# Fonds LAMARTINE

# Consolidated financial statements for the year ended 30th of June 2022

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

*The translation reflects the most recent developments in IFRSs.*

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

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# CONSOLIDATED INCOME STATEMENT

| *In thousands of euros* | Notes | 2022-06-30 | 2021-12-31 (6 months) |
|---|---|---|---|
| Gross rental income | **7.13** | 14 546 | - |
| Profit on recoverable rental charges | **7.13** | 803 | - |
| Loss on recoverable rental charges | **7.13** | (837) | - |
| **Net rental income** | | **14 512** | **-** |
| Operating expenses | **7.14** | (6 788) | (20) |
| Taxes other than income taxes | **7.15** | (3 137) | - |
| Other operating expense | **7.16** | (705) | - |
| Other operating income | **7.16** | 331 | - |
| **RECURRING OPERATING INCOME** | | **4 213** | **(20)** |
| Disposal gains on investment property | | | |
| **EBITDA** | | **4 213** | **(20)** |
| Depreciation and amortization net of government grants and subsidies | **7.1** | (6 464) | - |
| Net (additions to) reversals of provisions | | | |
| **EBIT BEFORE SHARE IN NET INCOME OF ASSOCIATES** | | **(2 251)** | **(20)** |
| Cost of gross debt | | | **-** |
| Income from cash and cash equivalents | | | |
| Fair value adjustments to derivatives | | | |
| **Cost of net debt** | | **-** | **-** |
| Other finance costs | | (3 880) | (79) |
| Other finance income | | 3 525 | 136 |
| **FINANCIAL INCOME** | 7.17 | **(355)** | **57** |
| Income tax expense | | - | - |
| **NET PROFIT** | | **(2 606)** | **37** |

| **Statement of other comprehensive income** | | **2022-06-30** | **2021-12-31 (6 months)** |
|---|---|---|---|
| Net profit of the period | | **(2 606)** | **37** |
| *Net other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax* | | | |
| Cash flow hedges | **7.2** | **65 744** | |
| Fair value adjustments recognised directly in equity | | 65 744 | |
| Instruments not qualifying for hedge accounting transferred to profit or loss | | | |
| Tax on other comprehensive income that will be reclassified to profit or loss in subsequent periods | | **-** | |
| *Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):* | | | |
| Tax on other comprehensive income that will not be reclassified to profit or loss in subsequent periods | | | |
| **TOTAL COMPREHENSIVE INCOME RECOGNISED IN EQUITY** | | | |
| o/w recycled to profit or loss | | | |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | | **63 138** | **37** |

# CONSOLIDATED BALANCE SHEET

| *In thousands of euros* | Notes | 2022-06-30 | 2021-12-31 | 2021-07-01 |
|---|---|---|---|---|
| Investment property | **7.1** | 1 954 508 | 45 299 | - |
| Non-current financial assets | | - | 1 | - |
| Derivatives | **7.2** | 47 951 | - | - |
| Other financial assets | **7.5** | 12 | - | - |
| **NON-CURRENT FINANCIAL ASSETS** | | **2 002 471** | **45 300** | **-** |
| Trade accounts receivable | **7.3** | 7 952 | 849 | - |
| Other receivables | **7.4** | 556 | 2 075 | - |
| Cash and cash equivalents | **7.7** | 65 259 | 10 888 | 1 |
| **CURRENT ASSETS** | | **73 767** | **13 812** | **1** |
| **TOTAL ASSETS** | | **2 076 238** | **59 112** | **1** |
| Share capital | | 5 | 1 | 1 |
| Share premium | | 1 068 706 | - | - |
| Reserves | | 69 089 | - | - |
| Net profit for the period | | (2 606) | 37 | - |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT** | **7.8** | **1 135 194** | **38** | **1** |
| Non-controlling interests | | **-** | **-** | **-** |
| **TOTAL EQUITY** | **7.8** | **1 135 194** | **38** | **1** |
| Non-current borrowings | **7.9** | 500 000 | - | - |
| Other non-current financial liabilities | **7.10** | 3 611 | - | - |
| Deferred tax liabilities | **7.6** | 22 891 | | |
| **NON-CURRENT LIABILITIES** | | **526 502** | **-** | **-** |
| Current borrowings | **7.9** | 346 707 | 56 992 | - |
| Trade accounts payable | **7.11** | 8 175 | 2 082 | - |
| Other payables | **7.12** | 59 660 | - | - |
| **CURRENT LIABILITIES** | | **414 542** | **59 074** | **-** |
| **TOTAL EQUITY AND LIABILITIES** | | **2 076 238** | **59 112** | **1** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

| *In thousands of euros* | Notes | 2022-06-30 | 2021-12-31 (6 months) |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Profit before tax** | | **(2 606)** | **37** |
| Depreciation and impairment | | 6 463 | |
| Other non-cash income and expenses | | 240 | |
| Gain or loss on disposal | | 1 | |
| **Net cash flow generated by / (used in) operating activities after cost of net debt and tax** | | **4 098** | **37** |
| Cost of net debt | | | |
| **Net cash flow generated by / (used in) operating activities before cost of net debt and tax** | | **4 098** | **37** |
| other cash flow movements | | **2 026** | **(2 075)** |
| **Changes in working capital related to operating activities** | | **2 613** | **1 234** |
| - Decrease / increase in loans and trade receivables | | | |
| *o/w decrease / increase in trade receivables* | | *(5 552)* | *(849)* |
| *o/w decrease / increase in loans* | | *8 165* | *2 082* |
| **Net cash flow generated by / (used in) operating activities (A)** | | **8 737** | **(804)** |
| **INVESTING ACTIVITIES** | | | |
| - Acquisition of investment property | | (443 727) | (45 299) |
| - Acquisition of financial assets | | (12) | |
| - Impact of changes in scope on cash | | (418 199) | |
| **Net cash flow generated by / (used in) investing activities (B)** | **7.18** | **(861 938)** | **(45 299)** |
| **FINANCING ACTIVITIES** | | | |
| - Cash capital increase | | 75 000 | |
| - Distributed dividends | | (935) | |
| - Loans subscription | | 1 300 282 | |
| - Repayment of loans | | (500 000) | |
| - Change in other financial liabilities | | 3 567 | |
| - Financial interest paid | | 3 035 | |
| - Change in other receivables and payables | | 40 226 | |
| **Net cash flow generated by / (used in) financing activities (C)** | **7.18** | **921 175** | |
| **INCREASE / DECREASE IN NET CASH FLOW (A + B + C)** | | **67 974** | **(46 103)** |
| **Net cash and cash equivalents at start of period** | | **(46 104)** | **1** |
| **Net cash and cash equivalents at end of period** | **7.7** | **21 870** | **(46 104)** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| *In thousands of euros* | *Issued capital* | *Share premium* | *Consolidated reserves* | *Consolidated reserves OCI* | *Net profit of the year* | *Total equity attributable to owners* |
|---|---|---|---|---|---|---|
| **Equity at 07-01-2021** | **1** | | | | | **1** |
| Cash capital increase | | | | | | |
| **Changes directly recognized in equity** | | | **-** | **-** | | **-** |
| **Net profit at 12-31-2021** | | | | | **37** | **37** |
| **Global net profit at 12-31-2021** | | | | | **37** | **37** |
| Dividends paid | | | | | | |
| **Equity at 12-31-2021** | **1** | **-** | **-** | **-** | **37** | **38** |
| Allocation of the profit and loss | | | 37 | | (37) | - |
| Cash capital increase | 4 | 1 068 706 | | | | 1 068 710 |
| Gain on instruments qualified as hedge accounting | | | 3 785 | | | 3 785 |
| Increase / decrease of fair value on financial instruments | | | | | | - |
| Derivatives recycled to profit or loss | | | | 65 744 | | 65 744 |
| **Total of changes directly recognized in equity** | | | | **65 744** | | **65 744** |
| **Net profit at 06-30-2022** | **-** | **-** | **-** | **-** | **(2 606)** | **(2 606)** |
| **Global net profit at 06-30-2022** | **-** | **-** | **-** | **65 744** | **(2 606)** | **63 138** |
| Dividends paid | | | (477) | | | (477) |
| **Equity at 06-30-2022** | **5** | **1 068 706** | **3 345** | **65 744** | **(2 606)** | **1 135 194** |

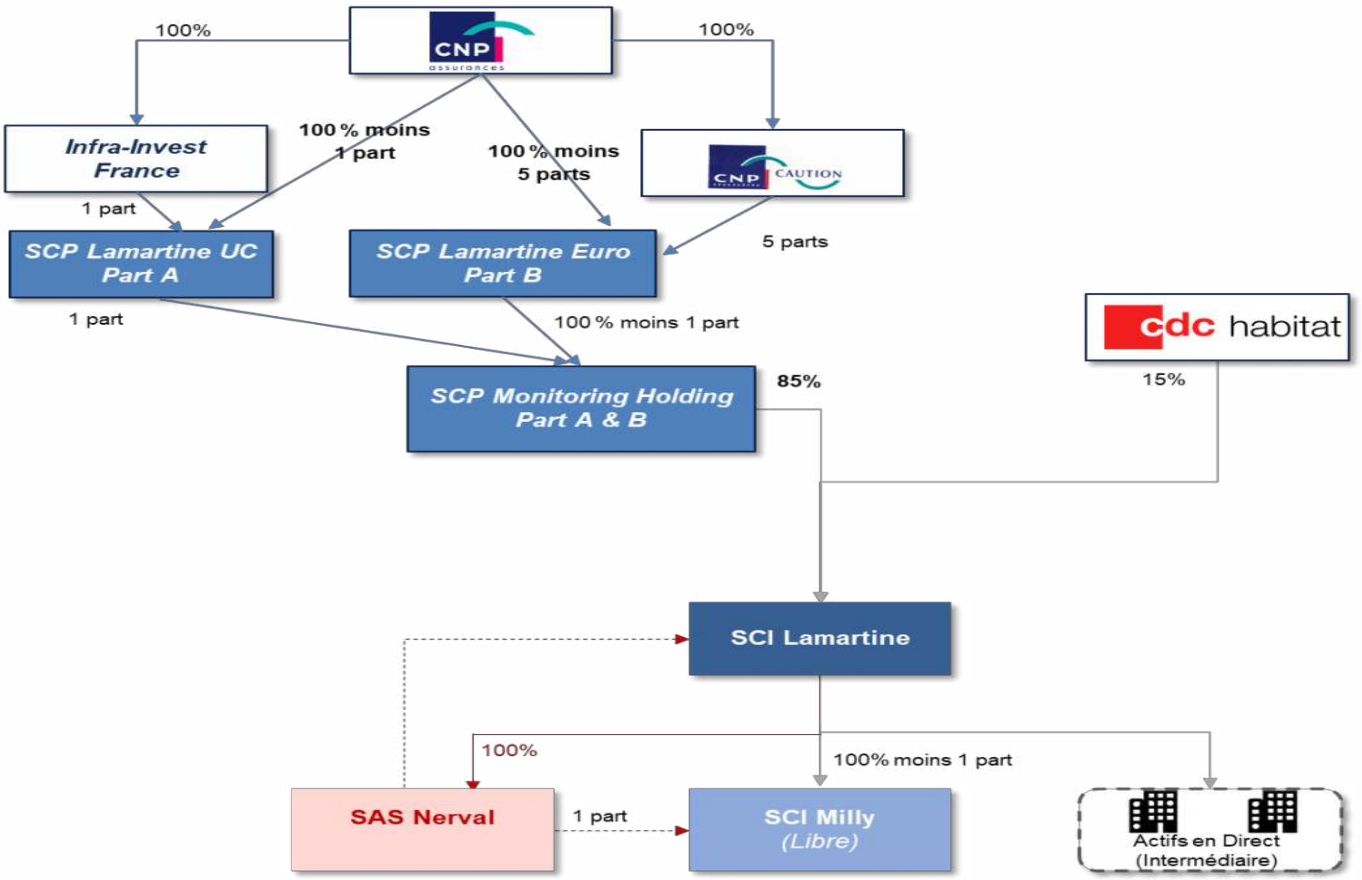
# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SCI Lamartine is registered since March 23rd, 2021, in the Trade and Companies Registry (RCS Paris, n°897 470 761) as a property investment company (SCI). The head office is domiciled at 33 avenue Pierre Mendes France, 75013 Paris. The company is 85% owned by CNP Assurances and 15% owned by CDC Habitat. AMPERE Gestion, a company approved by the AMF as a portfolio management company and holder of approval no. GP-14000021, acts as Manager for an unlimited period.

Fonds Lamartine was formed on March 4th, 2022, by AMPERE Gestion (subsidiary of CDC Habitat) as an externalization vehicle of a portfolio of residential apartment buildings located in France, composed of around 8000 apartments (more than 200 buildings):

- Existing apartments
- Apartments acquired as « off-plan » property sales (VEFA)

Fonds Lamartine group is composed of 3 entities: SCI Lamartine (parent company), SCI Milly and SAS Nerval. The group prepares consolidated financial statements for the first time during the financial year of 2022. Real estate assets are directly owned by SCI Milly and SCI Lamartine companies. SAS Nerval is the main holder of liabilities, derivative financial instruments (swap) and cash.




As at June 30, 2022, its portfolio is split between Ile-de-France (approximately 49%) and the main French real estate markets (approximately 51%). About 40% of the portfolio is under construction (VEFA) and the remaining is delivered and in operation.

# 1. Basis of preparation of the consolidated financial statements

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

The consolidated accounts of Fonds Lamartine are prepared for the purposes of information regarding its financial partners according to the international accounting standards "International Financial Reporting Standards ("IFRS").

## 1.1 IFRS 1: Procedures of first-time adoption

For the establishing of the opening statement, the retrospective application of standards in effect on June 30th, 2022, implies that:

- Assets and liabilities to include in the opening statement on the 1st of July 2021 are all the assets which answer the definitions and criteria of IFRS recognition and only them;
- Assets and liabilities are classified according to IFRS;
- Assets and liabilities are calculated according to IFRS;
- The company was created on the 19th of March 2021, so the opening equity is only composed of €1 thousand of share capital paid-up in May 2021.

The group did not apply any options or exemptions permitted by IFRS 1 related to the retrospective application of IFRS standards on opening consolidated financial statements.

## 1.2 Presentation of the balance sheet

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

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

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

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

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

## 1.3 Presentation of the income statement

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

***Recurring operating income and Gross operating income***

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

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

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

The Group uses this indicator to calculate financial ratios and to analyze financial data (Recurring operating income/Revenue). Gross operating income is equal to Recurring operating income plus net disposal gains or losses on investment property.

### *Operating income*

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

### *Cost of net debt*

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

Cost of gross debt, consisting of:

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

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

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

### *Fair value adjustments to non-consolidated investments*

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

## 2. Significant events of the year

- ***Protocol of sale of an asset portfolio by CDC Habitat to Fonds Lamartine***

On December 23rd, 2021, a sale protocol was signed between CDC Habitat and CNP Assurances relative to a cession of 85% stake in SCI Lamartine, 99,99% owned by CDC Habitat at the end of December 2021. This cession was realized on March 4th, 2022.

Before this cession, CDC Habitat had transferred an asset portfolio by the way of an input and a disposal to SCI Lamartine and to SCI Milly.

- ***Changes in scope***

On December 31st, 2021, the consolidation scope was formed by two entities, SCI Lamartine and its subsidiary SAS Nerval.

On March 1st, 2022, CDC Habitat transferred the 99,99% stake in SCI Milly to SCI Lamartine in exchange of investment properties.

SCI Lamartine, SCI Milly and SAS Nerval form the consolidation scope of Fonds Lamartine group that prepares consolidated financial statements for the first time during the financial year of 2022.

- ***Evolution of Fonds Lamartine's real estate portfolio***

As at June 30, 2022, 41 VEFA operations have been delivered representing 940 plots, which brings the portfolio in operation to a total of 4 657 plots (60% of the total portfolio).

- ***War in Ukraine***

The military operations in Ukraine which began on the 24th of February 2022 and the sanctions taken against Russia by many States have an impact on the activity of many international groups and will have an impact on the world economy.

Among the impacts observed, we can cite:

- a freezing of assets and restrictions applicable in certain sectors of activity, such as the financial sector as well as in aeronautics, space and energy sectors.

- impacts on economic activity:

  • difficulties in production and distribution activities affecting sales, disruption of the supply and production chain and the value of certain assets either directly or through subsidiaries in Ukraine;

  • in terms of financing, the situation of Russian and Ukrainian banks could lead to a liquidity risk for certain entities;

  • in case of financial service providers and in particular credit and insurance services, there are direct risks linked to exposure in Ukraine and Russia, and also indirect due to the repercussions of this conflict on other clients of these institutions that are likely to increase.

Although Fonds Lamartine has no direct exposure to Ukraine and Russia, these events could have an impact on the performance, valuation and liquidity of the assets held indirectly or directly.

Currently, these risks cannot be quantified, and it is difficult to have visibility on the medium and long-term impacts.

▪ ***Subscription of €1 000 million Bridge short term loan and raising of €500 million bond debt***

Through its subsidiary SAS Nerval, Fonds Lamartine refinanced, simultaneously with the entry of CNP Assurances into the capital, most of its liabilities by setting up a short term Bridge loan for a maximum period of 18 months and a maximum amount of €1,000 million.

Before the bond issue (described below), the amount drawn on this debt was €819.9 million.

As at April 8, 2022, SAS Nerval placed a €500 million 10-year “Green and Sustainable” public bond issue (SPO Moody’s ESG Solutions) which allows it to partially refinance the Bridge loan previously taken out. Settlement, delivery and admission to trading of the bonds on Euronext Paris took place on April 14, 2022.

SAS Nerval is rated BBB + /A- (S&P /Fitch).

- S*ettlement date*: April 14$^{th}$, 2022
- *Maturity date*: April 14$^{th}$, 2032
- N*ominal amount*: €500 million
- Annual coupon: 2,875%
- *Re-offer price*: 99,112% of €495,6 million nominal amount, generating a € 4,4 million share premium
- Bank structuring fees: €1,9 million
- *Net proceeds*: €493,6 million
- Reimbursement price of bond debt: €500 million

After the repayment, the remaining Bridge debt to be repaid amounts to €319,9 million.

▪ ***Interest rate swap subscription***

To hedge against the raising of the cash flow risk on interest rates related to its loans subscription, the group uses variable and fixed interest rates swaps.

These swaps allow to convert variable rate loans into fixed rate loans and offer a protection against EURIBOR rate raising.

To implement its hedging strategy, several operations have been realized and are described in note 7.2.1.

- ***€500 million swap unwinding***

During the period, the €500 million swap notional was un-winded to its fair value for €41 million (collection of the disposal gain) on the 14th of April 2022 during the first raising bond of €500 million issued by SAS Nerval.

# 3. Valuation principles

## 3.1 Accounting standards

In accordance with European directive 1606/2002/EC of 19 July 2002, the consolidated financial statements of Fonds Lamartine and its subsidiaries ("the Group) for 2022 have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union before 30th of June 2022. International Accounting Standards include IFRSs (International Financial Reporting Standards) and IASs (International Accounting Standards) as well as the related interpretations (SICs and IFRICs).

The standards, amendments and interpretations that were applicable for the first time as at 31st of December 2021 are:

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

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

- Mandatory for reporting periods beginning on or after 1st of January 2022:
- Amendments to IAS 37 — Onerous Contracts — Cost of Fulfilling a Contract;
- Amendments to IFRS 3 — Amendments to the IFRS conceptual framework;
- The IFRS annual improvements 2018-2020 cycle concerning IFRS 9, IFRS 16 and IAS 41;
- Amendments to IAS 16 — Property, Plant and Equipment: Proceeds before Intended Use.

- Other standards awaiting adoption by the European Union:
- Amendments to IAS 1 — Classification of liabilities as current or non-current and liabilities subject
- to covenants;
- Amendments to IAS 1 and IFRS Practice Statement 2: material accounting policy information;
- Amendments to IAS 8 — Definition of changes in accounting methods;
- IFRS 17 — Insurance Contracts;
- Amendments to IAS 12 — deferred tax related to assets and liabilities arising from a single transaction.

## 3.2 Consolidation methods

All entities, over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated. The Group is only composed by entities which are fully consolidated.

## 3.3 Scope of consolidation

The Group's scope of consolidation as at 30th of June 2022 comprises the following three entities:

| Entity | Legal form | | Consolidation method | | % control | | Head office : |
|---|---|---|---|---|---|---|---|
| | 2021-12-31 | 2022-06-30 | 2021-12-31 | 2022-06-30 | 2021-12-31 | 2022-06-30 | |
| SCI Lamartine | Parent | | FULL | FULL | 100% | 100% | 33 avenue Pierre Mendes France, 75013 Paris |
| SAS Nerval | Subsidiary | Subsidiary | FULL | FULL | 100% | 100% | 33 avenue Pierre Mendes France, 75013 Paris |
| SCI Milly | Out of scope | Subsidiary | N/A | FULL | 0% | 100% | 33 avenue Pierre Mendes France, 75013 Paris |

*FULL : Fully consolidated / N/A : Not applicable*

## 3.4 Consolidation adjustments and intercompany transactions

Entities of the group use homogeneous rules and methods in their individual financial statements.

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

## 3.5 Business combinations (Revised IFRS 3)

The cost of the business combination corresponds to the fair value of the assets and liabilities contributed or equity instruments given in exchange for the acquiree. Goodwill is recognized 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 recognized directly in profit or loss.

IFRS 3 does not apply to the acquisition of an asset or a group of assets that does not constitute a business.

An activity is defined by IFRS 3 as being an integrated set of operations and assets capable of being managed in order to provide goods or services to customers, to produce investment income or to collect other revenue from ordinary activities. In the case of an acquisition relating to an asset or a group of assets that does not meet this definition, the cost will be allocated to the individual assets and liabilities identifiable according to the fair values and does not generate goodwill.

## 3.6 Fair Value Measurement (IFRS 13)

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

It sets out the following three-level measurement hierarchy:

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

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

***Investment property***

Measurement at fair value must reflect the asset's highest and best use.
Fonds Lamartine has not identified any alternative use (in the event of reconversion of the asset, for example), that would result in a fair value that is greater than that measured according to the asset's current use. Measuring buildings at their fair value requires the use of different measurement techniques (see section 4.2) that use observable and unobservable inputs that have been subject to certain adjustments.

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

***Financial instruments***

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

In the measurement of derivative instruments, credit risk is deemed to be a component of the ineffective portion of effectiveness testing. The impact of recommended adjustments under IFRS 13 on the consolidated financial statements as at 30th of June was not material.

The measurement of derivatives based on the measurement hierarchy is disclosed in Note 7.1.2.

# 4. Accounting policies - measurement

## 4.1 Investment property (IAS 40)

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

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

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

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

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

The cost of investment property includes:

- the purchase price as per the sale agreement or cost of construction, including non-refundable taxes, less any trade or cash discounts;
- the cost of renovation work;
- any directly attributable expenditure required to prepare the property for rental in line with the use intended by management. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs;
- the cost involved in bringing the property into line with safety and environmental regulations;
- capitalized borrowing costs (see Note 4.3**Erreur ! Source du renvoi introuvable.**).

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

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

- new buildings and acquisitions: 40 years for the shell and between 15 and 25 years for the other components.
-

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

In accordance with the amendment to IAS 40, investment property may only be transferred to another category if:
- the building complies (or ceases to comply) with the definition of investment property;
- the change of use is substantiated by audit evidence (e.g. marketing initiatives that coincide with a decision of the Group Commitments Committee to change a building's use).

## 4.2 Asset measurement and impairment testing (IAS 36)

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

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

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

### *Basis for determining impairment of investment property*

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

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

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

### *Measurement of real estate portfolio*

Investment properties are valued twice a year by an independent expert. The group's expert is CBRE. Appraisals were carried out using three methods: the capitalization method, by comparison and discounting of future cash flows ("DCF").

### *Basis for determining the fair value of buildings*

The fair value of a real estate complex can be estimated using the three methods most commonly used in real estate appraisals, namely:

- Method by comparison: the expert determines a market value on the accession market (free market value) which he converts into VAT (at 20% on the free sector and at 10% on the intermediate sector) at which it applies a 1st allowance for a block sale then a 2nd allowance for occupancy according to the difference noted between the rent in place and the market rental value;
- Method by gross capitalization of rents (or yield method): the projected rent is capitalized at the gross rate of return likely to be retained by an investor on the market in question;

- Method by discounting cash flows: the expert determines the market value of the asset by discounting the financial cash flows including income and expenses projected over a period of 20 years.

The external expert CBRE Valuation determines the market value from the average of the three values obtained according to each method.

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

It is recalled that CBRE Valuation has signed up to the real estate appraisal charter drafted under the auspices of *Institut Français de l'Expertise Immobilières* (French institute of property appraisers).

## 4.3 Borrowing costs (IAS 23)

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

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

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

## 4.4 Other financial assets (IFRS 9)

The classification and measurement of the other financial assets of Fonds Lamartine under IFRS 9 consists solely of deposits and guarantees and is measured at amortized cost.

## 4.5 Trade accounts receivable (IFRS 9)

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

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

## 4.6 Cash and cash equivalents (IFRS 9)

Cash consists of cash at bank and demand deposits.
Treasury liabilities consist of current accounts related to the Group cash pooling agreement.

Details can be found in note 7.7.

## 4.7 Financial liabilities (IFRS 9)

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

## 4.8 Derivative instruments (IFRS 9)

The Group uses derivative instruments to hedge its exposure to fluctuations in interest rates. The Group's financial risk management policies together with the methods used to determine the fair values of derivative instruments are disclosed in Note 6 "Management of financial risk".

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

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

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

## 4.9 Related party transactions (Revised IAS 24)

Two parties are related if one controls or exercises significant influence over the policy decisions of the other, or if both parties are subject to significant influence from the same third-party entity or person.

Related parties of Fonds Lamartine are determined based on their relationship with SCI Lamartine, the parent company of the Group, and mainly consist of its shareholders and entities controlled by these shareholders or by the parent company and members of senior management.

Transactions and outstanding amounts between the parent company and its fully-consolidated subsidiaries are fully eliminated and do not appear in the consolidated financial statements

The consolidated companies within the Groupe Fonds Lamartine are listed in Note 3.3.

The content of related-party transactions is detailed in Note 0.

## 4.10 Revenue and receivables

### *Gross rental income (including financial rents) – IFRS 16*

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

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

- Operating lease revenue is recognized as described above.

- Finance lease revenue (CDC Habitat as lessor) is broken out into:

- the portion corresponding to the rendering of services (rental management, major upkeep and repairs, day-to-day operation, etc.), which is recognized under income from other activities in accordance with IFRS 15; and

- the portion corresponding to repayment of the investment, which is broken down into repayment of principal and offset against the corresponding payable, and repayment of interest which is recognized in income from other activities.

### 4.11 Income taxes (IAS 12)

***Standard tax treatment***

Since SCI Lamartine is a civil real estate company that has not opted to be subject to corporation tax, it constitutes a translucent entity subject to the provisions of article 8 of the general tax code. In accordance with this regime, the tax result is determined at the level of the company and is subject to taxation at the level of the partners.

***Deferred taxes***

Deferred taxes are recognized using the liability method for temporary differences between the carrying amount of assets and liabilities and their tax base. Under this method, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Deferred taxes are calculated at the level of each tax entity and deferred tax assets and liabilities for the same entity may be offset. Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available to permit their recovery.

A deferred tax has been accounted on SAS Nerval related to notional swaps of €500 million and €300 million as at 30th of June 2022. The details are held in note **Erreur ! Source du renvoi introuvable.**.

## 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 analyzed below.

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

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

The fair value of the property portfolio (whether held for short- or long-term investment purposes) is determined essentially based on independent expert appraisals as described in Note 4.2.

The basis for determining fair value in accordance with IFRS 13 is described in Note 3.6.

# 6. Financial and operational risk management

## 6.1 Interest rate risk

Since interest rates and the volume of financing are an essential component of the balance of the Group's real estate transactions, particular attention is paid to the management of this risk and to the impact of a change in interest rates. on the income statement. A risk related to changes in interest rates may be involved with certain investments. Interest rate risk is the risk of depreciation of interest rate instruments (long and/or short term and fixed and/or variable) resulting from changes in interest rates. For example, the price of a fixed rate bond tends to fall when interest rates rise. The Company may have invested in bond instruments or debt securities. As such, it should be noted that in the event of a rise in interest rates, the value of assets may fall. Furthermore, the Company may remain exposed to fluctuations in interest rates, both up and down, as a significant portion of the debt is not hedged against interest rate risk. It is not expected that the Company will adopt a policy of fully hedging its interest rate risk. Thus, a rise in interest rates will lead to an increase in the cost of servicing the debt and will reduce the Company's results. In these extreme conditions, this risk may lead to a drop in the Net Asset Value.

## 6.2 Counterparty risk

For the management of its investments, the Group remains very attentive to the quality of the banks with which it makes its deposits by monitoring the rating by the various agencies. The vast majority of term investment transactions are carried out with counterparties or banking groups that are also LT lenders on investment transactions. Counterparty risk is the risk of default by a market counterparty (for financial assets) or tenants (for Real Estate Assets) leading to a payment default. Failure of a counterparty to pay may cause the Net Asset Value to fall.

## 6.3 Risks related to commitments on financial instruments

The use of forward financial instruments will enable the Company to partially or totally hedge its exposure to interest rate risk but may also induce a counterparty risk in the event of default by its co-contracting party and thus lead to a risk of a fall in the Net Asset Value more significant and faster than that of the securities in which the Company is invested. In addition, these forward financial instruments are valued at their market value according to the Net Asset Value calculation frequency. The market value may be negative and negatively affect the Net Asset Value.

## 6.4 Operational risk

The major operational risks to which the Lamartine group is exposed relate to the following businesses:

- **Business development**

- The Company may also engage in development operations (property development contracts, delegated project management contracts) which may expose it to the following risks:

  - risks related to the construction, restructuring, rehabilitation and/or extension as project owner;
  - risks of failure of the promoter, project manager, general contractors; and
  - risk of collection deferred over time from the completion of the construction of the building and its rental. The Company will therefore bear the rental risks normally associated with such assets.

Development operations expose the Company to a potential drop in Net Asset Value due to non-collection of rent, devaluation of fixed capital or technical disputes.

- **Risks related to the sale in the future state of completion (VEFA)**

The Company may acquire bare land subject to sales contracts in the future state of completion.

These transactions may expose the Company to the following risks:

- risks related to construction as project owner;

- risks related to the delay in the completion of the works, or the delay in the rental plan once the works have been completed. This would cause a delay in the collection of rental income; - risks related to default by the property developer; and or;

- risks related to the staggering of the execution of the sale in the future state of completion.

- **Rental management**

The Company's income comes mainly from rents collected. These can be significantly affected by the insolvency, default or departure of a tenant or by a review of leases. Through its investment strategy, the Company is led to become, directly or indirectly, a major lessor with one or more tenants occupying large areas. The concentration of tenants on a few large players may expose the Company to counterparty risk.

# 7. Notes to the consolidated financial statements

## 7.1 Investment property

### 7.1.1 Fair value of investment property

| *In thousands of euros* | 2022-06-30 | 2021-12-31 | 2021-07-01 |
|---|---|---|---|
| Net book value | 1 954 508 | 45 299 | - |
| Fair value | 1 999 129 | 45 299 | |
| **Unrealised gain** | **44 621** | - | |

As of June 30, 2022, a total of €619,779 thousand out of €1,954,508 thousand of investment properties valued at cost are under construction, compared to €45,299,000 as of December 31, 2021.

The balance as of December 31, 2021 consisted entirely of buildings under construction. The fair value of the investment properties was assessed at €1,999,129 thousand as of June 30, 2022, i.e. an unrealized capital gain of €44,621 thousand. As of June 30, 2022, 41 VEFA operations have been delivered, i.e. 940 lots, which brings the portfolio in operation to a total of 4,657 lots (60% of the total portfolio).

### 7.1.2 Fair value hierarchy

| Residential property | "Block" value per m2 | | Discount rate (DCF) | | Rate of return | |
|---|---|---|---|---|---|---|
| | Min | Max | Min | Max | Min | Max |
| Paris / Greater Paris Region | 2 617,83 € | 12 084,18 € | 2,30% | 5,80% | 1,10% | 4,25% |
| Rest of France | 2 246,27 € | 5 859,26 € | 2,85% | 5,20% | 1,87% | 4,73% |
| | | | | | | |

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

### 7.1.3 Investment property at cost

| *Gross value<br>In thousands of euros* | *Buildings* | *Lands* | *Other tangible assets* | *Tangible assets in progress* | *Total* |
|---|---|---|---|---|---|
| **2021-07-01** | | | | | |
| Acquisitions of the year | | | | 45 299 | 45 299 |
| Disposals of the year | | | | | |
| Changes in scope | | | | | |
| Reclassification | | | | | |
| Operation of asset contribution | | | | | |
| **2021-12-31** | | | | **45 299** | **45 299** |
| Acquisitions of the year | | | | 486 318 | 486 318 |
| Disposals of the year | | | | | - |
| Changes in scope | 13 007 | 6 452 | | 114 329 | 133 788 |
| Reclassification | 15 676 | 10 491 | | (26 167) | - |
| Operation of asset contribution | 611 489 | 684 217 | | | 1 295 706 |
| **2022-06-30** | **640 172** | **701 160** | **-** | **619 779** | **1 961 111** |

| *Depreciation, amortisation and impairment<br>In thousands of euros* | *Buildings* | *Lands* | *Other tangible assets* | *Tangible assets in progress* | *Total* |
|---|---|---|---|---|---|
| **2021-07-01** | | | | | |
| Additions of the year | | | | | |
| Reversals of the year | | | | | |
| Changes in scope | | | | | |
| Reclassification | | | | | |
| Operation of asset contribution | | | | | |
| **2021-12-31** | | | | | |
| Additions of the year | (6 463) | | | | (6 463) |
| Reversals of the year | | | | | - |
| Changes in scope | | | | | - |
| Reclassification | (140) | | | | (140) |
| Operation of asset contribution | | | | | - |
| **2022-06-30** | **(6 603)** | **-** | **-** | **-** | **(6 603)** |

| *Net book value*<br>*In thousands of euros* | *Buildings* | *Lands* | *Other tangible assets* | *Tangible assets in progress* | *Total* |
|---|---|---|---|---|---|
| **2021-07-01** | | | | | |
| Acquisitions of the year | | | | 45 299 | 45 299 |
| Disposals of the year | | | | | |
| Additions of the year | | | | | |
| Reversals of the year | | | | | |
| Changes in scope | | | | | |
| Reclassification | | | | | |
| Operation of asset contribution | | | | | |
| **2021-12-31** | | | | **45 299** | **45 299** |
| Acquisitions of the year | | | | 486 318 | 486 318 |
| Disposals of the year | | | | - | - |
| Additions of the year | (6 463) | | | | (6 463) |
| Reversals of the year | | | | | - |
| Changes in scope | 13 007 | 6 452 | - | 114 329 | 133 788 |
| Reclassification | 15 536 | 10 491 | - | (26 167) | (140) |
| Operation of asset contribution | 611 489 | 684 217 | - | - | 1 295 706 |
| **2022-06-30** | **633 569** | **701 160** | **-** | **619 779** | **1 954 508** |

## 7.2 Derivatives

### 7.2.1 Presentation of derivative instruments in the balance sheet

As part of the financing of the Fonds Lamartine (first bond issue scheduled on April 2022), the hedging strategy implemented was aimed at protecting against the interest rate risk linked to the bond issue. For this, several concomitant operations were carried out:

- Implementation of a “swaption” by SAS Nerval on 2022/02/02 for a disbursed price of €10 million (premium paid), thus giving its holder the right to enter into an interest rate swap;

- Sale of the previous swaption on the markets for a price of €30 million on 2022/03/10;

- Subscription of 2 forward swaps on March 10th, 2022, at preferential rates thanks to the reintegration of the sale of the swaption:

  - Subscription to a notional interest rate swap of €500 million starting June 30th, 2022, with a maturity of 10 years. Part of the cash payment received related to the sale of the swaption was reinstated in order to benefit from a rate of 0.5412%;

  - Subscription of an interest rate swap on March 10th, 2022, relating to the Bridge loan with a notional amount of €300 million starting on September 30th, 2022, with a maturity of 10 years. Part of the balance received related to the sale of the swaption was reinstated in order to benefit from a rate of 0.5864%;

- Unwinding of the €500 million swap at its fair value for €41 million (receipt of the proceeds from the sale) on April 14th, 2022, during the first €500 million bond issue carried out by SAS Nerval.

The table below shows the fixed-rate payer swap with deferred effect versus 6-month EURIBOR remaining as at the 30th of June relating to the Bridge loan with a notional amount of €300 million:

| *In thousands of euros* | Nominal | Indexing | Qualification | Effective date | Fair value at 2022/06/30 | Fair value adjustements during period | Impact on financial income | Impact on equity |
|---|---|---|---|---|---|---|---|---|
| Interest rate swaps expiring in 2022 - 0,5864% | 300 000 | 6 months EURIBOR | Swap CFH | 2022/09/30 | 47 951 | 47 951 | | 47 951 |
| **Total financial instruments** | **300 000** | | | | **47 951** | **47 951** | **-** | **47 951** |

### 7.2.2 Fair value hierarchy for measuring financial instruments

The criteria used for measuring the fair value of financial instruments were disclosed in Note 3.6.
The hierarchy may be summarized as follows:

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

As at 30th of June 2022, derivatives instruments are only referring to the notional swap of 300 M€, they are deemed of being level 2.

### 7.2.3 Recognition of financial assets and liabilities

| *In thousands of euros* | *Note* | *Classification* | *NBV 2022* | *Fair value* |
|---|---|---|---|---|
| Group non-current derivative instruments | 7.2 | Cash flow hedges | 47 951 | 47 951 |
| Other receivables | 7.3 et 7.4 | Amortized cost | 8 508 | 8 508 |
| Cash and cash equivalents | 7.7 | Fair value through profit or loss / amortized cost | 65 259 | 65 259 |
| **TOTAL FINANCIAL ASSETS** | | | **121 718** | **121 718** |
| Non-current borrowings | 7.9 | Amortized cost | 500 000 | 500 000 |
| Current borrowings | 7.9 | Amortized cost | 346 707 | 346 707 |
| Other liabilities | 7.10 | Amortized cost | 3 611 | 3 611 |
| **TOTAL FINANCIAL LIABILITIES** | | | **850 318** | **850 318** |

## 7.3 Trade accounts receivable

| ***In thousands of euros*** | **2022-06-30** | **2021-12-31** | **2021-07-01** |
|---|---|---|---|
| Prepayments | 3 398 | 742 | |
| Receivables from tenants | 1 710 | 107 | |
| Receivables for management services for third parties | 1 968 | - | |
| Doubtful accounts | 1 116 | - | |
| **Total gross value** | **8 192** | **849** | |
| Provisions on doubtful accounts | (240) | - | |
| **Total net value** | **7 952** | **849** | |

## 7.4 Other receivables

| ***In thousands of euros*** | **2022-06-30** | **2021-12-31** | **2021-07-01** |
|---|---|---|---|
| Miscellaneous receivables | 504 | - | |
| Prepaid expenses | 52 | 2 075 | |
| **Total** | **556** | **2 075** | |

## 7.5 Other non-current financial assets

Other non-current financial assets are only composed of deposits and guarantees paid, for an amount of €12,000 as at 30$^{th}$ of June 2022.
As at July 1st, 2021 and December 31st, 2021, no other non-current financial assets had been recognized.

## 7.6 Deferred tax

Deferred taxes are only composed of deferred tax liabilities on cash flow hedging which were calculated on the fair value of the notional swap of €300 million as well as on the notional swap of €500 million unwound during the year, referring to note, referring to note 7.2.
The amount of the deferred tax liability amounts to €22,891 thousand as at June 30th, 2022.

## 7.7 Cash and cash equivalents

| *In thousands of euros* | 2022-06-30 | 2021-12-31 | 2021-07-01 |
|---|---|---|---|
| Cash and cash equivalents | 65 259 | 10 888 | 1 |
| **Total assets** | **65 259** | **10 888** | **1** |
| Group cash pooling agreement – credit position | 43 390 | 56 992 | - |
| **Total liabilities** | **43 390** | **56 992** | |
| Depreciation of investment securities | | | |
| **Net cash and cash equivalents** | **21 869** | **(46 104)** | **1** |

## 7.8 Equity

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

| *Date* | *Operation* | *Share capital In €* | *Share premium In €* | *Number of shares* | *Face value In €* |
|---|---|---|---|---|---|
| **2021-07-01** | | | | | |
| **2021-03-19** | Investments | **1 000** | | **1 000** | **1** |
| **2021-12-31** | | **1 000** | **-** | **1 000** | |
| **2022-02-10** | Capital decrease | (900) | 900 | | 1 |
| **2022-03-01** | Capital increase | 4 295 | | 42 945 | 0,1 |
| **2022-03-01** | Investments in capital and equity securities of SCI Milly | | 993 705 010 | | 0,1 |
| **2022-04-05** | Subscription | 317 | 75 000 000 | 3 170 | 0,1 |
| **2022-06-30** | | **4 712** | **1 068 705 910** | **47 115** | **0,1** |

The shareholding of Fonds Lamartine is broken down as follows:

| *Shareholding on 2021/07/01* | *Value In €* | *Number of shares* | *% control* |
|---|---|---|---|
| CDC Habitat | 1 000 | 1 000 | 100% |
| CNP Assurances | - | - | 0% |
| **TOTAL** | **1 000** | **1 000** | **100%** |

| *Shareholding on 2021/12/31* | *Value In €* | *Number of shares* | *% control* |
|---|---|---|---|
| CDC Habitat | 1 000 | 1 000 | 100% |
| CNP Assurances | **-** | **-** | 0% |
| **TOTAL** | **1 000** | **1 000** | **100%** |

| *Shareholding on 2022/06/30* | *Value In €* | *Number of shares* | *% control* |
|---|---|---|---|
| CDC Habitat | 707 | 7 068 | 15% |
| CNP Assurances (1) | 4 005 | 40 047 | 85% |
| **TOTAL** | **4 712** | **47 115** | **100%** |

**(1) The shares are held by CNP Assurances via its subsidiary SCP Lamartine monitoring Holding**

## 7.9 Borrowings

### 7.9.1 Net debt

| *In thousands of euros* | 2022-06-30 | 2021-12-31 | 2021-07-01 |
|---|---|---|---|
| Borrowings from credit institutions | 504 345 | - | - |
| Bond premiums and fees | (4 345) | - | - |
| **Non-current borrowings** | **500 000** | **-** | **-** |
| Borrowings from credit institutions | 300 282 | - | - |
| Group cash pooling agreement – credit position | 43 390 | 56 992 | - |
| Accrued interests on borrowings from credit institutions | 3 035 | - | |
| **Current borrowings** | **346 707** | **56 992** | **-** |
| Current financial assets | | | |
| Cash and cash equivalents | | | |
| **Net debt** | **846 707** | **56 992** | **-** |

### 7.9.2 Debt profile by maturity

| *In thousands of euros* | *< 1 year* | *> 1 year* | *2022* | *2021* |
|---|---|---|---|---|
| Borrowings from credit institutions | | | | |
| Other borrowings and debt | | 500 000 | 500 000 | |
| **Non-current borrowings** | **-** | **500 000** | **500 000** | **-** |
| Borrowings from credit institutions (1) | 303 317 | | 303 317 | |
| Other borrowings and debt | 43 390 | | 43 390 | 56 992 |
| **Current borrowings** | **346 707** | **-** | **346 707** | **56 992** |
| **TOTAL GROSS DEBT** | **346 707** | **500 000** | **846 707** | **56 992** |

*(1) o/w accrued interest*

## 7.10 Other non-current financial liabilities

Other non-current financial liabilities are only composed of deposits and guarantees received, for an amount of € 3,611 thousand as at June 30th, 2022.
As at July 1st, 2021 and December 31st, 2021, no other non-current financial liabilities had been recognized.

## 7.11 Trade accounts payable

| *In thousands of euros* | 2022-06-30 | 2021-12-31 | 2021-07-01 |
|---|---|---|---|
| Trade accounts payable | 239 | - | - |
| Unbilled trade payables | 5 340 | 2 082 | - |
| Prepaid trade receivables | 2 596 | - | - |
| **Trade accounts payable** | **8 175** | **2 082** | **-** |

## 7.12 Other payables

| *In thousands of euros* | 2022-06-30 | 2021-12-31 | 2021-07-01 |
|---|---|---|---|
| Tax and social security liabilities | 3 284 | | |
| Amounts owed to property developers | 56 327 | - | - |
| Other debts | 46 | - | - |
| Deferred revenue | 3 | - | - |
| **TOTAL** | **59 660** | **-** | **-** |

## 7.13 Rental income

| *In thousands of euros* | 2022-06-30 | 2021-12-31 (6 months) |
|---|---|---|
| Income from residential rent and annexes | 14321 | - |
| **Gross rents** | **14 321** | **-** |
| Other rental revenues | 225 | - |
| **Gross rental income** | **14 546** | **-** |
| Profit on recoverable rental charges | 803 | - |
| Loss on recoverable rental charges | (837) | - |
| **Net rents** | **14 512** | **-** |

## 7.14 Operating expenses

| *In thousands of euros* | 2022-06-30 | 2021-12-31 (6 months) |
|---|---|---|
| Outsourcing and maintenance | (3 225) | - |
| Servicing and repair | (328) | - |
| **Expenses on buildings** | **(3 553)** | **-** |
| Fees paid to intermediaries | (2 926) | (2) |
| Statutory audit engagements | (28) | (8) |
| Banking services | (245) | (10) |
| Insurance premium | (36) | - |
| **Other operating expenses** | **(3 235)** | **(20)** |
| **Net operating expenses** | **(6 788)** | **(20)** |

## 7.15 Taxes other than income taxes

| *In thousands of euros* | 2022-06-30 | 2021-12-31 (6 months) |
|---|---|---|
| Property tax - Investing properties | (3 001) | - |
| Registration fees | (49) | - |
| Other taxes | (87) | - |
| **Total** | **(3 137)** | **-** |

## 7.16 Other operating income and expense

| *In thousands of euros* | 2022-06-30 | 2021-12-31 (6 months) |
|---|---|---|
| **Other operating income** | **331** | |
| Losses on bad debts | (1) | - |
| Miscellaneous expenses for daily management | (464) | - |
| Provisions on receivables | (240) | - |
| **Other operating expense** | **(705)** | **-** |
| **Total** | **(374)** | **-** |

## 7.17 Financial income

| *In thousands of euros* | 2022-06-30 | 2021-12-31 (6 months) |
|---|---|---|
| Finance income | 3 525 | 136 |
| Finance costs | (3 880) | (79) |
| **Financial income** | **(355)** | **57** |

Other financial income of €3,525 thousand consists of:

i) the spreading of the balance of the €500 million notional swap over the term of the loan (10 years), for €900 thousand;

ii) remuneration for advances made to promoters for €2,625 thousand.

Other financial expenses are mainly composed of accrued interest not yet due on the bond issue as of June 30, 2022 for an amount of €3,034 thousand.

## 7.18 Cash flows

### 7.18.1 Net cash flow generated by/(used in) investing activities

- Disbursements related to the acquisition of investment properties amounted to €443,727 thousand as at June 30th, 2022 compared to €45,299 thousand corresponding only to the amount of buildings under construction as at December 31st, 2021.
  Disbursements on financial receivables correspond to deposits and guarantees paid and amount to €12,000 as at June 30th, 2022.
- The impact of changes in scope on cash amounts to €418,199 thousand as at June 30th, 2022 and corresponds to the cash flows linked to the asset contribution made by CDC Habitat to SCI Lamartine and SCI Milly of the buildings and equity securities.

### 7.18.2 Net cash flow generated by/(used in) financing activities

- The capital increase of €75 million corresponds to the capital subscription of April 5th, 2022.
- The amount of dividends paid amounted to €935 thousand as at June 30th, 2022 and is split between the dividends paid by SCI Lamartine to its 2 shareholders (CDC Habitat and CNP Assurances) for €477 thousand and the net profit realized by SCI Milly paid to CDC Habitat for €458 thousand.
- The amount of the increase in borrowings corresponds to the subscription of borrowings for €1,300,282 thousand. The amount of the repayment of the loans amounts to €500 million.
  The net change in financial debt is therefore €800.2 million and is broken down into non-current financial debt for €500 million and current financial debt for €300.2 million.
- The change in other financial liabilities only refers to deposits and guarantees received and amounts to €3.5 million.
- The gross financial interest paid corresponds to accrued interest not yet due and amounts to €3 million.
- The change in other receivables and payables consists of miscellaneous non-operating debtors and creditors and amounts to €40.2 million.

# 8. Other disclosures

## 8.1 Off-balance sheet commitments :

| *In thousands of euros* | 2022-06-30 | 2021-12-31 (6 months) |
|---|---|---|
| **Commitments given** | | |
| Commitments relating to off-plan sales | 329 594 | 286 577 |
| **Commitments received** | | |
| Amount of capital still to be called | 264 433 | |
| Financing commitments received | | 70 000 |

Bridge Covenant as at 06/30/2022

- LTV as of June 30, 2022 <60%: compliant with the covenant
- ICR at June 30, 2022 >1.8x: compliant with the covenant
- Net Market Value portfolio as of June 30, 2022 > €1,700 thousand: compliant with the covenant

Bond issue covenant as at 06/30/2022

- LTV as of June 30, 2022 <45%: compliant with the covenant
- Net Market Value portfolio as of June 30, 2022 > €1,700 thousand: compliant with the covenant

The company has entered into three First Demand Guarantee deeds:

- An act dated February 25, 2022 relating to the bridge contract in which it fully, irrevocably and unconditionally undertakes to pay on first demand any amount requested up to the maximum amount.
- Two deeds on April 12, 2022 and July 18, 2022 relating to bond issues in which it granted a first demand guarantee for the benefit of the mass of bondholders up to a maximum amount equal to 105% of the nominal amount total outstanding Bonds.

As of June 30, 2022, the amount remaining to be drawn on the bridge amounts to €180,100,000.

## 8.2 Statutory Auditors' fees

| *Statutory Auditors' fees (in thousands of euros)* | *Mazars* | | | |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| | *Amount* | *%* | *Amount* | *%* |
| Statutory audit engagements | 18 | 64% | 8 | 100% |
| Services other than statutory audit engagements | 10 | 36% | | |
| **Total** | **28** | **100%** | **8** | **100%** |

## 8.3 Related party-transactions and senior executive compensation

The main parties related to the Lamartine fund are

- The sole shareholder with a mandate as general manager;
- CNP assurances, which indirectly holds 85% of SCI Lamartine, including a current account advance of €37 million;
- CDC Habitat, which owns 15% of SCI Lamartine, including a current account advance of €7 million;
- Ampère Gestion, a subsidiary of CDC Habitat which manages the Lamartine Fund, whose management fees amount to €1.8 million in the first half of 2022.
- Other transactions with related parties are deemed to be insignificant.
- Transactions and outstandings between the parent company and fully consolidated Lamartine Fund companies are totally eliminated on consolidation, which is why the amounts below do not include them.

Pursuant to IAS 24, direct or indirect shareholders exercising control or significant influence, their subsidiaries and joint ventures, as well as the companies over which they exercise significant influence are parties related to SCI Lamartine.

## 8.4 Subsequent events

***Ending of the Bridge Loan and unwinding of the swap***

As at July 14, 2022, a cancellation of the swap related to a notional amount of €300 million.
As a result of this cancellation, an amount of €39,562 thousand was paid to SAS Nerval on this date.

***Raising of the second part of debt***

As at July 12, 2022, SAS Nerval issued a second public 6-year bond of €350 million “Green and Sustainable” (SPO Moody’s ESG Solutions) with a coupon of 3.625%.
The income related to the cancellation of the swap described above will be spread over the duration of the bond debt. This spreading brings the rate of the second bond debt down to 2.05% excluding costs.
Settlement, delivery and admission to trading of the bonds on Euronext Paris took place on July 20, 2022. The short-term “Bridge” debt was repaid up to €350 million the same day, bringing its balance to €37.1 million.

No material changes occurred in the Fonds Lamartine Group’s financial or commercial position between the 30th of June 2022 and the date on which the financial statements were prepared.