Societe Nationale Immobiliere (SNI)

Full Rating Report

Ratings

Foreign Currency	
Long-Term IDR	AA−
Short-Term IDR	F1+

Local Currency	
Long-Term IDR	AA−

Outlooks

Long-Term IDR Foreign Currency	Stable
Long Term IDR Local Currency	Stable

Financial Data

Societe Nationale Immobiliere (SNI) – Consolidated Accounts

	31 Dec 14	31 Dec 13
Operating revenues (EURm)	484.5	479.6
Rev. from pub. sector (EURm)	0	0
Oper. bal. after rev. from pub. sector (EURm)	218.7	219.2
Total debt (EURm)	3,902.3	3,749.9
Total assets (EURm)	6,648.2	6,120.6
Equity and reserves (EURm)	1374.9	1392.3
EBITDA/oper. rev. inc. rev. from pub. sector (%)	67.0	67.4
ROA (%)	1.7	2.3
ROE (%)	8.3	10.0
Total debt/EBITDA (%)	11.1	10.6

Related Research

Caisse Des Depots et Consignations (2013)

Analysts

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Key Rating Drivers

Ratings Upgraded: The upgrade reflects the strengthening of control from SNI's sponsor, Caisse des Depots et Consignations (CDC; AA/Stable/F1+). It also reflects SNI's more prominent role within the French state's (AA/Stable/F1+) stimulus programme for intermediate housing (SNI's main activity). Fitch uses a top-down approach under its 'Rating of Public Sector Entities-Outside the US' criteria to rate SNI. SNI's ratings are notched down by one level from those of its sponsor.

Strong Control: CDC applies its prudential model to SNI, implying tight control. SNI reports quarterly to CDC on debt and liquidity. Most of the members of SNI's supervisory board are CDC's representatives. Since 2014, the link with CDC has been reinforced, with CDC's CEO (M. Lemas) acting as the chair of SNI's supervisory board.

Strong Integration: Fully consolidated within CDC, SNI is a semi-public company that is 99.99% controlled by CDC. Social and intermediate housing developments run by SNI are part of CDC's medium-term strategic plan. Every year, a letter is addressed to SNI by CDC's CEO defining the policy guidelines on strategic and financial objectives.

Strategic Role: As a general housing subsidiary of CDC, SNI is France's largest social landlord. Over 2015-2019, it plans to build 62,000 units, of which 13,000 will be under the state stimulus package. In 2014, SNI created the first French fund dedicated to the intermediate housing sector. Although intermediate housing does not benefit from the same institutional support as social housing, SNI is tightly bound to the broader public sector.

Strong Financial Support: As a shareholder, CDC receives dividends from SNI. In 2013 and 2014, it waived EUR150m of these and will reduce the distribution rate thereafter. To support SNI's investment plan, CDC will increase SNI's equity by EUR900m. Fitch believes that in case of need, CDC would be able to provide SNI with further support.

Sound Performance: Fitch expects the net results and cash flow of SNI's consolidated division will be comfortable at EUR90m and EUR200m, respectively, in 2018. At end-2014, the division posted a sound budgetary performance with an interest cover ratio (operating result to interest expenditures) at 1.62x and net results at EUR113.7m compared with EUR273.8m at the group level.

Higher Debt: In 2018, SNI expects to keep to the gearing (net debt on equity) set out in CDC's financial objectives (below 2x), with net debt of EUR2.6bn. At end-2014, SNI's consolidated division net debt was stable at EUR2.9bn, with gearing at 1.7x. This high level is partly offset by a sound loan-to-value ratio that was stable at 44%. For liquidity, SNI benefits from predictable cash flows due to its recurring rental business mainly for the public sector.

Rating Sensitivities

Weakening of State Support: A rating action on CDC would lead to a similar action on SNI. A weakening of the state's institutional and financial support to the affordable housing sector - which Fitch considers unlikely at present - may result in negative rating action.

Rating History

Date	Long-Term IDR	Short-Term IDR
18 Dec 2014	A+	F1
17 Jul 2013	AA-	F1+
4 Jul 2012	AA	F1+

Related Criteria

Tax-Supported Rating Criteria (August 2012)

Ratings of Public-Sector Entities – Outside the United States (February 2015)

SNI Is Public-Sector Entity

The general housing subsidiary of CDC, SNI Group is France's biggest social landlord, managing a portfolio of 271,316 units (little changed from 2013), providing housing for about one million individuals.

SNI Group consists of two main divisions, which are not consolidated overall and produce separate financial accounts:

- The consolidated division (consolidated in CDC Group) includes SNI and the five regional establishments and its private subsidiaries. It accounts for 31.7% (85,930 units) of the total group's stock and is dedicated to intermediate housing for rent and ownership, mostly reserved for public sector staff.
- A social housing division (neither consolidated in the consolidated division nor in CDC's accounts) through social housing entities (SHEs) in provinces, EFIDIS, OSICA in the Paris area and ADOMA, which accounts for 68.3% (185,386 units) of the total stock. SHEs are limited companies and SNI Group's shareholdings in SHEs' capital ranges from 51% to 70%. This division follows the rules for the French social housing sector.

Fitch rates only SNI Group's consolidated division, which includes SNI, Sainte Barbe, S2AI and Caserts, which are all consolidated using the full consolidation method. ADOMA and the Intermediate Housing Fund are consolidated by the equity method of accounting.

Principal Rating Factors

Summary

	Legal status	Strategic importance	Control and oversight	Integration/ financial
Rating factors	Moderate	Moderate	Moderate	Moderate

Source: Fitch

Legal Status

Fitch considers the entity's legal status to be moderately supportive of its credit quality.

SNI is a national semi-public company (societe d'economie mixte, created by state decree) that has been 99.99% owned by CDC since 2004, which exercises exclusive control over it. The remaining 0.01% is owned by ICADE, a fully-owned CDC subsidiary.

Although there is no agreement likely to challenge CDC's exclusive control of SNI, a change in the shareholding structure may be possible. However, should this occur, which is unlikely at present, Fitch believes that CDC would maintain majority control of SNI, as it is a key strategic entity for the company. SNI's medium-term financial plan agreed with CDC assumes that CDC will remain SNI's majority shareholder.

Strategic Importance

Fitch considers SNI's strategic importance as moderately supportive of its credit quality.

As a general housing subsidiary of CDC, SNI Group's main functions are to build, manage and sell social and intermediate housing throughout France. Over 2015-2019, it plans to build 62,000 units of which 13,000 will be under the state stimulus package. The intermediate housing fund represents 6,000 housing units under the stimulus plan, 13,000 are in the state's recovery plan and 13 000 in the recovery plan of CDC).

In February 2010, SNI Group's public role was reinforced through a social utility agreement with the central government, reaffirming SNI Group's key public mission to provide and manage social housing and intermediate housing on behalf of the state and other public bodies.

SNI Group's role in developing a housing partnership with the state and local authorities is part of the national urban renewal programme. Most of SNI's subsidiaries have also signed agreements with the state agency for urban renovation (ANRU), nearly 80% of which are in the Paris region.

To facilitate access to credit for first-time buyers, SNI Group implemented buyback guarantees and a rehousing guarantee to secure access to property.

Integration With CDC

Fitch considers the entity's integration into the sponsor's accounts as moderatly supportive of its credit quality.

SNI Group's consolidated division accounts are fully consolidated within CDC's accounts.

Social and intermediary housing developments run by SNI Group are part of CDC's medium-term strategic plan.

Figure 1
Financial Objectives

	Objective	2014	2015' budget	2024' medium long term plan
Net result excluding the impact of hedging instruments	Minimum of EUR115m	EUR130m	EUR104.4m	EUR102.7m
Gearing (hors impact des swaps)	Below 2	1.7	1.7	1.3
Gain on net disposal/current result before tax (excluding the impact of hedging instruments)	Below 60 %	55.0	60.8	40.7
Loan to value (%)	Below 46	44	46	37
Return on equity (excluding the impact of hedging instruments) (%)	Minimum of 7	8,9	6,9	4,9
Overall performance for CDC (%)	Minimum of 13.2	17.2	16,4	15,2

Source: Issuer, Fitch

SNI Group is controlled by CDC through a strategic governance mechanism that binds SNI Group to CDC through a number of practices. Every year, a letter is addressed to the SNI Group CEO to define the policy guidelines, with a strategic and financial plan that establishes shareholder action for the coming year. For 2015, CDC has set financial objectives for SNI (on a standalone basis; see Figure 2).

SNI Group distributes dividends to CDC as its shareholder. According to CDC's net profit sharing arrangements with its subsidiaries, SNI Group is required to transfer 50% of its net profits registered in its social accounts. In 2013, CDC received EUR75m in dividends from SNI Group. From 2014 – as was the case in 2009 under the national economic stimulus programme – CDC is abandoning the payment of dividends for the next three years and reducing the distribution rate thereafter.

Control and Oversight

Fitch considers the control and oversight by the sponsor as highly supportive of SNI's credit quality.

Relationship with CDC

SNI Group is controlled by CDC through a governance model, which was strengthened in 2013 through the adoption of CDC's prudential model (in accordance with the request of the supervisory authority). This implies detailed reporting information with CDC and on a quarterly basis for debt and liquidity.

Financial targets are set out in the letter of objectives, subject to CDC performing mid-year and quarterly monitoring of SNI's reports.

CDC intervenes in SNI Group's investment decisions above certain thresholds. Decisions above EUR19m require approval of the supervisory board and those above EUR50m require prior approval from CDC's commitment committee. Annual and medium-term monitoring plans are set jointly with CDC, as well as control and monitoring of performance and financial indicators.

As a CDC subsidiary, SNI Group is subject to thorough state control through the national public accounts controls body (Cour des Comptes). Its social housing activities are audited periodically by the ANCOLS to check that the subsidies, loans or other advantages granted by the state are used as intended. ANCOLS assesses all activity of SNI, looking at administrative, technical, social, accounting and financial aspects.

Governance and Management

SNI's governance reflects the strong links it has with its sponsor/shareholder.

Since 2014, CDC's CEO, M. Pierre-René Lemas, has been the chair of SNI's supervisory board. Fitch considers that it reinforces the links of SNI with its sponsor. M. Andre Yché, the CEO nominated by CDC's CEO, has been a member of CDC's management committee since 2004.

The supervisory board is assisted by five specialised committees covering the economic and financial policies of SNI. Business committees with representatives of the main subsidiaries share best practices, review technical issues and develop benchmarking

Day-to-day management, notably on operational, strategic and financial issues, is run by an executive committee of managers, including all those on the management board.

SNI Group has a specific risk map. This attributes a scoring on the net risk based on the actions and associated controls for each identified risk. Fitch estimates that SNI Group is not exposed to major risk on the basis of this map.

SNI Group has an audit plan and has reformed the process of reconciliations and updating it. Fitch believes these measures are intended to support the quality of SNI's ratings.

Overall Assessment

Fitch has classified SNI as a credit-linked public-sector entity (PSE) under its rating of PSE criteria. This is attributable to the entity's favourable strategic importance, its integration with its sponsor, control and oversight by the sponsor, its strategic importance and, to a lesser extent, its status. The ratings of SNI are notched down by one notch from the sponsor's ratings and are credit linked.

SNI's Operations - Social and Intermediate Housing for Rent

Social and Intermediate Housing: Important Part of Group

SNI Group is France's biggest social landlord. At end-2014, it managed a portfolio of 271,316 units, which include 267,914 of its own, with the remainder on behalf of third parties. The portfolio includes social housing (185,386 units) and intermediate housing (85,930 units).

About 70% of SNI's tenants are public-sector employees. Two-thirds of SNI's housing stock is made available to the staff of the Ministries of Defence (who hold 48% of SNI's total leases), the Ministries of Justice, Health and Education and, more recently, employees of the 84.5% state-owned electricity company Electricité de France (EDF; A+/Negative/F1). Private-sector tenants account for about 30% of SNI's total leases.

Public-sector residents are housed in SNI's stock, with or without a housing reservation agreement (68% of total housing units, respectively). About 80% of the total housing reservation agreements are long term, exceeding five years, which Fitch views as strong security against the cyclical fluctuations of the housing rental market and global real estate prices. Typical rental leases with third parties are for three, six or nine years, and are renewable.

Construction of new social housing is financed by a mix of special loans from CDC, social housing bodies' (SHB) own resources, subsidies provided by local or regional governments, and the remainder from businesses through the 1% housing tax and from the state. New construction of social housing is subject to a reduced rate of VAT (5.5% in 2014 compared with the standard rate of 20%).

The new status of intermediate housing allows a reduced rate of VAT at 10%, and exemption from property tax for 20 years and for loans provided from the savings fund of CDC.

Dedicated, long-term, off-market loans are provided by CDC, which are funded by special tax-exempt savings deposits. SHBs are not obliged to borrow exclusively from the CDC. They are free to borrow from private banks when market interest rates are more attractive than regulated interest rates – although this is not currently the case – or, more rarely, in the capital markets. Employees also contribute through a 1% housing tax on wages, in return for which a certain percentage of social stock is set aside for them.

CDC's support is underpinned by its policy for dividend payments.

Social Housing

Social housing cover low-rent or other types of supported dwellings, which strictly comply with social housing criteria. It is conducted through SNI's two subsidiaries, EFIDIS (64.6% owned) and OSICA (60% owned), along with 11 SHEs.

SNI Group describes itself as a global operator of real estate, backing 13 ESH intermediate properties. It secures these finances through the recurring income stream from rents.

EFIDIS and OSICA manage nearly 106,000 units of social housing in the Ile-de-France region (AA/Stable/F1+), France's most densely populated area. However, the whole group's owned and managed assets are widely spread throughout the rest of the country (around 80,000 units in SHEs in the French regions). Fitch believes that SNI has good knowledge of the specific housing needs of each territory.

SNI Group has a 57% stake in ADOMA (compared with 43 % in 2014), an SHE supplying low-rent housing for the most needy people, foreign workers and people in social distress. In December 2014, the shareholders announced their intention to entrust the majority of ADOMA's equity to SNI through a capital increase of EUR49m.

Intermediate Housing

Intermediate housing – for middle-income customers in urban centres – is managed through five regional establishments (Ile-de-France's SNI, Southeast's SNI, Northeast's SNI, Southwest's SNI and Great West's SNI), Saint Barbe and to a lesser extent through two non-trading real estate investment companies, S2AI and Caserts.

In 2014, to boost the construction of intermediate housing, SNI created the first French fund dedicated to residential housing (Intermediate Housing Fund; FLI) which it manages through the company named AMPERE Gestion (19.7% owned by SNI after the second closing in June 2015, when between EUR500m and EUR1.045bn of equity was raised. It has an investment capacity of 10,000 units.

SNI has continued its policy of disengagement from the office market, notably through the transfer of RIVP, the semi-public real estate company, now owned by the city of Paris. This has cut its real estate assets by EUR48.5m and there has been a transfer of loans of EUR41.4m. SNI's objective is to focus on social and intermediate housing.

Diversification of Activities

SNI Group has consolidated its activities by developing a real estate strategy, slowly rotating its assets to finance the development of its rental business. Priority is given to areas where housing demand exceeds supply, such as metropolitan areas. The development of supply in the metropolitan areas is more profitable, as the strong demand sustains high asset values.

SNI Group acts as real estate project owner, mainly through the Losange project. This involves the construction and management of housing (3,000 units) close to nuclear or hydraulic stations. SNI Group is the project manager and will operate and administer the housing under a 12-year lease. Bouygues Immobilier will take responsibility for the construction.

To finance its development plan, SNI Group aims to maintain its profits by keepin the disposal of assets, with a ceiling of 60% of net results before tax from capital gains (determined by CDC). Fitch estimates that SNI Group has potentially high capital gains. Most are made by sales to other housing companies, while sales to private individuals represents only one-quarter. This is opposite of the practices in housing sector. In 2014, property sales reached EUR172m with a net book value at EUR67m.

SNI Group is involved in property asset outsourcing. Local authorities may entrust their real estate assets to SNI through long-term leases.

Budgetary Framework

SNI Group publishes consolidated financial statements in accordance with international accounting standards and interpretations issued by the IASB.

For intermediate housing, SNI's consolidated division published consolidated financial statements, including the accounts of SNI's five regional establishments (68,695 units) and those of its Sainte Barbe, S2AI, Caserts and FLI's subsidiaries.

In social housing, SHEs do not fall under the same legal regulations. There is a commercial code for SNI's intermediate housing and a building and housing code for SNI's social housing activities, with a different commercial code and building and housing code for the SHEs. SHEs have their own governing body and boards. As per their statute, SHEs distribute a small proportion of their net profits through dividends to SNI. The vast majority of profits are set aside to fund the maintenance of SHEs' assets or their development. SHEs do not pay corporate tax.

In its analysis below, Fitch considers only SNI's consolidated division, as the social housing division is not expected to have a detrimental impact on SNI's group accounts. Social housing revenue and SHEs spending are not covered in SNI's intermediate housing income statement.

Budgetary Performance and Forecasts

Operational Performance

At end-2014, reflecting the stability of the housing stock, SNI's group aggregate housing rent increased by only 0.8%. It was EUR1,369.7m compared with EUR1,359.2m at end-2013, 37.7% of which came from SNI's consolidated division, the remainder (EUR853.6m) from ESH.

At the consolidated level, despite more moderate capital gains on disposals and moderate margins on real estate promotion, the operational results were comfortable at EUR305.9m compared with EUR308.3m at end-2013. This allows the division to maintain a sound interest cover ratio (ICR; operating income on financial expenditure) at 1.62 compared with 1.68 in 2013.

At end-2014, the net result of the group fell slightly to EUR273.8m of which EUR113.7m was for the consolidated entity compared with EUR306.6m and EUR139.7m respectively in 2013. In

2014, the net result was mainly affected by the impact of the fair value of derivatives relating to changes in interest rates and inflation.

Investments

In 2014, investments were high - both in development and work on the current stock - with total investments net of related grants reaching EUR1,128.5m compared with EUR762.1m in 2013.

After the first closing, FLI had EUR515m of equity, giving an investment capacity of EUR860m corresponding to the construction of 5,000 units.

2015 will be affected by the ramp-up of FLI and the final operations of EDF. SNI Group will accelerate the production of intermediate housing units with the construction of 25,000 units in the next five years (of which 12,000 are under the CDC stiumlus package).

In 2015, SNI and AMPERE Gestion won the tender for the management and investment of the state funds for intermediate housing. The capital injections will reach EUR1bn.

Figure 2

Investments – SNI Group

(Mio EUR)	2012	2013	2014
Net investments grants	982.8	762.1	1 128.5
Cahs flow bruts	253.8	293.4	251.5
Taux d'effort global (cash-flow brut/Investissement nets de subventions)	**25.8**	**38.5**	**22.3**

Source: Fitch, Issuer

Mediumand Long-Term Plan

In 2020, the cash flow of SNI's consolidated division (EUR194m) should be sufficient to cover debt repayment (EUR173m). The net cash flow should also be backed by cash from disposals. Fitch estimates that in case of need, CDC would be able to strengthen its support measures towards SNI Group. This is illustrated by CDC's equity contribution of EUR900m.

Fitch estimates that SNI's consolidated division's core business delivers stable cash flow and that demand in social and intermediate housing should represent positive drivers in SNI's operating results.

Debt and Liquidity

Debt

At end-2014, SNI's consolidated division's debt was little changed at EUR3.7bn from EUR3.5bn in 2013. However, net debt (EUR2.9bn) has only increased by EUR0.2bn thanks to high liquidity.

In common with other property companies, SNI's consolidated division is highly leveraged with a gearing ratio (net long-term debt to capital) of 1.7x at end-2014 (2013: 1.8x) and net debt representing 5.6x net turnover (net rental income plus other revenues; 2013: 5.3x). Fitch estimates that the debt weighted on the value of fixed assets is stable with loan-to-value ratio of 44% at the end of 2014 (43% at end-2013).

At end-2014, almost all of SNI's consolidated division's debt was indexed on variable rates (47.4%), with 35.6% on fixed rates and 17.0% on Livret A. Livret A schemes are used to provide long-term loans at preferential rates, which is the cornerstone of financing for social housing in France. The interest-rate risk is adequately covered by swaps. The average debt rate declined and was low at 3.54% at end-2014 compared with 3.84% at end-2013.

At end-2014, 17.5% of debt was carried by CDC, and 31.5% was in bonds. In 2014, SNI's consolidated division issued EUR390m of its financing through private placements such as *Namensschuldverschreibung* (NSV), EUR17m from bank loans, and EUR43m from contracted loans. In the medium term, SNI Group aims to diversify its debt sources with 70% raised through financial markets.

With residual maturity of debt at 11 years and three months at end-2014, SNI's consolidated division's debt due within one year was limited at only 6.2% of total debt. Even if it did not implement an accounting provision for the bond issue, it ring-fenced an amount based on a loan of 25 years.

At the end of 2014, 57.6% of debt benefited from an ownership clause of CDC. Therefore, if CDC's equity falls below 50%, the debt will become due. Fitch considers that this reinforces the link with SNI's sponsor. Only 19.2% of debt was unsecured.

Liquidity

Fitch considers that the consolidated division's liquidity is sound, as it benefits from strong and predictable cash flows due to the recurring rental business.

Due to the anticipation of its annual financial needs, average cash holdings for 2014 reached EUR899m for the consolidated division.

In the medium term, the main cash needs will be for the intensive capital expenditure programme and debt repayments.

Even if SNI Group does not benefit from cash pooling with CDC, it has access to banks' liquidity, with seven banks providing committed liquidity lines of EUR245m in total.

In 2014, SNI Group estimated that about 60% of the cash investment can be sold without a penalty payment. Fitch believes this reinforces SNI's liquidity.

Off-Balance Sheet

Excluding reciprocal commitments of subsidiaries, SNI Group's off-balance-sheet liabilities were moderate (EUR563.6m at end-2014, relating to collateral posted to finance guarantees).
SNI Group is not involved in any major litigation or disputes.

Appendix A

Figure 3

Societe Nationale Immobiliere (SNI) – Consolidated accounts

(EURm)	2010	2011	2012	2013	2014
Income statement					
Operating revenues	-	445.1	463.7	479.6	484.5
Staff expenses	-	-114.9	-66.2	-64.0	-64.9
Depreciation	-	-114.0	-122.8	-130.8	-132.9
Other operating revenues and expenditure	-	-17.1	-27.8	-65.6	-68.0
Operating balance before grants and subsidies	-	199.1	246.9	219.2	218.7
Revenue from public sector	-	-	-	-	-
Operating balance after revenue from public sector	-	199.1	246.9	219.2	218.7
Interest revenue	-	8.8	22.6	30.0	29.7
Interest expenditure	-	-122.8	-145.6	-130.8	-147.4
Operating balance after financing	-	85.1	123.9	118.4	101.0
Surplus on disposal of fixed assets	-	120.6	104.4	115.7	103.5
Non operating revenue and expenditure	-	10.4	12.6	16.4	7.7
Profit (loss) before taxation	-	216.1	240.9	250.5	212.2
Taxation	-	-72.7	-91.2	-110.7	-98.6
Profit (loss) after tax	-	143.4	149.7	139.8	113.6
Minority Interests	-	-	-	-	-
Profit or loss for the financial year	-	143.4	149.7	139.8	113.6
Balance sheet					
Assets					
Tangiable assets	-	13.0	11.0	12.0	11.0
Intangible assets	-	4.0	1.0	1.0	0.0
Other long term assets	-	3,821.0	3,904.0	4,074.0	4,352.0
Long term Investments	-	639.0	725.0	686.0	972.0
Stock	-	120.0	70.0	56.0	55.0
Trade debtors	-	196.0	193.0	197.0	210.0
Other current assets	-	277.0	173.4	100.6	85.2
Cash and liquid investments	-	376.0	850.0	994.0	963.0
Total assets	-	5,446.0	5,927.4	6,120.6	6,648.2
Liabilities and equity					
Long term liabilities	-	316.2	258.9	239.1	209.9
Pension	-	0.0	0.0	0.0	0.0
Long term debt	-	3,339.8	3,844.2	3,946.8	4,594.0
Trade creditors	-	47.1	41.1	42.1	42.2
Other short term liabilities	-	-	-	-	-
Short term debt	-	486.1	513.1	499.3	426.7
Equity	-	532.4	544.3	545.5	545.5
Reserves	-	724.0	725.3	846.8	829.4
Minority interests	-	-	-	-	-
Liabilities and equity	-	5,445.6	5,926.9	6,119.6	6,647.7
Debt statement					
Short term debt	-	n.a.	467.9	499.3	426.7
Long term debt	-	n.a.	3,054.2	3,250.6	3,475.6
Total debt	-	n.a.	3,522.1	3,749.9	3,902.3
Other Fitch classified debt	-	n.a.	0.0	0.0	0.0
Total risk	-	n.a.	3,522.1	3,749.9	3,902.3
Cash, liquid deposits and sinking fund	-	375.6	850.0	993.8	963.0
Net risk	-	-375.6	2,672.1	2,756.1	2,939.3
Contingent liabilities	-	72.3	659.8	955.6	904.9
Net overall risk	-	-303.3	3,331.9	3,711.7	3,844.2
% debt in foreign currency	-	-	-	-	-
% issued debt	-	-	0.0	0.0	0.0
% debt and fixed interest rate	-	-	-	-	-

Source: Issuer and Fitch calculations

Appendix B

Figure 4

Societe Nationale Immobiliere (SNI) – Consolidated accounts

	2010	2011	2012	2013	2014
Cash flow statement					
Funds from operations	-	191.9	298.9	276.7	208.0
Other cash flow movements	-	-13.1	-71.4	-74.9	0.0
Changes in working capital	-	4.1	14.7	-6.0	-6.6
Cash flow before net capital expenditure	-	182.9	242.2	195.8	201.4
Net capital expenditure	-	1.0	-24.0	-138.0	-289.0
Cash flow before financing	-	183.9	218.2	57.8	-87.6
New borrowing	-	81.0	585.0	437.0	465.0
Other cash financing	-	0.0	12.0	0.0	-4.0
Debt repayment	-	-299.0	-358.0	-330.0	-325.0
Cash flow after financing	-	-34.1	457.2	164.8	48.4
Ratio analysis					
Profitability ratios					
Personnel costs/oper.rev. including revenue from public sector (%)	-	20.0	11.8	12.2	12.4
Revenue from the public sector/oper.rev. including revenue from public sector	-	-	-	-	-
EBITDA/oper.rev including revenue from public sector (%)	-	54.6	65.0	67.4	67
Balance sheet ratios					
Current assets/total assets (%)	-	17.8	21.7	22	19.8
Current assets/total liabilities (%)	-	23.1	27.6	28.5	24.9
Return on equity (%)	-	11.4	11.8	10	8.3
Return on assets (%)	-	2.6	2.5	2.3	1.7
Debt ratios					
Net debt/EBITDA (x)	-	-1.2	7.3	7.8	8.4
Long term debt/oper. rev. including revenue from public sector (%)	-	n.a	545.9	618.2	664
Total debt/EBITDA (x)	-	n.a	9.7	10.6	11.1
Debt/equity (%)	-	n.a	277.4	269.3	283.8
EBITDA/gross interest expenditure (x)	-	2.5	2.5	2.7	2.4
Debt servicing/operating balance before revenue from public sector (%)	-	211.9	204	210.2	216
Debt servicing/operating balance after revenue from public sector (%)	-	211.9	204	210.2	216

n.a.: Not available
Source: Issuer and Fitch calculations

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.