FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

6.1 CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	31/12/2021	31/12/2020
Gross rental income	*4*	**51,905**	**46,728**
Re-invoiced service charges	*5*	(11,806)	(10,800)
Non-invoiced service charges (1)	*5*	(1,975)	(1,628)
Net rental income		**38,124**	**34,300**
Other income		1,645	1,607
Operating expenses	*5*	(7,893)	(7,127)
EBITDA		**31,876**	**28,780**
Depreciation and amortisation excluding properties		(257)	(169)
Income from equity-accounted companies (EA)		0	(355)
EBIT		**31,619**	**28,256**
Net income from asset disposals	*10*	(66)	344
Operating income before changes in FV of properties		**31,553**	**28,600**
Net balance of property value adjustments	*10*	31,343	17,377
Net operating income		**62,896**	**45,977**
Financial income	*6*	1,770	1,700
Financial expenses	*6*	(10,168)	(8,558)
Pre-tax income		**54,499**	**39,119**
Income tax	*7*	0	(228)
NET INCOME		**54,499**	**38,891**
Earnings per share (euros) (2)	*8*	6.45	4.61
Diluted earnings per share (euros) (2)	*8*	6.45	4.61

(1) including owner services charges and tenant service charges not invoiced.
(2) Slight increase in the weighted average number of shares between 31 December 2021 (8,445,505 shares) and 31 December 2020 (8,444,095 shares).

Comprehensive income *(in thousands of euros)*	Notes	31/12/2021	31/12/2020
Net income for the period		**54,499**	**38,891**
Other comprehensive income			
(sum of all income and expenses non-component of profit or loss)			
o/w items subsequently reclassified to profit or loss	*17*	*1,311*	*142*
Cash flow hedges		1,311	142
o/w items not likely to be subsequently reclassified to profit or loss			
Total other comprehensive income		**1,311**	**142**
TOTAL COMPREHENSIVE INCOME		**55,810**	**39,033**

6.1.2 BALANCE SHEET

ASSETS

(in thousands of euros)	Notes	31/12/2021	31/12/2020
Intangible assets	*9*	778	882
Tangible fixed assets	*10*	401	247
Investment properties	*10*	883,638	758,378
Investments in associates	*11*	0	406
Other financial assets	*12*	6,758	5,776
Deferred tax assets	*18*	1,771	1,770
Total non-current assets		**893,346**	**767,459**
Trade and other receivables	*12*	21,509	19,213
Current tax receivables	*12*	402	
Other financial assets at fair value - profit or loss offset			
Cash and cash equivalents	*13*	4,604	3,619
Assets held for sale	*12*	13,099	4,438
Total current assets		**39,614**	**27,270**
TOTAL ASSETS		**932,959**	**794,729**

LIABILITIES

(in thousands of euros)	Notes	31/12/2021	31/12/2020
Shareholders' equity			
Capital	*14*	121,531	121,511
Additional paid-in capital	*14*	106,761	119,132
Reserves		172,949	142,367
Retained earnings		54,499	38,891
Shareholders' equity, Group share		**455,739**	**421,901**
Non-controlling interests			
TOTAL SHAREHOLDERS' EQUITY		**455,739**	**421,901**
Liabilities			
Financial debt	*15*	324,318	316,963
Non-current security deposits	*15*	3,720	3,396
Other non-current liabilities		885	900
Total non-current liabilities		**328,923**	**321,259**
Trade payables and other liabilities	*19*	34,812	19,475
Current tax liabilities			
Current bank loans		4,059	37
Other financial debt	*15*	105,660	28,370
Current guarantee deposits	*15*	3,545	3,200
Other current liabilities		221	253
Liabilities directly related to groups of assets held for sale		0	234
Total current liabilities		**148,297**	**51,569**
TOTAL LIABILITIES		**477,220**	**372,828**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**932,959**	**794,729**

6.1.3 CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Notes	31/12/2021	31/12/2020
Consolidated net income		**54,499**	**38,891**
+/- Net depreciation and impairment	*9 and 10*	257	169
+/- Unrealized gains and losses related to changes in fair value	*10*	(31,343)	(17,377)
+/- Calculated income and expenses related to stock options and similar			
+/- Other income and expenses calculated			
+/- Gains and losses on disposals		66	(344)
+/- Dilution gains and losses			
+/- Share of income related to equity-accounted companies		0	355
- Dividends (non-consolidated securities)		(5)	(11)
+/- Fair value of short-term investment securities			
Cash flow after cost of net financial debt and tax		**23,474**	**21,683**
+ Cost of net financial debt	*15*	10,168	8,558
+/- Tax expense (including deferred tax)		0	228
Cash flow before cost of net financial debt and tax		**33,642**	**30,469**
- Tax paid			
- Interest paid		(8,412)	(7,473)
+/- change in working capital requirement related to activity		1,157	(3,887)
+/- Other changes related to activity		668	211
Cash flow from operating activities		**27,056**	**19,320**
- Acquisitions of property, plant and equipment	*10*	(566)	(227)
- Acquisitions of investment properties	*10*	(95,324)	(76,290)
+ Disposal of investment property	*10*	4,680	4,886
+ Disbursements related to acquisitions of financial fixed assets (non-consolidated securities)			
+ Impact of changes in scope of consolidation (Disposals - acquisitions of subsidiaries under deduction of cash acquired)		406	
+ Dividends received from non-consolidated equity accounted companies		0	3,386
Marketable securities pledged			
+ Other financial investments		(161)	182
Cash flow from investing activities		**(90,965)**	**(68,063)**
+ Capital increases			
- Costs charged to the share premium account			
- Purchases and resale of treasury shares		12	547
- Income from treasury shares			
- Loan repayments	*15*	(41,826)	(16,278)
+ Increase in financial debt	*15*	124,670	82,758
- Distribution of dividends to shareholders of the parent company		(21,984)	(21,110)
- Distribution of dividends to shareholders of consolidated companies			
Cash flow from financing activities		**60,872**	**45,917**
Net change in cash and cash equivalents		**(3,037)**	**(2,826)**
Opening cash and cash equivalents		**3,582**	**6,408**
Cash at year-end		**545**	**3,582**
Cash and cash equivalents		*4,604*	*3,619*
Bank overdrafts		*(4,059)*	*(37)*
Net cash		**545**	**3,582**

6.1.4 STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(in thousands of euros)	Share capital	Additional paid-in capital	Consolidated reserves	Recyclable reserves	Retained earnings	Total shareholders' equity, Group share	Non-controlling interests	Total share-holders' equity
TOTAL AT 1 JANUARY 2020	**121,316**	**123,839**	**117,160**	**(330)**	**41,444**	**403,430**	**-**	**403,430**
Changes in capital								
Transactions in treasury shares	195	353				548		548
Change in fair value (effective portion) of fully consolidated companies' cash flow hedging instruments (swaps/caps)				142		142		142
Change in FV (effective portion) of equity accounted companies' cash flow hedging instruments (Swaps/caps)								
Appropriation of 2019 earnings			**41,444**		**(41,444)**			
Distribution of dividends		(5,060)	(16,078)			(21,138)		(21,138)
Reclassification of dividends on treasury shares			29			29		29
Net income					**38,891**	**38,891**		**38,891**
Capital increase fees charged on additional paid-in capital								
Other changes			123	(123)				
TOTAL AT 31 DECEMBER 2020	**121,511**	**119,132**	**142,678**	**(311)**	**38,891**	**421,901**	**-**	**421,901**
Changes in capital								
Transactions in treasury shares	20	(8)				12		12
Change in fair value (effective portion) of fully consolidated companies' cash flow hedging instruments *(Swaps/cap)*				1,311		1,311		1,311
Change in FV (effective portion) of equity accounted companies' cash flow hedging instruments (Swaps/caps)								
Appropriation of 2020 earnings			**38,891**		**(38,891)**			
Distribution of dividends		(12,363)	(9,622)			(21,985)		(21,985)
Reclassification of dividends on treasury shares			1			1		1
Net income					**54,499**	**54,499**		**54,499**
Capital increase fees charged on additional paid-in capital								
Other changes								
TOTAL AT 31 December 2021	**121,531**	**106,761**	**171,949**	**1,000**	**54,499**	**455,739**	**-**	**455,739**

6.1.5 NOTE TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL PRESENTATION AND HIGHLIGHTS

The parent company and head of affiliated companies is Inea, a public limited company created in 2005.

The principle purpose of the company is to invest in commercial real estate assets which provide rental income or with direct or indirect interests in legal entities having the same purpose and managing these interests.

The share capital of INEA is €121,679,811.01.

The total shares 8,455,859 shares are listed on Euronext Paris.

Following the Combined General Meeting of 18 november 2014, Inea has been administered by a Board of Directors with Philippe Rosio as Chairman and Chief Executive Officer.

COVID-19 health crisis

The health crisis which commenced early 2019 was a major event in 2021.

The impact of this crisis on the financial statements of real estate companies mainly concerns rental recovery from tenants and marketing of the properties during lockdown, the appraisal of assets and equity investments where applicable together with liquidity and compliance with banking covenants.

At the end of the year Inea confirms that its operating fundamentals have proven to be solid and resilient, with the health crisis having little impact on its business and accounts:

- The company collected 99.2% of its rental income during 2021
- The risk of non-recovery of the balance is limited and some tenants were granted staggered payments. Inea did not grant any write offs during the period.
- As its activity was not affected by the health crisis Inea did not request or receive any State aid during the period (partial unemployment, PGE) or any debt rescheduling from its creditors.
- The company has not modified its financing or interest hedging strategy
- Business should not be impacted despite the context for the following reasons:
- The quality of the real estate base built over the years was confirmed during the year.
- The Company has not noticed any deterioration of its financing conditions and was able to conclude significant financing contracts during the financial year despite the context.
- The crisis has highlighted the need for the real estate sector to adapt to new office conditions, the priority of decentralisation and increasing demand for a life/work balance. These factors have strengthened the relevance of Inea's investment strategy in state-of-the-art new commercial property located in the main French regional cities.

The health crisis did not hinder the implementation of Inea's 2017-2021 strategic plan which fully met the three designated targets.

Investment property: deliveries, acquisitions-disposals

(see § 7- Investment property, property, plant and equipment and intangible assets)

Acquisitions:

- Receipt by INEA, dated 5 January 2021, of the "Hyperion" office building located in Bordeaux, for €13,399 thousand;
- Receipt by INEA, dated 27 January 2021, of the "Nantes Wellcom" office building located in Saint-Herblain, for €20,730 thousand;
- Receipt by INEA, dated 25 March 2021, of the "Treetek" office building located in Lille, for €17,182 thousand;
- Receipt by INEA, dated 20 July 2021, of the "Window" office building located in Rennes, for €12,813 thousand;
- Signature by INEA, dated 23 September 2021, of an off-plan (VEFA) sale of the "ARKO" office complex located in Mérignac, for€24,578 thousand. Recognised under fixed assets in progress at 31 December 2021 for €5,186 thousand;
- Acquisition by INEA, dated 9 November 2021, of the "ID Balma" office building located in Toulouse for €13,476 thousand;
- Signature by FLEX PARK, dated 16 November 2021, of purchase option prior to completion relating to the "Porte de la Soie" business building located in Lyon, for €20,022 thousand. Recognised under fixed assets in progress at 31 December 2021 for €1,202 thousand;
- Receipt by INEA, dated 30 November 2021, of the "Terrain des soeurs" office building located in Villeurbanne, for €15,890 thousand
- Acquisition by INEA, dated 2 December 2021, of the "Green Corner" office building located in Lille, for €9,525 thousand;
- Signature by INEA, dated 16 December 2021, of an off-plan (VEFA) sale of the "Cyberplace" office building located in Rennes, for €20,118 thousand. Recognised as fixed assets in progress at 31 December 2021 for an amount of €3,041 thousand;
- Receipt by INEA, dated 23 December 2021, of the "Metrologic" office building located in Grenoble, for €12,612 thousand;
- Start-up by FLEX PARK, dated 23 December 2021, of the "Innovespace Romainville" office building located in Romainville, for €17,736 thousand.

Disposals

INEA

- Disposal by INEA, dated 26 January 2021, of the last lot of the Meaux “Les Platanes” business building, for €250 thousand;
- Disposal by INEA, dated 21 April 2021, of the “Man Avrillé” office space and workshop building located in April, for an amount of €2,850 thousand;
- Disposal by INEA, dated 29 December 2021, of lots of building D of the “Eurasanté” office building located in Lille, for €1,050 thousand.

Assets held for sale

- Three buildings or plots of buildings located in Marseille, Mérignac and Toulouse, for a total of €13,099 thousand.

Capital transactions

(*see* § 14 - Share capital and share premium): No changes during the financial year.

Capital increase

No changes during the financial year.

Allocation of free shares

On 12 June 2019, the Extraordinary General Meeting of the Company's shareholders authorised, in its 17th resolution, the Board of Directors to proceed in favour of more than 50% of GEST employees with a free allocation of existing shares or to be issued, up to a number of shares representing a maximum of 1% of the Company's share capital. This authorisation may be used by the Board of Directors for a maximum period of thirty-eight months from the date of this Meeting.

It is specified in the resolution that all costs, direct and indirect, related to the free share allocation plan will be borne by GEST.

The purpose of this award is to enhance the motivation of and retain GEST employees by offering them an additional compensation tool that takes into account the performance and development of the Company, managed by GEST.

On 23 July 2019, by virtue of its delegation, the Board of Directors of INEA decided to enter into a free share allocation plan for GEST employees.

Vesting periods

Each quota of free shares awarded will be definitively vested, subject, where applicable, to the achievement of the performance conditions, only at the end of the successive vesting periods below:

- The first vesting period was 23 July 2020, one (1) year after the date of grant by the Board of Directors;
- The following was 23 January 2021;
- The subsequent vesting periods will end on 30 April of each year covered by the Plan.

The number of free shares allocated is 35,000 shares at the price of €42.

INEA has committed to selling 35,000 shares to GEST. Once acquired, GEST will award them to its own employees as part of a free share allocation plan.

A provision for contingencies and losses was therefore recorded at the implementation of the plan for all the shares to be allocated for a total amount of 1,435,000€, the portion distributed the following year being classified as a current liability at INEA.

This same provision is updated as shares are allocated and INEA share price changes.

As a result of the re-invoicing agreement signed on December 10th 2019 by INEA and GEST, an accrued income has been recognised for the same amount as well as for the various expenses related to the transaction, all the costs related to this transaction being incurred by GEST.

The impact on the income statement is therefore neutral for INEA, the financial expenses being offset by equivalent income of the same nature

At 31 December 2021, the balance of shares remaining to be distributed was 24,168, valued at the closing price (€45,8).

Therefore, the provision and corresponding accrued income amount to 1,106 thousand euros as of 31st of December 2021, with a current portion of 221 thousand euros.

Other financing transactions

(see § 12 - Financial debt)

Subscriptions

- Partial drawdowns of €75,000 thousand in 2021 on the 2020 Green Loan, bringing the total outstanding amount to €105,000 thousand, or the entire loan;
- Partial drawdown of €10,000 thousand during the 2021 financial year on the 2017 corporate loan, bringing the total outstanding amount to €96,000 thousand out of a total principal amount of €100,000 thousand;
- Signature on 10 June 2021 of a revolving loan of €8,000 thousand from LCL intended to finance the company's general needs, not yet drawn at 31 December 2021;
- Signature, dated 17 September 2021, of a Green Loan revolving credit facility, for a maximum cumulative principal amount of €100,000 thousand, from a pool comprising three banks: LCL, Societe Generale and ARKEA.

  At 31 December 2021, the amount used for the loan was €5,000 thousand;
- Signature on 14 October 2021, by Flex Park, of a non-amortising mortgage loan of €45,000 thousand intended for:
  - Refinancing the assets of St Denis, Sénart and Lieusaint;
  - Financing the assets of Viry-Châtillon and Taverny and the extension of St Jean d'Illac;
  - Financing Romainville's assets, the start-up of which took place at the end of December 2021;
  - At 31/12/2021, only tranche A of €36,500 thousand was used;
- On 24 December 2021, use of a cash note of €4,000 thousand, repaid on 6 January 2022.

Repayments

- Early repayment, by INEA, on 21 April 2021 of the balance of the BPI loan following the sale of the Man Avrillé building, for €235 thousand;
- Early repayment, by Flex Park, on 14 October 2021 of the balance of the LCL-CABP loan following the signature of a new loan, for €16,128 thousand.

Hedging transactions

During 2021, the notional amount of hedges increased by €59,258 thousand following various movements:

- Subscription of three new CAPs:
  - CAP 3 GREEN LOAN for a notional amount of €15,000 thousand, with a 5-year term, intended to cover the 3rd drawdown of the 2020 Green Loan
  - CAP GREEN LOAN €20m for a notional amount of €20,000 thousand, with a 5-year term, intended to cover the 2nd drawdown of the 2020 Base Green Loan
  - CAP GREEN LOAN €30m for a notional amount of €30,000 thousand, with a 5-year term, intended to cover the 3rd drawdown of the 2020 Base Green Loan
- Underwriting of an interest rate collar, "Tunnel LCL 2021 Flex", for a notional amount of €27,000 thousand and a duration of 4.25 years, intended to cover the LCL Flex Park mortgage loan;
- Expiry of three SWAP contracts, for a notional amount of €9,778 thousand at 31 December 2021:
  - Q3 SOGE 2014 swap;
  - BPRP 2016 Reims swap;
  - BRED 2015 Q2 swap;
- Partial expiry and amortisation of four CAPs, for a notional amount of €22,964 thousand:
  - CAP LCL 2015 FLEX;
  - CAP Montpellier Ywood;
  - CAP 1 (RFS INEA);
  - CAP RCF INEA;

Changes in consolidation scope

Change in scope of companies accounted for by the equity method:

- Following the liquidation on 20 January 2021 of the OPCI Bagan Immo Région and the companies it held, there is no longer any equity method accounting at 31 December 2021.

Exceptional events

On 5 May 2021, INEA received an accounting audit opinion from the Directorate of National and International Audits covering the period from 1 January 2018 to 31 December 2019.

At 31 December 2021, the audit of the accounting system is still in progress. No provision has been recognised in the company's financial statements in this respect.

NOTE 2 ACCOUNTING PRINCIPLES AND METHODS

2.1 General principles

2.1.1 Conformity statement

In accordance with EC regulation No. 1606/2002 of 19 July 2002 (as amended by EC Regulation No. 297/2008 of 11 March 2008) on international standards, the consolidated financial statements of INEA Group are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These include the IAS/IFRS standards published by the IASB and interpretations published by IFRIC that have been adopted by the European Union. These standards are available on the European Commission's website.

(Endorsement – EFRAG)

The application of the IASB's IFRS framework would not have led to significant divergences in the consolidated financial statements of INEA Group.

The accounting principles at 31 December 2021 are the same as those used for the consolidated financial statements at 31 December 2020, with the exception of standards, amendments to standards and interpretations, the application of which is mandatory from 1 January 2021.

The main texts and their impacts are as follows:

- Amendments to IFRS 4 - Extension of the temporary exemption from IFRS 9;
- Amendments to IFRS 9, IAS 39 and IFRS 7 in connection with the reform of benchmark interbank reference rates;
- Temporary amendment to IFRS 16 - Compensation of lease payments under Covid-19 (currently being adopted by the EU);

These standards had no material impact on the Group's financial statements.

The other texts and amendments do not apply to the INEA Group or have no significant impact on the financial statements:

- IFRIC Decision - IAS 19 - Distribution of the cost of services associated with a defined benefit plan;
- Pursuant to Regulation (EU) 2020/852 - November 2021 - Taxonomy elements will be applied as of 1 January 2022;
- IFRIC Decision - IAS 38 - Treatment of the costs of implementing a Saas contract ("Software as a Service");

The primary accounting policies applied in the preparation of the consolidated financial statements are described below. Unless otherwise stated, these methods have been applied on a permanent basis for all financial years presented.

There are standards and interpretations adopted by the European Union, which have not entered into force for the period considered but may be applied in advance as at 31 December 2021. However, INEA is not concerned by these standards

INEA considers that all of its activities belong to a single operational segment (offices/activities): France.

The preparation of the financial statements in accordance with IFRS requires the use of certain significant accounting estimates. Management is also required to exercise its judgement when applying the Group's accounting methods. The areas for which the stakes are highest in terms of judgement or complexity or those for which the assumptions and estimates are significant with respect to the consolidated financial statements are set out in Note 2.1.5.

INEA did not opt for the postponement of the ESEF format (European Single Electronic Format) from the financial year ending 31 December 2020, it has therefore published its 2020 financial report in ESEF format, included within the Universal Registration Document. The real estate investment company is thus among the 73 French companies - i.e. 15% of the companies concerned - that have anticipated this obligation.

2.1.2 Principles for preparing the financial statements

The consolidated financial statements are prepared on a historical cost basis, with the exception of derivative financial instruments, investment property and available-for-sale financial assets, which are measured at the fair value.

The financial statements are presented in thousands of euros. The euro is the presentation and functional currency of the parent company and its subsidiaries. All Group companies end their annual financial year on 31 December.

The financial statements were approved by the Board of Directors on 9 February 2022.

2.1.3 Consolidation principles

Scope of consolidation

The consolidated financial statements include those of INEA as well as those of its subsidiaries. A subsidiary is an entity controlled by the Group. These entities together form the Group.

The Group controls a subsidiary when it is exposed or entitled to variable returns due to its links with the entity and has the ability to influence these returns due to its power over it. Entities in which the Group exercises significant influence without controlling it are consolidated using the equity method. This significant influence is the result of the Group's effective participation in strategic decisions. It is assumed when the Group holds more than 20% of the subsidiary's voting rights.

Minority interests are presented on the balance sheet in a category separate from equity. The amount of their share in consolidated net income is presented separately in the income statement.

All intragroup balances and transactions including profits, losses and dividends are eliminated on consolidation. There is no jointly controlled company within the Group's consolidation scope.

Companies are included in the scope of consolidation at the date on which their control is transferred to the Group and exit from the date on which the Group loses control over them.

Business combinations

Acquisitions of subsidiaries are recognised using the acquisition method. The transferred amount consists of the fair value of the assets provided, liabilities incurred or assumed and equity instruments issued by the acquirer at the date of the acquisition.

At the acquisition date, the identifiable assets, liabilities and contingent liabilities of the acquired entities are, generally speaking, measured individually at their fair value regardless of their purpose, in accordance with IFRS 3. The analyses and appraisals necessary for the initial assessment of these items, as well as their possible correction in the event of a provisional valuation, may take place within twelve months from the date of acquisition.

The excess of the the transferred amount costs over the Group's interests in the fair value of the assets, liabilities and contingent liabilities recorded constitutes goodwill. Conversely, if the share of assets, liabilities and contingent liabilities at fair value exceeds the acquisition cost, this surplus is immediately recognised in profit.

The value of goodwill is reviewed at each reporting date and impairment is recognised when its recoverable value is lower than its net book value. As goodwill does not generate cash flows independently, it is tested within the CGU (cash generating unit) to which it is allocate. Impairment losses thus recognised are considered to be final and cannot be reversed at a later date.

There were no business combinations during 2021.

Associates

Companies over which the Group exercises significant influence are consolidated using the equity method, which is presumed when the percentage of voting rights held is equal to or greater than 20%.

Goodwill on associates is included in the value of investments in associates presented on the balance sheet. In the event of a loss in value, the impairment is included in the income statement in the share of net income of equity-accounted companies.

Special case of acquisition of a grouping of assets and liabilities

When the Group acquires an entity that constitutes a group of assets and liabilities and that can’t be defined as a business combination, within the meaning of IFRS 3, the transaction is recognised as an acquisition of assets and liabilities, without recognising goodwill or deferred tax. Any difference between the acquisition cost and the fair value of the assets and liabilities acquired is allocated to the net book value of the assets and liabilities acquired in proportion to their fair values.

A business combination is defined by IFRS 3 as a transaction or other event in which an acquirer gains control of one or more businesses.

Under IFRS 3, INEA considers the following criteria to determine whether a transaction is part of the exchange related to the company acquired or whether the transaction is separate from the business combination:

- The reasons for the transaction
- The one who initiated the transaction
- The timing of the transaction

There were no asset and liability groupings during 2021.

LIST OF ENTITIES WHITHIN THE GROUP'S SCOPE OF CONSOLIDATION		31/12/2021		31/12/2020	
Companies	**Registered office**	**Consolidation method**	**% holding**	**Consolidation method**	**% holding**
SA INEA	7, rue du Fossé blanc, 92230 Gennevilliers	IG (1)	100%	IG (1)	100%
SCI PA	7, rue du Fossé blanc, 92230 Gennevilliers	IG (1)	99%	IG (1)	99%
SCI ALPHA	7, rue du Fossé Blanc, 92230 Gennevilliers	IG (1)	100%	IG (1)	100%
SAS FLEX PARK	7, rue du Fossé Blanc, 92230 Gennevilliers	IG (1)	100%	IG (1)	100%
OPCI BAGAN IMMO RÉGIONS	7, rue du Fossé blanc, 92230 Gennevilliers	N/A	N/A	EA	32.85%
SCI BAGAN SUD-EST (exited during the year)	7 Rue du Fossé blanc, 92230 Gennevilliers			EA	32.85%
SNC BAGAN (exited during the year)	7 Rue du Fossé blanc, 92230 Gennevilliers			EA	32.85%

IG: Full consolidation.
EA: Equity method.
NA: not applicable.
(1) Acquisition of assets (IFRS 3.4).

2.1.4 Segment reporting

INEA considers that all of its real estate investments (offices/urban logistics) belong to a single operational segment: France.

The properties managed by INEA have similar economic characteristics within the meaning of all the criteria defined by IFRS 8 § 12. They are all of the same nature, of similar size and are productive of yield. Although they are managed individually by the main operational decision-maker, none of the properties can be considered a sector by its size, in accordance with IFRS 8 § 13, and no relevant building aggregation criteria exist, all buildings being managed and monitored in the same way, and therefore constituting the same operational segment.

The management of each building is similar, particularly with regard to the following aspects:

- INEA acquires or builds commercial real estate in the main regional cities, with a view to renting them unfurnished for professional use. The process of placing one asset on the market is identical from one property to another and from one city to another. It should be noted that INEA's assets are not concentrated in a particular geographical area;
- the choice of tenants is uniform. These are renowned companies or entities. INEA is not dependent on one particular tenant;
- the method of leasing real estate assets is identical (use of real estate agents);
- no property is subject to a specific regulation that would imply dissociation in terms of management;
- the performance indicators are the same for all properties.

The approach presented above results in not separating each property into a sector but grouping all these properties into a single operating segment, in accordance with IFRS 8.

2.1.5 Significant accounting estimates and judgements

Significant estimates and judgements, which are continuously updated, are based on historical information and other factors, including expectations of future events deemed reasonable under the circumstances.

Significant accounting estimates and assumptions

The Group makes estimates and uses assumptions concerning the future. Actual results may subsequently prove to be subject to deviations from these estimates. Estimates and assumptions that are likely to result in a significant adjustment to the carrying amount of assets and liabilities over the following period are discussed below.

Market value of derivative financial instruments

The market value of derivative financial instruments is communicated by a specialised expert. The valuations used by the Company are based on Level 2.

Valuation of investment properties

The fair value of investment properties is determined by independent experts.

2.1.6 Financial impact of environmental risks

As part of its financial statements, INEA presents in its accounts the issues related to climate change and sustainable development, which are at the heart of INEA's strategy, notably through:

- The methods used to value the Group's assets and liabilities in accordance with IAS 40 and IAS 36. As of the 31st of December 2021, INEA has not identified any impairment or need to review its projected useful lives in light of the climate change,
- Its investment strategy (new or recent buildings that meet the latest environmental standards applied) as detailed in Chapter 4 of the universal registration document,
- Its financing strategy, with the signature of two Green Loans (impact green loans), of which the first in the property sector to meet the ambitions of the European taxonomy,
- All of the actions implemented by INEA to respond to climate and environmental issues, detailed in chapter 4 of the universal registration document (including the follow-up of its CSR roadmap),
- Its climate risk management detailed in chapter 2 of the Universal Registration Document,
- In line with EPRA recommendations, INEA publishes in the above-mentioned document the EPRA indicators relating to the energy, water and carbon consumption of its assets, detailed in chapter 4.3

INEA is pursuing its CSR strategy through its 2021-2025 roadmap, the progress of which is presented in chapter 4 of the universal registration document

2.2 Rules and methods applied by the Group

2.2.1 Investment property

The portfolio is comprised of commercial real estate assets which are intended to be held for the medium to long term ; the assets may be disposed of if market opportunities arise.

Current and future investments are valued and recognised as follows: the cost of integrating the properties in the portfolio consists of their acquisition cost and, where applicable, borrowing costs in accordance with IAS 23 for properties acquired via forward funding contracts or under a property development contract.

Real estate leasing acquired

Finance leases, as defined by IFRS 16, acquired by the Group, are recorded in Investment property, as assets, and in financial debts, as liabilities, at the discounted value of the minimum lease payments remaining due in respect to the lease at the date of their acquisition.

The carrying amount of the asset is increased by the acquisition value of the contracts, as well as their acquisition cost.

All remaining rent is broken down into financial expense, recognised in the income statement, and the amortisation of the debt. No deferred tax is to be recognised on real estate leases acquired or entered into after 1 January 2005.

Determination of the fair value of investment property

IAS 40 Investment Property allows for two valuation models to be used to apply to investment property: the cost model or the fair value model. Since 1 January 2011, INEA has applied the fair value model to its investment property.

Fair value under IFRS 13

Since 1 January 2013, INEA has applied IFRS 13, which defines fair value.

The fair value of an investment property is the price that would be paid to sell an asset or paid for the transfer of a liability in a given market at the assessment date. The standard establishes a three-level fair value hierarchy for the data used in the assessments:

Level 1: Unadjusted price in an active market for identical and available assets/liabilities at the assessment date;

Level 2: Valuation model using market information directly or indirectly observable in an active market, other than quoted prices included in Level 1;

Level 3: Valuation model using market information which are not observable in an active market assuming that market participants, who hold the asset or liability, would price the asset or liability, including risk assumptions.

The fair value hierarchical level is thus determined by reference to the input data levels in the valuation technique. If a valuation technique is based on data at different hierarchical levels, the level of fair value is then limited to the lowest level.

The fair value of investment properties is determined on the basis of real estate appraisals drawn up by two independent, qualified and experienced experts, BNP Paribas Real Estate Valuation and BPCE Expertises, by reference to the property market in which Inea's properties are located.

The valuation of the buildings held by INEA is based on the usual methods and practices of corporate real estate professionals. The fair value measurement must take into account the optimal use of the asset. INEA did not identify any optimal use of an asset other than the current use. As a result, the implementation of IFRS 13 did not change the assumptions used to value the assets.

The method for determining the fair value of INEA's properties varies according to the objective sought and the reference market data, which are unobservable or observable but have been subject to certain adjustments. The following methods are most often used, but are not exhaustive: income capitalisation, discounting of future rents, market price of an equivalent asset, cost of new construction, etc.

Based on the data used, the investment property of INEA is classified overall as Level 3 of the fair value hierarchy as set out in IFRS 13.

Method used to determine the fair value of investment property

At 31 December 2021, the appraisals of the buildings owned by INEA were carried out by BNP Paribas Real Estate Valuation France and BPCE Expertises both certified RICS and REV.

The allocation of the assets to be appraised is balanced between the two appraisers, and takes into account the rotation policy adopted by the Company (change of appraiser after five years).

Breakdown by value (VHD basis)	31/12/2021	31/12/2020
BNP Paribas Real Estate Valuation	54%	50%
BPCE Expertises ("Crédit Foncier Expertise" in 2020)	46%	50%

They covered the entire stock delivered by INEA as well as buildings under construction that are expected to be delivered in the first half of 2022.

The properties were valued according to the methods of capitalisation of rents and comparison methods regardless of their category.

The final value used is an average of the first two methods. However, the expert may decide to favour one method rather than another that would not be relevant given the specific characteristics of the market or building.

These valuations are therefore based on estimates. In particular, the property experts take into account specific information such as the nature of each asset, its location, its market rental value, vacancy rate, capitalisation rate, capital expenditure and comparable market transactions in the valuation of investment properties.

In accordance with IFRS 13, the data below corresponds to inputs that are not observable (level 3) used by real estate experts.

- The range of the capitalisation rate determined by the experts is between 4.48% and 8.09% (it was between 4.49% and 8.53% as at 31 /12/20).
- The overall capitalisation rate of appraised properties stands at 5.87% (versus 6.14% in 2020). On average, it is 5.94% (versus 6.13% in 2020) for the office scope and 5.53% (versus 6.20% in 2020) for the business scope.

An increase in the discount rate and the capitalisation rate will reduce the appraised value. These rates are interconnected as they are partially determined by market conditions. Thus, the sensitivity of the value of the assets to an increase in the capitalisation rate of 0.50% is -7.85%. It is -1% for a 1% reduction in rents.

	Rate hike capitalisation	Impact on valuation (in %)	Impact on valuation (in thousands euros)
Offices	0.50%	- 7.8%	(59,548)
Activity	0.50%	- 8.3%	(13,051)

	Fall in rents	Impact on valuation (in %)	Impact on valuation (in thousands euros)
Offices	- 1.00%	- 1.0%	(7,666)
Activity	- 1.00%	- 1.0%	(1,575)

Fixed assets in progress at year-end are either measured at cost, if the fair value of the property under construction or development is not reliably determinable taking into account the criteria for progress and marketing, or at fair value when the amount of the asset becomes reliably determinable or upon completion of construction.

If there is evidence of a loss in value, an impairment test is carried out.

The amount of locked-in assets at 31 December 2021 corresponds to payments already made in connection with a transaction with a purchase option or an off-plan contract, the delivery of which is set for after 30 June 2022.

Changes in the fair value of investment property are recognised in profit or loss on a separate line of the income statement, "net balance of property value adjustments".

2.2.2 Property, plant and equipment and intangible assets

Tangible fixed assets are measured at their acquisition cost. Straight-line depreciation reflects the pace at which the Group expects to consume the future economic benefits associated with the asset (IAS 16.60). The depreciation periods used by the Group are as follows:

Categories	Method	Duration
Office and IT equipment	Straight-line	3 years

- intangible assets, primarily acquired software packages, are amortised over five years.

2.2.3 Financial assets at fair value - Profit or loss counterpart

Financial assets at fair value through profit or loss are:

- financial assets held for trading, that is, acquired or issued from the outset with the intention of reselling them in the short term;
- financial assets that the Group has chosen to recognise at fair value through profit or loss at initial recognition, using the option available under IFRS 9;
- non-SPPI debt instruments;
- equity instruments measured at fair value through profit or loss by default (which are not held for trading).

These assets are measured at fair value at the initial recognition date and at the closing date. Changes in fair value over the period, interest, dividends, gains or losses on disposals on these instruments are recorded under "Net gains or losses on financial instruments at fair value through profit or loss" except for non-SPPI debt financial assets whose interest is recorded under "Interest income."

2.2.4 Income from ordinary activities

Leases in which the Group is the lessor correspond to mere operating leases under IFRS 16. In addition, the following specific recognition criteria must be considered by income category.

Gross rental income consist mainly of services provided to third parties: the Group enters into leases with its customers, as lessor. The INEA group retains the majority of the risks and rewards of ownership of its leased assets, and contracts are therefore classified as operating leases within the meaning of IFRS 16.

Rental income

Rental income, which includes reinvoiced service charges, is recognised according to the terms and deadlines set for each lease. However, any rent deductibles or advances are spread out over the tenant's firm commitment period, in accordance with IFRS 16.

Sale of investment properties (IAS 40)

Proceeds from the sale are recognised when the risks and rewards of the property are transferred to the purchaser.

Gains or losses on the sale of investment property held for own use must be determined as the difference between the net proceeds from the sale and the book value of the asset. The exit date of the investment property sold is the date on which the acquirer takes control, in accordance with the provisions of IFRS 15, that is, the date on which the performance obligation is met.

Other contract-related revenue from ordinary activities under IFRS 15

The amount of the transaction price is recognised as income when "the performance obligation" is met, that is, when the client obtains control of the asset.

Interest

Income is recognised in the amount of accrued interest.

Dividends

Income is recognised when the shareholder's right to receive the dividend is established.

2.2.5 Trade and receivables related to associates

Receivables are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest rate method. For short-term receivables, their amortised cost corresponds their transaction price as defined under IFRS 15.

They are subject to an individual analysis of non-recovery and are impaired are impaired using an expected loss model.

In accordance with IFRS 9, loan impairment is equal to the expected credit loss at maturity. In the absence of sophisticated credit risk management and monitoring systems, the Company has opted to adopt the simplified model for trade receivables and lease receivables.

A line-by-line analysis of trade receivables was carried out in order to assess counterparty risk in the context of the changing health and economic crisis, and the resulting impairments were recognised in accordance with accounting principles.

The credit balances of certain tenants are recorded in "Suppliers and other creditors".

2.2.6 Cash and cash equivalents

Treasury includes cash, credit balances, and cash investments.

Cash investments consist of liquid short-term money market SICAVs (less than three months), whose net asset value has very low volatility, and certificates of deposit initially recognised at their cost. At each reporting date, cash investments are measured at fair value and the change in fair value is recognised in profit or loss, in accordance with IFRS 9.

For the purposes of the statement of cash flows, cash and cash equivalents comprise all cash constituents presented on the balance sheet.

2.2.7 Assets held for sale (IFRS 5)

A non-current asset (or group of assets) is classified as held for sale when the sale is highly probable and taking into account the following:

- on the date of signature of the purchase option; or
- in the event of significant conditions precedent, on the date of fulfilment of the conditions precedent; or
- in the absence of conditions precedent and in the case of quality consideration, on the date of the offer accepted.

These assets may be a component of an entity, a group of assets held for sale or an isolated non-current asset.

A discontinued operation is a component from which the entity has separated itself or which is classified as held for sale, and (a) represents a line of business or activities located in a main and separate geographical area; or (b) is part of a single coordinated plan to dispose of a line of business or activities in a main and separate geographical area; or (c) is a subsidiary acquired exclusively for resale.

No activity was discontinued in 2021.

2.2.8 Earnings per share

Earnings per share

Earnings per share are calculated by dividing net income Group share by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted net earnings per share take into account potential ordinary shares having a dilutive effect and do not take into account potential shares that do not have a dilutive effect.

Diluted earnings per share will be presented using the share buyback method as an assumption.

2.2.9 Financial debt

Financial debts consist of partners' current accounts, security deposits paid by tenants, amortising bank loans, and liabilities related to simple leases. Liabilities are initially recognised at fair value net of fees, with borrowing costs recognised as expenses to the extent that they are not recognised in assets in accordance with IAS 23 R (see 2.2.10 below).

After initial recognition, loans and liabilities related to finance leases are measured at amortised cost, using the effective interest rate method. The effective rate includes the nominal rate and the actuarial amortisation of issue costs and any issue or redemption premiums.

The less than one year share of financial debt is classified as current liabilities.

2.2.10 Borrowing costs

Borrowing costs, during the construction period and until delivery, are capitalised in accordance with IAS 23 R.

2.2.11 Derivative financial instruments

All derivative financial instruments are recognised on the balance sheet at fair value, and changes in fair value are recognised in the income statement, with the exception of those relating to cash flow hedging derivative instruments (see below).

INEA is subject to market risk as the future cash flows of a financial instrument fluctuate due to changes in market prices. This risk therefore relates to interest rates.

To address this, INEA employs a strategy to hedge the interest rate risk of its financial debt, using:

- interest rate swaps, over all or part of the term of the loans, which guarantee a fixed rate. These swaps, when qualifying as a hedge under IFRS 9, are recognised in accordance with hedge accounting methods: changes in their fair value are recognised in other elements of the total net income, and in profit or loss for the period for the ineffective portion;
- caps on all or part of the term of the loans, which make it possible to avoid exceeding a cap (strike). These caps, when they meet the criteria to qualify as a future cash flow hedge under IFRS 9, are recognised in accordance with the hedge accounting methods: the intrinsic value and the time value are recorded in other elements of the total net income.

At each closing date, the market value of derivative financial instruments is communicated by a specialised third-party service provider, with whom INEA has signed an annual contract for the monitoring and presentation of its debt through a dedicated internet platform.

INEA chose to apply the hypothetical derivative method. Proposed by IFRS 9, this method is used to measure ineffectiveness for a hedge classified as a Cash-Flow Hedge. The approach of this method is to compare the financial flows of the traded derivative with a hypothetical "perfect" derivative, meaning that it has no ineffectiveness with the underlying that would be obtained on the market and would be perfectly backed by the hedged flows.

Financial instruments measured at fair value on the balance sheet include:

Interest rate hedging instruments

IFRS 13 requires counterparty credit risk *(*i.e. he risk that a counterparty will miss one of its obligations) to be taken into account in measuring the fair value of financial assets and liabilities. IFRS 13 retains the disclosure requirements on the three-level fair value hierarchy of IFRS 7, which requires an entity to distinguish between the fair values of financial assets and financial liabilities based on their observable nature *(see* § 17).

Valuation techniques used

The valuation process begins with an intrinsic study of the product in order to determine its different components. The first step is to determine the risk factors present in the product. Then, the model should be set up and calibrated using financial instruments bearing the same risk factors as the product to be valued. These instruments are referred to as market data. They correspond to standard products, traded on the financial markets by banks (interbank markets) via the intermediary of financial brokers.

Second, the valuation models must be available and managed effectively to retain the best performing ones. It is also important to note that the financial crisis has significantly impacted the financial markets and modified valuation models. The fixed-income market is undoubtedly the one that has undergone the greatest transformations.

Indeed, many spreads have become significant. They reflect new market risks and must be integrated into the models.

Fair value hierarchy level

Valuations are made using valuation techniques where all significant inputs are based on observable market data. The fair value of these interest rate derivatives is therefore Level 2 within the meaning of IFRS 13.

Other financial assets are explained in Note 11.1 below.

2.2.12 Leases

Application of IFRS 16 - Opera premises

The application of IFRS 16 led to the recognition of a depreciable right of use in exchange for an updated lease liability of €979 thousand relating to the occupation of the Company's administrative offices located on Avenue de l'Opéra in Paris.

The value of the remaining amount to be amortized as of December 31st 2021 is €664 thousand

This corresponds to the present value of the remaining rents, at the lessee's marginal borrowing rate at 1 January 2021. The term of the lease is six years.

The lessee's marginal debt ratio applied at the transition date is 1.12%. The value of the remaining entitlement to be amortised at 31 December 2021 was €664 thousand.

Operating leases

Payments made under operating leases are expensed in the income statement on a straight-line basis over the life of the contract.

Finance leases

At 31 December 2021, there are no leasing contracts in progress.

2.2.13 Provisions

Provisions are recognised when:

1. there is a current obligation (legal or implied) resulting from a past event; and
2. it is likely that an outflow of resources representing economic benefits will be necessary to terminate this obligation; and the amount of the obligation can be reliably estimated.

Where the impact of the time value of money is significant, long-term provisions are discounted, based on expected future cash flows, at a pre-tax discount rate that reflects the current market assessment of the time value of money and, where applicable, the specific risks associated with the liability. When the provision is discounted, at each closing date, the increase in the provision is recognised through profit or loss (other financial expenses).

2.2.14 Taxes

Current tax

Until 31 December 2006, companies included in the scope were subject to corporation tax, with the exception of PA, which is fiscally transparent and whose taxable income tax is paid by INEA.

Since 14 February 2007, INEA and La Halte de Saint Pons (a company that was the subject of a universal transfer of assets to INEA at the end of December 2008) have opted for the SIIC regime applicable retroactively at 1 January 2007. When it was created in December 2015, FLEXPARK opted for the SIIC regime. As a result, current income and capital gains on disposal are exempt from corporate tax. The same applies to the PA and ALPHA companies for tax purposes.

Deferred tax assets and liabilities

Deferred taxes are the result of timing differences in taxation or deduction and are determined for each tax entity, using the variable carry forward method, on temporary differences in the individual financial statements or arising from consolidation adjustments.

Deferred tax balances are determined on the basis of the tax position of each company or the overall result of the companies included in the tax consolidation scope, and are presented on the assets and liabilities side of the balance sheet for their net position by tax entity.

A deferred tax asset is recognised in the event of tax loss carry-forwards if it is probable that the entity in question will have future taxable profits against which these tax losses may be charged.

For the calculation of deferred taxes, the tax rate used is the rate voted on at 31 December 2021.

Group companies do not recognise deferred tax for their transactions under the SIIC regime. The following items do not result in the recognition of deferred tax: the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect either accounting profit or taxable profit, and temporary differences related to investments in subsidiaries and joint ventures to the extent that it is probable that they will not be reversed in the foreseeable future.

Exit tax

The taxation of unrealised capital gains of 16.5% on transition to the SIIC regime led to the recognition in 2007 of the tax liability in the accounts of INEA and HSP (a company that was transferred to INEA at the end of December 2008).

Statement of comprehensive income

Given the SIIC regime, the amounts shown in the second part of the statement of comprehensive income do not include any tax effects.

2.2.15 Trade payables and other liabilities

Trade payables and other liabilities are initially recognised at fair value and subsequently measured at amortised cost. These debts mature within less than one year.

For short-term liabilities, their amortised cost corresponds to the nominal value.

2.2.16 Income statement

EBIT refers to earnings before interest and taxes, which under French accounting standards is similar to operating profit, and EBITDA refers to earnings before interest, taxes, depreciation and amortisation, which under French accounting standards is similar to gross operating profi

NOTE 3 RISK MANAGEMENT

The Group's operational and financial activities expose it to the following risks:

Market risk

Holding real estate assets intended for lease exposes the Group to the risk of fluctuations in the value of real estate assets. Market risk exposure is limited by the fact that:

- the real estate assets are held with a long-term perspective;
- the leases entered into are long-term.

Credit risk

Credit risk represents the risk of financial loss in the event that a customer who is a tenant or a counterparty to a financial instrument fails to fulfil its contractual obligations. However, there is no risk for financial institutions dealing with INEA.

This risk therefore stems mainly from trade receivables.

From this perspective, the dispersion of rental risks is high and reassuring.

The financial assets affected by the credit risk are immaterial.

Liquidity risk

Liquidity risk corresponds to the risk that the Group may encounter difficulties in honouring its debts at maturity.

The operating financing policy is in line with the Group's strategy. In particular, it allows for flexibility and responsiveness in the face of opportunities while leading to long-term debt (debt maturity of between five and 15 years).

The Company had a positive net cash position in 2021.

Information on liquidity risk is provided in the following notes:
- Financial debt: note 15
- Other liabilities: note 16
- Trade and other payables: note 19

Interest rate risk

The Group's acquisition strategy is based on debt managed by entering into fixed-rate loans with a term of five to 15 years. In the same vein, when the loan taken out is variable-rate, the Group enters into an interest rate swap or interest rate cap contract to cover all of this risk in advance.

The market value of these contracts varies with interest rates. Where applicable, these fluctuations are recognised in the balance sheet and may also be recognised in profit or loss when hedging relationships are not justified under IFRS 9 or cease to be justified or if the existing hedges are ineffective.

Of all outstanding loans, the average debt ratio after interest rate hedging was 2.01% (vs. 2.07% in 2020). The average residual life of the loans is 3.7 years.

The Company's debt is either fixed rate or variable rate, hedged for the most part. In the event of a variable rate, the Company's policy is to set up hedging instruments (swaps or caps), often for the majority of the amount and duration of the loans. The debt at 31 December 2021 was almost 78% hedged against the risk of interest rate fluctuations.

NOTE 4 INCOME FROM ORDINARY ACTIVITIES

Composition of gross rental income from ordinary activities

Gross rents mainly correspond to rents and lease charges re-invoiced for rentals of €51,905 thousand (versus €46,728 at 31 December 2020).

Net rental income correspond to income net of service charges incurred by INEA, whether or not re-invoiced to tenants, and including owner services charges not invoiced.

Operating leases - Lessors

INEA re-invoices almost all service charges and repairs to its tenants. However, the lessor is required to carry out all repairs other than maintenance work and rental repairs, including major works.

MINIMUM FUTURE PAYMENTS RECEIVABLE UNDER NON-CANCELLABLE OPERATING LEASES

(in thousands of euros)	31/12/2021	31/12/2020
Less than 1 year	37,436	35,635
1 to 5 years	75,390	65,449
More than 5 years	17,758	12,832
MINIMUM PAYMENTS	**130,583**	**113,916**

NOTE 5 SERVICE CHARGES AND OPERATING EXPENSES

(in thousands of euros)	31/12/2021	31/12/2020
Re-invoiced service charges	(11,806)	(10,800)
Non-invoiced service charges	(1,975)	(1,628)
Operating expenses	(7,893)	(7,127)
o/w overheads	*(924)*	*(1,057)*
o/w management fees (Gest)	*(4,832)*	*(4,538)*
o/w legal and accounting fees	*(655)*	*(626)*
o/w marketing and appraisal fees	*(612)*	*(352)*
o/w miscellaneous management fees	*(242)*	*(251)*
o/w bank charges	*(46)*	*(43)*
o/w losses on loans (net of reversals of impairment)	*(526)*	*(219)*
o/w attendance fees	*(124)*	*(119)*
o/w other income	*67*	*78*
TOTAL SERVICE CHARGES AND OPERATING EXPENSES	**(21,674)**	**(19,555)**

Operating expenses include, but are not limited to, GEST remuneration, fees, bank charges, attendance fees, taxes and losses on doubtful loans, net of allocations and reversals of impairments.

NOTE 6 FINANCIAL INCOME AND EXPENSES

(in thousands of euros)	31/12/2021	31/12/2020
Return on investments	1,548	1,419
Income from the allocation of free shares	222	281
SUBTOTAL	**1,770**	**1,700**
Ineffective portion of hedging instruments		
Change in fair value of derivatives		
Change in fair value of derivatives - credit risk (DVA)	9	7
Cost of financial debt related to the lease (IFRS 16)	(9)	7
Interest on bank loans	(9,946)	(8,291)
Cost of free share allocation	(222)	(281)
SUBTOTAL	**(10,168)**	**(8,558)**
TOTAL	**(8,398)**	**(6,858)**

The remuneration of investments is mainly made up of interest on funds paid in connection with VEFAs (€763k), first demand guarantee commissions (€59k), financial income on free shares plans (€385k), and accrued interest on bonds with equity warrants attached (€327k).

NOTE 7 INCOME TAX

7.1 Tax expenses and reconciliation with effective tax

The reconciliation of movements between theoretical tax at the statutory tax rate in France and the effective tax is presented as follows:

(in thousands of euros)	31/12/2021	31/12/2020
Pre-tax income	54,499	38,891
Theoretical tax calculated at the statutory rate of 31%	(14,442)	(12,056)
Impact of interest rate differences		
Impact of permanent differences		
Carry-back receivables		
LT capital gain taxed at a specific rate		
Impact of the SIIC regime	14,442	12,056
Non-activated tax asset		
Effective tax	**0**	**0**

(in thousands of euros)	31/12/2021	31/12/2020
Current tax	0	0
Deferred tax assets and liabilities	0	(228)
Corporate tax income or expenses in the income statement	**0**	**(228)**
Taxes on items recognised in other comprehensive income	0	0
Corporate tax income or expenses in the income statement	**0**	**(228)**

As a reminder, at 31 December 2020 the amount of deferred tax related to tax loss carry-forwards was adjusted to the rate of 25%, following changes in regulations.

This interest rate adjustment led to the recognition of an exceptional expense of -€228 thousand in 2020.

7.2 The tax regime of SIICs

SIIC status

The SIIC regime, codified in Articles 208 C et seq. of the French General Code, exempts from corporate tax, subject to distribution, income derived in particular from the rental of real estate and capital gains on the sale to non-related persons, real estate and rights relating to a leasing contract relating to a property and equity interests in persons referred to in Article 8 of the French General Tax Code or in subsidiaries themselves subject to the SIIC regime.

Companies eligible for this scheme must meet three conditions:

- be listed on a French regulated market;
- have a minimum capital of fifteen million euros;
- have as its main corporate purpose the acquisition or construction of buildings in view of leasing, or the direct or indirect holding of interests in legal entities with identical corporate purposes subject to the partnership or corporation tax regime.

In the individual case, INEA adopted this status on 14 February 2007 with retroactive effect at 1 January 2007, it being specified that the conditions of capital and purpose have been maintained to date. This option therefore concerns INEA, SAS HSP (a company that was the subject of a universal transfer of assets at the end of 2008) and consequently due to their specific tax status, the following non-trading companies: SCI PA and SCI ALPHA

SIICs are not subject to the requirement of exclusivity of purpose. The ancillary performance of activities other than those that correspond to their main purpose is therefore unlikely to cause them to lose the benefit of the plan. However, these activities must be marginal and the income withdrawn is taxable under the conditions of common law.

Subsidiaries held directly or indirectly at the level of at least 95%, subject to corporation tax and having the same purpose, may opt for this scheme.

The income of partnerships covered by Article 8 of the French General Tax Code, whose corporate purpose is identical to that of their SIIC partners or subsidiaries who have opted for the SIIC regime, benefit from the exemption on condition of distribution in proportion to the rights of SIIC partners.

There is no requirement for a minimum holding of the capital of these companies by SIICs or their subsidiaries subject to corporation tax and opting for the SIIC regime. This is the case for SCI PA, ALPHA, OPCI BAGAN IMMO REGION and FLEX PARK.

Flex Park opted for the SIIC regime (Article 208 C CGI) on 7 March 2016. This option takes effect on 17 December 2015, the date of the beginning of the financial year corresponding to the date of incorporation of the Company.

The determination of Flex Park's taxable income leads to a distinction between two sectors:

- an exempt sector consisting of income from the leasing activity, capital gains on disposal of fixed assets and dividends from subsidiaries subject to the SIIC regime;
- a sector that is taxable under common law for other transactions.

In exchange for the tax exemption, Flex Park is subject to dividend distribution obligations (95% of results from leasing activities, 70% of capital gains on disposal and 100% of dividends paid by subsidiaries opting for the SIIC regime).

Determination of income

Income from the pursuit of ancillary activities is subject to corporation tax under the conditions of ordinary law. The income of the taxable sector has no influence on the income of the exempt sector and does not influence the distribution obligations relating to exempt transactions.

SIICs and their subsidiaries must break down the corresponding income and expenses between their exempt and taxable sectors, and distinguish, on making the distributions, the portion of the profits arising from exempt activities from the portion arising from taxable activities.

Consequences of the option

The option, which is irrevocable and comprehensive, results in cessation of activity insofar as the companies concerned cease to be subject to corporate tax in whole or in part. In accordance with these provisions, the exercise of the option results in the immediate taxation of earnings for the current financial year at the date of the option as well as provisions relating to the activity that becomes exempt.

Entities that elect to apply the SIIC regime are also subject to an exit tax calculated at the rate of 19% on unrealised capital gains, at the time of regime entry into application on real estate assets and interests in tax-transparent real estate companies. This tax is payable quarterly on 15 December of each year.

The remainder of the tax loss carry-forwards not used in the SIIC option will be charged to the discontinuation result, including the basis used for the calculation of exit tax calculated at 19%. Any unallocated balance is definitively lost.

7.3 Presentation of exit tax

The companies of INEA, which are subject to corporate tax, are liable for the exit tax due to their option for the SIIC regime. The basis of exit tax is calculated for each company as the difference between the market value and the tax value of the real estate assets and/or the units of the tax-transparent subsidiaries.

The 19% tax will apply on this basis.

NOTE 8 EARNINGS PER SHARE

Basic income

Basic earnings per share are calculated by dividing the net income attributable to ordinary shareholders (net income Group share) by the weighted average number of ordinary shares outstanding during each financial year.

(in thousands of euros)	31/12/2021	31/12/2020
Net income attributable to ordinary shareholders	**54,499**	**38,891**
Weighted average number of ordinary shares	8,445,505	8,444,095
Basic earnings per share *(in euros/share)*	6.45	4.61

Diluted earnings

Diluted earnings per share are calculated by adjusting the net income attributable to ordinary shareholders and the weighted average number of shares outstanding during the fiscal year to assume the effects of all potential dilutive ordinary shares.

(in thousands of euros)	31/12/2021	31/12/2020
Net income attributable to ordinary shareholders	54,499	38,891
Adjustments by type of dilutive shares		
Profit used to calculate diluted earnings *(in thousands of euros)*	**54,499**	**38,891**
Weighted average number of ordinary shares	8,445,505	8,444,095
Adjustments by type of dilutive shares to be corrected		
Number of shares used to calculate diluted earnings	**8,445,505**	**8,444,095**
Diluted earnings per share *(in euros/share)*	6.45	4.61

NOTE 9 RIGHT-OF-USE

		Change					
(in thousands of euros)	31/12/2020	Increase	Decrease	Change FV	Impact of IFRS 16	Other	31/12/2021
Relevant positions within the asset							
Other intangible assets	881	59			-163		777
o/w Right-of-Use	*827*				*-163*		*664*

The right of use relates to the lease of offices occupied by INEA in Paris pursuant to IFRS 16. The amount of the lease fee remaining du to be amortised in 2021 until the expiry of the lease (30 January 2029) was €664 thousand.

NOTE 10 INVESTMENT PROPERTY, TANGIBLE AND INTANGIBLE ASSETS

The fair value measurement of all investment properties has been considered as Level 3 based on the data used in usual valuation practice.

At 31 December 2021 *(in thousands of euros)*	Land	Investment delivered	Investment to be delivered	Total properties	Other fixed assets Tangible
At 1 January 2021 (Fair value) (1)	**114,723**	**565,953**	**77,701**	**758,378**	**247**
At opening (gross values)	**114,746**	**489,916**	**77,758**	**682,420**	**426**
Internal transfer (2)	26,698	35,706	(62,404)		
Increases (2)		77,221	31,430	108,651	202
Decreases (2)	(815)	(6,689)		(7,504)	
At closing December 31, 2021 - (gross values)	**140,629**	**596,154**	**46,784**	**783,567**	**628**
Change in fair value of assets in portfolio in 2020 (+)		20,839		20,839	
Change in fair value of assets in portfolio in 2020 (-)		(4,259)		(4,259)	
FV N following reclassification of outstandings in N-1		763		763	
Change in fair value of new investments		14,001		14,001	
Change in FV at 31 December 2021 (3)		**31,344**		**31,344**	
Change in fair value of assets disposed in 2021 (-) (4)		(126)		126	
Change in FV of assets disposed in 2021 and held for 2020 sale (4)					
FV reclassification of assets held for 2021 sale (5)		(8,626)		(8,626)	
Accumulated depreciation as at 1 January 2020					(178)
Allocations (6)					(49)
Write-backs/decreases (6)					
Accumulated Depreciation at year-end					(227)
Carrying amount of the components taken into account in change in fair value		1,522			1,522
At closing 31 December 2020 (fair value) (1) + (2) + (3) + (4) + (5) + (6)	**140,606**	**696,305**	**46,727**	**883,639**	**401**

With regard to the main increases:

- deliveries/acquisitions in portfolio during the financial year :
  - On 5 January 2021, the “Hyperion” office building located in Bordeaux, for a gross value of €13,399 thousand, an increase of €2,024 thousand this year;
  - On 27 January 2021, the “Nantes Wellcom” office building located in Saint Herblain, for a gross value of €20,730 thousand, an increase of €4,779 thousand this year;
  - On 25 March 2021, the “Treetek” office building located in Lille, for a gross value of €17,182 thousand, an increase of €7,738 thousand this year;
  - On 20 July 2021, the “Window” office building located in Rennes, for a gross value of €12,813 thousand, an increase of €6,405 thousand this year;
  - On 9 November 2021, the “ID Balma” office building located in Toulouse, for a gross value of €13,476 thousand, an increase of €13,476 thousand this year;
  - On 30 November 2021, the “Terrain des sœurs” office building located in Villeurbanne, for a gross value of €15,890 thousand, an increase of €8,869 thousand this year;
  - On 2 December 2021, the “Green Corner” office building located in Lille, for a gross value of €9,525 thousand, an increase of €9,525 thousand this year;

- On 23 December 2021, the “Metrologic” office building located in Grenoble, for a gross value of €12,612 thousand, an increase of €7,613 thousand this year;
- On 23 December 2021, the “Innovespace Romainville” office building located in Romainville, for a gross value of €17,736 thousand, an increase of €14,203 thousand this year.

- gross value of fixed assets in progress (real estate on off-plan contracts or under promise):
  - “Toulouse Landing” office building for €6,972 thousand, an increase of €3,486 thousand this year;
  - “La Dargoire” office building for €11,728 thousand, an increase of €7,314 thousand this year;
  - “Lyon Stadium” office building for €11,246 thousand, an increase of €6,919 thousand this year;
  - “Cœur de Garonne” office building located in Bordeaux for €3,312 thousand, an increase of €2,211 thousand this year;
  - “Mérignac Arko” office building for €5,186 thousand, an increase of €5,186 thousand this year;
  - “Rennes Cyberplace” office building for €3,040 thousand, an increase of €3,040 thousand this year;
  - Business park located in Vaux-en-Velin for €1,202 thousand, an increase of €1,202 thousand this year.

With regard to the main decreases:

- Meaux “Les Platanes” business building for €286 thousand;
- “Man Avrillé” building for workshop and office use for €2,591 thousand;
- “Eurasanté” office building (building D) for €1,099 thousand;
- Saint-Denis business building (10% of the site damaged following a fire) for €2,006 thousand.

INEA’s investment properties fall under Level 3 of the fair value classification as determined by IFRS 13. There were no changes to the valuation method compared to 31 December 2020.

At 31 December 2020 *(in thousands of euros)*	**Land**	**Investment delivered**	**Investment in progress**	**Total buildings properties**	**Other fixed assets Tangible**
At 1 January 2020 (Fair value) (1)	**100,599**	**495,593**	**69,915**	**666,107**	**32**
At opening (gross values)	**100,622**	**433,153**	**69,972**	**603,747**	**199**
Internal transfer (2)					
Increases (2)	15,107	60,760	48,663	124,530	227
Decreases (2)	(983)	(3,997)	(40,877)	(45,857)	
At closing 31 December 2020 - (gross values)	**114,746**	**489,916**	**77,758**	**682,420**	**426**
Change in fair value of assets in portfolio in 2019 (+)		15,404		15,404	
Change in fair value of assets in portfolio in 2019 (-)		(3,191)		(3,191)	
FV N following reclassification of outstandings in N-1		3,957		3,957	
Change in fair value of new investment properties		1,208		1,208	
Change in FV at 31 December 2020 (3)		**17,377**		**17,378**	
Change in fair value of disposed assets in 2020 (-) (4)		480		480	
Change in FV of disposed assets in 2020 and held for 2019 sale (4)		(4,260)		(4,260)	
FV reclassification of assets held for 2020 sale (5)					
Accumulated depreciation at 1 January 2020					(168)
Allocations (6)					(10)
Write-backs/decreases (6)					
Accumulated Depreciation at year-end					(178)
Book value of the removal of the components taken into account in the change in fair value					
At closing 31 December 2020 (fair value) (1) + (2) + (3) + (4) + (5) + (6)	**114,723**	**565,953**	**77,701**	**758,378**	**247**

10.1 Asset connection chart (external appraisal/accounting situation)

Investments under construction (*Immeubles de Placement en cours de Construction* - IPUC) fall within the scope of IAS 40 and are measured at fair value if reliably determined on a continuous basis.

INEA considers that buildings under construction can be reliably measured at fair value if the completion date is under 6 months. At closing date, all properties under construction to be delivered under 6 months, are therefore valued at fair value; other properties are given for their acquisition book value.

(in thousands of euros)	**31/12/2021**	**31/12/2020**
BNP Paribas Real Estate Valuation (BNP) appraisals	465,360	366,920
BCPE Expertises Immobilières (BPCE) appraisals	393,800	362,030
Non-appraised asset: renovation (appraisal value at 31/12/2020)	***17,250***	***7,800***
Change in value of appraised assets	*-4 889*	*0*
Off-balance sheet restatements to be delivered and assets held for sale	**(33,241)**	**(53,613)**
Assets delivered: appraisal values retained	**838,280**	**683,137**
Appraisals: Off-plan delivery within 6 months: appraisal values retained	**-**	**-**
> Nantes Well'Com	-	16,774
> Bordeaux Hyperion	-	11,840
> La Dargoire Lyon	12,121	-
> Lille Euratechnologie	-	9,393
> Lyon Stadium	11,527	-
Off-plan deliveries < 6 months	***23,648***	***38,007***
Unappraised assets: in the process of delivery > 6 months: at acquisition price		
> Aix astravaia	5	-
> Bordeaux Cœur Garonne	3,311	1,101
> Grenoble Metrologic	-	4,999
> La Dargoire	-	4,415
> Lyon Stadium	-	4,327
> Merignac arko	5,186	-
> Rennes Atalante	-	6,408
> Romainville	-	3,532
> Rennes cyberplace	3,040	-
> Toulouse Basso Cambo bat B	1,989	1,980
> Toulouse Landing	6,971	3,486
> Toulouse Gramont	6	6
> Vaux-en-Velin	1,202	-
> Villeurbane	-	7,022
Assets delivered > 6 months	**21,710**	**37,276**
Investment property on the balance sheet under IFRS	***883,638***	***758,420***
Assets held for sale on the balance sheet under IFRS	**13,099**	**4,438**
Total on balance sheet under IFRS	**896,737**	**762,858**

Off-plan and real estate development contracts scheduled to be delivered before 30 June 2022:

- Lyon Dargoire;
- Lyon Stadium.

An appraisal meeting took place on 15 December 2021 in the presence of the two real estate experts, the Chairman of the Audit Committee of INEA and the Statutory Auditors.

Value of investment properties by type of asset

(in thousands of euros)	31/12/2021	31/12/2020
Appraisal	744,982	581,466
Assets not yet delivered	45,360	75,284
Total Office	**790,342**	**656,750**
Appraisal	106,395	106,108
Assets not yet delivered	-	-
Total Activity	**106,395**	**106,108**
Value of investment property on the balance sheet	**896,737**	**762,858**

The above table includes assets held for sale

Table showing the closing of the net balance of adjustments to the value of investment properties and properties held by equity-accounted companies

(in thousands of euros)	Integrated company Overall	Share in equity-accounted companies	Total
1 January 2020	**666,107**	**718**	**666,825**
Change in gross value	**78,673**	**(907)**	**77,766**
Change in fair value	17,377		17,377
Change in fair value of assets sold during the year	480	189	669
Reclassification of the fair value of assets held for sale in 2020	(4,260)		(4,260)
Carrying amount of the removal of components taken into account in the variation of fair value			-
TOTAL AT 31 DECEMBER 2020	**758,378**	-	**758,378**
1 January 2021	**758,378**	-	**758,378**
Change in gross values	**101,147**		**101,147**
Change in fair value	31,343		31,343
Change in fair value of assets sold during the year	(126)		(126)
Reclassification of the fair value of assets held for sale in 2021	(8,626)		(8,626)
Carrying amount of the removal of components taken into account in the variation of fair value	1,522		1,522
TOTAL AT 31 December 2021	**883,639**	-	**883,639**

Gains or losses on disposals of assets

This item corresponds to the income resulting from the disposal of assets determined according to the following items:

(in thousands of euros)	31/12/2021	31/12/2020
Sale price	4,150	4,900
Fair value of properties sold	4,102	4,500
Costs of disposal of assets sold	(12)	(14)
SUB-TOTAL	**(59)**	**386**
Costs of disposal of assets held for sale	(7)	(42)
Fair value scrapping of components	(95)	0
GAINS OR LOSSES ON DISPOSAL OF ASSETS	**(66)**	**344**

NOTE 11 INVESTMENTS IN ASSOCIATES

11.1 Fair value of investments in associates

(in thousands of euros)	2021	SNC Bagan	OPCI Bagan Immo Régions and SCI Bagan
At 1 January	**406**		**406**
Income from equity-accounted companies	0		-
Change in fair value of cash flow hedges (reserves)			
Dividends paid			
Capital reduction	(406)		(406)
Balance at end of year	**-**		**-**

Investments in associates corresponded to the 32.85% stake held by Foncière INEA in SNC Bagan and SCIs via OPCI Bagan Immo Régions.

Following the liquidation of the OPCI Bagan Immo Régions, the item "Investments in associates" showed a zero balance, compared with €406 thousand at 31 December 2020.

11.2 Financial information on investments in associates

2021

None

2020

2020 *(in thousands of euros)*	**SNC Bagan**	**Sud Est**	**Other**	**Total**
% interest	32.85%	32.85%	32.85%	
Investment property	-	-	-	-
Other financial assets	-	-	-	-
Non-current assets	-	-	-	-
Cash and cash equivalents	-	-	-	-
Current assets	-	-	-	-
FV of *swaps*	-	-	-	-
Non-current financial debt	-	-	-	-
Non-current financial liabilities including FV of swaps	-	-	-	-
Total non-current liabilities	-	-	-	-
Current financial debt	-	-	-	-
Other current liabilities	-	-	-	-
Total current liabilities	-	-	-	-
Revalued net assets	**-**	**-**	**-**	**-**
Investments in associates	**-**	**-**	**406**	**406**
Revenue	68	186	-	
Financial income	-	(12)	-	
IFRS net income	**56**	**(995)**	**(330)**	
Items of comprehensive income	-	-	-	
Comprehensive income	**56**	**(995)**	**(330)**	
Income from equity-accounted companies	18	(327)	(108)	(417)
Items of comprehensive income	-	-	-	-
TOTAL	**18**	**(327)**	**(108)**	**(417)**

NOTE 12 FINANCIAL ASSETS

12.1 Other financial assets

(in thousands of euros)	31/12/2021	31/12/2020
Receivables related to equity investments (1)	-	168
Other financial assets	6,758	5,608
TOTAL	**6,758**	**5,776**

(1) The change in this item arises mainly from the disposal of companies accounted for by the equity method.

12.2 Trade and other debtors

(in thousands of euros)	31/12/2021	31/12/2020
Trade receivables	5,084	5,179
Accrued income	1,262	565
Trade payables and other liabilities	1,342	1,099
Advances on rental charges and management account	1,206	936
Prepaid expenses	3,787	2,194
Other operating receivables	2,780	2,714
STRP receivable on re-invoicing costs related to the AGM	1,107	1,154
Government receivables - VAT	4,941	5,372
SUB-TOTAL TRADE AND OTHER RECEIVABLES	**21,509**	**19,213**
Carry back		
Government receivables - Corporate tax prepayments		
SUB-TOTAL INCOME TAX RECEIVABLES		
TOTAL	**21,509**	**19,213**

All trade and other receivables with a maturity of less than one year.

Advances on rental charges represent management accounts and advances made by INEA, FLEX PARK and SCI PA in respect of expenses charged to tenants.

At 1 January 2021, the impairment of the customer item was €257 thousand. An additional impairment loss for a total amount of €482 thousand was recorded at 31 December 2021. At the same time, a reversal was carried out for an amount of €96 thousand, bringing the amount of impairment of the customer item to €643 thousand at 31 December 2021.

INEA recognised accrued income corresponding to the probable allocation of free shares to GEST employees, amounting to €1,107 thousand at 31 December 2021.

12.3 Assets held for sale

At 31 December 2021, assets held for sale corresponded to:

- Three buildings or plots of buildings located in Marseille, Mérignac and Toulouse, for a total amount of €13.099k

NOTE 13 CASH AND CASH EQUIVALENTS

(in thousands of euros)	31/12/2021	31/12/2020
Marketable securities	1,540	1,534
Availability	3,064	2,085
Other		
TOTAL CASH AND CASH EQUIVALENTS	**4,604**	**3,619**

The above-mentioned transferable securities are mainly UCITS products. The total cash shown in the statement of cash flows includes:

(in thousands of euros)	31/12/2021	31/12/2020
Total cash and cash equivalents	**4,604**	**3,619**
Collateralised cash		
Accrued bank interest (other financial debt)		
Bank overdrafts	(4,059)	(37)
Change in fair value		
NET CASH AND CASH EQUIVALENTS	**545**	**3,582**

NOTE 14 SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL

(in thousands of euros)	31/12/2021	31/12/2020
Share capital in nominal value	121,680	121,680
• Treasury shares	(149)	(169)
Share capital	**121,531**	**121,511**
Additional paid-in capital	106,761	119,132
Shareholders' equity before reserves and retained earnings	**228,292**	**240,643**
Number of shares (excluding treasury shares)	8,445,505	8,444,095
Number of weighted average shares (excluding treasury shares)	**8,445,505**	**8,444,095**

As at 31 December 2021, all ordinary shares issued were fully paid up.

The number of treasury shares was 10,354 at 31 December 2021 (11,764 shares at 31 December 2020), for a total number of 8,445,505 shares comprising the share capital.

NOTE 15 FINANCIAL DEBT

(in thousands of euros)	01/01/2021	Increase	Decrease	Current/non-current reclassification	31/12/2021
Borrowings and hedging instruments	316,266	130,954 (1)	(17,939) (2)	(105,504) (3)	323,777
Non-current deposits received	3,396	1,698	(1,030)	(345)	3,720
Non-current lease liabilities (IFRS 16)	697	-	-	(156)	541
TOTAL FINANCIAL DEBT - NON-CURRENT	**320,359**	**132,652**	**(18,969)**	**(106,005)**	**328,038**
Borrowings and other financial liabilities	28,215		(28,215) (2)	105,504	105,504
Current deposits received	3,200			345	3,545
Current lease liabilities (IFRS 16)	155		(155)	156	156
TOTAL FINANCIAL DEBT - CURRENT	**31,570**	**-**	**(28,370)**	**106,005**	**109,205**
TOTAL FINANCIAL DEBT	**351,929**	**132,652**	**(47,339)**	**- (4)**	**437,243**

At 31 December 2020:

(in thousands of euros)	01/01/2020	Increase	Decrease	Reclassification current/non-current	31/12/2020
Borrowings and hedging instruments	257,748	88,042)	(1,075)	(28,449))	316,266
Deposits received	4,343	604	(394)	(1,158)	3,396
Non-current lease liabilities (IFRS 16)	852			(155)	697
TOTAL FINANCIAL DEBT - NON-CURRENT	**262,943**	**88,646**	**(1,469)**	**(29,762)**	**320,359**
Borrowings and other financial liabilities	19,377		(19,377)	28,215	28,215
Current deposits received	2,042			1,158	3,200
Current lease liabilities (IFRS 16)	127		(127)	155	155
TOTAL FINANCIAL DEBT - CURRENT	**21,546**	**-**	**(19,504)**	**29,528**	**31,570**
TOTAL FINANCIAL DEBT	**284,489**	**88,646**	**(20,973)**	**(234)**	**351,929**

(1) Increase - the main issues/subscription for the half-year period are as follows:
- Drawdown of corporate revolving credit for €10,000 thousand;
- Drawdown of the 2020 Green Loan for €75,000 thousand;
- Drawdown of the 2021 Green Loan for €5,000 thousand;
- Drawdown of the LCL Flex Park corporate loan for €36,500 thousand;
- accrued interest at 31 December 2021 for €3,152 thousand;
- impact of EIRs for €1,302 thousand.
(2) Decrease: the main refunds for the semester are as follows:
- Repayment on 10 July 2021 of the Societe Generale loan for €16,679 thousand;
- Early repayment, by Flex Park, on 14 October 2021 of the LCL loan for €35 million following the subscription of the LCL loan for €45 million, for an amount of €16,128 thousand;
- Current repayment of debt for €11,655 thousand;
- Accrued interest at 31 December 2020 for €2,877 thousand.
(3) Reclassification of non-current financial debt to current financial liabilities.
(4) Reclassification of liabilities of non-current assets held for sale.

Main characteristics of loans and financial debts

	< 1 year	> 1 year	1 year 5 years	> 5 years	Total
Bonds	90	(64,847)	(64,847)	-	(64,757)
Corporate loans	(95,934)	(183,286)	(74,783)	(108,503)	(279,220)
Mortgage loans	(6,576)	(75,710)	(35,062)	(40,648)	(82,286)
Other financial liabilities	(6,785)	(4,195)	(3,230)	(965)	(10,980)
Financial debt	(109,205)	(328,038)	(177,922)	(150,116)	(437,243)

Covenant clauses as at 31 December 2021

INEA is required to comply with the following ratios vis-à-vis certain financial institutions:

- DSCR and ICR above contractually fixed coefficients;
- LTV less than a percentage from contractually scheduled dates;
- maintaining a capital ratio to the borrowed funds.

The loan-to-value ratio (LTV) is the ratio between the remaining capital due from financing net of available cash and the revalued value of the assets.

The debt service coverage ratio (DSCR) corresponds to the ratio of net consolidated rental income to the servicing of the net debt (or amortisation and interest on loans less financial income) borne by the Company over the period.

The interest coverage ratio (ICR) corresponds to the ratio of consolidated net rental income to the net financial expense (interest on loans minus financial income).

	Covenants	31/12/2021	31/12/2020
LTV	< 55%	47%	44%
DSCR	> 1.2	2.4	2.27
ICR	> 2.0	5.4	6.01

At 31 December 2021 INEA complied with all these ratios. The Covid crisis had no impact on INEA's capacity to comply with its covenant ratios

Outstanding loans covered by these covenant clauses stood at €426,176 thousand at 31 December 2021 (€341,827 thousand at 31 December 2020).

Borrowings with a maturity of more than one year

(in thousands of euros)	31/12/2021	31/12/2020
Capital	175,450	161,838
Interest at the projected effective rate linked to these maturities	11,449	11,840
TOTAL	**186,899**	**173,678**

The capital and interest shown above relate to loans contracted with credit institutions, excluding revolving contracts, green loans and credit risk (IFRS 13).

Borrowings with a maturity of less than one year

(in thousands of euros)	31/12/2021	31/12/2020
Capital	6,420	25,342
Interest at the projected effective rate linked to these maturities	4,750	4,618
TOTAL	**11,170**	**29,960**

Mortgage-type bank loans taken out by INEA are secured by investment property financed by these loans (see notes 10 "Investment property" and 22 "Off-balance sheet commitments").

The real estate loans subscribed, denominated in euros, are either at a non-adjustable fixed rate or at a variable rate.

INEA concluded sixteen Caps to hedge its debt against interest rate fluctuations. The secured debt rate was 78% at 31 December 2021.

These swaps and caps covered assets of €221,258 thousand at 31 December 2021 versus €162,000 thousand at 31 December 2020. Their fair value is recorded in the financial statements.

Hedge accounting results in the recognition of:

- Swaps on the balance sheet at fair value through other elements of the net income, for the effective portion.
- Caps in other elements of the net income for intrinsic value and time value. At the end of the financial year, the time and intrinsic value of the new Caps was recognised in the other elements of the net income for an amount of €1,033 thousand. The premium is spread out on a straight-line basis over the life of the hedge.

Breakdown of current and non-current borrowings

At 31 December 2021, the principal remaining due on the loans subscribed (including security deposits) and drawn by INEA amounted to €437,243 thousand (€352,164 thousand in 2020).

(in thousands of euros)	31/12/2021	as a %	secure
Fixed-rate debt	109,958	26%	26%
Floating rate debt	316,218	74%	
o/w hedged	*221,258*	*70%*	*52%*
o/w unhedged	*94,960*	*30%*	
PRINCIPAL REMAINING DUE ON FINANCING	**426,176**	**97%**	**78%**
Accrued interest	3,152	1%	
Deposits	7,265	2%	
Swap	(47)	0%	
Lease liabilities	697	0%	
TOTAL DEBT	**437,243**	**100%**	

Net financial debt at more than one year (total "non-current" financial debt less cash or net cash equivalents) amounted to €328,377 thousand at 31 December 2021 versus €317,678 thousand at 31 December 2020.

The amount of fixed-rate financial debts at 31 December 2021 amounted to €109,958 thousand versus €110,685 thousand at 31 December 2020.

The amount of variable-rate financial debts at 31 December 2021 was €316,218 thousand versus €231,143 thousand at 31 December 2020.

The maturities of the loans, for their non-current shares, can be broken down as follows:

(in thousands of euros)	31/12/2021	31/12/2020
Between 1 and 5 years	177,922	239,510
More than 5 years	150,116	80,850
TOTAL FINANCIAL DEBT - NON-CURRENT	**328,038**	**320,360**

Hedged cash flows

78% of loans are hedged against interest rate risk (versus 79% at 31 December 2020).

NOTE 16 OTHER FINANCIAL LIABILITIES

(in thousands of euros)	31/12/2021	31/12/2020
Other non-current liabilities - AGM provision	885	900
Other current liabilities - AGM provision of less than 1 year	221	253
TOTAL OTHER FINANCIAL LIABILITIES	**1,106**	**1,153**

At 31 December 2021, the financial liability corresponding to the probable allocation of free shares was €1,106 thousand versus €1,153 thousand at 31 December 2020.

NOTE 17 FINANCIAL INSTRUMENTS

(in thousands of euros)	31/12/2021 Balance sheet value	Fair value	Level of assessment data	Accounting category	Assessment at FV
Non-current assets	**6,758**	**6,758**			
Receivables related to equity investments	0	0	Level 2		No
Other financial assets at FVPL	6,758	6,758	Level 3	Net income	Yes
Current assets	**26,514**	**26,514**			
Trade and other receivables	21,509	21,509	Level 2		No
Financial assets at fair value - profit or loss offset	401	401	Level 3	Net income	Yes
Income tax receivables	0	0	Level 2		No
Cash and cash equivalents	4,604	4,604	Level 2		No
Non-current liabilities	**328,922**				
Financial debt	328,037	(1)	Level 2	Income / Shareholders' equity	Yes
o/w interest rate hedging instruments	0	0	Level 2	Income / Shareholders' equity	Yes
Other non-current liabilities	885	885	Level 2	Income / Shareholders' equity	No
Current liabilities	**148,297**				
Trade and other payables	34,812	34,812	Level 2	Net income	No
Current bank loans	4,059	4,059	Level 2	Net income	No
Other financial liabilities	109,205	(1)	Level 2	Net income	Yes
Other current liabilities	221	(1)	Level 2	Income / Shareholders' equity	No
Liabilities held for sale	**0**	**(1)**	**Level 2**		

(1) The fair value of non-current and current financial debt amounted to €437,243 thousand at 31 December 2021 versus €352,164 thousand at 31 December 2020.

(in thousands of euros)	31/12/2021 Carrying amount: Assets	Carrying amount: Liabilities	Changes in fair value over the period (incl. termination of hedging in the priceover the period)	Notional amount
	IFRS 7.24A(a)	*IFRS 7.24A(a)*	*IFRS 7.24A(c)*	*IFRS 7.24A(d)*
Cash flow hedges				
Interest rates				
Firm instruments	1,526		1,437	221,258
Other				
Total Cash flow hedges	**1,526**		**1,437**	**221,258**

The Group's borrowing hedging strategy remains unchanged.

The amount of the interest rate hedge recognised directly in profit or loss is nil.

Cash flow hedges (CFH) - result of hedge accounting

(in thousands of euros)	31/12/2021 Gains and losses recognised directly in other comprehensive income recyclable to income		31/12/2021 Net income (income from hedge accounting)
	IFRS 7.24C (b)(iii)		*IFRS 7.24C (b)(iii) and 24C (b)(v)*
Cash flow hedges	**Amount of the effective portion of the hedging relationship recognised over the period IFRS 7.24C (b)(i)**	**Amount recognised in other comprehensive income recyclable to income transferred to profit or loss over the period IFRS 7.24C (b)(iv)**	**Amount of the ineffective portion of the IFRS 7.24C hedge (b)(ii)**
Interest rates	1,311	0	0
Total cash flow hedges	**1,311**	**0**	**0**

Description of hedging instruments used

(in thousands of euros)	31/12/2021 Market value positive	31/12/2021 Market value negative	31/12/2021 Amount notional	31/12/2020 Market value positive	31/12/2020 Market value negative	31/12/2020 Amount notional
Cash flow hedges	**1,526**		**221,258**	**138**	**49**	**162,000**
Interest rates						
Total hedging derivatives	**1,526**		**221,258**	**138**	**49**	**162,000**

Hedging derivative transactions

(in thousands of euros)	31/12/2021 Transactions on organised markets ≤ 1 year	31/12/2021 Transactions on organised markets > 1 year to ≤ 5 years	31/12/2021 Transactions on organised markets > 5 years	31/12/2021 Notional over-the-counter transactions ≤ 1 year	31/12/2021 Notional over-the-counter transactions > 1 year to ≤ 5 years	31/12/2021 Notional over-the-counter transactions > 5 years	31/12/2021 Total	31/12/2020 Total notional
Other instruments								
Other					221,258		221,258	162,000
Total notional value of derivative hedging instruments					**221,258**		**221,258**	**162,000**

NOTE 18 DEFERRED TAX

The changes in deferred tax assets and liabilities over the year are as follows:

(in thousands of euros)	31/12/2021	31/12/2020
AT 1 JANUARY	**1,770**	**1,999**
Recorded in the income statement		
Write-back of deferred tax [(1)]		(228)
Deferred tax assets over the year	1,770	1,770
Recorded in other comprehensive income		
WRITE-BACK OF DEFERRED TAX AT CLOSING	**1,770**	**1,770**

(1) Write-back related to the discounting of the corporate tax rate.

NOTE 19 TRADE AND OTHER PAYABLES

(in thousands of euros)	31/12/2021	31/12/2020
Trade payables	5,271	4,047
Tax and social security liabilities	802	1,256
Other sundry liabilities	4,482	2,888
Deferred income	1,220	1,411
Debts on fixed assets	23,037	9,873
TOTAL	**34,812**	**19,475**

All trade payables due in less than one year. Debt on fixed assets corresponds to the amounts remaining to be paid to the developers of the buildings acquired by INEA.

(in thousands of euros)	31/12/2021	31/12/2020
Less than one	34,812	19,474
year Between		
1 and 2 years		
Between 2 and 5 years		
More than 5 years		
TOTAL TRADE AND OTHER PAYABLES	**34,812**	**19,474**

NOTE 20 DIVIDENDS PER SHARE

Dividends were distributed in H1 2019 in respect of 2018 in the amount of €18,524 thousand (less the €79 thousand share attributable to INEA in respect of treasury shares held).

Dividends were distributed in H1 2020 for the 2019 financial year in the amount of €21,109 thousand (less the €29 thousand share attributable to INEA in respect of treasury shares held).

Dividends were distributed in H1 2021 for the 2020 financial year in the amount of €21,985 thousand (less the €1 thousand share attributable to INEA in respect of treasury shares held).

(in euros)	2021	2020	2019
Net dividend per share	2.60	2.50	2.20

NOTE 21 STATUTORY AUDITORS' FEES

Fees recognised for the year ended 31 December 2021:

(in euros)	KPMG	%	PWC	%
Audit:				
Account certification fees (1)	109,474		93,700	
SUB-TOTAL	**109,474**	**93%**	**93,700**	**100%**
SACC fees:				
Interim dividends (2)	8,150			
SUB-TOTAL	**8,150**	**7%**		
TOTAL	**117,624**	**100%**	**93,700**	**100%**

(1) Including €190,030 for INEA and €16,114 for Flex Park.
(2) Including €5,150 for Flex Park.

The services other than the certification of accounts provided by the College of Statutory Auditors in 2021 related to the approval of the interim dividend paid to INEA by its subsidiary Flex Park.

NOTE 22 OFF-BALANCE SHEET COMMITMENTS

22.1 Commitments given as collateral for financial debts

(in thousands of euros)	Security interests (mortgages) at 31/12/21 Guaranteed amount	Drawdown amount *
Other bonds (Euro PP)	N/A	65,000
Loans and debts from credit institutions		
• *Properties delivered*		
• *Mortgages*	190,296	79,870
• *Properties not delivered*		

** Principal remaining due on loans.*

The amount of outstanding guaranteed loans was €79,870 thousand at 31 December 2021 (€84,858 thousand at 31 December 2020).

Additional guarantees exist for certain loans, namely:

- Sale of Dailly rent;
- Sale of Dailly insurance in respect of each insurance policy taken out;
- Sale of Dailly rent loss insurance;
- Sale of Dailly rental guarantees;
- Sale of Dailly hedging agreement;
- Pledge of the hedging agreement;
- Pledge of the borrower account;
- Promise of assignment of rent;
- Assignment of insurance companies to benefit from indemnities due;
- Commitment agreement;
- Pledge of term accounts;
- Lender's lien.

22.2 Other commitments given

INEA

Purchase option

- INEA signed purchase option of the Mérignac ESG building on 22 July 2021, with completion planned for March 2022, for a net amount of €3,250 thousand.
- INEA signed a purchase option on 22nd of October 2021 for Lot 3 of Building B of the Marseille Les Baronnies building, for a net amount of €349 thousand.
- The amount remaining to be disbursed from off-plan contracts in progress at 31 December 2021 was €87,113 thousand.

SCI PA

- None.

SCI ALPHA

- None.

FLEX PARK

- The amount remaining to be disbursed from off-plan contracts in progress at 31 December 2021 was €28,980 thousand.

22.3 Companies consolidated using the equity method

- None.

22.4 Commitments received

- €4,000 thousand remaining to be drawn at 31 December 2021 on the corporate revolving credit loan (bank pool), for €100,000 thousand.
- €95,000 thousand remaining to be drawn at 31 December 2021 on the Green Loan, for a total amount of €100,000 thousand.
- €8,500 thousand remaining to be drawn at 31 December 2021 on the new LCL Flex Park loan, for a total amount of €45,000 thousand.
- €8,000 thousand remaining to be drawn at 31 December 2021 on the new LCL loan, for a total amount of €8,000 thousand.

NOTE 23 INFORMATION RELATING TO RELATED PARTIES

Related party transactions were carried out on terms equivalent to those prevailing in the case of arm's length transactions.

INEA recognised the sum of €4,832 thousand for the GEST service over the period, of which €665 thousand was re-invoiced to Flex Park and €10 thousand to Alpha.

With the exception of directors' fees allocated to members of the Board of Directors (excluding senior managers) for the sum of €124 thousand, no other remuneration was paid to the directors and officers during the financial year.

The directors are indirectly remunerated at the level of the GEST Company, which receives fees for the provision of services carried out on behalf of INEA.

NOTE 24 POST-CLOSING EVENTS

- On the 10th of March 2022, the Company contracted a new corporate loan for a principal of €120,000 thousand to refinance the 2017 corporate loan for a total principal amount of 100,000 thousand euros (maturing in July 2022) and to finance its development

6.1.6 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Year ended 31 December 2021)

At the Annual General Meeting
Foncière INEA
7, Rue du Fossé-Blanc
92230 Gennevilliers

Opinion

In accordance with the assignment entrusted to us by your Annual General Meeting, we have audited the consolidated financial statements of Foncière INEA for the financial year ended 31 December 2021, as appended to this report.

We certify that, in accordance with IFRS as adopted by the European Union, the consolidated financial statements present a true and fair view of the results of operations for the past financial year and of the financial position and assets and liabilities, at the end of the financial year, of all the persons and entities included in the consolidation.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of opinion

Audit referential

We conducted our audit in accordance with professional standards applicable in France. We believe that the information we have collected is sufficient and appropriate to form our opinion.

Our responsibilities under these standards are set out in the "Responsibilities of the Statutory Auditors for the Audit of the Consolidated Financial Statements" section of this report.

Independence

We carried out our audit in accordance with the independence rules set out in the French Commercial Code and the Code of Ethics for the statutory auditor's profession for the period from 1 January 2021 to the date of our report, and in particular we did not provide any services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014.

Justification of assessments - Key audit matters

The global crisis linked to the Covid-19 pandemic creates special conditions for the preparation and audit of the financial statements for this fiscal year. This crisis and the exceptional measures taken in the context of the state of public health emergency have had multiple consequences for companies, particularly on their activity and financing, as well as increased uncertainty about their prospects for the future. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organisation of companies and the way in which audits are carried out.

It is in this complex and changing environment that, in accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the key audit matters relating to the risks of material misstatements that, in our professional judgement, were the most important for the audit of the consolidated financial statements for the financial year, as well as the responses we provided to these risks.

These assessments were made in the context of the audit of the consolidated financial statements taken as a whole and in forming our opinion expressed above. We do not express an opinion on items in these consolidated financial statements taken in isolation.

Valuation of investment properties

Identified risk

At 31 December 2021, the value of investment properties amounted to €883.6 million, or nearly 95% of Foncière INEA's consolidated assets. In addition, the change in the value of these properties had an impact of €32.9 million on net income for the year.

As indicated in Note 2.2.1 to the consolidated financial statements, investment property is recognised at fair value (as defined by IFRS 13), with changes in these fair values recognised in profit or loss. In this context, management has put in place a process for assessing the real estate assets by independent real estate experts to estimate the "fair value" of the assets.

The measurement of the "fair value" of a real estate asset is a complex exercise of estimation as detailed in the notes to the financial statements, which requires judgements to determine the appropriate assumptions, primarily those concerning capitalisation rates, market rental values, and comparable market transactions.

We considered the valuation of investment properties as a key audit matter due to the amounts involved, the degree of judgement in determining the main assumptions used and the sensitivity of the fair value of real estate assets to these assumptions.

Audit procedures implemented in response to this risk

Our work consisted of:

- obtaining the assignment letter from real estate experts and assessing their skills and independence from Foncière INEA;
- reviewing the process put in place by management for the valuation of investment properties;
- obtaining real estate appraisal reports, and conducting a critical examination of the valuation methods used, the market parameters (capitalisation rates, market rental values) used and the asset-specific assumptions;
- carrying out tests, based on surveys, on the data used by experts by reconciling the data selected by the experts to the rental situation and work budgets;
- conducting interviews with management and independent real estate experts in order to reinforce the streamlining of the overall assessment of the assets and the appraisal values of the assets;
- comparing the values used by management, determined on the basis of independent valuations, with the fair values recognised, and analysing any differences and their justification in the notes to the consolidated financial statements;
- an assessment of the appropriateness of the information given in the notes to the consolidated financial statements.

Specific checks

We have also performed, in accordance with the professional standards applicable in France, the specific checks required by the legal and regulatory texts of the information relating to the Group, as set out in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Other verifications or information required by legal and regulatory texts

Format for the presentation of the consolidated financial statements to be included in the annual financial report

In accordance with the professional standard on the Statutory Auditor's due diligence on the annual and consolidated financial statements presented in accordance with the single European electronic reporting format, we also verified compliance with this format as defined by Delegated European Regulation No. 2019/815 of 17 December 2018 in the presentation of the consolidated financial statements to be included in the annual financial report referred to in I of Article L. 451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chairman and Chief Executive Officer. With regard to consolidated financial statements, our procedures include verifying the compliance of the marking-up of these accounts in the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to check that the consolidated financial statements that will be effectively included by your company in the annual financial report filed with the AMF correspond to those on which we have performed our audit.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Foncière INEA by your General Meeting of 21 April 2006 for KPMG SA and by the memorandum of association of Foncière INEA in October 1998 for PricewaterhouseCoopers Audit.

As at December 2021, KPMG SA was in the 16th year of its uninterrupted mission and PricewaterhouseCoopers Audit in the 24th year, including 16 years for both firms since the Company's shares were admitted to trading on a regulated market.

Responsibilities of management and the persons in charge of corporate governance relating to the consolidated financial statements

Management is responsible for preparing consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union and for implementing the internal control it deems necessary for the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, it is the responsibility of management to assess the Company's ability to continue as a going concern, to present in these financial statements, where applicable, the necessary information relating to the continuity of operations and to apply the going concern accounting policy, unless it intends to either liquidate the Company or cease operations.

It is the responsibility of the Audit Committee to monitor the financial reporting process and the effectiveness of the internal control and risk management systems and, where appropriate, the internal audit, with respect to the procedures for the preparation and processing of accounting and financial information.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit carried out in accordance with professional standards can systematically detect any material misstatement. Misstatements may arise from fraud or error and are considered material when it can reasonably be expected that they may, individually or cumulatively, influence the economic decisions that users of the financial statements make on the basis of them.

As specified in Article L. 823-10-1 of the French Commercial Code, our mission to certify the financial statements does not constitute a guarantee of the viability or quality of the management of your company.

As part of an audit conducted in accordance with the professional standards applicable in France, the Statutory Auditor exercises its professional judgement throughout this audit.

In addition:

- it identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether due to fraud or error, defines and implements audit procedures in response to these risks, and collects evidence that it considers sufficient and appropriate to form its opinion. The risk of non-detection of a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, as fraud may involve collusion, falsification, intentional omissions, false declarations or circumvention of internal control;
- it obtains an understanding of the internal control relevant to the audit in order to define audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of internal control;
- it assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the information concerning them provided in the consolidated financial statements;
- it assesses the appropriateness of management's application of the going concern accounting policy and, based on the information gathered, whether or not there is a significant uncertainty related to events or circumstances that may cast doubt on the Company's ability to continue as a going concern. This assessment is based on the information collected up to the date of its report, bearing in mind, however, that subsequent circumstances or events could call into question the continuity of operations. If it concludes that there is significant uncertainty, it draws the attention of the readers of its report to the information provided in the consolidated financial statements regarding this uncertainty or, if this information is not provided or is not relevant, it issues a qualified certification or a refusal to certify;
- it assesses the overall presentation of the consolidated financial statements and determines whether the consolidated financial statements reflect the underlying transactions and events in such a way as to give a true and fair view thereof;
- regarding the financial information of the persons or entities included in the scope of consolidation, it collects information that it deems sufficient and appropriate in order to express an opinion on the consolidated financial statements. It is responsible for the management, supervision and completion of the audit of the consolidated financial statements and for the opinion expressed on these financial statements.

Report to the Audit Committee

We provide the Audit Committee with a report that sets out in particular the scope of the audit work and the programme implemented to this end, as well as the conclusions resulting from our work. We also bring to its attention, where appropriate, significant weaknesses in internal control that we have identified with regard to the procedures relating to the preparation and processing of accounting and financial information.

The information provided in the report to the Audit Committee includes the risks of material misstatement that we consider to have been the most significant to the audit of the consolidated financial statements for the financial year and which therefore constitute the key audit matters, which we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for the statutory auditor profession. Where appropriate, we discuss the risks to our independence and the safeguard measures applied with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, 31 March 2022

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG SA**
Mathilde Hauswirth	Sandie Tzinmann