Prospectus dated 30 October 2019

Icade Santé
(incorporated as a *société par actions simplifiée* in France)

€500,000,000 0.875 per cent. Notes due 4 November 2029
Issue price: 99.392 per cent.

The €500,000,000 0.875 per cent. Notes due 4 November 2029 (the "**Notes**") are to be issued by Icade Santé (the "**Issuer**" or "**Icade Santé**") on 4 November 2019 (the "**Issue Date**").

Interest on the Notes will accrue at the rate of 0.875 per cent. *per annum* from, and including, the Issue Date and will be payable in Euro annually in arrear on 4 November in each year, commencing on 4 November 2020, as further described in this prospectus (the "**Prospectus**"). Payments of principal and interest on the Notes will be made without deduction for or on account of taxes of the Republic of France (See "Terms and Conditions of the Notes – Taxation").

Unless previously purchased and cancelled in accordance with the terms and conditions of the Notes, the Notes will be redeemed at their principal amount on 4 November 2029 (the "**Maturity Date**"). The Notes may, and in certain circumstances shall, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (See "Terms and Conditions of the Notes – Redemption and Purchase").

If a Put Event occurs further to a Change of Control, each Noteholder (as defined in "Terms and Conditions of the Notes") will have the option to require the Issuer to redeem or procure the purchase of, all or part of the Notes held by such Noteholder at their principal amount together with interest accrued all as defined and more fully described in "Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the option of Noteholders following a Change of Control".

The Issuer may, at its option (i) from and including 4 August 2029 to but excluding the Maturity Date, redeem the Notes outstanding on any such date, in whole or in part, at their principal amount plus accrued interest, in accordance with the provisions set out in "Terms and Conditions of the Notes – Pre-Maturity Call Option", (ii) redeem the Notes, in whole or in part, at their Optional Redemption Amount (as defined in "Terms and Conditions of the Notes") at any time or from time to time, prior to the first day of the Pre-Maturity Call Period (as defined in "Terms and Conditions of the Notes"), in accordance with the provisions set out in "Terms and Conditions of the Notes – Make Whole Redemption by the Issuer" and (iii) redeem the Notes, in whole but not in part, at their principal amount plus accrued interest, at any time prior to their Maturity Date, if 75 per cent. of the Notes have been redeemed or purchased and cancelled, in accordance with the provisions set out in "Terms and Conditions of the Notes – Clean-Up Call Option".

This Prospectus constitutes a prospectus for the purposes of Article 6 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended or superseded (the "**Prospectus Regulation**"). This Prospectus has been approved by the French *Autorité des marchés financiers* (the "**AMF**") in France in its capacity as competent authority pursuant to the Prospectus Regulation. The AMF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Application has been made to admit the Notes to trading on the regulated market of Euronext Paris ("**Euronext Paris**"). The Notes shall be admitted to trading on Euronext Paris with effect from the Issue Date. Euronext Paris is a regulated market for the purposes of Directive 2014/65/UE of the European Parliament and of the Council on markets in financial instruments, as amended, appearing on the list of regulated markets issued by the European Securities and Markets Authority (each a "**Regulated Market**").

This Prospectus will be valid until the date of admission of the Notes to trading on Euronext Paris expected to be on the Issue Date. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.

The Notes will on the Issue Date be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes – Form, denomination and title" herein) including Euroclear Bank S.A./N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking S.A. ("**Clearstream**").

The Notes will be issued in dematerialised bearer form in the denomination of €100,000 each. The Notes will at all times be represented in book entry form (*dématérialisé*) in the books of the Account Holders (as defined in "Terms and Conditions of the Notes – Form, denomination and title" herein) in compliance with Articles L. 211-3 and R. 211-1 of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The long-term debt of the Issuer has been rated BBB+ (stable outlook) by S&P Global Ratings Europe Limited ("**S&P**"). The Notes have been assigned a rating of BBB+ by S&P. S&P is established in the European Union, registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**") and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the Section "*Risk Factors*" in this Prospectus. Unless otherwise stated, references in this Prospectus to the "Group" or to the "Icade Santé Group" are references to the Issuer and its consolidated subsidiaries. Copies of this Prospectus will be published on the websites of the Issuer (https://www.icade.fr/finance/icade-sante) and of the AMF (www.amf-france.org).

Joint Lead Managers

BNP PARIBAS **CRÉDIT AGRICOLE CIB** **HSBC** **NATIXIS** **SOCIETE GENERALE CORPORATE & INVESTMENT BANKING**

This Prospectus constitutes a prospectus for the purposes of Article 6 of the Prospectus Regulation.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer or the Joint Lead Managers (as defined in "Subscription and Sale" below) to subscribe or purchase any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions (including as a result of change in law). Potential investors are advised to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes.

The Notes have been rated BBB+ by S&P Global Ratings Europe Limited ("S&P"). The rating assigned by S&P to the Notes and/or the Issuer may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by S&P at any time. A revision, suspension or withdrawal of a rating may adversely affect the market price of the Notes.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

For a description of further restrictions on offers and sales of Notes and the distribution of this Prospectus, see Section "Subscription and Sale" below.

IMPORTANT - EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2016/97(EU), as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five (5) categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority on 5 February 2018, has led to the conclusion that: (i) the target market for Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently *offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.*

No person is or has been authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by, or on behalf of, the Issuer or the Joint Lead Managers.

Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group, since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Joint Lead Managers have not separately verified the information contained herein. To the fullest extent permitted by law, the Joint Lead Managers accept no responsibility whatsoever for the information contained in this Prospectus or any other information provided by the Issuer or in connection with the Notes or their distribution or for any other statement, made or purported to be made by the Joint Lead Managers or on their behalf in connection with the Issuer or the offering and issue of the Notes. The Joint Lead Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Prospectus or any such information or statement.

Neither this Prospectus nor any other information supplied in connection with the Notes or their distribution is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the Notes or their distribution should purchase any of the Notes. None of the Joint Lead Managers acts as a fiduciary to any investor or potential investor in the Notes. Each investor contemplating subscribing or purchasing Notes should make its own independent investigation of the financial condition and affairs, its own appraisal of the creditworthiness, of the Issuer or the Group and of the terms of the offering, including the merits and risks involved. For further details, see Section "Risk Factors" herein. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should subscribe for or consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer or the Group after the date of this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers.

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RISK FACTORS

The Issuer considers that the risk factors described below are important to make an investment decision in the Notes and/or may alter its ability to fulfil its obligations under the Notes towards investors. The risk factors may relate to the Issuer and the Group. The risk factors that the Issuer considers to be the most important at the date of this Prospectus are mentioned first within each of the risk categories in this Prospectus.

The risks described below are those that the Issuer believes could have a material adverse effect on the Group, its business, financial position, reputation, results or outlook, and that are material to an investment decision. The inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks and uncertainties not currently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations or on an investment in the Notes.

Prior to making an investment decision in the Notes, prospective investors should consider carefully all the information contained in this Prospectus, including the risk factors detailed below. In particular, prospective investors, subscribers and holders of Notes must make their own analysis and assessment of all the risks associated to the Notes and the risks related to the Issuer, its activities and financial position. They should also consult their own financial or legal advisors as to the risks entailed by an investment in the Notes and the suitability of such an investment in light of their particular circumstances.

The Notes should only be purchased by investors who are financial institutions or other professional investors or qualified investors who are able to assess the specific risks implied by an investment in the Notes, or who act on the advice of financial institutions.

Terms defined in "Terms and Conditions of the Notes" below shall have the same meaning where used below.

1. Risks factors relating to the Issuer and the Group

This section presents the principal risks that could, on the date of this Prospectus, impact the business, financial position, reputation, results or the outlook of the Group, as identified primarily in the preparation of the Icade Group's risk mapping (cartographie des risques), which assesses their materiality, that is, the expected magnitude of their negative impact and their probability of occurrence, after taking into account the risk management action plans put in place.

1.1 Risks related to the business sector of the Group

Risk related to trends in the healthcare and seniors housing industries, in particular macro-economic and competitive trends and changes in the demand for related services

The Group invests exclusively in France, in healthcare properties, and has expanded recently its investments to seniors housing properties, exposing it to the specific trends of these industries. Any adverse effects that result from these trends could be more pronounced than if the Group diversified its investments outside of healthcare and seniors housing properties. These trends include, among other things:

- changes in the demand for, and methods of, delivering healthcare and seniors housing services: such changes could affect the revenue of the Group's tenants, which depends on the demand in services these tenants provide, which depends itself on more general trends affecting the healthcare and seniors housing sectors. For instance, the ageing population and medical progress have led to an increasing demand in healthcare and seniors housing services. If those trends were to change or if such demand were to decrease due, for instance, to alternative methods of medical treatment, such as innovative treatments substituting to surgery, or the growing development of home care and ambulatory care, which has led to a decrease in the average length of stay, this could have a material adverse effect on the Group's tenants' revenue and on the adequacy of the Group's assets to the demand;

- economic downturns could adversely affect the Group's tenants' businesses or the businesses located in the Group's tenants' geographic region, which could adversely affect the Group's tenants' ability to pay rent and the value of its healthcare and seniors housing properties;

- the competitive environment in which the Group's tenants operate, facing competition with other private and public hospitals and seniors housing facilities (see paragraph below "*Risks related to consolidation, increased competition and market changes faced by tenants*");

- an increased scrutiny of billing practices by public authorities;

- the risk that the current trend of externalizing property holding in the healthcare and seniors housing sectors does not continue.

In addition, the property portfolio of the Group is exclusively located in France, making the Group more economically vulnerable to specific macro-economic trends in France, such as economic growth and inflation, or the regulatory environment of healthcare and seniors housing in France, than if the Group's assets were diversified across different countries. In particular, decrease in household disposable income, or the perception thereof, in times of economic downturn could lead to a reduction in individuals' healthcare expenditure. This may result in patients postponing certain types of medical treatment and could result in a drop in the volume of the Group's business.

These factors may adversely affect the economic performance of some or all of the Group's tenants and, in turn, the Group's lease revenues, which could have a material adverse effect on the business, results, value of assets, financial position and outlook of the Group.

Risk related to regulation in the healthcare and seniors housing industries, governing in particular the Group's tenants' operations and the tariffs applied by the Group's tenants to their patients

The activities of the Group's tenants in the healthcare and seniors housing industries are highly regulated, whether it concerns the operations themselves or the tariffs applied by the Group's tenants to their patients.

The healthcare and seniors housing sectors are subject to a number of stringent regulations governing in particular medical care, public health, hygiene and safety, privacy, the environment and medical waste. Failure to comply with such regulations by the Group's tenants could result in the imposition of financial or other penalties (including criminal sanctions) on the Group's tenants or the loss of administrative authorizations of these tenants, which could affect their ability to make lease payment to the Group and could in turn have a material adverse effect on the Group's business, results, financial position and outlook.

In particular, the operation of private hospitals in France, as well as upgrades to existing capacity and investment in certain types of equipment (such as MRI machines), require administrative authorization from regional health authorities (*agences régionales de santé*, or "ARS"). These authorizations typically have a term of seven years, after which they must be renewed. For seniors housing facilities (*EHPAD*), authorizations to operate are given by ARS and local authorities (*conseil départemental*) for a term of 15 years. Renewal of authorizations can be refused if a facility fails to meet certain criteria, although the refusal to renew an authorization can be challenged in court. The failure by the Group's tenants to obtain new authorizations or renew existing authorizations or the loss of existing authorizations could reduce their revenue and hinder their ability to pay rents to the Group, which could in turn have a material adverse effect on the Group's business, results, financial position and outlook.

There are also mandatory prices or pricing methodologies set and revised annually by the French authorities for all or substantially all of the medical procedures the Group's tenants perform. The French authorities, which pay for a vast majority of the Group's tenants services through Social Security, have in the past and may well continue to institute policies designed to limit the growth or decrease healthcare expenditure as a means of containing overall budget deficits. In particular, the French authorities implemented direct and indirect healthcare tariff reductions amounting to declines of 1.2% in 2018 (source: French Ministry of Social Affairs and Health). The government may reduce tariffs, fail to increase tariffs in line with expectations or costs, or could make changes to medical guidelines that lower the volume of procedures the Group's tenants can perform and the degree of care the Group's tenants provide, which could have a material adverse effect on the Group's tenants revenue and/or profitability and the Group's lease revenues, which could have in turn a material adverse effect on the Group's business, results, financial position and outlook.

Risk related to trends in the real estate industry, in particular the evolution of interest rates and the illiquidity of real estate investments

Real estate investments are subject to various risks and fluctuations and cycles in value and demand, including in particular:

- an increase in interest rates and financing costs in the medium or long-term, in particular in the current context where interest rates are at historically low levels, could decrease the demand for real estate and, thus, the price of real estate. A decrease in demand for real estate could make it more difficult for the Group to dispose of its healthcare and seniors housing facilities at attractive prices or prevent it from disposing of its facilities at all;

- economic upturns could increase the value of real estate generally or a decrease in interest rates and financing costs could increase demand for real estate and, thus, the price of real estate. Such circumstances could make it more difficult for the Group to acquire new healthcare or seniors housing properties at attractive prices or prevent the Group from purchasing additional facilities at all;

- illiquidity of real estate investments, which could significantly impede the Group's ability to respond to adverse changes in the performance of its healthcare and seniors housing facilities.

If the Group were to experience one or more of the risks described above, this could have a material adverse effect on the business, results, value of assets, financial position and outlook of the Group.

Risk related to reductions in reimbursement from third-party payors (including French Assurance Maladie and private insurance payors)

Sources of revenue for the Group's tenants typically include the French *Assurance Maladie* ("**Social Security**") for the most part, as well as private insurance payors.

Economic difficulties in France in recent years have resulted in the French government seeking to contain expenditures on healthcare. For instance, according to the French Institute of Statistics and Economic Studies ("**INSEE**"), while health care spending increased at a rate of approximately 5% per year in the early 2000s, growth then slowed, to 3.2% in 2008 and to 1.5% in 2018. Although Social Security and related public healthcare programs financed approximately 90% of the spending in the French hospital market in 2018, and such financing has been relatively stable in the past decade (source: *DRESS – Les dépenses de santé en 2017; Les dépenses de santé en 2018*), patients are directly or indirectly responsible for the remainder of that cost (generally covered through private supplementary health insurance, which implies the payment of premiums by patients). The portion of the Group's tenant's services paid for by patients may increase if Social Security reduces reimbursement levels for certain treatments or if private supplementary health insurers reduce coverage or increase premiums. Consequently, individual decisions to reduce out-of-pocket healthcare expenditures, or the risk for patients to pay higher premiums to private supplementary health insurance when an expenditure is not reimbursed by Social Security, may result in reduced demand for non-life saving treatments. This may result in patients postponing certain types of medical treatment and could result in a drop in the volume of the Group's tenant's business. More generally, any reductions in payments or reimbursements from third-party payors could adversely affect the reimbursement rates received by the Group's tenants and therefore affect their revenue, which could have in turn a material adverse effect on the Group's business, results, financial position and outlook.

1.2 Risks related to the Group's operations

Risk related to the failure, inability or unwillingness by tenants to pay rent

The Group generates its revenue from the rents paid by its tenants, which are themselves members of groups operating healthcare facilities (such as Elsan or Ramsay Santé, respectively the first and second operators of the Group's facilities in terms of gross rental income) and seniors housing facilities. For the financial year ended 31 December 2018, no tenant of the Group represented more than 10% of its consolidated gross rental income. Although the Group's credit exposure to its tenants is relatively limited given the broad range of its portfolio of tenants, any failure, inability or unwillingness by a significant number of tenants, to pay rent, due to notably financial difficulties they may encounter, could have a material adverse effect on business, results, value of assets, financial position and outlook of the Group. In addition, as the operators of the Group's facilities (mainly Elsan or Ramsay Santé - see paragraph below "*Risk related to concentration, increased competition and market changes faced by tenants*") generally provide a guarantee to the Group for the payment of rents by each individual tenant of facility which are part of their respective groups, any financial difficulties that such operators may encounter could impede their ability to perform their obligations of guarantors if and when the guarantee is called, which could have a material adverse effect on business, results, value of assets, financial position and outlook of the Group.

Risk related to inadequacy to market and reconversion of facilities

As a long-term investor, the Group is exposed to the risk of obsolescence, significantly increasing the risk of having to adapt or reconvert facilities, at significant costs. Certain facilities may not adequately respond to the needs of tenants due to changes in technologies, habits or tenants' environmental expectations, in which case, the Group may be required to spend substantial amounts to adapt the facilities to such needs. In addition, if the Group, or any of its tenants, terminate the leases for the Group's facilities, or if these tenants lose their regulatory authority to operate these facilities, the Group may not be able to locate suitable replacement tenants to lease the facilities for their specialized uses. Any loss of revenues or additional capital expenditures occurring as a result could have a material adverse effect on the Group's business, financial position, results and outlook.

Risk related to the evolution of rent levels, in particular upon renewal of an existing lease

Rental income of the Group stems from long-term lease commitments which are reviewed annually, based primarily on upward or downward changes in indexes including in particular combinations of the cost-of-construction index (ICC), the commercial rent index (ILC), the consumer prices index (IPC) or an index based on seniors housing tariffs (for seniors housing facilities). Upon expiry of an existing lease (generally after 12 years), the Issuer is subject to the risk of a downward negotiation of the rent by the tenant, depending notably on the tenant's profitability and the possibilities of modernizing and developing its facilities and the risk that the tenant does not renew the lease, which exposes the Group to facilities vacancy and uncertainties (depending in particular on macroeconomic conditions (especially economic activity and employment)) as to the timing of re-letting and the rent level it will be able to negotiate when re-letting the vacating space to a new tenant. The lease expiry schedule of the Group is shown in paragraph II.2.B)b. of the section "*Description of the Issuer*" of this Prospectus.

Any decrease in the Group's rent levels or if the Group were not able to increase its rent levels as anticipated may have a material adverse effect on the Group's business, results, financial position and outlook.

Risk related to concentration, increased competition and market changes faced by tenants

Competition could limit the Group's tenant ability to attract patients and expand their business and could have a material adverse effect on their revenue, which could in turn have a material adverse effect on the Group's business, results, financial position and outlook.

Reforms in the French health sector have led operators to start a major process of consolidation in the healthcare industry (such as the merger between MédiPôle Sud Santé and Médi-Partenaires in 2014, to create MédiPôle Partenaires; the merger between Vedici and Vitalia in 2015, to create Elsan; the acquisition of MédiPôle Partenaires by Elsan in 2017; and the acquisition of Capio by Ramsay Santé in the end of 2018) in order to become more efficient. The seniors housing sector has also experienced a consolidation process, with notably the merger of

Korian and Medica in 2014 and the acquisition of Residalya by Domus Vi in 2019. The Group has developed long-term partnerships with some of these operators, such as for example the framework agreement signed with the Korian group in 2017. For the financial year ended 31 December 2018, Elsan, Ramsay Santé and Capio (which has been acquired by Ramsay Santé in the end of 2018) represented 58.5%, 19.3% and 8.8% of the Group's consolidated gross rental income respectively. Such phenomenon of Group's tenants concentration, could increase pricing pressure or lead to the Group's dependence on these major tenants, which could have a material adverse effect on the Group's business, results, financial position and prospects.

The Group's tenants in the seniors housing industry face competition from a wide range of public and private entities offering different types of care services for the elderly such as home care, long-term care nursing homes, assisted living facilities, physical therapy and rehabilitation clinics. This diversity of the offering enables residents, patients or their families to choose the most appropriate solution based on their situation, which may turn not to be the services offered by the Group's tenants, which could prove less attractive than those offered by their competitors. This could affect occupancy rates in the Group's tenants' facilities as well as their results.

The Group's tenants in the healthcare industry face competition for patients from other hospitals in the regions where they operate. The Group's tenants' competitors in this industry include public hospitals that have the ability to finance capital expenditures with allocations from the French government or with public subsidies, which may not be available to the Group's tenants' hospitals. Private-for-profit healthcare providers account for about 50% of the surgical procedures in France, 25% of the overall hospital stays and about 25% of the nursing homes beds. The French government has taken measures to increase the competitiveness of public hospitals in response to the need to limit public spending on health care, including measures to increase the numbers of patients public hospitals can accommodate. The Group's tenants in the healthcare industry also compete against large private hospital groups that may have greater financial and other resources than the Group's tenants do. Furthermore, the Group's tenants in the healthcare industry face competition from other medical practices and service providers at nearby hospitals and other healthcare facilities, including urgent care and primary care facilities as well as home healthcare companies. If the expansion or maintenance of existing hospitals (whether public or private) outpaces the demand for care in the regions in which the Group's tenants operate, these regions may become saturated. An oversupply of hospitals could result in decreased volumes, reduced operating margins and lower profitability.

Risk related to acquisitions of real estate, external growth being one of the pillars of the Group's development strategy

For the financial years ended 31 December 2018 and 31 December 2017, the Group's gross rental income increased respectively by €26.1 million and €7.5 million, of which respectively €14.3 million and €5.6 million has been generated through the acquisition of existing facilities, which is one of the pillars of the Group's development strategy. In April 2019, the Group acquired 12 medium and long-term care assets from an OPCI managed by Swiss Life and in July 2018, the Group acquired 14 nursing homes from Residalya. The Group intends to continue to rely on external growth through acquisitions to support its future development and the growth of its revenue and results. Icade, the Group's majority shareholder, published an objective to proceed with investments for an amount of approximately €1 billion over the 2019 – 2022 period for the French activities of its healthcare property division (corresponding to the perimeter of the Group's activities)[1].

The Group may be subject to risks in connection with the acquisition of real estate, including:

- exposure to any undisclosed or unknown potential liabilities relating to the acquired facilities or entities;

- underperformance of the acquired facilities due to various factors, including unfavorable terms and conditions of the existing lease agreements relating to the facilities, disruption caused by the management of the Group's tenants or changes in economic conditions;

[1] See 2018 full year results presentation of Icade SA dated 18 February 2019, page 20.

- the Group may not be able to proceed with the acquisitions of facilities scheduled in its investment program;
- the Group may have no previous business experience with the tenants at the facilities acquired, and may face difficulties in working with them;
- diversion of the Group's management's attention away from other business concerns;
- potential underinsured losses on the acquired facilities.

In general, the expected benefits of future or completed acquisitions may not materialize within the expected timeframe and at the expected levels, which could have a material adverse effect on the business, financial position, value of assets, results and outlook of the Group.

Risk related to health and safety hazards and compliance with environmental laws

As a general rule, the Group's tenants are responsible for maintenance works in the Group's facilities they use, for making the appropriate improvements to the building in order to comply with the health and safety standards applicable to their operations and would be held responsible in case of breach of environmental laws due to their operations (for instance, a Group's tenant would be responsible for depolluting soil in case of contamination due to its operations). However, as a property owner, the Group has to ensure that the building materials used for the construction of its facilities comply with environmental and health regulations (for instance regulations relating to hazardous materials), in particular in a context where the properties it owns receive sick or injured people, for healthcare facilities, or dependent elderly persons, for seniors housing.

Failure to comply with these regulations, or the need to comply with significant new regulations that may be introduced in these domains could lead to higher capital expenditures, the closing of a facility or delay in the development of the Group's activities, or fines, which could have a material adverse effect on the Group's business, financial position, results and outlook. Furthermore, any failure by any of the Group's tenants to comply with health and safety standards, in particular in respect of the treatment of sick or injured people, for healthcare facilities, or dependent elderly persons, for seniors housing, may, even if no liability would directly be attributable to the Group, be subject to media coverage, which could affect the Group's reputation and image.

In addition, each of the Group's facility is potentially exposed to damages caused by construction defects or natural disasters such as fires, floods, hurricanes and earthquakes (or other climatic events), which could result in the destruction of all or part of the Group's facilities, personal injury or death of occupants of the facilities. The various costs and constraints related to repairs, or the potential legal proceedings brought against the Group by potential victims for damages, could have a material adverse effect on the Group's business, financial position, results and outlook.

Risk related to ethics and compliance

The Group is required to make significant legal and financial commitments as part of its property development activities (acquiring land, launching projects) and its property investment activities (acquisitions, in particular when such acquisitions are made from individuals, launching new property developments for its own account, disposals).

As part of the Icade Group's ethics policy, the Group puts business ethics at the heart of its long-term growth strategy and applies the main principles of the Code of Ethics applicable to all Icade Group employees.

Particular attention is paid to the fight against money laundering and financing of terrorism when entering into real estate transactions (property development and investments or disposals) as well as lease agreements.

However, in the normal course of business, the Group may face risks related to failure to comply with ethical and compliance standards or breaches of anti-money laundering regulations. The Group cannot guarantee that its employees, suppliers, subcontractors or other business partners will comply with the strict requirements to which it is subject or with the regulations in force. If the Group were unable to enforce its compliance policies and procedures, it could be subject to civil and criminal penalties, including large fines. The occurrence of such events could have a material adverse effect on its reputation, business, financial position, results and outlook.

1.3 Other risks related to the Issuer

Risk related to the relationships with Icade, in relation to the services and financing agreements entered into between the Issuer and Icade

The Issuer's operations and strategy are subject to the influence of Icade, its majority shareholder holding 56.84% of its share capital and voting rights, which is able to exercise significant influence over decisions submitted for the approval of shareholders at ordinary and extraordinary general meetings, including those concerning the election of the President (currently Icade) and the Issuer's strategy, as well as those relating to mergers, changes to the Issuer's share capital and by-laws and certain other major transactions, which could affect the Noteholder's rights under the Notes.

In addition, the Issuer relies on Icade and its subsidiaries (together, the "**Icade Group**") for several necessary support functions, in particular for legal and IT services and has entered into services agreements with Icade, entrusting asset management, property management and back-offices functions and services to Icade (see paragraph X. "*Material contracts*" of section "*Description of the Issuer*" of this Prospectus). In particular, the Icade Group has made available to the Issuer some of its managers and employees to perform their functions for the Issuer's Group. In addition, the Issuer also partly relies on services and assistance from other Icade companies; for instance, the Group has entered into several agreements with Icade Promotion, the property development division of the Icade Group, under which Icade Promotion is in charge of property development or of the project management of various construction works on the Icade Santé's properties ; the fees paid by the Issuer to Icade for the services described above amounted to €13.3 million for the year ended 31 December 2018 (see paragraph X. "*Material contracts*" of section "*Description of the Issuer*" of this Prospectus and notes 10.2.1.1, 10.2.1.2 and 10.2.5 of the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus). Furthermore, for the purposes of financing the development of its portfolio, the Issuer has also entered into several intragroup loan agreements and a cash advance agreement with Icade.

The dependency of the Issuer on the Icade Group resulting from these agreements give rise to a number of risks, including the following:

- the expiration or termination of one or more of these agreements could disrupt the Issuer's operations or generate potential disruptions related to difficulties in obtaining substitute services, if it is not able to perform these functions internally, or could require it to incur costs for replacement (potentially more expensive) service providers or to create these services internally;

- the renegotiation of financial terms when these agreements expire could prove unfavorable to the Issuer's Group;

- the services provided by the Icade Group are performed by its own employees, who do not work exclusively for the Issuer's Group.

The occurrence of any of these risks could have a material adverse effect on the Group's business, financial position, results and outlook.

Market risks (indebtedness, liquidity, interest rates)

As part of its strategy, the Group relies largely on debt to finance its growth. As at 30 June 2019, the gross financial liabilities of the Group amounted to €1,755.7 million, of which €1,506.7 million corresponds to corporate loans granted by banks and €571.1 million are granted by Icade. The Group's ability to meet its obligations, pay interest on its borrowings, or to refinance or repay its borrowings according to the agreed terms and conditions, will depend on its future operating performance and could be affected by numerous factors (economic conditions, debt market conditions, regulatory changes etc.), some of which are beyond its control. The Group also makes significant investments as part of its strategy, which amounted to €33.4 million as at 30 June 2019 and €311.4 million as at 31

December 2018, which are financed through cash generated from the Group's operations or its available credit lines. In the event of insufficient liquidity to service its debt or finance its investments, the Group could be required to reduce or postpone acquisitions, investments or renovations of assets, dispose of its assets, refinance its debt or seek additional financing, which could have a material adverse effect on its business or financial position.

In addition, the documentation of the above-mentioned corporate loans contains financial covenants the Group must comply with, in particular a LTV (Loan-To-Value) ratio and an ICR (Interest Coverage Ratio), as further described in notes 5.2.2.1 of the financial statements of the Issuer for the six-month period ended 30 June 2019 and 6.2.2.1 of the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus. All these covenants were complied with as of 30 June 2019 and 31 December 2018, 2017 and 2016. The requirement to comply with these covenants could affect the Group's ability to carry out its operations and limit its ability to react to market conditions or to seize business opportunities that may arise. In addition, in the event of non-compliance with any such covenants that is not remedied or waived, the lenders may exercise their security interests over the Group's assets (see note 11.1.1 of the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus for a description of these security interests), terminate their commitment and/or require that all outstanding amounts become immediately due. The occurrence of any such events could have a material adverse effect on the Group's business, financial position, results and outlook.

The Group's significant debt also exposes it to risks due to interest rate variations, which may result in the interest charges paid by the Issuer on its variable-rate borrowings rising significantly. Excluding debt associated with equity interests and bank overdrafts, variable rate debt represented nearly 63% of the Group's total debt as of 30 June 2019 (56%, 49% and 41% respectively as of 31 December 2018, 2017 and 2016), with a hedging ratio of 69% (84%, 78% and 75% respectively as of 31 December 2018, 2017 and 2016). Most of the debt (69% as of 30 June 2019 and 84%, 78% and 75% respectively as of 31 December 2018, 2017 and 2016) was protected against an increase in interest rates (fixed rate debt or variable rate debt hedged by interest rate swaps). As of 30 June 2019, the hedged debt was 88%, including hedges starting in 2019. A detailed analysis of the notional amounts of hedging instruments is shown in the notes to the Group's interim condensed consolidated financial statements for the six-month period ended 30 June 2019 and in the notes to the Group's consolidated financial statements for the years ended 31 December 2018, 2017 and 2016, as set out in sections "*Financial statements of the Issuer for the six-month period ended 30 June 2019*" and "*Audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016*" of this Prospectus, respectively.

Risk related to the SIIC tax regime and to taxation

Since more than 95% of the share capital of the Issuer is held by a SIIC (*Sociétés d'Investissement Immobilier Cotée*) and OPCIs (*Organismes de Placement Collectif Immobilier*), the Issuer and its eligible subsidiaries have opted for the SIIC (*Sociétés d'Investissement Immobilier Cotées*) tax regime provided for in Article 208 C of the French General Tax Code and, as a result, is exempt from corporate income tax on its profits derived from the leasing or sub-leasing of certain real properties, on certain capital gains and on dividends received from its subsidiaries that are also subject to the SIIC regime.

The benefits of the SIIC regime are subject to compliance with certain obligations and conditions, including (i) the obligation to distribute a significant portion of the Issuer's profits (95% of profits from rental income, 70% of capital gains, and 100% of dividends from subsidiaries subject to the SIIC regime (up to the amount of the SIIC income and distributable profits)) and (ii) the condition that no shareholder or group of shareholders, whether individually or acting in concert, may hold 60% or more of the share capital or voting rights of the Issuer.

In the event of a failure to comply with the obligations and conditions imposed by the SIIC regime, the Issuer could lose its benefits under the regime, which would result in the relevant entities of the Group becoming subject to corporate income tax under standard conditions for the relevant fiscal years. In addition, such entities would be required to add back into their taxable income, for the fiscal year in which they exit the regime, the share of distributable profits existing as of the close of the fiscal year in which they exit the regime and arising from amounts previously exempted. Moreover, they would be required to pay certain specific additional taxes in the event of an exit from the SIIC regime within 10 years of opting into the regime.

Substantial modifications to the SIIC tax regime applicable to the Issuer in France, or the loss of the benefits of that regime and more generally any changes in tax legislation could have a material adverse effect on the Issuer's business, financial position, results and outlook.

2. Risk management and control

The Issuer relies on the risk management and control procedures implemented at the level of the Icade Group for managing the risks it is subject to and described in paragraph 1. "*Risks factors relating to the Issuer and the Group*" above. Risk management allows executives to identify events which might have an impact on the Icade Group's staff, assets, environment, objectives or reputation and thus maintain these risks at an acceptable level, in particular through an internal control framework.

This framework is intended to ensure: compliance with laws and regulations; compliance with the directions and guidelines defined by the management of the Icade Group; the proper functioning of the Icade Group's (including the Issuer's) internal processes; the reliability of financial information. Generally speaking, it contributes to the management of its activities, the effectiveness of its operations, and the efficient use of its resources.

The risk management framework covers all of the Icade Group's business activities (including the Issuer's activities) and is implemented under the responsibility of the members of the Executive Committee of Icade in charge of the different business divisions (Office Property Investment, Healthcare Property Investment, and Property Development) and support functions (Finance, Human Resources and Communication departments). In addition, the Audit, Risk, Compliance and Internal Control Department (DARCCI) of Icade ensures the implementation and monitoring of the framework, under the authority of the Chief executive officer of Icade.

3. Risks factors relating to the Notes

3.1 Risks for the Noteholders as creditors of the Issuer

3.1.1 Credit Risk

As contemplated in Condition 2 of the Terms and Conditions of the Notes, the obligations of the Issuer in respect of the Notes and any interest payable under the Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer. Noteholders are exposed to the credit risk of the Issuer. Credit risk refers to the risk that the Issuer may be unable to meet its financial obligations under the Notes. If the creditworthiness of the Issuer deteriorates and notwithstanding Condition 8 of the Terms and Conditions of the Notes which enable the investors to request through the Representative of the *Masse* the redemption of the Notes, it may not be able to fulfil all or part of its payment obligations under the Notes, which could materially and negatively impact the Noteholders and investors may lose all or part of their investment.

3.1.2 French insolvency law

Under French insolvency law holders of debt securities issued by a French company (as the Issuer) are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests in case of the opening in France of an accelerated preservation (*procédure de sauvegarde accélérée*) or an accelerated financial preservation (*procédure de sauvegarde financière accélérée*) or a preservation (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer regardless of their governing law and will not be convened in accordance with Condition 9. The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), the proposed accelerated safeguard plan (*projet de plan de sauvegarde accélérée*), accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may notably agree to:

– increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;

– establish an unequal treatment between holders of debt securities (including the Noteholders) if the differences in situation so justify; and/or

– decide to convert debt securities into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the amount of debt securities held by the holders who voted during such Assembly; notwithstanding any clause to the contrary and the law governing the issuance agreement). No quorum is required for the Assembly to be validly held.

Stipulations relating to the representation of holders of the Notes provided in Condition 9 will not be applicable if they depart from any imperative provisions of French insolvency law that may be applicable.

The procedures, as described above or as they may be amended, could have an adverse impact on holders of the Notes seeking repayment in the event that the Issuer or its subsidiaries were to be subject to French insolvency proceedings.

The insolvency procedure in France is regulated by the provisions of the French *Code de commerce* as amended by ordinance n°2014-326 dated 12 March 2014 and these provisions govern the common rights, interests and representation of the Noteholders in this context. As a result, Noteholders should be aware that they will generally have limited ability to influence the outcome of an accelerated preservation (*procédure de sauvegarde accélérée*), an accelerated financial preservation (*procédure de sauvegarde financière accélérée*), a preservation (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer in France, especially given the current capital structure of the Issuer.

It should be noted that a new European directive entitled "Directive (EU) 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132" has been adopted by the European Union on 20 June 2019. Once transposed into French law (which is scheduled to happen by 17 July 2021 at the latest), such directive should have a material impact on French insolvency law, especially with regard to the process of adoption of restructuring plans under insolvency proceedings. According to this directive, "affected parties" (i.e., creditors, including the Noteholders) shall be treated in separate classes which reflect certain class formation criteria for the purpose of adopting a restructuring plan. Classes shall be formed in such a way that each class comprises claims or interests with rights that are sufficiently similar to justify considering the members of the class a homogenous group with commonality of interest. As a minimum, secured and unsecured claims shall be treated in separate classes for the purpose of adopting a restructuring plan. A restructuring plan shall be deemed to be adopted by affected parties, provided that a majority in the amount of their claims or interests is obtained in each and every class (the required majorities shall be laid down by Member States at not higher than 75% in the amount of claims or interests in each class, it being noted that Member States may require that in addition a majority in number of affected parties be obtained in each class). If the restructuring plan is not approved by each and every class of affected parties, the plan may however be confirmed by a judicial or administrative authority by applying a cross-class cram-down, provided notably that:

- the plan has been notified to all known creditors likely to be affected by it;
- the plan complies with the best interest of creditors test (i.e., no dissenting creditor would be worse off under the restructuring plan than they would be in the event of liquidation, whether piecemeal or sale as a going concern);
- any new financing is necessary to implement the restructuring plan and does not unfairly prejudice the interest of creditors;
- the plan has been approved by a majority of the voting classes of affected parties, provided that at least one of those classes is a secured creditors class or is senior to the ordinary unsecured creditors class; or, failing that, by at least one of the voting classes of affected parties or where so provided under national law, impaired parties, other than an equity-holders class or any other class which, upon a valuation of the debtor as a going-concern, would not receive any payment or keep any interest, or, where so provided under national law, which could be reasonably presumed not to receive any payment or keep any interest, if the normal ranking of liquidation priorities were applied under national law;
- the plan complies with the relative priority rule (i.e. dissenting voting classes of affected creditors are treated at least as favourably as any other class of the same rank and more favourably than any junior class). By way of derogation, Member States may instead provide that the plan shall comply with the

absolute priority rule (i.e., a dissenting voting class of creditors must be satisfied in full before a more junior class may receive any distribution or keep any interest under the restructuring plan); and

- no class of affected parties can, under the restructuring, plan receive or keep more than the full amount of its claims or interests.

Therefore, when such directive is transposed into French law, it cannot be excluded that the Noteholders will no longer deliberate on the proposed restructuring plan in a separate assembly, meaning that they will no longer benefit from a specific veto power on this plan. Instead, as any other affected parties, the Noteholders will be grouped into one or several classes (with potentially other types of creditors) and their dissenting vote may possibly be overridden by a cross-class cram down.

The commencement of insolvency proceedings against the Issuer would have a material adverse effect on the market value of Notes issued by the Issuer. Any decisions taken by the Assembly or a class of creditor, as the case may be, could materially and negatively impact the Noteholders and cause them to lose all or part of their investment, should they not be able to recover amounts due to them from the Issuer.

3.2 Risks relating to the trading markets of the Notes

3.2.1 Market value of the Notes

The market value of the Notes will be influenced by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, market interest and yield rates and the time remaining to the maturity date.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere (such as, in particular, the possible exit of the United Kingdom from the European Union without an agreement ("No-deal Brexit")), including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The market value of the Notes may also be significantly and adversely affected by a variety of factors that may impact the Issuer, its competitors, macroeconomic conditions or the healthcare property investment sector. These factors may include, among others, market reaction to announcements made by the Groups' competitors or other companies with similar activities, or announcements concerning the healthcare property investment sector, including announcements relating to the financial and operating performance or outlook of those companies. The price at which a holder of Notes will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. For example, any negative change in an applicable credit rating could negatively affect the trading price for the Notes.

3.2.2 The secondary market for the Notes

The Notes constitute the first issue of straight bonds by the Issuer on the market. Application has been made to Euronext Paris for the Notes to be admitted to trading on Euronext Paris. However, an established trading market in the Notes may never develop or if a secondary market does develop, it may be illiquid. Although this Prospectus will be approved by the AMF as the Notes are expected to be admitted to trading on Euronext Paris as from the Issue Date, there is no assurance that such filings will be accepted, that the Notes will be so admitted or that an active market will develop. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected.

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as general economic conditions, the financial condition, the creditworthiness of the Issuer and/or the Group, the outstanding amount of the Notes, any redemption features of the Notes as specified in Condition 5 of the Terms and Conditions of the Notes and the level, direction and volatility of interest rates generally. Such factors also will negatively affect the market value of the Notes.

The yield of the Notes as at the Issue Date is 0.939 per cent. *per annum*. However, investors may not be able to sell their Notes in the secondary market (in which case the market or trading price and liquidity may be adversely affected) or may not be able to sell their Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Hence, the investors may receive a lower yield than anticipated at the time of the issue.

3.2.3 Interest rate risks

The Notes bear interest on their outstanding principal amount from time to time at the rate of 0.875 per cent. *per annum*, payable annually in arrear on 4 November in each year and commencing on 4 November 2020, in accordance with Condition 4. Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value and the yield of the Notes and Noteholders may receive lower return on the Notes than anticipated at the time of the issue.

While the nominal interest rate of a fixed interest rate note is fixed during the life of such a note (as is the case for the Notes) or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such note changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell Notes during the period in which the market interest rate exceeds the fixed rate of the Notes.

3.3 Risks relating to the structure of the Notes

3.3.1 The Notes may be redeemed by the Issuer prior to maturity

In the event that the Issuer would be obliged to pay additional amounts payable in respect of any Notes due to any withholding as provided in Condition 5(b) of the Terms and Conditions of the Notes, the Issuer may, and in certain circumstances shall, redeem all outstanding Notes in accordance with such Condition.

In addition, the Issuer may, at its option (i) from and including 4 August 2029 to but excluding the Maturity Date, redeem the Notes outstanding on any such date, in whole or in part, at their principal amount plus accrued interest, as provided in Condition 5(f) of the Terms and Conditions of the Notes and (ii) redeem, in whole or in part, the then outstanding Notes at any time prior to the first day of the Pre-Maturity Call Period, at the relevant make whole redemption amount, as provided in Condition 5(d) of the Terms and Conditions of the Notes.

Furthermore, if seventy-five (75) per cent. or more in initial aggregate nominal amount of the Notes (including any notes assimilated to the Notes issued pursuant to Condition 12 of the Terms and Conditions of the Notes) have been redeemed or purchased and cancelled, the Issuer will have the option to redeem all of the outstanding Notes at their principal amount plus accrued interest as provided in Condition 5(e) of the Terms and Conditions of the Notes. In particular, there is no obligation for the Issuer to inform investors if and when this percentage has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of this option, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

The Issuer may choose to redeem the Notes in accordance with Conditions 5(d) and 5(f) of the Terms and Conditions of the Notes at times when prevailing interest rates may be relatively low. During a period when the Issuer may elect, or has elected, to redeem Notes, such Notes may feature a market value not substantially above the price at which they can be redeemed. As a consequence, the yields received upon redemption may be lower than expected. Furthermore, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

In addition, a partial redemption of the Notes pursuant to Conditions 5(d) and 5(f) of the Terms and Conditions of the Notes may also adversely affect liquidity for the remaining outstanding Notes depending on the number of Notes in respect of which such partial redemption is exercised.

3.3.2 Modification of the Terms and Conditions of the Notes

Condition 9 of the Terms and Conditions of the Notes contains provisions for calling meetings of Noteholders, to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority and Noteholders who did not respond to, or rejected, the relevant Written Resolution. General Meetings may deliberate on proposals relating to the modification of the Terms and Conditions of the Notes subject to the limitation provided by French law. If a decision is adopted by a majority of

Noteholders and such modifications were to impair or limit the rights of the Noteholders, this may have a negative impact on the market value of the Notes and hence investors may lose part of their investment.

3.3.3 Exercise of put option in respect of certain Notes following a change of control of the Issuer may affect the liquidity of the Notes in respect of which such put option is not exercised

Upon the occurrence of a Put Event further to a Change of Control of the Issuer (as more fully described in Condition 5(c) of the Terms and Conditions of the Notes), each Noteholder will have the right to request the Issuer to redeem or, at the Issuer's option, to procure the purchase of all or part of its Notes at their principal amount together with any accrued interest. In such case, any trading market in respect of those Notes in respect of which such redemption right is not exercised may become illiquid. Therefore, investors in the Notes not having exercised their put option may not be able to sell their Notes on the market and may have to wait until the Maturity Date to obtain redemption of their investments in the Notes, which may have a negative impact on the Noteholders and reduce the profits anticipated by the investors at the time of the issue. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes.

3.3.4 Purchases by the Issuer in the open market or otherwise (including by way of a tender offer) in respect of certain Notes may affect the liquidity of the Notes which have not been so purchased

Depending on the number of Notes purchased by the Issuer as provided in Condition 5(h) of the Terms and Conditions of the Notes, any trading market in respect of the Notes that have not been so purchased may become illiquid. Therefore, investors in the Notes not having exercised their put options may not be able to sell their Notes on the market and may have to wait until the Maturity Date to obtain redemption of their investments in the Notes, which may have a negative impact on the Noteholders and reduce the profits anticipated by the investors at the time of the issue.

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes will be as follows:

The issue of €500,000,000 0.875 per cent. Notes due 4 November 2029 (the **"Notes"**) of Icade Santé (the **"Issuer"**) has been authorised by a resolution of the *Collectivité des associés* of the Issuer dated 17 October 2019 and a decision of Icade, Chairman (*Président*) of the Issuer, dated 28 October 2019. The Issuer has entered into a fiscal agency agreement (the **"Fiscal Agency Agreement"**) dated 30 October 2019 with Société Générale as fiscal agent, principal paying agent and calculation agent. The fiscal agent, principal paying agent, paying agents and calculation agent for the time being are referred to in these Conditions as the **"Fiscal Agent"**, the **"Paying Agent"** and the **"Calculation Agent"**, each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement, and are collectively referred to as the **"Agents"**. References to **"Conditions"** are, unless the context otherwise requires, to the numbered paragraphs below.

In these Conditions, references to "day" or "days" are to calendar days unless the context otherwise specifies.

1 Form, Denomination and Title

The Notes are issued on 4 November 2019 (the **"Issue Date"**) in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R. 211-1 *et seq.* of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in book entry form in the books of Euroclear France (**"Euroclear France"**), which shall credit the accounts of the Account Holders. For the purpose of these Conditions, **"Account Holders"** shall mean any intermediary institution entitled to hold accounts, directly or indirectly, on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. (**"Euroclear"**) and the depositary bank for Clearstream Banking, SA (**"Clearstream, Luxembourg"**).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

2 Status and Negative Pledge

(a) *Status of the Notes*

The obligations of the Issuer under the Notes in respect of principal, interest and other amounts, constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 2(b) (*Negative Pledge*)) unsecured obligations of the Issuer (*engagements chirographaires*), and rank and will at all times rank *pari passu* and without any preference among themselves and equally and rateably with all other present or future unsecured and unsubordinated obligations (subject to exceptions mandatory under French law) of the Issuer.

(b) *Negative Pledge*

So long as any of the Notes remains outstanding (as defined below), the Issuer undertakes that it will not create or permit to subsist any mortgage, lien, charge, pledge or other form of security interest that would constitute a *sûreté réelle* upon any of its respective assets or revenues, present or future, to secure (i) any Bond Indebtedness (as defined below) incurred by it or (ii) any guarantee or indemnity assumed or granted by it in respect of any Bond Indebtedness, unless at the same time or prior thereto, the Issuer's obligations under the Notes are equally and rateably secured therewith.

For the purpose of this Condition:

(i) **"outstanding"** means, in relation to the Notes, all the Notes issued other than: (a) those which have been redeemed on their due date or otherwise in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 4 after such date) have been duly paid to the Fiscal

Agent, (c) those which have been purchased and cancelled as provided in Condition 5 and (d) those in respect of which claims have become prescribed under Condition 11; and

(ii) **"Bond Indebtedness"** means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*) or other debt securities (including *titres de créances négociables*) which are, or are capable of being, quoted, admitted to trading or ordinarily dealt in any stock exchange, over-the counter or other securities market.

3 Restriction on Secured Borrowings

The Issuer agrees that, so long as any of the Notes remains outstanding and except with the prior approval of the General Meeting (as defined under Condition 9.1) of the Noteholders, the Unsecured Revalued Assets Value (as defined below) shall not be less than the Relevant Debt (as defined below) at any time.

"Appraisal Value" means, with respect to any Person, the aggregate market value of all Real Estate Assets owned or held directly or indirectly by such Person (including through financial leases and including the Real Estate Assets used as operating properties) as it is shown in, or derived from, the latest annual or semi-annual consolidated financial statements of the Issuer.

"Financial Indebtedness" means at any time any obligation for the payment or repayment of money, whether present or future, in respect of:

(i) any outstanding principal amount (together with any fixed or minimum premium payable on final repayment) of all moneys borrowed (with or without security);

(ii) any amounts raised by acceptance or under any acceptance credit opened by a bank or other financial institution;

(iii) any lease, sale-and-lease-back, sale-and-repurchase or hire purchase contracts or arrangements which would, in accordance with the accounting principles applicable in the preparation of the latest consolidated financial statements of the Issuer, be treated as financial debt (*emprunts et dettes financières*);

(iv) the outstanding principal amount of any bond (*obligation*), note or other similar security (including *titres de créances négociables*) of any member of the Group;

(v) any outstanding amount of the deferred purchase price of Real Estate Assets (as defined below) where payment (or, if payable in instalments, the final instalment) is due more than one (1) year after the date of purchase of such Real Estate Asset; or

(vi) any amount raised under any other transaction which is treated in accordance with the relevant accounting principles in the latest consolidated balance sheet as financial debt (*emprunts et dettes financières*) (or, in the case of such amounts raised after the date of this Prospectus, would have been so treated had they been raised on or prior to such date);

provided that:

(a) for purposes of computing the outstanding principal amount of any Financial Indebtedness in paragraphs (i) to (vi) above, any interest, dividends, commission, fees or the like shall be excluded save to the extent that they have been capitalised; and

(b) no amount shall be included or excluded more than once in calculating the amount of principal outstanding in respect of any Financial Indebtedness.

"Group" means the Issuer and its Subsidiaries taken as a whole;

"Person" includes any individual, company, corporation, firm, partnership, joint-venture, association, organisation, trust, state or agency of a state (in each case whether or not having separate legal personality);

"Property Valuers" means the or those property valuer(s) of the Issuer referred to in its most recent annual report or, in the event that the Issuer publishes semi-annual financial information including revaluations of its Real Estate Assets, in its most recent semi-annual financial report, or any other recognised property valuer of comparable repute as selected by the Issuer;

"Real Estate Assets" means (i) those assets of any Person being real estate properties (being land and buildings (either completed or under construction) and those assets used or held by any Person under any construction lease agreements (*baux à construction*) or long-term lease agreements (*baux emphythéotiques*) and (ii) equity or equivalent investments (*participations*) directly or indirectly held in any other Real Estate Subsidiary;

"Real Estate Subsidiary" means a Subsidiary which is a *société à prépondérance immobilière* (or its equivalent in any other jurisdiction) or any other Subsidiary (whether listed or not listed) whose more than fifty (50) per cent. of the assets comprise real estate assets.

"Relevant Debt" means at any time the aggregate amount of the Financial Indebtedness of the Issuer as shown in, or derived from, the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer, excluding any Secured Debt;

"Revalued Assets Value" means at any time, with respect to the Issuer, (i) the Appraisal Value (excluding transfer rights (*droits de transferts*), latent taxes (*fiscalité latente*) and legal duties (*frais d'actes*)) provided by the Property Valuers on all relevant Real Estate Assets owned or held directly or indirectly by the Issuer (including through financial leases and including the Real Estate Assets used as operating properties) as shown in the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer and restated from the share not held by the Issuer of assets held by Persons that are proportionally consolidated in such Issuer's consolidated financial statements and (ii) the value of the equity-accounted investments (including advances) held directly or indirectly by the Issuer in any Person as shown in such financial statements;

"Secured Debt" means at any time the aggregate amount of the Financial Indebtedness of the Issuer as shown in, or derived from, the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer, that is secured by or benefits from a Security Interest over any of the Group's assets;

"Security Interest" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest which would constitute a *sûreté réelle* or any other agreement or arrangement having substantially the same economic effect (including, but not limited to, any retention of title, lease or hire purchase arrangement);

"Subsidiary" means each subsidiary, as defined in Article L.233-1 of the French *Code de commerce*, of the Issuer or an entity controlled (within the meaning of Article L.233-3 of the French *Code de commerce*) by the Issuer; and

"Unsecured Revalued Assets Value" means at any time an amount equal to the Revalued Assets Value less the Secured Debt.

4 Interest

The Notes bear interest at the rate of 0.875 per cent. *per annum*, from and including 4 November 2019 (the **"Interest Commencement Date"**) to but excluding 4 November 2029 (the **"Maturity Date"**), payable annually in arrear on 4 November in each year (each an **"Interest Payment Date"**), and for the first time on 4 November 2020. The period commencing on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period commencing on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an **"Interest Period"**.

Notes will cease to bear interest from the date provided for their redemption, unless the Issuer defaults in making due provision for their redemption on said date. In such event, the Notes will continue to bear interest in accordance with this Condition (as well after as before judgment) on the principal amount of such Notes until whichever is the earlier of (i) the day on which all sums due in respect of such Notes up to that day are received by or on behalf of the relevant holder and (ii) the day after the Fiscal Agent has notified the holders of the Notes (the

“Noteholders”) in accordance with Condition 10 of receipt of all sums due in respect of all the Notes up to that day.

Interest will be calculated on an Actual/Actual (ICMA) basis. Where interest is to be calculated in respect of a period of less than one (1) year, it shall be calculated on the basis of the number of days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in such period in which the relevant period falls (including the first but excluding the last day of such period).

5 Redemption and Purchase

The Notes may not be redeemed otherwise than in accordance with this Condition 5 and Condition 8.

(a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer at their principal amount on 4 November 2029.

(b) *Redemption for Taxation Reasons*

(i) If, by reason of a change in French law or regulation, or any change in the official application or interpretation of such law or regulation, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 7 below, the Issuer may on any Interest Payment Date, subject to having given not more than sixty (60) nor less than thirty (30) days’ prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the outstanding Notes at their principal amount plus any interest accrued to the date fixed for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding or deduction for French taxes.

(ii) If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven (7) days’ prior notice to the Noteholders in accordance with Condition 10 redeem all, but not some only, of the Notes then outstanding at their principal amount plus any accrued interest on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without withholding or deduction for French taxes, or, if such date is past, as soon as practicable thereafter.

(c) *Redemption at the option of the Noteholders following a Change of Control*

If at any time while any Note remains outstanding (i) a Change of Control occurs and (ii) within the Change of Control Period, (x) (if at the time of the Change of Control the Issuer and/or the Notes outstanding have a rating from a Rating Agency) a Rating Downgrade occurs or has occurred as a result of such Change of Control or (y) (if at the time of the Change of Control the Issuer and/or the Notes outstanding do not have a rating from a Rating Agency) a Negative Rating Event in respect of that Change of Control occurs (such Change of Control and Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Change of Control Period together called a **“Put Event”**), each Noteholder will have the option (the **“Change of Control Put Option”**) (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 5) to require the Issuer to redeem or, at the Issuer’s option, to procure the purchase of that Note, on the Optional Redemption Date (as defined below). Each Note shall be redeemed or purchased at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to (but excluding) the Optional Redemption Date.

A “**Change of Control**” shall be deemed to have occurred each time that any person or persons acting in concert (the **“Relevant Person”**) (other than Icade and/or any company or other legal entity which are controlled by Icade within the meaning of Article L.233-3 of the French *Code de commerce*) come(s) to own, directly or indirectly, more than 50 per cent of the share capital or voting rights normally exercisable at a general meeting of the Issuer.

"**Change of Control Period**" means the period commencing on the date that is the earlier of (i) the date of the first public announcement of the occurrence of the relevant Change of Control; and (ii) the date of the earliest Potential Change of Control Announcement (if any) and ending on the date which is 180 days after the date of the first public announcement of the occurrence of the relevant Change of Control.

"Negative Rating Event" shall be deemed to have occurred if the Notes have no credit rating and no Rating Agency assigns an investment grade rating to the Notes within the Change of Control Period, provided that the Rating Agency (A) announces or publicly confirms or, (B) having been so requested by the Issuer, informs the Issuer or the Fiscal Agent in writing that its declining to assign such rating was the result, in whole or in part, of the applicable Change of Control (whether or not the Change of Control shall have occurred at the time such rating is declined).

"**Potential Change of Control Announcement**" means any public announcement or public statement by the Issuer or any actual or potential bidder relating to any potential Change of Control, such announcement or statement occurring no more than 120 days prior to the first public announcement of the occurrence of the relevant Change of Control.

"Rating Agency" means any of the following: (a) Standard & Poor's Global Ratings, a division of the McGraw-Hill Companies, Inc.; or (b) any other rating agency of equivalent international standing established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended and requested from time to time by the Issuer to grant a rating and, in each case, their respective successors or affiliates.

A **"Rating Downgrade"** shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period:

(A) the rating previously assigned to the Notes or to the Issuer by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-, or its equivalent for the time being, or better) to a non-investment grade rating (BB+, or its equivalent for the time being, or worse); and

(B) such rating is not within the Change of Control Period subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) either to an investment grade credit rating (in the case of (y)) or to its earlier credit rating or better (in the case of (x)) by such Rating Agency;

provided however that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed to have occurred in respect of a particular Change of Control only if (i) the Rating Agency making the relevant decision referred to above publicly announces or publicly confirms that such decision was the result, in whole or in part, of the Change of Control or (ii) the Rating Agency making the relevant decision referred to above has confirmed in a letter or other form of written communication sent to the Issuer and publicly disclosed that such decision was the result, in whole or in part, of the Change of Control, and provided further that if the Notes are rated by more than one Rating Agency, a Rating Downgrade shall be deemed not to have occurred in respect of a particular Put Event if only one Rating Agency has withdrawn or lowered its rating.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **"Put Event Notice"**) to the Fiscal Agent and to the Noteholders in accordance with Condition 10 specifying the nature of the Put Event, the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option contained in this section.

To exercise the Change of Control Put Option to require redemption or, as the case may be, purchase of a Note under this section, a Noteholder must transfer (or cause to be transferred by its Account Holder) its Notes to be so redeemed or purchased to the account of the Fiscal Agent (details of which are specified in the Put Option Notice) for the account of the Issuer within the period of forty-five (45) days after the Put Event Notice is given (the **"Put Period"**), together with a duly signed and completed notice of exercise in the form obtainable from the specified office of the Fiscal Agent or the Paying Agent (a **"Put Option**

Notice") and in which the Noteholder shall specify a bank account denominated in euro to which payment is to be made under this Condition.

A Put Option Notice once given shall be irrevocable.

The Issuer shall redeem or, at the option of the Issuer, procure the purchase of, the Notes in respect of which the Change of Control Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the accounts of the Fiscal Agent for the account of the Issuer as described above on the date which is the fifth (5th) Business Day following the end of the Put Period (the **"Optional Redemption Date"**). Payment in respect of any Note so transferred will be made via the relevant Account Holders on the Optional Redemption Date in Euro to the Euro-denominated bank account specified by the Noteholder in the Put Option Notice.

For the avoidance of doubt, no additional amount shall be payable by the Issuer to a Noteholder as a result of or in connection with such Noteholder's exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising therefrom or otherwise).

(d) *Make Whole Redemption by the Issuer*

The Issuer will, subject to compliance by the Issuer with all relevant laws, regulations and directives and having given not less than thirty (30) nor more than forty-five (45) days' notice in accordance with Condition 10 to the Noteholders (which notice shall be irrevocable), have the option to redeem the Notes, in whole or in part, at any time prior to the first day of the Pre-Maturity Call Period (the **"Optional Make Whole Redemption Date"**) at their **"Optional Redemption Amount"** (as defined below) together with any accrued and unpaid interest up to, but excluding, the Optional Make Whole Redemption Date and any additional amounts.

The Optional Redemption Amount will be calculated by the Calculation Agent and will be an amount in Euro rounded to the nearest cent (half a cent being rounded upwards) being the greater of (x) one hundred (100) per cent. of the Principal Amount (as defined below) of the Notes so redeemed and, (y) the sum of the then present values on the Optional Make Whole Redemption Date of (i) the Principal Amount (as defined below) of the Notes and (ii) of the remaining scheduled payments of interest on such Note until the first day of the Pre-Maturity Call Period (determined on the basis of the interest rate applicable to such Note from but excluding the Optional Make Whole Redemption Date), discounted to the Optional Make Whole Redemption Date on an annual basis (Actual / Actual ICMA) at the Early Redemption Rate plus an Early Redemption Margin.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

"Early Redemption Margin" means 0.20 per cent. *per annum*.

"Early Redemption Rate" means the average of the five (5) quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth (4th) business day in Paris preceding the Optional Make Whole Redemption Date at 11.00 a.m. (Central European time (CET)).

If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent after prior consultation with the Issuer if practicable under the circumstances, at 11.00 a.m. (Central European time (CET)) on the fourth (4th) business day in Paris preceding the Optional Make Whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer.

"Principal Amount" means €100,000.

"Reference Benchmark Security" means the German government bond (bearing interest at a rate of 0.00 per cent. *per annum* and maturing on 15 August 2029 with ISIN DE0001102473).

"Reference Dealers" means each of the five (5) banks (that may include the Joint Lead Managers) selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

"Similar Security" means a reference bond or reference bonds issued by the German Government having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

(e) *Clean-Up Call Option*

In the event that seventy-five (75) per cent. or more in initial aggregate nominal amount of the Notes (including any further notes to be assimilated with the Notes pursuant to Condition 12) have been redeemed or purchased and cancelled and provided that the Issuer has not redeemed the Notes in part pursuant to Condition 5(d) above, the Issuer may, at its option, subject to having given not more than sixty (60) nor less than thirty (30) days' prior notice to the Noteholders in accordance with Condition 10 (which notice shall be irrevocable), redeem the outstanding Notes, in whole but not in part, at their principal amount plus accrued interest up to but excluding the date fixed for redemption.

(f) *Pre-Maturity Call Option*

The Issuer may, at its option, from and including 4 August 2029 to but excluding the Maturity Date (the "**Pre-Maturity Call Period**"), subject to having given not more than sixty (60) nor less than thirty (30) days' prior notice to the Noteholders in accordance with Condition 10 (which notice shall be irrevocable), redeem the outstanding Notes, in whole or in part, at their principal amount plus accrued interest up to but excluding the date fixed for redemption.

(g) *Partial Redemption*

If the Issuer decides to redeem the Notes in part as set out in Conditions 5(d) and 5(f), such partial redemption will be effected by reducing the nominal amount of all such Notes in proportion to the aggregate nominal amount redeemed on such day, subject to compliance with any applicable laws and, so long as the Notes are admitted to trading on Euronext Paris, the requirements of Euronext Paris.

(h) *Purchases*

The Issuer may at any time purchase Notes together with rights to interest relating thereto in the open market or otherwise (including by way of tender offer) at any price and on any condition, subject to compliance with any applicable laws. Notes so purchased by the Issuer may be cancelled or held and resold in accordance with Articles L.213-0-1 and D.213-0-1 of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes.

(i) *Cancellation*

All Notes which are redeemed or purchased for cancellation pursuant this Condition will forthwith be cancelled and accordingly may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6 Payments

(a) *Method of Payment*

Payments of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account to which Euro may be credited or transferred) specified by the payee in a city in which banks have access to the TARGET System. **"TARGET System"** means the Trans European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

Payments of principal and interest on the Notes will, in all cases, be subject to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(b) *Payments on Business Days*

If any due date for payment of principal or interest in respect of any Note is not a Business Day (as defined below), then the Noteholder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

In these Conditions, **"Business Day"** means any day, not being a Saturday or a Sunday, on which the TARGET System is operating and on which Euroclear France is open for general business.

(c) *Fiscal Agent, Calculation Agent and Paying Agent*

The names of the initial Agents and their specified offices are set out below:

Société Générale
32, rue du Champ de Tir
CS 30812
44308 Nantes Cedex 3
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Calculation Agent or the Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts. Notice of any such change or any change of specified office shall promptly be given to the Noteholders in accordance with Condition 10.

7 Taxation

(a) *Withholding Tax*

All payments of principal, interest and other assimilated revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any political subdivision or any authority thereof having power to tax, unless such withholding or deduction is required by law.

(b) *Additional Amounts*

If, pursuant to French laws or regulations, payments of principal, interest or other assimilated revenues in respect of any Note become subject to withholding or deduction in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after such withholding or deduction, will receive the full amount then due and payable thereon in the absence of such withholding or deduction; provided however that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with France other than the mere holding of such Note.

Any references to these Conditions to principal, interest and other assimilated revenues shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 7.

8 Events of Default

The Representative (as defined in Condition 9.1) of the *Masse* (as defined in Condition 9.1), upon request of any Noteholder, shall, by written notice sent to the Issuer, with a copy to the Fiscal Agent, require all the Notes (but not some only) to be redeemed at their principal amount, together with accrued interest thereon as of the date on which a copy of such notice for payment is received by the Fiscal Agent, if any of the following events (**"Events of Default"**) occurs, unless such Events of Default have been cured by the Issuer prior to the receipt of such notice:

(a) if any amount of principal or interest on any Note shall not be paid by the Issuer on the due date thereof and such default shall not be remedied by the Issuer within a period of fifteen (15) days from such due date; or

(b) if the Issuer defaults in the due performance of any other obligation in respect of the Notes and such default continues for a period of thirty (30) days following receipt by the Issuer of a written notice of such default given by the Representative of the *Masse*; or

(c) if (i) any other present or future Financial Indebtedness (as defined in Condition 3) of the Issuer or any of its Material Subsidiaries (as defined below) becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of such Financial Indebtedness and including, where applicable, after the delivery of any notice and/or the expiration of any applicable grace period required in order for such Financial Indebtedness to become so due and payable, or (ii) any such present or future Financial Indebtedness is not paid by the Issuer or any of its Material Subsidiaries when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due or, as the case may be, within any applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any present or future Financial Indebtedness; provided that the aggregate amount of the relevant Financial Indebtedness and/or guarantees or indemnities, individually or in the aggregate, is equal to or in excess of €40 million (or its equivalent in any other currency); or

(d) if the Issuer is wound up or dissolved or ceases to carry on all or substantially all of its business except (i) in connection with a merger or spin-off (including *fusion-scission*), consolidation, amalgamation or other form of reorganisation pursuant to which the surviving entity shall be the transferee of or successor to all or substantially all of the business of the Issuer and assumes all of the obligations of the Issuer with respect to the Notes or (ii) on such other terms approved by a resolution of the general meeting of the Noteholders; or

(e) if the Issuer or any of its Material Subsidiaries (i) makes any proposal for a general moratorium in relation to its debts or (ii) any judgment is issued for its judicial liquidation (*liquidation judiciaire*) or the transfer of the whole of its business (*cession totale de l'entreprise*) in the context of a procedure of judicial liquidation (*liquidation judiciaire*) or of a judicial rehabilitation (*redressement judiciaire*).

For the purpose of this Condition:

(i) **"Material Subsidiary"** means, on any given date, any Subsidiary (as defined in Condition 3) of the Issuer which is consolidated by way of global consolidation (*intégration globale*) (i) which has EBITDA representing ten (10) per cent. or more of the Consolidated EBITDA or (ii) which Contributory Revalued Net Assets represent more than ten (10) per cent. of the Revalued Assets Value (as defined in Condition 3) of the Issuer, in each case calculated by reference to the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer;

(ii) **"Consolidated EBITDA"** means the EBITDA (*Excédent brut opérationnel*) of the Issuer as shown in its latest audited annual or unaudited semi-annual consolidated financial statements;

(iii) **"EBITDA"** means, with respect to a Subsidiary, the EBITDA of this Subsidiary as shown in its latest audited annual or unaudited semi-annual financial statements;

(iv) **"Contributory Revalued Net Assets"** means the product of the Relevant Revalued Assets Value of the relevant Subsidiary and the rate of direct or indirect detention of the Issuer in the relevant Subsidiary; and

(v) **"Relevant Revalued Assets Value"** means for any Subsidiary the Appraisal Value (as defined in Condition 3) (excluding transfer rights (*droits de transferts*), latent taxes (*fiscalité latente*) and legal duties (*frais d'actes*)) provided by the Property Valuers (as defined in Condition 3) on all relevant Real Estate Assets (as defined in Condition 3) owned by said Subsidiary (including through financial leases and including the Real Estate Assets used as operating properties) as shown in the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer and (ii) the value of the equity-accounted investments (including advances) held directly or indirectly by the Subsidiary in any Person (as defined in Condition 3) as shown in such financial statements.

9 Representation of the Noteholders

9.1 General

Noteholders will be grouped automatically for the defence of their common interests in a masse (the **"*Masse*"**). The Masse will be governed by the provisions of the French *Code de commerce*, and with the exception of Articles L.228-48, L.228-59, R. 228-61, R.228-67, R.228-69, R. 228-79 and R. 236-11 subject to the following provisions:

(a) **Legal Personality:** The Masse will be a separate legal entity and will act in part through a representative (the **"Representative"**) and in part through collective decisions of the Noteholders (the **"Collective Decisions"**).

The Collective Decisions are adopted either in general meeting (the "**General Meeting**") or by consent following a written consultation (the "**Written Resolution**" as defined in Condition 9.2).

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

(b) **Representative:** The office of the Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

(i) the Issuer, its Chairman, its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or

(ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers *(gérants*), general managers *(directeurs généraux*), members of their Board of Directors (*Conseil d'administration*), Management Board (*Directoire*) or Supervisory Board (*Conseil de surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouses; or

(iii) companies holding ten (10) per cent. or more of the share capital of the Issuer or companies having ten (10) per cent. or more of their share capital held by the Issuer; or

(iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The following person is designated as initial Representative of the *Masse*:

Association de Représentation des Masses de Titulaires de Valeurs Mobilières (ARM)
Centre Jacques Ferronnière
32 rue du Champ de Tir
CS 30812 – 44308 Nantes cedex 3
Contact email : service@asso-masse.com

The Issuer shall pay on the Issue Date to the Representative of the Masse an amount equal to €4,000 (VAT excluded).

The Representative will exercise its duty until its death, liquidation, dissolution, resignation or termination of its duty by a General Meeting or until it becomes unable to act. Such Representative will be replaced by an alternate Representative which will be elected by a meeting of the general assembly of Noteholders. Its appointment shall automatically cease on the Maturity Date, or any date on which all the Notes are redeemed prior to the Maturity Date in accordance with these Conditions.

(c) **Powers of the Representative:** The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative may not interfere in the management of the affairs of the Issuer.

(d) **General Meeting:** A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting, together with the proposed agenda for such General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent *(mandataire*) who will call the General Meeting.

Notice of the date, time, place, agenda and quorum requirements of any General Meeting will be published as provided under Condition 10 not less than fifteen (15) days prior to the date of such General Meeting on first convocation and six (6) days on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by proxy, correspondence, or by videoconference or any other means of telecommunications allowing the identification of the participating Noteholders. Each Note carries the right to one vote.

(e) **Powers of the General Meetings:** The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) to Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least a fifth of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder on the second (2nd) business day in Paris preceding the date set for the meeting of the relevant General Meeting at 0:00, Paris time.

(f) **Information to Noteholders:** Each Noteholder or Representative thereof will have the right, during the fifteen-day (15) period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of the Paying Agent and at any other place specified in the notice of the General Meeting.

(g) **Expenses:** The Issuer will pay all reasonable expenses relating to the operation of the Masse, including expenses relating to the calling and holding of Collective Decisions and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(h) **Notice of Decisions:** Decisions of the meetings and Written Resolutions (as defined below) shall be published in accordance with the provisions set out in Condition 10 not more than ninety (90) days from the date thereof.

9.2 Written Resolutions and Electronic Consent

Pursuant to Article L.228-46-1 of the French *Code de commerce*, the Issuer shall be entitled, in lieu of convening a *Masse*, to seek approval of a resolution from the Noteholders by way of a Written Resolution. Subject to the following sentence, a Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders. Pursuant to Articles L.228-46-1 and R.223-20-1 of the French *Code de commerce*, approval of a Written Resolution may also be given by way of electronic communication allowing the identification of Noteholders ("**Electronic Consent**").

Notice seeking the approval of a Written Resolution (including by way of Electronic Consent) will be published as provided under Condition 10 not less than five (5) calendar days prior to the date fixed for the passing of such Written Resolution (the "**Written Resolution Date**"). Notices seeking the approval of a Written Resolution will contain the conditions of form and time-limits to be complied with by the Noteholders who wish to express their approval or rejection of such proposed Written Resolution. Noteholders expressing their approval or rejection before the Written Resolution Date will undertake not to dispose of their Notes until after the Written Resolution Date.

For the purpose of these Conditions, "**Written Resolution**" shall mean a resolution in writing signed or approved by or on behalf of the holders of not less than ninety (90) per cent. in nominal amount of the Notes outstanding. References to a Written Resolution include, unless the context otherwise requires, a resolution approved by Electronic Consent.

10 Notices

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear or Clearstream, Luxembourg, and, for so long as the Notes are admitted to the operations of such depositaries or custodian, published on the website of the Issuer (https://www.icade.fr/finance/icade-sante); and so long as the Notes are admitted to trading on Euronext Paris and the rules of Euronext Paris so require, on the website of Euronext Paris (www.euronext.com). Any such notice shall be deemed to have been given on the date of such delivery or, if delivered more than once or on different dates, on the first date on which such delivery is made.

11 Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years from the due date for payment thereof.

12 Further Issues

The Issuer may, from time to time without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will, for the defence of their common interests, be grouped in a single Masse having legal personality.

13 Governing Law and Jurisdiction

The Notes are governed by the laws of France.

The competent courts within the jurisdiction of the Court of Appeal of Paris have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes.

USE AND ESTIMATED NET AMOUNT OF PROCEEDS

The estimated net proceeds of the issue of the Notes will amount to €495,210,000 and will be used for general corporate purposes of the Issuer.

DESCRIPTION OF THE ISSUER

I. Information about the Issuer

1. Issuer name

The name of the Issuer is "Icade Santé".

2. Registration location and number

The Issuer is registered with the Nanterre Trade and Companies Register (RCS Nanterre) under number 318 251 600.

LEI: 96950067NFR9MWI0CJ45

3. Date of incorporation and term of the Issuer

The Issuer was incorporated on 10 October 2007 for a term of 99 years, unless it is dissolved early or extended by collective decision of the shareholders pursuant to law and the articles of association.

The corporate year begins on 1 January and closes on 31 December of each year.

4. Headquarters, legal form and governing laws

The headquarters of the Issuer are located 27, Rue Camille Desmoulins, 92130 Issy les Moulineaux, France. The telephone number of the headquarters is +33 1 41 57 70 00.

The Issuer is a French simplified joint stock company (*société par actions simplifiée*).

The address of the Issuer's website is: https://www.icade.fr/finance/icade-sante. The information provided on the Issuer's website is not part of this Prospectus.

II. Business overview

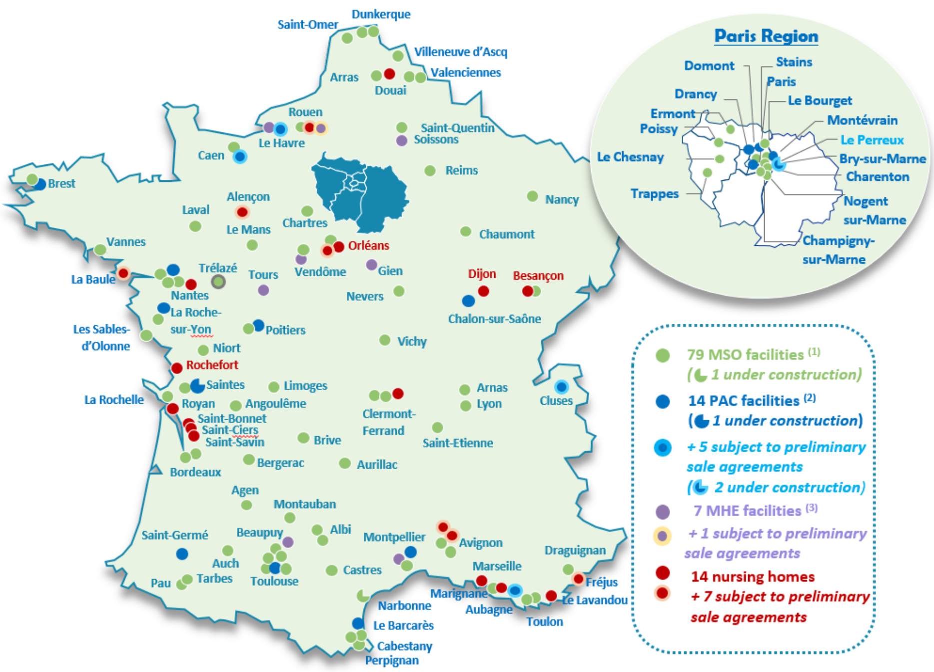
Leader in investments in healthcare facilities in France[1], Icade Santé is a subsidiary of Icade, an integrated real estate player and the fifth property investment company in France[2]. It relies on its recognized expertise in healthcare real estate, long-term institutional shareholding, and presence along the whole real estate value chain. Icade Santé started operations in 2007 with a focus on private clinic facilities and has diversified by investing in nursing homes since 2018.

As of 30 June 2019, Icade Santé holds a portfolio of 114 healthcare facilities, located exclusively in France, representing €4.5 billion in assets (excluding duties, at 100%).

The following map shows the geographical split of these facilities as of 30 June 2019:

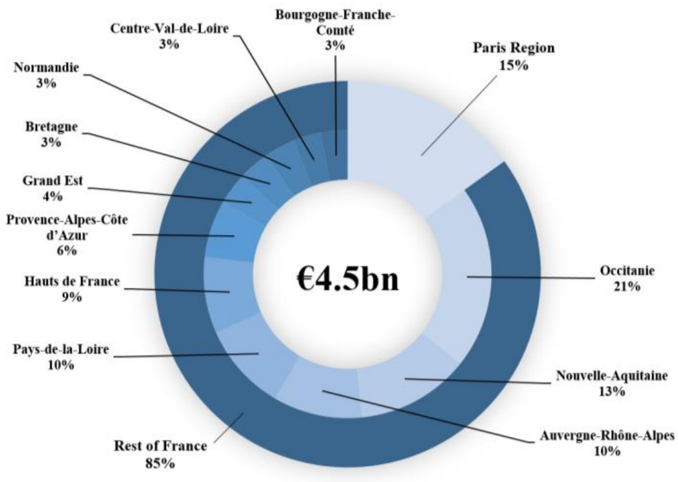
[1] In terms of portfolio value as of 31 December 2018.

[2] In terms of portfolio value as of 31 December 2018 and based on the annual reports of property investment companies operating in France.



(1) MSO: Medecine, Sugery, Obstetrics
(2) PAC: Post-Acute Care
(3) MHE : Mental Health Etablishments

The following chart shows the geographic distribution of the healthcare portfolio in France (in %) as of 30 June 2019:



Through long-term partnerships, it supports healthcare operators to develop their activities, modernize their facilities, and meet local needs. The expertise of Icade Santé's teams covers real estate investment, project management for complex projects, and detailed knowledge of the challenges facing players in healthcare.

Thanks to its strengths, Icade Santé has developed long-term partnerships with national private hospitalisation operators, such as Elsan, Ramsay Santé, and Vivalto Santé, but also with regional groups firmly rooted in their local areas. The framework agreement signed with the Korian group in 2017 regarding senior care and services also illustrates this support.

Looking ahead to 2022, Icade Santé's main objective is to strengthen its leading position as healthcare property company in France in the private clinic sector and continue its diversification in the nursing home sector. In this context, Icade, the Group's majority shareholder, published an objective to proceed with investments for an amount of approximately €1 billion over the 2019 – 2022 period for the French activities of its healthcare property division (corresponding to the perimeter of the Group's activities)[1].

1. Presentation of the healthcare sector market[2]

a. Assets with attractive features

The healthcare sector represents a promising market that is less cyclical than the rest of the economy, thanks to underlying fundamentals such as the ageing population in Europe, rising healthcare costs and the prevalence of chronic diseases. Healthcare property assets are single-use properties with long-term leases that can be divided into two main categories:

- healthcare facilities including, for short-term stays, acute care facilities (medicine, surgery and obstetrics) with extensive space dedicated to medical technology equipment, or for medium-term stays, psychiatric (PSY) or post-acute care (PAC) facilities. 85 to 90% of tenant operators' revenues come from the French national health insurance (*Assurance Maladie*);

- medical-social facilities referred to as nursing homes; tenant operators derive their revenue from the French national health insurance (*Assurance Maladie*) for care and from Departmental Councils for the costs associated with assisting dependent persons, while accommodation costs are primarily borne by the residents themselves or their families.

In France, leases are predominantly for a term of 12 years with no break clause and all service charges are recoverable from the tenant operators, excluding major works falling within the scope of Article 606 of the French Civil Code, which are now borne by property owners in new leases signed or renewed on or after November 5, 2014 (following entry into force of the decree establishing rules for allocation of service charges under Law 2014-626 dated June 18, 2014 for commercial leases, known as the *Pinel* Law). The sellers' parent companies often provide corporate warranties over the rent due.

b. Strong operator among French healthcare operators

The main healthcare operators (Elsan and Ramsay Santé for acute care facilities along with Orpéa and Korian for post-acute care and psychiatric facilities) own over 400 out of the 1,003 facilities recorded by the Directorate of Research, Studies, Evaluation and Statistics (DREES) in 2017. These operators benefit from a clear visibility on their revenue, as a significant portion of it comes from the French healthcare system ("*Assurance Maladie*").

Reforms in the French health sector have led operators to start a major process of consolidation in order to become more efficient and thus preserve historical margins.

Following Elsan's takeover of Médipôle Partenaires in 2017, Ramsay Santé regained its place atop the ranking for healthcare operators through its acquisition of Capio (22 healthcare facilities in France). Approved by the Group's shareholders in October 2018, this new structure has enabled Ramsay to become the 2nd largest group in private healthcare in Europe, with a presence in six countries. In 2019, it was Vivalto Santé's turn to distinguish itself through the acquisition of 5 healthcare facilities. It also entered into exclusive negotiations to acquire the Confluent Private Hospital in Nantes, considered to be the largest private healthcare facility in France.

The environment is also more favourable for healthcare operators due to medical fees which have been trending upwards for the first time in 5 years (+0.5% for acute care facilities, +0.1% for PAC facilities and +0.7% for PSY facilities, excluding the "prudential coefficient" of 0.7 pp which is applied to all public and private facilities).

Consolidation of the medical-social sector has been on the rise due to the near-freeze on the number of building authorisations granted for new facilities since 2011. The Korian, Orpéa and DomusVi groups are now the main private nursing home operators in France, with each counting more than 15,000 beds. In addition, their business

[1] See 2018 full year results presentation of Icade SA dated 18 February 2019, page 20.

[2] *Sources: DREES Santé, Cushman & Wakefield, Your Care Consult.*

has expanded internationally to such an extent that they have become the leaders in Europe, with more than half of their capacity located outside France.

During the six-month period ended 30 June 2019, this trend has been confirmed through the acquisition in France of Residalya (2,600 beds) by DomusVi which consolidates its position among the top three.

The medical-social sector in France is also the particular focus of draft legislation on “dependency”, to be enacted in the autumn of 2019. In September 2018, the French Prime Minister asked Dominique Libault, former head of the French Social Security, to conduct a consultation and make reform proposals, particularly with a view to a legislation on the elderly. Drawing on the Libault report submitted in Spring, it could provide new resources and expand the role of nursing homes as part of a more comprehensive approach to dependency.

Benefiting from the operators’ growth, real estate investors are particularly suited to this sector as they enable tenant operators to finance their goals for expansion by freeing up capital through sale and leasebacks.

c. Competitive environment of the Group

The quest for attractive yields and long-term, secure rental income has attracted a growing number of investors: asset management firms have been raising funds specifically to invest in this segment since 2014 by creating dedicated investment vehicles, initially invested in nursing homes but also to be invested in international and healthcare assets, despite their greater specificity.

The two main investors which have emerged in France are Primonial REIM with €2 billion in healthcare assets under management in 2018 (with an additional €3.5 billion in Europe) and BNP Paribas REIM (€600 million).

In Europe, the two most significant property investment companies operating in the healthcare real estate sector are Cofinimmo and Aedifica, Belgian property investment companies specialised in nursing homes.

The property investment company SisCare rank ahead of the other asset management firms present in the French market (Axa REIM, Euryale, Cleaveland and Perial). By expanding into healthcare property starting in 2007 and then on a regular basis each year, Icade Santé has confirmed its leadership position (in terms of portfolio value) in France.

d. Limited supply of properties that attract strong interest, leading to value increases

The healthcare property market is now characterised by increased investor demand. Transactions used to be only related to properties sold by their operators (in order to finance their acquisitions) and to doctors selling their properties and practices (primary market). There is now an active secondary market for transactions between investors, capable of dealing with major portfolios such as Vitalia’s (2015) or Gecimed’s (2016).

In France, after a record year in 2016 (€1.6 billion), the investment market remained subdued in 2017 with transactions totalling €425 million. Nursing home portfolios, such as the one acquired by Icade Santé from Residalya, have nonetheless reinvigorated the French market with €730 million invested in 2018. Icade Santé’s acquisition of 12 facilities (including 7 nursing homes) from Swiss Life Asset Managers France for €191 million which was announced in April confirms the dynamism of the investment market in the six-month period ended 30 June 2019.

However, the scarcity of opportunities in France against a backdrop of fierce competition has spurred investors to diversify their strategy through the signing of development partnerships, like the framework agreement signed by Korian, Icade Santé and Icade Promotion at the end of 2017 or by expanding into other countries.

2. Property portfolio and leasing activity

A) Portfolio of Icade Santé

As of 30 June 2019, the property portfolio of Icade Santé represents nearly 1.6 million sq. m of operating floor area. It is comprised of acute care facilities (medicine, surgery and obstetrics), post-acute care (PAC) facilities and nursing homes (EPHAD).

a. Geographic distribution of the property portfolio by type of asset

In terms of total value and floor area	Portfolio value		Total floor area	
	(in €m)	% of total portfolio value	In terms of floor area (in sq.m)	% of total portfolio floor area
PARIS REGION	**680**	**15%**	**177,190**	**11%**
Occitanie	930	21%	360,546	23%
Nouvelle-Aquitaine	576	13%	242,787	15%
Auvergne-Rhône-Alpes	451	10%	155,671	10%
Pays-de-la-Loire	448	10%	174,804	11%
Hauts-de-France	385	9%	138,917	9%
Provence-Alpes-Côte d'Azur	291	6%	71,421	5%
Grand-Est	162	4%	51,233	3%
Bretagne	156	3%	54,630	3%
Normandie	155	3%	45,409	3%
Centre-Val-de-Loire	142	3%	57,601	4%
Bourgogne-Franche-Comté	136	3%	48,707	3%
Total OTHER FRENCH REGIONS	**3,832**	**85%**	**1,401,726**	**89%**
GRAND TOTAL	**4,512**	**100%**	**1,578,916**	**100%**

b. Description of the portfolio

Icade Santé has become a major player in the healthcare real estate, by developing, since 2007, a portfolio of 114 healthcare assets, located exclusively in France, featuring:

- cash flows that start immediately;
- initial lease terms of 12 years with no break clause and a weighted average unexpired lease term of 7.6 years as of 30 June 2019;
- a high margin rate;
- a financial occupancy rate of 100%.

For the development and management of this type of asset, Icade Santé can rely on a team and expertise recognised by its peers.

The value of the portfolio evolved as follows:

c. Value of the portfolio

i. For the six-month period ended 30 June 2019

(in million of euros)	Fair value as of 31 December 2018	Fair value of assets sold [1]	Investments and other [2]	Like-for-like change (€m)	Like-for-like change (%)	Fair value as of 30 June 2019
Change from 31 December 2018 to 30 June 2019	4,484.4	(20.0)	33.4	14.1	+0.3%	4,511.9

[1] *Fair value as of 31 December 2018.*

[(2)] *Including changes in value of assets acquired during the financial year, works to assets sold and change in Icade SA stake in Icade Santé when appropriate.*

The methods used by the Group for evaluating its portfolio are described in note 5.2 of the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus

The overall value of the Group's portfolio increased by €27.5 million (excluding duties) or 0.6% for the six-month period ended 30 June 2019, from €4,484.4 million for the year ended 31 December 2018 to €4,511.9 million for the six-month period ended 30 June 2019.

For the six-month period ended 30 June 2019, investments amounted to €33.4 million (compared to €59.6 million as of 30 June 2018). It included €16.8 million invested in projects from the development pipeline including €5.6 million in the Greater Narbonne private hospital project in Montredon-des-Corbières (completion scheduled for Q4 2020) and €3.4 million in the "Santé Atlantique" health complex project in Saint-Herblain (completion scheduled for Q4 2019).

On a like-for-like basis, excluding disposals and investments made during the period, portfolio value increased by €14.1 million or 0.3% over the six-month period ended 30 June 2019.

ii. *For the year ended 31 December 2018*

(in million of euros)	Fair value as of 31 December 2017	Fair value of assets sold [(1)]	Investments and other [(2)]	Like-for-like change (€m)	Like-for-like change (%)	Fair value as of 31 December 2018
Change from 31 December 2017 to 31 December 2018	4,035.7	(1.1)	306.2	143.6	+3.6%	4,484.4

[(1)] *Fair value as of 31 December 2017.*

[(2)] *Including changes in value of assets acquired during the financial year, works to assets sold and change in Icade SA' stake in Icade Santé when appropriate.*

The overall value of the Group's portfolio increased by €448.7 million (excluding duties) or 11.1% for the year ended 31 December 2018, from €4,035.7 million for the year ended 31 December 2017 to €4,484.4 million for the year ended 31 December 2018, due in particular to acquisitions and the positive impact of the three healthcare facilities completed in 2018.

For the year ended 31 December 2018, investments amounted to €311.4 million (included duties and fees) related to acquisitions, including:

- acquisition of a portfolio of 14 nursing homes for €189.8 million (including €0.1 million of acquisition costs); and
- acquisition of a post-acute care (PAC) facility located in Montévrain (Seine-et-Marne) for a total of €17.7 million.

This was in addition to €47.9 million in investments made during the year ended 31 December 2018 in the development pipeline as part of the following projects:

- Courlancy polyclinic in Bezannes for €4.0 million (completed in 2018);

Three of the four healthcare facilities under development were completed during the year ended 31 December 2018, representing nearly 10% of value creation generated by the Group.

On a like-for-like basis, the value of the portfolio increased by €143.6 million or by 3.6% and was driven by yield compression, mainly in the six-month period ended 30 June 2018, reflecting a premium over French 10-year government bonds and other asset classes that remained attractive.

iii. *For the year ended 31 December 2017*

(in million of euros)	Fair value as of 31 December 2016	Fair value of assets sold [(1)]	Investments and other [(2)]	Like-for-like change (€m)	Like-for-like change (%)	Fair value as of 31 December 2017
Change from 31 December 2016 to 31 December 2017	3,582.9	(5.6)	341.0	117.4	+3.3%	4,035.7

[(1)] Fair value as of 31 December 2016.

[(2)] Including changes in value of assets acquired during the financial year, works to assets sold and change in Icade SA' stake in Icade Santé when appropriate.

The overall value of the Group's portfolio increased by €452.8 million (excluding duties) or 12.6% for the year ended 31 December 2017, from €3,582.9 million for the year ended 31 December 2016 to €4,035.7 million for the year ended 31 December 2017.

For the year ended 31 December 2017, investments amounted to €354.7 million (including duties and fees), of which €229.4 million related to acquisitions, including:

- Clinique de l'Europe private hospital in Rouen (Seine-Maritime) acquired for €87.7 million;
- Saint Roch polyclinic in Cabestany (Pyrénées-Orientales) acquired for €76.5 million;
- Ormeau polyclinic in Tarbes (Hautes-Pyrénées) acquired for €43.3 million; and
- Helios disability care home in Saint-Germé (Gers) acquired for €9.8 million.

This was in addition to €79.0 million in investments made in the development pipeline as part of the following projects:

- Courlancy polyclinic in Bezannes for €31.2 million;
- La Croix du Sud polyclinic in Quint-Fonsegrives for €32.0 million; and
- Elsan Stoa project in Saint-Herblain for €15.8 million.

Other investments made during the year ended 31 December 2017 amounted to €46.3 million. They mainly consisted of extension works or redevelopments generating additional rental income.

On a like-for-like basis, after (i) exclusion of works for the year ended 31 December 2017 for €125.3 million, (ii) exclusion of acquisitions, and (iii) adjustment for acquisition duties and fees and change in value of assets acquired during the year ended 31 December 2017, the value of the portfolio rose by €117.4 million or 3.3% over the year ended 31 December 2017.

iv. *For the year ended 31 December 2016*

(in millions of euros)	Fair value as of 1st January 2016	Fair value of assets sold [(1)]	Investments and other [(2)]	Like-for-like change	Like-for-like change (%)	Fair value as of 31 December 2016
Change from January 1st, 2016 to December 31, 2016	3,070.8	0.0	204.4	307.7	+10.0%	3,582.9

[(1)] Based on Fair value as of 1st January 2016.

[(2)] Including changes in value of assets acquired during the financial year, works to assets sold and change in Icade SA' stake in Icade Santé when appropriate.

The overall value of the Group's increased by €512.1 million (excluding duties) or 16.7% for the year ended 31 December 2016 from €3,070.8 million as of 1st January 2016 to €3,582.9 million for the year ended 31 December 2016.

For the year ended 31 December 2016, investments amounted to €203.2 million (including duties and fees), of which €65.7 million related to acquisitions. The Group acquisition of a portfolio of four medium-term care facilities operated by Ramsay Santé (the leader in the French private hospital industry) amounted to €56.9 million and included the following assets:

- the "Chalonnais" follow-up and rehabilitation care facility in Châtenoy-le-Royal (Saône-et-Loire department);
- the "Pont de Gien" private psychiatric hospital in Gien (Loiret department);
- the "Océane" private psychiatric hospital in Le Havre (Seine-Maritime department);
- the "Ronsard" private psychiatric hospital in Chambray-lès-Tours (Indre-et-Loire department).

On a like-for-like basis, after (i) exclusion of works for the year ended December 31, 2016 for €128.6 million, (ii) exclusion of acquisitions, and (iii) adjustment for acquisition duties and fees and change in value of assets acquired during the year ended 31 December 2016, the value of the portfolio rose by €307.7 million or 10.0% over the year ended 31 December 2016.

d. Development pipeline

Project (in million of euros)	Estimated date of completion	Operator	Number of beds and places	Rental income	Yield on cost [(1)]	Total cost of project	Remaining to be invested (€m)
Clinique de l'Atlantique private hospital – Puilboreau	Q4 2019 – Q2 2020	Ramsay GDS (formerly Capio)	100			20	2.1
Santé Atlantique health complex (Bromélia) – Saint-Herblain	Q4 2019	Elsan	169			8.2	2.1
Greater Narbonne private hospital – Montredon-des-Corbières	Q4 2020	Elsan	283			47.8	28
Le Parc polyclinic – Caen	Q4 2021	Elsan	288			19.6	17.4
Mornay post-acute care facility – Saintes	Q1 2021	Korian	82			10.2	7.6
Jonc Marins post-acute care facility – Le Perreux- sur-Marne	Q3 2021	Korian	136			21.9	21.9
Saint-Charles private hospital – La Roche-sur-Yon	Q1 2022	Sisio	210			14.1	13.5
TOTAL PIPELINE as of 30 June 2019			**1,268**	**7.3**	**5.4%**	**141.8**	**92.5**

(1) YoC = headline rental income / cost of the project as approved by Icade's governance bodies. This cost includes the value of land, cost of works and carrying costs.

As of 30 June 2019, the Group's development pipeline amounted to €141.8 million (costs of the projects), with an average estimated yield on cost of these projects at 5.4%.

e. Asset disposals

Assets disposals during the six-month period ended 30 June 2019 amounted to €17.5 million and related to the Ter private hospital in Ploemer (Morbihan) and the Pasteur private hospital in Vitry-sur-Seine (Val-de-Marne).

In 2018, asset disposals completed during the year was not significant, at €1.5 million.

In 2017, asset disposals completed during the year were mainly related to a private hospital, disposed of for an amount of €7.6 million.

No disposal occurred in 2016.

B) Leasing activity

a. <u>Financial occupancy rate</u>

The financial occupancy rate of the Group for the six-month period ended 30 June 2019 and the financial years ended 31 December 2018, 2017 and 2017 remained stable at 100%, due in particular to the absence of break clauses in the lease agreements of the Group *b. Lease expiry schedule in terms of annualized IFRS Gross rental income*

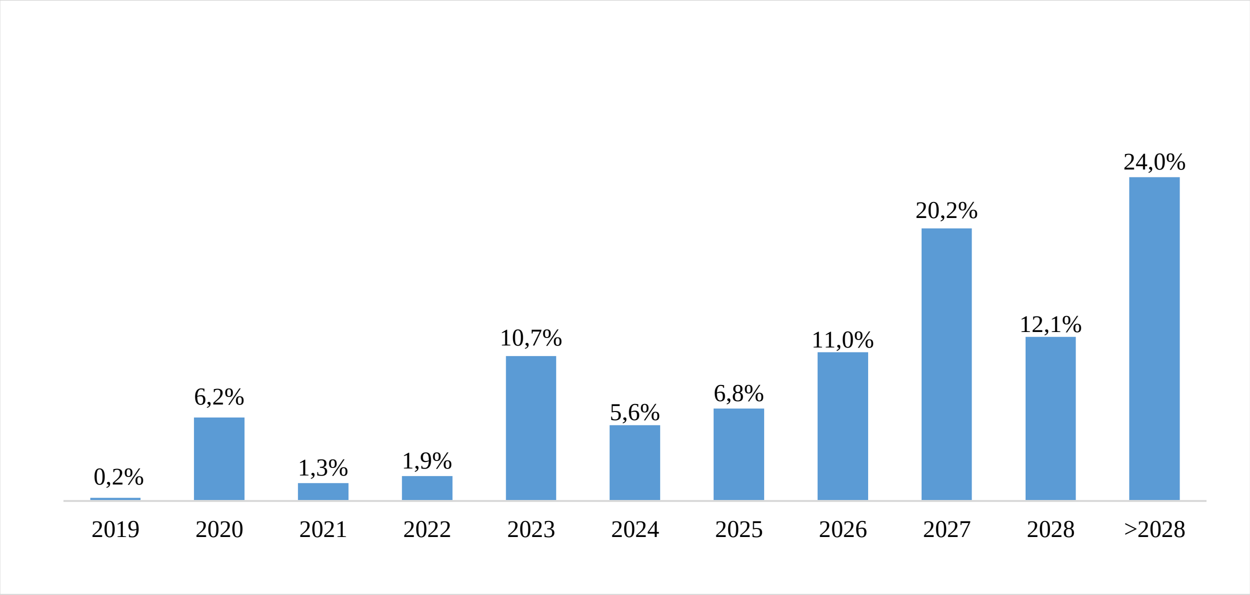
The Group's weighted average unexpired lease term reached 7.6 years as of 30 June 2019, a 0.2-year improvement compared to 31 December 2018. In the six-month period ended 30 June 2019, 8 leases were renewed or extended, which contributed to securing leases over the long term.

Weighted average unexpired lease term (in years)			
30 June 2019	**31 December 2018**	**31 December 2017**	**31 December 2016**
7.6	7.4	7.6	8.2

The table below shows the lease expiry schedule in terms of IFRS annualised rental income.

(in million of euros)	H2 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029 and beyond	Total
	0.6	**15.9**	**3.4**	**4.8**	**27.6**	**14.4**	**17.6**	**28.3**	**51.9**	**31.2**	**61.6**	**257.2**

The table below shows the lease expiry schedule in % of the total IFRS annualised gross rental income:



3. EPRA Triple Net Asset Value

Icade Santé's EPRA NNNAV[1] stood at €3,031.7 million as of 30 June 2019 (€80.3 per share), as compared to €2,968.2 million, €2,607.2 million and €2,347.5 million respectively as of 31 December 2018, 30 June 2018, 31 December 2017 and 31 December 2016 (€82.0 per share, €76.7 per share and €72.0 per share respectively).

(in million of euros)	30 June 2019	31 December 2018	31 December 2017	31 December 2016
Consolidated equity	1,678.2	1,683.8	1,596.4	1,527.0
Impact of dilution from securities convertible or exchangeable into Icade shares	-	-	-	-
Unrealised capital gains on property assets	1,400.4	1,328.5	1,074.2	870.5

[1] EPRA Triple Net Asset Value ("EPRA NNAV") is an indicator of the Group's value creation. It measures value, after distribution of dividends, based on two parameters: (i) changes in the company's equity, and (ii) changes in value of asset portfolios and liabilities. It includes debt and financial instruments at fair value.

Revaluation of fixed-rate debt	(46.9)	(44.1)	(63.4)	(50.0)
EPRA NNNAV	**3,031.7**	**2,968.2**	**2,607.2**	**2,347.5**
Changes in %	*2.1%*	*13.8%*	*11.1%*	-
Number of shares at closing	37,740,836	36,198,224	33,998,310	32,603,806
EPRA NNNAV in € per share	**80.3**	**82.0**	**76.7**	**72.0**

The favorable trend in EPRA NNNAV value on a year-on-year basis results mainly from the significant increase in the Group's net cash flow resulting from its acquisition policy and the strong increase in value of the property assets.

The evolution of EPRA NNNAV value since 31 December 2016 is as follows:

(*in million of euros*)	**31 December 2018 vs. 30 June 2019**	**31 December 2017 vs. 31 December 2018**	**31 December 2016 vs. 31 December 2017**
EPRA NNNAV in € per share	**82.0**	**76.7**	**72.0**
Change in consolidated equity	(0.1)	2.4	2.0
- of which capital increase	*3.2*	*4.4*	*2.9*
- of which dividends paid during the 1st semester	*(4.1)*	*(3.6)*	*(3.1)*
- of which Net profit	*1.2*	*1.8*	*2.1*
- of which change in fair value of derivatives	*(0.5)*	*(0.1)*	*0.1*
Change in fair value of assets	1.9	7.0	6.0
Change in fair value of fixed-rate debt	(0.1)	0.5	(0.4)
Change in number of shares to the NAV per share	(3.4)	(4.7)	(3.0)
EPRA NNNAV in € per share	**80.3**	**82.0**	**76.7**

III. Analysis of the Group's financial position and results

The following information on the Group's results should be read in conjunction with the Group's interim condensed consolidated financial statements for the six-month period ended 30 June 2019 and the Group's consolidated financial statements for the years ended 31 December 2018, 2017 and 2016, as set out in sections "*Financial statements of the Issuer for the six-month period ended 30 June 2019*" and "*Audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016*" of this Prospectus, respectively.

The Group's interim condensed consolidated financial statements for the six-month period ended 30 June 2019 and the Group's consolidated financial statements for the years ended 31 December 2018, 2017 and 2016 have been prepared in accordance with IFRS (*International Financial Reporting Standards*), as adopted by the European Union. The statutory auditors' report on the limited review of the interim condensed consolidated financial statements for the six-month period ended 30 June 2019 can be found in section "*Financial statements of the Issuer for the six-month period ended 30 June 2019*" of this Prospectus. The statutory auditor's audit report on the Group's consolidated financial statements for the years ended 31 December 2018, 2017 and 2016 can be found in section "*Audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016*" of this Prospectus.

The figures are presented in million of euros, with one decimal place, and all amounts are rounded up or down to the nearest million unless otherwise indicated.

1. Key performance indicators

As a subsidiary of the Icade Group, some of the main key performance indicators followed by Icade Santé have been prepared in accordance with the best practices defined by EPRA (European Public Real Estate Association) in its Best Practices recommendations guide. The updated guide is available on the EPRA website[1].

(in million euros)	**30 June 2019**	**31 December 2018**	**31 December 2017**	**31 December 2016**

[1] www.epra.com

Gross rental income (in €m)	129.2	241.0	214.9	207.3
EPRA earnings (in €m)	106.0	191.0	169.8	161.4
EPRA earnings per share (in €)	2.93	5.43	5.20	4.95
EPRA NNNAV (in €m)	3,031.7	2,968.2	2,607.2	2,347.5
EPRA NNNAV earnings per share (in €)	80.3	82.0	76.7	72.0
Loan-To-Value (LTV) ratio	30.8%	31.7%	32.6%	31.2%
Average cost of drawn debt after hedging	2.10%	2.26%	2.47%	2.82%

i. <u>Gross rental income</u>

Gross rental income is the indicator of revenue of the Group. As in the IFRS consolidated accounts, it corresponds to the revenue generated from operating lease contracts in which the Group operates as a lessor. Gross rental income includes rents from investment properties and rent-related income such as entry fees, early termination fees or service charges recharged to tenants. Step-up rents and rent-free periods come as an adjustment to Gross rental income, respectively as an increase or as a decrease.

ii. <u>EPRA earnings</u>

It is a measure of performance of the recurring operations of the Group. It excludes fair value adjustments, the impact of asset disposals, and limited other non-cash items considered as non-core activities for the Group.

EPRA earnings is an equivalent to the recurring portion of Net profit/(loss).

EPRA earnings per share corresponds to the ratio of EPRA earnings of the period to the weighted average number of ordinary shares outstanding during the period.

iii. <u>EPRA Triple Net Asset Value ("EPRA NNNAV")</u>

It is an indicator of the Group's value creation. It measures value, after distribution of dividends, based on two parameters: (i) changes in the company's equity, and (ii) changes in value of asset portfolios and liabilities. It includes debt and financial instruments at fair value.

EPRA NNNAV per share corresponds to the ratio of EPRA NNNAV of the period to the number of ordinary shares outstanding at the closing of the period.

iv. <u>Loan-To-Value ratio</u>

The Loan-To-Value (LTV) ratio is a key indicator in the real estate industry. It corresponds to the ratio of net financial debt (as shown in note 6.1.1.1 of the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus) to the latest fair valuation of the property portfolio by independent appraisers (as shown in note 5.3 of the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus). It excludes duties.

v. <u>Average cost of drawn debt</u>

The Average cost of drawn debt represents the average effective rate that the Group pays on its borrowings (including loans and other liabilities such as capital leases and current accounts). It corresponds to the ratio of recurring financial expenses to the average net drawn debt over the period.

2. Other indicators of the statement of consolidated income

i. <u>Net rental income</u>

Net rental income is another indicator of revenue of the Group. It corresponds to Gross rental incomes after deduction of non-recoverable rental charges such as operating expenses, service charges not recharged to tenants and real estate expenses incurred by the owner.

ii. <u>Margin rate</u>

Margin rate corresponds to the ratio of Net rental income to Gross rental income.

iii. Net operating costs

Net operating costs correspond to expenses from recurring operating excluding non-recoverable rental charges such as property taxes and operating expenses, service charges not recharged to tenants and real estate expenses**.**

iv. EBITDA

EBITDA stands for Earnings before interest, taxes, depreciation and amortization. It is an indicator of performance from recurring operating activities. It corresponds to Gross rental income after deduction of expenses from recurring operating activities.

v. Operating profit/(loss)

Operating profit is an indicator of wealth creation from operating the assets, either on a recurring or non-recurring basis. It corresponds to the EBITDA after non-recurring income and expenses, i.e. income and expenses that are not considered in the appraisal of operating performance. Non-recurring income and expenses include depreciation charges net of government investment grants, charges and reversals related to impairment of assets and profit/loss from acquisitions or asset disposals.

vi. Finance income/(expense)

Financial income/(expenses) mainly include(s) interest expenses from financial liabilities and derivatives, restructuring costs for financial liabilities, and net income from receivables and loans.

vii. Net profit/(loss)

Net profit/(loss) is an indicator of wealth creation and results from the difference between all income and all expenses. It corresponds to the Operating profit less finance income/(expense) and tax expense.

3. Analysis of results for the six-month periods ended 30 June 2019 and 2018

	30 June 2019			30 June 2018		
(in million of euros)	**EPRA earnings**	**Non recurring (a)**	**Total**	**EPRA earnings**	**Non recurring (a)**	**Total**
GROSS RENTAL INCOME	**129.2**	**-**	**129.2**	**115.1**	**-**	**115.1**
NET RENTAL INCOME	**129.1**	**-**	**129.1**	**111.6**	**-**	**111.6**
Margin rate	***99.9%***	**-**	***99.9%***	***96.9%***	**-**	***96.9%***
Net operating costs	(6.4)	-	(6.4)	(5.6)	-	(5.6)
EBITDA	**122.8**	**-**	**122.8**	**106.0**	**-**	**106.0**
Depreciation charges net of government investment grants	-	(56.1)	(56.1)	-	(51.6)	(51.6)
Charges and reversals related to impairment of tangible, financial and other current assets	-	(2.2)	(2.2)	-	(0.2)	(0.2)
Profit/(loss) from acquisitions	-	-	-	-	-	-
Profit/(loss) on asset disposals	-	(2.2)	(2.2)	-	(0.1)	(0.1)
OPERATING PROFIT/(LOSS)	**122.8**	**(60.5)**	**62.2**	**106.0**	**(51.9)**	**54.1**
Cost of net financial debt	(15.0)	-	(15.0)	(14.3)	-	(14.3)
Other finance income and expenses	(0.4)	(0.4)	(0.8)	(0.2)	(10.2)	(10.5)
FINANCE EXPENSES	**(15.4)**	**(0.4)**	**(15.8)**	**(14.6)**	**(10.2)**	**(24.8)**
Tax expense	(1.4)	-	(1.4)	(1.1)	0.6	(0.4)
NET PROFIT/(LOSS)	**106.0**	**(60.9)**	**45.0**	**90.4**	**(61.5)**	**28.8**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**106.0**	**(60.9)**	**45.0**	**90.4**	**(61.5)**	**28.8**

(a) The "Non-recurring" column includes depreciation charges for investment properties, profit/(loss) from disposals and fair value adjustments to financial instruments.

i. Gross rental income

The Group's gross rental income significantly increased by €14.1 million or by 12.2%, for the six-month period ended 30 June 2019, from €115.1 million for the six-month period ended 30 June 2018 to €129.2 million for the six-month period ended 30 June 2019. This is mainly due to the acquisitions of 14 nursing homes during the second half-year 2018 and the completion of extension works and development projects occurred during 2018 (refer to section II. *Value of the portfolio* of this document).

On a like-for-like basis, rental income went up by 2.7% due to rent indexation.

(in million of euros)	30 June 2018	Asset acquisitions	Asset disposals	New builds / Refurbishments	Leasing activity and rent escalation	30 June 2019	Total change	Like-for-like change
	115.1	**4.9**	**(0.2)**	**6.5**	**2.9**	**129.2**	**14.1**	**2.7%**

ii. *Net rental income*

The Group's net rental income increased by €17.5 million or by 15.7%, for the six-month period ended 30 June 2019, from €111.6 million for the six-month period ended 30 June 2018 to €129.1 million for the six-month period ended 30 June 2019. This increase is driven by the Gross rental income growth and by two early termination payments received during the first semester of 2019.

iii. *Margin rate*

As a result of the evolution of the Gross and Net rental income, the Group's Margin rate increased by 3.0 basis points, for the six-month period ended 30 June 2019, from 96.9% for the for the six-month period ended 30 June 2018, to 99.9% million for the six-month period ended 30 June 2019.

iv. *Net operating costs*

The Group's net operating costs increased by €0.8 million or by 14.3%, for the six-month period ended 30 June 2019, from €(5.6) million for the six-month period ended 30 June 2018 to €(6.4) million for the six-month period ended 30 June 2019. This increase is mainly due to the increase of assets' number following the development in 2018.

v. *EBITDA*

As a result of the evolution of the Net rental income and the Net operating costs, the Group's EBITDA increased by €16.7 million or by 15.8%, for the six-month period ended 30 June 2019, from €106.0 million for the six-month period ended 30 June 2018 to €122.8 million for the six-month period ended 30 June 2019.

vi. *Recurring portion of Finance income/(expense)*

The recurring portion of finance expenses increased by €0.8 million or by 5.7%, for the six-month period ended 30 June 2019, from €(14.6) million for the six-month period ended 30 June 2018 to €(15.4) million for the six-month period ended 30 June 2019. This increase is mainly due to the new financial debt subscribed in 2018.

vii. *EPRA earnings*

The Group's EPRA earnings increased by €15.6 million or by 17.3%, for the six-month period ended 30 June 2019, from €90.4 million for the six-month period ended 30 June 2018 (€2.65 per share) to €106.0 million for the six-month period ended 30 June 2019 (€2.93 per share), for the reasons stated above.

viii. *Non-recurring portion of Operating profit/(loss)*

The Group's Non-recurring portion of Operating loss increased by €8.6 million or by 16.9%, for the six-month period ended 30 June 2019, from €(51.9) million for the six-month period ended 30 June 2018 to €(60.5) million for the six-month period ended 30 June 2019. This is mainly due to an increase in assets' amortization and impairment of assets mainly due to the acquisitions of 14 nursing homes during the second half-year 2018 and the completion of extension works and development projects which occurred during 2018 and to the disposals of Ter private hospital and Pasteur private hospital (refer to section II. *Assets disposals* of this document*)*.

ix. *Non-recurring portion of Finance expense*

The Group's Non-recurring portion of Finance expenses decreased by €9.8 million for the six-month period ended 30 June 2019, from €(10.2) million for the six-month period ended 30 June 2018 to €(0.4) million for the six-month period ended 30 June 2019. This decrease is due to the early repayment penalty of financial debt to Icade SA for €9.5 million during the six-month period ended 30 June 2018.

x. *Non-recurring portion of Net profit/(loss)*

As a result of the two above variations, the Group's Non-recurring portion of Net loss decreased by €0.6 million or by 1.0% for the six-month period ended 30 June 2019, from €(61.5) million for the six-month period ended 30 June 2018 to €(60.9) million for the six-month period ended 30 June 2019.

4. Analysis of results for the years ended 31 December 2018, 2017 and 2016

a. Analysis of results for the years ended 31 December 2018 and 2017

(in million of euros)	31 December 2018			31 December 2017		
	EPRA earnings	Non recurring (a)	Total	EPRA earnings[3]	Non recurring (a)	Total
GROSS RENTAL INCOME	**241.0**	**-**	**241.0**	**214.9**	**-**	**214.9**
NET RENTAL INCOME	**235.9**	**-**	**235.9**	**211.3**	**-**	**211.3**
Margin rate	***97.9%***	**-**	***97.9%***	***98.3%***	**-**	***98.3%***
Net operating costs	(12.5)	-	(12.5)	(11.0)	-	(11.0)
EBITDA	**223.4**	**-**	**223.4**	**200.3**	**-**	**200.3**
Depreciation charges net of government investment grants	-	(107.8)	(107.8)	-	(97.5)	(97.5)
Charges and reversals related to impairment of tangible, financial and other current assets		(7.7)	(7.7)		(0.8)	(0.8)
Profit/(loss) from acquisitions	-	(1.3)	(1.3)	-	(0.2)	(0.2)
Profit/(loss) on asset disposals	-	(0.0)	(0.0)	-	0.2	0.2
OPERATING PROFIT/(LOSS)	**223.4**	**(116.9)**	**106.5**	**200.3**	**(98.3)**	**102.1**
Cost of net financial debt	(29.6)	-	(29.6)	(28.4)	-	(28.4)
Other finance income and expenses	(0.6)	(10.1)	(10.7)	(0.4)	(0.4)	(0.8)
FINANCE EXPENSES	**(30.2)**	**(10.1)**	**(40.3)**	**(28.8)**	**(0.4)**	**(29.2)**
Tax expense	(2.1)	0.6	(1.5)	(1.7)	-	(1.7)
NET PROFIT/(LOSS)	**191.0**	**(126.3)**	**64.8**	**169.8**	**(98.7)**	**71.1**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**191.0**	**(126.3)**	**64.8**	**169.8**	**(98.7)**	**71.1**

(a) The "Non-recurring" column includes depreciation charges for investment properties, profit/(loss) from disposals and fair value adjustments to financial instruments.

i. *Gross rental income*

The Group's gross rental income significantly increased by €26.1 million or by 12.1%, for the year ended 31 December 2018, from €214.9 million for the year ended 31 December 2017 to €241.0 million for the year ended 31 December 2018, benefiting from the acquisitions completed in 2018. These include:

- acquisitions for €14.3 million, including the 1st nursing home portfolio (14 nursing homes) for €4.4 million,
- the completion of extension works and development projects for €8.8 million of (a) the Reims-Bezannes polyclinic (*30,000 sq.m, 12-year off-plan lease with no break option with Courlancy Santé*), (b) the Atlantique medical hub in St Herblain (*16,000 sq.m, 12-year off-plan lease with no break option with Elsan*), and (c) the Croix du Sud private hospital in Quint Fonsegrives (*30,500 sq.m, 12-year off-plan lease with no break option with Capio*) and
- impact of rent escalation and asset management for €3.4 million.

On a like-for-like basis, rental income went up by 1.8% due to rent indexation.

(in million of euros)	31 December 2017	Asset acquisitions	Asset disposals	New builds / Refurbishments	Leasing activity and rent escalation	31 December 2018	Total change	Like-for-like change
	214.9	**14.3**	**(0.4)**	**8.8**	**3.4**	**241.0**	**26.1**	**1.8%**

ii. *Net rental income*

The Group's net rental income increased by €24.6 million or by 11.7%, for the year ended 31 December 2018, from €211.3 million for the year ended 31 December 2017 to €235.9 million for the year ended 31 December 2018. This increase is directly linked to the Gross rental income growth.

iii. *Margin rate*

As a result of the evolution of the Gross and Net rental income, the Group's Margin rate decreased by 0.4 basis points, for the year ended 31 December 2018, from 98.3% for the year ended 31 December 2017 to 97.9% million for the year ended 31 December 2018.

iv. *Net operating costs*

The Group's Net operating costs increased by €1.6 million or by 14.3%, for the year ended 31 December 2018, from €(11.0) million for the year ended 31 December 2017 to €(12.5) million for the year ended December 31, 2018. This increase is mainly due to the increase of assets' number following the development in 2018.

v. *EBITDA*

As a result of the evolution of the Net rental income and the Net operating costs, the Group's EBITDA increased by €23.1 million or by 11.5%, for the year ended 31 December 2018, from €200.3 million for the year ended 31 December 2017 to €223.4 million for the year ended 31 December 2018.

vi. *Recurring portion of Finance income/(expense)*

The recurring portion of finance expenses increased by €1.4 million or by 5.0%, for the year ended 31 December 2018, from €(28.8) million for the year ended 31 December 2017 to €(30.2) million for the year ended 31 December 2018. This increase is mainly due to the new financial debt subscribed in 2018.

vii. *EPRA earnings*

The Group's EPRA earnings increased by €21.2 million or by 12.5%, for the year ended 31 December 2018, from €169.8 million for the year ended 31 December 2017 (€5.20 per share) to €191.0 million for the year ended 31 December 2018 (€5.43 per share), for the reasons stated above.

viii. *Non-recurring portion of Operating profit/(loss)*

The Group's Non-recurring portion of Operating loss increased by €18.6 million or by 18.9%, for the year ended 31 December 2018, from €(98.3) million for the year ended 31 December 2017 to €(116.9) million for the year ended 31 December 2018. This item is composed of assets' amortization and impairment of assets.

ix. *Non-recurring portion of Finance expense*

The Group's Non-recurring portion of Finance expenses increased by €9.6 million for the year ended 31 December 2018, from €(0.4) million for the year ended 31 December 2017 to €(10.1) million for the year ended 31 December 2018. This increase is mainly due to the early repayment penalty of financial debt to Icade SA for €9.5 million.

x. *Non-recurring portion of Net profit/(loss)*

As a result of the two above variations, the Group's Non-recurring portion of Net loss increased by €27.6 million or by 28.0% for the year ended 31 December 2018, from €(98.7) million for the year ended 31 December 2017 to €(126.3) million for the year ended 31 December 2018.

b. Analysis of results for the years ended 31 December 2017 and 2016

(in million of euros)	31 December 2017			31 December 2016		
	EPRA earnings	**Non recurring (a)**	**Total**	**EPRA earnings**	**Non recurring (a)**	**Total**
GROSS RENTAL INCOME	**214.9**	**-**	**214.9**	**207.3**	**-**	**207.3**
NET RENTAL INCOME	**211.3**	**-**	**211.3**	**204.0**	**-**	**204.0**
Margin rate	***98.3%***	**-**	***98.3%***	**98.4%**	**-**	**98.4%**
Net operating costs	(11.0)	-	(11.0)	(11.2)	-	(11.2)
EBITDA	**200.3**	**-**	**200.3**	**192.8**	**-**	**192.8**
Depreciation charges net of government investment grants	-	(97.5)	(97.5)	-	(95.0)	(95.0)
Charges and reversals related to impairment of tangible, financial and other current assets	-	(0.8)	(0.8)	-	(0.2)	(0.2)
Profit/(loss) from acquisitions	-	(0.2)	(0.2)	-	1.3	1.3

Profit/(loss) on asset disposals	-	0.2	0.2	-	(0.3)	(0.3)
OPERATING PROFIT/(LOSS)	**200.3**	**(98.3)**	**102.1**	**192.8**	**(94.2)**	**98.6**
Cost of net debt	(28.4)	-	(28.4)	(29.4)	-	(29.4)
Other finance income and expenses	(0.4)	(0.4)	(0.8)	(0.6)	(0.2)	(0.9)
FINANCE EXPENSES	**(28.8)**	**(0.4)**	**(29.2)**	**(30.0)**	**(0.2)**	**(30.3)**
Tax expense	(1.7)	-	(1.7)	(1.4)	0.3	(1.1)
NET PROFIT/(LOSS)	**169.8**	**(98.7)**	**71.1**	**161.4**	**(94.1)**	**67.2**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**169.8**	**(98.7)**	**71.1**	**161.4**	**(94.1)**	**67.2**

(a) The "Non-recurring" column includes depreciation charges for investment properties, profit/(loss) from disposals and fair value adjustments to financial instruments.

i. Gross rental income

The Group's gross rental income increased by €7.5 million or by 3.6%, for the year ended 31 December 2017, from €207.3 million for the year ended 31 December 2016 to €214.9 million for the year ended 31 December 2017.

On a like-for-like basis, leasing activity rose by 0.6%, due mainly to rent escalation.

Changes in scope of consolidation represented an increase of €6.8 million, including:

- €5.6 million in additional rental income related to acquisitions, in particular the Ormeau polyclinic in Tarbes and the Saint-Roch polyclinic in Cabestany, both purchased in 2017;
- €1.6 million in additional rental income as a result of extension works and completions;
- €(0.5) million in loss of rental income due to the sale of the Chênes polyclinic.

(in million of euros)	31 December 2016	Asset acquisitions	Asset disposals	New builds / refurbishments	Leasing activity and rent escalation	31 December 2017	Total change	Like-for-like change
	207.3	**5.6**	**(0.5)**	**1.6**	**0.8**	**214.9**	**7.5**	**0.6%**

ii. Net rental income

The Group's net rental income increased by €7.3 million or by 3.6%, for the year ended 31 December 2017, from €204.0 million for the year ended 31 December 2016 to €211.3 million for the year ended 31 December 2017. This increase is directly linked to the Gross rental income growth.

iii. Margin rate

As a result of the evolution of the Gross and Net rental income, the Group's Margin rate remained stable at 98.3% for the year ended 31 December 2017 (98.4% for the year ended 31 December 2017)

iv. Net operating costs

The Group's Net operating costs decreased slightly by €0.3 million or by 2.2%, for the year ended 31 December 2017, from €(11.2) million for the year ended 31 December 2016 to €(11.0) million for the year ended 31 December 2017.

v. EBITDA

As a result of the evolution of the Net rental income and the Net operating costs, the Group's EBITDA increased by €7.5 million or by 3.9%, for the year ended 31 December 2017, from €192.8 million for the year ended 31 December 2017 to €200.3 million for the year ended 31 December 2017.

vi. Recurring portion of Finance expense

The recurring portion of finance expenses decreased by €1.2 million or by 4.1%, for the year ended 31 December 2017, from €(30.0) million for the year ended 31 December 2016 to €(28.8) million for the year ended 31

December 2017. This is mainly due to the decrease of average cost of drawn debt (refer to section IV *Liquidity and capital resources* of this Prospectus).

vii. *EPRA earnings*

The Group's EPRA earnings increased by €8.4 million or by 5.2%, for the year ended 31 December 2017, from €161.4 million for the year ended 31 December 2016 (€4.95 per share) to €169.8 million for the year ended 31 December 2017 (€5.20 per share), for the reasons stated above.

viii. *Non-recurring portion of Operating profit/(loss)*

The Group's Non-recurring portion of Operating loss increased by €4.1 million or by 4.3%, for the year ended 31 December 2017, from €(94.2) million for the year ended 31 December 2016 to €(98.3) million for the year ended 31 December 2017. This is mainly explained by the amortization of new properties.

ix. *Non-recurring portion of Finance expenses*

The Group's Non-recurring portion of Finance expenses remained non-significant for the year ended 31 December 2017, amounted to €0.4 million (€0.2 million for the year ended 31 December 2016)

x. *Non-recurring portion of Net profit/(loss)*

As a result of the two above variations, the Group's Non-recurring portion of Net loss increased by €4.6 million or by 4.8% for the year ended 31 December 2017, from €(94.1) million for the year ended 31 December 2016 to €(98.7) million for the year ended 31 December 2017.

IV. Liquidity and capital resources

The following information on the Group's financial resources and financing needs should be read in conjunction with the Group's interim condensed consolidated financial statements for the six-month period ended 30 June 2019 and the Group's consolidated financial statements for the years ended 31 December 2018, 2017 and 2016, as set out in sections "*Financial statements of the Issuer for the six-month period ended 30 June 2019*" and "*Audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016*" of this Prospectus, respectively.

The Group's interim condensed consolidated financial statements for the six-month period ended 30 June 2019 and the Group's consolidated financial statements for the years ended 31 December 2018, 2017 and 2016 have been prepared in accordance with IFRS (*International Financial Reporting Standards*), as adopted by the European Union. The statutory auditors' report on the limited review of the interim condensed consolidated financial statements for the six-month period ended 30 June 2019 can be found in section "*Financial statements of the Issuer for the six-month period ended 30 June 2019*" of this Prospectus. The statutory auditor's audit report on the Group's consolidated financial statements for the years ended 31 December 2018, 2017 and 2016 can be found in section "*Audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016*" of this Prospectus.

The figures are presented in million of euros, with one decimal place, and all amounts are rounded up or down to the nearest million unless otherwise indicated.

1. Description of the Group' financial policy

Until 2015, Icade Santé was financed by Icade. Since 2015, Icade Santé began to organize it financial autonomy with a first club deal of €150 million. During the last 3 years, the part of external debt increased from 43% of the total gross financial liabilities at 31 December 2016 to 67 % of the total gross financial liabilities at 30 June 2019.

The main characteristics of the actual financial policy are the following:

- LTV ratio at 40 %;
- 100 % of external financial debt at the end of 2023;
- Hedging minimum ratio at 80 %.

The issue of the Notes subject to this Prospectus is implemented as part of this financial policy.

2. Description of the Group's financial resources

The Group's main financial resources include capital increases and financial debts. Against a backdrop of market volatility, Icade Santé continued to optimize its financial resources and carried out the following major financial transactions:

- In 2016, the Group signed a two-year, €50 million loan and a cash advance agreement with Icade SA for a maximum amount of €200 million;
- In 2017, the Group secured new bank debt facilities and mortgage financing secured for €208.4 million and new swaps purchased for €198.6 million;

In 2018, the Group raised new debt facilities, €200 million in Corporate financing over seven and eight years, and €31 million in the form of finance leases. Besides, the Group added new medium- and long-term fixed-rate swaps for a total of €250 million to its portfolio of derivatives.All these transactions allowed the Group to continue to implement an appropriate and optimized funding policy, by lowering the average cost of debt, maintaining its average debt maturity above 5 years and diversifying its funding sources.

a. Capital increases

Over the six-month period ended 30 June 2019, the company proceeded to a capital increase of €120 million, fully subscribed – but unequally - in cash by its shareholders.

In 2018, the company proceeded to capital increases of €160 million, fully subscribed in cash by its shareholders.

In 2017, the company proceeded to capital increases of €100 million, fully subscribed by its shareholders.

In 2016, no capital increase occurred.

b. Financial debt

i. Debt by type

As of 30 June 2019, gross financial liabilities stood at €1,755.7 million (€1,479.6 million, €1,307.4 million and €1,104.8 million respectively as of 31 December 2018, 2017 and 2016. It broke down as follows:

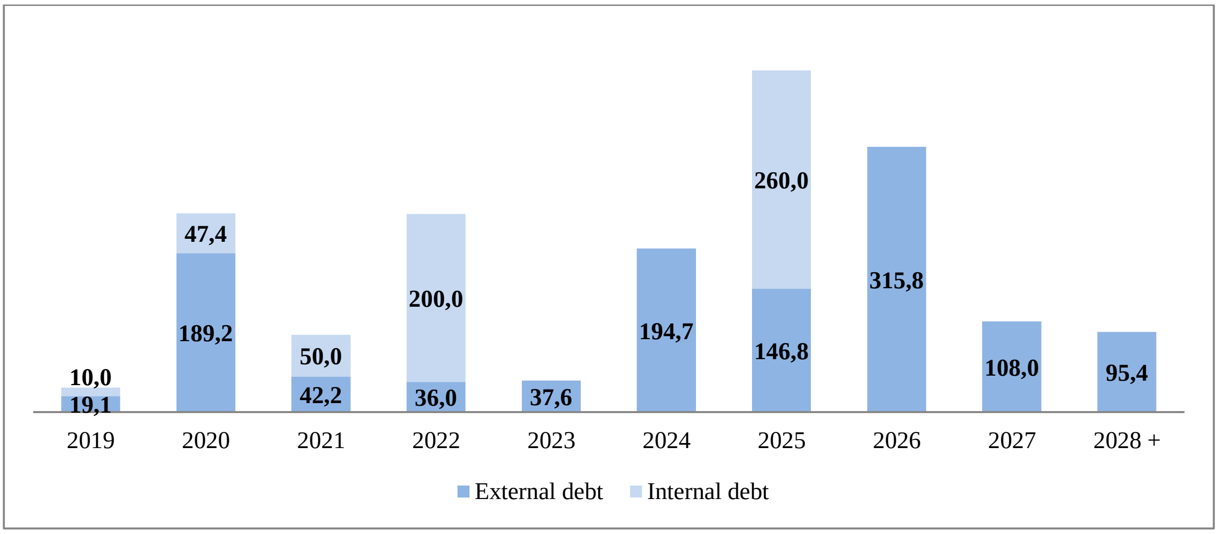
- €1,506.7 million of corporate loans (€1,216.0 million, €1,121.0 million and €945.7 million respectively as of 31 December 2018, 2017 and 2016) of which €571.1 million are granted by Icade S.A;

- €193.8 million of finance leases (€208.3 million, €184.6 million and €158.7 million respectively as of 31 December 2018, 2017 and 2016);

- €55.1 million of other (€55.3 million, €1.8 million and €0.4 million respectively as of 31 December 2018, 2017 and 2016).

ii. Debt by maturity date

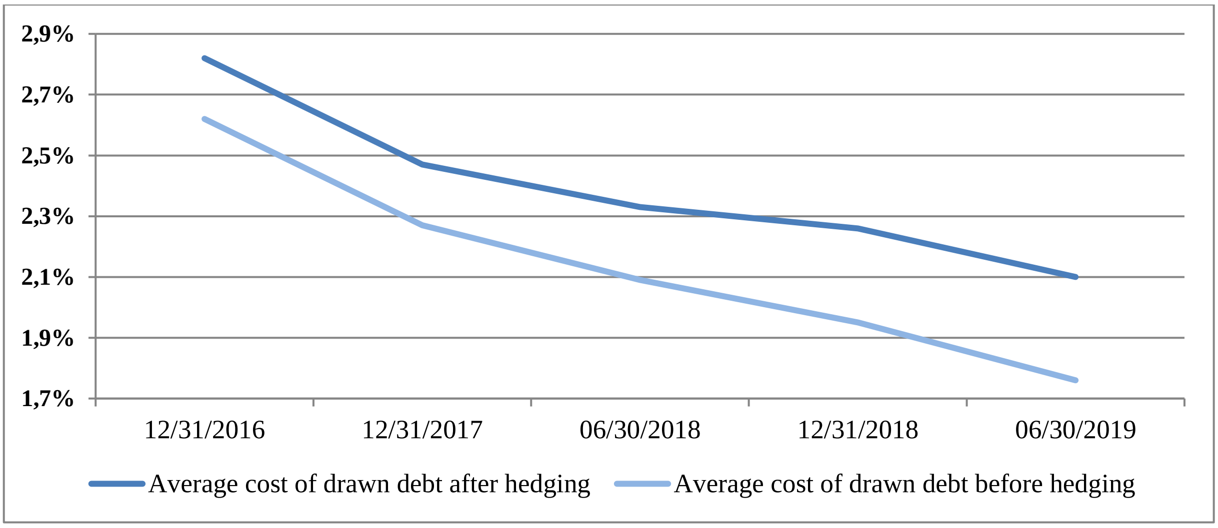
The maturity schedule of debt drawn by Icade Santé (excluding overdrafts) as of 30 June 2019 is as follows:



Internal debt consists of loans granted by Icade SA under the intragroup loan agreements and the cash advance agreement described in notes 10.2.1.3 and 10.2.1.4 of the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus. The Group reduced its internal debt over the last three financial years, from €634.3 million at 31 December 2016 (representing 57.4% of the total gross financial liabilities of the Group), to €612.5 million at 31 December 2017 (representing 46.8% of the total gross financial liabilities of the Group), €571.1 million at 31 December 2018 (representing 38.6% of the total gross financial liabilities of the Group) and €571.1 million at 30 June 2019 (representing 32.5% of the total gross financial liabilities of the Group).

iii. *Average cost of drawn debt*

For the six-month period ended 30 June 2019, the average cost of debt was 1.76% before hedging (2.09% for the six-month period ended 30 June 2018 and 1,95%, 2.27% and 2.62% respectively in 2018, 2017 and 2016) and 2.10% after hedging (2.33% for the six-month period ended 30 June 2018 and 2.26%, 2.47% and 2.82% respectively in 2018, 2017 and 2016).

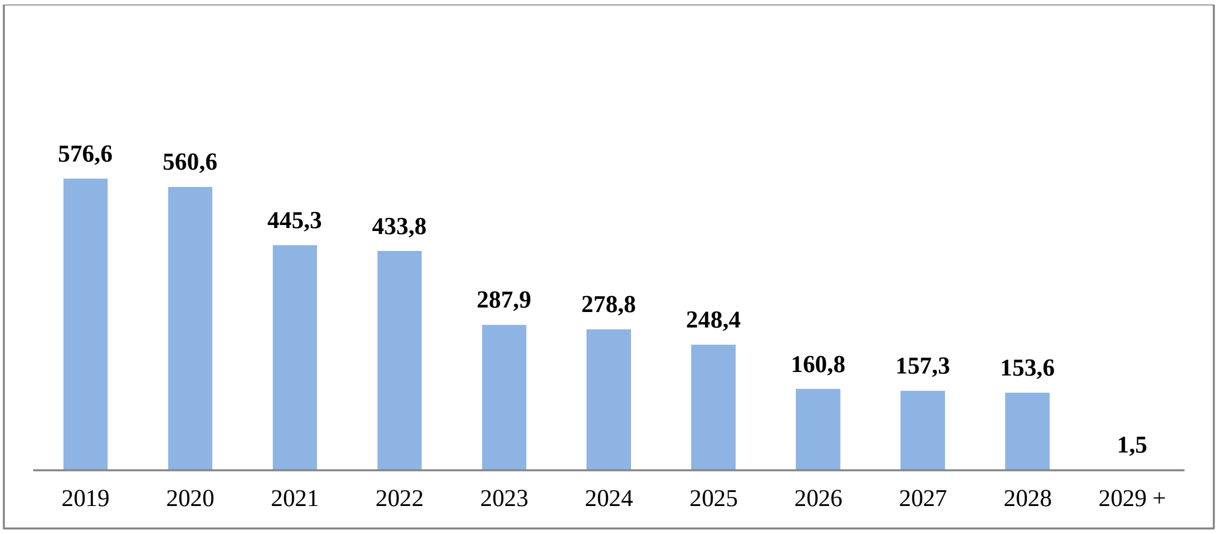


This decrease in the average cost of debt between the six-month period ended 30 June 2019 and the six-month period ended 30 June 2018 (as well as compared to the exercise 2018, 2017 and 2016) was achieved through the proactive management of existing debt and interest rate hedges.

iv. *Management of interest rate risk exposure*

Excluding debt associated with equity interests and bank overdrafts, variable rate debt represented nearly 63% of the Group's total debt as of 30 June 2019 (56%, 49% and 41% respectively as of 31 December 2018, 2017 and 2016), with a hedging ratio of 69% (84%, 78% and 75% respectively as of 31 December 2018, 2017 and 2016).

The outstanding hedging positions as of 30 June 2019 is as follows:



Most of the debt (69% as of 30 June 2019 and 84%, 78% and 75% respectively as of 31 December 2018, 2017 and 2016) was protected against an increase in interest rates (fixed rate debt or variable rate debt hedged by interest rate swaps). As of 30 June 2019, the hedged debt was 88%, including hedges starting in 2019. A detailed analysis of the notional amounts of hedging instruments is shown in the notes to the Group's interim condensed consolidated financial statements for the six-month period ended 30 June 2019 and in the notes to the Group's consolidated financial statements for the years ended 31 December 2018, 2017 and 2016, as set out in sections "*Financial statements of the Issuer for the six-month period ended 30 June 2019*" and "*Audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016*" of this Prospectus, respectively.

For the six-month period ended 30 June 2019 and in the financial years 2018, 2017 and 2016, the Group continued its prudent debt management policy, maintaining limited exposure to interest rate risk while taking advantage of low interest rates. The total swaps amounted €895.2 million as of 30 June 2019 (€609.5 million, €369.9 million and €192.4 million respectively during the financial years 2018, 2017 and 2016).

The average maturity is 5.5 years for variable rate debt as of 30 June 2019 (5.3, 4.7 and 4.3 years respectively as of 31 December 2018, 2017 and 2016) and 4.7 years for related hedges as of 30 June 2019 (5.3, 3.8 and 4.3 years respectively as of 31 December 2018, 2017 and 2016).

Finally, Icade Santé favours classifying its hedging instruments as "cash flow hedges" according to IFRS standards; this involves recognising changes in fair value of these instruments in equity (for the effective part), rather than in the income statement.

v. *Financial structure ratios*

LTV (Loan-To-Value) ratio

The LTV ratio, which is the ratio of net financial liabilities and the latest valuation of the property portfolio excluding duties, stood at 30.8% as of 30 June 2019, compared with 31.7%, 32.6% and 31.2% respectively as of 31 December 2018, 2017 and 2016. These LTV ratios calculated as part of bank covenants are well below the maximum level of 52%.

The accelerating growth of the portfolio value since the last 3 years explains the high level of the LTV ratio.

ICR (Interest Coverage Ratio)

The interest coverage ratio corresponds to the ratio of EBITDA (as shown in the consolidated income statement set out in the condensed consolidated financial statements of the Issuer as of 30 June 2019 and the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus) to the cost of net financial liabilities (as shown in note 5.1.4. of the condensed consolidated financial statements of the Issuer as of 30 June 2019 and note 6.1.4 of the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus). Such ratio was 8.2x for the six-month period ended 30 June 2019 (7.5x, 7.1x and 6.6x respectively for the financial years 2018, 2017 and 2016). The ratio remains at a high level, demonstrating the Company's ability to comfortably comply with its bank covenants.

See also note 6.2.2 of the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus.

All covenants were met as of 30 June 2019 and as of 31 December 2018, 2017 and 2016.

3. Description of the Group's main categories of use of financial resources

The Group's main financing needs include portfolio development financing, dividends for the shareholders, interest payments and repayment of financial debt.

a. Portfolio development financing

The Group's capital expenditure to finance its portfolio development mainly relates to investment properties, either acquisitions or construction work. For the six-month period ended 30 June 2019, capital expenditure amounted to €33.4 million (€311.4 million, €354.7 million and €203.2 million, respectively for the years ended 31 December 2018, 2017 and 2016). Figures are detailed in the tables below:

(in million of euros)	Asset acquisitions	Projects under development	Other capex	Total[(1)]
Six-month period ended 30 June 2019	0.3	16.8	16.3	**33.4**
2018	211.5	47.9	52.0	**311.4**
2017	229.4	79.0	46.3	**354.7**
2016	65.7	84.6	52.9	**203.2**

[(1)]Including transfer duties and fees.

The analysis of the portfolio development is described in paragraph 2 *Property Portfolio and leasing activity* above.

c. Dividends

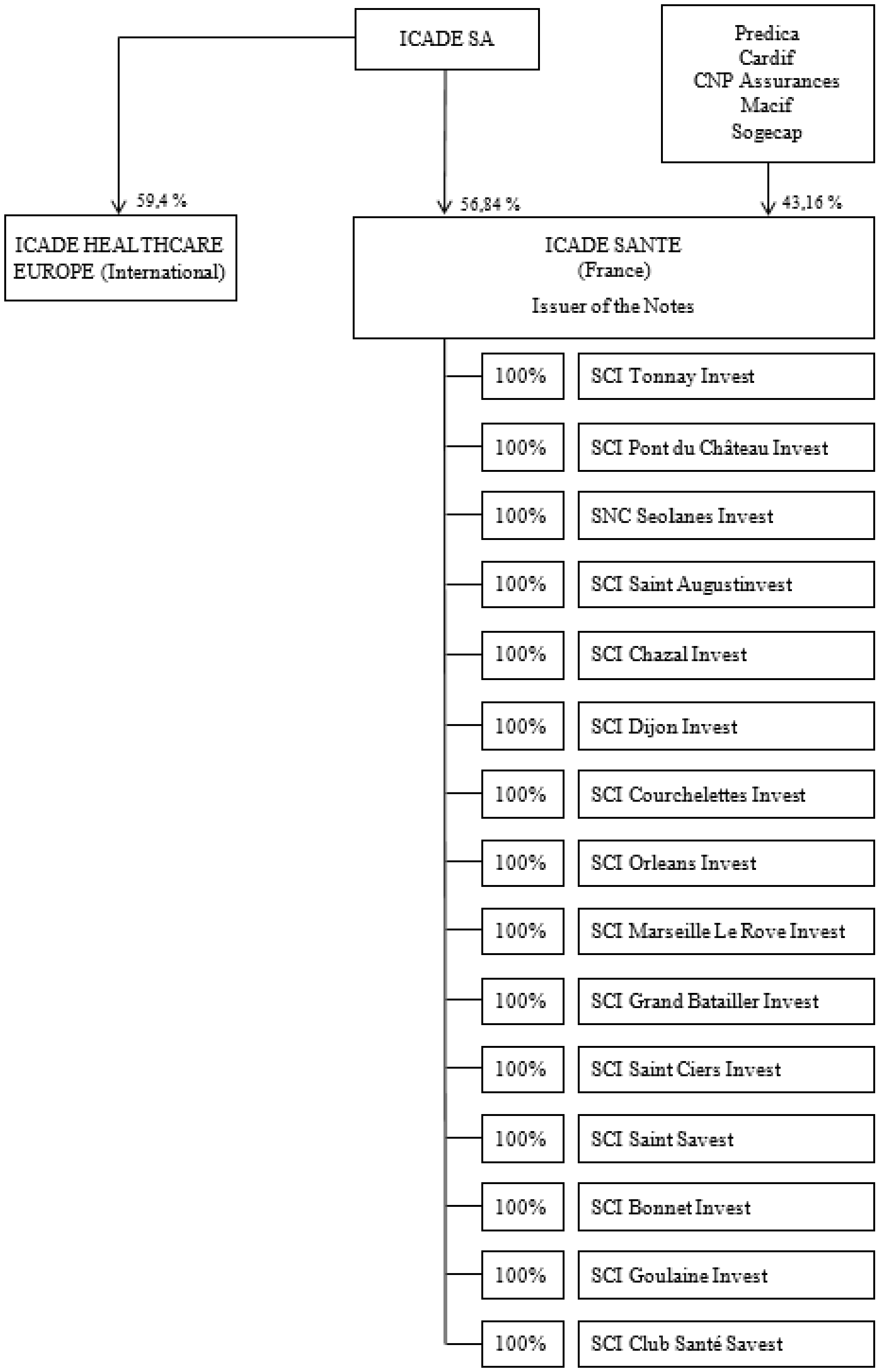
Dividends paid by the Group to its shareholders in 2019, 2018, 2017 and 2016 (for respectively the years 2018, 2017, 2016 and 2015), respectively amounted to €153.1 million, €132.0 million, €105.0 million and €87.0 million (respectively 4.34 € per share, 3.88 € per share, 3.22 € per share and €2.67 per share).

d. Interest payments and repayment of financial debt

The Group uses a portion of the cash flows it generates to the service and repayment of its financial debts. During the six-month period ended 30 June 2019 and during the financial years 2018, 2017 and 2016, the Group paid interests in the amount of €16.1 million, €32.2 million, €30.7 million and €31.0 million, respectively, As repayment of its financial debts, the Group also paid €24.3 million, €98.8 million, €32.4 million and €33.4 million, respectively, during the six-month period ended 30 June 2019 and during the financial years ended 31 December 2018, 2017 and 2016.

V. Corporate structure

The chart below sets out the corporate structure of the Group and its principal subsidiaries as of 30 June 2019:



VI. Administrative, Management and Supervisory bodies

Icade Santé is a French *société par actions simplifiée* with a Chairman (*Président*) and a deputy CEO (*directeur general délégué*).

Icade, a French *société anonyme*, registrered with the Nanterre Trade and Companies Register (RCS Nanterre) under number 582 074 944, located at 27, Rue Camille Desmoulins, 92130 Issy les Moulineaux, France, and whose shares are listed on the regulated market of Euronext Paris (ISIN: FR0000035081) is the Chairman of Icade Santé. Icade is an integrated real estate player which designs innovative real estate products and services adapted to new urban lifestyles and habits.

Xavier Cheval, *Directeur général délégué* of Icade Santé, 36 years old, is a graduate from *École Centrale de Paris* and Insead. He began working at Icade Santé in 2011 as manager in the Investment Department and then Chief Investment Officer. He subsequently became *Directeur général adjoint* of Icade Santé in 2017 and has held that position until 2019, when he became *Directeur général délégué* of Icade Santé.

VII. Conflicts

The Issuer has entered into services agreements and intragroup loan agreements and a cash advance agreement with Icade, its majority shareholder, further described in paragraph X. "Material contracts" below.

Except in respect of the agreements referred to above, as of the date of this Prospectus, there are no potential conflicts of interest between any duties owed by any of the members of the management and their private interests and/or other duties.

VIII. Major shareholders

As of the date of this Prospectus, the Issuer is 56.84% owned by Icade, the remainder being owned by France's major life insurance companies (Prédica, Cardif, CNP Assurances, Macif and Sogecap) (see note 9.1.2 of the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus).

IX. Statutory auditor

The statutory auditor of the Issuer is Mazars, a limited liability company (*société anonyme*), registered with the Nanterre Trade and Companies Register (RCS Nanterre) under number 784 824 153 and having its registered address at Tour Exaltis, 61 rue Henri Regnault, 92400 Courbevoie, France.

X. Material contracts

In 2012, the Issuer entered into services agreements with Icade, entrusting asset management, property management and back-office functions and services to Icade, which are described in notes 10.2.1.1 and 10.2.1.2 of the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus.

For the purposes of financing the development of its portfolio, the Issuer has also implemented several financings with banks pursuant to corporate loans which are described in note 6.1.1.1 of the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus. As of 30 June 2019, the loans drawn by the Group under these agreements amounted to €1,506.7 million (see also paragraph IV.1.c.(i) above).

The Issuer has also entered into several intragroup loan agreements and a cash advance agreement with Icade, which are described in notes 10.2.1.3 and 10.2.1.4 of the audited financial statements of the Issuer for the years ended 31 December 2018, 2017 and 2016 included in this Prospectus. As of 30 June 2019, the loans drawn by the Group under the intragroup loan agreements amounted to €571.1 million (see also paragraph IV.1.c.(i) above).

FINANCIAL STATEMENTS OF THE ISSUER FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

The financial statements appearing below are the English translation of the unaudited interim condensed consolidated financial statements of the Issuer for the six-month period ended 30 June 2019 as reviewed by its statutory auditor and free English translation of its review report thereon appear on page 81 of this Prospectus.

I. Unaudited interim condensed consolidated financial statements of the Issuer for the six-month period ended 30 June 2019

1. Condensed consolidated financial statements as of June 30, 2019

Unless otherwise stated, the condensed consolidated financial statements are presented in millions of euros, rounded to the nearest hundred thousand euros. Rounding differences may therefore occur between the different statements presented.

Consolidated income statement

(in millions of euros)	Notes	06/30/2019	06/30/2018
Gross rental income	4.4	**134.7**	**115.1**
Other income from operations		-	0,0
Income from operating activities		**134.7**	**115.1**
Purchases used		-	(0.1)
Outside services		(8.3)	(7.0)
Taxes, duties and similar payments		(0.3)	(0.3)
Other operating expenses		(3.4)	(1.7)
Expenses from operating activities		**(12.0)**	**(9.1)**
EBITDA		**122.7**	**106.0**
Depreciation charges net of government investment grants	4.1.1	(56.1)	(51.6)
Charges and reversals related to impairment of tangible, financial and other current assets	4.1.1	(2.2)	(0.2)
Profit/(loss) on asset disposals		(2.2)	(0.1)
OPERATING PROFIT/(LOSS)		**62.2**	**54.1**
Cost of net financial liabilities		**(15.0)**	**(14.3)**
Other finance income and expenses		(0.8)	(10.5)
FINANCE INCOME/(EXPENSE)	5.1.4	**(15.8)**	**(24.8)**
Tax expense	7.1	(1.4)	(0.4)
NET PROFIT/(LOSS)		**45.0**	**28.8**
Net profit/(loss) attributable to non-controlling interests		-	-
Net profit/(loss) attributable to the Group		**45.0**	**28.8**
Net profit/(loss) attributable to the Group per share (in €)	7.3	**€ 1.24**	**€ 0.85**

Consolidated statement of comprehensive income

(in millions of euros)	Notes	06/30/2019	06/30/2018
NET PROFIT/(LOSS) FOR THE PERIOD		**45.0**	**28.8**
Other comprehensive income:			
Other comprehensive income recyclable to the income statement: cash flow hedges	5.1.3.2	**(17.5)**	**(2.2)**
- Changes in fair value recognised directly in equity		(17.1)	(1.7)
- Transfer of non-hedging instruments to the income statement		(0.4)	(0.5)
Other comprehensive income not recyclable to the income statement		**0.0**	**0.0**
Total comprehensive income recognised in equity		0.0	0.0

Including transfer to net profit/(loss)	**(17.5)**	**(2.2)**
COMPREHENSIVE INCOME FOR THE PERIOD	(0.4)	(0.5)
- Attributable to the Group	**27.5**	**26.7**
- Attributable to non-controlling interests	27.5	26.7

Consolidated statement of financial position

(in millions of euros)	Notes	06/30/2019	12/31/2019
ASSETS			
Net investment property[(a)]	4.1.1	3,113.4	3,155.9
Financial assets at fair value through profit or loss	5.1.5.2	0.0	0.0
Financial assets at amortised cost	5.1.5.2	1.3	1.3
Derivative assets	5.1.3	0.1	-
NON-CURRENT ASSETS		**3,114.9**	**3,157.3**
Accounts receivable	5.1.5.1	15.7	6.8
Tax receivables		0.0	-
Miscellaneous receivables		7.7	4.1
Other financial assets at amortised cost	5.1.5.2	7.7	-
Cash	5.1.6	400.1	75.9
CURRENT ASSETS		**431.2**	**86.8**
TOTAL ASSETS		**3,546.1**	**3,244.1**

(a) Net investment property includes right-of-use assets relating to building leases (in accordance with IFRS 16) – see note 4.1.2

(in millions of euros)	**Notes**	**06/30/2019**	**12/31/2018**
LIABILITIES			
Share capital	8.1.1	575.5	552.0
Share premium		986.4	992.2
Revaluation reserves	5.1.3.2	(29.7)	(12.2)
Other reserves		101.0	86.9
Net profit/(loss) attributable to the Group		45.0	64.8
Equity attributable to the Group		1,678.2	1,683.8
EQUITY		**1,678.2**	**1,683.8**
Provisions	7.2	0.1	0.1
Financial debt at amortised cost	5.1.1	1,702.6	1,427.4
Lease liabilities[(b)]	6	1.9	-
Tax liabilities		10.1	6.1
Other financial liabilities	5.1.5.2	7.2	6.3
Derivative liabilities	5.1.3	32.3	15.0
NON-CURRENT LIABILITIES		**1,754.2**	**1,454.8**
Provisions	7.2	-	0.0

Financial liabilities at amortised cost	5.1.1	53.0	52.2
Lease liabilities[(b)]	6	0.1	-
Tax liabilities		10.9	14.8
Accounts payable		5.4	3.1
Miscellaneous payables		43.7	34.5
Derivative liabilities	5.1.3	0.7	0.8
CURRENT LIABILITIES		**113.7**	**105.4**
TOTAL LIABILITIES AND EQUITY		**3,546.1**	**3,244.1**

(b) The lease liability is recognized as a result of the application of IFRS 16, which became effective January 1, 2019

Consolidated cash flow statement

(in millions of euros)	Notes	06/30/2019	12/31/2018	06/30/2018
I) OPERATING ACTIVITIES				
Net profit/(loss)		**45.0**	**64.8**	**28.8**
Net depreciation and provision charges		61.7	114.5	53.5
Unrealised gains and losses due to changes in fair value		(0.3)	(1.3)	(0.1)
Other non-cash income and expenses		0.1	2.1	0.5
Capital gains or losses on asset disposals		2.1	(0.0)	0.0
Cash flow from operating activities after cost of net financial liabilities and tax		**108.6**	**180.1**	**82.7**
Cost of net financial liabilities		14.7	30.8	15.8
Tax expense		1.4	1.5	0.4
Cash flow from operating activities before cost of net financial liabilities and tax		**124.7**	**212.4**	**99.0**
Interest paid		(16.1)	(32.2)	(15.8)
Tax paid (a)		(1.6)	(23.9)	(1.6)
Change in working capital requirement related to operating activities		0.2	10.2	20.3
NET CASH FLOW FROM OPERATING ACTIVITIES		**107.3**	**166.4**	**101.9**
II) INVESTING ACTIVITIES				
Tangible and intangible fixed assets and investment properties				
- acquisitions		(38.0)	(133.4)	(64.6)
- disposals		17.5	2.2	1.8
Change in security deposits paid and received		(6.9)	0.4	(0.6)
Operating investments		**(27.4)**	**(130.7)**	**(63.4)**
Fully consolidated subsidiaries				
- acquisitions		-	(82.7)	(0.2)
- impact of changes in scope of consolidation		-	3.7	-
Financial investments		**-**	**(79.0)**	**(0.2)**
NET CASH FLOW FROM INVESTING ACTIVITIES		**(27.4)**	**(209.8)**	**(63.6)**

III) FINANCING ACTIVITIES				
Amounts received from shareholders on capital increases		120.0	159.9	160.0
Dividends paid during the financial year			-	
- final and interim dividends paid by Icade Santé during the financial year		(153.1)	(132.0)	(132.0)
Change in cash from capital activities		**(33.1)**	**27.9**	**28.0**
Bond issues and new financial liabilities		301.6	228.6	-
Repayments of lease liabilities		(0.0)	-	-
Bond redemptions and repayments of financial liabilities		(24.3)	(98.8)	(22.4)
Current financial liabilities		(0.0)	(41.3)	(31.2)
Change in cash from financing activities	**5.1.1**	**277.2**	**88.6**	**(53.6)**
NET CASH FLOW FROM FINANCING ACTIVITIES		**244.1**	**116.6**	**(25.6)**
NET CHANGE IN CASH (I) + (II) + (III)		**324.1**	**73.2**	**12.7**
OPENING NET CASH		75.5	2.3	2.3
CLOSING NET CASH		399.6	75.5	14.9
Cash (excluding interest accrued but not due)		400.1	75.9	17.1
Bank overdrafts (excluding interest accrued but not due)		(0.5)	(0.4)	(2.1)
NET CASH		**399.6**	**75.5**	**14.9**

(a) Tax paid primarily includes the exit tax and CVAE

Statement of changes in consolidated equity

(in millions of euros)	Share capital	Share premium	Revaluation reserves	Other reserves and net profit/(loss) attributable to the Group	Equity attributable to the Group	Non-controlling interests	Total equity
01/01/2018	**518.5**	**941.0**	**(6.8)**	**143.8**	**1,596.4**	**-**	**1,596.4**
Net profit/(loss)	-	-	-	28.8	**28.8**	-	**28.8**
Other comprehensive income:							
- Changes in value of cash flow hedges	-	-	(1.7)	-	**(1.7)**	-	**(1.7)**
- Revaluation reserves for cash flow hedges recycled to the income statement	-	-	(0.5)	-	**(0.5)**	-	**(0.5)**
Comprehensive income for the financial year	**-**	**-**	**(2.2)**	**28.8**	**26.7**	**-**	**26.7**
Dividends paid	-	(75.2)	-	(56.8)	**(132.0)**	-	**(132.0)**
Capital increase	33.5	126.4	-	-	**160.0**	-	**160.0**
06/30/2018	**552.0**	**992.2**	**(9.0)**	**115.8**	**1,651.0**	**-**	**1,651.0**
Net profit/(loss)	-	-	-	36.0	**36.0**	-	**36.0**
Other comprehensive income:							
- Changes in value of cash flow hedges	-	-	(2.6)	-	**(2.6)**	-	**(2.6)**

- Revaluation reserves for cash flow hedges recycled to the income statement	-	-	(0.5)	-	**(0.5)**	-	**(0.5)**
Comprehensive income for the financial year	**-**	**-**	**(3.2)**	**36.0**	**32.8**	**-**	**32.8**
Dividends paid	-	-	-	-	-	-	-
Capital increase	-	(0.0)	-	-	**(0.0)**	-	**(0.0)**
Other	-	-	-	(0.0)	**(0.0)**	-	**(0.0)**
12/31/2018	**552.0**	**992.2**	**(12.2)**	**151.8**	**1,683.8**	**-**	**1,683.8**
Net profit/(loss)	-	-	-	45.0	**45.0**	-	**45.0**
Other comprehensive income:						,	
- Changes in value of cash flow hedges	-	-	(17.1)	-	**(17.1)**	-	**(17.1)**
- Revaluation reserves for cash flow hedges recycled to the income statement	-	-	(0.4)	-	**(0.4)**	-	**(0.4)**
Comprehensive income for the financial year	**-**	**-**	**(17.5)**	**45.0**	**27.5**	**-**	**27.5**
Dividends	-	(102.3)	-	(50.8)	**(153.1)**	-	**(153.1)**
Capital increase	23.5	96.5	-	-	**120.0**	-	**120.0**
Other	-	-	-	(0.0)	**(0.0)**	-	**(0.0)**
06/30/2019	**575.5**	**986.4**	**(29.7)**	**145.9**	**1,678.2**	**-**	**1,678.2**

2. Notes to the condensed consolidated financial statements

Note 1. Accounting methods, rules and principles

1.1. General information

Icade Santé ("the Company") is a French simplified joint-stock company (SAS). Its registered office is situated at 27 rue Camille Desmoulins, 92130 Issy-les-Moulineaux, France. As of June 30, 2019, it was 56.84% owned by the company Icade SA (56.77% as of December 31, 2018). It is fully consolidated in Icade SA's consolidated financial statements.

The condensed consolidated financial statements for the period ended June 30, 2019 reflect the financial position and profits and losses of the Company and its subsidiaries ("the Group"). They were prepared in euros, which is the Company's functional currency.

As of June 30, 2019, the Group consisted of 15 consolidated entities. It operates as a property investor, assisting healthcare operators and senior services providers with the ownership and development of healthcare properties across France.

1.2. Accounting standards

The Group's condensed consolidated financial statements for the half year ended June 30, 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as of June 30, 2019, pursuant to European Regulation No.1606/2002 dated July 19, 2002, and include comparative information (1st half of 2018 or December 31, 2018) prepared under the accounting standards applicable at the reporting date.

The international accounting standards are issued by the IASB (International Accounting Standards Board) and have been adopted by the European Union. They include the IFRS, the IAS (International Accounting Standards) and their interpretations. These standards are available for viewing on the European Commission's website[1].

The accounting methods and measurement bases used by the Group in preparing the condensed consolidated financial statements are identical to those used for the consolidated financial statements as of December 31, 2018, 2017 and 2016, subject to the specific provisions of IAS 34 – Interim financial reporting described in note 1.3.3, and except for those mandatory standards, interpretations and amendments to be applied for periods beginning on or after January 1, 2019, which are detailed in note 1.2.1 below.

1.2.1 Mandatory standards, amendments and interpretations adopted by the European Union which became effective on January 1, 2019

There were no new standards or interpretations available for early adoption for the financial year 2019.

1.2.1.1 IFRS 16 – Leases

This new mandatory standard, which became effective on January 1, 2019, supersedes IAS 17 and related interpretations. As far as lessees are concerned, it no longer makes a distinction between finance and operating leases. Lessees are required to account for all leases (except for the exemptions provided for in IFRS 16) in a manner similar to the existing requirements under IAS 17 for finance leases, that is, by recognising a right-of-use asset and a lease liability representing an obligation to make lease payments in the consolidated statement of financial position, for the duration of the reasonably certain lease term.

[1] http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

For the Group, the impact of applying IFRS 16 from January 1, 2019 is described below. The accounting principles provided for in IFRS 16 and that are applied to the consolidated financial statements as of June 30, 2019 are described in notes 4.1.2 and 6.

- **Transitional measures adopted by the Group**

The Group has applied the following transitional measures:

- The Group has used the modified retrospective approach since January 1, 2019. As a result, comparative periods have not been restated;

- The Group has opted for the following practical expedients:
- A practical expedient making it possible not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4;
- Exemption for leases with a remaining term of 12 months or less;
- Exemption for leases for which the value of the underlying asset when it is new is less than €5,000;

- The amount of the lease liability recognised as of January 1, 2019 is the present value of the lease payments to be made over the reasonably certain lease term (see below for further details about lease terms);

- The right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid lease payments that would otherwise have been recognised in the consolidated statement of financial position as of December 31, 2018;

- The right-of-use asset does not include initial direct costs;

- As of January 1, 2019, the rate used in calculating the present value of the lease payments to be made over the reasonably certain lease term is the Group's incremental borrowing rate. This is the rate at January 1, 2019 for contracts in progress at that date and it depends on the remaining lease term;

- Right-of-use assets relating to assets held under leases are shown under the heading "Investment properties" on the asset side of the consolidated statement of financial position. The associated lease liabilities are shown under the heading "Lease liabilities" on the liability side of the consolidated statement of financial position, broken down between commitments falling due within one year and commitments falling due after one year;

- In the consolidated cash flow statement, principal repayments on lease liabilities affect cash flow from financing activities, and interest paid on lease liabilities affects cash flow from operating activities;

- In order to determine the reasonably certain lease term, management carries out an assessment that takes into account the particular features of each lease (e.g. the existence of early termination clauses—also referred to as "break clauses"—with or without significant penalties, the existence of lease extension clauses, etc.).

The leases identified by the Group consisted exclusively of building leases.

- **Reconciliation between off-balance sheet commitments as of December 31, 2018 and the lease liability representing the obligation to make lease payments as of January 1, 2019**

in million of euros	
Operating lease commitments as a lessee as of December 31, 2018	6.5
Leases not recognized in accordance with exemptions under IFRS 16	-
Undiscounted lease liabilities in accordance with IFRS 16 as of December 31, 2018	**6.5**

Effect of discounting	(4.6)
Total lease liabilities as of January 1, 2019 after applying IFRS 16	**1.9**

- **Impact on the consolidated statement of financial position as of January 1, 2019**

For the initial application of IFRS 16, the consolidated statement of financial position as of January 1, 2019 was impacted as follows:

- Right-of-use assets relating to building leases were recognised under the heading "Investment properties" for €2.0 million;
- A total amount of €1.9 million was recognised under a new line item, i.e. "Lease liabilities".

1.2.1.2 Interpretations and amendments

The following interpretation and amendments became effective on January 1, 2019.

- IFRIC interpretation 23 – Uncertainty over income tax treatments. This interpretation clarifies how IAS 12 – Income taxes should be applied to determine the items related to income tax, when there is uncertainty over the income tax treatments used by the Group under applicable tax rules. The application of these guidelines has no impact on the Group's condensed consolidated financial statements;

- Amendments to IFRS 9 – Prepayment features with negative compensation. The application of these guidelines has no impact on the Group's condensed consolidated financial statements;

- Amendments to IAS 28 – Long-term interests in associates and joint ventures (not applicable to the Group);

- Amendments to IAS 19 – Plan amendment, curtailment or settlement (not applicable to the Group);

- Annual improvements to IFRS Standards (2015–2017 Cycle). The application of these guidelines has no impact on the Group's condensed consolidated financial statements.

1.2.2 Standards, amendments and interpretations adopted by the IASB (International Accounting Standards Board) but not yet adopted by the European Union

Effective from January 1, 2020:

♦ Amendments to IAS 1 and IAS 8 – Definition of material

♦ Amendments to IFRS 3 – Definition of a business

♦ Amendments to references to the conceptual framework in IFRS standards.

Effective from January 1, 2022:

♦ IFRS 17 – Insurance contracts (not applicable to the Group).

1.3. Basis of preparation and presentation of the financial statements

1.3.1 Measurement bases

The financial statements have been prepared according to the amortised cost method, with the exception of certain financial assets and liabilities which are recognised at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 – Fair value measurement utilises a fair value hierarchy across three levels:

- Level 1: fair value measured based on unadjusted prices quoted in active markets for identical assets or liabilities;
- Level 2: fair value measured based on models using observable data, either directly (i.e. prices), or indirectly (i.e. data derived from prices);
- Level 3: fair value measured based on market data not directly observable.

According to the principle of relevance and the ensuing materiality notion, only information deemed relevant and useful to the users' understanding of the consolidated financial statements is reported.

The Group does not employ staff. It has delegated the management of its property assets as well as advisory and assistance work to its parent company Icade SA. See note 9.2 on related parties

1.3.2 Use of judgement and estimates

The preparation of financial statements requires the Group's management to use estimates and assumptions to determine the carrying amount of certain assets, liabilities, income and expenses, to assess any positive or negative contingencies as of the reporting date, as well as the information provided in the notes to the financial statements.

The significant estimates made by the Group in preparing its condensed consolidated financial statements are identical to those described in the consolidated financial statements for the years ended December 31, 2018, 2017 and 2016.

Due to the uncertainties inherent in any measurement process, the Group reviews its estimates on the basis of regularly updated information. The future revenues of the projects concerned may differ from estimates made at the reporting date.

In addition to using estimates, the Group's management uses its judgement to define the appropriate accounting treatment for certain operations and transactions where current IFRS and their interpretations do not specifically address the accounting issues raised. In particular, management has exercised its judgement in measuring the right-of-use assets and lease commitments that were used in applying IFRS 16 – Leases and, in particular, in determining lease terms (see notes 1.2.1.1 and 4.1.2).

1.3.3 Specific rules applying to the preparation of condensed consolidated financial statements

Condensed consolidated financial statements do not include all the financial information required for annual consolidated financial statements and should therefore be read in conjunction with the Group's consolidated financial statements as of December 31, 2018, 2017 and 2016.

In accordance with IAS 34, the tax expense for H1 2019 was calculated by applying, for each company, the average effective tax rate estimated for the full financial year to the profit/(loss) before tax for the interim period. This rate was estimated based on 2019 data approved by management.

In addition, the Group's real estate assets are valued twice a year by independent valuers in accordance with the methods described in note 4.2.

Note 2. Highlights of the half years ended June 30, 2019 and 2018

2.1 Half-year ended June 30, 2019

2.1.1 Investments and disposals completed

The Group made no significant acquisitions or disposals during the period.

2.1.2 Finance

During the period, the Company made a €120.0 million capital increase on June 27, 2019, fully but unevenly subscribed in cash by its shareholders.

2.2 Half-year ended June 30, 2018

2.2.1 Investments and disposals completed

The Group made no significant acquisitions or disposals during the period.

2.2.2 Finance

During the period, the Company made a €160.0 million capital increase on June 28, 2018, fully but unevenly subscribed in cash by its shareholders.

Note 3. Segment reporting

ACCOUNTING PRINCIPLES

In accordance with IFRS 8 – Operating segments, segment information must be structured according to the operating segments for which results are regularly reviewed by the chief operating decision maker in order to assess their performance and make decisions about resources to be allocated to such segments. Segment information must be consistent with internal reporting to the chief operating decision maker.

The Group's activities consist in assisting healthcare and senior services providers with the ownership and development of healthcare properties across France. These properties include short- and medium-term care facilities (private hospitals, rehabilitation centres) as well as long-term facilities (nursing homes).

During the half years ended June 30, 2019 and 2018, the Group measured the performance of its operations taken as a whole.

As a result, it only reports on one operating segment.

Note 4. Property portfolio and fair value

4.1 Property portfolio

4.1.1 Investment properties excluding right-of-use assets relating to building leases

The net carrying amount of investment properties excluding right-of-use assets relating to building leases as of June 30, 2019 amounted to €3,111.5 million. It consisted exclusively of investment properties including €530.2 million under finance leases. The difference with "Investment properties" in the consolidated statement of financial position stems from right-of-use assets relating to building leases (see note 4.1.2).

(in millions of euros)	12/31/2018	Acquisitions and construction work (a)	Disposals	Net depreciation charges	Net reversals of impairment charges	Other changes	06/30/2019
Gross value	3,761.8	33.4	(33.2)	-	-	-	3,762.0
Depreciation	(597.5)	-	6.3	(56.1)	-	-	(647.4)
Impairment	(8.3)	-	7.3	-	(2.2)	-	(3.2)
NET VALUE OF INVESTMENT PROPERTIES (b)(c)	**3,155.9**	**33.4**	**(19.6)**	**(56.1)**	**(2.2)**	-	**3,111.5**

(a) Including capitalised finance costs for €0.5 million

(b) In addition to the assets making up the property portfolio, the heading "investment properties" on the balance sheet includes right-of-use assets relating to building leases (in accordance with IFRS 16) for €1.9 million.

(c) Includes investment properties under finance leases for a net carrying amount of €515.6 million as of 12/31/2018 and €530.2 million as of 06/30/2019.

In H1 2019, investments totaled €33.4 million, including primarily:

- ♦ Projects in the development pipeline for €16.8 million including healthcare facility projects in Narbonne and Saint-Herblain;
- ♦ Other capex for €10.1 million.

4.1.2 Right-of-use assets relating to building leases

ACCOUNTING PRINCIPLES

Effective from January 1, 2019:

- ♦ In the consolidated statement of financial position, “Investment properties” also includes right-of-use assets relating to building leases; and
- ♦ In the consolidated income statement, “Depreciation charges net of government investment grants” includes depreciation charges on these assets.

Right-of-use assets relating to building leases are measured initially at cost, which includes the following amounts:

- Lease liabilities measured as described in note 6;
- Prepaid lease payments.

These assets are depreciated on a straight-line basis over the course of the reasonably certain lease term.

Right-of-use assets relating to building leases may be remeasured over the reasonably certain lease term in any of the following circumstances:

- Lease modification;
- An increase or decrease in the assessment of the lease term;
- An increase or decrease in the assessment of lease payments linked to an index or a rate;
- Any impairment losses.

Reasonably certain lease term

For each lease falling within the scope of IFRS 16, the lease term is assessed by management in accordance with the procedures provided for under the standard.

The lease term used for each lease is the reasonably certain lease term. The latter is the non-cancellable period of a lease adjusted for the following items:

- Any option to early terminate the lease if the Group is reasonably certain not to exercise that option;
- Any option to extend the lease if the Group is reasonably certain to exercise that option.

Impairment tests on right-of-use assets relating to building leases

The collectibility of right-of-use assets relating to building leases is tested where events or changes in the market environment indicate those assets may be impaired. If the net carrying amount of an asset becomes higher than its recoverable amount, the difference between those two amounts is recognised as an impairment loss.

The recoverable amount is the higher of the fair value less costs of disposal and the value in use. The value in use is measured based on the present value of the future cash flows expected to arise from the use of the asset.

If there is an indication that an impairment loss no longer exists and the recoverable amount again becomes higher than the net carrying amount, impairment losses on right-of-use assets relating to building leases that were recognised in previous financial years are reversed, up to the impairment amount initially recognised less any additional depreciation that would have been recorded had no impairment loss been recognised.

(in millions of euros)	12/31/2018	Impact of the initial application of IFRS 16	Disposals	Depreciation charges / Finance expense for the period	Net reversals of impairment charges	06/30/2019
Gross value	-	2.0	-	-	-	2.0
Depreciation	-	-	-	(0.0)	-	(0.0)
Impairment	-	-	-	-	-	-
Right-of-use assets relating to building leases-net value	-	**2.0**	-	**(0.0)**	-	**1.9**

4.2 Valuation of the property portfolio: methods and assumptions

4.2.1 Valuation assignments

The Group's property assets are valued twice a year by independent property valuers for the publication of the half-year and annual financial statements, according to a framework consistent with the SIIC Code of Ethics published in July 2008 by the French Federation of Real Estate Companies (Fédération des sociétés immobilières et foncières).

Property valuations were entrusted to Jones Lang LaSalle Expertises and Catella Valuation FCC.

The valuers are selected through competitive bidding. The property valuers consulted are selected from among members of AFREXIM (French Association of Property Valuation Companies) and are appointed for a maximum period of three years.

In accordance with the SIIC Code of Ethics, after seven years the Group shall ensure that there is an internal turnover of the teams responsible for the valuation of its assets in the selected property valuation company. The valuer may not be appointed for more than two consecutive terms of four years except where the valuer has met the requirement with regard to the internal turnover of the teams.

For all contracts having expired on December 31, 2017, the Group invited the main property valuation firms to a selection process in order to assign one or more of them the twice-yearly valuation of part of its assets. Property valuers were selected based on criteria of independence, qualification, reputation, expertise in property valuation, organisational capacity, responsiveness and price. Following this selection process, the contracts of Catella Valuation FCC and Jones Lang LaSalle Expertises were renewed.

Property valuation fees are billed to the Group on the basis of a fixed service fee that takes into account the specificities of the properties (number of units, number of square metres, number of current leases, etc.) and that is not based on the value of the assets.

The assignments of the property valuers, whose main valuation methods and conclusions are presented hereafter, are performed according to professional standards, in particular:

♦ The Property Valuation Charter (Charte de l'expertise en évaluation immobilière), fifth edition published in March 2017;

♦ The Barthès de Ruyter report from the French Securities and Exchange Commission (COB), which is part of the French Financial Markets Authority (AMF), dated February 3, 2000, on the valuation of the property assets of publicly traded companies;

♦ On an international level, the European Valuation Standards of TEGoVA (The European Group of Valuers' Associations), published in April 2009 in the Blue Book, as well as the Red Book standards of the Royal Institution of Chartered Surveyors (RICS).

These various texts specify the required qualifications for the property valuers, a code of conduct and ethics, and the main definitions (values, floor areas, rates and main valuation methods).

During each valuation session and when valuers submit their valuation reports, the Group makes sure that the methods used by the different property valuers to value its assets are consistent.

Valuations are calculated both inclusive and exclusive of duties, the values excluding duties being net of duties and fixed legal expenses calculated by the property valuers.

On-site visits are systematically conducted by the property valuers for all new assets added to the portfolio. Further on-site visits are then organised according to a multi-year schedule or each time that a specific event in the life of the building requires it (occurrence of significant changes in its structure or environment).

All the assets, including the land bank and projects under development, were valued as of June 30, 2019 according to the procedures currently in place within the Group, with the exception of:

- ♦ Properties subject to a preliminary sale agreement as of the end of the reporting period or those for which an offer has been received and that are valued based on the price indicated in the agreement excluding duties;
- ♦ Properties acquired less than three months before the end of the half-year, which are valued based on their net carrying amount.

In 2015, the Group also established a process of internal valuations performed by its asset management teams, in order to verify the asset values obtained by the property valuers, and to gain a better understanding of the future performance of the portfolio on the basis of the business plans defined. This process is updated on a yearly basis. However, assets whose business plan changes materially are subject to a half-yearly update.

4.2.2 Methods used by the property valuers

The methods used by the property valuers are identical to those used in the previous financial year.

Private hospitals or other healthcare properties are valued by property valuers based on the mean of the values obtained using the rent capitalisation method (also known as "estimated rental value" method) and the discounted cash flow method.

The market value of a hospital is essentially dependent on its operation and its ability to generate sufficient income to provide a reasonable return on the property investment. These buildings fall under the category of single-use buildings and their value determined by the property valuer is totally related to their operation and consequently to the value of the underlying business. Also, since these premises are unsuitable for any other use without substantial conversion works, they are not subject to rent ceilings upon lease renewals or rent reviews or to the traditional rules for determining the estimated rental value.

The estimated rental value used by the property valuers thus takes into account a share of the average revenue or EBITDA that the institution has generated during the last years of operation, with or without adjustment for category, administrative environment, quality of operating structure (price positioning, hospital fee agreement with the French Social Security, income statement, etc.) and competitive position. Alternatively, the institution's premises can be valued by capitalisation of the gross rental income reported by the Group.

4.2.3 Main valuation assumptions for investment properties

	Methods generally used	Rates for discounting cash flows (DCF)	Exit yields (DCF)	Market yields (income capitalisation)
Paris region	Capitalisation and DCF	5.3% - 6.5%	4.9% - 6.5%	4.5% - 6.0%
Outside the Paris region	Capitalisation and DCF	5.1% - 8.4%	4.7% - 8.5%	4.4% - 8.0%

4.3. Fair value of the property portfolio

4.3.1 Unrealised capital gains on the property portfolio

Total unrealised capital gains on investment properties held by the Group as of June 30, 2019 are presented below:

(in millions of euros)	06/30/2019	12/31/2018	Chg. June 2019 – Dec. 2018
Fair value	4,511.9	4,484.4	27.5
Net carrying amount	3,111.5	3,155.9	(44.5)
Unrealised capital gains	1,400.4	1,328.5	71.9

Unrealised capital gains amounted to €1,400.4 million as of June 30, 2019, representing an increase of €71.9 million compared to December 31, 2018.

4.3.2 Impact of impairment charges on the income statement

The impact of impairment charges on the income statement is shown under the heading "Charges and reversals related to impairment of tangible, financial and other current assets" of the consolidated income statement.

For the half year ended June 30, 2019, a €2.2 million impairment loss was recorded.

For the half year ended June 30, 2018, net impairment losses of €0.2 million resulted from an impairment loss of €0.9 million and a reversal of €0.7 million.

4.3.3 Sensitivity of the net carrying amounts of appraised assets to potential changes in fair value

The sensitivity of the net carrying amounts of appraised assets to potential changes in fair value ranging from -5.00% to +5.00% are shown in the table below:

	Changes in fair value of investment properties			
in millions of euros	(5.0%)	(2.5%)	2.5%	5.0%
Total as of 12/31/2018	(14.6)	(8.5)	0.4	0.7
Total as of 06/30/2019	(11.1)	(4.9)	-	0.1

4.4 Gross rental income

The Group assists the major operators of healthcare and senior services facilities with the ownership and development of healthcare properties in France. Leases are signed on a facility-by-facility basis. Gross rental income by operator was as follows:

(in millions of euros)	06/30/2019		06/30/2018	
ELSAN	73.3	56.7%	69.1	60.0%
RAMSAY GENERALE DE SANTE (INCLUDED CAPIO)	36.3	28.1%	32.9	28.5%
OTHER OPERATORS	32.3	25.0%	23.1	20.1%
Total	**129.2**	**100.0%**	**115.1**	**100.0%**

In H1 2019, the Group generated gross rental income of €129.2 million (€115.1 million in H1 2018), a 12.3% increase on a year-on-year basis.

In H1 2019, 75.0% of the Group's gross rental income came from the two largest operators of investment properties held by the Group. This percentage stood at 79.9% in H1 2018.

No individual tenant accounts for more than 10% of total gross rental income.

See note 5.2.5 for further information about credit risk.

Note 5. Finance and financial instruments

5.1 Financial structure and contribution to net profit/(loss)

5.1.1 Change in net financial liabilities

5.1.1.1 Breakdown of net financial liabilities at end of period

Net financial debt as of June 30, 2019 and December 31, 2018:

(in millions of euros)		06/30/2019	12/31/2018
Medium- and long-term financial liabilities (a)		1,702.6	1,427.4
Short-term financial liabilities (a)		53.0	52.2
GROSS FINANCIAL LIABILITIES	5.1.2	**1,755.7**	**1,479.6**
Interest rate derivatives (assets and liabilities)	5.1.3	32.9	15.7
GROSS FINANCIAL LIABILITIES INCLUDING DERIVATIVES		**1,788.5**	**1,495.3**
Financial assets at fair value through profit or loss	5.1.5.2	(0.0)	(0.0)
Cash	5.1.6	(400.1)	(75.9)
NET FINANCIAL LIABILITIES		**1,388.3**	**1,419.3**

(a) including €571.1 million to Icade SA as of June 30, 2019 (€13.7 million short term and €557.4 million medium and long term) and €571.1 million to Icade SA as of December 31, 2018 (€13.7 million short term and €557.4 million medium and long term)

The change in gross debt (excluding derivatives) compared to December 31, 2018 mainly resulted from:

- Three new corporate loans taken out totalling €300.0 million and a finance lease entered into for €1.5 million;
- The normal amortisation of loans from credit institutions for €8.9 million and finance leases for €9.9 million;
- The early termination of finance leases for €5.6 million.

5.1.1.2 Statement of changes in net financial liabilities

For the half year ended June 30, 2019, changes in net financial liabilities broke down as follows:

(in millions of euros)	12/31/2018	Cash flow	Changes with no impact on cash flow: Changes in scope of consolidation	Fair value through profit or loss	Fair value through reserves	Other changes	06/30/2019
Financial liabilities	1,479.6	277.4	-	-	-	(1.2)	**1,755.7**
Derivative liabilities	15.7	-	-	0.2	17.1	(0.1)	**33.0**
Other financial liabilities and lease liabilities[(a)]	6.3	-	-	-	-	2.8	**9.1**
TOTAL LIABILITIES	*1,501.6*	*277.4*	-	*0.2*	*17.1*	*1.6*	***1,797.8***
Derivative assets	(0.0)	-	-	(0.1)	-	-	**(0.1)**
Other financial assets	(1.3)	-	-	-	-	(7.7)	**(9.1)**
TOTAL FINANCIAL ASSETS	(1.3)	-	-	*(0.1)*	-	*(7.7)*	***(9.2)***
TOTAL FINANCIAL ASSETS AND LIABILITIES	**1,500.3**	**277.4**	-	**0.1**	**17.1**	**(6.2)**	**1,788.6**
Exclusion of deposits and guarantees:							
- Deposits and guarantees received	(6.3)	-	-	-	-	(0.9)	**(7.2)**
- Deposits and guarantees paid	1.3	-	-	-	-	7.7	**9.1**
TOTAL DEBTS FROM FINANCING ACTIVITIES	**1,495.3**	**277.4**	-	**0.1**	**17.1**	**0.7**	**1,790.5**
Other financial liabilities and lease liabilities[(a)]	-						**(1.9)**

Financial assets at fair value through profit or loss[(b)]	(0.0)	**(0.0)**
Cash	(75.9)	**(400.1)**
TOTAL NET FINANCIAL LIABILITIES	**1,419.3**	**1,388.4**

(a) Lease liabilities recognised at January 1, 2019 in accordance with IFRS 16 for €2.0 million amounted to €1.9 million at June 30, 2019.
(b) This item consists of unconsolidated subsidiaries.

5.1.2 Components of financial liabilities

Gross financial liabilities at amortised cost, including issue costs and premiums and the impact of spreading them by applying the effective interest method, stood at €1,755.7 million as of June 30, 2019.

They broke down as follows:

(in millions of euros)	**Balance sheet value as of 06/30/2019**	**Current**	**Non-current**					**Fair value as of 06/30/2019**
		Portion due in < 1 year	**Portion due in** 1 to 2 years	**Portion due in** 2 to 3 years	**Portion due in** 3 to 4 years	**Portion due in** 4 to 5 years	**Portion due in** > 5 years	
Fixed rate debt	**645.6**	**24.9**	**23.0**	**61.6**	**211.7**	**9.3**	**315.1**	**687.9**
Borrowings from credit institutions	12.9	2.9	2.9	3.1	3.2	0.8	0.0	13.9
Finance leases	99.2	8.4	10.2	8.6	8.5	8.5	55.1	103.9
Liabilities to Icade SA	533.5	13.7	9.9	50.0	200.0	-	260.0	570.1
Variable rate debt	**1,110.1**	**28.1**	**212.8**	**30.2**	**26.4**	**59.2**	**753.3**	**1,096.5**
Borrowings from credit institutions	922.7	15.5	163.4	13.8	14.1	37.4	678.6	907.9
Finance leases	94.6	9.5	9.3	13.8	9.7	19.2	33.1	93.0
Other loans and similar liabilities	54.6	2.6	2.5	2.6	2.6	2.7	41.6	56.9
Liabilities to Icade SA	37.6	0.0	37.5	-	-	-	-	38.0
Bank overdrafts	0.5	0.5	-	-	-	-	-	0.5
GROSS FINANCIAL LIABILITIES AS OF 06/30/2019	**1,755.7**	**53.0**	**235.8**	**91.8**	**238.1**	**68.5**	**1,068.4**	**1,784.4**

The average debt maturity was 5.1 years as of June 30, 2019 and 5.1 years as of December 31, 2018.

As of June 30, 2019, the average maturity was 5.5 years for variable rate debt and 4.7 years for the related hedges, allowing adequate hedging and anticipating coverage of future financing needs.

As of December 31, 2018, the average maturity was 5.3 years for variable rate debt and 5.3 years for the related hedges, allowing adequate hedging and anticipating coverage of future financing needs.

5.1.3 Derivative instruments

5.1.3.1 Presentation of derivatives on the balance sheet

The fair value of derivative liabilities, consisting primarily of interest rate derivatives designated as cash flow hedges, was a negative €33.0 million as of June 30, 2019 (€15.7 million as of December 31, 2018).

Detailed changes in fair value of derivative instruments compared to December 31, 2018 were as follows:

(in millions of euros)	Fair value as of 12/31/2018 (1)	Additions to the scope of consolidation (2)	Acquisitions (3)	Disposals (4)	Changes in fair value recognised in the income statement (5)	Changes in fair value recognised in equity (6)	Fair value as of 06/30/2019 (7) = (1) to (6) inclusive
Presentation of derivatives on the balance sheet:							
Non-current assets	0.0	-	-	-	0.1	-	0.1
Derivative assets	***0.0***	**-**	**-**	**-**	***0.1***	**-**	***0.1***
Non-current liabilities	(15.0)	-	-	-	(0.1)	(17.2)	(32.3)
Current liabilities	(0.8)	-	-	-	(0.1)	0.2	(0.7)
Derivative liabilities	***(15.7)***	**-**	**-**	**-**	***(0.1)***	***(17.1)***	***(33.0)***
TOTAL	**(15.7)**	**-**	**-**	**-**	**(0.1)**	**(17.1)**	**(32.9)**
Breakdown of derivative instruments by type:							
Interest rate swaps – fixed-rate payer	(15.7)	-	-	-	(0.1)	(17.1)	(32.9)
Cash flow hedges	**(15.7)**	**-**	**-**	**-**	**(0.1)**	**(17.1)**	**(32.9)**
INTEREST RATE DERIVATIVES EXCLUDING MARGIN CALLS	**(15.7)**	**-**	**-**	**-**	**(0.1)**	**(17.1)**	**(32.9)**
TOTAL DERIVATIVES	**(15.7)**	**-**	**-**	**-**	**(0.1)**	**(17.1)**	**(32.9)**

5.1.3.2 Changes in hedge reserves

Hedge reserves consisted exclusively of fair value adjustments to financial instruments used by the Group for interest rate hedging purposes (effective portion) for €29.7 million as of June 30, 2019 vs. €12.2 million as of December 31, 2018.

Hedge reserves as of June 30, 2019 and December 31, 2018 are shown in the table below:

(in millions of euros)	Revaluation reserves
12/31/2018	**(12,2)**
Recycling to the income statement (a)	(0,4)
Other comprehensive income (b)	(17,1)
06/30/2019	**(29,7)**

(a) Cash flow hedge reserves recycled to the income statement during the period

(b) Changes in value of cash flow hedges

5.1.3.3 Derivatives: analysis of notional amounts by maturity

The derivative portfolio as of June 30, 2019 and December 31, 2018 was as follows:

(in millions of euros)	Total	Average rate	Portion due in < 1 year		Portion due in > 1 year and < 5 years		Portion due in > 5 years	
			Amount	Average rate	Amount	Average rate	Amount	Average rate
Outstanding derivatives – Interest rate swaps – Fixed-rate payer	576.6	0.71%	22.2	1.29%	302.0	0.44%	252.3	0.99%
Forward start derivatives – Interest rate swaps – Fixed-rate payer	318.6	0.03%	4.0	0.37%	30.3	0.54%	284.4	(0.03%)
TOTAL INTEREST RATE DERIVATIVES AS OF 30/06/2019	**895.2**		**26.2**		**332.3**		**536.7**	

These derivatives are used as part of the Group's interest rate hedging policy (see note 5.2.3).

5.1.4 Finance income/(expense)

The Group recorded a net finance expense of €15.8 million for H1 2019 vs. €24.8 million for H1 2018. It mainly consisted of interest expenses from financial liabilities and derivatives.

As of June 30, 2018, the Group recognised €9.4 million in debt restructuring costs relating to prepayment penalties for financial liabilities which were paid to Icade SA.

(in millions of euros)	06/30/2019	06/30/2018
Interest expenses from financial liabilities	(5.5)	(4.6)
Interest expenses from derivatives	(3.0)	(2.1)
Recycling to the income statement of interest rate hedging instruments	0.4	0.5
Expenses on loans and advances from Icade	(6.8)	(8.1)
COST OF NET FINANCIAL LIABILITIES	**(15.0)**	**(14.3)**
Change in fair value of derivatives recognised in the income statement	(0.1)	(0.4)
Commitment fees	(0.3)	(0.2)
Restructuring costs for financial liabilities	-	(9.4)
Finance income/(expense) from lease liabilities[(a)]	(0.1)	-
Other finance income and expenses	(0.3)	(0.4)
Total other finance income and expenses	**(0.8)**	**(10.5)**
FINANCE INCOME/(EXPENSE)	**(15.8)**	**(24.8)**

(a) This item relates to the finance expense for the period recognized under IFRS 16.

5.1.5 Other financial assets and liabilities

5.1.5.1 Accounts receivable

Changes in accounts receivable, relating exclusively to receivables on gross rental income, were as follows between December 31, 2018 and June 30, 2019:

(in millions of euros)	Gross value	Impairment	Net value
12/31/2018	**6.8**	**(0.0)**	**6.8**
Change for the period	12.4	-	12.4
Impairment	-	(3.4)	(3.4)

06/30/2019	19.2	(3.5)	15.7

5.1.5.2 Other financial assets and liabilities

Other financial liabilities comprised deposits and guarantees received for €7.2 million as of June 30, 2019 (€6.3 million as of December 31, 2018). Deposits and guarantees paid for the year 2018 for €7.7 million related to the deposit paid in the context of the acquisition of Epion (event after the reporting period).

Changes in other financial assets and liabilities broke down as follows between December 31, 2018 and June 30, 2019:

(in millions of euros)	12/31/2018	Acquisitions net of disposals and repayments	06/30/2019
Financial assets at fair value through profit or loss (a)	0.0	-	0.0
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**0.0**	**-**	**0.0**
Deposits and guarantees paid	1.3	7.7	9.1
FINANCIAL ASSETS AT AMORTISED COST	**1.3**	**7.7**	**9.1**
Deposits and guarantees received	6.3	0.9	7.2
OTHER FINANCIAL LIABILITIES	**6.3**	**0.9**	**7.2**

(a) Financial assets at fair value through profit or loss consist of investments in unconsolidated companies

A maturity analysis of other financial assets and liabilities as of June 30, 2019 and December 31, 2018 is shown in the table below:

(in millions of euros)		Current	Non-current	
	06/30/2019	Portion due in < 1 year	Portion due in > 1 year and < 5 years	Portion due in > 5 years
Deposits and guarantees paid	9.1	7.7	-	1.3
OTHER FINANCIAL ASSETS AT AMORTISED COST	**9.1**	**7.7**	**-**	**1.3**
Deposits and guarantees received	**7.2**	-	-	**7.2**
OTHER FINANCIAL LIABILITIES	**7.2**	**-**	**-**	**7.2**

5.1.6 Cash

(in millions of euros)	06/30/2019	12/31/2018
Cash on hand and demand deposits (including bank interest receivable)	400.1	75.9
CASH	**400.1**	**75.9**

As of June 30, 2019 and December 31, 2018, cash consisted exclusively of cash on hand and demand deposits.

5.2 Management of financial risks

5.2.1 Liquidity risk

The Group’s undrawn amounts of short- and medium-term credit lines total €200.0 million, which are fully available.

The Group has continued to access liquidity on favourable terms and is still fully able to raise more funds if necessary.

The residual contractual maturities of financial liabilities as of June 30, 2019 can be analysed as follows:

(in millions of euros)	06/30/2019								
	Portion due in < 1 year		Portion due in > 1 year and < 3 years		Portion due in > 3 years and < 5 years		Portion due in > 5 years		Total
	Repayments	Interests	Repayments	Interests	Repayments	Interests	Repayments	Interests	
Borrowings from credit institutions	19.0	6.8	184.8	10.6	56.9	13.4	680.1	17.5	989.0
Finance leases	17.1	4.0	40.7	6.6	45.2	5.3	88.0	5.5	212.3
Other loans and similar liabilities	2.4	1.1	4.9	2.1	5.1	1.9	41.0	6.5	65.0
Liabilities to Icade SA	10.0	14.5	97.4	27.0	200.0	17.3	260.0	11.0	637.2
Bank overdrafts	0.5	-	-	-	-	-	-	-	0.5
Accounts payable and tax liabilities	16.3	-	10.1	-	-	-	-	-	26.4
Financial derivatives	-	7.7	-	13.9	-	8.0	-	2.7	32.3
TOTAL	**65.3**	**34.1**	**337.9**	**60.2**	**307.2**	**45.9**	**1,069.1**	**49.4**	**1,962.8**

Future interest payments on loans and derivative instruments are determined based on anticipated market interest rates.

5.2.2 Covenants and financial ratios

The Group monitors the following elements:

5.2.2.1 Financial covenants

The Group is required to comply with the following financial covenants:

Type of limit	< or >	Limit	06/30/2019	12/31/2018
LTV bank covenant	<	0.5	30.77%	31.65%
ICR	>	2	8.2x	7.5x
Value of the Property Investment portfolio [b]	>	€2bn	4,511.9	4,484.4
Security interests in assets	<	30% of portfolio value	8.42%	8.95%

Loans taken out by the Group may be subject to covenants based on financial ratios (loan-to-value and interest coverage ratios). All covenants were met as of June 30, 2019 and December 31, 2018.

5.2.2.2 LTV bank covenant

The LTV (loan-to-value) bank covenant, which is the ratio of net financial liabilities and the latest valuation of the property portfolio excluding duties, stood at 30.77% as of June 30, 2019 compared with 31.65% as of December 31, 2018.

5.2.2.3 Interest coverage ratio

The interest coverage ratio based on EBITDA was 8.2x for the half year ended June 30, 2019. The ratio remains at a high level, demonstrating the Company's ability to comfortably comply with its bank covenants.

5.2.3 Interest rate risk

Interest rate risk includes, in the event of increased interest rates, the risk of increased finance expenses related to variable rate financial liabilities and, in the event of reduced interest rates, the risk of reduced finance income related to variable rate financial assets.

To finance its investments, the Group uses variable rate debt, thus remaining able to prepay loans without penalty.

(in millions of euros)	Net exposure before hedging (A)		Interest rate hedging instruments (B)		Net exposure after hedging (C) = (B) - (A)	
	Fixed rate	Variable rate	Fixed rate	Variable rate (a)	Fixed rate	Variable rate
06/30/2019	645.7	1,110.0	-	576.6	(645.7)	(533.4)

(a) Interest rate hedges only include outstanding derivatives as of 06/30/2019 and 12/31/2018.

As of June 30, 2019, the Group's total debt, consisting of 37.0% fixed rate debt and 63.0% variable rate debt, was 69.0% hedged against interest rate risk.

As of December 31, 2018, the Group's total debt, consisting of 44.0% fixed rate debt and 56.0% variable rate debt, was 84.0% hedged against interest rate risk.

The Group favours classifying its hedging instruments as "cash flow hedges" according to IFRS standards; therefore, any changes in fair value of such instruments are recognised in equity (for the effective portion) rather than in the income statement.

Due to the Group's hedging structure and the trend in interest rates in the last few financial years, changes in fair value of hedging instruments had a negative impact of €17.1 million in H1 2019.

The accounting impacts of a -1% or +1% change in interest rates on the value of derivatives are described below:

	June 30, 2019	
	Impact on equity before tax (€m)	Impact on the income statement before tax (€m)
Impact of a +1% change in interest rates	46.3	0.2
Impact of a -1% change in interest rates	-50.2	-0.2

5.2.4 Currency risk

Since the Group does not enter into any foreign currency transactions, it is not exposed to currency risk.

5.2.5 Credit risk

In the course of its business, the Group is exposed to two major types of counterparties: financial institutions and its tenants.

Regarding financial institutions, credit and/or counterparty risk relates to cash, and more specifically to the banks where this cash is deposited. The investments chosen have maturities of less than one year with a very low risk profile and are monitored daily. A regular review of authorised investments complements the control process. Additionally, in order to limit its counterparty risk, the Group only deals in interest rate derivatives with banking institutions which help fund its expansion. Furthermore, the Group only enters into financial transactions with major banking institutions and applies a principle of risk dispersion, avoiding concentration of exposure to any single counterparty.

Regarding its tenants, the Group believes that it is not exposed to significant credit risk thanks to its diversified tenant portfolio in terms of location and individual size of lease commitments received. In addition, the Group has introduced procedures to verify the credit quality of the tenants prior to signing leases. Lastly, the tenants' parent companies guarantee payment of any amount owed by the tenants.

The Group's exposure to credit risk corresponds primarily to the carrying amount of receivables less deposits received from tenants. As of June 30, 2019, the Group's exposure was €7.7 million and nil as of December 31, 2018.

5.3 Fair value of financial assets and liabilities

5.3.1 Reconciliation of the carrying amount and fair value of financial assets and liabilities

Below is the reconciliation of the carrying amount and fair value of financial assets and liabilities as of June 30, 2019 and December 31, 2018:

(in millions of euros)	Carrying amount as of 06/30/2019	Amortised cost	Fair value through equity	Fair value through profit or loss	Fair value as of 06/30/2019
ASSETS					
Financial assets at fair value through profit or loss	0.0	-	-	0.0	0.0
Financial assets at amortised cost	9.1	9.1	-	-	9.1
Derivatives	0.1	-	0.1	-	0.1
Current and non-current financial assets and derivatives	**9.2**	**9.1**	**0.1**	**0.0**	**9.2**
Accounts receivable	15.7	15.7	-	-	15.7
Other operating receivables (a)	3.2	3.2	-	-	3.2
TOTAL FINANCIAL ASSETS	**28.1**	**27.9**	**0.1**	**0.0**	**28.1**
LIABILITIES	-	-	-	-	-
Current and non-current financial debts	1,755.7	1,755.7	-	-	1,784.4
Lease liabilities	1.9	1.9	-	-	1.9
Other current and non-current financial liabilities	7.2	7.2	-	-	7.2
Derivative instruments	33.0	-	33.0	-	33.0
Accounts payable	5.4	5.4	-	-	5.4
Other operating payables (a)	26.7	26.7	-	-	26.7
TOTAL FINANCIAL LIABILITIES	**1,829.8**	**1,796.9**	**33.0**	**-**	**1,858.5**

(a) Excluding agency transactions, prepaid expenses/income and social security and tax receivables/payables

5.3.2 Fair value hierarchy of financial instruments

The three levels in the fair value hierarchy of financial instruments which are used by the Group in accordance with IFRS 13 are presented in note 1.3.1 on measurement bases.

The financial instruments whose fair value is determined using a valuation technique based on non-observable data are investments in unconsolidated, unlisted companies.

As of June 30, 2019 and December 31, 2018, the Group's financial instruments consisted of:

- Derivative assets and liabilities measured based on observable data (level 2 of the fair value hierarchy);
- Financial assets at fair value through profit or loss, measured based on market data not directly observable (level 3 of the fair value hierarchy).

These values appear directly in the consolidated statement of financial position as of June 30, 2019 and December 31, 2018.

As of June 30, 2019 and December 31, 2018, the Group did not hold any financial instruments measured based on unadjusted prices quoted in active markets for identical assets or liabilities (level 1 of the fair value hierarchy). As of December 31, 2018, 2017 and 2016, the Group did not hold any financial instruments measured based on unadjusted prices quoted in active markets for identical assets or liabilities (level 1 of the fair value hierarchy).

Note 6. Lease liabilities

ACCOUNTING PRINCIPLES

Effective from January 1, 2019:

- In the consolidated statement of financial position, "Lease liabilities" (current and non-current liabilities) refers to lease commitments under building leases;
- In the consolidated income statement, "Other finance income and expenses" includes interest expenses arising from lease liabilities;
- Within the "Financing activities" section of the consolidated cash flow statement, "Repayments of lease liabilities" comprises principal repayments on lease liabilities. Within the "Operating activities" section of the consolidated cash flow statement, "Interest paid" includes interest payments on lease liabilities.

The lease liability is initially measured at the present value of future lease payments. These future lease payments include:

- Fixed lease payments less any lease incentives provided by the lessor;
- Variable lease payments that depend on an index or a rate;
- Residual value guarantees;
- The price of any purchase options where management is reasonably certain that they will be exercised;
- Early termination penalties where management is reasonably certain that an early termination option entailing significant penalties will be exercised.

The present value of future lease payments is obtained using the Group's incremental borrowing rate, which varies depending on the remaining lease term.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. In practice, lease liabilities are determined at their net carrying amount plus any interest and less any lease payments made.

Lease liabilities may be remeasured in the course of the reasonably certain lease term in any of the following circumstances:

- Lease modification;
- An increase or decrease in the assessment of the lease term;
- An increase or decrease in the assessment of lease payments linked to an index or a rate.

Note 7. Other items of the consolidated income statement and consolidated statement of financial position

7.1 Income tax

The tax expense recognised in the consolidated income statement consists primarily of the company value-added contribution (CVAE).

The tax expense for the periods ended June 30, 2019 and 2018 is detailed in the table below:

(in millions of euros)	06/30/2019	06/30/2018
Tax expense at the standard rate	-	(0.8)
"Exit tax" (SIIC status)	-	0.3

Company value-added contribution (CVAE)	(1.4)	(1.1)
TAX EXPENSE RECOGNIZED IN THE INCOME STATEMENT	**(1.4)**	**(0.4)**

The profit generated as of June 30, 2019 came exclusively from the Group's tax-exempt segment under the SIIC tax regime. As a result, no corporate tax was recognised. The tax expense of €1.4 million reported for H1 2019 related to CVAE.

7.2 Provisions and contingent liabilities

As of June 30, 2019, the amount of provisions for liabilities and charges recognised by the Group was not material. Nor was the Group aware of any contingent liabilities likely to have had a material effect on the Group's profits, financial position, assets or business.

Note 8. Equity and earnings per share

8.1 Share capital and shareholding structure

8.1.1 Share capital

Changes in the number of shares and share capital between December 31, 2018 and June 30, 2019 were as follows:

	Number	Capital in €m
Share capital as of 01/01/2018	**33,998,310**	**518.5**
Capital increase	2,199,914	33.5
Share capital as of 12/31/2018	**36,198,224**	**552.0**
Capital increase	1,542,612	23,5
Share capital as of 06/30/2019	**37,740,836**	**575.5**

As of June 30, 2019, share capital consisted of 37,740,836 ordinary shares with a par value of €15.25 per share. All the shares issued are fully paid up.

8.1.2 Shareholding structure

The Company's shareholding structure (number of shares and percentage of share capital) as of June 30, 2019 and December 31, 2018 was as follows:

(in millions of euros)	**06/30/2019**		**12/31/2018**	
	Number of shares	**% stake**	**Number of shares**	**% stake**
Icade SA	21,450,167	56.84%	20,550,856	56.77%
Messidor	6,230,545	16.51%	5,969,326	16.49%
C Santé	3,364,305	8.91%	3,223,255	8.90%
Holdipierre	1,953,401	5.18%	1,871,504	5.17%
MF Santé	946,744	2.51%	946,744	2.62%
Sogecapimmo	3,795,674	10.06%	3,636,539	10.05%
Total	**37,740,836**	**100.00%**	**36,198,224**	**100.00%**

8.2 Dividends

Dividends distributed by the Company to its shareholders in H1 2019 in respect of profit for the financial year 2018 totalled €153.1 million, i.e. €4.34 per share. Dividends distributed in 2018 in respect of profit for the financial year 2017 amounted to €132.0 million, i.e. €3.88 per share.

8.3 Earnings per share

Basic earnings per share are presented in the table below for the half years ended June 30, 2019 and 2018. As the Group issued no equity instruments with a dilutive impact in either of the periods presented, there is no difference between basic and diluted earnings per share. This indicator stood at €1.24 per share for H1 2019 vs. €0.85 in H1 2018.

(in millions of euros)		06/30/2019	06/30/2018
Net profit/(loss) attributable to the Group	**(A)**	**45.0**	**28.8**
Opening number of shares		36,198,224	33,998,310
Increase in the average number of shares as a result of the capital increase		25,568	97,233.8
Average number of shares	**(B)**	**36,223,792**	**34,095,544**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP PER SHARE (in €)	**(A/B)**	**€ 1.24**	**€ 0.85**

Note 9. Other information

9.1 Off-balance sheet commitments

Commitments made by the Group consisted primarily of commitments relating to financing activities (mortgages, promises to mortgage property and assignments of claims). Commitments received mainly included commitments relating to operating activities and, in particular, security deposits received for rent payments.

The initial application of IFRS 16, which became effective on January 1, 2019, resulted in the recognition of right-of-use assets in the Group's statement of financial position as well as the corresponding lease commitments for leases previously classified as operating leases and in which the Group was the lessee under IAS 17, with the exception of leases that qualify for the exemptions provided for in IFRS 16 (see note 1.2.1.1).

As a result, the Group's off-balance sheet commitments relating to leases as of June 30, 2019 only included future lease payments to be received under operating leases in which the Group is the lessor.

No other events occurred during H1 2019 had a significant impact on off-balance sheet commitments.

9.2 Events after the reporting period

The main event that occurred after the reporting period was the acquisition, finalised on July 31, 2019, of seven nursing homes and five healthcare facilities for a total of €191 million, sold by an OPPCI managed by Swiss Life Asset Managers France.

II. Statutory auditor's review report on the interim condensed consolidated financial statements (for the six-month period ended 30 June 2019)

This is a free translation into English of the statutory auditor's review report issued in French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

To the President,

In our capacity as statutory auditor of the company Icade Santé and at your request in the context of an admission of debt securities to trading on the regulated market of Euronext Paris, we have reviewed the accompanying condensed consolidated interim financial statements, for the period from January 1st to June 30th 2019, prepared for the purpose of the prospectus in accordance under International Financial Reporting Standards ("IFRS") as adopted by the European Union, as they are attached to this report.

These condensed consolidated interim financial statements are the responsibility of the President. Our role is to express a conclusion on these condensed consolidated financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial reporting.

Paris La Défense, October 7th, 2019

MAZARS

French original signed by Johanna DARMON and Gilles MAGNAN

AUDITED FINANCIAL STATEMENTS OF THE ISSUER FOR THE YEARS ENDED 31 DECEMBER 2018, 31 DECEMBER 2017 AND 31 DECEMBER 2016

The financial statements appearing below are the English translation of the consolidated financial statements of the Issuer for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 as audited by its statutory auditor and free English translation of its report thereon appear on page 132 of this Prospectus.

I. Audited consolidated financial statements of the Issuer for the years ended 31 December 2018, 31 December 2017 and 31 December 2016

1. Consolidated financial statements as of December 31, 2018, 2017 and 2016

Unless otherwise stated, the consolidated financial statements are presented in millions of euros, rounded to the nearest hundred thousand euros. Rounding differences may therefore occur between the different statements presented.

Consolidated income statement

(in millions of euros)	Notes	2018	2017	2016
Gross rental income	5.5	**241.0**	**214.9**	**207.3**
Purchases used		(0.1)	-	-
Outside services		(15.1)	(14.0)	(14.2)
Taxes, duties and similar payments		(0.6)	(0.4)	(0.3)
Other operating expenses		(1.8)	(0.1)	(0.1)
Expenses from operating activities		**(17.6)**	**(14.6)**	**(14.5)**
EBITDA		**223.4**	**200.3**	**192.8**
Depreciation charges net of government investment grants	5.1	(107.8)	(97.5)	(95.0)
Charges and reversals related to impairment of tangible, financial and other current assets	5.1	(7.7)	(0.8)	(0.2)
Profit/(loss) from acquisitions		(1.3)	(0.2)	1.3
Profit/(loss) on asset disposals		(0.0)	0.2	(0.3)
OPERATING PROFIT/(LOSS)		**106.6**	**102.0**	**98.6**
Cost of net financial debts		**(29.6)**	**(28.4)**	**(29.4)**
Other finance income and expenses		(10.7)	(0.8)	(0.9)
FINANCE INCOME/(EXPENSE)	6.1.4	**(40.3)**	**(29.2)**	**(30.3)**
Tax expense	7.1	(1.5)	(1.7)	(1.1)
NET PROFIT/(LOSS)		**64.8**	**71.1**	**67.2**
Net profit/(loss) attributable to the Group		**64.8**	**71.1**	**67.2**
Net profit/(loss) attributable to non-controlling interests		-	-	-
Net profit/(loss) attributable to the Group per share (in €)	9.3	**1.84 €**	**2.18 €**	**2.06 €**

Consolidated statement of comprehensive income

(in millions of euros)	Notes	2018	2017	2016
NET PROFIT/(LOSS) FOR THE PERIOD		**64.8**	**71.1**	**67.2**
Other comprehensive income:				
Other comprehensive income recyclable to the income statement: cash flow hedges	6.1.3.2	**(5.3)**	**3.3**	**(2.4)**
- Changes in fair value recognised directly in equity		(4.3)	4.4	(0.9)
- Transfer of non-hedging instruments to the income statement		(1.1)	(1.2)	(1.5)
Other comprehensive income not recyclable to the income statement		**-**	**-**	**-**
Total comprehensive income recognised in equity		**(5.3)**	**3.3**	**(2.4)**
Including transfer to net profit/(loss)		(1.1)	(1.2)	(1.5)
COMPREHENSIVE INCOME FOR THE PERIOD		**59.5**	**74.3**	**64.8**
- Attributable to the Group		59.5	74.3	64.8
- Attributable to non-controlling interests		-	-	-

Consolidated statement of financial position

(in millions of euros)	Notes	12/31/2018	12/31/2017	12/31/2016	01/01/2016
ASSETS					
Investment properties	5.1	3,155.9	2,961.4	2,712.4	2,604.4
Financial assets at fair value through profit or loss	6.1.5.3	0.0	0.0	0.0	0.0
Financial assets at amortised cost	6.1.5.3	1.3	1.3	1.3	1.3
Derivative assets	6.1.3	0.0	0.8	-	0.2
Other non-current assets		-	-	-	2.4
NON-CURRENT ASSETS		**3,157.3**	**2,963.5**	**2,713.8**	**2,608.3**
Accounts receivable	6.1.5.1	6.8	5.5	5.5	4.2
Tax receivables		-	-	0.3	0.1
Miscellaneous receivables	6.1.5.2	4.1	15.3	4.9	7.2
Cash	6.1.6	75.9	4.1	2.4	79.2
CURRENT ASSETS		**86.8**	**24.9**	**13.1**	**90.8**
TOTAL ASSETS		**3,244.1**	**2,988.4**	**2,726.9**	**2,699.1**

(in millions of euros)	**Notes**	**12/31/2018**	**12/31/2017**	**12/31/2016**	**01/01/2016**
LIABILITIES					
Share capital	9.1	552.0	518.5	497.2	497.2
Share premium		992.2	941.0	918.2	956.4
Revaluation reserves	6.1.3.2	(12.2)	(6.8)	(10.1)	(7.7)
Other reserves		86.9	72.7	54.5	44.4
Net profit/(loss) attributable to the Group		64.8	71.1	67.2	58.9
Equity attributable to the Group		1,683.8	1,596.4	1,527.0	1,549.2
EQUITY		**1,683.8**	**1,596.4**	**1,527.0**	**1,549.2**
Provisions	8.1	0.1	-	-	-
Financial debt at amortised cost	6.1.1.1	1,427.4	1,188.0	1,041.5	1,011.3
Tax liabilities		6.1	6.8	17.8	12.2
Other financial liabilities	6.1.5.3	6.3	3.7	4.0	3.8
Derivative liabilities	6.1.3	15.0	11.3	15.2	14.6
Other non-current liabilities		-	-	-	0.5
NON-CURRENT LIABILITIES		**1,454.8**	**1,209.8**	**1,078.5**	**1,042.4**
Provisions	8.1	0.0	0.0	-	-
Financial debt at amortised cost	6.1.1.1	52.2	119.5	63.4	52.2
Tax liabilities		14.8	14.8	11.1	29.7
Accounts payable		3.1	3.7	2.6	3.1
Miscellaneous payables	6.1.5.2	34.5	43.3	43.4	21.8
Derivative liabilities	6.1.3	0.8	0.8	0.9	0.8
CURRENT LIABILITIES		**105.4**	**182.1**	**121.4**	**107.5**
TOTAL LIABILITIES AND EQUITY		**3,244.1**	**2,988.4**	**2,726.9**	**2,699.1**

Consolidated cash flow statement

(in millions of euros)	Notes	2018	2017	2016
I) OPERATING ACTIVITIES				
Net profit/(loss)		**64.8**	**71.1**	**67.2**
Net depreciation and provision charges		114.5	98.4	95.3
Unrealised gains and losses due to changes in fair value		(1.3)	(1.4)	(1.6)
Other non-cash income and expenses		2.1	1.0	(0.9)
Capital gains or losses on asset disposals		(0.0)	(0.3)	-
Cash flow from operating activities after cost of net financial debt and tax		**180.1**	**168.9**	**160.1**
Cost of net financial debt		30.8	29.1	30.9
Tax expense		1.5	1.7	1.1
Cash flow from operating activities before cost of net financial debt and tax		**212.4**	**199.7**	**192.0**
Interest paid		(32.2)	(30.7)	(31.0)
Tax paid (a)		(23.9)	(14.5)	(15.9)
Change in working capital requirement related to operating activities		10.2	(8.3)	(0.9)
NET CASH FLOW FROM OPERATING ACTIVITIES		**166.4**	**146.3**	**144.2**
II) INVESTING ACTIVITIES				
Tangible and intangible fixed assets and investment properties				
- acquisitions		(133.4)	(270.5)	(121.3)
- disposals		2.2	6.9	-
Change in security deposits paid and received		0.4	(0.3)	(0.0)
Operating investments		**(130.7)**	**(263.9)**	**(121.3)**
Fully consolidated subsidiaries				
- acquisitions		(82.7)	(28.3)	(13.9)
- impact of changes in scope of consolidation		3.7	8.1	0.1
Financial investments		**(79.0)**	**(20.3)**	**(13.8)**
NET CASH FLOW FROM INVESTING ACTIVITIES		**(209.8)**	**(284.2)**	**(135.2)**
III) FINANCING ACTIVITIES				
Amounts received from shareholders on capital increases		159.9	100.0	(0.0)
Dividends paid during the financial year				
- final and interim dividends paid by Icade Santé during the financial year		(132.0)	(105.0)	(87.0)
Change in cash from capital activities		**27.9**	**(5.0)**	**(87.0)**
Loans issues and new financial debts		228.6	208.4	50.0
Loans redemptions and repayments of financial debts		(98.8)	(32.4)	(33.4)
Current financial liabilities		(41.3)	(32.8)	(15.7)
Change in cash from financing activities	**6.1.1.2**	**88.6**	**143.2**	**0.9**
NET CASH FLOW FROM FINANCING ACTIVITIES		**116.6**	**138.2**	**(86.1)**
NET CHANGE IN CASH (I) + (II) + (III)		**73.2**	**0.3**	**(77.0)**
OPENING NET CASH		2.3	2.0	79.0
CLOSING NET CASH		75.5	2.3	2.0
Cash (excluding interest accrued but not due)		75.9	4.1	2.4
Bank overdrafts (excluding interest accrued but not due)		(0.4)	(1.8)	(0.4)
NET CASH		**75.5**	**2.3**	**2.0**

(a) Tax paid primarily includes the exit tax and CVAE

Statement of changes in consolidated equity

(in millions of euros)	Share capital	Share premium	Revaluation reserves	Other reserves and net profit/(loss) attributable to the Group	Equity attributable to the Group	Non-controlling interests	Total equity
Equity as of 01/01/2016	**497.2**	**956.4**	**(7.7)**	**103.3**	**1,549.2**	**-**	**1,549.2**
Net profit/(loss) for the financial year	-	-	-	67.2	**67.2**	-	**67.2**
Other comprehensive income:							
- Changes in value of cash flow hedges	-	-	(0.9)	-	**(0.9)**	-	**(0.9)**
- Revaluation reserves for cash flow hedges recycled to the income statement	-	-	(1.5)	-	**(1.5)**	-	**(1.5)**
Comprehensive income for the financial year	**-**	**-**	**(2.4)**	**67.2**	**64.8**	**-**	**64.8**
Dividends paid for the financial year 2015	-	(39.0)	-	(48.0)	**(87.0)**	-	**(87.0)**
Capital increase	-	-	-	-	**-**	-	**-**
Other	-	0.9	-	(0.9)	**-**	-	**-**
Equity as of 12/31/2016	**497.2**	**918.2**	**(10.1)**	**121.7**	**1,527.0**	**-**	**1,527.0**
Net profit/(loss) for the financial year	-	-	-	71.1	**71.1**	-	**71.1**
Other comprehensive income:							
- Changes in value of cash flow hedges	-	-	4.4	-	**4.4**	-	**4.4**
- Revaluation reserves for cash flow hedges recycled to the income statement	-	-	(1.2)	-	**(1.2)**	-	**(1.2)**
Comprehensive income for the financial year	**-**	**-**	**3.3**	**71.1**	**74.3**	**-**	**74.3**
Dividends paid for the financial year 2016	-	(57.1)	-	(47.9)	**(105.0)**	-	**(105.0)**
Capital increase	21.3	78.7	-	-	**100.0**	-	**100.0**
Other	-	1.1	-	(1.1)	**(0.0)**	-	**(0.0)**
Equity as of 12/31/2017	**518.5**	**941.0**	**(6.8)**	**143.8**	**1,596.4**	**-**	**1,596.4**
Net profit/(loss) for the financial year	-	-	-	64.8	**64.8**	-	**64.8**
Other comprehensive income:	,	,	,	,	**,**	,	**,**
- Changes in value of cash flow hedges	-	-	(4.3)	-	**(4.3)**	-	**(4.3)**
- Revaluation reserves for cash flow hedges recycled to the income statement	-	-	(1.1)	-	**(1.1)**	-	**(1.1)**
Comprehensive income for the financial year	**-**	**-**	**(5.3)**	**64.8**	**59.5**	**-**	**59.5**
Dividends paid for the financial year 2017	-	(75.2)	-	(56.8)	**(132.0)**	-	**(132.0)**
Capital increase	33.5	126.4	-	-	**159.9**	-	**159.9**
Other	-	-	-	(0.0)	**(0.0)**	-	**(0.0)**
Equity as of 12/31/2018	**552.0**	**992.2**	**(12.2)**	**151.8**	**1,683.8**	**-**	**1,683.8**

2. Notes to the consolidated financial statements

Note 1. Accounting methods, rules and principles

1.1. General information

Icade Santé ("the Company") is a French simplified joint-stock company (SAS). Its registered office is situated at 27 rue Camille Desmoulins, 92130 Issy-les-Moulineaux, France. As of December 31, 2018, it was 56.77% owned by the company Icade SA (56.51% as of December 31, 2017 and 2016). It is fully consolidated in Icade SA's consolidated financial statements.

The consolidated financial statements for the financial years ended December 31, 2018, 2017 and 2016 reflect the financial position and profits and losses of the Company and its subsidiaries ("the Group"). They were prepared in euros, which is the Company's functional currency.

As of December 31, 2018, the Group consisted of 15 consolidated entities (respectively 2 and 2 consolidated entities as of December 31, 2017 and 2016). It operates as a property investor, assisting healthcare operators and senior services providers with the ownership and development of healthcare properties across France.

1.2. Accounting standards

The Group's consolidated financial statements for the financial years ended December 31, 2018, 2017 and 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as of December 31, 2018 pursuant to European Regulation No.1606/2002 dated July 19, 2002. They were approved by the Chairman of Icade Santé SAS on October 1, 2019.

The international accounting standards are issued by the IASB (International Accounting Standards Board) and have been adopted by the European Union. They include the IFRS, the IAS (International Accounting Standards) and their interpretations. These standards are available for viewing on the European Commission's website[1].

These are the Icade Santé Group's first consolidated financial statements. They have been prepared in accordance with IFRS 1 – First-time adoption of international financial reporting standards, with the date of transition to IFRS being January 1, 2016. The statement of financial position as of January 1, 2016 is presented as the opening balance sheet.

Icade Santé has prepared its first IFRS financial statements by applying IFRS retrospectively and by using, in particular, paragraph D16.B provided for in IFRS 1, which makes it possible to measure the carrying amounts of its assets and liabilities as required by IFRS 1 based on the date of transition to IFRS. The Group has applied all the standards, amendments and interpretations in force as of December 31, 2018 to all the periods presented in the consolidated financial statements starting on the date of transition to IFRS, i.e. January 1, 2016.

These are the Group's first complete consolidated financial statements. As a result, no reconciliation is presented in the notes to the consolidated financial statements as a reconciliation of statutory financial statements to consolidated financial statements prepared in accordance with IFRS is of no interest for the reader of the financial statements.

1.2.1 Mandatory standards, amendments and interpretations adopted by the European Union which became effective on January 1, 2018

1.2.1.1 IFRS 15 – Revenue from contracts with customers

This standard supersedes IAS 18, IAS 11 and related interpretations. It introduces a single model for recognising revenue based on the transfer of control of the promised good or service. This standard applies to all contracts with customers with the exception of leases which fall within the scope of IAS 17 – Leases.

Since all of the Group's revenue is derived from leases, this standard does not apply to its consolidated financial statements.

[1] http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

1.2.1.2 IFRS 9 – Financial instruments

This standard supersedes IAS 39. It is based on three main pillars: classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

♦ Classification and measurement:

The classification and measurement of categories of financial assets set out by IFRS 9 relies on the joint analysis of the inherent characteristics of the financial instrument and the business model implemented by the Group.

♦ Impairment model for financial assets:

IFRS 9 introduces a new impairment model based on expected losses rather than incurred losses as per IAS 39.

♦ Hedge accounting:

The Group complies with the requirements of this pillar. The main changes compared to IAS 39 are as follows:

- The designation of a hedging relationship is assessed on the basis of the risk management practices implemented by the Company, aligning the accounting treatment with management's intentions;
- The eligibility conditions for hedged items cover non-financial items;
- The criteria for hedge effectiveness testing do not include thresholds. Therefore, even in the case of hedge ineffectiveness, the hedging relationship is not disqualified.

The application of IFRS 9 has had no significant impact on Icade Santé's consolidated financial statements.

1.2.1.3 Interpretations and amendments

The following amendments and interpretations have no impact on the Group's consolidated financial statements.

♦ IFRIC interpretation 22 – Foreign currency transactions and advance consideration;

♦ Amendments to IFRS 2 – Classification and measurement of share-based payment transactions;

♦ Amendments to IAS 40 – Transfers of investment property;

♦ Amendments to IFRS 15 – Clarifications;

♦ Amendments to IFRS 4 – Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts (not applicable to the Group);

♦ Annual improvements to IFRS Standards (2014–2016 Cycle).

1.2.2 Mandatory standards, amendments and interpretations adopted by the European Union which became effective on January 1, 2017

The following amendments and interpretations have no impact on the Group's consolidated financial statements.

♦ Amendments to IAS 12 – Income taxes: recognition of deferred tax assets for unrealised losses;

♦ Amendments to IAS 7 – Cash-flow statements;

♦ Annual improvements to IFRS Standards (2014–2016 Cycle).

1.2.3 Standards, amendments and interpretations adopted by the European Union but not yet applicable as of December 31, 2018

No standards or interpretations for which early adoption is permitted have been applied by the Group for the financial years 2018, 2017 or 2016.

1.2.3.1 IFRS 16 – Leases

On October 31, 2017, the European Union adopted IFRS 16 which supersedes IAS 17 and related interpretations. This new standard, which became effective on January 1, 2019, with earlier application permitted, no longer makes a distinction between finance leases and operating leases. It will result in the recognition on the lessee's balance sheet of a right-of-use asset with a corresponding lease liability, for all types of contracts qualifying as leases.

The leases identified by the Group as falling within the scope of IFRS 16 relate to building leases. Icade Santé shall apply this new standard in its consolidated financial statements for financial years starting on or after January 1, 2019 using the modified retrospective approach. This should result in the Group recognising a right-of-use asset of €2.0 million with a corresponding lease liability.

1.2.3.2 Interpretations and amendments

The following interpretation and amendments became effective on January 1, 2019.

- ♦ IFRIC interpretation 23 – Uncertainty over income tax treatments. This interpretation clarifies how IAS 12 – Income taxes should be applied to determine the items related to income tax, when there is uncertainty over the income tax treatments used by the Group under applicable tax rules;
- ♦ Amendments to IFRS 9 – Prepayment features with negative compensation;
- ♦ Amendments to IAS 28 – Long-term interests in associates and joint ventures;
- ♦ Annual improvements to IFRS Standards (2015–2017 Cycle).

1.2.4 Standards, amendments and interpretations issued by the IASB (International Accounting Standards Board) but not yet adopted by the European Union

Effective from January 1, 2019:

- ♦ Amendments to IAS 19 – Plan amendment, curtailment or settlement (not applicable to the Group).

Effective from January 1, 2020:

- ♦ Amendments to IAS 1 and IAS 8 – Definition of material;
- ♦ Amendments to IFRS 3 – Definition of a business;
- ♦ Amendments to references to the conceptual framework in IFRS standards.

Effective from January 1, 2022:

- ♦ IFRS 17 – Insurance contracts (not applicable to the Group).

1.3. Basis of preparation and presentation of the financial statements

1.3.1 Measurement bases

The financial statements have been prepared according to the amortised cost method, with the exception of certain financial assets and liabilities which are recognised at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 – Fair value measurement utilises a fair value hierarchy across three levels:

- ♦ Level 1: fair value measured based on unadjusted prices quoted in active markets for identical assets or liabilities;
- ♦ Level 2: fair value measured based on models using observable data, either directly (i.e. prices), or indirectly (i.e. data derived from prices);
- ♦ Level 3: fair value measured based on market data not directly observable.

According to the principle of relevance and the ensuing materiality notion, only information deemed relevant and useful to the users' understanding of the consolidated financial statements is reported.

The Group does not employ staff. It has delegated the management of its property assets as well as advisory and assistance work to its parent company Icade SA. All these services are detailed in note 10.2 to these consolidated financial statements.

1.3.2 Use of judgement and estimates

The preparation of financial statements requires the Group's management to use estimates and assumptions to determine the carrying amount of certain assets, liabilities, income and expenses, to assess any positive or negative contingencies as of the reporting date, as well as the information provided in the notes to the financial statements.

The significant estimates made by the Group to prepare its consolidated financial statements mainly relate to the valuation of property assets carried out by independent property valuers in accordance with the methods described in note 5.2.

Due to the uncertainties inherent in any measurement process, the Group reviews its estimates on the basis of regularly updated information. The future revenues of the projects concerned may differ from estimates made at the reporting date.

In addition to using estimates, the Group's management uses its judgement to define the appropriate accounting treatment for certain operations and transactions where current IFRS and their interpretations do not specifically address the accounting issues raised. In particular, management has exercised its judgement to classify the types of leases (operating lease or finance lease).

Note 2. Highlights of the financial years ended December 31, 2018, 2017 and 2016

2.1 Financial year ended December 31, 2018

2.1.1 Investments and disposals completed

During the financial year 2018, the Company:

♦ Invested for the first time in the nursing home sector on July 4, 2018 by acquiring the Patrimoine et Santé group, made up of 15 legal entities owning 14 nursing home properties outside the Paris region which are operated by the Residalya network;

♦ Acquired the Montévrain healthcare property on July 18, 2018.

See note 3.1 for further information about changes in the Group's scope of consolidation in 2018.

2.1.2 Finance

During the financial year 2018, the Company:

♦ Made a €160.0 million capital increase on June 28, 2018, fully but unevenly subscribed in cash by its shareholders;

♦ Prepaid, in June 2018, the loan taken out with Icade SA in 2008;

♦ Took out a new loan for €50.0 million for a period of 7 years;

♦ Took out two corporate loans in July 2018 maturing in June 2025 and July 2026 from a banking pool for a total of €200.0 million;

♦ Signed a cash advance agreement with Icade SA in April 2018 for a maximum amount of €200.0 million and a period ending on March 31, 2020.

See notes 6, 10 and 11 for further information about the Group's funding sources.

2.2 Financial year ended December 31, 2017

2.2.1 Investments and disposals completed

During the financial year 2017, the Company:

- ♦ Acquired directly or indirectly five private healthcare properties;
- ♦ Sold the Les Chênes polyclinic property on March 31, 2017.

See note 3.2 for further information about changes in the Group's scope of consolidation in 2017.

2.2.2 Finance

During the financial year 2017, the Company:

- ♦ Made a €100.0 million capital increase on December 22, 2017, which was fully subscribed in cash by its shareholders in proportion to their respective holdings;
- ♦ Took out two corporate loans in July 2017 maturing in July 2024 from a banking pool for a total of €150.0 million;
- ♦ Took out two mortgages in December 2017 maturing in December 2032 for a total of €58.4 million.

See notes 6, 10 and 11 for further information about the Group's funding sources.

2.3 Financial year ended December 31, 2016

2.3.1 Investments and disposals completed

During the financial year 2016, the Company:

- ♦ Indirectly acquired four healthcare properties from private investors on June 14, 2016;
- ♦ Acquired two plots of land for the construction of new healthcare facilities.

See note 3.3 for further information about changes in the Group's scope of consolidation in 2016.

2.3.2 Finance

During the financial year 2016, the Company:

- ♦ Signed a cash advance agreement with Icade SA in April 2016 for a maximum amount of €200.0 million and a period ending on March 31, 2018.
- ♦ Took out a medium-term corporate loan in October 2016 for €50.0 million, maturing in October 2018.

See notes 6, 10 and 11 for further information about the Group's funding sources.

Note 3. Scope of consolidation

ACCOUNTING PRINCIPLES

Consolidation principles

The consolidated financial statements include the financial statements of fully consolidated subsidiaries. The Group does not hold any interests in joint ventures or associates, or any other entities in which it does not have direct, indirect or joint control, or significant influence over their financial and operating policies. The consolidation method is determined in accordance with the control exercised by the Group.

♦ Subsidiaries

A subsidiary is an entity that is directly or indirectly controlled by the Group. Control exists when the Group:

- Has power over the entity in terms of voting rights;
- Has rights to variable returns from its involvement with the entity;
- Has the ability to use its power to affect the amount of these returns.

Potential voting rights as well as the power to govern the financial and operating policies of the entity are also part of the factors taken into account by the Group in order to assess control.

Subsidiaries are fully consolidated from the date the Group acquires control over them until the date that such control ceases.

All intragroup transactions and balances between the Group's subsidiaries are eliminated on consolidation.

Non-controlling interests represent the share of interest which is not directly or indirectly attributable to the Group. These are presented in equity as "Non-controlling interests" and in the income statement as "Net profit/(loss) attributable to non-controlling interests". For the three financial years presented, Icade Santé had full control over all its subsidiaries.

Business combinations

To determine whether a transaction is a business combination under the revised IFRS 3, the Group analyses whether a business has been acquired and not just property. The criteria used may include the number of property assets held, the scope of the business acquired or the degree of autonomy of the target.

The consideration transferred must include any contingent consideration, which must be measured at fair value.

According to the acquisition method, the acquirer must, at the acquisition date, recognise the identifiable assets, liabilities and contingent liabilities of the acquiree at fair value at that date.

Goodwill is measured as the difference between, on the one hand, the fair value of the consideration transferred and, on the other hand, the net of the acquisition-date amounts of the identifiable assets and the liabilities assumed measured at fair value. If positive, goodwill is simply referred to as "goodwill" and appears on the asset side of the balance sheet. If negative, goodwill may be referred to as "negative goodwill" or "badwill" and is recognised immediately in the income statement.

As of December 31, 2018, the Group did not recognise any goodwill arising from business combinations that took place during previous financial years.

Additions to the scope of consolidation carried out during the financial years ended December 31, 2016, 2017 and 2018 have been recognised in accordance with the revised IFRS 3 – Business combinations. For each acquisition made, the Group measured the assets acquired and liabilities assumed at the acquisition date. Based on this measurement, the acquisition of these companies did not result in the recognition of any goodwill.

in millions of euros	2018	2017	2016
Acquisition price of subsidiaries	82.5	29.2	11.9
Net assets acquired	82.5	29.3	13.7
Goodwill/(badwill)	**-**	**(0.1)**	**(1.9)**

The companies acquired during the financial years 2016, 2017 and 2018 are fully consolidated into the Group's consolidated financial statements from the acquisition date.

The impact of these acquisitions on the main line items of the consolidated statement of financial position for the three financial years reported is shown in the corresponding notes. The contribution of the companies acquired between 2016 and 2018 to the Group's gross rental income and net profit/(loss) for the financial years during which these companies were acquired (full-year impact for the period from the acquisition date to December 31 and on a full-year basis) was not significant.

A list of the companies included in the scope of consolidation is presented in note 14.

3.1 Main transactions completed during the financial year 2018

As part of its diversification strategy, the Group made its first investment in the nursing home sector on July 4, 2018 through the acquisition of all of SAS Patrimoine et Santé shares for a total of €82.5 million from the Residalya network, a subsidiary of the Ackermans & Van Haaren group. The holding company SAS Patrimoine et Santé owns all the shares of 14 SCIs (sociétés civiles immobilières, i.e. non-trading property investment companies) and SNCs (sociétés en nom collectif, i.e. general partnerships), each owning a different nursing home property. These 14 facilities were valued at the acquisition date at €189.7 million.

The measurement of the assets acquired and liabilities assumed in accordance with the revised IFRS 3 resulted in particular in the recognition of investment properties for €189.7 million, financial debts for €86.5 million and other liabilities net of other assets for €18.3 million, in the Group's consolidated financial statements.

3.2 Main transactions completed during the financial year 2017

♦ Acquisition of SAS Carrère

In line with its strategy to expand its business in the disability care home sector (maisons d'accueil spécialisées, MAS), on April 13, 2017 the Group acquired all the shares of SAS Carrère for a total of €15.5 million. SAS Carrère owns all the shares of SCI Saint-Germoise, which, in turn, owns the Hélios disability care home property.

The measurement of the assets acquired and liabilities assumed in accordance with the revised IFRS 3 resulted in particular in the recognition of investment properties for €9.7 million and other assets net of other liabilities for €5.9 million in the Group's consolidated financial statements. This bargain purchase resulted in the recognition of a non-recurring gain net of acquisition costs that was not significant (i.e < €0.1 million) in the Group's consolidated income statement in 2016.

♦ Acquisition of SAS Foncière MSR

In line with its strategy to expand its business in the private healthcare property sector, on September 22, 2017 the Group acquired all the shares of SAS Foncière MSR for a total of €13.7 million. The holding company SAS Foncière MSR owns the real estate of the Saint-Roch polyclinic.

The measurement of the assets acquired and liabilities assumed in accordance with IFRS 3 resulted in particular in the recognition of investment properties for €76.5 million, financial debts for €58.7 million and other liabilities net of other assets for €4.2 million, in the Group's consolidated financial statements.

3.3 Main transactions completed during the financial year 2016

In line with its strategy to expand its business in the private healthcare property sector, on June 14, 2016 the Group acquired all the shares of SAS VAGUIL for a total of €11.9 million. The holding company SAS VAGUIL owns all the shares of 4 companies, each owning a different private healthcare property.

The measurement of the assets acquired and liabilities assumed in accordance with the revised IFRS 3 resulted in particular in the recognition of investment properties for €56.9 million, financial debts for €39.8 million and other liabilities net of other assets for €3.1 million, in the Group's consolidated financial statements. This bargain purchase resulted in the recognition of a non-recurring gain net of acquisition costs of €1.3 million in the Group's consolidated income statement in 2016.

Note 4. Segment reporting

ACCOUNTING PRINCIPLES

In accordance with IFRS 8 – Operating segments, segment information must be structured according to the operating segments for which results are regularly reviewed by the chief operating decision maker in order to assess their performance and make decisions about resources to be allocated to such segments. Segment information must be consistent with internal reporting to the chief operating decision maker.

The Group's activities consist in assisting healthcare and senior services providers with the ownership and development of healthcare properties across France. These properties include short- and medium-term care facilities (private hospitals, rehabilitation centres) as well as long-term facilities (nursing homes).

During the financial years covered by these consolidated financial statements, the Group measured the performance of its operations taken as a whole.

As a result, it only reports on one operating segment.

Note 5. Property portfolio and fair value

5.1 Property portfolio

ACCOUNTING PRINCIPLES

Investment properties

IAS 40 defines investment property as property held by the owner to earn rentals or for capital appreciation or both. This category of property cannot be held for use in the production or supply of goods or services or for administrative purposes. Furthermore, the existence of building rights, leasehold rights or a building lease also falls within the definition of investment property.

Property that is being developed for future use as investment property, as well as advances paid on those properties, are classified as investment property.

In accordance with the option offered by IAS 40, investment properties are measured at cost less accumulated depreciation and less any accumulated impairment losses (see note 5.3.2).

The cost of investment properties consists of:

- The purchase price stated in the deed of acquisition or the construction costs, including non-refundable taxes, after deducting any trade discounts, rebates or cash discounts;
- The cost of restoration work;
- All directly attributable costs incurred in order to put the investment property in a condition to be leased in accordance with the use intended by management. Thus, transfer duties, fees, commissions and fixed legal expenses related to the acquisition, and commissions related to leasing are included in the cost;
- Costs of bringing the property into compliance with safety and environmental regulations;
- Capitalised borrowing costs (see below).

Any government investment grants received are deducted from the value of the corresponding assets. These grants are therefore recognised as income over the useful life of the asset depreciable by way of a reduced depreciation charge.

The gross value of an investment property is split into separate components which each have their own useful lives.

Investment properties are depreciated using the straight-line method over periods which correspond to their expected useful life. Land is not depreciated. The depreciation periods used by the Group (in years) are as follows:

Components	Healthcare
Roads, networks, distribution	80
Structural works	80
External structures	20-40
General and technical equipment	20-35
Internal fittings	10-20
Specific equipment	20-35

Useful lives are revised at each reporting date, particularly in respect of investment properties which are the subject of a restoration decision.

In accordance with IAS 36, where events or changes in the market environment, or internal factors, indicate a risk of impairment of investment properties, these are tested for impairment (see below).

The methods and assumptions used to value the property portfolio are described in note 5.2.

The fair values shown in note 5.3 are appraised values excluding duties.

Borrowing costs

Borrowing costs directly attributable to the construction or production of an asset are included in the cost of that asset until work is completed.

The borrowed funds are used to build several assets. The borrowing costs that are eligible for capitalisation are determined by applying a capitalisation rate to the construction costs. This capitalisation rate is equal to the weighted average of current borrowing costs for the year other than those of borrowings taken out for the purpose of building specific assets. The capitalised amount may not exceed the amount of costs actually borne.

Impairment test for investment properties

IAS 36 requires investment properties to be tested at least annually to see if there is any indication that they may have been impaired.

Indications of impairment include:

- A substantial decline in the market value of the asset;
- A change in the technological, economic or legal environment.

Impairment of an asset is recognised where its recoverable amount is less than its carrying amount.

The recoverable amount of investment properties is the fair value less any costs to sell. The fair value is the market value excluding duties, determined by independent property valuers (see note 5.2).

If there is any indication of impairment, and where the estimated recoverable amount is less than the net carrying amount, the difference between those two figures is recognised as an impairment loss. Recognising an impairment loss entails a review of the depreciable amount and, as the case may be, of the depreciation schedule for the investment properties concerned.

If there is no longer an indication of impairment or if there is an indication that an impairment loss may have decreased, the impairment relating to the investment property may subsequently be reversed if the recoverable value again becomes higher than the net carrying amount. The value of the asset after reversal of the impairment loss should not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

Although carried out by independent property valuers, it should be remembered that valuing a property asset is a complex estimation exercise, which is also subject from one half-year to the next to the changing economic climate and the volatility of some of the market parameters used, particularly yields and discount rates.

Therefore, in order to take into account the inherent difficulties of valuing a property asset and to avoid recognising an impairment loss that might need to be fully or partially reversed in the next financial statements, the Group only recognises an impairment loss if the unrealised capital loss on the property assets is more than 5% of the net carrying amount before impairment. If this threshold is exceeded, the impairment loss recognised is the total amount of unrealised capital losses.

This impairment loss is adjusted upwards or downwards at each reporting date to reflect changes in the value of the property asset and its net carrying amount, remembering that if the impairment loss is less than 5% of the net carrying amount before impairment, the previously recognised impairment loss is reversed.

For properties acquired less than three months before the reporting date and recognised in the financial statements at their acquisition price including transfer taxes, the unrealised capital loss corresponding to transfer taxes and other acquisition costs is not recognised as an impairment loss.

As of December 31, 2018, the net carrying amount of the property portfolio stood at €3,155.9 million. It consisted exclusively of investment properties including €515.6 million under finance leases.

(in millions of euros)	**12/31/2017**	**Acquisitions and construction work (a)**	**Disposals**	**Net depreciation charges**	**Net reversals of impairment charges**	**Impact of changes in scope of consolidation**	**Other changes**	**12/31/2018**
Gross amount	3,452.7	121.7	(2.3)	-	-	189.7	-	3,761.8
Depreciation	(490.0)	-	0.2	(107.8)	-	-	-	(597.5)
Impairment	(1.2)	-	0.5	-	(7.7)	-	-	(8.3)
NET VALUE OF INVESTMENT PROPERTIES (b)	**2,961.4**	**121.7**	**(1.5)**	**(107.8)**	**(7.7)**	**189.7**	**-**	**3,155.9**

(a) Including capitalised finance costs for €1.4 million

(b) Includes investment properties under finance leases for a net carrying amount of €456.3 million as of 12/31/2017 and €515.6 million as of 12/31/2018

In 2018, investments totalled €311.4 million, including primarily:

- ♦ The acquisition of the Patrimoine et Santé group owning 14 nursing home properties for €189.7 million;
- ♦ The acquisition of the Montévrain facility for €17.7 million;
- ♦ Projects under development for €47.9 million including €24.1 million for healthcare facilities completed during the financial year;
- ♦ Other works and investments in operating assets for €52.0 million.

As of December 31, 2017, the net carrying amount of the property portfolio stood at €2,961.4 million. It consisted exclusively of investment properties including €456.3 million under finance leases.

(in millions of euros)	**12/31/2016**	**Acquisitions and construction work (a)**	**Disposals**	**Net depreciation charges**	**Net reversals of impairment charges**	**Impact of changes in scope of consolidation**	**Other changes**	**12/31/2017**
Gross amount	3,111.4	268.4	(13.5)	-	-	86.3	-	3,452.7
Depreciation	(396.0)	-	3.5	(97.5)	-	-	-	(490.0)
Impairment	(3.0)	-	2.6	-	(0.8)	-	-	(1.2)
NET VALUE OF INVESTMENT PROPERTIES (b)	**2,712.4**	**268.4**	**(7.4)**	**(97.5)**	**(0.8)**	**86.3**	**-**	**2,961.4**

(a) Including capitalised finance costs for €1.6 million

(b) Includes investment properties under finance leases for a net carrying amount of €395.8 million as of 12/31/2016 and €456.3 million as of 12/31/2017

In 2017, investments totalled €354.7 million, including primarily:

- ♦ Operating asset acquisitions for €229.4 million including three healthcare facilities and the company SAS FONCIERE MSR for €207.4 million;
- ♦ Projects under development for €120.4 million including €79.0 million for three new facilities and €41.3 million for extension works to facilities currently in operation;
- ♦ Other investments in operating assets for €4.9 million.

As of December 31, 2016, the net carrying amount of the property portfolio stood at €2,712.4 million. It consisted exclusively of investment properties including €395.8 million under finance leases.

(in millions of euros)	**01/01/2016**	**Acquisitions and construction work (a)**	**Disposals**	**Net depreciation charges**	**Net reversals of impairment charges**	**Impact of changes in scope of consolidation**	**Other changes**	**12/31/2016**
Gross amount	2,908.3	146.3	-	-	-	56.9	-	3,111.4
Depreciation	(301.1)	-	-	(95.0)	-	-	-	(396.0)
Impairment	(2.8)	-	-	-	(0.2)	-	-	(3.0)
NET VALUE OF INVESTMENT PROPERTIES (b)	**2,604.4**	**146.3**	**-**	**(95.0)**	**(0.2)**	**56.9**	**-**	**2,712.4**

(a) Including capitalised finance costs for €0.7 million

(b) Includes investment properties under finance leases for a net carrying amount of €353.0 million as of 01/01/2016 and €395.8 million as of 12/31/2016

In 2016, investments totalled €203.2 million, including primarily:

- ♦ Operating asset acquisitions for €65.7 million including €56.9 million for a portfolio of four new facilities and €8.8 million for the payment of a contingent consideration related to a single facility;
- ♦ Projects under development for €84.6 million including €80.8 million for four healthcare facilities and €3.8 million for a private hospital;
- ♦ Works to healthcare facilities currently operating for €52.9 million.

5.2 Valuation of the property portfolio: methods and assumptions

5.2.1 Valuation assignments

The Group's property assets are valued twice a year by independent property valuers according to a framework consistent with the SIIC Code of Ethics published in July 2008 by the French Federation of Real Estate Companies (Fédération des sociétés immobilières et foncières).

For the three financial years, property valuations were entrusted to Jones Lang LaSalle Expertises and Catella Valuation FCC.

The valuers are selected through competitive bidding. The property valuers consulted are selected among members of AFREXIM (French Association of Property Valuation Companies) and are appointed for a maximum period of three years.

In accordance with the SIIC Code of Ethics, after seven years the Group shall ensure that there is an internal turnover of the teams responsible for the valuation of its assets in the selected property valuation company. The valuer may not be appointed for more than two consecutive terms of four years except where the valuer has met the requirement with regard to the internal turnover of the teams.

For all contracts having expired on December 31, 2017, the Group invited the main property valuation firms to a selection process in order to assign one or more of them the twice-yearly valuation of part of its assets. Property valuers were selected based on criteria of independence, qualification, reputation, expertise in property valuation, organisational capacity, responsiveness and price. Following this selection process, the contracts of Catella Valuation FCC and Jones Lang LaSalle Expertises were renewed.

Property valuation fees are billed to the Group on the basis of a fixed service fee that takes into account the specificities of the properties (number of units, number of square metres, number of current leases, etc.) and that is not based on the value of the assets.

The assignments of the property valuers, whose main valuation methods and conclusions are presented hereafter, are performed according to professional standards, in particular:

- ♦ The fourth edition, published in October 2012, of the Property Valuation Charter (Charte de l'expertise en évaluation immobilière) for the financial year 2016, and the fifth edition published in March 2017 for the financial years 2017 and 2018;
- ♦ The Barthès de Ruyter report from the French Securities and Exchange Commission (COB), which is part of the French Financial Markets Authority (AMF), dated February 3, 2000, on the valuation of the property assets of publicly traded companies;
- ♦ On an international level, the European Valuation Standards of TEGoVA (The European Group of Valuers' Associations), published in April 2009 in the Blue Book, as well as the Red Book standards of the Royal Institution of Chartered Surveyors (RICS).

These various texts specify the required qualifications for the property valuers, a code of conduct and ethics, and the main definitions (values, floor areas, rates and main valuation methods).

During each valuation session and when valuers submit their valuation reports, the Group makes sure that the methods used by the different property valuers to value its assets are consistent.

Valuations are calculated both inclusive and exclusive of duties, the values excluding duties being net of duties and fixed legal expenses calculated by the property valuers.

On-site visits are systematically conducted by the property valuers for all new assets added to the portfolio. Further on-site visits are then organised according to a multi-year schedule or each time that a specific event in the life of the building requires it (occurrence of significant changes in its structure or environment).

All the assets, including the land bank and projects under development, were valued as of December 31, 2018, 2017 and 2016 according to the procedures currently in place within the Group, with the exception of:

- ♦ Properties subject to a preliminary sale agreement as of the end of the reporting period or those for which an offer has been received and that are valued based on the price indicated in the agreement excluding duties;
- ♦ Properties acquired less than three months before the end of the annual reporting period, which are valued based on their net carrying amount.

In 2015, the Group also established a process of internal valuations performed by its asset management teams, in order to verify the asset values obtained by the property valuers, and to gain a better understanding of the future performance of the portfolio on the basis of the business plans defined. This procedure is updated on a yearly basis. However, assets whose business plan changes materially are subject to a half-yearly update.

5.2.2 Methods used by the property valuers

The property valuers used the same valuation methods for the financial years 2018, 2017 and 2016.

Private hospitals or other healthcare properties are valued by property valuers based on the mean of the values obtained using the rent capitalisation method (also known as "estimated rental value" method) and the discounted cash flow method.

The market value of a healthcare facility is essentially dependent on its operation and its ability to generate sufficient income to provide a reasonable return on the property investment. These buildings fall under the category of single-use buildings and their value determined by the property valuer is totally related to their operation and consequently to the value of the underlying business. Also, since these premises are unsuitable for any other use without substantial conversion works, they are not subject to rent ceilings upon lease renewals or rent reviews or to the traditional rules for determining the estimated rental value.

The estimated rental value used by the property valuers thus takes into account a share of the average revenue or EBITDA that the institution has generated during the last years of operation, with or without adjustment for category, administrative environment, quality of operating structure (price positioning, hospital fee agreement with the French Social Security, income statement, etc.) and competitive position. Alternatively, the institution's premises can be valued by capitalisation of the gross rental income reported by the Group.

5.2.3 Main valuation assumptions for investment properties

Financial year 2018:

	Methods generally used	Rates for discounting cash flows (DCF)	Exit yields (DCF)	Market yields (income capitalisation)
Paris region	Capitalisation and DCF	5.3% - 8.0%	4.9% - 7.7%	4.5% - 7.4%
Outside the Paris region	Capitalisation and DCF	5.1% - 8.1%	4.7% - 8.5%	4.4% - 8.0%

Financial year 2017:

	Methods generally used	Rates for discounting cash flows (DCF)	Exit yields (DCF)	Market yields (income capitalisation)
Paris region	Capitalisation and DCF	5.3% - 7.0%	5.0% - 6.8%	4.7% - 6.5%
Outside the Paris region	Capitalisation and DCF	5.7% - 8.1%	5.2% - 7.8%	4.9% - 7.2%

Financial year 2016:

	Methods generally used	Rates for discounting cash flows (DCF)	Exit yields (DCF)	Market yields (income capitalisation)
Paris region	Capitalisation and DCF	5.3% - 6.4%	5.3% - 6.5%	4.95% - 6.15%
Outside the Paris region	Capitalisation and DCF	5.7% - 11.2%	5.55% - 12.05%	5.1% - 10.75%

5.3 Fair value of the property portfolio

5.3.1 Unrealised capital gains on the property portfolio

Total unrealised capital gains on investment properties held by the Group as of December 31, 2018, 2017 and 2016 are presented below:

(in millions of euros)	12/31/2018	12/31/2017	12/31/2016	01/01/2016	Chg. 2018-2017	Chg. 2017-2016	Chg. 2016-2015
Fair value	4,484.4	4,035.7	3,582.9	3,070.8	448.7	194.5	254.2
Net carrying amount	3,155.9	2,961.4	2,712.4	2,604.4	452.8	249.0	203.8
Unrealised capital gains	1,328.5	1,074.2	870.5	466.4	512.1	108.0	404.1

Unrealised capital gains amounted to €1,328.5 million as of December 31, 2018 (€1,074.2 million as of December 31, 2017 and €870.5 million as of December 31, 2016), a €512.1 million increase (€108.0 million and €404.1 million, respectively) compared to the previous financial year.

5.3.2 Impact of impairment charges on the income statement

The impact of impairment charges on the income statement is shown under the heading "Charges and reversals related to impairment of tangible, financial and other current assets" of the consolidated income statement.

In 2018, net impairment losses of €7.7 million resulted from an impairment loss of €8.3 million and a reversal of €0.7 million.

In 2017, a €0.8 million impairment loss was recorded.

In 2016, a €0.2 million impairment loss was recorded.

5.3.3 Sensitivity of the net carrying amounts of appraised assets to potential changes in fair value

The sensitivity of the net carrying amounts of appraised assets to potential changes in fair value ranging from -5.00% to +5.00% are shown in the table below:

	Changes in fair value of investment properties			
in millions of euros	**(5,0%)**	**(2,5%)**	**2,5%**	**5,0%**
Total as of 12/31/2016	(0.3)	(0.2)	0.2	0.3
Total as of 12/31/2017	(11.1)	(7.7)	0.7	0.7
Total as of 12/31/2018	(14.6)	(8.5)	0.4	0.7

5.4 Leases

ACCOUNTING PRINCIPLES

In the course of its business activities, the Group uses assets taken or given under leases.

These leases are classified as either operating leases or finance leases based on the situations described and criteria provided in IAS 17.

Finance leases are leases which transfer virtually all the risks and rewards of the asset concerned to the lessee. All leases which do not fall within the definition of a finance lease are classified as operating leases.

Accounting by lessees

♦ Finance leases

When first recognised, an asset used as part of a finance lease is accounted for as investment property with a financial liability as the corresponding entry. The asset is recorded at the fair value of the leased asset at the inception of the lease or the present value of the minimum lease payments if that is lower.

♦ Operating lease

For operating leases, lease payments (other than costs for services such as insurance and maintenance) are recognised as an expense in the income statement over the lease term on a straight-line basis.

Accounting by lessors

The accounting treatment of income from operating leases is described in note 5.5. Icade Santé has not entered into any finance leases with its tenants.

See:

- Note 5.1 for assets under finance leases;
- Note 5.5 for detailed gross rental income from operating leases;
- Note 11.2 for detailed information on operating leases (from the lessor's and lessee's perspective).

5.5 Gross rental income

ACCOUNTING PRINCIPLES

The Group's revenue consists of gross rental income from operating leases in which the Group is the lessor. This income includes rents from healthcare facilities.

Lease income is recorded using the straight-line method over the remaining terms of the leases (to break option or expiry). Consequently, any specific clauses and incentives specified in the leases (rent-free periods, progressive rent) are spread over the shorter of the entire lease term and the period to the next break option, without taking index-linked rent reviews into account. The reference period used is the shorter of the entire lease term and the period to the next break option.

Any expenses directly incurred and paid to third parties to set up a lease are recorded as assets, under the heading "Investment properties", and depreciated over the shorter of the entire lease term and the period to the next break option.

Uncollected lease income as of the end of the financial year is recognised in accounts receivable.

The Group assists the major operators of healthcare and senior services facilities with the ownership and development of healthcare properties in France. Leases are signed on a facility-by-facility basis. Gross rental income by operator was as follows:

(in millions of euros)	**2018**		**2017**		**2016**	
ELSAN	140.9	58.5%	133.9	62.3%	129.4	62.4%
RAMSAY GENERALE DE SANTE	46.4	19.3%	45.7	21.3%	43.9	21.2%
OTHER OPERATORS	53.6	22.2%	35.3	16.4%	34.0	16.4%
Total	**241.0**	**100.0%**	**214.9**	**100.0%**	**207.3**	**100.0%**

In 2018, the Group generated gross rental income of €241.0 million in 2018 (€214.9 million in 2017 and €207.3 million in 2016), a 12.1% increase (3.6% and 22.3%, respectively) on a year-on-year basis.

In 2018, 77.8% of the Group's income came from the two largest operators of investment properties held by the Group. This percentage stood at 83.6% in 2017 and 83.6% in 2016.

No individual tenant accounts for more than 10% of total gross rental income.

See note 6.2.5 for further information about credit risk.

Note 6. Financing and financial instruments

6.1 Financial structure and contribution to net profit/(loss)

6.1.1 Change in net financial debt

ACCOUNTING PRINCIPLES

Financial debts

Borrowings and other interest-bearing financial liabilities are valued, after their initial recognition, according to the amortised cost method using the effective interest rate of the loan. Issue costs and premiums affect the opening value and are spread over the life of the loan using the effective interest rate.

In the case of financial debts resulting from the recognition of finance leases, the financial liability recognised as the corresponding entry of the asset is initially measured at the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

Hedging instruments

The Group uses financial derivatives to hedge its exposure to market risk stemming from interest rate fluctuations. Derivatives are used as part of a Group policy on interest rate risk management. The financial risk management strategies and methods used to determine the fair value of financial derivatives are set out in notes 6.2.3 and 6.3.

Financial derivatives are recorded on the balance sheet at fair value.

The Group uses derivatives to hedge its fixed or variable rate debt against interest rate risk (cash flow hedging) and applies hedge accounting where documentation requirements are met. In this case, changes in fair value of the financial derivative are recognised net of tax in “Other comprehensive income” until the hedged transaction occurs in respect of the effective portion of the hedge. The ineffective portion is recognised immediately in the income statement for the period. Gains and losses accumulated in equity are reclassified to the income statement under the same heading as the hedged item for the same periods as those during which the hedged cash flow has an impact on the income statement.

Where financial derivatives do not qualify for hedge accounting under the standard, they are classified under the category of trading instruments and any changes in their fair value are recognised directly in the income statement for the period.

The fair value of derivatives is measured using commonly accepted models (discounted cash flow method, Black and Scholes model, etc.) and based on market data.

6.1.1.1 Breakdown of net financial debt at end of period

Net financial debt as of December 31, 2018, 2017 and 2016 broke down as follows:

(in millions of euros)		12/31/2018	12/31/2017	12/31/2016
Gross medium- and long-term financial debts (a)		1,427.4	1,188.0	1,041.5
Gross short-term financial debts (a)		52.2	119.5	63.4
GROSS FINANCIAL DEBTS	6.1.2	**1,479.6**	**1,307.4**	**1,104.8**
Interest rate derivatives (assets and liabilities)	6.1.3.1	15.7	11.3	16.1
GROSS FINANCIAL DEBTS INCLUDING DERIVATIVES		**1,495.3**	**1,318.7**	**1,120.9**
Financial assets at fair value through profit or loss	6.1.5.3	(0.0)	(0.0)	(0.0)
Cash	6.1.6	(75.9)	(4.1)	(2.4)
NET FINANCIAL DEBT		**1,419.3**	**1,314.6**	**1,118.5**

(a) including €571.1 million to Icade SA as of December 31, 2018 (€13.7 million short term and €557.4 million medium and long term), €612.5 million to Icade SA as of December 31, 2017 (€31.9 million short term and €580.6 million medium and long term), €634.4 million to Icade SA as of December 31, 2016 (€33.1 million short term and €601.3 million medium and long term)

The year-on-year change in gross debt (excluding derivatives) mainly resulted from:

- December 31, 2018 compared to December 31, 2017
  - Loans taken out from Icade SA for €50.0 million;
  - Two new corporate loans taken out totalling €200.0 million and a finance lease entered into for €28.6 million;
  - A €82.9 million increase in loans from credit institutions and finance leases due to the addition of 14 nursing home properties to the scope of consolidation;
  - Loan repayments to Icade SA for €83.9 million;
  - The normal amortisation of loans from credit institutions for €65.7 million (including the repayment of a maturing corporate loan for €50.0 million) and finance leases for €20.9 million;
  - Early repayment of loans from credit institutions for €7.1 million and finance leases for €5.0 million.
- December 31, 2017 compared to December 31, 2016
  - New loans taken out for €208.4 million from credit institutions, including €150.0 million in corporate debt;
  - A €45.2 million increase in finance leases due to the acquisition of the Cabestany private healthcare facility;
  - Loan repayments to Icade SA for €20.2 million;
  - The normal amortisation of loans from credit institutions for €10.4 million and finance leases for €21.3 million;
  - The early termination of finance leases for €0.7 million.
- December 31, 2016 compared to January 1, 2016
  - A new corporate loan taken out for €50.0 million;
  - A €34.8 million increase in finance leases due to the acquisition of a portfolio of private healthcare facilities;

- Loan repayments to Icade SA for €19.6 million;
- The normal amortisation of loans from credit institutions for €8.5 million and finance leases for €20.3 million;
- The early termination of finance leases for €4.6 million.

6.1.1.2 Statement of changes in net financial debt

For the three financial years covered by these consolidated financial statements, changes in net financial liabilities broke down as follows:

(in millions of euros)	12/31/2017	Cash flow	Changes with no impact on cash flow				12/31/2018
			Changes in scope of consolidation	Fair value through profit or loss	Fair value through reserves	Other changes	
Financial debts	1,307.4	88.7	86.5	-	-	(3.0)	**1,479.6**
Derivative liabilities	12.1	(0.1)	0.3	(0.2)	3.5	0.1	**15.7**
Other financial liabilities	3.7	0.0	2.1	-	-	0.4	**6.3**
TOTAL FINANCIAL LIABILITIES	*1,323.2*	*88.6*	*89.0*	*(0.2)*	*3.5*	*(2.5)*	***1,501.6***
Derivative assets	(0.8)	-	-	(0.0)	0.8	-	**(0.0)**
Other financial assets	(1.3)	-	(0.0)	-	-	-	**(1.3)**
TOTAL FINANCIAL ASSETS	(2.1)	-	*0.0*	*(0.0)*	*0.8*	*0.0*	***(1.3)***
TOTAL FINANCIAL ASSETS AND LIABILITIES	**1,321.2**	**88.6**	**89.0**	**(0.2)**	**4.3**	**(2.5)**	**1,500.3**
Exclusion of deposits and guarantees:	,	,	,	,	,	,	,
- Deposits and guarantees received	(3.7)	-	(2.1)	-	-	(0.4)	**(6.3)**
- Deposits and guarantees paid	1.3	-	0.0	-	-	-	**1.3**
TOTAL DEBTS FROM FINANCING ACTIVITIES	**1,318.7**	**88.6**	**86.9**	**(0.2)**	**4.3**	**(2.9)**	**1,495.3**
Financial assets at fair value through profit or loss	(0.0)	,	,	,	,	,	**(0.0)**
Cash	(4.1)	,	,	,	,	,	**(75.9)**
TOTAL NET FINANCIAL DEBT	**1,314.6**	**,**	**,**	**,**	**,**	**,**	**1,419.3**

(in millions of euros)	12/31/2016	Cash flow	Changes with no impact on cash flow				12/31/2017
			Changes in scope of consolidation	Fair value through profit or loss	Fair value through reserves	Other changes	
Financial debts	1,104.8	143.2	58.9	-	-	0.5	**1,307.4**
Derivative liabilities	16.1	-	-	(0.2)	(3.7)	(0.1)	**12.1**
Other financial liabilities	4.0	-	-	-	-	(0.3)	**3.7**
TOTAL FINANCIAL LIABILITIES	*1,124.9*	*143.2*	*58.9*	*(0.2)*	*(3.7)*	*0.1*	***1,323.2***
Derivative assets	-	-	-	-	(0.8)	-	**(0.8)**
Other financial assets	(1.3)	-	-	-	-	-	**(1.3)**
TOTAL FINANCIAL ASSETS	(1.3)	-	-	-	*(0.8)*	-	***(2.1)***
TOTAL FINANCIAL ASSETS AND LIABILITIES	**1,123.6**	**143.2**	**58.9**	**(0.2)**	**(4.4)**	**0.1**	**1,321.2**
Exclusion of deposits and guarantees:	,	,	,	,	,	,	,
- Deposits and guarantees received	(4.0)	-	-	-	-	0.3	**(3.7)**
- Deposits and guarantees paid	1.3	-	-	-	-	-	**1.3**
TOTAL DEBTS FROM FINANCING ACTIVITIES	**1,120.9**	**143.2**	**58.9**	**(0.2)**	**(4.4)**	**0.3**	**1,318.7**
Financial assets at fair value through profit or loss	(0.0)	,	,	,	,	,	**(0.0)**
Cash	(2.4)	,	,	,	,	,	**(4.1)**
TOTAL NET FINANCIAL DEBT	**1,118.5**	**,**	**,**	**,**	**,**	**,**	**1,314.6**

	01/01/2016	Cash flow	Changes with no impact on cash flow	12/31/2016

(in millions of euros)			Changes in scope of consolidation	Fair value through profit or loss	Fair value through reserves	Other changes	
Financial debts	1,063.5	0.9	39.8	-	-	0.6	**1,104.8**
Derivative liabilities	15.3	-	0.0	(0.1)	0.8	0.0	**16.1**
Other financial liabilities	3.8	-	0.3	-	-	(0.0)	**4.0**
TOTAL FINANCIAL LIABILITIES	*1,082.6*	*0.9*	*40.1*	*(0.1)*	*0.8*	*0.7*	***1,124.9***
Derivative assets	(0.2)	-	-	-	0.2	-	-
Other financial assets	(1.3)	0.0	(0.0)	-	-	-	**(1.3)**
TOTAL FINANCIAL ASSETS	(1.5)	*0.0*	*(0.0)*	-	*0.2*	-	***(1.3)***
TOTAL FINANCIAL ASSETS AND LIABILITIES	**1,081.1**	**0.9**	**40.1**	**(0.1)**	**0.9**	**0.7**	**1,123.6**
Exclusion of deposits and guarantees:	,	,	,	,	,	,	,
- Deposits and guarantees received	(3.8)	-	(0.3)	-	-	0.0	**(4.0)**
- Deposits and guarantees paid	1.3	-	-	-	-	-	**1.3**
TOTAL DEBTS FROM FINANCING ACTIVITIES	**1,078.6**	**0.9**	**39.8**	**(0.1)**	**0.9**	**0.7**	**1,120.9**
Financial assets at fair value through profit or loss	(0.0)	,	,	,	,	,	**(0.0)**
Cash	(79.2)	,	,	,	,	,	**(2.4)**
TOTAL NET FINANCIAL DEBT	**999.4**	**,**	**,**	**,**	**,**	**,**	**1,118.5**

6.1.2 Components of financial debts

Gross financial debts at amortised cost, including issue costs and premiums and the impact of spreading them by applying the effective interest method, stood at €1,479.6 million, €1,307.4 million and €1,104.8 million as of December 31, 2018, 2017 and 2016, respectively.

They broke down as follows for the three financial years:

	Balance sheet value as of 12/31/2018	Current	Non-current					Fair value as of 12/31/2018
(in millions of euros)		**Portion due in** < 1 year	**Portion due in** 1 to 2 years	**Portion due in** 2 to 3 years	**Portion due in** 3 to 4 years	**Portion due in** 4 to 5 years	**Portion due in** > 5 years	
Fixed rate debt	**654.4**	**26.3**	**24.0**	**61.9**	**211.7**	**11.0**	**319.5**	**693.2**
Borrowings from credit institutions	14.2	2.8	2.9	3.0	3.1	2.4	0.0	15.5
Finance lease liabilities	106.7	10.0	11.1	8.9	8.6	8.6	59.5	109.6
Debt to Icade SA	533.6	13.6	10.0	50.0	200.0	-	260.0	568.1
Variable rate debt	**825.1**	**25.9**	**212.2**	**29.0**	**21.4**	**23.8**	**512.9**	**828.6**
Borrowings from credit institutions	630.7	11.7	161.6	10.8	11.1	11.4	424.0	631.6
Finance lease liabilities	101.6	11.1	10.7	15.7	7.8	9.9	46.5	102.2
Other loans and similar liabilities	54.9	2.5	2.4	2.5	2.5	2.6	42.4	56.2
Debt to Icade SA	37.5	0.1	37.4	-	-	-	-	38.2
Bank overdrafts	0.4	0.4	-	-	-	-	-	0.4
GROSS FINANCIAL DEBT AS OF 12/31/2018	**1,479.6**	**52.2**	**236.1**	**90.9**	**233.1**	**34.8**	**832.5**	**1,521.8**

(in millions of euros)	Balance sheet value as of 12/31/2017	Current	Non-current				Fair value as of 12/31/2017
		Portion due in < 1 year	Portion due in 1 to 2 years	Portion due in 2 to 3 years	Portion due in 3 to 4 years	Portion due in 4 to 5 years	Portion due in > 5 years	
Fixed rate debt	**665.1**	**35.6**	**31.6**	**31.7**	**72.2**	**222.6**	**271.5**	**723.1**
Borrowings from credit institutions	16.8	2.6	2.7	2.9	3.0	3.1	2.4	18.6
Finance lease liabilities	80.6	8.5	7.5	6.8	6.6	6.2	45.0	85.4
Debt to Icade SA	567.7	24.5	21.3	21.9	62.6	213.3	224.0	619.1
Variable rate debt	**642.3**	**83.8**	**23.7**	**209.7**	**25.4**	**17.6**	**282.1**	**659.4**
Borrowings from credit institutions	491.7	60.8	12.4	161.6	10.8	11.1	235.1	506.6
Finance lease liabilities	104.0	13.8	11.3	10.7	14.6	6.6	47.0	105.2
Debt to Icade SA	44.8	7.4	-	37.4	-	-	-	45.8
Bank overdrafts	1.8	1.8	-	-	-	-	-	1.8
GROSS FINANCIAL DEBT AS OF 12/31/2017	**1,307.4**	**119.5**	**55.3**	**241.4**	**97.6**	**240.2**	**553.5**	**1,382.5**

(in millions of euros)	Balance sheet value as of 12/31/2016	Current	Non-current					Fair value as of 12/31/2016
		Portion due in < 1 year	Portion due in 1 to 2 years	Portion due in 2 to 3 years	Portion due in 3 to 4 years	Portion due in 4 to 5 years	Portion due in > 5 years	
Fixed rate debt	**646.9**	**32.6**	**28.3**	**28.1**	**28.1**	**68.6**	**461.2**	**695.2**
Borrowings from credit institutions	19.5	2.6	2.7	2.8	2.9	3.0	5.6	21.8
Finance lease liabilities	39.5	6.1	4.9	4.0	3.2	3.0	18.3	48.2
Debt to Icade SA	587.8	23.9	20.7	21.3	21.9	62.6	437.3	625.3
Variable rate debt	**457.9**	**30.8**	**70.2**	**18.1**	**204.1**	**19.8**	**115.0**	**465.5**
Borrowings from credit institutions	291.8	6.0	56.4	6.7	156.0	5.2	61.5	299.1
Finance lease liabilities	119.2	15.2	13.9	11.3	10.7	14.6	53.5	119.3
Debt to Icade SA	46.5	9.1	-	-	37.4	-	-	46.7
Bank overdrafts	0.4	0.4	-	-	-	-	-	0.4
GROSS FINANCIAL DEBT AS OF 12/31/2016	**1,104.8**	**63.4**	**98.6**	**46.1**	**232.2**	**88.4**	**576.2**	**1,160.7**

The average debt maturity was 5.1 years as of December 31, 2018, 4.9 years as of December 31, 2017 and 5.2 years as of December 31, 2016. Thanks to the debt raised in the three financial years, the average maturity of the Group’s debt remained at around 5 years during each of the three periods covered by these consolidated financial statements.

As of December 31, 2018, the average maturity was 5.3 years for variable rate debt and 5.3 years for the related hedges, allowing adequate hedging and anticipating coverage of future financing needs.

As of December 31, 2017, the average maturity was 4.7 years for variable rate debt and 3.8 years for the related hedges, allowing adequate hedging and anticipating coverage of future financing needs.

As of December 31, 2016, the average maturity was 4.3 years for variable rate debt and 4.3 years for the related hedges, allowing adequate hedging and anticipating coverage of future financing needs.

6.1.3 Derivative instruments

6.1.3.1 Presentation of derivatives on the balance sheet

As of December 31, 2018, derivative liabilities primarily consisted of interest rate derivatives designated as cash flow hedges for €15.7 million (€11.3 million as of December 31, 2017 and €16.1 million as of December 31, 2016).

The detailed changes in fair value of derivatives were as follows for the three financial years covered by these consolidated financial statements:

(in millions of euros)	Fair value as of 12/31/2017 (1)	Additions to the scope of consolidation (2)	Acquisitions (3)	Disposals (4)	Changes in fair value recognised in the income statement (5)	Changes in fair value recognised in equity (6)	Fair value as of 12/31/2018 (7) = (1) to (6) inclusive
Presentation of derivatives on the balance sheet:							
Non-current assets	0.8	-	-	-	0.0	(0.8)	0.0
Derivative assets	***0.8***	***-***	***-***	***-***	***0.0***	***(0.8)***	***0.0***
Non-current liabilities	(11.3)	(0.2)	-	-	0.0	(3.5)	(15.0)
Current liabilities	(0.8)	(0.1)	-	0.1	0.1	(0.0)	(0.8)
Derivative liabilities	***(12.1)***	***(0.3)***	***-***	***0.1***	***0.1***	***(3.5)***	***(15.7)***
TOTAL DERIVATIVES	**(11.3)**	**(0.3)**	**-**	**0.1**	**0.1**	**(4.3)**	**(15.7)**
Breakdown of derivative instruments by type:							
Interest rate swaps – fixed-rate payer	(11.3)	(0.2)	-	-	0.1	(4.3)	(15.7)
Cash flow hedges	**(11.3)**	**(0.2)**	**-**	**-**	**0.1**	**(4.3)**	**(15.7)**
Interest rate swaps – fixed-rate payer	-	(0.1)	-	0.1	0.1	-	-
Non-hedging instruments	**-**	**(0.1)**	**-**	**0.1**	**0.1**	**-**	**-**
INTEREST RATE DERIVATIVES EXCLUDING MARGIN CALLS	**(11.3)**	**(0.3)**	**-**	**0.1**	**0.1**	**(4.3)**	**(15.7)**
TOTAL DERIVATIVES	**(11.3)**	**(0.3)**	**-**	**0.1**	**0.1**	**(4.3)**	**(15.7)**

(in millions of euros)	Fair value as of 12/31/2016 (1)	Additions to the scope of consolidation (2)	Acquisitions (3)	Disposals (4)	Changes in fair value recognised in the income statement (6)	Changes in fair value recognised in equity (7)	Fair value as of 12/31/2017 (7) = (1) to (6) inclusive
Presentation of derivatives on the balance sheet:							
Non-current assets	-	-	-	-	-	0.8	0.8
Derivative assets	***-***	***-***	***-***	***-***	***-***	***0.8***	***0.8***
Non-current liabilities	(15.2)	-	-	-	0.3	3.7	(11.3)
Current liabilities	(0.9)	-	-	-	0.1	0.0	(0.8)
Derivative liabilities	***(16.1)***	***-***	***-***	***-***	***0.3***	***3.7***	***(12.1)***
TOTAL DERIVATIVES	**(16.1)**	**-**	**-**	**-**	**0.3**	**4.4**	**(11.3)**
Breakdown of derivative instruments by type:							
Interest rate swaps – fixed-rate payer	(16.1)	-	-	-	0.3	4.4	(11.3)
Cash flow hedges	**(16.1)**	**-**	**-**	**-**	**0.3**	**4.4**	**(11.3)**
INTEREST RATE DERIVATIVES EXCLUDING MARGIN CALLS	**(16.1)**	**-**	**-**	**-**	**0.3**	**4.4**	**(11.3)**
TOTAL DERIVATIVES	**(16.1)**	**-**	**-**	**-**	**0.3**	**4.4**	**(11.3)**

(in millions of euros)	Fair value as of 01/01/2016 (1)	Additions to the scope of consolidation (2)	Acquisitions (3)	Disposals (4)	Changes in fair value recognised in the income statement (6)	Changes in fair value recognised in equity (7)	Fair value as of 12/31/2016 (7) = (1) to (6) inclusive
Presentation of derivatives on the balance sheet:							
Non-current assets	0.2	-	-	-	-	(0.2)	-
Derivative assets	***0.2***	-	-	-	-	***(0.2)***	-
Non-current liabilities	(14.6)	-	-	-	0.0	(0.7)	(15.2)
Current liabilities	(0.8)	(0.0)	-	-	0.0	(0.1)	(0.9)
Derivative liabilities	***(15.3)***	***(0.0)***	-	-	***0.0***	***(0.8)***	***(16.1)***
TOTAL DERIVATIVES	**(15.2)**	**(0.0)**	**-**	**-**	**0.0**	**(0.9)**	**(16.1)**
Breakdown of derivative instruments by type:	-	-	-	-	-	-	-
Interest rate swaps – fixed-rate payer	(15.2)	(0.0)	-	-	0.0	(0.9)	(16.1)
Cash flow hedges	**(15.2)**	**(0.0)**	**-**	**-**	**0.0**	**(0.9)**	**(16.1)**
INTEREST RATE DERIVATIVES EXCLUDING MARGIN CALLS	**(15.2)**	**(0.0)**	**-**	**-**	**0.0**	**(0.9)**	**(16.1)**
TOTAL DERIVATIVES	**(15.2)**	**(0.0)**	**-**	**-**	**0.0**	**(0.9)**	**(16.1)**

6.1.3.2 Changes in hedge reserves

Hedge reserves consisted exclusively of fair value adjustments to financial instruments used by the Group for interest rate hedging purposes (effective portion) for €12.2 million as of December 31, 2018, €6.8 million as of December 31, 2017 and €10.1 million as of December 31, 2016.

Hedge reserves as of December 31, 2018, 2017 and 2016 are shown in the table below:

(in millions of euros)	Revaluation reserves
01/01/2016	**(7.7)**
Recycling to the income statement (a)	(1.5)
Other comprehensive income (b)	(0.9)
Other changes	-
12/31/2016	**(10.1)**
Recycling to the income statement (a)	(1.2)
Other comprehensive income (b)	4.4
Other changes	-
12/31/2017	**(6.8)**
Recycling to the income statement (a)	(1.1)
Other comprehensive income (b)	(4.3)
Other changes	-
12/31/2018	**(12.2)**

(a) Cash flow hedge reserves recycled to the income statement during the period

(b) Changes in value of cash flow hedges

6.1.3.3 Derivatives: analysis of notional amounts by maturity

The derivative portfolio as of the end of the financial years 2018, 2017 and 2016 was as follows:

(in millions of euros)	Total	Average rate	Portion due in < 1 year		Portion due in > 1 year and < 5 years		Portion due in > 5 years	
			Amount	Average rate	Amount	Average rate	Amount	Average rate
Outstanding derivatives – Interest rate swaps – Fixed-rate payer	173.0	1.77%	21.1	2.31%	96.5	1.28%	55.5	2.69%
Forward start derivatives – Interest rate swaps – Fixed-rate payer	19.4	0.92%	-	-	3.1	0.92%	16.3	0.92%
TOTAL INTEREST RATE DERIVATIVES AS OF 12/31/2016	**192.4**		**21.1**		**99.6**		**71.8**	
Outstanding derivatives – Interest rate swaps – Fixed-rate payer	350.5	0.81%	12.7	2.30%	288.9	0.43%	49.0	2.69%
Forward start derivatives – Interest rate swaps – Fixed-rate payer	19.4	0.92%	-	-	4.1	0.92%	15.3	0.92%
TOTAL INTEREST RATE DERIVATIVES AS OF 12/31/2017	**369.9**		**12.7**		**293.0**		**64.3**	
Outstanding derivatives – Interest rate swaps – Fixed-rate payer	590.1	0.76%	29.6	2.00%	281.8	0.36%	278.8	1.05%
Forward start derivatives – Interest rate swaps – Fixed-rate payer	19.4	0.92%	0.5	0.92%	4.7	0.92%	14.2	0.92%
TOTAL INTEREST RATE DERIVATIVES AS OF 12/31/2018	**609.5**		**30.1**		**286.5**		**293.0**	

These derivatives are used as part of the Group's interest rate hedging policy (see note 6.2.3).

6.1.4 Finance income/(expense)

The Group recorded a net finance expense of €40.3 million, €29.2 million and €30.3 million for the financial years 2018, 2017 and 2016, respectively. It mainly consisted of interest expenses from financial debts and derivatives.

In 2018, the Group recognised €9.5 million in debt restructuring costs relating to prepayment penalties for financial debts which were paid to Icade SA.

(in millions of euros)	2018	2017	2016
Interest expenses from financial debts	(10.0)	(8.4)	(8.4)
Interest expenses from derivatives	(5.4)	(3.6)	(3.7)
Recycling to the income statement of interest rate hedging instruments	1.1	1.2	1.5
Expenses on loans and advances from Icade	(15.2)	(17.6)	(18.8)
COST OF NET FINANCIAL DEBT	**(29.6)**	**(28.4)**	**(29.4)**
Change in fair value of derivatives recognised in the income statement	0.2	0.2	0.1
Commitment fees	(0.6)	(0.4)	(0.6)
Restructuring costs for financial liabilities	(9.5)	-	-
Other finance income and expenses	(0.8)	(0.6)	(0.3)
Total other finance income and expenses	**(10.7)**	**(0.8)**	**(0.9)**
FINANCE INCOME/(EXPENSE)	**(40.3)**	**(29.2)**	**(30.3)**

6.1.5 Other financial assets and liabilities

ACCOUNTING PRINCIPLES

Under IFRS 9, financial assets are classified and measured either at amortised cost or at fair value. In order to determine how best to classify and measure financial assets, the Group has taken into consideration its business model for managing such assets and analysed the characteristics of their contractual cash flows. The Group's financial assets fall into two categories:

♦ Financial assets carried at fair value through profit or loss:

These assets relate to investments in unconsolidated companies carried at fair value through profit or loss at the end of the reporting period. Fair value is determined using recognised valuation techniques (reference to recent market transactions, discounting of future cash flows, net asset value, quoted price if available, etc.).

♦ Financial assets carried at amortised cost:

The other financial assets consist primarily of receivables associated with equity investments, loans, deposits and guarantees paid on contract assets and accounts receivable carried at amortised cost.

IFRS 9 established an "expected loss" model for financial assets that requires any expected losses and changes in such losses to be accounted for as soon as the receivable is recognised at each reporting date to reflect the change in credit risk since initial recognition.

6.1.5.1 Accounts receivable

Changes in accounts receivable, relating exclusively to receivables on gross rental income, were as follows for the financial years ended December 31, 2018, 2017 and 2016:

(in millions of euros)	Gross amount	Impairment	Net amount
01/01/2016	**5.0**	**(0.7)**	**4.2**
Change for the period	0.3	-	0.3
Impact of changes in scope of consolidation	1.1	-	1.1
Impairment	-	(0.1)	(0.1)
12/31/2016	**6.4**	**(0.9)**	**5.5**
Change for the period	(0.2)	-	(0.2)
Impact of changes in scope of consolidation	0.2	-	0.2
Impairment	-	(0.1)	(0.1)
12/31/2017	**6.4**	**(1.0)**	**5.5**
Change for the period	0.3	-	0.3
Impact of changes in scope of consolidation	0.0	-	0.0
Impairment	-	0.9	0.9
12/31/2018	**6.8**	**(0.0)**	**6.8**

Payment terms for accounts receivable broke down as follows:

(in millions of euros)	Total	Not yet due	Due				
			< 30 days	30 < x < 60 days	60 < x < 90 days	90 < x < 120 days	> 120 days
Gross amount	6.4	3.5	(0.1)	0.3	0.3	1.0	1.5
Impairment	(0.9)	-	-	-	-	-	(0.9)
Net value as of 12/31/2016	**5.5**	**3.5**	**(0.1)**	**0.3**	**0.3**	**1.0**	**0.6**
Gross amount	6.4	3.5	0.3	0.4	0.4	0.5	1.4
Impairment	(1.0)	-	-	-	-	-	(1.0)
Net value as of 12/31/2017	**5.5**	**3.5**	**0.3**	**0.4**	**0.4**	**0.5**	**0.5**
Gross amount	6.8	6.8	-	-	-	-	0.0
Impairment	(0.0)	-	-	-	-	-	(0.0)
Net value as of 12/31/2018	**6.8**	**6.8**	**-**	**-**	**-**	**-**	**-**

6.1.5.2 Miscellaneous receivables and payables

Miscellaneous receivables consist mainly of tax and social security receivables, advances and down payments to suppliers and prepaid expenses. Miscellaneous payables consist mainly of payables on investment property acquisitions, tax and social security liabilities, prepaid income and advances from customers.

No impairment charges were recognised at the end of the financial years 2018, 2017 and 2016. As a result, the gross values were equal to the net values.

The breakdown as of December 31, 2018, 2017 and 2016 was as follows:

(in millions of euros)	12/31/2018	12/31/2017	12/31/2016
Advances to suppliers	0.6	0.7	0.1
Receivables from asset disposals	-	0.7	-
Prepaid expenses	0.3	8.3	0.7
Social security and tax receivables	3.1	5.6	4.1
Other receivables	0.1	0.1	0.0
TOTAL MISCELLANEOUS RECEIVABLES	**4.1**	**15.3**	**4.9**

(in millions of euros)	12/31/2018	12/31/2017	12/31/2016
Advances from customers	1.5	0.1	1.8
Payables on investment property	25.5	37.2	38.5
Prepaid income	1.9	1.9	2.0
Tax and social security payables excluding income taxes	4.6	3.4	1.0
Other liabilities	1.0	0.7	0.1
TOTAL MISCELLANEOUS PAYABLES	**34.5**	**43.3**	**43.4**

6.1.5.3 Other financial assets and liabilities

Other financial liabilities related to deposits and guarantees received for €6.3 million as of December 31, 2018 (€3.7 million as of December 31, 2017 and €4.0 million as of December 31, 2016).

Changes in other financial assets and liabilities broke down as follows at the end of the three financial years:

(in millions of euros)	01/01/2018	Acquisitions net of disposals and repayments	Impact of changes in scope of consolidation and capital	12/31/2018
Financial assets at fair value through profit or loss (a)	0.0	-	-	0.0
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**0.0**	**-**	**-**	**0.0**
Deposits and guarantees paid	1.3	-	0.0	1.3
FINANCIAL ASSETS AT AMORTISED COST	**1.3**	**-**	**0.0**	**1.3**
Deposits and guarantees received	**3.7**	0.4	2.1	6.3
OTHER FINANCIAL LIABILITIES	**3.7**	**0.4**	**2.1**	**6.3**

(a) Financial assets at fair value through profit or loss consist of investments in unconsolidated companies

(in millions of euros)	01/01/2017	Acquisitions net of disposals and repayments	Impact of changes in scope of consolidation and capital	12/31/2017
Financial assets at fair value through profit or loss (a)	0.0	-	0.0	0.0
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**0.0**	**-**	**0.0**	**0.0**
Deposits and guarantees paid	1.3	-	-	1.3
FINANCIAL ASSETS AT AMORTISED COST	**1.3**	**-**	**-**	**1.3**
Deposits and guarantees received	**4.0**	(0.3)	-	3.7
OTHER FINANCIAL LIABILITIES	**4.0**	**(0.3)**	**-**	**3.7**

(a) Financial assets at fair value through profit or loss consist of investments in unconsolidated companies

(in millions of euros)	01/01/2016	Acquisitions net of disposals and repayments	Impact of changes in scope of consolidation and capital	12/31/2016
Financial assets at fair value through profit or loss (a)	0.0	-	-	0.0
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**0.0**	**-**	**-**	**0.0**
Deposits and guarantees paid	1.3	-	-	1.3
FINANCIAL ASSETS AT AMORTISED COST	**1.3**	**-**	**-**	**1.3**
Deposits and guarantees received	**3.8**	(0.0)	0.3	4.0
OTHER FINANCIAL LIABILITIES	**3.8**	**(0.0)**	**0.3**	**4.0**

(a) Financial assets at fair value through profit or loss consist of investments in unconsolidated companies

A maturity analysis of other financial assets and liabilities as of the end of the financial years 2018, 2017 and 2016 is shown in the tables below:

(in millions of euros)		Current	Non-current	
	12/31/2018	Portion due in < 1 year	Portion due in > 1 year and < 5 years	Portion due in > 5 years
Deposits and guarantees paid	1.3	-	1.3	0.0
OTHER FINANCIAL ASSETS AT AMORTISED COST	**1.3**	**-**	**1.3**	**0.0**
Deposits and guarantees received	6.3	-	0.9	5.4
OTHER FINANCIAL LIABILITIES	**6.3**	**-**	**0.9**	**5.4**

(in millions of euros)		Current	Non-current	
	12/31/2017	Portion due in < 1 year	Portion due in > 1 year and < 5 years	Portion due in > 5 years
Deposits and guarantees paid	1.3	-	-	1.3
OTHER FINANCIAL ASSETS AT AMORTISED COST	**1.3**	**-**	**-**	**1.3**
Deposits and guarantees received	3.7	-	-	3.7
OTHER FINANCIAL LIABILITIES	**3.7**	**-**	**-**	**3.7**

(in millions of euros)		Current	Non-current	
	12/31/2016	Portion due in < 1 year	Portion due in > 1 year and < 5 years	Portion due in > 5 years
Deposits and guarantees paid	1.3	-	-	1.3
OTHER FINANCIAL ASSETS AT AMORTISED COST	**1.3**	**-**	**-**	**1.3**
Deposits and guarantees received	4.0	-	-	4.0
OTHER FINANCIAL LIABILITIES	**4.0**	**-**	**-**	**4.0**

6.1.6 Cash

ACCOUNTING PRINCIPLES

Cash includes liquid assets in current bank accounts and demand deposits.

Overdrafts are excluded from cash and are recognised as current financial debts.

(in millions of euros)	12/31/2018	12/31/2017	12/31/2016
Cash assets (including bank interest receivable)	75.9	4.1	2.4
CASH	**75.9**	**4.1**	**2.4**

As of December 31, 2018, 2017 and 2016, cash consisted exclusively of cash.

6.2 Management of financial risks

6.2.1 Liquidity risk

The Group's fully available undrawn amounts of short- and medium-term credit lines established with Icade SA totalled €141.0 million as of December 31, 2016, €192.7 million as of December 31, 2017, €200.0 million as of December 31, 2018.

The Group has continued to access liquidity on favourable terms and is still fully able to raise more funds if necessary.

The residual contractual maturities of financial liabilities can be analysed as follows:

(in millions of euros)	12/31/2018								
	Portion due in < 1 year		Portion due in > 1 year and < 3 years		Portion due in > 3 years and < 5 years		Portion due in > 5 years		Total
	Repayments	Interests	Repayments	Interests	Repayments	Interests	Repayments	Interests	
Borrowings from credit institutions	15.6	5.7	179.2	11.2	28.9	13.7	424.8	19.2	698.3
Finance lease liabilities	20.4	4.2	45.3	7.2	33.9	6.1	105.4	6.9	229.3
Other loans and similar liabilities	2.3	1.1	4.9	2.1	5.1	1.9	42.2	6.9	66.6
Debt to Icade SA	10.0	14.6	97.4	28.0	200.0	19.8	260.0	14.6	644.5
Bank overdrafts	0.4	-	-	-	-	-	-	-	0.4
Accounts payable and tax liabilities	17.9	-	6.1	-	-	-	-	-	24.0
Financial derivatives		6.0		8.6		3.2		(2.3)	15.5
TOTAL	**66.6**	**31.6**	**332.9**	**57.2**	**267.8**	**44.7**	**832.4**	**45.4**	**1,678.6**

(in millions of euros)	12/31/2017								
	Portion due in < 1 year		Portion due in > 1 year and < 3 years		Portion due in > 3 years and < 5 years		Portion due in > 5 years		Total
	Repayments	Interests	Repayments	Interests	Repayments	Interests	Repayments	Interests	
Borrowings from credit institutions	64.6	4.8	180.6	11.3	28.9	9.3	239.0	16.9	555.4
Finance lease liabilities	21.8	3.6	35.5	6.5	33.2	5.6	91.5	7.5	205.2
Debt to Icade SA	28.0	17.9	80.7	33.4	275.9	27.8	224.0	20.5	708.2
Bank overdrafts	1.8	-	-	-	-	-	-	-	1.8
Accounts payable and tax liabilities	18.5	-	6.8	-	-	-	-	-	25.4
Financial derivatives		3.9		4.2		1.0		2.3	11.5
TOTAL	**134.7**	**30.3**	**303.6**	**55.4**	**338.0**	**43.8**	**554.5**	**47.2**	**1,507.5**

(in millions of euros)	12/31/2016								
	Portion due in < 1 year		Portion due in > 1 year and < 3 years		Portion due in > 3 years and < 5 years		Portion due in > 5 years		Total
	Repayments	Interests	Repayments	Interests	Repayments	Interests	Repayments	Interests	
Borrowings from credit institutions	9.0	3.5	69.3	6.8	167.7	4.5	69.1	5.4	335.3
Finance lease liabilities	21.3	3.2	34.1	5.1	31.6	4.2	71.9	7.1	178.5
Debt to Icade SA	29.2	18.7	42.0	34.9	121.9	31.2	437.3	33.5	748.7
Bank overdrafts	0.4	-	-	-	-	-	-	-	0.4
Accounts payable and tax liabilities	13.7	-	17.8	-	-	-	-	-	31.5
Financial derivatives		3.5		5.5		3.6		3.7	16.3
TOTAL	**73.6**	**28.9**	**163.2**	**52.4**	**321.2**	**43.5**	**578.3**	**49.7**	**1,310.8**

Future interest payments on loans and derivative instruments are determined based on anticipated market interest rates.

6.2.2 Covenants and financial ratios

The Group monitors the following elements:

6.2.2.1 Financial covenants

The Group is required to comply with the following financial covenants:

Type of limit	< or >	Limit	12/31/2018	12/31/2017	12/31/2016
LTV bank covenant	<	0.52	31.65%	32.58%	31.22%
ICR	>	2	7.5x	7.1x	6.6x
Value of the Property Investment portfolio [(b)]	>	€2bn	4,484.4	4,035.7	3,582.9
Security interests in assets	<	30% of portfolio value	8.95%	8.44%	7.64%

Loans taken out by the Group may be subject to covenants based on financial ratios (loan-to-value and interest coverage ratios). All covenants were met as of December 31, 2018, 2017 and 2016.

6.2.2.2 LTV bank covenant

The LTV (loan-to-value) bank covenant, which is the ratio of net financial debt and the latest valuation of the property portfolio excluding duties, stood at 31.65% as of December 31, 2018, 32.58% as of December 31, 2017 and 31.22% as of December 31, 2016.

6.2.2.3 Interest coverage ratio

The interest coverage ratio based on EBITDA was 7.5x for the financial year 2018, 7.1x for 2017 and 6.6x for 2016. The ratio remains at a high level, demonstrating the Company's ability to comfortably comply with its bank covenants.

6.2.3 Interest rate risk

Interest rate risk includes, in the event of increased interest rates, the risk of increased finance expenses related to variable rate financial liabilities and, in the event of reduced interest rates, the risk of reduced finance income related to variable rate financial assets.

The Group has decided to focus its interest rate risk management policy on variable rate liabilities, thereby excluding the management of interest rate risk inherent in the assets:

(in millions of euros)	Net exposure before hedging (A)		Interest rate hedging instruments (B)		Net exposure after hedging (C) = (B) - (A)	
	Fixed rate	Variable rate	Fixed rate	Variable rate (a)	Fixed rate	Variable rate
12/31/2016	646.9	457.9	-	173.0	(646.9)	(284.9)
12/31/2017	665.1	642.3	-	350.5	(665.1)	(291.8)
12/31/2018	654.4	825.1	-	590.1	(654.4)	(235.0)

(a) Interest rate hedges only include outstanding derivatives as of 12/31/2018, 2017 and 2016

To finance its investments, the Group uses variable rate debt, thus remaining able to prepay loans without penalty.

As of December 31, 2018, the Group's total debt, consisting of 44.0% fixed rate debt and 56.0% variable rate debt, was 84% hedged against interest rate risk.

As of December 31, 2017, the Group's total debt, consisting of 51.0% fixed rate debt and 49.0% variable rate debt, was 78% hedged against interest rate risk.

As of December 31, 2016, the Group's total debt, consisting of 59.0% fixed rate debt and 41.0% variable rate debt, was 75% hedged against interest rate risk.

Finally, the Group favours classifying its hedging instruments as "cash flow hedges" according to IFRS standards; therefore, any changes in fair value of such instruments are recognised in equity (for the effective portion) rather than in the income statement.

Due to the Group's hedging structure and the trend in interest rates in the last few financial years, changes in fair value of hedging instruments had a negative impact of €4.3 million on other comprehensive income as of December 31, 2018, a positive impact of €4.4 million as of December 31, 2017 and a negative impact of €0.9 million as of December 31, 2016.

The accounting impacts of a -1% or +1% change in interest rates on the value of derivatives are described below:

	December 31, 2018		December 31, 2017		December 31, 2016	
	Impact on equity before tax (€m)	Impact on the income statement before tax (€m)	Impact on equity before tax (€m)	Impact on the income statement before tax (€m)	Impact on equity before tax (€m)	Impact on the income statement before tax (€m)
Impact of a +1% change in interest rates	28.7	0.3	13.8	0.3	7.8	0.4
Impact of a -1% change in interest rates	-31.1	-0.3	-14.7	-0.3	-8.4	-0.4

6.2.4 Currency risk

Since the Group does not enter into any foreign currency transactions, it is not exposed to currency risk.

6.2.5 Credit risk

In the course of its business, the Group is exposed to two major types of counterparties: financial institutions and its tenants.

Regarding financial institutions, credit and/or counterparty risk relate to cash, as well as the banks where they are deposited. The investments chosen have maturities of less than one year and a very low risk profile, and are monitored daily. A regular review of authorised investments complements the control process. Additionally, in order to limit its counterparty risk, the Group only deals in interest rate derivatives with banking institutions which help fund its expansion. Furthermore, the Group only enters into financial transactions with major banking institutions and applies a principle of risk dispersion, avoiding concentration of exposure to any single counterparty.

Regarding its tenants, the Group believes that it is not exposed to significant credit risk thanks to its diversified tenant portfolio in terms of location and individual size of lease commitments received. In addition, the Group has introduced procedures to verify the credit quality of the tenants prior to signing leases. Lastly, the tenants' parent companies guarantee payment of any amount owed by the tenants.

The Group's exposure to credit risk corresponds primarily to the carrying amount of receivables less deposits received from tenants. Since the deposits received have been greater than the carrying amount of receivables, the Group's exposure was nil as of December 31, 2018, 2017 and 2016.

6.3 Fair value of financial assets and liabilities

6.3.1 Reconciliation of the carrying amount and fair value of financial assets and liabilities

Below is the reconciliation of the carrying amount and the fair value of financial assets and liabilities at the end of the three financial years covered by these consolidated financial statements:

(in millions of euros)	Carrying amount as of 12/31/2018	Amortised cost	Fair value through equity	Fair value through profit or loss	Fair value as of 12/31/2018
ASSETS					
Financial assets at fair value through profit or loss	0.0	-	-	0.0	0.0
Financial assets at amortised cost	1.3	1.3	-	-	1.3
Derivatives	0.0	-	0.0	-	0.0
Current and non-current financial assets and derivatives	**1.4**	**1.3**	**0.0**	**0.0**	**1.4**
Accounts receivable	6.8	6.8	-	-	6.8
Other operating receivables (a)	0.7	0.7	-	-	0.7
TOTAL FINANCIAL ASSETS	**8.8**	**8.7**	**0.0**	**0.0**	**8.8**
LIABILITIES					
Current and non-current financial debts	1,479.6	1,479.6	-	-	1,521.8
Other current and non-current financial liabilities	6.3	6.3	-	-	6.3
Derivative instruments	15.7	-	15.7	-	15.7
Accounts payable	3.1	3.1	-	-	3.1
Other operating payables (a)	28.0	28.0	-	-	28.0
TOTAL FINANCIAL LIABILITIES	**1,532.8**	**1,517.0**	**15.7**	**-**	**1,575.0**

(a) Excluding agency transactions, prepaid expenses/income and social security and tax receivables/payables

(in millions of euros)	Carrying amount as of 12/31/2017	Amortised cost	Fair value through equity	Fair value through profit or loss	Fair value as of 12/31/2017
ASSETS					
Financial assets at fair value through profit or loss	0.0	-	-	0.0	0.0
Financial assets at amortised cost	1.3	1.3	-	-	1.3
Derivatives	0.8	-	0.8	-	0.8
Current and non-current financial assets and derivatives	**2.1**	**1.3**	**0.8**	**0.0**	**2.1**
Accounts receivable	5.5	5.5	-	-	5.5
Other operating receivables (a)	1.4	1.4	-	-	1.4
TOTAL FINANCIAL ASSETS	**9.0**	**8.2**	**0.8**	**0.0**	**9.0**
LIABILITIES					
Current and non-current financial debts	1,307.4	1,307.4	-	-	1,382.5
Other current and non-current financial liabilities	3.7	3.7	-	-	3.7
Derivative instruments	12.1	0.0	12.1	-	12.1
Accounts payable	3.7	3.7	-	-	3.7
Other operating payables (a)	38.0	38.0	-	-	38.0
TOTAL FINANCIAL LIABILITIES	**1,364.9**	**1,352.9**	**11.4**	**-**	**1,383.7**

(a) Excluding agency transactions, prepaid expenses/income and social security and tax receivables/payables

(in millions of euros)	Carrying amount as of 12/31/2016	Amortised cost	Fair value through equity	Fair value through profit or loss	Fair value as of 12/31/2016
ASSETS					
Financial assets at fair value through profit or loss	0.0	-	-	0.0	0.0
Financial assets at amortised cost	1.3	1.3	-	-	1.3
Derivatives	-	-	-	-	-
Current and non-current financial assets and derivatives	**1.3**	**1.3**	**-**	**0.0**	**1.3**
Accounts receivable	5.5	5.5	-	-	5.5
Other operating receivables [(a)]	0.1	0.1	-	-	0.1
TOTAL FINANCIAL ASSETS	**7.0**	**7.0**	**-**	**0.0**	**7.0**
LIABILITIES					
Current and non-current financial debts	1,104.8	1,104.8	-	-	1,160.7
Other current and non-current financial liabilities	4.0	4.0	-	-	4.0
Derivative instruments	16.1	-	16.1	-	16.1
Accounts payable	2.6	2.6	-	-	2.6
Other operating payables [(a)]	40.4	40.4	-	-	40.4
TOTAL FINANCIAL LIABILITIES	**1,168.0**	**1,151.9**	**15.3**	**-**	**1,153.1**

(a) Excluding agency transactions, prepaid expenses/income and social security and tax receivables/payables

6.3.2 Fair value hierarchy of financial instruments

The three levels in the fair value hierarchy of financial instruments which are used by the Group in accordance with IFRS 13 are presented in note 1.3.1 on measurement bases.

The financial instruments whose fair value is determined using a valuation technique based on non-observable data are investments in unconsolidated, unlisted companies.

As of December 31, 2018, 2017 and 2016, the Group's financial instruments consisted of:

- Derivative assets and liabilities measured based on observable data (level 2 of the fair value hierarchy);
- Financial assets at fair value through profit or loss, measured based on market data not directly observable (level 3 of the fair value hierarchy).

These values appear directly in the consolidated statement of financial position for the financial years ended December 31, 2018, 2017 and 2016.

As of December 31, 2018, 2017 and 2016, the Group did not hold any financial instruments measured based on unadjusted prices quoted in active markets for identical assets or liabilities (level 1 of the fair value hierarchy).

Note 7. Income tax

ACCOUNTING PRINCIPLES

Eligible companies of the Group benefit from the specific tax regime for Listed Real Estate Investment Companies (SIICs).

The tax expense for the financial year includes:

- ♦ The current "exit tax" expense for entities under the SIIC tax regime;
- ♦ The company value-added contribution (CVAE).

SIIC tax regime

Icade Santé SAS and its eligible subsidiaries have opted for the SIIC tax regime, which provides for:

- ♦ A SIIC segment exempt from tax on current income from leasing activities, capital gains on disposals and dividends received from subsidiaries which have opted for the SIIC tax status;
- ♦ A segment that is taxable under ordinary tax rules in respect of other operations.

Entities to which the SIIC tax regime applies must pay out:

- ♦ 95% of profits from leasing activities;
- ♦ 70% of capital gains on disposals, since January 1, 2018;
- ♦ 100% of dividends paid by subsidiaries which have opted for the SIIC tax regime.

Entry into the SIIC tax regime

At the time of entry into the SIIC tax regime, an "exit tax" of 19% is levied on any unrealised capital gains relating to investment properties and partnerships not subject to corporate tax. A quarter of the tax amount is payable from December 15 of the financial year on which the company begins to apply the tax regime and the remainder is spread over the following three financial years.

The "exit tax" liability is discounted according to its payment schedule on the basis of a market rate plus a premium.

The impact of discounting is deducted from the tax liability and the tax expense initially recognised. At the end of each reporting period until maturity, a finance expense is recognised as an offsetting entry for the unwinding of the discount on the tax liability.

7.1 Income tax expense

The income tax expense recognised in the consolidated income statement consists primarily of the company value-added contribution (CVAE).

The tax expense for the financial years 2018, 2017 and 2016 is detailed in the table below:

(in millions of euros)	2018	2017	2016
Tax expense at the standard rate	0.3	0.0	(0.0)
"Exit tax" (SIIC status)	0.3	0.0	0.3
Company value-added contribution (CVAE)	(2.2)	(1.8)	(1.4)
TAX EXPENSE RECOGNIZED IN THE INCOME STATEMENT	**(1.5)**	**(1.7)**	**(1.1)**

The tax expense at the standard rate relates to the income tax from entities acquired during a financial year which have not yet opted for the SIIC tax regime as of the end of that financial year.

7.2 Reconciliation of the theoretical tax rate and the effective tax rate

Due to the Group's companies being subject to the SIIC tax regime, the reconciliation of the theoretical tax expense at the theoretical tax rate of 34.43% and the actual tax expense recognised shows an effective tax rate of 1.0%, 0.0% and 0.4% in 2018, 2017 and 2016, respectively.

This reconciliation is detailed in the table below for the three financial years covered by these consolidated financial statements:

(in millions of euros)	2018	2017	2016
Profit/(loss) before tax	**66.3**	**72.8**	**68.4**
Company value-added contribution (CVAE)	(2.2)	(1.8)	(1.4)
Profit/(loss) before tax and after CVAE	**64.2**	**71.1**	**67.0**
Theoretical tax rate	**34.4%**	**34.4%**	**34.4%**
THEORETICAL TAX EXPENSE	**(22.1)**	**(24.5)**	**(23.1)**
Impact on the Theoretical tax expense of:			
Permanent difference (a)	(9.0)	(1.2)	(0.1)
Tax-exempt segment under the SIIC regime	31.2	25.7	22.9
Change in unrecognised tax assets (tax loss carry forwards)	0.0	(0.0)	0.2
Other impacts (including CVAE, exit tax, provisions for taxes, etc.)	0.6	0.0	0.3
Effective tax expense	**0.7**	**0.0**	**0.3**
Effective tax rate	**1.0%**	**0.0%**	**0.4%**

(a) Permanent differences mainly relate to differences between the consolidated income and the taxable "fiscal" income from companies benefiting from the SICC tax regime.

Note 8. Provisions and contingent liabilities

8.1 Provisions

ACCOUNTING PRINCIPLES

A provision is recognised if the Group has a present obligation to a third party that arises from past events, the settlement of which is expected to result in an outflow from the Group of resources embodying economic benefits and the value of which can be estimated reliably.

If the settlement date of that obligation is expected to be in more than one year, the present value of the provision is calculated and the effects of such calculation are recorded as finance income/(expense).

Identified risks of any kind, particularly operational and financial risks, are monitored on a regular basis, which makes it possible to determine the amount of provisions deemed necessary.

As of December 31, 2018, 2017 and 2016, the amount of provisions for liabilities and charges recognised by the Group was not material.

8.2 Contingent liabilities

ACCOUNTING PRINCIPLES

A contingent liability is a possible obligation arising from past events where the outcome is uncertain or a present obligation arising from past events whose amount cannot be estimated reliably. Contingent liabilities are not recognised in the consolidated statement of financial position.

As of December 31, 2018, 2017 and 2016, the Group was aware of no contingent liabilities likely to have had a material effect on the Group's profits, financial position, assets or business.

Note 9. Equity and earnings per share

9.1 Share capital and shareholding structure

9.1.1 Share capital

Changes in the number of shares and share capital between January 1, 2016 and December 31, 2018 were as follows:

	Number	Capital in €m
Share capital as of 01/01/2016	**32,603,806**	**497.2**
Share capital as of 12/31/2016	**32,603,806**	**497.2**
Capital increase	1,394,504	21.3
Share capital as of 12/31/2017	**33,998,310**	**518.5**
Capital increase	2,199,914	33.5
Share capital as of 12/31/2018	**36,198,224**	**552.0**

As of December 31, 2018, share capital consisted of 36,198,224 ordinary shares with a par value of €15.25 per share. All the shares issued are fully paid up.

9.1.2 Shareholding structure

The Company's shareholding structure (number of shares and percentage of share capital) as of December 31, 2018, 2017 and 2016 was as follows:

(in millions of euros)	12/31/2018		12/31/2017		12/31/2016		01/01/2016	
	Number of shares	% stake	Number of shares	% stake	Number of shares	% stake	Number of shares	% stake
Icade SA	20,550,856	56.77%	19,213,170	56.51%	18,425,106	56.51%	18,425,106	56.51%
Messidor	5,969,326	16.49%	5,598,090	16.47%	5,368,474	16.47%	5,368,474	16.47%
C Santé	3,223,255	8.90%	3,013,449	8.86%	2,889,847	8.86%	2,889,847	8.86%
Holdipierre	1,871,504	5.17%	1,871,504	5.50%	1,794,741	5.50%	1,794,741	5.50%
MF Santé	946,744	2.62%	902,265	2.65%	865,257	2.65%	865,257	2.65%
Sogecapimmo	3,636,539	10.05%	3,399,832	10.00%	3,260,381	10.00%	3,260,381	10.00%
Total	**36,198,224**	**100.00%**	**33,998,310**	**100.00%**	**32,603,806**	**100.00%**	**32,603,806**	**100.00%**

9.2 Dividends

Dividends distributed by the Company to its shareholders in 2018, 2017 and 2016 in respect of profit for the financial years 2017, 2016 and 2015, respectively, were as follows:

(in millions of euros)	Dividends paid in		
	2018	2017	2016
Payment to Icade Santé shareholders	132.0	105.0	87.0
TOTAL	**132.0**	**105.0**	**87.0**
Number of shares	33,998,310	32,603,806	32,603,806
Dividend per share (in €)	**€3.88**	**€3.22**	**€2.67**

9.3 Earnings per share

ACCOUNTING PRINCIPLES

Basic earnings per share are equal to net profit/(loss) for the period attributable to holders of the Company's ordinary shares divided by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period is the average number of ordinary shares outstanding at the beginning of the financial year, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor.

In calculating diluted earnings per share, the average number of shares outstanding is adjusted to take into account the diluting effect of equity instruments issued by the Company and likely to increase the number of shares outstanding.

Basic earnings per share are presented in the table below for the financial years 2018, 2017 and 2016. As the Group has issued no equity instruments having a diluting effect in the periods presented, there is no difference between basic and diluted earnings per share. Basic earnings per share amounted to €1.84 in 2018, €2.18 in 2017 and €2.06 in 2016.

(in millions of euros)		2018	2017	2016
Net profit/(loss) attributable to the Group	**(A)**	**64.8**	**71.1**	**67.2**
Opening number of shares		33,998,310	32,603,806	32,603,806
Increase in the average number of shares as a result of the capital increase		1,157,215	34,385.0	-
Average number of shares	**(B)**	**35,155,525**	**32,638,191**	**32,603,806**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP PER SHARE (in €)	**(A/B)**	**€1.84**	**€2.18**	**€2.06**

Note 10. Related parties

ACCOUNTING PRINCIPLES

In accordance with IAS 24 – Related party disclosures, a related party is a person or entity that is related to the Company. This may include:

- ♦ A person or a close member of that person's family if that person:
  - Has control, or joint control of, or significant influence over the Company;
  - Is a member of the key management personnel of the Company or of a parent of the Company.
- ♦ An entity is related to the Company if any of the following conditions applies:
  - The entity and the Company are members of the same Group;
  - The entity is an associate or joint venture of the Company;
  - The entity is jointly controlled or owned by a member of the key management personnel of the Group;
  - The entity provides key management personnel services to the Company.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party.

10.1 Related parties identified by the Company

Related parties identified by the Company include:

- ♦ The parent company of the Icade Santé Group, Icade SA, and its subsidiaries not included in the scope of consolidation of the Icade Santé Group;

- The subsidiaries of the Icade Santé Group;
- The CEO of Icade SA: Icade SA, a legal person acting as Chairman of Icade Santé SAS is represented by the CEO of Icade SA, a natural person.

10.2 Related party transactions

Transactions have been concluded under normal market conditions, i.e. comparable to those that would usually take place between independent parties.

10.2.1 Transactions with the parent company Icade SA

The Company has entered into the following contracts and agreements with Icade SA, its parent company.

10.2.1.1 Property management agreement

As the Company has no employees, it entered into a property management agreement with its parent company Icade SA on February 23, 2012. The agreement covers the rental, building, administrative, financial and accounting management of the healthcare facilities owned by the Company.

In exchange, Icade SA receives remuneration equal to a percentage of the rental income excluding tax collected annually by the Company.

The agreement was entered into for a period of four years as from January 1, 2012. It is tacitly renewable for further periods of four years up to two successive terms.

10.2.1.2 Analysis, assistance and advisory agreement in connection with valuations, investments and disposals

On February 23, 2012, the Company entered into an analysis, assistance and advisory agreement with Icade SA in connection with valuations, investments and disposals. The purpose of the agreement is to obtain Icade SA's support in optimising the management of the healthcare facilities owned by the Company, making real estate investments and implementing an acquisition and disposal strategy for the healthcare facilities.

In addition, the agreement provides for a number of additional services:

- Drafting and updating a business plan;
- Granting the license to use the "Icade" trademark throughout the duration of the agreement;
- Services with regard to functional/operational communication, financial control, insurance, information systems, audit and risks, sustainable development, professional ethics and anti-money laundering;
- Additional services in the following areas: accounting, financial control, legal and tax matters, cash management, investments and financing.

In exchange, Icade SA receives remuneration equal to a percentage of the rental income excluding tax collected annually by the Company. In addition, for the provision of assistance in making real estate investments and implementing an acquisition and disposal strategy for the healthcare facilities, Icade SA receives additional remuneration, once the asset has been bought or sold with its assistance, equal to a percentage of the price of the acquisition or investment.

The agreement was entered into for a period of 13 years as from January 1, 2012.

10.2.1.3 Long-term intra-group loan agreements

The Company entered into the following long-term intra-group loan agreements with Icade SA:

- On December 10, 2008, a loan agreement for €148.5 million, disbursed on December 10, 2008 for a period from the date of disbursement to December 10, 2023. The loan has a fixed interest rate of 5.40% per annum. The outstanding amount of this loan, i.e. €68.6 million, was fully repaid on June 28, 2018 before its due date, for which a penalty of €9.5 million was recognised as a finance expense for the period;

- On November 28, 2014, a loan agreement for €100.0 million, disbursed on December 1, 2014 for a period from the date of disbursement to October 1, 2021. The loan has a fixed interest rate of 2.29% per annum;
- On October 1, 2015, a loan agreement for €37.4 million, disbursed on October 1, 2015 for a period from the date of disbursement to October 1, 2020. The interest rate for the loan is the 3-month Euribor published two business days prior plus 146 bps;
- On October 1, 2015, a loan agreement for €100.0 million, disbursed on October 1, 2015 for a period from the date of disbursement to October 1, 2025. The loan has a fixed interest rate of 3.11% per annum;
- On October 1, 2015, a loan agreement for €200.0 million, disbursed on October 1, 2015 for a period from the date of disbursement to October 1, 2022. The loan has a fixed interest rate of 2.54% per annum;
- On October 15, 2015, a loan agreement for €110.0 million, disbursed on October 15, 2015 for a period from the date of disbursement to October 15, 2025. The loan has a fixed interest rate of 3.11% per annum;
- On June 28, 2018, a loan agreement for €50.0 million, disbursed on June 28, 2018 for a period from the date of disbursement to June 28, 2025. The loan has a fixed interest rate of 1.40% per annum.

10.2.1.4 Cash advance agreements

The Company entered into the following cash advance agreements with Icade SA:

- On April 1, 2016, an agreement to advance a maximum amount of €200.0 million in cash, made available from April 1, 2016 for a period up to and including March 31, 2018. The interest rate for the cash advance is the average 3-month Euribor plus 90 bps.
- On April 1, 2018, an agreement to advance a maximum amount of €200.0 million in cash, superseding in its entirety the previous cash advance agreement for €200.0 million entered into on April 1, 2016. This cash advance was made available from April 1, 2018 for a period up to and including March 31, 2020. The interest rate for the cash advance is the average 3-month Euribor published one month prior plus 90 bps.

10.2.2 Transactions with SASU Icade Promotion and its subsidiaries

SASU Icade Promotion is wholly owned by Icade SA.

In connection with its property development projects, the Company has entered into delegated project management contracts, property development contracts and off-plan sale contracts with Icade Promotion and its subsidiaries. The main characteristics of these contracts are set out below.

10.2.2.1 Delegated project management contracts

The purpose of delegated project management contracts is to transfer the management of real estate projects as project owner to Icade Promotion in order for this company to draft and manage contractor agreements and oversee technical inspectors and health and safety coordinators. In addition, Icade Promotion must carry out technical, administrative, legal, accounting and financial assignments relating to the contract.

10.2.2.2 Property development contracts

Property development contracts awarded to Icade Promotion or its subsidiaries allow them to act as project manager and/or property developer on construction projects. By way of consideration, Icade Promotion or its subsidiaries will receive a fixed fee as provided for in the contract.

10.2.2.3 Off-plan sale contracts

The purpose of off-plan sale contracts is to assign the construction of a project to a property developer. Such property developers ensure buyers that construction will be completed. Ownership of the property is transferred to the buyer as each stage of the work is completed. The property developer remains the project manager until construction is completed. By way of consideration, the property developer will be paid in tranches set out in the contract as each stage of the work is completed.

10.2.3 Transactions with Group subsidiaries

Transactions between Icade Santé SAS and its subsidiaries have been eliminated on consolidation and are not itemised in this note.

10.2.4 Remuneration and other benefits granted to members of the Company's administrative and management bodies

Members of the administrative and management bodies receive no remuneration from the Company for performing their duties.

10.2.5 Impact on the consolidated financial statements

The amounts of related party transactions in the consolidated income statements for the financial years 2018, 2017 and 2016 were as follows:

(in millions of euros)	**2018**	**2017**	**2016**
Purchases used	0.7	-	-
Outside services	(13.3)	(12.7)	(13.6)
EBITDA	**(12.6)**	**(12.7)**	**(13.6)**
Acquisition costs of investments in consolidated companies	(0.8)	-	-
Other costs and expenses related to investment property disposals			
Operating profit/(loss)	**(13.5)**	**(12.8)**	**(13.7)**
Interest expenses on liabilities to Icade SA	(16.4)	(18.7)	(19.5)
Interest expenses on current accounts and advances received	(0.2)	(0.6)	(0.0)
Prepayment penalties for financial liabilities	(9.4)	-	-
Commitment fees	(0.6)	(0.4)	(0.6)
Finance income/(expense)	**(26.6)**	**(19.6)**	**(20.1)**

Cash and payables on the balance sheet relating to related party transactions as of December 31, 2018, 2017 and 2016 were as follows:

(in millions of euros)	12/31/2018	12/31/2017	12/31/2016
Cash (a)	69.1	3.7	1.8
Current assets	**69.1**	**3.7**	**1.8**
Non-current debt to Icade SA	557.4	580.6	601.3
Non-current liabilities	**557.4**	**580.6**	**601.3**
Current debt to Icade SA	13.7	31.9	33.1
Accounts payable	0.2	0.2	0.1
Miscellaneous payables (b)	2.1	1.9	1.6
Current liabilities	**15.9**	**34.0**	**34.8**

(a) Cash relates to a cash pooling current account

(b) Miscellaneous payables relate to payables on investment property acquisitions

Off-balance sheet commitments with related parties as of December 31, 2018, 2017 and 2016 were as follows:

(in millions of euros)	12/31/2018	12/31/2017	12/31/2016
Residual commitments made in construction contracts	0.4	0.4	0.9
Property development contracts – Property under construction or refurbishment	11.0	-	-
Commitments made	**11.4**	**0.4**	**0.9**
Unused credit lines	200.0	192.7	141.0
Sureties and guarantees received in respect of financing	26.0	28.5	30.9
Property development contracts – Property under construction or refurbishment	11.0	-	-
Commitments received	**237.0**	**221.2**	**171.9**

Note 11. Off-balance sheet commitments

ACCOUNTING PRINCIPLES

Off-balance sheet commitments made and received by the Group represent unfulfilled contractual obligations that are contingent on conditions being met or transactions being carried out after the current financial year.

The Group has three types of commitments: commitments relating to the scope of consolidation, commitments relating to financing activities and commitments relating to operating activities.

In addition, the Group is bound by operating leases, as both a lessee and lessor, and finance leases as a lessor, which also represent commitments to be paid or received in the future.

11.1 Off-balance sheet commitments

11.1.1 Commitments made

Off-balance sheet commitments made by the Group as of December 31, 2018, 2017 and 2016 broke down as follows (by type and by period):

(in millions of euros)			**12/31/2018**	**12/31/2017**	**12/31/2016**
COMMITMENTS RELATED TO THE SCOPE OF CONSOLIDATION			**-**	**-**	**24.9**
Equity investment commitments		Commitments to purchase equity investments	-	-	24.9
COMMITMENTS RELATED TO FINANCING ACTIVITIES			**408.4**	**338.6**	**263.5**
Mortgage financing and lender's liens		Mortgages	192.2	156.2	115.2
		Lender's liens	0.8	-	-
Promises to mortgage property and assignments of claims		Promises to mortgage property and claims assigned as loan guarantees	215.3	182.4	148.4
COMMITMENTS RELATED TO OPERATING ACTIVITIES			**114.6**	**67.7**	**177.3**
Commitments made relating to business development and asset disposals and acquisitions	Residual commitments in construction contracts	Property Investment: Residual commitments in construction. property development and off-plan sale contracts – Property under construction or refurbishment	98.7	66.5	164.8
	Property development contracts	Property development contracts – Property Investment – Commitments made	11.0	-	-
	Commitments to sell made	Commitments to sell made – Property Investment – Tangible fixed assets	0.9	1.2	6.9
	Commitments to buy made	Commitments to buy made – Property Investment – Tangible fixed assets	1.0	-	5.7
	Property Development: orders including tax	Property Development: orders including tax	-	-	-
Commitments made relating to the execution of operating contracts	Other commitments made	Other commitments made	3.0	-	-

Commitments made by the Group consisted mainly of commitments relating to financing activities:

- Mortgages for €192.2 million as of December 31, 2018; €156.2 million as of December 31, 2017; and €115.1 million as of December 31, 2016.
- Promises to mortgage property and assignments of claims for €215.3 million as of December 31, 2018; €182.4 million as of December 31, 2017; and €148.4 million as of December 31, 2016.

11.1.2 Commitments received

Off-balance sheet commitments received by the Group as of December 31, 2018, 2017 and 2016 broke down as follows (by type and by period):

(in millions of euros)			12/31/2018	12/31/2017	12/31/2016
COMMITMENTS RELATED TO THE SCOPE OF CONSOLIDATION			**9.2**	**3.1**	**43.4**
Equity investment commitments		Commitments to purchase equity investments	-	-	24.9
Commitments received as part of disposals of equity investments		'No undisclosed liabilities' warranties received	9.2	3.1	18.6
COMMITMENTS RELATED TO FINANCING ACTIVITIES			**227.5**	**221.2**	**171.9**
Unused credit lines		Unused credit lines	201.5	192.7	141.0
Sureties and guarantees received in respect of financing		Sureties and guarantees received in respect of financing	26.0	28.5	30.9
COMMITMENTS RELATED TO OPERATING ACTIVITIES			**2,272.5**	**1,829.5**	**1,851.8**
Other contractual commitments received related to operating activities	Commitments to sell received	Commitments to sell received – Property Investment – Tangible fixed assets	0.9	0.1	5.6
	Commitments to buy received	Commitments to buy received – Property Investment – Tangible fixed assets	1.0 -	- -	5.7 -
	Residual commitments in construction contracts	Property Investment: Property development and off-plan sale contracts – Property under construction or refurbishment	-	-	-
	Property development – Off-plan lease contracts	Property development contracts – Off-plan lease contracts – Commitments received	16.9	-	-
	Demand guarantees	Demand guarantees received – Rent guarantees – Property Investment	-	1.2	1.7
Assets taken as security, mortgaged or pledged, as well as security deposits received	Security deposits received	Security deposits received for rents – Private healthcare facilities	2,253.7	1,828.2	1,838.9

Commitments received by the Group consisted mainly of commitments relating to operating activities and, in particular, security deposits received for rents for €2,253.7 million as of December 31, 2018; €1,828.2 million as of December 31, 2017; and €1,838.9 million as of December 31, 2016.

11.2 Information on leases

11.2.1 Operating leases – the Group acts as the lessor

The Group acts as the lessor in a number of operating leases for which the future minimum lease payments to be received broke down as follows as of December 31, 2018, 2017 and 2016:

(in millions of euros)	12/31/2018	12/31/2017	12/31/2016
Not later than one year	275.2	237.2	214.5
Later than one year and not later than five years	1,042.1	891.9	856.3
Later than five years	936.4	704.7	774.7
MINIMUM LEASE PAYMENTS TO BE RECEIVED UNDER OPERATING LEASES	**2,253.7**	**1,833.8**	**1,845.4**

11.2.2 Operating leases – the Group acts as the lessee

The Group acts as the lessee in a number of operating leases for which the future minimum lease payments to be paid broke down as follows as of December 31, 2018, 2017 and 2016:

(in millions of euros)	12/31/2018	12/31/2017	12/31/2016
Lease expenses	**(0.2)**	**(0.1)**	**(0.1)**
Not later than one year	(0.2)	(0.1)	(0.1)
Later than one year and not later than five years	(0.7)	(0.4)	(0.4)
Later than five years	(5.7)	(2.2)	(2.3)
MINIMUM LEASE PAYMENTS TO BE MADE UNDER OPERATING LEASES	**(6.5)**	**(2.7)**	**(2.8)**

Note 12. Events after the reporting period

No event that occurred after the end of the financial years 2016 and 2017 resulted in the amending of the consolidated financial statements as of December 31, 2016 and 2017 included in these consolidated financial statements.

The following key events occurred after the end of the financial year 2018:

- ♦ An increase in the Company's share capital of €120.0 million on June 27, 2019, which was fully but unevenly subscribed by its shareholders;
- ♦ The acquisition, finalised on July 31, 2019, of 7 nursing homes and 5 healthcare facilities for a total of €191 million, sold by an OPPCI managed by Swiss Life Asset Managers France.

Note 13. Statutory Auditors' fees

	Mazars					
	million of euros			Percentage		
	2018	2017	2016	2018	2017	2016
Audit						
Audit, certification, review of separate and consolidated financial statements						
– Issuer	0.10	0.08	0.07	81.3%	76.3%	91.0%
Services other than the certification of financial statements						
– Issuer	0.02	0.02	0.01	18.7%	23.7%	9.0%
Total	**0.12**	**0.11**	**0.08**	**100.0%**	**100.0%**	**100.0%**

Services other than the audit of financial statements provided by the Board of Statutory Auditors to Icade Santé SAS and its subsidiaries primarily include formalities relating to the provision of various certificates and reports on agreed-upon procedures with respect to accounting data.

Note 14. List of companies included in the scope of consolidation

The table below lists the companies included in the scope of consolidation for the financial years ended December 31, 2018, 2017 and 2016.

Entity name	Legal form	Registered office	Consolidation method 12/31/2018	Consolidation method 12/31/2017	Consolidation method 12/31/2016	% 2018 ownership interest	% 2017 ownership interest	% 2016 ownership interest
ICADE Santé	SAS	France	Full	Full	Full	Parent company	Parent company	Parent company
SAS FONCIERE MSR	SAS	France	-	Full	-	Merger	100%	-
SAS PATRIMOINE ET SANTÉ	SAS	France	-	-	-	Acquisition and merger	-	-
SCI TONNAY INVEST	SCI	France	Full	-	-	100%	-	-
SCI PONT DU CHÂTEAU INVEST	SCI	France	Full	-	-	100%	-	-
SNC SEOLANES INVEST	SNC	France	Full	-	-	100%	-	-
SCI SAINT AUGUSTINVEST	SCI	France	Full	-	-	100%	-	-
SCI CHAZAL INVEST	SCI	France	Full	-	-	100%	-	-
SCI DIJON INVEST	SCI	France	Full	-	-	100%	-	-
SCI COURCHELETTES INVEST	SCI	France	Full	-	-	100%	-	-
SCI ORLÉANS INVEST	SCI	France	Full	-	-	100%	-	-
SCI MARSEILLE LE ROVE INVEST	SCI	France	Full	-	-	100%	-	-
SCI GRAND BATAILLER INVEST	SCI	France	Full	-	-	100%	-	-
SCI SAINT CIERS INVEST	SCI	France	Full	-	-	100%	-	-
SCI SAINT SAVEST	SCI	France	Full	-	-	100%	-	-
SCI BONNET INVEST	SCI	France	Full	-	-	100%	-	-
SCI GOULAINE INVEST	SCI	France	Full	-	-	100%	-	-
SAS CARRERE	SAS	France	-	-	-	-	Acquisition and merger	-
SCI SAINT-GERMOISE	SCI	France	-	-	-	-	Acquisition and merger	-
SASU GVM SANTE	SASU	France	-	-	Full	-	Merged	100%
SAS VAGUIL	SAS	France	-	-	-	-	-	Acquisition and merger
SAS CHATENOY LE ROYAL SSR	SAS	France	-	-	-	-	-	Acquisition and merger
SAS GIEN SOINS PSYCHIATRIQUES	SAS	France	-	-	-	-	-	Acquisition and merger
SAS OCEANE LE HAVRE PSYCHIATRIE	SAS	France	-	-	-	-	-	Acquisition and merger
SAS MONTCHENAIN SOINS PSYCHIATRIQUES	SAS	France	-	-	-	-	-	Acquisition and merger
VITALIA EXPANSION MCO PROPCO SAS	SAS	France	-	-	-	-	-	Merged
SCI MTS	SCI	France	-	-	-	-	-	Merged
SCI SAINT-LAZARE	SCI	France	-	-	-	-	-	Merged
VITALIA DÉVELOPPEMENT MCO PROPCO SAS	SAS	France	-	-	-	-	-	Merged
SAS LA HAIE SAINT-CLAUDE	SAS	France	-	-	-	-	-	Merged
SCI DES PIPIERS	SCI	France	-	-	-	-	-	Merged
SCI DES ÉTATS-UNIS	SCI	France	-	-	-	-	-	Merged
CHP SAS	SAS	France	-	-	-	-	-	Merged
OCEANE IMMOBILIÈRE SAS	SAS	France	-	-	-	-	-	Merged
VITALIA SANTÉ MCO PROPCO SAS	SAS	France	-	-	-	-	-	Merged
SCI HONORÉ DE BALZAC	SCI	France	-	-	-	-	-	Merged

Statutory auditor's report on the financial statements (for the years ended 31 December 2018, 31 December 2017 and 31 December 2016)

This is a free translation into English of the statutory auditor's report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

To the President,

In our capacity as statutory auditors of the company Icade Santé and in accordance with Commission Delegated Regulation (EU) n°2019/980 in the context of an admission of debt securities to trading on the regulated market of Euronext Paris, we have audited the accompanying consolidated financial statements prepared for the purpose of the prospectus in accordance under International Financial Reporting Standards ("IFRS") as adopted by the European Union for the years ended December 31, 2016, 2017 and 2018 (thereafter the « IFRS consolidated financial statements »).

These IFRS consolidated financial statements are the responsibility of the President. Our role is to express an opinion on these IFRS consolidated financial statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the IFRS consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selections, to obtain audit evidence about the amounts and disclosures in the IFRS consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the IFRS consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the IFRS consolidated financial statements prepared for the purpose of the prospectus, present fairly, in all material respects, the assets and liabilities and the financial position of the Group as at December 31, 2016, 2017 and 2018, and the results of its operations for the years then ended in accordance with IFRS as adopted by the European Union.

Paris La Défense, October 2nd, 2019

MAZARS

French original signed by Johanna DARMON and Gilles MAGNAN

SUBSCRIPTION AND SALE

BNP PARIBAS, Crédit Agricole Corporate and Investment Bank, HSBC France, Natixis and Société Générale (the "**Joint Lead Managers**") have jointly and severally agreed, pursuant to a subscription agreement (the "**Subscription Agreement**") dated 30 October 2019, subject to satisfaction of certain conditions, procure subscribers and payment for, or failing which to subscribe and pay for, the Notes at the issue price of 99.392 per cent. of the principal amount of Notes (the "**Issue Price**"), less a combined management and underwriting commission as separately agreed between the Joint Lead Managers and the Issuer. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes are being offered and sold outside of the United States reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

Each of the Joint Lead Managers has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

France

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France (other than to qualified investors as described below), and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France (other than to qualified investors as described below), the Prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France, in accordance with Articles L. 411-1 and L. 411-2 of the French *Code monétaire et financier*, only to qualified investors (*investisseurs qualifiés*) other than individuals, as defined in article 2 point (e) of the Regulation (EU) 2017/1129 and applicable French laws and regulations.

Prohibition of Sales to European Economic Area Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2016/97/(EU), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

General

This Prospectus does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe or purchase, any of the Notes. It may not be used by anyone for the purpose of an offer or a solicitation in a country or jurisdiction in which such offer or solicitation would not be authorized. It may not be communicated to persons to which such offer or solicitation may not legally be made.

No action has been or will be taken by the Issuer or the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes or possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes or has not, directly or indirectly, distributed or published and will not, directly or indirectly, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information relating to the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

1. Authorisation

The Notes were issued pursuant to a resolution of the *Collectivité des associés* of the Issuer adopted on 17 October 2019 and a decision of Icade, Chairman (*Président*) of the Issuer dated 28 October 2019.

2. Approval and admission to trading

This Prospectus has been approved by the AMF in France in its capacity as competent authority pursuant to the Prospectus Regulation and received the approval number no. 19-508 dated 30 October 2019. The AMF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes.

This Prospectus will be valid until the date of admission of the Notes to trading on Euronext Paris. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.

Application has been made for the Notes to be admitted to trading on Euronext Paris as from the Issue Date.

The estimated costs for the admission to trading of the Notes are €14,600 (including AMF and Euronext Paris fees).

3. Clearing systems

The Notes have been accepted for clearance through Clearstream and Euroclear with the Common Code number 207521400 and Euroclear France with the International Securities Identification Number (ISIN) FR0013457967. The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Brussels, Belgium and the address of Clearstream is 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg. The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France.

4. No significant or material change

Save as disclosed in this Prospectus, there has been no significant change in the financial position or financial performance of the Issuer and the Group since 30 June 2019 and there has been no material adverse change in the prospects of the Issuer and the Group since 31 December 2018.

5. Legal proceedings

As of the date of this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Issuer is aware) which may have, or have had in the past twelve (12) months, significant effects on the financial position or profitability of the Issuer and/or the Group.

6. Financial statements

The statutory auditor of the Issuer is Mazars, who has audited the Issuer's consolidated financial statements in accordance with generally accepted auditing standards in France for each of the three financial years ended 31 December 2018, 31 December 2017 and 31 December 2016 and has rendered a limited review report on the consolidated half-year financial statements of the Issuer for the period ended 30 June 2019. Its reports on these financial statements were issued with unqualified opinions. The auditor is an independent statutory auditor with respect to the Issuer as required by the laws of the French Republic and under the applicable rules of the *Compagnie Nationale des Commissaires aux Comptes*.

Mazars is a member of the *Compagnie régionale des Commissaires aux comptes de Versailles*.

7. Documents

So long as any of the Notes are outstanding, the following documents can be inspected on the website of the Issuer (https://www.icade.fr/finance/icade-sante):

(i) the *statuts* of the Issuer;

(ii) a copy of this Prospectus together with any supplement to this Prospectus; and

(iii) all reports, letters and other documents, valuations and statements prepared by any expert at the Issuer's request of which is included or referred to in this Prospectus in respect of the issue of the Notes.

A copy of this Prospectus together with any supplement to this Prospectus (a) may be obtained, free of charge, at the registered office of the Issuer during normal business hours and (b) will be available on the websites of the Issuer (https://www.icade.fr/finance/icade-sante) and of the *Autorité des marchés financiers* (www.amf-france.org).

Any websites included in this Prospectus are for information purposes only and the information in such websites does not form any part of this Prospectus.

8. Yield

The yield of the Notes is equal to 0.939 per cent. *per annum* and is calculated on the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

9. Currency

All references in this document to "euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended.

10. Rating

The long-term debt of the Issuer has been rated BBB+ (stable outlook) by S&P. The Notes have been assigned a rating of BBB+ by S&P. S&P is established in the European Union, registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**") and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

11. Interest

So far as the Issuer is aware, no person involved in the issue of the Notes has any interest, including conflicting ones, that is material to the issue.

12. Joint Lead Managers

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. Where there is a lending relationship between the Issuer and one or several Joint Lead Managers, it cannot be excluded that all or part of the proceeds of any issue of Notes be used to repay or reimburse all or part of such loans. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

13. Forward-looking statements

This Prospectus contains objectives, forecasts or other forward-looking statements that may be identified by the use of words such as "anticipate," "believe," "expect," "estimate," "plan," "outlook," and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Such objectives, forecasts or other forward-looking statements with respect to revenues, earnings, performance, strategies, prospects and other aspects of the businesses of the Group, as well as assumptions and analysis made by the Group in light of its perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate in the circumstances. By their nature, forward-looking statements involve known and unknown risks, uncertainties and assumptions that could cause actual results, performance and the timing of events to differ materially from those expressed or implied by the forward-looking statements.

These forward-looking statements speak only as of the date on which the statements were made, and no obligation has been undertaken to publicly update or revise any forward-looking statements made in this Prospectus or elsewhere as a result of new information, future events or otherwise, except as required by applicable laws and regulations.

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

I hereby certify that, to the best of my knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

30 October 2019

Icade Santé
27, Rue Camille Desmoulins
92130 Issy les Moulineaux
France

Duly represented by Xavier Cheval, *Directeur general délégué* of the Issuer, authorised signatory, pursuant to the resolution of the *Collectivité des associés* dated 17 October 2019.

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

This Prospectus has been approved on 30 October 2019 under the approval number n°19-508 by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129.
The AMF has approved this Prospectus after having verified that the information it contains is complete, coherent and comprehensible.
This approval is not a favourable opinion on the Issuer and on the quality of the Notes described in this Prospectus. Investors should make their own assessment of the opportunity to invest in such Notes.
It is valid until 4 November 2019 and shall be completed by a supplement to the Prospectus in the event of new material facts or substantial errors or inaccuracies.

ISSUER

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