

Paris, February 17, 2010

**Profits significantly up by 69% at 31 December 2009  
and a revalued net asset value that is resilient**

On 31 December 2009, Icade published net profit (group share) of 527 million euros, up by 69% compared to 31 December 2008, the result of the strategy implemented for the last 2 years consisting of extracting the capital gain from mature assets and using these resources to acquire immediate and antilutative cash-flow.

In 2009, in a difficult economic situation, Icade has:

- begun the sale of its housing portfolio, to reinvest in commercial property at the bottom of the cycle. In 2009 and 2010, Icade will have made block sales of housing units for more than 2 billion euros for a yield of about 4% and acquired Compagnie la Lucette (1.5 billion euros of assets on 30 June 2009, mainly offices located in the most dynamic zones in Ile-de-France) for an attractive implicit yield of about 8%;
- restructured the scope of its business, selling two of its main subsidiaries in property services, property-management for individuals and facility management (combined turnover of 100 million euros in 2008 - about 1,000 employees), and merged with its subsidiary SIICINVEST;
- prudently handled the residential property development business, allowing the recovery of provisions in 2009 following the review of the marketing potential for certain operations.

Icade's portfolio of assets, now mainly made up of offices and business parks, offers high visibility in terms of cash-flow and an improved yield/risk ratio.

- On 31 December 2009, consolidated turnover was down by 6% to 1,506 million euros, essentially in-line with the sales of housing units and the "property management for individuals" and "facility management" businesses.
- The EBITDA of the property investment division reached 286 million euros, up by 5% compared to 31 December 2008, because of the very good performance of the commercial property division. In total, EBITDA stood at 302 million euros on 31 December 2009, down by 10% compared to 31 December 2008, because the profitability of the property development division dropped, as expected.
- Operating income (OI) reached 665 million euros, up by 49% compared to 31 December 2008, a consequence of an active policy of arbitrage of mature assets in housing and commercial property.
- Net current cash-flow per share, as expected, was down by 11% at 3.77 euros per share on 31 December 2009 because of the drop in EBITDA, despite a cost of debt that remained almost stable.
- The value of assets stood at 5,804 million euros on 31 December 2009, down by 10.3% on a like-for-like basis, demonstrating the resilience of Icade's asset portfolio. Given a prudent valuation of the property development and services business, the portfolio discount on residential property, and the variation, limited to -2.3% on a like-for-like basis, of the commercial portfolio in the second half-year 2009, revalued net asset liquidation value stood at €84.5 per share on 31 December 2009, slightly down, by 2.8%, compared to 30 June 2009.

*This presentation does not take into account financial indicators to 31 December 2009 of the company La Lucette, a quoted company in which Icade has acquired a 95% stake, which will publish its accounts on 5 March 2010 and which will be consolidated in 2010.*

(in millions of euros)	31/12/2009	31/12/2008	Variation
<b>Turnover</b>	<b>1,505.6</b>	<b>1,598.7</b>	<b>(5.8)%</b>
<b>EBITDA</b>	<b>302.3</b>	<b>335.2</b>	<b>(9.8)%</b>
<b>Profit/loss from disposals</b>	<b>533.2</b>	<b>296.2</b>	<b>80.0%</b>
<b>Operating profit/loss</b>	<b>665.1</b>	<b>446.8</b>	<b>48.9%</b>
<b>Financial profit/loss</b>	<b>(100.2)</b>	<b>(99.1)</b>	<b>1.1%</b>
<b>Tax charge</b>	<b>(34.4)</b>	<b>(31.2)</b>	<b>10.5%</b>
<b>Net profit group share</b>	<b>527.1</b>	<b>312.5</b>	<b>68.6%</b>
<b>Net current cash-flow</b>	<b>183.9</b>	<b>206.3</b>	<b>(10.8)%</b>
<b>Net current cash-flow per share</b>	<b>3.77€</b>	<b>4.23€</b>	<b>(10.9)%</b>
<b>Average no. of shares</b>	<b>48,766,616</b>	<b>48,744,985</b>	

## Turnover

Turnover stood at 1,505.6 million euros on 31 December 2009, down by 5.8% compared to 31 December 2008. The drop is mainly explained by the disposals that took place during the year ("property management for individuals" and "facility management" businesses, and the housing portfolio) and a slight drop of 4.4% in the property development division. This drop is limited by the growth by 14.2% in the turnover of commercial property investment division.

(in millions of euros)	31/12/2009	31/12/2008	Variation
<b>Turnover</b>			
Property investment	421.8	409.4	3.0%
Property development	1,091.8	1,142.3	(4.4)%
Property services	151.0	204.1	(26.0)%
Others *	(159.0)	(157.0)	1.3%
<b>Total Turnover</b>	<b>1,505.6</b>	<b>1,598.7</b>	<b>(5.8)%</b>

\* "Other activities" consist of so-called "head office" charges and eliminations of intra-group operations

The 3% growth in the turnover of the property investment business forms part of Icade's strategy of moving its assets towards commercial property. The effect of the reduction in rents, corresponding to the sale of assets from Housing (-18.1 million euros), is compensated by income over the full year from the premises containing clinics that were acquired in the 2<sup>nd</sup> half-year 2008 (+20.8 million euros) and by the indexing of rents of commercial property assets at 4.3% (+9.6 million euros). In total, rents increased by 3.4% on a like-for-like basis in 2009.

The turnover of the Property Development division was down by 4.4% compared to 2008. The two main factors in the slowdown in the business in 2009 were the end of work for the Odysseum shopping centre, which was delivered in September, and the limited number of commercial property transactions that were initiated, to adapt to a declining market. Simultaneously, the residential-property development business recovered slightly under the effect of government stimulus measures. Public and Healthcare Amenities had sustained activity in relation to the progress of several large-scale transactions including the hospitals at Saint-Nazaire and Nancy and the schools in French Guiana.

The drop in turnover for the Property Services division is essentially explained by the exit of the "Property Management for individuals" and "Facility Management" businesses, which ceased contributing to Icade's consolidated turnover in the 2<sup>nd</sup> half-year 2009.

## EBITDA

EBITDA stood at 302.3 million euros on 31 December 2009 against 335.2 million euros on 31 December 2008. It is broken down between Investment (95%), Development (15%), 1% for Services and 11% for sundry.

(in millions of euros)	31/12/2009	31/12/2008	Variation
<b>EBITDA</b>			
Property investment	285.7	273.2	4.6%
Property development	45.7	87.9	(48.0)%
Property services	3.7	11.9	(68.7)%
Others*	(32.8)	(37.8)	(13.2)%
<b>Total EBITDA</b>	<b>302.3</b>	<b>335.2</b>	<b>(9.8)%</b>

\*Other activities consist of so-called "head office" charges and elimination of intra-group operations

The increase in EBITDA for the Property Investment division is a result of actions carried out by Icade to focus on its portfolio of property assets. The good performance of the Commercial Property division largely compensates for the drop in the contribution of the Residential Property division. The average rate of EBITDA / Turnover for the Property Investment business increased by one point to reach 67.7%. The average rates for the Commercial Property and Residential Property divisions were respectively 86.3% and 42.6% on 31 December 2009.

The EBITDA of the Property Development division, in percentage of turnover, was down by 3.5 points between 2008 and 2009, standing at 4.2%. This is explained essentially by the lesser contribution of service-sector and commercial transactions and the drop in the profitability of housing. The average gross margin of Housing Development stood at 17.9% in 2009, down by 4.6 points compared to 2008, mainly under the impact of drops in prices agreed at the ends of programmes, and block sales.

The reduction in the EBITDA of the Property Services division resulted from the negative contribution of 2.9 million euros from divested activities, a drop in business-related financial income of 1.5 million euros caused by the drop in interest rates, and a slowdown in the volume of transactions related to the unfavourable economic climate in 2009.

## Operating profit/loss

Operating profit totalled 665.1 million euros at 31 December 2009, compared with 446.8 million euros at 31 December 2008, representing a 48.9% increase.

(in millions of euros)	31/12/2009	31/12/2008	variation
<b>Operating profit/loss</b>			
Property investment	646.9	443.4	45.9%
Property development	45.0	26.4	70.8%
Property services	2.6	9.2	(72.0)%
Others*	(29.5)	(32.2)	(8.5)%
<b>Total Operating profit</b>	<b>665.1</b>	<b>446.8</b>	<b>48.9%</b>

\*Other activities consist of so-called "head office" charges and elimination of intra-group operations

This net increase of 218.3 million euros is the result of a policy of active arbitration of mature assets and breaks down mainly as follows:

- A greater number of sales of housing assets, 6,959 housing units on 31 December 2009 (including 6,698 as a block at an average price of 1,479 €/sq metres and 261 by units at an average price of 2,018 €/sq metres) against 5,164 on 31 December 2008. Capital gains, net of disposals, have thus increased by 226.4 million euros, reaching 488.8 million euros on 31 December 2009.
- The capital gain on disposal of 2 Haussmann buildings (avenue de Friedland and avenue des Champs Elysées), sold at a slight premium compared to the appraisal values of 30 June 2009, and a

business building in Frankfurt, Germany, totalled 48.2 million euros (+27.8 million euros compared to 2008).

- Charges related to loss of value and asset disposal from the Property Investment business totalled 82.3 million euros on 31 December 2009, up by 69.2 million euros compared to 2008. These provisions essentially covered assets acquired in 2006 and 2007, those being restructured, for which marketing is not yet finalised (36.3 million euros for the Tour Descartes, 15.5 million euros for the building at Rueil-Malmaison and 18.0 million euros for several assets in business parks).
- The impacts related to fluctuations in value from the Property Development Division consisting of a net reversal of provisions of 15.8 million euros on 31 December 2009, while in 2008, net charges of 44.9 million euros were recognised, essentially to cover the risks related to the real-estate portfolio and pre-marketing operations concerning Housing Development. Concerning the provisions constituted in 2008, 20.9 million euros were reversed following the abandonment of 31 transactions and the review of the marketing potential of 23 transactions. At the same time, 5.1 million euros of new provisions were constituted at the end of 2009.
- The change in depreciation charges, which went from (123.5) million euros at 31 December 2008 to (117.8) million euros at 31 December 2009.

### Net profit

Net profit group share reached 527.1 million euros (10.81 euros per share) against 312.5 million euros on 31 December 2008 (6.41 euros per share), up by 69%.

A proposal will be made to the Annual General Meeting on 15 April 2010 for the distribution of a dividend of 3.25 euros per share, representing 167.8 million euros, stable compared to 2008. The dividend will be paid on 30 April 2010. This dividend represents a rate of distribution of 87% of the net current cash-flow per share for Icade in 2009 (3.77 euros) against 77% in 2008 (4.23 euros). Although it had indicated that the change in the dividend would follow that of the net current cash-flow, Icade is proposing a stable dividend to assert its confidence in its medium-term prospects.

In the second half-year 2010, a proposal will be put to Icade's Board of Directors to decide on the distribution of an exceptional advance-payment of at least 4 euros, after the actual completion of the disposal of housing units announced under the memorandum of understanding signed with the social-housing organisations on 13 November 2009. This advance payment would be made in the final quarter of 2010.

### Net current cash-flow

Net current cash-flow per share was down by 11% at 3.77 euros per share on 31 December 2009 mainly because of the drop in EBITDA of the Property Development division, despite a cost of debt that remained almost stable.

(in millions of euros)	31/12/2009	31/12/2008	Variation
<b>EBITDA</b>	<b>302.3</b>	<b>335.2</b>	<b>(9.8)%</b>
Financial profit/loss	(100.2)	(99.1)	1.1%
Effect of non-discounting exit tax	5.0	8.7	(42.8)%
<b>Current financial profit/loss</b>	<b>(95.2)</b>	<b>(90.4)</b>	<b>5.3%</b>
Corporation tax *	(34.4)	(31.2)	10.5%
Tax on capital gains on transferred assets and exit tax charge	0.0	12.1	(100.0)%
Tax on allocation for client contract depreciation provisions and net allocation for reversal of property provisions – Property Development Division **	2.5	(19.6)	(111.2)%
Tax on capital gains from sale ***	8.7	0.2	
<b>Current corporation tax</b>	<b>(23.2)</b>	<b>(38.5)</b>	<b>(39.7)%</b>
<b>Net current cash-flow</b>	<b>183.9</b>	<b>206.3</b>	<b>(10.8)%</b>

\* The corporation tax results both from the Property Development and Property Services divisions and from Icade's "Holding" activity

\*\* Provision for depreciation in 2008 (45.7 million euros) vs reversal of provision net of allocation in 2009 (20.2 million euros)

\*\*\* Including, in 2009, corporate tax on capital gain on disposal of non-SIIC affiliated companies

## Revalued net asset value

Group assets stood at 5,803.9 million euros excluding rights against 6,952.3 million euros at the end of 2008, a variation of -1,148.4 million euros over 2009 (-16.5%). On a like-for-like basis, meaning after neutralising investments and disposals for the year, the annual variation in portfolio value stands at -626.9 million euros, i.e. a reduction limited to 10.3% compared with 31 December 2008 because of the very good performance of the commercial assets (drop by 2.3% on a like-for-like basis during the second half-year 2009).

At 31 December 2009, the Liquidation NAV, Group share, totalled 4,129.6 million euros, that is 84.5 euros per share, fully diluted, very slightly down compared to the second half-year 2009 (-2.8%).

(in millions of euros)	31/12/2009	30/06/2009	31/12/2008	Variation 31/12/09 / 30/06/09
Group share of replacement NAV	4,444.7	4,609.4	5,351.7	(3,6%)
Replacement NAV per share (Group share - fully diluted in €)	91.0 €	94.6 €	109.8 €	(3,8%)
Group share of liquidation NAV	4,129.6	4,236.6	4,954.1	(2,5%)
<b>Liquidation NAV per share (Group share - fully diluted in €)</b>	<b>84.5 €</b>	<b>86.9 €</b>	<b>101.6 €</b>	<b>(2,8%)</b>

Number of diluted shares for calculation of Revalued Net Asset Value per share at 31/12/2009: 48,851,614

## Debt

(in millions of euros)	31/12/2009	30/06/2009	31/12/2008
Net financial debt	2,075.5	2,717.6	2,458.8
Appraisal values of property companies	5,803.9	6,424.0	6,952.3
<b>Loan to value (LTV)</b>	<b>35.8%</b>	<b>42.3%</b>	<b>35.4%</b>

At 31 December 2009, Icade's net debt stood at 2,075.5 million euros (against 2,458.8 million euros on 31 December 2008).

The main financing operations over 2009 were as follows:

- renewal and/or setting up of 260 million euros in short term lines of credit
- renewal and/or setting up of several lines of bilateral banking credit for a total amount of 243 million euros

These lines have an average spread of 140 basis points.

Icade is backed by very good access to liquidity. Over 360 million euros of non-drawn down lines of credit were available at 31 December 2009 to ensure the Group's needs. The average cost of debt stood at 4.23% on 31 December 2009 for an average maturity of 4 years.

The loan to value (LTV) ratio, which is calculated using the conservative method as the ratio between the group's net debt on all business activities including funding development and service operations and the appraisal value of the assets (excluding rights) of the property investment division, was 35.8 % at 31 December 2009 compared with 35.4 % at 31 December 2008.

## **Key facts 2010**

Icade has indicated that it is in advanced stage negotiations for lease an area of 7,300 sq metres on the top three floors of the H<sub>2</sub>O building at Rueil-Malmaison. With a total 21,600 sq metres space and 450 parking spaces, H<sub>2</sub>O was acquired by Icade in 2006 and has undergone substantial renovation. It was delivered in October 2009.

A 9-year lease was signed in February 2010 with the IFOP group for an area of 2,600 sq metres in the Millénaire 2 building. Icade has indicated that it is in advanced stage negotiations for lease of the remainder of the available space in this building, enabling a 100% occupation rate.

These successes are the result of an active lease management policy which has been in place for 2 years.

## **Outlook**

**In the short term,** Icade will continue its two year old strategy of moving its assets towards commercial property:

- incorporation of Compagnie la Lucette, which is highly antidilutive concerning cash-flows. This will allow Icade to consolidate its position as a key property-investment company in French commercial property, with the second-largest portfolio of offices among Property Investment companies listed in France
- the completion of the sales of housing units in 2010 under the memorandum of understanding signed with the social-housing organisations will allow proactive distribution of dividends
- the sale of mature assets, particularly in Germany, with limited value creation potential
- the control of LTV (no debt problems) allows the retention of margin for manoeuvre for the completion of new operations that are antidilutive for cash-flow

**In the medium term,** the prospects for creating value are attractive and are related:

- to a pipeline of nearly a billion euros. This pipeline of identified and committed investment projects, for a sum of about 0.9 billion euros, characterises Icade's willingness to rely on the expertise of its commercial property development business to develop projects which generate future cash-flows and which create value in the medium term. It comes with an average gross return of 6.6% excluding capex.
- to the expected recovery in the property-development market
- to the development of business parks, which are significant growth opportunities, with land reserves of about 80 hectares ideally located in the north-east of Paris and integrates perfectly within the context of the Greater Paris project. The control of these unique property reserves will allow Icade to develop in accordance with the requirements of the market.

## **Forthcoming events**

Annual General Meeting: 15 April 2010, at 9:30 am, at Icade, Millénaire 1

## **About Icade**

Icade is a listed real-estate company, subsidiary of the Caisse des Dépôts, which carries out business activities in property investment, development and related services in the offices, business parks, shopping centres, public-healthcare amenities and housing sectors. Expertise in its different business lines means that Icade is able to provide its clients with personalised solutions and act in respect of all the current concerns of the property sector. In 2009, Icade reported consolidated turnover of 1,506 million euros and net current cash-flow of 184 million euros. At 31 December 2009, the revalued liquidation net asset value rose to 4,130 million euros, i.e. 84.5 euros per share.

*This press release does not constitute an offer or a solicitation to sell or exchange securities, nor a recommendation to subscribe to, purchase or sell Icade securities. The distribution of this press release may be limited in certain countries by legislation or regulations. Persons who consequently enter into possession of this press release are required to inform themselves of and respect these restrictions. To the fullest extent permitted by applicable law, Icade declines all responsibility or liability for the violation of such restrictions by any persons whatsoever.*

*Serge Grzybowski will present the 2010 annual results to analysts on 18 February at 8.30 am. The slide show will be available via the following links:*

In French: <http://www.icade.fr/fo/fr/category/finance.icade-ex-icade-emgp.presentations-financieres.do>

In English: <http://www.icade.fr/fo/en/category/finance.icade-ex-icade-emgp.presentations-financieres.do>

Participants wishing to listen to the conference in French or in English should register in advance via the links below:

for the French version: <https://eventreg2.conferencing.com/webportal3/reg.html?Acc=442938&Conf=200759>

for the English version: <https://eventreg2.conferencing.com/webportal3/reg.html?Acc=442938&Conf=200760>

*All participants will receive a participant's access code, the conference access code and the telephone number to call along with instructions to join the conference.*

Participants who prefer not to pre-register using the links above are advised to call between 10 and 15 minutes prior to the start of the conference. This will allow the information needed to be obtained and ensure that the conference starts on time. The telephone numbers are as follows:

France: +33 (0) 1 70 99 32 12

UK: +44 (0) 20 71 62 01 77

Reference code: 856917

***The recording of this presentation in French or in English will be available for 10 days from 18 February 2010 through to midnight on 28 February 2010.***

*Connection details to listen again are:*

*+33 (0) 170993529 -- France Paris*

*020 7031 4064 -- UK London*

*Access Code: 856917 French version*

*Access Code : 569178 English version*



# Annexes

## I- CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET AT 31 DECEMBER 2009

(in millions of euros)	31 December 2009	31 December 2008
Turnover	1,505.6	1,598.7
EBITDA	302.3	335.2
<i>In % of turnover</i>	<i>20.1%</i>	<b>21.0%</b>
Depreciation charges net of investment grants	(117.8)	(123.5)
Charges and reversals related to impairment of tangible, financial and other current assets	(52.6)	(61.2)
Profit/loss from disposals	533.2	296.2
Impairment of consolidated goodwill and intangible assets	0.0	0.1
Operating profit/loss	665.1	446.8
Financial profit/loss	(100.2)	(99.1)
Profit tax	(34.4)	(31.2)
Net profit	535.4	317.6
Net profit group share	527.1	312.5
Net current cash-flow	183.9	206.3
<b>Data per share in euros</b>		
<b>Number of shares in circulation diluted used in the calculation</b>	<b>48,766,616</b>	<b>48,744,985</b>
<b>Group share of net diluted earnings per share</b>	<b>10.81 €</b>	<b>6.41 €</b>
<b>Net current cash-flow per diluted share</b>	<b>3.77 €</b>	<b>4.23 €</b>

(in millions of euros)	31/12/2009	31/12/2008
<b>ASSETS</b>		
Net consolidated goodwill	84.2	141.4
Net intangible assets	17.0	32.4
Net tangible assets	139.2	463.3
Net investment properties	3,045.5	3,027.7
Non-current securities available for sale	111.7	19.9
Securities consolidated by the equity method	6.1	0.7
Other non-current financial assets	20.1	58.5
Deferred tax assets	16.8	19.6
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,440.6</b>	<b>3,763.5</b>
Inventory and goods in process	385.0	391.0
Trade debtors	420.1	399.6
Amounts due by customers (building contracts and off-plan sales)	157.9	186.9
Tax receivable	4.0	27.5
Miscellaneous receivables	471.1	646.3
Current securities available for sale	0.1	0.7
Other current financial assets	97.7	61.6
Cash and cash equivalents	709.3	656.1
Assets intended to be sold	309.7	25.5
<b>TOTAL CURRENT ASSETS</b>	<b>2,554.9</b>	<b>2,395.2</b>
<b>TOTAL ASSETS</b>	<b>5,995.5</b>	<b>6,158.7</b>

<b>LIABILITIES</b>		
<b>Capital and reserves - Group share</b>	<b>1,809.9</b>	<b>1,468.9</b>
Minority interests	10.5	10.1
<b>CAPITAL AND RESERVES</b>	<b>1,820.4</b>	<b>1,479.0</b>
Non-current provisions	50.5	53.7
Non-current financial accounts payable	2,421.3	2,539.1
Tax payable	2.7	57.5
Deferred tax payable	5.5	26.9
Other non-current financial liabilities	155.2	140.5
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,635.2</b>	<b>2,817.7</b>
Current provisions	34.6	41.8
Current financial accounts payable	445.6	605.1
Tax payable	97.7	81.9
Trade creditors	464.7	434.4
Amounts due to customers (building contracts and off-plan sales)	17.7	63.7
Miscellaneous current payables	446.3	628.9
Other current financial liabilities	33.3	6.2
Liabilities intended to be sold	0.0	0.0
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,539.9</b>	<b>1,862.0</b>
<b>TOTAL LIABILITIES AND CAPITAL AND RESERVES</b>	<b>5,995.5</b>	<b>6,158.7</b>

<b>Revalued net asset value (in millions of euros)</b>	<b>31/12/2009</b>	<b>30/06/2009</b>	<b>31/12/2008</b>
Group share of replacement NAV	4,444.7	4,609.4	5,351.7
Replacement NAV per share ( Group share - fully diluted in €)	91.0 €	94.6 €	109.8 €
Group share of liquidation NAV	4,129.6	4,236.6	4,954.1
Liquidation NAV per share (Group share - fully diluted in €)	84.5 €	86.9 €	101.6 €

<b>(in millions of euros)</b>	<b>31/12/2009</b>	<b>30/06/2009</b>	<b>31/12/2008</b>
Net financial debt	2,075.5	2,717.6	2,458.8
Appraisal values of property companies	5,803.9	6,424.0	6,952.3
<b>Loan to value (LTV)</b>	<b>35.8%</b>	<b>42.3%</b>	<b>35.4%</b>

## II - ANALYSIS AND COMMENTARY ON BUSINESS AND RESULTS

### A - ACCOUNTING POLICIES / SCOPE OF CONSOLIDATION

The consolidated financial statements of the Icade group ('the group') are established as of 31 December 2009 in accordance with international accounting standards (IFRS) as adopted in the European Union in application of European regulation n° 1606/2002 dated 19 July 2002. They were adopted by the meeting of the Board of Directors of ICADE on 17 February 2010. The consolidated financial statements published by the group on 31 December 2008 were finalised according to the same principles and methods, with the exception of what is stated in 1.1 of the appendix to the consolidated accounts.

At 31 December 2009 the scope of consolidation includes 350 companies, 73 of which are active in Property Investment, 259 in Property Development and 18 in Property Services.

A list of the fully and proportionally consolidated companies and companies consolidated by the equity method is set out in note 37 Companies in the consolidation of the consolidated appendix.

### B - HIGHLIGHTS - 2009

2009 was characterised by the continued transformation of Icade under the SIIC (listed property investment companies) regime adopted in 2007. Despite the difficult market conditions, several operations were implemented under the developer-REIT model.

Icade, through these transactions, is accelerating the process of moving its assets towards commercial property (commitment to dispose of a significant share of its housing portfolio) and is continuing the development of its commercial assets (merger committed with Compagnie la Lucette). At the same time, Icade is refocusing its services business and during the summer 2009 sold two of its main property services subsidiaries, Icade Administration de Biens and Icade Eurogem.

**Continuation of the transition of Icade's assets to commercial property** - commitment to sell of a significant share of the housing portfolio:

- Signature, on 13 November 2009, of a memorandum of understanding with a consortium made up of the Société Nationale Immobilière (SNI, subsidiary of the Caisse des Dépôts), major local public-housing authorities and social investors in the Paris region.
- To this end, some of the promises of sale should be signed during the first half-year 2010. The promises of sale remain subject to the conditions precedent that are usual in matters of property and funding. The SNI vouches for the signature of these promises by members of the consortium until 31 March 2010. Disposals in 2010 covered 22,404 housing units.
- This agreement also provides for the contribution by Icade of 4,745 housing units to ad hoc structures made up with the SNI. These structures shall be managed by the SNI and the transferred assets shall be sold over time.
- Only housing units under joint-ownership (1,553 units at 31 December 2009) are not concerned by this agreement. These housing units shall be retained by Icade, which shall continue to dispose of them.
- Also, the consortium has pledged to retain staff attached to these assets, as well as administrative personnel necessary for managing them.

**Major development in Icade's commercial property assets** - merger between Icade and Compagnie la Lucette:

- On 23 December 2009, a memorandum of understanding was signed between Icade and MSREF Turque SARL for Icade to take over the entire investment held by MSREF (94.5% of its

capital) in Compagnie la Lucette, a real-estate company listed in compartment B of Euronext Paris, which has opted for SIIC status.

- On 24 December 2009, acquisition by Icade of 35% of the capital of Compagnie la Lucette for the sum of 90.2 million euros (including fees).
- Compagnie la Lucette is one of the main office real-estate companies in France, whose assets, mainly composed of high-quality office buildings within the most sought-after business districts in the Ile-de-France, stood at about 1.5 billion euros on 30 June 2009.
- The takeover of Compagnie la Lucette confirms Icade's move towards commercial property, while meeting all of its reinvestment criteria:
  - A high-quality commercial property portfolio that complements Icade's assets;
  - An attractive average rental yield implicit in the transaction, with long-term leases in place;
  - A property asset management team of recognised quality that is complementary to Icade's teams.
- This takeover is structured in 3 main stages, which are described in "Events after closure".

Continued investments in projects under development in commercial real estate, including:

- 90.5 million euros for the Shops and Shopping Centres business:
  - 25.6 million euros for the Odysseum centre, developed in partnership with Klépierre, located in Montpellier, for which marketing is totally finished. The customer catchment area is 750,000 persons. The main brand names present are Darty, Nature & Découverte and Sephora,
  - 53.3 million euros for the Millénaire centre at Aubervilliers, developed in partnership with Klépierre, for which marketing has successfully begun. The hypermarket Carrefour has already signed for 4,100 m<sup>2</sup>,
  - 11.6 million euros for the property premises of Mr. Bricolage, acquisitions made in accordance with the agreement with the Mr. Bricolage group, in support of their expansion.
- 123.0 million euros for the construction, extension or restructuring of office assets:
  - 69.2 million euros for the Metropolitan project in Villejuif, entirely pre-let to LCL who will install its operational head office over 61,700 m<sup>2</sup> of offices, and for which delivery shall take place between October 2008 and October 2011.
  - 22.7 million euros of renovation works for the office building in Rueil Malmaison. These renovation works, which began in May 2008, were completed in autumn 2009.
  - 19.6 million euros essentially for the construction of the office building in Munich of 19,311 m<sup>2</sup>, pre-let to Ernst & Young; handover is scheduled for October 2010,
  - 8.7 million euros for the completion of warehouses located at Strasbourg and at Saint Quentin Fallavier (Isère) covering a total surface of 68,000 m<sup>2</sup>. These assets, delivered respectively in February and October 2009, are currently being marketed. Their financial occupancy was respectively 17% and 26% on 31 December 2009.
- Furthermore, in accordance with contracts signed with several groups which operate clinics, 129.2 million euros was invested during the year. These investments strengthen Icade's position as reference player in the healthcare amenities sector and consolidate the recurrent income of this activity.

Arbitrage of assets considered mature - divestiture of 2 buildings during the second half-year 2009:

- As part of its arbitration policy covering its assets, consisting of selecting assets that are considered mature, that no longer allow the creation of value, that have no reversion potential and that have a probability of significant capital gains on sale, Icade sold
  - on 31 October 2009, a building located at 3-5, avenue de Friedland, in Paris (8<sup>th</sup>).
  - on 31 December 2009, a building located at 114, avenue des Champs-Élysées, in Paris (8<sup>th</sup>).

Refocusing the Services Division:

- Disposal, on 30 June 2009, of Icade Administration de Biens, a company grouping all of Icade's property management activities for individuals, to Procivis Immobilier, a subsidiary of CIF. The sale price stood at 21.6 million euros. On this basis, this sale has generated a capital gain of 3.1 million euros. With some 450 employees, in 2008 Icade's property management business for individuals generated turnover of 37 million euros, for an EBITDA of some 2 million euros. The company was deconsolidated with effect from 30th June 2009.
- The sale on 26 August 2009, to the TFN group, of Icade Eurogem, a company specialised in Facility Management, for 18 million euros, thus generating capital gain of 1.4 million euros. With some 500 employees, Icade Eurogem generated turnover of 63 million euros in 2008, and a negative operating profit. The company was deconsolidated during the second half-year 2009.

#### Property Development division

- In the context of an extremely slow market, the operating profit of the Property Development division, on 31 December 2009, came out at 45.0 million euros, up by 18.6 million euros compared to the same period of 2008. This performance reflects the good level of profitability of operations underway and the cautious provisioning policy of the property reserves and risky operations carried out at the end of 2008.

#### Events after closure:

The takeover of Compagnie la Lucette by Icade is structured in 3 main stages:

- Initially, MSREF Turque SARL sold, to Icade, on 24 December 2009, in an off-market transaction, 35% of the capital of Compagnie la Lucette for a total amount of 90.2 million euros (including fees) at a price of 9.61 euros per Compagnie la Lucette share. This disposal took place under the condition subsequent of the failure to obtain approval for the transaction by the Competition Authority and the failure to provide, no later than 15 March 2010, the contribution which constitutes its second stage.
- Subsequently, following approval of the operation by the Competition Authority, MSREF provided to Icade, on 16 February 2010, the balance of its investment, representing 59.5% of the capital of Compagnie la Lucette, on the basis of the same value per Compagnie la Lucette share as the disposal mentioned above. This contribution in kind was approved by the combined general meeting of Icade's shareholders on 16 February 2010. In payment for the contribution, 1,759,289 new Icade shares were assigned to MSREF. The contribution was the subject of a report by Messieurs Gillet et Ledouble, auditors, registered at the Paris Commercial Court registry and provided to shareholders.
- On 16 February 2010, MSREF reinvested 49.5 million euros of the sales proceeds by purchasing 584,971 new shares in Icade as part of a reserved capital increase approved by the combined general meeting of Icade's shareholders on 16 February 2010.

At the end of these three transactions, MSREF held 2,344,260 shares in Icade, representing about 4.5% of the capital of Icade.

## C - ACTIVITY AND RESULTS 2009

### 1. Property Investment

(in millions of euros)	31/12/2009	31/12/2008	Variation
<b>TURNOVER</b>	<b>421.8</b>	<b>409.4</b>	<b>3.0%</b>
<i>Commercial</i>	<i>242.5</i>	<i>212.4</i>	<i>14.2%</i>
Offices in France (including ex-SIIC Investment)	75.0	73.1	2.5%
Offices in Germany	16.5	15.7	5.3%
Business parks	86.9	81.3	6.9%
Public and healthcare amenities	55.0	34.2	61.0%
Shops and Shopping Centres	9.1	8.1	13.4%
<i>Housing</i>	<i>179.4</i>	<i>197.5</i>	<i>(9.2)%</i>
Inter-business investment	(0.1)	(0.5)	(80.0)%
<b>EBITDA</b>	<b>285.7</b>	<b>273.2</b>	<b>4.6%</b>
<i>Commercial</i>	<i>209.3</i>	<i>177.6</i>	<i>17.8%</i>
Offices in France (including ex-SIIC Investment)	68.2	64.9	5.2%
Offices in Germany	12.7	11.4	11.3%
Business parks	71.9	64.7	11.1%
Public and healthcare amenities	48.8	29.6	64.5%
Shops and Shopping Centres	7.7	7.0	10.1%
<i>Housing</i>	<i>76.4</i>	<i>95.5</i>	<i>(20.1)%</i>
Inter-business investment	0.0	0.0	0.0%
<b>OPERATING PROFIT/LOSS</b>	<b>646.9</b>	<b>443.4</b>	<b>45.9%</b>
<i>Commercial</i>	<i>96.3</i>	<i>114.8</i>	<i>(16.1)%</i>
Offices in France (including ex-SIIC Investment)	32.6	53.4	(39.0)%
Offices in Germany	8.8	4.6	91.4%
Business parks	22.4	33.1	(32.2)%
Public and healthcare amenities	31.7	20.8	52.6%
Shops and Shopping Centres	0.8	2.9	(72.2)%
<i>Housing</i>	<i>550.6</i>	<i>328.6</i>	<i>67.5%</i>
Inter-business investment	0.0	0.0	0.0%

(in millions of euros)	31/12/2009	31/12/2008	Variation
RENTAL INCOME	418.9	406.8	2.9%
<i>Commercial</i>	<i>241.3</i>	<i>211.5</i>	<i>14.1%</i>
Offices in France (including ex-SIIC Investment)	74.7	73.2	2.1%
Offices in Germany	16.4	15.7	4.4%
Business parks	86.6	81.2	6.7%
Public and healthcare amenities	54.5	33.3	63.6%
Shops and Shopping Centres	9.1	8.1	13.3%
<i>Housing</i>	<i>177.5</i>	<i>195.4</i>	<i>(9.2)%</i>
Inter-business investment	0.0	0.0	0.0%
NET RENT	324.5	311.8	4.0%
<i>Commercial</i>	<i>225.3</i>	<i>196.5</i>	<i>14.6%</i>
Offices in France (including ex-SIIC Investment)	70.2	69.8	0.5%
Offices in Germany	15.1	14.5	4.1%
Business parks	78.5	72.0	9.1%
Public and healthcare amenities	53.1	32.6	63.0%
Shops and Shopping Centres	8.3	7.6	8.9%
<i>Housing</i>	<i>99.1</i>	<i>115.3</i>	<i>(14.0)%</i>
Inter-business investment	0.1	0.0	-%

## 1.1 General data

### 1.1.1 Presentation

Icade's Commercial Property Investment is present on the main segments of commercial property.

Principally on:

- The Offices business:
  - In France: Icade is the owner of office buildings (with a total surface of 175,000 m<sup>2</sup>) mainly in the Central Business District of Paris, but also at La Défense, Villejuif, Boulogne Billancourt and at Issy les Moulineaux. Icade also has 125,000 m<sup>2</sup> of warehouses in the French provinces.
  - in Germany: Icade owns a portfolio of offices in Germany, composed of eight buildings (with a total surface of 140,000 m<sup>2</sup>) mainly located in Munich, Hamburg and Berlin, and 80 hectares of property reserves.  
The Offices business is characterised by mature assets generating recurrent cash-flows. An arbitrage policy is carried out in this business on the most mature assets which no longer have any reversion potential. Through these sales, Icade is able to generate substantial capital gains.
- The Business Parks business: Icade owns 79 hectares (with a rentable area of 474,200 m<sup>2</sup>) in the municipalities of Paris 19<sup>th</sup>, Saint-Denis et Aubervilliers. There, it has created "business campuses" providing diversity and services with the aim of sustainable development. The Business Parks sector is distinguished by the volatility of its assets and its strong development potential. This is why Icade real estate concentrates a large part of its medium-term investment there (both in refurbishing existing assets and in constructing new assets of the High Environmental Quality type). This business generates future cash-flows.

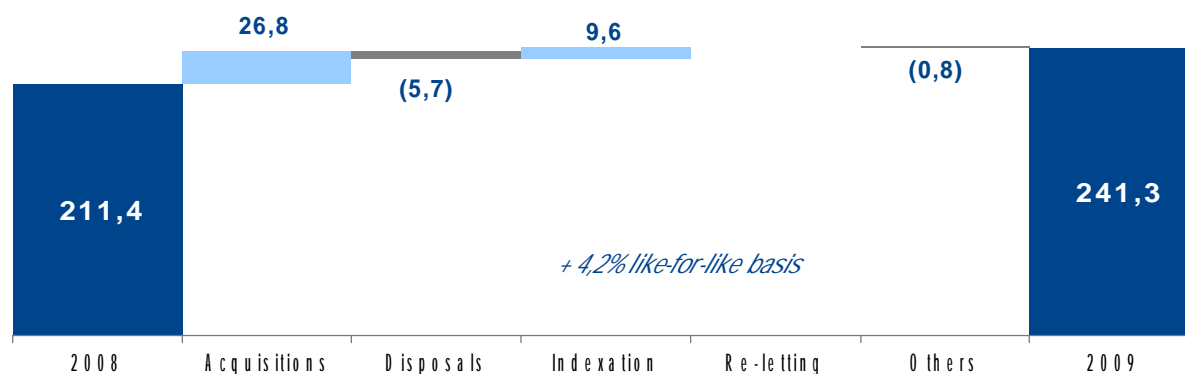
And for diversification purposes, on:

- The Public and healthcare amenities business: Icade was the owner of 23 health establishments on 31 December 2009. These assets, with an acquisition value of 653 million euros, generate recurring cash-flow over firm periods greater than 9 years and rates of margin (net rents / gross rents) near to 100%. Icade has the support of a team and know-how that is recognised in the market.
- The Shops and Shopping Centres business: which represents:
  - The holding of retail assets such as "Mr Bricolage", which generate immediate cash-flow,
  - The operation, since its delivery in September 2009, of a shopping centre in Montpellier,
  - The construction of a first-rate shopping centre at Aubervilliers.

### 1.1.2 Key figures at 31 December 2009

On 31 December 2009, the Turnover of the Commercial Property Investment division represented 242.5 million euros, up by 14.2% compared to 31 December 2008. On a like-for-like basis, this represents growth of 4.2%.

The table below displays the changes from 2008 to 2009 of rental income (in millions of euros):



The acquisitions (26.8 million euros) mainly concern income from clinics acquired in the 2<sup>nd</sup> half of 2008.

Disposals (5.7 million euros) represent the loss of rental income related to the sale of the building at 31/33 rue de Mogador in the 9<sup>th</sup> arrondissement in Paris, in the 2<sup>nd</sup> half-year 2008 and the neutralisation, in 2008, of the H2O building at Rueil Malmaison for refurbishment.

The rent indexing is 9.6 million euros, that is 4.3%.

The net rent of the Commercial Property Investment division stood at 225.3 million euros against 196.5 million euros on 31 December 2008, representing a margin rate of 93.4%, up by 0.4 points compared to 31 December 2008. This change is principally linked to recent acquisitions of clinics, the leases of which allow the re-invoicing to the tenant of the majority of charges and expenses related to maintenance and renewal.

Operating profit represented 96.3 million euros on 31 December 2009 against 114.8 million euros on 31 December 2008. This change is mainly explained by:

- Charges related to unrealised impairment ascertained on assets acquired in 2006 and during the 1<sup>st</sup> half-year 2007, which are the subject of refurbishment projects. These charges amounted to 71.0 million euros at 31 December 2009, of which 15.5 million euros for the H2O building in Rueil-Malmaison and 36.3 million euros for the Tour Descartes.
- Income related to the capital-gain generated on the sale of assets for the amount of 48.2 million euros, concerning the buildings at 114 Avenue des Champs Elysées and 3/5 Avenue de Friedland in Paris, and business premises located in Frankfurt in Germany.

### 1.1.3 Rental business

The Commercial Property Investment division held 1.4 million m<sup>2</sup> of rentable floor space at 31 December 2009, of which 26% was for the Offices business and 35% for the Business Parks business.

Concerning the Offices business in France, Icade is the owner of the Tour Descartes, a building of 89,000 m<sup>2</sup> net usable floor area located at La Défense (92). Icade will take advantage of the fact that the planned departure of its single tenant on 31 December 2009 will allow this building to be entirely refurbished. This asset, considered as a building under development, is therefore no longer used in the calculation of the various indicators for the rental business.

The broad portfolio of clients of the Commercial Property division has the effect of limiting tenant risk. In fact, the 15 most significant tenants represent 109.7 million euros of annual current rent (52% of the total amount of rental income) and nearly 716,000 m<sup>2</sup> of surface, representing 60% of rental assets.

Below is a table of the main tenants:

Tenants	Area (in sq metres)	%		Rank	Tenants	Current rents	%	Lease expiry
Groupe Mr Bricolage	136,744	11%	Total Areas = 715,822 sq metres i.e. 60% Total Area = 768,812 sq metres i.e. 64%	1	Générale de Santé	17,115	8%	10.9
Vedici	119,913	10%		2	Vedici	15,47	7%	10.5
Générale de Santé	84,898	7%		3	Ministère de l'Intérieur	11,5	5%	17
3H	52,742	4%		4	Groupe Icade	10,077	5%	0.8
Harpin	50,964	4%		5	Groupe Mr Bricolage	8,28	4%	10
GMG (T-Systems)	40,017	3%		6	Groupe Rhodia	6,627	3%	2.6
Groupe Euromédia	39,289	3%		7	GMG (T-Systems)	6,59	3%	8.8
Groupe Rhodia	37,416	3%		8	Harpin	5,43	3%	9
Groupe Icade	33,98	3%		9	3H	5,281	3%	10.5
Ministère de l'Intérieur	29,989	3%		10	Crédit Agricole SA	4,387	2%	7.8
Logidis	27,85	2%		11	Groupe Euromédia	4,247	2%	3.3
C2S	20,665	2%		12	Groupe Pierre et Vacances	3,882	2%	3.3
Crédit Agricole SA	14,309	1%		13	TGI	3,745	2%	2.2
Somefor	13,606	1%		14	Coca Cola	3,563	2%	4.8
Groupe Pierre et Vacances	13,44	1%		15	RTE	3,527	2%	6
Club Méditerranée	12,505	1%	16	L'URSSAF de Paris	3,427	2%	1.3	
L.E.M. 888	12,113	1%	17	Club Méditerranée	3,376	2%	4.8	
Eurosites	9,617	1%	18	UBS	2,89	1%	5.5	
Telecity Redbus	9,57	1%	19	Nexitis	2,555	1%	4	
Coca Cola	9,185	1%	20	Locaber	2,258	1%	0.7	
Balance	430,688	36%		Balance	85,416	41%		
	<b>1,199,499</b> sq metres					<b>209,644</b> M€		

On 31 December 2009, the average firm period of leases represented 5 years and 9 months, an increase over 12 months compared to 31 December 2008 (4 years and 9 months), following the active work of the Asset Management department in relation to tenants over the elapsed financial year.

Taking advantage of upcoming renewal dates in order to secure its cash-flows over the long term, Icade negotiates with its main tenants concerning an extension of the firm period of their leases in return for granting support measures such as exemptions, payment holidays or capping the rental indexation rate for a certain period.

Over the 2009 financial year, 71 leases were renewed, representing 215,000 m<sup>2</sup> (18% of rented surface area) and 29.4 million euros (14% of current rent).

Also, for certain leases, Icade, which benefited from the continual increase in rents, found itself at the limit of the threshold for increases and therefore had to respond to the requests of certain tenants to revise their leases under article L145-39 of the French commercial code. If, through

indexing, the amount of the rent indexed is 25% greater than the amount of the initial base rent, the tenant is entitled to request the revision of his rent to bring it to market value.

The analysis performed over the scope of the Property Investment division shows, however, that the risk is limited.

The number of leases concerned is 108 and represents an annual accumulation of rent of 26.3 million euros, that is 13% of the total of current rents. The potential risk of return to the market rental value represents 4.2 million euros, namely a potential risk of loss of rent of around 2.0% concerning the entire Property Investment division.

Rates of physical occupation represented 88.6% on 31 December 2009, against 93.0% on 31 December 2008. This change is mainly explained by the inclusion, at the end of the financial year, of deliveries of assets that were refurbished during 2009, which are in the marketing phase.

The surfaces vacant on 31 December 2009, of different types, should be differentiated, in terms of consequences, according to their use. They mainly cover the following assets:

- Building 521, on the Portes de Paris business park. This building, delivered in the 2<sup>nd</sup> half of 2008, is part of the Business Parks development project. It is located near to the future Proudhon Gardinoux subway station, that will be in service in 2012. It covers 18,000 m<sup>2</sup> of rental surface. In July 2009, 3,200 m<sup>2</sup> was marketed to the tenant Rexel. The vacant balance, which represents approximately 15,000 m<sup>2</sup>, is in the marketing phase.
- Millénaire 2 in the 19<sup>th</sup> arrondissement of Paris near the Porte d'Aubervilliers. This building, delivered in 2007, covers 28,600 m<sup>2</sup> and on 31 December 2009 was rented at 36%. During 2009, 7,800 m<sup>2</sup> of surface was rented to the tenants Saint Louis Sucre (2,500 m<sup>2</sup> in February 2009) and Sage (5,300 m<sup>2</sup> in July 2009).  
On 31 December 2009, advanced negotiations were in progress with several prospects to rent the balance of vacant space.
- Eurofret warehouse in Strasbourg, which develops 27,900 m<sup>2</sup> of rentable floor space. At 31 December 2009, 17% was rented. This building, delivered in February 2009, is being marketed.
- Entrepôts Saint Quentin Fallavier covers 40,000 m<sup>2</sup> and is the subject of refurbishment. Its delivery took place in September 2009. It is currently occupied at 26%.
- H2O building at Rueil Malmaison. This building, purchased in mid-2007, underwent major refurbishment. Delivered in October 2009, it covers 22,000 m<sup>2</sup> of offices.  
Since its delivery, this building has been the subject of numerous expressions of interest; the adjustment of the proposal to the requirements of clients and the offensive strategy concerning support measures and levels of rents resulted in advanced discussions concerning 1/3 of the building after it had been on the market for 4 months.
- Turlenstrasse building in Germany: this building is vacant and being studied for restructuring. Advanced negotiations are being held with a major regional user for the construction of a building that will be dedicated to it (around 40,000 m<sup>2</sup>).

#### 1.1.4 Investment business

Icade has continued to add value to its assets in order to eventually increase the production of cash-flows and at the same time has acquired healthcare assets which produce immediate cash-flows. Total investments over the period amounted to 448.3 million euros.

This policy can be divided into four types of investments:

- Acquisitions of assets for 149.3 million euros: selective strategy on highly-profitable assets and immediate cash-flows.
  - Purchase, on 24 December, of 35% of the capital of Compagnie la Lucette, valued at 90.2 million euros (including fees). Compagnie la Lucette operates and develops 684,155 m<sup>2</sup> of which 28.8% corresponds to offices and 69.3% to warehouses. The offices are mainly located at Neuilly, La Défense and Paris (Crystal Park, Scor, Messine, etc.). Most of the warehouses are released to the Casino group. Current rental was estimated at 99 million euros on 31 December 2009.

- The purchase, during the year, of 4 health establishments and 2 shops operated by the Mr Bricolage group for a total acquisition amount of 59.1 million euros.
- Refurbishment of assets for 36.7 million euros: selective strategy for adding value to assets with a strong potential for profitability.
  - This was the case for the H2O building at Rueil-Malmaison delivered in October 2009 (22.7 million euros of investments during 2009).
  - It is also the case for the refurbishment of the Tour Descartes (2.3 million euros of expenses and surveys in 2009). Initiated in December 2009, this refurbishment, which will extend until the end of 2012, represents a total investment of 250 million euros.

This renovation is fully integrated into Icade's Developer-REIT strategy, as Icade has the role of both developer and investor. Furthermore, at the end of the work, it will represent an example of refurbishment under a sustainable-development process leading to HQE/BREEAM certification.

The work will include the complete renovation of the office floors, technical equipment and common areas. This tower is of advanced design and has a double-skinned facade. The renovation specifies the complete replacement of the inner facade.

This asset represents one of the major challenges for Icade over the next three years. Going beyond the amount of the investment, the Tour Descartes currently represents the only announced refurbishment of a building of more than 20,000 m<sup>2</sup> deliverable in 2012 at La Défense. The performance of this bold operation will ultimately be measured by respect for deadlines, costs and good marketing.
- Constructions/extensions of assets for 248.8 million euros: the policy carried out for this type of investment consists in pre-selling the future asset before launching the construction or extension.
 

Investments principally concern:

  - Assets in Villejuif rented to the tenant LCL (60,000 m<sup>2</sup> over 4 buildings). The 2009 investment represented 68.5 million euros,
  - The 2 shopping centres (2009 investment was 78.9 million euros):
    - o Odysseum Shopping Centre in Montpellier (delivered in September 2009 and fully marketed)
    - o The Millénaire shopping centre at Aubervilliers (sale at 30th June 2009 of the hypermarket section). Negotiations are in progress with large national and international brands for the sale of shopping areas.
  - The building located in Munich (19,311 m<sup>2</sup>), pre-sold to Ernst & Young. The investment over 2009 was 19.0 million euros,
  - Extensions to clinics acquired since 2007 which are marketed to operators on-site at delivery of works. The investment over 2009 was 45.3 million euros.
- Renovation / major maintenance and repairs: 13.4 million euros predominantly account for expenses concerning renovation of business parks.

#### 1.1.5 Arbitrage business

Icade carries out an active arbitrage policy of its assets, which consists in selecting mature assets which no longer create value, with generally a reversion potential that is zero or negative and whose sale would generate significant capital gains.

During 2009, Icade sold three assets, in October and December, at values slightly above those that were assessed on 30 June 2009. These were two office buildings located in the Paris Central Business District (buildings at 3/5 Avenue de Friedland and at 114 Avenue des Champs Elysées), and business premises located in Frankfurt, Germany.

This generated capital gains of 48.2 million euros.

## 1.2 Commercial Property Investment Division - Office Business

### 1.2.1 Offices Business in France

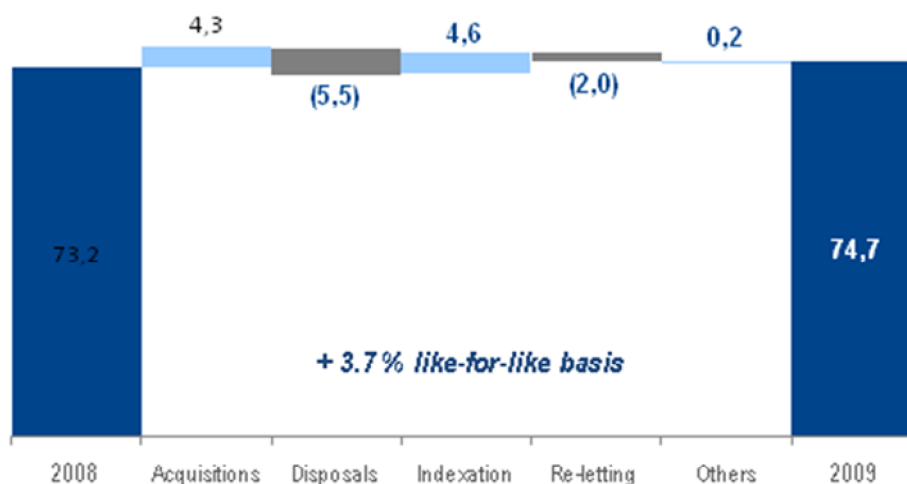
(in millions of euros)	31/12/2009	31/12/2008	variation
Turnover	75.0	73.1	2.5%
EBITDA	68.2	64.9	5.2%
Operating profit/loss	32.6	53.4	(39.0)%

(in millions of euros)	31/12/2009	31/12/2008	Variation
Rental income	74.7	73.2	2.1%
Rental charges not invoiced	(0.6)	(0.1)	
Property charges	(4.0)	(3.3)	
<b>Net rent</b>	<b>70.2</b>	<b>69.8</b>	<b>0.5%</b>
<i>Net rent / rental income</i>	93.9%	95.4%	
Other revenue	0.2	0.0	
Depreciation charges net of grants	(20.4)	(17.2)	
Charges and reversals related to impairment	(60.4)	(14.7)	
Profit/loss from disposals	45.2	20.5	
Other charges and income	(2.2)	(4.9)	
<b>Operating profit/loss</b>	<b>32.6</b>	<b>53.4</b>	<b>(39.0)%</b>

#### 1.2.1.1 Key figures at 31 December 2009

At 31 December 2009, rental income from the Office business in France stood at 74.7 million euros compared to 73.2 million euros at 31 December 2008, representing a 2.1% increase.

The table below displays the changes from 2008 to 2009 of rental income (in millions of euros):



- Buildings acquired and put into service represented 4.3 million euros and mainly concerned the delivery, in October 2008, of a building at Villejuif, rented to LCL (2.8 million euros) and the acquisition, in September 2008, of 31 avenue des Champs Elysées (0.9 million euros).
- Disposals represented 5.5 million euros and mainly concerned the arbitrage, at the end of 2008, of the building at 31/33 rue de Mogador (Paris - 9<sup>th</sup> arrondissement) for 2.3 million euros,

and the neutralisation, in May 2008, of the H2O building for refurbishment, for 2.4 million euros.

- Indexing represented 4.6 million euros, namely 6.0% on average.

Net rentals for the Offices business in France stood at 70.2 million euros on 31 December 2009, giving a rate of rental margin of 93.9%, which was down by 1.45 points compared to the rate on 31 December 2008 (95.4%). This change was mainly explained by the increase in rental vacancy rates between 2008 and 2009.

The Operating Profit for the Offices business in France stood at 32.6 million euros on 31 December 2009. It stood at 53.4 million euros on 31 December 2008.

This net reduction of 20.8 million euros between the two years was caused by the combination:

- Of income from disposals that was up by 25.0 million euros because of the sales of 114 avenue des Champs Elysées and 3/5 avenue de Friedland,
- Of provisions for asset depreciation of 60.4 million euros over 2009 (against 14.8 million euros in 2008), including 36.3 million euros for the Tour Descartes and 15.5 million euros for the H2O building at Rueil-Malmaison.

#### 1.2.1.2 Rental business

The Offices business in France represented 238,000 m<sup>2</sup> of rentable floor space and is made up of Office buildings (98,000 m<sup>2</sup>), warehouses 124,000 m<sup>2</sup>), and shops at the foot of buildings (16,000 m<sup>2</sup>).

The Tour Descartes, vacant since 31 December 2009 since the tenant, IBM, departed, has been reclassified as an asset under development because of a major refurbishment to come. This asset is therefore not counted in the various rental indicators.

Rented floor space represented 157,000 m<sup>2</sup> of premises, representing a financial occupancy rate of 73.3% on 31 December 2009 (against 97.8% on 31 December 2008). This change is mainly explained by the delivery, in 2009, of buildings that were being refurbished or constructed in 2008.

At 31 December 2009, the average office rent reached 422 euros per m<sup>2</sup>.

On 31 December 2009, the average firm period of leases stood at 3 years and 11 months. To increase the average period during which its assets are leased and thus limit tenant risk, Icade therefore contacted its most important tenants to propose that they renew their leases.

These negotiations with the main tenants led to 22% of leases being renewed for the Office business in France, thus limiting the tenant risk both in relation to the firm leasing period and to the level of risk related to article L145-39 of the French commercial code.

Concerning all its leased assets, Icade has about 10 significant tenants, representing an aggregate amount of current rental of 23.8 million euros, representing nearly 66% of the total amount of rental income for the Offices business in France.

The following table shows, on an annual basis, the number of leases coming to an end and the value of the rent (as Group quota share) accounted for in 2009 for each type of lease affected.

Year	No. of leases affected	Value of rent accounted for in 2009 (in millions of euros)
2009	35	42.6 (*)
2010	61	3.4
2011	21	5.8
2012	7	2.1
2013 and following	35	20.8

\* of which IBM in the tour Descartes for 29.8 million euros

\* of which rental income for 114 Avenue des Champs Elysées of 4.8 million euros

\* of which rental income for 3/5 Avenue de Friedland for 4.6 million euros

### 1.2.1.3 Investment business

Investments for the period for the Offices business in France represented 193.7 million euros, breaking down into:

- Acquisition of assets for 90.2 million euros corresponding to 35% of the capital of Compagnie la Lucette.
- Refurbishment of assets for 33.7 million euros: the assets concerned are:
  - H2O building at Rueil Malmaison: 22.7 million euros in 2009. This building underwent major refurbishment between 2008 and 2009. It was delivered in October 2009 and covers 22,000 m<sup>2</sup> of offices.
  - Saint Quentin Fallavier warehouse: 5.9 million euros in 2009. This building, which was refurbished by unit, was delivered at a rate of 80% in September. It covers 40,000 m<sup>2</sup> of warehouses on the outskirts of Lyon.
  - Eurofret warehouse at Strasbourg: 2.8 million euros Delivery occurred in February 2009. It covers 28,000 m<sup>2</sup> of warehouses.
- Construction / extension of assets for 69.2 million euros. It consists mainly of the construction of 3 office buildings located at Villejuif and pre-sold to the tenant LCL. Under the Metropolitan project, Icade will construct and rent, to LCL, its future operational headquarters. This programme, which represents 61,700 m<sup>2</sup> of offices across 4 buildings in Villejuif along the N7 road, is located at the foot of the metro station Léo Lagrange. It is fully integrated into Icade's Developer-REIT strategy, as Icade has the role of both developer and investor in this operation. Delivery of the buildings is gradual as 14,000 m<sup>2</sup> of offices were delivered in October 2008 and the rest will be staggered between 1 March 2010 and 1 October 2011.
- Renovation - Fixed assets (major maintenance and repairs): 0.6 million euros.

The following table shows figures for maintenance, renovation and development realised by the offices business in France as at 31 December 2008 and 2009.

<i>Amount (in millions of Euros) excl. tax</i>	<b>31/12/2009</b>	<b>31/12/2008</b>
Upkeep - Maintenance	0.2	0.1
Renovation - Fixed assets	0.6	1.4
<b>Development - Fixed assets</b>	<b>102.9</b>	<b>106.0</b>

### 1.2.1.4 Arbitrage business

During 2009, Icade sold two assets that were considered mature. These were:

- The asset at 3/5 Avenue de Friedland: with a rentable surface area of 10,000 m<sup>2</sup>, rented entirely to the tenant Deutsch Bank. The building was sold on 30 October 2009 for an asset value of 84.3 million euros.
- The asset at 114 Avenue des Champs Elysées: with a rentable surface area of 6,000 m<sup>2</sup>, rented entirely to the tenant Shearman & Sterling for offices. The building was sold on 31 December 2009 for an asset value of 90.0 million euros.

The capital gain generated for these two transactions stood at 45.2 million euros.

### 1.2.2 Office Business in Germany

<b>(in millions of euros)</b>	<b>31/12/2009</b>	<b>31/12/2008</b>	<b>variation</b>
Turnover	16.5	15.7	5.3%

EBITDA	12.7	11.4	11.3%
Operating profit/loss	8.8	4.6	91.4%

(in millions of euros)	31/12/2009	31/12/2008	variation
Rental income	16.4	15.7	4.4%
Rental charges not invoiced	(0.7)	(0.7)	
Property charges	(0.5)	(0.5)	
Net rent	15.1	14.5	4.1%
<i>Net rent / rental income</i>	92.3%	92.5%	
Other revenue	0.1	0.2	
Depreciation charges net of grants	(6.9)	(6.8)	
Charges and reversals related to impairment	0.0	0.0	
Profit/loss from disposals	3.0	0.0	
Other charges and income	(2.6)	(3.3)	
Operating profit/loss	8.8	4.6	91.4%

#### 1.2.2.1 Key figures at 31 December 2009

At 31 December 2009, rental income from German commercial property assets represented 16.4 million euros compared to 15.7 million euros at 31 December 2008, that is an increase of 4.4%.

#### 1.2.2.2 Rental business

This increase is essentially due to the impact of new contracts concluded during 2008 and 2009, including those for MAN Financial in Munich, the audiovisual production company Arena, the office supplies company Mac Paper in Berlin, the childcare organisation Kid Castle and the new establishment for the logistics company Team Trans in Hamburg.

The surfaces rented during the elapsed year represented 16,876 m<sup>2</sup> for the buildings in operation and 4,555 m<sup>2</sup> for the extension of the lease for Ernst & Young in the building that is under construction in Munich. The overall financial occupancy rate represents 89.9% at 31 December 2009 against 83.4% the previous year. During the 1<sup>st</sup> half of 2009, the building at Turlenstrasse in Munich was the subject of advanced negotiations with a major regional user for the construction of a building for its use. It was therefore reclassified as a building under development and is not included in the various indicator calculations (rented floor space, average rents, financial occupancy rate).

Against a background of a difficult economic environment and a very tight rental market, Icade has had no delays in payment and is continuing its tenant-retention strategy by extending the period of leases, by filling vacancies in buildings that are in operation and by promoting its property reserves to potential lessees.

Net rents on 31 December 2009 reached 15.1 million euros against 14.5 million euros last year, representing an increase of 4.1%.

The maintenance of the rate of occupation of assets and the control of operating expenditure (such as the internalisation of accountancy) generated an EBITDA that was very sharply improved (+11.3%) at 12.7 million euros, against 11.4 million euros in 2008.

Simultaneously to this sustained activity, the development of property reserves is continuing with the ongoing development of a commercial building of 19,311 m<sup>2</sup> in Munich of which 72% of floor space was pre-let to Ernst & Young at the start of the operation. In March 2009, Icade concluded an amendment with Ernst & Young extending its main lease, allowing it to reach a pre-sales rate for this asset of 99%, more than a year before its delivery in October 2010 and barely 2 years after its acquisition. Also, in October 2009, this building obtained "Gold DGNB" pre-certification (equivalent to High Environmental Quality). Definitive certification should occur upon delivery.

Because of its excellent location, the building's occupation by a tenant of high reputation, and the signature of a long-term and secured lease, the project aroused the interest of the property

management company Deka Immobilien (part of the German Caisses d'Epargne group). On 2 December 2009, a sales contract was concluded. The disposal will be effective at the total completion of work and the delivery of the building at the end of 2010. At the same time, an arbitrage policy covering property assets resulted in the sale of land of 1,702 m<sup>2</sup> at Bad Hombourg, then the sale of a fully-occupied building of 10,410 m<sup>2</sup> located in Frankfurt, generating capital gain of 3.0 million euros. These sales brought the Operating Profit to 8.8 million euros on 31 December 2009, up by 91.4% compared to 2008.

### 1.2.2.3 Investment business

The **investments** for the "Offices in Germany" business on 31 December 2009 stood at 19.6 million euros, corresponding to work destined for new tenants and the maintenance of buildings, but also, and above all, to the current construction project at Munich Haus 1 Arnulfstrasse for Ernst & Young.

## 1.3 Commercial Property Investment Division - Business Parks Business

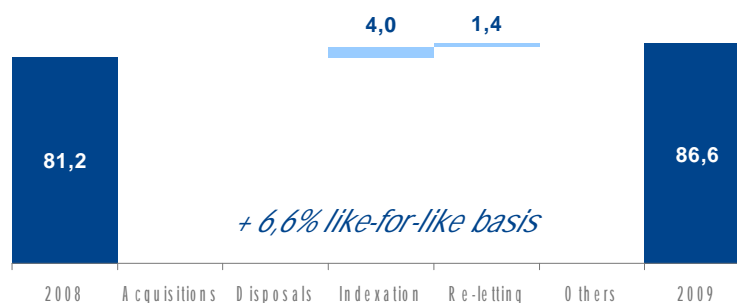
(in millions of euros)	31/12/2009	31/12/2008	variation
Turnover	86.9	81.3	6.9%
EBITDA	71.9	64.7	11.1%
Operating profit/loss	22.4	33.1	(32.2)%

(in millions of euros)	31/12/2009	31/12/2008	variation
Rental income	86.6	81.2	6.7%
Rental charges not invoiced	(3.7)	(2.1)	
Property charges	(4.4)	(7.0)	
<b>Net rent</b>	<b>78.5</b>	<b>72.0</b>	<b>9.1%</b>
<i>Net rent / rental income</i>	90.7%	88.7%	
Other revenue	0.3	0.1	
Depreciation charges net of grants	(29.6)	(30.2)	
Charges and reversals related to impairment	(8.6)	(0.4)	
Profit/loss from disposals	(11.3)	(1.2)	
Other charges and income	(6.9)	(7.4)	
<b>Operating profit/loss</b>	<b>22.4</b>	<b>33.1</b>	<b>(32.2)%</b>

### 1.3.1 Key figures at 31 December 2009

**Rental income** for the Business Parks business stood at 86.6 million euros on 31 December 2009, compared to 81.2 million euros on 31 December 2008, representing an increase of 6.76%.

The table below displays the changes from 2008 to 2009 of rental income (in millions of euros):



This change is the result of several different factors:

- Impact of re-letting / departures: 1.4 million euros.
- Impact of indexing: 4.0 million Euros, that is an average, on a like-for-like basis, of 4.6%.

Net rental for the Business Parks business stood at 78.5 million euros on 31 December 2009, representing a rental margin rate of 90.7%, up by 2 points compared to rates on 31 December 2008 (88.7%). This change is explained firstly by the increase in rental income and secondly by the significant reduction in charges for major maintenance and repairs that were non-recoverable between 2008 and 2009.

Operating Profit for the Business Park business reached 22.4 million euros on 31 December 2009 against 33.1 million euros on 31 December 2008, namely a reduction of 32.3%.

This change can be explained by:

- Provisions for depreciation of assets for the amount of 8.6 million euros in 2009, including 5.3 million euros for buildings 522 and 291 in the estate at Portes de Paris in Aubervilliers.
- Asset retirement concerning survey fees and work on various assets.
- Insurance compensation for 2.0 million euros following a claim that occurred in July 2008.

### 1.3.2 Rental business

The Business Parks business holds 474,200 m<sup>2</sup> of rentable floor space composed of Office buildings (227,000 m<sup>2</sup>), business premises (196,000 m<sup>2</sup>) and warehouses (51,000 m<sup>2</sup>)

The following table shows, at 31 December 2009, the land area, rentable built floor area and the financial occupancy rate for each of the seven main business parks:

	Land area (in ha)	Rentable built floor area (in m <sup>2</sup> )	Financial occupancy rate (31 December 2009)
Parc Pont des Flandres	5.2	75,200	94.2 %
Parc des Portes de Paris (Saint Denis)	16.3	68,400	91.6 %
Parc des Portes de Paris (Aubervilliers)	32.5	242,800	88.2 %
Quartier du Canal - Business Centre	6.7	7,600	100.0 %
Parc du Mauvin	3.7	21,900	100.0 %
Quartier du Canal - Shopping Centre (in planning)	7.2		N/A
Parc du Millénaire (lots 1 and 2)	7.2	58,300	70.2 %
TOTAL	78.8	474,200	87.5 %

Rented floor space stood at 418,000 m<sup>2</sup> of premises, representing a financial occupancy rate of 87.5% on 31 December 2009 (against 85.3% on 31 December 2008). This change is mainly related to the marketing, in 2009, of 7,800 m<sup>2</sup> concerning Millénaire 2 and 3,150 m<sup>2</sup> concerning building 521.

At 31 December 2009, the average office rent reached 288 euros per m<sup>2</sup>. At the same date, the average rent for business premises and warehouses amounted respectively to 160 euros per m<sup>2</sup> and 167 euros per m<sup>2</sup>.

On 31 December 2009, the average firm period of leases stood at 2 years and 5 months. To increase the average period during which its assets are leased and thus limit tenant risk, Icade therefore contacted its main tenants to propose that they renew their leases.

Negotiations therefore led to renewals for 65,500 m<sup>2</sup> (representing 15% of rented assets and 13.7 million euros in rental (representing 15% of rent).

26 new leases were signed in 2009 relating to 26,500 m<sup>2</sup> (i.e. 7.4 million euros of rent in a full year). The most significant marketing operations related to the following buildings:

- the rental of building 521 (3,200 m<sup>2</sup>) to Rexel: 1.6 million euros per year
- the rental of building 10 (6,600 m<sup>2</sup>) to Pierre & Vacances: 1.9 million euros per year
- the rental of Millénaire 2 (5,200 m<sup>2</sup>) to Sage: 1.6 million euros per year
- the rental of Millénaire 2 (2,500 m<sup>2</sup>) to Saint Louis Sucre: 0.8 million euros per annum

28 departures or terminations were recorded, covering 20,000 m<sup>2</sup> on 31 December 2009. They represent a gross loss of rental of 4.2 million euros over a full year. Note that of the 28 departures or cancellations, 6 leases were re-let in 2009, corresponding to 4,000 m<sup>2</sup>.

The main customers of business parks carry out very varied activities, which guarantees the healthy dispersion of the tenant risk: audiovisual, e-business, fashion and distribution, leisure, manufacturing and research, public, others.

Furthermore, Icade also maintains a certain diversity within its parks, of offices, business premises and wholesale trade.

In respect of all its leased assets, Icade has about 10 significant tenants, together representing annual rent of 41.5 million euros at 31 December 2009, nearly 48% of the total value of rental income.

The following table shows, on an annual basis, the number of leases coming to an end and the value of the rent (as Group quota share) accounted for in 2009 for each type of lease affected. This table shows the proper spread over time of the tenant risk in business parks.

Year	No. of leases affected	Value of rent accounted for in 2009 (in millions of euros)
2009	87	7.8
2010	90	21.8
2011	83	18.3
2012	82	17.3
2013 and following	44	21.3
	386	86.6

### 1.3.3 Investment business

Investments for the period, for the Business Parks business, represented 15.4 million euros, breaking down into:

- Refurbishment of assets for 3.1 million euros. The assets concerned are:
  - Building 521: 0.8 million euros
  - Millénaire 3: 0.2 million euros
  - Building 28: 1.2 million euros
  - Building 291: 0.9 million euros
- Renovation, major maintenance and repairs for 12.3 million euros. This item corresponds to renovation work on Business Parks

The following table shows the amounts spent on maintenance, refurbishment and development of its assets at end 2008 and 2009.

Amount excluding tax (million euros)	31/12/2009	31/12/2008
Maintenance	0.9	2.9
Renovation / Fixed assets	12.3	8.1
Development / Fixed assets	3.1	51.2



### 1.3.4 Arbitrage business

Arbitrage concerning the Business Parks business represented 0.5 million euros. It concerned the retrocession of roads to Plaine Commune after work to enlarge the roads allowing access to the Millénaire shopping centre.

## 1.4 Commercial Property Investment Division - Amenities Business

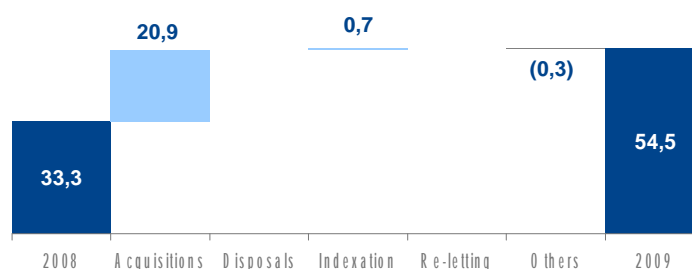
(in millions of euros)	31/12/2009	31/12/2008	Variation
Turnover	55.0	34.2	61.0%
EBITDA	48.8	29.6	64.5%
Operating profit/loss	31.7	20.8	52.6%

(in millions of euros)	31/12/2009	31/12/2008	Variation
Rental income	54.5	33.3	63.6%
Rental charges not invoiced	(0.1)	0.2	
Property charges	(1.3)	(0.9)	
<b>Net rent</b>	<b>53.1</b>	<b>32.6</b>	<b>63.0%</b>
<i>Net rent / rental income</i>	97.5%	97.9%	
Other revenue	0.5	0.8	
Depreciation charges net of grants	(17.0)	(8.8)	
Charges and reversals related to impairment	0.0	0.0	
Profit/loss from disposals	0.0	0.0	
Other charges and income	(4.9)	(3.8)	
<b>Operating profit/loss</b>	<b>31.7</b>	<b>20.8</b>	<b>52.6%</b>

### 1.4.1 Key figures at 31 December 2009

**Rental income** for the Public and Healthcare Amenities business reached 54.5 million euros on 31 December 2009, against 33.3 million euros on 31 December 2008, representing an increase of 63.6%.

*(in millions of euros)*



This increase of 21.2 million euros results from the combination of the following main factors:

- Impact of changes in the consolidation: 20.9 million euros
  - Income from the clinics acquired in 2008 for 16.7 million euros.
  - Income from the clinics acquired in 2009 for 2.1 million Euros.

- Income generated by the delivery of extensions to clinics for 1.1 million euros.
  - Delivery of the police station / CRS barracks at Meaux in 2008 for 0.6 million euros.
  - Delivery of the South Building for the Pontoise Hospital in September 2009 for 0.3 million euros.
  - The delivery of the nursery in Blagnac for 0.1 million euros.
- Impact of indexing: 0.7 million euros, that is an average, on a like-for-like basis, of 3.4%.

The net rent for the Public and Healthcare Amenities business stood at 53.1 million euros on 31 December 2009, representing a rental margin rate of 97.5%.

The very favourable nature of the vast majority of the leases in the Clinics business, where major maintenance/renovation charges and expenses are contractually paid for by the tenant, should be noted (net triple rent).

Operating Profit from the Amenities Business rose to 31.7 million euros at 31 December 2009 compared to 20.8 million euros at 31 December 2008.

#### 1.4.2 Rental business

The Public and Healthcare Amenities Business is composed of two categories:

- Clinics representing 329,000m<sup>2</sup> of rentable surface area (3,927 beds) divided between 23 establishments purchased between 2007 and 2009.
- Miscellaneous assets including an office building located at Levallois (92) and rented to the interior Ministry represent a total rentable surface area of 35,000 m<sup>2</sup>.

During 2009, the Chênes clinic at Aire sur l'Adour, operated by the Harpin group, encountered difficulties. Under a safeguard procedure, with the agreement of the legal and administrative authorities and the local health authority, Icade signed a new lease of 12 years (with several temporary support measures) with C2S, already a partner of Icade, to take over operation of the clinic. The financial impact is neutral overall because it represents a rent reduction over the year of around 0.1 million euros.

The rented surface area represents 364,000 m<sup>2</sup>, which is a financial occupancy rate of 100%.

On 31 December 2009, the average firm period of leases stood at 11 years and 8 months.

The following table shows, on an annual basis, the number of leases coming to an end and the value of the rent (as Group quota share) accounted for in 2009 for each type of lease affected. This table shows the diversified nature of the tenant risk in health establishments.

Year	No. of leases affected	Value of rent accounted for in 2009 (in millions of euros)
2009 to 2016	0	0
2017 and following	28	54.5
	28	54.5

#### 1.4.3 Investment business

Investments for the period represented 129.2 million euros for the Public and Healthcare Amenities business and broke down as follows:

- Acquisitions of assets for 47.5 million euros. This involved the acquisition of 4 clinics operated by Vedici (20,916 m<sup>2</sup> - 180 beds) and Générale de Santé (28,200 m<sup>2</sup> - 436 beds).
- Construction/extension of assets for 81.7 million euros. These were:

- The construction of extensions to clinics acquired between 2007 and 2009 for 19.6 million euros.
- The completion of the Olonnes health centre costing 17.8 million euros. This building was delivered in the final quarter of 2009 (14,300 m<sup>2</sup> / 90 beds / annual rent of 2.0 million euros).
- The purchase, by Icade, in December 2009, of investment work ongoing at the Arras private hospital and the Roseraie clinic for a total amount of 7.9 million euros.
- Total investment in the PPP business represented 36.5 million euros in 2009 and mainly concerned the contracts covering CHU at Nancy and BSP Pontoise.

These new acquisitions form part of Icade's investment strategy for the health sector (strategy to constitute an attractive portfolio in terms of net return with several operators and therefore a satisfactory tenant risk) and give it full nationwide coverage.

The following table shows the amounts spent on maintenance, refurbishment and development of its assets at end 2008 and 2009.

Amount excluding tax (million euros)	31/12/2009	31/12/2008
Maintenance	0.0	0.1
Renovation / Fixed assets	0.0	0.0
<b>Development / Fixed assets</b>	<b>129.2</b>	<b>441.8</b>

#### 1.4.4 Arbitrage business

Arbitrage concerning the Public and Healthcare Amenities business represented 0.2 million euros. This concerned the sale of batches under joint-ownership at the SCI des Magnolias on the site of the Polyclinique Marzet at Pau.

### 1.5 Commercial Property Investment Division - Shops and Shopping Centres Business

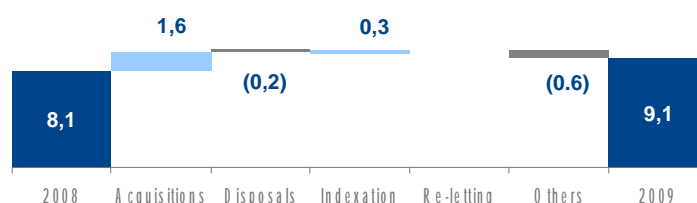
(in millions of euros)	31/12/2009	31/12/2008	Variation
<b>Turnover</b>	<b>9.1</b>	<b>8.1</b>	<b>13.4%</b>
<b>EBITDA</b>	<b>7.7</b>	<b>7.0</b>	<b>10.1%</b>
<b>Operating profit/loss</b>	<b>0.8</b>	<b>2.9</b>	<b>(72.2)%</b>

(in millions of euros)	31/12/2009	31/12/2008	Variation
<b>Rental income</b>	<b>9.1</b>	<b>8.1</b>	<b>13.3%</b>
Rental charges not invoiced	0.0	0.0	
Property charges	(0.8)	(0.5)	
<b>Net rent</b>	<b>8.3</b>	<b>7.6</b>	<b>8.9%</b>
<i>Net rent / rental income</i>	90.8%	94.5%	
Other revenue	0.0	0.0	
Depreciation charges net of grants	(4.9)	(4.1)	
Charges and reversals related to impairment	(2.0)	0.0	
Profit/loss from disposals	0.0	0.0	
Other charges and income	(0.6)	(0.6)	
<b>Operating profit/loss</b>	<b>0.8</b>	<b>2.9</b>	<b>(72.2)%</b>

### 1.5.1 Key figures at 31 December 2009

Rental income for the Shops and Shopping Centres business stood at 9.1 million euros on 31 December 2009, against 8.1 million euros on 31 December 2008, representing an increase of 13.3%.

*(in millions of euros)*



- Buildings acquired and put into service represented 1.6 million euros and concerned the delivery, in September 2009, of the Odysseum shopping centre at Montpellier.
- Divestiture and neutralisation represented 0.2 million euros and concerned the sale of the Dax warehouse operated by Mr Bricolage during the 1<sup>st</sup> half-year 2009.
- Indexing represented 0.3 million euros, namely 4.5% on average
- The "Others" classification of (0.6) million euros corresponds to the impact of the regularisation, in 2008, of the variable share of rental for the shops operated by Mr Bricolage (according to the turnover of the shops).

The net rental for the Shops and Shopping Centres business stood at 8.3 million euros on 31 December 2009, representing a margin rate of 90.8%, down by 3.7 points between 2008 and 2009 for the following reasons:

- Full-year recognition of the fee for the building lease for the Millénaire shopping centre at Aubervilliers (0.3 million euros),
- The drop in rental income for the shops operated by Mr Bricolage (-0.5 million euros).

The Operating Profit for the Shops and Shopping Centres business stood at 0.8 million euros on 31 December 2009. It stood at 2.9 million euros on 31 December 2008.

This net reduction of 2.1 million euros is mainly related to provisions for asset depreciation (2.0 million euros) concerning the Longwy and Allonne buildings operated by the Mr Bricolage group.

### 1.5.2 Rental business

The Shops and Shopping Centres Business held 158,000 m<sup>2</sup> of rentable floor space and is divided into two categories:

- **Shopping Centres:** The only asset under operation in this category is the Odysseum shopping centre. It covers 12,600 m<sup>2</sup> of shops (in quota share). Since its delivery and inauguration in September 2009, this asset has been fully rented. Its financial occupancy rate is therefore 100%.
- **Retail Parks:** This category is characterised by the holding, on 31 December 2009, of 36 property assets purchased, mostly on 1<sup>st</sup> January 2008, from the Mr Bricolage group, which continues to operate them under an agreement dating from 2006. The rentable floor space represents 145,400 m<sup>2</sup> and it is fully rented. The financial occupancy rate is therefore 100%.

On 31 December 2009, the average rent reached 91 euros per m<sup>2</sup>, of which 435 euros per m<sup>2</sup> for the Odysseum shopping centre and 61 euros per m<sup>2</sup> for the shops in retail parks.

On 31 December 2009, the average firm period of leases stood at 7 years and 8 months. To increase the average period during which its assets are leased and thus limit tenant risk, Icade therefore contacted its most important tenants to propose that they renew their leases.

Negotiations therefore took place in 2009 with the managers of the Mr Bricolage group, resulting in an extension of the duration of all leases until 31 December 2019, in return for a contractual modification of the type of annual indexing. From 1<sup>st</sup> January 2009, the rents are indexed based on the commercial properties index (ILC) instead of the construction cost index (ICC).

The following table shows, on an annual basis, the number of leases coming to an end and the value of the rent (as Group quota share) accounted for in 2009 for each type of lease affected.

Year	No. of leases affected	Value of rent accounted for in 2009 (in millions of euros)
2009		0.0
2010		0.0
2011		0.0
2012	24	0.6
2013 and following	103	8.5
	127	9.1

### 1.5.3 Investment business

Investments for the period represented 90.5 million euros for the Shops and Shopping Centres business and broke down as follows:

- Construction/extension of assets for 78.9 million euros. The assets concerned are:
  - Odysseum shopping centre: 25.6 million euros for the off-plan construction of a shopping centre in Montpellier (partnership with the company Klépierre). The off-plan contract was signed in February 2007. Delivery took place in September 2009 and represents 12,600 m<sup>2</sup> of rentable floor space (in quota share)
  - The Millénaire shopping centre in Aubervilliers: 53.3 million euros for the construction, in partnership with Klepierre, of a shopping centre and two office buildings in Aubervilliers near to the Porte d'Aubervilliers. These will be delivered in April 2011 and will cover 29,600 m<sup>2</sup> (in quota share) of shopping area and 8,750 m<sup>2</sup> (in quota share) of offices.
- Acquisitions of assets costing 11.6 million euros. To allow their expansion, Icade has undertaken, together with the Mr Bricolage group, to study the possibility of acquiring the premises for the Mr Bricolage shops. In the last quarter 2009, Icade therefore acquired 2 shops located at Ballaruc le Vieux in the Hérault (8,700 m<sup>2</sup> of rentable floor space) and at Montereau Fault Yonne in the Seine et Marne (5,300 m<sup>2</sup> of rentable floor space).

The following table shows the amounts spent on maintenance, refurbishment and development of its assets at end 2008 and 2009.

Amount excluding tax (million euros)	31/12/2009	31/12/2008
Maintenance	0.0	0.0
Renovation / Fixed assets	0.0	0.0
Development / Fixed assets	90.5	64.3

#### 1.5.4 Arbitrage business

Arbitrage stood at 2.4 million euros and concerned the divestiture of assets operated by the Mr Bricolage group.

#### 1.6 Residential Property Division

Further to the press release of 30 June 2009 announcing the start of exclusive negotiations with the SNI, representing a consortium of 25 social housing investors, on 13 November 2009, Icade signed a memorandum of understanding endorsing the definitive offer received from this consortium.

Furthermore, the consortium has pledged to retain staff attached to these assets, as well as administrative personnel necessary for managing them.

At the same time, Icade will provide, to the ad hoc structure held with the SNI, which will manage it, 4,745 housing units for an appraisal value of 214 million euros on 31 December 2009.

To this end, some of the promises of sale should be signed during the first half-year 2010. The promises of sale remain subject to the conditions precedent that are usual in matters of property and funding. The SNI vouches for the signature of these promises by members of the consortium until 31 March 2010. Disposals in 2010 covered 22,404 housing units.

On completion of the announced operations, Icade will continue, as planned, the sale, by unit, of the housing held under joint ownership (1,553 housing units for an appraisal value of 153.9 million euros on 31 December 2009.)

Key figures at 31 December 2009:

(in millions of euros)	31/12/2009	31/12/2008	variation
Turnover	179.4	197.5	(9.2)%
EBITDA	76.4	95.5	(20.1)%
Operating profit/loss	550.6	328.6	67.5%

Main indicators	31/12/2009	31/12/2008
Net rent	99.1	115.3
Free rent (€/m <sup>2</sup> /month)	7.64	7.22
Subsidised rent (€/m <sup>2</sup> /month)	5.82	5.69
Average free rent (€/m <sup>2</sup> /month)	7.47	7.03
Average re-letting rent in the free sector	10.49	10.16
<i>Financial occupancy rate</i>	<i>95.5%</i>	<i>95.5%</i>
Turnover rate	8.3%	8.4%
Block disposals (in Paris and the regions)		
. number	6,698	4,864
. average sale price per m <sup>2</sup>	1,479 €	964 €
Individual disposals (in Paris and the regions)		
. number	261	300
. average sale price per m <sup>2</sup>	2,018 €	1,996 €

Assets on 31 December 2009 consisted of 28,564 housing units. 6,959 housing units were sold, including 2,115 during the 1<sup>st</sup> half-year and 4,844 during the 2<sup>nd</sup> half-year 2009.

	1 <sup>st</sup> half-year 2009	2 <sup>nd</sup> half-year 2009
Block sales		
. number	1,982	4,716
. average sale price per m <sup>2</sup>	1,132 €	1,540 €
Individual sales		
. number	133	128
. average sale price per m <sup>2</sup>	2,126 €	1,878 €

(in millions of euros)	31/12/2009	31/12/2008	variation
Rental income	177.5	195.4	(9.2)%
Rental charges not invoiced	(0.5)	0.4	
Property charges	(77.9)	(80.5)	
Net rent	99.1	115.3	(14.0)%
<i>Net rent / rental income</i>	<i>55.8%</i>	<i>59.0%</i>	
Other revenue	1.7	1.8	
Depreciation charges net of grants	(17.0)	(31.4)	
Charges and reversals related to impairment	2.4	2.0	
Profit/loss from disposals	488.8	262.5	
Other charges and income	(24.5)	(21.6)	
Operating profit/loss	550.6	328.6	67.5%

With 28,564 housing units at 31 December 2009, i.e. nearly 1.7 million m<sup>2</sup>, turnover from the Residential Property business stood at 179.4 million euros, compared to 197.5 million euros at 31 December 2008, representing a 9.2% fall, given the disposals carried out and an increase of 3.0% on a like-for-like basis.

The main changes relate to:

- The reduction in rental income related to block or unit housing sales for the sum of 22.5 million euros.
- The impact of rent indexing on the basis of the IRL (benchmark rent index), (1.36% in July 2008, impacting on the full-year in 2009 and 2.83% in July 2009), representing 2.4 million euros in 2009.
- The effect of the pricing policy, when re-letting with revised rent or owing to the application of Article 17C (rent increase staggered over the term of the lease to offset half the difference between the rent charged and the market rent) net of financial vacancy, generated 2.3 million euros of additional rental income.

To enhance its residential assets, Icade dedicated 109.0 million euros to maintenance and renovation in 2009.

(in millions of euros)	31/12/2009	31/12/2008
Maintenance	20.9	23.8
Renovation - fixed assets	51.1	67.4
Development - Fixed assets	36.5	33.1

Note that 90% of assets are already eligible for the section of the Grenelle environmental measures applicable in 2012 (cf. V H 1.1).

After assigning property charges, the net rent from ICADE's Residential Property business stood at 99.1 million euros as of 31 December 2009. Rental margin was down on 31 December 2009 (55.8%) compared to that on 31 December 2008 (59.0%).

Operating profit amounts to 550.6 million euros at 31 December 2009 and benefits from profit from disposals made during 2009, which total 488.9 million euros versus 262.5 million euros at 31 December 2008.

These disposals were the result of an intense policy of asset arbitration, with 261 housing units sold by unit and 6,698 sold by block.

## 2. Property development

(in millions of euros)	31/12/2009	31/12/2008	variation
TURNOVER (*)	1 091.8	1 142.3	(4.4)%
Residential Property Development	616.0	604.2	2.0%
Commercial Property Development	486.5	548.3	(11.3)%
Inter-business development	(10.7)	(10.2)	<b>4.8%</b>
EBITDA	45.7	87.9	(48.0)%
Residential Property Development	7.2	27.3	(73.5)%
Commercial Property Development	38.5	60.6	(36.5)%
Inter-business development	0.0	0.0	-
OPERATING PROFIT/LOSS	45.0	26.4	70.8%
Residential Property Development	8.4	(30.6)	(127.3)%
Commercial Property Development	36.7	57.0	(35.7)%
Inter-business development	0.0	0.0	-

(\*) Turnover in line with progress, after consideration of commercial progress and the progress of work for each transaction.

### 2.1 Residential Property Development

(in millions of euros)	31/12/2009	31/12/2008	variation
Turnover (*)	616.0	604.2	2.0%
EBITDA	7.2	27.3	(73.5)%
EBITDA margin	1.2%	4.5%	
Operating profit/loss	8.4	(30.6)	(127.3)%

(\*) Turnover in line with progress, after consideration of commercial progress and the progress of work for each transaction.

After a difficult beginning to 2009, the housing development business quickly recovered from the end of the 1<sup>st</sup> quarter 2009 under the combined effect of government measures (Scellier law, doubling of the zero-rate loan, plan for 30,000 housing units for housing associations) and the large drop in long-term interest rates.

The market, weakened by the general economic climate and by little activity in the market for existing property, makes resales difficult and therefore makes it difficult for a share of the buyers of new housing units to reinvest.

Turnover for residential property development slowly increased under the effect of governmental stimulus measures.

The main indicators in 2009 are as follows:



## MARKETED IN 2009

	Ile de France	Regions	TOTAL
Batches (number)	1,388	2,659	4,047
Turnover (potential in millions of euros)	321.7	425.0	746.7

## OPERATIONS INITIATED IN 2009

	Ile de France	Regions	TOTAL
Batches (number)	906	2,265	3,171
Turnover (potential in millions of euros)	154.3	332.6	486.9

## RESERVATIONS OF NEW HOUSING AND BUILDING PLOTS

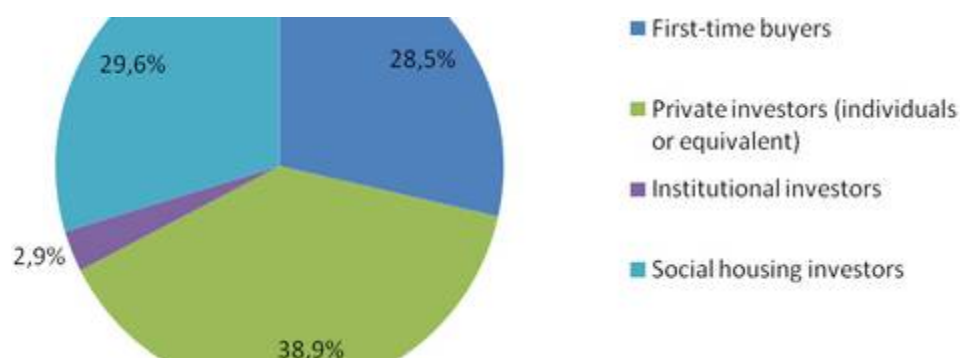
	31/12/2009	31/12/2008	Variation
Number of housing reservations	5,057	3,052	65.7%
Housing reservations in millions of euros (inc. tax)	947.5	594.0	59.5%
Housing withdrawal rate	22%	26%	
Number of building plot reservations	345	328	5.2%
Building plot reservations in millions of euros (inc. tax)	23.5	25.0	(6.0)%

ICADE PROPERTY DEVELOPMENT'S initiative at the end of 2008 for social housing investors allowed it to reserve 1,600 housing units. The residential sector thus recorded 5,402 net reservations of new housing units and batches of building land during the year (+60.0% compared to 2008) representing 971.0 million euros. The stock disposal rate came out at 9.24%. Net reservations recorded over the year were very strongly up compared to 2008.

The rate of withdrawal for housing units over the year stood at 22%, an improvement over that for 2008 (26%) and also on that for the first 6 months of 2009 (24%).

The housing development business grew slowly in volume with 345 batches reserved against 328 in 2008.

## BREAKDOWN BY CLIENTS



Reservations for first-time buyers represented 1,542 housing units, namely 28.5% of the business.

Private investors represented 38.9% of reservations, while institutional and social-housing investors reserved 32.5% of housing units.

#### AVERAGE SALE PRICE AND AVERAGE FLOOR SPACE ON RESERVATION

31/12/2009	
Average price (incl.tax) per habitable m <sup>2</sup> (€/m <sup>2</sup> )	3,113
Average budget (incl.tax) per housing unit (€k)	187.3
Average floor space (m <sup>2</sup> )	60.2

In 2009, the average price including VAT per m<sup>2</sup> is slightly down compared to 2008 (3,154 €/m<sup>2</sup>) following the impact of the price reductions granted at the end of programmes and the impact of block sales, particularly those made with social-housing investors with VAT at 5.5%.

Notarised sales for 2009 stood at 751.2 million euros for 4,114 housing units and batches (750.5 million euros for 3,839 housing units and batches in 2008).

The level of completed unsold stock remains low: 264 housing units at the end of December, representing 40.1 million euros of turnover.

The housing unit backlog at the end of 2009 stood at 649.7 million euros, representing 12.7 months of activity. The strategy for renewing the residential portfolio is oriented towards first-time home ownership, "Scellier" investments, block sales to social housing companies (ESH) and owning a principal residence at controlled prices.

The housing portfolio represented 9,175 housing units for estimated turnover of 1,658 million euros (against 1,842 million euros at the end of 2008). It is diminishing under the effect of numerous operations initiated during the 1<sup>st</sup> half-year and the prudent policy on property commitment that is operated by the group. Development production represents about 2 years of activity.

The EBITDA of the Housing Development business went from 27.3 million euros on 31 December 2008 to 7.2 million euros in 2009, as a result of the drop in rates of gross margin.

Operating Profit is mainly affected:

- Positively by net reversals of property provisions concerning operations initiated or abandoned for the amount of 20.9 million euros,
- Negatively by the provision for depreciation for client contracts from the Opéra Construction portfolio, acquired in 2007, for 13.2 million euros and the provisions constituted concerning serviced residency operations.

## 2.2 Commercial Property Development

(in millions of euros)	31/12/2009	31/12/2008	variation
Turnover	486.5	548.3	(11.3)%
EBITDA	38.5	60.6	(36.5)%
<i>EBITDA margin</i>	<i>7.9%</i>	<i>11.1%</i>	
Operating profit/loss	36.7	57.0	(35.7)%

In 2009, the market context for commercial property development was as follows:

Commercial:

By volume, the investment market was down by 5.0 billion euros, going from 12.6 billion euros to 7.6 billion euros

Rental values continued their drop, while yield rates stabilised. Investors, in spite of their capacity and a clear intention to invest, continued to play a waiting game, expecting a continuation in the drop in rental values.

In this context, ICADE continued adapting its products and services to the new market conditions.

#### Public:

The market for public and health property development was strongly supported by the public authorities during this year of crisis, particularly in the area of health (2012 Hospital Plan) and higher education in research (Campus Plan), which are the 2 primary areas in which ICADE works in public property. Orders from local authorities have not declined (particularly for high schools and secondary schools), whether carried out under project-management assistance or PPP. The medical/social sector has seen strong growth in its activity.

#### Engineering:

The engineering activity is coping well with the drop in the number of new operations, driven by contracting authorities' growing requirements for expertise in the area of energy savings and sustainable development.

Turnover of the Commercial Property Development business reached 486.5 million euros on 31 December 2009, down by 11.3% compared to December 31 2008 (548.3 million euros), reflecting the market context in 2009.

(in millions of euros)	31/12/2009	31/12/2008	Variation
Commercial Property Development	486.5	548.3	(11.3)%
. Public and Healthcare Amenities	189.7	168.7	12.4%
. Commercial	169.7	192.8	(12.0)%
. Commerce	62.3	120.4	(48.3)%
. Assistance to contracting authorities	37.3	35.6	4.7%
. Engineering	25.6	28.7	(10.8)%
. Others	1.9	2.1	(9.5)%

Turnover for Public and Health-care Amenities stood at 189.7 million euros, up by 12.4% compared to 2008, mainly related to the progress of health operations at Saint Nazaire (36.4 million euros) and Nancy (33.4 million euros), CPIs concerning high schools in French Guiana (16.5 million euros) and the Maison Blanche operation (11.8 million euros).

At 169.7 million euros, the turnover in commercial property development was down by 12.0% compared to 2008, because few new operations were initiated. The main operations were at Villejuif (blocks 3, 4 and 6), developed for Icade's commercial property investment division, for 66.9 million euros, Lyon Valeo (24.7 million euros), Porte de Clichy (19 million euros) and Lyon Thiers (17.1 million euros).

In September, the Commercial Property business successfully delivered the Odysseum shopping centre in Montpellier and began work under assistance to the contracting authority for the Millénaire shopping centre in Aubervilliers. Projects in Nîmes, north-east Paris, Montrabé and Marseille are also under development.

The backlog in Commercial, Shops, Amenities and Health, representing turnover that has been signed (ex-VAT) but not yet recognised in accordance with the progress of property-development operations, together with signed reservations (ex-VAT), stood at 464.1 million euros on December 31, representing 13.4 months of activity.

On 31 December 2009, Icade had a portfolio of projects in Commercial Property Development, covering offices and shopping centres, of about 514,984 m<sup>2</sup> (595,000 m<sup>2</sup> on 31 December 2008), which broke down into:

- projects in progress covering 87,417 m<sup>2</sup> (209,000 m<sup>2</sup> on 31 December 2008), representing turnover remaining to be recognised of 118.2 million euros (212 million euros on 31 December 2008), including 69% (35% on 31 December 2008) for property investment,
- projects at the initial development stage covering 427,567 m<sup>2</sup> (386,000 m<sup>2</sup> on 31 December 2008), representing turnover of 717.4 million euros (784 million euros on 31 December 2008). The latter consist of projects not yet initiated or delivered for which either a promise of sale

of land for the proposed building (in the case of an off-plan project), or a preliminary contract with the investor customer or user (in the case of a CPI project), or a partnership agreement for a joint operation has been signed. Some may have planning permission, applied for or obtained (with or without appeals resolved) and others may not.

The main projects under way are summarised in the following table:

	Total rounded floor area (in m <sup>2</sup> Net Usable Floor Area)	Type of structure (offices, shops, etc.)	Location	Type of operation	Buyer	Expected completion date
Saint Denis (50%)	22,221	Offices	Saint Denis	CPI	SILIC	<b>2013</b>
Villejuif 6	21,997	Offices	Villejuif	CPI	ICADE	<b>2011</b>
Villejuif ilot 3	21,201	Offices	Villejuif	CPI	ICADE	<b>2010</b>
Villejuif ilot 4	8,555	Offices	Villejuif	CPI	ICADE	<b>2010</b>
Bordeaux Ravésies *	3,243	Offices	Bordeaux	OFF PLAN SALE	*	<b>2010</b>
Nice Méridia Tranche 1 (50%)	10,200	Offices	Nice	CPI	Cogedim Office Partners	<b>2010</b>
<b>Total</b>	<b>87,417 m<sup>2</sup></b>					

*\* Property developments without an investor and thus with irreversible commitment*

The main projects at the initial development stage, with controlled land and building permits applied for or obtained, are summarised in the following table:

	Total rounded floor area (in m <sup>2</sup> Net Usable Floor Area)	Type of structure (offices, shops, etc...)	Location	Type of operation	Expected completion date
Le Perreux	11,000	Offices	Le Perreux	OFF PLAN SALE	<b>2012</b>
Villejuif ilot 1	10,839	Offices	Villejuif	CPI	<b>2012</b>
Pyrénées *	29,840	Offices	Paris	OFF PLAN SALE /CPI	<b>2014</b>
Lyon Vaise	6,270	Offices	LYON	CPI	<b>2012</b>
Joinville *	9,426	Offices	Joinville	OFF PLAN SALE	<b>2012</b>
Toulouse Blagnac Daurat *	17,160	Offices	Toulouse	OFF PLAN SALE	<b>2013</b>
Choisy le roi TR1 *	33,078	Offices	Choisy le Roi	OFF PLAN SALE	<b>2013</b>
Bordeaux Armagnac	9,350	Offices	Bordeaux	OFF PLAN SALE	<b>2011</b>
<b>Total</b>	<b>93,885 m<sup>2</sup></b>				

*\* Property developments without an investor and thus with irreversible commitment*

The main projects at the initial development stage, with controlled land but without planning permission, are summarised in the following table:

	Total rounded floor area (in m <sup>2</sup> Net Usable Floor Area)	Type of structure (offices, shops, etc...)	Location	Type of operation	Expected completion date
Toulouse Zone Nord (50%)	15,000	Offices	Toulouse	OFF PLAN SALE	2015
Zac de Rungis	19,000	Offices	Paris	OFF PLAN SALE	2013
Choisy le roi TR2	44,600	Offices	Choisy le Roi	OFF PLAN SALE	2013
Joinville 2	18,000	Offices	Joinville	OFF PLAN SALE	2013
Cachan RN20	11,960	Offices	CACHAN	OFF PLAN SALE	2012
Cachan Desmoulins	8,500	Offices	CACHAN	OFF PLAN SALE	2012
Macdonald -Passage du Nord	31,614	shopping centre	Paris	CPI	2013
Marseille Capelette (25%)	59,303	shopping centre	Marseille	OFF PLAN SALE	2013
Nîmes Retail Parc (100%)	27,976	shopping centre	Nîmes	OFF PLAN SALE	2012
Toulouse Borderouge	7,432	Offices	Toulouse	OFF PLAN SALE	2013
Nice Méridia tr2 50%)	8,535	Offices	Nice	CPI	2013
Nice Méridia tr3 50%)	9,965	Offices	Nice	CPI	2014
Nice sophia amadeus	10 619	Offices	Nice	OFF PLAN SALE	2012
Montrabé (100%)	28,100	shopping centre	Toulouse	OFF PLAN SALE	2013
<b>Total</b>	<b>333,682 m<sup>2</sup></b>				

*\* Property developments without an investor and thus with irreversible commitment*

At 31 December 2009, 96% of floor space under development was sold. 23% of floor space at the initial development stage is without an investor, with an irreversible commitment of 158.3 million euros (excluding tax).

To be noted concerning deliveries in 2009:

- The renting, to LCL, of the entire Villejuif development (60,000 m<sup>2</sup>), LCL will gradually install its head office in this new business area.
- The delivery of Lyon "Pixel" (13,385 m<sup>2</sup> of offices - investor LB IMMO INVEST); of an office building in Lyon, "Valéo", (14,769 m<sup>2</sup> - investor Crédit Suisse); of Lyon "Thiers" (15,833 m<sup>2</sup> of offices - investor Générali).
- The delivery of an office building at Clichy (92) (17,500 m<sup>2</sup> - acquirer: Compagnie la Lucette).
- The delivery of the Pierre Fabre laboratories in Toulouse (41,416m<sup>2</sup> - investor: Cicobail); of an office building at Colomiers (31) "Colombe Ramassiers" (8,600 m<sup>2</sup> -investor Cicobail); of an office building at Toulouse-Blagnac "Cap Constellation" (12,998 m<sup>2</sup> - investor UBS).
- The delivery of the Odysseum shopping centre in Montpellier (50,835 m<sup>2</sup> - investors ICADE / Klépierre / Foncière Casino).

On 31 December 2009, Icade's project portfolio in the "Public and Healthcare" Property Development field corresponded to 248,853 m<sup>2</sup> (271,286 m<sup>2</sup> on 31 December 2008) for projects under construction, including 122,748 m<sup>2</sup> (199,613 m<sup>2</sup> on 31 December 2008) for PPP and 14,804 m<sup>2</sup> (89,922 m<sup>2</sup> on 31 December 2008) of projects at the initial development stage, including 0 m<sup>2</sup> (25,659 m<sup>2</sup> on 31 December 2008) for PPP.

Please note the main operations under development on 31 December 2009:

- The Saint Nazaire Hospital (92,000 m<sup>2</sup>),
- The Nancy Hospital (30,748 m<sup>2</sup>).

During the half year, 132.8 million euros were signed in CPI or off-plan sales including:

- Service-sector and manufacturing premises at Saint Aignan, signed on 8 June 2009 (5.6 million euros)
- Medical-social centre ("EHPAD des 5 sens"), signed on 2 June 2009 (7.6 million euros)
- Saint Nazaire PEN-BRON Hospital, signed on 21 April 2009 (7.9 million euros)
- Blanchisserie du CHU Toulouse", signed in April 2009 (2.8 million euros)
- Medical-social centre at Lomme, signed on 16 April 2009 (10.2 million euros)
- Housing units at Chevilly Larue, tranche B1 signed on 30 July 2009 (8.0 million euros)
- Housing units at Chevilly Larue, tranches C1-C2-C3 signed on 23 September 2009 (12.5 million euros)
- Housing units at Dijon, batch 7 Clos Providence signed on 17 June 2009 (12.1 million euros)
- "Cancéropôle" hotel residency, signed 11 May 2009 (10.4 million euros)

Commitments built under speculative development in Commercial Property represent about 164.8 million euros, essentially concentrated in 2 operations: Pyrénées (132.3 million euros) and Choisy le Roi (12.5 million euros).

The Assistance to Contracting Authorities and Services business aimed at clients in the Public and Healthcare Amenities sectors grew by 4.7% compared to its 2008 level. The policy on mandates and PPP has been reviewed to ensure that the group performs better. The order book stands at 96.2 million euros, representing 31 months of turnover.

In Engineering, turnover was 25.6 million euros, representing a drop of 10.6% compared to 2008. The Engineering division's business had a difficult year against a background of a reduction in contracts related to market uncertainties. On 31 December 2009, the order book stood at 38.8 million euros, representing 18.2 months of turnover.

The EBITDA for the Commercial and Public property development business reached 38.5 million euros on 31 December 2009, against 60.6 million euros on 31 December 2008, representing a drop of 36.5%.

After taking the above factors into account, the Operating Profit stood at 36.7 million euros at 31 December 2009 (against 57.0 million euros at 31 December 2008).

The Working Capital Requirement for the Property Development division is reduced to 66.1 million euros, as a result of the following main factors:

- The stock was reduced by 67 million euros essentially following the delivery of commercial operations and the active marketing of the end of housing development programmes.
- The increase in accounts receivable (45 million euros) is mainly due to Housing Development, because of the acceleration of sales recorded in the last quarter 2009.
- The negative change in "other debts and receivables" relates to a significant increase in the current tax debt of 22.3 million euros related to the Odysseum operation, combined with the receipt of a tax credit of 21.2 million euros related to Icade Promotion Logement.

### 3. Services

The strategy for the Services division, announced at the end of 2008, consists of refocusing on service activities which include real synergies with the developer-REIT activities and which have greater profitability. It was carried out during 2009 with success.

The "property administration for individuals" business was divested in the 1<sup>st</sup> half-year of 2009 and that of "facility management" on 26 August 2009, to partners who will develop these two entities in their respective markets.

At the same time, Icade continued structuring its remaining activities to improve their profitability, their management and synergies. These activities now revolve around three centres of expertise:

- Managing: the property management business
- Operating: the business managing serviced residences
- Consulting: Consulting and Surveying business

(in millions of euros)	31/12/2009	31/12/2008 restated (*)	31/12/2008	Variation Vs 2008 restated
<b>TURNOVER</b>	151.0	204.1	204.1	(26.0)%
Target activities	110.8	109.7	89.5	1.1%
Property management	35.8	35.5	23.8	0.9%
Serviced residences	46.1	43.1	43.1	7.1%
Consulting and Surveying business	29.6	31.5	23.4	(6.0)%
Intra-business services target activities	(0.7)	(0.4)	(0.8)	84.9%
Activities divested	40.2	94.4	114.6	(57.4)%
Property management for individuals	18.2	38.2	55.9	(52.5)%
Facilities management	23.8	60.7	58.7	(60.8)%
Intra-business services activities divested	(1.7)	(4.6)	-	(62.3)%
<b>EBITDA</b>	3.7	11.9	11.9	(68.7)%
Target activities	6.7	12.6	9.8	(47.3)%
Property management	1.4	3.4	1.5	(59.5)%
Serviced residences	1.5	3.5	3.5	(58.0)%
Consulting and Surveying business	3.8	5.7	4.9	(33.5)%
Intra-business services	0.0	0.0	0.0	-
Activities divested	(2.9)	(0.7)	2.1	na
Property management for individuals	0.6	2.6	5.4	(77.7)%
Facilities management	(3.5)	(3.3)	(3.3)	4.6%
Intra-business services	0.0	0.0	0.0	-
<b>OPERATING PROFIT/LOSS</b>	2.6	9.2	9.2	(72.0)%
Target activities	5.6	9.7	6.6	(42.1)%
Property management	1.3	1.4	(1.1)	(9.2)%
Serviced residences	1.0	3.1	3.1	(66.6)%
Consulting and Surveying business	3.2	5.1	4.6	(36.6)%
Intra-business services	0.0	0.0	0.0	-
Activities divested	(3.0)	(0.4)	2.7	na
Property management for individuals	0.3	(0.3)	2.8	na
Facilities management	(3.3)	(0.1)	(0.1)	na
Intra-business services	0.0	0.0	0.0	-

(\*) For a better readability of the change in the division's activities, data at 31 December 2008 relative to business, subject to a transfer within the division in 2008, was restated and presented in coherence with positions for 2009

General comment on the services business in 2009:

2009 turnover reached 151 million euros, down compared to 2008 (204 million euros). This drop in turnover is related to the exit from Icade's scope of two divested companies, Icade ADB and Icade Eurogem, in the second half-year. Therefore the overall results for the services division only include 6 months of business for Icade ADB and Icade Eurogem.

Accordingly, it appears more relevant to make comparisons on the scope of the activities targeted, which represented turnover on 31 December 2009 of 110.8 million euros, slightly up compared to 2008 (109.7 million euros).

Concerning the operational profitability of the division (EBITDA), it stood at 3.7 million euros on 31 December 2009, significantly down compared to 2008 (12 million euros). Two factors combined explain the reduced EBITDA:

- A negative aggregate EBITDA over 6 months of activity for the divested entities of -2.9 million euros. This situation confirms the appropriateness of the strategy to refocus on the most profitable activities that was decided at the end of 2008.
- A halving of the operational margins of the target scope (6.7 against 12.6 million euros) because of an unfavourable economic environment.

### 3.1 Property Management

Property management for institutional clients is performed in France by Icade Property Management (IPM), a company that covers the entire national territory with branches in Paris, Lille, Lyon, Marseille, Bordeaux and Toulouse. Icade is also present in Italy via its subsidiary Icade Italia.

#### *The activities performed by Icade Property Management (IPM)*

The administration of buildings on behalf of third parties consists of managing leases, collecting rent, accountancy and the division of charges, taxation, insurance and the technical management of buildings. This business is remunerated by fees calculated according to a percentage of rent collected, whatever type of asset is managed. Also, the final remuneration of this business depends on the rates applied and negotiated with investors and on the level of rent collected.

The operational profitability of its activity depends:

- firstly, on controlling management processes and associated costs,
- secondly, on the financial income resulting from managing the cash generated by the activity.

#### *Items in results:*

(in millions of euros)	31/12/2009	31/12/2008 restated	Variation
Turnover	35.8	35.5	0.9%
EBITDA	1.4	3.4	(59.5)%
<i>EBITDA margin</i>	<i>3.9%</i>	<i>9.7%</i>	
Operating profit/loss	1.3	1.4	(9.2)%

In France, turnover increased by 5% representing +1.4 million euros, in spite of the renegotiation downwards of a significant contract (-1.5 million euros in fees). Turnover thus went from 29.9 to 31.3 million euros. This increase was related to the marketing of housing units, project management and renovation works, both in Ile-de-France and in the French provinces.

In Italy, Icade Italia had turnover of 4.5 million euros in 2009 against 5.5 million euros in 2008. The drop in turnover was mainly the result of the end of an asset management contract during 2008, the reduction in the overall service and technical services business (project management and due

diligence) and the non-renewal of Property Management contracts. In spite of a difficult environment, the company continued its marketing activity, resulting in 0.25 million euros in new contracts during 2009.

The EBITDA went from 3.4 million euros in 2008 to 1.4 million euros in 2009.

Property Management margins in France were eroded, going from 4.2 million euros to 1.1 million euros. This drop of 3.1 million euros compared to 31 December 2008 (restated\*) is explained:

- for half by the reduction in financial income related to the activity, which went from 2.15 million euros to 0.63 million euros, representing a drop of 70% and an amount of -1.52 million euros, representing -5.2 points of EBITDA;
- for the other half, by the drop in fees of more than 1.5 million euros on a significant contract, not compensated by reductions in services and manpower.

Internationally, EBITDA recovered in spite of a downturn in activity that was partially due to increased selectivity on the client portfolio and vigorous measures to restructure and rationalise costs and the workforce. Icade Italie reached breakeven point, generating EBITDA of 0.3 million euros on 31 December 2009 against (0.8) million euros on 31 December 2008.

### 3.2 Serviced residences

Icade is developing a business of operating serviced residences in France, via its subsidiary Icade Résidences Services (IRS) and in Spain, via RESA.

#### *The development model for IRS:*

On 31 December 2009, Icade was operating 56 serviced residences in France, representing nearly 7,400 batches spread over the entire national territory. Icade is the 3<sup>rd</sup> largest private operator of student halls of residence, behind Lamy Résidences (more than 12,000 batches) and Réside Etudes (more than 10,000 batches) and in front of BNP Paribas (5,800 batches).

In Spain, Icade is present in the business of developing and managing student halls of residence throughout Spain, which represented more than 6,000 beds on 31 December 2009. The average occupation rate of establishments reached 90%.

#### *Items in results:*

(in millions of euros)	31/12/2009	31/12/2008 restated	Variation
Turnover	46.1	43.1	7.1%
EBITDA	1.5	3.5	(58.0)%
<i>EBITDA margin</i>	<i>3.2%</i>	<i>8.1%</i>	
Operating profit/loss	1.0	3.1	(66.6)%

#### Turnover

In France, turnover, composed of income related to operating residences, sales of buildings and fees for assistance to property developers, increased by 8% in 2009 to reach 36.5 million euros. This increase is essentially resulted from the following factors:

- Growth in turnover related to the operation of residences, of 4.5 million euros, related to the increase in the managed estate (7 new residences delivered at the end of 2008 for 998 batches and 2 residences at the end of 2009 for 224 batches),
- Reduction in turnover related to the sale of furniture and fees for assistance to property developers, due to the delivery of two residences in 2009, against seven in 2008.

In Spain, the increase by 3.3% in turnover between 2008 and 2009 is related to the entry into operation, for the first time in a full-year, of residences in Madrid and Salamanca (526 beds) and also to the opening of a new establishment in September 2009.

#### Profit/loss

The EBITDA for this business went from 3.5 million euros on 31 December 2008 to 1.5 million euros on 31 December 2009. This worsening of EBITDA is explained by the reduction in turnover on the sale of furniture and assistance fees, activities which have high margins, and an increase in operational turnover where margins still remain too low.

Operating margins contracted significantly in France because of the growth in rental paid to owners, growth related to their non-capped indexing on the construction cost index (as a reminder, the construction cost index grew by more than 20% over the last three years), while the rent received from students could not grow at the same rate.

However, corrective actions to improve the control of changes to rents paid have been put in place for the new residences that are delivered and are in the process of being generalised throughout the managed estate.

### 3.3 Consulting and Surveying

Icade has grouped its consulting entities under two divisions and continues to search for the best possible profitability in these activities, which are highly profitable but subject to economic fluctuation.

#### *Presentation of the consulting business*

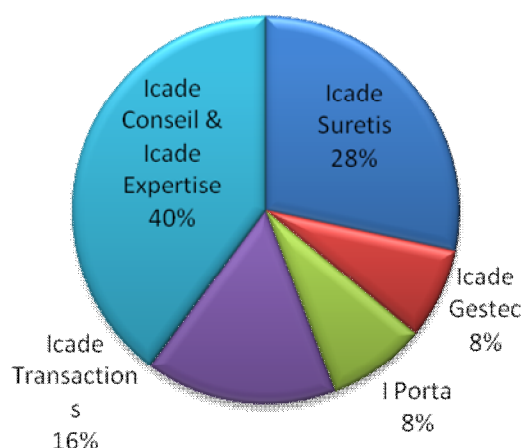
Icade's consulting businesses are organised around the following areas:

- Strategic consultancy,
- Technical consultancy
- Surveying,
- Transaction consultancy.

#### *Items in the results of the consulting and surveying business*

(in millions of euros)	31/12/2009	31/12/2008 restated	Variation
Turnover	29.6	31.5	(6.0)%
EBITDA	3.8	5.7	(33.5)%
<i>EBITDA margin</i>	<i>12.8%</i>	<i>18.2%</i>	
Operating profit/loss	3.2	5.1	(36.6)%

## Turnover 2009 - consulting and surveying



Subject to the economic slowdown of 2009, turnover for the consulting and surveying business dropped by 6.0% to 29.6 million euros. This reduction was essentially caused by the transaction business, which could not be compensated for by growth in the other business areas.

The maintenance of the business and the contraction of margins was directly expressed in the results, as the turnover of the consulting and surveying division was 29.6 million euros on 31 December 2009, compared with 31.5 million euros.

The EBITDA is down and stood at 3.8 million euros against 5.7 million euros the previous year.

In conclusion, like the other services businesses, the challenge for the consulting business is to maintain its level of business allowing the improvement of margins. This objective involves the search for new clients, the re-balancing of orders to favour the private sector and the development of new products.

### 3.4 Activities divested

Pursuant to the strategy announced at the end of 2008, Icade made two significant disposals in 2009:

- Disposal at 30 June 2009 of Icade Administration de Biens, a company grouping all of Icade's property management activities for individuals, to Procivis. With some 450 employees, in the first half-year 2009, Icade's property management business for individuals generated turnover of 18 million euros, for an EBITDA of some 0.6 million euros. The company was deconsolidated with effect from 30th June 2009.
- On 26 August 2009, Icade Eurogem, a company specialised in Facility Management, was sold to TFN group. Icade Eurogem, with about 500 employees, generated turnover of 23.8 million euros and negative operating profit of (3.5) during the first half-year 2009. The company was deconsolidated during the second half-year 2009.

*Items in results:*

(in millions of euros)	31/12/2009 (**)	31/12/2008 restated
Turnover	40.2	94.3
EBITDA	(2.9)	(0.7)
<i>EBITDA margin</i>	<i>(7.3)%</i>	<i>(0.7)%</i>
Operating profit/loss	(3.0)	(0.4)

*(\*\*) Divested in June and August, these 2 entities were deconsolidated in the second half-year*

## 4. Others

“Other” activities consist of the Icade Group's so-called “head office” charges and eliminations of Icade's intra-group operations.

Other turnover stood at (159.0) million euros at 31 December 2009 and mainly corresponds to the elimination of turnover related to intra-group operations.

The property company purchased:

- Commercial property: off-sale contracts of the Commercial Property Development division: Villejuif, Odysseum Shopping Centre in Montpellier. Impact on turnover of (91.3) million euros in 2009.
- Residential property: off-sale contracts of the Residential Property Development division. Impact on turnover of (37.2) million euros in 2009.

“Other” operating profit totalled (29.5) million euros at 31st December 2009. This consisted of, on the one hand, margin eliminations on Icade's intra-group operations, i.e. (22.6) million euros, and on the other hand, the negative contribution of Icade's head office charges, i.e. (6.9) million euros. Also worth noting is the sharp fall in structural costs between 2008 and 2009 which is the fruit of a set of measures taken during 2009 concerning in particular human resources and general overheads.

## 5. Profit/loss 2009

### 5.1 Financial profit/loss

Icade's financial income on 31 December 2009 stood at (100.2) million euros against (99.1) million euros on 31 December 2008. This resulted from the following elements:

- The slight reduction in the cost of debt, in spite of the increase in average outstanding gross debt (2,764.9 million euros in 2009 against 2,230.0 million euros in 2008) thanks to the drop in interest rates (the average rate after hedging went from 4.80% in 2008 to 4.23% in 2009),
- The reduction in interest on cash, a consequence of the drop in investment rates in 2009.

### 5.2 Tax charge

The tax charge for 2009 stood at 34.4 million euros against 31.2 million euros on 31 December 2008.

The 2009 tax charge includes 7.9 million euros of exceptional charges corresponding to the tax on capital gain from the sale of the assets of Residential Property Investment sold to affiliated companies that do not have the SIIC status.

### 5.3 Group share of net profit

After taking into account the above items, Net Profit Group Share reached 527.1 million euros on 31 December 2009, against 312.5 million euros on 31 December 2008.

## 6. Obligations of the SIIC regime and distribution

The ratio of activities not eligible for the SIIC regime in the parent company's balance sheet stood at 18.2% at 31 December 2009.

Icade's 2009 net book profit stood at 449.0 million Euros, corresponding to a fiscal profit of 252.0 million Euros.

This fiscal base breaks down over the various sectors as follows:

- 3.5 million euros of current profits from SIIC exempt activities and subject to an 85% distribution obligation;
- 197.0 million euros profit from disposals, subject to a 50% distribution obligation over the next two years;
- The dividends of the SIIC subsidiaries, after assignment of net financial income, stood at - 8.8 million euros;
- Taxable result which stands at 60.2 million euros.

The distribution obligation amounted to 101.5 million euros in 2009 including:

- 3.0 million euros in respect of rental activities (85% obligation) ;
- 98.5 million euros relating to disposals (obligation for 50% over a maximum of 2 years), which Icade decided to pay in one instalment.

The 2009 obligation will therefore be respected through 3.25 euros per share. The total dividend distribution, put to the vote of the General Meeting, stood at:

- Either 160.2 million euros based on 49,293,131 shares issued on 31 December 2009,
- Or 167.8 million euros based on 51,637,391 shares, including 2,344,260 new shares based on the capital increases that occurred on 16 February 2010.

## III - REVALUED NET ASSET VALUE AT 31 DECEMBER 2009

At 31 December 2009, the net asset value at replacement value amounted to 4,444.7 million euros, or 91.0 euros per share, fully diluted and 4,129.6 million euros liquidation value, or 84.5 euros per share fully diluted.

### A - VALUATION OF PROPERTY ASSETS

#### 1. Summary of appraisal values of Icade's assets

Group assets stood at 5,803.9 million euros excluding rights against 6,952.3 million euros at the end of 2008, a variation of -1,148.4 million euros over 2009 (-16.5%). On a like-for-like basis, the yearly variation in portfolio value stands at -631.8 million euros, representing a drop of 10.3% compared to 31 December 2008, as detailed in the table below:

Portfolio value in €m excluding rights <sup>(1)</sup>	31/12/09	31/12/08	Variation (€m)	Variation (%)	Variation <sup>(€m)</sup> on a like-for-like basis <sup>(2)</sup>	variation <sup>(%)</sup> on a like-for-like basis <sup>(2)</sup>
Residential Property Investment division	1,992.1	2,935.3	-943.2	-32.1%	-295.0	-12.9%
Commercial Property division	3,811.8	4,017.0	-205.2	-5.1%	-336.8	-8.8%
<b>Portfolio value of property assets</b>	<b>5,803.9</b>	<b>6,952.3</b>	<b>-1148.4</b>	<b>-16.5%</b>	<b>-631.8</b>	<b>-10.3%</b>

<sup>(1)</sup> According to the companies in the consolidation at 31/12/09 (100% consolidation of assets consolidated by the full consolidation method and up to the percentage interest for other consolidated assets).

<sup>(2)</sup> Net variation in disposals for the year and investment in commercial property

Icade's property assets are valued by independent surveyors. Property valuations were entrusted to CB Richard Ellis Valuation in respect of all Group property assets with the exception of:

- the residential property division, for which the residual property portfolio (i.e. buildings not valued under the protocol with the consortium and/or a sales promise - see developments below) was surveyed by CB Richard Ellis Valuation and Property Surveying,
- almost all buildings in the Commercial Property Investment division, offices, the buildings in the Pont de Flandre estate and three clinics, which were valued by CB Richard Ellis Valuation and Jones Lang LaSalle,
- assets of Icade Bricolage which are valued by Jones Lang LaSalle.

These property surveyors were chosen according to criteria of independence, qualification, reputation and expertise in property valuation, taking into account the geographical location and characteristics of buildings. Each year, or at each valuation campaign, a surveying contract is drawn up between Icade and the property surveyors based on outright remuneration taking into account the specifics of buildings (number of batches, number of square metres, number of current leases, etc.), and independently of the value of assets.

The work of the surveyors, whose principal valuation methods and conclusions are set out below, is carried out in accordance with professional standards, specifically:

- the Charter of Property Valuation, 3rd edition, published in June 2006;
- the so-called "Barthès de Ruyter" COB (French Stock Exchange Commission) (AMF) report of 3rd February 2000 on the valuation of property assets of companies making public issues;
- internationally, the Tegova European valuation standards (The European Group of Valuers' Association) published in April 2009 in the Blue Book, as well as the standards of the Red Book of the Royal Institution of Chartered Surveyors (RICS).

These various texts lay down the qualifications of valuers, principles of good conduct and code of ethics as well as basic definitions (values, floor area, rates as well as the main valuation methods).

The values are established including rights and excluding rights, those including rights are determined after deduction of rights and legal charges and calculated on a set basis by the surveyors. In the event of buildings valued by two surveyors, the valuation used corresponds to the average of the two values.

The sites are systematically inspected by the surveyors for all new assets coming into the portfolio. New site visits are then organised regularly over several years or each time a particular event in the life of a building requires it (occurrence of significant modifications to its structure or its environment).

According to procedures in force within the Group, all Icade's assets were valued on 31 December 2009, with the exception of:

- buildings in the process of arbitrage, including those subject to sales promises at the time of accounts closure, which are valued on the basis of the contractual sales price; in particular, the buildings of the Residential Property Investment division were valued on 31 December 2009 on the basis of the memorandum of understanding concluded on 13 November 2009 with the consortium formed by the SNI, major local public-housing offices and social investors in the Ile-de-France (see explanations in paragraph §2).
- buildings underlying a financing transaction (i.e. financial leasing or rental with purchase option when Icade is exceptionally the lender), which are maintained at their cost price or, if applicable, the price of the purchase option shown in the contract; the office building rented by Icade Foncière Publique to the Ministry of the Interior for a period of 20 years with a purchase option is the only building coming into this category on 31 December 2009;
- public buildings and works held within the framework of a PPP (Public Private Partnership) which are not subject to valuation as ownership ultimately reverts to the State once the concession has terminated. These assets are held at their net book value and are not included in the property assets currently published by Icade;
- buildings acquired on an off plan basis and/or with Group developers and which are also valued at their cost price up to their date of delivery, such as the Villejuif office blocks acquired by the former Icade Foncière des Pimonts; these assets are held at their cost price paid on 31 December 2009;
- buildings acquired less than three months before the close of the year or half year, which are maintained at their net book value.

## 2. Residential Property Investment Division

### 2.1 Methodology used by the surveyors

Within the framework of the mandate entrusted to Icade's Chairman and CEO by the Board of Directors of 12 December 2008 to examine the disposal of the entire residential housing division to one or more investors, Icade signed a memorandum of understanding on 13 November 2009 ratifying the definitive offer received from the consortium formed by the Société Nationale Immobilière (SNI) amongst others). This offer relates to the acquisition of all of the property assets of the Residential Property division, with the exception of:

- 4,745 housing units, which will be contributed to a structure that is common with the SNI, which will manage them;
- Housing units under joint-ownership, the arbitrage of which will be continued, and various assets, mainly including land reserves and ground floor shops.

The assets of the Residential Property Investment division were valued on 31 December 2009 based on the memorandum of understanding mentioned above. The other assets have been valued following the principles usually used by Icade and are summarised below:

Typology of the assets of the Residential Property Division	Valuation principles used: as at 31 December 2009
Assets in the process of disposal	Price of memorandum of understanding or sale promise
Assets transferred to structures in common with the SNI	Property surveys as of 31 December 2009 (1)
Housing units under joint-ownership and other	Property surveys as of 31 December 2009 (2)

- (1) As a reminder, the approach used by the surveyors for housing units is the discounted cash-flow (DCF) method so as to be able to take into account projected refurbishment expenditure and the expected rent increase within the framework of indexation and the pricing policy (re-letting and Article 17c).
- (2) Homes intended to be sold to occupants are valued by the comparison method.

## 2.2 Changes in residential assets

At the end of December 2009, the overall value of the Residential Property division came out at 1,992.1 million euros excluding rights compared to 2,935.3 million euros at the end of 2008, a fall of 943.2 million euros (-32.1%).

Portfolio value in €m excluding rights	31/12/09	31/12/08	Variation (€m)	Variation (%)	Variation <sup>(€m)</sup> on a like-for-like basis <sup>(1)</sup>	variation <sup>(%)</sup> on a like-for-like basis <sup>(1)</sup>
Residential Property Investment division	1 992.1	2 935.3	-943.2	-32.1%	-295.0	-12.9%

(1) After neutralising divestitures during the year

This change can be explained principally by the effect of disposals made during the first half year and by taking into account the memorandum of understanding dated 13 November 2009 covering a significant part of the housing assets. The price of this protocol is of course lower than the values published at 31st December 2008, as it is a block sale to a consortium and not the price which would have resulted from the separate disposal by unit. The difference between the two, which represents a "portfolio effect" discount, has been calculated at about -13.6% in the context of the present transaction, representing a discount that is fully consistent with the size of the portfolio and the limited number of potential acquirers (see details in the table below). This discount is all the more coherent given the downward trend of residential market prices that continued during 2009 (according to the Chambre des Notaires de Paris, the average price per m<sup>2</sup> for existing apartments in Ile-de-France dropped by 7.1% on an annual basis at the end of October 2009).

### *Distribution of the assets of the Residential Property Division by use*

Value of housing property assets by category	Value excluding rights		Average price €/m <sup>2</sup> of housing units	Price € / average housing unit
	€m	%		
Assets under sale or promise	1,444.1	72.5%	1,093	64,513
Assets transferred to structures in common with the SNI	213.5	10.7%	742	44,966
Sub-total	1,657.6	83.2%	1,030	61,076
Housing units under joint-ownership and other	334.5	16.8%	1,553	99,597
TOTAL	1,992.1	100.0%	n/a	n/a

At 31 December 2009, the average price per m<sup>2</sup> of housing units, excluding those under sale to occupants, stood at 1,030 euros. The price of housing units intended for sale to occupants is estimated at 1,553 euros per m<sup>2</sup> on average, on the basis of the comparison method.

## 3. Commercial Property Investment Division

The overall value of the Commercial Property portfolio stood at 3,811.8 million euros excluding rights at the end of December 2009, against 4,017.0 million euros at the end of 2008, representing a drop of 205.3 million euros (-5.1%).

Portfolio value in €m	31/12/09	31/12/08	Variation (€m)	Variation (%)	Variation (€m) on a like-for-like basis	Variation (%) on a like-for-like basis
Offices Division	1,400.2	1,653.7	-253.5	-15.3%	-171.6	-11.8%
Business Parks Division	1,288.7	1,423.2	-134.5	-9.4%	-160.1	-11.3%
Shops and Shopping Centres	281.2	206.1	+75.1	+36.4%	+4.6	+2.3%
Amenities Division	841.7	734.0	+107.7	+14.7%	-9.7	-1.3%
<b>Total Commercial property division</b>	<b>3 811.8</b>	<b>4 017.0</b>	<b>-205.2</b>	<b>-5.1%</b>	<b>-336.8</b>	<b>-8.8%</b>

By neutralising the impact of acquisitions and disposals carried out in 2009, the variation in the value of commercial assets amounts to -8.8% on a like-for-like basis. This fall in value shows the very good resistance of Commercial Property assets, in particular Public and Healthcare Amenities, with regard to the market trends observed on the property investment market during 2009.

By value, this portfolio is predominantly located in the Paris region, which represents 72% of the portfolio, with the majority in Paris and the Inner Ring. The buildings situated in Paris and La Défense alone represent 31% of the total. Assets situated in Germany represent 9% of the portfolio.

Value of commercial property assets by geographic sector	Value excluding rights €m		Variation €m	Variation €M on a like-for-like basis	Variation % on a like-for-like basis
	31/12/09	31/12/08			
Paris CBQ	168	380	-212	-24	-12.4%
Paris (excluding CBQ)	620	704	-84	-91	-12.9%
La Défense	406	472	-66	-68	-14.4%
West Quadrant	363	374	-11	-33	-8.9%
Inner Ring	1 047	999	+48	-103	-10.3%
Outer Ring	134	134	-	-3	-2.5%
<b>Sub-total Paris region</b>	<b>2,738</b>	<b>3,063</b>	<b>-325</b>	<b>-322</b>	<b>-11.2%</b>
Rest of France	716	588	+128	-2	-0.4%
Germany	358	366	-8	-12	-3.3%
<b>TOTAL</b>	<b>3,812</b>	<b>4,017</b>	<b>-205</b>	<b>-336</b>	<b>-8.8%</b>

Below is listed the principal valuation methods used by the surveyors along with the values at 31 December 2009 for each of the property portfolios making up the Commercial Property division: Offices, Business Parks, Shops and Shopping Centres and Public and Healthcare Amenities.

### **3.1 Commercial Property Investment Division - Offices**

#### **3.1.1 Methodology used by the surveyors**

Investment office blocks are valued by surveyors by two methods: the revenue method (the surveyor using the net rent capitalisation or discounted cash-flow method, whichever is the most appropriate) and cross checking using the method of direct comparison with the prices of transactions in the market on equivalent assets in terms of nature and location (unit, in block or per building prices).

The net revenue capitalisation method consists of applying a rate of return to revenue, whether that revenue is established, existing, theoretical or potential (market rental value). This approach may be carried out in different ways according to the revenue basis considered (actual rent, market rent, net revenue) to which different rates of return correspond.

The discounted cash-flow method is the same as described above. Whether the capitalisation or discounting method is used, valuation calculations are carried out on a lease by lease basis except in special cases or where there is a justified exception.

For operational buildings (head office in particular) these are valued at the value of a building in service leased under market conditions on the date of the survey (in other words, operational buildings, particularly those used as offices, are not considered to be vacant and internal leases are not taken into account).

### 3.1.2 Changes in office assets

This primarily consists of office blocks belonging to the Office Property division (ex - Icade Foncière des Pimonts, ex-Icade SA and ex SIIC Invest) and all of the property assets of Icade REIT in Germany. After applying the survey methods described in the previous paragraph, the overall value of this portfolio comes out at 1,400.2 million euros excluding rights at end December 2009 against 1,653.7 million euros at end 2008, i.e. a decline of 253.5 million euros (-15.3%).

Portfolio value in €m	31/12/09	31/12/08	Variation (€m)	Variation (%)	Variation (€m) on a like-for-like basis	Variation (%) on a like-for-like basis
Office Property (excluding shopping centre)	1,042.1	1,287.2	-245.1	-19.0%	-159.1	-14.5%
Icade REIT	358.1	366.5	-8.4	-2.3%	-12.5	-3.5%
Offices Division	1,400.2	1,653.7	-253.5	-15.3%	-171.6	-11.8%

During 2009, Icade invested 113 million euros in maintaining and developing its office assets and performed the following asset arbitrage:

- disposal of buildings located at 114 avenue des Champs Elysées and 3-5 avenue de Friedland (Paris 8<sup>th</sup>),
- disposal of business premises at Frankfurt-am-Main in Germany and disposal on delivery (September 2010) of a commercial building under construction at Munich Arnulfpark.

If we restate the disposal on delivery of the building located at Munich Arnulfpark and valued at cost of 31 December 2009, these arbitrage operations were carried out at the end of the year for a total price slightly greater than their last appraisal value on 30 June 2009 (+0.1%). By neutralising the impact of investments and disposal, the variation in the value of the office assets at the end of December 2009 was -171.6 million euros on a like-for-like basis, representing -11.8%.

This variation can be explained, for some -36 million euros, by the increase in rates of return and discount rates used by the surveyors. This drop is also explained by the revision of possible business plans for buildings for -136 million euros (e.g. indexing rent, renegotiating leases coming to an end, work plans, etc.).

#### *Geographic distribution of office assets*

Value of office property assets by geographic sector	Value excluding rights	
	€m	%
Paris - Central Business Quarter (CBQ)	168	12.0%
Paris (excluding CBQ)	17	1.2%
Paris - La Défense	406	29.0%
West Quadrant (Hauts-de-Seine)	190	13.6%
Inner ring (excluding Hauts-de-Seine)	170	12.1%
Outer ring	6	0.5%
TOTAL Paris region	957	68.4%
Rest of France	85	6.0%
Germany	358	25.6%
TOTAL	1,400	100%

In terms of value, the Office Property portfolio is primarily located in the Paris region which represents 68.4% of the portfolio, the buildings located in Paris and La Défense alone representing 42.2% of the whole. 25.6% of the assets are located in Germany and held by Icade REIT.

*Return on assets and reversion potential:*

Value of office property assets	Value including rights in €m (1)	Value excluding rights in €m (2)	Net rate of return (excluding rights) (3)	Average price €/m <sup>2</sup> (4)
Paris CBQ	178	168	6.5%	8,897
Paris (excluding CBQ)	18	17	7.8%	4,088
La Défense	100	94	8.6%	5,700
West Quadrant	194	183	8.1%	4,767
Inner ring	63	61	7.1%	4,299
Outer ring	7	7	10.8%	608
<b>Total Paris region</b>	<b>560</b>	<b>530</b>	<b>7.6%</b>	<b>5,132</b>
Rest of France	89	85	9.6%	631
Germany	255	244	7.0%	2,049
<b>TOTAL</b>	<b>904</b>	<b>859</b>	<b>7.6%</b>	<b>2,407</b>
Property reserves and projects under development (5)	548	541	n/a	n/a
<b>TOTAL</b>	<b>1 452</b>	<b>1,400</b>		

(1) Rights inclusive value of office assets established from average appraisal values at 31 December 2009.

(2) Rights-exclusive valuation of office assets established from the average of appraisal values at 31 December 2009 (after deduction of fees and costs of deeds calculated outright by the surveyors).

(3) Net annualised rents of rented floor space added to potential net rents of vacant floor areas at market rental value in relation to the rights exclusive appraisal value of rentable floor areas.

(4) Established in relation to appraisal value excluding rights.

(5) Primarily includes land and development projects in Germany (Arnulfstrasse 61 in Munich, Goldsteinstrasse in Frankfurt, Mercedesstrasse in Düsseldorf, Hohenzollerndamm and Salzuffer in Berlin and Ahrensdorf in Ludwigsfelde), as well as buildings under construction at Villejuif (avenue de Paris) and the Tour Descartes.

The return on buildings in the Offices Division was 7.6% at end 2009 with a reversion potential valued at -4.1% according to the market rental values estimated by CB Richard Ellis Valuation.

It should be noted that on 31 December 2009, the projects under development mentioned in the above table include the Tour Descartes following the departure of its unique tenant, IBM, and the refurbishing plan chosen, delivery of which is expected at the end of 2012.

## **3.2 Commercial Property Investment Division - Business Parks**

### **3.2.1 Methodology used by the surveyors**

The property assets of the business parks consist of built assets in use as well as property reserves and building rights for which property projects have been identified and/or are in the process of development.

The built assets in use of the business parks are valued by the surveyors using the same methods as for offices (see above § 3.1). In the case of property reserves and buildings under development, the valuation principles for these assets are detailed below. It should be noted that their area of application extends to all of Icade's property assets and not only buildings in business parks, even though the latter account for a significant proportion of property projects under development within Icade's assets.

#### *Special case: buildings under development on own land*

The notion of buildings under development covers an extremely vast diversity of situations and the question is currently not particularly well covered by regulatory or professional texts. Only the

accounting treatment of this class of assets is covered by a specific assignment, depending on the applicable regime. Before explaining the principal methods used in valuing these assets a preamble lists the main categories of buildings under development on the understanding that each category may itself cover several variants:

#### *Principal categories of buildings under development*

##### (1) Property reserves

This category of assets covers large property units which are only partially provided with services, where the ability to build is sometimes subject to additional development and may not be implemented globally and immediately (question of delay in obtaining authorisations, need to carry out development work, problem of absorption by the market). These reserves can be valued since they constitute an asset, but with a certain amount of prudence in the light of the conditions described above.

##### (2) Building land or building rights

This second category relates to medium sized individual property units marketable as such on the market in an urban or suburban location, serviced and able to be built on in the medium term.

##### (3) Residual building land

Residual building land is building land not used by individual plots already containing buildings. Residual building land can also be valued from the moment it can legally and technically be built on, subject to the rights of any tenants in the buildings and related town planning constraints.

##### (4) Buildings under development

Buildings under development cover building land with authorisations such as demolition permit, planning permission, CDEC authorisation, where the exit horizon is usually within a period of two to four years with a degree of risk and revaluation which changes with time until such time as the building is delivered, marketed and put into service.

##### (5) Buildings under redevelopment

Buildings under redevelopment relate to individual plots containing buildings, whether occupied or not, which were originally considered as investment properties but which either due to a town planning decision or a strategic decision of the owner, fall into the "redevelopment" category (tenant leaving or evicted, demolition and redevelopment works).

#### *Valuation methods used by surveyors for buildings under development*

For the purposes of calculating the revalued NAV, projects under development are valued on the basis of a clearly identified and documented project, as soon as planning permission can be examined and implemented. Insofar as they were originally valued as investment properties, buildings "under development" or "under reconstruction" can be valued on the basis of their futures following approval by Icade's undertakings committee.

The methods used by surveyors in valuing projects under development primarily include the method produced on the basis of a developer balance sheet and/or DCF, supplemented if necessary by the comparison method (see details of both methods above).

The method established on the basis of a developer balance sheet consists of producing the financial balance sheet for the project according to the approach of a property developer to whom the land has been offered. From the selling price of the building on delivery, the surveyor deduces all the costs to be incurred, building costs, fees and margin, financial expenses as well as the amount that could be assigned to the land charge.

Whichever method is selected, it is ultimately up to the surveyors to set a value and discount rate in line with the risks inherent in each project and in particular the stage of progress of the various authorisation and building phases (demolition permit, planning permission, appeals, progress of works, any pre-marketing or rental guarantee). From the exit value, the surveyors must explain

which procedure they followed in estimating the degree of risk and revaluation attaching to the building in the light of the circumstances under which they work and the information made available to them.

### 3.2.2 Changes in the assets of Business Parks

The market value of the assets of business parks resulting from the methods described above was 1,288.7 million euros excluding rights at 31 December 2009 against 1,423.2 million euros at 31 December 2008, i.e. a reduction of -134.5 million euros (-9.4%).

Portfolio value of property assets in €m	31/12/09	31/12/08	Variation (€m)	Variation (%)	Variation (€m) on a like-for-like basis	Variation (%) on a like-for-like basis
Parc du Pont de Flandres	321.9	385.8	-63.9	-16.6%	-67.0	-17.4%
Parc des Portes de Paris	440.5	478.2	-37.7	-7.9%	-41.3	-8.6%
Parc du Millénaire	274.7	294.1	-19.4	-6.6%	-23.6	-8.0%
Parc le Mauvin	33.4	38.2	-4.8	-12.5%	-4.9	-12.8%
Parc Pillier Sud	25.8	26.7	-0.9	-3.3%	-1.1	-4.2%
Parc CFI	128.2	130.5	-2.3	-1.7%	-5.2	-4.0%
Others	64.2	69.7	-5.5	-7.8%	-17.0	-24.4%
Business Parks Division	1 288.7	1,423.2	-134.5	-9.4%	-160.1	-11.3%

Icade made 25.6 million euros of maintenance and development investments in its Business parks during 2009.

On a like-for-like basis, after neutralising investments for the year, the value of Icade's business parks has fallen by 160.1 million euros over 2009, i.e. -11.3%. About -32 million euros of this variation is explained by the increase in yield rates and discount rates used by the property surveyors, while -129 million euros relates to the review of possibilities for business plans for the buildings (e.g. work plans, change to rents, etc.).

#### *Geographic breakdown of assets:*

Value of the property assets of business parks	Value excluding rights	
	€m	%
Paris (75)	597	46.3%
Saint Denis (93)	124	9.6%
Aubervilliers (93)	568	44.1%
TOTAL	1,289	100%

The value of the parks located in Seine-Saint Denis (93) accounts for about 54% of the total value of the business parks with those located in Paris accounting for the remaining 46% (Parc du Pont de Flandre and Parc du Millénaire).

### *Return on assets and reversion potential:*

Value of property assets of business parks	Value including rights in €m (1)	Value excluding rights in €m (2)	Net rate of return (excluding rights) (3)	Average price €/m <sup>2</sup> (4)
Parc du Pont de Flandre	326	307	7.9%	4,078
Parc des Portes de Paris	457	432	9.0%	1,954
Parc Pilier du Sud	27	26	9.5%	1,153
Parc CFI	133	128	7.9%	2,053
Parc du Millénaire	241	237	7.7%	4,066
Parc du Quartier du Canal	17	16	8.9%	2,142
Parc le Mauvin	35	33	9.2%	1,524
<b>TOTAL</b>	<b>1,236</b>	<b>1 179</b>	<b>8.3%</b>	<b>2,516</b>
Property reserves and projects under development (5)	113	110	n/a	n/a
<b>TOTAL</b>	<b>1,349</b>	<b>1,289</b>		

(1) Survey value, including rights, of business park assets as at 31 December 2009.

(2) Appraisal value excluding rights of business park assets at 31 December 2009 (after deduction of rights and costs of deeds calculated on a set basis by surveyors).

(3) Net annualised rents of rented floor space added to potential net rents of vacant floor areas at market rental value in relation to the rights exclusive appraisal value of rentable floor areas.

(4) Established in relation to appraisal value excluding rights.

(5) Includes in particular buildings under reconstruction (Parc du Pont de Flandre: Building E028, Parc des Portes de Paris: buildings E114, E206, E2087 and E291 and the development projects (Parc du millénaire: in buildings 3 & 4, offices in the Quartier Commercial).

On the basis of end 2009 rents, the return on business park assets works out at 8.3%, the reversion potential of the portfolio being estimated at +1.3% according to the market rental values used by CB Richard Ellis Valuation.

## **3.3. Commercial Property Investment Division - Public and Health Amenities**

### **3.3.1 Methodology used by the surveyors**

The property portfolio of Public and Health Amenities is principally composed of clinics and healthcare establishments and one office building in Levallois Perret (92).

The buildings of the clinics or health establishments which are considered as single use property assets are valued by the surveyors by the rent capitalisation (or rental value) method or by the discounted future cash-flow method.

It should be noted that the market value of a hospital is essentially dependent on operation and its ability to generate sufficient turnover to ensure a normal return on the property investment. These buildings fall under the category of single use buildings and the value given by the surveyor nevertheless is totally related to its operation and consequently the value of the business. Being unsuitable for use as another business without substantial conversion works, these premises are not subject to renewal rent capping or review, or the traditional rules for determining the rental value, because the configuration and specialisation of the building imposes objective physical limits on the operator (number of beds or rooms etc.) regardless of its qualities.

The market rental value used by the property surveyors is therefore based on taking into account a quota share of average turnover or EBITDA that the establishment made over the last few years of operation, with or without adjustment, in the light of its category, contents, its administrative environment, the quality of its operating structure (price positioning, subsidies, operating accounts, etc.) and any competition. Otherwise, the premises of the establishment could be valued by capitalisation of the rental income advised by Icade.

Icade also owns an office block of about 30,000 m<sup>2</sup> net usable floor area located in Levallois-Perret (92) and accommodating the departments of the Ministry of the Interior. This building, acquired in 2006 for 179.2 million euros including costs and works, was leased to the Ministry of the Interior over a 20 year period with a purchase option. In the light of the provisions set out in the lease which render this operation similar to property financing, the building was not surveyed on 31 December 2009, as on 31 December 2008. This lease contract was used in calculating revalued net asset value corresponding to the amount of the financial debt, representing 172.6 million euros at the end of 2009.

As previously stated, buildings and public Works by entities running projects under Public Private Partnerships (PPP) are not recorded in the property assets published by Icade; these are not valued at market value and are maintained at their net book value when calculating revalued net asset value.

### 3.3.2 Changes in the assets of the Public Healthcare Amenities Division

The overall value of this portfolio is estimated at 841.7 million euros excluding rights at end December 2009 against 734.0 million euros at end 2008, a rise of 107.7 million euros.

Portfolio value of property assets in €m	31/12/09	31/12/08	Variation (€m)	Variation (%)	Variation (€m) on a like-for-like basis	Variation (%) on a like-for-like basis
Clinics and healthcare establishments	660.6	550.9	+109.7	+19.9%	-7.5	-1.4%
Levallois building	172.6	174.2	-1.6	-0.9%	-1.6	-0.9%
Others	8.5	8.9	-0.4	-5.2%	-0.5	-5.2%
Public and healthcare amenities	841.7	734.0	+107.7	+14.7%	-9.6	-1.3%

This change in value is primarily attributable to the acquisitions made and the work completed during the year:

- acquisition, in February 2009, of the premises for the Brétéché clinic located in Nantes (44) from the operating group Vedici; these premises were valued at 27.1 million euros on 31 December 2009;
- acquisition in December 2009 of the buildings for three clinics located at Soisson (02), Arras (62) and Drancy (93), from the operating group Général de Santé; these premises are maintained at their cost price on 31 December 2009 (namely 43.9 million euros), in accordance with the principles used for buildings acquired less than three months from the date of closure.

On a like-for-like basis, the value of the portfolio varied by -9.6 million euros over 2009, namely -1.3%. This change is explained by the increase in yield rates and discount rates used by the surveyors, leading to a drop in value of about 15 million euros. This fall is partly compensated by an improvement in the possible business plans of the buildings, for +5.4 million euros (e.g. work plans, changes in rents, etc.).

#### *Geographic breakdown of assets:*

Valuation of Public and Health Amenities property assets	Value excluding rights	
	€m	%
West Quadrant	173	20.5%
Inner ring (excluding Hauts-de-Seine)	97	11.6%
Outer Ring	125	14.8%
TOTAL Paris region	395	46.9%
Rest of France	447	53.1%
TOTAL	842	100%

### Return on assets

Valuation of Public and Health Amenities property assets	Value including rights in M€ (1)	Value excluding rights in M€ (2)	Net rate of return (excluding rights) (3)	Average price €/m <sup>2</sup> (4)
Clinics and healthcare establishments	693	657	7.1%	1,997
Others (5)	185	185	n/a	n/a
<b>TOTAL</b>	<b>878</b>	<b>842</b>		

(1) Survey value, including rights, of Public and Health Amenities assets on 31 December 2009.

(2) Survey value, excluding rights, of Public and Health Amenities assets on 31 December 2009.

(3) Annualised rents, net of non-recoverable charges, for assets related to their appraisal value excluding rights, complemented, where appropriate, with additional rents contractually agreed where work has been carried out.

(4) Established in relation to appraisal value excluding rights.

(5) Buildings in Levallois and Périgueux, nursery in Toulouse Blagnac and projects under development.

The net return on the clinics portfolio came to 7.1% at 31 December 2009.

## **3.4 Commercial Property Investment Division - Shops and Shopping Centres**

### **3.4.1 Methodology used by the surveyor**

Generally speaking the approach used by property surveyors to value shops and shopping centres is identical to that used for offices (see above), except for special cases. At the end of 2009, this class of assets included the Odysseum shopping centre in Montpellier delivered by Icade Promotion and opened in 2009, together with the portfolio of shop premises for Mr Bricolage acquired at the beginning of 2008. These last are valued by the net revenue capitalisation method, cross-checked by the discounted cash-flow method. The shopping centres also include a project under development located at Aubervilliers and developed in partnership with Klépierre on a 50/50 basis. It is valued according to the principles used for projects under development described above.

### **3.4.2 Changes in Shops and Shopping Centre assets.**

At 31 December 2009, the overall value of shopping centre assets came out at 281.2 million euros excluding rights against 206.1 million euros at end 2008, a rise of 75.1 million euros.

Portfolio value of property assets in €m	31/12/09	31/12/08	Variation (€m)	Variation (%)	Variation (€m) on a like-for-like basis	Variation (%) on a like-for-like basis
Shopping Centres	177.8	106.6	+71.2	+66.8%	+10.5	+9.9%
Icade Bricolage	103.4	99.5	+3.9	+3.9%	-5.8	-5.9%
<b>Shops and Shopping Centres</b>	<b>281.2</b>	<b>206.1</b>	<b>+75.1</b>	<b>+36.4%</b>	<b>+4.6</b>	<b>+2.3%</b>

After restating development costs incurred during the year, the variation in the annual value of shops and shopping centres amounts to +4.6 million euros. This change is explained by the net effect of a drop in value of about 27 million euros due to the increase in yield rates and discount rates used by the surveyors, and the creation of value of +31 million euros mainly related to the Odysseum shopping centre delivered in 2009 by Icade Promotion and booked at cost price until 31 December 2008 in accordance with a valuation principles used for projects under development delivered by the group's property developers. This creation of value is an exemplary illustration of the developer-REIT model used by Icade and the prudent-person rule used for valuing its projects.

*Geographic breakdown of assets:*

Value of office shopping centre assets	Value excluding rights	
	€m	%
Paris (75)	7	2.4%
Inner Ring	87	30.8%
Outer Ring	3	1.2%
<b>TOTAL Paris region</b>	<b>97</b>	<b>34.4%</b>
Rest of France	184	65.6%
<b>TOTAL</b>	<b>281</b>	<b>100%</b>

*Return on assets*

Value of office shopping centre assets	Value including rights in M€ (1)	Value excluding rights in M€ (2)	Net rate of return (excluding rights) (3)	Average price €/m <sup>2</sup> (4)
Paris	7	7	7.2%	2,672
Outer Ring	4	3	8.5%	649
Rest of France	191	184	7.1%	1,226
<b>TOTAL</b>	<b>202</b>	<b>194</b>	<b>7.1%</b>	<b>1,229</b>
Projects under development (5)	92	87	n/a	n/a
<b>TOTAL</b>	<b>294</b>	<b>281</b>		

(1) Appraisal value, including rights, of shopping centre assets at 31 December 2009.

(2) Appraisal value excluding rights of shopping centre assets at 31 December 2009 (after deduction of rights and legal fees calculated on a set basis by surveyors).

(3) Annualised rents, net of non-recoverable charges, of assets related to their appraisal value excluding rights.

(4) Established in relation to appraisal value excluding rights.

(5) Aubervilliers shopping centre.

The net return on the shopping centre portfolio came to 7.1% at 31 December 2009.

It should be noted that the projects under development mentioned in the above table now contain only the project to build the Aubervilliers shopping centre, as the Odysseum shopping centre is now fully included in the rentable floor space that generates immediate cash-flow.

## **B - VALUATION OF SERVICE AND DEVELOPMENT BUSINESSES**

Icade's service and development companies were valued by an independent firm for the purposes of calculating the Net Asset Value. The method used by the valuer, which remains identical to that used during the last financial year, is essentially based on each company's discounted cash-flow (DCF) over the term of their business plan, together with a terminal value based on a normative cash-flow increasing to infinity.

On this basis, at 31 December 2009, the value of the service and development companies corresponded to 444.5 million euros against 484.1 million euros at 1 January 2009, an annual decrease of 8.2%. The value of these companies at 31 December 2009 is distributed between development companies (81%) and services companies (19%).

Among the financial parameters used, the surveyor used an average weighted cost of capital which was down in comparison with the valuation carried out at the end of 2008, working out at 8.77% for all service companies and between 8.77% and 12.68% for development companies. According to the companies, the weighted average cost of capital fell by 140 to 210 bp compared to the previous year.

The variation in the value of the services and property-development companies over the year is ultimately explained by the disposal, during 2009, of Icade Administration de Biens (AdB) and Icade Facility Management (FM) and the updates to the business plans for the property-development and services companies for the period 2010-2014, a change compensated by the increase in value related to the drop in rates used by the independent assessor.

## **C - METHODOLOGY FOR CALCULATING THE NET ASSET VALUE**

The Revalued Net Asset Value (NAV) was calculated in terms of replacement value and liquidation value. The replacement NAV corresponds to the consolidated capital and reserves produced in accordance with IFRS, plus or minus the following elements:

- (+) the unrealised capital gain on property assets established on the basis of property surveys, including transfer duty and asset disposal costs. For assets under promises of sale signed during the year, the reference value is that appearing in the promise;
- (+) the unrealised capital gain on the values of development and service companies established on the basis of the independent valuation;
- (+/-) The positive or negative effects of converting the fixed-rate financial debts not taken into account under IFRS principles into market value (according to IFRS, only derivative financial instruments are shown on the balance sheet at their fair value).

The liquidation NAV corresponds to the replacement NAV adjusted according to the following elements:

- (-) transfer duty and disposal costs of the property assets estimated by the property surveyors;
- (-) the tax position on unrealised capital gains on buildings (this tax position being limited to unrealised capital gains on assets not eligible for the SIIC regime) and unrealised capital gains on holdings in development and service companies.

The capital and reserves used as a reference for calculating the revalued NAV include the net result for the reference period. The revalued NAV is calculated in terms of Group share and per share diluted, after cancelling any treasury shares and taking into account the diluting impact of stock options.

## **D - CALCULATING THE NET ASSET VALUE IN TERMS OF LIQUIDATION VALUE**

### **1. Consolidated capital and reserves**

At 31 December 2009, the consolidated capital and reserves, Group share, amounted to 1,809.9 million euros including a net profit Group share of 527.1 million euros as well as a negative impact of -36.9 million euros for the conversion to market value of the cash-flow hedging instruments and securities available for sale.

### **2. Unrealised capital gains on property assets**

Unrealised capital gains to be taken into account stem from the valuation of property assets which are still accounted for at cost on the balance sheet. At 31 December 2009, unrealised capital gains excluding rights and expenses amount to 2,163.6 million euros.

### **3. Unrealised capital gains on intangible assets**

The valuation of development and services companies was carried out on 31 December 2009 by an independent surveyor. This resulted in an unrealised capital gain of 192.7 million euros which was taken into account in the revalued NAV calculation on 31 December 2009.

## 4. Market value of debt

Pursuant to IFRS rules, derivative financial instruments are accounted for on Icade's consolidated balance sheet at their fair value. Converting fixed rate debt to fair value has a positive impact of 0.5 million euros taken into account in calculating the Net Asset Value.

## 5. Calculation of unrealised tax

The tax liability on unrealised capital gains on buildings not eligible for the SIIC regime is calculated at a rate of 34.43% on the difference between the fair value of the assets and their net book value. This amounted to 18.1 million euros on 31 December 2009. This tax liability applies primarily to the assets carried by Icade Commerces and the assets of Icade REIT in Germany taxed at 15.83%.

The tax liability on unrealised capital gains on holdings in service and development companies is calculated at a rate of 34.43% for securities held for less than two years and a rate of 1.72% for securities held for more than two years. This amounted to 19 million euros at the end of December 2009.

## 6. Treasury shares and securities providing access to the capital

The number of fully diluted shares taken into account in calculating the Net Asset Value at 31 December 2009 was 48,851,614 after cancelling treasury shares. The impact of stock-option related dilution, calculated according to the share buy-back method, is 5,811 shares on 31 December 2009.

The Group share of Net Asset Value in terms of replacement value therefore worked out at 4,444.7 million euros at 31 December 2009, or 91 euros per share fully diluted, versus 5,351.7 million euros at end of 2008 or 109.8 euros per share.

The Group share of Net Asset Value in terms of liquidation value came out at 4,129.6 million euros at December 31 2009, or 84.5 euros per share fully diluted versus 4,954.1 million euros at end 2008 or 101.6 euros per fully-diluted share.

Determination of Group share of Net Asset Value in terms of liquidation value (in €m€)		Actual 31/12/09	Actual 30/06/09	Actual 31/12/08
Group share of consolidated capital and reserves	(1)	1 809.9	1,384.9	1,468.9
Gross unrealised gain on property assets (including rights)	(2)	2,441.6	3,051.9	3,648.5
Unrealised capital gain on development companies	(3)	140.8	117.8	164.8
Unrealised capital gain on service companies	(4)	51.9	53.1	69.7
Unrealised capital gain on fixed rate debt	(5)	0.5	1.7	-0.3
Group share of replacement NAV	(6)=(1)+(2)+(3)+(4)+/- (5)	4 444.7	4,609.4	5,351.7
Number of fully diluted shares in millions	n	48.9	48.7	48.8
Replacement NAV per share ( <i>Group share - fully diluted in €</i> )	(6)/n	91	94.6	109.8
Duty and charges on disposal of property assets	(7)	278.0	336.0	367.8
Tax liability on unrealised capital gain on property assets (excluding rights)	(8)	18.1	20.1	22.5
Tax liability on latent capital gain on securities of development companies	(9)	3.7	3.3	3.9
Tax liability on unrealised capital gain on securities of service companies	(10)	15.3	13.4	3.4
Group share of liquidation NAV	(11)=(6)-(7)-(8)-(9)-(10)	4 129.6	4,236.6	4,954.1
Number of fully diluted shares in millions	n	48.9	48.7	48.8
Liquidation NAV per share ( <i>Group share - fully diluted in €</i> )	(12)=(11)/n	84.5	86.9	101.6
<b>Annual growth</b>				<b>-16.8%</b>

The unrealised capital gain net of corporation tax taken into account in the liquidation NAV calculation includes the capital gains relative to development and services activities amounting to 8% at 31 December 2009, compared to 7% at the end of 2008.

### Variation of the liquidation NAV in euros per share

The liquidation NAV comes out down 16.8% over the year 2009 that is -17.1 euros per share, given the impact of the variation in the capital gain on property assets of -22.9 euros per share. This variation is partly compensated by the variation in consolidated capital and reserves at nearly +7 euros per share. It is worth noting that this same variation in consolidated capital and reserves is negatively impacted (for 0.8 euros per share) by the effect of converting to market value the hedging instruments known as "cash-flow hedging" according to IFRS.

<b>Liquidation NAV Group share at 31/12/08 (in € per share)</b>	<b>101,6 €</b>
Change in consolidated capital and reserves 31/12/08 - 30/06/09 (Group share)	-1.7 €
- of which dividend paid in 2009	-3.3 €
- of which group share of consolidated profit for first half-year	2.3 €
- of which variation of fair value of hedging instruments and securities available for sale	-0.7 €
- of which "other"	+0.0 €
Change in capital gains on property assets	-11.6 €
Change in capital gains on development and services companies	-1.3 €
Change in unrealised tax on capital gains	-0.1 €
Impact of the revaluation of debt at fixed rates not taken into account in IFRS	0.0 €
Impact of number of diluted shares over NAV per share	0.0 €
<b>Liquidation NAV Group share at 30/06/09 (in € per share)</b>	<b>86.9 €</b>
Change in consolidated capital and reserves 30/06/09 - 31/12/09 (Group share)	8.7 €
- of which dividend paid in 2009	0.0 €
- of which group share of consolidated profit for second half-year	8.5 €
- of which variation of fair value of hedging instruments and securities available for sale	0.0 €
- of which "other"	+0.2 €
Change in capital gains on property assets	-11.3 €
Change in capital gains on development and services companies	0.4 €
Change in unrealised tax on capital gains	0.0 €
Impact of the revaluation of debt at fixed rates not taken into account in IFRS	0.0 €
Impact of number of diluted shares over NAV per share	-0.2 €
<b>Liquidation NAV Group share at 31/12/09 (in € per share)</b>	<b>84.5 €</b>

## IV - FINANCIAL RESOURCES

### A - CASH ASSETS

Financial resources were obtained over 2009 by the renewal and/or setting up of new confirmed lines of credit.

The main financing operations over 2009 were as follows:

- renewal and/or setting up of 260 million euros in short term lines of credit;
- renewal and/or setting up of several lines of bilateral banking credit for a total amount of 243 million euros

These lines have an average spread of 140 basis points.

Icade has continued its policy of setting up bank financing and was able to benefit from more favourable conditions than the margins observed in its sector.

Backed by its access to liquidity, over 360 million euros of non-drawn down lines of credit are available at 31 December 2009 to ensure the Group's needs,

### B - DEBT STRUCTURE as at 31 December 2009

#### 1. Debt by type

The gross financial debt of 2,867 million euros as at 31 December 2009 stood at:

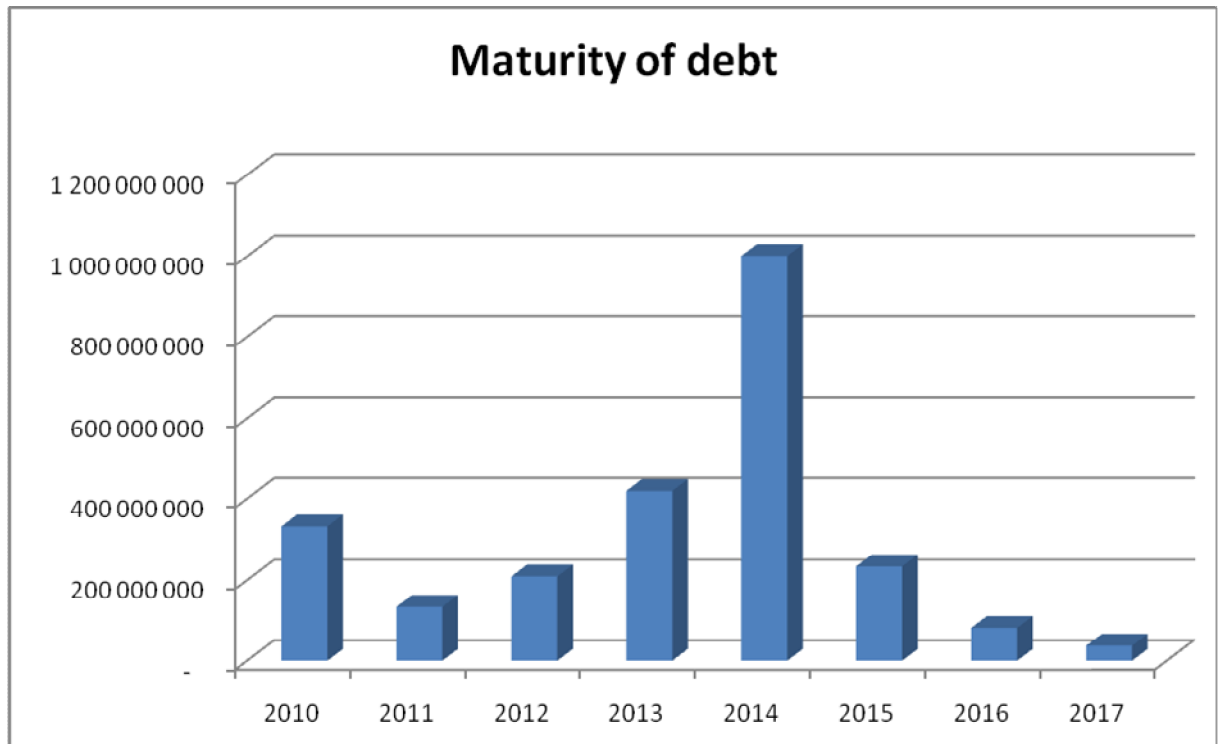
- 2,559.4 million euros in corporate loans,
- 88.0 million euros of mortgage financing and PPD preferential mortgages,
- 98.7 million euros of direct financing leases,
- 20.1 million euros of other debts (feeder loans, etc ...),
- 100.4 million euros of bank overdrafts,
- 0.3 million euros of Bonds Redeemable in Shares (BRS).

Net financial debt stood at 2,075.5 million euros on 31 December 2009, down by 383.3 million euros compared to 31 December 2008. This change is essentially explained by:

- repayment flows for the period in respect of ICADE: about 411 million euros,
- drawdown of 141 million euros in bilateral banking lines, 32.6 million euros in the Icade Santé mortgage line, and 250 million euros in short-term lines, and an increase in PPP financing of 37.2 million euros,
- Increase in cash by 139 million euros, mostly related to disposals made over the year by Icade, and settlement of overdrafts,
- A reduction in overdrafts by 309 million euros,
- A variation by 33 million euros in the value of derivative products on the liabilities side.

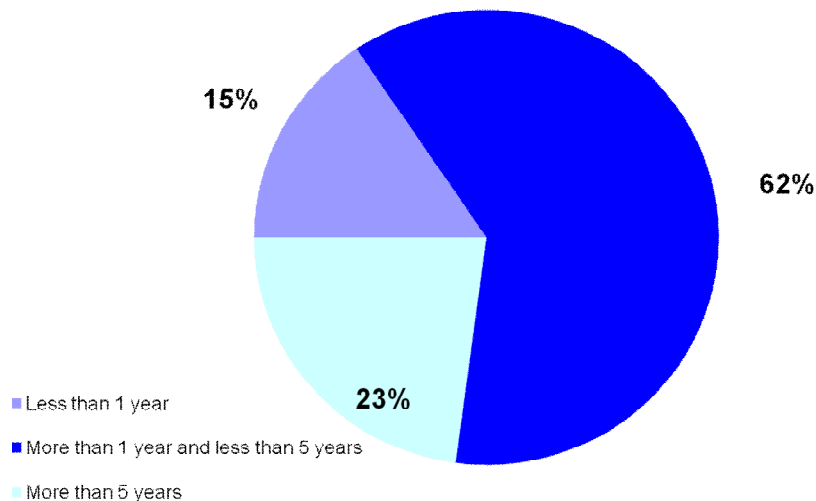
#### 2. Debt by maturity

The maturity of Icade's drawn-down debt as at 31 December 2009 is shown below:



(excluding overdrafts and prefinancing public-private partnerships)

**Breakdown by maturity**  
(31 December 2009)



The proportion of medium-term debt is strongly up, largely due to the reclassification of syndicated loans for 900 million euros to a 2014 maturity. In spite of everything, Icade has significantly reduced its proportion of debt at less than a year, greatly reducing its short-term liquidity risk.

The average term of variable rate debt works out at 4 years. That of associated hedging is also close to 4 years, a perfect correlation.

### 3. Debt by business

After assigning intra-Group refinancing, nearly 90% of the Group's bank debts concern the property investment business and 10% the property development business.

### 4. Average cost of debt

In 2009, the average cost of financing came to 2.43% before hedging and 4.23% after hedging, against 5.07% and 4.80% respectively in 2008.

Given the hedging in place, Icade's debt cannot fully benefit from the reduction in interest rates over the period. However, the dynamic management of its interest-rate risk allows it to benefit from it in part.

Against the backdrop of an uncertain market and with the strong upward pressure of financing margins, Icade has succeeded in controlling its financing cost and maintaining it at a low level.

## C - MARKET RISK MANAGEMENT

The monitoring and management of financial risks are centralised within the Cash and Debt Division of the Finance Department.

The latter reports on a monthly basis to Icade's Risk, Rates, Treasury and Finance Committee on all matters related to finance, investment, rate risk and liquidity management.

### 1. Liquidity risk

The group has short-term back-up lines to the value of nearly 360 million euros, fully available for drawing.

During this year, Icade has continued to access liquidity under good conditions and has substantial margin for manoeuvre in terms of the mobilisation of funds.

### 2. Counterparty risk

Icade works exclusively with first rate financial establishments in order to limit the counterparty risk and therefore any possible default by an issuer, both in credit and derivative transactions as well as investments.

### 3. Rate risk

Changes in financial markets can entail variations in interest rates which may result in an increase in the cost of refinancing. Icade prefers using variable rate debt to finance its investments so as to be in a position to repay them prematurely without incurring penalties: this represents, before hedging, nearly 91% of its debt at 31 December 2009 (excluding debts associated with investments and bank overdrafts).

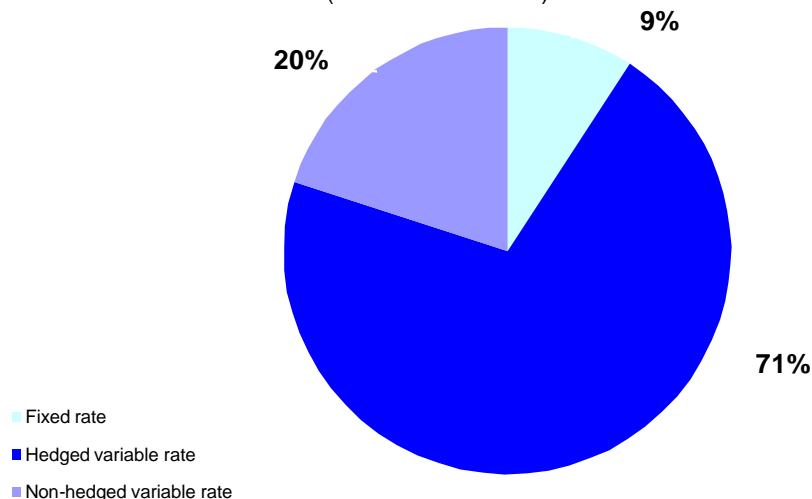
In 2009, Icade continued its prudent debt management policy by maintaining limited exposure to rate risks by setting up appropriate hedging contracts (exclusively plain vanilla swaps throughout the year).

In 2009, Icade continued its prudent debt management policy by maintaining limited exposure to rate risks by setting up appropriate hedging contracts (exclusively plain vanilla swaps throughout the year). Debt with a maturity of less than one year has not been hedged.

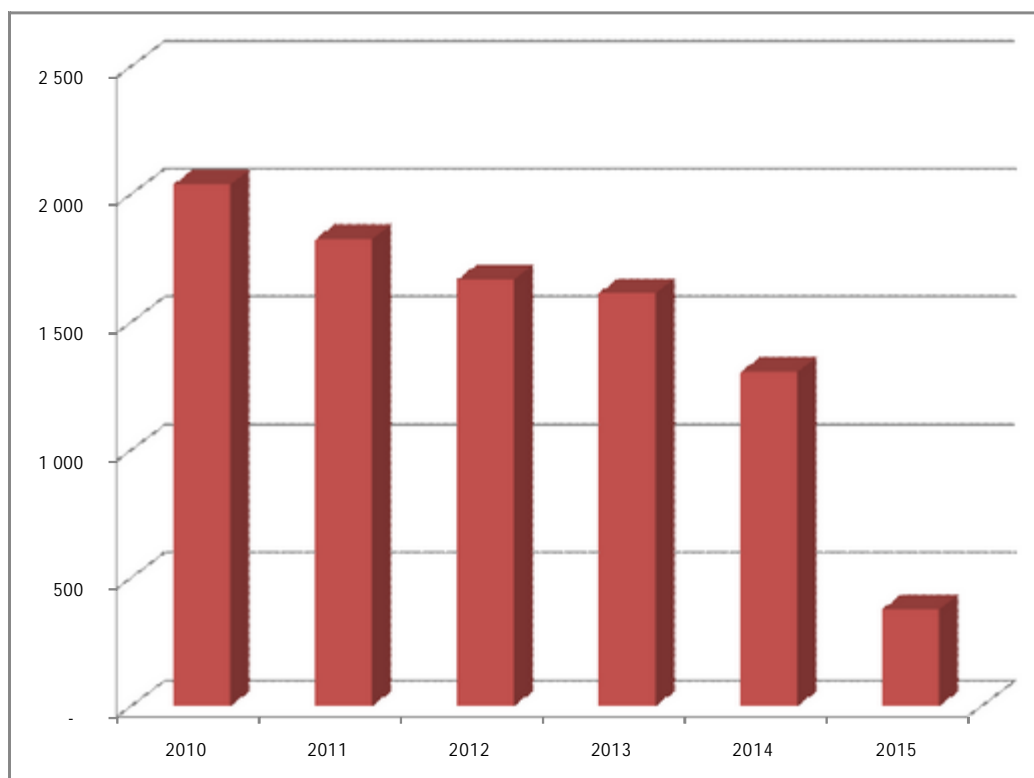
Thus, in April 2009, a vanilla swap with a maturity of 2014, for 30 million euros, was implemented to cover a mortgage loan, and swaptions with a maturity of 2010, for 100 million euros, were purchased to optimise the average hedging rate.

In total, the major share of the debt is protected against an increase in interest rates: partly using fixed-rate debt and partly using variable rates via caps and swaps. After adjustment for hedging, Icade's debt structure (excluding investment related debt and bank overdrafts) favours fixed rates: non-hedged variable-rate debt represents no more than 16.6% of debt in the economic sense of the word (21.2% if only hedging described by IFRS as cash-flow hedging is taken into account).

**Breakdown fixed rate / variable rate**  
(excluding debts attached to investments and bank overdrafts)  
(31 December 2009)



Notional hedging figures for future years are as follows (in millions of Euros):



Given the financial assets and new hedging in place, the net position is detailed in the following table:

(in millions of euros)

31/12/2009	Financial assets (*)		Financial Liabilities (**)		Net exposure before Hedging		Rate hedging instrument (***)		Net exposure after hedging	
	(a)		(b)		(c) = (a) - (b)		(d)		(e) = (c) + (d)	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Less than 1 year		817,5	6,2	439,1	6,2	378,7		213,6	6,2	592,4
from 1 to 5 years		14,1	49,8	1 715,1	49,8	1 701,0		1 447,1	49,8	253,9
More than 5 years		4,6	195,3	460,5	195,3	455,9		378,0	195,3	77,9
Total		836,6	251,3	2 614,7	251,3	1 778,1		2 038,7	251,3	260,6

\* Current and non-current financial assets and cash and cash equivalents

\*\* Gross financial debt

\*\*\* Hedging instruments including swaptions

Finally, Icade prefers to describe its hedging instruments as "cash-flow hedging" according to IFRS, which records variations in fair value in its instruments in capital and reserves rather than in profit.

During this financial year, notional "cash-flow hedging" remained stable. Given the profile of the year, we note a significant impact in capital and reserves of 36.7 million euros.

## D - FINANCIAL STRUCTURE

### 1. Financial structure ratio

The LTV (Loan *To Value*) ratio: Net financial debt / asset value comes out at 35.8% at 31 December 2009 (versus 35.4% at 31 December 2008).

This fairly stable situation can be explained, for around -15.6%, by the drop in net debt and around 16.5% by the fall in value of re-evaluated assets.

This ratio remains well below the ceiling levels to be adhered to within the framework of debt related financial covenants (50% in the majority of cases where this ratio is mentioned as a covenant).

Furthermore, this figure is the result of a prudent calculation since it includes all of Icade's debts (debts related to development and service businesses, etc.) without taking the value of those assets or companies as a counterpart, because it is calculated purely on the asset value of the property investment.

### 2. Interest coverage ratio

The ratio of interest coverage by operating income (corrected for depreciation) stood at 7.41 during 2009. This ratio increased compared to previous years (5.73 in 2008), due to the increase in capital-gain on disposals. Brought down to EBITDA, rather than Operating Profit, this ratio works out at 2.86.

FINANCIAL RATIOS	31/12/2009	31/12/2008
Net financial debt / asset value (LTV)	35.8 %	35.4 %
Ratio of interest coverage by operating profit (ICR)	7.41	5.73

### 3. Covenant monitoring table

		Covenants	31/12/2009
LTV (*)	Maximum	< 45% and < 50%	35.8%
ICR	Minimum	> 2	7.41
CDC holding	Minimum	50.1%	58.6%
Portfolio value of property assets	Minimum	> 3 billion Euros	5.8 billion euros
Surety on assets	Maximum	< 20% of property assets	2.55% **

*\* around 90% of the debt concerned by a covenant on LTV has a limit of 50%, the remaining 10% having a limit of 45%*

*\*\* maximum calculation with regard to loan clauses*

The covenants were respected as of 31 December 2009.