

# PROSPECTUS SUMMARY



## COMMERCIAL PAPER ISSUANCE PROGRAM

### UPDATE OF A PROSPECTUS RELATING TO THE 2017 FISCAL YEAR

ISSUANCE CEILING: 1 000 000 000 MAD

NOMINAL VALUE: 100 000 MAD

#### Financial Advisor and Global Coordinator

**BMCE CAPITAL**   
CONSEIL

#### Bookrunner

**BMCE BANK OF AFRICA**   
البنك المغربي للتجارة الخارجية إفريقيا

#### **APPROVAL OF THE AUTORITE MAROCAINE DU MARCHE DES CAPITAUX (AMMC)**

In compliance with the provisions of article 18 of Dahir n° 1-95-3 of 24 Chaabane 1415 (26 January 1995) enacting law N° 35-94 pursuant to certain negotiable securities as amended and completed. The original of this prospectus has been submitted for assessment by the Autorité Marocaine du Marché des Capitaux (AMMC), which has approved it on January 4<sup>th</sup>, 2019 under reference VI/EM/001/2019.

The visa of the AMMC implies neither approval of the opportunity offered by this operation nor the authentication of the information contained therein. Approval has been given after examination of the pertinence and coherence of the information provided in view of the operation proposed to investors.

## Disclaimer

The Autorité Marocaine du Marché des Capitaux (AMMC) approved on January 4<sup>th</sup>, 2019 a prospectus relating to the issue of commercial papers by Douja Promotion Groupe Addoha relating to the 2017 fiscal year.

The prospectus approved by the AMMC is available at any time at the headquarters of Douja Promotion Groupe Addoha and at the financial advisor. It is also available within a maximum deadline of 48 hours from the order collection entities.

It is also available on the AMMC website [www.ammc.ma](http://www.ammc.ma)

## **Part I.           PROGRAM OVERVIEW**

## I. Objectives of the program

Douja Promotion Groupe Addoha aims to the issue of a commercial paper program in order to:

- Optimize the cost of short term financing by total or partial substitution of the existing bank loans and overdrafts by commercial papers;
- Diversify the sources of financing to allow better negotiations with financial partners;
- Consolidate the image of the group among institutional investors through a spreading visibility in the capital market.

## II. Characteristics of the commercial paper

**Table 1 Information on the securities to be issued**

<b>Nature of securities</b>	Dematerialized Commercial Paper registered at the Central Custodian (Maroclear) and registered in the books of entitled affiliates.
<b>Legal form</b>	Bearer commercial paper
<b>Issuance ceiling</b>	MAD 1 000 000 000
<b>Maximum number of the securities to be issued as part of the transaction</b>	10 000 securities
<b>Nominal value</b>	MAD 100 000
<b>Maturity</b>	10 days to 12 months.
<b>Date of entitlement</b>	Upon payment.
<b>Interest rate</b>	Determined at each issue according to market conditions.
<b>Interest</b>	Accrued interest.
<b>Coupon payment</b>	<i>At maturity.</i> i.e. upon due date of each paper.
<b>Reimbursement of principal</b>	<i>At maturity.</i> i.e. upon due date of each paper.
<b>Assimilation clause</b>	The issued Commercial Papers are in no way assimilated to any previous issued securities.
<b>Trading</b>	Freely tradable on the secondary market. Commercial Papers are negotiable by mutual agreement. Negotiability is ensured by BMCE Bank.
<b>Guarantee</b>	The issue does not benefit of any guarantee.

## III. Financial intermediaries

The financial intermediaries taking part in the present commercial paper program are as follows:

**Table 2 Financial intermediaries**

Placement agent and financial intermediaries	Name	Address
Advisor and Coordinator	BMCE Capital Conseil	63, Boulevard My Youssef, Casablanca
Investment agent	BMCE Bank of Africa	140, Boulevard Hassan II, Casablanca
Securities accounts manager	BMCE Bank of Africa	140, Boulevard Hassan II, Casablanca
Central depository	Maroclear	Route 1077 par route d'El Jadida, 18 Cité Laia – 20200 Casablanca

## **Part II. OVERVIEW OF THE ISSUER**

## I. General information

Table 3 General information

<b>Corporate Name</b>	Corporate Name: « Douja Promotion Groupe Addoha S.A. ». It is also known under the commercial name of « Groupe Addoha »-
<b>Registered office</b>	Km 7, Route de Rabat, Ain Sebâa, Casablanca
<b>Phone</b>	+212 5 22 67 99 00
<b>Fax</b>	+212 5 22 35 17 63
<b>Website</b>	<a href="http://www.groupeaddoha.com">www.groupeaddoha.com</a>
<b>Email</b>	<a href="mailto:douja.promotion@addoha.ma">douja.promotion@addoha.ma</a>
<b>Legal form</b>	Public Limited Company with a Board of Directors
<b>Date of incorporation</b>	April 18 <sup>th</sup> 1988
<b>Life span</b>	99 years except in case of early dissolution or extension as stipulated by the corporate articles of association or by the law
<b>Registered Capital (June 30<sup>th</sup>, 2018)</b>	MAD 3,225,571,180 divided into 322,557,118 shares of MAD 10 each all of the same category and fully paid up.
<b>Financial year</b>	From January 1 <sup>st</sup> to December 31 <sup>st</sup> .
<b>Number of registration in Trade Register</b>	52 045 – Casablanca
<b>Competent Court in the event of litigation</b>	Commercial Court of Casablanca.
<b>Place for consulting legal documents</b>	The corporate, accounting and legal documents to be communicated by way of the law and the Articles of association to the shareholders and third parties can be consulted at the headquarters of Douja Promotion Groupe Addoha. Km 7. Route de Rabat. Ain Sebâa. Casablanca.
<b>Purpose</b>	<p>According to article 5 of the by-laws. the direct purpose of the company either on its own behalf or on behalf of a third party in Morocco or in any other country:</p> <ul style="list-style-type: none"> <li>▪ All real estate operations as spelled out by Royal Decree n° 1.85.100 of 17 August 1985 with regard to enactments of law n°15-85 instituting support for real estate investment. in particular;</li> <li>▪ Acquisition of built up or non-built up land as well as any other property located in Morocco;</li> <li>▪ Operation and development of the said land through the division of lots. Site preparation. Fitting out, equipment and edification of the said building(s) for residential, commercial, professional, industrial or other uses;</li> <li>▪ Transformation of building property. sale in co-ownership per lot or unit;</li> <li>▪ Establishment of deeds testifying to any changes occurring with regard to any real estate property;</li> <li>▪ Setting up and management of syndicates for all buildings in compliance with the co-ownership rules related thereto including exercise of the management function;</li> </ul> <p>And generally, all real estate or moveable property operations directly or indirectly attached to the purpose of the company.</p>

Source: Douja Promotion Groupe Addoha

## II. Capital and shareholding structure

The below Table provides the historical background of the shareholders of Douja Promotion Groupe Addoha in the period from 2015 to mid-2018:

**Table 4 Shareholding history**

Shareholders	31/12/2015-2016		31/12/2017		30/06/2018	
	Number of shares	% of the capital and voting rights	Number of shares	% of the capital and voting rights	Number of shares	% of the capital and voting rights
<b>Sefrioui Family</b>	<b>181 909 687</b>	<b>56,4%</b>	<b>182 441 793</b>	<b>56,6%</b>	<b>182 441 793</b>	<b>56,6%</b>
<i>M. Anas Sefrioui</i>	<i>181 882 673</i>	<i>56,4%</i>	<i>182 420 353</i>	<i>56,6%</i>	<i>182 420 353</i>	<i>56,6%</i>
<i>M<sup>me</sup> Mounia Benzekri</i>	<i>5 360</i>	<i>0,0%</i>	<i>5 360</i>	<i>0,0%</i>	<i>5 360</i>	<i>0,0%</i>
<i>M<sup>lle</sup> Alia Sefrioui</i>	<i>5 360</i>	<i>0,0%</i>	<i>5 360</i>	<i>0,0%</i>	<i>5 360</i>	<i>0,0%</i>
<i>M<sup>lle</sup> Kenza Sefrioui</i>	<i>5 360</i>	<i>0,0%</i>	<i>5 360</i>	<i>0,0%</i>	<i>5 360</i>	<i>0,0%</i>
<i>M. Malik Sefrioui</i>	<i>5 360</i>	<i>0,0%</i>	<i>5 360</i>	<i>0,0%</i>	<i>5 360</i>	<i>0,0%</i>
<i>O.I.P.</i>	<i>5 574</i>	<i>0,0%</i>	<i>-</i>	<i>0,0%</i>	<i>-</i>	<i>0,0%</i>
<b>El Ayoubi Noraddine</b>	<b>100 000</b>	<b>0,0%</b>	<b>-</b>	<b>0,0%</b>	<b>-</b>	<b>0,0%</b>
<b>Other shareholders</b>	<b>140 547 431</b>	<b>43,6%</b>	<b>140 115 325</b>	<b>43,4%</b>	<b>140 115 325</b>	<b>43,4%</b>
<b>Total</b>	<b>322 557 118</b>	<b>100,0%</b>	<b>322 557 118</b>	<b>100,0%</b>	<b>322 557 118</b>	<b>100,0%</b>

The shareholding structure of Douja Promotion Groupe Addoha was modified between December 31<sup>st</sup> 2015 and June 30<sup>th</sup> 2018 and is composed mainly of the Sefrioui family's 56.6% stake.

## III. Board of Directors

On 30/06/2018, the Board of Directors of Douja Promotion Groupe Addoha is composed as follows:

**Table 5 The Board of Management of Douja Promotion Groupe Addoha**

Members of the Board of Management	Current position	Date of appointment and renewal	Expiration of the mandate	Family relationship with the CEO
<b>M<sup>r</sup> Anas Sefrioui</b>	CEO	2017	OGM called to approve the financial statements for 2022	Himself
<b>M<sup>rs</sup> Kenza Sefrioui</b>	Deputy-CEO	2017	OGM called to approve the financial statements for 2022	Daughter
<b>M<sup>r</sup> Philippe Faure</b>	Independent Board member	2013	OGM called to approve the financial statements for 2018	None
<b>M<sup>r</sup> Jean-René Fourtou</b>	Independent Board member	2013	OGM called to approve the financial statements for 2018	None
<b>M<sup>r</sup> Azzedine Kettani</b>	Independent Board member	2015	OGM called to approve the financial statements for 2020	None
<b>M<sup>r</sup> Mohamed El Mernissi</b>	Independent Board member	2015	OGM called to approve the financial statements for 2020	None

Source : Douja Promotion Groupe Addoha

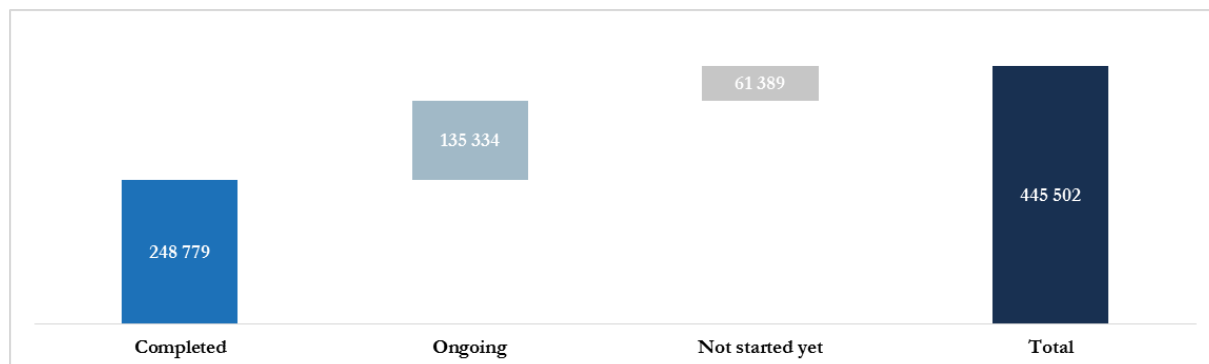
#### IV. Business of Douja Promotion Groupe Addoha

The activity of Douja Promotion Groupe Addoha consists of the carrying out of social and high-end housing programs. The principal activity of the group is social housing.

Since 2006, the Company has highly reinforced its high-end business materialized by the acquisition of lands dedicated to high-end programs and the creation of subsidiaries with notorious national and foreign partners in order to carry out real estate and tourist programs.

At the end of 2017, housing programs developed by the group, including the activity of its subsidiaries in the social, intermediate and high-end segments is as follows:

**Figure 1** Cumulative projects production in all segments combined as of the end of 2017 (in units)



Source: Douja Promotion Groupe Addoha

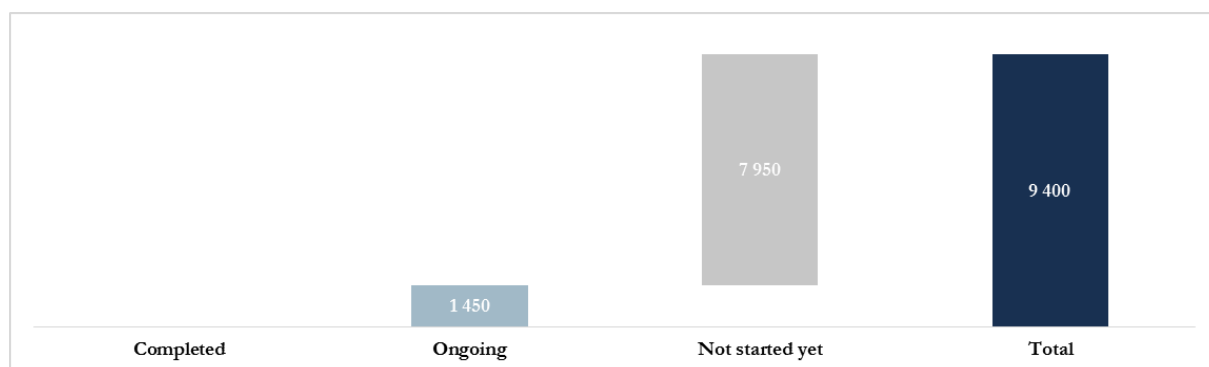
On December 31<sup>st</sup>, 2017, the programs completed, in process of completion and not yet initiated by Addoha group, all segments combined, amount to 445 502 units divided as follows:

- Housing units completed: 248,779;
- Housing units in process of completion: 135,334;
- Housing units not yet initiated: 61,389.



Moreover, housing programs developed by the group, including the activity of its subsidiaries in the social, intermediate and high-end segments in the sub-Saharan region is as follows:

**Figure 2** Cumulative projects production in all segments combined over the period as of end of 2017 in sub-Saharan Africa (in units)



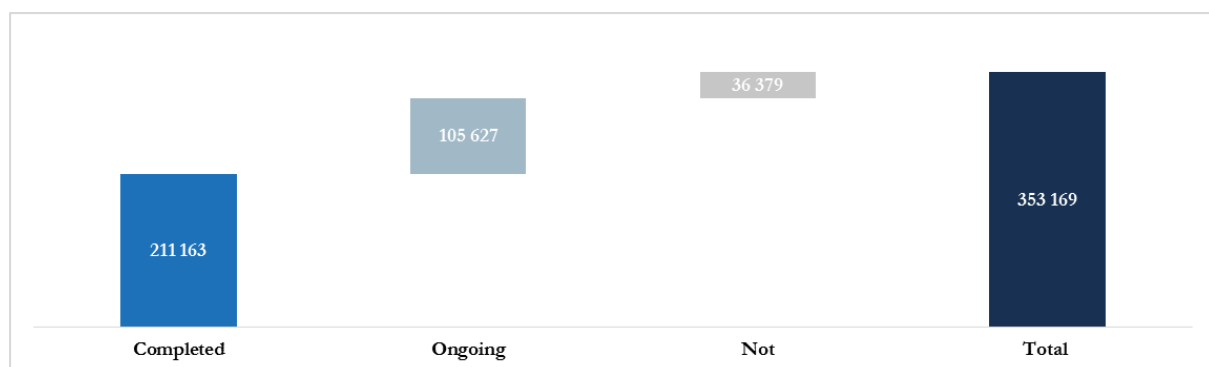
Source: Douja Promotion Groupe Addoha

On December 31<sup>st</sup>, 2017, the programs completed, in process of completion and not yet initiated by Addoha group, all segments combined, in sub-Saharan Africa amounts to 9,400 units divided as follows:

- Housing units in process of completion: 1,450 ;
- Housing units not yet initiated: 7,950.

The graph below shows the projects completed by Douja Promotion Groupe Addoha and its subsidiaries for the social segment as well as the programs which have not been launched yet and the pending programs as of December 31<sup>st</sup>, 2017:

**Figure 3** Cumulative projects production in the social segment on December 31<sup>st</sup>, 2017 (in units)



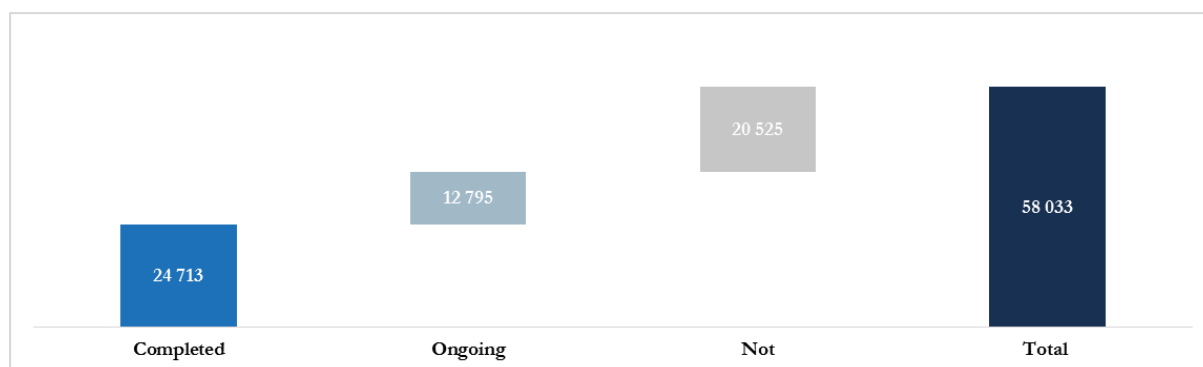
Source: Douja Promotion Groupe Addoha

In the social segment, the group has completed 211,163 units and is in the process of completing real estate programs amounting to 105,627 units.

Other projects not yet initiated are expected to bring this number to 36,379 units in the coming years.

The achievements of Douja Promotion Groupe Addoha and its subsidiaries in the intermediate segment as well as the programs which have not been launched yet and the pending programs are schematized in the following graph:

**Figure 4** Cumulative projects production for the intermediate segment on 31/12/2017 (in units)

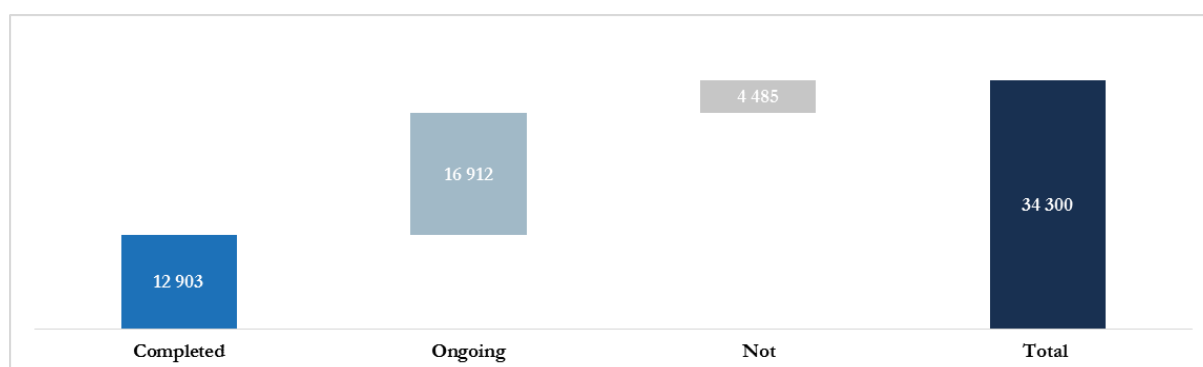


Source: Douja Promotion Groupe Addoha

As shown by the graph above, on December 31<sup>st</sup>, 2017, the completed units in the intermediate segment come to 24,713 housing units. Other programs are in the process of completion and amounts to 12,795 units. Furthermore, intermediate real estate projects are slated for launch to the tune of 20,525 units.

The graph below presents the accomplishments, the programs that have not been initiated yet and projects in the process of completion of Douja Promotion Groupe Addoha and its subsidiaries in the high-end segment.

**Figure 5** Cumulative accomplishments in the high-end segment on 31/12/2017 (in units)



Source: Douja Promotion Groupe Addoha

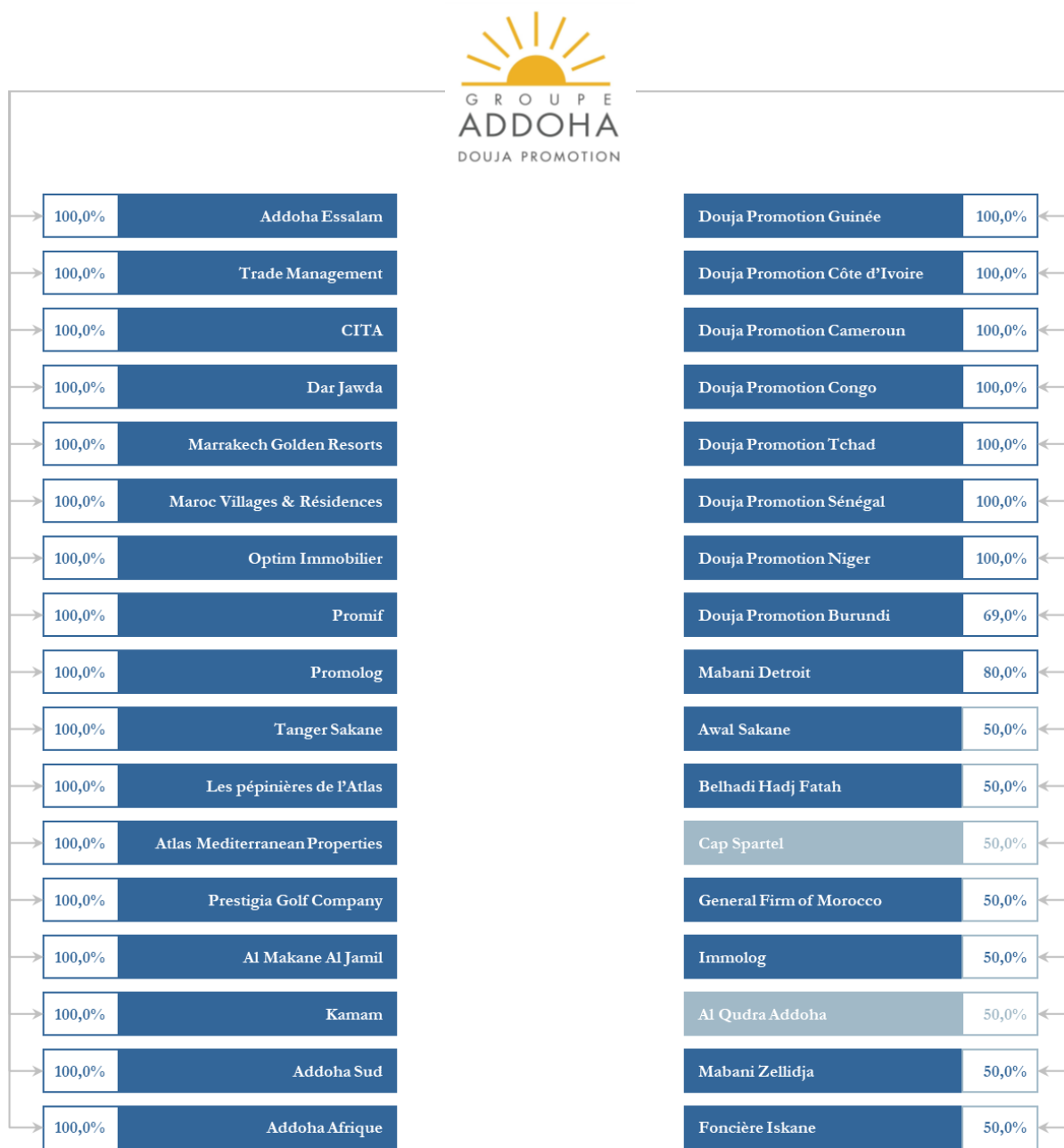
On December 31<sup>st</sup>, 2017, the Addoha Group completed and delivered 12,903 units in the high-end segment.

At the end of December 2017, the high-end segment programs in the process of completion amounted to 16,912 units. The programs not yet initiated amount to 4,485 units.

**V. Legal flowchart**

On December 31<sup>st</sup>, 2017, the legal flowchart of Addoha Group is presented as follows:

**Figure 6 Legal flowchart of Douja Promotion Groupe Addoha on December 31<sup>st</sup> 2017**



Source : Douja Promotion Groupe Addoha

## **Part III. FINANCIAL DATA**

## I. The scope of consolidation

### I.1. The scope of consolidation on December 31<sup>st</sup>, 2017

Company	Percentage of control	Percentage of interests	Consolidation method
Douja Promotion Groupe Addoha	-	-	Consolidating company
Immolog	50%	50%	Full consolidation
Promolog	100%	100%	Full consolidation
Promif	100%	100%	Full consolidation
Dar Jawda	100%	100%	Full consolidation
Addoha Essalam	100%	100%	Full consolidation
Tanger Sakane	100%	100%	Full consolidation
Mabani Zellidja	50%	50%	Full consolidation
Al Qudra Addoha	50%	50%	Equity method
Mabani Detroit	80%	80%	Full consolidation
General Firm Of Morocco	50%	50%	Full consolidation
Trade Management	100%	100%	Full consolidation
Marrakech Golden Resorts	100%	100%	Full consolidation
Beladi Hadj Fatah	50%	50%	Full consolidation
Optim Immobilier	100%	100%	Full consolidation
Cap Spartel	50%	50%	Equity method
CITA	100%	100%	Full consolidation
Maroc Villages & Residences	100%	100%	Full consolidation
Awal Sakane	50%	50%	Full consolidation
Les Pépinières de l'Atlas	100%	100%	Full consolidation
Atlas Mediterranean	100%	100%	Full consolidation
Douja Promotion Groupe Addoha Guinée	100%	100%	Full consolidation
Foncière Iskane	50%	50%	Full consolidation
Douja Promotion Groupe Addoha Côte d'Ivoire	100%	100%	Full consolidation
Prestigia Golf Company	100%	100%	Full consolidation
Al Makane Al Jamil	100%	100%	Full consolidation
Kamam	100%	100%	Full consolidation
Douja Promotion Groupe Addoha Cameroun	100%	100%	Full consolidation
Douja Promotion Groupe Addoha Sénégal	100%	100%	Full consolidation
Douja Promotion Groupe Addoha Congo	100%	100%	Full consolidation
Douja Promotion Groupe Addoha Tchad	100%	100%	Full consolidation
Addoha Sud	100%	100%	Full consolidation
Addoha Afrique	100%	100%	Full consolidation

## II. The scope of consolidation

### II.1. The scope of consolidation on December 31<sup>st</sup>, 2016

Company	Percentage of control	Percentage of interests	Consolidation method
Douja Promotion Groupe Addoha	-	-	Consolidating company
Immolog	50%	50%	Full consolidation
Promolog	100%	100%	Full consolidation
Promif	100%	100%	Full consolidation
Dar Jawda	100%	100%	Full consolidation
Addoha Essalam	100%	100%	Full consolidation
Tanger Sakane	100%	100%	Full consolidation
Mabani Zellidja	50%	50%	Equity method
Al Qudra Addoha	50%	50%	Equity method
Mabani Detroit	80%	80%	Full consolidation
General Firm Of Morocco	50%	50%	Equity method
Trade Management	100%	100%	Full consolidation
Marrakech Golden Resorts	100%	100%	Full consolidation
Beladi Hadj Fatah	50%	50%	Full consolidation
Optim Immobilier	100%	100%	Full consolidation
Cap Spartel	50%	50%	Equity method
CITA	100%	100%	Full consolidation
Maroc Villages & Residences	100%	100%	Full consolidation
Awal Sakane	50%	50%	Full consolidation
Les Pépinières de l'Atlas	100%	100%	Full consolidation
Atlas Mediterranean	100%	100%	Full consolidation
Douja Promotion Groupe Addoha Guinée	100%	100%	Full consolidation
Foncière Iskane	50%	50%	Full consolidation
Douja Promotion Groupe Addoha Côte d'Ivoire	100%	100%	Full consolidation
Prestigia Golf Company	100%	100%	Full consolidation
Al Makane Al Jamil	100%	100%	Full consolidation
Kamam	100%	100%	Full consolidation
Douja Promotion Groupe Addoha Cameroun	100%	100%	Full consolidation
Douja Promotion Groupe Addoha Sénégal	100%	100%	Full consolidation
Douja Promotion Groupe Addoha Congo	100%	100%	Full consolidation
Douja Promotion Groupe Addoha Tchad	100%	100%	Full consolidation
Addoha Sud	100%	100%	Full consolidation
Addoha Afrique	100%	100%	Full consolidation

II.2. The scope of consolidation on December 31<sup>st</sup>, 2015

Company	Percentage of control	Percentage of interests	Consolidation method
Douja Promotion Groupe Addoha	-	-	Consolidating company
Immolog	50,00%	50,00%	Full consolidation
Promolog	100,00%	100,00%	Full consolidation
Promif	99,90%	99,90%	Full consolidation
Dar Jawda	99,90%	99,90%	Full consolidation
Addoha Essalam	99,90%	99,90%	Full consolidation
Tanger Sakane	99,90%	99,90%	Full consolidation
Mabani Zellidja	50,00%	50,00%	Equity method
Al Qudra Addoha	50,00%	50,00%	Equity method
Mabani Detroit	80,00%	80,00%	Full consolidation
General Firm Of Morocco	50,00%	50,00%	Equity method
Trade Management	99,90%	99,90%	Full consolidation
Marrakech Golden Resorts	99,90%	99,90%	Full consolidation
Beladi Hadj Fatah	50,00%	50,00%	Full consolidation
Optim Immobilier	99,60%	99,60%	Full consolidation
Cap Spartel	50,00%	50,00%	Equity method
Cita	100,00%	100,00%	Full consolidation
Maroc Villages & Residences	99,87%	99,87%	Full consolidation
Awal Sakane	50,00%	50,00%	Full consolidation
Les Pépinières de l'Atlas	100,00%	100,00%	Full consolidation
Atlas Mediterranean	100,00%	100,00%	Full consolidation
Douja Promotion Groupe Addoha Guinée	100,00%	100,00%	Full consolidation
Foncière Iskane	50,00%	50,00%	Full consolidation
Douja Promotion Côte d'Ivoire	100,00%	100,00%	Full consolidation
Prestigia Golf Company	100,00%	100,00%	Full consolidation
Al Makane Al Jamil	100,00%	100,00%	Full consolidation
Kamam	100,00%	100,00%	Full consolidation
Douja Promotion Cameroun	100,00%	100,00%	Full consolidation
Douja Promotion Groupe Addoha Sénégal	100,00%	100,00%	Full consolidation
Douja Promotion Congo	100,00%	100,00%	Full consolidation
Douja Promotion Tchad	100,00%	100,00%	Full consolidation
Addoha Sud	100,00%	100,00%	Full consolidation

**III. Consolidated income statement****III.1. Consolidated income statement 2015-2017**

In KMAD	2015	2016	Var. 15/16	2016 pro- forma	2017	Var. 16 pro forma/17
Turnover	7 105 332	7 116 230	0,15%	7 431 748	5 916 504	-20,4%
Other operating revenues	-1 496 879	-1 647 063	-10,0%	-1 749 923	-816 453	53,3%
<b>Operating revenues</b>	<b>5 608 453</b>	<b>5 469 168</b>	<b>-2,5%</b>	<b>5 681 825</b>	<b>5 100 051</b>	<b>-10,2%</b>
Cost of goods sold	-3 840 551	-3 395 928	11,6%	-3 645 659	-3 555 245	2,5%
Payroll expenses	-258 966	-264 980	-2,3%	-273 265	-241 221	11,7%
Tax	-16 541	-11 965	27,7%	-17 626	-29 562	-67,7%
Depreciation and amortization	-49 161	-46 038	6,4%	-47 690	-44 556	6,6%
Other operating incomes and expenses	-224 036	-281 805	-25,8%	-289 363	-220 636	23,8%
<b>Operating expenses</b>	<b>-4 389 255</b>	<b>-4 000 716</b>	<b>8,9%</b>	<b>-4 273 602</b>	<b>-4 091 220</b>	<b>4,3%</b>
<b>Current operating income</b>	<b>1 219 199</b>	<b>1 468 452</b>	<b>20,4%</b>	<b>1 408 223</b>	<b>1 008 831</b>	<b>-28,4%</b>
Transfer of shares	-16 461	0	100,0%	0	864	n.a
Other non-current operating incomes and expenses	54258	121 056	123,1%	178 800	122 523	-31,5%
<b>Other operating incomes and expenses</b>	<b>37 797</b>	<b>121 056</b>	<b>220,3%</b>	<b>178 800</b>	<b>123 387</b>	<b>-31,0%</b>
<b>Operating income</b>	<b>1 256 996</b>	<b>1 589 508</b>	<b>26,5%</b>	<b>1 587 022</b>	<b>1 132 217</b>	<b>-28,7%</b>
Net borrowing cost	-584 810	-453 850	22,4%	-460 566	-415 913	9,7%
Other financial income	468 680	372 721	-20,5%	373 918	337 633	-9,7%
Other financial expense	52 264	-5 082	-109,7%	-4 805	145 720	3132,7%
<b>Financial income</b>	<b>-63 866</b>	<b>-86 211</b>	<b>-35,0%</b>	<b>-91 453</b>	<b>67 440</b>	<b>173,7%</b>
<b>Pre-tax income from consolidated companies</b>	<b>1 193 130</b>	<b>1 503 296</b>	<b>26,0%</b>	<b>1 495 570</b>	<b>1 199 657</b>	<b>-19,8%</b>
Corporate tax	-240173	-341 002	-42,0%	-360 866	-227 651	36,9%
Deferred tax	35 088	-19 086	-154,4%	-9 038	-92 096	-919,0%
<b>Net income from consolidated companies</b>	<b>988 045</b>	<b>1 143 208</b>	<b>15,7%</b>	<b>1 125 666</b>	<b>879 911</b>	<b>-21,8%</b>
Income from associates (equity method)	47 070	-21 484	-145,6%	-24 775	-13 650	44,9%
<b>Net income from ongoing operations</b>	<b>1 035 115</b>	<b>1 121 724</b>	<b>8,4%</b>	<b>1 100 891</b>	<b>866 261</b>	<b>-21,3%</b>
Net income from discontinued operations	-	-	n.a	-	-	n.a
<b>Income of the consolidated group</b>	<b>1 035 115</b>	<b>1 121 724</b>	<b>8,4%</b>	<b>1 100 891</b>	<b>866 261</b>	<b>-21,3%</b>
Minority interests	-182 518	-112 560	n.a	-91 726	-102 352	-11,6%
<b>Net income – Group share</b>	<b>852 596</b>	<b>1 009 164</b>	<b>18,4%</b>	<b>1 009 164</b>	<b>763 909</b>	<b>-24,3%</b>
<i>Net margin (NI-GS/TO)</i>	<i>12,0%</i>	<i>14,2%</i>	<i>2,2 pts</i>	<i>13,6%</i>	<i>12,9%</i>	<i>-0,7 pts</i>
Basic earnings per share (in MAD)	2,67	3,16	18,4%	3,16	2,39	-24,4%
Diluted earnings per share (in MAD)	2,67	3,16	18,4%	3,16	2,39	-24,4%



III.2. Consolidated income statement on June 30<sup>th</sup> 2018

In KMAD	30/06/2017	30/06/2018	Var. S1-17/S1-18
Turnover	3 023 908	2 562 465	-15,3%
Other operating revenues	-468 436	-620 857	-32,5%
<b>Operating revenues</b>	<b>2 555 472</b>	<b>1 941 609</b>	<b>-24,0%</b>
Cost of goods sold	-1 664 212	-1 254 210	24,6%
Payroll expenses	-123 462	-118 772	3,8%
Tax	-7 406	-14 976	-102,2%
Depreciation and amortization	66 534	15 636	-76,5%
Other operating incomes and expenses	-116 055	-103 673	10,7%
<b>Operating expenses</b>	<b>-1 844 602</b>	<b>-1 475 995</b>	<b>20,0%</b>
<b>Current operating income</b>	<b>710 870</b>	<b>465 614</b>	<b>-34,5%</b>
Other non-current incomes and expenses	178 636	28 263	-84,2%
<b>Other operating incomes and expenses</b>	<b>178 636</b>	<b>28 263</b>	<b>-84,2%</b>
<b>Operating income</b>	<b>889 507</b>	<b>493 877</b>	<b>-44,5%</b>
Net borrowing cost	-204 008	-219 215	-7,5%
Other financial income	202 232	216 143	6,9%
Other financial expense	-13 645	58 513	528,8%
<b>Financial income</b>	<b>-15 421</b>	<b>55 441</b>	<b>459,5%</b>
<b>Pre-tax income from consolidated companies</b>	<b>874 086</b>	<b>549 317</b>	<b>-37,2%</b>
Corporate tax	-151 770	-87 438	42,4%
Differed tax	-67 654	-41 919	38,0%
<b>Net income from consolidated companies</b>	<b>654 661</b>	<b>419 960</b>	<b>-35,9%</b>
Income from associates (equity method)	-6 509	-4 651	28,5%
<b>Net income from ongoing operations</b>	<b>648 153</b>	<b>415 309</b>	<b>-35,9%</b>
Net income from discontinued operations	-	-	n.a
<b>Income of the consolidated group</b>	<b>648 153</b>	<b>415 309</b>	<b>-35,9%</b>
Minority interests	-87 263	-41 404	52,6%
<b>Net income – Group share</b>	<b>560 890</b>	<b>373 905</b>	<b>-33,3%</b>

## IV. Consolidated balance sheet

### IV.1. Consolidated income statement 2015-2017

Assets– In KMAD	2015	2016	Var. 15/16	2016 pro-forma	2017	Var. 16 pro- forma/17
Goodwill	-	-	n.a.	542	542	0,0%
Intangible fixed assets	4 437	3 400	-23,4%	3 467	2 493	-28,1%
Tangible fixed assets	236 892	705 278	>100,0%	709 315	722 750	1,9%
Investment property	-	173 514	n.a.	173 514	522 453	>100,0%
Investments in equity	564 111	479 852	-14,9%	180 129	166 479	-7,6%
Other financial assets	6 493	6 206	-4,4%	25 994	25 517	-1,8%
Deferred taxes' assets	305 954	246 818	-19,3%	310 414	388 668	25,2%
Other non-current assets	157	0	-99,9%	0,1	6	>100,0%
<b>Total non-current assets</b>	<b>1 118 044</b>	<b>1 615 067</b>	<b>44,5%</b>	<b>1 403 374</b>	<b>1 828 909</b>	<b>n.a</b>
Inventories	17 283 093	15 277 213	-11,6%	16 702 653	16 008 035	-4,2%
Receivables	7 245 350	7 156 256	-1,2%	7 445 285	7 086 832	-4,8%
Other current receivables	3 008 580	2 575 415	-14,4%	3 602 123	4 430 328	23,0%
Other financial assets	-	-	n.a.	-	0	n.a
Cash and cash equivalents	331 429	836 866	>100,0%	896 208	862 692	-3,7%
<b>Total current assets</b>	<b>27 868 452</b>	<b>25 845 750</b>	<b>-7,3%</b>	<b>28 646 270</b>	<b>28 387 886</b>	<b>-0,9%</b>
<b>Total Assets</b>	<b>28 986 496</b>	<b>27 460 817</b>	<b>-5,3%</b>	<b>30 049 643</b>	<b>30 216 795</b>	<b>0,6%</b>

Liabilities - In KMAD	2015	2016	Var. 15/16	2016 pro-forma	2017	Var. 16 pro- forma/17
Capital	3 225 571	3 225 571	-	3 225 571	3 225 571	0,0%
Issue and merger premiums	3 034 812	3 034 812	-	3 034 812	3 034 812	0,0%
Consolidated reserves	4 192 971	4 266 082	1,7%	4 266 082	4 485 238	5,1%
Net income – Group share	852 596	1 009 164	18,4%	1 009 164	763 909	-24,3%
Currency translation adjustment	-	1 896	n.a.	1 896	1 954	3,1%
<b>Shareholders' equity – group share</b>	<b>11 305 950</b>	<b>11 537 525</b>	<b>2,0%</b>	<b>11 537 525</b>	<b>11 511 484</b>	<b>-0,2%</b>
Minority reserves	495 203	625 043	26,2%	1 093 936	1 113 537	1,8%
Minority income	182 518	112 560	-38,3%	91 996	102 352	11,3%
<b>Shareholders' equity – minority share</b>	<b>677 721</b>	<b>737 603</b>	<b>8,8%</b>	<b>1 185 932</b>	<b>1 215 888</b>	<b>2,5%</b>
<b>Shareholders' equity of the group</b>	<b>11 983 671</b>	<b>12 275 128</b>	<b>2,4%</b>	<b>12 723 457</b>	<b>12 727 372</b>	<b>0,0%</b>
Non-current financial debts	4 878 345	4 828 680	-1,0%	4 868 566	4 392 602	-9,8%
Non-current provisions	-	93	n.a.	93	213	>100%
Other non-current liabilities	-	12	n.a.	233	26 511	>100%
Deferred tax liability	218 616	181 177	-17,1%	182 711	369 568	>100%
<b>Total of non-current liabilities</b>	<b>5 096 961</b>	<b>5 009 963</b>	<b>-1,7%</b>	<b>5 051 604</b>	<b>4 788 895</b>	<b>-5,2%</b>
Current provisions	134 613	172 550	28,2%	377 446	191 735	-49,2%
Current financial debts	2 954 110	2 181 882	-26,1%	2 185 697	2 636 700	20,6%
Trade payables	3 592 181	3 220 862	-10,3%	3 771 267	4 208 789	11,6%
Other current liabilities	5 224 960	4 600 432	-12,0%	5 940 172	5 663 304	-4,7%
<b>Total current liabilities</b>	<b>11 905 864</b>	<b>10 175 726</b>	<b>-14,5%</b>	<b>12 274 582</b>	<b>12 700 528</b>	<b>3,5%</b>
<b>Total Liabilities</b>	<b>28 986 496</b>	<b>27 460 817</b>	<b>-5,3%</b>	<b>30 049 643</b>	<b>30 216 795</b>	<b>0,6%</b>

Source : Douja Promotion Groupe Addoha

IV.2. Consolidated balance sheet on June 30<sup>th</sup> 2018

Assets – In KMAD	31/12/2017	30/06/2018	Var 12/17 -06/2018
Goodwill	542	542	-
Nil value assets	-	-	n.a
Intangible fixed assets	2 493	1 045	-58,1%
Tangible fixed assets	722 751	709 393	-1,8%
Investment property	522 453	516 760	-1,1%
Investments in equity	166 479	161 827	-2,8%
Other financial assets	25 517	25 536	0,1%
Deferred taxes' assets	388 668	408 555	5,1%
Other non-current assets	6	189	>100,0%
<b>Total non-current assets</b>	<b>1 828 909</b>	<b>1 823 847</b>	<b>-0,3%</b>
Inventories	16 008 035	15 836 395	-1,1%
Receivables	7 086 832	7 252 920	2,3%
Other current receivables	4 430 328	4 335 591	-2,1%
Other financial assets	-	-	n.a
Cash and cash equivalents	862 692	667 214	-22,7%
<b>Total current assets</b>	<b>28 387 886</b>	<b>28 092 120</b>	<b>-1,0%</b>
<b>Total Assets</b>	<b>30 216 795</b>	<b>29 915 967</b>	<b>-1,0%</b>

Liabilities – In KMAD	31/12/2017	30/06/2018	Var 12/17-06/18
Capital	3 225 571	3 225 571	-
Issue and merger premiums	3 034 812	3 034 812	-
Consolidated reserves	4 485 238	4 832 434	7,7%
Consolidated net incomes	763 909	373 905	-51,1%
Currency translation adjustment	1 954	773	-60,4%
<b>Shareholders' equity – group share</b>	<b>11 511 484</b>	<b>11 467 495</b>	<b>-0,4%</b>
Minority reserves	1 113 537	1 168 952	5,0%
Minority income	102 352	41 404	-59,5%
<b>Shareholder's equity – minority share</b>	<b>1 215 888</b>	<b>1 210 356</b>	<b>-0,5%</b>
<b>Shareholder's equity of the group</b>	<b>12 727 372</b>	<b>12 677 851</b>	<b>-0,4%</b>
Non current liabilities	4 392 603	4 793 777	9,1%
Non-current provisions	213	223	4,7%
Other non-current liabilities	26 511	26 511	-
Deferred tax liability	369 568	404 067	9,3%
<b>Total non-current liabilities</b>	<b>4 788 895</b>	<b>5 224 579</b>	<b>9,1%</b>
Current provisions	191 735	214 357	11,8%
Current financial debts	2 636 700	2 004 087	-24,0%
Trade payable	4 208 789	3 902 511	-7,3%
Other current liabilities	5 663 304	5 892 582	4,0%
<b>Total current liabilities</b>	<b>12 700 528</b>	<b>12 013 537</b>	<b>-5,4%</b>
<b>Total Liabilities</b>	<b>30 216 795</b>	<b>29 915 967</b>	<b>-1,0%</b>

## V. Parent company income statement

### V.1. Parent company income statement 2015-2017

In KMAD	2015	2016	Var. 15/16	2017	Var.16/17
Sales of goods	-	-	n.a	-	n.a
Sales of goods and services produced	-	-	n.a	3 389 878	n.a
<b>Revenues</b>	<b>3 731 736</b>	<b>4 576 576</b>	<b>22,6%</b>	<b>3 389 878</b>	<b>-25,9%</b>
. Change in goods inventories	-778 824	-1 276 178	-63,9%	-902 940	29,2%
. Fixed assets produced by the company for itself	-	-	n.a	134 465	n.a
. Operating write-backs, expense transfers	72 085	105 973	47,0%	102 180	-3,6%
<b>Operating income</b>	<b>3 024 998</b>	<b>3 406 371</b>	<b>12,6%</b>	<b>2 723 583</b>	<b>-20,0%</b>
. Resold purchases of goods	-	115	n.a	-	n.a
. Cost of goods and services sold	2 025 514	2 140 828	5,7%	1 777 516	-17,0%
. Other external expenses	179 452	158 122	-11,9%	130 045	-17,8%
. Taxes and duties	10 017	8 398	-16,2%	14 170	68,7%
. Payroll expenses	225 168	230 148	2,2%	199 009	-13,5%
. Other operating expenses	2 000	2 000	0,0%	2 000	0,0%
. Operating depreciation and amortization	21 471	32 261	50,3%	83 344	158,3%
<b>Operating income</b>	<b>561 376</b>	<b>834 499</b>	<b>48,7%</b>	<b>517 499</b>	<b>-38,0%</b>
. Income from equity securities and other long-term securities	616 075	187 754	-69,5%	266 543	42,0%
. Currency exchange gain	200	148	-26,2%	592	300,7%
. Interest and other financial income	238 275	158 085	-33,7%	115 076	-27,2%
. Financial write-backs and expense transfers	233 404	268 127	14,9%	154 788	-42,3%
<b>Financial income</b>	<b>1 087 954</b>	<b>614 114</b>	<b>-43,6%</b>	<b>536 999</b>	<b>-12,6%</b>
. Interest expenses	414 383	330 038	-20,4%	296 176	-10,3%
. Currency exchange losses	94	339	259,5%	255	-24,8%
. Other financial expenses	-	-	n.a	-	n.a
. Financial depreciation and amortization	300 241	70 160	-76,6%	50 567	-27,9%
<b>Financial expenses</b>	<b>714 718</b>	<b>400 537</b>	<b>-44,0%</b>	<b>346 998</b>	<b>-13,4%</b>
<b>Financial income</b>	<b>373 236</b>	<b>213 576</b>	<b>-42,8%</b>	<b>190 001</b>	<b>-11,0%</b>
<b>Earnings before taxes excluding extr. items</b>	<b>934 611</b>	<b>1 048 075</b>	<b>12,1%</b>	<b>707 500</b>	<b>-32,5%</b>
Extraordinary income	136 729	29 188	-78,7%	23 154	-20,7%
Extraordinary expense	44 777	7 138	-84,1%	7 722	8,2%
<b>Extraordinary income</b>	<b>91 951</b>	<b>22 050</b>	<b>-76,0%</b>	<b>15 431</b>	<b>-30,0%</b>
<b>Earnings before taxes</b>	<b>1 026 563</b>	<b>1 070 125</b>	<b>4,2%</b>	<b>722 932</b>	<b>-32,4%</b>
Corporate tax	112 752	170 798	51,5%	134 771	-21,1%
<b>Net income</b>	<b>913 811</b>	<b>899 328</b>	<b>-1,6%</b>	<b>588 161</b>	<b>-34,6%</b>

V.2. Parent company income statement on June 30<sup>th</sup> 2018

In KMAD	30/06/2017	30/06/2018	Var. 17/18
Sales of goods	-	-	n.a
Sales of goods and services produced	1 497 998	1 376 590	-8,1%
<b>Revenues</b>	<b>1 497 998</b>	<b>1 376 590</b>	<b>-8,1%</b>
. Change in goods inventories	-445 052	-390 842	12,2%
. Fixed assets produced by the company for itself	134 465		-100,0%
Other operating income			n.a
. Operating write-backs, expense transfers	57 463	51 790	-9,9%
<b>Operating income</b>	<b>1 244 874</b>	<b>1 037 539</b>	<b>-16,7%</b>
. Resold purchases of goods	-	-	n.a
. Cost of goods and services sold	788 137	601 374	-23,7%
. Other external expenses	63 615	58 434	-8,1%
. Taxes and duties	3 483	9 768	180,4%
. Payroll expenses	102 850	96 607	-6,1%
. Other operating expenses	1 000	1 000	0,0%
. Operating depreciation and amortization	22 850	12 223	-46,5%
<b>Operating income</b>	<b>262 939</b>	<b>258 133</b>	<b>-1,8%</b>
. Income from equity securities and other long-term securities	239 064	44 500	-81,4%
. Currency exchange gain	31	11	-64,4%
. Interest and other financial income	86 871	54 587	-37,2%
. Financial write-backs and expense transfers	136 394	97 165	-28,8%
<b>Financial income</b>	<b>462 360</b>	<b>196 263</b>	<b>-57,6%</b>
. Interest expenses	146 267	160 066	9,4%
. Currency exchange losses	95	152	60,0%
. Other financial expenses	-	-	n.a
. Financial depreciation and amortization	95 331	39 021	-59,1%
<b>Financial expenses</b>	<b>241 693</b>	<b>199 239</b>	<b>-17,6%</b>
<b>Financial income</b>	<b>220 667</b>	<b>-2 976</b>	<b>-101,3%</b>
<b>Earnings before taxes excluding extr. items</b>	<b>483 606</b>	<b>255 157</b>	<b>-47,2%</b>
Extraordinary income	10 048	15 145	50,7%
Extraordinary expense	1 195	3 127	161,7%
<b>Extraordinary income</b>	<b>8 853</b>	<b>12 017</b>	<b>35,7%</b>
<b>Earnings before taxes</b>	<b>492 459</b>	<b>267 174</b>	<b>-45,7%</b>
Corporate tax	64 561	50 841	-21,3%
<b>Net income</b>	<b>427 898</b>	<b>216 333</b>	<b>-49,4%</b>

**VI. Parent company balance sheet****VI.1. Parent company balance sheet 2015-2017**

In KMAD	2015	2016	Var. 15/16	2017	Var.16/17
<b>Non current assets</b>	<b>1 271 652</b>	<b>1 778 129</b>	<b>39,8%</b>	<b>1 856 774</b>	<b>4,4%</b>
Nil value fixed assets	13 221	12 144	-8,1%	6 633	-45,4%
Intangible fixed assets	3 262	2 414	-26,0%	1 700	-29,6%
Tangible fixed assets	99 631	661 884	564,3%	782 265	18,2%
Financial assets	1 155 539	1 101 687	-4,7%	1 066 177	-3,2%
<b>Current assets</b>	<b>21 584 947</b>	<b>19 877 115</b>	<b>-7,9%</b>	<b>20 054 826</b>	<b>0,9%</b>
Inventories	10 117 579	8 652 481	-14,5%	8 069 970	-6,7%
Receivables	11 398 665	11 114 734	-2,5%	11 890 012	7,0%
Conversion adjustment assets	-	-	n.a	-	n.a
Investment property	68 703	109 901	60,0%	94 844	-13,7%
<b>Cash and cash equivalents</b>	<b>108 853</b>	<b>244 898</b>	<b>125,0%</b>	<b>318 187</b>	<b>29,9%</b>
<b>Total Assets</b>	<b>22 965 453</b>	<b>21 900 143</b>	<b>-4,6%</b>	<b>22 229 787</b>	<b>1,5%</b>

En KMAD	2015	2016	Var. 15/16	2017	Var.16/17
<b>Shareholders'equity</b>	<b>11 094 327</b>	<b>11 274 028</b>	<b>1,62%</b>	<b>11 094 587</b>	<b>-1,6%</b>
Share capital	3 225 571	3 225 571	0,00%	3 225 571	0,0%
Share issue, merger and contribution premium	3 603 499	3 603 499	0,00%	3 603 499	0,0%
Legal reserve	322 557	322 557	0,00%	322 557	0,0%
Other reserves	-	-	n.a	-	n.a
Retained earnings	3 028 888	3 223 072	0,064110743	3 354 799	4,1%
Net income	913 811	899 328	-1,58%	588 161	-34,6%
<b>Financing debts</b>	<b>3 467 828</b>	<b>3 551 575</b>	<b>2,41%</b>	<b>3 283 521</b>	<b>-7,5%</b>
Bond borrowings	1 750 000	1 500 000	-14,29%	1 250 000	-16,7%
Other financing debts	1 717 828	2 051 575	19,43%	2 033 521	-0,9%
<b>Provisions for risks and charges</b>	<b>-</b>	<b>-</b>	<b>n.a</b>	<b>-</b>	<b>n.a</b>
<b>Current liabilities</b>	<b>5 585 446</b>	<b>5 102 011</b>	<b>-8,66%</b>	<b>5 394 640</b>	<b>5,7%</b>
Payables	5 519 146	5 029 395	-8,87%	5 261 266	4,6%
Other provisions for risks and charges	66 300	72 616	9,53%	133 374	83,7%
Conversion adjustments liabilities	-	-	n.a	-	n.a
<b>Cash liabilities</b>	<b>2 817 852</b>	<b>1 972 529</b>	<b>-30,00%</b>	<b>2 457 039</b>	<b>24,6%</b>
<b>Total Liabilities</b>	<b>22 965 453</b>	<b>21 900 143</b>	<b>-4,64%</b>	<b>22 229 787</b>	<b>1,5%</b>

VI.2. Parent company balance sheet on June 30<sup>th</sup> 2018

En KMAD	31/12/2017	30/06/2018	Var. 12-17/06-18
<b>Non current assets</b>	<b>1 856 774</b>	<b>1 856 065</b>	<b>0,0%</b>
Nil value fixed assets	6 633	4 634	-30,1%
Intangible fixed assets	1 700	1 372	-19,3%
Tangible fixed assets	782 265	783 882	0,2%
Financial assets	1 066 177	1 066 177	0,0%
<b>Current assets</b>	<b>20 054 826</b>	<b>19 639 346</b>	<b>-2,1%</b>
Inventories	8 069 970	7 973 744	-1,2%
Receivables	11 890 012	11 609 779	-2,4%
Conversion adjustment assets	0	0	n.a.
Investment property	94 844	55 823	-41,1%
<b>Cash and cash equivalents</b>	<b>318 187</b>	<b>387 041</b>	<b>21,6%</b>
<b>Total Assets</b>	<b>22 229 787</b>	<b>21 882 452</b>	<b>-1,6%</b>

En KMAD	31/12/2017	30/06/2018	Var. 12-17/06-18
<b>Shareholders'equity</b>	<b>11 094 587</b>	<b>10 923 852</b>	<b>-1,5%</b>
Share capital	3 225 571	3 225 571	0,0%
Share issue, merger and contribution premium	3 603 499	3 603 499	0,0%
Legal reserve	322 557	322 557	0,0%
Other reserves	0	0	n.a.
Retained earnings	3 354 799	3 555 891	6,0%
Net income	588 161	216 333	-63,2%
<b>Financing debts</b>	<b>3 283 521</b>	<b>3 519 397</b>	<b>7,2%</b>
Bond borrowings	1 250 000	1 250 000	0,0%
Other financing debts	2 033 521	2 269 397	11,6%
<b>Provisions for risks and charges</b>	<b>0</b>	<b>0</b>	<b>n.a.</b>
<b>Current liabilities</b>	<b>5 394 640</b>	<b>5 485 807</b>	<b>1,7%</b>
Payables	5 261 266	5 378 000	2,2%
Other provisions for risks and charges	133 374	107 807	-19,2%
Conversion adjustments liabilities	-	0	n.a.
<b>Cash liabilities</b>	<b>2 457 039</b>	<b>1 953 396</b>	<b>-20,5%</b>
<b>Total Liabilities</b>	<b>22 229 787</b>	<b>21 882 452</b>	<b>-1,6%</b>

## **Part IV. RISK FACTORS**



## I. Risks related to land

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Increase of land prices constitutes a risk over the past few years due to galloping demographics and easier access to credit. However, this risk is mitigated by the determination of the State to create 15 new towns by 2020 constituting additional land offerings in urban areas which will mitigate the sharp increase of land prices.

Increasingly expensive land prices tend to negatively impact profit margins.

To confront this risk, Douja Promotion Groupe Addoha has adopted the measures hereafter:

- Setting up partnerships with public bodies in the framework of which the said bodies agree to marshal land for sale to the Company;
- Decision to extend its field of action through the completion of several programs in Casablanca, Tangier, Agadir, Marrakech, Rabat-Salé, Fez-Tamesna and in several Sub-Saharan African countries (Guinea, Côte d'Ivoire, Cameroon, Congo Brazzaville, Mali, Ghana, Senegal and Niger).
- Diversification of its programs by initiating intermediate segment projects not subject to ceiling prices set by public administration.

To be pointed out is that the public authorities are upholding their determination to widen the urban scope of several cities of Morocco, in particular Casablanca.

However, this risk has been mitigated by the adoption of a new budget of 2010 pursuant to the rise in social dwelling units prices to MAD 250 000, enabling developers to make up for the risk of the rising cost of land. A higher price of sale allows the keeping of the company margins.

## II. Competition risk

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The absence of barriers at the entry level combined with the favorable perspectives that the sector offers, is continuously attracting several operators on the real estate market. The multiplication of both local and international operators could engender a twofold effect:

- Erosion of profit margins resulting from continuously rising competition;
- More expensive land prices in certain areas due to greater demand from real estate developers.

## III. Risks related to the decrease in demand

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An overall drop in national or foreign demand (owing to the international economic situation) is likely to negatively influence the soundness of the sector in general and the business volume in particular.

Nevertheless, to be recalled is that in 2013 the global housing deficit was assessed at 840 000 housing units at an annual production rate of some 166 556 housing units at the national level<sup>1</sup>.

Further, in advance of the startup of large scale real estate projects Douja Promotion Groupe Addoha is carrying out upstream a pertinent market study to allow a commercial success of the project as well as to choose well adapted positioning.

To conclude, one of the key elements of the strategy adopted by Douja Promotion Groupe Addoha consists of placing emphasis in its portfolio on so-called « liquid » products mirroring intermediate dwelling projects within a logic of risk diversification.

## IV. Risks linked to changes in the fiscal regimes

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Notwithstanding the fact that the measures established by the Finance Law of 2010 relating to the construction of social housing are guaranteed until 2020, changes in tax regulations and in particular the reduction in tax benefits to investors and purchasers may have a negative effect on the real estate market and consequently affect the financial situation of the sector.

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<sup>1</sup> Ministry of Housing

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**V. Risks related to contractors and suppliers**

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In order to provide its customers with a quality product, Douja Promotion Groupe Addoha solicits its historical partners to accompany it in the realization of all its projects, partners chosen according to their technical qualifications and references in the building and civil engineering market, the skills required by DPGA among its partners to better meet the specifications of the projects carried out by the various subsidiaries of DPGA, both in terms of quality and turnaround times.

The relationship of trust established between DPGA and its partners allows it to face the risk of non-availability of subcontractors due to competition.

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**VI. Risks relating to the increase in interest rates**

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An important increasing of debtor interests applied to loans contracted by buyers could cause a limitation of housing demand.

This could result in a potential impact on the turnover of Douja Promotion Groupe Addoha and more particularly on the business volume generated by the social housing segment.

To mitigate this risk, it should be noted that Douja Promotion Groupe Addoha systematically signed agreements with its banking partners to allow its future purchasers to benefit from loans at attractive interest rates.

This risk also affects the Company at the level of its debt and interests payment capacity. To cope with this situation, the Group established a rigorous follow-up of its outstanding financial debt which allowed an appropriate anticipation of the payment of its future payments and, therefore, to take the appropriate measures.

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**VII. Risks linked to over-indebtedness**

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The current high debt ratio level of Douja Promotion Groupe Addoha could possibly pose a risk of solvency for the group.

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**VIII. Risks related to access to financing**

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The development of the group Douja Promotion Groupe Addoha necessarily requires external financing sources. The Group is financed through its own funds, credit lines and customer advances.

The difficulties facing the real estate sector and its effects on the activity of DPGA and on its financial position could have a negative effect on the ability of the Company to continue to finance itself in good conditions, in the event that these difficulties would not be exceeded.

## Warning

The information contained in the present prospectus summary is only a part of the prospectus approved by the Autorité Marocaine du Marché des Capitaux (AMMC) under the reference number VI/EM/001/2019 on January 04<sup>th</sup> 2019.

The AMMC advises reading the full prospectus available in French.