "Compliance Pathway" deployed in 2020, whose objective is to provide a concrete reminder of the rules of compliance throughout the Company. The "Pathway" formally documents a series of rules, values and benchmarks that all employees must understand, with a view to ensuring continuous and maximum vigilance at every level of the organisation. It includes an e-learning module or face-to-face training in awareness of ethics and the fight against corruption. All new hires must complete this training within a few months.

When launching this "Compliance Pathway", in'li aimed to have all employees (including trainees and people on work-study programmes) and directors complete the Pathway by the end of 2021. By 31 December 2021, 80% of employees had completed the Pathway and a new campaign was organised in 2022. Consequently, an additional 221 new employees had completed the Pathway on arrival as of December 2022, taking the percentage of Compliance-certified in'li employees to 88%.

Pursuant to French laws and regulations in force, In'li also refrains from supporting political parties or making financial contributions to them. The Company's financial statements attest that no payments were made to any political party. In'li also prohibits all employees from engaging in politics in the name of the Company. In'li's ethics preclude it from having recourse to lobbying companies.

Lastly, in'li reiterates that under French law and regulations, facilitation payments consisting of direct or indirect undue remuneration to a public official in exchange for the completion of administrative formalities which should be obtained through normal legal channels, are strictly prohibited.

2. An in-depth understanding of the risks of corruption, reflected in a corruption risk map updated on an as-needed basis and comprehensively reviewed every three years in line with a precise methodological approach: risk identification, evaluation ranking and action plans. The update performed in 2021 confirmed previously identified risks and highlighted a couple of risks that had not been identified as serious in the previous version. The nine most serious corruption risks are listed in the table below:

- > Risk not identified in the 2018 mapping process
- > Risk involving scenarios not identified in the 2018 mapping process

RISKS

1	Bribery of an employee during the housing allocation process
2	Bribery by a tenant outside of the housing allocation process (unpaid rents, revision of rent, moving in/out, etc.)
3	Subletting of parking spaces
4	Collusion over selling price – split sales
5	Collusion over selling price – block sales
6	Bribery of an employee by a supplier
7	Conflict of interest, or passive bribery of a developer
8	Collusion between a referral agent and an in'li employee
9	Bribery involving an elected official to obtain an administrative favour

- 1 Risk not identified in the 2018 mapping process
- 2 Risk involving scenarios not identified in the 2018 mapping process

3. Management of these risks via the deployment of measures and procedures adapted to the risks they seek to control. Pursuant to the requirements of the Sapin II Law, the process is structured around three components: prevention, awareness and detection-remediation:

- > The Code of conduct sets out the applicable rules and behaviour to be prohibited or encouraged, as mentioned previously.
- > Raising awareness and training employees: since 2020, all of the Company's employees and directors must complete an e-learning "Compliance Pathway" comprising several different modules focused mostly on ethics. Awareness training in fraud and corruption risks is organised on a regular basis by the audit teams. In 2022, all of the marketing teams received training in how to detect fake documents and awareness training in the most common types of fraud.
- > Structuring internal control by formally documenting operational risks and resources allocated to controlling each operational process, identifying key controls and building control plans for each process. The system is constantly evolving; in particular, any shortcomings identified during investigations or audits performed by the Audit, Internal Control, Anti-Fraud and Cybersecurity

department result in an action plan that includes measures to enhance risk coverage.

- > Periodic accounting controls using a data analysis application that generates key controls performed on the computerized accounting entries file (FEC). This file is subsequently audited by the statutory auditors and the French tax authorities. Automated analysis of this file highlights atypical accounting entries that may indicate fraud or corruption.
- > In 2021, in'li created a structured third-party vetting system to identify risky third parties and assess the related level of risk. Depending on the results, more or less extensive due diligence work is then carried out. All third parties (i.e., stakeholders with whom in'li has business relations) should be vetted on a regular basis throughout the term of the contract linking them with in'li. The system was tested during 2022 and deployment began in early 2023. It will be rolled out division by division and the third-party evaluation system may be subject to changes based on feedback received.

Investigations

Regular checks and analyses are performed to detect fraud, and any suspicions trigger investigations designed to highlight potential fraudulent acts. In 2022, the anti-fraud division carried out investigations in numerous areas such as acts of corruption, fraud in housing applications, billing of fictitious services and conflicts of interest with suppliers.

Each investigation gives rise to a detailed report that can be produced in court, specifying the facts observed, the modus operandi, the people involved and the financial implications. Each file includes evidence substantiating the allegations.

The investigations subsequently consist of an analysis of the control failures that prevented the fraud from being detected or mitigated, and give rise to remediation actions designed to strengthen controls over processes. Strict sanctions are applied to perpetrators or their accomplices. In 2022, investigations focused on four employees who were subject to disciplinary measures.

Specific actions to combat fraud in the housing allocation process

Fraud within the housing allocation process is a major risk. In 2022, over 1,000 applications were identified as fraudulent and removed from the allocation process.

A digital tool was developed and rolled out in 2021 to help the marketing department identify fraudulent documents used in housing applications. It also promotes a cross-cutting approach with the Audit, Internal Control, Anti-Fraud and Cybersecurity department, which is notified via the app once a fraudulent application is detected. These reports enable the anti-fraud division to perform investigations to identify links between fraudulent application files

and uncover the networks involved. In 2022, the app made it possible to highlight the fact that nearly three quarters of fraudulent applications were linked to a network. The Audit, Internal Control, Anti-Fraud and Cybersecurity department also performs checks to detect fraud that may not have been spotted at the application stage and resulted in a lease being signed.

Actions to prevent conflicts of interest

A conflict of interest situation arises when the independent, impartial and objective exercise of a person's duties is likely to be compromised by an interest that is distinct from the interest the person in question is supposed to defend in the course of their duties. In 2022, a series of controls to identify undeclared conflicts of interest were introduced.

- ▶ They include: A recap of the definition of a conflict of interest and the existing procedure,
- ▶ An obligation for all employees in a potential conflict of interest situation to contact their line manager or the human resources department so that the situation is treated in a completely transparent manner,

3.6.2.3 BREACHES/LEAKS OF PERSONAL DATA

Protecting personal data is a transparent means of winning the trust of our prospects, customers and employees. Amidst the profusion of data flows and digital tools, personal data protection has become a major priority for in'li.

In 2019, in'li appointed a Data Protection Officer (DPO) to ensure that the Company is complying with the European Data Protection Regulation (GDPR). With the help of the DPO and the support of all employees, in'li is committed to:

- ▶ Fostering a culture of compliance among all employees, notably through regular communications, awareness-raising memoranda and training;
- ▶ Complying with the basic principles of personal data protection;
- ▶ Factoring personal data protection into projects from the outset;
- ▶ Informing those concerned of how their personal data is gathered and processed in a transparent manner;
- ▶ Responding as rapidly as possible – within a month at the latest – to any requests to exercise rights concerning personal data.

This desire to combat fraud is accompanied by a policy of firm actions and repressive sanctions. Any lease signed on the basis of fraudulent documents is subject to a termination procedure, initially on an amicable basis and then legally. In 2022, 17 such procedures were initiated. Complaints are also filed when the context and content of the applications justify this. In 2022, in the course of its control procedures, in'li filed four criminal complaints over fraud in the housing application process.

- ▶ A declaration of the situation on online forms,
- ▶ Systematic declarations when employees are hired.

To ensure the effectiveness of these actions, a series of controls to identify potential undeclared conflicts of interest have been introduced and 12 such situations have been identified.

Action Logement Immobilier has also initiated a groupwide approach aimed at boosting awareness and preventing conflicts of interest among directors, whereby all future directors must now act in a completely transparent manner by declaring their professional activities, mandates and investments.



Personal data protection and the related cross-cutting issues are supported proactively by the DPO through a number of committees and working groups that meet throughout the year:

- ▶ The Strategic Cybersecurity Committee
- ▶ The IS GDPR Committee
- ▶ The Customer Relations GDPR Committee
- ▶ The Rental Management GDPR Committee
- ▶ The Property Portfolio Technical Division GDPR Committee

These monthly or quarterly committee meetings enable these subjects to be addressed and appropriate actions to be deployed on an ongoing basis.

The Data Protection Officer promotes compliance based around seven projects set out in a roadmap validated in June 2019 by the Executive Committee and the Audit and Accounts Committee (see the following diagram). The roadmap is updated every year and progress is also tracked on an annual basis by the Management Board.

A number of awareness-raising initiatives were organised throughout the year, including:

- ▶ RGD Attitud' (GDPR Attitude): a quarterly newsletter sent out by the Management Board to all employees;
- ▶ Parcours Compliance (Compliance Pathway): an e-learning module that focuses on GDPR obligations and best practices. All in'li employees must complete the Pathway.
- ▶ GDPR and video surveillance / videoprotection: awareness-raising sessions were organised for property division sales personnel in March and April 2022.

3.6.2.4 CYBERSECURITY MEASURES

Because of In'li's rapid growth, the digitalisation of internal processes, the health crisis, and the increasing number of cyber-attacks at national level, a robust Information Systems security strategy needs to be deployed.

A Strategic Information Security Committee, comprising the Management Board, the IT department and the Audit, Internal Control, Anti-Fraud and Cybersecurity department meets twice a year to validate information security strategic focuses and monitor the action plans. A presentation on information risk management is also given to the Audit Committee each year.

In'li appointed a Chief Information Security Officer (CISO) in the first-half of 2022. The CISO will report to the Audit, Internal Control, Anti-Fraud and Cybersecurity department and work closely with the IT department. A roadmap has been drawn up, setting out the priorities for strengthening cybersecurity in 2023.

In addition, 221 employees received tailored GDPR awareness training from the Data Protection Officer in 2022. All employees have access to the relevant documents drafted by the Data Protection Officer (i.e., communications, texts and guidelines, procedures, policies, etc.), which may be consulted via the intranet.

One of the big personal data protection projects in 2022 consisted of the updating of the "Data Controller and Data Processor" register. This update was based on 49 interviews conducted by the DPO and was accompanied by the launch of a new GDPR compliance oversight platform known as "Data Legal Drive". This platform – launched by Action Logement Group – makes it possible to automatically record data processing registers, integrate impact analyses and process requests for access rights.

A policy of maintaining operational conditions has been circulated to employees to explain expectations concerning the Data Controller and Data Processor register.

To guarantee effective access rights management, in 2021, in'li deployed a new application dedicated to managing employees logging on and off, as well as granting and deleting IT authorisations associated with employees' functions. A comprehensive review of authorisations for the main Enterprise Resource Planning (ERP) tool, IKOS, was carried out in 2021 and 2022, to realign IT authorisations with business profiles and ensure effective segregation of tasks.

As regards training and awareness, the Information Systems Department regularly sends all employees cyber security reminders.

A campaign to raise awareness of cybersecurity risks and best practices was organised in 2022 for all employees who were encouraged to complete an online training course on cybersecurity risks. In'li plans to continue this training by regularly devising new modules for employees. Moreover, a phishing campaign conducted by in'li in 2022 provided some real-life practice.



3.6.2.5 MEASURES TO ANALYSE PUBLIC PROCUREMENT PROCEDURES

As a wholly-owned subsidiary of the Action Logement Group involved in the production of intermediate housing, In'li has a public service mission. As a company subject to private law, in'li must apply the French public procurement code to all procurement relating to its needs, and for all amounts. The scope of purchasing activity is vast and includes the Company's strategic real estate projects, both in the form of new builds or renovation projects.

A "Public Procurement" department was set up within the General Resources Department in 2019 to oversee the public procurement process throughout the Company. It comprises a department manager, a deputy department manager, five project managers and an assistant

and it supports and advises the different internal clients throughout the procurement process, from planning of requirements through to the review of the tender process:

1. Identifying public procurement projects for Year Y+1 in Year Y-1 in liaison with the prescriber departments;
2. Helping to prepare tender strategies;
3. Drafting the administrative documents for the call for tenders;
4. Securing public procurement procedures;
5. Supporting the tender process
6. Helping with legal monitoring of the execution of public contracts;
7. Measuring customer satisfaction at the end.

The department oversees the deployment of an efficient, effective and legally secure procurement process in line with the core principles of the French public procurement code, namely freedom of access to calls for tenders, transparency of procedures and equal treatment of candidates.

The number of calls for tender organised by the Procurement department has increased steadily over the past three years:

- ▶ **2020**: 141 calls for tender;
- ▶ **2021**: 282 calls for tender;
- ▶ **2022**: 353 calls for tender;

The amount of public contracts notified over the last three years has also grown steadily:

- ▶ **2020**: €64.9 million (net of VAT)
- ▶ **2021**: €97.7 million (net of VAT)
- ▶ **2022**: €199 million (net of VAT)

The volume of contracts that will be handled by the department in 2023 is estimated at 500.

3.6.3 Indicators

The indicators that appear in bold are priority indicators for in'li. They are also presented in the summary table of key indicators (see section 3.1.2.3.).

PERFORMANCE INDICATORS	2021 results	2022 results	Objective
Proportion of employees who completed the Compliance Pathway module	80%	88%	100% at end-2021
Proportion of employees who have received personal data protection training	100%	100%	100% at end-2021

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APPENDIX 1

Methodological note



The Non-Financial Performance Statement (NFPS) presents the most relevant non-financial information concerning in'li's activities, its major risks and the material issues identified by its stakeholders.



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PERIOD COVERED

The information disclosed in the Non-Financial Performance Statement covers the financial year, which runs from 1 January to 31 December.

SCOPE OF CONSOLIDATION

The data reported concerns in'li and the reporting scope is as follows:

- ▶ Social indicators: reporting covers all of in'li's workforce.
- ▶ Environmental indicators: reporting covers all housing owned by in'li unless otherwise stated in the Non-Financial Performance Statement or the following sections: It excludes the impacts of in'li's offices.
- ▶ Governance indicators: reporting covers all of in'li's workforce.

DATA GATHERING TECHNIQUES

The management indicators are produced and verified by the various departments concerned and the management control department based on data available in the information systems.

Environmental data is provided by the Property Portfolio Technical department and by the Job Transformation department.

Information on human resources is provided by the Human Resources department.

Governance information is compiled by the Audit and Risk Management department and by the Data Protection department.

General reporting for the Non-Financial Performance Statement is overseen by the Deputy CEO – Investments and Construction.

DATA CONTROL AND CONSOLIDATION PROCEDURES

The data presented in the NFPS is compiled by the various divisions involved in CSR strategy and these are detailed in the CSR Governance section. The different divisions liaise with their teams to collect, consolidate and control information concerning the indicators for which they are responsible.

SPECIFIC FEATURES OF INDIVIDUAL INDICATORS

Indicators related to the housing offering:

Indicators relating to the number of housing units in operation correspond to the number of family housing units and managed residences (coliving, student residences, sheltered accommodation, etc.) owned by in'li at 31 December.

The number of housing units undertaken during the year corresponds to the number of housing unit starts committed to by in'li's development teams, regardless of whether they subsequently remain in in'li's property portfolio or are transferred to property development companies in which in'li holds minority interests (i.e., APEC and Foncière Cronos).

The number of families housed corresponds to the number of families who moved into a housing unit during the year.

Service quality indicators:

Tenant satisfaction was measured based on a survey conducted by an external service provider on a representative sample of the portfolio and the population housed by in'li, comprising 2,000 tenants.

Social indicators:

Social indicators are tracked by the Job Transformation department and calculated based on the Company's total workforce.

The percentage of employees trained corresponds to the number of employees who have received training during the year, divided by the number of employees present in the workforce at 31 December. The employee turnover rate corresponds to the number of departures of permanent employees (excluding death, retirement and end of trial period) as a proportion of the permanent workforce at 31 December of the previous year.

The number of employees who have benefited from functional mobility (including those people trained as part of this mobility) corresponds to the number of employees who have benefited from career improvement initiatives (including those who have taken one or more training courses).

The professional gender equality index is calculated based on the overall score attributed in the gender equality index.

Environmental indicators:

The energy and environmental trajectory of in'li's property portfolio was based on scopes 1 and 2 and it was performed in two stages:

DIAGNOSTIC PHASE

This first phase consists of cross-checking property data (consolidated at 31/12/2022) with energy consumption data for 2021 (gas, district heating network and electricity). For this second year, in'li's target was to increase the completeness of data when compared to prior year.

Consumption data gathered for 2021 covered 50% of properties. To round out this data, the diagnostic phase continued with segmentation of actual data collected, based on:

- ▶ Type of heating: heating management, whether collective or individual heating, is the responsibility of either the user or the operator. Tenants with individual heating pay closer attention to their energy bills.
- ▶ Energy source: gas-fired systems or centralised district heating networks are managed by the operator. Electric systems (individual systems) may be controlled by each tenant. Electric heating systems generally have similar energy performance to gas or district heating systems (but to the detriment of comfort).
- ▶ Year of construction of property: the building method is related to the year of construction. Pre-war buildings are mostly built in brick, with elaborate façade cladding. Buildings dating from the 1970s are made of concrete and begin to incorporate insulation. Buildings built after 2012 comply with French RT 2012 energy performance targets and have a high building performance. Therefore, year of construction provides an indication of the building's energy performance.

- ▶ Assumptions concerning buildings built after 2012 have been refined thanks to the data collected and by factoring in the reinforcement of French RT 2012 energy performance objectives as of 1 January 2018, impacting post-2020 deliveries. These objectives impact the 2020-2022 property segment by reducing target consumption/emissions by over 10%.

POST-2012 SITE ASSUMPTIONS

2013 to 2015	120 kWh/sq.m.	29 kgCO2/sq.m.
2020 to 2022	100 kWh/sq.m.	24 kgCO2/sq.m.

This segmentation work increased data completeness to 74% of the property portfolio (29,718 units), i.e. a statistically reliable sample, making it possible to continue the analysis and establish the environmental trajectory of in'li's property portfolio.

BUILDING THE TRAJECTORY

In'li has built its trajectory in accordance with the National Low Carbon Strategy and Action Logement Group's objectives.

The trajectory factors in the following:

- ▶ For energy retrofits of existing properties: 750 housing units retrofitted per year through 2026, then 500 units a year through 2030, with an annual renovation budget that remains stable over time,
- ▶ For new buildings: reinforcement of French thermal and environmental standards with each passing decade until carbon neutrality is achieved in 2050.

IDENTIFICATION OF ENERGY PERFORMANCE ASSESSMENTS LABELS

The energy performance assessments database is based on new French energy performance requirements.

For sites with an old energy performance assessment (pre-July 2021), the following changes have been applied to the values of the assessments performed to estimate the energy label under the new regulation:

- ▶ Additional usages: old assessments are presented with three uses (Heating, Hot water, Cooling) whereas new assessments have five uses (add Lighting and Auxiliaries).
 - > According to its database, built up in the course of the numerous missions conducted in the sector, the external research office commissioned by in'li has added a fixed share of consumption linked to the two additional "Lighting and Auxiliaries" uses of up to 15 kWhpe/sq.m. on each assessment.
- ▶ Modification of the PE (primary energy) /FE (final energy) conversion coefficient: for electrical energy, the new regulations have lowered the PE/FE conversion coefficient from 2.58 to 2.3.

- ▶ Change in Energy carbon content: for all energies, carbon content (taken from the Ademe database) has evolved and been factored in to update estimated carbon emissions in kg eq CO₂/sq.m.
- ▶ Regulatory changes to the rule for assigning the property energy label: whereas the old regulation was based on two labels (one for energy, one for carbon), the new regulation is based on a single label: the most unfavourable value between the energy label and the carbon label will be used.
- ▶ Regulatory changes to label thresholds: it should be noted that energy and carbon label threshold values have changed between the two regulations.
- ▶ For example, under the new regulation, energy label C includes properties that consume between 110 kWhpe/sq.m. and 180 kWhpe/sq.m. for the energy portion, and emit between 11 kg eq CO₂/sq.m. and 30 kg eq CO₂/sq.m. for the carbon portion. Under the old regulation, energy label C included properties that consumed between 91 kWhpe/sq.m. and 150 kWhpe/sq.m. for the energy portion, and emitted between 11 kg eq CO₂/sq.m. and 20 kg eq CO₂/sq.m. for the carbon portion.

Energy performance assessments and energy consumption obtained in this way, as well as those obtained by direct readings taken at properties whose assessments have been renewed since 1 July 2021, have been used both:

- ▶ To identify the F and G labels in the portfolio, in 'li's objective being to eradicate these labels from the property portfolio,
- ▶ To qualify the contribution of properties built before 31 December 2020 for climate change mitigation within the meaning of European Taxonomy.

Compliance indicators

The target population for completing the Compliance Pathway corresponds to employees on indefinite-term employment contracts, employees on fixed-term contracts of more than three months and people on work-study programmes at 31 December. The proportion of employees who have completed the "Compliance Pathway" programme corresponds to the number of employees present – excluding those on fixed-term contracts of less than three months – who have obtained internal "Compliance" certification (on ethics, internal regulations, GDPR) divided by the number of employees present in the workforce at 31 December.

Indicators of Taxonomy eligibility and alignment

The carve-out of financial aggregates for numerators and denominators of ratios is explained in the section dealing with EU Taxonomy. The purpose of this methodological appendix is to provide details of how the primary energy consumption of each property has been analysed, for properties for which the building permit was submitted before 1 January 2021.

For properties whose energy performance assessments were issued after 1 July 2021 (i.e., assessments performed under new regulations), the primary energy consumption was taken directly from the energy performance assessment. For properties whose energy performance assessments were issued before 1 July 2021 (i.e., assessments performed under old regulations), primary energy consumption in the energy performance assessment has been restated to reflect the new regulation, as presented in this appendix in "Identification of energy performance assessments labels".

The French government press release setting 135 kWh/m²/year as the national top 15% threshold and making RE 2020 guidelines equivalent to RT 2012-10% energy performance targets is attached to this appendix on the following page:



METHODOLOGICAL NOTE CONCERNING THE MATERIALITY ANALYSIS OF NON-FINANCIAL ISSUES

Identification of internal and external stakeholders and consultation

Eight stakeholder types were selected and interviewed to reflect the composition of in'li's main stakeholders: Customers (tenants), Suppliers, Local authorities, Property developers, Shareholder, Employees, Lenders and Start-ups.

These stakeholders were grouped into three categories: partners (suppliers, local authorities, property developers, lenders, start-ups), tenants and employees.

Survey methodology

STAKEHOLDERS

Stakeholders were invited to evaluate each issue through 15 questions concerning the five pillars of in'li's CSR strategy, as follows:

PILLAR	Number of questions ⁽¹⁾
1. Providing an affordable new housing offering near public transport and employment hubs	2
2. Guaranteeing a quality service for tenants	4
3. Adapting jobs to the requirements of the sector and the expectations of employees	4 ⁽²⁾
4. Reducing our environmental footprint	4
5. Guaranteeing ethical business practices and striving for ethical corporate governance	4

(1) Two questions related to two pillars

(2) Of which only 3 were put to employees

For each question, respondents were asked to give their view of in'li's performance on each item. In total, 936 people responded to the survey: 127 partners (3% of those surveyed in this category), 304 employees (43% of those surveyed in this category) and 506 tenants (18% of those surveyed in this category).

Organisation of the survey and analysis of the results was entrusted to an external service provider specialised in this area to ensure the confidentiality of the responses and representativeness of the sample selected.

MANAGEMENT

Members of the extended Management Board, representing senior management and the various functions of the Company, were questioned using the same questionnaire as that presented to the stakeholders.

Consolidation method

To prepare the materiality matrix, the representativeness of the stakeholders was weighted based on each stakeholder's level of influence with and dependence on in'li.

APPENDIX 2

Report by an independent third party

Report by the Independent third-party organization on the verification of the non-financial statement included in the management report

For the year ended December, 31 2022

This is a free translation into English of the Independent third party organization's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our capacity as Independent third-party organization, member of Mazars Group, statutory auditor of in'li (hereinafter the "Company"), accredited by COFRAC Inspection under number 3-1058 (scope of accreditation available on www.cofrac.fr), we have performed work to provide a reasoned opinion that expresses a limited level of assurance on the historical information (observed and extrapolated) of the non-financial performance statement and, at the Company's request and outside the scope of accreditation, a reasonable assurance conclusion on selected information, prepared in accordance with the Company's procedures (hereinafter the "Guidelines") for the financial year ended December, 31 2022 (hereinafter respectively the "Information" and the "Statement"), presented in the management report of the Company, in application of the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the Commercial Code.

Conclusion

Based on the procedures we performed, as described in the "Nature and scope of our work" and the evidence we collected, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Comments

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comments:

- Our work revealed uncertainties due to the heterogeneous application of the criteria used to calculate the indicator "Average salary of incoming households". As stated in section "3.3.2. Our actions" of the Statement, in the last quarter of 2022, the Company has initiated works to harmonize the calculation criteria used, which will continue in 2023 in order to guarantee consistency in the calculation of 2023 data.

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For the year ended December, 31 2022

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Reasonable assurance report on selected information

For the information selected by the Company¹, we have carried out, at the Company's request and on a voluntary basis, work of the same nature as that described in the paragraph "Nature and scope of the work" above for the key performance indicators and for the other quantitative results that we considered to be the most important. This work was carried out in greater depth, particularly in terms of the number of tests.

The selected sample thus represents 100 % of the information identified selected.

We are convinced that this work allows us to express reasonable assurance on the information selected by the Company.

Conclusion

In our opinion, the information selected by the Company has been established, in all material respects, in accordance with the Guidelines.

Preparation of the non-financial performance statement

The lack of a commonly used framework or established practice on which to base the assessment and evaluation of information allows for the use of alternative accepted methodologies that may affect comparability between entities and over time.

Therefore, the Information should be read and understood with reference to the Guidelines, the main elements of which are presented in the Statement.

Restrictions due to the preparation of the Information

As mentioned in the Statement, the Information may contain inherent uncertainty about the state of scientific or economic knowledge and the quality of external data used. Some of the Information is dependent on the methodological choices, assumptions and/or estimates made in preparing the information and presented in the Statement.

The Company's responsibility

The Supervisory Board is responsible for:

- selecting or setting appropriate criteria for the provision of the Information;
- preparing the Statement with reference to legal and regulatory requirements, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said

¹ Number of affordable housing units undertaken in the A and Abis zones, Average annual gain in purchasing power per household, Emissions estimated in equiv kilos Ave CO₂ emissions / sq.m./year, Number of households that benefited from >30 % improvement in energy efficiency

policies, including key performance indicators and also, the Information required by Article 8 of Regulation (EU) 2020/852 (EU Taxonomy);

- and implementing internal control procedures deemed necessary to preparation of information, free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the Company's Guidelines as referred to above.

Responsibility of the Independent third-party organization

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the Information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the Company's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

This is not our responsibility to express an opinion on:

- the Company's compliance with other applicable legal and regulatory requirements (in particular with regard to the Information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the due diligence plan and the fight against corruption and tax evasion);
- the truthfulness of the Information provided for in Article 8 of Regulation (EU) 2020/852 (EU Taxonomy);
- the compliance of products and services with applicable regulations.

Regulatory provisions and applicable professional standards

The work described below was performed with reference to the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000².

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have

² ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional.

Means and resources

Our work was carried out by a team of 3 people between January and April 2023 and took a total of 4 weeks.

We called on our specialists in sustainable development and social responsibility to assist us in our work. We conducted some ten interviews with the people responsible for preparing the Statement, representing the Business Transformation Department, the Audit and Risks Department, the Technical Department, the Investment and Construction Department, the Commercial Department Commercial and Customer Relations.

Nature and scope of our work

We planned and performed our work considering the risks of significant misstatement of the Information.

We are convinced that the procedures we have carried out in the exercise of our professional judgment enable us to provide a limited assurance conclusion:

- we obtained an understanding of the Company's activity and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- we verified that the Statement provides the Information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the Information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with the Company's activity, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:

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- assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and;
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1. Our work was carried out centrally with the contributing departments;
- we obtained an understanding of internal control and risk management procedures the Company has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
 - for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work covers 100 % of the consolidated data selected for these tests;
 - we assessed the overall consistency of the Statement based on our knowledge of the Company.

The procedures performed for a moderate assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional doctrine of the Compagnie nationale des commissaires aux comptes. Indeed, the procedures performed for reasonable assurance required more comprehensive verification work.

Mazars SAS

Paris La Défense, March, 26 2023

Original signed version by:

Saïd BENHAYOUNE

Partner

Tristan MOURRE

Sustainability Partner

Appendix 1: Information considered most important

- Number of affordable housing units undertaken in the A and Abis zones
- Average annual gain in purchasing power per household
- Emissions estimated in equiv kilos Ave CO₂ emissions / sq.m./year
- Number of households that benefited from >30 % improvement in energy efficiency
- Number of affordable housing units operated (including new units)
- Number of affordable units undertaken
- Number of families housed during the year
- Rate of allocation to company employees
- Percentage of the value of the rental housing stock with a discount of at least 15 %
- Average salary of incoming households
- Proportion of incoming household eligible for intermediate housing
- Overall tenant satisfaction rate
- Proportion of employees who have received training
- Average number of hours training per employee
- Number of employees who have benefited from functional mobility opportunities (including proportion trained in mobility)
- Number of employees enrolled in certification programmes
- Turnover rate
- Average consumption of primary energy estimated in kWh/sq.m./year
- Eradication of very poorly insulated housing: number of units of housing identified with an F or G energy label
- Number of households that benefited from improved energy efficiency
- % housing renovated with BBC *Rénovation* label, aiming for at least energy label C
- Proportion of employees who have completed the Compliance module

APPENDIX 3

Elements required under the French Commercial Code (code de commerce)

ISSUE	Section	Page
ELEMENTS COMPRISING THE NON-FINANCIAL PERFORMANCE STATEMENT		
Business plan	In'li: intermediate housing serving the public interest	7
Main non-financial risks	3.1.2	57
MANDATORY THEMES SET OUT IN ARTICLE L. 225-102-1		
Social consequences of the activity	3.2.	73
	3.3.	80
	3.4.	84
Environmental consequences of the activity	3.5.	92
The fight against corruption	3.6.2.1.	101
	3.6.2.2.	103
The climate change impacts of the Company's activity and uses of the goods and services it produces	3.5.3.	93
Societal commitments to the circular economy	3.5.3.4.	98
Collective bargaining agreements concluded within the Company and their impact on the Company's economic performance and on employee working conditions	3.4.3.3.	87
Actions to combat discrimination and promote diversity	3.4.3.5.	89
Societal commitments to combat food waste	N/A : in'li is not concerned by this theme	N/A
Measures taken in favour of disabled people	3.2.3.3.	77
	3.4.3.5.	89
Societal commitments to combat food poverty	N/A : in'li is not concerned by this theme	N/A
Societal commitments in favour of animal welfare	N/A : in'li is not concerned by this theme	N/A
Societal commitments in favour of responsible, fair and sustainable food	N/A : in'li is not concerned by this theme	N/A
Societal commitments to sustainable development	3.1.1.1.	53
	3.2.3.1.	74
	3.2.3.2.	76
		77
Actions to promote physical activity and sport	N/A : in'li is not concerned by this theme	N/A

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APPENDIX 4

GRI correspondence table

GRI standard	Disclosure content	Description	Section no. or omission
GRI 101: General disclosures			
GRI 102: General Disclosures			
PROFILE OF THE ORGANISATION			
	102-1	Name of the organisation	Business model - In'li: intermediate housing serving the public interest
	102-2	Activities, brands, products and services	Business model - In'li: intermediate housing serving the public interest 1.2 Activities
	102-3	Location of headquarters	1.2 Activities 4.7 Presentation of the financial statements under IFRS
	102-4	Location of operations	1.2 Activities 1.2.1 Breakdown of housing portfolio
	102-5	Ownership and legal form	Business model - In'li: intermediate housing serving the public interest Ownership structure Share capital 04/06/2012 List of subsidiaries and associates
	102-6	Markets served	Business model - In'li: intermediate housing serving the public interest 1.2 Activities
	102-7	Scale of the organisation	Introduction Key figures for 2021 Business model - In'li: intermediate housing serving the public interest
	102-8	Information on employees and other workers	1.6 Organisation 1.6.2 Our teams
	102-9	Supply chain	Not mentioned
	102-10	Significant changes to the organisation and its supply chain	1.6 Organisation 1.6.1 Committed and experienced governance 1.6.2 Our teams 2.7 Commitments and outlook 2.3 An efficient property letting activity
	102-11	Precautionary principle or approach	3.3.7 Stronger fraud risk management
	102-12	External initiatives	2.7.3 Innovation accompanying In'li's CSR strategy
	102-13	Membership of associations	3. CSR strategy report 3.2 - Providing an affordable new housing offering near public transport and employment hubs 3.4. Adapting jobs to the requirements of the sector and the expectations of employees

GRI standard	Disclosure content	Description	Section no. or omission
STRATEGY			
	102-14	Statement from senior decision-maker	Message from the Supervisory Board and Management Board
	102-15	Key impacts, risks, and opportunities	1.3 Development strategy
			Stronger fraud risk management
			2.7 Commitments and outlook
			3. CSR strategy report
			3.1.2 Main CSR risks and challenges
			3.1.2.1 Methodology for identifying key non-financial risks and challenges
			3.1.2.3 Summary table of in'li's CSR issues, risks, indicators and objectives
			3.1.2.4 In'li's contribution to Sustainable Development Goals
ETHICS AND INTEGRITY			
	102-16	Values, principles, standards, and norms of behaviour	Business model - In'li: intermediate housing serving the public interest
			3. CSR strategy report
			3.6 Guaranteeing ethical business practices and striving for ethical corporate governance
GOVERNANCE			
	102-18	Governance structure	1.6 Organisation
			1.6.1 Committed and experienced governance
			5.1 Governance
STAKEHOLDER INVOLVEMENT			
	102-40	List of stakeholder groups	3. CSR strategy report
			3.1.2.1 Methodology for identifying key non-financial risks and challenges
	102-41	Collective bargaining agreements	1.6.2 Our teams
			3. CSR strategy report
			3.4. Adapting jobs to the requirements of the sector and the expectations of employees
			4.4.11 Provisions for contingencies and losses
	102-42	Identifying and selecting stakeholders	1.6.2 Our teams
			3. CSR strategy report
			3.1.2.1 Methodology for identifying key non-financial risks and challenges
			3.2 - Providing an affordable new housing offering near public transport and employment hubs
	102-43	Approach to stakeholder engagement	1.6.2 Our teams
			3. CSR strategy report
			3.1.2.1 Methodology for identifying key non-financial risks and challenges
			3.2 - Providing an affordable new housing offering near public transport and employment hubs
	102-44	Key topics and concerns raised	3. CSR strategy report
			3.1.2 Main CSR risks and challenges
			3.1.2.1 Methodology for identifying key non-financial risks and challenges
			3.1.2.3 Summary table of in'li's CSR issues, risks, indicators and objectives
			3.6.2.2 Combating fraud
			3.6.2.4 Cybersecurity measures
			3.6.3 3 Information system security and personal data protection

GRI standard	Disclosure content	Description	Section no. or omission
REPORTING PRACTICES			
	102-45	Entities included in the consolidated financial statements	4.7.2.3 Scope of consolidation
	102-46	Defining report content and topic Boundaries	3. CSR strategy report 3.1.2.1 Methodology for identifying key non-financial risks and challenges Appendix 1 Methodological note
	102-47	List of material topics	3. CSR strategy report 3.1.1 in'li's CSR strategy and governance 3.1.1.1 Key focuses of In'li's CSR strategy 3.1.2.1 Methodology for identifying key non-financial risks and challenges 3.1.2.3 Summary table of in'li's CSR issues, risks, indicators and objectives
	102-48	Restatements of information	3. CSR strategy report Appendix 1 Methodological note
	102-49	Changes in reporting	3. CSR strategy report 3.1.1.1 Key focuses of In'li's CSR strategy Appendix 1 Methodological note
	102-50	Reporting period	3. CSR strategy report Appendix 1 Methodological note
	102-51	Date of most recent report	The most recent report was published in June 2022
	102-52	Reporting cycle	3. CSR strategy report Appendix 1 Methodological note
	102-53	Contact point for questions regarding the report	Not mentioned
	102-54	Claims of reporting in accordance with the GRI Standards	3. CSR strategy report 3.1.1 in'li's CSR strategy and governance 3.1.1.1 Key focuses of In'li's CSR strategy 3.1.2.1 Methodology for identifying key non-financial risks and challenges
	102-55	GRI content index	This correspondence table
	102-56	External assurance	Appendix 2: Report by an independent third party

SPECIFIC DISCLOSURES

GRI 200 : Economic guidelines

GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	3. CSR strategy report 3.1.1.1. Key focuses of in'li's CSR strategy 3.1.2 Main CSR risks and challenges
	103-2	The management approach and its component	1.3 Development strategy 1.4 Funding in'li's development 2.3.7 Stronger fraud risk management 1.5 Ownership structure 2.7 Commitments and outlook 3. CSR strategy report 3.1.1.2 CSR Governance 3.2 Providing an affordable new housing offering near public transport and employment hubs

GRI standard	Disclosure content	Description	Section no. or omission
	103-3	Evaluation of the management approach	1.3 Development strategy 1.4 Funding in'li's development 2.3.7 Stronger fraud risk management 1.5 Ownership structure 2.7 Commitments and outlook 3. CSR strategy report 3.1.1.2 CSR Governance 3.2 Providing an affordable new housing offering near public transport and employment hubs 3.2.4 Indicators

ECONOMIC PERFORMANCE

GRI 201: Economic performance	201-1	Direct economic value generated and distributed	2.3 Financial overview
	201-2	Financial implications and other risks and opportunities due to climate change	2.7 Innovation accompanying In'li's CSR strategy
			4.7.2.5.5 Operating risk
	201-4	Financial assistance received from government	2.8 Subsequent events
4.7.2.4.13 Government grants			
			4.3.7 Financing

MARKET PRESENCE

GRI 202: Market presence	202-2	Proportion of senior management hired from the local community	Not mentioned
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Indirect Economic Impacts

GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Not mentioned
	203-2	Significant indirect economic impacts	Not mentioned

Procurement Practices

GRI 204: Procurement Practices – 2016	204-1	Proportion of spending on local suppliers	Not mentioned
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ANTI-CORRUPTION

GRI 205: Anti-Corruption	205-1	Operations assessed for risks related to corruption	2.3.7 Stronger fraud risk management
			3.6.2.2 Combating fraud and corruption
			4.7.2.5.4 Risk of fraud or corruption
			3 CSR Strategy Report
	205-2	Communication and training about anti-corruption policies and procedures	3.6 Guaranteeing ethical business practices and striving for ethical corporate governance
			3.6.2.2 Combating fraud and corruption
			3. CSR strategy report
	205-3	Confirmed incidents of corruption and actions taken	3.6 Guaranteeing ethical business practices and striving for ethical corporate governance
			3 CSR Strategy Report
			3.6.2.1 Business ethics programme and promotion of an anti-fraud culture

ANTI-COMPETITIVE BEHAVIOUR

GRI 206: Anti-competitive behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	3. CSR strategy report
			3.6.2.1 Business ethics programme and promotion of an anti-fraud culture

GRI standard	Disclosure content	Description	Section no. or omission
TAXES			
GRI 207 :Taxes	207-1	Approach to tax	4.5.8 Income tax
			4.6.2 Expenses non-deductible from income
			4.7.2.4.11 Taxes
	207-2	Tax governance, control, and risk management	4.7.2.5.4 Risk of fraud or corruption
GRI 300: Environmental standards			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	3. CSR strategy report
			3.1.1.1. Key focuses of in'li's CSR strategy
			3.1.2 Main CSR risks and challenges
			3.5 Reducing our environmental footprint
	103-2	The management approach and its component	2.3.7 Stronger fraud risk management
			1.8 Development opportunities
			2.7 Commitments and outlook
			3.1.1.2 CSR Governance
	103-3	Evaluation of the management approach	3.5 Reducing our environmental footprint
			2.3.7 Stronger fraud risk management
			2.7 Commitments and outlook
			3. CSR strategy report
			3.1.1.2 CSR Governance
			3.5 Reducing our environmental footprint
			3.5.4 Indicators
MATERIALS			
GRI 301 : Materials	301-1	Materials used by weight or volume	Not applicable
	301-2	Recycled input materials used	Initiative: the "Cycle Terre" project
	301-3	Reclaimed products and their packaging materials	Initiative: the "Cycle Terre" project
Operating			
GRI 302: Operating	302-1	Energy consumption within the organization	3. CSR strategy report
			3.5 Reducing our environmental footprint
	302-3	Energy intensity	3. CSR strategy report
			3.5 Reducing our environmental footprint
	302-4	Reduction of energy consumption	3. CSR strategy report
			3.5 Reducing our environmental footprint
	302-5	Reductions in energy requirements of products and services	3. CSR strategy report
			3.5 Reducing our environmental footprint
WATER AND EFFLUENTS			
GRI 303: Water and effluents	303-1	Interactions with water as a shared resource	Not mentioned
	303-2	Water sources significantly affected by withdrawal of water	Not applicable
	303-3	Water recycled and reused	Not applicable
	303-4	Water withdrawal	Not applicable
	303-5	Water consumption	Not mentioned
Biodiversity			
GRI 304: Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	Not mentioned
	304-3	Habitats protected or restored	Not mentioned

GRI standard	Disclosure content	Description	Section no. or omission
EMISSIONS			
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	3. CSR strategy report 3.5 Reducing our environmental footprint
	305-2	Energy indirect (Scope 2) GHG emissions	3. CSR strategy report 3.5 Reducing our environmental footprint
	305-3	Other indirect (Scope 3) GHG emissions	Not mentioned
	305-4	GHG emissions intensity	3. CSR strategy report
			3.5 Reducing our environmental footprint
	305-5	Reduction of GHG emissions	3. CSR strategy report
			3.5 Reducing our environmental footprint
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not applicable
WASTE			
GRI 306: Waste	306-1	Water discharge by quality and destination	Not mentioned
	306-2	Waste by type and disposal method	Not mentioned
	306-3	Significant spills	Not mentioned
	306-4	Transport of hazardous waste	Not mentioned
	306-5	Water bodies affected by water discharges and / or runoff	Not mentioned
ENVIRONMENTAL COMPLIANCE			
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	3. CSR strategy report
			3.5 Reducing our environmental footprint
			3.6 Guaranteeing ethical business practices and striving for ethical corporate governance
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Not mentioned
	308-2	Negative environmental impacts in the supply chain and actions taken	Not mentioned

GRI standard	Disclosure content	Description	Section no. or omission
GRI 400: Labour standards			
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	3. CSR strategy report
			3.1.1.1. Key focuses of in'li's CSR strategy
			3.1.2 Main CSR risks and challenges
			3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	103-2	The management approach and its component	1.6.2 Our teams
			2.3.7 Stronger fraud risk management
			2.7 Commitments and outlook
			3. CSR strategy report
			3.1.1.2 CSR Governance
			3.2.3.2 An offer tailored to young and middle-class working people
			3.2.3.3 Social support to help tenants stay in their homes
			3.3 Guaranteeing a quality service for tenants
			3.4. Adapting jobs to the requirements of the sector and the expectations of employees
			3.4.4 Indicators
103-3	Evaluation of the management approach	1.6.2 Our teams	
		2.3.7 Stronger fraud risk management	
		2.7 Commitments and outlook	
		3. CSR strategy report	
		3.1.1.2 CSR Governance	
		3.2.3.2 An offer tailored to young and middle-class working people	
		3.2.3.3 Social support to help tenants stay in their homes	
		3.2.4 Indicators	
		3.3 Guaranteeing a quality service for tenants	
		3.4. Adapting jobs to the requirements of the sector and the expectations of employees	
EMPLOYMENT			
GRI 401 : Employment	401-1	New employee hires and employee turnover	3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not mentioned
	401-3	Parental leave	3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees

GRI standard	Disclosure content	Description	Section no. or omission
OCCUPATIONAL HEALTH AND SAFETY			
GRI 403: Occupational health and safety	403-1	Occupational health and safety management system	1.6.2 Our teams 3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-2	Hazard identification, risk assessment, and incident investigation	1.6.2 Our teams 3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-3	Occupational health services	1.6.2 Our teams 3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-4	Worker participation, consultation, and communication on occupational health and safety	1.6.2 Our teams 3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-5	Worker training on occupational health and safety	1.6.2 Our teams 3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-6	Promotion of worker health	1.6.2 Our teams 3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-8	Workers covered by an occupational health and safety management system	1.6.2 Our teams in 2022 3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	403-9	Work-related injuries	Not mentioned
	403-10	Work-related ill health	Not mentioned

TRAINING AND EDUCATION			
GRI 404: Training and education	404-1	Average hours of training per year per employee	1.6.2 Our team 3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	404-2	Programs for upgrading employee skills and transition assistance programs	1.6.2 Our teams 3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
	404-3	Percentage of employees receiving regular performance and career development reviews	3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees 3.4.4 Indicators

GRI standard	Disclosure content	Description	Section no. or omission
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	3. CSR strategy report
			3.4. Adapting jobs to the requirements of the sector and the expectations of employees
			5.1.1.2 <i>Modus operandi</i>
	405-2	Ratio of basic salary and remuneration of women to men	3. CSR strategy report
3.4. Adapting jobs to the requirements of the sector and the expectations of employees			
3.4.4 Indicators			
NON-DISCRIMINATION			
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
GRI 407: Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3. CSR strategy report 3.4. Adapting jobs to the requirements of the sector and the expectations of employees
Child Labour			
GRI 408: Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour	Not applicable
FORCED OR COMPULSORY LABOUR			
GRI 409: Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Not applicable
SECURITY PRACTICES			
GRI 410: Security practices	410-1	Security personnel trained in human rights policies or procedures	Not mentioned
HUMAN RIGHTS ASSESSMENT			
GRI 412: Human rights assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	Not mentioned
	412-2	Employee training on human rights policies or procedures	Not mentioned
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not mentioned
LOCAL COMMUNITIES			
GRI 413: Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	2.3.4 Dynamic letting activity
			3 CSR Strategy Report
			3.2.3.3 Social support to help tenants stay in their homes
			3.2.3.5 Concerted action with local stakeholders
	413-2	Operations with significant actual and potential negative impacts on local communities	3.4.3.2 Developing skills and career paths
			Not mentioned

GRI standard	Disclosure content	Description	Section no. or omission
SUPPLIER SOCIAL ASSESSMENT			
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	Not mentioned
	414-2	Negative social impacts in the supply chain and actions taken	Not mentioned
PUBLIC POLICY			
GRI 415: Public policy	415-1	Political contributions	3. CSR strategy report
			3.6.2.1 Business ethics programme and promotion of an anti-fraud culture
CUSTOMER HEALTH AND SAFETY			
GRI 416: Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	3 CSR Strategy Report 3.3. Guaranteeing a quality service for tenants
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not mentioned
MARKETING AND LABELLING			
GRI 417: Marketing and labelling	417-1	Requirements for product and service information and labelling	Not applicable
	417-2	Incidents of non-compliance concerning product and service information and labelling	Not applicable
	417-3	Incidents of non-compliance concerning marketing communications	Not applicable
CUSTOMER PRIVACY			
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not mentioned
SOCIO-ECONOMIC COMPLIANCE			
GRI 419: Socio-economic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	3. CSR strategy report
			3.6 Guaranteeing ethical business practices and striving for ethical corporate governance



4

Financial statements

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4.1 Financial statements for the year ended 31 december 2022

4.1.1 Balance sheet at 31 december 2022

Assets

HEADING	Notes	Gross amount	Depreciation, amortisation & provisions	31/12/2022	31/12/2021
INTANGIBLE ASSETS					
Start-up costs	4.4.1	255,546	255,546		
Research and development costs					
Concessions, patents and similar rights	4.4.1	2,706,646	2,431,470	275,175	385,888
Goodwill	4.4.1	1		1	1
Other	4.4.1	27,070,306	4,902,965	22,167,341	17,207,789
Intangible assets in progress	4.4.1	701,242		701,242	2,773,179
Advances and downpayments					
PROPERTY AND EQUIPMENT					
Land	4.4.1	882,152,078	2,276,331	879,875,747	800,044,979
Buildings	4.4.1	3,263,870,991	1,140,218,345	2,123,652,646	1,925,555,554
Technical facilities, machinery & equipment	4.4.1	20,687,745	20,666,098	21,647	39,939
Other	4.4.1	14,811,693	7,865,334	6,946,359	8,622,684
Property and equipment in progress	4.4.1	1,042,722,264		1,042,722,264	852,309,434
Advances and downpayments					
NON-CURRENT FINANCIAL ASSETS					
Investments in associates					
Other investments	4.4.2	313,122,092		313,122,092	301,625,811
Loans and advances to subsidiaries and affiliates	4.4.2	74,470		74,470	74,470
Long term portfolio securities					
Other long-term investments	4.4.2	75,108		75,108	25,109
Loans	4.4.2				
Other non-current financial assets	4.4.2	5,099,622		5,099,622	4,535,082
TOTAL NON-CURRENT ASSETS		5,573,349,804	1,178,616,091	4,394,733,713	3,913,199,918
INVENTORIES AND WORK IN PROGRESS					
Raw materials, supplies	4.4.3	12,620,981	10,988,700	1,632,281	5,705,682
Property in production (in progress)	4.4.3	4,713,960		4,713,960	2,711,024
Services in production (in progress)					
Advances and prepayments on orders		1,907		1,907	202,983
RECEIVABLES					
Trade receivables	4.4.4	78,878,327	25,851,080	53,027,246	53,468,470
Other	4.4.5	124,894,529		124,894,529	83,900,926
MARKETABLE SECURITIES					
Treasury shares					
Other securities	4.4.6	120,839,678	342,056	120,497,622	234,711,787
Cash instruments					
Cash and cash equivalents	4.4.6	288,677,500		288,677,500	262,335,924
Prepaid expenses	4.4.7	3,712,404		3,712,404	3,468,560
TOTAL CURRENT ASSETS		634,339,287	37,181,836	597,157,451	646,505,355
Deferred charges		3,570,005		3,570,005	
Loan redemption premiums to be amortized	4.4.8	1,007,500		1,007,500	1,162,500
Unrealized foreign exchange losses					
GRAND TOTAL		6,212,266,595	1,215,797,927	4,996,468,669	4,560,867,773

Equity and liabilities

HEADING	Notes	31/12/2022	31/12/2021
Share capital	4.4.9	849,106,089	799,130,481
Additional paid-in capital	4.4.9	572,934,434	572,934,434
Revaluation reserve			
Legal reserve	4.4.9	79,913,048	74,881,161
Statutory or contractual reserves			
Untaxed reserves	4.4.9	4,582,904	4,582,904
Other reserves	4.4.9	422,248,939	422,248,939
Retained earnings	4.4.9	578,991,376	76,525,106
NET PROFIT OR (LOSS) FOR THE PERIOD	4.4.9	49,856,548	523,480,767
Investment grants and subsidies	4.4.9	33,513,257	35,668,879
Regulated provisions		118,603	113,434
TOTAL EQUITY		2,591,265,200	2,509,566,105
Provisions for contingencies	4.4.10	932,458	1,641,419
Provisions for losses	4.4.10	12,339,455	15,929,220
PROVISIONS FOR CONTINGENCIES AND LOSSES		13,271,914	17,570,639
NON-CURRENT BORROWINGS			
Other bonded debt	4.4.11	599,000,000	599,000,000
Borrowings from credit institutions	4.4.11	1,596,567,765	1,222,210,456
Miscellaneous borrowings and financial liabilities	4.4.11	31,397,452	30,710,463
Advances and prepayments received on orders in progress	4.4.12	23,916,283	25,102,895
OPERATING PAYABLES			
Trade payables	4.4.12	29,852,280	23,167,420
Tax and employee-related liabilities	4.4.12	22,445,023	47,787,930
SUNDRY PAYABLES			
Payables on non-current assets	4.4.12	26,048,144	26,660,595
Other payables	4.4.12	51,740,813	48,787,918
Deferred income	4.4.13	10,963,795	10,303,352
LIABILITIES		2,391,931,555	2,033,731,029
Unrealised foreign exchange gains			
GRAND TOTAL		4,996,468,669	4,560,867,773

Profit for the year (in euro cents)

49,856,548,48

Total balance sheet (in euro cents)

4,996,468,668,63

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4.1.2 Income statement

(in euros)

HEADING	Notes	31/12/2022	31/12/2021
Sale of goods			
Sale of property			
Sale of services			
- o/w advances on service and maintenance charges: 2022 = €68,382,788 / 2021 = €66,356,376		371,051,995	355,312,860
NET REVENUE	4.5.2	371,051,995	355,312,860
In-house production capitalised		1,923,162	768,323
Operating grants		82,157	150,779
Releases of amortisation and depreciation charges and provisions, expense transfers	4.5.4	3,892,152	12,815,892
Other income	4.5.5	122,765,853	1,831,566,419
OPERATING INCOME		499,715,318	2,200,614,273
Purchases of raw materials and other supplies			
Change in inventories (raw materials)			
Other purchases and external expenses		151,903,051	142,700,081
Taxes other than income taxes		50,437,891	48,442,072
Wages and salaries		32,424,615	31,061,097
Social charges		16,662,714	16,766,051
ALLOCATIONS TO PROVISIONS			
On non-current assets: depreciation, amortisation and impairment	4.5.3	88,980,076	82,908,305
On non-current assets: provisions	4.5.3	783,078	156,169
On current assets: provisions	4.5.3	1,766,724	476,233
Net additions to provisions for contingencies and losses	4.5.3	4,531,753	417,209
Other expenses	4.5.3	60,161,308	1,111,191,843
OPERATING EXPENSES		407,651,209	1,434,119,061
OPERATING INCOME/(LOSS)		92,064,109	766,495,213
Income from investments in subsidiaries and affiliates			
Income from other marketable securities and receivables on non-current assets		913,085	867,659
Other interest and related income		3,140,519	3,104,210
Releases of amortization and depreciation charges and provisions, expense transfers			
Foreign exchange gains			
Net income on sales of short-term investments			
FINANCIAL INCOME		4,053,604	3,971,869
Provisions for impairment of investments		393,779	192,255
Interest and similar charges		32,692,004	29,779,866
Foreign exchange losses			
Net expenses on sales of short-term investments			
FINANCIAL EXPENSE		33,085,784	29,972,120
NET FINANCIAL INCOME/(EXPENSE)	4.5.6	(29,032,180)	(26,000,252)
CURRENT INCOME/(LOSS) BEFORE TAX		63,031,929	740,494,961
Non-recurring income on management transactions		1,380,993	1,054,403
Non-recurring income on capital transactions		2,836,907	2,532,257
Releases of amortization and depreciation charges and provisions, expense transfers		1,368,497	3,405
TOTAL NON-RECURRING INCOME		5,586,397	3,590,066
Non-recurring expenses on management transactions		3,028,549	2,859,738
Non-recurring expenses on capital transactions		971,327	2,045,807
Non-recurring amortization and depreciation charges and provisions		1,381,759	20,679
TOTAL NON-RECURRING EXPENSES		5,381,636	4,926,224
NET NON-RECURRING INCOME (EXPENSE)	4.5.7	204,761	(1,336,158)
Employee profit-sharing			7,152,643
Corporate income tax	4.5.8	13,380,142	208,525,393
TOTAL INCOME		509,355,320	2,208,176,208
TOTAL EXPENSES		459,498,771	1,684,695,441
PROFIT (LOSS)		49,856,548	523,480,767

4.1.3 Statement of cash flows

(in thousands of euros)

HEADING	31/12/2022	31/12/2021
NET PROFIT (LOSS)	49,856	523,481
Net depreciation, amortisation and impairment expense	91,119	83,219
Provisions for contingencies and losses and regulated provisions	-4,291	-12,385
Reversal of grants	-2,837	-5,206
Gains or losses on disposals of non-current assets, net of income tax	-69,520	-722,147
Tax impact of disposals of long-term investments	13,380	205,162
Elimination of merger surplus		
GROSS OPERATING CASH FLOW	77,707	72,124
Inventories and work in progress	2,071	-459
Receivables and accruals	16,843	-29,179
Payables and accruals	-24,858	32,469
NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES	71,763	74,955
INVESTING ACTIVITIES		
Expenditure on acquisitions of intangible assets	-1,759	-2,421
Expenditure on acquisitions of property and equipment	-622,911	-536,390
Expenditure on acquisitions of equity investments	-11,546	-203,986
Proceeds from borrowings	-734	-290
TOTAL ACQUISITIONS OF NON-CURRENT ASSETS	-636,950	-743,087
Proceeds from disposals of property and equipment and intangible assets	99,278	1,150,749
Proceeds from disposals of equity investments	0	0
Repayment of loans granted	171	776
TOTAL PROCEEDS FROM DISPOSAL OF NON-CURRENT ASSETS	99,449	1,151,525
Impact of merger transactions		
NET CASH FLOW GENERATED FROM (USED IN) INVESTING ACTIVITIES	(537,501)	408,438
FINANCING ACTIVITIES		
Dividends paid	-15,913	-14,907
Increases in share capital and issue premiums	49,976	50,318
New borrowings	451,773	124,004
Repayment of borrowings	-76,720	-287,926
Loan issuing charges	-3,683	
Investment grants received	-183	1,387
Advances repaid	-36,375	
Advances received	9,000	
NET CASH FLOW GENERATED FROM (USED IN) FINANCING ACTIVITIES	377,875	(127,124)
CHANGE IN CASH AND CASH EQUIVALENTS	-87,862	356,270
Net cash and cash equivalents at start of year	497,039	140,769
Net cash and cash equivalents at end of year	409,177	497,039
	-87,862	356,270

4.2 Summary of significant accounting policies

The company financial statements are prepared in accordance with French generally accepted accounting principles based on the General Chart of Accounts as set out in ANC Regulation No. 2020-09 of 4 December 2020 issued by the French accounting standards authority (Autorité des Normes Comptables) amending ANC Regulation No. 2014-03.

The usual accounting conventions have been applied in compliance with the principle of prudence and:

- ▶ The going concern principle;
- ▶ The accrual basis principle; and
- ▶ The consistency principle.

Only material information is disclosed.

The basic method used to value items recorded in the accounting books is the historical cost method, with the exception of contributions recorded during the merger into OGIF (now known as in'li) of 34 limited property companies between 1973 and 1975, contributions in kind made by SIF DU LOGIS MODERNE to OGIF (now known as in'li) in 1998 and 1999, contributions recorded during the merger of SICB in 2007 and five real estate investment companies (SCIs) located in the Oise department in 2010, contributions recorded during the merger of SLP in 2016, and contributions recorded during the merger of the Ruisseau des Gains real estate investment company (SCI) in 2018.

4.3 Significant events of the year and subsequent events

4.3.1 Allocation of 2021 net income and distribution of dividend

In accordance with the decision of the Annual General Meeting of 9 June 2022, net income for the year ended 31 December 2022 for a total amount of €523,480,767.01 was allocated as follows: €502,466,269.99 was allocated to retained earnings, €5,031,887.40 was allocated to the legal reserve and €15,982,609.62, or €0.03 per share, was paid out in dividends.

4.3.2 Share capital increase

To enable in'li to continue to develop its intermediate housing programme, Action Logement Immobilier subscribed to an increase in the capital of in'li for an amount of €49,975,608, through the issue of 33,317,072 new shares of € 1.5 each.

After this increase, in'li's share capital amounted to €849,106,089.

4.3.3 Changes in accounting methods

Changes in accounting methods

None

Changes in presentation

None

4.3.4 Disposals

Since 2020, gains or losses on disposals and/or contributions of assets in portfolio have been presented in operating income and no longer in non-recurring income. This presentation is intended to provide a more accurate reflection of the manner in which real estate assets are operated under in'li's strategic development plan which provides for regular disposals of assets in order to finance new operations, particularly the plan to produce 80,000 units of new housing.

During 2022, in'li disposed of 423 units of housing:

- ▶ 224 units in Paris, rue de Boucry, in a block sale to RIVP for an amount of €65,000k;
- ▶ 34 single-housing units for an amount of €10,012k.
- ▶ A 30-unit off-plan operation in Blanc Mesnil was contributed to Resid'access for an amount of €3,794k.
- ▶ 3 off-plan operations ceded to APEC Développement, representing 135 units of housing for an amount of €33,775k.

These disposals generated pre-tax gains of €70,491k.

4.3.5 Deliveries and acquisitions

50 new operations comprising a total of 1,567 new units of housing were delivered in 2022. The capitalised construction and land costs for these operations totalled €356,957k. These operations are located in:

- ▶ **BOUGIVAL**
rue J. Keller
14 housing units
- ▶ **ROMAINVILLE**
av Colonel Fabien
11 units of coliving
- ▶ **SURESNES**
Clos des Ermites
12 units of coliving
- ▶ **CACHAN**
rue des rosiers
7 units of coliving
- ▶ **MONTREUIL**
rue Buffon
9 units of coliving
- ▶ **BOIS COLOMBES**
rue abbé J. Glatz
12 units of coliving
- ▶ **FONTENAY/BOIS**
rue H. Ruel
28 housing units (densification)
- ▶ **ALFORTVILLE**
rue M. Bourdarias
52 housing units (densification)
- ▶ **MARGENCY**
av G. Pompidou
23 housing units
- ▶ **PARIS**
19^e av de Crimée
224 of student accommodation
- ▶ **GENTILLY**
av Raspail
52 units of off-plan housing
- ▶ **TRAPPES**
rue J. Zay
24 units of off-plan housing
- ▶ **NOISY LE ROI**
rue Chevrelop
54 units of off-plan housing
- ▶ **JUVISY/ORGE**
av de la République
25 units of off-plan housing
- ▶ **RUEIL-MALMAISON**
rue Deville
54 units of off-plan housing
- ▶ **GAGNY**
12 Clos Félix
31 units of off-plan housing
- ▶ **ANTONY**
av F. Molé
12 units of off-plan housing
- ▶ **AUBERVILLIERS**
rue L. Rechossière
15 units of off-plan housing
- ▶ **CHILLY MAZARIN**
rue de la passerelle
37 units of off-plan housing
- ▶ **CHILLY MAZARIN**
av Mazarin
40 units of off-plan housing
- ▶ **GAGNY**
rue Joannes
15 units of off-plan housing
- ▶ **GAGNY**
vieux chemin de Meaux
143 units of off-plan housing
- ▶ **VIGNEUX**
rue Molière
34 units of off-plan housing
- ▶ **GAGNY**
14 Clos Félix
37 units of off-plan housing
- ▶ **ISSY LES MOULINEAUX**
bd Rodin
10 units of off-plan housing
- ▶ **LIVRY GARGAN**
av A. Briand
64 units of off-plan housing
- ▶ **SAVIGNY/ORGE**
rue Chateaubriand
10 units of off-plan housing

- ▶ **MARLY LE ROI**
route de l'étang
35 units of off-plan housing
- ▶ **VIROFLAY**
av de Versailles
18 units of off-plan housing
- ▶ **LE VESINET**
rue de l'écluse
27 units of off-plan housing
- ▶ **PARAY VIEILLE POSTE**
av de Verdun
30 units of off-plan housing
- ▶ **JUVISY/ORGE**
rue Hoche
40 units of off-plan housing
- ▶ **SAINT CYR L'ÉCOLE**
rue Casanova
20 units of off-plan housing
- ▶ **LE BLANC MESNIL**
av PV Couturier
21 units of off-plan housing
- ▶ **DRANCY**
rue A. France
45 units of off-plan housing
- ▶ **TAVERNY**
rue V. Havel
45 units of off-plan housing
- ▶ **RUEIL-MALMAISON**
Bons Raisins
26 units of off-plan housing
- ▶ **CLICHY**
rue A. Antonini
15 units of off-plan housing
- ▶ **SAVIGNY/ORGE**
rue H. Dunant
50 units of off-plan housing
- ▶ **BRUYERES LE CHATEL**
butte St Louis
18 units of off-plan housing
- ▶ **RUEIL-MALMAISON**
rue Voltaire
19 units of off-plan housing
- ▶ **CLAYE SOULLY**
rue de Bourgogne
19 units of off-plan housing
- ▶ **LE BLANC MESNIL**
av Pasteur
22 units of off-plan housing
- ▶ **MONTREUIL**
rue M. Largillière
23 units of off-plan housing
- ▶ **MONTGERON**
rue de Concy
12 units of off-plan housing
- ▶ **SANNOIS**
bd G. Peri
16 units of off-plan housing
- ▶ **CHATENAY MALABRY**
vignes
6 units of off-plan housing
- ▶ **CLAMART**
av du Gl de Gaulle
5 units of off-plan housing
- ▶ **GIF/YVETTE**
rue H. Amodru
4 housing units
- ▶ **THORIGNY/MARNE**
rue de Belfort
2 housing units

4.3.6 In-kind contribution of assets to Resid'access

On 28 July 2022, in'li contributed a property under construction (off-plan) located in Le BLANC MESNIL to Resid'access, consisting of 30 housing units and 26 parking spaces.

The actual value of the real and movable property contributed was appraised at €3,793,776.93, excluding VAT (€4,552,532.32 including VAT).

In exchange for this contribution, in'li received 252,918 shares with a par value of €15 each, plus a balancing cash payment of €6.93.

As a result of this transaction, Résid'access's share capital increased from €6,990 to €3,800,760.

This operation forms part of the "Acqer" gradual acquisition project headed up by Resid'access designed to help first-time buyers. Resid'access will be able to contribute each apartment to a real estate investment company (a French SCI) which will partially transfer the shares in the property (a minimum of 4%), to a sitting tenant.

The tenant shall pay a monthly occupancy fee and may at any time buy additional shares in order to gradually obtain full ownership of the property.

4.3.7 Financing

Two amounts totalling €238,160k were drawn down from the €310,000k facility negotiated with the European Investment Bank (EIB). The final repayment will be made on 23 December 2052. Six-year mortgage financing for an amount of €190,000k was contracted with HSBC.

4.3.8 Operations with ANRU (French urban renewal agency)

The two urban renewal operations at Epinay 04 and Saint Denis 01 have now been completed and the ANRU has paid the outstanding balances due on grants for amounts of €1,510k and €3,177k, respectively. The unwinding of this operation does not affect 2022 earnings.

4.3.9 Governance

On 1 January 2022, the composition of the Management Board changed following the resignation of Benoist Apparu. He was replaced as Chairman of the Management Board by Damien Robert. Antoine Pinel remains as Chief Executive Officer and member of the Management Board. Marie Lefebvre- Souce, CEO of in'li Property Management, Stéphanie Caulet, Deputy CEO – Clients & Assets division, and Emmanuelle Robin-Teinturier, Deputy CEO – Resources and Digital Transformation, also joined the Management Board, which now comprises five members.

4.3.10 Situation in Ukraine

The year was dominated by the war in Ukraine and a deterioration in the economic outlook, particularly in the second-half of the year, resulting in an increase in inflation and major impacts on the markets. These developments have been factored into the assessments and estimates made by management when preparing the financial statements for the year ended 31 December 2022. This context did not have a material impact on business activity or on the financial statements for the year ended 31 December 2022.

4.4 Notes to the balance sheet

4.4.1 Non-current assets

Intangible assets

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

Intangible assets are stated at cost (purchase price plus any ancillary expenses) and amortised over their expected useful life using the straight-line method.

At 31/12/2022, intangible assets mainly consisted of:

INTANGIBLE ASSETS	Gross amount	Carrying amount	Useful life
Start-up costs	255,546	0	1 year
Software, licenses and capitalised IT development costs	9,388,375	4,748,634	3 to 5 years
Usufruct (i.e., beneficial ownership) ⁽¹⁾	19,769,013	17,693,882	term of beneficial ownership
Other intangible assets	619,564	0	3 to 5 years
Intangible assets in progress	701,242	701,242	
TOTAL	30,733,740	23,143,759	

(1) Usufruct corresponds to:

- > 6 units of a 12-unit operation in Rueil Malmaison delivered in 2015.
- > a 35-house operation in Saint Cyr delivered in 2018.
- > a 19-unit operation in Versailles delivered in 2020.
- > a 31-unit operation in Neuilly-sur-seine delivered in 2021.
- > a 31-unit operation in Rueil-Malmaison delivered in 2021.
- > a 23-unit operation in Montreuil delivered in 2022.

Non-current assets – Construction leases and administrative long leases

Under a construction lease, the owner cedes the use of the land to a lessee who, in return, undertakes to build on and maintain the lessor's land in good condition for the entire term of the lease.

Over the term of the lease, in'li has a real, freely transferable property right. When the lease expires, ownership of the buildings reverts to the lessor.

Buildings held on a non-freehold basis are broken down by component in the same way as buildings held in freehold, with the exception of the building structure, which is depreciated over the construction lease term.

The Company's capitalised leases are as follows:

AREA	No. of housing units	Start date	End date	Term	Residual term
Pantin	68	01/09/1988	31/08/2058	70 years	36 years
Boulogne Billancourt	38	29/06/1987	28/06/2039	52 years	17 years
Egly	178	08/07/1966	01/07/2036	70 years	14 years
Saint Denis	100	28/10/1959	27/10/2057	99 years	35 years
Sceaux	33	25/01/1984	24/01/2049	65 years	26 years
Ablon sur Seine	18	12/11/1987	11/11/2057	70 years	35 years
Neuilly sur Seine	35	26/04/2013	25/04/2048	35 years	26 years
Levallois-Perret	24	13/12/1985	12/12/2025	40 years	3 years
Sceaux	bureaux	25/01/1984	24/01/2049	65 years	26 years

Non-current assets – Investment property

Investment property is property (land or buildings) held to earn rentals.

Land is stated at cost (purchase price plus any ancillary expenses). For off-plan acquisitions, the value of land is calculated using a price scale for each different locality.

Buildings are measured at cost plus notarial fees and registration fees, or at their transfer value and broken down by component. The allocation basis follows the guidelines and recommendations of the French Scientific and Technical Centre for Building (CSTB) for social housing companies (ESH).

When components are renovated and/or upgraded, the components initially recorded in non-current assets are derecognised.

Depreciation of buildings

For new buildings, expenses are allocated based on actual costs when these can be determined. If this is not possible – for off-plan acquisitions and acquisitions from old property portfolios for example – expenses are allocated based on the CSTB table below.

COMPONENT	Useful lives	Allocative keys: collective housing	Allocative keys: standalone housing
Lifts	15 years	2.80%	
Collective heating systems	25 years	3.20%	
Standalone heating systems	15 years	3.20%	3.20%
External joinery	25 years	3.30%	5.40%
Waterproofing work	15 years	1.10%	
Rendering	15 years	2.10%	2.70%
Electricity	25 years	5.20%	4.20%
Plumbing	25 years	4.60%	3.70%
Structure	50 years	remainder	remainder

Reconstruction and improvement work on roads and amenities, neighbourhood enhancement and redevelopment of outdoor spaces are capitalised under "Outdoor spaces" and written down over 20 years.

The useful lives of buildings from mergers that took place in previous periods have not been amended. Consequently, the structure component is depreciated over a period of between 40 and 60 years. New property is written down over 50 years.

Valuation of investment property

In'li's property portfolio is valued every year by an independent real estate appraiser, Crédit Foncier Expertise (CFE).

The appraiser calculates the market value of each property at the reporting date. The market value is the most likely price obtainable on the market at the valuation date under reasonable conditions.

At 31 December, 2022, the portfolio was measured using three different sets of assumptions. Depending on the assumption chosen, the valuations were as follows (excluding taxes and duties):

		12/2022	12/2021	12/2022 (Like-for-like basis)
ASSUMPTION 1	"block sale" value; based on continued use and current occupancy	€7,879 million	€7,972 million	€7,545 million
ASSUMPTION 2	"unit sale" value; based on continued use and current occupancy	€9,106 million	€8,859 million	€8,724 million
ASSUMPTION 3	"unit sale" value; rented at the market rental value	€10,972 million	€10,216 million	€10,520 million

Provision for impairment of investment property

In'li carries out impairment testing by comparing the net book value of the buildings of each operation with the valuations performed by Crédit Foncier Expertise.

When there is a prolonged and material unfavourable difference between the appraisal value (excluding taxes and duties) and the net book value (net of investment grants) for a given real estate operation, an impairment loss provision is recognised for the difference.

Other property and equipment

Other property and equipment is depreciated using the straight-line method. It includes the following:

Other property and equipment	Useful life
Technical facilities	10 et 20 years
Machinery & equipment	5 years
Fixtures and fittings	10 years
Transport equipment	5 years
Office and IT equipment	5 years
Office furniture	5 years

As the depreciation schedules of merged entities have been maintained, useful lives may be different in certain cases.

Movements in property and equipment and intangible assets

(in euros)	12.2021	Acquisitions and additions	Disposals and releases	Reclassifications	12.2022
Intangible assets (gross amount)	23,683,258			6,349,242	30,032,499
Land	802,252,243	237,200	-1,251,252	80,913,888	882,152,078
Rental property	2,853,165,738	948,798	-15,736,563	288,565,647	3,126,943,621
Improvement work	104,274,670		-144,164		104,130,505
Construction leases	32,423,426		-105,263	478,702	32,796,865
Miscellaneous non-current assets ⁽¹⁾	35,528,592	3,191	-32,344		35,499,439
NON-CURRENT ASSETS IN PROGRESS					
Intangible assets in progress	2,773,179	1,759,834		-3,831,771	701,242
Property and equipment in progress	852,309,434	621,110,020	-37,497,029	-393,200,162	1,042,722,264
Advances and downpayments on non-current assets					
TOTAL GROSS VALUE	4,706,410,540	624,059,043	-54,766,615	-20,724,454	5,254,978,512
Amort./Prov. on intangible assets	-6,089,580	-1,500,401			-7,589,982
Deprec./prov. on rental property	-953,560,405	-86,565,656	11,623,679		-1,028,502,381
Deprec./prov. on improvement work	-100,130,774	-289,539	143,216		-100,277,096
Deprec./prov. on construction leases	-12,824,365	-987,210	96,376		-13,715,199
Deprec./prov. on miscellaneous non-current assets	-26,865,969	-1,683,444	17,981		-28,531,432
Deprec./prov. on property and equipment in progress					
TOTAL DEPRECIATION, AMORTISATION AND PROVISIONS	-1,099,471,093	-91,026,250	11,881,252	0	-1,178,616,090
CARRYING AMOUNT	3,606,939,447	533,032,793	-42,885,363	-20,724,454	4,076,362,422

Movements in gross values of fixed assets amount to €548,568k and were mainly attributable to increases in property under construction (€621,100k), rental property and land (€1,186k) following acquisitions made over the period.

4.4.2 Non-current financial assets

Non-current financial assets are stated at cost (purchase price plus any ancillary expenses) or at their transfer value. If necessary, a provision for impairment is recognised.

Non-current financial assets mainly comprise equity investments, loans and advances to subsidiaries and affiliates and security deposits.

(in €)	2021.12	Increase	Decrease	Reclassifications	2022.12
NET NON-CURRENT FINANCIAL ASSETS	306,260,471	12,280,497	-169,677	0	318,371,292
GROSS AMOUNTS	306,260,471	12,280,497	-169,677	0	318,371,292
Equity investments ⁽²⁾	301,625,811	11,496,281	0	0	313,122,092
Other loans and receivables due from subsidiaries and associates ⁽³⁾	74,470	0	0	0	74,470
Other long-term investments ⁽⁴⁾	25,109	50,000	0	0	75,108
Other non-current financial assets (gross amounts) ⁽⁵⁾	4,535,082	734,216	-169,677	0	5,099,622
IMPAIRMENT PROVISIONS	0	0	0	0	0
on equity investments	0	0	0	0	0
on other non-current financial assets (gross amounts)	0	0	0	0	0

(1) includes merger deficit of €4,282k.

(2) The increase in equity investments corresponds to the increase in the share capital of APEC Développement (€7,687k) and of Résid'access (€3,794k) following the operation contributed by in'li located in Blanc Mesnil.

(3) Used to record the balance of the amount paid to fund the working capital of GIE ASTRIMMO.

(4) The increase in long-term investments corresponds to the equity interest acquired in SCIC plateau urbain in 2022.

(5) This heading is used to record working capital payments made to property management agencies (€2,799k) and the security deposit paid for the Tour Ariane premises (€1,264k).

4.4.3 Inventories and work in progress

Buildings used in commercial property development are recognised in inventories at their acquisition or full cost. If there is an indication that the future resale value may be impaired, an impairment loss is recognised for the difference.

Any provision for the impairment of land values is calculated based on their expert appraisal value.

Land in inventory comprises:

- ▶ Several plots in Chatou totalling 12,759 sq.m valued at €483,619; In 2022, 991 sq.m were sold to the town of Chatou for an amount of €342,858, excluding VAT.

- ▶ A plot in Cannes valued at €350k.
- ▶ Several plots in Domont totalling 868,720 sq.m valued at €11,753,790, and a 27,241 sq.m plot in Moisselles valued at €382,048k; Provisions of €10,631,295 and €356,231, respectively, have been accrued.

Following the most recent appraisal of the land in Domont, an additional provision for impairment of €3,870,290 was recorded.

Six other property development projects are in progress for a total of €4,713,960. No new operations were launched in 2022.

(in €)	2021.12	Increase	Decrease	Reclassifications	2022.12
Inventories	8,416,706	-1,730,005	-217,287	-123,173	6,346,241
Land in inventory	12,823,929	14,339	-217,287	0	12,620,981
Impairment of land in inventory	-7,118,247	-3,870,453	0	0	-10,988,700
Property development inventories	2,711,024	2,126,109	0	-123,173	4,713,960
Impairment of other inventories	0	0	0	0	0

4.4.4 Rent and other receivables

Receivables are recorded at face value.

Rent receivables comprise:

- ▶ outstanding rents and service and maintenance charges at 31 December 2022 (€55,560k);
- ▶ adjustments to unbilled service and maintenance charges corresponding to the difference between prepaid charges called and expenditure recorded (€13,484k);

Other receivables primarily consist of:

- ▶ The balance due on the off-plan sales of three property developments located in Montreuil, Villeparisis and Le Pecq for a total of €3,706k. The outstanding balances are paid up on a percentage of completion basis.
- ▶ The Project Management Consultancy fees due from Foncière CRONOS and Apec (€1,597k).
- ▶ Rebilling of building caretaker charges to in'li PM for services rendered in the CRONOS and APEC property portfolios (€3,060k).

(in €)	2022.12	2021.12	Δ
Trade receivables, net	53,027,247	53,468,470	-441,222
Rents owed by sitting tenants	28,739,578	27,378,154	1,361,424
Rents owed by former tenants	27,469,028	26,438,055	1,030,973
Rents owed by tenants covered by delegated management agreements	22,228	28,737	-6,509
Service and maintenance charges to be regularised	13,484,244	18,107,214	-4,622,970
GROSS RENTS AND OTHER RECEIVABLES	69,715,078	71,952,160	-2,237,082
Provisions for impairment of rents owed by sitting tenants	-4,172,941	-4,283,391	110,450
Provisions for impairment of rents owed by former tenants	-21,653,388	-19,900,825	-1,752,563
PROVISIONS FOR IMPAIRMENT OF RENT AND OTHER RECEIVABLES	-25,826,329	-24,184,216	-1,642,113
CARRYING AMOUNT OF RENT AND OTHER RECEIVABLES	43,888,749	47,767,944	-3,879,195
Other trade receivables (gross amount)	9,163,249	5,725,276	3,437,973
Provisions for impairment of other trade receivables	-24,751	-24,751	0
CARRYING AMOUNT OF OTHER TRADE RECEIVABLES	9,138,497	5,700,525	3,437,973

Rent receivables are due in less than one year.

Other receivables due in less than one year amount to €7,537,095 and those due in one to five years amount to €1,626,154.

Provision for impairment of rent receivables

The provision for impairment of rent receivables is calculated using a statistical method based on the non-recovery rates for rent arrears due from sitting tenants and from former tenants (i.e., tenants who have vacated the property).

For tenants who have vacated the property, the non-recovery rate has been analysed over a six-year period following the departure of the tenants in question. At 31 December 2022, the average non-recovery rate was 78.80% (75.00% at 31 December 2021), calculated based on arrears at the end of 2011, 2012, 2013, 2014, 2015 and 2016.

For sitting tenants, the percentage of people who were in arrears and who left their properties without paying off these arrears was calculated. It corresponds to the ratio of the total amount of arrears on the date the tenants left to the average amount of arrears of sitting tenants, calculated based on arrears between 2017 and 2022. It came out at 41.10% at 31 December 2022 (versus 42.3% in 2021).

The rate obtained was then multiplied by the non-recovery rate for arrears due from former tenants to determine the coverage rate for the arrears of sitting tenants. This rate came out at 32.39% at 31 December 2022 (31.73% at 31 December 2021).

The amount of the provision for impairment of rent receivables from tenants who are individual persons is €24,828,338.

Provisions for rent receivables from legal entities are calculated on a case-by-case basis. This provision stood at €997,991 at 31 December 2022. The total provision for impairment of rent receivables therefore stands at €25,826,329.

4.4.5 Other receivables

(in €)	2022.12	2021.12	Δ
Other receivables (net)	124,894,529	83,900,926	40,993,603
Grants receivable ⁽¹⁾	922,068	84,318	837,750
Receivables on disposals of non-current assets	2,379,682	2,456,582	-76,900
Calls for funds from property management agencies & building ownership associations	4,025,500	5,963,711	-1,938,211
Receivables from Group and associates ⁽²⁾	96,662,201	62,039,306	34,622,895
Tax and social security receivables ⁽³⁾	11,140,379	1,366,267	9,774,112
Other receivables (gross amount) ⁽⁴⁾	9,764,700	11,990,742	-2,226,042
Provision for impairment in value	0	0	0

All receivables are due in less than one year.

(1) Grants receivable to finance new programmes.

(2) Receivables as associate or from Group entities, mostly consisting of advances given to Apec Résidence for €3,431k, Apec Développement for €10,722k, in'li Sud-Ouest (€8,615k), Résid'access (€2,600k), in'li PM (€500k) and in'li Participations (€69,212k).

(3) Mainly comprises an income tax receivable.

(4) Other receivables (gross amount) mainly concern miscellaneous income receivable, amounts rebilled for the in'li SUPPORTS joint venture and miscellaneous receivables.

4.4.6 Cash and cash equivalents (including marketable securities)

Short-term investments are stated in the balance sheet at cost. A provision for impairment loss is recognised if their realisable value is less than their carrying amount.

Bank overdrafts are stated in current liabilities in "Borrowings from credit institutions".

(in €)	2022.12	2021.12	Δ
CASH AND CASH EQUIVALENTS	409,517,178	497,150,987	-87,633,809
Short-term investments	120,839,678	234,815,063	-113,975,385
Cash at bank and cash on hand	288,677,500	262,335,924	26,341,576
Bank overdrafts (in liabilities)	0	-8,692	8,692
Net cash and cash equivalents	409,517,178	497,142,295	-87,625,117
Provision for impairment of investments	-342,056	-103,276	-238,780

4.4.7 Prepaid expenses

(in €)	2022.12	2021.12	Δ	due in < 1 year	due in 1 to 5 years	due in > 5 years
Prepaid expenses	3,712,404	3,468,560	243,844	1,824,193	230,844	1,657,367

Prepaid expenses mainly include prepaid rent on the construction lease for the Neuilly-sur-Seine project with a termination date in 2048 (€1,965k) and first-quarter 2023 rent on Tour Ariane (€1,180k).

4.4.8 Deferred charges

(in €)	2022.12	2021.12	Δ
Loan issuing charges	3,570,005	0	3,570,005

Corresponds to hedging premiums on the €190 million loan from HSBC and the €154 million loan agreement with the EIB.

4.4.9 Loan issuing charges

(in €)	2022.12	2021.12	Δ
Bond issuing charges	1,007,500	1,162,500	-155,000

This concerns the €1,550k issue premium for the €500,000 bond loan. It is amortised over the term of the loan, i.e. 10 years (from 2/7/2019 to 2/7/2029). The charge recorded for 2022 amounted to €155,000.

4.4.10 Shareholders' Equity

At 31 December 2022, the Company's share capital comprised 566,070,726 shares, each with a par value of €1.50.

<i>(in €)</i>	2021.12	Increases in capital	Allocation of net income (loss) for 2021	Net income (loss) for the year	Other movements	2022.12
EQUITY	2,509,566,105	49,975,608	0	49,856,548	-2,150,451	2,591,265,200
Share capital	799,130,481	49,975,608				849,106,089
Additional paid-in capital	572,934,434					572,934,434
Reserves	501,713,004		5,031,887			506,744,891
Retained earnings	76,525,106		502,466,270			578,991,376
Net income (loss) for the year	523,480,767		-523,480,767	49,856,548		49,856,548
Investment grants and subsidies	35,668,879				-2,155,621	33,513,257
Regulated provisions	113,434				5,170	118,603
Dividends distributed			15,982,610			

The capital increase of €49,975,608 was fully subscribed by Action Logement Immobilier in cash.

Subsidies and government grants

Grants used to finance depreciable fixed assets are written back to profit and loss on a straight-line basis over the useful life of the depreciable fixed asset concerned.

4.4.11 Provisions for contingencies and losses

Post-employment benefits

Post-employment benefits for employees are mostly covered by an externally managed defined benefit pension plan. A provision is recognised for any amounts not covered.

The amount of post-employment benefit commitments is calculated based on various criteria that are reviewed annually, including the employee turnover rate (adm = 4.13%, PIME = 3.03%, PIMG = 1.17%), employee wage growth (adm = 2.97%, PIME = 2.32%, PIMG = 2.36%), the discount rate (3.68%), and the payroll tax rate (adm = 65.32%, PIME = 58.67%, PIMG = 58.08%).

The average retirement age used is 62.

At 31 December 2022, post-employment benefit commitments amounted to €8,359,395. A provision of €1,857,093 was released, bringing the provision for the amount not covered in the main defined benefit plan (retirement indemnities plan) to €1,237,710.

A collective bargaining agreement concerning employee status was signed in October 2018 that impacts the calculation of retirement benefits. Consequently, "a closed group" was set up for employees who meet certain age and length of service criteria.

Length-of-service awards

At 31 December 2022, the provision for length-of-service amounted to €767,234. €107,095 of this provision was released over the period.

(in €)	2021.12	Additions	Reversals	2022.12	o/w amounts reversed for utilised provisions
PROVISIONS FOR CONTINGENCIES AND LOSSES	17,570,639	661,300	-4,960,025	13,271,914	-1,925,781
Prov for retirement indemnities, pensions and long-service awards ⁽¹⁾	3,969,132	0	-1,964,188	2,004,944	-566,899
Provisions for property taxes (mergers) ⁽²⁾	10,738,061	0	-1,489,376	9,248,685	-36,790
Provisions for ANRU charges ⁽³⁾	723,000	0	-723,000	0	-723,000
Other provisions for contingencies and losses ⁽⁴⁾	2,140,446	661,300	-783,461	2,018,285	-599,092

4.4.12 Financial liabilities

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are included in the cost of that asset.

(in €)	2021.12	Additions	Repayments	2022.12
FINANCIAL LIABILITIES	1,851,920,919	451,775,097	-76,730,798	2,226,965,216
Bond issuance	599,000,000			599,000,000
PEEC loans	217,078,470	1,605,000	-13,365,838	205,317,632
CFF loans	75,093,931		-3,845,074	71,248,857
CDC loans	67,330,716	4,509,303	-1,467,405	70,372,614
Crédit Agricole loans	282,787,184	1,874,126	-12,202,092	272,459,218
Caisse d'Épargne loans	237,355,651		-13,434,483	223,921,167
Société Générale loans	21,965,289		-1,849,125	20,116,163
EIB loans	0	238,160,000		238,160,000
Mortgage loan	0	190,000,000		190,000,000
Other borrowings	309,797,829		-16,285,520	293,512,309
Accrued interest	10,792,694	11,459,804	-10,792,695	11,459,804
Short-term borrowings	8,692		-8,692	0
Borrowings from credit institutions	1,821,210,456	447,608,233	-73,250,924	2,195,567,764
Security deposits	25,149,279	4,166,864	-3,232,587	26,241,556
Other	5,561,183		-405,287	5,155,896
Miscellaneous financial liabilities	30,710,463	4,166,864	-3,479,874	31,397,452

New borrowings to finance new projects amounted to €436,148k and mainly comprise:

- ▶ Two loans totalling €238,160k drawn down from the €310,000k facility negotiated with the EIB.
- ▶ A six-year mortgage for an amount of €190,000k contracted with HSBC.
- ▶ Also, two lines of revolving credit were added to the €800 million syndicated credit facility signed in 2018 with a consortium of French and international banks.

Borrowings and other financial liabilities repaid during the year amounted to €62,855k.

(1) The provision for retirement indemnities decreased by an amount of €1,857k, due mainly to a change in the assumptions used to calculate them. The amount paid into an external savings fund totalled €7,121k.

(2) Provisions for property taxes fell by an amount of €1,489k due mainly to a decrease in the income tax rate.

(3) Following repayment by the ANRU of the outstanding balances due on grants for the operations in Epinay sur Seine and Saint Denis, these provisions were released.

(4) Other provisions for contingencies and losses mainly cover various legal disputes.

FINANCIAL LIABILITIES BY MATURITY <i>(in euros)</i>	End-2022	< 1 year	Between 1 and 5 years	> 5 years
TOTAL FINANCIAL LIABILITIES	2,226,965,216	72,238,366	248,716,727	1,906,010,122
PEEC loans	205,317,632	13,392,258	52,964,564	138,960,810
CFF loans	71,248,857	3,559,466	12,883,808	54,805,584
CDC loans	70,372,614	1,348,628	5,605,901	63,418,085
Crédit Agricole loans	272,459,218	12,363,380	47,357,334	212,738,505
Caisse d'Épargne loans	223,921,167	13,438,646	56,030,797	154,451,724
Société Générale loans	20,116,163	1,582,488	4,355,026	14,178,649
Bond issuance	599,000,000			599,000,000
EIB loans	238,160,000		6,412,190	231,747,810
Mortgage	190,000,000			190,000,000
Other borrowings	293,512,309	14,671,301	61,474,454	217,366,553
Accrued interest on borrowings & long-term liabilities	11,459,804	11,459,804		
Bank accounts in credit				
Borrowings from credit institutions	2,195,567,764	71,815,971	247,084,074	1,876,667,719
Security deposits	26,241,556			26,241,556
Other	5,155,896	422,395	1,632,653	3,100,848
Miscellaneous financial liabilities	31,397,452	422,395	1,632,653	29,342,404

Type of interest rate	Amount outstanding	%
Fixed	1,200,113,562	54,8%
Indexed	989,150,295	45,2%

At 31 December 2022, the average maturity of in'li's debt was 8 years and 10 months. There are no significant repayment deadlines over the next five years because 64% of outstanding debt is amortisable. The next significant payment milestone will be in 2028 when €190 million of the HSBC loan signed this year must be repaid.

Concerning in'li's interest rate management policy:

- ▶ 62% of debt is at fixed rates (including amounts hedged using fixed-variable swaps);
- ▶ 23% of the debt is indexed to the interest rate paid to holders of French passbook savings accounts (Livret A). Although this is a variable rate, it is regulated by the French State, which is not directly subject to market trends.
- ▶ 15% of debt is indexed to variable monetary rates (Euribor, Eonia), and 13% is hedged by caps and collars.

This means that only 2% of in'li's debt is at variable rates and actually exposed to a rise in interest rates.

4.4.13 Current liabilities

(in €)	2022.12	2021.12	Δ
TRADE PAYABLES	55,900,424	49,828,015	6,072,409
Trade payables	29,852,280	23,167,420	6,684,860
Amounts owed to property developers	26,048,144	26,660,595	-612,451
OTHER SHORT-TERM LIABILITIES	98,102,120	121,678,743	-23,576,623
Tenants and adjustments to charges with credit balances ⁽¹⁾	23,916,283	25,102,895	-1,186,612
Tenants with credit balances	2,320,741	1,979,532	
Service and maintenance charges to be adjusted	21,595,542	23,123,363	
Employee-related liabilities	12,282,622	19,617,031	-7,334,409
Provision for paid leave and time saving accounts	7,473,569	7,075,859	
Provision for employee profit-sharing + charges		9,396,530	
Provision for incentive bonuses + charges	1,436,366		
Other employee-related liabilities	3,372,687	3,144,642	
Tax liabilities	10,162,401	23,123,519	-12,961,118
Corporate income tax		5,988,940	
Value added tax	6,950,198	8,058,354	
Other tax-related liabilities	3,212,203	9,076,225	
Grants for operations with ANRU		5,047,379	-5,047,379
Sundry payables ⁽²⁾	51,740,813	48,787,918	2,952,895

4.4.14 Deferred income

(in €)	2022.12	2021.12	Δ	due in < 1 year	due in 1 to 5 years	due in > 5 years
Deferred income	10,963,795	10,303,352	660,443	5,026,254	3,503,859	2,433,682
Construction lease payments 2011 to 2064 - SEQUENS	2,146,368	2,197,472	-51,104	51,104	204,416	1,890,848
Off-plan agreement - 22 units of housing in Montreuil	3,431,115	3,431,115		3,431,115		
Off-plan agreement - 10 units of housing in Villeparisis	1,403,683	1,403,683			1,403,683	
Off-plan agreement - 4 units of housing in Viroflay	422,400	422,400			422,400	
Off-plan agreement - 7 units of housing in Le Pecq	1,088,040		1,088,040	1,088,040		
Deferred interest rate differential on €99 million bond issue	2,391,379	2,767,872	-376,493	375,185	1,473,360	542,834
Other	80,810	80,810		80,810		

Concerns:

- ▶ Advance lease payments from SEQUENS (€2,146k) following an extension to an administrative long lease in 2010 on land located in the 20th arrondissement of Paris.
- ▶ Four property developments sold to lessors.

(1) The amount of service and maintenance charge accounts in credit awaiting regularisation is €21,595k. This amount is partially offset by accounts in debit awaiting regularisation for an amount of €13,484k (Note 3.4).

(2) Action Logement Immobilier paid over a current account advance of €41,000k, including an amount of €5,000 in 2022. This amount may be used to subscribe to an increase in in'li's share capital in 2023. It has been granted at the interest rate paid on Livret A passbook accounts - 175 basis points with a floor of 0%.

4.4.15 Off-balance sheet commitments

Off-balance sheet commitments at 31 December 2022 were as follows:

<i>(in thousands of euros)</i>	2022.12	2021.12
COMMITMENTS GIVEN		
Mortgages and lender's liens	974,642	816,010
Sureties	0	0
Signed acquisition agreements to be settled	38,978	66,482
Off-plan agreements to be settled	205,645	825,810
Share subscriptions ⁽¹⁾	24,980	26,675
Payment of loan ⁽¹⁾	14,354	14,354
Charges on construction leases	12,877	0
TOTAL COMMITMENTS GIVEN	1,271,476	1,749,331
COMMITMENTS RECEIVED		
Bank guarantees and financial guarantees ⁽²⁾	19,328	15,672
Guarantees from suppliers	20,713	20,475
Loans receivable	885,121	922,815
Grants receivable (ANRU)	0	4,687
Off-plan builders' commitments	205,645	825,810
Signed sale agreements to be settled	64,457	3,444
Right of use of lands covered by construction leases	12,877	0
TOTAL COMMITMENTS RECEIVED	1,208,141	1,792,903

4.4.16 Breakdown of accrued expenses and income receivable

BREAKDOWN OF ACCRUED EXPENSES <i>(in thousands of euros)</i>	2022.12	2021.12
Borrowings and financial liabilities		10,793
Advances and downpayments		23,073
Payables on non-current assets		8,890
Trade payables		15,636
Tax and employee-related liabilities		20,230
Other payables		2,875
TOTAL ACCRUED EXPENSES	78,383	81,497

BREAKDOWN OF INCOME RECEIVABLE <i>(in thousands of euros)</i>	2022.12	2021.12
Trade receivables	14,155	18,368
Other receivables	7,604	5,127
Grants receivable	977	113
Marketable securities	293	223
TOTAL INCOME RECEIVABLE	23,029	23,831

(1) Commitment to subscribe to the Terrae Optimae land development fund to convert offices into housing units.

(2) Bank guarantees for property reservation agreements.

4.5 Notes to the income statement

4.5.1 Calculation of income

(in €)	2022.12	2021.12	Δ
Operating income/(loss)	92,064,109	766,495,213	-674,431,104
Financial income (expense)	-29,032,180	-26,000,252	-3,031,928
Net non-recurring income (expense)	204,761	-1,336,158	1,540,919
Employee profit-sharing	0	-7,152,643	7,152,643
Corporate income tax	-13,380,142	-208,525,393	195,145,251
NET PROFIT	49,856,548	523,480,767	-473,624,219

4.5.2 Revenue

(in €)	2022.12	2021.12	Δ
REVENUE & REBILLABLE CHARGES	371,051,995	355,312,860	15,739,135
Rental income from dwellings	274,038,688	260,648,292	13,390,396
Rental income from parking spaces	13,902,522	13,187,206	715,316
Commercial and office lease income	5,570,515	4,465,446	1,105,069
Household charges	1,313,024	800,700	512,324
Property development projects	0	0	0
Fees	3,215,023	5,891,400	-2,676,377
Other	4,629,435	3,963,441	665,994
Rebillable service and maintenance charges	68,382,788	66,356,376	2,026,412

Under the terms of agreements entered into with Foncière CRONOS and APEC Développement, in'li is paid finders' fees as well as project management fees and fees for monitoring new builds.

These fees amounted to €3,215k in 2022: €3,016k billed to Foncière CRONOS and €199k billed to APEC Développement.

4.5.3 Depreciation, amortisation and provisions

(in €)	2022.12	2021.12	Δ
Additions to depr, amort & prov	96,061,631	83,957,916	12,103,715
Additions to depreciation/amortisation of non-current assets	88,980,076	82,908,305	6,071,771
Additions to provisions for impairment of non-current assets	783,078	156,169	626,909
Additions to provisions for impairment of rent receivables	1,766,724	476,233	1,290,491
Additions to provisions for current assets	0	0	0
Additions to other provisions ⁽¹⁾	4,531,753	417,209	4,114,544

(1) Mainly comprises the following:

- > provision for impairment of land at Domont: €3,870k
- > provision for sundry litigation: €662k

4.5.4 Releases of amortisation and depreciation charges and provisions

(in €)	2022.12	2021.12	Δ
Releases of amortisation and & prov	3,892,152	12,815,892	-8,923,741
Releases of provisions for impairment of rent receivables	124,610	0	124,610
Releases of provisions for retirement benefits	1,857,093	2,049,517	-192,424
Releases of provisions for impairment of non-current assets	176,013	0	176,013
Releases of provisions for taxes	1,489,376	10,217,564	-8,728,188
Releases of other provisions ⁽¹⁾	245,059	548,811	-303,752
Expense transfers	0	0	0

4.5.5 Other operating income and expenses

(in €)	2022.12	2021.12	Δ
Other operating income	122,765,853	1,831,566,419	-1,708,800,566
Disposal gains on investment property ⁽²⁾	112,581,571	1,363,718,515	-1,251,136,944
Proceeds from sale of equity investments ⁽³⁾	0	456,256,649	-456,256,649
Positive adjustments to recoverable service and maintenance charges	4,097,017	5,284,403	-1,187,386
Other income	6,087,265	6,306,852	-219,587
Other operating expenses	60,161,308	1,111,191,843	-1,051,030,537
Carrying amount of investment property sold ⁽²⁾	42,090,048	620,613,767	-578,523,719
Carrying amount of equity investments sold ⁽³⁾	0	475,161,853	-475,161,853
Positive adjustments to recoverable service and maintenance charges	12,848,326	9,036,277	3,812,049
Unrecoverable rent receivables ⁽⁴⁾	2,198,813	4,968,120	-2,769,307
Other expenses	3,024,120	1,411,827	1,612,293

(1) These consist mainly of:

- > releases of provisions for long-service awards: €107k
- > provisions for sundry litigation.

(2) As indicated in Note 2.4 disposals of investment property were recognised in operating income. In 2022, these disposals generated gains of €70,491k.

(3) & (2) For information, in 2021, disposals of investment property and operations involving equity investments to record properties contributed to Foncière CRONOS, the transfer of Foncière CRONOS shares to CRONOS, and the transfer of 75% of CRONOS shares to SATURNE HABITAT.

(4) Unrecoverable rent receivables were €2,769k lower year on year due to debt repayment plans deployed in 2021 to recover outstanding amounts.

4.5.6 Net financial income (expense)

(in €)	2022.12	2021.12	Δ
Financial income (expense)	-29,032,180	-26,000,252	-3,031,928
Interest expense on rental operations	-31,177,547	-29,068,939	-2,108,608
Losses on equity interests	-14,515	0	-14,515
Other finance costs	-1,499,942	-710,927	-789,015
Charges on sale of marketable securities	0	0	0
Net (additions to) reversals of provisions	-393,779	-192,255	-201,524
Income from investments and share in net income of associates ⁽¹⁾	913,085	867,659	45,426
Other income from investment of surplus cash	3,140,519	3,104,210	36,309
Income on sale of marketable securities	0	0	0

4.5.7 Net non-recurring income (expense)

(in €)	2022.12	2021.12	Δ
Net non-recurring income (expense)	204,761	-1,336,158	1,540,919
Net income (loss) on disposal of non-current assets ⁽²⁾	-971,327	-2,043,749	1,072,422
Net income (loss) on disposal of securities	0	-1,559	1,559
Claims expense	-857,882	-800,446	-57,436
Net (additions to) reversals of provisions	-13,262	-17,274	4,012
Other non-recurring expenses ⁽³⁾	-2,170,668	-2,059,291	-111,377
Non-recurring income from claims	418,076	957,515	-539,439
Reversal of grants	2,836,907	2,531,757	305,150
Other non-recurring income ⁽⁴⁾	962,917	96,888	866,029

4.5.8 Corporate income tax expense

(in €)	2022.12	2021.12	Δ
Total income tax	13,380,142	208,525,393	-195,145,251
Current tax	13,380,142	208,525,393	-195,145,251

All corporate income tax for 2022 was attributable to recurring items.

The amount of tax on provisions reinstated for tax purposes in 2022 but deductible in 2023 amounted to €117,933.

(1) Mainly corresponds to the distribution of income from APEC Résidence (€460k), in'li AURA (€240k) and in'li Grand Est (€183k).

(2) Corresponds to properties derecognised after the replacement of components.

(3) Corresponds to the unwinding of the ANRU programmes in Epinay and Saint Denis (€723k) covered by the reversal of provisions.

(4) Mainly corresponds to adjustments to prior-year social security charges following an inspection by the URSSAF (French social security and family benefit contributions agency).

4.6 Other disclosures

4.6.1 Financial rating

As part of its mission of building 80,000 units of new intermediate housing in supply-constrained areas of the Paris region over the next 10 years, in'li applied for a financial rating in 2019.

Since January 2020, Standard & Poor's Global Ratings has assigned it a rating of 'A' with a stable outlook, making in'li one of the European property developers with the best S&P Global rating.

In'li was given a short-term rating ('A-1') by S&P Global

Ratings for the first time in 2020.

These ratings were confirmed by Standard & Poor's Global Ratings in their publication dated 5 December 2022.

4.6.2 Expenses non-deductible from income

Expenses non-deductible from income for tax purposes amounted to €30,406 in 2022.

4.6.3 Information concerning customer and supplier payment terms

The French Commercial Code only covers business-to-business payment terms and does not deal with business-to-customer relations. Consequently, disclosures concerning civil claims with individuals have been excluded from the following tables, pending clarification from the legal affairs commission of the CNCC (French Institute of Statutory Auditors) on this subject.

Article D. 441.6 I.

Invoices received and due for payment but not settled at the reporting date	0 days (approx.)	1 - 30 days	31 - 60 days	61 - 90 days	> 91 days
(A) OVERDUE AMOUNTS					
Number of invoices concerned ⁽¹⁾	NA	NA	NA	NA	NA
Total amounts of invoices concerned (€ thousands, including VAT)	20,433	1,376	61	194	1,286
Percentage of total amount of purchases for the period concerned (excluding VAT)	2.6%	0.2%	0.0%	0.0%	0.2%
Percentage of total amount of revenue for the period concerned (excluding VAT)	5.5%	0.4%	0.0%	0.1%	0.3%

Article D. 441.6 I.

Invoices issued and due for payment but not settled at the reporting date	0 days (approx.)	1 - 30 days	31 - 60 days	61 - 90 days	> 91 days
(A) OVERDUE AMOUNTS					
Number of invoices concerned		377			355
Total amounts of invoices concerned (€ thousands, including VAT)		731			834
Percentage of total amount of purchases for the period concerned (excluding VAT)		0.1%			0.1%
Percentage of total amount of revenue for the period concerned (excluding VAT)		0.2%			0.2%

(B) Invoices excluded from **(A)** concerning disputed payables or unrecorded invoices

Number of invoices excluded None
Total amounts of invoices concerned (€ thousands) None

(C) Payment terms of reference used (contractual or legal - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)

Payment terms used to calculate late payment interest: Legal

(1) An aged analysis of outstanding invoices is not available from our management system.

4.6.4 Incentive bonuses and profit-sharing

(in €)	2022.12	2021.12	Δ
	1,436,366	7,152,643	-5,716,277
Incentive bonuses	0	7,152,643	-7,152,643
Profit-sharing	1,436,366	0	1,436,366

The amount for non-discretionary profit-sharing of €1,436,366 includes the 20% "forfait social" (corporate social contribution) and payroll tax of 13%.

4.6.5 Workforce* at 31 December 2022

(no. of employees)	2022.12	2021.12	Δ
TOTAL WORKFORCE	821.8	769.4	52.4
Indefinite-term employment contracts – administrative personnel	472.2	441.4	30.8
Indefinite-term employment contracts – caretakers and building employees	285.7	273.6	12.1
Fixed-term employment contracts – administrative personnel	21.6	17.6	4.0
Fixed-term employment contracts – caretakers and building employees	5.3	9.8	-4.5
Apprentices	37.0	27.0	10.0

* Full-Time Equivalents (FTE)

Caretakers and building employees rebilled to in'li PM represented 59.6 FTE's at 31 December 2022.

4.6.6 Related party transactions

Transactions with related parties are generally carried out on an arm's length basis.

4.6.7 In'li SUPPORTS joint venture

Joint ventures are governed by articles 1871 to 1872- 2 of the French Civil Code. They have no separate legal identity.

The participants in in'li SUPPORTS are in'li, in'li Property Management, in'li AURA, in'li Grand-Est, in'li Sud-Ouest and in'li PACA.

The purpose of this entity is to manage support functions, particularly human resources, accounting, financial services, legal services, administrative services, general resources, IT services, communication, rental management support services and strategic consulting.

Internal expenditure is allocated between the participants based on several criteria: the number of housing units under management during the period, time spent, headcount, revenue, etc.

The joint venture is managed by in'li.

In 2022, in'li rebilled an amount of €5,165,090 for services provided by in'li SUPPORTS.

4.6.8 Statutory Auditors' fees

Statutory Auditors' fees recorded in the income statement amount to €134k.

- ▶ Audit fees, statutory audit engagement = €108k
- ▶ Services other than statutory audit engagements= €26k

4.6.9 Consolidation

The financial statements of in'li are consolidated by Action Logement Immobilier.

In'li does not prepare consolidated financial statements for the subsidiaries it controls (i.e., in'li PM, Resid'access, SAS in'li Participations and Actionnariat in'li Participations) due to the non-material nature of these subsidiaries, both individually and collectively.

The fact that these subsidiaries are not consolidated has no material impact on in'li's results. For example, in 2022, the three subsidiaries together accounted for less than 2% of the total balance sheet, indebtedness, net non-current assets and net income, and of revenue.

4.6.10 Senior executive compensation

Because these disclosures would make it possible to identify, directly or indirectly, the individual situations of members of the Company's management bodies, this information is not disclosed as authorised by Article 833-17 of the French General Chart of Accounts.

4.6.11 Five-year financial summary

INDICATORS <i>(in €)</i>	2018	2019	2020	2021	2022
I - SHARE CAPITAL AT YEAR-END					
a) Share capital	613,331,009	613,331,009	748,811,607	799,130,481	849,106,089
b) Number of shares issued	408,887,339	408,887,339	499,207,738	532,753,654	566,070,726
II - OPERATIONS AND EARNINGS					
a) Revenue before tax	352,016,084	387,177,249	401,977,329	355,312,860	371,051,996
b) Income (loss) before tax, incentive bonuses and profit-sharing, depreciation, amortisation and provisions	151,687,151	186,042,003	156,286,030	810,510,356	157,249,576
c) Income (loss) after tax, incentive bonuses and profit-sharing, depreciation, amortisation and provisions	45,376,127	63,340,536	38,102,513	523,480,767	49,856,548
d) Incentive bonuses and profit-sharing for the year	1,091,879	2,083,186	1,873,047	7,152,643	1,436,366
III - EARNINGS PER SHARE (IN EUROS)					
a) Income (loss) after tax, incentive bonuses and profit-sharing, but before depreciation, amortisation and provisions	+ 0.31	+ 0.37	+ 0.25	+ 1.12	+ 0.25
B) Income (loss) after tax, incentive bonuses and profit-sharing, depreciation, amortisation and provisions	+ 0.11	+ 0.15	+ 0.08	+ 0.98	+ 0.09
IV - EMPLOYEES					
a) Number of employees	738	737	761	716	762
b) Total payroll for the period	27,585,464	29,922,111	30,101,370	31,061,097	32,424,615
c) Total employee and social benefits paid in the period	14,157,693	16,331,692	16,348,317	16,766,051	16,662,714

4.6.12 List of subsidiaries and associates

(In €)	Share capital	Equity other than capital	% Ownership	Carrying amount of investment		Outstanding loans and advances	Guarantees given by the company	Net revenue (most recent reporting period)	Income/ (loss) (most recent reporting period)	Dividends received by the company	Information for the period ended:
				Gross	Net						
SUBSIDIARIES											
SAS in'li Property Management	225,000	333,582	100.00%	24,621	24,621			9,983,599	128,570		31/12/2022
SA Resid'access (formerly SAMCEH)	3,800,760	-7,417	100.00%	3,800,784	3,800,784			0	-7,442		31/12/2022
SPPICAV in'li Participations	182,360,760	98,094,792	100.00%	182,360,852	182,360,852			0	210,832	19,616	31/12/2022
ASSOCIATES											
SAS TERRAE OPTIMAE 1	16,515,800	1,670,244	37.99%	6,275,000	6,275,000			0,00	1,314,646		31/12/2022
SA in'li Aura	170,027,186	227,826,029	9.69%	48,759,459	48,759,459			55,194,486	37,192,746	240,497	31/12/2022
SA in'li Grand Est	28,814,082	48,867,607	31.81%	34,401,695	34,401,695			15,175,001	3,616,658	183,304	31/12/2022
SAS APEC RESIDENCE	73,770,229	-940,427	25.00%	14,338,160	14,338,160			3,601,220	1,472,660	459,827	31/12/2022
SAS APEC DEVELOPEMENT	90,775,743	-370,180	25.00%	18,147,823	18,147,823			0	280,489		31/12/2022
SCCV PARIS REILLE	5,000	0	35.00%	1,750	1,750			0	0		31/12/2021
SCI Foncière RésiCOFFIM				14,040	14,040						
SA Actionariat in'li Participations				1,000	1,000						
OTHER											
SA d'HLM ERIGERE	119,609,248	339,760,115	1.02%	4,673,482	4,673,482			111,416,858	17,292,468	7,620	31/12/2021
SA d'HLM IMMOBILIERE RHONE-ALPES	62,461,316	507,627,920	0.00%	14	14			117,138,758	27,999,227	4	31/12/2021
SA d'HLM 3F GRAND EST	151,468,540	79,597,787	0.00%	152	152			55,178,980	9,999,789	6	31/12/2021
SEMCODA	81,040,300	580,078,177		152	152			354,174,631	27,828,621		31/12/2021
SEMARELP	19,823,475	26,586,318	0.14%	15,275	15,275			13,281,138	2,335,123	2,211	31/12/2021
SAEM VILLE DE ROMBAS	239,066	1,867,103		9,818	9,818			1,056,803	-1,665		31/12/2020
SCI SAINT-CHARLES	260,392	110,881		15	15			273,722	-51,857		31/12/2018
SCI Montreuil Chavaux	1,000	-29,664		0.15	0.15			0	-4,670		31/12/2018
SCIC Plateau Urbain				50,000	50,000						
Real estate investment companies (SCI) – freehold				230,350	230,350						
Real estate investment companies (SCI) – joint ownership				92,755	92,755						
TOTAL				313,197,198	313,197,198					913,085	

Presentation of financial statements under IFRS

4.7

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Consolidated financial statements of in'li at 31 December 2022

In'li is a French *Société Anonyme à Directoire et Conseil de surveillance* (French limited company with a Supervisory Board and a Management Board), which is 99.48%-owned by Action Logement Immobilier (ALI). It is registered in the Trade and Companies Register (RCS) under no. 602,052,359 and headquartered at Tour Ariane, 5 place de la Pyramide - 92800 - Puteaux – France.

The in'li Group is the biggest intermediate housing landlord in the Paris region and manages a portfolio of 40,216 units of housing. Virtually all of this portfolio is located in the Paris region and 73% of units (81% in value terms) are located in Paris City and in the inner suburbs.

The consolidated financial statements cover the period from 1 January 2022 to 31 December 2022.

4.7.1 Consolidated financial statements

The financial statements are presented in thousands of euros and amounts may be rounded up or down.

4.7.1.1 Consolidated income statement

IN'LI GROUP (€ thousand)	Notes	31/12/2022	31/12/2021
Gross rental income	7.1	295,240	279,399
Building-related expenses	7.2	(80,982)	(97,243)
Income from recoverable rental charges	7.2	67,988	65,401
Recoverable rental charges	7.2	(70,960)	(69,098)
Net rental income		211,286	178,459
Income from property development		-	-
Cost of inventory		-	-
Property development margin		-	-
Income from other activities	7.3	7,745	9,558
Purchases consumed	7.3	(440)	(594)
Maintenance	7.3	(4,468)	(5,406)
External services	7.3	(25,400)	(22,439)
Taxes other than income taxes	7.3	(25,715)	(3,637)
Personnel expenses, incentive bonuses and profit-sharing	7.3	(36,990)	(42,778)
Other operating income	7.3	18,073	24,663
Other operating expense	7.3	(35,025)	(24,312)
RECURRING OPERATING INCOME		109,066	113,514
Gains (losses) on disposals of equity investments	7.4	-	(18,905)
Proceeds on disposals of investment property	7.4	691	(1,916)
Fair value adjustments to investment property	7.5	(314,669)	303,366
OPERATING INCOME (LOSS)		(204,912)	396,059
Share in net income of associates		32,726	46,606
OPERATING INCOME (LOSS) AFTER SHARE IN NET INCOME OF ASSOCIATES		(172,186)	442,665
Financial income		34,770	3,328
Financial expenses		(35,074)	(30,319)
NET FINANCIAL INCOME/(EXPENSE)	7.6	(304)	(26,991)
INCOME (LOSS) BEFORE TAX		(172,490)	415,674
Income tax expense	7.7	52,208	(99,844)
INCOME (LOSS) INCLUDING NON-CONTROLLING INTERESTS		(120,282)	315,830
Attributable to non-controlling interests		-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO OWNERS		(120,282)	315,830

(€ thousand)	31/12/2022	31/12/2021
NET INCOME (LOSS)	(120,282)	315,830
Gains (losses) on non-consolidated investments	(129)	194
Deferred tax on fair value adjustments to non-consolidated investments	32	(49)
Actuarial gains and losses on post-employment plans	892	644
Deferred tax on actuarial gains and losses on post-employment plans	(223)	(129)
Items that may not be recycled to profit or loss	572	660
TOTAL COMPREHENSIVE INCOME (LOSS)	(119,710)	316,490
Attributable to non-controlling interests	-	-
ATTRIBUTABLE TO OWNERS	(119,710)	316,490

4.7.1.2 Consolidated balance sheet

IN'LI GROUP (€ thousand)	Notes	31/12/2022	31/12/2021
NON-CURRENT ASSETS		9,292,774	9,034,037
Investment property		8,851,667	8,677,764
Investment properties measured at fair value	6.1.1	7,808,945	7,825,455
Investment properties measured at cost	6.1.2	1,042,722	852,309
Other property and equipment	6.2	23,616	19,566
Intangible assets		5,996	3,752
Financial assets	6.3	103,606	99,313
Investments in associates	6.4	273,163	233,642
Derivative instruments - Liabilities	6.5	34,726	-
CURRENT ASSETS		683,336	732,566
Assets held for sale	6.1.3	64,457	65,000
Inventories		6,346	8,417
Trade receivables	6.7	53,031	53,618
Other receivables	6.8	138,459	107,811
Tax receivables		9,774	-
Financial assets	6.3	41,594	21,593
Cash and cash equivalents	6.9	369,675	476,127
TOTAL ASSETS		9,976,110	9,766,603
EQUITY ATTRIBUTABLE TO OWNERS	6.10	6,320,326	6,405,929
Share capital		849,106	799,130
Additional paid-in capital		572,934	572,934
Consolidated reserves		5,018,568	4,718,035
Consolidated net profit (loss)		(120,282)	315,830
NON-CURRENT LIABILITIES		3,400,051	3,013,341
Borrowings and financial liabilities	6.11	2,146,978	1,700,086
Non-current portion of borrowings relating to leases		13,494	6,669
Deferred tax liabilities	6.6	1,236,990	1,301,483
Non-current provisions	6.12	2,589	5,103
CURRENT LIABILITIES		255,733	347,333
Liabilities related to assets held for sale	6.1.3	14,690	16,162
Trade payables	6.13	79,929	74,277
Other payables	6.14	62,657	58,589
Borrowings and financial liabilities	6.10	71,692	146,448
Current portion of borrowings relating to leases		3,082	3,044
Deferred tax liabilities - current portion	6.6	258	285
Dettes fiscales et sociales		22,458	47,313
Current provisions	6.12	967	1,215
TOTAL EQUITY AND LIABILITIES		9,976,110	9,766,603

4.7.1.3 Consolidated statement of cash flows

(€ thousand)	Notes	31/12/2022	31/12/2021
OPERATING ACTIVITIES			
Net profit (loss)		(120,282)	315,830
Depreciation, amortisation and provisions		4,115	(6,836)
Share in net income of associates	6.4	(32,726)	(46,606)
Disposal gains and losses	7.4	691	20,695
Elimination of income from dividends		(434)	-
Gross cash flow from operating activities after cost of debt and tax		(148,636)	283,083
Fair value adjustments to financial instruments	7.6	(31,043)	
Fair value adjustments to investment property	7.5	314,883	(303,385)
Cost of net debt		30,864	28,802
Income tax expense/benefit (incl. deferred tax)	7.7	(52,208)	99,844
Gross cash flow from operating activities before cost of debt and tax		113,860	108,344
Interest paid			(29,629)
Tax paid		(29,143)	(201,598)
Change in operating working capital			
- Change in inventories		2,071	(459)
- Change in trade payables and receivables		11,484	42,019
<i>o/w Change in receivables</i>		21,341	4,785
<i>o/w Change in payables</i>		(9,857)	37,234
NET CASH FLOW GENERATED FROM (USED IN) OPERATING ACTIVITIES (A)		98,272	(81,323)
INVESTING ACTIVITIES			
- Acquisitions of intangible assets		(1,760)	(2,421)
- Acquisitions of investment property	6.1	(622,289)	(547,235)
- Acquisitions of financial assets	6.3	(34,950)	(679,912)
- Disposals of investment property	6.1	112,582	1,363,719
- Disposals of financial assets	6.3	170	776
- Investment grants received		681	-
- Dividends received (from associates, non-consolidated investments)		894	-
- Movements in short-term investments	6.3	(20,001)	-
- Impact of changes in scope of consolidation and in cash and cash equivalents		-	456,266
NET CASH FLOW GENERATED FROM (USED IN) INVESTING ACTIVITIES (B)		(564,673)	591,193
FINANCING ACTIVITIES			
- Increases in capital		42,288	27,199
- Dividends paid		(15,616)	(14,573)
- New borrowings	6.11	437,158	109,234
- Repayment of borrowings	6.11	(69,762)	(274,780)
- Net interest paid	7.6	(30,042)	-
- Premiums paid on derivative instruments		(3,683)	-
NET CASH FLOW GENERATED FROM (USED IN) FINANCING ACTIVITIES (C)		360,343	(152,920)
Impact of changes in accounting methods (D)		-	-
CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		(106,058)	356,950
Net cash and cash equivalents at start of year	6.9	476,127	119,177
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	6.9	369,675	476,127

4.7.1.4 Statement of changes in consolidated equity

(€ thousand)

	Share capital	Additional paid-in capital	Consolidated reserves	Equity attributable to owners	Non-controlling interests	Total equity
EQUITY AT 1 JANUARY 2021	748,812	572,934	4,731,207	6,052,953	-	6,052,952
Net income reported in the income statement	-	-	315,830	315,830	-	315,830
Other comprehensive income (loss)	-	-	660	660	-	660
Total comprehensive income reported in the income statement	-	-	316,490	316,490	-	316,490
Increases in capital	50,318	-	-	50,318	-	50,318
Payment of dividends	-	-	(14,573)	(14,573)	-	(14,573)
Other movements	-	-	743	743	-	743
EQUITY AT 31 DECEMBER 2021	799,130	572,934	5,033,866	6,405,929	-	6,405,929
Net income reported in the income statement	-	-	(120,282)	(120,282)	-	(120,282)
Other comprehensive income (loss)	-	-	572	572	-	572
Total comprehensive income reported in the income statement	-	-	(119,710)	(119,710)	-	(119,710)
Increases in capital	49,976	-	-	49,976	-	49,976
Payment of dividends	-	-	(15,983)	(15,983)	-	(15,983)
Other movements	-	-	114	114	-	114
EQUITY AT 31 DECEMBER 2022	849,106	572,934	4,898,286	6,320,326	-	6,320,326

The increase in in'li's share capital is presented in Note 4.7.2.1.4.

4.7.2 Notes to the consolidated financial statements

4.7.2.1 Highlights

4.7.2.1.1 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Presentation of the balance sheet

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

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

Current assets comprise assets held for sale or for consumption in the course of the Group's business cycle such

as inventories and work in progress, trade accounts receivable and cash and cash equivalents.

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

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

Presentation of the income statement

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

- ▶ Recurring operating income

Recurring operating income comprises all income and expenses generated by the Group's main cash-generating units (CGUs) and all of its other businesses before net disposal gains or losses on equity interests and investment property and fair value adjustments to investment property.

- ▶ Operating income

Operating income comprises recurring operating income and net disposal gains or losses on equity interests and investment property and fair value adjustments to investment property. Operating income comprises all income and expenses generated by the Group's main cash-generating units (CGUs) and all of its other businesses that are not related to investing or financing activities.

- ▶ Operating income after share in net income of associates

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

- ▶ Net financial income (expense)

Net financial income (expense) consists of all items that comprise net debt for the reporting period. Fair value adjustments to non-consolidated investments are included in net financial income (expense).

4.7.2.1.5 SITUATION IN UKRAINE

The year was dominated by the war in Ukraine and a deterioration in the economic outlook, particularly in the second-half of the year, resulting in an increase in inflation and major impacts on the markets. These developments have been factored into the assessments and estimates made by management when preparing the consolidated financial statements for the year ended 31 December 2022. This context did not have a material impact on business activity or on the financial statements for the year ended 31 December 2022.

4.7.2.2 General consolidation principles

In view of its reporting requirements vis-à-vis its financial partners, in'li has elected to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

4.7.2.2.1 INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements for the period ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union before the reporting date, in accordance with European directive 1606/2002/EC of 19 July 2002.

4.7.2.1.2 FINANCING

Two amounts totalling €238,160k were drawn down from the €310,000k facility negotiated with the European Investment Bank (EIB). The final repayment will be made on 23 December 2052.

Six-year mortgage financing for an amount of €190,000k was contracted with HSBC.

4.7.2.1.3 CHANGES IN GOVERNANCE

On 1 January 2022, Damien Robert replaced Benoist Apparu as Chairman of the Management Board. Antoine Pinel remains as Chief Executive Officer and member of the Management Board. Three new members joined the Management Board, increasing the number of members to five. The three new members are Marie LEFEBVRE- Souce, CEO of in'li Property Management, Stéphanie Caulet, Deputy CEO – Clients & Assets division, and Emmanuelle Robin-Teinturier, Deputy CEO – Resources and Digital Transformation.

4.7.2.1.4 INCREASES IN CAPITAL

To enable in'li to continue to develop its intermediate housing programme, Action Logement Immobilier subscribed to an increase in the capital of in'li for an amount of €49,975,608, through the issue of 33,317,072 new shares of € 1.5 each.

After this increase, in'li's share capital amounted to €849,106,089.

4.7.2.2.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE FOR THE FIRST TIME WITHIN THE EUROPEAN UNION AT 31 DECEMBER 2022

Standards, amendments and interpretations that were mandatory for accounting periods beginning on or after 1 January 2022

The new standards, amendments and interpretations applicable for accounting periods beginning on or after 1 January 2022 did not have a material impact on in'li's consolidated financial statements at 31 December 2022. These standards were the following:

- ▶ Amendments to IAS 37 — Onerous Contracts — Cost of Fulfilling a Contract;
- ▶ Amendments to IFRS 3 — Amendments to the IFRS conceptual framework;
- ▶ The IFRS annual improvements 2018-2020 cycle concerning IFRS 9, IFRS 16 and IAS 41;
- ▶ Amendments to IAS 16 — Property, Plant and Equipment: Proceeds before Intended Use.

Application of these standards did not have a material impact on the consolidated financial statements.

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

Other standards awaiting adoption by the European Union:

- ▶ Amendments to IAS 1 — Classification of liabilities as current or non-current and liabilities subject to covenants;
- ▶ Amendments to IAS 1 and IFRS Practice Statement 2: material accounting policy information;
- ▶ Amendments to IAS 8 — Definition of changes in accounting methods;
- ▶ IFRS 17 — Insurance Contracts;
- ▶ Amendments to IAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction;

4.7.2.2.3 ADJUSTMENTS TO COMPANY-ONLY ACCOUNTS

The accounting policies applied by entities included within the scope of consolidation are restated to bring them into line with the Group's policies and all entities have a 31 December year-end.

4.7.2.2.4 INTER-COMPANY TRANSACTIONS

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

4.7.2.2.5 MEASUREMENT BASIS – ASSESSMENT AND USE OF ESTIMATES

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

The fair value of the property portfolio (whether held for short- or long-term investment purposes) is determined essentially based on independent expert appraisals as described in Note 4.7.2.4.1.

The method used to measure the fair value of non-consolidated equity investments in subsidiaries is disclosed in Note 4.7.2.4.2.

Measurement of provisions for employee benefits is described in notes 4.7.2.4.8 and 4.7.2.4.10.

The basis for determining fair value in accordance with IFRS 13 is described in Note 4.7.2.4.

4.7.2.2.6 SEGMENT REPORTING

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

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

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

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4.7.2.3 Scope of consolidation

4.7.2.3.1 CONSOLIDATION METHODS

The Group consolidates all entities over which it exercises exclusive control, significant influence or joint control, either directly or indirectly.

Under IFRS 10, an investor is deemed to control an investee when the investor has exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of these returns.

The consolidation method used depends on the nature of the control:

- ▶ Exclusive control: full consolidation method.
- ▶ Joint control, which involves the contractually agreed sharing of control over an operation, only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control. Entities are classified as joint operations or joint ventures based on the rights and obligations of the parties involved:
 - > A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Each party recognises its rights to the assets and obligations for the liabilities, as well as its rights to the corresponding revenues and obligations for the corresponding expenses.
 - > A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are accounted for by the equity method.
- ▶ Entities over which the Group exercises significant influence are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee without exercising exclusive or joint control over these decisions. It is deemed to exist when the Group holds 20% or more of the voting rights in the investee, either directly or indirectly, unless it can clearly be shown that the Group does not exercise significant influence.

4.7.2.3.2 SCOPE OF CONSOLIDATION

The Group's scope of consolidation at 31 December 2022 is as follows:

ENTITY	SIREN [company database code no.]	31/12/2022		31/12/2021	
		% control	Consolidation method	% control	Consolidation method
IN'LI	602,052,359	100%	Parent co.	100%	Parent co.
IN'LI Participations	884,854,175	100%	FULL	100%	FULL
APEC Résidence	333,542,892	25%	EQUITY	25%	EQUITY
APEC développement	892,072,687	25%	EQUITY	25%	EQUITY
Cronos	882,922,404	25%	EQUITY	25%	EQUITY

FULL: fully consolidated

EQUITY: consolidated by the equity method

4.7.2.3.3 BUSINESS COMBINATIONS

Business combinations are accounted for in accordance with Revised IFRS 3.

When determining whether a transaction is a business combination under IFRS 3, the Group determines whether an integrated set of activities has been acquired in addition to the real estate. Examples of the criteria used include the num-

ber of real estate assets owned, the scope of the processes acquired or the acquiree's autonomy. The cost of a business combination corresponds to the fair value of the assets and liabilities contributed or equity instruments given in exchange for the acquiree. Goodwill is recognised in assets for the excess of the cost of the acquisition over the Group's share in the net fair value of the acquiree's identifiable assets after adjusting for the impact of deferred taxation. Any negative

goodwill is recognised directly in profit or loss. Costs directly attributable to the acquisition are expensed directly.

Under Revised IFRS 3, allocation of the purchase price to assets and liabilities acquired must be finalised within 12 months of the acquisition date. Any adjustments must be related to circumstances that existed at the acquisition date. Beyond this 12 month period, any additional cost must be expensed to profit or loss for the period unless the matching entry is to an equity instrument.

In the case of multi-step acquisitions, the previously-held equity interest is remeasured at fair value if and when control is acquired. The difference between the fair value and carrying amount of this equity interest is recognised directly in profit or loss.

A gain or loss on disposal must be recognised for any change in interest that results in a loss of control over an entity and the interest retained must be remeasured at fair value through profit or loss.

Operations that do not affect control (acquisition of additional stakes or disposals) only result in a reallocation of equity between Group and non-Group share without any impact on earnings and/or adjustment to goodwill.

4.7.2.4 Accounting methods

4.7.2.4.1 PROPERTY PORTFOLIO

Investment property (IAS 40)

Property held on a long-term basis and leased to third parties under operating leases and/or held for capital appreciation purposes is deemed to be investment property. Investment property is stated at cost, including acquisition-related costs and transfer taxes.

In'li has elected to measure investment properties at fair value in accordance with IFRS 13 (see Note 4.1.2). In the consolidated financial statements, this is based on independent expert appraisals of the block value of buildings, excluding property transfer taxes (performed by BPCE Expertises Immobilières at 31 December 2022 and 31 December 2021). The Group's property portfolio is measured from a long-term ownership perspective each 31 December and includes capitalised building work. Expert appraisals are performed in accordance with the rules of the profession of real estate appraisers, based on the fair value of each asset, in accordance with the guidelines set out in the real estate appraisal charter. In'li uses independent appraisals to measure all of its assets and fair value adjustments to investment property are recognised in the income statement. Consequently, these buildings are not depreciated. Fair value adjustments to each building are calculated as follows:

Market value Year Y – (market value Year Y-1 + building work and other changes in capitalised items in Year Y).

Investment property under construction or in development is recognised at fair value when this can be measured reliably. In'li considers that the fair value can be measured reliably when there is no major uncertainty concerning building prices. When fair value cannot be measured reliably, the building is recognised at its most recent known value plus any costs capitalised over the period.

Appraisal methodology

Each property is valued separately by an independent appraiser using the methods outlined below. The appraisers' brief is to value the buildings net of taxes and duties. This is in line with the position of Afrexim (French Association of Property Valuation Firms), which recommends using the following rates:

- 1.8% for legal fees and services, for buildings subject to VAT;
- 6.9% to 7.5% for costs and transfer taxes for other buildings.

The asset is measured at its fair market value, which is the price that would be paid by knowledgeable, willing parties under arm's length conditions, without considering questions of financing at the measurement date. The value recognised in the consolidated financial statements excludes taxes and duties.

Residential housing

The fair block value of each asset is calculated as the simple arithmetic average of the three following methods: direct comparison, income capitalisation and discounted cash flow. If these methods give very different results, the expert may determine the most appropriate value.

- ▶ Direct comparison method: this involves comparing the property with transactions for similar-type properties in terms of their nature and location at dates close to the valuation date.
- ▶ Income capitalisation method: this method involves determining existing or potential rents and capitalising them based on the yield expected by an investor for a similar-type asset. Income is generally determined based on annual gross rents or market rental value. For occupied properties, the expert must analyse the legal, financial and rental market conditions lease by lease. For vacant properties, the market rental value is used, after adjusting for reletting periods, any renovation work required and other miscellaneous costs.
- ▶ Discounted cash flow method: the value of the property is equal to the discounted sum of the financial flows expected by the investor, including the expected resale value after ten years. The resale value is calculated based on the net cash flow for Year 11 capitalised at a certain rate of return. The discount rate is based on the risk-free interest rate (e.g., the 10-year Treasury bond rate) plus a risk premium assigned to the property based on discount rates applied to cash flows generated by similar-type assets.

Fair Value Measurement (IFRS 13)

The Group applies IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 sets out the following three-level measurement hierarchy for the inputs used in the valuation process:

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

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

Investment property

Measurement at fair value must reflect the asset's highest and best use. Measuring buildings at their fair value requires the use of different measurement techniques that use observable and unobservable inputs that have been subject to certain adjustments. Consequently, the Group's property portfolio is deemed to be measured based on level 3-type inputs under the IFRS 13 fair value measurement hierarchy, even though certain level 2 inputs are used.

Property and equipment (IAS 16)

Property and equipment consist mainly of the right of use of the head office and construction leases, technical facilities, office improvements and furniture. They are measured at historical cost and depreciated over periods

4.7.2.4.2 EQUITY INVESTMENTS

Non-consolidated entities

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

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

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

of between five and forty years using the straight-line method.

Assets held for sale (IFRS 5)

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, states that a non-current asset must be classified as held for sale if it represents a separate major line of business and its carrying amount will be recovered principally through a sale transaction instead of through continuing use. The sale must be highly probable and this is deemed to be the case if the following three conditions are met:

- ▶ Management is committed to a plan to sell;
- ▶ The asset is being actively marketed for sale at a sales price reasonable in relation to its fair value;
- ▶ The sale is highly probable within 12 months (subject to limited exceptions).

When the sale covers an asset or group of assets that the entity intends to dispose of in a single transaction, these assets are presented on a separate line in the balance sheet in "Assets held for sale" and measured at the lower of their carrying amount and fair value, based on the promise to sell or purchase offer, less costs to sell and any residual claims related to deferred commercial benefits under IFRS 16.

Any related liabilities are also presented on a separate line in "Liabilities related to assets held for sale".

Intangible assets (IAS 38)

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

Intangible assets are stated at cost (purchase price plus any ancillary expenses) and amortised over their expected useful life using the straight-line method.

- ▶ The fair value of social housing entities is equal to at most, the acquisition cost of the shares, plus interest for each year preceding their disposal calculated at the interest rate paid to holders of passbook savings accounts plus 1.5 points, less any dividends paid over the same period (Article 423-4 of the French building and housing code (Code de la construction et de l'habitation);
- ▶ Entities operating partially or entirely in the unregulated market are measured on a case-by-case basis by taking their actual economic value or based on share in net assets.

Fair value adjustments are presented on a separate line of the income statement and in the consolidated statement of changes in equity.

Breakdown of non-consolidated equity investments whose gross carrying amount is greater than 1% of in'li's share capital.

Equity investment	Share capital	Equity other than capital	% control	Gross carrying amount of shares	Impairment	Net carrying amount of shares	Choice of re-valuation method
SAS in'li Property Management	225	334	100%	25	0	25	FVOCI
SA Resid'access (formerly SAMCEH)	3,801	-7	100%	3,801		3,801	FVOCI
SAS TERRAE OPTIMAE 1	16,516	356	38%	6,275	0	6,275	FVOCI
SCCV PARIS REILLE	5	0	35%	2	0	2	FVOCI
SA in'li Aura	170,027	227,826	10%	48,759	0	48,759	FVOCI
SA in'li Grand Est	27,814	45,469	34%	34,402	0	34,402	FVOCI
SA d'HLM ERIGERE	119,609	339,760	1%	4,673	0	4,673	FVOCI
SA d'HLM IMMOBILIERE RHONE-ALPES	62,461	507,628	0%	0	0	0	FVOCI
SA d'HLM 3F GRAND EST	151,469	79,598	0%	0	0	0	FVOCI
SEMCODA	81,040	580,078	0%	0	0	0	FVOCI
SEMARELP	19,823	26,586	0%	15	0	15	FVOCI
SAEM VILLE DE ROMBAS	239	1,867	0%	10	0	10	FVOCI
SCI SAINT-CHARLES	260	111	0%	0	0	0	FVOCI
SCI Montreuil Chavaux	1	(30)	0%	0	0	0	FVOCI
SCI Foncière RésiCOFFIM			0%	14	0	14	FVOCI
SCIC Plateau Urbain			0%	50	0	50	FVOCI
Real estate investment companies (SCI) – freehold			0%	230	0	230	FVPL
Real estate investment companies (SCI) – joint ownership			0%	93	0	93	FVPL

Non-consolidated entities are either dormant companies and / or companies in liquidation, or entities that would not have a material impact on the Group's line items, either individually or collectively.

Other financial assets

Loans, receivables and other financial instruments are measured at amortised cost using the effective interest rate. Any risk of non-recovery or default is recognised in profit or loss.

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

4.7.2.4.3 INVENTORIES (IAS 2), BUILDING CONTRACTS AND OFF-PLAN SALES (IFRS 15)

Buildings that are related to commercial property development or acquired subject to French tax treatment applicable to estate agents, with a view to being resold in the near term are recognised in inventories at cost. They are tested for impairment once there is an indication that the assets may be impaired. If an indication of impairment exists and the estimated recoverable amount is less than the carrying amount, an impairment loss is recognised for the difference.

The cost of building contracts and off-plan sales is equal to costs directly attributable to the contract (including the cost of land).

Marketing fees are expensed directly. If it becomes probable that total project costs will exceed total revenue, the Group recognises a provision for loss on completion in profit or loss for the period.

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

4.7.2.4.4 TRADE RECEIVABLES

Rent receivables are recognised for the initial amount of the invoice less any provisions for doubtful receivables, which are recognised in building-related expenses. Rent receivables are stated at amortised cost. Impairment losses are calculated using the simplified approach permitted under IFRS 9. Expected credit losses are calculated based on the Group's historical bad debts over the term of the receivables. Rent receivables for which receipts have been issued are systematically written down based on how long they are overdue and the situation of the tenants in question (i.e., sitting / departed tenants and ordinary tenants / tenants in dispute). The net-of-tax amount of the receivable, less the security deposit, is written down as follows:

- ▶ Departed tenants: 78.80% in 2022 and 75% in 2021,
 - ▶ Sitting tenants: 32.39% in 2022 and 31.73% in 2021,
- and provisions for doubtful receivables are adjusted on a case-by-case basis.

4.7.2.4.5 CASH AND CASH EQUIVALENTS

Cash consists of cash at bank and demand deposits. Cash equivalents are highly liquid, short-term investments that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. They are held to meet the Group's short-term liquidity requirements.

Cash and money market funds are disclosed at fair value and any adjustments are recognised in profit or loss.

4.7.2.4.6 LEASES (IFRS 16)

The Group has elected to use the modified retrospective transition method in accordance with IFRS 16. Leases covered by the standard mainly relate to construction leases and the head office and division leases. Leases with a term of less than 12 months, or for which the underlying asset is of low value are not covered by the standard. Therefore, the Group recognises the following items on its balance sheet:

- ▶ In liabilities under "Non-current and current portion of borrowings relating to leases", a financial liability for residual lease payments, discounted at a rate the Group would have had to pay over a term equivalent to the lease terms;
- ▶ In assets under "Other property and equipment", right-of-use assets, depreciated on a straight-line basis from the inception of the leases.

In the income statement, rents and fees paid are replaced by:

- ▶ Depreciation and provisions on right-of-use assets, recognised in Other operating expense over the lease term;
- ▶ A financial expense, equal to the portion of interest included in lease payments in addition to the principal repaid to reduce the debt.

The right-of-use asset consists of the initial measurement of the lease liability, lease incentives, direct costs incurred and any future renovation expenses.

IAS 36 – Impairment of Assets should be applied to right-of-use assets to calculate any accumulated impairment losses.

4.7.2.4.7 FINANCIAL LIABILITIES (IAS 32, IFRS 9 AND IFRS 16)

Derivative hedging instruments

Interest rate risk is hedged as part of the Group's macro-hedging strategy based on a portfolio of derivatives that is not allocated in a specific manner and does not therefore qualify for hedge accounting.

The Group has opted to apply the provisions of IAS 39 rather than hedge accounting under IFRS 9. Consequently, derivatives are recorded in the balance sheet at fair value through profit or loss.

Any interest paid or received on the derivatives is recognised in "net finance costs", while adjustments to fair value and any impact from the transfer or termination of contracts is recognised in "Change in fair value of financial instruments".

Fair value is calculated by external financial consultants in accordance with IFRS 13 (see Note 6.5).

Hedging derivatives at fair value are measured based on observable market data corresponding to Level 2 of the IFRS 13 fair value hierarchy (fair values are disclosed in Note 6.14.1).

Other financial assets and liabilities

Financial assets are recognised at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. Debt instruments (instruments with contractually defined cash flows) are classified into three different categories depending on their business model and an analysis of their contractual features. Equity instruments are recognised at fair value through profit or loss unless there is an irrevocable option to classify them at fair value through other comprehensive income (provided they are not held for trading).

Financial liabilities mostly comprise a bond loan, bank borrowings, lines of credit and security deposits. Medium- and long-term lines of credit may be drawn down over variable periods. Successive drawdowns are recognised in the financial statements at their nominal value and the residual borrowing capacity is recorded as an off-balance sheet commitment received.

Long-term bonds are stated at their amortized cost (net of transaction costs) using the effective interest rate method.

Security deposits are treated as long-term liabilities in view of residential lease terms and are not discounted.

Impairment of financial assets

Under the impairment model, Expected Credit Losses ("ECL") are recognised on loans and debt instruments at amortised cost or fair value through other comprehensive income, on loan commitments and on financial guarantee contracts not recognised at fair value.

4.7.2.4.8 LONG-TERM, NON-FINANCIAL PROVISIONS AND LIABILITIES

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognised when the Group has a present obligation (legal or constructive) to a third party, arising from a past event, and when it is probable or certain that this obligation will result in an outflow of resources to that third party, without at least equivalent consideration from said third party. Provisions are reviewed at each reporting date and brought into line with current assessments.

4.7.2.4.9 IMPAIRMENT OF ASSETS (IAS 36)

Assets are tested for impairment once there is an indication that they may be impaired and at least once a year in the case of intangible assets with indefinite useful lives and right-of-use assets recognised under IFRS 16. Impairment testing involves comparing the carrying amount and the recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised when the carrying amount of an asset exceeds its fair value.

4.7.2.4.10 EMPLOYEE BENEFITS

Under Revised IAS 19, all of a company's commitments to its employees must be recognised (i.e., present and future, legal or constructive, remuneration or benefits in kind). Benefit expense must be recognised during the period in which the corresponding rights vest.

Short-term benefits

Short-term benefits (i.e., salaries, paid leave, social security contributions, profit-sharing incentives, etc.), which fall due within twelve months of the end of the period in which employees provided the corresponding services, are recognised as "Accrued expenses" and appear in the balance sheet under "Tax and employee-related liabilities".

Post-employment benefits

Pension plans are either defined contribution plans or defined benefit plans.

Under defined contribution plans, the employer's obligation is limited to the payment of a contribution and there is no commitment in respect of the level of benefits paid. The contributions paid by the employer are recorded as expenses in the period.

Under defined benefit plans, the employer has a legal or constructive commitment to pay a defined amount or level of benefit and assumes this risk into the medium or long term. A provision is recognised in liabilities to cover all of these post-employment benefits and remeasured on a regular basis by independent actuaries using the projected unit credit method, which factors in demographic assumptions, early retirements, wage increases, and discounting and inflation rates.

A provision is set aside for defined benefit retirement indemnities based on the net present value of future benefits. Actuarial gains and losses are recognised in Other Comprehensive Income in accordance with Revised IAS 19.

Long-term benefits

Long-term benefits are benefits paid to employees more than 12 months after the end of the period in which they provided the corresponding services. The basis of measurement is identical to that used for post-employment benefits. The provision for length-of-service awards is deemed to be a long-term benefit.

4.7.2.4.11 INCOME TAXES

IAS 12 distinguishes between current and deferred taxes. Current tax is the amount of income tax due on the taxable profit or loss for the period. Deferred tax liabilities are taxes on income payable in future periods due to taxable temporary differences.

Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Standard tax treatment

Current tax is determined based on tax rates applicable to Group entities.

Deferred tax assets and liabilities

Deferred taxes result from temporary differences between the carrying amount of assets and liabilities and their tax base. Deferred tax assets are recognised for tax loss carryforwards when it is probable that future taxable profit will be available against which these losses can be utilised.

4.7.2.4.12 REVENUE AND RECEIVABLES

Gross rental income

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

Property development (building contracts and off-plan sales)

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

4.7.2.4.13 SUBSIDIES AND GOVERNMENT GRANTS

The Group recognises subsidies and government grants received in the course of its business in income in the period in which they are granted.

4.7.2.5 Risk exposure

4.7.2.5.1 INTEREST RATE RISK

The Group operates a centralised hedging policy run from a single department – the Financing Department.

At 31 December 2022, the average maturity of in'li's debt was 8 years and 10 months.

There are no significant repayment deadlines over the next five years because 64% of outstanding debt is amortisable.

The next significant payment milestone will be in 2028 when €190 million of the HSBC loan signed this year must be repaid.

Concerning in'li's interest rate management policy:

- ▶ 62% of debt is at fixed rates (including amounts hedged using fixed-variable swaps);
- ▶ 23% of the debt is indexed to the interest rate paid to holders of French passbook savings accounts (Livret A). Although this is a variable rate, it is regulated by the French State, which is not directly subject to market trends.
- ▶ 15% of debt is indexed to variable monetary rates (Euribor, Eonia), and 13% is hedged by caps and collars.

This means that only 2% of in'li's debt is at variable rates and actually exposed to a rise in interest rates.

4.7.2.5.2 COUNTERPARTY RISK

As part of its counterparty risk management, in'li is especially attentive to the quality of the banks in which it holds deposits. It favours banks with excellent ratings from the established rating agencies.

In'li is constantly seeking to expand its banking partner base to minimise and diversify counterparty risk.

4.7.2.5.3 LIQUIDITY RISK

The Group's liquidity risk management process is structured around the following four pillars:

- ▶ Managing loan maturities and the Company's debt maturity profile;
- ▶ Ensuring constant availability of credit;
- ▶ Diversified sources of funding;
- ▶ Cash and investment management: the Company favours secure liquid investments that offer capital guarantees.

Moreover, most of in'li's debt comprises amortisable loans and there are no significant repayment deadlines over the next five years.

4.7.2.5.4 RISK OF FRAUD OR CORRUPTION

In'li has incorporated fraud prevention and anti-corruption procedures into its internal control process in three different ways:

- ▶ A risk mapping process was deployed for the first time in 2018 by the Internal Audit and Risk Management department;
- ▶ E-learning awareness-raising initiatives in the form of a Compliance module and publication of a Code of Conduct;
- ▶ The Group began drawing up internal control guidelines in 2020 that will provide more effective risk management and control plans tailored to each operational process.

4.7.2.5.5 OPERATIONAL RISKS

In'li is mainly exposed to the following operational risks:

Business development risk

- ▶ The Group's capacity to maintain a sufficient level of equity.

In'li's strategic plan involves diversifying its financing arrangements (i.e., bond loans, loans from the EIB, etc.), freeing up equity through unit or block disposals, forging partnerships with institutional investors by creating property development companies and receiving equity contributions from Action Logement Immobilier, its strategic shareholder.

- ▶ Meeting delivery deadlines and controlling costs.

To avoid late deliveries and financial overruns, dedicated reporting systems have been deployed to oversee construction operations and the percentage of completion of off-plan operations.

Property portfolio risk

- ▶ Boosting investment in the energy transition.

To achieve the energy efficiency targets that in'li has set for its housing portfolio, all properties with F or G energy labels (the worst ratings) will get energy retrofits by 2025.

This investment will reduce service and maintenance charges and generate Energy Saving Certificates that may be traded on the market.

- ▶ Setting objectives in terms of block and split sales of property.

To help it achieve its property disposal targets, in'li has set up data rooms to house all of the technical, lease-related and legal documentation relating to the real estate groups concerned by the sales. Split sales campaigns will also be organised along with general contractors.

Rental management risk

- ▶ Unoccupied housing units may result in significant amounts of lost revenue.

Vacancy rates are tracked on a regular basis through periodic management reviews and rent arbitrage strategies may also be discussed if necessary at regularly-held rent committees.

4.7.2.6 Notes to the Consolidated Balance Sheet

4.7.2.6.1 INVESTMENT PROPERTY

In'li's property portfolio is valued every year by an independent real estate appraiser, BPCE Expertises Immobilières (formerly Crédit Foncier Expertise).

The appraiser calculates the market value of each property at the reporting date. The market value is the most likely price obtainable on the market at the valuation date under reasonable conditions.

At 31 December 2022, the portfolio was measured using three different sets of assumptions. Depending on the assumption chosen, the valuations were as follows (excluding taxes and duties):

ASSUMPTIONS	31/12/2022	31/12/2021
assumption 1 = "block sale" value; based on continued use and current occupancy	€7,879 million	€7,972 million
assumption 2 = "unit sale" value; based on continued use and current occupancy	€9,106 million	€8,859 million
assumption 3 = "unit sale" value; rented at the market rental value	€10,972 million	€10,216 million

Investment property is measured at fair value under assumption 1.

INVESTMENT PROPERTIES MEASURED AT FAIR VALUE

(€ thousand)

	Investment property at FV	Buildings held for sale	Total Investment property at FV
01/01/2021	7,299,182	1,249,477	8,548,659
Acquisitions and capitalised expenditure	8,217	-	8,217
Disposals and derecognised assets	(16,585)	(1,249,477)	(1,266,062)
Reclassifications and transfers between categories	231,275	65,000	296,275
Fair value adjustments	303,366	-	303,366
31/12/2021	7,825,455	65,000	7,890,455
Acquisitions and capitalised expenditure	2,270	-	2,270
Disposals and derecognised assets	(9,394)	(65,000)	(74,394)
Reclassifications and transfers between categories	305,501	64,457	369,958
Fair value adjustments	(314,887)	-	(314,887)
31/12/2022	7,808,945	64,457	7,873,402

A. BREAKDOWN OF DISPOSALS

During 2022, in'li disposed of 423 units of housing:

- ▶ 224 units in Paris, rue de Boucry, in a block sale to RIVP for an amount of €65,000k;
- ▶ 34 single-housing units for an amount of €10,012k.
- ▶ A 30-unit off-plan operation in Blanc Mesnil was contributed to Resid'access for an amount of €3,794k.
- ▶ 3 off-plan operations ceded to APEC Développement, representing 135 units of housing for an amount of €33,775k.

These disposals generated pre-tax gains of €691k.

B. DETAILS OF THE VILLETANEUSE AND MAISON ALFORT SALE AGREEMENTS

In accordance with IFRS 5, the Villetaneuse and Maison Alfort buildings together with the related liabilities are presented on a separate line of the consolidated balance sheet under "Assets held for sale" and "Liabilities related to assets held for sale".

The impacts of this presentation are as follows:

(€ thousand)	31/12/2022
NON-CURRENT ASSETS	(64,457)
Investment property	(64,457)
Investment properties measured at fair value	(64,457)
CURRENT ASSETS	64,457
Assets held for sale	64,457
TOTAL ASSETS	-
NON-CURRENT LIABILITIES	(14,690)
Borrowings and financial liabilities	(130)
Deferred tax liabilities	(14,560)
CURRENT LIABILITIES	14,690
Liabilities related to assets held for sale	14,690
TOTAL EQUITY AND LIABILITIES	-

C. FAIR VALUE ADJUSTMENTS

See Note 4.7.2.7.5 "Fair value adjustments to investment property".

Valuation assumptions and sensitivity

In view of the scarcity of publicly-available data, the complexity involved in measuring real estate assets and the fact that appraisers use confidential Group tenancy schedules for valuation purposes, in'li considers classification based on level 3-type inputs to be the most appropriate. Furthermore, experts use unobservable inputs such as assumptions concerning rent increases or capitalisation rates to determine the fair values of in'li's assets.

As of 31 December 2022, 100% of the property portfolio operated by the Group had been subject to an external appraisal.

Investment properties measured at cost

<i>(€ thousand)</i>	Gross amounts	Impairment provisions	Total IP at cost	Buildings held for sale	Total IP at cost
01/01/2021	719,822	-	719,822	-	719,822
Acquisitions and capitalised expenditure	546,789	-	546,789	-	546,789
Disposals and derecognised assets	(99,637)	-	(99,637)	-	(99,637)
Reclassifications and transfers between categories	(314,665)	-	(314,665)	-	(314,665)
31/12/2021	852,309	-	852,309	-	852,309
Acquisitions and capitalised expenditure	621,110	-	621,110	-	621,110
Disposals and derecognised assets	(37,497)	-	(37,497)	-	(37,497)
Reclassifications and transfers between categories	(393,200)	-	(393,200)	-	(393,200)
31/12/2022	1,042,722	-	1,042,722	-	1,042,722

Assets measured at cost essentially comprise property under construction. No impairment was recognised at 31 December 2021 or at 31 December 2022.

A. ACQUISITIONS

In 2021 and 2022, acquisitions corresponded to expenditure on investment property under construction and buildings delivered during the period.

B. DISPOSALS

Disposals in 2022 concerned 3 off-plan operations representing 135 units of housing ceded to Apec Résidence for an amount of €33,775k.

C. OTHER MOVEMENTS

Reclassifications concerned investment property at cost transferred to investment property at fair value during the period.

Assets and liabilities held for sale (IFRS 5)

<i>(€ thousand)</i>	31/12/2022	31/12/2021	<i>(€ thousand)</i>	31/12/2022	31/12/2021
Buildings at fair value held for sale	64,457	65,000	Borrowings and financial liabilities	130	826
TOTAL ASSETS HELD FOR SALE	64,457	65,000	Deferred tax liabilities	14,560	15,332
			Trade payables and other operating liabilities	-	4
			TOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE	14,690	16,162

Liabilities held for sale at 31 December 2022 concern the buildings located in Villeteuse and Maison Alfort presented in Note 4.7.2.6.1 B.

4.7.2.6.2 OTHER PROPERTY AND EQUIPMENT

(€ thousand)	31/12/2022	31/12/2021
Right of use of property and equipment	25,469	14,869
Technical facilities, machinery & equipment	20,688	20,693
Other property and equipment	15,513	17,609
Total other property and equipment (gross)	61,670	53,171
Depreciation of right-of-use assets	-9,525	-6,740
Depreciation of technical facilities, machinery & equipment	-20,666	-20,653
Depreciation of other property and equipment	-7,863	-6,212
Impairment provisions	-	-
Total depreciation and impairment of other property and equipment	-38,054	-33,605
TOTAL OTHER PROPERTY AND EQUIPMENT	23,616	19,566

Disclosures concerning right of use of leased property and equipment (IFRS 16)

(€ thousand)	01/01/2022	Acquisitions	Disposals	Depreciation expense over the period	Release of depreciation expense over the period	31/12/2022
Right-of-use assets	14,869	10,600	-	-	-	25,469
Cumulative amortisation and depreciation charges	(6,740)	-	-	(2,785)	-	(9,525)
TOTAL (GROSS AMOUNT)	8,129	10,600	-	(2,785)	-	15,944

Right of use of leased property and equipment consist of the in'li headquarters building and two new construction leases at Suresnes and Noisy le Grand for a terms of 40 and 55 years, respectively.

Disclosures concerning leases – lease type

Category of asset leased	Conditions of renewal or purchase	Indexation clauses	Lease term
Offices (headquarters)	No renewal option at present	Rent review index (IRL) 1.25%	7 years
Construction leases	No renewal option	Rent review index (IRL) 1.3%	40 years

4.7.2.6.3 FINANCIAL ASSETS

(€ thousand)	31/12/2022	31/12/2021
Non-consolidated investments	99,143	95,414
Security deposits and guarantees	4,463	3,899
Other financial assets	-	-
Current financial assets	103,606	99,313
Marketable securities	41,594	21,593
Non-current financial assets	41,594	21,593
TOTAL (GROSS AMOUNT)	145,200	120,906
Impairment provisions	-	-
TOTAL (NET AMOUNT)	145,200	120,906

Financial assets mainly consist of investments in subsidiaries and associates (see Note 4.7.2.4.2).

4.7.2.6.4 INVESTMENTS IN ASSOCIATES

Summary balance sheet	APEC Résidence		APEC Développement		Cronos	
	2022	2021	2022	2021	2022	2021
Property portfolio	98,280	95,250	134,599	70,349		
Other assets	4,679	3,554	1,406	336	1,394,487	1,116,891
TOTAL ASSETS	102,959	98,804	136,005	70,685	1,394,487	1,116,891
Equity	71,898	68,943	85,650	46,644	935,101	818,983
Borrowings	8,711	20,755	43,197	22,248	358,699	237,960
Other liabilities and deferred taxes	22,350	9,107	7,158	1,794	100,687	59,948
TOTAL LIABILITIES	102,959	98,804	136,005	70,685	1,394,487	1,116,891
Net profit (loss)	4,750	5,773	9,992	5,053	116,164	175,599
% control	25%	25%	25%	25%	25%	25%
Share in income of associates	1,188	1,443	2,498	1,263	29,041	43,900
Equity	71,898	68,943	85,650	46,644	935,101	818,983
% control	25%	25%	25%	25%	25%	25%
INVESTMENTS IN ASSOCIATES	17,974	17,236	21,413	11,661	233,775	204,746

	2022	2021
TOTAL SHARE IN NET INCOME OF ASSOCIATES	32,727	46,606
TOTAL INVESTMENTS IN ASSOCIATES	273,162	233,642

Investments in associates consist exclusively of investments accounted for by the equity method.

Following the contribution of assets to Foncière Cronos on 15 January 2021, in'li Participations, a wholly-owned

subsidiary of in'li, owns 25% of Cronos, which itself owns 100% of Foncière Cronos.

In'li's share in Cronos's net income totalled €29,041k in 2022 and €43,900k in 2021 and was mainly attributable to unrealised gains on Foncière Cronos shares.

At 31 December 2022, in'li's real estate portfolio was composed of 108 properties currently in operation, comprising 7,972 units of housing, and 37 off-plan programmes under construction representing 1,987 units. These properties have been valued at €2,162 million (excluding taxes and duties).

4.7.2.6.5 DERIVATIVE INSTRUMENTS

In 2022, the In'li Group contracted derivatives as part of its strategy of hedging against interest rate risk. Outstanding amounts at 31 December 2022 were as follows:

	Outstanding at 31/12/2022	Due in < 1 year	Due in de 1 à 5 years	Due in > 5 years
Fixed-rate receiver swaps	26,696			26,696
Collars	5,591			5,591
Caps	2,439			2,439
TOTAL	34,726	-	-	34,726

4.7.2.6.6 DEFERRED TAX ASSETS AND LIABILITIES

At 31 December 2022, net deferred tax (excluding deferred taxation on assets reclassified in accordance with IFRS 5) was a liability amounting to €1,235 million that mainly includes the tax effects of gains on investment property (including provisions for taxes).

(€ thousand)	01/01/2021	Change in income	Reclas-sifications	Other move-ments	31/12/2021	Change in income	Reclas-sifications	Other move-ments	31/12/2022
Total deferred tax assets	-	-	-	-	-	-	-	-	-
Deferred tax liabilities on investment property	1,233,475	(108,632)	186,727	-	1,311,570	(71,873)	(5,178)	-	1,234,518
Other deferred tax liabilities	416	(49)	-	(10,169)	(9,802)	6,285	6,055	191	2,729
Total deferred tax liabilities	1,233,891	(108,681)	186,727	(10,169)	1,301,768	(65,588)	877	191	1,237,248
TOTAL NET DEFERRED TAX LIABILITIES	(1,233,891)	108,681	(186,727)	10,169	(1,301,768)	65,588	(877)	(191)	(1,237,248)

4.7.2.6.7 TRADE RECEIVABLES

(€ thousand)	31/12/2022	31/12/2021
Receivables from tenants	73,154	71,901
Other trade receivables	5,725	5,725
Suppliers with debit balance – Advances and prepayments	3	201
GROSS RECEIVABLES	78,882	77,827
Provisions for bad debts	(25,851)	(24,209)
TRADE RECEIVABLES, NET	53,031	53,618

Receivables are recorded at face value and mainly comprise:

- ▶ Outstanding rents and service and maintenance charges (€56,230k at 31 December 2022 and €53,845k at 31 December 2021);
- ▶ Adjustments to unbilled service and maintenance charges corresponding to the difference between prepaid charges called and actual final expenditure (€13,484k at 31 December 2022 and €18,107k at 31 December 2021).

Provisions are calculated in accordance with the Group's accounting policies (see Note 4.7.2.4.4).

4.7.2.6.8 OTHER RECEIVABLES

(€ thousand)	31/12/2022	31/12/2021
Other loans and advances to subsidiaries and affiliates	89,747	59,389
Group current account balances in assets	26,488	23,614
Prepaid expenses	3,755	30
Tax receivables other than on income tax	1,066	500
Other	17,403	24,278
OTHER GROSS RECEIVABLES	138,459	107,811
Impairment provisions	-	-
OTHER RECEIVABLES (NET)	138,459	107,811

4.7.2.6.9 CASH AND CASH EQUIVALENTS

<i>(€ thousand)</i>	2022.12	2021.12
Available-for-sale money market securities	79,000	213,000
Cash at bank	290,969	263,230
Accrued interest on cash and cash equivalents	48	-
Total assets	370,017	476,230
Bank overdrafts	-	-
Total liabilities	-	-
Impairment of money market securities	(342)	(103)
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	369,675	476,127

Cash and cash equivalents decreased by €106,451k in 2022 due to deployment of the Company's development plan.

4.7.2.6.10 CONSOLIDATED EQUITY

See "Statement of changes in consolidated equity" in Note 4.7.1.4.

4.7.2.6.11 BORROWINGS AND FINANCIAL LIABILITIES

Financial liabilities by nature

<i>(€ thousand)</i>	2022	2021
Bonded debt	593,926	594,022
Bank borrowings	1,522,077	1,076,180
Security deposits	26,241	25,149
Other borrowings and credit facilities	4,734	4,735
Non-current borrowings and financial liabilities (over 1 year remaining)	2,146,978	1,700,086
Current borrowings (less than 1 year remaining)	59,812	134,834
Other borrowings and credit facilities	422	826
Bank overdrafts	-	-
Accrued interest	11,458	10,788
Current borrowings and financial liabilities (less than 1 year remaining)	71,692	146,448
BORROWINGS AND FINANCIAL LIABILITIES	2,218,670	1,846,534
Financial investments	(41,594)	(21,593)
Cash and cash equivalents	369,675	476,127
NET FINANCIAL LIABILITIES	2,546,751	2,301,068

Change in financial liabilities

<i>(€ thousand)</i>	Outstanding at 31/12/2021	Subscription	Redemption	Reclassifications and other movements	Outstanding at 31/12/2022
Bonded debt	594,022	-	(96)	-	593,926
Bank borrowings	1,211,014	432,991	(62,449)	333	1,581,889
Other borrowings and credit facilities	5,561	-	(405)	-	5,156
Security deposits	25,149	4,167	(3,075)	-	26,241
Bank overdrafts	-	-	-	-	-
BORROWINGS AND FINANCIAL LIABILITIES	1,846,534	448,618	(76,823)	341	2,218,670

(€ thousand)	Outstanding at 31/12/2021	Subscription	Redemption	Reclassifications and other movements	Outstanding at 31/12/2022
Accrued interest	10,788	11,460	(10,798)	8	11,458
BORROWINGS AND FINANCIAL LIABILITIES	1,846,534	448,618	(76,823)	341	2,218,670

In 2022, the Company contracted three loans at variables rates:

- ▶ a €190 million loan with HSBC on 26 October 2022,
- ▶ an €84 million loan with the EIB on 11 February 2022,
- ▶ an €154 million loan with the EIB on 22 December 2022,

In 2021, the Company contracted a €99 million bond loan.

Details of main borrowings

In 2022, in'li contracted €436,148k worth of borrowings to finance new operations.

These mainly comprise:

- ▶ Two loans totalling €238,160k drawn down from the €310,000k facility negotiated with the EIB.
- ▶ A six-year mortgage for an amount of €190,000k contracted with HSBC.

Also, two lines of revolving credit were added to the €800 million syndicated credit facility signed in 2018 with a consortium of French and international banks.

Borrowings and other financial liabilities repaid during the year amounted to €62,855k.

In 2021, in'li contracted a bond loan with the following features:

- ▶ Nominal value: €99 million;
- ▶ Format : senior unsecured Fixed Rate Notes;
- ▶ Term: 7 years (matures on 2 July 2029)
- ▶ Repayment profile: bullet payment
- ▶ Coupon: 1.125%;
- ▶ Listing: Euronext Paris
- ▶ Covenant: secured debt ratio
- ▶ Purpose: to finance the general requirements of the business.

Maturities of borrowings and financial liabilities

(€ thousand)	Outstanding at 31/12/2022	Due in		
		< 1 year	Between 1 and 5 years	> 5 years
Bonded debt	593,926	-	0	593,926
Bank borrowings	1,581,889	59,812	245,452	1,276,625
Other borrowings and credit facilities	5,156	422	1,633	3,101
Security deposits	26,241	-	0	26,241
Accrued interest	11,458	11,458	0	-
Bank overdrafts	-	-	0	-
BORROWINGS AND FINANCIAL LIABILITIES	2,218,670	71,692	247,085	1,899,893

Covenants

Most of in'li's loans are subject to compliance with financial ratios which are contractually defined in the loan agreements. The main covenants are the following:

RATIO	Commitment	2022
LTV = Net financial debt / remeasured value of portfolio (block value, net of taxes and duties)	maximum 65%	19,7
ICR = EBITDA / finance costs	minimum 1.5%	7,9
Consolidated portfolio value	> €3,000 million	9,211
Value of property portfolio (block value, net of taxes and duties)	> €2,00 million	8,922

4.7.2.6.12 PROVISIONS

Provisions and other non-current liabilities are analysed in the previous table.

(€ thousand)	31/12/2021	Additions	Reversals	Actuarial gains and losses	Reclas-sifications	31/12/2022
Provisions for contingencies and losses	2,138	661	(1,508)	-	186	1,477
Employee benefits	2,965	-	(1,072)	(892)	111	1,112
Non-current provisions	5,103	661	(2,580)	(892)	297	2,589
Provisions for contingencies and losses	726	-	-	-	(137)	589
Employee benefits	489	-	-	-	(111)	378
Current provisions	1,215	-	-	-	(248)	967
TOTAL	6,318	661	(2,580)	(892)	49	3,556

Determining provisions for contingencies and losses requires the use of estimates and assumptions produced by management based on information or situations that existed at the reporting date – which may turn out to be different from reality – and the use of judgement.

4.7.2.6.13 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Post-employment benefits

Post-employment benefits for employees are mostly covered by an externally managed defined benefit pension plan. A provision is recognised for any amounts not covered.

The amount of post-employment benefit commitments is calculated based on various criteria that are reviewed annually, including the employee turnover rate (adm = 4.13%, PIME = 3.03%, PIMG = 1.17%), employee wage growth (adm = 2.97%, PIME = 2.32%, PIMG = 2.36%), the discount rate (3.68%), and the payroll tax rate (adm = 65.32%, PIME = 58.67%, PIMG = 58.08%).

The average retirement age used is 62.

In addition, a provision for the year-on-year difference of €1,072k was released, bringing the provision for the amount not covered in the main defined benefit plan (retirement indemnities plan) to €723k.

Length-of-service awards

At 31 December 2022, the provision for long-term commitments in relation to length-of-service amounted to €767k.

4.7.2.6.14 TRADE PAYABLES

Changes in trade payables balances over the reported periods may be analysed as follows:

(€ thousand)	31/12/2022	31/12/2021
Trade payables for goods and services	44,856	40,962
Amounts owed to property developers	11,158	8,262
Tenants with credit balances	2,321	1,980
Service and maintenance charges to be adjusted	21,594	23,073
Lease payables		(628)
TRADE PAYABLES	79,929	74,276

4.7.2.6.15 OTHER PAYABLES

(€ thousand)	31/12/2022	31/12/2021
Group current account balances in liabilities	41,092	36,358
Deferred income	10,964	10,303
Other	10,601	11,928
OTHER PAYABLES	62,657	58,589

4.7.2.6.16 RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

(€ thousand)	NBV at 31/12/2022	Amortised cost	Fair value through equity	Fair value through profit and loss	Fair value
ASSETS					
Financial assets	103,606	103,606	-	-	103,606
Trade receivables	53,031	53,031	-	-	53,031
Derivative instruments	3,683	3,683	-	31,043	34,726
Cash and cash equivalents	369,675	369,675	-	-	369,675
TOTAL	529,995	529,995	-	31,043	561,038
EQUITY AND LIABILITIES					
Bond loan	593,926	593,926	-	-	593,926
Other	1,624,744	1,624,744	-	-	1,624,744
Trade accounts payable	36,014	36,014	-	-	36,014
TOTAL	2,254,684	2,254,684	-	-	2,254,684

Breakdown by level of financial assets and liabilities at fair value

Under IFRS 13, the different techniques used to measure financial instruments must be ranked. It sets out the following categories:

- ▶ **Level 1:** financial instruments traded on an active market;
- ▶ **Level 2:** financial instruments whose fair value is measured by comparison with observable market transactions for similar-type instruments (i.e., no modification or restructuring) or using variables based only on observable market data;
- ▶ **Level 3:** financial instruments whose fair value is calculated wholly or partly from estimates that are not based on observable market transactions for similar-type instruments (i.e., no modification or restructuring) or observable market data.

(€ thousand)	Total	Niveau 1	Niveau 2	Niveau 3
Investment property	7,873,402	-	-	7,873,402
Derivative instruments	34,726	-	34,726	-
TOTAL ASSETS	7,908,128	-	34,726	7,873,402
TOTAL LIABILITIES	-	-	-	-

4.7.2.7 Notes to the consolidated income statement

4.7.2.7.1 GROSS RENTAL INCOME

Gross rental income may be analysed as follows:

(€ thousand)	2022	2021
Rental income from dwellings and related revenue	274,379	260,648
Rental income from parking spaces	13,903	13,187
Rental income from commercial and office leases	5,571	4,465
GROSS RENTS	293,852	278,301
Other rental income	1,388	1,098
GROSS RENTAL INCOME	295,240	279,399

The year-on-year increase was mainly attributable to:

- ▶ Application of the 0.66% increase in the rent review index when properties were relet;
- ▶ The full-year impact of properties delivered in 2021;
- ▶ The extra rent generated by the 1,567 new units delivered in 2022.

4.7.2.7.2 OPERATING EXPENSES

Operating expenses consist of:

- ▶ Charges for which the owner is liable, work-related expenditure, any litigation costs and property management costs;
- ▶ The rebillable portion of service and maintenance charges by nature that must be paid by the Group, mostly for vacant properties.

<i>(€ thousand)</i>	2022	2021
Subcontracting and maintenance	17,962	14,643
Upkeep and repair work	34,080	33,312
Taxes and other levies	17,019	37,573
Personnel expenses	6,567	6,592
Other expenses	5,354	5,123
Building-related expenses	80,982	97,243
Fluids	24,244	24,050
Taxes and other levies	7,704	7,233
Personnel expenses	5,530	5,619
Other charges (including management agency fees)	33,482	32,197
Rebillable charges	70,960	69,098
Provisions for charges	(71,673)	(70,697)
Charges to be regularised	372	1,591
Charges on vacant properties	3,313	3,705
Charges rebilled	(67,988)	(65,401)
NET OPERATING EXPENSES	83,954	100,940

4.7.2.7.3 OVERHEADS

Overheads mostly consist of personnel expenses, fees paid by the Company and headquarters operating costs (maintenance, IT, insurance, advertising costs, etc.).

Personnel expenses relate to the Company's employees, with the exception of building personnel who are included in building charges. Certain personnel expenses and management fees are reclassified to building charges, depending on their nature.

4.7.2.7.4 PROCEEDS ON DISPOSALS

No entities were sold in 2022.

In 2021, disposals of investments mainly consisted of the sale of 100% of the shares in Foncière Cronos and 75% of the shares in Cronos.

For disposals of investment property, see the breakdown provided in Note 4.7.2.6.1.

4.7.2.7.5 FAIR VALUE ADJUSTMENTS TO INVESTMENT PROPERTY

Fair value adjustments to investment property may be analysed as follows:

<i>(€ thousand)</i>	2022	2021
Investment properties measured at fair value	(314,669)	303,366
TOTAL FAIR VALUE ADJUSTMENTS	(314,669)	303,366

Fair value hierarchy

Residential property	"Block" value per m ²		Discount rate (DCF)		Rate of return	
	Min	Max	Min	Max	Min	Max
Paris City	3712	10909	1.9	5.5	0.3	3.75
Seine-Saint-Denis	1441	8037	3.4	8.3	1.8	6.6
Hauts-de-Seine	1360	9813	2.4	7.7	0.8	6.1
Val-de-marne	1956	7315	2.9	7	1.3	5.6
Yvelines	852	7591	2.2	8.4	0.6	6.8
Val-d'Oise	355	4570	4.5	9.6	2.4	8
Essonne	902	4318	4.7	7.7	3.1	6.3
Seine-et-Marne	1702	3390	4.1	8.1	2.6	6.4
autres départements	78	2679	3.9	18.3	2.3	16.7

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

Sensitivity analysis

(€ thousand)	Change in "block" value per m ² (direct comparison method)		Change in DCF (DCF method)		Change in return (income capitalisation method)	
	Min price per m ² and per unit -5%	Max price per m ² and per unit +5%	Min Discount rate +25 p/b	Max Discount rate -25 p/b	Min Rate of return +25 p/b	Max Rate of return -25 p/b
Paris City	1,439,119	1,602,841	1,452,029	1,576,171	1,362,349	1,689,571
Inner suburbs	4,594,426	5,130,882	4,652,999	4,938,166	4,494,777	5,203,354
Outer suburbs	1,410,182	1,583,298	1,456,216	1,548,535	1,392,954	1,583,510
Other	51,044	56,817	55,494	57,367	50,934	56,393
TOTAL	7,494,771	8,373,838	7,616,738	8,120,239	7,301,014	8,532,828
Variance with conclusive value of method in question	-5.6%	5.5%	-3.0%	3.4%	-7.1%	8.5%

4.7.2.7.6 NET FINANCIAL INCOME (EXPENSE)

Net financial income (expense) mostly consists of interest payable on borrowings from credit institutions and interest on the bond loans contracted in July 2019 and November 2021.

(€ thousand)	2022	2021
Income from long-term investments	434	60
Miscellaneous interest income	857	736
Fair value of derivatives	31,043	-
Other financial income	2,436	2,533
Financial income	34,770	3,329
Banking services	(1,985)	(118)
Interest on bonded debt	(6,745)	(6,289)
Interest on borrowings from credit institutions	(24,432)	(22,780)
Miscellaneous interest expense	(267)	(270)
Other finance costs	(1,554)	(730)
Provisions for impairment of financial assets	31	16
Financial expenses	(34,953)	(30,171)
Lease finance costs	(121)	(149)
FINANCIAL INCOME (EXPENSE)	(304)	(26,991)

4.7.2.7.7 INCOME TAX

The tax expense for the period can be broken down as follows:

(€ thousand)	2022	2021
Income tax surcharge	(404)	(6,645)
Other	-	-
Recurring taxes	(404)	(6,645)
Corporate income tax	(12,976)	(201,880)
Deferred taxes	65,588	108,681
Non-recurring taxes	52,612	(93,199)
TOTAL TAX EXPENSE	52,208	(99,844)

A reconciliation of the effective tax rate is provided in the following table:

Reconciliation of the effective tax rate (€ thousand)	2022	2021
Net profit (loss)	(120,282)	315,830
Income tax expense	52,208	(99,844)
INCOME BEFORE TAX	(172,490)	415,674
Tax rate	25%	28%
Standard tax (amount)	43,122	(118,068)
Impact of share in net income of associates	8,182	13,238
Standard tax adjusted to include share in net income of associates	51,304	(104,830)
Income tax expense	52,208	(99,844)
TAX-RELATED DIFFERENCES	(904)	(4,986)
Permanent differences	2,756	(5,027)
Dividends	11	(57)
Other movements	(3,671)	40
EXPLANATIONS	(904)	(4,986)

4.7.2.8 Other disclosures

4.7.2.8.1 OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments at 31 December 2022 and at 31 December 2021 were as follows:

(€ thousand)	31/12/2022	31/12/2021
Mortgages and lender's liens	974,642	816,010
Signed acquisition agreements to be settled	38,978	66,482
Off-plan agreements to be settled	205,645	825,810
Share subscriptions ⁽¹⁾	24,980	26,675
Payment of loan ⁽¹⁾	14,354	14,354
TOTAL COMMITMENTS GIVEN	1,258,599	1,749,331
Bank guarantees and financial guarantees ⁽²⁾	19,328	15,672
Guarantees from suppliers	20,713	20,475
Available borrowings ⁽³⁾	885,121	922,815
Grants receivable (ANRU)	0	4,687
Off-plan builders' commitments	205,645	825,810
Signed sale agreements to be settled	64,457	3,444
TOTAL COMMITMENTS RECEIVED	1,195,264	1,792,903

Off-plan commitments totalling €205,645k comprise reciprocal commitments given and received on reservation agreements with property developers to build over 1,530 units of housing.

4.7.2.8.2 RELATED PARTIES

The Company's parent, Action Logement, complies with the notion of a "government-related entity" under Revised IAS 24 and in 'li avails of the reporting exemption provided under paragraph 25 of the standard.

The Companies main related parties are:

- ▶ The subsidiaries
 - > In'li PM: rebilling of amounts of €4.8 million and a €0.5 million cash advance;
 - > APEC Développement: current account advance of €10.7 million and accrued interest receivable of €0.01 million;
 - > APEC Résidence: current account advance of €3.4 million and accrued interest receivable of €0.03 million;
 - > In'li Participations: current account advance of €69.2 million and accrued interest receivable of €1.0 million;
- ▶ The Chairman of the Management Board and the Chief Executive Officer;
- ▶ The parent company, Action Logement Immobilier, which has given the Company a current account advance of €41 million, and Action Logement Groupe;
- ▶ All other related-party transactions were deemed non-material.

(1) Commitment to subscribe to the Terrae Optimae investment fund to convert offices into housing units.

(2) Bank guarantees for property reservation agreements.

(3) Mainly comprising the RCF for €750 million and €310 million in EIB financing

4.7.2.8.3 HEADCOUNT

Average Group headcount may be broken down as follows:

AVERAGE HEADCOUNT ⁽¹⁾	31/12/2022	31/12/2021
Management grade	275	257
Employee-grade and supervisor-grade	192	193
Building personnel	280	280
Apprentices	29	24
TOTAL	776	754

4.7.2.8.4 SENIOR EXECUTIVE COMPENSATION

Because these disclosures would make it possible to identify, directly or indirectly, the individual situations of members of the Company's management bodies, this information is not disclosed as authorised by Article 833-17 of the French General Chart of Accounts.

4.7.2.8.5 STATUTORY AUDITORS' FEES

Statutory Auditors' fees for auditing the Company-only and the consolidated accounts and for non-statutory audit engagements for 2021 and 2022 are disclosed in the following table:

STATUTORY AUDITORS' FEES (€ THOUSAND)	Mazars			
	2022		2021	
	Gross	%	Gross	%
Audit of the individual company and consolidated financial statements	108	81%	103	71%
Services other than statutory audit engagements	26	19%	43	29%
TOTAL	134	100%	146	100%

4.7.2.8.6 SUBSEQUENT EVENTS

None

(1) Average headcount including part-time staff





Report on corporate governance

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5.1 Governance

The report on corporate governance was prepared in accordance with Article L.225-68 of the French Commercial Code (Code de commerce). Every year, the Board of Directors prepares a report for the purpose of presenting to the shareholders, at the General Meeting called to deliberate upon all matters relating to the financial statements for the previous year, information relating to the Company's corporate governance, notably the composition and organisation of its Supervisory Board.

5.1.1 Supervisory Board

Missions

The Supervisory Board's organisation and operating procedures are set out in the Company's Articles of Association and in the Board's own rules of procedure. At its meeting of 14 November 2017, the Supervisory Board unanimously adopted rules of procedure setting out the composition, organisation and operation of the Board, as well as its relations with the Management Board. The Supervisory Board's rules of procedure are reviewed on a regular basis and amended as appropriate to keep them in line with the Company's organisational structure and the regulatory environment more generally. The Company's Supervisory Board exercises ongoing control over the management of In'li by its Management Board.

As such, it performs all controls and checks and issues all opinions that it considers appropriate within its remit concerning:

- ▶ The documents and disclosures provided by the Management Board, for which it assesses the regularity, relevance and reliability;
- ▶ The financial statements and the reliability and consistency of the accounting principles and methods used to prepare the Company's financial statements and results presented by the Management Board, as well as the resources deployed for this purpose by the Statutory Auditors;

5.1.1.1 COMPOSITION

- ▶ The appropriateness of the strategic choices and acts of management of the Management Board;
- ▶ Monitoring the implementation of decisions taken.

The Supervisory Board exercises the specific powers conferred on it by law, which are listed in the Articles of Association. It also authorises the Management Board to perform transactions that require its prior authorisation. Lastly, the Supervisory Board monitors the implementation of decisions taken.

Three Board committees: the Audit and Accounts Committee, the Appointments and Compensation Committee and the Investment Committee are made up of members of the Supervisory Board. These committees have an advisory role and regularly report back to the Supervisory Board. Their *modus operandi* is set out in the Supervisory Board's rules of procedure.

Composition and *modus operandi*

The members of the Supervisory Board are appointed or reappointed by the General Shareholders' Meeting. In the event of a vacancy – due to death or resignation – of one or more seats on the Board, the Supervisory Board may make appointments between two General Meetings. These provisional appointments must subsequently be ratified at the next General Meeting.

In'li's Supervisory Board has twelve members: nine representatives of employers organisations, including the Chairman, and three trade union representatives, including the Vice-Chairman, all of whom have been appointed by the social partners.

Each Supervisory Board member serves a three-year term. The terms of office of one-third of the members of the Supervisory Board are renewed every year, in accordance with the Company's Articles of Association.

At 31 December 2022, the following people were members of the Supervisory Board:

- | | | |
|--|----------------------------------|------------------------------|
| ▶ Pierre Brajeux , Chairman | ▶ Sandra Bues-Piquet | ▶ Marie-Pierre Huré |
| ▶ Michel GOYER , Vice-Chairman | ▶ Florence Soustre-Gasser | ▶ Hervé Morel |
| ▶ Action Logement Immobilier, represented by Pascal Landrin | ▶ Patricia Gomez-Talimi | ▶ Philippe Thel |
| ▶ Philippe Amram | ▶ Xavier Hesse | ▶ Jackie Xiaohua Troy |

The members of the Supervisory Board are not paid for their services. The General Meeting of 29 September 2017 decided that the members of the Supervisory Board would not be remunerated for their services and this principle continued to be applied in 2022.

The Annual General Meeting to be held on 11 May 2023 will be asked to renew the terms of office of Xavier Hesse, Florence Soustre-Gasser, Sandra Bues-Piquet and Philippe Amram as members of the Supervisory Board for a three-year term to expire at the end of the Annual General Meeting in 2026 called to approve the financial statements for 2025.

5.1.1.2 MODUS OPERANDI

The Supervisory Board met four times in 2022, pursuant to a convening notice issued by the Chairman, and the Chairman was consulted once in writing.

It deliberated on the deployment of the Company's strategic plan, its performance since 2018, took arbitrage decisions concerning the property portfolio, approved decisions concerning the Company's capital, signed off on the annual financial statements and the allocation of net income, and analysed the financial statements and quarterly results. The Board approved the budget, the audit plan and the 2023 risk management plan.

The Supervisory Board also approved the deployment of the second part of the Strategic Plan and the creation of new development properties.

It authorised a number of related-party agreements necessary for the conduct of business.

Diversity policy

The Supervisory Board comprises five women out of twelve members, three of who also sit on one of the three Board committees. The Audit and Accounts Committee is chaired by a woman.

The quest for gender balance is also apparent in senior management and three of the five deputy CEOs are women.

The members of the Supervisory Board are chosen for their expertise, their wide-ranging experience, their willingness to be a part of defining and implementing corporate and subsidiary company strategy, and the contribution they can make to the work of the Board. The Company's Articles of Association stipulate that the proportion of members over 70 years of age may not exceed 30% of all current members in office. If this proportion is exceeded, the oldest member of the Supervisory Board – with the exception of the Chairman – must leave office at the end of the next Ordinary General Meeting.

The composition of the Supervisory Board also takes account of governance rules in force within the Company and Action Logement Group, notably the rules of procedure regarding the proportion of representatives of employers' organisations and trade unions.

For example, the Chairman is selected from among the natural person representatives of employers' organisations, and the Vice Chairman is selected from among the natural person representatives of trade unions.

There is a constant search for diversity within the Executive Committee and 41% of its members were women as at 31 December 2022.

Ethics – Preventing conflicts of interest

Each member of the Supervisory Board is bound to perform their duties in good faith, in the manner they consider most appropriate for promoting the interests of the Company and with due care and prudence in the exercise of such a mission.

Each member of the Supervisory Board undertakes, in all circumstances, to maintain their freedom of analysis, judgement, decision-making and action and to reject any direct or indirect pressure that may be exerted upon them.

The Supervisory Board's rules of procedure contain an anti-corruption code which stipulates that each member of the Supervisory Board must act in all circumstances in the Company's general interest. Each member must inform the Supervisory Board of any actual or potential conflict of interest that may concern them directly or indirectly.

A Code of Ethics drawn up at Action Logement Group level applies to all Group managers and employees. It sets out commitments to business ethics and guides behaviour and best practices. A Group Ethics Committee has been set up to deal with issues relating to ethics and to examine cases submitted to it based on the Group's charter.

An Ethics Handbook is sent to each member of the Supervisory Board appointed or whose term of office is renewed, to raise awareness among Supervisory Board members of best ethical practices, especially concerning the prevention of conflicts of interest.

A stock market ethics charter applicable to all the Company's managers and employees was also drawn up following the Company's inaugural bond issue. Its purpose is to raise awareness among employees of the legal requirements in relation to holding, communicating and making use of certain information about the Company known as insider information, the rules applicable to certain sensitive information and trading in the Company's securities, and the preventive measures and administrative and/or criminal sanctions applicable in the event that said rules are breached.

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5.1.2 Management Board

COMPOSITION

The composition and workings of the Management Board are governed by specific rules of procedure.

The composition of the new Management Board was approved by the Supervisory Board at its meeting of 21 December 2021. The three-year terms of office of each of the five members of the Management Board will expire in December 2024:

- ▶ **Damien ROBERT**, Chairman of the Management Board;
- ▶ **Antoine PINEL**, Chief Executive Officer, Member of the Management Board;
- ▶ **Emmanuelle ROBIN-TEINTURIER**, Deputy CEO – Resources and Digital Transformation, Member of the Management Board;
- ▶ **Stéphanie CAULET**, Deputy CEO – Clients & Assets division, Member of the Management Board;
- ▶ **Marie LEFEBVRE-SOUCÉ**, Director of in’li Property Management, Member of the Management Board;

MODUS OPERANDI

The Management Board is tasked with running the Company in a collegial manner. It has the broadest powers to act in the Company’s name under all circumstances, within the scope of the corporate purpose and subject to the powers vested by the law.

The Management Board adopts a collegial approach, without any specific division of management tasks among its members.

It sets out general guidelines and supports strategic initiatives for the Company’s different activities, determines the structure and management oversight, defines the objectives and resources needed to deploy operations, and, more generally, deliberates on the most important issues concerning the management of the Company.

The Management Board meets as often as necessary to deliberate upon general policy and approve key projects. It reports to the Supervisory Board. Once every quarter it submits a report to the Board outlining key events and developments, focusing in particular on the Company’s strategic policy, key business indicators, internal audit and risk management and in’li’s new organisation structure based around new applications and business lines.

5.1.3 Board committees

By a decision of 14 November 2017, the Supervisory Board set up three standing committees and defined the main duties of each committee as follows:

Audit and Accounts Committee:

Examines the appropriateness of the methods used to prepare the parent company financial statements and verifies that internal procedures for gathering and monitoring information have been correctly applied by examining the financial information provided after the accounts have been closed, the draft parent company financial statements, the relevance and consistency of the accounting methods used, the external audit process and the Company’s internal control systems;

Investment Committee

Reviews certain new investment projects within the scope of the development strategy presented by the Management Board. The Committee is tasked with:

- ▶ Being kept informed by the Management Board of the deployment of in’li’s investment policy in accordance with the strategic plan and, in particular, of the terms and conditions of the investments;
- ▶ Reporting at least once a year to the Supervisory Board on how this policy is being deployed;
- ▶ Issuing a preliminary opinion to the Management Board concerning specific investments to be undertaken by in’li;
- ▶ Issuing a preliminary opinion to the Supervisory Board concerning decisions to sell Company assets for material amounts;
- ▶ Issuing a preliminary opinion to the Supervisory Board in respect of joint ventures, equity investments and innovative or more traditional forms of financing that are directly related to in’li’s corporate purpose, and, more generally, reviewing and issuing opinions on any matter requested by the Supervisory Board.

Appointments and Compensation Committee:

Issues recommendations concerning the appointment of new members to the Supervisory and Management Boards and their compensation.

Each committee has a maximum of four members, appointed from among the members of the Supervisory Board. They are appointed for their term of office on the Supervisory Board and the rules for appointment are based on Action Logement Immobilier guidelines for non-social housing subsidiaries.

Audit and Accounts Committee

Sandra BUES-PIQUET, Chairwoman of the Committee

Michel GOYER

Action Logement Immobilier, whose permanent representative is **Pascal Landrin**

Xavier Hesse

4 MEETINGS HELD IN 2022

The Audit and Accounts Committee met on 4 April, 30 May, 3 October and 28 November 2022 to review and deliberate upon the following: the annual financial statements and projected management accounts, the Company's financing policy and structuring of the property development companies, the work performed in relation to audit, risk management, internal control and combating fraud, and the Plan for 2023.

Investment Committee

Michel GOYER, Chairman of the Committee

Philippe THEL

Jackie Xiaohua TROY

4 MEETINGS HELD IN 2022

The Committee met at regular intervals over the past year on 19 April, 3 May, 4 July and 8 November 2022, to examine management reporting information concerning project ownership, commitment committees, development project arbitrage and decisions to dispose of properties (block sales and split sales).

Appointments and Compensation Committee

Pierre BRAJEUX, Chairman of the Committee,

Michel GOYER

Patricia GOMEZ-TALIMI

1 MEETING HELD IN 2022

The Committee met on 4 April 2022. For 2022, based on the opinion of the Appointments and Compensation Committee of Action Logement Group and Action Logement Immobilier, in'li's Appointments and Compensation Committee issued recommendations on the compensation of the members of the Management Board (in terms of basis of calculation and amount). In accordance with Article 16 of the Company's Articles of Association, the Supervisory Board meeting of 29 June 2022 subsequently approved the Committee's proposals. For information, these decisions were also approved by the Board of Directors of Action Logement Immobilier, which vets the appointment of all corporate officers within its subsidiaries in accordance with its Articles of Association, and deliberates on their compensation.

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5.1.4 List of directorships and positions held in any Company

Pursuant to Article L.225-37-4 of the French Commercial Code, here is a list of all directorships and positions held by each corporate officer in the Company during 2022.

CORPORATE OFFICER	COMPANY NAME	OFFICE/POSITION HELD
MANAGEMENT BOARD		
Damien ROBERT	SA in'li	Chairman
Antoine PINEL	SA in'li Association UDLI	CEO, member of the Management Board Chairman, permanent representative of in'li
SUPERVISORY BOARD		
Pierre BRAJEUX	SA in'li	Chairman of the Supervisory Board
	SAS BRENNCORP	Chairman
	SAS TORANN-FRANCE	Chairman
	SAS NOVASCOTIA	Chairman
	SARL ASGARTH CONSULTANTS	Manager
	SARL VIGILANE	Manager
	SARL FERGUS AUTORITE	Manager
	SCI VOLFONI	Manager
	SCI BERETTO	Manager
	SCI WILLSDORF	Manager
	Association Horizon Santé Travail	Director
	MEDEF 92	Director (Secretary)
	MEDEF Île-de-France	Director
	Groupement des Entreprises de Sécurité	Director
	Union Française des Acteurs de compétence en Sécurité	Director
	Groupement des Professions de Services	Director
	Conseil National des Sapeurs-Pompiers Volontaires	Director
Michel GOYER	SA in'li	Vice-Chairman of the Supervisory Board
	CFDT HTR trades union (hotel, catering & restaurant section – Paris region)	Regional Secretary
	Tribunal judiciaire de Paris (Paris Court of Justice)	Presiding judge
	SAS AREAS SERVICES	Sales outlet manager
	Cour d'Appel d'Amiens (Court of Appeal of Amiens)	Presiding judge
Sandra BUES-PIQUET	SA in'li	Member of the Supervisory Board
	SA D'HLM IMMOBILIÈRE 3F	Director
	SA D'HLM SEQENS	Director
	SA VEOLIA ENVIRONNEMENT	Corporate Financial Director
Florence SOUSTRE-GASSER	SA in'li	Member of the Supervisory Board
	SAS PRAXILAB	Chairman
	Association EMCC FRANCE	Chairman
	SIMACS	Director
Philippe THEL	SA in'li	Member of the Supervisory Board
	SA D'HLM SEQENS	Director
	SAS PHT CONSEIL	Chairman
	IFPImm (Financing institute for real estate professionals)	Chairman

CORPORATE OFFICER	COMPANY NAME	OFFICE/POSITION HELD
Marie-Pierre HURÉ	SA in'li	Member of the Supervisory Board
	Joint labour/management organization	Alternate employer's representative
	Social dialogue observatory (Hauts-de-Seine (92))	Lead employer's representative
	MEDEF 92	General Secretary
	Association Horizon Santé Travail	Director
Patricia GOMEZ-TALIMI	SA in'li	Member of the Supervisory Board
	SCP PDGB	Partner & Lawyer
	Labour Relations Tribunal	Presiding judge
	Social Security Tribunal	Presiding judge
	APPI	Director
	ESAIP Angers	Member of the Supervisory Board
Xavier HESSE	SA in'li	Member of the Supervisory Board
	EIRL PARISSPEED	Businessman
	Réseau RIVALIS	Independent consultant
Jackie Xiaohua TROY	SA in'li	Member of the Supervisory Board
	SARL société générale pour l'impression et la papeterie (SOGIP)	Manager
	SCI BAMBOO	Manager
	SCI LISA	Manager
	SCI TROY-YAN	Manager
	CCI Paris Ile-de-France	Elected member
	CPME Paris Ile-de-France	Director
Pascal LANDRIN	SA in'li	Member of the Supervisory Board, permanent representative of Action Logement Immobilier
	SAEM de Maisons-Laffitte	Director, permanent representative of Action Logement Immobilier
	SA KONE	Regional Service Director
Hervé MOREL	SA in'li	Member of the Supervisory Board
	SA D'HLM 1001 VIES HABITAT	Head of group insurance and public procurement
	Mutuelle MUTLOG	Director
	Mutuelle MUTLOG GARANTIES	Director
Philippe AMRAM	SA in'li	Member of the Supervisory Board
	MEDEF 92	Director
	CAF 92	Lead employer's representative
	VALLEE SUD EMPLOI	Director

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5.2 Related-party agreements falling within the scope of article L.225-88-1 of the French Commercial Code

The Statutory Auditor's special report on related-party agreements and commitments falling within the scope of articles L.225-86 and L.225-88-1 of the French Commercial Code covers related-party agreements authorised during the period and agreements authorised in previous periods that remained in force during the year. The Supervisory Board approved the agreements listed in this report and they will be submitted for approval at the Annual General Meeting to be held in June 2022.

THE FOLLOWING AGREEMENTS WERE AUTHORISED DURING THE YEAR:

- ▶ Separation of joint ownership in favour of Seqens in Chesnay, approved by the Supervisory Board on 14 April 2022.
- ▶ A block sale of property in Maisons-Alfort to Seqens (a social housing subsidiary of Action Logement Immobilier), authorised by the Supervisory Board on 13 October 2022.
- ▶ Off-plan sale to Seqens in Chilly-Mazarin, authorised by the Supervisory Board on 8 December 2022
- ▶ A block sale of property in Villetaneuse to Seqens, approved by the Supervisory Board on 8 December 2022.
- ▶ The following related-party agreements authorised in previous periods remained in force during the year:
- ▶ Agreement to make the support functions of the in'li Supports joint venture available to associates for certain specific projects, approved by the Supervisory Board on 20 December 2017.
- ▶ Agreement with GIE ASTRIMMO for the use of the ALIOP product, approved by the Supervisory Board on 10 September 2018.

5.2.1 Delegation of authority to increase the Company's share capital

The Combined General Meeting of 9 June 2022 entrusted the Management Board with all necessary powers, with the option of sub-delegation, to increase the Company's capital by an amount of €49,975,608. The Board noted that this operation had been duly completed and recognised on 8 September 2022.

5.2.2 Observations of the Supervisory Board concerning the management report prepared by the Management Board and the financial statements for the year

The Supervisory Board has no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management Board and in the other documents provided to the shareholders with respect to the financial position and the financial statements.