



PRESS RELEASE

Paris, 23 October 2014

ICADE – 3RD QUARTER 2014 ACTIVITY REVENUES UP BY 12%

- A 33% increase in rental income based on the current scope (+0.2% on a like-for-like basis)
- Signing of a new lease for more than 5,600 sq m of EQHO and advanced negotiations for an additional 10,000 sq m
- A 17% increase in revenues from the Property Development business
- Maintenance of 2014 guidance

1. CONSOLIDATED REVENUE

As at 30 September 2014, Icade's consolidated revenue rose by 12.3% to €1,121.5 billion, compared with €999.0 million as at 31 March 2013. Turnover was up by 2.2% on a like-for-like basis.

| <i>(in millions of euros)</i> | 30/09/2014 | 30/09/2013 Restated^a | 30/09/2013 Published | Change (%) | Change on a like-for-like basis (%) |
|-------------------------------|-------------------|--|---------------------------------|-------------------|--|
| Property Investment | 424.6 | 315.7 | 335.4 | +34.5% | +2.1% |
| Other activities | 696.9 | 683.3 | 766.9 | +2.0% | +2.3% |
| REVENUES | 1,121.5 | 999.0 | 1,102.3 | +12.3% | +2.2% |

^a The principal restatement concerns application from 1 January 2014 of the new IFRS 11 standard relating to joint-venture partnerships.

Icade has applied the new IFRS standards 10 and 11 from 1 January 2014. Companies which were previously subject to the proportional consolidation method are now consolidated using the equity method. One of the main effects of this is to remove from consolidated revenue all income from operations carried out via joint ventures.

Activities which have been restated following application of these new standards are:

- for the Property Investment Division, the Le Millénaire shopping centre (owned in partnership with Klépierre) and the Initiale tower in La Défense;
- the Residential Property Development Division's co-development operations;
- the Commercial Property Development Division's co-development operations (including the Paris North East (PNE) offices project).

In all, around 100 companies, mainly in the Property Development business, have been subject to a change in consolidation method from 1 January 2014.

Revenue for 2013 has therefore been restated to take this into account.



2. PROPERTY INVESTMENT DIVISION

i) Revenue and rental income

The revenue of the Property Investment Division was €424.6 million as at 30 September 2014, up by 34.5% compared with 30 September 2013.

| (in millions of euros) | 30/09/2013 published | 30/09/2013 restated ^a | Change in scope | | Like-for-like basis | | 30/09/2014 | Change on a like- for-like basis (%) |
|---|-------------------------|-------------------------------------|----------------------------------|-----------------------------------|---------------------|--------------------|--------------|--|
| | | | Acquisi- tions/ Deliveries | Disposals/ Restruc- turings | Indexing | Rental business | | |
| Offices in France | 98.7 | 94.7 | 34.5 | (1.5) | 0.5 | 0.1 | 128.3 | 0.6% |
| Business parks ^b | 95.8 | 94.1 | 70.2 | (0.5) | 0.1 | (1.5) | 162.4 | (1.5)% |
| Strategic assets | 194.5 | 188.8 | 104.7 | (2.0) | 0.6 | (1.4) | 290.7 | (0.4)% |
| Alternative assets | 91.4 | 91.4 | 10.0 | – | 1.2 | 0.1 | 102.7 | 1.4% |
| Non-strategic assets^c | 48.8 | 36.9 | – | (10.4) | 0.1 | 0.1 | 26.7 | 0.5% |
| Investment intra-group businesses | (0.1) | (4.0) | (0.5) | | – | (0.1) | (4.6) | – |
| Rental income | 334.6 | 313.1 | 114.2 | (12.4) | 1.9 | (1.3) | 415.5 | 0.2% |
| Other revenues | 0.8 | 2.5 | – | – | – | – | 9.1 | – |
| REVENUES | 335.4 | 315.7 | | | | | 424.6 | |

^a The principal restatement concerns application from 1 January 2014 of the new IFRS 11 standard relating to joint-venture partnerships.

^b Reclassification of the Le Millénaire shopping centre into the business parks category from 1 January 2014.

^c Reclassification of the Mr Bricolage assets into the non-strategic assets category from 1 January 2014.

On a like-for-like basis, rental income was up by 0.2% compared with 30 September 2013 (+€0.6 million).

Changes in scope contributed €101.8 million to this increase, including:

- +€114.2 million resulting from acquisitions/deliveries
 - Silic's rental revenues were classified in the "Acquisitions/deliveries" category. They stood at €98.5 million including €66.1 million for the business parks segment and €32.4 million for the Offices in France segment;
 - investments carried out by Icade Healthcare in 2013-2014 generated additional income of €10.0 million;
 - 100% acquisition of offices in Le Millénaire 5 & 6 from Klépierre contributed €3.8 million;
 - delivery of the Sisley building in Saint-Denis entirely leased to Siemens generated €1.9 million in income over the period.
- – €12.4 million in disposals, particularly of mature assets (Factory) and non-strategic assets in 2013 and 2014

This change represents +€0.6 million on a like-for-like basis, including:

- +€1.9 million resulting from indexation;
- –€1.3 million from rental activity, including –€0.5 million linked to renegotiations in exchange for an extension to the lease term (Club Méditerranée, Agence Régionale de Santé Île-de-France) and –€0.8 million linked to new tenants and tenant departures.



ii) Rental business

As a reminder, the management indicators are presented below in proportion to Icade's stake, as they were for the first time on 31 December 2013.

| Asset classes | Leasable surface area (m ²) | Leased surface area (m ²) | Financial occupancy rate | Index-linked IFRS Rental Income (in millions of euros) | Fixed lease residual duration (years) |
|---------------------------------------|---|---------------------------------------|--------------------------|--|---------------------------------------|
| Offices in France | 580,795 | 484,950 | 85.2% | 178.4 | 4.5 |
| Business parks | 1,471,074 | 1,250,670 | 84.0% | 222.1 | 3.1 |
| Shops | 148,770 | 148,770 | 100.0% | 9.7 | 7.1 |
| Healthcare | 588,326 | 588,326 | 100.0% | 87.1 | 8.8 |
| Warehouses | 88,651 | 72,151 | 82.8% | 2.7 | 2.2 |
| COMMERCIAL PROPERTY INVESTMENT | 2,877,615 | 2,544,866 | 87.1% | 500.0 | 4.8 |

As at 30 September 2013, the financial occupancy rate was 87.1%, down slightly by 0.8 points from 30 June 2014 due to an increase in the vacancy of business parks. Including the leases agreed with KPMG and Banque de France in EQHO would bring the financial occupancy rate of the whole portfolio up to 90.3%, a positive impact of 3.2 points.

New signings

In the 3rd quarter of 2014, Icade signed new leases relating to 23,000 sq m of offices and business parks. The largest of these new leases were:

- 5,018 sq m in the 265 Gardinoux building (Parc des Portes de Paris) let to QVC starting on 1 January 2015 for a fixed term of nine years;
- 1,840 sq m in the Courlis 2 building in Colombes let to Hispano Suiza starting on 12 January 2015;
- 1,778 sq m in the Axe Seine building in Nanterre Seine let to ERDF starting on 10 September 2014;
- 1,474 sq m in the 270 building let to Salvia in the Parcs des Portes de Paris

At the start of October a lease was also signed for EQHO with Banque de France for 5,616 sq m. This will start on 1 September 2015 for a fixed term of nine years. This transaction confirms large users' renewed interest in the La Défense market. EQHO is now 58% let and advanced negotiations are in progress concerning a further 10,000 sq m by the end of 2014.

In total in 2014, new signings related to almost 114,000 sq m and represented an annualised increase in rent of €26.1 million.

Renewals

Lease renewals signed in the 3rd quarter 2014 mainly concern two leases: 1,123 sq m in the Curie building in Antony and 2,006 sq m in the Lys building in Villebon.

In total during 2014, renewed leases represented 47,700 sq m for an average fixed term of five years.



Tenant departures

Departures in the 3rd quarter stood at 20,648 sq m, including 3,130 sq m from non-strategic assets (warehouses).

The largest departures were:

- Fisher & Paykel (1,587 sq m) from the Fushia building in Villebon;
- Avon (1,570 sq m) from the Delta Parc building in Paris Nord;
- TFN (1,474 sq m) from the Nagoya building in Nanterre Seine;
- Socomie (1,168 sq m), a former subsidiary of Silic, from Défense 2 in Nanterre Préfecture. Its employees were transferred to Icade's premises in the Parc du Millénaire.

In total in 2014, departures related to 88,137 sq m and represented an annualised loss of rent of €16.2 million.

Lease expirations by business

As at 30 September 2014, the average fixed term of leases stood at 4.8 years, slightly up compared with 30 June 2014 due to the disposal of the Besançon warehouses, whose remaining lease term was 3.5 years.

For the strategic assets, the fixed term of leases remained stable (4.5 years for offices and 3.1 years for parks).

iii) Investments

Icade has continued to add value to its assets in order to increase the generation of cash flows. The total amount of investments totalled €579.8 million at 30 September 2014.

| Assets | Asset acquisitions | Asset restructuring | Constructions & extensions | Renovation & major maintenance | Total |
|-----------------------------|--------------------|---------------------|----------------------------|--------------------------------|--------------|
| Offices in France | – | 15.4 | 42.5 | 5.1 | 63.0 |
| Business parks | 38.1 | 0.0 | 93.3 | 24.5 | 155.9 |
| Strategic assets | 38.1 | 15.4 | 135.8 | 29.6 | 218.9 |
| Alternative assets | 339.4 | 2.0 | 18.1 | 0.2 | 359.7 |
| Non-strategic assets | – | – | – | 1.2 | 1.2 |
| PROPERTY INVESTMENT | 377.5 | 17.4 | 153.9 | 31.0 | 579.8 |

Asset acquisitions

During the first three quarters, investments related to:

- the acquisition of 50% of offices owned by Klépierre in the Le Millénaire 5 and 6 buildings in Aubervilliers. Icade therefore now owns 100% of these premises;
- the acquisition of three clinics from the Médipôle Sud Santé Group in the Pyrénées-Orientales, seven clinics from Capio Santé and the La Muette clinic in Paris, pursuing the diversification of its rental base while securing its cash flows.



Constructions/extensions of assets

These investments mainly involved:

- offices in France for €42.5 million, with construction costs for the Sisley building in Saint Denis of €11.0 million (delivered in April 2014 and let to Siemens) and the Le Monet building in Saint-Denis of €29.0 million, as well as €2.5 million in research costs for the Campus La Défense project;
- business parks for €93.3 million, with construction expenses for Le Millénaire 3 (€36.4 million), Veolia's head office (€25.4 million), construction of the Québec building in Rungis (€17.3 million) and the Brahms building in Colombes which began operating during the quarter and was let to Alcatel (€14.2 million);
- constructions and extensions by Icade Santé represented €18.1 million with the extension of the Pic Saint-Loup clinic near Montpellier (€1.6 million), the François Chenieux clinic in Limoges (€9.6 million) and the Occitanie clinic near Toulouse (€3.4 million).

Disposals

During the first nine months of the year, asset disposals represented a total of €210 million and mainly related to:

- the Thibet building in Evry and the Strauss and Schubert buildings in Fresnes;
- the Besançon warehouse;
- two Mr Bricolage stores in Saumur and Sablé-sur-Sarthe;
- the office buildings in Munich (58,758 sq m) and Hamburg (9,696 sq m), as well as two plots in Berlin; and
- the CRES and Cap Club Hotel buildings in Cap Breton.

iv) Guidance

The Property Investment Division's results for the first three quarters allow Icade to maintain its guidance of stable Property Investment EPRA Earnings for 2014.

3. OTHER ACTIVITIES

| <i>(in millions of euros)</i> | 30/09/2014 | 30/09/2013 restated ^a | 30/09/2013 published | Change (%) | Change on a like-for-like basis (%) |
|-------------------------------|--------------|-------------------------------------|-------------------------|---------------|--|
| Development Division | 680.9 | 661.1 | 752.0 | +3.0% | +3.0% |
| Services Division | 31.1 | 34.8 | 34.8 | (10.5)% | (5.0)% |
| Inter-business | (15.2) | (12.6) | (19.9) | +20.1% | +20.1% |
| REVENUES | 696.9 | 683.3 | 766.9 | +2.0% | +2.3% |

^a Application from 1 January 2014 of the new IFRS 11 standard relating to joint-venture partnerships.

i) Property Development Division

The Property Development division recorded revenue of €680.9 million as at 30 September 2014, an increase of 3.0% compared with 30 September 2013.



| <i>(in millions of euros)</i> | 30/09/2014 | 30/09/2013 restated^a | 30/09/2013 published | Change (%) |
|---|-------------------|--|---------------------------------|-----------------------|
| Residential Property Development | 550.6 | 471.5 | 491.4 | +16.8% |
| Commercial Property Development | 130.3 | 189.6 | 260.7 | (31.3)% |
| REVENUES | 680.9 | 661.1 | 752.0 | +3.0% |

^a Application from 1 January 2014 of the new IFRS 11 standard relating to joint-venture partnerships.

Residential Property Development

| Main indicators | 30/09/2014 | 30/09/2013 | Change (%) |
|--|-------------------|-------------------|-----------------------|
| Reservations | | | |
| . in numbers (housing units and lots) | 2,554 | 2,608 | (2.1)% |
| . in value (millions of euros) | 526.2 | 571.0 | (7.9)% |
| Withdrawal rate | 20.2% | 25.9% | (21.9)% |
| Disposal rate | 6.6% | 6.5% | +1.5% |
| Backlog | | | |
| . in projected value (millions of euros) | 865.0 | 1,083.0 | (20.1)% |
| Land portfolio | | | |
| . in numbers (housing units and lots) | 7,668 | 6,598 | +16.2% |
| . in projected value (millions of euros) | 1,625.9 | 1,457.0 | +11.6% |

The residential market is continuing a downward trend in terms of prices. Measures announced by the government (relaxing of rent controls and the “Pinel law” tax scheme to promote investment) should increase the size of the rental investment market, although without any significant effect before 2015.

Revenue from Residential Property Development stood at €550.6 million as at 30 September 2014, up by 16.8% compared with 30 September 2013 thanks to ramp-up of the Paris North East (PNE) project (Paris 19th – Mac Donald: 1,126 lots) and efficient management of worksites during the first nine months of the year.

These results allow Icade to maintain its residential property development targets for 2014 (resilient revenues and stable margin), considering contracts already signed and those to be finalised before the end of the year.

As at 30 September 2014, reservations stood at 2,554 lots (855 of which, approximately 33.5%, were reserved in block by institutional investors) for turnover of €526.2 million, compared with 2,608 lots for €571.0 million as at 30 September 2013, representing a 2.1% decrease in the number of lots and a 7.9% decrease in amount.

The Residential Property Development business’s backlog decreased by 20.1% compared with 30 September 2013, to stand at €865 million as at 30 September 2014. This fall, like that in reservations, is concentrated in the Île-de-France region where the market has suffered a considerable slowdown since the start of 2014.

The portfolio of homes and construction plots stands at 7,668 lots, up by 16.2% compared with the end of September 2013, for potential revenue estimated at €1,626 million.



Commercial Property Development

Turnover from the Commercial Property Development business (offices, shopping centres and public infrastructure-healthcare) amounted to €130.3 million as at 30 September 2014, i.e. a fall of 31.3% compared with 30 September 2013. This decline is explained by the past delivery of several large-scale operations (Joinville Urbagreen, Saint-Denis Landy, Lyon Opale, PNE Bureaux and Vincennes Zoo).

New revenue is however expected from the forthcoming sale of “Le Garance”. In last June, Icade signed an off-plan lease with the French Government (Ministry of the Interior) for this building to be delivered during the first half of 2015, which achieved its full letting. This lease contains an option to buy for the Government, which could lead to a sale and the recognition of the corresponding revenue before the 2014 year end.

The residential property development backlog stood at 413 million euros as at 30 September 2014, compared with 358.7 million euros as at 30 September 2013. This 13.1% is mainly the result of a real-estate development contract signed with AG2R La Mondiale for construction of Panorama T6. This 16,000 sq m complex will be the first “bridge building” in Paris, spanning the railway lines at the Gare d’Austerlitz in the ZAC Paris Rive Gauche. The works phase has just been launched, with delivery planned for 2018.

As at 30 September 2014, Icade’s project portfolio in the Commercial Property sector covered 1,077,499 sq m, consisting of 312,535 sq m for projects underway and 764,964 sq m for projects at the initial development stage.

ii) Services Division

| <i>(in millions of euros)</i> | 30/09/2014 | 30/09/2013 | Change (%) | Change on a like-for-like basis (%) |
|----------------------------------|------------|------------|------------|-------------------------------------|
| PROPERTY MANAGEMENT | 24.2 | 23.1 | +4.4% | +4.4% |
| CONSULTANCY AND SOLUTIONS | 7.2 | 9.9 | (27.3)% | (27.3)% |
| Intra-business services | (0.2) | (0.2) | +17.9% | +17.9% |
| Businesses sold | – | 1.9 | – | – |
| REVENUES | 31.1 | 34.8 | (10.5)% | (5.0)% |

Revenues from the Services Division stood at €31.1 million as at 30 September 2014 compared with €34.8 million as at 30 September 2013. This is mainly due to the effects of changes in scope. The sale in 2013 of the subsidiary specialised in managing security and remote surveillance services, Suretis, led to a loss in revenue of €1.9 million.

Revenue on a like-for-like basis is down by 5.0% compared with 30 September 2013 mainly linked to a significant reduction in transaction consultancy activity.

4. FINANCING

During the 3rd quarter 2014, Icade expanded the diversity of its financing sources by launching a commercial paper programme.

This short-term funding method has the advantage of costing little and affording access to a new market of short-term investors, which allows for better management of needs. The programme, which has a cap of €400 million, raised more than €186 million during

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the quarter, leaving flexibility for future issues. The programme is rated A2 by Standard & Poor's.

Next event

2014 annual results: 17 February 2015 after markets close.

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ABOUT ICADE

Icade is a listed company, a subsidiary of the Caisse des Dépôts and a major player in Greater Paris and regional development, capable of providing comprehensive, sustainable and innovative solutions that are tailored to customer needs and the challenges of tomorrow's cities. Leading commercial real estate company in Europe, Icade recorded an EPRA Earnings of €214 million in 2013. On 30 June 2014, its EPRA triple net asset value stood at €5.419 billion, or €73.2 per share.

The text of this press release is available on the Icade website: www.icade.fr.

CONTACTS **Nathalie Palladitcheff**, Member of the executive board, in charge of finance, legal matters and IT
Tel.: +33 (0)1 41 57 72 60
nathalie.palladitcheff@icade.fr

Julien Goubault, Deputy chief financial officer, in charge of financing, corporate and investor relations
Tel.: +33 (0)1 41 57 71 50
julien.goubault@icade.fr