

# Statutory auditors report on the financial statements

## **Société du Grand Paris**

Etablissement public  
à caractère industriel et commercial  
Immeuble le Cézanne  
30, avenue des Fruitiers  
93200 Saint-Denis

**For the year ended December,31 2018**

## **Grant Thornton**

SA d'Expertise Comptable et  
de Commissariat aux Comptes  
au capital de 2 297 184 €  
inscrite au tableau de l'Ordre de la région  
Paris Ile France et membre  
de la Compagnie régionale de Versailles  
632 013 843 RCS Nanterre  
29 rue du Pont  
92200 Neuilly-sur-Seine

*This is a translation into English of the statutory auditors' report on the financial statements of the Establishment issued in French and it is provided solely for the convenience of English speaking users.*

*This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

## Statutory auditors report on the financial statements

### **Société du Grand Paris**

For the year ended 31 December 2018

To the members of the Supervisory Board of the Société du Grand Paris

#### **Opinion**

In compliance with the engagement entrusted to us by ministerial decision, we have audited the establishments financial statements of the Société du Grand Paris for the year ended December 31st, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the establishment as at December 31st, 2018 and of the results of its operations for the year then ended in accordance with accounting principles and methods applicable to National Public Institutions.

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

## **Basis of the opinion**

### ***Audit Framework***

We have conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the “Statutory Auditors’ Responsibilities for the Audit of the Financial Statements” section of our report.

### ***Independence***

We have conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

## **Justification of Assessments - Key Audit Matters**

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

**Reality of the investments in the Grand Paris Express project.****Identified risk**

As at 31 December 2018, cumulative investments since the start of the Grand Paris Express project reached €3,883 million. These investments are recorded in intangible and tangible fixed assets.

The accounting method for these fixed assets was defined by the decision of the Management Board No. D 2012-20 of 5 October 2012. The operative event justifying the capitalization of the asset and the determination of its cost are presented in the appendix to the annual financial statements in note "2. Accounting rules and methods".

We considered that the operative event justifying the capitalization of fixed assets and the cost used were a key point of our audit, given the importance and volume of these assets in Société du Grand Paris' balance sheet.

**Our response**

Our work has focused on:

- Examining the compliance of the methodology applied by the establishment with the accounting principles and methods applicable to National Public Institutions.
- Reviewing the investment accounting process established by management, from the validation of commitments, accounting recording, to liquidation;
- Carrying out an assessment and compliance testing of relevant controls over processes and information systems, with the support of our IT specialists;
- For a selection of fixed assets acquired over the period identified by random sampling, statistics or on the basis of quantitative and qualitative criteria, we also carried out detailed substantive tests on their correct accounting;
- Verifying that the financial information presented in the appendix provided appropriate information.

**Verification of the management report and other documents addressed to the members of the Supervisory Board.**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Authorizing Officer and in the other documents provided to the Supervisory Board with respect to the financial position and the financial statements.

## **Report on other legal and regulatory requirements**

### ***Appointment of the statutory auditors***

We were appointed statutory auditors of Société du Grand Paris by ministerial decision on 24 October 2011.

As of December 31, 2018, Grant Thornton was in the eighth year of its mission without interruption, with one year since the Société du Grand Paris was first considered as an EIP.

### **Responsibilities of Authorizing Officer and Accounting Manager with Financial Statements**

Accounting Manager and Authorizing Officer are responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles and methods applicable to National Public Institutions.

They are also responsible of internal control and determine if necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Authorizing Officer is responsible for assessing the establishments ability to continue as a going concern. The Accounting Manager is responsible of the presentation of the financial statements, he inputs information in relation with going concern and use the going concern basis of accounting unless it is expected to liquidate the establishment or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

### **Statutory Auditors' Responsibilities for the Audit of the Financial Statements**

#### ***Objectives and audit approach***

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the establishment or the quality of management of the affairs of the establishment.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Authorizing Officer and Accounting Manager in the financial statements.
- Assesses the appropriateness of Accounting Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the establishment's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the establishment's to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation

***Report to the Audit Committee***

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that 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) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine, February 20, 2019

The Statutory Auditors

**Grant Thornton**  
**French Member of Grant Thornton International**

Solange Aiache  
Partner

Alexandre Mikhail  
Partner

**BALANCE SHEET**

ASSETS	01/2018 to 12/2018			01/2017 to 12/2017	EQUITY AND LIABILITIES	01/2018 to 12/2018	01/2017 to 12/2017
	Gross	Depreciation, amortisation	Net	Net			
<b>NON-CURRENT ASSETS</b>					<b>EQUITY</b>		
Intangible assets	19,718,078.60	3,664,327.15	16,053,751.45	265,714,949.95	Financing received		
Property, plant and equipment					Government asset financing	0.00	0.00
Land	647,131,244.65	0.00	647,131,244.65	536,348,078.93	Third-party asset financing	32,134,262.50	32,134,262.50
Buildings	97,906.01	19,576.80	78,329.21	88,117.61	Foundations' capital	0.00	0.00
Technical installations, plant and machinery	0.00	0.00	0.00	0.00	Revaluation reserves	0.00	0.00
Collections	0.00	0.00	0.00	0.00	Reserves	1,537,389,929.86	1,542,293,813.07
Historical and cultural items	0.00	0.00	0.00	0.00	Retained earnings	0.00	0.00
Other property, plant and equipment	9,517,474.29	4,185,690.28	5,331,784.01	5,743,884.38	Income (loss) for the year	-258,658,581.40	-4,903,883.21
Concession assets	0.00	0.00	0.00	0.00	Tax-regulated provisions	0.00	0.00
Property, plant and equipment under construction	2,798,686,752.50	0.00	2,798,686,752.50	1,531,227,202.27			
Advances and payments on account made on orders	414,762,118.10	0.00	414,762,118.10	31,256,614.71	<b>TOTAL EQUITY</b>	<b>1,310,865,610.96</b>	<b>1,569,524,192.36</b>
Assets subject to a charge	0.00	0.00	0.00	0.00	<b>CONTINGENCY AND LOSS PROVISIONS</b>		
Animals and crops	0.00	0.00	0.00	0.00	Provisions for contingencies	181,803.00	87,904.20
Non-current financial assets	1,292,579.71	0.00	1,292,579.71	1,292,579.71	Provisions for losses	3,964,713.43	2,464,705.74
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,891,206,153.86</b>	<b>7,869,594.23</b>	<b>3,883,336,559.63</b>	<b>2,371,671,427.56</b>	<b>TOTAL CONTINGENCY AND LOSS PROVISIONS</b>	<b>4,146,516.43</b>	<b>2,552,609.94</b>
<b>CURRENT ASSETS</b>					<b>FINANCIAL DEBT</b>		
Inventories	26,981,442.22	0.00	26,981,442.22	10,154,217.73	Bonds	1,770,000,000.00	0.00
Receivables					Borrowings from financial institutions	1,000,000,000.00	700,000,000.00
Receivables from public-sector entities (central government, other)	166,156,702.84	0.00	166,156,702.84	142,011,476.95	Financial debt and other borrowings	314,587,414.63	3,262,465.71
Trade receivables and related accounts	31,242,135.43	7,770.39	31,234,365.04	79,902.61	<b>TOTAL FINANCIAL DEBT</b>	<b>3,084,587,414.63</b>	<b>703,262,465.71</b>
Tax receivables (earmarked tax revenue)	0.00	0.00	0.00	0.00	<b>NON-FINANCIAL LIABILITIES</b>		
Advances and downpayments made	6,028,026.55	0.00	6,028,026.55	222,062.72	Trade payables and related accounts	207,764,294.43	531,902,104.93
Receivables relating to transactions on behalf of third parties	0.00	0.00	0.00	0.00	Tax, employment and social security liabilities	4,589,299.14	4,322,409.16
Receivables from other debtors	2,749,054.38	0.00	2,749,054.38	1,859,205.43	Advances and payments on account received	0.00	0.00
Prepaid expenses	1,648,701.20	0.00	1,648,701.20	591,016.34	Liabilities relating to transactions on behalf of third parties	0.00	0.00
					Other non-financial liabilities	6,437,474.03	182,511.50
					Prepaid income	0.00	0.00
<b>TOTAL CURRENT ASSETS</b>	<b>234,806,062.62</b>	<b>7,770.39</b>	<b>234,798,292.23</b>	<b>154,917,881.78</b>	<b>TOTAL NON-FINANCIAL LIABILITIES</b>	<b>218,791,067.60</b>	<b>536,407,025.59</b>
<b>CASH AND EQUIVALENTS</b>					<b>CASH AND EQUIVALENTS</b>		
Marketable securities	-505,000,000.00	0.00	-505,000,000.00	0.00	Bank overdrafts	0.00	7,676.24
Cash	1,002,499,507.76	0.00	1,002,499,507.76	285,164,660.50			
Other	0.00	0.00	0.00	0.00			
<b>TOTAL CASH AND EQUIVALENTS</b>	<b>497,499,507.76</b>	<b>0.00</b>	<b>497,499,507.76</b>	<b>285,164,660.50</b>	<b>TOTAL CASH AND EQUIVALENTS</b>	<b>0.00</b>	<b>7,676.24</b>
<b>ACCRUALS AND PREPAYMENTS (ASSETS)</b>	<b>2,756,250.00</b>	<b>0.00</b>	<b>2,756,250.00</b>	<b>0.00</b>	<b>ACCRUALS AND PREPAYMENTS (LIABILITIES)</b>	<b>0.00</b>	<b>0.00</b>
<b>EXCHANGE DIFFERENCES (ASSETS)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>EXCHANGE DIFFERENCES (LIABILITIES)</b>	<b>0.00</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>4,626,267,974.24</b>	<b>7,877,364.62</b>	<b>4,618,390,609.62</b>	<b>2,811,753,969.84</b>	<b>GRAND TOTAL</b>	<b>4,618,390,609.62</b>	<b>2,811,753,969.84</b>

INCOME STATEMENT					
EXPENDITURES	2018	2017	REVENUE	2018	2017
<b>OPERATING EXPENDITURES</b>			<b>OPERATING REVENUE</b>		
Purchases	0.00	0.00	Revenue without direct consideration (subsidies and similar revenue)		
Consumption of goods and supplies	70,450,219.09	71,310,920.44	Subsidies for public-service costs	0.00	0.00
Personnel expenses	26,509,367.30	24,752,656.20	Operating subsidies from central government and other public-sector entities	0.00	10,587.00
Wages and salaries	18,398,822.76	17,205,268.40	Subsidies specifically allocated to covering certain intervention expenditures	0.00	0.00
Social security expenses	7,771,300.43	7,203,051.55	Gifts and bequests	0.00	0.00
Incentive and profit-sharing plans	0.00	0.00	Earmarked tax revenue	565,816,104.56	532,125,605.37
Other personnel expenses	339,244.11	344,336.25	<b>Revenue with direct consideration (or direct revenue from operations)</b>		
Other operating expenditures	285,291,659.44	68,552,186.13	Sales of goods or services	31,097,348.83	4,166.67
Additions to depreciation and amortisation, impairment and provisions, and net	6,192,913.96	4,155,260.90	Income from asset sales	1,000,000.00	3,720.00
<b>TOTAL OPERATING EXPENDITURES</b>	<b>388,444,159.79</b>	<b>168,771,023.67</b>	Other management revenue	3,416,746.06	1,926,737.78
<b>INTERVENTION EXPENDITURES</b>	<b>26,509,367.30</b>		Capitalised stored production	16,827,224.49	3,171,354.23
Intervention for own account	568,248.88		Revenue received under a contract involved in the performance of a public service	0.00	0.00
Transfers to households	7.9%	0.00	Other revenue		
Transfers to companies	0.00	0.00	Releases of depreciation, amortisation, impairment and provisions (operating expenditures)	4,367,598.31	25,328,738.22
Transfers to regional authorities	188,719.44	542,678.39	Resumption of financing related to an asset	0.00	0.00
Transfers to other local government bodies	468,225,163.41	394,914,453.20	Unused resources from previous years carried forward (Foundations)	0.00	0.00
Expenses resulting from SGP's guarantee being invoked	0.00	0.00			
Additions to provisions and impairment	0.00	0.00			
<b>TOTAL INTERVENTION EXPENDITURES</b>	<b>468,413,882.93</b>	<b>395,457,131.59</b>			
Commitments fulfilled from dedicated funds (Foundations)	0.00	0.00			
<b>TOTAL OPERATING AND INTERVENTION EXPENDITURES</b>	<b>856,858,042.72</b>	<b>564,228,155.26</b>	<b>TOTAL OPERATING REVENUE</b>	<b>622,525,022.25</b>	<b>562,570,909.27</b>
<b>FINANCIAL EXPENDITURES</b>			<b>FINANCIAL REVENUE</b>		
Interest expense	25,780,878.32	3,248,630.00	Revenue from investments in subsidiaries and affiliates and loans	0.00	0.00
Net expense on disposals of marketable securities	0.00	0.00	Net revenue from sales of financial assets	0.00	0.00
Foreign exchange losses	0.00	0.00	Interest on non-capitalised receivables	0.00	0.00
Other financial expenditures	123.23	44.30	Revenue from marketable securities and cash	1,566,024.53	0.00
Net amortisation and provisions on financial assets	136,930.00	0.00	Net revenue from disposals of marketable securities	0.00	0.00
			Foreign exchange gains	0.00	0.00
			Other financial revenue	35,985.01	2,037.08
			Releases of depreciation, amortisation, impairment and provisions on financial assets	0.00	0.00
<b>TOTAL FINANCIAL EXPENDITURES</b>	<b>25,917,931.55</b>	<b>3,248,674.30</b>	<b>TOTAL FINANCIAL REVENUE</b>	<b>1,602,009.54</b>	<b>2,037.08</b>
Income tax	9,639.00	0.00			
<b>INCOME (LOSS)</b>	<b>0.00</b>	<b>0.00</b>	<b>INCOME (LOSS)</b>	<b>258,658,581.48</b>	<b>4,903,883.21</b>
<b>TOTAL EXPENDITURES</b>	<b>882,785,613.27</b>	<b>567,476,829.56</b>	<b>TOTAL REVENUE</b>	<b>624,127,031.79</b>	<b>562,572,946.35</b>

Société du Grand Paris (SGP), an industrial and commercial public-sector entity subject to budget accounting rules, has since 1 January 2017 applied the accounting standards for state-dependent organisations and public-sector entities.

The financial statements produced by SGP for 2018 are consistent with the provisions arising from the first of the applicable accounting standards mentioned in article 1(4), 1(5) and 1(6) of decree no. 2012-1246 of 7 November 2012 relating to public-sector budget and accounting management.

The terminology used is that of the common chart of accounts published in instruction BOFIP GCP 170021 of 29/12/2017.

## **1. Key events in 2018**

### **Arrangement of new financing sources**

After the arrangement of bilateral loan agreements with Caisse des Dépôts et Consignations and the European Investment Bank, the first drawings on which took place in 2017, SGP arranged further financing sources in 2018.

In 2018, to secure its cash position and diversify its access to long-term financial resources in view of its increasing funding needs, SGP arranged:

- a €3 billion negotiable European commercial paper (NeuCP) programme approved by the Banque de France in February
- Short-term debt amounted to €505 million at end-2018.
- a €5 billion Green EMTN long-term financing programme, authorised by the AMF in July

### **Signature of a financing agreement relating to the purchase of passenger rolling stock**

On 29 October 2018, SGP signed an agreement with Ile-de-France Mobilités relating to the purchase of rolling stock for Grand Paris Express lines 15, 16 and 17.

The agreement defines the extent to which SGP's expenditure on rolling stock will be reimbursed and the terms of advances and downpayments to be made from 2018. SGP recognises the fees identified in the agreement under inventories.

### SGP's activity

Expenditure in 2018 (consumption of payment appropriations) broke down as follows according to the presentation rules applying to public-sector budget and accounting management:

Category	Actual expenditure	Forecast expenditure	Difference	
Operating	330,022,218.75	335,134,708.74	5,112,489.99	98.47%
Intervention	534,022,128.95	542,000,000.00	7,977,871.05	98.53%
Capital	1,764,249,181.35	2,012,776,694.48	248,527,513.13	87.65%
Personnel	28,617,285.92	33,916,000.00	5,298,714.08	84.38%
<b>Total</b>	<b>2,656,910,814.97</b>	<b>2,923,827,403.22</b>	<b>266,916,588.25</b>	<b>90.87%</b>

Revenue amounted to €600 million as opposed to €534 million in 2017 and broke down as follows:

Earmarked taxes (IFER, TSE, TSLB)	Onward invoicing of rolling stock expenditure	Other revenue and reimbursements
€566 million	€31 million	€3 million

## 2. Accounting policies and methods

Accounting conventions have been applied in accordance with the principle of prudence and with the basic accounting concepts of:

- Going concern,
- Consistency of accounting policies,
- Accrual basis.

And in compliance with the general rules for preparing and presenting full-year financial statements.

The basic method used to value items recorded in the accounts is the historical cost method. The currency used is the euro.

SGP has only one set of accounts and does not have any subsidiaries or secondary establishments.

Its accounting period coincides with the calendar year.

SGP is an organisation subject to budget accounting rules, and so has applied accounting standards for state-dependent organisations since 1 January 2017, along with the common chart of accounts.

Accounting policies and methods follow the provisions applicable to state-dependent public-sector organisations:

**As regards non-current assets**, the following are distinguished.

- Land purchases: The principle is that transfer duties, fees, commissions and legal documentation costs relating to land purchases are included in the asset purchase cost. Land purchases are generally recognised within SGP's assets when the deed is signed in the notary's office, when the amount of the financial transaction and related fees is clearly identified.
- Other expenditure on non-current assets: The date of the Supervisory Board's investment decision is used as the date on which the expenditure is recognised (date on which it is deemed possible to capitalise the project cost).

In accordance with the standard, the treatment of expenditure can be summarised as follows:

	<b>Expenditure</b>	<b>Operating expenditures</b>
Surveying costs	Pre-project stage	Surveys prior to the investment decision
General project owner assistance and technical assistance		x
Project management (contracts notified after the investment decision)	x	
Spot checks concerning the section to which the investment decision relates	After the investment decision	Before the investment decision
Spot checks concerning sections on which an investment decision has not yet been made		x

Non-current assets in progress recognise works on the construction of lines in accordance with the method set out above.

**Depreciation and amortisation.** The applicable method was defined by management board decision D 2012-20 of 5 October 2012.

Straight-line depreciation and amortisation are applied to SGP's assets at the following rates:

- Software: 33 1/3% (3 years)
- Audiovisual equipment: 20% (5 years)
- IT hardware, workstations: 33 1/3% (3 years)
- Fixtures and fittings: 10% (10 years)
- IT hardware, other: 20% (5 years)
- Telecoms equipment: 20% (5 years)
- Office equipment: 20% (5 years)
- Office furniture: 10% (10 years)

Depreciation and amortisation are applied on a prorata temporis basis.

**Bond redemption premiums and issuance costs.** Two bond issues were carried out in 2018, giving rise to the recognition of redemption premiums and issuance costs.

SGP opted to amortise the redemption premiums on those two issues (with terms of 10 and 50 years respectively) in equal instalments over their respective terms instead of using the actuarial method.

Similarly, for the bond issue that involved issuance costs, the decision was taken to amortise those costs in equal instalments over the term of the issue.

**Accrued expenses.** The balances of accounts 4081 and 4084 show all expenses payable but not yet paid, which correspond to services that had been provided but that SGP had not been able to validate by the 2018 accounts closing for various reasons.

**Inventories.** Inventories consist of rolling stock, measured at purchase cost. Under article 20 of French act no. 2010-597 of 3 June 2010, the full ownership rights over rolling stock purchased by SGP have been transferred to Ile de France Mobilité (IDFM). Given the highly specific nature of that transaction, the related expenses were recognised under inventories.

Expenditure recognised under inventories relates to the cost of purchasing passenger rolling stock for lines 15, 16 and 17 according to the scope defined by the agreement signed with IDFM in October 2018, along with the cost of purchasing passenger rolling stock for line 18, for which the agreement and scope have yet to be defined with IDFM.

At 31/12/2018, expenditure consisted of the following items:

- Cost of technical assistance to the project owner and project manager (allocated portion)
- Internal SGP project owner costs (allocated portion)

**Receivables.** Receivables are measured at face value.

### 3. Notes to the balance sheet

At 31 December 2018, the balance sheet was as follows:

#### BALANCE SHEET AT 31/12/2018

ASSETS	2018	2017	Change 2018 vs. 2017
NON-CURRENT ASSETS	3,883,336,559.63	2,371,671,427.56	1,511,665,132.07
CURRENT ASSETS	234,798,292.23	154,917,881.78	79,880,410.45
ACCRUALS AND PREPAYMENTS	2,756,250.00	0.00	2,756,250.00
CASH AND EQUIVALENTS	497,499,507.76	285,164,660.50	212,334,847.26
<b>TOTAL ASSETS</b>	<b>4,618,390,609.62</b>	<b>2,811,753,969.84</b>	<b>1,806,636,639.78</b>
<b>EQUITY AND LIABILITIES</b>			
EQUITY	1,310,865,610.96	1,569,524,192.36	-258,658,581.40
CONTINGENCY AND LOSS PROVISIONS	4,146,516.43	2,552,609.94	1,593,906.49
FINANCIAL DEBT	3,084,587,414.63	703,262,465.71	2,381,324,948.92
NON-FINANCIAL LIABILITIES	218,791,067.60	536,407,025.59	-317,615,957.99
<b>TOTAL LIABILITIES</b>	<b>4,618,390,609.62</b>	<b>2,811,753,969.84</b>	<b>1,806,636,639.78</b>

### 3.1 Non-current assets

#### 3.1.1 Gross non-current assets

CHANGES DURING 2018				
	Start of period	Increase	Decrease	End of period
Intangible assets	4,201,810.99	2,258,080.54	323,968.48	6,135,923.05
Intangible assets in progress	12,899,616.05	1,532,080.45	849,540.95	13,582,155.55
Land and properties	536,348,078.93	139,490,070.17	28,706,904.45	647,131,244.65
General installations	97,906.01	0.00	0.00	97 906.01
Other assets	8,768,982.31	1,031,288.51	282,796.53	9,517,474.29
Advances and downpayments on intangible assets	251,461,504.19	45,294,560.41	296,756,064.60	0.00
Advances and downpayments on property, plant and equipment	31,256,614.71	503,073,207.19	119,567,703.80	414,762,118.10
Non-current assets in progress	1,531,227,202.27	1,682,131,939.48	414,672,389.25	2,798,686,752.50
Financial assets	1,292,579.71	0.00	0.00	1,292,579.71
<b>Total</b>	<b>2,377,554,295.17</b>	<b>2,374,811,226.75</b>	<b>861,159,368.06</b>	<b>3,891,206,153.86</b>

### 3.1.2. Intangible assets

Intangible assets break down as follows:

Purchased software	4,631,116.00
Other concessions and similar rights	587,366.98
Other assets	917,440.07
<b>TOTAL</b>	<b>6,135,923.05</b>

Intangible assets increased sharply in 2018.

### 3.1.3 Property, plant and equipment

Undeveloped land	38,537,429.02
Materials above and below ground	11,875,102.61
Developed land	18,365,791.42
Properties	578,352,921.60
General installations, fixtures and fittings	3,208,020.70
Vehicles	238,498.92
Office equipment	4,245,485.65
Computer hardware	625,231.68
Miscellaneous equipment	1,298,143.35
Non-current assets in progress - Land	12,135,750.39
Buildings in progress	2,779,447,766.47
Technical installations in progress	2,513,028.94
Other non-current assets in progress	4,590,206.70
Software in progress	13,582,155.55
Advances on property, plant and equipment	414,762,118.10
<b>TOTAL</b>	<b>3,883,777,651.10</b>

The “advances and downpayments on intangible assets” account was cleared in 2018. The sums making up that account did not correspond to its title. This was remedied by transferring the sums to the appropriate account (no. 213).

### 3.1.4 Financial assets

Financial assets comprise deposits and guarantees paid by SGP under a lease or authorisation to occupy public land (€27 thousand at end-2018).

Account 2748 ("other loans") includes €1,265,153.28 relating to a loan granted by SGP to SEMABA for the provision of the land required to carry out works at Bagneux station. That loan to SEMABA was guaranteed by the city of Bagneux in an amount of €1.8 million.

No change between 2017 and 2018.

### 3.1.5. Depreciation, amortisation and impairment of non-current assets

- **Depreciation and amortisation**

DEPRECIATION AND AMORTISATION 2018				
	Start of period	Increase	Decrease	End of period
Intangible assets	2,847,981.28	816,345.87		3,664,327.15
Property, plant and equipment	3,034,886.33	1,170,380.75		4,205,267.08
Total	5,882,867.61	1,986,726.62		7,869,594.23

### 3.2 Inventories and work in progress

	2017	2018
Work in progress - goods	10,154,217.7	
Work in progress - rolling stock (red line)		25,740,446.1
Work in progress - rolling stock (green line)		1,240,996.12

### 3.3 Receivables

#### Receivables at 31/12/2018

	2018	2017	Change 2018 vs. 2017
Receivables from public-sector entities	166,156,702.84	142,011,476.95	+ 24,145,225.89
Trade receivables and related accounts	31,234,365.04	79,902.61	+ 31,154,462.43
Advances and downpayments made	6,028,026.55	222,062.72	+ 5,805,963.83
Receivables from other debtors	2,749,054.38	1,859,205.43	+ 889,848.95
Prepaid expenses	2,945,381.20	591,016.34	+ 1,057,684.86

Receivables consist mainly of €147.4 million of VAT due to be repaid by the Saint-Denis business tax department, along with VAT applied to accrued expenses, which rises in proportion to accrued expenses (€18.7 million at 31/12/2018)

The large amount of trade receivables arises from the provision of security in December relating to Ile-de-France Mobilité's reimbursement of rolling stock expenditure (SGP/IDFM agreement) in an amount of €31,073,834. It was not possible to recover the security before the accounts closing date.

Prepaid expenses include bond issuance costs, which are recognised in instalments over the term of the bond issue.

All of these receivables are due in less than one year.

### 3.4 Cash and equivalents

In 2018, to secure its cash position in view of its increasing funding needs, and in accordance with borrowing authorisations given by the Supervisory Board, SGP arranged a €3 billion negotiable European commercial paper (NeuCP) programme approved by the Banque de France in February.

CASH AND EQUIVALENTS	2018	2017
Marketable securities	-505,000,000.00	0.00
Cash	1,002,499,507.76	285,164,660.50
<b>CASH AND EQUIVALENTS</b>	<b>497,499,507.76</b>	<b>285,164,660.50</b>

Taking into account those securities, cash and equivalents amount to almost €500 million.

### 3.5 Equity

Reserves consist of income generated between 2010 and 2016, appropriated to reserves pursuant to decisions by the Supervisory Board.

	Reserves	Net income/(loss) for the period	Financing of assets by third parties other than the French State	Total shareholders' equity
Movements in 2013	282,432,037.41	267,467,193.48	150,000.00	
Position at end-2013				913,088,902.77
Movements in 2014	267,467,193.48	393,483,877.93	705,999.00	
Position at end-2014				1,307,278,779.70
Movements in 2015	393,483,877.93	210,335,087.34	7,272,681.86	
Position at end-2015				1,524,886,548.90
Movements in 2016	210 335 087.34	25 535 945.03	29 927 512.95	
Position at end-2016				1 572 221 326.02
Movements in 2017	1,542,293,803 .07	- 4,903,883.21	32,134,262.50	
Position at end-2017				1 569 524 192.36
Movements in 2018	1,537,389,929.86	-258,658,581.40	32,134,262.50	
Position at end-2018				1,310,865,610.96

Since 2017, SGP has made losses and so no further additions to reserves have been made.

### 3.6 Contingency and loss provisions

In 2018, several provisions were set aside:

- A €93 thousand increase in an existing contingency provision relating to a personnel dispute (total: €181.8 thousand)
- €1.5 million was added to other loss provisions in anticipation of settlement agreements undergoing validation.

### 3.7 Borrowings and liabilities

At 31/12/2018

LIABILITIES AT 31/12/2018			
Type	Less than 1 year	Between 1 and 5 years	Over 5 years
Financial debt		314,587,414.63	2,770,000,000.00
Non-financial liabilities	218,791,067.60		3,497,400,00(*)
<b>Total</b>	<b>218,791,067.60</b>	<b>314,587,414.63</b>	<b>2,773,497,400.00</b>

(\*) SCP Chevreux, relating to the Créteil Habitat acquisition, payment deferred until 2023

#### Financial debt

FINANCIAL DEBT	2018	2017	Change 2018 vs. 2017
Bonds	1,770,000,000.00	0.00	1,770,000,000.00
Borrowings from financial institutions	1,000,000,000.00	700,000,000.00	300,000,000.00
Financial debt and other borrowings	314,587,414.63	3,262,465.71	311,324,948.92
<b>TOTAL FINANCIAL DEBT</b>	<b>3,084,587,414.63</b>	<b>703,262,465.71</b>	<b>2,381,324,948.92</b>

Financial debt consists of borrowings from financial institutions arranged in 2017 and 2018.

SGP carried out its first green bond issue in the international financial markets in October 2018, issuing €1.75 billion of 10-year bonds (SGP 1.125% 10/28), along with its first private placement in November, for €20 million and with a 50-year term. It also borrowed €300 million from the European Investment Bank and €300 million from Caisse des Dépôts. Overall, SGP borrowed €2.370 billion in 2018.

It should be noted that this “debt” item also includes deposits and guarantees provided by the tenants of buildings acquired between 2013 and 2018. The amount of guarantee deposits rose from €13 thousand to €33 thousand at the end of 2018, reflecting the arrival of tenants in buildings in relation to interim activities.

Finally, €14.5 million of accrued interest not matured on SGP’s debts was recognised at 31/12/2018.

### Non-financial liabilities

<b>NON-FINANCIAL LIABILITIES</b>	<b>2018</b>	<b>2017</b>	<b>Change 2018 vs. 2017</b>
Trade payables and related accounts	207,764,294.43	531,902,104.93	-324,137,810.50
Tax, employment and social security liabilities	4,589,299.14	4,322,409.16	266,889.98
Other non-current liabilities	6,437,474.03	182,511.50	6,254,962.53
<b>TOTAL NON-FINANCIAL LIABILITIES</b>	<b>218,791,067.60</b>	<b>536,407,025.59</b>	<b>-317,615,957.99</b>

### **Non-financial liabilities correspond to the following.**

➤ Trade payables: €207.7 million

Of this amount, 44% consisted of amounts payable to suppliers (of operating and non-current items) at the end of 2018, and the related amounts were paid in the first two weeks of January.

The other 56% corresponded to amounts payable in relation to operating expenditure (€37 million) and capital expenditure (€78.7 million); at the end of 2018, the related services had been rendered but not invoiced, and no payments had been made in relation thereto. The item shows a 61% decrease relative to 2017.

➤ Tax, employment and social security liabilities of €4.6 million, stable by comparison with 2017 (€4.3 million)

➤ Other non-financial liabilities: €6.4 million in 2018 as opposed to €182 thousand in 2017 (balance of other non-financial liabilities, temporary deductions from revenues, transfers made but added back, and excess payments). This item increased sharply in 2018 because of two specific transactions: A liability on which settlement was deferred in relation to a property purchase (€3.5 million) and an invoicing error that gave rise to a repayment pending a new invoice (€1.28 million).

ACCRUED EXPENSES AT 31 DECEMBER 2018	
Accrued expenses, suppliers	37,027,800.34
Accrued expenses, suppliers of non-current assets	78,714,760.74
Provisioned liabilities for paid leave and personnel expenses	2,461,020.70
Tax, employment and social security expenses on paid leave and personnel expenses	1,063,310.34
Other accrued expenses	439,981.63
Accrued interest not matured	14,554,122.00

### 3.8 Other balance-sheet information

None.

## 4. Notes on the income statement

### 4.1 Material items

SGP made a heavy loss of €258,658,581.40 in 2018 after a loss of €4,903,883.21 in 2017. Until 2016, it had made a profit every year (including a profit of €25 million in 2016).

Operating expenditures rose sharply in 2018, up 130% compared with 2017, while operating revenue rose by only 10.6%.

Operating expenditures account for 44% of total expenses and intervention expenditures 55%.

## 4.2 Comments

INCOME STATEMENT					
EXPENDITURES	2018	2017	REVENUE	2018	2017
<b>OPERATING EXPENDITURES</b>			<b>OPERATING REVENUE</b>		
Purchases	0.00	0.00	Revenue without direct consideration (subsidies and similar revenue)		
Consumption of goods and supplies	70,450,219.09	71,310,920.44	Subsidies for public-service costs	0.00	0.00
Personnel expenses	26,509,367.30	24,752,656.20	Operating subsidies from central government and other public-sector entities	0.00	10,587.00
Wages and salaries	18,398,822.76	17,205,268.40	Subsidies specifically allocated to covering certain intervention expenditures	0.00	0.00
Social security expenses	7,771,300.43	7,203,051.55	Gifts and bequests	0.00	0.00
Incentive and profit-sharing plans	0.00	0.00	Earmarked tax revenue	565,816,104.56	532,125,605.37
Other personnel expenses	339,244.11	344,336.25	Revenue with direct consideration (or direct revenue from operations)		
Other operating expenditures	285,291,659.44	68,552,186.13	Sales of goods or services	31,097,348.83	4,166.67
Additions to depreciation and amortisation, impairment and provisions, and net	6,192,913.96	4,155,260.90	Income from asset sales	1,000,000.00	3,720.00
<b>TOTAL OPERATING EXPENDITURES</b>	<b>388,444,159.79</b>	<b>168,771,023.67</b>	Other management revenue	3,416,746.06	1,926,737.78
<b>INTERVENTION EXPENDITURES</b>	<b>26,509,367.30</b>		Capitalised stored production	16,827,224.49	3,171,354.23
Intervention for own account	568,248.88		Revenue received under a contract involved in the performance of a public service	0.00	0.00
Transfers to households	7.9%	0.00	Other revenue		
Transfers to companies	0.00	0.00	Releases of depreciation, amortisation, impairment and provisions (operating expenditures)	4,367,598.31	25,328,738.22
Transfers to regional authorities	188,719.44	542,678.39	Resumption of financing related to an asset	0.00	0.00
Transfers to other local government bodies	468,225,163.41	394,914,453.20	Unused resources from previous years carried forward (Foundations)	0.00	0.00
Expenses resulting from SGP's guarantee being invoked	0.00	0.00			
Additions to provisions and impairment	0.00	0.00			
<b>TOTAL INTERVENTION EXPENDITURES</b>	<b>468,413,882.93</b>	<b>395,457,131.59</b>			
Commitments fulfilled from dedicated funds (Foundations)	0.00	0.00			
<b>TOTAL OPERATING AND INTERVENTION EXPENDITURES</b>	<b>856,858,042.72</b>	<b>564,228,155.26</b>	<b>TOTAL OPERATING REVENUE</b>	<b>622,525,022.25</b>	<b>562,570,909.27</b>
<b>FINANCIAL EXPENDITURES</b>			<b>FINANCIAL REVENUE</b>		
Interest expense	25,780,878.32	3,248,630.00	Revenue from investments in subsidiaries and affiliates and loans	0.00	0.00
Net expense on disposals of marketable securities	0.00	0.00	Net revenue from sales of financial assets	0.00	0.00
Foreign exchange losses	0.00	0.00	Interest on non-capitalised receivables	0.00	0.00
Other financial expenditures	123.23	44.30	Revenue from marketable securities and cash	1,566,024.53	0.00
Net amortisation and provisions on financial assets	136,930.00	0.00	Net revenue from disposals of marketable securities	0.00	0.00
			Foreign exchange gains	0.00	0.00
			Other financial revenue	35,985.01	2,037.08
			Releases of depreciation, amortisation, impairment and provisions on financial assets	0.00	0.00
<b>TOTAL FINANCIAL EXPENDITURES</b>	<b>25,917,931.55</b>	<b>3,248,674.30</b>	<b>TOTAL FINANCIAL REVENUE</b>	<b>1,602,009.54</b>	<b>2,037.08</b>
Income tax	9,639.00	0.00			
<b>INCOME (LOSS)</b>	<b>0.00</b>	<b>0.00</b>	<b>INCOME (LOSS)</b>	<b>258,658,581.48</b>	<b>4,903,883.21</b>
<b>TOTAL EXPENDITURES</b>	<b>882,785,613.27</b>	<b>567,476,829.56</b>	<b>TOTAL REVENUE</b>	<b>624,127,031.79</b>	<b>562,572,946.35</b>

### **4.2.1 Expenditures**

The largest item of operating expenditure, accounting for 73% of the total, relates to various subsidies granted by SGP as part of development operations prior to or concurrent with the Grand Paris Express project, totalling €286 million.

Adding in intervention expenditures as part of the transport mobilisation plan, €749 million (85% of total expenses) went to local authorities, RATP, SNCF and ADP.

The other material items were as follows.

- **Other external services**

These amounted to €34 million, equal to 8% of operating expenditures, an increase of only €2 million in 2018 after rising €10 million in 2017.

That relative stability masks various changes:

- a reduction in temporary staff expenses to €817 thousand as opposed to €1.2 million in 2017;
- little change in reimbursements related to staff seconded to SGP (by RATP, SNCF etc.), amounting to €6.2 million in 2017 and €6.3 million in 2018;
- a sharp fall in caretaking expenses incurred by SGP as part of its interim activities (from €15.6 million in 2017 to €6.2 million in 2018, a decline of 60%);
- a sharp increase in payments to intermediaries (account 6228), which totalled €8 million in 2018 as opposed to €3.1 million in 2017. This account includes temporary occupation fees payable by SGP and reimbursements made to local authorities or associations (AFASER) relating to reinstallation and redevelopment works to facilitate Grand Paris Express works. The sharp increase arose from progress with works on the various lines.

The account also includes more than €3 million of bond issue commission payments. No expenses of that type were recorded in 2017, since 2018 was the first year in which SGP issued bonds.

- **Personnel expenses**

This item rose 7%.

All personnel expenses rose moderately, including a 7% rise in wages and a 7.8% increase in URSSAF contributions.

- **Taxes other than income tax**

This item fell by 0.5% in 2018.

The payroll tax expense rose in line with the increase in personnel expenses, although that was offset by a slight decrease in local land taxes to €1.5 million in 2018 from €1.6 million in 2017.

- **Additions to depreciation, amortisation and provisions**

In 2018, this item includes €5.2 million of depreciation and amortisation on assets already in service.

- **Financial expense**

This item rose by more than 700% in 2018 (from €3.2 million to €25.7 million) because of borrowings taken out by SGP from the EIB. Accrued interest not matured on those borrowings is included in the “interest on borrowings and similar” account. Related bank fees, recognised in account 6272, amounted to more than €3.3 million.

#### **4.2.2 Revenue**

Revenue rose 11% to €624 million in 2018.

Revenue from buildings rose from €111 thousand to €264 thousand, although it fell short of the €704 thousand achieved in 2016.

Revenue from earmarked taxes accounted for 91% of SGP’s operating revenue:

- TSE revenue stable at €117 million,
- IFER revenue up €1 million to €67 million,
- office tax revenue up €32 million to €382 million
- €16.8 million is recorded under **stored production**, corresponding to the cost of purchasing rolling stock on behalf of STIF (article 14 of decree no. 2012-365 of 14 March 2012). This item was more than 400% higher than the €3.1 million recognised in 2017, when this cost was incorrectly recorded under equipment inventories (see information on inventories above).

## 5. Other information

### 5.1 Off-balance sheet commitments

At the end of 2018, all commitments recognised and not settled amounted to €7,378 million.

	<b>Total commitments not settled at 31/12/2018</b>
	In € millions
Governance and institutional	6.9
Communication	3.2
Support functions and IT	20.5
Programme co-ordination and assistance	164.1
Construction of line infrastructure	5,351.3
Systems and safety	1,006.1
Land management	114.6
Miscellaneous intervention expenditure and financing	711.4
<b>Grand total</b>	<b>7,378.0</b>

### 5.2 Post-balance sheet events

None

### 5.3 Environmental information

None

### 5.4 Subsidiaries and affiliates

None

### 5.5 SGP workforce at 31/12/2018

Workforce at 31/12/2018	
Category	Number
Ordinary staff	198
Seconded from RATP	8
Seconded from central government	21
Seconded from regional government	9
<b>TOTAL</b>	<b>236</b>