



PRESS RELEASE

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Paris, 28 April 2016

## Q1 2016 FINANCIAL INFORMATION

### ■ Property Investment:

- Increased rental income for the Healthcare Property Investment business (+29.5%),
- Strong leasing activity during the quarter, with new leases signed for a total of 53,300 m<sup>2</sup> for the Commercial Property Investment business,
- Longer average remaining lease term to first break at 4.5 years for the Commercial Property Investment division (vs. 4.2 years in 2015),
- Continued increase in the financial occupancy rate of Office assets to 90.8%

### ■ Property Development:

- Twofold increase in the revenue of the Commercial Property Development business,
- Reservation volume up 43% for the Residential Property Development business,
- Continued growth in the backlog (1,546 million euros as of 31 March 2016, +15.1% vs. 31 March 2015)

### ■ Exclusivity agreement signed for the sale of Icade Property Management

### ■ Payment of a dividend of €3.73 per share next 31 May subject to approval by the General Meeting

### ■ 2016 outlook confirmed: target growth in net current cash flow around 3%

## 1. REVENUE AS OF 31 MARCH 2016

Icade's consolidated revenue as of 31 March 2016 improved by 4.7% compared with 31 March 2015, driven primarily by the Healthcare Property Investment business (acquisition of 16 private hospitals in autumn 2015 for 606 million euros).

On a like-for-like basis, the Icade Group's revenue went up by 2.2% across all its businesses.



<i>(in millions of euros)</i>				
	31/03/2016	31/03/2015	Change (%)	Like-for-like change (%)
Rental income from Commercial Property Investment	93.8	96.8	(3.1)%	0.7%
Rental income from Healthcare Property Investment	51.2	39.5	29.5%	0.5%
Property Development revenue	177.7	171.7	3.5%	3.5%
Other	(1.3)	(1.1)	(18.2)%	(18.2)%
<b>CONSOLIDATED REVENUE</b>	<b>321.5</b>	<b>307.0</b>	<b>4.7%</b>	<b>2.2%</b>

## 2. PROPERTY INVESTMENT DIVISION

### 2.1 COMMERCIAL PROPERTY INVESTMENT

#### Rental income

<i>(in millions of euros)</i>	31/03/2015	Acquisitions/ Completions	Disposals/ redevelopments	Rent indexation	Leasing activity	31/03/2016	Change (%)	Like-for- like change (%)
Offices	41.2	1.4	(3.5)	0.2	2.6	41.9	1.7%	6.7%
Business parks	52.6	0.1	(1.7)	0.1	(2.2)	49.0	(6.9)%	(3.9)%
<b>STRATEGIC ASSETS</b>	<b>93.8</b>	<b>1.5</b>	<b>(5.2)</b>	<b>0.3</b>	<b>0.4</b>	<b>90.8</b>	<b>(3.1)%</b>	<b>0.7%</b>
Other	3					3		
<b>RENTAL INCOME</b>	<b>96.8</b>	<b>1.5</b>	<b>(5.2)</b>	<b>0.3</b>	<b>0.4</b>	<b>93.8</b>	<b>(3.1)%</b>	<b>0.7%</b>

Rental income stood at 93.8 million euros, implying an increase of 0.7% on a like-for-like basis compared to 31 March 2015 (96.8 million euros) and a decrease of 3.1% on a reported basis.

**Changes in scope of consolidation** had a negative impact of -3.7 million euros on rental income:

- **+ 1.5 million euros from completions including** 1.4 million euros from the completion of the Le Monet building in June 2015 in Saint Denis (fully leased);
- **- 5.2 million euros from disposals and redevelopments including:**
  - -2.4 million euros from properties no longer leased and intended to be redeveloped (Open, Défense 456) or demolished (Défense 1);
  - -2.7 million euros from asset disposals (especially the Millénaire 2 building and 2 buildings in Evry).



### Analysis of the leasing activity

Asset classes	31/12/2015	Q1 2016 changes		31/03/2016
	Leased floor area (m <sup>2</sup> )	Additions (m <sup>2</sup> )	Withdrawals (m <sup>2</sup> )	Leased floor area (m <sup>2</sup> )
Offices	494,161	14,355	9,601	498,915
Business parks	1,183,782	25,360	31,759	1,177,383
<b>STRATEGIC ASSETS</b>	<b>1,677,943</b>	<b>39,715</b>	<b>41,360</b>	<b>1,676,298</b>
Warehouses	64,119	3,411	243	67,287
<b>COMMERCIAL PROPERTY INVESTMENT</b>	<b>1,742,062</b>	<b>43,126</b>	<b>41,603</b>	<b>1,743,585</b>

**New leases taking effect** represented 43,126 m<sup>2</sup> (including 19,090 m<sup>2</sup> signed during the quarter ended) with:

- On a like-for-like basis, the main additions to the leased floor area represented 40,820 m<sup>2</sup> and were mainly the following:
  - 8,578 m<sup>2</sup> leased to Atlantic Media in the Gardinoux building in the Portes de Paris business park;
  - 5,575 m<sup>2</sup> leased in the EQHO tower in La Défense (Mersen and Celgène leases);
  - 3,678 m<sup>2</sup> leased to Sharp in the Rostand building in the Paris Nord business park;
  - 6,244 m<sup>2</sup> leased to PwC in the PB5 building in La Défense.
- New leases taking effect due to changes in scope of consolidation represented 2,306 m<sup>2</sup> and included only the Telecity Redbus lease, for the extension of a building located in the Portes de Paris business park.

On the other hand, **withdrawals** from the leased floor area represented 41,603 m<sup>2</sup> including:

- 4,300 m<sup>2</sup> for buildings to be demolished;
- 37,303 m<sup>2</sup> on a like-for-like basis.

Twenty-two leases were **renewed** for a total floor area of 45,602 m<sup>2</sup> and an annualised headline rent of 18.1 million euros, implying a 4.8% discount compared to previous leases. The average remaining term to first break of these renewed leases stands at 11.3 years.

The most significant renewals were:

- The PwC lease in the Crystal Park building in Neuilly (23,800 m<sup>2</sup>), which was renewed for a term of 12 years, effective 1 February 2016 (the building is due to be refurbished over a period of 22 months), supplemented by a new lease for 6,244 m<sup>2</sup> in the PB5 tower in La Défense (9-year lease effective 1 February 2016);
- The Telecity Redbus lease in the Portes de Paris business park, renewed for a term of 12 years with no break clause;
- The Newrest leases in the Brisbane-Wellington building in the Rungis business park representing a total floor area 4,547 m<sup>2</sup>, renewed for a term of 6 years with no break clause.

Thanks to this positive trend in leased floor area, the **average remaining lease term to first break** of the Commercial Property Investment division rose to 4.5 years (vs. 4.2 years in 2015).

The **financial occupancy rate** is stable at 86.8% compared to 31 December 2015, due to:

- Good performance in the office segment thanks to new leases taking effect in 2016 (Mersen and Celgène) in the EQHO tower (financial occupancy rate of 87% as of 31 March 2016 vs. 80% as of 31 December 2015; this rate is due to increase to 89% in October 2016, with the extension of floor area leased to KPMG taking effect);
- A decline of 0.5 percentage points in the occupancy rate of business parks, in line with forecasts for the beginning of this year.



Asset classes	Financial occupancy rate (in %) <sup>(2)</sup>			Average remaining lease term to first break (in years) <sup>(2)</sup>	
	31/03/2016	31/12/2015	Like-for-like change <sup>(1)</sup>	31/03/2016	31/12/2015
Offices	90.8%	90.2%	+1.7 pp	6.4	5.7
Business parks	83.6%	84.1%	(0.5) pp	2.9	2.9
<b>STRATEGIC ASSETS</b>	<b>86.8%</b>	<b>86.9%</b>	<b>+0.4 pp</b>	<b>4.5</b>	<b>4.2</b>
Warehouses	85.3%	82.7%	+2.6 pp	1.6	1.7
<b>COMMERCIAL PROPERTY INVESTMENT</b>	<b>86.8%</b>	<b>86.8%</b>	<b>+0.5 pp</b>	<b>4.5</b>	<b>4.2</b>

(1) Excluding completions, acquisitions and disposals for the period

(2) Based on proportionate consolidation

Eleven **new leases taking effect after 31 March 2016** were signed, representing an aggregate floor area of 34,185 m<sup>2</sup> and 10.8 million euros in annualised headline rents.

The quarter was marked by the signing of the lease for the Millénaire 4 building, whose total floor area of 24,584 m<sup>2</sup> will be fully leased from its completion in October 2016. The lease was concluded with a major French company for a term of 12 years with no break clause, and it will become effective in October 2016.

**Investments** made during the period amounted to 56.6 million euros (vs. 70.5 million euros as of 31 March 2015), still in the committed development pipeline, including 44.6 million euros mainly for the Véolia and Millénaire 4 buildings in the Millénaire business park.

### Disposals

Asset disposals completed during the quarter were as follows:

- The Reflet Défense building in Nanterre Préfecture (selling price of 22.0 million euros);
- Sale of 13 residential units (selling price of 1.5 million euros).

These transactions generated a capital gain of 1.3 million euros.

## 2.2 HEALTHCARE PROPERTY INVESTMENT

### Rental income

(in millions of euros)	31/03/2015	Acquisitions/ Completions	Disposals/ redevelopments	Rent indexation	Leasing activity	31/03/2016	Change (%)	Like-for- like change (%)
<b>RENTAL INCOME</b>	<b>39.5</b>	<b>12.0</b>	<b>(0.5)</b>	<b>0.2</b>	<b>(0.0)</b>	<b>51.2</b>	<b>29.5%</b>	<b>0.5%</b>

Rental income stood at 51.2 million euros, implying an increase of 29.5% compared to 31 March 2015, which can be explained by:

- +0.5% on a like-for-like basis, due to rent indexation;
- +29.0% due to changes in scope of consolidation
  - +11.5 million euros from private hospitals acquired in 2015,
  - +0.5 million euros from additional works to the private hospitals,
  - -0.5 million euros from the sale of two private hospitals in 2015



### Analysis of the leasing activity

Asset classes	Financial occupancy rate (in %) <sup>(2)</sup>			Average remaining lease term (in years) <sup>(2)</sup>	
	31/03/2016	31/12/2015	Like-for-like change <sup>(1)</sup>	31/03/2016	31/12/2015
HEALTHCARE PROPERTY INVESTMENT	100.0%	100.0%	+0.0 pp	8.6	8.8

(1) Excluding completions, acquisitions and disposals for the period

(2) Based on proportionate consolidation

The financial and physical occupancy rates were 100% as of 31 March 2016, the same figure as in 2015.

The average remaining lease term to first break was 8.6 years, slightly down from 2015 (0.2 point).

**Investments** made during the period amounted to 19.3 million euros, including 9.9 million for development works (of which 6.7 million euros for the construction works concerning the Courlancy polyclinic (51), due to be completed in Q1 2018). The remainder is mostly concerned with extension or redevelopment works in existing private hospitals.

### 3. PROPERTY DEVELOPMENT DIVISION

(in millions of euros)	31/03/2016			31/03/2015			
	IFRS	Reclassification of joint ventures	Total	IFRS	Reclassification of joint ventures	Total	Change
Residential Property Development	110.1	6.5	116.6	134.9	8.6	143.5	(18.7%)
Commercial Property Development	67.6	8.4	76.0	36.8	0.3	37.1	104.7%
<b>REVENUE (a)</b>	<b>177.7</b>	<b>14.9</b>	<b>192.6</b>	<b>171.7</b>	<b>8.9</b>	<b>180.6</b>	<b>6.6%</b>

(a) Revenue based on progress, after inclusion of the commercial progress and construction work progress of each project.

The revenue of the Property Development division expanded by 6.6% compared with Q1 2015, reaching 192.6 million euros.

The rebound in the **Residential Property Development business** is still not reflected in the revenue of that division, which added up to 116.6 million euros in Q1 2016, implying a drop of 18.7% from the Q1 2015 level (unfavourable base effect of the large-scale "North-East-Paris" project in Q1 2016).

The revenue of the **Commercial Property Development business** reached 76.0 million euros, which marked a very substantial increase compared to Q1 2015 (37.1 million euros). The ramp-up of major public amenities projects such as the Nouméa Hospital and the Montpellier-Sud de France high-speed train (TGV) station, as well as the launch of a large number of projects sold in 2015, contributed greatly to the improvement in revenue recorded at the beginning of this year.



### 3.1. RESIDENTIAL PROPERTY DEVELOPMENT

Net reservations of new residential units and plots of building land achieved by the Property Development division as of 31 March 2016 reached 1,066 reservations, an increase of 42.9% in volume terms compared with the previous year. In value terms, future revenues secured by reservations was up 29.9%, due to the solid level of reservations from professional property owners (for whom the unit selling price is significantly lower).

In Q1 2016, reservations from institutional investors rose substantially and accounted for 35.1% of reservations made as of 31 March 2016, vs. 6.3% for the same period a year earlier. This trend is mostly attributable to the postponement of reservation agreements that were initially scheduled for 2015.

On the other hand, the proportion of individual investors using the Pinel tax incentive programme continues to predominate. The new incentive measures adopted by the government in favour of first-time buyers (especially the interest-free loan) have not yet had any effect on indicators.

The decrease in the average price per m<sup>2</sup> to 3,597 euros/m<sup>2</sup> (including taxes) was mostly driven by the increased proportion of block reservations in Q1 2016.

Notarised sales as of 31 March 2016 reached 804 lots for a revenue of 165 million euros, vs. 467 lots for 107 million euros as of 31 March 2015, i.e. an increase of 54% in value terms, mainly related to the growth in project launches.

#### Land portfolio

The residential land and building plot portfolio grew by 6% since the end of December 2015 and represented 8,623 lots, with a potential revenue estimated at €1.8 billion.

### 3.2. COMMERCIAL PROPERTY DEVELOPMENT

The backlog of the Commercial Property Development and Public and Healthcare Amenities Development businesses was stable near historical highs as of the end of March 2016, due to substantial signings throughout 2015.

The reduction in backlog due to projects completed during the quarter was mainly offset by the signing with ACM Vie of a preliminary agreement for the off-plan sale of the Twist building totalling 10,400 m<sup>2</sup> of offices in the N5 lot of the Paris Batignolles commercial area.

In Q1 2016, the Property Development division completed the first phase of the "Seaty Campus" complex located at the heart of the Technopôle de la Mer in Ollioules (83), including the construction of a restaurant shared by several companies, a 500-m<sup>2</sup> retail area and a multi-storey car park with 800 parking spaces.

At the end of March 2016, the offices and shopping centres project portfolio represented 553,592 m<sup>2</sup>, including projects in the execution phase for 171,871 m<sup>2</sup> and projects in the development phase for 381,721 m<sup>2</sup>.

During the first quarter, the Property Development division launched the construction works for the Urban Quartz development in Rennes, which will add up to a total floor area of 13,700 m<sup>2</sup>.

The portfolio of Public and Healthcare Amenities development projects represents 169,940 m<sup>2</sup>, including 106,756 m<sup>2</sup> in the execution phase and 63,184 m<sup>2</sup> in the development phase.



#### 4. OUTLOOK

The Commercial Property Investment division's occupancy rate should improve towards the end of financial year 2016, with the start of the leases of the Millénaire 4 and Veolia buildings in the Millénaire business park. The costs incurred in 2016 and 2017 as part of the "Coach Your Growth with Icade" plan are aimed at improving the quality of services offered in business parks and thus increasing the financial occupancy rate by +5% by 2018/2019.

Despite a negative first quarter, revenues from the Residential Property Development business should grow in 2016. As for revenues from the Commercial Property Development business, they are expected to improve appreciably in the financial year 2016.

Icade confirms its target growth in net current cash flow of around 3% for 2016.

#### 5. DIVIDENDS

The distribution of a 3.73 euros per share dividend will be submitted to the approval of the General Meeting to be held on 23 May 2016 to approve the financial statements for the year ended 31 December 2015. This dividend will be paid on 31 May 2016 with an ex-dividend date of 27 May 2016.

#### 6. OTHER EVENTS

##### **Project to simplify Icade's shareholding structure: merger by acquisition of HoldCo SIIC by Icade**

As previously mentioned in the press release of 31 March 2016, Icade confirms that the merger is eligible for the preferential tax regime referred to in article 210-A of the French General Tax Code. The merger will be submitted to the approval of Icade's shareholders during a General Meeting to be held on 23 May 2016, subject to the publication of an order by the Minister of Finance and Public Accounts and the Minister of Economy, Industry and Digital Affairs – which is itself subject to the approval of the French Commission of Holdings and Transfers (CPT) – authorising this transaction leading to Icade no longer being controlled by the public sector.

##### **Disposal of the Services business**

Icade entered into an exclusivity agreement with a major player from the property services sector to sell Icade Property Management by the end of July 2016, subject to conditions precedent.

The disposal of Icade's other services activities (Icade Asset Management, Iporta, Icade Conseil) is in progress.

##### **Departure of Mr Hervé Manet from his office as member of the Executive Committee in charge of the Property Development business**

Hervé Manet will leave the company at the end of June 2016 after 9 years of service, in order to carry out a professional project with more personal aspects. The Group is currently preparing his replacement.

The implementation of the strategic plan and the priorities for the Property Development division will remain unchanged in 2016.



## Financial calendar

**Combined General Meeting:** Monday 23 May 2016

**Half Year Results 2016:** Tuesday 26 July 2016, before the market opens

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## ABOUT ICADE

Icade is a French listed real estate investment company (SIIC), a subsidiary of the Caisse des Dépôts and a major player in Greater Paris and territorial development. As a key integrated property player, Icade is capable of providing comprehensive, sustainable and innovative solutions that are tailored to customer needs and to the challenges of tomorrow's cities. Icade is the European leader in office real estate investment and it recorded EPRA Earnings of €273 million in 2015. As of 31 December 2015, its EPRA triple net asset value (NNNAV) stood at €5,383 million, i.e. €73.1 per share.

The text of this press release is available on the Icade website: [www.icade.fr](http://www.icade.fr).

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## APPENDICES

### Commercial Property Investment Cumulative investments since 1 January 2016

<i>(in millions of euros)</i>	Acquisitions	Constructions/ Redevelopments	Major maintenance / Renovation	Other	Total
Offices	0.0	14.1	1.3	3.0	18.4
Business parks	0.0	30.5	3.9	3.7	38.1
<b>Strategic assets</b>	<b>0.0</b>	<b>44.6</b>	<b>5.2</b>	<b>6.7</b>	<b>56.5</b>
Non-strategic assets	-	-	-	-	-
<b>COMMERCIAL PROPERTY INVESTMENT</b>	<b>0.0</b>	<b>44.6</b>	<b>5.2</b>	<b>6.7</b>	<b>56.5</b>

### Healthcare Property Investment Cumulative investments since 1 January 2016

<i>(in millions of euros)</i>	Acquisitions	Constructions/ Redevelopments	Major maintenance / Renovation	Other	Total
<b>HEALTHCARE PROPERTY INVESTMENT</b>		<b>17.1</b>	<b>0.4</b>	<b>1.8</b>	<b>19.3</b>

### Property Development

	31/03/2016	31/03/2015	Change (%)	31/12/2015
<b>Reservations of new residential units and plots of building land</b>				
Reservations of new residential units and plots of building land <i>(in units)</i> <sup>1</sup>	1,066	746	42.9%	3,999
Reservations of new residential units and plots of building land <i>(in millions of euros, including taxes)</i>	211.3	162.7	29.9%	839.3
Residential – cancellation rate <i>(in %)</i>	14%	23%	(8.6)%	23%
<b>Average sale price and average floor area based on reservations</b>				
Average price including taxes per habitable m <sup>2</sup> <i>(in euros/m<sup>2</sup>)</i>	3,597	4,134	(13.0)%	3,641
Average budget including taxes per residential unit <i>(in thousands of euros)</i>	200.0	221.0	(9.5)%	210.0
Average floor area per residential unit <i>(in m<sup>2</sup>)</i>	55.7	53.5	4.1%	57.6
<b>Breakdown of reservations by type of customer (in %)</b>				
Home buyers	28.0%	45.4%		25.8%
Private investors	36.9%	48.3%		42.6%
Institutional investors	35.1%	6.3%		31.6%
<b>Property development backlog and service order book</b>	<b>1,545.9</b>	<b>1,343.4</b>	<b>15.1%</b>	<b>1,508.4</b>
Residential Property Development (incl. subdivisions)	866.0	831.2	4.2%	834.1
Commercial Property Development / Public and Healthcare Amenities Development	653.6	475.2	37.5%	646.2
Order book for Services & Project owner assistance operations	26.3	37.0	(29.0)%	28.1

<sup>1</sup> "Units" means the number of residential units or equivalent residential units (for mixed developments) of any given development.

The number of equivalent residential units is determined by dividing the floor area by type (business premises, shops, offices) by the average floor area of residential units calculated during the preceding quarter.